

INVESTMENT

Investment Update

YEAR ENDED 30 JUNE 2009



Introduction

This Investment Update is for the financial year ended 30 June 2009 and is provided by TOWER Australia Limited. It includes details about the performance, objectives and strategies of the investment options available to you. Please read it in conjunction with your Annual Statement. Your Annual Statement details your specific entitlements of your investment.

If you'd like a printed copy of this update or have any questions, please call us on 1800 226 364 or by emailing customerservice@toweraustralia.com.au

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This section details the performance of the investment options as well as each investment option's strategy, objective, asset allocation and other important investment information.

Investment performance

The calculation of investment performance is based on the movement of unit prices for the unit-linked investment options over the period reported. The returns shown below are calculated after the deduction of any tax, asset management charge and investment costs attributable to the investment option, and before the deduction of any other fees and the calculation of rebates that may be applicable to your policy. Performance returns are the annual returns for the investment option as a whole.

Current performance returns are updated at the end of each month and may be obtained by contacting us on 1800 226 364 or visiting our website at www.toweraustralia.com.au

Your individual returns after taking into account transactions throughout the reporting period are detailed in your Annual Statement.

Product	Investment option	Investment performance as at 30 June Yearly returns (%) for period ending 30 June					5 Year compound average return
		2009	2008	2007	2006	2005	
TOWER Allocated Annuity	Assured Caution	0.9	-1.3	5.1	4.4	7.3	3.2
	Australian Shares	-16.7	-14.6	27.4	20.9	23.3	6.2
	Balanced Growth	-12.1	-14.0	14.4	13.2	11.2	1.7
	Capital Assured ¹	3.9	3.9	3.6	3.6	3.6	3.7
	Cash	3.6	5.4	4.5	4.2	4.0	4.3
	Conservative Balanced	-7.7	-9.4	11.5	10.0	10.3	2.5
	Ethical Growth	-20.9	-16.2	28.5	29.1	22.9	6.2
	Growth Maximiser	-15.0	-17.3	16.3	15.7	10.9	0.9
	International Growth	-19.1	-22.9	8.0	15.9	-2.1	-5.2
	Property Plus	-42.9	-39.3	23.4	15.7	15.6	-10.6
	Security Focus	-2.7	-4.7	7.9	7.1	8.0	3.0
TOWER Unitised Annuity	Capital Stable	0.9	-1.3	5.5	4.6	8.0	3.5
	Fixed Interest	6.8	2.1	1.9	2.3	5.6	3.7

¹ The Capital Assured investment option is not unit linked and the performance returns shown here are the declared rates as at 30 September each year. The declared rate is after the deduction of investment costs, asset management charge and other fees. The net interim rate from 1 October 2008 is 3.9% and is displayed in the 2009 column. TOWER may retrospectively amend interim rates at any time.

Past investment performance is not a guarantee of future investment performance.

INVESTMENT INFORMATION



TOWER's investment objective and strategy

Our investment objective is to provide a product with suitable investment options from which all customers can select investments which are broadly suitable for their personal circumstances at any particular time.

Our investment strategy is to invest in insurance policies which provide investment options consistent with our investment objective.

Investment option details

Assured Caution			
Investment objective	The option aims to provide some investment growth over the medium term from a portfolio that invests in a range of asset classes.		
Investment strategy	The option invests predominantly in defensive assets such as cash and fixed interest.		
Investment timeframe	Medium term; 3 years+		
Risk and return profile	Low to moderate		
Asset allocation	Asset class	2009 (%)	2008 (%)
	Australian fixed interest	44	43
	Australian shares	8	7
	International fixed interest	20	20
	International shares	3	4
	Property	3	3
	Short-term securities and cash	22	23
Australian Shares			
Investment objective	The option aims to provide high investment growth over the long term from a portfolio of Australian shares.		
Investment strategy	The option invests in a range of Australian shares.		
Investment timeframe	Long term; 5 years+		
Risk and return profile	High		
Asset allocation	Asset class	2009 (%)	2008 (%)
	Australian shares	100	100
Balanced Growth			
Investment objective	The option aims to provide moderate to high investment growth over the long term from a portfolio that invests in a range of asset classes.		
Investment strategy	The option invests in a range of asset classes, with a strong emphasis on growth assets such as shares and property.		
Investment timeframe	Long term; 5 years+		
Risk and return profile	Moderate to high		
Asset allocation	Asset class	2009 (%)	2008 (%)
	Australian fixed interest	19	21
	Australian shares	36	36
	International fixed interest	7	7
	International shares	27	25
	Property	8	8
	Short-term securities and cash	3	3

