

Gov't package triples first homeowners scheme

THE Federal Government's \$10 billion stimulatory package has been welcomed by the Australian property sector, particularly the effective doubling of the First Home Owners Grant scheme.

The package, announced last week by the Prime Minister, Kevin Rudd, and the Federal Treasurer, Wayne Swan, will see the Government direct \$1.5 billion towards first home owners at the same time as increasing pensions and accelerating investment and nation-building projects.

The pension package is worth \$4.8 billion and will be paid to pensioners, carers and seniors. Those on the single pension will get a lump sum bonus of \$1,400 and pensioner couples will get \$2,100. Carers will get \$1,000 for each eligible person they care for.

The First Home Owners Grant scheme was last increased by the former Howard Government in 2001 when it was also doubled, which according to the Housing Industry Association resulted in a 3,000 homes a month increase in building activity.



Kevin Rudd

Australian managers defy global trend

By Mike Taylor

THE rate of growth in the total assets being managed by the world's largest 500 fund managers rose at its slowest rate in five years in 2007, but Australian managers were something of an exception, according to new research released by Watson Wyatt.

According to the Pensions & Investments/Watson Wyatt World 500 ranking, total assets managed by the largest 500 fund managers grew by around 9 per cent in 2007 to US\$69.4 trillion

compared to a growth rate of 19 per cent the previous year.

However, in contrast, assets under management by Australian fund managers grew by 19 per cent in 2007 to US\$69.1 billion.

According to the head of manager research at Watson Wyatt Australia, Hugh Dougherty, the outperformance of Australian fund managers is largely owed to the impact of the Superannuation Guarantee charge and the compulsory flows it has generated. There are 15 Australian managers

covered by the Watson Wyatt survey and several increased their ranking, including Colonial First State.

Commenting on the outcome, Dougherty said that the Australian managers that had increased their rankings were those that were broadly diversified.

He said managers purely focused on equities or property had encountered a somewhat different outcome, and this was a trend that was likely to have been exacerbated in more recent months.

Advisers urged to focus on wealth protection

By John Wilkinson

ADVISERS should be looking at income protection insurance to protect their client's greatest asset – future earnings.

Property Planning Australia director James McFall said future income outweighed other assets such as superannuation and the family home.

"It is the most important asset and there should be insurance in place to protect against a loss of income," he told the audi-

ence at the CPA Congress in Melbourne recently.

According to McFall, a 45-year-old currently earning \$60,000 a year will earn \$1.6 million until they retire at 65.

Similarly, a 25-year-old earning \$40,000 today will earn \$3 million before retirement.

"Income is making wealth creation possible, so any loss has an impact on retirement," he said.

McFall said, according to the Institute of Actuaries, the average duration of

a disability that causes the insured to stop work is nearly five months.

"Being injured and it resulting in a disability often leads to the loss of a job, and then the client's wealth creation plans will get worse," he said.

Based on figures from the Institute of Actuaries, 31 per cent of males and 10 per cent of females have lost their jobs through an illness or injury in the past 20 years, McFall said.

Advisers need to assess what insurance their clients

will need in the short, medium and long-term.

However, the cost of the insurance should also be included in the equation, as it is expensive for an older person to buy certain types of cover.

McFall added that a balance has to be achieved between stepped and level premiums.

If income protection and critical illness cover are taken out at an early age, a level premium should be the chosen payment method.



Five clear reasons to navigate stormy waters with Five Oceans...

Reason #1

The Five Oceans World Fund has outperformed the MSCI World Total Returns Index* by 10.02% over the past year¹ and by 6.78% p.a. since inception¹.

As a boutique, global equities fund manager, Five Oceans Asset Management is committed to delivering concentrated, non-index global share portfolios for Australian investors.

Visit www.5oam.com to review the performance numbers.

www.5oam.com

02 9994 7490

info@5oam.com

¹Net Dividends Reinvested in \$A. The index is provided for comparison purposes only. The fund does not seek to track or beat this index. ²30 September 2007 to 30 September 2008. ³Inception: 3 July 2006. Performance is calculated after fees and assumes reinvestment of distributions. Past performance is not a reliable indicator of future performance. The information in this document is current as at 31 August 2008 and is provided by Challenger Managed Investments Limited ABN 94 002 835 592 AFSL No. 234 668 the issuer of the Five Oceans World Fund ARSN 117 060 769. Five Oceans Asset Management Pty Limited (AFSL No. 290540) is the investment manager of the Fund. The information is general information rather than advice and does not take into account the investment objectives, financial situation and particular needs of an investor. Each person should obtain and consider the Product Disclosure Statement (PDS) for the Fund and consider whether or not the Fund is appropriate for them before deciding whether to acquire, continue to hold or dispose of units in the Fund. A copy of the PDS can be obtained from www.challenger.com.au

7955/1008

Five Oceans
FIVE OCEANS ASSET MANAGEMENT