Grow | Marinis Group

From: Grow | Marinis Group
Sent: Thursday, 18 December 2014 1:03 PM
To: Grow | Marinis Group
Subject: Happy New Year 2015....and Beyond!!
Attachments: MFG Office Christmas Closure Letter _ 2014.pdf; Perennial Investment Partners _ Rule No. 1 _ Don_t Panic.pdf

Dear friends

Maybe I'm getting old... I have started to think about just how good our lives are – we live in a great country, we live at a great time but we sometimes forget to celebrate just how good it is!

Before getting too carried away, there are some stark facts about 2014 – economically it was not the year I had expected. Australia did not 'take off' as I predicted. With 20/20 hindsight, this was due to two things, America's bounce back to strength and China's slowing down. It was not due to shenanigans in Canberra, despite what the commentators may say – in overall economic terms, this is merely a sideshow.

As a result of the global 'see-saw' created by America and China, we did not make as much money here in Australia as I thought we would. This once again reassures me that my views on 'stock-picking' are sound and why I recommend to clients to 'buy the market' don't gamble on picking individual winners.

Australia didn't go broke, we didn't have a recession, we have stable government, our healthcare system is good, our social security system is good and our education system is good...

My comments above about 'buying the market' are also endorsed by this article written by 'Vanguard Investments' highly respected journalist turned commentator Robin Bowerman.

Please click on the link below:

https://www.vanguardinvestments.com.au/retail/ret/articles/insights/smart-investing/Two-debates-one-low-cost-message.jsp?utm_source=SmartInvesting&utm_medium=email&utm_campaign=August2014)

We have by any measure a good system – not perfect – but far better in totality than any other country on earth. We will leave our grandchildren a really good place to grow up in and I think that is something we should celebrate.

I invite you to take five minutes to read an article by well-known AMP economist Dr Shane Oliver (someone with whom many of you may be familiar from my previous introductions).

Please click on this link below:

http://www.ampcapital.com.au/article-detail?alias=/olivers-insights/november/the-end-is-nigh,-or-is-it-try-to-turn-down-the-noi&audience=1

Shane's views, formed during a dental procedure are very much in line with mine and he also encourages his readers to recognise just how good we have it here in this wonderful land.. Maybe we are both getting old...

For those looking for a little reassurance about not panicking during times of economic gyrations, have a look at the **attachment from Perennial Investment Partners** which is a fascinating article aptly titled **Rule No. 1 - Don't Panic**.

I believe that we are poorly served by the intense scrutiny given to the movements of the share market. How often do we hear commentators talking in hushed tones about the market 'tanking', about the latest financial disaster or the looming recession? Those same commentators rarely predict a boom or 'Bull' Market; it is always doom and gloom!

In the past, you may have seen me comment on numerous economic and financial issues, including The Advertiser, and range of other mainstream publications which feature in our Media Library on the MFG website along with my articles and public correspondence with politicians and regulators.

Please click on this link: http://www.marinisgroup.com.au/media/2014

This year however, as well as contributing to the traditional media, I have decided to become active on social media – specifically, via Twitter, clocking up in excess of 750 'tweets'. As I realise most of my friends don't have Twitter accounts, if you click here https://twitter.com/marinisgroup and then click the top right corner of the sign-up box (which will make it disappear) you will be taken to my page so that you can read my social media contributions – without having to join!

My reasons for the use of social media have been based on my wish to communicate directly with a number of politicians (in particular, Minister Kevin Andrews for his short sighted and unreasonable approach to new Centrelink deeming rules for Account Based Pension income from 1 January 2015). I also wanted to communicate with a number of my former colleagues from the Public Service currently being made redundant. They have some terrific opportunities available to them and they are being asked to make binding decisions on their retirement under a lot of pressure.

