

the Investors' Voice

Newsletter of the Australian Investors Association – *Investors helping investors*

March
2012

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Property as an alternative for cash?

By Mike Anderson



The decreasing interest rate environment has led to many superannuants looking for other options, aside from cash, to maintain their income in retirement. One of the alternatives that is growing in popularity is direct residential property. The shortage of property nationally has led to much higher rental yields. Couple this with some of the government sponsored property incentives and strong income returns are achieved. What this means in absolute terms is a net income return within a SMSF of 6% along with good potential for capital growth.

One such opportunity that has been utilised by many investors has been the National Rental Affordability Scheme – NRAS. This Federal Government initiative provides a refundable tax offset for 10 years with the purchase of a rental

property – it currently stands at \$9,524 pa.

The Silverhall research methodology strives to identify imbalances between supply and demand to provide clients with capital growth. If 5% growth is achieved on a property returning the above income yield the investment is into double digit returns.

As income is the key focus for this investment, it is the security of the income and the annual increases in it that make it most appealing.

The income is a combination of rental returns and government incentive. Whilst the market rent has to be discounted to meet the NRAS requirements, the discount also reduces most of the vacancy risk - particularly as the scheme is only producing 50,000 homes and there are over 1,500,000 eligible households to rent them. The government grant is indexed each year according to the rental component of CPI. Since 2009 the incentive has increased from \$8000 to \$9524 – approx 5% pa.

Income yield of investing \$400,000 into a single NRAS dwelling *

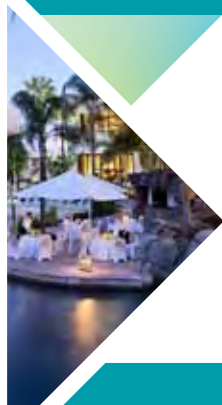
| | Outside of Super | SMSF | SMSF Pension Phase |
|--------------------|------------------|-------|--------------------|
| Pre-Tax Equivalent | 11.18% | 7.06% | 6.02% |
| After Tax | 5.98% | 6% | 6.02% |

*Figures above account for all property expenses inclusive of rates, maintenance, insurances, duties and property management.

Continued on page 2

INVESTING STRATEGIES FOR ALL MARKETS

AIA National Investors Conference 29 Jul – 1 Aug 2012
Surfers Paradise Marriott Resort 158 Ferny Avenue, Surfers Paradise



→ **Featuring multiple streams:** ASX sectors, Investment structures, Research strategies, Share strategies, SMSFs, Strategies for the experienced and Workshops for the intermediate.

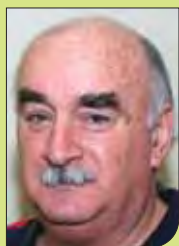
→ **Confirmed speakers include:** Chris Caton, Jonathan Pain, Chris Tate, Marcus Padley, Roger Montgomery, Alan Hull and investor savvy AIA members – Bill Dodd, Robert Vagg and Lee Spano.

→ **Early bird member rate of \$725 expires 31 May 2012.** Partner rate \$675. Lunches, refreshments, happy hour coupons, satchel with speakers' papers, networking opportunities. Features an optional one day seminar on An Introduction to Investing in the Share Market from 9 to 4pm on Sunday, 29 July. Great for all who are starting out or would like a refresher.

Further details are posted to the AIA website www.investors.asn.au

President's message

By Bill Shirley



Hi, I'm Bill Shirley the new President for 2012. I would like to thank my fellow board members for electing me to this position. I will endeavour to do the best I can in this complex volunteer role.

I thought I should give you all a brief overview of who I am and what I have achieved. I have led a quite conventional life, married, three children (all professionals, none at home), thus

my wife and I, by today's standards, are empty nesters apart from the two beagles.

Workwise I retired from paid work about 11 years ago. During my professional career I worked in Melbourne, London, Sydney and Canberra. My last role was based in Canberra running the Government Division of a large multi-national computer company.

My first exposure to investment was in equities in 1962 when we were fascinated by the chalkies and the chalkboard of the Melbourne Stock Exchange. This little foray into the market financed my trip to Europe. I then moved on to more conservative investments as we had children to educate so we settled for State and Telecom bonds and in the early eighties moved into banks and industrials as research showed that my superannuation scheme would not cover totally our future retirement needs. Some of the original components we still own today. Bitter experience was gained in 1987 and it took approximately 4 to 5 years to recover to pre crash holdings. Today we have direct investments in property, equities and capital protected interest based investments.

Now in to some AIA matters –

The Forum – please give the service a try as it's a bit like a lottery ticket – you can't get any knowledge benefits if you don't give it a go.

Webinar – In the near future we will schedule a new delivery technology, the webinar. We are currently running some pilot test runs which we are very excited about and once these are bedded down we will have more information on our website.

Conference 2012 – Investing Strategies for all Markets.

It's early days yet as we are still finalising speaker details and such, but the date to remember are 29th July 2012 to 1st August 2012. On the first day (Sunday) there will be an investor's workshop, with the main conference commencing late that afternoon and finishing middle of the afternoon on Wednesday, more details will be on our website shortly.

To all our hardworking nationwide volunteers – I would like to say a great thanks to all those people who have worked tirelessly during 2011, helping the AIA deliver to our members the various education and information services around their States.

The new AIA website is now up and running and I believe all members should find the information that is now accessible, beneficial to your investment activities and personal needs. The Board sincerely thanks all those who have assisted in achieving this new launch over the busy New Year period.

National Office – It is with regret that I have to announce the resignation of our Executive Officer, Silvana Eccles after over thirteen years of valuable service with the Association in all facets of our operation – we wish her the best in her new chosen endeavour.

The Market – In closing I hope from an investment point of view, the markets perform at an improved level than in 2011, so wish you all good luck for 2012.

Property as an alternative for cash? ...from page 1

NRAS has been used as a marketing push for many developers and as such the net returns have not been particularly attractive. This is due to the high supply of available properties in the area and, as a consequence, low market rents. Silverhall only looks at NRAS properties where the underlying market fundamentals are strong.

An example of such an area is Townsville which has been called the sturdiest regional economy in the country by several economists largely on the basis of its growing diversified employment. Of the 13 primary employment sectors in Townsville, no single sector dominates with more than 10% of the market. Hence if there is a fall one of the sectors ie mining, the region is not solely reliant and as such will be more resilient.

The icing on the cake at present in Townsville is the Queensland government's builders boost of \$10,000. This can cover the stamp duty and legal expenses and still leave \$5,000 surplus which boosts the first years income substantially.

Whilst the doomsayers have been predicting a fall in property values since 2008 we would hope to mitigate any fall by operating in a fundamentally strong market and also at the lower end of a strong market. The protection of a possible fall is the longevity of the income yield both through the rental of the property and the ten years of government indexed support.

