

Retirement Fund

ABN 92 861 884 632

RSE Registration No R1004847

Retirement Income Plan

Superannuation Plan

Super Pension Plan

Super Accumulation Plan

Term Allocated Pension

Annual report 2008/09

Reporting period from 1 July 2008 to 30 June 2009

23 December 2009

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Report to members

Dear Member

I am pleased to present The Portfolio Service Retirement Fund (Retirement Fund) annual report for the year ended 30 June 2009.

Questor Financial Services Limited (Questor) has prepared this annual report in its capacity as the Trustee of the Retirement Fund.

The Retirement Fund, which commenced operation on 10 December 1992, had total funds under management of \$4.9 billion on behalf of 43,000 members as at 30 June 2009.

We will continue to provide you with high quality customer service and look forward to updating you on any future improvements to the Retirement Fund.



Christopher F Kelaher
Managing Director
Questor Financial Services Limited

A review of the 2008/09 financial year

Super changes that took effect from 1 July 2008

- The measures relating to same-sex couples, as outlined in last year's annual report, was made law. As a result same-sex partners and their children are treated similarly to members of married and de-facto couples under superannuation and taxation law from 1 July 2008. Certain provisions took effect from 1 July 2009.
- The legislation relating to temporary residents' superannuation accounts took effect during the financial year. Under the legislation, the superannuation balance of a temporary resident will become unclaimed and payable to the Commonwealth where at least six months have passed since the individual's temporary visa ceased to be in effect and the individual has departed Australia. From 1 April 2009 an individual who was or is a temporary resident may only claim their superannuation as a single lump sum Departing Australia Superannuation Payment.
- The provisions for splitting the superannuation interests of married couples who are divorcing have been extended to same-sex and opposite sex couples under the operation of new Commonwealth laws. However, the changes rely on referrals to the new law by relevant State laws.
- In the latter half of the year, the government announced that the minimum permissible annual drawdown amounts on account based pensions, allocated pensions and term allocated pensions was halved. Individuals had the option of reducing their payment or continuing with their existing payments. Those individuals who had effectively received more

than the new minimum annual amount at the time of the announcement had the option of ceasing further payments for the financial year.

Super changes that took effect from 1 July 2009

Government's Super Co-contribution

Following the announcement in the May 2009 Federal budget, the government has reduced the co-contribution for eligible after-tax contributions made in the period 1 July 2009 to 30 June 2014. The new superannuation co-contribution matching rates will be:

- 100% (\$1.00 for every \$1.00) for the 2009/10, 2010/11 and 2011/12 financial years, with a maximum superannuation co-contribution of \$1,000
- 125% (\$1.25 for every \$1.00) for the 2012/13 and 2013/14 financial years, with a maximum superannuation co-contribution of \$1,250
- 150% (\$1.50 for every \$1.00) from 2014/15 onwards, with a maximum superannuation co-contribution of \$1,500.

For the 2009/10 year, if you make a personal after-tax contribution and your income is less than \$31,920, the Government will contribute a dollar for every dollar you contribute up to a maximum co-contribution of \$1,000 pa. The maximum co-contribution payable reduces by 3.333 cents for every dollar you earn over \$31,920 and phases out at \$61,920. There are other conditions that you must also meet to be eligible to receive the co-contribution.

Change in contribution caps

The non-concessional contribution cap will remain at \$150,000 per person for the 2009/10 financial year.

The concessional contribution cap has been halved to \$25,000. A transitional measure permits those who are age 50 and over (or from the year they turn 50) to contribute up to \$50,000 per year up to 30 June 2012. Individuals who are making salary sacrifice contributions or deductible contributions to super this financial year should be careful not to exceed the reduced contribution cap to avoid penalty taxes on excess contributions.

Reduced minimum pension payment limits extended

The government has extended the reduced minimum drawdown amounts on allocated pensions, account based pensions and term allocated pensions to 30 June 2010. Individuals who invested in any of these products can benefit from the reduced minimum payments for the 2009/10 financial year.

Changes to the Retirement Fund

Expense recovery

Questor has decided to recover some of the expenses incurred over the past financial year. The Product Disclosure Statement for each product stipulates that only properly incurred expenses, such as audit, legal and statutory fees, may be recovered from the Retirement Fund. The result is an expense recovery for the 2008/09 financial year of \$40 per account.

Insurance changes

From April 2009, revised medical underwriting limits apply to insurance in TPS. The revised limits mean that TOWER will accept a higher proportion of applicants without requiring a full medical.

The underwriting limits are:

Age	Sum Insured	Personal Statement	Blood Tests	Fastcheck Medical
Under 55	Up to \$1,500,000	✓		
	\$1,500,001 to \$2,000,000	✓	✓	
	\$2,000,001 to \$3,000,000	✓	✓	✓
	Over \$3,000,000	Refer to Underwriting		
55 & over	Up to \$1,000,000	✓		
	\$1,000,001 to \$1,500,000	✓	✓	
	\$1,500,001 to \$2,000,000	✓	✓	✓
	Over \$2,000,000	Refer to Underwriting		

SCI Benefit

Age	Monthly Benefit	Personal Statement	Blood Tests	Full Medical
16 to 65	Up to \$10,000	✓		
	\$10,001 - \$15,000	✓	✓	
	\$15,001 - \$20,000	✓	✓	✓

Super Pension Plan transfer

During January 2009, all Super Pension Plan clients were transferred to the Retirement Income Plan. The transfer was completed by the end of February 2009. Information about the transfer was sent to members before the transfer.

Cash Parking Account transfer

Commencing at the end of December 2009, all Cash Parking Account clients will be transferred to the Superannuation Plan. The transfer will take place over approximately a week with an expected completion date of January 2010. Additional information, about the transfer, will be forwarded to members before the transfer.

Change to Retirement Fund Eligible Rollover Fund

Effective July 2009, The Trustee of The Fund has changed the Eligible Rollover Fund from Australian Eligible Rollover Fund to SMF Eligible Rollover Fund. For additional information about SMF Eligible Rollover Fund, see 'lost members' on page 17.

Changes to the list of managed investments for the 2008/09 financial year

Throughout the year, there have been a number of changes to the list of managed funds available via the Retirement Fund. The managed funds that were added to the List of Investment Strategies for the Retirement Fund are:

- Blackrock Wholesale Australian Share Fund
- Legg Mason Permal Investment Holdings Trust
- Perennial Protected Cash Trust
- Solaris Core Australian Equity Fund
- United Capital Secure Fund
- United Sector Leaders Capital Balanced Fund
- United Sector Leaders Fixed Interest Fund
- Zurich Investments Equity Income Fund
- The Conservative Outcomes Fund (Closed)
- The Enhanced Outcomes Fund (Closed)
- The Global Long Short Fund (Closed)
- The Hi Growth Outcomes Fund (Closed)
- The Moderate Outcomes Fund (Closed)

During the financial year the following funds were removed from Retirement Fund's List of Investment Strategies:

- AMP Structured High Yield Fund
- Australian Unity Wholesale Mortgage Income Trust
- Challenger Howard Mortgage Fund
- Challenger Wholesale High Yield Fund
- Challenger Wholesale Select Australian Share Fund
- Credit Suisse International Share Fund
- DWS Strategic Value Fund
- Ellerston Asia Fund
- Franklin International Property Fund
- ING Wholesale Balanced Fund
- Investors Mutual Future Leaders Fund
- Manifest Australian Equity Fund
- Perpetual Monthly Income Fund
- The All Weather Fund
- The Australian Emerging Managers Fund
- The Balanced Outcomes Fund (Closed)

The following funds were subject to redemption restrictions as at 30 June 2009:

- AMP Core Property Trust
- AMP Structured High Yield Fund
- Australian Unity Wholesale Mortgage Income Trust
- Challenger High Yield Fund
- Challenger Howard Wholesale Mortgage Fund
- DWS Strategic Value Fund
- Manifest Australian Equity Fund
- Perpetual Monthly Income Fund
- Perpetual Wholesale Monthly Income Fund
- The All Weather Fund
- The Australian Emerging Managers Fund

Your right to request redemptions from these funds may vary in frequency from daily to annual. For further information on these funds please contact Client Advisory Services on 1800 221 151(freecall), Monday to Friday between 9.00am and 6.00pm (Sydney time).

