

Trustee Report 2005



Message from the Chairman



This year I'm delighted to be able to report to you on the continued growth and expansion of your chosen super fund, RecruitmentSuper. We reached a critical milestone in the 2004/05 year – Fund assets are now in excess of \$510 million, having grown more than 35% since last year.

That's over half a billion dollars in retirement savings for more than 300,000 RecruitmentSuper members. In terms of membership numbers, RecruitmentSuper is now firmly positioned as one of the top 10 industry super funds in Australia as well as being the super fund of choice for the employment services sector.

This impressive growth demonstrates the high satisfaction expressed by both new members and participating employers in the total superannuation offering of RecruitmentSuper. Employers and employees alike have voted with their feet with over 1,760 new employers and more than 94,000 new employees joining the fund this year. Our research points to this growth continuing for the year ahead.

Some of the factors that have helped to cement our position as the Super Fund of choice for you and our other members are these achievements over the last financial year:

- Our SuperMatch service helped reunite over 1,900 RecruitmentSuper members with their lost super. SuperMatch allowed us to easily find more than \$3.6 million in lost super and help members transfer it to RecruitmentSuper.
- Our Teleservicing team personally assisted more than 2,000 members to transfer \$11.6 million from other super funds to RecruitmentSuper.
- We received almost \$1 million in co-contributions from the Federal Government for close to 1,750 members.

Whilst the introduction of Choice of Funds this year has been a confusing time for many employers and members, RecruitmentSuper has been determined to make your super and your Choice of Fund as easy as possible. We have introduced a number of initiatives to allow you to easily exercise your choice to continue to use RecruitmentSuper when you change jobs or industries. We have sent you forms to make it easy for you to do this. Many of you have already chosen RecruitmentSuper as your super fund.

RecruitmentSuper has listened carefully to members and employers this year and made changes based on your feedback to improve our range of products and services. More information about these exciting improvements can be found within this Trustee Report to members:

- Our new EasyChoice category provides automatic and affordable insurance for death and disablement to eligible new members, along with a simplified fee structure
- SelectSuper members now have access to more insurance cover, without an increase in the cost of premiums
- From 1 October 2005, a simplified fee structure applies to most members of RecruitmentSuper – no more contribution fees!

Most importantly, as an industry super fund, RecruitmentSuper operates only for the benefit of members. We don't pay commissions to advisers or other third parties, and we keep our fees low so all profits are returned to you. This can make a big difference to the amount of money you receive in retirement.

Finally, please remember that your superannuation is about retirement savings and planning for your long term security and comfort. The choices you make today have an impact on the way you will live tomorrow.

At Recruitment Super our sole purpose is to manage and grow your superannuation nest egg.

Ross Fisher, Chairman

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What's been happening?

EasyChoice – making super easy!

On 1 July 2005, RecruitmentSuper introduced a new default member category, EasyChoice. EasyChoice has been designed especially with Super Choice in mind for employers and members.

EasyChoice replaces the EasySuper category of RecruitmentSuper for members who join after 1 July 2005. EasyChoice also provides new members with automatic low cost insurance for death and disablement*.

Invitation to join EasyChoice!

If you are an EasySuper member, you can transfer to EasyChoice now – all you need to do is download the EasyChoice Transfer Form from our website or call us to obtain a copy, and return it to us for processing!

Need more information about EasyChoice? Visit our website for more information – you can even download a copy of the Product Disclosure Statement (PDS).

* Eligibility conditions apply.

Simplified fee structure

You told us that you thought our admin fees were too complicated and difficult to understand, with too many different fees for different transactions.

From 1 October 2005, a single low admin fee of just \$1.10 per week will apply to most RecruitmentSuper members. This means we've removed contribution fees, switching fees, the trustee fee and the investment related fee.

The benefit payment fee for when you leave the Fund (or cash some of your super) is just a low \$35 for all members of RecruitmentSuper.

