

Hello Investors,

Welcome to GSI's spring edition of 'The Investor Newsletter'. Once again we've come up with a range of interesting articles on what's been happening at GSI and around the region. We hope you find it enjoyable reading.

In this edition, we discuss the current financial market volatility, we focus on what's happening in Mallacoota and we introduce you to our four new GSI team members. We advise you who won the email competition from our last edition, we promote our upcoming 'Self Managed Super Fund' seminar along with our new GSI merchandise, and we share with you some of our regional sponsorships and details of our staff professional development and training day.

Whilst it may seem a little early for some, the 2008 year is gradually coming to an end and we'd like to take this opportunity to wish you a



Staff at Head Office Bairnsdale

safe Christmas and prosperous 2009. We look forward to your continued support and assisting your financial needs into the future.

Glenn A. Sanford
Managing Director

Tour of Gippsland - Proudly supported by GSI

GSI was proud to have supported the cycling 'Tour of Gippsland' where a 91 man field tackled the 570 km eight-stage tour through the region from July 30 to August 3, showcasing some of the best young talent in Australian cycling.

In conjunction with East Gippsland Tafe, GSI sponsored Day 4 (Stage 7) of the event which was the road race from Metung to Omeo.

The beautiful village of Metung was the starting point for what proved to be one of the toughest stages of the Tour. This stage was a road race to Omeo via Swan Reach, Tambo Upper, Bruthen, Tambo Crossing, Ensay, Ensay North and Swifts Creek. The 128.7 kilometre journey that included

six GSI sprints and five East Gippsland TAFE hill climbs began at 11.00 am in the centre of Metung Village and concluded in Omeo at approximately 2.15 pm.

Already named the most demanding day of the 5 day event, the weather added to the test with the temperature plummeting and snow falling in Omeo that very morning. It was quite an accomplishment for the riders to finish the race, let alone be amongst the place getters. Winner of the stage was Tasmanian bike rider, Nathan Clarke, who was able to out-climb his challengers on the day. The overall Tour winner was Bernard Sulzberger from Tasmania.



Pictured at the starting point were Glenn Sanford, East Gippsland Shire Councillor Dale Fisher and Karen Cox



FREECALL 1800 619 559

You will notice in our marketing literature and advertisements that GSI now has a 'Free Call 1800 619 559' enquiry contact number*. This number is a toll free number for the convenience of new customers with questions or queries about any of the products and services GSI provides.

As this number directs callers to only our Bairnsdale or Warragul office's (depending on the location of the caller), existing clients should continue to use the direct branch phone numbers, where you can speak to your local branch member direct.

*This new enquiry number is only available within Victoria and from fixed land lines, ie. Not mobile phones



Financial markets comment



The recent instability in the financial markets overseas and to some extent here in Australia, has brought the finance section of media reports from the middle pages to become front page news.

What essentially started out as a domestic housing loan issue in regional America last year, has slowly grown to what's now seen as the

catalyst for the end of quite a long period of economic expansion and prosperity across most world economies.

At our local level, GSI's operations are spread across Gippsland from Warragul in the west to Mallacoota in the east. Whilst no one is immune from contagion, the vast majority of GSI's assets are invested, as they have always been, in loans well secured by real estate in Victoria, mainly here in Gippsland and a long way away from the US housing market. GSI lends to no more than 70% of the value of any property taken as loan security and the company's 200 plus loans are secured by a diverse range of good quality commercial, industrial, residential and farm properties. GSI's loan portfolio continues to perform well with a very low rate of default.

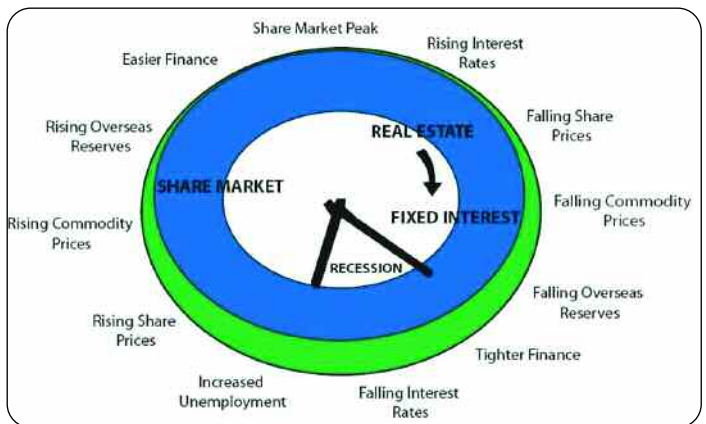
A recent review of GSI's loan portfolio shows the average overall loan to valuation ratio to be around 54%, or in other words - \$88M in loans versus \$165M in property values. GSI also continues its long history of profitable trading and the 2008 financial year was our second best on record. Whilst the current turbulence in world financial markets is clearly

of concern, the Gippsland area seems to be coping reasonably well and to date the company has not observed any signs of significant dislocation in the local economy.

