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BOUTIQUE

WEALTH MANAGEMENT GROUP

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AGRIBUSINESS 2007

There has been significant media coverage in recent weeks regarding Agribusiness investments in Australia.

Agribusiness is simply the business of growing crops for human consumption and use. For example: the sales of almond, olive, citrus, table grape and eucalyptus crops are all directed primarily at the export markets. These exports bring in valuable overseas revenue to Australia. Although a relatively new asset class in Australia, the opportunity to invest in Agribusiness has developed over the past ten years.

With the advent of Australian Taxation Office (ATO) product rulings, tax effective investments represent a legitimate way to minimise taxation. Agribusiness investment costs (establishment and ongoing) are generally treated as expenses and are tax deductible against any other assessable income. Proceeds from the sale of the crop (upon harvest, either annually or upon maturity) are treated as assessable income, when received.

Many Australians have used this type of investment strategy in the past and have experienced the substantial benefits it can bring.

Recent Developments

The Assistant Treasurer recently issued a release indicating that the Australian Taxation Office (ATO) intends to change its interpretation of the current laws so that investors will no longer be able to claim upfront deductions for their contributions to non-forestry Agribusiness Managed Investment Schemes. This is intended to only apply to arrangements entered into after 30th June 2007.

What does this mean for your current Agribusiness investments?

Any prior year projects with ATO Product Rulings will NOT be affected. All existing Product Rulings that allow immediate deductibility for the investor's initial contribution and for contributions in subsequent years will not be affected by the change in interpretation. Furthermore, there will be no impact on future cash flow forecasts and estimated yields on any existing Agribusiness projects that you have invested in.

Opportunity to invest in 2007 projects

This development allows you to take advantage of the 2007 projects, as this may be the last time that you will be able to access non-forestry Agribusiness investments with the certainty of an ATO product ruling.

More Information

Industry bodies are currently disputing this interpretation by the Assistant Treasurer. We will endeavour to keep you informed of any developments. However, if you would like further information or clarification, please contact your Adviser.



EQUITY MARKETS - Not all clear yet

The stellar run of the Australian and global share markets came to a sudden halt on the last day of February when a 9% sell-off on the Shanghai stock exchange rippled through all international markets. The Shanghai sell-off was triggered by rumours that the Chinese government was planning to introduce a capital gains tax to curb speculation. Although the rumour has been denied and the Chinese sharemarket stabilised, the Chinese government announcement of an 8% growth target this year (compared with the actual GDP growth last year of more than 11%), and some new concerns about the US economy, have caused further declines in the Australian and global markets. The falls reached 6% globally by the end of the first week in March.

Since then, the markets bounced back, recovering around half of the losses. At this point it is still too early to call the all clear. Equity markets had been overvalued for some time and correction was expected. The past week has seen more relatively soft data releases in the US, pointing to a weaker consumer sector and apparent crises in the US sub-prime (or "low-doc") mortgage market.

There is a risk that this correction will be deeper than those experienced in each of the last few years. The bull market is now further advanced, more investors are now on board the share market train and there are more leveraged positions. Once a correction gets under way it can take on a life of its own.

However, with a few caveats, including the ever-present risk of a "hard landing" and recession for the US economy, and continued flattening of housing prices in Australia and abroad, the prevailing view is that the recent turmoil is merely a reversal within a bull market that has a long way to go.

Underpinning this global bull market for equities (which is now four years old,) is the low-inflation,

commodity super-cycle produced by the rebirth of global trade and the entry to the system of the BRIC economies (China, India, Russia and Brazil). The recent market drop had very little to do with any change in fortune for those countries and Chinese economy in particular. Their cheap exports of products and services continue to keep inflation and interest rates low around the world. This, in turn, creates massive liquidity in the financial markets, supporting a strong flow of capital to share markets.

At their present levels, share market valuations both globally and in Australia are reasonable and the profit growth remains robust, so while the correction may have further to run in the short term, it is not likely to last long.

Interest rates and bond yields are likely to track sideways this year as growth and inflation prove benign.

BOUTIQUE VALUE PROPOSITION

- **Consistently Excellent Customer Service**
- **Focus on Building Strong Relationships**
- **Considered Advice that is thoroughly explained and easily understood**
- **Honesty and Integrity in our dealings**
- **Comprehensive yet simple solutions to client problems**

SHARE MARKETS SNAPSHOT

	change (qtr)	change (yr)
ASX200	10.01%	18.8%
Dow Jones	6.71%	15.56%
S&P500	6.17%	13.06%
FTSE	4.36%	10.33%
Europe 500	6.83%	16.93%
Nikkei	6.81%	5.39%
Heng Seng	13.80%	32.70%
MSCI World (local currency)	6.67%	12.91%
\$/A/\$US	5.30%	7.61%

Dec Quarter
2006

TIDY UP THOSE SHARES!

On our website you will notice an E*trade icon.

Boutique Wealth Management together with E*trade have developed a website only for Boutique Wealth Management clients that will allow clients to use Boutique as their CHESS holder for shares. It will also allow our clients after opening an account to trade shares at a discount rate.

For those of you that have shares dotted around and are sick of multiple Chess Statements through brokers, you do not know – then we have created the answer.

Call one of our staff to open up an account or try the website and fax through your completed new account form. There is no cost for this service and it will make your financial management so much easier!

www.boutiquewealth.com.au



Boutique Welcomes Neil Cocker!



Neil started his financial planning career at the National Australia Bank in 1993 after having worked for NAB in other roles for 20 years. He completed the Diploma of Financial Planning with Deakin University Melbourne and became a Certified Financial Planner in 1998.

