

In focus

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AUTUMN 09

The platypus event: an adviser's view

By Robin Walford, Financial Adviser



Wow – I'm sure 2008 is a year most of us would like to forget! It was certainly the most difficult year I've experienced in almost 20 years in the industry.

For new clients, it's less than ideal to experience a downturn of any magnitude early in their journey with Plan B. Even for more experienced investors, the recent events have caused a significant amount of stress. Either way, it's never pleasant when a downturn occurs.

During the past 12 – 18 months, I've been touched by the empathy of my clients. In my regular contact with them, they've been as concerned with how I was coping as much as I was concerned for them. It's been very encouraging and I've regarded it an honour to be trusted so deeply by our clients. I know the other Advisers feel the same way.

This has been an especially tough time to advise clients. From my experience, now more than ever clients are looking for assurance, guidance and good advice. They're also trying to gain an understanding of what's going on and what the future may hold for them and their goals and objectives.

I've called the current downturn a "platypus event" and I don't mean that in a humorous way.

I've seen webbed feet before, I've seen a duck's bill before, I've seen a blind animal before and I've seen a furry body before. I just haven't seen them all at the same time. And when the platypus was discovered and reported back to the English, they didn't even believe such an animal was possible!

Despite being faced with a situation that most of us haven't experienced to this extent before, our commitment to helping you hasn't wavered. Nor has our knowledge that sticking to your strategy and staying invested is the best and only way to ride out the tough times and enjoy the inevitable recovery. The 25% rebound of US markets from 9 March shows how quickly markets can rally. That was the shortest, sharpest rally since 1937.

Many have questioned their resolve to stick it out – after all, I don't know anyone who wants to be stuck in what feels like a never-ending downward spiral!

I admit we don't have all the answers. We can't tell you when the peaks and troughs are going to be or precisely when markets will turn.

However, after looking at all the other possibilities and investment methods on offer, we know that remaining invested in a well structured, deeply diversified portfolio and sticking to your strategy gives you the highest probability of achieving your objectives. Moving to cash and trying to pick some point in the future to come back into the markets just doesn't work.

My role has been to help my clients remain disciplined, prevent them from doing something that may cause major problems in the future and to avoid events that have caused others in the community to suffer the catastrophic losses that dominate the newspaper headlines.

But the biggest question on everybody's lips is "What will the next 6 months look like"? The reality is that no one really knows for sure. Unfortunately, predictions by the "experts" rarely eventuate. Nobody has a crystal ball for the future, which is why their comments remain predications rather than fact.

As your Advisers, we want to see you achieve your lifelong goals as comfortably and reliably as possible. Our commitment to you is always assured, and I speak on behalf of all Plan B Advisers that we feel honoured to work with you through your journey, no matter how bumpy the ride may be along the way.

Moving forward in a challenging environment

By Denys Pearce, Managing Director



The current equity market volatility has presented significant challenges to business around the world, with no exception at Plan B where the decline in world equity markets has been felt in our revenue.

Despite these current conditions, our business fundamentals remain solid. Our strategic vision has not changed but we're now focused on improving productivity throughout all business units and decreasing our general business operating costs.

Our growth initiatives are also unchanged, and we're pleased to announce that in February we acquired Melbourne-based advisory firm, Strategic Financial Management. This is an outstanding business and a key element in our Eastern States growth strategy.

On another positive note, clients have handled the market conditions exceptionally well, as shown by our stable client numbers and reduced withdrawals.

Staying invested in the markets is the best means to riding out the volatility and ensuring that you're in a position to benefit from the rewards when the upturn occurs.

From an investment perspective, our disciplined investment philosophy and diversified investment portfolios remain unchanged.

We use high quality, defensive assets to dampen volatility and are focused on exposure to rewarded risk, sustainability and reliability of returns rather than short-term opportunism for growth assets. Our pools, which are engineered to cope with volatility, continue to perform in line with expectations.

Our overarching priority, as always, is to work with you to achieve your own life objectives with more control, less risk and greater certainty.

I can assure you that Plan B remains in sound business health. We continue to look to the future as a business, and remain focused on improving our service to you.

