

# DIRECTIONS

Aon Master Trust August 2009



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### Our Pension is a real star!

Independent research firm, The Heron Partnership, has awarded the Aon Master Trust Pension 5 Heron Quality Stars in their 2009/10 ratings. This is Heron's first rating of pension products so we're delighted to see the Aon Master Trust Pension receiving the highest award right off the bat. Aon Master Trust Corporate and Personal Super have once again been awarded 5 Heron Quality Stars.

## INSURANCE — HIGHER COVER, LOWER COST & OTHER ENHANCEMENTS

### Higher cover

Increases we've made from 1 July 2009 put the maximum levels of cover available in the Aon Master Trust among the highest available in the market: unlimited cover for death, \$3 million for total and permanent disablement, and \$25,000 per month for income protection.

There are changes in the minimum level of default cover too, with a 5% increase from 1 July 2009 helping it keep pace with the cost of living. The new minimum, which will apply automatically to members with the minimum default, is \$220,500 to age 42 reducing to nil at age 65.

### Lower cost

We have also negotiated lower premium rates for income protection cover with a long-term (up to 5 years or to age 65) benefit payment period. The new rates took effect from 1 July 2009.

### Insurance transfer option now a permanent feature

The success of our insurance transfer offer has led us to adopt it as a permanent option for all

our Corporate and Personal Super members. That means there is more scope to transfer your other insurance into the Aon Master Trust, and no additional health evidence is required. Provided you meet eligibility and other conditions, all you need to do is complete a transfer form and send it to us.

### Other enhancements

- Fast tracking of applications
- Tiering changes for agreed value income protection
- Replacing super contributions while 'on claim'

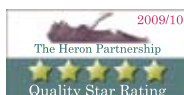


### GET THE FACTS

Go to [aonmastertrust.com.au](http://aonmastertrust.com.au) for our factsheet on insurance enhancements or get a premium quote from our online calculator.

### Carbon-friendly annual report

The Aon Master Trust annual report will be available at [aonmastertrust.com.au/publications/](http://aonmastertrust.com.au/publications/) annual reports during October. If you'd like us to mail you a printed copy free of charge, email [contactaon@pillar.com.au](mailto:contactaon@pillar.com.au) or call us on 1300 880 588.



## TAKE A RIDE IN A JET FIGHTER

It's just one of the many things you can organise through our extra benefits program — my ebenefits.



For something a little less extreme, you could always:

- indulge in a little retail therapy
- arrange that relaxing get away
- get tickets for the latest blockbuster
- send flowers to that special someone
- hit the theme park (and maybe take the kids too).

Slightly less fun, but very practical, you could:

- talk to the experts about a financial plan
- get help with that tax or legal issue
- find a home loan.

my ebenefits gives you access to a great range of benefits, including shopping, adventure and leisure, travel, financial planning services, a free tax and legal helpline, home loans and much more. It's available to you FREE, online, by phone or by email – just another way we can help make life easier for you and your family.

These extra benefits and services are available exclusively to you as an Aon Master Trust member.

my ebenefits™



LOG IN FOR MORE

Log in at [aonmastertrust.com.au](http://aonmastertrust.com.au), go to myebenefits to see what you can do or call **1300 880 588**.



## Statement got you thinking?

### Get some great advice

If your enclosed statement has got you thinking about your super and whether you're on track, talking to a financial adviser can be a great help, whether you're wanting advice on a single topic or looking for a full financial plan. Go to our website for information on the different services you can access. If you don't have a financial adviser, we can put you in touch with one in your area for a no-obligation initial meeting, at no cost to you. Call us on **1300 880 588** or email [contactaon@pillar.com.au](mailto:contactaon@pillar.com.au).

### Escape that mountain of paperwork

Having super in multiple funds means more statements than you can jump over, multiple fees to pay and savings that are hard to keep track of. You can make it easier on yourself by bringing your other super into the Aon Master Trust so it's all in one place. Visit our website or call us for more information on rolling over – it's so easy to do you'll wonder why you haven't done it sooner.

