westernpacific
FINANCIAL GROUP

Intelligent Investing Summer 2008

Intelligent Investing

Quarterly Investment Review

CEO's ADDRESS

It's That Time Again

It's that time of year again; when New Year resolutions are made, when we look back at the year that was and look at what we didn't do, did do or would do differently. In that context, 2007 ended with some pretty interesting changes. We saw a new government elected and markets took fright in the wake of the US sub-prime housing issues.

I touched on the sub-prime issues, and their possible aftermath, in the Spring 2007 Quarterly Investment Review. Since then, markets have deteriorated appreciably but the general principles espoused in the Spring edition remain true to this day and are worth repeating as evergreen resolutions - standing the test of time.

It's a bit like the perennial "I will eat healthier foods this year". A resolution I come back with every year from time away with the family and the inevitable excesses of the holiday season. True to form, this year I have promised to "eat better" but as I watched markets wobble over the break, I also reminded myself of the following financial health tips:

1. Stick to "Intelligent Investing";
2. In so doing, seek to invest this year in a cross section of asset classes (including cash) that will provide reasonable returns at acceptable levels of risk; and
3. Look to choose the best managers within those asset classes that have also affirmed their pledge to "Intelligent Investing".

Early indications are that 2008 may well be a bit of a roller coaster in investment markets, so it's worth keeping this in mind throughout the year and sticking to time honoured investment strategies, fine-tuned from time to time with your Western Pacific adviser.

In that regard, at Western Pacific our commitment to you in 2008 remains the same. To relentlessly and consistently pursue the principles of "Intelligent Investing" so as to minimise the risk of medium term loss of capital, and then strive towards a reasonable level of investment return in line with each client's risk profile. With a bit of house keeping along the way! As markets shake and rattle, it is also worth looking at other aspects of our financial health in 2008. In the Winter 2007 Quarterly Investment Review, I spoke of the need to review the adequacy of insurance cover from time to time – and the beginning of 2008 is as good a time as any.

And then there is estate planning and having a Will in place. While we are in a more altruistic mood in the New Year, it's worth thinking about whether our Will is up to date. One of the most irresponsible things we can do to our loved ones is to die without an up-to-date and effective Will. Worth adding to our list of New Year resolutions. Ensure that you have the right Will in place to make your wishes crystal clear with a minimum of fuss.

And if you are still very much imbibed with the joys of the season, here's a resolution to add to the list, particularly if you have children or grandchildren (in my case a pledge I have made on behalf of my four boys, one who has just started work). Share some simple money management principles with them. For example:

1. Understand that income has to exceed expenses. I saw a great t-shirt while on holidays. It said "I'm your dad, not an ATM machine". Something I had to remind my second eldest as he spent the last of his pre-holiday casual wages on surfing gear.
2. Set a savings goal and stick to it – a bit like sticking to an investment philosophy.
3. Instant gratification is great, but it comes at a cost – as I reminded my working eldest when he presented me with a credit card statement with interest owing.

Whatever your New Year resolutions, I trust we can continue to work with you in 2008 to progress towards your goals.

TONY McDONALD
CEO
Snowball Group Limited
(incorporating Western Pacific Financial Group)

Inside this issue

"If you focus on results, you will never change. If you focus on change, you will get results"
Jack Dixon

Economic Overview

What an interesting year; 2007 started off quite positively, with stock markets continuing to produce gains, global economies showing signs of recovery, and the emerging economies of India and China continuing to surge ahead. However, the second half of the year brought changes with the crash of the sub-prime mortgage market in the United States affecting credit markets globally and extending into stock markets towards the end of the year. Over the year:

- Gold gained 31.8%, its largest annual gain since 1979 when its price doubled, and its seventh straight year of positive returns, as a weaker US dollar, record energy costs and continuing conflict in the Middle East sparked demand for the metal.
- The AMEX oil index surged 32.8%, crude oil surged 59%, gasoline 54% and natural gas 17%.
- The S&P500 Homebuilding index in the United States collapsed 60%.
- Globally, the Chinese Shanghai Composite surged 96.7% and Hong Kong's Hang Seng index rose 37.1% this year, with two year gains of 81.2%, while Japan's Nikkei 225 fell 11%. In Europe, Britain's FTSE increased by 4.1%, while Germany's DAX posted a 22.3% rise.
- Fourth quarter losses reduced 2007 gains in Australia's S&P/ASX index to 11.8% (two year gain of 33%).
- Despite declining 10% from its recent high, wheat prices increased a further 77% this year. Soybean prices rose a record 79% this year to the highest level since 1973, and cotton prices also rose 20%.

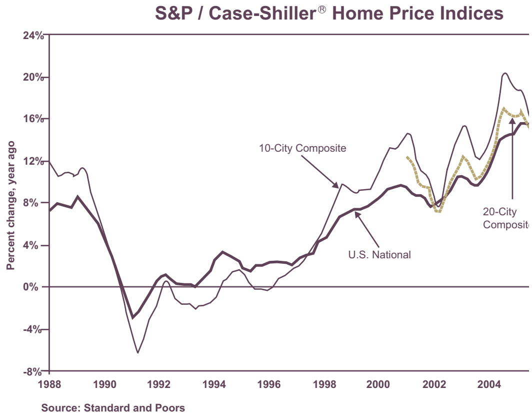
Australia

Unemployment edged up to 4.3% from a 33 year low of 4.2% in October, whilst the NAB Business Conditions survey showed that the outlook had improved with the index rising 4 points to 20, the highest level since the survey began in 1997. The consumer sentiment index fell 4.2% in November to 110.5, after falling 0.3% the previous month. Retail sales slowed in October, as consumers disposable income decreased as petrol prices rose and borrowing costs increased.

The Reserve Bank of Australia left the Official Cash Rate at 6.75% in December.

United States

Home prices continued to fall sharply across most of the nation; sales of new homes fell to a 12-year low in November, pointing to bigger declines in construction in the future. Purchases dropped 9% to an annual pace of 647,000 and October sales were revised down to a 711,000 rate, to what is the 'deepest housing recession in 16 years'.



Industrial production dropped in October, as slowing sales prompted manufacturers to make fewer cars and appliances. Durable goods orders also declined in October. The Conference Board's consumer confidence index declined to 87.3, from 95.2.

The Federal Reserve cut interest rates by 25 basis points to 4.25% in December.

Euro Zone

House prices in the United Kingdom fell the most in three years in December, with the average cost of a home in England and Wales falling for a third month, dropping 0.3% to 175,200 pounds ($348,350).

The unemployment rate in the Euro-Zone fell to a record low of 7.2% in October, from 7.3%. However, in Germany, the region's largest economy, consumer confidence fell close to a two year low, while retail sales dropped the most in more than three years. Consumer sentiment also fell to a 20 month low in November.

The European Central Bank left rates at 4.00% in December.

Japan

Japan's inflation rose at the fastest pace in more than nine years in November and industrial production and household spending fell. The unemployment rate stayed at 4.0% in October.

The Bank of Japan left interest rates unchanged at 0.5% in December.

Emerging Markets

China raised interest rates for a sixth time this year to cool decade-high inflation in the world's fastest-growing major economy. The benchmark one-year lending rate will increase to 7.47%, a nine-year high, from 7.29%. In October, year on year, retail sales rose at the fastest pace in eight years increasing by 18.1%, imports also jumped 25.5%, while exports rose 22.3% the smallest increase in seven months.

