



**Equisuper Superannuation Fund**

ABN 33 813 823 017

SFN 149801

SPIN EPL0100AU

**Equisuper Pty Ltd**

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AFSL 246383

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*quietly outperforming.*  
**equisuper,**

# Annual Report 2008

Annual Report 2008  
For Equisuper members

# The Equisuper Board



**Catherine Mary Walter (1)**  
**Chairman of Equisuper Pty Ltd**  
 (appointed 1 January 2006)  
 AM LLB (Hons), LLM, MBA  
 Mrs 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: Chairman of Australian Synchrotron, Non-Executive Director of Australian Foundation Investment Company Limited, Orica Limited, James Hardie Industries NV, Walter and Eliza Hall Institute of Medical Research, Melbourne Business School, Melbourne International Arts Festival, Payment Systems Board and Member of The Financial Reporting Council.

**John Azaris (2)**  
**Employer Director**  
 (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 Beeren (3)**  
**Employer Director**  
 (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.

**Robin Jervis-Read (4)**  
**Member Director**  
 (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 (5)**  
**Employer Director**  
 (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 (6)**  
**Member Director**  
 (appointed 1 January 1995)  
 John is a Technical Officer with SP-Ausnet with over 36 years experience in the power industry. He is an executive member of the ASU Victorian Authorities and Services Branch.

**Paul Healey (7)**  
**Member Director**  
 (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.

**Andrew John Pickering (8)**  
**Employer Director**  
 (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. Andrew is a Director of Wattle Point Holdings Pty Ltd, Wattle Point Wind Farm Pty Ltd, Pyrenees Wind Energy Holdings Pty Ltd and Pyrenees Wind Energy Developments Pty Ltd.

**Bryan Walsh (9)**  
**Member Director**  
 (appointed 1 February 2007)  
 Bryan has 19 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 and is the Lodge Secretary for the Loy Yang Power Station Lodge and a Board Member of the Victorian District of the Construction, Forestry, Mining and Energy Union's Mining and Energy Division. Bryan was previously employed by Westpac.

## Contents

The Equisuper Board	02
New initiatives benefit members	04
Focusing on long-term returns	05
Investment performance	06
Managing your investments	10
Financial statement	11
General information	13

## Important information

Recent changes allow super funds to publish their fund information online. In the interests of reducing the cost to members of producing and distributing the Annual Report and of reducing the amount of energy and paper consumed, we will publish the 2009 and future Equisuper Annual Reports as a PDF for download from our website. If you wish to continue receiving a printed copy of the Annual Report by mail free of charge, you can register your request via our website [www.equisuper.com.au](http://www.equisuper.com.au). Just click on the *Annual Report Mailing* link on the home page to access the registration form. Alternatively, you can contact our **Helpline 1800 682 626** and ask them to register your details for you.

This 2008 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.

Equisuper Financial Planning Pty Ltd (EFP) ABN 84 124 491 078 is owned by the trustee of the Equisuper Superannuation Fund and is a Corporate Authorised Representative of Health Super Financial Services Pty Ltd ABN 37 096 452 318, AFSL No 240019. For full information about the services and remuneration of EFP, please refer to the EFP Financial Services Guide, available by contacting 1800 065 753, or on the website [www.equipfp.com.au](http://www.equipfp.com.au).

## 2007 - 2008 Milestones

1 July 2007

Equisuper Financial Planning launched offering personal financial planning services to members.

31 July 2007

Launch of *supersubs* electronic news and information subscription service for members.

15 May 2008

Equisuper Allocated Pension receives SuperRatings' top Platinum rating to complement similar ratings for its corporate and personal superannuation products.

20 May 2008

EquipSelect premium member service launched.

1 July 2008

Fees reduced for most Equisuper Allocated Pension and Equisuper Non-Commutable Allocated Pension (NCAP) members.

In recent months, there has been considerable media coverage about investment markets and the outlook for the Australian and global economies. In last year's *Annual Report*, I noted the volatility of the markets. Since then we have seen further significant market movements and generally weak performance.

At Equisuper over the years, we have stressed that superannuation should be regarded as a long-term investment. We place our emphasis on delivering returns over longer periods. In this recent difficult period our investment strategy and procedures have been consistent with this objective.

Although no-one enjoys reporting negative returns, it is inevitable that over the long term this will occur in some years. When we look at the strong returns we have delivered to members over the medium to long term, I believe that our consistent and prudent stance to investing is well justified.

Although investment returns have been rightly receiving our attention over the past year, I would like also to highlight other initiatives that reflect our aim to improve your experience of dealing with Equisuper.

In the 2007-08 year, we moved to ensure that members approaching retirement could take advantage of the transition to retirement provisions set out in the Better Super legislation, which became effective on 1 July 2007.

