

Financial Planning NEWS



Chifley
Financial Services

Chifley Financial Services – March quarter 2010

Welcome

In this issue of Financial Planning NEWS you will find information on:

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How do we make our investment decisions?

Michael Block, General Manager of Investments



So who actually manages our investments?

In response to a number of enquiries from members, I thought I'd take the opportunity to briefly explain how investment decisions are made at the Chifley Investment Fund (CHIF).

CHIF is responsible for the management of around \$400 million in assets, the largest investor being FuturePlus Super, in which you are invested. CHIF provides a platform for investing and is split into separate asset classes. It is the Board of Trustees who ultimately makes all the investment decisions. The Trustee decides:

1. What asset classes should be available to investors to choose from
2. Which are the best investment managers for each asset class (see next section below).

If you are unsure of the objectives and risks associated with each asset class, you can view all the investment product descriptions within the appropriate Product Disclosure Statement online at www.chifley.com.

If, for any reason, you feel that the asset classes you are invested in are not appropriate for your circumstances, you should consider making a change. As always, you should seek the advice of financial planner before making any change.

One thing, however, we do caution against is making a change because you believe the markets are about to change direction as this is extremely difficult to accurately predict.

We employ specialist fund managers within each asset class to manage the assets.

When we select a fund manager there are a range of factors which we consider and these generally include:

- ▶ People, reputation and resources
- ▶ Expertise in particular sectors of the market
- ▶ Investment style
- ▶ Performance
- ▶ Fees

For some asset classes (e.g. cash) we only employ one fund manager. For others, such as Australian shares, we employ a number of fund managers to reduce the risk of us underperforming the overall market.

We constantly review our fund managers and while we do not change them frequently, we do replace them if they do not continue to satisfy our requirements. For example, we may replace a fund manager if they fail one or more of our general selection criteria, or if we change our investment strategy and require a fund manager with a different investment style.

If you would like to find out more about our fund managers, go to our website www.futureplussuper.com.au, click on the Performance tab and select Fund Managers.

Help with digital TV

Between 2010 and 2013 analog free-to-air TV signals will be switched off and replaced with digital-only signals. The Victorian region surrounding Mildura and some areas of southern NSW will be first to switch to digital. After the switch, you will not be able to get television reception unless you have a digital television, set top box or a similar device.

To help you make the switch to digital, you may be eligible for the Australian Government's Household Assistance Scheme. The scheme includes a free high definition set top box and installation. You may be eligible if you or someone in your household is receiving the maximum rate of one of the following payments, and you do not already have access to digital TV:

- ▶ Age Pension
- ▶ Disability Support Pension
- ▶ Carer Payment
- ▶ Department of Veterans' Affairs (DVA)
- ▶ DVA Income Support Supplement

Letters inviting eligible households to opt into the scheme will be sent out about six months before each region is due to switch over. The letter will invite you to contact Centrelink to check your eligibility.

For more information about the switch to digital TV, visit the Digital Switchover website at www.digitalready.gov.au or call 1800 201 013.

Getting back into the property market?



Are you thinking of downsizing, buying an investment property or helping your children enter the property market? With interest rates edging up, you will need to ensure that you have the best mortgage rate possible. Paying unnecessarily high rates or fees is just money down the drain that could be better spent elsewhere.

So why not take advantage of our 5 Star Chifley Home Loan? It is rated 5 Star by CANNEX, the independent financial services monitoring agency. This means our mortgage loan offers "superior value", giving you the reassurance that you are making the best possible choice!

Products awarded 5 stars by CANNEX are the best 5% of similar products available in Australia. So when you consider that there are literally hundreds of similar products around, the awards give you the reassurance of knowing that with your Chifley Home Loan you are considering a competitive solution.

There are no mortgage application fees and no monthly account keeping fees. You can make extra and lump sum repayments without any restrictions which allows you to use any extra funds to reduce interest and pay out your loan faster*.

For more information on these or any of our competitive loans, either call us on 1800 800 002 or visit our website www.chifley.com

*Limitations apply to Fixed Rate products. Terms and conditions apply. The credit provider is Select Credit Union Ltd. Fees, charges and all loan details will be disclosed in the loan contract. Some charges such as valuation fees and costs charged by the lender's solicitors are payable. These charges are non-refundable should they be incurred and the loan is not proceeded with. An early repayment fee may be payable. Chifley Financial Services Limited (ABN 75 053 704 706, AFSL 231 148) provides services through an agreement with Select Credit Union Ltd (ABN 20 058 538 140, AFSL 238257). Chifley Financial Services does not guarantee the obligations of Select Credit Union Ltd.

What's on in NSW?



