

MEMBER REPORT 2007

60TH BIRTHDAY EDITION

www.visionsuper.com.au

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Your Fund has the highest rating!

Feel good! SuperRatings has given your fund the highest rating two years running.
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Benefit from our FREE seminars, general advice and financial planning.
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Celebrating 60 years of super growth

You'll be happy to hear that your super fund has just turned 60! That's 60 years of super growth, 60 years of super experience, and 60 years protecting members' super through thick and thin...

Continued page 2



Rollover and save!

Since even the smallest environmental action can make a difference, we've given you an opportunity to help the planet directly with the seedpack attached to the enclosed rollover flyer.



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Australian Financial Services License 225054,
RSE License L0000239 The Trustee of the Local
Authorities Superannuation Fund (R1000603) and
the Vision Superannuation Fund (R1069938).

(03) 9911 3222

www.visionsuper.com.au

Feel good. You are in a fund with the highest rating!

Continued from cover

First supersonic flight!

If 60 years sounds like a long time, that's because it is. We've been building and protecting members' super money since 1947, the year of the first supersonic flight.

A wealth of experience

OK, 60 might sound old, but think of the benefits. That's a wealth of knowledge and experience. Vision Super has been intimately involved in super administration, legislation and investments for 60 years, growing and adapting to the rapidly changing super landscape. All that knowledge and experience is working for your future retirement.

Security, stability, safety

Our 60th birthday gives you peace of mind too. Super is long-term. You pay into it for 40 years; in retirement you'll need it to pay you for another 30. It makes sense to keep your money in a fund with a proven track record. We've seen it all and grown stronger - and we're not going anywhere. Super is all we do!

Evolution in action

Even though we're 60, we're not slowing down. In fact, we're going stronger than ever before. Our membership now exceeds 100,000, we have \$4 billion in assets, and this year we opened our doors to the general public.

We've also revamped our website to give you more features, more information, and more tools to get the most out of your super.

Happy birthday!

In 60 years your Fund has achieved a lot.

We hope you celebrate with us, because you receive the benefits of Vision Super's experience with:

- Solid financial performance;
- A low-fee philosophy;
- A full range of super and retirement products;
- 16 investment options;
- A dynamic website with helpful information; and
- Free member education and retirement planning

We've been serving our members for the past 60 years. We hope you'll be with us for the next 60.

While we don't like to boast, we're actually pretty special. You don't have to take our word for it though, Vision Super has received a Platinum rating two years running from SuperRatings, the leading independent agency that rates super funds.

Highest rating

Platinum is their highest rating, given to funds that are well balanced across all key assessment criteria: investment returns, investment methodology, fees, insurance, administration and advisory services in a secure risk and governance framework. They must also have features that will assist individuals to meet their retirement goals.

Best value for money

This places us in the top 15% of super funds assessed, offering the 'best value for money', and is confirmation that we are on the right track.

We'll try not to get too carried away, but we're proud of the results and hope you are too.

Excellent judgement

So feel good that you have chosen to place your super with Vision. Our Platinum rating confirms that you have excellent judgement. Take a bow!



Plenty of reasons to celebrate



I'm pleased to present the 60th birthday edition of the Vision Super Member Report for the 2006/07 financial year.

Having started life as the Local Authorities Superannuation Board

in 1947, Vision Super is now one of Australia's oldest super funds, with all the security, stability, and expertise you'd expect from a fund with such a long history.

A year of successes

This financial year has given us plenty of reasons to celebrate. Investors in our super and pension products have enjoyed another year of double-digit returns. The Balanced Growth option, in which the majority of members' money is invested, returned 14.19% for the year, while the Shares Plus and Just Shares options returned 14.90% and 19.60% respectively.

Total assets under management broke the \$4 billion mark for the first time — a great milestone to reach before our 60th birthday. More significantly, member contributions increased to \$145 million, up a massive 51% from the previous year.

Significant operational achievements give us even more reasons to be proud. For the second year in a row, Vision Super was awarded the top Platinum rating from SuperRatings, placing us in the top 15% of super funds offering the 'best value for money'.

New initiatives

We also successfully launched our new public offer fund, the Vision Superannuation Fund, which stands at more than \$20 million in under four months. The public offer fund was designed to help grow the fund and spread costs over a wider membership base.

The launch was backed up by a successful radio and newspaper marketing campaign, which helped launch our name into the wider public arena. At the same time, we revamped the Vision Super website, offering members more information and features to get the most out of their super.

Now that the Government's super changes are a reality, there's more interest in super than ever before and this,

... member contributions increased... a massive 51% from the previous year.

combined with the public offer campaign and new website, has given our Member Services team its busiest time on record. There are now more people connecting with Vision Super than ever before. We conducted 307 education seminars attended by over 5,800 members, and the phones have been running hot, with over 51,000 members calling Vision Super in the last financial year. Almost one in two members are now engaging with us.

Just like the new super tax changes, climate change is an important issue for super funds to address. We signed up to the United Nations Principles of Responsible Investment, in addition to our existing membership of the Investor Group on Climate Change.

Looking forward

The new financial year looks to be just as eventful and exciting. We'll be introducing unitisation to members' accounts, widely regarded as the fairest method of measuring and allocating performance and associated costs. What's more, we're improving our death and disability insurance, and will be offering new and improved income protection. We continue to review all our super and retirement products to continually enhance and expand members' options.

I'd like to take this opportunity to thank the staff of Vision Super and our sponsoring employers for helping to look after and assist our members. Thank you also to my fellow Directors, particularly John Warburton whose term of appointment ended on 30 June 2007. John was a Director of Vision Super for 10 years, including three years as Chairman between 1998 and 2001.

With John's departure, I'd also like to welcome Dick Gross who joins the Board in July. Dick is a former three-time Mayor of the City of Port Phillip and current President of the Municipal Association of Victoria.

