



the Investors' Voice

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

May

2009

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Hoping for a repeat of the eighties

By Rudi Filapek-Vandyck



At the end of August last year I came across the report of a study by GSJB Were, and from the moment I read it I had a strong suspicion that the scenario it predicted might prove very accurate.

Just to refresh everyone's memory — in August last

year share markets seemed to be stabilising after months of hefty losses, and early positive returns had triggered calls from investment strategists, stockbrokers and market commentators that a bottom might have been reached.

March 2009 was the next time equity indices posted a positive monthly return. Could markets at last have bottomed?

Let's look first at what the institutional desk at GSJBW had discovered in August 2008. The following paragraphs are taken from my story on 27 August:

Apart from the fact that September is often one of the worst months in the year for US share markets, research by the institutional team at GSJBW suggests things could get far more worse this year.

Historically, whenever the Dow is down by more than 12% for the year when September arrives,

things are likely to get much uglier, reports the team. It happened so far 14 times since 1900 and in 11 out of those 14 times September proved an absolute disaster month, with US shares falling on average an additional 9%. In each of these years the Dow entered the new calendar year at a lower level than where it was in August.

The Dow is currently down more than 13% so that would make this year potentially number 15.

Every single sentence in the three preceding paragraphs has been proved correct. Last August the Australian share market tried to stabilise around the 5000 level. Now, after an exceptionally strong performance in March, the ASX200 index is oscillating around the 3600 level.

I have again discovered a research report that I think deserves the attention of investors in the share market. But this time I have decided to share the story with a wider audience (with the proviso that there is no guarantee the report will prove as accurate as last year's).

Analysts at Citi have studied bear markets in Australia over the past 130 years. As one would expect, no two bear markets are exactly the same. Nevertheless, some conclusions can be drawn from past experiences, and guidance taken.

Let's start with the bad news. Citi analysts don't think the share market has bottomed yet. Past

Continued on page 4

AIA National Investors Conference Markets 2009: Strategies & Opportunities 26–29 July 2009 Surfers Paradise Marriott Resort & Spa, Gold Coast

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President's message

By Jolyon Forsyth



For my second message I would again like to start with saying what a debt we owe to a member — this time Owen Richards, who has been the coordinator of our most popular publication, the *Equities Bulletin*. Thank you, Owen, for a job well done for the last 3½ years. I am sure we have all learnt regularly from what you have produced.

Storm Financial has gone into liquidation, and it remains to be seen whether our corporate regulator will take action about advice that can

hardly be said to have been in the interests of investors who have now lost their homes and been left with large debts.

At the time of writing, the market is showing a tentative gain, and there has been a partial recovery from its depressing state at the beginning of March. No one can be sure that the market has bottomed at the time when it is actually happening, but Rudi Filapeck-Vandyck in his article on page 1 quotes Citi's analysts as having a preferred timeline for share markets to bottom around

August 2009. Remember that the recovery on the exchange precedes the recovery in the economy by at least 6 months.

David Coe's column in the *Australian Financial Review* of 30 March quotes Jake Bernstein, a market veteran of 40 years and author of 21 books, as saying that on a long-term chart he expects interest rates to turn quickly. The 30-year US Treasury bond yields have declined for 298 months and Bernstein is looking at rates doubling or tripling over the next few years:

Mr Bernstein's call coincides with warnings from a clutch of respected international investors including Berkshire Hathaway's Warren Buffett and Hong Kong based investor Marc Faber publisher of the *Gloom Boom and Doom* report that the massive amount of liquidity being pumped into the global financial system, coupled with unprecedented monetary and fiscal stimulus, will lead to an outbreak of inflation as the economy recovers.

You know what weapon the Reserve Bank uses to control inflation. Please do not say that you have not been warned!

Bulletin Board

AIA May seminars

- **Adelaide, 2 May:** half-day seminar — *Investing in Times of Recession* — Enterprise House, Unley. The presenters will give an update on the economy, followed by a health check on property and shares. The \$45 registration includes papers and refreshments.
- **Perth, 16 May:** one-day seminar — *Share Investing in Tough Times* — Boulevard Centre, Perth. Combines the unique research of AIA member Robert Vagg with presentations on fundamental and technical analysis. The \$95 registration includes lunch, papers and refreshments.
- **Brisbane, 23 May:** one-day seminar — *Investing in Tough Times* — the Bardon Conference Centre, Bardon. Combines the unique research of AIA member Robert Vagg with presentations on fundamental and technical analysis, and the psychology of investing. The \$95 registration includes lunch, papers and refreshments.

To view the seminar programs or to register, visit the AIA website www.investors.asn.au or call the AIA Secretariat on 1300 555 061. Members are welcome to bring guests for the members' price.

New member offer

We have two great bonus offers. Anyone who joins the AIA **before 31 July 2009** will receive a complimentary **An Introduction to Investing** DVD valued at \$45; we will also automatically sign the new member up for a FREE 3-month subscription to Alan Kohler's online *Eureka Report*, valued at \$82.50. If the new member is already a subscriber, 3 months will be added to their current subscription. For an outlay of \$101 for 12 months, the new member will receive \$227.50 worth of investment education — a great investment!

Councillor appointment

Following the resignation of Ron Rigby in October last year there has been a vacancy for a Councillor representing NSW. At the AIA Council meeting held in early April, Graeme Bottrill was appointed to fill this position. Graeme has been an active member of the AIA since 2006, is a member of both the NSW and North Shore

Committees and brings with him a wealth of experience in project management and computer management systems.

Member fees

AIA Subscription fees were last increased in July 2006 and at the Council meeting in April it was unanimously agreed not to increase the current subscription rate. It remains at \$90 for one year or \$165 for two years. The Council of the AIA is working on improving benefits for members. We hope that you will see that the outlay of just over \$7 per month is a valuable investment, and you will retain your subscription to the AIA.

Did you know?

Many of you have participated in a number of AIA surveys recently. From them we have learnt:

- 62% of you have an undergraduate degree
- 50% of you are retired
- 23% of you are self-employed
- 71% of you have a self-managed super fund
- 58% of you receive income in excess of \$100,000
- your trusted sources of information are independent websites, magazines and metropolitan newspapers.

Novice Investor Workshop

Every year preceding the conference a 3-hour Introduction to Investing workshop is held. It will again be held at the Surfers Paradise Marriott Resort & Spa on Sunday 26 July from 1.00 pm to 4.30 pm. Partner and Senior Adviser with Investstone Wealth Management **Jamie Nemtsas** will present the workshop, which serves as both an introduction and a refresher course. You do not have to attend the conference to attend this workshop, and members are invited to bring guests and partners at the member rate of \$45. Registration includes papers and refreshments. View the program at www.investors.asn.au or call the AIA Secretariat on 1300 555 061 to make a booking.

Seeking a share market bottom

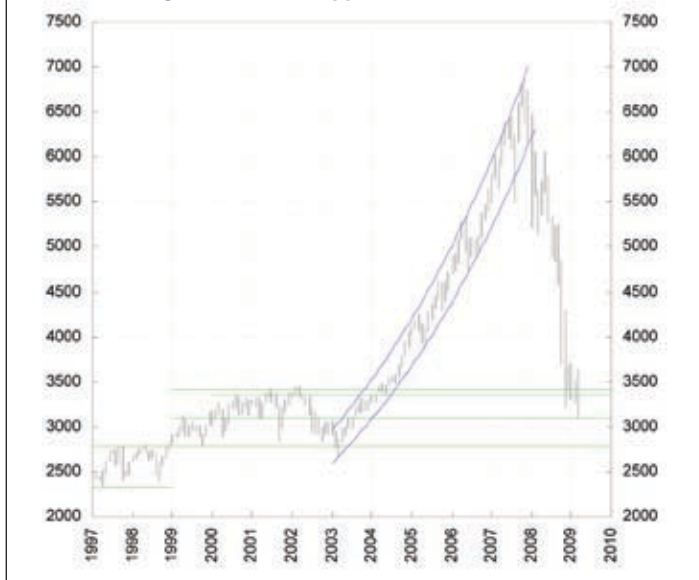
By Robert Vagg



The supplement accompanying this issue of *Investors' Voice* gives details of the long-term empirical model of the Australian stock market that I have developed, based on the All Ordinaries Price Index, and which I have mentioned in earlier articles. I intend to refer to it frequently in this column; hence the supplement may need to be kept at hand for future reference.

