

Boxing on despite market gloom

It is no secret mining stocks have toppled dramatically in the last few years due to falling commodity prices, with many investors left feeling scorned by the downturn which has crippled the industry.

But are those investors partly to blame for the financial pain they have suffered as a result of bad investments? That's the question being asked by a leading investment fund manager.

Glenn Rushton, of Rushton Financial Services Pty Ltd, believes too many investors have placed "all their eggs in one basket" and adopted investment strategies which cannot survive all economic conditions.

Rushton says investors should not be discouraged from buying shares in mining-related enterprises, but warns against stocking up on too many investments from within the same industry.

"I look at a person's total position and ask how much of their assets they have allocated to that particular sector," Brisbane-based Rushton told **Paydirt** during a recent trip to Perth.

"If someone was to say they've allocated 80-90% of their wealth to the mining sector – and they're looking to generate a consistent income stream – I would say they're probably being quite foolish.

"But if someone can see past these current problems and get their asset allocation right, they can survive and make good returns over the long term. And that's the key – can you survive long enough to reap the long-term growth? Investing is a long term problem, but unfortunately most investors take a short-term view."

Rushton is a former property developer who co-founded Rushton Financial Services with his son, Lee. The pair believed the average investor could generate strong financial returns through all economic conditions by adopting investment models similar to the ones typically used by the world's most sophisticated investors.

The Rushtons studied the strategies successfully implemented by some of the world's richest families, including the Rockefellers, Rothschilds and Oppenheimers, as well as cashed-up tertiary institutions such as Yale University and Harvard University.

From their investigations, coupled with



Glenn Rushton with boxer Joe Goodall

years of experience managing investments for high-net worth investors, the father and son team set up the Rushton Global Market Neutral Fund – a registered, managed investment scheme that can perform equally well in both rising and falling markets, with very moderate volatility.

"In tough times, it's important to look for alternative income sources," Rushton said. "You need something that's lowly correlated to growth, something that can perform when things are contracting.

"That's what makes the Rushton Global Market Neutral Fund a great addition to most investment portfolios, because our highly diversified global market neutral strategy can generate income equally well through good and bad times, but with very moderate volatility. It also provides valuable downside protection, which is desperately needed by investors heavily biased to resources."

Inquisitive investors are pondering whether to buy shares in mining companies with prices at or near decade-long lows. Others are looking to sell out in a bid to recoup some of their cash.

Rushton said any decision to stock up on mining investments was entirely dependent on what the individual was seeking from the financial venture.

"If you've got a long-term investment

horizon, then it could be perceived as a good time to invest in mining," Rushton said.

"But if you're somebody that's obviously close to retirement, or in retirement, and you're looking for an income stream, then maybe it's not such a good time to invest in mining.

"However, if you can complement that with another income stream that works well through rising and falling markets, then it could be quite lucrative."

Rushton said several mining executives have requested meetings with him in recent times, as they look to restructure asset portfolios which are heavily weighted on the success of the resources industry.

"A lot of them are looking at what they own and saying, 'I'm in serious trouble here if things go really bad. And what if I also lose my job?'" Rushton said.

"It's very important to stress-test your asset allocations. Have a look at everything you own and

run 'what if' scenarios; What if oil drops to \$US10/barrel? What if China's growth drops to 4%? What if the Federal Government continues to raise interest rates?

"One of the things we always need is cash – cash is king. A lot of investments are focused around capital growth, but you need a cash cow. You need an investment that can generate revenue in bad times, not just the good times."

Also a prolific boxing coach for more than four decades, Rushton will often use the same approach when instructing both his sporting pupils and investment clients on their next move.

"One of the things we often talk about in boxing is having someone in your corner who is experienced, really capable and who cares about you," Rushton said.

"That's exactly who you want in your corner in the investment arena; someone who knows what they're doing, with a lot of experience, who really cares about you as well."

Rushton guided Jeff Horn to the quarter-finals of the London Olympics in 2012 and Joe Goodall to a silver medal in the super-heavyweight division at the 2014 Commonwealth Games in Glasgow.

– Michael Washbourne