



SMITH COFFEY



**WIN TICKETS to the
Perth International
Arts Festival
see page 4 for details.**

VANTAGE Points

Quarterly Financial
Commentary

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SUPER SPLITTING



The long awaited super splitting is proposed to take effect from 1 January 2006.

This allows non-working and low income spouses to share the benefits super offers and for a couple to maximize their tax-effective super savings potential. The proposed changes will allow couples access to two post 83 tax free thresholds as well as access to two RBL's.

- The government has released draft regulations to allow couples to split contributions made into super on or after 1 January 2006.
- Clients may split super contributions with their spouse if the spouse is under 65. If the spouse is over 55, they must not be eligible to access their super (ie not permanently retired).
- The maximum splittable amount limit means that up to 85% of deductible contributions and 100% of personal untaxed contributions can be split in a relevant year.
- Splitting will occur in arrears. That is, after financial year end (nearly always 30 June) a super fund member will be able to request that their contributions be split with their spouse.
- People who wish to claim their personal contributions as a deduction will have to tell the fund that they intend to claim these contributions as a deduction and the fund must acknowledge this before contribution splitting can take place.
- It will not be compulsory for funds to implement splitting. This means that it will be very important to find out which funds will and will not provide this facility before a contribution can be made.
- To allow for splitting, deed amendments will probably be required.
- * It is important to note that these regulations are in draft from and subject to change before finalisation.

OUR OFFICE WILL REMAIN OPEN OVER CHRISTMAS AND NEW YEAR, EXCEPT FOR PUBLIC HOLIDAYS

On behalf of the team at Smith Coffey , we wish you and your loved ones a safe and happy festive season and continued success in 2006.

As always, rather than sending out Christmas cards, we will be making a donation to charity.

This year's recipient will be Princess Margaret Hospital.



MARKET COMMENTARY – SEPTEMBER QUARTER

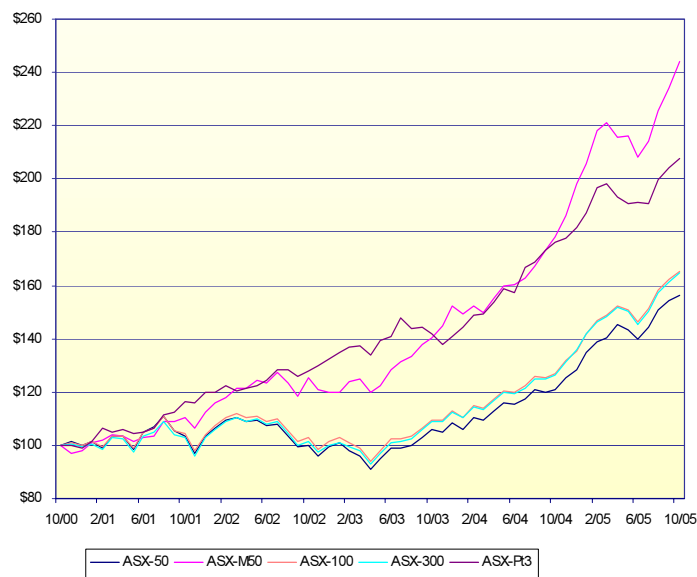
Global Market Analysis

- ◆ Exceptionally high returns for stock market investors around the world
- ◆ Short term interest rate rises continued in the US
- ◆ Long term interest rates globally were up slightly but remain relatively low

Australian Economy

- ◆ Business profits still booming
- ◆ Trade performance continues to be terrible
- ◆ Retail sales and employment were strong but housing continues to moderate - so interest rates were stable
- ◆ The RBA is still watching but the markets do not

Australian Share Market 5 years to 31 October 2005



Sector	September Quarter 2005	Outlook
Australian Shares	<ul style="list-style-type: none"> ◆ Largest quarterly rise in stock prices for 12 years ◆ Small and medium sized listed companies saw the largest rises 	<ul style="list-style-type: none"> ◆ Australian shares starting to look expensive compared to overseas counterparts after outperforming for years
International Shares	<ul style="list-style-type: none"> ◆ All major markets saw strong price rises, with Asian markets strongest and US lagging ◆ Rising \$A reduced returns slightly but overall returns were very strong 	<ul style="list-style-type: none"> ◆ We are increasing our generally recommended allocations from relatively low levels, but retain a skew to non-US stocks
Listed Property Trusts	<ul style="list-style-type: none"> ◆ Strong returns although not as strong as stocks 	<ul style="list-style-type: none"> ◆ Neutral outlook
Fixed Interest & Cash	<ul style="list-style-type: none"> ◆ Bond markets provided weak but positive returns ◆ US Fed continued to increase short term interest rates ◆ Reserve Bank left Australia's rates on hold. 	<ul style="list-style-type: none"> ◆ Long-term fixed interest rates appear unattractive to us ◆ Rates in Australia still preferred to international interest rates ◆ Prefer cash over fixed interest – especially if rates rise
Alternatives	<ul style="list-style-type: none"> ◆ Continued good performance from recommended funds although not as strong as stocks ◆ Gold bullion price was up strongly 	<ul style="list-style-type: none"> ◆ Maintain recommendations to reduce risk levels of diversified portfolios ◆ Many new products are being launched

