



Workshop: Creating Wealth

Lance Dawber-Ashley
Senior Client Adviser



Agenda

- Who are we?
- Financial education
- What drives shares and fixed interest returns?
- Risk and return trade-off
- GMI retirement calculator
- Investment direction
- Top tips to avoid losing your shirt
- What to expect from us
- Questions

Company 401(k) Plan
Statement Period July 1 - September 30

Plan Elections

Contribution Percentage	15%
Employer Match	6%
Contribution Allocation	
Stocks	25%
Bonds	25%
Mutual Funds	50%
Total	

Holdings Summary

	Period	Last Period
Stocks	\$4 32.15%	\$72,853 33.29%
Bonds	43 23.48%	\$51,034 23.32%
Mutual Funds	953 42.62%	\$91,394 41.72%
Cash & Cash Equivalents	138 1.75%	\$3,548 1.62%
Total Portfolio	\$2,317,078 100.00%	\$2,116,825 100.00%

Account Activity

	Contributions	Investment Gain/Loss	Dividends & Interest	This Period
Stocks	\$1,092	\$349	\$0	\$7
Bonds	\$2,039	\$586	\$584	\$2
Mutual Funds	\$4,058	\$2,035	\$990	\$1
Cash & Cash Equivalents	\$0	\$0	\$490	\$0
Total Portfolio	\$7,189	\$2,970	\$2,070	\$9

Investment Returns

	6 Months	9 Months	1 Year
Aggressive Stock	1.11%	2.23%	6.78%
Growth Stock	0.69%	1.35%	5.60%
Income Stock	1.13%	1.58%	1.98%
Treasury Bond	4.80%	5.60%	5.70%
Municipal Bond	5.40%	6.70%	7.65%
Corporate Junk Bond	4.13%	4.23%	5.23%
International Mutual Fund	-4.50%	-0.58%	1.10%
Real Estate Mutual Fund	5.70%	7.75%	8.98%
Durable Goods Mutual Fund	8.90%	10.35%	11.23%
Cash & Cash Equivalents	3.80%	4.41%	5.04%

Who are we?



- We manage Private Portfolios starting from \$50,000
 - 1,200 clients, \$1.7bn, 50 staff
- We have a KiwiSaver Scheme known as GMK
 - 58,000 members, \$720m
- We have the GMI Superannuation Scheme
- Part of the Kiwibank Group

Investment philosophy

- Wealth protection first, growth second
- Diversified global investor
- Active investment manager



GMI Private Portfolio

- Minimum investment \$50,000
- Asset allocation – flexibility to match client
- Shares- Global focus
- Fixed Interest – New Zealand focus.
- Diversification
- Liquidity
- \$950M fum, 1200 clients.

Financial education

- Don't spend more than you earn
- Paying off debt first
- As you start growing your savings, educate yourself
- Savings will give you options
 - short/medium/long - term
- Get rich in your day job



What drives share prices?



Earnings $\uparrow$ = prices $\uparrow$

Interest rates $\uparrow$ = prices $\downarrow$

Risk $\uparrow$ = prices $\downarrow$

What drives fixed interest returns?

