

Industry super for workers in the timber, pulp and paper, furniture and joinery industries.



Members First

October 2009 Update for First Super Members



Michael Baldry,
First Super Member, Artline Kitchens, Smeaton Grange

Your industry fund

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For full information, call 1300 360 988
or visit www.firstsuper.com.au for a
free copy of our Annual Report.

✓ Low fees

✓ No commissions

✓ Run only to benefit members

Your industry fund

- Furniture, Pulp & Paper and Timber industry funds successfully merged 30 June 2008
- 77,000 members and \$1.3 billion in members' funds
- Enhanced benefits and improved services for many members

Like the funds that came before it, First Super is a proudly not-for-profit fund run only to benefit members. It does not pay commissions to financial advisers.

Extra benefits

For many members the merger provided additional benefits, such as:

- » More investment options (see page 5)
- » Expert financial planning advice (see back cover)
- » Enhanced insurance options (see page 7)
- » Allocated pension products (see page 7)
- » Assistance from First Super Coordinators
- » A dedicated Call Centre 1300 360 988

Focused on our industries

First Super remains focused on meeting the retirement savings needs of workers in our industries.

- » Support for members, their families and communities
- » Regular visits to workplaces and regional centres

- » On-site advice and support when redundancies announced
- » Low-cost financial planning for members approaching retirement

First Super is the official sponsor of:

- » Mt. Gambier & District Junior Cricket Association
- » Oberon Junior Rugby League
- » Industry training and design awards
- » Key industry events

Investing in our industries

First Super understands our industries, the investment opportunities within them, and the potential benefits for our members.

The Fund's investments include companies within our industries, and we are currently exploring further investment opportunities in the timber and pulp and paper sectors.

Industry super funds are run only to benefit members. First Super:

- ✓ Charges low fees*
- ✓ Pays no commissions to financial advisers
- ✓ Pays no dividends to shareholders
- ✓ Supports and invests in Australian industries

* Please refer to the First Super PDS for details of fees that we charge.



Co-Chairs' message

- Global financial crisis affected many super funds, including First Super
- Share and property markets tumbled, credit markets froze, interest rates were slashed
- Investments to be adjusted to reduce future investment risk

As with most superannuation funds, First Super's performance and returns to members for the 2008/09 year suffered from the impact of the global financial crisis and falling investment markets.

Negative returns were recorded in three of our four investment options, as shown in the table below. The Directors of the Fund are very disappointed with these results. We also understand how

this has affected members, particularly those of you who are closer to retirement.

In last year's report, we advised that there were challenges ahead for us as Co-Chairs and Directors, particularly the need to focus on, and constantly review, various Fund strategies in a concentrated effort to achieve improved results for members in the times ahead.

As a consequence, the Board has decided to adjust the asset allocations of First Super's investment options, to achieve an outcome that will both generate reasonable returns for members and at the same time minimise the chance of losses. As you will see on page 5, we are implementing this strategy from 31 October this year.

Members are also reminded that First Super provides access to a full-time financial planner who is available to meet with you to

discuss your superannuation, retirement and investment strategies.

In concluding, we would like to thank you, our members and employers, for your support. Although the past year has been a very difficult and disappointing one, we assure members that we will continue to represent your interests as Directors of First Super, and work even harder for our members through these most challenging but hopefully improving times.

Michael O'Connor

The Construction Forestry Mining & Energy Union, Forestry & Furnishing Products Division

Allan Stewart

Timber Trade Industrial Association

2009 Returns

Super Members

This table shows the crediting rates for each First Super investment choice option*.

Investment Option	2008/2009 Crediting Rate	Compound 5 year crediting rate	Compound 10 year crediting rate
Growth (default option)*	-14.44%	+4.3% p.a.	+5.1% p.a.
Conservative Growth	-9.52%	N/A	N/A
High Growth	-19.81%	+2.8% p.a.	N/A
Capital Stable	+3.34%	+4.3% p.a.	N/A

Pension Members

This table shows the crediting rates for First Super allocated pension members*.

