

Annual Report

Year Ended 30 September 2004

Corporate Superannuation
Personal Superannuation
Allocated Pension



Issuer and Trustee:
TOWER Superannuation Pty Ltd
ABN 61 005 079 970
AFSL No. 237849

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Milsons Point NSW 2061
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arc[®] (MT) MASTER TRUST

Directory

Fund Name

TOWER Master Fund ('Fund')
ABN 20 891 605 180
SFN 149156

Product Names

ARC Corporate Superannuation
SPIN TOW0430AU

ARC Personal Superannuation
SPIN TOW0429AU

ARC Allocated Pension
SPIN TOW0431AU

Issuer & Trustee

TOWER Superannuation Pty Ltd ('Trustee')
ABN 61 005 079 970
AFS Licence No. 237849

Administrator & Insurer

TOWER Australia Limited ('TOWER')
ABN 70 050 109 450
AFS Licence No. 237848

Customer Service

☎ 1800 101 014

✉ arcmt@au.towerlimited.com

✉ ARC Master Trust
PO Box 142
Milsons Point NSW 1565

🌐 www.arcmt.com.au

Important Notes & Disclaimer

In this document 'you' and 'your' are references to members of the Fund. 'We', 'us' and 'our' are references to the Trustee and/or TOWER, as the context so implies.

TOWER Superannuation Pty Ltd (nor any of its related bodies corporate and their respective directors and associates) does not guarantee any particular rate of return, or the repayment of capital or income, or the performance of any of the products or funds referred to in this report unless otherwise stated.

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Director's Message

Dear Member

On behalf of the Trustee of the TOWER Master Fund, I am pleased to provide the ARC Annual Report for the year ended 30 September 2004. This Report should be read in conjunction with your annual Member Statement, which details your benefit entitlements under the Fund.

This Report brings you up to date with relevant details relating to the Fund, including the investment options available to ARC members, and also provides information on important changes in the superannuation environment.

The Government has recently announced two measures to provide members with more incentive to continue to contribute towards their superannuation savings: a reduction in the superannuation surcharge rate to 10%; and changes to the superannuation co-contribution scheme which increase the level of co-contributions available. Making regular contributions to your superannuation investment is still generally considered one of the best ways to increase the amount available for a suitable retirement. See the 'Important Changes to Superannuation' section in this report for more details.

Thank you for your support of ARC. We look forward to helping you continue to achieve your investment objectives in the years ahead.

Yours faithfully

TOWER Superannuation Pty Ltd



Jim Minto
Director

Fund Information

The Fund

ARC Corporate Superannuation (ARC Corporate), ARC Personal Superannuation (ARC Personal) and ARC Allocated Pension are part of the TOWER Master Fund (Fund).

The Fund is a regulated superannuation fund under the Superannuation Industry (Supervision) Act 1993 (SIS). The Trustee operates, and intends to continue to operate, the Fund as a complying superannuation fund.

ARC's Growth

ARC commenced on 27 February 2003. By 30 September 2004, ARC had grown as follows:

Product	No. Plans	No. Members	Fund Size
ARC Corporate	852	16,592	\$101.82 m
ARC Personal	n/a	8,557	\$110.22 m
ARC Allocated Pension	n/a	100	\$9.28 m
TOTAL	852	25,249	\$221.32 m

The Trustee

The Trustee of the Fund is TOWER Superannuation Pty Ltd, a wholly owned subsidiary of TOWER Australia Limited and part of the TOWER Group.

Indemnity Insurance

Indemnity insurance has been effected by the Trustee in order to maintain sufficient and adequate cover to protect the interests of members of the Fund.

Trust Deed

A legal document called a Trust Deed sets out the provisions that govern the Fund. The Trustee is responsible for ensuring that the Fund operates according to the Trust Deed and the accompanying Rules, and that the Fund complies with all relevant laws.

Members may inspect the Trust Deed at any time by arrangement with us (see Directory for contact details).

Fund Review Date

The annual Fund Review date for ARC is 30 September. This is the date each year when ARC is specifically valued for the purpose of preparing the

Fund's financial accounts and annual return to the Australian Prudential Regulation Authority (APRA).

ARC Corporate & ARC Personal Members

For ARC Corporate and ARC Personal members, 30 September is also the date:

- where we determine and report your benefits, account balance and any transactions that have taken place over the period, including any fees and charges deducted from your account, as required by superannuation law; and
- from which, for members who have taken out insurance protection benefits through the Fund, any insurance cover is updated each year as a result of:
 - changes to salary (i.e. where salary is a factor in calculating your insured benefits and we have been advised by your employer); and
 - changes to your age, including:
 - termination of any Death insurance if you have turned age 69 during the previous year; and
 - termination of any Total and Permanent Disablement or Income Protection insurance if you have turned age 64 during the previous year.

ARC Allocated Pension Members

For ARC Allocated Pension members, 30 June is the date where we determine and report your benefits, account balance and any transactions that have taken place over the period, including any fees and charges deducted from your account, as required by superannuation law.

Please note that, for ARC Allocated Pension members, it is your member account balance as at 1 July each year that is used to determine your minimum and maximum pension levels for that financial year.

Policy Committees

Certain employer superannuation plans within ARC Corporate (i.e. generally plans with 50 or more members) must have equal member and employer representation on a body known as a 'policy committee'.

