Funds Focus®

$4.00

Issue 5, June 2009

Looking for a sure thing

Our aim is to give you…..

Value, Information & Clarity

I was recently discussing one of the capital protected products we had featured with someone who had worked as a trader for a number of years and had managed his 80 year old mother's portfolio for some time. He had successfully sold her previous managed fund investments just before the large share market falls, was now very bullish about the markets and felt that now was a good time to reinvest that capital. As he was someone working in the financial industry, my natural response was "So why pay for the capital protection?".

His concern was that although his mother had no immediate need for these funds, the stress related to any short term falls were likely to take a toll on her health and she therefore could not afford to lose anything. And with interest rates at such low levels, the likelihood was that inflation would gradually whittle away at the value of her portfolio. He argued that investment markets look to be very good value right now, "better to be in the market with a capital guarantee and not have the worry of day to day rises and falls, than be sitting in cash when the tide turns."

I'm inclined to agree, after all if you had invested in the ASX 200 in March you would be sitting on a 30% gain already.

The problem for many has been how to compare these products, there are a number of variations of protection and guarantees as well as a whole variety of investment options. As a result, in addition to our end of tax year features on margin loans and tax effective investments, this issue revisits capital protection to try and compare the wide array of capital protected offers.

Reduce your fees

This issue also sees the launch of our commission rebate program to investors.

I have always said that two of the most important factors in producing the best returns on your portfolio are fund performance and fees. And although you can't improve the overall performance of your fund, by simply switching brokers, you can guarantee that you'll reduce your fees.

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Offer Launch

Wealth Focus Trail Rebate Program

Having witnessed one of the largest falls in share market history, nearly all investors are likely to have seen considerable falls in their portfolio value.

What many investors don't realise is that aside from choosing how to invest your money, you can enhance your returns by reducing the fees you pay by simply switching brokers.

Aimed at investors that;

- *haven't heard from their planner since setting up their investment;*
- *are unhappy with the service they are receiving;*
- *or simply dealt directly with the fund manager in setting up their investments.*

Benefit from trail commissions in excess of $400 pa

With over 16 providers on our list of participating managers*, our trail rebate program means that in addition to paying no entry fees, you will now benefit from trail payments in excess of $400 pa, redirecting more money in to YOUR pocket.

Just complete our enclosed trail rebate form or call us on 1300 55 98 69

***Participating investment managers**

Advance Asset Management, AMP Capital Investors, AMP Financial Services, Australian Ethical Investment, Australian Unity Funds Management, AXA National Mutual Funds Management, BlackRock Investment Management, BT Funds Management, Challenger Funds Management, Colonial First State Investments, Credit Suisse, Hunter Hall Investment Management, ING Funds Management Limited, Macquarie Investment Management, Man Investments (excludes the AHL (AUD) Fund Ltd), MLC Investments, Perpetual Investment Management

Performance Tables
Managed & Superannuation funds
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Capital Protection

Falling interest rates, increased volatility and uncertainty in the markets has resulted in a rush to offer investors capital protected products.

There are many variations on the theme but most products provide similar features:

1. A guarantee of the return of all (or percentage) of your capital at a fixed date in the future
2. Fixed periods of time, typically 5-7 years
3. 100% investment loans
4. A return linked to an index or to a high profile managed investment fund.
5. Index linked products typically use Bond + Call protection structures, whereas Managed Funds typically use CPPI protection
6. Investment is limited to one fund
7. Early redemption is limited to certain times of the year

Differentiating between protected products

Although there are numerous products offering protection, protection is generally derived from Constant Proportion Portfolio Insurance (CPPI), or Bond + Call structures. Understanding these two structures will allow you to understand 95% of the structures in the market.

Bond + Call

Bond + Call is packaged product made up of two parts:

1. A safe asset such as a term cash account or fixed interest bond to produce fixed amount at the end of the term.

2. An equity based asset such as a call option or futures contract which provides magnified returns to the investor.

CPPI

CPPI is a trading strategy that automatically moves investors in and out of the share market as it rises and falls. The basic concept is:

- If the market goes down, more money is switched into bonds and cash
- If the market goes up, more money is switched into equities

Any shortfall at the end of the term is paid for by the CPPI manager.

Dynamic Hedging

Dynamic Hedging is a relatively new product to the retail investor in Australia. This is basically an insurance premium you pay the provider for your protection. The term Dynamic Hedging relates to how they provide the protection, but in essence, you pay an insurance premium, they provide the protection. It is the provider that is exposed to any shortfall and as such, you should be comfortable with the issuing company.

Deciding which structure to opt for?

Generally speaking the overriding factor in deciding which structure you end up with is dictated by the investment fund that you opt for.

Investments linked to an Index (e.g. ASX 200 Price Index) typically use a Bond + Call structure and investments using a managed fund use a CPPI structure. This is simply because you can't write options (the investment exposure) on a managed fund.

For many, the underlying structure is perceived as an irrelevant feature. Investors and advisers alike have been far more likely to opt for a product based on the Index or particular Managed Fund headlining the investment.

