Funds Focus®

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Issue 2, June 2008

Investing in interesting times

Tax effective opportunities

With the end of the tax year fast approaching we consider the tax and investment opportunities of margin lending, agribusiness and unlisted property funds.

Our aim is to give you…..

Value, Information & Clarity

Looking back on the financial year, we have certainly been through some interesting times. The US sub-prime crisis has thrown up uncertainty in the market, and one thing the market doesn't like is uncertainty.

Many financial institutions have been forced to write down billions of dollars from their book, resulting in a tightening of the purse strings and a knock on effect for nearly all industries and markets.

Unless you've been sitting in cash, you will almost certainly have been affected as a result of the 'sub-prime' crisis and seen a reduction in the value of your investment portfolio.

In this issue we consider the current opportunities that exist in the market and some of the tax minimisation strategies available to investors as June 30th is fast approaching. **cont. p.2**

Looking for value in volatile times

I recently watched Al Gore's "An Inconvenient Truth", a film that tackles the impact of industrialisation on the environment. During Al Gore's presentation he happened to show a chart highlighting world population growth, the exponential growth in population and that we are heading towards critical mass. The advances in medical science and subsequent increase in life expectancy has led to an explosion in population. World population data shows that we have managed to increase from 1.6 Billion in 1900 to just over 6 Billion at the turn of the century and an estimated 7 Billion by the year 2010. This makes me question, where are they all going to live and work? How are they going to get there and in the materialistic society that we've become, where are they going to store all the things that they own?

You only have to look around the area that you grew up in to see the impact of this boom in population. Gone are many of the green fields and open spaces, turned over to developers for more housing, more offices and more infrastructure. We now have an endless need for land and building materials.

This month we consider how asset classes such as direct property and agribusiness have managed to provide value to investors in a falling market. We feel that the ability for performance of these asset classes coupled with tax effective investment structures means that now is a good time to consider them as part of your overall portfolio.

Back to basics – Margin lending

How margin loans work and how you can reduce your fees *Turn to p.5*

Investing in interesting times

continued from page 1….

The impact of the sub-prime crisis

‘Sub-prime’ lending is the term used to describe non-standard home loans, ie loans to those who find it difficult to get a ‘standard’ home loan, typically those with low (or in some cases) no income.

The recent market volatility is rooted in the US. With the boom in property prices over the last few years, US home loan lenders have been very keen to get a larger slice of the pie and a whole raft of sub prime home loans have been introduced allowing a greater number of people access to home loans, not only as a way to borrow to buy their first home, but as a way of releasing equity from their home. Lenders then packaged up these sub-prime home loans and sold the debt to financial institutions all over the world.

As long as house prices were rising everything was fine. However, as they started to slow down and in some areas fall, it increased concerns that if the borrowers defaulted then lenders were unlikely to get all their money back.

Modern accounting methods force financial institutions into taking a worst case view on their assets and as a result many companies are having to crystallise paper losses. even though we have yet to see the extent of the loan defaults. Whilst in the context of global markets, sub prime lending is a relatively small amount, the ensuing write downs has led to a reluctance for institutions to invest in these packaged products and an overall tightening of the belt.

The resulting difficulty in institutional lending has impacted nearly all markets and sectors.

On a positive side, this has meant that cash deposit rates are quite high as banks look to entice investors to balance their overall book of lending.

Diversification creates opportunity

As a personal investor in the markets for over 20 years, I’ve personally experienced a number of cycles.

The one thing that is apparent time and time again is the value of a diversified portfolio.

Managing your own money is a very emotional experience and not only effects the value of your portfolio but can easily fall over into your work and personal life when you see significant falls in your portfolio, and relate that to how hard you had to work to earn it in the first place.

One of the biggest mistakes I see in a portfolio time and time again is a lack of diversification. Investors sense of loyalty to the planner that put them in to a product 10 years ago or a feeling of affinity for the fund that did so well when they first invested but has since fallen by the wayside, find themselves overexposed to an asset class. Thus increasing the risk of their investments whilst they continue to sit in an outdated or underperforming fund.

Our portfolio healthcheck service, can help you with an independent appraisal of a fund’s performance. helping you to manage your own portfolio and understand if your overweight in certain asset classes.

This month, we have highlighted a number of investment opportunities for investors looking for returns in a falling market and cover some of the basics for end of year tax planning.

