the Investors' Voice

Newsletter of the Australian Investors' Association - *Investors helping investors*

February
2009

Features

Regulars

AUSTRALIAN INVESTORS' ASSOCIATION

The Big Issues for 2009

From material supplied by Craig James

Last year we listed some issues that we thought would dominate in 2008, including **recession, labour shortages** and **climate change**. In the end we opted for climate change as the dominant one, believing there was a sufficient groundswell of community support to force action by major global economies. However, international inaction, combined with the growing global financial crisis, seems to have pushed climate change to the background.

Recession and recovery

We are reticent about identifying a single issue that will dominate throughout 2009. We believe recession will be the dominating issue early in the year, giving way to economic recovery over the second half. In the US, past recessions have tended to end 2–3 months before employment turns positive. So we expect the current recession to end around mid-2009, putting it on a par with the 1973–75 downturn, which lasted 16 months.

We still believe that recession will be avoided in Australia, but it will be a close-run thing. A raft of stimulus factors such as lower petrol prices, falling interest rates, increased government spending and the expanded first home owners' grant will all be working to lift activity over the coming year.

While the recession and the recovery will dominate, both in Australia and globally, there are some other issues that will be influential throughout this period. These are:

- infrastructure
- the new US President
- disinflation
- rising unemployment
- monetary policy.

The outcome for the year will depend on how each of these plays out.

Infrastructure

Increased spending on economic and social infrastructure is emerging as a key theme for 2009, in Australia and elsewhere.

The Australian Government will unveil the priority list of infrastructure projects for the $24 billion Building Australia Fund in early 2009. Projects such as expansion of port facilities and enhancement of rail networks will be important, to ensure that Australia meets China's demand for resources in coming years. Australia's social infrastructure, including schools and hospitals, also needs to expand to meet the needs of our growing population, with the average age of the government's capital stock having risen from around 17 years to almost 23 years.

President Obama has identified infrastructure spending as a priority issue for 2009 in the US. Not only is there an urgent need to upgrade the country's ageing infrastructure; the projects will

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President's Message

By Jolyon Forsyth

Let me begin by saying what a debt we owe to Robert Andrew, who relinquished the presidency of the AIA at the October Annual General Meeting. Thank you, Bob, for your wise and inspiring leadership of the association for the last eight years.

Since then the global financial crisis has gone from bad to worse, with the latest (at the time of writing) being a judge ordering liquidation of the operations of Bernard L Madoff Investment Securities, which has been reported in the press as a US$50 billion Ponzi scheme. One individual investor is reported as having US$545 million with Mr Madoff. It is a reminder to us all to check our investments.

The Reserve Bank cut the official interest rate by 1 percentage point in December, bringing the official rate down to 4.25%; and the banks, with some delay, have brought down the interest rates they charge customers by between 0.8 and 1 percentage point. While this is good news for people with mortgages, it is bad news for those people who have fled the stock market to put their cash in the bank on deposit and have it covered by the three-year government guarantee. It is also bad news for investors and retirees who have part of their capital invested in cash, in line with the principles of diversification and sound financial planning.

The flight from the stock market has been of such a magnitude that the dividends paid by the big four Australian banks are now showing a yield of between 8.6% and 10.1% fully franked. You cannot earn these rates on deposits unless you invest in a very risky scheme.

Warren Buffett, chief executive of Berkshire Hathaway, said in a recent opinion piece in the *New York Times:* 'Buy American. I am.' For Australians I would amend the word 'American' to 'Australian'. Our market has fallen further than the US market. If you take the contrarian view, now is the time to buy when the selling pressure has forced prices down. I cannot predict — nor, I believe, can anyone else predict — when the market will bottom, but if you buy shortly before or shortly after the market has bottomed you will be able to buy quality stock at a bargain price, and this is Buffett's aim.

Buffett, again in the *New York Times* article, also said: 'Today people who hold cash equivalents feel comfortable. They shouldn't. They have opted for a terrible long-term asset, one that pays virtually nothing and is certain to depreciate in value. Indeed, the policies that government will follow in its efforts to alleviate the current crisis will probably prove inflationary and therefore accelerate declines in the real value of cash accounts.'

As I write, the Federal Reserve has dropped the official interest rate to between zero and 0.25%. Worth thinking about.

Discussion Groups

Sunshine Coast, by Rob Coles

The Sunshine Coast Local Discussion Group meets once a month to discuss and share experience and knowledge of direct share market investing. We are mainly fundamental investors, with a few traders among us. Our main focus is on the share market, but occasionally we stray into property, superannuation and politics.

Our group had its first meeting in October 2001, after assistance and advice from Silvana Eccles, Bill Vass, Peter Coles and Peter Blyth. Total membership is around 20, with 10–12 attending meetings. These numbers have remained stable over five years, with many of the founding members still attending. The original aim was to keep the group at this size — large enough to be interesting, but small enough for everyone to have a say. We liaise with other local groups such as the Australian Shareholders' Association and the Association of Independent Retirees.

The meetings are as informal and democratic as possible, with no minutes, motions, amendments, elections or points of order. An agenda is emailed out before the meeting, and members are encouraged to do their homework. The discussion is led by whoever seems most knowledgeable. As 'chairman', I spasmodically need to encourage some members to contribute more and others to contribute less — and drag the discussion back to somewhere near the agenda. No-one appears to be after my job yet, even after five years. Topics discussed include advisers, brokers, sources of information, selected market sectors, selected companies, reference books, rules/myths of investing, overseas investing, property trusts, day trading, financial ratios, charting/numerology, analysing company reports, diversification, record keeping and demographic/political effects.

The objective of the group is to provide a forum for discussion between members, who may not otherwise have this opportunity. So we rarely have guest speakers, since they are available elsewhere, and having them would reduce our time for feedback and discussion. It was decided that a public venue would be more suitable for meetings than members' homes; and, to avoid unnecessary distraction, we do not have tea/coffee/food at the meeting. There are several nearby restaurants to which we can adjourn afterwards for epicurean research and more discussion.

Details of the Sunshine Coast Local Discussion Group meetings are as follows.

Venue: **Old Post Office, Burnett Street, Buderim**

Date: **Third Wednesday of month**

Time: **6.30 – 8pm for the meeting, followed by dinner at a local restaurant.**

Venue costs (usually $2 each — a great investment) are covered by attendees. For further information, please contact Rob Coles by phone on 07 5445 2400 or email coles@powerup.com.au.

Rob Coles is Coordinator for the Sunshine Coast Local Discussion Group.

Melbourne Kew, by Glenn Gonsal

This Local Discussion Group has been meeting since May 2007, with attendance ranging between 10 and 20 people, but generally 12–15. We have 41 names on the distribution list, of which about 25 could be considered 'active'.

We have now had seven meetings since our inauguration, and the group has settled down into an interesting and effective discussion forum for members. We had planned that meetings would go for a maximum of 2 hours, but member participation and debate is extending it out to about 2½ hours.

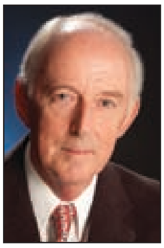
To date we have not had to call on the services of any guest speakers, and the most recent meeting endorsed the view that we should keep it that way.

The group meets every second month on a Wednesday evening at the Phyllis Hore Room, Kew Library, Corner Cotham Road and Civic Drive, Kew. The next meeting is scheduled for 25 March. For further details please go to the AIA website www.investors.asn.au and look up discussion groups under 'Events'.

