



What's on your iPhone?

Written by Martin Lau

Following the sad passing of Apple co-founder and CEO Steve Jobs, I would like to take this opportunity to look at one of his many legacies - the iPhone app, and what it can do apart from Angry Birds!



iXpenseIT

Whether we like it or not, the word mortgage is attached to the big 'B' word - 'budget'.

This app assists with the management of your cash flow and budgeting. Perfect for everyone from small business owners to property investors, it allows you to record your income and expenses on the go, categorize all transactions, take photos of receipts and produce PDF reports.

Price: \$5.49



Words with Friends

minutes per day, 3 times a week. You will be running 5 kilometres or 30 minutes in just 9 weeks. **Price: \$2.99**

I confess I am addicted to this game! My excuses are that I spend most of my day looking at numbers, so a word game helps balance my life plus experts say it is important to keep your mind active! Rest assured, I will not forget about your finance application while playing this game!

Price: \$0.99 (ad-free) or Free (with ad)



C25k

I admit I was a sceptic! Three months ago I would have laughed off any suggestions about me running for 30 minutes! But I am now up and moving. Designed with beginners in mind, this running program needs you only to commit to up to 40



realestate.com.au

This is the quintessential app for all potential home buyers. Apart from the standard search and filter functions, you can also locate properties around you by searching using 'current location'. So next

time you do not like the look of a home open you can drive straight to the next house! **Price: Free.**

To help you download these apps and get in shape physically, financially and mentally, we are giving away two \$20 iTunes gift cards. To be in the draw, 'Like' us on www.facebook.com/CatalystFinance and tell us what you would like to see more of in our newsletter and/or Facebook page. Winners will be selected randomly. Competition ends close of business 31st January, 2012.



Farewell to 2011

Another year has flown by - in record time it seems!

It is business as usual for us at Catalyst - with our Ascot office open and our brokers working throughout the festive season. From everyone at Catalyst we would like to wish all our wonderful clients and business partners a safe and prosperous 2012.

Festive Season Pet Dangers

We all know that we need to be very careful when feeding our furry friends 'human food'.

And most people know that chocolate can kill dogs. But did you know there is a wide range of foods that can have disastrous effects on our four-legged family members? Foods like alcohol, avocado, grapes, macadamia nuts, onions, garlic, coffee, tea and cooked bones can all pose great risk to our pets. During the festive season we need to be especially

careful what 'scraps' our pets get their paws on. Always check with your vet if you are considering feeding your pet anything new. Good references on the internet include www.cat-world.com.au and www.dog-world.com.au. Let's make sure this festive season is as wonderful for our pets as for us!



Fun on Film

Written by Rachel Slekowetz

Summer – it's all about sunshine, beaches, barbecues and movies. Movies? The outdoor kind of course! Here in Perth we are blessed with the kind of climate that allows us to enjoy summer pretty much 24 hours a day.

I am constantly surprised to discover there are people who have never been to an outdoor cinema. There are so many to choose from that there is bound to be one in a suburb near you.

The best of the best, in my opinion, is Movies By Burswood. They screen a terrific variety of movies, are in two central locations (Burswood and Stirling) and all proceeds go to charity. In fact, over the course of its 10 year existence it has raised over \$3 million in funds for children's charities. The events are staffed purely by volunteers so you can have a fantastic night out whilst contributing to a worthy local charity. This is the outdoor cinema by which I measure all others.

Another cinema worth talking about is the Somerville. Part of the Perth International Arts Festival, UWA hosts movies in its



Somerville Auditorium from November to April. The facility is set out with deck chairs as well as a small grassed area. Movies are typically less mainstream than those screened elsewhere – so it is a good opportunity to see a movie in a terrific setting that you might otherwise never see. Get there early – this venue fills up fast!

Other venues to consider visiting include Luna Outdoor in Leederville, Moonlight Cinema in Kings Park, Camelot Outdoor Cinema

in Mosman Park, Joondalup Pines Outdoor Cinema, Kookaburra Outdoor Cinema in Mundaring and the free movies screened at the Northbridge Piazza. Check their websites for programs and season details.

