Grow @ Marinis Group

From: Grow | Marinis Group
Sent: Friday, 9 February 2018 10:35 AM
To: Grow | Marinis Group
Subject: The best of times, the worst of times

eGrow 9th February 2018

Dear Friends,

The best of times, the worst of times

As you will all be aware (and expect) I follow closely what's going on in the investment markets. We are presently experiencing an incredible economic boom as a result of the American economy kicking into a full 'bull run' – now one of the longest on record – thanks to (among other factors) VERY low interest rates and unprecedented property prices.

We have, of course, experienced similar rollercoaster rides in the past.

For the gamblers, as is so often the case, it will end in tears.

The duration of the current bull run suggests we are due for correction – though no one knows just when. I'm also watching the Bitcoin fiasco with interest – this is an incredible bubble to steer well clear of, as there is no doubt that it WILL end very badly, with many more needless tears when it's over!

On average, stock markets correct every 7 to 10 years. Our last big fall, in line with the Global Financial Crisis (GFC) in 2008, was the biggest market correction in over 70 years.

Note, however, over the last ten years, the GFC has been followed by one of the longest bull runs on record; proof once again that the world did not end in 2008, despite the naysayers!

It is timely, therefore, to note that this week we may be seeing the beginning of a correction, which is actually healthy given the length of the market boom.

With this in mind, I hope you won't mind me trotting out (yet again) some favourite quotes from two of my favourite economists – I know I need to get out more!

"The market can remain irrational longer than you can remain solvent." (John Maynard Keynes).

"The only function of economic forecasting is to make astrology look respectable." (John Kenneth Galbraith).

What we can take away from these messages:

Don't try to predict market corrections. Expect them to correct, as they do cyclically (in line with most things in life) but when they do, **keep calm and carry on!**

Ignore the noise. There will be the usual of 'end of the world' headlines. The mass reaction will be predictable, but remember that market corrections are entirely normal events.

What you do need to bear in mind is that between 2009 and 1 January this year, the ASX300 increased by **62.6%** (excluding dividends). Therefore, had you invested $1,000 in this index on 1 January 2009 – at the start of this year your investment would have grown to **$1,626 – before dividends!**

The same amount of money invested in the All Ordinaries Index from 1 January 1900 to 1 January, 2017 would now be worth **$60,705,608** (or an average return of **9.96%** per annum). All that despite two World Wars, The Great Depression, The Korean, Vietnam, Cold War, Gulf War I, Asian Financial Crisis, Y2K and the Tech Wreck, Sept 11, 2001, invasion of Iraq etc, etc ... (reminds me of the lyrics from one of Billy Joel's smash hits)!

The stock market remains the most efficient creator and protector of long term wealth ever invented – and, as I am also fond of quoting, it is also a very efficient way to "transfer wealth from the impatient to the patient".

Please have a look at my media releases from early 2009 by clicking on the links below.

- **5 January 2009 - Media Release No 24 – Generation X – Stunned!**
- **5 January 2009 - Media Release No 25 – Great Time to be Generation Y!**
- **9 February 2009 - Media Release No 26 – Boomers and Retirees: See Your Adviser**

What you will see is that collapses in the stock market also provide opportunities for investors. They can be the best of times, even though these media releases were in midst of the GFC when all the talk was doom and gloom.

These messages, which were essentially "do NOT get caught up in the negativity of the time, but wherever possible, take advantage of the situation", did get some quality media exposure. There were, however, many who were all caught up in the panic and hysteria.

My advice remains unchanged; invest conservatively, expect stock market gyrations, put a 'Marinis Buffer' in place and 'strap in for the ride'. You can stay impassive even though others may panic, creating for themselves the worst of times.

NEVER, whatever you do, change your investment plans as a result of market fluctuations.

And one more thing – over the summer holidays I was asked by a number of journalists for various opinions on superannuation and investment. If you would like to read those articles, please click **here.**

Know that I am committed to maintaining an active media presence so that I can voice my opinion on the flaws and strengths of government policy (as it relates to the retirements savings system) and to advocate for better, fairer and more flexible retirement savings strategies.

As always, if I, or any of my team can be of assistance, please don't hesitate to contact us on (08) 8130 5130.

Sincerely,

Theo

Kind Regards,

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

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