AUGUST 2019

NEW ZEALAND

ASSET

THE MAGAZINE FOR SMART ADVISERS

ASSET's KiwiSaver Round Table

Opinions from top industry professionals

Wealthpoint's FAP offering

Add value with will advice

Mike Moore says 'goodbye'

Entering the third phase of KiwiSaver

It's a pleasure to present this year's KiwiSaver Round Table discussion in this issue of ASSET.

KiwiSaver is moving into what I would call its third phase. The first was pretty much a land grab where many players staked a claim in this new financial product.

The second was a predictable consolidation with much of the business being sold to other players.

Now we are in the third phase of KiwiSaver. That is the emergence of specialist, niche players challenging the incumbents.

We've had Simplicity with its low-fee passive offering; Pathfinder with a responsible investment offering; Juno KiwiSaver with a Netflix pricing strategy; Nikko with a roboadvice offering and now another scheme is coming from Hobson Wealth.

Part of the reason for this era of new funds is that balances have reached a size where new players can, arguably, more easily reach profitability quickly.

Most of the new players are focused on attracting existing members from the bank schemes.

Juno recently said that in its first year of operating around $20 million of its funds had come from bank schemes.

While balances are growing the amount of advice around KiwiSaver remains woefully inadequate.

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[1] https://www.rbnz.govt.nz/monetary-policy/official-cash-rate-decisions

[2] https://www.interest.co.nz/saving/term-deposits-1-to-5-years

* The projected cash distribution for the full financial year to 31 March 2021 of 7.35 cents per share at the issue price of $1.05 per share equates to a 7.00% gross distribution yield. The cash return is indicative only and is net of expenses and fees, but pre-tax.

**20,000 Shares ($21,000) and parcels of 10,000 Shares ($10,500) thereafter.

***Assuming successful completion of the Offer and settlement of the property acquisitions mentioned above.

AMP revises Resolution Life deal, further plans to spin off NZ wealth business

AMP says it will "further localise" its New Zealand wealth management business, including AdviceFirst, and explore divestment to realise its value.

It also revealed a revised deal with Resolution Life for its insurance business, worth A$3 billion, from A$3.3 billion previously.

That is made up of A$2.5 billion in cash and A$500 million equity interest.

The transaction is now expected to complete in the first half of 2020, although it is still subject to approval, including from the Reserve Bank. The RBNZ scuppered the first iteration of the deal when it said Resolution Life would need to agree to have separate, ring-fenced assets in this country.

AMP said it was working with regulators to address concerns.

Blair Vernon, chief executive of AMP Wealth Management New Zealand, said: "We delivered a solid performance in a challenging period, primarily driven by the strength of our AMP KiwiSaver Scheme and significant investment in creating our standalone wealth management and advice business.

"The separation of the life insurance and mature business in New Zealand was largely complete by the end of June 2019, and AMP Wealth Management New Zealand is focused on the renovation and simplification of our distribution channels and continuing to improve our product and service offering for our clients locally.

"AMP Wealth Management New Zealand is now largely standalone, which positions our business to explore the logical next step of divestment. There's no immediate impact on our day-to-day business, products or services, and continuing to serve our clients remains our number one priority."

Vernon said a priority for 2019 was to complete the "renovation of distribution channels", "which includes the re-contracting of independent financial advisers while continuing to grow and strengthen our advice proposition through our employed advisers, both under our AMP brand and through AdviceFirst.

"The completion of the repatriation of information technology services to New Zealand provides a state-of-the-art technology platform, which will enable us to respond locally to further enhance the digital experience for our clients, including the ongoing release of additional improvements to our online portal and My AMP app."

Dealer groups face future without overrides

Some dealer groups may have to rethink their value proposition as product providers move away from volume-based commission structures.

They have been scrutinised by the Financial Markets Authority and Reserve Bank, which are worried that they drive poor outcomes for customers.

That was reiterated in a recent consultation paper on the conduct of financial institutions, which said remuneration tied to sales targets, either by volume or value, was "particularly problematic" because, as the target was approached, it created a strong incentive to sell a particular product.

But many dealer groups have historically operated on the strength of volume commissions paid on their members' production.

Darren Gannon, founder of Newpark, said he expected all insurers to make similar changes.

He said dealer groups had not yet been told if or how their payments would be structured.

"I'm guessing – and nothing has been officially sent to us yet – that it's going to be paid on services provided to members."

He said a lot of advisers were part of groups and got value from that. "They are needed and valued in the marketplace. Fingers crossed no one does anything stupid."

He said a new payment structure for groups could more accurately reflect the work done to service clients rather than just place new business.

Insurance commentator David Whyte said AIA's move was likely to give some dealer groups pause.

"What's the value that can be attributed to the dealer group if they have to find other sources of income like charging fees for membership?"

Peter Cave, managing director of Lifetime, said it would be an issue for some dealer groups.

It would have less impact on Lifetime than other groups that relied more heavily on overrides, he said. He said Lifetime was trying to negotiate a standard agency agreement with one remuneration structure for all providers.

Hobson Wealth enters KiwiSaver fray

A new robo-advised KiwiSaver scheme, partly-owned by sharebroker Hobson Wealth, is set to launch in a month's time, designed to offer better investor outcomes.

Founder Rupert Carlyon said Kōura Wealth had received its MIS licence this week and planned to launch to the public in three or four weeks' time.

Hobson Wealth owns about half the shares in the company.

Carlyon said Kōura would not invest into Hobson's funds, however. It will have a passive strategy, investing into international passive funds and building its own domestic passive funds.

He said the KiwiSaver market was "kind of working" but too many people assumed that once they were in a KiwiSaver fund, someone else was dealing with it and they did not have to worry any further about retirement savings.

"That's about as far from the truth as you can get," Carlyon said. "We need to do a much better job of helping people make better decisions."

Kōura will only offer roboadvice. Carlyon said while people needed help, they were generally not willing to pay for it.

"How do we create a way to get people the help they need without adding a big cost upfront?"

Carlyon said Kōura's fees should fall "in the pack" of other passive managers. Members would effectively get free advice, he said.

"That's where the world is going to go. From a community perspective, I think everyone should be doing this. It's the logical next step. Technology is allowing us to do far more than we could 10 or 12 years ago when KiwiSaver first launched, why not just do it?"

Ross victims get go-ahead for court action

Ross Asset Management investors have been approved to start their class action claim against ANZ.

The claims will be heard as a representative action on behalf of all investors who choose to opt in.

The investors say ANZ breached its duties as banker to Ross Asset Management, the country's largest Ponzi scheme, which collapsed in 2012.

They also claim knowing receipt and dishonest assistance in relation to payments made by Ross Asset Management through ANZ.

More than two-thirds of eligible investors have joined the claim. Seven hundred clients were defrauded of more than $115 million.

They have a deadline of January 31 next year by which they must do so.

"We are very pleased to have these court orders granted so that all eligible investors have an opportunity to join the claim," group spokesman John Strahl said.

"Our legal advice remains that we have a very good case. We certainly look forward to seeing ANZ in court and shining a light on the behaviour that failed unsuspecting RAM investors. As the largest bank in New Zealand and one of the biggest fund managers it must have known how client accounts should have been operated and known that the way the RAM accounts were being operated was in breach of the laws. ANZ's claim that it was also 'misled' thus holds no credibility."

ANZ has claimed that it, too, was misled by Ross.

"ANZ strongly denies the allegations and will be defending the claim from the investors and the litigation funder."

FMA tells RFA's the clock is ticking

Registered financial advisers have been warned by the regulator that the licensing clock is ticking and they better hurry up if they want to remain in business.

Financial Markets Authority chief executive Rob Everett has warned RFAs that they really need to be making some decisions around how they want to operate in a regulated environment as time is running out.

Transitional licensing opens on November 4.

Everett says some advisers have been quite engaged but others are still asking "basic" questions and others don't seem engaged at all. He says around 50% of the RFA population haven't yet accessed the resources the FMA has put online to help them work out appropriate business decisions for their future.

Everett says RFAs need to be thinking about disclosing their obligations, keeping files, and other requirements that have already been spelt out.

Everett says advisers' understanding of what is required "is patchy, and inconsistent" and he compares it to what the regulator found with life insurance companies.

"Some of the RFAs are a long way away from where they'll need to be ... it's going to be hard yards for some of them."

Everett says transitional licensing itself isn't "all that complicated, but there will be a point relatively soon next year when they'll have to comply with the new requirements."

"So our message is that it's not impossible to achieve the standards that are going to be set, but you need to start thinking through – do you want your own licensing, or do you want to be a part of a financial advice provider – because time will be running out pretty soon, the clock is ticking."

If you have a new appointment email details and a picture to editor@goodreturns.co.nz

PARTNERS LIFE GETS CHIEF UNDERWRITER BACK

The underwriter merry-go-round in New Zealand life insurance circles continues.

Sian Johnson is rejoining the Partners Life team as chief underwriter, after a brief stint at Fidelity Life.

She joined Fidelity Life in January this year after Stephen Potter moved to AIA.

But she will return to Partners' executive team.

"We are very fortunate to already have an extremely strong leadership team within underwriting, and Sian will be supported in her role by Clayton Gardner (technical chief underwriter), Levonne Bell (GM underwriting operations), Daniel Freeman (GM underwriting service), and the rest of our excellent underwriting management team," the company said in a statement.

"We are extremely proud of the team we have here at Partners Life, and we are very excited about Sian rejoining us."

SHARE APPOINTS COMPLIANCE MANAGER

Share NZ's new compliance and training manager comes from the Financial Markets Authority.

The dealer group has appointed ***Lana Paterson*** to the new role. She has more than 15 years' experience in the financial services industry and joins Share NZ from the Financial Markets Authority where she was an adviser in the supervision team.

Paterson is an AFA and has held roles in New Zealand and in the United Kingdom as an adviser and as an administrator. In New Zealand, she has worked with Forsyth Barr and Medical Assurance Society in Dunedin before moving to Auckland to join FMA.

"I'm excited about this appointment and I am confident that it will allow us to maintain the excellent reputation and high standards that we hold ourselves to in Share," chief executive Tony Dench said.

The group's advisers and suppliers will have the opportunity to meet Paterson at its annual meeting in Wellington at the end of August.

FSC APPOINTS DISCIPLINARY COMMITTEE

The Financial Services Council (FSC) has appointed a disciplinary committee to oversee the application and enforcement of its new code of conduct.

The code has been in effect since January and the committee's role will be to determine whether a member has breached its standard and identify sanctions appropriate to the potential damage to consumers or the industry.

Chaired by tax barrister Geoff Clews, the committee is made up of independent experts from New Zealand and overseas with expertise in law, financial services, governance and conduct.

Rob Flannagan, chair of the Financial Services Council, said the calibre of the committee reflected the seriousness with which the industry was taking its responsibilities under the code.

"The disciplinary committee is integral to ensuring the code of conduct lives up to its promise and delivers for New Zealanders. I'm delighted that we have managed to secure such a world-class collection of experts to oversee this process."

NEW GENERAL COUNSEL FOR PERPETUAL GUARDIAN

Perpetual Guardian appoints a new general counsel as it prepares for the start of a new regime for trusts.

The country's largest trustee company firm has appointed ***Henry Stokes*** to the role.

"I was attracted to the business because of its track record of innovation and its reputation for being proactive in the fiduciary services sector. The company is out there in the marketplace looking to provide a different approach and be more flexible and innovative, both for employees and services to clients. As an organisation it is forward-thinking and willing to lead and advocate for positive change," he said.

"The legal profession and trustee services can be viewed as traditional and not particularly fast-paced – though to me, as someone that likes to break down these stigmas, the trustee services space is an area where you get to have a massive impact on more people. It is both a very interesting and rewarding area of law to be in."

Henry Stokes

Stokes said much of his focus in the first year on the job would relate to the new Trusts Act 2019, which will come into effect in 2021.

MAPLE-BROWN ABBOTT APPOINTS NEW LEADER

Maple-Brown Abbott has appointed a new chief executive.

