

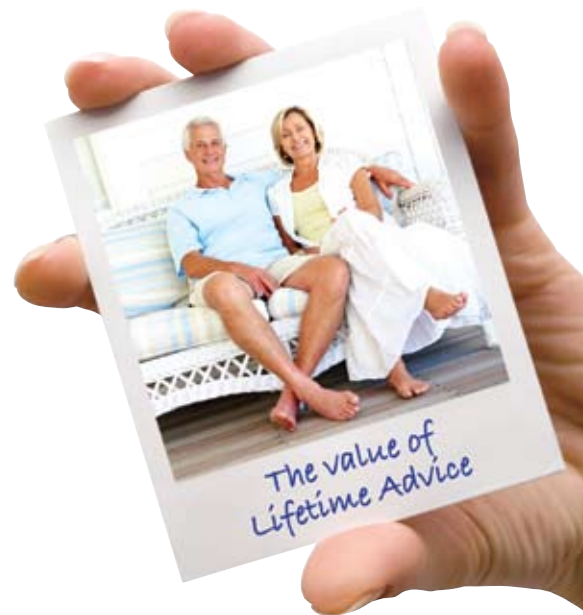
## Emerging Markets

The Emerging Markets universe incorporates countries that are "on the way to developing" (for instance Peru and Colombia) as well as others which are "bordering on developed" (such as Taiwan or Korea). As anyone who has travelled in Asia or Eastern Europe can testify, there are marked differences between these countries in terms of infrastructure and housing as well as public services such as health and education.

What is important, is for investors to realise the difference in these markets and when considering an allocation to the Emerging Markets that they understand what they are investing in.

While some may consider markets such as Vietnam, Kazakhstan and Nigeria as part of the 'Emerging Markets' they do in fact belong to another asset class called 'Frontier Markets'. Clearly, investing in a 'Frontier Markets' strategy which focuses on allocating capital to markets in countries such as those outlined presents a totally different investment proposition than an allocation to a strategy which provides exposure to countries such as Brazil, Indonesia, Turkey and Korea.

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**Did you know:** Most of the vitamin C found in fruits is in the skin.

Source: [www.didyouknow.net.au](http://www.didyouknow.net.au)

## You're never too old to hit the road

Seeing more of Australia or travelling to unusual parts of the world are included on most people's retirement planning lists. After a lifetime of work, reduced job and family commitments present the retiree with the 'problem' of how to fill the void. Travelling is an ideal and popular solution.

Not that many years ago, retirees seeking a travel adventure limited themselves to a leisurely cruise to Fiji and Noumea or for those a little more adventurous, a group bus tour around the UK. Not anymore! Retirees of the 21st Century have a plethora of travel options open to them in this country, overseas and conveniently, the details are just a mouse-click away.

If exploring the great outdoors is your thing, our country has a lot to offer - from the Great Ocean Road in Victoria to the dusty red heart of inland Australia, the wine country of South Australia's Barossa region to Queensland's Great Barrier Reef.

For those who love a cooler climate and a more relaxed pace, Tasmania could be your destination. The state's 70,000 square kilometres are jam packed with national parks that offer reasonably priced and uncrowded camping spots where you can stay a day or a while.

If you'd prefer a trip that involves getting your passport out, the world is literally your oyster! Try these one-of-a-kind travel adventures on for size:

**Volunteer vacationing:** These trips blend independent travel with the ability to live and work within a community in a developing country.

**The unusual Galapagos Islands:** If sightseeing trips with a distinctly outdoors theme are more your style, the Galapagos Islands may be worth a visit. This location was made famous by the pioneering work of naturalist Charles Darwin and it retains an exceptional serenity that is unsurpassed.

**Visit the 'Stans':** Central Asia is a growing travel hotspot for those looking for something well and truly off the beaten track. If you are interested in seeing countries that are not yet a tourist mecca, why not consider the 'The Stans'?

Formerly part of the Soviet Union, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan and Turkmenistan have a unique charm.

With such a world of choice, it might a good idea to start planning early to make sure you experience all the destinations of your dreams.

