

Your FINANCIAL

Health



SEPTEMBER 2006

MAP Ranked #1 In Australia for Investment Returns...Again!

The July Independent Survey conducted by SelectingSuper* (a Rainmaker company) has shown the MAP Pension Plan to be **ranked #1 over 3 years** in the Diversified Growth option returning an average per annum, after fees of **17.9%**!

The same survey found the MAP Pension Plan to be **ranked #1 over 3 years** in the Cash option returning an average per annum, after fees of **6.0%**!

You may remember MAP achieving similar results in the February 2006 Selecting Super Survey where we were ranked #1 over 3 years in the Growth option. We believe long term results are far more beneficial than short term results. So needless to say we are very proud of our 3 year average being recognised twice this year!

MAP, the Trustee of MAP Superannuation and the MAP Pension Plan, is a not for profit entity. This means that there are no shareholders to pay before you receive your entitlements so this helps MAP provide you with the returns you deserve and have come to expect from us.

MAP's in-house investment team should also be thanked for this continued success. In fact MAP's in-house investment team have been providing competitive returns to members for more than 10 consecutive years!

We encourage you to compare these returns with our competitors! After all, you deserve to have 'long term' success with your investments.

If you would like more information about MAP's continued success, please contact us on 3838 1234 or 1800 640 055 (outside Brisbane). Alternatively, check out our website at www.mapfunds.com.au.

MAP Rebates Fees of \$1,486,437 back to members!

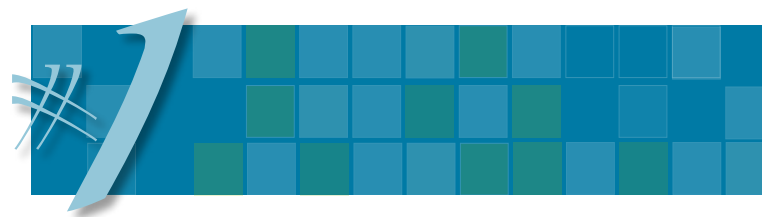
MAP Superannuation Plan fees are transparent, which helps you to understand what you will pay for our management expertise and how the fees are going to affect your retirement funds.

MAP collects fees from member accounts for the management of your investment throughout the year. Our fee structure enables MAP to rebate back to members at the end of the financial year from the excess of fees collected over actual costs incurred in managing your investments.

That means any fees collected that are in excess of the cost of managing the Plan, are rebated back to you. In June 2006 MAP rebated \$1,486,437 back to members!

In addition, from July 2006, MAP has reduced its pre-rebate administration fee by 0.2%. This will ensure you have more funds working for you during the financial year prior to the final fee being declared.

*SelectingSuper independently surveys the investment performance of over 160 Superannuation Funds Australia wide. SelectingSuper is an independent company specialising in superannuation and retirement information for consumers, www.selectingsuper.com.au



Excellent Returns for Another Year

The financial year just ended marks the third successive year of excellent investment results with returns ranging from 5.0% (Cash Pool) to 22.0% (Australian Equities Pool). While the individual asset classes that outperformed might have changed, most members with a diversified investment strategy will have done well. Virtually all asset classes, with the exception of fixed interest provided strong returns.

As well as these strong absolute returns, the returns achieved by MAP for most of the asset classes we invested in were higher than the comparable index for that asset class (for example, in Australian shares the return from MAP's managers exceeded that of the S&P/ASX300 Accumulation index, after fees by about 0.2%).

In addition, most of the investment decisions we made (or maintained) during the year added value for the fund.

Position	
Overweight property vs fixed interest in Capital Stable Pool	Positive
Underweight property vs shares in Balanced Pool	Positive
Underweight domestic equities vs international equities	Negative
Tilt to emerging markets (fixed interest and equities)	Positive
Underweight fixed interest vs cash	Positive
Stock selection in Australian equities, listed property, fixed interest and cash	Positive
Stock selection in international equities	Negative
Currency hedging	Negative

Consequently, the returns for MAP's Pools were above that of our defined competitors (see table) for almost all pools over one, two, three and five year periods to 30 June 2006. The only exceptions were the International Equity (one year) and Australian Property (one year) returns.

