

Goldman Sachs JBWere Superannuation Fund

Newsletter

March 2008

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Your super – how to get information and help

As a member of the Goldman Sachs JBWere Superannuation Fund, you have access to information and help in relation to the Fund, your super account and superannuation in general through the Fund Helpline and website.

Fund website – www.superfacts.com

You can access the Fund's website at any time - www.superfacts.com.

Helpful information about superannuation is freely available without any access code:

- Latest news (current legislative updates). Recent articles include:
 - The long and short – share market volatility, [more on this article >](#);
 - Tipping point passed – what next for responsible investment? [more on this article >](#); and
 - Do you act rationally when making investment decisions? [more on this article >](#).
- Case studies and information on investment market returns,
- Webinars – short online seminars on superannuation and related topics, including:
 - 'Choosing a financial adviser';
 - 'Salary Sacrifice';
 - 'Reviewing your personal insurance'; and
 - 'Growing your wealth'.
- The webinars are also available as downloadable podcasts or factsheets,
- Online tools such as calculators for salary sacrifice, budget planning and transition to retirement.

However, if you would like to access your personal benefit details, related information or Fund specific documents and forms, you will need your employer/plan number (700955), member number and a personal identification number (PIN). Member numbers and PINs are posted separately to new members shortly after they join the Fund. Your member number is also shown on your annual benefit statement.

With a PIN, you can:

- check your benefit details (a benefit calculation automatically occurs each time you log on giving you an approximate dollar figure of the current value of your super benefit);
- update your contact details;
- change your PIN;
- change your preferred beneficiaries;
- view your contribution history;
- access a range of Fund information in the library section, including Fund forms; and
- subscribe to the Super Talk podcast series.

You can also access past copies of Newsletters, recent Annual Reports, up-to-date crediting rates and get a copy of the latest PDS (Product Disclosure Statement).

For further information, limited financial advice or to make changes to your Fund arrangement, simply:

Call the Helpline on **1800 025 026**

Check the website

www.superfacts.com

Fund Helpline – 1800 025 026

The Fund Helpline operates Monday to Friday 8.00 am to 6.00 pm (except national public holidays).

If you have lost your PIN, a replacement PIN is available by phoning the Helpline although you will need to answer a series of questions to verify your identity.

The Helpline's Customer Service Representatives can help you with your superannuation questions and provide you with information about your super account or the Fund.

