REDE ADVISERS
PROFESSIONAL FINANCIAL ADVICE

2014 Year-End Function – Key Take Home Points

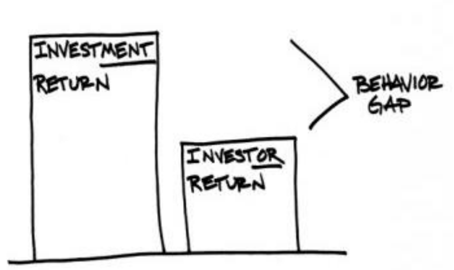
Please find below a summary of the key take-home points from our recent presentation.

Anti-Money Laundering Countering Financing of Terrorism Act 2009 (AML/CFT)

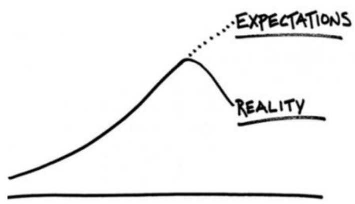
- NZ has signed up to an international accord to restrict money laundering and financing of terrorism. The result for investors (and us) is extra paperwork and 'hoops' to jump through whenever any financial transaction takes place. This equals greater compliance, time and cost, especially for Trusts.
- The act came into effect on 30th June 2013 and all financial institutions have to 'know their clients'.
- Therefore, to prove your identity and residential addresses:
  - Passport is your 'golden ticket' to prove your identity - if you have one keep it
  - Utility Bills or Bank Statements in joint names are vital to prove address for joint investors.
  - We are here to help make the process as smooth as possible.

Ben Brinkerhoff, Consilium – The Behaviour Gap of Investing

This presentation was very well received and we have had excellent feedback on both Ben as a presenter and his very interesting topic. His enthusiastic presentation incorporated elements of neuro economics and discussed what really happens inside our brains when we think about money.



- Many invest*ors* receive less return than invest*ments* – often less than 50% of the actual return, and this has nothing to do with fees or taxes.
- The thrill of making money is felt in the same part of the brain as someone high on drugs - not the 'human' part of the brain. Tests reveal that rats and pigeons don't have this part of the brain and therefore would make better, less emotional investment decisions.
- Financial loss is also processed in the same part of the brain and feels more like mortal danger, which naturally triggers us to react at such times, whether this is the right thing to do or not.
- Predicting markets is extremely difficult due to the uncertainty of the future. There is no way to accurately predict what will happen, despite the patterns that our brains try to form. This is clear when you look back on forecasts made by economists and share brokers - they are right only some of the time, but not consistently.



- Paul Samuelson, Nobel prize winner in Economics, said "investing should be dull, not exciting. It should be more like watching paint dry or grass growing. If you want excitement, take $500 and go to Vegas".
- Financial magazines and journalists (actually all press) aim to sell, not necessarily 'educate'. They count on the short memory and greed of readers - looking for quick gains, whether that be when investing or losing weight.
- When we are shopping for groceries (eg. tomatoes) we buy more when prices are low and sensibly less when prices are high. This logic doesn't seem to apply when it comes to investing where investors seem to want to buy when prices are high and get out when they are low!
- The role of financial planners and having a plan is to help clients achieve a better performance by staying the course, avoiding the media noise and not letting emotions force you into making the wrong investment decisions at the wrong time.