Sophia Rahmani takes the position of chief executive and managing director on October 14.

She is currently with Janus Henderson Investors, in Singapore, as chief operating officer.

Maple-Brown Abbott's current managing director Garth Rossler told the board last year that he wanted to focus only on his investment responsibilities as chief investment officer.

Robert Lee, chairman of Maple-Brown Abbott, said: "I would like to take this opportunity to personally thank Garth for the outstanding leadership he has provided over the past decade as managing director and look forward to his ongoing contribution to the firm and our clients.

"In recent years the firm has enjoyed impressive growth, and we believe that it is an appropriate time to appoint a managing director whose sole focus is managing the business. Sophia has extensive experience in managing and growing global asset managers gathered in Australia, Asia and the US. We look forward to her joining the firm at a time when it is well-positioned for growth."

SIR BRIAN LOCHORE REMEMBERED BY ADVISERS

It's not just the rugby world who are mourning the passing of All Black legend Sir Brian Lochore in early August.

Lochore was regularly a speaker at financial adviser events organised by ING (now ANZ).

"We never had a problem filling the hall as people wanted to hear and see him," he recalls. "He was a legend in New Zealand and beyond," said former ING managing director Paul Fyfe.

"He would stay on to speak with attendees well after the presentation finished and was pretty much the last to leave."

Lochore talked about the need for

teamwork in all we do.

"He was one of the finest New Zealanders I have ever met," Fyfe said. "I am all the better for knowing him."

Mint Asset Management marketing manager David Boyle was a business development manager with ING at the time.

"He was one of the nicest guys I ever worked with. I loved the times we spent speaking together in those days. He was articulate, intelligent, thoughtful and funny. Just one of the all-time great guys and an incredible loss to New Zealand not just for his rugby."

BDM Trisha Edmonds has similar fond memories of Lochore. She said he was a very humble man with an extremely strong handshake.

WEALTHPOINT MAKES APPOINTMENTS

New adviser group Wealthpoint is expanding with additions to its team.

Wealthpoint is taking over from The Association as the professional body for former AMP aligned advisers.

It has appointed ***Jack Lynskey*** as head of legal, compliance and conduct.

He was previously head of broking and investment services compliance at ASB.

He is an experienced lawyer and compliance professional who, prior to his previous banking roles, has worked in a wide range of fields in NZ, UK and the Middle East – including telecommunications, government, banking and financial services.

His primary focus will be to guide Wealthpoint through the new compliance and regulatory landscape as the foundation businesses join, starting in late August.

Peter Mangin started as head of technology earlier in the year.

He comes from a technical management background, having worked in senior roles with various multi-national companies, across several industries. Focussed on solving communication challenges through technology, he has a wealth of experience across user experience understanding, machine learning and leveraging valuable insight from data.

Mangin will oversee Wealthpoint's technology development, including the provision of tools, templates, advice and integration to member businesses.

Jack Lynskey

Peter Mangin

By Daniel Dunkley

Where there's a will, *there's a way*

Advisers can demonstrate value by offering wills to clients, and help families avoid an uncertain future.

Bernard McCrea

Wills are the sort of thing most people don't like to think about. Arranging where your estate goes after you die can be a sobering experience, but it is essential in safeguarding your family's financial future.

Picture the following scenario; a wealthy client in their 50s with a beautiful home in Auckland, and a handful of investment properties, suddenly passes away. After their death, an ex-spouse comes out of the woodwork and demands a slice of the estate. With no will in place and legal framework to distribute their estate, such disputes can take years to settle.

Another adviser tells the story of a hard-working self-employed tradie, who after many years on the job, had a major health scare. After dicing with death, it emerged the tradie had no will or instructions to transfer his pension savings to his family after death. The savings would have been locked up for at least a year in a lengthy and arduous legal process, causing heartache for the surviving family.

> **"If you're not thinking about wills, you could be putting your client's estate at risk"**
>
> *Bernard McCrea*

Wills aren't just for older or middle-aged clients, of course. Even younger people in the workforce rack up significant KiwiSaver savings that would need to be distributed in the event of sudden or accidental death. Relationship properties are another area where unmarried couples would benefit from clearly defining a will.

According to a report commissioned by Perpetual Guardian in 2016, 38% of New Zealanders do not have a will. The report said about 1,500 people die each year without a will in place. A similar study conducted in 2014 suggested that nearly half of Kiwis did not have a will.

While wills aren't the most obvious part of an adviser's remit, brokers can benefit from having the conversation with their clients.

THE STRUCTURE

David Whyte – Chairman
M.A. (Hons), M.Mgt, CMInstD. FGNZ.

Bernard McCrea – Founder
Dip-PFP, DipBank DipBA SFFIN.

Thomas Hoey
Executive Director.

> **"We're providing advisers with a tool where they can sit down and action a will with clients."**
>
> *Tom Hoey*

Advisers and will providers say discussing wills can help customers protect their family's financial future, build stronger relationships, and even bring in extra fee income.

Glen McLeod, the founder of Edge Mortgages, believes it is part of an adviser's "fiduciary duty" to have discussions around wills and power of attorney, in the event of a worst-case scenario or death.

McLeod refers clients to a lawyer and recommends they get their will in order. "People think it will never happen to me – until it does."

"A lot of people don't have a will when they come in and speak to us about their home loan," McLeod says. "We like to talk to them about that, as well as talking to them about seeing an accountant if they have any investment properties."

McLeod believes advisers have a responsibility to cover the topic, and that it can help brokers achieve "better consumer outcomes".

He adds: "It's financial advice bordering on personal advice. I know places that will give

> **"People think it will never happen to me – until it does."**
>
> *Glen McLeod*

you a 'clip' if you refer a will, but it's not about that. It's about giving the right advice to your client and making them understand that it's not just a [home loan] transaction, but that you're working for their long-term benefit.

"Settlement of the loan is not the end of the relationship. We want an ongoing relationship with them. I know if I do a good job, the client will refer a friend to me."

Some adviser groups are planning on doing more with wills in the coming months. Newpark Home Loans is looking to "formalise" a partnership with Simple Wills, an online portal for processing quick and easy legally-binding wills.

"We've been in discussions and are looking to formalise our relationship and communicate it to brokers," said Andrew Scott, general manager of Newpark Home Loans. "It's an added piece of the jigsaw that advisers need to have at their fingertips," he said.

A new wave of legal and financial services companies are looking to make old-fashioned processes, like writing a will, easier. Historically, most people have visited a solicitor or legal firm to arrange a will, a costly and time-consuming process. Yet established financial names, such as Perpetual Guardian, and new companies, like Simple Wills, are taking the process online.

Tom Hoey, an executive director at Simple Wills, says wills are crucial to complete and important to get right.

"I've heard so many stories of people dying, and their family not being able to access the estate. And there are plenty of cases where people have invalid wills or challengeable wills, and situations where other family members or illegitimate children come on board."

He says even young people need to get their will sorted: "My son has money in his KiwiSaver, and he assumes his money would go to us if he died. It won't. In that situation, families have to apply for the money."

Simple Wills is an online portal designed to help clients write their wills clearly and quickly. Using the company's online system, an adviser can write a will in about 10 minutes.

Clients decide who they want the trustee/executor to be, who will be the guardian for any children, and where they want assets to go. Simple Wills says it can process about 95% of all wills online, with the exception of the most complex cases.

"In the old days, you would sit down with a trust adviser and work out what it should be," Hoey says. "You'd prepare it in paper form, review it, and eventually sign it. It was a costly process, but we offer a simple and cost-effective way for all asset holders to have a will."

Simple Wills is marketing the product through the adviser channel and hopes to sign up more partnerships in the coming months. The standard cost is $50 for customers, but advisers can charge an additional fee at their discretion.

"We're providing advisers with a tool where they can sit down and action a will with clients. There's no need for a contract, and advisers can decide whether they want to charge an additional fee or not."

Hoey called it a "value add" service for advisers. "If you're asking a client about a home purchase or investment property, you'd want the client to get value. Why wouldn't you ask, 'do you have a will?'."

Hoey adds: "For young couples buying their first home and going through their broker, it's a great opportunity for an adviser to get the risk covered. Everyone who has investment assets should have a will, particularly if they have children and dependent family."

Bernard McCrea, the founder of Simple Wills, is a qualified adviser, and believes his product will become a "valuable tool to tie everything together for clients". He adds: "It ties the customer to you and you become a one-stop-shop," he adds.

"As an adviser, you can look after the last piece of the puzzle and lock things up for the surviving family. If you're not thinking about wills, you could be putting your client's estate at risk. You can give them real comfort," McCrea adds.

THE NAME **SAYS IT ALL**

By Susan Edmunds

New adviser group is on point

AMP advisers are out on their own and the future is looking bright.

Simon Manning

The financial advice industry is on the countdown to change. But while everyone prepares for licensing, understands a new code of conduct and gets ready for new disclosure rules, one group is taking it a step further – setting up a new organisation at the same time.

Wealthpoint was unveiled in June, with the intention of replacing The Association to represent the advisers formerly within AMP's QFE.

Wealthpoint will take a financial advice provider licence (FAP) and offer compliance and support services to the now-independent advisers.

It will have distribution agreements for its members with AMP and the other 50 product providers they currently have access to. A product committee made up of adviser representatives and independent specialists will advise on the approved product list as it expands.

From the outset, Wealthpoint will offer Xplan hosting and a remuneration management platform.

> **"We're more than a FAP, it's those other opportunities that are really exciting."**
>
> *Simon Manning*

Simon Manning has been appointed chief executive and David Gyde, of Amicus Financial Group, is chairman. Manning said they had a significant task ahead of them but were confident they could be successful. Fifty-five adviser businesses will be part of Wealthpoint at its launch.

"We're really into formation mode now, dealing with a huge number of providers around the industry, setting up distribution agreements," Manning said.

The priority was for Wealthpoint to operate with the least disruption to member businesses, so it needed to have arrangements in place on day one with as many of the 50 providers adviser businesses were already dealing with as possible.

"We're also liaising with the member businesses – over 50 of them that are joining us – we're about to start the first transition, the first business is coming across to us in the next couple of weeks. There's a lot of work to do to get ready for that."

He said each product provider had different processes, agreements and structures for how they set up their distribution agreements. "We've got someone working with me, helping me do that. It's been good, everyone's been really supportive, actually. It's a long process to work through, especially with so much change going on around the industry. People are pretty interested in our story and they want to work with us, they just have to work that in with the other stuff that they're doing but we're getting there."

Gyde said he hoped that the transition to Wealthpoint would be straightforward for advisers. "As with any change, though, there are sure to be some technical issues that arise when you move from one IT platform to another. We're trying to make it as seamless as possible."

Manning said starting with one business, and then moving through five or six tranches of new member businesses would provide a staggered approach to test Wealthpoint's systems. The first business did not have many external suppliers, he said, so it should be simpler to move.

Gyde said the big change in shaking off the AMP QFE was that advisers previously had some areas they could operate in and others where they needed approval. "The new operation is very much member-owned and member-run. We believe we'll be able to make changes and decisions that benefit our members moving forward."

Manning said the experience of having been in the AMP QFE had prepared advisers well for what it would be like to operate under Wealthpoint.

"They're in quite a unique position today in that they already know very well what it takes to operate in a larger [QFE] FAP. In that perspective we're looking to model our operation on that compliance framework. Hopefully that'll be relatively seamless for advisers and then when we go to transitional licensing and full licensing in the next couple of years we're well positioned for that … as soon as the first business joins us we'll have a very QFE-like compliance framework operating."

Advisers could choose to be part of the Wealthpoint licence or take their own and still be part of the group. Manning said he did not expect many to want to have their own licence. Having their own licence could be harder for advisers than they realised.

"We will have growth plans. If you're not growing, you're shrinking. You've got to have growth plans. We don't have any particular targets. We want to grow for a whole lot of reasons."

He said the FAP would be only part of what Wealthpoint would do. It would need to offer wider value to support businesses.

Gyde said the initial focus was on getting businesses transitioned across. "We talk about day one or day two – on day two we definitely want to grow."