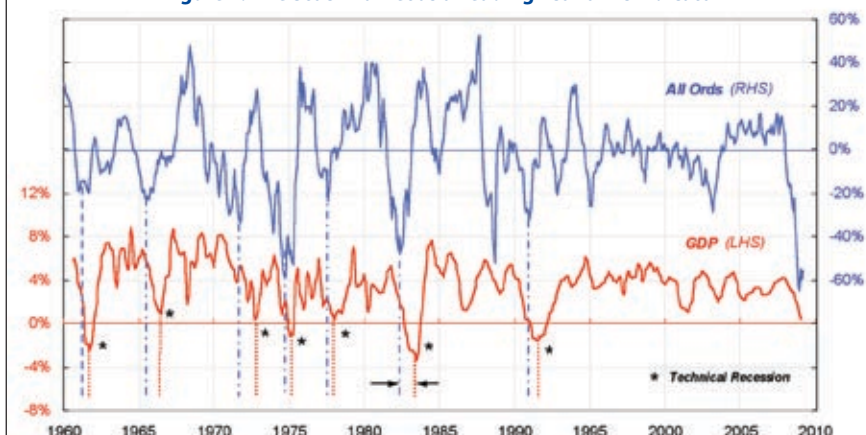
In the February issue of *Investors' Voice* I commented on the market's apparent display of early signs of stability at technical support above the All Ordinaries Index level of 3350. A sharp fall to 3091 followed the earnings reporting season, but the Index subsequently returned rapidly to the higher support. This is shown in more detail in the updated chart below (Figure 1). That fall surpassed the low of November 2008 and achieved an unprecedented degree of undervaluation of -55% as described by the model. The stock market therefore remains at about half its estimated long-term fair value.

Figure 1. Market Support Levels Above 3000



Although economic conditions are yet to show signs of improvement, some measure of confidence appears to be returning to world markets, and it is hoped that this low figure will prove to be the GFC minimum. As was demonstrated during the Great Depression years (see November 2008 article) the stock market can move up well in advance of an economic recovery.

Figure 2. The Stockmarket as a Leading Economic Indicator



It is commonly stated that the stock market acts as a leading indicator of the fundamental economy, and therefore that its turning points will presage those of a country's Gross Domestic Product (GDP). Considering measurement of this timing difference to be of value to investors, I have in Figure 2 compared volatility in the All Ordinaries Index since 1960 with rolling 12-month cumulative changes in GDP over the same period. The seven technical recessions that have occurred during that time are highlighted in the diagram. In each case it is clear that GDP (shown in red) significantly lags in the bottoming process. Inspection of the underlying raw data reveals that, on average, the stock market bottoms 8 months ahead of GDP (range 5–14 months). With most heads of central banks, including our own, stating that world economies are expected to bottom in late 2009 and return to growth in 2010, the scale of this time lag becomes significant.

Financial media often comment on the volatility correlation between our own stock market and that of the US. In the last *Investors' Voice* article I emphasised that the All Ordinaries has strayed outside its empirical model's defined confidence limit channels on only three occasions: 1974 (-52%), 1987 (+106%) and in the current downturn.

A similar model constructed for the US markets displays quite a different pattern of volatility extremes.

Figure 3. S&P500 Primary Model: 1950-2015

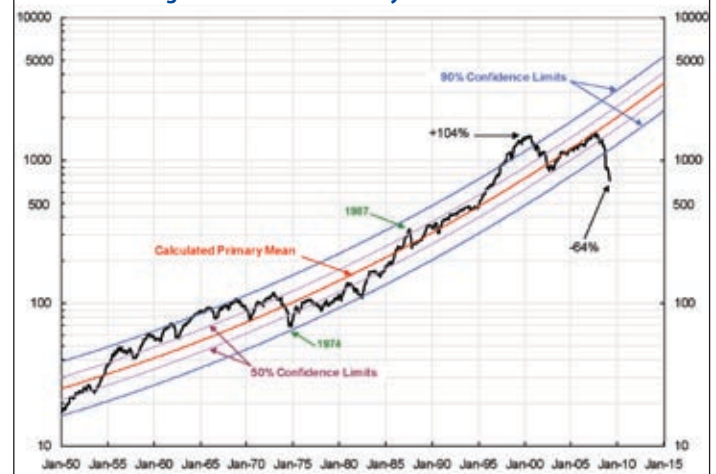


Figure 3 demonstrates part of a long-term model based on the S&P 500 Index. There it may be seen that neither 1974 nor 1987 stands out as anomalous. The 'dot.com' boom, however, resulted in significant overvaluation. This model shows that, since 1875, the US market has exceeded its 90% confidence limits only four times: in 1929 (+178%), 1932 (-65%), 2000 (+104%) and 2009 (64% below the calculated mean).

The possibility of reproducing the total fall of 89% that occurred from 1929 to 1932 has contributed much to the panic that has gripped US investors over the past year. However, given that in 1929 the market was 178% above the primary mean, it becomes obvious that the first two-thirds of the 89% fall were required simply to return to fair value (mean reversion). A level of subsequent undervaluation similar to that reached in 1932 (i.e. -64%) has already been achieved in the current financial crisis.

It is hoped that by the next issue of *Investors' Voice* it will not be necessary to report on any further market deterioration, but rather on some recognisable signs of a sustainable recovery.

Robert Vagg is a member of the AIA.

Hoping for a repeat of the eighties... from page 1

experience indicates that it is still too early to call a bottom. Just to make sure, the analysts asked their counterparts in the US and in Asia for feedback, and found they were of a similar opinion.

Historically, states the report, bear markets last for 2–2½ years. If we accept that the current bear market started in August 2007 (when share markets sold off but rallied back strongly until early November), we still have another 4–10 months to go before the current bear market will morph into the next bull market.

Of course, history never repeats itself. Nevertheless, Citi analysts believe there is a strong similarity between events now and in the early 1980s. Back then, the global banking sector was in total disarray (with problems originating in the US) and Australian banks were relatively immune from the deep problems elsewhere. As they are now, commodities were in the early stages of a prolonged bull market caused by the awakening of a new economic giant, Japan.

So what if 1982 repeats itself in 2009? In that case, reports Citi, the rally we've just seen will soon give in to another leg down for share markets. The good news is, however, that under a repeat of the 1982 scenario the next leg down will bring us the bottom — or, as the report puts it:

We see broad parallels between the March rally in 2009, and the April/May rally in 1982, i.e. most of the bear market was over by then, but there was a final washout still to come.

Under Citi's projected timeline, share markets are likely to find their bottom in the September quarter this year.

The analysts make their prediction on the basis of a few key historical parallels, such as that share markets on average bottom 16 months before corporate earnings and some 8 months before the economy (real GDP). This falls in line with their expectation that earnings will continue to fall throughout the remainder of 2009.

At the moment, say the analysts, earnings expectations for Australian listed companies have fallen by 16%. Assuming their prediction is correct and expectations will continue falling during the 8 months ahead, the fall in EPS expectations from top to bottom will amount to some 26%, all in the space of roughly 2 years.

One stand-out conclusion to draw from this is that the upcoming results season in August will prove to be worse than the one we witnessed in February. A second conclusion is that earnings expectations for FY 2010 still have a long way to fall, and Citi analysts suggest that the August results season may prove to be the catalyst.