Market Overview

2008 – The Year of Living Cautiously

"My criterion has to be, what do I think is going to succeed, not what do I think is the least risky. That is not the same criterion that an investment manager might have, because he is assessed not on how well he does, but how well he does in comparison with other investment managers. So if every other investment manager loses a vast amount and he loses just a little less then that's OK. To protect his job, and his image as a sound, respectable, stable man, he is bound to do precisely what his peers are doing, just a little better. But if he suddenly goes counter-cyclical, and starts selling when everyone else is buying, or vice versa, then he's wrong. People start saying he's unstable. But I don't mind that. I'm not looking to be just like the others. If I lose three-quarters of everything I've got, then it's no comfort to me that everybody else did as well. You don't need courage to do what I do, you need it to do the same as everyone else because that is certain death. If everybody agrees that you should increase capacity in ball bearings, for instance, you can be absolutely sure that there is going to be a glut of ball bearings, and you'll end up losing your money. But an investor on his own account cannot care about what everybody else thinks, he can only care about what he can do, and what he can achieve."

Sir James Goldsmith (1933 to 1997)

While the September 2007 quarter was one of the more interesting (and in some cases frightening) times we have experienced in investment markets it is very likely that the December 2007 quarter was even more interesting.

While September and October were stable (and rising) times for markets, November saw the reintroduction of high levels of volatility, in some cases even higher than was experienced in August. This continued through to December and resulted in some of the more dramatic market movements that the Australian share market has seen in a good many years.

We will try within this Market Overview to give you a thorough understanding of what is happening globally, why it is not going away any time soon and why these markets are amongst the most difficult that we are likely to see in a generation or two.

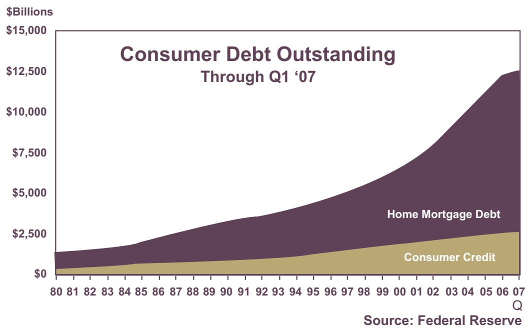
Simply put, we have a global banking crisis.

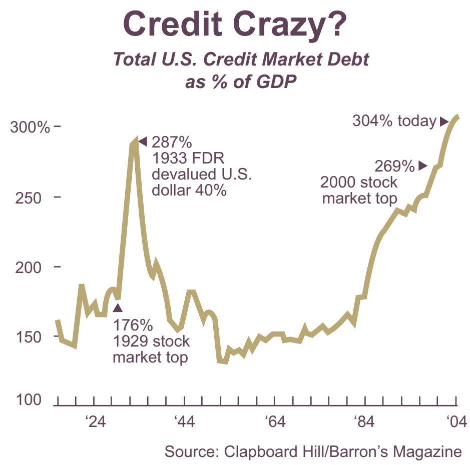
This is not, however, a "simple" crisis. In our view this is the largest and most pervasive banking crisis since that experienced during the Great Depression in the 1930s that commenced with the declaration of bankruptcy by the Austrian bank, Creditanstalt. While eventually bailed out by the House of Rothschild, its bankruptcy led to a wave of bank failures throughout the western world, including in the United States. Globally, the banking system did not "recover" from this event…the world went to war and eventually the banking system repaired itself, but not until after World War 2.

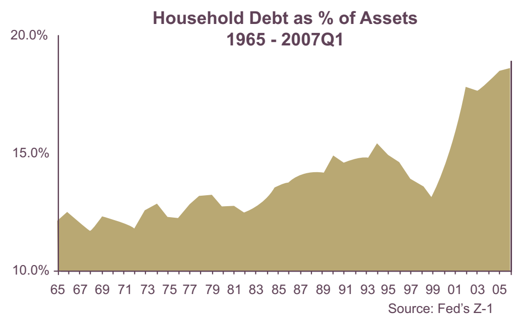
So what we are dealing with is a pretty large issue. How did we get to this stage?

Just the usual issues of greed and stupidity.

Basically, banks, consumers, and, in fact virtually everybody, have engaged in an almost uninterrupted orgy of debt creation since 1982. That was when interest rates peaked globally and since then, as they have fallen, accelerating levels of debts have been taken on through the world, particularly in the United States. Some charts may help:







Market Overview cont.