For more information on the NRAS model please visit the Silverhall website www.silverhall.com.au where a free eBook can be downloaded on the subject.

AIA web book reviews

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

- | | |
|---------------|---|
| Title: | Bulls, bears and a croupier |
| Author: | Matthew Kidman |
| Publisher: | John Wiley & Sons, Brisbane, Australia, 2011 |
| ISBN: | 9780 7303 77559 |
| RRP: | \$34.95 |
| Reviewer: | Peter Klanberck |
| Title: | Clauses made simple, 3rd edition |
| Author: | Robert Balanda |
| Publisher: | Robert Balanda, West Burleigh, 2011 |
| ISBN: | 9780 6465 51692 |
| RRP: | \$97.95 |
| Reviewer: | John Matthews |
| Title: | How to invest in property through your self managed super fund |
| Author: | Martin Murden |
| Publisher: | Major Street Publishing, Melbourne, Australia, 2011 |
| ISBN: | 9780 9870 84903 |
| RRP: | \$29.95 |
| Reviewer: | Michael O'Brien |
| Title: | Super freedom |
| Author: | Trish Power |
| Publisher: | Wrightbooks, Brisbane, Australia, 2011 |
| ISBN: | 9781 7424 69713 |
| RRP: | \$32.95 |
| Reviewer: | Patricia Clifton |
| Title: | Top stocks 2012 |
| Author: | Martin Roth |
| Publisher: | Wrightbooks, Brisbane, Australia, 2011 |
| ISBN: | 9780 7303 77276 |
| RRP: | \$32.95 |
| Reviewer: | Tony Reardon |
| Title: | Wiley trading guide: volume II |
| Author: | Various |
| Publisher: | John Wiley & Sons, Brisbane, Australia, 2011 |
| ISBN: | 9780 7303 76873 |
| RRP: | \$59.95 |
| Reviewer: | Gordon Wilson |

Price/Earnings ratios as value indicators

By Robert Vagg



A price/earnings ratio (P/E) is commonly considered to be one of the most useful indicators of share market value. A ratio below that of the overall market is often proposed as indicating fundamental value in a company's share price. Similarly, an overall market P/E lower than its historical long-term average is thought to signal that market undervaluation exists. In each case it is assumed that this temporary mispricing eventually will be corrected by an upward movement in price. This very simple method of relative valuation is not always valid, however.

There are a number of important determinants that can justify a share market P/E ratio being well away from an average. One is that the published ratio necessarily is calculated using an out-dated value for earnings, whereas market prices are based on perceptions of future earnings and earnings growth. This means that over time an individual company's P/E ratio will vary as its product moves through its relevant industry life cycle. Early demand for a new product in a market that is just being established will result in high earnings growth, with associated high share capital growth and a consequent high P/E. Once demand for the product levels off, or an improved competitive product arises, earnings growth wanes and a lower than average P/E then is justified. Both situations could represent fair value for the stock at that time. Changes in demand for home colour film would be a topical example of how a product's life cycle can change earnings growth and hence the associated P/E value. More often than not a P/E lower than the market average simply indicates a lack of long-term growth potential or anticipated earnings reductions. It need not indicate the presence of either fundamental value or market mispricing.

The current low P/E of around 12 for the Australian share market compared with its long-term average has been often referred to as indicating undervaluation. This generally has been ascribed to investor pessimism emanating from the debt crisis in Europe. Indeed, the AIA's January Investor Sentiment Survey confirmed this perception, although many respondents indicated a keenness to enter the market once that situation begins to improve.

Some media commentators have warned that this relatively low P/E should not be interpreted as indicating a safe time to hold equities, since the market at times has displayed significantly lower P/E values, particularly during the mid-1970s and 1980s. There is, however, a major difference in the economic circumstances existing then compared with today. Unlike now, that previous period was one of high inflation and record high interest rates. The latter can have a major influence on share market pricing, for several reasons.

The share market, through its earnings and dividend yields, competes with other financial markets (cash, fixed-income, bonds) as a source of income for an investor. Like the bond market, an increase in the cash rate would require a fall in share market prices in order to produce the higher yields that are able to match the increased cash yields. As a result, in a high interest rate environment, share market fair value then would require a P/E below its long-term average. In contrast, during a period of low interest rates, share market fair value would be represented by a P/E above its long-term average.

This effect may be witnessed in historical P/E values. Movements in the P/E ratios of the Australian and US share markets between January 1974 and January 2012 are displayed in Figure 1. During the high interest rate period leading up to the 1990s the low ratios for the two markets closely tracked one another, averaging near 10 during this time. From the mid-1990s onwards the values for the Australian market average a little over 16, consistent with the relatively low interest rates throughout this more recent period. In comparison, the additional contribution of 'irrational exuberance' to US stock prices from the mid-1990s is obvious in their very high P/E ratios, averaging 26 during this latter period. The two markets returned to follow an almost identical path during 2010, but the Australian P/E has moved to now be more than 20% lower than that of the US.



Figure 1: P/E ratios for the Australian and US share markets

This negative correlation between movements in interest rate and P/E might be better understood if an alternative form of P/E is used. Rather than use the ratio of price/earnings, the corresponding earnings yield may be expressed as the inverse ratio of earnings/price (ie E/P). This parameter should demonstrate a more direct comparison with interest rate variations.

In Figure 2, both earnings and dividend yields are displayed for the two markets over the same 1974-2012 period. In parallel with the prevailing cash rates, the earnings yield for the Australian market is seen to gradually decline from values of around 15% in 1980 to stabilise around 5-6% by the mid-1990s. The US market followed a similar track during this period, although the following 'dot.com boom' saw these yields continue to fall (P/Es to increase) until 2002. Continuous US interest rate increases between 2002 and 2007, a contributor to the 'sub-prime crash', are mirrored in the increasing earnings yields for that market from around 2% to 6% over those years. The upward spike in Australian earnings yields in late 2008 is due to decreased share prices caused by the GFC rather than any meaningful increase in company profits. The opposite pattern for the S&P 500 resulted from major decreases in US company earnings in that year.



Figure 2: Market earnings and dividend yields

Values shown for the dividend yields available from the two markets also are of interest. Australian dividend yields (currently 4.8% plus franking credits) are well above those of the US market (2.0%). This has been so since the late 1980s, when dividend imputation and taxing of capital gains were introduced in Australia. Prior to that, bonus share issues were a common alternative to dividends.

In summary, the Australian market's historically low P/E and high earnings yield entering 2012 are each indicative of a market considerably below fair value. If the anomaly caused by the GFC in late 2008 can be disregarded, Figures 1 and 2 show that these current values have not been seen for more than two decades. The September 2011 end-of-month P/E of 11.3 and earnings yield value of 8.9% were last witnessed in June 1989, when the competing 90-day term deposit rate was 18.3% (currently 4.4%).

