What's Been Happening?

Clearly there is a lot going on in the financial markets around the world in recent weeks, and we feel that this is going to continue for a few weeks to come. During times like this it is easy to get caught up in the media hype and the panic that always accompanies financial volatility.

Rest assured we spend a lot of time staying abreast of exactly what is going on in the global markets. We talk to our contacts around the world, we engage with our peer groups and associations constantly to ensure we have the latest and most detailed information available and we also draw on own combined experience, having provided sound financial advice for our clients for close to 30 years.

We assimilate this information to ensure that we are always giving the best advice and specific recommendations for each and every client that we take care of.

So what advice are we giving in light of the turmoil in the financial markets?

We are making three very specific recommendations:

1. ***Don't panic***. Most of the market volatility is occurring due to fear and short term liquidity transactions, not substance or fact.

The downgrading of US government debt has no direct link to our clients personal cash flow needs. US government debt continues to be viewed as the world's risk free investment asset and as a result the returns on the debt (cash/fixed interest) portions of your portfolios have increased.

2. ***Don't make sweeping changes*** to your investment strategy based on short term events. Clearly markets move up, and they move down, they are currently all over the place and this is likely to continue for some time to come. It is not a wise move to make important decisions regarding your financial future based on volatility in the market.

Particularly for those drawing income from your portfolios or approaching that stage, as with the depths of the GFC, we continue to hold between 3 and 5 years worth of your current income needs in defensive assets (cash and fixed interest), which have a very low chance of short term negative returns. Apart from unforeseen changes in your circumstances, you should not be forced to liquidate your growth assets in these volatile times.

3. ***Stick with the plan***. We have given you advice that is appropriate for your investment goals and your risk status.

We always advise to sticking to your plan – and this has proven to be sound advice for many years. **In saying that, if we think you need to change your plan, we will offer that advice if we think it is appropriate for you and your situation.**

We are very happy to talk to you about this if you would like more information or a specific discussion about your own circumstances. In the meantime, rest assured that we will stay 100% across exactly what is going on and continue giving you the right advice.

KILPATRICK LAKE MACKENZIE PTY LTD
accountants
business advisers
financial planners

Kindest regards,
The Team at KLM Financial Planning - 19 Aug 2011

313 Charlestown Road, Charlestown 2290
phone 02 4908 0400
fax 02 4943 7990
email finplan@klmaccountants.com.au
web www.klmaccountants.com.au

FYG PLANNERS