



# IRIS Retirement Income

Annual Report  
For the year ended  
30 June 2007

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The IRIS Retirement Income Annual Report for the year ended 30 June 2007 applies to;

- IRIS Super Income Stream
- IRIS Term Allocated Pension

Statistics for individual products are available on pages 8-10 however all investment returns, changes in investment managers, fees and any other alterations apply to all members invested in the IRIS products.



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## Report from the Director



**David Haynes**  
Executive Director, Super Members Investments Limited

As Director of Super Members Investments Limited, the Responsible Entity of IRIS Retirement Income, I am pleased to present the Annual Report for the period ending 30 June 2007 to you.

I want to take this opportunity to welcome the many new members who have joined IRIS over the past year, and thank existing members for their ongoing support.

IRIS has continued to provide strong investment returns<sup>1</sup> relative to the benchmark during the year. The portfolios have grown rapidly in size with funds under management increasing by 33% in the past twelve months. Please refer to page 6 in this report for further details.

Due to legislative changes and our aim to

further improve IRIS, there have been a number of changes during the year and there are more to come during 2008. You can read more about these changes on pages 2-5 in this report.

Contained within this report you'll find the annual IRIS wall calendar for 2008. We have chosen a gardening theme for this year's calendar, and I hope that you'll be able to use some of the tips included.

Should you have any questions or feedback, please call our friendly Customer Service Centre on 1300 367 485.

David Haynes  
December 2007

<sup>1</sup> Past performance is not a reliable indicator of future performance. Assets may rise or fall in value.

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## Changes to IRIS during the 2006-2007 Financial Year



### IRIS Welcomes a New Product Manager

Anna Parente is the new Manager, Retail Products. She commenced with SMI Ltd on 1 May 2007, replacing Duncan McPherson.

For the past 10 years, Anna has been employed with National Australia Bank, most recently in the position of Product Manager, for the Superannuation and Retirement Income Products.

### Reduced Management Fee for the Fixed Interest Portfolio

The management fee rate for the IRIS Fixed Interest Portfolio was reduced in July 2007.

As investment management costs can vary depending on the investment option, we felt it was no longer appropriate to offer all of our investment portfolios at the same price.

### IRIS Adds New Investment Managers

During the year, the Responsible Entity of IRIS Retirement Income, Super Members Investments Limited (SMI Ltd), added two new investment managers:

- The new Direct Property Trust Investment Manager Eureka Funds Management was added to manage a part of the IRIS Property investment for the IRIS Secure, IRIS Stable, IRIS Growth and IRIS Property Portfolios. The fund, managed by EurekaCore Property Fund No. 3, will provide a direct property trust vehicle in addition to the Industry Superannuation Property Trust (ISPT).
- The new 'Core Cash' Investment Manager Members Equity Liquidity Fund was added to manage the 'core cash' component of the IRIS Secure, IRIS Stable and IRIS Growth Portfolios. The fund is managed by Members Equity Portfolio Management Limited (MEPM).

### Changes to the IRIS Property Portfolio

After adding the Eureka Core Property Fund No 3 to the panel of investment managers in the IRIS Property Portfolio, Eureka Funds Management acquired a 50% share in a building in Wellington, New Zealand.

To better reflect the current holdings, SMI Ltd has altered the name from the 'IRIS Australian Property Portfolio' to the 'IRIS Property Portfolio'.

### Revised Investment Allocations

An investment strategy review performed by SMI Ltd resulted in the following changes to the investment portfolios as nominated below:

- **IRIS Secure Portfolio** - A 5% reduction in the Australian fixed interest allocation and a 5% increase in the cash allocation.
- **IRIS Stable Portfolio** - A 2.5% reduction in both Australian and international fixed interest and a 5% increase in the cash allocation.

Please refer to page 8-10 in this report for all IRIS portfolios' current asset allocations.

### New Investment Structure

In addition to operating the IRIS Retirement Income products, SMI Ltd is also the Trustee of the ME Investment Funds<sup>1</sup>. Presently, the investments of the pension products are pooled with the investments of the ME Investment Funds.

This structure provided a number of advantages while the products remained comparatively small. However, after rapid growth of both the pension products and the investment funds, SMI Ltd has now decided to separate the investments into two pools.

By separating the investments, SMI Ltd can pursue different investment strategies for the IRIS Retirement Income and ME Investment Funds. This enhancement will aim to provide superior returns to investors of both products. Consequently, from 12 December 2007, IRIS assets will be held separately through a Pooled Superannuation Trust.

<sup>1</sup> For more information about ME Investment Funds, please visit [investwithme.com.au](http://investwithme.com.au).

