

Merry Christmas



Lost Money?

It is a good idea to search government websites for unclaimed money.

Click here for our favourites:
[NSW OSR](#)
[ASIC](#)
[ATO](#)
[Superseeker](#)

Xmas Office Hours

Please note the office will be closed from Xmas Eve to the 11th of January.

Social Site links:

Your Wealth Bulletin

Dear David,

Welcome to the Christmas issue of Your Wealth Bulletin.

We have provided more content than usual this month, as hopefully you will have some extra leisurely reading over the Christmas break.

"Christmas, children, is not a date.

It is a state of mind."

(Mary Ellen Chase)



2010 Crystal Ball Predictions

Wealth Warning

Using these 'expert tips' could be damaging to your wealth!

One of our most popular segments is the crystal ball predictions that are published in December each year. It's an interesting exercise to see that the same people are promoted in the media, yet are rarely ever checked for any results on their predictions.

While there were few daring to make public predictions in December 2008, who could forget the many woeful forecasts in December 2007.

As for next year, well, the Sun Herald (8/11/09) published the following forecasts for the 2010 year:

John Sevior (Perpetual):

Australian sharemarket index target - Where it is, give or take about 10%
Best sectors - Health care, selective resources
Worst sectors - Banks have been overdone

Craig James (Commsec):

Aus index target - 5600 by end of 2010
Best sectors - Property trusts, diversified financials
Worst sectors - Banks and materials

Angus Geddes (Fat Prophets):

Aus index target - 5500 to 6000
Best sectors - Resources, health care, telcos
Worst sectors - Anything with offshore earnings

Shane Oliver (AMP):

Aus index target - About 5600
Best sector - Resources.
Worst sector - Health care

George Boubouras (UBS):

Aus index target - 5400
Best sector - Energy
Worst sector - Property trusts

Dale Gillham (Wealth Within Analyst):

Aus index target - Roughly where we are after a correction.
Best sector - Energy, health care could be a dark horse
Worst sector - Telcos

As a summary, it appears 4 out of 6 are expecting significant growth ahead for the Australian market as it rises from about 4700 to their forecast of 5400-5600.

Only the one predicts a correction (but then to come back) while one basically gives a 10% swing either way (it would probably have been easier for him to say i have no idea).

We will examine these tips in December next year to see how they have progressed and how your wealth would have fared if you acted upon the forecasts.

In January, it's likely that we will have an abundance of 'stocks to buy to make you rich in 2010' type articles, so we will add them to our next newsletter as well.

9 Christmas budgeting tips

Spending big over Xmas can leave a nasty hangover in the New Year. Some tips to guide us through the festive season include:

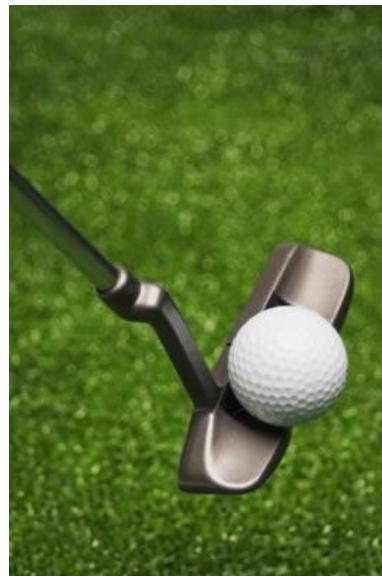


- 1. Budget** - sit down and work out how much you can realistically afford to spend this Christmas. This will help prevent overspending.
- 2. Set a limit** - try to agree on a spending limit with your friends and family. On the other hand, Secret Santas/Kris Kringle, where you just buy one present instead of gifts for everyone, are a great way to keep costs low without feeling like a modern day Scrooge.
- 3. Make a list** - impulse shopping can result in expensive last minute purchases. Shopping with a purpose is a sure-fire way to save you both time and money.
- 4. Avoid expensive loans** - As the pressure of Christmas shopping increases, beware of expensive credit cards and interest free loans. Those loan companies exist for a reason, and it's not to hand out free money as many people often have to pay high interest rates after the interest free period expires.
- 5. Shop online** - Shopping online is a great way to bag the best bargains and escape the crazy Christmas shopping crowds.
- 6. Shop around** - Use a website service such as shopbot to help you compare prices and find the best deals.

Instead of trawling up and down the high street to compare deals, you simply enter the item you want into a search engine. The shopbot will then pull up a list of retailers that provide the product in price order.
- 7. Find a voucher code** - Many websites are available that offer discount coupons or vouchers for the store or item that you intend to buy.
- 8. Be creative** - If finances are tight, you can always be creative and make your own cards, cook your loved one a romantic dinner for two, build a handmade gift or offer to do the gardening for your parents.
- 9. Buy for next year** - The best day to shop for Xmas presents is the day after when many retailers slash prices for the Boxing Day sales. If buying for friends, then 'late' Xmas presents may be suitable if seeing them sometime after. Alternatively, you could

pre-purchase gifts for next year (if you can hide them for that long!).

Investing lessons from golf



Probably the most important influence of an investors success, or lack thereof, in investing is their own emotional behaviour.

It is significant that this area of study, called behavioural finance, is emerging rapidly in academic research. These studies continue to provide fascinating results.

An article recently by Robert Huebscher in the USA, described how individuals are hard-wired to avoid certain risks at crucial times - even when, in doing so, they impose costly economic penalties on themselves.

In other words, at key moments people refuse to take chances that will make them money. It's termed 'risk intolerance'.

Bizarrely, this also has similarities to research within the totally unrelated sport of golf.

