

Stay informed – it may not be all downhill from here

What is happening in the investment markets?

The short answer is, a lot! But the more important point is, don't panic.

Investment markets by nature are volatile – that is returns vary from year to year – but they operate in cycles. So, in recent times, where returns have been low or negative, are often offset by positive returns in past and future years. Superannuation is “a long-term investment, and you should consider the recent market volatility in the context of the strong investment returns seen in previous years.

As a member of a superannuation fund, you have money invested in the investment markets.

Depending on the investment choice you have made (or were placed in by default when joining your fund), your money will be invested in what are known as asset classes, which include shares, property, fixed interest and cash.

Each has unique characteristics and associated risks, which mean they perform differently in certain market conditions.

You can choose the asset class – or combination of asset classes – that match your investment needs and tolerance to risk.

Recently, shares and property have performed poorly.

It's important to remember that investment markets operate in cycles. Some years the returns are relatively high – as has been the case for several years leading up to 2007 – other years, the returns have been low or even negative, as has recently been the case.

When viewed over the short-term, returns can appear volatile and erratic, but when viewed over longer time periods, returns are more stable, as positive returns offset negative returns. Accordingly, it is helpful to take a long-term view when considering your investments.

It's important to remember that superannuation is a long-term investment.

Q: Has the recent market behaviour affected my superannuation balance?

A: It all depends on how you have invested your superannuation balance in the different asset classes.

Plum offers members a number of investment options which include individual asset classes and combinations of these asset classes. You can choose an option that matches your investment needs and tolerance to risk.

The impact of the investment markets on your superannuation balance depends on the asset class, or classes, your money has been invested in.

Shares and property performed poorly so the more your money has been invested in these asset classes, the more your superannuation balance will have been negatively impacted.

It is important that you don't look at the returns posted during 2008 in isolation. Take a look at the table below, which features asset class returns from commonly-reported indices.

In all cases (except listed property and international shares), the average annual returns for each asset class are, for the most part, positive over the longer-term periods of three and five years – despite some negative returns over the last six to 12 months.

Asset class	6 month (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)
Australian shares	-12.3	-27.1	3.9	12.3
International shares	-3.3	-16.6	-0.4	3.9
International shares (hedged)	-11.4	-23.2	1.3	8.7
Listed property	-17.2	-41.8	-4.2	5.8
Global listed property	-8.5	-19.6	2.6	n.a.
Australian fixed interest	5.8	8.8	5.6	5.6
International fixed interest	1.4	7.0	5.5	6.4
Cash	3.9	7.7	6.6	6.2

Source: Vanguard Investments® Performance Summary to 30 September 2008 – Asset Sector Funds. 3-year and 5-year returns are annualised (i.e. % p.a.).

Returns quoted are taken from commonly-reported indices. Past performance is not a reliable indicator of future performance.

An important point to note is that the returns, as featured on your benefit statement, are not locked in going forward. The returns change daily, which of course affects your superannuation balance on an ongoing basis.



Your benefit statement features a pie chart which displays how much money you have invested in the different asset classes. Your statement also contains details of the returns applied to your superannuation investments over the last six months.



You can view your superannuation balance at any time – and your associated asset allocation – by logging onto the secure *Member* section of the Plum website at www.plum.com.au and selecting the *Account in detail* option. Your balance details are updated on a daily basis.

Q: I feel uncomfortable with the way the markets are performing – what can I do to safeguard my superannuation?

A: It's important you don't look at the returns posted this year in isolation. Superannuation is a long-term investment.

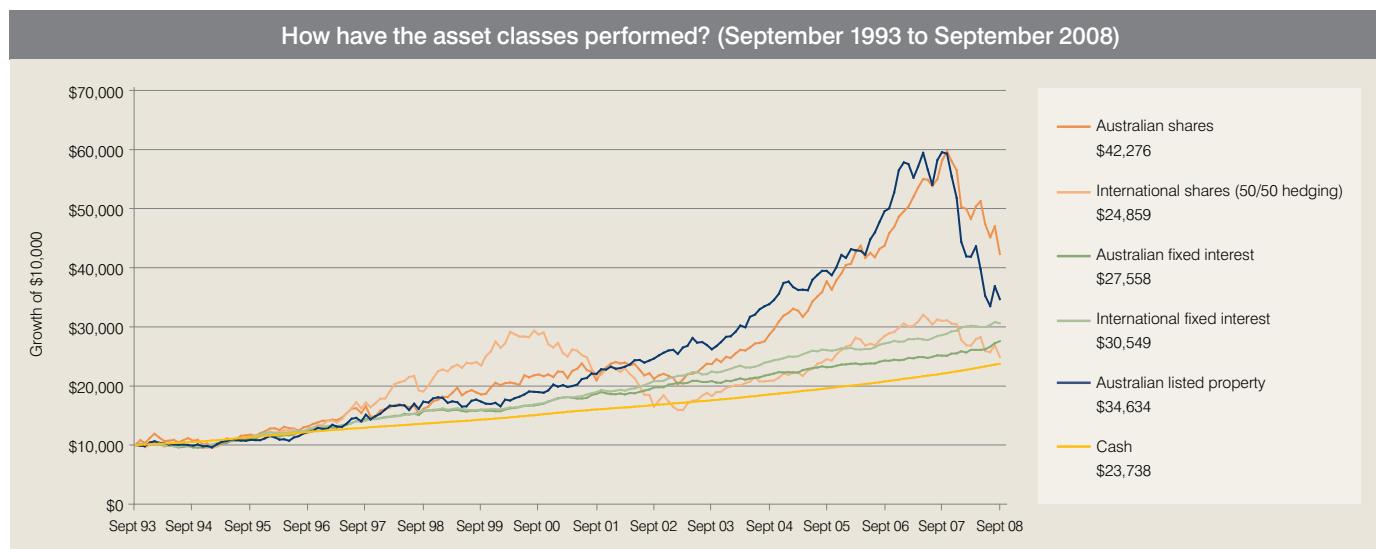
Investment markets – particularly share markets – are volatile by nature, but over the longer-term, they have historically provided higher levels of returns.

