

your FINANCIAL WEALTH

A regular check-up on your investments for a healthy future | ISSUE 4 March 2008

Farewell



After twelve years of service to MAP members, Clive Briggs has decided to have a change of focus.

In 1996 when Clive joined the MAP team we had \$73 million in funds under management. His skill, passion and knowledge of the financial markets played a major part in bringing the group up to the \$350 million we are today. Over this period returns have consistently exceeded peers. This has always been Clive's predominant focus and the value he has added to member's accounts will always be his legacy.

All MAP member's certainly gained from having Clive on board for so long and he will be greatly missed as a key member of our team. The staff and management of MAP wish Clive well in his future endeavours.

But with the departure of long standing staff comes the excitement of new people with new ideas...introducing to you our new **Chief Investment Officer – Ross Endres** ■■■

Welcome



Ross Endres
Bachelor of Business with Honours
Certified Financial Analyst

Senior Associate of Financial Services
Institute of Australasia

Over the course of his career, Ross spent 4 years with Suncorp as an Investment analyst in their Tactical Asset Allocation (TAA) team. The TAA team was ranked number 1 in Australia for three years running from 1993 to 1996. Then, in 1997 he left Suncorp and was one of the founders and equity holders of Tactical Global Management (TGM).

TGM is a boutique Global Macro funds Management Company headquartered in Brisbane. TGM specialises in adding value to client funds using financial derivative instruments over a range of products broadly including Hedge funds, Global TAA trusts, currency funds and client specific mandates. TGM has offices in the UK and clients in 7 countries.

Ross has also authored a number of research papers in all asset classes, on such topics as

- Financial Market Framework design and Estimation
- Forecasting Cash Rates
- Forecasting Bond Yields and Yield Curves
- Forecasting Earnings and Equities
- Forecasting CBD and Retail Property
- Forecasting Listed Property Trusts

Ross's role as Chief Investment Officer will be to oversee the investment objectives of MAP products for the benefit of MAP members. This involves developing the investment strategy within the MAP products and the external investment managers implementing this strategy. ■■■

Government Co-Contribution for Self-Employed

Following the success of co-contributions for employees, the Government has now extended its availability to the self employed. Commencing from 1 July 2007, self employed individuals who make personal after-tax contributions to superannuation will have access to the Government co-contribution scheme.

Eligibility for the government co-contribution

From 1 July 2007 the Government co-contribution scheme was extended to the self-employed, provided they satisfy the following criteria:

- Earn 10% or more of their income from carrying on a business, eligible employment or a combination of both
- Earn less than the co-contribution upper income threshold (currently \$58,980);
- Not be a temporary resident at any time during the financial year in which the personal undeducted contribution is made; and
- Must be less than 71 years of age at the end of the financial year.

From 1 July 2007, income for the purpose of the co-contribution includes the assessable income of the individual receiving the undeducted contribution (including any reportable fringe benefits, if applicable), less any expenses incurred in carrying on that person's business.

Fully deductible personal contributions

Under section 82AAT of ITAA 1936, self-employed and eligible persons making personal contributions to superannuation could claim a tax deduction for the first \$5,000 and 75% of the remainder up to their maximum deductible contribution amount. However from 1 July 2007, under the new rules, self-employed superannuation contributions will be treated in the same way as contributions made by employers for the benefit of employees – that is, they will be entitled to a full deduction. Personal superannuation contributions made by a self-employed or eligible person will now be eligible for a deduction until the contributor reaches 75 years of age. ■■■



This Issue

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MAP Investment Outlook

Our outlook for the market is that it will continue to be unsettled until some of the bigger issues are resolved. In addition to a cyclical economic downturn in most of the world, we are also faced with a financial system that has virtually ceased to operate for some parts of the market (for example trading in corporate debt is no longer a liquid and transparent market – trading is happening rarely, if at all). Overpriced houses and the consequences of cheap credit with loose underwriting standards are excesses that have to be worked through the system. While this is a predominantly global (particularly American) rather than an Australian problem, we will still be affected by flow-on impacts. Interest rates payable by companies and individuals are rising and qualifying for loans is becoming significantly harder. As a result corporate and personal financial failures will increase. In Australia we have already seen several financial and property companies suffer the consequences of an increase in the cost of debt. Banks has also been affected by write-downs of specific loans and an increase in general loss provisions.

