

INVESTMENT

Investment Update

Friends Unit Linked Superannuation, Lifeforce and Unit Linked Pooled Superannuation

YEAR ENDED 30 JUNE 2009



Introduction

This Investment Update is for the year ended 30 June 2009 and is provided by TOWER Australia Limited. It includes details about the performance, investment objectives, asset allocations and other important information. Please read it in conjunction with your Annual Statement.

If you would like a printed copy of this update or have any questions please call us on 1800 812 922 or email corporate.super@toweraustralia.com.au

CONTENTS

Investment information	2
Investment performance	2
Other investment information	3
Investment option details	4
Friends Unit Linked Superannuation	4
Lifeforce	6
Unit Linked Pooled Superannuation	7
How we manage your investment	9
Processing of contributions and withdrawals	9
Identification requirements	9
Unit pricing	9
Fees	9
Other important information	9
Contact details	10

This section details the performance of the investment option as well as its objective and 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.

The TOWER Capital Assured investment option is not unitised, but rather has interest (based on the declared interest rate) credited to the account each year. The declared interest rate is guaranteed never to be negative.

The interest rate declared is based on a fair and equitable share of the surplus of the TOWER Capital Assured investment option. It is not less than 85% of the investment yield of the option's assets. The net investment yield takes into account interest and dividend income, profits and losses on the sale of investments and amortisations of fixed interest investments over their terms to maturity, any transfers to or from reserves, and tax rates applicable. We consider the expected performance of such gains or losses, equity between policies over time and achievement of reasonable benefits.

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

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

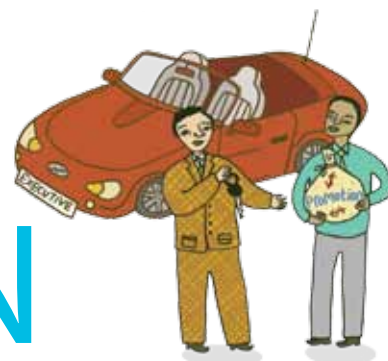
Plan Name	Investment Option	Investment Performance as at 30 June					5 Year compound average return (%)
		Yearly returns (%) for period ending 30 June					
		2009	2008	2007	2006	2005	
Friends Unit Linked Superannuation	TOWER Balanced Growth	-13.0	-11.7	13.5	11.8	10.2	1.4
	TOWER Cash	N/A ²	N/A ²	4.4	3.7	3.6	N/A
	TOWER Ethical Growth	-20.7	14.6	25.9	24.9	20.7	5.1
	TOWER International Growth	-18.8	-20.0	8.1	14.3	-1.7	-4.6
	TOWER Property Plus	-46.7	-34.4	21.6	13.7	13.7	-11.3
	TOWER Security Focus	-3.4	-3.8	7.5	6.2	7.3	2.6
Lifeforce	TOWER Capital Assured ¹	4.5	4.9	5.8	6.1	5.3	5.4
Unit Linked Pooled Superannuation	TOWER Balanced Growth (taxed)	-12.5	-10.7	14.3	12.6	10.9	2.2
	TOWER Balanced Growth (untaxed)	12.2	-13.1	15.5	14.3	12.3	2.7
	TOWER Capital Assured ¹	4.5	4.9	5.8	6.1	5.3	5.3
	TOWER Cash	4.1	5.6	5.1	4.3	4.4	4.7

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 4.9% and is displayed in the 2009 column. TOWER may retrospectively amend interim rates at any time.

² The performance return is not available for this period as no funds were invested in this option.

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

INVESTMENT INFORMATION



Other investment information

Asset allocations and benchmarks

Asset allocations for 30 June 2009 and 2008 for each of the investment options are shown on pages 4 to 8 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 812 9224 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 812 922 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 (Russell Investments), ABN 53 068 338 974. Russell Investments 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. It provides Russell Investments with a wide range of research, superior market information and a broad skill base for investment decision making.

TOWER's incumbent investment manager, Russell Investments, is a signatory to the United Nations Principles of Responsible Investment (UN PRI). As a signatory, Russell Investments believes that environmental, social and corporate governance issues can affect the performance of investment portfolios. They also recognise that applying the Principles to investment decisions may better align investors with the broader objectives of society.

