Funds Focus®

$4.00

Issue 1, January 2008

A whole new world

Our aim is to give you.....

Value, Information & Clarity

Happy New Year and welcome to our first issue of Funds Focus. We have spent the last year researching and developing a unique investment offering which we have designed specifically for the DIY investor.
Our research found that you wanted to be able to invest with ease and with low fees. As a result, our primary focus is to provide "value, information and clarity' to the DIY investor.
Many of you contributed to our research in early 2007 which helped guide the features and functionality we have developed. We are constantly improving our service and adding additional functionality not to mention a great range of 'Special Offers' for our subscribers.

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The world is changing – Has your portfolio changed too?

The world has changed. Since the start of the new millennium, we have witnessed a global economic revolution. Whilst most of us enjoy the benefits, few of us acknowledge the scope of these changes. Globalisation is now a reality. The price of goods and services we buy from China, India and the former Eastern bloc has played a part in keeping inflation in check, more so than the actions of our own politicians and central banks.

In my opinion, the full significance of this economic revolution has yet to be realised and I believe it will surely change the way we allocate our investments.

The removal of restrictions on trade and capital flows within emerging economies such as China, coupled with rapid technological progress, now means that in the vast majority of cases, businesses in the west are able to source cheaper, and educated labour in the emerging markets.

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www.fundsfocus.com.au

Funds Focus is designed and written for DIY investors, looking to make investment decisions without financial advice. Our discounts and benefits have been developed with this in mind. If you would like personal financial planning advice you should seek independent advice.

Funds® FOCUS

The world is changing – Has your portfolio changed too?

continued from page 1.

This process is enriching the population of these emerging markets and creating new investment opportunities for the developed world. This is evidenced in the impact on secondary markets such as what we've recently seen in the resurgence of commodities following China's economic awakening.

The question remains as to whether China can continue its run or whether its too heavily reliant on a slowing US economy.

One thing's for sure, with the increase in globalisation and industrialisation of the emerging markets, for better or for worse, investing in equities is going to be volatile.

Regardless of the economic climate there are always opportunities

With the recent turmoil and the marked increase in volatility in the markets, many investors have found themselves questioning whether they can get any returns in 2008. I would argue that regardless of the economic climate there are always investment opportunities, you just need to tailor your portfolio and investment strategy towards the opportunities that exist. Take the recent increase in iron ore prices, whilst this is bad news for newly industrialising countries, hungry for iron ore to build their infrastructure, it's also good for those rich in iron ore reserves, producing and selling it at a higher price.

One of the worst things the DIY investor can do is do nothing in the hope that outdated investment strategies are going to produce the best returns over the coming year. Taking advantage of cycles in market sentiment and using quality managers is always going to give you the best opportunity to get great investment returns.

Investment Notes

Funds Focus is issued under general advice only and is not personal advice. The price and value of investments and their income fluctuates: you may get back less than the amount you invested. Past performance should not be seen as an indication of future performance. Exchange rate fluctuations may have an adverse effect on the value of non-Australian funds and shares. Tax benefits and the value of these to you can change at any time and are based on the rate of tax you pay and our current understanding. The savings referred are correct as of 29/01/08.

This month's issue examines the opportunities that exist as a result of the "new economy", where they are and how you can minimise some of the resulting volatility.

Challenger China Share Fund

The Asian growth story and China's emergence into the outside world remains as compelling as ever. Could now be an opportune time to invest? **p12**

Merrill Lynch International Gold Fund

Gold can be considered an effective diversifier. Gold often performs well when financial markets perform poorly as investment managers look around for 'insurance' against financial instability and poor equity performance. **p14**

Macquarie - Globalis BRIC Fund

Emerging markets continue to be the fastest growing economies. We examine Macquarie's joint venture into the BRIC economies and how you can take part in the fastest growing economies in the world. **p16**

Launch offer – Free Portfolio Healthcheck

Probably the worst thing you can do is sit on an portfolio full of proverbial "dogs" in the hope that they'll somehow get their act together and produce you the great returns overnight. We're giving investors the opportunity to get a free report across all their managed fund investments. **p19**

The year ahead

Looking to the year ahead, the million dollar question is whether the development of the emerging markets will continue to keep global growth ticking over, or will the sub-prime fall-out and forecasts of slower US growth continue into recession and drag down the rest of the world's economies?

There is no clear cut answer but lets examine the facts:

- Western economies look like they will experience a slowdown in 2008, although the scale of which is open to debate. As a result, companies heavily reliant upon consumer spending are the most likely to suffer.
- Australia has just elected a new government, but we do not see this having major implications for the economy or markets in 2008. The bigger issue for us is how much tightening the Reserve Bank will have to do to get on top of the inflation outlook.
- The recent worldwide share market falls resulting from increases in defaults on US sub-prime mortgage lending may have not yet run its full course, there may yet be more bad news.
- A slowdown in the US economy is likely to lead to a reduction in interest rates and as a result investors are likely to look overseas for higher returns, countries like China, India and Russia/the former Eastern bloc with higher growth and interest rates.

Some analysts are dismissing China as they feel it's too heavily reliant upon the US economy. However, China is a lot more robust than it was a few years ago and the country is industrialising at a phenomenal pace. Throw in the Beijing Olympics and 2008 looks like it could still be an investment opportunity.

One important to note with these new emerging markets; their economies are much more volatile than Australian equities and definitely not for the faint hearted. Whilst I personally don't feel that these economies are vastly over-inflated, in the short term the bull run could well be in its last Phase. This phase can be the most rewarding and exciting, but is also at its most volatile.

Funds in this issue

Launch Offer

Free Portfolio Healthcheck

Turn to p.19

Our aim is to provide value, information and clarity

Continued from front page..

This issue is jam packed with information and offers and we encourage you to check out our informative 'Back to Basics' in future issues for the not so experienced investors. We will also be working hard to provide investment opportunities to experienced investors and share traders in future issues.

Take advantage of our Portfolio Health Check and get 2008 off to a profitable start! (p18)

DIY investor tools, making it easier for you to invest

As an investment professional who as worked in the financial services industry for over 10 years, I realised that it can be overly complicated for planners and investors alike to compare products and make their own investment decisions. I recently viewed a PDS document that was over 200 pages long! I found myself asking how can this be in the interest of investors and disclosure when you are expected to trawl through 200 pages to look for one or two key areas?

