

Peter Thornhill's golden rules of wealth creation

1. Spend less than you earn
2. Borrow less than you can afford

Invest / in-vest / v

- 1a. (often foll. by in) apply or use (money), esp. for profit.
- 1b. put money for profit into (stocks etc.)
- 2. devote (time etc.) to an enterprise.
- 3. *colloq.* Buy (something useful)
(*invested in a new car*).

The use of money productively , so that a regular INCOME is obtained.

The Modern Encyclopaedia for Children

Speculate / spekje, leit / v

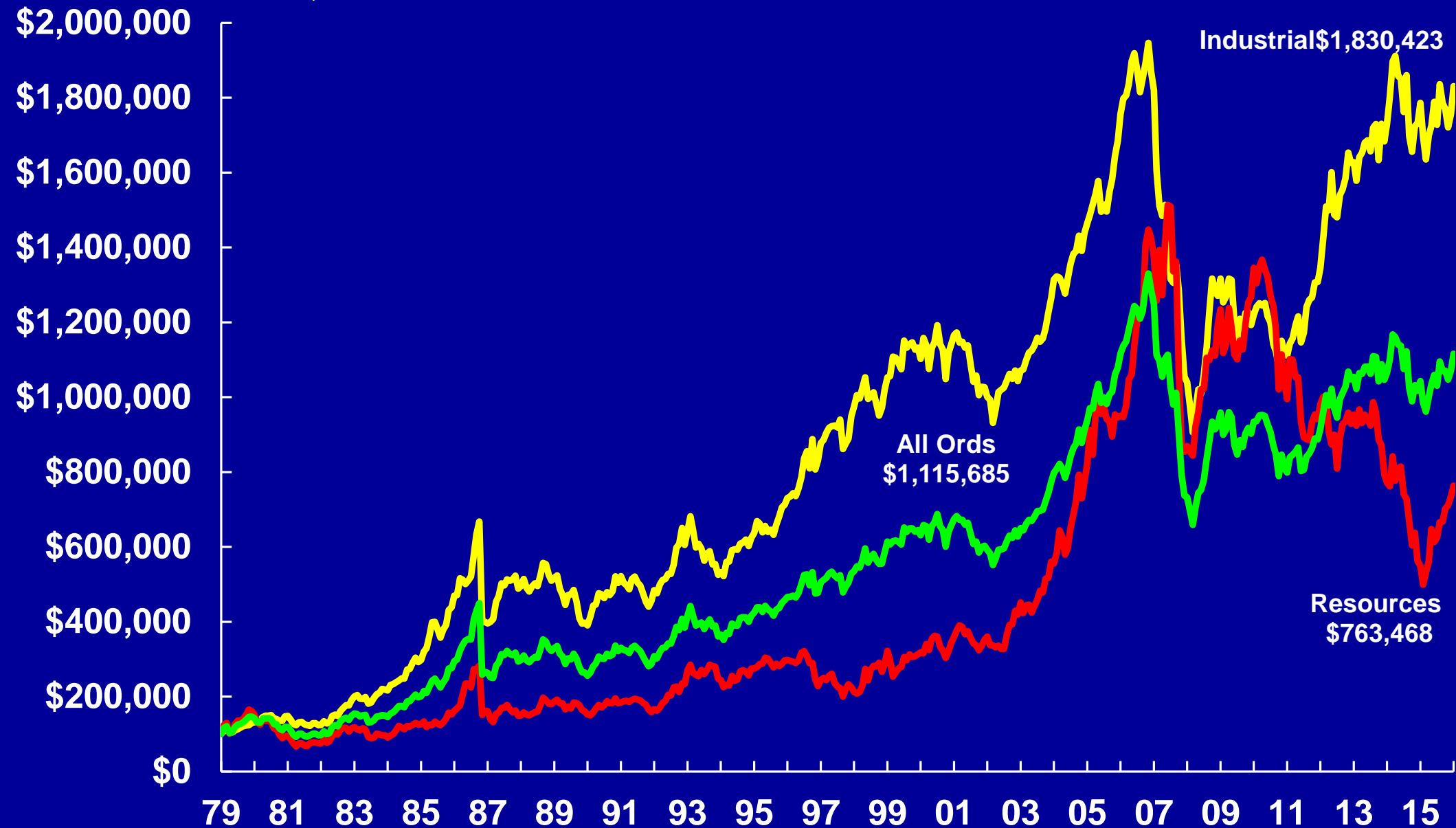
- 1. theorise, conjecture**
- 2. deal in a commodity or asset in the hope of profiting from fluctuating prices**

To undertake commercial transactions involving serious risk for the sake of possible large winnings, especially to buy and sell in the hope of profiting from fluctuating prices, sometimes in an antisocial way.

To buy goods or stocks expecting to sell them at an abnormal profit.