	CPPI	Bond + Call	Dynamic hedging
Performance based on	Managed Funds	Index	Managed funds
Level of participation in gains of underlying investment	Disinvestment with falls or volatility in the market = less than 100% partipation	100-150%	100%
Cost of protection	Much of the cost is implicit. Lower participation rates typically mean this is lower than Bond + Call or Dynamic Hedging	Much of the cost is implicit. Higher participation rates typically mean this will be higher than CPPI	Explicit costing can make this look relatively expensive. Should cost somewhere between CPPI and Bond + Call
Investment loan interest rates	Lower participation rates reduces volatility and the cost of borrowing to invest	Higher participation increases volatility and the cost of borrowing	Should work out somewhere between CPPI and Bond + Call
Ability to turn on/off protection	No, in-built for term of product	No, in-built for term of product	Yes

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Capital Protection cont...

Increased volatility = bad news for CPPI

Investors using CPPI products such as Perpetual's PPI Series found themselves cash locked. ie in a falling market, once the investment has switched entirely to cash, they are no longer able to participate in the returns of the underlying managed fund. Those with 100% investment loans are now in a situation of having to continue their loan repayments with the knowledge that they will only ever get back what they borrowed at the end of the term.

The process of switching to cash as the investment falls in value and reinvesting in the managed fund as the investment rises in value means that even if a fund doesn't become cash locked, investors such as those using Macquarie's Fusion Funds can quite easily find themselves in a situation where the need the underlying managed fund to rise by 200-300% before they are fully invested again.

Typical example of the reduction in the exposure to the underlying managed fund and the percentage increase required to return to 100% participation under CPPI/Threshold Management

Fall in managed fund value	Exposure to underlying managed fund returns	% increase in managed fund required to reach 100% participation
11%	77%	**38%**
17%	59%	**75%**
23%	46%	**109%**
28%	35%	**143%**
33%	26%	**178%**
38%	20%	**212%**
43%	15%	**247%**
48%	12%	**281%**
52%	5%	**345%**
56%	0%	**Cash locked**

This example is based on figures taken from Macquarie Fusion Funds 2008 PDS Threshold Management. Fusion maintains a minimum of 5% exposure, this example has used an alternative bond floor for illustrative purposes to demonstrate typical examples of cash locked CPPI structures.

In Conclusion

Our house view is that Bond + Call & Dynamic Hedging structures are a much more attractive proposition to investors than CPPI protection structures. The increased volatility in the markets coupled with the reduction in participation in the underlying managed fund means that there is an additional cost to simply being invested in cash. However, it would be wrong to dismiss these products altogether, in many cases they offer protection and availability of investment loans to managed funds that are generally not available elsewhere. Platinum's range of funds have faired reasonably well under this structure.

We currently favour:

- **Man Investment OM-IP 2AHL** - This is the only product that doesn't rely on the investment markets rising. AHL is a trend seeking strategy that profits from both rising and falling trends. The lack of exposure to RMF or Glenwood means this is not as attractive as past OM-IP offers, but still one of the best capital protected offers available.
- **NAB Principal Series ASX200 Index Investment** - Has the highest level of participation in the ASX 200 Index, (currently indicating towards the upper end, 105%-120%). However, Increased participation is as a result of lower protection levels.
- **Axa North Protected Investment Guarantee** - this is a revolutionary product for those looking to invest in a managed fund with capital protection allowing you to benefit from 100% participation at all times, providing larger gains than CPPI. Downside is that early encashment after a fall in value is likely to return lower amounts than CPPI.

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Capital protection comparison table