Comparisons with the low P/E environment of the mid-1970s to mid 1980s therefore would appear to have little justification. Any further prolonged deterioration in this market indicator would require either a significant decrease in Australian company earnings or a major increase in interest rates. Neither would seem to be likely in the foreseeable future.

Robert Vagg is a member of the AIA (email: rsvagg@gmail.com).

Finding value in volatile times

By Roger Montgomery



Today I would like to talk to you about something simple. You can do it well and it will improve your returns over the long-term. It will also reduce the amount of anxiety you endure when market volatility makes bungy jumping look serene.

In this article you will discover how I uncover investment opportunities in a variety of market conditions and how I quickly evaluate companies worthy of further effort. Finally, I ask: Is anything cheap right now?

Firstly, a framework; at The Montgomery [Private] Fund we think of the market not as a venue for betting on 'stocks', but as a venue that enables us to purchase pieces of attractive businesses. Thinking about businesses rather than stocks, is the first step to turning your back on speculating and becoming an investor. Further, we focus on value rather than price. At Montgomery Investment Management we use Skaffold to help us do this. Its benefits are significant and obvious once you make it your daily habit.

Importantly, it is only when all the conditions I'm about to outline are met that we buy and only for as long as all the conditions continue to be met do we continue to hold.

First, we define quality using many ratios. They include debt, capital expenditure, cash flow and return on equity but perhaps unconventionally, Skaffold also measures the rate of change of these to produce a quality score from A1 to C5 and they are available with up to ten years of history for every listed company. They are also automatically updated daily without any human intervention so you can be sure of consistency across companies and across time.

Our investment universe is those companies that receive a score of A1, A2, A3, B1 or B2. Any company that receives a score of A4, B4 or C remain outside our investment universe.

Warren Buffett speaks of the importance of a company with a 'demonstrated track record', so we like to see a solid history of performance. Skaffold's history of Quality and Performance for ARB in Figure 1 demonstrates what we are looking for whereas Lend Lease in Figure 2 does not. How do you check that the companies in your portfolio have a demonstrated track record of quality and performance?

We also look for companies with little or no debt. Quite simply, that is our preferred stand on the subject of borrowings – unless a company is in a rapid growth phase, in which case we look at cash flow given changing revenue and profit margin scenarios.

We also look for companies whose profits are cash-based and not the result of an accounting trickery. Last year Billabong

Figure1 ARB (ASX: ARP) Skaffold Quality Scores 2002-11*



*International Patents Pending

Figure 2 Lend Lease (ASX: LLC) Skaffold Quality Scores 2002-11*



*International Patents Pending

reported net profit of \$119 million however its cash flow from operations was a mere \$24 million! Despite this unhappy occurrence, dividends of \$78 million were still paid and capital expenditure and investments of \$266 million were made! Think about that for a minute.

We also look for high rates of return on equity (ROE). While we have become conversant in many esoteric aspects of ROE, even with a foundation understanding, you can produce a superior selection of companies towards which your research efforts should be directed. ROE measures the rate of return on the equity contributed by the owners of the business. I confess to a 'special' way of calculating it that makes Skaffold able to identify companies earlier.

Finally, we are interested in businesses whose intrinsic values are expected to rise at a good clip. Figure 3, shows Myer's (ASX:MYR) share price since listing, plotted against Skaffold's intrinsic value estimates since it listed and for the next three years (based on two scenarios occurring). While Myer's intrinsic value is rising the rate of gain is only 6% per annum.

Benjamin Graham was right when he said; 'in the short run the stock market is a voting machine...but in the long run the stock market is a weighing machine'. I believe that short-term share prices are governed by popularity, which is unpredictable. In the long-term however share prices tend to track intrinsic values – provided of course you have a clever way to estimate them. Figure 4 reveals Scaffold's intrinsic value and price chart for ARB – the world's biggest manufacturer of after-market bull bars. You will notice that in addition to the fact that ARB's intrinsic value estimate is rising at about 12% per annum, there has been over the last decade a very close relationship between price and value, demonstrating that Benjamin Graham was indeed right and prices tend to follow intrinsic values.

Once the company meets the quality criteria, I buy businesses that are trading at substantial discounts to their current value. In essence I am looking for the share price to be well below the Scaffold intrinsic value lines (ARB is not) and for those values to be rising at a good clip (ARB is). This approach is the same as predicting share prices - but provided the intrinsic value keeps rising and the company remains a high quality company, Ben Graham should generally be proved correct and price should follow value in the long run.

Look for businesses that meet all of the above criteria. You can do this manually with spreadsheets and read a decade of annual reports for 2000 listed companies, or you can use the same Scaffold service that we use.

So here's a list of companies that I believe are worthy of investigation of the competitive advantages that drive their returns on equity and of their prospects for increases in their intrinsic value. The companies are Silver Lake Resources, Seymour Whyte, Maca Limited, Norfolk Group, GR Engineering, Flight Centre, Credit Corp, Breville Group and Think Smart. If I narrow the field a little differently including expected growth in earnings per share, there are just two out of the universe of 2000-odd companies, that are close to being described as possible 'value' (Figure 5).

And so I leave you with the seed of value investing which I hope will germinate and help you generate superior long-term returns.

Figure 3 Myer (ASX: MYR) Intrinsic Value and Price

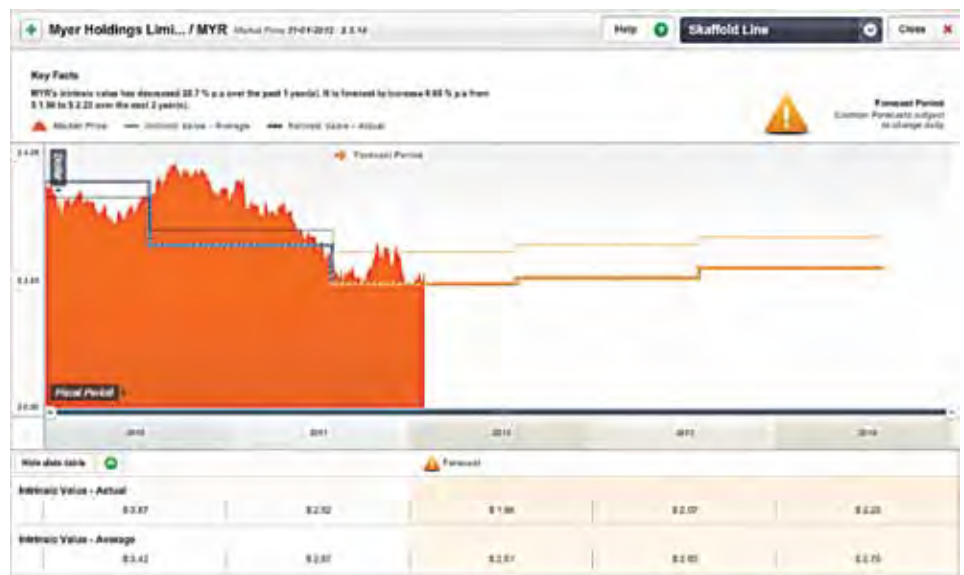


Figure 4 ARB Corp. (ASX: ARP) Intrinsic Value and Price



Figure 5 Results of a search of 200 companies for Growth and Value

[illegible]

Roger Montgomery is the founder of Montgomery Investment Management www.montinvest.com and the Chief Innovation Officer (CIO) at Skaffold (www.skaffold.com). The Montgomery [Private] Fund may own some or all of the companies mentioned in this article. Be sure to seek and take personal professional advice before dealing in the securities of any companies mentioned in this article.

