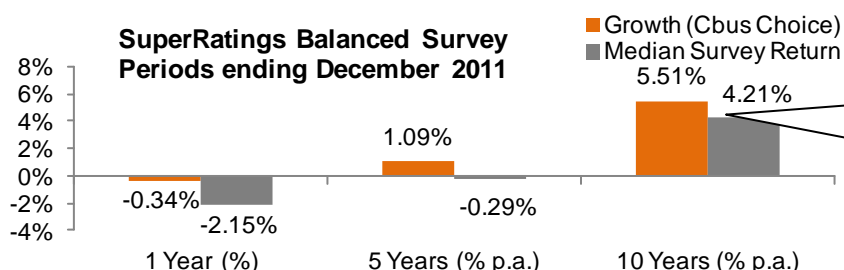


Cbus Investment Update

December 2011

Cbus investment performance



The median survey return is a type of average; it represents the investment return that is in the middle of the full range of returns of superannuation fund investment options that are broadly similar to Cbus' Growth (Cbus Choice) option.

The performance of the Growth (Cbus Choice) option is ranked in the top 25% of comparable funds over 1, 5 and 10 year periods. Over the past five years, which include the impact of the Global Financial Crisis, Growth (Cbus Choice) has outperformed the median fund by 1.38% on average each year.

The chart above shows the Growth (Cbus Choice) return compared to the SuperRatings Balanced Survey median. SuperRatings is a ratings agency which collects information from superannuation funds to enable performance comparisons between funds. The Balanced Survey includes investment options that are broadly similar to the Growth (Cbus choice) option, as these funds are all diversified with an allocation to growth assets of between 60% and 76%.

Share market volatility and your super

While investment markets have been rocky over this financial year, Cbus encourages its members to focus on the longer term. Cbus' Growth (Cbus Choice) option has returned 9.1% per annum over a period of 27 years to June 2011. We frequently review our investments and our investment strategy and believe that the Fund is well positioned for growth over the medium to long term.

We've focussed on the long term benefits here, but every member's financial situation is different, and your investment timeframe is also very important. If you would like help in determining what investment option may suit your situation, call Cbus' Superannuation Advisers on 1300 361 784.

Cbus investment option returns

The returns (net of investment fees and taxes) for all Cbus investment options are shown in the table below. Cbus' default investment option, Growth (Cbus Choice), returned -0.08% in December.

	Accumulation					Income Stream				
	High Growth	Growth (Cbus Choice)	Conservative	Capital G'teed	Cash Savings	High Growth	Growth (Cbus Choice)	Conservative	Capital G'teed	Cash Savings
Period ending December 2011										
Month	-0.54%	-0.08%	0.33%	0.43%	0.33%	-0.53%	-0.05%	0.39%	0.51%	0.39%
FYTD	-5.82%	-2.94%	1.14%	2.56%	2.06%	-5.95%	-2.99%	1.39%	3.02%	2.44%
1 Year	-4.15%	-0.34%	4.21%	5.08%	4.14%	-4.50%	-0.41%	4.63%	5.99%	4.88%
5 Years (% p.a.)	-1.05%	1.09%	4.24%	4.38%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Years (%p.a.)	4.24%	5.51%	5.84%	4.44%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Since Inception Return to June 2011	5.88%	9.13%	6.00%	4.49%	3.56%	11.32%	9.78%	7.87%	4.53%	4.35%
Inception Date	1/01/98	1/07/84	1/10/99	1/01/98	1/04/09	1/07/09	1/07/09	1/07/09	1/07/09	1/07/09
Funds Managed (\$m)	584.4	15,347.2	344.5	163.3	372.7	17.1	170.8	128.7	5.6	61.3

Notes:

- Past performance is not an indicator of future performance.
- The return for the Cash Savings (inception 1/4/09) Member Investment Choice Option is not yet available for the 5 year and 10 year periods.
- The Capital Guaranteed option was closed on 31 December 2011.

The information is about Cbus. It doesn't take into account your specific needs, so you should look to your own financial position, objectives and requirements before making any financial decisions. Read the Cbus Product Disclosure Statement to decide whether Cbus is right for you. Contact 1300 361 784 or visit www.cbussuper.com.au.

