

Market update

Third Quarter (January – March) 2016

Taking advantage of the investment climate

The third quarter of 2015/16 (January – March) saw some ups and downs but share markets recovered by the end of the quarter.

Share markets around the world got off to a rocky start in 2016. A number of factors contributed to this including a fall in the value of the Chinese currency and uncertainty over the level of future interest rates in the United States. Closer to home there were further falls in the price of commodities such as iron ore and oil and concerns over the future prospects of the big four banks and their respective share prices.

In mid-February investors started to regain their composure as the price of oil and iron ore showed signs of stabilising and investors seemed to be less concerned about the risk of a global economic slow down.

What we did and why

We rebalanced our portfolio by gradually increasing the fund's investment in Australian and international shares over the quarter. Rebalancing is an important strategy that we use to ensure that our investment portfolios remain on track to meet objectives.

It involves adding to investments that have fallen in price and trimming our investment in assets that have increased in price. Essentially rebalancing helps us to take advantage of market conditions and short-term fluctuations.

Rebalancing has three main benefits. Firstly, it helps to ensure that the fund sticks to its long-term or strategic mix of investments. Secondly, rebalancing is a systematic and disciplined way to 'buy low and sell high.' Thirdly, it is a simple way to 'dollar cost average' over time.

Dollar cost averaging is a technique of buying a fixed dollar amount of a particular investment at regular intervals, regardless of the price. This reduces market risk and means you invest more when the price is low and invest less when the price is high.

What this means for you

Our focus is on helping you achieve your retirement goals. Investing in assets when they are cheaper – which is what rebalancing does – results in higher returns over the long term.

Latest returns

The table below shows how your investment has performed for the quarter and financial year to date (FYTD). To discuss market conditions or your own financial situation, please call one of our financial advisers on **1300 130 780**.

Investment Option	Super rates %		Pension rates %	
	3 rd Quarter (1 Jan - 31 Mar 2016)	FYTD (1 Jul - 31 Mar 2016)	3 rd Quarter (1 Jan - 31 Mar 2016)	FYTD (1 Jul - 31 Mar 2016)
MySuper Balanced*	-1.73	-1.26	-1.82	-1.21
Conservative	0.07	0.92	0.17	1.17
Moderate	-0.39	0.44	-0.33	0.70
Targeted Return	-0.17	0.52	0.02	0.94
High Growth	-2.13	-1.36	-2.26	-1.32
Cash	0.49	1.45	0.58	1.73
Property	5.42	11.83	6.21	12.95
Indexed Shares	-3.59	-2.39	-3.94	-2.61
Australian Shares	-1.80	-1.33	-1.79	-1.17
International Shares	-6.02	-8.03	-6.63	-8.98

*The default for our pension product is the Balanced option. Past performance is not a reliable indicator of future performance.

Working to help women retire with more super

In a report by the Association of Superannuation Funds Australia (ASFA), it was revealed that in the 2013-14 financial year, the median super balance for Australian women aged 60-64 was just \$28,000 compared to \$100,000 for Australian men*. These figures are even more disturbing when you consider that women have a longer life expectancy.

There are several factors that result in this situation for women. Unfortunately, women still earn less than men with the gender pay gap currently sitting at 17.3%^.

Women may also take time out of the workforce to care for children and be employed in casual or part-time work. It's therefore easy to see why women's super balances are much lower than their male counterparts.

While women can try to close this gap through making extra contributions or salary sacrificing, often those with the lowest super balances are the least able to implement these strategies.

We encourage women to be proactive about their super, but we realise that more work may be needed to help them increase their retirement savings.

What are we doing to help increase women's super balances?

We're part of Industry Super Australia (ISA), an umbrella organisation for industry super funds. ISA takes on a collective advocacy role and lobbies the federal government to make positive changes to super.

It recently prepared a submission for the Senate Inquiry into Economic Security for Women in Retirement, making a number of recommendations for policy adjustments to help women increase their super.

The recommendations include:

- ✓ **increasing the Super Guarantee (SG) to 12%**
- ✓ **retaining the Low Income Super Contribution**
- ✓ **introducing an enhanced government contribution**
- ✓ **extending the SG to paid parental leave**
- ✓ **reforming the Age Pension eligibility and entitlement.**

To read the full submission, go to: industriysuperaustralia.com/publications/submissions.

*Superannuation account balances by age and gender, December 2015. Ross Clare, Director of Research ASFA Research and Resource Centre

^https://www.wgea.gov.au/sites/default/files/Gender_Pay_Gap_Factsheet.pdf

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