Plan B acquires Melbourne advisory firm

We are pleased to announce that Plan B has acquired a 62% interest in Strategic Financial Management (SFM), an established wealth advisory business based in Melbourne.

The acquisition of SFM reflects our commitment to expansion through seeking to acquire interests in exceptional wealth advisory businesses, in spite of the challenging financial market conditions.

SFM was founded in 1995 and is a high quality wealth advisory firm with a strong focus on client relationships and providing the highest levels of service to their sophisticated clientele.

Its operations are highly complementary to Plan B and we believe the business and its principals meet the highest standards of our strict acquisition criteria.

We welcome the SFM team and look forward to working with them moving forward.



2008 Client Satisfaction Survey

Last year a random selection of clients were asked to participate in a satisfaction survey.

We received an overwhelmingly positive response to Plan B's service delivery, with respondents finding the most valuable part of our service to be personal contact and meetings with their adviser, followed by financial planning and advice.

We also received constructive feedback on areas of our service which clients felt could be improved.

We'll continue to ask a random selection of clients each year to complete the satisfaction survey.

As the survey is a valuable tool to help us improve our service, we encourage you to participate and share your thoughts. Thank you to the clients who participated in the 2008 survey.

Schedule your True North probability check

We'd all love 100% probability of achieving what we want. Realistically, unexpected events of a global and personal scale can and do get us off track. With recent events in mind, now is a good time to have a True North probability check.

True North helps you work out the probability of achieving your objectives, including when you can retire, as it programs in events such as the recent global financial crisis, the crash of 1987 and the Great Depression in 1929-32.

You can work through any changes with your Adviser and make necessary adjustments to keep you on track. Simply contact your Adviser to schedule your True North check.

Budget 2009 - Do the changes affect you? Speak to your Adviser today to find out.



Managing risk: it's about what we do... and don't do

We've all heard of "sophisticated" individuals and institutions that have lost money in recent times.

From Bernard Madoff's Ponzi scheme in the US to the Storm saga in Australia, investors have been caught up in the unravelling of once popular funds.

In upward market cycles, investors become complacent. Why ask questions when it all looks good and the returns are even better? But most of the time, what appears too good to be true is often just that.

These situations have come to the fore during the current economic downturn. But they simply bring to our attention issues that should always be front of mind for investors.

Plan B believes in consistently setting and maintaining high industry standards to provide you with the best possible advice and ensure your wealth is as safe as can be.

As a publicly listed company on the ASX, we are subject to higher standards of governance and a higher level of public scrutiny.

We are proud to be the only organisation in the southern hemisphere to be accredited by the Centre of Fiduciary Excellence (CEFEX).

CEFEX is an independent global assessment organisation that certifies companies for conforming to the highest fiduciary practice standards in the world.

'Fiduciary' refers to any person or organisation that manages money on behalf of another and is bound to acting in their best interest.

"In upward market cycles, investors become complacent."

Our investment pools (and the assets within them) are held for safekeeping in a custodial structure. Our independent third party custodians are JP Morgan, who ensure our independence on asset pricing. Your investments are also protected as they are held separately from the assets of both Plan B and JP Morgan.

As well as being licensed by the Australian Securities and Investments Commission (ASIC) and the Australian Prudential Regulation Authority (APRA), we are independently audited by KPMG.

Furthermore, most of our Financial Advisers are, or are currently in the process of becoming Certified Financial Planners – the highest qualification issued to Advisers by the Financial Planning Association of Australia.

Along with maintaining diversified asset class portfolios and ensuring strategies are tailored to individual clients, Plan B has strict policies regarding the integrity of our investment portfolios including:

- Minimal exposure to illiquid assets
- No hedge fund investments
- No exposure to unlisted investments
- No gearing
- Avoiding poor quality fixed interest
- Avoiding catastrophes resulting from overexposure to any one share or sector

Your Adviser can provide you with more information on our risk management procedures and how we operate in your best interest.

Year-end tax strategies

The strategies below may provide you with some up-front tax deductions this financial year. Please talk to your Adviser and seek tax advice from your accountant regarding these strategies.

