

# the Investors' Voice

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

August  
2009

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## Now is not the time for indexing

By Nigel Wilkin-Smith



In the wake of the worst financial crisis since the Great Depression, investor confidence has been shattered. Scepticism over the stability of the global financial system is particularly pronounced in the retail investment market, and has been amplified by the spectre of various well-documented scandals. These events have left many investors

understandably anxious about the quality of the financial advice that they receive, and naturally suspicious about the ability of investment managers to deliver on their claims of future performance.

This sentiment has provided the ideal platform for an aggressive marketing campaign undertaken by some fund managers, aimed at convincing financial planners that they should 'index' their clients' exposure to asset classes like equities and bonds. These investments attempt to track the performance of major market indices (like the ASX 200 for example), which has traditionally been achieved by frequently rebalancing a portfolio of constituent securities to replicate their index weights. In this era of financial engineering, there are now also indexing strategies which employ futures contracts to synthetically duplicate the performance of a given benchmark. The superficial appeal of these passively managed products is their low cost in comparison to actively managed strategies, while the cynical amongst us might also suggest that some financial advisers who recommend them could then more easily ascribe poor portfolio performance to the behaviour of the market.

One of the principal theoretical arguments used to market index products is the so-called 'efficient market hypothesis' espoused by Professor Eugene Fama, a decorated economist based at the University of Chicago. This doctrine posits that all known relevant information is embedded in the price of a traded asset, and that any salient new information is immediately absorbed into this price. By implication, a self-regulating financial marketplace then efficiently and rationally determines asset prices, without need for external intervention, except to prevent collusion between, or fraud perpetrated by, market participants. Of course, while this theory assumed the status of orthodoxy during the 25 years of deregulatory economic reform which preceded (and some argue precipitated) the current global recession, recent experience appears to indicate that the behaviour of capital markets is anything but rational!

Financier and philanthropist George Soros has suggested that 'distorted views held by market participants and expressed in market prices can,

under certain circumstances, affect the so-called fundamentals that market prices are supposed to reflect.' In other words, human behaviour, sometimes irrational or unethical, exerts considerable influence over the trajectory of human creations like financial markets. Attempts to impose the strict theoretical rigour of the natural sciences upon social sciences like economics and finance are problematic at best, and potentially disastrous in the event that the resulting concepts are implemented too dogmatically. The events of the past 18 months serve as an object example of such overreach.

Quite aside from any esoteric debate over economic theory, however, there is ample practical evidence to debunk claims made by the advocates of indexing. The table below details the current capital value of hypothetical A\$1000 investments made on 30 June 2007 in different sectors of the Australian stock market, together with a comparable figure for the ASX 300 market index. The dispersion of performance across these industries over this time period is remarkable, and this spread of returns is even wider at the level of individual stocks. This phenomenon illustrates the magnitude of market turmoil that investors have just endured, where stock picking informed by sound fundamental research would have had significant potential to outperform the index.

Current capital value of \$1000 invested on 30 June 2007	
Materials	\$741
Consumer staples	\$793
Energy	\$1,021
Industrials	\$411
Telecoms	\$701
Healthcare	\$935
Consumer discretionary	\$445
Utilities	\$511
Information technology	\$667
Financials (ex-listed property)	\$575
Listed property	\$310
ASX 300	\$624

Source: Bloomberg, van Eyk

Another key consideration in this analysis of the relative merits of active and passive funds management is the composition of diversified investment portfolios, and the interrelated issue of risk tolerance. The risk aversion which has gripped investors since the onset of the financial crisis has materially affected the asset allocation of

*Continued on page 4*

# President's message

By Jolyon Forsyth



Jeremy Cooper, Deputy Chairman of the Australian Securities and Investments Commission, recently addressed an Association of Superannuation Funds of Australia (ASFA) luncheon in Sydney about the Super System Review Panel, of which he is Chairman. The review, he said, is about consultation and debate, and is likely to look at:

- confidence in the system • fees (in all their diversity)
- commissions • member choice • diversity
- competition • complexity and disclosure.

These topics are an excellent start, and I congratulate the panel for including them all. I quote from final four paragraphs of Jeremy's address:

But is it [the super system] equipped to deal with the needs and expectations of the next generation? Does it produce the optimal outcomes for members? Are there ways in which it can be improved while preserving existing benefits? These are the sorts of questions that will confront the review.

Fine tuning the system for the next generation is a massive undertaking and one that the review will not undertake alone. In addition to the review's experienced five-member part-time panel and the full-time secretariat, we will be looking to you — the super industry, the experts — to assist, guide and debate with us.

This is a unique opportunity for us all to engage, to participate and to renovate our system so that it remains something we can all be proud of; something in which we all have confidence.

And the measure of success? Well, super is now in the spotlight, it is centre stage. Success might be when people don't talk about super so much, because they are not only confident it works, they are confident it works for them.

Here is a challenge to our members. Over 70% of the respondents to one of our surveys earlier this year said they were trustees of a super fund — and this survey was done before we extended AIA membership to the members of the Self-Managed Superannuation Members Association. So tell Jeremy Cooper's review panel what you think about our superannuation system. Write to him c/- the AFTS ('Australia's future tax system') secretariat, which is hosted by the Australian Treasury in Canberra:

Jeremy Cooper c/- AFTS Secretariat  
The Treasury, Langton Crescent, Parkes ACT 2600  
Email: AFTS@treasury.gov.au

To read Jeremy's 10-page paper 'Observations on retirement', log onto the ASIC website ([www.asic.gov.au](http://www.asic.gov.au)) and type 'observations on retirement' into the search box. Click on the magnifying glass, and this brings up a list of 24 matching documents. The top one is the paper from the ASFA luncheon. It is well worth reading.

# Happy new financial year!

By Chris Caton



And it will almost certainly be better than last year! Despite the fact that the ASX 200 index rose in each of the last four months of the year, it still finished down by 24% for the year as a whole. This was its second successive down year, with the index having fallen by 17% in 2007–08. It was the biggest one-year loss since 1982, and the worst two-year performance for more than 70 years. As a result, most superannuation (and other) investors have lost a good deal of money for two years in a row. Faith in the process of wealth accumulation has been severely tested.

I have to say that the past financial year was a lot worse than I expected it to be. A year ago, when I looked at the forces that might affect financial markets, I got three important things right and one very important thing wrong. I did say that the US recession had some way to run (it hadn't even been officially admitted at the time that the US was in recession), and that the price of oil would come down. I did also suggest that the second half of the financial year would be better than the first half. What I missed, spectacularly, was that the problems with the US financial sector would get much worse. In September, following the bankruptcy of Lehman Brothers, the world banking system came close to total collapse. This led to a jamming up of credit markets (again), a massive loss of confidence, huge falls in share markets (with the US market down by 18% in a single week at one stage) and a virtual freefall in world economic output. It was not uncommon to hear the view that the world would be in recession (or worse) for a few years.

That is now very unlikely to be the case. The global economy is no longer falling as rapidly as it was, and there are more signs of eventual improvement (the so-called 'green shoots') almost every day. Indeed, the process of economic healing may already be further along than popularly thought. Going into recessions, there is always a 'recognition lag' (it took until December 2008 before the scorekeepers acknowledged that the US had been in recession for a year already), and there will be a similar lag on the way out. My expectation is that some time early next year it will be announced that the US economy began to recover about now. If that defies belief, remember that recoveries are about growth, not about level. They begin when economic growth resumes, so the economy remains weak (and unemployment usually keeps rising), for possibly a year into the recovery, or even more.

