

# International Shares

International shares are shares that trade on international stock exchanges (e.g. New York and London Stock Exchange) and if 100% unhedged, the value of international shares will be impacted by movements in currencies.



# What are the benefits of investing in International Shares?

## 1. Strong returns over the long term

Over the long term International shares have provided strong after-tax returns.

## 2. Investment options

Investors are able to invest in companies, industries and asset classes that are not represented, or underrepresented, in the Australian share market.

## 3. Protect Against Inflation

By generating capital growth International shares can help protect investors against both inflation and erosion of capital.

## 4. Diversification

Can provide investors with geographic as well as asset class diversification. This means a slowdown in one market should have less of an impact on a portfolio. This may lead to smoother returns in different market cycles.

# What are the risks of investing in International Shares?

## 1. Price volatility and Company and industry risk

International Shares can fall in value quickly and on the odd occasion to zero. Disappointing earnings results, dividend cuts, key management changes and negative outlook of the company and industry can have a detrimental impact on performance.

## 2. Political and regulatory risk

You need to understand the market and laws relating to foreign investment in the country you are investing in. You will also want reliable advice to help you keep track of your investments.

## 3. Currency Risk

Foreign shares are held in the currency of the country or origin. Income and capital gains or losses must be converted into Australian dollars (AUD) which means you are exposed to additional volatility from movements in exchange rates. If the value of the AUD rises against a particular currency, the value of investments held in that currency will fall. Also a fall in the AUD will increase the value of your investments.

### Quick Facts

#### Fact #1

Opportunities in International markets are available in the rapidly growing emerging markets and Asia (x Japan). India and China alone account for approximately 35% of the global population with a rapidly growing middle class.

#### Fact #2

International shares sit within the growth component of a portfolio and exhibit higher levels of volatility (risk) compared to most other asset classes (cash, fixed interest and property).

#### Fact #3

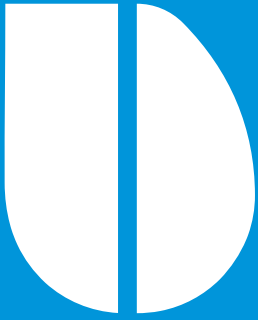
International shares can be accessed through direct shares (via brokers but can be expensive), unlisted managed funds (active or passively managed), exchange traded products or listed investment companies.

#### Fact #4

Opportunities in international markets are available in areas such as global pharmaceuticals, global technology and global consumer brands. These are underrepresented in Australia.

#### Fact #5

The International share market represents approximately 98% of the global share market.



# Looking for Financial Advice?

In an ever increasingly complex financial and legislative world, our mission is to provide you with clear, concise and tailored strategic advice.

We pride ourselves on working in the very best interest of our clients by tailoring solutions to meet their needs. We provide high quality investment and financial planning advice, driven by strategy – not product – at a reasonable cost.

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