

# Annual Report

## Goldman Sachs JBWere Superannuation Fund

For the year ended 30 June 2006

Issued by BEST Superannuation Pty Ltd ABN 57 070 732 008,  
RSE Licence Number: L0001939 as trustee of the Goldman Sachs JBWere  
Superannuation Fund ABN 55 697 537 183, Registration Number R1005271.

### Look inside to see:

how your super is performing  
where your super is invested  
how your Fund works  
super news  
what to do if you leave

## From the trustee – the year in review

Welcome to the Annual Report to members of the Goldman Sachs JBWere Superannuation Fund (the Fund) for the year ended 30 June 2006.

In this report we provide details of the progress of the Fund and developments in superannuation generally. Highlights for the year were:

- A year of strong returns in most investment markets producing good earnings for our members. The effective crediting rate over the year was 23.7%. This is the third year in a row that we have enjoyed a double-digit return. Fund assets grew from \$172m to \$211m over the year.
- Goldman Sachs JBWere continues to meet the administrative costs of operating the Fund. The costs of the Fund are very low by industry standards.
- From 1 July 2006 we introduced Binding Death Benefit nominations to allow members to have a direct say in how the benefit is paid in the event of their death.
- The introduction of the Government's Choice of Fund legislation from 1 July 2005 had limited impact on the Fund. The Fund continues to offer a range of benefits to members including flexibility in insurance levels, low administration fees, a Fund Helpline and an interactive website.
- The Fund was successful in its application for an Australian Prudential Regulation Authority (APRA) Regulated Superannuation Entity (RSE) Licence. The licence enables the trustee board to continue to act as the trustee of the Fund.
- The Fund's website at [www.superfacts.com](http://www.superfacts.com) allows you to get up-to-date information about your benefits and general information about superannuation. To log on you need to have the contact details provided to you (Fund number, member number and PIN). If you have misplaced these please ring the Helpline.
- As previously advised, from 1 July 2005 we moved to setting monthly crediting rates. There are now 12 monthly crediting rates over a Fund year. The individual monthly rates are shown later in this report.

All of these activities and highlights are covered in greater detail in this Annual Report. Your 2006 Statement of benefits is also enclosed and sets out the value of your superannuation at 30 June 2006. A separate Transaction and fee disclosure statement 30 June 2006 will also be sent to you showing details of contributions made and any expenses deducted and/or incurred in providing your benefits. Full detail of all transactions and expenses incurred are now required, by law, to be issued to all superannuation fund members.

I would like to thank my fellow trustee directors (Mark Summers, Paul Sundberg, Greg Richards and the recently retired Hugh Cameron) and the trustee company secretary (Lisa Gay) for their contribution to the operation of the Fund.

The trustee and Goldman Sachs JBWere are pleased with the progress of the Fund over the past year and the benefits it provides to members. If you have any questions about your superannuation, please call the Helpline on **1800 025 026**, write to the Fund Secretary (see later for contact details) or speak to one of the trustee directors.

### Angela Manning

Chairman  
BEST Superannuation Pty Ltd

On behalf of the trustee of the Goldman Sachs JBWere Superannuation Fund  
October 2006





### Federal Budget

In the Federal Budget earlier this year, the Treasurer announced proposals that would mean significant changes to superannuation effective from 1 July 2007. These include:

- Benefits (lump sum or pension) will be tax free if received after age 60.
- A pension starting before 1 July 2007 or before age 60 becomes tax free on the later of 1 July 2007 or age 60.
- For benefits paid out before age 60 existing arrangements continue to apply (with minor changes).
- RBLs are to be abolished – no limit on tax free benefits after age 60.
- However there are revised controls on contribution levels.

These are proposals only – there are likely to be changes between now and 1 July 2007. We will keep you informed of these changes.

## Credited interest rates

For the accounts of members with accumulation benefits and designated accounts for defined benefit members, interest is credited each year at 30 June (or if the member leaves the Fund in the meantime). Up to 30 June 2005 there were two crediting rates, one based on the actual earned return and the other determined using a five year average methodology.

From 1 July 2005 there has been only one crediting rate based on the actual earned return. In a further enhancement from 1 July 2005 monthly crediting rates have been set reflecting the actual monthly investment return. The monthly rates are applied to account balances and contributions and these rates were:

2005		2006	
July	2.35%	January	3.78%
August	1.98%	February	0.16%
September	3.77%	March	2.91%
October	-2.04%	April	2.82%
November	3.64%	May	-1.83%
December	4.06%	June	0.12%

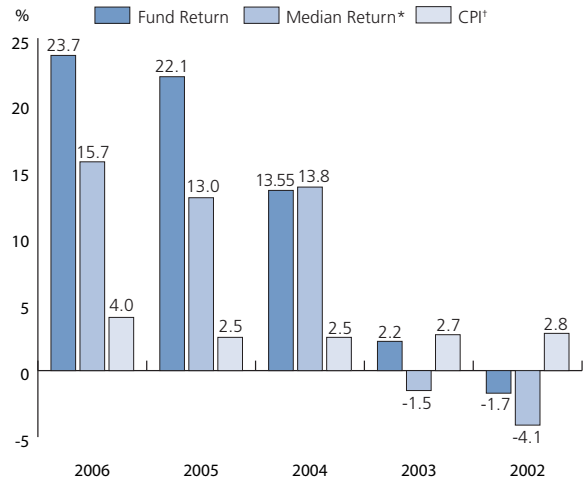
For the year ended 30 June 2006 the effective crediting rate was 23.7% p.a.

Note that for any month or period for which a crediting rate is not available an interim interest rate is used to update accounts so benefits can be paid.