EasyPlus members

From 1 July 2005, the EasyPlus category of RecruitmentSuper will be closed to new entrants. Most existing members of EasyPlus will be transferred to RecruitmentSuper's SelectSuper category on 1 October 2005.

Easy insurance options for SelectSuper members!

From 1 July 2005, new insurance arrangements apply for new and existing members of the SelectSuper category of RecruitmentSuper.

AutoCover replaces the previous standard insurance cover available to members, and is automatically granted to new members who join SelectSuper on or after 1 July 2005*. Existing members will be automatically transferred to AutoCover.

Visit our website for more information about the new insurance arrangements, or contact us to obtain an information flyer.

* Eligibility conditions apply.

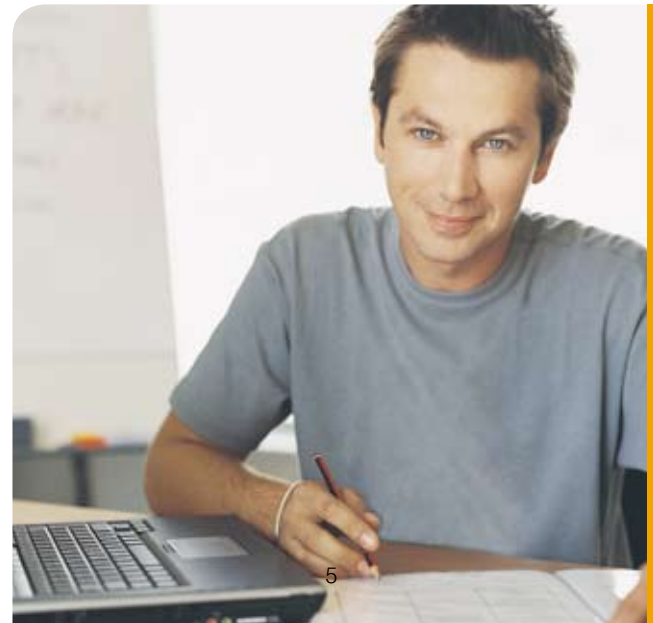
ChoiceCover – your choice for the extra insurance cover that's right for you!

ChoiceCover allows SelectSuper members to choose the right amount of extra insurance cover. Now you can choose to apply for up to 10 units of ChoiceCover – for the low cost of \$1.00 per unit per week*.

* Subject to providing satisfactory health evidence

Moving between jobs

With RecruitmentSuper, it has always been easy to change jobs, and even industries, without having to change your super. All you have to do is give your new employer your membership number or a RecruitmentSuper Choice form and we'll take care of the rest!



Member Contributions

RecruitmentSuper has made it even easier for members to make voluntary contributions and increase their retirement savings!

Now you can choose BPAY® to make member contributions online, when it suits you. Or you can establish an automated direct debit your bank will send to us, so that you can choose the amount added to your RecruitmentSuper account each month.

Don't forget, if you make a member contribution and you earn less than \$58,000 per annum, you may also be eligible for a Co-Contribution of up to \$1,500 from the Federal Government (see our website for more information).

Simplified Interest Rates

From 1st July 2005, there won't be different rates for your account balance above and below \$3,000. Previously, this two tiered interest rate calculation was applied to members of the EasySuper, EasyPlus and PreservedSuper categories of RecruitmentSuper.

This charge will now be deducted directly from member accounts on an annual basis (or on exit) and will be known as Expense Recovery. The actual amount deducted has not changed. Expense Recovery amounts will be listed on your annual statement so you will be able to see this deduction clearly.

Trustee election - 2006

The Trustee of RecruitmentSuper would like to invite expressions of interest from members for nomination as a member representative Trustee Director.

If you would like to find out more, please send an email providing your name, membership number and contact details to nomination@recruitmentsuper.com.au before 31 March 2006.

RecruitmentSuper will provide interested parties with further information about the nomination and election process later in 2006, including details of the "Fit & Proper" requirements of the role, as defined under current legislation.