Looking to the future, the traditional business cycle model points to eventual expansion and prosperity following the present contraction stage (and maybe recession) we are seeing, however it's another thing to know when that upswing will start. Most pundits are predicting it won't be for some time yet and the certainty that comes from investing in fixed income investments, backed by well secured property, continues to make a lot of sense in the present climate.

Glenn A. Sanford

Glenn A. Sanford
Managing Director



GSI Welcomes...



From left: Valma Pearson and Lyn Devine.

Warragul office has seen some changes with the recent departure of Jane, who left us to travel around Australia with her family, and the arrival of two new Investment Officers, in Valma Pearson and Lyn Devine.

You may find both ladies faces familiar as both are well known in the Warragul area and enthusiastic members of the community.



Our GSI branch in Sale is a shared office arrangement with WG&M lawyers. Previously, the dual role of WG&M receptionist and GSI Investment officer in Sale was filled by Elizabeth (Liz) however, Liz has recently taken up a new position within WG&M. As a result Kleinthe Ingham is our new face at the Sale branch.



Bairnsdale office has also seen staff member Claire leave to pursue a career in the correctional services industry, something she has had a long passion for.

To meet and greet you on the front desk at Bairnsdale is now Trudi Henn. Some of you will recognise Trudi from her days with Westpac Bank in Bairnsdale.

GSI Congratulates...



On 20th June 2008 Liz Marwood our GSI Investment Officer at Sale celebrated her 21st Birthday.

From all at GSI Liz, congratulations on reaching this notable milestone and we wish you all the best for the future.



Happy 21st Birthday Liz

So, next time you are in Warragul, Sale or Bairnsdale, please say hello and introduce yourself to the ladies. We are sure you will find them attentive, friendly and happy to assist you with your investment needs.

*Growing
Gippsland's
Future*

GSI Staff training

At GSI we not only value our staff but additionally we value their ability to service our customers in a knowledgeable, professional and caring manner.

On Saturday 12th July, 2008 most of our GSI employees from across the region made the trip to Head Office in Bairnsdale for a Professional Development day.



GSI Management Team: From left – Noel Pullen (Warragul Branch Manager) Karen Cox (Business Development Manager), Glenn Sanford (Managing Director), Margaret Cusack (Administration Manager) and Keith MacCubbin (Lending Manager)

Staff heard from GSI management on subjects relative to the industry, product knowledge, GSI past & present and what's in store in the future, along with customer service topics.

It was a wonderful day with all staff contributing and the fruits of the training should be seen in the quality of service we provide.



Mallacoota in focus



Mallacoota, with its shimmering lakes, rivers, pristine forests and turquoise sea lapping quiet beaches, captivates everyone who visits there and urges them "to come back again".

Located in far East Gippsland near the NSW border, Mallacoota is a true year-round destination, with Victoria's warmest

winter temperatures and cooling breezes fresh from the ocean in summer.

Mallacoota Real Estate is home of one of seven GSI branches throughout Gippsland. As from 1st July this year, the agency changed ownership with the previous owners taking on the joys of retirement full-time.



Kerri Warren is the new owner of Mallacoota Real Estate, where she's worked for the past 3 years whilst gaining her real estate licence. Mallacoota Real Estate has been operating successfully for 15 years and the business covers all aspects from property sales, residential property management, holiday property management and trust account management.

Kerri has lived in Mallacoota for the past 33 years and not only has a sound knowledge of the area but is well respected in the community. Kerri's family has lived in Mallacoota for the past 4 generations, with a

large number of her extended family still residing in the town. Kerri is pleased to continue to incorporate GSI into her day to day business, providing GSI clients with local customer service.

