

# THE TOWER MASTER FUND ANNUAL REPORT

Year ended 30 September 2008

# INTRODUCTION

This Annual Report is to be read in conjunction with your Annual Member Benefit Statement for the year ended 30 September 2008 (30 June 2008 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](mailto:arcmt@toweraustralia.com.au)

ARC Master Trust  
PO Box 142  
Milsons Point NSW 1565

Website [www.arcmt.com.au](http://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](mailto:arcmt@toweraustralia.com.au)

### Address ARC Master Trust

PO Box 142  
Milsons Point NSW 1565

Website [www.arcmt.com.au](http://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

Prepared and issued - December 2008

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# CHAIRMAN'S MESSAGE ON BEHALF OF THE TRUSTEE

Dear Member,

I'm pleased to provide you with the Annual Report for the year ended 30 September 2008, and hope you find it informative.

## A turbulent year

As you will know this has been a challenging year for investment and other financial markets. Conditions in investment markets have been very difficult and generally fund balances have been adversely affected by this.

Pleasingly actions by governments and regulators globally are intended to rebuild some stability and we hope that over time market confidence will build and asset values begin to increase again.

In Australia, we've seen the Reserve Bank lower interest rates and the Government move to endeavour to restore confidence in the economy. While the commitment of governments to stabilise the world economy has been received positively, the current market turmoil is a reminder to all that while a global economy can provide businesses with many opportunities, it can also create new risks.

In spite of the market volatility, we urge you to consider your long term investment strategy and to consult your financial adviser before making changes to your investments.

Many leading fund managers have posted negative returns for the past 12 months. In such times, it is reassuring to know that

your superannuation is being managed by a leading and highly respected multi manager. TOWER superannuation is managed by Russell Investment Management Ltd (Russell). Russell is the world's largest multi manager and is the only multi manager within Australia to be rated by Lonsec, an independent researcher, as 'Highly regarded'. Please refer to your annual report for details on each Fund's performance.

Despite this environment TOWER Group's financial performance has remained strong. This was also highlighted by Standard & Poor's which this year maintained the Rating for TOWER Australia and lifted its outlook for TOWER Australia Group to Positive.

## TOWER's commitment

This performance could not have been achieved without the outstanding commitment of our people. I look forward to the coming year and more opportunities to deliver high quality products and customer service to you.

Thank you for entrusting your funds to us.

We will continue to take close attention to the stewardship of our members investments.

Yours sincerely,



**Jim Minto**  
Chairman  
TOWER Australian  
Superannuation Limited



Jim Minto, Chairman

# GUIDING YOUR WAY

## About the Annual Report

The Annual Report provides information on how your Fund is managed and general information about changes to the superannuation sector.

## Role of the Trustee

The Trustee supervises the management of the Fund to make sure that it operates in accordance with the rules set out in the Trust Deed and that all relevant legal obligations are met.

## Benefits of superannuation

Superannuation is designed to allow you to live comfortably in retirement by encouraging you to invest money during your working life. The Government has made superannuation more flexible and has introduced a range of tax concessions that make it a very attractive investment.

These tax concessions apply to contributions, investment earnings and withdrawals (lump sum and pension payments) at retirement. Superannuation funds have always provided an effective tax management strategy, but recent changes mean that, for people aged 60 and over, the benefits have greatly increased.

To find out how you can benefit from the new changes to superannuation, please contact your financial adviser.

## Consolidate your superannuation

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

The first step is to find your paperwork regarding your other superannuation fund/s, for example:

- a recent Annual Statement
- contact your previous employer to get details of your previous superannuation fund such as member/account numbers etc

Then complete the 'TOWER Superannuation Transfer Authority Form' which can be downloaded from the Forms page of the ARC website [www.arcmt.com.au](http://www.arcmt.com.au)

Please complete one form for each account you hold. Make sure you complete all your details and your other superannuation fund

details in full, then sign the form and return to us at:

TOWER Master Fund  
Reply Paid 142  
Milsons Point NSW 1565

The Administrator will then arrange to transfer your other superannuation accounts to your ARC superannuation account. It's that easy.

Contact your Financial Adviser to find out if consolidating your superannuation is an appropriate strategy for you.

## Finding your lost superannuation

On average most Australians hold more than three superannuation accounts.

If you think you may have lost superannuation accounts, visit the Australian Taxation Office (ATO) website at [www.ato.gov.au/super](http://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 Account Special Account (SHASA) and superannuation guarantee records to find any of your lost superannuation accounts.

You can then arrange to have these amounts deposited into your account with the Fund.

## How to receive up to a 150% return for your retirement savings with the Government co-contribution

If you earn under \$60,342 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 \$30,342 per annum, the Government co-contribution reduces by 5 cents for every additional dollar earned until it cuts out completely at \$60,342.

# GUIDING YOUR WAY

To be eligible you generally need to:

- earn less than \$60,342 (assessable income plus fringe benefits)
- earn 10% or more of your income from eligible employment, carrying on 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 co-contribution is easy. You simply need to contribute to your superannuation account from your after tax income. You can arrange a lump sum contribution, start making regular monthly contributions or increase any existing monthly contributions.

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

Contact your Financial Adviser to find out if claiming a 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](http://www.ato.gov.au) for further information and search under 'Super co-contribution'.

## Getting more value from your salary

Using a salary sacrifice arrangement for your superannuation contributions means that more of your money gets invested as you may pay less tax.

Salary sacrifice means putting part of your pre-tax salary into superannuation. You could save tax by paying 15% contributions tax for the portion invested rather than your full marginal tax rate and medicare levy which could be as high as 46.5%.

