



FIDUCIAN FOCUS

Winter
2008

EASY WAY TO INVEST

Investing funds is now easier than ever. Both the Fiducian Investment Service & Fiducian Superannuation Service now accept contributions via Electronic Funds Transfer (EFT).

This new EFT facility will save you valuable time all year round. The facility can be used to make all contribution types including employer and personal contributions.

Making contributions via EFT can be a great time saver and ensures that all contributions are

received on a timely basis, thereby eliminating the worry of cheques and contributions being lost in the post.

Please contact your Fiducian Financial Adviser for additional details and benefits on making EFT contributions.



*“A wise man
will make more
opportunities
than he finds.”*

Sir Francis Bacon

WHAT IS THE OUTLOOK FOR GLOBAL SHARE MARKETS?

Global share markets are likely to move broadly in line with expectations about the outlook for the global economy. In this respect, the current dichotomy of booming developing economies on the one hand and slowly growing advanced economies on the other is likely to be reflected to some degree in share market performance over coming years. One factor that could be expected to provide support for the major

markets in the US, Europe and Japan over the near-term is what appear to be fair share market valuations in most cases (relative to historical norms and to other investment opportunities such as property, bonds or cash funds). Even so, emerging markets could be expected to out-perform over the longer-term, while the Australian market could continue to do well on the back of its booming resources sector.

2008-09 BUDGET HIGHLIGHTS TAX & ONE-OFF PAYMENTS

The 2008-09 Federal Budget was handed down on 13 May 2008 the first Labor budget since 1995. Through the course of the evening the Treasurer made it clear that this budget was one for 'Working Families' and announced a number of changes including income tax changes and one-off payments which are discussed below in more detail.

INCOME TAX CHANGES

The table on the right summarises the announced income tax changes for the 2008-09 year.

The government also increased the Low Income Tax Offset by \$450 to \$1,200, effectively increasing the tax-free threshold to \$14,000 p.a. for singles. For Senior Australian Tax Offset (SATO) recipients the effective tax-free threshold would be \$28,867 for singles, and \$24,680 for each member of a SATO couple (\$49,360 combined).

In summary the announced tax changes will broadly see an overall reduction in tax paid by individuals, meaning an increase in net income as described in graph 1.

Additionally, the government also announced an increase in the:

- Medicare Levy Threshold by \$569 to \$17,309 for individuals, and by \$960 to \$29,207 for families.
- Medicare Levy Surcharge threshold by \$50,000 for singles and families to be \$100,000 and \$150,000 respectively.

ONE-OFF PAYMENTS

A series of tax-free lump-sum payments were announced for eligible carers and senior Australians (as at budget night). In summary they were:

- \$1,000 for individuals receiving a Carer Payment, a DVA Carer Service Pension, Wife Pension with Carer Allowance or DVA Partner Service Pension with Carer Allowance.
- \$600 for those currently receiving the Carer Allowance for each eligible care receiver.
- \$500 will be paid to eligible senior Australians, which includes individuals in receipt of the Age Pension, Veterans' Pensions, Widow's B Pension, Wife Pension, Seniors Concession Allowance, Mature Age Allowance, Widow's Allowance or Partner Allowance.

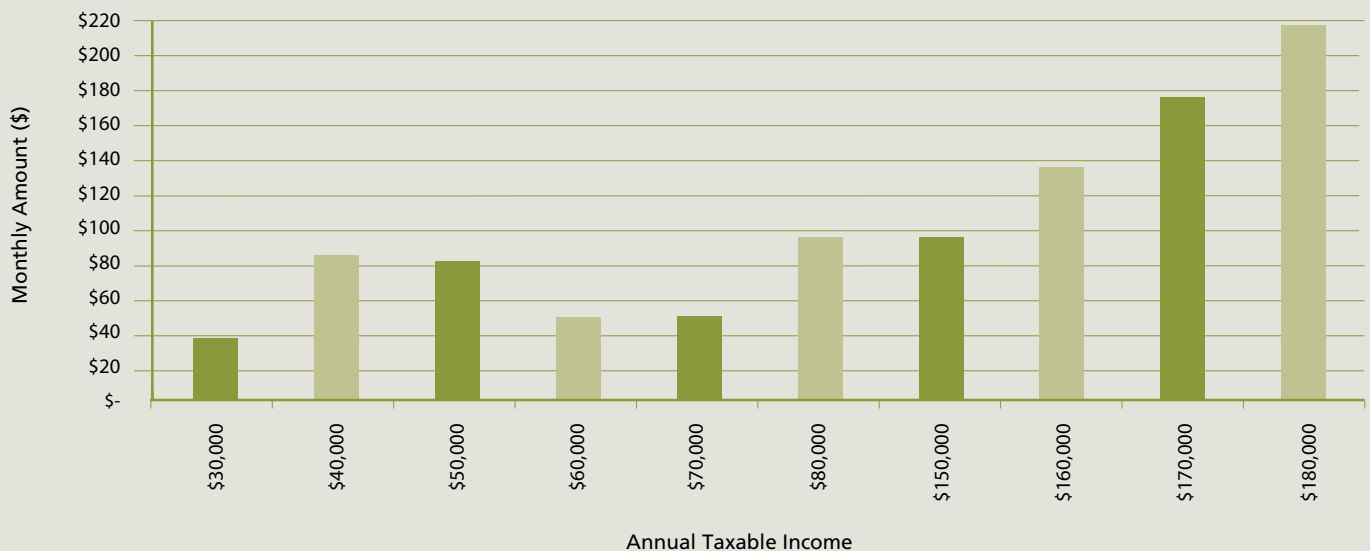
The government also proposed some changes to what income is assessed for a number of government benefits including the Seniors Concessional Health Care Card.