Comparative Pool Returns (to 30 June 2006)*

	% PA	% PA	% PA	% PA
	1 YEAR	2 YEARS	3 YEARS	5 YEARS
CASH				
MAP	5.0	5.2	5.0	4.5
MARKET	4.5	4.4	4.3	4.1
VARIANCE	0.6	0.8	0.7	0.5
AUSTRALIAN EQUITIES				
MAP	22.0	23.8	N/a	N/a
MARKET	20.5	21.8		
VARIANCE	1.5	2.0		
INTERNATIONAL EQUITIES				
MAP	15.9	9.6	N/a	N/a
MARKET	16.4	8.2		
VARIANCE	(0.5)	1.4		
PROPERTY				
MAP	15.0	17.1	N/a	N/a
MARKET	15.1	15.3		
VARIANCE	(0.1)	1.8		
CAPITAL STABLE				
MAP	8.0	8.7	8.2	6.0
MARKET	7.1	7.5	6.9	4.8
VARIANCE	0.9	1.2	1.3	1.2
BALANCED				
MAP	14.8	14.2	14.1	6.9
MARKET	13.4	12.8	12.5	5.7
VARIANCE	1.4	1.4	1.6	1.2
GROWTH				
MAP	19.3	17.9	18.2	6.8
MARKET	15.4	14.1	14.2	5.6
VARIANCE	3.9	3.8	4.0	1.2

Over the year we redeemed funds held with Credit Suisse in their Australian Small Companies fund and invested these funds in the BT Wholesale Smaller Companies fund. We also rebalanced our International Equity sector pool, which included the redemption of all funds from Morgan Stanley Global Value Equity Trust and the appointment of a new manager, AllianceBernstein Australia Limited to this sector. With AllianceBernstein, we have invested in 2 of their products being the Alliance Global Research Growth Equities Trust and the AllianceBernstein Global Value Equities Trust.

Following the end of the financial year we are in the process of redeeming the funds invested by the Capital Stable and Balanced pools in the Australian listed property sector. Going forward these funds will be invested into a Diversified Property sector pool, which includes 2 international listed property managers being Cohen & Steers (based in New York) and Perennial Investment Partners (based in Sydney), as well as Principal Global Investors who predominantly invest in the Australian listed property sector. As well we are redeeming all funds from the UBS Australian Share Fund and these funds will be reinvested across our existing Australian equity managers.

Although we have achieved good absolute and relative returns over the past 5 (plus) years, as reported in the SelectingSuper Performance Tables, we are continually searching for ways in which we can add further benefit to our members investments.

In fact, for the period ending 31 July 2006 MAP topped the SelectingSuper Performance Tables in the Allocated Pension Funds – Cash Options and the Diversified Growth Options.

* These returns reflect the performance of the MAP Superannuation Plan and the MAP pooled Superannuation Trust. The MAP Pension Plan returns while not reflected in this table, are in fact higher than those shown above.

Outlook

In last year's newsletter we pointed to increasing cash rates, increasing bond yields and a sudden spike in oil prices as being items that could weigh on the performance of investment markets over the 2005/06 financial year. While global growth and economic conditions (and company profitability) were buoyant throughout a large part of the year these events did in fact occur, mostly towards the end of the financial year, and into the 2006/07 year. This has had an adverse effect on the equity markets over the past 4 months, as evidenced by both the International & Australian equity markets returning approximately negative 1% over this period. Markets dislike (economic) uncertainty and while this uncertainty persists, such as in the outlook for inflation, bond rates and oil prices with their consequent, potentially negative, flow on to overall

economic growth and company earnings, the market will struggle. Global monetary policy is being tightened and in all likelihood there is further to go, the extent depending on which economy you are looking at. Recent downgrades to economic growth (both historical and forecast) have also exacerbated this situation while geopolitical issues have added to market uncertainty.

Even so the basic fundamentals for global equity markets still appear sound and we expect returns in the high single digits from this sector for this financial year. The Japanese economy is continuing to improve as is the European economy while South-East Asia remains strong. The recent softening in the oil price, assuming it persists, will also assist in stimulating consumer sentiment and in reducing inflationary pressures over time.

Update on Proposed Superannuation Legislation

There has been further clarification of the proposed superannuation rules that were announced in the budget on the 9th of May 2006. We thought we would refresh your memory on the proposed budget changes and update you on some of the **changes** since the 9th of May 2006 announced by the Government.

