Goldman Sachs JBWere Superannuation Fund

Newsletter

March 2010

Topics covered in this newsletter:

- Member superannuation seminars
- Investment update
- New directors
- Fund performance
- Spouse accounts
- Insurance cover improvements
- Late contributions

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**

Member superannuation seminars

Superannuation seminars will be provided for members of the Fund in the Melbourne office on 17 March 2010 and in the Sydney office on 24 March 2010. The seminars will focus on the Fund's benefits and include the topics:

- Fund benefits – what are they and how can you get information about your benefits?
- Spouse accounts
- Retained benefits – when you no longer work for Goldman Sachs JBWere or JBWere
- Insurance cover
- Pension benefits and transition to retirement benefits
- Superannuation contributions and the limits which apply to them.

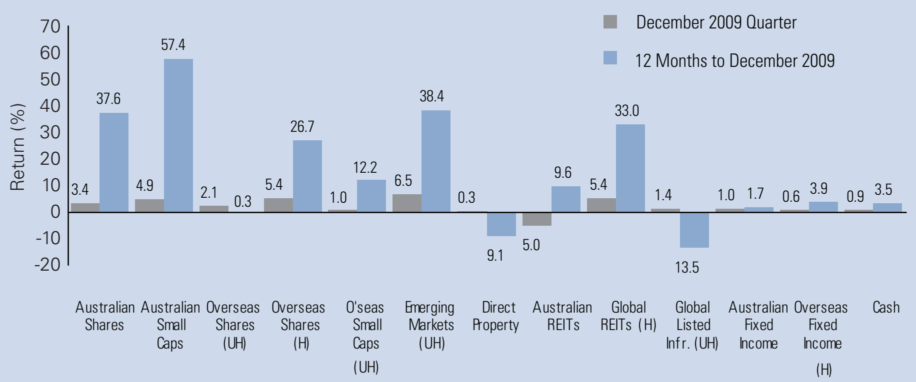
If you are interested in finding out more about your Fund or if you have any questions relating to superannuation, you should attend one of the seminars. The seminars will also give you the opportunity to ask questions of your Directors. Full details of the seminars will be advised closer to the seminar dates.

Investment update*

Market and Economic Conditions – December 2009 Quarter

(For Fund Performance refer to page 4)

Asset Class Returns



Data source: Thomson Financial Datastream; MSCI. Data provided 'as is'

The December quarter saw equity markets post moderate gains after the strong rally in the September quarter. Australian equities underperformed their global peers with investments in Global Small Caps, Emerging Markets and Global REITs providing the best returns. Bond markets, on the other hand, suffered small losses with bond yields rising globally.

Generally positive economic data, an improving outlook and a strong recovery in emerging countries, China in particular, continued to support the upward trend in global markets, while the Dubai debt issue, sovereign risk concerns and some downbeat economic readings added to volatility. Reserve banks in the major developed countries are still keeping interest rates at historical low levels. Australia however is the exception with the Reserve Bank of Australia (RBA) hiking the official interest rate for three consecutive months in a row.

Overall global bond yields rose during the quarter with the improvement in the global economic recovery, but higher volatility was also witnessed, as safe-haven flows and fading interest rate hike expectations in the US and Europe dampened bond yields in November. The longer end of the Australian yield curve moved upwards in line with global peers while the shorter end of the curve reacted to positive economic data but was also kept down by non committal rate rise comments by the RBA. Although the spread between Australian and US 10 year bond yields narrowed to 185bps, and the USD rallied strongly against all major currencies in December, over the quarter the Australian dollar still managed to appreciate 1.9% against the US dollar and 2.2% as measured by the Trade Weighted Index.