Cromwell (unlisted) Property Fund

Favoured by many investors for their low volatility and tax deferred income, unlisted property funds have once again come to investor attention after they have continued to provide returns in a falling market. **p11**

FEA Plantations Project 2008 (tax effective forestry)

With an increasing gap between world supply and demand of timber, coupled with the available tax incentives, agribusiness makes for a compelling investment **p8**

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. **p13**

PORTFOLIO HEALTHCHECK®

Where to next?

No one knows for sure, we are likely to see market volatility continue until financial institutions have balanced their books to account for the sub-prime crisis. Some argue that the upfront accounting is likely to have shown losses that may not even exist and that now is the time to buy. Personally I feel that whilst we are likely to see another one or two financial institutions announce big write downs due to the sub-prime crisis, opportunities have already begun to present themselves.

The problem for most investors is that the emotional attachment we have with our own investments means that we find it much easier to buy when markets have risen, and sell when markets have fallen. The reality is that we should sell when markets are high and buy when they have fallen.

Whilst we cannot predict exactly when we are at the top or bottom of a cycle, share market corrections are a natural part of market behaviour and can provide some excellent buying opportunities.

Big falls in the share market are often very closely followed by big rises. Staying invested in the market during these sharp rises is crucial to long term investment returns and is therefore the best way to achieve long term returns.

Investments in this issue

Fund insights

Free Portfolio Healthcheck

Turn to p.13

Tax effective investing

With the end of the tax year fast approaching it makes sense to cover some of the tax incentives and strategies available to help you reduce your tax.

Income Splitting

Income splitting is one of the simplest and effective ways of reducing your tax liability. By putting investments into the name of a partner in a lower tax bracket, you can reduce the tax payable on gains and income from that investment.

Pay more into your superannuation

With an ageing population, the Government do not want to be left carrying the can if you retire without enough savings. As a result, there are significant tax incentives for both super fund contributions and growth reducing the effective rate of tax payable.

Contributions from pre-tax income pay only get taxed at 15% rather than your income tax rate of up to 46.5%.

Rather than being taxed at your highest rate of income tax (up to 46.5%), tax within the fund is limited to 15%.

Borrowing to invest & margin lending

Interest and investment expenses are considered a legitimate tax deductible expense for investment and margin loans and makes these products an attractive source of funds for investment.

Using unlisted direct property to defer your tax liability

Investing in an unlisted direct property trust provides many tax advantages due to the significant building and depreciation allowances on new buildings. These tax advantages are effectively passed on to investors as tax deferred income. This provides cash flow benefits because tax deferred income is generally not taxable when it is received, but is deferred until the investment is sold.

Gearing into property trusts/investment property with high levels of tax deferment allows you to claim the full cost of the interest on the investment loan whilst not having to pay tax on the deferred income until the asset is sold.

Agribusiness offer both tax deductibility and returns independent of a falling market

Agribusiness schemes with a tax ruling are 100% tax deductible to encourage investment in agricultural production in areas such as almonds, grapes and forestry. As an asset class with no correlation to the share market, this can be used as an effective diversifier but can be a relatively long term investment.

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 30/05/08.

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FOCUS ON – MARGIN LENDING

This issue's Back to Basics looks at a range of investment products which you can use to assist your tax planning and how they can also help you with your investment goals.

There has been a lot of press on margin lending recently. With the recent falls in the market forcing lenders to make margin calls many investors are reconsidering who they use for their margin lending. We look at what margin lending is, how you can use this as part of a tax effective investment strategy and how to make sure you don't get caught out with a margin call.

Investment offer

As an investment discount broker working on behalf of a large number of clients, we can in most cases, reduce the rates offered on margin loans. If you have an existing loan or are looking at a new loan, just call us on **1300 55 98 69** to see how we can reduce your interest rates.

Margin Lending (Borrowing to invest)

One of my many criticisms of the financial services industry is the terminology. Alienating investors with jargon means that they are less likely to invest in financial products and leave their savings sitting lazily in a bank account. The term "Margin Lending" has to be up there as one of the least descriptive phrases in the industry.

If you are not already familiar with the term, Margin Loans are loans for investment purposes, ie you borrow to invest. The term 'margin' is a financial term for collateral/security a loan provider requires in order to ensure that their money is covered by some security.