Investment strategies and objectives

Superannuation Plan, Super Accumulation Plan, Retirement Income Plan, Term Allocated Pension and Super Pension Plan (closed)

The Trustee offers an extensive range of investment options, including managed and listed investments, as set out in the current List of Investment Strategies (LIS). A copy of the current LIS must be read in conjunction with the Product Disclosure Statement (PDS) for the relevant plan. A Product Disclosure Statement or investment report is available for each investment option on the current List of Investment Strategies.

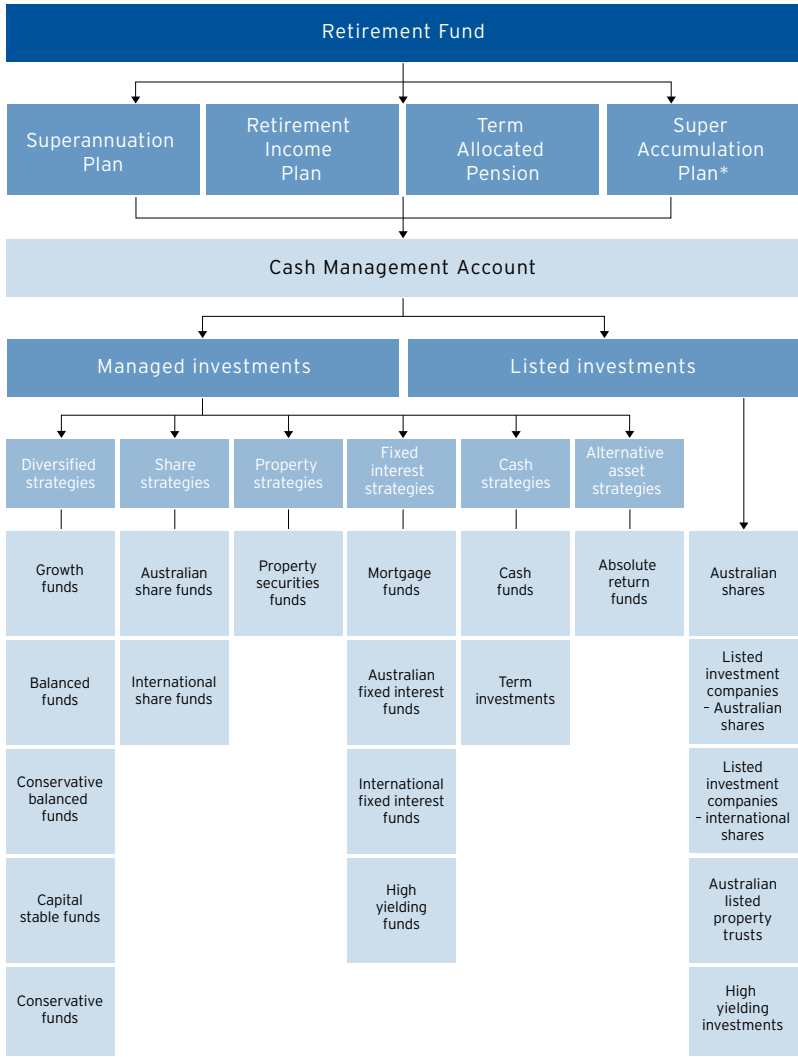
The investment objective for each investment strategy offered by the Retirement Fund is outlined on pages 9 to 14. We have provided indicative asset allocations and indicative investment performance for the last five financial years (where applicable) for each of these investment strategies.

Information on the actual asset allocation and investment performance for the investment options in your investment portfolio is available, free of charge, from your financial planner.

These plans do not use derivatives; however, some of the underlying investment options may. For further information, please refer to the PDS or investment report for the relevant investment option.

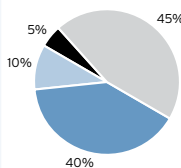
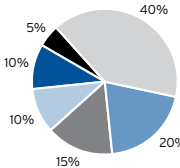
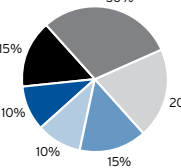
The investment information on pages 9 to 14 relates to the Superannuation Plan, Retirement Income Plan, Term Allocated Pension, Super Accumulation Plan and Super Pension Plan (closed).

Investment strategies



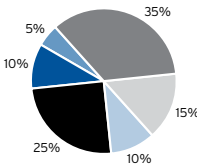
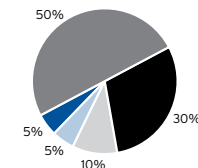
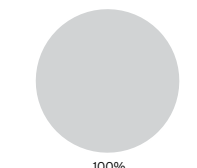
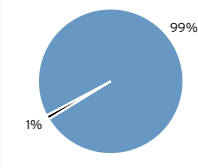
* Please note that listed investments and some managed investments are not available in the Super Accumulation Plan.

Investment options

	Managed investments		
	Diversified strategies		
	Growth funds	Balanced funds	Conservative balanced funds
Investment objective	To achieve higher returns than balanced strategies over the long term by investing in a diversified portfolio with an emphasis on growth assets	To achieve higher returns than conservative balanced, capital stable and conservative strategies over the medium to long term by investing in a broadly diversified portfolio across both growth and defensive assets	To achieve higher returns than capital stable and conservative strategies over the medium to long term by investing in a broadly diversified portfolio across both growth and income assets
Indicative asset allocation¹			
Indicative investment performance²			
2008/09	-15.5%	-12.9%	-10.0%
2007/08	-15.1%	-12.4%	-9.8%
2006/07	-17.0%	16.1%	14.8%
2005/06	19.2%	16.4%	14.3%
2004/05	12.8%	13.5%	13.6%
5 year annualised return²	2.4%	3.2%	3.9%

The table outlines the general characteristics of the investment strategies. You choose investment options from within these strategies.

The notes to the tables are located on page 15.

		Share strategies	
Capital stable funds	Conservative funds	Australian share funds	International share funds
To achieve a return higher than that of cash and other short term fixed interest securities through a diversified portfolio which favours less volatile assets. There is potential for some capital growth from the small component of shares and property securities	To achieve returns above the cash rate by investing in a range of growth and income assets, while providing a measure of protection for the capital value of investments	To achieve high returns over the long term by investing in a variety of Australian companies	To achieve high returns over the longer term from a portfolio of international shares
			
<p>-1.9%</p> <p>-2.9%</p> <p>10.3%</p> <p>9.5%</p> <p>10.6%</p> <p>4.9%</p>	<p>3.0%</p> <p>2.0%</p> <p>7.8%</p> <p>7.0%</p> <p>9.5%</p> <p>5.8%</p>	<p>-20.3%</p> <p>-13.7%</p> <p>29.2%</p> <p>24.0%</p> <p>26.0%</p> <p>6.8%</p>	<p>-29.9%</p> <p>-15.4%</p> <p>21.6%</p> <p>15.5%</p> <p>11.6%</p> <p>-1.5%</p>

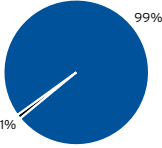
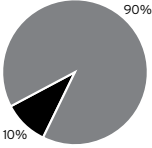
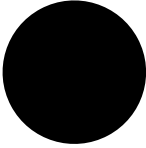
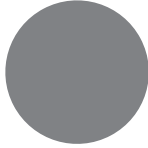
The details of a particular investment option may vary from the information above. You should read all relevant information for an investment option before investing.

The notes to the tables are located on page 15.