Manning agreed: "We've talked a lot about day one and day two. We're in day one at the moment really preparing for that transition. Day two is so many opportunities and I'm looking forward to what we work on next. We're more than a FAP, it's those other opportunities that are really exciting."

Being part of Wealthpoint would allow businesses to focus on the advice side of their business and worry less about the compliance and licensing requirements. Manning said compliance should not be as scary as some people thought. Wealthpoint is devising a transitional plan to move people out of AMP's QFE and into the new regime where there is the requirement for a level five certificate. "We have pretty strong support from the industry in upskilling these people."

Manning said members would not be standalone advisers – all would be advice businesses. "We might be a little unique in that respect, we're very strongly around supporting sustainable [adviser] businesses."

Gyde said The Association had pondered the best way to move forward into a new future for advice and advisers.

"We had a lot of demand from our existing members. We talked about various options. The network's been together for something like 96 years. When we talked through the various options with our adviser business members, there was a really strong desire to keep together as a group and for members to continue to have leadership through an association-type structure and direction as well.

"A lot of people are good at running their own business but this context of being a FAP, dealing with regulators, agreements with suppliers, AML/CFT, dealing with IT, Xplan, there's a lot that's not the core of a lot of people's business."

The co-operative structure would allow the rewards of the group to be shared with members.

"That had its own challenges in that The Association was an incorporated society and wasn't able to be converted so we had to go through a start-up phase of starting a new entity and all the challenges that brings including things like getting banking arrangements open. It was quite complex but now it's entirely member-owned so every member business is a shareholder, the board is made up of member representatives, decisions are made for the members by the members."

"At the moment, it's still a strong industry and a bright future. We think it's a bright future for Wealthpoint and our members."

David Gyde

Manning said the response from advisers had been "incredibly strong". Last year, The Association members were asked for a non-binding agreement, then this year that was followed up with a request to commit for three years. "Each time [we checked in with members on our progress] more than 50 businesses have taken that [next] step. That confidence has helped us commit the time, money and resource to building this thing. It has been incredibly strong support. "Gyde said financial advice was going through a lot of change. "We still think that there's a lot of underinsurance out there in New Zealand, a lot of need for insurance … we think there's opportunity. There's constant change but KiwiSaver is in place, balances are growing, people are becoming aware that they need to pay more attention to where their funds are invested. Long-term technology and roboadvice will impact on the sector. At the moment, it's still a strong industry and a bright future. We think it's a bright future for Wealthpoint and our members."

David Gyde

What's the future for KiwiSaver?

L to R: David Beattie, Murray Harris, Joe Bishop, Alister Van Der Maas, Philip Macalister, Jonathan Beale, David Boyle, Mark Davies.

ASSET magazine assembled a group of influential KiwiSaver managers together to discuss how the scheme is going; what changes should be made; and asked how prepared are the funds for the time when a market correction occurs.

Also with the government reviewing the status of the default fund model we ask whether this has run its course and it's time for change.

ASSET: Is KiwiSaver achieving what it set out to do?

Davies: KiwiSaver has been a great success for New Zealand. We now have $58 billion invested on behalf of nearly three million people. There's a lot of New Zealanders who previously didn't call themselves investors, and they're now invested in New Zealand and global capital markets. They've got a stake in businesses, I think we should be proud of that. Is there more to do? Absolutely, and it's our responsibility as providers to keep working hard to make it better.

Boyle: It could be a lot better. There are issues that need to be addressed and have been put back and not looked at over the last 12 years. I think this is a good chance as MBIE reviews KiwiSaver default but hopefully looks more broadly at what KiwiSaver should and can deliver in the future. So, yeah, I think it's a good pass, but a lot more work to be done.

Beale: There's lots of people who wouldn't have saved money if it hadn't been for KiwiSaver, I think we should recognise that. I hear many stories about people getting into their first home and how they've managed that, so I think if you're going to score it on what we've achieved, I'd score it a seven or eight.

Bishop: There's been a lot of good stuff done … but that's really at the start of the journey and there's a long way to go. There's people who still don't understand the difference between saving and investing, and that's on us as providers to help people along that learning journey. I think there are

HOW OUR PANELISTS RATE KIWISAVER OUT OF 10

Murray Harris
Milford Asset Management, Head of KiwiSaver & Distribution
8/10

Mark Davies
ANZ, General Manager Funds
8/10

Joe Bishop
Kiwi Wealth, General Manager Customer, Product and Innovation
6.5/10

David Boyle
Mint Asset Management, Marketing Manager
6.5/10

Jonathan Beale
ASB, General Manager Wealth
8/10

Alister Van Der Maas
Russell Investments, Managing Director
4/10

David Beattie
Booster, Principal
7.5/10

still challenges … One of the things we see is the high amount of financial hardship withdrawals that continue to increase, we need to see whether KiwiSaver settings there are all appropriate.

Van Der Maas: It's a step in the right direction, but there are fundamental flaws with its design that haven't been addressed … the thing that I worry most about around KiwiSaver is it's potentially misleading the population. The contribution rates are too low to make a material difference over the long term. We run the risk of having people think that they're going to retire wealthy because they've contributed to KiwiSaver that will end up with $100,000 or $200,000 when they're 65, and that won't last that long.

Beattie: I'd give it a seven, seven and a half. I think conceptually, just the mere fact that we've got engagement with the New Zealand population in an area that they have been woefully short in … there's a way to go but starting that journey has been a great concept. We can fine tune things from here.

Boyle: I think that default provider status is not required anymore. To engage and improve engagement by providers for those new default members to be allocated to those providers who want to offer a default structural fund that's set by government. They might set what the fee is on that fund and the right asset allocation for new members, because I think we'd all agree, conservative fund should never have been the default option. But, the reason for that is engagement's been quite low … this might spread the load, to connect better. And, for providers, Milford, for example, might not want to choose to be a default provider, because it's not your client focus. So, it's an opt-in, and that might bring a bit more competition and innovation.

Beale: I don't have a strong view either way around conservative fund as a default choice. I can understand why that decision was made. We've got to realise that these people haven't made a choice. They've been defaulted. How engaged are they in their retirement savings? I would argue not very. And so, us almost going, "oh, it should have more growth assets in this fund" almost says we don't want to engage these people, let's just do it for them. Which, I'm not a big fan of.

Davies: The default structures and settings as they are I don't think is working. If we look at this population, so ANZ has 50,000 members who have not made an active fund choice. In the last year, we did manage to activate 7,000, but to do that we sent 50,000 emails and letters; we made 50,000 phone calls. For these people it's not that they don't want to engage on their savings. It could be that they're dealing with other issues. Our modelling says if you're 25 and you stay in default versus a life-stages model, you end up with 30% less retirement savings than you would otherwise.

Beattie: I would caution against getting rid of the default provider and default process, because it was an integral part of the whole auto-enrolment process. Without default you have to consider what do you do instead?

Van Der Maas: Having a default structure is important. A setting where if you don't make an active choice, you have that investment process open to you. Because I think that, broadly, that's what KiwiSaver's offering. It's

Jonathan Beale

offering some investment that you wouldn't otherwise have, and the population needs that. But, at a high level I don't think we should have commercial default providers. The debate in the marketplace is about fees. It's the language that we all hear.

There are providers offering good solutions out there – adding value to their members and their investors. I don't think default does that in its essence. What I think should happen is low-cost, passive, run by someone like ACC or the New Zealand Super Fund or even the IRD that is a setting that's appropriate for people. If we had a programme that was "I'm saving for housing" or "I'm saving for my retirement" then you'd get that self-selection basis. The issue with the KiwiSaver structure which limits a lot of structural change is that default withdrawal provision. If you have a life-stages fund as default and you can withdraw your money for first-home buyers you're going to get the wrong setting for that savings vehicle.

Van Der Maas: You asked me how would you encourage people out of default into other schemes. You know, we've got people that are delivering outstanding investment outcomes for their members. And delivering a good service. They're also delivering the other components of banking and finance that their members want. That's the differentiator and that has to be what sells. Why should a commercial provider be earning money off people that haven't made a choice to use them?

Bishop: A large part of what a default provider does is member engagement and support. So, just think about what you're suggesting there. If you were to ask ACC or Super Fund to manage the money, somebody still needs to provide ongoing support for the members. The amount of initiatives that are put forward, and at Kiwi Wealth we did an initial trial of FMA, looking at behavioural science. Some really good learnings. How much did we manage to nudge people? You know, it's not made a material impact, and we continue to trial different approaches as everybody does. Part of the feedback that we got when we called people was if you called them from between 9:00 to 5:00, they're at work. Call them in the evening, they've had a hard day at work and don't want to think about these things. Call them on the weekends and you get a slightly better uptake. That's good. But it's a marginal uptake increase. Then we find that when we call people, quite rightly, they are suspicious of why we are calling. First thing they want to do is verify we are who we say, which is a good thing.

Beale: We discovered that between 9:00 and 11:00 was the best time to call. You get a good success rate. You have people who go, "I didn't know it was ASB. Yeah, why are you calling me?" The biggest bit of feedback was, "I just haven't got around to it. I know I need to do it, and you've forced me to do it." Then you have a process to be able to do it quickly. People are responsive to that.

Beattie: You're right when you say why should default providers be making a commercial

David Beattie

profit out of this exercise? And we, arguably somewhat naively, went into this process fully understanding the rules of engagement. We were given what all the settings were, including understanding why it is conservatively structured. Because, this is a parking place. People are not supposed to be in here for 12 months or more. We think the government should set the same fee for all default providers at the lowest possible level; make it cost only, and that encourages all those participants to do something about it.

Davies: I think we need to recognise that there's a range of investment management styles. ANZ is an active investment manager. We see the value in having a team of experienced professionals who are looking at local and international markets, looking for opportunities, and we see value in that for members. But it's great that New Zealanders have choice. There are passive options as well, but that additional analysis research and decision making comes at a cost.

Boyle: Most investors don't know what fund they're in, let alone what active and passive mean, right? There's only three things that will make a material difference to New Zealanders' financial wellbeing and KiwiSaver investors. They've got to contribute, and

> **"What makes a difference is when you show people what it means to them when they retire."**
>
> *Joe Bishop*

they've got to contribute regularly. So, if we can slowly improve contribution rates, and the way New Zealanders are employed is also affecting their contribution rates. Also important is being in the right fund. So the asset allocation, irrespective of high or low fees, will drive 80%-85% of the return, right? So, getting that right for the individual is important. Lastly making sure that they are getting their member tax credit or the government contribution, as well as getting the tax rate right. Thankfully IRD, with their new system, fixed 12 years of tyranny. My fear is that New Zealanders spend 20 years in a conservative fund and compare with someone in a similar place in time and life, in a balanced fund, might say, "Why was I defaulted into a conservative fund?".

ASSET: Has anyone come up with any solutions around engagement, or is it almost too hard to crack that nut?

Bishop: Part of the issue is the language we use and the focus around KiwiSaver is wrong. So, it's all been historic; it's been about what your current balance is and what your historic balance is, past performance, and none of it has been about what KiwiSaver is about – retirement savings. What makes a difference is when you show people what it means to them when they retire. That's what gets people to engage and make active choices about funds.

Davies: I'll echo that. We're talking about those investors that haven't made an active choice. There is a huge number who have, and there are some very engaged investors. And, increasingly, if we give them great digital tools, make it easier for them to engage in their investments, they do, particularly on their phone. If they can see their KiwiSaver balances right next to their other accounts. They've got control and convenience.

Van Der Maas: The interesting thing I observe is the things that you're engaging about are default settings that are wrong. Are you in the right KiwiSaver fund and are you contributing the right amount? So

ASSET: WHO THINKS LIFE STAGES IS A GOOD IDEA FOR DEFAULT FUNDS?

Harris: It's a lot better than what we've got.

Boyle: No.

Van Der Maas: Yes.

Bishop: I have real concerns about life stages.

Boyle: I was involved with a provider that does it so … But, yeah, it has its pros and cons. I kind of …

ASSET: Where do you land?