And finally, thanks to you, our members. I hope you enjoy reading this special 60th birthday edition.

A handwritten signature in black ink, appearing to read "Michael D Tilley".

Michael D Tilley
Chairman

Choosing the right investment option for you

Most members in accumulation plans such as Super Saver and Personal plans, or account-based pension plans such as an Allocated Pension, can choose any combination of the investment options shown on the following page.

Understanding the table

- Performance objectives are higher for pension than super products because they pay no tax on investment earnings.
- Probability of a negative return allows members to select an option with a level of volatility (sometimes called risk) they are comfortable with. Figures in the table are indications of long-term expectations. Investment markets go up and down and it is possible for negative returns to occur more frequently than shown.
- Every month the asset allocation of each option is rebalanced back to the benchmark shown.
- If members don't make a choice and a default option applies, their money is invested in Balanced Growth.

Alternative Assets

We no longer classify Alternative Assets as being simply 'growth' or 'defensive', because they are commonly a combination of the two. They are now presented on a combined basis on the following page.

Sustainable options

Australian and international equities are invested in line with indices created by Sustainable Asset Management (SAM). These take into account companies' records in respect of social, economic, environmental and governance factors.

The screenshot shows a web page with a yellow header featuring the Vision Super logo and phone number (03) 9911 3222. Below the header is a navigation bar with links like Home, Retirement, Workwise, Investments, Retirement Planning, and Contact Vision. A banner with the text 'Don't be too busy.' and a bee icon is visible. The main content area contains a questionnaire titled 'What type of investor are you?'. It includes a list of questions with dropdown menus and radio buttons. At the bottom, there's a checkbox for acknowledging the questionnaire's purpose and a section for selecting investment preferences.

What's right for me?

As your life changes so might your investment objectives. If you haven't reviewed your investment strategy in a while now might be a good time to make sure your strategy still suits your lifestyle and retirement goals.

If you're unsure which investment option to choose, there's a lot more information on our website. Go to visionsuper.com.au and click on Investments. Click on the 'What Type of Investor Are You?' banner for a guide to help you decide which option(s) best suit you.

Changes to your investments can be made online, by logging onto the member secure site, or by downloading and sending us a completed 'Form 38 – Investment Change'.

You'll also find a lot more detail about each investment option under 'Managing Investments Is Easy'.

Remember making changes to your investment options can directly affect the value of your retirement benefits and your lifestyle in retirement.

What type of investor are you



We can help you!

If you want information about our investment options, call Member Services on (03) 9911 3222 (regional 1300 300 820).

Investment options

at 30 June 2007

		Vision Premixed investment options					Vision Single Sector investment options					
		Fixed Interest Plus	Balanced Conservative	Balanced Growth	Shares Plus	Just Shares	Cash	Fixed Interest	Alternative Assets	Property	International Equities	Australian Equities
Portfolio Profile												
Performance objectives	Super*	CPI + 2%	CPI + 3.5%	CPI + 4%	CPI + 4.5%	CPI + 5%	CPI	CPI + 2%	CPI + 3%	CPI + 3%	CPI + 5%	CPI + 5%
	Pensions**	CPI + 3%	CPI + 4.5%	CPI + 5%	CPI + 5.5%	CPI + 6%	CPI + 0.5%	CPI + 3%	CPI + 4%	CPI + 4%	CPI + 6%	CPI + 6%
Probability of a negative return		Low	1 year in 19	1 year in 11	1 year in 8	1 year in 5	Low	1 year in 25	1 year in 20	1 year in 10	1 year in 4	1 year in 4
Sustainable option available												
Asset Allocations @ 30 June												
Australian Shares		2006 (%)	10	18	28	32.5	50	0	0	0	0	100
		2007 (%)	10	19	28	33	50	0	0	0	0	100
International Shares		2006 (%)	10	18	28	32.5	50	0	0	0	0	100
		2007 (%)	10	19	28	33	50	0	0	0	0	100
Property		2006 (%)	5	5	7.5	7.5	0	0	0	100	0	0
		2007 (%)	5	6	8.5	7.5	0	0	0	100	0	0
Alternative Assets	(Growth)	2006 (%)	10	9	5	2	0	0	0	0	0	0
	(Defensive)	2006 (%)	5	10	11.5	12.5	0	0	100	0	0	0
	(Combined)	2007 (%)	15	21	19	18.5	0	0	100	0	0	0
Fixed Interest		2006 (%)	40	35	17.5	13	0	0	100	0	0	0
		2007 (%)	40	30	14	8	0	0	100	0	0	0
Cash		2006 (%)	20	5	2.5	0	0	100	0	0	0	0
		2007 (%)	20	5	2.5	0	0	100	0	0	0	0

*The earnings of super products are taxed.

**The earnings of pension products are untaxed.

Many happy returns for Vision Super investors

The majority of investors in our super and pension products have enjoyed another year of double-digit returns. Returns were largely driven by Australian shares rising 28.7% and international shares by 14.6% (after taking into account currency changes).

With growth assets running hot, there have been more muted returns from defensive cash and fixed interest markets. This year's result means the majority of our members have now earned four consecutive years of double-digit growth.

It's not all about returns

While people tend to focus on returns, risk is another crucial element in the investment mix. We all know markets go up and down over time, so focusing on returns alone gives you only part of the picture. In a long-term investment such as super, risk is not so much the chance of losing your money, it's more a question of being comfortable with the level of volatility your investment option experiences.

For example, members investing in our premixed investment options choose an option that provides them with both the level of expected risk and level of expected return they are comfortable with. That's why investors turn to Vision Super to manage the money for them: they are selecting a balance between an expected level of risk and an expected level of return. You get to choose an option(s) that suits your personal circumstances, and then we do the work for you.