One million reasons to contribute to superannuation –

The Government announced on the 5th of September 2006 that you will be able to contribute up to \$1,000,000 into superannuation prior to the 1st of July 2007 as a personal after tax contribution or more commonly known as an undeducted contribution, providing you still meet the eligibility criteria to contribute.

This is an excellent opportunity to arrange your affairs and potentially take advantage of this limit prior to the 1st of July 2007 changes.

From the 1st of July 2007, there will be a limit of how much you can contribute to superannuation as an undeducted contribution. If you are aged under 65 this limit will be capped at a maximum of \$450,000 over a 3 year period. After age 65 the limit will be \$150,000 each year as long as the work condition is met.

Contribution Rules -

The Government plans to simplify the rules for deductible contributions. These include employer contributions, self-employed contributions, superannuation guarantee contributions and salary sacrifice contributions. From 1 July 2007, age based deduction limits will be abolished and a universal limit of \$50,000 per person of deductible contributions will be allowed each year. This amount will be indexed each year in increments of \$5,000 in line with AWOTE. A transitional period for people aged over 50 will apply. If you are over 50 you will be allowed to contribute \$100,000 each year up to the year ended 2011/2012. This amount will not be indexed.

Self-Employed Contributions –

The budget also sought to even up the playing field for self-employed superannuation investors by extending a dollar for dollar deduction up to \$50,000 per person per financial year. This will remove the \$5,000 plus 75% of the balance rule for self-employed superannuation contributors.

In addition to this, the government announced its proposed extension of co-contributions to the self-employed. Income for the co-contribution test will be calculated by taking assessable income and reportable fringe benefits less business expenses.

Deductible contributions to age 75 –

Under the proposed changes, the government has also announced it will extend deductions for superannuation contributions up to age 75 from age 70. The work test will still apply.

Abolition of compulsory cashing rules -

There is no longer a requirement to cash out your superannuation or convert it to a pension once you turn age 75.

Penalties for exceeding the contribution limits –

All contributions in excess of the relevant caps will be taxed at a rate of 46.5%. However, the tax bill for these excess contributions will be sent to the relevant individual. The individual will be allowed to release funds from super to meet this cost.

Abolition of Reasonable Benefit Limits –

From 1 July 2007 Reasonable Benefit Limits will be abolished.

Pension Income tax free –

If aged over 60 and in pension phase, all pension income received will be tax free from the 1st of July 2007. In addition any capital commutation made from superannuation or allocated pensions after age 60 will also be tax free.

These are some of the rules that we believe are relevant to our members however there are many more changes that are also being proposed which we have not discussed above eg: changes to Centrelink and changes to asset test exempt products.

We would strongly advise you to contact Brendan Tanwan or Sue Winsor from MAP Financial Planning Pty Ltd if you should have any queries about the above rules or how they will affect you.

For the Australian economy the outlook is a little less optimistic. Strong employment continues and household spending remains firm, however the effect of higher petrol prices and recent interest rate increases are yet to fully work through the economy. Recent corporate profit reporting has been good and has met market expectations in general, but outlook comments have been softer, and consequently there has been a lack of any positive growth momentum and profit upgrades. As well, inflation has been above the range targeted by the Reserve Bank of Australia and consequently if consumer demand continues to remain strong we are likely to see further interest rate increases. Our expectation is for mid to high single digit returns from this market over this financial year (but then again 12 months ago

we did not expect 20% plus returns from the Australian market for 2005/06 as in fact occurred).

Over the much shorter term, our expectations are for considerable volatility in all equity market returns, with the overall outcome being neutral. This is similar to what has occurred over the past 4 months and for this reason we have been, and are continuing to run a more defensive investment portfolio on behalf of our members. We expect conditions to become clearer over the full financial year, and so ultimately yield mid to high single digit returns for all our investment pools.

New MAP Product Disclosure Statements Available Now!

MAP has created a new look and feel for our 2006 Product Disclosure Statements (PDSs). These booklets provide you with all the information you need to know about MAP's investment products. We have rewritten the PDSs to make them simple and transparent so members can have a good understanding of their MAP product.

