



SMITH COFFEY

VANTAGE Points

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This Issue:

- Investing in a Tough MarketPage 1
- Market Commentary.....Page 2
- The Rose Seminar RoomPage 3
- Appointment of New Partners....Page 4
- Pitfalls of Payroll TaxPage 4

INVESTING IN A TOUGH MARKET

While it's natural to be nervous when financial markets are uncertain, it's important to stick to some basic investment rules to help keep current market fluctuations in perspective.

1. Take comfort from history - the long-term trend is up

There have been at least ten major events in the past 20 years that have had an impact on the Australian share market (including the 1987 Wall Street Crash and the 2000 Tech Wreck). While each of these events resulted in a sustained period of market downturn, the market has always recovered. Importantly, over the long-term the general trend of share markets is upward. Australian shares, for example, continue to perform very well, up 197% in the last ten years. Similarly, Australian listed property, which fell nearly 38% this year, has returned 128% over the same ten year period.



2. Stick to your original investment plan

Understand what you're trying to achieve and how long you're prepared to invest, rather than focusing on what's happening in the market. Also understand how much risk you're comfortable with and make sure it's reflected in your investment.

3. Don't overreact to short-term market movements

Research on the Australian market since 1985 shows that the Australian share market returned an average of 28% in the year following a negative return.

4. Diversify your investments to help spread risk

Diversification - or spreading your investment portfolio over a range of asset classes such as shares, property, fixed interest and cash - can help you spread your exposure to risk.

5. Get advice from a qualified source

A financial adviser can help you make informed investment decisions based on your needs, objectives and personal circumstances, while taking into account your attitude to risk. They help you decide what you want to achieve with your money and help you develop a strategy to meet your goals.

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MARKET COMMENTARY

- Since our last update in May, the short market recoveries of April/May stalled and prices then fell during June to complete a year of extraordinary volatility and sharply lower stock prices.
- Since the end of June, stock prices overall have ceased trending down and traded within a more contained range, although this masks significant movements within various sub-sectors of the markets. In particular, listed property prices continued to “freefall” in July before embarking on an equally sharp turnaround upwards.
- Financial stocks have been the central focus of much of the market action together with other stocks that are perceived to have high levels of borrowings.
- Falls in residential property prices around the world are also relatively widespread, although in many places such as Australia, the fall to date is relatively shallow.
- Overall, financial and real estate markets are enduring their least favoured environment - the transition in funding conditions from cheap and easy, to scarce and expensive. Although it never manifests quite the same way twice, and has occurred rapidly this time, it is one phase in a broadly repetitive cycle. In many ways, the standard script is being followed with Governments likely to increasingly intervene to attempt to make funding conditions easier again.
- Whilst very few investors will have enjoyed the 2008 Financial Year, investors who are accumulating assets should actually be delighted at the lower purchase prices that can benefit them in the long run.

Sector	Commentary	Outlook
Australian Shares	Australian share prices lower.	Australian shares back at 2006 levels, representing fair value.
International Shares	Major market prices also weaker, although most recently the dramatic decline of the Australian Dollar has boosted returns.	Many large multinationals appear good value for Australian investors.
Listed Property Trusts	Very volatile - sharp falls followed by strong rebound.	Value on offer despite recent price recovery.
Fixed Interest & Cash	Corporate debt markets have broadly moved with stock markets. Lenders now demanding a substantial reward for taking any risk.	Long-term fixed interest rates still appear moderately unattractive to us, although high quality corporate debt investments appear cheap. Prefer cash over Government fixed interest.
Alternatives	Varied performance. Despite headlines to the contrary (expressed in \$US), gold bullion price has remained remarkably stable in recent times although gold stocks have declined.	Retain/top up various exposures to Gold as important portfolio hedge.

THE ROSE SEMINAR ROOM – OUR TRIBUTE



Rose Tierney

We were saddened at the recent and unexpected death of former staff member and valued colleague, Rose Tierney, who passed away on 25 June 2008.