Capital Assured			
Investment objective	The option aims to provide modest investment growth over the medium term from a portfolio that invests in a range of asset classes.		
Investment strategy	The option invests in a range of asset classes, with a strong emphasis on defensive assets such as cash and fixed interest.		
Investment timeframe	Medium term; 3 years+		
Risk and return profile	Low to moderate		
Asset allocation	Asset class	2009 (%)	2008 (%)
	Australian fixed interest	40	42
	Australian shares	11	10
	International fixed interest	20	21
	International shares	5	4
	Property	3	3
	Short-term securities and cash	21	20

Capital Stable			
Investment objective	The option aims to provide some investment growth over the medium term from a portfolio that invests in a range of asset classes.		
Investment strategy	The option invests predominantly in defensive assets such as cash and fixed interest.		
Investment timeframe	Medium term; 3 years+		
Risk and return profile	Low to moderate		
Asset allocation	Asset class	2009 (%)	2008 (%)
	Australian fixed interest	44	43
	Australian shares	8	7
	International fixed interest	20	20
	International shares	3	4
	Property	3	3
	Short-term securities and cash	22	23

Cash			
Investment objective	The option aims to provide cash returns over the short term from a portfolio which invests entirely in short-term securities and cash.		
Investment strategy	The option invests in short-term securities and cash.		
Investment timeframe	Short term; 1 year		
Risk and return profile	Low		
Asset allocation	Asset class	2009 (%)	2008 (%)
	Short-term securities and cash	100	100

Conservative Balanced			
Investment objective	The option aims to provide moderate investment growth over the medium to long term from a portfolio that invests in a range of asset classes.		
Investment strategy	The option invests in a range of asset classes, with a broadly equal weighting to growth and defensive assets.		
Investment timeframe	Medium to long term; 3-5 years		
Risk and return profile	Moderate		
Asset allocation	Asset class	2009 (%)	2008 (%)
	Australian fixed interest	20	21
	Australian shares	28	26
	International fixed interest	15	16
	International shares	17	14
	Property	5	7
	Short-term securities and cash	15	16

Ethical Growth			
Investment objective	The option aims to provide high investment growth over the long term from a portfolio of Australian shares issued by companies that take into account the wider ethical, social and environmental issues in the community.		
Investment strategy	The option invests in a range of Australian shares issued by companies that take into account the wider ethical, social and environmental issues in the community.		
Investment timeframe	Long term; 5 years+		
Risk and return profile	High		
Asset allocation	Asset class	2009 (%)	2008 (%)
	Australian shares	100	100

Fixed Interest			
Investment objective	The option aims to provide fixed interest returns over the medium term from a portfolio of fixed interest securities.		
Investment strategy	The option invests in fixed interest securities predominantly issued in Australia.		
Investment timeframe	Medium term; 3 years+		
Risk and return profile	Low to moderate		
Asset allocation	Asset class	2009 (%)	2008 (%)
	Fixed interest	100	100



Growth Maximiser			
Investment objective	The option aims to provide high investment growth over the long term from a portfolio that invests in a range of asset classes.		
Investment strategy	The option invests predominantly in growth assets such as shares and property.		
Investment timeframe	Long term; 5 years+		
Risk and return profile	High		
Asset allocation	Asset class	2009 (%)	2008 (%)
	Australian fixed interest	5	6
	Australian shares	41	41
	International fixed interest	6	5
	International shares	33	34
	Property	9	8
	Short-term securities and cash	6	6

