ANZ Super Advantage – Member update

In times of volatility – it's the long term that counts

21 February 2008

In recent weeks there has been a significant fluctuation in share markets – both in Australia and globally and no one can predict exactly what will happen in the financial markets in the short term. Of course, superannuation is generally a long-term investment and accordingly, it is important to maintain a long-term perspective through periods of volatility such as this.

It is worth noting that Australian shares* have provided significant growth over the past five years, achieving an average return of over 20% (as at 31 December each year).

One of the keys to minimising investment risk is to diversify investments. Most super funds offer diversified portfolios which invest in a range of asset classes, not just shares.

What is happening?

Recent market volatility was initially sparked from the effects of the 'sub-prime' mortgage crisis which has extended into share markets globally. Despite this recent market volatility, the Australian economy continues to remain strong. The outlook for consumer spending remains buoyed by sustained strength in the labour market, and the strong pace of economic growth in China continues to support the resources sector.

Key things to remember

Market corrections occur from time to time and are generally part of the share market's normal cycle, and while it can be a cause for concern, it is important to remember that even though market moves can be rather dramatic on a day-to-day basis, they do follow long-term cycles.

Although periods of market fluctuation are part of the normal investment cycle it may cause a sense of anxiety. The best thing you can do at a time like this is to stay calm and not rush into any investment decision without consulting your financial adviser.

A few of the basic principals of building wealth, particularly for the long-term goal of retirement, remain:

- Seek good sound professional advice.
- Set your investment strategy appropriate to your goals and timeframe.
- Seek financial advice before divesting during periods of short-term market fluctuations.
- Diversify your investments to spread your risk and benefit from returns in different sectors.
- Remember that superannuation is generally a long-term investment. Short-term fluctuations will come and go.

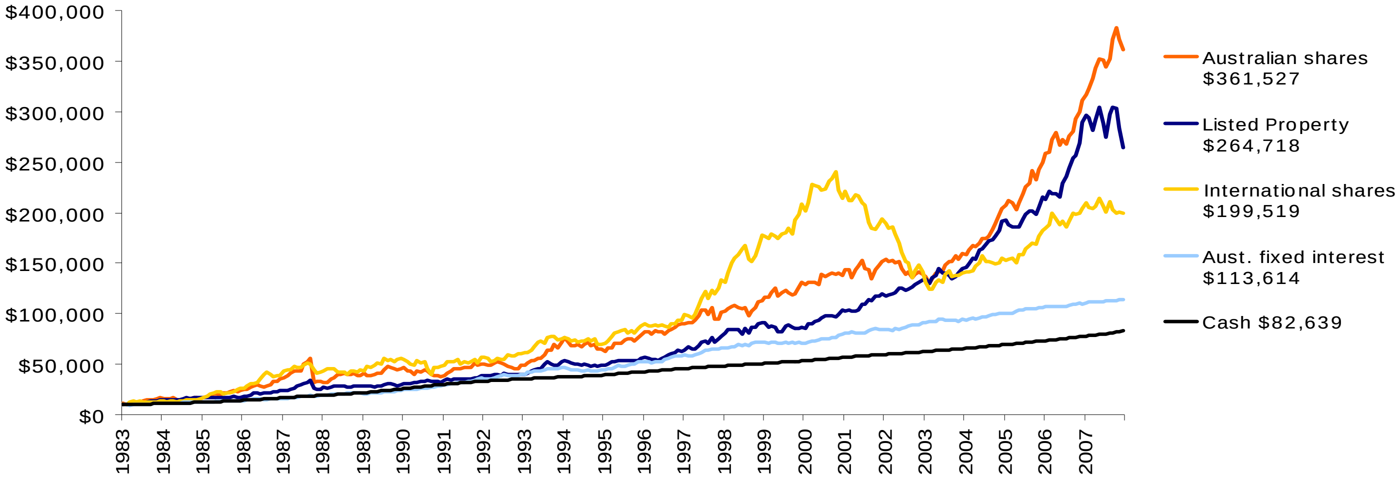
Example of previous markets

History shows us that following market falls there has been (in most cases) a subsequent rebound, where strong returns may be achieved (see the graph over the page). If an investor invested $10,000 into Australian shares* in 1983 and reinvested their dividends, their investment would now be worth over $300,000. Since 1983 there have been numerous periods of volatility, for example in 1990, the market fell -19.9% between February and December. The following seven months saw the share market soar by 23.5%. In 2001 the market fell -12.3% between the end of July and September. The following four months saw the share market increase by 14.1%. However, please be aware that past performance is not necessarily indicative of future performance.

