

FINANCIAL PLANNING NEWS



ENERGY INDUSTRIES®
SUPERANNUATION SCHEME

Energy Industries Superannuation Scheme

March quarter 2010

How do we make our investment decisions?



By Michael Block
General Manager, Investments,
FuturePlus Financial Services

In response to a number of enquiries from members, I thought I'd take the opportunity to briefly explain how investment decisions are made at the Energy Industries Superannuation Scheme (EISS).

EISS is responsible for the management of more than \$2.7 billion in assets and it is the Board of Trustees who ultimately makes all the investment decisions. The Trustee decides:

1. What investment options should be available to members
2. What the risk/return objectives are for each investment option
3. The asset allocation most likely to achieve these objectives (i.e. the split up each option should hold in assets such as shares, property, fixed interest, cash etc.) and
4. Which are the best investment managers for each asset class (see next section).

The Trustee does vary the asset allocation slightly to take into account short-term considerations, but it does not make substantial changes to the structure of the investment strategies in response to short-term events. If you are in the Diversified strategy for example, you can expect a relatively high exposure to equities. In other words, your super is invested in exactly the way the strategy states it will be invested. If you are unsure of the objectives and risks associated with each investment option you can view all the investment strategy descriptions within the appropriate Product Disclosure Statement online at www.eisuper.com.au

If, for any reason, you feel that the investment option you are invested in is not appropriate for your circumstances, you should consider making a change. As always, you should seek the advice of your FuturePlus financial planner before doing so.

While there are many reasons for switching your investment strategy, trying to time the market shouldn't be one of them, especially if you are already in retirement. Trying to pick market highs and lows can confound even the most experienced investor and if you get it wrong the results can be painful.

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Welcome. In this issue of Financial Planning NEWS you will find information on:

- How investment decisions are made at EISS
- Errol Umar, a member of our financial planning team
- Reviewing your financial plan
- Our Gold rating from SuperRatings
- The latest from Fair Go
- Health and lifestyle tips
- What's on in NSW

Our Gold rating



The Scheme's Account-based pension product has been awarded the SuperRatings' Gold rating for 2010. SuperRatings is Australia's leading ratings agency for super funds.

SuperRatings reviewed more than 150 pension fund products, which together had over \$75 billion in retirement savings, and examined each on over 100 individual segments of their product offerings.

SuperRatings aims to understand each fund's "Value for Money" proposition because it believes that the best value for money funds offer more potential to maximise their members' retirement savings.

So who actually manages our investments?

Continued from page 1...

Once we have finalised our asset allocations, we employ specialist fund managers within each asset class.

When we select a fund manager there are a range of factors which we consider and these generally include:

- People, reputation and resources
- Expertise in particular sectors of the market
- Investment style

- Performance
- Fees

For some asset classes (e.g. cash) we only employ one fund manager. For others, such as Australian shares, we employ a number of fund managers to reduce the risk of us underperforming the overall market.

We constantly review our fund managers and while we do not change them frequently, we do replace them if they do not continue to satisfy our

requirements. For example, we may replace a fund manager if they fail one or more of our general selection criteria, or if we change our investment strategy and require a fund manager with a different investment style.

For a full list of our fund managers and a description of the assets they manage and their investment style, please go to the website at www.eisuper.com.au, click on the Performance tab and select Fund Managers.

Help with digital TV

Between 2010 and 2013 analog free-to-air TV signals will be switched off and replaced with digital-only signals. The Victorian region surrounding Mildura and some areas of southern NSW will be the first to switch to digital. After the switch, you will not be able to get television reception unless you have a digital television, set top box or a similar device.

To help you make the switch to digital, you may be eligible for the Australian Government's Household Assistance Scheme. The scheme includes a free high definition set top box and installation. You may be eligible if you or someone in your household is receiving the maximum rate of one of the following payments, and you do not already have access to digital TV:

- Age Pension
- Disability Support Pension
- Carer Payment
- Department of Veterans' Affairs (DVA)
- DVA Income Support Supplement

Letters inviting eligible households to opt into the scheme will be sent out about six months before each region is due to switch over. The letter will invite you to contact Centrelink to check your eligibility.

For more information about the switch to digital TV, visit the Digital Switchover website at www.digitalready.gov.au or call **1800 201 013**.

Fair Go Member Benefits Box Office



Welcome to the Fair Go Member Benefits Box Office brought to you by SPENDLESS. We deliver great savings on cinema, theme park and attraction tickets plus a great range of top brand name appliances and special merchandise offers.