Last updated: 31st May 2009

2009 Capital Protected Products

Investment name	Min. Initial Investment	Type Capital Protection	Investment Term	Income	Level of protection /guarantee	Level of participation in underlying investment fund	Able to borrow to invest	Closing date	Fund choice	Wealth Focus Rebate Offer	Lonsec Rating	Notes
Axa North (Investment Guarantee)	$20,000	Dynamic Hedging	5 or 7 years	Distributions reinvested until end of term	100%	100%	No	Ongoing	49	**No initial fee**	Recommended	Charge for protection is explicit and can initially look more expensive than other products. Added benefit of ability to turn off when not needed. Ability to switch funds
Axa North (Growth Guarantee)	$20,000	Dynamic Hedging	10, 15 or 20 years	Distributions reinvested until end of term	100% (plus enhanced early encashment)	100%	No	Ongoing	49	**No initial fee**	Recommended	Charge for protection is explicit and can initially look more expensive than other products. Added benefit of ability to turn off when not needed. Early encashment benefits from an "accrual" of protection level.
BlackRock - Capital Protected Top 20	$50,000	CPPI + put options	7 years	Can receive dividends (no need to leave until maturity)	100%	(CPPI) Starts at 80%, drops if fund falls in value	Yes	30/06/2009	1	**1% rebate**	Recommended	CPPI structure has some advantages over other CPPI structures. It switches a maximum of 60% to cash when fund falls in value. Buys physical stock
Capital Series Compass	$10,000	Bond + Call	5.5 years	3% pa after 18 mths *(if targets met)*	100%	100% *(capped at 70% rise in ASX 200 Index)*	100%	19/06/2009	S&P/ASX 200 Index	**1% of inv. + 1% of loan**	Recommended	Returns capped at 70% rise in ASX 200. Macquarie Flexi 100 Trust looks better value to those looking for an investment loan *Must hit growth targets of 10% (yr 1.5), 20% (yr 2.5), 30% (yr 3.5), 40% (yr 4.5), 50% (yr 5.5) to receive 3% pa*
Capital Series Compass	$10,000	Bond + Call	5.5 years	No	80%	100%	80%	19/06/2009	S&P/ASX 200 Index *(80% weighting)* Hang Seng Index *(20% weighting)*	**1% of inv. + 1% of loan**	Recommended	Borrowing limited to ASX 200 exposure ie 80%.
Macquarie - Fusion Funds	$50,000	CPPI + put option	5 years	Distributions reinvested until end of term	100%	(CPPI) Starts at 100%, drops if fund falls in value	100% available *(Not for SMSFs)*	30/06/2009	15	**1% rebate**	Recommended	We are surprised to see the relaunch of Fusion after the downside of CPPI products have become so apparent in 2008. Rising guarantee can reduce returns. Received Ruling from ATO received on tax deductability. Must borrow to invest
Macquarie - Flexi 100 Trust (option A & B)	$25,000	Bond + Call	5.25 years	4.5% pa	100%	100% *(of rise between 22.5% - 85% rise in chosen index)*	100% loan in-built *(available for SMSFs)*	30/06/2009	2 options *(S&P/ASX 200 Index or S&P 500 Index)*	**2% rebate**		Must borrow to invest. 100% loan also available to SMSFs First 22.5% rise is used to cover 4.5% pa distribution x 5 years. Capped at 85% rise in index
Macquarie - Flexi 100 Trust (option C)	$25,000	Bond + Call	2.5 years	4.5% pa	100%	100%	100% loan in-built *(available for SMSFs)*	30/06/2009	Volatility linked exposure to ASX 200 Index	**2% rebate**		Must borrow to invest. 100% loan also available to SMSFs Can break at any time with no break costs. As volatility increases, exposure to ASX reduces, as volatility reduces, exposure increases to a maximum of 200%
Macquarie - reFleXion Trusts	$20,000	CPPI	7 years	no	100%	(CPPI) Starts at 80%, drops if fund falls in value	100% available *(Not for SMSFs)*	30/06/2009	4	**2% rebate**		Must borrow to invest, private ruling on tax deductability. Initial investment level of only 80% (20% in cash) means potential investment returns are immediately reduced.
Deposit plus Access 200	$10,000	Bond + Call	5 years	Yes *(from 90% in term deposit)*	100%	100% *(of rise between hurdle (100-150%) and cap (130-180%) rise in ASX 200 index)*	No	TBA (near end of July 09)	S&P/ASX 200 Index *(10% weighting)* Macquarie Term Deposit *(90% weighting)*	**2% rebate**		Investors looking for the certainty of income and don't need an investment loan would do well to consider this product
Man Investments Australia - OM-IP 2AHL	$5,000	Bond + Call	10 years	No	100% and rising as fund value increases	Aims to provide 100% participation	No	10/07/2009	AHL Diversified Program	**4% rebate**	Highly Recommended	Although higher cost of guarantee has meant OM-IP 2AHL lacks the additional fund (RMF Leap/Glenwood) normally associated with OM-IP, this remains one of our favourite capital protected offers. The only product that aims to provide returns in excess of the guarantee when markets fall
NAB Capital ASX 200 Index Investment	$10,000	Bond + Call	5.5 years	No	100% (drops to 85% if a trigger event occurs)	105%-120% (depends on the cost of protection at start date)	100% Inv. loan. 70% for SMSFs	25/06/2009	S&P/ASX 200 Index	**1% of inv. + 1% of loan**	Recommended	35% drop in the market triggers the capital protection drop to 85%. Of the ASX 200 Index offers, this provides highest level of participation (ie largest upside)

Feature

Capital Protection

Turn to p.3

Tax Effective Investment

Managed Investment Schemes (MIS) have traditionally offered two core benefits, diversification away from share market linked investments and a substantial tax deduction.

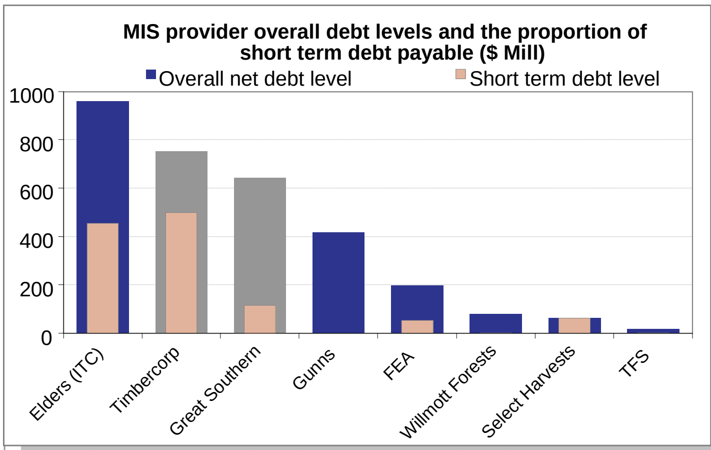
The recent demise of Great Southern and Timbercorp is concerning to prospective MIS investors but it is important to distinguish their poorly conceived business model of inferior product and high company debt levels contributed to their downfall, rather than a reflection of the MIS industry per se.

On a positive note, this has at last forced planners and investors alike to look beyond the short term tax deductions and consider the viability of the manager as well as the underlying investment.

