



MEMBER REPORT 2009

Your industry super fund

www.visionsuper.com.au

AUGUST 2009

8.8% p.a.
over 40
years!

Best value for members 4 years running!

The independent ratings agency SuperRatings has awarded us their highest platinum rating for the fourth year running. Platinum rated funds offer "the best value for money"...

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Signs of improvement...

As you're probably well aware, it's been a tough time for economies around the world, including Australia, with the value of most assets dropping significantly...

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Now may be the best time to invest in super

When returns are low, people often think that it is a bad time to put money into super. This is understandable, but it is not necessarily right...

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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

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This Vision Super Member Report 2009 should be read together with your Member Statement and accompanying insert.



The road to recovery...

We know the market conditions have been tough, and nobody can tell you exactly when things will improve, but the latest data suggests that we may have turned the corner...

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Highlights from the year



A highly rated industry fund working for you



In these volatile times, it's vital that you keep your costs as low as you can. Who wants to pay more than they have to anyway? That's why you'll be glad to hear

that SuperRatings has awarded us a Platinum rating not once, but four years running! Platinum is the highest rating for funds offering "the best value for money" for members.

The awards on the right were presented to Vision Super by SuperRatings for the 2008/2009 financial year.



Pension plan awarded too!

Not only did we receive the highest Platinum award for our main Super Saver accumulation plan, but we also received a Platinum rating from SuperRatings for our pensions too.

Fund of the year finalist

We were also a **Finalist** for the SuperRatings **Fund of the Year award in 2009.**

This is the first time we've received dual awards for both pension and savings plans.

These awards demonstrate the success of our overriding philosophy to maximise member returns while minimising member costs wherever and whenever possible.

Super management!

We take our management of your super seriously, and that's why it's great to be able to tell you that one of our Directors has been recognised for their work.



This year, Bill Watton was the joint winner of the Australian Institute of Superannuation Trustees 2009 Trustee of the Year award. With over three decades in super, Bill's commitment to improving the super industry and his dialogue with members has won him the respect and trust of industry and fund members alike.

We may have turned the corner!



As you're well aware, it's been a tough time for economies around the world, including Australia, with the value of most assets dropping significantly.

Hopefully though, the first signs of a market recovery are on the horizon. From March to June this year, the share markets have picked up, seemingly casting off the doom laden forecasts that pointed to a long and drawn out world recession.

It's early days yet of course, and nothing is certain, but some of the key indicators both internationally and in Australia are looking a lot more promising than when we reported to you in the last Visionary newsletter.

Hopefully in the next edition of Visionary the news will be much brighter.

SuperVantage Account launched!

This year we launched an industry fund first, the Vision SuperVantage Account.

Linked to a Visa Debit Card, the Vision SuperVantage Account gives retirees with Allocated Pensions financial flexibility, and direct access to their super in a tax-free environment (please see page 15 for more details).



Working towards a sustainable future



This year we continued to actively investigate ways to reduce our environmental footprint.

Climate change is a growing problem and we have a responsibility to recognise the risks and to react accordingly.

Previously, on an international level, we became a signatory to the United Nations Principles for Responsible Investment in 2006. We 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 the Generation Investment Management Climate Solutions Fund, chaired by Al Gore.

Internally, this year we've expanded the number of publications we print on environmentally sustainable paper including Product Disclosure Statements, newsletters, brochures, flyers, and Member Reports.

This Vision Super Member Report 2009 and your Vision Super Member Statement with its accompanying insert for the year ended June 2009 make up your Member Report and should be read together.

Chairman's report

I am pleased to present Vision Super's Member Report for the 2008/09 financial year.

As Chairman from 1 July 2008, I came into the role at a very challenging time. The global financial crisis has affected financial institutions and super funds worldwide.

Having retired from full-time work myself, I do understand the concern members have about their super, particularly those who have already retired or are considering retiring soon. Many people are now considering working longer rather than retiring early.



Last year's events show that it is essential that members considering retirement, seek advice from Vision's Retirement Planning team to ensure you fully understand the various retirement options available. There is no additional charge for this service to members.

Investment Performance & Governance

To protect members' interests we had a formal corporate governance policy in place well before the current crisis. This includes a rigorous approach to monitoring and reviewing our investment managers, which has held us in good stead over the period and beyond.

It is a great shame to see super funds' returns being negative for two years in a row. It was impossible to keep on achieving the double-digit returns we had enjoyed in the previous four years. However, looking back, nobody could have predicted the severity of the financial crisis that has confronted us. While there are some signs of recovery it is too early to predict what will happen in the near future with any certainty.

Despite all that has happened, it is still important to look at super as a long-term investment. At the end of March our diversified investment portfolios have returned an annualised rate of 8.8% p.a. over 40 years; a real return of 2.9% p.a. over inflation. Long-term, we have delivered for our members.

Significant events

In a first for industry funds, we have launched the SuperVantage card. This allows members over 60 to keep their money invested tax-free in their allocated pension until the time they need to use it. Effectively, you can now use your pension like a bank account. We believe this will transform pensions for our retiring members in coming years.

While we always strive to do the best for members, it is nice when recognition comes from outside. At a fund level independent ratings agency SuperRatings listed us as one of the ten finalists in the 2009 Australian Fund of the Year. At an individual level, Bill Watton, a trustee since 1991, was named joint Trustee of the Year by the Australian Institute of Superannuation Trustees. Both are significant achievements that speak volumes for the standing of Vision Super within the industry.

I wish to thank Michael Tilley for the great work he did as Chair over the previous three years. I would also like to acknowledge the contribution of our members, our staff and our sponsoring employers for their help during the year. Additionally, a warm thank you to Bill Watton who is retiring after many years of dedicated service as a trustee of Vision Super. We warmly welcome Russell Attwood as his replacement. Russell has been an Alternate Director of Vision Super for a number of years.