*S&P/ASX300 Accumulation Index

If you are thinking of withdrawing or switching your money after a market fall, please consider this carefully and consult your financial adviser to discuss your personal circumstances. We have already seen throughout the current period major fluctuations in share market prices, with shares down one day and back up the next. Selling out or switching asset classes now could mean that you not only sell your investments at a reduced price but you may also miss out on any market rebound.

Remember, superannuation is generally a long-term investment and short-term fluctuations will occur throughout your working life. Let's look at how $10,000 invested in Australian shares over the past 25 years would have performed compared with direct investments in other asset classes.



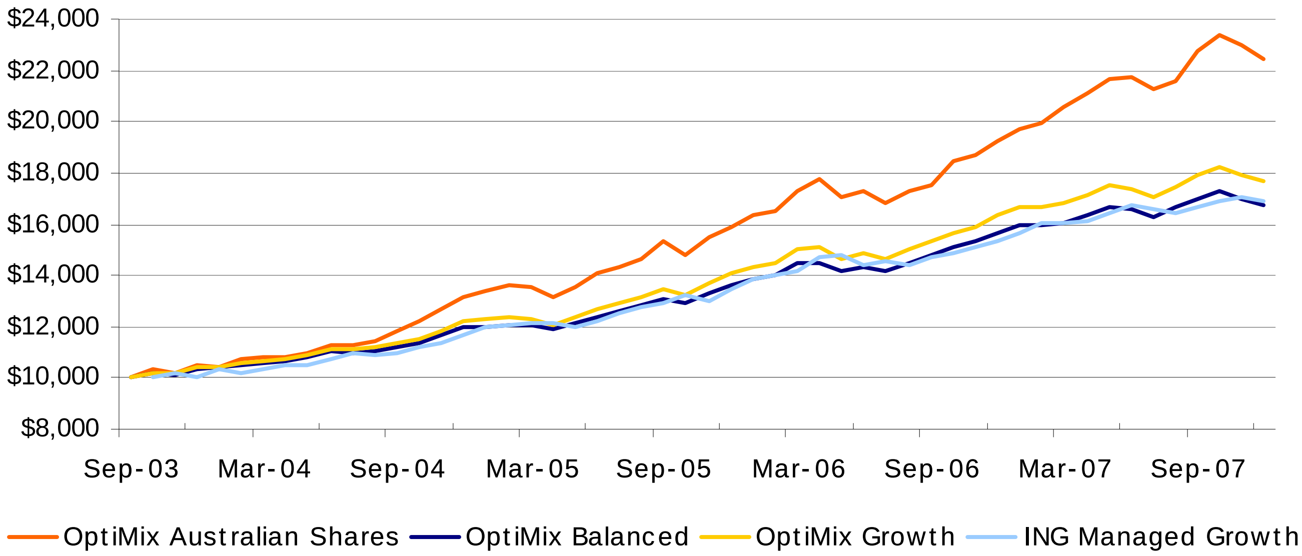
Timeframe: 01/01/83 – 31/12/07

Data: **Australian shares** – S&P/ASX 300 Accum. Index, **International shares** – MSCI World (ex-Aus) in $AUD, **Listed Property** – S&P/ASX 200 Prop Trust, **Australian Fixed Interest** – Commonwealth Bank Bond Index (Pre-Sept '89) / UBSA Composite Bond All Maturities Index (Post-Sept '89), **Cash** – 11am Cash Rate (Pre-Apr '87) / UBSA Bank Bill Index (Post-Apr '87). Source: Mercer, RBA, IRESS

Past performance is not indicative of future performance.

Growth of $10,000 invested through ANZ Super Advantage

As a member of ANZ Super Advantage you have access to a range of over 50 specially selected investment options. The graph on page 3 illustrates the growth since September 2003 of an investment of $10,000 in some of the most popular investment options available to you through ANZ Super Advantage. You can check the performance of your investment and all the investment options available through ANZ Super Advantage online anytime at www.anz.com/wealth/super



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Remember

Always consider discussing your personal circumstances and any potential superannuation strategies with your financial adviser.