



Equisuper Superannuation Fund
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SFN 149801
SPIN EPL0100AU
RSE Registration R1000177

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RSE Licence L0000123

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quietly outperforming.
equisuper,

Annual Report 2007

Annual Report 2007
For Equisuper members



Catherine Mary Walter (1)
 - Appointed 1 January 2006
 AM LLB (Hons), LLM, MBA
 Chairman of Equisuper Pty Ltd.

Ms Walter is an experienced company director and is a board member of a number of commercial and not-for-profit organisations. Her current appointments include: Non-Executive Director of Australian Foundation Investment Company Limited, Orica Limited, James Hardie Industries, Walter and Eliza Hall Institute of Medical Research, Melbourne Business School, Melbourne International Arts Festival and Chairman of the Federal Government's Business Regulation Advisory Group.

John Azaris (2)
 - Appointed 1 June 2007
 John is General Manager Human Resources and Communication for SP AusNet where he is responsible for all human resource functions, media and internal communications. He has had an extensive career in the power industry and is also a Director of Australian Power Institute Ltd.

Bruce Gerard Beerem (3)
 - Appointed 6 August 2002
 BSc (Hons), BComm, MBA, FCPA
 Bruce is a Non-Executive Director of Origin Energy Ltd, Contact Energy Ltd and Coal and Allied Industries Ltd. Prior to joining Origin Energy, he was Chief Executive Officer of VENCORP, General Manager of AGL Pipelines, Chief Financial Officer at AGL and is a former Director of Petroz NL and Natural Gas Corporation of New Zealand.

Paul Healey (4)
 - Appointed 1 May 2005
 MBus (Acct), CA, AIST
 Paul is the Manager - Financial Control at Deakin University and a Chartered Accountant. Paul has significant financial expertise, with a career covering senior finance roles in the utilities, property and not-for-profit sectors. He is a member of the Australian Institute of Superannuation Trustees and the Australian Institute of Company Directors.

Robin Jervis-Read (5)
 - Appointed 1 February 2007
 Robin has twelve years experience as a non-executive director, nine years as a Chairman of a Victorian Government Board, ten years as a corporate CEO and 21 years in strategic procurement with Ford and Goodyear. He is now semi-retired and is Chairman of Group 42 of The Executive Connection Pty Ltd and a Member of the Essential Services Commission Appeal Panel Pool. Robin's previous employment includes general management positions with Goodyear, Brambles, Cleanaway, James Hardie and Hendersons Industries.

Simon Lucas (6)
 - Appointed 1 February 2004
 BEc, CPA, MAICD
 Simon is Company Secretary and General Manager Legal Services for the CitiPower and Powercor group of companies. Simon has a strong background in financial management, with a career that includes seven years as Manager, Treasury Operations for the former State Electricity Commission of Victoria (SECV) and six years as Assistant Director of the National Companies and Securities Commission (the forerunner to ASIC). Simon is a member of CPA Australia and the Institute of Company Directors.

John O'Neill (7)
 - Appointed 1 January 1995
 John is a Technical Officer with SP-Ausnet with over 35 years experience in the power industry. He is an executive member of the ASU Victorian Authorities and Services Branch.

Andrew John Pickering (8)
 - Appointed 1 November 2005
 BA (Hons), LLB (Hons)
 Andrew is a Director of ANZ Infrastructure Services. He was formerly Managing Director of TRUenergy and has over 16 years experience as a lawyer and project developer in the energy industry in Australia and overseas.

Bryan Walsh (9)
 - Appointed 1 February 2007
 Bryan has 18 years' experience in the electricity industry as well as eight years' experience in the banking industry. He is currently employed as a Power Station Control Room operator at Loy Yang Power. He was previously employed by Westpac.

Departed as board members

Brian Clark
 Resigned from the Board as an Employer Director on 31 May 2007.

Ian Fairman
 Resigned from the Board as a Member Director on 31 January 2007.

Anthony Richard Hicks
 Resigned from the Board as a Member Director on 31 January 2007.

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This 2007 Annual Report for members is Issued by Equisuper Pty Ltd ("Equisuper"), the Trustee of the Equisuper Superannuation Fund ("the Fund").

For more information on the Fund and how to contact Equisuper, please refer to the back cover of this publication.

This Annual Report is for general information only. It has been prepared without taking into account your personal objectives, financial situation or needs. You should consider whether this information is appropriate to your personal circumstances before acting on it and, if necessary, you should also seek professional financial advice. If you are considering investing in the Equisuper Superannuation Fund, you should read the appropriate Equisuper Product Disclosure Statement (PDS) before making an investment decision.

Neither Equisuper, nor any employees or directors of Equisuper, guarantee the repayment of capital or the performance of the Fund.

2006 - 2007 Milestones

1 October 2006

New Diversified investment options, Growth and Balanced introduced.

5 December 2006

On-line voting for Member Director election introduced for the first time.

11 December 2006

Equipsuper sells last remaining directly owned property investment.

31 December 2006

Equipsuper records first month as a \$4 billion super fund.

27 February 2007

Australian Senate passes Simplified Super legislation, with changes effective from 1 July 2007.

28 February 2007

5th Anniversary of the introduction of the Socially Responsible Investment (SRI) option.

I am pleased to report to members that Equipsuper once again delivered strong investment returns in 2006-07, while successfully navigating the challenges brought by the introduction of Simpler Super on 1 July 2007.

It is pleasing to see that the returns you have received as a member of Equipsuper have maintained pace with those from other funds. The highly volatile state of international markets since the end of the 2006-07 financial year has emphasised the importance of investing in quality assets for the long term.

In the past year, we have held both Member Director and Employer Director elections, resulting in the appointment of new directors and the re-election of some existing directors. In 2006-07 we welcomed Bryan Walsh, Robin Jarvis-Read and John Azaris as new Board members and congratulated Simon Lucas, Paul Healey, Andrew Pickering and John O'Neill on their re-election.

Implementing the Simpler Super changes was the principal focus for Equipsuper in the latter part of 2006-07. It was the biggest change to super since the introduction of compulsory super more than a decade ago. The changes also prompted many members to reconsider their financial strategies particularly as super is now an even more tax-effective way to save for retirement.

An exciting development this year has been the launch of the Equipsuper Financial Planning service. Members now have access to a personal financial planning service at a competitive price which will help them plan for their future retirement.

A significant challenge for superannuation funds in the future will be helping members shift from the accumulation phase of their lives to the retirement income phase. This shift will change the type of services demanded by some members, the investment strategies they adopt and the frequency and nature of their communications with us.

