FIDUCIAN FOCUS

Autumn 2015

PLANNING FOR A CHILD'S FUTURE

One of the greatest gifts that a parent or a grandparent can provide is to set money aside for a child's future.

Introducing the child to the advantages of prudent savings and disciplined investment, whether this is from money gifted to them at Christmas and birthdays or earned by them through after-school and casual work, can be fundamental at that early stage in their life.

An initial small investment, when combined with regular additional contributions is able to use the phenomenal power of "compounding interest" to grow over time, providing a significant asset and long-term benefit for the child's future.

By structuring this savings plan appropriately you are able to retain ownership and maintain control of the investments until you are ready to transfer the asset into the child's name in the most tax effective way. This also gives you the ability to access the money before the child reaches 18 should this be required for expenses such as: school fees, sports equipment or other necessities.

Savings vehicles that can be used include Savings Accounts, Term Deposits, Direct Shares and Managed Investment Funds. Which of these investment vehicles would be appropriate for you will depend on a number of factors, including your risk tolerance, your investment timeframe, the purpose of the investment and your financial situation. While investing in a Savings Account or a Term Deposit may provide you with capital guarantee (if invested in one of the Deposit Taking Institutions authorised by the Australian Government), investing in Direct Shares and in a Managed Investment Fund may also provide capital growth over a certain period of time.

Inside this issue...

HOW YOU OR YOUR LOVED ONES CAN ACCESS HOME CARE PACKAGES?

If you prefer to stay in your own home as you get older, but need some help with daily tasks such as cleaning, preparing meals, bathing, gardening, changing light bulbs, or with transport so you can go shopping or attend appointments, a Home Care Package may be for you. Read more on page 2.

PLANNING FOR A CHILD'S FUTURE CONTINUED...

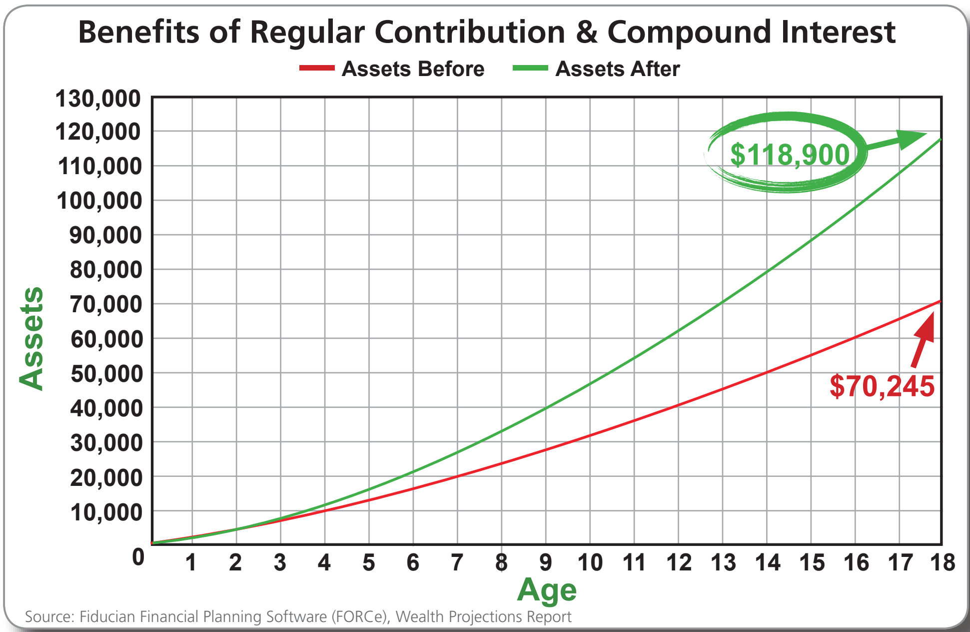
Case Study

George and Elizabeth decided to commence a Regular Contribution Plan for their newly born grandchild, Adam.

If George and Elizabeth establish a Savings Account with a Bank and contribute $200 per month for the period of next 18 years, the estimated value of the investment would be approximately $70,000 when Adam reaches age 18.