The policy committee acts largely as a means for providing an avenue for members to enquire about the operation of the Fund and providing a communication channel between members, the employer and Trustee. The establishment of a policy committee depends, in the main, on the number of members in your employer's plan. The policy committee, when formed, must meet at least once every year.

Superannuation Surcharge

Where applicable, payments to the Australian Taxation Office in connection with superannuation contributions surcharge are deducted from your account balance. Details of any such deductions are shown on your annual Member Statement.

Enquiries and Further Information

If you have an enquiry or if you require further information about your ARC product, please contact your Financial Adviser, or contact one of our Customer Service Consultants on 1800 101 014, Monday to Friday 8:30am – 6:00pm (Sydney time). Alternatively, you can email us at arcmt@au.towerlimited.com (quoting your membership number) or write to TOWER at the following address: PO Box 142, Milsons Point NSW 1565.

Complaints

If you have a complaint regarding the Fund, please lodge your complaint in writing to the **TOWER Complaints Manager** at the following address: TOWER Australia Limited, PO Box 142, Milsons Point NSW 1565.

If your complaint has not been resolved to your satisfaction, you may refer your complaint to the Superannuation Complaints Tribunal (SCT) (contact details are shown below).

The SCT is an independent body established by the Commonwealth Government to review trustee decisions relating to its members as opposed to trustee decisions about the management and operation of a superannuation fund as a whole. The objective of the SCT is to provide a fair, timely and economical means of resolution of complaints as an alternative to a court system. The SCT cannot consider complaints that have not been first referred to a trustee's complaint resolution process.

Important Note Regarding Complaints to the SCT

You may only refer your complaint to the SCT if your complaint has not been resolved to your satisfaction within 90 days of lodgement with the Complaints Manager. The SCT can be contacted at the following address: Locked Bag 3060, GPO Melbourne, VIC 3001. Telephone: 1300 884 114.

Approved Eligible Rollover Fund

The Trustee is required by superannuation law to select an eligible rollover fund (ERF) to which we may transfer

your withdrawal benefit in certain circumstances, for example, if your benefit is \$1,500 or less and you have not provided us with instructions for payment within 30 days of your benefit becoming payable.

Small accounts of \$1,500 or less may also be periodically transferred to the ERF to protect members against the dilution of their benefits by fees.

Please note that under legislation, we may also transfer your benefits to an ERF in circumstances other than those specified above.

If we pay your benefits to the ERF, you cease to be a member of the Fund and become a member of the ERF. On transfer to the ERF, any benefit entitlement (including any insurance protection benefit) that you have in the Fund ceases. You are able to transfer or withdraw benefits from the ERF as the governing legislation permits.

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

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

Lost Members

The Australian Taxation Office maintains a register of 'lost members'. Members may search this register to help trace any lost superannuation entitlements.

It is important to ensure that the Trustee of the Fund is always advised of any change of address.

Unclaimed Benefits

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

An example is if you reach age 65 and a benefit from the Fund is to be paid to you but we have not received any contributions or rollovers in respect of you in the last two years and, after making reasonable efforts and waiting a reasonable period of time, we are unable to contact you about the benefit payable.

We must pay unclaimed benefits to the New South Wales Office of State Revenue.

To claim any benefits transferred to the NSW Office of State Revenue, you or your dependants will need to contact its Unclaimed Money Service at:

Phone: 1300 366 016
Email: unclaimedmoney@osr.nsw.gov.au

On transfer to the NSW Office of State Revenue, any benefit entitlement (including any insurance protection benefit, if applicable) that you have in the Fund ceases.

Financial Information

The financial accounts of the Fund are prepared in accordance with Australian Accounting Standard AAS25 "Financial Reporting by Superannuation Plans", the provisions of the Trust Deed and relevant legislative requirements.

Members' benefits in the Fund are wholly determined by reference to life insurance policies. Such funds are exempt from providing the following information in their Annual Report to members:

- audited fund accounts, auditor's report or abridged financial information;
- statement of assets; and
- details of any investments (or combination of investments in a single enterprise or single group of associated enterprises) which exceed 5% of the total value of the fund.

All expenses incurred by the Trustee of the Fund to date have been borne by TOWER and reflected in the charges appropriate to the life insurance policies within the Fund. The Trustee is entitled (and may commence) to recover reasonable expenses from the Fund by giving 30 days' notice to members. Any such expense recoveries may be made by deducting the relevant amounts from the Fund's assets as a whole.

Processing of Applications and Withdrawals

TOWER reserves the right to suspend the processing of all applications or withdrawals under certain market conditions or extraordinary circumstances if, in TOWER's opinion, to continue processing would not be in the best interests of members.

If the suspension on withdrawals continues for a long period, the Trustee must seek APRA approval.

Fee Increases or Alterations

ARC's standard fees and charges are detailed in the ARC Master Trust Product Disclosure Statement: Part 1 – General Information for each product.

Investment management fees for each investment option are detailed in the ARC Master Trust Product Disclosure Statement: Part 2 – Investment Choices.

Copies of these Product Disclosure Statements may be obtained at any time from your Financial Adviser or by calling TOWER, or may be downloaded from www.arcmt.com.au.