(Special note: the report warns investors not to get too carried away just yet, and stick with a defensive bias ahead of the upcoming company result releases.)

One other element still lacking in the current bear market is that valuations for shares still haven't fallen low enough, say the analysts. Previous bear markets saw the share market fall to 15–20 times the so-called 'trough EPS' (the low point in the earnings cycle). This time, the market is refusing to go lower than 25 times. This too would support another leg down.

A third factor mentioned in the report is that consumer confidence tends to fall to extreme lows; this too has not yet happened.

How do we know when the share market has bottomed? Citi analysts suggest investors should keep a close eye on so-called Leading Economic Indicators (in Australia published by Westpac). Historical analysis has shown that on average share markets bottom 4 months before Leading Indicators.

An important element in Leading Indicators, in Australia as well as in the US, is industrial production in the US. The report predicts that industrial production in the US will continue to weaken, albeit more slowly, until the December quarter this year. If this prediction is correct, Leading Indicators could bottom from the fourth quarter this year onwards, but more likely in the first quarter of 2010. This too suggests that a share market bottom after the August results season is a real possibility.

Citi's current preferred timeline is for share markets to bottom around August, followed by Leading Indicators bottoming in October or November and real GDP sometime between December 2009 and March 2010.

Perhaps the most controversial conclusion drawn in the study is that investors can afford to wait until the bottom has been confirmed by the turn in the Leading Indicators before re-entering the share market. Yes, say Citi analysts, it is true that by waiting the extra 4 months investors will give up the early recovery gains for equities; but history shows that the gains lost (in exchange for extra confidence and less risk) will pale into insignificance when compared with the gains that follow. In the early 1980s, for instance, investors would have lost out on the first 9% of the share market recovery, but the share market then returned a total of 164% over the next five years (of which 36% was in the first 12 months after the Leading Indicators bottomed).

There have been two exceptions, notes the report. In the early 1970s and the early 1990s, share markets bottomed simultaneously with Leading Indicators, not 4 months ahead. This strengthens the case for investors to wait and take guidance from the forward-looking economic indicators.

The Citi report contains one major flaw, in my view — it is almost entirely based on historical averages.

For instance, while the lag between a bottom for share markets and for Leading Indicators has averaged out at 4 months, it has at times stretched out as far as 9 months. Most importantly, historical averages also conceal the fact that, back in the 1970s, when the economic recession was followed by a persistent inflation problem, the 3-month period between share market bottom and Leading Indicators bottom generated a positive return of 27%. After that, share market returns remained dismal: 4% over the next 12 months; minus 34% over 3 years; and minus 22% over 5 years.

Let's hope Citi analysts have made the correct comparison, and today's bear market is more akin to the one in the early 1980s.

Rudi Filapek-Vandyck is Editor of FNArena and will be presenting at the 2009 AIA National Investors' Conference (26–29 July 2009 at the Surfers Paradise Marriott Resort & Spa, Gold Coast).

Thanks to our members

The AIA has conducted four surveys so far this year and we are very pleased that around 500 of our members have responded each time. The responses have formed the basis for media releases to various media outlets throughout Australia. To date most have been incorporated in on-line versions of the publications.

The most recent survey data is being incorporated in an AIA submission to the Henry Review of Taxation. (We are also appreciative of the number of members who have forwarded letters of protest to the Review and to the Federal Treasurer, following a special email in mid-April.)

Your Association has embarked on a vigorous program of advocacy on behalf of self-funded retirees and other investors, and will continue to seek your assistance. We are grateful for your continuing support of these endeavours.

Jolyon Forsyth
President

Residential property: still a good investment

By Monique Sasson Wakelin



For investors, 2009 is shaping up as a year where good judgement will attract premium long-term rewards while poor investments will prove costly.

The fate of the Australian economy and the global financial crisis are decisive factors for the investment climate in 2009. Despite recent headlines, Australia's economy still looks better placed than that of the US, Japan, Europe or the UK, and one of the reasons is the resilience of our residential property market. Levels of 'low doc' lending were low here, and while

our population growth has accelerated, the rate of housing construction has not. The result is an undersupply of 200,000 dwellings, unlike the large surpluses of unwanted property in countries like the US and Spain.

Our undersupply of housing now coincides with dramatically lower interest rates — 5.5% at the start of April 2009 compared to 9.25% in August last year. Add in to this equation a tight rental market, and the outlook for residential property is quite favourable.

So there is good news for investors in residential property. But be warned, it's only confined to specific parts of the market.

Top priced sector: \$1 million plus

In 2008, owners in the top sector of the property market were buffeted by falling share markets, margin calls, shrinking executive bonuses and reduced business incomes. It forced some properties onto the market, but, more importantly, it discouraged the upwardly mobile from purchasing in this part of the market. The 'wait and see' sentiment has deprived this sector of demand just when supply has been increasing.

The result has been a price deterioration of 10%–15%. Yes, there will be some good buying opportunities in this part of the market, but there are more compelling prospects elsewhere.

The affordable sector

In 2009 we have seen a genuine market phenomenon — the rise of the first homebuyer. This grant-infused group has been buying new houses on the urban fringe, 1960s houses in working-class suburbs and apartments in the inner ring — but generally at a price of \$500,000 or less.

The boosted First Home Owners Grant has successfully moved the price of inner and middle urban properties under \$500,000 up by around 10%, making it increasingly tough for investors to find value.

Investors can still find value in affordable, well-positioned properties in sought-after suburbs, but they will need to get all the investment factors right. They should stay well away from high-rise developments, the outer urban fringe and smaller regional towns.

Middle of the market

In most mainland capital cities, the middle priced sector, \$600,000 to \$1 million, buys an established house or well positioned apartment in a sought-after precinct. These properties have enjoyed stable demand and prices despite the gloom.

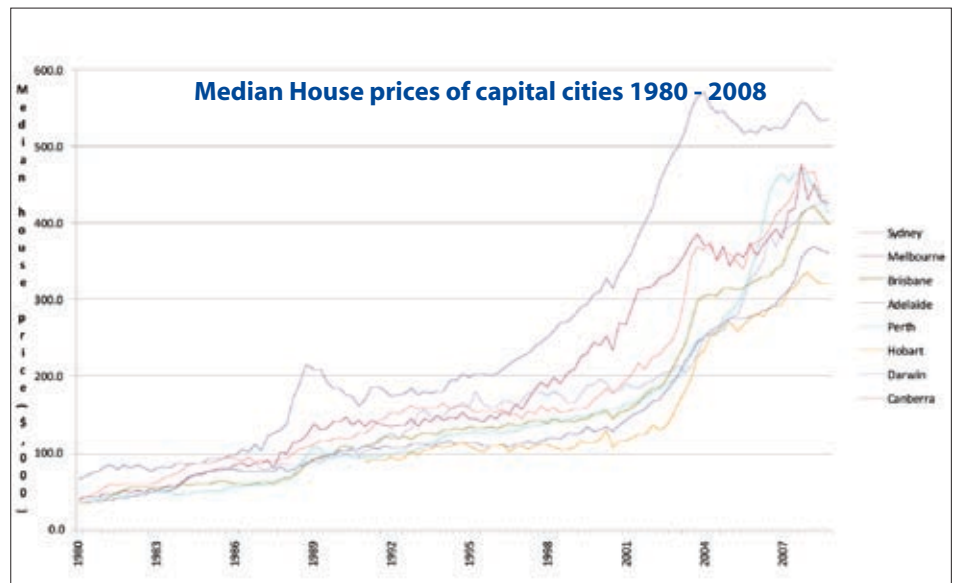
The rapid fall in mortgage repayment costs has greatly benefited this sector, and this is where investors' primary investment focus should be. Well positioned, quality inner urban properties are attracting gross yields of 4%–4.5% while mortgage rates were just 5.6% at the start of April 2009. The narrowing of the gap between funding and rental returns in the last 6 months is a great signal for this sector of the market, and likely to encourage price growth in the right properties.