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- AMC
- Independents
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- Event

- Eureka Tower
- Melbourne Aquarium
- Queensland Theme Parks
- Australian Outback Spectacular

You must pre-order your movie tickets through the Member Benefits Box Office. Your ticket is then swapped for the movie and session at the cinema you choose. Discounts are not given or recognised by the cinemas directly.

Purchasing your discounted movie tickets, theme park tickets and merchandise is easy*. Simply order online <http://www.eisuper.com.au/fairgo/spendless.asp> All payments are secure through the eWAY payment gateway.

Alternatively, phone your order through to the Member Benefits Box Office on **(03) 9822 9966** or **1800 352 600** outside of Melbourne. Don't forget to quote "Member Benefits".

The Member Benefits Box Office is owned and operated by SPENDLESS. Any credit card purchases will state SPENDLESS on your statement, not Member Benefits.

*Prices and terms and conditions are subject to change.

Meet Errol Umar, a member of our financial planning team



Investment markets have been through challenging times in the past and the global financial crisis (GFC) was one of those times. The key to success is to have a solid financial plan in place and to stick with it.

That's the advice from Errol Umar, who was recently promoted to Client Relations and Advice Manager in our Sydney office.

"Recent events also highlighted the fact that many people were potentially not in an investment mix which complemented their risk tolerance. This is why it is important to seek help from a professional financial planner who will not only assist with structuring a plan, but will also be there to explain its settings should something like the global financial crisis occur in the future as well as review them as circumstances change over time" he says.

Errol has worked at FuturePlus Financial Services for the past nine years, most recently as a senior financial planner. In 2009 he competed in the Australian Financial Review Smart Investor Masterclass for Financial Planning and he finished being ranked among the top 50 financial planners in Australia. Following his promotion, he leads a team of seven financial planners and two client relationship managers.

"I really enjoy working closely with such a group of very talented people to achieve great outcomes. It is extremely rewarding to share your thoughts and experiences with team members in a way which really promotes a positive environment," says Errol of his new role.

Before joining FuturePlus, Errol worked as a financial adviser at a major bank, but he says he now enjoys being in a not-for-profit super environment and the fact that the member truly comes first. "It is extremely satisfying to know that when members see us, we are acting in their best interests. We are on their team and want to see them achieve their financial aspirations," he says.

What upsets him most is seeing some members who rely on hearsay and rumours, or who simply go off what a friend has done with their money. "It's the members' hard earned money at risk here, so it's in their best interest to do their homework and that's where a financial planner is invaluable."

Getting back into the property market?



Are you are thinking of downsizing or helping your children buy their first home? With interest rates edging up, you will need to ensure that you have the best mortgage rate possible. Paying unnecessarily high rates or fees is just money down the drain that could be better spent elsewhere.

So why not take advantage of the 5 Star Chifley Home Loan? It is rated 5 Star by CANNEX, the independent financial services monitoring agency. This means our mortgage loan offers "superior value", giving you the reassurance that you are making the best possible choice!

Products awarded 5 stars by CANNEX are the best 5% of similar products available in Australia. So when you

consider that there are literally hundreds of similar products around, the awards give you the reassurance of knowing that with your Chifley Home Loan you are considering a competitive solution.

There are no mortgage application fees and no monthly account keeping fees. You can make extra and lump sum repayments without any restrictions which allows you to use any extra funds to reduce interest and pay out your loan faster*.

For more information on these or any of our competitive loans, either call us on **1800 800 002** or visit our website **www.chifley.com**

*Limitations apply to Fixed Rate products. Terms and conditions apply. The credit provider is Select Credit Union Ltd. Fees, charges and all loan details will be disclosed in the loan contract. Some charges such as valuation fees and costs charged by the lender's solicitors are payable. These charges are non-refundable should they be incurred and the loan is not proceeded with. An early repayment fee may be payable. Chifley Financial Services Limited (ABN 75 053 704 706, AFSL 231148) provides services through an agreement with Select Credit Union Ltd (ABN 20 058 538 140, AFSL 238257). Chifley Financial Services does not guarantee the obligations of Select Credit Union Ltd.

What's on in NSW?



Narooma Oyster Festival

When: 14 – 16 May 2010

Where: Princes Highway, Narooma

What: A weekend of high class feasting and entertainment in a pristine natural environment.

Find out more: visit www.naroomaoysterfestival.com

Entry is free!

Thunderbolt Rally

When: 15 May 2010

Where: Chapman Street, Dungog

What: Live entertainment including the wolverines, fireworks, bikes, hotrods, utes, mini trucks, tattoo show, demolition derby, motor cross, trade displays and various competitions. Run in aid of Cystic Fibrosis.

Find out more: call 02 4992 2122

Christmas in Winter

When: June 1 – 31 August 2010

Where: Various venues throughout the Southern Highlands

What: Celebrations include special Christmas lunches and dinners held at popular venues.