Fee Increases

Each of ARC's fees, charges and thresholds (including maximum amounts) may be indexed in line with any increase in the 12 month Consumer Price Index (CPI) on 1 January each year. The following increases are based on a CPI increase of 2.3% for the year ended 30 September 2004.

Administration Fee

With effect from 1 January 2005, the thresholds for determining the Administration Fee payable have been increased as follows:

Value of Employer's ARC Corporate Plan		Maximum Administration Fee Amount
Old Threshold	New Threshold	
First \$150,000	First \$153,450	1.45% pa
Next \$200,000	Next \$204,600	1.10% pa
Next \$500,000	Next \$511,500	0.75% pa
Amounts over \$850,000	Amounts over \$869,550	0.45% pa

Value of ARC Personal Account		Maximum Administration Fee Amount
Old Threshold	New Threshold	
First \$100,000	First \$102,300	1.45% pa
Next \$150,000	Next \$153,450	1.10% pa
Next \$250,000	Next \$255,750	0.75% pa
Amounts over \$500,000	Amounts over \$511,500	0.45% pa

Value of ARC Allocated Pension Account		Maximum Administration Fee Amount
Old Threshold	New Threshold	
First \$100,000	First \$102,300	1.45% pa
Next \$150,000	Next \$153,450	1.10% pa
Next \$250,000	Next \$255,750	0.75% pa
Amounts over \$500,000	Amounts over \$511,500	0.45% pa

The minimum Administration Fee payable has also been increased from \$10.00 to \$10.23 per month.

Member Fee (ARC Corporate only)

With effect from 1 January 2005, the Member Fee has been increased as follows:

No. of Members in Employer's Plan	Old Monthly Fee	New Monthly Fee
1 – 4	\$6.35	\$6.50
5 or more	\$4.85	\$4.96

Members with an ARC Corporate account balance of \$25,575 or more (increased from \$25,000) are not charged this fee.

Withdrawal Fee

With effect from 1 January 2005, ARC's Withdrawal Fee has been increased from \$65.00 to \$66.50.

Family Law – Request for Information

With effect from 1 January 2005, the amount of this fee has been increased from \$145 to \$148. (This fee is payable by the spouse making the request for information.)

Additional Information

Members will be provided with at least 30 days' notice before introducing any additional fee(s) or before any increases (other than CPI increases) to the fees and charges previously disclosed.

Investment Information

Trustee's Investment Objective

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

Trustee's Investment Strategy

The Trustee's investment strategy is to invest in an investment insurance policy issued by TOWER, which provides a range of investment portfolios with different risk/return profiles.

The Trustee has recently revised the description of the objective and strategy and does not believe this alters the intent of any particular investment option.

ARC offers two major types of investment options:

- **Multi-Manager Options** – which use a number of investment managers to provide diversity of investment style, performance and risk within the one option; and
- **Specialist Manager Options** – which use only one specialist investment manager per option.

Within each of the multi-manager and specialist manager menus of options there are:

- **Multi-Sector Options** – where each invests in a range of both growth and defensive asset classes to produce a diversified investment mix; and
- **Single Sector Options** – where each invests primarily in only one asset class.

The multi-manager and the specialist manager menus are further divided into **Portfolios**, as follows:

- Capital Guaranteed Portfolio;
- Cash Portfolio;
- Capital Stable Portfolio;
- Fixed Interest Portfolio;
- Absolute Return Portfolio;
- Balanced Portfolio;
- Property Portfolio;
- Growth Portfolio;
- Australian Shares Portfolio; and
- International Shares Portfolio.

The Portfolios offer a range of individual investment options, which members may mix and match to meet their needs.

Full details for each of the investment options available to ARC members (including investment objectives; investment strategy; labour standards or environmental, social or ethical considerations taken into account when selecting, retaining or realising investments; asset allocation benchmarks and ranges; and investment management fees) are contained in the ARC Master Trust Product Disclosure Statement: Part 2 – Investment Choices, which is available from your Financial Adviser, or by calling our Customer Service Consultants on 1800 101 014 or visiting www.arcmt.com.au.

The Trustee may add, vary or withdraw investment options at its discretion.

Investment in Derivatives

The Trustee presently invests all Fund assets in policies of life insurance issued by TOWER and, therefore, does not acquire or use derivative instruments directly.

Derivatives such as futures, options and swaps (as applicable) may be used, within approved limits, by the investment managers of the underlying investment options in managing the various funds' portfolios of assets. However, gearing of the funds is generally not permitted.

Investment Performance

Investment performance information as at 30 September 2004 is detailed below.

Current performance figures (updated at the end of each month) may be obtained from your Financial Adviser, or by calling our Customer Service Consultants on 1800 101 014 or visiting www.arcmt.com.au.

The investment earnings on your member account in ARC are shown in your annual Member Statement.

Care should be exercised in relying on past performance, as this is not a suitable basis for assessing long term future performance.

