Deloitte Superannuation Fund
Product Disclosure Statement

Part B - Guide to investment choice

To be read with:

- Part A – Member booklet
- Part C – Fees, charges, tax and other additional information.

Issue date: 1 July 2005

The issuer of the Deloitte Superannuation Fund Product Disclosure Statement is:

DTT Staff Superannuation Pty Limited
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which is the Trustee of the Deloitte Superannuation Fund

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Product Disclosure Statement, Part B

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Product Disclosure Statement

Part B - Guide to investment choice.

Important note

This document forms part of the Product Disclosure Statement (PDS) for the Deloitte Superannuation Fund (Fund) which consists of the following parts:

Part A – Member booklet
Part B – Guide to investment choice (this document)
Part C – Fees, charges, tax and other additional information.

If you have not received all three parts, please contact Deloitte HR Services or the Fund Administrator to obtain the most up to date copies.

You should read all three Parts (Parts A, B and C) of the PDS before making a decision about this product.

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Every care has been taken with the information provided in this PDS. However, the Trustee of the Fund reserves the right to correct any error or omission. If there is any discrepancy between this PDS and the Trust Deed and rules, the Trust Deed and rules will be the final authority. The information in this PDS is general advice only. It does not take into account your personal investment objectives, financial situation and particular needs. It is not intended to be, nor shall be deemed to be, construed as legal, financial or taxation advice nor is it intended to the take place of a professional investment adviser. We recommend you seek advice from your own professional financial adviser who will assist you in making your choice with reference to your own personal circumstances before making any decision affecting any aspect of your membership of the Fund.

Issued by DTT Staff Superannuation Pty Limited ACN 085 239 872, Trustee of the Deloitte Superannuation Fund.

1 July 2005

People today are tending to retire earlier and live longer than they previously did. In combination, these trends have dramatically extended the length of time most people will spend in retirement. For those who can afford it, this is good news. But it also means that it's more important than ever to ensure you have enough to live on in retirement which may be for 30 years or more.

The key to a financially comfortable retirement is to manage your income wisely during your working life, always trying to strike the right balance between current spending and investment for the future. Of course, the trade-off between your current and future needs will vary according to changes in your lifestyle and personal circumstances. But one thing is certain – the decisions you make about your super today will have a big impact on your lifestyle in retirement.

As a member of the Deloitte Superannuation Fund (Fund) you have a choice of investment options for your super. Your choice is important because over time, the returns from the different options can vary substantially. To select the option or options most suitable for you, you first need to understand some basic investment principles, including the importance of setting investment objectives and defining your investor profile.

This guide will help get you started. It explains the general principles of investing in a simple and straightforward manner and also explains the investment options available to you as a member of the Fund. We hope you find it useful.

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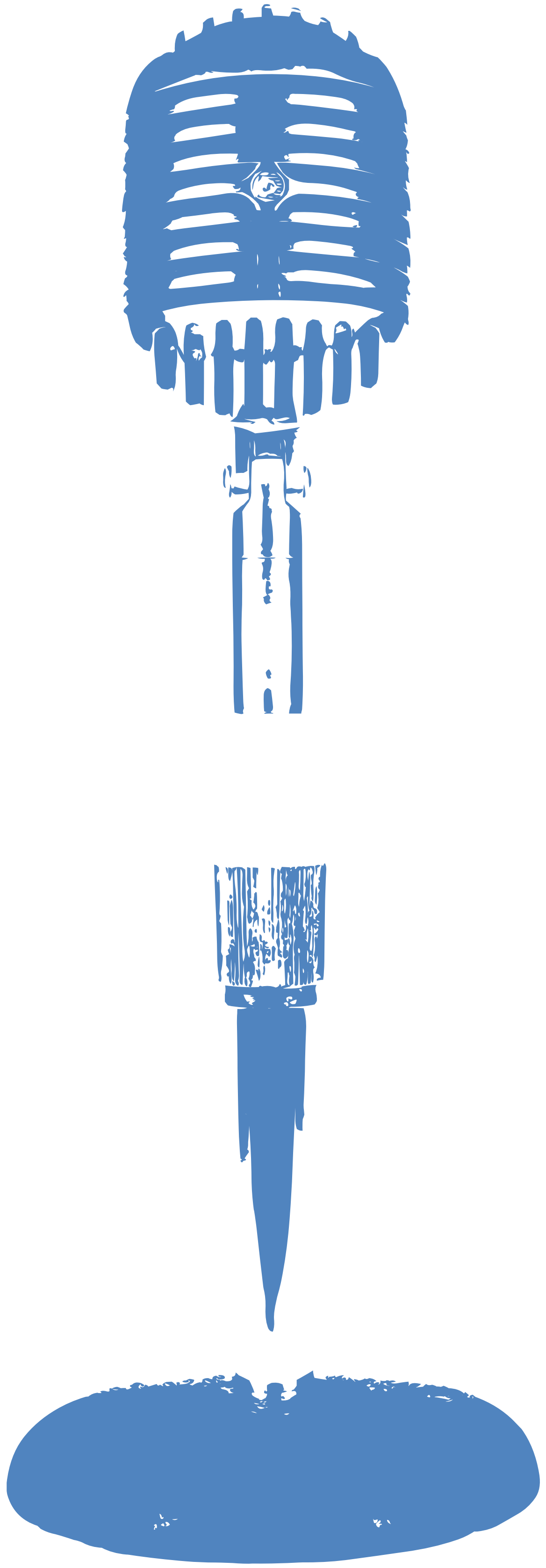

