

MaritimeFocus

THE NEWSLETTER FOR MARITIME SUPER MEMBERS



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Cover image:
'Arafura' in dock

Contributed by Scott McLennan

Market review

March quarter – Returns remain strong despite political unrest and natural disasters

Maritime Super's returns remained in strong positive territory for the March quarter, with all of our investment options returning positive results and outperforming their sector benchmarks. The most significant outperformance came from the Fund's investments in Australian shares, fixed interest, cash and alternative investments, including our private equity portfolio.

The first quarter of 2011 saw a strong start for global markets with positive economic data coming out of the United States. However, the ongoing political unrest and insurgencies in some Middle Eastern countries and Africa saw increased volatility on many of the overseas markets. Other ongoing factors which contribute to market volatility (such as high oil prices, slowdown in Chinese economic growth and continuing European debt risks) also remained prevalent.

Closer to home, the floods in Queensland and Victoria impacted the Australian markets and was followed by the devastating earthquake in Japan and the subsequent tsunami and nuclear crisis. With the nuclear industry under scrutiny, there are some expectations of a greater demand for alternative energy sources such as oil, gas and coal, which has pushed oil prices up even further.

Australian shares

The Australian sharemarket was up 3.1% for the quarter. Resources keep performing strongly on the back of continuing record-high commodity prices, despite the recent interest rate rises in China. The Maritime Super investments in this sector performed strongly and exceeded the ASX300 benchmark by almost 1%.

Overseas shares

International shares continued to improve throughout January and February and, despite a slightly negative return in March, returned 4.4% for the quarter on a hedged basis and, with the Australian dollar strengthening against all major currencies, 3.6% on an unhedged basis.

Property

The unlisted property sector saw little fundamental change throughout the quarter, although returns for the Fund exceeded 1% during this time.

Fixed Interest

Short-term interest rates in developed economies remain low, although China and India have recently raised their short-term rates in response to rising inflation. Australian bonds and global bonds on a hedged basis performed solidly and the Fund returned over 2% in this asset class.

Alternatives

The Fund has a comprehensive portfolio of investments in private markets which, while being volatile over the past 1-2 years, has experienced a strong rebound in the past year. The revaluation of these assets has seen considerable sector outperformance during the March quarter which has impacted strongly upon our investment choice options.

Currency

The Australian dollar continued to grow to record high levels and finished the quarter trading above parity against the US dollar. The Fund continued to monitor the currency carefully and, since the end of the quarter, has reduced the hedging from foreign to domestic currency on the basis of advice that the Australian dollar is near the top of its cycle.

The Japanese earthquake - what does this mean for Maritime Super's investments?

Maritime Super's investments in Japan are minimal.

While it's still too early to assess the impact of the earthquake and the potential implications for trade, industry and investment markets, our investment advisers will continue to monitor the situation closely but recommend no immediate action.

Future outlook

In Australia, the resources sector is expected to remain strong and investors are confident that countries such as China and India will further increase their purchase of Australia's natural resources, despite the historically-strong Australian dollar.

However, the severe flooding in Queensland and Victoria during January is expected to impact economic growth throughout this year and this is likely to discourage investors to some extent. As a result, the Reserve Bank of Australia kept the cash rate unchanged at 4.75% for the March quarter, although there's a strong expectation that interest rates may increase in the next few reviews by the RBA.

Overseas, there are major concerns in the United States as housing prices are now 30% below their peak in July 2006 and are still declining. However, while most other economic factors point to a recovery, investor and consumer confidence remains cautious and growth with ongoing volatility is expected to be the likely outcome.

Long-term performance

Our focus is on long-term investment performance to benefit members' retirement incomes. To achieve this, it is important that we stay invested in all markets so we can capture the full benefits of market cycles and avoid costly timing decisions.

The continued strong returns for Maritime Super's investment options demonstrate the strength and diversity of our portfolio and the outstanding expertise and resources of our investment managers.

The returns for the first nine months of the 2010/11 financial year and for the previous five financial years are listed in the table below.