I have made the point before that forward-looking share markets turn before economies turn. In the US, the 'lead' has generally been remarkably close to four months in recent decades, which makes it very likely that the turning point was in early March (the Australian market has risen by more than 25% already). Indeed, I cannot conceive of anything that would take markets back below that point, short of another event of the magnitude of the Lehman Brothers collapse. And if that were going to occur, wouldn't it have happened already?

Figuring out the size and shape of the Australian recession continues to be challenging. I suggested last month that the Australian Government's budget-time forecast may have been too pessimistic, and the release of the March quarter 2008 national accounts supported this view. That said, Australia grew in the March quarter because it was the only important country in the world that didn't take a huge hit to the volume of its exports. But there were some special factors here (i.e. we sold a lot of coal to China and a lot of gold to Europe) that are unlikely to be repeated. So we are likely to limp along at close to zero growth (or mildly negative) for the June and September quarters, before the stabilisation of the world economy and the loosening of both fiscal and monetary policy lead to a better outcome.

Our share market therefore has more weak news to contend with, and it has the upcoming reporting season to negotiate. But it is still trading on the cheap side of history (though it's no longer the bargain basement that it was in early March), so it should make forward progress. For what it is worth, I have a target of 4500 for the ASX 200 index (currently at 3956) 12 months from now. This would be a gain of 13.8% if realised.

The interest rate outlook is also quite perplexing. Financial markets are toying with the view that rates will begin to rise early in 2010. It would be very unusual for rates to rise before unemployment has clearly stopped rising, so it wouldn't surprise me if rates don't rise for 12 months. The monthly drumbeat of news that unemployment is rising could even force the Reserve Bank's hand and cause rates to fall. The RBA is probably reluctant to cut further, since rates are already very low, but it may not be able to withstand the public pressure.

*Chris Caton is the Chief Economist with BT Financial Group. The views expressed herein are those of the author and should not be otherwise attributed.*

# Recovery pathways in the Australian share market

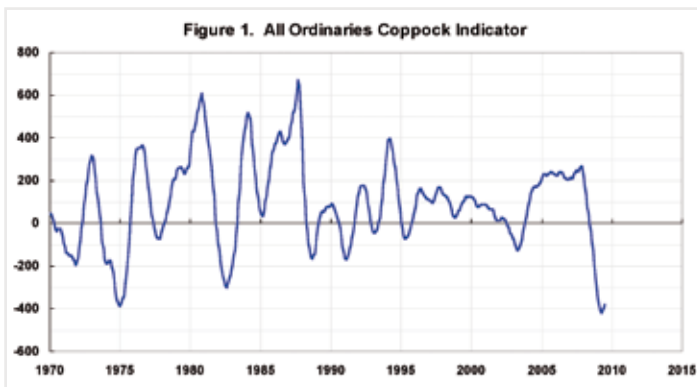
By Robert Vagg



In recent issues of *Investors'Voice* I have commented on the likelihood of the GFC declines in the Australian share market being contained by strong technical support around a value of 3300 for the All Ordinaries Index. That index level has continued to hold, and the apparent formation of a market bottom has seen most expert commentary now shifting from pessimism to conjecture on the nature of the expected recovery. Hence it seems timely to explore the recovery pathways that the market has displayed in the past after achieving significant lows.

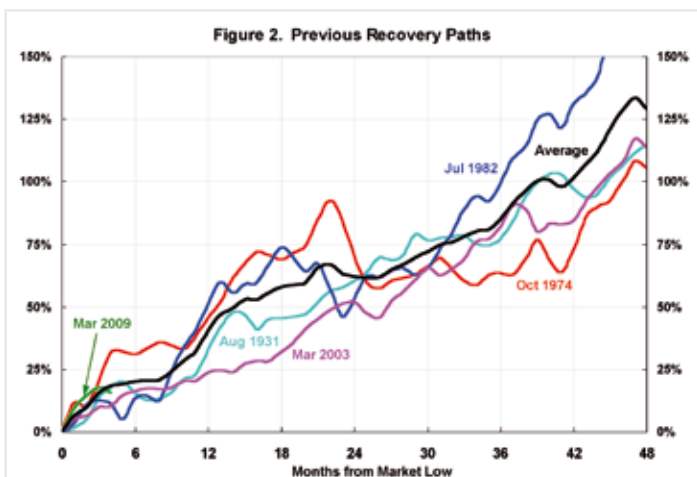
A widely used technical tool specifically designed for recognising the formation of a long-term market bottom is the Coppock Indicator. Applied to share market indices and based on an exponentially weighted differential moving average, this indicator has rarely given a false reading. In its interpretation, the formation of a market low is signalled by the indicator turning upwards from a negative position.

The Coppock Indicator, compiled from values of the ASX All Ordinaries Index since 1875, has ventured into negative territory on 29 occasions. While there, it has given a multiple signal four times but a misleading (early entry) signal in only two of these instances. The signal usually lags behind the actual market bottom by 2–3 months, thereby providing a degree of safety. Movements in this indicator for the period from 1970 onwards are shown in Figure 1.\* An all-time low of -421 was achieved in April 2009, and the indicator has turned and continued upwards since then.



It is clearly not possible to predict the recovery path that our stock market might take over the next few years, or even to judge what would be the most appropriate letter of the alphabet to use to describe its base. However, such an assessment might be guided by patterns followed after previous significant lows. For this comparative purpose, I have selected the major lows of August 1931, October 1974, July 1982 and March 2003 for analysis.

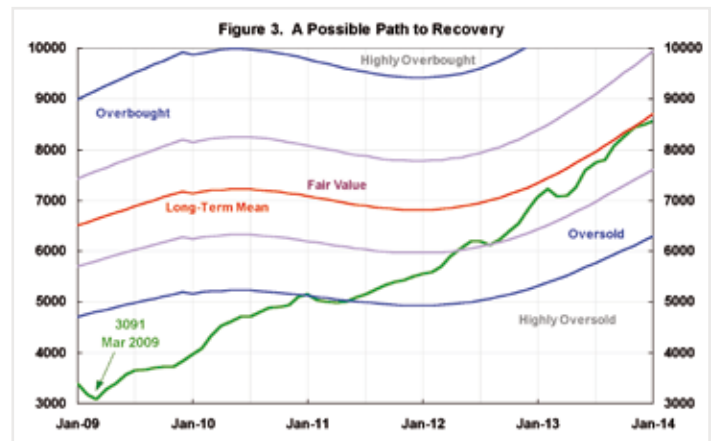
Figure 2 displays the recovery paths traced by the Australian market over the four years following each of these lows, together with their



average path, expressed as percentage gains. A wilting green shoot representing progress made since March 2009 is also shown. It may be seen that, on average, the market has taken a little over three years to double in value from a major market bottom. An initial average gain of 50% has required 14 months

In a completely hypothetical sense, this average upward course might be extended to the current market position. If, as suggested by the Coppock Indicator, March 2009 represents our market's long-term nadir, then it is possible to project the All Ordinaries Index along a future path identical to the historical average derived in Figure 2. Such a projection is represented in Figure 3, where it is juxtaposed with valuation channels calculated from a long-term ASX market model. (Details of the model were given in the supplement to the May 2009 issue of *Investors'Voice*) As indicated, this average recovery path would not see the index move back into its fair-value range until May 2012, and long-term fair value (the calculated mean) would not be achieved until November 2013. Nonetheless, the forward values suggested for the index are encouraging.

