



## Annual Report – 30 September 2011

TAL Superannuation Limited ABN 69 003 059 407 AFSL No. 237851  
TAL Superannuation and Insurance Fund ABN 20 891 605 180

### For ARC Master Trust superannuation members

The Annual Report is to be read in conjunction with your Annual Statement and is provided by the Trustee of the TAL Superannuation and Insurance Fund, TAL Superannuation Limited. It includes details about the Fund's investment objective and strategy, other fund information and investment option information such as the strategy, objective and asset allocations. Your Annual Statement details your specific entitlements under the Fund.

If you'd like a printed copy of this report or have any questions, please call our friendly staff on 1300 209 088 or email [customerservice@tal.com.au](mailto:customerservice@tal.com.au)

### Contents

Directory	1
Your superannuation strategy	2
About the investment information	2
How we manage your superannuation	3
Overview of governance arrangements	5
Fund information	6
Contact us	7
Investment information as at 30 September 2011	8

### Directory

#### **Superannuation Fund**

TAL Superannuation and Insurance Fund (*formerly TOWER Master Fund*)  
ABN 20 891 605 180

#### **Issuer & Trustee**

TAL Superannuation Limited (*formerly TOWER Australian Superannuation Limited*)  
ABN 69 003 059 407  
AFSL 237851

#### **Administrator & Insurer**

TAL Life Limited (*formerly TOWER Australia Limited*)  
ABN 70 050 109 450 AFSL 237848

#### **Customer Service**

1300 209 088  
Monday to Friday  
8.30am – 5.30pm (AEST/AEDT)

[customerservice@tal.com.au](mailto:customerservice@tal.com.au)

TAL Life Limited  
PO Box 142  
Milsons Point NSW 1565

## Terms used in this Annual Report

ABN	Australian Business Number
AFSL	Australian Financial Services Licence
APRA	Australian Prudential Regulation Authority
the Fund	TAL Superannuation and Insurance Fund
AEST/AEDT	Australian Eastern Standard Time/Australian Eastern Daylight Time
p.a.	per annum
CPI	Consumer Price Index
SCT	Superannuation Complaints Tribunal
Russell Investments	Russell Investment Management Limited ABN 53 068 338 974
the Trustee	TAL Superannuation Limited
'we', 'us', 'our', 'TAL'	TAL Life Limited, which provides insurance policies, and administration and investment management services to the Fund
'you', 'your', 'member'	member of the Fund

### Disclaimer

TAL 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 report unless otherwise stated. The information contained in the 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 own individual investment objectives, financial situation and particular needs.

## Your superannuation strategy

Whether you've just started working or are nearing retirement age, keeping track of your superannuation is important. Review your investment strategy regularly and make sure details such as your address and nominated beneficiaries are up to date.

### Keep your superannuation up to date

Key life events such as changing jobs, getting married or preparing for retirement usually trigger a need for you to review your financial situation. A superannuation investment is often a major part of a long term savings plan which is why it's important to review your investment strategy regularly. Your investment strategy has a significant impact on your final superannuation balance so it's a good idea to keep on top of your superannuation and consult a financial adviser if you need to. If you don't have a financial adviser, please contact us and we'll put you in touch with one. Don't forget to let us know about any changes to your account details such as your address so we can keep you up to date on your superannuation.

### How to nominate or update your beneficiaries?

Understanding who receives your superannuation benefit (and any applicable insurance) in the event of your death is important. If you would like to nominate or update your beneficiary details for your superannuation benefit, please call our friendly staff on 1300 209 088 to obtain the appropriate form. Alternatively, email us at [customerservice@tal.com.au](mailto:customerservice@tal.com.au) quoting your membership number.

For more information on how the Trustee pays death benefits from the Fund, please [click here](#) and select the document titled 'Superannuation Death Benefits at TAL'.

## About the investment information

### Trustee's investment objective and strategy

The Trustee's investment objective and strategy is detailed in the "Investment information as at 30 September 2011" section of the Annual Report.

### Asset allocations and benchmarks

Asset allocations for 30 September 2011 and 2010 for each of the investment options are detailed in the 'Investment information as at 30 September 2011' section and have been rounded to the nearest one decimal place. The actual allocations may vary from time to time due to market fluctuations and investment decisions. A limited portion of the 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 shares manager may hold some cash (within specified limits) and this would be classified as shares. For current or further information about asset allocation benchmarks and minimum and maximum ranges, please contact your financial adviser, call us on 1300 209 088 or see [investment option profile](#) to select your product and the relevant investment option.