Investment performance - to 31 March 2011

Investment option	FYTD	FY09/10	FY08/09	FY07/08	FY06/07	FY05/06
Growth	11.25%	9.63%	-19.78%	-9.95%	19.15%	18.32%
Balanced	10.12%	11.93%	-16.10%	-5.31%	15.59%	12.71%
Conservative	6.65%	9.52%	-6.60%	-0.04%	8.98%	8.49%
Cash Enhanced	4.00%	4.47%	2.47%	5.60%	5.82%	5.21%
Cash	2.85%	2.82%	N/A	N/A	N/A	N/A

The historic returns prior to 1 March 2009 for the following investment options are based on the returns of the most closely corresponding SERF or SRF investment option for the period:

- Growth – SERF Growth
- Balanced – SRF Balanced
- Conservative – SERF Capital Stable
- Cash Enhanced – SERF Capital Protected
- Cash – offered to members from 1 January 2009

Each Maritime Super option has the same overall split between growth and defensive assets as its corresponding SERF or SRF option, and its asset mix is also closely aligned with the asset mix of the corresponding option.

About the Fixed Term Investment

Maritime Super's Fixed Term Investment works in a similar way to a bank's fixed-term savings account: your super is invested for a fixed term, earning interest at a predetermined rate. During this time, you cannot access or switch the amount invested in the Fixed Term Deposit.

You can only invest up to 80% of your balance in the Fixed Term Deposit. Your super will be split between the Fixed Term Deposit and one or more of the other five investment options.

Features at a glance

You'll benefit from:

- a predetermined return at a competitive interest rate
- flexibility to split your super investment with Maritime Super's five other investment options
- favourable tax rates for super

To learn more about the Fixed Term Investment, visit our website or contact Member Services on 1800 757 607.

Please note that these returns are net of fees and taxes and apply to accumulation accounts.

Different net rates of return apply to pension products and certain employer-sponsored categories where the employer may meet the administration costs - refer to the website or contact Member Services for more information.

Please note that past performance is not a reliable indicator of future performance.

Visit our website at
www.maritimesuper.com.au
to learn all about our investments
and investment performance



Market volatility and your super:

Recent fluctuations in investment markets have highlighted the fact that there are risks involved with investing money – including your superannuation. It's important to understand how market volatility affects your super so that you can keep short-term movements in perspective.

Because super is a long-term investment, you have time to ride out the ups and downs of market cycles. You also want to be in a position to take advantage when the market rebounds.

