



# Peak Performance

**News from Louis Letourneau.**

**First published in [Gay Times](#), February 2007**

*As world markets increasingly link into the pound, there's never been a better time to go global, says Louis Letourneau.*

We've just been through the fourth year in a row of staggering stock market performance. Is this going to last? What will 2007 bring in terms of investment returns? My guess is that we're getting close to a peak in terms of double-digit growth performance. We received a gentle correction signal at the beginning of the summer, but investors have already forgotten the warning. This isn't good news. So what should we do? Let's be a little careful this year and really think about the lessons of the past.

Here are the basics: if you're risk-averse, what are you doing in the stock market? You should be buying property funds or fixed interest gilts and bonds. Even adventurous investors should now be looking at the more cautious part of their portfolios. Perhaps you'd do better to move out of corporate bonds back into gilts - especially indexed linked gilts - consolidate cautiously your commercial property exposure. Although a correction in that market isn't imminent, I believe that the property market will become saturated by the middle of 2007, and yield will suffer seriously from very low growth expectations.

If you're prepared to take a long-term view, particularly with your pension funds, I'd recommend that you look more seriously at overseas equity markets. The global economy is increasingly interconnected nowadays, and the pound appreciated significantly towards the end of 2006. European stock market should continue to do well, as I've predicted for the last two years, mainly because the Euro has strengthened as well but also because the 'old' continental countries such as Germany are actually doing very well at the moment. With the fall of the US dollar and interest rates due to go down, now may be the time to look at the United States once again. Towards the middle of the year would be a good bet.

For the aggressive investor, Eastern European funds are my tip, but do keep an eye on India next year also.

Be a bit more cautious with the UK market, as we're likely to witness a lot of volatility in it over the next two years. I blame the large amount of debt that companies have taken on to fund a spree of mergers and acquisitions, but also the negative impact of hedge fund operations, which exaggerate the ups or downs of the market far too often. On the other hand, the interest rate in the UK is likely to peak in the first quarter of the year and remain fairly flat way into 2008. You may be getting a better return on your cash savings, but never forget that inflation is also likely to be higher, therefore keeping your net return still fairly low.

The UK residential property market could suffer a setback in 2007 despite what banks and building societies are saying, as the economy flattens. The buy-to-let-market is getting overheated. The London property market is now even more out of tune than usual with the rest of the country, mainly due to the record level of city bonuses but more importantly because of wealthy foreign buyers from Russia and the Middle East. Be careful when reading the property market statistics; it's becoming a very fragmented market even within Greater London itself, but certainly across the country. Always buy only what you can afford now *and* in the future.

All and all, I think that caution will be the rule this year, unless you're prepared to take a very long term view (more than ten years) through your pension schemes, for instance.

Always seek proper independent investment advice from advisers who understand the market and aren't just jumping on the bandwagon each time something new comes along. You can't go wrong with a properly balanced and diversified portfolio, as long as you review it cool-headedly and regularly.

**Louis Letourneau, MA** is an experienced independent financial adviser (IFA), specialist in financial planning and wealth management. He founded Rainbow Finance in 1995 and has consistently challenged financial companies and Government on their attitudes to gays, lesbians and same sex couples and was instrumental in the Inland Revenue to changing its guidance notes to recognise unmarried couples in pension benefits. His work has also resulted in life insurance companies starting to relax the discriminatory underwriting criteria toward gay men and people living with HIV. He was a founder of the Rainbow Research Project which surveys and educates private pension schemes in how they recognise unmarried couples on death benefits. He was also a founder member of the Stonewall Immigration Group (which campaigned for Immigration rights for same-sex couples, achieving a significant victory in April 1997) and helped set up the gaypartners.org initiative with gay.com in early 2001, campaigning for same-sex partnership rights. He speaks regularly on national and local radio.

For further advice on [Wills](#), [Life Assurance](#), [Tax](#), [Investments](#), [Pensions](#) and [Civil Partnerships](#), contact Isis Financial Planners:

Freephone Number: **08000 1960 69**

or email us on [postbox@gayfinance.info](mailto:postbox@gayfinance.info) website: [www.gayfinance.info](http://www.gayfinance.info)