It should be reiterated that this exercise is in no way intended as a prediction. Rather, like any empirical model, it simply acts as a guide to what might be expected if the market were to continue to behave in a manner consistent with its history. Then again, perhaps 'this time it's different'.



\* On request from the author, AIA members may obtain a free copy of the MS-Excel file used to calculate the Coppock Indicator and produce the chart displayed in Figure 1 (email: [rsvagg@gmail.com](mailto:rsvagg@gmail.com)).

Robert Vagg is a member of the AIA.

## Bulletin board

### New member offer

We have two great bonus offers. Anyone who joins the AIA will receive a complimentary **An introduction to investing** DVD, valued at \$45 and 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!

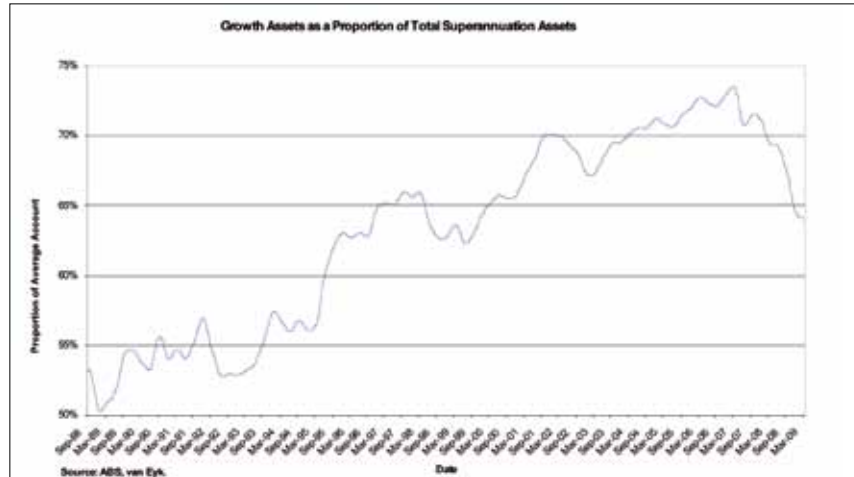
### Educated Investor bookshop discount

Located at 500 Collins Street, Melbourne this specialised financial bookshop offers AIA members a 10% discount off all books. You can shop online at <http://www.educatedinvestor.com.au/> and when ordering books just quote your AIA member number to receive the discount. Postage and handling additional.



## Now is not the time for indexing... from Page 1

superannuation funds, where equities have been heavily sold off to the benefit of defensive assets. It is instructive to place this recent trend toward more defensive portfolios in historical context, for prior to the introduction (and even during the earliest phase) of the national superannuation scheme, the proportion of growth assets in super accounts was considerably lower than the 70% level which has been commonplace throughout most of this decade (see chart below). Indeed, the denomination 'balanced fund' was originally coined to characterise an investment portfolio with a roughly even split between equities and bonds.



In the wake of the worst financial crisis since the Great Depression, investor confidence has been shattered. Scepticism over the stability of the global financial system is particularly pronounced in the retail investment market, and has been amplified by the spectre of various well-documented scandals. These events have left many investors understandably anxious about the quality of the financial advice that they receive, and naturally suspicious about the ability of investment managers to deliver on their claims of future performance.

This sentiment has provided the ideal platform for an aggressive marketing campaign undertaken by some fund managers, aimed at convincing financial planners that they should 'index' their clients' exposure to asset classes like equities and bonds. These investments attempt to track the performance of major market indices (like the ASX 200 for example), which has traditionally been achieved by frequently rebalancing a portfolio of constituent securities to replicate their index weights. In this era of financial engineering, there are now also indexing strategies which employ futures contracts to synthetically duplicate the performance of a given benchmark. The superficial appeal of these passively managed products is their low cost in comparison to actively managed strategies, while the cynical amongst us might also suggest that some financial advisers who recommend them could then more easily ascribe poor portfolio performance to the behaviour of the market.

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Another key consideration in this analysis of the relative merits of active and passive funds management is the composition of diversified investment portfolios, and the interrelated issue of risk tolerance. The risk aversion which has gripped investors since the onset of the financial crisis has materially affected the asset allocation of superannuation funds, where equities have been heavily sold off to the benefit of defensive assets. It is instructive to place this recent trend toward more defensive portfolios in historical context, for prior to the introduction (and even during the earliest phase) of the national superannuation scheme, the proportion of growth assets in super accounts was considerably lower than the 70% level which has been commonplace throughout most of this decade (see chart below). Indeed, the denomination 'balanced fund' was originally coined to characterise an investment portfolio with a roughly even split between equities and bonds.

While the introduction of compulsory retirement saving in Australia may have extended the investment horizon of the average investor, the increase in risk tolerance which has accompanied this process seems to have been implicit. The artificially low volatility of the domestic share market in recent years, not to mention academic theories like the 'efficient market hypothesis', appear to have deceived the Australian public into the belief that equity portfolios are low risk investments. This is certainly not the case, as many investors have now discovered to their peril.

The next investment cycle is likely to be characterised by far more moderate economic growth, as consumers and corporations in developed market economies with large current account deficits undertake a lengthy period of deleveraging. Such conditions will serve to dampen the performance of equity markets, which will probably remain quite volatile as they revert toward their historical risk profile. In the event that super accounts take on a more conservative flavour, investors will need to enhance the return on growth assets that they do hold. This will require adept active management of these exposures, with a focus on security selection underpinned by high quality and well-resourced fundamental research. Now is most definitely not the time for indexing.

*Dr Nigel Wilkin-Smith is the Head of Strategic Research Unit, van Eyk Research Limited.*

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<sup>1</sup>George Soros, *The Crisis & What to Do About It*, The New York Review of Books, Volume 5, Number 19, December 2008

# The outlook for the Australian market

By Daniel Goulding



*Daniel Goulding has written a comprehensive introduction to Elliott Wave Theory, which was published in the July edition of the Equities Bulletin. The market commentary provided here assumes that readers are familiar with that introduction.*

The stock market is no popularity contest. Whenever a trade

becomes too crowded, the market is apt to reverse on a dime. And when someone yells 'Fire!' in a crowded room, more than a handful will be crushed in the rush for the only exit.

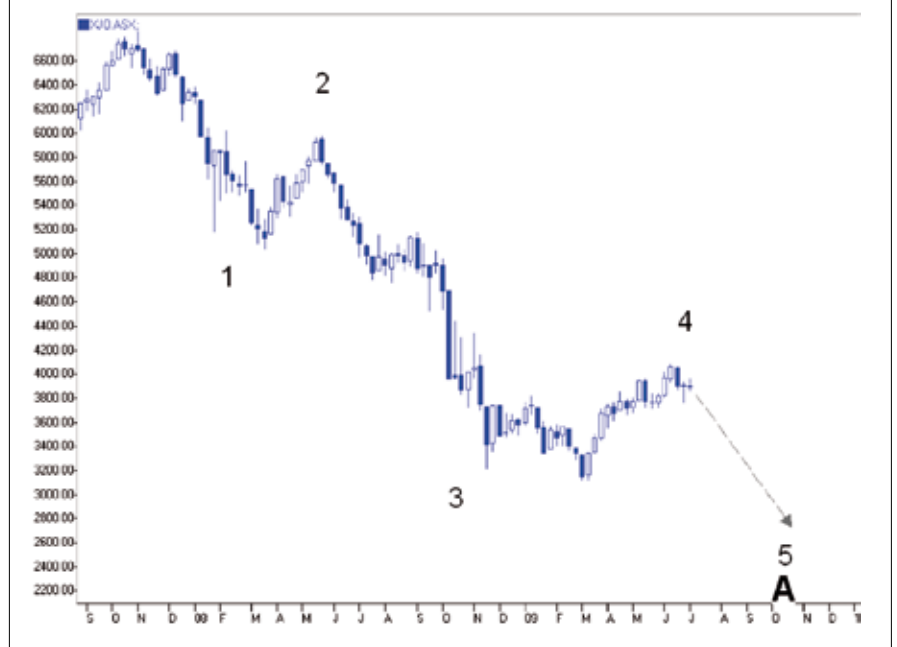
While price action is the most important indicator for the Elliottician, there are times when a number of potential counts can exist. Markets tend not to unfold precisely in a textbook manner. After all, the market must fool the majority of participants before it can safely accomplish its objective. Moreover, motive and corrective waves can subdivide and morph into complex corrections respectively, postponing destiny.