The popularity of our new Non-Commutable Allocated Pension product for those transitioning to retirement is proof of this trend and we will continue to focus our efforts in assisting members during this phase.

We at Equipsuper understand the importance of building a lifelong relationship with you and for that reason we are committed to delivering services and products that are flexible and will suit your changing lifestyle and arrangements as you transition to retirement in the future.



Catherine Walter
Chairman

These are exciting times for members, with new opportunities and much more flexibility for creating wealth through super. The introduction of Simplified Super has led many commentators to say that super is now the best and most tax-effective savings vehicle available to most people.

Choice of Fund and a blaze of publicity surrounding the recent Simplified Super changes have enabled and encouraged many members to consider their superannuation and whether we are helping them to effectively save for their retirement.

In an environment offering so much choice and opinion, one of the most satisfying aspects of our operations has been the continued loyalty displayed by our members.

Since the introduction of Choice of Fund on 1 July 2005, the number of employers who have registered to make payments into Equipsuper has trebled from around 600 to over 1,800. In most instances, this is because members changing jobs have asked their new employers to pay regular contributions into Equipsuper.

We have also seen greater uptake of our income stream products - the new Non-Commutable Allocated Pension for those aged 55 and over who want to continue working while drawing some income from their super, and our traditional Allocated Pension for retired members.

But the biggest demand placed on the Fund by members has been for information. A record number have attended our pre-retirement seminars and many have responded positively to the recent establishment of Equipsuper Financial Planning by seeking advice on their super or managing their income in retirement.

Our Client Relations team has directly spoken to about 10% of our members through workplace seminars held in between April and June, thanks to demand for information in the lead-up to Simplified Super.

Increasing our direct contact with members and enhancing our communications will be an important focus of our activities in the year ahead. To ensure your contacts with us are relevant and productive, we are listening closely to your comments on the performance of the Fund and on the products and services we offer.

We are presently undertaking comprehensive member research.

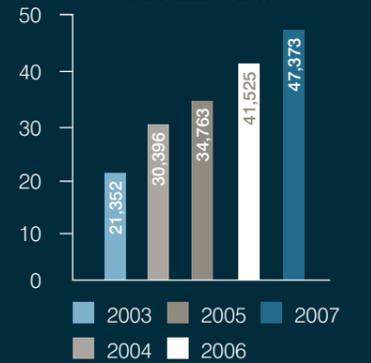
The insights we gain from the research will significantly influence our priorities and focus. From it, we will also establish benchmarks against which we can objectively track our performance on the things that matter to you. We will share some of those insights with you through our newsletter early in 2008.

Thank you once again for your continued support.



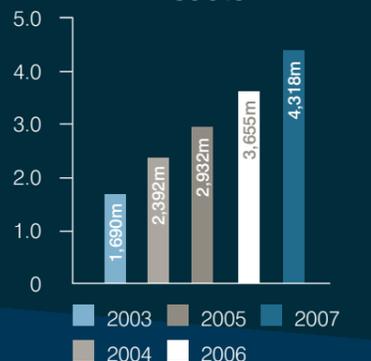
Robin Burns
Chief Executive Officer

Members



Figures taken at 30 June

Assets



Figures taken at 30 June



We join the Responsible Investment Association Australasia

Equipsuper became a certified member of the Responsible Investment Association Australasia (formerly the Ethical Investment Association) in April 2007.

Our certification with RIAA confirms our commitment to the philosophy of responsible investment. We support the inclusion of good governance in the association's responsible investment criteria. We believe that this is fundamental to all our investment decisions, whether or not the investments are categorised as 'SRI'.

For investors who wish to broaden criteria to account for other specific inclusions or exclusions in the investment decision, we offer a Sustainable Responsible Investment option. All investments in this option are currently in Australian shares.

For more information about our SRI option, you can visit our website www.equipsuper.com.au or refer to an Equipsuper PDS. For more information on the RIAA, you can visit their website www.responsibleinvestment.org.au.

Past performance

While historical performance does not guarantee levels of returns, or even positive returns for any investment option, we believe our data for the past five years underscores our capacity to deliver attractive returns over extended time frames.

Chief Investment Officer - Michael Strachan

The 2006-07 year continued several consecutive years of strong returns to members whose investments included exposure to the Australian sharemarket and property. Although overseas sharemarkets also performed well, their returns were dampened by the strength of the Australian Dollar against overseas currencies, in particular the US Dollar.

There was considerable merger and takeover activity in the marketplace, largely funded by private equity. This helped to drive share prices in Australia and other parts of the world higher. In addition, corporate profitability remained strong, with the resources sector leading the way fuelled by demand from the rapidly developing economies of China and India.

We continued to focus on achieving sustainable, long-term returns to you. This means striking an appropriate balance between risk and return so you can consistently build your retirement savings over the course of your working life.

In October, we broadened your scope in being able to select the appropriate balance of risk and return to suit you with the introduction of two new Diversified investment options, Growth and Balanced. We also changed the strategic asset allocation in Growth Plus to allow you 100% exposure to Australian and overseas shares and to growth alternative investments if you so desired.

Our list of five Diversified investment options now provides you with considerable scope to adjust your asset allocation within our managed portfolios.

Another notable change to investment strategy was the addition of AMP Capital Investors effective from 1 August 2007 as an external manager for our Sustainable

Responsible Investment (SRI) option. BT Funds Management was previously the sole manager of this investment option, which is 100% invested in Australian shares.

There has been increased volatility in the local and overseas sharemarkets in recent months due to concerns over interest rates, lending practices and the strength or otherwise of national economies. Upward pressure on interest rates may also affect the property market.

In periods like this, having a clear investment strategy in place and retaining your focus on it is the key to wealth creation and achieving financial security over the long term. This remains Equipsuper's core investment philosophy.



Unit prices and investment returns

The value of your investments is calculated daily based on a unit price. The Equipsuper daily unit price is calculated by the custodian from the latest and best available information.

We calculate investment returns and daily unit prices according to standard industry practice. The returns shown in this PDS, especially for shorter time periods, may show a small difference from the investment returns that you may calculate from the daily unit prices on the website.

This is because the daily unit prices are calculated using the best available information at the time of the calculation.

The calculation of the published investment returns takes place several days after 30 June and therefore is based on complete information from various sources, such as our external investment managers.

The published returns will therefore reflect the 30 June unit price including minor adjustments based on additional information.