Price Indices

Value of \$100,000 invested December 1979 -2016

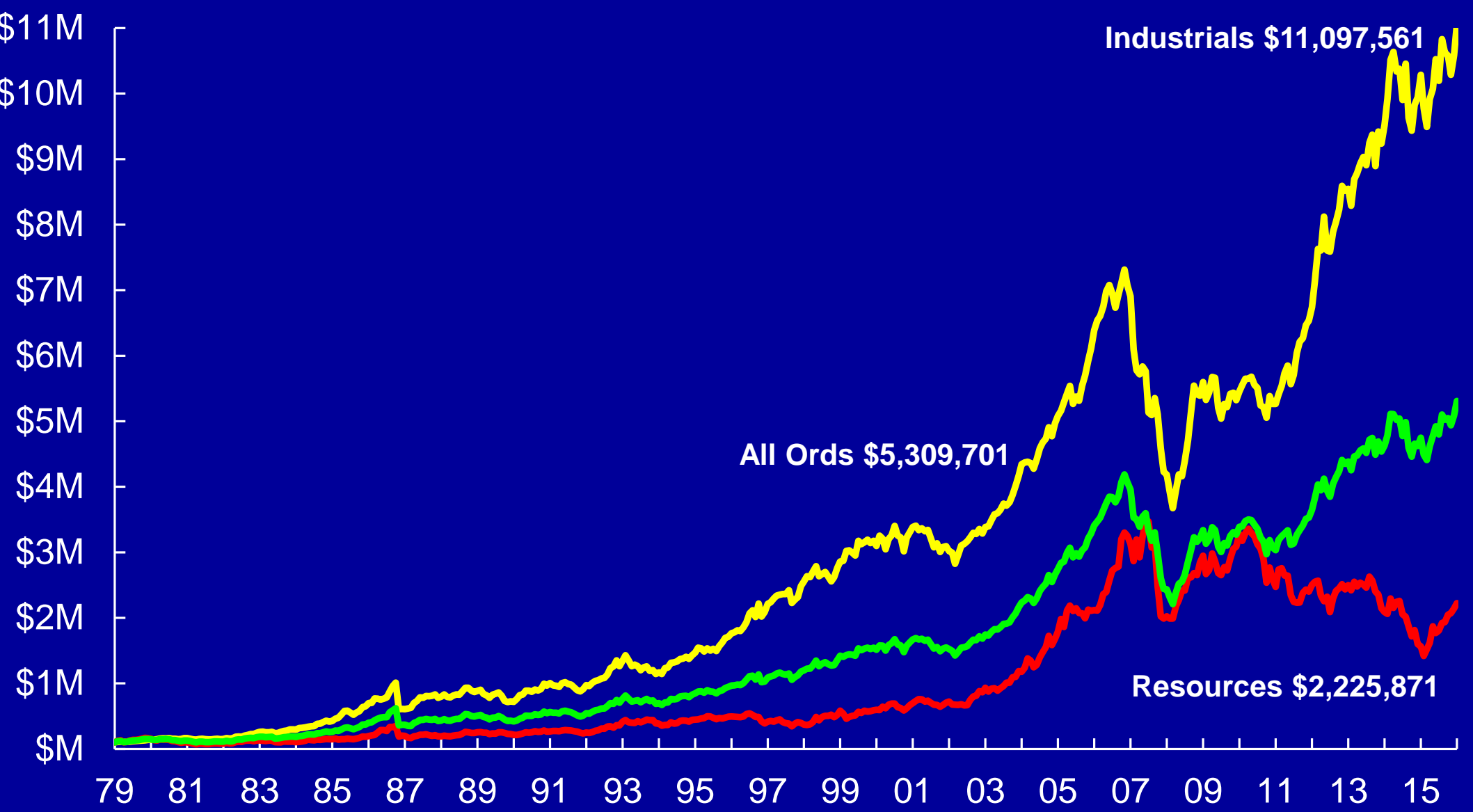


Data: S&P/ASX 200 Industrials Index (All Industrials Index used prior to May 1992).
S&P/ASX 200 Resources Index (All Resources Index used prior to May 1992).
S&P/ASX 200 All Ordinaries Index (All Ordinaries Index used prior to May 1992).

