

IRIS ALLOCATED PENSION

ANNUAL REPORT TO MEMBERS: 2003–2004

COMMISSION FREE RETIREMENT INCOME FOR INDUSTRY SUPERANNUATION FUND MEMBERS
www.supermembersinvestments.com.au

IRIS Allocated Pension
Locked Bag 200
Carlton South
VIC 3053
1300 367 485

Trustee/Issuer:
Super Members
Investments Limited
ABN 61 095 974 100
AFSL No. 231230



IRIS

Industry Funds Retirement Income Services

CHAIRMAN'S REPORT



Garry Weaven
 Chair, Super Members
 Investments Limited

As Chair of Super Members Investments Limited I am very pleased to welcome the many new members who have joined IRIS over the past year, and to present the 2003-04 Annual Report to Members.

IRIS is pleased to report that we have been able to provide our members with strong investment returns for the year ended 30 June 2004. Our policy of providing low cost, commission free retirement income products has been vindicated again.

Last year we introduced a new investment option for our IRIS members – the IRIS Australian Property Portfolio. It allows our members direct access to wholesale investments including the successful Industry Superannuation Property Trust that is otherwise available only for investment by industry superannuation funds.

We are committed to keeping in touch with our members to ensure we meet their needs. To help achieve that goal we recently conducted research involving IRIS members and potential members. We would like to thank those who were approached and gave of their time – we especially value the information and insights you gave us.

We are particularly pleased that our core values of low fees and charges (including no entry and exit fees), consistently strong investment returns, a wide range of investment options, personalised customer service and our refusal to pay commissions to financial advisors were shared by our investors.

The most satisfying finding was the unusually high proportion of members willing to recommend IRIS to family, friends and work colleagues. This is especially important to us as we strive to keep costs low to maximise the income available to members – if we can avoid costly marketing campaigns we are well on the road to maintaining our low cost positioning and member focus.

Again, thank you to all who participated, and we plan to repeat the exercise from time to time.

What's New in the IRIS Allocated Pension

IRIS Fixed Interest Portfolio

From 30 September 2004, IRIS members will be able to invest in the IRIS Fixed Interest Portfolio. The objective of this Portfolio will be to provide strong income by investing in Australian Fixed Interest managed by Industry Funds Management and Barclays Global Investors.

Reduced Management Fees

From 30 September 2004, the management fee for the IRIS Allocated Pension will change to make it more equitable to all members on a 'total fees paid' basis.

The revised management fee in IRIS will be:

First \$250,000	1.20%pa
Next \$250,000	1.05%pa
Balance above \$500,000	0.90%pa

The reduced fee structure ensures that IRIS maintains its position as a leading, low cost provider of retirement income products.

CHAIRMAN'S REPORT

IRIS Investment Performance

We are pleased to report that each IRIS Portfolio has continued to perform strongly relative to competitors and benchmarks.

The table below represents the performance (crediting rate) of each investment option relative to its benchmark (based on competitor performance) for the year ended 30 June 2004.

For more detailed investment performance or for more information on the latest developments within IRIS, please call 1300 367 485 or visit our website at www.supermembersinvestments.com.au.

Returns from 30/06/03 to 30/06/04	Fund	Fund Benchmark	Name of Benchmark
IRIS Secure Portfolio	5.53%	6.37%	60% InTech Conservative Growth Gross Investor Index ¹ , 40% UBS Australian Bank Bill Index
IRIS Stable Portfolio	8.54%	7.89%	InTech Conservative Growth Gross Investor Index ¹
IRIS Growth Portfolio	14.84%	15.08%	InTech Growth Gross Investor Index ¹
IRIS High Growth Portfolio	19.24%	18.04%	InTech High Growth Gross Investor Index ¹
IRIS Australian Property Portfolio ²	N/A	N/A	InTech Unlisted Property Gross Investor Index ¹