Arranging to salary sacrifice contributions is generally easy. Your employer will deduct the amount you specify from your pre-tax salary and contribute this towards your superannuation in the same way they currently contribute your compulsory superannuation contributions. Check with your employer to see whether they will allow you to salary sacrifice part of your pre-tax salary towards superannuation.

To find out more about salary sacrifice check out the Member Education section of the ARC website [www.arcmt.com.au](http://www.arcmt.com.au) or contact your Financial Adviser to find out if salary sacrifice is an appropriate superannuation 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](http://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](mailto:arcmt@toweraustralia.com.au).

# IMPORTANT CHANGES TO SUPERANNUATION

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The Federal Government introduced wide ranging improvements to superannuation effective 1 July 2007. We are sure you have read about these changes, however, a reminder about some of the key points and other recent changes to superannuation are provided below.

## New concessional contributions cap

Concessional contributions will be capped at \$50,000 for the 2008/2009 financial year, for those under 50 years of age. Members will be taxed an additional 30% plus the Medicare Levy on concessional contributions made in excess of this cap. The concessional cap will be indexed for future years. A transitional period applies for people aged 50 or over, to be able to contribute up to \$100,000 annually until 30 June 2012. Concessional contributions are tax deductible to the employer and generally include employer superannuation guarantee contributions.

## New non-concessional contributions cap

Non-concessional contributions made to superannuation will be capped at \$150,000 for the 2008/2009 financial year. Members will be taxed at the top marginal tax rate (plus Medicare Levy) on non-concessional contributions made in excess of this cap. In addition, people under 65 years of age 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 is three times the concessional contributions cap. Non-concessional contributions are generally personal contributions made from your salary after tax has been deducted.

## Tax File Number (TFN)

Changes to superannuation legislation mean that we should hold your TFN. If we do not hold your TFN:

- your insurance cover could lapse as we are unable to accept personal contributions to pay for insurance and/or your contributions may not be enough to cover premiums due to the extra tax being applied to the contributions
- you will not be able to make personal or spouse contributions to your superannuation policy
- employer and salary sacrifice contributions will be taxed at 46.5% (an additional 31.5% on top of the existing 15% contributions tax)
- you may miss out on the Government Co-contribution
- for pre 1 July 2007 members, concessional contributions of up to \$1,000 will be taxed at 15%. For concessional contributions in excess of \$1,000, the whole amount will be taxed an additional 31.5%.

If you have not provided TOWER with your TFN and additional tax has been deducted, please contact a Customer Service Consultant about claiming the tax back from the Australian Taxation office (ATO). TOWER will claim a refund of the No TFN Tax from the ATO for current members who provide a valid TFN. This service is not extended to members who have previously left the Fund.

# IMPORTANT CHANGES TO SUPERANNUATION

## Taxation of superannuation lump sum payments to terminally ill members

The Government has made it easier for people to access their superannuation benefits in the case of a terminal illness. Members who are terminally ill can now gain access to their superannuation and benefits paid are tax free. A new condition of release, 'Terminal medical condition' was introduced on 16 February 2008.

## New co-contribution thresholds

The lower and upper threshold of the co-contribution have changed for the 2008/2009 financial year.

	2007/2008 financial year	2008/2009 financial year
Lower threshold <sup>1</sup>	\$28,980	\$30,342
Upper threshold <sup>2</sup>	\$58,980	\$60,342

<sup>1</sup> If a person's total assessable income and reportable fringe benefits is this amount or less, they will receive the maximum co-contribution (depending on the amount of contribution made).

<sup>2</sup> If a person's total assessable income and reportable fringe benefits is this amount or more they will not be eligible to receive the co-contribution.

## Controls imposed by the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (the 'AML/CTF Act')

This legislation is aimed at implementing controls to limit or prevent activities relating to money laundering and terrorism financing. These controls are documented within the TOWER AML Program and include the following:

1. Record keeping obligations
2. Know your customer obligations including the requirement to identify and verify the identity of customers and their beneficiaries
3. Ongoing customer due diligence
4. Monitoring of transactions
5. Suspicious matter reporting mechanisms
6. International funds transfer reporting requirements.

To comply with these obligations we may need to carry out procedures to identify you or, in the event of death, your beneficiaries. We may need to verify the identification information provided to confirm its authenticity. We cannot process withdrawal requests (including claims, redemptions and transfers) until we receive all information required.

In some circumstances we may need to report certain information about our customers to relevant authorities, including the Australian Transaction Reports and Analysis Centre (AUSTRAC). Where such reporting has taken place, we may be prevented by this legislation from telling you. Where legally permitted or obliged to do so, we may disclose that information to regulatory or law enforcement agencies, to our related bodies corporate, or to other third parties. The AUSTRAC website at [www.austrac.gov.au](http://www.austrac.gov.au) provides information relating to the AML/CTF Act. We will not be liable to you for any loss you suffer (including consequential loss) caused by the fact that we are required by law to delay, block, freeze or refuse to process a transaction.

To assist us to keep in touch with you, please notify us of any change of either your name, or your address.

### Salary sacrifice

The Federal Government has announced that from 1 July 2009, the definition of "income" used to determine eligibility for Government co-contributions, income support payments, child support and a range of government assistance delivered through the tax system will be amended. This change is intended to ensure that those making salary sacrifice contributions and those that are not, are treated equally with regard to access to Government support programs. As at 1 October 2008 legislation has not been introduced to Parliament.

Salary sacrifice contributions are permissible up to age 74 provided you remain in gainful employment.