Contents

Introduction to investment principles

The four asset classes

There are four main investment sectors or asset classes in which the Fund invests: cash, fixed interest, alternative assets and shares (including international shares). Each of these asset classes has certain risk and return characteristics that make it more or less attractive depending on your personal circumstances, age, timeframe and objectives.

These four asset classes are used to form the basis of the funds' investment options that members are offered. (Refer pages 14 to 16)

Cash

Cash investments offer a high level of security. Traditionally however, cash provides the lowest return of all asset classes over the long term. It is usually an attractive option when you have a very short investment timeframe and you want a stable return. Cash investments typically include bank deposits and short-term money market investments with a maturity date less than one year. Although cash is considered to be a very low-risk investment, this can be misleading because cash investments offer little protection against inflation.

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Fixed interest or bonds

Fixed interest investments or bonds are a loan agreement between a borrower and a lender. The borrower (usually governments, banks or companies) promises to pay the lender (the investor) regular interest payments over the term of the investment, and return the original amount invested (the principal) at the maturity date. The market price of the bond varies according to movements in interest rates. If interest rates rise, then bond prices fall and vice versa. Although bond prices fluctuate, they are generally less risky than property or share prices and for this reason they usually offer a lower return. Bonds are often the main investment for more conservative investors because of their comparatively reliable returns and low risk.

Alternative Assets

Alternative assets are investments that may be considered as alternatives to traditional assets such as shares and fixed interest. Alternative assets include:

- traditional but less liquid assets, such as property and infrastructure
- investments in traditional assets that use non-traditional investment techniques, such as absolute return funds
- non-traditional investments, such as commodities.

Different alternative assets have different risk and return characteristics, but typically they are uncorrelated with traditional assets, have low risk but offer the potential for high returns. Alternative asset managers tend to focus on producing absolute returns (e.g. 10%) rather than relative returns (e.g. the ASX 200 index + 2%). Some use techniques that allow them to profit from falling markets as well as rising markets.

Alternative asset investments are made both within Australia and overseas.

Shares

Shares represent part ownership of a company. If shares are listed, it means they may be bought and sold on a stock exchange. Owning shares in a company entitles the investor to a proportion of the profits, distributed in the form of dividends. The total return to the investor consists of dividends (income) and increases in the share price (capital gain). Share prices can be very volatile. Historically, shares have offered the best returns of all the asset classes over the long term, but there are no guarantees.