Measuring risk and return using benchmarks

Benchmarks are standards or averages by which similar investment risks and returns can be compared.

If the combined returns from the fund managers that Vision Super appoints to look after your money do well, you will expect to get returns that exceed the return benchmark for that option. However, if they don't perform so well, returns will be below the benchmark.

Risk is measured in a similar way. We look at how volatile the different asset sectors (shares, property and fixed interest, etc.) have been over a period. We then compare whether the combined risk of the fund managers we've appointed has been more or less volatile than the sectors they invest in. They have done well if they have been less volatile (risky) than the benchmark. They have not done so well if they have been more volatile.

Putting it all together

The first chart shows the four possible combinations of risk and return, the second shows which combinations are more desirable.

Risk & Return combinations

Above average return Below average risk	Above average return Above average risk
Below average return Below average risk	Below average return Above average risk

Risk & Return: Most desirable outcomes



Quite simply, you should be most satisfied if the option you have invested in is in the green quadrant. You have earned above average returns, but with below average risk. You should be least satisfied if you are in the blue quadrant. Not only would you have earned below average returns, you would have experienced greater volatility.

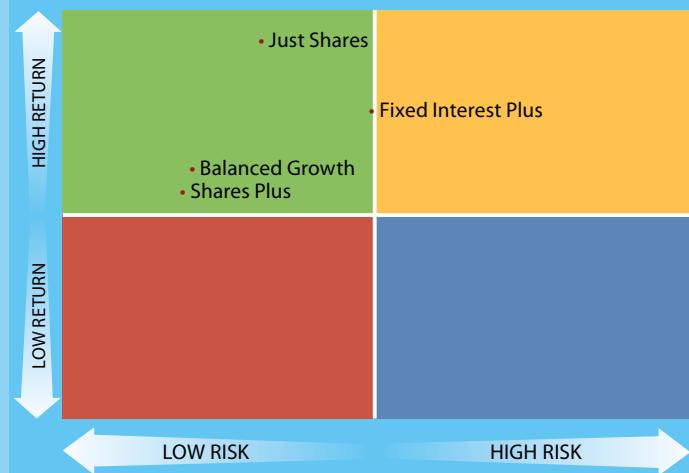
Vision Super has done well

We are pleased to report that, for the five years to the end of June 2007, the Vision premixed investment options are all in the most desirable green quadrant, having earned above average returns with below average risk.

Vision Super Pre-mixed Options

Risk & Return

5 Years To 30 June 2007



Members invested in our Pre-mixed Balanced Conservative investment option should not worry! The only reason your option isn't shown is that it has only been running for three years.

Investment performance

All returns are quoted net of investment management fees and (where applicable) tax

	Superannuation Plans Year ending 30 June						Pension Plans Year ending 30 June					
	2007	2006	2005	2004	2003	5 Yrs	2007	2006	2005	2004	2003	5 Yrs
	(%)	(%)	(%)	(%)	(%)	(% p.a.)	(%)	(%)	(%)	(%)	(%)	(% p.a.)
Premixed Options												
Fixed Interest Plus	8.82	7.00	9.39	7.68	4.87	7.54	9.49	7.62	10.68	8.78	5.53	8.41
Balanced Conservative ^A	10.66	9.05	-	-	-	10.23*	12.18	9.73	-	-	-	11.40*
Balanced Growth	14.19	12.91	12.95	12.94	0.82	10.64	15.44	13.84	14.11	14.64	0.51	11.56
Shares Plus	14.90	13.51	13.25	15.00	-1.45	10.86	16.65	14.54	14.36	16.99	-2.25	11.81
Just Shares	19.60	17.72	12.16	18.48	-6.93	11.73	21.96	19.28	13.05	21.14	-8.72	11.99
Sustainable Premixed Options												
Fixed Interest Plus	8.25	7.17	9.14	6.91	3.77	7.03	9.15	7.84	10.32	7.90	4.59	7.95
Balanced Conservative ^A	10.04	9.50	-	-	-	9.95*	11.47	10.27	-	-	-	11.10*
Balanced Growth	12.03	12.90	11.76	10.91	-1.84	9.01	14.31	14.00	12.54	12.43	-1.64	10.16
Shares Plus	13.86	14.23	12.51	12.35	-4.83	9.37	15.30	15.42	13.15	14.09	-4.98	10.30
Just Shares	17.45	18.70	10.87	14.74	-11.34	9.48	19.78	20.54	11.19	16.81	-12.45	10.42
Single Sector Options ^B												
Cash	5.44	4.85	4.95	4.41	4.46	4.82	6.34	5.77	5.80	5.21	5.00	5.62
Fixed Interest	3.40	3.15	-	-	-	4.17*	3.65	3.42	-	-	-	4.64*
Property	15.30	12.30	-	-	-	13.21*	16.85	13.65	-	-	-	14.66*
International Equities	12.18	14.78	-	-	-	13.24*	13.73	16.71	-	-	-	14.92*
Australian Equities	27.22	20.64	-	-	-	23.41*	29.38	21.78	-	-	-	24.97*
Alternative Assets	13.99	8.20	-	-	-	10.48*	15.01	8.96	-	-	-	11.32*

(A) Balanced Conservative & Sustainable Balanced Conservative commenced 1 April 2005

(B) All Single Sector options except Cash commenced 1 April 2005

*Compound return since inception of the option

Past performances should not be taken as an indication of future performance. All returns are rounded to two decimal places after investment expenses and tax. Pension returns are different due to their different tax treatment. Investment returns have been calculated using unit prices net of tax, Investment Management Fees and External Investment Costs.

Managing your money

Vision Super is a manager of managers. We appoint specialist managers with varying but complementary investment styles to invest fund assets in portfolios of traditional and alternative investments as shown in the following tables.