On a happier note, I guess you would like to know what I expect as an economist in 2015. I remain optimistic for Australia. The reasons for this optimism are based primarily on the fact that during the GFC, Australia's companies shed any fat they had to carry and now are ready to take advantage of our low interest rates, and the $A is at much more realistic levels.

In wrapping up this holiday edition of eGrow, I thank you sincerely for the trust you have placed in the Marinis Financial Group team. We will continue to work diligently for you and your family and will continue to play our role in helping you to achieve your financial goals so you can better enjoy this fantastic country we share.

As always, if you would like to discuss this edition of eGrow, I welcome any questions or comments to either myself or any member of the Marinis Financial Group team.

Please note that I have attached to this email our office closure dates information.

Sincerely yours

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

grow with MARINIS

GROW @ Marinis

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Happy Festive Season

Dearest Valued Client

We would like to personally take this opportunity during the festive holiday season to express our sincere gratitude for your ongoing support.

May your home be filled with all the happiness, love and joy this time of year brings.

Here's hoping that peace and prosperity greet you each day of 2015.

We wish to advise our office will be closed from

12:00pm - Friday 19th December 2014

and will reopen

9.00am - Monday 12th January 2015

Kindest Regards

Theo Marinis and Staff at

Marinis Financial Group

PERENNIAL
INVESTMENT
PARTNERS

Monthly Investment Update

Perennial Perspective
November 2014

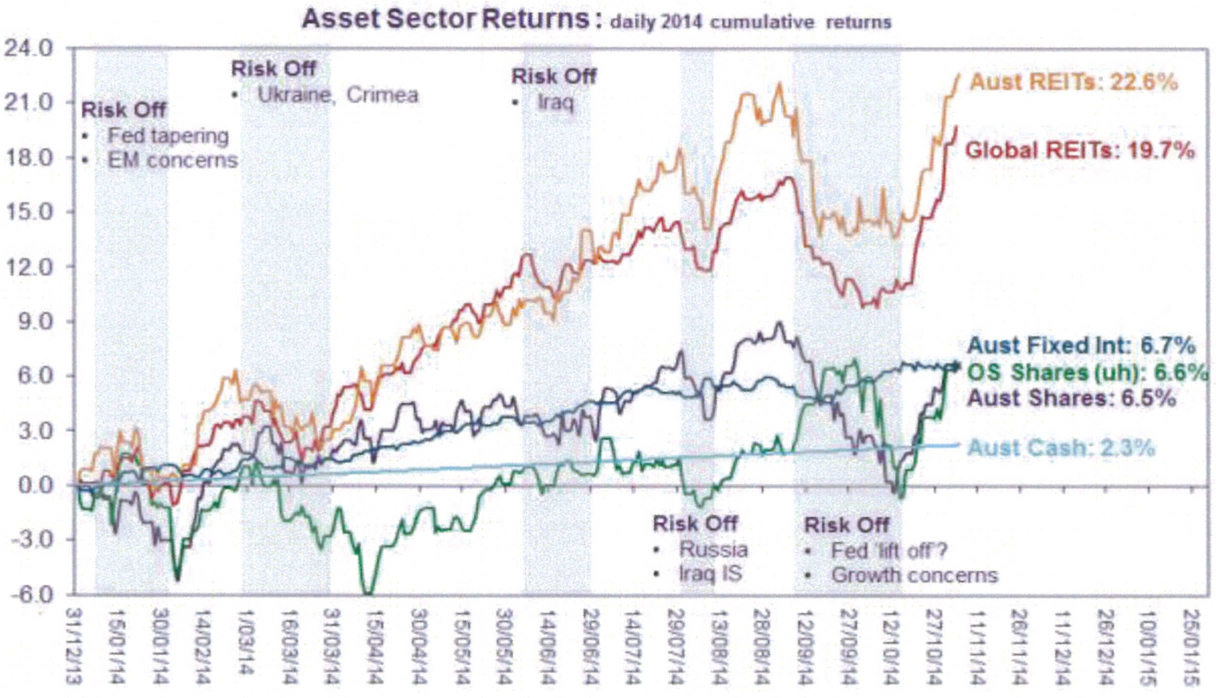
Rule No. 1 – Don't Panic

The big theme for the last few weeks, particularly in mid-October was the return of volatility. However just as we got terribly concerned about Ebola, a slowing Europe and the IMF downgrading world growth (for the record the IMF now thinks the world economy will grow at 3.8% next year compared to its' forecast of 4% back in July), growth assets bounced back. Bargain hunting, a shift to some solid economic data and a positive US reporting season was enough to see the Dow Jones bounce back to another record high. This is clearly a market that wants to go up and with interest rates so low around the world and long bond rates to eventually rise, it's no wonder investors are not straying too far from shares and REITs.

So as the chart below shows, where we sit in early November is that the year is looking like it will produce "reasonable" returns, particularly given the low level of inflation.

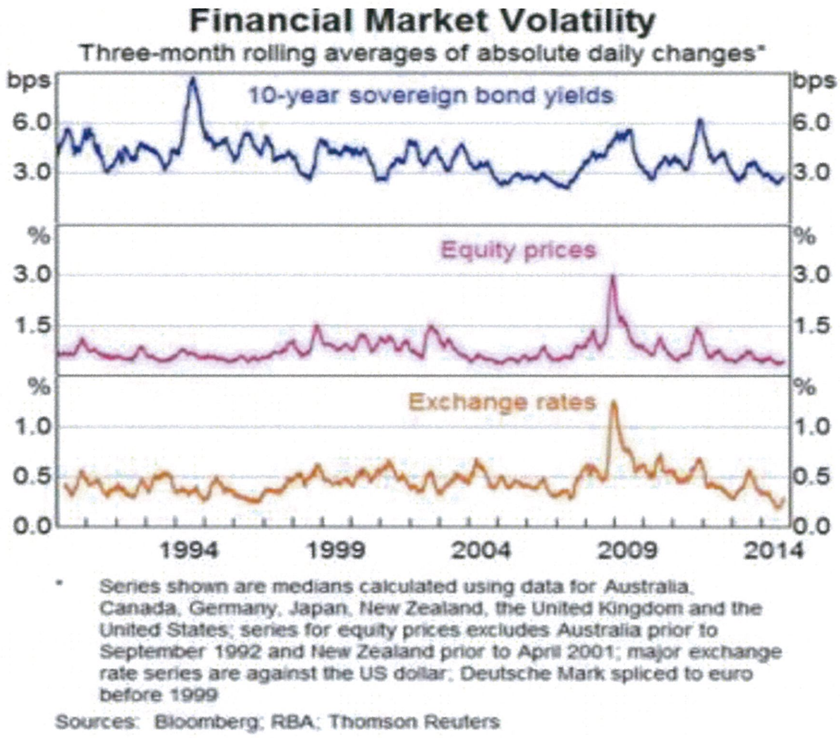
October also clearly showed us the perils of panicking just because markets are volatile. Investors who sold their growth assets in October would have been surprised by the bounce and likely had a lot of their 2014 returns to date wiped out.