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Accumulation Indices

Value of \$100,000 invested December 1979 -2016

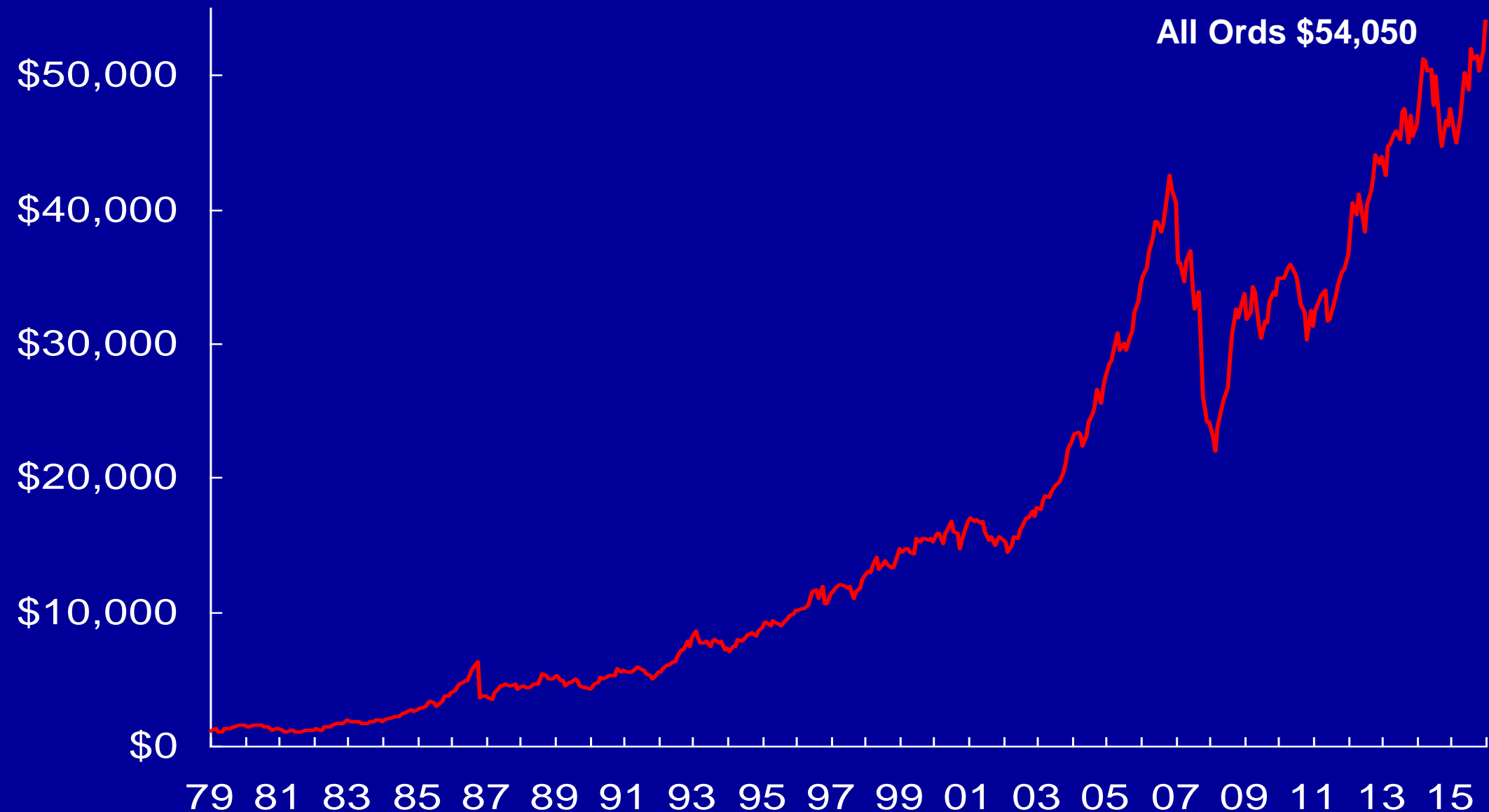


Data:
S&P/ASX 200 Industrials Accumulation Index (All Industrials Accumulation Index used prior to May 1992).
S&P/ASX 200 Resources Accumulation Index (All Resources Accumulation Index used prior to May 1992).
S&P/ASX 200 All Ordinaries Accumulation Index (All Ordinaries Accumulation Index used prior to May 1992).



Australian Shares

Value* of \$1,000 Invested Dec 1979-2016



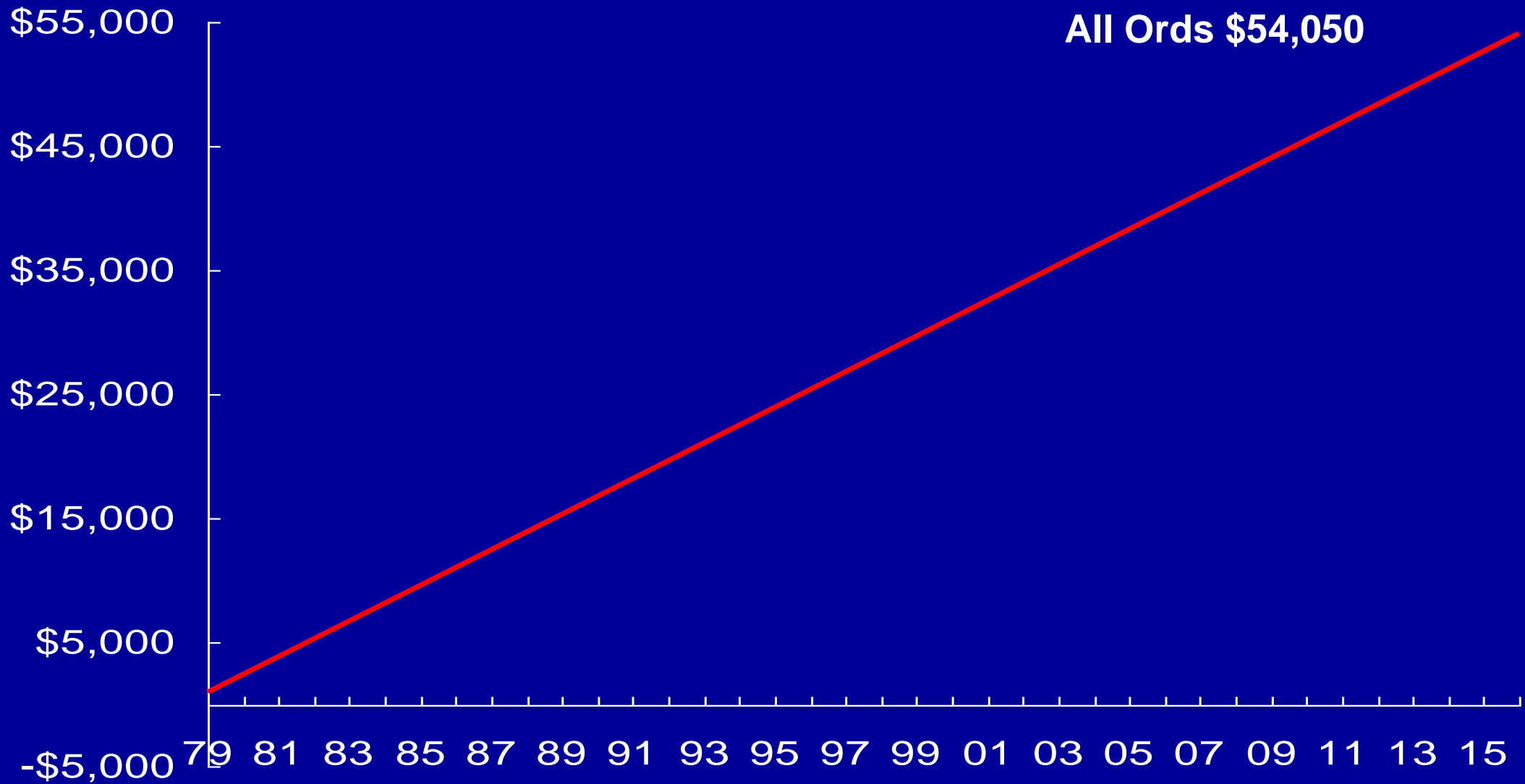
Source: Patersons Securities Limited
Data: S&P/ASX 200 All Ordinaries Accumulation
Index (All Ordinaries Accumulation Index used
prior to May 1992).