I am one of the biggest advocates of disclosure, Product disclosure is one the key reasons that product providers can no longer get away with charging you 4% or 5% each year, but with fund managers charging a wide array of annual management fees, contribution fees, bid offer spreads and plan fees, its getting more and more difficult to compare like with like.

Free managed fund comparison tool

My concern is that the ambiguity that currently surrounds fees only serves to benefit managed fund companies. Planners and investors alike struggle to find out exactly what the overall effect of the deductions is on their managed funds. As a result our first priority was to build a managed fund comparison tool to allow investors to compare like with like when considering the performance vs charges debate.

Fees Comparison Tool

Register online and download our free managed fund comparison tool, to compare the effect of deductions on your managed funds.

www.fundsfocus.com.au/tools

Clarity on fees

A case in point: take two separate managed funds with similar investment objectives and similar anticipated returns. The first charges a low annual management fee with an up front contribution fee, whilst the second charges a higher annual management fee but no additional fees. It's not so surprising that in 7 years, when a majority of investors have already switched or considering to switch, that the fund with the lower annual management fee has still not recouped the cost of the initial contribution fees.

	Manager A	Manager B
Regular investment	$500 pm	$200 pm
Single initial investment	$50,000	$50,000
Projected term of investment	7 years	7 years
Assumed growth rate	9%	9%
Fees		
Contribution fee	5%	0%
Annual management fee	1.00%	1.70%
Final fund value	**$ 133,833**	**$ 135,567**

Our calculator can also show you how performance fees and additional set up or annual charges can impact on the value of your investments.

Know where you stand!

Whatever your views on the performance versus fees debate, wouldn't it be good to know exactly where you stand.

Register online and access our online investor tools, and remember, all our tools are free to the DIY investor.

Turn to p.10

FOCUS ON – PERSONAL INSURANCE

Over the coming year, we are running a series on financial planning basics, allowing you insight into the basic do's and don'ts of financial planning. This first issue focuses on personal insurance, how and what you need to look out for as well as our top tips in looking for an insurance policy.

Launch offer

We have teamed up with Zurich* to launch a special offer to Funds Focus readers. Apply online for a Zurich Ezicover insurance policy before the end of April and they will pay for your first month's premium.

Dead Money – The cornerstone of good financial planning?

I've advised many clients over the years and the fact remains that whilst the single most important product that anyone can ever buy is insurance, this is one thing that clients don't have and most often, have not considered. There is a feeling that insurance premiums are 'dead money'. It is a catch 22 situation, there is a feeling that you are paying for something that you haven't used or when you do use it, you have suffered an illness or traumatic event and it isn't a pleasant experience.

What you do get in purchasing insurance, is peace of mind. Knowing that your family is protected in the event that you are unable to contribute financially alleviates stress and allows you to focus on spending carefree time with your family.

It's all about income

Almost all of our aspirations, hopes and dreams pivot around our ability to produce an income. This includes the home you own, the university your children go to, the clothes you wear and the food you eat and in some cases, even the number of children you have.

Regardless of whether you are considering life insurance, trauma, disability or income protection, these insurance products are primarily there to provide a regular income or a lump sum that your family can use to provide an income to you or in the event of your death. This ensures that your family can continue with the same lifestyle.

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Injury is still the leading cause of death for people under the age of 45.

Source: Australian Institute of Health and Welfare 2004

Performance Tables

Managed & Superannuation funds

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FOCUS ON – PERSONAL INSURANCE

In our first Focus on life insurance, we look at insurance in its various forms, pure life insurance, trauma, disability and income protection.

Life insurance is by no means a modern invention. Some 2000 years ago, in Roman times, a form of life insurance was practised by burial societies. These societies paid the funeral costs of members out of monthly payments to the societies.

Similar organisations sprang up in the Middle Ages in Britain as Trade Guilds tried to provide for the funeral costs of members. These early societies and guilds had no data on which to base their calculations, civilisation had not yet developed to the extent of recording births and deaths and there was no real idea of how long people were expected to live for. It was only in 1582 that any effort was made to start collecting records of baptisms and burials which then led to the structuring of mortality tables and costing of premiums as we know it today. In its simplest form – the older you are the more likely you are to die.

Unlike most products that you purchase in our "buy now, pay later" economy, financial products, and in particular, insurance, require you to pay now and reap the benefit later. You are in effect, putting your faith into an insurance company to pay you in your times of need.

In this vein, our focus on life insurance is designed to give you a greater understanding in how insurance products work, how you can calculate how much cover you need and some simple steps to ensure you get the best value insurance product.

Driving the cost of insurance

Whilst calculating how much insurance should cost you, there are a huge number of factors that drive the cost of the underlying insurance:

- **Age** – The older you are the more likely you are to die, and as a result the older you are the more its going to cost.
- **Sex** – Women live approximately five years longer than men and whilst this makes it cheaper for them to look at life insurance, they're more complex anatomy means that they suffer more illnesses, making it more costly for health based insurances.
- **Health** – One of the primary drivers in determining the cost of life insurance is your health. Insurers look to protect the pool of policyholders by loading premiums for new applicants with poorer health and in some instances will even refuse cover altogether.
- **Smoking** – In most cases smokers will pay a hefty loading due to the associated additional illnesses and their shorter life expectancy.
- **Occupation** – This is a primary driver of cost when looking at Income Protection but can also impact on the rates for life, trauma and disability cover. So, higher risk or higher skilled occupations such as firemen or surgeons have a higher cost associated with their cover.

Other additional factors that are not as obvious but will nevertheless influence the underlying rate include, where you live, your occupation, lifestyle, the overall level of commission paid to a sales intermediary as well as the underlying profitability of the company.

"Adequate cover for an individual in a family situation was usually between 10 and 13 times the person's annual income."

"Only four per cent of Australian parents have enough life insurance cover to sustain their family's lifestyle." *Source: IFSA Rice Walker, 2005*

Investment Ideas

Merrill Lynch – International Gold Fund

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FOCUS ON – PERSONAL INSURANCE

How much is enough?