Glenn Gonsal is Coordinator for the Kew Local Discussion Group.

Volatility Extremes in the Australian Share Market

By Robert Vagg



In the previous issue of *Investors' Voice*, I employed a long-term empirical model that I had developed to compare the share market's recent falls with those of the 1929 Crash and subsequent Great Depression. Readers will find further information and discussion of the model in that article. Since then the Australian market has fallen further, to levels similar to the unprecedented extremes of 1974. It therefore seems appropriate to extend the comparison to the performance of the All Ordinaries Price Index during the 1970s.

Figure 1. All Ordinaries Price Index Model: 1955-2015

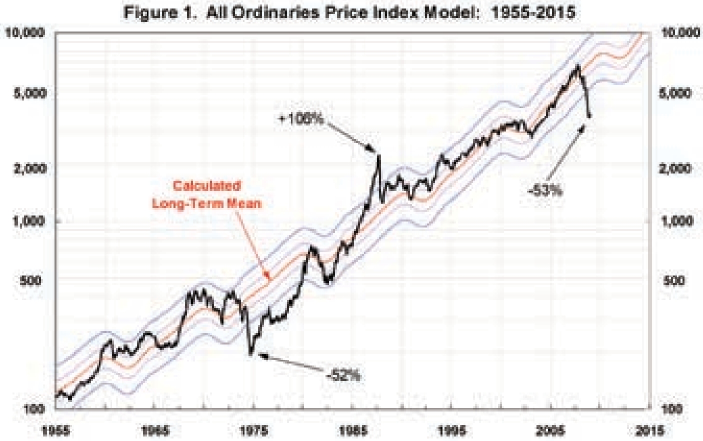


Figure 1 shows the long-term mean values for the Index (red) calculated by the model from 1955 onwards, together with 50% (mauve) and 90% (blue) confidence limit channels that quantify market volatility. The tortuous path traced through these channels by the monthly-average value of the Index shows its present level of undervaluation to be similar to that reached in 1974. In its 134-year history the Index has moved significantly outside these channels only on the three occasions depicted. The mean value calculated for mid-January 2009 is 7087, indicating that the market currently is trading at approximately half its long-term 'fair value'.

Figure 2. Fluctuations in Value (relative to Mean) 1972-1982

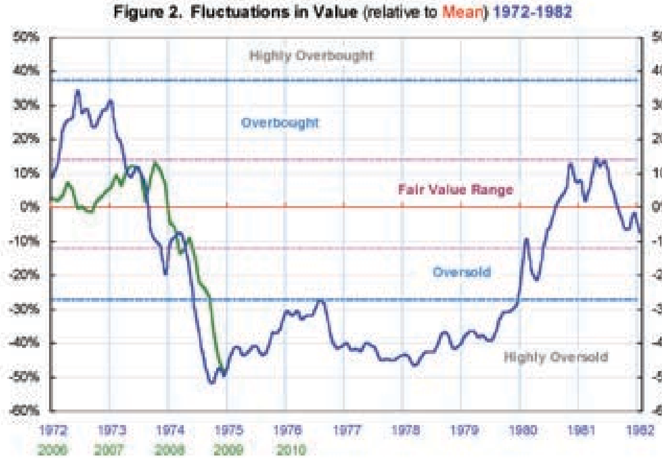


Figure 2 displays the degree of volatility exhibited by the Index over the 1972–82 period (blue) in reference to the relevant long-term mean values. Recent volatility demonstrated by the market is also shown (green).

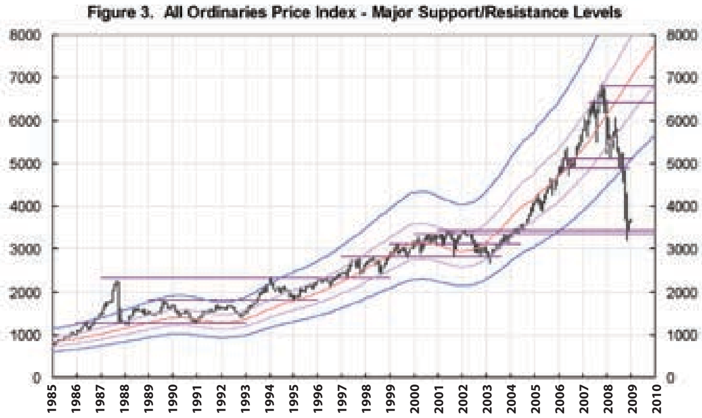
The Index began to fall after peaking around 640 in early 1973 at an overvalued level (31% above mean) after the Poseidon-inspired speculative mining boom. A combination of the Middle East oil crisis and some self-induced local contributions saw this decline continue, before halting in October 1974 at a level of undervaluation 52% below the calculated mean.

The market then began a recovery that resulted in the Index doubling by July 1976 (moving up from 172 to 350), thereby returning to the lower 90% confidence limit (-27%). After a brief correction, normal price growth of about 8% pa ensued until early 1979; a higher-growth phase then began, taking the Index to 752 by November 1980, at the upper limit of the fair-value range. In all, the rises from October 1974 to November 1980 caused the Index to increase by a factor of 440% (27.4% annualised). Seven years later the market had proceeded to the other extreme. By October 1987 the Index had attained 1300% of the 1974 low, before correcting back into the overbought levels of the channel (Figure 1).

The 1974 low truly was the 'buy' of the 20th century for those investors able to ignore prevailing sentiment and recognise the rare opportunity that was presented. The empirical model suggests that a similar opportunity exists today.

It is simple arithmetic that higher percentage gains are propagated from a lower base. A suggestion made during the gloom of the 1974 lows — that the market would more than double within 21 months and be higher four years later by a factor of 4.4 — would probably have been met with justified scepticism. A similar response might have been expected during the super-cycled exuberance of late 2007 to a suggestion that the market would more than halve in 12 months. If the November 2008 low of 3202, for example, were to be taken as a base comparable with the 1974 low of 172, equivalent rises would see the Index at 6515 by August 2010 and 14 000 by December 2014. Each of these values lies within the confidence channels described by the model.

Figure 3. All Ordinaries Price Index - Major Support/Resistance Levels



The brutal effects of the current global financial crisis (GFC) on the Australian equities market are evident in Figure 3. This diagram also portrays the significant technical support and resistance levels that have formed over the past two decades. The Index has fallen to what should be strong support created by multiple highs that formed near the end of the 1990s bull market. At the time of writing it is displaying signs of stabilising above these 3350–3450 levels. Whether this support, affected by considerable economic stimuli, is sufficient to contain the GFC declines should become clearer by the next issue of *Investors' Voice.*

Robert Vagg is a member of the AIA. This is a regular column aimed at providing information to members about the extent to which the current All Ordinaries Index differs from the long-term trend line.

Commonwealth Seniors Health Card

Income from superannuation pensions is currently not included in the calculation of eligibility for the Commonwealth Seniors Health Card (CSHC).

The CSHC provides a number of benefits for those who are eligible, and some state government concessions may also be available. To receive this card you must be eligible for the pension, have an annual adjusted taxable income of less than $50 000 if single or $80 000 if a couple, meet certain residency requirements, and not be receiving an age or service pension.

From 1 July 2009, gross superannuation pension income from a taxed source and salary sacrificed income will be included in the calculation of adjusted taxable income.

The Big Issues for 2009... from page 1

also be important in dragging the economy out of recession and kick-starting growth. The American Society of Engineers estimated a year ago that it would take US$1.6 billion, spent over five years, to improve US roads, dams and bridges.