Finally, we would also like to thank Dick Gross for his two year term of service as a Trustee, and welcome Geoff Lake as his replacement.

A handwritten signature in black ink, appearing to read 'D. Cochrane'.

Darrell Cochrane
Chairman

Investment performance

All returns are quoted net of investment management fees and tax.

	Superannuation plans			Pension plans		
	1 year (%)	5 years (% p.a.)#	Since inception (% p.a.)*	1 year (%)	5 years (% p.a.)#	Since inception (% p.a.)*
Premixed Options						
Fixed Interest Plus	-4.30	4.75	N/A	-4.53	5.26	N/A
Balanced Conservative	-8.47	N/A	3.33	-10.02	N/A	3.17
Balanced Growth	-13.39	4.39	N/A	-13.98	4.52	N/A
Shares Plus	-13.31	3.89	N/A	-15.63	3.75	N/A
Just Shares	-18.07	2.47	N/A	-20.66	2.15	N/A
Sustainable Premixed Options						
Fixed Interest Plus	-3.04	4.91	N/A	-4.36	5.21	N/A
Balanced Conservative	-7.25	N/A	3.36	-8.61	N/A	3.44
Balanced Growth	-10.72	4.15	N/A	-13.26	4.76	N/A
Shares Plus	-11.93	3.88	N/A	-13.45	4.07	N/A
Just Shares	-15.71	2.37	N/A	-17.99	2.13	N/A
Single Sector Options						
Cash	5.22	5.35	N/A	5.99	6.27	N/A
Fixed Interest	3.30	N/A	4.93	3.32	N/A	5.39
Property	-9.45	N/A	7.70	-10.91	N/A	8.15
International Equities	-20.11	N/A	-2.17	-23.05	N/A	-2.87
Australian Equities	-14.89	N/A	4.26	-17.22	N/A	3.70
Alternative Assets	-16.15	N/A	2.51	-17.20	N/A	2.68

The returns shown under the "Since inception" column are for periods of less than 5 years. The Balanced Conservative options and the Single Sector investment options were all established on 1 April 2005.

Compound average effective rate of net earnings

* Compound average effective rate of net earnings 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. Investment returns have been calculated using unit prices net of tax, investment management fees and external investment costs.

The above returns show the performance of each investment option over various periods. The return on your individual account may be different, depending upon the timing of transactions on your account over these periods.

Where to find a Fact Sheet

Visit www.visionsuper.com.au, then click on **Members, Member Publications and Forms** and finally **Fact Sheets**



We can help!

If you have any questions about your super, please call **9911 3222** (regional callers **1300 300 820**). You can also find useful information at www.visionsuper.com.au



How did we perform?



Looking at the returns of Vision Super investment options below, we believe the following issues are worthy of note:

- All investment options are negative over one year, except for Fixed Interest and Cash
- While returns are down over one year, they are all positive over 5 years
- Pension based investments generally outperform superannuation investments because they are not taxed. However, when markets are down, as they have been this year, super funds tend to outperform pensions. This is because, when markets are down and pension funds suffer losses, they cannot write these off against tax
- Over 5 years, you would expect pension funds to outperform super funds. This year, the 5 year figures for Shares Plus and Just Shares are below those of super. This is because the size of the downturn in shares over the last 12 months has dragged down the five year performance figure.

The following table below compares Vision Super returns against similar options offered by other funds. It shows that the Global Financial Crisis has affected all super funds.

Vision Super Superannuation Plans (returns net of investment fees and tax to 30 June 2009)

	1 year (%)	1 year median (%)	Above median	3 years (% p.a.)	3 year median (% p.a.)	Above median	5 years (% p.a.)	5 year median (% p.a.)	Above median
Premixed Options									
Just Shares	-18.07	-18.29	✓	-5.06	-5.37	✓	2.47	2.81	✗
Shares Plus	-13.31	-15.71	✓	-1.99	-4.03	✓	3.89	3.35	✓
Balanced Growth	-13.39	-12.69	✗	-0.94	-1.89	✓	4.39	4.24	✓
Fixed Interest Plus	-4.30	-3.44	✗	2.52	1.38	✓	4.75	4.33	✓
Single Sector *									
Australian Equities	-14.89	-16.50	✓	-1.82	-2.88	✓	N/A	N/A	N/A
International Equities	-20.11	-19.81	✗	-8.24	-10.01	✓	N/A	N/A	N/A
Property	-9.45	-30.01	✓	6.12	-11.19	✓	N/A	N/A	N/A
Fixed Interest	3.30	4.57	✗	4.97	4.21	✓	N/A	N/A	N/A
Cash	5.22	4.10	✓	5.66	4.77	✓	5.35	4.74	✓

* Single Sector options were launched on 1 April 2005 and do not yet have 5 year performance.

Source: SuperRatings Fund Crediting Rate Survey June 2009

Comparing ourselves to others, we believe we have put in a solid performance in a difficult year, with 5 of our options beating the median manager.

Rapid movements in the relative values of liabilities, assets and currency created real difficulties in managing to strategic policy settings. As a consequence, at various times during the year, we were both over and underweight to our long-term strategic asset allocations, particularly the Balanced Growth investment option in which the majority of our members are invested. There were no changes to the strategic policies during the year, only difficulty in implementing these policies. At different times this worked both for and against performance.

What is a median return?

The median is the middle number in any set of numbers (e.g. if there were 49 investment options in the Shares Plus survey, the median return would have been ranked number 25).