If you would like to find out more or would like to discuss how to make best use of your tax savings please call and make an appointment with your Fiducian Adviser.

2007-08	
Tax thresholds	Tax Rate
\$0 - \$6,000	0%
\$6,001 - \$30,000	15%
\$30,001 - \$75,000	30%
\$75,001 - \$150,000	40%
\$150,001+	45%

2008-09	
Tax thresholds	Tax Rate
\$0 - \$6,000	0%
\$6,001 - \$34,000	15%
\$34,001 - \$80,000	30%
\$80,001 - \$180,000	40%
\$180,001+	45%

Graph 1: Increase in net income due to announced tax changes



MARKET OVERVIEW

WHERE TO FOR EMERGING MARKETS?

Emerging markets are the share markets of the developing economies. Emerging market indexes are dominated by the larger emerging markets, such as those of Korea, Taiwan, China, India, Russia and Brazil. These markets have performed well in recent years. For example, the MSCI Emerging Markets Free Index rose by a compound 25.3% per annum over the three years to end-April 2008. One characteristic of these markets though is that they can be volatile, with sizeable upwards and downwards movements from time-to-time. What underpins these markets is the economic growth of the developing economies and here the news has been mostly positive in recent years, while the outlook for the near-term also remains very promising.

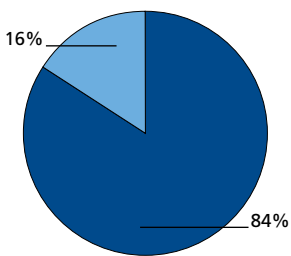
According to the International Monetary Fund (IMF), the developing world as a whole grew by close to 8% in real (inflation-adjusted) terms in each of the last two years (on a purchasing-power parity basis) and is forecast to grow by 6.7% this year (April estimate). However, within the developing world as a whole, some regions are outdoing others. The stand-out performer has been what is known as 'developing Asia', which

grew by close to 10% in each of the last two years and is forecast by the IMF to grow by 8% this year and by at least this much for each of the five following years. Indeed, it is this extraordinary rate of growth that is currently underpinning the global economy, while the advanced economies are for now almost universally enjoying only modest growth at best. As a result of high growth rates, developing economies are accounting for a steadily increasing share of the global economic pie and could increasingly drive the world economy over coming years. One consequence of this has been strongly appreciating commodity prices, which have been beneficial to resource-rich economies, such as Australia and Canada (and their share markets).

THE INCREASING IMPACT OF THE DEVELOPING WORLD ON THE GLOBAL ECONOMY

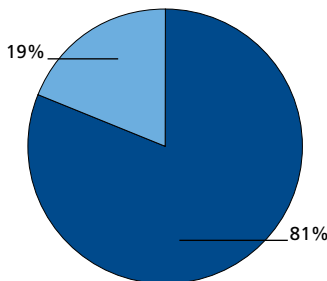
The graph below shows the growing impact of the developing world. Within a decade, the developing economies as a group could account for nearly half of world output. One consequence of this is that there is increasing potential for emerging share markets to assume steadily greater importance globally and in the share portfolios of investors.

1992 Share of the World GDP



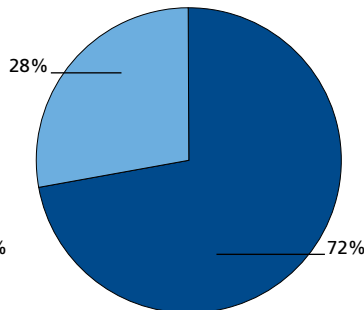
\$US 24 trillion

1999 Share of the World GDP



\$US 31 trillion

2007 Share of the World GDP



\$US 54 trillion

■ Developing ■ Advanced

Source: International Monetary Fund, 2008 (Data at current market exchange rates)



“What we call results are beginnings.”

