

What does market volatility mean for your super?



Issued 9 August 2011

- Focus on your investment goals.
- Australia remains relatively well placed.
- Speak with your financial planner if you need help.

Plummeting sharemarkets. Government debt problems in Europe. The downgrade of the United States Government's credit rating. Talk of a second Global Financial Crisis.

What's causing the recent sharemarket turmoil?

Recent events have conspired to send investor confidence, and thus international sharemarkets, into this sudden downward spiral:

- Ratings agency Standard & Poor's (a private financial firm) has downgraded the United States Government's credit rating from AAA to AA+. This has never happened before – prompting a media frenzy and panic selling by investors, driving share prices down.
- Government debt problems have been troubling several European countries for months, but have recently spread to Italy – prompting a fresh wave of investor panic.
- The negative global outlook and confidence has impacted the Australian sharemarket with global commodity prices falling, impacting our domestic market.

How are things in Australia?

There is undoubtedly a lot of economic pessimism in Australia at the moment. People are saving more and spending less. Many of us are more fearful for our future financial security – particularly after seeing our own sharemarket fall steeply.

And yet the Australian economy remains relatively well-placed compared to the likes of the US and Europe and should continue to benefit from robust demand for our raw materials from China. Unemployment remains low, business confidence is at average levels and leading indicators suggest further, albeit slower, growth ahead.

Reference: Reserve Bank of Australia, Statement of Monetary Policy, August 2011.

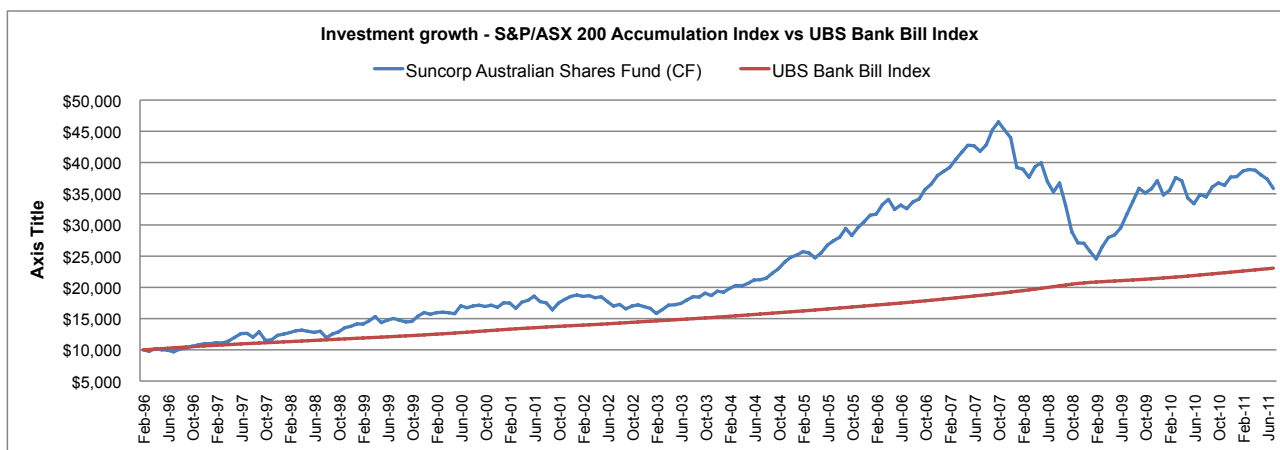
Should you alter your investment strategy?

This is a question that only you and your financial planner can answer. Certainly, when things are looking gloomy, it can be tempting to switch your super into a more conservative investment option – something more secure and less volatile. But depending on your strategy and time horizon it may impact your long-term savings, because:

1. Conservative investments are only likely to produce modest growth over the long-term. This might be good for certainty. But it may not be so good for your lifestyle in retirement.
2. If you take your money out of investment markets during a downturn, you're effectively selling your assets for a lower price. It also means you're locking in any losses that would otherwise only exist on paper. And you can't benefit from a market recovery if you're not invested.
3. Many people actually choose to buy assets or top-up their super when markets are down – knowing they're getting more for their money, and will benefit from when the market recovers.

In times like these, you should speak to your financial planner regularly, to make sure your plans remain on track through the inevitable ups and downs of investment markets.

This graph shows the value of \$10,000 invested in the Suncorp Australian Shares Fund (Contribution Fee Option) since inception.



Source: Tyndall Investment Management, 9 August 2011.

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Suncorp's multi-manager investment strategy

The most common way to reduce your risk is by diversification, or 'not putting all your eggs in the one basket'. Suncorp's investment strategies are aimed at reducing risk and delivering strong, consistent returns over the long-term.

For Suncorp WealthSmart™ we use investment specialists Ibbotson as our multi-manager asset manager. Ibbotson has a focus on capital preservation, and the Suncorp diversified investment options are positioned accordingly.

For example, our default investment option, the Suncorp Balanced Portfolio, has produced recent returns with lower levels of risk relative to many other managers.

For the latest Suncorp WealthSmart performance figures go to: www.suncorpbank.com.au/personal/superannuation/performance#investment

Suncorp's multi-manager diversified investment options can help you diversify your investments:

- **Across asset classes**

You can invest in a range of asset classes, including domestic and international shares, domestic and international fixed interest, domestic and international property, cash and alternative assets.

- **Within an asset class**

You can invest in different markets, different sectors or different investment styles, within the one asset class.

- **Across investment managers**

With a choice of quality investment managers to select from, you can invest with different investment managers of differing investment styles.

Suncorp WealthSmart's bank deposit options – Preliminary declared rate for July 2011 – 5.88% pa¹

If you and your financial planner are looking for secure, simple and easy to understand investment options, Suncorp WealthSmart offers the Suncorp Bank Deposit Fund and the Suncorp Term Deposit Fund.

The Suncorp Bank Deposit Fund pays monthly interest in the form of additional units into your Suncorp WealthSmart account. The Suncorp Term Deposit Fund is unit priced and investment performance is shown in the movement of the daily unit price. Unlike traditional term deposits and depending on your circumstances, you can also access your money at anytime without being locked in to a specific timeframe.

So if you're looking for the benefits of a bank account within your super, please refer to the Suncorp WealthSmart Member Booklet for more information at: www.suncorpbank.com.au/personal/superannuation.

Need help?

As always, if there is anything about your super that you need help with, please speak to your financial planner. Alternatively call us on 13 11 55 and ask for 'super'.

How to contact us:



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Customers – 13 11 55 and ask for 'Super'
Suncorp Financial Planners, Authorised Representatives and
Independent Financial Advisers – 1800 066 745

www suncorp.com.au

1. Preliminary declared interest rate does not include fees and tax. This rate is current at 9 August 2011. This rate may be different from the final declared interest rate that will be published on our website suncorp.com.au around 15 August 2011. This is an annualised interest rate. The declared interest rate is subject to change at any time without notice.

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