Investment Option	2008/2009 Crediting Rate	Compound 5 year crediting rate	Compound 10 year crediting rate
Growth (default)	-15.69%	+4.9% p.a.	N/A
Conservative Growth	-10.40%	N/A	N/A
High Growth	-21.51%	N/A	N/A
Capital Stable	+3.95%	N/A	N/A

Note: *The 5 year rates shown are based on the crediting rates for similar investment options in the former Timber Industry Super Scheme (TISS) up to 30 June 2008, and First Super for 2008/09 – 'n.a.' indicates that there were no similar investment options available in TISS 5 or 10 years ago. Past performance is not a reliable indicator of future performance. Rates are not guaranteed and may rise or fall in the future.

Most Fund members are invested in the Growth (default) option.

Investing your money

First Super invests for the long term, avoiding constant changes to our portfolio trying to 'time' markets (i.e. pick the top and bottom of market cycles).

Investment objectives:

- Generate earnings over time
- 'Hold on' through market lows
- Reap the rewards when markets rise. For example, returns were positive from March to August 2009, when share markets turned up.

Protection through diversification

Superannuation funds invest in a range of assets, to spread investment risk.

Diversified investment portfolios have historically delivered strong returns over the longer term, and provided a buffer against losses by the worst-performing asset classes.*

Risk & Return

You can choose a different investment strategy from the default (Growth) option by selecting one or more of First Super's other investment options.

Investment risk and reward are related:

- » 'Growth' assets (e.g. shares, property) go up and down in value over the short term, but have generally outperformed other investments over the long term.*

- » 'Defensive' assets (e.g. cash, fixed interest) tend to move less, but deliver lower returns over time.*

If you value security over the risk of trying for a higher return, then a portfolio with more defensive assets may suit you. This may be a consideration for members approaching retirement.

Some members close to retirement do continue to invest in growth assets. They are prepared to accept higher risk in pursuit of higher returns, or intend to transfer their super to an Allocated Pension, giving them a longer investment time frame.

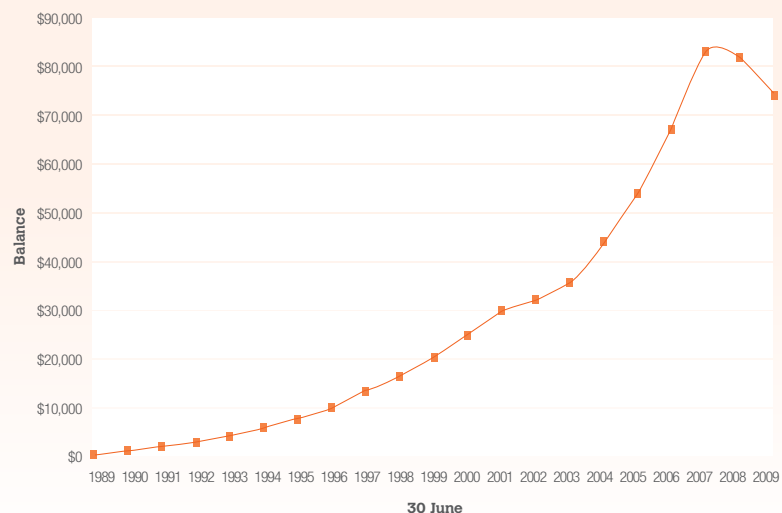
Tax-effective long-term saving

Despite negative returns in 2008/09, the average annual return for First Super's default Growth option, in which most members are invested, has been about +7.9% p.a. since 1989.

The chart shows movements in an account opened on 1 July 1989 in the TISS Fund (now First Super), where the member earned Average Weekly Ordinary Time Earnings and (only) compulsory superannuation contributions were made monthly.

The graph assumes fees of \$1.35/week (higher than actual). Investment earnings are added at the rates actually paid by the default investment option.*

Member since 1 July 1989: Salary at AWOTE and Super Contributions at Compulsory Rates



* Investment earnings change over time. Past performance is not a good indicator of future investment performance.



It's good to know that people from our industry are looking after our super through tough economic times. And it's good to know that I can talk to my super fund about my investment options any time I like.

Barry White, First Super Member, Australian Paper, Maryvale

Responding to members' concerns

First Super responded to the global financial crisis by:

- Directing incoming cashflow to cash investments
- 'Standing out' of extremely volatile investment markets
- Moving to a more defensive investment profile

First Super members expect us to find the right balance between generating reasonable returns and minimising the chance of losses.

