

Out of adversity comes opportunity

– Benjamin Franklin (1706-1790)

If you only read the newspaper, you'd probably consider putting your money under the mattress and leaving it there. Whether it is the US sub prime crisis threatening a recession in the US, the fallout from finance company collapses in New Zealand or the latest decline in share markets, the news in investment markets has been nothing but negative of late.

The natural reaction to this if you have money invested in the assets affected is to simply go into your shell and put your money in seemingly safe places like the bank. And that's natural. If you get burnt doing something, the instinctive reaction is to do something else.

So, why is this the last thing that you should do?

1. Over the history of the capitalist world, it has consistently been proven that investing in companies that are growing their earnings (i.e. shares) provides the highest returns (albeit with the highest amount of volatility) over the long term.
2. It is likely that you have a portfolio individually designed by us according to your **risk profile** as well as your goals and objectives. Have any of these really changed?
3. Long-term decisions based on short-term performance are invariably poor.



4. If you were looking at an ideal time to buy anything, wouldn't you rather do this when prices are lower, rather than higher?
5. Globally, while there could be further volatility in financial markets, companies are still making money. Remember, as you pay your Telecom bill, buy your AstraZeneca inhalers and drive home in your Toyota, that many global companies remain in good shape.
6. Brazil, Russia, India and China (the BRIC economies) will be driving a lot of the growth going forward (so we're not as beholden to the fortunes of the US).
7. If the events of the second half of 2007 prove anything, it is that properly diversified portfolios have never been so important.
8. And, don't lose sight of the quote shown above from Benjamin Franklin, because the best time to buy is often when things look choppy.

Now, you can't control the markets and how they affect your portfolio. But you can control how you react to them. We know that it is different when it is your own money, but believe us when we say that over the long term, sticking with a disciplined and agreed upon investment

strategy is likely to produce the best results for you.



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Key DecisionMaker: Stephanie Harper

One of the newest recruits to the DecisionMakers growing network of advisers, Stephanie Harper, who is based in Remuera, has a passion for ensuring her clients get the best possible advice for their individual situations. After a successful 27 year career with Air New Zealand and having completed a Bachelor of Commerce and a Graduate Diploma in Financial Planning from the Australian Securities Institute, Stephanie has recently developed a successful taxation and consulting practice. Her background makes her ideally suited to help her trusted clients achieve what they want out of life.



DecisionMakers

The best financial decision you'll ever make



Pick the plums!

There are several 'plum' investment opportunities available right now, such as:

- Corporate bonds with well-known names, with yields of over 9% gross p.a., liquidity and credit ratings of BBB- and higher from Standard & Pooors.
- KiwiSaver (for more details, see below).
- Capital guaranteed products (so that you can invest in riskier growth assets, with downside protection).
- Some exceptional fund managers who have been delivering double digit returns and have shown a consistent ability to invest in excellent companies, regardless of the market cycle.
- Cash accounts with risk-adjusted returns of more than 8% gross p.a.
- Funds that are registered as Portfolio Investment Entities (PIEs), which provide higher after-tax returns than old style unit trusts (especially for those of you in the 19.5% and 39% tax brackets).
- Investment management platforms such as OneAnswer and AEGIS, which consolidate all your investments, give you state-of-the-art reporting, wholesale discounts and make managing your taxes easier.

With summer fruit, it's always best to pick when the fruit is ripe. Talk to us if you want to pick one of these plums right now.



'PLUM' INVESTMENT OPPORTUNITIES...

life's
tip
#1:

It is common sense to take a method and try it. If it fails, admit it frankly and try another. But above all, try something
– Franklin D. Roosevelt

Why it's an absolute no brainer to put your kids into KiwiSaver

Do you remember having a Post Office Savings Bank account when you were younger? If you do, you may remember the thrill of depositing your pocket money or your hard-earned dollars into an account and seeing the magical balance go up. Your parents may have even given you a helping hand to get your future nest egg started.

We all know that today's kids are probably more interested in Xbox, texting and Bebo than saving for their future, but have you considered KiwiSaver as an option for them to save for their future?

Why? Well, it really is a 'no brainer'. If you open a KiwiSaver account for your children or grandchildren, the Government will kick start

their KiwiSaver account with \$1,000. As you or your kids are able to, you can save into the fund to build it up. Now, we think it's a great idea to set aside a regular amount per year, but the great thing is that if this is a bit too much, a few product providers have set \$0 as the minimum contribution per annum for children under 18.

What this means is that you can invest the \$1,000 start up from the Government for your children at absolutely no cost to you. If you don't do this, you are effectively saying you don't want a gift of \$1,000 for your children.

Let's say you set up a KiwiSaver scheme for a new born and the fund earns say 6% p.a. after tax and fees. Assuming you do not save into it, over a period of 18 years, they will end up at 18 with a KiwiSaver balance of around \$2,900 (which will have cost you nothing). Now, in that same scenario, if you decide to save just \$400 per year into their account (about the cost of two coffees per week), the child would end up with nearly \$16,000 after 18 years.

Now, I hear you say, that's no use to them because they can't spend it until they retire.

Well that doesn't matter. Why?

