

Welcome to new members who have joined the OSF since our last *OSF. Our Super Fund* newsletter.

In this newsletter

In this issue, we review what's happened this year in the OSF. Plus we continue the education and information journey started earlier this year.

You'll meet the OSF Trustee Services team – the people who support the OSF Trustee and Board, and who oversee the day-to-day running of our super Fund. You'll also read about how our super Fund invests in Property and the investment Manager for the OSF Property portfolio.

2005 in review

This year's annual report and benefit statement

This year's OSF Members Annual Report looks at how well the OSF performed in 2004/5, what's new and what was done differently this year. 2005 was a very busy and successful year for the Fund.

Your Benefit Statement gives you details of your personal account.

Please take the time to read these important documents. The Annual Report and your Benefit Statement are important documents. They are your main records of the OSF for 2005. Make sure that you read them, and also keep them safe with your important papers. If you have any questions or concerns, you should contact your OSF Member Services team. Details are listed at the back of this newsletter.

Feedback

We hope you find the information contained in the newsletter useful and informative. We are here to help you understand and make the most of your super. Any feedback you would like to give us regarding our member education/communication program would be welcomed.

Please provide feedback to:

OSF Trustee Services
Level 9, 48 Martin Place, Sydney NSW 2000
(CBA 2044 056)
Email: lyn.rogers@cba.com.au

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2005 Highlights

The OSF earned healthy real investment returns – for the second year in a row. For Defined Benefit members, the OSF maintained its very sound financial position.

The earning rate for Division F members for the year to 30 June 2005 (based on the effective or release dates of the unit prices) depends on the chosen investment strategy. The individual investment options achieved the following returns:

Mix Cash	4.7%
Mix 30	9.6%
Mix 50	10.9%
Mix 70	12.2%
Mix 90	13.2%

The OSF has been rebranded to **OSF. Our Super Fund**, following the Trustee Board's review of the value proposition for the OSF.

The competitive position of the OSF has also been reviewed. When compared with other funds, our super Fund is a high quality, low cost fund that provides excellent services to members.

Colonial First State has been appointed as the new administrator for the Fund to administer Division F accounts. There will be a six month transition so that there is no disruption to member services. The transition includes the current OSF Member Services team moving across to CFS. They will also continue to administer the OSF defined benefit divisions, B, C, D and E. The target date for completion is April 2006. The administrator for former CGSSS defined benefit members is Mercer Human Resources Consulting (formerly Mellon Human Resources & Investor Solutions).

Defined Benefit members who previously needed to take their super out of the OSF when they changed jobs or retired can now leave their super in the OSF. Now you can choose to roll over your benefit into the Division F Post employment division. This brings this group of members into line with accumulation members.

Coming in 2006

There are a number of initiatives and new features planned for 2006, which will improve our super Fund. Already the fees for investment switching, transfers-in and other flexibility charges have been removed. Here's a preview of what's already underway for Division F members:

- Expansion of MIC options with four new investment options, Australian Shares, International Shares, Property and Fixed Interest, introduced at the asset class level
- Easy-to-understand insurance arrangements
- Real-time account balances and transactions for Division F members via the Internet.

Look out for news of these improvements in upcoming OSF Newsletters.



Legislative update – recent changes to super legislation

Surcharge eliminated

The Government surcharge tax payable by high-income earners has been removed for the 2005/2006 financial year and onwards. Surcharge still applies for previous financial years.

Reasonable Benefit Limits increased

Reasonable Benefit Limits (RBLs) have increased from 1 July 2005 as follows:

- Lump sum – \$648,946 (increase from \$619,223)
- Pension – \$1,297,886 (increase from \$1,238,440).

New values and brand

This year the Board has reviewed its value proposition and branding. What sets the OSF apart from other Funds is us – the members. The OSF is exclusively for the Bank's employees. It's **Our Super Fund**.

OSF. Our super fund

The OSF value proposition is **"OSF – super that works for us, now and when we retire"**.

The OSF is for Bank employees only and not-for-profit. The Fund has a long history and our experience works for members.

The OSF provides members with:

- ✓ Financial strength and economies of scale
- ✓ Fees that you'll find are competitive in the market
- ✓ Flexibility to choose your investment strategy
- ✓ Dedicated customer service and administration teams
- ✓ Strong, competitive investment returns
- ✓ Insurance cover at group rates
- ✓ Low cost Fund management – we don't pay commissions to financial advisers.

The OSF is for Bank employees – you can only become a member when you start work for the Bank, but you can stay a member and leave your super with OSF if you move on or if you retire. Your spouse can also be a member. It's our super Fund.