Unit buy and sell prices

When you invest with Equipsuper, your money buys a number of units in each of your nominated or default options. You buy units at the current unit 'buy' price. Unit prices go up and down according to investment performance. These movements are reflected in your account balance.

As you or your employer make contributions, you buy more units at whatever the 'buy' prices are at the time the units are issued.

The unit prices are calculated after tax and investment fees are taken out. Equipsuper applies buy-sell spreads to the mid unit price calculated for its various investment options.

Your account balance is based on the unit 'sell' price, which is the amount you would receive for the units you hold in Equipsuper investment options should you receive a benefit payment.

Our latest unit prices are usually updated on our website by 10 a.m. on the second business day after the business day on which they are calculated. The publication of unit prices might be delayed as a consequence of abnormal market conditions or system failures. In such circumstance Equipsuper will use its best endeavours to publish unit prices as

soon as possible. The calculated unit prices include estimates of investment fees and taxes. These estimates will be adjusted as information becomes available for the calculation of future prices.

For more information on how buy-sell spreads affect you, please refer to "How buy-sell spreads work"^a.

Derivatives

Derivatives are investments whose values are based on those of an underlying security. For instance, the value of a share option is based on the price of the underlying share. Equipsuper permits the selective use of derivatives as part of its investment strategy. Derivatives enable us to hedge against risk by increasing or decreasing exposure to individual securities and markets without having to buy or sell underlying physical securities.

Sustainable Responsible Investments (SRI)

For investment options other than the Sustainable Responsible Investment (SRI) option, Equipsuper does not explicitly consider social, ethical and environmental considerations or labour standards of companies unless these have a material impact on investment performance objectives. We do, however, take into consideration labour standards and environmental, social and ethical considerations in the selection, retention and realisation of investments for the SRI option.

Equipsuper's approach is to appoint managers that consider the merit of investments - both in terms of their ability to deliver long term returns for investors and on SRI factors and considerations. For our full SRI Statement please refer to our website or an Equipsuper PDS.

diversified option performance

Growth Plus

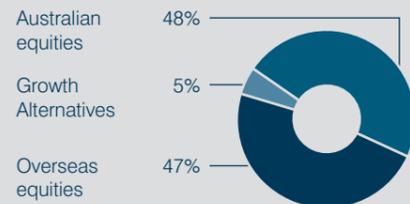
Investment objective

Achieve a net return of at least 5% p.a. above inflation (measured by CPI) over a rolling seven year period.

Strategy

Invest solely in Australian and overseas equities and alternative growth assets. These are growth investments that we expect to earn higher returns over the long term.

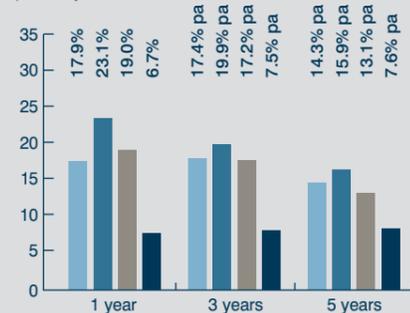
Benchmark Allocations*



Actual asset allocation of each asset class may vary from time to time within the permitted ranges published in the table below:

Asset Class	Benchmark Allocation	Permitted Range
Australian equities	48%	40-60%
Overseas equities	47%	40-60%
Property	-	-
Growth Alternatives	5%	0-10%
Defensive Alternatives	-	-
Diversified Fixed Interest	-	-
Cash	-	-

This is how the Growth Plus option performed against its objectives and other funds over the past 5 years.



Legend:
 ■ Growth Plus - Superannuation return
 ■ Growth Plus - Allocated Pension return
 ■ SuperRatings High Growth (91-100 index)
 ■ Investment objective - (CPI+5%)

Net annual returns	Superannuation	Allocated Pension
30 June 2007	17.9%	23.1%
30 June 2006	18.6%	21.3%
30 June 2005	15.8%	15.3%
30 June 2004	20.6%	21.5%
30 June 2003	0.1%	-0.1%

* The benchmark allocations for this investment option changed from 2 October 2006.

Growth

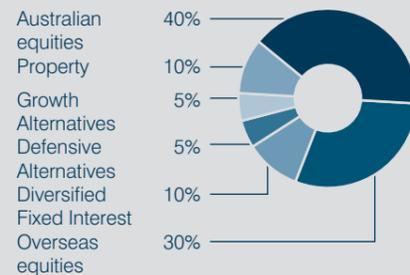
Investment objective

Achieve a net return of at least 4.5% p.a. above inflation (measured by CPI) over a rolling six year period.

Strategy

Invest primarily in Australian and overseas equities while providing some exposure to property and alternative assets. These are growth investments with the property allocation providing some diversification from equities.

Benchmark Allocations*



Actual asset allocation of each asset class may vary from time to time within the permitted ranges published in the table below:

Asset Class	Benchmark Allocation	Permitted Range
Australian equities	40%	30-50%
Overseas equities	30%	20-40%
Property	10%	5-15%
Growth Alternatives	5%	0-10%
Defensive Alternatives	5%	0-10%
Diversified Fixed Interest	10%	5-15%
Cash	-	-

The Growth investment option was introduced on 2 October 2006; therefore there are no long-term performance figures for this option.

Investment returns since inception (2 October 2006):

Net 9 month returns	Superannuation	Allocated Pension
30 June 2007	14.6%	17.3%

Balanced Growth

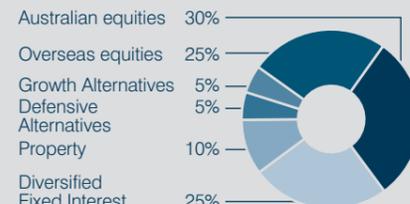
Investment objective

Achieve a net return of at least 4% p.a. above inflation (measured by CPI) over a rolling five year period.

Strategy

Invest mainly in equities and property, which are expected to earn higher returns over the long term. Invest the balance in more stable assets like fixed interest securities.

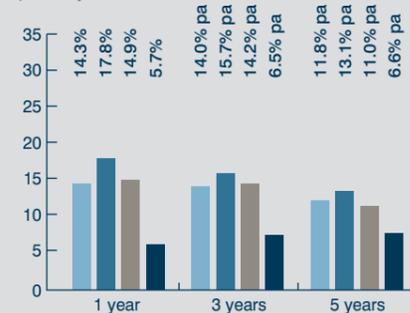
Benchmark Allocations*



Actual asset allocation of each asset class may vary from time to time within the permitted ranges published in the table below:

Asset Class	Benchmark Allocation	Permitted Range
Australian equities	30%	20-40%
Overseas equities	25%	15-35%
Property	10%	5-15%
Growth Alternatives	5%	0-10%
Defensive Alternatives	5%	0-10%
Diversified Fixed Interest	25%	15-35%
Cash	-	-

This is how the Balanced Growth option performed against its objectives and other funds over the past 5 years.



