

CEO's ADDRESS

Roller-coasters are for fun fairs

Right now it feels like we are on a roller-coaster. Markets are particularly volatile and it feels like it's all on the downward slope.

Perversely, many seem to be enjoying the ride. Financial journalists take great delight in accentuating market falls. But for most of us, we would rather be off the roller-coaster.

That's where a sense of perspective comes in and where it's important to return to the anchor points that drive our investment approach in the first place.

It goes without saying. Markets go up and down. They move in cycles, and accepting and managing volatility becomes an integral part of investing. The most volatile asset classes tend to produce the best returns over the longer term. Indeed, considering long term risk (the risk of not achieving your investment goals over the longer term) is as important as short term risk (the risk of short term fluctuations in markets along the way). It's all about managing both long term and short term risk and having a plan – one that is consistently reviewed along the way.

There are a number of time-honoured principles to constantly keep in the back of your mind:

- Over the longer term, the more volatile markets have outperformed less volatile markets. This has been shown in countless studies, including that recently conducted by the Australian Securities Exchange and Russell Investment Group, a global investment research organisation. It showed that over the past ten and twenty year periods (ending December 2007), Australian shares outperformed all other domestic asset classes on an after tax basis. Cash achieved the lowest return of any asset class over the ten and twenty year periods. Interestingly, the study also showed that tax makes a significant difference to the end outcome for various investments so a proper plan, with tax consequences duly considered, is central to a successful investment strategy.
- It's time in the market, not timing the market. Intuition tells us to time the market, buying in when prices are at their lowest and selling out when they are highest – moving in and out with exquisite timing so that we maximise returns. But markets are inherently unpredictable. No-one rings the bell at the top or bottom and history shows that not even the experts can time the market successfully and consistently.

So if getting off the roller-coaster is the objective, constantly keeping the key anchor points in mind is critical, namely:

- Use investment professionals (for advice and investing). While they might not get it right all the time, if properly chosen they separate the random noise from the fundamentals and the dross from the quality assets, helping to reduce risk.

- Time in the market is everything. Understand your time horizon and take the longest term horizon possible.
- Understand your appetite for risk. One man's big dipper delight is another man's nightmare, so it's important to determine risk tolerance and to monitor that tolerance over time.
- Diversify – diversifying across the asset classes and within the asset classes themselves goes a long way to managing risk. Diversified managed funds have historically exhibited lower volatility, providing a more consistent yearly return for investors.
- Adopt an overall investment strategy around "Intelligent Investing" – founded on our consistently applied conservative approach towards investments and capital preservation. Because we invest in markets on your behalf, we are not immune to fluctuations and volatility, especially in more extreme conditions such as now, but we aim to reduce the volatility more than most by adherence to our inherently risk aware "Intelligent Investing" approach.

And above all – have a plan – one that is consistently reviewed and fine-tuned over time. Sticking to these anchor points might not eliminate risk entirely, but it goes a long way to leaving the roller-coaster rides in the fun fair where they belong.

TONY McDONALD CEO

Snowball Group Limited
(incorporating Western Pacific Financial Group)

"Bull markets are born on pessimism, grown on scepticism, mature on optimism and die on euphoria. The time of maximum pessimism is the best time to buy, and the time of maximum optimism is the best time to sell."

John Templeton



MARKET OVERVIEW

Without putting too fine a point on it, we have had a bad 12 months to June 2008. There is no way to sugar coat it; no reason (or ability) to try to hide from that fact. Then again, we were not alone.

So have we failed? Have we let our clients down? Have we disappointed those near and dear to us?

Well, it is clear that it has not been the easiest year. And while we have all been working extremely long hours and have been under large amounts of stress trying to do the best possible job for our clients, it is also likely that some people have been disappointed.

However, these are the times when we really earn our keep, by assisting you in staying the course, in continuing to remain invested in attractively priced investments through difficult markets. We hope that we are successful (and that this expanded Market Overview assists in that regard); as from our perspective there is nothing more upsetting than watching clients panic and sell their investments at the worst possible time.

Now it is also very true that we endeavour to minimise that risk by seeking to provide more consistent returns, using a value biased, absolute returns investment style.

So it is fair to ask, why didn't you help us as much as we expected during the last financial year?

To quote Julie Andrews (Sound of Music) "Let's start at the very beginning..."