The OSF is one of Australia's largest employer-sponsored super Funds – there are over 48,000 members in our super Fund with assets of \$6 billion.

We are experienced and it shows in our returns.

We have our say in how the Fund is run, through your Member Directors, that you help elect to the Trustee Board.

You can always reach us – in person, by mail, by phone, by email and, soon in 2006, for Division F, via the internet.

A brand new look

As the Fund's new brand is progressively rolled out, you'll see subtle changes to our regular communications. The new look and feel has already been introduced with the Division F Product Disclosure Statements, recent Fund Newsletters and the Annual Report and Benefit Statements.

Membership

There are over 48,000 members in the OSF with assets of \$6 billion, making the OSF one of Australia's largest employer-sponsored super Funds.

Learn more about OSF. Our Super Fund

In March 2005, you read the first of a series of education and information feature articles, designed to help you understand the day-to-day running of the OSF, and also the ways your super money is invested.

In this newsletter we feature the Trustee Support Services team, and the asset class we look at is Property together with the Property investment manager that works for the Fund.

Division F super online

Our Fund will soon have full internet access for Division F members.

Internet super will be introduced early next year when CFS has completed the set-up for the Fund's administration.

Division F members will be able to access their own super account and manage it the same way.

You will be in full control of your investment strategy, and the outcomes. You'll also be able to update your personal details, as well as your beneficiaries, quickly and efficiently.

Online super puts you in charge of your account. Just like internet banking – it's up to you if you use it.

More timely unit prices

Our super Fund has completed one of the early milestones of the transition of the administration of accumulation members onto the leading edge investment and member administration platform developed by CFS.

The time taken to calculate unit prices has been reduced from four business days to next day.

This means that there will now only be a one day lag instead of the previous four day delay in setting a price for an investment switch or to pay benefits.

Meet OSF Trustee Services

The Trustee Board is supported by the Company Secretary and a team of staff, known as OSF Trustee Services.

The team is led by Gerard Parlevliet, who is the Company Secretary for Commonwealth Bank Officers Superannuation Corporation Pty Limited and also the General Manager of OSF Trustee Services.

Support for the Trustee Board

This team's main responsibility is to provide management, policy, statutory/compliance and administration support to our super Fund's Board.

This team also is the Fund's day-to-day link to the Fund's administrators, internal and external advisers and external investment managers.

The team also co-ordinates the Board and Committee meetings. The Board of Directors makes sure that members' interests are duly represented and that the OSF is administered according to the Trust Deed and applicable legislation.

APRA licensing

The Fund's APRA licence is the one of the big projects being undertaken by the Trustee Services group for the Trustee this coming year. Trustees must be licensed by 30 June 2006.

As part of the Federal Government's Safety in Super reform package, new legislation requires that all Trustees of a regulated superannuation fund must be licensed, and all superannuation funds must be registered by APRA (the Australian Prudential Regulatory Authority).

The licensing process introduces a number of standards that must be met by fund trustees, including standards relating to outsourcing arrangements and risk management plans and strategies.

Reminder: Member Director election

The Member Director election for 2005 will be held during November. You can have your say in how the Fund is run, through your Member Directors, that you help elect to the Trustee Board.

For the first time, voting will be carried out using an internet site, www.myvote.com.au/OSF.html, established for OSF elections, by Elections Australia Pty Limited.

Voting opens on 14 November and closes on 25 November.



OSF Trustee Services team:

L-R Standing: Tracey Shields, Gerard Parlevliet. Seated: Rob Eades, Yang McLennan, Kimberley Neal. Missing: Dean Willoughby, Lyn Rogers.

Each team member has their own areas of expertise:

- Gerard Parlevliet – Company Secretary & General Manager
- Yang McLennan – Assistant Company Secretary & Executive Manager
- Rob Eades – Compliance & Governance
- Kimberley Neal – Investments
- Dean Willoughby – Policy & Legislation
- Lyn Rogers – Member Communications & Education
- Tracey Shields – Secretariat & Support Services

How our super Fund invests

In March 2005 you read about how the OSF invests in Australian Equities and we profiled Barclay Global Investors (BGI). In this newsletter we take a look at how our super Fund invests in Property and the investment Manager for the OSF Property portfolio.

There are six main asset classes that the OSF has investments in – Australian equities, International equities, Property, Fixed interest, Alternative assets and Cash. In this newsletter we take a look at the Property asset class.

Property

The Property asset class contains investments of many forms and includes different types of properties – office, retail, industrial and mixed. Examples of each property investment type are provided in the table below.

