

FINANCIAL PLANNING NEWS



ENERGY INDUSTRIES®
SUPERANNUATION SCHEME

Energy Industries Superannuation Scheme

December quarter 2010

EISS takes full ownership of FuturePlus Financial Services

EISS has taken full ownership of FuturePlus Financial Services, the service provider for EISS, which was formerly 50% owned by Local Government Super.

We are committed to ensuring that this change of ownership will cause no disruption to the services provided to members or employers.

However, there has been one significant change in the way we deliver services to our members. As of 24 December 2010 the regional offices will close while a review of the way we deliver our services is undertaken and will not be available for member interviews or walk-ins while this review is in progress.

Your access to Scheme representatives will be the same as before but we

believe this new model will be more flexible, more cost-effective and more convenient for all our members.

FuturePlus will become a true third party provider of administration and back office services to other superannuation funds. In the longer term the purchase will ensure that EISS will have greater control over its service provider and will be able to tailor its range of services better to the needs of its members who work or used to work in the energy industries sector.



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

- The markets and you
- Frequently asked questions
- EISS takes full ownership of FPFS
- The latest from Fair Go
- Lifestyle tips
- What's on in NSW

Error in your September quarterly statement

The 'Other Management Costs' amount which appeared in your September Quarterly statement was incorrect.

As you may be aware, we reduced our fees from 1 July 2010. The actual amount of 'Other Management Costs' we deducted from your account was correct so no adjustment to your balance is required. Unfortunately, though, we overstated the amount of the fees listed on your last statement as we used the 'old rates' by mistake.

Please note that you have not paid any extra fees because of this error as it is only the figure disclosed on your statement which is incorrect.

If you have any questions about this error or would like to know more detail, please contact Member Services on **1300 369 901** or your financial planner on **1300 883 788**.

Other Management Costs
This approximate amount has been deducted from your investment and includes:
Approximate Other Management Costs
Total Fees You Paid
This approximate amount includes all the fees & costs which affected your investment:
Description
Fees deducted from your account
Other Management Costs (not deducted directly from your account)
Total fees you have been charged over the period

The markets and you

The Australian dollar has risen strongly against the US dollar and the Euro in recent months and this has had an impact on the super benefits of members. This article looks at why we invest overseas, the effect currency movements can have on investment returns and the measures we take to minimise the effect of currency fluctuations.

We invest overseas to gain access to industries and companies that we do not have access to in Australia. A few examples are technology stocks, entertainment and manufacturing companies. The Australian market is heavily dominated by financial and banking stocks and mining and resource

stocks. In addition about 10% of the share market is made up of property related companies. All this limits the range of choice for investors in listed companies in Australia.

The other reason for investing in overseas companies is to increase the diversification of our investments. Diversification is a way of making returns from an investment more stable as it is rare for a number of different asset classes to move in the one direction at the same time. For example, in the first half of this financial year shares have performed reasonably strongly while bonds have struggled.

While the diversification of investments is in general a good thing, investing overseas exposes an investor to one significant risk and that is the effect of the fluctuation of the Australian dollar against a foreign currency (usually the US dollar or Euro). In simple terms, if you hold a US investment and the Australian dollar rises against the US dollar the value of your investment will fall and vice versa. This also makes the investment more volatile than it would be if held in Australian dollars.

To give you an example Chart 1 below shows the movements in the US share market (Dow Jones) over the last 12 months and Chart 2 shows those movements in Australian dollars. If you are an Australian investor it is Chart 2 that shows you how well your investment has performed. In this example while the US market rose around 10% between September and the end of November 2010, the return for an Australian investor was flat because of the strengthening Australian dollar.

Chart 1

Dow Jones Index (USD)

