

Investment Market + Portfolio

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KEY ISSUES AND DRIVERS

The key issues for investors and their advisers include:

1. What is the interest rate environment in which investments must compete for inclusion in portfolios?
2. Where are the equities markets headed, what are the forces driving them and how much of the portfolio should be allocated to equities over different time frames?
3. What place, if any, do less liquid investments, such as unlisted property funds or other alternative investments, have in portfolios and what level of returns should be required of them if they are held?

THE INTEREST RATE ENVIRONMENT

The level of interest rates, both short term and longer dated (government bonds) is, with a few exceptions, at historically low levels worldwide and likely to remain so for some years because:

1. The financial infrastructure of the world is severely damaged and its repair depends on central banks keeping short term interest rates very low for a long time. The central banks understand this and the US Federal Reserve has taken the unprecedented step of announcing a virtual freeze on any increases for another two years;
2. The repair of the banking and financial system will take a long time and while this is happening, bank lending will be constrained, limiting economic growth;
3. Consumers and small businesses in the developed countries have had a severe debt induced fright and are focussed on deleveraging so that credit growth and economic growth in these countries will at best be very slow and at worst slip into recession or worse into depression and deflation;
4. Inflation will therefore remain low, keeping bond yields low even though many countries have high levels of government debt relative to GDP.

There are some exceptions. Countries which are deemed to be losing control of their government debt levels, such as Greece and Italy, have experienced increases in the borrowing cost that the markets demand of them (their bond yields). Australia is also an exception, with low government debt to GDP but higher short term rates than elsewhere as the Reserve Bank seeks to constrain the inflationary impact of Australia's record terms of trade, driven by mineral and energy exports. While Australian short rates are higher than those overseas, they are still fairly modest by longer term historical standards.

Therefore it is likely that the interest rate hurdle; against which investments in equity and property need to compete, will remain low or undemanding over the next five years or more.

Equity markets

In the longer run of eight years or more it is clear from the historical evidence that equity returns are driven mainly by the dividend yield and the growth in earnings or dividends. Therefore if a relatively long term investment period of eight years or more can be adopted with discipline, then investing on the basis of comparisons of current prices to long term fair value assessments is a sensible approach. If this approach alone were adopted, then on the basis of the fair value analysis set out below, investors should be accumulating shares in Australia and possibly in other countries and moving to an overweight position in equities within their portfolios.

In practice and in reality, few investors have the combination of patience, discipline and courage to invest on a long term basis without paying regard to what happens in the shorter term. Many investors need to form a view about what is driving equity market prices over shorter periods such as 3 to 6 years or even 3 to 6 months. This in turn is an assessment of what the markets, behaving as crowds, are reacting to in the formation of prices of equities on a daily, weekly or monthly basis.

Most of the shifts in prices amount to a re-evaluation of the short to medium term prospects for growth in earnings. The reason for this is that the prices of equities have embedded in them a set of assumptions about the rate of growth in earnings, dividends and of the future market reaction to the prospects of these being realised. If the prospects improve, the prices a bid up (for example the impact of rising iron ore prices on the share price of BHP or Rio). If the prospects deteriorate, prices are re-rated downwards, often rapidly (such as recent falls in European banking stocks when it became clear that they would suffer serious losses on their holdings of Greek government bonds).

The process is further complicated by the interrelated nature of global financial markets now trading on a 24 hour basis with rapid dissemination of news and information. The correlations between developed equity markets in particular have all increased markedly in the last ten years. Diversification across markets does not provide as much protection for portfolio values as it once used to.

The factors currently driving equity prices in the short to medium term worldwide include the following:

POSITIVES

- Most major multinational companies, outside of the banking and finance sector, have strong balance sheets with lots of cash (and even some of the banks in the USA and Australia are in reasonably good or at least much better shape than they were);
- These companies are also usually beating expectations with their reports of earnings growth;
- The world avoided a depression or more severe recession in 2008-2009 due to decisive and concerted action by major governments and central banks;
- Developed world GDP is still growing, albeit slowly, while developing economies such as China and those which export to such economies are still growing quite well;
- In Australia, major sectors of the stock market are either benefitting directly from the strong terms of trade, underpinned by continued demand from China (the miners and the energy companies) or benefitting from their oligopoly status in a strong economy (the banks);
- As noted earlier, the valuations of equities in Australia, Britain, and Europe and, to a lesser extent, the USA, are at attractive levels relative to long term fair value which is based on moderate assumptions about long term growth in earnings per share.

