



Women's Financial Strategies
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Client Newsletter



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April 2007

GOWN, POINTY HAT, WAND & CRYSTAL BALL

I know you can't see me but I am wearing a gown, a pointy hat holding a wand and a crystal ball (refer to my January newsletter) and am ready to make some forecasts.

The world's financial assets, shares, bonds etc (not property) now total more than \$140 trillion and are on pace to reach \$214 trillion by the decade end. In fact, this value is three times greater than the global domestic production, this bodes well for the world's economies in that we have more choices for investing savings and raising capital.

The United States remains the largest financial market but the eurozone has emerged as a financial powerhouse; indeed the eurozone, the United Kingdom and the United States account for some 80% off all cross border capital flows. By contrast Japan is strikingly isolated: its capital flows are smaller than China's although China's stock of financial assets is only one quarter the size of Japan's. So what is my prediction? Most of our growth for the rest of this decade and possibly beyond will come from the eurozone, China and the BRIC's—to learn more come to my complimentary seminar on the 23rd of April. See below for further details:

Take a walk on the tame side with Lontamer Investments

Women's Financial Strategies would like to invite you to a special complimentary presentation, on Monday the 23rd of April 2007, all about the exciting new emerging markets of tomorrow — the BRICK economies. Brazil, Russia, India, China and South Korea.

Janine Starks, Head of Investments at Lontamer and Chris Smith of the Investment Store will outline the factors that make these nations the potential powerhouses of global growth this century, while also explaining the benefits of Lontamer's latest **capital protected fund** – Have your cake (invest in exciting markets); and eat it too (the fund is protected by Barclays Bank PLC).



Janine Starks - Director and Head of Investment Solutions

After a finance degree at Canterbury University, Janine worked in the markets division of ANZ as a dealer. She moved to the UK with her English husband and headed up the research and product development team at advisory firm, Chase de Vere (awarded Investment IFA of the Year 2002 in Britain). She was an independent commentator in the personal finance market for many years and has been actively involved in the development of many of the UK's new and innovative capital protected products. Janine is now based in Christchurch.

Registrations are essential. **Please R.S.V.P. by calling 0800 64 MONEY (0800 646 6639) or email tamyra@strategies.co.nz by 19th April 2007.**

First 20 registrations go in the draw for one of two copies of Girls Just Want to Have Fund\$.

**5.30pm start for Drinks & Nibbles
Monday 23rd April 2007**

**Venue details:
Seminar Room
Campbell Centre, Presbyterian Support
44 Bealey Avenue, CHRISTCHURCH**

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RISK OF DEATH HIGHER FOR MALE DRIVERS

That age-old stereotype of dangerous women drivers is shattered in a big new traffic analysis in the United States: male drivers have 77 per cent higher risk of dying in a car accident than women, based on miles driven.

And the author of the research says he takes it to heart when he travels—his wife takes the wheel. "I put a mitt in my mouth and ride shotgun," said David Gerard, a Carnegie Mellon University researcher who co-authored a major new US road risk analysis. The analysis calculates that overall about one death occurs for every 160 million passenger kilometers traveled.

I reference money again because in the real world we need a certain amount of it every day. It gives us more options, and properly handled, it can enable us to broaden our sphere of influence and service. This is especially true if we remember that the real measure of our wealth is how much we would be worth if we lost all our money – Zig Ziegler

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KIWIS 'AQUA JOGGERS' ON INVESTMENT

Kiwi investors are mostly a bunch of "aqua joggers" who want investments with low impact and few surprises, although Wellingtonians are the most active investors in the country, according to a survey. Investors from the capital are more likely than those from Christchurch or Auckland to use the internet for handling their money or to hold property investments, according to a study by RaboPlus and AC Nielsen. The survey showed 69 percent of people were only willing to take limited or very limited risks when investing. Property and term deposits were the second and third most favoured options for investment. Kiwi preference for houses rather than shares condemns investors to low returns and the country weak to economic growth. Direct ownership of shares in New Zealand is low by Organisation for Economic Co-operation and Development (OECD) standards, at just 4% of household assets, compared with 17% in United States households.

A household savings survey in 2000 found 70% of households held no shares directly, at all.

The RaboPlus survey showed about 40% of those surveyed fell into the "aqua jogger" group, taking very limited risks with money. The next category, "power walkers" accounted for 29%, who take some limited risks. "Mountain bikers" (16%), liked to judge financial risks by studying their options, while "snowboarders" (6%) took some risks, enjoying the thrill of the chase. Only 1 in 100 were "bungy jumpers", willing to take high risks.

