

Sherlock hones others' futures

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Investor and former Brumby's owner Michael Sherlock. Picture: Philip Norrish
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MICHAEL Sherlock is the former managing director of Brumby's, which he sold in 2007. He now works as a business consultant and mentor.

What was your first investment and how did it go?

As a uni student in the 1970s I invested in some leather and tools. I made and sold leather bags in my spare time to supplement my low student allowance. It went well. I was able to earn money while studying for a low capital outlay and doing a hobby I enjoyed.

What is your favourite type of investment and why?

Property, and investing in your own business.

What is the best investment advice you have received and who was it from?

It is relatively easy to make money but harder to hang on to it by investing. This came from a friend Marcus Barlow when I sold Brumby's and it turned out to be true. You have control of your own risks but as an investor you do not have all the facts.

How do you approach investment risk?

If I do not understand how the company I am investing in works I won't invest.

What has been your best-performing investment?

I invest my self-managed super fund in Sentential Property Group. At present, I am averaging a return of over 12 per cent a year payable monthly plus capital growth.

It was some of the crash and burn ASX-listed companies such as ABC Learning Centre and Babcock & Brown. When the prices dropped initially, my broker advised me to buy more as they were cheap.

How would you invest \$25,000 if you had it tomorrow?

I'd invest in an ASX blue chip company that I understand, use a dividend reinvestment plan and let it build. Once it has built up, I would then invest in my own business or in commercial property pooled funds.

How do you feel about investing overseas?

I like to keep an owner's eye on all my investments, so have never really seen the need to invest overseas.

How well do you treat your credit card?

I have used them as a source of borrowing when I have had the need. I always pay them off as they are the highest interest rate. I generally use an overdraft as the interest rate is half that of a credit card.

Do you have a personal finance budget and do you stick to it?

I have almost gone broke a couple of times and needed to have a budget. Nowadays there is no tight budget.

What's been your most extravagant purchase?

One time I overcapitalised on home renovations.

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