



**Investment Advice from Louis Letourneau.
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Are you a bull or a bear? No, we're not talking astrology, we're talking cash and whether there's any out there, with the current plunge in share prices and investments. Here, Louis Letourneau looks through the gloom and offers advice on finding the best investment options around.

The world is in turmoil. Floods, war, recession and falling stock markets are all we hear about in the news. Great, I feel better already. Where is this going to end? Now is not a good time to look for a home or for [saving and investments](#), or is it?

For the past three years, we have seen the stock market falling from its great high at the turn of the millennium, following the dotcom boom. The FTSE 100 has fallen by 45% in three years - 20% over the last year alone. This has not happened since the Great Depression in the 30s before the Second World War!

Are we seeing any light at the end of the tunnel? Ask any bear (that's the economist's term in the share-dealing world) and they'll say that the bear market is going to stay with us for many years. They say that the stock market is still overvalued and that it may fall further or stay very flat in 2003 with limited growth over the next few years. If you think the same, then you are a bear- no doubt about it. But what if you are not really a bear? Then one would call you something else... like a bull.

The financial world is full of surprises, isn't it? Well, the bulls will say it is time to invest in equity (shares); there have been huge falls in the market over the last three years and it has got to rebound at some point, so let's buy the shares now.

Hum... What should you do? The [ISA \(Individual Savings Account\)](#) season is upon us (the time when private investors remember that they only have 6 weeks left to use their tax-free ISA allowance before the 5th April). Can you decide what you want to do? Well let's look at your options: you can invest in a "mini" ISA or a "maxi" ISA.

If you opt for the mini, then you can have two – one in cash (£3000), one in shares (£3000). If you opt for the maxi, you can invest £7000 but it has to be in stocks and shares. This should be straight forward. If you're a pure bear, then use your mini cash ISA (with at least 4% of interest rate) and then go and meet up with your bear friends over the weekend. If you are a bull, then charge ahead and go for the maxi. It is very important to choose carefully the funds into which you are going to invest - you don't want to get burnt. You should seek [professional advice](#) - *always*.

In my view it is all a question of asset allocation. What I mean by this is that choosing the right class of investment is more important than the right fund. If you are a low risk investor, you should stay only in cash, fixed interest and property but not in gold - this is

too risky. The more risk you are prepared to take the more you can invest in stocks and shares. However, don't make the common mistake to invest only in the UK; this is only 9 per cent of the world market. You should consider allocating say 5 per cent in Asia (the bulls say that this should do well in 2003), 10-15 per cent in the USA (the bears say that this is going to fall even more this year – but remember that 25 per cent of the world equity market is in the US).

Give Europe 15 per cent and, of course, don't forget the corporate bond and gilt market - I would say 20 per cent. Keep 5-10 per cent in cash and the rest in the UK, spreading the investment between growth and income funds. Oof... anything else? Well yes, why don't you spread your investment over time?

Most ISA providers will allow you to dip into the market by investing every month; this way you could spread the risk over time buying your equities at different times in the year. But wait a minute; am I a bear or a bull? I still don't know really, all I know is that I want my investment to grow - and I think it will this year.

Louis Letourneau is a Director of Isis Financial Planners Limited. Isis offers independent specialist advice to the gay community and can be contacted on 0845 1300 778 and email postbox@gayfinance.info . You can also visit the new website at www.gayfinance.info

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.

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