

Investment

The TOWER Master Fund
ANNUAL REPORT

Year ended 30 September 2007

For Members of:
The ARC Master Trust

Products:
ARC Personal Plan
ARC Corporate Plan
ARC Allocated Pension

GROWTH
+ **PROSPERITY**



Issuer and Trustee:
TOWER Australian Superannuation Limited
ABN 69 003 059 407 AFSL No. 237851
RSE Licence L0000642
Issued - December 2007

Introduction

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This Annual Report is to be read in conjunction with your Annual Member Benefit Statement for the year ended 30 September 2007 (30 June 2007 for ARC Allocated Pension). Information in this Annual Report forms part of the Fund information otherwise contained in the Annual Member Benefit Statement for the Fund.

The following products (the Products) are part of the ARC Master Trust:

- ARC Corporate Plan
- ARC Personal Plan
- ARC Allocated Pension

Directory

Superannuation Fund Name

TOWER Master Fund
 ABN 20 891 605 180
 SFN 149156
 RSE Reg R1000894

Issuer and Trustee

TOWER Australian Superannuation Limited
 ABN 69 003 059 407
 AFSL No. 237851
 RSE Lic L0000642

Administrator, Insurer and Investment Manager

TOWER Australia Limited
 ABN 70 050 109 450
 AFSL No. 237848

Head Office

80 Alfred Street
 Milsons Point NSW 2061
 Call 02 9448 9000
 Fax 02 9448 9100

Customer Service Centre

ARC Corporate Plan and ARC Personal Plan

Call 1800 101 014
 Monday to Friday
 8:30am – 5:30pm (EST)
 Fax 1800 300 072
 Email arcmt@toweraustralia.com.au

Address ARC Master Trust
 PO Box 142
 Milsons Point NSW 1565

Website www.arcmt.com.au

ARC Allocated Pension

Call 1800 226 364
 Monday to Friday
 8:30am – 5.30pm (EST)
 Fax 1800 817 340
 Email arcmt@toweraustralia.com.au

Address ARC Master Trust
 PO Box 142
 Milsons Point NSW 1565

Website www.arcmt.com.au

Terms used in this annual report

ABN	Australian Business Number
ACN	Australian Company Number
AFSL	Australian Financial Services Licence
APRA	Australian Prudential Regulation Authority
the Fund	TOWER Master Fund
RSE Lic	Registrable Superannuation Entity Licence
RSE Reg	Registrable Superannuation Entity Registration
EST	Eastern Standard Time
pa	per annum
SCT	Superannuation Complaints Tribunal
SFN	Superannuation Fund Number
TOWER Group	TOWER Australia Limited and related bodies corporate
the Trustee	TOWER Australian Superannuation Limited
we, us, our	generally means the Trustee
you, your, Member	generally means the member of the Fund

Disclaimer

TOWER Australian Superannuation Limited (nor any of its related bodies corporate and their respective directors and associates) does not guarantee any particular rate of return, or the repayment of capital or income, or the performance of any of the Products or funds referred to in this Annual Report unless otherwise stated.

The information contained in this Annual Report is general information only. It does not take into account your individual investment objectives, financial situation or particular needs. You should obtain your own advice from a Financial Adviser with respect to your individual investment objectives, financial situation and particular needs.

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Director's message

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Jim Minto
Chairman

Dear Customer

We are pleased to report on another successful year for TOWER investors. This report also outlines a number of legislative changes and improvements to the Fund's operations.

Super may be one of your most important assets

The changes to super announced in the Federal Budget are exciting as they make super an even more attractive savings vehicle. There are benefits for everyone whether they have just commenced their super savings journey, or are reaching retirement age or beyond. Super may be one of the most important long-term assets you hold so now is a good time to look at strategies, such as the Government co-contribution, salary sacrifice and consolidating your super, that can help you maximise your retirement savings. We've outlined these super changes and how they may benefit you in the "Important changes to super" section in this Report.

Another year of good results for investors

It was great to see that all major investment markets posted positive returns in the 12 months to 30 September 2007. Australian equities produced the fourth consecutive year of returns in excess of 20% and Australian listed properties produced double digit returns for the eighth consecutive year[^].

We have appointed a market leading fund manager

We are delighted to announce that TOWER's multi-manager investment options are now managed by the highly successful Russell Investment Management Ltd (Russell), which is part of the world's largest multi-manager – Russell Investment Group. TOWER invests its multi-manager investments in Russell funds or other funds that Russell oversees on behalf of TOWER. Russell in turn selects the underlying investment managers for its funds and regularly monitors the investment managers or underlying funds. Russell has access to some of the world's best money managers.

As part of this transition, TOWER have adjusted the strategic asset allocations of the diversified and sector investment options. Further detail on this can be found in the Investment Information section.

Keeping you informed

Your Annual Report includes information about the Fund and should be read together with your Annual Statement. We encourage you to talk to your Financial Adviser if you have any specific queries with regards to your investment strategy. If you require any other information about your investment we are happy to help – please call us on Freecall 1800 101 014, email us at arcmt@toweraustralia.com.au or visit our website at www.arcmt.com.au

At TOWER, we always encourage investors to focus on their long term investment goals and look forward to helping you continue to achieve your investment objectives.

Yours sincerely

A handwritten signature in black ink, appearing to read "Jim Minto".

Jim Minto
Chairman
TOWER Australian Superannuation Limited

[^]Source: Russell Investment Group. It must be remembered that past investment performance is not a guarantee of future investment performance.

Guiding your way

Make your super work hard for you

Super Choice was introduced on 1 July 2005 and means that you may now have the right to choose the super fund that receives your compulsory Superannuation Guarantee (SG) Contributions. If your SG contributions aren't already paid into ARC Master Trust you can instruct your employer to have your SG contributions invested with us.

All you need to do is complete a Member's Choice of Superannuation Fund Standard Choice form. Your employer will be able to provide a copy of this Form or contact one of our Customer Service Consultants who will mail a form out to you. You may wish to speak to your Financial Adviser or seek independent advice to ensure this is the right decision for you.

Consolidate your super

Consolidating your super with us is easy and means you could get more control of your investment. It will make it easier for you to keep track of your super, cut down on paperwork and may even save on fees.

The first step is to find your paperwork regarding your other super fund(s), for example:

- a recent Annual Statement
- details of your previous super fund such as member and account numbers (you may need to contact your previous employer).

Then complete the TOWER Superannuation Transfer Authority Form which is available from our website www.arcmt.com.au or by calling one of our Customer Service Consultants.

If you have more than one super account to consolidate, simply photocopy this form or download more from the website.

The next step is to arrange certified proof of your identification. Details of acceptable documents and who can certify your documents are available on the Transfer Authority Form.

Finally, make sure you complete all your details and your other super fund details in full, attach your certified proof of identification, sign the Form and return all paperwork to us at:

TOWER Benefit Transfer Service

Reply Paid 142
Milsons Point NSW 1565

The Administrator will then arrange to transfer your other super accounts into your ARC Master Trust super account - it's that easy!

Finding your lost super

On average most Australians hold more than three super accounts.

If you think you may have lost super accounts, you should visit the Australian Taxation Office (ATO) website at www.ato.gov.au/super and click on 'Find your lost super with SuperSeeker' or contact the ATO on 13 10 20.

You will need to provide your full name, date of birth and Tax File Number. The ATO will then search the Lost Member's Register, the Superannuation Holding Accounts (SHA) special account and superannuation guarantee records to find any lost super accounts you may have.

You can then arrange to have these amounts deposited into your ARC Master Trust Super Account.

How to increase your retirement contributions by up to 150%

If you earn under \$58,980¹ per annum you may be eligible for the Government co-contribution.

The Government will pay \$1.50 for every \$1.00 you contribute, up to a maximum of \$1,500. For incomes above \$28,980¹ per annum, the Government co-contribution reduces by 5 cents for every additional dollar earned until it cuts out completely when your total income reaches \$58,980¹.

To be eligible you generally need to:

- have provided your Tax File Number (TFN) to your super fund
- have made a personal contribution to a complying super fund in the financial year
- earn less than \$58,980¹ (assessable income plus reportable fringe benefits)
- not be a temporary resident
- earn 10% or more of your income from eligible employment, running a business or a combination of both
- lodge an income tax return for the year you have earned your income
- be under 71 years of age at the end of the financial year.

Arranging a Government co-contribution is easy, you simply need to contribute to your super account from your after-tax income. You can arrange to make a lump sum contribution, regular contributions or increase the amount of existing contributions.

¹ These amounts represent the lower and upper income thresholds for the 2007/2008 financial year and will be indexed annually in line with Average Weekly Ordinary Time Earnings (AWOTE).

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When you lodge your tax return and the ATO has received information from your super fund(s), the ATO calculates the amount of your Government co-contribution and deposits this into your super account. They will also notify you in writing of the details.

Contact your Financial Adviser to find out if claiming a Government co-contribution is an appropriate superannuation strategy for you. Alternatively contact the ATO on 13 10 20 or log onto the ATO website www.ato.gov.au for further information and search under 'Co-contribution'.

Getting more value from your salary

Salary sacrifice means putting part of your pre-tax salary into super. You could save tax by paying 15% contributions tax for the portion invested rather than your full marginal tax rate which could be as high as 45%.

Check with your employer to see whether they will allow you to salary sacrifice part of your pre-tax salary towards super.

Please note that upon withdrawal prior to age 60, these benefits may attract tax and are subject to preservation rules until at least age 55.

Arranging to salary sacrifice is easy. Your employer will deduct the amount you specify from your pre-tax salary and contribute this towards your super in the same way they currently contribute your compulsory SG contributions.

Contact your Financial Adviser to find out if salary sacrifice is an appropriate super strategy for you.

Who should I nominate as my beneficiaries?

Understanding who receives your super benefit (and any insurance applicable to your policy) in the event of your death is important. Under the Fund rules, the Trustee has a discretion to determine to whom and in what proportions any death benefit is payable. You may, however, nominate your personal representative and/or dependants as your preferred beneficiaries and the Trustee will take into account your wishes in the event of your death.

To nominate or update your beneficiary details please complete and return the 'Member Variation Form' which can be downloaded from the ARC website www.arcmt.com.au or by contacting a Customer Service Consultant on 1800 101 014 to obtain a copy of the form.

If you require any further information regarding the death benefit nomination process please contact a Customer Service Consultant on 1800 101 014 or via email on arcmt@toweraustralia.com.au.

Fund information

The Fund

The TOWER Master Fund is a resident regulated complying superannuation fund within the meaning of the Superannuation Industry (Supervision) Act 1993 (SIS).

The Trustee

The Trustee of the Fund is TOWER Australian Superannuation Limited, a wholly owned subsidiary of TOWER Distribution Management Limited (ACN 095 839 179) and is part of the TOWER Group.

