

ADVANCE
RETIREMENT
SAVINGS ACCOUNT

Advance Retirement Savings Account
Annual Report 2008

ADVANCE
A member of the St. George Group
INVESTIGATE

In this Annual Report

- 'Advance RSA' and 'Account' are references to the Advance Retirement Savings Account.
- 'Asgard', 'we', 'us' and 'our' are references to:
Asgard Capital Management Ltd
ABN 92 009 279 592
AFSL 240695

Important information

Asgard is the trustee of the Account and has issued this Annual Report. Offers to invest in the Account will be made in or accompanied by a copy of the Product Disclosure Statement (PDS) for the Account. Anyone wishing to invest will need to complete the application form that will be in or will accompany the PDS. Copies can be obtained from your financial adviser or the Contact Centre on 1800 819 935.

The Advance RSA is a complying superannuation fund and an eligible rollover fund. The Advance RSA is not a 'retirement savings account', as defined in the Retirement Savings Account Act 1997 (Cth).

An investment in the Advance RSA is an interest in a superannuation fund which invests solely in bank deposits with St.George Bank Limited (St.George) ABN 92 055 513 070.

As with any investment there is some risk, however, Asgard as Trustee of the Account must ensure that all applicable fees and expenses do not exceed investment earnings credited to investors' accounts. As the Account is a 'capital guaranteed' super fund, as defined under superannuation law, the balance of your Account will not be affected by any negative investment returns. That is, negative investment returns will not be deducted from your Account. While the Advance RSA invests in deposits with St.George, your investment itself is not a deposit with or liability of St.George. Neither Asgard, Asgard Wealth Solutions Limited (AWS) ABN 28 009 143 597, Advance Asset Management Limited (Advance) ABN 98 002 538 329 AFSL 240902, or St.George, nor any member of the St.George Group, in any way stands behind or guarantees the performance of the investment you hold or the Account generally. Asgard, AWS and Advance are wholly owned subsidiaries of St.George which is in turn a member of the Westpac Banking Corporation group of companies (Westpac).

The investment information or general advice contained in this Annual Report is of a general nature only. You should be aware that no account was taken of any investment or personal objectives, financial situation or needs of any particular person and because of that a person should consider the appropriateness of the information or advice having regard to these factors.

Before deciding whether to open or to continue to hold a financial product issued by Asgard or available through an Asgard product or service, you should obtain and consider the Product Disclosure Statement (PDS) or Financial Services Guide for that product or service, available from us or your financial adviser.

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Asgard and Advance

Advance has entered into an agreement with us relating to the establishment and administration of the Advance RSA and under this Agreement, Advance may ask us to retire as the trustee of the Advance RSA and we must do all things reasonably required by Advance to facilitate the appointment of a person nominated by Advance as our replacement.

You will be notified if we are asked to retire as the trustee. When we retire, we will be released from any future obligations in relation to the Advance RSA and the replacement trustee will agree to take on all duties and obligations of the trustee.

Both Advance and Asgard are members of the Westpac group of companies which includes Westpac and St.George. Unless otherwise disclosed in the offer document for the relevant financial product, a financial product or service issued or offered by Asgard or Advance is not a deposit with, investment in, or other liability of, Westpac or St.George, nor any other company within the Westpac Group. They are subject to investment risk, including possible delays in repayment and loss of income and principal invested. Neither Westpac nor any other company within the Westpac Group stands behind or otherwise guarantees the capital value or investment performance of any financial product or service issued or offered by or through Asgard or Advance.

INTRODUCTION

We're pleased to present the Annual Report at 30 June 2008 for the Advance RSA. This report is issued in accordance with the Corporations Act 2001. It contains general information, providing details of the financial position and management of the Account. The report also details how you can obtain additional information about your account.

Any information that you may require (including the trust deed, financial statements and the auditor's report) is available on request by contacting the Contact Centre.

The contact details are:

Advance RSA
PO Box B87
Perth WA 6838

Telephone: 1800 819 935

ABOUT ADVANCE

Advanced thinking...