Reducing investment risk

The asset allocation of First Super's default option (in which most members are invested) will be adjusted, to reduce the risk of negative returns in future.

This means that First Super's returns may not match those of some other funds when markets boom, but will have a lower risk of losses when markets fall.

Members will continue to have high-growth or more conservative investment options.

Investment education

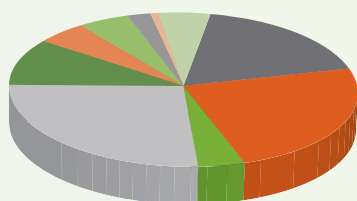
First Super is enhancing its investment education and financial planning services, to help members make investment choices that suit them.

Superannuation remains one of the most tax-effective vehicles for retirement savings and investment.

Adjusted Asset Allocations from 31 October 2009

Balanced (Default)

60% Growth / 40% Defensive



Australian equities	24%	Australian infrastructure	5%
International equities	18%	International infrastructure	5%
Australian private equity	5%	Property	10%
International private equity	1%	Fixed Interest	26%
Timber, pulp & paper, furniture	2%	Cash	4%

Shares Plus

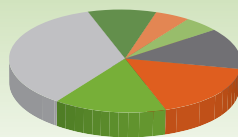
90% Growth / 10% Defensive



Australian equities	42%
International equities	32%
Australian private equity	5%
International private equity	1%
Australian infrastructure	5%
International infrastructure	5%
Property	10%

Conservative Balanced

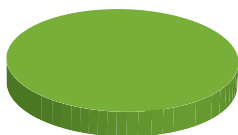
40% Growth / 60% Defensive



Australian equities	17%
International equities	13%
Australian infrastructure	5%
International infrastructure	5%
Property	10%
Fixed Interest	35%
Cash	15%

Cash

100% Defensive



Cash	100%
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The Asset Allocations for First Super's investment choices will be changed on 31 October 2009.

Unless members make an investment choice and notify us of that choice:

- » Accounts in the current Growth option will transition to the new Balanced option.
- » Accounts in the current High Growth option will transition to the new Shares Plus option.
- » Accounts in the current Conservative Growth option will transition to the new Conservative Balanced option.
- » Accounts in the current Capital Stable option will transition to the new Cash option.

Please visit www.firstsuper.com.au or call the Call Centre on 1300 360 988 for more details, and for information and assistance if you wish to choose or change alternative investment options.

2008/2009

Abridged Financial Statements

The audit of First Super's financial statements has been completed, and a clear audit opinion has been received. Copies of the Annual Report, audited financial statements, auditor's report, Trust Deed or any other prescribed documentation are available on request by calling 1300 360 988 or emailing mail@firstsuper.com.au

Statement of Financial Position as at 30 June 2009	30 June 2009 (\$)	30 June 2008 (\$)
Assets		
Investments	1,268,476,391	1,449,094,031
Other assets	32,260,818	976,677
Total assets	1,300,737,209	1,450,070,708
Liabilities		
Trade and other payables	(3,374,530)	(2,979,726)
Benefits payable	(2,498,486)	(252,749)
Current tax liabilities	(2,645,279)	(5,345,660)
Total liabilities	(8,518,295)	(8,578,135)
Net assets	1,292,218,914	1,441,492,573
Represented by liability for accrued benefits		
Members' funds	1,285,220,102	1,438,413,021
Reserves	6,998,812	3,079,552
Liability for accrued benefits	1,292,218,914	1,441,492,573

Operating Statement For the period ended 30 June 2009	30 June 2009 (\$)	30 June 2008 (\$)
Revenue from investments	(220,817,771)	(40,353,372)
Revenue from contributions	155,641,462	76,634,985
Other revenue	6,735,777	2,425,400
Total revenue	(58,440,532)	38,707,013
Total expenditure	(18,901,792)	(10,145,356)
Benefits accrued before tax	(77,342,324)	28,561,657
Tax expense	11,088,188	(1,595,627)
Benefits accrued after tax	(66,254,136)	26,966,030



I've always had insurance cover... I didn't realise how much my other fund was charging me. Now I'm with First Super, I get more cover at a much cheaper rate... I'm glad I made the switch to First Super.