As we have mentioned before, the correction began with the market realising the extent of overvaluation of sub-prime mortgages. The full amount of sub-prime mortgage losses have not yet been fully disclosed due to uncertainty about exactly who is the owner of some of the securitised sub prime mortgage loan products. Similar structured financial products are being affected as well. If the remaining non-disclosed losses cause the failure of a significant player in the financial system, the implications could be significant. In addition some banks are not lending to each other because they are concerned about the ability of the other bank to repay the loan. While this seems like an over-reaction, it also gives rise to a further concern with respect to the continued operation of the financial system and is why central banks have been injecting liquidity into the system by way of an increase in direct loans to the banks.

The consequence of all these factors are that markets will continue to be more volatile than usual. Central banks and government fiscal policy will ensure the continued operation of the financial system although this will not stop a slowing in credit growth as banks repair their balance sheets and tighten standards. Nor does it mean no financial losses will be incurred. In fact

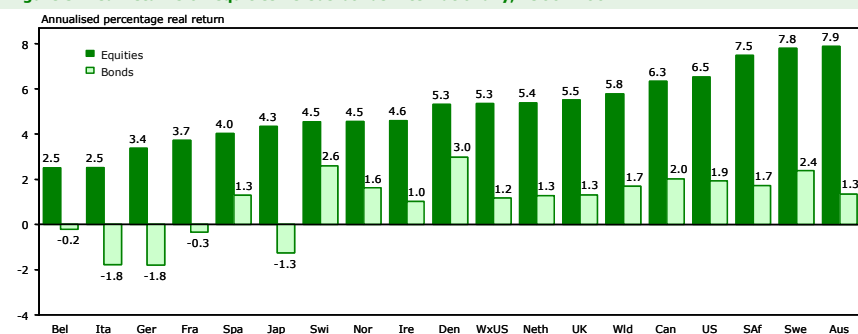
it is probably better for the market if losses are allowed to incur to ensure the continued efficient operation of the market rather than create the impression that failures will be bailed out. However as mentioned above, it will take time for the financial system to become fully functional again.

The commodity boom has placed Australia in a mixed situation. Strong economic growth, low levels of excess capacity, and a continued strong terms of trade has the RBA concerned about current and future inflation. Macquarie Equities economists (20/2/08) are suggesting the official cash rate could go to 8% (their central view is 7.5%) from the current level of 7.0%. While the ideal outcome is that the economy slows sufficiently to ensure the pace of inflation (and inflationary expectations) drop to within the RBA's target range, the concern is that over-aggressive tightening (interest rates up for individuals and companies), combined with the outcome of the global credit crisis (interest rates up further as banks raise rates independently of the RBA and tighten lending standards) causes economic growth to slow significantly.

Reality bites – an adjustment process

After the past several years of significantly above average returns the correction has arrived. Unfortunately, so far it's been a fairly savage correction. However, returns over three and five year periods are still comfortably above long-term averages. As a guide, over the past 107 years, Australian shares have provided a real (after inflation) average return of 7.9%. With inflation (on average) around 2-3% this means returns around the 10 – 11% would be average for an investment in Australian equities (versus nearly 16%, pre-tax & fees for the past three years). For the balanced pool the expectation would be a few percent less, say about 7 - 9%.

Figure 5: Real returns on equities versus bonds internationally, 1900–2007



Source: ABN AMRO/LBS Global Investment Returns Yearbook 2008, chart 14

Our returns versus competitors are shown in the tables below. Surveys produced by SelectingSuper, show that of the possible 32 rankings in which we compete we have outperformed the median in 22 instances.

While our performance relative to competitors has suffered a bit over the short term, this is because we have structured our pools to outperform over the medium and longer term (which they are still doing). For example property has suffered from an exposure to global property, Australian shares from a defensive position and cash from exposure to credit markets. The first two of these positions paid off significantly in January 2008 while the remaining position should pay off over this year as current investments mature and as credit spreads stabilise, although markets could experience significant further volatility before this occurs.

MAP Business

At MAP our Business Development team know the importance of training and education in the ever-changing world of superannuation for everyone.

MAP would like to offer you the opportunity to have one of our Business Development Managers come in and provide you a free assessment of your current superannuation fund. Get in quick before the end of financial year rush!

