



## From Pete's Desk

We have been hearing a lot in the media regarding Allan Hubbard and his own company, Aorangi, and the connection to South Canterbury Finance may have you unsettled. However, South Canterbury itself is not under Statutory Management and remains covered by the Government Guarantee extension out to December 2011. They are however under pressure and none of this will be easing the burden for them. I enclose the latest communication from the Chairman and CEO for your information.

We knew when the Government stepped in with their guarantee that it was going to cause a problem come time to remove it—hence their decision to extend out to the end of next year (still it will be a problem). Government reasoning in applying the guarantee was to ease investor fear and to enable banks and non banking institutions to reposition. Unfortunately for the finance companies investors are naturally investing short and staying within the guarantee. This is creating a funding bubble that the finance companies will have to manage.

We have seen Marac and two South Island building societies looking to combine and become a bank.

Spiers combined up into Allied Nationwide but Allied's purchase of Hanover has not been smooth. They too are under time pressures.

Equitable has the 2011 guarantee and the backing of the Spencer Family, they continue to stick to their knitting and are rebuilding.

UDC hasn't, at this point, applied for the Government guar-

antee extension, they have the strength of a bank behind them so are perhaps maintaining that this will give the investor sufficient confidence to continue and their interest rates reflect this.

It's a catch 22 situation, until investors can gain confidence to invest long-term the finance company sector will have problems; so expect to see further consolidation .

Feel free to give me a call if you want to discuss further

### OUT OF THE OFFICE:

I'm going to be out of the office a bit over the next couple of months so thought I would give you advance warning:

#### Friday 9th July

Lynne and I are away in the South Island. As it is school holidays we will not have Michele in the office so the office will be closed. We apologise for the inconvenience but it was unavoidable.

#### Tuesday, 20th July to Friday 23rd July

I will be in Rotorua for the Aegis Conference and the IFA Conference. Lynne and Michele will be able to help with most enquiries

#### Thursday 12th and Friday 13th August

I'm away in Queenstown for an Audi Ice Experience — Lynne is shouting me this trip for my birthday later in the year. She figures it should be safer driving the Desert Road in winter if I have the training—yeah right!

#### Monday 23rd August to Friday 27th August

I will be in Sydney for an industry conference on portfolio construction and managing investment risk. Hopefully here I will also be able to network with the Australians to see how they have coped with regulation introduced over the last few years.

### INSIDE THIS ISSUE

- |                      |                      |
|----------------------|----------------------|
| 1. Pete's Desk       | 1. Out of the Office |
| 2. Office Closed     | 2. Aegis             |
| 2. Canterbury Mtg Tr | 2. Tax Agents        |



We have been advised by Aegis that they are currently in the process of due diligence with a potential buyer for the system.

ASB Bank / Commonwealth Bank of Australia have stated that they are looking to refocus on their core business. Aegis, although around \$5b under management, is a relatively small part of the total bank business.



At this stage we do not know who is looking to purchase Aegis, although there are a few names being banded about. We are assured that this will have little effect on the investor and I will be working to ensure that this is so. As more information comes to hand I will be in touch. If you have any questions meanwhile please give me a call.

### TAX AGENTS IN THE MALL

You may have noticed the stall in the Plaza tempting you to check if you are due a tax rebate.

Be aware that when you give your details and they log-in to the IRD website they effectively become your tax agent; thereby unlinking your existing Accountant or Tax Consultant, if you are using one.

This kiosk is unable in general to prepare tax returns for people who have investment income; almost all of our clients have PIE structure or/and overseas investments and these people will not have the expertise required. They are there only to look at simple tax returns for employees.

## Office Closed

The office will be closed on  
**Friday 9th July**

For anything urgent please  
phone 0272 464061

## Canterbury Mortgage Trust

Canterbury Mortgage Trust has advised of a loss within the fund that may have a tax consequence.

We are waiting on the taxation position to be finalised between the Inland Revenue Department and Canterbury Mortgage Trust.

At this stage it is only delaying tax returns for those Trusts with 0% tax rating, although some others may have to make a tax adjustment next year.

For those Trust effected, once we have information to hand we will forward updated summaries onto you/your tax adviser.

### LIGHT RELIEF

Grandson phoned to wish Grandad a Happy Birthday. When Grandad was a little vague about his age the Grandson said' "Check inside your underpants Grandad, mine says age 4-6."



97 Rangitikei St, Palmerston North 4410 P O Box 448, Palmerston North 4440  
Ph: 06 354 7900 Fax: 06 354 9950 Email: admin@investcentre.co.nz

*The information contained in this newsletter is of a general nature and is not intended as a substitute for professional advice. It should be used as a guide only.  
A Disclosure Statement is available on request at no charge.*