The assets of Vision Super plans are invested in the Vision Pooled Superannuation Trust. The pooling of assets in this way allows us to invest assets efficiently, while maximising economies of scale for all members.

Traditional Investments	30 June 2007		30 June 2006	
	\$million	%	\$million	%
Growth Investments				
Australian Shares				
GMO - Value Tilt	176.3	17.5	160.4	17.9
IntechInvestmentConsultants-HighAlphaTrust (HAT)	124.0	12.3	103.9	11.6
Schroder – Growth Tilt	174.5	17.3	161.1	17.9
Macquarie – Enhanced Index	412.1	41.0	371.2	41.3
Warakirri – Small Companies Fund	120.1	11.9	101.8	11.3
	1,007.0	100.0	898.4	100.0
Sustainable Australian Shares				
SAM Sustainability Leaders Australian Fund	19.7	100.0	7.8	100.0
	19.7	100.0	7.8	100.0
International Shares				
Baillie Gifford – Long Term Global Growth	109.0	11.6	110.3	12.0
Brandywine – Value Approach	106.8	11.4	116.6	12.7
Colonial–GlobalEmergingMarketsLeadersFund	66.4	7.1	0.0	0.0
Generation Investment Management	52.3	5.6	0.0	0.0
State Street – Index Plus Strategy	322.9	34.4	325.0	35.3
Turner – Small Cap Core Equity	68.0	7.2	70.2	7.6
Lloyd George – Emerging Markets	0.0	0.0	75.4	8.2
Intech – High Opportunities Trust	38.5	4.1	45.5	4.9
HFA – Long/Short Unconstrained	66.0	7.0	61.8	6.7
Wellington – Neutral Core	107.5	11.5	116.8	12.7
	937.4	100.0	921.6	100.0
Sustainable International Shares				
SAM Sustainability Leaders International Fund	17.8	100.0	8.4	100.0
	17.8	100.0	8.4	100.0
Currency Overlay				
FX Concepts – Active	1.2	8.3	0.0	0.0
FX Concepts – Passive	2.5	17.4	0.0	0.0
Bridgewater – Currency Overlay	10.7	74.3	(4.1)	100.0
	14.4	100.0	(-4.10)	100.0
Property				
AMP Capital Investors - Property Unit	112.6	34.0	96.1	39.0
Colonial–DirectPropertyInvestmentFund(Retail)	27.4	8.3	20.0	8.1
Industry Super Property Trust - Core Fund	126.6	38.3	104.1	42.2
Eureka – Core Property Fund 3	30.2	9.1	0.0	0.0
QIC - Shopping Centre Fund (Retail)	34.0	10.3	26.4	10.7
	330.8	100.0	246.6	100.0
Defensive Investments				
Cash				
Vision Super	217.3	100.0	108.3	100.0
	217.3	100.0	108.3	100.0
Fixed Interest				
Alliance Bernstein - Domestic Fixed Income	126.1	21.4	135.7	23.3
Hastings – High Yield Fund	112.8	19.1	77.3	13.3
Members Equity - Super Loans	10.9	1.8	10.9	1.9
Bridgewater - Global Fixed Interest	177.8	30.1	174.2	29.9
Western Asset Management Company	162.6	27.5	184.8	31.7
	590.2	100.0	582.9	100.0
Total Traditional Investments	3,134.6	100.0	2,769.9	100.0

Investment strategy

An important part of risk management is ensuring that each Vision Menu option is invested in line with its asset allocation.

Financial markets go up and down at different times for different reasons and a fund can quickly get out of balance.

Vision Super rebalances its portfolios each month, returning each investment option to its target asset allocation. Sometimes rebalancing is achieved by redirecting contributions to a particular asset sector. At other times, it requires taking money from one manager and giving it to another.

Monthly rebalancing manages investment risk and reduces the volatility of returns.

Derivatives

Vision Super does not use derivative instruments on its own behalf in managing the internal cash portfolio.

Fund Managers of discrete mandates are authorised to use derivative instruments for the efficient management of their portfolios under agreed guidelines. These guidelines allow Fund Managers to use derivatives to control risk, reduce or increase exposure to investment markets. However, these Fund Managers are forbidden to use derivative instruments for the purposes of leveraging the portfolio or for speculation.

As an integral part of the Fund's Investment Strategy, Vision Super has invested in a number of pooled investment funds. As part of their active investment strategies, these pooled investment funds use derivative instruments, that may from time to time leverage their portfolios.

Vision Super does not have additional liability associated with these pooled funds beyond the amount invested.

What makes Alternative Investments different?

1. They are not listed on any stock exchange;
2. They are not valued every day;
3. They are usually less liquid and less widely researched than other investments;
4. Money is typically invested over 2 to 4 years and remains invested for a set period, usually between 7 and 12 years; and
5. Capital and profits (or losses) are returned to investors as each investment is realised.

While traditional investments are generally classified as having growth or defensive characteristics, many alternative assets typically have a combination of the two.

Investment objectives

Vision Super invests in a range of alternative asset classes and strategies to:

- Further diversify its investments; and
- Provide the potential for long-term returns.

Which alternative assets do we invest in?

We appoint specialist managers to invest in:

- Infrastructure, public or privately owned facilities (e.g. roads) and utilities.
- Private Equity, typically to fund the development or structuring of a private company.
- Opportunistic Property, commercial, industrial, rural and residential property.
- Absolute Return Strategies, seeking positive returns rather than beating a particular market index.

Investment Activity

To give you a feel for what we do, we have provided a snapshot of the changes in investment managers over the year.

Traditional Investments

International Equities

We appointed Generation Investment Management, whose chairman is the well-known environmentalist Al Gore. They invest in a concentrated portfolio of just 35 to 50 global public companies. In researching companies, Generation takes not just economic but also environmental, social and governance issues into account.