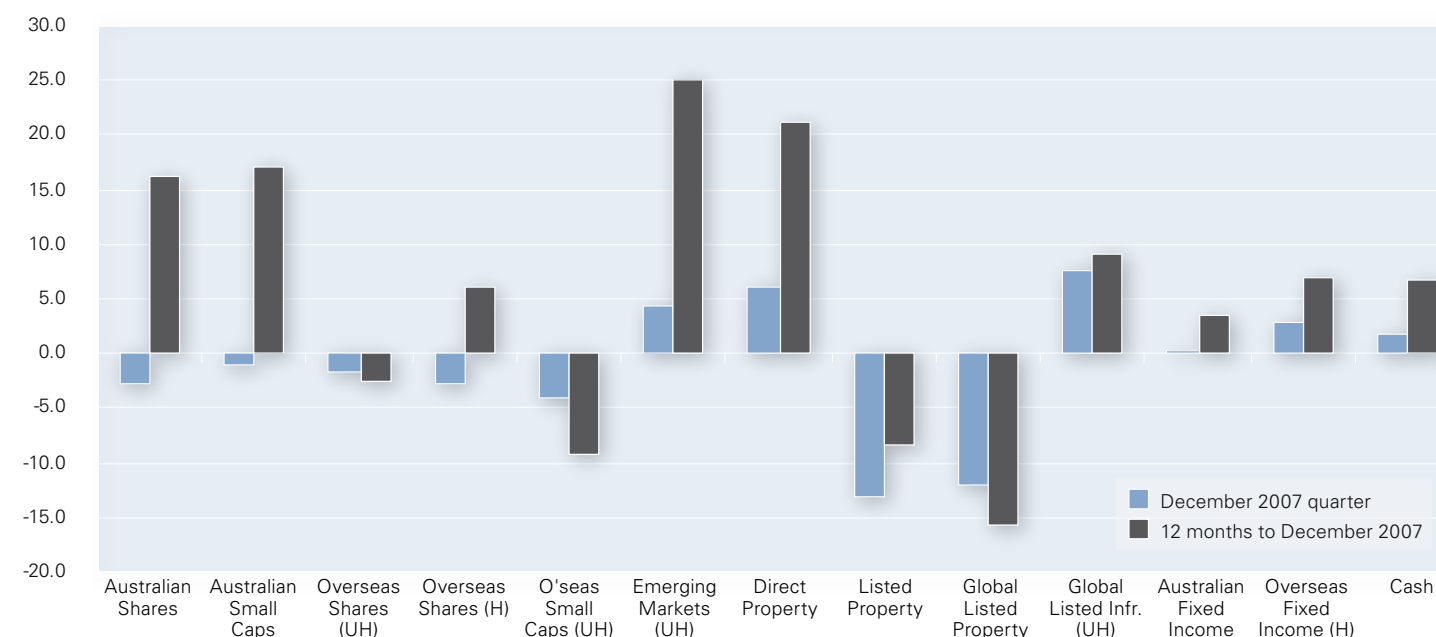
In addition, the Helpline can provide you with financial advice (in limited circumstances). You can receive financial advice over the phone and free of charge in relation to making additional superannuation contributions and the type and level of insurance you may need. All advice provided over the phone is confirmed in a written Statement of Advice.

If your query is more complex and you require further financial advice, the Helpline can set up an appointment for you with a financial adviser.

Investment update

Market and Economic Conditions – December 2007 quarter

% p.a.



The final quarter of the 2007 calendar year was overshadowed by repercussions from the US sub-prime crisis. Global financial institutions recorded large write downs, there was ongoing illiquidity in money markets and growing concerns on the ensuing impact on the pace of global economic growth. By quarter end, a number of asset classes had produced negative returns for investors, notably listed property was down significantly.

Global equity markets were weaker over the December quarter driven by concerns on the back of US housing and credit market issues. Domestically, equities also fell. This was the first quarter of negative performance since Q2 2006. The local market reacted to an interest rate hike by the RBA, the expectation of a further increase in the new year and concerns being realised from US sub-prime issues.

Global bond yields continued their fall during the quarter as investors' risk appetite diminished, following the US sub-prime mortgage fallout and concerns over the US economy. Despite the RBA raising interest rates, local bond yields initially tracked their US counterparts before firming later in the quarter as the prospect of another domestic rate rise was factored in.

Key developments during the quarter were:

- The Reserve Bank of Australia in November responded to upward inflationary pressures and increased the official borrowing rate to 6.75%. In December, rates remained at the same level, the RBA citing concern over the international outlook, but notably commenting that there was concern remaining over the prospect of inflation.
- The US Federal Reserve in response to credit issues twice (October and December) cut interest rates by 25bps. The official borrowing rate is now at 4.25%.
- A new Federal Labor Government was elected in November with changes to the industrial relations landscape, signing the Kyoto protocol and spending on broadband amongst a number of mooted policies.
- A highlight of domestic economic data was the September jobless rate, a 33 year low of 4.2% released in October.
- The Bank of England and Bank of Canada cut interest rates by 25bps. The European Central Bank left rates on hold, but did take a number of steps to boost liquidity in short-term money markets. The Bank of China increased interest rates after inflation hit an 11 year high.

- The price of oil surged +17.5% over the quarter hitting a record high in November before closing at US\$95.95/barrel. Falling inventories, a weak US dollar, geopolitical tensions in the Middle East and the assassination of Pakistani opposition leader Benazir Bhutto all contributed to driving the price higher.
- Gold hit a 27 year high of US\$837.00/oz in November before closing the quarter at year end high of US\$833.30.