QLD TEAM

1. Roberta Albrecht Marketing & Distribution Manager

Roberta's primary responsibility is to support the promotion of MAP product to existing and prospective MAP members through both business development activities as well as marketing initiatives. MAP also has a strong focus on member education and Roberta along with her team ensures that the needs of our members and employer groups are met at all times.

Roberta has over 11 years experience within the Financial Services industry having previously held business development roles with Colonial First State Investments and MLC.

Contact: 07 3838 1215 or 0438 315 775

POOLS	% PA 1 YEAR	% PA 3 YEARS	% PA 5 YEARS	POOLS	% PA 1 YEAR	% PA 3 YEARS	% PA 5 YEARS
CASH				CAPITAL STABLE			
MAP	5.1	5.3	5.0	MAP	4.3	7.1	7.1
MARKET	4.9	4.8	4.5	MARKET	4.2	6.9	7.0
VARIANCE	0.2	0.5	0.5	VARIANCE	0.1	0.2	0.1
AUSTRALIAN EQUITIES				BALANCED			
MAP	13.1	18.6	-	MAP	4.8	11.1	11.2
MARKET	14.8	18.6	-	MARKET	5.5	10.4	10.9
VARIANCE	(1.7)	0.0	-	VARIANCE	(0.7)	0.7	0.3
INTERNATIONAL EQUITIES				GROWTH			
MAP	(2.7)	7.4	-	MAP	5.7	13.7	13.9
MARKET	(0.6)	7.9	-	MARKET	7.4	12.6	12.6
VARIANCE	(2.1)	(0.5)	-	VARIANCE	(1.7)	1.1	1.3
DIVERSIFIED PROPERTY				'Market' is taken from the median manager performance from the Selecting Super surveys.			
MAP	(11.1)	8.3	-				
MARKET	(5.2)	9.9	-				
VARIANCE	(5.9)	(1.7)	-				

Development Update

2. Prue Carlyon

Business Development Manager

As Business Development Manager Prue's responsibilities include servicing existing and future members and providing that much needed education and training for individuals and employers. Prue joined MAP in 2007 and has over 6 years experience in the financial services industry. Prue is a qualified Financial Planner and has previously held a role with Professional Investment Services.

Contact: 07 3838 1222 or 0488 900 359

NSW TEAM

3. Tony Sequeira

State Manager - NSW

As State Manager, Tony is responsible for growing the MAP business and continuing MAP's tradition of providing excellent personal service to our members in NSW.

Tony has over 30 years experience in the superannuation industry, having worked in senior sales, consulting and management roles at major life offices (including MLC, AXA and Zurich) and consulting and actuarial firms (including Alexander Consulting, NSP Buck Consultants and Mellon). His experience extends to corporate, master trust and industry superannuation funds.

Contact: 02 9959 2320 or 0417 206 243

4. Alan Poswell

Business Development Manager

Alan is responsible for servicing existing NSW members as well as prospective members whilst providing education and training to these individuals and our employer groups.

Alan began working in the financial services industry as an investment adviser for St. George bank. The majority of Alan's experience over the last seven years has included developing financial strategies for members of the Medical profession.

Contact: 02 9959 2370 or 0403 986 005

BUSINESS DEVELOPMENT SUPPORT

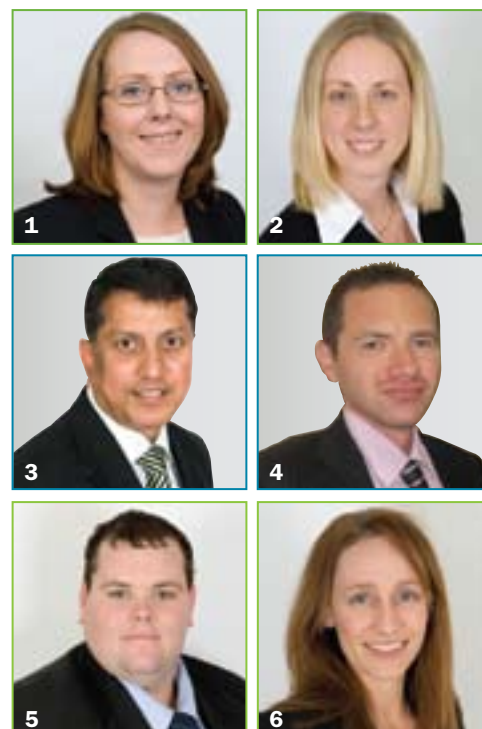
5. Rikki White

Business Development Officer

6. Suzanne Tilke

Marketing Assistant

Contact: 07 3838 1234 or 1800 640 055



For more information on any MAP service
please visit www.mapfunds.com.au

A Tribute to Clem Gordon 1924 - 2007

Many MAP members will remember Clem Gordon. Clem was General Manager of MAP from 1985 until his retirement in 2000 and he made a substantial contribution to building the MAP business. Clem passed away on 26 December 2007. His eulogy, delivered by his son, Ashley is reproduced below.

