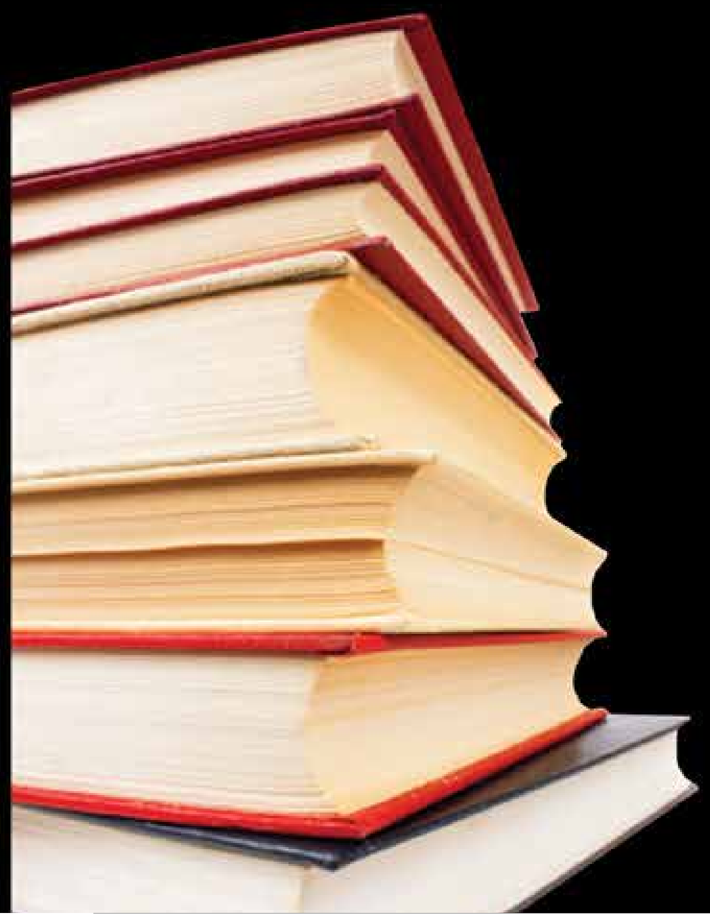
EMPOWERED:

HOW A DISAPPOINTING EXPERIENCE IN THE PRIVATE INVESTMENTS HELPED HELEN HAMILTON CHART HER OWN COURSE FOR INDEPENDENT WEALTH

Helen Hamilton is an inspiration to investors. Helen is a self-proclaimed investment "amateur." At 77 years old, most women of Helen's cohort shied away from investing and money management.

Helen was initially the same, but gradually took control of her money and her financial independence. Her book *High Risk Investing is not for Amateurs: Due Diligence Tips to Safeguard your Investments* **highlights her misadventures in investing in a very entertaining and honest way. The goal is to teach others how she did it, and the tone and style is refreshingly different than other money management books. Helen demonstrates in her deeply personal writing that it is never too late to learn a new skill – especially when that skill preserves your lifestyle.**



1 YOU WERE NOT ONLY BRAVE ENOUGH TO TEACH YOURSELF ABOUT INVESTING, YOU ALSO WROTE ABOUT IT! WHAT IS YOUR HOPE THAT READERS WILL TAKE AWAY FROM READING YOUR BOOK?

Firstly, an investor needs to understand that risk is directly related to how much the investment will pay. Low risk investments provide low returns, which equals safer investment. Higher risk investments provide higher returns, but means you may lose the money you invest (your principle).

That brings me to my second point that losing investment capital is far too easy if one makes risky investments. Unless you are prepared for the loss of all your principle it is not wise to invest in high risk ventures, no matter how good they may seem, or how well promoted with glossy advertising and fancy public meetings.

The third point I would like to stress is the absolute necessity for thorough due diligence. You need to check out an investment opportunity, including learning as much as possible about the history and reputation of the principals in the company. It is far better to use expert guidance from knowledgeable brokers or dealers who can complete thorough detailed due diligence on your behalf.