Investment Performance

Our role is to grow and protect your superannuation savings. Another is to tell you how things are going. The table on page 5 shows the performance of our investment options over the short and medium-term. Most options are showing a negative return over the short-term, with positive returns over 5 years and longer. We expect readers to have a range of emotions. If you:

- Only look at your statement once a year you may be surprised and only be aware of part of the picture
- Only look occasionally you may think, "I didn't know it had gone down that much"
- Follow your super regularly you shouldn't be surprised at all.

Every country, government, economy, investment market and super fund has been affected by the global financial crisis since about September 2007. Throughout this period, in every "Visionary" newsletter and Member Report, we have consistently tried to get a few key messages across.

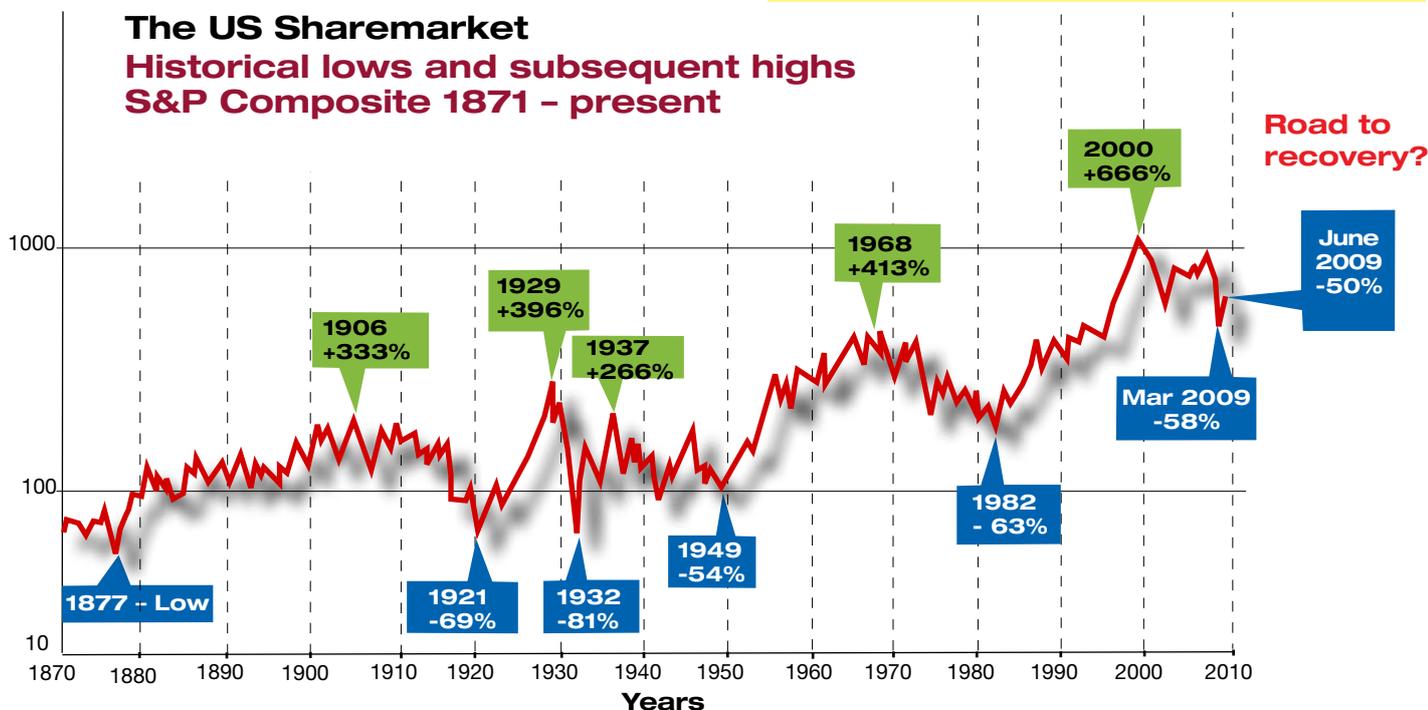
- No matter what you think of it just now, super is deliberately taxed less than any other investment (apart from your own house) to encourage you to save for retirement. You have to have super.
- Super is long-term. If you retire at 65 you can still expect to have your money invested an extra 20 years or more. If you're 25, expect your money to be invested for over 60 years.

- The media make headlines out of bad short-term news. This ignores the long-term benefits of super.
- Our diversified investment portfolios have returned 8.8% p.a. (net of fees and tax) over 40 years to the end of March 2009, beating inflation by an average of 2.9% p.a.. Super does work!
- Because it's long-term, you can expect to get the best returns from investing in diversified portfolios that include the major asset classes.

How to read this chart

The chart below shows the long-term performance of the US sharemarket since 1870. We have shown it to you before, this is simply an update.

- Investment markets work in cycles; they go up, they go down, they go up again and so on. History shows that you can realistically expect your super to go down from time to time.
- While every market downturn has different causes, their effect is very similar. What we are going through now has happened before.
- Markets have always recovered from downturns, producing higher returns than before. There is no reason to believe this time will be any different.
- Nobody can tell you exactly when things will improve, but the latest data suggests that we may be on the road to recovery.



Source: dshort.com Secular Bull and Bear markets, June 2009.

Now may be the best time to put money into super



Believe it or not

When returns are lower, people often think that it is a bad time to put money into super. This is understandable, but it is not necessarily right. Here are a couple of things to think about.

1. Investment markets are cyclical, they go up, they go down, they go up again...and so on.
2. Everybody likes a bargain, to get something when it's cheap.
3. When markets are at the bottom of their cycle, returns are lower and investments are cheaper. So, it can be the best time to put money into super.

This isn't just us talking. The following chart, showing the cycle of emotions experienced by typical investors, demonstrates that the best time to invest is when things are at their worst.



Most people don't think this way. They tend to put more into super when returns are higher (and investments more expensive) and reduce their contributions when returns are lower (but investments are cheaper). Because of this, most people miss out on the best returns.