NEGATIVES

- The prospect of Europe, Britain and the USA sliding back into recession due to a combination of consumer reluctance to spend, bank constraints on lending and political gridlock that makes it more likely that fiscal policy will become more restrictive, cutting aggregate demand in the major economies in 2012 and beyond;
- The lack of room for the major central banks to offset fiscal restraint and stimulate further by cutting interest rates further;
- The continuing negative news cycle and its adverse effects on the risk appetite of market participants- today Greece, tomorrow Italy and next week maybe the USA.

On balance it is likely that equity markets will find a way of moving to significantly lower prices before the longer term dynamics of attractive dividend yields and sustained earnings growth become the dominant factors again. This may take another year or two. In the meantime a combination of caution and agility seem to be called for. An underweight allocation to equities in portfolios for all but the most disciplined and courageous long term investors is probably the preferred course.

Equity markets

LESS LIQUID INVESTMENTS

Less liquid investments such as unlisted or direct property, or mortgage securities, seem to offer the attractive alternative of higher income yield (in some cases) combined with capital stability. This has often proved to be an illusion. The reason is that their lack of exchange trading often masks the price at which assets can actually be sold if in fact this is needed. The result in the past has often been a complete lack of liquidity (frozen funds) or a sudden and sharp devaluation of the assets (or both).

The sensible course is to:

- Allocate a moderate proportion of the portfolio to such assets (up to 20% maximum) so as not to compromise the liquidity of the portfolio overall;

- Demand a premium on the return to compensate for the lack of transparency in pricing and the lack of liquidity- a premium of 2% p.a. over and above an equivalent investment which is exchange traded would be reasonable over a 5 to 10 year investment period. For example in current conditions this would indicate a required total net rate of return after all fees and expenses of 12.5 % p.a. from income and capital growth for unlisted income producing property.

OVERALL PORTFOLIO IMPLICATIONS

With these thoughts in mind, in the following pages we review what has happened recently in investment markets, look at three scenarios of what may happen next and the implications for portfolio asset allocation for various risk profiles.

Where are we now?

Table 1: Market movements over the 2011/2012 financial year to date

MARKET INDICATOR	LEVEL AT 30 JUNE 2011	LEVEL AT 30 SEPTEMBER 2011	LEVEL AT 31 OCTOBER 2011	MOVEMENT OVER THE COURSE OF THE 2011/12 FINANCIAL YEAR TO DATE	
				IN LOCAL CURRENCY	IN AUD
S&P ASX 200	4607	4002	4298	-6.7%	
S&P ASX RESOURCES	5584	4483	4894	-12.4%	
S&P ASX AREIT	843	762	791	-6.2%	
USA: S&P 500	1307	1160	1253	-4.1%	-0.3%
UK: FTSE 100	5855	5196	5594	-4.4%	+4.2%
GERMANY: DAX	7294	5639	6141	-15.8%	-10.9%
JAPAN: NIKKEI 225	9816	8700	8988	-8.4%	+7.8%
CHINA: HANG SENG	22398	17582	19864	-11.3%	-15.0%
USD/AUD	1.0718	0.9781	1.0309		+4.0%
YEN/AUD	86.32	74.88	73.72		+17.7%
EUR/AUD	0.7390	0.7213	0.6984		+5.8%
GBP/AUD	0.6677	0.6269	0.6111		+9.0%
AUS: 90 DAY BANK BILL % P.A.	4.96	4.92	4.71	-0.04	
AUS: 10 YEAR GOVT BOND % P.A.	5.21	4.22	4.42	-0.99	
US: FED FUNDS RATE % P.A.	0.09	0.08	0.07	-0.01	
US: 10 YEAR GOVT BOND % P.A.	3.09	1.97	2.11	-1.12	
GOLD USD/OUNCE	1501	1623	1712	+14.0%	+18.6%
OIL USD/BARREL (WTI)	95	82	92	-3.2%	+0.7%
COPPER US C PER LB	467	324	358	-23.3%	-20.2%

Where are we now?