Middle-price properties in the outer suburbs or regional areas are less likely to share in this price growth, as they usually have a less favourable balance between supply and demand.

A tale of many cities

Will there be any differences between Australia's capital cities? I see the same patterns occurring in all major cities, but with slightly different nuances in each.

If the financial services sector remains weak, the impact on Sydney's \$1 million plus market will continue, while a weaker domestic economy will be felt in the outer suburbs and the 'exurb' areas of the Central Coast and the Illawarra. Best investment prospects are in inner west areas like Camperdown and Erskineville.



Adelaide has been the surprise packet — the best performing major city of the last 3 years. The outlook for 2009 remains stable there, with best prospects for inner suburban period houses.

Perth, the stand-out performer in 2007, has the worst outlook for 2009 if the resources decline continues. Expect the oversupply of \$1 million plus houses to continue, while the best opportunities for investors are affordable established two-bedroom apartments close to the northern beaches.

Brisbane should remain stable, with good opportunities emerging in three-bedroom family houses in the middle suburbs up to \$550,000, whereas the Gold and Sunshine Coasts look oversupplied.

I think Melbourne is the best placed of the major cities in 2009, due to its diverse economy, strong net migration, and undersupplied property market. Weaker economic conditions will affect the outer suburban fringe, Geelong and Ballarat. The best prospects are for apartments in the inner southern and eastern suburbs and well positioned, compact houses in inner north areas like Thornbury and Moonee Ponds.

Darwin has some positive economic fundamentals driving its recent performance, while I expect Hobart and Canberra to experience more subdued price growth over the next 12–18 months.

Above all, investors need to be judicious in their selection. The residential property market remains rewarding for well informed, discerning investors but will prove unforgiving to investors making poor decisions.

Monique Sasson Wakelin is Director, Media and Communications, at Wakelin Property Advisory. To contact Wakelin Property Advisory, call (03) 9859 9595 or visit wakelin.com.au.

ETFs as the core of your portfolio

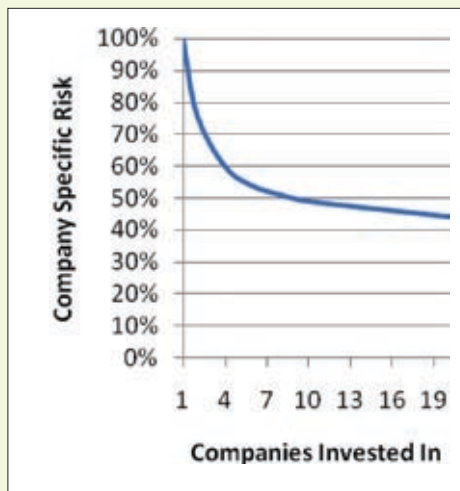
By Tejay Lovelock



The day after the original publication of our SPDR ASX 200 Traded Fund research, BHP announced that it was withdrawing its takeover offer for Rio Tinto. As a result BHP shares rallied about 33% and RIO declined by around 27% over the following few days.

BHP's announcement and its effect on RIO was a great example of company-specific risk and the need to diversify your portfolio. For Rio Tinto shareholders, one of these unique risks was the potential for BHP to withdraw its takeover offer.

Portfolio investment theory reasons that if you invest your capital across numerous companies you can diversify away most of this company-specific risk. The theory is that if one company has a bad announcement it will be offset over time by another company having a positive announcement.



For the investor who diversified across numerous resource stocks, then, this announcement was meaningless, because the loss in RIO's share price was made up for by the gain in BHP's share price — the loss in one company was offset by a gain in another, validating portfolio investment theory.

Most investors do not realise they can diversify away most of this company-specific risk. The graph above shows how investing in about 10 securities roughly halves your company-specific risk. You can continue to reduce company-specific risk by investing in more companies, but the impact of doing so is not as dramatic.

Most investors will spread their capital across three or four companies and, while there are still dramatic advantages in doing this, your exposure to company-specific risk remains significant.

The reason why most investors will typically spread their capital across three or four companies is that they lack the capital to make meaningful investments into many more — leaving aside the costs and stress of doing so.

Fortunately there is an innovative investment product that solves all these problems for you — Exchange Traded Funds (ETFs). These investment products are enormous overseas, and are rapidly gaining popularity in Australia.

Did you know that in 2008 State Street Global Advisors surveyed 840 investment professionals, 67% of whom identified ETFs as the most innovative investment vehicle of the last two decades, and

60% reporting that ETFs have fundamentally changed the way they construct investment portfolios?

So what are they? The best way to think of ETFs is as managed funds, but with a few key differences. These are the main ones:

Low cost. There are no entry or exit fees, and annual management fees are generally well below 1% (STW is only 0.29% — more on this later).

Liquidity. You can enter and exit positions during trading hours. Investors can also use limit and stop orders.

Intraday pricing. Most ETFs have continuous intraday pricing, meaning you can track the value of your investment at any time during trading hours.

No minimum investment. You can invest whatever you want.

Simply stated, ETFs trade like any normal stock on the stock exchange.

So how can you use ETFs, and what are the advantages for you? Let's consider this question using a practical example in the context of what has been discussed so far.

You have decided it's time to invest in the stock market, and you realise the importance of spreading your capital across at least 10 companies. The problems you now face might include:

- not knowing which companies to invest in
- not having enough capital to make a decent investment in 10 or more companies
- not wanting to incur the brokerage cost of 10 transactions.

Your solution is the SPDR S&P/ASX 200 Fund (STW). In one simple transaction you can invest in the top 200 companies in Australia (great diversification). You do not have to select which companies to invest in, your capital problem is no longer a constraint, and brokerage fees are a thing of the past as it's only one transaction!

In addition, just like stocks, you still collect the dividends paid by the underlying securities (including franking credits) as a distribution from the fund.

Furthermore, the SPDR S&P/ASX 200 Fund (STW) has an option market, meaning you can still do your options strategies such as covered call writing and put protection.

The SPDR S&P/ASX 200 Fund is not the only ETF product available. For investors looking for metal price exposure, why not invest in ETPMPM – ETFs Physical Precious Metal Basket or GOLD – Gold Bullion Securities. Seeking overseas exposure? Take your pick from the iShares range, providing access to Chinese, Taiwan and South Korean stocks.

For my clients who seek responsible long-term equity exposure, I advise using the SPDR S&P/ASX 200 Fund (STW) as their core holding for diversification purposes, and then investing in a few stocks directly as targeted investments.

Finally, it might be of interest that it's not just your average investor using ETFs. In fact they are more popular among institutional investors, especially overseas investors. They realise the diversification benefits of ETFs, and it's an easy, cost-efficient way for them to obtain instant exposure.

Tejay Lovelock is a Private Client Adviser with Kinetic Securities and can be contacted at vision@kineticsecurities.com.au.

Currency hedging for your international investments

By Angelo Veschetti



So long as the Australian share market remains such a small component of global markets, investors will probably continue to invest a portion of their funds offshore in search of other opportunities. Investing in overseas markets introduces currency returns into your portfolio. But where there is return there is risk, so you need to be aware of the impact that currency fluctuations can have on your portfolio returns. We believe that currency is an important aspect of a portfolio's diversity. While many investors understand

the merits of diversity, the effects of currency movements on portfolio returns are in general poorly understood — something we aim to address in this article.