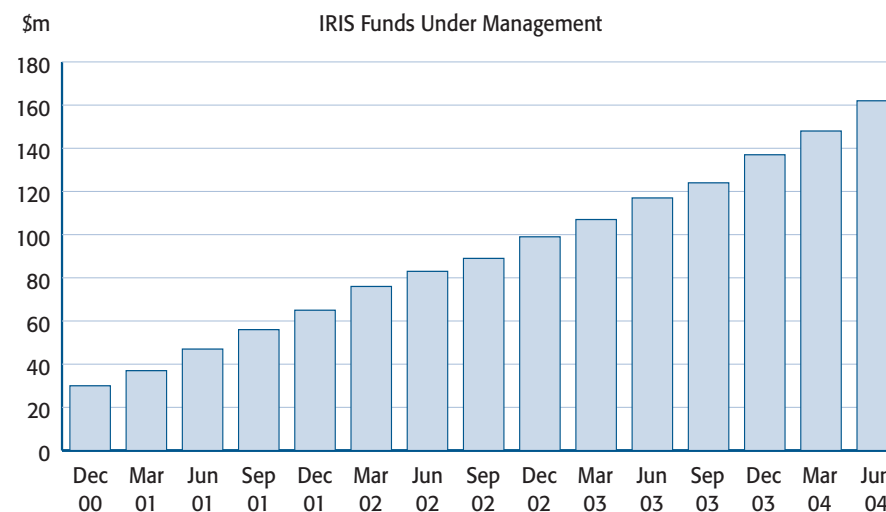
Note: Past performance is not a reliable indicator of future performance. Returns quoted after fees and before taxes for the period ended 30 June 2004. This is the performance applicable to members who were members at the beginning and the end of the period and who did not initiate any transactions during the period.

¹ Source: InTech Research Pty Ltd (InTech). Each InTech Investor Index comprises portfolios that have a similar asset mix to each respective IRIS Portfolio. Each InTech Investor Index is calculated by compounding average monthly returns of portfolios contained within the Index universe. These indices also take into account returns of non-survivors. The above table has been prepared using information provided by third parties. While the information is believed to be accurate, InTech does not accept any responsibility for any inaccuracy or for the investment decisions or any other actions taken by any person on the basis of the information included. InTech has not been involved in the preparation, authorised, or caused the issue of this material. All InTech Investor Indices have been adjusted by the IRIS Allocated Pension MER of 1.2%. The MER represents a combination of all ongoing fees on a per annum basis.

² This portfolio was established on 29 August 2003, thus annual performance history is unavailable.

IRIS Funds Under Management

We are also pleased to report that we have been able to grow the Fund considerably over the past year. The graph below depicts the steady growth of Funds Under Management since 2000. We look forward to accelerating this growth in future.



We are pleased to be able to give you the security and flexibility you need in retirement by providing a low cost, strong performing retirement income stream.

Super Members Investment Limited's objective is to ensure, through sound investment management and low fees, that the IRIS Allocated Pension continues to be a strong performer for members in the years ahead.

IRIS ALLOCATED PENSION – A SNAPSHOT

	IRIS Secure Portfolio					IRIS Stable Portfolio					IRIS Growth Portfolio				
Investment Objective	To achieve returns that exceed the bank deposit rate over a one-year period. To provide security (but not a guarantee) of capital invested.					To achieve returns that exceed the inflation rate (CPI) by 1-3% per annum, on a rolling three-year basis. To provide security (but not a guarantee) of capital invested.					To achieve returns that exceed the inflation rate (CPI) by 3-5% per annum, on a rolling five-year basis. To invest a significant proportion of the Investment Portfolio in growth assets such as shares and property.				
Risk/Return Profile	Low					Moderate					Moderate-High				
Minimum Initial Investment	\$10,000					\$10,000					\$10,000				
Entry Fees	Nil					Nil					Nil				
Exit Fees	Nil					Nil					Nil				
Asset Allocation We aim to invest the Investment Portfolios according to the target investment mix as shown. However, there may be times when an investment Portfolio's asset mix falls outside these targets.	Asset Class	Range %	Strategic Allocation %	30 June 2004 %	30 June 2003 %	Asset Class	Range %	Strategic Allocation %	30 June 2004 %	30 June 2003 %	Asset Class	Range %	Strategic Allocation %	30 June 2004 %	30 June 2003 %
	Australian Shares	5-10	7.5	9.2	7.6	Australian Shares	15-25	20	20.9	18.9	Australian Shares	40-50	45	45.0	44.6
	Australian Property	5-10	7.5	9.9	8.9	International Shares	5-10	7.5	7.2	6.7	International Shares	10-20	15	18.9	13.6
	Australian Fixed Interest	30-40	35	38.4	37.6	Australian Property	5-15	10	11.1	11.1	Australian Property	10-20	15	14.8	15.8
	International Fixed Interest	5-15	10	8.9	0.0	Australian Fixed Interest	35-45	35	36.1	36.3	Australian Fixed Interest	10-20	12.5	13.3	16.2
	Cash	25-50	40	33.6	45.9	International Fixed Interest	20-30	25	24.7	26.1	International Fixed Interest	5-15	10	7.4	8.1
						Cash	0-10	2.5	0.0	0.9	Cash	0-10	2.5	0.6	1.7
Management Fee	1.20%pa					1.20%pa					1.20%pa				
Transaction Costs (percentage of sum transacted)	0.03%					0.10%					0.175%				
Historical Crediting Rates	1999-00 – 5.4% 2000-01 – 6.7% 2001-02 – 4.1% 2002-03 – 5.6% 2003-04 – 5.5%					1999-00 – 8.0% 2000-01 – 7.7% 2001-02 – 2.6% 2002-03 – 6.4% 2003-04 – 8.5%					1999-00 – 14.5% 2000-01 – 8.7% 2001-02 – -1.9% 2002-03 – 2.1% 2003-04 – 14.8%				
Annualised Five Year Returns	5.4%					6.6%					7.4%				