Australian Shares Portfolio								
Advance Sharemarket Fund – Wholesale Units	Apr-03	15.1	n/a	n/a	n/a	n/a	n/a	13.1
Colonial First State Wholesale Imputation Fund	Mar-03	12.9	n/a	n/a	n/a	n/a	n/a	13.9
Investors Mutual Future Leaders Fund	Apr-03	16.3	n/a	n/a	n/a	n/a	n/a	17.1
IOOF/Perennial Wholesale Value Shares Trust	Apr-03	15.5	n/a	n/a	n/a	n/a	n/a	14.6
Macquarie Master Australian Enhanced Equities Fund	May-03	13.5	n/a	n/a	n/a	n/a	n/a	12.7
Merrill Lynch Wholesale Australian Share Fund <i>(formerly Merrill Lynch Wholesale Imputation Fund)</i>	May-03	14.3	n/a	n/a	n/a	n/a	n/a	14.9
Perpetual's Wholesale Industrial Fund	Apr-03	15.0	n/a	n/a	n/a	n/a	n/a	16.5
Schroder Wholesale Australian Equity Fund	May-03	16.3	n/a	n/a	n/a	n/a	n/a	15.5
The Portfolio Service – Australian Emerging Managers fund	May-03	12.4	n/a	n/a	n/a	n/a	n/a	12.7
The Portfolio Service – Australian Majors fund	Apr-03	14.2	n/a	n/a	n/a	n/a	n/a	12.5
TOWER Australia Australian Shares Fund	Jun-03	17.7	n/a	n/a	n/a	n/a	n/a	17.6
TOWER Australia Ethical Growth Fund	Apr-03	14.9	n/a	n/a	n/a	n/a	n/a	14.0
International Shares Portfolio								
Citigroup Emerging Market Trust	May-03	6.1	n/a	n/a	n/a	n/a	n/a	13.6
Fidelity Perpetual Wholesale International Fund	May-03	7.5	n/a	n/a	n/a	n/a	n/a	5.7
Platinum International Fund	Apr-03	7.1	n/a	n/a	n/a	n/a	n/a	14.2
The Portfolio Service – Global Foundations fund	May-03	4.2	n/a	n/a	n/a	n/a	n/a	4.8
TOWER Australia Global Responsibility Fund	May-03	5.2	n/a	n/a	n/a	n/a	n/a	5.9

Important Notes

Past performance is no guarantee of future performance.

Performance returns are net of tax, ARC's management/administration fee and investment management fees.

The ARC Unit Inception Date shows when the unit was established in ARC.

When an investment option has an Inception Date less than 12 months old, the Since Inception performance figure is the actual (i.e. non-annualised) investment return achieved to the date shown.

TOWER Australia Capital Assured Portfolio Crediting Rates

For the portion of members' funds invested in the TOWER Australia Capital Assured Portfolio, a declared crediting rate and interim crediting rate are determined each year at the crediting date. These crediting rates

are net of tax, ARC's management/administration fee and investment management fees.

The declared crediting rate is applied to the members' Capital Assured Portfolio account balances at the crediting date in respect of the year preceding the crediting date. The declared crediting rate is guaranteed never to be negative.

Payments made to members in respect of the portion of funds invested in the TOWER Australia Capital Assured Portfolio during the period between the application of declared crediting rates from one year to the next have the prevailing interim crediting rate applied to them. This is achieved by applying the prevailing interim crediting rate to the account balance and to any net contributions received from the date they are received, and allowing for any withdrawals made during the period, to the benefit payment date. The interim crediting rate applied during this period can be changed retrospectively at any time, but is guaranteed never to be negative.

Australian Shares Portfolio								
Advance Sharemarket Fund – Wholesale Units	May-03	19.0	n/a	n/a	n/a	n/a	n/a	19.4
Colonial First State Wholesale Imputation Fund	Dec-03	n/a	n/a	n/a	n/a	n/a	n/a	12.4
Investors Mutual Future Leaders Fund	Aug-03	18.7	n/a	n/a	n/a	n/a	n/a	17.5
IOOF/Perennial Wholesale Value Shares Trust	May-03	18.1	n/a	n/a	n/a	n/a	n/a	21.0
Macquarie Master Australian Enhanced Equities Fund	Mar-04	n/a	n/a	n/a	n/a	n/a	n/a	9.3
Merrill Lynch Wholesale Australian Share Fund <i>(formerly Merrill Lynch Wholesale Imputation Fund)</i>	Mar-04	n/a	n/a	n/a	n/a	n/a	n/a	10.2
Perpetual’s Wholesale Industrial Fund	May-03	17.2	n/a	n/a	n/a	n/a	n/a	18.0
Schroder Wholesale Australian Equity Fund	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a
The Portfolio Service – Australian Emerging Managers fund	May-03	16.5	n/a	n/a	n/a	n/a	n/a	19.4
The Portfolio Service – Australian Majors fund	Nov-03	n/a	n/a	n/a	n/a	n/a	n/a	14.7
TOWER Australia Australian Shares Fund	Sep-03	20.1	n/a	n/a	n/a	n/a	n/a	20.3
TOWER Australia Ethical Growth Fund	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a
International Shares Portfolio								
Citigroup Emerging Market Trust	Dec-03	n/a	n/a	n/a	n/a	n/a	n/a	9.5
Fidelity Perpetual Wholesale International Fund	Mar-04	n/a	n/a	n/a	n/a	n/a	n/a	3.5
Platinum International Fund	Jul-03	7.1	n/a	n/a	n/a	n/a	n/a	10.8
The Portfolio Service – Global Foundations fund	Nov-03	n/a	n/a	n/a	n/a	n/a	n/a	5.0
TOWER Australia Global Responsibility Fund	Mar-04	n/a	n/a	n/a	n/a	n/a	n/a	0.8

Important Notes

Past performance is no guarantee of future performance.