Key developments during the quarter

- The RBA delivered three consecutive rate hikes during the quarter each with an equal amount of 25bps, which raised the cash rate from a historical low of 3.00% to 3.75%. Minutes from the RBA board meetings continued to reveal its increasing confidence in the global and domestic economic recovery, as well as concerns that the monetary stimulus put in place during the extreme market conditions may no longer be suitable in the current environment.
- Australian economic data was mixed over the quarter. The Australian labour market has been showing strong signs of a recovery, with the level of employment jumping up three months in a row and the unemployment rate falling to 5.7% in November. The housing sector and business confidence surveys both delivered upbeat results. However Q3 GDP recorded a 0.2% increase quarter on quarter, which was below market expectations of 0.4%. This brought the annual growth rate in at 0.5%. Consumer confidence fell in November and December, attributable to rising interest rates. The trade deficit widened with the October reading standing at $2.4 billion.
- The US Federal Open Market Committee left the cash rate target unchanged at 0% - 0.25%, noting that *"economic conditions, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels of the federal funds rate for an extended period"*. The Federal Reserve is also in the process of purchasing $1.25 trillion of agency mortgage-backed securities and about $175 billion of agency debt in order to support the US mortgage lending and housing markets and to improve overall conditions in private credit markets. The Bank of England also maintained the bank rate at 0.5% throughout the quarter.
- US economic data released over the period was mixed but with more positive news near the end of the period. The annualised figure for Q3 GDP was revised down from 3.5% to 2.2%. The official unemployment rate eased marginally to 10.0% after touching a new high of 10.2%, while the ADP employment figures continued to disappoint the market. Conversely, the housing figures were strong throughout the quarter. November non-farm payrolls provided an upbeat surprise to the market with a drop much less than forecasted. Consumer confidence and retail sales both increased over the quarter.
- In late November, Dubai's state holding company Dubai World, which has a liability of US$60 billion, asked creditors for a "standstill" agreement as it negotiated to extend debt maturities. Some credit rating agencies also announced a revised outlook for the sovereign ratings of some European nations including Greece and Spain, highlighting concerns over their fiscal positions.
- The price of oil (WTI) rocketed up 12.8% over the quarter closing at US$79.67/barrel, benefiting from the continuing global economic recovery and a better demand outlook.
- The gold price surged strongly over the quarter, touching US$1200/oz before pulling back with the appreciation of the greenback in December, ending the quarter 8.8% higher at US$1096/oz.

Australian shares

Following the substantial increase during the September quarter, the Australian share market posted a more moderate gain during the December quarter. Local economic data continued to provide solid support for the domestic market, while rising base metal prices saw the resources sector as a major contributor to the index gain. Conversely, some downbeat economic readings from the US and UK in October, profit taking from the financial sector and sovereign risk concern in some countries provided a drag to the local market. The S&P/ASX 300 rose 3.4% over the quarter and 37.6% for the year, while Small caps (+4.9%) outperformed their Large (+3.3%) and Mid cap (+2.5%) counterparts and the broader index.

With ongoing strong Chinese economic data and rising commodity prices, Materials (+13.9%) was the only sector delivering double digit returns over the quarter. Defensive sectors Utilities (+5.4%) and Consumer Staples (+4.7%) were also in favour. In contrast, Financials (ex LPT) (-0.6%), provided a drag to the index, suffering from profit taking amid concerns over the European banking sector and the possibility of global regulatory change. Property Trusts (-5.0%) and Energy (-2.5%) topped the worst performing sectors.

Strong performance in the resources sector saw BHP (+15.1%) and RIO (+26.9%) lead the positive contributors list, followed by Wesfarmers (+19.2%) benefiting from robust sales growth. Conversely, big banks were under pressure with NAB (-9.7%) being the worst contributor.

Overseas shares

The global share market advanced over the quarter along with an increase in volatility. At certain stages the market was dragged down by poor economic readings from the US and UK which triggered profit taking, as well as sovereign risk concerns especially over the Dubai debt issue. But overall the market was inspired by generally improving global economic data and continuing strength from the Chinese economy. The MSCI World ex-Australia index moved up 4.6% in Australian dollar terms. As the Australian dollar continued to appreciate, returns for unhedged Australian investors were eroded to 2.1%. Small Cap (+0.9%) stocks significantly lagged behind the broad market while Value stocks (+0.6%) underperformed their Growth (+3.9%) counterparts in Australian dollar terms.

Emerging Markets (+6.5%) was the best performing region in Australian dollar terms while the Far East (-3.3%) lagged behind and was affected by the underperforming Japanese market. Among the major developed countries, the US and UK were the best performers in local currency terms, both returning 5.9% for the quarter. While the Japanese (+1.1%) market's late rally attributable to the falling yen and the latest government stimulus package just marginally pushed it into positive territory, it still fell behind the other markets.

In Australian dollar terms, Materials (+9.1%) was the top performer with strong increases in commodity prices, followed by Information Technology (+6.1%) and Healthcare (+5.4%). Financials (-5.4%), which delivered the best return over the previous quarter, saw a sell-off around the world.

Property

There were divergences between global and domestic listed property over the quarter. Global Listed Property (FTSE EPRA/NAREIT Global Index) returned a positive 5.4% while Domestic Listed Property (S&P/ASX 300 Property Trust Index) lost 5.0%. Over the year, Global Listed Property significantly outperformed Domestic Listed Property, gaining +33.0% and +9.6% respectively.