* Plotted monthly

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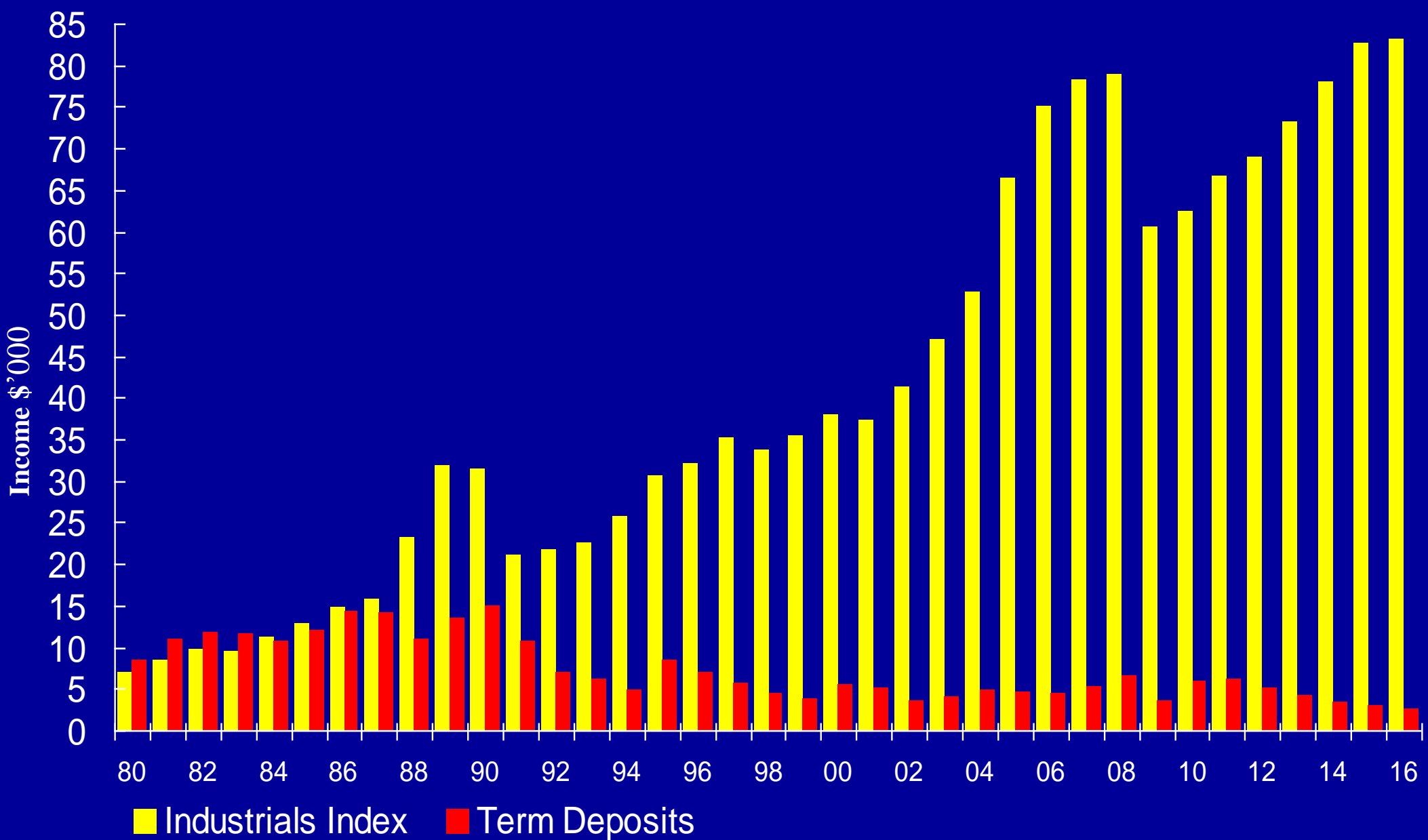
Australian Shares