Exchange rates

The key currency relationship we follow is the A\$:US\$ exchange rate. We see the US\$ as being the strongest currency in the world because the US economy is the strongest in the world. From 2001 until July 2008, the A\$:US\$ exchange rate moved from \$0.48 to \$0.98 — a 104% rise. But then, in the six months to 31 December 2008, the A\$:US\$ moved between \$0.97 and \$0.61 — a 37% fall. The exchange rate is currently around \$0.71, up from around \$0.63, which is a move of 13% since December. These currency movements, based on real data, illustrate the volatility that flows through to your international share returns.

Separating market return and exchange rate return

We can see the effects of currency movements by analysing a couple of indices: the MSCI World ex Australia (A\$) (long-term accumulation proxy) and the MSCI World Index (A\$) Hedged. In the first we are exposed to currency movements, while in the second we are not, as the following table illustrates (31 December 2008):

Benchmark	1 year (%)	3 year (%)	5 year (%)
MSCI World ex Australia (A\$) (long-term accumulation proxy)	-28.64	-8.24	-0.50
MSCI World Index (A\$) Hedged	-40.49	-10.47	-1.01
Exchange rate return	11.85	2.23	0.51

¹ MSCI unhedged indices are converted using closing A\$/US\$ exchange rates London 4 pm Spot Close.

The table clearly shows the positive impact that currency exposure can bring to a portfolio in the short term, but it also illustrates that the benefits are minimised over longer periods. This brings us to our hedging philosophy.

Currency hedging philosophy

Our basic philosophy is that your portfolio should contain unhedged international equity investments. Our long-term philosophy is that the best total return for international equities is likely to be achieved by buying unhedged international investments when the A\$:US\$ exchange rate is within about 15% of the historical average. Our tactical philosophy is to hedge out the currency of the international shares exposure to enhance short- to medium-term returns.

Our philosophy is premised on two things; the fact that the Australian dollar exchange rate will influence the value of your international investments and the fundamental belief that all investments revert to the mean. The recent dramatic fall of the Australian dollar is an example of mean reversion! Ignoring market price movements, if the value of the Australian dollar falls relative to the currency in which the financial products are denominated, then the value of your international shares will rise in Australian dollar terms. Conversely, if the value of the Australian dollar rises, then the value of your international shares will fall. Similarly, movements in the relevant exchange rate will impact on the A\$ value of any dividends or distributions you receive.

The chart below traces the A\$:US\$ exchange rate over the 5-year period ended 31 March 2009. The historical average exchange rate of US\$0.72 (the red dotted line) and the 'buy' zones (blue dotted lines) are shown to illustrate our currency hedging philosophy detailed above.

At \$0.71 the A\$ is now trading close to the long-term average, suggesting investors buy unhedged investments. We don't know what the A\$ will do, but it seems likely that it will fall further as our interest rates fall and more investors seek safety and buy US\$. A fall to around \$0.61 (blue dotted line) would indicate buying hedged international investments. Regardless of the outlook, though, our currency hedging philosophy provides a method for you to manage your portfolio for the current exchange rate.

Getting exposure

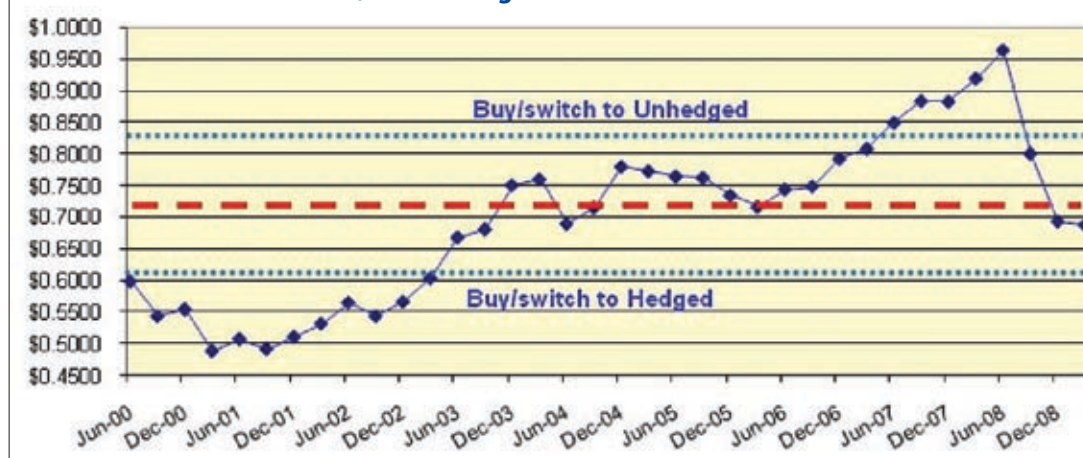
To gain exposure to the international markets, we prefer to build a core from passive index funds, like those offered by Vanguard. Vanguard offers both a hedged and unhedged version of their international index share funds. These funds have passive hedging, which means that you are responsible for switching between versions to suit your own view on exchange rates to apply the philosophies we have discussed. Of course you will need to be aware of tax implications and fees whenever you switch. Another option is to use an active hedging manager that will manage the currency exposure of their underlying portfolio based

on their outlook for currency. Platinum Asset Management is our preferred manager for this.

The exchange rate outlook has changed very quickly from the 'bulls' talking up parity with the US\$ to the 'bears' talking the A\$ down to 2001 levels to help Australia avoid a recession. It doesn't really matter who is right, if you have the means of deciding when to hedge and when not to.

Angelo Veschetti is an Adviser with InvestStone Wealth Management, Melbourne.

A\$:US Exchange Rate to 31 March 2009



Perth Equities Discussion Group

By John Venn



The Perth Equities Discussion Group has been meeting monthly since about 2004 and, although the participants have changed over the years, there has always been sufficient interest to keep the group active. The meetings regularly attract 10–12 participants. The underlying philosophy of the group is to share knowledge about equities, namely those products provided by the ASX.

We all agreed that, ideally, we would like to be party to the knowledge of the privileged few who control the flow of information before it reaches the public domain. Alas, however, it will always remain a 'wish list' item.

The format and the topics covered have varied over the years. Last year we discussed reasons for buying and selling shares, and at our first meeting this year we discussed how we can best serve those who attend our monthly meetings.

The following topics were reviewed and a vote taken as to the order of priority for future discussion. The list below shows the outcome from the most popular topic to the least:

- | | |
|---------------------------------|--|
| 1. sources of information | 8. financial ratios |
| 2. investment market sectors | 9. charting |
| 3. selected companies | 10. record keeping |
| 4. rules and myths of investing | 11. overseas investing |
| 5. day trading | 12. demographics |
| 6. analysing company reports | 13. political influences on investing. |
| 7. diversification | |

At our first meeting this year we also spent considerable time reviewing the current financial crisis — an unprecedented happening in the world financial sector, due mainly to governments, ministers and their corresponding authorities sleeping on the job while a major financial meltdown slowly evolved worldwide.

We talked about the seriousness of what may lie ahead, and ways we may be able to avoid the many unknown traps resulting from the culture that has developed over the last few years. Those who created the meltdown and its ongoing problems are still in control — so, until we see a culture shift, beware.

We all agreed that we want to close ranks and be particularly observant, to ensure we share any information that will assist each of us to pick the upside and avoid the downside.

John Venn is the coordinator of the Equities Discussion Group which meets on the third Tuesday of each month at the Boulevard Centre, Perth. For more information contact John Venn at aiawa@investors.asn.au.

Tax Notes – A taxing budget?

By Dennis Eagles



The federal budget will be handed down on 12 May, and most commentators are indicating that this one will be a big one (and quite possibly a bad one). In the current economic turmoil, where governments globally are spending up big and handing out cash in order to stimulate their respective economies, we need to be mindful that someone will have to pay for it all.