Sherrie Smith, First Super Member, Carter Holt Harvey, Mt Gambier

Protection against misfortune

Accidents do happen. People get sick.

First Super's insurance can help you to minimise the financial impact on you and your family.

You can have the death, disability (TPD) and income protection insurance cover you need without the hassle or cost of doing it yourself.

Types of cover

Death

is a lump sum benefit paid if you die or are diagnosed with a terminal illness. This money can help pay for your funeral, cover your debts and provide for your dependants.

TPD

is a lump sum benefit paid if you suffer a total and permanent disability. The money can help cover the long-term costs of a disability, including medical treatment, ongoing care and modifications to your home.

Income Protection

is a monthly benefit that replaces up to 85% of your income if you can't work because of sickness or injury. These payments can help you stay on top of your day-to-day expenses.

How much does it cost?

Premiums for these insurance packages are paid out of your super account.

Premiums depend on factors including age, gender and the level of risk in your occupation. You can find out how much insurance you currently have, and how much it costs, by checking your annual super statement or by calling First Super on **1300 360 988**.

You can also apply to increase your cover up to \$2 million, depending on your age.

Conditions apply. For terms and conditions please see a copy of the PDS.

Transition to retirement

If you're 55 or older and haven't already retired, the Transition to Retirement Allocated Pension could allow you to:

- » Keep your net income at its current level and increase your super savings, while reducing tax by salary sacrificing into your First Super account;
- » Reduce your working hours without sacrificing lifestyle, since your salary is supplemented by regular payments; or
- » Get access to additional income while you're still working.

You can currently withdraw between 2% and 10% of your starting account balance in any financial year. You can vary payments to suit yourself, and continue to receive a pension when you retire.

If you have already retired or are just about to retire, the First Super Allocated Pension lets you convert your superannuation into tax-advantaged regular income in retirement that you can access at any time.

If you would like more information on First Super pensions and a Product Disclosure Statement, call us on **1300 360 988**.

Plan to get ahead

Take control of your super

First Super offers members a choice of four investment options for your superannuation savings:

- » The default fund, with about 60% in growth assets
- » A high-growth option, invested mostly in shares
- » A more conservative option, with about 60% defensive assets
- » A 100% cash option.

With you in tough times

First Super regularly visits workplaces to support and advise members:

- » Facing redundancy
- » Coping with reduced working hours
- » Needing financial advice.

Please call **1300 360 988** to talk to First Super's Financial Planner.

Financial planning is supplied by IFFP, AFSL 232514

Approaching retirement

First Super, through Industry Funds Financial Planning, offers:

- » Fee-based, commission-free financial planning advice
- » Free initial consultations
- » Low-cost services to members approaching retirement (50 years +)

First Super also offers two Allocated Pension options, both for the lead-up to retirement (if you've turned 55), or for when you're actually retired.

BOOST YOUR SUPER

Putting extra money into super now can help you reach your retirement savings goal.

✓ Make an extra contribution

'Salary sacrifice' contributions deducted from your pre-tax salary are usually taxed in your super account at 15%, which may be lower than the rate of tax on your salary.

Voluntary super contributions made from your take-home pay are generally not taxed again.

Annual limits apply to the amount that can be contributed without attracting additional tax.

Fund members aged 65 to 74 can only make voluntary super contributions if they meet a 'work test'.

✓ Get a free kick from the government

Making a voluntary super contribution could also entitle you to a Government Co-contribution. Provided that you meet the new conditions imposed by the Government, you may be eligible to receive a co-contribution of up to \$1,000 in the 2009/10 year, and more in future years. Contact the Fund or read the Annual Report for more detail.

✓ Find your lost super

Millions of dollars are lost in the superannuation system each year.

If you've changed jobs, moved around a lot or changed your name you may have lost touch with some of your super.

For further details on boosting your super, contact First Super on **1300 360 988**.

Need help?

For information or assistance regarding your super account, please contact us:

Tel: **1300 360 988** (8.45am to 5.15pm EST weekdays)

Email: mail@firstsuper.com.au

Web: www.firstsuper.com.au

First Super's Coordinators are available to help with more complicated issues. They can speak with you over the phone or visit your workplace. First Super's Financial Planner is also available to discuss the financial planning services available to you.