Managed investments (continued)			
	Property strategies	Fixed interest strategies	
	Property securities funds	Mortgage funds	Australian fixed interest funds
Investment objective	To provide a moderately high return over time through investment in a range of property securities	To provide a regular income return from a portfolio of mortgage securities	To achieve a return higher than cash over the medium term
Indicative asset allocation¹			
<ul style="list-style-type: none"> Australian shares International shares Property Australian fixed interest International fixed interest Cash Alternative investments 			
Indicative investment performance²			
2008/09	-42.1%	4.9%	10.8%
2007/08	-37.7%	6.2%	4.4%
2006/07	26.3%	6.4%	4.0%
2005/06	18.1%	6.2%	3.4%
2004/05	18.4%	6.0%	7.8%
5 year annualised return²	-8.6%	6.0%	6.1%



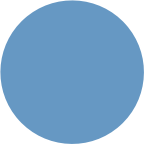
The table outlines the general characteristics of the investment strategies. You choose investment options from within these strategies.

The notes to the tables are located on page 15.

		Cash strategies	
International fixed interest funds	High yielding funds	Cash funds	Term investments
To achieve a return higher than cash by investing in international fixed interest investments over the medium term	To achieve a higher return than securities issued by governments and banks	To provide interest income at a rate higher than that of an 'at call' bank account with a high level of capital security	To provide a known rate of interest income for a term ranging from six months up to five years with a high level of capital security
			
<p>10.0%</p> <p>7.9%</p> <p>5.2%</p> <p>2.2%</p> <p>8.6%</p>	<p>-25.0%</p> <p>-11.4%</p> <p>7.9%</p> <p>7.0%</p> <p>10.9%</p>	<p>5.5%</p> <p>7.4%</p> <p>6.4%</p> <p>5.8%</p> <p>5.6%</p>	<p>6.6%</p> <p>6.7%</p> <p>6.2%</p> <p>6.3%</p> <p>5.34%</p>
6.8%	-3.1%	6.1%	6.2%

The details of a particular investment option may vary from the information above. You should read all relevant information for an investment option before investing.

The notes to the tables are located on page 15.

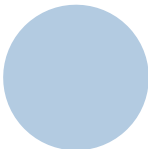
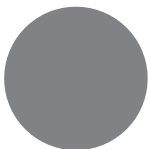
Listed investments			
	Australian shares*	Listed investment companies – Australian shares*	Listed investment companies – international shares*
Investment objective	To achieve high returns over the long term from investing in Australian companies	To achieve high returns over the long term from a portfolio of shares in a variety of Australian companies. A higher level of franked income than is usually available from share funds is anticipated	To achieve high returns over the longer term from a portfolio of international shares
Indicative asset allocation¹	 100%	 100%	 100%
Indicative investment performance²			
2008/09	-20.3%	-16.5%	-28.9%
2007/08	-13.7%	-12.14%	-15.4%
2006/07	29.2%	15.2%	21.6%
2005/06	24.0%	28.2%	15.5%
2004/05	26.0%	15.5%	11.6%
5 year annualised return²	6.8%	4.6%	-1.5%

The table outlines the general characteristics of the investment strategies.

You choose investment options from within these strategies.

The notes to the tables are located on page 15.

* These investment options are not available in the Super Accumulation Plan.

Listed Australian property trusts*	High yielding investments*
To provide a moderately high return over time through investment in a range of listed property trusts	To achieve a return above that of securities issued by Australian governments and banks
 100%	 100%
-42.1% -37.7% 26.3% 18.1% 18.4%	-25.0% -11.1% 7.9% 7.0% 10.9%
8.6%	-3.1%

The details of a particular investment option may vary from the information above. You should read all relevant information for an investment option before investing.

The notes to the tables are located on page 15.

* These investment options are not available in the Super Accumulation Plan.

Notes to pages 9 to 14

1. Please note the figures shown are a guideline for the investment strategies offered through the Retirement Fund as at 30 June 2009. This indicative asset allocation does not represent the actual asset allocation for a particular investment strategy or option chosen by a member but is the representative asset allocation derived from the Questor diversified and representative sector funds in that risk profile.
2. Please note the indicative investment performance is sourced from Morningstar. The figures shown are a guideline only for the investment strategies offered through the Retirement Fund as at 30 June 2009. This indicative investment performance does not represent the actual performance for a particular investment option chosen by a member but is the weighted industry-wide average of performance derived for each of the investment options within an investment strategy. In cases where industry averages are not available, the weighted average of funds in the strategy is shown. Indicative investment performance includes investment management fees, expenses and the reinvestment of income but excludes any ongoing fees, expenses and taxes for the Retirement Fund. The Trustee does not guarantee the investment performance of any investment strategy or option or the return of capital or income. Past performance is not a reliable indicator of future performance.

Additional information

How is your income distributed?

Income such as dividends, distributions and interest that you earn from your investment options is automatically invested into your Cash Management Account.

However, if you are a Superannuation Plan member, you can choose to have your income automatically reinvested in the same investment option (where available). Investment options available for reinvestment are identified on the List of Investment Strategies.

Remember that distribution reinvestment can occur before you receive a revised Product Disclosure Statement for any relevant managed investment. We recommend you discuss the reinvestment options with your financial planner.

To change your election, please notify us in writing, allowing ten business days for your request to be implemented.

Calculation of insurance benefits

The benefit calculation for members who, during the reporting period, elected to take death cover through the Retirement Fund was:

- Total accumulated benefit + any insured death benefit = total death benefit.
- The benefit calculation for members who, during the reporting period, elected to take total & permanent disablement cover through the Retirement Fund was:
- Accumulated benefit + any insured total & permanent disablement benefit = total & permanent disablement benefit.

Complying fund

The Retirement Fund is a complying superannuation fund and consequently qualifies for concessional tax rates. To be a complying fund, the Retirement Fund must comply with the Superannuation Industry (Supervision) Act 1993 (SIS), lodge an annual return with the Australian Prudential Regulation Authority (APRA) and receive a 'Compliance Notice' from APRA.

The Retirement Fund has received a Compliance Notice for each of the years that it has been required to file an annual return. The Retirement Fund will lodge an annual return for the 2008/09 financial year and expects its Compliance Notice to remain in force.

Allocation of fees

Please refer to your Annual Statement and New Member Statement for details of the fees and charges that apply to your membership.

About Questor Financial Services Limited

Questor is a mid-sized fund manager in Australia and, together with our related companies, manages and administers money for more than 43,000 investors, representing over \$5.2 billion in assets as at 30 June 2009. Questor is part of IOOF Holdings Limited (IOOF), a leading provider of wealth management products and services. IOOF provides services to over 700,000 clients Australia wide. IOOF has around \$60.4 billion funds under management, administration, advice and supervision.

Reserves

The Retirement Fund maintains reserves to meet any future unexpected expenses that are incurred by the Fund.

Member protection

Subject to exceptions under superannuation law, if at any time your benefit is less than \$1,000 and it includes or has included Superannuation Guarantee or award contributions from your employer, you will be treated as a 'protected member' and Government regulations limit the amount of fees and expenses that can be deducted from your benefit.

Member protection only applies to members in the Superannuation Plan and Super Accumulation Plan.

Trustee

Questor Financial Services Limited was granted 'approved trustee' status on 28 March 1994 and appointed as Trustee of the Retirement Fund on 1 July 1994. Questor Financial Services Limited was granted a Registrable Superannuation Entity Licence on 28 March 2006.

The contact details of the trustee are:

Questor Financial Services Limited
Locked Bag 4004
QVB Post Office NSW 1230
Telephone 1800 221 151
Facsimile 1800 000 948

Indemnity insurance

We maintain professional indemnity insurance as required by APRA.

Lost members

Any written communication returned to us from your last known address unclaimed, may result in us classifying you as a 'lost member' and we may transfer your benefits to an eligible rollover fund. The fund currently used is the SMF Eligible Rollover Fund.

If we are able to locate you before transferring your benefits to the SMF Eligible Rollover Fund, you will cease to be a lost member and will remain in the Retirement Fund. If benefits are transferred to the SMF Eligible Rollover Fund, you will cease to be entitled to any benefit from the Retirement Fund and the SMF Eligible Rollover Fund will be responsible for your benefit.

