

CAPITAL COMMUNICATOR

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THE QUARTERLY NEWSLETTER OF CENTRE CAPITAL



Welcome to the fifteenth edition of the *Capital Communicator*, the quarterly newsletter of Centre Capital.

We've developed this communication tool to keep our valued clients informed of the most up to date financial advice and investment opportunities, provide you with tips and strategies for managing your budgets and consolidating your wealth, and update you on changes in the law that may be relevant to your finances.

Capital Communicator is available for download on our website. Let us know if you can not access a computer and we can arrange for newsletter to be mailed out to you. Please feel free to forward Capital Communicator to any family, friends or colleagues who may find its content of interest.

We'd like to know what you think...

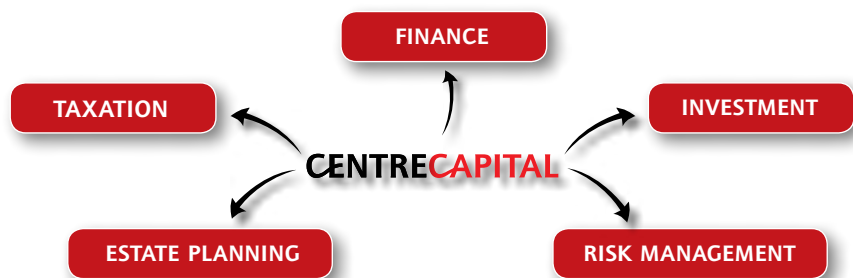
We would welcome your feedback on what you think of this edition of Capital Communicator and would also like to hear from you about the types of information and articles you want to read about. Please email advice@centrecapital.com.au with any feedback and suggestions and we'll do our best to include these in future editions.

Interesting Fact

The US government has bailed out some of the largest corporations in the world and thrown in help to a number of foreign governments. To help you sleep at night it should be known that the US Government owe around US\$14 Trillion to countries including Japan and China.

How can someone with so much debt be seen as the saviour for other debt laden entities?

The advice provided in this newsletter is General Advice only and we have not considered your personal circumstances. Before making any decision on the basis of this advice you should consider if the advice is appropriate for you based on your particular personal circumstances.



Centre Capital offers a range of services. We tailor our advice in each of these areas to meet the individual needs and objectives of every client. In future editions of Capital Communicator we'll provide a detailed analysis of how each of these services might help you. In the meantime, here's a brief overview of what they all mean:

Tax optimisation

Are you aware of the latest strategies to reduce the tax you pay? By constantly being aware of your ongoing situation we can become more proactive in managing your tax burden.

Investment advice

Are you aware of the range of investment opportunities that could increase your wealth while managing your risk? We can introduce you to a range of these options and recommend those of greatest benefit to your individual situation.

Retirement Planning

Will your current retirement plan allow you to retire with the lifestyle you enjoy now? Would you like to explore ways to maximise your retirement income and protect your wealth?

Finance

Would you like to learn about the latest approaches to structuring loans, including how to minimise expenses and maximise benefits? In addition we have access to a wide range of home loans, investment loans, special purpose lending and business finance. We will find the loan that best meets your requirements but more importantly advise you on a strategy that will focus on increasing your overall wealth.

Risk Management

What protection do you currently have in place to cover your family or business from unforeseen loss? In the event of death, injury or illness you need to adequately provide for mortgage costs and other living expenses. We can assist you to protect your most valuable asset... you.

Estate Planning

Wealth can easily be lost across generations if the right decisions are not made to properly transfer and protect wealth. Business succession is often overlooked. How will your business survive if you are not there? What tax consequences will you be faced with if you sell your business?

Economic Update



by **ROB COYTE**

The following Economic Update was provided by Paragem Partners Pty Ltd with some comments added in by Centre Capital.

Australia

The last 3 months have been characterised by a marked slowing in economic activity. Housing has been weak with building approvals down 9.9% in the year to November; consumer confidence has been tepid; and retail sales have been flat to negative.

While the ALLORDS rose 4.5% over the quarter, the continued strengthening of the A\$ undermined export incomes and local import competing manufacturers. Despite low unemployment (supported by mining boom), key consumer aggregates such as housing, new motor vehicles, and retail activity, remain frail. No doubt Australia's high personal debt level and rising interest rates have contributed to this.

In addition, the fiscal impact of the current floods is negative and could be substantial, resulting in higher commodity prices (caused by reduced supply) and potentially higher local interest rates. Furthermore, Chinese inflation is rampant and the Australian floods could fuel price pressures in China (coal will cost more due to lower level of supply), leading to further monetary tightening (interest rate

increases). The floods are estimated to have cost more than A\$7 Billion which has led to the proposed introduction of a Federal Levy to cover future disasters.