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Fund Management

Trustee

RecruitmentSuper has a corporate Trustee which operates the Fund - Professional Associations Superannuation Limited (PASL, ABN 14 056 917 303).

The Board of Directors of the Trustee is made up of equal numbers of employer and member representatives. Member representatives are elected by Fund members. Employer representatives are either nominated by participating employers and the RSCA or selected as part of an executive search program and then appointed by the whole Board.

The Trustee Directors all play an active role in managing the Fund. Directors have either completed the Australian Institute of Directors' course or the Chartered Secretaries' course. Directors are remunerated for their Board and Board Committee duties. Director fees amounted to \$305,000 in 2004/2005.

Marian Bolton is the Chief Operations Officer of PASL and is a fellow of the Institute of Company Directors. The COO position includes the role of Company Secretary.

The Trustee has an Indemnity Insurance Policy to protect both the Fund's assets and the Trustee Directors' personal assets.

Trustee Board of Directors - year ending 30 June 2005

Employer Representatives

Mr Ross Fisher, Chairman

Mr Ross Herron

Mr John Plummer

Member Representatives

Mrs Marian Bolton

Chief Operating Officer and Company Secretary

Mrs Patricia Moore OAM

Ms Erica Turek

Professional Management

RecruitmentSuper is managed by PASL as Trustee. We are sponsored by The Recruitment and Consulting Services Association (RSCA) and use the following service providers:

Management and Marketing	Recruitment Financial Services
Administrator	Primary Superannuation Services Pty Ltd
Auditor	Ernst & Young
Banker	Commonwealth Bank of Australia
Insurers <ul style="list-style-type: none">• Death and TPD• Income Protection	CommInsure MetLife Booker International
Asset Consultants	JANA Investment Advisers Pty Ltd
Custodian	National Custodian Services

Your investment

Earnings rates

The investment earnings rate of RecruitmentSuper for the year ending 30 June 2005 was 10.3% after taxes, investment management fees and other investment costs were deducted.

The earnings allocated to your RecruitmentSuper account are based on the investment portfolio in which your balance is held. The investment portfolios available to you depend on the RecruitmentSuper category in which you are a member.

Please see pages 10 to 17 for the earnings rates and other information for each investment portfolio.

Of course, these figures relate to what has happened up to 30 June 2005 and may not indicate future performance of any portfolio or category.

RecruitmentSuper makes your super choice easy.

If you were in the EasySuper, EasyPlus or PreservedSuper category of RecruitmentSuper at 30 June 2005, your account was automatically invested in a balanced growth portfolio, called the Trustee Portfolio.

At 30 June 2005, the crediting rate applied to your account was reduced by 2% p.a. for any portion of your account balance less than \$3,000. This reduction is capped at \$60 per member per year. This is known as the two tiered interest rate (please also refer to the information on Simplified Interest Rates on page 6).

This amount was placed in an operational reserve account, used to pay operational expenses including Member Benefit Protection (MBP) costs and maintaining an investment smoothing account.

The following table shows the crediting rates applied to member accounts:

Crediting rates % for year ended 30 June					
	2005	2004	2003	2002	2001
Over \$3,000	10.2	11.5	1.6	-3.9	6.0
\$3,000 or less	8.2	9.0	0.0	-5.9	4.0

For amounts over \$3,000, the compound average net earnings over five years is 4.9%.



This is a balanced and easy to understand investment portfolio with a level of growth (at least 3% a year above CPI inflation) in the medium term. This portfolio has a risk of negative annual returns occurring on average only once in every five years.

Investor time horizon	Medium term (3-5 years)
Investment Reserve to Smooth Returns?	Yes
Level of Investment Risk	Moderate

Interest is calculated on your daily account balance and allocated to your account at 30 June each year (or at exit).

