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FEATURE:

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How Top Investors Keep Their Cool...

Emily Davis

The Savvy Investor's Toolkit

Morris Kaplan

Why Property is Still Your Ticket to Freedom

Chris Gray



Editor's Note.

By John Shirley

Hello and welcome to the March edition of *Investor Edge* magazine.

Investor Edge provides an insight into the tools, techniques, analysis and real life experiences of industry experts that have achieved financial freedom and want to share their knowledge with others intent of forging a path to success.

By exposing our readership to the front line of investment strategy, we'll strive to make *Investor Edge* essential reading for those seeking to build wealth, broaden their knowledge and enrich their lifestyle.

Trading, investment, property, health, mindset and philanthropic pursuits will all be tackled in this bumper issue.

I trust you will enjoy *Investor Edge* and I welcome your suggestions and feedback.

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Publisher:
Investor Edge is published by
Lifestyle Education Group Pty Ltd.
PO Box 4900 GCMC 9729

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Design & Layout:
HeadlineAd.
www.headlinead.com.au

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Fear and its influences on FOREX trading.

By Terry Allen

When you first commenced Forex trading, were you hopeful and excited about the potential of acquiring a new stream of income? In addition, did you possess a happy demeanor because you would not have been aware of the complexities of Forex that you were about to encounter?

However, did you then begin to develop some time later second thoughts about the wisdom of entering the world of Forex? This would have almost certainly been a strong possibility if you have endured a significantly long consecutive sequence of losses that would have left you demoralised. If you had also not been able to design any Forex trading strategy, then you would have been trading in mindless fashion praying for any method or technique that would extract you from this mess so that you could live in peace again.

As this sequence of events developed, you would have discovered that you were always accompanied by a new constant companion - intense fear. This strong negative emotion can subdue any serious possibilities that you will be able to generate on a constant basis the level of quality decision making that is essential for Forex success. If you have ever suffered under such conditions, then you must first locate methods and techniques that can help you counter and neutralise the influences of fear if you are ever going to achieve any serious Forex progress. How can you attain this objective if you are suffering from the effects of significant losses?

For example, you may start to experience increasing stress every time you contemplate activating new trades. These situations could hinder your trading ability by upsetting your

timing for the entering and exiting of your trading positions. Consequently, you could lose profits or even experience an increased number of losses. When you do open new positions, you could just snatch nervously at profits instead of allowing them run in order to attain maximum returns. This is because you will be so scared that sudden price retractions could occur reducing any potential profits in their wake.

What can you do to overcome all these problems and prevent fear from destroying all your dreams and hopes? One method you can try is to attempt to detect the major influences that generate fear in the first place. For instance, one of the basic causes must be the fear produced when you suffer a series of losses. If you are not able to control these circumstances then you will not be able to subdue the debilitating effects of this emotion.

You must train yourself so that you do not continuously develop decisions based on your gut-feelings and whim. In contrast, you must construct a well-tested trading strategy that exhibits both a positive win-to-loss ratio and positive expectancy value.

In addition, you must restrict your risk exposure so that you are not continuously subjecting your account balance to unsubstantiated levels of risk. Expert consensus recommends that you should only risk 2% of your total equity per trade. If you adopt such a policy then you will find that it will have a calming influence on your nerves. In addition, you will discover that many traders develop their Forex knowledge by utilising a simulation account before they commence risking any of their own money. You probably did the same before you attempted

live trading yourself. However, the main question is how long did you simulate trading before you thought that you were confident enough to trade Forex live?

How did you decide that you had advanced your Forex knowledge to such a level that you felt proficient enough to try the ultimate challenge? You must realize that Forex is a very complex subject and much harder to trade successfully than most novices think. As such, you must adopt a very objective understanding of your own Forex skills before you place any money at risk. In fact, you are probably not the best person to assess your own knowledge and that you really require a professional to evaluate your trading abilities for you. Sadly, very few of us perform such an analysis and, as such, many of us start trading Forex prematurely before we really understand what we are doing.

Consequently, we then suffer from despondency and depression after our failures mount up as well as becoming increasingly discouraged after enduring numerous financial losses. One of the biggest problems that you will encounter when you commence your Forex career is that you could completely underestimate the time required to attain a sufficiently understanding of Forex. In contrast, you must appreciate that this subject is as complex, if not more so, than other major professions. You must already know that lawyers and doctors do not become qualified overnight. Similarly, you must acknowledge that studying Forex will include you gaining a sound understanding of some very involved topics such as technical analysis and world economics.

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Invested Emotion.

By Emily Davis

So you've done your research; you're confident in your strategy. You've built up your knowledge base and determined your risk tolerance. So it should always go according to plan... except that sometimes, it doesn't.

Successful investing takes more than just intelligent strategic thinking. As Warren Buffett said, "Once you have ordinary intelligence, what you need is the temperament to control the urges that get other people into trouble".¹

Apparently, the business of financial investing is no place for emotions. Any advice on property investing tells you to base your decisions on the facts of the property and not your personal feelings; 'Leave your emotions at the door!' And in trading even more so. Just this week I was reading an article that didn't beat around the bush: "Emotions don't belong in any sound exchange traded fund (ETF) investing strategy".²

Use your head, not your heart - we hear it time and time again, which leads to the inevitable question: How can I overcome my emotions? Rather than try to overcome them, I'm going to suggest you look at it a slightly different way.

If emotions were something to be overcome, it would mean it's a struggle, a battle, and that they must be eradicated in order for you to "win". Alternatively some people try to simply switch them off. This is certainly more possible, but suppressing your emotions – assuming you had the conscious control to manage it – can cause you bigger problems than purely financial ones, namely greater underlying mental stress, and possibly even physical illness.

If you try to overcome and suppress your emotions completely, you do yourself out of the opportunity of drawing from them, tapping into them to gain inspiration, motivation and drive. The fundamental power of human emotion is

what you need to embrace, rather than try to extinguish. And by learning how to develop your mindset, you can become skilled at using emotion mindfully and purposefully.

Generally, emotions are the feelings you have as a specific reaction to a particular event, but although everyone experiences emotions, there is no precise scientific agreement on what they are or how they should be measured.

Because each of us experiences life differently, our emotions are subjective – we have no way of knowing exactly what someone else is feeling, just as they can only know what we are feeling based on how we describe it.

The physiological aspect of emotions on the other hand, can be measured. There are accurate ways to determine when your heart starts beating faster or your blood pressure goes up. We can also observe and even measure how our emotions influence our behavior, or in other words, how we express them.

It's the impact that emotions have on our decision making that is of particular interest here.

Ask any investor whether they have prepared themselves sufficiently for the risks associated with investing. Have they researched the market? Done their due diligence? Chosen a strategy? Learned 'the rules'? Without doing so you wouldn't dream of taking risks with your money, and yet how prepared are you to navigate the emotional minefield that many investors find themselves in when real money is on the line?

We all know it doesn't help the situation to become angry, frustrated or depressed when an investment goes south, and nor does it serve to be overly euphoric when things do work out.

The key is not to feel emotions as the result of your wins or losses, but rather to use your emotion in a positive, proactive way. Proactive means you choose your emotional state before you act. You anticipate. You prepare. Tap into emotion first, to get in touch with your true motivation, then put into place your strategy, your plan and your rules. Create your positive emotional state first, to build the energy that will drive you forward no matter what... then act with mindfulness, intelligence and logic.

Don't underestimate the power of your emotions. Unchecked emotional reactions can stop you from achieving your goals, but goals set without an emotional force behind them are empty goals. There's no doubt numbers are the language of business, but if your motivation in reaching a goal is purely numbers-focused, it makes it even harder to keep your emotions in check when the numbers are not adding up. Do you really just want to make money? Or is it what the money will mean that you are reaching for, and the feeling you will have when you get it? It's well documented that setting goals is vital to successful investing but what a lot of people don't realise is that it's the feeling they are after. The feeling...the emotion.

Be conscious of your emotions when you are setting your goals in the first place. This is a great time to be asking yourself some very big questions: Why do I want what I want? What is really important to me? What is it that I truly value in life? How do I feel about it?

The power of positive emotions is in being mindful of them, understanding them, and choosing when to tap into them. That's what makes a good, strategic investor into a successfully wealthy investor. That's what brings exponential wealth; it cannot come to be without it.

Ultimately, investors are human, and as long as it's a human making the decisions, emotions are going to have an impact on the results. You can however learn how to modify this impact, by unlocking your subconscious attitudes and beliefs and developing your mindset.

Emotions are part of what make us human. It's how we choose to use them that defines our success.

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¹ Homespun Wisdom from the 'Oracle of Omaha' Business Week online July 1999 http://www.businessweek.com/1999/99_27/b3636006.htm

² ETFs and Emotions Are Like Oil and Water Tom Lydon, Feb 2011 <http://www.etftrends.com/2011/02/etfs-emotions-like-oil-water/> Reference <http://www.humanillnesses.com/Behavioral-Health-Br-Fe/Emotions>

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About the author

Emily Davis is lead Wealth Coach with MPowered Success and facilitator of the Accelerated Wealth Bootcamp, the transformational event that assists investors all over Australia unlock what is blocking them from financial success and achieving real wealth in their lives. To learn more about how your temperament impacts your decisions and how your mindset impacts your results, go to www.mpoweredsuccess.com and Turn On Your Money Switch now.

Striving versus Living.

by Mia Munro

In reality, striving versus living is just another way of saying “scarcity versus abundance”...

We are currently in an era where we are encouraged to set goals and strive for achievement. I’ve been involved in personal development for over 15 years and I went from being an employee who was just plodding through life, to being a real go getter with passion and purpose; someone who set goals, who dares to fail or succeed but keeps moving forward and keeps growing and evolving.

While that has been a huge positive change, one of the traps I fell into was being in a constant state of striving. I had ceased to live! I was constantly doing, or learning with a goal of achieving. In that state it can often feel like there isn’t enough time, there is too much to do and often a lack of energy as a result. We might be aiming for abundance but it’s scarcity that’s driving the bus, which is only creating more scarcity in money, time and energy.

Think about it for a minute... Often striving for something can seem like hard work, well that’s because we’re not working from our natural state of flow, we’re “trying” to succeed so we can live the life we want to live later. The problem is that we are often sacrificing time with our loved ones and time for ourselves to recharge and do the things we really want to do.

The illusion is that what we want most is in the moments we keep passing by while we’re busy striving to get to the next thing. The highest amount of joy and happiness is found in the moment; the now and it’s our natural state of

being; the place where truth and flow is found, and where our true power to create our ideal life is...

Being in the moment is when you are not caught up in your thoughts, it’s when you allow everything to just drop away and time ceases to exist, nothing else matters, you can feel and hear yourself breathing and all of a sudden, you feel real joy and happiness in finally witnessing what’s happening for you right then and there.

When was the last time you watched a sunrise or sunset? Or watched the rain as it fell down outside? When did you last just sit and watch your partner or your children and be in that moment WITH them?

Having an abundant mindset is learning to just BE, to release our attachment to the goal and trust that it’s going to happen regardless. Release the “need” and learn to trust and allow... When we set goals and “allow” them to happen, it takes a whole lot less work and it happens a whole lot quicker.

Do you know how abundant your mindset is? Do the profile now to find out at www.mpoweredsuccess.com

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'Good' Blue Chip or 'Bad' Blue Chip?

By Morris Kaplan

The term Blue Chip implies a degree of safety, referring to those stocks that represent large, well-established companies that usually pay dividends. The principle behind blue chip investing is compelling: If you are investing in smaller, newer businesses there may be a possibility that the company may not even be there next year or next month. But when you hold a Blue Chip you are almost assured that the company will be around for a long time and its stock will retain its value. They are the big-name companies that everyone knows. Blue Chip stocks do not always rise as fast others but they are considered safer investments. Often referred to as 'widows' and orphans" stocks, the name, ironically is derived from gambling, being the colour of the highest-value poker chip-blue. Many ordinary shareholders however, have come to regard Blue Chips as anything but.

It was the entrepreneurial stock boom of the 1980s which shook the very foundation of the Blue Chip rankings. Once considered an essential feature, size alone become an irrelevant criteria as the Top 20 was decimated by the 1987 stock market crash. Big names such as Bond Corp, Adelaide Steamships, Elders XL, once considered Blue Chip got relegated to the sidelines. Fast, deal-making entrepreneurs have proved themselves more suited to the blue chips of a casino than as custodians of shareholders' funds.

On the other hand, a Blue Chip portfolio of today would probably include names that were not even on an investor's radar screen then: Westfield Holdings, Woolworths, CSL. So how

is an investor to know the difference between a 'good' Blue Chip and a 'bad' Blue Chip? After all, it wasn't long ago that OneTel was a Top 30 company and Coles Myer was a favourite 'Mums and Dads' blue chip and it struggled to give long term returns to its loyal shareholders. The answer is simple: OneTel and the failed entrepreneurial stocks of the 80s are a powerful reminder of two fundamental features of a Blue Chip company: a pedigree of consistent and profitable trading.

Good Blue Chips abound. True Blue Chips are both conservative in their finances and aggressive in their businesses. Through enhanced productivity, company-wide downsizing, technological improvements, and strategic partnerships, these once slumbering giants are now lean, mean, money-making machines. NAB and BHP Billiton are two cases in point. Despite multi-billion dollar losses in failed offshore business ventures, these companies have succeeded in meeting another Blue Chip fundamental criteria: attractive and consistent returns to shareholders over a long period of time. Moreover, both NAB and BHP are expected by a majority of analysts to achieve returns of between 10 and 15 per cent on their invested capital over the next three years.

Good chips will not only be businesses that seek out productivity gains but also be relevant to major future trends. Tomorrow's Blue Chips will ride the big trends: For example, more people are nearing retirement and more of them will live longer. The next 10 years will witness the largest group of retirees in history: the Baby

Boomers. And Boomers won't go quietly. Baby Boomers view retirement as another phase of their career, not the end of it. This has profound implications for a number of industries, not the least of which is financial services as boomers work their retirement savings to support their lifestyles.

This decade will be a great decade for health care. Aging populations will spend big on health, be it preventative medicines, services to support better health and leisure services that enhances quality of life. Corporate visionaries are already aggressively positioning themselves to take advantage of these shifts.

What to look for in a Blue Chip share

The consensus amongst professional money managers scrutinising all of the fundamental and technical details of hundreds of listed companies, is that the most worthy of attention have the following characteristics:

- Strong outlook for industry
- Earnings growth meeting stringent growth criteria
- Accelerating revenues
- Industry leadership performance
- Outstanding profits
- Quality management
- Excellent share price stability.

Good Blue Chips will be found on the back of good homework. "Our approach is to look at some key variables when selecting stocks," says one fund manager. "The two key quantitative variables are, our own forecast of earnings growth and how much we are prepared to pay for that growth in PE terms. Our main qualitative variables are our estimates of the prospects for that industry and a set of complex factors to do with the quality of management.

Blue chip is not a term fund managers use today. It may be old fashioned to buy past blue chip favourites, but it is never inappropriate to apply two blue chip principles to investing: invest on a regular basis over a long period of time and diversify your portfolio to reduce overall risk.

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About the author

Morris Kaplan, one-time stockbroker and venture capitalist, as well as author of best-seller *5 Years to Financial Freedom* (Hardie Grant Books) brings his finance skills and knowledge to bear on bipolar investment markets.

Restricting your FOREX Risk Exposure.

By Terry Allen

One of the major differences between Forex experts and novices is that the former focus on their losses whilst the latter concentrate on their potential profits. You need to realise that experts have an acute understanding about how to restrict their risk exposure and providing the optimum protection for their account balances.