Australian shares

The December quarter saw the S&P/ASX 300 index fall -2.7%, the first quarter of negative performance since Q2 2006. The market hit an all time high before falling after the RBA raised interest rates by 25bps and signalled likely increases in the new year. Concerns over the impact of the US sub-prime market fallout further increased after Centro Property Group announced it was unable to refinance much of its debt due to credit market problems. This raised alarm bells over other companies within the sector who may face similar issues.

Mid cap stocks returned -0.4% outperforming their large and small cap counterparts who returned -3.3% and -1.0% respectively.

Repercussions from US sub-prime credit related issues saw a number of sectors sold off in the December quarter. Property Trusts (-13.0%), Financials (-3.1%) and Materials (-2.2%) stocks were all avoided as concerns over US credit and the pace of economic growth continued to develop.

The main detractors from market performance over the December quarter were a number of financial and property related companies. Banks such as ANZ (-6.4%) and National Australia Bank (-3.8%), insurers such as Insurance Australia Group (-21.5%) and property trusts, Centro Property Group (-85.9%) and GPT Group (-19.5%) all felt the brunt of US sub-prime credit related issues. BHP Billiton (-9.6%) announced that it had been in merger talks with Rio Tinto (+24.1%). Whilst the Rio board rejected the proposal, BHP has continued to pursue the takeover.

Overseas shares

The December quarter saw overseas share markets dominated by ramifications from the US sub-prime crisis. Financial institutions recorded large write-downs, there was ongoing illiquidity in money markets and growing concerns over the ensuing impact on the pace of global economic growth. Central banks intervened by cutting borrowing rates and injecting liquidity.

The MSCI World ex Aus index returned -3.0% in local currency terms. The depreciation of the Australian dollar against most major currencies saw returns enhanced on an unhedged basis to -1.6%. Growth stocks outperformed value stocks. The MSCI Emerging Markets Index returned a robust +4.4% in Australian dollar terms to again outperform developed markets over the quarter. Emerging Markets finished the year up a strong +25.1%.

Property

The sub-prime crisis in the US affected investment returns for Global Property funds and then extended its reach to Australia, most notably in the events of Centro Property Group. Global Listed Property returned -12.0% whilst Domestic Listed Property returned -13.0% over the December quarter. Direct Property outperformed rising a strong +6.0% over the quarter.

Fixed income and cash

The Reserve Bank of Australia raised interest rates from 6.5% to 6.75% in November in response to inflationary pressures. Rates remained on hold in December, however markets priced in the probability of a potential rise in the new year, the view being that domestic economic conditions would be a stronger influence on Australian interest rates than global influences. Ten year Australian bond yields rose 17bps over the quarter to 6.33%. The UBSA Composite Bond Index returned +0.3% over the December quarter. The UBSA Bank Bill index returned +1.7%, meaning cash outperformed bonds over the quarter.

Overseas bond markets produced strong returns after yields fell markedly. The US ten year bond yield fell 56 basis points to 4.03%. The Citigroup World Government Bond index and the Lehman Global Aggregate index returned +2.8% and +2.7% respectively on a fully hedged basis over the quarter.

Currency markets

Over the December quarter, the Australian dollar fell -0.8% against the US dollar, -3.6% against the Yen and -3.5% against the Euro. Conversely, the dollar rose +1.6% against the Pound Sterling. The local currency depreciated -1.9% on a trade weighted basis.

Data source: Mercer (Australia) Pty Ltd

UN Principles for Responsible Investment

Goldman Sachs JBWere Superannuation Fund became a signatory to the UN Principles of Responsible Investment (PRI) late last year, one of the first Australia corporate super fund to have undertaken this process. We look forward to making progress towards implementing the principles in 2008. We continue to monitor various pieces of research that concludes incorporating Environmental, Social and Governance (ESG) issues into investment thinking is no barrier to superior investment performance and is often being shown as a positive contributor to enhanced returns. As we begin implementation, therefore, we continue to expect that incorporating a consideration of ESG issues represents an opportunity to maximise the risk/return outcomes of the fund.