Their contact details are:

SMF Eligible Rollover Fund
GPO Box 529
HOBART TAS 7001
Telephone 1800 677 306

Enquiries and complaints

If you have any questions or a complaint please:

- contact your financial planner or
- telephone Client Advisory Services on 1800 221 151 or
- notify us in writing.

If you feel that the matter has not been dealt with adequately, please write to us at the following address:

Complaints Officer
The Portfolio Service
Locked Bag 4004
QVB Post Office NSW 1230

We will acknowledge receipt of a complaint within five business days of receiving your letter.

We will endeavour to resolve the situation within 28 days of receiving your letter. However, some matters are more complex and can take longer to resolve. If that is the case, we will keep you informed of our progress.

If you have complained to us and your complaint has not been resolved to your satisfaction within 45 days (or 90 days where we inform you more time is required), you can contact the Superannuation Complaints Tribunal (SCT), an independent complaints handling body of which we are a member. The SCT will then advise whether or not they can help you.

You can call them on 1300 780 808 or you can write to them at:

Superannuation Complaints Tribunal
Locked Bag 3060
Melbourne VIC 3001

The Portfolio Service Retirement Fund

Independent Report by the Approved Auditor to the Trustee and Members

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(A) Financial Statements

Scope

I have audited the financial statements of The Portfolio Service Retirement Fund (the Fund) for the year ended 30 June 2009 comprising the Statement of Financial Position, Operating Statement and Statement of Cash flows. Questor Financial Services Limited, the superannuation entity's Trustee is responsible for the financial statements. I have conducted an independent audit of the financial statements in order to express an opinion on them to the Trustee and members of the Fund.

My audit has been conducted in accordance with Australian Auditing and Assurance Standards to provide reasonable assurance whether the financial statements are free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with my understanding of the superannuation entity's financial position, the benefits accrued as a result of its operations and its cash flows.

The financial statements audit opinion expressed in this report has been formed on the above basis.

Auditor's Opinion

In my opinion, the financial statements present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the Fund as at 30 June 2009 and the results of its operations and its cash flows for the year ended 30 June 2009.

(B) Compliance

Scope

I have conducted tests in accordance with Australian Auditing Standards as necessary to provide reasonable assurance whether the Trustee of the Fund has, in all material respects:

- a) complied with the relevant requirements of the following provisions (to the extent applicable) of the Superannuation Industry (Supervision) Act 1993 and Regulations:

sections 19(2), 19(3), 36, 65, 66, 67, 69-85, 86-93A, 95, 97, 98, 101, 103, 104, 105, 106, 107, 109, 111, 112, 113, 117, 118, 121, 122, 124, 125, 152, 153, 154, 163, 169;

regulations 2.10(1), 2.13(1), 2.21(3), 2.33(2), 2.43(1), 3.10, 4.08(3), 5.08, 6.17, 7.04, 7.05, 9.09, 9.14, 9.29, 9.30, 13.14, 13.17, 13.17A; and

My procedures with respect to regulation 6.17 included testing whether amounts identified by the Trustee as preserved and restricted non-preserved have been cashed or transferred only in accordance with the requirements of Part 6 of the regulations. These procedures did not include testing of the calculation of the preserved and restricted non-preserved amounts.

- b) complied with the relevant requirements of the following provisions (to the extent applicable) of the Corporations Act 2001 and Regulations:

sections 1012A, 1012B, 1012C, 1012F, 1012G(3), 1012H(2), 1012I, 1013D, 1013K(1) or (2), 1016A(2) or (3), 1017B(1), 1017B(5), 1017C(2), 1017C(3) or (5), 1017D(1), 1017D(3), 1017D(3A), 1017DA(3), 1017E(2), 1017E(3) or (4), 1020E(8) or (9);

and regulation 7.9.32(3)

- c) adhered to the Guidelines for preparing risk management statements ("Guidelines") issued by APRA in Circular II.D.7 on Derivatives (to the extent applicable) for the year ended 30 June 2009.

My procedures included examination, on a test basis, of evidence supporting compliance with those requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations and the Corporations Act 2001 and Regulations.

My procedures with respect to the Guidelines consisted of confirming whether any Risk Management Statement was to be prepared by the superannuation entity's Trustee under the Guidelines contained in APRA Circular II.D.7 at any time during the year of income. These procedures indicated that a Risk Management Statement is unnecessary under the Guidelines.

These tests have not been performed continuously throughout the period, were not designed to detect all instances of non-compliance, and have not covered any other provisions of the Superannuation Industry (Supervision) Act 1993 and Regulations or Guidelines or the Corporations Act 2001 and Regulations apart from those specified. The superannuation entity's Trustee is responsible for complying with the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations and the Corporations Act 2001 and Regulations and appropriately applying the Guidelines.

The opinion on compliance expressed in this report has been formed on the above basis.

Industry (Supervision) Act 1993 and Regulations and the Corporations Act 2001 and Regulations and applied the Guidelines specified above for the year ended 30 June 2009.

The logo for PricewaterhouseCoopers, written in a cursive, handwritten style.

PricewaterhouseCoopers

A handwritten signature in cursive script, appearing to read 'R. Balding'.

R Balding
Partner

Sydney
28 October 2009

Trustee Statement

In the opinion of the Trustee, Questor Financial Services Limited:

1. the accompanying financial statements of The Portfolio Service Retirement Fund (“the Fund”) are properly drawn up so as to present fairly the financial position of the Fund as at 30 June 2009 and the benefits accrued as a result of its operations and its cash flows for the year then ended;
2. the accompanying financial statements have been drawn up in accordance with the requirements of its constituent Trust Deed dated 10 December 1992 (as amended), Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views); and
3. the Fund has been conducted in accordance with its constituent Trust Deed dated 10 December 1992 (as amended), the Corporations Act 2001 and Corporations Regulations 2001 and with the applicable provisions of the Superannuation Industry (Supervision) Act 1993 and regulations during the year ended 30 June 2009.

Signed in accordance with the resolution of the Board of Directors of the Trustee company, Questor Financial Services Limited (ABN 33 078 662 718).

Signed at Sydney

This Day 28th of October 2009



Christopher F Kelaher
Director

Statement of financial position as at 30 June 2009

	Notes	2009 \$'000	2008 \$'000
ASSETS			
Cash and cash equivalents			
Cash Management fund and other cash equivalents	3	1,382,727	1,182,492
Trade and other receivables			
Investment income receivable		71,669	152,625
Refundable income tax credits from ATO		1,573	1,814
Income tax refund receivable		10,541	3,931
Outstanding settlements		2,669	1,706
Sundry tax refund (payable)/receivable		73	56
Deferred tax asset		5,297	-
Investments			
Listed shares	4	750,455	756,476
Listed trusts	4	221,111	332,749
Listed notes	4	105,180	141,512
Managed investments	4	1,742,413	2,203,133
TOTAL ASSETS		4,293,708	4,776,494
LIABILITIES			
Fees due to the Trustee		1,431	2,472
Outstanding settlements		694	2,502
TOTAL LIABILITIES		2,125	4,974
NET ASSETS AVAILABLE TO PAY BENEFITS		4,291,583	4,771,520
Represented by:			
LIABILITY FOR ACCRUED BENEFITS			
Not yet allocated to Members		666	481
Fully allocated to Members' Accounts	6	4,290,917	4,771,039
	5	4,291,583	4,771,520