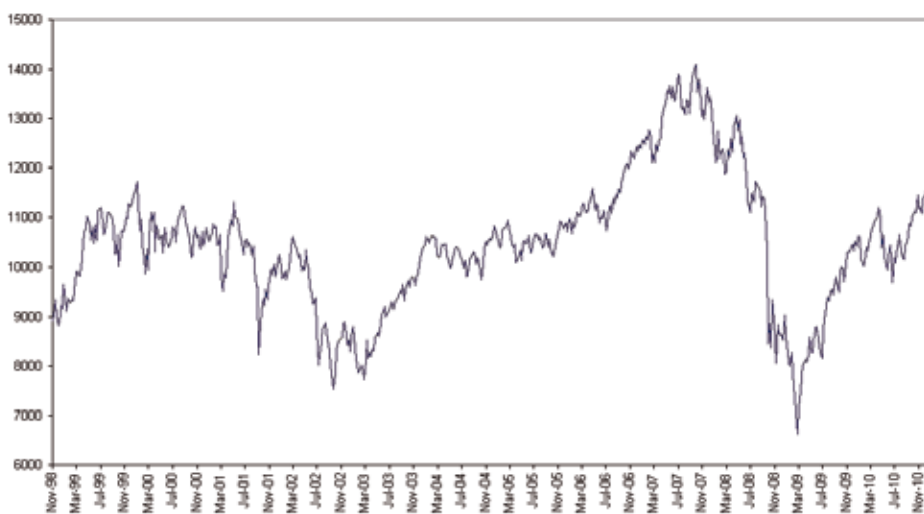
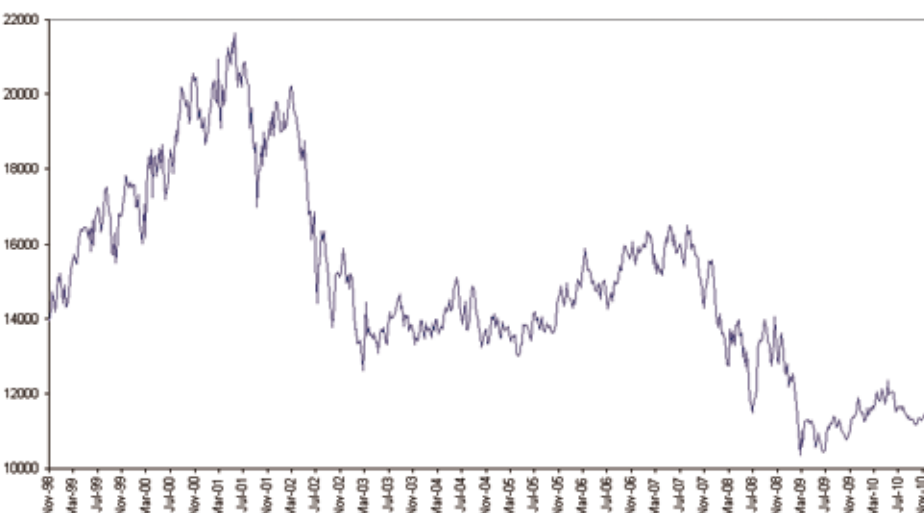


Chart 2

Dow Jones Index (AUD)



So how can an investor protect against currency fluctuations?

The answer is through the use of hedging. Hedging is a method used by investors to remove a particular risk (such as market downturns or currency movements) from their investment approach. EISS generally adopts a 50% currency hedge which has provided some protection for its foreign investments from the rise in the Australian dollar. The level of hedging can change from time to time depending on the Trustee's view about market conditions and the prospects for the Australian dollar. Hedging does not remove risk altogether but it provides greater certainty and stability.

These views are not provided to help you make personal investment decisions. If you have any questions about your personal financial situation in light of the information in this article or in general you should consult a financial planner. You can contact a FuturePlus financial planner by calling **1300 883 788**.

Fair Go Accor Hotels



The best solution for your travel is Accor's Away on Business Program

This offering provides you with access to 1600 hotels globally, including Sofitel, Pullman, MGallery, Novotel, Mercure, Ibis and All Seasons hotels in the Pacific region.

The Away on Business Program will always offer you 10% off the best available rate of the day.

Additionally, when booking online you are able to view all public rates available at the hotel, giving you the freedom to compare these to the Away on Business rate of the day.

How to book and get your discount:

1. Via telephone

Simply call Accor Reservations on **1300 65 65 65** and quote company Accor ID Code SC754685196.

2. Via the internet

Click on the Accor Link and then follow these instructions:

Enter City, Country or Hotel code.

Enter arrival/departure dates.

Click "OK" and continue on with booking.

What's on in NSW?

Music in the Gardens

When: Each Friday in February and first Friday in March 2011

Where: Botanic Gardens Yellowbox Way (off Hill Street), Orange

What: Local musicians and ensembles perform within the grounds.

Find out more: www.orangecon.org.au

Australian Blues Music Festival

When: 10-13 February 2011

Where: Various locations around Goulburn

What: A showcase of the very best of emerging and established Aussie blues talent.

Find out more: www.australianbluesfestival.com.au

Gnoo Blas Classic Car Show

When: 12-13 February 2011

Where: Sir Jack Brabham Park, Forest Road, Orange

What: An annual car show, with more than 300 classic cars, held to honour the history of the old Gnoo Blas motor racing circuit.

Find out more: www.gnooblas.com

Kangaroo Valley Agricultural and Horticultural Show

When: 18-19 February 2011

Where: Showground, Main Road, Kangaroo Valley

What: Stock and produce exhibitions, cooking and craft displays and various sporting events.

