

the Investors' Voice

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The economic outlook

By Chris Caton



It has always been true to say that economic outlook varies significantly by sector and region. It just seems to have been even more true lately. We have been bombarded with stories and views about the two-speed or 'patchwork' economy. We all know who is doing best: mining and

ancillary services. And we all know why: primarily because of the strong growth in Asia. This growth has pushed Australia's terms of trade (the ratio of our export prices to our import prices) to a record high. In the past decade, this ratio has approximately doubled, which has led a gain of almost 20% in Australia's real income, just from the 'kindness of strangers'.



Figure 1

Other sectors have not done nearly so well. Manufacturing, tourism and service exports, particularly tertiary education, have suffered from the persistently high exchange rate, as has retail trade. The high dollar has now been a feature for long enough that it has affected business future planning as well as present conditions.

The currency isn't the only thing to worry about. We have close to full employment, and inflation is higher than elsewhere. As a result, the Reserve Bank has kept interest rates high, certainly by international standards. In addition, financing conditions for commercial property have loosened in the past two years, but they are still tight.

And then there is the cautious Australian consumer. About five years ago we began to rediscover the virtues of thrift, and the saving rate has since risen from zero to more than 10%. This means that consumer spending has been growing about

2% per year less rapidly than income, with retail bearing more than its share of this (consumption of services, by contrast, has held up relatively well). Retail also has to adjust to technological change in the shape of growth in online shopping.

In addition, we have had natural disasters and uncertainty engendered by concerns about the health (and wealth) of the US and European economies. The disasters are, of course, momentous events for the people, places and businesses directly affected, but macro-economies absorb such occurrences fairly well. Poor economic performance elsewhere hurts us directly; it also has significant effects on the wealth of Australians via financial markets.

Before turning to the future, let me say that it's possible to overstate the severity of the two-speed economy. At the industry level, it is clearly severe. According to the Secretary of the Treasury, Dr Martin Parkinson, three-quarters of the nation's growth in the year ahead will come from the resource sector and closely related industries, with the rest of the non-farm economy expected to grow by just 1%. But disparities are less marked at the state and regional level. Perhaps the best measure of economic health is the unemployment rate. There are, of course, regions such as Cairns where the unemployment rate was more than twice the national average (5.3%) in August.

Among the states, Western Australia led the way at 4.4%, and Queensland lagged at 6.2%, but all the others remained in a very tight range between 5.1% and 5.4%.

Given the current state of play, the economic outlook thus depends critically on what happens offshore, on what happens next to the resource boom and mining investment, on the exchange rate and interest rates, and on whether or not consumers continue to be cautious.

The rest of the world

There is not space to deal with this fully here. Suffice it to say that I believe concern about return to recession in the US and Europe is overstated, although I am less confident of this view in relation to Europe. It's true that in both cases a good deal of momentum has been lost, but what we are witnessing is economies stuck in low-growth mode rather than returning to recession. It's very unlikely that we are witnessing the start of GFC II; what we are seeing is the continuing hangover from GFC I.

Continued on page 2

President's message

By Alison Harrington



I am constantly reminded that the AIA is a unique organisation within our investing world. In return for nothing more than an annual membership fee, we give you free access to the knowledge gathered by our more experienced members, we expose you to some of the best minds from the entire investing community who also give freely of their time, and we keep you up to date with important changes that may affect your investing behaviour. Most

importantly, we offer you contact with many similar-minded people, both face to face and online. Speaking to our members I find as many investing styles as there are members, and each one has a fascinating story of the journey they undertook to reach their current investing system. But they have in common their appreciation of the AIA's role in guiding them through the maze, and particularly of the way it teaches them to hear their own voice above the negativity of the sensational media.

Our most successful conference ever, held in Sydney in September, reiterated the concept of wealth-creating opportunities. The 300 lucky members who found the time and financial contribution

to attend heard some excellent presentations, were able to explore 16 sponsor booths and meet and share information with other investors. The conference feedback showed they gave the highest rating to the diverse program and range of speakers. Our next conference will be from 29 July to 1 August 2012 at the newly refurbished Surfers Paradise Marriott Resort.

The new AIA website is close to coming online. You will be delighted with the quality of content and the new layout. The board sincerely thanks all the members who have contributed or are contributing to the huge amount of work involved in planning, writing, editing, reviewing and uploading the new content. Our aim has been to create a clearer investor journey that you can tailor to your own circumstances.



The new AIA website design.

The economic outlook...from page 1

The future of the resource boom

Figure 1 (page 1) conveys a daunting message. We have never before had a sustained increase in commodity prices. This time could well be different; growth in the developing world may be interrupted at some stage, but it is unlikely to go away. And the two leaders, China and India, are both at a highly commodity-intensive stage of the development process. Of course, high prices should lead to a supply response, possibly from Africa. Overall, it is likely that prices will remain high but eventually retreat somewhat from their current levels. In the immediate future, mining investment — in the LNG, iron ore and coal industries — will continue to be a major source of economic growth. This will continue to have spill-over effects for a wide range of service industries.

The exchange rate

There is a lot of rubbish written about the exchange rate. I say this with authority because I've been responsible for my share. Suffice it to say that it's very difficult to forecast. I have thought for some time that the A\$ would give up some of its strength, and the A\$ has fallen considerably since early September, from US\$1.07 to about 95 US cents. (The timing of the fall is clearly attributable to the fact that my wife and I took an overseas holiday in September!) The currency is still above 'fair value', which I put at around 85 US cents. It thus still seems likely that the \$A will be lower a year from now. Importantly, however, it will remain relatively high by historical standards.

Interest rates

Six months ago, the Reserve Bank told us in no uncertain terms to expect higher rates in order to counteract rising inflation. Since that warning, not only has global uncertainty increased, but there have been clear signs of a weak spot in Australia. The labour market has softened, there has been almost no employment growth this year, and the unemployment rate has risen from 4.9% to 5.3% in the past four months. Retail trade and residential building approvals have softened, and consumer sentiment has taken a sharp fall. In addition, and remarkably, estimates of underlying inflation have been revised down. This sets the stage for a rate cut on Melbourne Cup Day!

The cautious consumer

The fundamental question is: will the saving rate keep rising, thus continuing to slow down spending growth, or will it stabilise? It's already close to a modern-day high, so I think it's more likely to cease its rise in the not-too-distant future. This will take some of the pressure off retail, which still has to deal with the increasing trend towards online purchases. There seems little doubt that this trend will continue for several years yet.

The wild card: the carbon tax

Attempts to reform the Australian economic landscape always lead to howls of protest and predictions of disaster from vested interest groups. Such predictions have rarely if ever been borne out in the past. Right now, the fate of the carbon tax is unknown. Obviously it will have different effects for different sectors, although bear in mind that the transition arrangements will leave plenty of time to adjust. Almost all households will not be worse off; they will simply have a price-induced incentive to reduce their energy-intensive consumption. Among all the arguments against a carbon tax, one of the worst is 'now is not the right time'. There will never be a perfect time, and there will always be reasons to delay. But it's like saving for retirement: the longer we wait to start, the greater will be the cost.

So what's the bottom line?