### Calculation changes for superannuation guarantee payments

From 1 July 2008, employers are required to use Ordinary Time Earnings as the new basis for calculating superannuation guarantee payments. Ordinary Time Earnings are what employees earn for their ordinary hours of work and includes to name a few, over-award payments, commissions, allowances and paid leave. For more information on this subject, please visit the Australian Taxation Office website on [www.ato.gov.au](http://www.ato.gov.au)

### Bankruptcy and superannuation

The Bankruptcy Legislation Amendment (Superannuation Contributions) Act 2007 enables superannuation contributions made to defeat a bankrupt's creditors to be recovered by a Bankruptcy Trustee. These include contributions made by a person who later becomes a bankrupt and/or contributions made by a third party for the benefit of a person who later becomes a bankrupt. This will include contributions made to an eligible superannuation plan on or after 28 July 2006.

### Temporary residents

The Government intends to change the rules by which holders of temporary visas access their superannuation when leaving Australia. Any superannuation not claimed by departing holders of these visas will be transferred to the Australian Taxation Office (ATO) six months after leaving Australia. Amounts will be claimable by ex temporary residents directly from the ATO after this. Legislation is expected to come into effect late in 2008.

# 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.

## Multi-manager investment style

TOWER's multi-manager investment options are managed by Russell Investment Management Ltd, ABN 53 068 338 974 (Russell). Russell selects the underlying investment managers for its funds and regularly monitors the investment managers ensuring the investment options continue to meet investment objectives.

Multi-manager investing involves selecting quality specialist investment managers from around the world to manage some assets in the investment options. It provides Russell 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](http://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 Derivative Risk Statement (DRS) 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/assetmgt/riskmgt.asp](http://www.toweraustralia.com.au/assetmgt/riskmgt.asp) where a copy of the DRS can be accessed.

## Risk and volatility

Volatility can be simply defined as fluctuations in the returns of an investment and is the most common way to measure the risk associated with certain asset classes. An investment which is more volatile than another is said to be riskier. This is because the greater the volatility of an investment, the greater the chance that its return could be less than expected.

It is widely accepted that over long periods of time, a relationship exists between the risk and return of each investment option. Generally, the investment options with the potential for earning higher returns carry a higher risk (i.e. have higher volatility of returns).

If you would like details for each of the investment options available to you as a Member of the Fund (including asset allocation benchmarks) contact a Customer Service Consultant.

### Unit pricing for benefit payments

TOWER's current procedure is to calculate the withdrawal value using the latest available unit price at the time of calculating the payment. Our current process has been updated and may differ from the benefit calculation procedure in your original product terms.

### Unit pricing errors and remediation

Unfortunately from time to time an error may occur in the calculation of a unit price. When an error has been identified, TOWER will remediate impacted customers as follows:

- For members who are still current, we will adjust your records to ensure your investment is put back to the position it should have been had the error not occurred
- Compensation for members, who have exited, will only be paid where the amount of compensation is at least \$20. For amounts less than \$20, these amounts will remain in the Fund
- For members who have exited and were overpaid, we reserve the right to recover any overpaid amount.

### Investment performance

The calculation of investment performance is based on the movement of unit prices for the unit linked investment options over the period reported. The returns shown below are calculated after the deduction of any tax, administration and investment costs, and before the deduction of any other fees and the calculation of rebates that may be applicable to your investment. Performance returns are the annual returns for the investment option as a whole.

For the TOWER Capital Assured investment option, TOWER declares a rate each year. This rate cannot be less than 85% of the net investment yield of the option's assets. The net investment yield takes into account interest and dividend income, realised and unrealised gains and losses, investment management costs, administration fees and tax. We also consider the expected long term investment performance, equity between different policies and achievement of reasonable benefits.

Up to date performance returns may be obtained from your Financial Adviser, our website or by contacting a Customer Service Consultant.

# INVESTMENT INFORMATION

Investment Option	Plan name	Inception Date	Investment Performance as at 30 September					Compound average return 5 year or since inception <sup>^</sup> (%)
			Yearly returns (%) for period ending 30 September					
			2008	2007	2006	2005	2004	
TOWER Cash	ARC Corporate/ ARC Personal	Jul 2005	4.7	3.8	3.2	n/a*	n/a*	3.9 <sup>^</sup>
	ARC Allocated Pension	Aug 2005	5.9	4.5	4.3	n/a*	n/a*	4.9 <sup>^</sup>
TOWER Australian Fixed Interest	ARC Corporate/ ARC Personal	Apr 2003	3.8	0.7	1.7	2.8	2.2	2.2
	ARC Allocated Pension	Oct 2003	5.1	1.2	3.1	3.6	n/a*	3.5 <sup>^</sup>
Legg Mason Australian Bond Trust	ARC Corporate/ ARC Personal	Mar 2003	3.0	1.5	2.5	3.7	3.0	2.7
	ARC Allocated Pension	May 2003	3.9	1.7	3.5	4.6	3.9	3.5
UBS Diversified Fixed Income Fund	ARC Corporate/ ARC Personal	Jul 2005	1.6	1.1	2.2	n/a*	n/a*	1.7 <sup>^</sup>
	ARC Allocated Pension	Jul 2006	2.3	1.3	n/a*	n/a*	n/a*	2.6 <sup>^</sup>
TOWER Capital Assured <sup>™</sup>	ARC Corporate/ ARC Personal	Feb 2003	3.4	4.6	4.8	4.8	5.7	4.7
	ARC Allocated Pension	Feb 2003	5.7	5.5	5.6	5.6	6.8	5.8
TOWER Security Focus	ARC Corporate/ ARC Personal	Mar 2003	-6.4	6.1	5.3	6.9	5.9	3.4
	ARC Allocated Pension	Aug 2003	-7.4	6.8	6.6	8.3	7.1	4.1
TOWER Conservative Balanced	ARC Corporate/ ARC Personal	Jul 2005	-11.2	8.9	7.3	n/a*	n/a*	2.1 <sup>^</sup>
	ARC Allocated Pension	Aug 2005	-12.6	9.8	8.9	n/a*	n/a*	1.8 <sup>^</sup>
TOWER Balanced Growth	ARC Corporate/ ARC Personal	Mar 2003	-15.9	11.2	9.3	12.3	9.9	4.8
	ARC Allocated Pension	Aug 2003	-18.1	11.9	11.0	14.3	11.7	5.4
TOWER Growth Maximiser	ARC Corporate/ ARC Personal	Mar 2003	-20.2	12.6	10.9	13.6	10.9	4.6
	ARC Allocated Pension	Mar 2004	-23.2	14.8	12.7	15.8	n/a*	4.6 <sup>^</sup>

