

IN THIS ISSUE:

- **CHANGES TO COMBINED FUND'S INVESTMENT OPTIONS**
 - **Introducing the Growth Option**
 - **The Balanced Option reverts to 70/30 split**
 - **Other investment changes**
- **FEE REDUCTION – ALLOCATED PENSION**
- **HOW IS YOUR INVESTMENT DOING?**
- **ARE YOU OVER 55 AND THINKING OF WINDING DOWN?**
- **INDEX COMPETITION – GORDON WINS AGAIN!**

Changes to Combined Fund's Investment Options from 1 July 2005

Introducing our 9th investment option – the Growth Option

The Growth Option seeks to provide an investment return which exceeds CPI changes by 4-5% per annum over rolling 3-year periods.

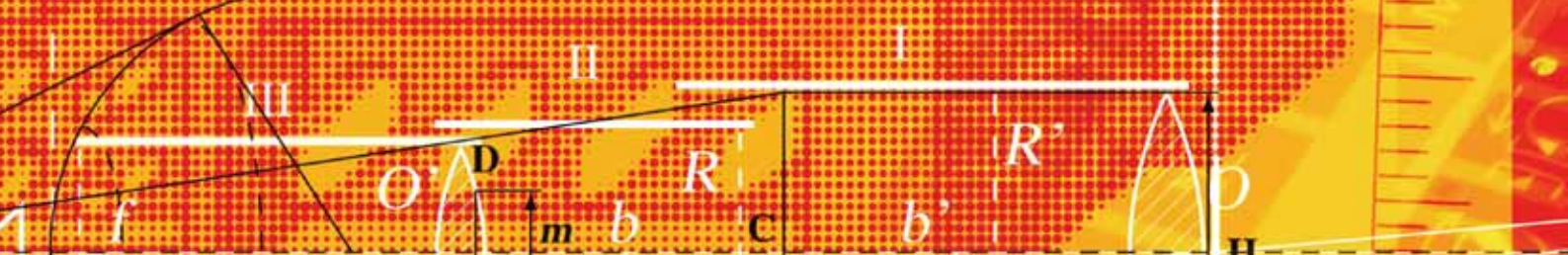
It invests in a cross section of diversified assets with a strong emphasis on shares and property in the expectation of higher long-term capital growth.

The likelihood of a negative return in any year is estimated as one in ten (based on a simulation using market and actual returns for the past 30 years after allowing for tax and fees) which showed only 3 years of negative returns in that period.

The Growth Option is invested with all of the managers used for the Investment Sector Options (except the managers used for the Ethical Shares Option) and with Absolute Return managers. The Benchmark Asset Allocation for the Growth Option and the ranges within which this option can be invested are:

Asset Class	Benchmark	Investment Range
Australian Shares	42%	27-57%
International Shares	28%	15-41%
Property	10%	0-20%
Growth Assets	80%	77-90%
Fixed Interest	10%	0-20%
Absolute Return	10%	0-20%
Cash	0%	0-5%
Defensive Assets	20%	10-23%

Investment managers for this option deduct total fees of 0.86% before their investment returns are credited to the Fund.



The Balanced option reverts to 70/30 split

For many years, the Balanced Option operated on an allocation of around 70% to Growth assets (Shares and Property) and 30% to Defensive assets (such as Fixed Interest and Cash).

From mid-2003 to mid-2005, when Australia's sharemarket was growing rapidly, a greater proportion of the investments of this option was directed to Share funds.

However, the Trustee believes that a 70/30 split is more appropriate for the long-term future of this option. Accordingly, with effect from 1 July 2005, the Benchmark Asset Allocation for the Balanced Option and the ranges within which this option can be invested are:

Asset Class	Benchmark	Investment Range
Australian Shares	35%	20-50%
International Shares	23%	10-36%
Property	12%	2-22%
Growth Assets	70%	60-76%
Fixed Interest	18%	8-28%
Absolute Return	12%	0-20%
Cash	2%	0-20%
Defensive Assets	30%	24-40%

The Balanced Option seeks to provide an investment return which exceeds CPI changes by 3-5% per annum over rolling 3-year periods.

It invests in a cross-section of diversified assets with an emphasis on shares and property in the expectation of long-term capital growth with reduced risk.

The likelihood of a negative return in any year is estimated as one in ten (based on a simulation using market and actual returns for the past 30 years after allowing for tax and fees) which showed only 3 years of negative returns in that period.

The Balanced Option is invested with all of the managers used for the Investment Sector options (except the managers used for the Ethical Shares Option) and with Absolute Return managers.

Investment managers for this option deduct total fees of 0.81% before their investment returns are credited to the Fund.

Recognition of Absolute Return Investments

Since 2003, the Balanced Option has included investments in Absolute Return Funds 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 Returns 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.

With an increased allocation to Absolute Return Funds in both the Balanced and Growth Options, we are now formally recognising these investments as a separate asset class - rather than continuing to include them simply as defensive components of the Share and Fixed Interest sectors.

Increase in International exposure for Ethical Shares Option

The asset allocation for the Ethical Shares option has changed from 65% Australian Shares and 35% International Shares to 60% Australian Shares and 40% International Shares in the expectation of improved results from international sharemarkets in the future.

Fee reduction – Allocated Pension

Through improvements in the Fund's administration systems, we have been able to significantly reduce the standard fees for our two Allocated Pension Plans.

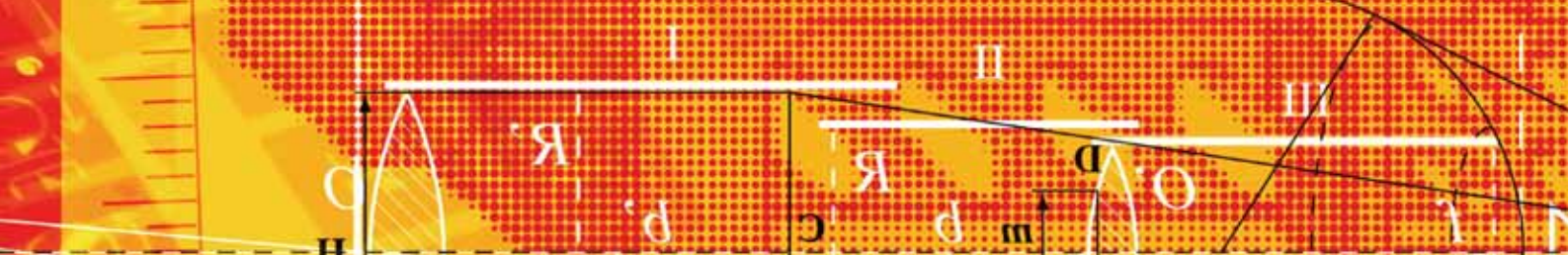
The new fee arrangements will commence from 1 January 2006.

Old Fee	New Fee
0.6% pa of account balance	\$1 per week (\$52 pa) deducted from account balance

The old fee was taken into account in determining the monthly unit prices for our Allocated Pension Plans.

From 1 January 2006, pension unit prices will reflect this reduction in fees and, accordingly, investment returns which would have been credited to Allocated Pension accounts will be increased by 0.6% pa.

On an account balance of, say, \$250,000, this represents an **annual** reduction in standard fees of \$1,448 ie from \$1,500 to \$52.



How is your investment doing?

"There are only two ways to build your superannuation balance. One is constant, good investment performance over time for a fair price and the second is additional contributions." *Christopher Page, Managing Director, Rainmaker Ratings Group.*

Last month, Selecting Super, a Division of the Rainmaker Ratings Group, released its 30 June 2005 Superannuation Performance Index.

The Index is designed to help super fund members to compare their Fund's investment performance with that of other funds.

For the 2005 Index, Rainmaker studied 1426 investment options in 128 of Australia's largest superannuation funds.

Again quoting Rainmaker, "if your Fund has matched or bettered the Index for the relevant investment option, then you can be satisfied your Fund is doing OK."

The Combined Fund has certainly outperformed the Rainmaker/Selecting Super Index. For example, let's look at our Balanced Option to 30 June 2005:

	1 Year	3 Years	5 Years
Rainmaker Balanced Fund Index	11.6%	7.5%	5.0%
Combined Fund	14.58%	7.96%	6.13%
Rainmaker Growth Fund Index	12.8%	7.9%	4.4%

That's significant long-term outperformance by Combined Fund for the majority of our members (85% of Combined Fund's members are in the Balanced Option).

How did our other options perform over the long term? Here are Combined Fund's results for the **5 years** to 30 June 2005:

	Rainmaker Index	Combined Fund Range
Capital Stable	4.7%	5.91%
Australian Shares	8.9%	10.55%
International Shares	-6.3%	-4.26%
Property	11.7%	9.76%
Fixed Interest	4.4%	6.15%
Cash	3.9%	4.10%

Once again, significant long-term performance by Combined Fund for all options, except Property.

Unfortunately, one property investment dragged down our results but we terminated that investment in April 2005 and we expect our Property Option results to improve as a result.