## Government Changes Affecting IRIS Members

All members received a newsletter with the March 2007 Quarterly Report which explained the legislative changes announced in the Government's 2006 Federal Budget and the changes IRIS implemented as a result. A summary of the changes are listed below:

### Tax - Free Benefits for those Aged Over 60

Retirees aged over 60 will no longer pay tax on either lump sum withdrawals or income stream (pension) payments from a taxed superannuation fund.

If you're an IRIS member, you have already converted your superannuation balance into an income stream. Not only will you not pay tax on the payments you receive, you will continue to receive tax free earnings on your investments.

Lump sum death benefits are now also tax-free if paid to a dependant. A dependant is a person eligible to receive a deceased person's death benefit. Please see page 4 in this report for more information regarding dependants.

### More Generous Assets Test for Age Pensioners

To be eligible to receive the full Age Pension from Centrelink, the total value of your assets have to be below the relevant threshold. The new rules will potentially provide higher pension payments for some pensioners.

Please contact Centrelink [www.centrelink.gov.au](http://www.centrelink.gov.au) for more information.

At the same time, the 50% assets test exemption for the purchase of a Term Allocated Pension (TAP) has been removed. However, if you opened an IRIS TAP prior to 20 September 2007 or if you commute from another existing TAP, you will retain the 50% exemption which might give you a higher rate of Age Pension from Centrelink.

The IRIS Term Allocated Pension (TAP) is now only open to existing members or investors who currently have monies in another TAP product and want to roll these over to an IRIS TAP.

### Simplified Pension Rules

The Government has developed new minimum standards for all income stream payments (pensions). These new minimum standards will require payments of a minimum amount to be made at least annually, allowing retirees to take out as much as they wish above the minimum amount.

Exceptions to these rules are for those members currently transitioning to retirement. These members have a maximum annual income limit of 10%.

### New Name for Allocated Pensions

The Government now refers to Allocated Pensions as Super Income Streams and it is likely that the old name will eventually disappear from the market. To prevent confusion, the IRIS Allocated Pension has been re-named IRIS Super Income Stream.

If you require any confirmation on how these changes impact you we recommend that you seek financial advice from your financial planner.

## Changes to IRIS during the 2006-2007 Financial Year

### What happens when you die?

Legislation surrounding death benefits and how these are paid to beneficiaries can be quite confusing. During 2007, the option to make a binding death nomination was introduced to all IRIS members.

Please read the section below and contact us on 1300 367 485 should you have any further questions. We strongly recommend that you seek professional financial advice before making a decision in regards to your nomination.

### Who will receive the money?

In the event of your death, the remaining balance of your IRIS account may be paid to your dependant/s and/or legal personal representative (i.e. executor or administrator of your estate).

You dependants include:

- Your spouse (including de facto);
- Any child of yours (including a child over 18);
- A person with whom you have an 'interdependency' relationship; or
- A person who is wholly or partially financially dependent on you at the date of your death.

Your financial dependants are:

- Your spouse (including de facto);
- An invalid child;
- A child 18-25 years, who is engaged in full-time study;
- A child under 18 years of age

Where a child of the deceased receives a death benefit Super Income Stream or Term Allocated Pension, he or she will be required to commute this benefit at age 25 (unless the child is an invalid).

### How do I make a nomination?

You can nominate a beneficiary at the time you invest in IRIS, or at any time afterwards. We will notify you of your nomination annually.

The benefit may be paid as a lump sum, or can generally be paid as a continuing IRIS Super Income Stream or Term Allocated Pension to your financial dependants.

You have four choices when determining how to nominate. You can:

#### 1. Nominate a Reversionary Beneficiary

When you establish an IRIS account for the first time, you can nominate a Reversionary Beneficiary. This beneficiary must be a spouse, and they must continue the income stream after your death, but can fully or partially withdraw their funds thereafter.

You can only make this nomination at the time of inception.

#### 2. Make a binding nomination

(available from 1 July 2007)

When you make a binding nomination, the Trustee is required to pay your benefit to the dependants you nominate, regardless of whether your circumstances have changed. For your binding nomination to remain valid under Superannuation Law, it must;

- be confirmed (or changed) at least once every three years
- be signed by two witnesses, neither of whom are beneficiaries you have nominated.

In addition, your nomination will become invalid if your beneficiary is no longer a dependant at the time of your death. If your nomination becomes invalid, discretion over benefit payments will revert to the Trustee.

A Nomination Form was included with the annual PAYG Payment Summary and Statement that was sent to you in early July 2007. Please call us on 1300 367 485 if you would like a new form, or please visit our website.

Members who have made a binding death nomination have the option of their benefit paid as a lump sum or as an ongoing pension to their nominated beneficiaries.

#### 3. Make a non-binding nomination or as per will

When nominating a non-binding beneficiary or elect to have your account paid as per your will, the Trustee will take your preference into consideration, but is not bound by your nomination.