Christmas in Winter

When: June 1 – 31 August 2010 **Where:** Various venues throughout the Southern Highlands
What: Celebrations include Special Christmas lunches and dinners held at popular venues.
Find out more: visit www.southern-highlands.com.au

A Taste of Manly Food and Wine Festival

When: 5 - 6 June 2010 **Where:** Along the Corso to the Wharf, Manly
What: Manly's restaurants showcase a range of international cuisines from Asia to Europe.
Find out more: visit www.manlyaustralia.com.au

Blue Water Country Music Festival

When: 11 – 14 June 2010 **Where:** Various venues across the Port Stephens area
What: A premier line-up of established country music artists.
Find out more: visit www.bluewatercountrymusic.com.au

Weekend of Trucking

When: 12 – 13 June 2010 **Where:** Various locations around Grafton
What: A variety of activities for all ages, including a truck parade, wood chopping, food stalls, kid's rides and the Apex Tarp rolling tug o' war. Truck drivers bring their rigs to Grafton from all over for this weekend.
Find out more: Call 02 6649 4650 or 0427 512 906

Winter Magic Festival

When: 19 June 2010 **Where:** Katoomba Town Centre
What: Local musicians, mask makers, dancers, drummers, poets, pantomime artists, choirs, clowns and the community.
Find out more: visit www.wintermagic.com.au

Fair Go

Welcome to the Fair Go Member Benefits Box Office brought to you by SPENDLESS.

We deliver great savings on cinema, theme park and attraction tickets plus a great range of top brand name appliances and special merchandise offers.

Member Benefits Box Office

- ▶ Hoyts
- ▶ Village
- ▶ Greater Union
- ▶ Palace
- ▶ Reading
- ▶ Dendy
- ▶ AMC
- ▶ Independents
- ▶ Birch Carroll Coyle
- ▶ Event
- ▶ Eureka Tower
- ▶ Melbourne Aquarium
- ▶ Australian Outback Spectacular
- ▶ Moonlight
- ▶ Queensland Theme Parks
- ▶ Imax

You must pre-order your movie tickets through the Member Benefits Box Office. Your ticket is then swapped for the movie and session at the cinema you choose. Discounts are not given or recognised by the cinemas directly.

Purchasing your discounted movie tickets, theme park tickets and merchandise is easy*. Simply order online <http://www.futureplussuper.com.au/fairgo/spendless.asp> All payments are secure through the eWAY payment gateway.

Alternatively, phone your order through to the Member Benefits Box Office on (03) 9822 9966 or 1800 352 600 outside of Melbourne. Don't forget to quote "Member Benefits".

The Member Benefits Box Office is owned and operated by SPENDLESS. Any credit card purchases will state SPENDLESS on your statement, not Member Benefits.

*Prices and terms and conditions are subject to change.

Safer social networking



Social networking sites, like Facebook, MySpace, Twitter and those that cater specially for retirees and seniors, are fast attracting those who used to avoid the internet.

Their benefits are many. They allow you to stay connected with friends around the world, monitor what your children or grandchildren are up to and browse through photos of your friends' travels and anniversary parties. You can track down someone you lost contact with years ago and even make new friends with similar interests.

These sites are easy to join but you do need to exercise some caution when using them.

Firstly, be careful what you post. For example, you could find yourself cut off if you post comments that embarrass your teenage grandchildren on Facebook! And, posting a funny photo of yourself or friend may come back to haunt you later.

Secondly, there could be security dangers. Social network sites can be used by scammers to steal or use your personal information for identity theft or fraud.

So how can you protect yourself? Here are some tips:

- ▶ Don't do online what you wouldn't do in real life.
- ▶ Don't post personal information, such as your address, full date of birth or schedule.
- ▶ Remember that once you post information online, you can't retract it. You may remove it from a site, but saved or cached versions may still exist elsewhere.
- ▶ Be very cautious when interacting with people you don't know and remember that not everyone is who they say they are on the internet.
- ▶ Take advantage of a site's privacy settings. Many will allow you to restrict access to only certain people.
- ▶ Consider sending personal messages to friends' inboxes rather than posting it publicly on their walls.
- ▶ Don't post anything that could violate the privacy of your friends and family without asking them first.

Seminars



If you haven't retired yet, or your partner is planning to retire, why not attend a free pre-retirement planning seminar? Also, if you have family or friends that you think may benefit, please feel free to invite them along too.

To view our full calendar of forthcoming seminars, visit www.futureplussuper.com.au/seminars/seminarcalendar.asp

To attend one of our free financial seminars near you, call **1800 800 002**. Alternatively you can book a seat by emailing: enquiries@chifley.com. It couldn't be simpler.

Is it time to review your financial plan?



A lot has happened over the last 18 months which may have affected your financial circumstances. So if you haven't reviewed your financial plan recently, we encourage you to take five minutes to answer these quick questions.

