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MUIRFIELD FINANCIAL SERVICES NEWSLETTER Winter Edition - 2009



In this issue...

20th Anniversary

On June 30 I celebrated the 20th anniversary of Muirfield Financial Services. Many of you have been with us for a large part of this journey and I thank you for your support and loyalty. All of you have been referred to us and I especially thank you for those referrals. We hope we have made your financial planning easier and allowed you to focus on other aspects of your lives.

Similarly, I'd like to thank our caring and talented staff, in particular Joanne and Jane who have worked with you for 10 years+. All staff, including recently retired Ross, are important to both you and Muirfield in the manner in which they personally assist in the management of your financial planning needs. During the course of the next 6 months we intend celebrating this milestone.

Staff News

Maternity leave has been part of our recent story. We welcome Jane back after the arrival of her second son, Mitchell, and congratulate Ngan, who will be taking leave from September for her second child. We are very pleased that (as far as circumstances will allow!) Ngan will work from home during this period of leave. She is a very important part of the administration of your portfolios and the information we forward to you.

After the success of employing Deakin graduates such as Melinda and Carl, we now welcome Andrew Burn to Muirfield. Andrew will be working part-time with us whilst he completes the final 6 months of his degree.

We recently farewelled Andrew Torney, who enjoyed a taste of the family business for 6 months. Andrew accepted a financial planning position back in Melbourne where he and his partner currently live. It is his intention to return to the Surf Coast in 4-5 years time - and this may allow his father some time on the golf course!

Investment Updates

Good news is always worth spreading and I would like to think we have more in store for you in this newsletter. It has been a pleasing start to the new financial year, especially after the financial trauma of the past 18 months! The growth in shares since March and the consensus that there are good signs of economic recovery, provide us with optimism for the year ahead.

During the past year, where appropriate, we made changes to client portfolios to minimize the impact of the fall in the Australian and world share markets. From July to October 2008, we introduced bank term deposits to some portfolios. These were generally for a fixed term of 12 months with interest at 7.2% - 8.4%, depending on commencement date. This change, together with our low exposure to property and mortgage trusts and a lower weight to shares across most portfolios, meant that your portfolios were more protected

than those who invested in many Industry funds or with some financial planning practices. Regular reviews of your risk profile and resulting switches improved your portfolio performance. For example, the gross return of our 'Balanced' portfolio was 4.11% (\$4,110 per \$100,000) better than Industry fund Vicsuper's Balanced Fund for the year to the 31st May.

Australian Sharemarket 2008/09



The Value vs Cost Debate

Another topic gaining media coverage has been the debate over the fees of Industry fund investments compared to those we offer. Yes, our fees are higher. However, our clients value the advice and assistance we provide (including Centrelink matters), which is often not available from Industry funds. We are local, accessible and available when you call or email. The ability to speak to the people you know, and who know your financial situation, has significant appeal - and our advice is not just restricted to superannuation advice.

For many it is also the comfort of having someone else attend to that part of their lives in which they have limited knowledge, or interest. You can get on with your life, family and travels if you trust someone else in those matters. There are many reasons why paying a little extra for something of value can be justified.

You might also appreciate that Muirfield do not charge for initial appointments, provide free information at those appointments and do not charge or receive up-front commissions on investments. Furthermore, none of our clients have had exposure to any of the 'troubled' investments mentioned in the finance media: eg Westpoint, Timbercorp, Great Southern. Nor do we have clients who suffered with Margin calls on loans against their homes used for share purchases. We don't recommend these investments for our clients. We need to sleep at night. As a result, we take great pride in managing your financial affairs in what we believe to be the most appropriate manner so that you too can sleep soundly.



The following recommendation from ABN Amro highlights shares with income and growth potential.

Yield and Growth – these have both

Source: ABN AMRO Morgans 07/07/2009



“Prior to what is likely to be an uncertain reporting season – our key investment strategy remains a portfolio bias toward quality companies with strong balance sheets, and a reliable track record of paying dividends. With the cash rate remaining at historical lows, the risk/return continues to look compelling for dividend paying equities. Our preferred picks include Telstra, Woolworths, QBE Insurance & Tatts.