We launched a Non-Commutable Allocated Pension (NCAP), allowing members who have reached Preservation Age to commence an income stream while still working. This also allows these members to take advantage of other possible strategies to increase their retirement savings.

I am pleased to announce that with the recent launch of our *DB Plus* facility, we became the first public offer fund in Australia to provide defined benefit members with access to an NCAP. This may provide a significant new opportunity for some defined benefit members to increase their retirement savings, while preserving their defined benefit and level of take home pay.

We were pleased to enter the 2008-09 financial year by announcing a reduction in fees for most allocated pension and NCAP account members and we will endeavour to ensure that the fees and charges paid by members reflect the value of the products, services and support provided. We will also aim to keep our fee levels competitive in the marketplace.

We are always ready to listen to what you are telling us about your overall experience of Equisuper. We have conducted member surveys over the past year to hear from you about where we are performing well and where we can improve.

We have implemented some of the changes suggested in the findings from our 2007 member research program and hope to use our surveys and regular contact with you to encourage you to confidently to build a lifetime relationship with us.



**Catherine Walter**  
Chairman

There is no doubt that the 2007-08 financial year was dominated by investment aspects and returns. The Federal Budget of May 2008 fortunately introduced little change for superannuation funds, allowing us to focus on achieving the best investment outcomes for you in a difficult and volatile investment climate.

The year has been a salutary lesson for many in two important investment principles – the need to develop and maintain a sound, long-term strategy and the benefits of diversifying investments.

The volatile investment markets have rightly focused everyone's attention on our primary responsibility to you as your super fund - to effectively manage your investments with an eye to delivering adequate long-term investment returns without taking excessive risk.

We are pleased to report that Equisuper has ridden the rises and falls of investment markets very well over the past year. If you have sufficiently diversified your accumulation or pension account investments across asset classes,

your retirement savings have not been unduly eroded through the volatility of the past year and may even have grown slightly.

The value we add to your investment strategy is developing and implementing sound investment policy and practices. These enable us to strike an appropriate balance between investment return and risk for the long term.

Sound investment practice has substantially contributed to Equisuper members not being directly exposed to companies whose share prices have almost collapsed due to the tightening credit markets and reductions in consumer spending.

Your *Annual Member Statement* is mailed separately to this publication and provides you with information on how your Equisuper investments have performed for you this year.

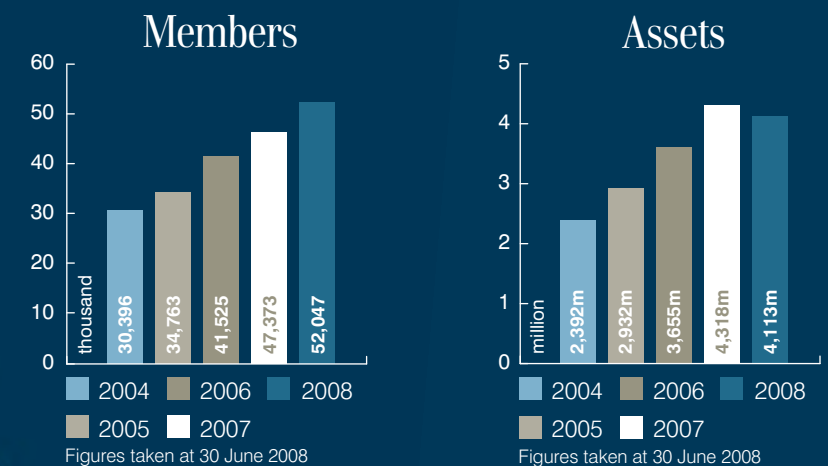
Whether your statement shows a positive or negative return, it is important to remember that the 2007-08 investment returns follow on several years of outstanding returns. This longer-term performance is reflected in the 5-year annual return figures.

As your super fund, we remain focused on achieving long-term investment outcomes that help you achieve your retirement goals. New products and product improvements, keeping member fees and charges as low as possible and improving services and communications are the other key areas on which we are focusing to deliver better outcomes for you.

We will continue to explore ways in which we can help you optimise your retirement savings. The introduction of Equisuper Financial Planning last year has added to the depth of service and advice we can offer you to achieve your financial goals. Many members have already accessed this service, showing that this initiative has been highly valued. I am pleased that this service has been welcomed by our members, as its success is based on the trust and loyalty that you have for Equisuper.



**Robin Burns**  
Chief Executive Officer



## diversified option performance at 30 June 2008

## defined benefit performance

### Growth Plus

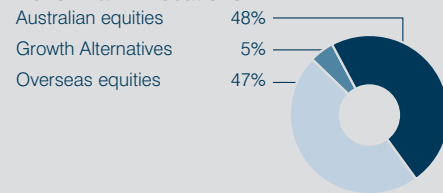
#### Investment objective\*

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.

