

FINANCIAL PLANNING NEWS



ENERGY INDUSTRIES®
SUPERANNUATION SCHEME

Energy Industries Superannuation Scheme

March quarter 2011

Meet Peter Hogg, the new Head of Financial Planning

In our last edition, we reported that the EISS has acquired full ownership of FuturePlus Financial Services. As a result we have established a new financial planning team and I am delighted to have been appointed head of that team.

As those of you from the Newcastle area may know, I have been a FuturePlus financial planner, serving EISS members since 2007.

Although I've described the team as 'new' many of you will recognise some of the names on the team list opposite, who have accumulated between them nearly 25 years' experience in providing planning services to EISS members.

As head of the team I am looking forward to the challenge of ensuring that we continue to provide the high quality planning services you've come to expect from us.

One of our first priorities has been to examine how we may be more accessible to EISS members in regional NSW. So although the regional 'shop front' offices have not been retained, we are certainly seeking to retain a regional presence throughout the state. We have started this process by retaining an office presence in Newcastle.

We are also establishing new operations in other locations with a large EISS membership base. One example is Port Macquarie, where we will have a new serviced office and financial planner.

In conjunction with EISS, we will continue to examine other NSW locations with a view to providing appropriate levels of financial planning services to these areas.



Members can make appointments with our planners at these offices, or at their place of work, by calling our Member Services team on **1300 369 901**.

I am well aware that the energy industry will see significant changes over the coming year or so and I am fully confident that my team of dedicated planners can assist you through these changes.

We've established a new email inbox especially for financial planning matters and would welcome any queries, feedback or suggestions you may have.

On behalf of the financial planning team, I welcome you to a new era for EISS financial planning. We look forward to assisting you in the months and years to come.

Peter Hogg

Head of Financial Planning
FuturePlus Financial Services

Welcome

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

- The markets and you
- The latest from Fair Go
- What's on in NSW?
- How to reduce your grocery bill
- What's happened in investment markets?

New Financial Planning mailbox

The financial planning team has established a new email inbox, especially for financial planning related matters. The address is:

financialplanning@eisuper.com.au

We encourage you to use this inbox for any suggestions or feedback you may have about our financial planning services.

Your Financial Planning team

Peter Hogg

Head of Financial Planning
Hunter Region and Central Coast

Doug Matthews

Financial Planner
Western NSW and Sydney CBD

Pam Ingleton

Financial Planner, Greater Sydney Area

Alicia Walker

Senior Planning Support Advisor,
Southern NSW

Imran Amjad

Financial Planner, Southern NSW

Brent Madigan

Financial Planner, Northern NSW

The markets and you

We are not out of the woods yet, but there is light at the end of the tunnel.

The past few years have been tumultuous ones for the financial markets. Investors have experienced many emotions in this time, including euphoria in 2007 when equity prices (share prices) were at an all time high, and anxiety in 2009 as the prices tumbled to less than half their 2007 peak.

The March 2009 edition of this newsletter contained an article which suggested that, in the face of such short term volatility members should consider holding their nerve and sticking to the asset allocations they selected as part of their longer term investment strategies.

The reason behind this advice was that there is strong evidence to suggest that maintaining a position in growth investments is an effective long term strategy.

The evidence also suggests that if investors were to insist on altering their exposure to growth investments, if anything they should consider increasing their exposure to growth investments when prices are low, not reducing it.

The chart (below) illustrates these points quite clearly.

Let's consider the period 2002 to date as an example.

With the benefit of hindsight, the obvious strategy would have been to buy equities in 2002 when their values were lower, sell

them in 2007 when their values peaked and then buy them again in 2009. However, knowing when to 'sell high and buy low' is the key, but this can be very difficult, not to mention costly, if one doesn't get the timing right.

However, members who made the decision to retain their equity exposure from 2002 onwards would have seen the value of these holdings more than double by the end of February 2011. This would have been achieved by taking no action at all and without any worry about the best time to 'buy or sell' equities.