## Compare the performance of the Fund's assets

### Compare your Fund's performance

The graph below shows the Fund return, which is net of investment fees and investment tax and management fees paid by the Fund over the past five years. This is compared with the Fund's investment objective of exceeding the median investment return of funds with similar asset allocation (using the Mercer Pooled Fund Survey of Balanced Funds for this purpose) as well as increases in the cost of living (as measured by the Consumer Price Index, CPI). Please note that the earned returns do not affect any defined benefits but do affect accumulation benefits.



Please note that past performance is not a guide to future performance.

\* Source: Mercer Pooled Fund Survey of Balanced Funds published by Mercer

† Source: Australian Bureau of Statistics

## Summary of Returns

Annual effective rate of net earnings for 2006 (the actual rate of return net of tax and investment expenses)	23.7% p.a.
Compound average effective rate of net earnings (over the most recent five-year period)	11.5% p.a.
Credited interest rate for the year to 30 June 2006	23.7% p.a.
Inflation rate for the year to 30 June 2006 (increase in CPI)	4.0% p.a.

For an explanation of the reasons behind this year's investment returns, please turn to page 4.

## Defined Benefits

The benefit for defined benefit members on retirement is based on a calculation that takes account of years of membership and salary close to retirement. Defined benefits are not affected by how investments perform. Defined benefit members often have additional accounts and this part of the member's benefit is affected by investment returns as are the benefits of accumulation members.

### Benefits of your Fund

- Excellent investment returns for members (23.7% return earned in 2005/2006)
- Flexible insurance options
- Goldman Sachs JBWere continues to pay administration fees
- Full range of member services

# Where your super is invested

## Your Fund has guidelines for investing

The trustee has an investment policy that sets investment strategy and objectives covering how and where the Fund's assets will be invested. While having an objective and strategy are required by law, having a strategy helps ensure that your Fund maximises investment returns while maintaining an acceptable level of risk. Please note that the objectives are not a forecast or guarantee of future performance. The investment policy also covers other related matters, such as appointment of investment managers and guidelines for investments in futures and options.

The trustee regularly monitors the Fund's performance against its objectives and strategy, and changes are made to guidelines and settings where necessary.

## Your Fund's investment objective

The Fund's investment objective is to achieve a rate of return that is equal to or above the average return of balanced superannuation funds (as measured by the Mercer Pooled Fund Survey) over rolling five-year periods.

## Your Fund's investment strategies

- maintain an asset profile that seeks to maximise long term returns by investing in a high proportion of growth assets
- to provide an above average rate of return while maintaining an acceptable degree of security
- spread Fund assets across a range of investments as follows:

Asset Class	Ranges	Neutral Position
Australian Equities	30-75%	62.5%
Overseas Equities	0-25%	15.0%
Listed Property Trusts	0-10%	5.0 %
Australian Fixed Interest	0-40%	7.5%
Liquids	3-30%	7.5%
Alternative Assets	0-5%	2.5%

## Who manages the investments?

The Fund invests in individual shares, securities and wholesale managed funds. The Fund's investments are determined by the Investment Committee (comprising the Directors and Goldman Sachs JBWere asset class specialists such as Rob Evans, Chris Pidcock and Philip Gardner). The investments are held in the name of the Fund by the Fund's custodian Invia Custodian Pty Ltd.

Some of the Fund's assets are currently invested with the following wholesale fund managers. These are Aberdeen, Credit Suisse Asset Management, Morgan Stanley, Walter Scott, Goldman Sachs JBWere, Perpetual and Platinum.

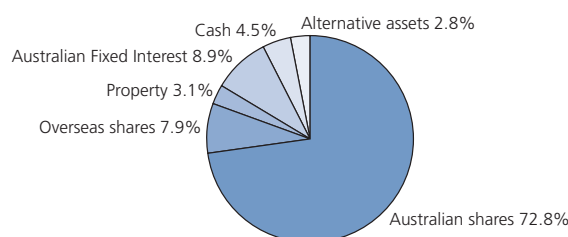
## Investments above 5% of assets

The trustee is required to notify members of individual investments that exceed 5% of the value of the Fund's assets. The following investments each represented more the 5% of the Fund's assets at 30 June 2006.

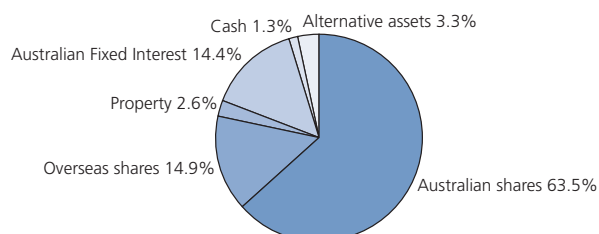
Investment	\$m value	% of assets
AFIC Ltd	\$23.4	11.0%
BHP Billiton Ltd	\$12.8	6.17%
Rio Tinto Ltd	\$11.7	5.5%

## Where your super is invested as at 30 June

### 2005



### 2006



## Keeping an eye on risk

The Trustee's current policy is to not invest directly in derivatives. The use of derivatives will only be via:

- An investment manager appointed by the Trustee to manage part of the Fund's investments in an individually managed portfolio; or
- By a collective investment scheme or listed trust in which the Trustee has invested.

## Environmental, social and ethical considerations

Decisions to invest in or realise investments are based on key financial and managerial criteria. The trustee does not separately consider social, environmental or ethical factors or labour standards to make these decisions.

If you have a question about your benefits in the Fund  
Call the Fund Helpline on 1800 025 026.



## Where your super is invested (continued)

### Your investment returns and the investment environment for the 12 months to 30 June 2006

The 2005/06 financial year produced solid returns for investors across most asset classes as strong economic growth and surging commodity prices drove market sentiment and outplayed concerns about rising oil prices and inflationary pressures.