Performance returns are net of ARC’s management/administration fee and investment management fees.

The ARC Unit Inception Date shows when the unit was established in ARC.

When an investment option has an Inception Date less than 12 months old, the Since Inception performance figure is the actual (i.e. non-annualised) investment return achieved to the date shown.

TOWER Australia Capital Assured Portfolio Crediting Rates

For the portion of members’ funds invested in the TOWER Australia Capital Assured Portfolio, a declared crediting rate and interim crediting rate are determined each year at the crediting date. These crediting rates

are net of ARC’s management/administration fee and investment management fees.

The declared crediting rate is applied to the members’ Capital Assured Portfolio account balances at the crediting date in respect of the year preceding the crediting date. The declared crediting rate is guaranteed never to be negative.

Payments made to members in respect of the portion of funds invested in the TOWER Australia Capital Assured Portfolio during the period between the application of declared crediting rates from one year to the next have the prevailing interim crediting rate applied to them. This is achieved by applying the prevailing interim crediting rate to the account balance, after allowing for any pension payments made or commutations during the period, to the benefit payment date. The interim crediting rate applied during this period can be changed retrospectively at any time, but is guaranteed never to be negative.

Asset Allocations

Asset allocations as at 30 September for each of the investment options (rounded to the nearest whole percentage) are shown below.

Current asset allocation benchmarks and ranges and actual asset allocations (updated at the end of each month) may be obtained from your Financial Adviser, or by calling our Customer Service Consultants on 1800 101 014 or visiting www.arcmt.com.au.

Capital Guaranteed Portfolio

TOWER Australia Capital Assured Portfolio		
30 September	2004	2003
Australian Shares	11%	9%
International Shares	4%	4%
Property	9%	9%
Australian Fixed Interest	40%	42%
International Fixed Interest	20%	20%
Cash	16%	16%

Cash Portfolio

The Portfolio Service – Cash Management fund		
30 September	2004	2003
Cash	100%	100%

Capital Stable Portfolio

Perpetual's Wholesale Conservative Growth Fund		
30 September	2004	2003
Australian Shares	20%	20%
International Shares	5%	5%
Property	4%	5%
Australian Fixed Interest	38%	33%
Cash	33%	37%

The Portfolio Service – Conservative Outcomes fund

30 September	2004	2003
Australian Shares	11%	10%
Property	5%	5%
Australian Fixed Interest	49%	49%
International Fixed Interest	4%	5%
Cash	31%	31%

The Portfolio Service – Moderate Outcomes fund

30 September	2004	2003
Australian Shares	15%	15%
International Shares	5%	5%
Property	10%	10%
Australian Fixed Interest	39%	40%
International Fixed Interest	9%	10%
Cash	22%	20%

TOWER Australia Security Focus Fund

30 September	2004	2003
Australian Shares	17%	15%
International Shares	8%	8%
Property	6%	6%
Australian Fixed Interest	34%	36%
International Fixed Interest	9%	9%
Cash	26%	26%

Fixed Interest Portfolio

Citigroup Bond Trust		
30 September	2004	2003
Australian Fixed Interest	95%	96%
International Fixed Interest	0%	1%
Cash	5%	3%

Macquarie Master Fixed Interest Fund

30 September	2004	2003
Australian Fixed Interest	100%	100%

TOWER Australia Fixed Interest Fund

30 September	2004	2003
Australian Fixed Interest	100%	100%

Absolute Return Portfolio

Deutsche Strategic Value Fund		
30 September	2004	2003
International Shares	50%	38%
International Fixed Interest	45%	55%
Cash	5%	7%

Balanced Portfolio

Colonial First State Wholesale Balanced Fund		
30 September	2004	2003
Australian Shares	26%	25%
International Shares	19%	19%
Property	5%	5%
Australian Fixed Interest	41%	46%
Cash	9%	5%

Merrill Lynch Wholesale Balanced Fund		
30 September	2004	2003
Australian Shares	36%	36%
International Shares	23%	26%
Property	11%	11%
Australian Fixed Interest	3%	10%
International Fixed Interest	5%	9%
Cash	22%	8%

Perpetual's Wholesale Diversified Growth Fund		
30 September	2004	2003
Australian Shares	33%	23%
International Shares	19%	19%
Property	5%	5%
Australian Fixed Interest	32%	25%
Cash	11%	28%

The Portfolio Service – Balanced Outcomes fund		
30 September	2004	2003
Australian Shares	27%	25%
International Shares	16%	10%
Property	11%	9%
Australian Fixed Interest	30%	31%
International Fixed Interest	10%	10%
Cash	6%	15%

TOWER Australia Balanced Growth Fund

30 September	2004	2003
Australian Shares	40%	37%
International Shares	19%	21%
Property	10%	9%
Australian Fixed Interest	17%	19%
International Fixed Interest	5%	5%
Cash	9%	9%

Property Portfolio

BT Wholesale Property Investment Fund		
30 September	2004	2003
Property	98%	97%
Cash	2%	3%