If this makes sense to you, and you are comfortable with increasing your contributions to super there are a number of ways you can do it. These are explained in the Fact Sheets on our website, called:

- **How to Contribute to My Super** (Fact Sheet 5)
- **Salary Sacrifice** (Fact Sheet 9)
- **Dollar Cost Averaging**, (Fact Sheet 21) **and**
- **Co-Contributions** (Fact Sheet 2).

Where to find a Fact Sheet



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Upcoming changes to Trustee Premixed options

From 1 October 2009 some of the names, asset weightings and investment objectives of our Premixed Trustee investment choices will change. "Fixed Interest Plus" will be renamed "Conservative", "Shares Plus" will become "Growth," and "Balanced Conservative" becomes "Balanced". The remaining Trustee Premixed investment option names will remain the same. All changes are highlighted in the pie charts and tables below.

Changes to Trustee Premixed options from 1 October 2009

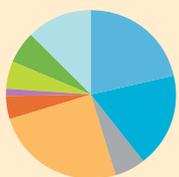


Conservative (previously Fixed interest Plus)

Sustainable option available ✓

Objective (super)	Outperform CPI by 2% p.a. over 2/3 of all rolling 3 year periods.
Objective (pensions)	Outperform CPI by 2% p.a. over 2/3 of all rolling 3 year periods.
Risk: chance of a negative return (super)	1 year in 25 (4%)
Risk: chance of a negative return (pensions)	1 year in 25 (4%)

12% Australian equities	40% Diversified Bonds	4.6% Absolute return strategies
9% International equities	1.9% Private equity	3.8% Infrastructure
5% Direct property	0.7% Opportunistic property	23% Cash

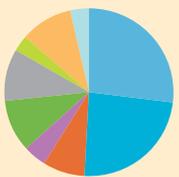


Balanced (previously Balanced Conservative)

Sustainable option available ✓

Objective (super)	Outperform CPI by 3.5% p.a. over 2/3 of all rolling 3 year periods.
Objective (pensions)	Outperform CPI by 3.5% p.a. over 2/3 of all rolling 3 year periods.
Risk: chance of a negative return (super)	1 year in 10 (10%)
Risk: chance of a negative return (pensions)	1 year in 10 (10%)

21.5% Australian equities	25% Diversified Bonds	5.2% Absolute return strategies
18% International equities	4.3% Private equity	6% Infrastructure
6% Direct property	1.5% Opportunistic property	12.5% Cash

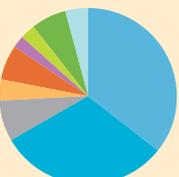


Balanced Growth

Sustainable option available ✓

Objective (super)	Outperform CPI by 4% p.a. over 2/3 of all rolling 3 year periods.
Objective (pensions)	Outperform CPI by 4% p.a. over 2/3 of all rolling 3 year periods.
Risk: chance of a negative return (super)	1 year in 9 (11%)
Risk: chance of a negative return (pensions)	1 year in 9 (11%)

27% Australian equities	10% Diversified Bonds	3% Absolute return strategies
24% International equities	8% Private equity	10% Infrastructure
10% Direct property	4.5% Opportunistic property	3.5% Cash

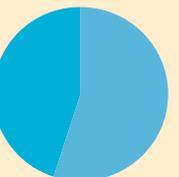


Growth (previously Shares Plus)

Sustainable option available ✓

Objective (super)	Outperform CPI by 4% p.a. over 2/3 of all rolling 5 year periods.
Objective (pensions)	Outperform CPI by 4% p.a. over 2/3 of all rolling 5 year periods.
Risk: chance of a negative return (super)	1 year in 6 (17%)
Risk: chance of a negative return (pensions)	1 year in 6 (17%)

35.8% Australian equities	4% Diversified Bonds	2.7% Absolute return strategies
31% International equities	6.3% Private equity	6.4% Infrastructure
7.5% Direct Property	2.3% Opportunistic property	4% Cash



Just Shares

Sustainable option available ✓

Objective (super)	Outperform CPI by 4.5% p.a. over 2/3 of all rolling 10 year periods.
Objective (pensions)	Outperform CPI by 4.5% p.a. over 2/3 of all rolling 10 year periods.
Risk: chance of a negative return (super)	1 year in 4 (25%)
Risk: chance of a negative return (pensions)	1 year in 4 (25%)

55% Australian equities
45% International equities

Understanding the tables and pie charts

- Probability of a negative return 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.
- Performance objectives are higher for pension than super products because they pay no tax on investment earnings.



Your investment choices

From 1 October 2009 some of the names, asset weightings and investment objectives of our Single Sector Trustee investment options will change. 'Fixed Interest' will be renamed "Diversified Bonds". The remaining Single Sector Trustee investment option names will remain the same. All changes are highlighted in the tables below.