### Save money on your insurance

Your statement shows the value-for-money insurance cover you have in the Aon Master Trust. If you have insurance cover in other super funds or retail policies, you can now transfer it in – and you don't need to provide additional health evidence. Our competitive premium rates could mean cost savings for you and, if you ever need to make a claim, you'll be glad you brought your cover together.

### Guide to your statement

We've tried to keep your benefit statement as simple as possible but, given all the information it has to include, you might need a few pointers on what's where.

You'll find an online guide to your statement at [aonmastertrust.com.au](http://aonmastertrust.com.au).

# SOME INVESTMENT BASICS

With so much coverage in the media recently, investments and what's happening in the marketplace have become 'dinner table' conversation. So it might be a good time to learn a bit more or brush up on the basics. You can access a range of material at [aonmastertrust.com.au](http://aonmastertrust.com.au), including:

## Introduction to investments

This brochure covers all the basics including risk versus return, asset classes and their performance history, how to manage investment risk, the difference between index and active investment, and the impact of inflation. Just look under the Education section on our home page.

## Factsheets

- ↳ Investment volatility: what to expect and how to find your match
- ↳ Introduction to asset classes
- ↳ Understanding investment risk

## Investor tools

- ↳ Insights (such as Whatever you do, don't panic) offer you tools for sound decision-making
- ↳ Get some visual perspective with The cycle of market emotions and other posters

## Market information

- ↳ Market update is a quarterly report on investment market developments
- ↳ Market Barometer is a look-forward with the latest insights from our valued partner, Russell Investments.
- ↳ Investment Manager Outlook is Russell's quarterly survey of Australian investment managers and their views of the market.



## GET THE FACTS

Go to [aonmastertrust.com.au](http://aonmastertrust.com.au) for investment options, returns, profiles and manager change updates. Call **1300 880 588** to speak to an adviser.



## MARKET UPDATE — quarter ended 30 June 2009

The rebound in global share markets since early March is a welcome relief after the relentless downtrend that followed the Lehman collapse last September.

### Not quite out of the woods

Globally, the high level of market volatility and prospects for more bad economic news put a large question mark over the sustainability of the share rally in the second quarter of 2009. There may be more bad news in the form of disappointing corporate earnings, defaults on corporate debt payments and US home foreclosures. On the other hand, optimistic scenarios are based on the tremendous amount of fiscal and monetary policy stimulus in the pipeline, and business and consumer confidence indicators that the seeds of recovery are taking root.

The next few months are likely to remain challenging and some sort of market pull-back seems inevitable. However, investment markets around the world offer opportunities benefiting investors with a long-term horizon. *(continued)*

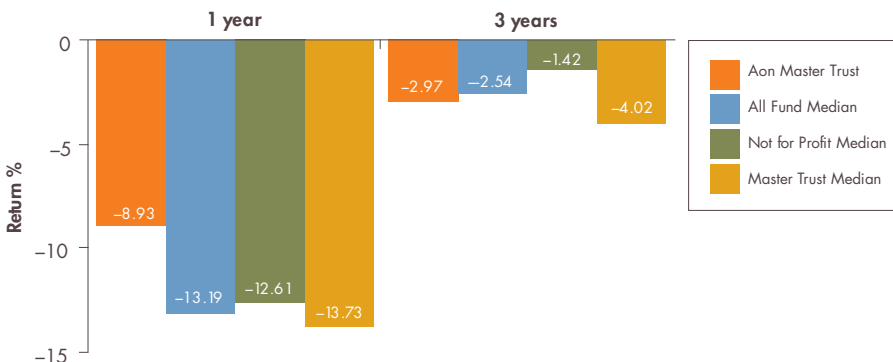
## Our default investment option is one of the best performers in the industry!

### We've beaten the median

In what has been a very difficult period for super funds and their investments, our default investment option, Balanced – Index (Pre-Mixed), has beaten the all fund, not-for-profit fund, and master trust medians for 1-year returns, and the master trust median for 3-year returns.\*

A return of -8.93% for the year ranks us 9th out of 113 balanced super fund options in the SuperRatings survey.