It has been 20 years since the last 'official' recession in Australia, but the path upward has occasionally been quite rocky. A look at the factors causing this rockiness gives some cause to hope that the next 12 months will be better, although some risks remain.

Chris Caton is the Chief Economist with BT Financial Group. The views expressed in this article are the author's alone. They should not be otherwise attributed.

Indications from the Coppock Indicator

By Robert Vagg



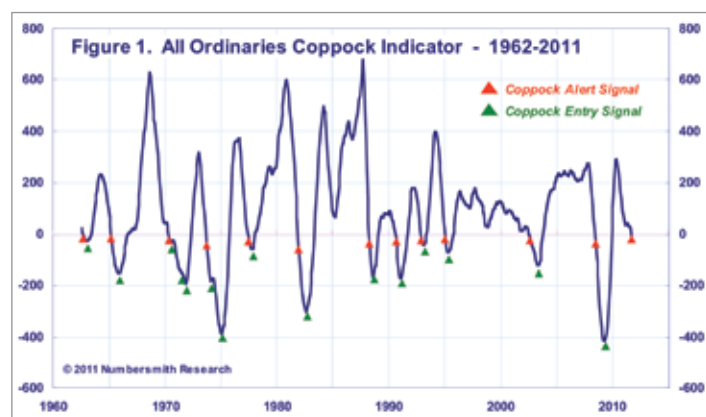
The distinction between trading and investing in financial markets is not always clear, though when I searched online dictionary sources I did find some definitions. An investment is commonly described as 'money committed or property acquired to generate future income'; trading is depicted as 'engaging in buying and selling for a profit'. The latter activity clearly relies on the ability to determine favourable transaction prices, whereas successful investing depends more

on the evaluation of strength in underlying fundamentals.

Most of the charting tools available to a technical analyst are based on patterns derived from changes in the market price of a financial instrument over time. It is then possible to make an objective decision to enter or exit a trade that is based on recognising a familiar price-based pattern and is completely independent of any fundamental information on the underlying instrument (including its name). In fact, possessing such information may bias the decision. In the extreme, a trading decision could be made before determining from which financial market the pattern is derived. An assessment of the likelihood of future income returns requires a more fundamental analysis.

To the longer-term investor, technical analysis provides the means of improving future returns by timing a purchase at a reduced price. One technical tool that has a history of aiding share market investors in this objective is the Coppock Indicator,¹ which has become increasingly familiar to members of the AIA through its education program.

The Coppock Indicator was specifically designed to recognise the formation of a long-term market bottom. It responds to changes in the momentum of price movements, and because market falls generally are considerably more rapid than rises, the indicator is more sensitive to the momentum change that occurs at a market bottom than at a top. The method of calculation for the indicator was first reported in October 1962,¹ and Figure 1 shows the results of applying that calculation to the monthly closing values of the Australian All Ordinaries Price Index since that time.



The Coppock Indicator may be seen as providing two types of paired signals. The first, an Alert signal, occurs when it first descends into negative territory. This generally would be interpreted as warning of the expected formation of a major market low in the coming months. A subsequent buy (market Entry) signal is then afforded by the indicator's first turning upwards from a negative position. With the September 2011 monthly close of 4070 for the All Ordinaries Index, an Alert signal has now been triggered. An Entry signal for November at the earliest would require an October close above 4610.

The timing of the occurrence of these two signal types for the Australian market since 1962 is represented in Figure 2. The general reliability of the indicator to signal an entry point after a major market low is apparent, although not perfect. That reliability is worthy of further analysis here.



As displayed in both Figure 1 and Figure 2, over the five decades since its inception an Alert signal (red) has been activated on twelve previous occasions. In general, these have been paired with an Entry signal (green) within a few months. Twice, between 1970 and 1975, the Alert was followed by multiple Entry signals. These occur when the indicator, after first turning upwards in negative territory, reverses to become even more negative as the market turns to move lower. In both instances, an investor basing action on the first market Entry indication would have needed to ride out the market swing that occurred over the following two years. To date, these are the only examples of an ambiguous signal being generated for the Australian market.

It is interesting to compare the timing differences between the signal pairs, as well as their relative market positions based upon the monthly close values for the All Ordinaries Index. The average delay between an Alert and a subsequent Entry signal is 6.5 months. The average difference in the market's value between the two signals is negligible (0.1%). On six of the twelve occasions the Alert was generated at a lower market value than the subsequent Entry signal.

The average lag between an Alert signal and the corresponding market bottom is 2.8 months. On two occasions the market had bottomed before the generation of the Alert signal, while on three occasions a market bottom formed in that same month.

On average, an Entry signal was generated 3.7 months after the market had bottomed, during which it appreciated 11.5% from its lows. The market on average is 13.6% higher 12 months after an Entry signal, or 19.0% higher if the 1970-75 period is disregarded.

It is clear from this analysis that, although not infallible, the Coppock Indicator can function as a valuable technical tool to assist the more fundamentally based decisions of the longer-term small investor. It has the potential not only to inform a market entry but also to avert an unwise exit decision near a major market low. In doing so it can provide some degree of objectivity to an environment where judgment can so often be distorted by emotional factors.

¹ A useful brief description of the history, derivation and use of the Coppock Indicator is available at http://en.wikipedia.org/wiki/Coppock_curve.

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What do the proposed changes to Australia's aged care system mean for you?

By Peter Whitehead



Many people worry whether they'll be able to meet their financial and care needs as they age. The current aged care system can be confusing — and the costs prohibitive — for many Australians.

Over 1 million people currently receive aged care services, with this number set to rise to more than 3.5 million by 2050. Consequently, the Australian Government asked the Productivity Commission to develop recommendations for redesigning Australia's aged care system and publish a report.

The Productivity Commission's report, *Caring for older Australians*, was released in August. The report found that the aged care system is in need of fundamental reform, with many older Australians having difficulty accessing information, care and support; and it made many recommendations for improving the efficiency of the sector and offering better-quality services for older Australians.

Key recommendations of the report were:

- Establish an Australian Seniors Gateway Agency.
- Assess an individual's capacity to pay aged care co-contributions.
- Develop separate policies for cost components.
- Establish an Australian Aged Care Home Credit Scheme.
- Establish an Australian Age Pensioners Savings Account.
- Regulate residential care charges.

These are as yet only recommendations but, if implemented, they will ensure far greater investment in aged care services.

Australian Seniors Gateway Agency

The multiple entry points and sources of information in the current aged care system are confusing for many older Australians. An Australian Seniors Gateway Agency would provide a single accurate source of information and access to services, including support services. This information would be accessible through both central and regional outlets, as well as through GPs, Centrelink and several other entry points.

Capacity to pay aged care co-contributions

The Productivity Commission recommends that the rate of co-contributions be set by the Australian Government, and be based on an individual's financial capacity to pay. This capacity would be based on a person's wealth, not just on their income.

A lifetime limit to co-contributions would also be applied, irrespective of a person's financial circumstances, as the Productivity Commission believes that older Australians should not be required to sell their home to meet their aged care co-contributions or accommodation costs.

Separate policies for cost components

Currently there are inconsistencies in the way the various cost components of aged care are handled. The Productivity Commission believes that separate policies for the major cost components would create a more effective and equitable funding framework for the system and provide older Australians with greater choice.

