

CHRISTMAS 2008

Bad Times? Or Times for Opportunity?

A Christmas Message from the Managing Director

As I write this message the shopping centres are trading flat out for Christmas shoppers, although this year the total expenditure may be a bit less than last. Yes even the shoppers are reflecting the troubled financial times of 2008. Many lessons can be learned from the volatility of the world markets. From our observations and experiences amongst the staff it seems - sadly - many of the people we know are not learning anything.

Some of the lessons to learn from this past year are:

1. **Hold Your Line:** This is not a time to bail out of your investments / superannuation.
2. **Tighten Your Belt:** Prepare a new budget for tough times, there are always ways to cut expenditure.
3. **Budget for a 2nd Income:** What about earning more \$? This thought seems so rare it's almost as if it's illegal to approach it in your budget. **Budgeting only for costs and not profit is poverty thinking.**
4. **Review Your Goals:** What are they? Are you focused on the long term? Are your goals really goals? Or are they just pipe dreams? What are you prepared to sacrifice to achieve them? If they are real Goals, you will be prepared to **sacrifice** to achieve them and there also is the added bonus of inspiring your children. Show them an example that when times get tough, "The Tough get Going". Too many families are leading the next generation to be quitters before they even have a chance to be influenced by Winners. An old football coach and my Dad always reminded me "*That there are no losers! There are only Winners and Quitters! You Choose*".
5. **Make sure you diversify:** Diversify your portfolio. Those who have not are paying a huge price right now. If you are thinking that superannuation will be the answer then just imagine that's what you are living on right now? How would you cope with the current crisis? Remember that to be a **self directed investor**, you need to be able to weather the hard times and so position yourself properly (refer 1, 2, 3 and 4).
6. **Understand/Accept:** Understand that the current financial crisis is not something new and so why should we panic and fear! Anyone over 30 should remember the recession we had to have! If you are 45 or more it's highly likely you can remember paying as much as 19% interest on your home loan and the jobless rate was over 10% nationally and more than 16% in Newcastle. The same conditions occurred in times past and will occur again at fairly regular intervals in the future. Maybe jobs will be scarce for a time. Are you the best producer at your job? If not, why not? Who doesn't understand that when we are hired for a position, the business doing the hiring is expecting a return on their investment? I have never heard of a person who is known to produce being fired or not being able to move from job to job at will. However the opposite is as common as you know what!

7. **Fear:** The state of the stock market in Australia is not responding to fundamentals. The share prices of the most profitable companies have halved..... Duh ?? Fear is causing more challenges for Australia than true profit trends suggest. The Question is *“How is your response to the negativity affecting you?”*

In my lifetime so far, I have lived through 5 or 6 major financial crises and I expect to live through several more. **More importantly, I am prepared** to live through many more. This is just another time to learn more lessons. Is it OK to have been unprepared for this situation? Heck that makes no sense at all, that's like believing the world is flat. There is an Economic Time Clock – there has always been an Economic Time Clock, and there always will be an Economic Time Clock! To not believe this is to invite disaster thinking into my mind each time it happens.

Last week at an engagement party, every person 35 or over was in my face at some stage about how the financial situation is and how insecure they felt about their jobs, mortgages, incomes, and superannuation etc etc. As I listened to each of them unload their sad stories to me, I asked myself what I knew about these people. Most of them had been in the workforce for more than 25 years. More than half of them had a university education. Some had no children at home anymore. Others 1 or 2 adult children still at home. Some of these people were now living in their second or third home as they had upgraded each time the market had been good to them in the past.

I asked these very same people if they could remember that this situation is just a cyclic part of the economic time clock and that this current situation is natural and will happen again with monotonous regularity every 5 to 7 years. All without exception answered “Yes”. Then my next question was “Why do you seem so unprepared for it?” This question must be harder than any exam or course ever given to normal men/ladies because it dumfounded each of them. The sputter and stammer that followed was not unexpected and I didn't ask those questions to be cruel. I asked those questions to help those people focus on what they already knew and to ask better questions instead of following the same line of the media as their friends, work colleagues etc. It's now become popular to follow all the sheep and be STRESSED instead of using some common sense.

The questions they should be asking might be *“What can I start doing, right now, that will give me a better mind set and help me to get through these difficult times and maybe even profit during them?”*

What questions are you asking? Are you accepting the fear that others are throwing around - “the lemming factor”? Or are you accepting of the situation and asking how can I develop a strategy to keep ahead? I hope it's the later because that's what we have been teaching here at Independence for many years now. We have always explained that good times come and go, and when it's a good time, keep moving forward and when it's a bad time, keep moving forward because surely you will experience both.

I once read that “Life was not meant to be Easy” in the same book it said that *“to not understand this principle is to not live a HAPPY LIFE.”* At first I thought that's crazy, but as I read more and understood that once you **accept** that “Life was not meant to be Easy”, then it gets much easier because you stop fighting a life principle, and so lots of the fear is taken away.

At first I wondered what's that got to do with fear? Then as I read more books and experienced more time not fighting life's principles, the fear I was most afraid of was responsibility. Then it all began to make much more sense as I hope it does for you at this stage. At the end of the day I'm responsible for my response to fear. What do I or the staff at I Group know about FEAR?

This year alone, on a daily basis our staff are called by more clients than ever - clients in a state of fear that's bordering on panic most in response to their own fear from watching the news etc. This is happening to the staff of every investment business in the world at the moment and has gone on unabated for almost a year now.

As the staff and I deal with this constant challenge of **fear**, we have to make a choice to follow it and become another investment advisor whingeing about how hard it is in this industry (and that is all we are hearing from our colleges in the industry) or believe in what is a life principle and an economic cycle and be positive for ourselves and our clients. I can only imagine what clients of other businesses get from their advisor.... Oh dear,... Oh my, the sky is falling in...and so on!

On a brighter note - I would like to take this opportunity to wish all of our clients/friends the very best for the Christmas season. Christmas has always been my favourite time. We finally close the office and begin to relax and enjoy time with our friends and family, and that to me is just the BEST. I sincerely hope that you enjoy Christmas as much as we do. Stop thinking about the world markets for a short while (our thoughts won't make any difference anyway) and begin to ask yourself "How can I influence someone else positively this Christmas?" Remember to live with HOPE for to live without HOPE is to give up (Quit) now. Stand tall and inspire our children. Laugh more, share a joke or two. Visit someone you have been feeling guilty about not visiting. Visit someone in hospital or jail if you know someone there. Maybe you can give them the gift of HOPE. For those who try the above please let me know the result.

Feedback is a wonderful tool, it lets us know which products and teaching methods are working best. The feedback from the staff is that Success Coaching was the best training they could have received to prepare them for the hard times. This same story is a constant from the clients who are handling the current situation best.

I would like to take a minute here to thank the staff of both our offices in Queensland and New South Wales for their efforts this year. The personal growth I have witnessed makes me very proud to be a part of this great team.

Well Done TEAM!

Best Wishes for the holiday season, and keep a look out for the new opportunities we bring for you next year.

John McAllister
Managing Director
Independence Group

*Wishing you Peace and Happiness this
Festive Season and throughout the
New Year.*

From the Management and Staff of Independence Group



OFFICE CLOSURE DATES

Independence Group will be closed from Tuesday 23rd Dec 2008 through till when we reopen on Monday 12th Jan 2009. The office can still be contacted on 02 4962 5800.

Together we can.....

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Comments and contributions always welcomed.

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