

SUMMER 2003 NEWSLETTER

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LOOKING BACK.....

What a year for New Zealand investment!

A year when a residential property boom carried on far longer than we expected, and we have to admit we got it wrong last year, as we thought there would have been a crash long before now.

Since the last property crash of 1998 REINZ figures show that the average NZ house price has boomed from \$165,000 to \$210,000, and according to the BNZ Weekly Review, house rental yields are now down to well under 5.5% of house value on average in Auckland, which means there could well be lots of landlords wanting to capitalise on recent gains by selling, especially as there seems to be a shortage of tenants.

But it's also a year where in March we reached the bottom of the biggest international sharemarket crash in our lifetimes, where even a relatively unadventurous "Balanced" type fund dropped 15%, and then has so far recovered 11% during the current "bounce back" we are experiencing.

If ever there was a time for reminding ourselves that similar Balanced funds rose by almost a net 14% in the boom of 2000.....!

We are confident that the current rebound in your savings values will continue, but don't forget that there is no certainty that the huge gains we have seen since March will continue in quite so spectacular fashion.

This period has certainly made some investors realise that they were not as comfortable about falls in value as they had thought they would be. Even when you know that there will be the occasional fall in balanced fund values, until it happens you don't always know how you will feel about it!

Once fund earnings are back up to where you expect them to be, don't forget to schedule some time with us if you want to re-evaluate your investment mixture-

perhaps you would be happier with less income from your capital if it means that you would have less volatility?

WOULD YOU BUY INSURANCE FROM THIS COMPANY?

Underwriting is the science of charging the right premium for the risk. Here is how a 1940's life insurance rate book considered a racial extra risk:

"Assurances on lives, other than those of European race, such as Chinese, Maoris, etc, should not be encouraged and, in general, such lives should not be canvassed. Polynesians, full, half or quarter cast Aboriginal Australians and full, half or quarter cast Maoris, are declined"

Thankfully, times change

RICH DAD, POOR DAD

This was one in a famous "how to be rich" series of books by Robert Kiyosaki. Financial journalist for the Herald, Mary Holm, has reviewed a website where his claims have been independently investigated and found very wanting. If you have read the books, or plan to, have a look at:
www.johntreed.com/Kiyosaki.html

OK, ANOTHER QUOTATION, THEN

(Much more fun to read than financial stuff at Christmas!)

"politicans and Nappies have one thing in common. They should both be changed regularly and for the same reason"
Anon.

AND CHRISTMAS IS HERE AGAIN...

The office will be closed from 24th December to 5th January, and Suzzanne and I having some quiet time with our family - the three grandchildren may have different views on that!!

I am always available on email, or on my mobile
0274 877 329

FINALLY, THOUGHT FOR 2004:

"Never be afraid of something new. Remember that an amateur built the ark, but professionals built the Titanic"

To everyone, everywhere, both here and in the South Pacific, have a great Christmas break,

This is the small difficult to read print at the bottom which says that we won't accept responsibility for any errors we may have made in the above newsletter, so please don't rely on it to make decisions. Remember you must consult your adviser for personalised advice about your particular situation and investment plans..

And note that we take every precaution to protect your privacy- all client email addresses are kept strictly confidential. And Please feel free to forward this newsletter to a friend if you feel it would interest them.