

# Goldman Sachs & JBWere Superannuation Fund

Newsletter

June 2011

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- Insurance changes/  
Insurance cover improvements
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- Contribution limits
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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](http://www.superfacts.com)**

## Fund name change

The Fund changed its name from Goldman Sachs & Partners Australia Superannuation Fund to Goldman Sachs & JBWere Superannuation Fund, effective from 1 January 2011. The change of name was to reflect the ongoing participation of JBWere Pty Ltd and its employees in the Fund.

## Recent insurance improvements

New improved insurance arrangements commenced from 1 January 2011. The key improvements included a change to Salary Continuance Insurance so that the benefit payment period runs until age 65 and lower premium rates.

We are pleased to advise that the Trustee has recently negotiated further improvements to the Fund's premiums. A saving of around 17% will now apply to Death and TPD cover premium rates from 1 May 2011.

Examples of the premium reduction are shown below for selected ages:

### Annual Death and TPD premiums rates per \$1,000 benefit\*

| Sample Ages       | Effective 1 Jan 2011 |        | Effective 1 May 2011 |        | Savings |        |
|-------------------|----------------------|--------|----------------------|--------|---------|--------|
|                   | Male                 | Female | Male                 | Female | Male    | Female |
| Age Next Birthday |                      |        |                      |        |         |        |
| 20                | 0.49                 | 0.20   | 0.40                 | 0.16   | 0.08    | 0.03   |
| 25                | 0.56                 | 0.19   | 0.47                 | 0.16   | 0.09    | 0.03   |
| 30                | 0.53                 | 0.27   | 0.44                 | 0.23   | 0.09    | 0.05   |
| 35                | 0.60                 | 0.40   | 0.50                 | 0.34   | 0.10    | 0.07   |
| 40                | 0.82                 | 0.64   | 0.68                 | 0.53   | 0.14    | 0.11   |
| 45                | 1.29                 | 1.05   | 1.08                 | 0.87   | 0.22    | 0.18   |
| 50                | 2.26                 | 1.81   | 1.88                 | 1.51   | 0.38    | 0.30   |
| 55                | 3.86                 | 2.94   | 3.22                 | 2.45   | 0.65    | 0.49   |
| 60                | 6.35                 | 4.38   | 5.29                 | 3.65   | 1.06    | 0.73   |
| 65                | 10.17                | 6.29   | 8.47                 | 5.24   | 1.70    | 1.05   |

\* inclusive of stamp duty but excluding GST and commission.

For a typical member of 35 years of age with \$500,000 of Death cover and \$500,000 TPD cover, the savings in premiums can amount up to over \$50 per year:

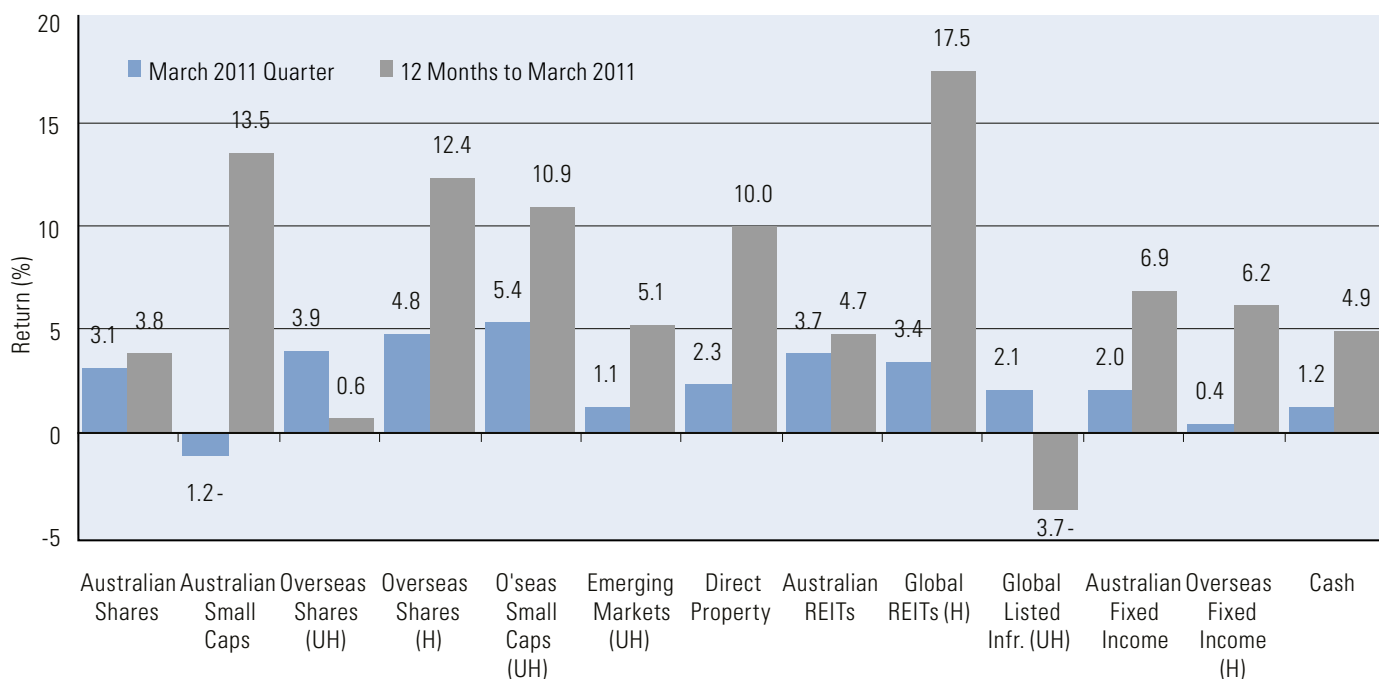
| Member Gender | Annual Premium under old rates | Annual Premium under new rates | Savings Per Year |
|---------------|--------------------------------|--------------------------------|------------------|
| Male          | \$ 299.66                      | \$ 249.62                      | \$ 50.04         |
| Female        | \$ 201.46                      | \$ 167.82                      | \$ 33.64         |