Changes to Single Sector options from 1 October 2009

Cash	
Objective (super)	Outperform CPI over 2/3 of all rolling 3 year periods.
Objective (pensions)	Outperform CPI over 2/3 of all rolling 3 year periods
Risk: chance of a negative return (super)	Very low
Risk: chance of a negative return (pensions)	Very low
Diversified Bonds (previously Fixed interest)	
Objective (super)	Outperform CPI by 2% p.a. over 2/3 of all rolling 3 year periods.
Objective (pensions)	Outperform CPI by 2% p.a. over 2/3 of all rolling 3 year periods.
Risk: chance of a negative return (super)	1 year in 25 (4%)
Risk: chance of a negative return (pensions)	1 year in 25 (4%)
Alternative Assets	
Objective (super)	Outperform CPI by 3% p.a. over 2/3 of all rolling 5 year periods.
Objective (pensions)	Outperform CPI by 3% p.a. over 2/3 of all rolling 5 year periods.
Risk: chance of a negative return (super)	1 year in 15 (6%)
Risk: chance of a negative return (pensions)	1 year in 15 (6%)
Property	
Objective (super)	Outperform CPI by 3% p.a. over 2/3 of all rolling 5 year periods.
Objective (pensions)	Outperform CPI by 3% p.a. over 2/3 of all rolling 5 year periods.
Risk: chance of a negative return (super)	1 year in 5 (20%)
Risk: chance of a negative return (pensions)	1 year in 5 (20%)
International Equities	
Objective (super)	Outperform CPI by 4.5% p.a. over 2/3 of all rolling 10 year periods.
Objective (pensions)	Outperform CPI by 4.5% p.a. over 2/3 of all rolling 10 year periods.
Risk: chance of a negative return (super)	1 year in 4 (25%)
Risk: chance of a negative return (pensions)	1 year in 4 (25%)
Australian Equities	
Objective (super)	Outperform CPI by 4.5% p.a. over 2/3 of all rolling 10 year periods.
Objective (pensions)	Outperform CPI by 4.5% p.a. over 2/3 of all rolling 10 year periods.
Risk: chance of a negative return (super)	1 year in 4 (25%)
Risk: chance of a negative return (pensions)	1 year in 4 (25%)

Putting it all together

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

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 our website 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 our member secure site, or by downloading and sending us a completed **Investment Change** form at our website. You'll also find a lot more detail about each investment option under **Managing Investments Is Easy**.

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 adviser review

Where appropriate, we use specialist consultants to provide us with strategic investment advice and manager research. A full review of our requirements and an extensive competitive tender process was conducted during the year.

This resulted in the reappointment of Frontier Investment Consulting as our primary investment adviser, JG Service was appointed as our specialist property adviser, and Sovereign Investment Research as our specialist private equity adviser.

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. Providing we are able to do so, 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.

Our fund managers – Traditional investments

	30 June 2009		30 June 2008	
	\$million	%	\$million	%
Growth Investments				
Australian Shares				
GMO Australia Limited – Value Tilt	109.2	3.0%	138.5	3.3%
Intech Investment Consultants – High Alpha Trust (HAT)	76.1	2.1%	91.8	2.1%
Schroder Investment Management Australian Limited – Growth Tilt	121.0	3.3%	135.6	3.3%
Vanguard Sustainability Leaders Australia Share Fund	17.8	0.5%	18.6	0.5%
Macquarie Funds Group – Enhanced Index	309.4	8.4%	352.8	8.6%
Warakirri Asset Management Pty Ltd – Small Companies Fund	66.00	1.8%	91.6	2.2%
Total Australian Shares	699.5	19.1%	828.9	20.0%
International Shares				
Alliance Bernstein Australia Limited – Global Equity Blend	44.0	1.2%	84.7	2.1%
Baillie Gifford Overseas Ltd. – Long Term Global Growth Equities	47.3	1.3%	84.3	2.1%
Global Currents Asset Management LLC – Value Approach Strategy	60.4	1.6%	80.6	2.0%
Colonial First State – Global Emerging Markets Leaders Fund	57.6	1.6%	60.3	1.5%
Generation Investment Management – Global Equity Strategy	43.8	1.2%	44.5	1.1%
Vanguard Sustainability Leaders International Shares Fund	15.4	0.4%	17.8	0.4%
State Street Global Advisors – Index Plus Strategy	229.7	6.3%	263.8	6.4%
Turner Investment Partners – Small Cap Core Equity	15.1	0.4%	25.8	0.6%
Turner Investment Partners – Mid Cap Growth Equity	15.8	0.4%	26.6	0.6%
Intech Investment Consultants – High Opportunities Trust (HOT)	14.9	0.4%	29.2	0.7%
HFA Asset Management – International Shares Fund (Long/Short Unconstrained)	46.1	1.3%	61.2	1.5%
Total International Shares	590.1	16.1%	778.8	19%
Currency				
FX Concepts Inc. – Active	0.1	–	-3.6	-0.1%
FX Concepts Inc. – Passive	7.3	0.2%	3.9	0.1%
Millennium Global Investments Ltd – Active	1.8	–	–	–
Millennium Global Investments Ltd – Passive	-0.7	–	–	–
Bridgewater Associates Inc. – Overlay Portfolio	0.00	–	0.2	–
Total Currency	8.5	0.2%	0.5	0.0%
Property				
AMP Capital Investors – Property Unit	114.4	3.1%	128.6	3.1%
Colonial First State Property – Direct Property Investment Fund (Retail)	24.5	0.7%	30.0	0.7%
Industry Super Property Trust – Core Fund	105.3	2.9%	130.3	3.2%
Eureka Fund Management – Core Property Fund 3	58.1	1.6%	48.1	1.2%
QIC Properties Pty Ltd – Shopping Centre Fund (Retail)	36.5	1.0%	37.2	0.9%
Total Property	338.8	9.3%	374.2	9.1%
Defensive Investments				
Cash				
Internal Management (Vision Super)	603.7	16.4%	413.4	10.1%
Total Cash	603.7	16.4%	413.4	10.1%
Fixed Interest				
Alliance Bernstein Australia Ltd – Domestic Fixed Income	63.3	1.7%	98.3	2.4%
Hastings Funds Management Limited – Yield Fund	116.7	3.2%	139.7	3.4%
Members Equity Portfolio Management Limited – Super Loans Trust	10.7	0.3%	10.8	0.3%
Bridgewater Associates Inc. – Global Bond Fund	62.6	1.7%	134.0	3.3%
Western Asset Management Company - Diversified Fixed Income	77.4	2.1%	115.9	2.8%
Total Fixed Interest	330.7	9.0%	498.7	12.2%
Total Traditional Investments	\$2,571.3	70.1%	2894.5	70.4%

Managing your money



Investment managers

Having established an investment portfolio, 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 on pages 10 and 11.