The devil is in the debt

As a result of the credit crunch, the pressing issue for all companies was how to refinance their debt in a ´suddenly´ risk averse market. Similar to Timbercorp, Great Southern's downfall was its large amount of company debt. Their lack of vertical integration and secondary income streams meant that when their short term debt of $105 Mill became repayable, refinancing seemed impossible and their lenders more demanding.

ITC looks like it may be in danger of falling into the same trap with its parent company, Elders, holding large amounts of short term debt due to be refinanced in the next few months. We feel investors would do well to consider an alternative provider while they complete their refinancing.



Source: Collated from Bell Potter Securities Ltd, LonSec research, company accounts to 31st Dec 08 & 31st March 09 and includes recent announcements with regards to debt refinancing/capital raising.

Vertical Integration

By comparison, our review of the more vertically integrated providers such as Gunns, FEA and Willmott Forests, which have established forestry backgrounds prior to offering MIS products, shows that they offer relatively lower risk to investors. Their lower debt levels, diversified income streams and full end to end processing of harvested MIS products, has meant that they are much less reliant on MIS inflows and has allowed them to more readily refinance their debt.

MIS Comparison & Application

Our latest offers and comparison tables are available to download online at www.fundsfocus.com.au/latestoffers

MIS sales and market share

	2005a $m	2006a $m	2007a $m	2008a $m	2009f $m	2005a	2006a	2007a	2008a	2009f
Great Southern	365	458	415	314	**0**	36%	40%	36%	29%	**0%**
Timbercorp	125	162	145	128	**0**	12%	14%	13%	12%	**0%**
Gunns	80	87	152	134	**70**	8%	8%	13%	12%	**13%**
Elders/ITC	83	47	62	38	**50**	8%	4%	5%	3%	**9%**
FEA	44	47	60	116	**104**	4%	4%	5%	11%	**20%**
Willmott Forests	42	37	45	97	**97**	4%	3%	4%	9%	**18%**
TFS	12	20	35	54	**62**	1%	2%	3%	5%	**12%**
Other	274	283	226	198	**149**	27%	25%	20%	18%	**28%**
Total	1025	1141	1140	1079	**532**	100%	100%	100%	100%	**100%**

Source: Bell Potter Securities Ltd (TFS) research report, collated from company reports, AAG and Adviser Edge.
FY09 MIS sales assumptions 0% growth Willmott Forests, 10% decline FEA, 25% decline other participants
Gunns is seeking to raise $70 Mill across 2 projects, ITC is seeking to raise $50 Mill across 3 projects

FEA PLANTATIONS PROJECT 2009

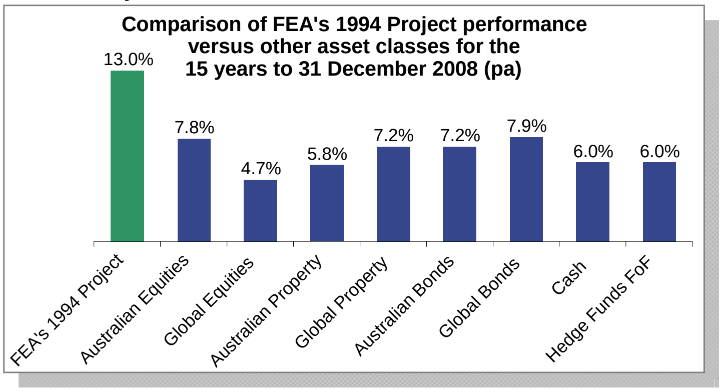
AGRIBUSINESS INVESTMENT

This product is aimed at investors looking for tax effective investments that produce returns independent of stockmarket performance.

Save 8%

We last featured FEA in June 2008 as our provider of choice for investors looking to invest in the tax efficient forestry sector. Since then, FEA went on to win AAG's MIS product of the year for their 2008 (option 1) project.

With much of the turmoil in agribusiness relating to companies established as MIS operators 1st and Foresters 2nd, we feel that FEA continue to offer one of the best opportunities for investors considering tax deductible forestry.



Their relatively low debt levels and vertically integrated operation, means that unlike Great Southern and Timbercorp, they are not reliant on MIS inflows as their only means of survival.

More than ever, we feel that this year's emphasis should be on established providers that have actually produced investor returns and whether these returns have met or exceeded expectations.

All forestry investments deliver the same initial taxation benefit but not all produce the same returns.

Having distributed its final harvest for the 1993 project in June 2008, and a pre-tax return of 13.3%pa, FEA are able to demonstrate a track record, something that most Agribusiness providers have yet to provide.

And with FEA's 1994 project's preliminary results indicating a pre-tax return of 13% per annum, its difficult to argue that its all about the tax deduction. All forestry investments deliver the same initial taxation benefit but not all have been able to deliver the returns.

We feel FEA's history of forestry first, a proven track record and its aim to produce higher value saw wood continues to make this an attractive investment.

Offering 5 investment options, FEA are able to offer investors access to this investment from as little as \$3,450, with a 100% tax deduction and estimated pre tax returns of up to 14.14%pa. ***(offer closes 26th June)***

Estimated Return on Investment (IRR) is taken directly from Adviser Edge research (assumptions for a 46.5% rate taxpayer).

ARAFURA PEARLS PROJECT 2009

AQUACULTURE INVESTMENT

This product is aimed at investors looking for tax effective investments that produce returns independent of stockmarket performance.