Asset allocation ranges – Trustee Portfolio at 30/06/2005	
Sector	Range
Australian equities	20-45%
Overseas equities	15 -35%
Property	5-20%
Alternatives	0-15%
Diversified Fixed Interest	5-40%
Cash	0-20%

Due to a change in asset consultants, the reporting style of asset allocations is different in 2005 compared to other years. The different grouping of fixed interest and cash assets makes it impossible to simply compare 2004 results with 2005.

The figures published for June 2004 were the following Benchmarks: Australian equities 30.0%; Overseas equities 27.5%; Property 12.5%; Australian fixed interest & cash 24.0%; Overseas fixed interest 6.0%.

Did you realise that as a SelectSuper or SelectPlus member you can choose how your super is invested?

With Select, investment choice will enable you to choose one investment option or a combination of the five options available. These options are explained over pages 13 to 17.

You can even choose to have your current super balance and future contributions invested in different ways. The choice is yours.

The following five investment options are available for you to choose from. If you haven't yet made a choice, your account is invested into the Balanced Growth portfolio by default.

 **Balanced Growth**

 **Aggressive Growth**

 **High Growth**

 **Conservative Growth**

 **Cash Plus**

Unitisation

Your investment in SelectSuper and SelectPlus is unitised. You are allocated a number of units depending on your account balance and your investment portfolio(s).

Units are allocated to you each time you make a contribution or rollover existing funds. Your unit holding reduces when you leave the Fund or when we deduct fees, taxes and insurance premiums from your account.

Unitisation is similar to buying and selling stocks, with prices changing frequently. The allocation price is based on that week's unit price so your regular contributions will probably convert to a different number of units each time. For members, the buying and selling price for units is the same.

We take out investment fees and tax before setting our unit prices. You can find current and historical unit price information on our website.

Balanced Growth

The objective of this portfolio is to produce an income with limited risk of losses. The aim is to achieve at least 3% a year above CPI inflation in any five year period. There is a risk of negative annual returns only once in every five years on average.

Investor time horizon	Medium term (3-5 years)
Investment reserve to smooth returns?	No
Level of investment risk	Moderate
Unit price @ 30/6/05	\$1.2356
Unit price @ 30/6/04	\$1.1214
Annualised effective return	10.18%

Your return will vary based on the length of time you've been in the Fund and any transactions and individual unit prices during the year.

How your Balanced Growth super assets are allocated

Portfolio	30 June 2005
Australian Equities	20-45%
Overseas Equities*	15 -35%
Property	5-20%
Alternatives	0-15%
Diversified Fixed Interest	5-40%
Cash	0-20%

Portfolio	30 June 2004
Australian Equities	30%
Overseas Equities*	27.5%
Property	12.5%
Alternatives	
Australian fixed interest & cash	24%
Overseas fixed interest	6%

* Overseas equities may include an exposure to emerging markets of up to 15%.



Aggressive Growth

The objective of this portfolio is to produce a high income. The aim is to achieve at least 4% a year above CPI inflation in any eight year period. There is a risk of negative annual returns only once in every four years on average.

Investor time horizon	Long term (10+ years)
Investment reserve to smooth returns?	No
Level of investment risk	Very High
Unit price @ 30/6/05	\$1.2416
Unit price @ 30/6/04	\$1.1146
Annualised effective return	11.39%

Your return will vary based on the length of time you've been in the Fund and any transactions and individual unit prices during the year.

How your Aggressive Growth super assets are allocated

Portfolio	30 June 2005
Australian Equities	35-60%
Overseas Equities*	25-45%
Property	5-20%
Alternatives	0-15%
Diversified Fixed Interest	0%
Cash	0%

Portfolio	30 June 2004
Australian Equities	43%
Overseas Equities*	34%
Property	13%
Alternatives	
Australian fixed interest & cash	8%
Overseas fixed interest	2%

* Overseas equities may include an exposure to emerging markets of up to 15%.



High Growth

The objective of this portfolio is to produce high income with some risk of losses. The aim is to achieve at least 3.5% a year above CPI inflation in any seven year period. There is a risk of negative annual returns only once in every four years on average.