On 9 November 2008 the Chinese Government announced a 4 trillion yuan (A$870 billion) stimulus package, focusing on 10 key areas including low-income housing, rural infrastructure, water, electricity, transportation, the environment, technological innovation and rebuilding from several disasters, most notably the May 2008 earthquake.

President Obama

It may appear odd to include US President Barack Obama on the list of big economic issues for 2009; but, when it comes to identifying key influences on economic activity, the incoming President's role will be vital. Not only is President Obama in the process of devising an economic stimulus plan; he is also seen as a major catalyst in boosting confidence levels.

The assumption of power by President Obama could prove to be as influential as the second Gulf War in sparking a revival of the share market. Back in March 2003 the 4½-year share market bull run began when allied forces embarked on the second Gulf War. Uncertainty about whether conflict would occur had earlier constrained investor buying. Investors took a more positive view of US economic conditions when the war began, on the assumption that the conflict would prove relatively brief — an assumption that proved correct.

President Obama is likely to be viewed as a catalyst for change and a break with the past, potentially boosting confidence among investors as well as consumers and business.

Disinflation

Disinflation refers to slowing rates of inflation, whereas deflation refers to falling prices. A period of weaker economic growth is likely to lead to one or the other. The difficult question is — which? Given that a deflationary environment tends to be associated with weak economic growth or contracting activity, disinflation is clearly preferable.

Interestingly, deflation was a concern in the US in 2002 and 2003 when the economy was emerging from recession, but the concern receded from view with stronger economic growth in 2004. Inflation was a concern for the US central bank through most of 2008, as it was for other central banks, as oil prices soared. Again, however, the concern shifted to deflation as economic growth slowed in the second half of 2008.

The reflationary policies of major global economies are expected to be successful in ensuring that consumer prices continue to grow over 2009, but at a slower, more sustainable pace than in 2008.

Rising unemployment

If there is one factor to fear in 2009, it is rising unemployment. Job losses translate to slower spending and reduced business income, in turn feeding back into further job losses (the 'vicious circle'). In the current US recession so far, unemployment has risen from a low of 4.4% to 6.7%. In the previous recession in 2001, unemployment rose from 3.8% to 6.3%.

While US unemployment has generally risen by 2.5–3 percentage points in past recessions, in 1979–82 it rose by over 5 percentage points, from 5.6% to 10.8%. However, that experience was associated with the peak of baby boomers hitting the job market, whereas in 2008–09 there is a far smaller proportion of younger workers.

In Australia, the unemployment rate has risen only modestly so far, from a 33-year low of 3.9% in February 2008 to 4.4% in November 2008. As in the US, the proportion of young people in the working-age population is small, hitting record lows in June. At the same time, migrant workers remain in demand to meet skill shortages.

CommSec expects Australia's unemployment rate to rise to around 5.25% over 2009. The risk, however, is that businesses may make knee-jerk decisions to trim staff numbers — a development that could spark a mild version of the 'vicious circle' noted above. But a sharp rise in the jobless rate is not expected.

Monetary policy

Across the globe, official central bank interest rates are at historically low levels. As a result, questions are being raised about the future effectiveness of monetary policy. However the US is following the same route that Japan took in 2001 in applying 'quantitative easing', effectively buying securities from financial institutions in exchange for cash. The US Federal Reserve chairman Ben Bernanke has also outlined other measures that could be used to expand liquidity, such as offering fixed-term loans to banks at zero interest rates.

Other central banks have much further to go before approaching zero policy rates, but clearly there will be much discussion and thought applied to alternative monetary policy tools during 2009. In Australia the cash rate stands at 4.25%, and CommSec expects the Reserve Bank to cut rates another 50 basis points (half a percentage point) to 3.75% in February.

Conclusion

Each year we attempt to identify the 'big issues' for the coming year. There is no doubt that the US-originated **global financial crisis** was the issue of 2008. But what will dominate in 2009?

CommSec identified **recession** as being one of the big issues for 2008. Unfortunately we were right, and recession will again be a dominant issue for at least the first half of 2009. We believe, however, that **economic recovery** will take over as the principal focus in the second half of 2009. Other key themes in 2009 are likely to include **infrastructure spending**, **rising unemployment** and **monetary policy**. As always, China will never be too far from investors' thoughts during 2009.

Craig James is the Chief Equities Economist at CommSec.

Stock Market Cycles

By Simon Kent-Jones

The significance of stock market cycles tends to attract more scrutiny when returns are not going to plan. However, it's important to remember that cycles, comprising both upward ('bull') and downward ('bear') phases, are a common feature of the stock market. A case in point is the fact that over the last 75 years, while the trend has clearly been up, one in three years has resulted in a negative return.

Given we've just passed the worst year in Australian stock market history, we figure most people will want us to concentrate on the down times to help determine when we'll emerge from this current pickle. Since the inception of the All Ordinaries Index in 1937, the Australian market has endured 10 'bear' markets according to the most common measure: a fall of at least 20% over a minimum of two months. These episodes are detailed in the table below. For good measure we've thrown in a few other cases where, while the definition wasn't exactly met, the experience was unsettling.

Table: Historical peaks to troughs in the Australian stock market*

Peak	Trough	Decline (%)	Number of months	Return in 12 months following trough	Months to regain previous peak
Mar 1937	Sep 1939	-18.1	30	0.7%	103
Sep 1941	Apr 1942	-21.7	7	29.6%	9
May 1951	Dec 1952	-33.5	19	7.7%	57
Jul 1960	Dec 1960	-19.6	5	9.1%	31
Feb 1964	Jun 1965	-20.0	16	8.3%	25
Dec 1969	Nov 1971	-34.7	23	41.5%	117
Jan 1973	Sep 1974	-58.2	20	52.9%	59
Nov 1980	Jul 1982	-36.6	20	44.5%	36
Sep 1987	Feb 1988	-44.4	5	18.8%	109
Aug 1989	Dec 1990	-27.4	16	29.0%	47
Jan 1994	Jan 1995	-20.5	12	24.3%	33
Jan 2002	Feb 2003	-18.4	13	21.4%	26
Oct 2007#	?	-53.0	?	?	?

Source: Macquarie, IRESS
* As measured by the Australian All Ordinaries Index
# Decline measured to 21 November 2008, the lowest point reached in the current cycle at the time of writing, 8 January 2009.

Any number of factors contribute to stock market cycles. Common to most are underlying economic fundamentals, and with those the impact of interest rates and inflationary expectations. Another curious factor is the market's psychology, and its aversion to risk. At the market's height, risk aversion sits well down the priority list. At its nadir, risk aversion permeates every thought.

The genesis of the current financial crisis was also the basis of the four-year 'bull' market that preceded it: a heady mix of low interest rates (artificially so in, for example, the US), benign inflationary pressures and rising asset prices (property and shares). Both investors and companies jumped on board. The problem came when asset prices stopped rising. The first signs came when sub-prime mortgage borrowers in the US were unable to meet their repayments and house values didn't cover the debt. Losses within the banks lending the money started to mount. Other banks started to tighten up on credit and soon credit markets juddered to a halt. As a result accessing debt remains problematic to this point.

Compounding the problem, inflationary pressures emerged in a range of commodities, so central banks were caught on the hop. Keep fighting the looming financial crisis or hose down inflationary fears? The financial crisis won out in the end but delays delivered some damage.

Where to from here?