Legend:
 ■ Balanced Growth - Superannuation return
 ■ Balanced Growth - Allocated Pension return
 ■ SuperRatings Balanced (60-76 index)
 ■ Investment objective - (CPI+4%)

Net annual returns	Superannuation	Allocated Pension
30 June 2007	14.3%	17.8%
30 June 2006	14.2%	16.1%
30 June 2005	13.3%	13.3%
30 June 2004	15.0%	15.7%
30 June 2003	2.8%	3.1%

* The benchmark allocations for this investment option changed from 2 October 2006.

Balanced

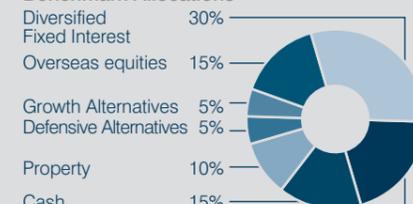
Investment objective

Achieve a net return of at least 3% p.a. above inflation (measured by CPI) over a rolling four year period.

Strategy

Provides an even distribution between growth and defensive assets. The aim is to provide a balance of capital growth with reduced volatility.

Benchmark Allocations*



Actual asset allocation of each asset class may vary from time to time within the permitted ranges published in the table below:

Asset Class	Benchmark Allocation	Permitted Range
Australian equities	20%	15-25%
Overseas equities	15%	10-20%
Property	10%	5-15%
Growth Alternatives	5%	0-10%
Defensive Alternatives	5%	0-10%
Diversified Fixed Interest	30%	25-35%
Cash	15%	10-20%

The Balanced investment option was introduced on 2 October 2006; therefore there are no long-term performance figures for this option.

Investment returns since inception (2 October 2006):

Net 9 month returns	Superannuation	Allocated Pension
30 June 2007	9.9%	11.5%

Conservative

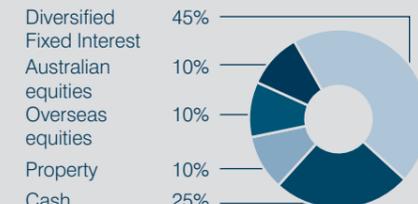
Investment objective

Achieve a net return of at least 2% p.a. above inflation (measured by CPI) over a rolling three year period.

Strategy

Invest mainly in fixed interest securities and cash, which are expected to deliver stable returns over the long term. Invest the balance in shares and property.

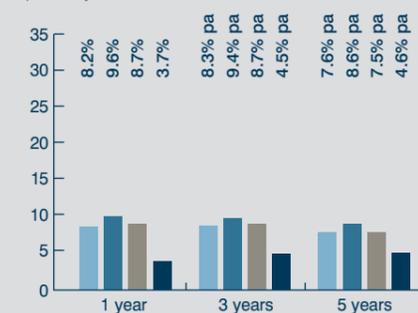
Benchmark Allocations*



Actual asset allocation of each asset class may vary from time to time within the permitted ranges published in the table below:

Asset Class	Benchmark Allocation	Permitted Range
Australian equities	10%	5-15%
Overseas equities	10%	5-15%
Property	10%	5-15%
Growth Alternatives	-	-
Defensive Alternatives	-	-
Diversified Fixed Interest	45%	40-50%
Cash	25%	20-30%

This is how the Conservative option performed against its objectives and other funds over the past 5 years.



Legend:
 ■ Conservative - Superannuation return
 ■ Conservative - Allocated Pension return
 ■ SuperRatings Capital Stable (20-40 index)
 ■ Investment objective - (CPI+2%)

Net annual returns	Superannuation	Allocated Pension
30 June 2007	8.2%	9.6%
30 June 2006	8.2%	9.4%
30 June 2005	8.5%	9.1%
30 June 2004	8.0%	8.6%
30 June 2003	5.3%	6.1%

* The benchmark allocations for this investment option changed from 2 October 2006.

defined benefit performance

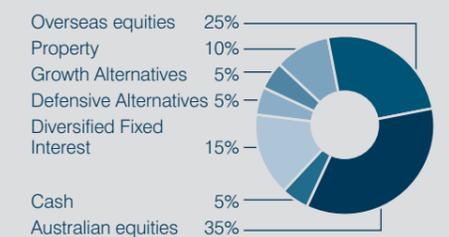
Defined Benefit

Investment objective

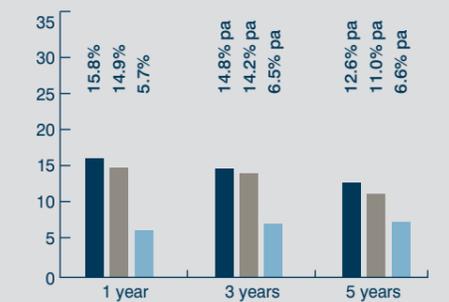
We aim to achieve a long-term net returns of at least 4% per annum above inflation (measured by CPI). In addition, we seek to outperform the Super Ratings Survey median manager.

Strategy

Invest mainly in equities and property, which are expected to earn higher returns over the long term. Invest the balance in more stable assets like fixed interest securities.



Asset Class	Benchmark Allocation	Permitted Range
Australian equities	35%	25-45%
Overseas equities	25%	15-35%
Property	10%	5-15%
Growth Alternatives	5%	0-10%
Defensive Alternatives	5%	0-10%
Diversified Fixed Interest	15%	10-20%
Cash	5%	0-10%



Legend:
 ■ Equipsuper Defined Benefit
 ■ SuperRatings Balanced (60-76 index)
 ■ Investment objective - (CPI+4%)

Net annual returns

30 June 2007: 15.8%	30 June 2006: 15.0%
30 June 2005: 13.5%	30 June 2004: 16.1%
30 June 2003: 2.9	

The resignation and retrenchment benefits for some defined benefit members are calculated using a rate of interest known as the "agreed" rate. This is the Equipsuper Conservative option's return over the financial year. This year that was 8.4%. It applies to the accumulation balances of Division B and some former members of the Water Industry Superannuation Fund.