Operating statement for the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
CONTRIBUTION REVENUE			
Member contributions		182,741	319,867
Employer contributions		60,822	54,460
Transfers from other funds		225,940	385,074
Government co-contributions		273	2,000
		469,776	761,401
INVESTMENT REVENUE			
Interest revenue		69,146	65,018
Dividends		48,533	43,054
Listed trusts distribution		26,376	32,318
Listed notes distribution		10,950	9,757
Managed investments distribution		136,571	234,545
Changes in net market value of investments	7	(693,608)	(938,783)
		(402,032)	(554,091)
OTHER REVENUE			
Sundry income		284	190
		284	190
TOTAL REVENUE			
		68,028	207,500
GROUP LIFE INSURANCE POLICIES			
Trustee's fees		(75,551)	(91,524)
Duty and sundry taxes		(23)	(23)
Contribution surcharge		(37)	(101)
EXPENSES			
		(75,611)	(92,710)
BENEFITS ACCRUED BEFORE INCOME TAX			
		(8,707)	114,790
INCOME TAX CREDIT			
	9	13,059	29,862
BENEFITS ACCRUED AFTER INCOME TAX			
		4,352	144,652

Statement of cash flows for the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
		Inflows/(Outflows)	Inflows/(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions received:			
Employer		60,822	54,460
Members		182,741	319,867
Transfers in from other funds		225,940	385,074
Government co-contributions		273	2,000
Interest received		80,096	74,774
Dividends received		56,311	47,985
Distribution received		236,124	353,447
Superannuation contribution surcharge paid		(37)	(101)
Group life insurance premiums paid		(1,124)	(1,061)
Fees and other expenses paid		(76,308)	(95,274)
Benefits paid		(484,289)	(623,295)
Income tax (paid)		1,353	(17,204)
NET CASH FLOWS FROM OPERATING ACTIVITIES	11	281,902	500,672
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments purchased		(220,717)	(699,930)
Proceeds from disposal of investments		139,050	421,918
NET CASH FLOWS (USED) IN INVESTING ACTIVITIES		(81,667)	(278,012)
NET INCREASE IN CASH AND CASH EQUIVALENTS		200,235	222,660
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,182,492	959,832
CASH AND CASH EQUIVALENTS AT END OF PERIOD	11	1,382,727	1,182,492

Notes to and forming part of the financial statements for the year ended 30 June 2009

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the Fund's financial report are stated to assist in a general understanding of this financial report. Unless otherwise stated, such accounting policies were also adopted in the corresponding preceding reporting period.

(a) Basis of preparation

The following are general purpose statements which have been drawn up in accordance with Australian accounting standards including AAS 25 "Financial Reporting by Superannuation Plans ("AAS25") as amended by AASB 2005-13 "Amendments to Australian Accounting Standards ("AAS25"), the Superannuation Industry (Supervision) Act 1993 and regulations and provisions of the Trust Deed dated 10 December 1992 (as amended).

The financial statements have been prepared in accordance with the historical cost convention, except for the valuation of investments, which are measured at net market value.

(b) Statement of compliance

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS). Since AAS25 is the principal standard that applies to the financial statements, other standards, including AIFRS, are also applied where necessary except to the extent that they differ from AAS25.

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set below:

- (i) AASB AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (effective from 1 January 2009)

The Fund will adopt AASB 8 from 1 July 2009. Application of these standards will not affect any of the amounts recognised in the financial statements, but will affect the segment disclosures.

- (ii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009).

AASB 101 (Revised) is applicable to annual reporting period beginning on or after 1 January 2009. The Fund will adopt this standard from 1 July 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity but will not affect any of the amounts recognised in the financial statements. If the Plan makes a prior period adjustment or re-classifies items in the financial statement, it will need to disclose a third balance sheet (statement of financial position), this one being at the beginning of the comparative period.

Notes to and forming part of the financial statements for the year ended 30 June 2009 (cont)

(b) Statement of compliance (continued)

- (iii) AASB 132 Financial Instruments: Presentation and AASB 2008-2 Amendments to Australian Accounting Standards-Puttable Financial Instruments and Obligations Arising on Liquidation (Revised AASB 132) (effective from 1 January 2009)

Revised AASB 132 is applicable for reporting periods beginning on or after 1 January 2009. The Fund has not adopted this standard early. Application of this standard will not affect any of the amounts recognised in the financial statements.

- (iv) AASB 2009-2 Amendments to Australian Accounting Standards-Improving Disclosure about Financial Instruments (effective from 1 January 2009)

In April 2009, the AASB published amendments to AASB 7 Financial Instruments: Disclosures to improve the information that entities report about their liquidity risk and the fair value of their financial instruments. The amendments require fair value measurement disclosures to be classified into a new three-level hierarchy and additional disclosures for items whose fair value is determined by valuation techniques rather than observable market values. The AASB also clarified and enhanced the existing requirements for the disclosure of liquidity risk of derivatives. The Fund will apply the amendments from 1 July 2009. They will not affect any of the amounts recognised in the financial statements but will impact the current disclosure of the Fund's financial instruments.

- (v) AASB 2009-6 Amendments to Australian Accounting Standards and AASB 2009-7 Amendments to Australian Accounting Standards (effective from 1 January 2009 and 1 July 2009, respectively)

In June 2009, the AASB issued AASB 2009-6 and AASB 2009-7. The Standards make numerous editorial amendments to a range of Australian Accounting Standards and interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. AASB 2009-6 is applicable to annual reporting periods beginning on or after 1 January 2009 that end on or after 30 June 2009. AASB 2009-7 is applicable to annual reporting periods beginning on or after 1 July 2009. There are no changes to any of the accounting policies necessary as a result of these amendments.

- (vi) Improvements to Australian Accounting Standards: AASB 2008-5 and AASB 2008-6

In July 2008, the AASB issued a number of improvements to existing Australian Accounting Standards. The amendments will generally apply to financial reporting periods commencing on or after 1 January 2009, except for some changes to AASB 5 Non Current Assets Held for Sale and Discontinued Operations regarding the sale of the controlling interest in a subsidiary which will apply from 1 July 2009. The Fund does not expect that any adjustments will be necessary as the result of applying the revised rules.

(c) Investments

Financial instruments are designated at fair value through profit or loss. The Trustee uses the same basis to provide information to the entity's key management personnel.

Investments are valued at their net market value as at reporting date. Gains and losses arising from changes in the net market value of the investments are recognised in the operating statement in the period in which they arise.

The net market value of the shares in publicly listed companies, units in publicly listed trusts and listed notes are based upon their bid price as at 30 June 2009. The net market value of unlisted Managed Investments unit trusts has been determined by reference to the redemption price quoted by investment managers as at 30 June 2009. Realised and unrealised profits and losses on investments are brought to account in the operating statement for the financial year.

Estimated costs of realisation have been deducted in determining net market values. Net market value is considered a reasonable approximation of fair value.

Securities that are not listed on a securities exchange or are thinly traded are valued using quotes from brokers. Investments in unlisted unit trusts are valued at the redemption price as established by the underlying trust's responsible entity.

Investments in unlisted managed funds

The Trustee of the Fund considers that the unit price of unlisted managed funds is reflective of the fair value of such investments. As such the net asset value represents the price at which the Fund can redeem its investments.

For investments in managed funds subject to redemption restrictions the valuation of investments are subject to judgment and estimates made by the respective fund managers. As such the net asset value, and associated unit price reported by the respective fund administrators or fund managers as at the balance sheet date may not reflect the amounts that can be realised by the Fund. Whilst there may not be a secondary market for these managed funds and their net asset value may not be supported by actual subscriptions and/or redemption transactions, the Trustee considers the above valuation approach as the best estimate of the fair value of the managed funds.

(d) Revenue & expense recognition

Interest income and expenses are recognised in the income statements for all financial instruments using the effective interest method which is the rate that exactly discounts future cash receipts through the expected life of the financial instruments to the net carrying value of the financial asset.

Dividend income from investments in listed shares and listed notes is brought to account as income on the ex-dividend date applicable to each investment. Income due and receivable at balance date is carried as a receivable.

Notes to and forming part of the financial statements for the year ended 30 June 2009 (cont)

Distributions from managed investments are recognised as of the date the unit value is quoted ex distribution. Transfers from other funds are brought to account when received.

Expenditure is brought to account on an accrual basis and any expenses incurred but not paid for at balance date are reflected in the Statement of net assets as sundry creditors.