Boyle: The landing should be where the investor lands at the end, and at the moment some finish up in cash, and that's not the right place to be.

ASSET: So, you're not a great fan of life stages.

Boyle: No.

Davies: I'm absolutely in support of life stages, as long as we're giving investors other choices if they want to be in a different fund, and as long as we're giving them plenty of advice options.

Bishop: There are fundamental flaws that make me uncomfortable. The biggest issue we've been discussing has been lack of engagement. So, Alister, you say we have to address that by making decisions on behalf of people. That's one way of approaching it. The other way is to think all you're doing there is legitimising non-engagement as an approach and telling people they don't need to engage. And, that's going to make this issue worse. More and more people need advice, and will need to have access to advice. The message this will send is you don't need to engage and you don't need advice. And, that's before you get on to whether growth at a young age is right considering the first home withdrawal or financial hardship issues we have, all the way to cash at 65 when you may live for another 30 years. All of those issues need to be addressed, and I don't feel with life stages that they've been adequately addressed.

those are default settings that are wrong, so if you got that right, how much of your engagement wouldn't be needed? Everything that is marketed is past performance. You know that past performance is not an indicator of future performance. In fact, in our research process we look to the people that have underperformed as potential out-performance in the future and understand why they've underperformed. So, those people that are performing well are almost a sell. I think the literature and the marketing around KiwiSaver, the communications, are flawed.

Bishop: We trialled changing the first piece of information that people got when they looked, especially on their phone, to be a projection rather than the balance. And, what we found was that was not satisfying people. That's because everything they know and have been told is the balance is what they need to care about. It's human nature to care about a (hopefully) large figure that you're seeing, especially when it's, as a bank provider as well, sitting alongside your other account balances.

Beattie: The solution lies in getting the employers far more involved in this process. The first point of contact for somebody in KiwiSaver for many is via their employer, but the employers that we are aware of are doing the bare minimum. They're handing out the KS2. Most of them are probably not even aware of the KS3, the factsheets. There's an opportunity for them to be engaged far more at the initial point and then on an ongoing basis. One of the greatest frustrations of a default provider is that we know there are employers sitting out there with all of the current, up to date contact information for the people that we keep getting bounce-backs from. Why can't we share this information?

Van Der Maas: The regulation has actively discouraged employers from being involved in superannuation. Most employers who I talk to don't want to have anything to do with it. Because, it's introducing risk, right?

ASSET: How do we get more advisers engaged into KiwiSaver?

Harris: The industry needs to innovate around how can a KiwiSaver member get access to quality advice at the right price and have that paid for from their KiwiSaver balance or contributions? So that the adviser gets reward for their time and ongoing service. The advisers also need to think about KiwiSaver as being a viable business to be in as maybe a portion of their business because it's fantastic business long term. If you do a good job, you're going to have clients for 15, 20, 30 years. They're going to be your private wealth clients of the future, because you know where their balances are likely to be.

Harris: One option could be where a member has the ability to pay for advice that's been provided and ongoing service from the KiwiSaver account. We need to look at how we innovate and we can support access to advice. I know there are others that already have advisers aligned and they might be aligned to one particular provider. I'm talking about advisers that aren't aligned to any one provider that might want to be giving advice over a number of different KiwiSaver providers or schemes, and how do they get paid for their time/service?

Beattie: It works. We have absolutely needed to have advisers. They are our only distribution from day one and we've paid them a trail commission. That's an asset based thing, and we defend that to the end of the earth. Because on an average balance of $20,000, we are paying an adviser a 50 basis point annual trail. That's $100 per annum to give a member 24/7 access to a financial adviser for the entire year. If they had to pay for

Philip Macalister

> "We should be saying, your future balance might look like this, but over that time it's going to be a ride."
>
> *Alister Van Der Maas*

that separately, $100 would buy about half an hour. Even at $200,000, that's $1,000 a year. People pay more for a gym membership they don't use. In terms of value for money, that type of service fee with one proviso that the advisers are doing something for that. That will become an issue, and we are very focused on that. In the next few years if we're only firing shots at these guys saying, "If you can't demonstrate to us that you're servicing your clients, at some point it's turning off". That's coming. So, it's embedded in there; the members don't see it. It just comes out of their return, and we believe it's good value for money.

Boyle: New Zealanders don't see the value of advice. Let's face it; we're a DIY kind of people that'd rather, as you say, spend money on an unused gym membership rather than spend $250 or $500 a year on getting advice. I don't think we need ongoing KiwiSaver advice. My view would be that if a member needed to be reviewed, and they wanted to get someone to do a review for them, they pay for the time and maybe have the ability to take that cost out of their KiwiSaver.

Beattie: We got embarrassed when we got some members in who had a $1,000 kick-start and we referred them to an adviser we even apologised and said you're only going to get $5 a year for this client. The smart advisers said, "No, I'm not. Thank you for that referral. I've just written a half-a-million dollar life policy." So, $1,000 was just a door opener.

Davies: I think we would agree that advice is valuable in terms of getting people on the right path towards their retirement aspirations. We see it as a continuous thing. When you come into the fund, when you come into the scheme, making sure you're in the right fund, that you're set up properly throughout your life as you're accumulating. Then, as you get closer to retirement, advice is valuable at all stages. But, for me, and as a KiwiSaver member myself, choice is important. If you want advice, we'll provide you advice free of charge from an authorised financial adviser. If you would rather speak to someone outside of the bank, we'll refer you to an independent financial adviser. And, for all the DIYers that David talks about, I think the onus is on providers to provide great digital tools so that they can understand their risk tolerance, projections and fund selection.

Bishop: The whole model of sitting down to talk about your financial situation doesn't resonate with an awful lot of people. You have no model for doing this previously. A lot of people's parents never had financial advice. When we speak to our members about why they don't want financial advice, often it's because they're struggling to get by and financial advice seems like the last thing they need to think about. It's also not how people shop or look for consumer goods anymore. What they want to do is get online, and play

ASSET: ROBO-ADVICE, ARE YOU GOING TO DO IT?

Davies: Of our customers, 13% said they would be happy to receive advice solely from a robo solution, so we choose to provide advice via a good old-fashioned human being. I think while New Zealand is welcoming robo-advice, the onus on providers is just to keep developing those digital DIY tools.

Beale: Arguably we're giving robo advice today. If you're talking about giving personalised advice in the future, then absolutely, that's something we're looking at.

Bishop: We should understand that robo-advice is not panacea, and it's not binary. It's not robo-advice or face-to-face. At some point in the future, everything's going to be hybrid. You might start online and then need to speak to somebody, and then you might want to go back to online. That journey needs to be seamless.

Beattie: Risk profiling tools, the Sorted website, it's all robo-advice. So, there's only a small step between that and personalising it a little bit more, arguably you don't need a heck of a lot for KiwiSaver as a standalone. But, we'll be looking to enhance our existing robo-advice offer into the personal space.

Harris: Yeah, we have a class robo already. You can transfer or make an application without interacting with a human, but we realise the importance of having real people behind the scenes. As we evolve that we'll have both. It'll be a journey right the way through, so that if you want to talk to somebody we have an independent adviser we could refer you to or somebody internally.

Bishop: I'd be wary of anybody who says that they can provide advice solely digitally without access to somebody.

> "I think we'd all agree that taking ESG factors into account drives better investment outcomes."
>
> *Mark Davies*

about until they get comfortable enough to have a conversation with somebody. That's why tools are important.

Van Der Maas: We do a global review around the value of advice and where it's broken down, and actually the investment bit of it isn't a large part. It's predicting behavioural biases. It's budgeting. It's the whole component around advice.

ASSET: What does a good customer outcome for a KiwiSaver member look like?

Davies: If my provider has helped me end up in the appropriate fund, understand my tolerance for risk, and made sure I'm contributing at the right level so I have the retirement I'm hoping to have, I'm taking advantage of government contributions, I'm on the right tax rate. If they engage with me and make sure I have access to advice, I feel like as a customer I'm getting a good outcome.

Bishop: So, a good customer outcome is that you have the money you need to live the lifestyle you want in retirement. And, there are a lot of inputs into getting that outcome, but it would start with understanding what you want your retirement to look like. And, that sounds like an easy thing, and it's incredibly difficult, because most people don't understand what their retirement should look like and what they would need to do in order to get that.

Beattie: It's the journey for a customer and it starts with exactly what you said: early engagement to get the settings right and that sets the foundation for a seamless transition into their retirement decumulation phase. You can provide pictures of what it looks like, and every one of us can see a picture of what their retirement looks like now, today. They can click on a button and go, "Well, that doesn't look quite right. What if I change some of these settings? Oh, that looks better." That's a good customer outcome.

Harris: We've had 12 years of upward bull markets, and so we don't know how members are going to react if we go into a prolonged market downturn. Let's say it's a GFC and lasts for 12 to 18 months. Fortunately, with KiwiSaver, they can't react too much, so they're in it until they're 65 for the main part. They can react by de-risking to a less risky fund. That may be the wrong thing to do. So, I think it comes back to what is a good outcome? It's getting the settings right at the start. It's helping them understand along the way what this means.

Beale: I would've thought a good customer outcome would be the customer understands what they're in and why they're in it. And, you can see from what happened in Australia. A lot of customers didn't know what type of product they were in or what it was for. I think a good outcome would be the customer understands the power of their choices: the right fund, the contribution, and plus they can easily make those choices either digitally or through a human being. You need the right processes up front to make sure customers understand what they're in, or I think we'll learn when there is a market correction how good we have been in achieving good customer outcomes. So, how engaged are our customers? How well have we communicated to them about the right fund? What could happen? That would be a really good test. Last year, when the markets got pretty volatile, we put up a blog next to their balance on their phone, so they could click and read what was going on. We've got over 500,000 members; we had

Joe Bishop

1,500 clicks.

Bishop: I think we noticed when the markets had a little jolt, and we knew that the next day the phones would be ringing off the hook, and they were. People were very engaged at that point because it'd been front and centre in the news. Since then, we've had some minor market corrections. We've not seen the same kind of response.

Van Der Maas: I'm worried about what will happen to the psychology of investment in New Zealand if people see a 20% fall in their balance. And, part of that worry stems from the fact that they can see it on their phone.

Harris: But, I think that's also where it comes back to the quality of what they got, the net benefit to the members around the rest of the bottom line fees. That might be an interesting test for ... have I got an investment strategy that can react to markets? And, in the meantime, who do I speak to for advice? Can I talk to a real person?

ASSET: When it happens, the phones are going to start ringing, and how well are you prepared to manage those discussions?

Davies: I think New Zealand's becoming more educated in what volatility looks like, and certainly when there is a market event the phones ring and mail traffic increases. And, we engage with our members. We educate them in terms of what volatility might look like, and when there is a blip in the markets we keep engaging with them. As an investor, I don't look forward to corrections at all, but we spend a lot of time and money training our frontline to make sure they're equipped to have those conversations.

Boyle: I think it will be hell in a handbag. KiwiSaver was launched on the doorstep of the GFC, so I remember in the growth fund I was in it was minus 20% the first year; it was, I think, minus fifteen the second-ish, but it didn't matter because I didn't have a balance. Crikey. If I had a 20% correction now I'd be feeling a little sick.

Beattie: We've got 100,000 members, which is relatively small. We've got 1,000 advisers that we're actively engaged with, so on average you're talking about 1,000 clients per adviser. They will struggle to handle the volume of phone calls, but at least we've got 1,000 people we can call on to deal with 100,000 people.

Murray Harris

Beale: That's why I say it'll be a good test of how well we've communicated to our customers. If we've been sending out "aren't we awesome" for the last ten years, then I think it's going to be horrific. If we've been sending the key messages about long term, being in the right fund and educating people, I don't think it's going to be as some people around the table think it's going to be.

Van Der Maas: The communications that most people put out around their balances and their own future projections, they're not around risk; they're not around the maximum potential downside of drawdowns. We're not communicating well on risk. In your average growth fund, you should expect one in every three years to have maybe a 20 or 30% drawdown. That's how the capital markets assumptions work ... Conservative it's clearly one in six or something like that, but what's that mean to mum and dad? We should be saying, your future balance might look like this, but over that time it's going to be a ride.