Australian Aged Care Home Credit Scheme

A government-backed home credit scheme would be for those older Australians who derive their financial capacity mainly from their family home, and would protect those remaining in the home (spouse, partner or dependent child). It would allow the owner to draw flexibly against the residence up to a specified limit, and repayments would not be payable until the home owner and all protected people vacated the residence.

Australian Age Pensioners Savings Account

The current options for older Australians to pay for aged care unfortunately provide an incentive for people to sell their homes and 'over-invest' the proceeds in accommodation bonds, which lose value. The report recommends that an Australian Age Pensioners Savings Account scheme be established, into which Age Pension recipients could deposit some or all of the proceeds of the sale of their principal residence. The real value of this savings account would be indexed and excluded from Age Pension assets and income tests, and the savings account could be drawn down flexibly by the account holder for any purpose.

Regulation of residential care charges

The Productivity Commission found that current residential accommodation charges (and accommodation bonds in particular) do not reflect the actual costs of providing this accommodation. The commission proposes that payment options be modified so that residents can choose between a periodic accommodation charge or, where offered, an accommodation bond of an equivalent or lower value, or a combination of the two.

Both the charge and the bond would have to be published, thus improving the transparency of accommodation costs. This would help prospective residents to make a choice that suited them, and allow accommodation providers the freedom to set charges. It would also increase competition in the market.

When will the changes be implemented?

The Productivity Commission has urged the government to announce a timetable for these reforms and establish an implementation taskforce. It recommends that the implementation be undertaken in three stages:

- **Stage 1** (within the next 2 years): implementation of initiatives that can be completed before major legislative amendments pass through parliament
- **Stage 2** (within 2–5 years): implementation of most recommendations that require significant legislative amendments
- **Stage 3** (from 5 years onwards): full removal of supply restrictions, followed by a public review of the operation of the new aged care system.

The suggested timetable reflects the fact that some of the recommendations can be implemented quickly, whereas others require more time. The changes would need to be introduced carefully to ensure minimal disruption.

How will these reforms make a difference?

The reforms will improve the quality and availability of aged care services for all older Australians, allowing them to retire more comfortably and with greater peace of mind. They will also result in significant reform and improvement of aged care providers. The commitment to quality accreditation and the freedom to set accommodation charges and bonds will benefit providers who conform to government standards.

How should you and your family prepare?

Decisions about your aged care accommodation options need to be made in conjunction with your overall financial and estate planning advice. Perpetual will be monitoring the progress of the proposed reforms, to ensure our clients receive the correct advice for their future supported accommodation needs.

Peter Whitehead is the National Manager — Fiduciary Solutions, Perpetual Private Wealth. Peter is responsible for the strategic direction and management of Perpetual Private Wealth's trust advice and estate planning operations. He has over 34 years' experience in the trustee industry.

The best sectors for the next 12 months

By Elio D'Amato



Volatile! This is the one word that we at Lincoln Indicators believe is required to define markets at the moment, and volatility is likely to prevail over the next 12 months. The overall outlook will be uncertain until some macro-economic issues are resolved.

economic issues are resolved.

Global concerns about sovereign debt prevail; and the European Banks remain poorly capitalised, leaving them at risk of bankruptcy in the event of sovereign debt defaults. Further, one cannot ignore the economic woes of the US. Until we have solid evidence of a permanent improvement in the US jobs market, any market reaction may be both premature and short-lived.

Closer to home, the unemployment rate has risen to 5.3%, with the construction and manufacturing sectors continuing to struggle. The Reserve Bank of Australia (RBA) is in a difficult spot, with its board continuing to monitor inflationary pressures, while considering the effect of gloomy economic conditions on both businesses and households. Investors will need to keep a watchful eye on the RBA, as interest rate sensitivity will be a key factor in the coming months.

We have seen a number of downgrades to outlooks for financial year 2012 profits. With capital growth currently at risk, investors may consider dividends as a more meaningful part of total returns. More than ever, it is essential to select only financially healthy companies, generating strong cash flows and with low capital expenditure requirements for the year. Be wary of those that have already undergone large cost-reduction exercises, as there may be limited room for further savings to maintain a competitive advantage. That said, 'nimble' is good. When the global economy begins to repair itself — and it will — markets will rise again. Meanwhile, investors should adopt a plan to manage the volatility. In the current conditions, sectors that are likely to do better are telecommunication, healthcare and professional services, due to their relatively steady operations. When the spring returns to markets, we expect the better-performing sectors to be oil and gas, bulk commodities and other cyclical exposures.

Telecommunications

While share prices and capital investment projects of telecommunication companies are usually cyclical, underlying demand for their services tends to be less volatile and driven by technological innovations. In the last few months we have seen the telecom sector diverge significantly from the index (see Figure 1 below). Australian telecoms also provide some of the better yields in the market.

The National Broadband Network (NBN) will even out the competitive landscape as regards access to infrastructure, and in this type of environment companies will have to compete on service and cost efficiencies. For example, TPG Telecom Ltd's share price had been declining, but with the resolution of the NBN deal some of the uncertainty has been removed. Additionally, the company is well positioned to continue to provide internet, mobile and telecommunication services at a discount to its competitors. These factors are starting to be reflected in the share price. Macroeconomics aside, this is an exciting time for telecoms. The underlying technologies have increasing crossover with those from the information technology and entertainment sectors, providing plenty of opportunity for new offerings.

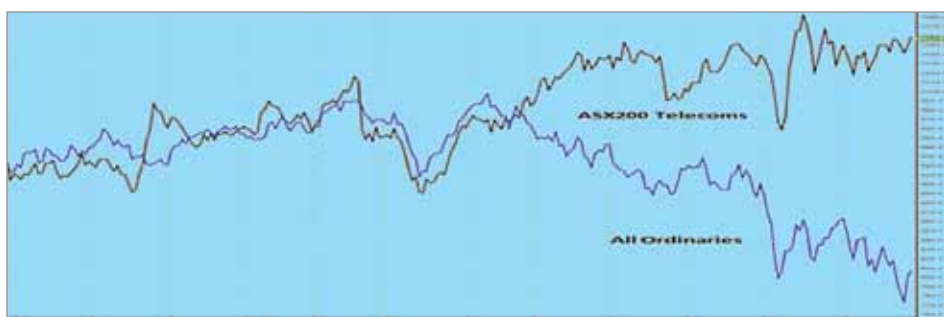


Figure 1: All Ordinaries v. telecommunications sector.

Source: Stock Doctor (one year ending 28 September 2011)

Healthcare

Healthcare is another service industry that has stable demand and is a traditionally defensive sector into which investor funds flow during periods of economic uncertainty. This trend is currently being put to the test, partly because our largest healthcare companies have a global presence and profits and share prices are affected by the value of the Australian dollar. Hence we prefer to focus on companies that primarily generate income domestically. In selecting healthcare stocks, one needs to be aware of and consider regulatory changes and cost-cutting initiatives. In this regard, pathology companies represent somewhat lower risk, since government funding cuts have already taken \$800 million out of the industry over the last three years. A company to consider in this sector is blood plasma and pharmaceutical CSL Ltd, which, while not paying a large dividend, we believe is a good investment for capital preservation — albeit exposed to currency movements.