In comparison, if George and Elizabeth establish a Managed Investment Fund and contribute $200 per month for the same period of time, the estimated value of the investment would be just under $120,000 when Adam reaches age 18.

There is no doubt that this amount of money will give Adam a head start in the early stage of his adult life. Adam can use the available funds to meet education costs, towards a deposit on his first home or he can continue to save and accumulate wealth.



Note: Assumptions in the Case Study are based on rate of return being 2.5% per annum in the Savings Account (income only) and 8% per annum in a Managed Investment Fund (income and growth combined). In both cases with all income reinvested.

WHAT'S NEXT?

With education fees costing thousands of dollars over school and university years, it's no wonder people start saving for their children's education early. The challenge is to ensure that this very important investment is both tax-effective and flexible enough for your needs. The most suitable option will depend on a range of factors such as your tax position, the child's situation and how and when you need to access the investment.

What seems like a straightforward decision can often be complex and therefore it's worthwhile seeking financial advice before making any decisions. Please contact your Fiducian Financial Planner to determine the most appropriate investment option for you and your family based on your circumstances.

HOW YOU OR YOUR LOVED ONES CAN ACCESS HOME CARE PACKAGES?

A Home Care Package provides services that can:

- help you to stay at home, and
- give you choice and flexibility in the way that care and support is provided to you.

These services are available not only to elderly but also provide support to younger people with disabilities, people with medical conditions, carers and family members. There are four levels of Home Care Packages available starting from Basic Care to a High Level of Care.

The Australian Government pays most of the cost of Home Care. However, as with all aged care services, people may be asked to contribute towards the cost of Home Care if they can afford to do so.The cost of Home Care Packages can vary from one individual to another depending on the individuals' financial situation and the services provided.

For example, an individual who is entitled to a full Age pension will be asked to pay under $10 per day. Part Age pensioners can be asked to pay up to $24 per day and self-funded individuals can be asked to pay up to $38 per day for accessing Home Care Services.

To find out more about Home Care Packages please contact your Fiducian Financial Planner.

INDIA - AN OASIS IN AN UNCERTAIN WORLD

AASHISH WAKANKAR, SENIOR FUND MANAGER, STATE BANK OF INDIA FUNDS MANAGEMENT (ONE OF THE THREE FUND MANAGERS IN THE FIDUCIAN INDIA FUND)

In a landmark general election last year, India's Bharatiya Janata Party (BJP) under the leadership of Mr. Narendra Modi won a decisive verdict. We believe this is unequivocally good news for the Indian economy and for the Indian stock market. The BJP's absolute majority means that Prime Minister Modi effectively now has a free hand to set in motion investment-friendly policies, appoint new officials and technocrats, improve transparency (thereby reducing corruption) and revive economic growth.

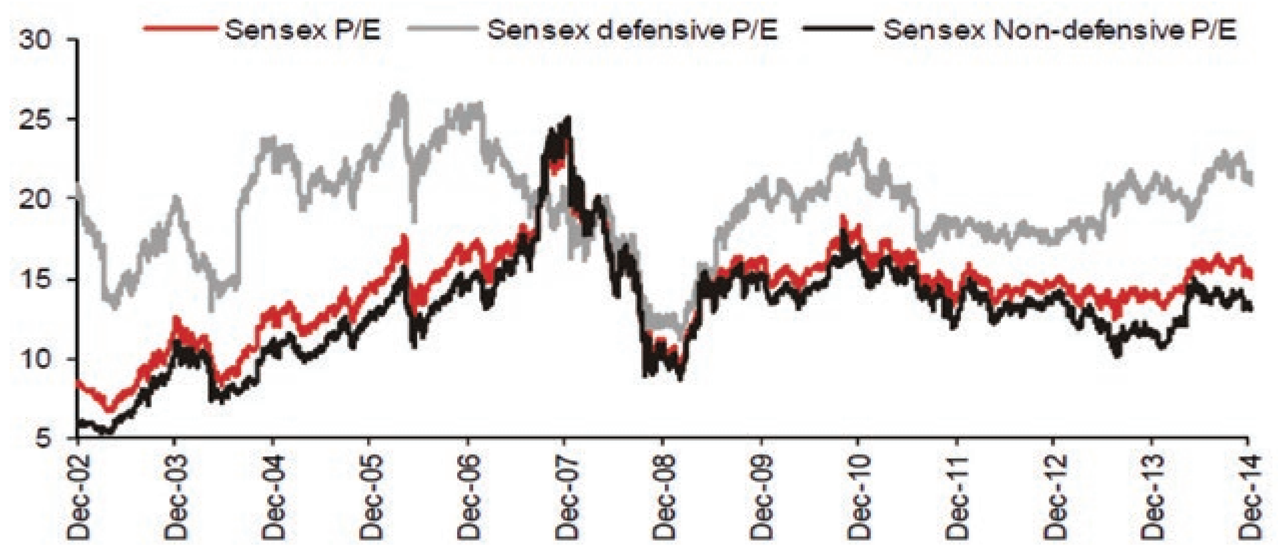
Prime Minister Modi's push to "Make it in India" is a serious effort to attract foreign companies to invest in India. This is a win-win proposition for international corporations, which will receive a ready market and access to labour, while India stands to benefit from job creation and rising wages. Similarly, 'Clean India', the 'National Mission for Financial Inclusion' and the 'toilets in every school' campaigns have far reaching implications for the country's social infrastructure.