#### 4. No nomination

You can also choose not to nominate a beneficiary at all, in which case the balance of your account will be paid to your estate or your dependants or a combination, as determined by the Trustee.



You've  
worked hard.  
Now retire well.

## What will happen to IRIS during 2008?

### View your account details on-line

Early to mid 2008, you will be able to enjoy the benefit of accessing your IRIS account details on-line. You will be able to view your account balance as well as make changes to your investments via the website. We will keep you informed about the progress of this facility.

### Fee review

There are no establishment or termination fees when investing in IRIS. The ongoing management fee is identical between all portfolios except for the IRIS Fixed Interest Portfolio.

To ensure that we are providing a competitive product to our members we are currently performing a review on the fees and will communicate to members in 2008 on any changes.

### Additional investment options

IRIS currently offers four diversified and two sector- specialist portfolios. As part of a review of the IRIS product offering, we intend to provide members with an even broader selection of portfolios and a greater diversity of asset classes and risk levels for you to invest in.

### Changes to existing Investment Managers

As a part of the ongoing review of our investments, IRIS will be changing the structure of the existing Investment Managers. For more information about our current investment managers, please see pages 12-13 in this report.

### New anti-money laundering and counter terrorism measures

The anti-money laundering and counter-terrorism financing (AML/CTF) reforms are aimed at addressing the risk of money laundering in Australia and the threat to national security caused by the financing of terrorism. As all superannuation funds and retirement income streams are covered by this Act, IRIS has introduced new measures to comply with our obligations.

All new members who join IRIS from 12 December 2007 must provide certified identification with their application. Existing IRIS members will not be affected.

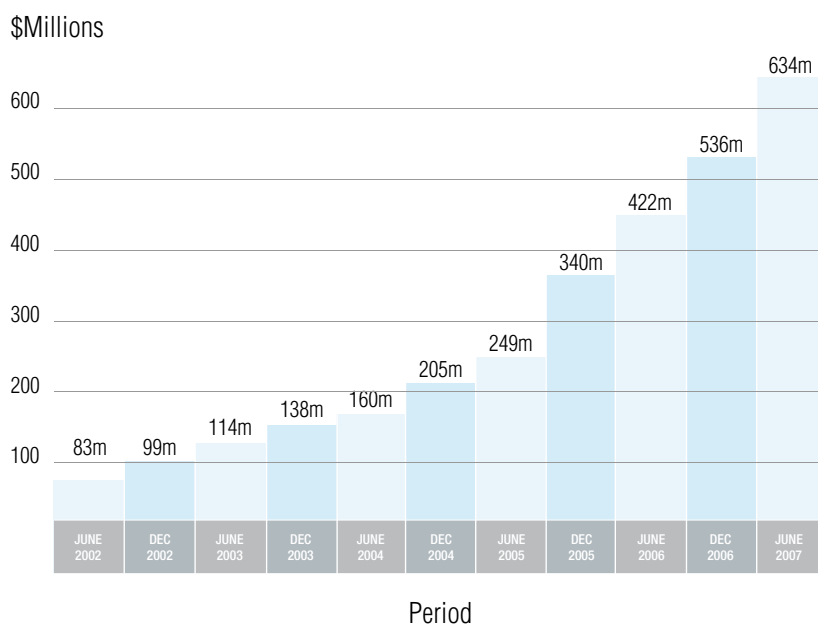
Any further changes will be communicated to IRIS members as soon as practicable.

# Retirement, You and IRIS.



## IRIS at a Glance

### IRIS Funds Under Management (FUM)



### IRIS Super Income Stream

Number of members as at 1 July 2006	2475
Number of new investors during 2006/2007	784
Number of investors who withdrew during 2006/2007	87
Number of investors as at 30 June 2007	3172

### IRIS Term Allocated Pension

Number of members as at 1 July 2006	173
Number of new investors during 2006/2007	219
Number of investors who withdrew during 2006/2007	4
Number of investors as at 30 June 2007	388

## IRIS Investment Performance

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

The following table represents the performance (crediting rate) of each investment option relative to its benchmark for the year ended 30 June 2007.

IRIS PORTFOLIO	1 YEAR PERFORMANCE AS AT 30 JUNE 2007		NAME OF BENCHMARK
	IRIS PERFORMANCE	BENCHMARK PERFORMANCE	
IRIS Secure Portfolio	7.74%	7.46%	60% Intech Conservative Growth Gross Investor Index <sup>1</sup> , 40% UBS Australian Bank Bill Index
IRIS Stable Portfolio	10.22%	9.27%	Intech Conservative Growth Gross Investor Index <sup>1</sup>
IRIS Growth Portfolio	16.46%	14.99%	Intech Growth Gross Investor Index <sup>1</sup>
IRIS High Growth Portfolio	17.96%	19.14%	Intech High Growth Gross Investor Index <sup>1</sup>
IRIS Property Portfolio	21.58%	21.86%	50% of S&P/ASX 300 Property Trust Accumulation Index and 50% Australian unlisted Property Index (Intech) <sup>1</sup>
IRIS Fixed Interest Portfolio	3.31%	2.79%	UBSA Composite Bond All Maturities Index

### Distribution

You may receive additional income from your investment in the form of a distribution. This distribution is your share of a particular IRIS Portfolio's performance over the financial year. The level and type of income you receive depends on the IRIS Portfolio you have chosen and its underlying assets.