Looking at the chart again, let's assume that in 2002 another member had been worried by the apparent downtrend in equity prices and decided to reduce his exposure to equities. He then increased his equity exposure in 2007 because they had rallied strongly over the previous four years, but then reduced it again in 2009, in the fear that their value would go even lower. This member would have achieved a significantly lower return than members who had held their nerve and not made a change to their investment strategies.

The table below contains the results of some analysis we have conducted on the

3-Year Return (per annum)	Average Return (per annum) in the following 3-Year period
< 5%	24.05%
5% - 20%	10.13%
>20%	-4.04%

returns provided by Australian equities since June 1992. The results show that a poor return (less than 5% per annum) in any given 3-year period is followed by an average return in the following three year period of 24.05% per annum.

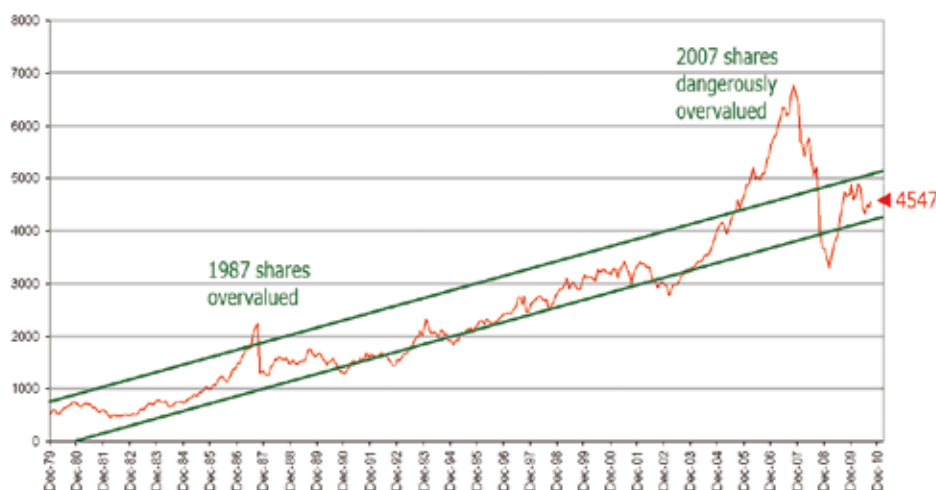
Conversely, a good return (greater than 20% per annum) in any given 3-year period is followed by an average return in the following three year period of -4.04% per annum.

As noted earlier, share markets have recovered considerably from the lows of 2009. The reasons for the marked improvement in financial markets are hard to pinpoint exactly, but a number of contributing factors can be identified:

- (a) Governments around the world have supported the banking sector. This has restored some confidence to the world's financial markets
- (b) Economic growth was better than expected. Low interest rates encouraged consumer and business spending
- (c) 'Quantitative easing' has provided extra liquidity within the market. The term quantitative easing is used to describe a situation where a government buys back previously issued bonds, in order to inject extra cash into the economy and provoke consumer and business spending.
- (d) A lack of real investment opportunities in other areas, with bond yields at historic lows and cash in many developed nations offering returns of below 1%.

How equity markets will fair going forward is still unknown, with some warning signs still prevalent in the US. Retail sales have been mediocre, house prices are showing little signs of increasing in the medium term and unemployment rates are still comparatively high.

All Ordinaries Index 1980-2010



...continues over page

Discounted cinema tickets to Fair Go members



Fair Go membership gives you access to the **Member Benefits Box Office**, which provides you with some great savings on movie tickets at most major cinemas, including Hoyts, Village, Palace and Greater Union.

Purchasing your discounted movie tickets is easy. Simply go to www.spendless.net.au/memberbenefits and order online. All payments are secure through the eWAY payment gateway.

Alternatively, you can order over the phone at the **Member Benefits Box Office** on **1800 352 600** (unless you're in Melbourne, where you should call **9822 9966**). Don't forget to quote "**Member Benefits**" to obtain your discount.

Please note, you must pre-order your movie tickets through the **Member Benefits Box Office** to qualify for your discount. Your ticket can then be exchanged for the movie session at the cinema you choose. Discounts are not given or recognised by the cinemas directly.

While you're visiting the Spendless website you may also like to take advantage of the discounts available to Fair Go members at the cinemas' candy bars.