Investor time horizon	Medium-long term (5-10 years)
Investment reserve to smooth returns?	No
Level of investment risk	High
Unit price @ 30/6/05	\$1.2304
Unit price @ 30/6/04	\$1.1119
Annualised effective return	10.66%

Your return will vary based on the length of time you've been in the Fund and any transactions and individual unit prices during the year.

How your High Growth super assets are allocated

Portfolio	30 June 2005
Australian Equities	30-55%
Overseas Equities*	5-35%
Property	5-20%
Alternatives	0-15%
Diversified Fixed Interest	5-30%
Cash	0-15%

Portfolio	30 June 2004
Australian Equities	38%
Overseas Equities*	32%
Property	10%
Alternatives	
Australian fixed interest & cash	15%
Overseas fixed interest	5%

* Overseas equities may include an exposure to emerging markets of up to 15%.

Conservative Growth

The objective of this portfolio is to produce an income with minimal risk of losses. The aim is to achieve at least 2% a year above CPI inflation in any three year period. There is a risk of negative annual returns only once in every eight years on average.

Investor time horizon	Short-medium term (1-3 years)
Investment reserve to smooth returns?	No
Level of investment risk	Low
Unit price @ 30/6/05	\$1.2046
Unit price @ 30/6/04	\$1.1133
Annualised effective return	8.20%

Your return will vary based on the length of time you've been in the Fund and any transactions and individual unit prices during the year.

How your Conservative Growth super assets are allocated

Portfolio	30 June 2005
Australian Equities	5-25%
Overseas Equities*	0-15%
Property	0-15%
Alternatives	0-10%
Diversified Fixed Interest	40-70%
Cash	0-30%

Portfolio	30 June 2004
Australian Equities	15%
Overseas Equities*	10%
Property	5%
Alternatives	
Australian fixed interest & cash	60%
Overseas fixed interest	10%

* Overseas equities may include an exposure to emerging markets of up to 15%.

Cash Plus

The objective of this portfolio is to produce an income with no risk of losses. The aim is to achieve after tax returns in line with the Bank Bill rate (about 1% p.a. above CPI on average) in any two year period.

Investor time horizon	Short term
Investment reserve to smooth returns?	No
Level of investment risk	Low
Unit price @ 30/6/05	\$1.1355
Unit price @ 30/6/04	\$1.0839
Annualised effective return	4.76%

Your return will vary based on the length of time you've been in the Fund and any transactions and individual unit prices during the year.

How your Cash Plus super assets are allocated

Portfolio	30 June 2005
Australian Equities	
Overseas Equities*	
Property	
Alternatives	
Diversified Fixed Interest	100%
Cash	

Portfolio	30 June 2004
Australian Equities	
Overseas Equities*	
Property	
Alternatives	
Australian fixed interest & cash	
Overseas fixed interest	100%

* Overseas equities may include an exposure to emerging markets of up to 15%.

Abridged Financial Statements

The 2005 information is taken from interim accounts and is yet to be audited. The audited statements and the auditor's report in relation to these accounts will be available to members upon request in late September 2005.

Operating statement for the year ended 30 June 2005

	2005 \$000	2004 \$000
Contribution revenue	171,148	127,885
Investment Revenue	46,730	38,489
Other Revenue	348	106
Total Revenue	218,226	166,480
Administration & operational expenses	15,951	12,703
Operating surplus before tax	202,275	153,777
Income Tax	24,659	18,993
Benefits accrued	177,616	134,784

Statement of financial position at 30 June 2005

	2005 \$000	2004 \$000
Investments	492,316	347,463
Other assets	29,719	32,986
Total assets	522,036	380,449
Less		
Amounts payable	9,145	4,599
Provision	9,188	4,612
Total liabilities	18,333	9,211
Equals		
Net assets to pay members benefits	503,703	371,238
Vested benefits		
Allocated to members	496,470	366,322
Reserves	7,232	4,916

* 2004 figures are now audited and may differ from those shown in the 2004 Trustee Report.