Surprise…volatility returns



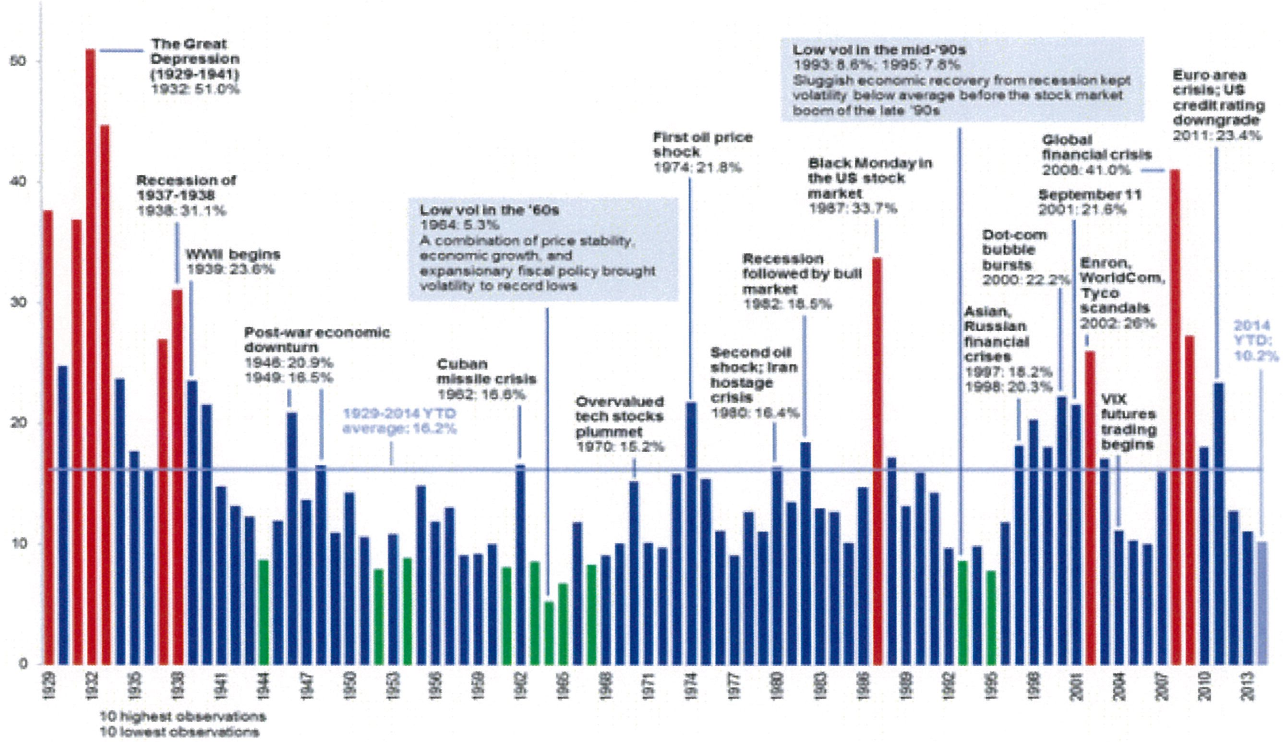
Source: Bloomberg. Daily cumulative returns to 5 Nov 2014. Aust shares = S&P/ASX 300 Accum Index; OS shares = MSCI World (ex Aust) Accum Index – unhedged; Global REITs = FTSE EPRA/NAREIT Global Real Estate Total Return Index (Hedged to $A); Aust REITs = S&P/ASX 300 Property Accum Index; Aust Fixed Interest = Bloomberg Ausbond Composite Bond Index (All Maturities); Aust Cash = Bloomberg Ausbond Bank Bill Index

Looking at longer term volatility measures, we can see that volatility in markets has been incredibly stable over the last couple of years and for no clearly apparent reason given the geo-political and mixed economic data. More forward guidance by central banks and perhaps a belief that interest rates will stay low for a prolonged period may be causing this phenomenon. Perhaps the increased volatility of late will simply be a return to more "normal" levels.