Advance is the funds management arm of St.George Bank. Since 1984, Advance has partnered with some of the smartest names in funds management – offering a distinct difference for clients through a unique suite of multi-manager and single manager investment solutions. These include single-sector and diversified investment funds, plus superannuation and retirement solutions.

Using a rigorous thinking approach, Advance hand picks top performing fund managers from the global markets, providing you with a focused selection of the best funds from leading fund managers.

Advance does the ground work so that when you invest, you can do it with peace of mind.

RECENT LEGISLATIVE CHANGES

Terminal illness new condition of release of preserved benefits

Over the past 12 months, the Government has taken steps to introduce the tax-free treatment of superannuation lump sums paid to those suffering from a terminal illness. Having a terminal medical condition (as defined) has also been made a condition of release of preserved benefits. Previously, benefits could only be accessed under an existing condition of release (such as permanent incapacity) and were taxed accordingly.

Under the Regulations, a terminal medical condition will exist in relation to a person at a particular time if the following circumstances exist.

- (a) Two registered medical practitioners have certified, jointly or separately, that the person suffers from an illness, or has incurred an injury, that is likely to result in the death of the person within a period (the certification period) that ends not more than 12 months after the date of the certification.
- (b) At least one of the registered medical practitioners is a specialist practicing in an area related to the illness or injury suffered by the person.
- (c) For each of the certificates, the certification period has not ended.

This means that payment of a lump sum benefit from your superannuation fund will be tax-free (ie not assessable income) if you can provide evidence that a terminal medical condition exists at the time the payment is made, or within 90 days from that date. (This may apply if your benefits are initially assessed on the grounds of permanent incapacity but you are diagnosed as having a terminal medical condition within 90 days of payment.)

Same sex changes

Legislation has recently been passed by the Federal Parliament to remove discrimination against same sex partners and their children under superannuation law. The intention is that same sex partners will be treated the same under superannuation law as married or de facto (opposite sex) couples. Children of same sex couples will also be treated in the same manner as children of married or de facto couples. The changes apply from the 2008-2009 income year.

Changes to the administration of temporary residents superannuation

Under legislation, if you are a temporary resident in Australia your superannuation will become unclaimed and payable to the Commonwealth when you:

- no longer hold a temporary visa,
- have departed Australia and if at least six months has passed, and
- have not claimed your superannuation benefit.

Superannuation of:

- Australian citizens,
- New Zealand citizens,

- current holders of a permanent or temporary visa,
- those applying for permanent residency, and
- those holding retirement visas (405 or 410),

is not required to be paid to the Commonwealth and will therefore remain in their super fund.

Temporary residents who fail to claim their superannuation when they depart and have unclaimed superannuation paid to the Commonwealth, can later claim back their money at any time.

ABOUT THE ADVANCE RSA

All administrative, accounting, reporting and audit requirements of the investment are provided for investors through the Account.

We are responsible for the day-to-day management of the Account. Our duties include administering individual investor accounts, organising the payment of benefits, dealing with tax matters relating to your investments and providing you with regular, consolidated reports. When necessary, we will engage external experts, such as accountants and solicitors, to provide assistance. We provide you with detailed information on the individual investment information in relation to your account in consolidated investor reports (issued half yearly). Other information is available on request.

Investor *Online*

Investor *Online* is fast, secure and gives you access to the information you need to know about your account such as account balances, transaction details and insurance details via the internet. Using your account number and Personal Identification Number (PIN), your account information is available in an easy-to-read format by logging on to www.investoronline.info

PRODUCT INFORMATION YOU SHOULD KNOW

Investment objective and strategy

The investment objective of the Advance RSA is to provide security of capital by investing solely in bank deposits with St.George.

Use of derivative financial instruments

The Advance RSA does not invest in derivatives.

Earnings paid to your account

Investment earnings in the account are in the form of interest.

Interest is credited to your account net of all current fees. It is calculated daily on the balance of your account and credited quarterly after the end of March, June, September and December each year.

We credit different interest rates depending on your account balance. This is determined on a tiered basis. That is, a different level of interest will apply to different account balance ranges. The higher your account balance, the more interest you earn, as a higher rate of interest is paid to your entire account balance. We may change the tiers to which different levels of interest apply from time to time.