Equity markets were buoyed strongly by commodity price driven demand, strong company profit growth and merger and acquisition activity. A rising oil price and inflationary concerns saw markets retreat slightly in May, but by financial year end positive economic data had restored some semblance of stability to the markets.

Bond market returns were also positive, but much more subdued when compared to equities and even cash. Inflationary concerns saw the US continuing in its tightening cycle, the Reserve Bank of Australia increasing the short term rate of borrowing, and bond yields lifting higher over the financial year.

Key developments during the year were:

- Further progressive tightening in US monetary policy with the official Fed Funds rate rising by 2.00% over the year to 5.25%
- The Reserve Bank of Australia lifted the official short term cash rate target by 0.25% to 5.75%, the first change in the cash rate since March 2005
- Oil prices rose strongly over the year, rising by more than 30% to hit an all time high of US\$73.94/barrel at the end of June
- The gold price rose by over 40%, hitting a record high, before closing lower at US\$612.60/oz
- Other commodities had a solid run upwards, driven by increased global demand from Asia in particular
- The Australian Federal Budget was handed down providing significant fiscal stimulus through personal tax cuts and further proposed changes to superannuation
- Domestically, employment growth continued to exceed expectations, with the unemployment rate falling to a thirty year low of 4.9%.

#### Some investment terms explained

**Consumer Price Index (CPI)** – is used to measure the rate of increase in inflation. In Australia, it is based on the change in prices of a selection of household goods and services.

**Average Weekly Earnings (AWE)** – is used to measure the rate of increase in average wages in Australia.

**Asset class** – type of investment such as Australian shares, property securities or Australian fixed interest.

**Growth assets** – assets expected to grow in value over time (although their value may rise and fall in the short term), such as shares and property.

**Stable assets** – assets held to generate an income rather than for long-term growth. They are sometimes referred to as 'debt' or 'defensive' assets. Examples are fixed interest and cash.

**Asset allocation** – the range of assets held in the various asset classes such as Australian shares, overseas shares and property.

### The investment environment in more detail

#### Australian Shares

The Australia share market rose strongly over the financial year, advancing in three out of four quarters, supported by a strong domestic economy, global economic growth, low interest rates, solid corporate earnings and surging commodity prices. The S&P/ASX300 Accumulation Index ended the year up 24.0%, bringing the three year cumulative increase to over 90.0%. Australian shares were one of the strongest performing asset classes over the financial year.

Mid cap stocks lead the rise, followed by small cap stocks and then large cap stocks. At the sector level, the Materials sector produced the highest return while Telecommunication Services was the laggard sector. The rise in the share market over the financial year was largely attributable to gains in the resources and banking sector which benefited from rising commodities prices and relatively low interest rates respectively. The notable stock contributors were BHP Billiton and Commonwealth Bank Of Australia. The notable stock detractors were Telstra and Telecom Corporation of New Zealand.

#### Overseas Shares

Overseas share markets rose strongly in local currency terms over the financial year with Japan (a laggard last financial year) the star performer. The Australian dollar depreciated against most major currencies which saw returns further enhanced for unhedged overseas shares.

The MSCI World Ex-Australia Index rose by 19.9% on an unhedged basis and 15.0% in local currency terms over the year. Global small caps rose by 24.5% over the same time-frame.

#### Property

The property market rose strongly over the financial year as demand for Australian property assets continued. The listed property sector produced another strong return of 18.1%, whilst unlisted property also posted an impressive 17.1% gain.

#### Fixed Income and Cash

The 2005/06 financial year saw a considerable rise in domestic cash and bond yields, with ten year bonds rising by nearly 70 basis points to finish at 5.79% and the 90 day bank bill yield rising by nearly 40 basis points to finish at 6.02%. The Reserve Bank increased the borrowing rate by 0.25% after a raft of positive economic data and concerns over inflation. As a result of the rise in bond yields, the UBSA Composite Bond Index had a subdued year, finishing only 3.4% higher.

Inflation concerns saw the Fed increase the short term borrowing rate by 2.0% to 5.25% and drove the US ten year bond yield up by over 120 basis points over the year to finish at 5.14%. However, in June US policy makers delivered a softer than expected statement on inflation and confirmed a 'data dependent' approach is in place with respect to prospective rate hikes. The Citigroup World Government Bond Index and the Lehman Global Aggregate Index both finished the year up 1.2%, both on a fully hedged basis.

#### Currency Markets

The Australian dollar depreciated against most major currencies over the year, falling by 2.5% against the US Dollar, 5.5% against the Pound Sterling and 7.7% against the Euro (however it gained 0.6% against the Yen). The local currency lost 3.6% on a trade weighted basis.

## How your Fund works

Your Fund is run by a trustee company BEST Superannuation Pty Ltd ABN 57 070 732 008 according to its governing legal document, the trust deed, and super laws. There are four directors of the trustee company – two are appointed by the members of the Fund in accordance with the rules for member representative directors, and two are appointed by your employer.

### Directors of the trustee during 2005/2006 were:

#### Member representatives

Angela Manning  
Mark Summers

#### Appointed by your employer

Paul Sundberg  
Hugh Cameron (resigned 29 May 2006)  
Greg Richards (appointed 31 May 2006)

The Fund has a specific set of rules applying to the appointment and removal of member representatives and the filling of casual vacancies. For a copy of these rules, ask the Fund Contact listed on page 12.

### Amendments to trust deed

Two amendments were made to the trust deed during the year:

- On 30 March 2006 to update for disability income benefits, interdependency, portability of benefits, choice of fund and minimum benefits for Pension Division members.
- On 12 May 2006 relating to the introduction from 1 July 2006 of binding death benefit nominations (in relation to any part of the death benefit that the trustee previously had the discretion to pay to a member's dependants or to the member's estate) and contributions splitting.

