

MEMBER REPORT 2008

Your super industry fund

www.visionsuper.com.au

AUGUST 2008

Your
industry
super
fund

Inside...

Weathering the investment storm

Recent market news has been poor, but as we told you previously, we're well placed to weather the storm...

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Understanding your member statement

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Give your super the once over!

Check your super's health. Take our 2 Minute Super Review...

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Is your super leaking?

Save on multiple fees and boost your super nest egg by combining all your super accounts into Vision Super. This one's a no brainer. What are you waiting for?



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Performing well in tough times!

It's been a turbulent year for financial markets, but Vision Super has managed to stay a step ahead of the rest with above average returns when compared to other super funds...

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Benefits to you...

- ✓ Low fees
- ✓ No commissions
- ✓ Run only to profit members



A super fund for all seasons

Whether the markets are up or down, you're starting out or about to retire, Vision Super is the industry fund with the right strategies, plans, and experience to help you get the most out of your super. The weather may change, but we won't...

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Vision Super Pty Ltd ABN 50 082 924 561, Australian Financial Services Licence 225054, is the Trustee of the Local Authorities Superannuation Fund ABN 24 496 637 884 and the Vision Superannuation Fund ABN 79 327 289 195

(03) 9911 3222

 **VISION
SUPER**

WWW.VISIONSUPER.COM.AU

A super fund for all seasons

Vision Super has the products, services and experience to help you make your super work. We're a 61 year old industry super fund with a difference - we're working for no one else but you! Here are the highlights:

An experienced industry fund with the lot

We're one of the oldest industry super funds on the block. **We've been building and protecting members' super money since 1947.** Being an industry fund means we're run only to profit members, we have low fees, a member focus, and no commissions or bonuses are paid.

Super is all we do

You want a fund that provides you with lots of super options and maximises your super returns. Our focus has always been and will always be super. We have the experience and expertise to help you get the most out of your super throughout your lifetime. **We live and breathe it, so you get the most out of it.**

No robots - speak to a real person!

When you call some super funds, it's quite common to be confronted with a robotic voice asking you to select from numerous options. It makes their life easier, but means you have to do all the work.

We don't use outsourced call centres or automated telephone response systems. At no stage will you have to deal with speech recognition software. No robots allowed!

Call our Member Services team for general super advice and information about our super plans, pensions and services. They're flesh and blood, and don't need to be plugged into a wall socket to keep functioning.

Call (03) 9911 3222 (regional callers 1300 300 820)

Long term focus - strong investment growth

For over 60 years we've provided members with strong super growth. We have the strategies and policies, the security and experience to maximise your super wealth over the long term. Your super's safe with us.

Highest rating three years running!

SuperRatings, the independent agency that rates super funds, has awarded us a Platinum rating three years running. **Platinum is their highest rating for funds offering "the best value for money" for members.**



Online access 24/7

Using Vision Super's award winning public website you can:

- See how your investments are performing
- Check out your investment options
- Work out your financial position
- Read our Fact Sheets for information on important super topics
- Start your retirement planning



Do it all securely online!

Using Vision Super's secure website you can:

- See your account balance
- Review your insurance
- Change your investment options
- Keep your personal details up to date
- Nominate your beneficiaries

All you need is a password! Download the **Member Website Access (Form 50)** from the website and return it to us. We have to get your signature verified, so we can keep your personal information secure. You can find all Vision Super forms at www.visionsuper.com.au. Just click on **Members** then **Member Publications & Forms**.

This 2008 Vision Super Member Report and your Vision Super Member Statement for the year ending June 2008 make up your Annual Report and should be read together.

The information in this Member Report was current at the time of publication. Vision Super believes the editorial content is correct and not misleading but we give no warranty in relation to it. Save for any statutory liability, we disclaim all liability for any loss or damage that may arise from anyone acting on the content. All services and products detailed in this newsletter are subject to Australian laws that may change from time to time. ABN 50 082 924 561.

This information is not intended to act as financial advice. Remember, your circumstances and financial needs are unique. Before acting on the basis of anything contained in this document, you should consider whether it is appropriate to your needs and circumstances. You should obtain and read the relevant product disclosure statement before acquiring any financial product. We suggest you seek professional advice to make the best choice for your circumstances.



Chairman's report

I am pleased to present Vision Super's Member Report for the 2007/08 financial year.

Unfortunately, this year's investment returns have been the lowest the industry has seen in a long time. While the last 4 years have seen super fund members enjoy strong double digit returns, this year sub-prime mortgage problems in the US, rising oil prices and inflation has led to many super funds recording one of their worst years on record.

Balanced Growth No.1

Understandably you may feel concerned when markets go down. While disconcerting, occasional negative returns are a normal part of the investment cycle and it's important to focus on your long term investment strategy, just as Vision Super does with all its investment options. Even with the turbulent markets, you'll be pleased to hear that our investments have done well over the last year compared to other super funds. According to SuperRatings,

...our Balanced Growth option, in which the majority of our members invest, was ranked No.1...

Vision Super is one of the best performing super fund in Australia. Our Balanced Growth option, in which the majority of our members invest, was ranked No.1.

Three of our other

investment options were also ranked No.1 for the year, and all our options outperformed the median manager (see the table on page 8 for details). The Balanced Growth option returned -1.7% for the financial year compared with an all fund median of -6.39%. More significantly, over the longer term, Balanced Growth has returned 10.08% p.a. over 5 years, 7.08% p.a. over 10 years, 8.35% p.a. over 15 years, and 9.05% p.a. over 20 years.

What's been happening?

In July we successfully tendered to provide administration and related services to the South Australian local government

superannuation scheme. This successful tender demonstrates the efficiency and reliability of our administration systems and the professionalism of

Vision Super staff. It also allows us to spread administration

... Balanced Growth has returned 10.08% p.a. over 5 years, 7.08% p.a. over 10 years, 8.35% p.a. over 15 years, and 9.05% p.a. over 20 years ...

development costs across a larger membership base. We are one of the few super funds that develops and maintains its own internal administration software systems.

Additionally, we rolled out a package of new and improved insurance arrangements including income protection. Our insurance is now amongst the most competitive in the industry.