Note: Past performance is not a reliable indicator of future performance. Returns quoted after fees and before taxes for the period ended 30 June 2004. This is the performance applicable to members who were members at the beginning and the end of the period and who did not initiate any transactions during the period.

IRIS ALLOCATED PENSION – A SNAPSHOT

	IRIS High Growth Portfolio					IRIS Australian Property Portfolio				
Investment Objective	To provide returns that exceed the inflation rate (CPI) by 4-6% per annum, on a rolling seven-year basis. To predominantly invest in Australian and international shares.					To provide strong income and moderate capital growth over the medium to long term by investing in both direct and indirect Australian property trusts.				
Risk/Return Profile	High					Moderate-High				
Minimum Initial Investment	\$10,000					\$10,000				
Entry Fees	Nil					Nil				
Exit Fees	Nil					Nil				
Asset Allocation We aim to invest the Investment Portfolios according to the target investment mix as shown. However, there may be times when an investment Portfolio's asset mix falls outside these targets.	Asset Class	Range %	Strategic Allocation %	30 June 2004 %	30 June 2003 %	Asset Class	Range %	Strategic Allocation %	30 June 2004 %	30 June 2003 %
	Australian Shares	45-60	50	53.1	52.2	Australian Property	90-100	100	95.4	N/a
	International Shares	35-55	45	45.0	43.8	Cash	0-10	0	4.6	N/a
	Cash	0-10	5	1.9	4.0					
Management Fee	1.20%pa					1.20%pa				
Transaction Costs (percentage of sum transacted)	0.275%					0.30%				
Historical Crediting Rates	1999-00 – N/a ¹ 2000-01 – N/a ¹ 2001-02 – -8.7% 2002-03 – -6.4% 2003-04 – 19.2%					2003-04 – 14.8% ²				
Annualised Five Year Returns	0.6% ¹					14.8% ²				

¹ Fund commenced on 24 May 2001. This represents the annualised crediting rate for the period 24 May 2001 to 30 June 2004. ² Inception 29 August 2003. This represents the annualised crediting rate for the period 29 August 2003 to 30 June 2004.

Note: Past performance is not a reliable indicator of future performance. Returns quoted after fees and before taxes for the period ended 30 June 2004. This is the performance applicable to members who were members at the beginning and the end of the period and who did not initiate any transactions during the period.

FINANCIAL STATEMENTS

The Financial Statements as summarised are derived from the audited accounts of the IRIS Allocated Pension for the year ended 30 June 2004. A copy of the audited accounts, and associated audit report, can be obtained by contacting IRIS on 1300 367 485.

The annual audit has been completed and the auditor has issued an unqualified opinion on the Fund's financial statements. The audited financial statements and the auditor's report are available upon request.