In addition to keeping abreast of the latest research as mentioned above, a key step towards implementation will be accessing the Goldman Sachs JBWere ESG investment research ratings database.

Goldman Sachs JBWere investment research has documented correlations between a number of ESG factors and company share price performance and we anticipate the fund's investment committee will receive regular reports on company ratings to incorporate in their investment thinking on these factors and the expanding database of ESG factors as they become progressively available throughout 2008.

Also, since signing the PRI we have become linked into the PRI signatory network. PRI signatories are encouraged to share research on ESG factors as they relate to investing as well as insights into their own experience in implementing the PRI. A specific example is that we are now accessing the 'PRI Clearinghouse' which is a website that contains the latest research of relevance to PRI signatories as well as research written by other signatories. This clearinghouse tool is providing a valuable resource as we progress our own PRI implementation.

Fund performance

A summary of the Fund's monthly crediting rates from 1 July 2007* is set out in the following table. The returns on the Mercer Pooled Fund Survey for Balanced Funds (the Fund's benchmark) has been included for comparison.

Month	Crediting rate for the month	Mercer Pooled Fund Survey Balanced Median for month
July 2007	-1.46%	-1.50%
August 2007	1.79%	2.20%
September 2007	3.14%	1.30%
October 2007	1.54%	0.80%
November 2007	-0.34%	-1.30%
December 2007	-1.65%	-1.20%
January 2008	-6.00%	-6.10%
February 2008	-1.21%	-1.50%
8 months to 29 February 2008	-4.39%	-7.29%

Given the significant market volatility in recent weeks and months, it is important to remind Members that superannuation is a long-term investment class. Under the Fund's Investment Strategy, our investment objective is to provide a five year rolling net return that is equal to or above the median of balanced pooled investment managers, as measured in the Mercer Pooled Fund Survey over a five year rolling average. The following table* demonstrates the Fund's strong performance relative to the benchmark over the longer-term (5 and 10 years).

	Crediting Rate	Benchmark [†]
30 June 1998	10.04	9.30
30 June 1999	16.55	8.50
30 June 2000	15.45	13.00
30 June 2001	13.64	5.40
30 June 2002	-1.70	-4.50
30 June 2003	2.20	-2.20
30 June 2004	13.55	13.70
30 June 2005	22.10	13.00
30 June 2006	23.70	15.70
30 June 2007	18.10	14.60
Average 5 year return p.a.	15.70	6.20
Average 10 year return p.a.	13.10	8.40

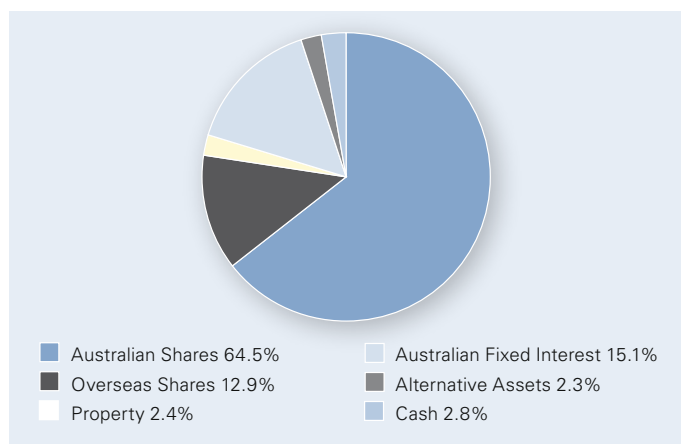
[†] Mercer Pooled Fund Survey Balanced Median

Remember that you can look up the Fund's most recent crediting rates on the Fund website www.superfacts.com, at any time.