For the fourth and final point, be very careful when using leverage. Investment risk increases with leverage. Ensure you do not risk too much through mortgaging your home to make leveraged high risk investments. If an investment goes bad you still have to pay for those borrowed funds.

2 THIS BOOK IS VERY DIFFERENT FROM OTHER WEALTH MANAGEMENT BOOKS, AS IT TALKS ABOUT YOUR OWN PERSONAL EXPERIENCE IN INVESTING AND BUILDS GUIDELINES ON YOUR 'LESSONS LEARNED.' DO YOU THINK IT WILL HELP INSPIRE OTHER WOMEN TO BE MORE PROACTIVE IN THEIR FINANCES?

By nature most women are traditionally more timid than men when it comes to investing, from having received no financial investment training while at school. However, women by nature tend to be more trusting, than businessmen are, of trainers or advisors that appear to be knowledgeable in investment areas. I think my experiences will redirect women to be more cautious in investing and to utilize the services of expert brokers/dealers.

From my own experience I was far too trusting. For example, when a very well-known presenter of a brand of successful millionaire training courses put on a multi-day seminar, giving space to various presenters to showcase their investment opportunities, I made a bad mistake. I trusted the organizer, assumed each of the presenters had been thoroughly vetted and checked out beforehand and did none of my own due diligence. I blindly trusted, accepting on faith that the opportunities and the principals behind them had already been checked out thoroughly.

Three of these investments ultimately caused me to lose my investment capital. One was a resort opportunity in Dominican Republic that failed through fraud. It was a pyramid scheme that went on for a number of years. Another one lost money through the principal being far too entrepreneurial and aggressive. After attracting many small investors to put funds into his club, he then started a series of companies, with insufficient oversight and due diligence, and many of these companies failed.

3 WHILE LEARNING TO INVEST, YOU HAVE FOCUSED A LOT ON SELF-IMPROVEMENT, GOAL SETTING AND SEEKING OUT EXPERTS. COULD YOU EXPLAIN WHY THIS WAS IMPORTANT IN YOUR SUCCESS AS AN INVESTOR?

In every area of investment there is a lot to learn in order to make knowledgeable decisions. Over the years I spent time to take training courses from financially successful presenters to learn about various fields of investing. Unless one has training in a field of endeavor, such as for example, managing real estate rentals, it is too easy to cause yourself heartache and lose money by not following proven practices to minimize loss.

In addition to taking training courses, I read a number of investment books, especially those of successful real estate investors. They directed me to select an ultimate goal of passive investment, or investments that provide regular income that do not take much personal effort.

However, I would not recommend a goal of being a passive investor any more. I think I would have been more secure in the long run if I had held some investments that I maintained control of, such as keeping several rental properties to manage.

4 ONE OF THE THEMES IN YOUR BOOK IS PEER GROUP INFLUENCE IN INVESTING. YOU GIVE A GREAT GIFT CLUB EXAMPLE IN YOUR BOOK. WHY DO YOU FEEL THIS IS SO IMPORTANT TO MANAGE?

As middle incomers reaching middle age, we see that some people are making a lot of money and we are not. Poorly financed retirement years are looming. Often we have only a few thousand dollars we can put together to make an investment and there are few opportunities to earn more than the minimum interest on a GIC. When we hear from a friend of an opportunity to grow our limited nest egg faster through a gift club it has great appeal. We trust our friend and we jump at the chance to obtain easy money quickly.

5 IN YOUR BOOK, YOU ALSO FOCUS A LOT ON DOING DUE DILIGENCE WITH THE PEOPLE YOU PARTNER WITH AND INVEST WITH. WHY IS THIS SO IMPORTANT TO A LEARNING INVESTOR?

My most costly mistakes have all arisen from my lack of doing proper due diligence on the people and companies I have invested with. There is a tendency when a person is not yet knowledgeable in an investment area to blindly trust someone who appears to be knowledgeable. That can be a big mistake as I learned the hard way and describe in the first chapter of my book.