Rose was an integral member of Smith Coffey Insurance Brokers from 1991 to 2003. During this time, Rose endeared herself to colleagues and clients alike with her infectious bubbly spirit and keen sense of humour, combined with a professional hardworking attitude.

Shortly after Smith Coffey divested itself of its general insurance arm, Rose joined AMA Insurance Brokers, which enabled our close relationship with her to continue.

As a tribute to Rose, the seminar room at our offices was formally renamed as “The Rose Seminar Room” at a

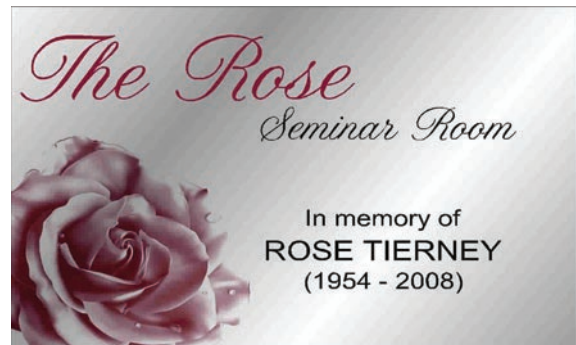
dedication ceremony held on 19 September 2008 and attended by Rose’s husband, Stephen and her children, Andrew, Richard and Laura, as well as other close family members and friends. We were honoured that Rose’s mother also flew in from Scotland especially for the ceremony.

John Gerrard, Manager AMA Financial Services and staff also attended, true testament to the strong relationship the AMA and Smith Coffey forged through Rose’s efforts.

During the ceremony, Jay Pintado, CEO of Smith Coffey, read a profile of Rose, written in 2000. In summary, it states that:

“Should you bump into our wee Rosie in the halls of Smith Coffey, make sure you take the time to get to know her. You’ll be glad you did!”

It is this sentiment that we trust lives on when existing and prospective clients visit The Rose Seminar Room.



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APPOINTMENT OF NEW PARTNERS

Jon McWhae

Jon commenced with Smith Coffey in July 2001 and specialises in strategic advice in the areas of accounting and taxation.

Jon has over 15 years experience in the tax and accounting industry. He has a Bachelor of Commerce from Murdoch University, majoring in Accounting and a Bachelor of Arts, majoring in Communications.

Jon is also a Certified Practising Accountant (CPA), a Certified Financial Planner and an Authorised Representative of Smith Coffey.

He is a dedicated family man to his wife Georgie and two young children Phoebe & Jack and in his spare time he enjoys playing squash, tennis and kayaking.



Miles Metcalf

Miles commenced with Smith Coffey in 1999 and his area of expertise is providing strategic advice in the areas of taxation, superannuation, investments and personal insurance.

Miles has over 10 years experience in the tax and accounting industry. He has a Bachelor of Commerce from The University of Western Australia, majoring in Finance and Accounting.

Miles is also a Certified Financial Planner, a Chartered Accountant (CA) and an Authorised Representative of Smith Coffey.

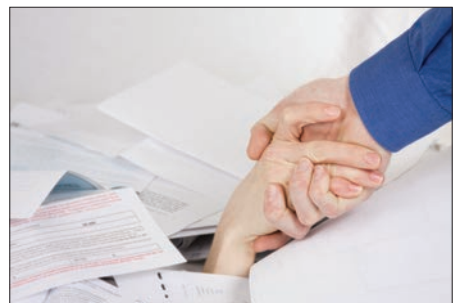
Away from the office, Miles enjoys skiing, travel and getting away for a camping trip.

PITFALLS OF PAYROLL TAX

Payroll Tax is a State based tax, levied on wages paid by employers. In WA, the rate of Payroll Tax is 5.5% of wages exceeding the threshold amount (currently \$750,000 pa). "Wages" include salaries, leave entitlements, bonuses, allowances, employee fringe benefits and superannuation contributions.

Smith Coffey review clients' payroll tax obligations (if any) when preparing their annual financial statements and taxation returns and have recently assisted a number of new clients to structure their practice to eliminate payroll tax obligations altogether.

Should you be aware of any colleagues paying payroll tax, we would appreciate the opportunity to assist them also.



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