

International shares make up 98% of the world’s financial markets and provide a great diversity across companies, sectors and countries. However, the sharemarket is famous for falling after long stretches of good performance. At the end of the day, history shows us that if you’re investing for the long term, you’ll usually recover any short term losses.

**Quarter 3 review.**

Worries about the credit crisis and slowing global growth heightened, which left the sharemarket down 11.78% for the quarter. Speculation that Central Banks would cut interest rates did little to lift spirits, as did the US \$700 bn aid package to help resolve the financial crisis. Investors were more worried about China’s slowing growth rate, seeing this as a sign that China may get swept up in the global downturn.

**The US.**

The S&P 500 fell 8.4%.

The best performing sectors were consumer staples and healthcare. The weaker links were energy and materials.

**Europe.**

European markets fell 12.6%.

The best performing sectors were materials and consumer staples. The weaker links were telecoms and technology.

**Japan.**

The Topix fell 16.9%.

The best performing sectors were healthcare and utilities. The weaker links were materials, industrials and technology.

**Outlook – nail-biting.**

Investors are really relying on the US financial bail out package to create stability and increase liquidity in the marketplace. We’re expecting more volatility around the corner.

**Confidence boosters.**

More government help to boost economic growth and free up cash flow will be a big driver for better returns.

**Confidence bursters.**

News that global economic growth, including China, has further slowed will be a thorn in everyone’s side.

**How this relates to Virgin Super options.**

The more international 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 totally in overseas 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 mostly in overseas shares.
- If you’re selecting your own asset split, it depends on how much you chose to put into international 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.**

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