While we can't predict the future (and don't have any inside information), these are some of the possibilities:

- **Income tax rates.** This is a catch-22: the government needs to collect more revenue to limit or avoid a deficit, but increasing tax rates will result in less disposable income for individuals, and therefore less spending and stimulation to the economy.
- **Franking credits** (in particular the refundable nature of franking credits). Perhaps we will see a return to the former system where excess franking credits are simply lost (i.e. kept by the government).
- **Bonuses and termination payments.** The introduction of an annual limit or imposition of a higher tax rate are both possible, especially given the apparent desire to curb excessive executive payments.
- **Family trusts.** The ability to split income between family members may be removed or limited, thus minimising the family's overall tax exposure.
- **Fringe benefits tax.** Some benefits may be removed and/or changes made to the method of calculation (e.g. the way some car benefits are calculated encourages additional kilometres, thus increasing the environmental impact).
- **Superannuation.** After the significant changes to the superannuation system in recent years, we can only hope there won't be any significant changes this year. However, the tax-free payments to those over 60 are seen by some as too generous. Will we see the return of the 'Reasonable Benefit Limit' system that was introduced by the Hawke/Keating Labor Government? Other options may be to cap the level of income that can be withdrawn via a pension each year, or remove the low rate threshold for the first \$145,000 withdrawn as a lump sum. The co-contribution may also be under threat, as many of the people who really need the extra super are not the ones who can afford to make the additional contribution required to receive it.
- **Capital gains tax.** All capital gains made by individuals on assets held for 12 months are currently discounted by 50% (i.e. a maximum tax rate of 23.25%). An easy revenue grab may be to remove or reduce this discount.
- **Negative gearing.** This is attractive because it provides an immediate tax benefit to investors, but it is often mentioned by government as something that needs to be reviewed.
- **New taxes?** While we already have far too many taxes in Australia, there are a few large ones that we don't have (e.g. gift taxes, inheritance taxes/death duties).

While many of the larger, more strategic items are likely to be deferred until the completion of Dr Ken Henry's review of taxation, it may be an opportune time to consider your own tax position and possibly take some action before 7.30 pm on budget night. Perhaps now is the time to sell that asset, withdraw that pension, give to your children or to charity?

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@grantthornton.com.au.

Storm Financial

By Scott McKenzie



The difficulties arising from Storm Financial's margin lending implosion have been playing out in the press, the courts and lawyers' offices over the past six months or so. Outlined below in a Q&A format is what has happened (so far) and why, and what investors can learn from this sad episode.

What happened to investors?

Storm Financial had 14,000 clients, of whom 3000 had margin loans. Of these, about 400 were thought to be in financial distress, according to *Investor Daily* (14 January 2009). Commercial litigation lawyer Damian Scattini of Slater and Gordon represents about 300 Storm investors who have lost an average of \$500,000 each. Other investors have lodged claims with the Financial Ombudsman Service.

Some investors were encouraged to:

- borrow against the equity in the homes
- contribute these borrowings into a margin loan facility, thereby increasing their loan by 100%.

For example, if the home loan was \$250,000, this became \$500,000 in the margin loan facility — all of it borrowed money. Fees of \$33,000 were paid up-front, with ongoing payments of almost \$6000 pa (*Eureka Report*, 22 December 2008).

One Storm client tells that he borrowed \$660,000 using equity in his home, and then placed this in a margin loan with an additional \$600,000 of borrowed money. This cost him \$128,000 in upfront fees. When the market fell 50% the investment reduced to \$500,000, which the bank retrieved by selling the portfolio, leaving the investor with a \$600,000 debt on his home.

It has been reported that there were cases where investors in this situation were retired and living on an account-based pension, and therefore unable to make loan repayments. As a result they had to sell their home to pay off the bank loan.

Many of the investors caught up in this matter invested most or all of their funds with Storm, often using this double-gear facility.

What happened to Storm Financial?

Amounts owed by Storm Financial include \$27 million to CBA, \$28.4 million to vendors of at least 11 financial planning businesses that Storm purchased between 2000 and 2007, and almost \$10 million to the ATO. Estimated total owed is \$78 million, according to the administrators.

At 30 June 2008 Storm Financial had a \$1.1 billion margin lending book with CBA, and other traditional loans totalling just over \$1 billion. They charged fees of up to 7%, which were not taken in the usual way as commissions but were charged directly to the client as up-front fees.

Responsibility for monitoring portfolio performance (and hence the justification for the extraordinarily high entry and ongoing fees), and therefore for anticipating margin calls, rested with Storm Financial. Colonial Margin Lending, who sold up huge shareholdings to meet margin calls, claim that Storm failed to discharge this responsibility, forcing them to take action by selling up the portfolios.

The Financial Planning Association has terminated the principal membership of Storm Financial, and are investigating the advisory behaviour of the one-third of Storm's employees who were FPA members. Recently the court ordered the winding up of Storm Financial.

It has been reported that this happened once before to the principals of Storm. They set up the Ozdaq Investment Fund after leaving MLC, placing clients into highly geared funds which lost money in the dot.com bust. There were many complaints to ASIC and 'compensation' was paid in the form of interest-free loans, some of which are still in default to Storm for \$3.5 million, according to the *Sunday Mail* (2 February 2009).

What can investors learn from this sad episode?

- Diversification is essential. Diversify asset classes, fund types and fund managers.
- Gearing is OK provided you know:
 - that the market will keep going up for the foreseeable future
 - at what percentage market fall you will exit immediately (and cut your losses)
 - at what percentage market fall you will receive a margin call (if you are involved in margin lending), and how you will find the funds to meet the call
 - that you can exit without other charges being made.
- Trust in advisers is OK (if they demonstrate that they warrant it), but if you don't understand what you've committed yourself to, don't do it. High fees don't necessarily mean high-quality advice — often they mean the converse. You want an adviser who gives advice, not a good salesman.
- Financial advice is required by law to be appropriate to the specific individual. One size does not fit all — the 'cookie-cutter' approach is illegal. Emmanuel Cassimatis almost admitted to this approach when he told the *Townsville Bulletin* (7 January 2009) that he and his staff 'have all followed the same investment and lending within our portfolios, have homes mortgaged and have suffered the declines in markets due to the financial crisis'.
- Finally, don't be shy about getting a second opinion.

Above all, the markets are like gravity: what goes up always comes down. The trouble is, it's hard to work out when. But it's well worth remembering that it happens.

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

Bulletin Board

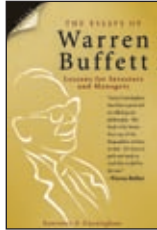
Member Discounts

The AIA offers a range of member benefits which can be accessed by logging on to the member's area of the AIA website www.investors.asn.au and then going to MEMBERS AREA / ASSOCIATION INFO / DISCOUNTS AVAILABLE. Discounts available include better interest rates at Bendigo Bank; 10% discounts on books purchased at McGills and Educated Investor Bookshops; discounts on a range of subscriptions including Alan Hull's *ActVest*, *AFR Smart Investor* magazine, *Eureka Report*, *FNArena*, *Intelligent Investor*, *The Investing Times* newsletter, *The Mayne Report* and *YourTradingEdge* magazine and discounts on investment software including Bourse Data, Paritech, StockDoctor and StockVal.

New Member Discount Offer - Microreport

Is a fortnightly investment newsletter that focuses on Australian ASX listed microcap companies (companies with a market capitalisation of under A\$200m). The newsletter contains an update of a microcap portfolio with weightings and investment allocation using a value strategy, as well as market and economic commentary relevant to microcaps. AIA members are offered a 12-month subscription for \$395, a 40% discount off the \$695 retail fee. Subscribers receive access to the Australian Microcap Reviews news database, free investment reports on selected companies, and 20% discount on all pay-per-view individual company reports (pay-per-view reports normally cost \$69 for an initiating coverage report and \$39 for update reports). To access this benefit log onto the member's area of the AIA website www.investors.asn.au/members/MA75Discounts.asp. Alternatively email subscriptions@microequities.com.au and quote your AIA membership number.

