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Private Portfolios | Superannuation | KiwiSaver

# Workshop: Creating Wealth


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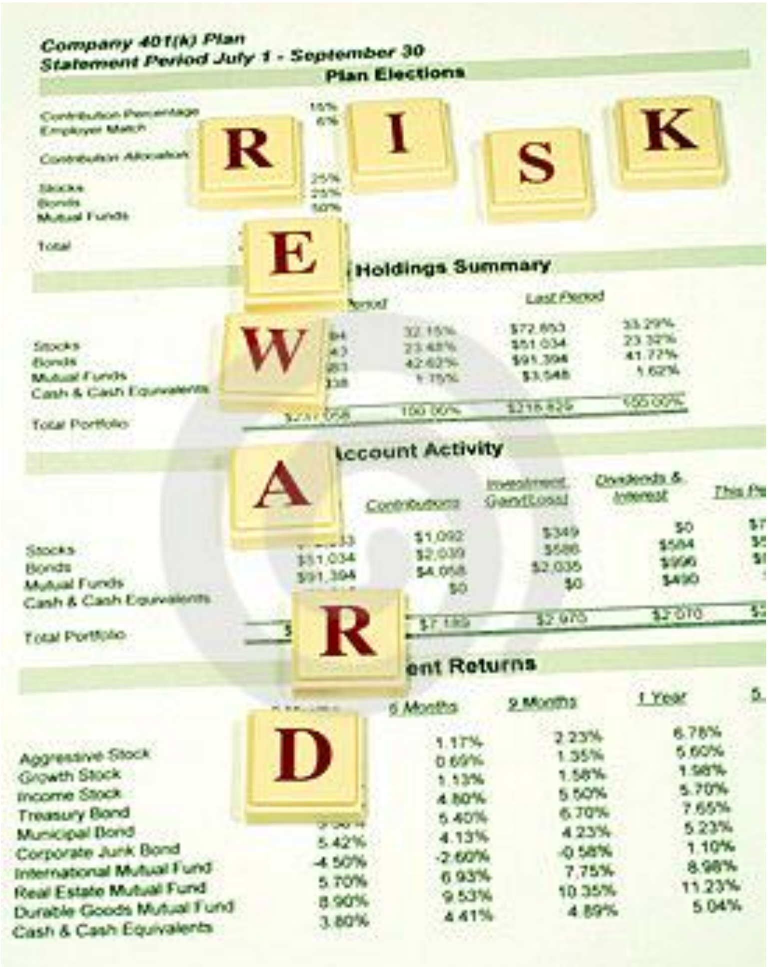
Senior Client Adviser

# 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

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# 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

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# Investment philosophy

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

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# 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.

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# 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

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# What drives share prices?