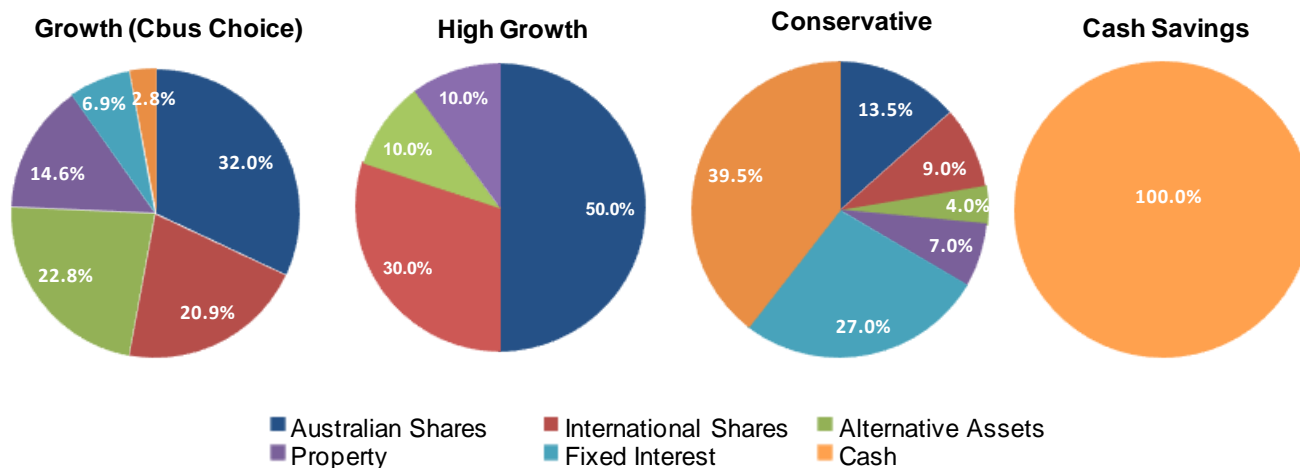


Cbus Investment Update

December 2011

Asset allocation

Investment Option – Actual Asset Allocations as at 31 December 2011



Economic overview

In December, the European debt crisis continued to dominate investment markets, while the US economy showed signs of improvement

The European Union Leaders Summit agreed new measures to control government borrowing and to provide more funding relief via the International Monetary Fund. In addition, the European Stability Mechanism (a permanent bailout fund) will start earlier, in July 2012.

The European Central Bank (ECB) lowered its key interest rate by 0.25% (to 1%). It also increased its assistance to the banking system, with over 500 banks borrowing €489 billion. This eased short-term liquidity pressures, but banks still face heavy refinancing needs.

In the United States there was encouraging news, with pending sales of existing homes rising by more than was expected in November. In addition, labour market data showed a rise in jobs growth and a fall in the unemployment rate to 8.5%. US retail sales have also risen.

In a temporary solution to its debt limits, the US Congress agreed a budget package to fund federal government spending to September 2012 and avert a 'shutdown'.

Asian growth slows, but so does inflation, Australia lowers interest rates

Japanese economic data was mixed. Vehicle sales improved, up 24% for the 12 months to November. Yet Japan's exports fell in November and machine orders were down 6.9% for the month in October. In December the Bank of Japan downgraded its assessment of the economic outlook.

China's inflation rate fell from a peak of 6.4% in June 2011 to 4.2% in November. Chinese government policy has been to lower the rate of economic growth in China in order to contain inflation.

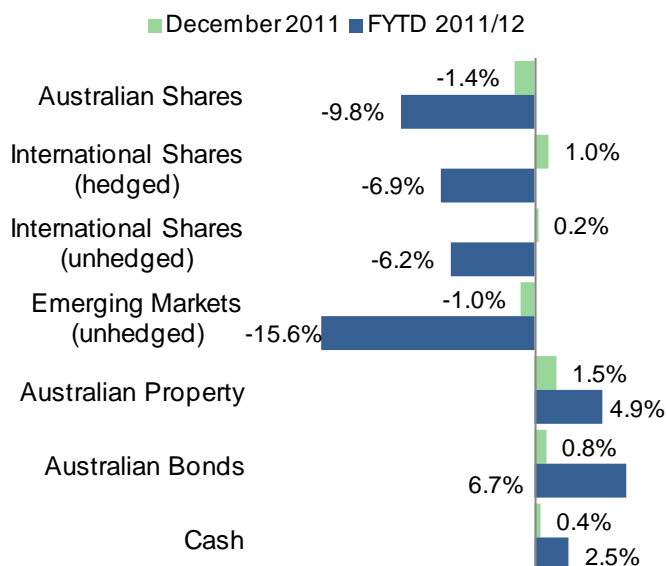
The Reserve Bank of Australia (RBA) cut interest rates by a further 0.25 per cent, to 4.25%, early in December, acting on concerns about the global economy.