Indemnity insurance

Indemnity Insurance has been effected by the Trustee in order to maintain sufficient and adequate cover to protect the interests of Members of the Fund.

Trust deed

A legal document called the TOWER Master Fund Trust Deed (Trust Deed) sets out the provisions that govern the Fund. The Trustee is responsible for ensuring that the Fund operates according to the Trust Deed and the accompanying rules and that it complies with all relevant superannuation law.

Members may inspect the Trust Deed during normal business hours by appointment (see page 2 of this Annual Report for contact details).

Fund review date

The Fund's annual review date is 30 September (please note ARC Allocated Pension memberships are reviewed annually at 30 June). This is the date each year when your account balance is valued specifically for the purpose of:

- determining and reporting your benefits to you (i.e. as at the end of the reporting period), as required by law; and
- preparing the Fund's financial accounts (see 'Financial Information' on page 8 for further information) and annual return to the Australian Prudential Regulation Authority (APRA).

Please refer to 'The Fund in review' section on page 34 for information on changes to the Fund that occurred during the Reporting Period or are due to occur in the near future.

Insurance benefits

The Fund's annual review date of 30 September is also the date from which insurance benefits are updated for ARC Corporate Plan and ARC Personal Plan Members who have taken out insurance protection benefits through the Fund. For ARC Corporate – Staff Plan Members the insurance review date is 1 January. Any applicable insurance cover and/or premium will be updated as a result of:

- changes to salary (i.e. where salary is a factor in calculating your insured benefits and we have been advised by your employer), and
- changes to your age, and
- any other factors that may be applicable.

Please note insurance is not available through the ARC Allocated Pension.

Policy Committees

Certain employer super plans (generally plans with 50 or more members) have equal member and employer representation on a body known as a 'Policy Committee' (applicable to ARC Corporate Plan only). The Policy Committee acts largely as a means for members to enquire about the operation of the Fund and to provide a communication channel between members, the employer and Trustee. The establishment of a Policy Committee depends, in the main, on the number of members in the employer plan. For more information on Policy Committees, please refer to the TOWER Master Fund Policy Committee Guide, available by contacting one of our Customer Service Consultants.

If your ARC Corporate Plan has a Policy Committee, the representatives will be detailed on your Annual Member Benefit Statement.

Fund information

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Approved Eligible Rollover Fund

We have selected an Eligible Rollover Fund (ERF) to which we may transfer your ARC super benefit in certain circumstances, for example, if your benefit is \$1,500 or less and you have not provided us with instructions for payment within 30 days of your benefit becoming payable. Small inactive accounts of \$1,500 or less may also be transferred to the ERF to protect Members against the reduction of their benefits by fees.

Please note that, under current legislation, we may also transfer your benefits to an ERF in circumstances other than those specified above such as if we are unable to locate you.

If we pay your benefits to the ERF, you cease to be a Member of the ARC Master Trust and become a Member of the ERF. On transfer to the ERF, any benefit entitlement (including any insurance protection benefit) that you have under the ARC Master Trust ceases. You are able to transfer or withdraw benefits from the ERF as the governing rules and legislation permits.

We have nominated the Australian Eligible Rollover Fund as the Fund's ERF. Its contact details are:

Australian Eligible Rollover Fund

Locked Bag 5429
Parramatta NSW 2124

Call 1800 677 424

Lost members

The ATO maintains a register of 'lost members'. Members may search this register to help trace any lost superannuation entitlements. You can arrange to transfer any applicable superannuation accounts you find on the lost members register to your account in the ARC Master Trust using our consolidation service (please refer to page 5). To avoid being a 'lost member' it is important to ensure that the Trustee of the Fund is always advised of any change of address.

Financial information

The financial accounts of the Fund are prepared in accordance with the Australian Accounting Standard AAS25 'Financial Reporting by Superannuation Plans' and within the provisions of the Trust Deed and relevant legislative requirements.

Members' benefits in the Fund are wholly determined by reference to life insurance policies. Such funds are exempt from providing the following information in their Annual Report to Members:

- audited fund accounts, auditor's report and abridged financial information; and
- statement of assets; and
- details of any assets (or group of associated assets) which exceed 5% of the value of the Fund.

All expenses incurred by the Trustee of the Fund to date have been borne by TOWER, and reflected in the charges appropriate to the life insurance policies within the Fund. The Trustee is entitled (and may commence) to recover reasonable expenses from the Fund by giving 30 days notice to Members. Any such expense recoveries may be made by deducting the relevant amounts from the Fund's assets as a whole.

Processing of contributions and withdrawals

We reserve the right to suspend the processing of all contributions or withdrawals under certain market conditions or circumstances, if in our opinion, to continue processing would not be in the best interests of Members. If the suspension on withdrawals continues for a long period, we must seek APRA's approval.

If you have an enquiry

If you have a general enquiry or require further information on your ARC Master Trust super account you can contact one of our Customer Service Consultants on:

ARC Corporate Plan and ARC Personal Plan Members

Call 1800 101 014
Monday to Friday
8:30am – 5:30pm (EST)

Fax 1800 300 072

Email arcmt@toweraustralia.com.au

Address ARC Master Trust
PO Box 142
Milsons Point NSW 1565

Website www.arcmt.com.au

ARC Allocated Pension Members

Call 1800 226 364
Monday to Friday
8:30am – 5.30pm (EST)

Fax 1800 817 340

Email arcmt@toweraustralia.com.au

Address ARC Master Trust
PO Box 142
Milsons Point NSW 1565

Website www.arcmt.com.au

Please note that before you rollover, transfer or withdraw a benefit you may ask us for information you may require to understand your benefit, including information on fees, charges and the effect of the rollover, transfer or withdrawal. We suggest you speak to your Financial Adviser before deciding to withdraw benefits from the Fund.

If you have a complaint

If you have a complaint regarding your ARC Master Trust super account, please lodge your complaint in writing to the TOWER Complaints Resolution Manager at the following address:

TOWER Complaints Resolution Manager

TOWER Australia Limited
PO Box 142
Milsons Point NSW 1565

If your complaint has not been resolved to your satisfaction within 90 days, you may refer your complaint to the Superannuation Complaints Tribunal (SCT) at:

Superannuation Complaints Tribunal

Locked Bag 3060
GPO Melbourne, VIC 3001

Call 1300 780 808

The SCT is an independent body established by the Commonwealth Government to review unresolved complaints arising from Trustee decisions relating to superannuation fund members, as opposed to trustee decisions about the management and operation of a super fund as a whole. The objective of the SCT is to provide a fair, timely and economical means of resolution of complaints as an alternative to the court system. The SCT cannot consider complaints that have not been first referred to a Trustee's complaint resolution process.

Important changes to super

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The following information does not take account of your individual circumstances and you should seek tax and/or financial advice from a professional adviser before acting on this information.

The Government's 'Simpler Super' changes were the biggest reforms to the super landscape in many years. Super is now a more attractive way to save than ever before – a summary of the key changes is provided below. Note that most of the changes took effect from 1 July 2007.

Lump sums and pensions tax free after age 60

Lump sum withdrawals from a taxed super fund are tax free for members aged 60 and over. Pension payments from a taxed fund will be tax free also for members aged 60 and over. This includes pensions which commenced before 1 July 2007. For pension payments from a taxed fund, for members aged 55-59 part of each payment made may be tax-free and the remaining part will attract a 15% tax offset.

Compulsory cashing abolished

You are no longer required to withdraw your super benefits in cash or commence a retirement income stream when you are aged 65 or over. The Government will allow people to remain within the accumulation phase of super indefinitely regardless of age and work status.

Reasonable Benefits Limits (RBLs) abolished

RBLs have been abolished. You will still need to include amounts exceeding your RBL as 'excessive amounts' in your tax return for benefits received before 1 July 2007.

New super contribution system

Contributions made to super fall into two categories from a tax perspective:

- 'Concessional' contributions are tax deductible to the contributor and are taxed by the receiving super fund. Concessional contributions include employer contributions (superannuation guarantee, additional employer and salary sacrifice). Concessional contributions (excluding superannuation guarantee) are now permitted for people aged up to 74.
- 'Non-concessional' contributions are from after-tax income and are not tax deductible to the contributor and are not taxed by the receiving fund. Non-concessional contributions include personal contributions for which an income tax deduction is not claimed and spouse contributions.

There are new limits to the amount of concessional and non-concessional contributions that can be made to super.

Concessional contributions cap

Concessional contributions will be capped at \$50,000 for the 2007/2008 financial year for those under 50. Members will be taxed an additional 30% (plus the Medicare Levy) on concessional contributions made in excess of this cap. The concessional contributions cap will be indexed for future years.

There is a transitional arrangement for people aged 50 and over which allows them to have an increased annual concessional contribution cap of \$100,000 from 1 July 2007 to 30 June 2012. This cap will not be indexed.

Non-concessional contributions cap

Non-concessional contributions made to super will be capped at \$150,000 for the 2007/2008 financial year. Members will be taxed at the top marginal tax rate (plus the Medicare levy) on non-concessional contributions made in excess of this cap. In addition, people under 65 will be able to bring forward two years of contributions, enabling \$450,000 to be contributed in one year, with no further contributions in the next two years. The non-concessional contributions cap will also be indexed for future years.

Tax File Numbers (TFN)

Changes to super legislation mean that it is important we hold your Tax File Number (TFN). If we do not hold your TFN:

- You will not be able to make personal or spouse contributions to your super policy.
- Employer and salary sacrifice contributions will be taxed at 46.5% (an additional 31.5% on top of the existing 15% contributions tax).
- Your insurance cover (if any) could lapse as we are unable to accept personal contributions to pay for insurance and/or your employer contributions may not be enough to cover premiums due to the extra tax being applied to such contributions.
- You may miss out on the Government co-contribution.

Please contact a Customer Service Consultant or email your full name, policy number and TFN to arcmt@toweraustralia.com.au to have your TFN recorded. Alternatively, you can complete and return the Tax File Number Notification form which can be downloaded from the web site www.arcmt.com.au. Your TFN will be treated confidentially and will only be used for legal purposes.

Changes for the self employed

Improved super arrangements apply to the self employed. If you are self employed:

- You can claim a full tax deduction for your contributions made to your super policy up to age 74.
- You may be eligible for the Government co-contribution provided at least 10% of your total income is from eligible employment, running a business or a combination of both.
- You may be entitled to receive concessional taxed super benefits in the event of permanent incapacity.

Salary sacrifice permissible to age 74

Salary Sacrifice Contributions are now allowed (from 1 July 2007) up to age 74. Previously they were only allowed to age 69.