At times like this, secondary indicators can prove useful in culling a number of potential counts. The Sextant Sentiment Indicator (SSI) is a proprietary indicator that I developed to keep track of Australian sentiment. While no secondary indicator is infallible, the SSI has performed admirably through the current bear market. The higher the SSI reading, the greater the bearishness. Given that the stock market is not a popularity contest, high readings tend to accompany major bottoms and vice versa. The March low traced out a reading of only 40, suggesting the absence of real fear that usually accompanies major bottoms in a bear market. Moreover, after the March bottom, the SSI quickly declined. Low SSI readings tend to mark either significant tops or the initiation of a new bull market. Given the bearish nature of the rally since the March low in terms of volume, the SSI suggests that the March low was not an intermediate-term bottom, let alone the final bottom.

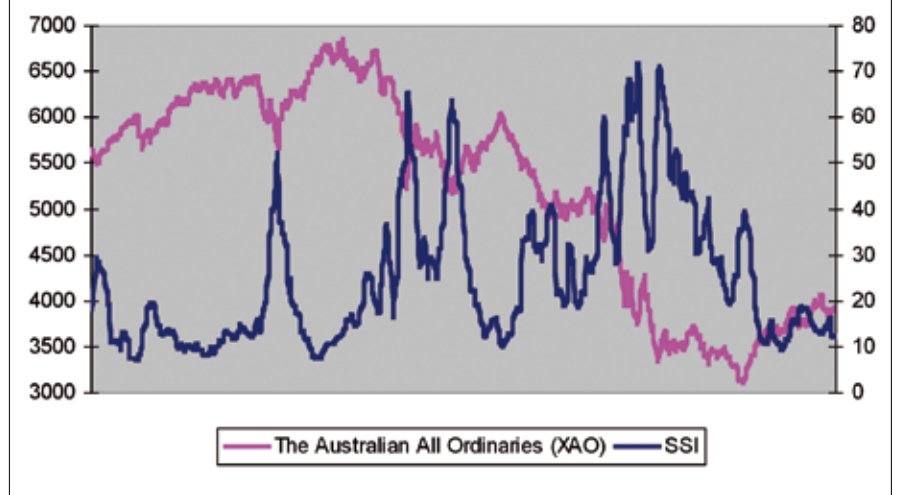
My article for the July edition of the *Equities Bulletin* highlighted my top two counts for the Australian market. My principal count is included in the chart on the top right. It appears that the first significant downleg, A, in the current bear market is unfolding via five waves to the downside, with wave 5 to new lows still ahead of us. There is a possibility that wave 5 completed at the March low, but I think this is unlikely. In my opinion, the decline into the March low consisted of three waves rather than five, thereby making it a correction rather than a genuine decline. This view is confirmed by my sentiment indicator. This suggests that the intermediate-term bottom to date is 21 November 2008 and that the move since is a sideways correction called an expanded flat. Whenever a countertrend rally takes place in a sideways fashion, and in the process traces out a new low, it is a harbinger of future significant weakness. Even more ominous is the fact that the S&P/ASX 200 confirmed a new downtrend recently. While this does not guarantee new lows, it does place the onus on the bulls to prove their mettle. The Aussie market is in a vulnerable position from a technical perspective.

Weekly Chart of the S&P/ASX 200

Source: Iress



Sextant Sentiment Indicator: 2007-2009



*Daniel Goulding is a client adviser with ABN Amro Morgans, Townsville. This report was prepared by Daniel Goulding through independent research facilities. It is not intended for use by any third party, without the approval of Daniel Goulding. While this report is based on information from sources which are considered reliable, its accuracy and completeness cannot be guaranteed. Any opinions expressed reflect my judgment at this date and are subject to change*

# Hybrids

By Brad Newcombe

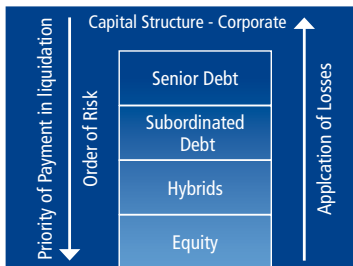


Hybrids, or income securities as they are commonly known, are oriented mainly towards retail investors. When they were initially introduced, many had the potential for capital growth. Hence the name hybrid — they are a mix between debt and equity. Most, however, are now structured essentially as debt-like products.

There is more flexibility in the structure of hybrids compared with corporate bonds. Some carry franked distributions, some are perpetual and others offer upside (and downside) depending on the price of the underlying shares.

Hybrids can be attractive because they give retail investors a chance to access a corporate bond style security, but offer higher returns than most other fixed-income products. They are also liquid assets that are traded on the ASX, although recently volumes traded have dropped off dramatically due to the global financial crisis.

Those features are counterbalanced by the fact that hybrids carry higher risk, because they sit below them in the capital structure — shown in the diagram below. The other key difference between hybrids and the higher-ranking senior and subordinated debt is that interest payments on hybrids can be deferred or in some cases completely missed.



Hybrid securities can be classified by their order of priority in a list of creditors, by the size of the issue, or by the name and reputation of the issuer. Listed in order of security (from highest to lowest), there are four main types: capital notes, convertible notes, perpetual debt securities and preference shares.

**Capital notes** are treated as debt on the issuer's balance sheet and mostly pay a fixed coupon. They rank just after senior debt in terms of repayment in case of default, but rank subordinate — which, as the name implies, means they rank lower than other unsecured creditors. There are only a few capital notes on issue, because in most cases it is cheaper for issuers to access the wholesale market direct.

**Convertible notes** are subordinated debt, where the issuer can convert the debt into ordinary shares or redeem the face value on the conversion date. They pay fixed or floating interest rates and usually set out the conversion rate at issue. Prior to conversion, they rank ahead of ordinary and preference shares, but behind senior debt and capital notes.

**Perpetual debt securities.** There are only a few perpetual debt securities still on issue, with the last one issued in 1999. Originally, payments to holders were classified as interest, and took advantage of a tax loophole that has since closed. They are treated as equity on the issuer's balance sheet but rank above ordinary and preference shares.

Perpetuals are bonds that have variable coupons equal to a money market reference rate plus a spread (for example 3-month BBSW +150). The spread remains constant. Perpetuals can be either secured or unsecured, and can have structures referencing mortgage-backed securities (MBS), credit-linked notes and collateralised loan obligations.