We monitor the structure and performance of each portfolio and the individual managers on an ongoing basis. The changes that have occurred, as a result of our activities during the year, are summarised as follows.

Currency

While there was no change to our international equities managers over the period, there was considerable activity in currency management. As a result of a change in corporate direction, Bridgewater Associates withdrew as one of our currency managers.

After reviewing our arrangements it was decided that currency management would in future be divided equally between Millennium Global and FX Concepts.

Absolute Return Strategies

A strategic review was in progress at 30 June. At this stage, our agreement with Warrakirri Mesirow Absolute Return Fund has been terminated and money withdrawn from the Bridgewater All Weather Fund. The portfolio remains invested with BlackRock and the Bridgewater Pure Alpha Fund.

Our fund managers – Alternative investments

	30 June 2009		30 June 2008	
	\$million	%	\$million	%
Infrastructure				
IFM Australian & International Infrastructure	353.5	9.6%	405.9	9.9%
Hastings Funds Management Limited – Utility Trust of Australia	66.0	1.8%	51.2	1.2%
Regional Infrastructure Fund	9.0	0.2%	10.6	0.3%
Total Infrastructure	428.5	11.6	467.7	11.4%
Private Equity				
IFM Australian Private Equity Funds II & III	35.1	1.0%	42.1	1.0%
Allegro Private Equity – Fund I	2.5	0.1%	12.5	0.3%
IFBT – Industry Fund Banking Trust	15.0	0.4%	19.4	0.5%
ING Investment Management – Private Capital Fund No.1	7.1	0.2%	8.3	0.2%
Quay Partners Pty Ltd – Australia 2, 3 & 4 Funds	32.5	0.9%	27.0	0.7%
Macquarie Alternative Investment Fund IV & V	30.5	0.8%	32.0	0.8%
IFM International Private Equity Fund I, II & III	62.0	1.7%	65.4	1.6%
Montagu Newhall Global Partners III & IV, L.P.	19.1	0.5%	13.3	0.3%
Generation Investment Management – Climate Solutions Fund	7.9	0.2%	5.2	0.1%
LGT Capital Partners AG – Crown European Private Equity PLC	19.0	0.5%	16.4	0.4%
Fortis Investment Mgmt Aust. Ltd – Mid Europa Emerging Europe Conv. Fund II, L.P	38.0	1.0%	24.2	0.6%
Private Equity Trust *	83.5	2.3%	74.5	1.8%
Vencap 12 Limited	8.4	0.2%	2.9	0.1%
Hawkesbridge Private Equity Fund 3 – Trust C	12.5	-	-	-
Hawkesbridge Private Equity Pty Ltd	1.2	-	-	-
FX Concept Inc. – Private Equity Europe Hedge	1.4	-	-	-
FX Concept Inc. – Private Equity USD Hedge	6.9	0.2%	-	-
Total Private Equity	382.6	10.3%	343.2	8.4%
Property Opportunistic				
APN Funds Management Ltd – Development Fund No.1	8.1	0.2%	6.1	0.1%
Colonial First State Property – Opportunistic Partnership No. 1	0.3	-	0.2	0.0%
Eureka Funds Management – Property Fund No.1 & 2	13.4	0.4%	11.3	0.3%
Macquarie Wanda Real Estate Fund	27.1	0.7%	22.8	0.6%
Private Equity Trust – Property Opportunistic**	58.0	1.6%	65.5	1.6%
Warakirri Asset Management Pty Ltd – Dairy Farm Trust	10.1	0.3%	10.1	0.2%
Warakirri Asset Management Pty Ltd – Dairy Land Trust	39.0	1.1%	26.7	0.7%
Investa – Enhanced Fund	24.4	0.7%	35.2	0.9%
Gresham Partners Limited – Property Mezzanine Fund No. 2 & 3	17.0	0.5%	8.2	0.2%
FX Concept Inc. – Property Opportunistic Europe Hedge	0.5	-	-	-
FX Concept Inc. – Property Opportunistic USD Hedge	2.8	0.1%	-	-
Total Property Opportunistic	200.7	5.6%	186.1	4.5%
Absolute Return Strategies				
Bridgewater Associates Inc. – Pure Alpha Fund	30.1	0.8%	31.5	0.8%
Bridgewater Associates Inc. – All Weather Fund	-	-	2.7	0.1%
BlackRock Alternative Advisors – QBLK ARS III	60.8	1.7%	92.4	2.3%
Warakirri Asset Management Pty Ltd – Absolute Strategy Fund	-	-	86.7	2.1%
Total Absolute Return Strategies	90.9	2.5%	213.3	5.3%
Total Alternative Investments	1,102.7	29.9%	1210.3	29.6%
Total	3,674.0	100%	4,104.8	100%

* Private Equity Trust is inclusive of the following managers – Adevq Europe Partners III, L.P., Lexington Capital Partners VI-B & Mesirow 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.

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.

Honouring our commitment to you

Lots of ways to get help

For many of you, super is the main source of your savings and insurance. Understandably you want to know how your super is going, particularly at times like these, when the global financial crisis could be affecting your future plans. That's why we give you lots of different ways to contact us to get help and advice. There's never a reason not to keep in touch with us or your super!

Run only to profit members!

Get a copy of our super guide!