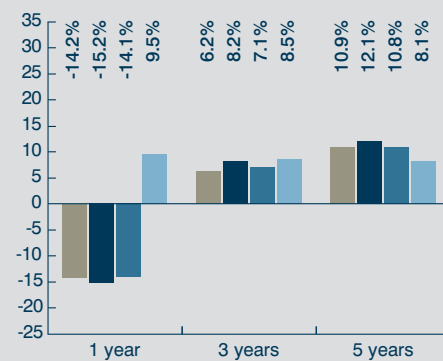
#### Benchmark Allocations ^



Actual asset allocation for 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 five years. ^^



■ Growth Plus (Superannuation)  
■ Growth Plus (Income Streams)  
■ SuperRatings High Growth (All Funds Median)  
■ Investment objective (CPI+5%)

Net annual returns#	Superannuation	Income Streams
30 June 2008	-14.2%	-15.2%
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%

### Growth

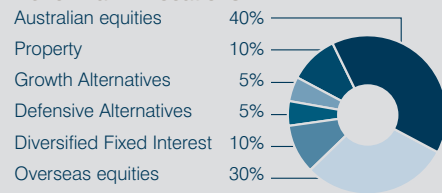
#### Investment objective\*

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.

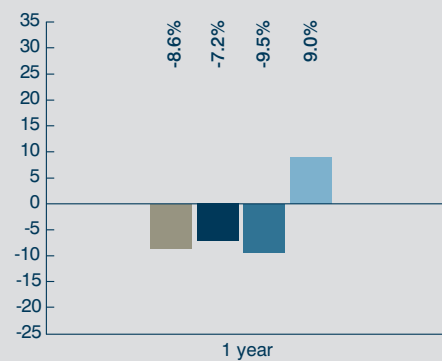
#### Benchmark Allocations ^



Actual asset allocation for 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.



■ Growth (Superannuation)  
■ Growth (Income Streams)  
■ SuperRatings Growth (All Funds Median)  
■ Investment objective (CPI+4.5%)

Net annual returns#	Superannuation	Income Streams
30 June 2008	-8.6%	-7.2%
30 June 2007**	14.6%	17.3%
30 June 2006	-	-
30 June 2005	-	-
30 June 2004	-	-

### Balanced Growth

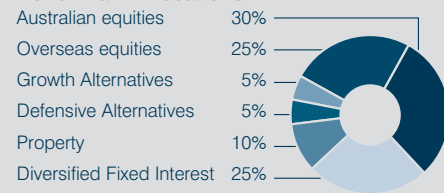
#### Investment objective\*

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.

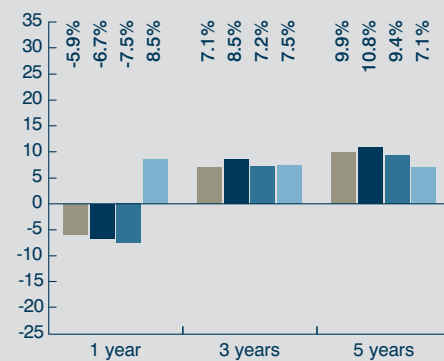
#### Benchmark Allocations ^



Actual asset allocation for 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 five years. ^^



■ Balanced Growth (Superannuation)  
■ Balanced Growth (Income Streams)  
■ SuperRatings Balanced (All Funds Median)  
■ Investment objective (CPI+4%)

Net annual returns#	Superannuation	Income Streams
30 June 2008	-5.9%	-6.7%
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%

### Balanced

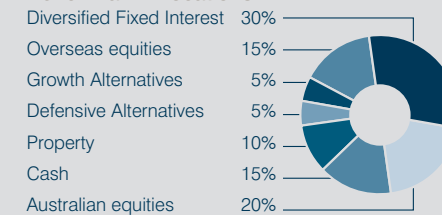
#### Investment objective\*

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.

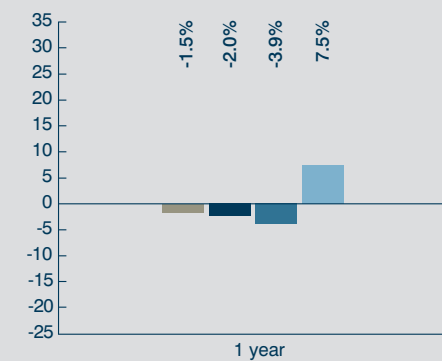
#### Benchmark Allocations ^



Actual asset allocation for 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.