Other investment information you should know about

SelectSuper and SelectPlus

Portfolio	Net earning rates % for year ending 30th June					Compound average net over 5 years %
	2005	2004	2003	2002	2001	
Cash Plus	4.75	4.4	3.9	3.7	4.9	4.3
Conservative Growth*	8.20	5.9	5.1	-0.8	n/a	4.5
Balanced Growth	10.05	11.8	0.3	-3.9	5.3	4.5
High Growth	10.50	13.3	-1.9	-6.4	4.8	3.8
Aggressive Growth	11.23	14.7	-2.8	-7.4	4.7	3.8

*The Conservative Growth portfolio was introduced in November 2001, so the return shown here applies for the period since the portfolio's inception. Past performance is not an indication of future returns.

Reserving Policy

An investment smoothing reserve account was maintained. It was used to increase returns to EasySuper, EasyPlus and PreservedSuper members in times of low investment returns.

Please see page 6 for changes in how money is collected for the reserves account.

The table details movements in reserves since 2002.

Reserves – Year Ended	\$000
30 June 2002	3,699
30 June 2003	1,824
30 June 2004	4,916
30 June 2005	7,232

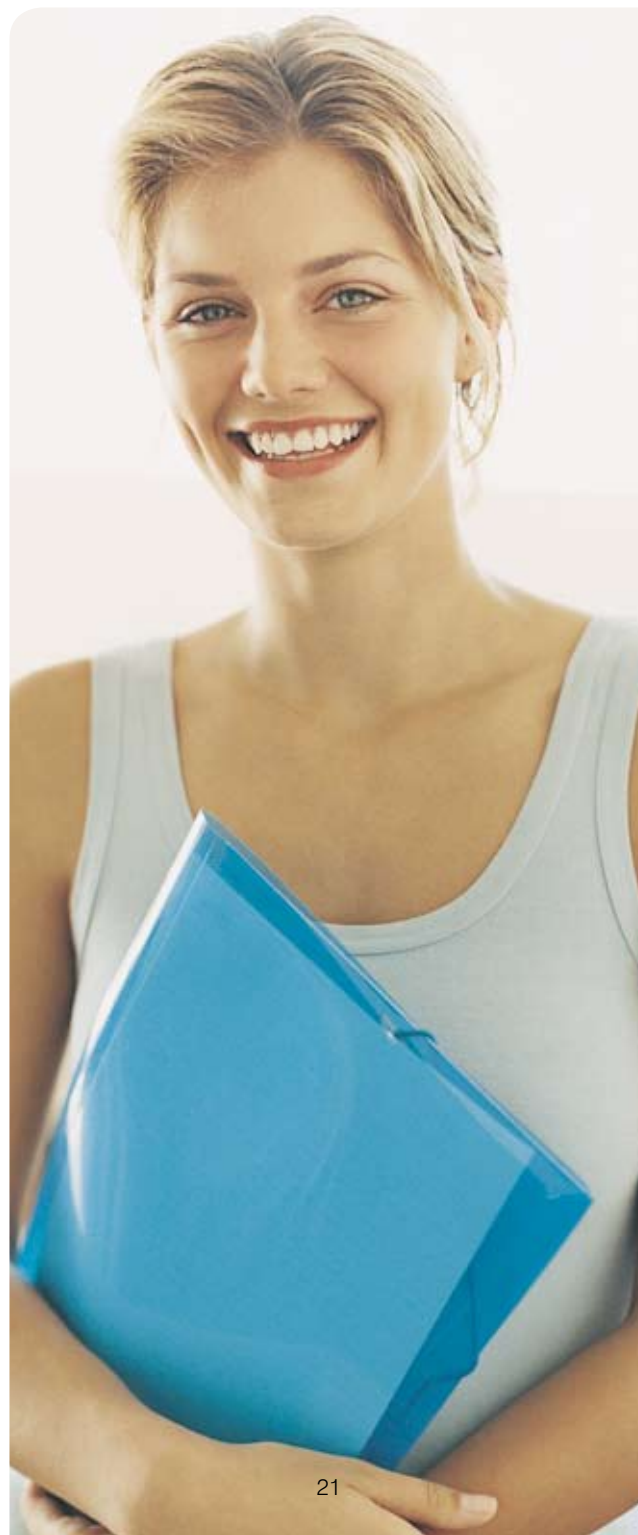
Current Investment Managers

Asset Class	Managers
Australian Equities	MLC Limited (underlying manager is Wallara Asset Management) *
	MLC Limited (underlying manager is Concord Capital) *
	MLC Limited (underlying manager is Maple Brown Abbott) *
	Colonial First State (underlying manager is 452 Capital) *
International Equities	Wellington Management Corporation *
	Capital International (through NCA)
	Capital International Hedged (through NCA) *
	GMO Australia Limited
	Marvin & Palmer Associates, Inc
Property	DB Real Estate (Unlisted) *
Alternatives	Hastings Funds Management
	Hollowesko Global Fund Ltd
	Harris Alternatives L.L.C.
	Warakirri Asset Management (underlying manager is Mesirow Advanced Strategies, Inc)
	GMO Australia Limited
Fixed Interest	MLC Limited (underlying manager is PIMCO Australia) *
	MLC Limited (underlying manager is UBS Global Asset Management)
	MLC Limited (underlying manager is Blackrock Inc.)
	IFBT & Super Loans Trust
Cash	ANZ (underlying manager is ING Investment Management) *
	National Custodian Services

Current as at 30 June 2005

* These managers have a value in excess of 5% of the total assets of the Fund.

Please note the Trustee does not invest directly in futures, options or other derivatives. The Trustee has reviewed the use of derivatives in each of the Fund's underlying collective investments, and is satisfied that they are consistent with the Fund's overall strategy.