The principal is the same as investing in your own home. Margin loans allow you to purchase managed funds or shares and only put down a percentage of the purchase price and borrow the rest from a margin lender.

Why use a margin loan?

Similar to when you buy a house, by borrowing to invest, a margin loan allows you to buy a much larger portfolio of funds and shares than you would otherwise be able to.

Benefits include:

Increasing your income & growth - By far the biggest attraction to margin lending is by doubling or trebling the size of your investments you benefit from a doubling or trebling of the growth and income of your portfolio.

Diversifying your portfolio – For investors with smaller investment portfolios that are unable to diversify across a wide range of shares and funds, raising additional funds for investment can reduce the overall risk of your portfolio by spreading the risk across a range of additional investments.

Low interest rates – Margin loans are secured on your portfolio and as a result interest rates are typically lower than those of a personal loan alternative. As a result, investors with an existing portfolio of investments can find them an attractive alternative to unsecured personal loans.

Tax benefits – Unlike interest payments on a personal loan, interest payments made on your margin loan are tax deductible and offer a range of interest payment options such as annually in advanced or monthly in arrears.

Risks:

Whilst doubling or trebling the size of your investment portfolio has the potential to increase your gains it also has the potential to increase your losses.

Using a margin loan as part of a tax effective strategy

A simple way of looking at a margin loan is that if you are borrowing at a certain rate, say 10%, as a top rate taxpayer, you are able to claim a 46.5% deduction, giving you an effective loan rate of 5.35% (effective rate of 7% for 31.5% taxpayers). Since capital gains on investments held for more than 12 months are reduced by 50%, investors only need to return of 7.68% pa (8.43%pa for 31.5% taxpayers) for this strategy to grow their wealth. However, if you're a conservative investor

Performance Tables

Managed & Superannuation funds

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FOCUS ON – MARGIN LENDING

Using a margin loan as part of a tax effective strategy cont..

However, if you're a conservative investor or don't feel that you can achieve these returns, margin lending is likely to end up costing you money.

How to minimise the risk of margin calls

Margin calls are a safety feature that lenders have added to their loans to ensure that the amount you owe doesn't end up exceeding your portfolio value. ie it's an early warning sign that you should reassess your portfolio to reduce your exposure and reassess your portfolio. Lenders aren't closed to suggestions here, they just want to see your borrowing to fall below X% of the total value, if your able to add more cash, shares or managed funds as security they'll be happy to accept this.

Where most investors fall foul of a margin call is where they have borrowed to the hilt and then encounter a fall in the market. As you can imagine, since this is usually the worst time to sell out of the market, margin calls can crystallise short term losses.

How to get the best out of a margin loan and how to avoid margin calls?

Get the best interest rate - It's easy to get carried away thinking about the maximum you can borrow and features of the loan, but at the end of the day, it is just a loan. Interest rates are one of the easiest things to compare. Using a discount broker such as Wealth Focus can save you money here since we can negotiate with your lender for reduced rates on larger loan sizes as well as rebating the commission we receive putting more money in your pocket.

Keep your overall borrowing well below the maximum – Margin calls occur when you hit the ceiling of borrowing for the overall size of your portfolio. By borrowing only 50% of your portfolio's value, the portfolio would have to drop significantly before you are asked by your loan provider to either provide more security or sell some of your investments.

Diversify your portfolio – This sounds like common sense, but you would be surprised how many investors sit with heavy weightings in only a handful of shares. Spreading your investments across a larger number of shares or managed funds ensures that you are not at risk of a margin call just because one share plummets in value.

Appoint WF as your discount broker - Regardless of who your margin loan is with, as a discount broker, we can in most cases, offer a discount on the rate you are paying. Appointing Wealth Focus as your active adviser means that we receive any ongoing trail commission. As a discount broker with reduced ongoing costs, we are able to rebate some of the ongoing fees to enhance the interest rate you receive.

