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December 2006

AUSTRALIAN FINANCIAL SERVICES LICENSE 247070

Our New Premises

Boutique Wealth Management has moved into its new offices in Outridge Crescent, Subiaco – only a stone throw from the Subiaco Train Station and Markets. Support from our clients through referrals has meant that our business has grown significantly in recent years. The new offices will allow us to house our staff more efficiently and meet our clients in a more relaxed atmosphere.

To coincide with the move Boutique changed its name and logo's to more accurately reflect the scope of services we provide.

If you haven't had an appointment at the new premises yet...here is a sample of what to expect.



Markets due for a breather but further gains ahead

The Australian share market has rebounded strongly from its June lows. More upbeat commodity price forecasts have helped the resources sector to recover much of the June quarter sell-off. Lower oil prices, fading interest fears and a wave of M&A activity buoyed the broader market. The S&P/ASX 200 Accumulation Index has increased 25.7% in the 12 months to 03 November 2006.

After the particularly strong gains of the last four weeks the share market is at the risk of correction over the next month or so, but otherwise the outlook is positive. Based on the level of profits, dividends and bond yields, the Australian share market is running around its fair value. By year end, the ASX 200 is likely to have reached 5,500.

The Reserve Bank of Australia increased its official cash rate to 6.25% on November 8th, as widely expected. The main reasons given were the "limited spare capacity" and "tight labour market conditions", which were believed to create some inflationary pressures. However, the strongly inverse yield curve (ie. short term interest rates being higher than long term bond yields) implies that the markets do not expect inflation to get out of control.

Global equity markets, especially US and European, posted solid gains over the September quarter on improved investor confidence, falling energy costs and increased takeover activity.

In the short term, share markets may undergo a correction or a period of consolidation after the big gains since July. The uncertainty about the consequences of the Democrat win in the mid-term Congressional elections in the US may add to the volatility. However, the six to 12 month outlook for shares is for reasonable gains.

The global economy is slowing but not in danger of recession. The US economic growth slowdown has been quite measured so far despite a severe downturn in housing investment. The big fall in oil prices since June gave a welcome relief to US household budgets.

The prevailing view is that the global economy is heading for a "soft landing", profit growth is likely to remain positive, inflation and interest fears are receding globally and the world is awash in

excess savings looking for a home, with some of it likely to fuel further takeover activity. This augurs well for share markets, particularly those in the developed economies (USA, Europe, Japan). After the strong run in the emerging markets, the valuations are more attractive in those economies.

The Listed Property sector was once again the best performer in the September quarter as bond yields fell and investors sought companies with stable cash flows. Many analysts now believe the sector is expensive and due for a pull-back. However, the yields on offer in the Australian Listed Property sector (around 6%) remain amongst the highest across global listed property markets. The strength of Australian LPT is further supported by the increasing cash flows from overseas property security trusts, which are seeking to establish positions in the Australian market.

The Australian Dollar has been pushed higher by the widening in the interest rate differential versus the US dollar, but this will likely be capped by constrained commodity prices. On a six-month view, the A\$ is likely to stay around US\$0.75 to US\$0.78.

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**

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.