Deutsche Paladin Property Securities Fund		
30 September	2004	2003
Property	99%	98%
Cash	1%	2%

The Portfolio Service – Traded Properties fund		
30 September	2004	2003
Property	99%	97%
Cash	1%	3%

Growth Portfolio

Colonial First State Wholesale Diversified Fund		
30 September	2004	2003
Australian Shares	32%	31%
International Shares	30%	31%
Property	7%	5%
Australian Fixed Interest	17%	19%
International Fixed Interest	4%	5%
Cash	10%	9%

ING Wholesale Managed Growth Trust		
30 September	2004	2003
Australian Shares	38%	43%
International Shares	25%	28%
Property	9%	8%
Australian Fixed Interest	16%	12%
International Fixed Interest	3%	3%
Cash	9%	6%

Perpetual's Wholesale Balanced Growth Fund		
30 September	2004	2003
Australian Shares	46%	50%
International Shares	23%	24%
Property	6%	7%
Australian Fixed Interest	20%	14%
Cash	5%	5%

Schroder Balanced Fund Standard Class		
30 September	2004	2003
Australian Shares	35%	35%
International Shares	23%	19%
Property	3%	9%
Australian Fixed Interest	17%	18%
International Fixed Interest	4%	7%
Cash & Other	18%	12%

The Portfolio Service – Enhanced Outcomes fund		
30 September	2004	2003
Australian Shares	39%	37%
International Shares	25%	15%
Property	11%	10%
Australian Fixed Interest	15%	17%
International Fixed Interest	9%	9%
Cash	1%	12%

The Portfolio Service – Hi-Growth Outcomes fund		
30 September	2004	2003
Australian Shares	47%	45%
International Shares	41%	35%
Property	10%	11%
Cash	2%	9%

TOWER Australia Growth Maximiser Fund		
30 September	2004	2003
Australian Shares	40%	37%
International Shares	29%	31%
Property	12%	12%
Australian Fixed Interest	9%	9%
International Fixed Interest	5%	5%
Cash	5%	6%

Australian Shares Portfolio

Advance Sharemarket Fund – Wholesale Units		
30 September	2004	2003
Australian Shares	95%	96%
Cash	5%	4%

Colonial First State Wholesale Imputation Fund		
30 September	2004	2003
Australian Shares	99%	99%
Cash	1%	1%

Investors Mutual Future Leaders Fund		
30 September	2004	2003
Australian Shares	85%	80%
Cash	15%	20%

IOOF/Perennial Wholesale Value Shares Trust		
30 September	2004	2003
Australian Shares	95%	98%
Cash	5%	2%

Macquarie Master Australian Enhanced Equities Fund		
30 September	2004	2003
Australian Shares	100%	100%

Merrill Lynch Wholesale Australian Share Fund <i>(formerly Merrill Lynch Wholesale Imputation Fund)</i>		
30 September	2004	2003
Australian Shares	100%	99%
Cash	0%	1%

Perpetual's Wholesale Industrial Fund		
30 September	2004	2003
Australian Shares	95%	94%
Property	2%	4%
Cash	3%	2%

Schroder Wholesale Australian Equity Fund		
30 September	2004	2003
Australian Shares	98%	98%
Cash	2%	2%

The Portfolio Service – Australian Emerging Managers fund		
30 September	2004	2003
Australian Shares	100%	99%
Cash	0%	1%

The Portfolio Service – Australian Majors fund		
30 September	2004	2003
Australian Shares	99%	97%
Cash	1%	3%

TOWER Australia Australian Shares Fund		
30 September	2004	2003
Australian Shares	100%	97%
Cash	0%	3%

TOWER Australia Ethical Growth Fund		
30 September	2004	2003
Australian Shares	100%	89%
Cash	0%	11%

International Shares Portfolio

Citigroup Emerging Market Trust		
30 September	2004	2003
International Shares	97%	98%
Cash	3%	2%

Fidelity Perpetual Wholesale International Fund		
30 September	2004	2003
International Shares	97%	97%
Cash	3%	3%

Platinum International Fund		
30 September	2004	2003
International Shares	86%	83%
Cash	14%	17%

The Portfolio Service – Global Foundations fund		
30 September	2004	2003
International Shares	83%	90%
Cash	17%	10%

TOWER Australia Global Responsibility Fund		
30 September	2004	2003
International Shares	100%	100%

Important Changes to Superannuation

Details of recent changes and proposals that may affect retirement measures and your superannuation entitlements are set out below. Many of these changes and proposals were announced by the Government in its policy paper 'A more flexible and adaptable retirement income system' (released on 25 February 2004) and reaffirmed in the 11 May 2004 Federal Budget.

This information does not take account of your individual circumstances and you should seek tax and/or financial advice from a professional adviser before acting on this information.

Increased Government Superannuation Co-Contributions

The Government superannuation co-contribution is a payment made by the Federal Government to the superannuation account of eligible members (refer details below) who make personal superannuation contributions.

What is the maximum co-contribution?

Old Rules	New Rules	What this means for you
The Government would match personal contributions that you made to superannuation, up to a maximum of \$1,000.	For every \$1.00 you personally contribute to superannuation the Government will contribute \$1.50, up to a maximum of \$1,500. This new rule applies from 1 July 2004.	If you are eligible for the co-contribution, you may now be able to receive up to \$1,500 from the Government. This will increase your savings for retirement.