Find out more: Call (02) 4465 1154

Flix in the Stix Albury

When: 25 February 2011

Where: Wonga wetlands, Riverina Highway, Albury

What: Flix brings some of the best short films and live music to the country and is proudly supported by Country Energy.



Find out more: www.flixinthestix.com.au

Blue Mountains Music Festival

When: 18-20 March 2011

Where: A variety of venues in Katoomba

What: A three day festival of folk, roots and blues music, featuring selected artists from around the world and across Australia.

Find out more: www.bmff.org.au

Coolah Jazz in the Tops

When: 12- 14 March 2011

Where: Coolah Tops National Park, Coolah.

What: A weekend of jazz amidst the snow gums and spectacular views.

Find out more:

Email info@jazzinthetops.com.au or visit www.jazzinthetops.com.au



Mid North Coast Dragon Boat Regatta

When: 13 March 2011

Where: Manning River Rowing Club Endeavour Park, Taree

What: Dragon Boat Regatta for the local teams plus sporting clubs on the North Coast.

Find out more: www.dbnsw.org.au

Opera in the paddock Inverell

When: 19 March 2011

Where: 'Mimosa', Blyth's Lane, Delungra

What: 25 musicians perform in the natural acoustics of the 'paddock' at Mimosa, west of Inverell.

Find out more:

www.operainthepaddock.com.au

Norman Lindsay Festival of Childrens Literature

When: 2-3 April 2011

Where: 14 Norman Lindsay Crescent, Springwood

What: A magical two day celebration of children's literature with a comprehensive program for writers and readers of all ages.

Find out more:

www.normanlindsay.com.au



Frequently asked questions

What are alternative investments?

In Australia most super funds invest mainly in the traditional asset classes which are shares, cash, fixed interest (which is made up of corporate and government bonds), property trusts and direct property. Most investment strategies offered by super funds have differing proportions of these asset types depending on how aggressive or conservative they are.

Alternative investments are basically any asset types that do not fall into these traditional categories and include hedge funds, infrastructure, distressed debt funds, and investment strategies linked

to insurance such as life settlement and catastrophe bonds. This is just to name a few.

The definition can vary from country to country. For example, direct property in the US is regarded as alternative while in Australia it is regarded as a conventional type of investment.

The reasons for investing in alternative investments are:

- to increase diversification within a portfolio
- to make the returns of a portfolio more stable by selecting investments that do not all move

in the same direction at the same time

- to gain access to less liquid (liquid means readily convertible to cash) markets that can offer strong returns for those with a long investment time frame.

At EISS the exposure to alternative investments has always been small but the level of exposure does depend on market conditions and the goals of the particular investment strategy.

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.

Tips on how to save money on your power bill



Power costs just seem to keep rising so here are a few tips on how to keep your power bill under control.

- Unplug your appliances. Leaving appliances on standby can account for between \$11-15 in every \$100 on your bill. This can be avoided if you turn appliances such as TVs, stereos and computers off at the power point.
- For appliances that can't be turned off, like a fridge, make sure there is space for the air to circulate around it. Also, check the thermostat to make sure it is not making the fridge much colder than it needs to be, and ensure that the door seals are clean and that the door itself closes securely.

- When buying appliances check the energy-rating and also whether you might qualify for government rebates for purchasing a high energy-efficient appliance. Not only are energy efficient appliances cheaper to run, they are also good for the environment. For example, an energy-efficient fridge can save up to 4.5 tonnes of greenhouse gases over its lifetime. For more information visit www.energyrating.gov.au

- Try to fill the dishwasher and washing machine before using.
- Switch to compact fluorescent lights.

Heating and cooling make up a substantial part of any power bill. These are tips for making your heating and cooling as efficient as possible.

- Insulate your roof to help moderate the fluctuation of temperature in your home. The money you save on your energy bill will repay the investment in a relatively short time.
- Close all external windows and doors when the air-conditioning is running and shade windows during summer to keep the heat out and during winter to keep the heat in.

- Use ceiling fans where possible as they are much cheaper to run than air-conditioning. If you have fans already turn them off when you leave the room as their cooling effect only works while you are in the room.
- If you are using an air-conditioner try not to set the thermostat too high or too low. When heating, each 1°C increase of the thermostat can save up to 10 per cent in power costs.
- Lowering the water heater thermostat, if possible to around 65°C, can also help reduce costs.
- Check your home's energy efficiency rating by going to the NABERS website at www.nabers.com.au which will also provide you with further suggestions about how to make your home as energy efficient as possible.

