

## Special investment bulletin

For over a year, we have seen the financial world take a beating. It is no secret that the global financial crisis has reduced superannuation earnings for the first time in some time, but the full impact of the crisis may not be clear to you. As part of our commitment to helping members understand super and building their retirement savings, we are dedicating this edition of the bulletin to investment issues.

You can also find new fact sheets and news items on our site to give you further information.

Please be assured that your Trustee is taking the crisis seriously and is minimising the impact for you as much as possible.

**AvSuper's low fees and profit-to-member focus are now even more important than ever for maximising your super savings. Despite the low returns, AvSuper is tracking better than a number of other super funds and investments, and we have a strong foundation for future recovery.**

*David Leggo, Chairman*



**“Although superannuation has taken a very serious hit because of the collapse in stockmarket values and the decline in values of other assets around the world, including in Australia, that’s not going to be a permanent phenomenon”**  
**Minister for Finance, Lindsay Tanner**

### What does the “GFC” mean for your super?

While the Global Financial Crisis (or “GFC”) is certainly serious, many experts believe it will be followed by even higher investment returns than we’ve seen in the past. This is because investment markets generally follow a cycle of highs and lows, but have an overall trend of rising over long periods of time

Remember, your super is a **long term investment** and short term fluctuations - including losses - are part of the investment cycle and are to be expected. But that may not stop an emotional response to seeing your investments fall in the short term. Even if you are retired, or about to retire, the average Australian will spend around 15 years in retirement, so your super will need to last you many years in retirement - and can continue to grow once we pass through this current downturn in investment markets.

When we reach the end of this financial year in June 2009, annual statements for some AvSuper members may not make for happy reading. So its important to remember that AvSuper has performed very well over the long term - and the Trustee believes it will continue to do so in future. Despite any current short term losses, your super may still be the most low cost and tax effective investment vehicle you can have for your retirement savings.

### AvSuper's investment performance to 31 March 2009

Notwithstanding the current environment of negative investment returns, AvSuper continues to outperform many other super funds over the short term as well as the longer term.

Interim investment performance (net of fees and taxes) for each of AvSuper's member investment choice options for the March 2009 quarter, financial year-to-date, and for 5 years is shown in the table below. Please note your accumulation balance will be invested in AvSuper's Growth Option if you don't make an investment choice. To find our more about AvSuper's investment options, please refer to the Member Investment Choice Guide on our website.

Investment Option	Quarter	Financial year to date	5 years
Growth	-3.7%	-18.5%	<b>2.3%</b>
High Growth	-5.7%	-23.5%	<b>0.6%</b>
Stable Growth	-2.0%	-9.7%	<b>3.4%</b>
Cash	0.7%	3.5%	<b>5.0%</b>

Past performance may not be an indicator of future performance.

## Contact us

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## Is the Global Financial Crisis eating away at your super?

### bite back now

Outlook is the preferred provider of financial planning & related services to members of AvSuper.

Contact Outlook and make an appointment today on

**1300 657 872**

Outlook Financial Solutions Pty Ltd  
 ABN No: 40 083 233 925  
 AFSL: 240959

## Defined Benefit Assets

Declines in the value of defined benefit assets generally don't affect the final amount received by defined benefit members as the benefit is guaranteed and any investment risk is borne by the employer.

The AvSuper Trustee works closely with Airservices Australia and CASA to ensure the Fund maintains sufficient money to cover members' entitlements and that Fund performance continues to exceed benchmarked industry standards.

## Market volatility and your super

Share markets around the world continue to be very volatile. On the plus side, interest rates are low and may go lower, and government stimulus packages have started to drip feed welcome relief into the pockets of many Australians.

Our alliance partner, **Outlook Financial Solutions**, offers the following hope for the financial future.

### When might we expect some better financial news?

No one can predict the exact turning point of financial markets. However, economists are speculating that the economic stimulus efforts put in place by many of the world's largest economies will start to pay off towards the end of 2009. They suggest lowered interest rates, lower inflation and oil prices, and government guarantees to calm depositors' fears are now creating the first stages of a recovery environment.

