



Quarterly Newsletter	Issue: 021	June 2007
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From Your Advisers!

Time certainly flies when you're having fun, or so they say, and now that we're standing at the brink of a new Financial Year, I'm wondering... did I miss the fun?

We are however extremely pleased to welcome two new staff members to Fiducian Newcastle.

Natalie started with us in mid-May and brings some great experience from her time as a branch manager at the Hunter United Credit Union. Also joining us is Amy who started at the end of May. Amy comes from a client service role at RetireInvest and brings a wealth of knowledge from her previous position.

Natalie and Amy will share responsibility for managing the administration for the office, hopefully allowing Shane and Murdo to concentrate more on meeting your needs as our clients.

They've already developed several innovations to improve the efficiency of the service we provide to you.

And while you probably won't even notice the changes at your end, believe me this is enabling us to focus more on what we do best - communicating with you and helping you reach your financial goals.

"On The Road Again..."

Our travelling clients have been boasting about their adventures and we thought it might be nice to include a couple of the happy snaps passed onto us.

Col Smith from Umina sent us in this picture of a massive Barramundi that he didn't catch. In fact he was merely on hand to help out a mate who couldn't get it out of his boat!

The fish was caught at Cap Kanga and was 118cms long, weighing in at a massive 38 pounds. No wonder you needed both hands Col!



Not to be outdone, Roma Kane sent us this snap of her napping with some Tigers during a recent trek through Burma.



What she didn't count on was the tiger giving her a big cuddle and not letting her go! She did however thoroughly enjoy the experience and recommends it to anyone.

As Advisers, it's fantastic to see our clients focusing on the good stuff in life knowing that financially things are being well looked after.

Don't forget that we're delighted to pass on any travel ideas and tips in our newsletter, or if you've got a great snap let us know.

Hold the Front Page!

Just as we sent this edition to print, Newcastle was struck by a major severe weather event. The offices in Hamilton, although close to some of the worst damage, were fortunately spared anything more than a slight

dampening, however we were very lucky in comparison to others. Several clients had substantial damage from wind and water.



It all seemed to start with the news of the Pasha Bulker coming aground on Nobby's Beach mid-morning on Friday, 8 June. By 5pm, the driving rain and wind had generated flash flooding wherever a stormwater drain existed in inner Newcastle and as these filled and overflowed, the waters rose to levels seldom seen before.

Many low-lying areas were inundated with floodwaters turning the 5pm commuter trip home from work into a surreal experience. As night closed in, many were caught by the rising waters and found their cars either floating away, or stalling in the deep water.



Driving around town the next few days showed the true extent of the damage - roofs lying in parks, trees snapped like toothpicks and people emptying their homes of carpets and furniture ruined by the muddy and swampy water.

The Government has agreed to provide immediate, short-term financial assistance to those affected by the recent storm damage.

Payments of \$1000 per eligible adult and \$400 per eligible child have been made available to those who were seriously affected. To find out more contact Centrelink on **180 2211**.

Fiducian Funds

Once again Fiducian Funds have delivered remarkably consistent returns across the board. With strong share-markets the performance of the Balanced and Growth Funds has maintained high mid-teen returns, whilst the sector funds; Australian Shares, Australian Smaller Company Shares and Geared Australian Shares have been standouts.

The Property sector recovered some ground in May but has under-performed over the past quarter. International Shares have performed solidly over the last quarter despite a strong Australian Dollar.

Overall, Fiducian's 'Manage the Manager' investment process continues to succeed in providing consistent longer term returns for clients without taking unnecessary risks to obtain those returns.

Industry News

We recently saw the collapse of yet another so-called "secure" investment scheme, with Australian Capital Reserve going under leaving many investors with nothing.

The key to understanding investments of this type is to ask "Why are they paying me a 'guaranteed' 10% pa on a cash deposit if the best I can get from the bank is 6.5%pa?"

The key question is, "What are you actually investing in?" and if something goes wrong, "How do I stand when it comes to claiming my money back?"

What one must remember with these types of investments is that without realising it you are investing in highly speculative property development. Your cash is on-lent to a development company (often closely related to the company borrowing your funds) in order to finance that portion of a

project that the banks won't lend on.

This obviously significantly increases the risk to the investor and puts them further down the list of creditors if, or when, the project hits a hurdle.

With the property market undergoing a prolonged correction at present, many of the more speculative projects have come apart at the seams. It's at that point that the banks and other secured creditors call in the receivers to retrieve their funds. Unfortunately this then leaves the unsecured creditors picking over any small remnants left behind.

It's extremely reassuring to know that thanks to the strict criteria used by the Fiducian Investment Management team, products such as ACR, Fincorp and Westpoint could never have been approved or used by Fiducian.

PS: If you're interested you can find some excellent information on risk and return at the following ASIC's website.

www.asic.gov.au/fido

Investment Markets

The global economy is, if anything, growing at an even more rapid rate than a few months ago, while the IMF has actually adjusted up its latest forecasts for global growth over both this year and next.

The major impetus behind this historically unprecedented pace of expansion is, the continued high growth of the developing world, above-all China. In contrast, the US economy has entered a period of slower growth, which could continue through most of the year.

Fortuitously, this downturn in the world's largest economy has been balanced to a degree by a far better outlook for the major European economies, if not for Japan.

Superannuation Changes

So-called "Simpler Super" starts from the 1st July 2007. However these changes have meant that all Australian Financial Institutions will have to undertake a massive upgrade of

software to cope with these new rules. As a result, while Fiducian implements their upgrades there may be delays in the processing of certain transactions during July.

These delays mainly affect Superannuation and Allocated Pension accounts, and the main transactions to be affected will be rollovers and withdrawals.

If you are requesting a payment during July then you should probably allow for a delay in payment until sometime in early August.

It should be stressed that normal payments from Allocated Pensions **will not** be delayed.

We ask you to be patient through this period and will keep you informed of the situation as we travel through the changes.

Wishing you all the very best!

Shane Pinkerton & Murdo Macleod

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Please do not rely on this information without first seeking professional advice based on your own personal circumstances. The information is based on Fiducian's understanding of the relevant legislation at 15 June 2007.

Got an idea we should know about? Send it to PO Box 1269 NEWCASTLE 2300 or newcastle@fiducianfs.com.au