How much co-contribution could you receive?

Old Rules	New Rules	What this means for you
You could receive the maximum co-contribution if your total income* did not exceed \$27,500. For incomes above \$27,500 the maximum co-contribution would reduce by \$0.08 for each \$1 of income and phase out completely at an income of \$40,000.	You may receive the maximum co-contribution if your total income* does not exceed \$28,000. For incomes above \$28,000 the maximum co-contribution will reduce by \$0.05 for each \$1 of income and phase out completely at an income of \$58,000. These new rules apply from 1 July 2004.	People with total income* ranging from \$40,000 to just below \$58,000 may now also receive the co-contribution.

* Total income includes assessable income and reportable fringe benefits.

Eligibility for the co-contribution

Old Rules	New Rules	What this means for you
To be eligible for the co-contribution a person had to receive, or be entitled to receive, employer superannuation support.	To be eligible for the co-contribution a person must earn at least 10% of their income as an eligible employee. This new rule applies from 1 July 2003.	More people are now able to qualify for the co-contribution. People who earn less than \$450 per month from employment may now be eligible for the co-contribution, instead of being entitled to claim a tax deduction for their personal contributions.

For further information regarding superannuation co-contributions, please contact your Financial Adviser or the Australian Taxation Office (ATO). The ATO's contact details are:

Phone: 13 10 20

www.ato.gov.au (and search for super co-contributions).

Superannuation Surcharge Rate Reduction

The Government has accelerated and extended its schedule for reducing the maximum superannuation surcharge rate, as follows:

Old Rules	New Rules	What this means for you
2004/2005 – 13.5% 2005/2006 and beyond – 12.5%	2004/2005 – 12.5% 2005/2006 and beyond – 10%	People who are liable to pay superannuation surcharge will now have less to pay and, therefore, will have more funds accumulating for retirement.

Removal of the Work Test for Superannuation Contributions Before Age 65

Old Rules	New Rules	What this means for you
Generally, to contribute to superannuation a person aged under 65 must have worked at least 10 hours in a week sometime in the past two years.	Anyone under the age of 65 can contribute to superannuation. This new rule applies from 1 July 2004.	It is now easy to contribute to superannuation as people aged under 65 don't need to be working. You may also be able to claim a tax deduction [^] or your spouse may be able to claim a tax offset.

[^] People under 18 must satisfy a work test in the year they contribute to qualify for a deduction. Under this work test, the person must derive eligible employment or business income in the year in which the deduction is being claimed.

Changes to the Contribution Rules for People Aged 65 to 74

Old Rules	New Rules	What this means for you
Generally, to contribute to superannuation a person aged 65 - 74 must have worked at least 10 hours in the week they wished to make superannuation contributions.	There is now an annual work test requirement, whereby the person needs to work at least 40 hours in a period of not more than 30 consecutive days in the financial year to be eligible to make contributions. This new rule applies from 1 July 2004.	People aged 65 to 74 don't need to be working at the time they make a superannuation contribution, but rather they need to meet annual working requirements. It may also be possible to claim a tax deduction or your spouse may be able to claim a tax offset.

Subject to the amended work test, this allows:

- member, spouse and all types of employer contributions to be made for members aged 65 to 69; and
- member and mandated employer contributions only to be made for members aged 70 to 74.

Compulsory Cashing of Superannuation Benefits for People Aged 65 to 74

Old Rules	New Rules	What this means for you
A superannuation fund was required to pay out the benefits of members aged 65 to 74 who were not working at least 10 hours in each week.	A superannuation fund is required to pay out the benefits of members aged 65 to 74 if they are not gainfully employed for at least 240 hours (i.e. on a full-time, part-time or casual basis) during the financial year that ended on the last occurring 30 June. This new rule applies from 1 July 2004.	If you retire and are aged 65 to 74 you can have up to an additional year to keep your money invested in superannuation, which is a concessional tax environment.

Compulsory Cashing of Superannuation Benefits for People Aged 75 and Over

Old Rules	New Rules	What this means for you
People aged 75 and over could not keep their money in the accumulation phase of superannuation unless they were working 30 hours each week. This allowed people to use superannuation for estate planning purposes.	<p>People aged 75 will not be allowed to remain in the accumulation phase of superannuation.</p> <p>This new rule applies from 1 July 2004.</p> <p>One exception to this rule is that a member's post-65 employer-financed benefits will not need to be paid out where the member is aged 75 and over but still receiving superannuation contributions under an industrial award.</p>	You need to cash out your superannuation or commence a retirement income stream if you are aged 75 and over.

The Government has also allowed a transitional arrangement whereby members aged 75 by 30 June 2004 can remain in the accumulation phase of superannuation provided they continue to be gainfully employed for 30 hours each week (i.e. as per the previous rules).

Preservation of Rolled-Over Employer Eligible Termination Payments (ETPs)

Old Rules	New Rules	What this means for you
Employer ETPs that were rolled over into a superannuation fund were accessible as they were classified as unrestricted non-preserved benefits.	<p>Employer ETPs that are rolled over into a superannuation fund are automatically preserved and are not accessible until you meet a condition of release.</p> <p>This new rule applies from 1 July 2004.</p>	If you roll over an employer ETP into superannuation, you will not be able to access it until you meet a condition of release.