Despite these negative predictions, the bulls are forecasting a 20% gain for the S&P/ASX 200 Index in the next 12 months. Their optimism is based on a combination of factors including growth in EPS of approximately 20% (company profits growing) in 2011; forward PER below its historic average (compelling valuations... cheap); rebound in the US\$, helping currency dependent ASX companies; and upward momentum in global stock markets.

In addition, there is the argument that a strong A\$ and cashed up Australian companies could support major offshore growth strategies...let's hope they get them

right this time!

Rest of World

There is anecdotal evidence that the US is emerging from a long period of recession and lacklustre growth including unemployment falling back to 9%. If the world's biggest economy can achieve growth while inflation increases, it may simultaneously underwrite Obama's re-election in 2012 and take the edge off its mountainous debt issue (currently around US\$14 Trillion). A resilient US in 2011 could increase the value of the US\$ against the Euro, providing an added stimulus for Eurozone countries.

However, food and commodity price pressures could curtail global growth. These have recently increased to record levels and the World Bank stated that it will result in 44 million people living in "extreme" poverty. In 2008 there were the food riots as people could not afford the basic food for them or their families.

Analysts believe world stock markets should maintain their current forward momentum barring any geopolitical turmoil or further capital market shocks for Europe, and combined with a modest slowdown in China.

Orchard and Commercial Property Update



Orchard recently announced that the Barwon Group was the preferred bidder for the Orchard Management company. At the time this newsletter went to print we had spoken at length with Barwon and told them we would need to see a plan in writing (including bank consents) as to how they would look after the unit holders in DPF before supporting any proposal.

The Property Council of Australia recently released the latest figures for Australian commercial property for the quarter ending December 2010.

The Sydney CBD vacancy rate fell from 8.5% to 8.2% this downward move was exaggerated for Premium Office space

as vacancy rates fell from 4.8% to 3.1%, which is the lowest level in a decade. These rates were also supported by a fall in sub leasing where companies are keeping their leased space rather than leasing it to 3rd parties. In Melbourne CBD the vacancy rate fell from 6.5% to 6.3%

Glen Byrnes from the Property Council told the Australian Financial Review that vacancies are back to pre GFC levels. Director of Research from Jones Lang LaSalle Andrew Ballantyne said rental growth will be quite strong over the next 2 years as supply dries up. At this point it would be expected that the developers would then become interested in new projects.

At the moment astute investors including very large super funds are looking to position themselves with acquisitions before the market turns leading to higher prices. REST and ARIA recently made purchases and the Future Fund is looking to purchase a property in Brisbane CBD.

With sound fundamentals there are plenty of opportunities for those that are patient.

We will keep you updated with any progress through our website and our dedicated "Orchard Section" in the client's area located http://centrecapital.com.au/clients_area.htm

Get Large Exposure to Rising Share Markets With a Monthly Contribution

The Global Financial Crisis has provided a great opportunity to invest in share markets around the world.



Firstly when markets sell off they are effectively cheaper. Please note that the ASX 200 is currently still well below its high of 2007. In fact the market will need to rally some 35% to get back to those levels.

Managers of business have effectively “cleaned up” their business models and they are now much less risky proposition than they were previously. Furthermore, the global economic picture is definitely much brighter than has been the case over the last couple of years making companies prospects more palatable for investors.

From an investors perspective the question is how do we get exposure to the opportunities presented to us by the Global Financial Crisis?

Importantly product providers have become more innovative as well leading to more flexibility in investment offerings. Features now include;

- Capital Protection with upside potential.
- **No need for initial capital outlay** which is perfect for those with good incomes capable of paying a set amount per month and want to get exposed to the share market.
- Guaranteed income return ensuring cash flow certainty for the investor over term of investment.

Contact our office as there are a number of opportunities currently open which you may want to consider for your circumstances. As an added benefit these strategies may also provide you with tax benefits for this financial year.



What can our Finance Expert do for You?



I look forward to working with you and the Centre Capital team.

Our aim at Centre Capital is to help you achieve your ideal financial situation, and I look forward to contributing my expertise in Finance to help make this a reality.

Calling First Home Buyers

I hope to talk to you on a regular basis through the blog and newsletters, and for this week if there are any First Home Buyers thinking about entering the market, this will be of interest to you.

Buying our first home has always been one of the greatest achievements in our lives. Yet, it has not been easy, with genuine savings, reduced lending ratios and mortgage insurance some of the obstacles thrown in our way.

