

Asgard

“Your guide to
investing internationally”



Investing internationally is one of the best ways to diversify your portfolio, maximise investment opportunities and build wealth.





As a Business Analyst in our Operations and IT division, Ron works behind the scenes to ensure the efficiency of our business systems.

Millions of Australian consumers use products made by global companies every day, yet are traditionally hesitant to invest overseas. Australian-based investments form a tiny portion of the world's total investment markets. If you only ever bought shares in Australian-listed companies, you'd miss out on more than 98% of global share market opportunities.

The Australian market is concentrated

There are approximately 1,400 Australian companies listed on the Australian Stock Exchange (ASX), compared to nearly 2,800 companies listed on the New York Stock Exchange alone. In the ASX, finance is the dominating sector (banks, insurance etc) representing more than 30% of the market. Not only does the Australian share market have most of its companies concentrated in few sectors, but a small number of large companies dominate each sector.

This concentration means that if any one particular company underperforms, it has a significant effect on the market's return and can affect the overall market sentiment. It also means there are fewer investment opportunities for those investors wishing to invest in large blue chip companies.

“If you only ever bought shares in Australian-listed companies, you’d miss out on more than 98% of global share market opportunities.”

There are greater growth opportunities available offshore

Some of the world’s most profitable growth industries include telecommunications, technology and healthcare – industries you won’t find much of on the Australian market. More than 15% of the S&P 500 is invested in leading technology stocks such as Intel, IBM and Microsoft. The information technology sector in Australia makes up only 0.2% of the market.

The healthcare industry represents only 2.6% of the Australian market compared to 13.5% of the New York market. International companies such as Glaxo Smith Kline and Johnson & Johnson are only available as overseas investments.

How can I get access to these shares?

People generally access international shares via a managed fund. However, some stock brokers can also help you buy and sell international shares. It’s always best to consult your financial adviser to work out the best way to go about this.

Jargon buster

S&P500

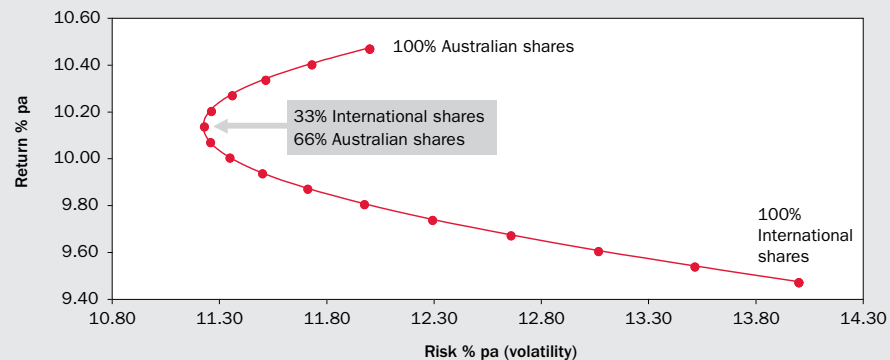
S&P500 is a US index comprising of 500 US domicile companies.

Offshore investments can reduce risk

If you choose to buy a combination of Australian and international investments, you can actually provide lower investment risk than a purely Australian-based portfolio because your money is spread across a far greater number of countries, industries and companies.

Having a variety of investments can reduce risk

Rolling 3 year average returns Dec 1983 – Dec 2005



Source: St.George Investment Solutions

For more than 20 years, we've been working behind the scenes with financial advisers to create products and services to match your financial needs. In fact, we're one of Australia's largest financial services groups, managing more than \$34 billion for 400,000 Australians. For more information go to www.asgard.com.au

“You may not realise that currency can act positively as another level of diversification in your investment portfolio.”

What about the currency effects?

International share fund returns have a share component and a currency component. Over the long-term, the share component tends to be larger than the currency component. The size of each component varies considerably over shorter time frames.

When the value of the Australian dollar falls, this can often be good if you've invested in international share funds as the value of international assets, measured in Australian dollars, rises. However, if the value of the Australian dollar rises, your returns would not seem so positive. This is the risk with currency – any losses or gains must be converted back into Australian dollars.

You may not realise that currency can act positively as another level of diversification in your investment portfolio.

What next?

If you're interested in investing internationally, speak to your financial adviser.

Important information

This information was prepared by Asgard Capital Management Limited ABN 92 009 279 592 AFSL 240695. To the extent permitted by law, no liability is accepted for loss or damage as a result of reliance on this information. The investment information or general advice provided in this publication does not take into account any person's personal objectives, financial situation or needs and because of that a person should consider the appropriateness of the information or advice having regard to these factors. In deciding whether to open, or to continue to hold, an Asgard Account, you should consider the relevant Product Disclosure Statement or Financial Services Guide for that account issued by Asgard. Copies can be obtained from Asgard or a financial adviser.