10 HOME ENHANCEMENT TIPS

Whether you're interested in dressing up your house to sell it for a higher price or simply spiffing it up for your own enjoyment, there are many enhancements that you might consider, in a wide price range. Here are a few ideas of projects you might tackle yourself:

1. New cabinet handles

Replacing your kitchen cabinets is not an inexpensive endeavor. But you can give your kitchen a bit of a new look simply by replacing the handles on your cabinet doors.

2. Air conditioning

There are more options today regarding air conditioning than were available just a few years ago.

3. Ceiling fans

If you don't have air conditioning, and even if you do, ceiling fans can serve you well. In the summer they can cool you off by keeping air moving, and in the winter, in theory at least, they can push some warm air down from the ceiling. Make sure that you get quiet ones for the bedrooms. Even a little noise when you are trying to sleep can be annoying. Just remember that the ceiling fans need to be mounted on a special junction box that is attached to the supports in the ceiling.

4. Stained concrete

You read that right -- concrete floors can be stained and look quite attractive, whether indoors or out.

5. Kitchen counter replacements

6. Tiles

You might tile a kitchen or bathroom floor, or some other surface in your home. The wall in your kitchen that runs between your counters and cabinets, for example, might look nice covered with some ceramic tiles.

7. Radiant-heated floors

Imagine walking barefoot on a warm floor. That sensation can be yours with a radiant-heat floor.

8. A plastic garage floor

9. A new toilet

You can buy decent new toilets for not much more than \$100 and often considerably less than that. Or spend a little more and get a toilet you like. They come in a variety of heights, colours, and styles, with different flushing capabilities and mechanisms (For an even-lower budget improvement, consider just getting a new toilet seat).

10. An alarm

It might seem a little pricey, but you may get a substantial discount on your home insurance, which can make the cost easier to bear.

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**CONTACT US FOR
A NO OBLIGATION
APPOINTMENT ON
0800 64 MONEY TO
DISCUSS YOUR
FINANCIAL LIFE.**



**WE ARE FIERCELY
INDEPENDENT
AND NOT
ALIGNED WITH
ANY INSTITUTION.**

THE FINEST INVESTMENT VEHICLE EVER

Inveterate fund geek that I am, I have a strong bias toward the investment option of choice for more than 90 million of us, one that no less an authority than Jack Bogle has called the "finest vehicle for long-term investing ever designed." Among other things, if you're after smart diversification and access to asset classes that might otherwise elude you, managed funds should be your very first stop.

What do you have? A well-rounded portfolio that can help you beat the market over time while keeping a lid on pesky volatility -- provided, of course, that you know how to separate the fund industry's wheat from its plentiful chaff.

Aye, there's the rub

Alas, the vast majority of funds are overpriced laggards, duds that lack proven management teams, long-haul track records of success, and strategies that allow their stock-pickers-in-chief to take advantage of up markets and down. What's more, with thousands of funds to choose from, the odds of throwing a dart and hitting a winner come in two flavors: slim and none. Good thing we don't believe in dart-throwing - our thesis has been that if you ask and answer a consistent set of questions, you can zero in on the industry's best and brightest.

1. A manager with a successful track record of at least five years

Lots of otherwise savvy folks get hung up on a fund's past performance, but if a seemingly impressive track record doesn't belong to the manager who's currently calling the shots, that showing - means less than zero. It's the *manager's* performance you should focus on, not that of the fund itself, and while there are a handful of exceptions, five years is just about the minimum amount of time a manager needs to weather at least one market cycle -- and to show that he or she has the right stuff.

2. A reasonable expense ratio

You'll have to pony up management fees. All things being equal, the lower it is, the better. But before you assume that you should invest in a low-cost index tracker, remember that with index funds, the most you can realistically expect is to underperform the market each year by about the amount of your annual expenses. The upshot? While index funds certainly have their place, we think savvy types should shoot higher without paying for the privilege.

The bottom line

Smart fund investors should consider lots of factors before taking the plunge, but for my money, the manager's track record and the fund's price tag are two critical pieces of the puzzle.

SHOPPING ADVICE FOR THE EASILY LED

TIPS

- Know what you need and plan ahead
- Write a list and stick to it
- Plan menus for the week
- Put all the items not on your list in one part of the trolley and reassess at the checkout
- Stockpile sale items
- Try cheaper supermarket brands
- Don't go with tired children
- Know how much you have to spend on each person for birthdays or Christmas
- Buy family presents at Christmas, such as a board game, rather than individual presents
- Give your time as a gift—make vouchers for babysitting or gardening
- Buy non-perishable food items early and hoard them
- Supermarket vouchers are a good way to spreading the load over the year

BUDGET TIPS

- Plan ahead and budget
- Remember the stress and plan to avoid it—and avoid putting things on credit

IMPULSE BUYING FACTS

- 97% go over their intended budget by \$50 to \$100.
- 40% of men and 40% of women blow their budget by up to \$50.