Low or negative returns, seen in recent times, are often offset by positive returns in past and future years.

While your superannuation balance may have declined more recently, don't forget to consider how much it may have increased over the longer-term.


The chart below displays how the main asset classes have performed over a 15 year period.

As you can see, there is a general upward trend in returns over the longer-term despite the many occasions where the market has fallen.



Source: Vanguard Investments® Performance Summary to 30 September 2008. Returns quoted are taken from commonly-reported indices. Past performance is not a reliable indicator of future performance.

If you still feel uncomfortable about how the markets are performing and the potential impact on your superannuation savings, we recommend you seek advice from a financial adviser.

 Call **1300 55 7586** and a Member Services Consultant can put you in touch with a financial adviser directly. You can receive general advice over the phone, at no cost to you.*

Q: Are other superannuation funds experiencing the same volatility?

A: Please be assured, the effects of the recent investment market volatility are being felt globally.

Other superannuation funds have been dealing with the same circumstances – and challenges – that Plum has.

You are not alone with your concerns. Most individuals have not seen negative returns for many years primarily due to strong Australian and global share markets.


Take a look at the table below which shows the average return that Plum members have received on a moderate investment option compared to the average return of a wide selection of other superannuation funds.

This illustrates that the Plum moderate investment option has posted better returns than the average of many other superannuation funds.

	12 months to August 2008
Average Plum moderate return [#]	-6.7%
Intech average return [^]	-7.2%

[#] This calculation is a member weighted **average** of the Plum moderate default options offered to Plum members. For further information please call **1300 55 7586** or email us at service@plum.com.au

[^] The Intech Growth Survey represents a wide selection of Australian superannuation funds with a similar proportion of growth assets to Plum's own investment option. Note: September figures were not available at the time of printing.

 If you would like to speak to a Member Services Consultant please call **1300 55 7586**.

Q: What is the outlook?

A: There are no guarantees when it comes to the future performance of investment markets.

World events such as political unrest – as well as economic factors such as consumer confidence – can all affect the strength of an economy. This can then have flow-on effects for the performance of markets.

Again, it is important to remember investment markets are cyclical in nature – poor returns in some years are often offset by positive returns in future years. The Trustee of Plum is closely monitoring investment markets domestically and globally, and the performance of its investment managers.



To receive a monthly update on investment market movements, you can subscribe to our e-news service, *Mail2Me*, which is delivered direct to your email inbox. This service is available at no cost to you.

Subscribe by logging into the *Member* section of the website. Go to *Log in here* on the Home page, enter your *Login ID* and PIN and select *I want to...subscribe to Mail2Me*.

Q: What triggered the fall in investment markets in the first place?

A: The problem started in the United States as a result of the loose lending standards applied to home loans. It became apparent in the middle of 2007, and quickly spread to other countries, becoming what is now commonly known as 'the sub-prime crisis.'

A number of major US banks and lenders had provided home loans to individuals who simply didn't have the capacity to make regular payments on these 'sub-prime' loans. When interest rates eventually rose (they had been low for quite some time) defaults on the loans began to increase. These defaults were compounded by a widespread decline in house prices and weaker employment conditions.

While many of these loans were made to US home borrowers, the burden of the loan defaults fell not just on US lenders, but on global companies and investors who had indirectly provided the financing for these 'sub-prime' loans.

As a result, billions of dollars of 'bad loans' were written off by the banks and lenders – putting great strain on the global financial system. When this 'crisis' became evident it significantly affected consumer and investor confidence.

The drop in confidence, together with a weaker economic outlook has put pressure on investment markets, as individuals, companies, investors and borrowers have become more cautious.