The OSF Property portfolio is diversified across each property investment type, in geographically diverse locations across Australia, and comprises high quality core properties together with diversified exposure to higher return domestic and international property investments. The OSF Property portfolio is focused on achieving a high total return through a strategy of active portfolio and asset management.

Property Investment Type	Example
Office	CBD office buildings
Retail	Shopping centres
Industrial	Warehouses & distribution centres
Mixed	Hotels, Residential developments

An allocation to Property is made in each Member Investment Choice (MIC) option with the exception of Mix Cash. The higher the allocation to growth assets for the MIC option, the higher the allocation to Property. Since the investment performance of Property will usually differ from other asset classes, the inclusion of Property in a portfolio can provide strong diversification benefits, decrease risk and provide strong risk-adjusted returns.

How returns are generated

The returns from the Property asset class are derived from income and capital returns.

The income return is generated from the lease payments that tenants are required to pay to use the property, after the deduction of expenses that the property owner is required to pay (such as council rates, electricity and insurance).

Capital returns are derived from changes in the valuations for the building (and/or land). All properties are revalued once each financial year, spread approximately evenly by value across the four quarters of the year, by an appropriately qualified independent valuer. Variations in capital returns may be as a result of building specific characteristics such as age, condition and location, general market conditions, differing valuation approaches, vacancy rates, tenancy prospects and legislative changes.

Who manages the Property investments for the Fund

The Trustee has appointed Colonial First State Property Limited to professionally manage the Fund's Property investments. A benchmark of the Consumer Price Index (CPI) plus 6% has been set for the property asset class, in recognition of the matching characteristics of lease payments to CPI over the life of a particular lease and the capital gain potential in the long-run through having exposure to this asset class.

More information about Colonial First State Property Limited is provided in the Fund Manager profile on the back page of this newsletter.



Five Key reasons

The Trustee has looked at the main features of our super Fund and what it needs to offer in the Choice of Fund world.

It's important to understand exactly what you are being offered by our super Fund.

So, we have identified 5 main reasons why the OSF is our super Fund, for you and your family, now and in the future.

5 reasons to choose OSF. Our Super Fund

1. OSF is exclusively for Bank employees

The OSF was started in 1916 with the sole purpose of providing financial security in retirement for Bank employees, past, present and future, and dependents. In 2005 there are more than 48,000 members.

2. A track record of long term performance

Today, our super Fund is one of Australia's largest corporate super Funds, with \$6 billion in net assets. OSF members enjoy investment returns that consistently perform well. This translates directly to larger account balances for Accumulation members and security for Defined Benefit members.

3. No fees to join or leave our Fund

OSF members do not pay any fees to join or leave the Fund. We don't pay commissions to advisers. Members are only charged fees calculated to recover the actual cost of running the Fund. The administration fee for Division F members is a flat \$3.10 per fortnight. There are no investment switching fees. There are no administration fees for defined benefit members. There are Family Law transaction fees.

4. Competitive investment management fees

The OSF is a not-for-profit corporate Fund. There is no profit margin built in. There are no markups. We only pay what the Trustee is charged by the investment managers. There is no margin built in to the price of buying and selling units, and every investment switch you make is free.

5. Choices

In our super Fund, we can make many choices and set up our account to suit us. We can choose a range of investment options, we can choose our insurance cover. We have the flexibility to personalise our super to meet our needs.

Choice of Fund

The Government introduced Choice of Fund from 1 July 2005, which enables some employees to choose where they want to invest their super.

The Bank is currently rolling out Choice of Fund progressively to members. The Bank has also chosen the OSF as the default Fund for new and existing employees.

Choice of Fund provides an opportunity for our super Fund to be measured against other funds, both corporate and retail.

The Trustee is committed to ensuring that the OSF continues to be an excellent option for employees in the Choice of Fund environment. The Trustee is confident that our super Fund will compare well with other funds, as our super fund is a low cost, high quality fund that gives excellent service to us – the members.

In June you received a special newsletter to help you understand Choice of Fund and it looked at what you need to know when you consider Choice of Fund. In case you missed it, here's a brief recap on the main points. You can also get a copy of the Choice of Fund Newsletter from the staff super intranet.

When we look at other superannuation funds, it's important to understand exactly what we are being offered. Changing funds is an important decision.

Here's a list of some key things to look at when assessing super funds.

- **Fees** – what are the entry, exit, administration, investment management, withdrawal, contribution, switching fees – make sure you look at all the fees charged and beware of hidden fees. Check how they compare to what you are currently paying with the OSF.

The OSF is a not-for-profit corporate fund. There is no profit margin built in. With our super Fund, there are no transaction fees charged to accumulation accounts and no fees for Defined Benefit members. Members only pay what the Trustee is charged for transactions.