- It's probably a good thing for them that they can't just take it out and spend it on consumer goods.
- They may be able to get assistance with buying their first home.
- Wouldn't you like the fact that your child turns 18 and enters the workforce (and could then be eligible for the Government tax credits and the employer's contributions to their account) with nearly \$16,000, as opposed to nothing?
- They can learn about important financial concepts like saving and compounding returns.

There really is very little reason to not sign up your children, grandchildren etc. Remember, if you don't, it's like saying "no thanks" to someone who is ready to give your child ten \$100 notes.

For more information on the ultimate no brainer of 2008, feel free to give us a call.



- There are lots of fantastic investment options available right now
- You should seriously consider setting a KiwiSaver scheme up for your children or grandchildren

Helpful insurance tips

1. Not all policies are created equal

Remember that there are subtle but important differences in the policy documents of different providers. It is important you read your policy document, ask your adviser if you have any questions and keep a copy in a safe place.

2. Don't automatically cancel your insurances if heading overseas

It's a common misconception that your insurances won't apply if you head overseas. You need to check, but in many cases most types (except for medical insurance outside Australasia) will still apply overseas. Plus if you cancel your cover and intend to return to New Zealand, the cover may not be as comprehensive if you have to re apply (and you will have to go through under-writing all over again).

3. Look at options such as a CPI increase and future insurability

A Consumer Price Index (CPI) increase is a great idea if you want your level of cover to keep pace with inflation. The future insurability option allows you to automatically increase your level of

life cover (within certain limits) on, for example, every second policy anniversary without further health assessment.

4. Apply for cover early

Did you know that for some insurers, once you have been accepted for cover, they cannot alter your acceptance terms for that cover for as long as you keep the policy in place, even if your health deteriorates over that time? This means it's a very good idea to apply for cover earlier in life.

5. Make sure you update your insurer with any changes to your personal details

Once under-written, with some insurers, you can apply to have any special conditions (e.g. a back exclusion) reviewed if your health improves. And if you have quit smoking for over 12 months, make sure your insurer is the first to know as it will very likely save you money!

6. Don't just choose the cheapest option

Decisions around insurance will always be a matter of weighing up the cost versus the benefit. The best policy may not be the cheapest one, but the one with the best features and benefits for your circumstances. For example, does the term life policy pay a lump sum on diagnosis of critical illness? Is the income protection benefit paid in advance or retrospectively? This can make a big difference if you make a claim.

Having the will to make wills easier

There have been a number of minor changes to the laws around wills with the passing of the Wills Act which came into effect on 1 November 2007. The Wills Act replaces the Imperial Wills Act 1837 (UK) with a plain language act designed to simplify and clarify a number of areas. These changes include:

- A testator or testatrix (i.e. the person whose name is on the will) will be referred to as a "will-maker".
- A gift in a will to someone who witnessed you signing the will (or their spouse, civil union or de facto partner) will in certain circumstances no longer necessarily be void (previously this was automatically the case).
- The High Court will be empowered to declare a will, or an amendment to a will, valid when it is improperly signed, or witnessed (or even if it is not signed at all), as long as the Court is satisfied that the will expresses the deceased person's intention.
- The extension of rules for spouses so they apply to civil union partners.

Remember, we believe that anyone with assets over the age of 18 should have a will. If you have a will, but have not reviewed this for some time and there has been significant change in your life since you signed it (including marriage, divorce, new children, the death of an executor, etc) now is a great time to speak to your solicitor about altering the document.

Please call us if you have any questions relating to your estate planning needs.



life's
tip
#2:

The wave of the future is not the conquest of the world by a single dogmatic creed but the liberation of the diverse energies of free nations and free men.
– John F Kennedy

summing
up

- Talk to us about reviewing your insurance package to ensure that it remains appropriate for you
- If your circumstances have changed since you signed your will, make sure you have it reviewed ASAP

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New disclosure laws provide greater transparency

We are passionate about ensuring that our clients have access to as much quality, transparent information as possible, prior to making important decisions about their financial future.

A piece of legislation was recently passed into law called the Securities Markets Amendment Act 2006. This has affected a number of existing laws including the Securities Markets Act 1988 regarding areas such as investment adviser advertising and the information that financial intermediaries disclose to their clients. From a practical point of view, this means investors must be informed of certain information, prior to receiving advice from their financial adviser.

We have always supported comprehensive disclosure and our Disclosure Statement provides details such as your adviser's background, fees and commissions, money handling procedures and where you can go if you wish to make a complaint (this was in excess

of the previous mandatory requirements).

However, there have been a few minor changes to our advisers' Disclosure Statements to ensure they meet the requirements of the new laws. We will be forwarding an updated Disclosure Statement to all our clients over the next couple of weeks.



Market noise

It is what we hear everyday from over our TVs, radios and in our newspapers. Bad news sells and that is why murders always appear on the front page of our newspapers. The same can be said for business news, emotive words and phrases like "collapses... failures... plummeting markets... frantic selling... crisis..." and you will know many more. These are all designed to grab your attention, however their impact is to leave most of you with an unhealthy dose of anxiety!

The real message that needs to be reinforced is that while sharemarkets currently are very volatile, this is a short term correction that will right itself in due course. While the falls can be sudden, the recoveries can be just as swift but you will not see our media highlight the good news because only "bad news sells".

life's tip #3:

The safest way to double your money is to fold it over once and put it in your pocket. – Kin Hubbard

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