This led to a drop in investment markets in Australia and overseas.

Q: How can I find out more on the investment markets?

A: We try to provide you with as much information about your superannuation investment options as possible, and any significant events which may impact your superannuation savings.

It is, however, very difficult to predict events and their short and long term effects.

The *Investor market watch* – our dedicated investment section on our website – aims to provide you with information and tools to help you during this time.

Did you know?

The following services are available for you to access information throughout the year:

Monthly investment market update via *Mail2Me*

You can subscribe to our e-news service, *Mail2Me*, which provides a monthly update on investment market movements – direct to your email inbox. This service is available at no cost to you.

The articles featured in *Mail2Me* may help you keep on top of market movements and identify whether you wish to reassess your investment options.



Subscribe to *Mail2Me* by logging into the *Member* section of the website. Go to *Log in here* on the Home page, enter your *Login ID* and PIN and select *I want to... subscribe to Mail2Me*.

Web

We feature monthly updates and regular news items on our website – www.plum.com.au – around movements in the investment markets and how activities could impact your superannuation savings.



Go to *Investor market watch*, on the public site home page and click on any item of interest to you.



In this section of the site you can also access online video presentations about investments and choosing your investment mix, as well as an address from our Managing Director – Paul Carter.



Go to the Home page of the website at www.plum.com.au and select the first option under *Links*, on the right hand side.

Communications

Our member newsletter, *forwardsteps* also features informative articles on the investment markets. We, from time to time, also provide inserts on the investment markets with your benefit statement which we hope you find useful.

Financial advice

And remember, as a member you have access to the *Momentum Financial Advice* service. See opposite for further information.

Q: Where can I go if I have other questions?

A: You have a number of options:



Website

The website – www.plum.com.au – provides a month-by-month commentary on investment market behaviour.

Our dedicated *Investor market watch* section provides a wealth of information and tools.

A Glossary is also featured online. Use the Glossary for an explanation of some of the investment terms used in the brochure.



Email

You can email the Plum Service Centre directly at service@plum.com.au. You will receive a response from a Member Services Consultant within five working days.



Phone

Call a Member Services Consultant on **1300 55 7586** from 8.00am to 6.00pm, any business day, Australian Eastern Standard Time (AEST).

Consultants have direct access to your superannuation account information and can provide you with additional information on your investment options.



Financial advice

A Member Services Consultant can put you in touch with a financial adviser available through the *Momentum Financial Advice* service, who can provide general advice over the phone – at no cost to you.*

If you require detailed, personal advice you can attend a no-obligation, initial consultant with a financial adviser on the *Momentum Financial Advice* panel – again, at no cost to you.*

Call **1300 55 7586** from 8.00am to 6.00pm, any business day, Australian Eastern Standard Time (AEST).

Disclaimer

An interest in the Plum Superannuation Fund ABN 20 339 905 340 (Fund) is issued by PFS Nominees Pty Ltd ABN 16 082 026 480 AFSL 243357 (Trustee). The Fund administrator is Plum Financial Services Limited ABN 35 081 812 731 AFSL 243356 (Administrator). This material has been prepared by the Administrator and it contains information that is general in nature. The information does not take into account your objectives, financial situation or needs.

Before acting on the information you should consider whether it is appropriate having regard to your personal circumstances and seek professional advice. The Administrator recommends that you consider the Fund's *Product Disclosure Statement (PDS)* before you make any decisions about your superannuation. To obtain a copy of the Fund's *PDS* please contact a Member Services Consultant on **1300 55 7586**.

Neither the Administrator, the Trustee, nor any other company in the National Australia Group of companies accepts liability whatsoever for any decision that is made on the basis of or in reliance of the information contained in this material. Please note that the information contained in this material is current as at July 2008. Any changes in law or policy have not been incorporated.

* Members can access the services of financial advisers (licensed through GWM Adviser Services Limited ABN 96 002 071 749 AFSL 230692 (GWMAS) or through other licensees pursuant to an agreement between PFS Nominees Pty Ltd as trustee of the Plum Superannuation Fund (Trustee). GWMAS and Plum Financial Services Limited (Plum) are part of the National Australia Group of companies). The financial advisers and their licensees may receive a commission when applications are lodged for certain financial products. Further information on commissions can be obtained from the financial planner's Financial Services Guide.

Trustee:
PFS Nominees Pty Ltd
ABN 16 082 026 480
AFSL 243357

Fund:
Plum Superannuation Fund
ABN 20 339 905 340

Administrator:
Plum Financial Services Limited
ABN 35 081 812 731
AFSL 243356

Level 9, 90 Collins Street
Melbourne Vic 3000
GPO Box 63
Melbourne Vic 3001

Telephone 1300 55 7586
Fax 1300 99 7586
Email service@plum.com.au
Web www.plum.com.au