



Market Wrap

Finally! The months of chanting and dancing have brought positive movements in markets! What a relief – the rain dance works! And what a nice vision it is to look over client statements with a feeling of optimism. November 2007 seems so distant in the past. After all, investors have endured the biggest financial meltdown since the Great Depression. But is this the end of the tough times?

After discussing a range of issues with Fiducian's Investment Manager, Conrad Burge, the view is much more positive, as the world's economies place themselves in stronger positions to move forward. Particularly impressive have been the developing economies of China and India, leading the way in both stock market returns and economic growth.

Fiducian's diversified funds have been providing impressive returns. For the six months to 31 August 2009, the Capital Stable Fund had a net return of 10.2%, the Balanced Fund 21.4%, the Growth Fund 24.3% and the new kid on the block, the Ultra Growth Fund a staggering 31.1%!

These returns are very welcome, but the fund returns shown above illustrate that higher reward comes with higher risk. The Fiducian Ultra Growth Fund has been outstanding in recent times, however it does carry a potentially high level of volatility, meaning it is not suitable for every investor. But all investors are welcoming a positive return in their portfolios since early March 2009.

There is still a long way to go until most portfolios return to their 'pre-crash' values, however the diligent work in the background by Fiducian's Investment Team has ensured that our assets are well placed to take advantage of the recovery.

For our younger clients, now could be a good opportunity to use growth investment strategies coupled with gearing to enhance wealth over the longer term. The use of Margin Loans and Home Equity lending has come under fire in the media over the past 18 months, however now that the investment fundamentals have altered, these strategies could be much more suitable as a wealth enhancement option.

Rebalancing portfolios to increase exposure to equity markets can also assist in grasping the opportunity presented by compressed valuations in major equity markets. Preparing your portfolio for recovery is just as important as producing retirement income, as a well positioned and comfortable portfolio structure could increase the longevity of an investment strategy.

If you would like to discuss your options, please get in touch with us to organise an appointment.

May Economic Update

There was a great response to the 'Economic Update' back in May, where we were fortunate to hear from Peter Wetherall from Wallarah Asset Management and Indy Singh, Fiducian's Managing Director, on the state of the economy. At that time they addressed some of the key issues being faced by the world's economies and highlighted some 'green shoots' of recovery. Each of the presentations provided insights about the expected direction of the world economy and added to our understanding.

It was great to catch up with the 80 or so clients who attended to gain an informative view on the state of the world economies. On the night, some brave clients built up their confidence to ask a question of the presenters and were rewarded with a highly coveted Fiducian hamper (*below*)!



David (top) and Andrij taking home hampers

Business Update

We have been extremely busy throughout this calendar year for a number of reasons. We have taken over a number of clients involved with Taggart Partners and Pivotal Accounting. This has required significant levels of work to be done to ensure their financial positions are sound moving forward. In light of this additional workload we have upgraded our procedures to ensure we continue to deliver the high level of quality advice our clients have become accustomed to.

Nevertheless, we are continuing to monitor and survey our clients to ensure they are comfortable with the service we are providing as part of the annual review process. However, we welcome any feedback at any time as we strive to deliver the service you expect. Please don't feel that you will offend us by providing feedback. It is only through this honesty that we can improve ourselves to assist you in the best possible way. Your feedback is welcome at any time.

I am also continuing to conduct educational courses in finance with WEA as I have done so now for over 8 years. Many of our clients have attended these courses and I urge you to refer family, friends and colleagues to these courses each quarter. I have recently written articles for Money Management Magazine and Financial Planning Magazine highlighting the importance of education in understanding and taking responsibility for investment decisions.

I continue to have a strong belief that this method of advice provides our clients with a strong underpinning of their positions, assisting them to understand the underlying investment strategy associated with their position. In turbulent times as we have just witnessed this knowledge has given solace to the positions we have taken and will ultimately provide strength to the path required to be taken into the future.

Pensioner Tax Issues and Centrelink Changes

How wonderful this year it was to see Fiducian's Annual Taxation Statements out to clients (in the majority of cases) in August! Fiducian have led the industry in informing clients of their tax position well before any of our competitors in the Administration/WRAP/Master Trust platforms.

With changes in the tax assessment of Account Based Pensions in the past couple of years and also the introduction of the Senior Australian Tax Offsets, there may in many cases be no need to lodge a full taxation return. Instead you can complete a non-lodgement advice through the Australian Tax Office and potentially claim for refund of imputation credits on behalf of any shares or share related investment holdings that you own. As always though, check first with your accountant to ensure you are lodging the correct documents for your circumstances.

Centrelink implemented some of the 2009 Budget pension initiatives from 20 September resulting in an increase in payments to most recipients of pensions. However, the rules have been changed with regards to the Pension Income Test where now each dollar of income above the allowable amounts reduces the pension entitlement by 50c (previously

40c). As the Government is keen not to disadvantage any existing Pensioners, transitional payments will be made to anyone who would be disadvantaged under the new income test. This transitional payment is similar to what those pensioners were receiving before 20 September. They will move to the new system when their entitlement under the new system is greater than that under the old system. A Work Bonus has also been introduced to the benefit of working pensioners and allows half of the first \$500 per fortnight earned from employment to be exempt from the income test.

The other change in payments is the consolidation of the Pharmaceutical Allowance, Telephone Allowance, GST Supplement and Utilities Allowance into one payment. The new 'Pension Supplement' is paid fortnightly rather than quarterly with Pension payments.

For more information on these changes contact us.

Final Say

As the financial landscape continues to evolve there has never been a better time to gain quality financial advice. Fiducian is well positioned to continue to help our clients navigate their way through the financial jungle. We continue to utilise processes that focus on the suitability of investment strategies to achieve client goals and objectives, backed by a strong investment team that researches each investment for transparency and suitability for investment through the Fiducian Superannuation and Investment Service platforms.

Only a short time ago, investment markets turned sour and some faced quite considerable losses. Fiducian, however remained solid in our approach and, to our credit, did not offer products that posed significant risk in particular markets. It is imperative that we remain focused on our objectives and avoid emotional reactions to short-term market movements. This attitude and approach to investing will be rewarded in the longer term, and at Fiducian, we will be your partner in guiding you and protecting you, with the aim of achieving your financial goals and objectives.

As always, please feel free to contact us at any time to discuss your position.

Our next publication is scheduled for release in December 2009 (along with the Summer issue of Fiducian Focus).

Keep an eye out for it in the mail or on the website below.

Quote of the Quarter

"Obstacles are those frightful things you see when you take your eyes off your goal" (*Henry Ford*).

Wishing you all the best until next time,

Shane Pinkerton Adv Dip FS (FP) JP
Executive Financial Adviser
Authorised Representative (ARN 237602)
Fiducian Financial Services Pty Ltd
AFSL 231103

Receiving This Publication

This newsletter is available online at:

www.fiducianfs.com.au/pages/FFS_Hunter/home.htm

If you would prefer to view the publication online please let us know by emailing: hunter@fiducianfs.com.au and we will remove your name from our distribution list.