Preference shares rank behind debt but before ordinary shares in the event of liquidation. They come in two main types — reset and mandatory converting. Reset securities have the ability to offer new terms at a predetermined reset date, including margins, until the next maturity date. Mandatory converters are popular among bank issuers and convert to ordinary shares. Preference shares pay coupons quarterly or half-yearly and can have a fixed or floating rate. Many have franking credits attached. The majority of hybrids now listing on the stock exchange are preference shares.

Unlike ordinary shares, preference shares usually have several rights:

- The core right is that of preference in the payment of dividends before ordinary shareholders of the company. Before a dividend can be declared on the common shares, any dividend obligation to the preferred shares must be satisfied. This term is also known as a dividend stopper.
- In bankruptcy, the rights of preference shareholders' take precedence over those of ordinary shareholders. In reality, there would usually be little, if anything, left to distribute to preference shareholders.
- The dividend rights are sometimes cumulative; so if the dividend is not paid it accumulates from year to year. Under new accounting rules, for a preference share to qualify as equity the dividend must be non-cumulative. However, many preference share issues contain a clause to allow an optional payment to investors to be made at a later stage if a distribution has been missed.
- Many preference shares must pay an increased coupon (known as a step-up) to investors if they are not redeemed within a set timeframe — usually five years. This term is included to provide the preference share investor with some assurance that the security will be redeemed after the set time — or receive a higher coupon as compensation.
- Some preferred shares have special voting rights to approve certain extraordinary events (such as the issue of new shares or the approval of the acquisition of the company) or to elect directors, but most preferred shares have no voting rights associated with them. Some preferred shares only gain voting rights when the preferred dividends are in arrears for a substantial time.

The above list, although including several customary rights, is far from comprehensive. Preference shares, like other legal arrangements, may specify almost any conceivable right.

The market for listing new hybrids has been quiet for some time, largely because of the global financial crisis. However, with equity markets starting to recover, we expect to see some life return to the hybrid market soon.

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# Real Estate Investment Trusts (A-REITs)

## Have we hit the bottom?

By Warren Boothman

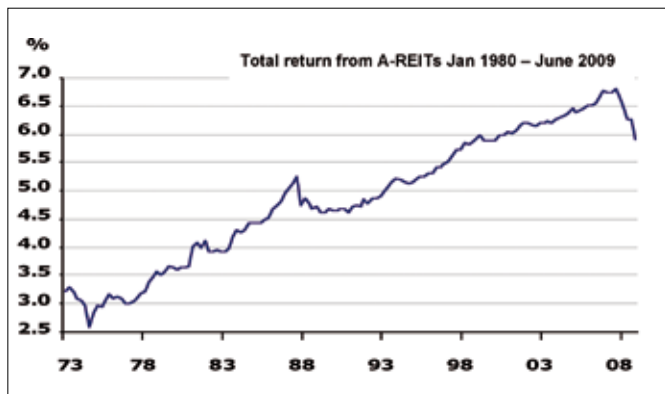


Have A-REITs hit the bottom? I certainly hope so. This might sound somewhat simplistic — even flippant — but the reality is that we, along with everyone else in the investment community, don't know.

The great Warren Buffett was quoted on 14 December 2008 as saying: 'We've long felt that the only value of stock forecasters is to make fortune tellers look good.' As a fellow 'Warren', albeit without the equivalent wealth base, I think I will rely in part on the Buffett defence.

A fortune teller I am not, and I am aware of the strict rules regarding ASIC guidelines surrounding forecasts and giving advice. Nevertheless, I think it is valuable to analyse many of the dynamics of the sector — to assess the factors that have driven the performance of the A-REITs downwards in recent times, and the factors that will influence any upswing and determine when we have 'hit the bottom'.

The A-REIT sector, after 10–15 years of extraordinary returns since the last recession in Australia, hit a massive roadblock in December 2007. As a result of the credit market crisis, a new risk — 'refinancing risk' — began to have a severe impact on REITs.



While interest rate risk management across the A-REIT sector had traditionally been strong, refinancing risk and the ability to either roll over debt or find a new financier was suddenly a dramatic new risk, not only for REITs but also for companies across the globe, as credit became very scarce and far more expensive.

The immediate effect on the A-REIT sector was significant selling by investors, driven not necessarily by actual refinancing problems or concerns regarding the performance of underlying property markets,

but rather by perceptions regarding the ability to refinance existing debt facilities as they mature. In the following months, the credit market crisis quickly evolved into a global financial crisis, with impacts on expectations for earnings and asset values, which in turn gave rise to a second round of risks and associated selling of A-REITs.

Slowing expectations of growth began to translate into lower property values, putting greater pressure on already higher gearing (borrowings) within A-REITs and increasing the potential to result in breaches in loan to value ratios (LVRs).

### The low point?

By March 2008, the A-REIT sector had reached something of a 'perfect storm' — high gearing; around \$20 billion worth of property put up for sale; decreasing property values; and decreasing earnings and unit prices, resulting in higher costs of capital. All this was coupled with a requirement to raise significant additional equity to recapitalise balance sheets, in a market where equity, like debt, was increasingly becoming scarce and expensive. In the year to 31 March 2009, the sector was down 57.6%.

Since then, we have seen a steady improvement in a number of the factors that had caused the significant falls in values. This creates the impression that we may have hit the bottom. A number of A-REITs, particularly the larger ones, have since recapitalised their balance sheets and reduced expectations of:

- breaching LVRs
- pressure on selling assets
- pressure on property valuations

They have also reduced concerns about their requirement to raise additional equity. In short, the risk priced into A-REITs had gone too far.

We have not seen the sector claw back the significant losses, but we have seen a partial recovery, with the A-REIT sector up more than 15% in the last three months, which is higher than the Australian stock market generally. With the A-REIT sector now trading on an average distribution yield of approximately 8.6%, A-REITs trading 24% below NTA, gearing now at the low 30% level, and official interest rates at 3%, the sector is slowly gaining the attention of investors again.

Critically, what investors need to focus on in such a market is not the headlines they will see in the papers every day, such as falls in property values; instead, they need to view the sector in the context of the risks that are already priced into REITs. Increasingly, many are taking the view that, although more bad news is still expected to come, most of it has already been priced in. It's a good question for your adviser.

*Warren Boothman is the Head of Institutional Business, MacathurCook.*

## Bulletin board

### AIA SMSF seminars

The AIA is planning to hold a series of one-day seminars on **Administering a SMSF**. This time we will concentrate on the administration and management tasks, and you will leave with new knowledge about 'how to'. The first few seminars are scheduled as follows:

- **Sydney, 21 August:** at Tattersalls Club, 181 Elizabeth Street. The \$125 registration includes lunch, papers and refreshments.
- **Brisbane, 3 October:** at Brisbane Girls Grammar School, Gregory Terrace. The \$95 registration includes lunch, papers and refreshments.
- **Canberra, 17 October:** venue yet to be determined, but please note this date in your diary.

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

### AIA website

Have you visited the **AIA website** [www.investors.asn.au](http://www.investors.asn.au) lately? Not only has it been visually enhanced; it is also easier to navigate. More information is now available in the public area, including book reviews and member discounts — all under 'About the AIA'. And there is a great search feature to help you find an article or presentation on a specific topic — located in the top right corner. Check it out and tell your friends.