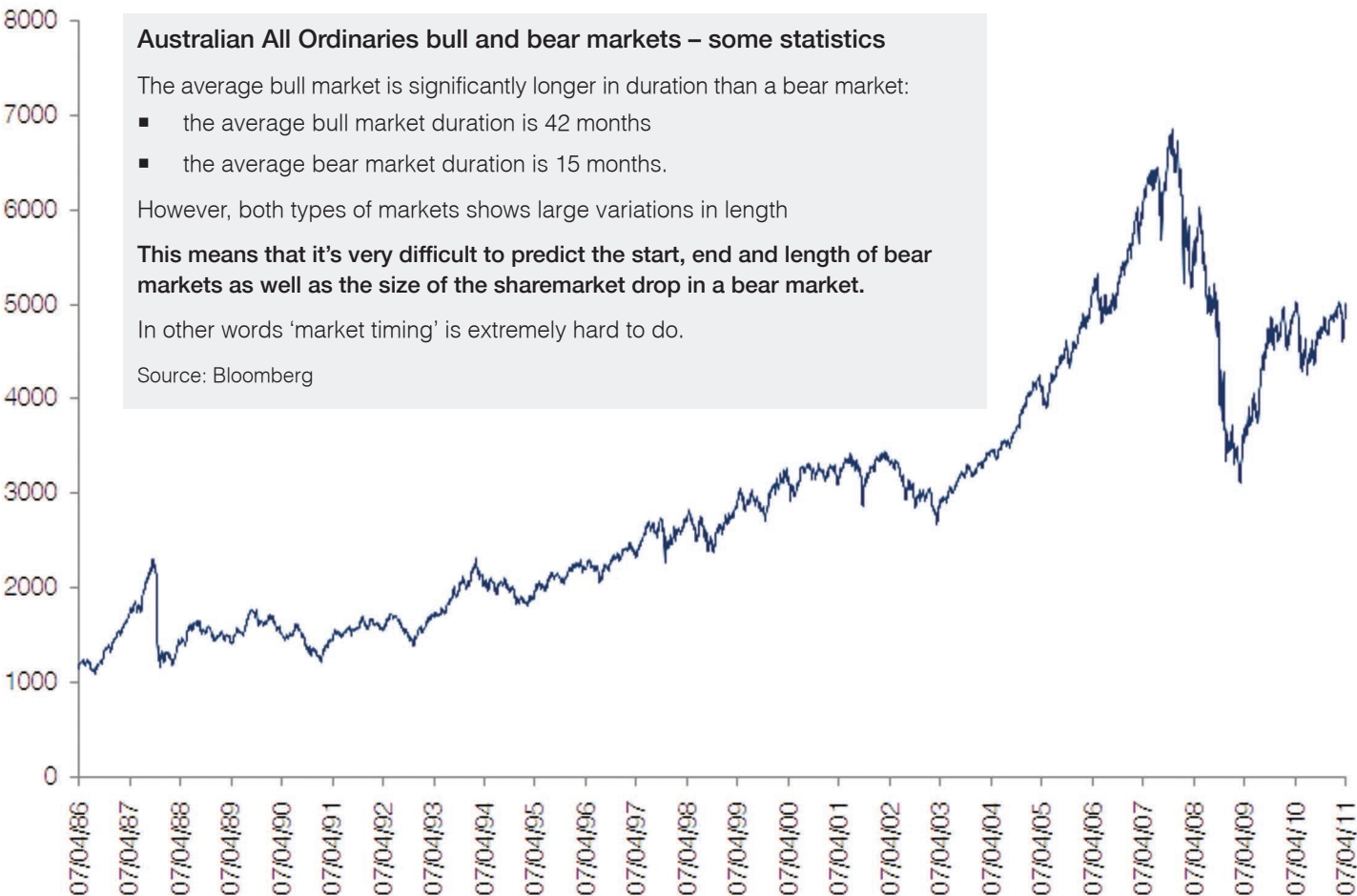
Here are five key things to remember if you are worried about market volatility and your super:



Tip 1 Markets move in cycles

What goes down invariably goes back up again – remember that the market has its ups and downs and that downturns are a normal part of the investment cycle. The diagram below illustrates the cyclic nature of markets and the long term positive returns.

Historical bull and bear markets - from 7/4/86 – 7/4/11



think before you switch

Tip 2 Don't try to 'time' the market – focus on your long-term strategy

'Time in' the market is more important than 'timing' the market - studies have shown that many investors switch at the wrong time and, as a result, miss out on a significant part of the market's recovery and growth.

The table below illustrates the effects of 'missing' the best days in the market.

Market	Index	Stayed fully invested	Best 10 days missed	Best 20 days missed	Best 30 days missed
Australia	S&P/ASX200 Accum Index	7.6%	4.8%	3.0%	1.5%
USA	S&P500 Index	7.2%	3.9%	1.3%	-1.0%

Source: Datastream and St George Investment Solutions

In other words, don't let short-term volatility influence your long-term super investment strategy.

Tip 3 All investments carry some risk

Like any investment, investing in superannuation does carry a degree of risk. Each of Maritime Super's market-linked investment options has a different mix of assets, so the degree of risk varies between these options. It's up to you to choose an investment strategy for your super that suits your financial needs and circumstances.

Maritime Super maintains a diverse range of investments across a broad range of asset classes, investment managers and countries to reduce your exposure to risk. As a large investor, we can achieve diversification across a wide range of investments and we're constantly monitoring these investments in order to mitigate unnecessary risk.

Tip 4 Think before you switch

When markets are falling, it's tempting to think about moving your super into a safer, more conservative option.