You'll also find discounted tickets to Australian theme parks and other special offers.

This does not mean, however, that we are encouraging investors to try to time the market – far from it. With equity prices still in a normal price range our suggestion remains the same as before: to maintain a sound long-term investment strategy and continue investing in accordance with that strategy.

So, just how would a strategy of 'holding one's nerve' have worked out for EISS members?

Since our March 2009 edition most asset classes have performed well and significantly better than cash and bonds. Those investment strategies with a higher exposure to equities have followed suit:

Investment Strategy	Performance from Feb 2009 to Feb 2011 (not annualised)
High Growth	39.45%
Diversified	32.03%
Balanced	28.03%
Capital Guarded	21.76%
Cash	9.36%

Anyone who switched out of the strategies with a greater exposure to equities and into Cash at the beginning of 2009 would have seen a much lower return over the two year period than those who maintained their existing allocations.

This trend will not necessarily work for every two year period. However, a long-term investment horizon should be central to any investor's mindset and in the very long-term equities will outperform bonds, which will outperform cash.

That was our suggestion back in 2009 and it remains our suggestion today.

Have you checked your account online yet?

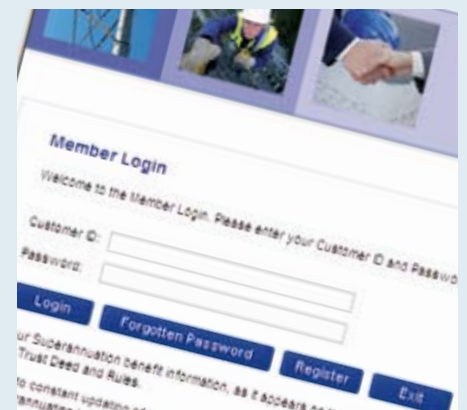
In our last edition we told you about some changes we've made to the member login area of our website.

If you've registered for online access, you can now obtain information such as:

- Your account balance
- Your transaction history
- Your investment strategy
- Your beneficiary

All this information is updated several times a day, so it's now as up to date as if you'd phoned our Member Services team to get it.

You can also view and amend your contact details online.



If you haven't yet registered for online access, visit www.eisuper.com.au and follow the 'login' and 'register' prompts.

What's on in NSW?

Baby Boomers & Retirees Lifestyle Expo

When: 13-15 May 2011

Where: Sydney Exhibition Centre, Darling Harbour

What: Everything you need to know about a vibrant and healthy lifestyle is catered for under the one roof. For those who can't make the Sydney event, you've plenty of time to plan for the Melbourne weekend in November 2011.

Find out more:

www.babyboomerslifestyleexpo.com.au

Moree on a Plate

When: 27 & 28 May 2011

Where: Moree Secondary College, Moree

What: A celebration of local

produce, with open air cooking demonstrations, live performances and more.

Find out more:

www.moreeonaplate.com.au

Wintersun Festival

When: 3-13 June 2011

Where: Port Macquarie

What: Possibly the world's biggest rock 'n' roll and rockabilly music festival featuring over 100 live performers and more than 1,500 classic pre-1974 cars.

Find out more: www.wintersun.org.au

Hunter Valley Wine and Food Month

When: 3-26 June 2011

Where: Various venues throughout the Hunter Valley

What: A month long celebration of Hunter Valley produce. Includes winery tours, food fair, wine tasting events and cookery classes.

Find out more:

www.hunterwineandfood.com.au

Grenfell Henry Lawson Festival of Arts

When: 10-13 June 2011

Where: Various locations around Grenfell

What: A festival to commemorate Grenfell's famous son, Henry Lawson. Activities include live music, dance and poetry performances, car show, wood chopping, children's rides and arts competitions.

Find out more:

www.grenfell.org.au/henrylawsonfestival

Frequently asked questions

What will happen to my super when I die?

None of us like to consider what would happen when we die, but it is something we all need to think about. We want to make sure that our loved ones will be looked after and for most of us our super benefit is one of our most significant assets.

It's also worth remembering that circumstances can change, so it's important that you review your individual situation on a regular basis to make sure that your death benefit arrangements are up to date.

