COPING WITH MARKET UPS AND DOWNS

FACT SHEET

While it's never easy to sit back and watch the impact on your super savings from the ups and downs that occur in share markets – particularly over recent years, market 'volatility' (these ups and downs) is simply part of any investment cycle, and there are always options available to you when it comes to managing your retirement nest egg.

While it's natural to feel concerned when your account balance goes down, it's important to keep in mind that super is designed for the long-term (30 years or more for many people!) and some periods of negative returns are completely normal and to be expected.

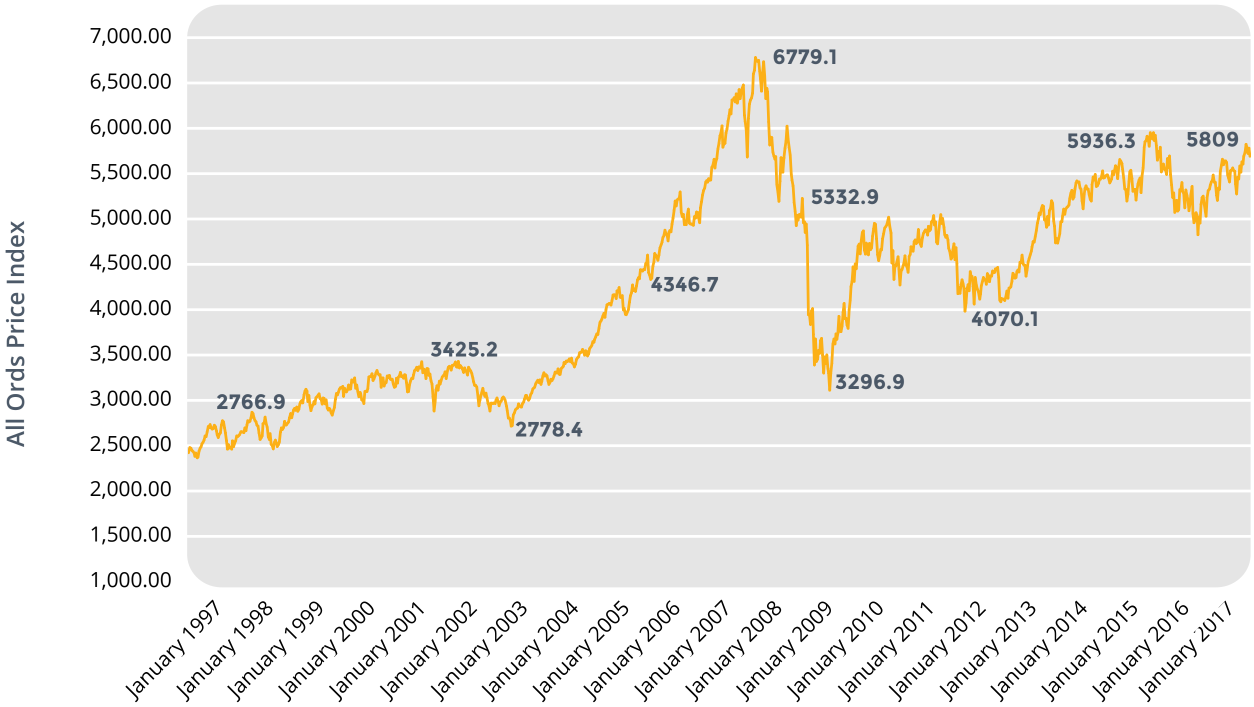
Share markets and your super

Share markets usually move in cycles, so it is normal for them to go up and down. As your super is likely invested in a mix of assets including shares (depending on your investment option), your account balance will also move up and down with these cycles.

Historically, shares are one of the best performing asset classes over the long-term. But the potential for higher returns comes with some risk. As a guide, members with a diversified portfolio invested in a range of asset classes, including fixed interest, shares, property and cash (like our default option – Nationwide My Super/Diversified) can expect a negative rate of investment earnings about once every six years.

This graph shows that while the Australian share market has seen its share of ups and downs (especially over the last few years); over the past 20 years, an investment in shares would have seen you more than double your money.

Australian Share Market Movement - 20 years



Australian All Ordinaries (January 1997 to January 2017)

NATIONWIDE SUPER

The snag with switching

While switching investment options may seem like the logical thing to do to protect your investment when markets drop, this may not be the most suitable answer, as you risk moving out of your investments at their lowest point and locking in a paper loss that you cannot make back if the market recovers quickly. Also, while cash returns are less risky and more stable, history shows that by switching all of your super to cash you are less likely to earn the long-term returns you need to make your super last through your retirement.

To avoid making emotion-based decisions that you might later regret, you should consider the following tips and remember to keep a long-term view before making any investment decisions.

Tips for surviving market movements

1. Take a long-term view

As super is a long-term investment designed to work towards and last throughout your retirement, you should not be distracted from your retirement goals by short-term returns (less than 5 years), or share market ups and downs. To get a true picture of investment performance in super, you should compare the 7 year, 10 year and even longer returns, while also keeping in mind that past performance is no indication of future performance.

2. Do nothing

Seeing your account balance fall or watching swings in the share markets may be tough on your nerves, but before you make any changes to your investment option, it's important to remember that history has shown us that markets tend to recover just as quickly as they fall. Switching to more conservative investments could mean that you potentially miss out on the gains when the share market eventually recovers.

3. Diversify your investments

Diversification is one of the most successful ways to reduce overall investment risk, as when one type of investment is performing poorly, this may be offset by another which is performing well. Except for the Cash option, all of our investment options are diversified across asset classes and investment managers, to assist the investment options to perform soundly under most market conditions.

4. Re-think your investment strategy

If you are concerned that your chosen investment option is not right for you in the long-run, you should consider which investment option might better suit your long-term goals and appetite for risk. To take this long-term approach, you can utilise the strategies and tools (including the investor profile quiz) available in our Investment Guide, available from nationwidesuper.com.au/investments

5. Get advice

You should consider seeking personal advice from a licensed financial planner before making any investment decisions. You can speak to a Super Adviser* to help you determine which investment option(s) are right for you, by contacting the Nationwide Super team on 1800 025 241. For simple guidance on investing basics and super, see the government's money website, moneysmart.gov.au

6. Consolidate your super

If you have any lost super, or super spread across multiple accounts, you might benefit from fee savings by consolidating into one easier to manage account (although be aware of exit costs and loss of insurance benefits).

**Financial advice is provided through Nationwide Super's relationship with Link Advice Pty Ltd, Australian Financial Services Licence 258145. ^Nationwide Super will pay for the first piece of advice you receive on a single super issue.*

For more information...

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