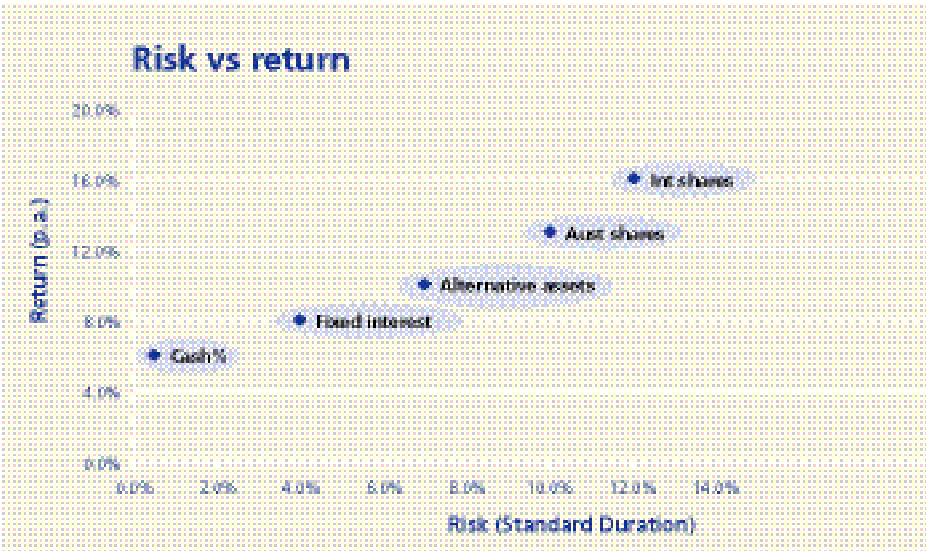
Asset class	Advantages	Disadvantages
Cash	Your investment is secure and returns are normally positive	Rates of return may be lower than inflation
Fixed interest/Bonds	Returns are generally higher than cash with limited risk and less volatility than shares	Moderate returns with moderate capital growth. Subject to market movements. Returns can occasionally be negative
Alternative Assets	Diversification from traditional asset classes along with strong, stable returns	Less mainstream investment with possible liquidity problems. Returns can occasionally be negative
Australian shares	High returns achieved over the longer term above other Australian asset classes	Share markets are volitile and short-term losses can occur
International shares	Greater exposure to wider market and generally higher returns achieved over the longer term than the Australian market	International shares can be the most volitile investments as they are also affected by currency movements along with geographical and political impacts

The four asset classes are often divided into two broad groups – *growth* and *income*. Shares and property are commonly known as *growth* assets because most of their return comes from increases in market value, rather than from income. The income they do provide, through dividends and rent, is usually a much smaller proportion of the overall return than the capital gain or growth component.

Cash and fixed interest are called *income* investments because their returns are made up almost entirely of interest income. They are also called *defensive* assets because they generally don't experience the large fluctuations in price that you often find in share and property investments.

Typical risk versus return analysis of each asset class

This is a general picture of risk versus return which is not measured over a specific time period and should not be relied upon as an indicator of future risk or performance.



Source: Aon Consulting Pty Limited

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Spread your risk by diversifying your investment

Diversification means spreading your investments across a number of different asset classes to reduce the impact that a poor return in one class may have on your overall return. This strategy works because, historically, different asset classes perform better at different times in the economic cycle. For example, cash and fixed interest investments tend to do better during periods of high interest rates.

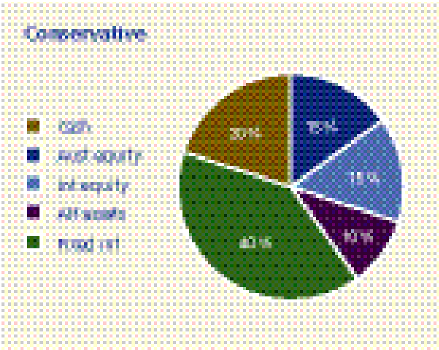
Of course, it is very difficult to predict movements in the economic cycle so generally the most reliable strategy is to spread or *Diversify* your investment across a number of asset classes. By holding a cross-section of all asset types, a diversified range of investments (called a *portfolio*) should provide a reasonably good return without excessive risk or volatility.

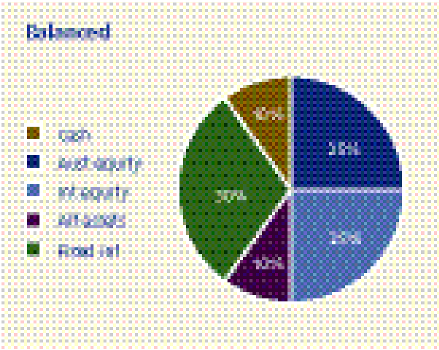
Diversified portfolios typically fall into one of three categories – conservative, balanced or growth. Conservative portfolios hold mainly cash and fixed interest investments, balanced portfolios spread their money evenly across all assets, while growth portfolios hold mainly growth assets. The particular mix of defensive or growth investments is called *asset allocation*.

