Quarterly Newsletter – June 2014

Geared Investments

Equity markets have welcomed the return of investor confidence over the past 12-24 months, with local and domestic markets having shown their first signs of stability after a long run of turbulence.

Negative gearing into equity markets presents some opportunities that appear more lucrative now than ever before. A combination of increasing consumer confidence and record low interest rates has seen the RBA record the first increase in margin lending numbers since 2007.

Negative gearing remains one of the few tax deductible investment options available to tax payers, however too often Australia's love affair with property acts as a deterrent for individuals willing to gear due to the large initial outlay and resources required to invest into property.

Gearing into equity markets provides opportunities that property investors couldn't otherwise access. Equity markets provide the opportunity to invest in a number of different asset classes in a relatively liquid environment. This can all be achieved at a level the investor is comfortable with, enabling the investor to gear at smaller proportions, and increase their exposure over time.

It should be noted that negative gearing is only appropriate for those who exhibit certain attitudes toward risk. Further financial and risk assessment is required prior to gearing.

If you would like to discuss any matters relating to these newsletters or require specific advice on any of the above, then please contact myself or Daniel on (03) 8825 5500 or via email adviser@chartertowers.com.au

Sincerely,

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