HELEN HAMILTON
AUTHOR/INVESTOR

6 YOU HAVE AN EXPANSIVE EXPERTISE IN REAL ESTATE INVESTING, AND YOUR TENANT MISADVENTURES WERE REALLY ENTERTAINING TO READ. WHAT IS THE MOST IMPORTANT THING FOR SOMEONE MAKING REAL ESTATE INVESTMENTS?

When purchasing a rental property, ensure it will have positive cash flow. Learn all you can about the property, its location, any maintenance, and the type of renter it will attract to live there. Will dealing with rental properties be a good fit for your personality? Secondly, start your tenants off on the right foot by checking the people out thoroughly before agreeing to rent to them, putting in place good binding rental leases, and adhering to proven rental practices.

7 YOU HAVE SEEMED TO HAVE GOOD EXPERIENCE WITH MIC INVESTMENTS. HOW DID YOU CHOOSE THEM?

In order to select MICs to invest in, I relied on information from a large accounting firm about successful MIC investments made by their clients, as well as advice from a trusted broker/dealer.

8 ANOTHER IMPORTANT LESSON YOU ILLUSTRATE (WITH YOUR COLORED DIAMOND INVESTMENT) IS THE IMPORTANCE OF EVALUATION OF EXIT STRATEGY AND ASSOCIATED COSTS. HOW HAS THIS CHANGED YOUR DUE DILIGENCE BEFORE INVESTING?

Now I am much more cautious and learn a lot more about the field I am contemplating investing in. I blindly bought an expensive colored diamond (at a presenter's seminar) only to find out later that there is no market to sell it in, and even after holding it for six years, it has had no gain in value.

In addition, I learned after the fact that even if I could sell it, the commission would be 50% of any gain. The company promotes colored diamonds as a rare and good investment, but buyer beware, the company does not help you to market your stone later. Holding diamonds is like holding raw land, neither earns any income while you hold it.

In another vein, I would advise anyone contemplating the purchase of a refurbished condominium in a rental pool building to plan their exit strategy, especially if the seller of the units decides to divest himself of all of the units that he holds. He undoubtedly knows of some big expense or lessening of value of the property due to age, or neighborhood, that you may not be privy to.

9 ANOTHER NON-OBVIOUS FACTOR THAT EFFECTED YOUR INVESTMENTS WERE THE EFFECT OF GOVERNMENT POLICY AND REGULATION (ESPECIALLY IN YOUR DIRECT REAL ESTATE INVESTMENTS). HOW DO YOU RECOMMEND INVESTORS PREPARE FOR UNFORESEEN COSTS?

With any property holding there can be unseen expense to suddenly deal with, so I would suggest maintaining a fund, or an open line of credit, for emergencies. In addition be aware of any government policy or zoning changes, such as Safe Housing regulations, that may apply to your property.

10 BASED ON YOUR EXPERIENCE, HOW WOULD YOU RECOMMEND INVESTORS NAVIGATE EXEMPT MARKET INVESTMENTS?

With the greatest due diligence and care. Read every word of the offering memorandum, subscription and risk statements, and be aware of what you are investing in. What are your rights? In many instances you will hold nothing but a piece of paper. That paper may have no ability to be resold. It is best to rely upon an experienced broker/dealer, an honorable company with a track history of successful investing for its clients.

11 ARE THERE ANY FINAL TIPS YOU WOULD GIVE OTHER INVESTORS?

High risk investing is best left to those that can afford the losses that can and likely will occur. While high risk investing can produce returns up to 18% or even more, they are definitely risky investments. Alternatively, the difficulty with being seemingly secure in GICs as investments is that with the tax and inflation factored in you actually are losing financial ground. More moderate, less risky investments paying up to perhaps 7% are available through reputable brokers.

Helen Hamilton is a senior living in Edmonton, Canada. She began her business life in a variety of sales, then as a Realtor specializing in new homes, followed by a stint as a kitchen designer. Finding that she loved management work and helping people she spent over twenty five years in condominium management, ten of those with her own successful management business. When after ten years her Calgary management business was sold in 1995 she invested her proceeds in the first of eleven properties. Later selling one a year for tax reasons she began investing in other vehicles, many of high risk. She has been involved in many fields of investing and real estate.