



a super start
setting up for your future

Super Update

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Welcome to *Super Update*, the newsletter for the Heidelberg Australia Superannuation Fund that keeps you up to date with what's happening with your super. If you have any suggestions for articles in future issues of *Super Update*, please pass them on to one of the Fund's Policy Committee members.

Policy Committee update

We congratulate Ashad Perera on his re-appointment as a member-elected representative on the Policy Committee following a call for nominations by the Fund's Trustee last year. He has been re-appointed until November 2018.

Ashad joins Con Xanthos (Company-appointed representative) on the Policy Committee. The Policy Committee's main role is to ensure that the interests of members and the Company are represented in the management of the Fund. Contact details for both representatives are overleaf.

How your super is performing

January saw a rocky start to 2016 as international share markets slid during the first weeks of the month, albeit rebounding later in the month. Uncertainties over the Chinese economy continue to shake the confidence of other markets around the world.

Overall, the US economy has been showing some mixed economic signs. The US unemployment rate fell slightly over the seven months to January 2016 to end the month at 5%. Despite a small lift in September 2015, builder confidence is on the decline and US manufacturing activity has seen a general slowdown since June 2015.

The Eurozone economy continues its recovery; however, preliminary figures for January point to weaker than expected growth. There was a 1% drop to the unemployment rate from June to December 2015. International share markets fell significantly in January 2016. The weakness in international share markets has now prevailed since the start of the financial year. For the seven months to 31 January 2016, international share markets fell by around 6.4%. The depreciation of the Australian dollar over the same time has cushioned the falls on international share markets and limited the loss to around 1%.

In China, manufacturing activity has now been in contraction since March 2015. A falling currency continues to cause concern for world markets. In addition, the Chinese stock market has been seeing some of the steepest declines since the global financial crisis in 2008, with the Shanghai Stock Exchange Composite Index decreasing 22.6% in the month of January alone.

Economic data for the seven months to January 2016 provided mixed signals around the strength of the Australian economy. Australian business confidence remained subdued, and unemployment continued to hover around 6.0%. The Australian share market made robust gains in the December quarter, which eliminated most of the losses of the previous quarter, but slumped again in January 2016 to return -5.5% over the month (as measured by the S&P/ASX 300 Accumulation Index) with losses extending to 5.9% over the seven months to 31 January 2016.

Australian consumer confidence lifted over the second half of 2015 – mainly attributed to a change in political leadership. However, the Australian dollar fell from 76.80 US cents at the end of June 2015 to 71.00 US cents at the end of January 2016, and the Reserve Bank of Australia's cash rate remained at 2.0% over the same period.

Government bond yields in Australia and across the major markets decreased over the seven months to January 2016. This had a positive effect on the value of bond holdings, with the Fund enjoying modest positive returns from its fixed interest investments.

Returns for the seven months to 31 January 2016 for each of the Fund's investment options are shown in the table below. Please remember that past performance is not necessarily a reliable indicator of future performance.

Investment option	Year to date (1 July 2015 to 31 January 2016)
Diversified Shares	-7.2%
Growth	-3.1%
Balanced	-1.0%
Capital Stable	0.0%
Cash	1.1%

Note: Returns shown in the above table are net of tax, investment fees and an allowance of 0.10% per year to build up the Operational Risk Financial Requirement reserve.

Can you add more to your super?

We all know that having more in super can help you have a more comfortable retirement. But did you know that putting away even small amounts can build up substantially over time and put you closer to meeting your retirement goals? This is because of the way compounding works.

Your super grows in three ways:

From your regular contributions



From the earnings on those super contributions



From earnings on the earnings



This is how your super really builds up! It's never too late to start – the earlier you start saving, the more time you will have to benefit from the compounding of investment earnings before your retirement!

Here's something to think about

Consider this example, which shows what contributions made today could be worth at retirement.

If you start with \$10,000 and it earns 7% a year in investment earnings on average, it will grow to about \$19,500 in 10 years. If you can save a bit extra, say by bringing your own lunch each day, you might save another \$40 a week. It doesn't sound like much, but at the end of 10 years, you would have a total of around \$46,000 – that's over 2 times more money in your account!

You can make voluntary contributions to your super from either your before-tax salary via salary sacrifice ("concessional contributions") or your after-tax salary ("non-concessional contributions"). The amount you contribute is up to you. Keep in mind that each year the Government sets annual caps for how much of your contributions will be subject to concessional tax rates. To learn more about the types of contributions you can make and the annual caps, refer to the Product Disclosure Statement, *Guide to your super*, on <http://heidaustsf.com> or call the Fund Administrator.



You may wish to consult a financial adviser to discuss what's best for your own financial situation and circumstances. To locate a financial adviser in your area, contact the Financial Planning Association of Australia at www.fpa.com.au or phone 1300 626 393.

To make or change your voluntary contributions, you will need to complete an *Application and Change Request form*, which is available from Julie Sarro in the Human Resources Department on (03) 9263 3213 or by calling the Fund Administrator (contact details below).

Contact information

If you have a query about any of the information provided in this newsletter or about your super, please contact Ashad Perera on (03) 9263 3374 or Con Xanthos on (03) 9263 3360. You can also speak with Ashad and Con on general information about the Fund's management, features and benefits.

Alternatively, you can contact the Fund Administrator on 1800 127 953 or seek guidance from a licensed financial adviser.

The information in this publication is general information only and does not take into account your particular objectives, financial circumstances or needs. It is not personal or tax advice. Any examples included are for illustration only and are not intended to be recommendations or preferred courses of action. You should consider obtaining professional advice about your personal circumstances before making any financial or investment decision based on the information contained in this document. Please note that past investment performance is not necessarily an indication of future performance.

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