What are the possible outcomes?

Simply, there are only two:

1. Globally, we have a massive slow down as governments, companies and consumers repair their balance sheets by paying down debt; OR
2. Globally, inflation will increase dramatically so as to reduce the real amount of debt outstanding.

Now, the sixty-four (trillion) dollar question is, which of the above is more likely? Fortunately that is an easy one to answer.

"Choosing" option 1 would result in, at best, a world-wide recession. Further, in view of the level of debt that has been taken on, it introduces the risk of "debt deflation dynamics" taking hold; which simply means the worst bits from the Great Depression and Post 1989 Japan happen. So for good reasons (i.e. "avoiding" or at least being seen to be trying to avoid a depression) and bad reasons (that politicians do not get re-elected if they send an economy into recession) we can categorically rule out option 1.

Hence, we are left with option 2.

What this means is that monetary inflation which is already at high levels and accelerating, will grow faster still.

Money and interest rates

	Money supply* % change on year ago			Interest rates % p.a. (Jan 2nd 2008)	
	narrow	broad		2-year gov't bonds	corporate bonds
Australia	+13.2	+23.1	Nov	6.82	8.20
Britain	+5.3	+11.1	Nov	4.28	6.54
Canada	+8.4	+12.0	Nov	3.61	na
Denmark	+9.3	+13.2	Nov	4.15	5.84
Japan	+0.2	+2.0	Nov	0.71	1.67
Sweden	-0.1	+13.0	Oct	4.13	4.61
Switzerland	-3.8	+2.0	Nov	2.20	3.38
United States	-0.5	+6.2	Nov	2.87	5.83
Euro area†	+6.2	+12.3	Nov	3.82	5.32

*Narrow: M1 except Britain notes and coin and Sweden Mo, broad: M2 or M3 except Britain M4. †Germany for bonds. Benchmarks: US 30-year 4.35%, Japan No. 289 1.55%. Central bank rates: Us fed funds 4.25%, ECB refinancing 4.00%, BOJ overnight call 0.5%, BOE repo 5.5%. Sources: National statistics; Bank of Canada, Commerzbank, Danske Bank, Global Insight, Stockholmsborsen, UBS, Westpac, Thomson Datastream. Rates cannot be constructed as banks' offers.

The Economist, 3 January 2008

*Note: The US no longer releases M3 data. Estimates show that US M3 data, if it was released, would now be considerably higher than 10% p.a.

In a best case scenario, this increasing monetary inflation does not get out of hand, and over a period of a decade or so, during which the world endures a slower level of growth than it has been used to in a long while, the levels of debts are grown into, that is, that asset prices inflate and thereby reduce the real level of the debts. Sure, the lenders will have lost a lot of money, but they will have lost it slowly, over a period of time and at a reasonably manageable level.

However, this is a bit of a "best case scenario"; it would depend on a lot of things going right. A worst case scenario can be seen from the events of Weimar Germany – you know, people wheeling money down the streets to pay for bread.

We would guess that both the best and worst case scenarios are somewhat less than a 10% likelihood. Hence in our opinion there is a greater than 80% likelihood of an in-between scenario. What might that look like?

- Across the board, i.e. consumer price inflation and asset inflation, inflation will be much higher than we have had recently and more akin to the 1970s.
- Economic growth will stagnate at best and more likely turn mildly to reasonably recessionary.
- These more difficult economic times, when combined with the exceedingly good times that we have had in the recent past will be something of a shock to the system. It is likely that some "success stories" from the recent past will not be able to "change the sail to suit the gale" sufficiently – we expect that at least one major financial institution globally will fall over.

While seemingly regularly acting as a Cassandra fills us with no joy, it remains the case that we can see no outcome other than that which we have canvassed above. The only question is which of the possible scenarios plays out in the future? While this is unknowable in advance, at least being aware of the possibility (likelihood) of something occurring allows you to be prepared. As they say: forewarned is forearmed.