Lloyd George Management, our emerging markets manager, was terminated in June following staff departures. They were replaced by the Colonial Investment Global Emerging Market Leaders. Colonial is an active stock picker that seeks to invest in good quality, low risk, companies.

We appointed a second foreign currency manager, FX Concepts. Their style complements that of our existing manager, Bridgewater, thereby increasing our diversification.

Alternative Investments

Growth in our assets required us to invest with additional managers. The investments chosen have allowed us to diversify our portfolios, particularly overseas.

Infrastructure

We added the Utilities Trust of Australia run by Hasting Funds Management and increased our investment in IFM International Infrastructure.

Opportunistic Property

In Australia, we invested in Gresham Property Mezzanine Fund No. 3 and Warakirri Dairy Trust (rural property). Overseas, the Macquarie Wanda Real Estate Fund invests in Chinese shopping centres while the Macquarie Global Property Fund III gives access to investment opportunities in Asia and Europe.

Alternative Investments	30 June 2007		30 June 2006	
	\$million	%	\$million	%
Infrastructure				
IFM Australian Social Infrastructure A	33.2	8.1	28.6	12.7
IFM Australian & International Infrastructure	338.9	82.6	184.2	82.1
Hastings Funds Management Ltd - Utility Trust of Australia	27.3	6.7	0.0	0.0
Regional Infrastructure Fund	10.7	2.6	11.6	5.2
	410.1	100.0	224.4	100.0
Australian Private Equity				
IFM Australian Private Equity Funds II & III	37.9	30.6	24.3	28.7
ABN AMRO - Capital Australia Fund II	27.0	21.8	26.7	31.5
Industry Fund Banking Trust	12.3	10.0	12.4	14.6
ING - Private Capital Fund No.1	8.1	6.5	9.3	11.0
Quay Partners - Australia 2, 3 & 4 Funds	18.2	14.7	7.3	8.6
Macquarie Alternative Investment Fund IV	20.3	16.4	4.8	5.7
	123.8	100.0	84.8	100.0
International Private Equity				
IFM International Private Equity Fund I & II	65.7	46.1	58.6	69.4
Montagu Newhall III	6.5	4.5	2.9	3.4
LGT Capital Partners AG - Crown European	6.8	4.8	2.5	3.1
ABN AMRO - Emerging Europe	24.2	17.0	10.5	12.4
Private Equity Trust	39.4	27.6	9.9	11.7
	142.6	100.0	84.4	100.0
Opportunistic Property				
APN - Development Fund No.1	2.7	2.2	1.4	3.5
Colonial - Opportunistic Partnership No. 1	0.3	0.3	0.2	0.5
Eureka - Property Fund No.1 & 2	7.9	6.4	3.4	8.5
Macquarie - Asia & Europe Funds II	0.0	0.0	14.3	35.7
Macquarie Wanda Real Estate Fund	20.4	16.4	0.0	0.0
Private Equity Trust	39.4	31.6	0.0	0.0
Warakirri - Dairy Farm Trust	4.5	3.6	0.0	0.0
Warakirri - Dairy Land Trust	11.6	9.3	0.0	0.0
Investa - Enhanced	33.0	26.4	17.1	42.6
Gresham - Property Mezzanine Fund No. 2 & 3	4.7	3.8	3.7	9.2
	124.5	100.0	40.1	100.0
Absolute Return Strategies				
Bridgewater - All Weather Fund	35.1	16.8	126.8	46.0
Quellos Capital Management - KEL Fund	88.0	42.0	74.9	27.2
Warakirri - Absolute Strategy Fund	86.2	41.2	73.8	26.8
	209.3	100.0	275.5	100.0
Total Alternative Investments	1,010.3	100.0	709.2	100.0

More reasons to celebrate.

With the biggest reforms to super ever now a reality, the new financial year is a great time to celebrate the changes and review your finances. Super is now one of the best investments you can make for your future.

Six super tips

Take advantage of the new opportunities. Whether you're starting out, have been working for ages, are nearing retirement or have another thirty years left, the reforms make super one of the most attractive form of savings.



Tip 1

Make extra contributions

Amounts individuals can contribute into super have changed.

Concessional contributions

You may know these as pre or before tax contributions, but the Government now calls them concessional contributions. These include your salary sacrifice and employer contributions (the 9% Super Guarantee).

You can now make concessional contributions of up to \$50,000 per year. If you are already 50 or turning 50 between 1 July 2007 and 30 June 2012, you can contribute up to \$100,000 a year. Make sure you don't go over these limits: the Government will tax anything in excess at the highest tax rate.

If you are over 50 or turning 50 before 30 June 2012, take advantage of the higher limit and contribute more into super before retirement while you can.

Non-concessional contributions

You may know these as personal or after tax contributions, but the Government now calls them non-concessional contributions. These include any voluntary contributions, spouse contributions, or lump sum payments. Non-concessional contributions are now limited at \$150,000 per year. If you are under age 65, you can make up to three years worth of contributions and invest up to \$450,000 in one year. Couples can combine their yearly limits. In one year a couple (both have to be under age 65) could contribute up to \$900,000.

This can help people who receive a larger sum of money from an inheritance, selling a property, or investments such as shares.

Not close to any of these limits?

Even if you don't have this kind of money to put into super (and lets face it, most of us don't!) there are other reasons to contribute even small amounts. Government Co-contributions is the big one. If you earn between \$28,980 and \$58,980 and make an after tax contribution of \$1,000 into super, the Government may contribute up to \$1,500 on your behalf. That's free Government money!

Tip 2

Phase into retirement by falling into a TRAP!

Falling into a TRAP is usually bad, but in this case it might be just what you need. TRAP stands for a Transition to Retirement Allocated Pension. If you're over 55 and still working, TRAPS allow you to use your super money to supplement your income if you decide to reduce your hours, or if you want to make larger contributions into super. TRAPS are a type of 'non-commutable' income stream (i.e. a pension).

