

Dear Client,

Well, Christmas is upon us, and yet again the year seems to have simply flown past. Our final newsletter of the year finds us in a far better place than we were this time last year with markets continuing to perform strongly, the recession seemingly over, and optimism breaking out everywhere. This is certainly a better place to be but we cannot help feeling that the volatility of these markets are not finished with us yet. Issues around the levels of unemployment, Government stimulus, National debt have yet to be dealt with so we are optimistic, if cautiously so.

Thank you for supporting us through 2009 and we look forward to fun and prosperous 2010.

Selected Portfolio Solutions (SPS)

We have been advocates of Selected Portfolio Solutions (SPS) for quite some time so we thought we would explain why by providing some information on the team that are responsible for the investments and their performance. AXA Global Investors (AGI) are a team of 14 people based in Wellington. They are value oriented, fundamentally driven Managers, who select Fund Managers, develop Strategic Asset Allocation, and establish portfolios based on a medium term (3-5 years) view of the world. They overlay this with short term, tactical 'tilts' based on their methodology call Dynamic Asset Allocation (DAA).

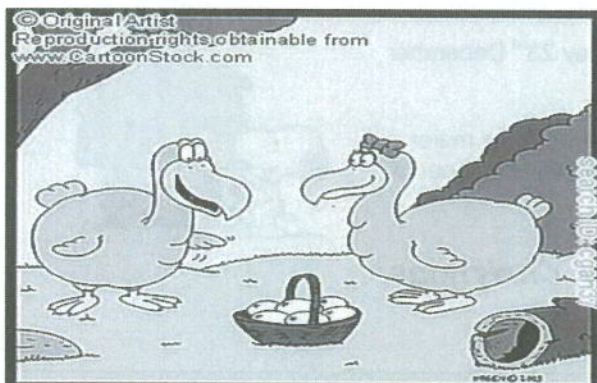
The robustness of their philosophy has had a stern examination over the past two years. What it showed was that while the philosophy works most of the time, a once in a life time event such as we have just had will have an impact. This is reflected in their performance compared with their peers, being ranked 1st for 5, 10 and 12 year performance, slipping in the 2 year time frame and now recovering in the current year.

The performance of the various funds and portfolios is measured against a relevant index as benchmark. For example NZ equities are measured against the NX50, International Equities against the MSCI World Index and Emerging Markets against the MSCI Emerging Markets Index. SPS has shown outperformance over the benchmark of their balanced fund for the year to September 09. A total of **3.85% outperformance**, split evenly between Fund Manager (picking the right managers) and the DAA contribution (the tilts that AGI add).

Clearly this is a very good year, and it would also be expected that there would be the occasional reversal, however they have shown that over the four years since implementing this methodology they have consistently beaten their benchmark by an average of 2.2%.

In general AdviceFirst does not try to time the market or pick winners. We do our best to establish our Client's goals and ensure they achieve those goals with as little fuss as possible. We are comfortable that SPS and AGI have the skills and track record to assist us in achieving this for our Clients. We have continual access to AGI and it's people and know them well and this gives us confidence moving forward. Their fundamental view around a need for growth assets in any portfolio also matches our own view in this area.

Are your investments diversified?



We are the last Dodos on the planet, so I've put all of our eggs safely into this basket...

Official Cash Rate (OCR) Review

29th October 2009 – left unchanged at 2.50%

Reserve Bank Governor Allan Bollard said "There are welcome signs that economic activity is growing again."

- Housing market is increasing
- Increase in household spending
- Government Spending is supporting activity
- Business spending is weak
- High dollar is affecting exporters, inhibiting growth in this area
- Annual CPI is within target

Note that Mr Bollard has changed this from "late next year" to "mid to late" and it is our expectation that it is more likely to be mid year when interest rates start moving, and they could move quickly.

Investment Options - Fixed interest

Company	on-call	6 months	9 months	12 months
Marac	4.25%	4.50%	5.25%	5.25%
UDC	3.25%			4.70%
Kiwi Bonds		2.50%		2.75%
BNZ*	3.90%	3.15%	3.30%	4.15%
Kiwibank*	3.25%	3.75%		5.00%
Grosvenor Corporate Bond Portfolio @ 7.40% gross *				
*Compounded quarterly as at November 2009				
Goodman Property Trust – Senior 5 year secured bond. Minimum interest rate 7.75% to be set on 14/12/09				
University of Canterbury – 10 year bond. First 5 years at 7.25% then reset for a further 5 years.				

All rates are quoted gross per annum. *minimum investment applies

These are examples of what is available, not necessarily advocated by Advice First

The Deposit Guarantee Scheme (DGS) has been extended until 31/12/11; however there are still no formal details or accepted companies. Please discuss with your adviser how this could affect you.

Shares – We have a large amount of research available on shares, if you are interested in receiving more specific information please contact us. We offer direct investments in the share market.

Alternative Investments – We have a range of alternative investments we offer, some which include capital protection or a capital guarantee at maturity. Examples of these include, Man Investments (OM-IP), Liontamer, and Pathfinder.

Please note that this is not a recommendation to invest in these funds, all investment decision should be discussed with your adviser, with full disclosure documents available on recommendation or request.

Thank you

We would like to thank all those that completed and returned the survey. We had a huge response with suggestions or ideas for the newsletter, and gained a large amount of email addresses also.

Congratulations to those that won the double pass to the movies or the bottles of wine.

Without you, our clients, our business would not be possible, we value any feedback about this newsletter or any other issue.

Are you ready for 2010?

- ✓ You have a will in place, which was updated recently
- ✓ You have an Enduring Power of Attorney
- ✓ You have an investment plan in place
- ✓ Your investments are well diversified
- ✓ You have joined KiwiSaver (if eligible)
- ✓ You have your retirement goals in place
- ✓ If you were to die suddenly your family will financially be looked after
- ✓ If you needed an urgent medical operation you have cover in place
- ✓ You are covered for loss of income due to illness

If you answered yes to all of these then you are set for 2010, if not, you should make a time to meet with your adviser to discuss this. There is still time to get things sorted before Christmas.

Christmas Hours

Our offices will be closed for the Christmas holidays from Wednesday 23rd December 2009 re-opening on Monday 11th January 2010.

Thank you for your support over the last 12 months, we have gone through a major change with the merging of the companies that make up AdviceFirst, this has been a positive result, and we look forward to helping our clients next year.



***We wish everyone a very Safe and Merry Christmas
and a Happy New Year.***