There is also a defined benefit earning rate (DB rate) for the year ending 30 June 2005. This is equal to the return on the defined benefit assets for the year of 13.5%. This rate is used in similar circumstances to the agreed rate for all new defined benefit sub-funds covering members who transferred to Equipsuper since 1 January 2002.

sector specific option performance

The performance of the Sector Specific options is measured against recognised investment benchmarks. Our aim is to outperform those benchmarks in each asset class over rolling one to three-year periods.

Comparing performance

Our charts show how different Sector Specific options performed against their benchmarks. When comparing the performance of the Sector Specific options with benchmarks, you should use the gross returns (before fees and tax are taken out) figures, as the benchmarks are calculated on this basis.

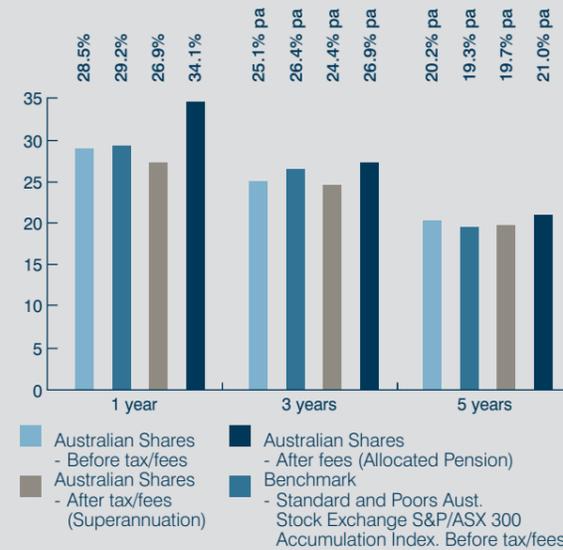
We have reported returns for the period that each option has been available.

For more information on risk and return, visit our website www.equipsuper.com.au

Australian Shares

Strategy

Invest in Australian companies, usually listed on the Australian Stock Exchange (ASX).



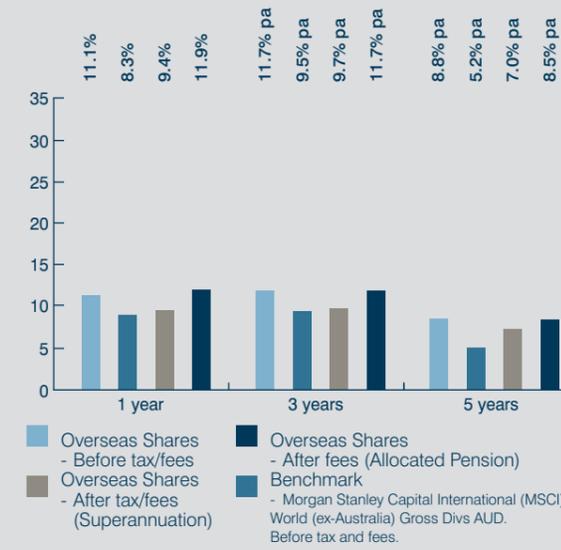
Net annual returns

30 June 2007; 26.9% (s) 34.1% (ap), 30 June 2006; 20.2% (s) 22.2% (ap)
 30 June 2005; 26.2% (s) 24.7% (ap), 30 June 2004; 23.0% (s) 23.3% (ap)
 30 June 2003; 3.7% (s) 3.0% (ap)

Overseas Shares

Strategy

Invest in overseas companies listed on one or more overseas stock exchanges.



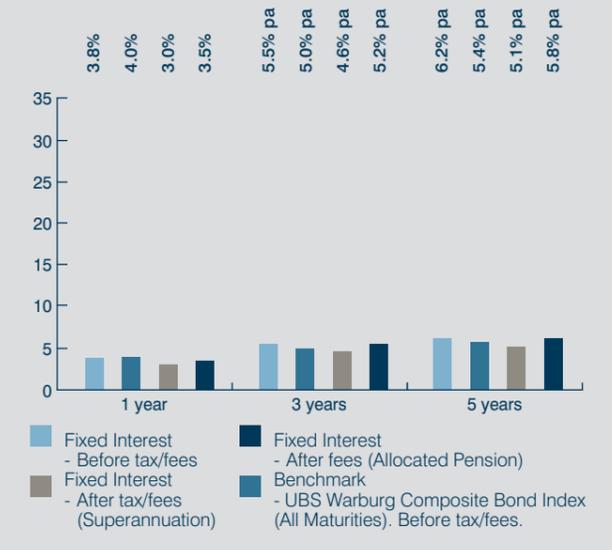
Net annual returns

30 June 2007; 9.4% (s) 11.9% (ap), 30 June 2006; 17.5% (s) 20.5% (ap)
 30 June 2005; 2.8% (s) 3.2% (ap), 30 June 2004; 22.6% (s) 25.1% (ap)
 30 June 2003; -13.2% (s) -13.6% (ap)

Fixed Interest

Strategy

Invest in interest bearing bonds and some indexed bonds in Australia and overseas.



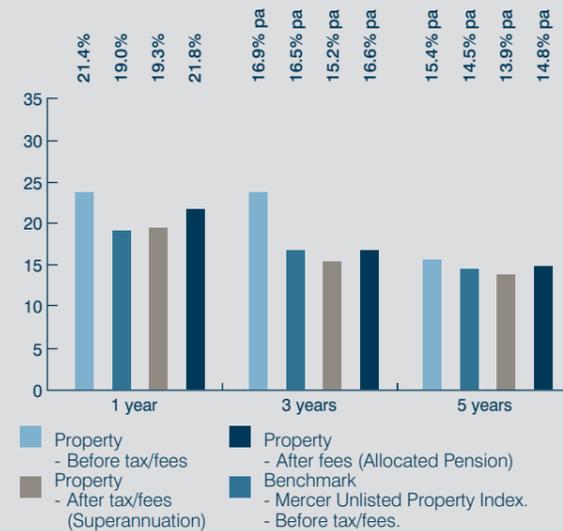
Net annual returns

30 June 2007; 3.0% (s) 3.5% (ap), 30 June 2006; 3.5% (s) 4.1% (ap)
 30 June 2005; 7.2% (s) 8.2% (ap), 30 June 2004; 3.1% (s) 3.4% (ap)
 30 June 2003; 8.9% (s) 10.2% (ap)

Property

Strategy

Invest in Australian and overseas listed and unlisted commercial property trusts.