Ralph Waldo Emerson

S	N	O	I	S	S	E	C	N	O	C	T
A	L	L	O	W	A	N	C	E	D	T	A
L	B	S	M	I	A	L	C	R	N	N	X
A	U	A	H	N	T	O	W	E	J	U	K
R	D	V	X	C	I	S	M	F	B	O	N
Y	G	I	M	O	E	N	U	U	D	C	I
Y	E	N	O	M	R	Z	B	N	P	C	L
K	T	G	R	E	F	U	N	D	O	A	E
N	G	S	V	T	I	F	E	N	E	B	R
C	L	O	H	C	P	A	Y	M	E	N	T
V	G	K	Y	R	F	F	V	I	Q	A	N
S	E	S	N	E	P	X	E	L	E	G	E
T	H	R	E	S	H	O	L	D	J	U	C

FIND A WORD

Which TWO words occur twice in the puzzle? Which ONE of these words does not occur in the puzzle?

- | | | |
|------------|-------------|-----------|
| Account | Concessions | Refund |
| Allowance | Expenses | Salary |
| Benefit | Government | Saving |
| Bonus | Income | Surcharge |
| Budget | Levy | Tax |
| Centrelink | Money | Threshold |
| Claim | Payment | |

See page 4 for answers.

FIDUCIAN IN THE COMMUNITY



Karen Rennie & Reach Out! Intern Renee from Inspire Foundation at the Fiducian Charity Golf Day.

FIDUCIAN CHARITY GOLF DAY RAISES OVER \$53,000 FOR THE INSPIRE FOUNDATION

The 2008 Fiducian Charity Golf Day and Dinner raised money for the very worthy Inspire Foundation which focuses on improving the mental health and wellbeing of young people and preventing youth suicide. Using young people's preferred medium - the Internet and related technologies, Inspire runs national programs which connect with young people aged 16-25.

The Annual Event was held at the magnificent 107 year old Killara Golf Course on Sydney's Upper North Shore. Over 90 golfers enjoyed the 4 ball ambrose tournament followed by a fundraising auction and formal dinner in the Killara Golf Club.

During the evening, Inspire Ambassador Ben Darwin, former Wallaby, spoke about his own experience of getting through tough times after a neck injury during the 2003 Rugby World Cup almost left him a quadriplegic.

Inspire's CEO, Kerry Graham, said, "Our partnership with Fiducian in their Annual Charity Golf Day is a great example of what can be



Inspire Ambassador Ben Darwin, former Wallaby.

achieved when a community of people come together in support of a common cause. We're thrilled to have been a part of the Golf Day and extend our warmest thanks to Fiducian and to everyone who took part. Your support will provide much-needed technology for young people accessing our Beanbag Centres in disadvantaged urban areas."

We are extremely proud to report that Fiducian raised over \$53,000 for the Inspire Foundation, a charity Fiducian is delighted to be associated with.

FIDUCIAN SPONSORS YOUNG HIGH JUMPER ON HIS WAY TO BEIJING

Fiducian are also proud to sponsor high jumper Dean Wood from Richmond, NSW. At just 20 years of age, Dean can high jump 2.18 meters and his impressive titles include

- Under 23 Champion 2007
- Under 20 Silver Men's Champion 2006
- Melbourne Pacific School Games Silver medal 2005
- Track and Field Captain at the Melbourne Pacific School Games 2005
- Under 20 National School High Jump Champion

His high jump achievements also include his selection to compete in the test event at the Beijing Olympic stadium. The event runs for 4 days, involving young athletes from around the world and ensures the Beijing Stadium is ready for elite competition. All the best Dean!



S	N	O	I	S	S	E	C	N	O	C	T
A	L	L	O	A	N	C	E	D	T	A	
L	B	S	M	I	A	L	C	R	N	N	X
A	U	A	H	N	T	O	W	E	J	U	K
R	D	V	X	C	I	S	M	F	B	O	N
Y	G	I	M	O	E	N	U	U	D	C	I
Y	E	N	O	M	R	Z	B	N	P	C	L
K	T	G	R	E	F	U	N	D	O	A	E
N	G	S	V	T	I	F	E	N	E	B	R
C	L	O	H	C	P	A	Y	M	E	N	T
V	G	K	Y	R	F	F	V	I	O	A	N
S	E	S	N	E	P	X	E	L	E	G	E
T	H	R	E	S	H	O	L	D	J	U	C

Answers
Refund appears twice.
Surcharge does not appear



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