

## Grow with Marinis

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**From:** Grow with Marinis  
**Sent:** Friday, 19 April 2013 2:41 PM  
**To:** Grow with Marinis  
**Subject:** Uncertain Times Ahead (S)  
**Attachments:** Media Release No. 32 \_ 2009 10 07 \_ Don\_t be Fooled\_ It\_s not Over Yet\_.pdf

Dear Friends

Back in October 2009 I wrote media release 32 “Don’t be fooled! – It’s NOT Over Yet!” and here we are almost four years later and my view has not changed in the slightest.

I firmly believe we have some turbulent times ahead, despite our recent good investment performances and optimistic reports in the media.

The problem remains the same – excess debt –created in a banking crisis. What regulators have done is simply moved the issue from being a private one to government responsibility.

The problem with this is that some governments are neither skilled nor large enough to manage this burden – the classic example is what we have seen recently in Cyprus (and Greece, Portugal, Italy, Ireland and Spain.)

Australia is not immune to this kind of trauma but we have had the tremendous good fortune of having our exports in demand and a very robust financial market which is underpinned by our compulsory superannuation system.

So what should we do as investors to ensure we are not hurt by any upcoming market mayhem?

The most important thing is to have a sound strategy which is tailored for you and then stick to it.

I believe in what has become known as the ‘Marinis Buffer’ which helps clients avoid having to sell down good quality assets at the bottom of the market to fund their lifestyle. Put simply, it is a cash “shock absorber”.

Also, my view remains consistent about leveraging or margin lending. It is only for the very brave and is generally very unwise for investors over 50 (who don’t have time to rebuild their wealth). I think the victims of Storm Financial and Westpoint would now agree with me.

Similarly, I see market ‘timing’ as a form of gambling as history shows us it is the amount of time you spend in the market, rather than attempting to pick the highs and lows, which produce the best outcome.

The Marinis Financial Group message to our clients remains unchanged, that is simply have a good strategy and stick to it and I am delighted to say that of all our clients who followed this advice, nobody suffered during the global financial crisis as they just ‘sat in their seats’ and ignored the markets gyrations and are now back in a similar position to when the troubles started, but unlike those who panicked they did not lose their savings by selling at the bottom of the cycle.

I have attached a copy of my 2009 Media Release No 32: “Don’t be fooled! – It’s NOT Over Yet!” for you to review if you have the time.

As always if I or any member of the MFG team can be of assistance, please do not hesitate to contact us.

### **A NOTE regarding OUR WEBSITE SURVEY**

**I would like to thank all of you who kindly participated in our recent website survey. The responses were both overwhelming and quite humbling. I am now also pleased to announce (with their permission) that the winners of the two lovely baskets are Denise Nolan and Brian Beharrie. Their baskets have been delivered and I hope they enjoy them!**

Yours sincerely

**Theo Marinis B.A, B.Ec, CPA, FPA®**  
**Financial Strategist**  
**Authorised Representative**



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## Don't be Fooled! – It's NOT Over Yet!

Reading of his supposed death, Mark Twain commented that those reports were premature – so are the obituaries for the Global Financial Crisis (GFC), says Adelaide based financial strategist Theo Marinis.

“I believe that the recent rebound of the investment markets should not be a reason for a return to complacency or euphoria, despite the opinions of some commentators, because we are in for a tough time ahead,” Theo said.

“It is my opinion that the world economy, including Australia, remains at serious risk of facing the toughest economic conditions yet to be experienced by the baby boomer generation. The risks of real unemployment reaching double figures, deflation and / or inflation (as the jury is still out on how this may pan out) eroding the value of assets, remain very real.”

“Economic forecasts which pointed to the ‘doom and gloom’ we were facing twelve months ago as the GFC began to unfold were not understated; moreover, what had not been taken into account was the massive government (deficit) funded stimulus (said to be equivalent to total expenditure on World War II), required to mitigate the effects of the crisis.

“In addition, the regulatory reforms needed to restore fundamental integrity to markets (particularly overseas) are yet to be satisfactorily addressed. As a consequence, the inconsistencies which brought us to this point continue to remain part of the economic cycle.”

“Looking to the short to medium term, I believe that the best case scenario (to borrow a term from aviation) is a rough landing. By this I mean that in my opinion, the current strength of the investment markets will not continue and trading will be in very tight bands. To continue the analogy, I suggest that investors should keep their seatbelts on low and tight - although thanks to central bank largesse, there no longer appears to be a need to adopt the emergency brace position!

“I am advising my clients, therefore, to remain highly cautious in the current conditions. They need to ensure that they have a “Marinis buffer” in place to enable them to have cash to ride out the difficult times ahead. In addition, they should keep in close contact with their financial advisers to ensure that any necessary portfolio changes can be made quickly and efficiently.”

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