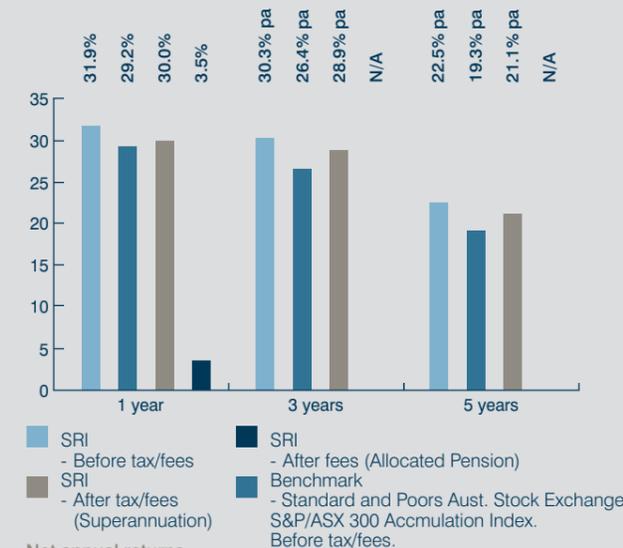
Net annual returns

30 June 2007; 19.3% (s) 21.8% (ap), 30 June 2006; 15.2% (s) 17.0% (ap)
 30 June 2005; 11.2% (s) 11.2% (ap), 30 June 2004; 11.7% (s) 11.6% (ap)
 30 June 2003; 12.3% (s) 12.9% (ap)

Sustainable Responsible Investments

Strategy

Invest in Australian companies, usually listed on the Australian Stock Exchange (ASX), subject to SRI criteria.



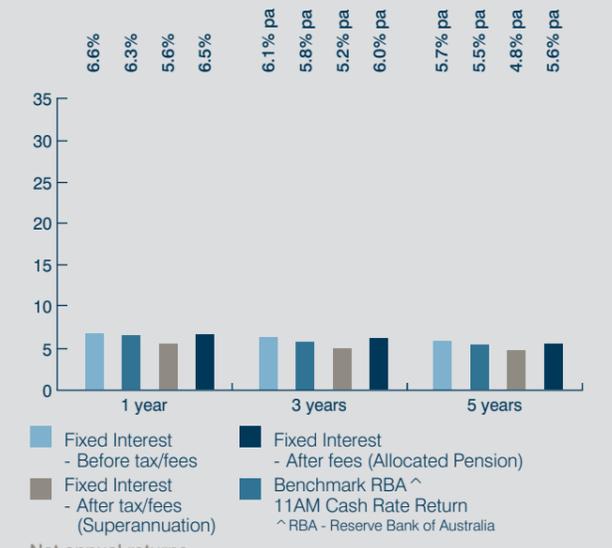
Net annual returns

30 June 2007; 30.0% (s) 3.5%* (ap), 30 June 2006; 27.3% (s) N/A (ap)
 30 June 2005; 29.3% (s) N/A (ap), 30 June 2004; 25.2% (s) N/A (ap)
 *SRI return is since inception of the investment option on 30 April 2007

Cash

Strategy

Invest cash in money market securities such as bank term deposits and bank bills.



Net annual returns

30 June 2007; 5.6% (s) 6.5% (ap), 30 June 2006; 4.9% (s) 5.8% (ap)
 30 June 2005; 5.0% (s) 5.7% (ap), 30 June 2004; 4.4% (s) 5.0% (ap)
 30 June 2003; 4.2% (s) 4.9% (ap)

Managing your investments

Equisuper may review and occasionally change investment managers employed on a long-term basis. Also, investment managers may be employed on a temporary basis when another fund transfers into Equisuper. Please refer to the website or call the Helpline for a current list of investment managers.

Our external investment managers as at 30 June 2007 were

AMP Capital Investors Limited
Australian equities, property, growth alternatives, defensive alternatives

AMP Charter Hall Property

Archer Capital Pty Ltd
Growth alternatives

Balanced Equity Management Pty Ltd
Australian equities

Brandes Investment Partners
Overseas equities

Bridgewater Associates Incorporated
Diversified fixed interest

BT Financial Group
SRI (Australian equities)

Campus Living Funds Management (Transfield Pty Ltd)
Defensive alternatives

Capital International Overseas equities

Charter Hall Group Property

Colonial First State Investment Limited
Diversified fixed interest, overseas equities, property, growth alternatives

DB RREEF Funds Management Limited
Property

Franklin Templeton Institutional
Overseas equities

Genesis Emerging Markets Investment Company
Overseas equities

GPT Group Property

Hastings Funds Management Limited
Defensive alternatives

Ironbridge Capital Management, LLC
Growth alternatives

Lazard Australia Asset Management
Australian equities

Lend Lease Real Estate Investments Limited
Property

Macquarie Goodman Wholesale Fund
Property

Macquarie Specialised Asset Management Limited
Growth alternatives

MLC / National
Growth alternatives, defensive alternatives

Next Capital Growth alternatives

Pantheon Ventures Limited
Growth alternatives

Paradise Investors Management
Australian equities

Perennial Investment Partners
Diversified fixed interest

Principal Global Investors Limited
Overseas equities (currency)

Quay Partners Australia Ltd
Growth alternatives

State Street Global Advisers Australia Ltd *
Overseas equities

The Vanguard Group, Inc Property

Warakirri Asset Management Pty Ltd
Defensive alternatives

Western Asset Management
Diversified fixed interest

* At 30 June 2007, the Fund's investment managed by State Street Global Advisers Australia Limited exceeded 5% of the Fund's total investments.

Your fund in perspective



John Rodd - Chief Financial Officer; Geoff Brooks - Manager, Communications

Member Administration

Acting Manager - John Rodd

The recent launch of Equisuper Financial Planning underscores the increasing member demand for advice on super and the development of personal financial strategies.

As we enter 2008, the Member Administration team's focus will be on ensuring that our administration capability properly supports the various levels of information and advice, including personal advice that you wish to access.

In 2006-07, we made substantial progress in bringing service levels closer to member expectations. We have issued Annual Member Statements for Equisuper Personal and Equisuper Corporate accumulation members. We expect to issue annual statements for defined benefit members at the end of November.

We have restructured and made some key appointments to enhance member services. Those appointments included the appointment of a dedicated Member Services Officer, with more service-oriented appointments in the pipeline.

The implementation of Simpler Super was a major administration challenge for Equisuper, CitiStreet and throughout the industry. However, we were able to configure the administration platform to manage the major changes introduced by Simpler Super in readiness for 1 July.