(e) Income tax

The Fund is a complying superannuation fund within the provisions of the Income Tax Assessment Act. Accordingly, the concessional tax rate of 15% has been applied.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying value amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except where the deferred tax income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

The deferred tax assets relating to tax losses are not carried forward as assets unless the benefit is virtually certain of realisation.

(f) Superannuation contribution surcharge

The superannuation surcharge is recognised when a payment is made to the Australian Taxation Office following the receipt of a notice of assessment, as the Trustee considers this is when it can be reliably measured. The amounts paid are debited against the account of the member on whose behalf the assessment has been raised. No estimate is made of future liabilities.

The superannuation surcharge liability recognised by the Fund has been charged to the relevant members' accounts.

The Superannuation Laws Amendment (abolition of surcharge) Act 2005 abolishes both the superannuation contributions surcharge and the terminations surcharge in respect of superannuation contributions and certain termination payments made or received on or after 1 July 2005. Assessments for surcharge in respect of contributions and payments for the year ended 30 June 2005 and prior years will continue to be issued and remain payable.

(g) Contributions

Member and employer contributions are recognised on a cash basis. Transfers from other funds are brought to account when received.

(h) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of cash flows, cash and cash equivalents includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

(i) Receivables

Receivables may include amounts for dividends, interest and securities sold where settlement has not yet occurred. Dividends are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment. Amounts are generally received within 30 days of being recorded as receivables.

(j) Accounts payable

These amounts represent liabilities for amounts owing by the Fund at financial year end which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

No assets have been pledged as collateral against the payable balances.

(k) Accrued benefits

The liability for accrued benefits is the Fund's present obligation to pay benefits to members and beneficiaries. This has been calculated as the difference between the carrying amount of the assets and the carrying amounts of the sundry liabilities and income tax liabilities as at balance date.

(l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except;

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Notes to and forming part of the financial statements for the year ended 30 June 2009 (cont)

(m) Comparative information

When necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(n) Foreign Currency

Both the functional and presentation currency of The Portfolio Service Retirement Fund is Australian dollars (\$).

(o) Rounding of amounts

The Fund is an entity of the kind referred to in Class Order 98/0100 (as amended), issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

2 Operation of the Fund

The Fund was established by a Trust Deed dated 10 December 1992 to provide benefits for members of the Fund.

The Fund is a defined contribution fund whereby contributions of the members are made in accordance with the terms of the Trust Deed. The member accounts are credited or debited each year with contributions and their proportionate share of the net investment income, expenses and income tax expense.

Contributions made to the Fund are at the discretion of the members and/or their employers and are at no set rate.

In accordance with amendments to the Superannuation Industry (Supervision) Act 1993 the Fund was registered with the Australian Prudential Regulation Authority on 21 April 2006 (registration no R1004847).

3 Cash Management Fund and other cash equivalents

	2009 \$'000	2008 \$'000
Cash Management Fund	1,268,912	1,068,502
Term deposits	113,815	113,990
Balance at 30 June	1,382,727	1,182,492

4 Investments

The managed investments of the Fund (other than short term deposits) are managed on behalf of the Trustee by selected investment managers. The Fund members may choose over 400 different investment options including listed shares, listed trusts, listed notes and managed investments.

	2009 \$'000	2008 \$'000
Listed shares	750,455	756,476
Listed trusts	221,111	332,749
Listed notes	105,180	141,512
Managed investments	1,742,413	2,203,133
Balance at 30 June	2,819,159	3,433,870

5 Liability for accrued benefits

The Fund's liability for accrued benefits represents present obligations to pay benefits to members and has been calculated as the difference between the carrying value of total assets and total liabilities of the Fund as at 30 June 2009.

	2009 \$'000	2008 \$'000
Changes in the liability of accrued benefits		
Balance at 1 July	4,771,520	5,250,163
Benefits accrued as a result of operations	4,352	144,652
Benefits paid	(484,289)	(623,295)
Balance at 30 June	4,291,583	4,771,520

No guarantees have been given in respect of members' funds

6 Vested benefits

Vested benefits are benefits which are not conditional upon continued membership of the Fund (or any other factor other than resignation from the Fund) and include benefits which members were entitled to receive had they terminated their fund membership as at the reporting date.

	2009 \$'000	2008 \$'000
Vested Benefits	4,290,917	4,771,039

Notes to and forming part of the financial statements for the year ended 30 June 2009 (cont)

7 Changes in net market value of investments

	2009 \$'000	2008 \$'000
Net unrealised gain/(loss) on investments designated as at fair value through profit or loss		
Listed Equities	(157,405)	(213,395)
Listed Trusts	(127,429)	(139,820)
Listed Notes	(23,802)	(14,979)
Unlisted units in managed investment schemes	(377,250)	(472,108)
	(685,886)	(840,302)
Net realised gain/(loss) on investments designated as at fair value through profit or loss		
Listed Equities	(2,278)	(11,666)
Listed Trusts	(468)	(11,003)
Listed Notes	(345)	(785)
Unlisted units in managed investment schemes	(4,631)	(75,027)
	(7,722)	(98,481)
	(693,608)	(938,783)

8 Auditor's remuneration

	2009 \$'000	2008 \$'000
Auditing of the financial statement	64	68
	64	68

The auditor's remuneration is borne by the Trustee.

9 Income tax

	2009 \$'000	2008 \$'000
Major components of income tax expense for the years ended 30 June 2009 and 2008 are:		
<i>Operating Statement</i>		
<i>Current income tax</i>		
Current income tax charge:	(7,591)	2,648
<i>Adjustments in respect of current income tax of previous years</i>	(171)	87
Deferred Income tax		
Origination and reversal of temporary differences	(5,297)	(32,597)
Income tax expense reported in operating statement	(13,059)	(29,862)
A reconciliation between income tax expense and the accounting profit before tax multiplied by the applicable tax rate is as follows:		
Benefits accrued before income tax	(8,707)	114,790
At tax rate of 15%	(1,306)	17,219
Tax effect of permanent differences which increase / (reduce) tax payable:		
Adjustment in respect of current income tax of previous years	(171)	87
Dividend imputation and other credits	(25,355)	(25,093)
Non assessable contributions	(56,551)	(100,443)
Exempt income	(28,524)	(18,373)
Superannuation contribution surcharge	6	15
Capital gains tax calculation difference	98,842	96,726
Income tax expense reported in operating statement	(13,059)	(29,862)
<i>Deferred Income tax</i>		
Deferred income tax liabilities:		
Unrealised gains subject to CGT	5,297	-
Gross deferred income tax liabilities	5,297	-

Notes to and forming part of the financial statements for the year ended 30 June 2009 (cont)

10 Superannuation contributions surcharge

The superannuation contributions surcharge is levied on surchargeable contributions received by the Fund on or after 21 August 1996. The Australian Taxation Office (ATO) assesses the amount of the surcharge based upon each member's adjusted taxable income and level of surchargeable contributions and periodically sends grouped assessments to the Fund. The liability to pay the surcharge rests with the holder of the surchargeable contributions at the time the surcharge assessment is received from the ATO.

The Superannuation Laws Amendment (abolition of surcharge) Act 2005 abolishes both the superannuation contributions surcharge and the terminations surcharge in respect of superannuation contributions and certain termination payments made or received on or after 1 July 2005. Assessments for surcharge in respect of contributions and payments for the year ended 30 June 2005 and prior years will continue to be issued and remain payable.

The surcharge expense included in the Statement of net assets comprises:

	2009 \$'000	2008 \$'000
Assessment for the year	37	101
	37	101

Any surcharge levied against the Fund is charged to the relevant members' benefits when the assessment is received and agreed.