### Advice about your super

While the trustee and the Fund Contact can give you information about your benefit in the Fund, none of the trustee, the Fund Contact and your employer can provide you with any advice. If you require any advice about superannuation, you should consult an appropriately licensed financial adviser.

## Your Fund has these advisers

These people provide assistance to the trustee:

#### Auditor and Tax Agent

PricewaterhouseCoopers

#### Administrator

Mercer Human Resource Consulting Pty Ltd

#### Legal

Freehills

#### Actuary

Russell Employee Benefits

#### Insurer

AXA Australia

#### Custodian

Invia Custodian Pty Ltd

### Insurance protection

The Fund pays for indemnity insurance to protect the trustee, its directors and your Fund against the financial effects of any 'honest mistake' that might occur in running the Fund.

### Special tax treatment

Superannuation may be one of the most effective ways to save because it is taxed at a lower rate than many other forms of income. To get this tax advantage, your Fund must operate according to a strict set of laws. To show that your Fund has followed these laws, the trustee lodges a return each year with APRA.

The Fund is a regulated complying superannuation fund for the purposes of government legislation. No penalties were imposed on the trustee under the Superannuation Industry (Supervision) or Corporations legislation during the year.

#### Have your say in who runs your Fund

All eligible members of the Fund can stand, nominate others and vote in Fund elections for member representative directors.



## How your Fund works (continued)

### Costs are carefully managed

The costs of running the Fund are managed carefully. The cost of administering the Fund continues to be met by your employer, not the Fund.

This section shows fees and other costs you may be charged. These fees and costs may be deducted from your account balance, from the returns on your investment or from the Fund assets as a whole.

You need to take into account the impact of tax and insurance costs as well. Please refer to the Fund's Product Disclosure Statement for accumulation members for more information.

You should read all the information about fees and costs because it is important to understand their impact on your investment. The Fund's Product Disclosure Statement has more information.

You do not pay GST on any of the fees and charges set out below.

### Significant fees

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in or out of the Fund</b>		
<i>Establishment fee:</i> The fee to open your investment	Nil	Not applicable
<i>Contribution fee:</i> The fee on each amount contributed to your investment – either by you or your employer	Nil	Not applicable
<i>Withdrawal fee:</i> The fee on each amount you take out of your investment	Nil for a final benefit payment (e.g. on resignation or retirement)	Not applicable
	\$126 for a benefit payment because of a portability request	Deducted from your Member Account when you elect to take out an amount under the portability regulations
<i>Termination fee:</i> The fee to close your investment	Nil	Not applicable

### Management costs

<i>The fees and costs for managing your investment</i>	Operating Costs <sup>1</sup> 0.11% of Fund assets  Investing Costs <sup>2</sup> 0.09% of Fund Assets  plus a potential performance based fee <sup>3</sup> of 0.01%	Deducted from the Fund's assets before the Fund's Crediting Rate is determined
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### Service fees

In some cases, user pays family law fees and contribution splitting fees may also apply. See the section 'Additional explanation of fees and costs' over the page.

<sup>1</sup> This is an estimate of what the annual Operating costs have been over the year and will be from 1 July 2006. Operating costs are fees and costs for operating the Fund. They include administration and other expenses incurred in operating the Fund, specifically including trustee expenses and professional services expenses. The costs in relation to outsourcing the Fund secretarial and administration function to Mercer are currently paid by the Employer. The Fund's Crediting Rate is net of Operating costs. Operating costs have been determined based the actual Operating costs for the period from 1 July 2005 to 30 June 2006.

<sup>2</sup> This is an estimate of the annual Investment costs from 1 July 2005 to 30 June 2006 and the annual investment costs from 1 July 2006. Investment costs are fees and costs for investing the Fund's assets. They include fees paid to external investment managers and other expenses incurred in investing the assets (excluding additional transaction costs – please see the PDS for details of transaction costs). The Investment costs may change due to several factors including: timing, cash flow, changes in the investment manager line up and changes in asset allocation. Investment costs were determined based on indicative annualised calculations using fee information for periods up to approximately 30 June 2006.

<sup>3</sup> Refer to the PDS for further details about performance based fees regarding certain alternative asset class funds.

# How your Fund works (continued)

## Additional explanation of fees and costs

### Family law fees

Type of fee or cost	Amount	How and when paid
Application for information (i.e. benefit valuation) in the format specified under the Family Law Act	\$250 (\$150 for additional requests)	Not paid out of the Fund. Charged by the Fund's administrator and payable by person making request at time request is made.
Splitting a benefit	\$250	Shared equally by both parties and will be deducted from each party's benefit at the time the benefit is split unless all of the benefit is going to the non member spouse (in which case the non member spouse pays all of the fee).
Flagging a benefit (or lifting a payment flag)	\$100	As for splitting a benefit.

For more information about family law and how it may affect your super benefit, contact the Fund Contact.

### Contribution splitting fees

\$126 if the split amount is transferred out of the Fund. There is no fee charged to the member if the split amount is transferred to an account for your spouse in the Fund.

### Performance fees

The figure of 0.01% given in the management costs table above is an estimated performance based fee ('PBF'), assuming a 1% out-performance by the investment manager. There is the potential for PBFs to be charged, within the 'Alternative' asset class allocation, in addition to the other Management costs. Investment managers that charge a PBF only apply those fees when performance is greater than an agreed target. Accordingly, PBFs only arise when higher returns, relative to a specified target for a particular manager, are achieved. The extent of any PBF cannot be determined in advance. This will change according to the amount of out-performance achieved by the investment manager and the weighting of that investment manager. There is generally a high watermark associated with each PBF. A high watermark means that if the manager loses money over one time period they have to get back to the previous level before getting a PBF on new gains.