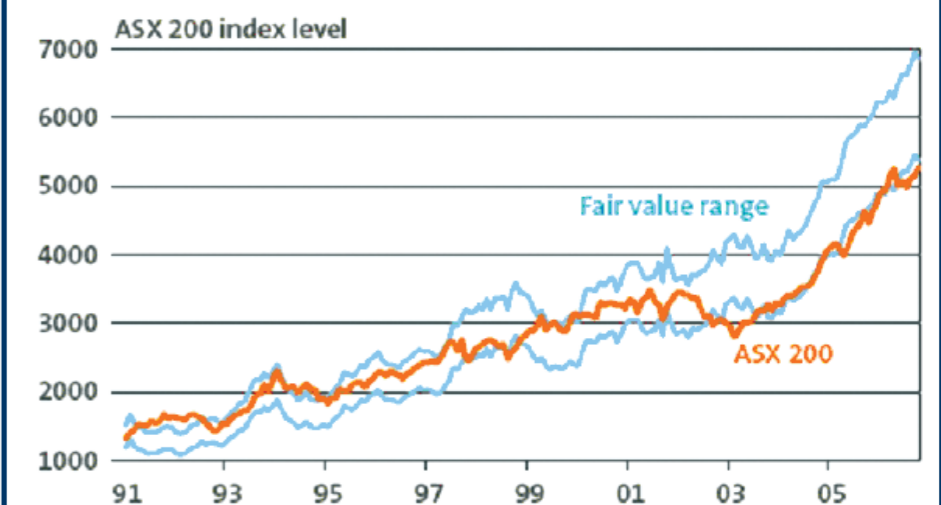
For those of you that have shares dotted around and are sick of multiple Chess Statements through brokers, you do not know – then we have created the answer.

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



Australian shares are still well below fair value



Source: Thomson Financial, AMP Capital Investors

Jayde Van Dijken joins Boutique Wealth Management!



Boutique Wealth Management is pleased to announce that Jayde (pictured left) has joined our group. Jayde joined us in September 2006 from the Water Corporation where her role for the last 4 years included reception and administration duties.

Jayde is the smiling face of our business in reception to meet and greet our valued clients.

Welcome Jayde!

Boutique News

For the latest on what is happening at Boutique please visit our recently launched website:

www.boutiquewealth.com.au



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Christmas Investor Briefing

We are pleased to announce that Dr Christopher Caton from BT Financial Group will be our Special Guest Speaker at our Christmas Investor Briefing on 6th December 2006 to be held at the Burswood Convention Centre.

Chris Caton is the Chief Economist for BT Financial Group. He was Chief Economist at Bankers Trust from 1991 until July 1999. From 1994 to 1997, he was also Chairman of the Indicative Planning Council, which advised the Government on matters relating to the housing industry.

Previously he worked in the Treasury, the Department of the Prime Minister and Cabinet, and for an economic consulting firm in the United States.

Chris was educated at the University of Adelaide and the University of Pennsylvania.

Dr Chris Caton always delivers an entertaining economic perspective, one I am sure you will enjoy.

For catering purposes, please RSVP as soon as possible.



Residential Property or Property Trusts?

Much has been made of the recent boom market in Perth residential property prices. With speculation now being that this run has come to an end, we thought it might be topical to draw your attention to alternative property investments – listed and unlisted property trusts.

What are Property Trusts?

A Property Trust is a collective investment vehicle that owns a portfolio of real property. Listed property trusts are quoted on the Australian Stock Exchange (ASX), which allows investors to purchase an interest in a professionally managed portfolio of commercial real estate. Property Trust managers invest in properties across a diversity of geographic regions, with varying lease lengths and tenant types.

Advantages of Listed Property Trusts

While history has shown that property has proven to be a good investment, residential property is only one way to access the property sector. LPTs can give you peace of mind from knowing your money is invested in bricks and mortar, but at the same time offer additional advantages.

Diversification: We all know the phrase 'don't put all your eggs in one basket'. Well the same principle applies to property investment. There is a significantly higher chance of an isolated event pressuring the value of a residential investment property compared with an investment in LPTs where the risk is spread across a number of properties. LPTs generally invest across a number of different property sectors such as offices, retail and hotels – not just residential property. Given that all these sectors do not perform in unison, this results in further diversification. Some LPTs also have exposure to international property, providing yet another level of diversification.

Liquidity: Perhaps in the future you may need to sell your investment. While selling a residential property can take some time – finding an agent; advertising; negotiating the sale and settlement – the sale process with LPTs is significantly faster. LPTs are listed on the ASX, so selling an investment is as easy as placing an order with a stockbroker. Furthermore, instead of selling your entire investment, you can choose how much to liquidate. In comparison, with a residential property you need to sell the entire holding.