Family superannuation funds

By Ken Raiss

There are over 450,000 self-managed superannuation funds (SMSF) funds operating in Australia holding approximately \$400 billion or 31% of the total superannuation pool. The majority of these funds have been established to enable members of the fund to control the investment of their superannuation monies. Although control is a powerful driver, this single focus often limits the strategic possibilities of the fund.

SMSF, when designed and used properly can allow the aggregation and investment of a family's superannuation benefits as well as providing a pool of monies and assets to look after family members including children and grandchildren at the time of an accident, sickness, permanent disability, death, pre-retirement and retirement.

There are a wide range of SMSF trustee – from those that want to do everything themselves (the DIYers), the SMSFers and those who wish to build their fund into a multi-generational vehicle. Let's have a look at each of these types of four member superannuation funds:

1. DIY superfund

This is a super fund where there is a strong hands-on 'I'll do it all' focus by the trustees of the fund. The trustee generally prepares the accounts and the management of the investments is undertaken by the trustee. The trustees may use an accountant to compile the tax return and must have an independent audit under the SIS Act 1993. Unless the trustee only holds limited or simple investments, including property there is a lot of work that must be done by the trustee.

These funds rarely use reserves, multi-generational reversionary pensions or other SMSF strategies. This may result in the family of those running a DIY super fund lost benefits or additional tax.

2. Self managed super fund

This is the next level above the DIY superannuation fund and one that the majority of SMSFers run. Again the focus is on investments but the trustee of a SMSF generally has the advantage of tax and superannuation advice from their accountants and financial planners. Strategy in a SMSF may be around pensions, estate planning and maybe some insurance and taxation strategies. The strategic input will depend on the SMSF skills of the advising professional or accountant and the willingness of the trustee to learn and enquire what is possible within their fund. Again, higher level/more complex strategies are overlooked.

3. Family superannuation fund

A family superannuation fund is the same basic structure as a DIY super fund and a SMSF but the key focus is on the family and improved functionality to allow the trustees to avail themselves of all possible superannuation strategies. This means it will include many more provisions and clauses to allow the trustee to implement various strategies which the simpler superfunds are not designed for.

To illustrate some of the differences between a family superannuation fund and a standard SMSF. The examples below identify some strategies that can be adopted:

- An adult child member in the fund has an accident and spends six months off work. The trustees of the family superannuation fund can begin to pay out salary continuance benefits to the incapacitated member to ensure that their salary and wages are kept to a level they were before the accident as the fund holds the relevant insurance policies.
- The retiree members of the fund – aged over 60 use some of their superannuation benefits to fund a deposit on a property that is acquired with a loan from a bank. Younger members of the fund, can pay off the loan or interest with on-going salary sacrifice contributions made by their employer. If the property is ultimately sold any capital gain is split between the family members relevant to their members balance. While it is being rented the pre-retirement members are reducing their tax liabilities on contributions to fund any negative gearing. Any other properties (purchased earlier) producing a positive income flow can go to those in pension stage at zero tax.

- Mum is the sole remaining parent member of the fund and has been diagnosed with dementia. The adult child members are in the fund guiding her superannuation benefits towards the best in health and psychological care for their mother. Therefore the family is maximising the benefits between members who pay tax and those on nil tax.

An enduring family superannuation fund builds on the above and then takes it to another level by creating the ability for intergenerational wealth transfer within the fund retaining part of the family wealth within the super fund for future generations.

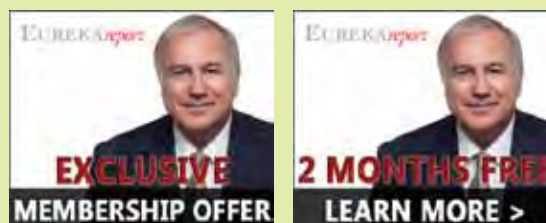
Other benefits that can be achieved using a family superannuation fund include:

- proportional voting to ensure each member is fully protected;
- retention of funds in the fund after a member's death;
- improved ability to safely use a Binding Death Nomination;
- use of a superannuation will;
- more streamlined and effective strategies for borrowings, particularly for the purchase of a negatively geared property;
- anti-detriment deductions which effectively create the situation to deduce or eliminate the taxation on superannuation contributions;
- auto-reversionary pensions which can ensure that after a member's death that any pension entitlements continue without triggering unnecessary taxes in the fund; and
- improved ability to define dependency status to ensure tax effective distributions from the fund.

Ken Raiss is a director of Chan & Naylor.

Bulletin board

Eureka Report exclusive AIA membership offer



As part of an exclusive partnership with the *Eureka Report*, we are delighted to offer AIA members two months free when you subscribe to the *Eureka Report*. The RRP is \$462 but you will pay only \$385, saving over \$75. To take up this special offer please call customer service on 1800 458 656 and quote your AIA member code.

AIA Website

Have you visited the new website recently? There is a whole new Education Section which contains over 100 pages of information on all asset classes as well as other topics like superannuation, portfolio management and estate planning. There is also a whole section devoted to Investment Basics, so if you are a new member, just beginning to invest, or want to brush up on some basics, this is the place to start.

Forum

Likewise, have you visited the forum recently? There has been some lively discussion on economic and financial matters as well as recent happenings in the AIA.

Pension relief

The Government has announced that the 25% reduction in the minimum pension amounts will continue not just for 2011-12 but for 2012-13 also. This is good news for many pensioners, 25% less withdrawn, but keeping the 100% tax exemption.

The Chermshire Share Discussion Group

By Joanne Stuhmcke



The Chermshire Share Discussion Group has been meeting for well over a year now and membership has grown to an email list of approximately 40 with 15 – 20 attendees each month.

The group was set up to help support new investors who had participated in Bill Dodd's Sharemarket Investing Course and were perhaps wondering what their next step might be. The group is a mixture of technical and fundamental investors with a range of years of experience, including some new ones. The format of the meetings is focused on very practical share investing topics as the discussion group was intended to be very interactive with all participants being involved and encouraged to voice opinions.