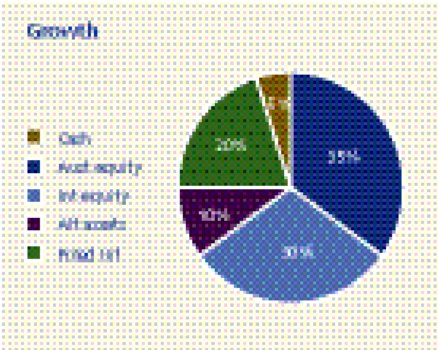
The type of portfolio that's right for you will depend on your individual investment preferences. If you don't like to take risks and you want steady and reliable returns, you are generally considered to be a *conservative* investor who prefers to invest in defensive assets. If, on the other hand, you are willing to take risks in return for potentially higher returns, you are generally considered to be a more *aggressive* investor who prefers to own growth assets such as property and shares. And, of course, you may be in the middle – a *balanced* investor who likes a bit of everything.

Typical asset allocation of a conservative, balanced and growth investment option

These charts provide an indication only of various asset allocations that may apply to different investment options as discussed above. These charts show general asset allocations and are not the Fund's specific options which are detailed on page 15 of this document.







[These charts are provided by Aon Consulting Pty Limited]

Understand the relationship between risk and return

The first rule of investment planning is that you can usually earn *higher returns* by taking *higher risks*. Money deposited in the bank, for example, is generally considered to be the most secure type of investment. It has very little risk because, generally speaking, it will always be there and you will always receive a positive return. This return, however, will usually be much less than other asset classes over the long term.

Shares are considered to be the most risky asset class but over the long term (more than 10 years) they usually provide the highest return. Shares are risky because their returns can fluctuate widely from year to year and short-term losses are quite common. Over time, however, loss-making companies tend to go out of business so in the long run, the share market will largely reflect the performance of profitable companies.

This type of risk is generally known as **investment risk**.

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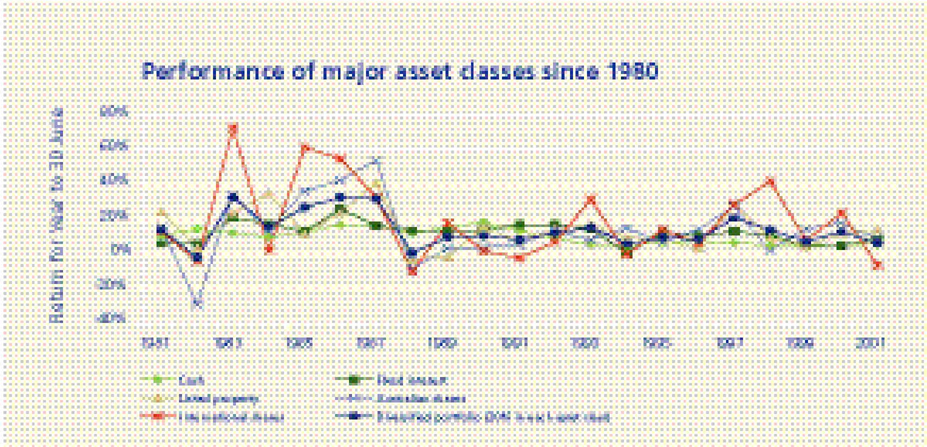
The performance of major asset classes since 1980



[The data in this table was provided by Rainmaker Investment Analytics. Aon Consulting Pty Limited provided the graph]

Important Note: Past performance is not a reliable indication of future performance, which will depend on a variety of factors including future taxation, economic conditions and the performance of the asset classes.

Other significant risks that may affect your investment

Other types of risk that may affect your investment include:

Inflation: Inflation refers to the Consumer Price Index (CPI).

Market Risk: Economic, technological, political or legal conditions, and even market sentiment, can (and do) change, and this can mean that resulting changes in the value of investment markets can affect the value of the investments in the Fund.

Interest Rate Risk: Changes in the interest rate can have a positive or negative impact directly or indirectly on investment value or returns. For example, the cost of a company's borrowing can decrease or increase or the income return on a fixed interest security can become more or less favourable.

Currency Risk: This type of risk arises where investments are made in other countries. If other countries' currencies change in value relative to our dollar, the value of the investment can change.

Derivatives Risk: Derivatives are used to gain exposure to other types of investments when appropriate. Risk associated with Derivatives include the value of the Derivative failing to move in line with the underlying asset, potential illiquidity of the Derivative so that the fund may not be able to meet payment obligations as they arise, and counterparty risk (this is where the counterparty to the Derivative contract cannot meet its obligations under the contract).