We seek to do two things for our clients from an investment perspective, both of which we have repeated ad nauseum over the years:

1. Minimise the risk of medium term loss of capital (medium term being clearly defined as three years plus for a Balanced investor); and then, and only then;
2. Provide reasonable returns (in view of your risk profile).

Just before we expand on how we have gone relative to what we seek to do, we have also outlined at annual seminars that during a "crash scenario", our Balanced portfolio would likely only fall in the order of 3% to 5%*, whereas a "typical" balanced fund would fall in the order of 10% or more per annum. As events of 2008 have turned out, we have lost 6% to 7%* in a typical Balanced portfolio compared to an average 6% to 7%*.

So how come our results were as bad as everyone else? Surely that proves that we are just like the rest? That our portfolios were not different? Well not so fast.

Let's start by having a look at the previous "Crash Test" that we have used to calculate a "worst case" scenario. In a 1987 style crash we assumed that shares would fall 25%, but that moderate (5% to 6% per annum) returns would be achieved from the other asset classes:

ASSET CLASS	FORECAST RETURN FOR ASSET CLASS	WP BALANCED ASSET ALLOCATION	WP WEIGHTED RETURN	MARKET ASSET ALLOCATION	MARKET WEIGHTED RETURN
Cash	5.00%	30.00%	1.50%	5.00%	0.25%
Hedge Funds	5.00%	18.00%	0.90%	0.00%	0.00%
Fixed Interest	6.00%	10.00%	0.60%	20.00%	1.20%
Shares	-25.00%	30.00%	-7.50%	65.00%	-16.25%
Property	6.00%	12.00%	0.72%	10.00%	0.60%
TOTAL		100.00%	-3.78%	100.00%	-14.20%

That being the case it was expected that our conservative positioning (high cash, use of alternative assets, etc) would protect us from the brunt of the fall, while our diversification into areas that would continue to provide reasonable returns in normal circumstances (fixed interest, property, alternatives) would minimise overall portfolio losses. What actually occurred, however, was a confluence of events which really did approximate that often used phrase "the perfect storm". Unexpected and, in a lot of cases, unprecedented outcomes for the last 12 months included:

- Australian Property. We expected that property would have a difficult time and we had positioned our portfolios to minimise the damage ... but when a cyclone hits, even if you are not in the epicentre it doesn't mean you don't get wet. For the 2008 financial year, the Australian Listed Property Index (as measured by the S&P/ASX 300 Property Accumulation Index) fell 37.74%. For once we are going to pat ourselves on the back for relative returns; the Officium Property Fund lost money in the 2008 financial year, but losing 13.17% when the index lost 37.74% is a comparatively good result. And as we shall outline later the future prospects actually look good from here. However, clearly a 13% loss is a lot different to the 6% gain we targeted.
- Fixed Interest. Over the last 12 months we have gone through the worst global credit crisis since the Great Depression. We have made some mistakes and learnt some lessons so instead of Fixed Interest providing us with a positive 6% return it provided us with a negative 5.03% return. Like property though, the future prospects of what we own looks comparatively attractive.
- Hedge Funds. Somewhat surprisingly, these were only slightly positive, returning 1.40% through the 2008 financial year, when we expected them to provide a 5% return. Basically, due to the credit crisis; there has been a worldwide liquidation of assets taking place for the last 12 months, and a little like the cyclone analogy above, while the Hedge Funds have protected our money well, they have not been able to provide positive returns as the opportunities have just not been there.

So, basically, three out of the four areas where we expected to get reasonable returns, irrespective of what the share markets were

MARKET OVERVIEW

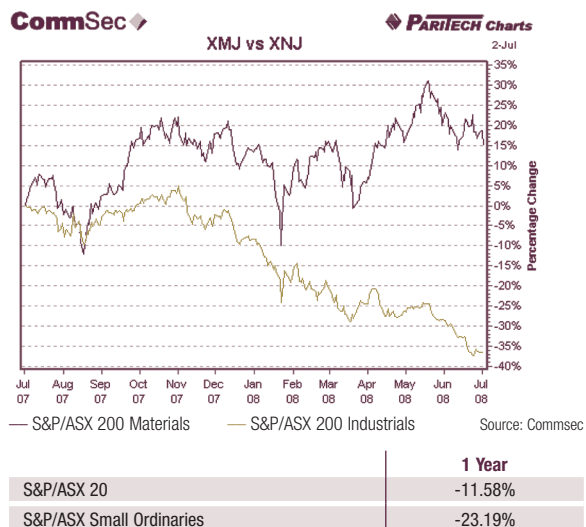
doing (i.e. property, fixed interest and hedge funds), failed to deliver and only cash provided positive returns.