Earnings ↑ = prices ↑

Interest rates ↑ = prices↓

Risk ↑ = prices ↓

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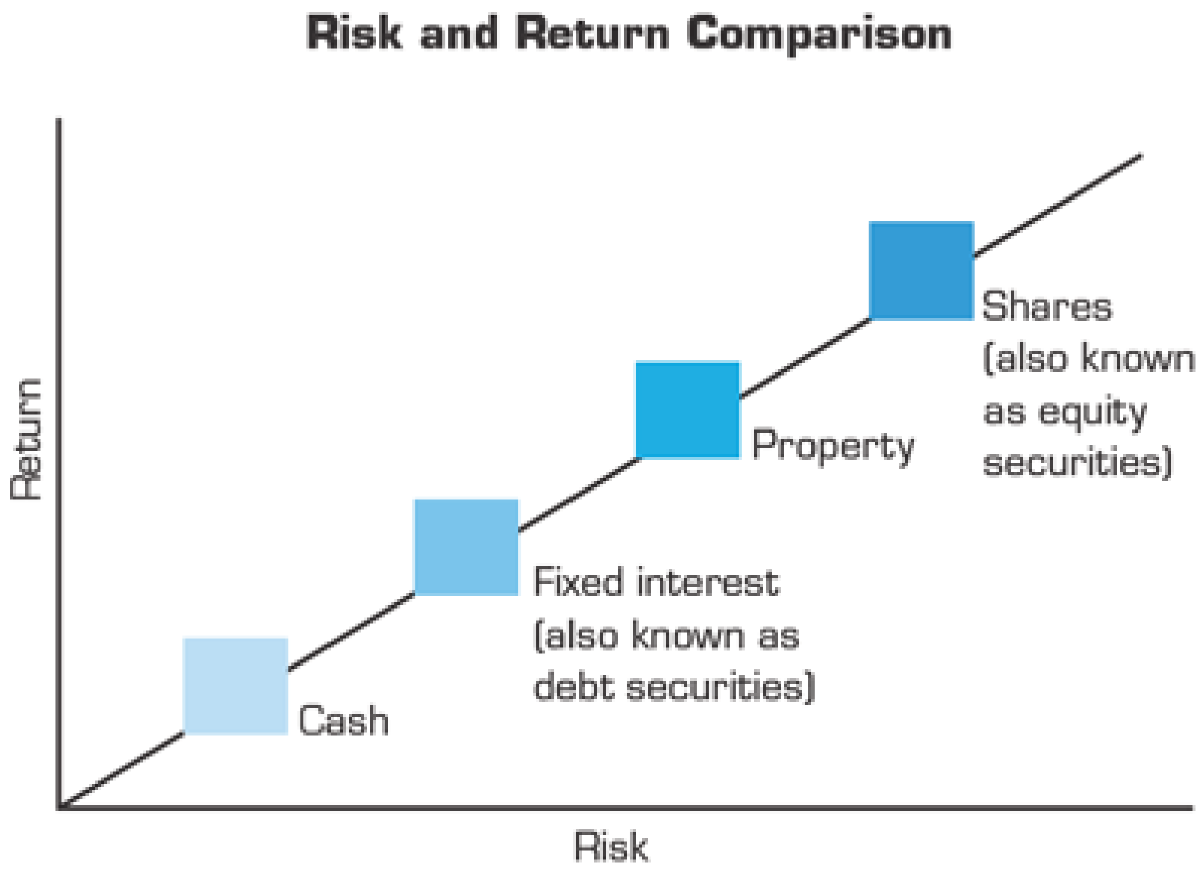
# What drives fixed interest returns?

Central bank interest rates ↑ = interest rates ↑

Inflation ↑ = interest rates ↑

Risk ↑ = interest rates ↓

# Risk and return trade-off



# 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.

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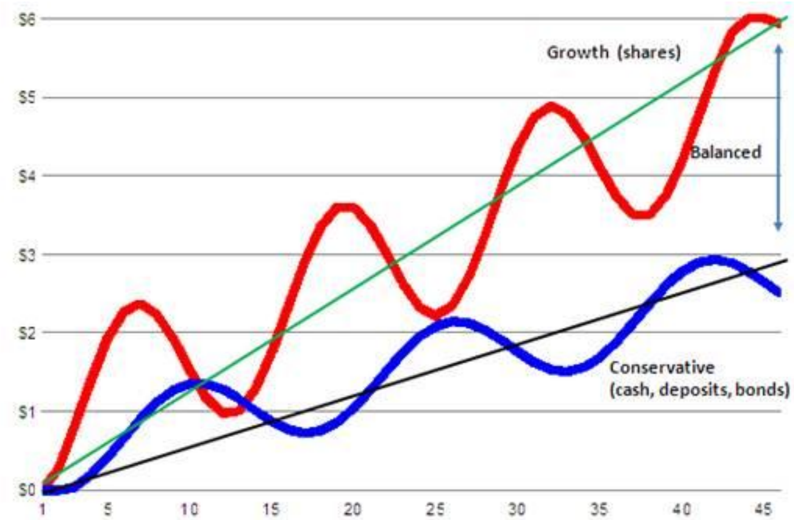
# Deciding on an investment direction

**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 |

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# 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.

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# 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.*

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# GMI Reporting


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