Investment Option	Plan name	Inception Date	Investment Performance as at 30 September					Compound average return 5 year or since inception <sup>^</sup> (%)
			Yearly returns (%) for period ending 30 September					
			2008	2007	2006	2005	2004	
BT Wholesale Property Investment Fund	ARC Corporate/ARC Personal	Apr 2003	-31.3	18.4	15.8	12.0	19.4	4.7
	ARC Allocated Pension	June 2003	-35.5	20.2	19.7	14.4	22.9	5.5
RREEF Paladin Property Securities Fund	ARC Corporate/ARC Personal	Mar 2003	-40.0	16.0	19.7	13.7	20.3	2.7
	ARC Allocated Pension	May 2003	-44.9	16.6	23.8	16.7	24.2	2.9
TOWER Australian Shares	ARC Corporate/ARC Personal	June 2003	-23.1	27.4	11.3	22.8	17.7	9.5
	ARC Allocated Pension	Sep 2003	-27.2	30.3	13.4	26.7	20.1	10.4
TOWER Ethical Growth	ARC Corporate/ARC Personal	Apr 2003	-27.3	29.7	14.2	25.9	14.9	9.3
	ARC Allocated Pension	Nov 2006	-29.7	n/a*	n/a*	n/a*	n/a*	-6.8 <sup>^</sup>

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

<sup>^</sup> For the TOWER Capital Assured Investment option a declared rate is calculated.

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

<sup>^</sup> As this investment option has not been in existence for a full 5 years, the performance figure since the inception date is shown.

# INVESTMENT INFORMATION

Investment Option	Plan name	Inception Date	Investment Performance as at 30 September					Compound average return 5 year or since inception <sup>^</sup> (%)
			Yearly returns (%) for period ending 30 September					
			2008	2007	2006	2005	2004	
Advance Sharemarket Fund -Wholesale Units	ARC Corporate/ ARC Personal	Apr 2003	-16.9	18.7	9.8	20.7	15.1	8.5
	ARC Allocated Pension	May 2003	-19.8	21.4	12.9	24.8	19.0	10.3
Colonial First State Wholesale Imputation Fund	ARC Corporate/ ARC Personal	Mar 2003	-22.2	24.3	6.9	29.5	12.9	8.6
	ARC Allocated Pension	Dec 2003	-24.8	27.0	9.2	34.4	n/a*	10.1 <sup>^</sup>
Eley Griffiths Group Small Companies Fund	ARC Corporate/ ARC Personal	Jul 2005	-26.3	27.8	13.4	n/a*	n/a*	5.1 <sup>^</sup>
	ARC Allocated Pension	Oct 2005	-30.4	33.6	n/a*	n/a*	n/a*	4.3 <sup>^</sup>
Investors Mutual Australian Share Fund	ARC Corporate/ ARC Personal	Jul 2005	-19.5	20.8	9.1	n/a*	n/a*	3.0 <sup>^</sup>
	ARC Allocated Pension	Aug 2005	-21.5	22.8	10.5	n/a*	n/a*	3.1 <sup>^</sup>
Perennial Value Shares Wholesale Trust	ARC Corporate/ ARC Personal	Apr 2003	-21.9	26.9	6.0	26.3	15.5	8.9
	ARC Allocated Pension	May 2003	-24.6	31.7	7.7	31.5	18.2	10.7
Perpetual's Wholesale Industrial Fund	ARC Corporate/ ARC Personal	Apr 2003	-21.4	22.8	7.4	22.5	15.0	7.9
	ARC Allocated Pension	May 2003	-26.5	26.2	9.2	26.4	17.2	8.5
Schroders Wholesale Australian Equity Fund	ARC Corporate/ ARC Personal	May 2003	-21.5	24.2	13.8	25.3	16.3	10.1
	ARC Allocated Pension	Mar 2006	-24.9	27.6	n/a*	n/a*	n/a*	1.2 <sup>^</sup>
Vanguard Australian Shares Index Fund	ARC Corporate/ ARC Personal	Jul 2005	-24.4	28.1	11.4	n/a*	n/a*	4.2 <sup>^</sup>
	ARC Allocated Pension	n/a*	n/a*	n/a*	n/a*	n/a*	n/a*	n/a*
TOWER International Shares	ARC Corporate/ ARC Personal	July 2005	-18.4	0.5	12.8	n/a*	n/a*	-1.1 <sup>^</sup>
	ARC Allocated Pension	Aug 2005	-21.2	-6.5	14.8	n/a*	n/a*	-5.1 <sup>^</sup>