Company	Interest Rate	WF discount for new or existing loans	No. of approved securities	No. of approved funds	Min. loan size
NAB Margin Lending	10.35% <$250k, 10.10% $250k-$1Mill, 9.85% >$1Mill	0.15% or 0.25% if > 70% invested in MLC mastertrust	500	800	$ 20,000
Suncorp Margin Lending	10.30% <500k, 10.05% >500k	0.10%	116	1231	$ 20,000
Citi Smith Barney Margin Lending	10.25% <$250k, 10.10% $250k-$1Mill, 9.95% >$1Mill	0.10%	895	978	No minimum
St George Margin Lending	10.50% <250k, 10.25% 250-500k, 10.00% >500k	0.05%	682	1288	$ 10,000
Goldman Sachs JB Were	10.35%	0.10%	200	220	$60000 for first 6 mths
Leveraged Equities	10.50%	0.10%	398	2087	$ 20,000
Colonial Geared Investments	10.50%	0.10%	497	2036	$ 20,000
BT Margin Lending	10.65%	0.20%	600	2400	$ 20,000
Macquarie ML	10.70%	0.10%	500	2000	$ 20,000

Reduce your fees

Register online and download our broker nomination form to appoint Wealth Focus as your discount broker and we will show you how much you can save.

Apply for a new loan

Alternatively call us on 1300 55 98 69 to request a Margin Loan PDS

Cromwell Property Fund

Invest in tax effective property

Turn to p.11

End of year tax tips

End of year planning from NW Advice

Andrew Reeve-Parker, Director of NW Advice, offers his end of year tax tips

1. Salary Sacrifice

Direct a portion of your pre-tax salary to superannuation and pay tax at 15% as opposed to your marginal rate of tax which can be up to 46.5%, a potential saving of 31.5%. Sit back and watch the effects of compounding grow your retirement wealth.

Effective For: Workers who earn more than $30,000 and have an effective tax rate of 31.5%+

Trap: If you are under 50, ensure that your concessional contributions do not exceed $50,000 ($100,000 for 50-65)

Funds Focus Product Consideration: Self Managed Superannuation Fund

2. Pre-Pay Interest on Margin Loans

Margin loans can be an effective way to increase your exposure to growth assets and using a tax deduction to get ahead. Pre-paying interest upfront before June 30 allows you to bring forward a tax deduction in to this financial year.

Effective For: Anyone who is interested in growing their exposure to investment assets.

Trap: Pre-paying interest locks you in for the 12 month term.

Funds Focus Product Consideration: NAB Margin Loan.

3. Invest in Agribusiness to attain a tax deduction

Investors are entitled to an upfront tax deduction whilst investing in an asset class which is not correlated to investment markets, thereby offering diversification in your asset base.

Effective For: High income earners

Trap: The investment term can be significant

Funds Focus Product Consideration: FEA Plantations

4. Gear in to taxed deferred income streams offered by property trusts/investment property

Tax deferment is a significant tax effective strategy which can provide a positively geared loan. Gearing in to property trusts/investment property with high levels of tax deferment (generally stemming from depreciation of buildings) allows you to claim the full cost of the interest on the investment loan whilst not having to pay tax on the deferred income until the asset is sold.

Effective For: Everyone

Trap: Tax deferment is not always known beforehand although company reports will give a good indication.

5. Utilise a discretionary trust to manage your tax position better

Discretionary trusts were instigated by the Monks to protect Knights right to their land from the King in the event of their death on the battlefield. In addition to offering asset protection benefits, discretionary trusts are extremely effective at allowing investment income to be directed to the beneficiary which is in the best tax position to receive it. The increase in the low income earner's tax offset now means a minor can receive $2,667 tax free during FY09.

Effective For: Everyone

Trap: Trusts are required to lodge an annual tax return

6. Income Protection

Income protection pays you when you are unable to work (subject to satisfying the waiting period). The premiums are fully tax deductible.

The ABS reports that up to 1 million Australian's experience serious injury or illness which requires hospitalisation or prevents them from working every year.

Income protection keeps paying the mortgage, the cost of raising children etc when you can't.

Effective For: Workers

Trap: Salary Continuance policies generally offered by superannuation funds are not as comprehensive as Income Protection policies

Funds Focus Product Consideration: Zurich Ezicover

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.

