



MERRY CHRISTMAS AND A PROSPEROUS NEW YEAR

Plan 2 Prosper

1 December 2011

2011

Some things change, Some stay the same.

No matter when you're investing, there are some fundamental investment principles to keep in your mind. Doing so can help you stay focused on your goals and help provide assurance to sleep a little more soundly each night.

Remember, as with many things in life, the outlook at any point in time generally depends upon your starting point. The 1982–2007 bull market in Australian shares have arguably spoiled investors and (collectively) we have simply forgotten that above expected returns come at a cost, which is generally periods of poorer performance.

Seek advice and review what's important to you

While 10 years may not seem long to me, it's a very long time for my mother. Everyone's needs and goals are different, which is why your plan is tailored specifically for you. Your financial plan, among many other things, takes into account the levels of risk you are willing to accept and your investing timeframe. While strategy's put in place are designed to accommodate uncertainty in the market, it never hurts to review your strategy to make sure you're still on track to achieving your goals (or an acceptable compromise).

Diversify, Diversify, Diversify

The golden rule of managing investment risk is diversification ... by doing so you're effectively spreading your risk, and giving yourself the opportunity to benefit from a range of investment strategies which may be performing differently in different market environments.

Short term volatility is nothing new.

Fear sells newspapers. When markets are volatile they hit the headlines, and there always seems to be more bad news stories than good. While it's good to be knowledgeable about what's going on, it is possible that Australian

investors, confronted by negative news out of Europe and an indecisive political and policy environment at home, have simply talked themselves into undue conservatism. When thinking about your investments, it helps to remember that after a prolonged period of growth a period of slower returns is to be expected, and vice versa.

The (long term) market trend is up

If you focus too much on short term market movements, you may actually lose sight of the bigger, long term picture and the reason why you invested in the 1st place ... historically, markets have trended up. There are always world events and economic circumstances which are going to influence market values of companies, but the big picture is a good one. Each time it falls, it's just a matter of time before the market returns to it's previous high and continues on it's upward trajectory. But, as the time taken to recover varies with each event, you may need to be patient.

An opinion offered ...

It's still a highly uncertain environment. My best guess at this point in time is that the volatility we are currently seeing in world share markets will continue for a while yet, before markets eventually grind their way higher. For those with a short term investment horizon or specific investment needs, an outcome or absolute return approach may need to be considered. For those with a longer term horizon, the market turbulence whilst unwelcome is not unusual from a historical context, and doesn't tell us that superior long term returns will not be achieved going forward. This is particularly so with dividend yields on shares rising at a time when yields on bonds, cash and term deposits are falling.

Reasons to Review:

No kind of advice – personal, financial, legal, or otherwise – is a silver bullet.

Even if you've received the best financial advice available, it will not remain forever relevant and prevent you from ever needing advice again.

People's circumstances change. Their needs and objectives change.

These changes are often prompts for new advice or at least a review discussion.

- your employment or health has changed
- you have married, divorced, or welcomed an addition to your family
- Not sure of what products and policies you have and what they can do for you
- Been meaning to have a review for a while and haven't got around to it
- You've won the lotto 😊

Don't assume we know what's going on in your world, if you haven't specifically told us.

Operating hours over school holidays.

School holidays for the Plan2Prosper family are from Saturday 10th December through to Sunday 22nd January 2012.

As with previous years, we will be taking the odd day off during the school holidays for extended family catch ups.

Dan's diary will be closed for appointments from lunchtime Thursday 22nd December 2011

and will reopen for appointments Wednesday January 11 2012.

For urgent matters email:

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Alternatively call the office number :-

07–49265570

Our systems enable us to periodically remote access any email and phone messages left during this time.