Fixed income and cash

The December quarter witnessed Australia become the first developed country to tighten its monetary policy. Three consecutive months of rate hikes saw the shorter end of the domestic yield curve steepen as a result, while the longer end also shifted up slightly a result of the improving economic outlook. The UBS Australia Composite Bond index gained 1.0% for the quarter and was up 1.7% over the year. Non-Government bonds (+1.4%) outperformed their government counterparts with investors turning their eyes back to risky investments. Inflation linked bonds (+2.0%) were in demand as underlying inflation remained high relative to market expectations in the first two months of the quarter. Credit (+1.8%) was also back in favour with an increase in market risk appetite.

US 10 year bond yields declined 50bps to 3.79%. The Citigroup World Government Bond index and the Barclays Capital Global Aggregate index returned +0.6% and +1.1% respectively on a fully hedged basis over the quarter and +3.9% and +8.0% over 12 months.

Currency markets

The Australian dollar appreciated against most of the major currencies during the December quarter. The local currency returned +1.9% against the US dollar despite the sharp rally of the greenback in December, +0.9% against sterling, +6.0% against the Yen and +3.8% against the Euro. The local currency returned +2.2% on a trade weighted basis.

*Data source: Mercer (Australia) Pty Ltd

New Directors for BEST Superannuation Pty Ltd

Following the departure of Justin Arter from Goldman Sachs JBWere and the resignation of Andrew Gray as a Director of the Fund, two new Directors have been appointed.

Hamish Tadgell has joined the Board as an employer representative Director.

Hamish joined Goldman Sachs JBWere in 1998 as an Analyst, and has been a member of the Goldman Sachs JBWere Funds Management and Investment Research teams for 10 years. He is currently a member of the Research Strategy team.

Mark Levinson has been elected as a member representative Director.

Mark joined Goldman Sachs JBWere in 2008 as the Head of Transition Management. He has over 27 years of global markets experience, and has worked directly with superannuation funds for the last 10 years.

Fund performance

A summary of the Fund's monthly crediting rates since 1 July 2009** is set out in the following table. The returns on the Mercer Employer Super Balanced Growth Survey (the Fund's benchmark) have been included for comparison.

Month	Crediting rate for the month*	Mercer Employer Super Balanced Growth Survey Balanced Median for month
July 2009	6.37%	3.9%
August 2009	4.24%	3.8%
September 2009	4.72%	2.8%
October 2009	-0.81%	-1.3%
November 2009	0.79%	1.2%
December 2009	3.48%	2.1%
January 2010	-3.80%	-2.1%
7 Months to 31 January 2010	**15.56%**	**10.69%**

* Account Based Pension crediting rates are available on the website www.gsjbw.superfacts.com

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

Given the significant market volatility in recent months, it is important to remind Members that superannuation is a long term investment. 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 Employer Super Balanced Growth 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)**.

	30 June 2000	30 June 2001	30 June 2002	30 June 2003	30 June 2004	30 June 2005	30 June 2006	30 June 2007	30 June 2008	30 June 2009	Average 5 year return pa	Average 10 year return pa
Crediting Rate	15.4	13.6	-1.7	2.2	13.6	22.1	23.7	18.1	-7.2	-6.7	9.1	8.7
Benchmark*	11.2	5.5	-3.9	-0.8	13.0	13.0	15.7	14.6	-9.4	-13.9	3.7	4.3

* Mercer Employer Super Balanced Growth Survey

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

Spouse accounts

If you are a permanent employee and a member of the Fund, your spouse can apply to become an Eligible Spouse Member.

Eligible Spouse Member means:

- a member's husband, wife, widower or widow;
- another person (whether of the same sex or a different sex) with whom the person is in a Registered Relationship; or
- another person who, though not legally married to the person, lives with the member on a genuine domestic basis in a relationship as a couple.

An Eligible Spouse Member's account can be credited with contributions (concessional and non-concessional) made by the Spouse Member or their spouse (i.e. the original member), amounts transferred from another superannuation fund, allocations from a contribution split, and investment earnings (if positive). Deductions for tax, fees, insurance premiums and negative investment earnings will be made from the account.

Spouse Members may apply for voluntary death only insurance cover or voluntary death and Total and Permanent Disablement insurance cover.

Please refer to your Product Disclosure Statement (see the website www.gsjbw.superfacts.com for the current version) for more information.

The application form to become an Eligible Spouse Member can be found on the Fund's website under Membership Forms in the Documents and Forms menu. Alternatively you can call the Helpline on 1800 025 026 and they will send you the form.