Don't know what to bring? Most venues are licensed with many food options available to purchase. Once upon a time you could BYO alcohol – however this seems to be a thing of the past. At places like Somerville and Luna you have the choice of using their chairs (usually deck chairs) or bringing your own low seats or blankets. The general rule is if you bring a regular chair you sit at the back so as not to block anyone's view. Bring 'snacky' food such as salads, chips, dips, sushi, sweets - anything that can last you a good few hours. And of course make sure you spring for popcorn! It's not a movie without popcorn!

To get you started I have included one of my favourite picnic recipes – wakame salad. I traditionally serve this morish Japanese-inspired salad with delicious smoked salmon sushi, a cold noodle salad or maybe some fresh Vietnamese spring rolls.

Enjoy the movies! Enjoy the food! Enjoy the season!

Wakame (Seaweed) Salad

Serves 2-3 as a side dish

INGREDIENTS

- 10g dried wakame (not nori)
- 2 tsp rice wine vinegar
- 2 tsp sesame oil
- 1 tsp sesame seeds (half white, half black, if possible)
- 1 tsp chilli flakes
- Salt to taste

METHOD

Soak dried wakame in a medium bowl in two and a half cups of cold water for about five minutes until it has absorbed most of the liquid. Drain and squeeze out excess moisture (keep the pale green soaking water for an Asian soup base).

Combine the rice wine vinegar and sesame oil, pour over the seaweed and stir through. Stir through the chilli flakes. Note you could substitute sliced fresh chilli, but not chilli from a jar or sauce - it makes the salad too soggy. If you don't really want the heat, omit the chilli and add a little fresh ground black pepper.

Allow the flavours to develop for at least half an hour at room temperature or several hours in the fridge. Add a little salt if



required (I usually don't).

Top with sesame seeds just before serving. Best eaten within 24 hours of preparation.

Note : 10g dried wakame becomes around 150g once soaked!

Is it worth doing the splits?

Written by Jason Cheetham

In the current interest rate environment it may well be worth considering a split rate loan – a mix of fixed and variable rates. Why, you may ask?

The two main things most people seek when sourcing a mortgage are flexibility and price. Whilst at the moment fixed rates are better priced than variable rate loans, the drawback is that fixed rates traditionally offer a lack of flexibility with regards to additional payments, redraw and offset capabilities.

By dividing your loan into two you can gain the best of both worlds – fixed rate pricing with the flexibility of a variable rate. For example, 3 year fixed rates are currently in the low 6 percents with variable rates sitting in the mid to high 6 percents. Really, you only need variable rate flexibility on the part of the loan you can afford to make additional payments towards in order to reduce principle quicker and pay less interest. This will of course be dependent on your surplus income.

If you have a \$300,000 mortgage at a variable rate of say 6.75% and split it into



\$250,000 fixed for 3 years at 6.2% and leave \$50,000 variable then you have essentially reduced your effective interest rate to 6.29% . You will retain the convenience

of redraw or offset on the variable rate portion and the ability to make extra payments up to \$50,000 over three years – something which should suit most budgets. With the Reserve Bank's rate reduction on Melbourne Cup Day you would need another two rate cuts for the variable rate to approximate the actual 3 year fixed rate. Not a bad strategy unless you think rates will reduce by more than say 1% over the next 3 years.

The end effect is that you preserve the flexibility you need while locking in a lower interest rate than you are currently paying. If you are in a 'packaged' loan with your current lender, then there is normally no additional cost to choose a split loan structure – both upfront and ongoing.

Even if you have an existing loan, this structure may be of interest to you. Why not give us a call and we can run some numbers for you to see how low we can get your loan interest rate – without sacrificing flexibility in the process.

Summer Puzzling

Here is a quick and easy Sudoku puzzle – just to get the grey cells charged up over your morning coffee.

Email me the total of the shaded squares in the puzzle at admin@catalystfinance.com.au by close of business January 31st, 2012 to be in the running to win a \$20 iTunes voucher. Entries will be drawn at random. Good luck!

Spring Winner

The winner of the Spring puzzle prize was **Akash Sahni**. Well done Akash – you have won yourself a **\$50 Bunnings voucher**. I'm sure you'll be able to put that to good use!

