



## Market review

The three months to June can often be a bit ordinary – summer has come to an end, temperatures are starting to cool, and this year was even worse because we didn't get a holiday on Anzac day! World share markets felt very autumnal in the June quarter, and there has been a distinct chill in the air as investors have become nervous about when and whether the global economy will recover. All was going swimmingly until December last year, but 2010 has seen some new economic worries emerge. While the Global Financial Crisis was mainly about the US, the concerns this year have been about Europe – mainly Greece, Spain, and Italy – and these concerns have been significant enough to keep people away from share market investing.

We said in our last newsletter that the New Zealand share market was quiet as investors were sitting on the sidelines. The quiet tone has continued in the last three months – you almost feel sorry for share brokers who must spend day after day watching their screens without the phones ringing! In a quiet market where little volume is traded, share price movements can get exaggerated. For example if you want to sell 50,000 Michael Hill shares but there is only a buyer for 10,000 shares, you either have to wait days, or possibly weeks for another buyer to emerge; or you must lower the price that you're willing to sell for until a buyer appears.

There was little news from your portfolio companies during the quarter with much of the news expected in the next month once profit reporting season gets underway. Two of your worst performing stocks – Metlifecare and Delegat's – fell on no new news from the companies. In the case of Freightways, the price fell because the company reported that there were no signs of a pick-up in the New Zealand economy. As a courier company, Freightways' earnings are linked to the economy – as businesses start moving stock around cities and around the country, Freightways immediately benefits. While it is disappointing that Freightways has been a negative performer of late, we know that their share price will reflect any upturn in business activity as soon as it happens.

NZX was our worst performer during the period, and while it is a strong business with good profitability, it is out of favour with investors because several of its projects have been delayed or reached a dead end. To keep it in perspective though, these projects are all additional growth strategies that the company has decided to pursue in addition to its core business of being an exchange. NZX performs well in running markets and selling market data, and has performed better than other regional exchanges such as the Australian Stock Exchange. We are confident that NZX will come back in favour with the market and we look forward to its price recovery when it does.

We haven't made too many changes to the Fledgling Fund portfolio, because we are very comfortable with the stocks in the portfolio. We are in a choppy market environment though. Good investment returns can be generated in choppy, sideways markets such as the one we have right now. But it needs our portfolio companies to meet their profit expectations, so we look forward to the next profit round to see how they fare.

Carmel Fisher, Managing Director

## Fledgling Fund Performance

As at 30 June 2010



The unit price was:

**\$0.9917**

The fund size was:

**\$2.6m**

The unit price was up/down:

|               |              |               |
|---------------|--------------|---------------|
| <b>-7.59%</b> | <b>9.51%</b> | <b>-3.91%</b> |
| 3 months      | 12 months    | 24 months*    |

The benchmark was up:

|              |             |             |
|--------------|-------------|-------------|
| <b>0.67%</b> | <b>2.8%</b> | <b>4.5%</b> |
| 3 months     | 12 months   | 24 months   |

\*annualised

The Fund invests in New Zealand shares and its performance benchmark is the 90 day bank bill index (what you could earn in the bank).

The Fund's largest investments were:

- Mainfreight
- Ryman Healthcare
- Metlifecare
- Pumpkin Patch

The stocks that made the most impact on the Fund's performance in the past three months were:

- NZX **-22.4%**
- Delegats **-19.2%**
- Freightways **-11.7%**
- Metlifecare **-11.6%**



## World Cup Soccer

Wasn't the Soccer World Cup exciting to follow? While we were all cheering for New Zealand, you may also have been supporting another team as well. Colour in this soccer player to represent your favorite team.

### Colouring in

Colour me in with your favourite World Cup teams colours.



You know to be successful in sports you need to have enthusiastic team members, plenty of practice and a good game plan. It is the same when it comes to investing... luckily the Fisher Funds team is enthusiastic, has had plenty of practice over twelve years, and has worked out a game plan so that we can win regardless of who we compete with, or what the conditions are!



## True or False?

1. The yo-yo has been used as a weapon in history
2. The oldest piece of chewing gum is 200 years old
3. Someone called Ernest Vincent Wright wrote a novel with over 50,000 words, but none of the words contained the letter "E"
4. More Monopoly money is printed out in a year, than real money?
5. The Mona Lisa has no eyebrows
6. Mosquitoes have 22 teeth

## Joke corner

Q: How do football players stay cool during the game?

A: They stand close to the fans.

Q: What is harder to catch the faster you run?

A: Your breath.

Q: What do you call a boomerang that doesn't work?

A: A stick.

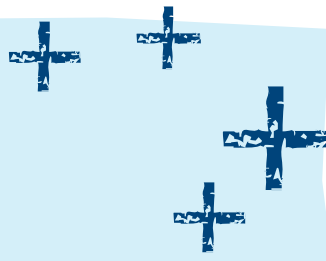
Q: What is a ghost's favorite position in soccer?

A: Ghoul keeper.

Q: Why was the math's book so unhappy?

A: Because it had too many problems.

## Investing for the First Time



teen talk



It can be hard to know where to start as a first time investor.

Here are some suggestions to help you on your way:

### Start small

There is no sense in throwing all your money into one stock early on, hoping you can make a killing. Rather than looking for fast money, try to make small gains. When you get a little more experience, you can add other stocks or try managed funds. One bad experience at the start could put you off completely. Start with several small picks so you can afford to get one or two wrong.