Value* of \$1,000 Invested Dec 1979 - 2016



* Plotted twice

Income Return on \$100,000 invested December 1979-2016

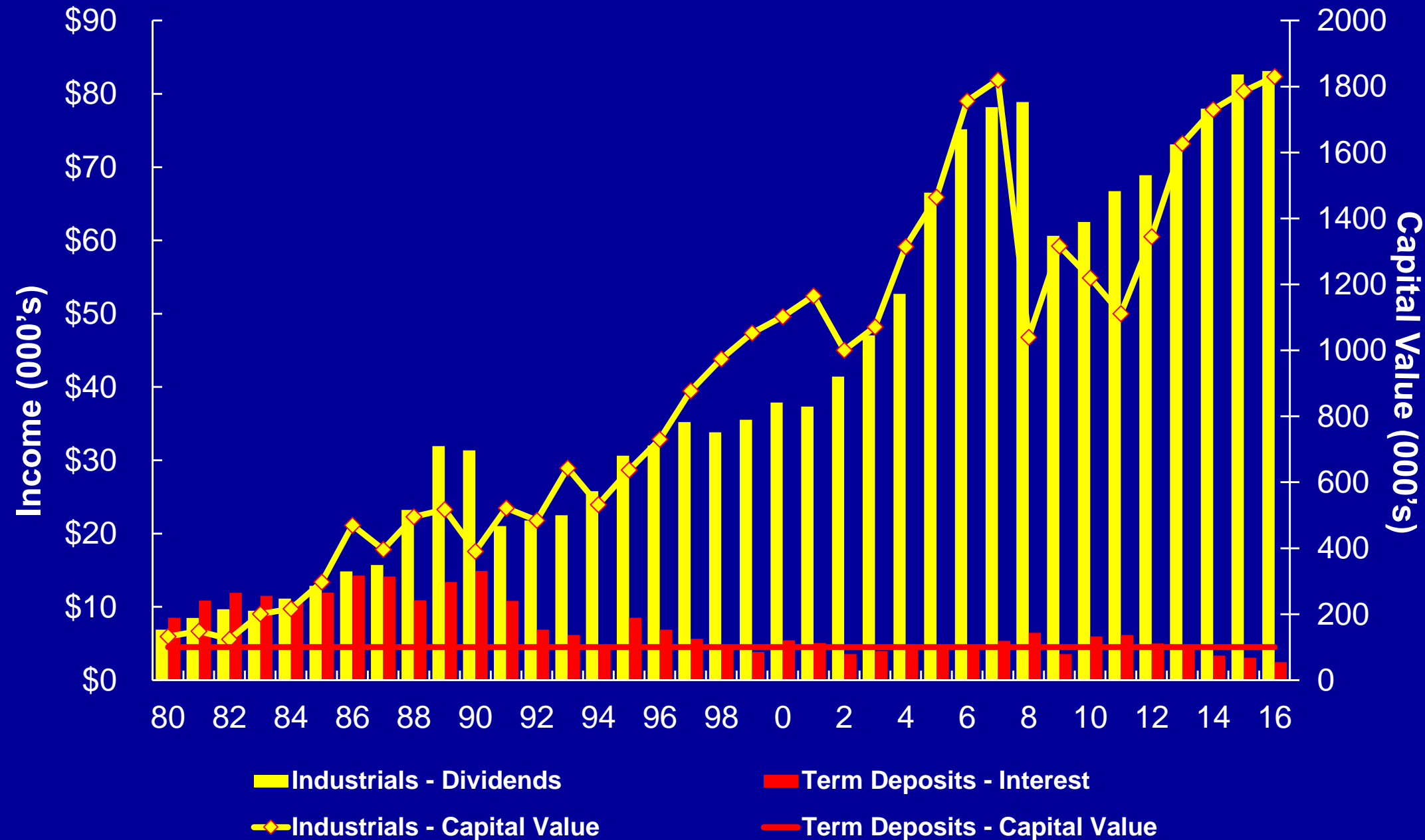


Source: Patersons Securities Limited

Data: Industrials represented by S&P/ASX 200 Industrials Index (All Industrials Index used prior to May 1992). Term Deposits represented by RBA 1 year Retail Deposits