- Financial markets recovered in the month of October, with equity markets gaining between 6% and 10%, thus reducing the losses in the financial year to date. They were encouraged by the prospect of a 'comprehensive solution' to the European debt problems announced by Chancellor Merkel of Germany and President Sarkozy of France on 26 October following six days of recurrent summit meetings. Since then the basis of solution has unravelled to some extent, not least because the Greek government tried to take a detour of putting the deal on its debt to a referendum of the people. This has since been averted but there have been major gyrations in markets on a daily basis as a result. At the time of writing, market levels were (somewhat by chance) at similar levels to those on 31 October 2011 as shown in the table above.
- We expect major instability to persist in the weeks and months ahead due to continued market concerns about:
 - The difficulty of the US reaching a resolution of its budgetary problems without further exacerbating the slowdown in its recovery. The Congressional super committee which is due to report back with an agreed solution by 23 November 2011 is reported to be deadlocked. This has been under reported outside of the USA due to the news media focus on the European crisis;
 - Continued uncertainty within the US central bank over the course that monetary policy should take next. The previously reported unprecedented split in the Federal Open Markets Committee which sets monetary policy has abated somewhat with a slight shift towards the prospect of the Fed instituting round three of its quantitative easing program, but definitive action may still be months away;
 - The capacity for the European Union to fail to resolve sovereign debt problems and the risks that this poses to the European banking system. In particular the crisis appears to have moved on from Greece, which was a serious but small and manageable problem (and still not fully resolved) to Italy which is much larger and maybe beyond the resources of the European Union; and
 - Possible slowdowns in Chinese growth as the authorities there try to constrain inflation although these risks have abated somewhat as Chinese growth appear to be holding up well.
- Short term interest rates have remained at or near record lows in much of the developed world. The Reserve Bank of Australia decided last week to move its key cash rate from 4.75% p.a. to 4.50% p.a. providing some limited relief to the non resource sectors of the economy. It has assessed that the risk of rising inflation has abated and that it may reduce the rate further if the international economic outlook worsens.
- Bond markets are pricing in low growth at best with a major risk of serious recession. Long term bond yields have moved significantly lower in the USA, Britain and Germany as well as in Australia as investors shifted assets from shares to perceived safer alternatives.
- Share markets have also adjusted prices to reflect the increased risk of recession but have a tendency to rebound in short term bursts in response to hopeful news. The key question is whether this process of adjustment is near its end and whether share markets now offer good value to long term investors. They may well overshoot and the momentum may be negative for some months to come.
- In order to provide a sound basis for long term decisions, we make assessments of the relative valuation of the major world share markets in terms of their current prices versus long term Fair Value. Fair Value is the price that a share market should trade at in order to achieve the long term Fair Value Return. The assessed Fair Value Return is the current long term government bond yield in the investor's home country plus a margin or Risk Premium which is sufficient to justify the additional risk of investing in the market. We have used the Australian 10 year bond yield as the basis for assessing Fair Value together with long term estimates of growth in earnings per share which are linked to projected growth in nominal GDP for each country. This in turn is the sum of the rate of inflation and real GDP growth.
- The lower the ratio of Current Market Price to Fair Value, the more attractive the particular share market appears. The higher ratio of Current Market Price to Fair Value, the less attractive or expensive the share market appears. We have made assessments under three different scenarios to provide an indication of the sensitivity of the results to the assumptions made. The various scenarios of what may happen in financial markets are set out in more detail later in this report, but the key assumptions are noted in Table 2 below (page 5).

Where are we now?

