

# INVESTMENT UPDATE

May 2010

## Market Perspective

Volatile, is yet again a very appropriate way of describing superannuation returns this financial year. Share markets have trended higher in value but have experienced periods of large gains or losses in a single day's trading.

### Global

Fears for the economic stability of the European Union and in particular Greece, have on occasions left investors wary. Consequently, we have recently seen major investors increase their allocation to the traditionally less risky investments such as cash and high quality government bonds. Conversely, share markets have retreated from their highs of mid April of this year.

Speculation on the success and effectiveness of the economic aid package for Greece created large swings in equity and debt markets. These movements are unpredictable and typify trading activity throughout the year.

In the first three quarters of the 2009-10 financial year there were strong gains across international and Australian stock markets. Over this period the US share market as measured by the Dow Jones Industrial average gained 28.5 per cent and the

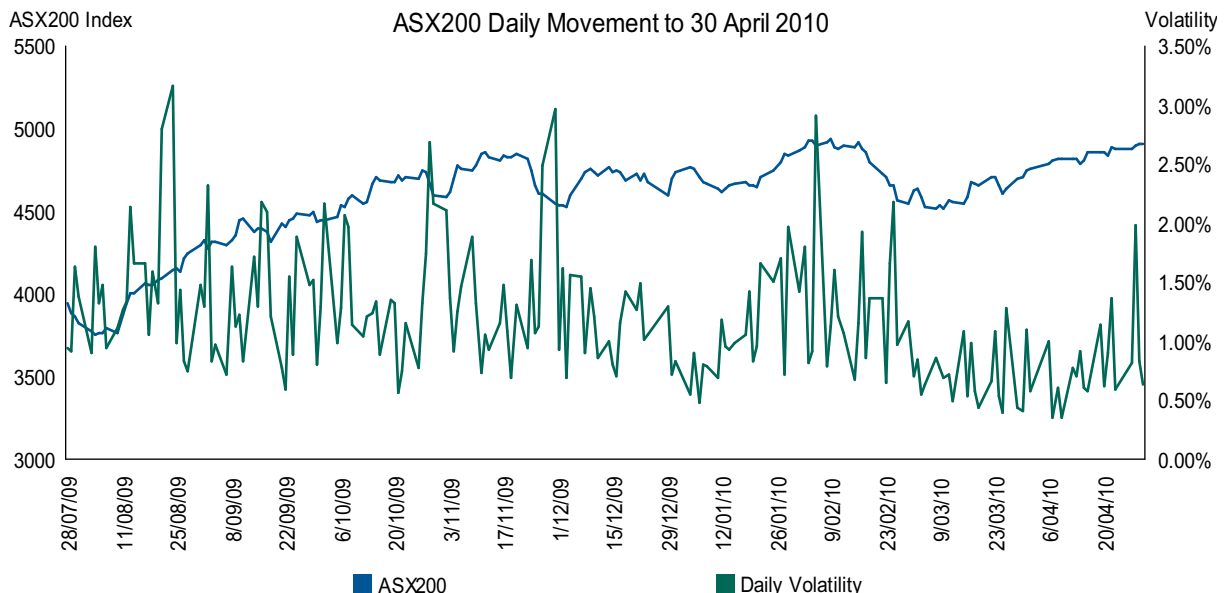
Australian ASX200 share index advanced over 23.3 per cent.

### Australian

From 1 July 2009 to 30 April 2010 the ASX200 experienced a daily trading range in excess of 1 per cent on 115 occasions, that is over 50 per cent of the time, with a peak range of 3.4 per cent. This is shown in the graph below.

While equity markets have been rising this financial year, so too have interest rates. The Reserve Bank of Australia (RBA) was one of the first central banks to lift interest rates following the global financial crisis, authorising six increases since October 2009 and raising the official cash rate from 3 per cent to 4.5 per cent. This action has been taken to reduce the stimulatory and potentially inflationary effect of low interest rates on the Australian economy. This has given strength to the Australian dollar, which has risen from a low of US\$.779 to as high as US\$.937 this financial year.

The forecasts and opinions from market analysts vary widely. However they generally suggest that most markets will continue to experience volatility with a high probability that the RBA will continue to raise interest rates.