Professional services

The professional services sector is wide and varied in relation to the types of service offered, so in this context we are narrowing it down to vital services such as accounting, payroll and tax-related services. This is a sector that lends itself to economies of scale and operating leverage — as companies grow their range of service offerings and revenue, they can achieve lower unit costs and generate higher profit margins. Branding is important, as businesses prefer to outsource critical services to reputable and well-established companies. A company that comes to mind is McMillan Shakespeare Ltd (MMS), which has recently added fleet leasing to its core competency of providing payroll services to employers. MMS also has an attractive yield of around 4.5% fully franked, with some prospects for share price appreciation.

When hope springs

Looking ahead over the next 12 months, when we expect to see some settling in the market, it may be time to return to the 'usual suspects' — mining and resources. Issues with the inefficient allocation of capital within China aside, local government mandates make a case for continued gross domestic product growth in the medium term. Any improvements to global economic activity should increase Chinese demand for bulk commodities such as iron ore. Be wary, however. Past mining profits have been driven by years of underinvestment combined with strong demand from China. Due to recent planned capacity and production expansions, commodities supply will begin to catch up with demand. The oil and gas sector could also benefit from any improvements in global economic activity that increase demand and consequently oil prices. But remember, volatility creates opportunity! As the venerable Warren Buffett would say, 'Be fearful when others are greedy and greedy when others are fearful.'

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Volatility: an often overlooked variable

By Lee M Spano



Volatility is spoken about in much of the financial literature and general media, particularly of late, but how many of us analyse it as a specific variable in our trading or investment systems? This article examines key tools at the technical level, coupled with a suggested fundamental framework, and with a focus on the resources markets. These tools and considerations can assist us with important threshold decisions, such as when to stay out, and when to get back into a market.

Technical tools

1 Average True Range (ATR)

Average True Range directly measures volatility of a particular stock, index or other market. It was originally developed by J Welles Wilder for the commodities markets. ATR measures the range between the highs, lows and closes over a certain period of time (p); p is typically 14, so on a daily chart it will be 14 days. When examined over a reasonable period of time, the ATR can give a quite clear indication when the market is too volatile to enter. Similarly, if the ATR is relatively low, it can give an indication that it might be safer to enter the market in anticipation of a major move, such as a breakout of a narrow trading range.

2 Candlestick theory

Candlestick theory has several applications, but is often overlooked as a volatility tool. It is commonly used to give a reversal signal in the market or a sign of uncertainty, for example through the 'Doji' pattern. However, specific patterns can confirm times of high volatility or a chaotic market, such as when candles consolidate, and there is a 'blow out' pattern, for example, a 'shooting star'. Blow-out candles can go in both directions and have long wicks. When markets behave with these types of patterns, it is wise to consider staying out, or waiting for clarity.

3 Momentum and volatility indicators

There are several indicators that can measure the momentum of the market, such as Relative Strength Index (RSI) and the Stochastic. Bollinger Bands measure the range of price highs and lows over a certain period, typically 20p, and can therefore give a clear view of volatility.

Indicators such as the Stochastic or RSI have a middle 'trading range' and extreme ranges such as 'overbought' or 'oversold'. Generally, many of these indicators lag slightly behind price action — except the RSI, which can lead the market. Settings vary and need to be tested comprehensively to create a robust system. In regard to volatility, momentum indicators can be useful tools to help us decide when to stay out of a market, such as when the indicator is in the extreme range. Commonly, this will coincide with high periods of volatility, such as a high ATR measure.

4 Volatility indices

The first three technical volatility tools can be used in specific markets, such as specific Australian mining stocks, or more generally in major indices or sector indices such as the CRB Futures Commodity Index. In addition there are specific volatility indices such the CBOE Volatility Index, which gives an indication of the volatility of US stocks and options. Other useful volatility indices focus on a particular sector, for example the Gold Volatility Index. It is worthwhile considering these indices in conjunction with the above tools in your trading or investing system.

Fundamental framework

Depending on the time horizon of your system, it is wise to have regard to both technical tools and fundamental considerations. There are many fundamental variables one can consider, and which you choose will depend on the particular market. The framework suggested below will be useful:

- **Local stocks fundamentals** such as earnings, PE ratios, dividend yield and other particular company fundamentals, useful for the local stock investor or trader.

- **National fundamentals or economics** such as GDP, national debt levels and national interest rates, particularly useful for sector-specific analysis, for example the S&P/ASX200 Resources Sector (XJR).
- **Global or regional fundamentals and macroeconomics** such as sovereign debt levels, GDP levels of leading economies (e.g. the US), and issues relating to key global markets (e.g. EU and USD currency markets), leading futures index markets (e.g. the SP500, SP200, FTSE or DAX) and key international commodity futures (e.g. oil and gold).

The weight one gives to these levels will depend on the market. If, for instance, you trade currencies or commodity futures, you will give more weight to global fundamentals and macroeconomic issues.

When considering threshold issues such as volatility, there are several key questions you should ask when thinking about the fundamentals at the above levels. They include:

- **Uncertainty.** Are there strong uncertainties that may not resolve quickly? The obvious current example is sovereign debt issues of the EU states and the US.
- **Ambiguity or contradiction** (closely related to uncertainty). Is there ambiguity or even a contradiction in regard to key fundamentals?
- **Growth and earnings.** At all of the above levels of fundamental analysis, the main variable is how the data affects economic or financial growth (e.g. corporate earnings and national GDP).
- **Environment.** Is the economic and non-economic environment conducive to consistent economic growth or corporate earnings (e.g. national interest rates, or seasonal extreme weather events in the US or Australia)?

Volatility tools and the other considerations outlined above can give us a creative edge in handling challenging markets, particularly the resources markets. Given the nature and extent of the current global fundamental issues, these markets may be with us for some time.

Lee M Spano is an AIA member and a private investor and trader.

AIA web book reviews

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

- | | |
|-------------------|---|
| Title: | Charting made simple |
| Author: | Roger Kinsky |
| Publisher: | John Wiley & Sons, Brisbane, Australia, 2011 |
| ISBN: | 9781 0730 375760 |
| RRP: | \$27.95 |
| Reviewer: | Jenni Eason |
| Title: | How to give your kids \$1 million each! And it won't cost you a cent |
| Author: | Ashley Ormond |
| Publisher: | Wrightbooks, Brisbane, Australia, 2011 |
| ISBN: | 9780 7303 75487 |
| RRP: | \$32.95 |
| Reviewer: | Patricia Clifton |
| Title: | Guppy trading |
| Author: | Daryl Guppy |
| Publisher: | John Wiley & Sons, Brisbane, Australia, 2011 |
| ISBN: | 9781 7424 68709 |
| RRP: | \$32.95 |
| Reviewer: | Vimal Mehta |
| Title: | Buying property for dummies |
| Author: | Karin Derkley |
| Publisher: | John Wiley & Sons, Brisbane, Australia, 2011 |
| ISBN: | 9780 7303 75562 |
| RRP: | \$29.95 |
| Reviewer: | Theresa Lo |

Live like a king

By Marcus Padley



Let's start with an example. Let's say I'm 80 years old, with \$1m to live off. My wife and I are in a zero tax environment. We have the classic Australian equities portfolio that averages out to a yield of around 4.2% plus franking. We have instructed all the companies we own to pay their dividends into a specific bank account and we live off those dividends, about \$42,000 a year plus an annual ATO cheque for somewhere between \$10,000 and \$15,000 depending on the franking.

