PAGE 22 | Tuesday, July 21, 2009

Sunshine Coast Daily

Waves of success

*My***BUSINESS** | thedaily.com.au

## oasn plays a part in finances Cash plays a

S we enter a new financial year it's timely to think about the role of cash in your investment portfolio.

It is a fundamental principle that you should spread your funds over three areas cash, property and shares - but how much you should have in each of these areas depends on your goals and your risk profile.

The role of cash is to give you liquidity whenever you need it, but the problem with cash is that you have no chance of capital gain, and you also pay tax in full on the income.

In contrast, the bulk of the returns from property and shares usually come by way of capital gains on which there is no tax until you sell.

Also, if the income from your shares comes by way of franked dividends, you may pay no tax on the income at all if you earn less than \$80,000 a vear.

Another fundamental principle is that whenever there is a chance of capital gain, there is a chance of capital loss.

This is why you should never buy property and shares unless you have a 5-10 year time frame in mind - this will give you time to ride out the down cycles.

Obviously it is a waste of your precious



Noel Whittaker

resources to leave money idle in savings accounts earning minimal interest.

So if you have a home mortgage, use most of your spare cash to reduce the loan.

Provided you have a redraw facility, you can always get your money back when you need it.

If you don't have a mortgage, but aren't prepared to invest in property and shares at this stage, you can maximise your returns by using some of the online accounts offered by banks or even putting it on term deposit. If you choose the last mentioned option I suggest you don't lock it up for more than a year.

It would be a shame to be locked into a rate if the interest rate cycle starts to move upwards again.

Noel Whittaker is a director of Whittaker Macnaught, a division of St Andrew's Australia. This advice is general in nature and readers should seek their own expert advice before making financial decisions.

## Entrepreneurs find their own niche

HEY may be at the helm of a company with a \$16 million turnover today, but just over a decade ago they were over-enthusiastic 20somethings throwing hunks of ice at a 1974 Toyota Celica, motivated by a pipe dream of inventing the world's first hailproof car cover.

That didn't quite come off. The only tangible result was a sad trip to the wrecking yard.

But fate had greater plans for Chris Ryan and Adam Rockett.

The pair weathered numerous failed business attempts, including wine distribution and reselling phone handsets in London, before they found their niche with Strike Group Australia, which imports and distributes telecommunications products and accessories.

"We are slightly different in that we don't try and stock everything that's ever been made," Mr Ryan, 29, said.

"We believe in promoting good brands and focusing on what we do well.

"We have large telco-style businesses (as customers) like Optus, Telstra, Hutchison Vodafone, Fone Zone and Crazy John's.

"We just went in pit bull-style to try and open the door, and once the door opened we did a lot of listening to our customers to develop that relationship.

"We were young and green and said our fair share of stupid things, but people appreciate someone who is trustworthy, ethical and honest."

Both directors often use surfing as a business-building activity, listing Moffat, Marcoola, Caloundra and Noosa as among their favourite spots for a wave.

Mr Ryan said challenges for the business included an endlessly fluctuating dollar and the economic downturn.

"We've found our customers and the public in general are looking for quality more so than a cheap product," he said. "We thought our cheaper products



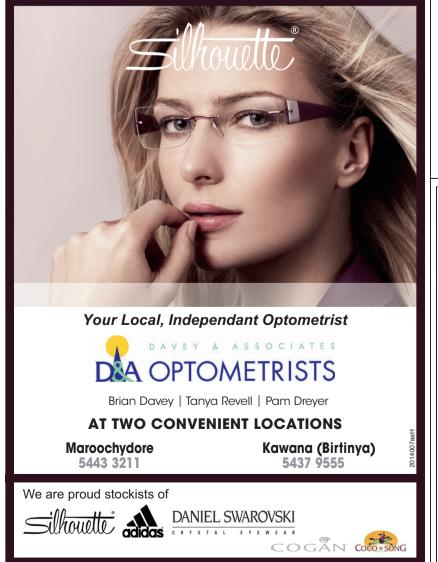
RIDING HIGH: Strike Group Australia directors Adam Rockett and Chris Ryan have built a successful business in the telecommunications industry. PHOTO: FIONA HARDING/CONTRIBUTED

would go better, but the better quality ones are selling because the consumer doesn't want to waste money on cheap imports.

"I think you make money in good times and fortunes in bad times, and there's a

great opportunity for Strike to take advantage of what's happening.

"When the economy has been super strong, business has been a bit too easy, and now that it's tough times, it sorts the men from the boys, so to speak."

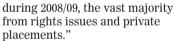


## Australian companies raise \$60b despite crisis

USTRALIA'S capital markets raised a record \$60 billion of new equity during the 2008/09 financial year, defving expectations of a funding squeeze, says business advisory firm KPMG. KPMG said that despite turbulent trading conditions Australian capital markets managed to raise record levels of new equity.

"In one of the more turbulent trading periods of recent decades, Australian capital markets proved to be resilient,' KPMG said.

"Over \$60 billion was raised



KPMG national head of mergers and acquisitions Rob Bazzani said placements vastly outstripped initial public offerings as a source of equity raising in the financial year just ended.



**MEET YOUR TEAM** 





