



### Another Year Flies By!

Here we are already at the end of a very eventful 2011. Many events have taken place over the year, and each seems to have had an effect on investors. I don't think I've seen a time when there has been so much volatility in markets in both directions. It really has been a year of boom and bust, but happening on a daily basis.

As we look forward to the New Year with hope and optimism, it will continue to be the European economies that will dictate the direction of the Global Economy and markets. The stability of European economies will bring comfort to share markets around the world and pressure is building to ensure that any measures put into place are long lasting and stable to allow confidence to return.

In discussions with many clients we have promoted a calm approach to investing and reinforced a longer term view that markets will recover. In the meantime, Fiducian remains committed to investing into only fully researched assets of the highest quality, to ensure that our clients' funds are given the best opportunity to perform when the markets do recover.

Life does sometimes put us in a position where time is not our friend and it is times like these that sound decision making can make a huge difference to the outcome. I can never say enough that our doors are open to discuss your position, your options, your concerns and your business. That is what we are here for, to give you sound advice and direction and help you to make decisions that are right for you. Your comfort is the most important thing, and sometimes it just takes a quick chat to find that area of comfort that gives you peace of mind.

### Annual Christmas Party



If you weren't there, you missed a great night. On 29 November we hosted our annual Christmas Party and Trivia

night at the brand new Merewether Surf House. It was fantastic to see so many clients enjoying the views, the entertainment and a few refreshments.

As always, Indy and Shree made their way up from Sydney to join the celebrations, as did a few of Fiducian's Head Office staff that assist us in delivering services to our clients.

One of the highlights was our paper aeroplane competition that brought out some engineering excellence from our clients that we were previously unaware of. Warren Ireson (pictured) managed to pilot his craft through the maze of balloons and people to win the highly coveted Fiducian Hunter Hamper. Worthy combatants Nathan Hadfield and Rod Ingersoll took home Fiducian designer wear hampers for their efforts. Photo's of the evening are on our web site.



We are planning our next event, corresponding with our 10<sup>th</sup> anniversary (in March/April 2012) of operating Fiducian Financial Services in the Newcastle and Hunter Valley area. Keep your eyes peeled for more information.

### Conrad's View (Conrad Burge is Fiducian's Investment Manager)

The global economy has been affected recently by a developing economic crisis in Europe. If action to counter this development is 'too little, too late', then recession could take hold in much of the region and this could have an effect on global growth as well, at least for a time. In its latest report (September), the International Monetary Fund (IMF) forecast that the world economy would grow by around 4% for both this year and 2012. However, growth could come in below these forecasts if European governments and the European Central Bank (ECB) prove unable to keep the region out of recession. Recent data has not been encouraging in this respect, with the supposed 'powerhouse' of the European economy, Germany, slowing to a crawl in the June quarter, with growth of only 0.1% (quarter-on-quarter) and with the potential for an even weaker

performance in the September quarter, following a hefty decline in industrial output of 2.7% in September alone (month-on-month).

Elsewhere in Europe the outlook is mostly worse, with Italy facing a deep recession (industrial output was down 4.8% in September), while the Netherlands recorded negative growth in the September quarter (down 0.3%), Spain was stagnant and France is facing its own problems of over-indebted banks, rising interest rates and declining industrial production (down 1.6% in September). Clearly, the ECB must now take strong action to boost business and consumer confidence in Europe. This will require further interest rate cuts and potentially massive purchases of European sovereign bonds to ensure that government bond yields do not rise to unsustainable levels. In other words, the Europeans are going to have to 'print' money on a considerable scale or face a rapid disintegration of the Euro as a common European currency. Elsewhere, the economic environment looks a little more positive, with both Japan and the US growing solidly in the September quarter (up by 1.5% and 1.2% respectively for the quarter) and China continuing to expand rapidly.

The Australian economy though has not been immune from international difficulties and has seen weak business and consumer confidence in recent months. The Reserve Bank finally responded to signs of a weakening outlook by slightly reducing its official interest rates by 0.25% in November and again in December bringing the Federal Reserve rate to 4.25%. Further cuts are likely over coming months.

### **Office Hours For Christmas and New Year Period**

Our offices will be closed from Wednesday, 21 December 2011 and will re-open on Monday, 16 January 2012.

During this time Amy and I have access to our email and can action any urgent requirements.

Should you need to contact me, I am available on my mobile (0421 026 853). Don't be scared to leave a voice mail – I may be out of range or just enjoying the break!

### **How Quickly Things Happen – The Importance of Insurances**

Just a couple of weeks ago I had an accident. Thankfully the outcome to me and the ones around me ended up very minor. My physiotherapist has been the one to benefit with increased visits for a short period, but it could have been much, much worse.

Here I was enjoying a hot day at the beach celebrating Jacinta's birthday with family and friends having a great time. Being hot and sunny my skin is not the favoured variety for the conditions (my GP has said something like 'Shane does not have the skin to warrant living in this country'). I jumped out of the water to re-apply sunscreen – the right thing to do and displaying responsibility to my children that re-application regularly will prevent getting sunburn.

Following that, I decided to get back into the water on my board and catch a few waves. Having done this before thousands of times I didn't think much of it. That was until I paddled into a wave. All of a sudden, as I put my weight on

my hands to spring up to my feet, my hands slid forward down the nose of the board catapulting me head first into the water, and unfortunately into a sand bar head first – not my finest moment!

Although it hurt, thankfully I was lucky enough to not do any great damage. A slight muscular and ligament tear near my spine did slow me down though.

It was that night, as I lay on the couch, I thought about what could have been. I could have done considerable spinal damage and ended up not being able to work or even function – or worse still.

At that point there was some comfort though, why? I'm insured for injury, illness, disability and death. So whilst it may have been a bigger problem for me personally, Sam and the kids would not have any financial worries should anything dire have happened to me.

It makes you think, how quickly things can change without warning? The advice from my personal experience though – enjoy life and be active, but make sure you don't put yourself in a position where your family would suffer more by not having insurance in place.

### **Final Say**

The festive season is most often a chance to catch up with friends and family, enjoy each other's company. The New Year gives an opportunity to reinvigorate our objectives. Involved in this reinvigoration are elements of personal, business, finance, career and family. Amy and I wish you all the very best for the festive season and the coming year that is 2012. We're optimistic in what lies ahead and look forward to continuing our relationship with you well into the future.

As always, please feel free to contact us at any time to discuss your position. We're always happy to help.

Our next publication is scheduled for release in Autumn (along with the Autumn issue of Fiducian Focus).

Keep an eye out for it in the mail or on the website below.

### **Quote of the Quarter**

"If you do not hope, you will not find what is beyond your hopes" (St Clement of Alexandria).

Wishing you all the best until next time.

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