

A close-up photograph of autumn leaves in shades of orange, yellow, and red, filling the top right portion of the page. The word 'VIEW' is written in large, white, outlined letters across the bottom of this image.

VIEW

Managing your wealth in turbulent times



From the Desk

Richard Dahl, Financial Planner - Adelaide

At FMD we are committed to assisting you maintain your desired lifestyle and meet your goals by providing prudent wealth management advice – through the good times but also in turbulent times. The sharp correction in investment markets over the first three months of 2008 is likely to produce some uncertainty even in the mind of the most experienced investor. These turbulent times heighten the importance of objective and considered financial advice to ensure we can continually focus on your goals.

To put the recent economic outcomes and investment market movements in context of FMD's financial planning strategy and portfolio strategy I will provide a brief overview of the state of play in world economies and financial markets then move on to outlining what we at FMD have been doing to assist our clients leading up to and during this turbulent period.

Following the emergence of the credit crisis last year and a fall in share prices in late 2007, the first three months of 2008 saw the Australian sharemarket post its worst quarter since 1987. The hardest hit shares over this period were banks and other financials, a reflection of similar falls in these sectors in global share markets. Financial shares have been significantly affected by the sub-prime mortgage crisis, with the resultant credit crunch increasing the cost of investment capital, which impacts on their ability to lend in future, thus affecting the future profits of these companies.

Given the severity of the sub-prime mortgage crisis and the increasing likelihood of a US recession the US Federal Reserve has cut interest rates and has also announced a number of initiatives to improve confidence in financial markets. The US government has also initiated action to help stabilise the mortgage market. This support provides some confidence that the US

Federal Reserve and US Government will do what they can to safeguard the financial system. The recent fall in the value of Australian financials and the effect of rising interest rates on consumer spending would suggest that Australia will not escape a slow down in economic growth although the long term boom in commodities should help support our economy.

Over the past 18 months the FMD Investment Committee has managed portfolio risk through active investment management taking into consideration advice from the providers of our investment research including van Eyk. The role of the FMD Investment Committee has been quite demanding through this period, however the results of thorough research and practical investment considerations have provided good investment outcomes for our clients, compared to market returns.

Past experience of FMD through economic cycles provides our Financial Planners with the ability to confidently and objectively guide our clients through the turbulent markets. The current period has some comparisons with periods such as 1994 where share and bond markets went backwards as interest rates rose and cash, term deposit and debenture investments became attractive alternatives to some investors. With the market turnaround the following year, investors with diversified portfolios which included growth assets (shares and property) who stuck to their strategy with patience were rewarded. By meeting regularly with our clients we continually address goals and review risk profile and investment strategy to ensure these are compatible. Naturally market corrections now provide a great opportunity for wealth accumulators to add to their investments as asset prices will rise above their current levels in the future.

In summary, no investors are comfortable with sharp falls in their investment. However, history shows that investors with growth assets are rewarded for resilience in the face of market turbulence.



BEWARE THE SUPER CAPS

Investing in super has many benefits, so to help you make the most of your super, here's a reminder of the caps that the Government has imposed.

You can contribute up to \$150,000 per year (or \$450,000 in one year if you are under age 65 and satisfy certain other conditions) before you have to pay tax at the top marginal rate.

There's no limit on the amount of employer contributions (including salary sacrifice etc) and personal contributions that can be claimed as a tax deduction. However, these contributions will count towards a concessional contribution cap. Contributions exceeding the cap will be subject to a penalty, so you need to be aware of how much your employer is contributing.

Contributions are capped at \$50,000 a year for those under 50 and \$100,000 for those aged 50 or over, until 30 June 2012. This means that individuals will need to consistently place money into their super over the longer term, instead of rushing to contribute large lump sums into their super fund at the end of the financial year.

If you're in your early 60s, it is possible to maximise your contributions and stay within the non-concessional contribution cap, provided you make the contributions in the right order, based on your age at the time.

Another consideration for your super strategy is that you cannot contribute to your super fund after you turn 65 unless you're still working. The annual non-concessional contribution cap is currently \$150,000 for someone under 65. If they contribute more than this, they trigger a 3-year cap of \$450,000.

More than ever, it's important that you determine your longer-term super contribution strategy to ensure that you get the most out of your super.

AML/CTF - KYC Requirements

On 12 December 2007, new Anti-Money Laundering and Counter-Terrorism Financing legislation came into effect. Under the new legislation, we are now required to collect certain information from you such as your name, date of birth, residential address, occupation, industry, country of residence and country of citizenship. We are also required to verify this information by checking an independent source such as your passport or Australian Drivers Licence. We must keep a record of this information and in certain circumstances, such as when you establish a new product or make a

redemption from an existing product, we must also provide a copy to the product issuer.

Therefore, it is likely that at some stage in the future, if we have not already done so, we will need to ask you to complete a Know Your Customer form and supply a certified copy of appropriate photo identification, for us to retain on our records. Alternatively, you can bring this identification into our office and we can certify it for you.

Q A

Paul Tosolini
Financial Planner – Sydney

Q: Can I access my super while I am still working?

A: Yes, if you have reached preservation age (age 55, if born prior to 1960), you can start a Transition to Retirement (TtR) pension which is similar to existing income streams but with restrictions. This may be useful if you want to reduce hours of work without reducing your income.

Another strategy based around the TtR rules is to maintain your current work commitments and simply combine the TtR pension with increased salary sacrifice contributions. In simple terms, what you are doing is forgoing taxable salary into super (which is taxed at 15% on the way into the fund, rather than being taxed in your hands as salary), and substituting this income with a tax effective TtR pension from your super... and for the over 60s this will be received tax free since 1 July 2007. By doing so, you can reduce your overall tax bill...and in fact grow your superannuation assets at an even faster rate.