Changes to Benefit Payments

- Members can no longer selectively withdraw from an individual tax component of their super benefit, but must withdraw proportionally from all of the tax components.
- super funds must now make benefit payments within 30 days of receiving all of the required information (prior to 1 July 2007 the timeframe was within 90 days). There is also a requirement for super funds to request any outstanding information within 10 working days of receiving a request for a benefit payment.
- For some time, APRA's expectation has been that trustees of super funds request Certified Proof of Identity (ID) for all benefit payments and rollovers. As part of the Simpler Super changes, the requirement for the client to supply Certified proof of ID has become an industry standard for superannuation payments from 1 July 2007. These new rules have been introduced to benefit members by reducing the risk of fraud. TOWER will be requesting proof of ID for payments from all Investment products (super and non-super).

Taxation of superannuation lump sum payments to terminally ill members

From 11 September 2007 lump sum superannuation benefits paid to members with a terminal illness will be exempt from tax.

Super Splitting changes

Super funds are unable to accept a split of non concessional member contributions or Government co-contributions after 5 April 2007. This was a change targeted to prevent members from avoiding the contribution cap limits.

New Pension Standards

There are significant changes to pensions in the Simpler Super legislation. Most importantly, investors cannot start new allocated, term allocated, or other complying pensions from 20 September 2007 unless the pension complies with new standards. There are also changes to the pension social security asset test - from 1 July 2007 the taper halves to \$1.50 per fortnight per \$1,000 of assets, which could increase the amount of age pension receivable for some.

For more information on any of the above changes, please contact your financial adviser or the Australian Taxation Office (ATO) on 13 10 20 or log on to their website www.ato.gov.au.

Taxation thresholds for 2007/2008

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Below are the current tax thresholds applying to the taxable component of superannuation benefits for the 2007/2008 financial year.

Taxation on lump sum super withdrawals

For the 2007/2008 financial year, the tax rates applying to the taxable component are as follows:

Your age	Amount taxed	Untaxed rate	Taxed rate
Under 55	First \$1million ¹	30% plus Medicare Levy	20% plus Medicare Levy
	Over \$1million ¹	Top marginal tax rate plus Medicare Levy	20% plus Medicare Levy
55 to 59	First \$140,000 ¹	15% plus Medicare Levy	Nil
	Over \$140,000 ¹ to \$1million ¹	30% plus Medicare Levy	15% plus Medicare Levy
	Over \$1million ¹	Top marginal tax rate plus Medicare Levy	15% plus Medicare Levy
60 and over	First \$1million ¹	15% plus Medicare Levy	Tax free
	Over \$1million ¹	Top marginal tax rate plus Medicare Levy	Tax free

¹ These amounts apply to the 2007/2008 financial year and will be indexed annually in line with Average Weekly Ordinary Time Earnings (AWOTE) as at 1 July each year and rounded down to the nearest multiple of \$5,000.

Taxation on superannuation income streams

For the 2007/2008 financial year, the tax rates applying to the taxable component are as follows:

Your age	Amount taxed	Untaxed rate	Taxed rate
Under 55	Whole component	Marginal tax rate plus Medicare Levy No tax offset	Marginal tax rate plus Medicare Levy No tax offset ²
55 to 59	Whole component	Marginal tax rate plus Medicare Levy No tax offset	Marginal tax rate plus Medicare Levy 15% tax offset
60 and over	Whole component	Marginal tax rate plus Medicare Levy 10% tax offset	Tax free

² A disability superannuation income stream also receives a 15 per cent tax offset.

Investment information

Trustee's investment objective

The Trustee's investment objective is to provide a range of investment options from various asset sectors from which members can select investments which are suitable for their personal circumstances

Trustee's investment strategy

The Trustee's investment strategy is to invest in an investment life insurance policy issued by TOWER, which provides a range of investment portfolios with different risk/return profiles.

Appointment of a market leading investment manager

This has been a year of significant change for TOWER Investments. In June 2007, TOWER appointed Russell Investment Management Ltd (Russell) (ABN 53 068 338 974), a member of the Russell Investment Group of companies, to manage its multi-manager investment options. Russell is the world's largest manager-of-managers as rated by Cerulli Associates, and is Australia's "preferred" and only "highly recommended" multi-manager as rated by independent researcher Lonsec (2005 & 2006). TOWER's investment strategy for the multi-manager investment options is to invest in the underlying funds that Russell oversees on behalf of TOWER. Russell in turn selects the underlying investment managers for its funds and regularly monitors the investment managers or underlying funds.

Multi-manager investing involves selecting quality specialist investment managers from around the world to manage selected assets within the investment options. It provides the Investment Manager with a wide range of research, superior market information and a broad skill base for investment decision making.

Labour standards and environmental, social and ethical considerations

With the exception of the TOWER Ethical Growth investment option, no other investment options offered take into account labour standards and environmental, social and ethical considerations when selecting, retaining or realising investments.

The TOWER Ethical Growth investment option takes into account labour standards and environmental, social and ethical considerations when selecting, retaining or realising investments. This investment option is managed by AMP Capital Investors and is invested in the AMP Capital Sustainable Future Australian Share Fund – Wholesale Units (the fund). For further information please visit www.arcmt.com.au and follow the link for Investment Options.

Investment in derivatives

Derivatives such as futures, forwards, options and swaps (as applicable) may be used, within agreed limits, by the underlying investment managers in managing the various asset classes.

Our Risk Management Plan (RMP) contains information about our approach to the use of derivatives. If you would like a copy of this, please contact a Customer Service Consultant or visit www.toweraustralia.com.au where a copy of the RMP can be accessed.

Investment information

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Understanding the investment profiles

The investment option profiles on the following pages provide specific information on each investment option offered through each of the Products under the ARC Master Trust. The terms used in the investment option profiles are explained below.

Investment option	Registered name of the investment option.
Investment objective	The investment objective outlines the results each investment option aims to achieve over a particular timeframe. Investment objectives may change in the future and you will be updated of any change in future annual reports and on the website.
Investment strategy	The investment strategy is the strategy which is put in place to meet the investment objective. Generally the investment strategy specifies the allowed exposure to each asset class, the benchmarks against which performance may be measured and the investment style to be used. Investment strategies may change in the future and you will be updated of any change in future annual reports and on the website.
Investment Manager	The investment manager appointed by TOWER to manage the investment portfolio (including any underlying fund managers).
Asset allocation as at 30 September	<p>Asset allocation is the relative exposure to different asset classes within an investment option usually based on the investment strategy.</p> <p>The actual asset allocation shown is at 30 September for 2006 and 2007 and is rounded to one (1) decimal place. The actual asset allocation may vary from time to time due to market fluctuations and investment decisions. Consistent with their investment style, a limited portion of some underlying or external managers' investment portfolios may be held as cash for liquidity or other investment purposes from time to time. This cash holding is included in the asset class specified in the manager's mandate. For example, a specialist equities manager may hold some cash (within specified limits) and this would be classified as equities.</p> <p>Actual asset allocations are updated at the end of each month and may be obtained from your Financial Adviser or by calling one of our Customer Service Consultants.</p>
Asset allocation benchmarks and ranges as at 30 September 2007	<p>The asset allocation benchmark and ranges represent the long term neutral investment mix (benchmark) and limits (ranges) used by the Investment Manager and the external managers in managing the assets of the investment option.</p> <p>These percentages may change from time to time. Current asset allocation benchmarks and ranges may be obtained from your Financial Adviser, our website or by calling one of our Customer Service Consultants. Please see page 35 for changes to the asset allocation benchmark (also known as the strategic asset allocation) that occurred during the reporting period.</p>

Performance returns

For unit linked investment options, the performance returns for the last 5 years and the compound average returns since inception are shown. The calculation of these performance returns is based on the movement in 'sell' unit prices for the investment option over the period reported. Performance returns are net of the maximum Administration fee, Investment management fees and costs and tax.

For the TOWER Capital Assured investment option, which is not unit linked, a declared rate is calculated. The declared rates at 30 September for the last 5 years and the compound average rate since inception are shown. These declared rates are net of the maximum Administration fee payable over these years, any applicable Investment management fees and costs and tax. Please see 'Declared rates' below for further information on how the declared rates are calculated.

Up to date performance returns may be obtained from your Financial Adviser, our website or by calling one of our Customer Service Consultants.

It is important to note that past performance is no guarantee of future performance.

Declared rates

For the TOWER Capital Assured investment option, a declared rate is determined each year. This declared rate is based on the net investment yield earned and cannot be less than 85% of this net investment yield. In addition, an explicit 1.40% (1.65% gross) pa Administration fee is also deducted. The net investment yield takes into account interest and dividend income, realised and unrealised gains and losses on investments, incurred Investment management costs and tax rates applicable. Further, due regard is given to the expected long term investment performance, equity between different policies and achievement of reasonable benefits. An allowance is also made for any tax that may be applicable on the investment.

The Investment management fees are therefore implicit in determining the declared rates. They are effectively a maximum of 15% of the net investment yield plus at least 85% of the investment costs incurred in generating investment income.

Investment information

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Investment option profiles

Investment option	TOWER Cash					TOWER Australian Fixed Interest				
Investment objective	The option aims to provide cash returns over the short term from investments in short term securities and cash.					The option aims to provide fixed interest returns over the medium term from a portfolio of predominantly Australian dollar government, semi-government and corporate securities.				
Investment strategy	The option invests in short term securities and cash.					This option invests predominantly in Australian dollar government, semi-government and corporate securities.				
Investment Manager	Russell Investment Management Ltd					Russell Investment Management Ltd				
Asset allocation (%) as at 30 September			2007	2006				2007	2006	
	Cash and short-term securities		100.0	100.0		Australian fixed interest		100.0	100.0	
Asset allocation benchmarks and ranges (%) as at 30 September 2007			Range	B'mark				Range	B'mark	
	Cash and short-term securities		100-100	100.0		Australian fixed interest		100-100	100.0	
Performance returns (%) as at 30 September	2007	2006	2005 ¹	2004 ¹	2003 ¹	2007	2006	2005	2004	2003 ¹
ARC Corporate Plan	3.8	3.2	n/a	n/a	n/a	0.7	1.7	2.8	2.2	n/a
ARC Personal Plan	3.8	3.2	n/a	n/a	n/a	0.7	1.7	2.8	2.2	n/a
ARC Allocated Pension	4.5	4.3	n/a	n/a	n/a	1.2	3.1	3.6	n/a ¹	n/a
Performance returns since inception (% pa) to 30 September 2007	ARC Corporate Plan 1 July 2005	ARC Personal Plan 1 July 2005	ARC Allocated Pension 31 August 2005	ARC Corporate Plan 3 April 2003	ARC Personal Plan 3 April 2003	ARC Allocated Pension 16 October 2003				
	3.5	3.5	4.4	1.8	1.8	3.0				

It is important to remember that past performance should not be relied upon as an indication of future performance.