International Growth			
Investment objective	The option aims to provide high investment growth over the long term from a portfolio of international shares.		
Investment strategy	The option invests in a range of international shares.		
Investment timeframe	Long term; 5 years+		
Risk and return profile	High		
Asset allocation	Asset class	2009 (%)	2008 (%)
	International shares	100	100

Property Plus			
Investment objective	The option aims to provide property returns over the long term from a portfolio of property securities.		
Investment strategy	The option invests in a range of property securities.		
Investment timeframe	Long term; 5 years+		
Risk and return profile	High		
Asset allocation	Asset class	2009 (%)	2008 (%)
	Property	100	100

Security Focus			
Investment objective	The option aims to provide modest investment growth over the medium term from a portfolio that invests in a range of asset classes.		
Investment strategy	The option invests in a range of asset classes, with a strong emphasis on defensive assets such as cash and fixed interest.		
Investment timeframe	Medium term; 3 years+		
Risk and return profile	Low to moderate		
Asset allocation	Asset class	2009 (%)	2008 (%)
	Australian fixed interest	29	31
	Australian shares	16	14
	International fixed interest	15	16
	International shares	10	9
	Property	5	4
	Short-term securities and cash	25	26

Other investment information

Changes to the strategic asset allocation

The strategic asset allocation (SAA) is the asset allocation that TOWER has decided is most appropriate to meet each investment option's investment objective.

As part of the ongoing monitoring and commitment to continually improve investment offerings, the asset allocation of each investment option has been reviewed. As a result, the SAA of the following investment options have been adjusted to ensure it can continue to efficiently meet the investment objective. These changes were effective in June 2009.

The actual asset allocation will vary from time to time based on the market movements and investment decisions within the minimum and maximum ranges listed.

Balanced Growth	Current benchmark (%)	New benchmark (%)	Ranges Min (%)	Ranges Max (%)
Australian fixed interest	20	20	15	25
Australian shares	36.5	37	32	42
International fixed interest	7	7	2	12
International shares	25	26	15	35
Property	8.5	7	0	18
Short-term securities and cash	3	3	0	10

Conservative Balanced	Current benchmark (%)	New benchmark (%)	Ranges Min (%)	Ranges Max (%)
Australian fixed interest	20	20	15	25
Australian shares	27	27	22	32
International fixed interest	15	15	10	20
International shares	15	18	8	28
Property	8	5	0	10
Short-term securities and cash	15	15	10	20

Growth Maximiser	Current benchmark (%)	New benchmark (%)	Ranges Min (%)	Ranges Max (%)
Australian fixed interest	5	5	0	10
Australian shares	42	42	37	47
International fixed interest	5	5	0	10
International shares	35	38	28	48
Property	8	5	0	10
Short-term securities and cash	5	5	0	10



Asset allocations and benchmarks

Asset allocations for 30 June 2009 and 2008 for each of the investment options are shown on pages 3 to 6 and have been rounded to the nearest whole percentage point. The actual allocations may vary from time to time due to market fluctuations and investment decisions.

A limited portion of the investment portfolios may be held as cash for liquidity or other investment purposes from time to time. This cash holding is included in the asset class specified in the manager's mandate. For example, a specialist shares manager may hold some cash (within specified limits) and this would be classified as shares.

If you need further information about asset allocation benchmarks and minimum and maximum ranges, please contact your financial adviser, call us on 1800 226 364 or visit the website at www.toweraustralia.com.au

Risk and return profile

Volatility can be simply defined as fluctuations in the returns of an investment and is the most common way to measure the risk associated with certain asset classes. An investment which is more volatile than another is said to be riskier. This is because the greater the volatility of an investment, the greater the chance that its return could be less than expected.

It is widely accepted that over long periods of time, a relationship exists between the risk and return of each investment option. Generally, the investment options with the potential for earning higher returns carry a higher risk (ie have higher volatility of returns).