Considering previous 'bear' markets, not surprisingly the range of implied outcomes for the latest 'bear' market are broad. This current decline is close to the deepest 'bear' market (1973–74), yet matches the average 'bear' market duration of 15–16 months. It's a big drop in a relatively short space of time. As a result, we expect the market will carry some level of caution from this point, especially while the market works to establish the impact of the economic crisis on company profitability. This year's reporting seasons will take on even greater significance.

Besides figuring out how company profits will fare, we think a number of other things need to evolve to allow equities to stage a genuine recovery and start the next phase of the cycle. A number of factors currently operate as headwinds. As their influence dissipates, other factors are lining up to provide tailwinds and drive a recovery. Most factors are common around the globe, but we expect that a large part of investor confidence is likely to be directed from US and European markets, given that a large part of the restoration needs to take place there.

Headwinds:

- a global recession
- dysfunctional credit markets — access to credit remains restricted
- negative wealth impact from falling house and share prices
- job losses pressuring income
- household savings increasing — less money to tip into investments
- corporate defaults increasing.

Tailwinds:

- cheaper oil
- reduction of financial leverage finishes
- various massive fiscal stimulus packages
- households actually feeling the full effect of lower credit costs
- recovery of discretionary spending
- house prices bottom.

Fortunately, markets start to price a recovery once it's credible, not once it's happening. Recoveries are typically staged 6–12 months ahead of the end of a recessionary period. As to timing the exact bottom of the market cycle, this has always been a risky business. This time around, the headwinds remain confronting; but don't underestimate the power of the tailwinds as they continue to gain strength. What we do know is that 'bear' markets, during recessionary periods or otherwise, have historically provided great opportunities and strong returns for investors with sufficient time horizons and the courage to invest in turbulent times. We believe this remains so today.

One tried and true alternative to precisely timing the bottom of the market remains dollar-cost averaging. In other words, investing set dollar amounts into good-quality stocks with strong cash flows and superior business models, at regular intervals during the 'bear' phase of the market cycle, can help investors ease into the market and purchase quality investments at prices that will in due course seem great value.

[1]The Australian All Ordinaries Index's lowest point to date in the current 'bear' market cycle, 3201.5, occurred on 21 November 2008. We make no call as to whether this will actually be the lowest point of this 'bear' market cycle, but we certainly hope so.

Simon Kent-Jones is the Head of Investment Research, Ord Minnett.

Emerging Markets: Prospects in the Crisis

By Maarten-Jan Bakkum

In recent months, global emerging market equities have suffered from widespread risk aversion. Since 21 May 2008, when emerging equities reached an all-time high relative to developed equities, emerging equities have underperformed developed equities by almost 10%. This underperformance accelerated once the US dollar started to strengthen and put pressure on most emerging currencies.

The first serious weakness in emerging currencies since 2002 immediately created doubts about the sustainability of domestic demand growth in the emerging world. Recently, markets came under even more pressure as investors started to question the sustainability of the strong Chinese demand for raw materials, which had previously been hailed as one of the last sources of global growth.

Despite the poor performance of emerging equities over the last few months, and the sharp moves in currency and commodity markets, we believe that emerging equities will continue to outperform developed markets in the longer term.

Superior growth in emerging markets

While the forecasts for economic growth in the US, Europe and Japan have fallen below zero, they have remained above 5% in the emerging world. Because of this difference alone, investors should maintain or increase their exposure to emerging market equities.

The main risks in the global economy are in the financial sector of the US and Europe, not in the emerging world. Banks in Latin America, Asia and EMEA (Europe, the Middle East and Africa) are not immune to the liquidity crunch globally, as has been evident in recent weeks; but their balance sheets are in much better shape than those of US and European banks.

Due to the emerging market crises of 1994–2002, which in many cases originated from a poorly regulated banking system and excessive bank lending, banks had to be cleaned up and regulation tightened. Currently, banks in emerging markets are better positioned than ever before to deal with a temporary interruption of global capital flows.

Credit growth is likely to remain an important source of financing for investment and consumption growth in the emerging world. But it is more important that domestic demand growth is not financed by credit alone. Fiscal accounts have been cleaned up, enabling governments throughout the emerging world to take the lead in infrastructure investments. At the same time, more private money has found its way into fixed-asset investment programs. In many cases, foreign direct investment flows have co-financed infrastructure projects as well.

Consumption growth has been under pressure recently but, while credit should continue to be a financing source, the main driver of emerging market consumption growth remains employment growth. Good examples of solid and sustainable domestic demand growth in the current difficult global environment are Brazil and Poland. Brazil benefits from robust employment growth, which has given consumption growth a much stronger base. Poland continues to enjoy strong capital inflows (workers' remittances and EU aid), which should continue to support strong consumption and investment growth.

For several emerging economies, doubts have arisen about the sustainability of domestic demand growth in an environment of falling raw material prices. If commodity prices continue to correct, economic growth will fall most in economies where commodity export revenues have been the main source of financing for investment and consumption growth. Peru and Indonesia are probably the most exposed.

To make a good assessment of the prospects for commodity prices, one must have a clear view about the fixed asset investment outlook in China. China alone has been responsible for 87% of the demand growth for iron ore and 70% of the demand growth for copper in the past five years.

For the next few years, we expect Chinese growth to remain above 8%. This forecast implies a higher contribution to growth from investments and a lower contribution from the export sector. Since infrastructure investments create a demand for commodities, this development should maintain commodity prices over the next few years.

This scenario is beneficial to growth in the emerging world, because strong import growth from China should help many other emerging economies, particularly the commodity exporters, to keep export growth positive. However, although we are confident about global commodity demand in the long run, we are not certain about the short-term prospects for commodity prices. We should not rule out the possibility that more negative news from China will put more pressure on commodity prices and the mining sector over the next few months.

Record-low valuations

The sharp correction of the past few months has pushed down emerging market valuations to the lowest level since Morgan Stanley Capital International started their emerging markets index in the late 1980s. Never before — not even during the Asian crisis, the rouble crisis, the Brazilian devaluation or the last serious emerging markets confidence crisis in 2002 — was a 12-month forward P/E level of 8 reached. The nominal earnings growth expected for the next 12 months is 9%, far below the historical average of 20%.

The developed market universe is trading at a P/E of 10.5, with expected earnings growth of 15%. Emerging equities are attractively valued, in comparison not only with their own history but also with developed market equities.

In the course of the next year, investors could start to prefer emerging market equities to developed market equities. Not only do we see higher-risk premiums; we also think that the long-term case in favour of emerging markets still stands.

Maarten-Jan Bakkum is a Senior Portfolio Specialist & Global Emerging Markets Strategist with ING Investment Management Europe. This article was prepared in December 2008.

Cost-Effective International Investing with iShares Exchange Traded Funds

By Tim Bradbury

What is an Exchange Traded Fund?

An Exchange Traded Fund (ETF) is a diversified investment fund that investors can buy or sell on a securities exchange. Sixteen iShares ETFs are trading on the Australian Securities Exchange (ASX), providing instant exposure to an entire international market with a single trade. Due to the unique fund structure of iShares ETFs, buy and sell orders are transacted at prices very close to the prevailing net asset value (NAV).

iShares ETFs combine the advantages of shares with the benefits of index funds. Like shares, iShares ETFs are liquid, flexible and easy to buy and sell employing the standard T+3 settlement cycle. Like index funds, iShares ETFs offer the benefits of diversification and market tracking, and are cost-effective.

For example, the iShares S&P Global 100 (ASX: IOO) seeks investment results that correspond to the Standard & Poor's Global 100 index by generally holding the same constituents, in roughly the same weights, as the index, for just 0.40% per annum.