11 Statement of cash flows

a) Reconciliation of benefits accrued as a result of operations to net cash (outflow)/inflow from operating activities

	2009 \$'000	2008 \$'000
Benefits accrued as a result of operations after tax	4,352	144,652
Increase/ (Decrease) in payables	(1,041)	(3,940)
(Increase)/ Decrease in income tax provision	(6,386)	(14,532)
Decrease/ (Increase) in deferred tax asset	(5,297)	(32,510)
Decrease/ (Increase) in net market values	685,886	840,302
Decrease/(Increase) in dividend receivables	7,778	4,930
Decrease/(Increase) in distribution receivables	73,177	86,584
Loss/(Gains) on disposal of investments	7,722	98,481
Benefits paid	(484,289)	(623,295)
Net cash inflow from operating activities	281,902	500,672

b) Reconciliation of cash

	2009 \$'000	2008 \$'000
Short term deposits	113,815	113,990
Cash and cash management trust	1,268,912	1,068,502
Closing cash balance	1,382,727	1,182,492

12 Related party disclosures

(a) Trustee

The Trustee of the Fund is Questor Financial Services Limited.

(b) Trustee and Key management personnel

i) Directors

The following persons held office as directors of the Trustee during the year or since the end of the year and up to the date of this report.

M Stewart-Hesketh – resigned 1 May 2009

J C Warburton – resigned 1 May 2009

C F Kelaher

I G Griffiths

G Venardos

I Blair – appointed 1 May 2009

R Sexton – appointed 1 May 2009

J Harvey – appointed 1 May 2009

J Pfeiffer – appointed 1 May 2009

Transactions with any directors and other key management personnel, their spouses or their director related entities who were members of the Fund during the financial year were on the same terms and conditions as all other members of the Fund. However, Questor reserves the right to negotiate and agree different fee arrangements with professional and sophisticated investors and employees and associates of Questor (as defined under the Corporations Act 2001).

ii) Other key management personnel

There were no other persons who had the authority and responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

Notes to and forming part of the financial statements for the year ended 30 June 2009 (cont)

(c) Key management personnel compensation

Remuneration of the directors is paid by a related party, IOOF Holdings Ltd ("IFL"). The directors are not provided with any remuneration by the Fund itself. Directors are not entitled to any equity interest in the Fund, or any rights to or options for equity interests in the Fund, as a result of the remuneration provided by the Trustee.

Given the number and variety of schemes operated by the Trustee, the directors of the Trustee do not consider that there is any direct correlation between the level of remuneration provided by IFL to the directors of the Trustee and the management fees paid by the Fund to the Trustee in accordance with the Fund constitution and Product Disclosure Statements.

(d) Trustee's remuneration

The total amounts paid and payable to the trustee during the year were as follows:

	2009 \$'000	2008 \$'000
Trustee's fees	75,551	91,524

(e) Investing activities

Investors, in conjunction with financial planners, and where applicable having regard to the offer document of the relevant managed investment, use the Fund to select from a range of managed investments and other authorised investments set out in the Fund constitution and Corporations Act 2001. Although the responsible entity has the right to reject an investment chosen by an investor even if it is an authorised investment, the primary decision as to the investments utilised by the investor, lies with the investor, not with the responsible entity subject to the Fund constitution and Corporations Act 2001.

As such, the Fund may purchase and sell units in managed investments and approved trusts which are also managed by the responsible entity or its affiliates. The purchase and sale of these units are at market determined issue and redemption prices.

(f) Trustee's fees and investment fees.

In accordance with the Trust Deed (as amended), the Product Disclosure Statement, the Trustee receives fees from the Fund. The rates are detailed in the following page. The rates are detailed below effective from 1/07/2008.

Contribution fee	This Fee may be on paid in part or whole to your Financial Advisor	Up to 4%
Administration fee		0.85% pa
<p>* An administration fee rebate ranging from 15% to 60% of the fee applies when balances are over \$400,000 including up to \$1,000,000.</p> <p>A cash management account (CMA) balance charge applies where there are insufficient funds in the CMA to cover the cost of a transaction, including taxes and fees. The charge is based on the return of the CMA and the timing differences in purchases, sales and withdrawals.</p>		
Switching fee	On switching between each investment option	Up to 4%
Adviser Service fee (as agreed with financial planner)	This fee is on paid to a financial planner.	Up to 2.225% pa
<p>The responsible entity also charges transaction fees and expense recoveries fees. The rates are disclosed below.</p>		
Stockbroking fee	On each purchase or sale of listed investments.	\$39
Transaction fee	On each sale, purchase or in-specie transfer of a listed investment.	\$10
Dishonour fee	On each dishonour fee for a direct debit facility plus any financial institution charges.	\$30
Account keeping fee	Fee is charged of \$8 per month per account.	\$96 pa
Expense Recoveries	The Product Disclosure Statement allows for properly incurred out of pocket expenses of the responsible entity to be recovered. A limit up to \$40 applies to each fund member.	Up to \$40

Notes to and forming part of the financial statements for the year ended 30 June 2009 (cont)

(h) Intertrust investment

The fund may invest in other funds and schemes managed by the trustee. Details of those investments at 30 June 2008 are as follows:

Trust name	Number of units at 30/06/2009 000's	Value as at 30/06/2009 \$000 (ex-price)	% of Trust fund at 30/06/2009	Dividend Paid/ \$000 Payable at 30/06/2009	Value as at 30/06/2008 \$000 (ex-price)
Australian Emerging Managers fund	49,305	32,331	84.19%	24,641	92,213
Australian Majors fund	20,901	11,321	53.80%	454	23,155
Australian Securities fund	12,464	11,942	86.25%	1,280	15,430
Cash Management fund	1,265,384	1,265,384	87.77%	58,534	1,068,502
Franklin International Property fund	35,626	12,146	85.37%	751	30,896
Global Value fund	73,367	54,484	89.94%	1,256	74,067
All Weather fund	22,042	9,075	80.98%	7,427	23,828
Hayberry Australian Share fund	24,940	16,402	62.09%	2,067	24,931
International Securities fund	1,246	808	85.65%	377	1,658
Manifest Australian Equity fund	15,702	1,429	32.88%	7,962	21,613
Managed Equity fund	11,770	6,868	87.16%	257	15,464
Perennial Cash Trust	699	704	2.80%	2	-
Perennial Value Wholesale Fund	122,534	117,118	6.30%	5,406	-
Property Income Plus fund	135,506	68,756	85.61%	4,811	130,198
United Australian Equities	227	256	0.03%	7	210
United Capital Balance	29,549	25,069	3.53%	707	148
United Capital Growth	39,155	33,971	4.15%	734	71
United Capital Stable	9,884	9,361	2.59%	316	31
United Cash Management Fund	90,968	90,968	8.56%	4,151	66,316
United High Growth	14,435	8,161	7.42%	111	5

Trust name	Number of units at 30/06/2009 000's	Value as at 30/06/2009 \$000 (ex-price)	% of Trust fund at 30/06/2009	Dividend Paid/ \$000 Payable at 30/06/2009	Value as at 30/06/2008 \$000 (ex-price)
The Portfolio Service Wholesale Trusts					
United High Yield	8,581	7,527	5.54%	315	7,490
United International Fund	99	68	0.01%	1	96
United Property Fund	258	132	0.13%	10	186
United Capital Secure Fund	3,133	2,911	3.36%	93	-
United Fixed Interest Fund	1	1	0.00%	0	-
		1,787,193		121,670	

The total amount of management fees that the Fund has been charged indirectly through its investments in The Portfolio Service Wholesale Trusts by the Trustee is \$5,343,345 (2008: \$6,161,736).

As noted above, for some of The Portfolio Service Wholesale Trusts, the Fund holds an ownership interest of greater than 50%.

The Trustee is of the view that "control" over the operations of these trusts does not exist and accordingly their results have not been consolidated.

In making this assessment the Trustee has considered the following:

- (i) the Trustee receives directions from members on the monies invested through the Fund for the purchase of accessible investments, including The Portfolio Service Wholesale Trusts. The primary decision as to the investments utilised by the member, lies with the member not with the Trustee. As such, the Fund may purchase and sell units in managed investments and approved trusts which are also managed by the Trustee or its affiliates; and
- (ii) the Trustee holds all investments for the beneficial interest of the members.