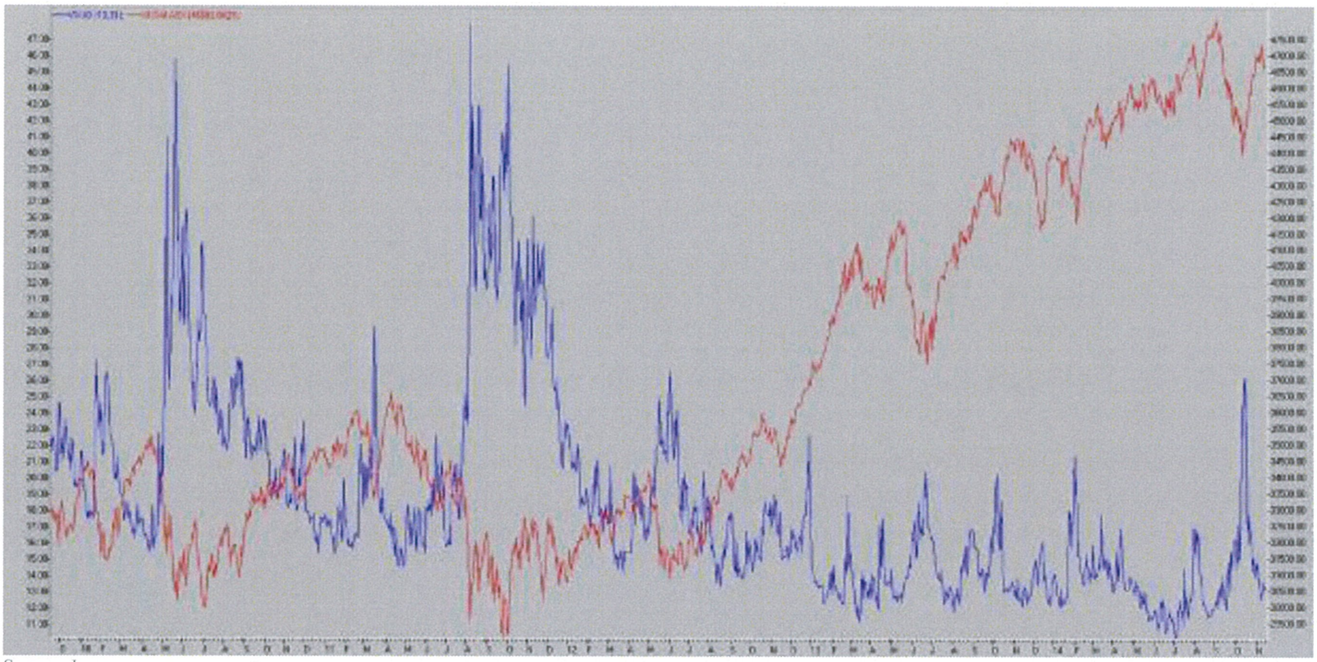
So what does all this mean? Many people tend to frame volatility as a bad thing but it's worth reflecting on the fact that markets can be both volatile and rising and volatile and falling.

It is clear that volatility does rise in times of crises as shown by this long term chart of volatility from Goldman Sachs (below). The more important take out from this chart is that volatility may be rising or falling before a crisis, so using a volatility measure alone as an indicator for future investment decisions may not be helpful.



Source: Goldman Sachs

This can also be illustrated by looking at the VIX (the blue line) the so called US "fear index" versus the S&P/ASX300 Accumulation Index (the red line) in the chart below. The VIX measures what derivatives traders are expecting in terms of volatility in the US S&P500 index in the next 30 days. The popular contention is that you should think about selling when the "fear index" is high. If you look at the chart carefully you can see that, over the last five years by the time the US VIX has spiked, our share market tends to hit a temporary low point. In short, by the time the VIX has spiked it's a great indicator to buy, rather than sell!



Source: Iress

Diversification and trimming asset classes that are near historically high valuation points, all with an eye on your end lifestyle goals, still seem to be the most reliable ways to achieve long term objectives.