### Changes to the strategic asset allocation

The Strategic Asset Allocation (SAA) is the asset allocation that TAL has decided is most appropriate to meet each investment option's investment objective. As part of the ongoing monitoring and commitment to continually improve investment offerings, the asset allocation of each investment option has been reviewed. Any changes to the SAA will be detailed in the 'Investment information as at 30 September 2011' section.

### Risk and return profile

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 (including asset allocation benchmarks and ranges) call us on 1300 209 088 or refer to [investment option profiles](#) to select your product and the appropriate investment option.

### Multi-manager investment style

TAL's multi-manager investment options are managed by Russell Investments. Russell's investment strategy begins by researching some of the world's best investment managers. Underlying investment managers are then selected for inclusion in the investment options – each chosen for what Russell believes are their outstanding capabilities. These underlying managers, with different approaches and styles to investing, are then combined together to manage portfolios of securities. It's a multi-dimensional process that provides a simple yet sophisticated investment for members.

For nearly 40 years, Russell's extensive understanding of markets, managers and investors has enabled them to design funds that seek to deliver consistent long-term results. Through the TAL investment options, you gain exposure to a highly awarded investment company.

### Labour standards and environmental, social and ethical considerations

Other than for the Ethical Growth investment option, labour standards, environmental, social, or ethical considerations are not taken into account for the purpose of selecting, retaining, or realising an investment. Underlying investment managers may or may not take these considerations into account.

### 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.

## How we manage your superannuation

### Processing of contributions and withdrawals

We reserve the right to suspend or restrict the processing of some or all transactions where:

- in our absolute opinion, market conditions or extraordinary circumstances mean that it would not be fair and reasonable as between transacting and non-transacting members to continue processing transactions;
- for whatever reason, we are unable to determine the unit price(s) at which transactions should be processed; or
- one or more investment options are illiquid in that they do not have sufficient assets that can reasonably be expected to be realised and converted into cash to satisfy redemption requests within the timeframe set by legislation or the Fund's Trust Deed.

Additionally, if we do not receive all the necessary information, we may, at our absolute discretion, reject an application for units in whole or in part.

If a suspension or restriction on withdrawals continues for a long period, the Trustee must seek the approval of the Australian Prudential Regulation Authority (APRA).

### Identification requirements

TAL has processes in place to help to prevent unauthorised people from gaining access to your investments. However, there are some steps that individuals can take to help protect their personal information from unauthorised access or use. To view information on [how you can protect your personal information, please click here](#).

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (the AML/CTF Act) requires us to identify you and verify your identity when you withdraw benefits from your policy. Generally, you will need to provide certain documents (such as certified copies of your passport or current driver's licence) for sighting and verification of your identity. If you do not provide identifying documents, we will not be able to pay your benefit. The AML/CTF Act also imposes reporting obligations on us if we form suspicions about the identity of someone we are transacting with or about the transaction itself. In these circumstances we may decide to delay or decline to process that transaction and report it to the regulator if we are concerned that the request or transaction may be in breach of the provisions of the AML/CTF Act or cause us to commit an offence under that Act. If we take this step, we will not incur any liability to you.

### Unit pricing

The following section provides information about unit pricing. Our current process may differ to the description in your original product terms. We reserve the right to alter our process at any time without notice.

### How unit pricing works

When you invest money in an investment option, your money is pooled together with that of other members. TAL then uses this pool of funds to buy assets which are managed on behalf of all members. All units within each unit linked investment option have an equal value. Unit prices for these investment options are determined daily (for each business day) by dividing the total net asset value of the investment option by the number of units on issue within that investment option.

The net asset value of the investment option includes the market value of the assets (including some tax benefits that may arise in the future) and provisions for fees, taxes, transaction costs and any other expenses of the fund. We use the most recent best estimate of these provisions in each day's net asset value. These estimates are updated regularly.

The only option that is not unitised is the ARC Capital Assured investment option, which credits income via an interest rate.

### **Benefit payments**

TAL'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.