Return on Investment of \$100,000 December 1979-2016

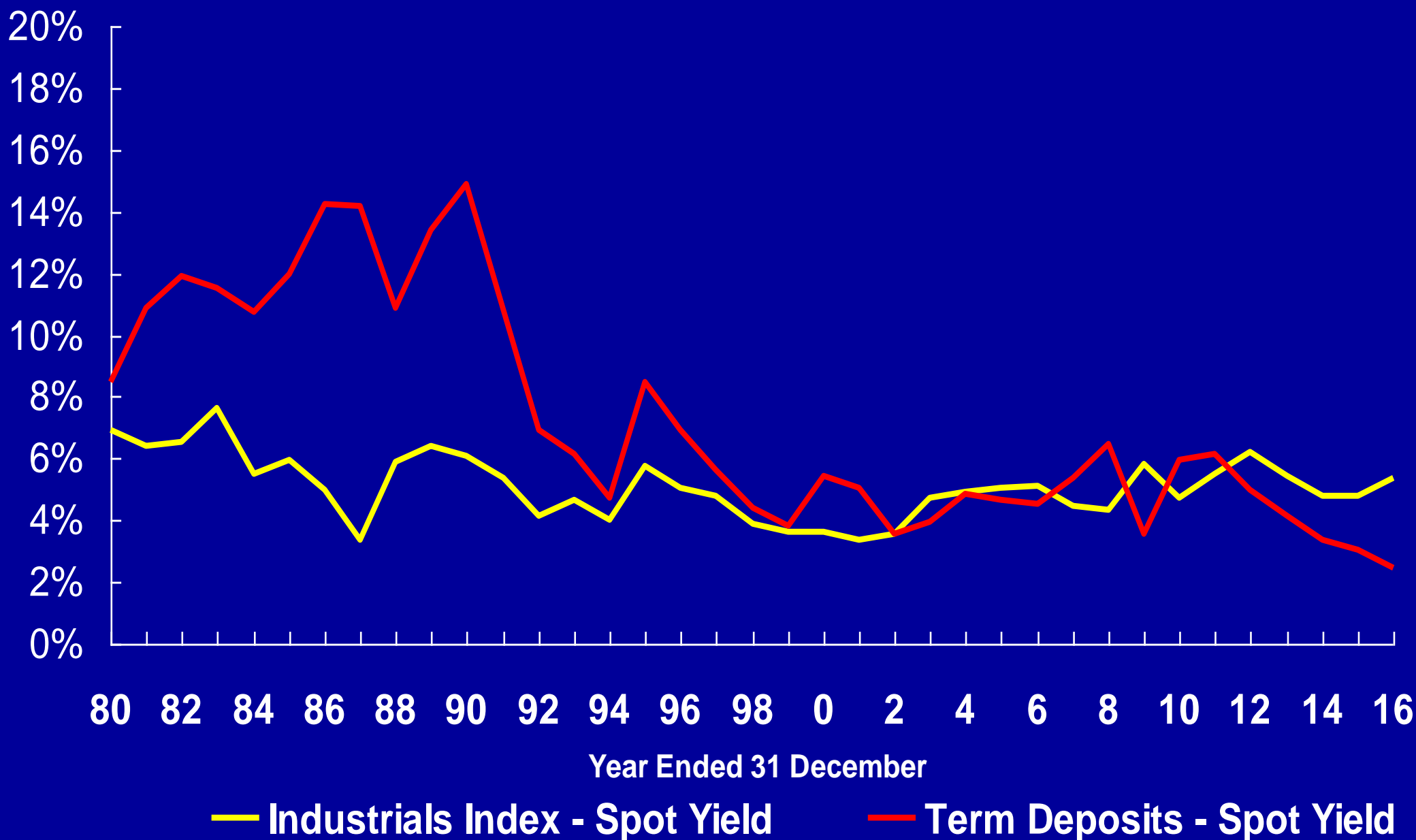


Source: Patersons Securities Limited

Data: Industrials represented by S&P/ASX 200 Industrials Index (All Industrials Index used prior to May 1992). Term Deposits represented by RBA 1 year Retail Deposits

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Yield of Investments from December 1979-2016



Source: Patersons Securities Limited

Data: Industrials represented by S&P/ASX 200 Industrials Index
(All Industrials Index used prior to May 1992).

Term Deposits represented by RBA 1 year Retail Deposits

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Wesfarmers - Return from GFC

Purchase price in 2008: \$12.83*

Total dividends paid = \$15.64

122% of the purchase price has been returned

PLUS

Shares are worth over three times amount paid

Last annual dividend was \$2.23 which puts them on a
current yield of 17.4%

*adjusted for capital return

CBA - Return from GFC

Purchase price in 2008: \$26.00

Total dividends paid = \$30.93

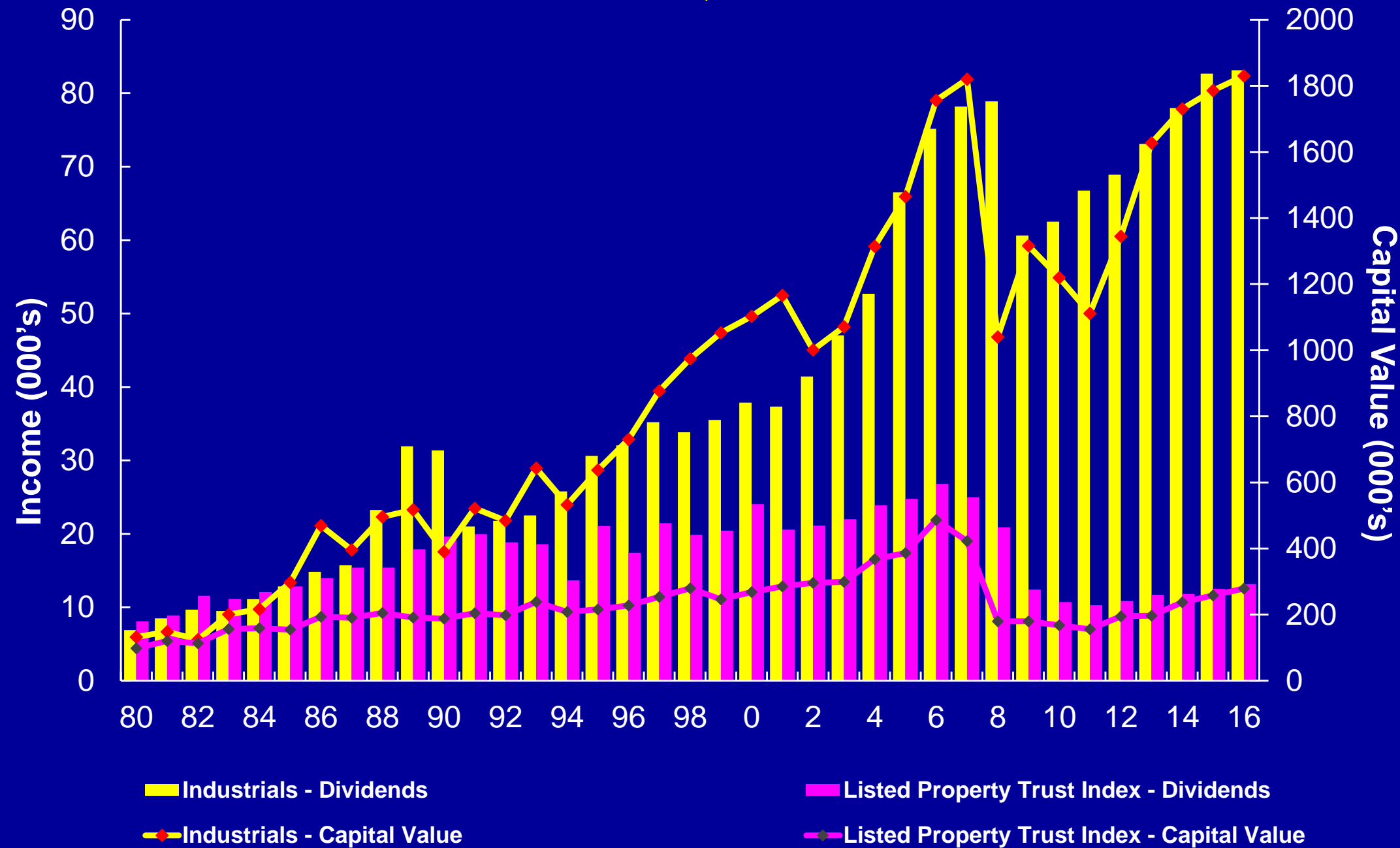
119% of the purchase price has been returned