Fund Risk: Risk particular to the Fund include the possibility that it could terminate, replacement of the Trustee and change in investment managers.

Changes to Superannuation Law: Changes are frequently made to superannuation law, which may affect your ability to access your investment.

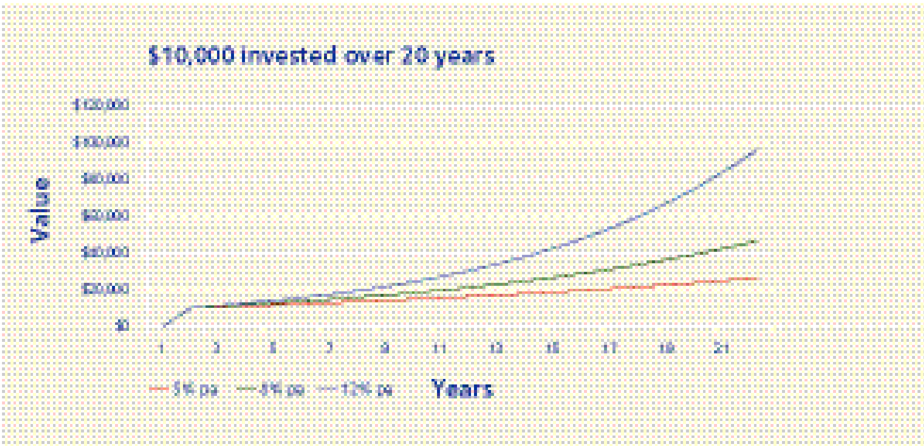
Changes to Taxation: Changes can also occur to the taxation of superannuation, which may affect the value of your investment.

The importance of your investment timeframe … and growth investments

Your investment timeframe will have a big influence on the type of assets in which you invest. Younger investors with longer timeframes can generally afford to take advantage of the higher risk (and higher return) of growth investments. Investors closer to retirement, however, are usually more cautious because they have less time for the share or property market to recover earlier losses.

This need for caution, however, must be weighed against the risk that safe investments may not earn enough to last throughout your retirement. The generally accepted answer is for all investors, young and old, to hold some growth investments in their portfolios and take advantage of the potentially higher returns. As the example shows, a higher return can make an enormous difference to your bank balance.

An example of how different rates of return can impact on your investment:



[This illustration is provided by Aon Consulting Pty Limited]

Important Note: This example is not a reliable indication of the end benefit payable, which will depend upon a variety of factors including future taxation and fees and charges.

Start early … and let compound interest do all the hard work

Naturally, the earlier you start saving, the more you'll accumulate. But sometimes people don't realise just how big a difference getting a head start can make. This is because you have much more time for your money to earn interest, then interest on the interest, then interest on the interest on the interest …and so on. Over time, this compounding effect can have a huge impact on the size of your nest egg, particularly if you start sooner rather than later.

An example of two investors one saves $1,000 a year from the age of 18 to age 35 (ie 17 years) the other saves $2,000 a year from the age of 30 to age 65 (ie 35 years)

Age	Investor 1		Investor 2	
	Contribution	Balance	Contribution	Balance
18	$1,000	$1,000		
19	$1,000	$2,080		
20	$1,000	$3,246		
21	$1,000	$4,506		
22	$1,000	$5,867		
23	$1,000	$7,336		
24	$1,000	$8,923		
25	$1,000	$10,637		
26	$1,000	$12,488		
27	$1,000	$14,487		
28	$1,000	$16,645		
29	$1,000	$18,977		
30	$1,000	$21,495	$2,000	$2,000
31	$1,000	$24,215	$2,000	$4,160
32	$1,000	$27,152	$2,000	$6,493
33	$1,000	$30,324	$2,000	$9,012
34	$1,000	$33,750	$2,000	$11,733
35	$1,000	$37,450	$2,000	$14,672
36		$40,446	$2,000	$17,846
37		$43,682	$2,000	$21,273
38		$47,177	$2,000	$24,975
39		$50,951	$2,000	$28,973
40		$55,027	$2,000	$33,291
41		$59,429	$2,000	$37,954
42		$64,183	$2,000	$42,991
43		$69,318	$2,000	$48,430
44		$74,863	$2,000	$54,304
45		$80,852	$2,000	$60,649
46		$87,320	$2,000	$67,500
47		$94,306	$2,000	$74,900
48		$ 101,851	$2,000	$82,893
49		$ 109,999	$2,000	$91,524
50		$ 118,799	$2,000	$ 100,846
51		$ 128,302	$2,000	$ 110,914
52		$ 138,567	$2,000	$ 121,787
53		$ 149,652	$2,000	$ 133,530
54		$ 161,624	$2,000	$ 146,212
55		$ 174,554	$2,000	$ 159,909