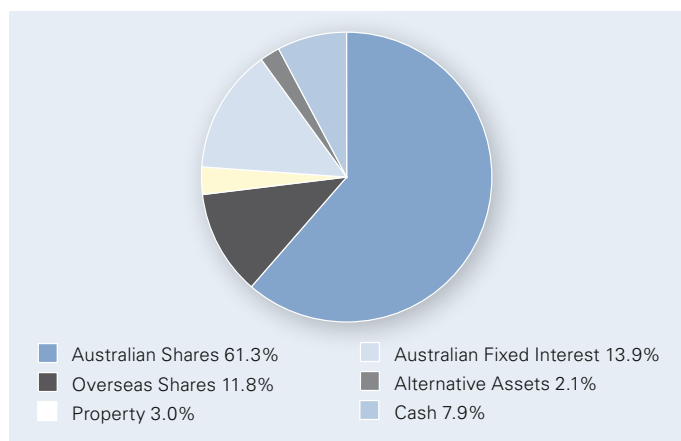
Where your super is invested

There have been no significant changes to the Fund's Investment Strategy other than becoming a signatory to the UN Principles for Responsible Investment. The graphs below show what assets classes and proportion of those asset classes that the Fund's assets were invested in as at 30 June 2007 and 31 December 2007.

30 June 2007



31 December 2007



* It is very important to note that past performance is not a reliable indicator of future performance.

Electronic provision of documents

In order to reduce the Fund's impact on the environment, the Trustee tries to issue as many documents as it can electronically rather than printing and sending them to members. Documents such as this newsletter are emailed to all Goldman Sachs JBWere employees and are made available on the intranet and on the Fund website.

However, almost half of current Fund members are Retained Benefit members, who are no longer employed by Goldman Sachs JBWere. We do not have email addresses for any of these members, so continue to print and send these when they are issued.

In addition, Annual Benefit Statements and the Annual Report are still printed and sent to all members.

In order, to reduce further the amount of printed material issued by the Trustee, the Trustee is requesting all members to consent to receiving all Fund documents electronically and providing their preferred email address for receiving Fund documents.

Please complete and return the attached consent form in order to receive all future Fund documents and publications electronically.

You do not have to give consent.

TRAP and Allocated Pensions

The Goldman Sachs JBWere Superannuation Fund recently launched a new pension benefit – a Transition to Retirement Account-based Pension (TRAP). A TRAP can support a change to your work/life balance in preparation for retirement or as a tax-effective way to build your superannuation savings.

The Fund already offers a traditional Account Based Pension (also known as an Allocated Pension). A TRAP is different from a traditional Account Based Pension. An Account Based Pension starts to pay you an income stream only after your 'retirement' from the workforce (as defined in regulations), a TRAP pays you while you are still working, provided you have passed your preservation age. The money in a TRAP is adjusted for investment earnings (which may be positive or negative) in accordance with the Fund's Crediting Rate, and it is reduced by the pension payments and any fees which may apply.

You can start a TRAP by transferring a minimum of \$20,000 from your existing account, and you must leave a minimum balance of \$5,000 in your existing account. The Government has set minimum and maximum limits on the annual amount paid from the TRAP. The minimum amount is a function of the TRAP balance and a factor based on your age, the maximum amount is 10% of the balance at the start of the year. Regular contributions made by or in respect of you will still be paid into your normal superannuation account, so that account continues to grow while you receive an income stream from the TRAP account.

The pension payments from the TRAP can be made monthly, quarterly or annually.

A TRAP can be used to:

- Allow you to reduce your working hours while maintaining your income;
- Increase your income; or
- Increase your super savings.

You should seek financial advice on whether a TRAP is suitable for you. Further details on the TRAP can be found in the Fund's Product Disclosure Statement for Pensions, located on the intranet under GSJBW Life.

[more on this article >](#)

There are some special requirements for Pension Division members. Pension Division members should call the Helpline on 1800 025 026 for more information.