Table 2: Share market valuation indicators, 07-November-2011

SCENARIO	ONE : SLOW GROWTH		TWO : FASTER RECOVERY		THREE: RELAPSE INTO RECESSION	
PROBABILITY	30%		15%		30%	
	ASSUMPTIONS					
CURRENT BOND YIELD MULTIPLIED BY	1.10		1.20		0.85	
CURRENT EPS CHANGED BY	0.0%		5.0%		-15.0%	
EPS GROWTH RATE CHANGED BY	0.0%		0.2%		-1.5%	
COUNTRY	RATIO OF CURRENT MARKET VALUE TO LONG TERM FAIR VALUE %	REQUIRED LONG TERM RETURN FROM STOCKS IF PRICED AT FAIR VALUE % P.A.	RATIO OF CURRENT MARKET VALUE TO LONG TERM FAIR VALUE %	REQUIRED LONG TERM RETURN FROM STOCKS IF PRICED AT FAIR VALUE % P.A.	RATIO OF CURRENT MARKET VALUE TO LONG TERM FAIR VALUE %	REQUIRED LONG TERM RETURN FROM STOCKS IF PRICED AT FAIR VALUE % P.A.
USA	101%	10.0%	99%	10.4%	124%	8.8%
CANADA	101%	10.0%	100%	10.4%	126%	8.8%
JAPAN	164%	10.0%	161%	10.4%	201%	8.8%
BRITAIN	75%	10.0%	74%	10.4%	93%	8.8%
GERMANY	80%	10.0%	79%	10.4%	99%	8.8%
FRANCE	69%	10.0%	68%	10.4%	85%	8.8%
ITALY	82%	10.0%	81%	10.4%	101%	8.8%
AUSTRALIA	76%	10.0%	75%	10.4%	95%	8.8%
BRAZIL	76%	13.0%	75%	13.4%	93%	11.8%
RUSSIA	44%	13.0%	43%	13.4%	54%	11.8%
INDIA	105%	13.0%	104%	13.4%	130%	11.8%
CHINA	52%	13.0%	51%	13.4%	64%	11.8%

- Turning our attention to the Scenario One results first the long term valuation indicators for the USA and Canada are close to Fair Value.
- The analysis suggests that among the G7 major economies, the share markets of Britain, Germany, France and Italy are now trading well below long term fair value. If we consider long term valuation grounds alone, they are attractive, but there are other issues to consider as well.
- The Australian share market is also very cheap relative to long term Fair Value.
- The assessment for the Japanese share market indicates that it would be wise to hold investment in this market at well below benchmark levels or zero.
- In emerging markets, among the rest of the so called BRIC countries China, Brazil and Russia are trading well below long term fair value.
- The analysis in Scenario Two, which is an optimistic case (although much less likely in our view), does not essentially change the relative rankings of the share markets.

- Scenario Three is a pessimistic case, involving a slide into global recession. We think it is just as likely as Scenario One, which is based on slow growth but no world-wide recession. Scenario Three clearly indicates that the USA and Canada are more risky. While Australia and the major European markets are less compelling under scenario three, they are trading at around Fair Value under this scenario.
- Momentum or sentiment is also very important to consider. There may well be additional significant falls of 10% to 15% over the next three to six months if the major debt and budgetary problems in Europe and the USA are not resolved by policy makers. From a longer term valuation perspective, this would offer a longer term accumulation opportunity to go above benchmark weight in Australian and International equities.

Where are we now?

- For there to be a sustained stabilisation and turnaround in share market sentiment we need to see the following occur in the USA and Europe:
 - The Federal Reserve Open Market Committee (FOMC) announces a major third program of quantitative easing of the order of \$US 1 trillion or more;
 - The European Union finance ministers follow up the G20 meeting in Cannes with an increase in the size of the European Stability Fund from \$400 billion to over \$1 trillion, convincing markets that it has the capacity to prevent any major bank failures or a sovereign default by a major country such as Italy or Spain;
 - The European Central Bank (ECB) cuts its key interest rate further from 1.25% p.a. to 1.00% p.a. (having just cut its rate as we expected, from 1.50% p.a. at its November meeting); and
 - The super committee of the US Congress reports back by its deadline on 23 November 2011 that it has agreed on a series of spending cuts and/or tax loophole closures that will reduce the US deficit by the previously agreed \$1.5 trillion over the next 10 years, thereby avoiding the automatic across the board spending cuts which would come into play as per the law passed on 2 August which also lifted the US government debt ceiling.
- Given the record of the policy makers to date, in both the USA and in Europe, we are not optimistic that these steps will be taken. We would instead see the share markets stabilising at a much lower level some time in 2012. This may in fact provide a better opportunity to increase equity allocations from a longer term point of view but would require more patience and courage to take full advantage of it.
- Within the fixed interest markets the course of long term interest rates is driven mainly by inflation expectations here and internationally and the expected worldwide trend is towards an eventual increase rather than a decrease in inflation, given the amount of monetary stimulus already in place. Yields on long term sovereign debt issued by some governments such as the USA, Germany, Canada, Britain and Australia have actually declined in recent months as a result of a flight to safer issuers. In general bank term deposits still offer better value for money than government or corporate bonds, even though they have started to decline.
- Short term interest rates on cash are driven mostly by the official RBA cash rate. As this is the main policy instrument that the RBA has to control inflation, we should expect it to eventually rise rather than fall but perhaps not for another two or three years. In the meantime, even if short rates fall somewhat further, they are still likely to underpin attractive term deposit rates. A key consideration is the continuation of the Federal Government guarantee on bank accounts, albeit at a lower level of \$250,000.

