

Investment Update

June 2009

Australia is poised to benefit from world economic recovery

As the effects of the global financial crisis continue to reverberate through world economies, it's important to remember that downturns are generally followed by periods of recovery. The good news is that major world share markets have recovered by 25% or so since their lows in early March 2009. Whilst markets are still uncertain as they work to regain their equilibrium, some emerging economies are recovering, gaining almost 60% on their earlier lows.

This emerging recovery is occurring in the face of some of the world's worst economic performance since the Great Depression. Even so, there are positive signs that the rate of decline in overseas economies has slowed. As mentioned in our previous Investment Update, market and economic performance, whilst linked, are often separated by a lag. So whilst markets look to be improving, economic recovery is likely to take longer to become evident.

What does this mean for Australia?

The Australian economy is well poised to take advantage of recovery in world markets. Our economy has largely been shielded from the harsher effects of the downturn and it's possible that we have escaped the most severe effects of the global financial crisis experienced by other countries. Although we are generally considered to be in a recession, it's been mild enough until now as to be almost unmeasurable. Australia is unique amongst world economies from this perspective.

A number of factors have contributed to the relative strength of the Australian economy. These include increased scope for interest rate cuts (compared to other countries), the strong balance sheets of our major banks and the firm, proactive stance taken by the Government on fiscal policy.

Looking forward, some key attributes have put Australia in an excellent position to take advantage of a recovery in global markets. These include:

- Australia's political stability – in contrast to a global community where this state of affairs is becoming less common.
- Australian banks are not Government-owned. At the same time, the Government has not had to provide financial support to the major banks, freeing the economy from difficult governance and exit strategy issues that will potentially affect other countries' economies.



How does this affect our members?

Amidst these growing signs of recovery, the NGS Super's Diversified Option returned 7.83% between March and May 2009. For pension members, who enjoy tax-free returns on this and the other options, the return over the same period was 8.81%.

For more information about the NGS Super investment options, please visit the website www.ngssuper.com.au



ngs super™

THE EDUCATED CHOICE



- Our public finances – which include federal and state government budgets and debt – remain in good shape. Whilst overseas economies will potentially find themselves constrained by their financial obligations tied to bailouts and bank rescues, Australia will not have the same level of debt obligation going into the future.
- Our sensible policy frameworks have stood us in good stead in the current crisis and will continue to do so. Our financial regulatory system has withstood the challenges of the global financial crisis.
- Australia remains engaged in trade with other countries – we have the capacity and liquidity to continue to trade with other economies.
- Finally, we have a good trading relationship with China and other Asian countries giving the opportunity to take advantage of rapid and ongoing regional growth.

Relative to other countries, Australia is in a unique position economically, in that we are relatively sheltered from the effects of the global financial crisis when compared to other countries' experiences. This is good news for our economic future particularly as it means increased confidence, from both within the country and by international investors. It is this confidence that will give Australia's economic recovery a significant boost.

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.