¹ As this investment option has not been in existence for a full 5 years, no performance figure for this date is available.

Investment option profiles

Investment option	Legg Mason Australian Bond Trust					UBS Diversified Fixed Income Fund				
Investment objective	The Trust aims to earn a return of 0.75% pa in excess of the UBS Australian Composite Bond Index over rolling, three year periods (before fees and tax).					The fund aims to provide investors with a total return (after management costs) in excess of the returns measured by relevant debt market indices, over rolling three year periods.				
Investment strategy	<p>The Trust aims to achieve the investment objective by holding a diversified portfolio of actively-managed Australian fixed-income securities. The investment manager focuses on capturing incremental returns from an array of diversified sources while adhering to strict risk controls.</p> <p>The investment approach seeks to exploit incorrect market estimations of the economic cycle both in length and breadth, and, in particular, in the estimation of inflation outcomes. The approach also seeks to exploit situations where market pricing for individual sectors and securities vary from fundamental relative values that the manager determines by proprietary research.</p>					<p>The fund is an actively managed portfolio of cash and fixed income securities with respect to market and sector allocation, interest rate exposure and issue selection. The fund normally gains its asset sector exposure by investing in UBS managed funds. The fixed income assets of the fund are predominantly of investment grade quality. Non investment grade fixed income assets (High Yield and Emerging Market debt) must not exceed 30% of the total portfolio. The fund may invest in financial derivatives to gain exposure to markets and to limit the risk of adverse interest rate movements. The fund is managed to a minimum 90% \$A exposure.</p>				
Investment Manager	Legg Mason Asset Management					UBS Global Asset Management (Australia) Ltd				
Asset allocation (%) as at 30 September		2007	2006			2007	2006			
	Australian fixed interest	97.1	96.4		Australian fixed interest	51.0	40.1			
	Cash and short-term securities	2.9	3.6		International fixed interest	49.0	49.6			
					Cash and other	0.0	10.3			
Asset allocation benchmarks and ranges (%) as at 30 September 2007		Range	B'mark			Range	B'mark			
	Commonwealth Government and Semi Government, Supranational and Sovereign Bonds	30-100	n/a		Australian fixed interest	20-80	50.0			
	Corporate bonds	0-60	n/a		International fixed interest	20-80	50.0			
	Mortgage and Asset backed securities	0-20	n/a							
	Inflation linked	0-10	n/a							
	Cash and other	Balance	Balance							
Performance returns (%) as at 30 September	2007	2006	2005	2004	2003 ¹	2007	2006	2005 ¹	2004 ¹	2003 ¹
ARC Corporate Plan	1.5	2.5	3.7	3.0	n/a	1.1	2.2	n/a	n/a	n/a
ARC Personal Plan	1.5	2.5	3.7	3.0	n/a	1.1	2.2	n/a	n/a	n/a
ARC Allocated Pension	1.7	3.5	4.6	3.9	n/a	1.3	n/a ¹	n/a	n/a	n/a
Performance returns since inception (% pa) to 30 September 2007	ARC Corporate Plan 24 March 2003	ARC Personal Plan 24 March 2003	ARC Allocated Pension 14 May 2003	ARC Corporate Plan 11 July 2005	ARC Personal Plan 11 July 2005	ARC Allocated Pension 12 July 2006				
	2.4	2.4	3.0	1.7	1.7	2.7				

It is important to remember that past performance should not be relied upon as an indication of future performance.

¹ As this investment option has not been in existence for a full 5 years, no performance figure for this date is available.

Investment information

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Investment option profiles

Investment option	TOWER Capital Assured ¹					TOWER Security Focus				
Investment objective	The option aims to provide modest investment growth over the medium term from a portfolio that invests in a range of asset classes.					The option aims to provide modest investment growth over the medium term from a portfolio that invests in a range of asset classes.				
Investment strategy	The option invests in a range of asset classes, with a strong emphasis on defensive assets such as cash and fixed interest.					The option invests in a range of asset classes, with a strong emphasis on defensive assets such as cash and fixed interest.				
Investment Manager	Russell Investment Management Ltd					Russell Investment Management Ltd				
Asset allocation (%) as at 30 September		2007	2006				2007	2006		
	Australian shares	11.3	10.3		Australian shares		15.6	15.4		
	International shares	5.1	5.1		International shares		9.8	10.2		
	Australian Property Securities	4.8	4.9		Australian Property Securities		5.0	4.7		
	Australian fixed interest	39.3	39.3		Australian fixed interest		25.0	29.4		
	International fixed interest - \$A Hedged	19.7	19.9		International fixed interest - \$A Hedged		14.6	14.9		
	Cash and short-term securities	19.8	20.5		Cash and short-term securities		30.0	25.4		
Asset allocation benchmarks and ranges (%) as at 30 September 2007		Range	B'mark			Range	B'mark			
	Australian shares	0-15	10.5		Australian shares	12-18	15.0			
	International shares	0-8	5.0		International shares	7-13	10.0			
	Australian Property Securities	0-8	4.5		Australian Property Securities	2-8	5.0			
	Australian fixed interest	35-50	40.0		Australian fixed interest	22-28	25.0			
	International fixed interest - \$A Hedged	15-25	20.0		International fixed interest - \$A Hedged	12-18	15.0			
	Cash and short-term securities	15-30	20.0		Cash and short-term securities	27-33	30.0			
Performance returns (%) as at 30 September	2007	2006	2005	2004	2003	2007	2006	2005	2004	2003 ³
ARC Corporate Plan	4.6	4.8	4.8	5.7	5.8	6.1	5.3	6.9	5.9	n/a
ARC Personal Plan	4.6	4.8	4.8	5.7	5.8	6.1	5.3	6.9	5.9	n/a
ARC Allocated Pension	5.5	5.6	5.6	6.8	n/a ²	6.8	6.6	8.3	7.1	n/a
Performance returns since inception (% pa) to 30 September 2007	ARC Corporate Plan 27 Feb 2003	ARC Personal Plan 27 Feb 2003	ARC Allocated Pension 27 Feb 2003	ARC Corporate Plan 24 March 2003	ARC Personal Plan 24 March 2003	ARC Allocated Pension 15 August 2003				
	5.1	5.1	5.9	5.9	5.9	7.2				

It is important to remember that past performance should not be relied upon as an indication of future performance.

¹ For the TOWER Capital Assured investment option a declared rate is calculated. Please see page 15 for an explanation of how the declared rate is calculated.

² As this investment option has not been in existence for a full 5 years within the Allocated Pension product, no declared rate for this date is available.

³ As this investment option has not been in existence for a full 5 years, no performance figure at this date is available.

Investment option profiles

Investment option	TOWER Conservative Balanced					TOWER Balanced Growth				
Investment objective	The option aims to provide moderate investment growth over the medium to long term from a portfolio that invests in a range of asset classes.					The option aims to provide moderate to high investment growth over the long term from a portfolio that invests in a range of asset classes.				
Investment strategy	The option invests in a range of asset classes, with a broadly equal weighting to growth and defensive assets.					The option invests in a range of asset classes, with a strong emphasis on growth assets such as shares and property.				
Investment Manager	Russell Investment Management Ltd					Russell Investment Management Ltd				
Asset allocation (%) as at 30 September		2007	2006				2007	2006		
	Australian shares	20.9	27.1		Australian shares	32.6	36.6			
	International shares	14.8	15.1		International shares	19.6	25.0			
	International shares - \$A Hedged	4.9	n/a		International shares - \$A Hedged	10.0	n/a			
	Australian Property Securities	5.0	8.4		Australian Property Securities	4.9	9.0			
	International Property Securities - \$A hedged	5.0	n/a		International Property Securities - \$A hedged	3.1	n/a			
	Australian fixed interest	21.5	19.4		Australian fixed interest	14.4	19.3			
	International Fixed Interest - \$A hedged	12.6	14.7		International Fixed Interest - \$A hedged	9.7	6.8			
	Cash and short-term securities	15.3	15.3		Alternative Strategies	2.6	n/a			
					Cash and short-term securities	3.1	3.3			
Asset allocation benchmarks and ranges (%) as at 30 September 2007		Range	B'mark			Range	B'mark			
	Australian shares	17-23	20.0		Australian shares	29-35	32.0			
	International shares	12-18	15.0		International shares	17-23	20.0			
	International shares - \$A Hedged	2-8	5.0		International shares - \$A Hedged	7-13	10.0			
	Australian Property Securities	2-8	5.0		Australian Property Securities	2-8	5.0			
	International Property Securities - \$A hedged	2-8	5.0		International Property Securities - \$A hedged	0-6	3.0			
	Australian fixed interest	19-25	22.0		Australian fixed interest	12-18	15.0			
	International Fixed Interest - \$A hedged	10-16	13.0		International Fixed Interest - \$A hedged	7-13	10.0			
	Cash and short-term securities	12-18	15.0		Alternative Strategies	0-6	3.0			
					Cash and short-term securities	0-5	2.0			
Performance returns (%) as at 30 September	2007	2006	2005 ¹	2004 ¹	2003 ¹	2007	2006	2005	2004	2003 ¹
ARC Corporate Plan	8.9	7.3	n/a	n/a	n/a	11.2	9.3	12.3	9.9	n/a
ARC Personal Plan	8.9	7.3	n/a	n/a	n/a	11.2	9.3	12.3	9.9	n/a
ARC Allocated Pension	9.8	8.9	n/a	n/a	n/a	11.9	11.0	14.3	11.7	n/a
Performance returns since inception (% pa) to 30 September 2007	ARC Corporate Plan 1 July 2005	ARC Personal Plan 1 July 2005	ARC Allocated Pension 24 August 2005	ARC Corporate Plan 28 March 2003	ARC Personal Plan 28 March 2003	ARC Allocated Pension 15 August 2003				
	8.6	8.6	9.5	10.6	10.6	12.1				

It is important to remember that past performance should not be relied upon as an indication of future performance.

¹ As this investment option has not been in existence for a full 5 years, no performance figure for this date is available.