Alternatively, novices only visualise the profits that they could achieve without giving proper attention to the risks involved in Forex trading. In addition, beginners fail to detect those times when they are placing their account balances at unsubstantiated levels of risk until far too late. For instance, they may not even realise that they have a problem until they receive a margin call from their Forex brokers advising them that all their open positions have been closed down incurring serious losses.

You need to focus on a number of risks when you are Forex trading. For example, you must be able to counter problems that can arise if your Forex trading platform starts to malfunction. Under such circumstances, would your open positions be placed at risk if you are unable to transmit orders and commands for any length of time? Do you have a contingency plan for such random events and do you utilise well-tested money management concepts in order to protect your equity?

The best method that you can utilise in order to protect your equity from these types of risk is to develop a strong money management strategy which will enable you to restrict your risk exposure. For example, expert consensus normally advises that you should not risk more than 2% of your entire equity on a single trade.

In addition, you should always trade Forex using a business-like and professional manner. You can achieve this objective by creating a business plan even before you start Forex trading. You can then focus on defining the main concepts that you will deploy to restrict the many risks as well as identifying your primary Forex aims and strategies.

You should construct your plan so that it will target your intended audience by identifying your major missions in an easy-to-understand format.

You must include all those subjects that are crucial to the success of your Forex trading such as human resource management, intellectual property management, technical considerations, financial studies and educational requirements. You will find that this activity will help you prepare better for your new business.

Once you commence Forex trading, you must forget about any preconceived notions about quick riches involving practically no effort on your part. In contrast, you must realise quickly that mastering Forex will require a significant amount of study and hard work. In addition, you must also acknowledge that there are no shortcuts to this process such as secret potions and mystical chants. In fact, by trying to find such techniques you could leave yourself vulnerable to scammers and significant financial losses.

In contrast, Forex experts advise that you should enhance your trading mindset so that you are more able to cope with all the stress and complexities that Forex can generate. What is

the optimum way to attain this objective? One of the best methods is to consider your Forex trading as a business and trade it accordingly. You can achieve this objective by learning how to acquire or develop a well-tested Forex trading strategy. Whilst doing so you must also acquire the skills to integrate sound risk money management ideas into your trading.

Your trading strategy should consist of a set of rules that you can operate consistently and with confidence over the long haul. In addition, you must attain the knowledge about how to restrict your risk exposure and by doing so provide the optimum protection for your equity. This is because without an account balance you will not be able to trade Forex any more unless you make a new deposit.

You must understand that mastering Forex will involve you overcoming quite a steep learning curve, which you will not achieve overnight. Fundamentally, you need to design a trading methodology that can allow you to achieve consistent profits as well as restricting the exposure of your equity to unsubstantiated levels of risk. You can achieve this objective by learning to enhance your trading skills and knowledge by exposing your Forex strategy to small steps of incremental risk.

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Trading with Leverage: Smart or Suicidal?

By Scott Goold

The concept of trading with leverage - borrowed capital, in other words - has been around for a long time. Some investors swear it is the only way to get ahead, while others run from it screaming like they just saw an army of tax agents approaching. What's the real deal? Is using leverage smart or a stupid thing to do?

In a nutshell, when it comes to leverage, when it is good, it is very, very good, and when it goes bad, it is horrid!

This isn't merely being cute. Leverage allows you to take a little position and a little bit of capital and multiply them through borrowing. For example, if you borrow 50% of the money you need to buy an ETF from your broker (known as buying on margin), then you can get more returns than if you had to come up with all of the money outright because you're only using a portion of your own total capital.

The greater the level of leverage associated with a given position, the more speculative that investment decision is said to be. While individuals often don't get too far down the leverage path, there are some companies that leverage themselves multiple times over. This is where you hear tales of being three, four, or even 12 times leveraged. Being 12 times leveraged in layman's terms would mean that for every one dollar of hard money involved, there are 12 borrowed dollars in play.

When you win with leverage, you have the potential to pocket the gains from each of the borrowed dollars in play. Being 12 times leveraged means 12 times the gains. That's the smart part of trading with leverage - you can exponentially multiple your gains.

On the other hand, when the market goes awry, you owe the \$12 you borrowed and have liability for their associated losses. This is why getting

highly leveraged can be a fast path to losing your shirt in the market, even if you're a savvy investor. It's estimated that at the time they collapsed, Lehman Brothers was as much as 36 times leveraged in some of their positions. That's financial suicide.

Big scary warning aside, there are ways that you can take advantage of leverage in ETFs without sending your financial future up in flames.

Some of the most popular leveraged positions for ETF investors include options and futures. Naturally, you will want to do an extra dose of due diligence and keep tight stop loss limits in place everywhere you can to ensure that the worst doesn't come to pass.

Always be sure that you are within your personally acceptable risk limits and that you aren't getting sucked in by a bit of glitter when it comes to leverage. You may miss some of the most dramatic gains, but you will definitely avoid some of the more horrifying levels of losses.

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About the author

Over the years Scott Goold has worked at the Sydney Futures Exchange and Citibank, trading Forex, futures and options, gaining significant market experience in challenging environments. He is a co-founder of Lifestyle Investor Services where he now develops software and training courses that provide simple principles to help clients invest online with confidence.



Rebalancing to Asia.

by Kerry Series

If you had invested \$100 in Asian equities (ex Japan) in late 2009, by the end of 2010 your investment would be worth somewhere in the order of \$168. Had you invested that same \$100 in developed markets, your \$100 would be worth around \$79.*

Unfortunately, if your portfolio is constructed like that of many Australian investors, you would have found yourself in the poorer performing second camp. Why? Because typical international equity allocations have left investors under-exposed to the fastest growing economic regions of the world.

Evidence suggests that Asia will continue on a strong growth path in the next five to ten years, whilst the west will continue to encounter headwinds on its path to growth. The challenge for investors is how to reposition your equity allocations to benefit from the new global landscape.

The problem with international equity allocations

For many investors, access to international markets is often achieved via broad international equity funds that are benchmarked against developed market indices. Few investors make separate allocations to different regions.

The problem is that international funds are typically over-exposed to western markets, so they miss out on the growth upside offered by markets such as Asia. Amplifying the pain, the markets they do favour – such as the US, Europe and Japan – have seen their premium valuations eroded during the past ten years and

we expect this structural de-rating of relative valuations to continue.

The reason is that the global economy is rebalancing to Asia and global stock markets will follow. For instance, recent studies show that Asian equity markets will comprise around 50 per cent of global equity market capitalisation by 2030. Whilst a study by Goldman Sachs forecasts that in 20 years China will be the largest equity market in the world at \$41 trillion, compared to the United States at \$34 trillion.

Against this backdrop, it is difficult to see how current international equity allocations will meet the return needs of investors.

Why Asia?

Asian countries were well positioned during the global financial crisis, faring better than their western counterparts. This is largely because they went about reducing public debt and building up foreign asset reserves after the Asian financial crisis of 1997 to 1998. Most Asian countries have been left with healthy balance sheets, with average government debt to GDP at around 40 per cent.

In stark contrast to the Asian story, OECD countries have been running increasingly high fiscal deficits as a result of the global financial crisis. Public debt to GDP has risen dramatically to over 100 per cent – up from an already high level of around 70 per cent since the late 1990's. Developed economies are also facing negative rating outlooks, with tough policy measures required to reduce their fiscal burdens.

From its strong base, Asian growth is being fuelled by a number of important economic dynamics. Perhaps most importantly, over the

next decade the labour force in Asia will expand by over 300 million people. Furthermore, this will be supported by substantial increases in both foreign and domestic capital available for investment. Increased labour and capital inputs are the key drivers to economic growth.

A report by Standard Chartered projects that China's share of the world's nominal GDP will increase from 9 per cent to 24 per cent by 2030. India will also play its part, growing from 2 per cent of nominal global GDP to 10 per cent in the same period. The United States, EU-27 and Japan, on the other hand, will decline from 60 per cent of nominal GDP to just 29 per cent by 2030.

Further, whilst the US, European Union and Japan account for 60 per cent of global output, they comprise less than 20 per cent of the world's population. Asia makes up 60 per cent of the world's population, which will accordingly provide support for the region's growth.

At a time when there are significant headwinds to long-term economic growth in the world, the high growth rate in Asia is likely to be increasingly appealing to investors. As investors' capital shifts to the region, returns will be enhanced as market valuations are driven higher.

Addressing the imbalance

If you believe the Asian story and want to rebalance your international equity allocation, the next question is how best to go about it.

For smaller investors, the most practical solution is to include Asia as a separate strategic allocation within your portfolio.

One way of achieving this is through an actively managed fund run by a professional Asian investor. Such fund managers have people on the ground, are skilled in selecting quality stocks and have direct access to companies in order to assess the credibility and professionalism of management. Some managers will also actively manage your currency exposure to ensure the strong Australian dollar doesn't erode your investment returns.

Bigger picture, the broader investment industry needs to recast their use of international equity benchmarks to incorporate the rebalancing of the global economy to Asia.

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*MSCI Asia Pacific (ex Japan) Daily Total Return Index (gross of dividends, in local currency terms) was used to represent Asia. MSCI Daily Total Return World Index (gross of dividends, in local currency terms) was used to represent developed markets.

About the author

Kerry Series is the Chief Investment Officer of Eight Investment Partners – a specialist Asia Pacific investment firm. Kerry's flagship fund, the 8IP Asia Pacific Partners Fund, delivered 21.88% return in the ten months from its inception on 22 February to January 2011. For more information visit: www.8ip.asia

What can we expect in 2011?

By Endre Dobozy

I guess the biggest question on most investors minds is what they can expect from the remainder of 2011. Honestly, this is a difficult question to answer as 2010 should have been a down year for all intents and purposes but instead managed to finish the year in positive territory, after taking us on a wild rollercoaster ride. The DOW was down 6% in February, it then rallied 13% into April before falling another 13% in early July and continued to whip saw investors, before recovering September and managing to put on almost half its gains in the month of December. If anything is evident from this type of market behavior it must be that buy and hope is not a game for the feint of heart.

2011 has started out strong, with optimism rising to manic proportions. Calls from Treasury Secretary Timothy Geithner that the US needs to raise their debt ceiling or risk defaulting, has done nothing to slow the progression of the markets. Europe's roving bailout show, which had to bailout Greece or risk serious damage to the Euro, did nothing to stop Greece from having their credit rating downgraded to junk, while Ireland professed it didn't need a bailout and then took the money and now we have Portugal singing the same tune, while the European Union talks about how the bailout will occur, even though Portugal insists it doesn't need the money.

Then, there is talk from the EU that they double the size of the rescue package and just buy bonds of distressed nations and prop up their bond market. Despite all this, the markets continue to go up.

This odd behavior isn't confined to the US and Europe, as consumer confidence in Australia falls the most in 7 months, on concerns the damage the floods did to Queensland but still their market rallies.

Then, you have Japan planning to buy bonds in Europe alongside China, who have expressed their support for the Euro zone, all though that should probably read expressed support for their own exports, as that's the only logical reason China would do that.

So, what you can expect from this year is increased volatility and less common sense and logic. The only thing for sure is that this is all going to end very badly and it's just a matter of when.

In the meantime, the USD should strengthen this year as its low was the day after QE2 was announced. The AUD, on the other hand has probably seen most of its upside and, at best could drift sideways, although I think that as the USD strengthens the AUD will weaken. Gold should drift lower, as the belief in the yellow metals ability to defy gravity is almost total, with Japanese now able to buy gold from vending machines in coins and ingots, with weights ranging from a gram to a quarter of an ounce.

Commodities could peak in the first quarter of this year, as demand wanes although soft commodities could continue to rise well into next year.

All in all, a mixed bag and an incredibly interesting time to be alive.

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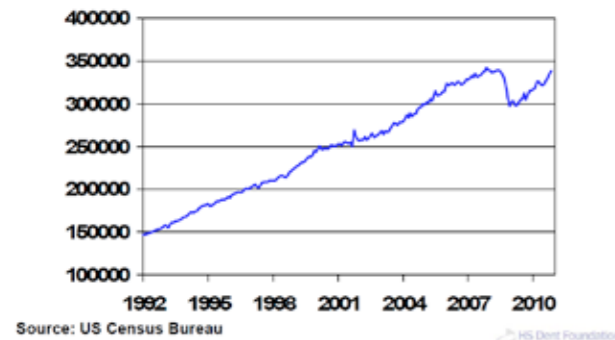
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A Fairytale: The return of the American Consumer

By Endre Dobozy



Source: H.S Dent Foundation

Take a look at the graph above. It shows total retail spending in the US from January 1992 to November 2010. Looking at the graph, you can see that retail spending is almost back up at the level it was in 2007. This is being viewed as proof that the US economy is on the mend and returning to normal.

True, there was a pop in consumer spending, which is partly pent up demand but probably no different than if you surveyed a bunch of dieters who broke their diet over Christmas. If you were to put rise in consumer spending back to 07 levels into its proper context, you would see that this isn't a great sign. There has been a range of incentives, such as cash for clunkers and others, to get consumers to spend and this is the best it could manage.

The picture gets even worse when you consider that the US adult population increases by about 100,000 people a month. So, when you factor in that there are almost 4 million more consumers than when the crisis began then back to break even isn't a raging success.

Another point to consider is that earning capacity is down dramatically from a few years ago. According to a recent Wall Street Journal article, 36% of people surveyed who found a new job earn approximately 20% less than they were earning at their previous job. Then there is the median income for a 25 to 34 year old, which in 2009 was \$50,199 but if you adjusted for inflation it's now down 7.6% from 1999. The problem with earning less is twofold.

- 1) If you have bills based on your old wages then making ends meet will be extremely difficult, as it takes far more of your expendable income.
- 2) The ability to spend, consume and access credit is severely reduced.

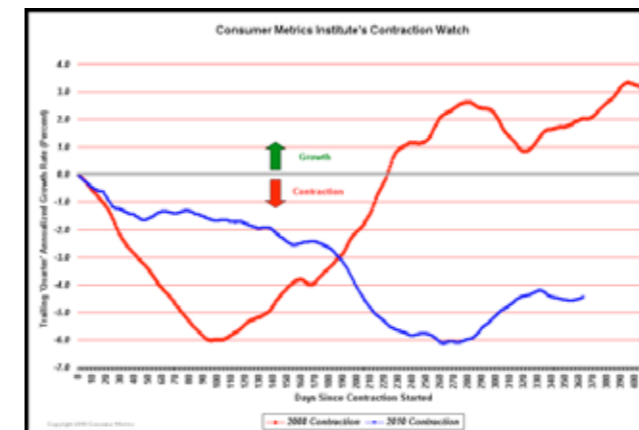
Looking at it this way, someone spending a couple of thousand on a holiday, or even \$10,000 on a motor bike, isn't the same as spending \$250,000 on a house and the economy as a whole is not going to get the same multiplier effect from these smaller purchases or spending more on food at a restaurant than you would by borrowing money to buy a house.

The leveraged spending that drove the US economy from 2000 – 2006 isn't coming back anytime soon!

So, when economists look at the retail figures as being almost back where they were in 2007 they mistakenly extrapolate this out and assume that we are on track to recovery and all is going to be well. However, with lower wages, the potential of a higher proportion of income

required to meet expenses and a reduction in the number of credit originators or credit worthy consumers (by way of foreclosure or default) a return to the pre crisis consumption days is gone. Worse still, it's not just the effect it has on today's economy but also on the future.