We hope you like the new 'clean' look and encourage you to request a copy for your perusal by contacting MAP. Alternatively, log on to www.mapfunds.com.au for a closer look.

PDSs are available for:

- MAP Superannuation Plan
- MAP Pension Choices
- MAP Pooled Superannuation Trust
- MAP Australian Equity Fund



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MAP Super Plan Insurance Cover Questions & Answers

The following questions are intended to assist you in understanding the insurance cover that is provided under the MAP Superannuation Plan. Any cover you may have in the Plan is always subject to the terms and conditions of the insurance policy owned by the Plan and under which your cover is insured by the Plan.

What type of insurance cover is provided by MAP?

You may have either death cover only, or death and total and permanent disablement (TPD) cover. The TPD cover can be for an amount equal to, or less than the death cover sum insured, but cannot exceed it.

When is the death cover sum insured paid?

The death cover sum insured will be paid in the event of your death occurring whilst you are an insured member of the Plan (see questions "When does cover commence?" and "When does cover cease?").

What does Total and Permanent Disablement (TPD) mean?

The meaning of Total and Permanent Disablement as it applies to your insurance is dependent on the number of hours that you are working in the six months prior to becoming totally and permanently disabled.

If you are Gainfully Employed for an average of at least 15 hours per week for six (6) months prior to the date of disablement, Total and Permanent Disablement shall have the following meaning:

1. TPD means you are suffering the loss of two limbs or the sight of both eyes or the loss of one limb and the sight of one eye (where limb is defined as the whole hand or the whole foot), or
2. You have been absent from your Occupation through Injury or Illness for six (6) consecutive months and having provided proof to the Insurer's satisfaction that you are incapacitated to such an extent as to render you unable ever again to engage in or work for reward in any occupation or work in which you are reasonably capable of performing by reason of education, training or experience.

If you are not Gainfully Employed for an average of at least 15 hours per week for six (6) months prior to the date of disablement, Total and Permanent Disablement shall have the following meaning:

1. TPD means you are suffering the loss of two limbs or the sight of both eyes or the loss of one limb and the sight of one eye (where limb is defined as the whole hand or the whole foot), or
2. You are constantly and permanently unable to perform at least two (2) of the Activities of Daily Living without the physical assistance of someone else.

If you can perform the activity on your own by using special equipment you will not be considered as being unable to perform that activity.

The Activities of Daily Living are:

1. Bathing and showering
2. Dressing and undressing
3. Eating and drinking
4. Maintaining continence with a reasonable level of personal hygiene
5. Getting in and out of bed, a chair or wheelchair, or moving from place to place by walking, wheelchair or walking aids.

Gainfully Employed means being employed or self-employed for income or reward in any business, trade, profession, vocation, calling or employment on a permanent or a permanent part-time basis.

Occupation means your principle employment or activity from which you derive an Income.

Will cover apply to medical conditions that exist prior to the insurance commencing?

No, pre-existing conditions are excluded under the policy.

What are the exclusions that apply to insurance cover?

The standard exclusions under the policy are:

1. **War or service in the armed forces**
No Benefit will be paid under the Policy if the event giving rise to the claim is caused directly or indirectly by War or your service in the armed forces of any country, while insured under this policy.
2. **Pre-existing conditions**
A Benefit will not be paid if the claim results directly or indirectly from a Pre-existing Condition, unless the insurer agrees otherwise. Pre-existing condition means an illness or injury for which symptoms existed that would cause a reasonable and prudent person to seek diagnosis, care or treatment from a registered doctor or for which medical advice or treatment was recommended by, or received from, a registered doctor, prior to commencement of cover.

Please also see the question "When does Death by Accident cover apply?" for the exclusions that apply specifically to that cover.

Is the cover applicable world wide?

Subject to the terms of the policy, cover will apply 7 days a week worldwide. However, you will not be covered while in a country whereby the Department of Foreign Affairs and Trade (DFAT) website (www.smarttraveller.gov.au) had advised not to travel, or advised to reconsider your need to travel. Cover will cease from the time that you enter any so-mentioned country by crossing its immigration boundaries, and will recommence upon crossing the immigration boundaries and exiting that country, if that country was so named upon your departure from Australia.