## Investment Update\*

### Market and Economic Conditions – March 2011 Quarter

(For Fund Performance refer to page X)

#### Asset Class Returns



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

The March quarter saw most asset classes post positive returns despite investor confidence being tested by the floods in Queensland, the Japanese earthquake and concerns over political unrest in the Middle East and North Africa. Markets moved higher after economic data released confirmed that the economic recovery in Europe and the US was on track and quantitative easing continued to increase liquidity.

#### Key developments during the quarter were:

Domestic economic data highlights: Q4 GDP grew 0.7% quarter on quarter and 2.7% year on year. In March the RBA left official interest rates on hold at 4.75%, describing the current stance as "mildly restrictive." Retail sales rose +0.5% for the month of February, the best monthly result since July 2010. Annual retail sales remain below trend level.

- The Australian dollar rose to a 29-year high against the US dollar, appreciating 12.7% over 12 months against the US currency.

- US and Euro economic data continued to indicate that the world's two largest economies were expanding. In the US, February saw 192,000 jobs created to lower the unemployment rate to 8.9%, down from 9.4% in December 2010. In March 216,000 jobs were added. The unemployment rate is now 8.8%.
- The European Financial Stability Fund (EFSF) will be upgraded to €440bn from €250bn.
- In China, national accounts data for the December quarter showed the Chinese economy was continuing to expand at a rapid pace, with estimates of quarterly annualised growth exceeding 12%. Chinese authorities announced further tightening measures. Interest rates were tightened by 25bps to 6.06% and the Reserve Requirement Ratio (RRR) was lifted to reduce liquidity and lending.
- The Bank of Japan injected extra funds into the Japanese financial system to limit volatility and to ensure the smooth functioning of markets.
- Political tensions in the Middle East lead to a sharp 16.9% gain in the oil price to US\$106.72/bbl.

### Australian Shares

The S&P/ASX 300 index rose 3.1% over the March quarter. A soft reporting season, dominated by negative earnings revisions and offshore events such as the earthquake in Japan and political tensions in the Middle East and North Africa lead to volatility in the local market. Large cap stocks (+4.0%) outperformed their Mid Cap (+0.8%) and Small Cap (-1.2%) counterparts over the quarter. However, over 12 months, the S&P/ASX Small Ordinaries returned +13.5% outperforming most asset classes.

At a sector level; Energy (+5.6%) stocks outperformed, driven by the higher oil price. Conversely, IT (-7.9%) and Utilities (-2.1%) were the worst performing sectors.

### Overseas Shares

The MSCI World ex Australia Index returned +3.6% in local currency terms and +3.9% in A\$ terms over the quarter. Over 12 months, global equities returned +9.2% in local currency terms and +0.6% on an unhedged basis (due to the appreciation of the Australian dollar). The December quarter also saw Value stocks (+4.4%) outperform their Growth (+3.7%) counterparts as well as the broader market in A\$ terms, based on the S&P Developed ex-Australia Large Mid Cap Value and Growth indices.