ASSET: What's happening with KiwiSaver fees at the moment?

Davies: Fees are obviously important, and our fees are down about 20% since 2009. We've made a number of fee reductions again this year. But, I strongly believe that it's the performance after fees that you should look at, because that's the element that's going to drive your client outcome.

Harris: It's all about net benefit to the member, so it's not just about the investment management fee, it's what else are they getting? The management fee that they pay pays for some of the investment management; it pays for some of the education, the engagement, the servicing, the picking up the phone.

Harris: You can fly Air New Zealand and pay a bit more and get a cookie and a coffee, or you can go Jetstar, maybe get there on time. You've got to buy the water. So, it doesn't matter what you consume, there are choices, and people make a conscious decision to say, I'm happy to go lower cost or I'm happy to go where I can get a bit more service.

Bishop: Yeah, it's about value, and value is much more than just net return.

Beale: Value's the word.

ASSET: So, value is not returns.

Beale: Well, returns will be part of that. The only conversation in the industry is about fees, which is ridiculous. There's no talk about the experience that members get, the digital development that providers have done, the communication. Like, if a personalised robo comes, what's that going to look like? The investment management styles, the infrastructure you have to put in place when you've got half a million members on a registry. Those are costs. All of the industry have put a lot of money back in.

ASSET: Responsible Investing (RI) is the buzz phrase at the moment. How important is RI and what's being done and what's been done to ensure that managers are doing what they say they're doing?

Harris: ESG and RI, you've got to put in a lot of investment and effort, research, people behind you that to do it locally, even to do it globally. So, again, it's a bit like the untested members. Easy for everybody to say I want ESG; I want RI, and I want that as low-cost as possible until we're in a severe down turn and then people focus on – why is my balance falling? Or, why am I not getting the best returns? I'm not suggesting that RI or ESG doesn't deliver, but it comes back to the overall returns.

ASSET: And, you are saying if you're going to do RI, you've got to do it actively? You can't do it passively?

Davies: ANZ is a responsible investor. I think we'd all agree that taking ESG factors into account drives better investment outcomes. And, as Murray said you need to have the infrastructure. So, we exclude some entire sectors like tobacco, controversial weapons, but also some individual companies where there have been severe human rights violations. And, it's important that you know exactly where your members' money is going, and you can

make conscious, responsible investment decisions, and that you can communication to your members what your policy is and be transparent.

Beattie: The problem that you have for our KiwiSaver members ... they don't know what ESG is really. They might have an idea of what responsible investing is, but they'll all have different views. The key is that if you manage it, and you believe it, and it adds value to your fundamental return great but you don't want to be saying one thing and not being able to deliver it. That's the risk.

Van Der Maas: I haven't seen a study that has categorically proven that ESG adds to value in terms of long-term returns. On the governance side there are different studies that point to that. I think that you have to deliver investment returns before you put other considerations into place. If you're going to exclude something or do something socially responsible, I think that's easy for certain schemes. If you're a Shariah scheme or you're setting yourself up as an ethical scheme, that's fine. If you have enough data to say my members want this, this is what we are doing, then you have enough ability to do that. But, unless you can prove that what you are excluding is adding value over the long term, I think that's a very interesting decision to make. I'll point to tobacco as a good example. Most providers have excluded tobacco from their funds. Tobacco's performed strongly over the last year as a sector. We've made a values-based assessment that excluding tobacco will drive investment returns for our members. And, you might have detracted from returns for doing that.

ASSET: IF THERE ARE ONE OR TWO THINGS YOU COULD DO RIGHT NOW TO CHANGE KIWISAVER, WHAT WOULD THEY BE?

Davies: I would want to see people defaulting into a life stages approach, more growth assets when you are young, taper in as you're older. And, just to make it more inclusive. I believe if you're under 18 or over 65, if you're working and contributing, you should still benefit from employer and government contributions.

Boyle: I like the idea of transitioning those that are in conservative funds already and default, and have made no decision that their future contributions go into a balanced fund, for example. So, basically, de-risking their position. I want to see KiwiSaver contributions being paid by employers, irrespective of their employment conditions.

Beale: I'm the same as there's some inconsistencies, particularly for under 18s. If you want to start a savings behaviour and change financial literacy, let's get the child who's 15 or 16 who's got a job, get them an employer contribution. Get them a member tax credit, and start the good savings behaviour early.

Bishop: Reducing minimum employee contributions for people below a certain income, so you could reduce it down to 2% or 1%, just to get people started. I think you only need to do that for employees; there's no reason why employers couldn't continue to contribute at 3%.

Van Der Maas: Life stages is my number one because I think those, from a default point of view, and using the population's general inertia, will deliver a better outcome over time. I'll go with Jonathan with reducing government intervention, because I think that's part of the reason why people distrust the scheme as they see it changing so often.

Beattie: My first one is get employers more involved. I can't say exactly how yet. If there's a will, there's a way. Second, we haven't really touched on it at all, I think it's worthwhile looking at where KiwiSaver can be used to deliver cost and admin-effective grid life insurance cover for people who are, generally, underinsured.

Harris: If we're serious about a universal retirement savings scheme, look at the most successful schemes around the world, they all come with significant tax benefits all the way through. Whilst the PIE regime is good, taxation on employer contributions needs to come back off, and we need to have a serious look at incentivising people to save more into KiwiSaver with tax benefits on contributions, maybe even the way it's taxed when it's in and on the way out.

Q&A with Shannon Murphy

Harbour Asset Management's new investment specialist Shannon Murphy talks about the future for the industry and the importance of financial advice.

Shannon Murphy recently joined the Harbour Asset Management team as an Investment Specialist, tasked with fostering relationships and keeping strong lines of communication between advisers and Harbour's investment team.

Previously Shannon was Group Development Manager at Lifetime Retirement Income, a Financial Adviser for Morgan Stanley Smith Barney/Wells Fargo Advisors in Washington, and Regional Marketing Specialist and Team Leader at AIG/SunAmerica Retirement Markets in California. Shannon holds a Bachelor of Arts majoring in Finance and Economics from West Washington University. She was named Best Financial Advisor by Bellingham Alive Magazine ("Best of the Northwest") and holds FINRA Series 7, 63, 65, 66 licences.

WHAT DREW YOU TO THIS INDUSTRY ORIGINALLY?

My grandfather (and father) have always been very interested in the market. I remember going to my grandfather's stockbroker in downtown Seattle when I was young. He showed me his stock screen and talked to me about the NYSE. From then on, I was always fascinated. It is also prevalent in my family; my sister works as portfolio manager back in the States and my dad still day trades; so, I guess it is in my blood.

HAVE YOU NOTICED DIFFERENCES BETWEEN THE INDUSTRY IN THE USA AND NZ?

Yes, a bit. In the USA it is much more demanding and competitive. Here it seems people in the industry are much more supportive of one another and always happy to help and refer business and ideas. Personally, I believe that the way it is done here in New Zealand is much better – for work environment as well as for clients because it seems that the industry has the end user/client's interests at the forefront of

> **"Finances are such an important part of family life, and a trusted financial adviser can be a huge benefit in taking extra work and worry off people's shoulders."**

everything. Though I enjoyed working over in the USA, don't get me wrong, it taught me a lot and gave me the knowledge to remember to always keep learning and growing.

WHY DO YOU THINK FINANCIAL ADVICE IS IMPORTANT?

Financial advice is a critical part of every Kiwi's life. Whether people are saving for a house, their children's education, a safety net or a comfortable retirement, it is an area which touches people's lives and allows you to genuinely make a difference. Many Kiwis also struggle with financial literacy, so financial advice is crucial to help people make good choices.

Helping people reach their goals and feel financially secure also aids in the growth and prosperity of the country as a whole; more people are able to rely on their own money and not on government funded sources of income – which leaves more to put back into the community.

WHAT PLACE DO YOU SEE FOR FINANCIAL ADVISERS IN THE FUTURE?

Financial advisers are such an important part of every family's life, or at least I think they should be. When I was a financial adviser, I felt like I became part of so many of my client's families. You get to know about your clients' lives and kept up to date with family developments – new jobs, babies – I would even get invited to some clients' special occasions. It was part of the job I loved the most.

I think in the future people are going to be looking for someone that is knowledgeable and can help them reach their goals, but also someone that understands and listens to them. With ever-growing, busy schedules people are not going to have the time to do things themselves. Finances are such an important part of family life, and a trusted financial adviser can be a huge benefit in taking extra work and worry off people's shoulders.

In the future, advisers may have to become increasingly tech savvy. There are so many tools and platforms which advisers can utilise to help them provide great service to their clients. A lot of people are increasingly comfortable with digital communications too, so I wouldn't be surprised if financial advisers communicate more and more with their clients using technology.

WHAT ARE SOME THEMES YOU'VE BEEN NOTICING IN YOUR CONVERSATIONS WITH ADVISERS ALL OVER NZ?

The most obvious theme on most of the minds in the advice industry right now is the regime change and financial advice provider (FAP) rules. These rule changes are of course making some advisers feel unsure, and they are having to make big decisions about whether they'll operate under their own licence or under another firm's licence.

"I am looking forward to working more closely with our advisers and building on the great relationships we have."

Some are not affected much at all, but they still hear murmurs of the high cost of the change that happened in Australia.

Another thing I have been hearing quite a bit from advisers is about legacy planning – I believe the average age of advisers is over 50 and people that are looking to transition out are finding it difficult to get younger advisers to come in and take over their books.

And recently, we have had a lot of conversations about the low interest rate world we are in now and where they and their clients are looking for yield. That, along with the trade tensions between USA and China, seems to come up at most meetings as advisers want to gauge how these will be affecting returns and how to relay this best to clients.

WHAT BIG THINGS ARE ON THE HORIZON FOR YOU AT HARBOUR?

We are excited to be hosting the next round of Harbour Investment Seminars September 23, 24 and 25 in Christchurch, Auckland and Wellington.

We have also just added a new retail fund to our suite. The Harbour Enhanced Cash Fund has been offered to wholesale investors since 2012, and is designed for investors who want liquidity and returns over and above the NZ cash rate. We made this change to respond to adviser demand, and hopefully the retail structure will make it more easily accessible.

Personally, I am looking forward to working more closely with our advisers and building on the great relationships we have. A

This does not constitute advice to any person. ***www.harbourasset.co.nz/disclaimer***

Shannon Murphy

By Susan Edmonds

Certus focuses on *growth*

Brendon White says he's not afraid to sacrifice short-term income for long-term business success.

For someone who's been described by a product provider as a "new breed" of adviser, Brendon White has been in the industry for quite a long time.

The director of Certus Financial Group first entered the world of financial advice as a 22 year old in 1998, working as an AMP adviser alongside his father.

Their business merged with Certus in 2008 and developed from there, particularly in growing its superannuation and investment planning clients. Over the last three years, White has become the majority shareholder of the group, alongside business partner Mike Dalley.

White said he was probably unusual in that financial advice was his first career after he left university. When he was coming into the industry, most of the people in his cohort were 30 or 40 and had already been through previous work as accountants or in other, similar roles.

"I never looked back. The client contact, that was the most appealing aspect of the business, going to see people, creating relationships and the flexibility of the job, the ability to build a business over the long term. Everyone goes into business to do well and perform well and that was appealing, building it up over the years."

White said, if he were doing anything different to the rest of the industry, it would be that he took a deliberate approach to building the value of his business rather than worrying about short-term income.

"Some advisers concentrate so much on short-term matters they forget about the actual long-term business value."

For White, that translates into a willingness to spend money on marketing and other assets to have a better business proposition for the future. "We might forego income in the initial stages but it should pay off over the medium to long term. That might be a bit different … certainly I know in the good old days everyone was chasing an initial insurance commission rather than building up a client base. If you provide good customer service, a good proposition and good products, at the end of the day you'll end up with a longstanding customer base. That's how you grow your business and business value as well."