■ Balanced (Superannuation)  
■ Balanced (Income Streams)  
■ SuperRatings Conservative Balanced (All Funds Median)  
■ Investment objective (CPI+3%)

Net annual returns#	Superannuation	Income Streams
30 June 2008	-1.5%	-2.0%
30 June 2007**	9.9%	11.5%
30 June 2006	-	-
30 June 2005	-	-
30 June 2004	-	-

### Conservative

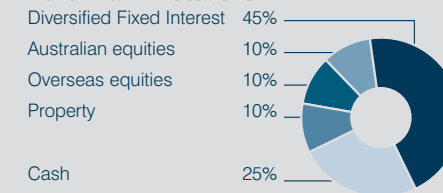
#### Investment objective\*

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.

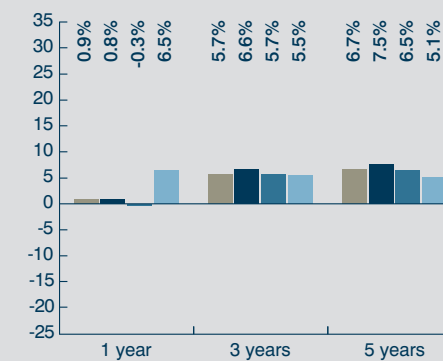
#### Benchmark Allocations ^



Actual asset allocation for 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 five years. ^^



■ Conservative (Superannuation)  
■ Conservative (Income Streams)  
■ SuperRatings Capital Stable (All Funds Median)  
■ Investment objective (CPI+2%)

Net annual returns#	Superannuation	Income Streams
30 June 2008	0.9%	0.8%
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%

### Defined Benefit

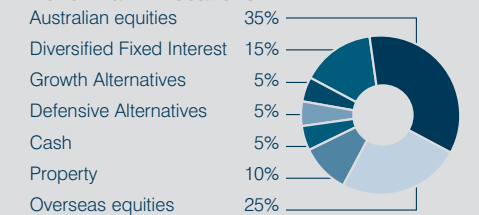
#### Investment objective\*

We aim to achieve a long-term net return 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.

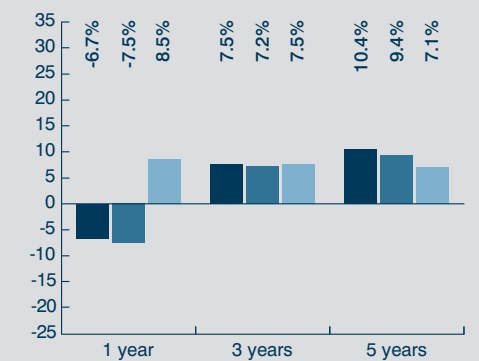
#### Benchmark Allocations ^



Actual asset allocation for 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	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%

This is how the Defined Benefit option performed against its objectives and other funds over the past five years. ^^



■ EquipSuper Defined Benefit  
■ SuperRatings Defined Balanced (All Funds Median)  
■ Investment objective (CPI+4%)

Net annual returns#	Defined Benefit
30 June 2008	-6.7%
30 June 2007	15.8%
30 June 2006	15.0%
30 June 2005	13.5%
30 June 2004	16.1%

\* The investment objectives are not forecasts or predictions. They simply represent a benchmark against which the Trustee monitors performance.  
^ The benchmark allocations for this investment option changed from 2 October 2006.  
# Note that past performance is no indication of future performance.

\*\* Since inception, 2 October 2006.  
^^ The three and five year figures provided are the compound average effective rate of net earnings over the respective periods.

## sector specific option performance at 30 June 2008

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. As well as net returns, the investment returns reported here include gross returns (before investment fees and tax are taken out) so you can compare them with the relevant index for their asset class. We have reported returns for the period that each option has been available.

The three and five year figures provided in the graphs show the compound average effective rate of net earnings over the respective periods. Past performance is not necessarily indicative of future performance.

### Sustainable Responsible Investments (SRI)

The SRI option is a Sector Specific option and is almost entirely invested in Australian shares. For investment options other than the 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.