Statement of Financial Position

	2004	2003
	\$	\$
Investments	160,364,339	113,931,465
Other assets	2,677,496	770,139
Total assets	163,041,835	114,701,604
Total liabilities	1,952,015	717,959
Net assets available to pay benefits	161,089,820	113,983,645
Represented by:		
Members' funds	160,364,339	113,931,465
Amounts not yet allocated	725,481	52,180

Operating Statement

	2004	2003
	\$	\$
Investment revenue	15,670,100	4,550,287
Contribution revenue	48,400,919	42,421,225
Other revenue	61,941	69,413
Total revenue from ordinary activities	64,132,960	47,040,925
Less expenses from ordinary activities	1,645,337	1,183,779
Benefits accrued as a result of operations before income tax	62,487,623	45,857,146
Income tax expense / (benefit)	(714,220)	(50,633)
Benefits accrued as a result of operations after income tax	63,201,843	45,907,779
Less income not allocated to members	673,301	236,058
Benefits accrued as a result of operations	62,528,542	46,143,837

Statement of Cash Flows

	2004	2003
	\$	\$
Cash flows from operating activities	30,876,894	25,754,404
Cash flows from investing activities	(29,519,484)	(25,874,538)
Cash flows from financing activities	0	360,630
Net increase in cash held	1,357,410	240,496
Cash at beginning of reporting period	605,866	365,370
Cash at the end of reporting period	1,963,276	605,866

The annual audit has been completed and the auditor has issued an unqualified opinion on the Fund's financial statements. The audited financial statements and the auditor's report are available upon request.

ADDITIONAL INFORMATION

Super Members Investments Limited (SMI), as Trustee of the IRIS Allocated Pension Fund, is responsible for ensuring that IRIS is managed in accordance with its Trust Deed, the Corporations Act and the Superannuation Industry (Supervision) Act 1993. The Directors of Super Members Investments Limited were, as at 30 June 2004;

G A Weaven (Chair) **A M Corboy**
D J Goodear **G A Grant**
H C Hewett (resigned 20 August 2004)

Directors were appointed by the Trustee in accordance with the Trust Deed. Copies of the Trust Deed are available upon request.

Fees & Charges

The IRIS Allocated Pension has a simple, straight-forward pricing structure, with no commissions paid to any financial advisors.

No entry fees, exit fees, or switching fees apply to any investment in any of the Investment Portfolios. However, transaction costs do apply (as described on pages 3 and 4). There is a \$1.00 charge for pension payments.

The management fee applicable to you (see table on pages 3 and 4) is charged to your account each month in arrears based on the value of your account on the last day of the month. The maximum management fee allowed under the Trust Deed is 2.5% per annum. However, the

fees and charges advised on pages 3 and 4 will not change without first giving 30 days notice to members in writing.

Please call 1300 367 485 if you require further clarification in relation to fees and charges.

Investment Managers

All of the investment managers have been selected on the basis of their professional management experience in the relevant asset class. SMI monitors and reviews the investment managers on an ongoing basis to ensure that they deliver consistent returns. At the date of this Annual Report, SMI uses the following investment managers:

Asset Class	Investment Manager
Cash	National Australia Bank ¹
Australian Fixed Interest	Barclays Global Investors
	Industry Funds Management
International Fixed Interest	PIMCO
Property	Barclays Global Investors
	Industry Superannuation Property Trust
Australian Shares	Perpetual Investments
	Barclays Global Investors
International Shares	Capital International
	Barclays Global Investors

¹ Cash is held on deposit with National Australia Bank which act as Custodian for the Fund.

Note: At any time, Super Members Investments Limited may change, without notice, any investment manager or the amount allocated to any investment manager.

Revised Asset Allocation

A review of the Fund's investments took place in May 2004. The aim of the review was to ensure that the performance and efficiency of each IRIS Portfolio was maximised.

Some adjustments to asset allocation were made to assist each Fund in meeting its objectives. Details of these changes, which were implemented during July and August 2004, are included in the following table:

	Previous Strategic Allocation	Strategic Allocation from 01/07/2004
IRIS Secure Portfolio		
Australian Shares	7.5%	7.5%
International Shares	—	2.5%
Australian Property	7.5%	7.5%
Australian Fixed Interest	35%	32.5%
International Fixed Interest	10%	10%
Cash	40%	40%
IRIS Stable Portfolio		
Australian Shares	20%	17.5%
International Shares	7.5%	10%
Australian Property	10%	10%
Australian Fixed Interest	35%	30%
International Fixed Interest	25%	20%
Cash	2.5%	12.5%
IRIS Growth Portfolio		
Australian Shares	45%	40%
International Shares	15%	20%
Australian Property	15%	15%
Australian Fixed Interest	12.5%	10%
International Fixed Interest	10%	7.5%
Cash	2.5%	7.5%

The IRIS High Growth Portfolio and IRIS Australian Property Portfolio asset allocations remain unchanged.