Save 6.4%

Never have non-forestry MIS schemes looked so attractive as this year's Arafura Pearls Project. The Federal Government's "Small Business Tax Break" has meant that the total deduction to investors in this project has increased to 142%.

We have had a tendency to steer clear of non-forestry MIS. Our view is that although many of these projects have a shorter investment term and earlier income streams, they also carry a higher level of risk, since horticulture such as fruit or aquaculture are relatively more susceptible to disease and disaster than forestry projects. However, we feel that Arafura's guarantee of live stock into year 2 and their agreed value disease and disaster insurance for the remainder of the term is a key differentiator and risk mitigator to investors. Coupled with this year's additional tax deduction means that the Arafura Pearls Project 2009 is an opportunity not to be missed.

Australian South Sea pearling industry produces the world's most valuable pearls

Australian South Sea pearls account for less than 1% of the world's total cultivated pearls by volume, but 30% of world production by value.

In this quota controlled industry, Arafura have become Australia's 2nd largest South Sea pearl farmer, Arafura's 2009 Project allows investors to access a sector that has historically only been available to high net worth individuals.

2009 Harvest of 2005 MIS Project on target to meet projected returns

As with all tax deductible investment schemes, our focus is to look for established providers that are able to provide a track record to investors

An established pearl farmer, Arafura has been successfully farming Australian South Sea Pearls since 2001 and launched their first MIS project in 2005.

With initial results for this year's harvest indicating returns in line with those projected at outset, investors can be reassured that they are investing with an established provider that is delivering on their promises.

Investors can subscribe from \$13,800 inc GST. *(anticipated close 15th June. Contact us for availability after this date. New 2010 project expected in July)*

HOW TO APPLY

Download online: Download a copy of the PDS direct from our website
www.fundsfocus.com.au/latestoffers

By post: Request a hard copy of either fund by calling us on **1300 55 98 69** or using our enclosed Order Form.

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Tax effective comparison table

Last updated: 31st May 2009

2009 Forestry Projects

Project Name	Specie(s)	Pre tax IRR (Adviser Edge)	Size	Income in years	ATO Product Ruling	Project length	Closing date	Adviser Edge Rating	AAG Rating	Min Investment (exc GST)	Notes	Wealth Focus Commission rebate
AIL - 2009 AIL Red Ironbark Project	Red Ironbark trees	No research	0.5ha	8, 11, 14, 17 & 22	Pending	22	30/06/2009	NA		$4900	Still waiting on Product Ruling	8%
FEA Plantations Project 2009 - Option 1	***Hardwood Eucalypt***	***Up to 10.17%****	***0.5ha***	***9 & 13***	***PR 2009/23***	***14***	***26/06/2009***	★★★★		***$3450 (no GST)***		***8%***
FEA Plantations Project 2009 - Option 2	**Hardwood Eucalypt**	**Up to 11.38%***	**0.5ha**	**9 & 16**	**PR 2009/24**	**17**	**26/06/2009**	★★★★¼	★★★★	**3450 (no GST)**		**8%**
FEA Plantations Project 2009 - Option 3	***Radiata pine softwood***	***Up to 9.15%****	***0.5ha***	***13, 18 & 25***	***PR 2009/25***	***26***	***26/06/2009***	★★★★	★★★★	***$3450 (no GST)***		***8%***