Which brings us around to the quote at the start from Sir James Goldsmith. On his death in 1997, Jimmy Goldsmith was one of the world's richest men and most respected financiers, and he had built it from scratch. He is thus someone worth listening to. His view, that in investing you need to do what makes sense rather than what is popular or common, is the basis of our Investment Philosophy and is what we believe will hold us (and you) in good stead in the coming difficult times. Hopefully, the above commentary helps to inform and forearm, rather than to alarm. And even against this challenging backdrop to 2008, we would like to take this opportunity to wish you and your families a Happy New Year.

Stock Watch

Allco Finance Group Limited

Allco Finance Group Limited (ASX: AFG) is an ASX listed global financial services company with a history of success and innovation. Many Western Pacific clients may be more familiar with Allco's original name, Record Investments Limited, which was a Western Pacific Special Situation investment in the early 2000s. In 2006 Record Investments Limited completed its acquisition of Allco and its subsidiaries, and thus changed its name to Allco Finance Group Limited.

The merger of Allco and Record Investments saw the company change strategic direction from a purely yield based investment vehicle to a well diversified financial services business, specialising in structured asset finance, funds management and debt and equity funding.

Founded in Sydney in 1979, Allco originally arranged finance for assets on behalf of clients within key industry sectors, and has significant experience in arranging complex asset and structured finance transactions, financing over $60 billion of assets for clients within the aviation, rail, shipping and property sectors. Allco's business strategy consists of five main elements:

1. Focusing on identifying opportunities in Allco's core asset classes.
2. Extending its activities into new asset classes with the characteristics of strong cash flows and market depth.
3. The creation and management of new specialist investment vehicles to support the asset finance activities.
4. Expanding its global investments.
5. Continuing to invest in select specialist assets with the objective of generating high investment returns.

Since 2001, Allco's funds management business has developed a range of listed and unlisted investment funds which it manages. These funds are predominantly focused in the sectors in which Allco has asset management expertise, and as at 30 June 2007 Allco had more than $9.7 billion in assets under management. These investments generate a growing base of stable and predictable annuity income for Allco and its shareholders.

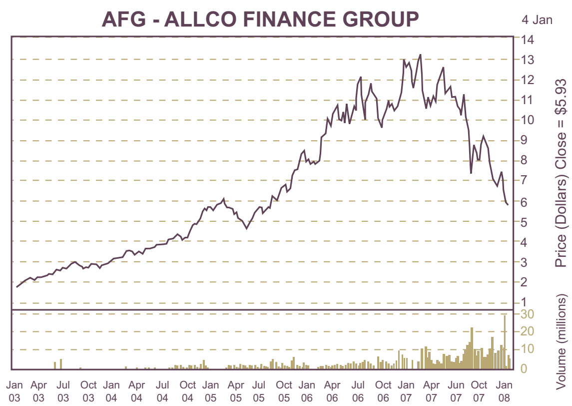
Allco's current focus is on infrastructure, such as the renewable energy sector where Allco has established a wind energy team to manage development projects in the United States, Australia and New Zealand. Over the past year, Allco has also increased its investment in aviation with Allco's fleet growing from 34 to 47. The shipping fleet also increased by four to 25 vessels, and property assets increased from 17 to 54. Allco also purchased the rights to develop the Cross Hudson cable, a transmission cable connecting New Jersey to Manhattan and acquired 50% of a liquefied petroleum gas import, storage and handling business in south-east Italy.

Allco also owns a substantial amount of financial assets, with $900 million in mortgages, auto loans and equipment lease receivables originated last financial year. More recently, Allco completed the acquisition of Rubicon Holdings (Aust) Limited which was approved by shareholders in December. This investment has increased the size and geographic diversity of Allco as well as increasing its global real estate expertise, with real estate assets under management growing to over $9.1 billion.