He said the increased focus on compliance over the years had been a noticeable change.

"It's good for consumers and for advisers. There's more focus on customer service and client interaction. Gone are the old days when you sold a product and then left the client alone. Now you're expected to provide service to a client on an ongoing basis. That's definitely changed."

The level of knowledge expected of advisers had also stepped up, he said. People were no longer generalists across every area of advice but instead were expected to focus on a speciality.

White said Certus had now grown to nine advisers and five support staff with a diverse product range including a large superannuation business, investment business, general insurance and life business.

He heads up the investment team and his business partner looks after life insurance and superannuation. The business now has significant exposure to KiwiSaver. White remembers, when the scheme first started, few advisers were interested in it because of the relatively low income it provided.

But he said he could always see the potential for it to grow and spent a lot of time setting up preferred provider arrangements and other systems to allow KiwiSaver advice to be given. "The first couple of years I probably worked for free [on KiwiSaver] but it's paying dividends now."

Certus has growth plans over the next few years as it aims to grow its funds under management by 8% to 12% a year over the next five years and develop the general insurance side of the business. White said communication with clients was a focus and the business would send out 16 newsletters a week to clients as part of its marketing efforts. "That will continue. We're continuing to look to grow over the next five years."

Certus Financial Group was part of the AMP QFE and will transition to the new Wealthpoint FAP. White said he had not been too concerned by the prospect of a new financial advice regime, and entity licensing. The majority of the business's advisers are already AFAs and will not require much change to meet the requirements of the new regime. Wealthpoint will provide additional support.

White said finding the right staff was the biggest hurdle to growth in his business. It was hard to find good people to work as support staff, and difficult to find well trained advisers who wanted to be part of the business. He said there had been a lack of training in the industry over the last 10 years and not enough retention and nurturing of younger advisers. "As far as I know there's not been much apprenticeship or cadetship schemes and that's a shame."

Certus recently appointed Chloe Robertson as an adviser. She had previously trained with AMP and worked as an employed staff member but wanted to branch out. White said that had been an "extremely successful" move. "That's what we're looking for. Someone that's had some experience in the industry, not necessarily as an adviser but some experience with products and dealing with clients and from there we can mentor them into becoming a successful adviser."

White said he was also interested in bringing on advisers as a potential succession plan, if he could identify people who would want to purchase shares in the business over time. "In 10 or 15 years I might want to take a backwards step from the business. I can't keep working at this rate forever. That would be the ideal situation, to be around for the next 10 or 15 years but have another adviser come in as a shareholder."

White said he felt very positive about the future of the industry. While there was a lot of talk in the sector about the rise of roboadvice, he said there would also be a need for personalised financial advice. "It will definitely cater for some parts of the market but it won't cater for all New Zealanders. A lot of retired people who have a lump sum they need advice for probably won't sign up to roboadvice to invest $500,000 or $1 million. They want a human talking to them."

But he said he would like to see some changes, including more transparency from providers and a standardised way for the advice sector to achieve compliance for everyone. Over time, that would help build trust in financial advice, he said.

Even though he didn't get a pre-advice career, White said he had no plans to pursue a post-advice one. "I very much enjoy the client contact. You can really drive the business as a business owner. If it's performing well, it's quite exciting times. You're basically controlling your own destiny. If I was to go off and do something different, maybe in the corporate world, I would struggle."

When he's not working, White spends time on the sports field, particularly playing football. He has played every season for the last 20 years and is also very active in his children's sport.

"Some advisers concentrate so much on short-term matters they forget about the actual long-term business value."

He said he was focused on not letting work take over his life. He would normally work seven or eight hours in the office a day, then pick up a bit more when his family went to bed in the evening.

"Otherwise it would be easy to work 10 or 12 hours a day. I see far too many people get sick, not enjoying their lives. You've got to have that balance."

Brendon White

By Russell Hutchinson

How does AIA Vitality work?

Is AIA Vitality another in a long list of super-complicated ways to price insurance; or a ground-breaking wellbeing programme that will transform lives?

To answer that question, I have spent a significant amount of time over the last few weeks checking out AIA's Vitality.

A clear majority of advisers I've spoken with rated the programme the most interesting thing done by an insurer in recent months. Disclosure of interest I get paid for consulting and research by AIA.[1] I work with a wide range of life insurers and get paid to do management consulting and syndicated research. That includes AIA, but it also includes most of the other major insurers so, hopefully, my conflicts of interest cancel out. In any event, you have been warned.

After a misspent youth, I cleaned up my act, starting at age 25 and have progressively become more and more of a health freak. I already wear a Fitbit, exercise a lot, watch my diet, and get tests for all sorts of things regularly. I see a nutritionist, have a personal trainer, and I even meditate. This wellbeing programme is right in the zone for me. I was always going to sign up, get the app, and try this out. At the same time, I'm an example of a customer who did not need this programme.

The most dangerous thing in the world …

Terrorism? War? Murder? Your risk of death from one of these eye-catching horrors is low. For the record, these are the percentages of the deaths attributable to each of those causes.[2]

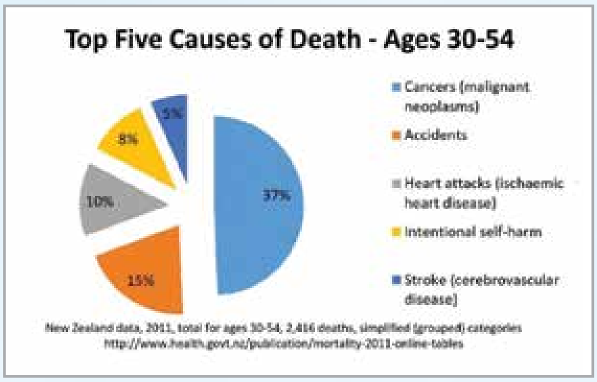
Terrorism – 0.05% of deaths, or about 1 in 2,000

War – 0.21% of deaths, or about 2 in 1,000

Murder – 0.72% of deaths, or about 7 in 1,000

… is sitting around all day.

Those factors, while shocking when they occur, are both rare, and getting rarer. Turn now to the death rates for non-communicable diseases. Globally, cardiovascular disease, cancer, and lung disease are the big three. Turning now to New Zealand data:[3]



I have chosen this limited age range to stress the focus on early death. The pie is simplified – you will notice the highlighted categories only sum to 75% – many causes of small numbers of deaths have been ignored so that we can focus on the top five. Given life expectancy in New Zealand, any death prior to retirement could be considered premature. The largest cause of these deaths is cancer. In this age group, the next largest is accidents. If we extended the age range by another ten years, that swaps places with heart disease. Intentional self-harm – suicide – for which New Zealand has a shockingly high rate, comes next. Then stroke. In one of the launch events for AIA's Vitality programme, they quote a figure of 90% of all premature deaths being from non-communicable diseases – degenerative conditions – often based on factors over which we have control. Those four factors are activity, diet, alcohol and tobacco.

Is it okay to selectively rate based on these factors? Is it "fair" to charge some people more than others based on their risks? Of course it is. I believe in pricing for risk. Without this you get all sorts of moral hazards and anti-selection.

WHAT FACTORS DO WE CONSIDER AND HOW ARE THEY PRICED NOW?

According to World Health Organization data on mean body mass index (BMI) we are firmly in the worst quarter of countries worldwide. The mean BMI is 28, well into the overweight range, with a high proportion of the country being in the obese category (a BMI greater than 30). About one in three adults are obese, and it is getting worse – the number rose considerably between 2006 and 2017.[4] We already selectively price based on BMI as a factor considered during the underwriting process.

Factors not explicitly considered or

priced that remain are both activity and diet. You could say that they are implied in consideration of BMI, but research has it that activity as distinct from BMI is a factor alone. Also, we probably all know people who are very active and a bit overweight. Heck, that description pretty much defines most parents in their thirties and forties in New Zealand.

Behind all of these factors there is perhaps one which is very hard to assess directly, call it the "give a damn" factor – we might politely call that "motivation" – people that care about their health.

This may be the big reason that AIA's Vitality looks wider than "just" those factors linked to non-communicable diseases. Analysing the available points in the programme and sorting them by category shows us how much priority AIA's Vitality is placing on each area:

Item	Approximate share of available points
Checks and tests	About 40%
Activity	About 40%
Test results in the healthy range	About 15%
Special offers / focus areas	About 5%

In management, we have a saying that "what gets measured, gets done". It appears that the Vitality programme is working on this assumption.

"If you choose not to engage with AIA Vitality, or only engage enough to achieve a Bronze or Silver AIA Vitality Status, your discount will decrease annually until it reaches zero. However, a high level of engagement (Gold or Platinum) may result in your AIA Vitality Discount remaining the same or increasing up to 2% annually, up to a maximum of 20%."

In one scenario, using a good package of life cover, TPD, Trauma, and income protection, I looked at several premium variations:

Former range	On the old AIA product range, the total cost was	$434.70
New range	No Vitality fee, and no discount the cost is now	$489.67
With Vitality discount	Bronze, the entry level	$434.95
With Vitality fee	Including the monthly fee – not charged right now during the special offer first year free	$446.45
Maximum discount	After 10 years at Platinum level is 20%, which if applied to our starting premium for illustrative purposes gives	… about $400

AIA Vitality Status	Premium Flex rate
Platinum	*Your Baseline Discount plus 2% (up to a maximum of 20%)* *e.g. Vitality Year 1 discount is 10% (the Initial Discount). Year 2 discount will be 12%.*
Gold	*Retain current Baseline Discount* *e.g Vitality Year 1 discount is 10%. Year 2 discount will be 10%*
Silver	*Your Baseline Discount minus 1% (to a minimum of 0%)* *e.g Vitality Year 1 discount is 10%. Year 2 discount will be 9%*
Bronze	*Your Baseline Discount minus 2% (to a minimum of 0%)* *e.g Vitality Year 1 discount is 10%. Year 2 discount will be 8%*

In summary, for the healthy, you can enjoy a good discount (about 10%) on current rates. For the less conscientious, it is about an even deal as far as premium is concerned, but you get a bunch of reminders, discounts, and "nudges" to get healthy – which we look at below. For those that forget about the programme, the "motivational" discount will be progressively removed.

NUDGES HERE, THERE, AND EVERYWHERE …

There is also a selection of discounts on health services, wearables, and various other offers. The connection to Airpoints Dollars can add about $250 a year in rewards to a more active person – but while the activity levels required are not all that high, you must fiddle around with the app quite a lot. This is probably a deliberate requirement – as one of the other key outcomes is an increase in engagement with the customer.

All of this speaks to that question of motivation. All the above may sound attractive to people who are already committed to a healthy lifestyle. That's the first client persona you should keep in mind when thinking about this product. Call them "the fit". The next two groups you should consider are "the aspirational" and "the indifferent".

Can this programme reach those groups too? AIA published a checklist for advisers on how to position the programme, it suggests that they believe it can reach the aspirational group. People for whom better health is something they would like to achieve. It is possible that AIA can position themselves as an authority, and Vitality can cut through the confusion by signalling "do this" nice and clearly. It also suggests that they are happy with the positive selection where they let go more of "the indifferent".

ENGAGEMENT AND OUTCOMES

AIA Vitality provides a mechanism that easily scores well on boosting customer engagement. I have never seen an insurance application that consumers enthusiastically talk about in normal conversation. A friend even shared a screenshot from the app on Facebook. That's amazing.

VALUE OF THE PROGRAMME

Behavioural economics is at the heart of the programme. That is based on nudging consumer behaviour. I think that happens in several dimensions.

FOR CUSTOMERS

The apparent consumer-focused goal of the programme, and the reason that the programme is run on a not-for-profit basis, is that it is about improving consumer health. Behavioural economics is the mechanism. Three nudges are on offer. The first is data, then premium, then free or discounted services.

AIA also claim wider societal benefits – such as contributing to a lower healthcare burden, and greater productivity in their leaflet "Vitality Shared Value Insurance Model".