What is the maximum cover that can be arranged?

You may apply for up to \$2,000,000 of cover. In order to do so, you will be asked to provide evidence of health which will include completion of a Personal Health Statement and may also include blood tests and medical examination by a doctor. The actual requirements will depend on your age and the level of cover requested and will be confirmed for you on request. The insurer reserves the right to request further health evidence as it reasonably believes necessary in order to process your application.

How are premiums calculated?

Premiums are calculated each year with reference to your age, your gender, your sum insured and the table of rates contained in the current Product Disclosure Statement. If you have been advised of an additional loading that is applicable to your cover, then this will also be applied. The cost of the insurance is deducted from your superannuation account.

When does cover commence?

You are eligible for cover if you are a member of MAP Superannuation Plan and either, regular contributions of an annual amount in excess of the insurance premium are being made to the Plan or, your account balance in the plan exceeds \$5,000.

If you first join the plan after 30 April 2006 and you are eligible for cover, then cover is automatically provided to you on joining, unless you request not to have cover.

If you were a member of the plan at 30 April 2006 and you had not previously applied for cover, then your cover commenced on 1 May 2006 unless either, you were not eligible for cover at that date, or you requested not to have cover.

If you were a member of the plan at 30 April 2006 and you had previously been accepted for cover, then any increase in that cover up to \$500,000, if requested by you as part of the new insurance offering, would have been effective as at 1 May 2006 and included any restrictions or special conditions that applied to your original cover.

If you apply for cover after having previously declined it or at a date other than when you first join the plan, or if you apply for an increase in cover, then that new cover will commence only when advised to you in writing.

When does Death by Accident cover apply?

If you are required to provide evidence of health in order to be provided cover or in respect of an application for increased cover, you may be provided with Death By Accident cover. The Death by Accident cover shall commence when the insurer receives your properly completed Personal Health Statement.

The cover is provided in the event of an Accident which results in your death, for the amount of the Benefit that is subject to assessment of health evidence, or up to a maximum amount of \$1,000,000, including any death cover that you already have and that is not subject to assessment.

Accident means the occurrence of an injury that can be proved to have been caused directly and solely by some violent, external and visible means, subsequently causing death or TPD.

1. Accident shall specifically exclude death or TPD: arising out of, or contributed to in any way by, any Pre-existing Condition, illness, disease, Injury, gradual physical or mental deformity, or infirmity known to you at the effective date of their cover under this policy; or
2. Arising where you deliberately assumed the risk, irrespective of whether you intended or contemplated the results of your actions.

Where there is any doubt as to the cause of the death or TPD sustained as a result of an accident, the cause will be considered to have been as a result of an illness.

Death by Accident Benefit ceases on the first to occur of:

1. ninety (90) days after the date the Death by Accident Benefit commenced;
2. the insurer completes the assessment of the application for cover and accepts, limits, defers, applies special conditions or declines the cover;
3. you withdraw your application for cover or you cease to be a member;
4. you reach age 70;
5. your death;
6. when a Death by Accident Benefit is paid to you; or
7. the Policy terminates.

When does cover cease?

Your cover will cease on the first to occur of the following:

1. you reach the Maximum Insurable Age, which is age 65 in respect of Total & Permanent Disablement (TPD) cover and age 70 in respect of death cover;
2. you commence active duty with the armed force of any country (this does not include regular activities of the Navy/Army/Air Force Reserves);
3. your death;
4. you are paid a TPD Benefit;
5. in respect of Terminal Illness cover, you reach age 70, you die, or the Terminal Illness Benefit is paid, whichever occurs first;
6. you cease to be a member of the MAP Superannuation Plan, or on any Due Date, if your account balance is less than \$5,000 and contributions received by MAP Superannuation Plan in the previous 12 months are insufficient to pay the premium due in respect of you; or
7. 30 days or more after the Due Date for payment of a premium if that premium or instalment of premium has not been paid. MAP pays the annual premium on behalf of members on 1 April each year to ensure your cover does not cease. Therefore, provided your account balance has sufficient funds, your insurance will be deemed to be paid. MAP will notify you before 1 April if your account balance is insufficient to cover your annual insurance premium.

For cessation of Death by Accident cover, see the question "When does Death by Accident cover apply".