Investment Option	Plan name	Inception Date	Investment Performance as at 30 September					Compound average return 5 year or since inception <sup>^</sup> (%)
			Yearly returns (%) for period ending 30 September					
			2008	2007	2006	2005	2004	
Credit Suisse International Shares Fund	ARC Corporate/ARC Personal	Jul 2005	-18.8	0.5	11.7	n/a*	n/a*	-2.2 <sup>^</sup>
	ARC Allocated Pension	n/a*	n/a*	n/a*	n/a*	n/a*	n/a*	n/a*
Perpetual's Wholesale International Shares Fund	ARC Corporate/ARC Personal	May 2003	-9.0	-4.1	15.7	5.8	7.5	2.8
	ARC Allocated Pension	Mar 2004	-10.6	-4.2	18.0	6.8	n/a*	2.5 <sup>^</sup>
Platinum International Fund	ARC Corporate/ARC Personal	Apr 2003	-9.0	1.9	11.5	10.5	7.1	4.1
	ARC Allocated Pension	Jul 2003	-11.1	1.8	14.0	12.8	7.1	4.5
Vanguard International Shares Index Fund	ARC Corporate/ARC Personal	Jul 2005	-18.1	0.2	13.4	n/a*	n/a*	-1.9 <sup>^</sup>
	ARC Allocated Pension	Jul 2006	-20.4	n/a*	n/a*	n/a*	n/a*	-10.0 <sup>^</sup>

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

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

<sup>^</sup> As this investment option has not been in existence for a full 5 years, the performance figure since the inception date is shown

# INVESTMENT INFORMATION

## Understanding the investment option profiles

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

<b>Investment option</b>	Registered name of the investment option.
<b>Investment Manager</b>	The investment manager appointed by TOWER to manage the investment portfolio (including any underlying fund managers).
<b>Investment objective</b>	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.
<b>Investment strategy</b>	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.
<b>Investment Timeframe</b>	This is the minimum suggested investment timeframe for each investment option. This timeframe is based on the investment option's risk-return profile and takes into consideration the level of volatility and time required to help smooth out returns.
<b>Risk/Volatility</b>	States the risk-return profile of each investment option.
<b>Asset allocation as at 30 September</b>	<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 2007 and 2008 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, our website or by contacting a Customer Service Consultant.</p>

## Investment option profiles

Investment option	TOWER Cash		TOWER Australian Fixed Interest			
<b>Investment Manager</b>	Russell Investment Management Ltd		Russell Investment Management Ltd			
<b>Investment objective</b>	<p>To aim to provide exposure to a diversified portfolio of investment grade cash and cash equivalents.</p> <p>To aim to provide a total return, before costs and tax, in line with the Fund's benchmark over the short term.</p>		<p>To aim to provide exposure to a diversified portfolio of fixed income securities.</p> <p>To aim to provide a total return, before costs and tax, higher than the Fund's benchmark over the long term.</p>			
<b>Investment strategy</b>	The Fund typically invests in assets such as cash deposits, bank bills, floating rate notes and other cash equivalent products.		The Fund typically invests in Australian government securities, semi-government and corporate securities. In addition, the portfolio may also include non-Australian governments, supranational, agency and corporate bonds, as well as mortgage and asset backed securities.			
<b>Investment timeframe</b>	Up to 1 year		3+ Years			
<b>Risk/volatility</b>	Low		Low – Moderate			
<b>Asset allocation (%) as at 30 September</b>		<b>2008</b>	<b>2007</b>		<b>2008</b>	<b>2007</b>
	Cash and short-term securities	100.0	100.0	Australian fixed interest	100.0	100.0

# INVESTMENT INFORMATION

Investment option	Legg Mason Australian Bond Trust	UBS Diversified Fixed Income Fund																					
<b>Investment Manager</b>	Legg Mason Asset Management Australia Limited	UBS Global Asset Management (Australia) Ltd																					
<b>Investment objective</b>	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.																					
<b>Investment strategy</b>	The Trust aims to achieve the Investment Objective by holding a diversified portfolio of actively managed Australian fixed income securities that focuses on capturing incremental returns from an array of diversified sources whilst adhering to strict risk controls.	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 or reduce exposure to relevant markets and currencies and to manage investment risk. The fund is managed to a minimum 90% \$A exposure. Derivative holdings may result in notional exposures that are greater than the underlying value of the assets in the Fund.																					
<b>Investment timeframe</b>	3 Years	3 Years																					
<b>Risk/volatility</b>	Low – Moderate	Low – Moderate																					
<b>Asset allocation (%) as at 30 September</b>	<table border="1"> <thead> <tr> <th></th> <th>2008</th> <th>2007</th> </tr> </thead> <tbody> <tr> <td>Australian fixed interest</td> <td>96.5</td> <td>97.1</td> </tr> <tr> <td>Cash and short-term securities</td> <td>3.5</td> <td>2.9</td> </tr> </tbody> </table>		2008	2007	Australian fixed interest	96.5	97.1	Cash and short-term securities	3.5	2.9	<table border="1"> <thead> <tr> <th></th> <th>2008</th> <th>2007</th> </tr> </thead> <tbody> <tr> <td>Australian fixed interest</td> <td>71.0</td> <td>51.0</td> </tr> <tr> <td>International fixed interest</td> <td>29.0</td> <td>49.0</td> </tr> <tr> <td>Cash and other</td> <td>0.0</td> <td>0.0</td> </tr> </tbody> </table>		2008	2007	Australian fixed interest	71.0	51.0	International fixed interest	29.0	49.0	Cash and other	0.0	0.0
	2008	2007																					
Australian fixed interest	96.5	97.1																					
Cash and short-term securities	3.5	2.9																					
	2008	2007																					
Australian fixed interest	71.0	51.0																					
International fixed interest	29.0	49.0																					
Cash and other	0.0	0.0																					