Central bank interest rates $\uparrow$ = interest rates $\uparrow$

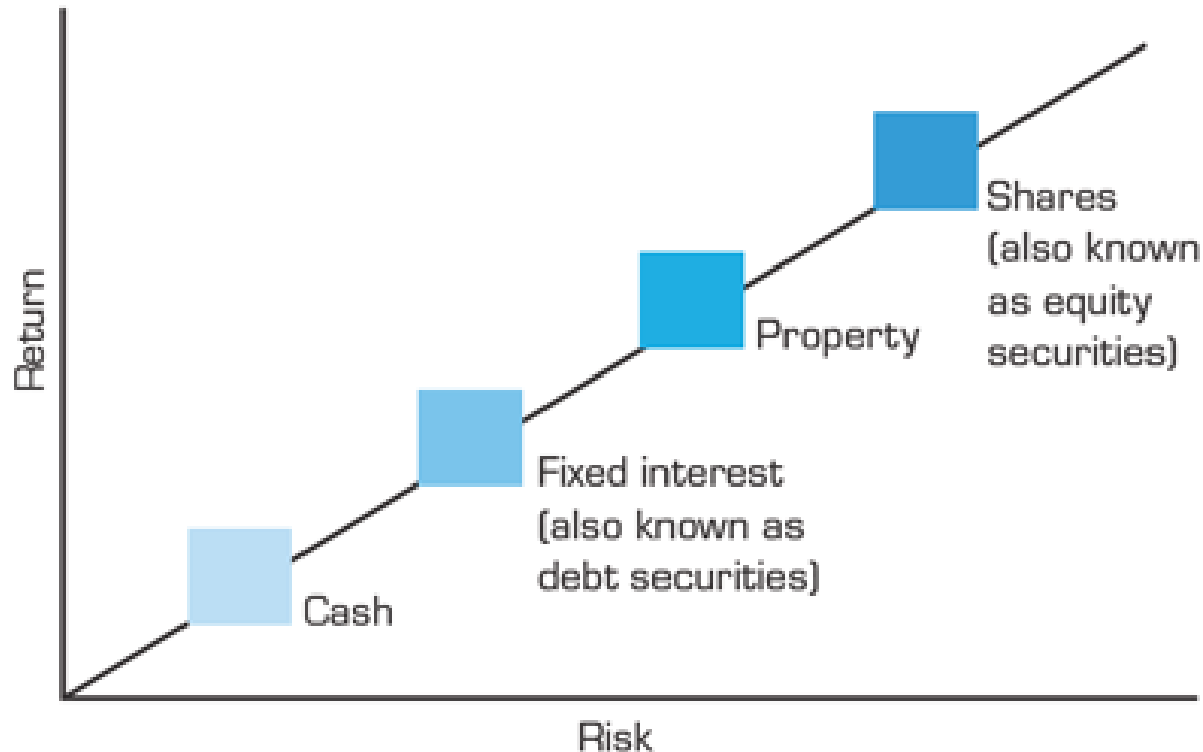
Inflation $\uparrow$ = interest rates $\uparrow$

Risk $\uparrow$ = interest rates $\downarrow$



Risk and return trade-off

Risk and Return Comparison



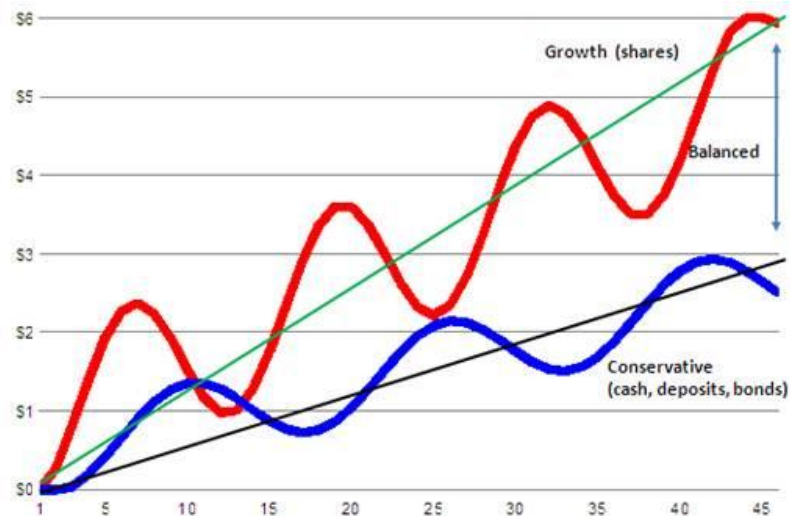
GMI retirement calculator

- \$1,000,000 at retirement will allow you \$52k pa drawings for 30 years then run out. Assuming 3.4% pa return after tax and fees and inflation.
- \$500,000 at retirement will allow you \$26k pa drawings for 30 years then run out. Assuming 3.4% pa return after tax and fees and inflation.
- \$300,000 at retirement will allow you \$16k pa drawings for 30 years then run out. Assuming 3.4% pa return after tax and fees and inflation.



Deciding on an investment direction

Savings give you options!
Your savings are not a 'get rich quick' scheme – they are your safety net



Questions you should ask yourself:

1. When do I expect to access the funds in my portfolio?
2. How often am I prepared to wear a loss in my portfolio?
3. How important is my portfolio?