For more information on risk and return, visit our website [www.equipsuper.com.au](http://www.equipsuper.com.au)

### Australian Shares

#### Strategy

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



■ Australian Shares (before tax/fees) (Superannuation) ■ Australian Shares (after fees) (Income Streams) ■ Australian Shares (after tax/fees) (Superannuation) ■ Benchmark (before tax/fees) (Standard and Poors Aust. Stock Exchange S&P/ASX 300 Accumulation Index)

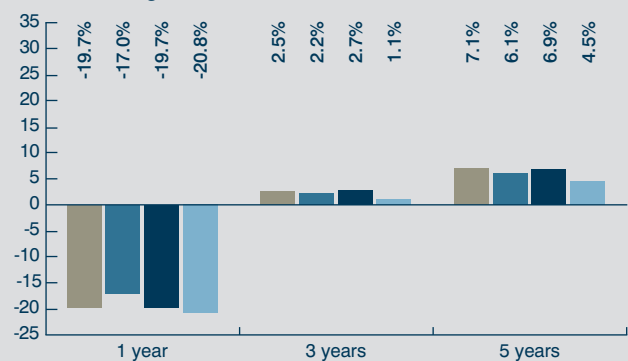
Net annual returns*	Superannuation	Income Streams
30 June 2008	-13.0%	-13.8%
30 June 2007	26.9%	34.1%
30 June 2006	20.2%	22.2%
30 June 2005	26.2%	24.7%
30 June 2004	23.0%	23.3%

# Note that past performance is no indication of future performance.

### Overseas Shares

#### Strategy

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



■ Overseas Shares (before tax/fees) (Superannuation) ■ Overseas Shares (after fees) (Income Streams) ■ Overseas Shares (after tax/fees) (Superannuation) ■ Benchmark (before tax/fees) (Morgan Stanley Capital International (MSCI) World (ex-Australia) Gross Divs AUD)

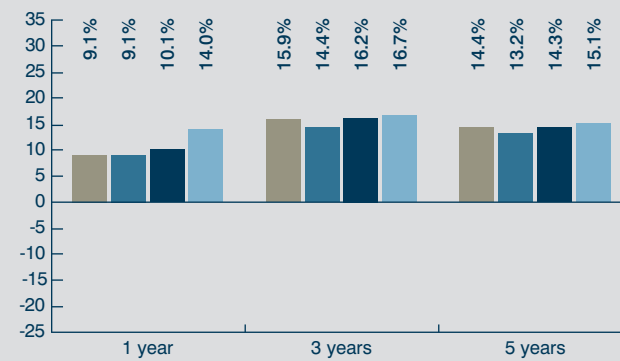
Net annual returns*	Superannuation	Income Streams
30 June 2008	-17.0%	-19.7%
30 June 2007	9.4%	11.9%
30 June 2006	17.5%	20.5%
30 June 2005	2.8%	3.2%
30 June 2004	22.6%	25.1%

# Note that past performance is no indication of future performance.

### Property

#### Strategy

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



■ Property (before tax/fees) (Superannuation) ■ Property (after fees) (Income Streams) ■ Property (after tax/fees) (Superannuation) ■ Benchmark (before tax/fees) (Mercer Unlisted Property Index)

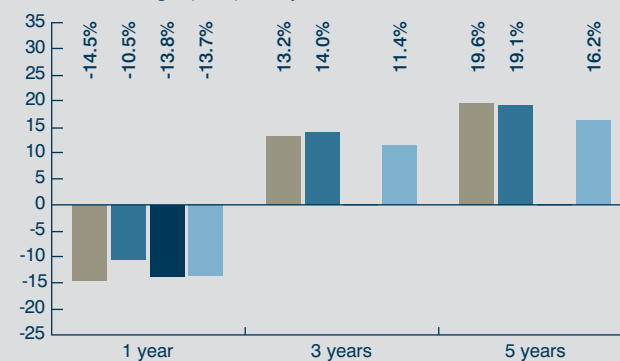
Net annual returns*	Superannuation	Income Streams
30 June 2008	9.1%	10.1%
30 June 2007	19.3%	21.8%
30 June 2006	15.2%	17.0%
30 June 2005	11.2%	11.2%
30 June 2004	11.7%	11.6%

# Note that past performance is no indication of future performance.

### Sustainable Responsible Investments

#### Strategy

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



■ SRI (before tax/fees) (Superannuation) ■ SRI (after fees) (Income Streams) ■ SRI (after tax/fees) (Superannuation) ■ Benchmark (before tax/fees) (Standard and Poors Aust. Stock Exchange S&P/ASX 300 Accumulation Index)

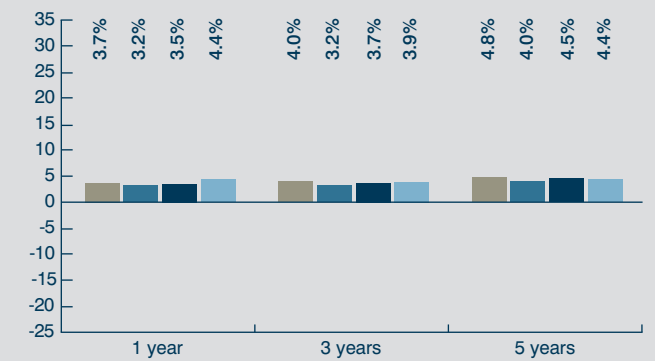
Net annual returns*	Superannuation	Income Streams
30 June 2008	-10.5%	-13.8%
30 June 2007	30.0%	-
30 June 2006	27.3%	-
30 June 2005	29.3%	-
30 June 2004	25.2%	-

