

Maritime

THE NEWSLETTER FOR MARITIME SUPER MEMBERS

FOCUS



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Market review ...

2013/14 - another great year for members

Improving financial conditions and the ongoing recovery in the major developed world economies supported strong results for growth assets in the 2013/2014 financial year. The favourable performance was an outcome of unusually low levels of market volatility, abundant investment liquidity and investor faith in the ability of the major central banks to deliver stability.

As strong investment performance continued, investors became increasingly comfortable with allocations to the riskier asset classes including equities, credit, property and infrastructure. This comfort was reflected in portfolio flows and in the higher prices investors were willing to pay. Even major international crises, such as Russia's occupation of the Crimean Peninsula, China's slowdown and worsening violence in Syria and Iraq, did not greatly impact the global marketplace.

We're pleased to announce that Maritime Super's investments produced positive returns across all the investment options, with Growth and Balanced being the standout performers (15.17% and 12.66% respectively).

news

Snapshot:

- Markets performed well as a result of unusually low levels of volatility and increased investor confidence in growth assets
- All of Maritime Super's investment options posted positive returns for 2013/14

Australian shares

The Australian sharemarket enjoyed another stellar investment year with the ASX300 returning 17.3% for the financial year. The local mid cap stocks outperformed smaller capitalised firms as they performed strongly across all sectors. Financials was the strongest-performing sector, but good growth also came from Energy and Materials. Their earnings were stronger than expected given the concerns about China's growth. In this investment environment, the performance of the defensive sectors such as Consumer Staples and Health Care were not as strong.

International shares

The MSCI World ex-Australia index enjoyed significant growth and returned 25.3% (hedged to \$AUD) for the financial year. Maritime Super's hedging strategy added value during the period as the Australian dollar recovered slightly after the sharp fall last year. The US (25%) and German markets (24%) were the best performers, while most other major markets also enjoyed solid results. The emerging markets finished the year well, having been initially hit by the US Federal Reserve's strategy to commence tapering financial commitments earlier in the financial year. The major emerging market countries of Brazil (13%), China (14%), South Korea (10%) all finished the year well into positive territory.

Property

In the Property sector, the Australian unlisted property trusts returned a solid return of 8.8% for the year as the sector generated more stable returns and had a stronger year than the previous.

Fixed interest

The US Federal Reserve's tapering comments saw bond yields sell off at the start of the financial year, which significantly impacted their overall performance. Over the rest of the year, global bonds provided greater yields and outperformed Australian bonds (7.8% and 6.1% respectively), helped by strong performance from global credit.

Cash

The Reserve Bank of Australia cut the cash rate from 2.75% to 2.5% in August 2013, and it is currently at 2.5%.

Alternatives

The Fund maintained its highly-diversified portfolio, and our investments in private equity and other alternatives, such as infrastructure and absolute-return funds, also experienced strong gains.

The outlook

The major investment advisers are of the opinion that the listed sharemarkets are now trading at valuations which are at or above generally accepted long-term average valuations. This means that it will be a challenge for companies to maintain their future earnings growth in the near term. The ongoing conflict in many parts of the world, including Ukraine, Israel and Palestine, and Iraq and Syria may eventually have an impact on investor confidence.

Maritime Super's investment strategy remains focused on long-term fundamentals and diversifying across all asset classes, sectors, regions and markets. With this approach, we believe we can be successful in ensuring our members enjoy long-term investment growth.



Contribution caps have increased

- save more super at a concessional tax rate

The Government sets a limit or 'cap' on the contributions you can make each year to your super before you become liable for extra tax. From 1 July 2014, the cap for concessional contributions for those under age 50 has increased by \$5,000 and for those aged 50 to 59 by \$10,000, meaning that you can contribute additional amounts to your super each year without paying additional tax.

The concessional contribution caps are as follows:

	2013-14	2014-15
Under age 50	\$25,000	\$30,000
Aged 50 to 59	\$25,000	\$35,000
Aged 60 or over	\$35,000	\$35,000

What this means for members

The good news is that, if you're under age 60, you may be able to contribute extra money to your super without incurring additional tax, bearing in mind employer contributions also count towards your cap. If you received employer contributions at the SG rate of 9.25%, from 1 July 2014 this rate has also gone up to 9.5%.