The graph below is from Consumer Metrics and is included to show how the contraction of 2010 is behaving completely differently from that of 2008. This is interesting to note because as discussed above there is far more optimism now surrounding the recovery and on the face of it consumers are spending but the blue line representing the 2010 contraction is still around -4.5%



Source: www.consumerindexes.com

For months now I have been looking at the divergence between what Consumer Metrics is reporting and what mainstream media portrayed by way of increased consumer spending. I believe that I may have discovered part of this divergence. Consumer Metrics mines its data

from online purchases. These purchases tend to be by younger people, who are less affluent as they haven't reached their peak earning capacity yet. You would also expect that these purchases would be smaller in size and not representative of the larger luxury items made by the more affluent.

It appears that my suspicions are being confirmed, as rich shoppers are driving an increase in consumer spending, bolstering the recovery while masking the reluctance of less affluent Americans to join in. As I have mentioned in the past, sales at luxury stores such as Tiffany are up but a recent report by Wal-Mart found that "everyday Americans" are living paycheck to paycheck as they wait for an improvement in job prospects.

So, it seems that that the more affluent segment of the US population is indeed spending more, as they have more of their wealth in the stock market and have participated far more in the recovery than the man in the street. Furthermore, the wealthy tend to have a smaller proportion of their wealth tied to the value of the family home and spend far less on food as a proportion of their income than everyday consumers.

One estimate of consumer spending is that the top 20% of wage earners accounted for 40% of the spending, while another report from Barclays Capital put the figure at closer to 50%. Confirmation of this imbalance could be seen in the 8.1% rise in the Bloomberg Retail Luxury Index when compared to December last year. While the Bloomberg Retail Sales Discount

A Fairytale: The return of the American Consumer Cont.

Index only grew by 0.6% for the same period. Further evidence could be found in purchases made by American Express, which are now back at their 2008 peak, while no such rebound can be found in the use of Visa and MasterCard.

Sales of luxury sports cars, such as Maserati, are also up despite the base model starting at USD \$136,000 and the entire US stock has been sold out and there is now a waiting list.

Logically, this shouldn't come as a surprise because around 43% of wealth in the US is held by less than 1% of the population while, on the other end of the spectrum, approximately 1% are incarcerated, which means that the remaining 57% of the nations wealth is spread amongst 98% of the population. If you wanted to widen the net even further you would find that the top 20% of income earners own around 80% of the equity wealth and almost 50% of the housing wealth.

So, while I can't be completely sure, I do think that the resurgence of the high end consumer has skewed the information provided by Consumer Metrics.

Another interesting piece of information, courtesy of Consumer Metrics was regarding the Bureau of Economic Analysis GDP reports, issued during 2010, which indicated that the "real final sales of domestic product" were growing at an anemic 0.9% rate during both the second and third quarters of 2010. This number is calculated by reducing the headline GDP number by the net amount of goods being added to manufacturing inventories (and therefore not being sold to end consumers). Their representation of the number as the "real final sales" within the economy of 0.9% annualized growth rate over the course of the middle six months of the year is statistically indistinguishable from a dead flat economy (in terms of input to GDP).

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Franchising as a Business Strategy – Grow through the Combined Capital of Franchisees

by Linda Delphin *I-Franchise-You, consultant*

Are you looking for a growth strategy for your business?

Want to expand with capital inflow instead of outflow?

Interested in broadening your brand and distribution beyond yourself or finance funded outlets today?

Many successful business owners choose the path of franchising to benefit in these ways and many more – so if you want to know more about Franchising, read on!

What is Franchising?

No doubt you would be familiar with many franchised businesses – big and small. For example, brand names like McDonalds, Bakers Delight and Mortgage Choice.

Franchising is a legal business structure where a business is replicated into franchises based on the established model of a core business - so as to take advantage of key elements that have been successfully established and expand into broader areas and markets.

Why Franchise?

Franchising can be a great way to grow a business without adding significantly more personal capital or cash. Wouldn't you love to grow your business whilst avoiding increasing funding debt to banks, financiers, or giving up a share of your business to investors? Franchising can enable your business to grow with the input, ideas and investment of more people working in the business: franchisees.

There are many benefits to franchising. Some key benefits include:

- **Capital and operating cash inflows** – franchising can generate significant profit through franchise fees that a franchisee invests when buying your model, through to potential profits from the franchise operation (through the sale of your specific service or product range for example).
- **Rapid expansion with lower capital cost** – utilise the financial and managerial resources of franchisees, rather than investing your own money, time, personnel and energy.
- **Powerful business managers** – franchisees have invested to have their own business, they are motivated managers and are completely aligned to your business model.
- **Growing the value of a business** – a future exit strategy or simply a powerful wealth building one, a business built into a successful franchise operation represents a significantly more valuable operation. Many small businesses have found their 'sale price' go from a respectable six-figure sum into the millions in just a few years.

Raising capital through Franchising

When you franchise your business, you are essentially selling your business concept to others. This in turn, raises capital for your core business and serves as a constant revenue stream due to the nature of franchise agreements.

The others, or franchisees, that want to buy your business concept, are basically paying you for your business model, brand, use of suppliers, and marketing. In return, franchisees typically pay you a significant upfront licensing fee, and often an on-going percentage of their revenues.

Thus, depending on the amount of licenses or franchises you issue to "investors," you can raise a substantial amount of capital. Although the relationship between yourself and franchisees may be different from traditional venture capital or angel investors, the concept is still very similar. In both cases, you are raising venture capital to fund your business, only in this case, the terms are different. In fact, franchising is the only form of venture capital funding that does not require you to give up ownership in your company.

Franchisees buy into your business, but for different reasons than traditional venture capitalists or angel investors. They themselves are convinced by your business model, and want to "own" their own business without having to come up with a brand new concept. By buying a franchise license, they can own their own business and reduce the risk that many start-ups face, such as implementing an untested business model and having to establish the business into the market. For you, this means not having to give up ownership, while still expanding your business and raising capital at the same time.

The other great thing about franchising your business is that these investors have a direct stake in their investment. Their hard work pays them directly in terms of their business income and profitability. More importantly, the harder they work, the better your franchise's image or brand will be. Your business grows as the

combined efforts of your franchises make up a much larger impression on the market than you would previously have had.

However, there are some downsides to franchising your business model. Although your direct liability to your franchises may be limited in terms of losses in case of failure, you're still required to provide them with the keys to your business model, as that is what they paid you for. Often times, this means an extensive initial training program that you would need to provide to franchisees, as well as ongoing training in order for the franchisee to adapt to on-going changes. Furthermore, you'll typically have to expand your marketing efforts in order to provide sufficient customer opportunities for all of your franchises.

Franchising your business is best done once your business model is proven, since that is the primary draw for investors. However, there have been cases where unique business models have been franchised at very early business stages.

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For more information

Are you interested to know more about what's involved in franchising? *I-Franchise-You* are experts in transforming Australian businesses into successful franchises.

Visit www.ifranchiseyou.com.au

The secrets of selling a business.

by Joseph Keller

Business owners looking to divest must 'commit to the process' and make the necessary changes to ensure the best sale outcome according to Marcus Salouk, Director of Queensland based consultancy Scancorp.

Mr Salouk said the most common mistake made by small and medium business owners was treating their business like a residential property for sale.

"Owners of privately held businesses often go about divesting in the same way they would sell their house," he said.

Mr Salouk identified the large privately held business sector as offering unique challenges.

"With less complexity, very small businesses can generally be acquired with lower levels of analysis and due diligence. Larger businesses especially public companies have higher levels of governance transparency. It's the companies in that middle ground of around \$3M to \$30M enterprise value that require the most preparation prior to divestment."

"A small business is an alternative asset class and is purchased based on its performance and strategic fit.

"Business owners shouldn't expect buyers to just wander through the business until they receive an acceptable offer. The successful sale

of a business requires significant preparation and analysis."

Mr Salouk said business owners had to commit to the sale process.

"In the lead up to a business sale we often find that businesses need to undergo significant changes to better prepare them for market."

"For a small business owner who has run a commercially successful business for many years the idea that they must modify their business systems for sale can be difficult to accept, but this is sometimes vital to ensure the best result. In some cases we're approached by owners who are keen to sell immediately but whose business is not yet in shape to market. We work with them to establish a strategy to make the changes required to optimise the value of their business."

Mr Salouk said having a strong business plan and transparent systems were also crucial elements to achieving strong sale value.

"Business owners need to prepare updated and accurate financial records and undertake a complete audit of all assets. It's also important to properly systemise the business by documenting all key processes."

"These measures ensure quality and efficiency and assist greatly in the transition of the

business to the new owner, which increases the overall value of the business.

"I also recommend succession planning strategies be put in place prior to entering into the business sale process as buyers are often reluctant to take on a business that relies on the knowledge of just one individual."

Top Business Sale Tips

1. Commit yourself to the sale process.
2. Understand the valuation methodologies and accept that changes may need to be made to your business systems to maximise business value.
3. Make sure your business plans and financial records are updated and in order.
4. Ensure your key business processes are documented.
5. Ensure key intellectual property is not held by just one person.
6. Consider a broad range of divestment strategies such as earn-outs, syndicated sales and private equity leverage buy-out structures.

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For more information

To learn more about selling a business contact:

Scancorp

Level 1, 163 Wharf Street

Spring Hill, Brisbane

Phone (07) 3902 2400

or visit

www.scancorp.com.au

Dynamic Asset Allocation.

By Morris Kaplan

Stock market watchers may have observed some shifts in the market in the past few months. Prices for sure have continued to move upwards from recent lows, but there are more important shifts taking place that stock market investors (particularly those who have a direct involvement in shares) may have noted. Takeover activity has increased. This is characteristic of a market that is “split”. On the one hand you have companies whose share prices are low and whose management is powerless to effect. On the other have you have acquisitive companies who have come through the Global Financial Crisis (GFC) in good shape. There are useful lessons emerging for the investor.

Takeover activity in the listed property trust area is widely anticipated as that sector has been one of the hardest hit in terms of the markdown in share prices. In true Darwinian style where species survive by being the fittest, the sector will in years to come have fewer participants as weakened participants will succumb to the stronger members. The lesson to be learned from this sector is not simply that the managers of the weaker funds made poor decisions (such as buying over-priced assets at the top of the market with debt) but that they failed to manage their assets effectively. The private investor can take heed of this.

In the Real Estate Investment Trust (REIT) sector, managers were seduced by readily available credit and a booming economy. A booming economy leads to tight office vacancy rates and falling cap rates. Now we are seeing vacancy rates in both retail and commercial buildings on the rise and cap rates, which are reflection of the former, are peaking. Seasoned managers will have taken note of the rules of asset allocation.

An investor’s asset allocation is increasingly understood to be the most important decision an investor makes. That’s why ‘dynamic’ is the operative word; suggesting that bottom-of-the-drawer investing is not for the prudent. The proportion of one’s funds that are “fully invested” as against “parked” on the sidelines is a key determinant of long term investment returns. In the run up to the stock market peak of late 2007, many fund managers, both equity and REITs, were fearful NOT to be in the market. In other words they felt that if they sat on the sidelines with cash, their funds’ returns would be lower than the highly active managers who were buying in the market. With four successive years of double digit returns, it would have been a brave manager to have taken a decision to move out of the market. Which is why today we are seeing the consequences.

Experienced managers and investors understand that a portfolio’s asset allocation changes over time as market prices move. It takes serious discipline to rebalance back to a target asset allocation. For private investors there’s the additional factor that an ideal allocation for a 32-year old single person is going to be very different from a 55-year old who has teenage children, a mortgage and a savings plan for retirement.

The idea of ‘dynamic’ balancing has been around for years but few investors and, it seems, few managers adopt the principles.

The lesson is that investors who take an active interest in their share and property portfolio need to have the right tools for adjusting their asset allocation. In the superannuation system this applies too. Each of us who make superannuation contributions has the power to allocate their portfolio, yet few do. Most rely

on the so-called “default” option. That option is triggered when you make no active choice.

The balancing activity takes note of the proportion of funds allocated to a particular asset class. In the simplest illustration an investor may believe that they best have 50 percent of their funds invested in growth assets (shares and property) with the other 50 percent in fixed interest securities (term deposits, government bonds and the like). When markets run up as hard and fast as they did over the period 2001-2007 then the allocations skew towards the growth assets. At its peak, the allocations look extreme perhaps rising to 90 percent allocation towards growth assets.

The dynamic allocation approach determines that on a regular basis (perhaps six-monthly) an investor measures the allocation and takes corrective action. The corrective action could be selling some shares or it could be issuing a request to their super fund manager to shift to a more ‘balanced’ fund. It does not take a genius to work that this action would have reduced the losses that many investors experienced.

Fund manager of course, should know better and their day of reckoning (especially in the REIT sector) still beckons. Some will have no choice and their fate will be determined by the corporate raiders.

The reality is that it dynamic asset allocation is a real challenge even for professional fund managers. The fear is that if you move too early out of growth assets you miss out on good gains. The other reality is that few people have the time and patience (and self confidence) to be a self-directed investor. The question is, what is the cost of inertia?

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About the author

Morris Kaplan, one-time stockbroker and venture capitalist, as well as author of best-seller *5 Years to Financial Freedom* (Hardie Grant Books) brings his finance skills and knowledge to bear on bipolar investment markets.

Is this Really an Economic Recovery?

By Scott Goold

I'm a guy who loves to get up in the morning and with a cup of coffee get an overall picture of what's happening in the world. I then try to look at things from a long-term investment situation - the bigger picture of where we are going and is it really in the right direction. This is what I love doing, but I am devastated that so few people are interested. More interesting to them is what the latest band-aid solution should be or the latest news on Shane Warne.

Ok, some of that stuff is fun but what do we really care about? Too often I see political solutions that only give a short-term economic benefit or increase the chances of that politician getting on the news and increasing their popularity. But what is going to happen to our society in the future? Where are our jobs going to be and, more importantly, what choices do we want our children and grandchildren to have?

Right now it seems we are at a critical point in history. The US is losing its number one position to China. Suddenly it feels like the economic future of our country will be determined solely by China's demand for coal. Around the world extreme weather seems to be everywhere and at home the toughest droughts were replaced by the most devastating floods. Suddenly employees have big amounts of money flowing into Super, but often don't know how well it's being invested. For many people they are relying on stock markets not falling so they can have something to live on in retirement, in an age where most people are going to live longer than they expected. There seems to be political change around the world and rulers are afraid of change such as happened in Egypt recently.

There is a strange disparity at the moment we don't often see between investors, politicians

and the public. Everyone seems to have a different view about the recovery and I guess this is normal during such change. There are four main themes I am picking up:

1. The recovery is occurring and any problems are normal in this stage of the recovery.
2. The recovery is in full swing, but governments now need to start reducing the debt they have built up.
3. In the developed world it's about those that are experiencing the economy and those that are being left behind.
4. The US policy of stimulating the economy only really devalues the US dollar, driving inflation and creating issues in the developing world.

I bet you haven't seen all four put down on the one piece of paper before! You see the people in charge want to keep control.

I thought I would examine my beliefs about the markets and show you why not everything is as it seems. It's not about taking a corner and sticking to that - it's about taking advantage of what's really happening now, whilst being aware of what can go wrong and how to protect yourself. It's really all about how investors can prosper from this period.

“This is just a normal recovery”

You are hearing this from politicians, central bankers and financial institutions. A politician needs to create confidence and stability... it's probably their primary function. I mean how many times do you hear them talking about



Is this Really an Economic Recovery?

Cont.

stability? No-one ever questions if stability is actually the right thing for now. They want to tell you what great ideas they have for keeping stability and why the other sides ideas are just a waste of money.

In the end what they do really only benefits them and big business. They will tell you how everything is going fine. It's your stockbrokers job to do the same thing - the future is fine... buy these shares... they will always go up. Central bankers are always going to tell us why what they are doing needs to keep being done to continue the recovery.

I don't buy the 'normal recovery' for one minute. If it is so normal why did US job losses exceed in percentage terms every other post WWII recession? And why do they seem like they are not recovering? Only once, in 2001, since WWII has it taken longer for the US economy to recover those losses and there doesn't seem any hope right now of recovering them.

Isn't employment the foundation of the economy?

Sure the stock market is recovering, and all of us taking advantage of this rally must be ecstatic, but it's still well below its 2007 peak and I am definitely ready to hit the exit button.

Start Reducing Government Debt Now

This is something we are seeing in the UK where they are pursuing it aggressively and its what the Tea Party in the UK wants. It is also something the Australian public seems to demand, however, at less than 10% the Debt to GDP ratio of most of Europe, America and

Japan, I feel like that is a little bit ridiculous.

The problem is that studies show that after you exceed a Debt to GDP ratio of 90% (I think Australia has 6%) it starts being a drag on growth. My view is that this is more about the reactions of the government and investors to high debt levels, but also it means central banks in these countries are reluctant to raise interest rates and I believe this in itself creates a drag on growth - please note this view is not a mainstream view.

But the real issue is not about whether governments should reduce debt, but more about how they should do it. I mean the UK policies of regulation and higher taxes make the UK less competitive in what is now a very connected world. Businesses and the smartest people will simply move offshore. Their financial industry is going to shrink faster than the shorts that my wife left in the dryer last week.

I think this is driven by the fear top bankers and politicians have of another financial collapse. They want to have the funds available to intervene again. I think this is a desperate and silly approach because their policies will only serve to drive a collapse. In that way the last place I want to be invested right now is in the pound and UK securities.

No... the answer is not to raise taxes or increase regulations. It's the opposite really. Now I don't mean decrease taxes, but I mean that governments need to look at where they want their economy to go and the structure of that. I mean does the UK want a financial industry? If you look at their policies the only conclusion you could draw would be not yet. Their financial industry is the core piece of their economy. What they should be asking is how they can

make it work better.

The same is the case in the US, but with different industries. Ask anyone what the US is good at and you wouldn't say the financial industry. What you would say is innovation and development of technology. They are also brilliant at small business. So my question is, why is it that so much money is flowing into their financial system and then offshore? (I will get to this later) Small business in America is more disadvantaged now than anyone - just ask these people. Yet they are the ones that drive employment there.

The US wants to continue stimulus so that it doesn't fall backwards. It's the opposite view to that of austerity in the UK. However they too need to pay off debt. The way to do that and avoid another financial collapse is to strengthen the foundations of your economy and change it structurally to make it more competitive. This is what China is doing much better than most and why it's successful. The core companies that drive their growing economy have government support both in terms of policy and financial support. This is where the big difference lies and why smart investors are looking to make long term investments there.

Two Economies in the Developed World

You listen to a politician or a the CEO of a big company and they will tell you things are great... you ask your neighbor, the local shop owner or a real estate agent and you get a completely different story.

Let's face it, statistics show that in Australia wages are growing faster than inflation and

every politician will tell you that's perfect. However, that is like sticking one leg in a bucket of ice and the other in a bucket of boiling water and saying that you are perfectly comfortable.

The fact is that some industries are doing better than others and wage growth is skewing everything else. One on hand you have a miner who is getting paid 30 grand more than he was last year due to a commodities boom and on the other hand you have a farmer who lost his whole year's work because of a flood. You have a builder who has to pay laborers 10% more because these guys are getting paid so much more if they go to the mines. In the US you have a banker getting a \$3 million dollar bonus for consulting to a factory to move to China and the workers join the list of long-term unemployed.

This is not about whether progress is correct or not. Of course it is and I support it. But why not have policies that support industries at home and make use of those people, or re-skill them. It's about looking at the trends and thinking of ways for everyone to benefit.

The problem is of course that politicians want everyone to know how great things are. This is there job but more than this it should be about how to make things better. If you speak to most people about the economy they will tell you it's not great... and you know what... despite corporations making bigger profits and the share market going up, these people are right.

The problem is that those that paint a rosy picture (like stockbrokers) have statistics to do that. But the problem is that the share market is not reality. The share market has been going higher from a low point. Sure it's better than 18 months ago, but it's not where it was in 2007. If the people on the ground are right is the share

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Is this Really an Economic Recovery?

Cont.

market valued correctly? I think not and there are so many issues out there it only takes one bad surprise and everything will tumble down. This is my big fear and those who will suffer are the ones who rely on their superannuation. That is why I offer services to help people to protect their assets. But just about everyone else out there in the financial industry wants you to put your money at risk because that is how they make their money out of it. I mean, if markets collapse who are the ones that will suffer the biggest losses?

Inflation in the Developed World

I know you have heard about Egypt but have you heard about the Ivory Coast, Tunisia or countries in the middle east that have recently seen civil unrest? What about Thailand... we all seem to have forgotten about that one.

That's the problem with this 24 hour news world... we quickly forget the big picture. What if I told you food inflation is out of control. What if I told you official annual inflation in China is 4.9% for January. Now that seems high, but who can believe that. Plus just a couple of months ago inflation was around 8%. Food inflation is even higher and this is a trend around the developed world.

So why is this a problem. Well all these protests are because people in these poorer countries can't afford to live. They want better conditions and better wages and it's critical right now because food prices are skyrocketing.

You know why? Well one thing is extreme weather conditions, but the other is US monetary policy. In order to stimulate their

economy the Federal Reserve is buying bonds, which effectively is printing money. Why? Well they want growth and inflation, but all this money they are putting in the hands of the investment banks they are buying the bonds off is not flowing into the US economy... why would the banks do that? The economy is bad and they want high returns. So instead they are pumping that money into emerging markets.

This pushes up inflation in the developing world and whilst they are printing money they are effectively devaluing the US dollar, which pushes up the prices of commodities that are largely valued in terms of US dollars.

So emerging markets that have driven the world economy for a number of years now such as China, Brazil and India have high inflation their governments need to deal with. How do they do that? Well they increase interest rates and put in place policies to slow inflation and as a consequence slow growth.

So positive inflation figures out of China firstly are not believable and secondly, indicate that growth in China is grinding to a halt. Oh dear... I wondered why many Emerging Markets are starting to move lower.

So what does all this mean for investors?

Number one - don't trust the economy. Until we see US employment improving I believe this is a false recovery.

I am long, but if markets fall I am automatically out. In fact some of my investments will benefit

if markets collapse as I am already short some markets like India.

Smart investors are now moving into developed markets and away from Emerging Markets - especially North America. I like Canada.

The last place I want to be invested in, and I have told my clients this over the past few months, is Australia. Not only are we susceptible to a collapse in China due to their policies, but I am also concerned about the long term impact of extreme weather conditions on our exports. A call I made about moving away from Australia and into Canada has been extremely beneficial to those who listened to my advice, as Canada has just about been the best performing market in the world over the past three months.

For sectors, I like agriculture - not in Australia but worldwide. Again I believe food prices will continue higher and companies that benefit from this are going to continue to do well. Since September this recommendation has returned over 17%.

But generally I am very cautious. You see, when governments take extreme positions (and you can see this as many governments oppose what other governments are doing) it's often not a good outcome. They need to be thinking long-term, and long term I am very skeptical about growth worldwide and about the ability of the stock market to continue higher.

Have an exit strategy and protect your hard earned funds. Stay away from fixed interest or bonds... with all that debt out there and interest rates rising there is a very high risk you could lose large amounts of money.

The other thing is to be ready. China has plenty of cash, as does Australia. Emerging markets,

whilst risky now, are more likely to outperform long-term. So wait for markets to collapse and start buying at bargain prices.

My conclusion - this isn't a recovery and the likelihood is that sooner or later the stock market will collapse. When it does, the US, UK and Europe simply don't have the same resources they did before the GFC to save the situation, so it could get very scary.

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About the author

Over the years Scott Goold has worked at the Sydney Futures Exchange and Citibank, trading Forex, futures and options, gaining significant market experience in challenging environments. He is a co-founder of Lifestyle Investor Services where he now develops software and training courses that provide simple principles to help clients invest online with confidence.

First homebuyers = First time investors

By Jane Slack-Smith

Whether you're buying your first home or your first property is an investment, the fundamentals are the same.

Twelve years ago I decided it was time to start taking control of my financial future and I put together a savings plan and a set of long-term goals. Ten years ago I bought my first home; now I have many investment properties. The property portfolio I have today I expect will be worth double what it's worth now in another seven to 10 years because I've bought all my properties with the same fundamentals.

I speak to hundreds of people each year through seminars, workshops and as clients who are looking at buying property and creating a portfolio that allows them to essentially make money while they sleep. Let's face it, who can even think far enough ahead to imagine retirement? But the reality is that with a few fundamental rules applied to your first property purchase you won't have to be hanging out until you're 70 to put your feet up.

Unlike in our parents' time, first homebuyers today aren't buying a property that's going to fit them for many years to come. Your first property is essentially a stepping stone that's going to be the key to how fast you reach your financial and personal goals.

Although I usually speak about how to locate and buy an investment property I consider the lessons just as relevant to first homeowners, as in reality their first property is even more so an investment in their future. Getting the fundamentals of that property purchase right could mean the difference between retiring at 50 or 70.

3 fundamentals of your first property purchase:

1. Start with the end in mind

So what is the end goal? Okay, 30 to 40 years down the track is a long way away so let's bring it in a bit – what is your goal for the next five years? How does a property purchase now fit into that goal? What type of property is going to assist you in getting to that goal sooner?

Until you can answer these questions don't waste your time every Saturday looking at 10 properties because you're running around without purpose.

2. Locate the right property, not necessarily the right home for you

When our grandparents and even some parents bought their homes they were planning for that property to be the family home for years to come. Let's be honest, with the median priced property these days,

you're only going to be able to afford a two-bedroom unit. This property isn't where you're going to plan to bring the grandkids back to in 30 or 40 years – this is a stepping stone only. So buy it with the fundamentals of buying a property investment, not a home. In other words, leave the emotion out.

3. Be flexible

Life throws curve balls at us. So it's not only important to consider any purchase with the long-term plans for that property in mind but be aware things can change. The property has to be flexible enough to cater for that. Research shows that the rise of single person households is going to be a potential driver of the future property market but these people want to live in two-bedroom properties. So if you have to sell or rent the property out then cater to what the majority of the market wants.

In summary first homebuyers have so much opportunity to set themselves up for a comfortable future and, thanks to the government, they also get a helping hand. Thinking strategically and with the end in mind will bring you a lot closer to what you want to achieve. It's just about getting started the right way.

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About the Author

Jane Slack-Smith is the director of Investors Choice Mortgages. She's a mortgage broker and runs property investing courses throughout Australia. Recently Jane has launched www.yourpropertysuccess.com.au a number of high content low cost e-courses on property investing based on the premise that you should not have to be wealthy to learn how to become wealthy these courses gives information, exercises and take people by the hand through what they need to know to build a low risk property portfolio.

Victim of their own success.

by David Hetcher

Each week there appears to be a very common similarity in potential new clients looking for working capital. The story goes something like this.

"I started my own business about 18 months ago. It was fairly slow going at first but in the last 7 or 8 months business has really picked up.

Initially I used by savings to finance the start-up and subsequently I have 'raided' my pension fund that I had built up while working for someone else and prior to opening my own business. What I'm seeing is that as my business grows it needs more working capital to constantly fuel that growth.

Recently I have even resorted to financing some business purchases with credit cards and now I find that I have some permanent credit card debt. I was somewhat reluctant to call my bank for help as I didn't know what sort of reception I would receive. In the end I made the call only to find out that I didn't really qualify for any programs, seems that I don't have enough track record and naturally my financials don't meet the bank's criteria at this point in time. They suggested that I slow down my expansion plans, reject some of the orders and basically plateau out my business at a lower level.

They did suggest that most banks would take the same position as theirs and that I should explore the secondary finance market place. They talked about such things as factoring, purchase

order financing, invoice discounting and venture capital. I don't know too much about any of these areas so I did the research and found out that I'm too small for the factoring companies that I contacted. My business, it seems is not well suited to using purchase order finance as a growth approach.

The venture capital people that I spoke to all wanted a business plan, several years' financial statements, cash flow projects and more-none of which I had. For me it turned out that invoice discounting- a service that I had never heard of- was the only viable solution."

That's how many of my clients arrive on the doorstep - either through patient research or because their bank recognised their need and their ability to help and so made the introduction.

Invoice discounting allows small growing companies the luxury of basically turning their business into a 'cash on delivery' business. Once the cash flow is accelerated the growth of the business can be easily handled and financed.

In the current economy-made small and medium sized businesses will become victims of their own success. They can create the product or service, they delivery it but as the order book grows they can't finance the growth and either have to slow down or go out of business.

With services such as invoice discounting there are options to help small businesses climb to the next plateau.

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About the author

David Hechter is the President of The Interface Financial Group (IFG) in Australia. IFG is North America's largest alternative funding source for small business and is rapidly growing in Australia, New Zealand, Singapore and the UK. IFG provides extensive Invoice Discounting to both manufacturing companies and those in the service and construction sectors. David can be reached by email at dhechter@interfacefinancial.com

How do we receive an income in retirement?

By Morris Kaplan

How do we receive income after we stop working? And how do we ensure our money does not run out before we do? Suffice to say that your nest egg starts depleting the minute you make withdrawals from it. One of the great mysteries of retirement income streams, is that you can actually make your income last forever provided you withdraw at an appropriate and consistent level. Unfortunately there are a number of snags in the way, not the least of which is our profligate spending patterns.

To make your nest egg last, you should conservatively plan to withdraw about 4 per cent of it per year in retirement. But even a modest \$1,200 a month would require a capital sum of \$300,000 which is far more than the average super fund balance.

That's \$1,200 a month. Will that be enough? Not on any score. According to an inflation calculator I used, what cost a dollar 20 years ago will be the equivalent of about \$2.75 today. Assuming the same rate going forward, your \$14,400 in 2026 will buy you what you can get for \$3,700 today. So that \$1,200 a month will feel more like \$500. Startling, isn't it?

Don't believe us? Consider this:

Retirement living costs begin to bite, now. In the twelve months to June 2010 the cost of living in retirement as measured by the Westpac-ASFA Retirement Living Standard for a comfortable lifestyle for retired couples in Sydney has gone up by 3.8 per cent or over \$1,700 a year. (Other state capitals are also featured in the study).

The cost of a "comfortable" retirement lifestyle for a couple living in Sydney has risen from \$877.86 a week (\$45,774 a year) to \$911.10 a week (\$47,507 a year). In comparison, the cost of a 'modest' retirement lifestyle for a single female living in Sydney rose 4 per cent from \$17,491 to \$18,192 a year. (A "comfortable" retirement lifestyle is considered one that enables a healthy person to have a broad range of leisure activities and a good standard of living). Now this, of course is an average and nobody is really 'average'. Some will have much higher spending requirements; others will have lower. The point here is to illustrate cost inflation and its affect on retirement savings.

Another way to look at it is to realise that the 4 per cent withdrawal rate should include inflation-indexed increases, so if you're taking out \$14,000 in the first year of retirement (and inflation that year is 3 per cent), the next withdrawal will be 1.03 times \$14,000, or \$14,420. Can you imagine how quickly your money will go?

If you want to live off the current equivalent of say, \$40,000 per year (and that's less than the average couple in Sydney) in 20 years, you can estimate that you'll have to withdraw \$110,000 annually in 2010 dollar terms. If that's 4 per cent of your nest egg, then that nest egg will need to be \$2.75 million! Still unruffled?

This is, of course, just one (hypothetical) example. The intention here, once again is to

kick start the awareness factor, not to frighten you into submission. There are plenty of options. There's hope... so read on.

Many of us will have home equity to tap, if need be, in retirement. Some of us will also receive at least something from CentreLink (see www.centrelink.gov.au), and perhaps a little from an investment fund or a rental apartment you have up the coast.

What is happening is that we have become aware. Now that we have reached mid-point in our lives, suddenly we are looking at stock market averages and hoping that markets power on and deliver 10 per cent a year or more of growth of our super fund nest eggs. Boomers will have been watching their superannuation fund balances grow very nicely over the past three years, but the stock market's return over the next 10, 20, and 30 years isn't going to match the more recent averages of 15 per cent a year. It could be lower, meaning you can end up with a considerably smaller nest egg than you may have expected if you have been extrapolating from last year's figures.

But if you take some action now, you can begin to set yourself up for a more comfortable retirement. So get going! But first, do some spring-cleaning and clear out the belief closet of those old notions of what retirement should or shouldn't look like. There are a myriad of ways our future could unfold as we move into this next stage of our lives.

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About the author

Morris Kaplan, one-time stockbroker and venture capitalist, as well as author of best-seller *5 Years to Financial Freedom* (Hardie Grant Books) brings his finance skills and knowledge to bear on bipolar investment markets.

An Investment that Shines.

By Justin Wood

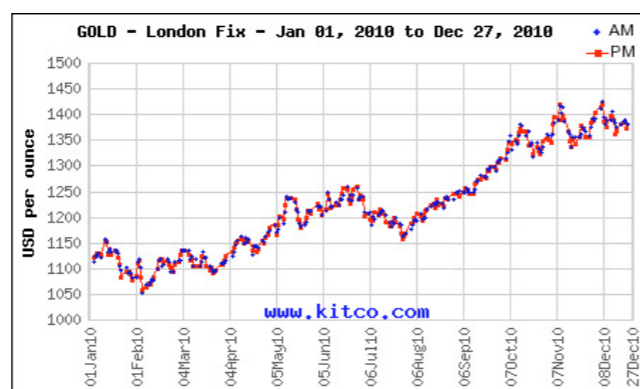
Investing in gold and silver could be one of the greatest investment opportunities of our lifetime.

For the past thousand years a pattern has repeated in which governments debase or dilute their money supply until a point where the general population starts to feel something is not quite right.

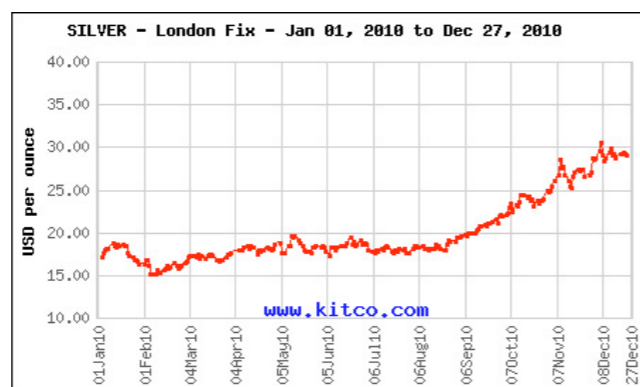
Perhaps you feel that way right now with the economic events of the last few years?

As governments continue to dilute their money supply, we realise we are losing our purchasing power. Time after time throughout the ages of governments and world powers the will of the public has caused gold and silver to revalue. In doing so it accounts for all the currency that was created. During these periods there is an enormous wealth transfer, and it is happening today.

Gold and silver have been making sizeable gains since 2008, both rising as the American dollar falls. The price of gold held above \$1400 (USD) per ounce, gaining more than 24% from the start of 2010. Silver was also higher due to an 83% gain during 2010, as investors sought the white metal as an alternative to gold.



- 2010 gold price



- 2010 silver price

What's even more interesting is the entire world's currencies have lost value when compared to the price of gold and silver. In Australian dollar terms, gold was up 13.6% in 2010. Beginning the year at \$1223, gold has shown a steady growth reaching \$1389 to close out the year.

While the increase in the value of gold was impressive, silver dominated the field with a 60% gain for the year 2010. A truly remarkable result.

What will follow is a bull run towards precious metals with gold and silver once again accounting for all the paper money created.

Base Currency vs. One Gold Ounce

Base Currency	1 st Jan 10	1 st Jan 11	% Gold gain in 2010
US Dollar	\$1,097	\$1,421	29.6%
Australia Dollar	\$1,223	\$1,389	13.6%
New Zealand Dollar	\$1,512	\$1,821	20.5%

Base Currency vs. One Silver Ounce

Base Currency	1 st Jan 10	1 st Jan 11	% Silver gain in 2010
US Dollar	\$16,89	\$30,91	83.0%
Australia Dollar	\$18,82	\$30,21	60.5%
New Zealand Dollar	\$23,26	\$39.60	70.3%

Gold and silver have a reputation for being a stable and safe bet when it comes to investing, particularly amid huge U.S. deficits and the decreasing value of the U.S. dollar.

It is clear from these figures that governments worldwide continue to expand their money supply, which creates inflation and robs people of their purchasing power.

If the reserve currency of these governments keeps devaluing, people will soon realise that their paper money is becoming worthless.

Both gold and silver performed well in 2010, but why was silver such a standout?

Unlike silver, gold has only two basic uses, money and jewellery. Both are hoarding type uses, where the metal does not get used up. Less than 10% of gold production is used in industrial applications. Silver on the other hand has hundreds of industrial uses and applications

An Investment that Shines. Cont.

that include coins, batteries, electronics, medical applications and water purification systems to name a few. Of all the uses of silver, only jewellery and silverware result in the saving of silver, all other uses are eventually thrown away and end up in landfill.

In 1980 there were 2.8 billion ounces of silver stockpiled, today there is only 2.1 billion. The silver supply is shrinking while our industrial needs are increasing. A huge amount of silver has already been used up in industrial applications since 1980 and miners can only just keep up with demand.

This is why silver has been such a standout performer, it is simple supply and demand. We are perhaps on the verge of the greatest silver boom history has ever seen.

What can we expect in 2011?

The strength of gold and silver prices post-Global Financial Crisis (GFC) show that it is not only perceived as a hedge, to protect wealth during an economic downturn, but is poised for robust gains in the long term on the back of strong supply and demand factors. Declining acquisition of mine production for precious metals has resulted in a tight supply scenario. Key producers of precious metals including South Africa, the U.S and Australia are showing signs of a gradual shortfall in potential output, creating a global supply deficit.

Gold and silvers accounting of the money supply also continues, and it will not stop until the full accounting is completed. Many leading economists are calling for silver to hit \$40 an ounce and gold to hit \$2500 an ounce by years end.

Gold and silver have revalued themselves throughout history bringing the government's fraudulent money to justice. 2011 will be no different.

Don't invest with your head in the sand. It is important to watch what is going on around you, so that you can take advantage of current economic events. Take control of your finances and take advantage of gold and especially silver opportunities this coming year, before the crowd rushes in.

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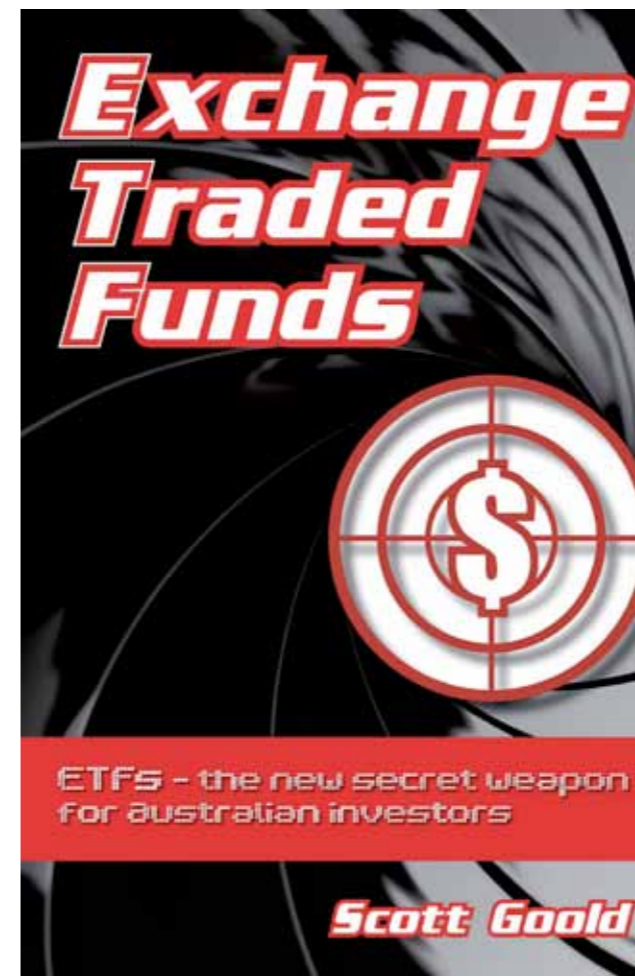
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About the author

Justin Wood is the director of Property Toolbox, a successful investor and a leading expert in wealth creation through property and commodities. Subscribe to his investor update at www.propertytoolbox.com.au

Book of the Month.



Exchange Traded Funds

ETFs – the new secret weapon for Australian investors

(Major Street Publishing, 2010.

RRP \$29.95)

By Scott Goold

Some years ago, author and financial expert, Scott Goold lost a lot of money investing in the Asian markets (even though they went up) because of bad investment decisions made by the fund managers.

“I've learned my lesson. The only person you can really trust to do the right thing with your money is you, which is why you need to be sure that you arm yourself with the most powerful weapons in your investment arsenal.”

After extensive research and thorough self-education, Scott has found his investment weapons of choice – ETFs, Exchange Traded Funds. Here are some of the reasons why:

- Lower fees and transaction costs
- Access to a selection of companies within an entire index or sector
- Excellent liquidity, flexibility and control
- Easy to trade with vastly superior returns to managed funds
- Potential to earn income from dividends
- Ability to trade with a stop loss, therefore limiting risk.

This ground-breaking book introduces investors to the wide world of ETFs – from Brazilian equities to Asian technology, US microcaps to Australian miners. They will learn which ETFs offer the best choices, how to evaluate ETFs and trade them in various market conditions as part of a winning investment strategy.

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About the author

Over the years Scott Goold has worked at the Sydney Futures Exchange and Citibank, trading Forex, futures and options, gaining significant market experience in challenging environments. He is a co-founder of Lifestyle Investor Services where he now develops software and training courses that provide simple principles to help clients invest online with confidence.

The Savvy Investor's Toolkit.

By Morris Kaplan

When you're trying to decide what stocks to buy, simply comparing their respective prices is meaningless, a little like comparing apples and oranges. It is important to employ tools that let you make meaningful comparisons, and two of the share analyst's most valuable tools are what are known as quantitative tools such as the 'earnings per share' (EPS) and the 'price to earnings ratio' (PER). These form part of what are known as fundamental analytical tools or analysis.

The principle that underpins a fundamental approach is to buy shares at prices that are cheaper than their intrinsic value. Regardless of any industry-specific characteristics there is a core set of factors that fundamental analysts would look for and these would include:

- Earnings (profit) history.
- PER relative to industry peers.
- High debt serviceability.
- Strong cash flow.
- High return on shareholders funds.

Although past earnings may be meaningless for a strongly growing young company, sales growth has relevance. Sales trends are very important in the evaluation process (using past and projected sales and are useful as a measure of comparison between several companies). You would know that some businesses in a particular industry are doing better than others in sales growth and market share.

Qualitative analysis – the Buffett strategy

An investor should take heed of the best in class as a way of learning from the masters. US fund manager Warren Buffett's highly successful investment strategy includes a number of key guidelines. He invests in sound businesses, which must include the following:

- High return on invested capital.
- Profits created in cash (rather than by financial "engineering").
- High stock or inventory turnover.
- Predictable earnings.
- The management must think like owners.
- Ideally the business should be in an industry where there are only a few large companies.

Each country will have its industries which are distinctive: in the USA, the large technology companies such as Google and Microsoft have rewarded shareholders, but so too has Coca Cola. In the UK, large construction companies and insurance companies have been good long term performers.

In Australia, the banks and the large resource companies have been powerful performers and great investment. Other industries include the media, banking, retailing and brewing.

- Good businesses have clearly and easily definable characteristics – for this reason rapidly changing industries, such as high technology, are not chosen by Buffet.
- The business must not be subject to such difficult management problems that choosing managers is likely to be a challenge.

So, fundamental analysis is not just a complex set of mathematical equations, it also includes some qualitative factors such as quality of management. Even if the maths is beyond us, with a little bit of research we can all make an assessment about these sorts of qualitative factors.

EPS and PER – What do they mean?

Rather than simply compare one company's overall earnings with that of another, share analysts look at a company's EPS. EPS is a ratio that measures the amount of net profit attributable to one share, and is calculated by dividing net profit after tax by the number of shares on issue.

The PER, is the most widely used indicator of whether a stock is over or under-valued. It expresses the relationship between a share's market value and the company's EPS and, as the name implies, is calculated by dividing the current share price by the EPS.

In practice you will not have to do these calculations, as most company reports and even press releases tend to give this information liberally.

A company's PER tells us how much investors are willing to pay per dollar of earnings (and is often also called the 'multiple' of earnings). So, a company with a PER of 15 suggests that investors are prepared to pay \$15 for every \$1 of earnings; a PER of 30 suggests investors are prepared to pay more – \$30 – for every \$1 of earnings.

The ratio can be viewed as something of a popularity index. Popular stocks tend to have high PERs, while stocks that are out of favour tend to have low PERs.

Stocks that have high PERs tend to reflect high expectations, and will have to live up to the high rating by showing an increase in earnings. But take care not to dismiss companies with high PERs as sometimes fast growth companies seem to be expensive in this measure yet can be cheap after a year or two of growth.

Many investors feel that stocks with low PERs will have a greater ability to outperform the market (the assumption is, that any negative factors are already factored into the share price), and positive earnings will see a sharp upturn in the share price.

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About the author

Morris Kaplan, one-time stockbroker and venture capitalist, as well as author of best-seller *5 Years to Financial Freedom* (Hardie Grant Books) brings his finance skills and knowledge to bear on bipolar investment markets.

Why Property Can Be Your Ticket to Freedom.

By Chris Gray

Investing in residential property is attractive to many, but a vast number of would-be investors shy away from, or procrastinate, getting into the market. It is a common perception that property ownership can limit your freedom – but nothing could be further from the truth. Smart investors focus on steadily building up their portfolio and their reward is a dependable asset that affords them a fantastic lifestyle.

Over time, a considered property investment strategy will start to provide you with long term rewards and the freedom to focus on a job you love, take time off to travel or raise a family, all the while knowing you are backed by a bricks-and-mortar asset that is constantly working at building your wealth.

How to achieve capital growth through property

Investors hoping to achieve the greatest financial freedom from property need to focus on buying well and steadily building up a portfolio. Once you have one appreciating asset you can build up equity which you use to purchase your next property – without having to fund it from your wages.

It took me nine years to gain financial freedom through property investing alone. But once I had the assets I could abandon my 9-to-5 job at age 31 and focus on my investments. In the same time frame, well-chosen properties in key hubs in Australia generally double in their value and produce consistent yields. This represents far better returns than those achieved by other assets, such as shares, and is why I believe property can offer investors the ultimate ticket to freedom.

Now I'm free to focus on what I love – property, television and education – through my buyer's agency Empire and various TV roles, including hosting Your Money Your Call on Sky News Business Channel and various speaking engagements where I teach others how to build financial freedom through property.

Property can offer greater freedom than other investment classes

Today, there are generally three ways to achieve real wealth: business, shares or property.

Many people start their own business to escape from a job, but often end up working twice as hard – and only benefit when they sell.

While shares can see massive value rises in a short time period, their value can decline just as quickly. Australian property weathered the worst of the GFC far better than the share market, and began recovering sooner.

Property is different: it is solid and easy to understand; it is fully supported by the government and banking system and it is stable. This is why property owners don't panic like shareholders might. Property can also be self-funded and provides a passive income.

The right investment decision varies depending on the individual, their goals and how comfortable they are with risk. However most people will benefit from including residential property as part (if not all) of their investment strategy. Just remember to have some cash as a backup for unforeseen expenses, and always talk to a property expert of a company that can help you with your investments before you begin.

Make your property self-funding

Many people struggle to cash flow the differences between rent in and mortgage out. The key is to use capital gain to finance that difference, rather than selling. This will allow you to forego expensive transaction costs and capital gains taxes, while holding on to a value-appreciating asset.

Building a profitable portfolio

The key here is to buy well. Take into consideration factors that will increase the property's market desirability. These include proximity to work places, public transport and leisure facilities. Be prepared to put in some research and footwork, or pay a professional to do this for you.

My investment strategy focuses on growth rather than rental returns. I believe you will do better by buying better, and as you can afford it. By steadily building a large portfolio you can achieve solid long term gains and cash flow the property to counteract any down times in the shorter term.

If you have twice the assets you should make twice as much money and achieve freedom through property. This is why I advise investors to steadily build a large portfolio, with cash left over for emergencies.

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About the author

Chris Gray is CEO of Empire which builds property portfolios for other people – searching, negotiating and renovating on their behalf. Chris hosts 'Your Money Your Call' each Friday on Sky News Business channel, where he interviews various heads of property research and major industry figures. Chris is a qualified accountant, buyers' agent and mortgage broker.

“Who Else Would Like To Know How Wealth and Health Are Interconnected?”

By Wayne Pickstone

For those who are not aware, I am a Business Coach and Mentor and I have spoken in front of thousands of people, I also hold tele-seminars and webinars for Small Business Owners, Large Corporations and Entrepreneurs, connecting the importance between health and wealth.

At a recent seminar, where I was one of the main speakers, a number of leading Business Owners came up to me and said, “Thank you Wayne, your insights have helped me double my turnover in only 10 months,” and some of the business owners have even tripled their turnover.

One excited entrepreneur was over the moon when I saved him over 1 million dollars.

Another lady in her 50's was ecstatic when she finally realised the importance of keeping her body Alkaline and within a short period of time made an intuitive decision that saved her just over \$200,000.

All were very excited because they did this in an economic decline. And this happened many times throughout the weekend, where leading business owners thanked me for their newfound profits.

It truly was a humbling experience.

I am already mentoring some of you on how to create abundance in your life and you'll be quite aware of the following.

To have “Autonomy” or “Independence” or “True Freedom” in your life, you need to understand 3 key critical elements.

1. Wealth
2. Relationships
3. Health

The most important of the 3 is Health, for without it everything else is meaningless. Over my 20 years of experience as a Practitioner I have come across thousands of millionaires and wealthy people who would easily swap their wealth to have their health return. And others who are struggling or somewhere in between, all say exactly the same thing. Some or should I say most, unfortunately leave it way to long.

What's the use of having all the money you desire or fantastic family and friends (relationships) if your life is determined by how many visits to the Doctor you have?

A critical point that most Wellness Practitioners miss is the basic understanding that health all starts from how you balance your pH levels. If acidic and especially if you're critically acidic, all sorts of serious diseases can develop.

More about that shortly.

However, unfortunately balancing pH is missed by most Wellness Practitioners. About 7 years ago I discussed this with a leading manufacturer of herbs and vitamins and they are now teaching this important concept to other Practitioners.

I suppose, better late than never.

I have been balancing pH for my patients for well over 15 years.

Ancient medicine suggests that balancing pH is the fundamental first step to any health rejuvenation program.

Most people are unfortunately acidic because of 4 reasons...

1. The unhealthy foods and beverages being eaten
2. The high degree of stress people find themselves under today

3. All the chemicals, pesticides, herbicides and pollution each of us are subjected to on a daily basis (especially from food and cigarette smoking)
4. Physical pain, inflammation, nerves being pinched and not allowing organs to function at optimal levels and/or any related pain - Hereditary and/or Genetics.

You just can't escape any of the above today, but you can be proactive by allowing your body to have the best defences against today's toxic environment. Balancing your pH is one of the best defences you can do on a daily basis.

Now here's the exciting part for those who wish to take on board what this concept has to offer. By keeping your pH balanced you not only help prevent serious disease (of course there are other factors to consider) but you can also create wealth and abundance faster than any other. According to Ancient Medicine when your pH is balanced the brain becomes more creative. When acidic - the opposite occurs.

Have you known someone who has built up a mass of wealth, a fortune to be envious of, but only to see it all lost with the twinkling of an eye because of a wrong decision or a succession of wrong decisions?

When the body is continuously acidic, brain fog, wrong decisions are made more easily and wealth can slip through one's fingers very quickly. Timing of when to get in and or when to get out of markets can be totally wrong causing you to get in too early, or too late and the list goes on and on...

Unravelling your wealth goals and also unravelling your short and long-term goals.

As your body becomes more acidic the more negative influence it has on wealth creation. You can become more emotional. Get this one critical element correct and it can make a positive difference to your wealth, therefore profits. Now please, it's not a panacea, but it can help enormously.

The next question on my lips would be, “How do I know if I am acidic or not?”

To have tests done is the only way you will know if you're acidic. These tests can help you to see if your health is going in the right direction.

When was the last time you had your...

1. pH tested, urine and saliva
2. Zinc levels tested
3. Vitamin C tested
4. Anti-oxidants tested
5. Blood put under a high-powered microscope (Live Blood Cell Analysis)
6. Liver function tested
7. White blood cells tested
8. Blood pressure tested
9. And the list goes on. I will go through the specific importance of these tests, and their significance to your trading in future articles. So stay tuned.

The only way you can find out where you are - a starting point at least - is by getting specific tests completed.

Also from an Ancient Medicine point of view there are 6 stages to disease. Disease is a progression; it's an accumulation of toxins. Getting specific tests should be considered for your Ultimate Health, Wellbeing and Creating or more importantly, keeping Wealth.

“Who Else Would Like To Know How Wealth and Health Are Interconnected?”

Cont.

Unfortunately, Western Medicine can only advise you that something is wrong once you have the diagnosis. Once you have diabetes or a heart attack or a stroke or cancer. Once you're in CRISIS! Personally, I want to find out way before then and have a barrage of tests done regularly. It's the only way to know where your health is.

Therefore one of the first tests that you can do is testing your pH and I will show you how to do that shortly. Now I would like to go through some very important aspects of pH.

Firstly, you might be asking yourself, “How do I know if I am acidic?” Because I know that's exactly what I would be thinking and here are some of the signs and symptoms of acidity . . .

There are two parts to being acidic I would like to share with you.

Firstly . . .

Is how acidity may affect the physical body...

1. Reflux
2. Bloating
3. Belching/Flatulence
4. Constipation or diarrhoea
5. Tiredness
6. Brain fog, confusion, lack of focus and or memory problems
7. Back, neck, shoulder, or for that matter any type of pain
8. Arthritis
9. If you are on a drug for high blood pressure or if you are on any drug to relieve the symptoms of any disease process
10. Diabetes
11. Headaches

The above is only a partial list. Therefore summing up, if you don't feel well it's more than likely a pH imbalance is occurring.

And secondly, here are some of the affects being acidic may have on your Wealth Creation or the ability to hold onto your wealth.

You seem stuck on a 5-figure income but can't get to a 6-figure income.

Or you seem stuck on a 6-figure income but can't make it to the million-dollar status.

You have been to many wealth creation seminars and wealth still eludes you.

You have business mentors and mindset coaches and you're still not getting anywhere. Improving . . . yes . . . but not in the way you would like.

You were wealthy but lost a lion's share of your wealth because of wrong decisions. Or worse still, you're bankrupt or you have gone into bankruptcy because of circumstances you thought were outside of your control.

If you're a trader you let your emotions rule and you make wrong decisions more times than not.

Once again a partial list, but I am sure you get my drift.

Here's a detailed description of what happens when you're acidic.

Different fluids in the human body generally have a delicate range of acid-alkaline balance and they maintain these levels for optimal functioning of the body, especially the brain. When the pH levels of blood or other key bodily fluids fall out of optimal pH range, the human body goes through a variety of adjustments to try to correct the acid or alkaline imbalance.

If the body is too alkaline, a condition called alkalosis results. Conversely, an overly acid condition results in acidosis. Most people however, are acidic.

When food is metabolised and broken down in the body, it leaves certain residues, which yield either alkaline or acidic potentials of pH. These residues appear to most strongly influence body pH levels and can lead to serious health problems, weight gain, poor athletic performance, low energy levels, poor trading results and premature aging if continuously too acidic or too alkaline.

For thousands of years Ancient Medicine has always suggested that balancing your pH is fundamental to health, wealth and abundance.

Conventional medical doctors are often sceptical at the idea that diet can influence anything but your urine pH levels and that diet has no impact on stomach acid or blood pH. This view is no longer as widespread as it once was, and in recent years it has been suggested by some researchers that a low grade acidosis among the general population of industrialised countries, caused by cereal grains and other refined foods common in modern diets, may be partly responsible for many of our modern diseases.

As mentioned earlier, unfortunately due to today's modern lifestyle, stress, bad eating habits, fast foods etc. can contribute to being highly over acidic. When we alkalis the body we are bringing back the balance of the body. One way of doing that is by using alkaline forming foods and alkalisating beverages.

Having a Neutral pH close to 7 should be our Goal for Both Urine and Saliva. To test your pH, go down to your local pharmacist, get some pH

paper or Litmus paper and test your pH as per the instructions that follow. Here's the critical part:-

Test your urine and salivary pH two hours after breakfast and/or 2 hours after dinner.

The ideal pH is between 6.8 and 7. Critical pH is 5.5 or below. Those who are aware of pH testing know that this level of home testing is random but it does give a starting point.

Within our Centre I have a specialised computer that measures your pH and your urine and saliva have to be taken at more precise times. When pH gets below 5.5, calcium is being leached out of fingernails, teeth and bones, setting up negative influences within the body that can create serious diseases like . . .

1. High blood pressure
2. Arthritis
3. Osteoporosis
4. Clogging of arteries
5. Heart disease
6. And even cancer
7. Actually the list doesn't stop here.

One key strategy for maintaining a neutral pH is drinking Lemon Water. Once you have tested your pH and if it is below 5.5, only do the following very slowly. Start with a few drops of lemon in water (not any more than this dose) and increase on a daily basis until you reach one dessertspoon.

If your pH is above 5.5 you can start at the optimal dose of one dessertspoon of lemon in water. (Use real lemons not the bottled type.)

I can hear you from here. I can hear you say, “But wait a second, aren't lemons acidic?”

“Who Else Would Like To Know How Wealth and Health Are Interconnected?”

Cont.

A very good question and here's the answer.

Lemon water helps to keep your pH at a level of 7, which is ideal for optimal health. This works as the lemon encourages the release of the hormone Secretin from the small intestine, which tells the pancreas to dump bicarbonate. (Bicarbonate is a natural alkalizer and will therefore correct an acidic condition.)

Bicarbonate is now being released into the small intestine and then absorbed into the lymphatic system or your immune system helping to kill viruses, bacteria, yeast, candida etc, as these bugs hate alkaline environments. As it adjusts the pH of the digestive system, it neutralises acids, therefore improving gut symptoms like reflux, belching, heartburn, bloating etc.

If pH is maintained at 6.8 to 7, energy improves, joint and muscle pain eases or disappears, headaches may go, mood-swings settle, fat starts to disappear; focus, memory and even retention can improve.

Note: you need to have one dessertspoon of lemon per glass of water, at least 3 times a day - unless of course, from the above discussion your pH is 5.5 or below.

The best times to take your lemon water is as soon as you get up in the morning, the last thing before bed and any other time during the day, at least one hour before food or 2 hours after food. Also once you've swallowed your lemon water, wash your mouth out with clean water because lemon, if you're acidic, can affect the enamel on your teeth.

Please remember - only real lemons or limes will do - not oranges or mandarins. When such an alkaline environment is maintained in the body, your metabolism, enzymes, immune system and

repair processes function at their best! Stress and inflammation produce acid waste products. You need to have mineral buffering reserves to combat these acids. That's why a diet that is predominantly alkaline-forming is essential to the maintenance of good health.

Most vegetables, salads and fruits contain higher proportions of alkaline-forming elements. They promote an alkaline environment in your body. Foods that you think of as “acidic” foods such as limes, lemons and rhubarb actually form alkaline residues because the body is able to fully break down those kinds of acids into bicarbonate and water.

Most fruits are alkaline-forming, but some like prunes, plums and cranberries are acid-forming because our bodies can't break down the types of acids they contain. Foods that are high in protein including milk, meat and even whole grains are also acid forming. All very good to eat, but not in large quantities!

The following is a list of some of the worst acidifying foods:

1. Refined foods
2. BAD fats
3. Sugars
4. And simple starches

From an Ancient Medicine understanding, foods made from white flour, i.e. white bread, pasta, noodles, pizza dough, cakes etc. act like glue in the tissues of our body. This causes an acid plaque to build up over time, especially in the digestive tract, leading to constipation, diarrhoea, and further inflammation/congestion of tissues, free radical activity and tissue death.

Your diet should be weighted in favour of the foods that are alkaline. So go and take

a look in the cupboards and see just how acidic your pantry is. You might be surprised! Before starting any changes in your diet, I always suggest that you see your Health Care Professional.

Improve your Wealth Creation by balancing your pH is a KEY component to add to your **Wealth Goals** and stay tuned because there are more Keys to come in future articles.

Interestingly, this whole concept on pH can be utilised with any Wealth Creation opportunities like Real Estate, Forex Trading, Commodities Trading, profiting through owning a business or multiple businesses or CEO's of companies and their employees or for that matter any type of Investment pursuits.

I recently had a conversation with a Property Developer, who is a new patient to our Centre. As you might be aware, in many areas property at the moment is a 'dirty' word. Although some may think otherwise. Unfortunately his Property Development has gone south, leaving a very stressful situation. He even admitted that intuitively he knew he should not have gone ahead with the development, but intellectually he over-rode his intuitive knowingness.

In 98% of cases, one's intuitive feelings are over-ridden by the intellect because of acidity. In hindsight it is easy to see if the wrong investment decision has been made. When your pH is 6.8 – 7 or neutral your inner voice or your intuition is heightened, therefore better decisions can be made about any future investments. The conversation I had with this new patient was enlightening and inspirational to him.

I hope that this article is inspiring and constructive to you.

If you have difficulty locating pH test strips, please phone our office on 07 4128 2899 and ask to speak to Anne or Emma and we will endeavour to post them out to you on the same day as you phone. Also for more information on pH you can visit my website at www.wellbeingcentre.com.au

Until Next time.

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For a Healthy Saving, Review Your Private Health Insurance.

By Andrew Davis

Investing just 10 minutes every few years to review your health insurance cover can both reduce your premium and improve the benefits when you claim. Having the right health insurance will deliver a return on your health, it can also find you savings to be used on income generating investments.

For most of us having health insurance is a given. It provides us immediate access to hospitals when we need it and the doctors of our choice. It also helps to reduce the cost for important services such as the dentist or physiotherapist, where there is no Medicare benefit.

The government also provides a sizeable 'carrot and stick'. If we have it, they pay 30% of the premium. If we don't we pay a much higher price if we change our mind when we are older, plus we pay a hefty tax penalty.

Being committed to having health insurance doesn't mean that we need to burn \$500-\$1000 per year in excessive premiums nor should we put up with sub-standard reimbursement when we claim.

Health is increasingly expensive and there are several reasons why health funds are justified in increasing premiums to recoup increased costs which are driven by: Doctors and Hospitals are looking to increase their fees and profits; the population is aging; and medical technology is advancing. Prices typically increase by 5-8%. Since 2003 overall premiums have increased by

67%, compared to inflation of 26%.

Whilst the hefty increases in health insurance effective from 1 April each year are as predictable as the sun rising each morning, there is no reason why long suffering customers can't improve their cover and pay less. Here's how:

Changed Circumstances?... Change Your Cover

Here are just four of the more common circumstances in which reviewing your health insurance might help you. As you'd expect there are dozens.

1. You're in your late 40s or 50s with no intention of having kids, or more kids (or any other age and not planning kids)?

Why keep paying for obstetric cover, it has a huge impact on your premium.

2. Not a patient in hospital regularly? Why pay for excess free or low excess hospital cover?

You're buying the same product as people who are elderly or have serious health conditions, and are paying accordingly. You don't expect to smash your car every year, so you take an excess on your car insurance. Same goes for your home and contents insurance. Why not apply the same logic to your health insurance.

For most people having an excess on their hospital cover will also result in significant savings. Some funds will even waive the excess for same day procedures such as colonoscopies or vasectomies and many funds won't charge the excess if a child is admitted to hospital.

3. Dissatisfied with low reimbursements when you go the dentist, physiotherapist or other ancillary provider?

Have you been told that to get more you need to switch dentists, but you don't want to? For a typical family maximising your dental claims can mean \$500+ more in refunds each and every year, and that's just for basic services. If your dentist is not a preferred provider then you're better off with a cover that pays a fixed % of the charge. Same applies to physiotherapy, chiropractor.

4. Have you noticed that your premiums seem to be increasing by more than average?

Have you observed that the benefits paid are the same now as they were 2 or 3 years ago? You're probably on a product that is closed to new members – millions of people are. Some health funds rely on people being apathetic and not changing policy. This allows them to offer better products at more competitive prices to new members without taking a big hit on their bottom line.

If any of these apply to you, the case to review your health cover is intellectually clear but there are a couple of myths that hold people back.

Myth 1: If I switch insurers I'll lose cover or have waiting periods and what more it will be a huge process that will take hours.

Reality: Unlike with banking, the government has for a long time had in place arrangements that allow consumers to move between funds without any loss of entitlement. It is in their interests, and it's in the health funds interests to keep the Government on side, after-all they pay for 30% of the premiums! You won't have to reserve waiting periods and changing products or health funds should only take more than 10 minutes if you want it to. A single signature authorises the new fund to manage all dealings with the old fund to secure the transfer.

Myth 2: It is very difficult for customers to compare health insurance products, and on balance they're all pretty much the same.

Reality: It is true that the market has more than a dozen insurers and hundreds of products. However the protection of Hospital Cover is essentially at 3 levels – Comprehensive, Intermediate, and Basic and the same applies to the Extras or Ancillary Cover. With a few direct questions you should be able to ascertain which is right for you and you can then turn to price as a determining factor. This is notoriously difficult to do on-line, which is why more than 80% of sales in the industry are made face-to-

For a Healthy Saving, Review Your Private Health Insurance.

Cont.

face or over the phone. Don't waste your time talking to someone who can only talk for one Company's products. You need to find the best product at the cheapest price from a wide range of insurers. Spend the first five minutes deciding who you will call, make sure it is an organisation who will cover the level of detail that you require – such as how much will my dentist reimburse me for xyz treatment.

2011 should be the year when you consider your health insurance. Do it well and you'll have peace of mind that you have the right cover for your and your family. In all likelihood you'll also be able to redirect some of your hard-earned money to investments and more pleasurable pursuits.

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About ChooseWell

ChooseWell is a specialist Health Insurance Advisory Service. ChooseWell takes the guesswork out of buying health insurance by taking the time to talk to people about their current and anticipated needs. We have products available for sale from a broad range of health funds that together insure almost 3 million Australians. For further details call 1300 42 11 54 or email enquiries@choosewell.com.au



Salad receives a dressing down... Are salads a wise investment in your health?

By David Whitmore



Surely salads are good for you? If I eat more salads won't I be healthier, smarter and more successful?

Not so, according to Traditional Chinese Medicine (TCM), the granddaddy of all health therapies. In fact many Chinese people won't even consume a single lettuce leaf without first dunking it in a steaming bowl of broth.

With an unbroken lineage of written records dating back well over 2,500 years, TCM is uniquely placed when it comes to giving out health advice. Countless generations of Chinese medical practitioners have written down their observations and the results of their treatments for the benefit of the following generation. Over such an extended period of refinement the Chinese have been able to develop a system of medicine that is safe, effective and great value for money. TCM is a system that has seen its fair share of health fads come and go and it reminds me of a wily old investor - TCM is sure of itself and doesn't get taken in by the latest fashions.

Emphasising salads and raw fruit and vegetables as a 'super-healthy must-do' is one such health fad that a modern day TCM practitioner comes face to face with on a daily basis. We advise our patients to avoid or minimise raw fruit and veg, especially if there are any digestive or immunity issues or if the patient has low energy levels. The idea that an excessive consumption of salads and fruit can be detrimental to health runs counter to all modern ideas about diet, according to which, by eating raw vegetables and fruit, we can absorb all the vitamins and minerals contained in them. However, excessive consumption of

what Chinese Medicine considers to be cold-energy foods and raw foods (such as salads, ice-creams, iced-drinks or fruit) weakens the digestive system. From the Chinese point of view, the digestive system prefers warm cooked foods and excessive consumption of the above foods will be very difficult to digest and may cause:

- Tiredness
- Weight gain
- Low immunity with frequent low grade infections
- Diarrhea or loose stools
- Poor appetite (eating out of habit or for fun only, not actually 'starving' for food)
- Feeling cold relative to others
- Abdominal pain.

It's hardly a picture of health! I can't see how anyone could turn tiredness, weight gain and frequent infections into a wealthy lifestyle!

Modern science can shed some light on how the Chinese point of view may indeed be correct.

Raw fruit and veg has three main drawbacks:

1. Your body's energy is wasted trying to break open the cellular structure of fruit and vegetables.
2. The nutrients inside each cell of the fruit and veg remain locked up inside and are unable to be utilised.
3. Germs and toxic residues are more likely to be present.

Salad receives a dressing down...

Are salads a wise investment in your health?

Cont.

The cellular structure of plants is different to animals in one key aspect - the cell wall. Animal cells have a thin malleable membrane enveloping the internal cellular bits and pieces (AKA organelles). Plant cells have the same membrane plus a thick rigid wall made from cellulose or fibre. This thick wall is hard for the human digestive system to break down (cows can do it but they have four stomachs!), mostly it ends up passing straight through and acting as our intestinal tooth brush. The nutrients from fruit and vegetables (vitamins, minerals and other phyto-chemicals) are contained within the thick walls of their cells. To split open the cell wall allows the nutrients to spill out and to be absorbed from our intestines and into our bloodstream. Chewing your salad breaks open a small percentage of the cell walls, chewing thoroughly will break open even more. Your digestive enzymes will split open some more cell walls but even after all that effort in chewing, and then producing and secreting enzymes there is still a large amount of nutrients that pass through your digestive system in an unzipped state depriving your body of the nutrients it requires.

To get those cheeky nutrients out of their cell walls and into your bloodstream where you can use them is simple – heat up the cells until they pop open – it's called cooking!

Just watch the poor veggies wilt as you steam them. The rigid cell walls break open and the structure of the whole vegetable wilts as a result. All of those nutrients you spend your hard earned money on become freely available.

The main criticism of cooking fruit and vegetables is the break down of vitamins and other nutrients due to the high temperatures involved. It's a fair criticism, and so it seems we are damned if we cook and damned if we don't! However, the net gain of nutrient availability from cooking outweighs the loss of nutrients from high temperatures, especially if your food is cooked on low heat for a long time. Many cultures with rich traditions, including the Chinese, hold this method of 'slow cooking' to be the most beneficial for peoples health.

The other drawback of raw fruit and veg is the increased likelihood of germs and toxins being present. Parasites, bacteria and other micro-organisms can exist in and on the fruit and veg we eat. On top of that is the possibility of a toxic residue from chemical fertilizers, pesticides and herbicides. Most people wash their fruit and vegetables, but it's far more effective to cook your plant-based ingredients in order to remove microbes and toxins. The heat from cooking will destroy 99.9% of all germs, and can transform many different toxins to remove them or make

them less damaging.

So consider maximising your intake of warm, cooked fruit and vegetables if you feel:

- Low in energy
- Sluggish, heavy
- Slow to 'start up' in the morning
- Bloating or uncomfortable after you eat

If you love your salad and fresh fruit and can't bear to give them up - don't stress out - you can make them less damaging and more digestible by:

- Having small amounts, preferably at the end of a warm salad
- Use a salad dressing that includes vinegar and some warming spices such as ginger, pepper or coriander
- Chew your fresh fruit and vegetables thoroughly
- Visiting a Chinese Herbalist for an individualised prescription of digestive helpers.

A diet made up of mostly plant-based foods - prepared by cooking - provides us with an optimal chance of longevity and a high quality of health. The perfect platform to build your wealth.

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Why Women Live Longer Than Men.

By Wayne Pickstone

According to Time Magazine August 2008 - "Across the industrialised world, women still live 5 to 10 years longer than men.

Among people over 100 years old, 85% are women, according to Tom Perls, founder of the New England Centenarian Study at Boston University."

Why is this important you might ask?... From a male's point of view he's the one who is typically the breadwinner, the one who brings home the money, who provides or who creates wealth and abundance for his family. For the politically correct I am sure you'll agree that this is the normal thinking.

Here's the answer . . . What's the use of putting in all those years of effort, hard work and labour to find out you can't enjoy it when you have the time and money to do so. To understand the following from a male's perspective is vital if he is going to live a long and healthy life, especially if he wants to be there for his partner, children and or grandchildren. Isn't this why males work in the first place, to enjoy the fruits of their labour?

And ladies as you read through this article, you'll be chuckling to yourself and nodding about 'how true it is.'

Here's why.

One warm summer's morning, two men suffering from ill health, were sitting down having a good old yak. Bob started to let Jim know about his poor health. Jim was more reserved than Bob and didn't let Bob know anything about his health. (A typical male, he prefers to keep it in), even though deep inside, Jim would have loved to let Bob know about how he really felt.

Pride is a funny thing for males. It brings them down every time and for 80% of males, they will never admit it.

Anyway Bob continued to talk about his health. "You know Jim; since I have turned 40 I have noticed a slow decline in my health. Now that I am 47 that decline is now even more dramatic."

With a sigh Jim nods and Bob continues but with a certain excitement in his eyes. (Jim couldn't work out why Bob was so excited. Luckily he finds out later.)

Bob continues, "The main thing I have felt is a feeling of deep tiredness, more like exhaustion. Not wanting to do anything. I seem to sit around all day and get under my wife's feet. On the weekends I have naps in the afternoon. I constantly try to watch the news and unfortunately wake up finding out that I totally missed the news. I get frustrated because I know I won't be able to sleep very well that night. And this cycle keeps on occurring with NO let up. And when I do wake in the morning after a terrible night, I am stiff all over."

Jim in the background just nods.

"And then I get angry and I take it out on my wife and sometimes those around me."

"Even my man boobs are getting bigger. Not to mention my gut. A friend on mine said you should never let your veranda get bigger than your tool shed. And guess what that too has also happened, my belly fat just keeps on getting bigger know matter what I do."

"As for the tool shed, I think that's on strike as well!!!! With a sigh of deep despair Bob groans, "I sometimes can't get the old fellow up, it's soft and most of the time just lies around like me. Not knowing what to do even though the

opportunity to do a lot of things has presented itself. The green light is on, ready for action but no one is home and I really feel for my wife. I thought this was supposed to happen when you get older - not when you're 47."

"Even more anger and frustration sweeps over me."

Jim's starting to think is Bob ever going to shut up. With more excitement in his eyes, Bob spurts out another rendition, "Even my memory has gone. And it's not that one where women think that we don't know where our socks are. This is depressing. My short-term memory is gone. I can't focus, I have brain fog and I can't remember why I especially went into a room for."

(Oh and by the way all these symptoms are telling signs of serious circulation problems. The most common cause of death for males is a Heart attack or Heart Disease.)

Now back to Bob and Jim.

How about you Jim, does anything like this happen to you." Jim begins to fidget and sits more erect; he also has an attempt to stick out his chest and says, "No, I feel fine. As a matter of fact I feel GREAT."

What a lot of.....

Jim and unfortunately 87% of males have this ego problem. It may not be ego but whatever it is; it is an indictment on 87% of the male population . . . full stop. When it comes to their health, males would rather stick out their chest, moan and groan and become a real pain in the 'butt' to their wife or partner, and say to everyone else that all is GREAT.

And I should know, I am one of them. A male! I had this same streak in me until I removed it early in my life. When I got rid of this contamination from my male brain, it was like all the lights went on and life got easier with all the energy of a 20 year old.

Now there is no fault here. That's right men; it's not your fault.

It's just the way the male brain is wired. The same as women. Women have certain traits that are familiar to all women. I am not going there, as I need to finish this article. Because if I start writing about the way a woman thinks, I could be writing for some time.

Maybe for another time!

Did you know that if 5 males sat on a bench at the age of 20 and you went back to them at the age of 50; and each during those 30 years had a heart episode of some description, there would only be one male left. That's right, it's not a typing error, 4 are DEAD. The scary part about this horrid statistic is that there were no prior warnings. Only death! Unfortunately most Medical Practitioners don't see the early warning symptoms for what they really are. Only able to treat when the CRISIS occurs i.e. the heart attack.

However, with each heart attack there are always symptoms that add up to the simple fact that all is not well. Ignored by most males! These early warning signs are cryptic. Unknown, unless you become informed - like reading this article.

These signs and symptoms are as mentioned above and here they are again in dot form. You don't have to have all of these symptoms, but of course the more you have the more serious it may be.

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Why Women Live Longer Than Men

Cont.

- Memory loss and “senior moments”
- Depression and mood swings especially anger
- Sleepless nights
- Unwanted weight gain - especially belly fat
- Muscles turning into flab
- Low sex drive and erectile dysfunction (ED)
- Enlarged prostate and other prostate problems-- and a frequent need to urinate
- Hair loss
- Male breasts or “man boobs”
- Muscle pain and stiffness

Even when males can see that all is not well, they can see and hear that their friends, their neighbours and even close relatives are dying at an alarming rate. STILL 87% do nothing.

Here's another interesting fact . . . 80% of any health professional's waiting room is filled with women seeking ANSWERS. Women seem to know that something is wrong and will do something about it.

80% of males do nothing except get the disease; except have the heart attack.

Unfortunately, with seemingly simple health challenges or even debilitating ill health, the longer someone waits the worse the condition is likely to become, so there's no point postponing doing something about it: Please men, don't be a male, don't be a statistic!

So why did Bob have excitement in his eyes, you may ask?

Bob finally got it. Whether it was one of his

friends who unfortunately passed away or something similar, Bob finally admitted he needed help. The why is not important, but Bob made an appointment with our Centre and finally acknowledged that all is not well. He now feels empowered and is looking forward to the journey ahead.

And for the 80% of males who usually do nothing and who are reading this article (you know who you are and I bet your wife or partner put this article somewhere to be found or put it under your nose and said something like, “Read it or else, I am sick of your whingeing. The only way you are going to improve your wellbeing is to do something”.

Oh and by the way . . . well done all males for reading it this far. I don't mean to be so blunt, but sometimes you have to shoot first and ask questions later. I too am frustrated with all the males I personally know, friends, who do nothing and die at an early age. Because I know this statistic can be changed, I have personally helped thousands of men over my 20 years as a practitioner, but it does need your help!

Importantly, be proactive with your health, in a preventative sense and that's what our Profession of Naturopaths does. If a CRISIS OCCURS IT TAKES A LOT MORE HARD WORK ON YOUR PART.

Therefore... You have to put your hand up for help.

For those men who have faced this challenge and who are patients within our Centre, I take my hat off to you and say, “Congratulations.” Just don't let lack of ongoing commitment or complacency take over your good intentions.

Like Bruce, a long time patient of over 15 years,

who originally came to see me for most of the symptoms you read above. Within a few months all symptoms were gone and he was ecstatic. However, Bruce failed to understand the importance of ongoing testing and reviews (commitment) and after another three years of not visiting our Centre because he thought all was GREAT with his health (complacency) he developed serious prostate problems.

That happened about seven years ago.

Because of how serious his health was, it took a couple of years to get it back on track, but he now truly understands to have NO more symptoms or disease, he has regular appointments (once each 3 months) with regular testings to ensure all is going well. Now his health and wellbeing are truly GREAT.

When he finally got “IT” . . . I still remember his words to me, even though they were said seven years ago. “Wayne I will never let that happen again, Health and Wellness is continuous; Tests are to be done regularly otherwise how do you know what's going on and it's to be followed to the nth degree. I now truly do understand what you have described as the ‘Male Brain’ and I will never let it cause so much grief to me or my family again. If I didn't listen and if I didn't put up my hand, I could have been dead by now. Thankyou.”

(This is a true story but the person's actual name has been changed because he wants to remain anonymous.)

From a humble understanding a male can take his health seriously because he has that innate ability but first he has to put up his hand for help.

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About the author

Wayne Pickstone is known as “The Practitioners’ Practitioner” where other Practitioners including Medical Doctors, Medical Specialists, Naturopaths and in fact all the different Modalities of the Wellness Industry come to see Wayne for their own Health and Anti-Aging challenges.

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A Second Bite for Needy Aussies.

By Katy Barfield, Executive Director SecondBite

In 2010, Australia sent 7.5 million tonnes of food to landfill, 3.2 million tonnes of which was discarded before it even made it to a household. At the same time 1.2 million people in Australia who ran out of food were unable to purchase more.

To counter these alarming statistics, Victorian-based organisation SecondBite takes one issue, that of good quality surplus food, and utilises it to solve another, that of that of hunger and food insecurity. In its short existence SecondBite has experienced exponential growth, significant evolution and provided positive social, health, environmental and economic impact.

In 2005 SecondBite began life as a volunteer run organisation that collected small amounts of surplus food from a couple of local markets and restaurants and re-distributed it to a handful of recipient agencies in metropolitan Melbourne.

Fast forward just five years and it's a significantly different picture. In 2010, SecondBite collected 880 tonnes of fresh, nutritious food, from retailers, growers, major events, wholesale markets, manufacturers and other food business' and re-distributed it to 212 community food programs across Victoria and Tasmania who provide various forms of food relief to people living in disadvantaged circumstances. This was enough food to provide 1.7 million hearty nutritious meals.

In the world of business this level of growth would attract pats on the back from associates and be heralded as a success story. It has a similar effect in the not-for-profit world, SecondBite was singled out for awards, was asked frequently by the media for comment and its seed financial supporters were delighted. However, unlike the business world, in 2008 this level of growth (the organisation moved 240

tonnes in 2008) signalled an important warning to SecondBite and motivated the organisation to begin investing resources in a different direction.

Without significant investment into researching the underlying issues of food insecurity, SecondBite would simply continue to grow. What could be wrong with that? Surely preventing fresh food from ending up in landfill has an extremely positive impact on the environment (the methane it creates is 23 times more deadly than carbon dioxide) and welfare agencies are able to provide healthier meals for their clients and re-direct precious funds to other services. This is certainly true, but unless the community could be empowered to do this independently of SecondBite wherever possible and practical, and there was a focus on researching why people end up food insecure in the first place, then the ultimate vision of providing equitable access to fresh nutritious food would never be achieved.

Attracting funding for long-term programs is not an easy proposition. Persistent problems such as food insecurity are complex and frequently misunderstood. Unless supporters can be encouraged to fund core operational costs and research, then how can long term preventative solutions be found?

With small amounts of seed funding for Research & Development secured, work began. In 2009 SecondBite released More Hunger More Waste – this report revealed that 90% of the agencies SecondBite assists saw a dramatic increase in demand for their services whilst highlighting an urgent need for more educational and nutritional information.

In 2010 a research project was undertaken to directly assess the impact on the health and social wellbeing of agency clients who

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In 2010, SecondBite volunteers collected enough fresh, nutritious food to provide 1.7 million hearty meals to Australians in need.

A Second Bite for Needy Aussies.

Cont.

eat meals at programs using fresh rescued food. This groundbreaking research revealed approximately 70% of the food provided at community food programs was fresh rescued food - this was fruit, vegetables and meat that would otherwise have ended up in landfill. It also highlighted that both positive health and social outcomes were achieved by accessing fresh rescued food and community meals.

Both these pieces of research lead to the development of innovative models like the SecondBite Community Connect™ program, a sustainable, economical way to increase access to fresh food in local communities by acting as a facilitator between a food donor and a local community food program, in any location around Australia. Food that would have otherwise gone to landfill is transformed into meals or food parcels. But the important difference is that the community is empowered to undertake the process safely and securely for themselves with not a SecondBite van in sight.

But this and other programs are just the beginning and if the goal to provide equitable access to fresh food is to be achieved, then funding commitments beyond the current short-term approach are needed.

SecondBite receives only 7% of its current funding from Government so how is this continued growth and research to be funded? No longer able to attract seed-funding how does SecondBite now attract long-term investment partners who share the vision of a healthier community?

Core funding is essential to success, it is needed to underpin growth, ensure the infrastructure is in place and plans can be made for the future.

However securing core funding is an ever present challenge. A number of potential funders are interested in project funding only, so attracting dollars for the everyday operational costs of the business is becoming increasingly difficult. Whilst it may not be as attractive, funding for staff, phones, cool rooms and offices is vitally important, as without them there would be no-one to set the strategic direction of the organisation, undertake the research, or support the 448 active volunteers.

In stark contrast in the for-profit world you would never have the opportunity to invest into one department of a business. By way of an example, would you look at Rio Tinto and say, this is a good company offering great returns, but I'm only interested in buying shares in the marketing department? You invest in the company as a whole to deliver on its promise and provide results. The same cannot always be said for the not-for-profit sector.

Ian Carson, Chairman and co-Founder of SecondBite says the need for a discussion about funding is pressing.

"We believe that the way charities are funded is an important discussion to have, as it highlights the need for greater assistance to organisations like SecondBite, who are focused on innovative and sustainable methods of food rescue and redistribution.

"SecondBite takes its programs and evaluation very seriously and measuring the social impact of our work is essential for our growth and for attracting ongoing support from financial donors, food donors, pro bono service providers and volunteers," he said.

To this end, SecondBite conducted a Social Return On Investment (SROI) study in 2010.

The in depth analysis places a dollar value on the social impact its work has on stakeholders, from food donors, financial donors, volunteers and, of course, the recipient agencies. The results revealed that for every \$1 invested, \$4.42 of social value is created by SecondBite.

It's vitally important that not-for-profits are accountable to those who entrust them with their funds and multi-year funding is not a right of entitlement. However if results are delivered and impact is measured perhaps funders could be encouraged in return to entrust successful organisations with proven models and strong governance by supporting a whole business approach, not isolating funding for specific projects.

It is interesting to note that the CEO and bookkeeper are the two toughest roles to fundraise for, yet governance, vision, strategic planning and financial accountability are at the very top of the list when potential funders choose which organisations to invest in.

A potential solution to this dilemma and an avenue which SecondBite is exploring is innovative income streams that can contribute to the core running costs: corporations, philanthropic organisations and individuals are encouraged to look beyond the traditional funding models and instead invest in partnerships that can be mutually beneficial. For example one potential partner is looking at a scheme whereby \$1 is added to every customer bill. Each \$1 will enable SecondBite to re-direct 2 hearty meals away from landfill and on to the table of an Australian who would otherwise go without. It's a win-win situation. The company answers to its environmental and corporate social responsibility and SecondBite gets closer to bringing about fundamental change.

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About SecondBite

SecondBite is endorsed by The Australian Taxation Office as an Income Tax Exempt Charity (ITEC) with Deductible Gift Recipient (DGR) status.

For more information please call 03 9376 3800

or visit www.secondbite.org

The Business of Saving Lives.

By Anna Dear

Here's a question for you: Would you invest in a business that, year to year generates little or no profit, and has an insecure income stream?

Chances are, your answer is no.

But what if that business was set up specifically to save lives? To innovate? To contribute to the knowledge economy of our nation? And to safeguard the future health of your children, your grandchildren and generations to come?

This is the challenge facing medical research institutes in Australia.

How do these organisations secure a steady stream of income, when their only 'product' or 'service' to sell is research?

The Victor Chang Cardiac Research Institute in Sydney, is one of Australia's leading medical research Institutes. Its core business is to find answers to Australia's biggest health concern – heart disease.

And ultimately, to save lives.

But to keep its doors open, to keep it viable and in the black year in and year out, is an ongoing challenge, involving grant applications that on average have only a 20 per cent chance of success.

So how does one keep a business running, when the only productive capacity it has is the ability to think, underpinned by the idea that something 'might' work?

Executive Director, Professor Bob Graham, who has been with the Institute since its inception in 1994, says the answers lie in the Institute's foundations.

"We're in the business of pushing forward the frontiers of knowledge and of saving lives. While not fiscal, these are our profit," says

Graham. "But we need to keep ourselves financially viable, to keep our best and brightest minds in Australia, and to nurture that talent to find answers to our nation's biggest killer. And we think that's worth the fight."

The statistics speak for themselves. One in every three Australians will die of cardiovascular disease, killing more Australians than all forms of cancer combined.

A recent study by the World Health Organisation (WHO), outlining trends in the key risk factors associated with heart disease, led commentators to describe the issue as a global 'tsunami of cardiovascular disease'.

It remains the number one cause of death in the industrialised world, and the leading cause of disability in our society - that is, it affects people in their working years of life.

"Heart disease has no age or gender barriers. It's often thought of as an 'old man's disease', but the reality is, four times more women die of heart disease than breast cancer in Australia, and it's the leading cause of young childhood death as well," says Graham.

"Since the 1960's, we've actually seen the incidence of cardiovascular disease drop quite significantly – and we can put that down to major advancements made in research, which is heartening. But it's still our nation's biggest health threat and the biggest disease burden in terms of our national economy."

Every year, billions of dollars are spent on medical devices and drugs to treat the burgeoning problem. As the population ages, the costs to manage diseases of the heart and blood vessels are set to triple from \$212 billion to \$818 billion in the United States and an equivalent amount in Australia.

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Statue of the late Dr Victor Chang, outside the VCCRI in Sydney's Darlinghurst.

The Business of Saving Lives. Cont.



Professor Bob Graham, (centre), Executive Director of the VCCRI, with his lab team at the Institute.

“And that’s why we’re still here, fighting the fight,” continues Graham.

Despite this, Professor Graham says there is a strong misconception that medical research institutes are heavily funded by the government, or universities, to keep them afloat.

“It’s just not the case. We rely heavily on the generosity of the Australian public and corporate donors to keep our doors open. And for that, we are extremely thankful.”

It costs an estimated \$16 million to run the Institute each year. A portion of that money comes from health and research funding bodies like the National Health and Medical Research Council (NHMRC) and the Australian Research Council (ARC).

But funding from these bodies is competitive and only covers the direct costs of research. It does not cover the indirect costs, such as heat, light, power, water, telecommunications, insurance and administration.

What’s more, only around 20 per cent of all research projects deemed scientifically ‘worthy’ actually receive funding from these bodies. That leaves around 50-60 per cent of viable projects in the lurch, requiring fundraising dollars to make up the difference.

“It’s actually through these sorts of projects, the ones that are financed by our donors, that some of our biggest breakthroughs have been made,” says Graham. “The ‘blue sky’ research as we like to call it, where one doesn’t know exactly

what the outcome is going to be, and so are not yet sufficiently advanced to garner support from traditional funding agencies.”

In its relatively modest 16 years in operation, Victor Chang scientists have been making such breakthroughs by tackling heart disease from all angles.

A steady stream of important discoveries have been made, ranging from identifying new genes that cause heart defects in babies, to the application of adult stem cells for heart regeneration and repair, to creating new ways of preserving donor organs for transplantation.

Beginning in 1994, not long after the death of pioneering heart surgeon Dr Victor Chang, the Institute has grown from two full time employees, to over 140 staff across 14 different research programs today. Its scientists continue to work enthusiastically, making waves not only in Australia’s research community, but around the world as well.

All this stems from the generosity of Australians, who were determined to keep the legacy of the late Dr Chang alive.

The Institute is now regarded as one of Australia’s foremost research operations dedicated to improving the lives of all Australians, and is housed adjacent to Australia’s leading heart hospital, St Vincent’s Hospital, Sydney - Dr Chang’s old stomping ground.

“We’re so fortunate with the level of support we’ve received over the years from the Australian public,” continues Graham. “But the charity market is undoubtedly crowded and cut-throat these days. Throw in some national disasters, and the funds previously available for smaller charities rapidly dry up.”

Graham says the impact of national disasters, such as the Victorian “Black Saturday” bushfires in 2009, and the global financial crisis have made the past few years tougher than ever for the charity sector.

He suspects this year will be no different, particularly following the recent devastating floods in Queensland and Cyclone Yasi.

And while the mood remains upbeat, the question for Professor Graham and his team at the Victor Chang Institute remains: How do you stand out from the crowd, when there are so many worthy charities to invest in, and other research projects to fund?

The answer, according to Graham?

“We have a proven record of excellence in research, we run a lean and mean operation where almost every dollar goes directly into research, and we are committed to helping all people with heart disease.

“Above all else? We believe in what we do.”

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For more information

To learn more about the Victor Chang Cardiac Research Institute, or to donate, visit www.victorchang.edu.au or call 1300VICTOR



investor edge

ISSUE 2

Publisher:

Investor Edge is published by
Lifestyle Education Group Pty Ltd.
PO Box 4900 GCMC 9729