PLUS

Shares are worth over three times amount paid

Last 12 months dividend is \$4.29 which puts them on
a current yield of 16.5%

Return on Investment of \$100,000 December 1979-2016



Source: Patersons Securities Limited

Data: S&P/ASX 200 Industrials Index (All Industrials Index used prior to May 1992).
S&P/ASX 200 Property Index (All Property Index used prior to May 1992).

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Yield of Investments from December 1979-2016

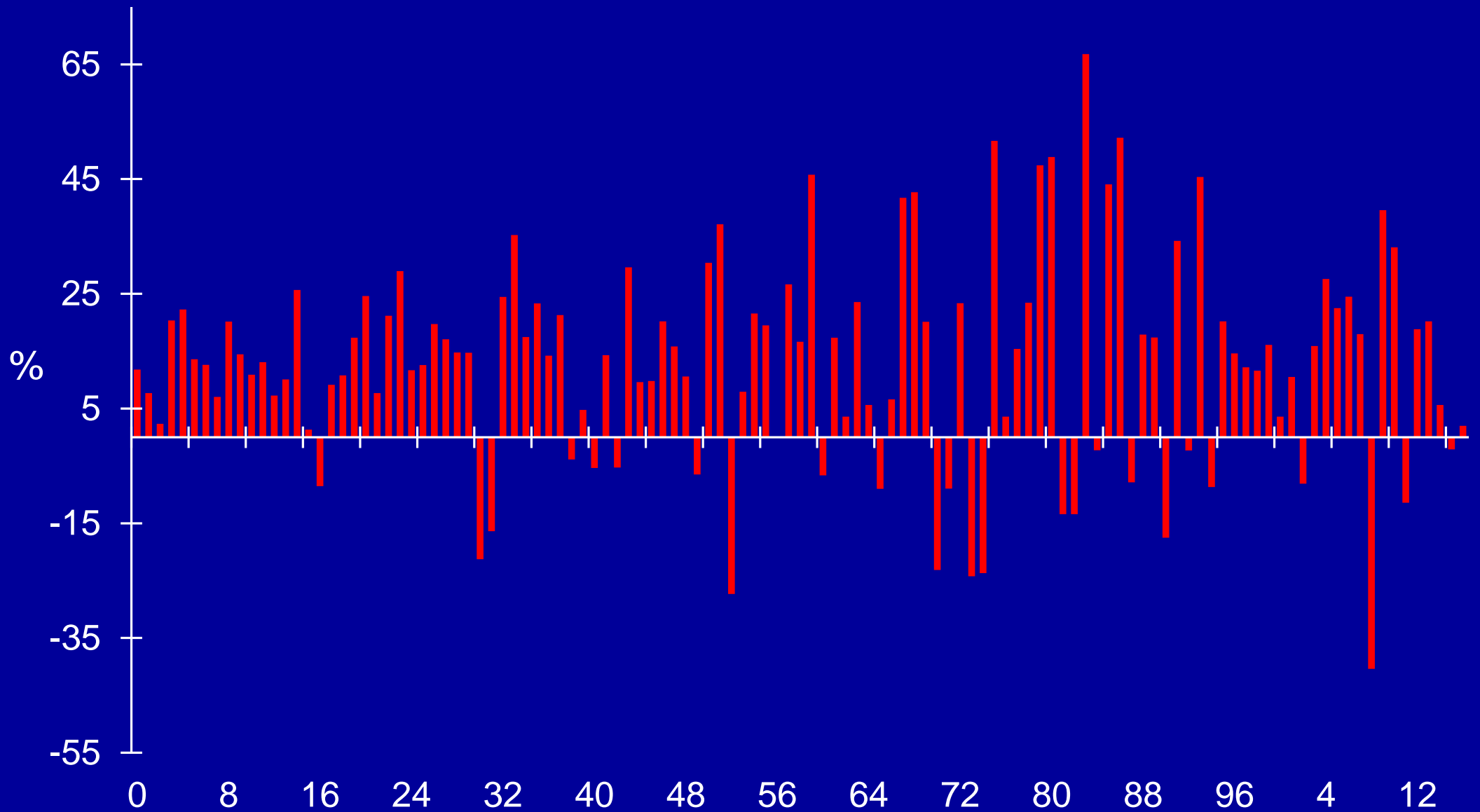


Source: Patersons Securities Limited

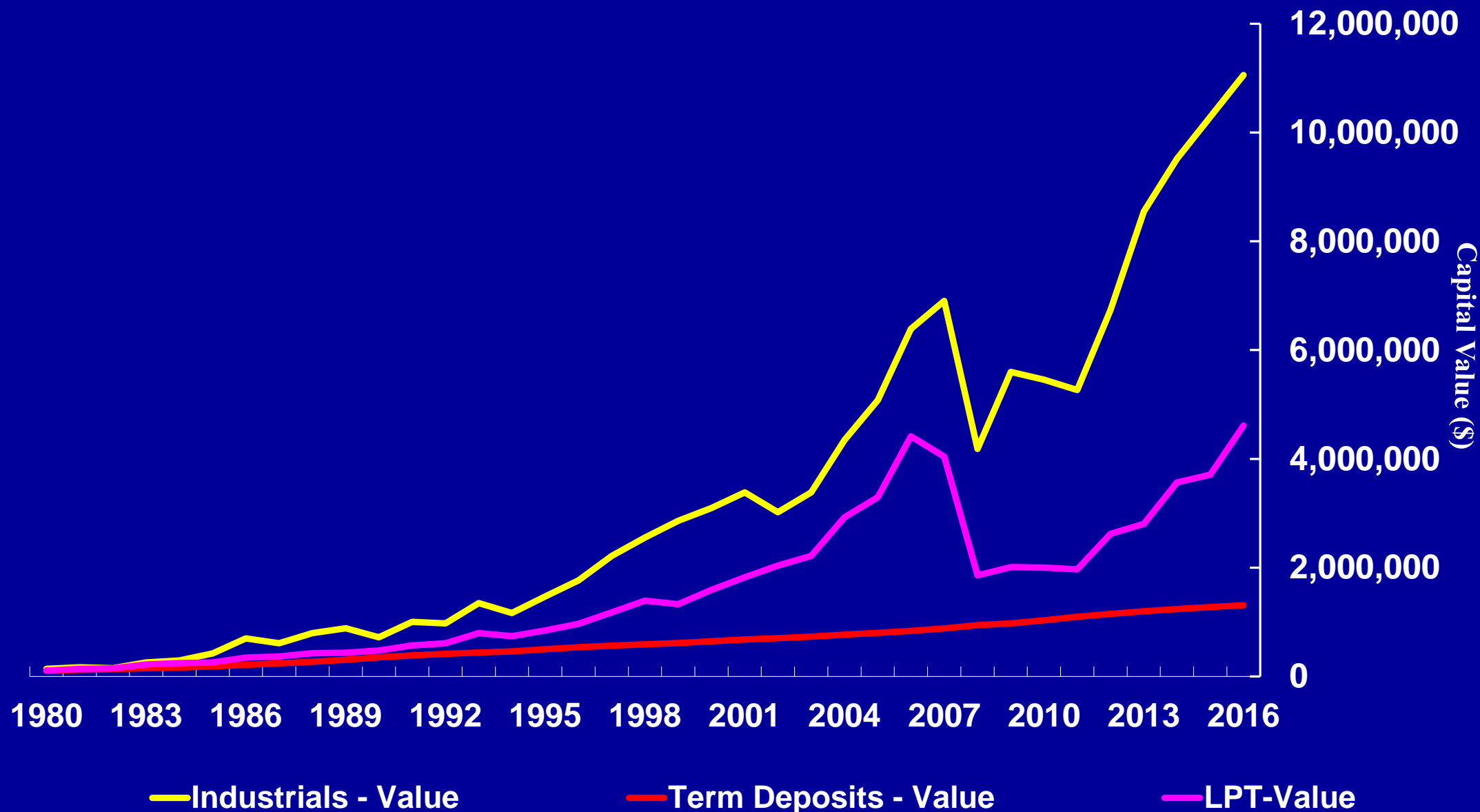
Data: S&P/ASX 200 Industrials Index (All Industrials Index used prior to May 1992).
S&P/ASX 200 Property Index (All Property Index used prior to May 1992).

Annual Returns of Australian Shares - All Ords Index

December 1900-2016



Return on Investment of \$100,000 Dec 1979-2016 with Income Reinvested



Source: Patersons Securities Limited

Data: S&P/ASX 200 Industrials Index (All Industrials Index used prior to May 1992).
S&P/ASX 200 Property Index (All Property Index used prior to May 1992).
RBA 1 yr Term Deposits

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Ten Stock Market Predictions for 2017

Like religion, financial forecasting meets a very human desire to know the unknowable. It doesn't matter whether the forecasts are accurate or not, people sleep better at night under the assumption that there's a predictable future laid out ahead of them.

1. A lot of things will happen that no forecaster thought to include in their predictions for 2017. These events will be the obvious consequences of the current economic and political environment. So obvious, in fact, that they weren't included in the predictions.
2. Many things won't happen that many forecasters did include in their predictions for 2017. This will be a result of unforeseen circumstances and six sigma events, annual anomalies that crop up one in a million years.