If you're a new member, or a current member who would like to kick start your super after not giving it the attention it deserves (and let's face it, that's easy to do), you might like to request a copy of our new Welcome booklet. The colourful tabbed booklet is intended to provide you with a quick and easy overview of the essential super issues you should focus on. We've tried to make it as easy to read and understand as possible, but if you have any questions, call us on **(03) 9911 3222** (regional callers **1300 300 820**). You'll find a lot of useful information on our website too. Just visit www.visionsuper.com.au

Member Services

Our consultants answer calls, letters and emails; providing general advice about super and our various plans and services. We don't use outsourced call centres or automated telephone response systems: when you ring Vision Super you are actually talking to another Vision Super member.

This year we've extended our service in two ways:

1. Welcoming new members to ensure they make the most of their membership. This typically involves ensuring members are happy with their investment and insurance options.
2. Contacting members when they leave their employer to let them know their options. Not everybody who leaves their employer realise that they can stay with Vision. Members who stay with us can avoid having several super funds and multiple fees. The ability to keep their existing insurance is often an important benefit.

Member Education

Our Super Consultants travel around Victoria, delivering seminars at members' offices and worksites.

There has been growing demand from members to meet with our consultants one on one for a general discussion about their super options and services. This enables members to understand exactly what they have, and what they're entitled to.

Retirement Planning Services

When it comes to planning for retirement, our financial planning team provides members with personal advice about their super.

There is no additional charge for this service. We want to keep our members for life; so retirement planning is a logical extension of our services to members.

Servicing members - a snapshot of activities to 30 June 2009

Member Services	Calls received	47,903
	Welcome calls	1,093
	Member emails	4,379
	Member mail	643
	Member meetings	289
Member Education	Seminars	201
	One on one meetings	953

Where to find a Fact Sheet

Visit www.visionsuper.com.au, then click on **Members, Member Publications and Forms** and finally **Fact Sheets**

We can help!

If you have any questions about your super, please call **9911 3222** (regional callers **1300 300 820**). You can also find useful information at www.visionsuper.com.au

Financial facts

Three sets of financial reports

Below is a summary of our unaudited financial statements. There are three sets of financial reports. One is for the Local Authorities Superannuation Fund, one for the Vision Superannuation Fund and one combined report. The full audited financial statements will be published on our website, or will be available on request, from October 2009. 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 for Local Authorities Superannuation Fund members.

The balance of the insurance reserve as at 30 June 2009 was \$4,450,006, (\$5,883,000 in 2008 and \$5,397,000 in 2007).

Financial Report – Combined

Incorporating Local Authorities Super Fund and Vision Superannuation Fund.

Net Assets as at 30 June	2008/2009 \$000	2007/2008 \$000
Assets	3,793,007	4,136,073
Other receivables	5,093	3,430
Total Assets	3,798,100	4,139,503
<i>Less Liabilities</i>	54,516	48,954
Net assets	3,743,584	4,090,549

Changes in Net Assets for year ended 30 June	2008/2009 \$000	2007/2008 \$000
Net Assets at beginning of the year	4,090,548	4,124,354
Investment Income	(480,970)	(130,898)
Employer contributions	271,229	250,814
Member contributions	125,633	148,904
Other revenue	676	915
Total	(83,432)	269,735
<i>Outgoings</i>		
Benefit payments	209,702	254,907
Administration Expenses	13,086	15,173
Other	40,744	33,461
Total	263,532	303,541
Net Assets at end of year	3,743,584	4,090,548

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	2008/2009 \$000	2007/2008 \$000
Assets		
Investments	3,595,387	3,995,866
Other Assets	5,093	3,424
Total	3,600,480	3,999,290
<i>Less Liabilities</i>		
Income Tax payable	35,402	34,107
Provision for deferred tax	404	404
Other liabilities	18,344	14,097
Total	54,150	48,608
Net Assets	3,546,330	3,950,682

Changes in Net Assets for year ended 30 June	2008/2009 \$000	2007/2008 \$000
Net Assets at beginning of the year	3,950,682	4,102,154
<i>Income</i>		
Investment revenue (loss)	(463,800)	(127,863)
Contributions by employers	270,056	250,085
Contributions by members	109,009	127,217
Other revenue	644	854
Total	(84,091)	250,294
<i>Outgoings</i>		
Benefit payments	266,825	353,466
Administration expenses	12,744	14,921
Insurance premiums	5,264	1,056
Other expenses	26	108
Income tax	35,402	32,216
Total	320,260	401,766
Net Assets at end of the year	3,546,330	3,950,682

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	2008/2009 \$000	2007/2008 \$000
Assets	197,620	140,207
Other receivables	0	6
Total	197,620	140,213
<i>Less Liabilities</i>		
Income Tax payable	16	81
Other liabilities	350	265
Total	366	346
Net Assets	197,254	139,867

Changes in Net Assets for year ended 30 June	2008/2009 \$000	2007/2008 \$000
Net Assets at beginning of the year	139,867	22,200
<i>Income</i>		
Investment revenue (loss)	(17,170)	(3,035)
Contributions by employers	1,173	729
Contributions by members	98,624	138,687
Other revenue	32	61
Total	82,659	136,441
<i>Outgoings</i>		
Benefit payments	24,877	18,441
Administration fees	342	252
Income tax	53	81
Total	25,272	18,774
Net Assets at end of the year	197,254	139,867

Income protection benefits



Income Protection is worth thinking about.

Whether you are single or have a family, your income is one of your most valuable assets. Income Protection cover helps to replace your lost income if you can't work due to an unexpected illness or injury, and can help you to keep paying the bills and provide for your family's needs.

If you have to be off work for an extended period because of illness or temporary disability, Income Protection cover can provide you with 75% of your annual salary in monthly payments, after a 90-day waiting period. If your injury is work-related you will need to claim WorkCover first.

Benefit payments will continue until you have recovered sufficiently to work again, or up to the maximum benefit period of two years. Even if you're temporarily or partially disabled, you may still qualify for a monthly benefit payment for up to 2 years. In other words, income protection cover goes to work, when you can't.

