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Gareth Morgan Investments

Creating Wealth - Building your own Private Portfolio - Concurrent Workshop Repeated

Saturday, 17 August 2013

Start 8:30am

Duration: 55mins

Kandinsky

Start 9:35am

Duration: 55mins

Kandinsky



South GP CME 2013

General Practice Conference & Medical Exhibition

15-18 August | Edgar Centre | Dunedin



Creating Wealth: building your own private portfolio

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Senior Client Advisers



Agenda

- Who are we?
- GMI private portfolio
- Risk and return trade-off
- The asset classes
- GMI retirement calculator
- KiwiSaver
- 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	603 42.62%	\$91,394 41.72%
Cash & Cash Equivalents	138 1.75%	\$3,548 1.62%
Total Portfolio	\$2,317,058 100.00%	\$2,116,835 100.00%

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%	1.58%
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
 - 1,187 clients, \$966m
- We offer a KiwiSaver scheme known as GMK
 - 65,000 members, \$954m
- We provide the GMI Superannuation Scheme
- Part of the Kiwibank Group
- Over 50 staff based in Wellington and Auckland

Investment philosophy

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



GMI Private Portfolio

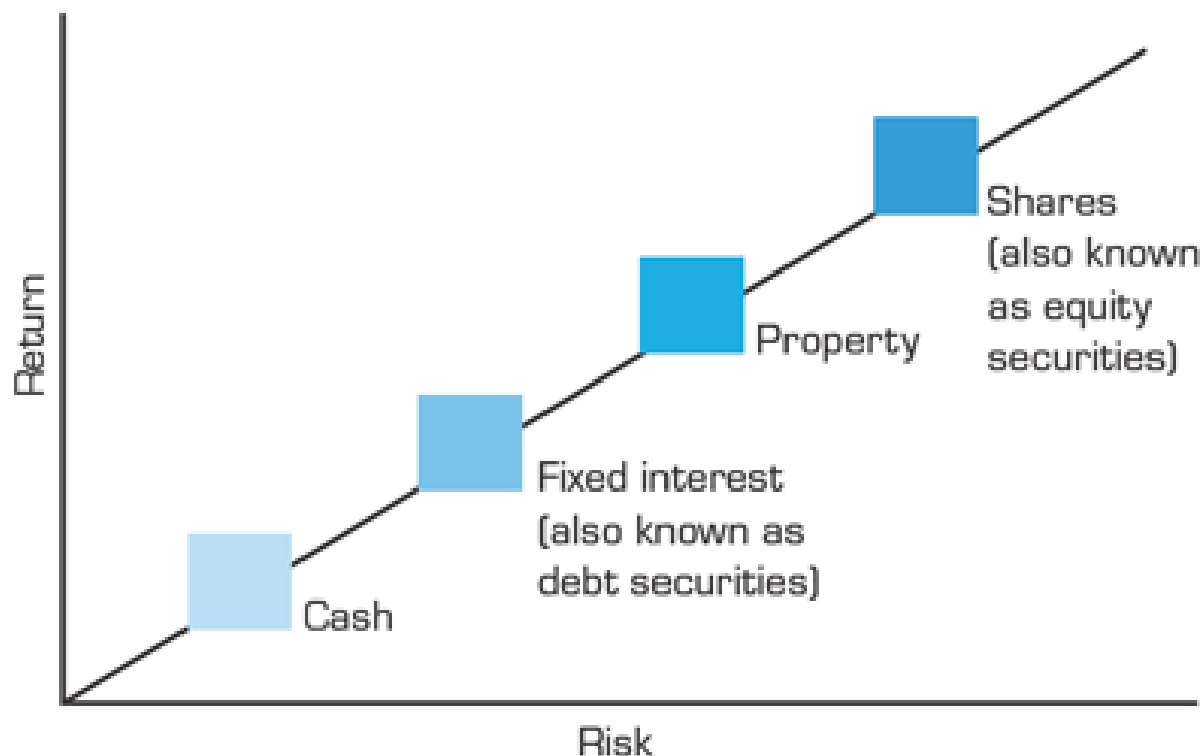
- Minimum investment \$50,000
- Asset allocation – flexibility to match clients requirements
- Shares – Global focus
- Fixed Interest – New Zealand focus
- Diversification
- Liquidity

Risk

- How much risk in your portfolio?
 - Investment goals
 - Investment time frame
 - Debt situation
 - Other investments/diversification
 - Sleep test

Risk and return trade-off

Risk and Return Comparison



Asset Allocation

- Risk/return trade-off
- The key in any investment decision
- Weighting between shares, fixed interest and cash
- Impact on your investment returns

Shares

- The asset class most likely to produce negative returns in the short term but the best prospect for growth over the longer term
- We normally invest in global markets outside New Zealand and Australia
- Liquidity is the key, NZ and Australia just 4% of global markets
- Mix of core and satellite growth shares

Fixed Interest

- Consists of term deposits over three months, corporate, local authority and global bonds
- Focus on return of capital, quality is the key
- We invest in at least 20 securities across 15 different issuers – lose a button, not a shirt
- Diversification enables us to access funds if required as bonds are generally tradable

Cash

- Uninvested cash is spread across a number of investments
- Investment grade credit (PIMCO)
- Global currency
- NZ dollar (cash account)

GMI retirement calculator

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



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

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.

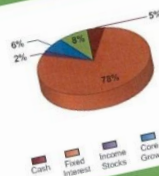


GMI Reporting



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%	6.3%	
0.5%	1.4%	4.1%	14.7%	3.2%	
0.3%	1.2%	1.8%	15.9%	3.4%	
0.5%	1.4%	4.1%	14.7%	3.2%	
1.2%	1.5%	7.5%	42.0%	8.3%	
1.0%	0.6%	6.7%	25.6%	5.3%	
0.5%	4.0%	3.2%	-13.5%	-3.2%	
-1.3%	4.8%	-6.4%	-23.6%	-5.9%	
-2.0%	4.3%	-5.1%	-22.6%	-5.6%	
-1.3%	4.8%	-6.4%	-23.6%	-5.9%	
-1.1%	7.3%	5.7%	-7.6%	-1.8%	
-1.3%	4.8%	-6.4%	-23.6%	-5.9%	

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

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



KiwiSaver

- Commenced April 2007
- Over 2 million members
- Plan design
 - \$1,000 kick-start from the Government
 - Tax credits, \$521 for the first \$1,042 saved p.a.
 - Employer contribution 3%
 - Employee contribution 3%, 4% or 8%
 - First home subsidy
 - Self employed receive kick-start and on-going tax credits
 - Lock-in to age 65 or 5 years membership whichever is longer

Gareth Morgan KiwiSaver scheme (GMK)

- Preferred Provider option for Employers
- Employer is able to sign up with GMK and their new employees would be automatically enrolled with GMK unless they select their own provider
- Existing employees who are KiwiSaver members may transfer to GMK or stay with their existing provider

GMK Preferred Provider option

- Advantages for your business
 - Consistent information from one source
 - Access to high level advice and support
- Benefits for your employees
 - A high level of help and support when they need it
 - GMK scheme information packs
 - GMK scheme 0800 number
 - Detailed monthly on-line reporting