Investment information

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Investment option profiles

Investment option	TOWER Growth Maximiser					BT Wholesale Property Investment Fund					
Investment objective	The option aims to provide high investment growth over the long term from a portfolio that invests in a range of asset classes.					The fund aims to provide a return (before fees, costs and taxes) that exceeds the S&P/ASX 300 Property Accumulation Index over the medium to long term.					
Investment strategy	The option invests predominantly in growth assets such as shares and property.					The fund is actively managed and primarily invests in listed property-related investments including listed property trusts, developers and infrastructure investments, both directly and indirectly. The fund invests primarily in Australia but at times it may have some overseas exposure. Up to 15% of the fund can be invested in international listed property-related investments. Around 5% of the fund will generally also be invested in unlisted property investments.					
Investment Manager	Russell Investment Management Ltd					BT Investment Management Limited					
Asset allocation (%) as at 30 September			2007	2006				2007	2006		
	Australian shares		42.4	41.9	Property			99.1	98.7		
	International shares		19.5	34.8	Cash			0.9	1.3		
	International Shares - \$A Hedged		20.0	n/a							
	Australian Property Securities		4.9	8.3							
	International Property Securities - \$A Hedged		3.1	n/a							
	Australian fixed interest		6.7	4.8							
	International Fixed Interest		n/a	4.9							
	Alternative Strategies		2.5	n/a							
	Cash and short-term securities		0.9	5.3							
Asset allocation benchmarks and ranges (%) as at 30 September 2007			Range	B'mark				Range	B'mark		
	Australian shares		39-45	42.0	Property			80-100	100.0		
	International shares		17-23	20.0	Cash			0-20	0.0		
	International Shares - \$A Hedged		17-23	20.0							
	Australian Property Securities		2-8	5.0							
	International Property Securities - \$A Hedged		0-6	3.0							
	Australian fixed interest		4-10	7.0							
	Alternative Strategies		0-6	3.0							
	Cash and short-term securities		n/a	n/a							
Performance returns (%) as at 30 September	2007	2006	2005	2004	2003 ¹	2007	2006	2005	2004	2003 ¹	
ARC Corporate Plan	12.6	10.9	13.6	10.8	n/a	18.4	15.8	12.0	19.4	n/a	
ARC Personal Plan	12.6	10.9	13.6	10.8	n/a	18.4	15.8	12.0	19.4	n/a	
ARC Allocated Pension	14.8	12.7	15.8	n/a ¹	n/a	20.2	19.7	14.4	22.9	n/a	
Performance returns since inception (% pa) to 30 September 2007	ARC Corporate Plan 12 March 2003 12.8	ARC Personal Plan 12 March 2003 12.8	ARC Allocated Pension 2 March 2004 14.0	ARC Corporate Plan 11 April 2003 13.3	ARC Personal Plan 11 April 2003 13.3	ARC Allocated Pension 20 June 2003 16.0					

It is important to remember that past performance should not be relied upon as an indication of future performance.

¹ As this investment option has not been in existence for a full 5 years, no performance figure for this date is available.

Investment option profiles

Investment option	RREEF Paladin Property Securities Fund					TOWER Australian Shares				
Investment objective	The investment objective of the fund is to outperform the benchmark, the S&P/ASX 300 GICS Property Accumulation Index, before fees, over rolling three year periods.					The option aims to provide high investment growth over the long term from a portfolio of Australian shares.				
Investment strategy	The manager is an active manager. It buys and sells property securities based on its view of their prospects relative to other securities in the market. That is, the manager looks to always hold securities that it believes will outperform the market. Its decision on which securities to buy or sell is based upon their in-depth research of listed and direct property markets, while taking a disciplined approach to managing risk.					The option invests in a range of Australian shares.				
Investment Manager	Deutsche Asset Management (Australia) Limited					Russell Investment Management Ltd				
Asset allocation (%) as at 30 September			2007	2006			2007	2006		
	Property		97.9	98.8	Australian shares		100.0	100.0		
	Cash		2.1	1.2						
Asset allocation benchmarks and ranges (%) as at 30 September 2007			Range	B'mark			Range	B'mark		
	Property		90-100	100.0	Australian shares		100-100	100.0		
	Cash and other		0-10	0.0						
Performance returns (%) as at 30 September	2007	2006	2005	2004	2003 ¹	2007	2006	2005	2004	2003 ¹
ARC Corporate Plan	16.0	19.7	13.7	20.3	n/a	27.4	11.3	22.8	17.7	n/a
ARC Personal Plan	16.0	19.7	13.7	20.3	n/a	27.4	11.3	22.8	17.7	n/a
ARC Allocated Pension	16.6	23.8	16.7	24.2	n/a	30.3	13.4	26.7	20.1	n/a
Performance returns since inception (% pa) to 30 September 2007	ARC Corporate Plan		ARC Personal Plan		ARC Allocated Pension	ARC Corporate Plan		ARC Personal Plan		ARC Allocated Pension
	28 March 2003		28 March 2003		15 May 2003	3 June 2003		3 June 2003		29 Sept 2003
	13.9		13.9		17.3	19.5		19.5		22.5

It is important to remember that past performance should not be relied upon as an indication of future performance.

¹ As this investment option has not been in existence for a full 5 years, no performance figure for this date is available.

Investment information

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Investment option profiles

Investment option	TOWER Ethical Growth					Advance Sharemarket Fund – Wholesale Units				
Investment objective	The option aims to provide high investment growth over the long term from a portfolio of Australian shares issued by companies that take into account the wider ethical, social and environmental issues in the community.					The fund's objective is to provide long term capital growth from a diversified portfolio of Australian shares. The fund aims to provide investors with a total Investment return (before fees and taxes) that outperforms the S&P/ASX 200 Accumulation Index over periods of five years or longer.				
Investment strategy	The option invests in a range of Australian shares issued by companies that take into account the wider ethical, social and environmental issues in the community.					To invest in a wide range of Australian shares, listed or expected to be listed on the Australian Stock Exchange.				
Investment Manager	AMP Capital Investors Limited					Maple-Brown Abbott Limited				
Asset allocation (%) as at 30 September			2007	2006				2007	2006	
	Australian shares		100.0	99.6		Australian shares		95.0	90.7	
	Cash		n/a	0.4		Cash and other		5.0	9.3	
Asset allocation benchmarks and ranges (%) as at 30 September 2007			Range	B'mark				Range	B'mark	
	Australian shares		100-100	100.0		Australian shares		95-100	100.0	
	Cash and other					Cash and other		0-5	0.0	
Performance returns (%) as at 30 September	2007	2006	2005	2004	2003 ¹	2007	2006	2005	2004	2003 ¹
ARC Corporate Plan	29.7	14.2	25.9	14.9	n/a	18.7	9.8	20.7	15.0	n/a
ARC Personal Plan	29.7	14.2	25.9	14.9	n/a	18.7	9.8	20.7	15.0	n/a
ARC Allocated Pension	n/a ²	n/a ²	n/a ²	n/a ²	n/a ²	21.4	12.9	24.8	19.0	n/a
Performance returns since inception (% pa) to 30 September 2007	ARC Corporate Plan	ARC Personal Plan	ARC Allocated Pension ²			ARC Corporate Plan	ARC Personal Plan	ARC Allocated Pension		
	23 April 2003	23 April 2003	n/a			22 April 2003	22 April 2003	14 May 2003		
	20.1	20.1	n/a			15.3	15.3	19.6		

It is important to remember that past performance should not be relied upon as an indication of future performance.

¹ As this investment option has not been in existence for a full 5 years, no performance figure at this date is available.

² At the date of this Annual Report no units have been issued in this investment option

Investment option profiles

Investment option	Colonial First State Wholesale Imputation Fund					Eley Griffiths Group Small Companies Fund				
Investment objective	To provide long term capital growth with some tax effective income by investing in a broad selection of Australian companies.					The fund aims to outperform the ASX Small Ordinaries Accumulation Index over a 3 year period, although returns are not guaranteed.				
Investment strategy	Colonial First State's 'GDP Plus' approach is based on the belief that, over the medium-to-long term, share prices are driven by growth in a company's earnings, despite the existence of sentiment which can lead to short term price volatility. The strategy of the fund is therefore to invest in quality companies, with strong balance sheets, whose earnings are expected to grow at a greater rate than the Australian economy as a whole. The fund has an emphasis on companies paying higher dividend yields and some tax effective income. The fund predominantly invests in Australian companies and therefore does not hedge currency risk.					The fund invests mostly in Australian listed small companies (ASX listed companies which are outside the S&P/ASX Top 100 Index) and some cash. The investment process involves a stock scoring system across the small companies' universe, in which the stocks with the highest scores are included in the final portfolio with a weight commensurate to their score. Companies are scored quantitatively and qualitatively to produce a total score. The quantitative score is effectively a "value for money" score, where all companies' earnings growth profiles and price earnings ratios are compared against each other to determine those companies that offer the best "value for money".				
Investment Manager	Colonial First State					Eley Griffiths Group				
Asset allocation (%) as at 30 September		2007	2006				2007	2006		
	Australian shares	98.2	98.5		Australian shares	92.8	94.6			
	Cash and other	1.8	1.5		Cash and other	7.2	5.4			
Asset allocation benchmarks and ranges (%) as at 30 September 2007		Range	B'mark			Range	B'mark			
	Australian shares	90-100	100.0		Australian shares	80-100	95.0			
	Cash and other	0-10	0.0		Cash and other	0-20	5.0			
Performance returns (%) as at 30 September	2007	2006	2005	2004	2003 ¹	2007	2006	2005 ¹	2004 ¹	2003 ¹
ARC Corporate Plan	24.3	6.9	29.5	12.9	n/a	27.8	13.4	n/a	n/a	n/a
ARC Personal Plan	24.3	6.9	29.5	12.9	n/a	27.8	13.4	n/a	n/a	n/a
ARC Allocated Pension	27.0	9.2	34.4	n/a ¹	n/a	33.6	n/a ¹	n/a	n/a	n/a
Performance returns since inception (% pa) to 30 September 2007	ARC Corporate Plan 24 March 2003	ARC Personal Plan 24 March 2003	ARC Allocated Pension 9 December 2003			ARC Corporate Plan 11 July 2005	ARC Personal Plan 11 July 2005	ARC Allocated Pension 18 October 2005		
	17.8	17.8	21.4			23.2	23.2	28.3		

It is important to remember that past performance should not be relied upon as an indication of future performance.

¹ As this investment option has not been in existence for a full 5 years, no performance figure is available.