Through IOO (iShares S&P Global 100), investors can gain instant exposure to some of the world's largest companies such as Microsoft and Nestlé. International investing has never been this convenient.

Why use ETFs as investment vehicles?

Globally, ETFs have experienced dramatic growth in their short history, gathering over US$633 billion (November 2008) in assets in just over 15 years due to the following benefits:

- **Diversification**. Own an entire market, region or single country with one trade.
- **Transparency**. View fund holdings published as often as daily on iShares.com.au.
- **Cost-effectiveness**. Gain international market exposure at a lower cost than most traditional managed funds, with fees as low as 0.09% per annum.
- **Flexibility**. Trading on the ASX, iShares ETFs can be bought and sold during market hours, enabling investors to respond instantly to rapidly changing market conditions. Place market, limit or stop orders or include iShares ETFs in a margin lending portfolio.
- **Liquidity**. High or low demand for an iShares ETF is unlikely to affect its market price. If the demand for an iShares ETF rises, new baskets of securities can be created. This process works in reverse if demand falls. This feature, unique to ETFs, ensures that the price of an iShares ETF represents the prices of its underlying holdings.

The theory of diversification

The Australian share market comprises only about 2% of the world's market capitalisation. iShares ETFs give you access to the other 98% of global investment opportunities. With the introduction of iShares ETFs on the ASX, investors have more control over tailoring their portfolios, adjusting their risk profile and responding to new global market trends. iShares ETFs offer a simple, cost-effective way to diversify internationally and decrease the concentration risk of owning just domestic stocks.

As of 6 January 2009, over 50% of the ASX All Ordinaries Index consisted of just 10 stocks. Of those 10 stocks, four banks and a diversified mining company made up over 33% of the ASX All Ordinaries Index.

'Home bias'

The term 'home bias' refers to investors allocating large portions of their portfolios to their domestic share markets — far beyond what might be optimal or rational. The magnitude of the Australian bias is greater than that of many other countries, since our share market represents such a small proportion of the world's investment markets.

Basic portfolio theory suggests that investments are added to a portfolio with the expectation that they will enhance returns and/or reduce portfolio volatility. Broadening the investment universe by including an allocation to international share markets can potentially meet both these criteria.

The typical strategic asset allocation for an Australian balanced strategy is about 60% Australian equities. Modern portfolio theory suggests that investing 60% of the overall equity portfolio in a market that represents just 2% of the overall investable universe is not an optimal solution. Transparency, cost and direct access are often the cause of this home equity bias.

Putting theory into action

As mentioned previously, iShares ETFs give Australian investors immediate and precise access to international markets from as little as 0.09% per annum. Investors can, for example, access a basket of more than 300 emerging market companies in over 20 emerging economies in one ASX trade by investing in iShares MSCI Emerging Markets (ASX: IEM). Being able to access international economies in such a cost-effective way via the ASX is a huge step forward for investors.

With a range of iShares to choose from, you can find a solution for virtually any international investment idea: developed and emerging; small and large cap; global, regional and single country.

Name	ASX code	Fees (%)	Description
International developed			
iShares S&P Global 100	I00	0.40	100 multinational companies globally
iShares MSCI EAFE	IVE	0.34	Europe, Australasia, Far East
iShares S&P Europe 350	IEU	0.60	350 stocks across Europe
iShares S&P 500	IVV	0.09	US large cap stocks
iShares S&P MidCap 400	IJH	0.20	US stocks US$1b – US$4b
iShares S&P SmallCap 600	IJR	0.20	US stocks US$300m – US$1b
iShares Russell 2000	IRU	0.20	US small cap stocks
iShares MSCI Japan	IJP	0.52	Japanese stocks
iShares MSCI Hong Kong	IHK	0.52	Hong Kong stocks
iShares MSCI Singapore	ISG	0.52	Singaporean stocks
International emerging			
iShares MSCI Emerging Markets	IEM	0.72	More than 20 emerging economies
iShares MSCI BRIC	IBK	0.72	Brazil, Russia, India, China
iShares S&P Asia 50	IAA	0.50	50 stocks across Asia
iShares MSCI Taiwan	ITW	0.73	Taiwanese stocks
iShares MSCI South Korea	IKO	0.63	South Korean stocks
iShares FTSE/Xinhua China 25	IZZ	0.74	25 Chinese stocks

Continued on page 8

Australia's Future Tax System

By Dennis Eagles

Australia's review of taxation is now well under way. The review, announced in the Rudd Government's first budget in May 2008 and headed by Dr Ken Henry, Secretary to Treasury, has a very broad mandate to undertake a complete review of Australia's taxation system and make recommendations to 'position Australia to deal with the demographic, social, economic and environmental challenges of the 21st century'.

The review includes both federal and state taxes — of which there are currently about 125 — but significantly will not include Goods and Services Tax. It will consider how taxes are levied, what improvements could be made to the tax transfer process, and to the taxation of investments and savings (including the role and structure of company taxes), as well as looking at interaction of taxation and the proposed emissions trading scheme. The review must attempt to do all this while also simplifying the overall taxation system.

In conjunction with the review, and as part of it, Dr Jeff Harmer (Secretary to the Department of Families, Housing, Community Services and Indigenous Affairs) will be undertaking a 'pension review', aimed at enhancing our system for seniors, people with disabilities and their carers.

The panel will draw on a wide range of sources to complete its objectives. Obviously, many government departments will be involved, but the majority of input will be via the public consultation process. This began in August 2008 with the release of the initial review paper, calling for comments. These initial submissions formed the basis of some consultation papers (all of which are available on the tax reform website) released on 10 December 2008 by the panel. These papers are designed to draw out further public comment before the final reports are tabled later this year.

To date, more than 450 submissions have been made from a wide variety of sources, including large corporations, public institutions, small businesses and many individuals. Many of these are available for public review on the Treasury website.

Taxation is obviously fundamental to our investment success, and the review could therefore have significant bearing on our investment strategies, processes and overall financial futures. Let us hope that, with continued public consultation, the review panel will make the most of this tremendous opportunity to create a better system for us all.

Further information about the review, its progress, and how to make a submission (should you wish to), can be found on the Treasury's website at http://taxreview.treasury.gov.au. Submissions can be made until 1 May 2009 (or 27 February 2009 for the pension review).

Dennis Eagles is a Director of the Wealth Management team in Grant Thornton's Brisbane office. This is a regular column aimed at providing general information on tax issues. Care should be taken when applying the basic principles to specific cases, as there are often exceptions to the general rules. If in doubt contact your tax adviser. If there are any specific topics you would like covered in future issues, please contact deagles@gtqld.com.au.

Cost-Effective International Investing with iShares Exchange Traded Funds... from page 7

Portfolio solutions with iShares ETFs

iShares ETFs can be used to implement many investment strategies, including:

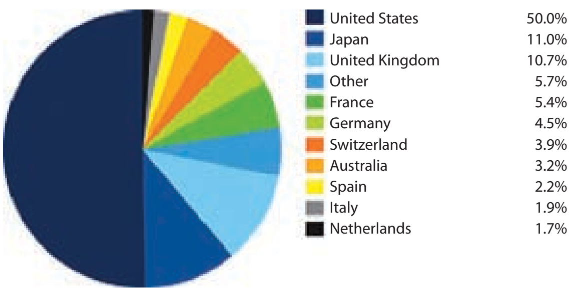
- buy and hold investing
- short-term tactical trading
- core-satellite investing.