Shoppers aged 40-49 are more likely to go over budget.



15% of Aucklanders go over budget by \$100 at least occasionally compared with 8% of Wellingtonians and **4% of Christchurch Residents.**

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SPOTLIGHT ON HOME OWNERSHIP

Just how "safe" is this trend of rising house prices?

Although values will most likely go up if homes are retained for a number of years, owners should not take it for granted that prices will rise every year. There is a chance the next few years are not going to be as positive for house price growth as the past few have been. In the medium to long term things are unlikely to change much.

This is because: Personal debt looks set to remain high, the rental property market should logically reach a plateau, immigration and tourist visitor levels are not expected to shoot up, economic and business growth is forecast to be steady rather than spectacular.



People just accept that there are costs involved in buying a house. But most of these costs are non-returnable—even if a homeowner sells later for a higher price: Mortgage deposit, Legal fees, Mortgage indemnity insurance, Mortgage setup fees, a Registered Valuation, a Builders Report, a Land Information Memorandum.

Probably the biggest difference in cost between owning and renting involves maintenance and repairs. Homeowners are responsible for all the maintenance and repair costs of their property and it is the landlord—not the tenant—who has to foot the bill in a rented property.

The list of things that can go wrong in a property is endless, and often cannot be comprehended by first-time buyers. According to Statistics NZ, in the year to June 2004, New Zealand households spent an average of \$3000 on home maintenance—more than 21% up on 2001. One of the most frequently overlooked types of expenditure on homeownership is ongoing costs. People are quick to tell you how much they paid for a house, and how much they sold it for, but their memory of how much they paid in between gets a bit foggy.

It is amazing how many people who own their own homes do not take the time to add up their homeowner expenses...rates, mortgage, buildings insurances, cost of making their home more personal.

New Zealanders have enjoyed a substantial boom in housing over the past 10 years or so (which is unlikely to continue in the near future), yet property prices have increased on average by only 7.11% each year, according to REINZ statistics. Therefore, to achieve the figures every year needed to make home ownership out perform renting, every year has to be very high-yielding—and this is an unrealistic expectation.

Extracted from *Buying a home isn't everything. How renting can work for you*, by Paul and Stella Winstanley, New Holland, \$24.99

Roasted Lamb Rack with Salad Greens & Roasted Tomato Vinaigrette

This is like a salad but more substantial especially if served with potatoes, rice or couscous. The roasted tomato vinaigrette is good on all roasted or grilled poultry or meat.

Ingredients

Lamb

3 cloves garlic, finely chopped
4 tablespoons olive oil
4 cups bought mesclun salad mix
4 x 6 bone Frenched lamb racks

Vinaigrette

5 medium sized vine ripened tomatoes, cored, tops cut in a small cross shape
6 tablespoons extra virgin olive oil
2 cloves garlic, finely chopped
1 teaspoon sweet smoked Spanish paprika
2 tablespoons wine vinegar
2 teaspoons sugar
salt and freshly ground black pepper



Lamb

Preheat the oven to 200°C. Put the lamb racks into a roasting dish and sprinkle the garlic and oil over them. Place in the oven and roast 20-30 minutes until medium. Remove from the oven and rest the lamb in a warm place for 10 minutes.

Vinaigrette

Preheat the oven to 200°C. Put the tomatoes into a small roasting dish and sprinkle them with 4 tablespoons of the oil, the garlic and the paprika. Roast in the oven until the tomatoes are well browned and sizzling but not collapsing, about 15-20 minutes.

Remove from the oven and put the tomatoes and juices into a bowl. Add the remaining oil, the vinegar and the sugar and mix carefully so as not to break up the tomatoes. Taste and season with salt and pepper. Carve the lamb racks each into 3 x2 bone cutlets and serve them on the mesclun with the tomato vinaigrette on top. Serves 4.



Congratulations to our lucky winners last quarter who received a copy of *Girls Just Want to Have Fund\$*.

SPECIAL OFFER

The first twenty registrations to the Lontamer Presentation (see page 1) will be in the draw to win one of two copies of *Girls Just Want to Have Fund\$*

Please email your registration confirmation to sheryl@strategies.co.nz by 19th April 2007 with your name, postal address and daytime contact number.

We look forward to seeing you on the 23rd of April at 5.30pm for Drinks & Nibbles to start.