### There is good long-term news

Even if it takes years for a sharemarket recovery, the return is still better than the current average cash rate. For example, if it takes 3 years to return to the market's high point, it will represent a return of 27.1% p.a. since November 2007. If it takes 7 years to get back to the November 07 peak, the return would be 10.8% p.a. And even if we have to be patient for 10 years, the return would be 7.5% p.a. – a much more attractive return than is available with cash or fixed interest.

As an added bonus, there is also the probability of receiving dividend income from shares over that period as well, adding to the total return.

*Source: Bloomberg & ipac. S&P/ASX300 Price Index (excluding dividends). Past performance is not necessarily indicative of future performance. Please refer to an Authorised Representative of Outlook Financial Solutions Pty Ltd. (ABN 40 083 233 925, AFSL 240959) for personalised recommendations as the above is general information only.*

**AvSuper is run only to profit members, doesn't pay commissions to financial advisors, has strong long term investment returns and charges low fees.**

## The importance of super...

When you retire, you probably want the freedom to enjoy yourself without worrying about money. While the age pension might be there for you, recent figures indicate it won't do much more than keep you above the poverty line.

The Association of Superannuation Funds of Australia Limited (ASFA) conducted research in September 2008 that shows minimum compulsory super is only likely to provide Australians with a modest retirement.

Some people retiring in the near future will rely on both their super and the age pension to achieve a modest lifestyle. But what if you want more than that?

ASFA suggests a household earning \$100,000 a year now needs contributions of **at least 12%** a year to reach a comfortable retirement lifestyle.

## Tracking your super

Remember - you can easily check your AvSuper account balance using Member Online, available via our website at any time. You can also watch AvSuper's investment performance via our unit price graph on our website.

## Building your super...

Even small amounts added to your super now could make a significant difference to your retirement savings, and the potential tax advantages of super contributions and salary sacrifice still apply in tough economic times.

You may also get a tax offset by contributing to your spouse's super. If your spouse is an AvSuper member, simply complete a *spouse contributions* form; if your spouse is not already a member, they are welcome to join AvSuper as a public offer member.

People earning less than \$60,342 (for 2008/09 year) a year may also receive a Government co-contribution for personal contributions made in a financial year. Please refer to our website for full details. You can make personal contributions via cheque, lump sum deposits or regular debits from your bank account.



## Listed vs. unlisted property – what's the fuss?

The media has recently highlighted the differences between listed and unlisted property investments, and their impact on super fund returns.

The value of investments in listed property fluctuates with share markets each day. On the other hand, unlisted property is generally a direct investment in a property or property development fund which is not listed on a Stock Exchange. They are valued regularly (but not daily like listed property) and have a long term focus.

AvSuper invests in both listed and unlisted property funds in both Australia and overseas. Currently, we have a very small exposure to listed property which has been affected by the severe selling off and downward valuations in listed property markets. Conversely, many of AvSuper's unlisted property investments are in their early purchase/development phase which means they have been less exposed to downward valuations and sell offs.

## Income Stream Investment returns to 31 March 2009

Investment Option	Quarter	Financial year to date	5 years
Growth#	-4.8%	-20.8%	<b>2.4%</b>
High Growth	-6.1%	-25.0%	<b>0.7%</b>
Stable Growth	-2.3%	-11.1%	<b>3.5%</b>
Cash	0.8%	4.1%	<b>5.7%</b>

Past performance may not be an indicator of future performance. Returns shown net of fees.

# Your super will be invested in our Growth Option if you don't make a choice.

## Thinking of switching to Cash? Now may not be the time...

AvSuper's investment consultant, **Russell Investments**, provides the following reasons why switching to cash may not be the best choice at the moment:

- A well balanced portfolio gives you diversification and generally less risk
- Cash investments may miss out on higher returns in other asset classes
- Switching back out of cash is hard to time effectively to catch any upswing

You can download a full version of this feature from the investment education section of our website.

## Income stream drawdown relief

Income stream members usually have to drawdown (i.e. withdraw) a minimum percentage of their account balance each financial year.

