



GLENBAY FINANCIAL

Mortgage - Protection - Investment - Pension

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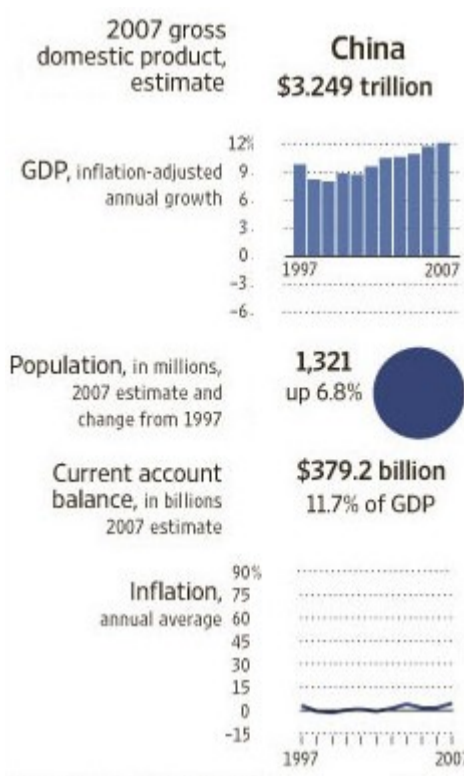
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Financial focus

Welcome to the second issue of "Financial Focus" for 2008 Your Trusted Source for Independent, Objective Financial Advice from Glenbay Financial Services Ltd.

2008 - Year of the Rat



2008 is the Year of the RAT!!

Though the Western rat is reviled, the Rat of the Chinese Zodiac is revered for its quick wits and its ability to accrue and hold on to items of value; **rats are considered a symbol of good luck and wealth** in both **China** and Japan.

This holds true in China, a country with a **fifth of the world's population**, and a continuous culture stretching back nearly 4,000 years.

China now has the **world's fastest-growing economy** and is undergoing rapid industrialisation. China is the world's biggest capital exporter; it possesses the largest foreign currency reserves and is already the world's third-largest trading entity; it is the largest consumer of metals and the biggest emitter of carbon dioxide; and, quite soon, **it will also be the world's largest consumer of energy**.

China has, in short, achieved a significant position in the world economy but is not without its challenges. **Contact Us** today to discuss the economic outlook and investment opportunities for China and East Asia.



UK Property

The UK property market has suffered in recent months from concerns over the US subprime mortgage market fallout, rising interest rates and talk of recession.

All of which adds to investor fears about the health of the sector. However, inflationary concerns are likely to limit the pace of Bank of England interest rate cuts. Let's take a look at the market.

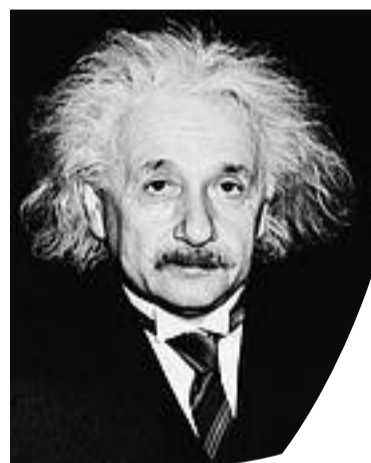
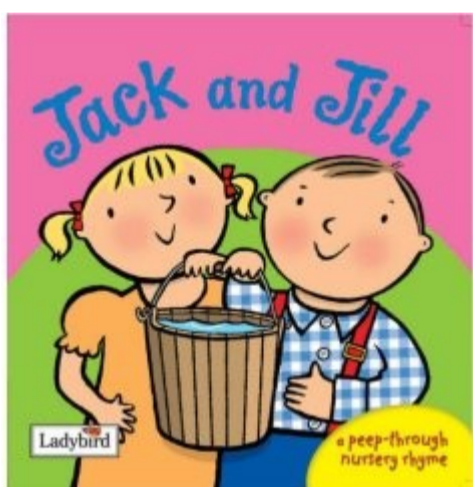


The Investment Case for UK Property?