I'm proud to report that this is also the third year in a row that we've been awarded a Platinum rating from SuperRatings. Platinum is their highest rating for funds offering "the best value for money" for members.

What's happening in the coming financial year?

As always, we continue to review our super and retirement products and services. We'll be revamping both the public and secure Vision Super website and launching a new debit card for our Allocated Pension members. We'll also be investigating offering First Home Saver Accounts so our younger members can make use of the Government's first home buyers contribution scheme.

...we'll also be launching a new debit card for our Allocated Pension members...

Thank you to the staff of Vision Super and our sponsoring employers for helping our members throughout the year. Thanks also to my fellow Directors. In particular, I'd like to extend a warm welcome to Darrell Cochrane, who returns as Chairman. This is my last Member Report in my 3 year term as Chairman.

And finally, thanks to you, our members, for your continued support. I hope you enjoy reading this year's report.

Michael D Tilley
Chairman



Focus on the big picture

Vision Super investments

No.1 in tough times

Members look to their superannuation funds to help grow and protect their savings during their working life and into retirement. It's a difficult challenge for trustees who are charged with the responsibility of trying to strike the right balance between maximising return and minimising risk.

It has been a difficult year for super fund investors, with investment returns from Australian and international share markets the lowest for over 20 years.

Super funds typically invest 70% of their funds in growth assets. The logic behind this is that over the long term, growth assets provide higher returns than most other assets. Periodic negative returns from a diversified mix of assets are normal.

Taking Australian shares as an example, the chart at the bottom of this page shows that over the long term shares generally grow in value, but along the way the market goes up and down.

We understand that when markets go down, members worry and are tempted to switch to a more conservative investment strategy. Switching to cash for example might provide comfort when markets are falling but it might just lock in losses and potentially result in lower long term retirement savings. The key is to adopt an appropriate long term strategy and stick to it.

Vision Super has a proud record of solid investment performance and is not distracted by short term performance. However, in this difficult year, it is comforting to note that our Balanced Growth option, in which the majority of our members invest, was ranked No.1 by SuperRatings. Three of our other investment options were also ranked No. 1 for the year. Our investment options not only ranked well, they outperformed the median manager across the board as shown in the table on the right.

Vision Super Superannuation Plans Net* investment returns 12 months to 30 June 2008			
	Vision Super 1 Year (% p.a.)	SuperRatings Median Return (%)	SuperRatings Ranking
Trustee Premixed options			
Fixed Interest Plus	3.47	-0.29	1st
Balanced Conservative	0.84	-3.90	1st
Balanced Growth	-1.70	-6.39	1st
Shares Plus	-5.47	-8.80	4th
Just Shares	-12.66	-12.66	12th
Vision Single Sector Options			
Cash	6.31	5.11	6th
Alternative Assets	5.91	**	**
Fixed Interest	8.33	3.77	1st
Property	14.47	-17.98	2nd
Australian Equities	-12.60	-12.77	19th
International Equities	-13.80	-17.27	5th

Source: SuperRatings Fund Crediting Rate Survey June 2008

Investors should be aware that returns may go up and down, so past returns are no guarantee of future performance.

*After allowing for a deduction of investment fees and tax

** SuperRatings does not survey alternative asset portfolios.

What is a median return?

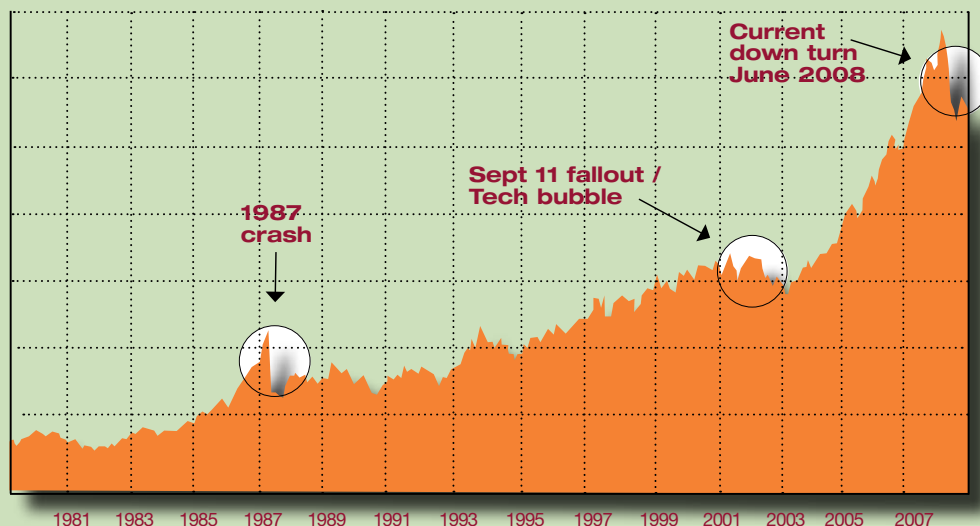
The middle column in the table above refers to the "Super Ratings Median Return". **The median** is the middle number in any set of numbers (e.g. there are 43 investment options ranked in the Balanced Growth survey, the median option is number 22). At 30 June 2008, the 22nd best performing fund returned -6.39%, while Vision Super returned -1.7%. This means we beat the median manager by 4.69% this financial year. Every Vision Super investment option surveyed beat the SuperRatings median return, apart from Just Shares which was equal. Our performance was above average (and in most cases in the top 5 performing) compared to our competitors.



Long term Australian share market growth

Short term volatility is normal!

(ASX300 share market returns from December 1981 to December 2007)



Pension performance

Our pension options performed well too: 8 out of 9 pension investments were above the median return. See page 10 or your member statement for more details.

Super is still one of the best investments around and income streams in particular have many tax advantages. So if you are currently receiving an income stream you shouldn't feel panicked about the investment returns.

If you're concerned about recent market volatility contact our Member Services team on (03) 9911 3222 (regional callers 1300 300 820).

Focus on the big picture (continued)



Super is long term!

A period of negative returns doesn't mean that a long term strategy will be unsuccessful.

If you still need to be convinced, take a look at the longer term returns on page 10. Using Balanced Growth as an example, the average annual return net of fees and tax has been:

- **10.08% p.a. over 5 years,**
- **7.08% p.a. over 10 years,**
- **8.35% p.a. over the last 15 years; and**
- **9.05% p.a. over the last 20 years**

These are strong and consistent returns.