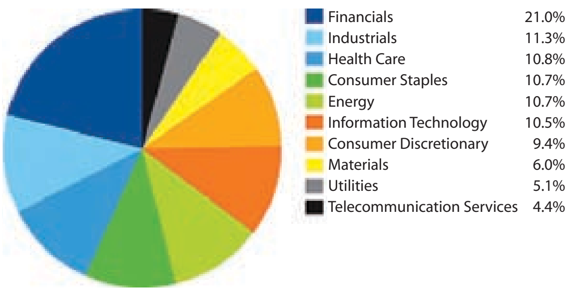
Two popular portfolio solutions for gaining international diversification using iShares ETFs are:

Example 1: Global developed market exposure with two iShares ETFs

- 50% iShares S&P 500 (ASX: IVV)
- 50% iShares MSCI EAFE (ASX: IVE)

This portfolio solution is highly correlated to the MSCI World ex-Australia IndexSM.

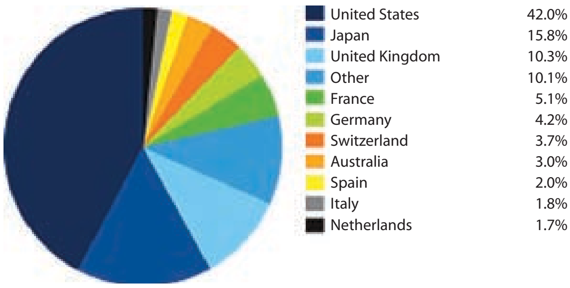


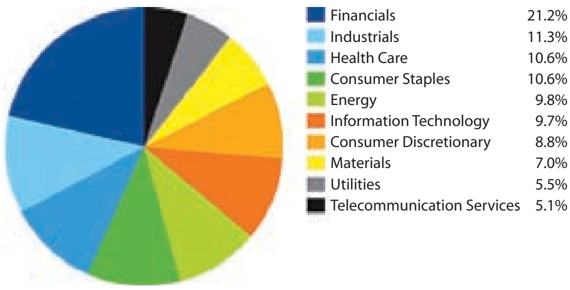


Example 2: Global diversified exposure with three iShares ETFs

- 47% iShares MSCI EAFE (ASX: IVE)
- 42% iShares S&P 500 (ASX: IVV)
- 11% iShares MSCI Emerging Markets (ASX: IEM)

This portfolio solution is highly correlated to the MSCI World All Country ex-Australia IndexSM.





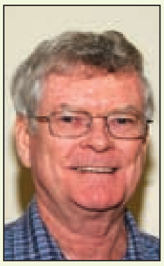
Details of portfolio solutions can be viewed in greater detail by visiting the iShares website at iShares.com.au.

Tim Bradbury is Co-head of iShares Australia.

Disclaimer: *The iShares funds are not sponsored, endorsed, issued, sold or promoted by MSCI, Inc., Standard & Poor's, FTSE / Xinhua Limited or Frank Russell Group. None of these companies make any representation regarding the advisability of investing in the iShares funds. Each of these companies has licensed the use of their respective marks to Barclays Global Investors N.A.*

How to Talk with an Adviser

By Scott McKenzie



Many members of the AIA choose not to seek advice from financial advisers. Some make this choice on the basis of previous bad experiences (their own or those of their friends or acquaintances). Others pride themselves on their capacity to make investment decisions without professional assistance.

Nevertheless, situations do occasionally arise where competent professional advice would be helpful to even the most expert investor. In these situations, the investor is likely to want an assurance that the financial adviser's objectivity is not compromised by dependence on commissions from investment product sales. The investor may also want to restrict the advice to specific matters, rather than incurring the additional cost of a complete financial plan.

First, there are a couple of points that should be clarified.

Getting limited advice

The law requires that financial advisers take all matters pertaining to a client into account in formulating financial advice — the 'know your client' rule. But it is perfectly legal for you to say that you seek advice only about one aspect of your financial situation. The proviso is that you sign a statement to that effect. For example, you might want the adviser to review your portfolio and make recommendations. The agreement you sign should say this, thereby absolving the adviser from liability for an unrelated event that might arise in the future, such as your will being inappropriate or your SMSF trust deed being out of date.

The fee

'Fee-for-service' is the appropriate way to pay for financial advice. Insist on it, or seek advice elsewhere. But first get a quote, as detailed in Step 5 below.

Outlined below are some steps that will assist you to:

- get advice that is tailored exactly to your needs
- pay for the advice as a one-off fee for service.

Step 1

Before making an appointment to see the adviser, work out your financial/investing situation, and the advice you want.

Your complete financial circumstances encompass income needs, assets, insurance requirements, investments, taxation, superannuation, retirement plans, wills and other aspects of estate planning. Many advisers will think they have to address all of these matters, but this is not so. You are perfectly entitled to select only the advice you want.

For example, you might want:

- a review of your portfolio
- advice on setting up a SMSF
- advice on estate planning, given your assets and family circumstances.

Step 2

When seeking the appointment, let the adviser know the main points about your situation and (very broadly) what you are seeking.

Let the adviser know that you want a discussion that will help you decide whether he/she is right for you. Check whether there will be any payment required for this first interview and, if so, whether this will be on a fee-for-service basis. Most advisers will give you some time free of charge, to enable you to decide whether you wish to proceed and whether the cost will be appropriate.

It is important that you are able to tell the adviser precisely what you want, and in such a way that the adviser can estimate what it will cost.

The best advisers will also want to decide whether *they* want *you* as a client (even if once only). Remember that they have to assess whether you are worth the risk; they will ask themselves whether you are likely to sue them vexatiously.

Step 3

Take the lead at the interview. Expand in more detail about your situation and requirements.

Remember, you're the one who wants the service. You're the one who has the information the adviser requires in order to give you an estimate. So be forthright, and as concise as possible. The adviser should be listening, taking notes and asking questions for clarification. Compare this with obtaining a quote from a tradesperson. He or she doesn't need your life story; just the information about what you want and the relevant circumstances.

Step 4

Listen, as the adviser responds broadly to your situation and requirements.

Does the adviser sound competent? Do you trust him/her? Do you get the impression that you could develop a good relationship with him/her?

Check for any restrictions on investments or other advice that the adviser is able/willing to recommend. Check the adviser's experience.

Step 5

If you are satisfied on all points in Step 4, delineate and discuss the exact services you want the adviser to provide, including what they will cost, when they will be completed and how they are to be paid for.

Make it clear whether you are seeking a full financial plan, or limited advice, or a review of what you are currently doing. Ask the adviser to draw up an agreement about these services that includes an indication of costs. This is called the terms of engagement. It is the equivalent of a quote given by a tradesperson or engineer, and outlines what you will get and what it will cost.

Step 6

Agree on a next meeting, which should be at least a week after you expect to receive the terms of engagement, and check what the adviser expects you to bring to that meeting.

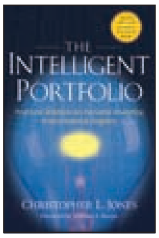
The adviser will need time to delineate the services to be provided and work out the cost. Any appointment made will be conditional on your accepting the adviser's quote.

Conclusion

Many of us tend to let people who are providing us a service take the lead and decide what happens at each stage in the process. Don't let this happen when seeking financial advice. Take control from the beginning, and maintain it throughout. Listen carefully when you're given advice, weigh it up, and determine whether it's the best for you.

Scott McKenzie is a financial planner and Vice President of the AIA.