# Note that past performance is no indication of future performance.

### Fixed Interest

#### Strategy

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



■ Fixed Interest (before tax/fees) (Superannuation) ■ Fixed Interest (after fees) (Income Streams) ■ Fixed Interest (after tax/fees) (Superannuation) ■ Benchmark (before tax/fees) (UBS Warburg Composite Bond Index (All Maturities))

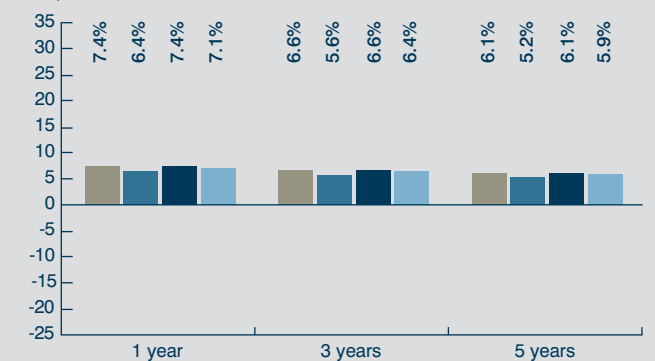
Net annual returns*	Superannuation	Income Streams
30 June 2008	3.2%	3.5%
30 June 2007	3.0%	3.5%
30 June 2006	3.5%	4.1%
30 June 2005	7.2%	8.2%
30 June 2004	3.1%	3.4%

# Note that past performance is no indication of future performance.

### Cash

#### Strategy

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



■ Cash (before tax/fees) (Superannuation) ■ Cash (after fees) (Income Streams) ■ Cash (after tax/fees) (Superannuation) ■ Benchmark RBA ^ (11AM Cash Rate Return ^ RBA - Reserve Bank of Australia)

Net annual returns*	Superannuation	Income Streams
30 June 2008	6.4%	7.4%
30 June 2007	5.6%	6.5%
30 June 2006	4.9%	5.8%
30 June 2005	5.0%	5.7%
30 June 2004	4.4%	5.0%

# Note that past performance is no indication of future performance.

Equipsuper reviews and may 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 Equipsuper. Please refer to the website or call the Helpline for a current list of investment managers.

Our external investment managers as at 30 June 2008 were

**AllianceBernstein Investment Management Australia Limited**  
Overseas equities

**AMP Capital Investors Limited**  
SRI (Australian equities),  
Property, growth alternatives,  
defensive alternatives (232 497) \*