Distributions are paid annually (in May) directly into your IRIS account and are added to your overall account balance.

### How earnings are reflected in your account

To assist in monitoring the performance of your account, the balance you have in any given investment portfolio is expressed using crediting rates. The value of each week's crediting rates is dependent on the underlying assets, income, expenses and taxes. These underlying assets are influenced by movements in investment markets including shares, bonds, property etc.

All returns calculated include the management fee (ongoing fees such as administration, investment management and ongoing operating expenses). Returns are calculated in accordance with IFSA Standard No 6.

Note: Current and historical crediting rates can be viewed on our website [retirewithiris.com.au](http://retirewithiris.com.au)

Note: Past performance is not a reliable indicator of future performance and the value of investments can rise or fall. Returns quoted are after fees and before taxes for the period ended 30 June 2007. 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.

<sup>1</sup>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 MER of 1.20%. The MER represents a combination of all ongoing fees on a per annum basis. Returns are calculated in accordance with IFSA Standard No. 6.

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 [retirewithiris.com.au](http://retirewithiris.com.au).

# IRIS Portfolios - A Snapshot

## Investment Strategy and Objective of the Fund



The Investment Objective is to provide a range of investment options to allow you to invest according to your own needs and circumstances.

In order to meet the investment objective, we invest your funds with selected Fund Managers.

Individual objectives and strategies of the investment options are provided on pages 8,9,10.

IRIS has four diversified and two sector-specialist portfolios.



## Diversified Portfolios

	IRIS SECURE PORTFOLIO			IRIS STABLE PORTFOLIO		
<b>Investment Objective</b>	To achieve returns (before fees and excluding any tax or tax credit) that exceed the bank deposit rate (official cash rate) over a one-year period. The Portfolio also aims to provide security, but not a guarantee of capital invested.			To achieve returns (before fees and excluding any tax or tax credit) that exceed the inflation rate (CPI) by 1-3% per annum, on a rolling three-year basis, while providing security but not a guarantee of capital invested.		
<b>Risk/Return Profile</b>	Low			Moderate		
<b>Current Asset Allocation as at 30 June 2007</b>	 <ul style="list-style-type: none"> <li>8.25% Australian Shares</li> <li>2.54% International Shares</li> <li>9.73% Property</li> <li>29.25% Australian Fixed Interest</li> <li>9.65% International Fixed Interest</li> <li>40.58% Cash</li> </ul>			 <ul style="list-style-type: none"> <li>18.93% Australian Shares</li> <li>10.40% International Shares</li> <li>11.60% Property</li> <li>27.94% Australian Fixed Interest</li> <li>17.89% International Fixed Interest</li> <li>13.24% Cash</li> </ul>		
<b>Allocation Ranges</b> Our investment strategy is to invest within the asset allocation ranges set by the Trustees. The Trustees will regularly monitor the asset allocation.	<ul style="list-style-type: none"> <li>5-10% Australian Shares</li> <li>0-5% International Shares</li> <li>5-10% Property</li> <li>22.5-32.5% Australian Fixed Interest</li> <li>5-15% International Fixed Interest</li> <li>40-50% Cash</li> </ul>			<ul style="list-style-type: none"> <li>12.5-22.5% Australian Shares</li> <li>7.5-12.5% International Shares</li> <li>5-15% Property</li> <li>22.5-32.5% Australian Fixed Interest</li> <li>12.5-22.5% International Fixed Interest</li> <li>12.5-22.5% Cash</li> </ul>		
<b>Benchmark Index</b>	60% Intech Conservative Growth Gross Investor Index, <sup>1</sup> 40% UBS Australian Bank Bill Index			Intech Conservative Growth Gross Investor Index <sup>1</sup>		
			5 year return			5 year return
<b>Historical Crediting Rates</b>	2001-02	4.1%	4.8% <sup>2</sup>	2001-02	2.6%	5.7% <sup>2</sup>
	2002-03	4.1%	5.3% <sup>2</sup>	2002-03	6.4%	6.1% <sup>2</sup>
	2003-04	5.5%	5.43% <sup>2</sup>	2003-04	8.5%	6.6% <sup>2</sup>
	2004-05	5.5%	5.9% <sup>2</sup>	2004-05	10.7%	7.1% <sup>2</sup>
	2005-06	6.18%	5.8% <sup>2</sup>	2005-06	9.45%	7.5% <sup>2</sup>
	2006-07	7.74%	6.56% <sup>2</sup>	2006-07	10.22%	9.1% <sup>2</sup>

# IRIS Portfolios - A Snapshot

If you have not chosen a portfolio to invest in, your money will automatically be invested in our default option, the **IRIS Growth Portfolio**.