### Diversify

That is, spread your money around. Try not to put all your money in one sector. If, for example, the technology sector has a bad patch, you will be protected by having some money in another sector, such as retail or manufacturing.

### Don't bail out early

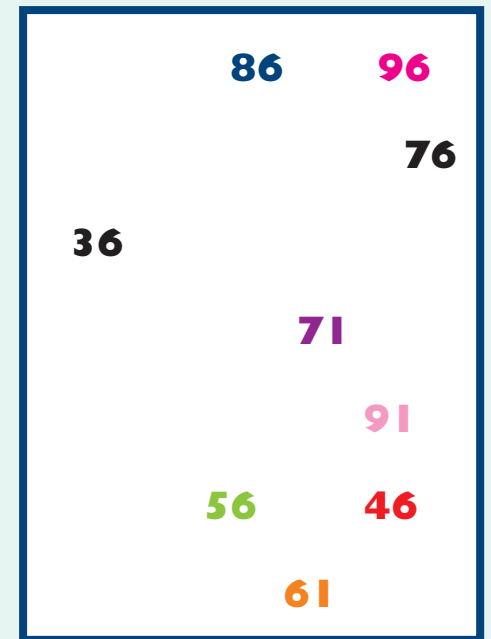
Share market investments are supposed to generate growth over time and people who think like long-term investors will do better than those who focus on the short term.

### Information is power

You can never have too much information about a company that you are interested in. If you invest in a company but don't know what they're doing, you could lose a major part of your investment. There is so much information available online about individual companies that you have no excuse for not doing some research. Buying shares without researching the company first is like buying a car without getting its engine checked out – at least check the basics out so you know your investment is roadworthy!

## Find the numbers

There are 9 numbers in the box between 36 and 96. The numbers increase by five. Can you work out which numbers are missing?



## Soccer World Cup Facts

The first multi-colored ball was used in the World Cup Soccer finals in 1998.

The Romans played a game named 'harpastum' which can be said to be the origin of soccer game of the modern era.

Uruguay was the winner of the first ever Soccer World Cup in 1930.

Brazil is the only country to have played in every World Cup.

The World Cup trophy is made of solid 18 carat gold and weighs more than 6 kilograms.

There were no World Cups in 1942 and 1946 because the world had a bit of an argument!





A great way to teach your kids about shares & investing!

## Fisher Funds Annual 2010 Roadshow

Hopefully you and your family enjoyed the excitement of the Soccer World Cup in June and July. It is great to see kids engaging in sport – either as players or supporters – and it would be wonderful if we could engage them in the sport of investing! Fisher Funds will be touring the country in August with our Investment World Cup – Playing to win. The Roadshow gives us a chance to catch up with our investors and update you on what is happening in the

funds. An invitation to the roadshow is enclosed and we would love for you to come along.

You can register online at [www.fisherfunds.co.nz](http://www.fisherfunds.co.nz) or by calling us on 0508 FISHER (347 437). If you are unable to make it to any of the presentations, we will have a DVD available which you can register online for or request by calling us.

## Helping your children make career choices

First the Football World Cup and next year it will be the Rugby World Cup. With all the focus on celebrity sport stars, a lot of the country's children might well have decided that they are going to grow up and become world cup stars of the future. If you are the parent of a young teenager it is likely that your child's career choice is the furthest thing from your mind. You, and they, are probably more concerned with friends, school, sports and other interests at this point (as you, and they, should be). But if your child starts to make noises about their preferred careers, sporting or otherwise, you should make the most of the opportunity to help them to think about it.

While a teen is unlikely to be ready to settle on a career choice, this is great time to begin exploring many different occupations. Since many children are only aware of the small number of occupations to which they are exposed, for example doctor, dentist, teacher and whatever it is their parents and relatives do, exploring occupations is a great way to get them to realise there are many options available to them.

### How you can help your children explore occupations

When we are young, the future's possibilities are endless. A teen can look at a variety of occupations without the critical eye we develop later on. There are many ways to explore occupations and parents are a key component in helping their children with this process. Here is what you should do:

### Keep your opinions to yourself

Try not to discourage your child from exploring a particular career, even if you think it's all wrong for them. If you do have a strong opinion, try to

accentuate the positives of other career choices rather than disparaging your child's career choice.

### Network

Use your connections to set up opportunities for your child to meet with people working in various occupations.

### Checklist

The "right" career for your child can become obvious if they work through a checklist.

- Will this career meet my financial objectives (ie. Does it pay enough?)
- Is there potential for me to reach a high level career position?
- Can I travel in this career (or, if I want to stay in NZ, will I have to travel in my career?)
- Have I got the right skills to excel in this career?
- Can I afford the training involved with pursuing this career?
- Have I got a real passion for this career?

Whilst they may be set on being an All White now, exposing your children to a range of occupations and getting them to think about the world of possibilities now will help them to keep an open mind in the future.

## ANSWERS

### True or False

1. True
2. False – 9000
3. True

4. True
5. True
6. False – 47 teeth

### Find the numbers

41, 51, 66, 81

FISHER FUNDS MANAGEMENT LIMITED | PO Box 33 549 | Takapuna | Auckland | Telephone 09 445 3377  
Freephone 0508 FISHER (347 437) | Fax 09 489 7139 | Email [enquiries@fisherfunds.co.nz](mailto:enquiries@fisherfunds.co.nz) | [www.fisherfunds.co.nz](http://www.fisherfunds.co.nz)

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