What may happen next? Possible scenarios

Given the extreme level of volatility in both the equity and fixed interest markets we need to consider a number of scenarios of what may happen over the next one to three years.

It is important to recognise that we need to use scenarios because even our best assessments are so uncertain and there is a significant likelihood that our recommended portfolio strategies will turn out to be wrong if left unchanged in the face of market developments.

SCENARIO ONE: CONTINUED SLOW GROWTH RECOVERY (30% PROBABILITY)

- The USA avoids a return to recession but has slower than normal economic growth (below 4% p.a.) during the recovery over the next five years. This means that unemployment will reduce slowly and stay higher than in most previous recoveries.
- Japan achieves low real growth but with deflation continuing well into 2012.
- Europe achieves low growth with very low inflation. Inflation in developed countries picks up only slightly into the 3% p.a. to 4% p.a. range from 2013 onwards and does not get out of control. This has the beneficial effect of slightly reducing real interest rates and the real burden of debt.
- Australian cash and short term interest rates increase modestly with the RBA cash rate rising to above 5% p.a. by the end of the first quarter of 2013.
- Bond yields have a capacity to rise by between +0.5% p.a. and +1.0% p.a. by the end of FY2012/2013.
- Commercial property values remain fairly static in 2012.
- Earnings per share for the ASX 200 grow moderately over the next 5 years with the exception of the major resource companies which achieve more rapid growth in the next two years and beyond.
- The Australian share market is prone to falls of between 10% and 15% during the course of the next 6 to 9 months but has a reasonable prospect of being some 10% to 15% above its current level by 30 June 2012 as we get closer to a stronger recovery.
- International share markets, led by the US, show some moderate weakness over the next six months (10% to 15%) before resuming their recovering, underpinned by earnings growth.
- The Australian dollar continues to swing in a wider than normal range of between USD 0.85 and USD 1.15, adding more short term volatility to returns on international assets.

SCENARIO TWO; FASTER RECOVERY (15% PROBABILITY)

- Worldwide growth is surprisingly stronger than expected due to consumers and businesses recovering in confidence and policy makers avoiding mistakes and convincing their legislatures to back them. US unemployment drops below 8% by late 2012, Europe grows real GDP by 2% p.a. or more, Japan recovers more quickly and Chinese growth slows only minimally.
- Inflation in developed countries picks up into the 3% p.a. to 5% p.a. range from 2013 onwards but does not get out of control, even though it is at the higher end of the range most of the time.
- Australian cash and short term interest rates increase over the course of 2012 and 2013 to combat re-emerging inflation risk.
- Bond yields up by between +1.0% p.a. and +1.5% p.a. by the end of calendar 2012.
- Commercial property values start to recover more quickly starting in 2012.
- The Australian share market is prone to falls of between 5% and 10% during the course of the next two financial years but has a reasonable prospect of being some 15% to 20% above its current level by 30 June 2012.
- International share markets, led by the US, show some moderate weakness over the next six months (10% to 15%) before resuming their recovery, underpinned by some earnings growth.
- The Australian dollar continues to swing in a wider than normal range, adding more short term volatility to returns on international assets.

SCENARIO THREE; RELAPSE INTO RECESSION (30% PROBABILITY)

- Recession re-emerges in the USA, Japan and Europe in 2012 and proves to be a worldwide double dip event and lasts till 2013 or later, threatening a recession in Australia.

- Inflation is contained by recession and slips into deflation in some countries for up to 5 years, ranging between -2% p.a. and +1% p.a.
- Australian cash and short term interest rates down by 0.5% p.a. from current levels by the end of financial year 2011/12 and by further 1.0% p.a. in 2012/13 as the world moves into recession and the RBA cuts rates to stimulate the economy.
- Australian Ten Year Bond yield down from current level by between 0.5% p.a. and 1.0% p.a. by late 2012.
- Commercial property values do not recover their 2007 level until 2016 or later.
- With the exception of major resource companies, earnings per share growth for the ASX 200 companies are negative in 2011-2012 and slower by 1% p.a. for the next 5 years.
- Australian, European and US stock markets bottom some time in 2011-12 between 20% and 30% below current levels and recover their current levels in 2014 or later.
- The Australian dollar continues to swing in a wider than normal range, adding more short term volatility to returns on international assets.