What has happened in the markets?

The problems started in the US with the sub-prime crisis, which was caused by inadequate risk management and poor lending practices in the US. The situation was made worse by rising oil prices, inflation and fears of a slower economic activity.

For a full update visit www.visionsuper.com.au and click on **Investments** and then **Market Update** to read commentary by our investment consultant, Frontier Investment Consulting.

Why is my super affected by the share market?

Most of our members are invested in Balanced Growth, the default investment option with an asset allocation carefully constructed by the Trustee taking into account long term returns and providing a balance between risk and return. The Balanced Growth option is diversified, meaning we don't put all your eggs in one basket. We invest your money in:

- property, fixed interest, cash and alternative investments,
- Australian and overseas equities,

using over 50 different investment managers.

While shares are down this year, in the previous 4 years, Australian shares have gone up by over 145% and overseas shares by 54%.

Even though returns may be down in any one year, over the long term having a diversified portfolio allows you to benefit from the gains in the market and protect your investments during downturns.

What should members do in times of market volatility?

Share markets move in cycles, and have historically recovered after a correction. Economists cannot predict exactly when the share markets will recover, but past history shows that short term fluctuations have had little impact on long term returns. It's understandable however for members to want to switch their investments or change their strategy in times of adverse market performance. But think before you act. Keep in mind:

- Super is a long term investment and periods of market volatility should be expected to occur from time to time.
- It's time in the market, not timing the market, that is important.
- Markets move in cycles and historically, recovery follows a correction.
- Stay focused on your end goal: super is a long term investment, even in retirement.
- Don't throw your investment strategy out of the window everytime there is a downward movement in the markets.
- Don't try to guess where the markets are going over shorter time periods. Even the experts can't get that right.

Speak to us

We can't tell you what you need to do, but we can guide you in making decisions about your super. Our:

- Member Services consultants can give you general information over the phone about your super.
- Senior Super consultants can sit down and have a one on one chat with you about your super, your options for contributing more, or review your investment selection.
- Our Financial Planners can review your situation and provide you with a plan to reach your retirement goals.

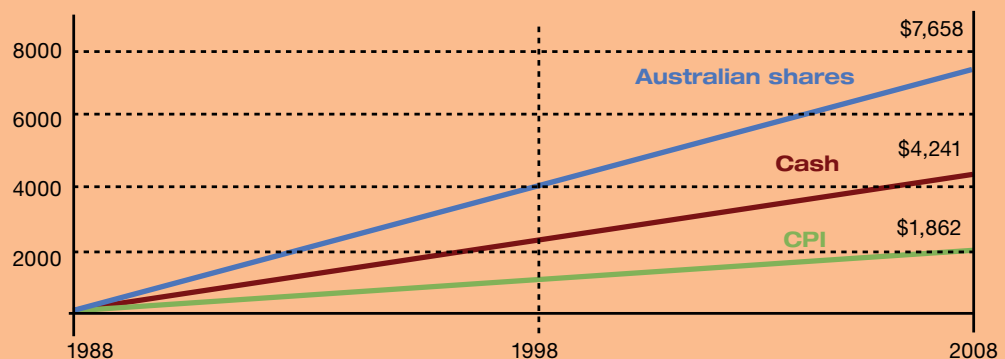
We can help!

If you have any questions about market volatility, your super, or want to make an appointment to see a financial planner, phone our Member Services team on **9911 3222** (regional callers **1300 300 820**).

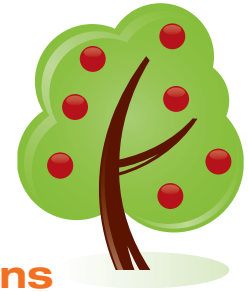
Why don't you just invest in cash?

When shares or property markets are down, cash can look like a better way to save. The problem with cash is it generally only provides you with protection against inflation (CPI), as the table here shows.

Value of \$1,000 invested in Cash compared to CPI and Shares



Please note that the trade off for potential higher returns from shares is increased short term volatility. The straight line is indicative of the long term average and does not account for short term drops.



Your investment choices

Tables show the asset allocations of Vision Super's Premixed and Single Sector investment options.

Trustee Premixed options

Apart from Balanced Growth, asset allocations did not change this financial year.

Fixed Interest Plus ✔ Sustainable option available

Performance objectives	Super*	CPI +2%	Probability of a negative return	Low
	Pensions**	CPI +3%		

Balanced Conservative ✔ Sustainable option available

Performance objectives	Super*	CPI +3.5%	Probability of a negative return	1 year in 20
	Pensions**	CPI +4.5%		

Balanced Growth ✔ Sustainable option available

Performance objectives	Super*	CPI +4%	Probability of a negative return	1 year in 13
	Pensions**	CPI +5%		

Balanced Growth asset allocations at 30 June 2007

Balanced Growth asset allocations at 1 July 2008

Shares Plus ✔ Sustainable option available

Performance objectives	Super*	CPI +4.5%	Probability of a negative return	1 year in 9
	Pensions**	CPI +5.5%		

Just shares ✔ Sustainable option available

Performance objectives	Super*	CPI +5%	Probability of a negative return	1 year in 5
	Pensions**	CPI +6%		

Single Sector options

Cash ✘ Sustainable option

Performance objectives	Super*	CPI	Probability of a negative return	Positive returns over all periods
	Pensions**	CPI +0.5%		

Fixed interest ✘ Sustainable option

Performance objectives	Super*	CPI +2%	Probability of a negative return	Less than 1 year in 25
	Pensions**	CPI +3%		

Alternative Assets ✘ Sustainable option

Performance objectives	Super*	CPI +3%	Probability of a negative return	Less than 1 year in 15
	Pensions**	CPI +4%		

Property ✘ Sustainable option

Performance objectives	Super*	CPI +3%	Probability of a negative return	Less than 1 year in 10
	Pensions**	CPI +4%		

International Equities ✘ Sustainable option

Performance objectives	Super*	CPI +5%	Probability of a negative return	Less than 1 in 4 years
	Pensions**	CPI +6%		

Australian Equities ✘ Sustainable option

Performance objectives	Super*	CPI +5%	Probability of a negative return	Less than 1 year in 4
	Pensions**	CPI +6%		

* The earnings of super products are taxed.
 ** The earnings of pension products are untaxed.

