Gareth Morgan Investments

Private Portfolios | Superannuation | KiwiSaver

Creating Wealth: building your own private portfolio

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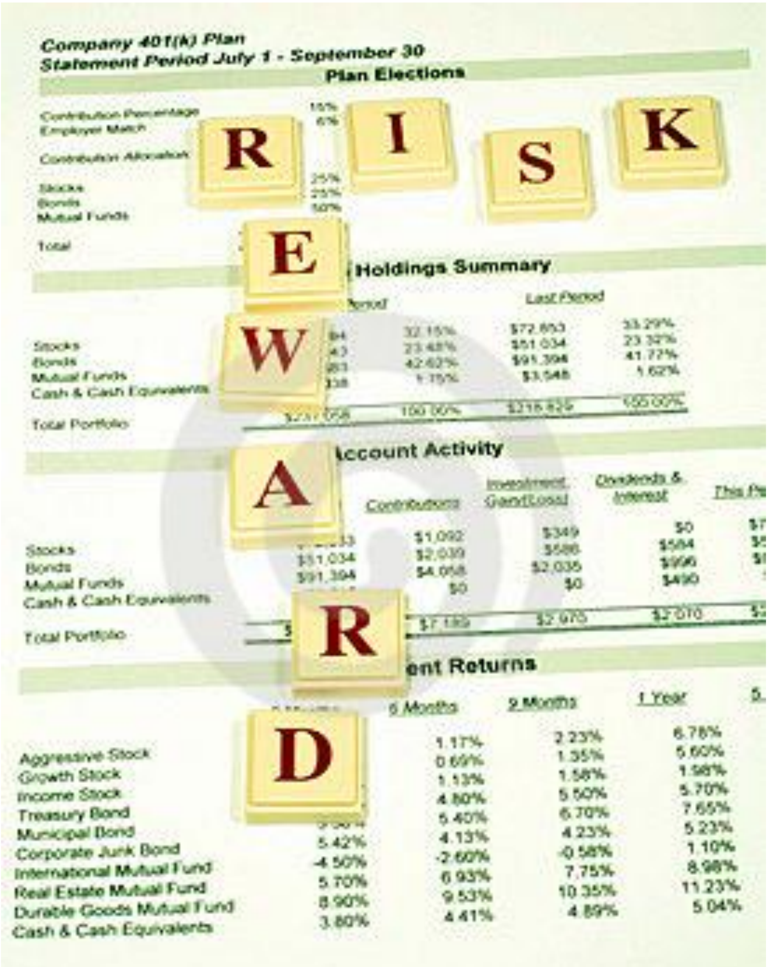
Agenda



- 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

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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

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GMI Private Portfolio

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

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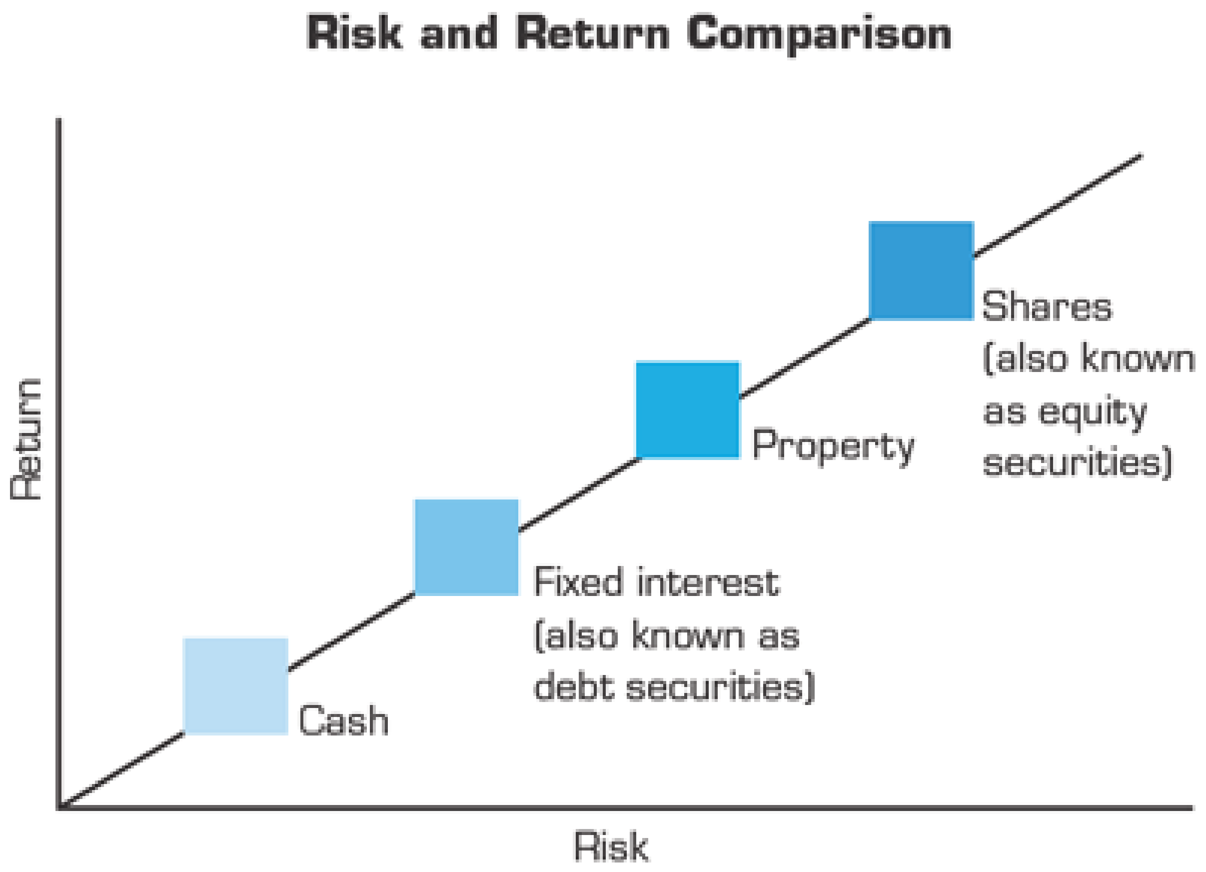
Risk

