

WHY WE ASK; "WHAT'S YOUR IDEA OF FINANCIAL FREEDOM?"

a chat with a Guru

Peter and I met at Ribs and Rumps in Park Central for our seasonal chat. The restaurant has recently been the focus of a lot of attention from head office and it is showing.

"I will be coming back here again for business lunches." *Yep it's a nice environment isn't it.* "Sure is... Been surfing much?" *Is that a rhetorical question?* "Overseas surf trip this year?" *Probably. Last time I went we had parity with the US dollar, not so attractive at the moment.* "Yeah, the Australian dollar is drifting lower and quite dramatically of late." *The slip from 93c to 76c was super quick.* "It definitely affects overseas travel plans."

What about investors? It must have a dramatic affect too on your clients. "Not really, it just means a well timed change of tack to stay out in the clean air." *Nice analogy!* "Thanks." *Can we go sailing?* "Concentrate Dave."

So explain this well timed tack. "The lower

dollar typically means investments overseas become more attractive because they increase in value when converted back to Australian dollars." *Set the spinnaker!* "... Therefore, investors in recent times have enjoyed an increase in their overseas investments (in USD's) due to the AUD being lower."

So you need to have an awesome financial planner? "Well, yes but it doesn't need to be complicated really." *What?* "One of the great benefits of being in a diversified portfolio is that you broaden your exposure to a wide array of investments." *Is my super diverse?* "Yes, most super funds would be broad based and fairly protected from the Australian dollar's slide."

What about other investments? Many people rely on their monthly return. "Fund managers can add a form of insurance, using options and currency hedging to protect the value of the currency." *Hedging?* "Hedging means that the currency difference is already

factored in, which can neutralise the effect of the AUD going in the wrong direction. When the currency goes lower," *Tacking!* "...you would typically like to be unhedged, to enjoy the increase in the investment value. But when the AUD goes up, you would prefer to have the currency hedged, which means the upward trend or devaluing the investment does not occur."

So if you don't want your investments drifting aimlessly at the mercy of the wind, mainsail flapping, get in touch with Hillross Macarthur. "I wish I hadn't started you on the sailing analogies now." *Really? I think they're going great!*

"For these strategies speak to Hillross Macarthur as it can be complex but extremely worthwhile knowing the effect of being hedged or unhedged in your existing investments." *Hillross Macarthur will have your portfolio in racing trim.* "OK that's enough now." *Yes Commodore!*



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MY IDEA OF FINANCIAL FREEDOM



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