Investment information

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Investment option profiles

Investment option	Investors Mutual Australian Share Fund					Perennial Value Shares Wholesale Trust				
Investment objective	The fund aims to provide a rate of return (after fees and expenses and before taxes) which exceeds the S&P/ASX 300 Accumulation Index on a rolling four year basis.					The Trust aims to significantly grow the value of an investment over the long term via a combination of capital growth and tax-effective income, by investing in a diversified portfolio of Australian shares, with returns that exceed the S&P/ASX 300 Accumulation index, measured on a rolling three year basis.				
Investment strategy	The fund will invest in a diversified portfolio of quality Australian industrial and resource shares, where these shares are identified by the investment team as being undervalued.					The Trust will invest in a range of companies listed (or soon to be listed) on the Australian Stock Exchange, which the manager believes have sustainable operations and whose share price offers good value. The cornerstone to this approach is a strong emphasis on company research. The aim is to develop a detailed understanding of each company before committing investors' funds.				
Investment Manager	Investors Mutual Ltd					Perennial Investment Partners Limited				
Asset allocation (%) as at 30 September			2007	2006				2007	2006	
	Australian shares		92.4	91.7		Australian shares		94.6	92.9	
	Cash and other		7.6	8.3		Cash and other		5.4	7.1	
Asset allocation benchmarks and ranges (%) as at 30 September 2007			Range	B'mark				Range	B'mark	
	Australian shares		90-100	n/a		Australian shares		90-100	100.0	
	Cash and other		0-10	n/a		Cash and other		0-10	0.0	
Performance returns (%) as at 30 September	2007	2006	2005 ¹	2004 ¹	2003 ¹	2007	2006	2005	2004	2003 ¹
ARC Corporate Plan	20.8	9.1	n/a	n/a	n/a	26.9	6.0	26.3	15.5	n/a
ARC Personal Plan	20.8	9.1	n/a	n/a	n/a	26.9	6.0	26.3	15.5	n/a
ARC Allocated Pension	22.8	10.5	n/a	n/a	n/a	31.7	7.7	31.5	18.2	n/a
Performance returns since inception (% pa) to 30 September 2007	ARC Corporate Plan	ARC Personal Plan	ARC Allocated Pension			ARC Corporate Plan	ARC Personal Plan	ARC Allocated Pension		
	1 July 2005	1 July 2005	31 August 2005			14 April 2003	14 April 2003	14 May 2003		
	14.8	14.8	17.6			17.8	17.8	22.4		

It is important to remember that past performance should not be relied upon as an indication of future performance.

¹ As this investment option has not been in existence for a full 5 years, no performance figure for this date is available.

Investment option profiles

Investment option	Perpetual's Wholesale Industrial Fund					Schroder Wholesale Australian Equity Fund					
Investment objective	The fund aims to provide long term capital growth and income through investment in quality Australian industrial shares and other securities.					The objective of the fund is to outperform the S&P/ASX 200 Accumulation Index over the medium to long term (3 to 5 years).					
Investment strategy	Perpetual researches companies of all sizes using consistent share selection criteria. Perpetual's priority is to select those companies that represent the best investment quality and are appropriately priced. In determining investment quality, investments are carefully selected on the basis of four key investment criteria: conservative debt levels, sound management, quality business and recurring earnings.					The investment manager is a fundamental active manager of Australian shares, which seeks to invest primarily in growth stocks (i.e. companies which will be able to grow shareholder value in the longer term).					
Investment Manager	Perpetual Investments					Schroder Investment Management Australia Limited					
Asset allocation (%) as at 30 September			2007	2006				2007	2006		
	Australian shares		96.0	96.4		Australian & New Zealand shares		94.8	96.9		
Cash and other		4.0		3.6		Cash		5.2		3.1	
Asset allocation benchmarks and ranges (%) as at 30 September 2007			Range	B'mark				Range	B'mark		
	Australian industrial shares		90-100		100.0		Australian & New Zealand shares		95-100		100.0
Cash and other		0-10		0.0		Cash		0-5		0.00	
Performance returns (%) as at 30 September	2007	2006	2005	2004	2003 ¹	2007	2006	2005	2004	2003 ¹	
ARC Corporate Plan	22.8	7.4	22.4	15.1	n/a	24.2	13.8	25.3	16.3	n/a	
ARC Personal Plan	22.8	7.4	22.4	15.1	n/a	24.2	13.8	25.3	16.3	n/a	
ARC Allocated Pension	26.2	9.2	26.4	17.2	n/a	27.6	n/a ¹	n/a ¹	n/a ¹	n/a	
Performance returns since inception (% pa) to 30 September 2007	ARC Corporate Plan		ARC Personal Plan		ARC Allocated Pension		ARC Corporate Plan		ARC Personal Plan		ARC Allocated Pension
	3 April 2003		3 April 2003		15 May 2003		7 May 2003		7 May 2003		7 March 2006
		17.1		17.1		19.6		19.2		19.2	22.4

It is important to remember that past performance should not be relied upon as an indication of future performance.

¹ As this investment option has not been in existence for a full 5 years, no performance figure for this date is available.

Investment information

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Investment option profiles

Investment option	Vanguard Australian Shares Index Fund					TOWER International Shares				
Investment objective	The fund seeks to match the total return of the S&P/ASX 300 Index before taking into account fund expenses.					The option aims to provide high investment growth over the long term from a portfolio of international shares.				
Investment strategy	To closely track the Index, Vanguard employs optimisation techniques which involve selecting a representative sample of shares in the Index – holding most of the shares in the Index but allowing individual share weightings to vary marginally from the Index from time to time – to form the fund's portfolio. The fund may invest in shares that have been or are expected to be included in the Index. Futures and other derivatives may be used to gain market exposure without investing directly in shares. This allows Vanguard to maintain fund liquidity without being under invested. Importantly, derivatives are not used to leverage the fund's portfolio.					The option invests in a range of international shares.				
Investment Manager	Vanguard Investments Australia Ltd					Russell Investment Management Ltd				
Asset allocation (%) as at 30 September			2007	2006				2007	2006	
	Australian shares		100.0	100.0		International shares		100.0	90.0	
						Cash and other		0.0	10.0	
Asset allocation benchmarks and ranges (%) as at 30 September 2007			Range	B'mark				Range	B'mark	
	Australian shares		100	100.0		International shares		100-100	100.0	
Performance returns (%) as at 30 September	2007	2006	2005 ¹	2004 ¹	2003 ¹	2007	2006	2005 ¹	2004 ¹	2003 ¹
ARC Corporate Plan	28.1	11.4	n/a	n/a	n/a	0.5	12.8	n/a	n/a	n/a
ARC Personal Plan	28.1	11.4	n/a	n/a	n/a	0.5	12.8	n/a	n/a	n/a
ARC Allocated Pension	n/a ²	n/a ²	n/a ²	n/a ²	n/a ²	-8.4	14.8	n/a	n/a	n/a
Performance returns since inception (% pa) to 30 September 2007	ARC Corporate Plan	ARC Personal Plan	ARC Allocated Pension ²			ARC Corporate Plan	ARC Personal Plan	ARC Allocated Pension		
	20 July 2005	20 July 2005	n/a			1 July 2005	1 July 2005	31 August 2005		
	20.6	20.6	n/a			7.8	7.8	2.8		

It is important to remember that past performance should not be relied upon as an indication of future performance.

¹ As this investment option has not been in existence for a full 5 years, no performance figure for this date is available.

² At the date of this Annual Report no units have been issued in this investment option.

Investment option profiles

Investment option	Credit Suisse International Shares Fund					Perpetual's Wholesale International Share Fund				
Investment objective	The fund aims to provide exposure to primarily international shares with potential for a high level of growth over the long term, with the benefit of exposure to world growth opportunities.					The fund aims to provide long term capital growth through investment in international shares and other securities.				
Investment strategy	The fund aims to outperform the benchmark MSCI World ex-Australia Index over the suggested investment time frame. The fund aims to invest primarily in a range of quality international share investments with a wide geographical spread and actively manage currency risk to add additional value. The management of international shares combines the skills of Credit Suisse's Australian Asset Management team for country guidelines and currency management and Capital International, Inc for stock selection.					PI Investment Management Limited adopts a fundamental bottom-up approach to stock selection, focusing on quality companies (strong balance sheets, earnings visibility and competitive position) with attractive valuations within a global framework. Currency exposure may be hedged up to 75% of the value of the Fund.				
Investment Manager	Credit Suisse Asset Management (Australia) Limited					Perpetual Investments				
Asset allocation (%) as at 30 September			2007	2006				2007	2006	
	International shares		97.7	94.5		International shares		96.8	98.8	
	Cash and other		2.3	5.5		Cash and other		3.2	1.2	
Asset allocation benchmarks and ranges (%) as at 30 September 2007			Range	B'mark				Range	B'mark	
	International shares		90-100	100.0		International shares		90-100	100.0	
	Cash and other		0-10	0.0		Cash and other		0-10	10.0	
Performance returns (%) as at 30 September	2007	2006	2005 ¹	2004 ¹	2003 ¹	2007	2006	2005	2004	2003 ¹
ARC Corporate Plan	0.5	11.7	n/a	n/a	n/a	-4.1	15.7	5.8	7.5	n/a
ARC Personal Plan	0.5	11.7	n/a	n/a	n/a	-4.1	15.7	5.8	7.5	n/a
ARC Allocated Pension	n/a ²	n/a ²	n/a ²	n/a ²	n/a ²	-4.2	18.0	6.8	n/a ¹	n/a
Performance returns since inception (% pa) to 30 September 2007	ARC Corporate Plan	ARC Personal Plan	ARC Allocated Pension ²			ARC Corporate Plan	ARC Personal Plan	ARC Allocated Pension		
	15 July 2005	15 July 2005	n/a			7 May 2003	7 May 2003	2 March 2004		
	6.5	6.5	n/a			5.6	5.6	6.4		

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¹ As this investment option has not been in existence for a full 5 years, no performance figure for this date is available.

² At the date of this Annual Report no units have been issued in this investment option.

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Investment option profiles

Investment option	Platinum International Fund					Vanguard International Shares Index				
Investment objective	The fund aims to provide capital growth over the long term through searching out undervalued listed and unlisted investments around the world.					The fund seeks to match the total return of the MSCI World ex-Australia Index (with net dividends reinvested) in Australian dollars before taking into account fund expenses.				
Investment strategy	The fund invests primarily in securities listed on share markets around the world. The portfolio ideally will consist of 100 to 200 stocks that the investment manager believes to be undervalued by the market. Where undervalued stocks cannot be found funds may be invested in cash. The manager may short sell shares that are considered to be overvalued.					To closely track the Index, Vanguard employs optimisation techniques which involve selecting a representative sample of shares in the Index – holding most of the shares in the Index but allowing individual share weightings to vary marginally from the Index from time to time – to form the fund's portfolio. The fund may invest in shares that have been or are expected to be included in the Index. Futures and other derivatives may be used to a limited extent to gain market exposure. This allows Vanguard to maintain fund liquidity without being under invested. Importantly, derivatives are not used to leverage the fund's portfolio.				
Investment Manager	Platinum Asset Management					Vanguard Investments Australia Ltd				
Asset allocation (%) as at 30 September			2007	2006				2007	2006	
	International shares		87.0	88.4		International shares		100.0	100.0	
	Cash and other		13.0	11.6						
	The fund is 26.4% short individual shares and index futures. The fund has a short position of 11.2% in Japanese Government Bonds.									
Asset allocation benchmarks and ranges (%) as at 30 September 2007			Range	B'mark				Range	B'mark	
	International shares		0-100	n/a		International shares		0-100	100.0	
	Cash and other		0-100	n/a						
	Derivatives may be used to increase the effective exposure to 150% of the fund's net asset value.									
Performance returns (%) as at 30 September	2007	2006	2005	2004	2003 ¹	2007	2006	2005 ¹	2004 ¹	2003 ¹
ARC Corporate Plan	1.9	11.5	10.5	7.1	n/a	0.2	13.4	n/a	n/a	n/a
ARC Personal Plan	1.9	11.5	10.5	7.1	n/a	0.2	13.4	n/a	n/a	n/a
ARC Allocated Pension	1.8	14.0	12.8	7.1	n/a	n/a ²	n/a ²	n/a ²	n/a ²	n/a ²
Performance returns since inception (% pa) to 30 September 2007	ARC Corporate Plan 14 April 2003	ARC Personal Plan 14 April 2003	ARC Allocated Pension 31 July 2003	ARC Corporate Plan 26 July 2005	ARC Personal Plan 26 July 2005	ARC Allocated Pension ² n/a				
	9.9	9.9	9.8	6.6	6.6	n/a				

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¹ As this investment option has not been in existence for a full 5 years, no performance figure for this date is available.