What's more, in the long run, you are likely to be better off as you reap the benefits of compounding returns on your investments – which means more savings for you in retirement.

How to make concessional contributions

To make (or increase) your concessional contributions and grow your super over time, complete the *Voluntary contributions form*, ensuring that you tick the 'before tax (salary sacrifice)' box in the 'Voluntary contributions' section.

If you'd like to make a one-off contribution to give your super a boost, complete the *Deposit form*, ticking the 'Salary sacrifice (before tax)' box in the 'Contribution type' section.

Both forms are available from the website or by calling Member Services for a copy.

Concessional contributions include your employer contributions and any salary sacrifice arrangement you have in place with your employer. They're taxed at the concessional tax rate of 15% when going into your super account.

Remember, if you have more than one super account, all concessional contributions made to all your super funds are added together and count towards your cap. It's important to monitor the total concessional contributions you make each year so that you don't exceed your cap.

Consolidating other super accounts into your Maritime Super account can help you better track your contributions. Call Member Services to learn how to consolidate your super.

Investment performance

to 30 June 2014

Investment option	3-month	1-year	3-year	5-year	10-year
Australian Shares	-0.03%	n/a	n/a	n/a	n/a
International Shares	4.06%	n/a	n/a	n/a	n/a
Growth	2.47%	15.17%	9.99%	9.91%	6.46%
Balanced	2.26%	12.66%	8.79%	9.57%	6.18%
Moderate	1.82%	9.85%	n/a	n/a	n/a
Conservative	1.60%	8.05%	6.53%	7.33%	5.58%
Cash Enhanced	0.70%	2.92%	3.73%	4.21%	4.48%
Cash	0.50%	1.97%	2.70%	2.95%	n/a

The 1, 3, 5 and 10-year returns are per annum for the periods ending 30 June 2014, and the 3-month return is the actual return for the quarter to 30 June 2014.


These returns are based on movements in unit prices and are net of asset-based fees and taxes. The returns apply to accumulation accounts; different rates of return apply to pension accounts. Refer to the website or call Member Services for more information. Note that past performance is not a reliable indicator of future performance.

Did you hear about our new Managed Volatility Process?

In the May issue of Maritime Focus, we introduced you to our new Managed Volatility Process (MVP) - an optional feature in the Growth and Balanced options designed to provide a smoother investment journey during periods of extreme volatility.

The investment strategy of the MVP aims to deliver investment returns that are less volatile in the short term. The underlying investments of the Growth and Balanced option are still the same, but the MVP is an overlay that places more emphasis on managing volatility, especially during periods of extreme volatility.

You can invest all or some of your super and/or future contributions in the Growth MVP or Balanced MVP. To select the MVP feature, simply log in to Member Online and make your switch online or complete an *Investment Switching form* (available from the website or by calling Member Services for a copy).

 To learn more about investments and the MVP, refer to the *Investments Supplement* or *Fact Sheet - Investment risk, return and volatility* available at www.maritimesuper.com.au

2015 Calendar get your photos in!

We're in the process of compiling a shortlist of member photos for our 2015 Calendar.

If you have a maritime photo you'd like to share, please send it through. We will select a 'Photo of the Year' and the winner will receive a \$500 Coles Myer gift voucher.



 Simply email your photo to info@maritimesuper.com.au by 1 October 2014 for a chance to win Photo of the Year.



Fixed Term Investment and Fixed Term Pension

Next Fixed Term Investment starts 1 September 2014

If you would like to invest some of your super in the Fixed Term Investment option, you have until **22 August 2014** to do so.

Simply complete the *Fixed Term Investment application* (available from our website or by calling Member Services).

Refer to the website in mid-August for the interest rates.

Next Fixed Term Pension starts 1 September 2014

To begin a Fixed Term Pension, complete the *Fixed Term Pension application* at the back of the Fixed Term Pension PDS (available from our website or by calling Member Services) and return the form to us by **22 August 2014**.

Refer to the website in mid-August for the Fixed Term Pension rates.

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The Fund's Product Disclosure Statements (PDS) and MFS' Financial Services Guide are available by calling Member Services on 1800 757 607. You should consider the PDS when 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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