Supporting Mallacoota Soccer Club

Mallacoota Soccer Club is experiencing rapid growth with a further 3 teams entering the Far South Coast Soccer Association competition. Mallacoota is now fielding 7 teams, being Rooball (U/6, U/9's, U/10's, U/14's, U/16's a ladies team and a 1st grade mens team. With coaches and officials, Mallacoota Soccer Club directly involves in excess of 100 members.

Along with rapid growth comes rising costs and GSI was pleased to be able to offer sponsorship of the club by brightening up their score board sign, supplying 100 drink bottles to the players and also donating a cheque to aid the financial support of the club.



Congratulations



Glenn Sanford with Mrs Julie Smith

In our last edition of The Investor we promoted our 'E-mail Competition' where over 100 clients advised us of their email contact details and went into a draw to win a magazine subscription of their choice up to \$100 in value. The lucky winner of the magazine subscription was Mrs. J. Smith of

Rosedale. Her winning entry was drawn under independent supervision on Monday 1st September, 2008. Ms Smith was very excited with her win as she is an avid craft enthusiast, so her magazine subscription of choice was 'Country Threads' from the craft selection.

FOR SALE...

With Christmas just around the corner, you may like to consider purchasing one of our new GSI merchandise lines to help fill the Christmas stocking. With 50% of the purchase price being donated to local charities, you not only purchase a useful item at a great price, but you'll help provide valuable financial support to local charities.

GSI Piggy bank: \$5.00

Almost unbreakable, our piggy bank is moulded from ABS plastic with replaceable plug underneath. Size 125mmL x 100mmH, it comes in a white gift box which is great idea for stocking fillers for the grandkids, kids or the spouse to collect all that loose change.

GSI Premium drink bottle: \$5.00

Our 750ml premium plastic drink bottle with flip top lid and clear measure panel down the side is ideal for the sports person or those water conscious types. With summer on the way, a GSI drink bottle is an ideal way to ensure your fluid replacement is right at hand.

Remember, half the sale price of all items sold is donated to local charities. (See each branch for details of designated charity)



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Branches

Warragul

64 Smith Street, Warragul 3820
Phone: (03) 5622 3346

Sale

99 Raymond Street, Sale 3850
Phone: (03) 5144 7200

Mallacoota

62 Maurice Street, Mallacoota 3892
Phone: (03) 5158 0600

Maffra

120 Johnson Street, Maffra 3860
Phone: (03) 5147 1088

Orbost

14 Ruskin Street, Orbost 3888
Phone: (03) 5154 2010

Lakes Entrance

383 Esplanade, Lakes Entrance 3909
Phone: (03) 5155 1286



New Facility 'Email update service'

As advised previously, we are constantly reviewing our services, looking for ways we can improve on our delivery of communications with you. We have now identified email as one way in which we can quickly and efficiently distribute information about GSI to you whilst having a positive effect on our environment.

Via this new facility titled '**Free email update service**', we can advise clients who register of such things as our current interest rates, our Investor Newsletters and other relevant

information. Remember, this service will not replace existing forms of communications, unless of course you wish it to, but will simply be another service available from GSI.

If you would like to be part of this free service, please advise a staff member at any of our branches of your email address and we will add it to our email address book of recipients. Should you decide in the future you do **not** wish to be part of our email update service, you can **UNSUBSCRIBE** at any time and be removed.

Self Managed Super Funds

Taking control of your super



Self Managed Superannuation Funds are a growing force in the Superannuation environment in Australia. There are now around 390,000 Self Managed Super Funds catering for the retirement needs of over 750,000 Australians. Currently about 4,000 new



Self Managed Super Funds are being established each month. The ATO is boosting it's monitoring of DIY Superannuation and as of June this year, they have the power to impose penalties and even disqualify DIY super fund trustees, auditors and actuaries who they consider to be doing the wrong thing.

GSI in partnership with WG&M Lawyers and WHK Armitage Downie Financial Planners, Accountants and Auditors, are presenting a seminar where you will find out everything you need to know about Self Managed Super including:

- Is a SMSF right for you?
- How to establish a SMSF
- The ATO's requirements
- The role of the Trustee
- The operations of a SMSF
- Rollovers to & from SMSF's
- The pro's & con's of having a SMSF

Date: Thursday 30th October, 2008

Venue: Bairnsdale Club – Nicholson Street, Bairnsdale (Opposite Safeway)

Time: 6.00pm & 8.00pm

For those who already have a SMSF or are thinking of setting one up, you should find this seminar very informative. To register your interest in attending please contact our Bairnsdale office on 5150 1405 by 29/10/08.