Market commentators expect more interest rate cuts will follow given latest employment figures which show employment growth has stalled over recent months. The unemployment rate rose to 5.3% in November, up from 5.2% in October, and nearly 40,000 full time jobs were lost. Housing finance remained relatively weak (up 0.7% for October).

Cbus Investment Update

December 2011

Monthly and financial year-to-date investment market returns



Market returns

The investment market returns in the chart are not Cbus asset class returns. They are returns for each market as measured by standard market indices, listed in the table below.

A note on the impact of currency

When the Australian dollar falls against currencies in major share markets, if there is no currency hedging, international market returns in Australian dollar terms are higher.

Investment Type	Market Index
Australian Shares	S&P ASX 300 Accumulation Index
Global Shares – currency hedged	MSCI World Ex-Australia (Hedged, \$A)
Global shares-currency unhedged	MSCI World Ex-Australia (\$A)
Emerging markets-currency unhedged	MSCI Emerging Markets (\$A)
Australian unlisted property	Mercer/IPD Australian Property Pooled Index
Australian bonds	UBS Composite Bond Index
Australian cash	UBS Bank Bill Index

Investment market overview

Share Markets

International shares rose 0.2% on a currency unhedged basis in December (+ 1.0% on a currency hedged basis). Emerging markets broadly underperformed developed markets in December, particularly Russia (-6.5%) and China (-5.7%). The US share market rose by 0.9%.

Across the calendar year the US and UK share markets were the better performers (0.0% and -5.6% respectively), while key Asian markets (China -22%, Japan -17%, Taiwan -21%) and Continental European markets (Germany -15%, France -17%, Italy -25%) all delivered large negative returns.

The Australian share market, as measured by the S&P/ASX300 Accumulation index, returned -1.44% for December, and is down 11% over the calendar year. Consumer spending remained sluggish in December, with retailers reporting a slow start to Christmas trading. Several companies issued profit downgrades including Billabong (-52%) and Kathmandu (-29%). JB Hi-Fi's (-27.4%) trading update revealed that heavy discounting was impacting margins.

Defensive sectors Telecommunications, Utilities and Healthcare performed best as investors looked for safety from market volatility in stable dividends. Energy was the worst performing sector in December, down 5%, with a warmer winter in the US leading to lower demand for gas (natural gas fell in price by 16% in December).

Significant merger activity within the mining sector saw Aston Resources and Whitehaven Coal agree on a \$5.1 billion merger to create Australia's biggest independent coal miner. Chinese State-controlled firm Yanzhou Coal Mining of China made an offer for Gloucester Coal. The merger, subject to due diligence will create a \$6 billion listed company.

Direct Property

The property market is expected to remain stable in 2012, although the retail commercial property environment is currently tough given lacklustre retail sales. Brisbane and Perth are the two cities where demand has not slowed for commercial property. Industrial property demand has also slowed due to cautious business confidence.

Bonds and Cash

Concerns surrounding European debt continued to impact bond markets in December. Bond yields fell across most markets, and most developed countries (UK, Germany, US, Japan) 10 year bonds yields are now below 2%. Australia's 10 year bond yield finished the month at 3.67%.

Cbus Investment Update

December 2011

Recent property development, purchases and sales

Cbus fund manager Industry Superannuation Property Trust (ISPT) reported:

- Its 161 Castlereagh Street office property in Sydney achieved a Green Building Council 6 star 'as designed' rating.
- Fender Katsalidis and Buchan Group were appointed to develop concept plans for the new Ground Floor retail precinct at 363/365 George Street, Sydney.

Looking forward

The European Union's ability to resolve its sovereign debt crisis will remain a key focus for investors over 2012. Europe is faced with unwinding its debt against a backdrop of austerity (which in turn is impacting economic growth). Recovery in the United States and robust Chinese growth may reduce the impact for investors. It is still early days to ascertain the strength of the US recovery.

Many commentators believe that company valuations are now becoming very attractive. However, earnings expectations for the overall share market continue to decline, which suggests that the equity market may remain under pressure in the near term.

Cbus' investment strategy and diversification

Cbus' investment options, with the exception of the Cash Savings option, are broadly diversified.

Diversification through holding lower risk asset classes such as bonds, cash, core infrastructure and core property has reduced the impact of negative share market returns.

The Growth (Cbus Choice) option currently invests 32.0% in Australian shares, and around 20.9% in international shares.

Cbus regularly reviews its investment strategy for each investment option. The Growth (Cbus Choice) option is well positioned for an improvement in investment conditions over the medium term, while maintaining some defensive exposure.