## Emerging Markets

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### So why would an investor consider Emerging Markets?

Emerging Markets are, in many ways, experiencing similar economic conditions as what Australia did during the post war boom, albeit the pace of growth and change is occurring at different levels across different markets. The key attributes however are quite simple and very compelling:

- Approximately 75% of the world's population produce a little over 25% of the world's GDP.
- Most Emerging Markets economies have strong healthy foreign exchange reserves, built up over the last decade since times of "crisis" in the early 1990's. Countries such as China are major holders (creditors) of US Government Paper.
- Unlike many Developed Markets that are now coping with the need to reduce debt (at the government, banking system as well as individual "credit card" level). Indeed some Emerging Markets countries have only just introduced concepts such as "lay-by" payment systems in their stores.
- Many Emerging Markets countries have increasingly educated and advanced workforces which are leading the way in product and service development, an example of which can be seen in the IT sector in India and the Telecommunications sector in Mexico.

- Many Emerging Markets countries are rich in natural resources (such as Brazil and Russia)
- Significant economic growth and employment opportunities have created a 'growing middle class' in many Emerging Markets countries.

### How do I access the opportunity?

There are several ways one can access the 'Emerging Markets' investment opportunity. One approach is to buy shares in locally listed companies which have exposure to the 'Emerging Markets', for example Australian mining or banking companies, whilst another is to buy shares in selected Emerging Markets companies.

Whilst both these approaches can offer an investor a level of exposure to the 'Emerging Markets', we believe this does not optimise the full extent of the opportunities which are available from this universe. For example, purchasing shares in an Australian bank which has some of its operations in Asia is not the same holding units in a Global Emerging Markets Fund which invests in a range of companies, including banks, with their operations based across a number of these markets. By investing in the fund which invests in a diversified range of 'Emerging Markets' companies, an investor has the ability to gain exposure to those one off "GEMS" that may not be available to the individual investor, due to local regulations, complexity of access or simply because they are not aware of their existence.

For these reasons, we believe a broadly diversified global 'Emerging Markets' fund is the most logical and efficient starting point for investors considering an allocation to the 'Emerging Markets', irrespective of their size or location around the world.

### How much of an allocation and are there special risks to be considered?

How much an investor should allocate really depends on the individual circumstances and risk appetite of each investor. The 'Emerging Markets' can be volatile, as we witnessed during the GFC, when many markets fell by 50%. Whilst these markets can be volatile they can also offer tremendous growth opportunities, as we saw during the rebound during 2009 where a number of markets returned circa 80%.

Our experience has taught us that a broadly diversified "do not put all your eggs into one basket" approach is the golden rule when it comes to these markets. This rule had stood the test of time.

Speak to your financial adviser today to create a strategy that is right for your financial situation.

*Source: Legg Mason Global Asset Management*

## Is your life changing for the better?

Can you hear the pitter patter of tiny feet? Are you purchasing property? Maybe you're looking to start a new exciting business of your own.

These are all wonderful changes in your life and should be celebrated but also protected against misfortune.

### You know the facts.

You know there's a possibility that you could get sick, be in an accident or worse.

### But here's something you probably don't know.

You may already have life insurance cover with your superannuation fund.

Unfortunately though, it may not be enough cover for you and your specific needs. Research has told us that, on average those that have life insurance cover with their super policy have less than half the level of cover they need<sup>1</sup>.

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**Did you know:** Women blink twice as much as men.

*Source: www.didyounow.net.au*



## How did assets perform?

An update on the performance of asset classes over the last 12 months to July 2010.

### Australian economy

**Review:** In Australia, real gross domestic product (GDP) grew by 0.5% quarter-on-quarter in the March quarter and by 2.7% for the year. The Reserve Bank of Australia (RBA) kept the cash rate on hold at 4.5% at the June and July meetings, citing the adverse impacts of European debt concerns and the fact that Australian borrowing rates are around the average levels of the past decade.

Australia's trade balance improved sharply in April and employment surged in May, leading to a fall in the unemployment rate to 5.2%. The Melbourne Institute Leading Indicator for April pointed to a robust growth path, however the measure predated the market turmoil of May, and since then both consumer sentiment and business confidence have fallen.