Financial Planning

End of year tax tips from NW Advice

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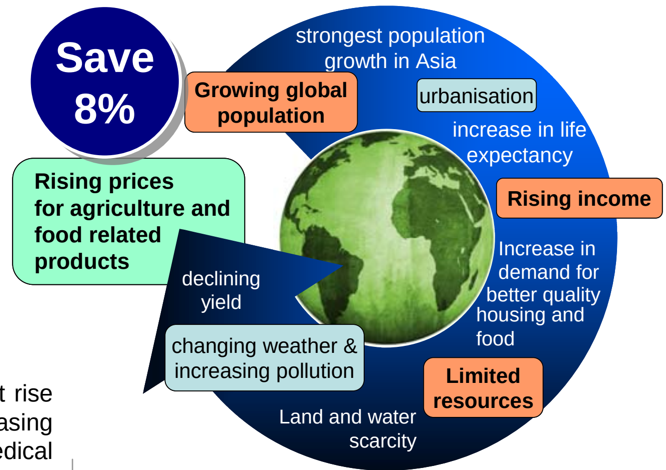
FEA PLANTATIONS

AGRIBUSINESS INVESTMENT

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

The agricultural revolution

With an ever increasing demand for food and timber products, could now be the time to consider Agribusiness as an alternative to equities?



Over the last sixty years, the world has seen a significant rise in demand for food and building products. An ever increasing global population, due to lower mortality, increases in medical science and better sanitation, coupled with an increase in income, means that the demand for agriculture and food related products has risen significantly. Throw in global warming, a shortage of land and water, the recent industrialisation of the BRIC economies and the tax incentives offered by the Australian government, it's not difficult to see why investment in agriculture is an investment sector not to be ignored.

With the end of the tax year fast approaching and the tax incentives offered to invest in this rapidly growing sector we felt that now is the ideal time for investors to consider adding what is commonly referred to as 'Agribusiness' to their portfolio. Our article this month highlights some of the things to look out for as well as some of the traps associated with Agribusiness investments.

So what is Agribusiness and what are the benefits?

In a nutshell, agribusiness relates to agriculture related investments such as wood and food. There are currently large tax incentives offered for investment in this sector. Coupled with the recent increase in stockmarket volatility, many investors are looking to agribusiness as a way of diversifying their portfolio.

Tax incentives - Around 2001, the ATO implemented the Product Ruling system for Agribusiness schemes as a way of reassuring investors of the tax deductibility and boosting Australian agricultural production.

Diversification – Agribusiness returns show little correlation with the stockmarket and as a result are a good way of spreading the risk of your overall portfolio.

Product prices are expected to continue to rise – Global demand for land to build on, a surge in the global population and the use of ethanol from plant materials as an energy source are all increasing our demand and the resulting prices of agribusiness related products.

What to look for when investing in Agribusiness –

There are a wide range of investment opportunities being marketed, from Almond and Olive growing to some of the more established wood and timber product schemes. It's easy to get confused when comparing one product with another. Our guide has been designed to simplify it for you.

Compare apples with apples – When you're looking at some of the agribusiness investment opportunities it's easy to get carried away with the anticipated returns on some of these funds. Bear in mind that some products such as almonds are not as established as forestry investments and as a result carry a higher investment risk, ie the projections used are just that and there may not necessarily be a track record to rely on. That's not to say that a new tree or plantation won't produce the anticipated returns, just that there's a higher inherent risk and it's unfair to compare these returns with those of established more stable agribusiness sub-sectors such as the wood chip offers.

The track record of the investment manager – Consider this, with many agribusiness products, you're effectively locked in for a period of 12-25 years. Who do you want managing your money, a long term established provider that has had time to learn from their mistakes or a new company with little or no track record and a small balance sheet to back up their operations?

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FEA PLANTATIONS

AGRIBUSINESS INVESTMENT

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

What to look for when investing in Agribusiness

As much as some providers would like you to believe otherwise, it's not a case of just planting your seed and watching it grow, modern day management is as much about ongoing feeding and nurturing of your crop as it is about finding the right soil conditions and planting your seed.

Ask yourself these questions:

Has this company already produced a crop? And if so, what was the overall return?

Are they a company that was created with the objective of packaging investments for investors, or were they first and foremost a grower that opened up to investors?

More land equals more yield - When considering similar schemes, a factor to consider is the land your trees/almonds/grapevines etc are being grown on since less land typically equals a lower yield. There is always going to be an optimum number of plants/trees/shrubs you can grow on a unit of land, simply planting more within the same area is not necessarily going to give you a greater crop, it can in many cases reduce your yield and will have cost you more in planting.

Income streams & plant thinnings - In an effort to reduce risk and increase investor returns, some schemes have combined a variety of plant species in their offerings taking advantage of earlier thinnings (harvests) of some species to produce an income stream to investors throughout the investment period. This has the combined effect of reducing the risk inherent with one species of plant and ensures that investors receive an early income stream.