**AMP Charterhall**  
Property

**Archer Capital Pty Ltd**  
Growth alternatives (235 231)

**Baillie Gifford Overseas Limited**  
Overseas equities

**Balanced Equity Management Pty Ltd**  
Australian equities (247 025)

**Brandes Investment Partners**  
Overseas equities

**Bridgewater Associates Incorporated**  
Growth alternatives

**BT Financial Group**  
SRI (Australian equities)

**Campus Living Funds Management (Transfield Pty Ltd)**  
Defensive alternatives (297 015)

**Capital International**  
Overseas equities

**CB Richard Ellis Global Real Estate Securities, LLC** (313 203) Property

**Charter Hall Funds Management Ltd**  
Property (262 861)

**Colonial First State Investment Ltd**  
Overseas equities, property, growth  
alternatives (232 468)

**Franklin Templeton Investments Australia Limited**  
Overseas equities (225 328)

**Genesis Emerging Markets Investment Company**  
Overseas equities

**Goodman Funds Management Australia Limited**  
Property (289 100)

**Gordon Property Trust**  
Property (238 163)

**GPT Group**  
Property (298 248)

**Hasting Funds Management Limited**  
Defensive alternatives (238 309)

**Ironbridge Capital Pty Limited**  
Growth alternatives (237 556)

**Lazard Australia Asset Management**  
Australian equities (238 432)

**Lend Lease Real Estate Investments Ltd**  
Property (250 095)

**Macquarie Investment Management Limited**  
Australian equities (237 492)

**Macquarie Specialised Asset Management Limited**  
Growth alternatives (241 104)

**MLC Investments Limited**  
Growth alternatives, defensive  
alternatives (230 705)

**Next Capital**  
Growth alternatives (289 762)

**Orion Asset Management Limited**  
Australian equities (232 379)

**Pantheon Ventures Limited**  
Growth alternatives

**Paradice Investment Management Pty Ltd**  
Australian equities (224 158)

**Perennial Investment Partners**  
Diversified fixed interest , Property  
(238 763)

**Principal Global Investors Limited**  
Overseas equities (currency) (225 385)

**Quay Partners Australia Limited**  
Growth alternatives (221 530)

**Retirement Villages Group**  
Growth alternatives (302 711)

**Siguler Guff & Company, LLC**  
Growth alternatives

**State Street Global Advisers Australia Limited** Overseas equities (238 276)

**Warakirri Asset Management Pty Ltd**  
Defensive alternatives (246 782)

\* Each investment manager's Australian Financial Services License number is provided in parentheses where appropriate. The sum of Fund investments associated with AMP exceeded 5% of total Equipsuper Funds Under Management (FUM) at 30 June 2008. These included direct equity investments in AMP and assets in AMP managed trusts. Equipsuper investments in Australian Government bonds also exceeded 5% of total FUM at 30 June 2008.

## Finance

These highlights from 2007-08 demonstrate Equipsuper's financial position. This abridged financial information is based on the unaudited financial report of Equipsuper as at 30 June 2008. The fully audited financial report and the auditor's report will be available to members from 31 October 2008. For a copy, please contact our Helpline 1800 682 626 after that date.

### Reserves

The Trustee does not hold any investment reserves, but does hold other reserves for specific items. These are:

- > An operational risk 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 2008 was \$848,000. At 30 June 2007 it was \$604,000. At 30 June 2006 it was \$370,000; and
- > Self-insurance reserves for death and disablement cover for certain defined benefit members. 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 operational risk and self-insurance reserves as at 30 June 2008 totalled \$13.3 million.

Statement of changes in net assets for year to 30 June	2008 \$ Millions	2007 \$ Millions
Net assets available to pay benefits at the beginning of the financial year	4318	3,655
<b>Plus</b>		
Member contributions	26	53
Employer contributions	274	241
Transfers-in from other funds	88	112
Investment revenue	(294)	614
<b>Total income</b>	<b>94</b>	<b>1,020</b>
<b>Less</b>		
Investment expenses	14	10
Administration expenses	15	11
Insurance premiums	7	6
Pension payments	12	7
Benefit withdrawals	270	244
Income tax expense	(19)	76
Contributions tax (surcharge)	0	3
<b>Total expenses</b>	<b>299</b>	<b>357</b>
<b>Net change for the year</b>	<b>(205)</b>	<b>663</b>
<b>Net assets available to pay benefits at the end of the financial year</b>	<b>4113</b>	<b>4,318</b>

Statement of net assets as at 30 June	2008 \$ Millions	2007 \$ Millions
<b>Investments</b>		
<b>Investments</b>		
Cash	434	394
Fixed Interest	736	794
Property	494	521
Australian Equities	1,299	1,486
International Equities	874	1,022
Defensive Alternatives	90	81
Growth Alternatives	184	82
<b>Other assets</b>		
Cash at bank	16	36
Receivables	26	25
Other	7	9
<b>Total assets</b>	<b>4,160</b>	<b>4,450</b>
<b>Less</b>		
Payables	19	18
Deferred income tax liabilities	23	89
Income tax payable	5	25
<b>Total liabilities</b>	<b>47</b>	<b>132</b>
<b>Net assets available to pay benefits</b>	<b>4,113</b>	<b>4,318</b>

## 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

Equipsuper 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 Statement is included in Equipsuper 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 Equipsuper if you believe that Equipsuper has improperly used or handled your personal information; 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.

Please direct any concerns or queries on privacy to:

**Head of Legal and Compliance**  
 Equipsuper Pty Ltd  
 GPO Box 1146, Milton BC, QLD, 4064  
 Phone: 1800 682 626  
 Facsimile: 03 9248 5990

## Equipsuper Complaint Procedures

If you are not satisfied with any of the products or services from Equipsuper, 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**  
 Equipsuper Pty Ltd  
 PO. Box 1146  
 Milton BC, QLD, 4064  
 Phone: 1800 682 626  
 helpline@equipsuper.com.au

We will respond with a decision within 90 days.

## Unresolved issues

Equipsuper 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 Ombudsman Service Limited (FOS). 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 Ombudsman Service Limited (FOS)**  
 GPO Box 3  
 Melbourne VIC 3001  
 Phone: 1300 780 808  
 www.fos.org.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 Investments Commission (ASIC)**  
 ASIC Complaints  
 PO Box 9149  
 Traralgon VIC 3844  
 Infoline: 1300 300 630  
 www.asic.gov.au

## More information on your super

Equipsuper produces a wealth of literature on your super. Your super and insurance is defined in your Equipsuper 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 Equipsuper 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, Equipsuper Learning Centre fact sheets, and the website [www.equipsuper.com.au](http://www.equipsuper.com.au).

