



INDEPENDENT FINANCIAL ADVISERS



Investments
&
Pensions

Mortgages
&
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Investment Review: October 2008

~ STRAIGHTFORWARD ADVICE..... IN BLACK AND WHITE ~

About Hurst Financial Consultancy

Hurst Financial Consultancy was founded in 1997 by the Managing Director, Michael Hurst. The company has operated successfully in Salisbury from inception serving clients locally, nationally and internationally.

The company focus has always been on excellence.

We have also developed a strong focus on state of the art information technology being aware of its significant value in not only collating data, but managing the performance of investments. We have our own in-house IT department and use its services constantly to develop the service that we give to our clients to ensure it is always “leading edge”.

As Independent Financial Advisers we have access to the full range of products and services available in the UK as opposed to a Tied Agent or Company Representative who may only advise and offer products from the company they represent. This means that we are able to give you impartial advice and recommend the most appropriate products for you, so that you will enjoy choice, value for money and our high-quality service.

Some context to consider when markets are bad

This month's investment report is unusual in two ways.

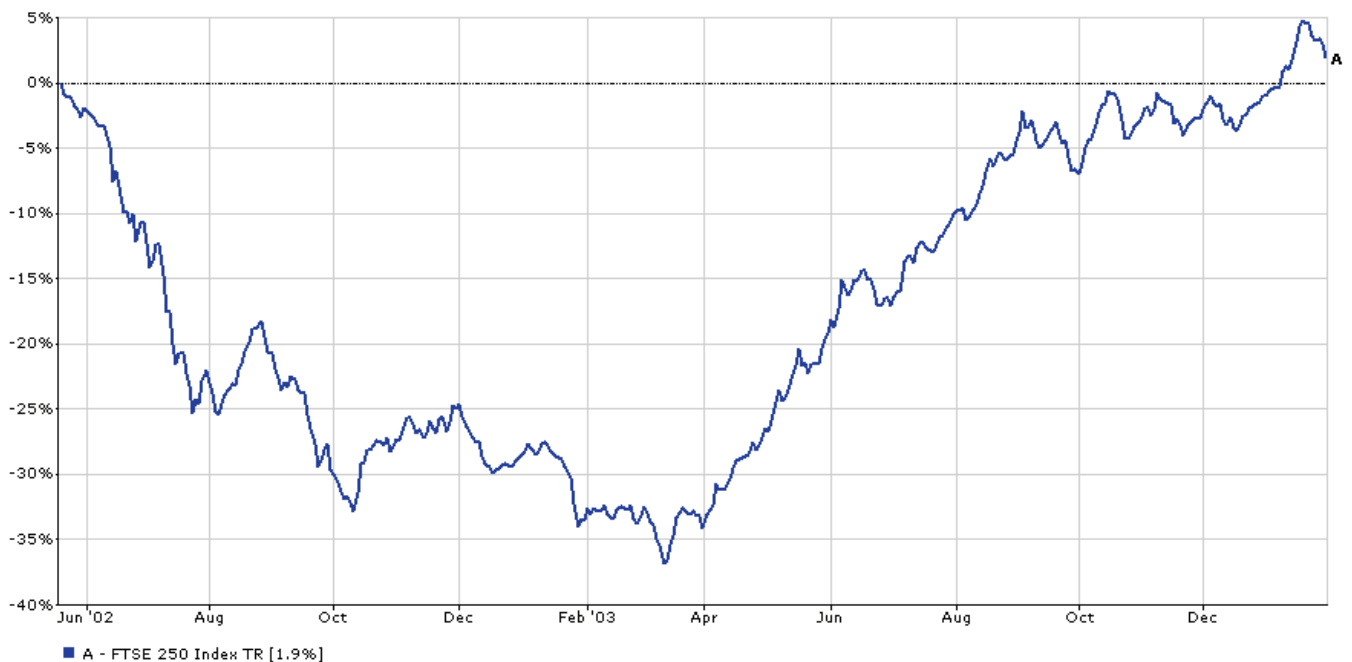
The first – it is very short. Events have such pace at the moment that going to print can see us out of date very quickly. Also our 'hold' through this period, is unchanged and we do not want to be repetitive.

Secondly, it is later than usual in the month – this is because we have been waiting to see the shape of the now much publicised American action plan and the recent UK plan.

Recent events in markets are unprecedented – absolutely! These issues in markets are driven by banking concerns. That has been our consistent theme and we have always maintained that when this issue was fixed then some normality would return to markets.

No one, not even any of the World's Central Banks, the Financial Services Authority in the UK or the Chancellor of our Exchequer, foresaw the magnitude of these issues and the severely contracting effect that a complete credit crunch would cause. Now worldwide Government intervention has built a mechanism that helps banks in a way never seen before. The politics or the 'rights and wrongs' about it are almost irrelevant. The fact is that the action was needed to inject confidence and free up banks from their new rigid fear of lending to one another. It is therefore broadly hoped that this intervention including recent 0.5% interest rate cuts around most major economies, will start the cycle of repair much needed for all of our investments.

The chart below is one of the FTSE 250 share index and the period it encompasses is its most recent fall – in this decade – and the subsequent recovery. It is apparent that recoveries when they happen (not just common to this period) happen relatively quickly. The message is therefore to hold fast and to await any recovery.



The chart now laid out below shows the same index since 1st January 1999. We can see clearly that it has had mixed fortunes but what is also clear is that the long term return has been very positive and far in excess of average cash returns over the same period. This is a vital thing to remind ourselves of as long term our 'enemy' is inflation. Cash returns seldom better inflation and so our spending power falls significantly.



Obviously our only available guides as to what the future may offer are the past (which never can be relied upon to guarantee the future) mixed with the views of experts. Every chart we examine, post stock market fall, is met with a subsequent rise.

Recent events are unique and the ground is shifting with great regularity – there is little held doubt that the intervention action can only help matters move forward from this difficult point and we will of course keep you up to date as issues develop.



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