FEA Plantations Project 2009 - Option 4	**African Mahogany**	**Up to 14.14%***	**0.2ha**	**11 & 18**	**PR 2009/26**	**19**	**26/06/2009**	**3.5 stars**	★★★¾	**$3450 (no GST)**	***Vertically integrated provider and one of our favoured providers in 2009.***	**8%**
FEA Plantations Project 2009 - Option 5	***Hardwood Eucalypt Readiata Pine softwood African Mahogany***	***Up to 11.13%****	***3.2ha***	***9, 11, 13, 16, 18 & 25***	***PR 2009/27***	***26***	***26/06/2009***	★★★★¼	★★★★	***$23000 (no GST)***	***FEA were 2008 winner of the AAG MIS of the year. One of the few forestry providers to have produced returns in excess of their original project forecasts. Anticipated to have the largest inflows in 2009***	***8%***
Gunns Woodlot Project 2009 (Option 1)	Eucalyptus	Up to 9.61%*	1ha	9 & 13	PR 2008/66	13	30/06/2009	★★★★¼		$7480	Vertically integrated provider. 2008 AAG MIS of the year Finalist	8%
Gunns Woodlot Project 2009 (Option 3)	*Radiata Pine*	*Up to 9.10%**	*1ha*	*13, 18 & 25*	*PR 2008/68*	*25*	*30/06/2009*	★★★★		*$7480*	*Vertically integrated provider*	*8%*
Gunns Woodlot Project 2009 (Blended Option 1,2 & 3)	Eucalyptus & Radiata Pine	Up to 11.08%*	1ha	9, 13, 18, 20 & 25	PR 2008/69	25	30/06/2009	4.5 stars		$28424	Vertically integrated provider	8%
ITC Diversified Forestry Project 2009	*Pulpwood Red mahogany Indian sandalwood Teak*	*Up to 15.34%**	*1ha*	*7, 9, 10, 14, 15, 18 & 20*	*PR 2009/10*	*20*	*30/06/2009*	★★★★¼	★★★★	*$7000 (no GST)*	*Large amount of short term debt due within the next few months, we currently have concerns over Elder's (ITC's parent company) debt levels. 2008 AAG MIS of the year Finalist*	*8%*
ITC Pulpwood Project 2009	Tasmanian Blue Gum	Up to 9.31%*	1ha	At end of term	PR 2009/12	10	30/06/2009	★★★★	★★★¾	$4500 (no GST)		8%
ITC Sandalwood Project 2009	*Indian and Australian sandalwood*	*Up to 18.43%**	*0.5ha*	*10, 14, 15 & 18*	*PR 2009/15*	*20*	*30/06/2009*	★★★¾	★★★★	*$4500 (no GST)*		*8%*
KTC Mahogany Project 2009	African mahogany	Up to 18.8%*	0.25ha	10	PR 2009/17	10	30/06/2009	★★★¾		2 x $6840 = $13640 (no GST)		8%
Macquarie Forestry Invesment 2009	*Eucalypt*	*Up to 8.76%**	*0.25ha*	*At end of term*	*PR 2009/14*	*11.5*	*30/06/2009*	★★★★	★★★★	*$10120*	*Can also purchase land at $2,000/unit*	*8%*
Rewards Group Premium Timber Project 2009	Australian sandalwood and teak	Up to 11.9% (after tax)** AAG	0.25ha	7, 8, 11, 12, 15, 16, 19 & 20	PR 2008/73	20	30/06/2009	NA	★★★★	$6050		8%
TFS Sandalwood Project 2009	*Indian sandalwood*	*Up to 14.68%**	*0.167 ha*	*14, 15*	*PR 2009/5*	*15*	*30/06/2009*	★★★★	★★★★	*$12925 - 1-5 Lots, $12375 - 6+ Lots*	*Grower may elect to defer paying annual fees in lieu of a %age of proceeds at sale*	*8%*
WA Blue Gums Ltd - W.A. Blue Gum Project	Eucalyptus (Tasmanian Blue Gum)	Up to 11.71%*	1ha	10	PR 2008/104	10	30/06/2009	★★★★¼		3 x $5500 = $16500	Approx $500 pa fees. Mgmt outsourced to an established forestry company, option to copice or replant at end of term	8%
Willmott Forests Premium Forestry Blend Project - 2009 PDS	***Sawn hardwood, pine and renewable energy***	***Up to 11.6%** AAG***	***0.52ha***	***3, 5, 7, 9, 10, 13 & 15***	***PR 2008/60***	***16***	***30/06/2009***	***NA***	★★★★¼	***$5500***	***One of our favoured offerings. Vertically integrated provider***	***8.5%***

