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Financial focus

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

The Best Investment Advice You'll Never Get !!



Back in 2004, as Google's IPO was fast approaching, investment advisors from major financial institutions were circling Google Headquarters to be the first to offer their investment schemes to hundreds of young employees who would soon become millionaires. Google hired well known financial professionals to give workshops to their employees to offer some critical lessons in how to best invest their new money.



The illustrious invitees included none other than Nobel laureate William Sharpe, Princeton professor Burton Malkiel (author of the classic A Random Walk Down Wall Street), and John Bogle, founder of the Vanguard Group and a key index fund pioneer.

Interestingly, they all pretty much offered the same advice: Stick with index funds, because they'll give you the market's performance at a fraction of the cost of other alternatives. Trying to beat the market is a losing game. Be wary of financial professionals who probably want to get rich off you via steep fees and transaction costs. Put your savings into some indexed funds, which will make you just as much money (if not more) at much less cost by following the market's natural ebb and flow, and get on with building Google.

When the industry sharks were finally allowed to enter the inner sanctum of Google, they were barraged with questions about their commissions, fees, and hidden costs, and about indexing. The assembled Wall Street Elite were surprised by their reception—and not a little bit discouraged.

Contact Us today if you would like to take a "Random Walk" or learn more about fundamental investment concepts such as Diversification; Dollar Cost Averaging; Asset Allocation; Effect Market Hypothesis; Optimal Portfolio Theory; Capital Asset Pricing Model and the impact it could have to your investment portfolio.



Poland Property

A nation with a proud cultural heritage, Poland can trace its roots back over 1,000 years. Positioned at the centre of Europe, it has known turbulent and violent times. A few years back, Poland was an easy market to make profits. There were low prices, strong excess demand, and high rental yields. In the last two years Warsaw's, the nation's capital city, the residential market has changed entirely. Let's take a look at the Polish market.



The Investment Case for Poland Property?	
Economy	<ul style="list-style-type: none"> ● Largest new EU member in both population and economic importance ● Large population of 38.5 million ● Poland joined the EU in 2004, NATO in 1999, and the OECD in 1996 ● Broke free from the communist bloc in 1989 ● Primary recipient of foreign investment among Eastern emerging countries ● Some success in creating a market economy and attracting foreign investment – continued economic expansion ● Massive movement of workers to western Europe ● Economy is growing fast, despite the global slowdown ● Biggest coal reserves in the EU ● Real GDP growth was 6.5% in 2007 but is forecast to slow in 2008 ● Current government is more positive about Poland's entry to European economic and monetary union (EMU) ● Strong post-transition economy ● Rapidly falling unemployment; Since 2002-2003, the unemployment rate has halved from approx 20% to 10% ● Increase in large infrastructure spending – due to Euro 2012 football championships – new airports, motorways ▲ Biggest challenge: keeping the economy on track ▲ Emigration and continued employment growth will lead to an acceleration in wage growth ▲ Public-finance reform is pressing; so are wage demands ▲ Inflation is rising and price pressures are strengthening ▲ Consumer price inflation rise to 4% (2.5% target) ▲ Political failure in recent years - although political atmosphere has improved following recent change in government ▲ Until 1st May 2016, generally a permit from the Ministry of Internal Affairs is required to acquire agricultural land or forests ▲ Warsaw is now a large building site – with oversupply of apartments ▲ Poor foreign policy ▲ Low productivity and fragmentation in service industries ▲ Energy security concerns – Russia pumping gas directly to Germany, bypassing Poland ▲ Poland depends on coal for some 95% of its electricity ▲ Zloty currency exposure for Irish investor ◆ Widespread poverty in rural areas
Price History	<ul style="list-style-type: none"> ● Polish property prices have risen sharply since 2002, even more sharply in EURO or US\$ terms, due to the Zloty's rise ● Polish residential market not reliant on foreign investors – increased wealth inside the country is what is driving prices up ● Poland's economic situation remains very healthy ▲ Still good opportunities in property outside Warsaw – prices in Warsaw may decline in 2008
Rental Yields	<ul style="list-style-type: none"> ▲ Low to moderate yields
Taxes and Costs	<ul style="list-style-type: none"> ▲ High rental income tax – generally taxed at progressive rates ● Generally low transaction costs ● Generally, capital gains from the sale of property are tax-exempt if the property was sold more than five years after the end of the year in which the acquisition was made – 10% flat rate for properties sold within 5 years of acquisition (although this capital gain can also be exempt in certain circumstances) ● Legal titles to real estates are passed through contracts signed in form of so called notary public acts. The notary publics (who charge fees of their own) are supposed to make sure that the contract conforms to provisions of Polish law. They do not represent the interests of either party ● Generally, no permission is needed by foreigners (individuals and companies) from European Economic Area to buy real estate in Poland *However, there are some important exceptions. ● Generally, commercial premises can be bought by individuals and companies from European Economic Area without any limitations ◆ Complicated tax system
Landlord and Tenant	<ul style="list-style-type: none"> ◆ Strong pro-tenant sentiments