### Tax and insurance costs

Taxes and insurance costs are set out in the PDS.

### Tax deductions

The deductibility effect of the payment of expenses from the Fund is passed onto members through adjustments to the Fund's Crediting Rate.

### Transactional and operational costs

Members incur no direct cost when making contributions or withdrawals. However, when the Trustee purchases or sells Fund assets, there are investment related expenses incurred on the purchase or sale of the underlying assets e.g. buy/sell spreads as applicable. These additional transaction costs are deducted before the Fund's Crediting Rate is determined. The additional transaction costs from the purchase of underlying assets have been estimated to be up to 0.06% and from the sale of underlying assets up to 0.06%. Because these costs are taken into account before determining the Fund's Crediting Rate, Member Account balances are net of transaction costs.

Note that no brokerage or management fees are charged by Goldman Sachs JBWere to the Fund on market transactions and any commissions are rebated back to the Fund.

### GST

All fee calculations are inclusive of GST. Reduced input tax credits have been incorporated into the Operating costs.

### Fee changes

All fees are current and may be revised or adjusted by the Trustee from time to time. The Trustee may also introduce new fees. If there is an increase in fees, the Trustee must notify members 30 days in advance of the change.

### Example of annual fees and costs

This table gives an example of how the fees and costs in the Fund for this product can affect your superannuation investment over a 1 year period. You should use this table to compare this product with other superannuation products.

Example		Balance of \$50,000 with total contributions of \$5,000 during year
<i>Contribution fees</i>	Nil	You will not be charged contribution fees.
<i>Plus Management Costs</i>	0.20% <sup>1</sup>	For every \$50,000 you have in the Fund, management costs of \$100 each year will apply. <sup>2</sup>
<i>Equals Cost of fund</i>		If you put in \$5,000 during a year <sup>3</sup> and your balance was \$50,000, then for that year management costs will be:  \$100 <sup>4</sup>

<sup>1</sup> This is the sum of the estimated Operating costs and Investment costs – refer to the table at section above. It does not incorporate any additional transaction costs. Investment managers may also charge Performance Based Fees ('PBF') and these fees have not been incorporated into the example above. Based on an assumption of 1% out-performance by the investment manager, the performance based fee charge is estimated to be \$5 in addition to the above fees.

<sup>2</sup> Note that this amount will not be deducted from your member account. Instead, the \$100 Management cost in this example that is attributable to you is deducted from the Fund's assets and taken into account in determining the Fund's Crediting Rate.

<sup>3</sup> Assuming that the \$5,000 is contributed at the end of the year.

<sup>4</sup> Additional fees may apply (being, if applicable, a withdrawal fee of \$126 for each withdrawal under the portability regulations and family law fees) – refer to table above.



## How your Fund works (continued)

### Insurance costs

The cost of insurance premiums is also passed on to members by deduction from their accounts. Please refer to the Fund's Product Disclosure Statement for more details.

### Indexation of fees

The withdrawal fee and the family law fees set out above will be indexed annually each 1 January to AWOTE, with the next indexation occurring at 1 January 2007.

### Binding Death Benefits

With effect from 1 July 2006 we have introduced 'Binding Death Benefits'. This allows members to nominate which of their dependants (or their legal personal representative) they would like the benefit paid to in the event of their death. Note that the binding nomination relates only to benefits in relation to which the trustee previously had a discretion to determine to whom the benefit should be paid. For example for defined benefit members there can be pensions paid to a surviving spouse and/or children and the binding nomination does not extend to these benefits.

Where a binding death benefit nomination is not made, is out of date or otherwise invalid, the trustee will determine the payment of the benefit as it has in the past.

The Guide to binding death benefits and the form are on the Fund website or you can ring the Helpline on **1800 025 026**.

### Changes to your 2006 Annual Benefit Statement

This year for the first time the trustee must give members extra information about transactions and fees in their annual benefit statements. Statements given to members now need to include information about:

- the fees you paid, either directly by deduction of an amount from your account, or indirectly by way of an allowance in the interest rate for the costs paid from the assets of the Fund including investment management costs; and
- details of each transaction in relation to your accounts (if any) during the period. This includes the contributions you made or that were made on your behalf and deductions made directly from your accounts.

To provide you with this extra information your annual benefit statement is a more comprehensive document this year, and includes a combination of the following:

- Your 'normal' benefit information which includes details about your benefits and account balances as per previous years which is set out on 'Your 2006 statement of benefits' distributed with this Annual Report; plus
- The extra information on fees and transactions set out on your 'transaction and fee disclosure statement 30 June 2006' being distributed at the same time but in a separate envelope; plus
- The Annual Report which includes additional information about the Fund.

The normal benefit information and the extra information on fees and transactions together comprise your periodic statement for the year ended 30 June 2006.

If you have any questions about your benefit statement, please call the Helpline on **1800 025 026**.

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### Rolling super between funds

Since 1 July 2002, if you are rolling your super money between super funds, you need to supply the Fund's SPIN number, or your member number, before the rollover can be completed. Your Fund's SPIN number is BES 0001 AU.

### Member protection

Federal Government legislation limits the amount of fees and charges that can be applied to certain small superannuation account balances. If your account balance is less than \$1,000 at the end of a member reporting period (generally 30 June each year) or at your date of exit from the Fund, and your account includes any employer superannuation guarantee contributions, the trustee currently applies this requirement to limit the total fees (excluding insurance premiums and taxes) charged to your account in a member reporting period to the investment earnings credited to your account in that period.