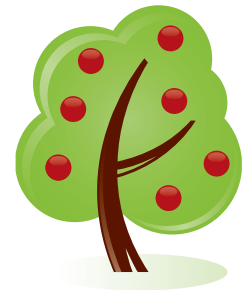
Important! Please note

In the last financial year Private Equity, Opportunistic Property, Absolute Return Strategies and Infrastructure were shown collectively as Alternative Assets. Allocations to each sector within Alternative Assets are now shown individually.

We can help!

If you have any questions about your investment options, or the way we manage our investments, please call **9911 3222** (regional callers **1300 300 820**). You can also find information at www.visionsuper.com.au Just click on **Investments**.

Your investment choices



Members in our Super Saver, Personal and Allocated Pension plans can choose any combination of the investment options shown on the previous page.

Understanding the tables and pie charts

- Probability of a negative returns allows members to select an option with a level of risk (sometimes called volatility) 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.
- The asset allocation of each option is regularly rebalanced back to the benchmark.
- Performance objectives are higher for pension than super products because they pay no tax on investment earnings.

Sustainable options

Australian and international equities are invested in line with indices created by **Sustainable Asset Management (SAM)**. SAM is a global leader in the management of sustainable investment strategies. These indices take into account companies' records in respect of social, economic, environmental and governance factors.

The international and Australian equities allocations of our sustainable investment options are invested in the SAM Sustainability Leaders International Fund and the SAM Sustainable Leaders Australia Fund respectively.

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 www.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.

Investment Changes

Changes to your investments can be made online, by logging onto the member secure site, or by downloading and sending us a completed **Investment Change** form at www.visionsuper.com.au You'll also find a lot more detail about each investment option under **Managing Investments Is Easy**.



We've opened our doors!



Remember that Vision Super is now open to the public. This means your family and friends can join and benefit from our solid investment performance, low fee structure and a philosophy that puts members' interests first.

So, if you have family and friends looking to join a new fund, or switch from an old one, get them to give us a call!

To join us, call our **Member Services team on (03) 9911 3222 (regional callers 1300 300 820)** or visit www.visionsuper.com.au and click on the **Join Now** banner on the front page.

Sacrifice part of your salary for a great retirement!



Sacrifice yourself for the greater good! Although it sounds bad, sacrificing a part of your salary for your future retirement could be a great idea. Salary Sacrifice is an arrangement between an employee and an employer. An employee can contribute part of their BEFORE tax salary into super to gain tax benefits. There's no loss of life or torture involved!

Please note that sacrificing part of your salary can impact your eligibility for Government co-contributions.

To learn more about Salary Sacrificing download the **Salary Sacrifice Fact Sheet** at www.visionsuper.com.au or call **(03) 9911 3222** (regional callers **1300 300 820**).

Managing your money



The assets of all 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.

Investment strategy

An important part of risk management is ensuring that each investment option is invested in line with its target asset allocation. Financial markets go up and down at different times for different reasons and a fund can quickly get out of balance. We rebalance our portfolios regularly, 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. Regular rebalancing manages investment risk and can reduce the volatility of returns.

Investment managers

Vision Super invests your money with investment managers who specialise in particular types of investments, such as shares and property. Details of the holdings for each manager over the last 12 months are shown in the following two tables.

Derivatives

We do not use derivative instruments in managing the internal cash portfolio. External 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. Fund Managers are not authorised to use derivative instruments for the purposes of leveraging the portfolio or for speculation.

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.

Our fund managers – Traditional investments

Traditional Investments	30 June 2008		30 June 2007	
	\$million	%	\$million	%
Growth Investments				
Australian Shares				
GMO Australia Limited – Value Tilt	138.5	3.3%	176.3	4.2%
Intech Investment Consultants – High Alpha Trust (HAT)	91.8	2.1%	124.0	2.9%
Schroder Investment Management Australian Limited – Growth Tilt	135.6	3.3%	174.5	4.2%
SAM Sustainability Leaders Australian Fund	18.6	0.5%	19.7	0.5%
Macquarie Bank Investment Management Limited – Enhanced Index	352.8	8.6%	412.1	9.9%
Warakirri Asset Management – Small Companies Fund	91.6	2.2%	120.1	2.9%
Total	828.9	20.0%	1026.7	24.6%
International Shares				
Alliance Bernstein Australia Limited – Global Equity Blend	84.7	2.1%	-	-
Baillie Gifford Overseas Ltd. – Long Term Global Growth Equities	84.3	2.1%	109.0	2.6%
Brandywine Asset Management LLC – Value Approach Strategy	80.6	2.0%	106.8	2.6%
Colonial First State – Global Emerging Markets Leaders Fund	60.3	1.5%	66.4	1.6%
Generation Investment Management – Global Equity Fund	44.5	1.1%	52.3	1.3%
SAM Sustainability Leaders International Fund	17.8	0.4%	17.8	0.4%
State Street Global Advisors – Index Plus Strategy	263.8	6.4%	322.9	7.8%
Turner Investment Partners – Small Cap Core Equity	25.8	0.6%	68.0	1.6%
Turner Investment Partners – Mid Cap Growth Equity	26.6	0.6%	-	-
Intech Investment Consultants – High Opportunities Trust (HOT)	29.2	0.7%	38.5	0.9%
HFA Asset Management – International Shares Fund (Long/Short Unconstrained)	61.2	1.5%	66.0	1.6%
Wellington International Management Company Pty Ltd – Neutral Core (Terminated)	-	-	107.5	2.6%
Total	778.8	19%	955.2	23%
Currency Overlay				
FX Concepts – Active	-3.6	-0.1%	1.2	0.0%
FX Concepts – Passive	3.9	0.1%	2.5	0.1%
Bridgewater Associates Inc. – Overlay Portfolio	0.2	0.0%	10.7	0.3%
Total	0.5	0.0%	14.4	0.4%
Property Core				
AMP Capital Investors – Property Unit	128.6	3.1%	112.6	2.7%
Colonial First State Property – Direct Property Investment Fund (Retail)	30.0	0.7%	27.4	0.7%
Industry Super Property Trust – Core Fund	130.3	3.2%	126.6	3.1%
Eureka Fund Management – Core Property Fund 3	48.1	1.2%	30.2	0.7%
QIC Properties Pty Ltd – Shopping Centre Fund (Retail)	37.2	0.9%	34.0	0.8%
Total	374.2	9.1%	330.8	8.0%
Defensive Investments				
Cash				
Internal Management (Vision Super)	413.4	10.1%	217.3	5.2%
Total	413.4	10.1%	217.3	5.2%
Fixed Interest				
Alliance Bernstein Australia Ltd – Domestic Fixed Income	98.3	2.4%	126.1	3.0%
Hastings Funds Management Limited – Yield Fund	139.7	3.4%	112.8	2.7%
Members Equity Portfolio Management Limited – Super Loans Trust	10.8	0.3%	10.9	0.3%
Bridgewater Associates Inc. – Global Bond Fund	134.0	3.3%	177.8	4.3%
Western Asset Management Company – Diversified Fixed Income	115.9	2.8%	162.6	3.9%
Total	498.7	12.2%	590.2	14.2%
Total Traditional Investments	2894.5	70.4%	3,134.6	75.4