### Fund Crediting Rates Balanced Index Options — June 2009



Source: SuperRatings Fund Crediting Rate Survey June 2009

\* This option commenced October 2004 and hence five year and longer returns are not available

# MARKET UPDATE — quarter ended 30 June 2009 (continued)

The Australian economy is looking strong compared to other developed economies, with positive real GDP growth (the basic measure of economic growth) over the March quarter. The unemployment rate has risen steadily over the past year to a six-year high of 5.8%, but this is low compared to the US and Eurozone. In July the Reserve Bank of Australia maintained the official cash rate at 3% – the level set in April 2009.

## Australian shares

Australian shares gained 11.5% in the June quarter. Despite the upward trend that began in early March 2009 and the rise in investor confidence, financial year returns failed to reach positive territory, falling 20.3% for the year to June.

The more economically-sensitive sectors were the best performers returning 45.7% (Retailing), 34.8% (Diversified Financials) and 19.1% (Media). The more defensive sectors were relative underperformers returning 7.8% (Gold), 0.4% (Utilities) and 6.5% (Telecommunication Services).

## International shares

Global share markets rose 16.4% in Australian dollar terms and (due to the relatively strong appreciation of the Australian dollar) 3.8% when hedged for currency fluctuations.

All sectors had positive returns in local currency terms. As in Australia, strong gains came from cyclical sectors including Consumer Discretionary, Materials, and Industrials.

Emerging market shares returned 24.5% in local currency terms, outperforming developed markets. The potential for a global economic recovery and the resulting pickup in demand for emerging market exports was a major catalyst.

## Property

Global property securities returned 29.9%\* in the June quarter (in Australian dollar hedged terms), significantly outperforming international shares.

Asian property securities returned a particularly strong 45.4% in local currency terms, followed by:

- ↳ North American returns of 30.3% – widespread capital raising was a key driver, allowing companies to repair balance sheets and improve their ability to service near-term debt
- ↳ UK returns of 19.1%
- ↳ Continental European returns of 14.5% – companies began their capital raising efforts in June to provide balance sheet relief.

\* as measured by the FTSE EPRA/NAREIT Developed Real Estate Index.

## Australian fixed interest

Australian bond prices fell during the June quarter, returning -1.3%. The massive issuance of government debt depressed prices (ie Australian government bond yields increased). Also, debt spending heightens fears of inflation and this means investors in long-term bonds demand a higher yield. In contrast, corporate debt – which underperformed in 2008 – has performed relatively strongly since the start of 2009.

## International fixed interest

International bonds returned 2.2% in Australian dollar hedged terms. The highest returns came from higher-yielding, riskier sectors, particularly in Asia where economies showed signs of recovering sooner than the rest of the world. Investors also snapped up debt from raw-material exporting nations such as Brazil, Russia and Indonesia.

Performance to 30 June 2009	3 mth %	1 yr %	3 yr % pa	5 yr % pa	10 yr % pa	Index used
Australian shares	11.5	-20.3	-3.9	6.8	7.1	S&P/ASX 300
International shares (\$A hedged)	16.4	-28.2	-8.5	0.5	-0.5	MSCI World Net Dividends Reinvested Accumulation Index (\$A Hedged)
International shares (\$A unhedged)	3.8	-16.3	-10.6	-2.9	-2.8	MSCI World Net Dividends Reinvested Accumulation Index
Australian listed property	16.2	-42.1	-23.1	-8.6	2.1	S&P/ASX 300 A-REIT
Australian fixed interest	-1.3	10.8	6.4	6.0	6.2	UBSA Composite Bond All Maturities
International fixed interest	2.2	10.0	7.8	7.2	7.5	Barclays Capital Global Aggregate HDG AUD
Cash	0.8	5.5	6.4	6.1	5.7	UBSA 90 Day Bank Bill

Source: Russell Investments, Mercer.  
Note: Past performance should not be considered a guide to future performance.

## CONTACT US

web [aonmastertrust.com.au](http://aonmastertrust.com.au)  
 email [contactaon@pillar.com.au](mailto:contactaon@pillar.com.au)  
 phone 1300 880 588  
 fax 1300 267 582  
 mail PO Box 1949  
 Wollongong NSW 2500

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