- **Investment options** – what is the choice of investment options and is it easy to change options when you need to? Is there a cost to switch investment options? What has past investment performance been like over the long-term? How does performance compare against the industry medians?

With our super Fund, switches are free. Check out this year's OSF Members Annual report – our super Fund earned very healthy returns for us. In fact for 2 years in a row, each asset class outperformed its benchmark. Soon, our super Fund will enable Division F members to manage their own account and make switches online via the internet.

- **Insurance options** – what kind of insurance cover is available, and at what level? Is the cost reasonable compared to other insurance providers? Do you currently have some insurance cover at no cost to you, and if you do, how much would it cost to take out equivalent cover elsewhere?

Our super Fund aims to provide low cost high value insurance options for members. The OSF offers Death and TPD cover at group rates. Bank employees who become OSF members are automatically insured at 4 times notional salary *, and have the option to increase or decrease cover. Members will lose their insurance cover if they move to another fund.

**Pre-existing illnesses or injuries are not automatically covered within the first 5 years of membership if you joined the Fund on or after 1 May 2005.*

- **Additional Features** – look for extra benefits available. Are these truly of benefit to you?

The Bank is committed to having a robust employee superannuation Fund. The OSF Trustee is a member of the Bank group. The OSF was started in 1916 with the sole purpose of providing financial security in retirement for Bank employees. Our super fund is run by Bank employees for us.

Remember, when considering your superannuation options it's important to get all the facts and understand what you currently have.

If you have any questions about your fund or if your spouse is interested in joining, you can get further information from OSF Member Services.

Service directory

If you have an enquiry about your benefit entitlements, membership and general matters relating to your benefits and the OSF, you should contact OSF Member Services as shown below.

Members of Divisions B, C, D, E and F

Phone: 1800 023 928 between 8.30 am – 5.00 pm (Sydney time) Monday – Friday (national free call unless from a mobile phone)

If calling from outside Australia, please call 61 2 9841 7462.

Fax: 02 9303 7700

E-mail: osfms@cba.com.au

Write to: OSF Member Services*
Level 12, 150 George Street,
Parramatta NSW 2150
(CBA 2052 153)

Members of Divisions CB, CC, CD, CE, CF, CH, CK, CM, CN and CO

Phone: 1300 363 016 between 8.30 am – 5.00 pm (Melbourne time) Monday – Friday (national free call unless from a mobile phone)

If calling from outside Australia, please call 61 3 9222 4444.

Fax: 03 9222 4350

E-mail: osf@mercerc.com

Write to: OSF Member Services
C/- Mercer Human Resources Consulting
GPO Box 9946
Melbourne VIC 3001

***From 14 November 2005, the contact details change to PO Box 4758, Sydney NSW 2001**

This newsletter is issued by Commonwealth Bank Officers Superannuation Corporation Pty Limited ABN 76 074 519 798, as Trustee for the Officers' Superannuation Fund (OSF) ABN 24 248 426 878. The OSF Trustee is a holder of an Australian Financial Services Licence, AFS Licence Number 246418.

The content in this document is provided to OSF Members for general information only and should not be regarded as advice. The OSF Trustee has taken reasonable care in producing this information. Members should seek their own independent advice before making any financial decisions which may affect their future.



Fund Manager profile: Colonial First State Property Limited (CFSP)

CFSP performs property investment management services and is based in Australia. CFSP is part of the Bank, and incorporates both the former Commonwealth Property group and the property funds management operations of the Colonial First State Group of companies. Commonwealth Property was the OSF's Property portfolio manager from 1995 to 2001.

The combined CFSP funds under management are around A\$15 billion. In Australia, CFSP is responsible for the management of two listed property trusts, 10 unlisted wholesale funds, two direct property investment mandates and three unlisted retail property funds. CFSP also has responsibility for management of the Bank's own portfolio of real estate.

CFSP has a goal of maximising long-term value for investors and clients. To achieve this objective, CFSP are an active investment manager with focus on fund performance to deliver both returns and realisation of asset value. Property is an important asset class, which can enhance the risk-adjusted performance of a balanced investment portfolio, providing significant diversification benefits.

CFSP is well regarded for:

- high quality risk management systems
- quality of intellectual capital and innovation
- a focus on environmentally sustainable operations.

A team that consists of the fund manager and finance manager, together with relevant portfolio and asset managers, manages the OSF's Property portfolio.

Together, this core group is responsible for the day-to-day management of the portfolio and its underlying property assets.

The core management team is supported by the senior executive group and by a number of important sections of the wider CFSP business, with diverse experience and drawn from broad ranging backgrounds.