However, switching from one investment option to another can unfavourably impact your investment over the long term - it may make you feel more comfortable because you won't be exposed to any further downturns, but it also means that you won't benefit from any increase when the market recovers.

History has shown that growth assets outperform cash over the medium to long term, so it's worth sticking to a long-term strategy and not reacting to market fluctuations.

Tip 5 Seek professional advice

If you're still unsure about what to do, the best course of action is to meet with a financial planner to discuss how current market volatility affects your specific situation and goals.

Our affiliated financial planners, Matthew Geraghty, Chris Kotsiouis and Paul Hearn, can review your current situation and work with you to formulate a plan. The first visit is free to members, and because Maritime Super doesn't pay commission to its affiliated financial planners, you can rest assured in the knowledge that they have one outcome in mind: to provide the best possible advice tailored to your personal needs and goals.

Maritime Super can arrange for a qualified financial planner to help - contact Member Services on 1800 757 607 to organise an appointment.

Member case study – think before you switch

In November 2009, Member 'X' had an account balance of over \$550,000 which was invested in the Balanced investment option.

In the 18-month period to May 2011, Member 'X' switched their investment options eight times, alternating between their original investment and switching between Balanced, Cash Enhanced, Conservative and Growth.

If Member 'X' had stuck with their original strategy of 100% Balanced for the 18-month period, they would be over **\$19,000** better off.

In other words, it pays in the long run to stick to your long-term strategy and not react to short-term market movements.

Get up to \$1,000 from the Government to boost your nest egg

Co-contributions - get money for nothing from the Government

Do you earn less than \$61,920 per year?

If so, you may be eligible to receive up to \$1000 from the Government in your superannuation account. If you haven't already done so, now is the time to make a personal (after-tax) contribution to your super to get your Government co-contribution.

Simply make a voluntary after-tax payment into your super and you could receive up to \$1,000 tax-free from the Government.

Eligibility conditions apply – visit our website or contact Member Services to learn about these.



	Lower income threshold	Higher income threshold	What will I receive for every \$1 of eligible personal super contributions?	What is my maximum entitlement for the financial year?
1 July 2010 - 30 June 2011	\$31,920	\$61,920	\$1, up to your maximum entitlement.	Your maximum entitlement is \$1,000. However, you must reduce this by 3.333 cents for every dollar your total income, less allowable business deductions, is over \$31,920, up to \$61,920.

Making a voluntary contribution is easy – you can make a contribution by bank deposit or BPAY®.

BANK DEPOSIT DETAILS	Stevedores division members	Seafarers and Maritime Super division members
Name of institution	National Australia Bank	National Australia Bank
Account name	Maritime Super	Maritime Super
BSB	083 001	083 001
Account number	17 072 2401	57 954 3660
Reference	Member Number, member's surname and contribution type	Member Number, member's surname and contribution type

If you would like to make a contribution by BPAY, contact Member Services on 1800 757 607 and we will send you all the information you need to get started.

What about pension members?

If you are eligible for the co-contribution and you don't hold a current non-pension account, you will need to open a superannuation account first. Contact Member Services to learn more.

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Remember, you have until **30 June 2011** to make a voluntary contribution to your super account to be eligible for the co-contribution for this financial year - visit our website or contact Member Services on 1800 757 607 to learn more.



Get FIT at The Gym



Visit The Gym

Visit The Gym to access a wealth of tools and information:

- self-paced learning modules which can provide the skills you need to make better-informed financial decisions
- articles – ranging from super-specific issues through to broader topics like ‘using your money personality to buy a car’
- financial calculators (not super-specific) - there are calculators for taxation, credit cards and more. Play with different scenarios or learn about the purchase power for property
- regular competitions with prizes (such as Westfield gift vouchers)

The Gym is exclusive to Maritime Super members and absolutely free of charge.

Simply visit our website at www.maritimesuper.com.au, click on the link on the homepage and log in to your MemberOnline account (you'll automatically be redirected to The Gym).