Leaving your super to your spouse

The Trust Deed governing EISS is very specific about the payment of super death benefits. Firstly, if you have a legal or de facto spouse and you wish to have your benefit paid in full to your spouse, you do not need to do anything at all. Under the rules contained in

the Trust Deed, your legal spouse will automatically become entitled to your benefit in the event of your death. You are not required to make any nominations for this to happen.

Where you do not have a spouse

If you do not have a legal spouse, the Trust Deed states that your benefit must be paid directly to your estate. This means that once we've paid your estate your super should be distributed in accordance with your Will by the executor of your estate. Again, you do not need to make a nomination for this to happen, but you should ensure that you have made a Will and that it's up to date.

Binding nomination

You will only need to make a binding nomination if you don't want your current spouse to be the automatic recipient of your benefit. This might be the case for a number of reasons.

For example, a member might wish to leave some of his super to his current legal spouse, but also make sure that his children from a previous relationship

receive some. In this case, the member should make a binding nomination, which confirms that his death benefit is to be paid to his estate, not directly to his current spouse. Provided this member has also made a Will, in which he's indicated how he'd like the benefit distributed and to whom, he would achieve his desire to look after those important to him.

A binding nomination is valid for 3 years, so it's important that you are aware of its expiry date. To help you remember the expiry date, it's printed on your EISS statements. It's also displayed on the 'beneficiaries' page of the EISS website, so if you've registered for web access you can keep an eye on it online.

The Binding Nomination form can be found in the 'Forms & documents' section of the EISS website:

www.eisuper.com.au

Further information

Further information is available via the Nominating Beneficiaries fact sheet on the EISS website or via Member Services: **1300 369 901**

How to reduce your grocery bill



The prices of groceries on the shelves seem to be getting higher all the time, as production and transportation costs continue to rise. Here, we look at a dozen common sense strategies you can use to help counter the rising cost of your grocery shopping.

1) Set a grocery budget

While this seems fairly obvious, it is surprising how few people actually have a plan for spending their income, especially on groceries, which can be a significant outlay.

Setting a budget will get easier over time as you get a feel for the cost of individual items, the quantities you need and the meals you've planned to make.

2) Shop no more than once a week

Try to limit your grocery shopping to no more than once a week, where possible. Every time you go to the shops, you'll be tempted to buy items on impulse that you don't need and this can harm your grocery budget.

3) Draft a menu plan

This will allow you to focus on buying only those items you need when you get to the supermarket. Don't forget that you can base some of your menu plan for the week around supplies you already have at home.

Planning your menu in advance will not only help you to restrict what you're spending, it will also have the added bonus of making you think about

the food you're going to buy. This will help you to plan a more balanced, healthier diet.

4) Check what's already in the kitchen

In conjunction with preparing a menu plan, have a look at what you already have in the kitchen. This will allow you to save money by including items already in stock as ingredients in your menu plan. It will also ensure you don't waste money by including items on your shopping list that you'd forgotten you already had at home.

5) Make a list (and stick to it!)

Never do your weekly grocery shop without a list...ever! Once you've drafted a menu plan and checked the supplies you already have at home, writing your list will be easy.

Sticking to it is harder, though, especially at first, but it does get easier after the first few weeks!

6) Use discount coupons and advertised specials

These are an excellent way of saving money, but usually only if the discounts apply to items on your shopping list. If you're lured into buying something on impulse which you weren't otherwise planning to buy you're not actually going to save money.

Of course, if you can include the discounted item in your menu plan and on your shopping list in place of something else, that's a different story, because you're not buying that item in addition to those you've budgeted for.

7) Never shop when you are hungry

We've all heard this advice before, but it bears repeating. When you're hungry your will power is diminished and you'll be tempted to buy things you don't need. Always make sure you go shopping reasonably soon after a meal.

8) Avoid pre-packaged or convenience food items

While it might be tempting to stack the convenient ready-made frozen meals into your trolley, remember that you'll be paying a higher price for that convenience.

Preparing food from scratch takes a bit more time, but the cost savings are well worth the effort, not to mention the health benefits associated with eating fresh ingredients rather than processed food.

