



Investor update June 2011

The global economic outlook

The global economy appears on track to record another year of above trend growth, following a solid improvement during the past 12 months. Emerging economies will again be a large contributor to this upswing, although we also expect to see a more sustained recovery in the advanced economies of the US and the core of Europe, such as Germany and France. Meanwhile, ongoing concerns about sovereign debt and the subsequent fiscal austerity measures that are being pursued, will ensure that growth in the peripheral European economies (Greece, Portugal, Ireland) will remain subdued.

In China, the key focus for policymakers has been on containing inflationary pressures after the economy grew strongly during 2010–11. A series of restrictive policy actions appear to have generated the desired slowing in the domestic economy, without causing a sharp downturn. As growth and inflation continue to moderate in the year ahead, we suspect that policymakers will begin to look at gradually loosening the current very tight financial conditions.

In stark contrast, US policymakers have put in place a rare combination of factors aimed at boosting domestic demand conditions. Interest rates have been at incredibly low levels for an extended period, tax cuts have been provided for both businesses and consumers and the US dollar remains at very weak levels. Consequently, business investment and exports will be key to driving Gross Domestic Product (GDP) growth during the year ahead. For the moment however, an improvement in US employment levels is a key indication the US economy is on the road to recovery. Further employment improvements will also be an important support to income and consumption growth.

Australian economic outlook

The key issue facing the Australian economy is how policymakers achieve a balance between very strong investment in the mining sector, with weakness in household spending and related sectors. To date, the Reserve Bank of Australia (RBA) has retained a tightening bias, placing greater emphasis on the inflationary implications of stronger business investment and a tight labour market.

Investment intentions in the resources sector are incredibly robust, and will be the key driver of economic growth in the year ahead. However, the resultant rise in interest rates and appreciation in the Australian dollar has had a noticeable dampening effect on large parts of the economy. Consumer spending has slowed, with households increasingly focussed on boosting savings, and housing market activity muting by worsening affordability. Meanwhile, activity in other sectors – such as tourism and manufacturing – has been dampened by the stronger Australian dollar. These factors were also exacerbated by the impact of flooding at the start of Calendar 2011, which caused GDP to contract 1.2 per cent in the March quarter.

Importantly, recent weaker employment growth suggests that the balance may be shifting towards the weaker sectors of the economy, and if this continues, then it will become a lot harder to argue the case for higher interest rates during the next 12 months.

Macquarie ADF Superannuation Fund Investor update June 2011

Performance as at 30 June 2011 (pa)

Macquarie ADF Superannuation Fund	1 year to June 11 (%)	2 years to June 11 (%)	3 years to June 11 (%)	4 years to June 11 (%)	5 years to June 11 (%)	Since Inception (%)	Fund Size (\$A million)
Allocated Pension Plan*	3.799	3.265	3.658	4.232	4.420	4.497	3.219
Superannuation/Rollover Plan	3.228	2.742	3.111	3.582	3.726	6.357	575.885

* This option is closed to new investment.




Returns are quoted net of all fees, charges and taxes with the exception of the account keeping fee and other incidental fees which may be charged directly to your account. Past performance is not indicative of future performance. Returns disclosed reflect the performance of each investment option. These may not reflect the actual performance of your holding within the investment option.

The information provided in this Investor Update is based on information as at 30 June 2011, and is derived from sources that are believed to be reliable at that time.

This update is provided by Macquarie Investment Management Limited ABN 66 002 867 003 AFSL 237 492 RSEL L0001281 (MIML) for general information purposes only and does not take into account the investment objectives, financial situation and needs of any particular investor. These matters should be considered, with or without professional advice, when determining whether the investment is appropriate. The Macquarie Group of companies does not guarantee the repayment of capital or the performance of investments.

Macquarie Investment Management Limited ABN 66 002 867 003 AFSL 237 492 RSEL L0001281 (MIML) is the trustee of the Macquarie ADF Superannuation Fund R1004502. MIML is not an authorised deposit-taking institution for the purposes of the Banking Act (Cth) 1959, and MIML's obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 or of any Macquarie Group entity. Neither Macquarie Bank Limited nor any member of the Macquarie Group guarantees or otherwise provides assurance in respect of the obligations of MIML. In deciding whether to acquire or continue to hold an investment you should consider the current Product Disclosure Statement (PDS) which is available from us.

If you have any questions about your superannuation, please speak to your financial adviser or contact Client Services on the number below.

 1800 806 310
 macquarie.com.au/super
 transact@macquarie.com

 Macquarie Investment Management Limited,
PO Box 192 Australia Square
New South Wales 1215

FORWARD thinking