Whether you're considering life, trauma, income protection or TPD insurance, if you're the breadwinner, you will want to keep your family in the style to which they have become accustomed. If you're a housewife/househusband, then you will need to provide money for someone to do the things you did if you're not around or incapacitated. Consider this

- **How much money might be needed in order to pay off your debts such as your mortgage or personal loans?**
- **How much money do your dependents need to continue to live in the same lifestyle they currently enjoy?**

  Life Insurance - As an approximate rule of thumb, you should consider insuring yourself for 10 times your salary.

  Trauma, Disability and Income Protection - When insuring yourself for trauma, disability or income protection you should aim to produce around two thirds of your earnings or a minimum of $50,000 indexed for inflation.
- **How much can you afford to pay?**

You get what you pay for

For many, cost is the primary consideration. It's a question of affordability versus what you need.

Ultimately, how much cover you and your family needs will vary from household to household, so it's up to you to decide how much money should leave your family with a reasonable standard of living.

A better question when considering how much insurance to take out is ***'How much cover can I afford?'***

One thing is clear:

Unless you have accumulated so much wealth that you can afford not to work tomorrow, you have a need to insure yourself and your family.

Quote & apply with Zurich in 5 mins

Our online portal with Zurich Ezicover contains a quick calculator allowing you to quote and apply online.

If you are unsure as to how much cover you need, Zurich's quick calc can also help you work out what may be the best level of cover for your needs. Alternatively, if you just want to see what you can get for X dollars a month, Zurich's quick calculator will give you an immediate quote.

www.fundsfocus.com.au/insurance/

When it comes to insuring yourself & family, something is always better than nothing

More than one in every three males and close to one in every four females will suffer from some form of cancer before age 75

Source: Australian Institute of Health and Welfare 2004

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FOCUS ON – PERSONAL INSURANCE

Finding the right personal insurance

Another major consideration in looking for personal insurance is just what do you insure yourself for? There are a number of variations in the types of personal insurance that you can purchase and its easy to get hung up on the small print of this policy versus that policy. Essentially they do the same thing and the worst thing you can do is overcomplicate the process and end up with nothing. Remember, when it comes to insuring yourself & family, something is always better than nothing.

Although product providers have a whole raft of additional add-ons and small variations in how their products work there are essentially four main types of insurance product in the market. Life, Trauma, Total & Permanent Disability (TPD) and Income Protection. In my experience, the reason that the vast majority who don't have insurance, don't have it because they don't understand what it does.

Types of Personal Insurance

An insurance policy is a contract between you and the provider that on the basis that you continue to pay your premiums, they will pay out your sum insured in the event of you experiencing an illness or death. It's a long stretch to expect you to pay for a policy where you aren't sure what you're going to get. As a result, we've tried to run through the main types of personal insurance currently available and how these can be of use to you.

Life Insurance – Pure life insurance is the what most people think of when you talk about personal insurance.

In the event of your death your family/estate receive a lump sum to allow them to continue to live in the same lifestyle they were accustomed to when you were around.

Trauma Insurance – Also known as Critical Illness insurance, pays out a lump sum in the event of you suffering from one of a list of specified illnesses. Critical illnesses are generally very serious illnesses that make you question whether you'll be around in another 5 years and in my experience the payout received is used more to condense all the things you wanted to do in your life into this short period of time. Alternatively, if you want to use your payout for peace of mind to pay off debts, its entirely up to you.

Its interesting to note that approx 8 out of 10 claims relate to the three core conditions that are the basis for all trauma policies, heart attack, cancer and stroke.

Income Protection – This pays out a percentage of your income in the event of being unable to work due to long term illness. The maximum you can insure yourself for is usually up to 75% of your income, insurers don't want you to have exactly the same level of income as when you stopped working as there's no incentive for you to go back to work. Payments towards income protection polices are generally tax deductible.

Total & Permanent Disability (TPD) Cover – This typically pays out a lump sum in the event that you are permanently unable to do your own job or if you are unable to do 2 out of 5 activities of daily living.

Only 31% of Australian adults aged 18 – 59 have a personal life insurance policy

CommInsure Life Insurance Study 2004:

Financial Advice

Tips for the year ahead

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FOCUS ON – PERSONAL INSURANCE

Finding the right personal insurance cont.

Structuring your insurance

Now that you've decided you need insurance, you then need to determine which type of insurance cover you require. Generally, you need a little of everything, but each individual is different. If you're limited by budget, try prioritise what is more important to you.

Life insurance is often opted for as it's generally the cheapest cover and the cover that people are most familiar with. If you are seriously ill, then not only has your family unit lost your income but you still have to feed, clothe and perhaps find a carer to look after you. For most, due to the relative cheapness of life insurance, not insuring yourself for your outstanding mortgage and personal debts is just plain stupidity. Having said that if you're single and have no dependents there is very little reason for you insure yourself in the event of death. After all, you can't take it with you.

Income protection plans are ideal in terms of providing a long term income, but don't provide the lump sum that you may need in times of very serious illness where you may want to spend time away with your family.

Trauma and TPD policies provide a lump sum, but can seem costly, this is because men have a 2 in 5 and women a 1 in 4 chance of suffering a critical illness between the ages of 30 and 64 *(General Cologne Re, 2001).*

As a result, structuring your insurance is very personal. My suggestion is to use the quick calcs that Zurich have built for Ezicover and get a feel for the cost. Zurich Ezicover even allows you to put multiple covers within one policy, with an added benefit of a multi-policy discount.

Top 3 insurance tips

Tell the truth

Failing to disclose all relevant information to your insurer about your current health, personal habits (such as smoking and drinking) and medical history may cause complications at claim time.

Shop around

Many insurance products are sold direct through a high street bank or alongside a mortgage product. Unless you've shopped around or dealt through a broker how do you know you're not overpaying?

Get insured

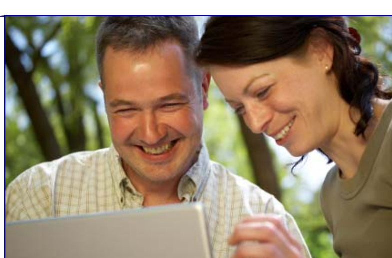
Obviously we're going to say this, after all, we want your business, but, as simple as it sounds, it's the one thing most of us are guilty; 'just not getting round to do it'. Even small premiums can make a significant difference in the event of a claim, so make sure you have some in place.