Finally, you should check that you are getting the best deal possible from your energy supplier. For more information about choosing the best energy supplier go to www.industry.nsw.gov.au/energy/customers/choosing-supplier

(Sources: Choice Online and the NSW Government Industry and Investment website Saving energy)

Go to the web for up-to-date account information



You can now view up-to-date account information on the website. Recent enhancements mean that your account details are current when you view them. This includes:

- account balances
- investment strategy details
- transaction history
- and benefit quotes for Rollover and Account-based Pension members.

You can now also change your contact details online and there will be further enhancements in the future.

If you haven't registered for web access previously and would like to see what the new member site has to offer all you need to do is go to the Member Login area of the website and follow the registration prompts.

If you have already registered but have not visited the website recently you will need to change your password when logging in to the new member site.

If you have any questions about the new member website or about how to register, please contact Member Services on **1300 369 901**.

What's happened in investment markets?

Economic news

Europe continued to be a source of worry for investors during the quarter with Ireland being the latest European country to receive bail-out funds from the European Central Bank and the International Monetary Fund. With Greece receiving bail-out funds earlier in 2010 and Ireland in November, it seems only a matter of time before another major economy follows suit. In fact, ratings agency, Standard & Poors, has put Spain on watch and could downgrade Spanish bonds to below investment grade, which would cause considerable panic throughout investment markets.

Elsewhere, and perhaps more significantly for Australian investors, there appears to be a slowdown in the rate of Chinese economic growth. This has largely been caused by action taken by the Chinese government in response to concerns over a bubble in the Chinese economy, particularly in the housing market which has seen prices increase by as much as 15% over the course of a year. Various initiatives have been introduced to combat this including: limiting finance available to fund second-home purchases; and increasing the level of reserves that banks are required to hold, thus limiting the availability of funds available to consumers. This slowdown in the Chinese economy has already begun to have an impact on the Australian stock market with its returns trailing those of other international markets.

The Reserve Bank of Australia, though, still felt that the threat of higher inflation in 2011 was real and raised interest rates by 0.25% to 4.75% in November. The aggressive monetary tightening of 2010 is

unlikely to be repeated in 2011 as interest rates have returned to more normal levels. There is certainly scope for further rate rises to the end of 2011, but given the slowdown in China and continued concerns from Europe, it is likely to be a much more measured approach.

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 4.4% for the quarter, resulting in a small positive return over the year. The Australian market has struggled to match the returns of global share markets with the strong Australian dollar putting global investors off buying relatively expensive Australian stocks.

International Equities

International equities (or shares) performed well with the benchmark for global shares, the MSCI World ex-Australia Index, returning 8.8% after adjusting for currency. The currency impact was again very significant in the quarter with the Australian Dollar appreciating against all of the major currencies. Investors were enticed into

international shares largely through a lack of opportunities elsewhere with the US 10-year government bond yield reaching an all time low at 2.5% and cash paying just above zero.

Listed Property

Australian Listed Property finished the quarter down with the S&P/ASX200 A-REIT Accumulation index returning -1.3% as valuations became stretched and investors sought commodity-linked stocks in order to benefit from the continued commodity demand coming mainly out of China. Globally, listed property trusts performed very well during the quarter with the standard benchmark, the FTSE EPRA/NAREIT Developed Total Return Index performing 6.0% on a currency hedged basis and making it one of the top performing asset classes over the past 12 months.

Cash and Fixed Interest

Interest rates in Australia reached 4.75% during the quarter as the Reserve Bank raised rates by 0.25% in November in order to combat the threat of accelerating inflation.

Short-term money markets produced average returns with the UBS Bank Bill Index finishing up 1.2% for the quarter. Bond markets, however, produced negative returns with the UBS Australian Government Bond Index returning -0.6% as the capital value of bonds reduced in response to the increase in interest rates. Globally, government bond prices performed similarly with the benchmark S&P/Citigroup World Government Bond Index (Hedged) returning -1.1% as, again, investors were put off by the low yields offered on these investments.

Please note that the information contained in this document is of a general nature only and does not constitute personal advice as it does not take into account your personal objectives, financial situation or needs. Any advice in this document is provided by FuturePlus Financial Services Pty Ltd (ABN 90 080 972 630) as an Australian Financial Services Licensee

(AFSL 238445) on behalf of the Trustee of the Energy Industries Superannuation Scheme, Energy Industries Superannuation Scheme Pty Ltd (ABN 72 077 947 285). Energy Industries Superannuation Scheme Pty Ltd is an APRA Registrable Superannuation Entity Licensee (ABN Pool A - 22 277 243 559 and ABN Pool B - 64 322 090 181).

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.



Head Office
Ground Floor
28 Margaret Street Sydney
Office hours 8.30am - 5.00pm
Monday - Friday

Postal address:
PO Box N180
Grosvenor Place NSW 1220

T: 1300 883 788
F: 02 9279 4130
www.eisuper.com.au