At each monthly meeting the group usually covers three different topics:

- Overall market analysis
- Specific stock analysis
- Specific share investing topic

Market analysis

Each month the group looks at charts of the major indices. To date our analysis has been a little unstructured and during 2012 we intend to improve the quality of our analysis and the way we approach this topic.

Stock analysis

The group analyses three different stocks each month. These are usually found

by technical and fundamental scans about two weeks before the meeting and all members are advised by email. Individuals then do their own research and come to the meetings with their laptops or printed research which they share with the group. The stocks are analysed from both a fundamental and a technical perspective. The idea is that all participants participating in the sharing process will learn from a structured approach to analysis.

- Individuals who aren't experienced learn more about fundamental ratios, researching a company or about patterns, candlestick analysis or interpreting indicator signals.
- Experienced fundamental investors are exposed to a technical point of view – this often leads to robust debates!
- Experienced technical investors learn how to consider the fundamentals of a company.

Share investing topics

Each month the group looks at one share investing topic in detail. The topic is agreed in advance and a brief presentation might be prepared by the facilitator or group member. The session is usually pretty free flowing with input from all. Topics that were covered in 2011 included: use of stop losses, candlestick analysis, understanding & applying fundamental ratios, broker platforms and investing strategies. The great part about this type of session is that everyone gets to hear other people's experiences and we can explore what strategies have worked,

what haven't and how people might approach things differently now.

Where to in 2012?

One of the key outcomes from 2011 was the importance of a robust investing plan that everyone is committed to. Throughout the year, the group found themselves trying to make theoretical buy and sell decisions for a notional portfolio based on a set of investing rules that were loosely agreed when the group commenced in an attempt at establishing some structure. The group has found that the investing plan wasn't precise enough and decisions made were not adequately documented. Decision making, already difficult in a large group, was made even more difficult through lack of focus on the rules. The last two sessions of 2011 were workshops to develop a new theoretical investment plan with input from all group members. We documented what criteria we had been using throughout the year to frame our decisions. We will paper trade our plan in 2012 and document our decisions, thereby hopefully learning more about investing in the share market.

Joanne Stuhmcke is the Education Officer and a member of the AIA.

THE SHAREMARKET INVESTMENT COURSE DVD SET

Developed by the AIA this course will show you how to:

- ▶ Select, buy & sell shares
- ▶ Prepare an investment plan
- ▶ Keep records
- ▶ Understand phases of the market
- ▶ Use fundamental & technical analysis
- ▶ Use "Incredible Charts" online software
- ▶ Develop your own share investing plan



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China – 2012 outlook for Australian investors

By Lee M Spano



The outlook for China in 2012 is an important consideration for Australian investors particularly in relation to the mining sector. We will examine this outlook at both the fundamental and technical levels and identify specific factors to assist investors in their analysis of the main issues.

International macroeconomic factors

The key factors macroeconomic factors in relation to China's position are:

- 1. Gross domestic product (GDP).** GDP in China was reported in January 2012 as 8.9%, which accords with the IMF estimate of 9% for 2012. This is less than prior years' growth which was 14.2% in 2007, 9.6% in 2008, 9.2% in 2009, 10.3% in 2010 and 9.5% in 2011 (DFAT, Dec 2011). However, since 2008 the trend has been sideways, but these are still high numbers by world standards.
- 2. Balance of trade.** The balance of trade figures for China also show a consistent level with a January 2010 surplus of \$US14.17 billion, \$US13.1b in January 2011 and \$US16.52b in January 2012 (Tradingeconomies.com, Jan 2012). The median monthly figures have seasonal variations but from January 2010 to January 2012 the average is \$15.52b. These are very healthy numbers and there is no evidence the current levels will not continue.

Domestic factors

Domestic economic factors are also crucial to understanding the outlook for China in 2012, these include:

- 1. Manufacturing rates.** The HSBC China Purchasing Managers' Index (PMI) provides a view of activity in the manufacturing sector and de facto the whole Chinese economy. The PMI indicator ranges from 40 to 60 with numbers above 50 reflecting increasing rates of growth and numbers below 50 indicate an increasing rate of contraction. According to the most recent report (Markit, Nov 2011), the October 2011 PMI was 51.0, which was up from 49.9 in September and thus shows a likelihood of continuing increasing growth rates. The last time there was a significant dip below 50 was in late 2008 where the PMI reached around 42. More recently the PMI has largely been above 50 with some resistance around 55. This accords with the period 2004 to 2008, where the PMI consistently ranged between 50 and 55.
- 2. Domestic consumption.** The National Bureau of Statistics of China (NBSC) reported in November 2011 that retail sales reached 1,612.9 billion Yuan, which was up 17.3% for the year. The monthly growth rate for November was 1.27% which was at the lower end of the monthly range of 1.25% to 1.41% for 2011 with a median monthly rate of 1.31%. This evidence suggests steady monthly retail consumption rates and the likelihood of continued growing annual rates.
- 3. Inflation.** In January 2012 the NBSC reported annual inflation rate in 2011 was 5.4%, which compares with annual rates of 1.5% in 2006, 4.8% in 2007, 5.9% in 2008, -0.7% in 2009 and 3.3% in 2010 (DFAT Dec 2011). The current rate therefore suggests an increasing inflation rate since the low in 2009.
- 4. Interest rates and central monetary policy.** The People's Bank of China (PBC) raised the one year benchmark loan rate to 6.56% in July 2011. This followed a steady trend of increasing rates since 2009 which correlates with rising inflation. From 1996 to 2010 the average rate was 6.49%, reaching a height of 10.98% in June 1996 (Tradingeconomies.com). More recently it peaked at 7.5%

in January 2008. Governor Zhou Xiaochuan of the PBC in a recent report (Dec. 2011) stated: '...in 2012 the PBC should adhere to the principle of "making progress while maintaining stability" and this included the task of "expand[ing] domestic demand". Whether authorities ease monetary policy will be a key issue in 2012. This will depend on the continuation of inflation and economic growth rates, although the data suggests a possible ceiling interest rate of 7.5%.

- 5. Housing data.** There is evidence to suggest a property bubble in China as the Residence category in the December 2011 inflation figures increased by 2.1%, including Rent which increased by 2.9%. Sales prices for new residential buildings in November 2011 declined in 49 of the 70 cities surveyed, and in 16 cities they remained at the same level (NBSC Dec 2011). Similarly second-hand residential buildings prices fell in 51 cities and stayed the same in 12 cities. This recent evidence of declining prices shows a cooling from previous record growth rates.

Key indices

The Shanghai Composite Index daily chart over the last two to three years shows the index in a clear downtrend with consistent lower highs and lower lows occurring after a November 2010 peak. Since June 2011, price has been below the 200 day simple moving average (SMA). The Hang Seng 33 Index (top 33 shares listed in Hong Kong) is also in a clear downtrend with a November 2010 peak and price below the SMA since June 2011.