Our online application with Zurich means you can now apply in just 5 minutes, so there are no excuses.

Special offer - Apply online by the 30th April and Zurich will pay your first month for you.

Apply Now

www.fundsfocus.com.au/insurance



With Zurich's Online Ezicover you can apply for any combination of cover up to

- $500,000 in the event of death

- $150,000 Trauma cover

- $3,500 pm Income Protection

Performance Tables

Managed & Superannuation funds

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LAUNCH OFFER FROM ZURICH EZICOVER

Something for nothing

Each month, we look to bring opportunities to our clients that allow them to save money on their investments and finances. I recently spent time with Annette Bran of Zurich discussing what I consider to be a revolutionary product in the market and how we can effectively, offer our clients something for nothing.

Up until now, I've always felt that whilst there is a huge need for Australians to insure themselves adequately, insurance companies almost go out of their way to make it difficult to apply for insurance in the first place. There is almost an overemphasis on paperwork and not enough focus on making it simple and easy for the client to apply.

So I wasn't surprised to find that recent research has identified that consumers often felt that obtaining cover was complicated and time consuming and what they really wanted was a simple, easy to complete application and affordable premiums that provide a meaningful level of cover.

Welcome to the 21st century

This century has seen some major changes in the development of online services to consumers. For many of us using the web to access services and information is part of everyday life.

Unfortunately, until recently, applying online for life insurance consisted of downloading an application form to complete and sign, leaving it just as complicated to apply for insurance as it was before.

Zurich's deployment of a fully automated simple and easy to use online application, means that anyone can apply for cover in just 5 minutes, and in most cases, for lower cost than the paper based applications available in the market.

The face behind the product

Annette Bran (Direct Response Manager) & Chris Rutherford (Risk Operations Manager) headed the development and refinement of Zurich's online application (Ezicover). With over 50 years combined industry experience, Annette and Chris have seen it all and are well aware that behind every statistic is a real person with a real family on whom there will be a real impact.

"We felt that some of the application processes in the industry had lost sight of making it simple for the one who counts most, the parent, the breadwinner, the small business person..."

"We could see that there was a need to design a product that allows the public to easily access affordable cover that will deliver real benefits and peace of mind from the comfort of their own home."

With household debt at an all time high and access to credit far easier than 20 years ago, many are in greater need of protection than ever before.

With some of the lowest premiums in the industry and an easy 5 minute application process, you can get more cover for even less than before.

Something for nothing?

Its not often that you get something for nothing, and when you do, you should take full advantage.

Apply online for Ezicover and Zurich will pay your first month for you.

Apply Now

Turn to p.16

Tips for the year ahead

Eight for 2008 from NWAdvice

Andrew Reeve-Parker, Director of NW Advice, offers his eight top tips for the year ahead

1. Give your Tax File Number to your Super Fund

If you don't, the ATO will deduct 46.5% from your employer contributions and deny your personal contributions.

2. Timing your Investment

If you are sitting on cash, resign yourself to never being able to pick the bottom of the market. You can however put the odds in your favour by researching the various financial ratios such as the Price to Earnings and Price to Book Value ratios. If you don't have the time, employ a competent fund manager to look after your investments.

3. Update your insurance policies

The cost of life insurance has come down over the years, if you've held your policy for a number of years, you may find that you can now get a much larger amount of cover for the same premium. Underinsurance is one of the most common problems we see among clients, re-broking cover can be a simple solution in obtaining additional cover with no cost.

4. Self Funding Instalment Warrants – the smart way to leverage

If you want to increase your investment exposure, franking credits and tax deductions whilst eliminating the dreaded 'margin call', use SFI warrants to give your wealth a boost. Think of it as putting shares on lay-by whilst enjoying all the benefits now.

5. Review your asset allocation

Strong results in our local market will have distorted your portfolio weightings and, as a result, increased the risk of your portfolio and in some cases potentially reduced your future returns.

Evaluate your portfolio allocation and take steps to find the right balance. Correctly balanced portfolios can reduce the volatility of your investments by using asset classes which perform at different stages in the market.

6. Review your home loan

It never ceases to amaze me how many people just sit on the standard variable rate on their home loan. For most, this is by far their biggest expense and with many of the mortgage lenders falling over themselves to get your business, you would be mad not to look at some of the reduced rates available to entice your business over to them.

7. Set up a regular payment

Its human nature to panic and sell when the market has fallen and want to invest when the market has risen. Unfortunately, this is probably the worst thing you can do.

Dollar cost averaging removes the emotional aspect of investing, if the markets fall, you'll be buying more shares/units at a lower price and if markets rise, less shares/units at the higher price.

8. Over 55 & working, start a Transition to Retirement pension

This is by far and away, the most satisfying financial planning solution we provide. Eliminate the 15% earnings tax on your superannuation by setting up a pension. To make the process even more tax effective, salary sacrifice your surplus income to reduce your personal tax rate.

REQUEST PERSONAL FINANCIAL ADVICE

Full Name

Address

Postcode

Daytime contact number

Value of portfolio $

(Minimum $100,000)

Please tick each service of interest to you: ☐ Investments ☐ Retirement planning

Please return to: NW Advice, Reply Paid 506, Manly 1655

NW Advice is an independently operated, non-aligned financial planning practice offering fee for service advice. Any opinion and recommendation within this newsletter by NW Advice are independent of our own views and should not in any way be construed as personal advice.

Back to basics

Focus On - Life Insurance

Turn to p.5

CHALLENGER CHINA SHARE FUND

This fund is aimed at investors looking for higher returns and should be considered for the higher risk element of your portfolio.

Enter the dragon

Save 4%

The Asian growth story and China's emergence into the outside world remains as compelling as ever. Could now be an opportune time to invest?

Just as the "American Dream" inspired millions to strive for wealth with the belief that anyone can live the dream by working hard, I believe that China's emergence as a supplier to the world is creating a similar situation. Its not hard to imagine that in a society built on work ethic, growing confidence about China's place in the world today is spurring on a desire to succeed through hard work.