FOR AIA

They name positive selection as a feature – which should flow through to reduced claims. They also hope for higher sales and, through enhanced engagement, increased retention.

FOR YOU

For AIA to make more sales, and enjoy better retention, those sales must be made by you, and the clients retained by you too. Looking at the complexity of the programme, it leans heavily on the adviser role in the initial sale. Provided you believe in the programme it is an eye-catching one too. For those that sell insurance as their "add-on" and aren't really that engaged in insurance themselves, this is probably something of a complication – which they may overlook.

1 For disclosure purposes you can find a list of the insurers that I work with at this link. https://chatswood.typepad.com/moneyblog/our-clients-1.html
2 For more on this check out http://www.health.govt.nz/publication/mortality-2011-online-tables
3 For more on this check out http://www.health.govt.nz/publication/mortality-2011-online-tables
4 https://www.health.govt.nz/nz-health-statistics/health-statistics-and-data-sets/obesity-statistics

By Mike Moore & Maree Porter

Such Fun!

It's been quite a ride but now it's time to say farewell for Mike Moore and Maree Porter.

It is over fifty years since I first joined the advisory business and was lucky enough to have been involved in a number of aspects.

As an adviser, manager, self-employed and with senior company stuff.

All of the ups and downs of what has been a wonderful opportunity.

But it is time to pull the pin.

I would like to thank all of those people who have contributed to what has been a most satisfying and enjoyable career. There are so many that it would take up the whole article plus some. So, I will keep it current.

"The adviser of the future is very different from the adviser of the past."

Mike Moore

Maree Porter and I have run Mike Moore Marketing Limited for 12 and a half years and have had the opportunity of helping a number of advisers in their careers. Whether it is assisting them expand and grow their business or at the end of the day handing on the baton.

During that time, we have had the pleasure of working with wonderful people for both mutual satisfaction and prosperity.

I would also like to thank Philip and Susan for the opportunity of working with ASSET magazine as it has been a very valuable communication tool for the business whilst it has been going through radical transformations.

The adviser of the future is very different from the adviser of the past in my opinion. When I first started out there were some really colourful characters, one or two of them more than a little bit dodgy.

With a greater focus on expertise and education the adviser of the future is justified in calling themselves a professional.

There is one underlying issue, no matter what decade you are referring to. With 99% of the advisers that I have worked with, managed or recruited – retaining excellent people in the primary role of providing quality information and leadership to the ordinary Kiwi. Many of whom through retirement, death claims, hospital cover and so on have been deeply grateful for that advice. I find it odd that we seem to be setting up a large structure, or a number of them, designed to discipline the group and to prevent the public from seeing them in a positive light. Whilst I do understand that bad news sells papers, I am more than a little surprised to see how much energy, effort and cash is going into regulating advisers.

I personally have found that as a general group they would be at least as professional and ethical as many other professions. Particularly politicians, lawyers, and so on.

However, everybody needs to find someone to blame when things do not go well so I guess advisers are the flavour of the month.

I have asked Maree to give her thoughts but once our current clients have had a satisfactory outcome of current sales we are not taking on any more work. Happy to help with advice for anyone who asks but we are going to wind up the consulting aspect of the business and I am going to retire. It is high time that Helen, who has been a huge help, and I do our thing. A really good adviser from Australia once said the best thing he could do was to travel to the beaches of the world and allow sunshine and oceans of money to wash over his beautiful body.

I think the concept revolved around either having a beautiful body or oceans of money, unfortunately I have not met that criteria.

We have had a huge amount of fun and worked with some great people. I am going to enjoy more fishing and particularly enjoy our three dogs. One of the great things about being a dog owner is that it keeps you grounded and gives you plenty of opportunity to exercise.

I was lucky enough to attend as a guest at the MDRT Top of the Table many years ago in Palm Springs. Regrettably I cannot remember the presenter who gave what I thought was the best advice you could possibly have in this career. It was pretty simple. Turn up on time, do what you are saying you are going to do and say please and thank you. I do not care what type of business career or academia you may be in those words are as true today as they were then.

So, to the many clients, friends, colleagues and hard cases from the last fifty years in the business we bid adieu and I turn over the article to Maree.

Mike Moore

"I have formed some great relationships along the way. Thank you to those people for your assistance over the years."

Maree Porter

It has been quite a ride. I have certainly learned so much, most recently the addition of AML requirements. I have had the pleasure of dealing not only with the advisers but the people in the insurance companies who have provided me with the information required when buying and selling a book of business. I have formed some great relationships along the way. Thank you to those people for your assistance over the years.

I do not think I am quite ready to retire completely however I will go and find some sun somewhere next month and think about where-to next.

Maree Porter

Disclosure

Mike Moore is the principal of Mike Moore Marketing Limited. They specialise in giving advice and consultancy services to professional financial advisers. Those services cover advice on sale, purchase and improvement of client bases. www.mikemoore.co.nz