The rate of interest may vary. Current interest rates and the tiers to which the interest rates relate are available from the Contact Centre on 1800 819 935.

Rate of net earnings

Rate of net earnings (after allowing for 15% tax)

For the year ended June 30	2006*	2007	2008
\$0-\$499	0.85%	0.85%	0.85%
\$5,00-\$999	0.85%	0.85%	0.85%
\$1,000-\$1,499	2.58%	2.82%	3.56%
\$1,500-\$4,999	2.58%	2.82%	3.56%
\$5,000-\$9,999	3.15%	3.39%	4.29%
\$10,000-\$49,999	3.67%	3.92%	4.57%
\$50,000-\$499,999	3.98%	4.30%	4.82%
\$500,000-\$999,999	3.98%	4.48%	4.96%
\$1million+	4.38%	4.58%	4.96%

Annualised returns net of fees and 15% tax.

* The RSA did not commence accepting contributions until May 2006.

Our new insurance partnership with AIG Life Australia

We are pleased to announce a new partnership arrangement with AIG Life Australia (American International Assurance Company (Australia) Limited), a leading insurance provider in the Australian marketplace.

About AIG Life Australia

AIG Life Australia is AIG's (American International Group, Inc) Australian life insurance business. AIG Life Australia is a locally incorporated and regulated company, ultimately owned by AIG, which boasts one of the largest groups of life insurance organisations in Asia.

AIG Life Australia is the fourth largest Group Insurer in the Australian market¹, currently insuring two million members. It is currently in a Group-arrangement partnership with 14 major financial service providers.

The company is well capitalised and has a Standard & Poor's credit rating of A+.

No action required and no disruption of cover

There is nothing that you need to do as part of the transition of cover from TOWER Australia (TOWER Australia Limited), our existing insurer, to AIG Life Australia.

Any insurance you hold today through the Advance Personal Protection Package will transition from TOWER Australia to AIG Life Australia on 1 February 2009.

More importantly, cover is continuous, which means there is no interruption to your existing cover and all terms and conditions remain the same. Until 31 January 2009, any requests for an increase in cover or claims currently in process will still be assessed and processed as normal by TOWER Australia.

As an additional benefit, many investors will enjoy a premium rate reduction from 1 February 2009. The amount of the reduction on Life and Total & Permanent Disability (TPD) premiums may vary depending on age and gender, however the Salary Continuance (two year benefit period) premium rate will reduce by 25%.

Closed accounts

Under the trust deed, if an amount is received for a former member (with a closed account), the Trustee is able to determine that the member is not entitled to some, or all, of that amount. Accordingly, the Trustee has determined that former members will not be entitled to all amounts less than \$50 credited to their closed accounts and these amounts will be applied for the general benefit of all current members of the fund.

¹ Plan for Life Industry Report, year ended March 2008

Refund of contributions tax through the anti-detriment provision

There are provisions within tax legislation that enable super funds, upon the death of a member, to increase the amount of a death benefit ETP to compensate for contributions tax paid on contributions.

It may be paid to the following eligible dependants as part of a death benefit ETP lump sum payment.

- Spouse (married or de facto)
- Child
- Financial Dependant

We've established a reserve to facilitate the making of these refunds. At 30 June 2008, the amount held in this reserve was \$83,139 (2007 - \$87,532). We manage the reserve by holding it in cash as the liquidity is needed to ensure refunds can readily be made on an ongoing basis.

The refund of contributions tax doesn't apply if the ETP death benefit is paid as a pension.

IMPORTANT INFORMATION YOU SHOULD KNOW

Providing information to you electronically

We provide you with the following information electronically.

- Notifications of any adverse changes and significant adverse events affecting your managed investments.
- Notice of any proposal to introduce new fees and/or other costs, or to increase current fees or costs, affecting your account. This includes notice of our intention to receive and retain, as an additional fee for its services, any rebate, fee, commission or other payment in relation to an investment in your account.
- This Annual Report.