Labour standards and environmental, social and ethical considerations

Other than for the Ethical Growth investment option, 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 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

TOWER Balanced Growth			
Investment manager	TOWER Australia Limited		
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	5+ years		
Risk and return profile	Moderate to high		
Asset allocation	Asset class	2009 (%)	2008 (%)
	Australian fixed interest	18	21
	Australian shares	39	36
	International fixed interest	8	7
	International shares	25	24
	Property	7	8
	Short-term securities and cash	3	4
TOWER Cash			
Investment manager	TOWER Australia Limited		
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	1 year		
Risk and return profile	Low		
Asset allocation	Asset class	2009 (%)	2008 (%)
	Short-term securities and cash	100	100

FRIENDS UNIT LINKED SUPERANNUATION

TOWER Ethical Growth			
Investment manager	AMP Capital Investors Limited		
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	5+ years		
Risk and return profile	High		
Asset allocation	Asset class	2009 (%)	2008 (%)
	Australian shares	100	100

TOWER International Growth			
Investment manager	TOWER Australia Limited		
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	5+ years		
Risk and return profile	High		
Asset allocation	Asset class	2009 (%)	2008 (%)
	International shares	100	100

TOWER Property			
Investment manager	Vanguard Investments Australia Limited		
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	5+ years		
Risk and return profile	High		
Asset allocation	Asset class	2009 (%)	2008 (%)
	Property	100	100

TOWER Security Focus			
Investment manager	TOWER Australia Limited		
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	3+ years		
Risk and return profile	Low to moderate		
Asset allocation	Asset class	2009 (%)	2008 (%)
	Australian fixed interest	29	31
	Australian shares	17	15
	International fixed interest	16	15
	International shares	9	9
	Property	3	4
	Short-term securities and cash	26	26

TOWER's investment objective and strategy

Our investment objective is to provide a product with modest investment growth.

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

Investment option details

Capital Assured			
Investment manager	TOWER Australia Limited		
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	3+ years		
Risk and return profile	Low to moderate		
Asset allocation	Asset class	2009 (%)	2008 (%)
	Australian fixed interest	41	41
	Australian shares	9	10
	International fixed interest	22	21
	International shares	4	4
	Property	2	3
	Short-term securities and cash	22	21



LIFEFORCE

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

TOWER Balanced Growth (taxed)			
Investment manager	TOWER Australia Limited		
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	5+ years		
Risk and return profile	Moderate to high		
Asset allocation	Asset class	2009 (%)	2008 (%)
	Australian fixed interest	18	21
	Australian shares	39	36
	International fixed interest	8	7
	International shares	25	24
	Property	7	8
	Short-term securities and cash	3	4

UNIT LINKED POOLED SUPERANNUATION

TOWER Balanced Growth (untaxed)			
Investment manager	TOWER Australia Limited		
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	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

TOWER Capital Assured			
Investment manager	TOWER Australia Limited		
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	3+ years		
Risk and return profile	Low to moderate		
Asset allocation	Asset class	2009 (%)	2008 (%)
	Australian fixed interest	41	41
	Australian shares	9	10
	International fixed interest	22	21
	International shares	4	4
	Property	2	3
	Short-term securities and cash	22	21

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

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 interest 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.

Identification requirements

TOWER has processes in place to help to prevent unauthorised people from gaining access to your investments. However, there are some steps that individuals can take to help protect their personal information from unauthorised access or use and these are available within our website at www.toweraustralia.com.au/privacy.asp

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (the AML/CTF Act) requires us to identify you and verify your identity when you withdraw benefits from your policy. Generally, you will need to provide certain documents (such as your passport or current driver's licence) for sighting and verification of your identity. If you do not provide identifying documents we will not be able to pay your benefit.

The AML/CTF Act also imposes reporting obligations on us if we form suspicions about the identity of someone we are transacting with or about the transaction itself. In these circumstances we may decide to delay or decline to process that transaction and report it to the regulator if we are concerned that the request or transaction may be in breach of the provisions of the AML/CTF Act or cause us to commit an offence under that Act. If we take this step we will not incur any liability to you.

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.

Other important information

If your fund is no longer a complying superannuation fund, it will no longer be eligible for the concessional tax rates or able to be invested in this Product. Please ensure you advise us immediately if your superannuation fund ceases to be a complying fund under the Superannuation Industry (Supervision) Act.

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 812 922 Monday – Friday 8:30am-5:30pm (EST)
- email us at corporate.super@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 policy please put it in writing and send it to the following address:

If your complaint has not been resolved to your satisfaction within 45 days of lodging your complaint, you may refer your complaint in writing to the Financial Ombudsman Service (FOS), at the following address:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001

Call 1300 780 808
Email: info@fos.org.au
Website: www.fos.org.au

About the Financial Ombudsman Service

FOS is an independent body designed to help you resolve complaints relating to your TOWER product as well as complaints relating to financial advice and sales of financial and investment products. Complaints with FOS may be resolved by a conciliation process or arbitration. This complaints procedure is free of charge.

CONTACT DETAILS





Issuer & Administrator

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Prepared and Issued – December 2009

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