Norman Clement Gordon was born in Toowoomba on the 5th of October 1924 to parents Norman and Otilie Gordon. A nursing sister told his mother not long after he was born that they did not expect him to survive, as he was jaundiced. Survive he did however and soon left the hospital to join his elder brother John and sister Ruth. Years later a younger sister, Pauline, joined the family. Contrary to not surviving more than a few days, Clem went on to live for 83 years and was the last surviving member of his immediate family.

Clem enjoyed an active early childhood on and around the Darling Downs where his father, a schoolmaster and later Head master, held various country schools postings. The Great Depression loomed in the background during his childhood, an event that ravaged rural districts throughout Australia. His fathers' profession meant that Clem and his family were spared the hardships suffered by so many, but the events he witnessed created in Clem a life long aversion to waste and a cautious and conservative approach.

His family moved to Brisbane when Clem was aged eight – a move he did not like at the time and he voiced his disapproval as he so enjoyed country life. Needless to say, move the family did, permanently so, to Brisbane.

At School Clem was an active and talented sportsman, most notably in cricket and track and field. He played GPS cricket at First 11 level and held several GPS track and field championships. World War Two was declared while Clem was at Secondary School and like many of his generation he was keen to serve, though he was too young to do so for some years.

Nonetheless, on the day he turned eighteen in 1943, Clem presented himself as a volunteer at the Royal Australian Air Force recruiting station in Brisbane and joined the service.

He remained in the RAAF until the end of the war, serving principally in Number 2 Squadron, based in Darwin in the Northern Territory.

At the end of the war, having spent almost three years away from his family, he was keen to return to Brisbane. It was then that he decided to join the Queensland Police Force, which he did in early 1946. After a few months in Brisbane he was transferred to Cairns and took up residence in a police house which was ironically located on the corner of Norman and Gordon streets in Cairns. Clem grew very fond of Cairns and far North Queensland and would return there many times over his life time.

Clem had wanted a business career so after three years service in the Police Force, he resigned and entered the world of commerce, joining Royal Dutch Shell. It was at about this time that he met Louise, then a Nurse at the Royal Brisbane Hospital who was a friend of his sister, Pauline. Clem and Louise were married in 1956 and were soon sent into the countryside by Royal Dutch Shell, who Clem represented as an area manager.

After returning from country service with Shell, Clem decided his interests lay in the financial services industry and it was in this sector that he remained for the rest of his working life, right through to his eventual retirement at aged 76. His first position in the financial services industry was with the then Australian Fixed Trusts Company. In the early 1960's Clem and Louise purchased several acres of land in the Gap and had their new home constructed in 1964/65 and this remains the family home to this day.

Over the following years he served as State Manager in Queensland and New South Wales for several major corporations including Scottish Amicable, New Zealand Victoria and Lumleys. For the last eighteen years of his career he was General Manager/Chief Executive of the MAP Superannuation fund.



His leisure interests revolved around travel, in which he and Louise would often indulge, tending to his garden and politics. He joined the Liberal Party not long after it had been founded by Sir Robert Menzies and remained a member for the rest of his life, serving in various organisational executive positions in the party for many years.

Clem was by every measure a gentleman. Always courteous, considerate of others and willing to render assistance whenever required. He never sought to impose his will on others, but would always be ready with gentle encouragement. He was distrustful of people who spoke too much about themselves and he had a conservative outlook on many topics. He was not given to demonstrations of emotion but always communicated his feelings in a subtle and gentle manner.

In many ways Clem was a classic example of his generation of Australian. His passing was more rapid than expected and did come as a shock, however he was spared a long and protracted illness and for that we are grateful and we are most thankful to those who provided care and rendered him comfort and assistance in his final days.