² At the date of this Annual Report no units have been issued in this investment option.

Investment option profiles (investment options terminated as of 8 June 2007)

Investment option	Colonial First State Wholesale Balanced Fund					Colonial First State Wholesale Diversified Fund				
Investment objective	To provide a balance of income and capital growth from investments in cash, fixed interest, property and shares over the medium term.					To provide medium-to-long term capital growth, together with some income, by investing in cash, fixed interest, property and shares.				
Investment strategy	The broad asset allocation is to be 50% invested in growth assets (shares, property) and 50% in defensive assets (fixed interest, cash). Allocations are reviewed regularly although changes are infrequent, and a reallocation would only be considered in response to a fundamental change in long-term expectations or market demand. Colonial First State seeks to add value through a disciplined approach to selection of the shares and other assets held by the fund. The fund may partially hedge currency risk.					The broad asset allocation is to be 70% invested in growth assets (shares, property) and 30% in defensive assets (fixed interest, cash). Allocations are reviewed regularly although changes are infrequent, and a reallocation would only be considered in response to a fundamental change in long-term expectations or market demand. Colonial First State seeks to add value through a disciplined approach to selection of the shares and other assets held by the fund. The fund may partially hedge currency risk.				
Investment Manager	Colonial First State					Colonial First State				
Asset allocation as at(%)		31 May 2007	30 Sep 2006				31 May 2007	30 Sep 2006		
	Australian shares	23.9	24.8		Australian shares	33.3	37.2			
	Global shares	20.1	20.0		Global shares	29.1	25.6			
	Australian Listed Property	5.0	5.0		Australian Listed Property	5.0	5.0			
	Australian fixed interest	46.3	47.1		Global Listed Property	1.9	2.0			
	Cash	4.7	3.1		Australian fixed interest	17.6	15.8			
					Overseas fixed interest	6.8	6.7			
					Cash	6.3	7.7			
Asset allocation benchmarks and ranges (%) as at 31 May 2007		Range	B'mark			Range	B'mark			
	Australian shares	22-28	25.0		Australian shares	32-38	35.0			
	Global shares	17-23	20		Global shares	20-26	23.0			
	Australian property securities	3-7	5.0		Global resource shares	3-7	5.0			
	Fixed interest and cash	42-58	50		Australian property securities	3-7	5.0			
					Global property securities	0-4	2.0			
					Fixed interest and cash	20-40	30.0			
Performance returns (%) as at 30 September	2007 ²	2006	2005	2004	2003 ¹	2007 ²	2006	2005	2004	2003
ARC Corporate Plan	7.5	6.1	11.0	6.3	n/a	11.7	7.8	14.9	7.4	n/a ¹
ARC Personal Plan	7.5	6.1	11.0	6.3	n/a	11.7	7.8	14.9	7.4	n/a ¹
ARC Allocated Pension	8.6	7.7	12.8	7.7	n/a	n/a ³	n/a ³	n/a ³	n/a ³	n/a ³
Performance returns since inception (% pa) to 8 June 2007	ARC Corporate Plan 18 March 2003	ARC Personal Plan 18 March 2003	ARC Allocated Pension 20 June 2003			ARC Corporate Plan 18 March 2003	ARC Personal Plan 18 March 2003	ARC Allocated Pension ³ n/a		
	7.6	7.6	8.5			9.8	9.8	n/a		

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¹ As this investment option has not been in existence for a full 5 years, no performance figure for this date is available.

² Performance provided is for the period 1 September 2006 to option termination date of 8 June 2007.

³ No units have been issued in this investment option

Investment information

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Investment option profiles (investment options terminated as of 8 June 2007)

Investment option	ING Wholesale Managed Growth Trust					Perpetual's Wholesale Conservative Growth Fund				
Investment objective	The Trust aims to achieve returns (before fees, charges and taxes) that on average exceed inflation by at least 5.0% pa, over periods of five years or more.					The Fund aims to provide investors with moderate growth over the medium term and income through investment in a diversified portfolio with an emphasis on cash and fixed interest securities.				
Investment strategy	The Trust invests in a diversified mix of Australian and international assets with a bias towards growth assets. The Trust is actively managed in accordance with ING Investment Management Limited's investment process.					Perpetual invests in a diversified mix of assets such as cash, fixed interest securities, mortgages, Australian shares, international shares and property. Tactical asset allocation strategies (utilising derivatives) may be applied to Australian shares, Australian fixed interest and cash (the Fund may adjust its exposure to these three asset classes on a regular basis).				
Investment Manager	ING Funds Management Limited					Perpetual Investments				
Asset allocation as at (%)		31 May 2007	30 Sep 2006				31 May 2007	30 Sep 2006		
	Australian shares	41.2	35.5	Australian shares	19.4	18.1				
	International shares	27.2	28.1	International shares	5.1	5.4				
	Property securities	10.2	9.0	Property	5.2	5.3				
	Global property	2.5	0.2	Australian fixed interest	33.5	39.7				
	Australian fixed interest	9.4	11.6	Mortgages	3.6	4.8				
	International fixed interest	2.8	7.7	Cash and other	33.2	26.7				
	Cash and other	6.7	7.9							
Asset allocation benchmarks and ranges (%) as at 31 May 2007		Range	B'mark		Range	B'mark				
	Australian shares	20-50	35.0	Australian shares	10-30	20.0				
	International shares	10-40	25.0	International shares	0-10	5.0				
	Property securities	2-18	10.0	Property	0-10	5.0				
	Global property	0-10	0.0	Australian fixed interest	25-55	40.0				
	Australian fixed interest	0-30	15.0	Mortgages	0-10	5.0				
	International fixed interest	0-20	10.0	Cash and other	15-45	25.0				
	Cash and other	0-30	5.0							
Performance returns (%) as at 30 September	2007 ²	2006	2005	2004	2003 ¹	2007 ²	2006	2005	2004	2003 ¹
ARC Corporate Plan	12.7	9.6	15.4	8.6	n/a	6.4	5.4	8.2	6.0	n/a
ARC Personal Plan	12.7	9.6	15.4	8.6	n/a	6.4	5.4	8.2	6.0	n/a
ARC Allocated Pension	14.3	11.5	17.4	9.9	n/a	7.1	6.8	9.6	7.1	n/a
Performance returns since inception (% pa) to 8 June 2007	ARC Corporate Plan 18 March 2003	ARC Personal Plan 18 March 2003	ARC Allocated Pension 29 September 2003	ARC Corporate Plan 24 March 2003	ARC Personal Plan 24 March 2003	ARC Allocated Pension 18 September 2003				
	11.4	11.4	13.9	6.4	6.4	7.8				

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¹ As this investment option has not been in existence for a full 5 years, no performance figure for this date is available.

² Performance provided is for the period 1 September 2006 to option termination date of 8 June 2007.

Investment option profiles (investment options terminated as of 8 June 2007)

Investment option	Perpetual's Wholesale Diversified Growth Fund					Perpetual's Wholesale Balanced Growth Fund				
Investment objective	The Fund aims to provide investors with long term capital growth and regular income through investment in a diversified portfolio of growth and income assets.					To provide investors with long term capital growth and income through investment in a diversified portfolio with an emphasis on Australian and international share investments.				
Investment strategy	Perpetual invests in a diversified mix of assets such as Australian shares, international shares, fixed interest securities, property, mortgages and cash. Tactical asset allocation strategies (utilising derivatives) may be applied to Australian shares, Australian fixed interest and cash (the Fund may adjust its exposure to these three asset classes on a regular basis).					Perpetual invests in a diversified mix of assets such as Australian shares, international shares, fixed interest securities, property, infrastructure, mortgages and cash. Tactical asset allocation strategies (utilising derivatives) may be applied to Australian shares, Australian fixed interest and cash (the Fund may adjust its exposure to these three asset classes on a regular basis).				
Investment Manager	Perpetual Investments					Perpetual Investments				
Asset allocation as at (%)		31 May 2007	30 Sep 2006				31 May 2007	30 Sep 2006		
	Australian shares	19.1	11.9		Australian shares	29.9	26.9			
	International shares	19.2	21.0		International shares	25.2	25.2			
	Property	5.0	4.1		Property	4.7	4.4			
	Australian fixed interest	24.5	30.0		Australian fixed interest	12.7	16.0			
	Mortgages	4.1	5.1		Mortgages	4.2	5.1			
	Cash and other	28.1	27.9		Infrastructure	2.2	1.4			
					Cash and other	21.1	21.0			
Asset allocation benchmarks and ranges (%) as at 31 May 2007		Range	B'mark			Range	B'mark			
	Australian shares	10-35	25.0		Australian shares	25-60	35.0			
	International shares	10-30	20.0		International shares	5-30	25.0			
	Property	0-10	5.0		Property	0-15	5.0			
	Australian fixed interest	15-45	30.0		Australian fixed interest	5-35	15.0			
	Mortgages	0-20	5.0		Mortgages	0-10	5.0			
	Cash and other	0-30	15.0		Infrastructure	0-10	5.0			
					Cash and other	0-30	10.0			
Performance returns (%) as at 30 September	2007 ²	2006	2005	2004	2003 ¹	2007 ²	2006	2005	2004	2003 ¹
ARC Corporate Plan	6.5	7.5	11.0	7.7	n/a	8.9	8.8	15.4	11.4	n/a
ARC Personal Plan	6.5	7.5	11.0	7.7	n/a	8.9	8.8	15.4	11.4	n/a
ARC Allocated Pension	7.3	8.5	13.0	n/a ¹	n/a	9.9	10.8	17.7	14.3	n/a
Performance returns since inception (% pa) to 8 June 2007	ARC Corporate Plan 22 April 2003	ARC Personal Plan 22 April 2003	ARC Allocated Pension 26 May 2004	ARC Corporate Plan 4 April 2003	ARC Personal Plan 4 April 2003	ARC Allocated Pension 20 June 2003				
	7.9	7.9	10.0	11.1	11.1	13.1				

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¹ As this investment option has not been in existence for a full 5 years, no performance figure for this date is available.