*Disclaimer: This comparison is a summary only and should not in any way be construed as providing securities advice or an endorsement or recommendation of any security or product. Wealth Focus has not taken into consideration your investment objectives or your investment needs and make no representation as to the suitability or otherwise of any product, or security, to you. Before making any investment decision or purchase, you should fully satisfy yourself as to the suitability of any security or product you are considering, to your own particular circumstances, read the PDS, and if necessary seek professional investment and tax advice. We recommend that you read our Financial Services Guide. Whilst Wealth Focus makes every effort to ensure that the information is correct at the time of publishing, Wealth Focus takes no responsibility for the accuracy of the information supplied. Projected Investment Returns are the maximum calculated by *Adviser Edge and **AAG are purely for illustration purposes to allow investors to assess the possible risk return scenarios. They should not be considered a representation of actual returns, final returns are likely to be below the maximums.*

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Tax effective comparison table

Last updated: 31st May 2009

2009 Non-forestry Projects

Project Name	Species(s)	Pre tax IRR (Adviser Edge)	Size	Income in years	ATO Product Ruling	Project length	Closing date	Adviser Edge Rating	AAG Rating	Min Investment (exc GST)	Notes	Wealth Focus Commission rebate
AIL - 2009 AIL Almond Orchard Project	Almonds and Land	Up to 12.26%*	0.125ha	Yearly from year 4	PR 2009/29	17 for growers, 30 for land	15/06/2009	★★★¾		$7600	Annual fees approx 2kpa (can finance). Cashflow positive from year 6. Land ownership useful for SMSF	8.25%
Arafura Pearls Holdings Limited	***South Sea Pearls***	***Up to 23.26%****	***405 graded spat and 13 panels***	***5 & 7***	***PR 2009/16***	***7***	***15/06/2009***	★★★★		***2 x $6930 = $13,860***	***142% tax deduction. Budget changes increased tax deduction to 140% (Prod. Ruling additional 42% applied for). Wealth Focus preferred product. Guarantee of min shell for seeding to end of yr 2. Post yr 2 has insurance in place for remainder of project. Built in agreed value ins. policy for disease and disaster to end of term. No annual fees payable (deferred).***	***6.4%***
Australian Bight Abalone	Abalone	Up to 23.63%*	10 Abtrays®	2,3, 5 & 7	PR 2009/22	7	15/06/2009	★★★★		$13827	132% initial tax deduction Budget changes**increased tax deduction to 132%** (ATO PR ruling on additional 38% applied for). Approx $2.5k pa ongoing fees	8%
Gunns Plantations Limited Walnut Project No. 3	*Walnuts*	*Up to 16.07%**	*0.2ha*	*Yearly from year 2*	*2009/33*	*25*	*15/06/2009*	★★★★	*NR*	*$6424*	*100% tax deductible. Annual fees payable. Approx costs $2k pa. Anticipated Cashflow positive in year 5*	*8%*
Maccacorp Ltd - 2007 Macgrove Project (2009 Growers)	Macadamia nuts	Up to 16.28%*	0.4ha	Yearly from year 2	PR 2009/11	19	15/06/2009	★★★★		$11000	Option to renew involvement at end of term for further 5 or 4 years. Annual fees of approx $2k pa	8%
Macquarie Almond Investment 2009	*Almonds*	*Up to 19.4% (after tax)** AAG*	*0.25ha*	*Yearly from year 2*	*PR 2009/19*	*23*	*15/06/2009*	*NA*	★★★★	*$7500*	*2008 AAG MIS of the year* ***Finalist***	*8%*
Olive Growers Australia Project 2007 – 2009 Growers	Olive Oil	Up to 13.34%*	0.05ha	Yearly from year 1	PR 2009/30	20	31/05/2009	★★★★		2 x $1794 = $3588	83% initial tax deduction. Approx $1300/unit fees due over 1st 3 years At end of term growers vote to sell and realise assets	8%
Rewards Group Premium Vineyards Project 2009	*Wine Grapes*	*Up to 20% (after tax)** AAG*	*0.25ha*	*Yearly from year 1*	*PR 2009/37*	*20*	*15/06/2009*	*NA*	★★★¾	*$9900*	*Annual fees of approx $3k pa payable from Oct 09*	*8%*
Fabal - Tasmanian Premium Cherries Project	Cherries	Up to 14.17%*	0.1 ha	Yearly from year 1	PR 2009/13	15	31/05/2009	★★★★	★★★★	9504	84.38% of initial inv. is deductible, averages to 95.5% tax deduction over years 1-3. Anticipated costs of approx $5k pa for 1st 3 yrs	8%

Offer Launch

Trail Commission Rebate Program

Turn to p.2

Margin Lending

"Give me a lever long enough and I could move the world" - Archimedes

I am sure the Global Financial Crisis is not quite the context which Archimedes had in mind when he made this statement. Too much easy money has flooded our financial system leading to global repercussions.

Unfortunately this easy money led to investors taking on too much leverage and investing in assets which have not stood the test of time (Babcock and Brown et al). Lending practices of Opes Prime and the modus operandi of Storm Financial are further examples of what can go wrong with leverage.

However, the principle remains a sound strategy, and with the share market some 30% lower than its peak, we propose that now is the right time to get set and leverage into market leading companies whose future cash flows are well set to see them through the financial crisis.

3 Golden Rules to margin lending

1. Use a provider who is going to be around for the long term (smaller players are likely to entice you in with a lower rate but less likely to offer the higher LVRs as a buffer against margin calls)
2. Ensure that your investments or savings can meet margin calls and interest costs
3. Don't over gear, 50-60% is considered reasonable. Overstretching your lending can mean regular margin calls, costing you money and heartache.

Opportunity Knocks from as low as 5.89%

From an Australian market perspective, the GFC has contributed to a shrink in the local margin lending industry from $37.1 billion in loans to $21 billion.

The uncertainty in the markets meant that a large proportion of borrowers have become more conservative and paid down their loans to reduce their risk.

This year has seen margin lenders fall into one of two camps, they either see this as an opportunity to gain market share or have shied away from lending risk, offering uncompetitive rates and tightening up on the Loan to Value Ratios (LVRs).

As a result, investors with existing margin loans have an excellent opportunity to refinance their debt, increase their LVR and reduce their interest rate.

Our analysis of the current rates on offer through Wealth Focus have highlighted Macquarie Prime's variable rate (5.90%) and BT Margin Lending's fixed rate (5.89%) as some of the lowest rates currently on offer, allowing investors to access some of the highest LVRs and lowest rates available.

Did you know

Investors with high loan amounts in excess of $1 Million are typically able to negotiate much lower rates through a broker than dealing direct. Lenders source most of their business through financial planners and are therefore much more likely to offer a broker/planner larger discounts than dealing direct.