Still, the future looks bright! Centre Capital can now put you in touch with lenders who have a more customer-focused approach to first homebuyer lending.

Centre Capital can now:

- Match you with 95% lending
- Look at using your rent as genuine savings
- Keep you in mind for any market specials currently on offer exclusively to our clients

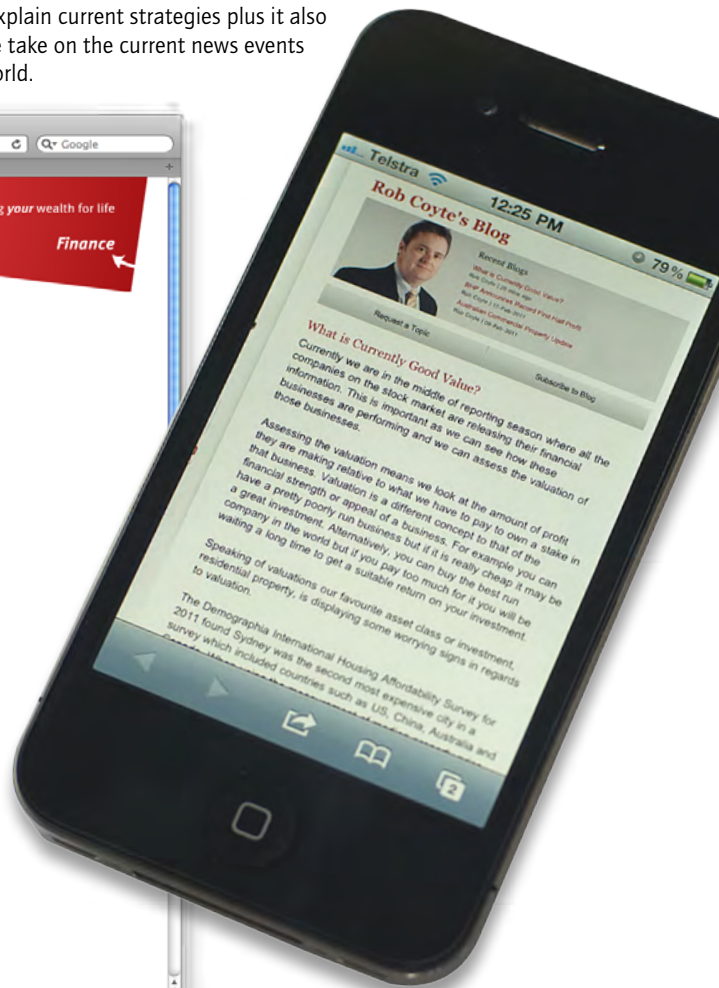
What's more, to celebrate me joining the team, from now and until the end of March 2011, Centre Capital will cover any application and monthly account keeping fees in the first year of your loan*.

Finally from me, my expertise is Finance which is a responsibility I take seriously. If you have any questions or need any advice, do not hesitate to contact me at **paul@centrecapital.com.au** or **1300 132 214**.

Centre Capital Website and Blog

Join Rob Coyte for his weekly blog on financial matters that effect you on www.centrecapital.com.au/_blog/Rob_Coyte's_Blog. He will in turn answer any questions that you may have in regards to the topics addressed in the blog. *If there is a topic you want Rob to explore please let him know.*

The client section of the website http://centrecapital.com.au/clients_area.html is designed to be an educational tool for clients. There are articles that explain current strategies plus it also provides a concise take on the current news events in the financial world.



Staff Changes

I would like to welcome Paul DeGatesbury to the Centre Capital team, whose responsibility will be the provision of mortgages and finance. Paul has worked previously with Centre Capital and we look forward to getting him more involved in the business to assist your needs.

I should also note that Jaime Bloomfield has changed responsibilities within Centre Capital and will be taking on a special project role. This will mean you won't be having the interaction with her over the phone as you have had for the last 6 years but she will be there behind the scenes.

Rachelle Bunting will also be on maternity leave from April for the rest of the calendar year. We wish her and her new family all the best for this joyous time and look forward to her return.

I would also like to welcome Anna Marie De Wet who has recently joined the Centre Capital administration team.

Centre Capital Referral Program

Client Rewards is to say thank you to our existing clients for referring your family, friends and work colleagues to Centre Capital.

Go to our website, www.centrecapital.com.au/referral_program.htm complete your name and the name of the person

you referred and you will be in the draw to win an ultimate experience from **Red Balloon** valued at \$300.

You may enter multiple times – each entry must be unique. Winners will be announced via Capital Communicator.



Congrats to this quarter winner **Jason R**, we hope you enjoyed your experience. Draw will be held quarterly.