

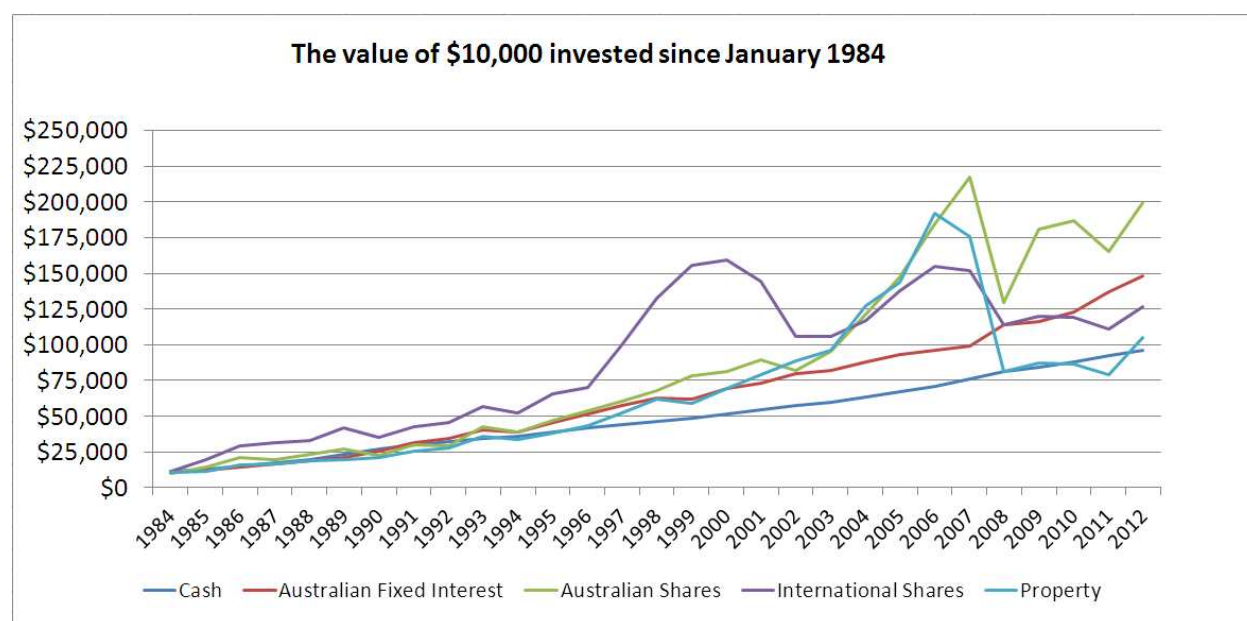
About your investments

When you invest, your money will usually be in one or more of the following categories, called 'asset classes':

	Asset Class	Examples
Defensive investments	Cash	Savings account (such as your bank account)
		Cash management trusts or high interest accounts
	Fixed interest	Term deposits Mortgage or bond trusts
Growth investments	Shares	Australian and international company shares
		Managed share funds
	Property	Your home; investment property Managed property funds

Defensive investments are a good place to keep your money in the short-term goals (say one to five years) and the return is paid as interest. **Growth investments** have, historically, provided a higher return over the longer term. However, they have gone up and down in the short-term.

The following graph is an example of how much \$10,000 would be worth after 29 years (between Jan 1984 and Dec 2012) invested in various markets. It shows how markets can go up and down but over the longer term shares have provided a better return than putting your money in cash.



Source: ASX All Ordinaries Accumulation Index; MSCI AC World US\$ Total Return Index \$AUD (Unhedged); S&P / ASX 200 Real Estate Trust Accumulation Index; UBS Australian Composite Bond (All Maturities); UBS Australia Bank Bill Index;

Any questions? Call 1800 046 166 or visit: www.moneysolutions.com.au

This fact sheet is intended to provide information of a general nature only.
We have not taken into account your personal goals, financial situation or needs.
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As you can see from the previous graph all investments go up and down. A rule of thumb is – the higher the risk the higher the eventual return.

To demonstrate this, we have provided the below table on the returns of various investment markets (or asset classes) over a 29 year period. If you look closely at the Australian sharemarket returns you will see that historically a year or two of negative returns usually follows a period of high growth, such as that we have seen over the last few years.