The remarkable economic boom we have seen as a result of China's loosening of economic policies has inadvertently resulted in prosperity for China's population.

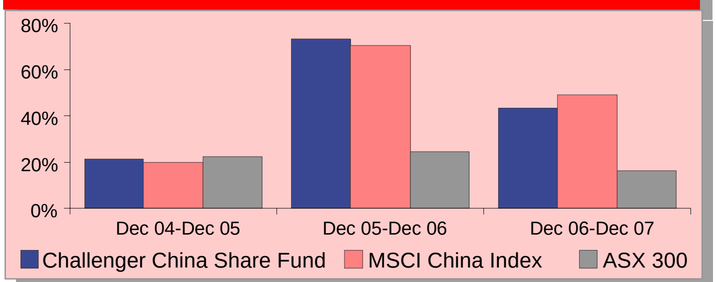
All sectors are benefiting from this growth in consumer spending, from those who manufacture goods, to the retailers who sell them and those marketing their products.

We believe that one of the best ways of capturing China's extraordinary growth potential is through the Challenger China Fund which is managed by Halbis, a specialist investment business within the HSBC group.

The fund is actively managed and is run by, Richard Wong Investment Director and Head of Halbis's China Investment Team.

Richard's aim for the fund is to exploit mispriced stocks where the market has overreacted to temporary or short-term events. He believes that due to the high volatility and lack of publicly available data (relative to major stockmarkets), Halbis' on the ground inhouse research and analysis gives them a 'research edge' allowing them to take advantage of short term 'mispricing'.

FUND PERFORMANCE



Top five holdings *(as at 31/12/07)*

China Mobile	9.54%
Petrochina Company	7.99%
CNOOC	7.20%
China Life Ins. Co. (China)	6.99%
Ind. & Comm. Bank of China	5.17%

Fees

Save 4%

Standard Contribution fee	4%
Saving with Funds Focus	**4%**
Annual Charge (MER)	2.25%
Withdrawal fee	0%
Minimum investment	**$5,000**

Performance Tables

Managed & Superannuation funds

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CHALLENGER CHINA SHARE FUND

This fund is aimed at investors looking for higher returns and should be considered for the higher risk element of your portfolio.

This month we posed some questions to Richard Wong concerning the current investment opportunity in China and where he sees opportunities over the coming year

Manager: Richard Wong

Halbis

part of the HSBC Group

"The equity market has benefited from infrastructure spending in the run up to the Olympic Games this year and tourism-related sectors will also benefit."

China has shown rapid double digit economic growth in recent times, can this be sustained?

"The economy is well supported by strong domestic consumption (retail sales up 18.8% year on year in November 2007) and investment (fixed asset investment up 26.8% year on year in November 2007). Therefore, we do not expect a marked slow down in growth."

What would happen in the event of a US-led recession?

"A US recession may marginally lead China's export growth to slow, but the impact is unlikely to be severe. Over the past few years, China has increasingly broadened its export base and reduced its dependence on the US which only accounts for about 21% of China's total exports."

China is obviously benefiting from being host to the 2008 Beijing Olympics. Will there be a lull afterwards?

"The equity market has benefited from infrastructure spending in the run up to the Olympic Games this year and tourism-related sectors will also benefit. However, there will not be a sharp market decline after the games. China is a vast country with strong growth happening nationwide and not limited to Beijing. We do not expect an economic slowdown after the Olympics. If there is a market correction after the Olympics, we believe it would represent a good buying opportunity."

Which sectors offer the best opportunities and why?

"Opportunities can be found amongst consumer-related, travel, infrastructure, selected commodities such as coal, cement on the back of China's rising income and spending power and the rapid fixed asset investment (for example road, rail, power plant) to keep up with China's high GDP growth."

Funds Focus investment offer

With corporate tax being cut from 33% down to 25% in January 08, the Beijing Olympics and a growth in domestic income and consumption, we remain bullish in for China for the short term at least. Recent market volatility is likely to create mispricings in stocks that an actively managed fund like the Challenger China Share Fund is likely to benefit from.

As a local fund manager fund that's part of the HSBC group, we feel that Halbis are in an excellent position to offer investors the best potential for returns in this sector.

Asian stock markets are high risk and volatile, so can rise and fall sharply in a short space of time. We've seen this in the last few months with China, so we suggest clients keep their overall exposure in emerging markets below 20%, however this could be an excellent entry point to benefit from Asia's long term growth potential and the Challenger China Share Fund is an excellent fund choice.

HOW TO APPLY

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

By post: You can request to a hard copy of the Challenger China Share Fund PDS by calling us on 1300 55 98 69 or using our online request form on **www.fundsfocus.com.au/latestoffers**

Clarity on fees

Free managed fund fee calculator

Turn to p.4

BLACKROCK MERRILL LYNCH

INTERNATIONAL GOLD FUND

This fund is aimed at investors looking to diversify their portfolio and provide some insurance in times of market instability.

All that glitters is Gold

Since gold's first discovery, it has symbolised wealth and guaranteed power. Its brilliance, beauty and durability has caused obsession in mankind and nations throughout time.

Recent market volatility has prompted many investors to revisit their portfolio structure and question whether it may be better to cash in or sit out falls in the market.

I'm a firm believer that there are always opportunities available for investors. Where the opportunities lie is the key question.

Gold as a safe haven

The recent volatility caused by the credit crunch has highlighted one of gold's most alluring attributes; its role as a safe haven and the tendency for gold and gold mining stock prices to perform well when other asset classes such as fixed interest, property and shares are in decline.

Since the recent credit crisis, with the exception of oil, gold has emerged as the strongest asset class

The intrinsic value of gold provides risk diversification for prudent investors because its worth is not governed by the economic policies of a particular country and its value cannot be undermined by inflation.

Because of its stability, gold prices often rise in times of market volatility or political unrest as investors and investment managers seek out some stability.