The Australian S&P200 peaked in November 2007, found a bottom in March 2009 and has been essentially sideways since July 2009. There is clear resistance around 5,000 points and since June 2011, it has been below the SMA.

Australian shares therefore do not clearly correlate with Chinese indices. Our equity markets are still more influenced by the US and EU markets and other markets, such as commodity prices for the resources sector which greatly weights our main indices. Chinese equities have no doubt been influenced by recent Chinese government policy, particularly steadily rising interest rates since 2009.

Conclusions

International macroeconomic factors show sideways trends since the GFC with some significant monthly fluctuations. Domestic factors are mixed with continued longer term growth in manufacturing and domestic consumption coupled with the problem of rising inflation, interest rates and the worry of a property bubble. Chinese financial markets have been in a steady downtrend since June 2011 whilst Australian shares have been in a sideways range during this time.

For Australian investors it is important to independently analyse longer term Chinese data and trends beyond isolated data often reported in the media. The factors identified in this article will be useful in this regard. In addition, this analysis needs to be seen in the context of broader issues, such as the continued sovereign debt uncertainties in both the EU and the US, the formation of the new 18th Chinese National Congress in the second half of 2012 and East/West relations given the recent appointment of Kim Jong Un in North Korea. The most probable result is a continued sideways trend of Australian equities in 2012, given this mixed data and these broader uncertainties.

Lee M. Spano is a Private Investor and Trader and a member of the Australian Investors Association (AIA).

Exchange traded funds – what can self directed investors learn from institutional investors?

By Tim Bradbury

The use of Exchange Traded Funds (ETFs) continues to accelerate in the Australian financial services industry – following the impressive global trends. The early adopters of these tools have clearly fallen into 2 main camps – self-directed investors and independent financial advisers. Institutional investors, while slow to adopt ETFs in Australia, do however provide some investment learnings and food for thought. The financial market woes of the last 5 years have only served to highlight the benefits of ETFs and accelerate their adoption around the world.

Last year in the *Investors' Voice*, ETFs were covered in an article titled 'Facts and fictions of ETFs'. This article goes further and suggests ideas for self-directed investors to improve their portfolios using ETFs and some key learnings from expert institutional investors.

Asset allocation

Asset allocation for an investment strategy aims to balance risk and return by apportioning a portfolio's assets according to an individual's goals, overall risk tolerance and investment horizon. In essence it seeks to blend assets which will behave differently ('non-correlated') through time and have different levels of risk and reward. The 3 main investment asset classes are equities (Australian and international), fixed-income/ bonds, and cash and equivalents) and each should behave in a complementary and additive manner over time. This aims to avoid being over-invested in one share, sector or asset class which can deliver volatile returns as we have seen in equities in the last 7 years.

Whilst self-directed investors don't consider asset allocation to the same depth and degree as institutional investors, there is often a need to entertain better diversification and combination of assets into their investment decisions.

Diversification and risk management

A key application of asset allocation is the intention to 'anchor' portfolio – largely through diversification. The aim here is to minimise risk without compromising excessive return. For example having a single stock for one's portfolios is a high risk and potentially high return strategy which could lead to serious reduction in capital at certain stages. The same can be said of investing in a single asset class such as shares.

A portfolio of a small number of shares could be further improved through the inclusion of different shares and other asset classes. ETFs are a perfect vehicle to do this. To assist this theory, the growing selection of ETFs on the ASX enables superior choice and ability to implement asset allocation strategies in a simple cost effective manner. The ASX now offers more than 50 ETFs covering Australian shares, International shares, commodities, currencies, listed property and soon fixed income/ bonds (expect in early 2012).

The ASX provides an excellent page site with information about ETFs. <http://www.asx.com.au/products/etfs-and-etcs-industry-information-tools.htm>

Using diversified asset allocation as a starting point provides an investor the ability if desired to blend a combination of active (stock picking) and passive (index) strategies if this is their investment strategy. However the decision to pick investments actively (via shares of managed funds) has several critical portfolio implications:

1. The overall cost could increase through fees and taxes (critical in the end result of investment return), and
2. Assumes the investor is sufficiently informed to make an active bet or find a manager who they believe can. Many institutional investors cleverly seek to use a combination of active and passive investment strategies and tools to better manage risk, return and cost in their client portfolios.
3. The realities of modern day investing are that unless an investor can beat the market, they should consider holding the overall market!

Active portfolio management using ETFs

For investors wishing to see additional reward by selecting single stocks and managers seeking to pick single stocks/alpha through TAA, ETFs provide an access trade – a way to get the good ideas into the portfolio easily. Taking active bets in a portfolio, in say, resources or financials, investors can now execute these ideas either by buying single stocks – or via ETFs

<http://www.asx.com.au/products/sector-etfs.htm>

For investors keen to gain deeper insights on using ETFs to their advantage, I recommend the following reading – 'The ETF Strategist – Balancing Risk and Reward for Superior Returns' – Russ Koesterich.

Where can self-directed investors improve?

1. Consider improved diversification both within an asset class and across asset classes – not too heavily concentrated in Australian shares or a single sector such as banks.
2. Blend passive strategies which anchor their portfolio with active decisions
3. Understand that picking stocks to beat the overall market return is very difficult and that the return of their portfolio over the long term will be more dependent on which asset class they choose to invest in – rather than which stock(s) they buy.
4. Be more aware of the explicit and implicit costs of investing as these will impact the final \$\$\$ return.

Case study

Tom and Mary who have their own SMSF. They have \$450,000 in their fund (the average balance for SMSFs). They are not totally reliant on super to live as they have assets outside of this in an investment property. They like bank shares for the high dividends and franking credits and these shares dominate their portfolio across 2 banks. Based on the above it may make sense for them to consider the following:

- Some broad Australian equities exposure via an ETF to diversify away from bank shares
- Some sector ETFs to provide exposure outside of banking
- Other asset classes via fixed income ETFs. Note that generally fixed income investments will perform in times when equities lag.
- High yield ETF to generate income for living and consumption expenses when retired.

Tim Bradbury is the Principal of ETF Consulting (www.etfconsulting.wcom.au). Tim has more than 20 years' experience in financial services across a range of businesses spanning asset management, financial advice, investment banking and financial markets. In his 11 years with Barclays, he co-launched and managed the iShares ETF business in Australia and worked on numerous exchange traded projects.

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Book review

Title: Shopping for shares

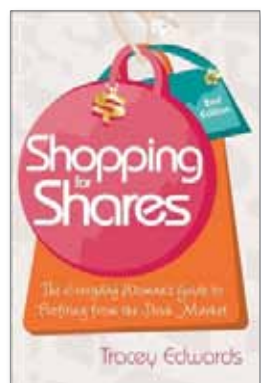
Author: Tracey Edwards

Publisher: Wrightbooks,
Australia, 2011

ISBN: 1740 3115 58

RRP: \$24.95

Reviewer: Clare Mullen



Shopping for shares: The everyday woman's guide to profiting from the Australian stock market

Shopping for shares isn't like shopping for clothes: people won't say 'You look good in those shares!' However, with a bit of knowledge, timing and luck; you might get some nice feelings out of making money, and may soon be looking good from the results of your investments!

