

# Women's Wealth

Specialist financial planning for women by women

Issue 1 - 2008

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## Welcome

We're excited about the launch of our newly revamped newsletter. Every issue will be full of helpful tips about wealth creation, saving, top-performing funds and other relevant financial planning information, and we hope you find it motivating.

As well as sending you the newsletter, we'll also be inviting you to two regular events: **A Woman's World**, a quarterly event designed for learning, networking and fun, and **WOW – Women Owning Wealth**, a monthly event focused on financial matters.

We thank you for your continued support, and we look forward to keeping you informed about important financial issues!

Kind Regards

*Ofra Ou & Lavina Tharani*

## Myth Buster



**Myth:**  
Investing is too risky

**Truth:**  
Investing in anything is too risky when you don't know what you're doing. Driving a car is dangerous if you don't know the rules of the road or how to control your car. But once you do know the rules of the road and learn how to drive, it's not too risky. Similarly, investing isn't risky once you understand what you're investing in and how to manage your investments.

## Wealth Creation



Some people grasp the concept and jump at it enthusiastically, yet for others the thought alone can start their head and stomach spinning. However, no matter what your risk tolerance is, and no matter what your aptitude is for financial matters, there is a solution that's right for you.

### The story of creating wealth

The earlier you start saving and investing, the better. This is because of the impact that time and compounding will have on your money. Also, the sooner you start to save, the more experienced and attuned you will become to the activity.

### Start saving today

Regular investing is a particularly effective and convenient way to help you reach your financial goals.

The easiest way to save is through a regular investment plan. By investing an amount each month, you will be well on your way to developing substantial savings. This also introduces you to the world of investing.

A regular savings plan over the long term will help smooth out the purchase price of your investments through the market's ups and downs, thereby reducing the risk of investing in volatile markets.

### Maximise your savings and diversify your investments

Always maximise the return on your money by opening a higher-interest earning savings account or a term deposit account, or invest wisely.

The wisest investment strategy follows

the old adage: "Don't put all your eggs in one basket." This means you should ensure your investments are diversified. The best strategy should also take into consideration your investment timeframe, your goals, your current financial situation and, most importantly, your risk profile.

### Protect what you have

Savings plans, property and direct shares are all tools that will help you to create wealth and achieve your financial goals. But as you grow your savings and investments, your replacement risk rises, so it's essential to protect yourself and your family financially, just in case something disastrous happens to you or your ability to earn money.

This is normally achieved through the use of various life insurance products. Your adviser will help you to identify the most appropriate type and level of protection, depending on your needs.

### The right advice

You will achieve superior results for yourself if you take a holistic approach to your financial picture. Good financial planners offer a holistic financial approach that, depending on your circumstances and wishes, may incorporate an accountant, a risk specialist and even a lawyer for estate and business needs.

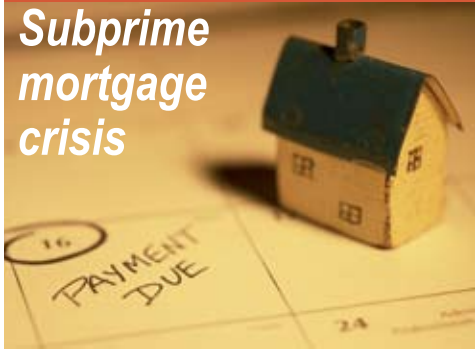
### Tips for everyone

- » Define your goals and your financial needs on a regular basis – things change, and so can your priorities.
- » Know and understand your own risk tolerance.
- » Set a timeframe for each one of your goals.
- » Seek advice from a qualified financial adviser.
- » Be realistic.
- » Balance your savings and investment strategy with your goals, timeframe and risk tolerance.
- » Plan for your retirement (this should be a high priority).

Source: Professional Investment Services

## Lessons for Investors

### Subprime mortgage crisis



With investment markets still shaken by the credit meltdown in the sub-prime mortgage sector in the United States, now is a good time to spend some time looking at exactly where your money is invested.

Owning a portfolio of investments that are diversified and managed by experts is fundamental to investment success. Decisions about buying, selling and holding are challenging enough in the best of times, let alone when a sub-prime

crisis in the US is starting to ripple through. Changing the way we look at risk. Above all else it is important to keep things in context. In broad terms, the sub-prime mortgage crisis came about after vast numbers of mortgages were granted to people unable to afford them.

The only way people could afford these loans was through discounted introductory rates (or honeymoon rates) where the interest rate doubles two to three years into the term of the loan. It is at the end of the honeymoon period that people run into trouble and can't fund the increasing repayments. This then forces the lender to sell the property and recover the amount owing plus any unpaid interest. Adding more fuel to the fire, a large percentage of these sub-prime loans were packaged into investments and sold by banks and other financial institutions as "structured" or "securitised" lending products. These are the products that have caused Merrill Lynch and Citigroup to write off tens of billions of dollars after it came to light that the properties used as security were dropping in value and worth less than the

loans written over them.

These events have rightly changed people's attitude to risk and this is now playing out on a global scale as consumers and businesses take stock, exercise greater caution and reduce their spending. These issues serve as a timely reminder that risk comes with a price. Sharemarkets rise and fall and after a prolonged period of steady economic growth we are entering a period of greater uncertainty. For investors it is not time to panic. However, the recent issues in the US emphasise the importance in the value of good financial advice. A good financial adviser will regularly review your portfolio's diversification and check the value of your holdings in the main investment classes. He or she will also check that the percentage you have in each investment class, is appropriate to your age, personal circumstances and when you need to access your investment.

*Source: Kirsty Dullahide, Head of Strategy and Portfolio Management, Australian Unity Investments*

## Tip of the Month



### Food

Food is a necessary and recurring expense, yet if you save, for example, just \$200 a week on your food purchases, that will convert to over \$10,000 over the course of a full year (not to mention the potential return you could earn on this money).

Try to plan in advance. By knowing what you need, you'll be able to buy in larger quantities (this is almost always less expensive), and you'll also cut down on convenience food purchases and impulse buys.

Avoid shopping at convenience stores, where everything is almost always more expensive.

When items are on sale, stock up (of course this only applies to those items that you use on a regular basis).

*Source: www.personal-budget-planning-saving-money.com*

## Christmas Gallery

Thank you for the fabulous turnout!



Cheers!



Eat, drink and massage



The ladies enjoying the gorgeous outdoor patio @ the Paua Spa

For more information about how we can help you gain control of your finances, please contact **Ofra Ou** and **Lavina Tharani** at:

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