With the recent sub-prime mortgage crisis affecting credit markets worldwide, Allco's short term credit margin positions have also been questioned; however, Allco recently reassured investors that it has no direct exposure to sub-prime mortgage assets in the United States, a liquid balance sheet and a continuing ability to originate assets and finance or arrange finance for them.

Allco Finance Group Limited is the newest addition to the Western Pacific Special Situations List as well as being one of the investments within the Officium Special Situations Fund. The company has a strong history of success and paid an income distribution of 44 cents for the 2007 financial year. The share price has fallen over the past year, as can be seen in the graph below, to be trading under $6.00 at the beginning of January.

For further information on this or other special situations please speak to your financial adviser.



Source: Commsec

Investment Update

Listed Property Trusts

The Listed Property Trust (LPT) sector has been a favourite with investors for many years – and for good reason. For more than 40 years, LPTs have provided investors with high yields, capital growth and relatively low levels of volatility. With now over one million Australians having exposure to the sector, LPTs have proven to be one of the most popular investments on the Australian Stock Exchange (ASX). The sector has expanded rapidly over the past five years from a market capitalisation of just over $40 billion to approximately $138 billion at the end of 2007. However, 2007 has been a difficult year with the LPT sector falling dramatically, down 8.41% for the year.

What are LPTs?

LPTs allow investors to buy an interest in a professionally managed and diversified portfolio of commercial real estate. The fund manager selects the properties and is responsible for all maintenance, administration, rentals and improvements. Investors gain exposure to both the value of the real estate the trust owns and the regular rental income generated from the properties. LPT investments may include the following types of real estate:

- Industrial - investment in warehouses, factories and industrial parks.
- Office - investment in large to medium scale office buildings and parks, generally in and around major cities.
- Hotel/Leisure - investment in accommodation assets, generally 4-5 star properties in major cities or leisure assets such as theme parks.
- Retail - investment in shopping centres, malls, cinemas, and other shopping-related real estate.
- Diversified - investment in a mixture of industrial, office, hotel and retail.

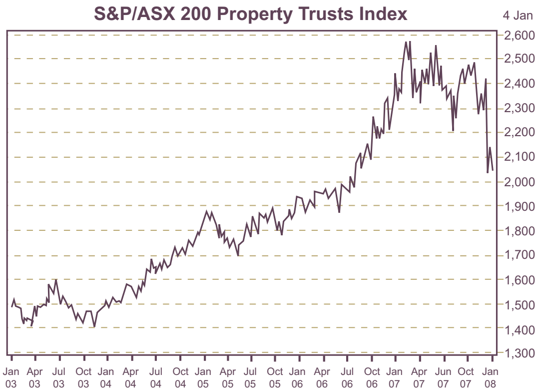
Historically, the majority of income produced by LPTs has been derived from Australian-based assets. However, in recent years, we have seen an increasing number of LPTs looking overseas for property assets. This has led to over 12% of the world's listed real estate now residing on the ASX, which according to a 2006 survey by BDO equates to approximately 35% of Australian LPT assets being located offshore.

Globally, LPTs are usually known as REITs – Real Estate Investment Trusts, and there are plans to rename LPTs in Australia to A-REITs in early 2008.

Performance of LPTs

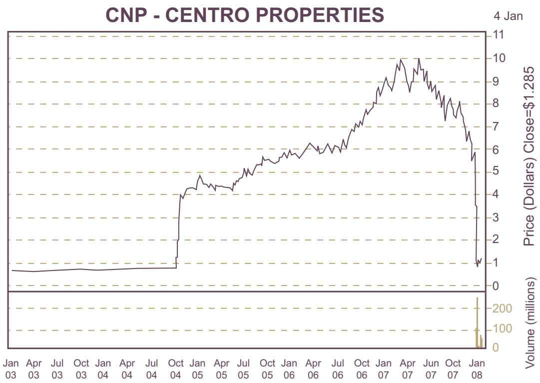
Until recently, LPTs have consistently achieved attractive returns. The sector returned 34% in the 12 months to December 2006, and was named the highest performer over the long term in a recent ASX-Russell Investments study, with returns of 15.8% p.a. over 10 years and 13.2% p.a. over 20 years. However, returns have fallen over 2007 as interest rates continue to rise and the collapse of the sub-prime mortgage market continues to affect markets. At the end of December 2007 the S&P/ASX 200 Property Trusts Index returned -8.41% for the year.