Book Review



Title: **The Intelligent Portfolio**
Author: Christopher L Jones
Publisher: John Wiley and Sons, USA, 2008
ISBN: 9780 4703 98517
RRP: $27.95
Reviewer: Michael Stearn

The Intelligent Portfolio sets out to help investors question their assumptions about investment risk and build knowledge to make informed choices. The author, Christopher Jones, succeeds in making a broad body of theory reasonably accessible.

The book is quite technical at times but is clearly explained through practical examples. I found reading it a very rewarding and empowering learning experience. His explanations of the difference between forward-thinking and backward-thinking risk assessment, however, left me a little stunned by my own ignorance. He uses these concepts to comprehensively explain not only why past results are a very poor predictor of future performance, but also how outperformance is often due to chance. In this way of thinking, past performance represents only one of many possible outcomes that could have occurred. In many cases, weighting a portfolio with asset classes that have performed well in the past overweights it with those that may not do well in the future.

Jones is the Chief Investment Officer of Financial Engines, a company that popularised the use of the Monte Carlo Simulation (MCS) in portfolio design. Financial Engines uses MCS to look past the popular inclination to put ultimate faith in history, and instead focus on the much more critical question of how likely it is that the projected results will be achieved.

In reading expert reviews of Jones's work, I found the main criticism to be of his central assumption, which is that markets are efficient. The efficient-market hypothesis says that all participants in the market have access to, and act on, all the available information as soon as possible. You therefore can't outperform the market except through luck. Consequently, market prices are always the most accurate measure of the true value of any asset class. Financial Engines portfolio modelling is based on this premise, so if you are not a believer in efficient markets you will not agree with much of what follows.

The Intelligent Portfolio comes with a 12-month subscription to Financial Engines' 'Online Personal Advisor' investment advisory service. This should help you work out how to apply these principles to your own portfolio.

Michael Stearn is a member of the AIA.

AIA Web Book Reviews

Recent book reviews available...

Title: **Enough: True Measures of Money, Business and Life**
Author: John C Bogle
Publisher: John Wiley and Sons, USA & Canada, 2008
ISBN: 9780 4703 98517
RRP: $37.95
Reviewer: Laurie Thatcher

Title: **Getting Started in Currency Trading**
Author: Michael Duane Archer
Publisher: John Wiley & Sons, Canada, 2008
ISBN: 9780 4702 67776
RRP: $27.95
Reviewer: Vimal Mehta

Title: **Superannuation: Planning Your Retirement For Dummies**
Author: Trish Power
Publisher: John Wiley & Sons Australia Ltd, 2008
ISBN: 9878 0731 409822
RRP: $29.95
Reviewer: Megan Gray

Title: **The Little Book of Bull Moves in Bear Markets**
Author: Peter D Schiff
Publisher: John Wiley & Sons, USA, 2008
ISBN: 9780 4703 83780
RRP: $27.95
Reviewer: Tim Kottek

Title: **The Self Managed Superannuation Trustee's Handbook**
Author: Peter Bishell
Publisher: John Wiley & Sons Australia Ltd, 2008
ISBN: 9780 7314 08498
RRP: $29.95
Reviewer: John Staples

Title: **Trading Options for Dummies**
Author: George Fontanills
Publisher: John Wiley & Sons, USA, 2008
ISBN: 9784 7024 1769
RRP: $32.95
Reviewer: Jeff Manitzky

Bulletin Board

AIA Events 2009

Most AIA meetings, seminars and discussion groups scheduled for 2009 are now posted on the AIA website. To see what is happening in your area go to www.investors.asn.au and click on 'Events'.

Markets 2009: Strategies & Opportunities

Mark your diaries for the AIA's annual national conference to be held at the 5-star Surfers Paradise Marriott Resort from Sunday 26 July to Wednesday 29 July. Details will be posted on the AIA website soon. Plenary presentations will include 'The Crash of 2008' by Jonathan Pain; 'The Economic Outlook' by Michael Blythe, CBA; 'Current Portfolio Dilemmas & Solutions' by Brian Thomas, Perennial; 'Managed Funds vs Shares vs Index Funds' forum; 'BRICs' by Tony Rumble, LPAC Online and Ashley Ormond outlining what we as investors have learnt from 2008—09.

New Member DVD Offer

If you know anyone who may benefit from a subscription to the AIA, please let them know that if they join the AIA **before 31 March 2009** we will send the new member a copy of our ***An Introduction to Investing*** DVD, valued at $45. Membership costs just $90 pa or $165 for two years plus an $11 joining fee - about half the cost of a cappuccino per week!

Me & My Portfolio

By Dick Heiler

My investment objectives are to provide wealth creation through accumulation over the longer term, and to provide an income stream through dividend payments and short-term trading profits by taking advantage of opportunities. I do this in an investment company which is outside the superannuation environment.

I am a firm believer in diversification, and over the years my allocation has changed. I have held cash, shares and, until 10 years ago, quite a large portfolio of investment properties.

Experience has taught me that 'cash is king', especially at the moment. However, when you allow for inflation, lack of capital growth and income tax, cash can be detrimental to your wealth creation plans. In the current environment, therefore, I have chosen to invest only in domestic shares that provide liquidity, capital growth and taxation benefits over the longer term. I invest internationally by holding shares in companies that have international exposure.

I have diversified my portfolio into eight different sectors in the ASX, as follows:

Health care	16.5%
Industrials	18.0%
Consumer discretionary	13.5%
Information technology	15.5%
Materials	15.5%
Energy	7.5%
Utilities	6.0%
Financials	7.5%
	(Total 100.0%)

This dissection does not include my company's joint venture investments.

I am not currently invested in property but would do so via REITs. I was invested in REITs until June 2007; but at the time I thought the sector was getting overvalued, and became concerned when some companies in the sector were paying distributions out of borrowed funds and increased values of their respective properties, rather than paying distributions out of earnings. It seemed to me that it could not last. So, between June and August 2007, I offloaded all my holdings in that sector. As it turned out, it was the correct decision.

I would consider myself a risk-taker; and, as my investments are not in the super environment, I cannot see any useful purpose in holding investments in cash or fixed interest. I do not try to time the market. I prefer instead to trust my own decisions and instincts for the long-term accumulation phase. So far I have had only one casualty, by deciding to sell out of a company which I thought might be having too many problems in this market, thus realising a trading loss. This decision, however, gave me the opportunity to reinvest those funds into another company which subsequently gave me a return of 11.5% in 45 days, and those funds were then reinvested in another company.

I don't use any computer software to manage my portfolio, but I do take advantage of my broker's tools, such as watch lists, of which I have 10.

I don't remember ever receiving any good investment advice (or if I did I can't remember what it was, so it couldn't have been very inspirational), nor do I have any investment heroes. However, I admire investors who just go out and do the job with very little fuss.

I have had four really good investment results in the stock market: Allegiance Mining NL, which returned 42% between 10 July and 21 December 2007; Centennial Coal Co. Ltd from 12 December 2005 to 10 April 2008; Coates Hire Ltd from 23 August 2005 to 12 October 2007; and Deep Yellow Ltd since 1998 under another name, and which I continue to hold.