Managing your money (continued)

Investment Manager Activity

Over the year we continued to refine our manager line up, always looking to improve the risk-return trade off within each asset class. Most of the activity related to additional commitments to alternative asset classes.

International Equities

Alliance Bernstein replaced the active core portfolio previously allocated to Wellington International Management. The new mandate blends the share portfolios of Alliance Global Research Growth strategy and Bernstein Value Equities process. Their objective is to provide an active core portfolio with medium risk/return objective, to complement the other active high conviction manager within the International shares portfolio.

We also reduced the exposure to the Turner Investment Partners, US Small Cap Core Equity mandate, transferring half of the capital to a new Turner US Mid Cap Growth Equity mandate. The objective is to diversify our exposure with the prospect of achieving a better risk return outcome.

Infrastructure

Infrastructure Funds Management (IFM) merged their Australian Social Infrastructure Fund and Australian Infrastructure Funds. The primary drivers were cost savings and management efficiencies.

Private Equity

As part of the strategy to increase weightings to private equity, a commitment of USD 50 million was made to Vencap, a US and European venture capital fund of funds.

Our fund managers – Alternative investments

Alternative Investments	30 June 2008		30 June 2007	
	\$million	%	\$million	%
Infrastructure				
IFM Australian Social Infrastructure A	–	–	33.2	0.8%
IFM Australian & International Infrastructure	405.9	9.9%	338.9	8.2%
Hastings Funds Management Limited – Utility Trust of Australia	51.2	1.2%	27.3	0.7%
Regional Infrastructure Fund	10.6	0.3%	10.7	0.3%
Total	467.7	11.4%	410.1	10%
Private Equity				
IFM Australian Private Equity Funds II & III	42.1	1.0%	37.9	0.9%
ABN AMRO – Capital Australia Fund II	12.5	0.3%	27.0	0.7%
IFBT – Industry Fund Banking Trust	19.4	0.5%	12.3	0.3%
ING Investment Management – Private Capital Fund No.1	8.3	0.2%	8.1	0.2%
Quay Partners Pty Ltd – Australia 2, 3 & 4 Funds	27.0	0.7%	18.2	0.4%
Macquarie Alternative Investment Fund IV & V	32.0	0.8%	20.3	0.5%
IFM International Private Equity Fund I, II & III	65.4	1.6%	65.7	1.6%
Montagu Newhall Global Partners III & IV, L.P.	13.3	0.3%	6.5	0.2%
Generation Investment Management – Climate Solutions Fund	5.2	0.1%	–	–
LGT Capital Partners AG – Crown European Private Equity PLC	16.4	0.4%	6.8	0.2%
Fortis Investment Mgmt Aust. Ltd – Mid Europa Emerging Europe Conv. Fund II, L.P	24.2	0.6%	24.2	0.6%
Private Equity Trust *	74.5	1.8%	39.4	0.9%
Vencap 12 Limited	2.9	0.1%	–	–
Total	343.2	8.4%	266.4	6.5%
Property Opportunistic				
APN Funds Management Ltd – Development Fund No.1	6.1	0.1%	2.7	0.1%
Colonial First State Property – Opportunistic Partnership No. 1	0.2	0.0%	0.3	0.0%
Eureka Funds Management – Property Fund No.1 & 2	11.3	0.3%	7.9	0.2%
Macquarie Wanda Real Estate Fund	22.8	0.6%	20.4	0.5%
Private Equity Trust – Property Opportunistic**	65.5	1.6%	39.4	1.0%
Warakirri Asset Management Pty Ltd – Dairy Farm Trust	10.1	0.2%	4.5	0.1%
Warakirri Asset Management Pty Ltd – Dairy Land Trust	26.7	0.7%	11.6	0.3%
Investa – Enhanced Fund	35.2	0.9%	33.0	0.8%
Gresham Partners Limited – Property Mezzanine Fund No. 2 & 3	8.2	0.2%	4.7	0.1%
Total	186.1	4.5%	124.5	3.1%
Absolute Return Strategies				
Bridgewater Associates Inc. – Pure Alpha Fund	31.5	0.8%	–	–
Bridgewater Associates Inc. – All Weather Fund	2.7	0.1%	35.1	0.8%
BlackRock Alternative Advisors – QBLK ARS III	92.4	2.3%	88.0	2.1%
Warakirri Asset Management – Absolute Strategy Fund	86.7	2.1%	86.2	2.1%
Total	213.3	5.3%	209.3	5%
Total Alternative Investments	1210.3	29.6%	1,010.3	24.6%
Total	4,104.8	100%	4,144.9	100%

* Note: Private Equity Trust is inclusive of the following managers – Adveq Europe Partners III, L.P., Lexington Capital Partners VI-B & Mesirov Financial Private Equity III, L.P.

** Private Equity Trust Property Opportunistic is inclusive of the following Manager/Funds – Macquarie Global Property Advisors Asia & Europe Funds II & III.

