

April 2014 eGrow

Dear Friends

Reinforcing the Marinis Investment View

As most of you know, I don't believe in gambling with retirement savings. In fact, I have even been accused by would-be clients of being 'boring' because I have never advocated margin-lending or risky get-rich-quick schemes. This view is based on my economics training, past service with the ATO, Centrelink and the Insurance & Superannuation Commission and close to 20 years in the financial services industry.

It has been my long held belief that the best way to long term financial success is to spread investment risk across as many shares and asset classes as possible, on the premise that holdings will rise in value, some will fall, but on average the investor should have a more peaceful experience.

Consistent with our investment philosophy, we recommend that our clients invest in a core strategy which uses the services of 'index' managers (currently Vanguard Investments and Blackrock Investment Management) – managers who have demonstrated cost effectiveness and efficiency of delivery over a sustained period.

It was with some delight therefore, to have this philosophy echoed by Warren Buffett (Chairman and CEO of Berkshire Hathaway, and widely considered the most successful investor of the 20th century). Dubbed 'The Oracle of Omaha', Buffet, now in his 80s, has decided he will donate most of his enormous wealth to the Bill and Melinda Gates foundation.

In his annual letter to the world, Buffett talks about his financial provisions for his wife in the event of his prior death; he recommends that her money be managed through a low cost fund offered by Vanguard Investments – an 'index' fund almost identical to that recommended by Marinis Financial Group to our clients for approximately the last five years.

Whilst I would hasten to say that I am NOT the Oracle of Omaha, I believe that this recommendation does indeed, validate our investment philosophy. Even if you are not a genius like Buffett (with billions of dollars available for investment) the sensible thing to do would be to 'buy the market' via index investing and sleep well at night!

I share this information in the hope that our clients will feel reassured that their investment posture is similar to that recommended by the world's best investor to his family.

If you would like to read Warren Buffett's letter in full, I refer you in particular to page 20 of his letter for his validation of Index investing! Please click [here](#).

For your convenience, the relevant paragraph of the letter is quoted below:

My money, I should add, is where my mouth is: What I advise here is essentially identical to certain instructions I've laid out in my will. One bequest provides that cash will be delivered to a trustee for my wife's benefit. (I have to use cash for individual bequests, because all of my Berkshire shares will be fully distributed to certain philanthropic organizations over the ten years following the closing of my estate.) My advice to the trustee could not be more simple: Put 10% of the cash in short-term government bonds and 90% in a very low-cost S&P 500 index fund. (I suggest Vanguard's.) I believe the trust's long-term results from this policy will be superior to those attained by most investors – whether pension funds, institutions or individuals – who employ high-fee managers.

As always, if I or any of the staff can be of assistance, please don't hesitate to contact us on (08) 8130 5130 or via admin@marinigroup.com.au

Yours sincerely

Theo Marinis CFP[®], B.A., B.Ec., CPA., MCIFAA
Financial Strategist
Authorised Representative



Financial Strategies (SA) Pty Ltd | ABN 54 083 005 930
Trading as **Marinis Financial Group** | Australian Financial Services Licence No: 326403

P 08 8130 5130 | **F** 08 8331 9161 | **E** grow@marinigroup.com.au
A 49 Beulah Road, Norwood SA 5067 | **W** marinigroup.com.au

If you do not wish to receive further messages of this nature, send a reply email with the word UNSUBSCRIBE in the subject box.

Disclaimer:

This information is general advice only and does not take into account your objectives, financial situation and needs. Before making a financial decision based on this advice, you must consider whether it is appropriate in light of your needs, objectives and financial circumstances, and where relevant, obtain personal financial, taxation or legal advice. Where a financial product has been mentioned, you should obtain and read a copy of the Product Disclosure Statement prior to making any decisions.

QP Please think of the environment before printing this email.