Book review



Title: **The Essays of Warren Buffett (Lessons for Investors & Managers)**
Author: Lawrence A Cunningham
Publisher: John Wiley & Sons Inc., Singapore,
ISBN: 9780 4708 24412
RRP: \$32.95
Reviewer: Vimal Mehta

Warren Buffet is widely known as one of the world's most successful investors, and much has been written about his investment philosophies and techniques through his conglomerate holding company, Berkshire Hathaway. Additionally, readers of Buffett's letters to the shareholders of Berkshire have gained 'an enormously valuable informal education' over the years.

Lawrence A Cunningham, editor of this collection of essays, writes: 'Many people speculate on what Berkshire and Buffett are doing or plan to do. Their speculation is sometimes right and sometimes wrong, but always foolish. People would be far better off not attempting to ferret out what specific investments are being made at Berkshire, but thinking about how to make sound investment decisions based on Berkshire's teachings. This means they should think about Buffett's writings and learn from them, rather than try to emulate Berkshire's portfolio.'

Cunningham has arranged Buffett's writings thematically, thereby providing the reader with a guide to business analysis and investing. The essays cover a wide variety of topics, some of which the reader might, at first glance, be tempted to dismiss as being irrelevant or unimportant to them. However, readers are reminded of Buffett's philosophy that 'investors should view their investment in a stock as an investment in a business', and that 'management, through their actions, are greatly responsible for the future net worth of the business'.

The chapters and a brief breakdown of their contents are as follows:

- Corporate Governance — Business Principles, Disclosure, Boards and Managers, Executive Pay and Audit Committees
- Corporate Finance and Investing — Mr Market, Debunking Standard Dogma, Value Investing and Debt
- Alternatives to Common Stock — Bonds, Preferred Stock, Derivatives, Foreign Currencies and Unconventional Commitments
- Common Stock — Transaction Costs, Dividend Policy, Stock Splits, Shareholder Strategies and Recapitalization
- Mergers and Acquisitions — Bad Motives and High Prices, Sensible Share Repurchases, Leveraged Buyouts and Sound Acquisition Policies
- Accounting and Valuation — Accounting Shenanigans, Earnings, Goodwill, Cash Flow, Intrinsic Value, Book Value and Market Price
- Accounting Policy and Tax Matters — Standard Setting, Stock Options, Charges, Taxes, Retiree Benefits, and Taxation and Investment Philosophy.

Throughout the essays, business analysis principles that were first formulated by Buffett's teachers, Ben Graham and David Dodd, are discussed alongside Buffett's own views. Buffett challenges the teachings of Modern Portfolio Theory and the Efficient Market Hypothesis, and talks of 'certain perils that lurk in investment strategies' based on models used by financial institutions.

In a nutshell, Buffett's key message is that investors, rather than focusing on the market, should seek to 'allocate capital by concentrating on businesses with outstanding economic characteristics and run by first-rate managers' and hold these for the long term. Embedded in this are the following two principles:

- 'Margin of safety' principle — 'one should not make an investment in a security unless there is sufficient basis for believing that the price being paid is substantially lower than the value being delivered'.
- 'Circle of competence' principle — 'consider investments only concerning businesses you are capable of understanding with a modicum of effort'.

Overall, I found the book to be well structured and easy to read. Included throughout are snippets of Buffett's own homespun wisdom and other quotes that contribute some commonsense and humour to what might otherwise be very dry topics. It contains an abundance of information that will appeal to all readers, including individual investors, managers and company directors. Finally, for those readers who wish to conduct their own research, Cunningham has included a 'disposition table' showing where you may find excerpts from the various annual letters.

As always, investors should conduct their own research and seek guidance from trusted advisers; but, at \$32.95, Cunningham's book is well worth reading.

Vimal Mehta is a member of the AIA.

AIA web book reviews

Recent book reviews available on AIA website
www.investors.asn.au.

Title: **Active Investing: How to Manage your Portfolio like a Professional in Less than One Hour a Week, revised edition**
Author: Alan Hull
Publisher: Wrightbooks, Brisbane, Qld, 2009
ISBN: 9781 7421 68630 **RRP:** \$29.95
Reviewer: Tim Kottek

Title: **Clean Money: Picking Winners in the Green Tech Boom**
Author: John Rubino
Publisher: John Wiley & Sons Inc., USA & Canada, 2009
ISBN: 9780 4702 838561 **RRP:** \$44.95
Reviewer: Janice Melville

Title: **The Secret Life of Real Estate, How it Moves and Why**
Author: Phillip J Anderson
Publisher: Shephard-Walwyn Ltd, London, UK, 2008
ISBN: 9780 8568 32635 **RRP:** \$74.95
Reviewer: Brian Cordiner

Title: **The Secrets of CEOs**
Author: Steve Tappin & Andrew Cave
Publisher: Nicholas Brealey, London, UK, 2008
ISBN: 781 8578 85132 **RRP:** \$49.95
Reviewer: Colin Dowzer

Title: **Top Resource Stocks 2009**
Authors: Allan Trench, Mickey Thompson, Leonard Lau
Publisher: John Wiley & Sons, Brisbane, Qld, 2009
ISBN: 9781 7421 68609 **RRP:** \$39.95
Reviewer: Max Knobel

Title: **Trump University Commercial Real Estate 101: How Small Investors Can Get Started and Make it Big**
Author: David Lindahl
Publisher: John Wiley & Sons Inc, USA, 2008
ISBN: 9780 4703 80352 **RRP:** \$28.95
Reviewer: Richard Pitchforth

Me & My Portfolio

By Doug Stein



After reading the last *Investors' Voice*, I was prompted to write to the AIA with comments that might have been included in 'Letters to the Editor' — if there were such a section. Instead, I have been given the opportunity to contribute a piece to 'Me & My Portfolio'. It is to the 'Comments' section, in particular, that I direct your attention.

Our investment status

My wife and I have been in 'pension phase' for nearly two years, but that does not mean our SMSF is income-producing rather than accumulating. With life expectancy into the 80s, and the severe financial circumstances we are currently experiencing, we will be trying to accumulate for many years to come. Indeed, any fund that has to produce more than 5–6% pa to cover the members' living expenses has to rely on some accumulations.

Objectives

Our investment objectives are to provide us with a comfortable lifestyle for the rest of our lives. At this stage, all our investments are in the SMSF, because of its no-tax status.

Assets

Our asset allocation varies with circumstances. At present about 50% is in cash, and the rest in Australian shares. Some of the 'share allocation' is in self-funding warrants, purchased before the world economy took an about-face. We have a very broad range of percentage allocation, and this allows us to direct funds to where they will be most profitable.

Our major holdings just now are in WBC, WOW and QBE. We also hold OSH, MLE, WDC, OZL and PWK.

When we consider the market has finished its bear phase, we may increase our investment funds by a moderate amount of borrowings, thus enhancing any capital growth.

Current activities

Over the last 12 months I have spent much time in furthering my education about the share market, and investing generally. Specifically, I have worked on a business and trading plan (this is an ongoing task), and have started to write covered calls. The first is to better equip me to manage our capital and to keep risk to a minimum; the second is to produce an extra return — a 'value adding' exercise.

Software

For many years we have used Quicken Personal Plus to manage our portfolio and to compile the information necessary for superannuation accounts and tax returns. We also use it to record our personal expenses and to compile and monitor an annual budget. Within a day or two of 1 July each year, I can deliver all our records to our accountant (on disc); our only delay is in waiting for end-of-year bank statements and statements from listed trusts.

I use Stock Doctor for fundamental information and analysis, and Bull Charts for technical analysis.