Emerging Markets returned +1.1% in A\$ terms over the quarter, whilst Far Eastern Markets returned -5.0% due to ongoing geopolitical tensions.

### Property

Global Listed Property (FTSE EPRA/NAREIT Global Developed Hedged A\$ Index) again performed well over the quarter returning +3.4% and outperformed all other asset classes returning +17.5% over 12 months. Domestic Listed Property (S&P/ASX 300 Property Trust Index) returned +3.7% over the quarter and +4.7% over 12 months. Direct Property (Mercer / IPD Australian Pooled Property Fund Index) returned +2.3% over the quarter and +10.0% over 12 months.

### Fixed Income and Cash

The UBS Composite Index returned +2.0% over the quarter to finish the year +6.9%. The Citigroup World Government Bond Index and the Barclays Capital Global Aggregate Index returned +0.4% and +1.0% over the quarter and +6.2% and +7.3% over the year, on a fully hedged basis.

### Currency Markets

Over the March quarter the local currency appreciated 0.9% against the US Dollar and 3.1% against the Yen. The Australian dollar depreciated 1.5% against the Pound Sterling and 4.6% against the Euro. On a trade-weighted basis the Australian dollar appreciated 0.7% over the March quarter and 6.4% over 12 months.

\*Data source: Mercer (Australia) Pty Ltd

## Fund performance

A summary of the Fund's monthly crediting rates since 1 July 2010<sup>†</sup> 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.

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 5 year rolling average. The following table demonstrates the Fund's strong performance relative to the benchmark over the longer term (5 and 10 years)<sup>†</sup>.

| Month                            | Crediting rate for the month* | Mercer Employer Super Balanced Growth Survey<br>Balanced Median for month |
|----------------------------------|-------------------------------|---|
| July 2010                        | 2.83%                         | 2.10%   |
| August 2010                      | -1.15%                        | -0.50%  |
| September 2010                   | 3.17%                         | 2.20%   |
| October 2010                     | 1.57%                         | 1.30%   |
| November 2010                    | -1.14%                        | -0.30%  |
| December 2010                    | 2.22%                         | 1.70%   |
| January 2011                     | 1.35%                         | 1.10%   |
| February 2011                    | 1.10%                         | 1.10%   |
| March 2011                       | 0.05%                         | 0.10%   |
| <b>9 Months to 31 March 2011</b> | <b>10.35%</b>                 | <b>9.11%</b>  |

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

|                | 30<br>June<br>2001 | 30<br>June<br>2002 | 30<br>June<br>2003 | 30<br>June<br>2004 | 30<br>June<br>2005 | 30<br>June<br>2006 | 30<br>June<br>2007 | 30<br>June<br>2008 | 30<br>June<br>2009 | 30<br>June<br>2010 | Average<br>5 year<br>return pa | Average<br>10 year<br>return pa |
|----------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------------------|---------------------------------|
| Crediting Rate | 13.6               | -1.7               | 2.2                | 13.6               | 22.1               | 23.7               | 18.1               | -7.2               | -6.7               | 13.2               | 7.5                            | 8.5                             |
| Benchmark*     | 5.5                | -3.9               | -0.8               | 13.0               | 13.0               | 15.7               | 14.6               | -9.4               | -13.9              | 9.8                | 2.8                            | 3.6                             |

\* Mercer Employer Super Balanced Growth Survey Median Return

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

Remember that you can look up the Fund's most recent crediting rates on the Fund website [www.superfacts.com](http://www.superfacts.com), at any time.

## New Member Director

The Fund has appointed a new Alternate Director to the Trustee Board - Chris Pidcock.

**Chris Pidcock** has joined the Board as a member representative Director and will fulfil the role of alternate director while Sally Campbell is on parental leave.

Chris joined JBWere in 1989 as a Research Analyst, and has worked in JBWere's International Research Team from 1996 to 2000 when he returned to Melbourne to take up the Senior Analyst position in the Strategy Team. He has been the Equity Strategist since 2002 and is also currently the Goldman Sachs Deputy Head of Research.

## Member Director Election

The Fund has called for nominations for the election of two member representative Directors to join the Board. This is due to two current Directors, Frank Macindoe (JBWere) and Craig Murray (Goldman Sachs), having reached the end of their appointed terms of office. This means one Member Director employed by Goldman Sachs and one Member Director employed by JBWere will be elected.

If only one valid nomination is received for either vacancy, the nominated candidate(s) will be declared elected unopposed. If more than one valid nomination is received for either vacancy, a Member Director election will take place.

