

JANUARY – MARCH 2010

Cash & fixed interest are generally considered relatively low risk investments when compared to shares and property. Consequently the expected returns are lower, and modest returns are generally made over long time periods. One thing to bear in mind is inflation. For example, if the interest rate earned on a cash investment is 5% p.a. and the annual inflation rate is 3% p.a., the real return is 2% p.a.

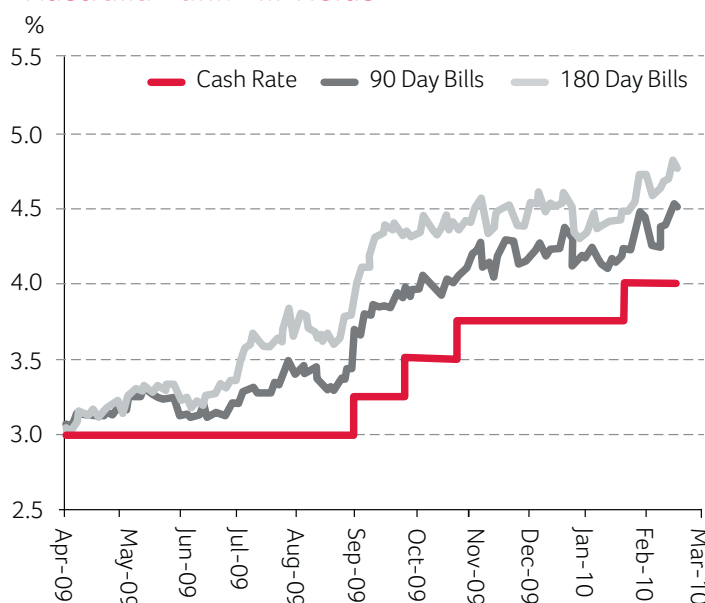
Quarter Review

Domestically, data released during the quarter suggests the economy continues to grow solidly, aided by a significant expansion in business investment in the latter part of 2009. Against this backdrop the RBA continued the process of returning interest rates back to normal setting, raising rates in March by 25bps. The RBA leaves little doubt that further rate rises are likely over coming months as the Bank continues the process of moving interest rates in the economy back to their average level. Should the labour market continue to strengthen or inflation rise to the high side of the Banks forecast, then rates could be raised to a slightly restrictive setting (around 5%) by the end of the year.

Outlook

Going forward some fund managers expect further rebound in global economic activity, most notably in the US and Asia. Continuing to hold the view the RBA has to carry on tightening rates to keep the growth path under control, this should maintain pressure on short term rates. With the expected continued pressure on global rates, some still see a risk for an increase in yields in the short term.

Australia Bank Bill Yields



The legal bits.

This market report has been prepared by Virgin Money Financial Services Pty Ltd ABN 51 113 285 395 AFSL 286869 (VMFS) for Trust Company Superannuation Services Limited ABN 49 006 421 638 AFSL 235153 RSE L0000635 as Trustee for Virgin Superannuation ABN 88 436 608 094. This information is current as at 31 March 2010. You should consider the Product Disclosure Statement, which can be found on our website. Please note this information does not constitute personal financial product advice, and you may wish to consult your financial advisor before making a decision about whether Virgin Super fits your objectives, financial situation and needs. The information is based on reports provided by Macquarie investment Management Limited ABN 66 002 867 003 AFSL 237492. We haven't verified its accuracy so we can't guarantee that it is correct, and accept no liability for inaccuracies, errors or omissions. It is very important note this information is general market commentary only and past performance is not indicative of future performance. The opinions, estimates and other forward looking statements are subject to various risks and uncertainties. It is impossible to predict future events and results, so actual events or results may differ significantly from those mentioned.