



Australian Shares – Quarterly Report

OCT-DEC 2007

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 4 review.

This quarter was no fun for Aussie investors. Although hitting another all time high in November, the local sharemarket finished down 2.7%. And it wasn't just the US sub-prime mortgage problems that left investors blue. For the first time in ages, a number of companies lowered their earnings expectations. This was mostly due to the higher Aussie dollar and commodity price pressures.

On the bright side, our marketplace recorded its fifth consecutive year of double-digit returns, finishing 2007 up 16.2%.

Outlook – still cautiously optimistic.

There's likely to be more performance bumps in the coming months. But, happily, our economy is still going strong, mostly due to our good trade relations with China. There's also a lot of cash still flowing into the marketplace from super funds and reinvestments from takeovers.

Confidence boosters.

People are still spending and business investment is still booming – two big plusses for our sharemarket. The cuts to personal income tax rates later this year should also keep investors smiling.

Confidence bursters.

The potential double whammies are more interest rate rises at home and the US slipping into recession. If US growth slows, there's a real chance of a global slowdown.

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.
- 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
- If you're selecting your own asset split, it depends on how much you chose to put into Australian shares.

The legal bits.

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S&P/ASX 300 Accumulation Index

