

FINANCIAL PLANNING

NEWS



Chifley Financial Services Update

January 2007

Market Overview of the September to December Period

Equities

After a shaky September quarter caused by concerns over a inflation breakout and a slowing US economy, the US share market resumed its upward trend towards the end of the December quarter once it became apparent that US inflation numbers were reducing. This view was formed mainly as a result of lower oil and energy prices, and the perspective that the US economy, while slowing, was not going to have a "hard" landing.

The December quarter US equity return was only 2.2% in \$ US. However there were significant gains as a result of

\$.:US currency movement which resulted in the hedged returns in Australian terms being 6.9%.

Elsewhere economic news was also encouraging with both Europe and Japan showing increasing economic growth. The Japanese market in \$A returned 6.8% while the German market returned 9.9%.

The net result was that world growth increased by 5.1% for the year which was well above average. Correspondingly globally equities returned 6.9% in \$A.

In relation to Australia the economic data was once again favourable

with the only concern being inflation. In regard to equity returns it was a remarkable quarter with the equity market returning 11.1%. The best performing sector was property stocks which returned 14%.

Fixed Interest

The outlook for interest rates remains unfavourable with most central banks either on hold or in a tightening cycle. This environment is not positive for fixed interest investments and for the quarter most fixed interest investments returned either cash rates or less.

Being insured against life's unexpected knocks



The only time some people think about insurance is after something has gone wrong and it's too late. There are many types of insurance to consider, but not all will be suitable for you. Here, we list just some of the cover that's available to counter life's unexpected knocks.

Private health insurance

Private health insurance is certainly something to consider as we get older, but it's not for everyone. Whether it's

worth taking out depends on many factors including where you live, your experience with the public healthcare system and whether you believe you can rely on it in the future. Private health insurance, however, gets more expensive as we get older.

The benefits of private health insurance include having a right to choose your own doctor and hospital. Also, if you need elective surgery, you don't have to wait like you do under the public system. There are also many things that are covered under private health cover that Medicare doesn't cover, such as private hospitals, ambulance, podiatry, dental treatment, glasses or contact lenses and home nursing.

In addition, if you don't have at least a minimum level of private health cover (hospital) then you may have to pay an extra 1% tax on top of your 1.5% Medicare Levy, depending on your circumstances.

If you do want private health care cover, you should shop around to find a deal

that suits your circumstances. Different products have different excess rates and some exclude certain cover.

Domestic workers compensation insurance

Domestic workers compensation insurance is something to consider if you employ or hire people to work at your home such as carers, cleaners, handypersons or gardeners.

Generally, tradespeople, such as plumbers, electricians and builders, have their own insurance. But to be sure that you are protected, always check that anyone you hire has their own workers compensation or personal injury insurance policy. Sole traders and partnerships, for example, are not eligible for workers compensation coverage.

The annual cost of a domestic workers compensation insurance policy in NSW is \$38, but it's often easily added to a home and contents insurance policy. *article continues inside.*

Are you sitting on a forgotten treasure?



Old toys, early records, nanna's vase or tea set, the 1970s pottery, that long forgotten painting... For all you know, you may have a valuable treasure collecting dust in your cupboards.

The age of modern mass production has spurred a whole new breed of collectors no longer only interested in antiques, coins and stamps. They are also willing to pay good money for a wide range of collectibles and memorabilia – anything from old badges, posters and perfume bottles to folk art, snuff boxes and buttons. Indeed, the old saying that one man's trash is another man's treasure might just be true.

But how would you know if you do have a forgotten treasure stashed away?

Firstly, try and find out what it is that you have. Many items are stamped with a manufacturer or designer's mark or an artist's signature (although you may need a magnifying glass to read it).

A logical step may be to ask a reputable dealer what it's worth. But dealers are busy people and some may not have

the specific expertise in your area. Many may also not be keen to give free appraisals.

Similarly, although some auction houses do give free appraisals, most professional appraisals usually do come at a cost.

So you might want to do some investigations on your own first. This could be as easy as a visit to your library or a bookshop to browse through the books they have on antiques and collectibles.

A search on the Internet is also highly worthwhile. You could do a search on your item to give you some idea of its history or you could visit auction sites like eBay to get an idea of what similar items are selling for.

This may give you some idea of the value but it's important to note that market conditions can change. What was hot yesterday may not be hot today. Also, the rarity of your item and its condition could make a big difference to the price you actually get for it.

Chips, cracks, excessive wear, poor restorations and missing parts could all chip away at your price. On the other hand, signs of age through the build-up of dirt, grease, polish or chemical changes – what they call 'patina' – can add considerably to the price.