We believe that India provides a 'natural investment hedge' for commodity investors, producers and exporters. Being a net importer and consumer of commodities, India is an immense beneficiary of falling commodity prices. For India, lower oil prices have a significant positive effect on its current account, fiscal balance, inflation and growth. As a result of lower oil prices and an improved current account, foreign reserve accumulation is expected to increase sharply (currently $US319 billion). We also see inflation remaining low for some time to come. The government has used the decline in crude oil prices to cut subsidies and enhance its revenue collection through higher duties on petrol and diesel which can be channelled into building infrastructure. Accordingly, we see economic growth as likely to accelerate, with stronger growth likely to positively affect the fiscal balance, through greater revenue generation.

India experienced record foreign indirect investment flows of close to $US40 billion across equity and bond market in 2014. Barring adverse global developments, India could continue to attract strong inflows of global capital over coming years. It is also likely that stock market investment from local investors could pick up markedly. Though the stock market has had a strong rally over the past year, we believe that stocks are still trading at reasonable valuations. We believe that the market stands to gain in an improving macro-economic environment, declining input and interest costs and a Government focus on improving the 'ease of doing business' and increasing access to capital. While keeping an eye out for emerging themes and shifts, our focus remains on bottom up stock picking as the best way to generate good returns on a sustainable basis.

"Though the stock market has had a strong rally over the past year, we believe that stocks are still trading at reasonable valuations."

12 month forward price-to-earnings ratio (PE), aggregate market, defensives and non-defensives



Source: Bloomberg, Nomura Research. (Defensives comprise consumer staples, pharmaceuticals and IT stocks. Non-defensives are the rest of the market, which is a play on the India domestic growth story).

FIDUCIAN IN THE COMMUNITY

A YEAR IN REVIEW – WHO WE SUPPORT

ERIC PRIEBEE VOLUNTEERS AT VISION BEYOND AUS IN NEPAL

Fiducian Southern Highlands Financial Planner Eric Priebee, travelled to Nepal at the end of last year to volunteer at Eye Camps for the poor and needy. He helped screen 6000 people of which 226 received free cataract surgery.

Whilst there, Eric visited the Vision Beyond AUS Reiyukai Eye Hospital in Banepa just outside Katmadu. He got to meet the doctors and nurses and see the new Vision Beyond AUS funded phaco-emulsification machine. Thank you and great work Eric!

Eric Priebee with Dr Barsha Suwal, and Hiramani Sharma, Administrator of the Reiyukai Eye Hospital at Banepa

The new phaco-emulsijication machine

SPONSORSHIP OF PALM BEACH SURF LIFE SAVING CLUB

Fiducian is delighted to announce its Sponsorship of Palm Beach Surf Life Saving Club (PBSLSC) in NSW. The Club is a voluntary, non-for-profit organisation located at the southern end of Palm Beach established in 1921. The Club improves beach safety for the local community and beach-goers and its members provide voluntary patrols on weekends and public holidays.

The weekend patrol celebrate their new kit

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