Year to December	Cash	Australian Fixed Interest	Australian Shares	International Shares	Property	CPI
	%	%	%	%	%	%
1984	12.6	12.0	-2.3	15.5	10.1	2.6
1985	15.6	8.1	44.1	72.2	5.2	8.2
1986	18.1	19.0	52.2	46.6	35.4	9.8
1987	14.4	18.1	-7.9	7.5	5.7	7.1
1988	12.8	9.1	17.9	4.7	16.1	7.6
1989	18.4	14.4	17.4	26.9	2.3	7.8
1990	16.2	19.1	-17.5	-14.6	8.7	6.9
1991	11.2	24.7	34.2	20.9	20.1	1.5
1992	6.9	10.4	-2.3	5.4	7.0	0.3
1993	5.4	16.3	45.4	24.6	30.1	1.9
1994	5.3	-4.7	-8.7	-7.6	-5.6	2.5
1995	8.0	18.6	20.2	26.5	12.7	5.1
1996	7.6	11.9	14.6	6.8	14.5	1.5
1997	5.6	12.2	12.2	41.7	20.3	-0.2
1998	5.1	9.5	11.6	32.6	18.0	1.6
1999	5.0	-1.2	16.1	17.5	-5.0	1.8
2000	6.2	12.0	3.6	2.5	17.8	5.8
2001	5.3	5.5	10.1	-9.4	14.6	3.1
2002	4.8	8.8	-8.1	-26.9	11.8	3.0
2003	4.9	3.0	15.9	0.0	8.8	2.4
2004	5.6	7.0	27.6	10.8	32.0	2.6
2005	5.7	5.8	21.1	17.6	12.5	2.8
2006	6.0	3.1	25.0	12.3	34.0	3.3
2007	6.8	3.5	18.0	-1.6	-8.4	3.0
2008	7.6	14.9	-40.4	-24.9	-54.0	3.3
2009	3.5	1.7	39.6	5.0	7.9	2.1
2010	4.4	6.0	3.2	-0.7	-1.1	2.7
2011	5.0	11.4	-11.4	-6.7	-8.3	3.5
2012	3.8	7.7	20.3	14.1	32.8	2.0
Worst	3.5	-4.7	-40.4	-26.9	-54.0	-0.2
Best	18.4	24.7	52.2	72.2	35.4	9.8
Average	8.20	9.93	12.82	11.01	10.21	3.64

Source: ASX All Ordinaries Accumulation Index; MSCI AC World US\$ Total Return Index \$AUD (Unhedged); S&P / ASX 200 Real Estate Trust Accumulation Index; UBS Australian Composite Bond (All Maturities); UBS Australia Bank Bill Index;

Based on the above information, we have calculated the following:

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	Value invested on 1 January 1984	Balance on 31 December 2011	Average return*
Cash	\$10,000	\$95,990	8.20% pa
Australian share market	\$10,000	\$199,055	12.82% pa

** We have not taken into account the effects of any fees or charges and inflation.*

As you can see, with the benefit of compounding returns (interest on your interest), a little volatility would have created a very healthy investment balance in the long run if invested in the Australian Share Market.

Should I still put money into my super when markets are down?

Dollar-cost averaging – a way to ride the waves

Markets are always going through ups and downs and cycles are a natural part of the way markets move. The trick for investors is knowing when to buy in, and when to sell out. This is hard for the 'set and forget' investor. But there is a strategy which ensures you will not fall below the average.

Dollar cost averaging is a strategy for investors who are unsure which way the market is heading. (And let's face it, that's most of us!). This strategy involves regularly placing a fixed sum of money into the same investment. In this way, you will be buying more units when prices are low, and less when prices are relatively high – just like the professionals. By doing this, your overall unit cost will be at the average unit price over the period you invest for.

Dollar-cost averaging shows us why we are better off in the long-term if we continue to invest on a regular basis especially while the markets are down.

History shows that the share market always recovers to a position greater than its previous best so if you keep up your regular investment, you will be buying into the market when prices are at their cheapest.

Dollar-cost averaging is simple and allows any investor to do well in a rising or falling market over the long term.

As your super will continue to be invested over your lifetime, dollar-cost averaging is the most reliable investment strategy for your super.

What to look out for

Any investment has risks. It's up to you whether you are prepared to accept these as a 'trade-off' for the possibility of a higher return.

Some important things to think about are:

1. How far away is my retirement?
2. How long do I need this money to last for?
3. How comfortable am I with investing in riskier markets?
4. Is it a good time to invest in shares, or property? What is my opinion? Have I talked to anyone else about it?
5. Have I reduced risk by spreading my investments around?

We can help you with more information about your investments and you should also look at your super fund's Product Disclosure Statement or Member Booklet.

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