Economy	<ul style="list-style-type: none"> ● 5th largest economy in the world ● Strong and stable economy ● Large growing population – 60.6 million ● Net international migration into the UK from abroad ● CPI annual inflation of 2.1%, below EU rate of 3.1% ▲ GBP currency exposure for Irish investor ▲ Restrictive Bank of England interest rates at 5.5% ▲ Decreasing unemployment rate of 5.3% ▲ Economy activity slowing, weak fiscal position ▲ Productivity performance remains below the OECD average ▲ Aging population, declines in mortality rate and fertility rates ▲ Pension system needs reform ◆ Slowdown in the housing market ◆ Downward trend in house prices ◆ Blunders and scandals have damaged Brown government
Price History	<ul style="list-style-type: none"> ● UK house prices have more than tripled over the last decade ● High home ownership in England, 70% of households (although declining) ● High house price appreciation in past decade
Rental Yields	<ul style="list-style-type: none"> ▲ Moderate yields in London
Taxes and Costs	<ul style="list-style-type: none"> ▲ Low to moderate income tax ▲ Stamp duty on a sliding scale ● Generally low transaction costs ● No capital gains tax for non-residents
Landlord and Tenant	<ul style="list-style-type: none"> ● Pro-landlord rental market

Who's the Millionaire?

Jack or Jill?



Albert Einstein: "Compounding is mankind's greatest invention, because it allows for reliable systematic accumulation of wealth".

Consider the story of Jack and Jill. You know Jack fell down the hill, but you didn't know that he suffered head injuries. As a result, Jack decided not to go to college. Instead, he got a job as a Mechanic, enabling him to invest €2,000 per year at age 25 for retirement. He continued to invest an additional €2,000 each year for a total of 10 years. Jack is now 34 years old. Jack stops investing additional sums of money at this point, and chooses to watch his money grow from age 34 to age 70.

Meanwhile, his sister Jill, inspired by Jack's accident, went to Trinity College Dublin to study medicine. At age 35, she began her practice and started investing €2,000 each year for retirement. Jill continues to invest €2,000 each year for a total of 36 years until she reaches age 70.

Who's the Millionaire at age 70? Jack or Jill?

The answer is that Jack has more money than Jill, despite the fact that he invested less than 1/3 as much money as his sister. More surprising is how much money each person has by age 70. Jack has €1,102,600 while Jill has €642,664.

Why does Jack end up with so much more money, even though he invests much less than Jill? (Assuming Jack and Jill each earned a 10% return)

The answer can be summed up in one word - **compounding. Compounding can be defined as interest earned on interest.**

Jack's investment compounds for 46 years, while Jill's investment compounds for 36 years. That one difference results in Jack having more money than Jill does by the time they both reach age 70.

Albert Einstein was a man who knew a great deal about powerful forces. This is what he said about the force of compounding. "Compounding is mankind's greatest invention, because it allows for reliable systematic accumulation of wealth." Please heed Einstein's words well.

Got Questions about Investing?

Contact Us Today on 086-605-0956 or email coconnor@glenbay.com to discuss your financial needs and individual circumstances.

SMART MONEY: Risk Explained



There are three main types of risk with savings and investment products:

1. Inflation risk - the risk that your money will lose value or buying power over time. Even a modest inflation rate of 3% will mean that €100 will be worth only €97 after one year.
2. Return risk - the risk that your savings or investments will not perform as well as hoped or expected. Most investments do not guarantee a set return, so you are exposed to return risk.
3. Capital risk - the risk that you could lose all or part of your original investment.

Most savings and deposit accounts are low-risk; investment products vary from medium to high in capital risk. Before you invest, you should ask about the risk to your capital (money) and consider how losing all or part of your money could affect you.