Originally, LPTs were primarily income producers, buying large commercial real estate assets, collecting the rent from tenants in these buildings and passing it on to investors in a tax-effective way. But the sector has changed dramatically over the past few years, with many LPTs taking on added risk through property development and funds management. Average gearing levels have also increased, and as discussed above many now have a fair exposure to international properties.



Source: Commsec

The recent collapse in Centro Properties Group's share price is a perfect example of these changes, with the collapse of the sub-prime mortgage market in the United States affecting Centro's ability to refinance its short term debt. With $2.5 billion in short-term borrowings, Centro was unable to find financing, suggesting that other listed property trusts with interests in the United States may also be at risk of getting caught up in the contagion.



Source: Commsec

At Western Pacific, as always, we have been cautious in our approach to investing in LPTs, especially as the sector has continued to trade at a premium to its net tangible assets over the past few years, whereas, globally, LPTs have been trading at discounts to their value; for example, in the United Kingdom some groups are trading at 30-40% discounts to net asset value, in France it's 25%, and in the United States it's also 30-40%. Western Pacific has gradually reduced its exposure to LPTs over this time, diversifying our property allocation across unlisted property assets and managers. We have also sought out undervalued LPTs in the market and gained exposure to the positive gains of LPTs over the past few years through these investments, while also being careful not to increase our exposure to higher risk aspects of some LPTs such as development and high levels of gearing. This has led to our being comparatively insulated from recent turmoil, and well placed to purchase what are now more attractively priced investments.

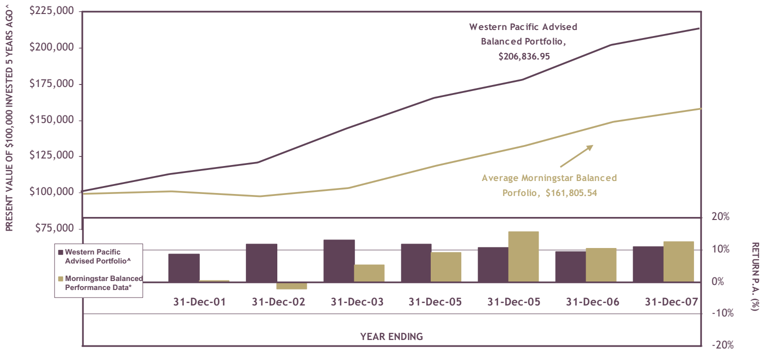
Western Pacific Recommended Portfolios Performance Returns