Conversely, I have made four bad investment decisions: HIH Insurance, ION Ltd, Voxson Ltd and GoldLink GrowthPlus Ltd. We all know what happened to HIH, and the consequences, with some directors going to gaol, and rightly so too. ION was simply a result of directors being too adventurous with their forecasts, and finally their bankers winding the company up. Voxson was purchased after advice received from a broker when the company was floated during the tech bubble. The directors did very well out of the float, buying themselves Mercs, but eventually the company was reprivatised, to the detriment of the shareholders. GoldLink's failure was purely due to the company's investment team being over-zealous with their investment decisions by using derivatives in the gold futures market, and the company was taken over.

I believe shareholders, including myself up until a few years ago, take too much notice of brokers, advisers and company directors with respect to making investments, instead of doing their own research. Even the investors in my joint ventures have some input into the investments we make.

If I had known five years ago what I know now with regard to my investment techniques, both fundamental and technical, and as a result of my studies through 'Finsia' and 'Tribeca' (both now owned by 'Kaplan'), there would be some companies that I would not have bought and in some cases still own.

I believe investors don't take enough interest in their investments. It seems that the majority of investors either have a significant amount of their savings in equities or their investments consist of their superannuation funds; yet they're not prepared to voice their dissension at AGMs. You often hear investors voicing their disgust about different matters, yet they don't lodge any protest.

Although I am not a member of the Australian Shareholders' Association, I do like the fact that investors can lodge their proxies with that association, together with any comments they may have, for the ASA to express at company meetings; I think our association should do the same. I am a firm believer in strong representation at AGMs.

Remember — as shareholders we own the company, and the directors who work for the company are answerable to the shareholders.

Dick Heiler is a member of the AIA.

Bulletin Board

FNArena Offer

FNArena supplies financial and economic news stories, analysis and commentary on the Australian and global financial markets. **Rudi Filapek-Vandyck** is not only the Editor of *FNArena* but also a regular contributor to the *Eureka Report* and other publications. *FNArena* are offering, exclusively to AIA members, both a FREE DVD ***Dealing with the Bear*** plus a FREE six-week subscription to *FNArena*. If you then decide to subscribe, you can do so at a 10% discount — $280 instead of $300 for 12 months. Send an email to info@fnarena.com with the subject line 'AIA Promotion' and put your postal address in the body of the email.

Self Managed Super Funds Administration Companies

The AIA called on members to provide a review of a SMSF administration service they use. Each review includes at least contact details, the services provided, the costs and a review of the service by the member. Some reviews contain more detailed information.

The AIA website now has reviews of 22 administration services located throughout Australia, mainly in the capital cities. To access these reviews, go to the AIA website www.investors.asn.au and follow the prompts. You will need to log on as a member.

Calendar of Events

Date	Event	Time	Venue	Topic
02 Feb 2009	Canberra Information Meeting	7.30-9.30pm	Southern Cross Club, Woden (Check room allocation in foyer)	Record Keeping
03 Feb 2009	Perth Information Meeting	7.30-9.00pm	The Boulevard Centre, 99 The Boulevard, Floreat	The Economic Outlook
03 Feb 2009	South Sydney Information Meeting	7.30-9.30pm	Miranda Community Centre, Wattle Room, 93 Karimbla Rd, Miranda	The Energy & Materials Sector
04 Feb 2009	Brisbane Information Meeting	2.00-4.00pm	Broncos Leagues Club, Fulcher Rd, Red Hill	Economic Outlook & Fixed Interest
09 Feb 2009	Adelaide Information Meeting	7.00-9.00pm	Enterprise House, Room 4, First Floor, 136 Greenhill Road, Unley	Sharemarket Outlook for 2009
10 Feb 2009	Melbourne Information Meeting	6.30-9.00pm	Telstra Conference Centre, R1, L1, 242 Exhibition Street, Melbourne	Stock Selection for 2009
17 Feb 2009	Perth Equities Discussion Group	7.30-9.00pm	The Boulevard Centre, 99 The Boulevard, Floreat	Equities Discussion
18 Feb 2009	Gold Coast Information Meeting	9.30-11.30am	Robina Community Centre, Conference Room, 196 Robina Town Centre Drive	SPI Trading/Index Trading/Commodities
18 Feb 2009	North Shore Information Meeting	7.00-9.30pm	The Chatswood Club, 11 Help Street, Chatswood	The Economic Outlook & Fixed Interest
25 Feb 2009	Toowoomba Information Meeting	9.30-12.30pm	De Molay House, 90 Margaret Street, Toowoomba	Sharemarket Outlook for 2009
02 Mar 2009	Canberra Information Meeting	7.30-9.30pm	Southern Cross Club, Woden (Check room allocation in foyer)	Risk Vs Reward
02 Mar 2009	Adelaide Information Meeting	7.00-9.00pm	Enterprise House, Room 4, First Floor, 136 Greenhill Road, Unley	What We Have Learnt From The Results Season
03 Mar 2009	Perth Information Meeting	7.30-9.00pm	The Boulevard Centre, 99 The Boulevard, Floreat	Outlook for the Energy & Resources Sectors
03 Mar 2009	South Sydney Information Meeting	7.30-9.30pm	Miranda Community Centre, Wattle Room, 93 Karimbla Rd, Miranda	Discussion Group
04 Mar 2009	Brisbane Information Meeting	2.00-4.00pm	Broncos Leagues Club, Fulcher Rd, Red Hill	The Banking Sector; Real Estate Cycles
09 Mar 2009	North Shore Information Meeting	7.00-9.30pm	Roseville RSL, 64 Pacific Highway, Roseville	Real Estate Cycles
17 Mar 2009	Perth Equities Discussion Group	7.30-9.00pm	The Boulevard Centre, 99 The Boulevard, Floreat	Equities Discussion
02 Apr 2009	Brisbane Information Meeting	7.00-9.30pm	Broncos Leagues Club, Fulcher Rd, Red Hill	The Materials Sector; ABC — A Case Study
06 Apr 2009	Canberra Information Meeting	7.30-9.30pm	Southern Cross Club, Woden (Check room allocation in foyer)	Equities Discussion
06 Apr 2009	Adelaide Information Meeting	7.00-9.30pm	Enterprise House, Room 4, First Floor, 136 Greenhill Road, Unley	Superannuation
07 Apr 2009	Melbourne Information Meeting	6.30-9.00pm	Telstra Conference Centre, R1, L1, 242 Exhibition Street, Melbourne	Equities
07 Apr 2009	Perth Information Meeting	7.30-9.00pm	The Boulevard Centre, 99 The Boulevard, Floreat	Superannuation
07 Apr 2009	South Sydney Information Meeting	7.30-9.30pm	Miranda Community Centre, Wattle Room, 93 Karimbla Rd, Miranda	Discussion Group
15 Apr 2009	Gold Coast Information Meeting	5.30-7.30pm	Robina Community Centre, Conference Room, 196 Robina Town Centre Drive	Fundamental Analysis & Managed Funds
15 Apr 2009	North Shore Information Meeting	7.00-9.30pm	The Chatswood Club, 11 Help Street, Chatswood	Finding Value Shares
21 Apr 2009	Perth Equities Discussion Group	7.30-9.00pm	The Boulevard Centre, 99 The Boulevard, Floreat	Equities Discussion
01 May 2009	Sydney One Day Seminar	9.00-4.30pm	Tattersalls Club, 181 Elizabeth Street, Sydney	Superannuation

NB. Topics subject to change.

AUSTRALIAN INVESTORS' ASSOCIATION ABN 75 052 411 999

Investors Helping Investors

The Australian Investors' Association (AIA) is a non-profit association dedicated to assisting the individual investor by providing affordable, independent education and information, and by promoting the common interests of individual investors to government, regulators and the financial services industry.

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