Parliamentary Joint Committee on Corporations
And Financial Services

27-07-2009

Bryan Young & C. Maree Young

Dear Sir,

A Submission addressing:1. The role of Financial Advisors
2 Conflicts of Interest
3 Adequacy of Licencing

This will be a brief summary and full details can be given with statements from the various organizations in which we invested funds as advised by various financial advisors. Details can be supplied if required.

My wife and I ran a self-managed superannuation fund and invested funds in products as advised by financial investors and never used specific superannuation products.
Its value dropped by 40% during the Stockmarket Crash in the late 1980s. Our Advisor who had advised the original purchase of these products, advised us to sell.
If we had done nothing and waited 2 to 3 years the value would have returned to the 1989 level!

We invested these funds with the AMP at the suggestion of a senior AMP advisor.
Over a period of about 3 years these funds had not increased in value and it transpired that our advisor had invested these funds in a particular AMP fund which did not do well and if he had invested the money in a parallel AMP fund they would have increased in value. The reason for this is not known to us.

We retrieved our funds from AMP and reinvested them with the advice of an advisor in Ballina, NSW, who was part of the "Professional Investment Services Pty Ltd". For several years this financial advisor was very successful.
After moving from Ballina to Batemans Bay we changed to a Nowra advisor who was in the same group.
The Ballina advisor recommended investing $192,000 in the MacarthurCook Retail Property Trust (originally BrandSmart Shopping complex in Melbourne).
This group performed well but after 5 years we suggested to our Nowra advisor that it might be best to sell and diversify. He stated that he had researched the matter and suggested leaving the funds where they were.
Within 6 months they decreased in value dramatically.
A few months ago MacarthurCook offered to pay us out at a rate of around 11cents, so the original $192,000 was now worth $21,000.
We declined.

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A stock which we purchased many years ago at our own behest was with CBA. And we had 1850 shares.
When they were worth $60, we suggested to our Advisor that we sell a1,000 shares and if the price rises, bad luck, and if it falls we can buy them back. Again he said no.
As you know the shares plummeted to below $30.

So the Advisor received $3000 per annum plus commissions per annum and our fund is worth approximately 40% of its original value.

So we sacked the Nowra advisor and now intend to manage the funds ourselves as it would appear that over the years we would have been much better off to follow our own thoughts and not those of so called Advisors.

Yours sincerely

B.L.Young & C.M.Young