CARMODY SOFTENS ATO STANCE ON SERVICE TRUSTS

- Some Christmas cheer - ATO to revise recent service trust ruling.
- In the last edition of Vantage Points we outlined the changes announced by the ATO in May on service arrangements involving associated entities charging service fees to professionals for the use of clerical staff, rooms and facilities.
- We noted that as the ruling and guidelines were in draft format, we expected there to be more industry comment and discussions with the Tax Office before a final ruling is issued.
- After widespread concern from tax experts that many professional firms would be inadvertently caught by the proposed changes to arrangements that have been generally accepted by the ATO for the last 30 years the accounting bodies have welcomed recent comments by the Commissioner of Taxation, Mr Michael Carmody.
- In early November he announced that the ATO will be adopting a more reasonable approach to retrospectively applying the new draft ruling and guide booklet relating to service entity arrangements.
- Mr Carmody indicated that the tax office would issue more appropriate safe harbour guidelines for the acceptable mark - ups on professional services.
- A final ruling is expected early in the new year.
- As we previously noted, if you haven't recently reviewed your service arrangements, please speak to your consultant at Smith Coffey.

TEN EASY HOLIDAY DECORATING TIPS

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- 1 Decorate Everything with Bows** - Bows look festive tied to chair backs, plants, stair railings and doorknobs.
 - 2 Use Holiday Tableware** - For every day in December.
 - 3 Turn off the Lights** - Arrange candles in the dining room, bathroom and living areas.
 - 4 Hang Holiday Wreaths** - On every door in the house and the front windows. They can be made of real pine, holly, grapevine decorated with bows, fruit, raffia, candy, etc.
 - 5 Use lots of Special Color** - Ribbons, garlands and ornaments.
 - 6 Sound** - Sleigh bells, CDs, Radio
 - 7 Around the House** - Bowls of holiday biscuits, candy canes, gingerbread men (persons?)
 - 8 Gifts of Nature** - Simple arrangements of sprigs of green tied with a bow can be placed on the bookcase, bath sink or kitchen sill. Pine cones mixed with ornaments and bows in a bowl or basket.
 - 9 Shine and Sparkle** - Sprinkle artificial snow across the tabletop, buffet or on house plants. Place shiny ornaments in a clear glass bowl or vase. Hang shiny ornaments or lights on indoor plants or trees.
 - 10 Memories Bring Happiness** - Remember friends or acquaintances who are alone or unable to go out. Take family photos. Offer to help friends who can't do things on their own. Be generous in spirit.



雞

29 JANUARY 2006 YEAR OF THE (FIRE) DOG



狗

On 29 January 2006 we bid farewell to the Rooster and welcome in the Year of the Dog. According to the Chinese Almanac, this is what we can expect in 2006:

- A sensible climate of justice, relief, harmony and peace prevailing over the globe, compared to the last few years.
- Windfalls and prosperity not seen for quite some time. Bitter experience will give way to optimism and self confidence and when supported by planned and sustained efforts, will yield excellent success.
- Industries identified with the fire element, e.g. airlines, entertainment, energy, stock and financial markets will see massive expansions and industries associated with paper, fashion, textiles and furniture will thrive. Conversely, there will be a decline in the areas of insurance, hotels, mining, chemicals and heavy metal.
- Whatever the industry, the year will be filled with gossip, arguments, disputes and struggles ending up in lawsuits and imprisonments.

WIN DOUBLE PASSES to the 2006 Perth International Arts Festival - www.perthfestival.com.au

EARTHLY PLEASURE

In 2006, The UWA Perth International Arts Festival's 'Garden of Earthly Delights' may be a Bosch-like vision of indulgence and madness, or Utopia: the terrain of the five senses - a place to celebrate the Dionysian pleasures of Nature. The community is invited to take full delight in the many pleasures that surround us at Festival time. Rare pleasures are on offer from all over the world for the senses and intellect. Relish the wonders of Western Australian landscape and celebrate sheer Beauty.

To be in the draw, simply post, fax or email your name and address to:

Irene Teo
PIAF Competition Draw
PO Box 268
SUBIACO WA 6904
Fax: 9388 1566
irene.teo@smithcoffey.com.au



Entries close on 27th January 2006.

Winners will be notified by mail and their names printed in the next edition of Vantage Points.



SUPERVISION (USA)

Super Vision probes three absorbing, intertwining and alarmingly possible stories of lives reduced to data where almost every moment of our physical and mental activity can be digitally tracked.

His Majesty's Theatre—Tue 14 Feb 8pm



ISABELLA'S ROOM (BELGIUM)

Isabella was the daughter of an African desert prince. Her quest to solve the mystery of her father's death takes her to a room in Paris filled with thousands of plundered ethnographic objects. In *Isabella's room*, she tells us of the story of her extraordinary life.

His Majesty's Theatre—Wed 22 Feb 8pm



LA VEILLÉE DES ABYSSES (FRANCE)

Be swept away to the magical world of French circus wizard James Thiérée. This mesmerising fusion of nouveau cirque, dance and theatre is circus at its most fantastic.

Regal Theatre Sat 11 Feb 7.30pm



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