# Estate planning checklist

## Have you covered all bases?

By Matthew Burgess & Julia Taylor



The effects of the global financial crisis have been felt widely. The uncertainty surrounding the marketplace and job security makes it increasingly important for individuals to ensure that their personal affairs are well organised. This is not only to provide

the greatest possible level of asset protection in these uncertain times, but also to ensure, as part of wider estate planning, that the appropriate assets will be available for the appropriate people at the required time.

As part of any review of an individual's personal affairs and wider estate planning, it is essential to consider not only wills and enduring powers of attorney, but also life insurance arrangements for the individual, and any expectancies under wills of relatives (e.g. parents and spouses). It is also important, where possible, to limit any direct benefit flowing to a person who may be exposed to personal liability as part of their existing business arrangements or structures.

How does *your* estate planning match up against the checklist below?

### Appropriate assets

- 1 Do you know what you are financially worth to your family?
- 2 Will there be sufficient assets in your estate to pay off your debts?
- 3 Will there be sufficient assets in your estate to provide for your dependants and other loved ones?
- 4 Will sufficient funds be available to your business should you or your business partner die or become disabled?

### Appropriate people

- 5 Do you have a valid will?
- 6 Does it provide for a testamentary trust?
- 7 Are you concerned your will may be challenged?
- 8 Do you have an enduring power of attorney?

### Superannuation assets

- 9 Do you understand what happens to your superannuation when you die?
- 10 Are all beneficiary nominations appropriate, including any binding nominations?
- 11 Does your super allow for your estate planning objectives?
- 12 Has trustee succession been addressed for your self-managed super fund (SMSF)?
- 13 Has your SMSF trust deed been reviewed in terms of what assets it holds?

### Joint assets

- 14 Are all joint tenancy arrangements still appropriate?

### Other structures

- 15 Has trustee succession been addressed in your family trust?
- 16 Will shares in your company go where you want them to?
- 17 Are you satisfied that your share of any partnership asset will be appropriately dealt with?
- 18 Are your assets protected from any potential liability claims?

### Beneficiaries with particular needs

- 19 Have you considered how you are going to provide for:
  - (a) a child (or other person) with special needs (e.g. disability or drug dependency)
  - (b) an elderly dependent parent
  - (c) young children (especially if there is no surviving parent)
  - (d) a child from a previous relationship (especially if you are paying maintenance)?

### Tax and balance

- 20 Could capital gains tax or income tax result in a (significant) unintentional imbalance on distribution of your estate?

### Loans/debts

- 21 Have all relevant loans been appropriately documented?
- 22 Have you considered any debts owed by:
  - (a) you to any person or entity
  - (b) any person or entity to you (e.g. family members, companies or trusts)?

### Business succession

- 23 Do you have a business succession agreement?

### Appropriate timing

- 24 Will sufficient funds be available to dependants between death and estate distribution?
- 25 Will younger beneficiaries receive their assets (or control them) at an appropriate age?

### Beware!

In today's world of family breakdowns and blended families, it is very important to look at the terms of your documentation very carefully.

Generally, a family breakdown will make it necessary to review all your documentation, including superannuation savings, company constitutions and trust deeds of any trusts, not just your will and enduring power of attorney. There may very well be someone named in the documentation who is no longer a part of your life. Are you still happy to entrust this person with the role you have given them?

When reviewing your personal affairs and wider estate planning, it is essential that you ask, and answer, all of these questions. Effective estate planning ensures that your assets will be there for the appropriate people at the required time. It should be undertaken as early as possible, and reviewed regularly so that any required changes can be made before it is too late.

*Matthew Burgess is a partner and Julia Taylor is a lawyer in the Business & Revenue Division of commercial law firm McCullough Robertson Lawyers, which has for most of its 80 years' existence specialised in providing comprehensive estate planning solutions for private clients and business owners. For further assistance or enquiries please email Matthew Burgess at mburgess@mccullough.com.au or Julia Taylor at jtaylor@mccullough.com.au.*



# Gold: history's most coveted, celebrated and inglorious asset

By Jamie Nemtsas



The association of gold with the gods, with immortality and with wealth itself is common to all cultures throughout the world. Early civilisations equated gold with gods and rulers, and gold was sought in their name and dedicated to their glorification.

In our modern economies, the major demand for gold comes from the following sources:

- **The jewellery industry.** This is by far the largest source of demand for gold. The demand, which is further escalated by the rising middle classes of both China and India, now exceeds the total production of western gold mines. The shortfall is made up by supplies from reclaimed jewellery and other industrial scrap, as well as by the release of official sector reserves.
- **Industrial applications.** These include aerospace, medicine, electronics and dentistry.
- **Governments and central banks** buy and sell gold to increase or decrease their official reserves.
- **Private investors** may purchase gold as bullion or through speculative trading (via derivatives). The investment component of demand for gold varies considerably from year to year, according to market circumstances.

## What drives the price of gold?

The price of gold, like that of any other asset, it is driven by demand and supply; but it is also influenced by a range of economic factors that are unique to gold.

### Economic factors

A major driver of the gold price is the mighty US dollar. Since the official link between gold and the US\$ was broken in 1971, the primary trends in the US\$ and the gold price have invariably been in opposite directions. This reflects the metal's role as a store of value and its historical role as a hedge against inflation. The gold price is considered a leading indicator, as it tends to predict interest rates. When the gold price is high, interest rates are likely to rise in the near future. Gold can also be considered as a currency. With the US\$ declining in its role as the world's official reserve currency, gold is taking up some of the slack for the holding of currency reserves.

### Demand/supply factors

- **Central bank activity.** The buying and selling of official reserves is a major influence on the gold price, with the recent 10 years of downward pricing resulting from western central banks (including that of Australia) selling large volumes.
- **Gold production.** The low gold price over the last decade resulted in reduced exploration and fewer new large-scale gold mines. With the current high gold price, exploration is picking up; but it will take several more years for the results to be apparent.
- **Economic uncertainty.** Gold provides a safe haven for capital in times of economic uncertainty, both because of its capacity to act as a store of value and because it is tangible. Residual credit concerns resulting from the sub-prime mortgage crisis and US recession are supporting the current high gold price.

- **Demand.** China, Asia and India are all culturally linked to gold. With rising affluence in these regions the demand for gold has increased proportionally.

## Where to invest

There are many ways to invest in gold, but for retail investors the choice comes down to gold bullion, gold shares, exchange traded funds and managed funds.

Physical gold in the form of bars and coins is the purest form of gold investment and is available from the Perth Mint, the Australian Bullion Company and the Royal Australian Mint Company. On the downside, you pay a premium above the official gold price and you will need to pay for storage.

Shares in gold mining companies are probably the most familiar option for Australian investors, but they are not necessarily the best option if you want exact exposure to the gold price. While gold shares do reflect the price of gold, they also carry the risk of currency fluctuations, management performance, operational problems and general share market risk. While gold rose 30% last year, gold shares (measured by the All Ordinaries gold index) fell around 20%.

The simplest and most direct method of investing in gold is via an exchange traded fund (ETF). Gold ETFs are popular in the US and Europe but Australia has just one, the ASX-listed GOLD fund. GOLD was the third-best performer on the ASX last year with a return of 29.7%, in line with the gold price. Unlike derivatives, GOLD is backed by physical gold but, unlike physical gold, has no holding or handling costs and the units are easily traded. There is an annual management fee of 0.4% plus brokerage fees. GOLD units were trading recently at \$137, with each unit representing around one-tenth of one ounce of the precious metal in A\$.