Author Tracey Edwards tells us that she wrote this book in a light-hearted chatty style that would appeal to women – as if she's talking to an old friend. Phrases like 'Think of it as trying on that sexy little denim mini' (p46) when choosing short or long term investing, or 'You marry these safe stocks rather than date them' (p50) for stock selection lighten up the text while providing learning along the way. The style borders on twee at times, but makes the text fun on a subject that might be otherwise hard going to novices.

The trend is for more women to get involved in investing as more women enter the workforce, marry later – if at all – and perhaps later deal with divorce settlements. A beginner's manual with a light tone is well suited to this group. The book is not meant to exclude male readers necessarily – more to veer away from the purely technical styles of financial books, of which many exist.

This book starts from the start – money required, creating a budget to save for money to invest, as well as equipment needed for trading. Explanations on investing for the long term (5 years) or short term (2 months) help to determine what type of share trader you might like to be, including a quiz (p40) to help you determine your preferred style.

Use of sidebox definitions throughout the text introduce trading terms to help novices get 'the gist of the jargon'. Terms like 'bullish, bearish, stop loss, ex dividend' are well explained, and help beginners understand this new world.

Chapters 4&5 outline fundamental & technical analysis (not as boring as it sounds!), and provide some 'rules' for each style of investing – long or short-term - which are useful guidelines. For example, after outlining five rules for long-term investment, Edwards suggests 'Usually the maximum price I am prepared to pay is 16 times earnings' (p61). For short-term trading, Edwards says 'I usually set my stop loss approximately 10 per cent below the price I paid for the share.' (p91).

I imagine that there are few (if any) absolute rules in share trading, but a few 'rules of thumb' come in handy to stay on track – some are covered in this book.

Edwards even contends 'I actually believe that the key to becoming a successful investor has nothing to do with your ability to choose the right stocks (although that helps), but everything to do with good money management techniques that include having a stop loss in place.' (p131)

Edwards also helpfully tells us that 'The most important rule... is that cutting your losses early and letting your profits run is the real key to making money on the stock market.' (p172) Achieving that in reality is the tricky part, in my limited experience!

Clearly this book is popular, as it has been re-printed three times since first published in 2006. Broadly speaking the same concepts apply, however it could do with a quick update of examples. Page 5 refers to 'the main crash that people remember... October 1987'; whereas the recent GFC (Global Financial Crisis) in November 2009 is the one burned in most people's memories now. Edwards also says that you don't have to be online to invest (p34) – you could do it with your own stockbroker and a telephone – which is true in theory. However, in these fast moving times, I would suggest that internet access would be highly preferred – to monitor prices, have access to the latest research and information about companies, as well as cheaper trading options e.g. on-line trading accounts with cheaper brokerage because you do it yourself! I briefly questioned the accuracy of the book with these outdated examples, but the majority of concepts in the book still apply – there will be good times and bad in the stock market, and the 'rules' described form a good basis on which to invest.

As Edward says (p51):

'The reason most people fail in the stock market is not because they were 'unlucky' but rather that they didn't have a set of rules to follow. Think of it as like following a recipe; if you add the right ingredients at the right time you have a pretty good chance of getting a tasty meal.'

As a woman who's been actively investing in the stock market for 18 months, I found this book a bit basic for me – I now want the technical detail, so chapter 11 about 'Option, warrants and futures' provided a quick introduction to this area for me.

For anyone who has minimal knowledge of investing in shares, wants to find out more but is a bit scared of losing your money overnight on the share market rollercoaster, this book is a great introductory read for you!

Clare Mullen is a member of the AIA.

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Us and our portfolio

By Toya and Laurie



Ours is the story of a busy working husband and wife who in 2007 knew nothing of the share market or SMSFs and plunged themselves into managing all their finances on their own at the beginning of the GFC!

Investments and risk

As a younger single female on a relatively low salary I was subjected to discriminatory pay and bank lending practices. This discrimination during property boom years limited my financial growth; after 1990 I built a modest property portfolio. In 1986 I entrusted savings to a share broker who lost almost all, which skewed me into property.

We both had money in shares inside work super and in mid 2007 transferred 85% of super to a boutique fund preparing for a downturn. Our instructions for 40-60% cash delivered 18% fixed interest, some containing CDOs (including Basis Capital, which collapsed.) A quick expensive lesson on the pitfalls of the finance industry!

We decided others would never control our finances and started our SMSF and learning journey in Dec 2007. The control and instant ability to address change is worth the many hours of work.

I tend to lead in our finances but we are a good team and plan together as my husband tempers my risk appetite and is objective and operational, whilst I have a 'gut' and macro perspective. My husband dislikes shares, preferring property (as do I); he is trained to mitigate risk, so diving into crashing markets with no bottom in sight is against his nature and nurture, and he has lost faith in the industry. (I ban him from our trading floor in a bear crash!)

Objective

The aim is to have enough for a generous retirement, but not to die with masses for others to argue over. After the turbulence of the past years we decided not to risk what we need for what we don't, investing what we should be prepared to lose. A stress free life with free time has value.

The current aim is 4-5% above inflation; 7-8% return for this economic phase. We aim for 12% total average return for shares.

Assets, structures, allocations

We hold approximately 50% prime residential property (I include our home – it is a fall back asset and integral part of our investment planning), 40% cash, and 10% in Australian shares.

55% of assets are outside our SMSF in personal names, 45% inside - no other business entities. We will keep monies outside to protect against changing policies. Our super contains shares and cash only. We are in pension mode, my husband is salary sacrificing and we make non-concessional contributions. We are changing to Corporate Trustee.

We are in wealth accumulation phase on eve of full retirement. We do not focus on income; we prefer quality shares with a safe dividend over 5% (grossed up), but not with risk to capital growth eg TLS.

Currently we are conservative and chase competitive term deposit and on-line cash rates in the big four. This decision was influenced by an AIA lecture where figures showed steady verses erratic annual returns, sharing the same average long term return, significantly increased compound growth and long term return.

As top down share investors we bias allocation accordingly preferring mining and financials, holding other sectors for diversification, (but no property trusts.) We focus on fundamentals with consideration to macro timing, and buy long only using an online broker and participate in SPPs.

These asset positions vary over time; currently opposite from mid 2007 (geared into property, super 100% in shares, no cash) and in 2009-10 (super 100% shares plus shares in personal names). We plan to liquidate property over time as we foresee low growth for some years.