Income Protection benefits

- Our premiums are normally lower than individual policies, as they're based on group rates
- Cover is available for salary levels up to \$400,000, and you can apply any time to change your level of cover
- Your cover continues 24/7, even while you're at home, on the road, or on employer approved leave
- You can insure yourself for up to 85% of your salary
- Shorten the benefit waiting period to 30 or 60 days
- Update your cover within one month of a salary change, and you won't need to provide medical evidence
- Premiums are conveniently deducted from your super account
- Payment of premiums is tax-effective
- Premiums do not include commissions or bonuses paid to advisers
- You can apply to transfer existing insurance to us without providing further medical evidence.

Do I have Income Protection Cover?

Eligible Super Saver members have automatic Income Protection cover 24 hours a day, 7 days a week, not just at work but even while you're on holidays. New! From October 2009, eligible Personal Plan members will be able to apply for Income Protection cover with us.

What if my salary has changed?

Because your benefit is calculated as a percentage of your salary, if your salary increases, you may be eligible for a larger benefit. However your cover doesn't automatically adjust to reflect a change in salary.

If your salary increases with your current employer, or you have a higher salary because you're now with a new employer, let us know within one month, so we can adjust your level of cover and you won't need to provide medical evidence. Keep us up to date, so we can keep you protected.

For more information, see the 'How to update your Income Protection cover' Fact Sheet.

How much Income Protection cover is enough for me?

Generally, insurance is used to make up the shortfall between your needs and existing savings. Everyone's lifestyle needs are different, and your insurance cover should match your circumstances.

Visit our Income Protection Calculator at www.visionsuper.com.au to look up your cover and find out how little it costs.

When should I consider insurance?

Any time is a good time to review your insurance, in particular when planning for key events in your life. These include:

- Getting married or divorced
- Having children
- Putting together a Financial Plan
- Buying property or any other asset involving debt
- Starting your own business

For more information

- Income Protection Fact Sheet
- Update your Income Protection Fact Sheet
- Visit the 'Insurance' section on our website.

Go to www.visionsuper.com.au

Where to find a Fact Sheet

Visit www.visionsuper.com.au, then click on **Members, Member Publications and Forms** and finally **Fact Sheets**



We can help!

If you have any questions about your super, please call **9911 3222** (regional callers **1300 300 820**). You can also find useful information at www.visionsuper.com.au



Super innovations: the Vision SuperVantage Account



Improving our services to you and adding value to your super is one of our key goals, so we're happy to announce that this year we're the first industry fund to introduce a SuperVantage Account for members.

If you don't know what a Vision SuperVantage Account is, you should! Especially if you're over 60 and have a Vision Allocated Pension account or would like to open one. It's a fantastic, flexible way to access your super while keeping it in a tax effective environment.

How does the Vision SuperVantage Account work?

The SuperVantage Account is an allocated pension account linked to a Visa debit card that provides you with convenient access through ATMs, EFTPOS, BPay and Direct Debit in 30 million locations worldwide.

Vision Super has entered into a strategic partnership with CUSCAL Ltd to provide these banking services. CUSCAL Ltd is the largest provider of wholesale banking and transaction processing services to specialist retail financial institutions.

SuperVantage is a first for the industry. Our ability to offer SuperVantage is a direct benefit of both having a superior administration capability and having moved to daily unit-pricing.

For Vision Allocated Pension members aged over 60

- Investments in a pension fund are tax-free, whereas tax can be payable on any interest earned in a standard bank account. So by keeping money invested in a SuperVantage Account you can keep your money working for you in a tax-free environment as long as possible.
- You do not have to transfer money out of your allocated pension and into a bank account before you can access your money.
- Equally, if you transfer money from a traditional investment option to a SuperVantage Account, you can switch back to a traditional investment option later.

- The Vision SuperVantage Account provides you with a Vision Super Visa Debit card. You can draw money from ATMs, by EFTPOS, BPAY, Direct Debit or internet banking.
- Earnings are calculated daily and credited monthly. The rate earned on the account is the Reserve Bank Australia official cash rate less 0.65%.

The important bits

- **The Vision SuperVantage Account is an industry fund first, available to all Vision Allocated Pension members aged 60 years or over.**
- **The Vision SuperVantage Account lets you keep your money tax-free in your Vision Allocated Pension until you use it.**
- **It works like accessing a bank account: your money continues to attract investment earnings, while being accessible by ATM, EFTPOS, BPAY, direct debit and internet banking.**

We can help!



Visit our website at www.visionsuper.com.au and click on the Vision SuperVantage banner on the front page to find out more. Or you can call **9911 3222** (regional callers **1300 300 820**).

Superannuation Surcharge

The government Superannuation Surcharge Tax is a tax which applied to high income earners prior to 1 July 2005. If the trustee paid a surcharge on your behalf during the year it will appear on your Member Statement.

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 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 2009, are detailed in the table below.

From 1 July 2009 the four member representative members are appointed by the Board on the nomination of the ASU. Employer representative directors will be appointed by the Board on the nomination of the above employer associations.

Fund Administration

Chief Executive Officer: Rob Brooks
 Company Secretary: Paul Curtin
 External auditor: Ernst & Young
 Internal auditor: KPMG
 Master Custodian: NAB Asset Servicing

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

Principal advisors

Actuarial: Russell Employee Benefits
 Investments: Frontier Investment Consulting; J G Service; Sovereign Investment Research
 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.

Director changes

Bill Watton retired on 30 June 2009, and will be replaced by Russell Atwood. Director Dick Gross' term of appointment ended on 30 June 2009 and he will be replaced by MAV nominee Geoffrey Lake.

Our contact details

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 Melbourne VIC 8003

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