We have to deal with a number of issues that we probably share with all retiree income investors:

- Because the franking can take up to 18 months to arrive we only really budget to live off the dividends, and the truth is that because the franking arrives once a year in one big ATO cheque we don't dare budget on it for living expenses, using it instead to cover one-off items like holidays, cars or the bathroom renovation.
- We have to worry about the equity market. When your brain is the only organ that still pumps blood that can be a great occupation, but for us it's more stress than pleasure — especially when we're not experienced, confident, IT savvy or losing our marbles.
- We are vulnerable to anomalous events that we can't afford, but no-one factors them in — like the GFC. In the last GFC most of us suffered in silence and were lucky enough to see a partial recovery, but we cannot afford to live through it again. We can't afford to have the equity market fall. Not on \$42,000 a year. We have to preserve capital.
- On top of this there are niggling issues like the dividend cheques arriving in lumps, which means we're sometimes hanging out for dividends to arrive before we can pay some annual bills. And that's not mentioning inflation. We know the RBA says it's 2–3% but they obviously don't eat anything or drive anywhere.
- We aren't big spenders but as my wife and I spend a bit more than \$42,000 a year we are cutting into our capital and that's a worry.

All in all we feel poor, and with 'real' inflation included our standard of living is going backwards.

A few observations

- Currently, you could earn \$65,000 pa by putting your money into a 1-year term deposit with (almost) zero risk. If you don't like or trust the stock market that's probably where you should be. You get a pay increase, your money arrives regularly and there's no stock market stress. As a stockbroker I wouldn't encourage it, but if peace of mind in the twilight of your life is what you're after that's more important than my commission.
- A dollar's a dollar, however it arrives. If you change your mindset to include spending your capital as well as your income and budget on living to 100, you could actually spend an extra \$50,000 a year on top of the dividends. Now you're earning \$115,000, sliding down to \$52,100 in your hundredth year.
- Now we budget on releasing and spending the equity in your \$1m house, which doesn't have a mortgage on it. The kids don't need it. It's yours. That's another \$50,000 pa. Now you're on \$155,000 next year. Now you're booking the Roman Room at the Bellagio.

The bottom line is that there are a lot of rich people out there who think they're poor because of the 'spend dividends, preserve capital' and the 'old people are income investors' mantras. And because of that there are a lot of self-declared income investors who confine themselves to poverty and then go quietly into the night, while their ungrateful offspring clean up on the capital. What a shame, when the smallest of mindset changes could have had them schmoozing each other at the Bellagio next week.

So by the time our hypothetical 80-year-olds are 100 they'll be penniless. But when that day comes, hell, they'll be able to look at each other in contentment and say, 'We always had Vegas.' So what are you waiting for? Poise pants, a wheelchair and a cup-a-soup?

Marcus Padley is a stockbroker with Patersons Securities and the author of the share market newsletter Marcus Today. His views do not necessarily reflect those of Patersons.

Bulletin board

Estate planning: effective strategies to protect your assets — 11 November Sydney Seminar

This seminar is for investors who wish to learn about estate planning and how to preserve and protect their assets so that they may be effectively passed on to their heirs. You will learn the tips and traps and the practical aspects of how to deal with wills and super fund deeds, and how to successfully navigate the taxation minefield. To be held at Tattersall's Club, 181 Elizabeth Street, Sydney. Registration is only \$125 pp – includes lunch, refreshments and papers. Call 1300 555 061 or go to www.investors.asn.au to register.

Taking control of your super — 19 November Brisbane Seminar

This seminar is designed to provide you with knowledge of the key points when taking control of your own superannuation. Suitable for those who are thinking about setting up a self-managed super fund or those trustees who already have an SMSF and want some practical tools and strategies to help them make the most of the control they have. To be held at the Bardon Conference Centre. Registration is only \$95 pp – includes lunch, refreshments and papers. Call 1300 555 061 or go to www.investors.asn.au to register.

Trading and Investing Expos

The AIA participated in both the Sydney (5–6 August) and Melbourne (7–8 October) Trading and Investing Expos, which provided us with a great opportunity to promote the AIA. Thanks to the support of

volunteer members at both expos, we signed up 18 new members in Sydney and 19 new members in Melbourne. Thank you to all those who helped out on the stands.

Marcus Today Stockmarket Newsletter

Marcus Padley, one of the many highly regarded presenters at the recent AIA National Investors Conference, is offering AIA members a one month FREE trial to the *Marcus Today Stockmarket Newsletter*, valued at \$75. This gives you access to his daily report, which includes everything you need to know about the stock market every morning as well as access to all the other sections of the Marcus Today website including 'Current recommended portfolios', 'Current trades' and the 'Education section', which offers a unique perspective on the stock market. Marcus is known for telling it as it is, and offers a true insight into the way the stock market really works. You can access this special AIA member benefit at: www.marcustoday.com.au/webpages/1002_trial-sign-up-1-month.php.

Managed funds report

Since 2007 the AIA has provided a summary of the top-performing funds over 5 years within: Australian equities large caps; Australian equities medium/small caps; world large caps; regional; Australian bonds, hedge funds and REITs. This year 72 managed funds are featured. You can find the data on their returns on the AIA website www.investors.asn.au. Click on Investor Education/Special Projects/Managed Fund Review.

Tax notes

Tax reform

By Dennis Eagles

In early October the Commonwealth Government held a 2-day 'tax forum', bringing together 187 selected government, business, community and academic participants to discuss tax reform in Australia.

The forum was a follow-on from the Henry Review. Its aim, according to the Australian Government website, was to 'continue the conversation the Government started with the release of the *Australia's Future Tax System Review* [i.e. tax review] last year'.

Unsurprisingly, opinions as to the forum's success were divided. Rob Oakeshott, who proposed the forum as part of his agreement to support the Labor Party, labelled it a success, stating that 'We're better off than we were 48 hours ago' and that it was a 'substantial reform'. Ken Henry believed it was 'a very worthwhile exercise', while the Opposition (and many other industry participants) expressed the view that it was just a 'talkfest' with no new ideas coming from it.

With nearly 200 participants, there was a wide range of diverse views put forward. As expected, many of the regular suggestions were aired once more: the beliefs that negative gearing benefits only the rich and should be removed; that trusts should be taxed as companies; and that our welfare system faces a crisis in 10–15 years. The forum heard that tax-free super for over-60s created by 'a baby boomer party' is unsustainable, that wealthier Australian's should pay an extra 15% tax, and that our current system is riddled with loopholes.

So what were the main outcomes from the forum?

Firstly, yet more 'working groups' and committees were formed — one to focus on business taxes, another on aligning the multitude of state taxes, and an independent tax studies institute, funded by the government at \$1m per annum, that will, according to Wayne Swan, 'look at things like the design and simplification of the tax-transfer system'.

