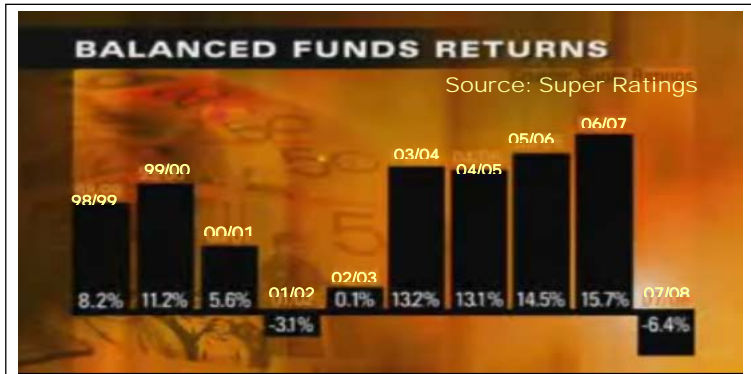


Market Performance and Investor Behaviour (A message from our Managing Director)

With the continued volatility of the share market to date, our clients like all others with investments, are suffering from a drop in the value of their investments. However some inkling of good news this month from the Reserve Bank - the Governor feels that the interest rate increases have slowed the economy more than anticipated, hence no more increases from the Reserve Bank have occurred for a while now. In fact some economists are predicting a decrease during the second half of this year. If this happens it may spark a recovery in the markets.



The period leading up to and since the Financial year End has kept all of us here extremely busy, as very nervous clients are constantly needing attention and reassurance to keep their funds where they are and not cash out. This takes up enormous time for all of our advisors. Some startling data has been gathered from this, such as; investors with \$50,000 or less in their Super or Managed Funds are pulling out and converting to cash.

This action crystallises their losses and now it seems that cash rates are beginning to fall which will only hurt them even more. Those investors with an account of \$50,000 plus are, after the same advice, leaving their account alone or adding more so they can take advantage of the volatility and the increased returns once the market recovers.

After several months of dealing with this market correction, our advisors have come to the conclusion that those with very small accounts are the same ones that wouldn't follow advice in the preceding years, hence they have a small balance, and those who have followed advice have grown larger balances and will continue to do the same. This news is not surprising to any of our advisors. However, the disadvantages of converting to cash are so blatantly clear it still frustrates the advisors each time it occurs.

Market update - Summary

- We are now experiencing the highest interest rates in the past 12 years.
- Australia's economy has now slowed and this in turn, with help from our Reserve Bank, has helped push our stock market down to the levels of 2½ years ago.
- The over-exuberance of listed and unlisted property has seen it rise and subsequently fall by around 40%.
- International shares are trading at the prices of 2 years ago.
- Cash rates are now beginning to drop.

Pathways to Success

- The Australian Dollar is at a record high, increasing the profits for exporters.
- The high of the Aus Dollar has temporarily reduced the overall returns of international share funds.
- Financial analysts are predicting the Aus Dollar to retreat from its current high of US97 cents to US85 cents, thus increasing International fund returns by about 16%.
- As speculators sell off oil stocks over the past few days, we have seen a dramatic drop in the barrel of oil price.
- The Dow Jones is beginning to rally strongly.
- As previously stated, stock markets around the world and in particular the Australian Stock Market, are oversold.

What this all means to you, as an investor, is that more than ever, sticking to your long term investment strategies will reap the desired outcomes. Remember, "IT IS TIME IN THE MARKET, NOT TIMING THE MARKET"!

At IGFP we are always actively evaluating and reviewing the appropriateness and suitability of our recommended investment models and Fund Managers.

Historically there have been 13 bear markets since 1946, equating to one every 5-6 years. We believe that we should experience some very interesting and exciting times over the next twelve months with the fundamentals looking very positive for renewed enthusiasm.

So..... "DON'T MISS OUT ON THIS ONCE IN EVERY 6 YEAR OPPORTUNITY!!
IF YOU ARE INVESTED IN THE MARKET - TERRIFIC - STAY PUT!
IF YOU ARE NOT INVESTED IN THE MARKET - TERRIFIC - GET IN!
DO NOT WAIT FOR PRICES TO RISE.
INVITE YOUR FRIENDS AND FAMILY.
THIS OPPORTUNITY IS ONLY HERE FOR A LIMITED TIME.



John McAllister

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