Q: Can I qualify for a Government Co-Contribution?

A: Yes, if your assessable income (including reportable fringe benefits) is less than \$58,980pa (of which at least 10% is from eligible employment) and you meet other conditions. By making a personal after tax super contribution of \$1,000 the Government may add up to \$1,500 to your super account. That's a return of up to 150% on the amount contributed. You could reduce your assessable income by salary sacrificing into super to become eligible for a part or full Government co-contribution.

Q: How can I manage my Capital Gains Tax (CGT) liability this financial year?

A: By selling a poor performing asset that no longer suits your circumstances, before 30 June 2008, you can use the capital loss you incur to offset a realised capital gain from another asset this financial year - including capital gains received as a part of unit trust distribution. This can enable you to manage your CGT liability.

In Touch With Who Matters

A word from Mike Reynolds,
Financial Planner - Melbourne

PROFILE: Geoff and Noelle Foley -
Pandahcare System

As well as funding for your future, aged care is an important part in the financial planning process for many families, both from an aging parents' perspective to that of a concerned daughter or son who is contemplating how their parents can stay in their own home as long as possible.

Geoff and Noelle Foley, have been financial planning clients of mine in Melbourne for nearly 15 years, I provide ongoing investment and strategy advice to the Foley's in relation to their self-managed superannuation fund to ensure they meet their future financial and lifestyle goals.

In turn, Geoff and Noelle were able to talk to me about how my father could stay in his own home as long as possible yet still know that if there was a problem and he couldn't get to a phone he could still contact them efficiently.

The Foley's have developed the Pandahcare System, that certainly assisted my father to stay in his own home following the passing of my Mum in 2003.

"The Pandah (Personal Alert Night and Day at Home) System offered my father independence, safety and security. If my father had a fall he could press a button on his pendant and a text message would immediately be sent to my wife, myself and a nearby carer."

Voted the peoples choice in the 2006 INNOVIC "Next Best Thing" awards.



STAFF PROFILE — Lauren Clarke

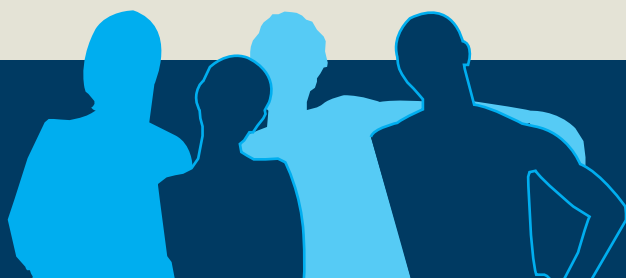


Lauren joined FMD Melbourne in 2006, as a Para Planner and Technical Assistant to Adam Davenport and Ivan Rados. Lauren completed a Bachelor of Commerce degree in 2003 and recently completed her financial planning studies. The recent market down turn has given her first hand exposure to the volatility felt in investment markets both locally and abroad.

Lauren's role includes financial modeling, strategy formulation and the preparation of advice documents. She enjoys the daily client interaction and pleasant working environment at FMD. Lauren's medium to long term aspiration is to become a valued financial planner within the FMD team.

Lauren is a long term member at Windy Hill gym and a keen Essendon supporter. She enjoys a nice meal and a Sav. Blanc with friends at the end of a busy week and all things Chanel. Lauren hopes to break into the surging property market over the next 12 months and if that fails she will plan an overseas trip – destination unknown!

FMD In The Community



Stock up for Hope Cattle Drive

Martin Hawkins, Financial Planner - Brisbane

FMD Financial (Qld) was a sponsor for the inaugural cattle drive to raise funds and awareness for Scripture Union (SU) Chaplains working in outback Queensland. As part of the sponsorship, Martin Hawkins, the Principal of the Queensland office attended the drive for three days, sleeping in a swag under the stars, meeting some of the kids and Chaplains from these remote locations and even seeing real life cattle and sheep. To top it all, he was presented with a genuine Akubra hat.

Needless to say the experience was far removed from anything Martin has ever done before, and although he didn't brave the riding of a horse, he did get to taste what life is like for these people. It's very true what is said about the warm hospitality displayed by country folk, and if the chance arises to experience outback life (for a few days) Martin would highly recommend it. It's worth it just to see the awesome display of stars!

For more information about the work of SU Queensland and Stock up for Hope, please look at the following websites:

www.suqld.org.au

www.stockupforhope.org.au

Celebrations in Melbourne

Congratulations to Jamie Laird (Financial Planner) & Anna Hayes who announced their engagement earlier this year.

New FMD baby girl!

We offer our congratulations to proud parents Nina Leather-Reid and Andrew Iannello on the arrival of their baby girl: Avelia (pronounced 'Avaleah') Mckenzie Iannello born 8th February 2008 (51cm and 9.35lb).

Visit our new website today!

www.fmd.com.au

The new FMD Financial website is designed to enhance our service and communication to our clients by keeping you informed and up-to-date with financial news and industry changes.

Features include:

- Industry articles chosen by our wealth management experts, on issues and trends affecting the economy and financial markets.
- Links to newspapers, financial, government and lifestyle information. These links are useful daily and when travelling within Australia and/or overseas.
- Links to access your personal account details, **PortfolioCare**, **AMP & BTWrap** investment information.

Your opinion is important to us, please provide feedback using the **Contact Form** available on www.fmd.com.au – **Contact us** page.



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