### **Adjustments**

Unfortunately, from time to time, administration or unit pricing errors occur that may affect the value of accrued benefits in the Fund. When a material error has been identified, TAL will adjust members' accounts as follows:

- for members who are still current, we will adjust your investment to ensure it is in the position it should have been had the error not occurred; and
- for members who have exited, compensation will be paid where the adjustment is \$20 or more.

Where an exited member has been overpaid, TAL may seek to recover the overpayment from the Trustee. In these circumstances, the Trustee reserves its right to recover the overpayment from the exited member.

### **Fees**

We will provide you with at least 30 days' notice before introducing any additional fee(s) or before any increases (other than Consumer Price Index increases) to existing fees.

### **Lost members**

The Australian Taxation Office (ATO) maintains a register of 'lost members'. Members may search this register to help trace any superannuation entitlements that may have been transferred to an eligible rollover fund. 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 after five (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 ATO.

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

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 benefit, if applicable) that you have in the Fund will cease.

### **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 are required by superannuation law to select an Eligible Rollover Fund (ERF) to which we may transfer your withdrawal benefit in certain circumstances including if:

- your address details have never been provided to us; or
- we have sent to you one item of written communication which has been returned as unclaimed mail.

Small accounts of \$1,000 or less may also be transferred to the ERF. If we pay your benefit to the ERF, you cease to be a member of the Fund and become a member of the ERF. On transfer to the ERF, any benefit entitlement (including any insurance benefit) that you have in the Fund ceases. You are able to transfer or withdraw your benefit from the ERF as the governing legislation permits.

The Trustee has nominated the Australian Eligible Rollover Fund as the Fund's ERF. The contact details are:

Australian Eligible Rollover Fund  
Locked Bag 5429  
Parramatta NSW 2124  
1800 677 424

## Overview of governance arrangements

The Trustee's primary duty is to administer the Fund solely in the interests of members within the parameters of the law and the Trust Deed. To this end, the Trustee has adopted the following Governance Principles which are designed to continuously improve the delivery of products and strategic initiatives in the interests of members by achieving outcomes through efficient, ethical and effective practices. The Principles focus on the decision-making, conduct and relationships between the Trustee, TAL and members.

### Lay solid foundations for management and oversight

- The Board has established processes to govern the Trustee and the Fund, both directly and through the Office of the Trustee. These processes are documented in various charters and policies.
- As required by the Trust Deed, members' benefits in the Fund are wholly determined by reference to life insurance policies issued by TAL to the Trustee.
- TAL also administers the Fund on behalf of the Trustee.
- The Office of the Trustee ensures that TAL has met its obligations to the Trustee and continues to have power, financial resources, skill, facilities, capacity and staff to administer the Fund and meet its financial obligations under the insurance policies.

### Structure the Board and the Office of the Trustee to add value

- The Directors and officers of the Trustee, and senior managers of TAL who are responsible for the delivery of services to members, have been appointed as responsible officers of the Trustee.
- The Board has established process to ensure that the Trustee's responsible officers are fit and proper persons. These processes include the confirmation of the fitness and propriety of responsible officers on appointment and annually thereafter.

### Promote ethical and responsible decision-making

- The Trustee's Governance Framework implements the Governance Principles and thereby provides the structure within which the Trustee, among other things, promotes an effective governance culture and remains a good corporate citizen.
- Key elements of the Framework include the charters and delegations that have been established to, among other things, set out the decision-making authority and processes for the Board, the Office of the Trustee and other persons who act for the Trustee. This authority is constrained by the Trustee's duties at law and under the trust deed.
- The charters and delegations are reviewed on a regular basis to ensure that they remain effective and relevant controls because they are appropriately designed, adequately implemented and operating effectively.
- Where a decision falls outside of a delegate's authority limit, it must be referred to the Office of the Trustee or the Board, as appropriate.

### Safeguard the integrity of Fund assets

- As required by the Trust Deed, members' benefits in the Fund are wholly determined by reference to life insurance policies issued by TAL to the Trustee.
- The Board has established investment objectives and strategies for the products available through the Fund which set out the types of investment options that TAL may make available to members through the insurance policies.
- The Office of the Trustee ensures that TAL has met its obligations to the Trustee and continues to have power, financial resources, skill, facilities, capacity and staff to meet its financial obligations under the insurance policies.
- TAL has appointed an investment manager and custodian to separately invest and manage the underlying assets of the insurance policies.
- The AML/CTF Joint Program for the Trustee and TAL sets out how the identity of members is verified when withdrawals are requested.
- The Fund's annual financial statements and APRA returns are subject to an independent external audit.