Age	Investor 1		Investor 2	
	Contribution	Balance	Contribution	Balance
56		$ 188,518	$2,000	$ 174,702
57		$ 203,600	$2,000	$ 190,678
58		$ 219,888	$2,000	$ 207,932
59		$ 237,479	$2,000	$ 226,566
60		$ 256,477	$2,000	$ 246,692
61		$ 276,995	$2,000	$ 268,427
62		$ 299,155	$2,000	$ 291,901
63		$ 323,087	$2,000	$ 317,253
64		$ 348,934	$2,000	$ 344,634
65		$ 376,849	$2,000	$ 374,204

*Assumes an earning rate of 8% pa and contributions are made after-tax at the end of the year.

[This example is provided by Aon Consulting Pty Limited]

Important Note: This example is not a reliable indication of the end benefit payable, which will depend upon a variety of factors including future taxation, fees and charges.

Your investment options in the Fund

Investment policy

The Fund allows you to choose from four different investment options.
Each option has a different:

- objective (goal - the level of return the option aims to achieve)
- strategy (way of achieving this goal - the mix and type of assets used to meet the option's objective)
- risk level (the possibility that returns will be negative or vary widely from year to year).

The Trustee:

- uses professional investment managers to invest the Fund's assets
- chooses the investment managers and mix of assets most likely to achieve the investment objectives
- invests in accordance with the objectives and strategies of the individual investment options
- where appropriate, ensures the Fund's assets are spread across a range of investments
- allows investment managers to use Derivatives such as hedging, futures and options to protect the Fund against adverse movements in currency and share markets, but not for 'gearing' the portfolio
- does not invest specifically in socially responsible investments
- ensures adequate assets are kept in cash to meet all current liabilities.

The Trustee has obtained and reviewed the risk management statements of each investment manager used by the Fund. In addition, the Trustee regularly monitors the performance of the investment managers and their ability to meet the Fund's investment objectives.

	Shares option	Growth option	Balanced option	Capital stable option
Objective	To provide a return at least 4% p.a. above the mortgage rate over rolling three year periods	To provide a return at least 3% p.a. above the mortgage rate over rolling three year periods	To provide a return at least 2% p.a. above the mortgage rate over rolling three year periods	To provide a return at least 1%p.a. above the mortgage rate over rolling three year periods
Strategy	Invests solely in shares	Invests approximately 90% of the portfolio in growth investments and 10% in income investments*	Invests approximately 70% of the portfolio in growth investments and 30% in income investments*	Invests approximately 30% of the portfolio in growth investments and 70% in income investments*
Investor Profile	Wishes to invest in local and global share markets, and will accept short-term volatility in returns in order to achieve higher capital growth in the long term	Wishes to invest mainly in local and global share markets, with some exposure to other investments, and will accept short term volatility in returns in order to achieve higher capital growth in the long term	Seeks capital growth over the medium to long term from a diversified portfolio weighted towards growth investments	Seeks some capital growth but prefers stable consistent returns with only moderate volatility
Risk / Return Profile#	Share market investments can be very volatile over the short to medium term but historically, these investments have offered the highest long-term returns	Returns are slightly less volatile than the shares portfolio but can still be very volatile over the short to medium term	There may be some volatility in returns in the short term but they tend to stabilise over longer periods	The most stable returns but generally much lower over the long term than the other options
Benchmark asset allocation##				
Australian Shares	50%	40%	30%	10%
International Shares	50%	40%	30%	10%
Alternative Assets	0%	10%	10%	10%
Fixed interest	0%	10%	30%	60%
Cash	0%	0%	0%	10%

* Growth investments are usually defined as property and share investments and income investments are usually defined as cash, fixed interest and capital protected investments.

None of the options are capital guaranteed – Investment Earnings are not guaranteed and the value of your account balances may rise and fall

Asset allocations may fluctuate due to investment market movements and the Fund's cashflow. The Fund's investments are rebalanced back to the Fund's benchmarks on a regular basis.