Managed funds are another option, but returns have been disappointing. Australians have a choice of five specialist gold funds which invest in everything from bullion to gold futures, shares and ETFs — so returns reflect factors other than the gold price and can be extremely volatile.

## Summary

Gold is currently in the process of being re-rated after suffering from a loss of direction over the last 10 years when the monetary role of the metal was questioned. During this time western central banks were significant sellers as they switched their holdings to US treasuries. There is speculation on how far the current price will go, with some suggesting that US\$1500 per oz is a possibility.

From a portfolio construction point of view, there are many aspects to get correct before considering an exposure to gold. But, for investors who are comfortable with the higher risk and volatility, we recommend an investment in the Gold Bullion Ltd or ASX code GOLD, which provides a beneficial interest in approximately one-tenth of one ounce of gold bullion held on trust for the holder of the security, with the gold held in London vaults by a custodian. This security provides a direct, non-leveraged exposure to gold.

*Jamie Nemtsas is a partner with Lachlan Partners.*

# A new tax year

By Dennis Eagles



A new financial year is upon us again, and it brings with it some minor adjustments to income tax rates, announced by the Australian Government in the last two federal budgets.

The new rates are shown in the table below:

The changes are not significant, consisting only of a \$1,000 increase in the 15% tax threshold, which raises the top of the bracket from \$34,000 to \$35,000, and a 2% drop in the tax rate payable (to 38%) for those on incomes of between \$80,000 and \$180,000. Similar changes are scheduled for next year as well.

Last year		From 1 July 2009		From 1 July 2010	
Taxable income	Rate	Taxable income	Rate	Taxable income	Rate
(\$)	(%)	(\$)	(%)	(\$)	(%)
0 to 6,000	0	0 to 6,000	0	0 to 6,000	0
6,001 to 34,000	15	6,001 to 35,000	15	6,001 to 37,000	15
34,001 to 80,000	30	35,001 to 80,000	30	37,001 to 80,000	30
80,001 to 180,000	40	80,001 to 180,000	38	80,001 to 180,000	37
180,001+	45	180,001+	45	180,001+	45

So, what will it mean for you? The table below shows the annual tax saving at each respective income level:

2010 Tax Saving (p.a.)		2011 Tax Saving (p.a.)	
Taxable income	Saving	Taxable income	Saving
(\$)	(\$)	(\$)	(\$)
Under 14,000	0	Under 15,000	0
15,000 to 34,000*	150	16,000 to 35,000*	150
35,000 to 60,000*	300	37,000 to 64,000*	450
65,000 to 80,000	150	68,000 to 80,000*	300
90,000	350	90,000	400
100,000	550	100,000	500
125,000	1,050	125,000	750
150,000	1,550	150,000	1,000
Over 180,000	2,150	Over 180,000	1,300

\* partly due to increases in 'low income tax offset'

Unfortunately there is sometimes a catch, and in this case there are a few budget changes that will take some of the savings away from us. These include a reduction in private health insurance rebates, increases in Medicare levy surcharge, and the inclusion of salary-sacrificed superannuation contributions in government means tests.

While tax cuts are always welcomed, this round of cuts is made in the shadow of Ken Henry's 'Australia's future tax system' review, to be released later this year.

*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@gtd.com.au*

# Book review



**Title:** **Market Panic**  
**Author:** Stephen Vines  
**Publisher:** John Wiley & Sons Asia  
**ISBN:** 9780 4708 24726  
**RRP:** \$32.95  
**Reviewer:** Brian Matthews

Stephen Vines, author of *Market Panic*, has a UK/USA business journalist background. Now, as founding Chief Editor of Eastern Express, he is based in Hong Kong. He anchors this second edition of the book to the 'panic' of 2008, his aim being to enlighten those interested in understanding the causes of market panics and the opportunities they produce. The scene is set in Chapter 1 with cause-and-effect analysis of the 2008 crash.

The author contends that market crises are times of great buying opportunity. Much of the book is devoted to preparing for, identifying and understanding the types of panics, their causes, development and outcomes. It looks at strategies for avoiding the consequences of panic, and responses to panic, with reference to the attitudes and actions of two institutional market participants — one a trader, the other a conservative funds manager and value investor.

An understanding of attitudes and actions requires consideration of market psychology and, in this context, the psychology of panics. Vines makes the point that it is people, not markets, who panic. Fear, greed, herd behaviour, risk aversion momentum and short memories, therefore, all receive consideration.

The book discusses pros, cons and myths relating to diversification as protection against stock market fluctuations. Vines poses the question, 'Is the market always right?' — with particular reference to 'short termism' in the context of an emphasis on earnings growth, both real and fictitious. Objectivity, he notes, is not a marked characteristic of stock markets, primarily because markets are run by human beings!

In the final chapter, the author addresses his contention that panics are times of unprecedented opportunities in both the short and longer term, and are a wonderful time for skilful investors. Over time, there has never been a form of investment that has consistently produced returns as high as those found in stock markets.

The book is likely to interest any long-term investor who seeks a better understanding of events surrounding market panics. It is easy to read, though I would have preferred something more concise than this 260-page publication.

*Brian Matthews is a member of the AIA.*

## CALL FOR VOLUNTEERS

The AIA is looking for volunteers for its media activities to help give the organisation a higher profile. It doesn't matter where you live or how much you can contribute — any help will be appreciated. Specifically, we are after:

- 'letters to the editor' writers
- column contributors
- article contributors
- spokespeople.

For more information or to register interest please contact: Silvana Eccles Tel: 07 5527 9283 Email: silvana.eccles@investors.asn.au

# Me & my portfolio

By Kelvin Aldred



I vividly recall my feeling of excitement in July 2004 as I watched a container of our furniture heading from Melbourne for the ship *Spirit of Tasmania*. I had just retired from my company after 40 years of service, and was to become a full-time student for two years, studying for a Diploma of 'Traditional Wooden Boat Building' at the Wooden Boat School in Franklin, Tasmania. And my portfolio was making it possible.

I joined my company as a cadet, and superannuation was offered as part of my cadetship. It was one of the old-style defined benefit schemes, and I participated for the 38 years until my retirement. My super built in value each year by a factor of 0.20, and the maximum payout was seven times annual salary. These wonderful old funds are now history.

## Establishing the investment vehicle

Through my fee-for-service finance/taxation adviser, my wife and I established an SMSF and later a current account pension. I had been interested in equities since the late 1960s, when I travelled by tram each day in Melbourne to obtain the morning prices of shares owned by my boss from the ASX board. I became totally involved for the next 40 years as an investor.

## Portfolio makeup

My investment planning path for the future was to provide a regular retirement income, supplemented with non-super assets and share investments and maximised effectively to gain franking credits. Exposure to direct shares and index funds in my super portfolio was important, as was the desire to hold 2–3 years' worth of living needs in cash/fixed interest.

I chose Vanguard as my index manager, and my portfolio is structured as shown below.

### Vanguard Index Funds:

- High Yield Australian Share Fund 42%
- Property Securities Fund 4%
- Hedged International Share Fund 6%
- Life Strategy Balanced Fund 7%
- Life Strategy Growth Fund 5%

### Other investments:

- Direct shares 13%
- Fixed interest/cash deposits 23%

## Investment reasoning

My portfolio is weighted towards the High Yield Australian Share Fund with Vanguard because it:

- pays monthly dividends
- includes only the ASX 200 index, excluding property trusts
- is franked at 105.08% to June 08 (MERs on unfranked dividends boost the franking component)
- is 92% by value of the total Australian share market and includes international exposure
- includes the top 200 companies by value in the country.