## Diversified Portfolios

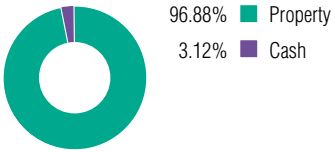
	IRIS GROWTH PORTFOLIO			IRIS HIGH GROWTH PORTFOLIO		
<b>Investment Objective</b>	To achieve returns (before fees and excluding any tax or tax credit) that exceed the inflation rate (CPI) by 3-5% per annum, on a rolling five-year basis. To achieve this, the Portfolio will invest a significant proportion of funds into growth assets such as shares and property.			To achieve returns (before fees and excluding any tax or tax credit) that exceed the inflation rate (CPI) by 4-6% per annum, on a rolling seven-year basis. To achieve this, the Portfolio will predominantly invest in Australian and International shares.		
<b>Risk/Return Profile</b>	Moderate-High			High		
<b>Current Asset Allocation as at 30 June 2007</b>	 <ul style="list-style-type: none"> <li>42.53% Australian Shares</li> <li>19.90% International Shares</li> <li>15.43% Property</li> <li>9.99% Australian Fixed Interest</li> <li>7.27% International Fixed Interest</li> <li>4.88% Cash</li> </ul>			 <ul style="list-style-type: none"> <li>54.78% Australian Shares</li> <li>44.21% International Shares</li> <li>1.01% Cash</li> </ul>		
<b>Allocation Ranges</b> Our investment strategy is to invest within the asset allocation ranges set by the Trustees. The Trustees will regularly monitor the asset allocation.	35-45% Australian Shares 15-25% International Shares 10-20% Property 5-15% Australian Fixed Interest 2.5-12.5% International Fixed Interest 2.5-12.5% Cash			45-50% Australian Shares 35-55% International Shares 0-10% Cash		
<b>Benchmark Index</b>	Intech Conservative Growth Gross Investor Index <sup>1</sup>			Intech High Growth Gross Investor Index <sup>1</sup>		
			5 year return			5 year return
<b>Historical Crediting Rates</b>	2001-02	8.7%	7% <sup>2</sup>	2001-02	8.7%	N/a
	2002-03	6.4%	6.8% <sup>2</sup>	2002-03	6.4%	N/a
	2003-04	14.8%	7.4% <sup>2</sup>	2003-04	19.2%	N/a
	2004-05	13.7%	7.2% <sup>2</sup>	2004-05	12.8%	N/a
	2005-06	16.85%	8.8% <sup>2</sup>	2005-06	21.94%	7% <sup>2</sup>
	2006-07	16.46%	12.7% <sup>2</sup>	2006-07	17.96%	12.6% <sup>2</sup>

<sup>1</sup> 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 MER of 1.20%. Returns are calculated in accordance with IFSA Standard No. 6. The MER represents a combination of all ongoing fees on a per annum basis.

<sup>2</sup> Returns disclosed are the 5 year compound average.

# IRIS Portfolios - A Snapshot (cont.)

## Sector-Specialist Portfolios

	IRIS PROPERTY PORTFOLIO			IRIS FIXED INTEREST PORTFOLIO		
<b>Investment Objective</b>	To achieve returns (before fees and including any tax or tax credit) that exceed the inflation rate (CPI) by 2-4% per annum, on a rolling five year basis. To achieve this, the Portfolio will invest in both direct and indirect Australian and International Property Trusts.			To achieve returns (before fees and including any tax or tax credit) that exceed the inflation rate (CPI) by 1-3% per annum, on a rolling five year basis. To achieve this, the Portfolio will predominantly invest in a diverse range of government and corporate bonds, and alternative debt.		
<b>Risk/Return Profile</b>	Moderate-High			Moderate-High		
<b>Current Asset Allocation as at 30 June 2007</b>	 <p>96.88% <span style="color: green;">■</span> Property 3.12% <span style="color: purple;">■</span> Cash</p>			 <p>99.43% <span style="color: purple;">■</span> Australian Fixed Interest 0.57% <span style="color: darkpurple;">■</span> Cash</p>		
<b>Allocation Ranges</b> Our investment strategy is to invest within the asset allocation ranges set by the Trustees. The Trustees will regularly monitor the asset allocation.	90-100% <span style="color: green;">■</span> Property 0-10% <span style="color: purple;">■</span> Cash			90-100% <span style="color: purple;">■</span> Australian Fixed Interest 0-10% <span style="color: darkpurple;">■</span> Cash		
<b>Benchmark Index</b>	50% of S&P/ASX 300 Property Trust Accumulation Index and 50% Australian unlisted Property Index (Intech) <sup>1</sup>			USB Australia Composite Bond, All Maturities Index		
			5 year return			5 year return
<b>Historical Crediting Rates</b>	2001-02	N/a	N/a	2001-02	N/a	N/a
	2002-03	N/a	N/a	2002-03	N/a	N/a
	2003-04	14.8% <sup>2</sup>	N/a	2003-04	N/a	N/a
	2004-05	13.3%	N/a	2004-05	4.49% <sup>3</sup>	N/a
	2005-06	15.44%	N/a	2005-06	2.96%	N/a
	2006-07	21.58%	14.6% <sup>4</sup>	2006-07	3.31%	4.92% <sup>4</sup>