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

Risk and return trade-off



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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.

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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

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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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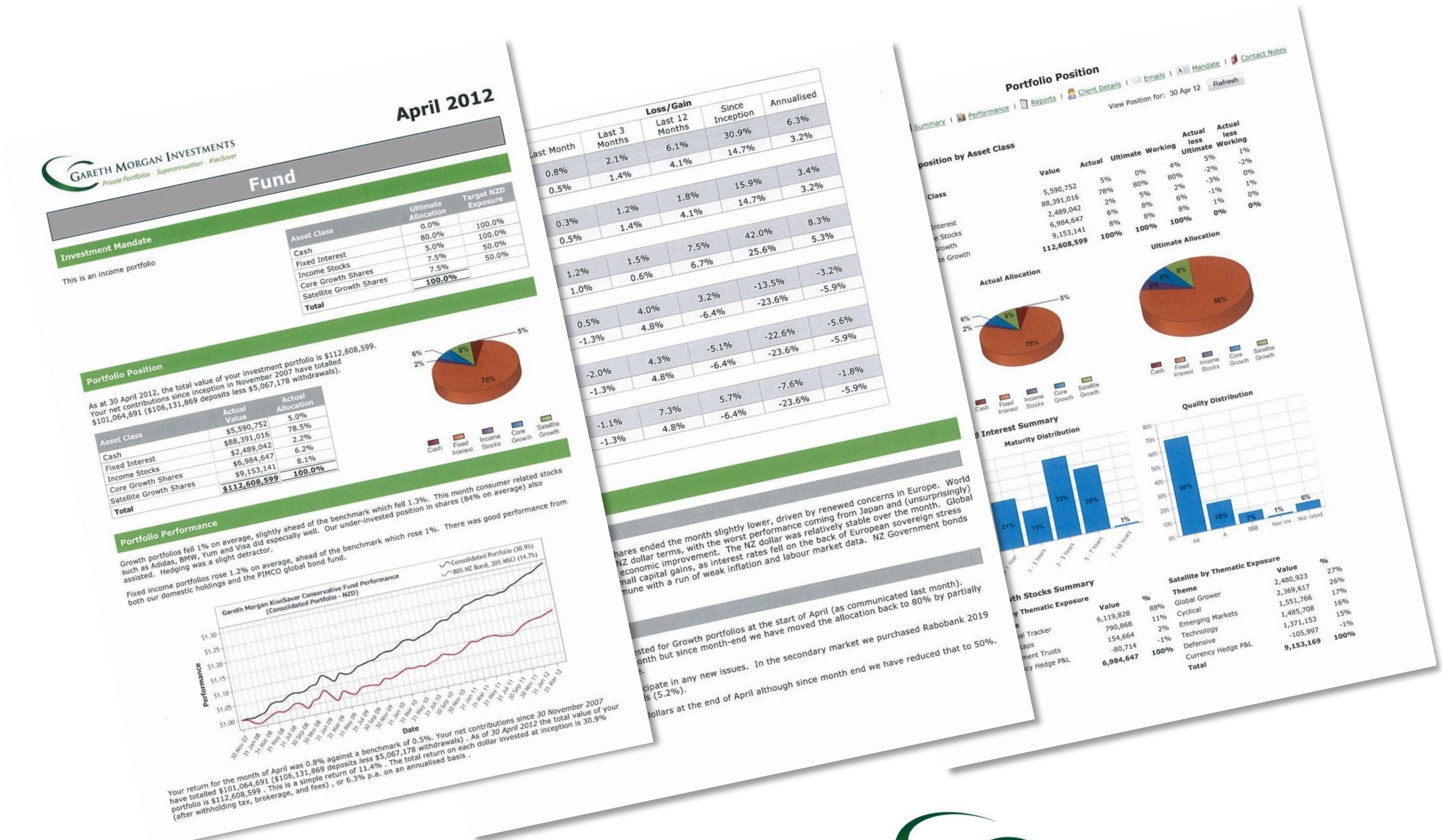
GMI Reporting



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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