However, aren't we going a bit over the top in likening events in sharemarkets to a crash? As it turns out... no.

From its peak in November 2007, the Australian stock market fell -22.19% by 30 June 2008. Results for other countries from their peaks included:

- -18.22% for the S&P 500.
- -55.09% for the Shanghai Composite Index.

However, as ugly as some of those numbers are they fail to adequately reflect some of the carnage that has been dealt out to individual shares and sectors in the last 12 months. Further, as a general rule we tend to have a greater than normal exposure to smaller and mid sized companies (for the very good reason that they tend, on average, to be better value than large companies) and industrial companies (for the very good reason that they tend, over time, to be less "risky" than natural resources companies). Well, that did not work last year:



So even though we had a lot lower weighting to shares (i.e. we held more cash), the shares we held have fallen further (in the short term) than the market, meaning our overall result in shares was as bad or worse than the overall market.

So, simply, we have had a "crash" in the areas into which we invest in Financial Year 2008, and let us make it clear right now that crashes don't normally occur two years in a row.

Clearly, this year has been an **extremely** unusual market environment. In fact we have described it previously as a one in 70 years event. We do not believe that is an exaggeration.

So in light of this one in 70 years event, are our two goals now withdrawn? Should we be selling up and putting all of your money into term deposits? In short, should we take our bat and ball and go home and say it is all too hard?

No. Obviously it depends on your personal financial circumstances, but generally speaking, we believe that would be the wrong thing to do. We sincerely hope that the detailed information that we are about to give you will help you see the attractive position that we have placed our portfolios in, and you will share at least a little bit of the confidence that we have for the future.

So, where are we?

Well, we are down 6.80%* (WPFG Advised Balanced Portfolio). To achieve our first goal of not losing money over three years (Balanced investors) we will need to achieve 3.60%* per annum compound for the next two years to be flat. Secondly, if we assume that a "reasonable return" in the circumstances is say 8.5%* per annum, then after allowing for the -6.80%* loss, we will need to achieve 17%* per annum compound for the next two years to provide an average return of 8.5%* per annum.

How likely is it then that we will achieve these goals?

In the following table we outline our current Balanced portfolio, provide a detailed discussion on where each investment is placed, then provide (based on that discussion) an indication of the per annum return we are hoping for over the next two years for each of the investments and we then, at the end, provide an estimated return for the overall portfolio for the next two years, should the returns we hope for be achieved:

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INVESTMENT	WEIGHTING	LAST 12 MONTHS	NEXT 2 YEARS	WEIGHTED RETURN
Cash	5.00%	With rising inflation concerns, cash rates have increased. We expect cash rates to remain where they are for a while, before then being cut as the Australian economy goes into a (perhaps large) recession. Currently 7% can be obtained from this area in a regular cash account.	We shall assume that 6.5% p.a. for each of the next two years can be obtained from this area.	0.325%
Officium Income Fund	12.50%	One "error" has dramatically impacted the results of this Fund for the last 12 months. Our exposure to the Basis Yield Fund (and to a lesser extent the Basis Aust-Rim Fund) though comparatively small, nevertheless impacted the Fund's result. We quickly realised our error though and dramatically changed the structure of the Fund and reduced risk. As it turned out this was exactly the right thing to do.	As outlined, this Fund has been dramatically "de-risked" with 44% now in term deposits. Further, we believe that the balance of the Fund's assets are attractive on a risk/return basis. We would hope that in a normal market we would at least achieve the actual cash running yield on the Fund which, as at 30 June 2008, is approximately 9% p.a.	1.125%
Select Defensive Portfolio	15.00%	This is a broadly diversified portfolio of assets that is managed in an absolute returns manner, by a fund manager that shares our view on the outlook for markets. For the last 12 months it provided a return of 0.80%.	Since inception this has provided a return of 9.80% p.a. From this point, we would hope for at least 7% p.a.	1.05%
Select Growth Portfolio	15.00%	Similar to the Select Defensive Fund, this is a broadly diversified portfolio of assets that is managed in an absolute returns manner, by a fund manager that shares our view on the outlook for markets. For the last 12 months it provided a return of -4.60%.	Since inception this has provided a return of 11.80% p.a. From this point, we would hope for at least 9% p.a.	1.35%
Select Gottex Market Neutral Fund	5.00%	For the last 12 months, the Fund returned 1.40%. This Fund has been impacted due to the underlying leverage employed by hedge funds, and many correlations in the global economy moving towards one. The Fund has deleveraged and the returns appear to have stabilised in the last two months.	Since inception the Fund has returned 8.10% p.a. We would hope that the Fund would be able to return at least 7% p.a. over the next two years.	0.35%
Select Gottex Enhanced Market Neutral Fund	5.00%	Due to the leverage in this Fund, it has performed considerably worse than its unleveraged counterpart. The Fund returned -5.60% for the 12 months.	Since inception this Fund has returned 8.50% p.a. We hope that the Fund would be able to return 7.5% p.a. over the next two years.	0.375%
Officium Special Situations Fund	5.00%	This Fund produced a return of 4.54% for the last 12 months. The Officium Special Situations Fund plays two important roles in the portfolio: it provides a good hedge against inflation due to its exposure to gold mining companies, and given its concentrated nature it is not highly correlated to the broader market.	The results for this Fund are largely dependent on Resolute Mining's ability to bring the Syama mine on stream, and the circa 60% discount to asset backing of Allco Equity Partners narrowing. If these events occur we would hope that they would translate into a 15% p.a. return for the next two years.	0.75%
Officium Australian Shares Fund	6.25%	The Fund returned -21.11% for the last 12 months. It has proven to be extremely difficult market conditions in which to transition the Fund from a pure equities Fund, to a Fund of Funds.	From this point, we would hope that the underlying Funds return approximately 10% p.a. and the existing underlying shares produce a similar return.	0.625%
MMC Concentrated Fund	6.25%	The Fund returned -21.13% for the last 12 months. While we are never pleased with negative performance, the majority of this Fund is invested in small cap stocks and in consumer discretionary, healthcare and telecommunications sectors. All of these sectors of the market have been hit extremely hard in the last year, but we believe they now represent compelling value.	As at 30 June 2008 the portfolio is on a PE of 9.33 times, therefore the earnings yield is greater than 10% p.a. Thus we would hope that the Fund would return circa 10% p.a. for the next two years.	0.625%
Ganes Value Growth Fund	5.00%	This Fund returned -24.00% for the year. To put this in context the Fund is mainly invested in financials, consumer discretionary and industrial stocks. These sectors returned -31.2%, -40.5% and -33.10%, respectively, for the 12 months.	As at 30 June 2008 the portfolio is on a PE of 10.3 times. Similarly, the earnings yield is circa 10% and we would hope that the Fund would return approximately 10% p.a. for the next two years.	0.5%
Peters MacGregor Global Fund	3.33%	The Fund returned -14.90% for the year. Relatively, this is a reasonable result considering that the broader global indices were down around 20% for the year.	This Fund is highly concentrated and is exposed to some very high quality companies, including Michael Hill International and American Express. As at 30 June 2008 the Fund is trading on a PE of 9.44 times and as such, we would hope that the Fund would be able to return 10% p.a. for the next two years.	0.33%
Officium Global Fund	6.67%	The Fund provided a return of -5.11% for the last 12 months. While we are never proud of losses, we believe that this year we have protected capital as well as possible in the circumstances. The global indices are down around -20% for the past year which reflects how difficult the markets have proven. The Fund's large cash holding and exposure to alternative assets and commodities have served the Fund well.	We would hope that the Fund would return around 10% p.a. for the next two years. This Fund will be a very important inflation hedge to the portfolio as it has quite a lot of exposure to gold, resources and agribusiness.	0.67%
Officium Property Fund	10.00%	The Fund produced a return of -13.17% for the last 12 months. Again, on an absolute returns basis this is not the result we were aiming for. However, with the listed property market off 37.74% for the 12 months to 30 June 2008, the circumstances have been anything but normal. Our high cash weighting protected us, although our exposure to small cap listed property trusts hurt the Fund as buyers moved out of the market and prices plummeted.	The Fund's running yield as at 30 June 2008 is 9.18% p.a. As such we would hope to produce 9% p.a. purely in income for the next two years.	0.9%
TOTAL	100%			8.98%*

MARKET OVERVIEW

Accordingly, we believe that we have a reasonable basis to target a circa 9%* per annum return over the next two years.