Communications

Manager - Geoff Brooks

The most demanding environment for communications is one which is constantly changing. The Federal Government's 2006 Budget signalled dramatic change for superannuation and we spent most of the latter part of the 2006-07 year in planning and communicating the opportunities that Simplified Super presents to you.

We understand your need for timely and accurate information and we have been developing a production system that will enable us to communicate more effectively in print and on-line in future.

Changes you can expect to see include opt-in subscriptions to:

- > An e-mail-based news alert system sent monthly to update you on items appearing on our website ;
- > A quarterly Equisuper Investment Report;
- > Information on special interest areas e.g. receive new fact sheets relevant to you as they are published.

In addition, your scheduled communications will consist of the Annual Report plus a single edition of the traditional newsletter in early March.

In the remainder of the year, we will send issues of a new Outperform Bulletin, which will be more flexible, to-the-point and, most of all, enable us to deliver printed information in a more timely and cost-efficient manner on significant issues affecting your super.

We will progressively release a new series of fact sheets in the first few months of 2007-08. They will be available for download from our website's Learning Centre Library.

We are also looking at further website development to improve your on-line experience. Greater interactivity with members is our overall objective in the year ahead. To understand your priorities in the way we interact with you, we have been conducting an extensive member satisfaction survey over recent months. This will be an important guide to our communications and services development in the future.



John Farrington - Manager, Client Relations; Cynthia Lui - Corporate Lawyer

Client Relations

Manager - John Farrington

The Client Relations team took substantial steps in getting out and about to meet members in 2006-07. We met over 10% of Fund members in the latter part of the year during presentations on the implications of Simplified Super.

Over the year, we delivered educational sessions to 4,013 members at 67 worksites. In addition, we delivered 19 evening *Retire with confidence* seminars attended by over 1,000 members and their partners.

Despite the necessary focus on member education, we also drove some product and service initiatives to provide members with broader choices and opportunities.

The primary changes were the introductions of:

- > Equisuper Financial Planning in June;
- > Equisuper's Non-Commutable Allocated Pension for members over 55 wanting to draw money from super while still working;
- > Greater investment choice with the addition of new 'Growth' and 'Balanced' investment options across all products; and
- > Discounted Will preparation service through State Trustees.

An important Client Relations function is enhancing the Fund's relationships with employer sponsors. To help us understand employer needs and prioritise future projects, we undertook the first of what will become an annual employer survey.

In addition, we launched our first Annual Policy Committee lunchtime information sessions in Melbourne and Adelaide. We will extend this series of events to Sydney in 2008.

This year we aim to continue to be more proactive in helping members to maximise their opportunities in the new superannuation environment and to continue to develop the service offering to make the members delighted to belong to Equisuper.

Legal and Compliance

Manager - Cynthia Lui

In June, we consolidated the Legal and the Risk and Compliance areas into one. There are many synergies between these two activities and bringing them together will enable us to eliminate duplication in certain aspects of running the Fund.

Overseeing the Fund's risk management processes also forms part of our function, with Keri Brown recently appointed as Manager, Risk and Compliance.

Legal and Compliance is a primary business activity in the regulated superannuation environment and plays an important role in ensuring the Fund and the Trustee company meet all their obligations as financial services licensees and in protecting the value of your assets.

Finance

Chief Financial Officer - John Rodd

These highlights from 2006-07 demonstrate Equisuper's financial position. This abridged financial information is based on the unaudited financial report of Equisuper as at 30 June 2007. The fully audited financial report and the auditor's report will be available to members from 31 October 2007. For a copy, please contact our Helpline 1800 682 626 after that date.

Reserves

The Trustee does not hold any investment reserves – members and employers are credited with the earnings of their investment options through the daily unit prices. The Trustee does hold other reserves for specific items. These are:

- > An administration reserve to help manage the operations of the Fund (since 1 July 2005). This reserve is invested in cash because of the requirement for the funds to be liquid. The administration reserve at 30 June 2007 was \$604,000. At 30 June 2006 it was \$370,000 and on 1 July 2005 was \$108,000; and
- > Self-insurance reserves for death and disablement cover for defined benefit members where insurers will not provide cover. These reserves are managed in accordance with the defined benefit investment strategy.

Until 1 July 2005 all reserves were part of the defined benefit assets of the Fund and not specifically identified. The administration and self-insurance reserves as at 30 June 2007 totalled \$16.8 million.

Statement of changes in net assets for year to 30 June	\$ 2007 Millions	\$ 2006 Millions
Net assets available to pay benefits at the beginning of the financial year	3,655	2,932
Plus		
Member contributions	53	27
Employer contributions	241	216
Transfers-in from other funds	137	261
Investment revenue	614	485
Total income	1,045	989
Less		
Investment expenses	10	10
Administration expenses	11	10
Insurance premiums	6	9
Pension payments	10	5
Benefit withdrawals	266	171
Income tax expense	76	54
Contributions tax (surcharge)	3	7
Total expenses	382	266
Net change for the year	663	723
Net assets available to pay benefits at the end of the financial year	4,318	3,655

Statement of net assets as at 30 June	\$ 2007 Millions	\$ 2006 Millions
Investments		
Internally managed investments		
Fixed interest securities	929	889
Real Estate Property	0	29
Shares and convertible notes in listed companies (Aust)	563	411
Shares and convertible notes in unlisted companies (Aust)	163	79
Externally managed investments		
International managers (fixed interest)	122	143
International managers (equities)	1,022	780
Domestic managers (fixed interest)	137	134
Domestic managers (equities)	923	809
Domestic managers (unlisted property trust)	521	424
Other assets		
Cash at bank	36	15
Receivables	25	16
Other	9	7
Total assets	4,450	3,736
Less		
Payables	18	12
Deferred income tax liabilities	89	65
Income tax payable	25	4
Total liabilities	132	81
Net assets available to pay benefits	4,318	3,655

How we pay surcharge assessments from the ATO

Even though the surcharge on superannuation contributions for high income earners was abolished from 1 July 2005, we may still receive a surcharge assessment for you from the Australian Taxation Office (ATO) for surcharge liabilities you accrued before that date. How we pay the surcharge depends on whether you are an accumulation or defined benefit member:

- > If you are an accumulation member we deduct the value of the surcharge assessment from your account; or
- > If you are a defined benefit member we charge the value of the surcharge assessment to your employer's Employer Benefit Account. The surcharge will then build up with interest and the final amount will be deducted from your account when you leave your employer.
- > If you are a defined benefit member with an additional accumulation account then any surcharge assessment can be applied to your accumulation account.

