

Sticking to an investment strategy: a recipe for success

Staying in the market

Since the intraday trading low of 3073.10 on the 9th of March the Australian market has seen a sustained rally breaching the 4100 mark in the most recent days trading. This is a good result but we should remember these are however just numbers, and can be interpreted, predicted, analysed, and often manipulated to present a charged message.

In March 2009 these same figures were used by the media to paint a picture of impending doom amidst a plague of record losses. Investors could have been pardoned for thinking the entire capitalist system was crashing down as we know it, and some people did.

The most recent figures for July indicate a recovery in the local market on the back of an improved domestic economic future and global demand returning sooner than expected thanks to massive stimulus packages in the US and our friends China. This result underlines a simple message that was lost on some back in March. Those who have stuck to their strategy and held a stiff upper lip in uncertain times and kept themselves in the growth markets have benefited immensely in the last few months while investors switched to 'safe' cash based investments in the heat of the hysteria are now very limited in their ability to recover any losses (please see the graph outlining the three months of recovery on the next page).

Growth orientated assets such as shares (International and Australian) and property trusts are inherently volatile and the last 18 months has been testament to just how severe we know this can be. The higher risk return relationship of these asset classes does mean investors will experience large swings in value, and, even negative returns approximately

every 6-7 years but over the long term the return from growth based assets has outperformed fixed interest and cash based investments.

This notion is by no means new, and has been happening for the last 100 years since the birth of sophisticated sharemarkets. The lesson learned might be new for those who have made less than favorable decisions but the message remains the same; investment is a long term endeavor and those that stick to a strategy will reap the rewards.

Client Theory of the Month:

'I have a theory that there is a correlation between English cricket and the ASX. Poms were getting thrashed in first test (asx got smashed). Poms came back at Lords and ASX went gangbusters.'

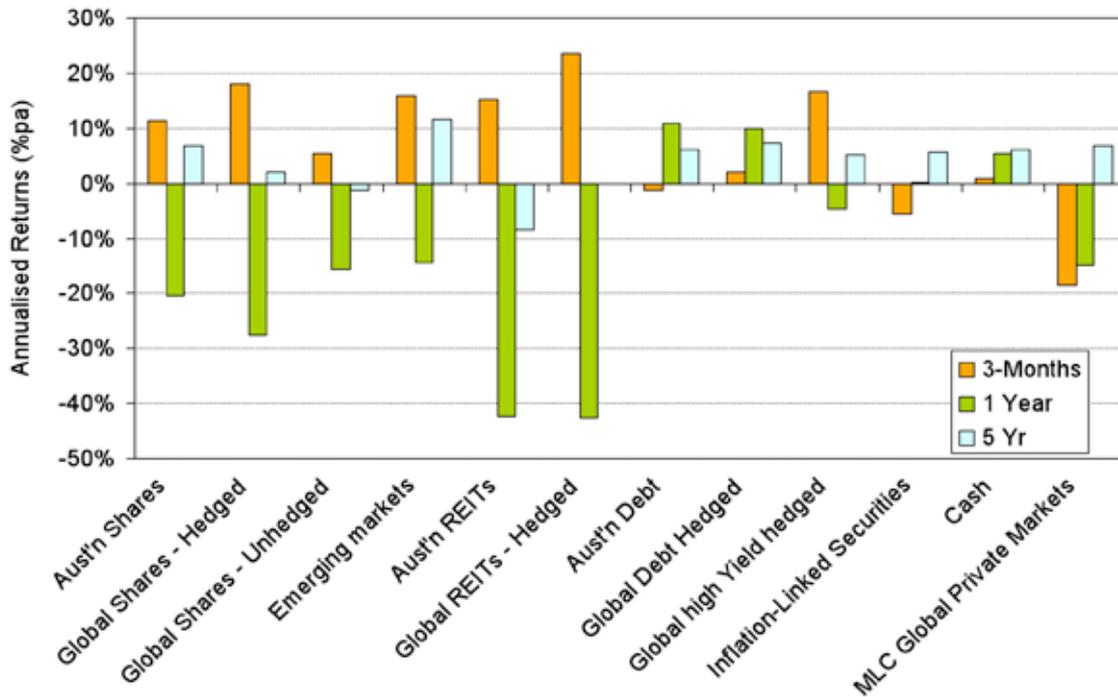
For the sake of investment markets lets hope they give Mitchell Johnson the new ball!

This advice may not be suitable to you because it contains general advice that has not been tailored to your personal circumstances. Please seek personal financial and tax and or legal advice prior to acting on this information.

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Impact on investment market returns

Annualised Returns to 30 June 2009



Source: MLC Investment Management. Index Returns

Business Planning and Insurance

What would you do if your business partner was sick, injured, or passed away?

Could you afford to purchase their shareholding? Would you be left to repay outstanding loans? **Do you think the business could continue to generate revenue in the time needed to get back to full**

capacity? Could you afford a replacement for your business partner and the associated recruitment costs?

We understand that your business has not only been created through your blood, sweat, and tears, but is a major investment and is not

something you want to lose.

A comprehensive business insurance plan can ensure that your business will continue if the worst should happen to you or your business partner. We can plan ahead and use insurance to cover all the possibilities mentioned above and prevent all your years of hard work being lost

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