3. A small number of the vast number of predictions about 2017 will randomly come true and the predictors will be proclaimed gurus. This will be despite the fact that it was their 1000th prediction and the first one they got right.
4. All predictions will be adjusted throughout the year so that the forecaster's final prognostications, announced on Christmas Eve, will be very close to accurate.
5. Those fund managers who outperform for the year will cite their skills, systems, intelligence and uncanny ability to time the market as the reasons for their outperformance. While acknowledging that past returns are no guarantee of future returns, the past returns will be included in advertising materials in very large font.
6. Those that underperform will cite the randomness of markets and that any one bad year will obviously be followed by a good one, because underlying it all they have superior skills, systems, intelligence and uncanny ability to time the market. Marketing materials will include performance statistics over a more appropriate time frame.
7. Dividends will be more important than capital gains: Unless the market goes up a lot. If the market goes up a lot, capital gains will be more important than dividends.
8. Every single CEO in the country will be in the top quartile of CEOs in the country. They will get paid accordingly.
9. 'They' and 'People familiar with the matter' will continue their crucial role in the world's affairs. That is because they know everything.
10. Finally, perhaps most importantly, markets will fluctuate. We expect the All Ordinaries to go up, down or sideways in both the first and second halves of the year.

P.S. there will be new computer trading systems made available that will infallibly make you rich overnight as none of the systems sold over the last 20 years seem to have worked for anyone else apart from the spruikers.

Keep this list by your side and you can't go wrong.