COMMENTS

Advisers

If you must use a Financial Adviser, I think it essential you engage someone who charges a 'fee for service'. And you should differentiate between:

- a financial planner, who gives advice about 'structures' (e.g. taxation, superannuation, wills and estate planning) and who should be acting in a professional capacity, with the client's interest foremost; and
- a financial salesman, who sells managed funds and receives commission (up to 4% and more) from the funds. This person is essentially a retailer in business for him or her self.

Unfortunately, we have, I think, been conditioned to rely on financial planners/advisers for both services, resulting in a blurring of their quite different roles.

Stockbrokers also are essentially sales people. They will contact you to offer floats and share placements; but you (the investor) have to 'go to the shop' to receive advice on buying and selling shares. They don't seem to provide any management in the nature of a general overseeing of a portfolio. If you use a full service broker, I suggest that you arrange a program of regular meetings (monthly, say) for periodic reviews. If you don't wish to do this, I suggest you seek out a broker who will take a more active involvement in your portfolio. There are a number of small boutique firms, and they may be able to provide this service.

Investment advice

I have received some good investment advice. The first was that, as retail investors, we have only three tools at our disposal:

- what to buy
- when to buy
- when to sell.

Everything else is out of our control, so we should use these tools as best we can. Forget the mantra of 'time in the market'. It has now been exposed for what it is — an excuse used by 'advisers' and investors not to manage the risk inherent in investing. Portfolio (and risk) management does not end with an allocation between cash and shares or property, nor with an allocation between various sectors. It is an ongoing task, a continual reassessment of market conditions and the performance of individual companies. Effectively, this attitude (time in the market) has deprived us of two of our three tools: when to buy and when to sell.

The second piece of good investment advice was: have a capital preservation strategy, for without capital we can no longer participate in the market. This has many elements, but having a 'stop loss' plan is essential. This can be as simple as 'sell if a stock falls 20% from its high'.

The lesson I have learnt from the last 15 months is to follow this advice — with no exceptions!

Investment heroes

I have none, and I am suspicious of those who continually quote Warren Buffett. He is used to trumpet the 'time in the market' theory (see my comments above), but his situation is vastly different from ours. His holdings are so vast that he could not move out of a stock quickly; but they also give him the ability to manage (or have a great influence over) the companies concerned.

Investment decisions

Some of our best decisions have been selling:

- SUN at about \$20 in late 2006 (now under \$5)
- TLS at \$8 some years ago, and at about \$5 in 2003
- TPI at \$10.79 in late 2007 (now under \$2)
- FKP at \$4.62 in February 2008 (now 32c).

Some of the worst:

- buying OZL at about \$1.70 in late 2008 while stock was falling
- not selling the banks (good, solid stocks?)
- not selling other stocks during the first quarter of 2008.

(Note: prices quoted as at early March 2009.)

Finally ...

Equip yourself to **actively** manage your investments, or find an adviser/broker who will do this for you.

Doug Stein is a member of the AIA.

Calendar of events

Date	Event	Time	Venue	Topic
02 May 2009	Adelaide Half Day Seminar	9.00-12.30pm	Enterprise House, Room 4, First Floor, 136 Greenhill Road, Unley	Investing in Times of Recession
04 May 2009	Canberra Information Meeting	7.30-9.30pm	Southern Cross Club, Woden (Check room allocation in foyer)	Equities Discussion
05 May 2009	Perth Information Meeting	7.30-9.00pm	The Boulevard Centre, 99 The Boulevard, Floreat Shopping Centre	Investing For Income
05 May 2009	South Sydney Information Mtg	7.30-9.30pm	Miranda Community Centre, Wattle Room, 93 Karimbla Rd, Miranda	Discussion Group
06 May 2009	Brisbane Information Meeting	2.00-4.00pm	Broncos Leagues Club, Fulcher Rd, Red Hill	2 Trillion Dollar Meltdown; REITs
11 May 2009	Adelaide Information Meeting	7.00-9.00pm	Enterprise House, Room 4, First Floor, 136 Greenhill Road, Unley	House Prices & Land Tax Issues in SA
16 May 2009	Perth One Day Seminar	9.00-4.30pm	The Boulevard Centre, 99 The Boulevard, Floreat Shopping Centre	Share Investing In Tough Times
19 May 2009	Perth Equities Discussion Group	7.30-9.00pm	The Boulevard Centre, 99 The Boulevard, Floreat Shopping Centre	Equities Discussion
20 May 2009	North Shore Information Meeting	7.00-9.30pm	The Chatswood Club, 11 Help Street, Chatswood	Role of Asset Allocation in Tough Times
23 May 2009	Brisbane One Day Seminar	9.00-4.30pm	Bardon Conference Centre, 390 Simpsons Road, Bardon	Investing in Tough Times
26 May 2009	Toowoomba Information Meeting	9.30-12.30pm	De Molay House, 90 Margaret Street, Toowoomba	Sharemarket Analysis
01 Jun 2009	Canberra Information Meeting	7.30-9.30pm	Southern Cross Club, Woden (Check room allocation in foyer)	Equities Discussion
01 Jun 2009	Adelaide Information Meeting	7.00-9.00pm	Enterprise House, Room 4, First Floor, 136 Greenhill Road, Unley	Role of Technical Analysis
02 Jun 2009	Perth Information Meeting	7.30-9.00pm	Wembley Tennis Courts, Cnr Morden & Ednah Street, Wembley Downs	Equities Discussion
02 Jun 2009	South Sydney Information Mtg	7.30-9.30pm	Miranda Community Centre, Wattle Room, 93 Karimbla Rd, Miranda	Discussion Group
03 Jun 2009	Brisbane Information Meeting	2.00-4.00pm	Broncos Leagues Club, Fulcher Rd, Red Hill	Resource Sector Investing; Taxing Issues
09 Jun 2009	Melbourne Information Meeting	6.30-9.00pm	Telstra Conference Centre, R1, L1, 242 Exhibition Street, Melbourne	Sectors Cyclical & Defensive
10 Jun 2009	Gold Coast Information Meeting	9.30-11.30am	Robina Community Centre, Conference Room, 196 Robina Town Centre Dve,	What's Ahead & Psychology of Investing
16 Jun 2009	Perth Equities Discussion Group	7.30-9.00pm	Wembley Tennis Courts, Cnr Morden & Ednah Street, Wembley Downs	Equities Discussion
17 Jun 2009	North Shore Information Meeting	7.00-9.30pm	The Chatswood Club, 11 Help Street, Chatswood	How to Read Company Accounts
02 Jul 2009	Brisbane Information Meeting	7.00-9.00pm	Broncos Leagues Club, Fulcher Rd, Red Hill	Asset Allocation in Different Markets; Hedge Funds
06 Jul 2009	Canberra Information Meeting	7.30-9.30pm	Southern Cross Club, Woden (Check room allocation in foyer)	Discussion Group
07 Jul 2009	South Sydney Information Mtg	7.30-9.30pm	Miranda Community Centre, Wattle Room, 93 Karimbla Rd, Miranda	Discussion Group
13 Jul 2009	Adelaide Information Meeting	7.00-9.00pm	Enterprise House, Room 4, First Floor, 136 Greenhill Road, Unley	Equities Discussion
15 Jul 2009	North Shore Information Meeting	7.00-9.30pm	The Chatswood Club, 11 Help Street, Chatswood	Equities Discussion
26 Jul 2009	Gold Coast Half Day Workshop	1:00-4.30pm	Surfers Paradise Marriott Resort & Spa, 158 Ferny Avenue, Surfers Paradise	Novice Investing Workshop
26 Jul 2009	Gold Coast National Investors Conference	26-29 July 2009	Surfers Paradise Marriott Resort & Spa, 158 Ferny Avenue, Surfers Paradise	Markets 2009 - Strategies & Opportunities
3 Aug 2009	Canberra Information Meeting	7.30-9.30pm	Southern Cross Club, Woden (Check room allocation in foyer)	Equities Discussion

NB. Topics subject to change.



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