2009 Margin Loan Comparison Table

Last updated: 5th June 2009

Company	Interest Rate	1 yr pre-paid/fixed rate	Further discount with WF for new or existing loans	No. of approved securities	No. of approved funds	Min. loan size	Notes
BT Margin Lending	**7.99%**	**6.99% < $500k 6.49% $500k - $1Mill 6.09% > $1Mill**	**0.20%**	**600**	**2400**	**$20,000**	**WF favoured provider, high LVRs, low rates, good service, can use other share trading platforms, wide range of managed funds**
Citi Smith Barney Margin Lending	8.15% < $250k 8.00% $250K - $1Mill 7.85% > $1Mill	8.15% < $250k 8.00% $250k - $1Mill 7.85% > $1Mill	**0.10%**	382+137	900	No minimum	
Colonial Geared Investments	7.99%	7.69% < $1 Mill 6.34% > $1 Mill	**0.05%**	497	2036	$20,000	A subsidiary of CommSec with wider range of investments to investors.
CommSec	7.85%	7.49%	**0.00%**	490	1330	$20,000	
Goldman Sachs JBWere	8.25%	7.10%	**0.10%**	1500	500	$50k for first 6 mths. $20k min. for fixed rate	Able to lend on one of the largest range of securities
Leveraged Equities	8.25%	7.60%	**0.10%**	398	2053	$20,000	Bought Macquarie Margin Lending last year, rates seem uncompetative
Macquarie Prime	**6.00%**	**6.49%**	**0.10% (of 1st year, payable in arrears)**	**2179**	**0**	**No min. but $100k to receive WF discount**	**Low rates, high LVRs. But must use Macquarie for share trading, high LVRs, must settle margin calls on day**
NAB Margin Lending	7.80% < $250k 7.55% $250k - $1Mill 7.30% >$1Mill	7.30% < $250k 7.10% $250k - $500k 6.90% $500k - $1Mill 6.65% >$1Mill	**0.15%, further 0.10% if more than 70% invested via MLC mastertrust**	368	1061	$20,000	Typically offer some of the best rates in the industry, this year seems to be lacking
St George Margin Lending	8.10% < $250k 7.85% $250k - 500k 7.60% > $500k	6.85% < $250k 6.60% $250k - 500k 6.35% > $500k	**0.05%**	503	1313	$20k for fixed rate, no min for variable rate	Westpac ownership provides financial strength. Rates are relatively competitive
Suncorp Margin Lending	7.99% <500k 7.74% >500k	7.50% <$1 Mill 7.10% >1 Mill	**0.10%**	529	1243	$20,000	Typically very competitive, rumours of Suncorp's takeover have provided uncertainty

Disclaimer: This comparison is a summary only and should not in any way be construed as providing securities advice or an endorsement or recommendation of any security or product. Whilst Wealth Focus makes every effort to ensure that the information is correct at the time of publishing, Wealth Focus takes no responsibility for the accuracy of the information supplied.

Performance Tables

Tax Effective Investments

Forestry & Non Forestry MIS

Turn to p.6

Fund Name	Fund Category	Fund Size ($Mill)	ICR (%pa)	Total Return (%pa)		
				1 year	3 year	5 year
Managed Funds - Top performers (1 year returns to 31 May 2009)						
IOOF/Perennial Flexi-Trust Fixed Interest Fund	Fixed Interest	4.6	1.23%	11.63	5.35	5.07
Advance Alliance - International Fixed Int. MultiBlend Fund	Fixed Interest	0.2	1.85%	11.50	6.99	5.18
IPAC Strategic Inv. Service - Australian Fixed Interest Fund	Fixed Interest	3.6	1.68%	10.26	4.56	4.50
AMP FLI - AMP Australian Bond	Fixed Interest	4.4	1.75%	9.60	4.63	-
ANZ OA Inv Pfolio UBS Diversified Fixed Income	Fixed Interest	1.8	1.52%	9.30	3.11	3.46

source: www.FundData.com.au

Fund Name	Fund Category	Fund Size ($Mill)	ICR (%pa)	1 year	3 year	5 year
Superannuation Funds - Top performers (1 year returns to 31 May 2009)						
BT Lifetime - Personal Super – BT Global Bond	Fixed Interest	3.7	1.65%	23.21	4.51	2.38
Skandia One Super UBS Australian Bond Option	Fixed Interest	4.0	1.85%	9.80	4.31	3.98
Skandia One Super Barclays Australian Bond Index Option	Fixed Interest	1.6	1.71%	8.91	4.28	4.07
ANZ OA Per Sup - UBS Diversified Fixed Income	Fixed Interest	0.7	1.91%	8.15	3.06	3.39
AMP Flexible Lifetime Super AMP Australian Bond	Fixed Interest	218.1	1.85%	8.13	3.80	3.72

source: www.FundData.com.au

How to read these tables

Funds are listed are shown by Managed fund (unit trusts) or Superannuation funds. Funds are filtered using the following criteria and are listed according to performance:

1. Fund must be open to new investors.
2. No wholesale or nil entry funds have been included.
3. Master trust fund duplications have been removed.

The performance tables have been compiled from the latest data supplied by FundData up the 31st May 2009.

source: www.FundData.com.au

Definitions

Fund category defines the sector that the fund invests in.

Fund Size ($Mill) is the net assets within a fund. Internally sourced money from the manager's other funds is excluded to avoid double counting.

ICR (%pa), the Indirect Cost Ratio, is a measure of most annual fees within the fund excluding performance fees within your fund. (Asterix* - Denotes where the data was not available and we have estimated the fees directly from the PDS/Prospectus)

Total Return (%) is the return of the funds listed over 1,3 and 5 years after fees, charges and taxes, assuming all distributions have been included. Entry & exit fees are ignored.

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PDS Order List

- ☐ Arafura Pearls Project 2009
- ☐ BT Margin Loan
- ☐ Man OM-IP 2AHL
- ☐ NAB ASX200 Index Investment
- ☐ Axa North – Protected Investment Guarantee
- ☐ Other *(please list)* ……………………..
  ………………………………………..

Additional Services

- ☐ I want to take advantage of the Wealth Focus free annual report service (holdings listed on attached broker nomination form)
- ☐ Please contact me about your trail commission rebate program

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Order a ZERO entry fee PDS or just update your details

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