

M&CO Newsflash

Is near enough to the best investment cycle's bottom (hence growth opportunity) in the last 80 years good enough to now get back into the market? Perplexing question?

If so, please read on...

- * Many discerning investors are now laying a more certain foundation for their own future's financial independence. As an example of strategic outlook please consider:
- * About 4 months ago the Retail Employees Superannuation Trust (REST) decided it was time to start investing; the fund does not have a crystal ball. REST does have an investment philosophy that leads it to sell out of the markets when they rise a long way and buy into markets when they are near the bottom. REST believes its close enough to the bottom now to warrant a cautious return. "We don't believe we can pick the bottom or the top; we know of no investors who have made money in the long term out of picking the bottoms and tops. We've done some drip feeding into the Australian equity market. The current financial crisis is highlighting a number of investment opportunities over almost all asset classes".
- * REST trustees believe that we're close enough to the bottom of investment markets that even if the securities the fund buys fall in value in the short term, there's a better-than-even chance that in 3 to 5 years time the fund will be sitting on a pretty good investment gains. The trustees believe they will look back on late 2008 and early 2009 as having been a good time to invest. The fund is committing money in small parcels, over a period of months.
- * Andrew Pease, an investment strategist for Russell Investments says "If your time horizon is three years, five years, ten years, then the value opportunities are quite exceptional; dollar cost averaging (DCA) and regular investment plans are a good idea". Dollar cost averaging is a strategy that involves dividing your capital into a number of smaller parcels, and investing those parcels one at a time, at regular intervals.
- * Data prepared by the Commonwealth Bank for the Herald, and published in late November, revealed that if you had a 5 year old outlook, it almost didn't matter how many parcels you divided your capital into and the frequency of your investments, you were highly likely to generate a positive return over the 5 years.
- * When pessimism peaks, says Pease, the market generally is at or near its bottom. Sentiment is "a classic contrary indicator". Pease believes that if investors aren't buying now, or in the next little while, then come 2010 they'll be kicking themselves wondering why they weren't.
- * If you're investing money today that you will not need for 5 to 10 years, then early 2009 may offer some of the best buying opportunities in a lifetime.
- * There's no need to try to pick the very bottom; knowing it's very close is enough, provided you can take a long term view of your investments, and you can stand some short term volatility.
- * Value investing is here and is now!
- * Please call us now to make a time to consider the most appropriate strategies to implement in your particular circumstances

JDM, Jakarta, Jan 09.

Acknowledgements: Edited from The Sydney Morning Herald .12 08

The above information is of a general nature only. It is not client specific advice and does not take into account the objectives, financial situation or needs of any particular person. If you wish to discuss how this information may be relevant to your individual circumstances, please call, fax or email us as per below. In accordance with the SPAM Act, we will continue to send this information to you unless you advise us by email to the contrary.

A service of **M & Co Financial**

T 61 7 3831 6088 | **F** 61 7 3831 2444 | **E** info@mcofinancial.com | **W** www.mcofinancial.com