



Your Adviser:  
**Murdo Macleod CFP**

## Autumn Newsletter

### A NOTE FROM YOUR ADVISER

Well with the first quarter of the new year almost gone, what a year it's shaping up to be. World governments and central banks are employing strategies to try to soften the impact of the global slowdown. While this coordinated action has certainly helped, we can still expect to see some continued contraction within global economies.

While economists comment and theorise about recessions, markets and global downturns, the very real impact that this is having can be seen in the valuations within the Fiducian Superannuation and Investment statements which have been sent out recently and make grim reading at the moment.

When you receive your statement your first inclination may be to say "Look what I have lost!" However while values may be down, the investments that these portfolios represent remain fundamentally sound.

The fund managers who are responsible for managing your investments have acquired quality, long-term assets. These include shares in Australian companies that we all believe will provide solid returns over the long-term. Companies including names such as the Commonwealth Bank, BHP, Brambles, Woolworths and Harvey Norman to name just a few. All of these businesses will be around over the long-term and some will even use the current tough times to improve their position over coming months.

Because we continue to believe in the products that these companies create and the quality of their management, then as long as we have the capacity to hold these investments through the current period, it is likely that we will see their value recover.

It's also important that we don't confuse the economy with investment markets. Investment markets actually try to anticipate the economy and are looking not at last year's earnings but at future earnings. Here in Australia, we have the Reserve Bank and the Federal Government working to help manage the economy and nurse it towards recovery.

### RIISING ABOVE THE AVERAGE

Michele Baltazar, editor of the Financial Standard has written an article about Fiducian and our performance during the current volatility. If you would like to read what she has written then you can go to

[www.financialstandard.com.au/news/view/25153](http://www.financialstandard.com.au/news/view/25153)

### CHRISTMAS PARTY



*Indy and Shree Singh with some of our long serving clients – John & Barbara Neilson and David & Helen Slee*

While it seems a long time ago now we would like to thank all those who turned up for our end-of-year drinks. It was a pleasure to catch up with everyone and focus on something other than investment markets for a while.

Following a brief commentary from Indy Singh, Managing Director of Fiducian, we launched into our now traditional game of trivia, involving teams representing all of Santa's reindeer.

Once again we thank Di and Colin Schofield, who generously donated some

of Di's stunning wildlife photographs as lucky-door prizes.



*\*Beaming trivia winners – Team Cupid*

Thanks to all who attended and we hope you had as much fun as we did.

### CRYPTIC QUESTION

What does the clue below represent?

H I J K L M N O

The first person to call the office with the correct answer will win a special prize.

### CENTRELINK ELIGIBILITY

At this point more than ever we work with you to regularly review your position. This is especially important with regard to any government benefits for which you might qualify. Certainly as asset values have slumped over the past 12 months we have encouraged those who are eligible to update their positions with Centrelink on a regular basis. The reason being, assets which may previously have limited an entitlement to benefits, may have changed in value, therefore increasing the payments to which you are entitled. Certainly at this point every extra dollar you can claim is a dollar of investment earnings that can be retained and reinvested for the future.

Should you have any queries or questions about your potential eligibility then please contact us so we can help you maximise your position.

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### WHEN FUND MANAGERS ADD VALUE

With the extreme volatility which we've seen in global markets it can be extremely hard to maintain a long-term focus within your investment strategy, never mind making new investments. The temptation can often be to just sit on the sidelines in cash.

Yet it's often at times like these that real opportunities can arise. In the words of one of the greatest investors of all time, Warren Buffet, "*Be fearful when others are greedy and greedy when others are fearful*".

With some top quality stocks down well over 50% from their 2007 highs, opportunities are emerging in the market which a "value investor" can exploit. Less experienced investors can often respond to negative sentiment by over-reacting and throwing the baby out with the bathwater.

This provides experienced fund managers such as Anton Tagliaferro of Investors Mutual and Paul Xiradis of Ausbil Dexia with the chance to pick up some genuine bargains. In the current volatile environment these might not immediately look like the genuine steals that they are. But by bringing their long-term focus, experience, knowledge and quality research to bear, these guys can identify the true long-term potential which exists within a currently unloved stock.

By acquiring these assets and placing them within their long-term portfolio, quality fund managers build the potential for excellent future performance. However, like a fine wine it can take time for the full potential to develop.

### THE LATEST STIMULUS PACKAGE

Last November it was Pensioners who were receiving cash bonuses as part of the government's contribution to the global economic stimulus. This April many

more of us can expect to receive a bit of a boost as the latest stimulus flows down from the Federal Government.

This time the entire package amounts to over \$42 Billion of government spending. Which is either too much, or too little, depending on whom you listen to.

The key benefit that most Australian taxpayers will see is a cash payment of up to \$900 which should arrive in bank accounts in time for Easter. Entitlement to this will be determined by the Tax Office on the basis of your taxable income from the 2007-08 financial year. Eligibility for the handout will be as follows:

1. Your 2007-2008 taxable income does not exceed \$100,000.
2. Your adjusted tax liability for 2007-2008 is greater than \$0 (that is, you paid some tax)
3. You lodge your 2007-2008 income tax return before 30 June 2009.
4. You are an Australian resident for tax purposes at some stage during the 2007-2008 financial year.

There are a range of other stimulus measures, such as the construction of new school buildings, which will target longer-term infrastructure spending and which aim to spread the stimulus effect across different sectors of the economy and over a longer period.

There are also incentives for environmental initiatives such as ceiling insulation. If you are interested in finding out more about the Government's Energy Efficient Homes Package then check out: [www.environment.gov.au/energyefficiency](http://www.environment.gov.au/energyefficiency) for early registration and also for details of solar hot water rebates.

### INVESTMENT UPDATE PRESENTATION

At this time of year we traditionally offer clients a seminar which provides a

detailed assessment of current investment markets.

This information has never been more important and we now have the date for this. It will be held on the 6<sup>th</sup> April at Noah's On the Beach.

We will be sending you formal invitations closer to this date. However in the meantime, make sure that you've noted the date in your diaries.

### OUR THANKS

Over the past 12 months our business has had the opportunity to offer advice to a number of new clients who have been referred to us by some of our strongest supporters. Once again we thank you all for your continuing confidence and support.

While we acknowledge that such personal recommendations are purely voluntary we do still like to reward any positive referrals with the small gift of a couple of movie vouchers.

### RECEIVING OUR NEWSLETTER

If you would like to receive this newsletter electronically, please let us know by sending an e-mail request to one of the following:

[newcastle@fiducianfs.com.au](mailto:newcastle@fiducianfs.com.au)

[murdo.macleod@fiducianfs.com.au](mailto:murdo.macleod@fiducianfs.com.au)

If you know a friend or relative that you feel may benefit from receiving this newsletter please ask them to send their details to us by e-mail or to:

Fiducian Financial Services  
Reply Paid 883  
HAMILTON NSW 2300

Should you no longer wish to receive this newsletter, please contact us and we will remove your name from our distribution list.

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