

In any given financial quarter, there will be an overall trend for the Australian sharemarket. This trend, however, rarely tells the full story, as a quarter is made up of three months' worth of buying and selling activity (which means fluctuations, rises, falls and plateaus). At the end of the quarter, the sharemarket will have done one of three things – gone up, gone down or stayed the same.

## Quarter 1 review.

The Aussie sharemarket lost 14.6% this quarter – its biggest quarterly fall since the 1987 market crash. Yet again, the downturn was mainly due to US issues. Investors worried about cashflow and bad debts among financial institutions and the potential of a US recession.

On a bright note, company earnings were strong and either in line with expectations or higher. However, Aussie hip pockets felt the pinch as the Reserve Bank lifted rates by 0.50% to 7.25%.

## Outlook – more ups and downs.

The US is the most powerful economy in the world, so the Aussie sharemarket will continue to be driven by what's happening there. As there's so much uncertainty about the US, investors are likely to be in for a bumpy ride for the foreseeable future.

## Confidence boosters.

China's economy continues to surge ahead. This is great for us as China imports a hefty amount of our commodities and resources. And there's still plenty of cash going into our marketplace from super fund money and reinvestments from takeovers.

## Confidence bursters.

If recession hits the US, our market will suffer along with the rest of the world. The other potential whammy is if China's economic boom is impacted by a US recession.

## How this relates to Virgin Super options.

The more Aussie shares you have in your asset split, the more relevant this information is.

- If you're under 40 and invest in Life Stage Tracker – Aggressive, please pay attention, because this investment option invests in Aussie shares.
- If you're in your 40s and invest in Life Stage Tracker – Aggressive or if you're under 40 and invest in Life Stage Tracker – Balanced, pay almost as much attention, because these investment options invest in Aussie shares.
- If you're selecting your own asset split, it depends on how much you chose to put into Australian shares. A low exposure won't affect your account balance much regardless of whether the market rises or falls. A high exposure will strongly impact the size of your account balance.

## The legal bits.

This market report has been prepared by Virgin Money Financial Services Pty Ltd ABN 51 113 285 395 AFSL 286869 ('we') for Trust Company Superannuation Services Limited ABN 49 006 421 638 AFSL 235153 RSE L0000635 as Trustee for Virgin Super RSE R1001440. The info is current as at 1 April 2008, and applies to money matters in general, not you specifically. The info source is a third party provider. We haven't verified its accuracy so can't guarantee that it is correct, and accept no liability for inaccuracies, errors or omissions. Before deciding whether Virgin Super fits your financial objectives, situation or needs, we suggest a quiet word with a financial advisor. Important note is that past performance is not indicative of future performance.

## S&P/ASX 300 Accumulation Index

