

**From:** Grow | Marinis Group  
**Sent:** Friday, 28 August 2015 11:23 AM  
**To:** Grow | Marinis Group  
**Subject:** Siren Call  
**Attachments:** Vanguard 2015 Index Chart.pdf

Dear friends

To be honest, I don't like gambling and I certainly don't like seeing people I respect lose money and yet, as I was reminded recently, it is so easy to be 'taken in'.

(Before I explain that last comment, I'd just like to remind you of my commitment to the 'Get Rich Slowly – and stay Rich' philosophy. I always advise clients to 'buy the market' - in other words, invest in funds that are low-cost and track the indices.)

I regularly receive visits from fund managers promoting the investment opportunities that 'actively' managed funds could offer our clients. The presentations are professional, sometimes exciting, and even inspirational – and immediately after the meeting it is easy to be caught up in the euphoria....

As you would expect from an economist with accounting qualifications, however, I always look at the numbers.

In the medium to long term, the conservative, fully diversified, passive approach to investing still wins out over the 'active' approach.

My conviction to this investment philosophy (and my decision to ignore the current media driven 'investment pornography' inspired by heightened market volatility) is reinforced further by the attached Vanguard 2015 Index Chart.

To my mind and to the mind of people like billionaire investor Warren Buffett (refer to two of my previous eGrows: [http://www.marinisgroup.com.au/assets/2015\\_03\\_18\\_-\\_eGrow\\_-\\_The\\_Sage\\_of\\_Omaha.pdf](http://www.marinisgroup.com.au/assets/2015_03_18_-_eGrow_-_The_Sage_of_Omaha.pdf) and [http://www.marinisgroup.com.au/assets/2014\\_04\\_04\\_-\\_eGrow\\_-\\_Reinforcing\\_the\\_MFG\\_Investment\\_View\\_1.pdf](http://www.marinisgroup.com.au/assets/2014_04_04_-_eGrow_-_Reinforcing_the_MFG_Investment_View_1.pdf)) managers of actively managed funds take a 'bet' on what stocks will rise and what will fall and perhaps this is just glorified gambling. If they get it right it is very exciting but like most punters, they don't tell you when they lose.

I won't be recommending to clients that they adopt an investment strategy which relies solely on actively managed funds, nor that they try to 'time the market', despite any 'siren calls' to do so. The numbers don't lie (refer to [http://www.marinisgroup.com.au/assets/2015\\_05\\_01\\_-\\_eGrow\\_-\\_Buying\\_the\\_Market.pdf](http://www.marinisgroup.com.au/assets/2015_05_01_-_eGrow_-_Buying_the_Market.pdf)) and over my 30 years in this industry it has never been clearer that a boring, old fashioned long term strategy works best.

As always, if you would like to discuss any of the issues raised in this edition of eGrow, its various attachments and links or your personal circumstances, please do not hesitate to contact me or any of the Marinis Financial Group team.

Yours sincerely

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Vanguard

# Vanguard® 2015 Index Chart

Market returns - 1 July 1985 to 30 June 2015



Sources: Australian Bureau of Statistics, ASX Limited, Bloomberg Finance L.P., Commonwealth Bank of Australia, Melbourne Institute of Applied Economic & Social Research, MSCI Inc., Reserve Bank of Australia, Standard & Poor's, Thompson Reuters. Notes: 1. One-year returns are total returns from 1 July 2014 to 30 June 2015. 2, 5, 10, 20 and 30 year returns are average annual compound returns to 30 June 2015. 3. S&P/ASX All Ordinaries Accumulation Index. 4. S&P/ASX 200 A-REIT Accumulation Index. 5. Prior to December 1989 the index is the Commonwealth Bank All Series Greater Than 10 Years Bond Accumulation Index. From September 1989 the index is the Bloomberg AusBond Composite 0+ Yr Index. 6. S&P/ASX 200 A-REIT Accumulation Index. 7. Data prior to March 1987 supplied by Reserve Bank of Australia. From March 1987 the index is the Bloomberg AusBond Bank Bill Index. 8. ABS Consumer Price Index (to March 2015). 9. Recessions as defined by the Melbourne Institute of Applied Economic and Social Research. All figures are Australian dollars. 10. Annualised Rate of Inflation. All figures are Australian dollars. 11. Interest Rate is the Reserve Bank of Australia's Official Cash Rate. All marks are the exclusive property of their respective owners. Disclaimer: The information contained herein is intended for informational purposes only. It is not intended as investment advice, and must not be relied upon as such. No responsibility is accepted for inaccuracies. Past performance does not guarantee future returns. ©2015 Vanguard Investments Australia Ltd. (ABN 72 072 881 086 / AFS Licence 227263). All rights reserved. Vanguard Investments Australia Ltd pays a subscription fee to Index Charts Pty Ltd. Past performance is not an indicator of future performance.

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