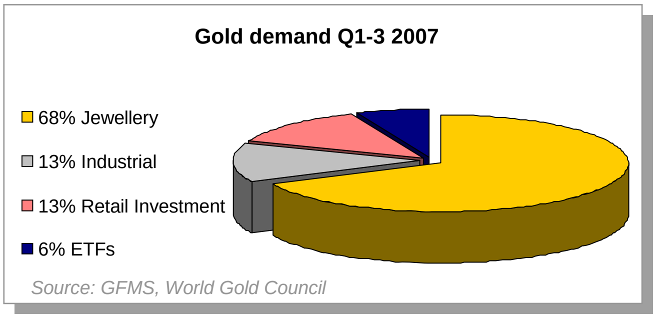
The increasing political tensions, between the US and the middle east in the aftermath of 9-11, increasing volatility in the world stockmarkets and most recently the sub-prime credit crisis have all contributed to a rise in the price of gold

Jewellery is by far the biggest demand for gold, it consistently accounts for around 70% of total demand.

In the past three and a half years the price of gold has more than doubled

Demand is set to increase

Given the rising wealth of the emerging economies and that the Asian and Middle Eastern economies alone account for two thirds of gold jewellery buying, the long term outlook for gold continues to look good.



Source: GFMS, World Gold Council

Demand for gold is now outstripping supply and there's a real concern as to where the gold is going to come from. The overall world gold mine production has stagnated and experts suggest that a price in excess of US$1,000/oz would be needed in order to stabilise or reverse this trend. (Currently as this article is written, gold is sitting at just over US$850/oz)

Focus On - Life Insurance

How much is enough

Turn to p.7

BLACKROCK MERRILL LYNCH INTERNATIONAL GOLD FUND

This fund is aimed at investors looking to diversify their portfolio and provide some insurance in times of market instability.

Manager: Richard Davies

BLACKROCK

Longer term, we would not be surprised if gold prices breached the US$1,000/oz level.

After all, if you adjust the last peak of US$850/oz for inflation, this is the equivalent of around US$2,300/oz today.

Fees & Charges

Standard Contribution fee	2%
Saving with WF	**2%**
Annual Charge (MER)	2.25%
Saving with WF	**0.1% pa**
Bid/Offer spread	+/-0.35%
Withdrawal fee	Nil

Mining with excellence

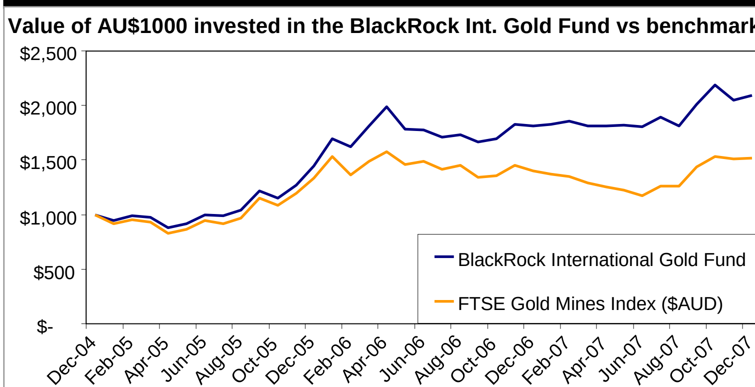
We believe that one of the best ways to add gold to your portfolio is through the BlackRock Merrill Lynch International Gold Fund which primarily invests in gold mining stocks throughout the world.

We believe BlackRock's investment team is of the highest quality. The International Gold Fund is managed by BlackRock's highly regarded Global Resources team, based in London.

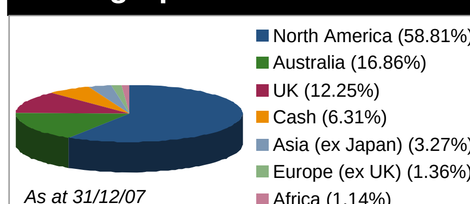
Richard Davies who heads the Global Resources team, is portfolio manager for all of the Merrill Lynch gold funds, including the International Gold Fund and has been with the natural resources team since joining Merrill Lynch (before it merged with BlackRock) in 1994. Prior to this he worked as a geologist, holding a degree in geology and a masters in mineral exploration.

We feel that one of the key differentiators in the management team is their wealth of mining experience and geological qualifications with a number of the research team holding mining related tertiary qualifications.

Fund Performance



Geographical breakdown



HOW TO APPLY

Download online: Probably the easiest way to apply is by downloading a copy of the PDS direct from our website **www.fundsfocus.com.au/latestoffers**

By post: You can request to apply for the ML Int. Gold Fund either by calling us on 1300 55 98 69 or alternatively request a hard copy by post using the above link

Summary

With over US$45bn under management, BlackRock are the largest manager of publicly available natural resources sector funds in the world. Their sheer size alone allows them unsurpassed access to company management and investment research giving them what we feel to be a distinct advantage over their competitors and an excellent investment opportunity in gold mining stocks.

Challenger China Share Fund

The Asian growth story continues

Turn to p.12

MACQUARIE - GLOBALIS BRIC FUND

This fund is aimed at investors seeking to invest in emerging markets for higher returns and should be considered higher risk.

Save 5%

Not just another BRIC in the wall

Emerging markets continue to be the fastest growing economies. We examine Macquarie's joint venture into the BRIC economies and how this can benefit your portfolio.

The emerging markets is not a recent story by any means, the early to mid 90's the South America and in particular Mexico were amongst the economies that were marketed most heavily. However, as we've already mentioned within this issue, the advances in technology and telecommunications means that globalisation is now becoming a reality.

The chances are that you already have an active role in the globalised economy. You only need to call your telephone or utilities provider to speak to a customer services rep in India or the Middle East, whether you are aware of it or not is another matter. Some companies go as far as training their staff to speak with a localised accent and keep them updated with local weather reports and TV shows to add that personal touch. Whether you think it's a good thing or not, one things for sure, its here to stay.

We have become a throw away society where we expect to be able to jog down to the shop and immediately buy anything we want. Services like Ebay have been built around our need to get rid of the "junk" that we only bought last year, to make room for our latest "essential items".

Our emphasis on quality has changed too, we often opt for cheaper less durable goods on the basis that we're going to want a new one in a year or so anyway. In fact, its often cheaper to buy a new product than get the one you already have fixed. We have become the super consumer.