<sup>1</sup>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 MER of 1.20%. Returns are calculated in accordance with IFSA Standard No. 6. The MER represents a combination of all ongoing fees on a per annum basis.

<sup>2</sup>Since-inception (29 August 2003) investment performance.

<sup>3</sup>Since-inception (30 September 2004) investment performance.

<sup>4</sup>Returns disclosed are the 5 year compound average.

## Financial Statements

The Financial Statements as summarised are derived from the audited accounts of the IRIS Superannuation Fund – which incorporates the IRIS Super Income Stream and the IRIS Term Allocated Pension. A copy of the audited accounts, and associated audit report for the year ended 30 June 2007, can be obtained by contacting IRIS on 1300 367 485.

### Operating Statement

	2007 \$	2006 \$
Investment revenue	72,630,973	42,027,250
Contribution revenue	203,150,544	170,155,565
Other revenue	443,157	218,083
Total revenue from ordinary activities	276,224,674	212,400,898
Less expenses from ordinary activities	6,367,891	4,098,289
Benefits accrued as a result of operations before income tax	269,856,783	208,302,609
Income tax expense / (benefit)	(3,044,669)	(1,176,716)
Benefits accrued as a result of operations after income tax	272,901,452	209,479,325
Less income not allocated to members	1,800,200	(47,912)
Benefits accrued as a result of operations	271,101,252	209,527,237

### Statement of Financial Position

	2007 \$	2006 \$
Investments	559,100,721	394,250,989
Other assets	86,510,613	33,845,716
Total assets	645,611,334	428,096,705
Total liabilities	5,964,932	1,381,506
Net assets available to pay benefits	639,646,402	426,715,199
<b>Represented by:</b>		
Members' funds	636,577,544	425,446,541
Amounts not yet allocated	3,068,858	1,268,658

### Statement of Cash Flows

	2007 \$	2006 \$
Cash flows from operating activities	174,286,354	153,911,362
Cash flows from investing activities	(169,303,928)	(153,494,461)
Cash flows from financing activities	0	0
Net increase in cash held	4,982,426	416,901
Cash at beginning of reporting period	992,891	575,990
Cash at the end of reporting period	5,975,317	992,891

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.

## Investment Managers

All investment managers have been selected on the basis of their professional management experience in the relevant asset class.

Most IRIS Portfolios utilise a combination of investment managers and invest into one or more wholesale funds. Wholesale funds are normally only accessible to professional investors such as superannuation funds, institutions and companies.

At any time, we may change, without notice, any investment manager or the amount allocated to any investment manager. We monitor and review the investment managers on an ongoing basis to ensure that they deliver returns consistent with our objectives.

