

Notice of Significant Events

2 June 2009

This notice is issued on behalf of Trust Company Superannuation Services Limited ABN 49 006 421 538 AFSL 235153 (Trustee) and contains important information regarding three key issues affecting the Super Safeguard Fund ABN 13 917 747 013 (Fund). Some information in this notice relates to members in Investment Pool 2 (which commenced on 21 May 2008). Other information relates to members in Investment Pool 1 (which was closed from 21 May 2008). The investment pool you are in is shown above.

Summary of Changes

- The investment objectives and strategy of Investment Pool 2 have been changed, resulting in a reduction in the estimated total indirect fees applicable to members to 1.07% of assets per annum;
- APRA has issued a further variation to the Trustee's obligation (under superannuation legislation) to rollover or transfer member benefits from Investment Pool 1 within 30 days where the benefits are tied to illiquid investments;
- The Trustee has decided to merge Investment Pool 1 and Investment Pool 2.

Investment Pool 2 objectives and strategy changes and reduction in indirect fees

The Trustee is required to formulate the investment objectives and strategy applicable to all Fund assets. The strategy includes determining how assets will be invested (that is, which underlying investment managers and investment products or funds will be utilised to manage the assets of the Fund). Different objectives and strategies can apply to different segments of the Fund.

The Trustee engaged the Fund's asset consultant in reviewing the investment objectives and strategy of the Fund, in particular the active investment pool (Investment Pool 2). In light of this review, the Trustee has revised the objectives and strategy of Investment Pool 2.

The details of the revised investment objectives and strategy for Investment Pool 2, effective from 31 March 2009, are outlined below.

Investment Objectives

The broad objective of the Fund is to protect the members' capital while providing long term growth in line with inflation by achieving a return of at least 3% per annum (after tax and fees) above the consumer price index (**CPI**) over a rolling three year period.

Underlying fund managers are expected to achieve a rate of return above the average return of comparable funds operated by recognised fund managers and, as an average, negative returns are not expected to be incurred more frequently than once in 15 years.

Note: These objectives are not a promise or guarantee of a particular benefit but are used to measure the Fund's performance.

Investment Strategy

The investment strategy is to:

- preserve capital and avoid the risk of a negative return in any one financial year, whilst providing moderate growth;
- to take labour standards or social, environmental or ethical considerations* into account when selecting investment managers for the Fund's allocation to equities, where consistent with the Trustee's obligations under relevant law; and
- as an ERF is a temporary vehicle rather than a long term investment, place an emphasis on defensive assets, while still having some limited exposure to growth assets.

The assets in Investment Pool 2 will also be invested in accordance with additional asset allocation benchmarks and ranges (based on asset classes and asset styles) outlined below:

Asset Allocation	Benchmark	Range
Growth Assets		
Australian Equities	20	10-30
Global Equities	6	3-10
Property	4	1-10
Total Growth Assets	30	15-55
Defensive Assets		
Australian Fixed Interest	30	20-45
Global Fixed Interest	10	5-15
Cash	30	20-50
Total Defensive Assets	70	45-85
Total Assets	100	

^{*} For information about how these standards and considerations are taken into account, see the current Product Disclosure Statement which is available from www.supersafeguard.com.au or on request by contacting 1300 135 181.

These changes to the investment objectives, strategy and underlying asset allocations mean that the estimated indirect fees charged against the assets of Investment Pool 2 have reduced. The revised estimated indirect fees (expressed as a percentage of assets) are shown below:

Estimated Investment Management Fee	0.58% p.a
Issuer (Trustee) Fee	0.11% p.a
Estimated Expense Recovery Fee	0.38% p.a
Total Estimated Indirect Fees*	1.07% p.a

^{*} This estimate is based on the weighted average management expense ratio of each of the underlying investment managers utilised to implement the revised objectives and strategies, as well as expense recoveries based on the historical experience of the Fund as a whole for the year ending 30 June 2008 and expense recoveries of Investment Pool 2 since its inception. Estimated fees change from year to year depending on the experience of the Fund and its investments. From 1 July 2009, the Trustee fee will be subject to a minimum of \$44,000 p.a. Depending on the size of the Fund's assets from time to time, this minimum may result in the Trustee fee being higher than 0.11% p.a

In addition to indirect fees, an \$8.00 annual member fee still applies to members (subject to member benefit protection rules).

2. APRA Variation of obligation to rollover or transfer benefits

As you will be aware, cash payments and rollovers from Investment Pool 1 have been restricted because of the suspension and (subsequent) voluntary administration arrangements affecting the liquidity of two of the Fund's investments - the Absolute Capital Yield Strategies Fund (Absolute Fund) and the Spectrum Wholesale Enhanced Income Fund (Spectrum Fund). Absolute Capital Limited (the entity responsible for the Absolute Fund) has entered a managed wind down which will return the proceeds of asset sales to unit holders over a period of time, dependant on market conditions. Spectrum Asset Management (the entity responsible for the Spectrum Fund) has placed a temporary delay on all redemptions due to credit market volatility.

Based on information currently available to the Trustee, the process of managing the closure of the Absolute Fund is expected to continue into 2010 due to low levels of demand and liquidity in the market, while the temporary delay in redemptions from the Spectrum Fund is expected to continue into late 2009.

Please refer to the significant event notices dated 29 February 2008 (about the Absolute Fund) and 18 December 2008 (about the Spectrum Fund) for information about the effect of the liquidity situation on cash payments and rollovers from the Fund. Also see the further information provided in Annual Member Statements, for the year ended 30 June 2008 and the Annual Fund Report for the year ended 30 June 2008 available from www.supersafeguard.com.au.

