

GUARDIAN TRUST WEALTH MANAGEMENT**TOP TIPS FOR HERALD ON SUNDAY****What is the state of the wealth management business at the moment?**

While everyone is aware of the global credit crisis, there are subtle differences in the effects it is having in each country. In the United States, the effect of the subprime mortgage meltdown means that country may already be experiencing a recession, and experts estimate the United Kingdom is about six months behind that stage. In New Zealand, the softening in the housing market, combined with the advent of Kiwisaver, means that many New Zealanders are for the first time thinking about the building and managing of wealth as something more than paying off the mortgage. Some analysts are taking the view that the wealth management market for Americans is past its prime, but in New Zealand our view is that the opposite is the case – the net worth of individual Kiwis has increased at an extraordinary rate in the last decade or so, and there are excellent opportunities.

What has been the response of investors to the negative state of the market?

In times of uncertainty, people become more conservative – that's human nature. Some choose to simply bank their money and wait for the upturn. However, what all good wealth managers remind their clients of in a bear market is that the best investors behave consistently and don't allow their strategy to be dictated by market changes. If you have a strong portfolio to begin with – one that has true diversification and a level of risk you're comfortable with – its value will steadily grow, and you don't need to be concerned by general ebbs and flows.

What are the golden rules investors should follow?

Many of the rules that should apply to a national economy can also be taken to heart by individual investors. Just as a government should create a policy framework that allows for balanced growth of all economic sectors, so should investors spread their risk by diversifying investments across different asset classes, both domestically and globally. The process of asset allocation is especially important because no one can accurately predict what will happen to any given asset class, which means that dividing your portfolio into different sections – and not falling prey to the temptation to overload your portfolio with whatever asset class is fashionable right now – is the best investment bet of all.

What opportunities exist in a volatile or uncertain market such as this one?

Each of us should take advantage of wealth-building opportunities offshore, while investing in strong local prospects to maximize returns and balance risk as markets fluctuate. What investors can anticipate with confidence is that the markets will rise again. In fact, the historical data shows that equity markets recover rapidly from years in which there is poor performance; over the past three decades, each time there was a downturn for a year or two, the growth in subsequent years was very good. Well-diversified investors have nothing to fear as long as their strategy is consistent, because a broadly diverse portfolio essentially has a protective effect.

Where and how should people be seeking advice? Should the source of advice differ between experienced investors and those looking to set up their first portfolio?

Many people have unique personal situations that may be especially complicated in some way, so there is a need for carefully tailored investment advice. Good wealth managers don't have a 'one size fits all' approach. There have always been investors who have done it their own way, independent of professional advice or support, and that will continue. However, what we find is that there is a greater need for and interest in advice in times of uncertainty, which is natural – some investors are simply looking for reassurance that their portfolio is robust, while others are looking for input as to where they could make improvements. Above all, when seeking advice, people should look for advisers with a demonstrated track record and strength of service. The value of market

experience cannot be overstated – you need to know that whatever is happening right now, they have seen it all before and are familiar with every possible scenario. That way, you can be confident you are receiving a comprehensive range of choices and recommendations.

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