We are also thankful to those who participated in Clem's life and grateful that you can share in his memory.

Eulogy delivered by Ashley Gordon, son of Clem Gordon ■■■

HOW TO CONTACT US

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MAP Superannuation Plan | RSE Licence No. R1001587

MAP Pooled Superannuation Plan | RSE Licence No. R1001563

MAP Australian Equity Fund | ARSN 092 833 308

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Past performance should not be relied upon as an indication of future returns. The actual returns will be determined by the investment strategy adopted and prevailing market conditions. The MAP Group does not guarantee the repayment of capital of the investment performance of the MAP products.



Market volatility – is now the time to change your investment strategy?

Market volatility has been front-page news recently. The Australian stockmarket has been subject to a range of global pressures such as the fear of recession in the US and the sub-prime mortgage 'meltdown'. These pressures have caused our market to fluctuate quite wildly and it is now significantly below the peak it reached late last year.

If you're concerned about the impact this is having on your own personal investments, you're not alone.

So what's the best course of action in times like these?

Before you make any major changes to your investment strategy, it's important to remember that this isn't the first time markets have experienced this sort of activity.

In 1991 we experienced the recession 'we had to have'. In 2000 we experienced the 'Tech Wreck'. In 2001 the attack on the World Trade Centre made a significant impact on our markets. And in 2003 the US invasion into Iraq caused a dip.

Equally important to remember is that in each and every example quoted above, the market recovered and went on to new, all-time highs – often within a relatively short period of time. And while nobody can know the future, it's likely that markets will follow a similar pattern this time.

While selling now may make you feel more comfortable because it means you won't be exposed to any further losses, it also means that you won't be exposed to any gains if, and when, the market recovers.

In other words, allowing a short-term view to influence your long-term investment strategy could be a costly mistake.

Where to from here?

If you have any concerns, please contact your MAP Financial Planner. Together, we can take this opportunity to review your risk profile, your financial plan and, if necessary, we will also review your investment options to ensure they remain consistent with your financial needs and goals.

Self Managed Super Funds Changes to the borrowing rules

As a general rule, superannuation funds are not allowed to borrow. Recent amendments allow superannuation funds to gear their investments through the use of instalment warrants that satisfy certain conditions.

The arrangement must be one under which the asset of the superannuation fund is not subject to a mortgage or charge. There are also further restrictions that need to be considered in relation to in house assets, which prevent the superannuation fund from having an interest in a related trust.

This change has created some interest for SMSF's to hold direct property, whether it be business property or investment property within the Fund's portfolio. This is not as simple as obtaining a loan from a bank and purchasing an investment property. Instead, the loan must be of a non-recourse nature to ensure the SMSF is not directly liable. The investment must also meet other regulations such as the sole purpose test and in house assets rules.

Special warrants can be established either directly or through certain products that ensure the Fund remains within the law.

Contact your MAP Financial Planner to find out more about this opportunity. We will also be including this subject at our next seminar on 1st April 2008.

Choosing a SMSF Trustee

A SMSF trustee can comprise of either individual trustees or a trustee company. With individual trustees, generally all members must be trustees and every trustee must be a member. Where a corporate trustee is appointed, all members must be directors of the trustee company and all directors must be members of the fund.

If the SMSF is a single member fund, then the sole member cannot be the only trustee. In this situation, a second individual (who is not an employee of the member, unless related) must be appointed as a trustee but they don't have to be a member of the fund. If the single member fund has a corporate trustee, the member can be the sole director of the trustee company or there can be another director (who is not an employee of the member, unless related).

A trustee or responsible office of the corporate trustee cannot be a disqualified person. A disqualified person is someone who at any time was convicted of an offence involving dishonesty, has been subject to a civil penalty order under the SIS Act or they are an insolvent under administration (eg an undischarged bankrupt).

Minors (under 18 years of age) are unable to be trustees however; a parent or guardian can be a trustee in their place.

Should I have a corporate trustee or individual trustee for my SMSF?

There are many advantages in having a corporate trustee as opposed to individual trustee.

Change of membership – a new member of a SMSF must become a trustee. As the SMSF assets are held in the name of the trustees, this will require the transfer of titles to all assets to include the new trustee. With a corporate trustee, the new member only needs to become a director of the trustee company. This can save time and costs in changing assets where there is a change in membership due to death, marriage or any other reason.