The biggest reform from the forum was the government's intention to raise the tax-free threshold to \$21,000 while removing the low income tax offset. It's not quite the \$25,000 limit recommended in the Henry Review, but will certainly be a welcome reform for many Australians. While it could result in a tax saving of up to \$2000 per annum and may mean that many individuals would not need to lodge an annual income tax return, Wayne Swan has indicated that its introduction will be delayed until 'the government can afford it'. When that will be is an unknown.

One clear message is that any reform is going to take time — a lot of time — and all participants in the debate will need to take a few steps closer together.

Dennis Eagles is a partner 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 dennis.eagles@au.gt.com

Fixed income security in volatile times

By Brad Newcombe



Even in good times markets display a degree of volatility, with substantial movements in the prices of financial securities occurring in any given hour, day, week or month. However, in the current environment where markets are skittish (something of an understatement), this volatility is amplified. This environment highlights the need for fixed income due its relative stability in volatile financial conditions.

The reason fixed income securities are more stable than equities is that they sit higher up the capital structure. As Figure 1 illustrates,

equities are the highest-risk part of the capital structure, being the last securities to be repaid in the event of insolvency. Further, unlike fixed income securities, which have predetermined distribution rates (either a fixed rate or a margin above a floating rate), dividend income on equities can be cut or eliminated altogether — as was demonstrated during the financial crisis.

This means that the further down the capital structure a security is, the more volatile is its price. Higher up the capital structure the returns are typically lower (hybrids typically pay the highest coupons of fixed income securities, followed by subordinated debt, then senior debt), but this is offset by the accompanying changes in risk.



Figure 1

CBA capital structure

Figure 2 below is a practical example of how the movement in prices of different securities in a capital structure works. It tracks the cumulative (distributions included) price of three Commonwealth Bank securities (the ordinary shares, a hybrid and a subordinated debt issue) from 31 December 2007, just prior to the GFC.

The most volatile line on the chart (the light blue line) represents the Commonwealth



Figure 2

Bank ordinary shares. Despite a recovery in the price since its nadir during the crisis, and even after accounting for the value of dividends received during the period, the cumulative value of the ordinary shares is still below \$100.

The next security on the list is one of the bank's hybrids — a step-up preference share known

as Perls 3 (the mid-blue line). As a hybrid sitting just above equity on the capital structure it has displayed more volatility than most fixed income products, although far less than the equity. When distributions are added in, this security is now worth more than \$100 in cumulative value and the actual capital value should reach \$100 when the security reaches its call date in April 2016.

The final security on the list is the subordinated debt (the dark blue line). Apart from a brief dip, which occurred at the height of the biggest financial crisis the world has seen in almost a century, the subordinated debt has climbed steadily in cumulative value. So, even for a security that is lower down the capital structure than many other fixed income products, the subordinated debt has shown minimal volatility.

The diagram doesn't illustrate a senior debt security of the Commonwealth Bank, but if it did it would be even less volatile than the subordinated debt. So even in times such as these where the markets are in turmoil, the key traits of fixed income — a predetermined distribution rate, securities that sit higher up the capital structure than equities and the face value of the instrument back at maturity — ensure that the prices of fixed income products remain relatively stable.

Brad Newcombe is Director, Listed IRS and Fixed Income Research, with FIIG Securities Ltd.

AIA National Investors Conference

1–3 September 2011, Sydney

By Brian Spies



Where else could you hear such luminaries as Kerr Neilson reflecting on his long career in investment research, Bill Evans exploring the implications of Australia's two-speed economy, Jeremy Cooper unravelling the demographic changes facing an ageing Australia, and Jonathan Pain expounding on the rise of the Asian middle class and potential international flash points? Or hear presentations from great investors such as Daryl Guppy, Roger Montgomery, Colin

Nicholson and Michael Kemp, and mingle with hundreds of like-minded individuals trying to navigate the volatile economic landscape on the path to financial independence?

This year's AIA national conference, held in Sydney for the first time, was a great success — with over 300 delegates from all over Australia, 40 top speakers, and ample opportunities to network with other investors and presenters. The conference had 'something for everyone': fundamental and technical analysis; derivatives; asset allocation; overviews of the resource, material, bank, retail and property sectors; as well as self-managed super funds, estate planning, global markets, exchange-traded funds and listed investment companies, annuities and fixed income streams, planning for children and aged care, and the Australian and global economic outlooks.

Each delegate gained personal insight and a deeper understanding of the investment landscape. Highlights for me included hearing about Daryl Guppy's trend trading and risk-reward strategy; Michael Kemp's methods for intrinsic valuation; Bill Evans explaining the downward pressures on household spending; interest rates and house prices; and a panel discussion with Bill Dodd, Ashley Owen and Brian



Thomas describing the potential time-bomb of growing debt and the demographic shifts. I jotted down a few memorable quotes. Kerr Neilson: 'You'll make the most money when you feel the most lonely.' Doug Turek on asset allocation: 'Do you want to eat well or sleep well?'

A panel member: 'Make 2–3 big bets and watch them like a hawk.'

Jeremy Cooper on the difference between investment returns and retirement income:

'In 10–15 years, more people will be taking money out of their investments than putting money in.' And of course the vigorous, well lubricated discussions over happy hour and at the 17 trade booths.

While I didn't manage to see all the presentations I would have liked to (partly due to parallel sessions), it's reassuring to know I can study the slides at my leisure on the AIA website, and purchase DVDs or MP3s of talks I'd like to hear in full.



Conference delegates
Max Dugmore and Bill Dodd.

At the closing talk on Friday, Marcus Padley entertained us all with anecdotes and his 'truths' about the stock market and personality types. Marcus followed up with a glowing endorsement of the conference in his weekend newspaper column: 'A better looking line-up of presenters you are unlikely to find anywhere else ... It is remarkable the people it attracts, many of whom only ever come out for this type of organisation, one that has its members' interests rather than its own interests at heart.' I couldn't agree more. And I am already looking forward to next year's conference on the Gold Coast.

Brian Spies is a member of the NSW committee.

The June 2011 members survey

The June 2011 survey of AIA members sought information in five areas: 'Personal profile', 'Investment portfolio', 'Superannuation', 'Advice and resources' and 'Investor attitudes'. A brief summary of responses in the first four areas was included in the August issue of *Investors' Voice*. As promised, responses obtained in the fifth area are summarised here.

Different profiles

From an analysis of the personal profile data supplied by respondents, it appears that the membership may be considered in groupings defined either by employment status or by investment asset preference. Specifically, a distinction became obvious between those retired or approaching retirement compared with those in full or part-time employment. In addition, an alternative distinction arose between those investing in direct property compared with those concentrating on equities. Some differences in attitudes to investing became apparent when these distinctions were considered.

Investor attitudes

The final few questions in the survey asked respondents to use a ranking scheme (ratings between 1 and 5) in order to express views on various topics. The first question requested indications of investors' strength of feeling towards three topical issues. Responses here were mixed. That 'global warming has a human cause' was fairly evenly rated, ranging between 'strongly disagree' to 'strongly agree', although there was some bias towards agreement with the statement. There was predictable disagreement with the statement that 'a mining tax will benefit Australian investors'. Opinions on the possibility that 'Australian house prices are in a bubble' were evenly balanced. On each of the three questions, however, those members who include real estate as part of their investment portfolios

demonstrated a lower strength of feeling on these topics compared with those with a preference for share investments.

