



STUART + CARLYON

Financial advisers for your lifetime goals

Our business is now airborne

It's been a remarkable journey so far. With the sale of the PricewaterhouseCoopers financial planning division to Macquarie late last year, we made the decision to set up our own business. Our own company will not only ensure our clients continue to receive independent advice, but also to ensure that all our hard work and effort can be rewarded.

We really appreciate our clients' confidence in Stuart + Carlyon with over two thirds of those we've worked with during the past 20 years choosing to retain us as their advisers. We have also been heartened by the new clients that are attracted to our approach. Our belief is that money is an important tool to help our clients achieve their goals and it is vital that they have a trusted adviser acting in their best interests.

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We are also very excited about the future and there will be enhancements to our services. A website is in process. We are also continuing our search for attractive investment opportunities. We are well supported by a range of research sources that help us maintain our independence.

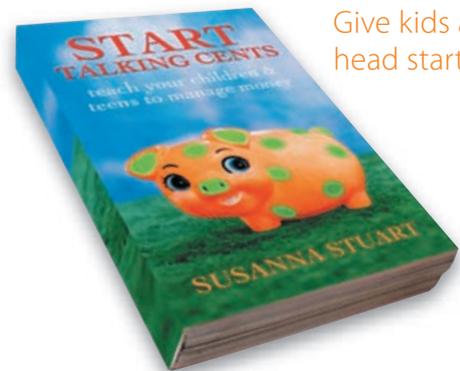
Who are our clients?

- Those who have money and require investment advice and ongoing management services.
- Those who seek advice on the best strategies to build wealth for the future.

Although we miss the water views, we do have a view of the Museum and the park, and our office is truly home now. We look forward to welcoming you to one of our forthcoming functions.

Book launch

If you have children in your life and you want some great tips to help children and teens learn sound money skills, you'll love Susanna's new book, "Start Talking Cents". It's published by Random House and is available in all good bookshops. Clients will receive a copy.



Give kids a head start

Media exposure

Chances are you might run into us either in print or on the radio waves.

Next Magazine – Money Talks column

Susanna has been writing this monthly column since 1996.

Parnell Darling – Money Chat column

It's a cute name for a monthly publication and it hooks us into the local community. From time to time we'll print some of the articles in our own newsletter for the non-Parnell residents. Deborah and Susanna take turns on this one.

Radio Live – Kerry Smith

Every Wednesday around 2pm, Susanna contributes a financial slot on Kerry's programme.

Herald on Sunday

Either Deborah or Susanna provide comments for the money section. We also provide diagnostic advice on their Wealth Check column once a month.

AMP Newsletter

Susanna has been asked to contribute an article on a quarterly basis for AMP's customer newsletter. The first article was about why some people achieve financial success.

Other newspapers

We are also quoted in various articles in Dominion Post, NZ Herald and Sunday Star Times.

Changes to the taxation of investments

In an attempt to level the playing field for owners of shares versus managed funds, and onshore versus offshore, the government recently released its discussion document entitled "Taxation of Investment Income".

What is proposed?

Scheduled for 1 April 2007, the key proposals are summarised below:

- A New Zealand managed fund may elect to become a qualifying collective investment vehicle (QCIV).
- QCIVs flow through all taxable income to investors to be taxed at their tax rate.
- Gains / losses on New Zealand shares not taxable in a QCIV.
- Introduction of a capital gains tax on unrealised gains for all offshore share investments i.e. those held outside New Zealand, including Australian shares.
- Existing offshore share investments deemed to be liquidated at 1 April 2007, with tax payable on capital gains going forward (can use the higher of cost or market value).

What does it mean?

The good news is that managed funds investing in New Zealand shares will pay tax in the same way as if you owned New Zealand shares directly as a non-trader.

The bad news is a new capital gains tax for many New Zealanders who own overseas shares including those in Australia. The fact that Australian companies such as ANZ, AMP and Westpac are also listed on the New Zealand share market will cause confusion. There

are proposed exemptions for individuals who hold less than \$50,000 in offshore shares, but this may not apply to family trusts. The government has called for submissions and the final detail may differ.

What should you do?

With the NZ dollar falling and overseas economies doing well, we expect good returns from overseas investments and we do not advise moving them because of possible tax changes that are by no means definite. Further, this is an election year and National has said it does not agree with the offshore tax proposals.

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As always, we will keep you informed of developments and continue to focus on achieving consistent net returns for your portfolios, whatever the economic and tax climate.

When is advice not advice?

A Government Task Force on Financial Intermediaries aims to help consumers to understand who is providing unbiased advice, who is a product marketer and how each is remunerated. We welcome these proposals. Stuart + Carlyon is not owned by a product provider, we charge fees only, and we provide holistic financial planning advice. In our experience, consumers will benefit from greater disclosure and clarity when selecting an adviser.

Client Paperwork

Note that every quarter the custodian, Aegis, will send statements directly to you as part of their audit process. The statements will show the transactions that have occurred over the period as well as the cash accounts. Unfortunately the result is a little more paper flying around but the safekeeping of your money is a serious business.

For any queries on items in this newsletter, please contact us directly.