Table 1 : Yield opportunities – preferred picks

Company	Code	FY10 Yield	Franking	FY10 Gross Yield
Telstra	TLS	9.0%	100%	12.9%
Woolworths	WOW	4.1%	100%	5.8%
QBE Insurance	QBE	6.6%	20%	7.2%
Origin Energy	ORG	3.9%	100%	5.6%
Tatts Group	TTS	9.5%	100%	13.6%
Westpac Banking Corp	WBC	6.3%	100%	9.0%

Source: ABN AMRO Morgans estimates, prices as at close 07/07/2009

Preferred Picks – consistent performers

ABN Amro preferred picks are selected based on an overall theme of companies with strong balance sheets, strong cash flows, positive earnings outlook, strong market position and a visible history of paying maintainable and consistent dividends. For example:

Telstra Corporation (TLS) – compelling fully franked dividend yield of 12.9%

TLS has a leading market position in Telecommunications with David Thodey taking over the CEO role recently as well as a new Chairman and strengthened board. TLS’ diversified revenue streams provide strong debt coverage with EBIT Interest cover of over 7.3x. Since 2000, TLS has consistently paid an increased or flat year on year dividend, and we believe the company is in a position to maintain this policy. With a fully franked dividend of 12.9%, TLS is a compelling income stock.”

Term Deposits in Portfolios

For those of you with Term Deposits due to mature in the next 6 months, you may already be aware that interest rates have halved for reinvestment of these deposits. It is now a challenge to find a Term Deposit paying 4% for a 12-month period.

In considering options we need to balance your need for both income and security. Government and Corporate Bonds in Fixed Interest funds may provide a better return than Term Deposits - but so too may the dividend from a blue-chip share. For example, ANZ shares are currently half the price they were 18 months ago and are paying a fully-franked dividend of 6%. Telstra shares at their current low price and with a fully franked dividend are even better. This grosses to a rate of return of 10+%.

With the government owning half of Telstra, a new CEO more agreeable to the government and the government imperative to get a good return on their investment to pay for the recent wave of spending, Telstra shares become even more attractive. For those needing income, the use of a blue-chip share coupled with a Fixed Interest/Bond fund could be the answer for your maturing term deposits. We are continuing our research into this area and will send information with our recommendations for those with maturing Term Deposits.

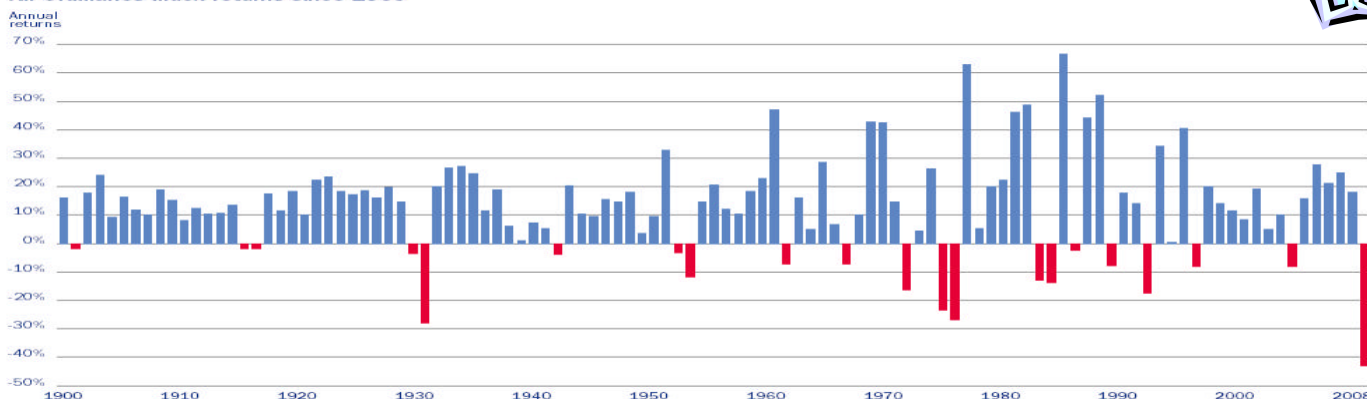
Aviva Sale to NAB

You may have read of the recent sale of Aviva to the National Bank. Many of you have investments via Aviva’s administration platform, Navigator, for your superannuation, account based pensions and investments. We believe Navigator provides the best administration, diversification and functionality of all investment platforms available to investors.

The sale was towards the top of the expected price range and is perhaps indicative of the high regard NAB place on the Navigator platform. The purchase now makes NAB the largest investment institution in Australia and provides significant financial support for the ongoing development of Navigator. NAB have indicated it will be business as usual for Navigator and its clients.

109 years of Australian sharemarket returns & the benefits of investing following a negative year

All Ordinaries Index returns since 1900



Source: All Ordinaries Index annual returns 1900 to 2008



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