Find out more: visit www.southern-highlands.com.au

Entry is free!

A Taste of Manly Food and Wine Festival

When: 5 - 6 June 2010

Where: Along the Corso to the Wharf, Manly

What: Manly's restaurants showcase a range of international cuisines from Asia to Europe.

Find out more: visit www.manlyaustralia.com.au

Blue Water Country Music Festival

When: 11 – 14 June 2010

Where: Various venues across the Port Stephens area

What: A premier line-up of established country music artists.

Find out more: visit www.bluewatercountrymusic.com.au

Weekend of Trucking

When: 12 – 13 June 2010

Where: Various locations around Grafton

What: A variety of activities for all ages, including a truck parade, wood chopping, food stalls, kid's rides and the Apex Tarp rolling tug o' war. Truck drivers bring their rigs to Grafton from all over for this weekend.

Find out more: call 02 6649 4650 or 0427 512 906

Winter Magic Festival

When: 19 June 2010

Where: Katoomba Town Centre

What: Local musicians, mask makers, dancers, drummers, poets, pantomime artists, choirs, clowns and the community.

Find out more: visit www.wintermagic.com.au

We can help you with more than just your pension

- Looking for advice about investing? **We can help you.**
- Are your family members looking for a flexible home loan? **We can help you.**
- Looking to maximise Centrelink and other government benefits? **We can help you.**

Call **1300 883 788** for more information.

Seminars



If you haven't retired yet, or your partner is planning to retire, why not attend a free pre-retirement planning seminar? Also, if you have family or friends that you think may benefit, please feel free to invite them along too.

To view our full calendar of forthcoming seminars, visit our website at www.eisuper.com.au

To attend one of our free financial seminars near you, call **1300 369 901**.

Alternatively you can book a seat by emailing: info@eisuper.com.au
It couldn't be simpler.

Safer social networking

Social networking sites, like Facebook, MySpace, Twitter and those that cater specially for retirees and seniors, are fast attracting those who used to avoid the internet.

Their benefits are many. They allow you to stay connected with friends around the world, monitor what your children or grandchildren are up to and browse through photos of your friends' travels and anniversary parties. You can track down someone you lost contact with years ago and even make new friends with similar interests.

These sites are easy to join but you do need to exercise some caution when using them.

Firstly, be careful what you post. For example, you could find yourself out of if you post comments that embarrass

your teenage grandchildren on Facebook! And, posting a funny photo of yourself or friend may come back to haunt you later.

Secondly, there could be security dangers. Social network sites can be used by scammers to steal or use your personal information for identity theft or fraud.

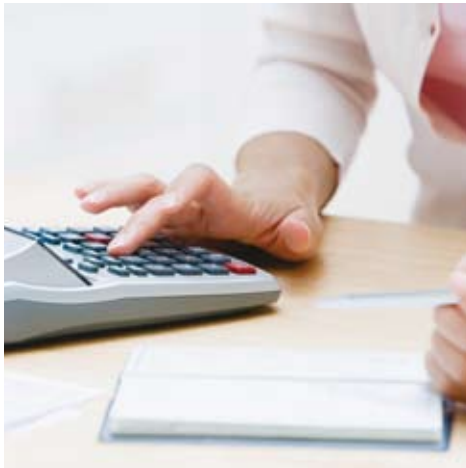
So how can you protect yourself? Here are some tips:

- Don't do online what you wouldn't do in real life.
- Don't post personal information, such as your address, full date of birth or schedule.
- Remember that once you post information online, you can't retract it. You may remove it

from a site, but saved or cached versions may still exist elsewhere.

- Be very cautious when interacting with people you don't know and remember that not everyone is who they say they are on the internet.
- Take advantage of a site's privacy settings. Many will allow you to restrict access to only certain people.
- Consider sending personal messages to friends' inboxes rather than posting it publicly on their walls.
- Don't post anything that could violate the privacy of your friends and family without asking them first.

Is it time to review your financial plan?



A lot has happened over the last 18 months which may have affected your financial circumstances. So if you haven't reviewed your financial plan recently, we

encourage you to take five minutes to answer these quick questions.

- Is your investment strategy still relevant to your current situation?
- Do you have the right investment mix to maximise your investment returns?
- Are you in a position to benefit from the current trends in the markets?
- Are you aware of all the Centrelink benefits you are entitled to?
- Do you have an appropriate and valid estate plan in place?
- Are you confident that you have enough funds to meet all your future financial needs?

If you answered 'no' to any of these questions it may be a good time to review your financial plan.

The global financial crisis has affected investment trends and your circumstances may have changed over time. The aim of a review is to ensure that your financial plan remains appropriate to your goals and that you are doing the very best you can to maximise your savings.