**Outlook:** We expect reasonable growth through 2010, driven by the global recovery and stronger investment. Although the RBA is on hold for now, we expect the cash rate to rise to 4.75% or 5% by year-end.

### International shares

**Review:** The leading measure of global share market performance, the MSCI World (ex-Australia) Accumulation Index, returned -4.2% in local currencies (or -4.1% in unhedged Australian dollar terms). The US S&P 500 Accumulation Index returned -5.2% in local currency terms.

Shares in Asia also suffered with Japan's Topix Accumulation Index returning -4.3% and China's S&P/CITIC 300 Total Return Index returning -7.3%.

**Outlook:** Global shares are likely to provide modest returns on a 12-month plus view. Although growth is moderating, we believe the risk of a double-dip recession is low given low interest rates. However, we do expect a rougher ride than over the last 12 months.

### Australian shares

**Review:** Australian shares posted their third consecutive monthly decline in June, with the S&P/ASX 200 Accumulation Index falling 2.6%. The market was volatile due to continuing concerns about sovereign debt issues in Europe, moderating growth expectations in China and the Federal Government's proposed Resource Super Profits Tax.

**Outlook:** Australian shares are likely to provide positive returns on a 12-month view. Valuations are reasonable, interest rates are low and shares are likely to be buoyed by better economic conditions and rising profits in late 2010.

### International bonds

**Review:** The increased risk of a lower-than-expected global growth outlook renewed the bond market rally and international bond yields fell across the board in June. The US ten-year bond yield fell by 34 basis points (bps) to 2.94% and Japan's ten-year bond yield fell by 18 bps to close at 1.09%.

**Outlook:** Sovereign bond yields are likely to remain under pressure in the short term as concerns of a double-dip recession remain high, but are likely to move higher as economic conditions improve towards the end of the year.

### Australian bonds and cash

**Review:** The RBA kept interest rates on hold at 4.5% in June and July, and the moderation in both global and domestic data resulted in the market pricing in an extended pause in the interest rate tightening cycle. Three-year Australian government bonds opened the month at a yield of 4.72% and closed 33 bps lower at 4.39%. Ten-year bond yields traded similarly and closed the month 31 bps lower at 5.06%.

**Outlook:** Australian bond yields are likely to drift sideways as global bond yields fall, but economic data in Australia remains strong.

### Australian dollar

**Review:** The Australian dollar (A\$) was volatile over June, falling against the US dollar (US\$) and the Japanese yen (JPY) but rising slightly against the currencies of Australia's major trading partners (as per the Trade Weighted Index [TWI]).

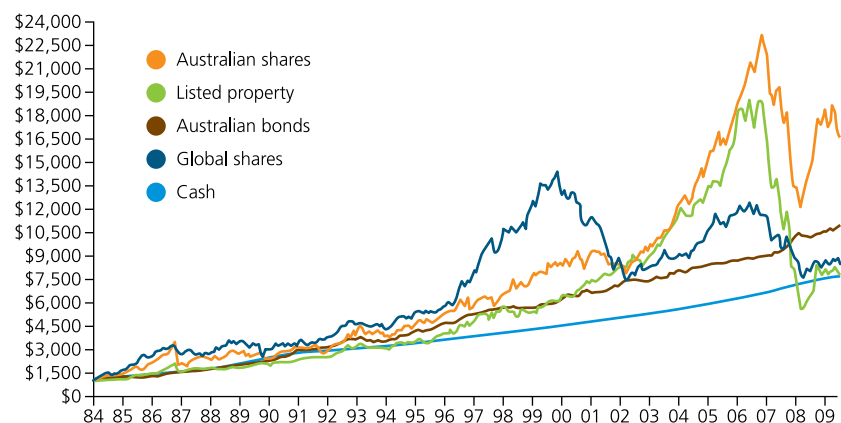
The A\$ is often susceptible to worries about global growth and increased investor risk aversion due to its commodity and high-yield status.