Access to new opportunities: LPTs provide investors with investment access to sectors of the property market once reserved only for the extremely wealthy. With the combined spending power of investors, LPTs invest in hotels, office towers and shopping centres. The price of these properties is generally well beyond the scope of an average investor.

Expertise: LPTs are managed by property professionals. They are skilled at determining which properties offer the most value, both in terms of capital growth and income, negotiating on price, development, tenancing and ongoing maintenance. Whilst the key to investing in property is buying well, further value can be managed through successful management.

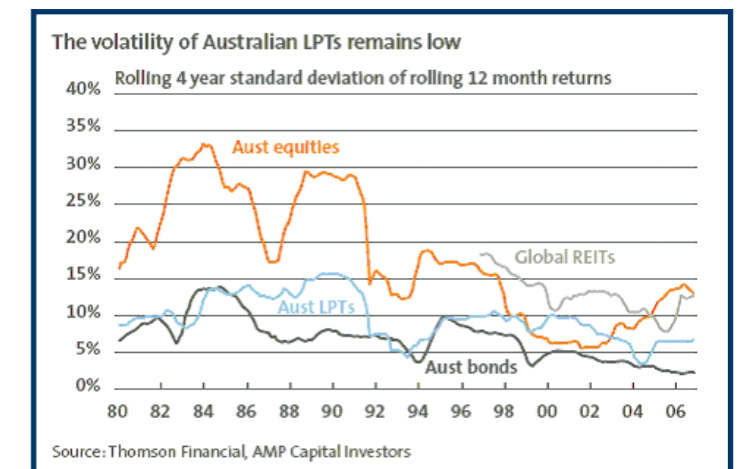
Higher Yields: Generally the yield (that is, the income you earn from your investment) from Listed Property Trusts are higher than for residential property.

No Need to Borrow: With the average Australian house price close to \$507,000 investing in residential property demands a significant capital investment and in most cases a large amount of debt. In comparison, the minimum capital investment required to gain exposure to the property market through LPTs is generally around \$1,000.

No Surprise Bills: With LPTs there is no additional expenditure required other than the initial investment. Water rates, council rates, strata fees, one-off special levies and property management fees are just a few of the bills that you might expect with a residential property.

No stamp duties: When you buy a property, you incur a stamp duty that may run into several thousand dollars, depending on the sale price. In contrast there is no stamp duty on buying shares in LPTs.

Volatility: The volatility of LPTs is low in comparison to other asset classes as displayed in the chart below:



Christmas Closure

Our office will be closed from midday on Friday 22nd December and will be re-opening on Monday the 8th January 2007. As you can appreciate we are all away with our families over the festive period.

We would like to take this opportunity to wish you and your family a very safe and happy festive season.

A Big Thank You

Thanks to all who have referred friends, family and colleagues to Boutique Wealth Management over the past months.

This is the greatest compliment we can receive.

As our business has grown, we are happy to receive further referrals and would be delighted to offer the same level of service and advice as we have to all existing clients.

Thank you once again.

Are You Aware?

The Government has now released its final proposed undeducted contribution rules, which cover your ability to make one-off contributions into Super.

What Does This Mean For You

There is now a short window of opportunity that allows contributions into superannuation of up to \$1 Million prior to the new contribution rules applying on 1st July 2007. After that you are limited to contributions of \$150,000 per annum.

This is great news for those of you who hold investment assets outside of superannuation, ie, Property and are looking to take advantage of superannuation's concessional tax treatment.

Additional Benefits

For those of you who will be aged 60 and over from 1st July 2007, there is an additional benefit in that any money you take from superannuation either as a lump sum or income stream will be completely tax free.

Contact Us

Should you wish to discuss this strategy in more detail and find out how this may benefit you, please contact your Boutique Wealth adviser on 9381-8779