We may also use Investor *Online* in the future to provide you with any information (including investor reports) which may be, or may be required to be, sent, given or made available to you under the trust deed or superannuation law.

You will of course also continue to have access to all of this information through your financial adviser and we may still choose to send some or all of this information to you. Additionally, unless you have previously agreed to receive this information and other notifications electronically, you can ask us to send the required information to you in paper form free of charge, by contacting us in advance and placing yourself on our paper distribution list.

Access Investor *Online* at www.investoronline.info. If you've forgotten your Investor *Online* PIN, or have any other queries regarding Investor *Online*, email investoronline@asgardwealthsolutions.com.au

Contributing to your super via the BPAY® payment facility

BPAY is a quick and easy way for you to make deposits directly into your Advance RSA account. All you need is your customer reference number and the relevant Biller Code.

Depending on what type of contribution you're making, there are different Biller Codes that apply when using **BPAY** (see table below).

Contribution type	Biller Code
Super guarantee	68023
Salary sacrifice	68031
Employer	68049
Personal deducted	68056
Personal undeducted	68064
Spouse	68072

® Registered to **BPAY** Pty Ltd ABN 69 079 137 518

Note: by using a Biller Code to make a **BPAY** deposit, you acknowledge that you have received PDSs for the managed investments and cash products in your account and agree to receive PDSs (including information about significant events or matters affecting them) electronically on Investor *Online*. You can access these documents via the 'PDS' menu option on the Investor *Online* homepage.

You can view information relating to **BPAY** and keep track of your deposits online via Investor *Online*.

Professional indemnity insurance

We're currently covered by professional indemnity insurance policies issued by American Home Assurance Company ARBN 007 483 267 ABN 67 007 483 267 AFSL 230903 and other insurers.

ENQUIRIES AND COMPLAINTS

Further financial information, including information about fees and charges and other effects arising from a rollover or transfer of your benefit entitlements, not contained in this Annual Report is available on request.

If you have any enquiries or complaints about the operation or management of one of the Accounts, please contact the Contact Centre via any of the following methods.

Telephone	Freecall 1800 819 935 (8.30am to 7.00pm EST)
Fax	08 9481 4318
Email	investorservices@advance.com.au
Mail	Advance Contact Centre PO Box B87 Perth WA 6838

If you've made a complaint to us about a decision which affects you, and your complaint has not been resolved to your satisfaction, you may have a right to lodge a complaint about the decision with the Superannuation Complaints Tribunal.

The Tribunal is a body established by the Commonwealth Government to review trustee decisions relating to members (as opposed to trustee decisions relating to the management of the fund as a whole). You can contact the Superannuation Complaints Tribunal on 1300 780 808.

FINANCIAL REPORT

The Advance RSA

Superannuation legislation allows us to provide you with abridged financial statements relating to the Account in this Annual Report. A copy of the full audited financial statements for the Account for the financial year ended 30 June 2008 is available from us on request.

ABRIDGED FINANCIAL INFORMATION

Statement of financial position as at 30 June 2008

	The Advance Retirement Savings Account	
	2008 \$'000	2007 \$'000
Assets		
Cash	231,672	281,501
Receivables	1,474	1,248
Total assets	233,146	282,749
Liabilities		
Payables	1,107	1,469
Current tax liabilities	2,509	4,173
Total liabilities (excluding net assets available to pay benefits)	3,616	5,642
Net assets available to pay benefits	229,530	277,107
Represented by		
Liability for accrued benefits		
- Allocated to members' accounts	229,530	275,913
- Unallocated to members' accounts	-	1,194
Total liabilities for accrued benefits	229,530	277,107

Operating statement for the year ended 30 June 2008

	The Advance Retirement Savings Account	
	2008 \$'000	2007 \$'000
Revenue		
Investment revenue	16,927	14,350
Contribution revenue	46,065	103,302
Total revenue from ordinary activities	62,992	117,652
Less: Expenses	4,766	4,441
Benefits accrued as a result of operations before income tax	58,226	113,211
Less: Income tax expense/(benefit) attributable to benefits accrued as a result of operations	4,553	4,849
Benefits accrued as a result of operations	53,673	108,362

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