It does need to be pointed out however, that while we believe that there is a reasonable basis to target these returns, it is also possible that actual results for the next two years may vary (perhaps materially). Of course, that variation may be both positive and negative. It is, however, fair to say we believe that if a positive surprise occurs we would all gladly welcome it, hence, we won't worry about that too much! While we believe it is unlikely that 17%* per annum will be achieved (i.e. what is required to provide 8.50%* per annum return for the 3 years), a return of somewhat more than 9%* per annum is possible. Conversely, what about a "negative" surprise? Well let's assume that we re-live "The Great Depression". While we know that it is not polite to discuss this issue and that everyone seems to just keep quiet, from our perspective forewarned is forearmed. So what would happen if "The Great Depression" happened again? Well let's assume that:

- Shares would fall 75% from their peaks.
- Property prices would fall 50% from their peaks.
- Interest rates would fall to 1% per annum.
- Unemployment would grow to 20%.

It doesn't need to be emphasised (but we will in any event) that this would represent a cataclysmic financial event and is a VERY low probability event. What we are hoping though is to show that even in this unlikely event we believe that the outcome for our clients (while unattractive) should still be reasonable.

Simply, our Balanced portfolio on a look through basis at the moment is roughly comprised of:

ASSET CLASS	PRE DEPRESSION WEIGHTING	ASSUMED GREAT DEPRESSION PERFORMANCE	POST DEPRESSION WEIGHTING
Cash	25%	0%	25.00%
Fixed Interest	5%	-25%	3.75%
Shares	35%	-65%	12.25%
Property	10%	-25%	7.50%
Hedge Funds	17.5%	-25%	13.13%
Gold	7.5%	+400%	30.00%
	100%		91.63%

We diversify our cash and fixed interest and hence would expect that it retains its value (on average). Let's assume that a further fall of 65% from current levels equates to a total fall of 75% from the peak prices of share markets. As outlined, property has already fallen by around 40%; however, due to leverage let's assume property falls another 25% from these levels (meaning that listed property has fallen 55% in total). Fixed interest falls 25% and hedge funds fall 25%. Conversely, gold rallies. In view of the likely falls in assets that such a Great Depression scenario entails, let's assume that gold would rise to US\$2,000 per ounce. As a lot of our gold exposure is via gold shares, and as they have operating leverage to the gold price, we have assumed a four fold increase in the price

of our gold holdings. For those of you who are doubtful, look at the five times increase in the share price of Homestake Mining in the 1930's Great Depression, and then remember – in the 1930's gold was pegged at US\$30 per ounce and, hence, was not allowed to move up in price. If anything, in this scenario, we believe a four fold increase would be conservative.

All up, if things played out as above, we would expect to lose circa 8.37%* in such a scenario. While a loss is still a loss – the overall financial landscape would need to be taken into account in deciding whether this was a good or bad result:

- Shares would be selling for 25% of their previous highs (i.e. the All Ordinaries Index would be at around 1713 points).
- Property prices would have fallen by over 50%.
- Several banks would have likely failed, causing losses to depositors.

In short, such a small loss (where everything else had been decimated) would constitute a massive increase in relative net worth and place one in quite a strong position financially, notwithstanding the 8.37%* loss.

Obviously this is "guess work" to a large degree, but it is one possible scenario that demonstrates our view that, generally speaking, investors are better off being invested at the moment than panicking and selling attractively priced assets, although obviously that will depend upon your personal financial circumstances.

In summary, while results for the last 12 months have been poor, we are in a position where we own attractively priced assets, which we expect will provide reasonable returns irrespective of the future direction of markets. We cannot emphasise strongly enough that, having taken a market loss, normally the worst thing you could do (assuming that you hold, as you do, attractively priced and high quality assets) would be to crystallise your losses. We cannot control markets, what we hope we can do, though, is help calm emotions.

Obviously we cannot and do not guarantee any particular return and please remember that past returns are no guarantee of future returns. It is also important to point out that the information contained in this update is of a general nature only and has been prepared without taking account of your objectives, financial situation or needs. You should consider the information contained in this review having regard to those matters before making any decisions. You should obtain and read the applicable Product Disclosure Statement in relation to any particular product before making a decision about that product.