<b>Investment option</b>	<b>TOWER Capital Assured</b>		<b>TOWER Security Focus</b>		
<b>Investment Manager</b>	Russell Investment Management Ltd		Russell Investment Management Ltd		
<b>Investment objective</b>	The option aims to provide modest investment growth over the medium term from a portfolio that invests in a range of asset classes.		To aim to provide investors with income and some medium term capital growth with low volatility through exposure to a diversified investment portfolio.		
<b>Investment strategy</b>	The option invests in a range of asset classes, with a strong emphasis on defensive assets such as cash and fixed interest.		This Fund typically invests in a diversified portfolio mix with exposure to 30% growth and 70% income investments.		
<b>Investment timeframe</b>	3 Years		3 Years		
<b>Risk/volatility</b>	Low – Moderate		Low – Moderate		
<b>Asset allocation (%) as at 30 September</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	
Australian shares	9.0	11.3	Australian shares	14.7	15.6
International shares	4.6	5.1	International shares	12.1	9.8
Australian Property Securities	3.4	4.8	Property	2.7	5.0
Australian fixed interest	41.7	39.3	Growth Alternatives	0.0	n/a
International fixed interest - \$A Hedged	19.9	19.7	Fixed Interest	41.0	39.6
Cash and short-term securities	21.4	19.8	Cash	29.5	30.0
			Defensive alternatives	0.0	n/a

# INVESTMENT INFORMATION

<b>Investment option</b>	<b>TOWER Conservative Balanced</b>		<b>TOWER Balanced Growth</b>		
<b>Investment Manager</b>	Russell Investment Management Ltd		Russell Investment Management Ltd		
<b>Investment objective</b>	To aim to provide investors with a mix of both medium term capital growth with some volatility and income through exposure to a diversified investment portfolio.		To aim to provide investors with medium term capital growth with moderate to high volatility and income through exposure to a diversified investment portfolio.		
<b>Investment strategy</b>	This Fund typically invests in a diversified portfolio mix with exposure to 50% growth and 50% income investments.		This Fund typically invests in a diversified portfolio mix with exposure to 70% growth and 30% income investments.		
<b>Investment timeframe</b>	3+ Years		5+ Years		
<b>Risk/volatility</b>	Low – Moderate		Moderate – High		
<b>Asset allocation (%) as at 30 September</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	
Australian shares	22.1	20.9	Australian shares	31.0	32.6
International shares	22.2	19.7	International shares	31.2	29.6
Property	4.8	10.0	Property	6.6	8.0
Growth Alternatives	0.0	n/a	Growth Alternatives	1.3	n/a
Fixed Interest	35.6	34.1	Fixed Interest	25.5	24.1
Cash	15.3	15.3	Cash	4.4	3.1
Defensive alternatives	0.0	n/a	Defensive alternatives	0.0	2.6

<b>Investment option</b>	<b>TOWER Growth Maximiser</b>	<b>BT Wholesale Property Investment Fund</b>				
<b>Investment Manager</b>	Russell Investment Management Ltd	Russell Investment Management Ltd				
<b>Investment objective</b>	To aim to provide investors with capital growth over the long term by focusing on growth assets, while accepting fluctuations in capital values in the short term.	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.				
<b>Investment strategy</b>	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.				
<b>Investment timeframe</b>	5+ Years	5+ Years				
<b>Risk/volatility</b>	Moderate – High	High				
<b>Asset allocation (%) as at 30 September</b>		<b>2008</b>	<b>2007</b>		<b>2008</b>	<b>2007</b>
	Australian shares	41.3	42.4	Property	97.3	99.1
	International shares	39.1	39.5	Cash	2.7	0.9
	Property	8.9	8.0			
	Growth Alternatives	1.3	n/a			
	Fixed Interest	7.1	6.7			
	Cash	2.3	0.9			
	Defensive alternatives	0.0	2.5			

# INVESTMENT INFORMATION

Investment option	RREEF Paladin Property Securities Fund	TOWER Australian Shares				
<b>Investment Manager</b>	RREEF Alternative Investments (Responsible Entity - Deutsche Asset Management Australia Limited)	Russell Investment Management Ltd				
<b>Investment objective</b>	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.	To aim to provide exposure to a diversified portfolio of Australian shares. To aim to provide a total return, before costs and tax, higher than the Fund's benchmark over the long term.				
<b>Investment strategy</b>	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 Fund invests predominantly in shares or unit trusts listed or about to be listed on the Australian Stock Exchange. The Fund may also be exposed to short selling.				
<b>Investment timeframe</b>	5+ Years	5+ Years				
<b>Risk/volatility</b>	High	High				
<b>Asset allocation (%) as at 30 September</b>						
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>		
	Property	97.1	97.9	Australian shares	100.0	100.0
	Cash	2.9	2.1			

<b>Investment option</b>	<b>TOWER Ethical Growth</b>	<b>Advance Sharemarket Fund – Wholesale Units</b>			
<b>Investment Manager</b>	AMP Capital Investors Limited	Maple-Brown Abbott Limited			
<b>Investment objective</b>	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.	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.			
<b>Investment strategy</b>	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.			
<b>Investment timeframe</b>	5+ Years	5+ Years			
<b>Risk/volatility</b>	High	High			
<b>Asset allocation (%) as at 30 September</b>		<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	Australian shares	100.0	100.0	Australian shares	97.0 95.0
				Cash and other	3.0 5.0