## Member Perspective

The introduction of investment mixing for NTGPASS has provided you with the ability to have the bulk of your accumulation account in one investment option and future contributions in a different option. This means that you can vary the level of exposure to more volatile assets, such as shares, in your superannuation accumulation account.

NTGPASS active members (those members still working in the NT Government and contributing to their superannuation each fortnight) have the defined part of their benefit protected from market movements, as this is calculated based on your salary and length of service. Only the accumulation

account portion of your benefit is subject to the effect of investment returns. It is worth noting that as at 30 April 2010, the NTGPASS superannuation Growth (default) option returned 18.69 per cent which compared favourably with similar investment options in other superannuation funds. Returns for all options to 30 April 2010 are detailed in Table 1.

Your NTGPASS Trustees, in conjunction with the fund's investment manager, MLC Implemented Consultants, continue to monitor investment performance and returns.

More information about your investment options can be found at [www.nt.gov.au/ntt/super](http://www.nt.gov.au/ntt/super) or by calling 8901 4200 or Freecall 1800 631 630.

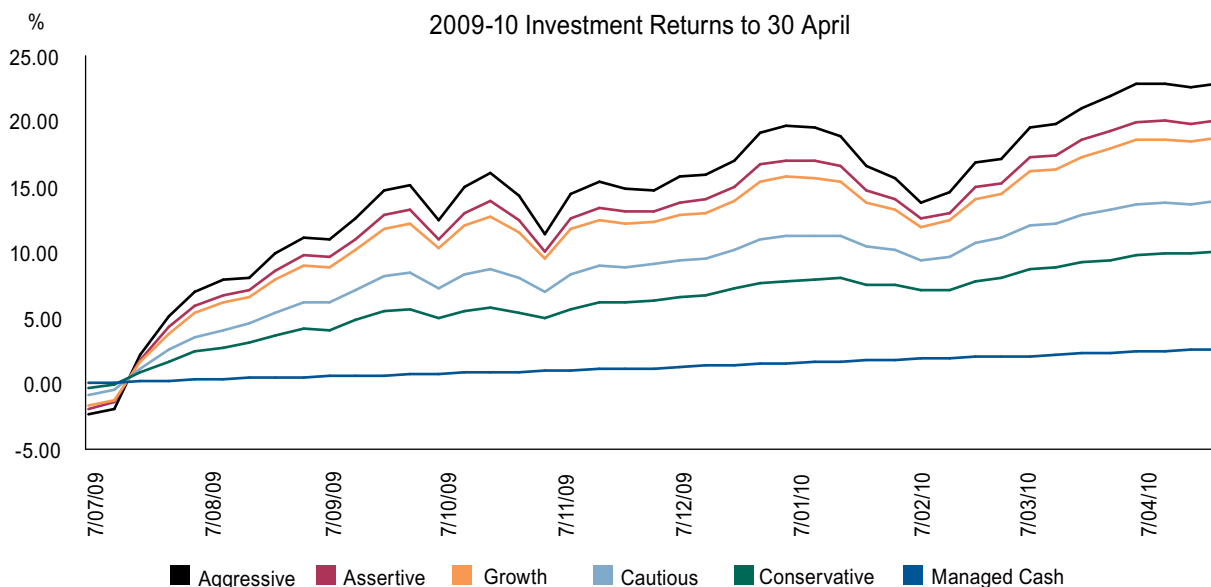
Table 1: Financial year to date returns for all options to 30 April 2010

	Managed Cash	Conservative	Cautious	Growth	Assertive	Aggressive
	%	%	%	%	%	%
Superannuation <sup>1</sup>	2.65	10.11	13.93	18.69	20.06	22.81
Pension <sup>2</sup>	3.05	10.35	14.14	17.57	1.60 <sup>3</sup>	22.17

1. Superannuation returns are calculated weekly. Returns reflect the period to 27 April 2010.

2. Pension returns are calculated monthly. Returns are for the period to 30 April 2010.

3. The Assertive Option commenced in March 2010, and reflects the return since this time.



### Disclaimer

The information made available in this newsletter is provided as a guide only and has been prepared without taking into account your personal objectives and financial needs. You should consider any information in this newsletter in light of your personal circumstances. You may wish to consult a licensed financial planner to do this.

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