**Outlook:** Further gains in the A\$ are likely on the back of strong demand for resources and the prospect for rising local interest rates.

*Source: AMP Capital Investors Limited [ABN 59 001 777 591] [AFSL 232497] 'Market and Economic Report July 2010'*

### Long-term asset class performance

30 June 2010



Note: Accumulated returns based on \$1,000 invested in December 1984

*Source: S&P/ASX 300 Accumulation Index, MSCI World ex-Australia (net dividends) Index in A\$, S&P/ASX 300 Property Index, UBS Composite 0+ years index, UBS Bank Bill 0+ years*

## Is your life changing for the better?

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This is because super funds tend to set their cover with all their members in mind. So essentially, you are just covered for the Average Joe that's in your super fund.

And you're not some Joe Average - you're unique.

- Perhaps you're buying that new property in the inner city for \$354,000.
- Or you've got a baby on the way and one day you want to send her to that expensive private school.
- Or you've been given that \$11,000 pay rise you wanted.

These life-changing events are unique and specific only to you, so you need a unique, specific plan to help you deal with these events.

### Your adviser can help you plan.

Your adviser will be able to look at your unique financial situation to help you determine your specific life insurance cover - not some average cover. They will set up an insurance portfolio plan for you. In addition, their lifetime service means that if your circumstances change and you enter a new stage in your life they will review and recommend cover with the aim of getting the right cover and best deal for you.

*"People who cannot find time for recreation are obliged sooner or later to find time for illness."*  
John Wanamaker

### Advisers save you time, money and give you peace of mind.

**Research?** They'll compare insurance companies and products to get the best deal for you.

**Communication?** They'll deal with the insurance company directly on your behalf.

**Documentation?** They'll take the pain and uncertainty out of the documentation process.

**Questions?** They'll answer all your questions in clear simple language.

**Claims?** They'll help you with handling the claims process to ensure payment is quick and easy.

### The best news is the cost.

Insurance is very affordable. For example, for a 35 year old male, non-smoker applying for \$500,000 of Life Insurance cover the monthly premium would be approximately \$32<sup>2</sup>.

### It's a low price for peace of mind.

Life, Trauma, Income Protection or Disability Insurance can help protect you and your family's lifestyle. Imagine, being unable to work because of an accident and having to suffer the indignity of asking friends or family for money. Or going on a Centrelink cheque of \$570 a fortnight.

### Do it while life is good.

Because ultimately, when life does change for the better, and of course lives most certainly do, you can enjoy these wonderful gifts of life by having them protected from what may be around the corner. So while life is for the better, call your adviser today.

<sup>1</sup> Industry Funds Forum(IFF)/Australian Institute of Superannuation Trustees(AIST) Research, 2008

<sup>2</sup> Based on premiums payable for TOWER's Accelerated Protection Life Plan

Source: Tower

## Take the pressure off your kidneys

### Keeping blood pressure under control is vital for good health - this will also help keep your kidneys functioning well.

Most of us know that conditions like heart disease and stroke are linked to high blood pressure - but kidney disease is also a problem. The good news is that simple lifestyle changes that lower blood pressure can reduce the risk of kidney disease, and help manage it for those who have already been diagnosed with problems.

### Kidneys - Why do you need them?

Kidney function is vital; if it ceases, the body only lasts a few days before death.

The Australian Institute of Health and Welfare reports that 1 in 7 Australian adults have some level of chronic kidney disease (CKD). Even more serious, the rate of people developing CKD severe enough to require a kidney transplant or dialysis rose by 26 per cent between 2000 and 2007.

The kidneys:

- Remove waste and fluid from the body.
- Help control blood pressure.
- Help control red blood cell production.

### The downstairs of high blood pressure

Blood vessels in the kidneys are delicate and are particularly vulnerable to extra stress that having high blood pressure places on them. As blood vessels thicken and narrow, the blood supply to the kidneys is reduced and the kidneys are less able to do their job.

### Take Action

There are simple things you can do to reduce your risk or progression of kidney disease.

- Keep your blood pressure below 130/85.
- Maintain a healthy weight.
- Keep your stress under control.

Source: Asteron

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