### Employer contributions

Defined benefit members pay a fixed member contribution. The remaining money required to provide the benefits comes from the employer's contributions and investment earnings. The amount the employer provides depends on the Fund's investment performance and financial position. An actuary advises on the level of employer contributions required to ensure there is enough money to pay members' benefits. The actuary projects likely benefit payouts, salary growth and investment returns to calculate the employer's contribution level.

A valuation of the Fund was completed as at 30 June 2004 and the actuary advised that the Fund was in a satisfactory financial position. Based on the actuary's advice the Company recommenced making certain employer contributions as from 1 July 2005 and the Company continues to contribute in line with the actuary's recommendations. All contributions payable for the year by your employer have been paid to the Fund.

With the resumption of all employer contributions from 1 July 2005, the Government's 15% contribution tax becomes payable. Therefore 15% tax has been deducted from all employer contributions (which include members' 'salary sacrifice' contributions which are legally employer contributions) for periods since 1 July 2005. Your Annual Benefit Statement will show details of tax deducted from contributions.



## Financial summary

This is a summary of the Fund's unaudited accounts for the year ended 30 June 2006. The audit is to be completed in October 2006. You can then request a copy of the audited accounts and auditor's report from the Fund Contact.

### Statement of Net Assets as at 30 June

	2005 (\$)	2006 (\$)
<b>Investments</b>		
Cash deposits	7,709,125	2,619,422
Australian Equities & Convertible Notes	123,907,497	138,982,968
Property Trusts	5,197,927	5,709,618
Overseas Investments	7,316,381	31,388,283
Alternative Investments	10,887,390	6,675,287
Fixed Interest	15,085,326	34,229,779
<b>Other Assets</b>		
Interest receivable	52,893	143,808
Distributions receivable	978,887	1,868,835
Prepayments	424,125	–
Future Income Tax Benefit	20,280	22,272
Tax refund	2,032,310	–
Other debtors	5,511,742	2,237
<b>Total Assets</b>	<b>179,123,883</b>	<b>221,642,509</b>
<b>Liabilities</b>		
Other creditors	168,249	193,402
Current tax liabilities	13,799	1,080,639
Deferred tax liabilities	6,179,609	8,385,585
Benefits payable	77,024	488,016
<b>Total Liabilities</b>	<b>6,438,681</b>	<b>10,147,642</b>
<b>Net Assets available to pay Benefits at end of year</b>	<b>172,685,202</b>	<b>211,494,867</b>

### Statement of Changes in Net Assets for year ended 30 June

	2005 (\$)	2006 (\$)
<b>Net assets at 30 June</b>	<b>149,669,875</b>	<b>172,685,202</b>
<b>Net Investment revenue</b>		
Interest	1,075,533	1,313,902
Dividends	12,504,815	9,468,633
Distributions	2,167,770	2,304,427
Changes in net market value of investments	16,226,062	29,513,442
Direct investment expenses	-18,668	–
<b>Contribution Revenue</b>		
Employer Contributions	2,744,796	12,434,440
Member Contributions	274,210	880,054
Transfers from other funds	4,021,341	4,895,505
<b>Other revenue</b>		
Profits share - GL insurance policy	29,320	61,091
Proceeds from term insurance policies	404,994	72,503
Sundry revenue	14,568	26,543
<b>TOTAL REVENUE</b>	<b>39,444,741</b>	<b>60,970,540</b>
<b>Expenses</b>		
Premiums on term insurance policies	362,341	312,996
Superannuation contributions surcharge	443,662	656,476
Other general expenses	373,150	312,996
Benefits paid	15,425,046	17,557,803
<b>TOTAL EXPENSES</b>	<b>16,604,199</b>	<b>18,951,400</b>
Changes in net assets before income tax	22,840,542	42,019,140
Income Tax expense	-174,785	3,209,475
<b>Total Revenue Less Expenses After Income Tax</b>	<b>23,015,327</b>	<b>38,809,665</b>
<b>Net assets available to pay benefits at end of year</b>	<b>172,685,202</b>	<b>211,494,867</b>



## Super news

### Trustee obtains RSE licence

From 30 June 2006 all trustees of regulated superannuation funds must hold a Registrable Superannuation Entity (RSE) licence (issued by APRA).

The Trustee has been successful in obtaining an RSE licence from APRA. As part of the licence application process the Trustee had to demonstrate to APRA that the Trustee Directors are suitably qualified and that the Trustee has appropriate procedures in place to identify, monitor and manage any risks that may arise when managing the fund.

### Choice of Fund

From 1 July 2005, the new Choice of Fund ('Choice') laws came into force. The new laws allow employees who are eligible to choose which fund their future superannuation guarantee contributions will be paid to.

### Choice of Fund and Portability

#### Choice of Fund and Portability – what are they and what is the difference?

From 1 July 2005, all company employees were offered Choice of Fund and were given a standard Choice form. This means that current members of the Fund and new employees can now choose a new fund for their future superannuation arrangements. Individuals can change funds once every year if they wish.

There is of course no requirement to make any change at all if you are happy with your current arrangements.

Also from 1 July 2005, the legislation in relation to Portability of superannuation benefits changed. Now members can transfer their current super benefit out of the Fund to another fund of their choice. They can do this once every year if they wish.

The difference between Choice of Fund and Portability is that Choice relates to future employer contributions being made to another fund, where Portability relates to transferring accumulation benefits to another fund. Individuals can make a Choice request without making a Portability request (and vice versa), they can do both or can do nothing.