Appetite for risk: expect to lose

Cash	1yr in 15
Bonds	1 yr in 10
Property	1yr in 5-7
Shares	1yr in 3



Top tips to avoid losing your shirt

- Diversify - don't put all your eggs in one basket
- Don't invest in something you don't understand
- Understand what risks you are taking to get the rewards
- Look at the track record of the people involved
- Get advice from someone you trust
- Know (all) the fees you pay

DISCLOSURE

Past performance is not necessarily a guide to the future

Review it - don't just invest and forget

Will regulation help?

- What does regulation involve?
- Who does it capture?
- Will it make a difference?
- How will you know?
- Performance and Fees

DISCLOSURE



Enid was finally ready to admit that compliance was a bit more complicated than she first thought.

What you can expect from us

- Total respect for investors and their money
- Duty of care, accountability
- Clear and honest communication in plain English
- Wealth protection first, growth second
- One simple fee and “NO” commissions
- Meaningful monthly reporting online

The sole focus for GMI is on managing savings.

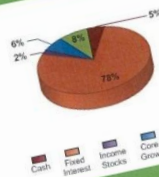


GMI Reporting



Portfolio Position
As at 30 April 2012, the total value of your investment portfolio is \$112,608,599. Your net contributions since inception in November 2007 have totalled \$101,064,691 (\$106,131,869 deposits less \$5,067,178 withdrawals).

Asset Class	Actual Value	Actual Allocation
Cash	\$5,590,752	5.0%
Fixed Interest	\$80,391,016	78.5%
Income Stocks	\$2,489,042	2.2%
Core Growth Shares	\$6,984,647	6.2%
Satellite Growth Shares	\$9,153,141	8.1%
Total	\$112,608,599	100.0%



Portfolio Performance

Growth portfolios fell 1% on average, slightly ahead of the benchmark which fell 1.3%. This month consumer related stocks such as Adidas, BMW, Yum and Visa did especially well. Our under-invested position in shares (84% on average) also assisted. Hedging was a slight detractor.

Fixed income portfolios rose 1.2% on average, ahead of the benchmark which rose 1%. There was good performance from both our domestic holdings and the PIMCO global bond fund.



Your return for the month of April was 0.8% against a benchmark of 0.5%. Your net contributions since 30 November 2007 have totalled \$101,064,691 (\$106,131,869 deposits less \$5,067,178 withdrawals). As of 30 April 2012 the total value of your portfolio is \$112,608,599. This is a simple return of 11.4%. The total return on each dollar invested at inception is 30.9% (after withholding tax, brokerage, and fees), or 6.3% p.a. on an annualised basis.

	Loss/Gain	Since Inception	Annualised
Last Month	Last 3 Months	Last 12 Months	
0.8%	2.1%	6.1%	30.9%
0.5%	1.4%	4.1%	14.7%
0.3%	1.2%	1.8%	15.9%
0.5%	1.4%	4.1%	14.7%
1.2%	1.5%	7.5%	42.0%
1.0%	0.6%	6.7%	25.6%
0.5%	4.0%	3.2%	-13.5%
-1.3%	4.8%	-6.4%	-23.6%
-2.0%	4.3%	-5.1%	-22.6%
-1.3%	4.8%	-6.4%	-23.6%
-1.1%	7.3%	5.7%	-7.6%
-1.3%	4.8%	-6.4%	-23.6%

Shares ended the month slightly lower, driven by renewed concerns in Europe. World NZ dollar terms, with the worst performance coming from Japan and (unsurprisingly) economic improvement. The NZ dollar was relatively stable over the month. Global small capital gains, as interest rates fell on the back of European sovereign stress, and a run of weak inflation and labour market data. NZ Government bonds

invested for Growth portfolios at the start of April (as communicated last month). Month but since month-end we have moved the allocation back to 80% by partially participate in any new issues. In the secondary market we purchased Rabobank 2019 (5.2%).



[GMI Private Portfolios](#)[Get Our Newsletter](#)[GMI Superannuation Scheme](#)[Gareth Morgan KiwiSaver Scheme](#)

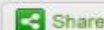
Why can't I see emerging market shares in my reports? 14 December 2010



0:09 / 0:56



Be the first of your friends to like this.



Share

Comments

Hot Topics

Videos

Text



Why does Melbourne benefit from the



Why does Fonterra expect us to pay the



What would happen to my KiwiSaver funds if



Browse

Search

The answers to 235 questions

Ask a Question

Latest

Most Viewed

Categories