The Trustee recommends that you seek financial advice before setting up an Eligible Spouse account.

Insurance cover improvements

The Fund provides Death, Total and Permanent Disablement (TPD) and Salary Continuance insurance cover (if you become totally but temporarily disabled). Most employees have access to automatic Death and TPD cover and Salary Continuance cover. In addition, most members can apply for voluntary Death, TPD and Salary Continuance cover.

The following table summarises the insurance cover:

<table>
<tr><th>Fund Division</th><th>Automatic Death & TPD</th><th>Voluntary Death & TPD</th><th>Automatic Salary Continuance Insurance</th><th>Voluntary Salary Continuance Insurance</th></tr>
<tr><td>Benefits Plus</td><td>18% x Final Average Salary x Complete Years and Months to Age 65.
(eg if you are age 50 and your Final Average Salary is $50,000 your insurance cover will be $135,000.)</td><td rowspan="2">Units of $50,000 with an unlimited maximum for Death cover and $3 million of TPD cover.
(Maxima include any automatic cover.)</td><td rowspan="2">75% of Income payable for 24 months.
Income = Total Employment Cost
plus
Average of your bonuses over the prior 2 years.</td><td rowspan="2">Up to a total maximum cover of $360,000 pa or $30,000 per month.</td></tr>
<tr><td>Superannuation Guarantee</td><td>10% x Salary x Complete Years and Months to Age 65.
(eg if you are age 50 and your salary is $50,000 your insurance cover will be $75,000.)</td></tr>
<tr><td>Casual</td><td>Not available</td><td>Units of $50,000 with an unlimited maximum for Death cover and $3 million of TPD cover.</td><td rowspan="2">Not available</td><td rowspan="2">Not available</td></tr>
<tr><td>Spouse</td><td>Not available</td><td>Units of $50,000 with a maximum $1 million of Death cover and $500,000 of TPD cover.</td></tr>
<tr><td>Retained</td><td>Equal to the level of Death & TPD cover you had on your last day of employment (reduces from age 50 to $0 at age 65).</td><td>Units of $50,000 with an unlimited maximum for Death cover and $3 million of TPD cover.
(Maxima include any automatic cover.)</td><td>Equal to the level of Salary Continuance cover you had on your last day of employment.</td><td>Up to a total maximum cover of $360,000 pa or $30,000 per month.</td></tr>
</table>

The summary above provides only an overview of the insurance benefits available in the Fund. Further details about eligibility, levels of insurance cover and premiums for each Division are set out in the Product Disclosure Statement for Accumulation Benefits which is available on the Fund website.

How to apply for or vary your insurance cover

If you are not sure what insurance you have please check online at www.gsjbw.superfacts.com or check your most recent member statement (also available online).

To apply for or vary your voluntary cover (increase or decrease) you need to complete the Additional Voluntary Insurance Cover form which is available on the website or by contacting the Helpline on 1800 025 026.

If you are increasing or initiating additional cover, you will be required to provide evidence of good health. The Insurer (AIA Australia Limited) will assess your application and may request additional evidence. Once the Insurer has made a decision on your application you will be informed in writing. Until that time the additional cover is not in place and premiums for the cover will not be deducted from your account.

Recent insurance improvements

The Fund has recently negotiated improvements to the Fund's insurance arrangements. Some improvements include:

- 30% reduction in Salary Continuance Insurance premiums – back dated to 1 July 2009.
- Increase in the level of automatic Salary Continuance Insurance cover from 1 January 2010. This means that members whose cover was previously restricted by the old maximum have now automatically been increased in line with the new maximum.
- Underwriting requirements have been simplified. This means that when you apply for any cover or an increase in cover, the insurer's health evidence requirements for most levels of cover have been eased.

If you would like to take advantage of these improvements by applying to take out or increase cover, please visit the website www.gsjbw.superfacts.com or call the Helpline on 1800 025 026 for more information.

Late contributions

As a result of the implementation of a new payroll system at Goldman Sachs JBWere, there were some delays in the remittance of some contributions to the Fund by Goldman Sachs JBWere in August and September 2009. Goldman Sachs JBWere has agreed to compensate members in respect of lost earnings due to the delay. As a result an additional interest amount will be credited to affected members accounts in March 2010. This will appear as an additional interest transaction in your next Member Statement and will be reflected in transactions which can be reviewed in your account on the website.

*Data source: Mercer (Australia) Pty Ltd.

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

§ you become a "lost" member if two consecutive Annual Reports that have been sent to you are returned to the Fund unclaimed.

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