#### So, if I choose a new fund, what will happen?

If a member exercises Choice by sending a completed Choice form to the company electing a different fund for their future superannuation arrangements, then:

- All future employer superannuation contributions will be made to the chosen fund. The company has advised they will not split contributions between funds.
- The company will contribute at the rate of 9% (or as agreed with Goldman Sachs JBWere) to the chosen fund. Goldman Sachs JBWere will not contribute towards the administration expenses in the chosen fund.
- The benefit in the Fund will be crystallised and will be treated in the same way as a normal member leaving the Fund. The benefit will be transferred to the Retained Division of the Fund and the member will be sent Fund termination forms. (For Pension Division members, this means that the benefit will be crystallised as the benefit they would have received under the trust deed had they voluntarily left employment in good health on the effective date that the Trustee is advised that Goldman Sachs JBWere is no longer making contributions for the member to the Fund.)
- The Fund insurer will not provide cover for members who are not receiving ongoing employer contributions in the Fund. Therefore, where a member exercises Choice insurance benefits in the Fund will cease on the date the first contribution is sent to the new fund.

#### If I exercise Portability, what will happen?

If a member wants to continue to receive contributions to the Fund, but still wishes to transfer some or all of their accumulation benefits to a different fund, then:

- If they request only a partial rollover of some of their accumulation benefit, they must leave at least \$5,000 in their accumulation accounts in the Fund.
- Through negotiations with the Fund insurer, the Fund has been able to arrange for their insurance cover (if any) to continue provided contributions continue to be paid to the Fund.
- The Fund has 90 days to transfer out the benefit to the chosen fund.
- The member will be charged a withdrawal fee on amounts transferred out (currently \$126 per withdrawal).
- The member will not be able to transfer any more money out of the Fund under the portability provisions for 12 months.
- Because portability only applies to the accumulation component of benefits, Pension Division members can only transfer out any additional account balances they have accrued, including rollovers and voluntary contribution accounts.

#### How do I exercise Choice?

Contact Angela LeBrun of Goldman Sachs JBWere Human Resources on 03 9679 0389.

#### How do I exercise Portability?

Contact the Fund Helpline on **1800 025 026** and they will provide you with the information and documents needed to transfer a benefit out of the Fund.

### Updated Reasonable Benefit Limit thresholds

Your super benefits will be subject to tax when they become payable to you. A higher rate of tax will apply to any part of your benefit that exceeds your Reasonable Benefit Limit (RBL), which is set by the Government. Most super benefits and employer golden handshake payments you receive in your lifetime are added together and compared with this limit. RBLs are indexed each 1 July in line with increases in AWOTE.

For most members, the RBLs are:

	2005-06 tax year	2006-07 tax year
Benefit taken as a lump sum	\$648,946	\$678,149
At least 50% of benefit taken as a complying pension	\$1,297,886	\$1,356,291

Some members may be entitled to a higher 'transitional' RBL based on their circumstances in 1994 when the current RBL rules were introduced. As the RBL rules are very complex, before you retire you should seek appropriate advice from a licensed financial adviser if your benefits are close to or above the RBL limits.

The Government has announced proposals that would result, from 1 July 2007, in RBLs being abolished and benefits being tax free when drawn past age 60. However RBLs still currently apply.

## Super news (continued)

### Surcharge tax

Since 1996, high income earners have been liable for an additional tax on all employer contributions and member pre-tax contributions to super. (Contributions include any fees and charges, such as administration fees or insurance premiums.) The 'surcharge tax' may also have applied to an eligible termination payment made by your employer. It could also have applied automatically if you had not provided your tax file number regardless of what you earned.

For the 2004-05 tax year, the superannuation surcharge phased in gradually once your adjusted taxable income (ATI\*) exceeded \$99,710 and applied at the maximum rate of 12.5% if your adjusted taxable income exceeded \$121,075.

The surcharge was removed on super contributions made on or after 1 July 2005 and eligible termination payments made by an employer on or after 1 July 2005. However, it will continue to apply in respect of the period up to 30 June 2005.

This means that the Australian Taxation Office (ATO) will continue to issue surcharge assessments in respect of contributions and eligible termination payments made by employers before 1 July 2005. The ATO links this information with the individual's tax return to determine if surcharge applies. Surcharge assessments in relation to the 2005 and earlier financial years cannot be finalised if tax returns have not been lodged. Therefore Super fund trustees could continue to receive surcharge assessments for several years for periods ending before 1 July 2005.

If the Fund is required to pay surcharge tax in respect of you, the tax payable is deducted from your benefits in the Fund. If you roll over benefits into the Fund from another super fund or from your employer, any liability to pay the surcharge tax for contributions to that fund that has not been paid or in respect to the employer payment may be transferred to the Fund. If we receive a surcharge assessment after you have left the Fund, we will return it for payment to the ATO. The ATO will either forward it to the fund to which your benefit was paid, or to you if your benefit was paid directly to you.

It is possible that there can be some "rereporting" of surchargeable contributions for earlier financial years. This could in turn result in revised assessments being issued in due course by the ATO.

Members should note that it can take some years in some instances for surcharge assessments to be issued which can be frustrating for members.

\* ATI includes your taxable income, reportable fringe benefits, most benefits paid by an employer on leaving employment, any employer contributions or member pre-tax contributions paid to a superannuation fund, and certain income in respect to family and other trusts.

### Contribution splitting

Legislation which will allow members to split their personal and employer contributions with their spouse came into effect on 1 January 2006. It applies in respect of contributions made on or after 1 January 2006 and allows members to split personal contributions and employer contributions with their spouse.

Contribution splitting is available to all accumulation members and defined benefit members who make additional voluntary contributions. Member and employer contributions in relation to the defined benefit components of a member's benefit cannot be split.

Contributions are paid into the Fund as normal and a member can then request the trustee to split some or all of the contributions after the end of the financial year in which the contributions were received by the Fund. For more information about splitting please contact the Helpline.

## What to do if you leave

If you are about to leave work and take your super, make sure you respond promptly to letters from the trustee about your benefit payment.

