

Find a financial adviser

AS a result of losses caused in the global financial crisis, and the well-publicised collapse of a couple of financial planning firms, the Government has been reforming the financial planning industry.

Draft legislation includes the banning of commissions, a requirement that clients confirm their relationship with their adviser every two years, and enhancements to the powers of the Australian Securities and Investments Commission.

Though these initiatives may be worthwhile, the question "Where can I find a good financial adviser?" is still going to be asked. And, really, it is no



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different from finding a good doctor, accountant or motor mechanic. You need a person with a good reputation in their industry, who is a member of the appropriate professional body and, where possible, has been recommended by satisfied clients.

But ask yourself first what you expect your adviser to do. If you are having problems balancing your household accounts or finding direction, you should

go to a financial counsellor; if your main concern is taxation advice such as whether to form a company or trust, or in what name to purchase a property, you should consult your accountant.

The financial adviser's role is to advise you on the investment of money, and help you devise an investment strategy that will help you create wealth, minimise tax legally and qualify for appropriate government benefits.

Typical situations are accumulating money for retirement or children's education, advising on superannuation and redundancy payments, investing a

legacy or a property settlement, setting up a regular savings program, or salary sacrifice.

A good adviser will be looking to establish a long-term relationship, so you should feel comfortable with the personality fit. During the first meeting the adviser should question you about your financial affairs in detail and will seek information that includes your age, income, ages of your children, present assets and liabilities, level of superannuation, insurance held, and expected expenses such as travel, house repairs or car replacement.

It is also critical for the adviser to find out your goals

and risk profile. If you are particularly nervous about shares, for example, just say so. Nervousness about particular investments is often because of ignorance, or a previous bad experience, and a good adviser will be able to explain the "pros and cons" of different strategies.

Stay clear of hard-sell merchants who try to push you into making a decision to invest. First-rate advisers will take the time to listen to you, discuss your goals, and then put together a written plan to help you achieve them. They will give you plenty of time to read the plan, think about it, and then mutually decide on any changes

that may be appropriate for you.

The investment industry's body is the Financial Planning Association of Australia Ltd. All members carry professional indemnity insurance and are pledged to a strict code of ethics. FPA membership does not guarantee satisfaction, any more than AMA membership will guarantee a top doctor, but it is a step in the right direction.

Noel Whittaker is a co-founder of Whittaker Macnaught. His advice is general in nature and readers should seek their own professional advice before making any financial decisions.

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HOT STOCKS



Paul Adams
DJ Carmichael

BUY

Emeco Holdings (EHL) \$0.965

EHL holds a leading position in earthmoving equipment rental markets in Australia, Canada and Indonesia. With many resource-related companies reporting access to large earthmoving equipment as a major issue given the lack of supply, we see EHL as very well placed to capitalise on this in the next 12-24 months. **Our valuation is \$1.25 and we maintain our positive view.**

SPECULATIVE BUY

Raisama (RAI) \$0.125

RAI has assets in the Asia-Pacific and Central Asian regions. We believe it is a standout speculative buy at the junior end of the energy space, underpinned by a profitable re-development project in the Philippines. **Our price target is 23c.**



Heather Zampatti
Bell Potter Securities

BUY

BHP (BHP) \$39.04

BHP's strong profit result highlighted the positive impact of higher commodity prices. A record cash flow was reported up 78 per cent and the dividend increased 22 per cent. BHP is a well-managed global company that remains cheap. It has strong capital expenditure over the next five years that should underpin organic growth over the next decade.

BUY

Peet (PPC) \$1.255

PPC delivers a defensive investment with attractive dividend returns. The yield is over 7 per cent and is fully franked. PPC announced a result which, though down, was still ahead of consensus. PPC has made progress in the wholesale funds area during the year.



Ian Clarke
Macquarie Wealth

OUTPERFORM

Ausdrill (ASL) \$3.34

With 58 per cent of revenue coming from its Australian Mining Services division, 27 per cent from African Mining Services and 15 per cent from manufacturing and supply, Ausdrill offers diversified exposure to growth in mining services and in the underground market via its 50 per cent ownership of African Underground Mining Services. **12-month price target \$3.72.**

OUTPERFORM

Peet (PPC) \$1.255

PPC is an Australian property company, focused on funds management, land and property development and land syndication. After strong growth in 2010-11 growth was more subdued because of market conditions and a number of new project commencements. However, we remain attracted to the business model. **12-month price target \$1.53.**

Each of the companies and analysts depicted may have long or short positions on these stocks. These share tips are considered opinions and readers should seek personal financial advice before investing.