9) Shop in bulk when it makes sense

If the budget allows it and you have a couple of favourite meals that you won't mind including in next week's menu plan, why not buy double the quantity of an item while it's on special offer?

10) Cook in bulk and freeze

If you're going to making savings by buying some items in bulk, consider making larger amounts of your favourite meals, then freezing some. Having food in the freezer will help you avoid the temptation to buy takeaway on those occasions when you want something quick and easy. You can also use the frozen meals for lunches later on and save time and money that way.

11) Try store brands

Don't be afraid to try a store's own generic branded items. In many cases, despite usually being cheaper than branded items with fancy packaging, they are of equal quality.

12) Avoid convenience stores

As is the case with pre-prepared ready meals, the cost of the 'convenience' at these stores is passed onto you. The prices of items at convenience stores are usually significantly higher than other stores and can do serious damage to your shopping budget. Avoid wherever possible.

What's happened in investment markets?

Economic news

Financial markets fared rather well in the January to March 2011 quarter, given the number of disasters seen around the world, which put pressure on equity markets to produce positive returns.

We were initially hit domestically with the devastating floods in Queensland, with damage estimated to be in the region of \$10 to \$20 billion and with many industries coming to a standstill. This left both domestic and foreign investors concerned about the economic wellbeing of Australia.

Next came the turmoil in North Africa and the Middle East, as civil unrest, which began in Tunisia, spread to neighbouring countries like Egypt and Libya. Libya, in particular, made global headlines as it is one of the top ten producers of oil in the world. Investors began fearing that a shortage in the supply of oil would force the price higher and bring an end to any hopes of a US economic recovery. Markets tracked sideways throughout February as we saw a strong inverse relationship between the price of oil and the performance of the US share market on a daily basis.

Finally, March brought the most devastating event of them all; the Japanese earthquake and consequent tsunami, which saw thousands lose their lives, with many more still missing today. This resulted in one of the biggest weekly declines in the Japanese share market in history. The broad market fell by nearly 19% in just six days, as major corporations including Toyota and Sony ceased production, amidst fears of further earthquakes and a nuclear threat.

Observing a quarter like this puts

everything into perspective and our sympathies go out to those affected by the tragedies. Financial markets, however, go on and often behave erratically after such abnormal events. Eventually, normality should be resumed and markets will inevitably go back to reflecting the fundamentals of the underlying companies.

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 3.2% for the quarter. This was very impressive given the uncertainty created by the events referred to above. Many foreign investors still see Australia as an attractive market given its high reliance on commodities. This is encouraging further investment and pushing prices higher.

International Equities

International equities performed similarly to the Australian market, with the benchmark for global shares, the MSCI World ex-Australia Index returning 3.8% after adjusting for currency. The Australian dollar moved very little against the US dollar over this period, with only a

small appreciation of 0.9%, leaving very little difference in the returns between hedged or unhedged international equities. The US stock market in particular performed strongly during the quarter, with the S&P 500 returning 5.9% in local currency terms. This was largely due to US investors seeking returns from equities, with cash and bonds offering such low returns.

Listed Property

Australian listed property finished the quarter up with the S&P/ASX200 A-REIT Accumulation index returning 3.8%. Property trusts joined in the equity market rally as investor sentiment grew more favourable, following a devastating period through 2007 and 2008. This sees the three-year returns down 14.5%. Globally, listed property trusts also performed well during the quarter with the standard benchmark, the FTSE EPRA/NAREIT Developed Total Return Index, returning 3.5% on a currency hedged basis.

Cash and Fixed Interest

Interest rates in Australia remained at 4.75% during the quarter, as the Reserve Bank of Australia deemed the current rate to be consistent with achieving its target rate of inflation.

Short term money markets produced average returns, with the UBS Bank Bill Index finishing up 1.2% for the quarter. Meanwhile, Australian bond markets recovered losses from the previous quarter with a return of 1.9% on government bonds. Internationally, however, returns were far more muted, with global government bonds returning 0.4% for the quarter, as central banks in the US, UK and Europe kept interest rates at historically low levels.

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.