If you have reached age 65 and have not told your Fund how and where to pay your benefit, and you cannot be contacted, then your benefit will be considered to be unclaimed money. It will then be placed with the ATO or relevant State or Territory authority for placing unclaimed money. You will then need to contact the ATO or State or Territory authority to find out how to claim your benefit.

For members leaving aged 64 or younger, the trustee has a broad power, given to it by legislation, to transfer a member's benefit to another fund called an Eligible Rollover Fund (ERF). Upon transfer, the member or their dependants will no longer have any rights under the Fund.

The trustee will transfer a member's benefit to the ERF if either of the following two conditions occur:

- An existing member has less than \$2,000 in their account, and they fail to advise a complying fund they wish to transfer their benefit to.
- The Annual Report sent to the member is returned to the Fund, unclaimed, for two consecutive years.

ERFs are designed as holding funds and are required to provide member protection. As a result, the rate of return in the ERF may be lower than in another superannuation fund. You should seek professional financial advice about the best place to roll over your benefit when you leave service.

The Fund uses the following ERF:

#### AMP Eligible Rollover Fund

Locked Bag 5400  
Parramatta NSW 1741  
Phone: 1300 653 456

### Continuing your insurance

While you are an employee and a member of the Fund, you are eligible for death and disablement insurance cover. However, if you leave your employer, this cover only continues for 30 days subject to any policy conditions. You are generally able to continue this death and disability insurance by buying a personal policy through the Fund's insurer.

The policy can be for the same amount of cover you had while in the Fund, although the premium may differ. Usually, the insurer will only require an AIDS declaration and payment of the premium to effect your continuation option.

Spouse members who have insurance cover also have a continuation option. This is available only if their spouse (who is an employee of the Company and Fund member) leaves employment where upon the status of the spouse member changes and any insurance cover ceases.

The continuation option is only available for a limited time and must be taken up within 60 days of leaving your employer. Members should note that they need to apply for the continuation option in sufficient time for all the arrangements to be finalised (including the payment by the member of the applicable premium) within the 60 day period.

When you leave your employer you should move promptly if you wish to explore the continuation option – it is not necessary to wait for the fund administrator to write to you.

Please contact the Helpline if you need more information about the continuation option.



## Like to know more?

As a Fund member you should already have a Member Booklet or Product Disclosure Statement containing information about your benefits and rules governing the Fund. You also receive an annual Benefit Statement containing important personal information about your benefits in the Fund.

Other documents relating to the Fund that are available for you to look at are:

- the trust deed
- the investment policy statement
- the latest audited accounts and auditor's report
- an extract from the latest actuary's report
- details of how the directors of the trustee are elected and how they can be removed
- the enquiries and complaints procedure
- the Privacy Policy.

If you have a question about your benefits in the Fund, please contact your Fund Contact. Please note that none of the trustee, its directors and the Fund Contact is able to give any personal advice relating to your own circumstances.

### Your Fund Contact is:

Brent Tulk  
Fund Secretary  
Goldman Sachs JBWere  
Superannuation Fund  
C/o Mercer Human Resource Consulting Pty Ltd  
GPO Box 9946  
Melbourne VIC 3001  
Phone: **1800 025 026**  
Fax: (03) 8640 0800

## If you have a problem...

Most queries can be sorted out over the phone, but if we are unable to help you immediately, you may be asked to put your question in writing and we will reply within 28 days.

If you are not satisfied with the response, you should write to your Complaints Officer, who will pass your complaint to the trustee. You can expect a decision within 90 days.

### The contact details for the Fund's Complaints Officer are:

Complaints Office  
Goldman Sachs JBWere Superannuation Fund  
C/o Mercer Human Resource Consulting Pty Ltd  
GPO Box 9946  
Melbourne VIC 3001  
Phone: **1800 025 026**  
Fax: (03) 8640 0800

The trustee always seeks to resolve complaints to the satisfaction of all concerned and in the best interests of all members of the Fund. However, if you have followed the steps outlined above and are not satisfied with the outcome, you may be able to take the matter to the Superannuation Complaints Tribunal (SCT). The SCT is an independent body that aims to resolve certain types of superannuation disputes.

Any complaints must be lodged with the SCT within certain time limits. For more information about requirements and time limits, you can call the SCT on **1300 780 808**.

If the SCT accepts your complaint, it will try and help you and the Fund reach a mutual agreement through conciliation. If conciliation is unsuccessful, the complaint is referred to the SCT for a determination that is binding.

## Protecting your privacy

Your Fund holds personal information about you, such as your name, address, date of birth, salary and tax file number, in order to provide your super benefits. This personal information may be disclosed as necessary to the Fund's administrator and professional advisers, insurers, Government bodies, employers, and other parties.

The Fund has a privacy policy that sets out in more detail the way your personal information is handled. If you would like a copy of the Fund's privacy policy, please contact the Fund Secretary (see contact details in this report).

## Disclaimer

This annual report has been prepared by the trustee to meet its legislative obligations under the Corporations Act. The information contained in this annual report does not take account of the specific needs, personal or financial circumstances of any persons. Readers should obtain specialist advice from a licensed financial adviser before making any changes to their own superannuation arrangements or investments. You should also read carefully the Fund's Product Disclosure Statement.

The terms of your membership in the Fund are set out in the Fund's trust deed, and should there be any inconsistency between this annual report and the Fund's trust deed, the terms of the Fund's trust deed prevail. While all due care has been taken in the preparation of this report, the trustee reserves its right to correct any errors and omissions.

All statements of law or matters affecting superannuation policy are up-to-date as at 1 July 2006.

This document contains general information about investments and investment performance. Please remember that past performance is not necessarily a guide to future performance.