# INVESTMENT INFORMATION

Investment option	Colonial First State Wholesale Imputation Fund	Eley Griffiths Group Small Companies Fund				
<b>Investment Manager</b>	Colonial First State	Eley Griffiths Group				
<b>Investment objective</b>	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.				
<b>Investment strategy</b>	<p>Colonial First State's Growth approach is based on the belief that, over the medium-to-long term, stock prices are driven by the ability of management to generate excess returns over their cost of capital in their chosen industry.</p> <p>The strategy of the fund is to generally invest in high quality companies with strong balance sheets and earnings. The strategy 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.</p>	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".				
<b>Investment timeframe</b>	7 Years	5+ Years				
<b>Risk/volatility</b>	High	High				
<b>Asset allocation (%) as at 30 September</b>						
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>		
	Australian shares	97.4	98.2	Australian shares	87.1	92.8
	Cash and other	2.6	1.8	Cash and other	12.9	7.2

<b>Investment option</b>	<b>Investors Mutual Australian Share Fund</b>	<b>Perennial Value Shares Wholesale Trust</b>																		
<b>Investment Manager</b>	Investors Mutual Ltd	Perennial Investment Partners Limited																		
<b>Investment objective</b>	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.	To grow the value of the 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.																		
<b>Investment strategy</b>	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.																		
<b>Investment timeframe</b>	5 Years	5 Years																		
<b>Risk/volatility</b>	High	High																		
<b>Asset allocation (%) as at 30 September</b>	<table border="1"> <thead> <tr> <th></th> <th>2008</th> <th>2007</th> </tr> </thead> <tbody> <tr> <td>Australian shares</td> <td>93.0</td> <td>92.4</td> </tr> <tr> <td>Cash and other</td> <td>7.0</td> <td>7.6</td> </tr> </tbody> </table>		2008	2007	Australian shares	93.0	92.4	Cash and other	7.0	7.6	<table border="1"> <thead> <tr> <th></th> <th>2008</th> <th>2007</th> </tr> </thead> <tbody> <tr> <td>Australian shares</td> <td>96.8</td> <td>94.6</td> </tr> <tr> <td>Cash and other</td> <td>3.2</td> <td>5.4</td> </tr> </tbody> </table>		2008	2007	Australian shares	96.8	94.6	Cash and other	3.2	5.4
	2008	2007																		
Australian shares	93.0	92.4																		
Cash and other	7.0	7.6																		
	2008	2007																		
Australian shares	96.8	94.6																		
Cash and other	3.2	5.4																		



<b>Investment option</b>	<b>Vanguard Australian Shares Index Fund</b>	<b>TOWER International Shares</b>			
<b>Investment Manager</b>	Vanguard Investments Australia Ltd	Russell Investment Management Ltd			
<b>Investment objective</b>	The fund seeks to match the total return of the S&P/ASX 300 Index before taking into account fund expenses.	To aim to provide exposure to a diversified portfolio of International Shares. To aim to provide a total return, before costs and tax, higher than the Fund's benchmark over the long term.			
<b>Investment strategy</b>	<p>To closely track the index, Vanguard employs optimisation techniques to select a representative sample of shares in the index. The fund will hold most of the shares in the index, allowing for individual share weightings to vary marginally from the index from time to time. The fund may invest in shares that have been or are expected to be included in the index.</p> <p>Vanguard pays careful attention to managing cash flows and index changes to reduce trading, and the associated transaction costs, turnover and realised capital gains within the portfolio while maintaining the very clear objective of closely tracking the returns represented by the index.</p> <p>Futures may be used to gain market exposure without investing directly in securities. This allows Vanguard to maintain fund liquidity without being under-invested. Importantly, derivatives are not used to leverage the fund's portfolio.</p>	The Fund invests predominantly in a broad range of international shares listed on stock exchanges in developed international markets (such as countries included in the MSCI World Index). The Fund may also be exposed to emerging market securities.			
<b>Investment Timeframe</b>	5 Years	5+ Years			
<b>Risk/Volatility</b>	High	High			
<b>Asset allocation (%) as at 30 September</b>		<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	Australian shares	100.0	100.0	International shares	100.0 100.0

# INVESTMENT INFORMATION

Investment option	Credit Suisse International Shares Fund	Perpetual's Wholesale International Share Fund			
<b>Investment Manager</b>	Credit Suisse Asset Management (Australia) Limited	PI Investment Management Limited (PIIML)			
<b>Investment objective</b>	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 and to currencies other than the Australian dollar. The Fund aims to outperform the MSCI World ex Australia index over the suggested investment time frame	The fund aims to provide long term capital growth through investment in international shares and other securities.			
<b>Investment strategy</b>	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.	PIIML 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.			
<b>Investment timeframe</b>	5 Years	5+ Years			
<b>Risk/volatility</b>	High	High			
<b>Asset allocation (%) as at 30 September</b>					
	<b>2008</b>	<b>2007</b>			
	<b>2008</b>	<b>2007</b>			
International shares	96.1	97.7	International shares	99.4	96.8
Cash and other	3.9	2.3	Cash and other	0.6	3.2