Detailed information on Equipsuper is readily available via our [website](http://www.equipsuper.com.au), on request through the **Helpline 1800 682 626** and via e-mail: [helpline@equipsuper.com.au](mailto:helpline@equipsuper.com.au).

You can download Equipsuper publications and forms from the website, or request them via our Helpline.

## Past performance

While historical performance does not guarantee future 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.

## Role of the Eligible Rollover Fund

An Eligible Rollover Fund (ERF) is a fund approved by the Australian Prudential Regulation Authority (APRA), which can receive benefits payable to members of superannuation funds who cannot be located or who do not respond to letters regarding payment of their benefits. If your benefit is paid to an ERF, it will no longer be with Equipsuper and can only be claimed by contacting the ERF to which it was paid. We have selected AMP as the Equipsuper ERF. Contact details are:

Fund Administrator  
AMP Eligible Rollover Fund  
Locked Bag 5400, Parramatta, NSW, 1741  
Phone: 1300 300 288

We may pay your benefit into an Eligible Rollover Fund (ERF) if your benefit is less than \$1,000. This may occur if:

- You have been a member of Equipsuper Personal for at least 90 days;
- You are not an ex-member of the Water Industry Superannuation Fund;
- You do not have any type of insurance cover.

Subject to the conditions above, Equipsuper may make monthly transfers to the AMP Eligible Rollover Fund. Being transferred to an ERF may affect your benefits because you will become a member of the AMP ERF. If Equipsuper can provide AMP with your current contact details, AMP will provide you with its current Product Disclosure Statement (PDS), which outlines all the operational details of its fund. You can contact AMP for a copy of its PDS.

AMP may credit a low rate of interest (which in some years maybe 0%). AMP will apply a different fee structure. AMP is required to "member protect" your benefit. This means that administration charges cannot exceed investment earnings on your account in a reporting period. However, indirect management fees may be deducted from gross fund earnings. You should refer to the AMP PDS for circumstances in which fees may apply.

AMP invests your benefit in a low-risk strategy, predominantly cash and short-term fixed interest investments. You should evaluate whether the strategy is appropriate to your specific circumstances. AMP does not offer insured benefits in the event of death or disability.

## Lost members and unclaimed money

You may 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 the amounts payable to you become 'unclaimed money' (as defined in superannuation legislation) your benefit is transferred to the ATO where it is held on your behalf until you claim it.

## Director elections

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

One of the unique aspects of Equipsuper is that our directors are elected. We have four elected member directors and four elected employer directors on the board. Together these directors appoint an independent chairman.

The elections are run according to the Equipsuper Election Rules. Member directors are elected by a ballot of all eligible members. Their position becomes vacant in circumstances such as 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.

Employer directors are elected by a ballot of all eligible employers (each employer has voting rights in direct proportion to the number of Equipsuper members it employs). Their position becomes vacant in circumstances such as they voluntarily resign from office, become disqualified from holding office or are removed from office by the trustee company in a general meeting.

## Trustee expenses and liabilities

The directors receive remuneration from the Fund. The directors and Equipsuper may be reimbursed and indemnified (protected) by the Fund for all expenses and liabilities which they incur in administering the Fund. The Trustee has also effected trustee indemnity insurance to cover the directors and the Fund in the event of claims. However, this does not include:

- > Liabilities arising from Equipsuper's fraud or dishonesty; and
- > Amounts, such as penalties, for which indemnification is not permitted under legislation.

## Insurance

The Trustee holds professional indemnity insurance cover.

## Changing the Rules

As circumstances change from time to time, the Rules governing the Fund may need to be amended. Equipsuper 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.

Equipsuper will inform members in writing of the nature, purpose and effect of an amendment if and when required to do so by relevant law.

## 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 'buy' price.

We apply buy-sell spreads to the buy unit price calculated for the various investment options to calculate a 'sell' price. The difference between the two prices is the transaction cost.

Your account balance is always 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 or rollover to another fund.

Unit prices go up and down according to investment performance. These movements are reflected in your account balance.

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 unit prices are calculated after an estimate of investment fees and taxes are taken out. These estimates will be adjusted as information becomes available for the calculation of future prices.

## Derivatives

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

## Specialist advisors

Equipsuper employs specialists to help run the Fund. The following were employed in the 2007-08 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 Lawyers** Legal advice
- > **National Australia Custodian Services**  
Custody of Equipsuper's assets
- > **American Home Assurance Company**  
Indemnity insurance to protect the Fund and directors