

Women's Wealth

Specialist financial planning for women by women!

Issue 3 - 2008

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Myth Buster



Myth:

I don't want to tie up my money

Truth:

It is a common misconception that "tying up" your money is an unwise financial strategy; however your money should in fact be segmented and "tied up" to varying degrees. Appropriate instruments exist to hold monies completely liquid, or increasingly less liquid. If you have a savings account with time deposits and various investments, you can spread out your money into "time-appropriate" buckets.

Certainly, if you're planning to buy a house within the next six months, you must have the necessary savings available; however your retirement savings do not need to be in your savings account if your retirement goal is some 15 years away.

Golden Rules for Volatile Markets

With all the turmoil in investment markets over recent months, many investors are probably asking whether they've done the right thing by investing in shares, properties or funds. In this article, we revisit some of the basic lessons about investing, and reassure you that if you don't panic, you can look forward to a profitable future.

Understanding investment cycles

Investment markets move in cycles. They go up, they go down, and they may run flat for a period of time. But if we look at the past performance of investment markets, they historically have trended up over the longer term.

The secret to successful investing is to adopt a "counter-cyclical" approach. Traditionally, human nature tells us to invest when the markets are going up and to sell when the markets are in decline. However, you need to change your mindset and invest when everyone else is selling (you'll pick up bargains that way), and sell when everyone else is buying. Alternatively, and for longer-term investments, you should buy when the markets are down, and then hold onto your investments for the long term.

Diversification

The popular press is full of articles about people who have lost their life savings because an investment has failed or significantly dropped in value.

A common mistake that many investors

make is to tie up all their available cash in just one investment or asset class (such as property, shares, etc.). That's a recipe for potential disaster!

Sensible investors manage their risk by spreading their savings amongst different types of investments and different asset sectors. Instead of having all their eggs in one basket, they invest in a number of different shares or funds, and they spread their investments across different sectors, such as shares, property, fixed interest and cash. They may also diversify geographically by holding local and overseas investments, and by spreading across different industry sectors.

Diversification allows investors to spread their risk and thereby manage the ups and downs of specific market movements.

Dollar cost averaging

When there's volatility in investment markets, your head might tell you that it's time to invest, but your heart might not be convinced.

Dollar cost averaging involves investing over a period of time rather than making

one large lump-sum investment. Dollar cost averaging allows you to average the price of the investment as you move into the market.

Many commentators are suggesting that the share markets in many parts of the world are now at or near their low point in the current cycle. This is perhaps a good time to consider buying into the share markets, either directly or via funds.

Rather than taking a punt and putting all your money in the market in one go, dollar cost averaging involves making smaller progressive investments in the market over a

period of time, thereby averaging the price at which you invest.

Time in, not timing

One of the secrets to successful investing is to have a clear understanding of your investment horizon, and then to stick to it. Long-term investing means not chasing the latest investment fad; it means seeking professional advice and making sound investment decisions, and then sticking to your plan rather than jumping in and out of the market every time there's a change.

Source: Professional Investment Services

Some snap shots from our last Woman's World event – 16th June 2008.



Topics included - • Have the markets hit rock bottom? • Be proactive - Taking control of your health • Love and abundance.

Horwath Financial Services

Your questions answered

What services does Horwath Financial Services (HFS) provide?

We provide the following services:

- » Financial Planning
- » Wealth Creation
- » Retirement Planning
- » Estate Planning
- » Insurance
- » UK Pension Transfer
- » US Tax Compliant Investments

Who does my advisor act for when he/she provides financial services to me?

Your advisor will be acting for you as an authorised representative of HFS.

Who are our clients?

Our clients range from local entrepreneurs through to accountants, lawyers, vets, civil servants, and people from all walks of life. We look after small clients as well as large clients – people who have a couple

of thousand dollars each month to save to those who have several millions.

How do we charge?

We offer a range of payment options, including:

Hourly Fee

Your financial advisor is paid solely by way of a fee, based on the amount of time spent on providing services, at an hourly rate.

Commission-based Fee

Your financial advisor is paid by way of commission or rebate from the Institutions.

The Hybrid Approach

Following a free, no-obligation exploratory consultation, we agree on an hourly fee for a financial planning report, usually providing an estimate in advance. Any commissions that subsequently arise from the recommendations we make in the report are then offset against the hourly fees.

Tip of the month



Get paid what you're worth and spend less than you earn.

It sounds simplistic, but many people struggle with this basic principle. It is extremely important to know what your job is worth and how it is valued in the marketplace. Conducting an evaluation of your skills, productivity, job tasks, contribution to the company, and the going rate, both inside and outside the company, for what you do is the best way to find out.

No matter how much or how little you're paid, you'll never get ahead if you spend more than you earn. It is often easier to spend less than it is to earn more, and a little cost-cutting effort in a range of areas can result in big savings long term. Spending less than you earn doesn't always have to involve making big sacrifices; it can be as simple as evaluating your day-to-day expenses and spending wisely.

Source: <http://financialplan.about.com>

For more information about how we can help you gain control of your finances, please contact **Ofra Ou** and **Lavina Tharani** at:

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