

## **All About Financial Success**

I have a friend in Perth who would be one of West Australia's wealthiest men. I have known him for well over 50 years. Originally from Melbourne, he was a university lecturer in physics, and a professional geologist/physicist.

At an early age, he mastered the rare art of analysing shares, and markets. He also mastered the art of buying the most unattractive home in a superior residential area. He seldom ever bought shares unless they were dividend paying and grossly undervalued. Then he held them through thick and thin, until they became overvalued.

In the case of homes he usually bought homes that were run down. He mostly turned them into two, three or four units and rented them. This continued until he acquired a superior position as CEO with a large company in Sydney. There he continued his share trading and real estate "hobbies."

He finally shifted to Perth, which at that time was suffering from the worst bout of real estate depression ever. He had sold all of his Melbourne and Sydney properties when he was offered much more than they were worth and bought hundreds of homes and large blocks of vacant land close to the city of Perth. He also acquired at very low cost an entire city block.

He writes to me once a year usually on an old cut up envelope (which saves paper).

He and his wife live in grand old mansion, which he acquired for a song and is only 15 minutes from the city. He is an extremely private person and nobody knows he is there.

He told me it is difficult to preserve one's privacy once one reaches a "a certain stage". He let slip at one stage that he was the biggest private shareholder of the Commonwealth Bank.

Before Christmas 1996, he told me that he had sold everything except the home he lives in. When I asked him why, he laughed and said that the entire market was overvalued and he was "retiring". He then told me that at some time in the near future, there would be a market debacle.

I have been wondering when, if ever, he will be induced to return to the market. He'll know though, when the market reaches the bottom, as he is an expert analyst.

There will no quick fix, no matter how much printed money and easy credits are made available by governments. When the malinvestments have been liquidated

the markets will return to equilibrium. I have the feeling that it will be some time in the future.

Ronald Kitching  
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