- ▶ Is your investment strategy still relevant to your current situation?
- ▶ Do you have the right investment mix to maximise your investment returns?
- ▶ Are you in a position to benefit from the current trends in the markets?
- ▶ Are you aware of all the Centrelink benefits you are entitled to?
- ▶ Do you have an appropriate and valid estate plan in place?
- ▶ Are you confident that you have enough funds to meet all your future financial needs?

If you answered 'no' to any of these questions it may be a good time to review your financial plan.

The global financial crisis has affected investment trends and your circumstances may have changed over time. The aim of a review is to ensure that your financial plan remains appropriate to your goals and that you are doing the very best you can to maximise your savings.

As a client of Chifley Financial Services you can review your plan with one of our financial planners at no extra cost to you. You can come in and meet with one of our planners or we can easily talk with you over the phone if that's more convenient. Just call us on **1800 800 002**.

We can help you with more than just your pension

- > Looking for advice about investing?
We can help you.
- > Are your family members looking for a flexible home loan?
We can help you.
- > Looking to maximising Centrelink and other government benefits?
We can help you.

Call **1800 800 002** for more information.

How have investment markets performed?

March quarter 2010

Economic news for the first quarter of 2010 was largely positive. Domestically we saw unemployment continue to fall, reaching 5.3% by the end of March. This contributed to the growing optimism about the underlying strength of the Australian economy. The rate of inflation of 2.1% is within the target range of 2% to 3% and GDP growth for the year ended 31 December 2009 was 2.7% indicating that the Australian economy is growing at a reasonable pace. The significant government stimulus that was thrown into the economy throughout 2009 has now largely been removed and the economy looks to be sufficiently strong to support continued growth without it. If you add to this picture the increasing demand from China for Australian raw materials, the economy looks to be in good shape.

In the US, unemployment fell marginally through the quarter, but still remains at historically high levels with a current rate of 9.7%. There does appear to be some improvement with jobs data released in early April suggesting that companies are no longer being forced to cut staff at the same rate as before. This was very significant news as a full recovery is very difficult to achieve when you have so many people out of work or fearing for their jobs. World stock markets certainly saw this jobs data as positive news with a two-day rally of 1.5% following the release.

The US Federal Reserve has stated that they expect to keep interest rates at abnormally low levels of 0% to 0.25% for an extended period in order to provide further stimulus to the economy.

The market commentary below is provided to give an indication of the various factors affecting the investment performance of individual asset classes. It is based only on the gross performance of the relevant market index and no allowance is made for taxes or fees as they apply in your superannuation investment. It is provided merely as an indication of relative performance between asset classes and should not be used as a measure for judging the performance of your investment strategy.

Australian Equities

The Australian share market benchmark, the S&P/ASX200 Accumulation Index, returned 1.4% for the quarter. This was an impressive return given the poor start to the quarter with a return of -6.2% in January. The following two months of the quarter, though, continued in a similar fashion to much of last year with excellent returns, driven by improving company earnings and an improving economic climate.

International Equities

Like the domestic market, international shares started poorly, but finished the quarter strongly with the benchmark for global shares, the MSCI World ex-Australia Index returning 1.1% on an unhedged basis. Adjusting this for currency movements (hedging) improves this further as the Australian dollar rose against all major currencies during the quarter and added a further 3.8% to the benchmark performance. Global share markets have gone some way to recovering the losses of the latter part of 2007 and 2008 with one year returns approaching 50%. However, there is still a fair way to go before we can declare that a full recovery is under way with a high level of economic instability in developed nations.

Cash and Fixed Interest

The Reserve Bank of Australia raised interest rates by a further 0.25% in March to take the overnight cash rate to 4% by the end of the quarter. (The RBA further raised rates in early April to 4.25% making it five rate rises in seven months). Many were surprised that rates were left unchanged in February, but Reserve Bank Governor, Glenn Stevens, justified the decision by stating that after three consecutive rises at the end of last year, it might have been a case of too-much-too-soon to have had a fourth consecutive rise in February.

Short-term money markets rallied with the UBS Bank Bill Index finishing up 1.0% for the quarter. Bond markets also reacted to the rate rise with yields rising and bond prices falling in March to bring the quarterly return back to 1.1%. Globally, government bond prices increased with the benchmark S&P/Citigroup World Government Bond Index (Hedged) returning 2.1% as interest rates in the majority of developed nations remain historically low.

Credit markets continued to rally in a similar fashion to shares with doubts over corporate debt slowly diminishing as the credit crisis eases. The benchmark for credit investments, the Barclays Capital Global Credit Index, returned 3.6% for the quarter.

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Phone 1800 800 002
to make an appointment.

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