Emerging economies have become the ultimate supplier, offering goods and services at a fraction of the cost that can be sourced locally and for a fraction more, can include the quality (if you want it).

In turn, these economies are benefiting from huge increases in household income, families additional wealth means that they in turn are consuming their own local goods. The need for better roads and rail systems to continue to fuel this growth means that governments are committing trillions of dollars towards infrastructure, which in turn is benefiting those involved in the building industry and commodities such as oil, gas, iron etc.

The BRIC economies, short for Brazil, Russia, India and China, are considered to be at the forefront of the economic revolution of the emerging markets.

Indeed, it is estimated that 1 trillion US dollars is going to be spent on infrastructure within emerging markets over the next 3 years, 71% of which is in the BRIC economies

With Gross Domestic Product (GDP) growth of over 10% in 2007, versus 2.6% (advanced economies), and a projected 9.4% growth in GDP for 2008 (2.2% advanced economies), in our view BRIC economies offer a greater opportunity for growth over the coming year.

Manager: David Dali

"Although fears of a US recession have created uncertainty within global stock markets, we expect the emerging markets and especially the BRICs will once again be significant drivers of global growth in 2008.

In particular, we believe that India remains an attractive opportunity given the continuing urbanization of its population, the strong commitment of the Indian government to a public, private infrastructure build out and the increasing per capita incomes and spending power of the middle class."

The year ahead

What opportunities lay ahead in 2008

Turn to p.3

MACQUARIE - GLOBALIS BRIC FUND

This fund is aimed at investors seeking to invest in emerging markets for higher returns and should be considered higher risk.

Macquarie's joint venture – the Globalis BRIC fund – An opportunity not to be missed

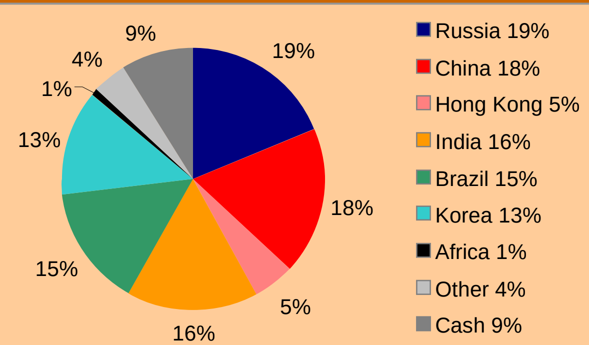
Our view is that the Globalis BRIC fund offers an excellent opportunity to invest in the BRIC economies and emerging markets.

Unlike some of the other emerging markets funds available, their exposure is not just limited to these four economies and is not just a vanilla index fund, tracking the BRIC economies up and down. Globalis's mandate allows them to invest where they feel there is opportunity in emerging markets outside of the four BRIC economies. Indeed, the current asset allocation shows that 18% of the fund is currently invested outside of BRIC, giving investors further diversification.

FUND AWARDS 2007 AUSTRALIA — FINALIST — STANDARD &POOR'S — In association with THE AUSTRALIAN

Globalis was a finalist in the Standard and Poor's Fund Manager of the year - Emerging Markets Sector Award 2007.

Geographical breakdown



As at 31/12/07

Active management

In our view the management teams 49 years emerging market investment experience of differing market conditions and investment cycles should give them the edge in identifying market opportunities.

Our view of the emerging markets sector is that whilst it be an opportune time to invest in the BRIC economies, by nature, these markets are relatively volatile and due to the illiquidity of these markets some managers may find themselves unable to trade in or out of positions quickly enough. We therefore feel it beneficial that Globalis actively manages the fund using index funds and derivatives as investment vehicles rather than holding individual stocks. This allows them to proactively move in and out of the markets and even capitalise on volatility.

Access to the Globalis BRIC Fund

Access to Globalis is limited, this is a wholesale investment fund and as such direct investment is limited to investments in excess of $500k. As a result we have hooked up with Wealtrac Wrap to provide access to the Globalis fund from 1.96% pa to 2.73% pa depending on fund size.

HOW TO APPLY

Download online: Download a copy of the PDS direct from our website

www.fundsfocus.com.au/latestoffers

By post: You can request to a hard copy of the Wealthtrac PDS by calling us on 1300 55 98 69 or request a hard copy using our online form above

Fees

Save 5%

Standard initial fee	up to 5%
Initial fee with FF	**NIL**
Annual Charge (MER inc. exp. recovery fee)	
<$100k	2.73% (2.78% in super)
$100-250k	2.58%
$250-$500k	2.40%
>$500k	1.96%
Bid/Offer spread	+/-0.25%
Performance fee	20% of growth in excess of benchmark
Minimum investment	**NIL**

(Wealthtrac min. fee applies based on $25k balance)

The hedged fund carries an additional 0.20% pa charge

Hedged or Unhedged

Globalis BRIC fund is available in plain vanilla, as an unhedged fund (traded from the US and based in US dollars) or you can opt to invest in the hedged fund which has a small element investing in derivatives to hedge /insure against currency risk of the US dollar falling in value against the Aussie dollar. We would suggest, if you feel as we, do that the US dollar is likely to continue to fall in value or simply that you want one less thing to worry about, then the hedged fund is likely to be a better option for investment.