Asset Class	Investment Manager	Detail
Cash	<b>National Australia Bank (NAB)</b>	The NAB is an international financial services group that provides a comprehensive and integrated range of financial products and services. Globally, as at 30 September 2006, the NAB had total assets of \$484 billion; almost \$97 billion in assets under management and administration; \$474 billion in assets under custody and administration; almost 8 million banking customers and more than 2.3 million wealth management customers.
	<b>ME Portfolio Management</b>	<b>ME Portfolio Management</b> - Members Equity Liquidity Fund is a 100% owned subsidiary of Members Equity Bank (ME). ME is owned by 40 Australian Industry and Public Sector Superannuation Funds. As of 30 June 2007, ME had total shareholder equity of \$257 million, over \$15 billion of assets under management and more than 600 staff located in its offices across Australia.
Australian Fixed Interest	<b>Barclays Global Investors (BGI)</b>	BGI is one of the world's largest investment managers covering 50 of the world's equity markets, 18 bond markets and 50 currency markets. It manages more than A\$2.3 trillion in assets worldwide (June 2007) for individual and institutional investors across the globe. BGI is a major investment manager in Australia, with assets under management of A\$47 billion (June 2007).
	<b>Industry Funds Management (IFM)</b>	<p>IFM is an investment management company specialising in the management of private investment products across Australian and International private equity and infrastructure, debt investments and listed equity portfolios. IFM and the Members Equity Bank Limited Group of companies are wholly owned by Industry Super Holdings Pty Ltd which is, in turn, 100% owned by forty major Australian not for profit superannuation funds.</p> <p>Dating back to 1995, IFM is a recognised leader in the alternative investments and listed equities fields, and currently manages more than \$14 billion in its related products and services. With dedicated resources and extensive experience, IFM offers superannuation funds the opportunity to diversify their investments in both the Australian and international private markets area.</p>
	<b>Mariner Credit Corporation</b>	<p><b>Mariner Credit Corporation</b> is a subsidiary of Mariner Retirement Solutions Limited which is wholly owned by Mariner Financial Limited (ASX:MFI). Mariner Financial was founded in 2003 to pioneer new investment opportunities for the Australian market. Mariner provides unique investments for the new and evolving financial needs of Australian investors seeking to build and preserve their wealth.</p> <p>Mariner Financial has approximately \$1.2 billion in gross assets under management at 30 July 2007, invested in a range of Australian and international property, infrastructure and mortgage assets.</p> <p>The addition of Mariner as an approved Investment Manager is designed to enhance the returns of the Super Members Investments Fixed Interest Fund through investment in a series of income streams.</p>
International Fixed Interest	<b>PIMCO</b>	PIMCO is a specialist manager of fixed interest (bond) portfolios. It was established in 1971 and is now considered to be one of the world's largest specialist fixed interest managers. As at 30 June 2007, PIMCO manages over A\$815 billion in fixed interest for investors worldwide and has 897 employees in offices in Newport Beach, New York, Singapore, Tokyo, London, Sydney, Munich, Hong Kong, Amsterdam, and Toronto.

## Investment Managers

Asset Class	Investment Manager	Detail
Property	<b>Industry Superannuation Property Trust (ISPT)</b>	Established in 1994, ISPT is an investor owned funds management business exclusively focused on property and property related investments. ISPT manages in excess of \$7 billion of property assets across Australian and International property markets including Europe, the United Kingdom and United States. ISPT's flagship fund, ISPT Core Fund, boasts a property portfolio focused on the office, retail and industrial sectors throughout Australia's major capital cities and regional Australia. The portfolio is anchored by leases to Australian and State Governments, blue-chip corporates, leading companies within Australia and small business.
	<b>Eureka Funds Management</b>	<b>Eureka Funds Management</b> is a boutique, independent business formed in January 2004 to manage property investments for a small number of institutional investors, predominantly Australian Superannuation Funds. Eureka seeks to provide a strong level of alignment between the interests of investors and those of management. Eureka's management offers extensive skills, experience and connections in the areas of acquisition, disposition, financing, asset management and development management. Eureka operates within all property sectors, including office, industrial, retail, hotels, car parks and property development.
	<b>Barclays Global Investors</b>	See page 12
Australian Shares	<b>Perpetual Investments</b>	<b>Perpetual Investments</b> is one of Australia's leading investment managers with over \$39.1 billion in funds under management (as at June 2007). Perpetual Investments is part of the Perpetual Group, which has been in operation for over 120 years. By employing some of the industry's best investment specialists and applying a proven investment philosophy, Perpetual Investments has been able to provide strong and consistent investment performance to investors.
	<b>Perennial Investment Partners</b>	<b>Perennial Investment Partners</b> is a specialist active funds management firm whose business objective is to manufacture superior investment outcomes for our clients. Perennial operates as a suite of six specialist, active boutique investment management businesses and collectively, these businesses manage over \$22 billion as at July 2007. Each business specialises in the investment management of one of the following asset classes and styles; value Australian shares, growth Australian shares, international shares (global, Asian and Japanese shares), global and Australian listed property, fixed interest and cash.
	<b>Barclays Global Investors</b>	See page 12
International Shares	<b>Capital International</b>	Access to <b>Capital International</b> is through the CNA – Capital International Global Equity Trust. Capital International, Inc. along with its affiliated institutional management companies making up The Capital Group Companies, Inc. CGC manages approximately US\$314.5 billion of assets (as at June 2007) for clients worldwide. Headquartered in Los Angeles, investment operations are conducted via a closely connected global network of 10 offices.
	<b>AllianceBernstein</b>	<b>AllianceBernstein Style Blend</b> , a unit of <b>AllianceBernstein Australia Limited</b> , is an active, core equity portfolio that holds approximately 200-275 stocks and is designed to take advantage of the strengths of the Alliance growth equity team and the Bernstein value equity team. It aims to deliver a significant premium with consistency by combining a high-conviction growth component with a deep-value component.
	<b>Barclays Global Investors</b>	See page 12

## General Information

### Fees & Charges

IRIS Retirement Income have a simple, straight-forward pricing structure, with no commissions paid to financial planners.