If you would like details for each of the investment options available to you as a member of the Fund (including asset allocation benchmarks and ranges) contact us on 1800 226 364 or visit the website at www.toweraustralia.com.au

Multi-manager investment style

TOWER's multi-manager investment options are managed by Russell Investment Management Ltd, ABN 53 068 338 974 (Russell). Russell selects the underlying investment managers for its funds and regularly monitors the investment managers ensuring the investment options continue to meet investment objectives.

Multi-manager investing involves selecting quality specialist investment managers from around the world to manage some assets in the investment options. Russell conducts a wide range of research, and has access to superior market information and a broad skill base for investment decision making.

Labour standards and environmental, social and ethical considerations

Labour standards, environmental, social, or ethical considerations are not taken into account for the purpose of selecting, retaining, or realising an investment. Underlying investment managers may or may not take these considerations into account.

Investment in derivatives

Derivatives such as futures, forwards, options and swaps (as applicable) may be used, within agreed limits, by the underlying investment managers in managing the various asset classes.

TOWER's Derivative Risk Statement (DRS) contains information about our approach to the use of derivatives. If you would like a copy of this, please contact us or visit www.toweraustralia.com.au/assetmgt/riskmgt.asp where a copy of the DRS can be accessed.



Processing of contributions and withdrawals

We reserve the right to suspend the processing of all contributions or withdrawals under certain market conditions or circumstances if in our opinion, to continue processing would not be in the best interests of customers.

Please note that before you withdraw a benefit you can ask us for any assistance or information on anything you are unsure of, including benefits, fees and charges, or the possible effects of withdrawing your benefit.

Unit pricing

Benefit payments

TOWER's current procedure is to calculate the withdrawal value using the latest available unit price at the time of calculating the payment. Our current process has been updated and may differ from the benefit calculation procedure in your original product terms.

Adjustments

Unfortunately from time to time an error may occur in the calculation of a unit price. When a material error has been identified, TOWER will adjust policyholders' accounts as follows:

- for policyholders who are still current, we will adjust your investment to ensure it is in the position it should have been had the error not occurred; and
- for policyholders who have exited, compensation may be paid where the adjustment is at least \$20. Amounts less than \$20 will remain in the investment option.

Where an exited policyholder has been overpaid, TOWER may seek to recover the overpayment from the policyholder.

Fees

We will provide you with at least 30 days notice before introducing any additional fee(s) or before any increases (other than Consumer Price Index increases) to existing fees.



HOW WE MANAGE YOUR INVESTMENT

At TOWER we pride ourselves on our high standards of customer service. If you have any questions about your TOWER product, we're here to help.

Contact us

- call us on 1800 226 364 Monday – Friday 8:30am-6:00pm (EST)
- email us at customerservice@toweraustralia.com.au quoting your policy number
- write to us at the following address quoting your policy number

TOWER Australia Limited
PO Box 142
Milsons Point NSW 1565

Complaints

If you have a complaint about your product please put it in writing and send it to the following address:

TOWER Complaints Manager
TOWER Australia Limited
PO Box 142
Milsons Point NSW 1565

If your complaint has not been resolved to your satisfaction within 90 days of lodging your complaint, you may refer your complaint in writing to the Superannuation Complaints Tribunal (SCT), at the following address:

Superannuation Complaints Tribunal
Locked Bag 3060
GPO Melbourne VIC 3001

Call 1300 780 808
Email info@sct.gov.au
Website www.sct.gov.au

About the Superannuation Complaints Tribunal

The SCT is an independent body established by the Commonwealth Government to deal with complaints about superannuation, annuity policies and retirement savings accounts. The objective of the SCT is to provide a fair, timely and economical means of resolution of complaints as an alternative to the court system. The SCT cannot consider complaints that have not been first referred through the complaint resolution process of the provider of the product.

CONTACT DETAILS





Issuer & Administrator

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