FIDUCIAN FOCUS

Autumn 2011

DON'T LEAVE IT TOO LATE

ACT WELL BEFORE 30 JUNE TO MAXIMISE YOUR POTENTIAL BENEFITS

Inside this issue...

Even though 30 June may be some months away, now is the time for you to start preparing in order to maximise benefits you may be entitled to. Additionally, starting to plan now will ensure there is sufficient time to meet with your Adviser and make any necessary changes that could be to your advantage.

Some things you may want to consider include:

1. A Salary Sacrifice or Personal Tax Deductible Contribution Strategy

An effective way to maximise your retirement benefits is to make a salary sacrifice or personal tax deductible superannuation contribution up to the concessional contribution limit each year. This has the added benefit of helping to reduce the tax you pay where your personal income tax rate exceeds 15%. Speak to your adviser to see if you are eligible to use these strategies.

2. Make a Non Concessional Superannuation Contribution to Receive the Government Co-contribution or Spouse Rebate

Eligible people who make a non-concessional contribution to superannuation could receive a matching Government co-contribution of up to $1,000 if they make a personal contribution, or a tax rebate of up to $540 if they make a spouse contribution. This provides a great return on your investment!

3. Planning and Portfolio Review

The lead up to the end of the financial year is an ideal time to review your current position, investment strategies & portfolio. This can help you to identify and consider:

1) Investments which are riskier than what you are prepared to accept.

2) Any potential Capital Gains Tax and ways to reduce or offset that tax.

3) The ongoing appropriateness of any gearing arrangements and the benefit of pre-paying interest on investment related debt.

To learn more about any of these, we recommend you contact your Fiducian Financial Adviser to discuss these strategies in greater detail.

THE GOOD, THE BAD & THE UGLY

FLOODS, CYCLONES & LEVIES

The floods that have swamped much of Queensland and Victoria and parts of New South Wales this summer and the devastating cyclone that recently hit North Queensland have been tragic in their consequences, including the loss of human life. We should remember, unfortunately these natural phenomena are to be expected from time to time.

We have seen the pictures of ruined houses, farms, roads, railways and bridges and there is no doubt that this will cost the country a considerable sum to repair, with some estimates as high as $15 billion.
On the other hand, lost coal production (estimated at around $2.5 billion by ABARES in its Special Report of 21 January), could be partly recouped by higher coal prices; while this could also apply to some lost fruit and vegetable production, while ABARES notes that prior to the floods, 'the winter grain harvest in most of the flood-affected regions was nearly complete' and 'losses of livestock have been small in relation to the national herd'.

In the end too, there will be benefits. For one thing, where previously there was drought, now there is water and most of the dams across wide regions are full and much farm production could quickly recover. For another, there will be plenty of employment in the recovery phase and construction and engineering companies could prosper. The bad news though is that the Government appears intent on raising taxes to pay for some of the damage to public infrastructure.

CURRENCY QUIZ

1. Australian decimal currency was released to the public on which notable day in 1966?
2. What currencies did the following countries have before they converted to the Euro: Greece, Spain, France & Germany?
3. Governments produce coins in a place called a what?
4. What is the life-expectancy of a U.S. one-dollar bill?
   a)12 months b)18 months c)3 years d)5 years
5. Which 2 people are on an Australian $100 note?
6. Australia was the first country in the world to have what kind of bank note?
7. What is the highest denomination of a Euro banknote?

See page 4 for answers.

CURRENCY WARS
AND THE **HIGH DOLLAR** – WHAT DOES IT ALL MEAN?

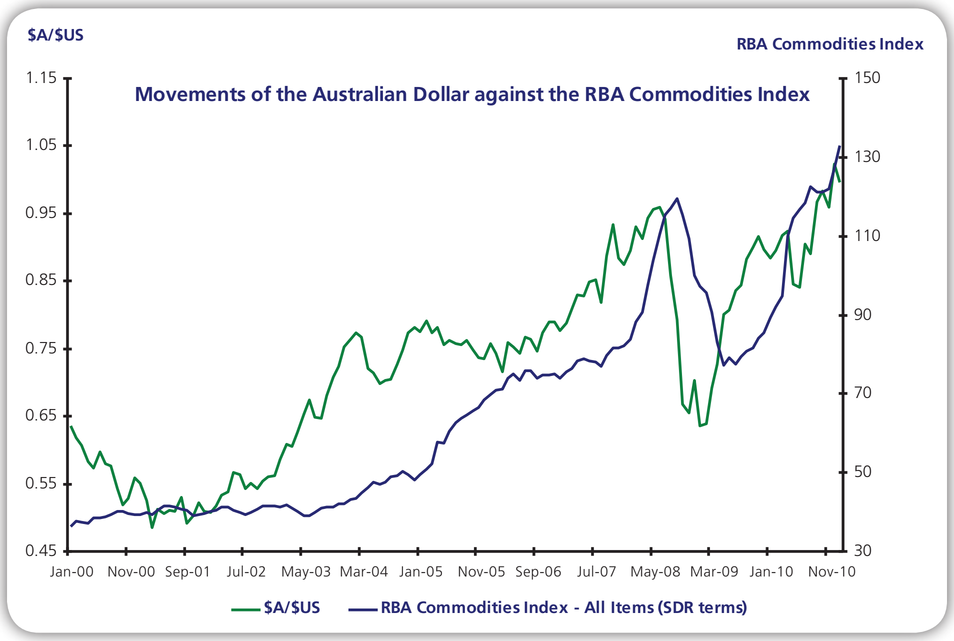
The Australian Dollar ($A) recently breached parity with the US Dollar ($US) and has reached its highest level in nearly 30 years. In fact, the $A rose by 13% against the $US during 2010 and by a staggering 70% from its low of October 2008 to its recent high! Such a strong currency brings many benefits, particularly for us as individuals but we should also be aware that it has some negative implications for our country's industries, especially in manufacturing and tourism.