### Make timely and balanced disclosure to members

- Members receive a Product Disclosure Statement when they take out their product which describes the significant characteristics and features of the product, including the benefits available to members, the risks associated with the product and the cost of the product.
- Members receive an annual statement which provides the information they need to understand their investment in their product, including details of opening and closing balances, transactions, and investment options (including long term returns).
- The Fund's annual report provides members with the information they need to understand management and investment performance of the Fund. The annual report is published on TAL's website.
- The Board has established a policy which sets out when and how members must be informed of a material change or significant event, such as a change to their product or investment options. If members are not required to be notified before the change or event before it occurs, notification will usually be made through the annual report or an annual update that may be sent with the annual statement.
- The Board has established process to ensure that the Trustee's responsible officers have the collective fitness needed to authorise these documents.

### Respect the rights of members

- Where a member has suffered a financial loss as a result of a default by the Trustee or TAL, the Trustee will (or ensure that TAL will) put the member into the position they would have enjoyed had the default not occurred or provide an equivalent amount of compensation.
- Compensation may not be provided where the cost of recovering/delivering the compensation is greater than the amount of the compensation.
- This obligation is supported by a \$5 million bank guarantee and by indemnity insurance described below.
- A process is in place to ensure that member inquiries and complaints are properly considered and dealt with in ninety days.

### Recognise and manage key material risks

- The Trustee's Governance Framework implements the Governance Principles and thereby provides the structure within which the Trustee, among other things, manages the key material risks to an acceptable level within its risk appetite.
- Key elements of the Framework include the Risk Management Strategy for the Trustee's key material risks and the Risk Management Plan for the Fund's key material risks. These Strategies set out the process through which the Trustee recognises, assesses, manages and reports on risk.
- The Strategies are reviewed each year to ensure that they remain effective and relevant controls because they are appropriately designed, adequately implemented and operating effectively.
- Compliance with the Risk Management Strategy and the Risk Management Plan is subject to an independent external audit.

### Encourage enhanced performance

- The Office of the Trustee ensures that TAL has met its obligations to the Trustee and continues to have power, financial resources, skill, facilities, capacity and staff to administer the Fund and meet its financial obligations under the insurance policies.

## Fund information

### The Fund

The Fund is a complying superannuation fund under the Superannuation Industry (Supervision) Act 1993.

### The Trustee

The Trustee 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 as trustee of the Fund are guaranteed by the National Australia Bank. This guarantee extends up to the amount of \$5 million. A copy of the approved guarantee is available for review upon request by contacting us.

### Indemnity insurance

The Trustee is covered under a professional indemnity insurance policy.

### Trust deed

A legal document called a 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 us (see Directory for contact details).

### Fund review date

The annual fund review date is 30 September. 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 APRA.

Please note that where applicable, your member account balance as at 30 June each year is used to determine your minimum and maximum pension levels for the financial year ahead.

### 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 or abridged financial information
- statement of assets; and
- details of any assets (or group of associated assets) which exceed 5% of the value of the Fund.

All administration expenses incurred in operating the Fund to date have been borne by us, 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.

### Important information about tax surpluses

The Fund is entitled to claim a tax deduction of 15% on the premiums paid for members' insurance cover. Generally, these deductions are offset against the tax that the Fund has to pay on its assessable income (i.e. taxable contributions and investment earnings). However, where these deductions exceed the amount of tax that the Fund has to pay on its assessable income, not all of the deductions will be used. In certain circumstances, the Australian Accounting Standards allow the unused deductions to be recognised as a surplus in the Fund. The Trustee has determined that a surplus will be applied towards the expenses that it reasonably incurs in the performance of its duties as trustee of the Fund.

## Contact us

### Enquiries

If you have a general enquiry or require further information on your membership, call our friendly staff on 1300 209 088, Monday to Friday between 8.30am – 5.30pm (AEST/AEDT). Alternatively, email us on [customerservice@tal.com.au](mailto:customerservice@tal.com.au) (quoting your member number) or write to us at the following address:

TAL Life Limited  
PO Box 142  
Milsons Point NSW 1565

### Complaints

If you have a complaint about the Fund please lodge your complaint in writing to the Complaints Resolution Manager at the address shown above.

If your complaint has not been resolved to your satisfaction within 90 days of lodgement, you may refer your complaint to the Superannuation Complaints Tribunal, contact details are shown below:

Superannuation Complaints Tribunal  
Locked Bag 3060  
Melbourne VIC 3001

Call 1300 884 114  
Email: [info@sct.gov.au](mailto:info@sct.gov.au)  
Website: [www.sct.gov.au](http://www.sct.gov.au)

The SCT is an independent body established by the Commonwealth Government to deal with complaints about superannuation, annuity policies and retirement savings accounts. 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 through the complaints resolution process of the provider of the product.

## Investment information as at 30 September 2011

### Trustee's investment objective and strategy

The Trustee's investment objective is to provide a product with suitable investment options from which all members can select investments which are broadly suitable for their personal circumstances at any particular time.

The Trustee's investment strategy is to invest in insurance policies issued by TAL, which provide investment options consistent with the Trustee's investment objective.

The investment objective and strategy for each investment option is consistent with the Trustee's investment objective and strategy for the Fund.

### Changes to the investment option names

In June 2011 TOWER Australia changed its name to TAL Life Limited (TAL). In conjunction with our company name change and the launch of the new ARC PDS, we have re-named the investment options to reference ARC. No changes have been made to the way the investment options are structured and managed.

### Investment option profiles

Asset allocations for 30 September 2011 and 2010 for each of the investment options are shown below, and have been rounded to the nearest one decimal place.

TAL Life Limited has engaged Russell Investments to provide investment management services for each of the investment options except for ARC Australian Property, where investment management services are provided by Vanguard Investments Australia Limited, and ARC Ethical Growth, where investment management services are provided by AMP Capital Investors Limited.

#### ARC Balanced Growth

Investment objective	To provide returns over the medium to long term, with moderate to high volatility, consistent with a diversified mix of predominantly growth oriented assets and some defensive assets.		
Investment strategy	This investment option is typically exposed to a diversified mix of growth investments around 70% and defensive investments around 30%. This investment option may be exposed to derivatives.		
Investment timeframe	5+ years		
Risk and return profile	Moderate - high		
Asset allocation	<b>Asset class</b>	<b>2011 (%)</b>	<b>2010 (%)</b>
	Alternatives	8.5	6.6
	Australian shares	30.8	31.0
	Cash	5.6	7.8
	Fixed Interest	25.2	25.1
	International Shares	26.2	25.3
	Property	3.7	4.2

#### ARC Capital Assured

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.		
Investment strategy	The option invests in a range of asset classes, with a strong emphasis on defensive assets such as cash and fixed interest.		
Investment timeframe	3+ years		
Risk and return profile	Low - moderate		
Asset allocation	<b>Asset class</b>	<b>2011 (%)</b>	<b>2010 (%)</b>
	Australian fixed interest	45.8	42.6
	Australian shares	7.2	10.7
	Cash and short-term securities	20.2	21.4
	International fixed interest	20.7	21.3
	International shares	3.6	4.0
	Property	2.5	0.0

## ARC Conservative Balanced

Investment objective	To provide returns over the medium term, with moderate volatility, consistent with a diversified mix of defensive and growth orientated assets.		
Investment strategy	This investment option is typically exposed to a diversified mix of growth investments around 50% and defensive investments around 50%. This investment option may be exposed to derivatives.		
Investment timeframe	4+ years		
Risk and return profile	Moderate		
Asset allocation	<b>Asset class</b>	<b>2011 (%)</b>	<b>2010 (%)</b>
	Alternatives	4.2	5.4
	Australian shares	21.7	22.2
	Cash	17.8	18.4
	Fixed Interest	34.0	34.3
	International Shares	18.1	15.5
	Property	4.2	4.2

## ARC Growth Maximiser

Investment objective	To provide capital growth over the long term consistent with a portfolio focusing on growth assets, while accepting fluctuations in capital values in the short term.		
Investment strategy	This investment option is typically exposed to a diversified mix of growth investments around 90% and defensive investments around 10%. This investment option may be exposed to derivatives.		
Investment timeframe	6+ years		
Risk and return profile	High		
Asset allocation	<b>Asset class</b>	<b>2011 (%)</b>	<b>2010 (%)</b>
	Alternatives	9.1	9.3
	Australian shares	38.4	39.2
	Cash	4.9	2.5
	Fixed Interest	8.0	8.3
	International Shares	35.0	35.3
	Property	4.6	5.4

