

# Investment Update

August 2009

Since March 2009, there have been encouraging signs that world markets and economies are returning to a more positive state. More specifically, positive movement has been seen across a range of asset classes including shares and property, which were some of the most severely affected by the downturn.

These developments have been driven partly by increasing confidence in a global recovery in Australia and around the world. The Australian economy performed well over the month of July, with measurements such as retail sales and the unemployment rate showing better than expected results. US data on the same measures showed similar improvements.

Positive results across a number of asset classes translated into positive returns for the month of July for all the NGS Super investment options. In this Update, we review the most recent month's performance of some of the asset classes in which the Fund's options are invested.

## Australian shares

The Australian share market produced a return of 7.34% for July (as measured by the ASX/S&P 300 index), the market's fifth consecutive month of positive growth following the downturn. This return means that the market is now at the same level it was in November 2008.

The July performance of NGS Super's Australian Shares option matched that of the market. This investment option's return of 7.13% was the highest return for the month across all of the Fund's investment options. The Diversified, High Growth, Defensive, Conservative, Green Shares and Shares Plus options also have investments in Australian shares.

## International shares

International share markets performed well over July, with positive performance starting to emerge in the middle of the month. The MCSI World ex-Australia index gained 7.56% in Australian dollar terms. US, European and Asian markets performed well, in some cases exceeding the 7.3% return earned by Australian markets.

The Fund's International Shares option returned 5.42% for July. NGS Super's Shares Plus, High Growth, Defensive, Conservative, Green Shares and Diversified options each have varying levels of investment in this asset class.





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## Property

The property asset class is showing signs of recovery, but not as advanced an improvement as some other classes.

Listed property trusts are an indirect means of investing in property, via an investment fund listed on the stock exchange that invests solely in property. Australian listed property trusts returned 2.36% for the month (as measured by the S&P/ASX 300 Property Trusts index). Results for these investments in world markets were similar. Overall, this asset class is making a slow recovery from a significant fall (-37.7% over the 12 months to 30 July 2009 in Australia and -33.1% for world markets for the same period).

Returns for NGS Super's Property investment option mirrored the Australian performance, with a return of 2.43% for the month.

## Fixed interest

This asset class is known for producing small but largely positive returns. For July, fixed interest assets returned 0.31%, capping off a total growth of 9.22% for the 12 months to 30 July 2009. Fixed interest, most notably bonds, are considered a "safer" asset class because they tend to consistently produce a positive return, though it is generally low.

As an NGS Super member, you can invest in this asset class through the Diversified Bonds option which invests in cash and fixed interest, including fixed interest securities issued by both Australian and international governments and companies. For July, the Diversified Bonds option returned 0.75%. Many other NGS Super options invest in this asset class and it forms a significant percentage of the Conservative and Defensive options.

## Some definitions...

**S&P/ASX300:** is a benchmark index that takes its value from the top 300 shares in the Australian market.

**S&P/ASX300 Property:** is a benchmark which measures the 300 largest property trusts listed on the stock exchange.

**MCSI World ex-Australia:** is a benchmark which pulls together data from a range of world markets, excluding Australia, providing a means to compare Australian market performance to that of other world markets.

**Hedging:** The practice of undertaking one investment activity in order to protect against a loss in another.

**Index:** An index is a statistical value that provides a measure of the value of an asset class or security. Indices provide a benchmark for comparing economic or financial performance, whether it is of an asset class or a specific security.

**Bonds:** Bonds are usually issued by companies or governments to raise money. A bond is a debt owed to investors by the company and investors are promised the return of the capital (i.e. the money they invested) plus interest. Bonds issued by a country's Treasury are usually considered the safest type of bond.

## What if I have more questions?

Call our Customer Service Team on **1300 133 177** between 8 am and 6 pm, Monday to Friday (EST).

We're here to help you!

**Important Information:** The information in this investment update is of a general nature. Any recommendations, statements of opinion or financial advice have been prepared without taking account of your personal circumstances, investment objectives, financial situation and needs. You should read the relevant Product Disclosure Statement (PDS) and assess your own situation before you make an investment decision based on this information.