The Federal Government has suspended this rule for the second half of 2008/09 so members can drawdown only half of their projected minimum if they wish. The relief is designed to lessen the effect of realising investment losses in the current market.

If you would like to adjust your payment schedule to take advantage of this Government relief, please contact us.

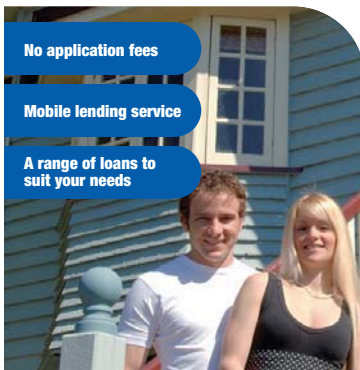
## Boost your super with the Government's \$900 handout

You can potentially turn your \$900 economic stimulus bonus into tax-free savings of up to \$2,250!

If you meet the Government Co-contribution Scheme rules, contributing your \$900 bonus could earn you a further \$1,350. It's a great boost for your super without taking any money from your pocket.

Visit our website to find out more about the Government's co-contribution scheme.

## Low cost home loans for AvSuper members



ME Bank is 100% owned by some of Australia's leading Super Funds and was created to provide members with access to convenient, low cost banking.

Call today on **1300 309 374** or visit [mebank.com.au](http://mebank.com.au)



Applications subject to credit approval. Fees & charges apply. Terms & conditions available on request. Members Equity Bank Pty Ltd ABN 56 070 887 679 AFS Licence: 229500. 122621 AD01/0409

AvSuper is interested in your opinion so please give us your feedback about the Bulletin. You can email us, call us or drop in to talk to us.

## Upcoming seminars

Although AvSuper offers member seminars all year to suit all age groups, our next seminars are focussed on investments and coping with the GFC. Please visit our website for seminar dates and topics, or email [seminars@avsuper.com.au](mailto:seminars@avsuper.com.au) to book.

Location	Proposed date	Aimed at
Sydney	Tuesday 12 May	Members nearing transition/full retirement
Woden	Wednesday 13 May	Members nearing transition/full retirement

## Thinking of managing your own super?

We often get questions about self managed super funds (SMSFs) and while SMSFs may be great for some people, they won't suit everyone. Your super is an investment for your retirement; even the Australian Securities and Investment Commission (ASIC) recommends you 'look before you leap into a SMSF'.

Being in control of your super may look appealing, however the terms 'self managed' and 'do-it-yourself' super are possibly misleading. Operating a self-managed super fund is complex, and usually involves engaging professional compliance experts to ensure it is administered and invested under the law – or risk hefty penalties.

Many people move into an SMSF without realising SMSF costs may be greater than those in AvSuper; even well-qualified people with large super accounts have found SMSFs costly, time-consuming and not worth the trouble.

Our "Managing your own super" fact sheet (on our website) includes some questions you may want to consider before deciding on a SMSF.

## Infrastructure investments

Our last Annual Report told you of the Trustee's decision to further enhance AvSuper's strategic asset allocations via infrastructure investments.

We have appointed RARE Infrastructure Limited to manage the Fund's listed global infrastructure portfolio. RARE invests in global infrastructure securities with long term, stable returns with expected high income components.

Listed global infrastructure has solid foundations and is set to grow strongly over the next 5 - 10 years. The Trustee expects this increasing and diverse investment has the potential to add value to AvSuper members' retirement savings.



**We hope you've found this special investment edition of our bulletin helpful in understanding, even in a small way, the short term impact of the GFC on your AvSuper account. Your super is, of course, a long term investment and it's important to put current economic concerns and investment performance into a long term perspective.**

**For many AvSuper members, this period of negative investment performance follows several years of consistently high investment returns. While some AvSuper members will experience a reduction in their AvSuper balance, it is likely to be roughly equivalent to the investment earnings they received in the last 1 - 2 years.**

**As we progress through the current investment market downturn, which is part of the full investment cycle of highs and lows, gains and losses, the AvSuper Trustee continues to monitor investment performance and safeguard your retirement savings so you can look forward to the retirement lifestyle you want.**