² Performance provided is for the period 1 September 2006 to option termination date of 8 June 2007.

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Investment option profiles (investment options terminated as of 8 June 2007)

Investment option	UBS Balanced Investment Fund					UBS Defensive Investment Fund				
Investment objective	The Fund aims to provide a total return (after ongoing fees) in excess of the benchmark when measured over rolling three year periods.					The Fund aims to provide a relatively stable pattern of total returns (after ongoing fees) in excess of the benchmark when measured over rolling three year periods.				
Investment strategy	The Fund normally gains its asset sector exposure by investing in other relevant UBS managed funds. The Fund may also invest directly. Derivatives may be used to gain exposure to markets and currencies. The long term average exposure to growth and income assets is expected to be 65% and 35% respectively of the total portfolio.					The Fund normally gains its asset sector exposure by investing in other relevant UBS managed funds. The Fund may also invest directly. Derivatives may be used to gain exposure to markets and currencies. The long term average mix between income assets and growth assets is expected to be 70% and 30% respectively of the total portfolio.				
Investment Manager	UBS Global Asset Management (Australia) Limited					UBS Global Asset Management (Australia) Limited				
Asset allocation as at (%)		31 May 2007		30 Sep 2006			31 May 2007		30 Sep 2006	
	Australian shares	23.0		23.8		Australian shares	8.3		9.3	
	International shares	35.3		35.2		International shares	20.3		20.2	
	Property	7.6		8.2		Property	3.0		4.1	
	Australian Fixed Interest	12.1		9.7		Australian fixed interest	22.3		18.9	
	International Fixed Interest	10.8		7.9		International fixed interest	19.7		16.9	
	Cash and other	11.2		15.2		Cash and other	26.4		30.6	
Asset allocation benchmarks and ranges (%) as at 31 May 2007		Range		B'mark			Range		B'mark	
	Australian shares	0-60		30.0		Australian shares	0-40		15.0	
	International shares	0-60		25.0		International shares	0-40		10.0	
	Property	0-30		10.0		Property	0-20		5.0	
	Australian Fixed Interest	0-60		12.5		Australian fixed interest	0-80		22.5	
	International Fixed Interest	0-60		12.5		International fixed interest	0-80		22.5	
	Cash and other	0-30		10.0		Cash and other	0-50		25.0	
Performance returns (%) as at 30 September	2007 ²	2006	2005	2004	2003 ¹	2007 ²	2006	2005 ¹	2004 ¹	2003 ¹
ARC Corporate Plan	7.4	6.9	n/a	n/a	n/a	3.8	4.3	n/a	n/a	n/a
ARC Personal Plan	7.4	6.9	n/a	n/a	n/a	3.8	4.3	n/a	n/a	n/a
ARC Allocated Pension	8.6	n/a ¹	n/a	n/a	n/a	4.6	6.4	n/a	n/a	n/a
Performance returns since inception (% pa) to 8 June 2007	ARC Corporate Plan 11 July 2005	ARC Personal Plan 11 July 2005	ARC Allocated Pension 6 March 2006	ARC Corporate Plan 20 July 2005	ARC Personal Plan 20 July 2005	ARC Allocated Pension 27 July 2005				
	8.8	8.8	8.8	5.0	5.0	6.4				

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¹ As this investment option has not been in existence for a full 5 years, no performance figure for this date is available.

² Performance provided is for the period 1 September 2006 to option termination date of 8 June 2007.

Investment option profiles (investment options terminated as of 8 June 2007)

Investment option	Schroder Balanced Fund Standard Class				
Investment objective	The objective of the Fund is to achieve returns in the order of 4% to 5% above inflation (as measured by headline CPI) over the medium to long term (e.g. rolling three-year basis), whilst minimising the risk of short-term negative returns. In achieving this objective, the Fund also aims to achieve returns in excess of its strategic benchmark (which should also result in the Fund achieving returns in excess of the median market linked investment manager) over the medium to long term.				
Investment strategy	The Fund invests in a range of Schroder registered managed investment schemes, which are actively managed. The strategic asset allocation, or benchmark, of the Fund is driven by the investment objective. The overall Fund risk and return target is matched with expectations of asset class risk and return over the medium term, constrained to keep the allocation to growth assets at approximately 58%. Asset class ranges have been set to reflect the expected active risk of the portfolio, with an eye to not significantly distorting the expected return from the product objective.				
Investment Manager	Schroder Investment Management Australia Limited				
Asset allocation as at (%)		31 May 2007	30 Sep 2006		
	Australian & New Zealand shares	36.6	38.0		
	International shares	25.2	22.0		
	Property	0.0	0.0		
	High Yielding Credit	4.2	n/a		
	Fixed Income Fund	14.7	19.0		
	Inflation Linked Bonds	2.8	n/a		
	Alternatives	6.1	4.0		
	Cash	10.4	17.0		
Asset allocation benchmarks and ranges (%) as at 31 May 2007					
	Australian & New Zealand shares	28-45	37.0		
	International shares	10-30	20.0		
	Property	0-15	6.0		
	High Yielding Credit	0-15	5.0		
	Fixed Income Fund	10-35	15.0		
	Inflation Linked Bonds	0-10	3.0		
	Alternatives	0-15	6.0		
	Cash	0-20	8.0		
Performance returns (%) as at 30 September	2007²	2006	2005	2004	2003¹
ARC Corporate Plan	12.9	10.0	14.4	9.2	n/a
ARC Personal Plan	12.9	10.0	14.4	9.2	n/a
ARC Allocated Pension	14.3	12.3	16.6	n/a ¹	n/a
Performance returns since inception (%) to 8 June 2007	ARC Corporate Plan 12 June 2003		ARC Personal Plan 12 June 2003		ARC Allocated Pension 2 March 2004
	11.8		11.8		14.7

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¹ As this investment option has not been in existence for a full 5 years, no performance figure for this date is available.

² Performance provided is for the period 1 September 2006 to option termination date of 8 June 2007.

The Fund in review

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The following changes to the Fund have occurred during the reporting period:

Changes to the underlying investment managers

Please refer to page 13 for information regarding the appointment of Russell Investment Management to manage TOWER's multi-manager investment options.

Closed and terminated investment options

The following investment options were closed to new business from 1 September 2006. For existing investors, these options were rationalised into replacement TOWER investment options, and subsequently terminated effective 8 June 2007. Investment information for each of these terminated investment options is on pages 29 to 33.

Investment option	Replacement investment option
Colonial First State Wholesale Balanced Fund	TOWER Conservative Balanced Fund
Colonial First State Wholesale Diversified Fund	TOWER Balanced Growth Fund
ING Wholesale Managed Growth Trust	TOWER Balanced Growth Fund
Perpetual's Wholesale Conservative Growth Fund	TOWER Security Focus Fund
Perpetual's Wholesale Diversified Growth Fund	TOWER Conservative Balanced Fund
Perpetual's Wholesale Balanced Growth Fund	TOWER Balanced Growth Fund
UBS Balanced Investment Fund	TOWER Balanced Growth Fund
UBS Defensive Investment Fund	TOWER Security Focus Fund
Schroder Balanced Fund Standard Class	TOWER Balanced Growth Fund

Investment option name changes

The following investment options' names have changed as detailed below.

Previous investment option name	New investment option name
TOWER Australia Cash	TOWER Cash
TOWER Australia Fixed Interest	TOWER Australian Fixed Interest
TOWER Australia Capital Assured	TOWER Capital Assured
TOWER Australia Security Focus	TOWER Security Focus
TOWER Australia Conservative Balanced	TOWER Conservative Balanced
TOWER Australia Balanced Growth	TOWER Balanced Growth
TOWER Australia Growth Maximiser	TOWER Growth Maximiser
TOWER Australia Australian Shares	TOWER Australian Shares
TOWER Australia Ethical Growth	TOWER Ethical Growth
TOWER Australia International Shares	TOWER International Shares
Credit Suisse Asset Management International Shares Fund	Credit Suisse International Shares Fund
IOOF/Perennial Value Shares Trust	Perennial Value Shares Wholesale Trust

Changes to benchmarks and ranges

In July 2006, Schroder Investment Management Australia Limited made the following changes to the asset allocation benchmarks and ranges to the Schroder Wholesale Australian Equity Fund.

Asset allocation range prior to July 2006				Asset allocation range from July 2006			
Asset class	Benchmark (%)	Minimum (%)	Maximum (%)	Asset class	Benchmark (%)	Minimum (%)	Maximum (%)
Australian shares	100.0	95	100	Australian & New Zealand Shares	100.0	95	100
Cash	0.0	0	5	Cash	0.0	0	5

ARC Allocated Pension changes – new Simpler Super factors

We wrote to all ARC Allocated Pensioners in September 2007, offering the option to move to the more flexible 'account based pension' available as part of the 'Simpler Super' changes to super. We are pleased to be able to offer ARC Allocated Pensioners this alternative, as the new pension factors allow most pensioners more flexibility in the amount they can draw down each year. If you need further information about this option, please call us on 1800 226 364.

ARC Allocated Pension – closure to new investors

Whilst we're committed to ensuring existing pensioners have the widest benefits and features possible, we've also made a decision to close the ARC Allocated Pension to new investors from 20 September 2007. TOWER owns the award winning Beacon Investment Management Services Ltd (Beacon), who offer the new Beacon account based pension. Beacon's platform and service model is recognised throughout the industry for its excellence. We're confident that it is a worthy replacement for the ARC Allocated Pension in our product range in the new world of 'Simpler Super'.

The Product Disclosure Statement (PDS) for the Beacon Superannuation & Pension Service¹ is available by visiting the TOWER website www.toweraustralia.com.au and following the links for Investments and Retirement Income Streams, or by contacting Beacon on (02) 9279 3332. TOWER strongly recommends that you read the PDS and you seek professional advice based on your personal requirements before deciding whether the product or service is suitable for you.

¹ The issuer of the Beacon Superannuation & Pension Service is Avanteos Investments Limited, ABN 20 096 259 979, AFSL 245531, RSE Lic. LOOO2691.



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