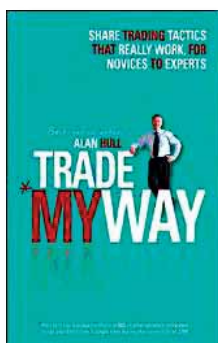
The next question sought information on the level of importance placed on a number of issues in the context of how they might affect an investor's financial situation. Topics clearly considered of some importance were a *carbon tax/trading scheme*, and the *European, US and developing economies*. Topics such as the *GST, super guarantee and thresholds*, and the *demise of Osama bin Laden* generally were thought to be of lower importance. Unsurprisingly, a distinction was obvious on the superannuation issues between those investors in some form of employment and those in retirement. However, a surprise result was that property investors rated superannuation issues of higher importance than did the equities investor group.

Members then were asked to rate the various activities and services currently provided by the AIA. Responses were generally very encouraging, with little indication of any real dissatisfaction on any item. Those with consistently higher ratings were, in order of scale, the *Investors' Voice* newsletter, *investor education*, *electronic information bulletins*, the *AIA website*, and the *regular meetings and seminars*. It appears from these ratings that the provision of investment information to members is considered by respondents to be the AIA's main purpose and strength.

Finally, respondents were given the opportunity to provide comments and opinions on any issue they thought relevant. As might be expected, responses covered a full spectrum of thoughts, feelings and suggestions. As a whole, they tended to confirm the numeric responses obtained through the ranking scheme method. Each has proved valuable in allowing the AIA to compile a detailed profile of its membership, and to inform strategic decisions for the association's future.

Book review

Title: Trade my way
Author: Alan Hull
Publisher: Wrightbooks, Brisbane, Australia, 2011
ISBN: 9780 7037 58807
RRP: \$29.95
Reviewer: Malcolm Andrews



Alan Hull is well known in the investing community and is a second-generation investor. His view is that as an investor he doesn't want to sit eight hours a day in front of a computer trading shares. He wants a simple system that delivers results. His original system, called 'Active Investing', has been available from his website for many years and was successful in the bullish period up to the crash in early 2008. Since then he has developed a short-term system called Active Trading, and it is this style of investing that is the subject of his new book. Basically the system is to identify a strong uptrend and follow it. The book explains this system in detail, also discussing the basics of investing and some of the psychology involved in successful trading. The author openly admits that the system is difficult to implement in downtrending or sideways markets.

The book is divided into the following parts: I A few things you should know; II Active trading; III Breakout trading; IV In conclusion. It also includes appendixes on standard formulae to use in Metastock (a recommended charting package) and a pro forma for trading performance and strategy review.

Part I includes introductory information on share trading, charting, technical analysis, risk management and the anatomy of a trade. This information is fairly basic and would be well known to anyone who has bought and sold a few shares or attended education courses such as those run by AIA. The chapter does, however, set the scene well in the basics of share trading (how to actually buy and sell), charting (candles, trend lines, pennants), the risks involved (2% risk, stop losses,

secular risks, capital maintenance) and the basics of filtering for upward trending stock using Metastock as well as entry and exit strategies.

Part II introduces the Hull trading system known as Active Trading, which was introduced by the author in 2004 through his newsletter and is based on the cliché 'The trend is your friend'. The author identifies uptrends, downtrends and sideways markets. He then introduces the Multiple Moving Average (MMA) concept and how this can be used to identify these trends. This and a Rate of Return (RoR) indicator are combined for use as the trigger to consider buying shares in a company. This is followed by several historical examples taken from previously published data in the author's newsletter.

Part III introduces Breakout Trading, which is a system to identify the end of a sideways trading share and the beginning of a trend. This includes some detailed descriptions of momentum indicators, pennants as determinants of a market point of agreement, and then entry and exit strategies. Again there are numerous examples of breakout trading using data from the author's newsletter.

Part IV is interesting in that it delves into the psychology of investing and discusses fear, confidence, greed, ego and many other factors that influence how individuals make decisions to buy and sell shares. Hull sees experience and networking as good ways to get to know your own strengths and weaknesses. He also gives a warning on the dangers of derivative trading.

I see this book as a good introduction to investing generally and share trading in particular. It is not technical in nature but does cover the mechanics of the system in detail and with plenty of examples. Overall it gives a balanced approach to the positives as well as the risks of share trading. It will be a good source of information for those taking their first steps away from financial advisers and educating themselves about their own money and how to invest it. It is not for anyone with significant experience in share trading or those interested in the details of fundamental or technical analysis.

Malcolm Andrews is a member of the AIA.

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*As at 1st April 2011 based on application price. Rate may vary with fund performance. Note past performance does not guarantee future returns. Returns are dependent on the performance of the fund. The information in this document does not take into account your investment objectives, financial situation or particular needs. Investments in the Aspen Parks Property Fund can only be made using the application form contained in the offer document. You should consider the Offer Document before making any investment decisions in relation to the Fund.



Me and my portfolio

By Rob Garnsworthy



With a reasonable investment background pre-retirement, and having run my own self-managed super fund for eight years, I've been in the investment game for a while now. But I continue to learn and be surprised every day.

With more and more Australians responsible for their own retirement future and an almost culpable lack of investment education by any government, you need discipline to be successful, and a little

luck doesn't go astray either. Personally I break investing down to three basic steps: my objective, the process, and finally measurement.

My objective

For me, the prime consideration is that our super fund can support our lifestyle until we're 95. I have a very specific target of 7.5% per annum; if I hit that target and draw down the minimum allowable (4% in our case), our super should outlast us. I always try to do better, and by and large have, but 7.5% is the aim. I'm somewhat bemused by people who target 10% or 15%, and frequently disappointed by the 'professionals' who seldom go close to 7.5%.

The process

Professional fund managers always told me that 'asset allocation' was the most important thing to get right, and accounted for 90% of performance; only 10% was 'stock selection'. I used to believe that, but now I'm not so sure.

Usually I'm very fully and actively invested in the share market, but I'm always prepared to change the asset allocation if I believe the environment has changed. In July 2008 I went to 100% cash; in July 2011 I was 100% invested. Now I'm about 85% invested in shares, a bit of physical gold, a bit of property and the rest in cash. In turning the portfolio over fairly regularly, I figure I'm helping my broker pay his children's school fees.

I'm not a huge fan of property in an investment portfolio, for two simple reasons: I have more than enough exposure to property via the house we live in, and property is a very illiquid asset if you need to raise cash in a hurry.

Personally, my approach is very much a 'top down, global, macroeconomic' view. I reckon 70% of the considerable time I spend on investments has nothing to do with individual shares. For example, from 2003 to 2008 investing in Australia was all about our miners and their direct link to a booming China. In 2011, with growth faltering in Europe, Japan and the US, China may remain a star but must slow from the heady heights of 10% growth pa. I see this inevitably feeding through to our miners.