I am satisfied with my diversification risk and don't get too concerned with percentages of industry makeup.

I take care in my diversification to ensure that my portfolio has low correlations. I don't want everything going up or down at the same time.

I am suspicious of the current arguments for a high level of fixed interest type investments. Recent events have shown that these perform just as poorly as shares.

## Running our SMSF at low cost

Dividends and other income from our super fund are credited to a Bank West Isaver account, paying 4.75% at call. These funds are transferred to a NAB working account called a Cash Manager account. This account is free of fees, has an issued cheque book and pays 3.25% interest.

## Fees

I record all of our super investments and related investments with version 9 of Maus Stockmarket Plus. It's an easy program to manage and provides my accountant with all the information to complete our annual SMSF return. I pay approximately \$1000 annually to my accountant to complete the return, and \$450 to my external auditor.

## The power of knowledge

I like to read the *Financial Review* daily, receive weekly news from Morningstar online, listen to Lateline business each day and look forward to reading magazines like *AFR Smart Investor*. The ASIC website, FIDO, provides a wealth of information for trustees of SMSFs, which I receive as an automatic download.

## Keeping general expenses low

I have always worried about the 'little money' in our lives; the big money looks after itself within established structures.

- By taking out an additional \$500 excess on the insurance for our Tasmanian house and contents, I make an annual saving of \$216.
- I increased our Winnebago motor home insurance excess to \$1000, thereby making annual savings of \$230.
- I combine our landline, mobile phone and internet service and pay quarterly rather than monthly, thus gaining valuable discounts.
- We use two credit cards for almost 100% of our annual spending. I have negotiated a reduction of 54% on the annual fee of my Platinum Amex card and 62% on my Platinum Visa.
- We use valuable dollar bonuses (e.g. via Coles Myer and Woolworth's money cards) for conversion to goods or services we need. We pay all debit balances on both cards monthly in full.

## Some investing things I like

I like the rule of 72. Divide your interest rate received into 72 and it gives you the number of years it will take to double your money. That is, a 6% interest rate divided into 72 equals 12 years to double your money. I like franking credits at 100% and the 30% bonus I receive from the government.

I commend the work of the AIA and great results of the team, and look forward to attending the 2009 Conference.

*Kelvin Aldred is a member of the AIA.*



# Calendar of events

Date	Event	Time	Venue	Topic
03 Aug 2009	Canberra information meeting	7.30-9.30pm	Southern Cross Club, Woden (Check room allocation in foyer)	Market update
04 Aug 2009	Perth information meeting	7.30-9.00pm	Wembley Tennis Courts, Cnr Morden & Ednah Street, Wembley Downs	What makes a successful investor
04 Aug 2009	South Sydney information meeting	7.30-9.30pm	Miranda Community Centre, Wattle Room, 93 Karimbla Rd, Miranda	Discussion group
05 Aug 2009	Brisbane information meeting	2:00-4:00pm	Broncos Leagues Club, Fulcher Rd, Red Hill	Asset allocation & Cyclical & defensive stocks
10 Aug 2009	Adelaide information meeting	7:00pm	Enterprise House, Room 4, First Floor, 136 Greenhill Road, Unley	Health check of Australian companies
11 Aug 2009	Melbourne information meeting	6.30-9:00pm	Telstra Conference Centre, R1, L1, 242 Exhibition Street, Melbourne	Portfolio construction & short-term investing opportunities
18 Aug 2009	Perth equities discussion group	7.30-9:00pm	Wembley Tennis Courts, Cnr Morden & Ednah Street, Wembley Downs	Equities discussion
19 Aug 2009	Gold Coast information meeting	9.30-11.30am	Robina Community Centre, Conference Room, 196 Robina Town Centre Dve	What's ahead - Felicity Scanlon
19 Aug 2009	Sydney North information meeting	7.00-9.30pm	The Chatswood Club, 11 Help Street, Chatswood	Equity market outlook & Stocks to watch
21 Aug 2009	Sydney one day seminar	9:00-4.30pm	Tattersalls Club, 181 Elizabeth Street, Sydney	Administering a SMSF
26 Aug 2009	Toowoomba information meeting	9.30-12.30pm	De Molay House, 90 Margaret Street, Toowoomba	How to select managed investments
01 Sep 2009	South Sydney information meeting	7.30-9.30pm	Miranda Community Centre, Wattle Room, 93 Karimbla Rd, Miranda	Discussion group
02 Sep 2009	Brisbane information meeting	2:00-4:00pm	Broncos Leagues Club, Fulcher Rd, Red Hill	Media & telecommunications sector & Estate planning
02 Sep 2009	Perth information meeting	1:00pm & 7pm	Wembley Tennis Courts, Cnr Morden & Ednah Street, Wembley Downs	StockDoctor – tips and tricks
07 Sep 2009	Canberra information meeting	7.30-9.30pm	Southern Cross Club, Woden (Check room allocation in foyer)	Equities discussion
14 Sep 2009	Adelaide information meeting	7:00pm	Enterprise House, Room 4, First Floor, 136 Greenhill Road, Unley	Equities discussion
15 Sep 2009	Perth equities discussion group	7.30-9:00pm	Wembley Tennis Courts, Cnr Morden & Ednah Street, Wembley Downs	Equities discussion
16 Sep 2009	Sydney North information meeting	7.00-9.30pm	The Chatswood Club, 11 Help Street, Chatswood	TBA
01 Oct 2009	Brisbane information meeting	7:00-9:00pm	Broncos Leagues Club, Fulcher Rd, Red Hill	Recognising opportunities in a recovering market & AGM
03 Oct 2009	Brisbane one day seminar	9:00-4.30pm	Brisbane Girls Grammar School, 70 Gregory Terrace, Spring Hill	Administering a SMSF
05 Oct 2009	Canberra information meeting	7.30-9.30pm	Southern Cross Club, Woden (Check room allocation in foyer)	Equities discussion
06 Oct 2009	Perth information meeting	7.30-9:00pm	Wembley Tennis Courts, Cnr Morden & Ednah Street, Wembley Downs	Sharemarket insights
06 Oct 2009	South Sydney information meeting	7.30-9.30pm	Miranda Community Centre, Wattle Room, 93 Karimbla Rd, Miranda	Discussion group
12 Oct 2009	Adelaide information meeting	7:00pm	Enterprise House, Room 4, First Floor, 136 Greenhill Road, Unley	TBA
13 Oct 2009	Melbourne information meeting	6.30-9:00pm	Telstra Conference Centre, R1, L1, 242 Exhibition Street, Melbourne	Top 150 Stocks - Fundamental and technical analysis
17 Oct 2009	Canberra one day seminar	9:00-4.30pm	TBA	Administering a SMSF
20 Oct 2009	Gold Coast information meeting	5.30-7.30pm	Robina Community Centre, Conference Room, 196 Robina Town Centre Dve,	Trading strategies – Neil Godwin/CFDs
20 Oct 2009	Perth equities discussion group	7.30-9:00pm	Wembley Tennis Courts, Cnr Morden & Ednah Street, Wembley Downs	Equities discussion
21 Oct 2009	Sydney North information meeting	7.00-9.30pm	The Chatswood Club, 11 Help Street, Chatswood	Presentation by Ian Huntley
30 Oct 2009	Sydney one day seminar	9:00-4.30pm	Tattersalls Club, 181 Elizabeth Street, Sydney	What's in store for 2010?

**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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