Insure your investment – Whilst many agribusiness providers pool their overall returns to investors, in most cases it is still up to you to insure your plot in the event of disasters such as fire, flood or hurricane. The cost of this insurance is usually negligible and can be arranged with the agribusiness provider. Although it is unlikely that you'll ever need to claim on this, you could quickly see your investment wiped out in the event of a natural disaster as you would be removed from the overall pooling.

Investments are less liquid than typical equity based managed funds – It is important to understand that unlike managed funds, you are not able to sell your investment tomorrow if you decided you needed to access your money and retain the initial tax benefits. Although new rules were passed in 2007 allowing investors to trade their investments (after 4 years), the active market into which you can sell these investments is still relatively small.

Product Rulings are a must – The ATO regulate the tax deductibility of agribusiness schemes in Australia. Schemes with a product ruling add an additional layer of security in that the investment provider has received prior agreement from the ATO that their scheme qualifies as a tax deductable scheme, on the basis that the manager proceeds with managing the project as outlined in the Product Ruling. So if you are thinking about investing in this type of investment check the 'product ruling' on the ATO website (www.ato.gov.au).

Use a discount broker –With many paying around 8% in commission to planners, a rebate goes a long way.

So what type of Agribusiness product should I look to invest in?

There is a broad range of agribusiness schemes available to you, each have there own distinctive attractions. However, forestry is the most established and the only sector which has received the grace of the Federal Government in relation to tax deductions going forward. As a result, we have chosen to focus on these projects.

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 FEA Agribusiness PDS by calling us on **1300 55 98 69** or using our online request form.

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FEA PLANTATIONS

AGRIBUSINESS INVESTMENT

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

What to look for when investing in Agribusiness cont…

The Global Timber Supply Gap

There is an increasing gap between world supply and demand of timber. Globally, the annual deficit in sawn softwood and hardwood timber is predicted to reach 55 million tonnes and 10 million tonnes respectively by 2010.

The depletion of forest cover in the Asia-Pacific region coupled with increased environmental awareness has turned the wood products trade balance in many countries from a surplus to a deficit.

Coupled with the rising affluence of these regions the deficit in timber production seems likely to rise, further increasing the value of timber products.

Funds Focus investment offer

Forest Enterprises Australia Ltd (FEA) provides what we believe to be one of the best opportunities to access this fast growing sector. First and foremost a forestry company for 23 years, FEA packaged their first retail Managed Investment Scheme in 1993 as a way of sourcing wood for potential future milling.

Since its first offering in 1993, over 8,500 investors have established over 50,000 hectares of FEA eucalypt hardwood plantations in Tasmania, North Coast New South Wales and South East Queensland.

Having distributed its final harvest for the 1993 project in June 2008, FEA are able to demonstrate what most Agribusiness providers have yet to provide, a winning track record. Furthermore, when the thinning and estimated clearfall harvest proceeds are discounted back to 1993 dollars, the total return was more than 50% higher than original 1993 dollar per hectare estimates. The return achieved was a pre-tax return of 12.4% per annum.

Save 8%

FEA GROUP OF COMPANIES

FEA's established timber processing and marketing capacity, and its aim to recover a minimum 40% high-value sawlogs from its plantations, has so far meant that investors have received higher prices at harvest than if logs were only sold as pulplogs.

FEA are currently offering its 16th consecutive Project, FEA Plantations Project 2008. We feel FEA's history of forestry first, a proven track record that has so far exceeded client expectations and its aim to produce higher value saw wood makes this an attractive investment.

Offering 4 investment options FEA are able to offer investors access to this investment from as little as $3,150 plus GST, receiving a 100% tax deduction against their income tax.

Funds Focus is pleased to be able to offer investors access to FEA Plantations 2008 offering with the full 8% commission rebated in the form of a cheque.

Simply register and request a PDS online at www.fundsfocus.com.au/latestoffers or call on **1300 55 98 69**. *(Applications must be received before 30th June 2008)*

100% lending also available

FEA also offers a range of finance options at competitive fixed interest rates, allowing investors access without having to raise capital from their existing investments.

Investment options with FEA Plantations

Save 8%

Option 1 – Eucalyptus hardwood. 13 year term with an anticipated thinning (income) in year 9.