As a member of this Scheme, you can review your plan with one of our financial planners at no extra cost to you. You can come in and meet with one of our planners or we can easily talk with you over the phone if that's more convenient. Just call us on **1300 883 788** or send an email to reviews@futureplus.com.au to book a meeting.

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Shop 2/60 Burelli St

Albury*

621 Dean St

Office hours 8.30am - 5.00pm
Monday - Friday

*Bookings are essential. Phone 1300 883 788 to make an appointment.

How have investment markets performed?

Economic news for the first quarter of 2010 was largely positive. Domestically we saw unemployment continue to fall, reaching 5.3% by the end of March. This contributed to the growing optimism about the underlying strength of the Australian economy. The rate of inflation of 2.1% is within the target range of 2% to 3% and GDP growth for the year ended 31 December 2009 was 2.7% indicating that the Australian economy is growing at a reasonable pace. The significant government stimulus that was thrown into the economy throughout 2009 has now largely been removed and the economy looks to be sufficiently strong to support continued growth without it. If you add to this picture the increasing demand from China for Australian raw materials, the economy looks to be in good shape.

In the US, unemployment fell marginally through the quarter, but still remains at historically high levels with a current rate of 9.7%. There does appear to be some improvement with jobs data released in early April suggesting that companies are no longer being forced to cut staff at the same rate as before. This was very significant news as a full recovery is very difficult to achieve when you have so many people out of work or fearing for their jobs. World stock markets certainly saw this jobs data as positive news with a two-day rally of 1.5% following the release.

The US Federal Reserve has stated that they expect to keep interest rates at abnormally low levels of 0% to 0.25% for an extended period in order to provide further stimulus to the economy.

The market commentary below is provided to give an indication of the various factors affecting the investment performance of individual asset classes. It is based only on the gross performance of the relevant

market index and no allowance is made for taxes or fees as they apply in your superannuation investment. It is provided merely as an indication of relative performance between asset classes and should not be used as a measure for judging the performance of your investment strategy.

Australian Equities

The Australian share market benchmark, the S&P/ASX200 Accumulation Index, returned 1.4% for the quarter. This was an impressive return given the poor start to the quarter with a return of -6.2% in January. The following two months of the quarter, though, continued in a similar fashion to much of last year with excellent returns, driven by improving company earnings and an improving economic climate.

International Equities

Like the domestic market, international shares started poorly, but finished the quarter strongly with the benchmark for global shares, the MSCI World ex-Australia Index returning 1.1% on an unhedged basis. Adjusting this for currency movements (hedging) improves this further as the Australian dollar rose against all major currencies during the quarter and added a further 3.8% to the benchmark performance. Global share markets have gone some way to recovering the losses of the latter part of 2007 and 2008 with one year returns approaching 50%. However, there is still a fair way to go before we can declare that a full recovery is under way with a high level of economic instability in developed nations.

Listed Property

Australian Listed Property finished the quarter down with the S&P/ASX200 A-REIT Accumulation index returning

-1.5%. After a massive recovery last year, which at one point saw the benchmark up 76% from the bottom, returns have moderated as property trusts face issues with renegotiating debt and filling vacant premises. If you add to this a static property market, which is seeing little change in commercial property prices, it may mean that we see the market trading water for a few more quarters.

Cash and Fixed Interest

The Reserve Bank of Australia raised interest rates by a further 0.25% in March to take the overnight cash rate to 4% by the end of the quarter. (The RBA further raised rates in early April to 4.25% making it five rate rises in seven months). Many were surprised that rates were left unchanged in February, but Reserve Bank Governor, Glenn Stevens, justified the decision by stating that after three consecutive rises at the end of last year, it might have been a case of too-much-too-soon to have had a fourth consecutive rise in February.

Short-term money markets rallied with the UBS Bank Bill Index finishing up 1.0% for the quarter. Bond markets also reacted to the rate rise with yields rising and bond prices falling in March to bring the quarterly return back to 1.1%. Globally, government bond prices increased with the benchmark S&P/Citigroup World Government Bond Index (Hedged) returning 2.1% as interest rates in the majority of developed nations remain historically low.

Credit markets continued to rally in a similar fashion to shares with doubts over corporate debt slowly diminishing as the credit crisis eases. The benchmark for credit investments, the Barclays Capital Global Credit Index, returned 3.6% for the quarter.

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Members should not rely solely on this information and should consider their own personal objectives, financial situation and needs before acting on this information. Prior to making any investment decision you should obtain and consider the relevant Product Disclosure Statement (PDS) pertaining to your Scheme membership and seek professional investment advice.



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