Additional commitments were made to existing managers as follows: IFM International Private Equity Fund, USD 15 million (an international buyout fund of funds), Montagu Newhall Global Partners USD 15.6 million (primarily a US venture capital fund of funds), Macquarie Alternative Investment Trust, AUD 15 million (an Australian buyout fund of funds) and Generation Investment Management Climate Solutions Fund (USD 20 million), which has a sustainable focus, investing in both listed and unlisted securities associated with finding solutions in relation to climate change.

Absolute Return Strategies

An additional allocation was made to Bridgewater Pure Alpha Fund (Absolute Return Strategies).

The Pure Alpha Fund seeks to add value by taking positions in a very diversified portfolio of global equities, fixed interest, commodities and currencies.



Investment performance

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



Long term results



Balanced Growth - 5 year annualised return = 10.08% p.a.
Balanced Growth - 10 Year annualised return = 7.08% p.a.
Balanced Growth - 15 Year annualised return = 8.35% p.a.
Balanced Growth - 20 year annualised return = 9.05% p.a.

	Superannuation Plans Year ending 30 June							Pension Plans Year ending 30 June						
	2008	2007	2006	2005	2004	5 Yrs	Since inception	2008	2007	2006	2005	2004	5 Yrs	Since inception
	(%)	(%)	(%)	(%)	(%)	(% p.a.)	(% p.a.)	(%)	(%)	(%)	(%)	(%)	(% p.a.)	(% p.a.)
Premixed Options														
Fixed Interest Plus	3.47	8.82	7.00	9.39	7.68	7.25	-	3.78	9.49	7.62	10.68	8.78	8.05	-
Balanced Conservative ^A	0.84	10.66	9.05	-	-	-	7.25*	-0.47	12.18	9.73	-	-	-	7.61*
Balanced Growth	-1.70	14.19	12.91	12.95	12.94	10.08	-	-3.29	15.44	13.84	14.11	14.64	10.70	-
Shares Plus	-5.47	14.90	13.51	13.25	15.00	9.94	-	-6.75	16.65	14.54	14.36	16.99	10.76	-
Just Shares	-12.66	19.60	17.72	12.16	18.48	10.32	-	-14.76	21.96	19.28	13.05	21.14	11.22	-
Sustainable Premixed Options														
Fixed Interest Plus	3.54	8.25	7.17	9.14	6.91	6.98	-	3.79	9.15	7.84	10.32	7.90	7.78	-
Balanced Conservative ^A	0.24	10.04	9.50	-	-	-	6.87*	-0.31	11.47	10.27	-	-	-	7.45*
Balanced Growth	-2.89	12.03	12.90	11.76	10.91	8.77	-	-0.85	14.31	14.00	12.54	12.43	10.33	-
Shares Plus	-6.14	13.86	14.23	12.51	12.35	9.06	-	-6.32	15.30	15.42	13.15	14.09	9.99	-
Just Shares	-13.71	17.45	18.70	10.87	14.74	8.89	-	-15.61	19.78	20.54	11.19	16.81	9.61	-
Single Sector Options ^B														
Cash	6.31	5.44	4.85	4.95	4.41	5.19	-	7.48	6.34	5.77	5.80	5.21	6.12	-
Fixed Interest	8.33	3.38	3.15	-	-	-	5.44*	9.24	3.65	3.42	-	-	-	6.03*
Property	14.47	15.31	12.30	-	-	-	13.60*	15.10	16.85	13.65	-	-	-	14.79*
International Equities	-13.80	12.19	14.78	-	-	-	4.12*	-16.02	13.73	16.71	-	-	-	4.35*
Australian Equities	-12.60	27.21	20.64	-	-	-	10.98*	-14.63	29.38	21.78	-	-	-	11.14*
Alternative Assets	5.91	13.98	8.20	-	-	-	9.05*	6.16	15.01	8.96	-	-	-	9.70*

(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 1 April 2005.

Past performance 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.



Financial facts



Two sets of financial reports

There are two sets of financial reports. One is for the Local Authorities Superannuation Fund and one for the Vision Superannuation Fund - which 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 2008. To download them go to www.visionsuper.com.au and click **About Vision**, then **Financial Statements**.

Insurance reserve

We currently maintain a reserve for our self insurance arrangements. The balance of the insurance reserve as at 30 June 2008 was \$5,883,000 (\$5,397,000 in 2007 and \$4,305,000 in 2006).

Financial Report - Local Authorities Superannuation Fund

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

Net Assets as at 30 June

	2007/2008 \$000	2006/2007 \$000
Assets		
Investments	4,021,878	4,146,971
Other Assets	3,404	4,878
Total	4,025,282	4,151,849
Less Liabilities		
Income Tax payable	35,363	29,238
Provision for deferred tax	578	576
Other liabilities	14,097	19,881
Total	50,038	49,695
Net Assets	3,975,244	4,102,154

Changes in Net Assets for year ended 30 June

	2007/2008 \$000	2006/2007 \$000
Net Assets at beginning of the year	4,102,154	3,443,686
Income		
Investment revenue	(101,851)	593,219
Contributions by employers	250,062	227,116
Contributions by members	127,217	133,965
Other revenue	854	615
Total	276,282	954,917
Outgoings		
Benefit payments	353,465	226,314
Investment expenses	0	7,696
Administration expenses	14,921	13,784
Insurance	1,056	0
Other expenses	108	904
Income tax	33,642	47,751
Total	403,192	296,449
Net Assets at end of the year	3,975,244	4,102,154

Financial Report - Vision Superannuation Fund

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

Net Assets as at 30 June

	2007/2008 \$000	2006/2007 \$000
Assets	140,208	22,269
Other receivables	6	0
Total	140,214	22,269
Less Liabilities		
Income Tax payable	80	60
Other liabilities	264	9
Total	344	69
Net Assets	139,870	22,200

Changes in Net Assets for year ended 30 June

	2007/2008 \$000	2006/2007 \$000
Net Assets at beginning of the year	22,200	0
Income		
Investment revenue	(3,035)	672
Contributions by employers	729	355
Contributions by members	138,688	22,164
Other revenue	61	11
Total	136,443	23,202
Outgoings		
Benefit payments	18,441	936
Trustee fees	252	6
Income tax	80	60
Total	18,773	1,002
Net Assets at end of the year	139,870	22,200

Member statements exposed



Key sections of your statement

Below you'll find an example of the 2008 Super Saver member statement. Key sections of the statement are explained. If you are in one of our other plans, your statement may look different.