Neil has worked with a number of companies in the financial planning industry, which has provided him with a wealth of experience on

different planning situations. He worked with Home Financial Planning for over 4 years and joined Boutique Wealth Management in December 2006.

Neil specialises in Retirement Planning, Wealth Creation and Investment planning strategies.

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Boutique Welcomes Rebecca Tibben!

Rebecca has been employed in the Financial Services Industry since 2005, initially as a Client Service Officer working primarily in Insurance and New Business.

Rebecca joined the Boutique team in January 2007, to assist two new advisers, Neil Cocker & Brenda Soon.

Rebecca's role includes helping you with any of your queries, preparing Statement of Advices (SoA), and processing applications.



TIME IN VERSUS TIMING

Build your wealth by investing now

Many people often question investing, simply because they don't know when the best time to start investing is. We believe that if you want to build your wealth by investing in managed funds the simplest strategy is to start now.

Don't try to pick the best time to invest

Many people try to pick when the best time to invest will be. They aim to invest when the market is low, hoping to get more for their investment dollars. They wait until the market falls, and then wait some more just in case it falls further. Unfortunately markets are unpredictable, and waiting to invest may mean you miss out on periods of strong returns.

By abandoning your long term investment plan when the market is falling, and then investing again when the market improves, you would miss the opportunity to purchase your investments at a lower price. A more appropriate strategy is to invest as soon as you have the money available, and keep it invested. This 'buy and hold' strategy means that you do not allow yourself to be influenced by the ups and downs of the markets and you

don't have to get carried away with when is the best time to invest. You just have to remember that it's your 'time in' the market that can make all the difference – not your 'timing'.

Add to your investments regularly

Making regular contributions means you can grow your investments without worrying if it is the right time to invest. It allows you to ride out market changes, and can help you build your wealth sooner, due to the power of compound interest (earning interest on your interest).

Regular contributions into your investments mean that you automatically buy less when the markets are high and more when the markets are low; averaging out the amount you are paying for your investments. This is known as 'dollar cost averaging' and works regardless of whether markets are going up or down.

Start investing as soon as you can

As we've said, don't wait for the best time to invest – start as soon as you can through a regular investment plan, or using any lump sums that you receive. The sooner you start, the greater your wealth will be.

THE STORY OF THE BRICKLAYER

If a bricklayer who was building Saint Peter's Cathedral in the Vatican hundreds of years ago was asked, "What are you doing?" he might have said, "I'm laying bricks, building a wall, just doing my job." That's one kind of person – a person with a particular goal. Or he might have said, "I'm building one of the world's great cathedrals, a building that will stand for centuries as a monument to what human beings can achieve with the inspiration of God." That's a person with a mission. It's the kind of feeling you can aim for, in creating a mission for yourself.

A mission isn't something you force on yourself, or something you make out of current concerns. It is both larger and deeper than that. It is something you discover within. By discovering your mission, you can make sure the goals you pursue are yours; you can make sure that you'll be glad you achieved them when you do; and you can make sure that your journey through life unfolds with a passion that energises every fibre of your being.

BOOST YOUR SUPER SAVINGS

Your Super Opportunity of a Lifetime ends soon...

The governments proposed changes to the superannuation system present an exciting opportunity to accelerate your retirement savings – but you must act before 30 June 2007.

The changes

The centrepiece of the proposal is that from 1 July 2007, people aged 60 and over will be able to withdraw their money from superannuation tax free. That's right, tax free. This makes superannuation a very attractive investment option.

The price we pay for this change is the introduction of caps on the amount of contributions that can be made in superannuation.

- Before 1 July 2007, a once-off opportunity to contribute up to \$1m as "Undeducted" after-tax contributions into Super
- After 30 June 2007, a cap of \$150,000 per annum on the after-tax contributions (or for people under age 65, single or multiple contributions up to a total of \$450,000 over a three year period)
- \$50,000 per annum (indexed) cap on tax-deductible contributions
- As a transitional measure, a \$100,000 per annum cap on tax-deductible contributions for people over age 50, up until June 2012

The Opportunities

These changes represent one-off opportunities for everyone who has a superannuation account, whether it is employer-sponsored, personal or DIY.

Those aged 50 and over between 1 July 2007 and 30 June 2012 can take advantage of the \$100,000 per annum cap (non-indexed) on tax-deductible contributions. From 1 July 2012, you will be limited to \$50,000 per annum. If you can afford to increase your salary sacrifice arrangement, you need to act now.

There are many ways you can take advantage of the \$1 million after-tax transitional contribution limit before 30 June 2007: invest cash, for example from the sale of an investment property or business; or transfer shares or other assets into superannuation.

Don't miss this window of opportunity. It is only open until 30 June 2007!

If you think you will be able to take advantage of this opportunity please contact your Boutique Adviser ASAP so arrangements can be made.

	YOUR AGE BRACKET				
	35-49 Years	50- 54 Years	55 - 64 Years	65 - 74 Years	75+ Years
When can you access your super?	Moving towards 60 years (1) and retired	From 55 years and retired	From 55 years and retired	From 65 years	From 65 years
Can you access your super tax-free (after 1 July 2007)?	No	No	Yes from 60 years	Yes	Yes
Are you eligible to contribute to super?	Yes	Yes	Yes	Yes, subject o meeting work test (2)	No

- (1) The government is gradually increasing the age from which you can access your super from 55 years to 60 years. If your date of birth is before 30 June 1960, you can access your super from 55 years. If your date of birth is after 30 June 1964, you can access your super from 60 years.
- (2) Must be gainfully employed for at least 40 hours in 30 consecutive days in the financial year the contribution is made.

