

Client Briefing

January 2009



2009 – A Unique Opportunity for Investors

In this **Briefing**, we will concentrate on the events of 2008 and, more importantly, the prospects for 2009.

We will nail our colours to the mast immediately:

We think that 2009 will be a very profitable year for investors and we are urging all clients to talk to us about their options as soon as possible.

Let's start off with some statistics:

32.4% - The **fall** in the UK FTSE All Share Index during 2008.

37.6% - The **fall** in the US S&P 500 Index during 2008.

44.1% - The **fall** in the European EuroFirst 300 Index during 2008.

22.5% - The **rise** in the UK FTSE All Share Index since 22 November 2008.

Behind these statistics lies not only the carnage that took place on world stock markets during 2008 but also the very significant rise in share prices that has occurred since November 2008 which, by some measurement, would indicate that we are already back in a bull market.

And we are not the only ones taking this view. **Anthony Bolton**, the UK's most respected fund manager and **Warren Buffet**, regarded as the world's richest investor, are both buying shares again.

But it is not all good news. The recession is worsening and average UK house prices fell by 16% in 2008 with further substantial falls likely this year. The economic data will therefore get worse and we should not expect to see a recovery in the economy until 2010.

However, the stock market will anticipate this and we expect to see further gains during 2009.

There has been press speculation that if interest rates continue to fall, banks will be forced to charge customers for looking after their money. The Bank of England Base rate has fallen from 5.5% a year ago to 1.5% now. Rates to depositors have been cut accordingly and further cuts are inevitable.

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Returns on Cash Deposits and Premium Bonds

Premium Bonds have also suffered and are now considered poor value, even for those with maximum holdings. **As a result, we firmly believe that, for those investors able to take a medium to long term view, both shares and corporate bonds (where yields of 7% pa are commonplace) now offer attractive alternatives to cash deposits.**

Buy Low – Sell High

It goes without saying that the most successful investor buys an asset when the price is lowest and sells when it is highest. In hindsight, we should have been buying UK shares last November when the FTSE All Share stood at 1895 (it now stands at 2323).

Whilst it is almost impossible to get the timing spot on, one thing is certain; shares are considerably cheaper now than 12 months ago and are likely to be higher in 12 months time.

**We think
that 2009
will be a
very
profitable
year for
investors**

How to Buy Shares

Of course, you can go to your bank or stockbroker and buy shares direct. The problem is, knowing which to buy and when to sell.

The alternative is to pay for the services of a fund manager to make these decisions for you.

With our advice, you can access any number of fund managers through your pension fund, ISA, unit trust etc.

To Summarise

- The recovery in share prices has already begun and we believe will continue during 2009.
- The returns on cash and premium bonds will continue to decline during 2009.
- We believe that 2009 represents a unique opportunity for investors.

Action Points

1. If you have cash or money in premium bonds which you can put away for at least the medium term, talk to us about your options.
2. Have you used your 2008/2009 ISA allowance? If not we suggest you do so now rather than waiting until April.
3. Why not contribute to an ISA on a monthly basis to smooth out market volatility.
4. Consider topping up your pension fund, either using cash on deposit or bonuses from your employer.
5. Complete and return the enclosed **Reply Slip** and we will give this our immediate attention.

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