

27 October 2008

Investment Markets Update

On behalf of the Trustee of RecruitmentSuper this letter to members updates the information discussed in the 'Investment Markets Update' published on this website in September 2008. Since then, the global financial markets have continued to experience high levels of volatility, which has led to significant losses across most investment asset classes.

Your Trustee fully understands that the current investment environment is difficult for members and that the impact on your superannuation is of concern to many of you. However, the Trustee wishes to emphasise that this investment environment is part of a longer-term investment cycle. Financial market valuations are being increasingly determined by the actions of investors based on uncertainty and a fear of what may happen next rather than investment fundamentals.

Recent announcements by the market regulators of the developed economies regarding planned actions to recapitalise financial systems, restore confidence and liquidity in credit markets and improve access to credit are necessary and sufficient to avert a major economic depression. Nevertheless, it now appears that the developed world is entering a global recessionary environment and financial markets will ultimately have to accept there will be an extended period of lower corporate profitability and investment returns.

Using previous financial market downturns as a guide the Trustee is of the opinion that ultimately confidence will return to global financial markets, supported by the planned global Government-led actions. What this is likely to mean for investors is that, in the short-term, periods of volatility and uncertainty will continue to be experienced until stability in global financial markets is restored.

Your Trustee continues to actively monitor and review the Fund's investment managers and assess financial markets and the global economic environment during what can only be described as a turbulent period. The Trustee will continue to maintain a clear focus on implementing the Fund's long-term investment strategy of preserving members' capital and achieving the objectives already in place for each investment option over the long-term.

Bank Deposits Guarantees

As you may already be aware, the Federal Government announced that it will guarantee banking deposits for three years. This has had the immediate positive effect of a significant transfer of assets into the regulated banking system and a more relaxed approach by the banks to reducing interest rates. However, an unintended consequence of this decision has been the freeze placed on redemptions across a wide range of mortgage funds and cash management trusts

Please Consider

Every Fund member should consider their own financial circumstances prior to making any decisions relating to their superannuation. Don't just decide to move into a Cash option without understanding the implications of such a decision. We recommend that members who are considering switching investment options seek professional financial advice or contact one of our Member Services Consultants.

You can also review the Investments section of this website. This provides a range of information on the Fund's long-term investment performance and helpful tools to support you in making decisions about the investment options best suited to your circumstances, risk profile and time horizon.

Yours faithfully



Megan Bolton
Chief Executive



Paul Kessell
Investment Manager