Call us on **9911 3222 (regional callers 1300 300 820)** if you have any questions about reading your statement or any of the information raised on these pages.



How much insurance protection do you have?

Here you'll find exactly how much insurance cover you have if you die or if you are disabled. Under the heading "Your Plan Summary" we also detail what this cover costs you yearly (your insurance premiums).



Keep your beneficiaries up to date

Preferred beneficiaries are those people your money will be paid to in the event of your death (subject to Trustee approval). Make sure this section is up to date and advise us if there are any errors. Update your beneficiaries online or call **9911 3222 (regional callers 1300 300 820)** and we'll send you a form to update your beneficiaries today.



New income protection

You'll notice a new entry titled Income Protection. Eligible Super Saver members can now receive up to 75% of their income after a specified waiting period if they are sick or injured. **See page 14 for details.**



Contribute extra

Popular ways to increase your super include: Government co-contributions, salary sacrificing, or lump sum payments. You can rollover other super accounts into Vision Super too. If you've used any of these contribution methods this year, they'll appear under "Your transaction summary". Putting away a little cash now can give you a lot more later, so there's no time to lose. Super is one of the most tax effective savings methods available. **See page 14 for details.**

MEMBER STATEMENT

1 July 2007 to 30 June 2008

www.visionsuper.com.au
YOUR INDUSTRY FUND

Fred Flintstone
301 Cobblestone Way
Bedrock VIC 3010

- ✓ Low fees
- ✓ No commissions
- ✓ Run only to profit

VISION SUPER SAVER

Your personal details at 30 June 2008		Your insurance cover at 30 June 2008	
Member number:	12345678	Insurance	No. of units
Age:	12	Death only	
Tax File Number (TFN) provided:	Yes/No	Death & Disability	
email:	vision@visionsuper.com.au	Income Protection*	Please refer to page 3

Your Plan Summary at 30 June 2008		Your Preferred Beneficiaries	
Withdrawal benefit at 30 June 2007	\$50,000	Name	
Contributions	\$10,001	Wilma Flintstone	
Rollovers/transfers	\$950	Pebbles Flintstone	
Net investment earnings (see page 3 for update)	\$2643		
Withdrawals	\$250		
Administration fee	\$325		
Administration fee rebate			
Insurance premium – Death only			
Insurance premium – Death & Disability	\$48		
Insurance premium – Income Protection*	\$48		
Government contribution tax	\$400		
Government surcharge tax	\$25		
Withdrawal benefit at 30 June 2008	\$58,940		

Comprising:	
Preserved Benefit	\$10,252
Restricted non-preserved amount	\$10,252
Unrestricted non-preserved amount	\$10,252

IF YOU HAVE MORE THAN ONE ACCOUNT WITH VISION SUPER YOU WILL RECEIVE MORE THAN ONE STATEMENT

This statement forms part of your 2007/08 Member Report and should be read together with other statements.



How are unit prices calculated?

Unitisation is a way of equitably measuring each member's share of a funds' pool of assets and is regarded as being "best practice" within the superannuation industry, producing the fairest result for members. Unit prices are dollar values that reflect the value of each unit of your investment at any time. They are similar in concept to share prices, in that their value can go up or down each day reflecting the changes in the value of the assets in each option in which you are invested. They are calculated by the Fund's custodian, based on a combination of actual and estimated asset values and using pre-determined assumptions for tax and fee deductions.

For more information on how unit prices are calculated visit www.visionsuper.com.au and click on **Investments** and then **Performance Matters**.

VISION
SUPER

INDUSTRY FUND



Member

2008

Level of cover

% of benefit

50%

50%

Number and value of units held in your investment options at 30 June 2008

Investment Option	Units	Unit Price	Value
Balanced Growth	175,127.403591	\$1.12086	\$197,197.83

Your transaction summary

Transaction date	Description	Total (\$)
31/05/2008	Member deductible contribution	\$5,000
28/06/2008	Rollover from another account	\$9,092.60

Contribution Transactions

Please read these transactions carefully to satisfy yourself that all contributions have been received and properly recorded. It is possible that contributions deducted from your salary during June, might not have been received by Vision Super until July. Any such contributions will be included in next year's Member Statement and reported to the Tax Office for Government Co-contribution purposes in the 2008/09 financial year.

Personal after-tax contributions received in 2007/08 will only be eligible for the Government co-contribution once you finalise your 2007/08 tax return with the ATO. Therefore Government co-contributions will not appear on your statement until after this time.

Unitisation of member accounts

You may have noticed on your statement that your investments are now shown in terms of units, rather than just showing a dollar total as in previous years. Over the past two years Vision Super has been rolling out unitisation to all member accounts.

Units and unit prices are now used to process transactions to your account such as contributions, rollovers, benefit payments, and investment switches. For example, when money is deposited into your account, your investment buys a number of units at the current price. Likewise, when you withdraw money from your account, you are in effect selling units at the current price.

Unitisation is a way of equitably measuring each member's share of a funds' pool of assets and is regarded as being "best practice" within the superannuation industry, producing the fairest result for members.

For more information on how unitisation works download a copy of our fact sheet "How unit pricing can help you" from our website.

Management costs

This approximate amount has been deducted from your investment and includes all the other management costs that were not paid directly to your account.

Management fee	\$123
Investment costs	\$145
Management costs:	\$268

Total fees you paid

This approximate amount includes all the fees and costs which affected your investment during the period.

Administration fee	\$123
Investment management fee	\$145
External investment costs	\$178
Total fees	\$446

Vision Superannuation Fund (ABN 50 082 924 561) Australian Financial Services Licence 225054, is the Trustee of the Local Authorities Superannuation Fund (ABN 79 327 289 195) and the Vision Superannuation Fund (ABN 79 327 289 195)

STATEMENT

with that report.