Doing your homework and providing a lot of information about an object can really pay off. The history of an item, known as its 'provenance', can add to its value and can help with its correct identification and valuation.

Finally, if it is nanna's old vase, you may not want to sell it for sentimental reasons, but if it is valuable, you might consider whether you should insure it (just in case one of the grandchildren knocks it off the shelf).

Why we break our New Year's resolutions

Have you stuck to any of your New Year's resolutions? If not, you are not alone. By some estimates, only one in five people actually stick to them. Why is this?

One reason is that many resolutions are unrealistic – for example, losing 20 kg by Easter is not realistic for most of us, but gradually increasing our daily physical activity is.

Another reason why people fail is because they just give lip service to their resolutions. Just having good intentions isn't enough. For change to happen, you've got to really want it to happen. You need a game plan of how you'll make it happen.

One's goal is more achievable if it's broken down into smaller, easier to achieve bits. Otherwise it can sometimes appear rather overwhelming. You also need a contingency plan to get you back on track if you have a set back. It is also advisable to monitor your progress towards your goal.

Also, bad habits take years to develop and often become part of the way we live and socialise. It takes time and persistence to change them. It's very hard to change over night, especially if we don't understand the underlying reasons of why we persist in our habits.

So if you haven't stuck to your New Year's resolutions, don't despair. Change doesn't have to be an all or

nothing affair. Any movements, no matter how small, you may have made in the right direction are still good. Little slips along the way are normal and can be good opportunities to learn more about the change you're making. And, you can always start over again. There's no reason why you can't make a resolution at any time of year.



House with no steps

You might be interested to know that the packing of all our seminar materials is now being done by the House With No Steps, one of Australia's leading providers of services to people with disabilities.

Since 1962, the House With No Steps has been supporting people with disabilities to reach their potential and live independent, productive and satisfying lives.

Each year, its range of accommodation, employment, training and leisure support programs help more than 1,500 people who have a physical, intellectual or psychiatric disability.

The first staff member you meet at the House With No Steps is Sallyanne the receptionist. Sallyanne has spina bifida, but that hasn't stopped her leading a productive life. She has learned new skills and successfully manages the many challenges of a busy switchboard and reception area.

Then there's Michael who has an intellectual disability. With support from the House With No Steps, Michael is able to live on his own. A support worker from the House With No Steps visits him each week, helping him with his shopping, budgeting, medical appointments and domestic skills.

For Barbara, being able to participate in the Live It Up! recreation program has enabled her to integrate into the community, get together with others, learn socially appropriate skills and develop social relationships.

In short, the House With No Steps programs help people with disabilities to live, work, connect and learn.

Through vocational and specialised training, people with disabilities learn skills that help them to succeed in their everyday living and in the workplace.

Our business arrangement with the House With No Steps is truly a "win" for both sides. Through the packaging of our seminar materials employees with disabilities are given meaningful work. We get a great product at a great price – and the satisfaction of knowing we've helped one of Australia's leading not-for-profit organisations.



Member's letters

RE: Refer a Friend Competition (2005) - Kirkton Park Hotel, Hunter Valley

30 October, 2006

Dear Sir,

I was the lucky recipient of the above prize at Epping RSL last year.

It was only this past weekend that myself and a friend were able to take advantage of this wonderful prize.

And what a lovely weekend it has been. Travelling through the vineyards, wine tasting, cheese tasting, not to mention the accommodation, buffet breakfast and evening meal at the Kirkton Park Hotel.

Whilst we were there, we visited the Hunter Valley Gardens and their Rose Spectacular display was truly beautiful.

Another attraction was Jazz in the Vines where top performers presented. It was wonderful to be in the country air in a picnic atmosphere.

So, all in all, it was a great weekend and I am most grateful to Chifley for having the opportunity to participate.

Thank you.

Yours Faithfully,

Helen Strachan

Balgowlah

What about Yoga?



We all want to enjoy good health and a high standard of living in our older years. But as we grow older, we become more prone to ailments linked to aging. This often slows us down which, in turn, makes us more susceptible to further ailments and so starts a vicious circle.

One way to counter this cycle is by doing yoga, which is sometimes

described as the best form of health insurance you can take out. This practice has survived over 4000 years and is fast gaining favour with older people. Indeed, anyone can start yoga, even if they aren't very flexible or very strong as this will develop over time.

Yoga helps people maintain health and fitness in daily life, but has also been found to prevent some disorders. The many physical benefits of yoga can include improved flexibility and muscle joint mobility, stronger and toned muscles, improved posture, less back pain, increased stamina, better balance, improved digestion and lower cholesterol.