Professors at the University of Pennsylvania published a paper this year that showed that golfers make more par puts than they do compared to sinking birdie puts.

This peculiarity costs a top 20 golf approximately \$1.2 million in prize money per year.

(In golf, each hole has a par score - the predetermined number of strokes expected to complete the hole. A par is equal, a birdie is one less).

Of course, the value of a stroke is the same regardless of whether a putt is for birdie or par. The professors ruled out alternative explanations for the effect, such as 'learning' from observing other putts before them, or playing ability or whether it was due to the ball's position on the green or player's standing in the tournament.

After adjusting for those possibilities, golfers exhibit a measurable and costly bias known as loss aversion.

Golfers fear of making a bogey carries more weight than the potential benefit of making a birdie. Indeed, when the New York Times reported the results of the study, many professional golfers acknowledged it.

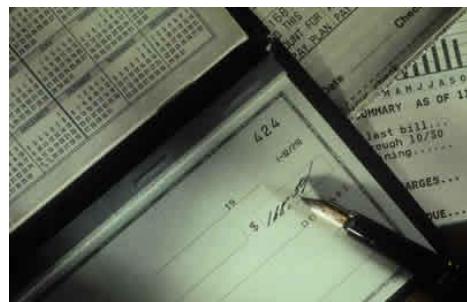
Justin Leonard told the Times "When putting for birdie, you realise that most of the time it's acceptable to make par. When you're putting for par, there's probably a greater sense of urgency so therefore you're willing to be more aggressive in order not to drop a shot. It makes sense."

For investors, we face many situations involving the possibility of a loss and a gain. The fear of loss may lead to conservative asset allocation.

Professor Carlin of Duke University makes a valid point on these studies, "Many circumstances require action, and fear of regret may be responsible for both inaction and underperformance. Recognising causes in which you might fall into this trap is the key to capturing all of the fruits of one's labour."

[Article: Investing lessons from golf](#)

10 scams to watch out for



1. Advance Fee Fraud - One of the most common scams in Australia. Many originated in Nigeria.

You receive an email asking for help to transfer a large amount of money overseas.

You are offered a share of the money if you agree to give your bank details to help with the transfer. As well as losing money you risk having your identity stolenkey to capturing all of the fruits of one's labour."

2. Chains letters and pyramid schemes - 'Investors' are

encouraged to pay an up-front joining or membership fee to join a money-making venture. You are promised financial rewards by persuading others to join the scheme, they make money by recruiting people rather than selling a product or service. Pyramid schemes inevitably collapse because eventually the recruits will run dry. In Australia it's a crime to promote or participate in a pyramid scheme.

3. Banking and credit card scams - Scammers use new technology to target online banking customers. Phishing scams try to trick you into handing over your personal banking details, via an email that might look and sound like it came from your bank.

Banks will never ask you for your account details via email so don't reply to these emails. You should delete them or report them to the bank in question. (Most banks have an anti-fraud hotline or email account you can send suspicious emails too).

4. Card skimming - Fraudsters copy your banking info by placing a small scanning device on an ATM machine. They then create a fake card with your details and take money out of your account. Be aware of suspicious devices when using an ATM and don't let shop assistants take your card out of sight to swipe.

5. Lotteries - Many Australians are lured by a lottery offering a massive prize. Remember you can't win unless you've entered it yourself (like buying a lottery ticket) or someone has on your behalf. Many scams try to trick you into providing your banking details. You should not have to pay a fee to claim a prize.

6. Golden investment opportunities -

Be wary of the 'free investment seminar'. Many scammers use the buzz of a seminar to promote property and investment scams. The investments are often over-valued and sometimes offer attendance fees later for books and courses.

Always ask if the caller has an Australian Financial Services Licence - many tend to operate from overseas as much of their activities are illegal in Australia.

7. Mobile phone scams - Beware of using redial on a missed call from an unknown number - there may be hidden charges.

Ringtone scams might attract you with an offer of a free or low-cost ringtone. But when you accept the offer you may be subscribing to a service that will keep sending you ringtones - and charging you a premium rate for them. There are many legitimate companies selling ringtones, but some scammers will try to hid the true cost of the offer, because they don't tell you that your request for the first

ringtone is actually a subscription to a service. You have to actively 'opt out' of the service.

'Missed call' scammers ring you but hang up very quickly. If you ring back you incur premium rates for the call without knowing. Text message scams work in a similar way.

8. The overpayment scam - Small online businesses have been targeted by this scam. A customer may purchase something from you but when you receive the cheque or money order, it is for more than the agreed price. The buyer may say it was a mistake and ask you to refund the excess by money transfer. They hope you will do this before you discover their cheque will bounce.

9. Betting software - Australians love to gamble and many have been lured by software package that claim to predict results. There are legitimate software programs that help to monitor share prices, but scammers may claim their software can predict share prices in the future. Remember past performance is not a fail-safe guarantee. It is very hard to get your money back if it does not work.

10. Spam scammers - The general advice is: don't reply to emails from people you don't know, even if they claim to know you. Once you reply, a spammer has confirmation that your email address is real and active. Scammers may use malware, spyware or trojan horses to access files stored on your computer. Keep anti-virus software up to date and don't disclose your passwords to anyone.

So that ends our 2009 series of newsletters. We look forward to keeping you up to date with the latest news next year, particularly with the forthcoming Henry Review (Tax) and Cooper Review (Superannuation) in coming months that are guaranteed to have an effect on us all.

Please note, our office will be closed from 24th December to the 11th of January.

Happy Xmas Holidays!

David Reed

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