Quiz winner - \$100 Westfield shopping voucher winner

Congratulations to Rodney Shambrook, who has won a \$100 Westfield shopping voucher simply for completing The Gym's Estate Planning quiz.

Rodney saw the link to The Gym on our website and said that ‘he clicked through just out of curiosity’. He thought the quizzes were fun and very informative – winning a \$100 Westfield shopping voucher was an additional bonus!

Current competition - how much do you know about insurance?

Do you understand the different types of insurance and their purpose? Test your knowledge and you could win a \$100 Westfield gift voucher. All you need to do is complete the quiz and answer 4 out of 8 questions correctly, and you automatically go into the draw to win a Westfield voucher.

To enter, simply log in to The Gym and click on the ‘Quiz’ button for your chance to win.

Importance notice – changes to some membership categories

Maritime Super is continuing to work hard to consolidate the Fund, simplify your membership and improve the Death, Total and Permanent Disability and Salary Continuance insurance offered to you.

The first part of this process was to become a Public Offer Fund. We achieved this on 11 August 2010, and as a result we have opened our membership up to more people through the Accumulation Advantage membership category.

To better service our members, we are consolidating some of our membership categories. From 1 July 2011, we will be moving some existing memberships into Accumulation Advantage and closing the following membership categories:

- Spouse Account (Maritime Super division)
- Spouse Account (Stevedore's division)
- Children's Account (Maritime Super division)
- Accumulation (Seafarers division); and
- Accumulation Standard (Stevedores division)

If you are a member of one of these closing categories, please be assured that there is no change to your benefit. Any insurance you have will continue and your super investments will remain unchanged. The only difference you will see is the change in your membership category. For those affected members, we will write to you in the next few months to explain this change and provide you with a copy of the Accumulation Advantage Member Guide.

In the meantime, if you have any questions, contact Member Services on 1800 757 607.

Improved insurance with greater flexibility will be available later in the year – we'll keep you informed as more information comes to hand.

Noticeboard

Financial planning seminars - coming to a location near you

Maritime Super (in conjunction with financial planners Matthew Geraghty, Chris Kotsiofis and Paul Hearn) will be presenting a series of seminars in the following locations:

Melbourne	Monday, 30 May 2011 10.00am - 11.30am	MUA Melbourne 46-54 Ireland Street, West Melbourne
Brisbane	Wednesday, 1 June 2011 10.00am - 11.30am	MUA Brisbane 73 Southgate Ave, Cannon Hill
Adelaide	Thursday, 2 June 2011 10.00am - 11.30am	MUA Port Adelaide 65 St. Vincent Street, Port Adelaide
Fremantle	Friday, 3 June 2011 10.00am - 11.30am	MUA Fremantle 2-4 Kwong Alley, North Fremantle
Sydney	Monday, 6 June 2011 10.00am - 11.30am	Wesley Conference Centre 220 Pitt Street, Sydney
Devonport	Wednesday, 8 June 2011 10.00am - 11.30am	MUA East Devonport 59 Wright Street, East Devonport

Keep an eye out for your personal invitation in the mail or check the website for seminar locations and details. If you would like to make an appointment with Matthew, Chris or Paul, contact Member Services on 1800 757 607.

Sign up for eStatements

Maritime Super is committed to reducing paper wastage (which also benefits members by reducing the overall cost to the fund). By making informed choices about the way you receive your information, you can make a real difference.

By registering to receive your Annual Benefit Statement by email, you are reducing your own carbon footprint and doing your bit for the environment.

To learn more or to elect to receive your Annual Benefit Statement by email, contact Member Services or email us at info@maritimesuper.com.au.



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This newsletter contains general information only and does not take into account your individual objectives or financial situation or needs. Consequently, you should consider the appropriateness of any general information in relation to your situation before making an investment decision. MFS recommend you seek individual advice before making any decisions concerning your superannuation.

The Fund's Member Guides and MFS' Financial Services Guide are available by calling Member Services on 1800 757 607. You should consider the Member Guide in deciding whether to acquire or to continue to hold a product.

Past performance is not necessarily an indication of future performance.

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