We have an excellent range of retirement plans to suit different lifestyles and circumstances, so if you're considering phasing into retirement, call us first.

Tip3

Income streams in retirement

The super reforms give you more options than ever before: you can leave your money in super, take it as a lump sum, an income stream, or even a combination of both. The strategy you select will depend on your circumstances and it's important to understand your options.

For some people, incomes streams could be a great option to consider. Income streams are a very tax-effective way of funding your retirement. You receive a series of payments from your super fund and the money is managed by the fund, giving you more time to relax and enjoy your retirement.

Tip4

Roll your super into one account

If you've had several jobs over your working life, your super could be in several different accounts and you may have lost track of some of them. There are real benefits in having your entire super in one account, so consider rolling your accounts into Vision Super. Read the enclosed brochure for more information on how to save on paperwork and accelerate your super growth.

To rollover, fill in the form in the rollover brochure and return it to us in the enclosed reply paid envelope. We'll take care of the rest.

Tip5

Use the Vision Super website

We've worked hard to make our website as useful as possible. It's packed with loads of super information and heaps of features to make your super life easier. For example, the Tools and Calculators page can help you work out if Co-contributions are right for you, how much super you are likely to get in retirement, and whether an Allocated Pension is the retirement option for you.

There's a lot more to see than ever before, so take a look today at www.visionsuper.com.au

Tip6

Call us!

Our Member Services team can help you get the most out of your super. If you have any questions about the super tax changes, making additional contributions, Vision Super products, or your retirement options, call (03) 9911 3222 (regional 1300 300 820).



If you've missed the Government's ad campaign and the media buzz, here are the highlights:

- Super is now tax-free when received after age 60 from a taxed fund such as Vision Super.
- There's more flexibility and choice in how super can be accessed.
- Savings can be left in super indefinitely, so your hard earned money can continue to grow in a tax-effective environment.
- There are new limits on how much you can contribute.
- Contribution rules for the self-employed are more generous.



New super tax changes

Find more details about the reforms at www.visionsuper.com.au. Just click on the blue banner.

We're adapting to a changing climate. You can too!

At Vision Super we're adapting to our changing climate by actively pursuing sustainable investment opportunities, modifying our internal activities to lessen the impact we have on the environment, and ensuring your investments are safe and secure by planning for possible change.

On an international level, we became a signatory to the United Nations Principles for Responsible Investment in October last year. We've also joined the Investor Group on Climate Change (IGCC), which represents Australian and New Zealand investors, and others in the investment community interested in the impact of climate change on investments. The IGCC aims to raise awareness of climate change, and assist trustees to incorporate this into their investment decision making.

Vision Super has a wide range of sustainable investments, including \$50 million invested with Generation Investment Management, a company co-founded by former US Vice President Al Gore and David Blood. As part of a fact-finding trip to investigate issues confronting super funds in Australia, Al Gore met with Vision Super's board in October 2005.

Sustainable investment options

Since October 2001, Vision Super has also offered members the opportunity to invest in 5 different Sustainable Investment options through SAM, Sustainable Asset Management. SAM invests in companies after first assessing and ranking them in terms of their economic, environmental and social sustainability credentials.

You can learn more about our sustainable investments with SAM by downloading the fact sheet 'How we manage sustainable investment' at www.visionsuper.com.au. Just click on Investments, and then 'We manage the managers for you'.

Green opportunities

If, as predicted, climate change has the profound impact many people expect, it's vital that companies factor in the possible ripple affects these changes could have on the wider economy.

However, it's not all about risks: climate change offers super funds significant investment opportunities. By having the foresight to recognise what changes are more likely to eventuate than others, and putting in place processes and measures to minimise risk and maximise profits, super funds can benefit in the longer term.

A super fund that makes its internal operations environmentally friendly helps the planet and protects itself from potential negative impacts of climate change on its future business.

We will continue to improve our practices to reduce the environmental impact we have, and have already taken significant steps in

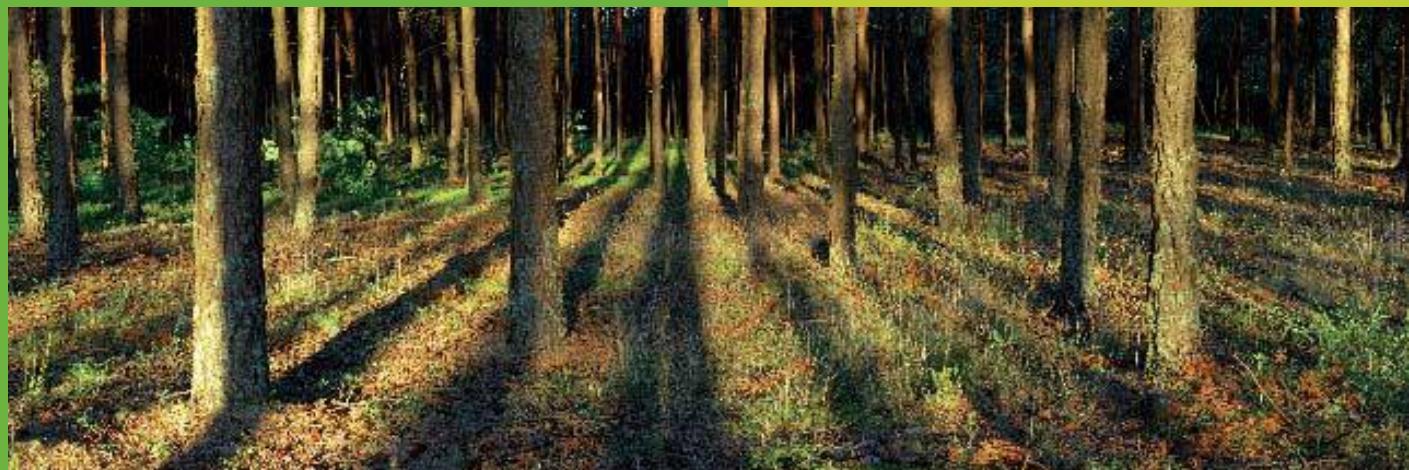
this direction. For example, you'll notice the Forestry Stewardship Council (FSC) logo on the back of your Member Report.