Changes to the Definition of a 'Dependant'

Old Rules	New Rules	What this means for you
<p>For taxation and superannuation purposes the definition of a dependant was:</p> <ul style="list-style-type: none"> the spouse of the member; or a child of the member (under age 18 for tax purposes). 	<p>For taxation and superannuation purposes the definition of a dependant is:</p> <ul style="list-style-type: none"> the spouse of the member; or a child of the member (under age 18 for tax purposes); or a person with whom the member has an "interdependency relationship" (see below) <p>The new definition applies to ETPs made on or after 30 June 2004.</p>	<p>This could now extend the definition of dependant to cater for same sex couples and other relationships such as two elderly sisters living together.</p> <p>These relationships will be treated in the same way as spouses and beneficiaries will receive a superannuation death benefit tax-free up to the deceased member's pension Reasonable Benefit Limit (RBL).</p>

An interdependency relationship is defined as where two people (whether or not related by family):

- live together; and
- have a close personal relationship; and
- one or each of them provides the other with financial support; and
- one or each of them provides the other with domestic support and personal care.

An interdependency relationship can also exist where there is a close personal relationship between two people who do not satisfy all other criteria or interdependency because either or both of them suffer from a physical, intellectual or psychiatric disability.

Superannuation Portability

Effective 1 July 2004, inactive superannuation accounts must be rolled over or transferred within 90 days of a request from the member.

Superannuation Choice of Fund

'Choice of Fund' aims to provide employees with the right to choose the superannuation fund which will receive their superannuation guarantee contributions.

Where an employee has not chosen a fund, contributions may be made to a fund chosen by the employer provided the fund complies with the requirement to offer insurance in respect of death. If an employer changes the fund to which contributions are made, employees must be given a standard choice form.

The choice of fund regime will commence on 1 July 2005.

Proposed Superannuation Contributions Splitting Between Spouses

The Government has proposed that members of accumulation superannuation funds may split future personal and employer superannuation contributions with their spouse from 1 July 2004. Under this proposal, each spouse may have access to their own Reasonable Benefit Limit (RBL) and ETP low-rate threshold.

Proposed Greater Access to Superannuation Benefits for People Below Age 65

Generally, a person who reaches preservation age but is below age 65 currently must retire or leave employment before they can access their superannuation benefits.

To cater for increasingly likely situations where people may choose to reduce their work hours as they get older, the Government has proposed that, from 1 July 2005, people who have not retired will be able to access their superannuation as a non-commutable income stream once they reach their preservation age.

Simplification of the Superannuation Guarantee Notional Earnings Bases

Under the Superannuation Guarantee (SG), employers must provide a minimum of 9% of an employee's notional earnings base as superannuation support. For most employees, their notional earnings base is remuneration earned in their normal working hours (i.e. without payments for any overtime) – commonly referred to as 'Ordinary Time Earnings' (OTE).

The SG legislation currently allows some employers to pay superannuation on a lower earnings base that existed back in 1991 (i.e. before the SG was introduced), which means that some employees could be paid lower superannuation contributions than other employees in similar circumstances.

To ensure that all employees are treated in a consistent manner for SG purposes, the Government will remove these lower earnings bases so that, by 1 July 2008, OTE must be the earnings base used by all employers for determining SG liability for all of their employees.

Indexation of Superannuation Thresholds for the 2004/2005 Financial Year

Maximum Deductible Contribution (MDC) Limit

The age-based limits applying to the amount of tax deductible contributions which may be made to superannuation by, or on behalf of, a member for the 2004/2005 financial year are:

Age of Member	MDC Limit
Under 35	\$13,934*
35 – 49	\$38,702*
50 and over	\$95,980*

* indexed as at 1 July each year

Superannuation Guarantee

For the 2004/2005 financial year, the Superannuation Guarantee (SG) is 9% of each employee's earnings base (maximum contribution base \$32,180* per quarter), payable by the dates shown below.

Quarterly Period	Due Date for SG Contributions
1 July – 30 September	28 October
1 October – 31 December	28 January
1 January – 31 March	28 April
1 April – 30 June	28 July

* indexed as at 1 July each year

Superannuation Surcharge

For the 2004/2005 financial year, the following thresholds apply:

Lower Income amount	\$99,710*
Upper Income amount	\$121,075*
Maximum surcharge rate	12.5%#

* indexed as at 1 July each year

see page 16 for details of the reduction to the maximum surcharge rate in future years.

Reasonable Benefit Limit (RBL)

RBLs for the 2004/2005 financial year are as follows:

Lump Sum RBL	\$619,223*
Pension RBL	\$1,238,440*

* indexed as at 1 July each year

Tax on Post-June 1983 Component of Lump Sum Withdrawals

For the 2004/2005 financial year, the tax rates applying to the post-June 1983 component of lump sum benefit payments are as follows:

Age	Rate (taxed component)	Rate (untaxed component)
Under 55	20%#	30%#
55 and over:		
Up to \$123,808*	Nil	15%#
Excess over \$123,808*	15%#	30%#

plus Medicare levy

* indexed as at 1 July each year

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