As my global view has changed, so has my basic allocation to shares and stock picking. I love our big miners — they're great global companies and they've been very kind to me — but their very direct alignment to world growth, which was driving them for so long, is now holding them back. My personal view is that this low growth will be around for a while, so I haven't owned them for some time. Only now, when they're selling at a discount of 30%+ to their 2011 highs, have I ventured back in.

Similarly, when I look at Australian-focused companies, they clearly have less exposure to global events and have outperformed the internationally focused companies, but they're not immune to slowing growth in Australia. A quick look, over six months, at BHP as a proxy for world growth, Telstra as a proxy for Aussie focus and gold as a proxy for fear, gives a very clear picture as to how the money has flowed. I'm not a technician, but I certainly watch the charts (see to Figure 1) and will run a highly concentrated portfolio if I see a trend. One great advantage of your own SMSF is that you can make such changes. Professional fund managers by and large can't, because they operate (as they should) within defined mandates.

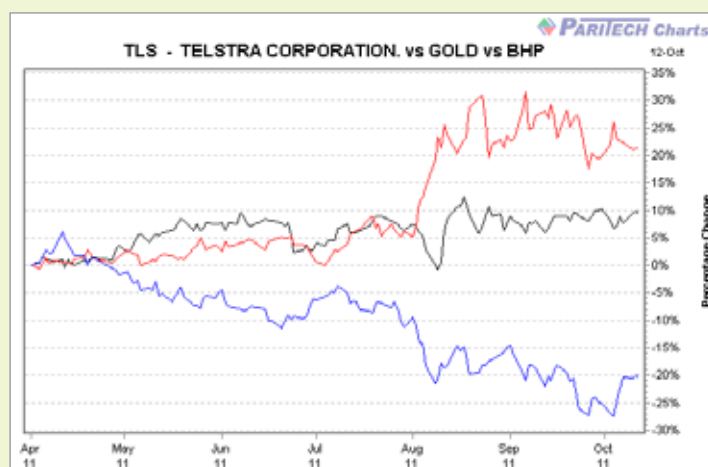


Figure 1

As I write this article my judgment is that, with the All Ords below 4000, value is emerging; stocks are well off their highs, there are great dividends, and I have repositioned quite aggressively. I'm not trying to pick the bottom, and concede we could fall further; I'm just looking for great companies that will look very cheap in a few years. In these very volatile times, when the screens are all red, one of the most difficult things is to push the BUY button — we are just not wired that way. I find it helps if you've taken the time to think through at what price you may be ready to buy back into a falling market. If you happen to time the bottom, terrific, but my objective is to get real value.

In summary, I have developed my own process over the years — with the emphasis on my own. I'm now very comfortable with it, despite the fact that I've made plenty of mistakes; it goes with the territory!

Measurement

It is so easy to become delusional about investing. You simply must measure performance. Otherwise you have no idea whether you're meeting your objectives or adding any real value. As I've said, my target is a very specific return of at least 7.5% per annum. I measure performance against that target on an Excel spreadsheet I developed over the years, which allows me to vary earning rates, inflation, drawdown rates, even life expectancy. If you don't have some sort of spreadsheet to measure what you're doing and how you're going, you really should. They're not that hard.

The second critical measure I have is 'against something' — in my case the All Ordinaries Index. There are other indexes you could use (the median return of super funds etc.), but my clear objective here is to quantify whether I have added value or it is all just an illusion and I would be better off getting somebody else to look after the fund. For others, the reason to measure performance is to have a chat with your financial adviser to see if they have added value at least equal to their fees. I may be obsessive, but I measure performance pretty much every day.

As to pearls in tough times, a NY banker once said to me, 'Son, when you are looking to invest in companies, the reality of cash beats the illusion of profit.' If you follow that rule you will avoid a lot of mistakes, and that is more than half the battle.

Rob Garnsworthy is a member of the AIA.

Calendar of events

Date	Event	Time	Venue	Topic
01-Nov-11	Perth Information Meeting	7.30–9.00pm	Wembley Downs Tennis Club, Cnr Morden & Ednah Street, Wembley Downs	Hybrids
01-Nov-11	South Sydney Information Meeting	7.30–9.30pm	Miranda Community Centre, Wattle Room, 93 Karimbla Rd, Miranda	Equities Discussion Group
02-Nov-11	Brisbane Information Meeting	6.30–9.00pm	Broncos Leagues Club, Fulcher Rd, Red Hill	Seasonal patterns & AGM
02-Nov-11	Toowoomba Information Meeting	10am–12.30pm	Learning Network Qld, 27 Jellicoe Street, Toowoomba	Economic outlook
07-Nov-11	Canberra Information Meeting	7.30–9.30pm	Southern Cross Club, Woden (Check room allocation in foyer)	Equities Discussion Group
11-Nov-11	Sydney One Day Seminar	9am–4.30pm	Tattersalls Club, 181 Elizabeth Street, Sydney	Estate planning - effective strategies to protect your assets
15-Nov-11	Perth Equities Discussion Group	7.30–9.00pm	Wembley Downs Tennis Club, Cnr Morden & Ednah Street, Wembley Downs	Equities Discussion Group
16-Nov-11	Adelaide Information Meeting	6.00–8.00pm	Enterprise House, Room 4, First Floor, 136 Greenhill Road, Unley	Choosing Australian stocks for income and/or growth
16-Nov-11	North Shore Information Meeting	7.00–9.30pm	The Chatswood Club, 11 Help Street, Chatswood	Trading in a downwards market
19-Nov-11	Brisbane One Day Seminar	9am–4.30pm	Bardon Conference Centre, Bardon	Taking control of your super
05-Dec-11	Canberra Information Meeting	7.30–9.30pm	Southern Cross Club, Woden (Check room allocation in foyer)	Equities Discussion Group
06-Dec-11	Melbourne Information Meeting	6.30–9.15pm	Telstra Conference Centre, R1, L1, 242 Exhibition Street, Melbourne	Economist outlook & ASX sector outlook for 2012
06-Dec-11	Perth Christmas BBQ	6.00–9.00pm	Wembley Downs Tennis Club, Cnr Morden & Ednah Street, Wembley Downs	Perth Christmas BBQ
06-Dec-11	South Sydney Information Meeting	7.30–9.30pm	Miranda Community Centre, Wattle Room, 93 Karimbla Rd, Miranda	Equities Discussion Group
07-Dec-11	Brisbane Information Meeting	1.30–3.45pm	Broncos Leagues Club, Fulcher Rd, Red Hill	Collectables in a diversified portfolio & Christmas Drinks
15-Dec-11	Gold Coast Information Meeting	9.30–11.30am	Robina Community Centre, Conference Room, 196 Robina Town Centre Dve, Robina	ASX sectors for the year ahead & Christmas Lunch
01-Feb-12	Brisbane Information Meeting	1.30–3.45pm	Broncos Leagues Club, Fulcher Rd, Red Hill	Economic outlook for 2012
29-Jul-12	AIA National Investors Conference	29 Jul–1 Aug	Surfers Paradise Marriott Resort	National Investors Conference

NB. Topics subject to change.

As AIA events are confirmed details are posted to the AIA website. Check it out for details at www.investors.asn.au.



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