



The (F)law of Averages

If you count on an 'average' return to support you in retirement you could wind up penniless - because the essence of any 'average' takes into consideration very high and very low numbers - over a period of time.

That is to say that an average earning rate of 10% over a 5 year period could well include losses of 50% and gains of 90% but the average may still only be 10% over that period.

So it is not a question of what the 'average' return on an investment is likely to be - but more a question of how you do battle with the volatility that goes hand in hand with ensuring that you actually do get the 'average' that the investment is producing and whether or not you have the stomach for the volatile ride!

Don't look back.

As an investor you are also constantly reminded that the past is no guarantee of the future - so just what is one supposed to do to build up - and then safe guard - their precious nest egg in retirement?

You could be excused for believing that the Information Age could deliver some helpful guidelines - but the increase in information also brings with it a dizzying array of technological, economic and political uncertainties which simply adds to the fallacy that our economic future can be predicted with any accuracy at all. The reality is that financial plans based purely on the assumption that average conditions will prevail without taking into account the volatility that is part and parcel of securing those averages - usually fail.

No one knows.

Even knowing this however does not preclude many of today's financial managers

from clinging tenaciously to the old "flat earth" ideas of calculating life based purely on 'averages' - while the innovators are abandoning averages and facing up to the uncertainties.

So where do you go from here?

Well you can begin by cutting all the fancy investment talk that is out there because recent events have made it patently obvious that the so called 'experts' had no idea what was about to befall the world two short years ago. Suffice to say that an astute investor might even conclude from all this that the best investment philosophy to adopt is one that suggests that no one knows!

So - if you are interested in finding out how we go about planning for the unpredictable future for our clients you are most welcome to attend our **last investment meeting for this year** which is at 7pm on Tuesday 27th October in our Buderim offices.

If you attend you will have an intellectually stimulating evening and you will be encouraged to offer some insights of your own to the discussion as well as voicing any reservations you might have about what is being said. This discussion group is expected to number no more than about 10 people and will be chaired by one of our most experienced advisers. The discussion is open to all working people or self funded retirees.

There will be a light supper served at half time and the meeting is expected to go for approximately 2 hours. There is no charge to attend but bookings are essential. If you would like to come please ring Cathy on 5445 6044 or go to our web site and make a reservation.



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