New contribution limits

Before tax (concessional) limits

Under the Government's Better Super changes which took effect from 1 July 2007, concessional contributions have been capped. Concessional contributions include contributions paid by your employer, and any salary sacrifice amounts which you pay into your superannuation account, including bonus payments.

An annual cap of \$50,000 applies if you are under 50 years of age at the end of the financial year. A transitional arrangement applies for the period 2007/08 to 2011/12 so members aged over 50 at the end of the financial year in which the contribution is made, can contribute up to \$100,000. After 30 June 2012, the \$50,000 limit will apply to all members. Contributions in excess of the cap will be taxed at 46.5% (the top marginal rate plus the Medicare Levy).

When making a concessional contribution into the Goldman Sachs JBWere Superannuation Fund your age on the day of your last contribution in the financial year will be used to determine your contribution cap.

In order to make salary sacrifice contributions, you must be able to demonstrate that the contribution will not give rise to contributions in excess of your cap. Your employer will not allow you to make contributions which will exceed the contribution cap, although it is your responsibility to monitor the contributions you make (not your employer's or the Trustee's).

After tax (non-concessional) contributions

A cap of \$150,000 per annum on non-concessional or after-tax contributions applies to all members, regardless of age. If you are under 65 at the start of the year, you can bring forward two financial years contributions, but you are still limited to \$450,000 over the three year period.

Pension Division members

Pension Division contributions are measured by the use of a formula. Pension Division members have been advised how the contribution caps affect their superannuation. However, if you are a Pension Division member and you would like to find out more about how the contribution caps affect you, please call the Helpline on 1800 025 026.

Salary Continuance Insurance (SCI) – Are you getting full cover?

From 1 October 2007, the definition of income for SCI increased for many members to be:

- Total Employment Cost, plus
- your Specified Payments based on the average of the last two years.

'Specified Payments' are bonuses, commissions, payments for overtime and other remuneration, allowances, loadings and emoluments.

Calculation of cover and benefits

The definition of income is important because it is used as part of the calculation of the amount of any benefit you may receive if you become entitled to an SCI benefit. If you become entitled to an SCI benefit, the amount of benefit is calculated as 75% of your gross monthly income for SCI. This means your SCI benefit would be your gross monthly Total Employment Cost immediately before you became totally disabled, with your Specified Payments averaged over the two years (or shorter period, if you have been employed for less than two years) prior to that date.

Automatic Acceptance Limit

The insurer will automatically accept cover up to the Fund's Automatic Acceptance Limit (AAL) of \$8,000 per month.

If your new SCI cover exceeded the AAL on and from 1 October 2007, you will need to undergo underwriting to receive cover up to your full amount. If this affects you, this means that you will need to provide the insurer with information about your health in order to be accepted for any cover in excess of \$8,000 per month.

Maximum amount of cover

Any cover above the AAL (where the insurer's underwriting has been satisfied) is subject to a maximum of \$25,000 per month and is calculated in two steps. For the amount insured up to and including \$20,000 per month, your SCI cover is 75% of income. For the amount insured above \$20,000 per month and up to \$25,000 per month, your SCI cover is 50% of income.

How to apply for higher SCI cover

If you would like to increase your cover, please call the Helpline on 1800 025 026 for more information.

Please note that further important details about SCI cover (including information about exclusions) is contained in the Fund's Product Disclosure Statement for accumulation members. The payment of SCI benefits is subject to the terms of the insurance policy.

In order to assist members to meet the health information requirements, the Fund will arrange for a medical officer to visit any Goldman Sachs JBWere office to undertake basic blood tests. If you would like to find out more information about this, please contact the Helpline on 1800 025 026.

Important Note:

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Mercer has been appointed by Best Superannuation Pty Ltd ABN 57 070 732 008 trustee of the Goldman Sachs JBWere Superannuation Fund to provide general financial product advice. Mercer Investment Consulting is a registered business name of Mercer.

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