



Post

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Welcome

Well, it was a long time coming, with our wettest winter in 95 years and one of the coldest on record, but spring is finally here.

In August, we hosted our first movie night for 2009 with the screening of "My Sister's Keeper", which was attended by over 100 of our clients and friends. By now, most of you would know that the story is of a family coping with a daughter dying of cancer, so it will come as no surprise that there was not a dry eye in the house. Fortunately, everyone was issued with complimentary tissues to keep the "waterworks" under control. In spite of the somewhat sombre movie theme, the night was very enjoyable. (See report & pictures on Page 4.)

Apart from being our way of thanking clients for their continued custom, these movie nights also represent a very gentle way of enabling you to introduce us to your friends.

Almost every client tells us they recommend our services to others. However, this goodwill doesn't always translate into action. This is why we love to see new faces at our movie nights, as it represents an opportunity for prospective clients to "kick the tyres", so to speak.

Our next movie night is tentatively scheduled for February 2010. More details on this event will be contained in the December issue of Paramount Post and will be added to our website as soon as locked in. So, keep a lookout for further info.

On the staff front, we are pleased to report.....nothing! At the risk of putting the "mockers" on the *status quo*, our team has been very stable over the last eight months and is operating at optimum efficiency.

But, we do have some exciting news to report. For a number of years, we have contemplated establishing our own accounting practice, largely in response to the number of queries we have received on the subject. We are pleased to announce that we have engaged the services of Danae Coombs B Com (UWA) CA who has agreed to manage the new division for us.

Danae (pictured), who has over 20 years accounting experience, is presently running



her own practice, but is now available for those of you who require her services. You can arrange a meeting with Danae through our office.

We look forward to introducing you to Danae on your next visit to our office.

As many of you would know, after 18 years in Hardy St, we will be on the move in the near future. We can't tell you when or where just yet, but suffice to say, it will be a central location with ample client parking.

Best Wishes,

The Team at Paramount.

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Now That Was a Crash!

Investors would be justified in thinking that the performance of stock markets over the last 18 months is unique. Many believe they are living through the biggest such event in history, but they would be wrong and should be disabused of that notion.

Stock markets are dynamic. They sometimes (usually) move up, but they can also move downwards, sometimes with a vengeance. This is not the first time that markets have reacted in this manner and it will most certainly not be the last. The list below illustrates 10 major downturns on global markets; in reverse order:

10) Wall Street 1901-03: -46%

The market was spooked by the assassination of President McKinley in 1901, coupled with a severe drought later the same year.

9) Wall Street 1919-21: -46%

There were fears that the new automobile sector was becoming overheated and that car ownership had reached saturation point.

8) Wall Street 1906-07: -48%

Markets took fright after President Theodore Roosevelt had threatened to rein in the monopolies that flourished in various industrial sectors, notably railways.

7) Wall Street 1937-38: -49%

This fall was triggered by an economic recession and doubts about the effectiveness of Franklin D Roosevelt's New Deal policy.

6) London 2000-2003: -52%

The UK took sixth place in the table with a 52% market fall between 2000 and 2003 as investors suffered the consequences of the collapse of the technology bubble.

5) Hong Kong 1997-98: -64%

The Hong Kong stock market's heavy fall in 1997-1998 came as investors deserted emerging Asian shares, including a very overheated Hong Kong stock market.

4) London 1973-74: -73%

This fall was set against the backdrop of a dramatic rise in oil prices, the miners' strike and the downfall of the Heath government.

3) Japan 1990-2003: -79%

In third place, with a 79 per cent decline, was the Japanese stock market, which suffered a protracted slide in price from 1990 to 2003 as a share and property price bubble burst and turned into a deflationary nightmare.

2) US Nasdaq 2000-2002: -82%

The second biggest collapse came from the technology-rich US Nasdaq index, which fell by 82 per cent following the bursting of the dot com bubble in 2000.

1) Wall Street 1929-32: -89%

The Wall Street Crash heads this list, with the US stock market falling 89 per cent between 1929 and 1932. The bursting of the speculative bubble led to further selling as people who had borrowed money to buy shares had to cash them in a hurry when their loans were called in.