No establishment or termination fees apply to any of the Investment Portfolios. However, transaction costs do apply. There is a \$1.00 EFT charge for pension payments.

The management fee applicable to you 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 will not change without IRIS giving 30 days notice to members in writing.

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

	IRIS SECURE PORTFOLIO	IRIS STABLE PORTFOLIO	IRIS GROWTH PORTFOLIO
Management Fee	First \$250,000 - 1.20%pa	First \$250,000 - 1.20%pa	First \$250,000 - 1.20%pa
	Next \$250,000 - 1.05%pa	Next \$250,000 - 1.05%pa	Next \$250,000 - 1.05%pa
	Balance above \$500,000 - 0.90%pa	Balance above \$500,000 - 0.90%pa	Balance above \$500,000 - 0.90%pa
Transaction Costs	0.03%	0.10%	0.175%
	IRIS HIGH GROWTH PORTFOLIO	IRIS PROPERTY PORTFOLIO	IRIS FIXED INTEREST PORTFOLIO
Management Fee	First \$250,000 - 1.20%pa	First \$250,000 - 1.20%pa	First \$250,000 - 1.05%pa
	Next \$250,000 - 1.05%pa	Next \$250,000 - 1.05%pa	Next \$250,000 - 0.90%pa
	Balance above \$500,000 - 0.90%pa	Balance above \$500,000 - 0.90%pa	Balance above \$500,000 - 0.75%pa
Transaction Costs	0.275%	0.30%	0.03%

### Complaints

If you have a complaint about your investment, please contact our customer service 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 90 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 **1300 780 808**.

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.



You've  
worked hard.  
Now retire well.

### 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 Superannuation Fund. 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.

### Derivatives

Financial derivatives may be used by appointed external investment managers consistent with their own internal policies. The Responsible Entity expects that derivatives will be used to either enhance the returns or control the volatility for a particular portfolio.

The various managers shall report their use of derivatives periodically and their impact on the performance of the portfolio. The accounting for the financial derivatives will follow industry standards.

## General Information

### Eligible Rollover Funds

In accordance with and where required by the Relevant Law the Trustee shall transfer a member's benefit to an Eligible Rollover Fund and shall provide any information to the trustee of the Eligible Rollover Fund at such time and in such manner as required by the Relevant Law.

### Auditor

Deloitte was appointed auditor for Super Members Investment Limited, responsible entity for IRIS Superannuation Fund, in June 2007 in accordance with Section 327 of the Corporations Act 2001.

These are an extract from IRIS' Audited Accounts for 2006/07. If you would like a copy of IRIS' Audited Accounts and Auditor's Report or any other additional information, please call IRIS on 1300 367 485.

IRIS has provided all information it reasonably believes a product holder would need for the purpose of understanding the management, financial condition and the investment performance of the Fund.

This Annual Report is intended to provide information of a general nature only. It has been prepared by Super Members Investments Limited (ABN 61 095 974 100, AFSL Lic. No. 231230, RSE Lic. No. L0001151) as Trustee of the IRIS Superannuation Fund (RSE Reg. No. R1004359), which incorporates the IRIS Super Income Stream and the IRIS Term Allocated Pension, without taking into account your personal objectives, financial situation or needs.

You should assess your own financial situation and/or obtain independent financial advice and obtain a copy of the latest Product Disclosure Statement (PDS) before making any investment decisions based on this information. The PDS is available by calling 1300 367 485.

The information in this document is given in good faith and believed to be accurate. Super Members Investments Limited does not give any warranty of reliability or accuracy or accept any responsibility arising in any way including by reasons of negligence for any errors or omissions herein. Neither Super Members Investments Limited nor any service provider guarantees the investment performance or return of capital of any investment option.

### Service Providers

The service providers during the financial year are:

- Super Members Investments Limited (Responsible Entity)
- National Custodian Services (Custodian)
- Superpartners (Administrators)
- Deloitte Touche Tohmatsu (Auditor)



### IRIS Superannuation Fund

IRIS Super Income Stream  
SPIN: SMI0100AU

### Trustee

**Super Members Investments Limited**

ABN 61 095 974 100  
AFSL Licence. No. 231230  
RSE Licence No. L0001151  
RSE Reg. No. R1004359

### Contact

**IRIS Administration**

Locked Bag 200  
Calton South  
Victoria 3053

Telephone **1300 367 485**  
Website [retirewithiris.com.au](http://retirewithiris.com.au)  
Email [admin@retirewithiris.com.au](mailto:admin@retirewithiris.com.au)