But yoga is often considered much more than just a form of exercise because it rejuvenates not just your body, but also your mind and spirit. It can relieve stress and sharpen your concentration.

Yoga can also be practiced at any time that suits you, at home or in a class. So what are you waiting for? Ask your friends or family to recommend a class near you. Your local gym or community centre may also run a class or visit www.findyoga.com.au to locate a yoga school near you.

Meet your fund managers



Alliance Bernstein, which already manages an international equities portfolio for the Fund, now also manages a portion of our Australian shares.

Alliance Bernstein, which is headquartered in New York and has offices in 47 cities in 24 countries around the world, managed US\$625 billion by the end of June 2006, including US\$55 billion in Australia and New Zealand. Its Australian based team manages domestic shares for the Fund.

Alliance Bernstein relies heavily on research and quantitative tools when picking shares and constructing a share portfolio.

Its investment philosophy is based on research in behavioural finance that shows investors tend to overreact to short-term events. When a company's earnings are faltering, for example, investors frequently extrapolate this weakness into the future and price the shares accordingly. Much of the time, however, company managements do take corrective action and the company's finances improve.

Alliance Bernstein says its ability to determine whether managements' strategies are likely to succeed and its willingness to act on views that are different from the general consensus have been the lynchpins of its success over the past three decades.

That said, Alliance Bernstein was not only chosen because of its skill and investment track record, but because of how its style complements other managers in the Fund's portfolio. Indeed, different managers have different styles of investment and some styles perform better at different times

of the investment cycle. That's why the Fund takes great care in how we combine managers and their styles to ensure that your share portfolio is not biased in any style direction.

Alliance Bernstein, for example, is a value manager and like other value managers it seeks out companies that look inexpensive, but which it believes are fundamentally strong and have gone unrecognised by the share market.

Its approach compliments that of growth managers looking after the Fund's money such as Orion and ABN Amro. Growth managers do not mind paying full price - or even a premium - for stocks which they believe will show strong growth in the future. Typically, companies chosen by growth managers offer products or services that are in demand, have solid business plans and management teams and a healthy financial picture.

If you have further questions, or if you do not understand any of the information provided to you, please contact Member Services on **1800 067 059**.

Cover story continued.

Home and contents insurance

In the wake of any bushfire disaster in Australia, there's always a tale of how some of the victims were not properly insured and lost everything they had. Indeed, leaving your home and its contents unprotected against theft and damage can be a very risky prospect. One small accident and your biggest asset could go up in smoke.

The home and contents insurance market is highly competitive and there's a wide variety of products out there competing for your money. Some companies also charge lower premiums to retirees so it's worth shopping around.

The cost of your policy will be determined by various factors, including your age,

your insurance history, the location of your house, the excess you have chosen, the sum for which you have insured your home and contents, and any optional covers on specific valuable items.

You may get a discount on the cost of your insurance if you have several policies with the same company (for example, car insurance and life insurance as well as home and contents insurance) or if you have held a policy with a single company for a number of years you may receive a significant reduction in premium. Additionally, if you have never made a claim on your insurance, you will usually be eligible for a no claims bonus on your yearly premium.

Car insurance

Like others, you may not have car insurance because you believe your car

is old and unlikely to be stolen. But what would happen if you had an accident and damaged someone's new sports car? Could you afford to get it repaired?

That's why Third Party Property Damage vehicle insurance is important to consider. It costs less than comprehensive vehicle insurance although premiums are calculated taking into account a number of factors such as your age, claims history and driving record.

Note, however, this insurance is not the same as Compulsory Third Party insurance or what we call the CTP Greenslip. CTP Greenslips are compulsory and provide compensation for other people injured by your vehicle when you or the person driving your vehicle is the driver at fault in an accident.

The latest from Fair Go



Special Offer! 10% Discount at Sydney Tower Restaurant

Located 88 stories above the ground, Sydney Tower Restaurant's unique revolving floor offers diners spectacular panoramic views, stretching from Sydney Harbour to the Blue Mountains. Sydney Tower

Restaurant is a quality self-select 'all you can eat' buffet. Diners can choose from a wide selection of international dishes, succulent fresh seafood including Virgin Oysters from our own lease, world-renowned Terra Rossa beef and an authentic Australian carvery. Ideal for couples and families looking for a casual, relaxed dining experience.

10% discount offer is valid for

- any lunch*, or
- early dinner* in before 6pm, Sun-Thu inclusive

To receive a 10% discount Fair Go members must present their Fair Go card at check-in located on Gallery Level, 100 Market Street, Sydney. Bookings may be made via telephone on 02 8223 3800.