Forestry certification is the process of evaluating forests or woodlands to determine if they are being managed according to an agreed set of standards. Essentially, this means the paper used in publications displaying the FSC logo comes from the most sustainable sources and uses the most sustainable resources possible.

The lights in our building automatically time out when not in use and recycled copy paper is used in all our photocopy machines.

Actively gathering members' emails to send information electronically is another way we're improving sustainability. Make sure we have your email address if you want to receive information via email. Fill out the change of address form on the back of the envelope your member statement arrived in.



You can help too!

Since even the smallest environmental action can make a difference, we've given you an opportunity to help the planet directly with the seed pack attached to the enclosed Rollover flyer.

Plant one of the seed sticks in your garden and grow your own Lemon Scented Bottlebrush. It's a native Australian plant that thrives in Australia's dry conditions.

On the back of the seed pack, you'll also find 10 other practical steps you can take to help the environment.

And remember, rolling your super into one account can save on paperwork. This helps the environment too!

When all is said and done, helping the environment makes perfect sense economically, socially and practically.



Supporting regional Australia



Did you know that over 70% of Australian dairy products, like milk, cheese and yoghurt are exported globally? That's a great result for our local industry and a testament to the quality of Australian producers.

Recently, a strong global economy, coupled with a reduction in the world milk supply, and growing export opportunities in the EU and Asia, has produced even more demand: the domestic milk price has soared by 30% on last year's price.

Vision invests in Warakirri

We're always on the look out for new investment opportunities, and are keen to support Australian industry. We have therefore decided to invest in the Australian dairy industry using the Warakirri Dairy Industry Trusts.

Created to take advantage of Australia's strengths as a low cost dairy producer, the Trusts have already bought Victorian dairy farms located in Rosedale, Echuca, Cobden and Hawkesdale, and one in Millicent, South Australia. The Trust is expected to benefit from the scale of its operations when negotiating milk supply contracts and group purchasing. Highly productive farms are being sought in different geographic locations to diversify production risks.

Lots of cows

The farms currently manage 5,000 dairy cows on nearly 2,500 hectares of prime dairying land. Warakirri expects it will be milking a massive 16,500 cows when the farms are fully operational.

Lots of milk

The Trusts will be the single largest producer of milk in Australia, with obvious scale benefits. In the 2006/07 financial year, 9.5 billion litres of milk was produced in Australia. When everything is up and running, 144 million litres will be produced by the Trusts farms per annum, which is over 1.5% of all the milk produced in Australia. That's a lot of milk!

Lots of experience

Each farm is managed by an experienced dairy farmer, with the aid of agronomy, nutrition, Occupational Health and Safety, and human resource consultants. Farm managers are also mentored by specialists in the field and participate in management courses to assist their development. At present the Trust employs 130 staff.

Remember your breakfast

So next time you pour milk on your cereal or open a tub of yoghurt, remember that Vision Super may have invested in your breakfast. There's no better way to support our rural industries than by providing money to help them expand and grow.

Financial facts

There are now two sets of financial reports. One is for the Local Authorities Superannuation Fund and one for Vision Superannuation Fund - the new fund that opened for family, friends and the general public on 1 February 2007.

These are a summary of our unaudited financial statements. The full audited financial statements will be published on our website, or will be available on request, from October 2007. (Please go to visionsuper.com.au – About Vision – Financial Statements.)

Financial Report – Local Authorities Superannuation Fund

(Generally incorporating Defined Benefit, SuperSaver and Partner Plan plus Personal Plans and Allocated Pensions established before 1 February 2007.)

Net Assets

as at 30 June

	2006/2007	2005/2006
	\$000	\$000
Assets		
Investments	4,101,230	3,500,811
Other Assets	10,194	17,540
Total	4,111,424	3,518,351
Less Liabilities		
Income Tax payable	28,580	12,441
Provision for deferred tax	0	31,915
Other liabilities	25,263	30,309
Total	53,843	74,665
Net Assets	4,057,581	3,443,686

Changes in Net Assets

for year ended 30 June

	2006/2007	2005/2006
	\$000	\$000
Net Assets at beginning of the year	3,443,686	2,962,791
Income		
Investment revenue	556,183	416,106
Contributions by employers	227,162	197,036
Contributions by members	133,918	95,565
Other revenue	615	528
Total	908,878	709,235
Outgoings		
Benefit payments	225,225	153,661
Investment expenses	10,197	16,067
Administration expenses	11,334	9,875
Other expenses	1,696	1,701
Income tax	46,529	47,036
Total	294,983	228,340
Net Assets at end of the year:	4,057,581	3,443,686

Financial Report – Vision Superannuation Fund

(Incorporating Vision Personal Plan and Vision Income Stream plans from 1 February 2007.)

Net Assets

as at 30 June

	2006/2007
	\$000
Assets	
Investments	22,270
Total	22,270
Less Liabilities	
Income Tax payable	64
Other liabilities	9
Total	73
Net Assets	22,197

Changes in Net Assets

for year ended 30 June

	2006/2007
	\$000
Net Assets at beginning of the year	0
Income	
Investment revenue	673
Contributions by employers	398
Contributions by members	22,121
Other revenue	11
Total	23,203
Outgoings	
Benefit payments	936
Trustee fees	6
Income tax	64
Total	1,006
Net Assets at end of the year:	22,197

Managing your fund

Commonwealth superannuation law requires that fund trustees have equal representation of employer and member representatives.