Other Information

Surcharge

While the Superannuation Surcharge was abolished by the Federal Government from 1 July 2005, RecruitmentSuper may still receive surcharge assessments from the ATO for previous years and deduct the advised amounts accordingly. Your annual member statement includes details of any surcharge assessment deductions.

If we lose contact or your account becomes inactive

If we can't contact you and/or your account becomes inactive, the balance of your account may be transferred out of the Fund. No transfer fees apply to such transfers.

Your super account will be transferred to the PreservedSuper category of RecruitmentSuper or rolled over into an eligible rollover fund, depending on your account balance.

Our Eligible Rollover Fund (ERF) is called Super Safeguard. In Super Safeguard:

- Your benefit may receive interest
- Administration charges will not exceed interest credited, except in years of low investment returns, where a fee of up to \$10 p.a. may be charged
- No insurance or investment choice is available
- Your benefit is available for withdrawal under the same conditions as in RecruitmentSuper.

An account is inactive when no contributions are received for five consecutive Superannuation Guarantee (SG) quarters.

If you return to RecruitmentSuper, you can have your Super Safeguard account transferred into your new account. Super Safeguard checks for new accounts each year and will contact you if relevant.

To obtain a Product Disclosure Statement, contact Super Safeguard at:

GPO Box 3426
Melbourne VIC 3001
Phone 1300 135 181

Lost Member registries

RecruitmentSuper undertakes annual "SuperMatch" searches of the ATO registries using information on our data base such as name, address and Tax File Number. As a result, we locate money held in the name of members all over Australia.

Nominated beneficiaries

Don't forget to check your annual statement to ensure your beneficiary nomination is still valid. Binding beneficiary nomination forms are available from our website, or contact us to request a copy.

If you don't have a binding nomination in place, the RecruitmentSuper Trustee has the final decision on who gets your super if you die.

Tax

We deduct 15% federal government tax from your employer contributions, including those from your pre-tax pay, upon receipt of such contributions.



Contact us

Phone 1300 304 000
8am - 10pm EST

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