



SMITH COFFEY

VANTAGE Points

Quarterly Financial
Commentary
Autumn 2008

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SHOULD YOU BRING YOUR UK PENSION FUND TO AUSTRALIA?



Have you ever worked in the UK?

- Did you and/or your employer make pension contributions?
- If so, you may have an entitlement to a UK pension fund.
- Did you know you can transfer your UK pension entitlements to Australia?

There are significant advantages to transferring UK pension funds into an Australian superannuation fund including:

- The superannuation fund is taxed at favourable rates;
- At retirement, you may receive an untaxed lump sum with the balance as a tax free pension;
- The value of your fund can continue to grow after you have taken a pension;
- On your death the unused balance of your fund goes directly to nominated beneficiaries;
- Your income will not be subject to exchange rate fluctuations.

However, if you leave your pension fund in the UK:

- Before you draw your pension you may be subject to Australian tax on the annual growth of the fund;
- At retirement, your lump sum payment is generally restricted to 25% of the value of your fund.
- Your lump sum is tax free in the UK but part of it may be subject to Australian tax;
- The balance of the fund provides for the payment of a pension which is subject to Australian tax;
- On your death a spouse's pension may be paid but at a reduced rate.
- If no spouse pension is payable, any balance of the fund is retained by the pension provider.

What to do next:

The transfer of a UK pension fund to Australia is a complex issue. It is for this reason that Smith Coffey has teamed up with a specialised organisation, who has extensive experience in dealing with UK pension transfers.

If you wish to discuss the merits of transferring your UK pension, or are unsure if you have any entitlements, please call your Smith Coffey Consultant on 08 9388 2833.

MARKET COMMENTARY

Global Market Analysis

- 2007 - yet another year of higher than average returns from Australian stocks despite sharply higher volatility.
- Listed property very volatile. Fell sharply late in the year to produce negative returns for 2007 following strong run up in previous years.
- International share prices fell in Australian Dollar terms, largely due to the rising local dollar. Non-Japan Asia the exception – all things China the hot theme for 2007 and resource stocks danced lockstep with this.
- Variable interest rates up in Australia and in all major economies except USA, where the chance of a recession appeared and grew.
- 2008 so far - renewed volatility and price falls in all major financial markets across stock and bond classes. Lower prices mean most investments have substantially better forward looking return prospects.

Australian Economy

- Business profits still strong although momentum might be waning. Business investment still strong - together with continued high consumer spending is driving the economy.
- Low unemployment with shortage of workers in some sectors and regions.
- The RBA has surprised everyone with strong bias to increasing interest rates due to rising inflation.
- High Australian Dollar choking non-minerals exporters (and import competitors).

Sector	Final Quarter 2007	Outlook 2008
Australian Shares	Australian share prices somewhat weaker following long strong period.	Australian shares still looking a little expensive compared to overseas counterparts.
International Shares	Major markets also weaker.	Numerous large multinationals now cheaper than for many years. We have increased out generally recommended allocations.
Listed Property	Big step backwards recently after running hard for years.	Still recommending reduced holdings, although as prices fall into cheap territory, this is becoming hard to justify.
Fixed Interest Securities	Bond markets weaker Corporate debt dramatically so! Lenders are now demanding a substantial reward for taking any risk.	Long-term fixed interest rates still appear relatively unattractive to us. Still prefer cash over Government fixed interest. However, corporate debt and related investments are becoming very cheap and a recommendation to clients may be forthcoming.
Alternatives	Varied performance from recommended funds ranging from negative to excellent – overall better than traditional investments. Gold bullion price up strongly despite part offset by rising Australian dollar.	Slightly reduced allocation to fund improved value opportunities in traditional markets.

CAMBODIA UPDATE - DON HANCEY

February 2008 saw me once again in the bustling vibrant city of Phnom Penh, visiting the 3 projects that Vision Cambodia supports.



A day spent with Dr Jim Gollogly, the Childrens' Surgical Centre founder and director was enlightening. We learnt much more about the hospital's immediate and medium term needs and came away with a focus to raise funds for a very basic project.

This project is about energy. The hospital suffers an average of 4 random power blackouts per day, obviously causing stress whilst surgery is in progress.

In Jim's words "we need a new generator to replace the 12 year old one that the Americans gave us, we also need immediate funds to pay the electricity bills."

Jim's needs are simple...he needs money to buy a generator and money to turn the lights on daily. Vision Cambodia has undertaken to help raise funds for this.

If you or anyone you know are able to assist, please contact me at dhancey@globaldial.com if you wish to help.

The Australian Ambassador to Cambodia Margaret Adamson invited myself and Vision Cambodia board

member Candice Stanley to lunch at the residence to discuss Vision Cambodia projects and also a forthcoming Australian Food and Wine promotion in May which I am cooking at in the Raffles Le Royal Phnom Penh.

Thea, the Ambassador's chef is an amazing Khmer lady who has a reputation around Phnom Penh for being the best cook at any Ambassadorial residence.

Over the years we have become firm friends and I have worked with her on some of the amazing dinners hosted by the Ambassador.

One such dish I showed Thea was my strawberries infused with vanilla and olive oil.

I was delighted at the recent lunch when she served up her version of my dish, using the stunningly sweet Cambodian pineapples.

The accompanying recipe is dedicated to her. Why not try this for a healthy and refreshing treat for Easter.

Enjoy!

Smith Coffey held a dinner in 2006 for clients, with Don Hancey as our celebrity chef.

Smith Coffey continues to support Don's charity activities, especially the Childrens' Surgical Centre in Phnom Penh, Vietnam.

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PINEAPPLE IN OLIVE OIL INFUSED WITH VANILLA RECIPE FROM DON HANCEY

Degree of difficulty: Low

Serves: 4 people

Ingredients:

- 1 ripe small pineapple
- 3 tablespoons of njo Australian olive oil
- 1 vanilla pod
- 1 lime
- 10g castor sugar

Method: Split the vanilla pod, scrape out the seeds and put into a small saucepan with oil. Cut pods into pieces and add to pan. Warm the oil on low heat for 3 minutes, remove and cool. This lets the wonderful vanilla flavours infuse with the oil.

Trim pineapple and cut into bite sized pieces and place in a bowl. Wash and dry the lime, then grate the peel very thinly (zest). Add the zest to the sugar, squirt with fresh lime juice and mix. Add sugar zest mix to pineapple and toss gently in bowl.

Pour over cool oil and gently toss through. Enjoy!

Serving Suggestion: Serve pineapple with a piece of the vanilla pod... looks good in a Martini-style glass.



WINNERS OF THE 2007/08 PIAF COMPETITION



The winners of the double/family passes to the shows and movies for this year's Perth International Arts Festival events are:

- | | |
|---------------|-----------------|
| Dr KM Verrier | Mrs P Crostella |
| Dr TJJ Inglis | Dr H Oh |
| Dr KG Bender | Mrs FI Simpson |

Congratulations to the winners and thank you to all clients who submitted entries to the competition.



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