If there is a significant change to the asset allocation of one or more of the investment options, we will provide you with written notice within three months after the change occurs.

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More about your investment choice

Financial advice and setting goals

A professional financial adviser can help you organise your personal finances. Among other things, an adviser will review your current financial position, help you set financial goals, and select investments that will help you reach these goals.

You may like to call the Financial Planning Association of Australia on 1800 626 393 for a list of financial advisers in your area.

Default investment option

It is not compulsory to make an investment choice. If you do not make a choice when you first join the Fund, your current balance and future contributions will be automatically invested in the Balanced Option.

Switching between options

Over time, your investment requirements may change and you may wish to switch your investment option.

You may switch once a year on a date that the Trustee chooses at no cost. This will usually be 1 November. Each additional switch will incur a fee of $60 (GST inclusive).

Unit pricing

When you invest in the Fund, you are issued with a number of units. At any point in time, the value of your investment is equal to the number of units in your account multiplied by the current sell Unit Price. The Unit Price reflects the returns earned by the underlying investment managers. The difference between the buy price and sell price is due to transaction costs incurred when individual units are bought and sold.

Unit Prices increase or decrease according to the earnings of the underlying assets in the investment option you have chosen. The Fund's Trustee calculates the Unit Price for each investment option every week based on information provided by the Fund's investment managers. Investment fees and charges are taken into account before Unit Prices are calculated.

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Investment fees and charges

Most of the Fund's investment expenses, including tax on investment earnings, are deducted from the Unit Price before it is calculated.

The investment expenses deducted from the Fund include:

- 15% tax payable on investment earnings. This is the maximum rate of tax and it may be reduced by franked dividends payable on Australian share investments. Of course, the government may change this rate at any time.
- the investment management charges payable to the professional investment managers selected to manage the investments of the Fund. These charges are expressed as a percentage of assets managed.
- the investment manager's transaction costs (also known as buy/sell cost or spread) – when new money is invested with a manager, or when money is redeemed, brokerage fees are incurred. These costs are passed onto the Fund. As the assets are always valued at realisation (or sell) price the costs of buying and selling are effectively incurred up front.
- other expenses associated with managing the investments
- any unrecouped administration expenses

You may have to pay a switch fee if you switch your investment option on a date different from the free switch date chosen by the Trustee (usually 1 November).

See Part C of the PDS – Fees, charges, tax and other additional information for more comprehensive information on fees and charges.

What to do next

To make your investment choice, complete the Member Investment Choice Nomination Form and send it to the Fund Administrator. Upon receipt, the Fund Administrator will write to you to confirm that your investment choice is in place.

Product disclosure statements for the underlying investments

There are a number of investment products underlying the member investment choices you have in the Fund. If you would like to obtain a copy of the Product Disclosure Statement (PDS) for any or all of the investment products please contact the Fund Administrator.

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Common questions about investment choice

Who can make an investment choice?

All members of the Fund have the opportunity to make a choice

How do I make a choice?

Complete the Member Investment Choice Nomination Form available from HR Services or the intranet and return the form to the Fund Administrator. Instructions are on this form.

Do I have to make an investment choice?

No, it is not compulsory to make an investment choice. If you don't make a choice, your super will be invested in the Balanced Option.

What is the purpose of offering investment choice?

Everyone's financial circumstances and objectives are different so it's important that you have the flexibility to choose superannuation investments that can be tailored to suit your personal situation and to complement any other investments you have.

What investment options can I choose from?

The Fund offers four investment options, which are discussed in detail on page 15. The option you choose will be used for both your current account balance and your future contributions.

Can I change my choice once I've made it?

Yes. You can change your choice at any time by completing a Member Investment Choice Nomination Form and forwarding it to the Fund Administrator.

Can I make my own contributions to the Fund?

Yes, you can make voluntary contributions to the Fund at any time. Contact your Pay Office for details.

How much does it cost to switch investment options?

You can make 1 free investment switch per year on a date the Trustee chooses. This would normally be 1 November. Each additional switch will cost $60.

What are derivatives?

Derivatives are contracts that call for money to change hands at some future date. The amount of money is determined by criteria set out in the contract. For example, a contract may say that one person may buy an item from the other at today's price in six month's time, regardless of the market price then. The Trustee does not use derivatives speculatively, and when using them it makes sure that the Fund can pay all associated obligations which come with them from the investments of the relevant option.