For further information on Sydney Tower Restaurant please visit www.sydney-tower-restaurant.com

*Excluding public holidays, Mothers Day and Fathers Day. Not valid with any other offer or at any other time. Discount does not apply to beverages. Offer expires 30 June 07.



SEE THE LARGEST
VARIETY OF
AUSTRALIAN ANIMALS
UNDER ONE ROOF

Receive 15% discount at Sydney Wildlife World*

Now you can enjoy an authentic Australian wildlife experience, right in the heart of Darling Harbour! Featuring the largest variety of Australian plants and animals under one roof, Sydney Wildlife World is home to over 130 different species, representing animals from across Australia, living within their natural habitats and ecosystems.

Open daily 9am to 10pm. Aquarium Pier, Darling Harbour
www.sydneywildlifeworld.com.au

 Sydney Wildlife World

*Offer cannot be used in conjunction with any other offer, group, family, concession or multi-attraction tickets.

Regional office details are:

Lismore

81- 83 Molesworth St

Newcastle

161 King St

Orange

187 Summer St

Parramatta

10-14 Smith St

Sydney

28 Margaret St

Wagga Wagga

2/209 Baylis St

Wollongong

Shop 2, 60 Burelli St

Albury*

621 Dean St

Goulburn*

148 Auburn St

*Note: Albury and Goulburn offices are staffed at least one business day per month - appointments are essential. Phone 1800 800 002.

Hot Deal \$149* Relax with Nature



Angourie Resort Yamba

Lies between sandy shores and treasured national parks on the Yamba Peninsula. With 2 bedroom villas and 1 bedroom apartments set against a rainforest backdrop, the award winning Resort offers entertainment for everyone. Enjoy the crystal clear waters of the generously sized swimming pool with lap lanes whilst the kids frolic in the heated wading pool or in the indoor and outdoor playground areas also used for the free Eco Kids Club. The Resort offers guests its Essential Elements Day Spa, tennis court, restaurant and much more to make your stay pleasurable.

Phone 02 6646 8600 Web www.ecopoint.com.au

\$149* per night per Apartment



Myall Shores Resort

Offers a variety of quality accommodation in a national park. From spacious 2 bedroom, 2 bathroom Garden Villas sleeping up to six people or comfortable spa villas nestled amongst the stunning natural surrounds. Facilities include a free form swimming pool, restaurant, bar and bistro and free Eco Kids Club. You can relax or get active with kayaking, fishing, bushwalking or take a resort boat out onto Myall Lake which is approximately 2.5 times the size of Sydney Harbour.

Phone 1300 769 566 Web www.ecopoint.com.au

\$149* per night per Villa



Murramarang Resort

Beachfront within the pristine Murramarang National Park with seemingly endless beaches and walking trails, guests will enjoy fishing, snorkelling, canoeing, cycling and more. The 2 bedroom, 2 bathroom Garden Villas offer full kitchen facilities and are fully serviced. Facilities include a lagoon style swimming pool, restaurant, bar, free Eco Kids Club and playground and games area complete with friendly kangaroos!

Phone 1300 767 255 Web www.ecopoint.com.au

\$149* per night per Villa

- Ballina
- Angourie Resort Yamba
- Coffs Harbour
- Forster
- Myall Shores Resort
- Newcastle
- Sydney
- Murramarang Resort
- Batemans Bay

Surrounded by the beauty of some of Australia's most spectacular beaches, rainforests and national parks, being relaxed or adventurous will just come naturally – it's your choice.

Nature at its absolute best provides the beauty. EcoPoint Resorts provide the activities, facilities and conference packages to enhance your naturally enjoyable stay.

Choose between three stunning Resorts, Murramarang Resort on the South Coast of NSW, Myall Shores Resort on the mid North Coast and Angourie Resort Yamba on the North Coast.

Select your destination to indulge in an unforgettable experience.

EcoPoint
resorts

www.ecopoint.com.au

* Conditions apply. The Hot Deal offer of \$149 (incl GST) is a set rate for an Apartment at Angourie Resort Yamba or Garden Villa at Myall Shores Resort or Murramarang Resort. This rate is per Apartment/ Garden Villa per night and is not available during peak periods and is subject to availability. Offer is valid until 31 March 2007. Please quote S001 when booking.

**OCEANWORLD
MANLY**

Show your Fair Go Card and receive one FREE ENTRY TO OCEANWORLD MANLY valued at up to \$17.95. Here's how: buy one adult or child admission and receive one FREE admission of equal or lower value.

* Valid until 31/3/07 * Not valid in conjunction with any other offer

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decision, you should seek the assistance of a professional adviser.

In particular, you should obtain a Product Disclosure Statement for the relevant Fund product and consider the Statement before making any decision in relation to the matters set out in this publication.



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