



Buy Low, Sell High

History has shown that when a sharemarket bounces back it can do so very sharply. If you wait for the good news you could miss any bounce back that may occur.

Sharemarket downturns can last for some time but when they bounce back, they can do so in a very dramatic fashion.

No one can predict when a downturn will end and it can be when you least expect it. Likewise, no one can predict the pace and extent of any upturn.

Plan for the long term; don't react to the short term.

Markets move in and out of cycles; by moving in and out, you could miss out on a major gain. By taking a long-term view of investing, you can ride out any short-term fluctuations in the market and take advantage of the potential growth over the long term.

React now or you might regret it later.

It's common sense that before you make an investment, that you should understand all the implications, risks and costs involved.

Exactly the same is true before you withdraw from an investment. Any decisions you make should be based on sound advice, not an emotional reaction to market fluctuations.

Stay calm and steadfast.

It is common for investors to panic and react at the wrong time – withdrawing their investment at the onset of a downturn.

Markets will fluctuate, sometimes more dramatically than others, but a long-term approach is necessary if you are to achieve higher returns.

Don't miss the bounce

In 5 out of the past 6 US recessions the sharemarket bounced back before the recession was declared over.

"I haven't the faintest idea as to whether stocks will be higher or lower a month or a year from now. What is likely, is the market will move higher, perhaps substantially, long before sentiment or the economy turns up. So if you wait for the robins, spring will be over"

Wise words from Warren Buffett

Source: Colonial First State

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Gaining Perspective – The long-term outlook

The long term trend is up

In the last 5 years the Australian sharemarket has experienced an unusually long period of sustained growth.

This may have led some people to forget that markets move in cycles, they go down as well as up.

All sorts of things can send jitters through world sharemarkets causing prices to fall from time to time. World events do have an impact.

However, over the long term, the general trend of sharemarkets has historically been upward.

The table below shows the performance of the Australian sharemarket after a major downturn. Importantly, after every downturn the market has always recovered. Some recoveries have been faster than others – it depends on a number of factors including economic circumstances – but in every case a recovery has followed a fall.

Source: Colonial First State

Major Downturn	Beginning of Downturn	End of downturn	Duration (months)	Fall in Australian sharemarket	Recovery after 1 year
Business recession	Dec-1969	Feb-1971	14	-25.51%	11.64%
Oil price shock	Jan-1973	Sep-1974	20	-58.24%	52.85%
Recession	Nov-1980	Mar-1982	16	-36.99%	10.95%
Sharemarket crash	Sep-1987	Feb-1988	5	-44.39%	18.76%
Property crash	Aug-1989	Dec-1990	16	-27.42%	29.04%
Recession	May-1992	Oct-1992	5	-16.16%	45.33%
Bond market crash	Jan-1994	Jan-1995	12	-20.52%	24.30%
US recession & tech wreck	Jan-2002	Feb-2003	13	-18.38%	21.38%
Global financial crisis & recession	Nov-2007	?	12 months to Nov-2008	-46.4% to Nov-2008	-

Source: Colonial First State

Riding the bear – market trends revealed

A **bull market** is a term used to describe an upward trend in market performance. A time when investors are showing confidence which leads to rising stock values.

A **bear market** is the opposite – a downward trend or falling market.

Investors are less likely to buy and show a lack of confidence which leads to a decrease in stock values.

This is an inevitable cycle which has been noted in history for two centuries. Each market trend runs its course leading to the opposite. A constant cycle of ups and downs which vary in degree of severity and duration.

A canny investor will see the opportunity that is currently presenting itself and take advantage.

We welcome you to make contact with Ed Jamieson or Colin Tutty on 8376 0455 or enquiries@sheridans.net.au to discuss investing in the sharemarket and the potential for long term capital growth and tax effective income.

“Those with market experience know this is the right time to be looking for opportunities. It is the time to regenerate and move forward with confidence.” Rupert Murdoch - Oct 2008



DO YOU WANT TO GROW YOUR BUSINESS?



If so, you are invited to

Sheridans Business Workshop-Seminar.

- A better business makes more profit; generates more cash; and provides opportunities for the owners to spend more time away from the business.
- **Every single business has the potential to perform better.**
- Find out how on Tuesday 19th May at Morphetville Function Centre.
- **The Workshop-Seminar - facilitated by Greg Sheridan - involves a series of interactive sessions in the areas of marketing, planning and favourable tax topics.**
- Plus, it is the official launch of our brand new and unique online resource called **Marketing Help Online** – exclusively for *Sheridans* clients.
- **The Workshop-Seminar will run from 4pm to 6pm with refreshments at the close.**
- The cost to attend is \$35 per person for *Sheridans* clients and \$50 per person for non-clients.
- **Please register and pay online at www.sheridans.net.au – “click Workshop-Seminar”. Last date for registration is 24th April.**
- For more information feel free to contact Tara or Erin on 8376 0455 or enquiries@sheridans.net.au.



Education Tax Refund

The Education Tax Refund (ETR) is a new government initiative to help with the cost of educating primary and secondary school children.

It means eligible parents, carers, legal guardians and independent students could get back 50% back on some education expenses such as computers, educational software, textbooks & stationery.

Check our website for eligibility requirements - **sheridans.net.au** - click "Tax Facts".

You will be able to claim the refund from 1 July 2009 for the 2008/09 financial year. This means that you can claim for items purchased from 1 July 2008. **Remember to keep your receipts.**

For more information, contact Scott Clough, Tax & Business Adviser, on 8376 0455 or scott.clough@sheridans.net.au

Investment Allowance to Boost Business Investment

This tax break provides an additional tax deduction for assets acquired from 13 December 2008 to 30 June 2009. The deduction is 30% of the asset's cost.

Small businesses* ("SBE"s) will be able to access the tax break for assets costing \$1,000 or more. For all other businesses the asset threshold is \$10,000.

** turnover less than \$2million*

For more information contact Ben Dixon, Tax & Business Adviser, on 8376 0455 or ben.dixon@sheridans.net.au

"Helping you become financially well organised"

Staff Member news

Welcome to new team members Ed Jamieson, Denise Boemia, Allannah O'Hagan & Ken Bailey.

Ed joined our Financial Planning Team in August 2008 and is an Authorised Representative of Professional Investment Services Pty Ltd.

Denise and Allannah both joined us in July 2008 and their role is to provide administrative assistance for the Financial Planning Team.

Ken joined our Accounting Team in July 2008 as a Tax Accountant and also assists with Self Managed Superannuation Fund audits.

Congratulations to Ben & Simone Dixon on the arrival of a baby girl - Ava - on 3rd December 2008.

Kathy McDowall will be returning to her post at *Sheridans* later this month. Kathy would like to thank everyone for their well wishes while she was on sick leave.

Have you lodged your 2008 tax return?

Taxpayers who have not lodged their 2007-08 income tax return need to do so by the end of June 2009 to obtain the \$950 bonus for working Australians.*

** subject to Senate approval*

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