Single member funds – If a person wishes to be the only member of the fund, then they must appoint another person as trustee. This means another person is involved in the Fund's decisions. A sole member is able to be the only director of a corporate trustee and therefore has total control of the fund.

If you require advice about the appropriate trustee for your SMSF or if you are thinking about creating your own SMSF, contact Lylia or Paul at MAP Financial Planning on Ph 07 3838 1237.

SMSF Seminar

Tuesday 1st April 2008 at 6.00pm
United Services Club, Wickham Tce,
Brisbane

Topics include;

- Trustee responsibilities
- The role of administrators
- New borrowing rules
- How to get assets into super with current contribution limits.

This seminar is free and will be of interest if you are thinking about establishing an SMSF or have an existing SMSF.

RSVP

Matthew Hirst on Ph 07 3838 1237
before 27th March 2008



MAP Financial Planning has been growing over the past year and we would like to introduce you to our financial planners who have a range of experiences that equips the team to assist you with your financial planning strategies.

**1. Sue Winsor Dip FP, MFP
Senior Financial Planner**

Sue joined MAP in 2005 and has extensive experience in the financial services industry as a Financial Planner. She has completed the Diploma of Financial Planning through Deakin University and a Masters of Financial Planning through the University of the Sunshine Coast. Sue has previously specialised in Self Managed Super Funds and has extensive knowledge of investments, insurance and estate planning matters. She is a member of the Financial Planning Association of Australia

Phone: 07 3838 1237
Email: swinsor@mapfunds.com.au

**3. Paul Canham CFP®Dip FP
Senior Financial Planner**

Paul joined MAP in October 2007 and has been a Financial Planner since 2000. Paul has completed the Diploma of Financial Planning through Deakin University and has attained the internationally recognised designation of Certified Financial Planner. Paul is also a member of the Financial Planning Association of Australia.

Paul is focused on providing tailored and innovative strategies to help clients reach their lifestyle goals and financial potential. Paul has extensive experience in direct equities, margin lending, superannuation and retirement planning advice

Phone: 07 3838 1237
Email: pcanham@mapfunds.com.au

**5. Ian Archibald CFP®, MCom, Dip FP
Authorised Representative**

Ian Archibald commenced in the Australian financial services industry in 1993 and has thirteen years of experience working with clients in the areas of General Financial Planning, Retirement Planning, Superannuation Planning for both individuals and corporations, Personal and Business Insurance Planning and Estate Planning.

After successfully completing the Diploma of Financial Planning and a Master of Commerce (Financial Planning) degree, Ian attained the internationally recognised designation of Certified Financial Planner (CFP®)

Phone: 07 3838 1237
Email: iarchibald@mapfunds.com.au

**2. Lylia Taylor CFP®, Dip FP
Senior Financial Planner**

Lylia joined MAP in 2006 and she has over 30 years experience in the financial services industry including banking, insurance, superannuation and financial planning. Lylia has completed the Diploma of Financial Planning through Deakin University and holds the internationally recognised Certified Financial Planner (CFP®).

Lylia is able to assist clients with investment selection, taxation strategies, superannuation and retirement planning advice. She also has extensive knowledge in self managed super funds, insurance and estate planning.

Phone: 07 3838 1237
Email: ltaylor@mapfunds.com.au

**4. Thomas Glynn B.Bus(FP)
Financial Planner**

Thomas joined MAP in July 2006 after having previous roles as a Research Analyst with Sunnycove Management and an Insurance Consultant with Insurers Hotline.

Thomas has recently completed a Bachelor of Business majoring in Financial Planning and is currently studying for the Graduate Diploma in Applied Finance and Investment with Finsia.

Thomas's role is to provide financial advice in the areas of wealth accumulation, superannuation, salary packaging and also assists the senior financial advisers in all areas of financial advice.

Phone: 07 3838 1237
Email: tglynn@mapfunds.com.au

NSW Office

**6. Alan Poswell Dip FP
Authorised Representative**

Alan began working in the financial services industry as a financial adviser in 2000. He began his career with St. George bank and then moved to a company that focussed primarily on developing financial strategies for members of the medical profession. His experience lies with the wealth accumulators and retiree markets. He has completed his DFP and is currently studying to complete the Certified Financial Planner qualification.

Alan is located in Sydney and able to assist our clients with all aspects of financial planning.

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