5	9				1		7	
	2	8	3	6				
4						6		
	1		7			8		3
9			4	5			2	
					3		6	
	8	7		4	9			
3	4			1			9	
						7		6

Investing for the Long Term

Written by Choon Kwa



It has been a very tough time financially for most of us over the past 4 years. The Australian share and property markets peaked in 2007/08 and are still a long way from their previous highs.

We have seen the Reserve Bank raise interest rates 7 times in a row before finally giving us a rate cut in November this year. Our living costs are soaring - especially for utilities (electricity, gas and water) and petrol. When you include the economic troubles of Europe and America sapping our confidence, life is pretty tough for most people at the moment - from young families to retirees.

We would like to share some of our thoughts, possible trends and expectations over the long term.

Expect lower growth in developed countries

According to Shane Oliver - Chief Economist from AMP Capital- the Global Financial Crisis as well as the recent turmoil in Europe and America has shown how exposed governments and institutions are to high levels of debt. The constant risk of bankruptcy and debt default is taking away investor confidence. We are all looking at how we reduce our debt now, rather than investment opportunities. Putting extra into our mortgages or paying off other debts is a good thing as we are building up equity, but this lack of spending will limit economic growth over the next few years.

Doesn't property go up 10% a year?

With the current downturn, I don't think I need to tell you this isn't true. As much as I would love this to happen to you, it is highly improbable that your \$500,000 house is going to be worth \$2.1 million in 15 years or \$4 million in 22 years. 10% p.a. returns are unrealistic over a long period of time. If you are doing projections, it would be safer working on a 3% rental income yield and 3-4% capital growth.

A return to yield

Investors should now be more interested in the income that their investment produces. What dividends do my shares pay, or how much rent will I get from my property? Many Australian listed shares are paying dividends far above the cash rates offered by banks. However, most people remain concerned that their capital value will be lost during this volatile time

For retirees, and those looking to retire, yield or the income you receive from your investments should be your main focus, not just capital growth. It is the income that the funds pay that will fund your retirement cash flow and lifestyle.

Should I still trust Superannuation?

Superannuation is still a very attractive place to save your money for retirement. Super is never taxed at more than 15% and in retirement no tax (0%) is payable. Super is also a great place to reduce your tax bill. By salary sacrifice for employees or tax deductible contributions for self-employed people, you can potentially save 16.5 to 31.5% in tax. You also have full control over your super in terms of where the money is invested - cash, fixed interest, shares and property. In defence of shares, they have regularly outperformed cash and fixed interest when investing over a decade or decades, rather than just over a couple of years. If you need a review of your portfolio or to make sure you have enough in retirement, please contact your financial adviser.

Self-Managed Super funds (SMSF)

SMSFs are a major part of the superannuation industry with over 400 billion dollars invested. More and more people are looking to start their own fund to take control of their retirement. One major change over the last couple of years has been the ability of super funds to now borrow for assets such as shares and property. If you would like to know more about using your super funds to buy property, please speak to your Catalyst broker or financial adviser.

Trends

AMP's Shane Oliver believes that the rapid industrialization of China, India and the rest of Asia will continue to grow at a rate 2-3 times of that of the developed world. China is already the world's second largest economy and India is predicted to continue growing strongly over the next few years. Volatility will remain over the next few years. With investor confidence changing daily, high levels of public and private debt and regular government intervention (including printing money) we expect more frequent and volatile economic cycles. Regarding resources such as gold, oil, liquefied natural gas and iron ore, Australia will continue to benefit over the next few years due to strong demand from China and other developing countries.

Concluding comments

In conclusion, we are in a very volatile world now with low expected returns and investors are more interested in income than growth. We encourage our clients to focus on what they can control - manage investment risk, limit spending, paying off debt, increase savings and salary sacrificing to super. By exercising some discipline and good strategy we can continue to be on track for a comfortable retirement.

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Sam & or Choon from Plexus Wealth (authorised representatives of Charter Financial Planning) would be happy to discuss any questions or advice you may be seeking relating to this. You can call them on 08 9441 4600.
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