1. If you earn less than \$60,341 and make a super contribution, you could qualify for a government co-contribution of up to \$1,500. Next financial year this will reduce to \$1,000.
2. Make a super co-contribution for your low income (less than \$10,800) spouse and you may qualify for a \$540 tax rebate.
3. Reduce your tax liability by making a super contribution through salary sacrifice.
4. Take advantage of a 15% maximum tax rate by making after-tax contributions to your super.
5. Delay withdrawing any further super benefits until you turn 60 to avoid lump sum tax.
6. If you're self-employed and make a deductible super contribution, you can receive a dollar for dollar tax deduction. The amount you can contribute will be halved next financial year.
7. Bring forward your tax deduction to this financial year by pre-paying 12 months of your investment loan interest or income protection policy premiums.
8. Postpone a CGT liability for 12-months by deferring asset sales and income from interest, dividends, rent, royalties or insurance proceeds until 1 July 2009.
9. If you made capital gains this year, consider selling under-performing assets to reduce your tax liability.

Changes to Commonwealth Seniors Health Card

Commonwealth Seniors Health Card (CSHC) holders should note that the eligibility income test has now tightened.

From 1 July 2009 it will expand to include income voluntarily salary sacrificed to superannuation and net financial investment losses.

CSHC holders will also be required to provide Centrelink with an estimate of their adjusted taxable income for 2009/10 and notify Centrelink of any changes that may affect their adjusted taxable income.

To qualify for the CSHC, the adjusted taxable income for singles must be less than \$50,000; and less than \$80,000 for couples (combined income). Please contact your Adviser for further details.

Plan B Racing Team's New World Champion

Plan B Racing Team's Josie Tomic has been crowned the first ever women's Omnium World Champion at the five-event world championship in Poland.



After completing four events, Josie held a joint lead with only a 500m time trial remaining. She was announced the World Champion after gaining maximum points on the final sprint of the championship.

Delighted with the victory, Josie said that it was a big surprise: "I had a disappointing scratch race and to come back and then win shows that anything can happen. I have asthma and it is pretty dusty in the Velodrome; I had a cough all week but I just got on with the job and it paid off.

"I won the world junior points race in 2007 and it used to be one of my strongest events but I have not done so well in it as a senior.

"I had nothing to lose and everything to gain so I put everything into the race. I just went into the 500m time trial aiming for a personal best time and to try to medal and I didn't really feel any pressure" she said.

Plan B Wealth Management is proud to support the Plan B Racing Team, which is part of Cycling WA's High Performance Program and Development Pathway.

The Plan B Racing Team aims to provide a clear goal and pathway for junior Western Australian cyclists and raise the profile and awareness of cycling in the state.

Find out more at: www.planbracing.com.au
Source: *Cycling News*

The 2009 WASO Plan B Classics Series

The 2009 season of the West Australian Symphony Orchestra's Plan B Classics Series began this May and features performances including Russian Fire, Beethoven's Pastoral Symphony, Don Juan and Rhapsody in Blue.

Plan B is proud to sponsor the 2009 Classics Series which promises to be a stunning selection from the immense classical repertoire, performed by some of the world's leading solo performers and conductors. The Classics Series includes a blend of well-loved favourites and new discoveries.

Win 1 of 4 double passes to WASO!

To celebrate the launch of the 2009 Plan B Classics Series, we're giving away four double passes to a Classics Series concert of your choice!

For your chance to win, simply answer this question:

Name two Plan B Classics Series concerts to be held in 2009

To be in the draw to win, email the answer to the above question to planbcommunications@planbonline.com by Friday 5 June 2009. Winners will be contacted by email. Good luck!



Plan B Wealth Management Classics Series

| | |
|-------------------------------|-----------------------------------|
| Russian Fire | Friday 5 & Saturday 6 June |
| Piers Lane plays Mozart | Friday 24 & Saturday 25 July |
| Stravinsky's Petrushka | Friday 11 & Saturday 12 September |
| Beethoven's Pastoral Symphony | Friday 25 & Saturday 26 September |
| Don Juan | Friday 16 & Saturday 17 October |
| Paul Daniel Conducts Elgar | Friday 20 & Saturday 21 November |
| Rhapsody in Blue | Friday 4 & Saturday 5 December |

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