Note: Rainmaker does not publish an Ethical Shares Index.

Are you over 55 and thinking of winding down?

The Government now allows you to withdraw your preserved superannuation benefits from age 55 **whether or not you have retired**.

As a result of this change you could, for example, scale back the number of days worked each week from five down to four. The resulting shortfall in income could be made up by accessing superannuation savings. Or, you may wish to move to a less demanding role with a lower salary and access your superannuation savings to fill the resulting gap in income.

How does it work?

Simple. As long as you are over age 55, you can now draw down your superannuation benefit as a non-commutable pension using a new version of Combined Fund's Allocated Pension Fund.

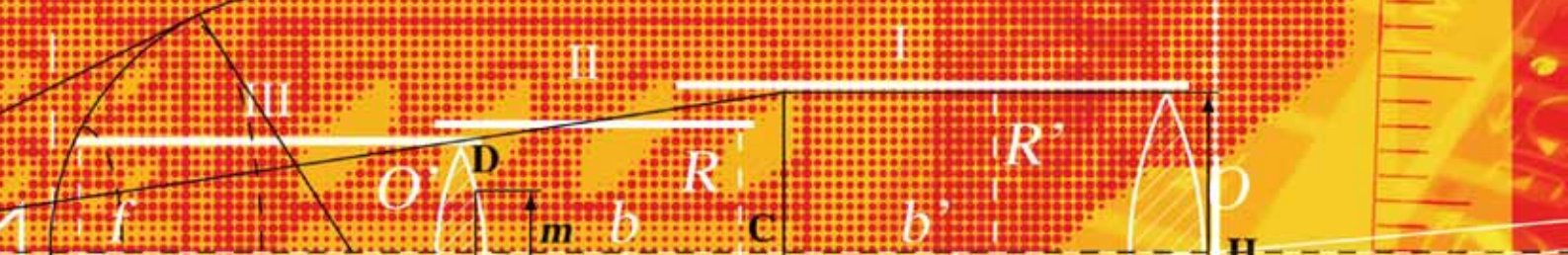
Non-commutable means that you can only withdraw money from your account as a pension ie. there is generally no facility for lump sum withdrawals (the lump sum withdrawal facility is generally restricted to those who have retired from the workforce).

However, you don't **have** to reduce your working hours or take on a lower salary by taking on a less demanding role before your benefits can be paid to you as a pension.

You **can** still work full time if you wish.

Further, commencing pension payments does not stop you from making personal superannuation contributions or receiving ongoing employer contributions.

If you are nearing or over age 55 and want to see how you can supplement your income with pension payments from Combined Fund, feel free to ring us on 9691 2900 or toll free 1800 200 801.



Member Investment Options – Unit Prices

The following are the respective Unit Prices and returns for each Investment Option as at 31 August 2005:

	Unit Price \$	Returns – Increase (Decrease) %	
		8 months to 31/8/2005	5 years to 31/8/05
Australian Shares	2.18793	8.56	11.62
International Shares	0.94877	4.11	-3.81
Fixed Interest	1.40586	5.13	6.36
Property	1.76704	4.23	9.52
Balanced	1.58535	5.88	6.61
Capital Stable	1.46173	5.06	6.22
Ethical Shares	1.43577	6.41	3.64
Cash	1.30372	2.91	4.18
Growth (since 1 July 2005)	1.04451	4.45 (2 months)	N/A

See our website www.combinedfund.com.au for more details.

Combined Fund

Level 9, 155 Queen Street,
Melbourne Vic 3000

GPO Box 4559
Melbourne Vic 3001

Telephone: (03) 9691 2900
Facsimile: (03) 9640 0787

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

Index Competition

The winner of our "Pick the Index" competition was Gordon Cowling of Gippsland Grammar who was closest to the S&P/ASX300 Index as at 31 August 2005 (4440.6).

Gordon's crystal ball is obviously pretty good. This is his second successful "nearest the pin" prediction in a row and the fourth time he has won the competition.

This is bordering on "tall poppy" status and, as Australians, it's incumbent upon us to change that. So, let's have a record number of entries this time and see if someone else can attain Gordon's lofty position.

To predict the index as at 30 November 2005, complete the details below and fax this page before 31 October 2005 to the Fund Administrator on (03) 9640 0787.

Combined Fund S&P/ASX300 Index Competition

Name: _____

Employer: _____

Phone: _____

My estimate of the S&P/ASX 300 Index as at 30 November 2005 is:

The winner will receive a voucher for an all-inclusive "Dinner for Two" at a 5 star Restaurant of their choice and a one year subscription to Personal Investment Magazine.