Our best investment decisions

At 21 I committed to being financially independent and to build a property portfolio; a dilapidated semi at 21 (as a student nurse-money was tight), stepping up during the decades and high leveraging from 1991. I sacrificed, toiled and calculated risk, but admit success was due to the property boom.

Ironically, I believe our distance from the financial industry gave us clarity to see the storms brewing. By 2006-07 I sensed property was topmy and tax-free super the go, and the craziness of the boom unsustainable. With retirement imminent we sold half our property portfolio to eliminate debt by Nov 2007. After initial share market gyrations late 2007 and monies lost by the managing fund, our fear was greater than our greed. With rates over 8% we started our SMSF and liquidated and transferred half our super (which was 100% in shares) into cash in Nov 2007 and the balance by Sept 2008. Although we lost monies like most, those acts mitigated the damage.

Our worst investment decisions

We allowed our quest for 'winning' to distract our focus from disciplined share planning and independent thinking to one of group think, adopting others' viewpoints. We altered our set plan to sell shares before 2011 (based on fear of Europe), and kept too much; our catastrophic stop losses sold shares out in August 2011, well down from their recent highs. In retrospect, I also did a spot of 'gambling'!

When I was younger I sold properties I should and could have kept, as I was not informed of negative gearing and pre-1985 implications (despite seeking advice). This taught me to become proactive in seeking quality information and advice.

Reporting and measuring

Due to disparity of assets, differing estate planning, and predictions for tax changes, we have various segregated accounts for super – we both have more than one pension (keeping non-concessional contributions segregated from taxed amounts) plus an accumulation account. We also have shares in personal names. Finding average prices for a share bought over years in different entities is difficult; my husband designed an excel spreadsheet but it excludes dividends – a work in progress. I do an annual total asset position report on Quicken.

Some important things I have learnt since 2007

In hindsight we were in a state of unconscious incompetence in regards to share investing. We realise now we lacked proper objectives, trading and investment plan and processes, and measurement tools. We realise the value of knowledge of human factor weaknesses and disciplined objectivity. We learnt not to rely on 'expert's' advice. We realised the 'buy and hold for ever and if the shares go down buy more' theory did not work; the singular knowledge and use of trailing (and catastrophic) stop losses would have prevented savage losses.

And now

We are 'sitting', ready, watching Europe and US events unfold – if the deleveraging phases of past booms/busts are any indicator, there may be years of low growth and volatility.

It has been a roller coaster ride and we made many mistakes, but will continue our journey of learning, controlling and improving our financial destiny. We would like to thank those who generously give to the AIA; we find it an invaluable source of education and support and charming people.

Toya and Laurie are members of the AIA.

Calendar of events

| Date | Event | Time | Venue | Topic |
|-----------|-----------------------------------|-------------------|--|---|
| 05-Mar-12 | Canberra Information Meeting | 7.30-9.30pm | Southern Cross Club, Woden (Check room allocation in foyer) | Shares Discussion Group |
| 06-Mar-12 | Adelaide Information Meeting | 7.00-9.00pm | German Club, 223 Flinders St, Adelaide, (Wolf Blass Weinkeller Room) | An introduction to technical analysis with reference to international markets |
| 06-Mar-12 | South Sydney Information Mtg | 7.30-9.30pm | Miranda Community Centre, Wattle Room, 93 Karimbla Rd, Miranda | Shares Discussion Group |
| 07-Mar-12 | Brisbane Information Meeting | 1.30-3.45pm | Broncos Leagues Club, Fulcher Rd, Red Hill | TBA |
| 21-Mar-12 | North Shore Information Meeting | 7.00-9.30pm | The Chatswood Club, 11 Help Street, Chatswood | Company valuation and analysing annual reports |
| 02-Apr-12 | Canberra Information Meeting | 7.30-9.30pm | Southern Cross Club, Woden (Check room allocation in foyer) | Shares Discussion Group |
| 03-Apr-12 | Adelaide Information Meeting | 7.00-9.00pm | German Club, 223 Flinders St, Adelaide, (Wolf Blass Weinkeller Room) | TBA |
| 03-Apr-12 | South Sydney Information Mtg | 7.30-9.30pm | Miranda Community Centre, Wattle Room, 93 Karimbla Rd, Miranda | Shares Discussion Group |
| 04-Apr-12 | Brisbane Information Meeting | 6.30-9.00pm | Broncos Leagues Club, Fulcher Rd, Red Hill | TBA |
| 10-Apr-12 | Melbourne Information Meeting | 6.30-9.15pm | Telstra Conference Centre, R1, L1, 242 Exhibition Street, Melbourne | Opportunities in International shares & ASX 300 |
| 18-Apr-12 | Gold Coast Information Meeting | 9.30-11.30am | Robina Community Centre, Conference Room, 196 Robina Town Centre Drive, Robina | Dividend yield stripping |
| 18-Apr-12 | North Shore Information Meeting | 7.00-9.30pm | The Chatswood Club, 11 Help Street, Chatswood | Fixed interest investing |
| 01-May-12 | Adelaide Information Meeting | 7.00-9.00pm | German Club, 223 Flinders St, Adelaide, (Wolf Blass Weinkeller Room) | TBA |
| 01-May-12 | South Sydney Information Mtg | 7.30-9.30pm | Miranda Community Centre, Wattle Room, 93 Karimbla Rd, Miranda | Shares Discussion Group |
| 02-May-12 | Brisbane Information Meeting | 1.30-3.45pm | Broncos Leagues Club, Fulcher Rd, Red Hill | TBA |
| 07-May-12 | Canberra Information Meeting | 7.30-9.30pm | Southern Cross Club, Woden (Check room allocation in foyer) | Shares Discussion Group |
| 16-May-12 | North Shore Information Meeting | 7.00-9.30pm | The Chatswood Club, 11 Help Street, Chatswood | Exchange-traded options for income and hedging |
| 04-Jun-12 | Canberra Information Meeting | 7.30-9.30pm | Southern Cross Club, Woden (Check room allocation in foyer) | Shares Discussion Group |
| 05-Jun-12 | Adelaide Information Meeting | 7.00-9.00pm | German Club, 223 Flinders St, Adelaide, (Wolf Blass Weinkeller Room) | TBA |
| 05-Jun-12 | South Sydney Information Mtg | 7.30-9.30pm | Miranda Community Centre, Wattle Room, 93 Karimbla Rd, Miranda | Shares Discussion Group |
| 06-Jun-12 | Brisbane Information Meeting | 1.30-3.45pm | Broncos Leagues Club, Fulcher Rd, Red Hill | Risk & Asset allocation methodology |
| 29-Jul-12 | AIA National Investors Conference | 29 Jul - 1 Aug 12 | Surfers Paradise Marriott Resort, 158 Ferny Avenue, Surfers Paradise | Investing strategies for all markets |

As AIA events are confirmed details are posted to the AIA website www.investors.asn.au. Please note topic is subject to change.



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