ADDITIONAL INFORMATION

Complaints

If you have a complaint about your investment, please contact our Investor Services Centre on 1300 367 485 or write to:

Complaints Resolution Officer
IRIS Administration
Locked Bag 200
Carlton South VIC 3053

Upon receipt of your complaint we will:

- Acknowledge the complaint promptly and inform you when you should expect to receive a response;
- Investigate the complaint in a timely manner;
- Respond to you in writing within 45 days.

If you are unhappy with the outcome of your complaint, you may contact the Superannuation Complaints Tribunal (SCT) by writing to Locked Bag 3060, GPO Melbourne VIC 3001 or phone 131 434.

The Tribunal is an independent body established by the Government to help members of superannuation funds and their dependants resolve certain types of complaints about decisions made by Fund Trustees where the complaint is not resolved by the Fund's complaint-handling process.

Insurance and Indemnification

The Trustee, Super Members Investments Limited, has taken out indemnity insurance.

No insurance premiums are paid from the assets of the Fund for insurance cover provided to either Super Members Investments Limited or the auditors of the IRIS Allocated Pension. Provided that the officers of Super Members Investments Limited act in accordance with the Trust Deed and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditors of the Fund are in no way indemnified out of the assets of the Fund.

Related Party Transactions

No fees were paid to the directors of the Trustee during the period out of the assets of the Fund. The Trustee held no interests in the Fund at the end of the financial year.

Environmental Regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory Law.

Liquidity

In order to minimise liquidity risk, the Fund must at all times have adequate cash and cash equivalents to cover typical obligations. The liquidity risks associated with the need to satisfy Members' requests for benefits are mitigated by maintaining a constant pool of cash to satisfy usual levels of demand and restricting the investment activities of the Fund to securities that are actively traded and highly liquid.

Derivatives

The Trustee does not undertake day-to-day management of derivative instruments. External investment managers may utilise derivatives (such as "future" and "options") in managing investment portfolios for the trustee and in managing pooled investment vehicles in which the Trustee invests. Where applicable, limits on the extent of derivative use are specified in any Investment Management Agreement between the Trustee and the investment managers. In addition, the Trustee considers the risks and the controls in place by analysing the managers' Risk Management Statements.

Auditor

PricewaterhouseCoopers continues in office in accordance with Section 327 of the Corporations Act 2001.

Additional information in relation to the IRIS Allocated Pension is available by calling 1300 655 286. IRIS has provided all information it reasonably believes a product holder would reasonably need for the purpose of understanding the management and financial condition of the Fund and understanding the investment performance of the Fund.

CALENDAR 2005

New Years Day
Australia Day
Good Friday
Easter Monday
Anzac Day

Saturday
Wednesday
Friday
Monday
Monday

1 January
26 January
25 March
28 March
25 April



JANUARY 2005

Sun	Mon	Tues	Wed	Thu	Fri	Sat
30	31					1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

FEBRUARY 2005

Sun	Mon	Tues	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28					

MARCH 2005

Sun	Mon	Tues	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

APRIL 2005

Sun	Mon	Tues	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

CALENDAR 2005

Queens Birthday (Ex WA)

Monday

13 June



MAY 2005

Sun	Mon	Tues	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

JUNE 2005

Sun	Mon	Tues	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

JULY 2005

Sun	Mon	Tues	Wed	Thu	Fri	Sat
31					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

AUGUST 2005

Sun	Mon	Tues	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

CALENDAR 2005

Christmas Day
Boxing Day (Ex SA)

Sunday
Monday

25 December
26 December



SEPTEMBER 2005

Sun	Mon	Tues	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

OCTOBER 2005

Sun	Mon	Tues	Wed	Thu	Fri	Sat
30	31					1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

NOVEMBER 2005

Sun	Mon	Tues	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

DECEMBER 2005

Sun	Mon	Tues	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31



Superannuation Fund: 5092 140 12
Industry Funds Retirement Income Services
(IRIS) – Allocated Pension



Telephone: 1300 367 485



Email: iris@supermembersinvestments.com.au
Website: www.supermembersinvestments.com.au



Mail: IRIS Administration
Locked Bag 200, Carlton South, VIC 3053