Vision Super Pty Ltd is the Trustee and Administrator of the Local Authorities Superannuation Fund and the Vision Superannuation Fund. Vision Super has eight directors, four elected by the members, and four appointed on the nomination of the following employer associations:

- Municipal Association of Victoria (MAV)
 - two directors;
- Victorian Water Industry Association (VWIA)
 - one director
- Victorian Employers' Chamber of Commerce and Industry (VECCI)
 - one Director

Each director has an alternate director appointed in the same manner. The term of appointment for directors and alternates is four years. The directors and their alternates as at 30 June 2007, are detailed in the table.

Fund administration

Chief Executive Officer - Rob Brooks

Company Secretary – Paul Curtin

External auditor - Ernst & Young

Internal auditor - KPMG

Master Custodian - National Custodian Services Ltd

Principal advisors

Actuarial - Russell Employee Benefits
Investments - Frontier Investment Consulting
Property - Pinnacle Property Group
Lawyers – Freehills; Phillips Fox; Rigby Cooke
Tax - PricewaterhouseCoopers

Committees of the Board

The Board has a number of Committees comprising of directors, management and external advisors to deal with issues and where applicable, to make recommendations to the Board.

Audit and Compliance Committee

(Chair – John Warburton)

Reviews and makes recommendations to the Board on the Fund's internal controls, organisational risks, corporate governance issues, statutory reporting and general audit performance.

Benefits Committee

(Chair – Angela Emslie)

Assesses applications for death and disability benefits and makes recommendations to the Board on policies affecting benefits.

Investment Committee

(Chair – Tony Tuohey)

Analyses, reviews and makes recommendations to the Board on investment strategy, performance and manager appointments.

Trustee Indemnity

Vision Super Pty Ltd has taken out a policy of trustee indemnity insurance.

Board assessment

The Board has undertaken an assessment program on its performance, prepared in conjunction with an external consultant. This assessment enables Directors, and the Board as a whole, to review its effectiveness and to ensure that it understands and meets its roles, responsibilities and operating procedures. This understanding together with a framework for appraising Board performance helps the Board to achieve organisational objectives.

Directors during the year ended 30 June 2007 are shown in the table opposite:

*Resigned November 2006.

Leigh Harder was appointed as alternate director to Angela Emslie in June 2007.

	Director	Alternate Director	Method of appointment	Appointed
	Michael Tilley	Steve Bird	Nominated by VWIA	1998
	Bill Watton	Russell Atwood	Elected by members	1991
	Darrell Cochrane	Brian Parkinson	Elected by members	1993
	Tony Tuohey	Robyn Glascott	Elected by members	1995
	John Warburton	Mark Anderson	Nominated by MAV	1997
	Angela Emslie	Shaun Strachan*	Nominated by VECCI	1998
	Wendy Phillips	Dean Barnett	Elected by members	1998
	Rob Spence	Les Willmott	Nominated by MAV	2003

Let us help you!

If you're looking for information on your super, your retirement options, or your Vision Super account, there's more help available than ever before.

Just looking?

Visit www.visionsuper.com.au for information on super, our products and services, plus a range of useful super tools and calculators. The site can help answer questions such as:

- How are my investments performing?
- How much super do I need?
- How does salary sacrifice work?
- Am I eligible for a Government Co-contribution?
- What type of investor am I?



Been to a seminar?

If the Internet or telephones aren't your cup of tea, how about a seminar? Our Super Consultants cover Victoria, delivering seminars to members and their partners – over 300 seminars last year to more than 5,800 members.

Seminars cover:

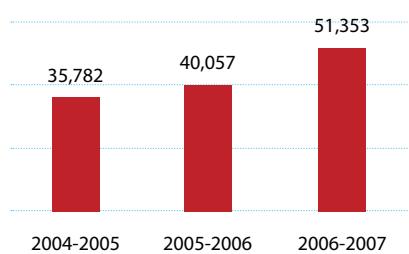
- Budgeting and planning
- Understanding investments
- Wealth creation for retirement
- Getting the most out of your super
- Retirement planning

Details of forthcoming seminars are online. Go to www.visionsuper.com.au – Members – Whip Your Super Into Shape – Free Seminars. Call Member Services on (03) 9911 3222 (regional 1300 300 820) to book a seat for yourself and/or your spouse.

Got a question?

If you want general super advice, our Member Services team is just a phone call away. Over 50 percent of our members are now talking to us about their super – 51,353 calls last year!

Calls to Member Services



Need to talk one on one?

A lot of people just need basic advice about their super, without going through the process of seeing a financial planner. Our Member Services team and Education Consultants offer 'one-on-one' interviews, providing members with general advice about their options and benefits.



How about financial advice?

Of course, if you need more than just factual information about your super, we can help you there too. Our advisers are super specialists. Their job is to help members plan their retirement. They do not receive brokerage or commissions for recommending products, and their service is free to members. Talk to one of our advisers if you are:

- Considering 'transition to retirement'
- Planning to retire
- A Defined Benefit member
- A member with a Deferred Benefit
- Applying for a disability benefit

Contact Member Services on (03) 9911 3222 (regional 1300 300 820) and they'll explain the steps involved in seeking financial advice.



Vision Super Pty Ltd
ABN 50 082 924 561
Australian Financial Services Licence
225054
RSE Licence L0000239

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Melbourne Victoria 3000

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Melbourne Victoria 8003

Vision Super Pty Ltd ABN 50 082 924 561, Australian Financial Services License 225054, RSE License L0000239 is the Trustee of the Local Authorities Superannuation Fund (R1000603) and the Vision Superannuation Fund (R1069938). IDEA 7063



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