The other 25% of possibilities we simply do not know about. They include a range of unknown unknowns. The world has become a more uncertain place in the last few months with reports emerging of:

- Possible civil war in Greece.
- The breakup of the Eurozone.
- The possibility of a first strike by Israel against Iran due to the latter having developed missiles which can reach Israel. This would cause a sharp spike in oil prices due to disruption of Saudi and other gulf oil, leading to a major recession worldwide.

What to do next: Implications for Investment Portfolio Strategy

Taking into account the various scenarios outlined above, portfolios should:

- Maintain their current positions with higher than normal levels of cash;
- Be ready to increase their weighting to Australian and International equities over the next three to six months during episodes of significant market weakness (see table 3);
- Continue their significant underweight in property subject to investing in exceptional opportunities which offer returns in excess of 12% p.a.;
- Bias fixed interest to bank term deposits;
- Generally avoid investment products that are not clearly transparent in terms of how they work and what they charge such as hedge funds and structured products.

RECOMMENDED PORTFOLIO WEIGHTINGS (UNCHANGED SINCE LAST REPORT)

Table 4 below sets out portfolio allocation guidance in terms of positioning relative to long term benchmark or strategic asset allocations. We have expressed them in terms of percentages of the long term benchmark or strategic allocations. In summary, the recommended portfolio strategies take account of all three scenarios outlined above. They are unchanged from last month except for an increase in the allocation to Australian equities by 10% of the relevant benchmark weight. Given the level of turmoil in the market we believe that this increase should be implemented over the next three months perhaps in two or three stages at levels below 4000 on the ASX 200 index (where we are as of today). The recommended portfolio weightings have a significant amount of cash which is both precautionary and available for the opportunity for deployment into growth assets depending on how the scenarios unfold. The situation requires fairly constant review and attention with clients. Table 3 below sets out trigger points for buying and selling various share markets for those who wish to manage portfolios on this basis.

Table 3: Share market buy and sell ranges as at 8 November 2011

SHARE MARKET (AND INDEX)	INCREASE WEIGHTING WHEN INDEX BELOW	REDUCE WHEN WEIGHTING ABOVE
Australia (ASX 200)	4000	4800
USA (S&P 500)	1100	1440
Great Britain (FTSE 100)	5100	6200
Germany (DAX 30)	5900	7600
Japan (Nikkei 225)	8800	11000

Table 4: Madison Recommended Portfolios: asset allocation relative to long term benchmarks

ASSET CLASS	TARGET PORTFOLIO WEIGHTING AS A % OF LONG TERM STRATEGIC OR BENCHMARK WEIGHTING
RISKY ASSETS	
Australian equities	75% for portfolios 1&2; 95% for portfolio 3; 100% for portfolios 4 and 5.
International equities	65% for portfolios 1 & 2; 75% for portfolio 3; 80% for portfolio 4; 85% for portfolio 5
Property	50% with a bias to unlisted assets on a very selective basis with total returns above 12% p.a.
Fixed interest -Tier 2	30% in AA rated issuers only
DEFENSIVE ASSETS	
Fixed interest - Tier 1	50% with a bias towards bank term deposits
Cash	Balance of the portfolio

INVESTMENT OF NEW CASH FLOW

We recommend that new regular cash flows in or out of the portfolio are invested in order to achieve the target allocations recommended above. Large one off cash flows should be invested over a period of six months to achieve the same result.

Gearing to invest

For some investors borrowing to invest will be worthwhile provided that (a) there is a strong prospect the return on the investments assets bought with the borrowed funds will outperform the cost of borrowing on an after tax basis over the term of the loan; (b) the investor has a very high tolerance for short term risks and fluctuations in asset prices whose effects will be magnified in any geared investment and (c) geared investments are not made into asset classes where the recommended allocation is less than 100% of the long term benchmark, unless the individual asset offers the prospect of significantly better returns relative to the rest of the asset class.

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