Your Privacy

Equisuper is required to comply with the Privacy Act 1988 (Cth) in relation to the collection of your personal information as a member of the Fund.

A copy of our Privacy Collection Notice is included in Equisuper Product Disclosure Statements. You can also obtain a copy from our website or by calling our Helpline.

The rights that you have as a member include the right to:

- > complain to Equisuper if you believe that it has improperly used or handled your personal information (refer to the details below); and
- > make a formal complaint to the Privacy Commissioner if you are not satisfied with the way that your complaint has been handled, or the outcome (the Privacy Commissioner can be contacted on 1800 620 241).

Please direct any concerns or queries on privacy to:

Manager, Risk and Compliance

Equisuper Pty Ltd,
PO Box 1146, Milton BC, QLD 4064
Tel: 03 9248 5903, Fax: 03 9602 4226.

Equisuper Complaint Procedures

If you are not satisfied with any of the products or services from Equisuper, you can utilise our complaints procedure. Whilst we prefer to receive complaints about complex matters in writing, complaints can be made either verbally or in writing to:

Member Services Manager

Equisuper Pty Ltd
PO. Box 1146, Milton QLD 4064
Phone: 1800 682 626
helpline@equisuper.com.au

We will respond with a decision within 90 days.

Unresolved issues

Equisuper always tries to resolve any complaints to the satisfaction of all concerned and in the best interests of all its members. However, if you have followed the steps outlined above and the matter is not resolved to your satisfaction, you may take the matter to the Superannuation Complaints Tribunal (SCT), or, if you are an employer sponsor, to the Financial Industry Complaints Service (FICS). Should you have an unresolved complaint about the handling of your personal information, you may take the matter to the Office of the Privacy Commissioner (OPC).

ASIC has an information line which you may use to make a complaint against any AFS licensee and obtain information about your rights.

For more information regarding complaints, please contact:

> **The Superannuation Complaints Tribunal (SCT)**
Locked Bag 3060
GPO Melbourne VIC 3001
Phone: 1300 780 808
www.sct.gov.au

> **Financial Industry Complaints Service (FICS)**
PO Box 579, Collins Street West,
Melbourne VIC 8007
Phone: 1300 780 808
www.fics.asn.au

> **Office of the Privacy Commissioner (OPC)**
GPO Box 5218, Sydney NSW 2001
Phone: 1300 363 992
www.privacy.gov.au

> **The Australian Securities and Investment Commission (ASIC)**
ASIC Complaints
PO Box 9149, Traralgon VIC 3844
Infoline: 1300 300 630
www.asic.gov.au

Lost members and unclaimed money

You become a lost member if mail sent to your last-known address is returned twice. When that happens we notify the Australian Taxation Office and your name is added to the Lost Members Register, from where you can obtain information about any superannuation benefits retained by funds that have lost contact with you.

If a benefit is payable to you and we have lost contact with you, your benefit is transferred to the Australian Taxation Office where it is held on your behalf until you claim it.

Director Elections

The structure of Equisuper and its board are described in Our Financial Services Guide available from our website or Helpline.

Member directors are elected by a ballot of all eligible members to hold office for three years unless they leave the Fund, voluntarily resign from office, become disqualified from holding office, or are removed from office by a majority vote of all members. Casual vacancies for member directors i.e. if a member director leaves office, are usually filled through an election.

Employer directors are elected by a ballot of all eligible employers (where each employer has voting rights in direct proportion to the number of Equisuper members it employs) to hold office for three years under basically the same arrangements as for member directors. They cannot, however, be removed by a majority vote of all members. They can be removed by the Trustee company in a General Meeting.

If a casual vacancy arises within 12 months of an election being held, the trustee board may respectively fill the vacancy for a member or employer director until the next election is due with the person who received the next-highest number of votes in the previous member or employer director ballot. Where a vacancy must be filled at short notice, the directors can choose a suitable replacement among the alternate directors or, if there are no alternates, the Board will choose an appropriate director.

Trustee Expenses and Liabilities

The directors receive remuneration from the Fund. The directors and Equisuper may be reimbursed and indemnified (protected) by the Fund for all expenses and liabilities which they incur in administering the Fund. However, this does not include:

- > Liabilities arising from Equisuper's fraud or dishonesty, intentional or reckless neglect, or intentional or reckless default;
- > Amounts, such as penalties, for which indemnification is not permitted under legislation.

Changing the Rules

As circumstances change from time to time, the Rules governing the Fund may need to be amended. Equisuper has the power to amend the provisions of the Rules. All amendments must comply with the amendment power in the Rules and also with any applicable Government requirement.

The Fund Rules were amended on 27 June 2007 as a result of the Better Super legislative reforms. The amendments include, amongst other things:

- > adopted the new 'account-based pension' rules;
- > addressed the new prohibition on paying pensions to certain children upon the death of a member on or after 1 July 2007; and
- > removed provisions which no longer applied.

Specialist advisors

Equisuper employs specialists to help run the Fund. The following were employed in the 2006-07 financial year:

- > **Mercer Human Resource Consulting Pty Ltd**
Actuarial advice.
- > **KPMG**
Internal auditing services
- > **PriceWaterhouseCoopers**
External auditing services
- > **JANA Investment Advisers**
Investment advice
- > **Ernst and Young**
Taxation advice
- > **Freehills**
Legal advice
- > **Greenfields**
Legal advice
- > **National Australia Custodian Services**
Custody of Equisuper's assets
- > **American Home Assurance Company**
Indemnity insurance to protect the Fund and directors.

Insurance

The Trustee holds professional indemnity insurance cover.

More information on your super

Equisuper produces a wealth of literature on your super. Your super and insurance is defined in your Equisuper Product Disclosure Statement. You also receive an Annual Member Statement.

Other documents to help you understand super and the way the Fund operates include:

Our Financial Services Guide, the Equisuper Trust Deed, the Investment Strategy Manual, the latest audited accounts and auditor's report, rules for the appointment and removal of trustee directors, the most recent actuarial report, Equisuper Learning Centre fact sheets, and the website www.equisuper.com.au.

Detailed information on Equisuper is readily available via our website, on request through the **Helpline 1800 682 626** and via e-mail: helpline@equisuper.com.au. You can download Equisuper publications and forms from the website, or request them via our Helpline.