A high $A means that we can buy goods and services from other countries at much reduced prices. This means, for example, that importers can supply cheaper goods for us through retail outlets. It also means that we can travel overseas for much less than would have been the case previously and buy more for our Dollars when we get there.

On the other hand, there are some drawbacks to a strong Australian Dollar. In fact, we are currently one of the few countries anywhere that actually seems to welcome an appreciating currency. This is because depreciating (or falling) currencies give countries an advantage in the export battle. The lower a currency, the more competitive are those who export in that currency, while importers face more difficulties in competing against domestic producers in the home market. In the current global environment in which many economies have only recently begun to emerge from what has been termed the Great Recession, many governments are still very much seeking to sustain economic growth through boosting their export industries in whatever way they can, with the currency market often seen as a prime mechanism for enhancing price competitiveness. Hence we have what have been termed the 'currency wars' that are currently underway, in which many countries are trying to push their own currencies down and others up.

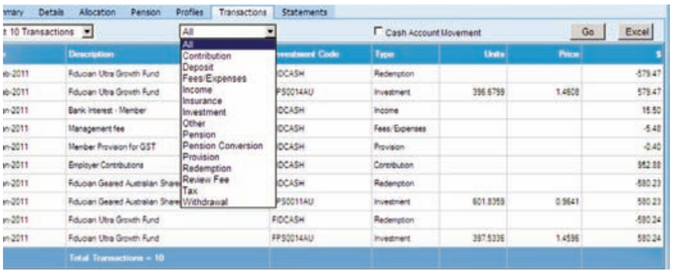
Given the recent huge rise in the $A, a key question for investors is whether our currency is likely to go even higher or whether it could soon begin to retrace some of its steps. Unfortunately there is no easy answer to this, although we can say that much depends on the direction of global commodity prices. If they continue to rise then so is our currency likely to rise, while our Dollar will also likely receive a boost if our interest rates continue to climb. The graph below highlights the strong correlation between our currency and world commodity prices.

"A key question for investors is whether our currency is likely to go even higher."



FIDUCIAN ONLINE

Fiducian Online is a powerful resource that allows you to track your investments within the Fiducian Services. Fiducian Online is updated on a daily basis and allows you to access up to date account balances and transaction information. You can track specific transactions within your account by clicking on the "Transactions" tab and selecting the type of transactions you wish to view.



To access your account details you will need to login to the secure section of Fiducian Online. Please visit **www.fiducian.com.au** and register your details in the Fiducian Online section, or contact your Fiducian Financial Adviser.

FIDUCIAN IN THE COMMUNITY

ADVISERS AND STAFF SUPPORT GIANT STEPS

Fiducian have been able to support Giant Steps through generous donations from Fiducian Financial Advisers and Staff at the last Fiducian Annual Conference. Giant Steps was founded to help educate and support children and families experiencing autism. Located in Sydney, Giant Steps seeks to develop intensive therapeutic and educational programs to ensure that each child has the opportunity to reach their full potential. They also seek to provide support to families, improve understanding of autism in the wider community and to develop best practice among carers and professionals.

THE MALINDA JARRY FUND

ST.VINCENT'S HOSPITAL INTENSIVE CARE NURSES' EDUCATION PROGRAMS

Malinda Jarry
1972 – 2005

Fiducian are proud donors of the Malinda Jarry Fund, in support of the St. Vincents Hospital Intensive Care Nurses' Education programs in Sydney NSW. Our support of this special initiative will help provide clinical training and leadership development opportunities for the intensive care nurses. It also helps to fund tertiary scholarships, education materials and workshops for the nurses in order to continue the highest standards of critical care at St. Vincent's Hospital.

If you would like to make a tax deductible donation, please send a cheque to St Vincent's ICU Nurses Education Fund, Locked Bag 32, Darlinghurst NSW 2010 or call 1800 800 595 for credit card donations.

Answers

1. Valentine's Day 2. Drachma, Peseta, Franc, Deutsche Mark 3. Mint 4. b)18 months
5. Dame Nellie Melba and General Sir John Monash 6. Polymer 7. 500 Euro

FIDUCIAN Financial Services
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Fiducian Financial Services Pty Ltd
ABN 46 094 765 134
AFS Licence No. 231103
Level 4, 1 York Street, Sydney NSW 2000

Correspondence
GPO Box 4175
Sydney NSW 2001
Telephone: 02 8298 4600
Client Services: 1800 653 263
Fax: 02 8298 4611
Email: info@fiducian.com.au
www.fiducianfs.com.au

Your local Fiducian Financial Services Representative is: