

DON'T LET SHARE MARKETS SCARE YOU

Mum and Dad investors, people with superannuation and retirees with managed funds should relax and not be scared by the current volatility in the Australian share market, according to Adelaide based financial strategist Theo Marinis.

“Volatility in share markets is normal,” said Marinis. “What is odd is the four years of a Bull market we have just enjoyed – unlike any other share market in the world.”

Theo Marinis said he had recently been contacted by a number of clients who were concerned about the wellbeing of their investments following the recent China Shock, and with the Australian Sharemarket “giving back” some of its gains.

(As a result of significant interest, Theo Marinis sent his top 100 clients the attached letter.)

“There was much celebrating in the investment community when the ASX first tipped over 6000 points, however perhaps it was premature. One thing I have learned in my 20 years as an economist, accountant and financial strategist is that markets are staircases ruled by gravity.”

“The great news is that there has been no better place to invest since World War II than in the Australian share markets. Despite the fluctuations, in the longer term, the market has been the best performed investment.”

“As I constantly remind people, it is not your timing on when you buy into the ASX, it is the length of time you are part the market which determines your returns. Investing should always be seen as a long-term strategy for wealth creation. The markets are not a Casino where you can pick up quick wins (or losses!)”

“Perhaps the most important role of a financial adviser is to educate his or her clients. We have a responsibility to remind people about the nature of investments, as well as the best asset selection for their personal situation.”

“Based on my experience, I anticipate the next 12 to 18 months will continue to be very positive for the Australian markets. I expect that in the lead up to the Beijing Olympics we will see continued demand from China, which in turn will fuel our local market.”

“The next boom for Australia will be demand from India, which is currently opening itself up to new capital, and has the advantage of a shared background with Australia in legal systems and language.”

“Australia’s geographic position, natural resources, educated citizenry and spirit of entrepreneurship mean that we are bound to benefit from the development of our near neighbours over the next century”.

“There has never been a better time to be an investing Australian, and given most of us are contributing to superannuation or drawing down on it, that means just about all of us. It is very important not to let the volatility of the share market scare you, it is a natural part of the process,” said Theo Marinis.

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Disclaimer

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10 April 2007

Client Names
Postal Address

Dear

STAY IN YOUR SEAT!

You have probably noticed that after a very good start to the year the investment markets have become a bit less certain.

A lot has been written about the China Shock, low building approvals and the American current account deficit.

My advice to investors in these uncertain times is to stay where you are – keep your seat! You may wonder why I would give such advice. Put simply, it is because the nature of the share market is volatile; sometimes it races up, sometimes it crashes down

However, one thing the Australian Stock market has done consistently over the last 25 years, is to grow by about 14 per cent pa on average, despite the various fluctuations along the way.*

As I said early in our relationship, it is not “Timing” the market, but “Time In” the market which leads to overall asset growth.

Every so often, stock markets become “overheated.” This simply means the prices paid for shares are more than they are really worth, so a correction occurs. Such an event can provide opportunities for stock pickers to buy cheap shares – but this is an area best dealt with by the experts.

My prediction, based on my experience as an economist, my training as an accountant and my years of practicing as a financial strategist, is that the next 12- 18 months should see continued positive returns. I think in the lead up to the Beijing Olympics, demand from China will continue to fuel the Australian economy. I also expect there will be a few bumps along the way.

As always, if you would like to discuss your investments, please don't hesitate to call me on (08) 8130 5130 – and remember last month marked the fourth anniversary of the current Bull market.

With my very best wishes

Theo Marinis B.A., B.Ec., CPA., CFP®
Financial Strategist

* Source: (The Aust Share market as measured by the ASX Accum Index has returned 14% pa for the 25 years to December 2006. Note returns during this time have been above the historic average.)