<b>Investment option</b>	<b>Platinum International Fund</b>	<b>Vanguard International Shares Index</b>															
<b>Investment Manager</b>	Platinum Asset Management	Vanguard Investments Australia Ltd															
<b>Investment objective</b>	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 fees and expenses.															
<b>Investment strategy</b>	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 to select a representative sample of shares in the index. The fund will hold most of the shares in the index, allowing for individual share weightings to vary marginally from the index from time to time. The fund may invest in shares that have been or are expected to be included in the index.  Vanguard pays careful attention to managing cash flows and index changes to reduce trading, and the associated transaction costs, turnover and realised capital gains within the portfolio while maintaining the very clear objective of closely tracking the returns represented by the index.  Futures may be used to gain market exposure without investing directly in securities. This allows Vanguard to maintain fund liquidity without being under-invested. Importantly, derivatives are not used to leverage the fund's portfolio. The fund does not hedge against exchange rate fluctuations.															
<b>Investment timeframe</b>	5 Years	5 Years															
<b>Risk/volatility</b>	High	High															
<b>Asset allocation (%) as at 30 September</b>	<table border="1"> <thead> <tr> <th></th> <th>2008</th> <th>2007</th> </tr> </thead> <tbody> <tr> <td>International shares</td> <td>83.1</td> <td>87.0</td> </tr> <tr> <td>Cash and other</td> <td>16.9</td> <td>13.0</td> </tr> </tbody> </table>		2008	2007	International shares	83.1	87.0	Cash and other	16.9	13.0	<table border="1"> <thead> <tr> <th></th> <th>2008</th> <th>2007</th> </tr> </thead> <tbody> <tr> <td>International shares</td> <td>100.0</td> <td>100.0</td> </tr> </tbody> </table>		2008	2007	International shares	100.0	100.0
	2008	2007															
International shares	83.1	87.0															
Cash and other	16.9	13.0															
	2008	2007															
International shares	100.0	100.0															
	As at 30 September 2008 the Fund had a short position of 25% individual shares and index futures (26% at 30/09/07)																

# 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, TOWER Australian Superannuation Limited, currently has an approved guarantee from the National Australia Bank. Under this agreement, all liabilities of the Trustee incurred as a result of the Trustee fulfilling its duties to the TOWER Master Fund (and other superannuation entities of which it is Trustee) are guaranteed by the National Australia Bank. This guarantee extends up to the amount of \$5 million dollars. A copy of the approved guarantee is available for review upon request by contacting a Customer Service Consultant.

## Indemnity insurance

The Trustee is covered under an indemnity insurance policy to protect the interests of Members of the Fund.

## Trust deed

A legal document called the 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 at any time by arrangement with the Administrator (see Directory on inside cover 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' for further information) and annual return to the Australian Prudential Regulation Authority (APRA).

## 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.\* 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.

\* For TOWER Staff members, the insurance review date is 1 January and insurance benefits are provided outside the superannuation plan.

## Policy Committee

Certain employer super plans (generally plans with 50 or more members) should have equal member and employer representation on a body known as a 'Policy Committee' (applicable to ARC Corporate Plan only) as required under Superannuation law. 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.

### Superannuation surcharge

The Government abolished the superannuation surcharge with effect from 1 July 2005, however if an assessment is still outstanding, the surcharge will be deducted from your account balance. Details of any such deduction will be shown on your Annual Statement.

### Approved Eligible Rollover Fund

We have selected an Eligible Rollover Fund (ERF) to which we may transfer your ARC superannuation 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 Australian Taxation Office maintains a register of 'lost members'. Members may search this register to help trace any superannuation entitlements that may have been transferred to an ERF. It is important to ensure that we are always advised of any change of address.

### Unclaimed benefits

In some circumstances, your benefit in the Fund may become subject to the unclaimed money laws.

For example, if you reach the prescribed age (i.e. 65 years of age) and a benefit from the Fund is to be paid to you but we have not received any contributions or rollovers into your account in the last two years and, after making reasonable efforts and waiting a period of 5 years, we are unable to contact you about the benefit payable, your benefit will be considered as an unclaimed benefit.

We must pay unclaimed benefits to the Australian Taxation Office (ATO).

To claim any benefit transferred to the ATO, you or your dependants will need to contact the unclaimed money service of the ATO on:

Call 13 10 20

Website [www.ato.gov.au](http://www.ato.gov.au)

On transfer to the ATO, any benefit entitlement (including any insurance protection benefit, if applicable) that you have in the Fund will cease.

# FUND INFORMATION

## 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. This means that the Fund is exempt from providing the following information 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 for operating the Fund to date have been borne by the Administrator, 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

The Administrator reserves the right to suspend the processing of all contributions or withdrawals under certain market conditions or circumstances, if in the Administrator's 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.

Please note that before you rollover, transfer or withdraw a benefit you can ask us for any assistance or information on anything you are unsure of, including benefits, fees and charges, or the possible effects of rolling over/transferring your benefit.

# ENQUIRIES AND FURTHER INFORMATION

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## Enquiries

At TOWER we set ourselves high standards of customer service. If you have any questions about your TOWER product, please contact us in one of the following ways:

### 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](mailto:arcmt@toweraustralia.com.au)  
ARC Master Trust  
PO Box 142  
Milsons Point NSW 1565  
Website [www.arcmt.com.au](http://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](mailto:arcmt@toweraustralia.com.au)  
ARC Master Trust  
PO Box 142  
Milsons Point NSW 1565  
Website [www.arcmt.com.au](http://www.arcmt.com.au)

## Complaints

If you have a complaint about the Fund please put it in writing and send it to the following address:

TOWER Complaints Manager  
TOWER Australia Limited  
PO Box 142  
Milsons Point NSW 1565

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

Superannuation Complaints Tribunal  
Locked Bag 3060  
GPO Melbourne VIC 3001

Call 1300 780 808  
Email [info@sct.gov.au](mailto:info@sct.gov.au)  
Website [www.sct.gov.au](http://www.sct.gov.au)

## About the Superannuation Complaints Tribunal

The SCT is an independent body established by the Commonwealth Government to review unresolved complaints arising from trustee decisions relating to its members as opposed to trustee decisions about the management and operation of a superannuation 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.

### 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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