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Quarterly Comment from Sheryl Sutherland B.A (Otago), Dip.F.A.C (Otago), DipPFinPlan (Waikato)

Who Needs World Forecasts? What we want is Certainty.

It is comforting to think that world markets will grow over the next year – most analysts are predicting a year of robust equity markets, together with the euro and yen strengthening against the dollar and euro interest rates rising by a percentage or so. Much of the growth will be seen in the BRIC countries – Brazil, Russia, India and China.

What we will almost certainly see is interest in options and other derivatives snowballing, together with private equity investment continuing to rise. Watch for New Zealand's revamped Special Partnerships structure and the marketing of new flow through tax investment vehicles.

Another near certainty which will be a major factor in market irrationality, is the wall of money flowing into global equity and bond funds. Interestingly, alongside this we are seeing an enormous demand for gold and works of art. A correction is bound to come – analysts say 2007 but I wouldn't be surprised to see signs of fragility in the second half of 2006.

As always (or at least as we have seen over the last decade) earth shattering events might jerk prices up and down between now and 2007; for example a Middle East crisis that redoubles the oil prices, or a breathtaking free fall of the dollar, or the Dow.

Add in other likely factors such as a fresh accounting scandal in America, a foreign takeover of a large Italian bank, and the merger of at least two big European stock exchanges. There are only three to choose from and each is engaged in ritual courting of the other two. Most canny punters already have stakes in all three.

We are familiar with the nasty possibilities which may afflict markets – a disruptive terrorist attack in a European city, an epidemic of avian flu in Europe or America, another bad hurricane season or earthquake on the Pacific Rim. We have seen markets cope with this in a remarkably resilient fashion, but if these events occur at the same time as a loss of confidence in the dollar, or the collapse of a company involved in Global Markets the growth scenario will be severely disrupted.

NZ & Australian Market Observations

Global interest in investing in NZ assets has kept the NZ\$ high and Government Stock rates low. Corporate balance sheets remain strong but the slowing economy in NZ may slow profitability and cash flow. However merger and acquisition activity and speculation remains strong, plus the lower Kiwi may make NZ assets look cheap to foreign investors.

As you may be aware Taxation is currently under review by the government. While final details are uncertain we expect major changes in capital gains tax, and in tax treatment of managed funds such as unit trusts, superannuation funds and life bonds. Obviously Women's Financial Strategies will be keeping a close eye on the government's machinations and will report to you.

And Interest Rates?

Cash rates will stay high until the last quarter of 2006 when the RBNZ will start cutting. The market will anticipate these cuts and will move yields lower by mid year. Mortgage rates? Don't lock into long term; borrowing rates will be falling over the next year.

Contact us for your free retirement checklist by emailing sheryl@strategies.co.nz – have you considered your personal , financial, legal, and housing requirements? Health, free time, and emotional issues?

To summarise; In the short term we expect that: the currency movement will be a positive influence on international equities investments; international fixed interest to remain out of favour; local cash and fixed interest sustain good performance; and local shares to require active management.

2005 was a year of good returns for most investors and for us at WFS.

Here are some of our latest 3 Year returns from our favourite funds; Fleming Japanese Investment Trust 29.92%, Schroders Asia Pacific Trust 28.47%, Templeton Emerging Markets Trust 39.46%, Fidelity European Values 34.99%. Our best low risk return 7.16% p.a after tax and fees.

Here are some of our accomplishments:

Publication of **Girls Just Want to Have Fund\$ - Every Women's Guide to Financial Independence** by Sheryl Sutherland, published by Longacre Press. Girls Just Want to Have Fund\$ book launch.

Featured in publications such as The Press, Sunday Star Times, Dominion Post, Sunday Herald, Next Magazine, and Her Business Magazine.

Guest Speaker for Institute of Chartered Accountants (Hamilton), Womens Legal Association (Christchurch), Department of Corrections (Christchurch), and Women's Resource Centre (Thames).

Featured on Radio Stations such as Radio Live with Kerry Smith, Women on Air, Sunshine FM, Radioworks/More FM, Radio VIVA, Newstalk ZB with Mike Yardley. Regular Panelist on Yardstick – Newstalk ZB with Mike Yardley.

Her Business Network Co-ordinator (Christchurch) hosting guest speakers such as Carmel Fisher, Gianne Troute, Felicity Price, Brigit Blair, Liz Grant, Gwyneth Lee and Alison Aitken.

2006 – Another busy year already

Television Panelist on Newsmakers with Mike Yardley – CTV, Radio Panelist on The Yardstick with Mike Yardley - Newstalk ZB, Featured in Publications such as Woman Today, Dunedin Public Library Magazine, Hawkes Bay Today. Girls Just Want To Have Fund\$ is currently featuring on www.slynkey.com as 'must read' book of the month. Girls Just Want To Have Fund\$ will also feature in the April 9th 2006 edition of the Sunday Star Times Magazine.

Looking to the future: next books Investment Gain Without Tax Pain - 2006 and Money, Money, Money Ain't it Funny - 2007.

And finally another fabulous offer - Free financial audit

au'dit *n. & v.* Thorough examination of financial position by qualified authority. To examine, scrutinise, probe, verify, overhaul, balance and monitor.

The word "**audit**" has been known to send shivers down the spine when it's associated with the IRD – but it does have a positive side.

We are offering an "audit" of investments and insurances. Sometimes the investments we hold are not as diversified as we may like to think and in some cases we are **paying too much** for insurances.

Insurance and investment options are multiplying all the time, even over the last few years ago. We can assist with lowering your premiums: Health Insurance, Life Insurance, Income Protection, Mortgage Insurance, Business Overheads and much much more! – Call on **0800 646 6639** or email sheryl@strategies.co.nz for further details.

Kind Regards

WOMEN'S FINANCIAL STRATEGIES

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