

We have seen strong gains recorded in the global equity markets since early March which has been very pleasing news and shows that the markets believe that there is a recovery coming, although markets have paused in June after this strong run. The International Monetary Fund expects this to continue moderately in the second half of this year and a modest recovery to emerge during 2010. This will benefit those clients who have funds in a diversified portfolio. It is about riding the Ups and Downs, staying in the market and benefiting from the upsurge. Your adviser is available to discuss the best way you can benefit from your investments.

We aim to provide education to clients through this update, however we do recommend contacting your adviser if you wish to discuss any of the below in further detail or if you would like anything to appear in future newsletters.

#### Ideas for the recession:

- **Budget:** if you already have a budget then ensure that you have updated it. If you do not have a budget we recommend starting one. There are many ways to do this, including excel or the sorted.org.nz website.
- **Review:** reviewing your insurance or investments is a way to stay up to date and ensure that you are still on track.
- **KiwiSaver:** If you have not joined up to KiwiSaver we recommend talking to your adviser to see if you can benefit from this.
- **KiwiSaver:** Maximise your member tax credits.
- **Rates Rebate:** Depending on your total income you may be eligible for a rebate for your rates.

#### Government Guarantee

**Current end date: 12 October 2010**

What happens after 12 October 2010? We are currently awaiting the government decision on what they will be doing. To let the Government Guarantee end on this date could potentially cause problems within the fixed interest sector on non regulated deposit holders (i.e. not banks).

We have always been uncomfortable relying on the Government Guarantee as there are simply too many unknowns. At this stage if Clients wish to use Companies that are part of the scheme then we would suggest that they ensure their investment matures before October 2010.

#### What should clients be doing now:

- Having a plan and sticking to it
- Ensuring the plan is reviewed
- Asking Questions

**"An investment in knowledge pays the best interest."**

**Benjamin Franklin**

#### Financial Advisers Act

Over the last 12 months there has been a significant change within the financial services industry by way of regulation, including:

- **General Disclosures** have to be provided before advice is given
- **Supplementary Disclosure** has to be given when an investment has been recommended

According to Ministry of Economic Development, the aim is for disclosure statements to "provide timely, relevant information to the consumer so they can make a decision about whether or not to pursue the interaction with the Adviser and whether or not they should follow any advice once it has been received".

#### How this affects you:

You should be receiving a general disclosure from anyone giving financial advice to you, and any investment recommendation should be coupled with a supplementary disclosure.

#### How this affects us:

Within AdviceFirst we have taken steps to ensure that we are ahead of the regulation. With our advisers undertaking ongoing education.

Changes – there are current changes underway with the legislation. We will update further on this.



**Latest News: ANZ Retirement Commission Financial Knowledge Survey.**

This is the second survey completed, the first in 2006. The main findings were:

- Fewer people have financial goals
- 2 out of 3 people have a budget
- 56% think about planning for retirement
- 50% are saving on a regular basis

The most interesting part of this survey is the main source of financial information. The following are the areas people seek advice from:

1. 51% from banks
2. 35% from friends and relatives
3. 21% from TV programs
4. 21% no financial advice
5. **18% from financial advisers**

- Less than 1 in 5 New Zealanders are taking the time to develop a relationship with a Financial Adviser to assist them in protecting their families and planning their financial future.

**As an industry there are many reasons for people to be hesitant but as with any profession there are always far more good practitioners than bad. It is important that you are taking the time to develop that relationship into something that will serve you well over a number of years.**

**What we can offer our clients:**

We offer clients one point of contact, by providing clients with the following services under the one roof, utilising Specialists Advisers:

- Investment Advice
- Retirement Planning
- Insurance Planning – life, trauma, income protection & medical
- General Insurance – house, contents and business insurance
- Mortgages and financing

*What's New?*

**How does this benefit you?** By providing you with one company, one point of contact.

**Risk**

We have spoken of risk in the past update, however as this is an important issue, we would like to reinforce the different types of risk there are which you need to consider when investing. Your advisers are available to discuss this with you and start implementing this within your portfolios.

1. **Risk Tolerance** – based on personality characteristics and your personal tolerance for volatility.
2. **Risk Capacity** – the risk you can afford to take.
3. **Risk Perceived** – how risky something is thought to be.
4. **Risk Required** - risk that needs to be taken to reach the goals.

All of these things need to be assessed to determine your investor profile – it is also important to discuss with us if something has changed.

**“Risk comes from not knowing what you're doing.”**

**Warren Buffett**

**Thank you**

We would like to thank all our clients that have expressed their gratitude to AdviceFirst for providing this update.

Through the finance company update we have attempted to keep clients updated with the various companies they may be affected by.

We aim to keep this informative and educational. If you have something that you would like to see within this update please do contact us and we will do our best to ensure that we will provide information on this topic.

Your Adviser is available to discuss any of the above information with you. Please do contact them.



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