### Election Timetable:

|              |  |
|--------------|--|
| 1 June 2011  | Fit and Proper documentation to be completed by the candidates |
| 8 June 2011  | Ballot instructions sent to members via email                  |
| 22 June 2011 | Ballot closes  |
| 24 June 2011 | Ballot count completed   |
| 24 June 2011 | Trustee Directors and candidates advised of election result    |
| 27 June 2011 | Members advised of election results via email.                 |

As of 10 June 2011, Richard Coppleson was the sole candidate for the Goldman Sachs member representative directorship and therefore was elected unopposed. Richard will serve for a period of four years from 1 July 2011.

## Lifetime pensions for Accumulation members

Currently under the Trust Deed and the PDS, members may request the Trustee to provide a lifetime pension in lieu of a lump sum benefit, including members with accumulation balances (Accumulation members). Both these documents also provide that a benefit in the form of a pension 'may be satisfied by the Trustee purchasing an annuity in the name of the Member'.

The Trustee has recently resolved to adopt a policy so that future application for a lifetime pension may be satisfied by the purchase of an annuity outside the Fund. This will mean that as such requests are received, the Trustee may refer the "quote" to an external annuity provider.

## Contribution limits

As the end of the financial year 2010/2011 approaches, it is a good time to remind members about the superannuation contribution limits and the penalties that apply if you exceed those limits.

### Before tax (concessional) limits

Concessional contributions include pre-tax contributions paid by your employer, and any salary sacrifice amounts which you pay into your superannuation account, including bonus payments. The Employer meets some of the administration expenses in respect of the Fund by making additional contributions to the Fund, rather than passing these expenses onto members. The additional employer contribution which relates to you counts towards your concessional contributions cap. Your Employer will advise you of the current allocation per member per year.

An annual cap of \$25,000 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 \$50,000. After 30 June 2012, the \$25,000 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 Fund your age on the last day of 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.

## Death Benefit Nominations

Under superannuation law in the event of a member's death, the benefit can be paid to one or more of:

- the member's spouse (legal or de facto and including same-sex partners) and children;
- any person with whom the member had an interdependency relationship (covering for example people with whom the member was living at their death and (among other requirements) with whom they were sharing living expenses. This could be a parent, sibling or friend);
- any person who was financially dependent on the deceased member; and
- the member's legal personal representative (i.e. their estate).

Under the current Fund arrangements members can nominate to whom they would like their benefit paid in the event of their death by either making a:

- Binding death benefit nomination, or
- Non-binding death benefit nomination.

### *Binding Nomination*

If you have made a valid binding death benefit nomination the Trustee must pay your benefit as nominated. This allows members to plan with certainty, knowing how their superannuation benefit will be paid in the event of their death (provided all requirements are complied with).

Binding nominations are valid for 3 years. However, a binding nomination should be reviewed if your circumstances change (e.g. birth of children, marriage, separation or divorce), as the Trustee has no discretion when paying a death benefit that is subject to a valid binding nomination.

### *Non-binding Nomination*

This type of nomination is not binding on the Trustee. That is, the Trustee will take your nomination into account but is not bound to follow it. As with a binding nomination, if you have made a non-binding nomination it should be reviewed if your circumstances have changed.

### *Benefit of Binding Nomination*

Binding nominations generally result in quicker payment in the event of the member's death, providing the nomination is made to a party where a formal document verifying the relationship to the deceased can be readily made available.

In the majority of cases, binding nominations should lead to quicker payment than a non-binding nomination claim. However, there are circumstances that may hold up a binding nomination such as documents not being certified correctly, insufficient supporting evidence to establish a relationship, etc.

As a guide, in a situation where all documentation is available, certified correctly and the family circumstances are standard, payment of the death benefit in accordance with a binding nomination to the Spouse, Child or Estate generally would take 1 to 2 months. Payment in accordance with a binding nomination to De facto, Interdependent or Financial Dependents may take up to 3 months. Compared with the timeframe for payment of the death benefit where there is a non-binding nomination, which would generally take up to 6 months, you may consider that it makes sense to prepare ahead and make a binding nomination.

### *How to make a nomination*

You can make death benefit nominations (binding or non-binding) and update your beneficiaries at any time. Forms are available on the website [www.superfacts.com](http://www.superfacts.com) or you can call the Helpline on 1800 025 026 for assistance with making a death benefit nomination.

Note that for Pension Division members there are certain benefits that must be paid to a member's spouse or to dependent children. Any new binding election will only relate to the remainder of the benefit.

Your annual member benefit statement shows your nominated dependants and the proportion of your death benefit that you want them to receive in the event of your death. It also shows if your nomination is binding or non-binding.

### **Important Note:**

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