## ARC Security Focus

Investment objective	To provide returns over the short to medium term, with low volatility, consistent with a diversified mix of predominately defensive assets and some growth oriented assets.		
Investment strategy	The investment option is typically exposed to a diversified mix of growth investments around 30% and defensive investments around 70%. This investment option may be exposed to derivatives.		
Investment timeframe	3+ years		
Risk and return profile	Low		
Asset allocation	<b>Asset class</b>	<b>2011 (%)</b>	<b>2010 (%)</b>
	Alternatives	3.5	2.1
	Australian shares	13.5	14.1
	Cash	28.0	27.7
	Fixed Interest	45.0	44.4
	International Shares	7.1	8.5
	Property	2.9	3.2

### ARC Australian Fixed Interest

Investment objective	To aim to provide exposure to a diversified portfolio of fixed income securities. To aim to provide a total return, before costs and tax, higher than the investment option's benchmark over the long term.		
Investment strategy	The investment option typically invests in Australian Government securities, semi-government and corporate securities. In addition, the investment option may also include non-Australian governments, supranational, agency and corporate bonds, as well as mortgage and asset backed securities. This investment option may also be exposed to derivatives.		
Investment timeframe	3+ years		
Risk and return profile	Low - moderate		
Asset allocation	<b>Asset class</b> Fixed interest	<b>2011 (%)</b> 100.0	<b>2010 (%)</b> 100.0

### ARC Australian Property

Investment objective	The investment option seeks to match the total return of the S&P/ASX 300 Property Trusts Index before taking into account fees and expenses.		
Investment strategy	To closely track the index, the investment manager employs optimised replication techniques to select property securities.		
Investment timeframe	5+ years		
Risk and return profile	High		
Asset allocation	<b>Asset class</b> Property	<b>2011 (%)</b> 100.0	<b>2010 (%)</b> 100.0

### ARC Australian Shares

Investment objective	To provide a total return, before costs and tax, higher than the investment option's benchmark over the long term by providing exposure to a diversified mix of predominantly Australian shares.		
Investment strategy	This investment option is predominantly exposed to shares and unit trusts listed or about to be listed on the Australian Stock Exchange. This investment option may also be exposed to derivatives.		
Investment timeframe	7+ years		
Risk and return profile	High		
Asset allocation	<b>Asset class</b> Australian Shares	<b>2011 (%)</b> 100.0	<b>2010 (%)</b> 100.0

### ARC Cash

Investment objective	To provide a total return, before costs and tax, in line with the investment option's benchmark over the short term by providing exposure to a diversified mix of predominantly Australian dollar investment grade cash and cash equivalents.		
Investment strategy	This investment option is predominantly exposed to assets such as bank deposits, money market instruments (including but not limited to bank bills and certificates of deposit), corporate floating rate notes and asset backed and mortgage backed securities. This investment option may also be exposed to fixed rate corporate debt, derivatives and non-Australian dollar denominated cash and cash equivalent securities. Underlying foreign currency exposures will be largely hedged back to Australian dollars.		
Investment timeframe	The expected volatility of the investment option is low, so it is appropriate for short term investments.		
Risk and return profile	Low		
Asset allocation	<b>Asset class</b> Cash and short-term securities	<b>2011 (%)</b> 100.0	<b>2010 (%)</b> 100.0

## ARC Ethical Growth

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.		
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.		
Investment timeframe	7+ years		
Risk and return profile	High		
Asset allocation	<b>Asset class</b> Australian shares	<b>2011 (%)</b> 100.0	<b>2010 (%)</b> 100.0

## ARC International Shares

Investment objective	To provide a total return, before costs and tax, higher than the investment option's benchmark over the long term by providing exposure to a diversified mix of predominantly international shares.		
Investment strategy	This investment option is predominantly exposed to a broad range of international shares listed on stock exchanges in developed international markets. This investment option may also be exposed to derivatives and emerging market equity securities.		
Investment timeframe	7+ years		
Risk and return profile	High		
Asset allocation	<b>Asset class</b> International shares	<b>2011 (%)</b> 100.0	<b>2010 (%)</b> 100.0