As outlined in the notice dated 29 February 2008, the Trustee placed a freeze on 30% of all benefit payments from Investment Pool 1. APRA also granted a variation to the Trustee's obligation to rollover or transfer benefit amounts (subject to conditions) so that a portion of member benefits (30%) affected by the illiquid Absolute Fund investment was not required to be rolled over/transferred when requested by a member. This variation (APRA Relief) was due to expire 12 months after 29 February 2008, or earlier if revoked by APRA.

Subsequently, the Trustee placed a freeze on all benefit payments (including transfer/rollover requests) from Investment Pool 1 in response to further liquidity problems associated with the Spectrum Fund.

Due to the continued illiquidity of the Absolute Fund, and the temporary illiquidity of the Spectrum Fund, the Trustee applied to APRA for an extension of, and amendment to, the APRA Relief. On 26 February 2009, APRA granted the Trustee further APRA relief, which applies to transfer/rollover requests made by members in Investment Pool 1 from 13 December 2008 until 30 November 2009, so that (in summary):

- A member's benefit in Investment Pool 1 attributable to investments in the Absolute Fund and Spectrum Fund (called the **member investment tied component**) is not required to be transferred/rolled over within 30 days of the member's request;
- However the transfer/rollover of a member investment tied component must be made
 within 30 days of the Trustee redeeming investments in the Absolute Fund and Spectrum
 Fund unless the amount of redeemed monies is not sufficient to meet all relevant
 outstanding transfer/rollover requests in which case transfers/rollovers will be processed in
 a manner which is considered fair and reasonable by the Trustee. This may involve
 processing outstanding transfer/rollover requests in more than one instalment depending
 on when investments are redeemed.

Based on actuarial advice, as at 31 March 2009 the member investment tied component was approximately 31% of benefits in Investment Pool 1 but may change depending on movements in underlying asset values. For this reason the freeze on benefit payments has not had to be extended to 100% of benefits in Investment Pool 1.

If you would like a copy of APRA's variation instrument, contact us (contact details below).

As previously advised, there will be no withdrawal fee charged in relation to the payment of the balance of any outstanding transfer/rollover requests (that is, there will only be one withdrawal fee where a member has requested payment of their full benefit but payment is made in more than one instalment because of the issues affecting the Absolute Fund and Spectrum Fund).

Any distribution income which is accrued in relation to the Absolute Fund and/or Spectrum Fund during the period of illiquidity will be held in cash and passed on to members by being included in the payment of any outstanding transfer/rollover benefits (for exiting members) or by being reflected in the accounts of members remaining in the Fund.

While the APRA Relief applies to transfer/rollover requests only, the same approach is being taken in relation to requests for payment of benefits in cash (where preservation rules allow). It is also important to note that the value of any outstanding benefits affected by the illiquidity of the Absolute Fund and Spectrum Fund will be finally determined at the time these investments are redeemed.

Updated information about the processing of payment, transfer or rollover requests from the Fund may be made available from www.supersafeguard.com.au.

3. Consolidation of investment pools

The Trustee has decided to commence a managed consolidation or merger of the closed Investment Pool 1 and the active Investment Pool 2 on or about 1 June 2009. As noted above, Investment Pool 1 is the pool of Fund assets (approximately 78% of the total Fund assets as at 31 March 2009) applicable to members who joined the Fund prior to 21 May 2008 which has exposure to the Absolute Fund and Spectrum Fund and that is subject to the APRA Relief described above. Investment Pool 2 is a pool of Fund assets created from 21 May 2008 for new members joining the Fund from that date (approximately 22% of total Fund assets as at 31 March 2009). If you were a member of the Fund before 21 May 2008 and the Fund received additional amounts for you from 21 May 2008, the additional monies will also have been invested in Investment Pool 2 (that is, you may be in both Investment Pools).

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 $^{^{\}rm 1}$ Inclusive of an expense recovery cash holding of approximately 2%

The first part of the managed consolidation of the fund investments will involve all Investment Pool 1 assets (with the exception of illiquid Absolute and Spectrum Funds, and an expense recovery reserve) being transferred into Investment Pool 2. Based on figures as at 31 March 2009, approximately 69% of the assets in Investment Pool 1 will be transferred to Investment Pool 2. This means that these assets will be invested in accordance with the objectives and strategy applicable to Investment Pool 2 (as outlined earlier in this notice) which may include increased exposure to growth assets and an allocation to underlying investments (equities) that takes into account labour standards or social, environmental or ethical considerations. It also means that these assets will be subject to the fees and costs structure of Investment Pool 2. For more information refer to the asset allocation tables and indirect fees shown earlier in this notice and the current Product Disclosure Statement for the Fund available on request (contact details below).

Once the Absolute Fund and Spectrum Fund become liquid, any remaining assets in Investment Pool 1 (other than assets required to satisfy the payment of the balance of any outstanding transfer, rollover or payment request) will also be transferred to Investment Pool 2 (taking into account accrued expense recoveries and distribution income held in cash and valuation of the investments at that time). Investment Pool 2 will then become the only investment pool available from the Fund.

The Trustee considers that such an approach is appropriate in the circumstances taking into account the best interests of all members and to ensure members within the Fund are treated equitably. The Fund's Trust Deed has been amended to facilitate the merger of Investment Pools.

Want to know more?

Should you have any questions regarding this notice, please contact:

Fund Administrator GPO Box 3426 Melbourne VIC 3001 Phone: 1300 135 181

Facsimile: 1300 135 191

Email: enquiries@supersafeguard.com.au

We will advise you of any further material developments.

Yours faithfully,

Alex Capo

Administration Manager Super Safeguard Fund

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This notice contains general information only. You should obtain financial advice from a suitably qualified and licensed financial advisor that takes into account your personal situation before you make any decision regarding your superannuation benefits.