***All investment returns quoted in the Market Overview are net of investment management fees and performance fees, however are quoted before any applicable adviser fees, platform fees and taxes.**

ECONOMIC OVERVIEW

June was a month of record breakers, with record highs in oil and record lows in consumer confidence and sentiment around the globe. Fuel prices have risen to all-time highs, food prices posted their largest increases in decades, and, in the United States, home prices have fallen faster than any time since the Great Depression. And, for the first time in decades, we are facing a potential shortage of steel as prices have surged 86% following increased demand from India and China over the past year.

AUSTRALIA

Consumer confidence fell to a 16 year low in June and business confidence is at its lowest level since September 11. New motor vehicle sales and housing starts also declined in June, as did home-loan approvals, falling by the most in eight years. Employment growth was positive in June, after falling in May, and the unemployment rate dropped to 4.2%. However, leading indicators of employment suggest further falls ahead.

The trade deficit narrowed as coal and iron ore prices increased and imports fell. The Australian Dollar also made further gains in June, closing the month up against the US Dollar, the Japanese Yen and other major trading partners' currencies.

The Reserve Bank of Australia left interest rates on hold at 7.25% on 1 July 2008.

AMERICA

Surging prices and job losses are weighing on consumers with confidence falling to a 28 year low of 56.4 in June. The unemployment rate jumped to 5.5%, the highest in more than three years, as employers shed jobs for the fifth straight month in May. The index of consumer expectations also fell in June to its lowest since May 1980. Meanwhile, the index of current personal finances fell to 69 in June, the lowest on record.

The Conference Board's monthly survey of consumers showed the overall index of consumers' mood fell to 50.4 in June, and is now at less than half the level it was a year ago. To put this drop in perspective, it is a bigger decline than what was seen after the September 11 attacks and represents the severe pain being caused by the housing market collapse and credit crisis in America.

Home prices extended their fall into April, with every top metropolitan area recording annual losses, many showing double digit declines.

The S&P 20-city index for April slumped a record 15.3% for the year, and 17.8% since hitting its peak in July 2006.

The ISM Manufacturing Index hit five-month highs in June, lifting from 49.6 to 50.2. Production and deliveries were also higher, but so was the prices paid index, at a 29 year high. US construction spending fell 0.4% in May.

The Federal Reserve reduced interest rates from 2.25% to 2.0% over the quarter.

EURO-ZONE

European consumer confidence and retail sales fell in June, suggesting the economy is slowing down. Consumer sentiment also fell, down to 94.9, the lowest level since May 2005.

Consumer confidence also fell in the United Kingdom, down to the lowest level since the London riots that preceded Margaret Thatcher's downfall in 1990. Property prices fell across the United Kingdom, down 1% in May, and new home loan approvals fell at their sharpest annual pace in at least a decade to hit a record low in May. However, retail sales were up 3.5% in May.

The European Central Bank raised interest rates to 4.25% in early July.

JAPAN

Inflation rose to a 27 year high in June as companies raised prices to counter record oil and commodity costs. Producer prices also climbed 5.6% from a year earlier. Subsequently, Japanese consumers are the most pessimistic they've been in 26 years as higher gasoline prices and food costs erode their spending power. Household spending also fell and business conditions deteriorated. On the upside, Japan's export growth remained strong.

The Bank of Japan maintained interest rates at 0.5% in June.

EMERGING ECONOMIES

India's five year property boom seems to be slowing on the back of rising borrowing costs and an increase in houses for sale. India's central bank raised interest rates twice during June, increasing the rate to 8.5%.

In Hong Kong, however, new mortgages rose 21% in May as lower interest rates increased the demand for loans.

TECHNICAL UPDATE

SUPER AND DEBT JOIN FORCES

When the current super legislation was first released back in 1992, super funds were generally prohibited from borrowing money to invest. The industry devised work-arounds, prompting changes to legislation last year.

After outlawing a variety of work-arounds, including instalment warrants which were historically found in self managed super funds, the government of the day finally announced it would amend super law to allow this type of investment. This amendment to the legislation came into effect on 24 September 2007.

WHAT'S ALLOWED UNDER THE NEW LEGISLATION?

It's now possible to use products like instalment warrants to gear (borrow to invest) within your super account. This type of borrowing allows you to gain full beneficial ownership of an asset via your super. By paying only an initial instalment on the purchase price, your super fund gains the rights to the income and growth from the investments. Over time (and generally using the dividends or income returns flowing from the investments), the remaining instalments are paid off so that your super fund ends up with full legal ownership of the asset.

