



The Year We'd Rather Forget

There's absolutely no doubt about it, as far as investment markets are concerned this has been one of those "annus horribilis" that the Queen talks about.

The economic crisis precipitated by the "sub-prime" mortgage market in the US has over the last 12 months spread its tendrils inexorably into every element of the global economy.

However as these events have unfolded, the world's major central banks have rallied to provide support and liquidity for pressured banks. Governments have also acted dramatically to introduce rescue packages for the world's financial system.

This continuing flow of capital within global markets has been compared to the oil in an engine, lubricating the world's economies, keeping them turning. However the steadily growing fear of default amongst major banks has led to the cost of accessing money rising significantly. This has meant some large companies with high leverage or highly exposed to sub-prime debt have succumbed.

Here in Australia, our banking system has been more prudent in its lending and does somewhat not have the same level of exposure to potential corporate default. However, many companies are now trading at a significant discount to their average long-term valuation ratios. This has presented a potential buying opportunity for value-focused fund managers.

So what does the future hold? The recent massive and coordinated global intervention by central banks and governments has served to reinject liquidity into the financial system. However, the prediction for the short to medium-term is that we will continue to see a high level of market volatility.

This is the reason that we assess and evaluate your specific circumstances, and structure your portfolio with an appropriate allocation towards defensive assets to enable you to ride out the unfortunately inevitable downtimes.

Should you, however, have any questions regarding current market movements that we are currently experiencing, or if there is anything else that you wish to discuss, please feel free to call and talk with me. It's what we're here for.

How Has Fiducian Performed

In the current disappointing market the overall performance of all investments has been negative. However, Fiducian's blended equity funds have been strong and performed well compared with their peers over this period.

Over the long-term these funds are also still showing a welcome level of outperformance and remain in the top quartile of funds when we review investments of over 5 years. Being above average has always been, and will always be, our main objective. Not to shoot the lights out, as Conrad says, but through prudent and sensible investment to manage risk and achieve quality returns.

This certainly gives us confidence that when markets recover Fiducian will continue to add value for investors.

Client Investment Update 2008

It seems a long time ago, given the events of recent months but, during one of the coldest weeks on record in Newcastle, the clouds lifted and the skies cleared over 'Noah's On the Beach' just in time for our regular Fiducian Investment Update.

Clients who arrived early were able to enjoy a fantastic presentation of slides which had been prepared by two of

Fiducian's most enthusiastic clients, Colin and Diane Schofield.

Colin & Diane also generously donated enlargements of some of their stunning photographic works for a fantastic lucky door prize. This is so-called because we had to "prise" the bottle of 12 year-old Glenlivet, malt whisky out of Murdo's hands prior to the seminar.



Murdo presents the major lucky-door prize to a delighted Valmai Bennett.

Those clients who took advantage of the break in the weather joined us to hear Fiducian's Investment Manager, Conrad Burge and Phoenix Portfolios' Stuart Cartledge, as they provided a comprehensive analysis of the current market volatility and its impact on asset prices.

While understanding volatility doesn't change it, the knowledge does help us comprehend the benefit of spreading investments across a well diversified range of assets.

Fiducian's Managing Director, Indy Singh also illustrated the key benefits of managing risk through the Fiducian structure.

At the end of the night the feeling was that those attending had learnt a lot from the presentations.

Don't forget that you can obtain a summary of Conrad's presentation from our website at the following link:

Centrelink – Age Pension

Nobody likes to see the reductions in investment values which the current bout of volatility has brought. However we do know that this is a temporary phase and part of the normal cycle in investment markets, albeit extreme. In the best traditions of finding silver linings on this particular cloud we suggest the following.

If you were receiving, or were close to receiving, a Centrelink Age Pension entitlement now may be a good time to update your asset values with Centrelink.

For two reasons; 1) If Centrelink has recorded asset values which predate the current dip in the markets, then you may be receiving a benefit which is less than you might be entitled to. 2) If you previously hadn't qualified for Centrelink then the current dip in the markets may be an opportunity to gain access to a level of benefit during this current volatility.

Homeowners	Full Pension	Part Pension
Single	Up to \$171,750	Less than \$540,250
Couple	Up to \$243,500	Less than \$856,500
Non-Homeowners	Full Pension	Part Pension
Single	Up to \$296,250	Less than \$664,750
Couple	Up to \$368,000	Less than \$981,000

If you think this may be of benefit for you or someone that you know – then please contact Natalie and we can help you to implement the process.

History of 38 James Street

After a lot of questions from clients and passers-by regarding the history of our beautiful building we decided to do some research into its history. After much searching we are now able to present a brief history of 38 James Street, Hamilton.

2 March 1901 – It was a gala day and 150 volunteer firemen from 17 brigades

gathered to witness the opening of the new fire station in James Street Hamilton. Originally a single storey building, it cost around £300 to build. The mayor of Hamilton at the time, Samuel Donn (*who also lent his name to Samdon Street*) presided over the opening and can still be seen as “the bearded man” sculpture over the entry to the building.



1901 – Opening of the Hamilton Volunteer Fire Station

27 October 1906 – Just 5 years later the townsfolk of Hamilton once again gathered to celebrate the new second floor addition and belfry. This cost £223. 9s to build plus an additional £44 15s for the belfry.



1906 - Opening of the 2nd floor and belfry

Hamilton Flats – In the mid 1920's the building ceased operating as a fire station and was converted to flats. It suffered extensive damage in the 1989 Newcastle earthquake and was purchased just days before demolition with the new owners spending

approximately \$200,000 on renovations to restore it to its current glory.

Christmas Function

We are in the process of finalising the details of our regular Christmas function and we now ask that you keep the evening of **Wednesday 3rd December** free in your diary.

Those who have attended this function in previous years know that it is a great opportunity to enjoy a light-hearted evening with your adviser and the folks from Fiducian. This year it will also provide us with an opportunity to update you on ongoing developments in global markets.

But as always you are encouraged to brush up on your trivia prior to the evening. More details and invites will be forthcoming over the following weeks.

Once again we thank you for your ongoing support and confidence in us.

Murdo Macleod

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Receiving Our Newsletter

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