Historical Economist Charles Kindleberger argues that there is a consistent pattern to financial manias and panics. He suggests that typically an upswing starts with new markets and/or new opportunities. The cycle then proceeds through the euphoria of rising prices often with the increased availability of credit fuelling the process. In the manic phase, investors find themselves scrambling to get in, changing their assets from cash to stock, commodities, tulips or whatever it is that is the current craze. Ultimately, the market stops rising and people who have borrowed heavily find themselves over-stretched.

According to David Shwartz, a stock market historian, "The very big stock market crashes are invariably triggered by a series of different events which unfold one after the other. One heavy blow is not enough to produce a market crash. It requires several different blows to bring a market to its knees." I seem to recall there were a number of major 'events' preceding the current downturn. Looking back it was obvious that this was a bubble just waiting to burst, but it always IS, in hindsight!

(Extracted from an article by US-based financial commentator and author, Lester Wills.)

10 Tips for Managing Debt

Do a budget:

It may seem an obvious place to start, but many people still don't have one. By itemising your expenditure, you may be able to see where you can start to save.

Think long-term:

If you're lucky enough to receive a windfall, don't go on a spending spree. Put it towards paying off a personal loan or making a one-off payment on your mortgage.

Get the best loan for you:

Are you on the best rate? Also look at options such as a loan repayment 'holiday', restructuring your loan or refinancing.

Start small:

Even minor reductions can help ease financial pressure, whether it's taking a packed lunch to work a couple of times a week or foregoing a takeaway dinner.

Don't borrow too much:

If you haven't yet entered the property market, wait until you've saved a sufficient deposit before buying a house. That'll mean you can buy a nicer place and/or have to borrow less. In the long run this will save you a fortune in interest. Try not to put yourself under pressure with a loan you can't afford to repay.

Maximise your medical expenses rebate:

Try to incur major medical expenses in the same financial year so you're eligible for the medical expenses rebate.

Prioritise your debts:

Some debts, such as borrowing for investment, are 'better' than others because they are tax deductible.

Pay off 'bad debt' – borrowings for consumption – first, starting with the debt with the highest interest rate.

Try to avoid credit:

If you don't pay for things with cash, rather than credit, make sure you spend no more on your credit card than you can clear every month.

You will not only stop your debt growing, you can save money in interest and fees.

Consolidate your debt:

If you have several loans, arrange a new loan to pay off the others. You can save money if the interest and fees on the new loan are less than those on your old loans.

Seek advice:

If you're not sure whether your debt is structured correctly, if you are accessing all the tax benefits available, or even how to set up a new budget in order to reach your financial goals, make an appointment with us!

TWO QUESTIONS

An investor went to a financial adviser and said:

"If I give you \$1,000, will you answer two questions?"

The adviser replied: "Certainly. And what is the other question?"



Movie Night No 4 - another unqualified success!

On Tuesday, August 4th, 110 Paramount clients and friends gathered at the Cygnet Cinema in Como for a screening of "My Sister's Keeper", starring Cameron Diaz. The evening commenced with hot hors d'oeuvres prepared by [All Seasons Catering](#) and accompanied by produce kindly donated by [Barwick Wines](#). The guests were issued with complimentary chocolates and the obligatory packet of tissues and ushered to their seats for the drawing of the door prizes, consisting of bottles of wine in attractive bottle carriers kindly donated by event sponsors, [Perpetual](#) and [Zurich](#), followed by the screening of the movie.



Apart from the previously mentioned sponsors, our thanks also go to [Advance](#), [AIA](#), [Asgard](#), [AXA](#), and [Questus](#). Without the generosity of these institutions, it would be exceedingly difficult for Paramount to organise social events of this calibre.



Watch this space for details of the next Movie Night and make sure you book your seats early.

Here are some photos taken at the event:

Every time they take a holiday,
your money goes to work.



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"Creating Wealth Through Intelligent Property Investment"



Investment Opportunity:

Speaking of sponsors, we are grateful for the support of **Aspen Group** who have subsidised the cost of printing of the newsletter.

The Aspen Parks Property Fund is a unique property income fund by virtue of the specific type of property within the portfolio that generates such a healthy income stream. Please speak to us to see if this investment is appropriate to your situation.

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