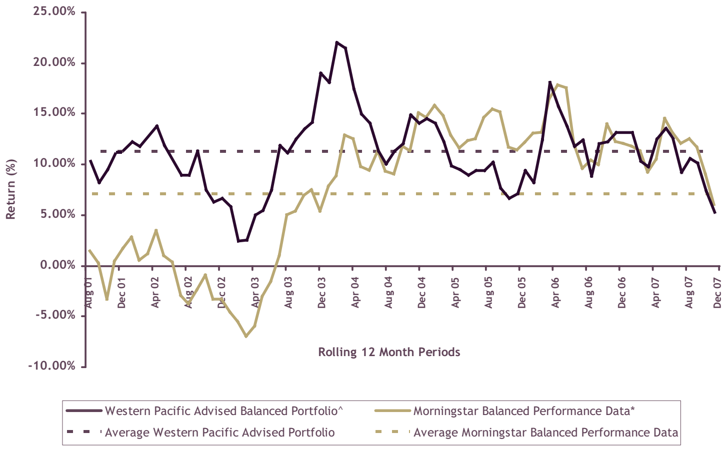
As at 31 December 2007

Time Period	Western Pacific Advised Balanced Portfolio ^	Morningstar Balanced Performance Data*	Differential to Western Pacific
January 2001 - December 2001	11.94%	1.80%	10.14%
January 2002 - December 2002	7.15%	-3.20%	10.35%
January 2003 - December 2003	19.54%	5.40%	14.14%
January 2004 - December 2004	14.60%	15.10%	-0.50%
January 2005 - December 2005	7.66%	11.52%	-3.86%
January 2006 - December 2006	13.63%	12.32%	1.31%
January 2007 - December 2007	5.77%	6.11%	-0.34%
7 Year Average Compound Return	11.38%	6.84%	4.54%

	Western Pacific Advised Portfolios ^				
Time Period	Cautious	Conservative	Balanced	Assertive	Aggressive
1 Jan 2003 - 31 Dec 2003	10.55%	17.03%	19.54%	22.58%	26.78%
1 Jan 2004 - 31 Dec 2004	11.70%	13.04%	14.60%	15.34%	17.31%
1 Jan 2005 - 31 Dec 2005	8.10%	7.86%	7.66%	7.43%	6.60%
1 Jan 2006 - 31 Dec 2006	9.53%	11.26%	13.63%	15.16%	16.26%
1 Jan 2007 - 31 Dec 2007	5.03%	5.24%	5.77%	6.40%	6.24%
5 Year Average Compound Return**	8.96%	10.81%	12.13%	13.23%	14.39%

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





The 2004, 2005, 2006 & 2007 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.

Technical News

Total control – self-managed super

Investing in a 'DIY' or self-managed super fund (SMSF) can provide effective tax and social security benefits. Here we examine the pros and cons of managing your own super fund.

Examining the benefits

Probably one of the key reasons you might opt for an SMSF is that it puts you in charge – it gives you the control and flexibility to make investment decisions. And your fund has more flexible investment options than those available through a traditional super fund, such as being able to buy direct property. You also manage the fund's tax liability (such as contribution and investment tax), which means you can use share dividend imputation credits and deductible items such as insurance costs to offset liabilities. Another key benefit is retirement and estate planning. Your fund can offer pension options such as allocated and pre-retirement pensions. Taking this a step further, you can link into estate planning, setting up your fund to enable you to pass assets down to other family members either inside or outside the fund.

The trust deed

Your fund's trust deed is an important document as it generally dictates what you can and can't do within your fund. A well-structured SMSF trust deed should allow for all types of super contributions to be made into the fund – employer, personal, self-employed, spouse etc. It should allow flexibility with your retirement planning strategy and have the flexibility to pay all types of pensions allowed under the new super regime. It should also be able to handle members' requests for passing assets to beneficiaries if they die. As your fund can only operate under the rules you've set in the trust deed, it's important to update the trust deed periodically to ensure members don't miss out on strategic opportunities that may occasionally arise when superannuation laws change.

Your investment objective and strategy

The investment objectives of your fund will ultimately be to provide members with an income stream in retirement. Here's an example: "To achieve an absolute investment return (net of taxes, fees and other costs) in the range of 8-10% p.a. over rolling 5-year periods. This rate is envisaged to comfortably secure members' benefits and meet their retirement income objectives." Once you're sure about your objectives, you need to set an investment strategy that will help you achieve them – and then implement the strategy you've chosen. You'll need to keep a clear record of the strategy and review it regularly to make sure your chosen investments are meeting your fund's objectives.

Disadvantages

An SMSF can be quite costly to set up and time-consuming to run. You're responsible for ensuring your fund is complying under the government's legislation. Even if you decide to outsource administration, you are legally responsible for the way your fund is run. The Australian Tax Office closely monitors all SMSFs to ensure they comply with the rules at all times. And penalties for breaching the super rules can be severe: depending on the type of breach, you could face a jail term.

If you're interested in taking full control of your super and would like to know more about the obligations for setting up and running an SMSF, talk to your Western Pacific financial adviser.

Source: Asgard