Minimum investment $3,150 plus GST. FEA Estimated Return on Inv. (IRR) **14.93%pa (pre tax)***

Option 2 – Eucalyptus hardwood. 16 year term, anticipated thinning in year 9.

Min. investment $3,150 plus GST. FEA IRR **14.95%pa (pre tax)***

Option 3 – Radiata pine softwood. 25 year term, anticipated thinning in years 13 and 18.

Min. investment $3,150 plus GST. FEA IRR **11.28%pa (pre tax)***

Option 4 – Diversified forestry offer - A combination of options 1, 2 and 3 at a discount to the total cost of the individual Woodlots. Minimum investment $21,000 plus GST. FEA IRR **14.13%pa (pre tax)***

**Estimated Return on Investment are taken directly from FEA 2008 Grower Calculator and standard assumptions*

Where to next

Are we at the bottom or top of a cycle? *Turn to p.3*

CROMWELL

PROPERTY FUND (ARSN 119 080 410)

This fund is aimed at investors seeking to invest in an unlisted property fund aiming to provide stable tax deferred income with monthly distributions.

Building a better future

Favoured by many investors for their tax deferred income, unlisted property funds have once again come to investor attention after they have continued to provide returns in a falling market.

With the recent increase in volatility over the last year or so, and poor returns across most asset classes, investors have begun to reassess their portfolios and how diversification can provide returns in uncertain times.

The impact of the Sub-Prime crisis in the US has been so severe it is being felt all around the world. Whilst this mainly impacts the financial institutions underwriting the sub-prime home loans this has created uncertainty in the markets and as a result we have seen some significant falls in the equity markets. My view is that change creates opportunity and recently we have seen some significant changes in the way the stockmarket is behaving, where the opportunity lies is the question that investors need to ask themselves.

I'm a big advocate of diversifying your portfolio and providing a balanced spread across numerous asset classes. Over exposing yourself to one asset class not only increases the risks your taking but opens you up to emotional investing, buying when prices are high and selling out when prices are low. It is therefore important that investors consider investments such as property that have little or no correlation to the markets.

Listed or unlisted?

Current indicators show that the health of the Australian property market is heading in the right direction. The property sector shows a low level of vacancies and high rental growth, the economy is strong and the Reserve Bank is focused on keeping inflation under control.

The key question for many investors is, what is the best way to gain exposure to property within an investment portfolio? Do you use Listed Property Trusts (LPTs, now referred to as Australian Real Estate Investment Trusts or A-REITs) or unlisted direct property funds?

For many investors, the recent poor performance of LPTs over the last year has come as something of a surprise. Usually considered a relatively safe asset class the LPT sector has fallen 33.2% in the 12 months to 30 May 2008. Comparatively, the ASX 300 fell by 6.7% for the same period, which perhaps further illustrates some of the intrinsic differentiators of LPTs from unlisted direct property funds, ie LPTs behave a lot like equities and in the same way are at the mercy of investor sentiment.

Whilst the main reason for the fall in the price of LPTs has generally been attributed to falls in the stockmarket, some are highly geared, struggling with the increasing cost of lending, and some have diversified into overseas higher risk property including the US and its associated sub-prime problems. As a result, LPTs fall in price is little or nothing to do with the assets owned. However, this all leads to uncertainty, and one thing the markets don't like is uncertainty.

There are many LPTs trading below their underlying asset value. This presents opportunities, although, you need to be careful as there may be one or two more skeletons to come out of the sub-prime closet. Problems in raising capital and restructuring short term debt mean that many LPTs are unlikely to be in a position to take advantage of property investment opportunities and may impact on investor returns.

Simple investment philosophy dictates that you should "never catch a falling knife". Until the recent volatility and liquidity issues are rectified, uncertainty remains over whether LPTs have further to fall and we currently favour direct unlisted funds for investors looking to property.

FEA PLANTATIONS (8% discount)

Agribusiness as a diversifier

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CROMWELL PROPERTY FUND (ARSN 119 080 410)

This fund is aimed at investors seeking to invest in an unlisted property fund aiming to provide stable tax deferred income with monthly distributions.