These types of loans are 'limited recourse'. This means that if the asset you bought with the borrowed funds actually drops in value, the only recourse the lender has is against the asset your super fund bought with the borrowed funds. The lender can't call on any

other of your super fund's assets. This is important – it means all your ungeared super investments are secure in the fund. You're still limited to buying only those investments permitted under super law and what's covered by the investment strategy for the fund, but it's now possible to use gearing to make those purchases.

OPPORTUNITIES

The government has been deliberate in ensuring this legislation is not restricted just to the self managed super fund market – all super funds can choose to offer it. In the past, instalment warrants were based around share investments. Now the ability to borrow is not restricted just to share purchases. This presents an opportunity to diversify into other investments such as managed funds, property and 'exotics', which include things such as antiques and artwork. But specific rules apply for these investments. Finally, whilst the loan is a limited recourse loan to the super fund, there's nothing to prevent a fund member providing the lender with a personal guarantee outside super if this helps establish the loan. However, this doesn't mean you should act as guarantor just to get the largest loan possible.

Talk to your financial adviser about whether gearing is a suitable way to invest in super for your circumstances. If it is, your financial adviser can help you determine how much you should borrow.

Source: Asgard

Disclosure

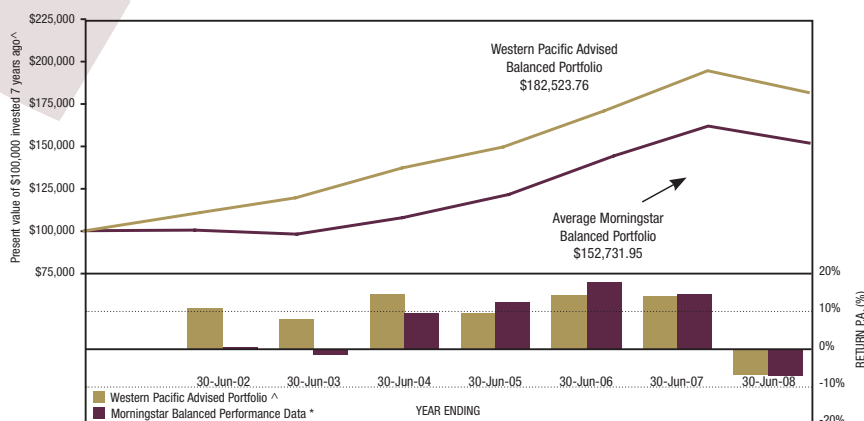
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PERFORMANCE RETURNS

As at 30 June 2008



WESTERN PACIFIC ADVISED PORTFOLIOS [^]					
Time Period	Cautious	Conservative	Balanced	Assertive	Aggressive
1 July 2003 30 June 2004	7.96%	12.94%	14.60%	16.48%	18.82%
1 July 2004 30 June 2005	9.45%	9.48%	9.47%	9.53%	8.83%
1 July 2005 30 June 2006	9.56%	12.74%	14.27%	15.84%	16.47%
1 July 2006 30 June 2007	11.19%	12.27%	14.07%	15.56%	16.46%
1 July 2007 30 June 2008	-2.83%	-4.50%	-6.80%	-8.41%	-10.26%
5 Year Average Compound Return**	6.94%	8.37%	8.79%	9.36%	9.50%

** Due to different commencement dates there may be a variance between individual client returns and the returns outlined above.

The 2004, 2005, 2006, 2007 & 2008 returns have been calculated by weighting (in accordance with the relevant asset allocation) the actual total returns of the investments which comprise our standard portfolios (as designed by our Chief Investment Officer). From time to time our portfolios are adjusted, and we have time weighted the relevant investments to allow for these adjustments. The 2003, 2002, 2001 & 2000 returns represent the total return for all Western Pacific Financial Group clients, using information provided by Symetry Limited. Returns are calculated net of underlying investment management charges (where applicable), however before tax, administration or adviser fees. No allowance has been made for transaction costs. We have tested the calculated figures against actual client portfolios to confirm the accuracy of the calculations. Past returns are not necessarily, and in fact are unlikely, to be the same as future returns and we would recommend that clients discuss with their adviser the returns Western Pacific reasonably expect in the future. *Morningstar Australian Multisector Trust Balanced Index. Source: Morningstar. ^Gross Investment Return Western Pacific Advised Portfolios via our Main Investment Platform. Returns calculated from information provided by Symetry Ltd.

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