Superannuation surcharge

The superannuation surcharge was abolished from 1 July 2005. Any existing surcharge liabilities remain payable and will generally be paid when you first withdraw money from your account.



If you have more than one super account, your super money could be slowly leaking away, drained by multiple administration fees, preventing you from growing your super as fast as you should. The average Australian has 3 super accounts. Extra fees from additional super accounts are like water leaking out of holes in a bucket full of your super savings.

Plug the leaks!

The more you keep, the better your retirement will be. By making your bucket as leak proof as possible, you can accelerate your super growth, and you'll have less paperwork to deal with too. If you have more than one super account, you'd be mad not to take action as soon as you can. Don't retire with an empty bucket.

Roll your accounts into Vision

SuperRatings, the independent agency that rates super funds, has given us a Platinum rating three years running. **Platinum is their highest rating for funds offering "the best value for money" for members.**

- Strong investment performance
- No commissions or bonuses
- No entry or exit fees
- Run only to profit members
- An industry fund with 60 years experience
- Low fees



We can help!

If you have any questions or need help rolling over your super into Vision, call Member Services on (03) 9911 3222 (regional 1300 300 820) or visit www.visionsuper.com.au

New! Income Protection Insurance

Earlier this year we introduced income protection insurance for eligible Super Saver members. These members can now receive up to 75% of their income after a waiting period if they are sick or injured.

Providing automatic income protection to a large number of members at once allows us to keep premium costs low, so you receive better rates than if you arranged cover for yourself. If you're eligible, you'll see income protection details on your Member Statement and you would have received a letter from us earlier this year. You have the option to opt out of income protection if you want to. To date very few members have cancelled their cover and the feedback has been very positive. **If you:**

- Don't already have cover and want to apply for cover,
- Want to vary your cover,
- No longer want cover, or
- Just want more information about income protection insurance

Visit www.visionsuper.com.au, email insurance@visionsuper.com.au, or call (03) 9911 3222 (regional callers 1300 300 820).



Have you lost it? Find your super.

It's estimated that there are over 5 million super accounts worth over \$12 billion out there that have lost their owners. Could one of them be yours? If you have changed jobs, address or even your name, you could be one of the millions of Australians with unclaimed super. It's your money, so why not track it down.

Visit www.visionsuper.com.au click on **Members** and **Whip your super into shape** and then **Lost Super**.



Contribute! The earlier the better

Putting away a little cash now can give you a lot more later, so there's no time to lose. Super is one of the most tax effective savings methods available. Consider co-contributions, salary sacrificing or lump sum payments. Visit www.visionsuper.com.au to find out more.



Managing your fund



Commonwealth superannuation law generally 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

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 Risk and Compliance Committee

(Independent Chair – John Warburton)

Reviews and makes recommendations to the Board on 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 selection.









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 2008 are shown in the table opposite:

	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
	Dick Gross *	Alison Lyon	Nominated by MAV	2007
	Angela Emslie	Leigh Harder	Nominated by VECCI	1998
	Wendy Phillips	Dean Barnett	Elected by members	1998
	Rob Spence	Alison Lyon	Nominated by MAV	2003

* Dick Gross replaced John Warburton who resigned in June 2007



Give your super the once over

Investigate your super health by taking our **2 Minute Super Review**. By checking your super situation early you can save yourself a lot of heartache later. Most people wait until the last minute, and by then it could be far too late to get the retirement lifestyle you want.

Fill in the age based questions below to get some handy tips and suggestions on how you can improve upon your super situation. Just find your age category to begin. Two minutes now could equal years of retirement bliss later!

As a low cost 61 year old industry fund run only to profit members, Vision Super has the products and services you can use throughout your lifetime.

0-40

Tick if these apply to you

- Do you sacrifice part of your salary to super?
- Have you considered a Government Co-contribution?
- Have you spoken to us about your super?
- Do you regularly contribute extra money to your super?
- Do you know how much you'll need in retirement?
- Have you reviewed your insurance cover?
- Have you rolled all your super into one account to save on fees?
- Do you know the main advantages of belonging to an industry super fund?

40-55

Tick if these apply to you

- Do you sacrifice part of your salary to super?
- Have you considered a Government Co-contribution?
- Have you spoken with us about your super?
- Are you happy with how much you have in your super now?
- Do you know how much you'll need in retirement?
- Have you reviewed your insurance cover?
- Have you booked an appointment with one of our super specialists?
- Have you been to a workplace seminar?

55+

Tick if these apply to you

- Are you planning to retire in the next 5 years?
- Have we given you a free financial plan?
- Have you investigated Allocated Pensions?
- Are you looking for ways to maximise your super savings?
- Do you know how much you'll need in retirement?
- Have you reviewed your insurance cover?
- Do you understand all the retirement options available to you?
- Do you know what your super account balance is?

2
minute
super
review

How did you go?

7 or more ticks

Your super is in good shape. Remember to continue contributing extra and follow your financial super plan into retirement and beyond. **Call us on (03) 9911 3222** (regional callers **1300 300 820**) if you have any concerns.

Good



Between 5 and 6

You're on the right track, but think about putting away more if you can. Don't let your guard down! If you haven't already, think about co-contributions, salary sacrificing, or rolling over. **Call us on (03) 9911 3222** (regional callers **1300 300 820**) and visit our website www.visionsuper.com.au

Stable



Between 3 and 4

Your super is not healthy. You need to contribute extra, get a detailed financial plan if you haven't got one and investigate all your super options. **Call us on (03) 9911 3222** (regional callers **1300 300 820**) and visit our website www.visionsuper.com.au

Poor



2 or less

You need to look into your super urgently. Visit our website at www.visionsuper.com.au and speak to us today about all the options available to you to contribute more and receive free super financial advice. **Call us on (03) 9911 3222** (regional callers **1300 300 820**).

Critical



We can help!

If you have questions or need any help about assessing your super situation give us a call on:

(03) 9911 3222 (regional callers 1300 300 820)

or visit our website:
www.visionsuper.com.au

Other contact details

Fax (03) 9911 3299

Email memberservices@visionsuper.com.au

Postal address:

Level 5/1 Spring Street
Melbourne Victoria 3000
P.O. Box 18041 Collins Street East
Melbourne VIC 8003



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