Unlisted Property Funds – Investment returns without stockmarket sentiment

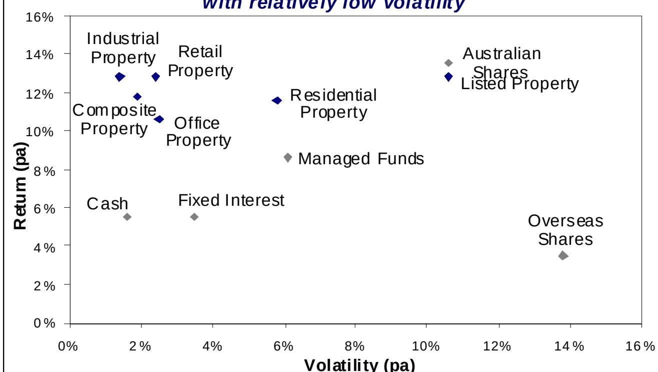
In contrast, unlisted property's relatively low volatility is attractive to risk averse investors. Unlike LPTs, unlisted property allows investors to gain exposure to property without the impact of equity market sentiment.

In light of recent market volatility, investors looking to diversify their portfolio using assets that have little correlation to stockmarket investments would do well to consider unlisted property.

As the impact of increased difficulty in refinancing and LPT market sentiment starts to bite, we expect some funds to find it more difficult to invest in new assets and in some cases, force the sale of property. As a result funds with cash in the bank, low levels of gearing and those having recently refinanced are a much more attractive investment.

Generally speaking, the Australian property market has changed very little over the last year and continues to provide a good investment opportunity. Despite the difficulties that some companies faced over the last year we aren't in a property slump, there continues to be strong demand for high quality property.

Direct property investments are able to provide strong returns with relatively low volatility



Asset class and volatility returns measured after fees and costs with nil tax (10 year analysis to 31 December 2007). Source: ADPIA

Cromwell (unlisted) Property Fund

We believe that one of the best ways of diversifying your investments and gaining exposure to property is through the Cromwell Property Fund (CPF), an unlisted fund providing tax deferred monthly distributions.

Managed by Cromwell Property Securities Limited *(ABN 11079147809, AFSL 238052)*, their flagship fund invests in a diversified portfolio of non-residential assets including commercial, industrial and retail properties located throughout Australia. With a total value of $465m, the fund's heavy weighting of government and blue chip tenants further reduces investment risk by providing a relatively reliable rental income.

To October 2007, Cromwell has a good record of out-performing industry benchmarks with an average annualised return of 18.64%[1] across nine other syndicates, outperforming the Mercer Unlisted Property fund index since inception.

Fees

Save 4%

Standard initial fee	up to 4%
Initial fee with FF	**NIL**
Annual Charge (MER)	0.61%pa[2]
Bid/Offer spread	0.50% (approx)
Performance fee	20% of growth in excess of benchmark index
Minimum investment	$10,000

Paying a competitive 8 cents per unit (fully tax deferred) and with a unit price currently under $1.00, the CPF is one of the few unlisted property funds that can deliver both a pure property yield and give investors an exposure to relatively low risk value-add opportunities.

We believe that a major demonstration of Cromwell's strength as a manager is their recent refinancing of the CPF's debt on extremely favourable terms. With many property funds and businesses struggling to refinance their existing debt facilities, Cromwell's recent refinancing of their loans at less than 0.1% pa above existing terms for the next 3 years means that unlike many other market players, the fund is unlikely to need to look at selling assets and can focus on adding value to investors.

With little correlation to recent market movements we believe that unlisted property is an ideal way to diversify and add some stability and income to investors' portfolios. We believe that the Cromwell Property Fund makes an excellent long term 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 PDS by calling us on 1300 55 98 69 or request a hard copy using our online form above

[1] *Page 13, Lonsec Research Report on CPDF (October 2007)*

[2] *Current MER disclosed for the 2008 financial year*

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PORTFOLIO HEALTHCHECK®

Launch offer – Free Portfolio Healthcheck

Apply Now for a free review

- **Discover the total value of your managed fund portfolio**
- **Have your investment aims changed since you first invested?**
- **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

wealth FOCUS

Personal Details

First name	Family name	Date of birth
Company/SMSF (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)

Please return to Wealth Focus, Reply Paid 760, Manly, NSW, 1655 or fax on 1300 55 98 70

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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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Wealth Focus Pty Ltd

ABN: 87 123 556 730 AFSL: 314872

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PDS Order List

- ☐ Cromwell Property Fund
- ☐ FEA 2008 Plantations Project 2008 (tax-effective forestry)
- ☐ Bank of Queensland fixed rate cash fund

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)