In addition, the Trustee notes that The Portfolio Service Wholesale Trusts are accounted for by the Fund at net market value in accordance with Note 1(b). The Trustee considers that the presentation of these Managed Investments Schemes on the Statement of financial position at net market value together with the above note disclosure, reflects the appropriate presentation to allow members to make appropriate financial decisions.

Notes to and forming part of the financial statements for the year ended 30 June 2008 (cont)

13 Substantial holding and investment manager exposure

The Cash Management fund which has a value of \$1,265,383,995 is in excess of 5% of the fund's total assets.

The combination of underlying investments that are also held either directly or indirectly by the Fund in excess of 5% of the fund's total assets are with the following investment managers:

Perpetual Investment Management Limited – \$249,322,900

Questor Financial Services Limited – \$ 402,932,436.

14 Segment information

The Fund operates solely within Australia and solely in the superannuation industry.

15 Financial risk management

(a) Fair Value

The Funds' financial assets and liabilities adopted in the statement of financial position are carried at the net market value which approximates their fair values.

Refer to note 1 for the methods and assumptions adopted in determining the net market values of investments.

(b) Objectives, strategies, policies and processes

The Fund's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management program focuses on ensuring compliance with the Fund's Investment Risk Management Policy and seeks to maximise the returns derived for the level of risk to which the Fund is exposed.

The Fund appoints individual investment managers to manage a portfolio of investments within a specific asset sector subject to an agreed mandate. The Fund also invests directly in various entities. The Fund diversifies its investments to minimise the impact of any single capital loss and limits its exposure to high risk assets through both strategic asset allocation and diversification within each asset sector. Appropriate diversification limits at an individual portfolio/investment level are stipulated in Investment Management Agreements executed between the Fund and its appointed investment managers.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and ratings analysis for credit risk.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, foreign currency risk and interest rate risk. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

The market risk disclosures are prepared on the basis of the Fund's direct investments and not on a look through basis for investments held in the Fund.

The sensitivity of the Fund's net assets available to pay benefits (and change in net assets for the year) to price risk, foreign exchange risk and interest rate risk is measured by the reasonably possible movements approach. This approach is determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates, historical correlation of the Fund's investments with the relevant benchmarks and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Fund invests. As a result, historic variations in the risk variables are not a definitive indicator of future variations in the risk variables.

(i) Price risk

Equity price risk is the risk that the fair value of equities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Equity price risk exposure arises from the Fund's investment portfolio. The investments are classified on the balance sheet as at fair value through profit or loss.

The following table summarises the sensitivity of the fund's operating profit and net assets attributable to equity holders to price risk. The reasonably possible movement in the risk variable has been determined based on management's estimate, having regard to historical levels of changes in market index and/or benchmark returns. However, actual movements in the risk variable may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of economies, markets and securities in which the Fund invests.

Notes to and forming part of the financial statements for the year ended 30 June 2009 (cont)

30 June 2009

Asset class	Number of Investments	Value \$'000	Price Risk		
			Reasonably Possible Movement	Impact on operating Profit/Net assets attributable to Investors	
				Increase \$'000	Decrease \$'000
Australian Shares	207	1,310,372	+/- 13%	170,348	(170,348)
Diversified and Alternatives	35	425,998	+/- 10%	42,600	(42,600)
International Shares	30	305,069	+/- 14%	42,710	(42,710)
Property Trust	30	239,113	+/- 15%	35,867	(35,867)
Small Companies	31	135,763	+/- 17%	23,080	(23,080)

30 June 2008

Asset class	Number of Investments	Value \$'000	Price Risk		
			Reasonably Possible Movement	Impact on operating Profit/Net assets attributable to Investors	
				Increase \$'000	Decrease \$'000
Australian Shares	199	1,524,022	+/- 13%	198,123	(198,123)
Diversified and Alternatives	40	620,776	+/- 10%	62,078	(62,078)
International Shares	35	331,284	+/- 15%	49,693	(49,693)
Property Trust	32	437,460	+/- 13%	56,869	(56,869)
Small Companies	34	35,294	+/- 15%	5,294	(5,294)

* Reasonably Possible Movement based on the standard deviation of the asset classes movements over the past eighteen years.

(ii) Foreign exchange risk

The foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Fund does not hold direct investments in assets denominated in currencies other than the Australian dollar, the functional currency. However the Fund does have investments in international managed funds. The foreign exchange risk for these funds is managed by individual fund managers.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Changes in interest rates can have a direct or indirect impact on the investment value and/or returns of all types of assets. Interest rates may affect a company's cost of borrowings as well as the value of the fixed interest securities.

30 June 2009

Asset class	Number of Investments	Value	Reasonably Possible Movement	Impact on operating Profit/Net assets attributable to Investors	
				Increase \$'000	Decrease \$'000
Fixed Interest Securities	60	1,914,339	+/- 2%	38,287	(38,287)

30 June 2008

Asset class	Number of Investments	Value	Reasonably Possible Movement	Impact on operating Profit/Net assets attributable to Investors	
				Increase \$'000	Decrease \$'000
Fixed Interest Securities	59	1,558,086	+/- 2%	31,162	(31,162)

The Fund's interest-bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Fund has established limits on investments in interest-bearing assets, which are monitored on a daily basis. The risk is measured using sensitivity analysis.

The Fund controls its interest rate exposure by using managers for these types of investments who diversify investments across assets with various interest rate sensitivities and imposing duration limits within fixed interest mandates with these investment managers.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk primarily arises from investments in debt securities. Other credit risk arises from cash and cash equivalents, and deposits with banks and other financial institutions.

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. Market prices generally incorporate credit assessments into valuations and risk of loss is implicitly provided for in the carrying value of financial assets and liabilities as they are marked to market. The Fund does not have any material credit risk exposure to any single entity or group of entities.

The unit trusts invested into by the Fund are exposed to credit risk. The maximum exposure is determined by the fair value of the financial instruments as is disclosed under price risk.

Credit risk in the Fund is managed by the individual investors. In the event that counterparty defaults on their obligation, the loss is borne by the individual investors.

The Fund holds no collateral as security or any other credit enhancements. There are no financial assets that are past due or impaired, or would otherwise be past due or impaired.

(d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Fund's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements.

Investments in unlisted managed funds

The Fund offers a number of investment options in managed funds to its members. The following of which, at the date of this statement, are subject to redemption restrictions:

- Questor All Weather Fund
- The Wholesale Trust Australian Emerging Managers Fund
- AMP Structured High Yield Fund
- AMP Core Property Fund
- Australian Unity Wholesale Mortgage Fund
- Challenger Howard Mortgage Fund
- Challenger Wholesale High Yield Fund
- DWS Strategic Value Fund
- Perpetual Monthly Income Fund
- Perpetual Wholesale Monthly Income Fund
- Questor Manifest Australian Equity Fund

As at 30 June 2009, 9.84% (2008: Nil) of the net asset value of the Fund was subject to suspension of redemptions ranging from 2-180 days.

(e) Capital risk management

The capital of the Fund is represented by the net assets available to pay benefits. The amount of net assets available to pay benefits can change significantly on a daily basis as the Fund is subject to daily deposits and withdrawals at the discretion of members. The Fund's objective when managing capital is to safeguard the ability to continue as a going concern in order to provide returns for members.

The underlying managed funds of the Fund have the ability to restrict and suspend their redemptions or specific capital requirements on the subscriptions and redemptions of units. The Board of Directors and Trustee monitor capital on the basis of the value of net assets available to pay benefits.

	30 June 2009 \$'000	30 June 2008 \$'000
Liquid assets of the fund	1,382,727	1,182,492
Net assets available to pay benefits	4,291,583	4,771,520
Ratio of liquid assets to net assets available to pay benefits	32.22%	24.78%

16 Contingent liabilities and commitments

There are no outstanding liabilities or commitments as at 30 June 2009 and 30 June 2008..

17 Subsequent Events

There have not been any matters or circumstances occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Fund.