Perennial Investors Index

Market Returns*

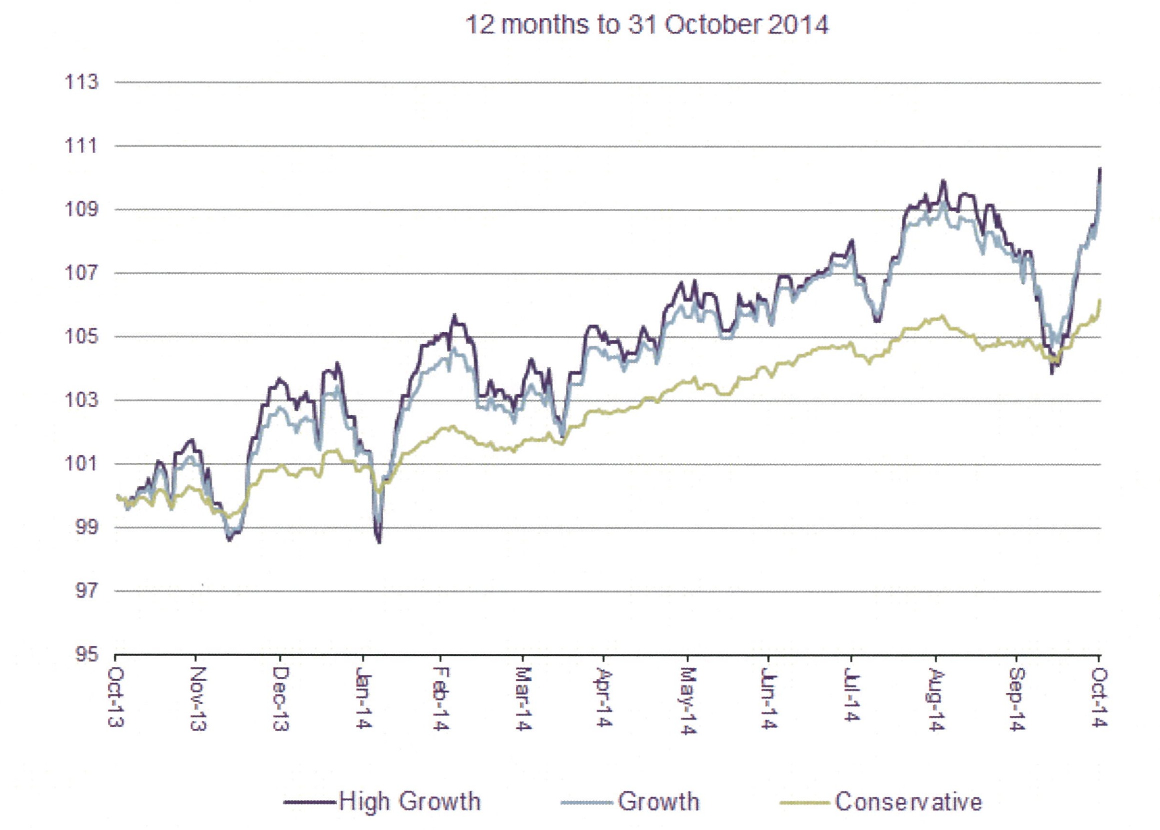
	Australian Assets (%)				International Assets (%)	
	Shares	Listed Property	Fixed Interest	Cash	International Shares	Global Property
Oct-14	4.3	6.5	1.0	0.2	0.1	7.3
Year to Oct-14	6.1	16.5	7.1	2.7	17.4	16.7
3 Yrs to Oct-14 p.a.	13.3	20.0	6.3	3.3	22.1	18.7
5 Yrs to Oct-14 p.a.	7.9	12.0	6.9	3.9	12.2	16.2

Source: Perennial Investment Partners Limited

Perennial Investors Index*

	Conservative (%)	Growth (%)	High Growth (%)
Oct-14	1.3	2.3	2.5
Year to Oct-14	6.1	9.8	10.2
3 Years to Oct-14 p.a.	7.5	14.0	16.1
5 Years to Oct-14 p.a.	6.1	8.6	9.0

*The Perennial Investors Index is a general indication of how Perennial believes investors would have performed in various indices and is not related to the management of any particular Perennial investment product.



Source: Perennial Investment Partners Limited