Performance Tables

Clarity on fees

Free managed fund fee calculator

Turn to p.4

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 December 2007)						
Goldman Sachs JBWere Resources Fund	Resources	25.8	1.90%	49.89	33.58	28.22
Challenger China Share Fund	Asia ex Japan	66.8	2.29%	43.42	44.54	-
CFS FC Inv - CFS Global Resources	Resources	145.7	2.01%	41.15	35.00	28.32
CFS MIF - Global Resources Fund	Resources	300.5	2.26%*	40.80	34.68	28.24
Skandia OIS - Premium China	Asia ex Japan	6.0	3.40%*	34.84	-	-
source: www.FundData.com.au						
Superannuation Funds - Top performers (1 year returns to 31 December 2007)						
ING OA Pers Super - ING Sustainable Inv Australian Shares - NEF	Australian Equities	1.6	2.60%	24.44	21.52	-
ING OA Pers Super - ING Select Leaders EF/Select	Australian Equities	3.3	1.95%	23.28	23.08	-
Optimum Personal Super - Portfolio Partners High Growth Shares	Australian Equities	1.2	Not Available	22.66	18.27	-
source: www.FundData.com.au						
Global Emerging Markets Funds - Top performers (1 year returns to 31 December 2007)						
Managed Funds						
Challenger China Share Fund	EM - China	66.84	2.29	43.42	44.54	-
Skandia OIS - Premium China	EM - China	5.95	3.10	34.84	-	-
Aberdeen China Opportunities Fund	EM - China	12.62	2.00	30.79	25.23	-
Skandia OIS - Platinum Asia	EM - Asia ex Japan	8.49	2.92	30.04	28.70	-
Challenger Asian Share Fund	EM - Asia ex Japan	105.45	2.25	28.50	25.75	19.53
Featured Managed Funds (Wholesale)						
Macquarie-Globalis BRIC Adv Fund H	EM - Diversified	18.99	1.50%*	31.11	-	-
Macquarie-Globalis BRIC Adv Fund U	EM - Diversified	170.51	1.70%*	19.43	-	-
Super Funds						
Skandia OSS - Platinum Asia	EM - Asia ex Japan	14.94	2.92%	26.88	25.75	-
Optimum Pers Super Platinum Asia Fund	EM - Asia ex Japan	3.38	3.09%*	26.79	25.16	-
ING OA PS ING Glbl Emerg Mkts - EF/Sel	EM - Diversified	9.33	2.05%	21.04	25.64	18.86

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 performance

The performance tables have been compiled from the latest data supplied by FundData up the 31st December 2007.

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)

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.

Challenger China Share Fund

The Asian growth opportunity

Turn to p.12

PORTFOLIO HEALTHCHECK®

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Apply Now for a free review

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- **Professional, independent opinion**
- **Have you neglected your portfolio recently?**
- **Is your portfolio balanced with a sensible spread of risk?**
- **Spend just two minutes to enhance your portfolio**

Analysis, Appraisal and Assessment

Having worked in the industry for numerous years, I have seen a large number of clients who have built up an odd assortment of investments over the years. We realised that the biggest need of investors was an overview of what their portfolio was worth and where it was invested.

Many felt that they had neglected their portfolio and would like a revamp, removing the proverbial dogs, but just didn't know where to start. As a result we developed our at-a-glance portfolio valuation and healthcheck.

We believe that if it's been a while since you reviewed your portfolio and feel that it needs some attention, or alternatively, if you just want an opinion on the funds you're in, the Portfolio Healthcheck Service is the ideal solution.

What will I receive?

Once we have received the details of your holdings, (approx 4-6 weeks), we will compile all the information into a Portfolio Healthcheck report. Your personal report will include:

- A consolidated report including the value of your wraps, master trust, listed managed funds and unit trusts.
- Clear information, and charts, showing how your investments are divided across different sectors of the market, allowing you to check if you have a balanced portfolio with a sensible spread of risk or are all your eggs in one basket.
- A rating based on a 5 star rating, with brief commentary as to the rationale behind the rating.

And we can save you money every year

All investors requesting a Portfolio Healthcheck automatically become members of The Wealth Focus Investment Service, saving you:

- Money on each additional investment into existing managed funds (100% upfront commission rebated in nearly all cases)
- Time in administering your funds and tax affairs – Our annual consolidated performance and provisional tax report allows you to view all your managed fund investments and share trading (BETA) from one source.

What to do next?

If you would like to take advantage of a free valuation and analysis of all your holdings simply complete and return one of the forms overleaf. All you need to do is give us the name and plan numbers of your investment managers and sign it. This instructs the manager to give us all the necessary up-to-date information, which usually takes four weeks, and tells them to deal with us as your investment broker.

*A mere 2% underperformance could cost you $10,148 on a $30,000 portfolio over 10 years (7% versus 9% growth). **Give your portfolio the best chance of giving you a good return.***

This service has been developed for DIY investors who are making their own investment decisions or are not receiving satisfactory information from their existing planner/broker. We do not offer personal advice. However, if you would like to receive personal advice, then our affiliated fee based planners are available to provide advice to investors.

Portfolio Healthcheck/Fund Broker Nomination Form for Wealth Focus

Personal Details

First name	Family name	Date of birth
Company name (if applicable)	Position	
Address	Suburb	
State	Postcode	
Daytime contact number	Alternate number	
Email address		

How to complete this form

- Please provide the name of your fund manager/insurer and contract number.
- For joint holdings, both owners need to sign

List of known contracts (managed funds, wraps, insurance etc)

If you already hold these investments within the Wealth Focus Investment Service please do not add them below as they will automatically be included.

Name of provider & product	Client number/ref.	Adviser code (internal use)
e.g. Colonial First State Superannuation	e.g. *ABC 1230000*	*(Leave blank)*

Signatures

I/We request that the providers above amend their records to indicate that Wealth Focus Pty Ltd is the appointed broker for the investments listed, list may not be exhaustive, please check for others. I/We understand that Wealth Focus will receive the trailing commission if there is any payable. I/We understand that you will apply a 100% rebate on any managed fund entry fees and ongoing fees in the form of additional units in the relevant fund.

Signature	Signature
Name (Please print)	Name (Please print)
Date	Date

COMPANY SEAL (IF APPLICABLE)

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Order a ZERO entry fee PDS or just update your details

To request a Product Disclosure Statement with no entry fee, please complete our priority request form below, post to our address above or fax back on **1300 55 98 70.**

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Address		Suburb
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Email address		
Daytime contact number		Alternate number

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Wealth Focus Pty Ltd

ABN: 87 123 556 730 AFSL: 314872

PO Box 760 Manly, NSW 2095

Fold here

PDS Order List

- ☐ Challenger China Share Fund
- ☐ BlackRock Merrill Lynch International Gold Fund
- ☐ Wealthtrac – Macquarie Globalis BRIC Fund
- ☐ Zurich Ezicover

Additional Services

- ☐ Please perform a free Portfolio Healthcheck (holdings listed on attached broker nomination form)
- ☐ I want to take advantage of the Wealth Focus free annual report service (holdings listed on attached broker nomination form)