



# Cornerstone Wealth

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## Message from the Managing Director

### Special points of interest:

- From 1 July 2007 people over 60 can draw from superannuation tax free. How do you take advantage of this? Move funds into superannuation now!
- Superannuation is an investment structure not an investment itself.
- If you fail to plan, you plan to fail.

It was with great pleasure that I presented the inaugural Cornerstone Wealth Key Investment Strategies Seminar during October 2006. We had a lot of fun including cake and coffee and an interactive discussion regarding smart choices about money management.

In particular we addressed the two major investment philosophies, their benefits and pitfalls.

We looked at which investors had which beliefs and where empirical academic research indicates your investment beliefs and practices should be aligned.

We subsequently looked at the Five Key Concepts to Investment Success:

1. Utilise Diversification Effectively to Reduce Risk.
2. Dissimilar Price Movement Diversification Enhances Returns.
3. Employ Asset Class Investing.
4. Global Diversification Reduces Risk.
5. Design Efficient Portfolios.

The presentation concluded with a summary of the Federal Budget Changes and the strategies that may be implemented as a result.

Thank you to all who attended and made the seminar interactive and enjoyable.

I wish you and your family a very



**Gavin Martin**  
BBus (Accounting), BComputing,  
AdvDipFinPlanning  
Managing Director and Financial Adviser.

Merry Christmas and a Happy and prosperous New Year.

Warm regards, Gavin Martin

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## Window of Opportunity Closes 30 June 2007

The majority of the proposed budget changes are to be implemented 1 July 2006. This means there is a "Window of Opportunity" to implement a number of strategies including:

1. Sell or transfer assets held individually, jointly or within a trust or company

into superannuation using the \$1 million undeducted contribution limit.

2. If you are 50 years old you could make deductible contributions to limit capital gains tax to a maximum of 15%.

3. Commence a Transition to Retirement Strategy: receive low/no tax pension income and contributed earned income into superannuation.

Contact Cornerstone Wealth to determine how these strategies can work for you.



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**Cornerstone Wealth** offers comprehensive financial and investment management services to individuals and corporations throughout Australia.

*What are your financial needs?*

*Have you determined your financial "finish lines?"*

*Are you experiencing peace of mind in terms of your investments?*

*Does your estate plan provide the most benefit to your family?*

*Are you taking advantage of specific tax saving strategies?*

*Would you like to increase your charitable giving?*

*Cornerstone Wealth would like to assist you to strategically structure your finances in order to achieve your life goals.*

**Cornerstone Wealth will help you manage your money so you can manage your life.**



Above: Gavin Martin presenting the Key Investment Strategies at a recent seminar.

## Bad timing for the 'Smart Investor'

Buried in the May 2006 edition of "Smart Investor" magazine, a sheepishly written four paragraph article provides an interesting lesson in the perils of stock tipping and guessing market timing.

Each month the magazine's "DIY Super" section tips two stocks.

The small article points out that both its tips in the March edition went seriously bad when both companies failed to meet market expectations—one had a surprise 90% slump in profit, and the other suspended its dividend payment.

The author provided the following strategy in such instances:

"When you choose bad investments that disappoint badly, it's a smart idea to move on and not waste too much time on them. As they say, there are plenty of fish in the sea, such as BHP Billiton and Brambles Industries."

Unfortunately a couple of weeks later, over the course of a few days BHP Billiton fell 13%, and while it may well be a good investment over the long term, it could be a long time for a reader who followed the recommendations to get back in front.

Strategies such as these are less for 'smart investors' and more for the gambling speculator—in our view it pays to invest for the long term and avoid the "noise" in the market.



If you continue to experiment with hot tip investments over a long period of time, you'll end up doing serious damage to your investment portfolio.



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## Financial Advice Based on Solid Foundations