For more information call 0800 888 361

Name	Latest Transaction Exit Price	1 Yr Return %	3 Yr Return	5 Yr Return	Size $M	Morningstar Rating Overall
NZ Insurance Cash						
AMP KiwiSaver Cash Fund	1.5392	1.55	1.58	2.06	80.40	4
AMP NZRT Cash Fund	1.53131	0.55	0.58	1.05	91.37	1
AMP Prem PSS OnePath NZ Cash	1.62794	1.68	1.84	2.26	3.20	3
AMP PSS Select Cash	1.52832	1.48	1.64	2.06	0.75	2
ANZ Default KiwiSaver Scheme-Cash	1.472	2.28	2.27	2.62	9.40	3
Aon KiwiSaver ANZ Cash	15.68182	1.73	1.82	2.18	4.53	3
Aon KiwiSaver Nikko AM Cash	14.73843	1.94	2.12	2.51	1.90	4
ASB KiwiSaver Scheme's NZ Cash	1.5006	1.97	2.04	2.52	460.41	2
BNZ KiwiSaver Cash Fund	1.1893	2.32	2.41	2.61	163.01	--
Booster KiwiSaver Enhanced Income	1.5459	1.83	1.89	2.34	18.06	5
Fidelity Life Super-Super Cash Portfolio	2.8344	1.27	1.31	1.47	3.99	2
Fisher TWO KiwiSaver Scheme-Presv	2970.5430	2.31	2.32	2.62	27.17	4
Kiwi Wealth KiwiSaver Scheme Cash	--	2.61	2.69	3.00	203.97	--
Mercer KiwiSaver Cash	--	1.99	2.04	2.49	17.06	5
NZ Defence Force KiwiSaver Cash	--	1.79	1.86	--	0.90	--
OneAnswer KiwiSaver-Cash Fund	1.4208	2.16	2.15	2.52	43.86	1
SIL 60s + Sup Cash Fund	2.2692	2.18	2.15	2.36	1.38	3
Westpac KiwiSaver-Cash Fund	1.4315	2.10	2.18	2.57	361.44	#N/A
NZ Insurance Equity Region Australasia						
Booster KiwiSaver Trans-Tasman Share	1.8514	16.72	13.09	10.93	8.93	3
OneAnswer KiwiSaver-Australasian Share	2.3772	18.66	12.54	14.43	38.17	4
AMP KiwiSaver Australasian Shares	1.3878	15.32	12.53	--	3.40	5
AMP Prem PSS ACI NZ Shares	3.33957	18.43	12.24	15.39	8.29	2
NZ Insurance Equity Region NZ						
AMP Prem PSS ACI NZ Shares Index	3.08721	21.87	14.23	16.52	7.95	4
Fidelity Life NZ Shares Portfolio	8.2812	7.90	11.68	12.67	1.39	1
Fidelity Life Super-Super NZ Share	--	16.27	12.54	13.09	9.27	2
NZ Insurance Equity Region World						
AMP Prem PSS ACI Global Shares Index	2.51514	7.87	13.17	12.03	8.51	3
AMP Prem PSS FD Intl Share Fund 1 Value	1.45879	5.54	10.69	9.28	10.42	2
Mercer KiwiSaver Shares	--	7.13	11.67	--	26.48	3
NZ Defence Force KiwiSaver Shares	--	6.90	11.45	--	10.80	3
OneAnswer KiwiSaver-Intl Share	2.2328	9.10	14.89	13.84	53.75	4
OneAnswer KiwiSaver-Sustainable Int Shr	2.1039	9.18	12.93	11.12	9.08	3
SIL 60s + Sup International Share Fund	4.2543	9.18	14.93	13.64	16.01	4
NZ Insurance Equity Region World - Hedged						
AMP KiwiSaver International Shares	1.3293	3.69	11.10	--	4.16	4
AMP KiwiSaver Passive International	1.3629	6.11	12.01	--	4.45	4
AMP Prem PSS ACI Global Shares Index Hdg	2.45336	3.61	10.79	7.95	9.35	2
Booster KiwiSaver International Share	2.1226	4.56	11.26	10.10	14.47	4
FANZ Lifestages KiwiSaver High Growth	1.38795	7.35	10.37	--	142.30	3
Fidelity Life Aggressive	4.0081	2.56	8.38	9.13	0.51	2
Fidelity Life International	2.7763	3.30	10.12	7.98	0.45	2
Fidelity Life Super-Sup Intl	--	4.14	11.31	9.06	23.03	3
Fidelity Life Super-Super Aggressive	--	6.76	9.61	10.31	24.02	3
Fisher FuturePlan - Intl Coms	3.45874	4.58	10.73	7.15	25.32	2
Fisher TWO KiwiSaver Scheme-Eq	5176.4162	10.37	12.13	10.75	143.20	4
NZ Insurance Equity Sector Global - Real Estate						
AMP KiwiSaver Property	1.2453	19.18	7.97	--	3.84	5
OneAnswer KiwiSaver-Intl Property	1.5597	9.83	3.29	7.37	8.99	3
NZ Insurance Equity Sector NZ - Real Estate						
MFL Property Fund	4.8479	11.88	6.19	10.04	513.64	2
OneAnswer KiwiSaver-Australasian Prpty	2.4952	27.19	11.63	14.18	28.16	4
NZ Insurance Miscellaneous						
Booster KiwiSaver Capital Guaranteed	1.1407	2.53	2.52	2.66	54.43	--
Kiwi Wealth KiwiSaver Scheme CashPlus	--	3.83	2.89	3.31	138.12	--
NZ Funds KiwiSaver Growth Strategy	1.8962	2.12	7.81	7.48	180.07	--
NZ Funds KiwiSaver Income Strategy	1.4322	6.50	3.54	3.89	32.19	--
NZ Funds KiwiSaver Inflation Strategy	1.5517	6.10	5.03	4.82	50.74	--
Westpac KiwiSaver-Capital Protect Plan 2	2.5461	8.53	11.53	11.80	10.32	--
Westpac KiwiSaver-Capital Protect Plan 3	2.4404	8.52	11.52	11.79	16.34	--
Westpac KiwiSaver-Capital Protect Plan 4	2.5213	8.53	11.53	11.80	23.49	#N/A
Westpac KiwiSaver-Capital Protect Plan 5	2.1922	8.55	11.54	11.80	19.19	#N/A
NZ Insurance Global Bond						
AMP KiwiSaver International Fxd Intr	1.0873	6.34	1.94	--	0.56	2
AMP Prem PSS PIMCO Global Fixed Interest	2.50939	6.32	2.92	4.46	3.61	5
AMP Prem PSS SSgA Global Fixed Int Index	2.11176	6.79	1.56	4.11	6.91	2
OneAnswer KiwiSaver-Intl Fxd Int	1.8393	7.08	2.07	4.22	2.55	3
NZ Insurance Multisector - Aggressive						
AMP KiwiSaver LS Aggressive Fund	1.752	8.12	10.09	8.19	340.97	4
AMP NZRT AMP Aggressive	3.59604	7.18	9.10	7.24	286.43	2
AMP PSS Select Growth	2.00676	7.48	9.46	7.65	39.68	3
Booster KiwiSaver Asset Class Growth	9.2766	3.17	8.65	7.79	74.66	2
Booster KiwiSaver Geared Growth	2.4525	9.36	13.35	12.33	53.23	5
Booster KiwiSaver High Growth	1.7373	7.28	10.04	9.61	358.09	3
Booster KiwiSaver Socially Rsp Inv Gr	2.0153	8.52	10.51	10.41	63.46	4
Fisher FuturePlan - Growth	3.39656	8.95	8.99	8.53	80.09	3
Generate KiwiSaver Focused Growth Fund	1.8543	8.63	12.06	12.19	705.23	5
Kiwi Wealth KiwiSaver Scheme Growth	--	5.10	10.60	9.03	1534.54	3
Mercer KiwiSaver High Growth	--	7.07	10.15	10.19	191.34	5
NZ Defence Force KiwiSaver High Growth	--	6.91	9.93	--	22.93	3
NZ Insurance Multisector - Balanced						
AMP KiwiSaver AMP Global Multi-Asset	1.126	2.19	3.84	--	14.09	1
AMP KiwiSaver AMP Responsible Invmt Bal	1.2136	7.10	6.96	--	9.55	3
AMP KiwiSaver ASB Balanced	1.2395	8.69	8.05	--	17.04	4
AMP KiwiSaver LS Balanced Fund	1.8652	7.51	7.54	6.67	988.37	3
AMP KiwiSaver LS Moderate Balanced Fund	1.8274	7.19	6.57	6.10	707.22	2
AMP KiwiSaver Mercer Balanced	2.0063	6.26	6.93	7.56	49.48	3
AMP NZRT AMP Balanced Fund	3.29614	6.34	6.49	5.69	903.53	2
AMP NZRT AMP Global Multi-Asset	1.12278	2.62	4.28	--	3.58	1
AMP NZRT AMP Moderate Balanced	2.39892	6.16	5.55	5.11	305.67	1
AMP NZRT ASB Balanced Fund	2.32224	7.76	7.06	7.62	94.32	3
AMP NZRT Mercer Balanced	2.69903	5.29	5.90	6.52	159.53	2
AMP NZRT Nikko AM Balanced	2.99563	6.53	7.17	8.32	179.46	3
AMP NZRT Responsible Investment Bal	1.21968	7.69	7.70	--	4.32	4
AMP PSS Lifesteps Consolidation	1.97568	6.37	5.80	5.50	6.18	1
AMP PSS Lifesteps Progression	2.10234	6.69	6.78	5.97	2.26	2
AMP PSS Select Balanced	2.0233	6.77	6.84	6.05	49.57	2
ANZ Default KiwiSaver Scheme-Balanced	1.9332	7.31	6.83	7.74	159.02	4
ANZ KiwiSaver-Balanced	2.0187	7.31	6.85	7.77	2455.21	4
Aon KiwiSaver ANZ Balanced	27.52871	7.06	6.91	7.75	32.03	4
Aon KiwiSaver Russell Lifepoints 2025	9.96031	6.84	6.49	7.77	21.55	4
Aon KiwiSaver Russell Lifepoints 2035	10.02815	7.13	8.25	9.27	21.48	4
Aon KiwiSaver Russell Lifepoints Bal	10.3665	7.37	8.53	9.42	169.65	5
ASB KiwiSaver Scheme's Balanced	2.0984	8.92	8.41	9.20	1884.52	5
BNZ KiwiSaver Balanced Fund	1.6242	7.44	8.02	8.29	419.12	4
Booster KiwiSaver Balanced	1.9393	7.53	7.41	7.75	500.38	3
Booster KiwiSaver Socially Rsp Inv Bal	1.4916	8.26	7.55	8.48	54.38	4
Fidelity Life Balanced	5.0923	6.82	7.28	7.12	4.52	3
Fidelity Life Super-Super Balanced	--	7.06	7.26	--	277.94	4
Fisher FuturePlan - Balanced	4.56243	8.03	7.16	7.24	125.85	3
Fisher TWO KiwiSaver Scheme-Bal	5576.5804	9.17	8.19	8.15	840.66	4
Kiwi Wealth KiwiSaver Scheme Balanced	--	5.66	7.94	7.38	1691.05	3
Mercer KiwiSaver Balanced	--	6.60	7.25	7.84	406.92	4
Milford KiwiSaver Balanced Fund	2.4219	8.52	9.08	10.25	333.37	5
NZ Defence Force KiwiSaver Balanced	--	6.38	7.04	--	54.13	3
OneAnswer KiwiSaver-Balanced	2.047	7.32	6.87	7.84	583.99	4
Westpac KiwiSaver-Balanced Fund	1.9828	7.89	7.96	8.48	1598.08	4
Westpac Retirement Plan - Balanced Port	4.0368	6.69	6.78	7.31	97.97	#N/A
NZ Insurance Multisector - Conservative						
AMP KiwiSaver ANZ Conservative	1.1366	5.90	3.93	--	6.50	2
AMP KiwiSaver Default (Default)	1.7626	5.42	4.80	5.16	1368.27	2
AMP PSS Select Income	1.90417	4.98	2.52	3.67	1.11	2
ANZ Default KiwiSaver Scheme Cnsrv(Dflt)	1.8677	6.68	4.45	5.69	1130.43	4
Aon KiwiSaver Russell Lifepoints 2015	10.03785	6.68	4.94	6.41	4.93	5
Aon KiwiSaver Russell Lifepoints Cnsrv	10.50788	6.69	4.95	6.35	74.81	5
ASB KiwiSaver Scheme's Cnsrv (Default)	1.9144	7.26	5.17	5.99	3878.00	4
BNZ KiwiSaver Conservative (Default)	1.3913	5.26	4.87	5.55	711.12	3
BNZ KiwiSaver First Home Buyer Fund	1.1738	3.97	4.08	--	144.62	2
Booster KiwiSaver Default Saver	1.3206	6.30	4.71	5.66	81.26	3
FANZ Lifestages KiwiSaver Income	1.12412	5.14	2.10	--	82.30	1
Fisher Funds Conservative KiwiSaver Fund	1.7339	7.70	5.00	6.02	793.87	4
Fisher FuturePlan - Capital Prot	1.2507	1.50	1.50	1.50	17.62	1
Fisher TWO KiwiSaver Cash Enhanced(Dflt)	1.87402	6.72	5.00	5.85	665.31	4
Kiwi Wealth KiwiSaver Scheme Cnsrv	--	6.19	5.14	5.48	756.60	3
Kiwi Wealth KiwiSaver Scheme Default	--	5.25	5.36	5.39	234.56	4
Mercer KiwiSaver Conservative (Default)	--	6.15	4.82	5.85	1110.73	4
Milford KiwiSaver Conservative Fund	1.8233	7.54	6.26	7.63	105.29	5
NZ Defence Force KiwiSaver Conservative	--	5.75	4.49	--	4.34	3
OneAnswer KiwiSaver-Conservative	1.8367	6.25	4.11	5.42	455.06	3
Westpac KiwiSaver Default	1.3141	6.40	4.81	5.60	230.35	3
NZ Insurance Multisector - Growth						
AMP KiwiSaver ANZ Balanced Plus	2.265	7.67	7.97	8.50	272.68	3
AMP KiwiSaver ANZ Growth	1.2701	7.74	9.11	--	17.33	3
AMP KiwiSaver ASB Growth	1.2892	9.13	9.92	--	14.65	4
AMP KiwiSaver LS Growth Fund	1.7913	8.02	9.32	7.68	770.61	2
AMP KiwiSaver Nikko AM Balanced	2.046	7.54	8.15	9.27	76.56	3
AMP KiwiSaver Nikko AM Growth	1.2804	7.44	9.56	--	17.04	3
AMP NZRT AMP Growth	2.52427	6.99	8.29	6.73	243.86	1
AMP NZRT ANZ Balanced Plus	2.85531	6.63	6.95	7.51	299.93	2
AMP NZRT ANZ Growth	1.26984	8.29	9.67	--	9.28	4
AMP NZRT ASB Growth	1.27422	9.39	10.11	--	11.02	5
AMP NZRT Nikko AM Growth	1.26966	7.87	9.85	--	13.01	4
AMP PSS Lifesteps Growth	2.08092	7.09	8.31	6.93	0.27	2
ANZ Default KiwiSaver Scheme-Balanced Gr	1.9758	7.71	8.30	8.91	171.52	3
ANZ Default KiwiSaver Scheme-Growth	1.9987	7.85	9.57	9.92	152.95	4
ANZ KiwiSaver-Balanced Growth	2.0966	7.71	8.28	8.94	2147.15	3
Aon KiwiSaver Milford	3.84	8.39	10.57	11.80	153.03	5
Aon KiwiSaver Nikko AM Balanced	20.68184	8.13	8.21	9.43	10.12	3
Aon KiwiSaver Russell Lifepoints 2045	9.88503	7.36	9.68	10.43	19.08	4
Aon KiwiSaver Russell Lifepoints Growth	10.42908	7.56	9.85	10.50	45.24	4
ASB KiwiSaver Scheme's Growth	2.1282	9.18	10.06	10.69	2787.43	4
BNZ KiwiSaver Growth Fund	1.7544	8.07	9.96	9.67	533.97	3
Booster KiwiSaver Balanced Growth	1.9464	8.47	9.20	9.05	316.58	3
Fidelity Life Growth	5.0485	6.95	9.58	8.73	2.37	2
Fidelity Life Super-Super Growth	--	8.05	9.00	8.57	132.43	2
Fisher Funds Growth KiwiSaver Fund	2.3418	10.23	10.57	10.43	1954.20	5
Fisher TWO KiwiSaver Scheme-Gr	1.9746	8.29	9.35	9.02	468.15	3
Generate KiwiSaver Growth Fund	1.7948	10.03	10.48	11.40	536.81	5
Mercer KiwiSaver Growth	--	6.68	8.86	--	107.94	3
Milford KiwiSaver Active Growth Fund	3.9039	8.55	10.67	11.90	1437.96	5
NZ Defence Force KiwiSaver Growth	--	6.42	8.61	--	22.55	3
OneAnswer KiwiSaver-Balanced Growth	2.1274	7.71	8.30	8.98	514.70	3
OneAnswer KiwiSaver-Growth Fund	2.1749	7.85	9.60	10.04	424.21	5
SIL 60s + Sup Balanced Fund	4.8564	7.80	8.41	8.78	95.46	3
Westpac KiwiSaver-Growth Fund	2.0761	8.73	9.43	9.85	1479.58	#N/A
Westpac Retirement Plan - Dynamic Port	4.6623	7.60	8.32	8.74	113.40	#N/A
NZ Insurance Multisector - Moderate						
AMP KiwiSaver AMP Income Generator	1.214	10.74	6.65	--	2.93	4
AMP KiwiSaver ASB Moderate	1.1814	7.36	5.85	--	10.37	4
AMP KiwiSaver LS Conservative Fund	1.8969	6.39	4.57	4.77	373.32	3
AMP KiwiSaver LS Moderate Fund	1.8482	6.77	5.70	5.49	526.43	3
AMP KiwiSaver Nikko AM Conservative	1.182	7.38	5.57	--	18.92	3
AMP NZRT AMP Capital Assured Fund	2.69905	2.99	3.59	3.91	112.59	1
AMP NZRT AMP Conservative	3.02329	5.35	3.55	3.75	323.00	1
AMP NZRT AMP Income Generator	1.21598	11.45	7.29	--	2.07	5
AMP NZRT AMP Moderate	2.35345	5.71	4.66	4.47	164.03	2
AMP NZRT ASB Moderate	1.18955	7.96	6.68	--	11.48	5
AMP NZRT Nikko AM Conservative	1.17641	7.94	5.96	--	11.17	4
AMP PSS Lifesteps Maturity	1.8373	5.42	3.55	3.90	2.91	2
AMP PSS Lifesteps Stability	1.96675	5.75	4.86	4.70	6.13	3
AMP PSS Select Conservative	1.9241	5.52	3.75	4.00	9.10	2
ANZ Default KiwiSaver Scheme-Cnsrv Bal	1.8926	6.79	5.42	6.56	55.15	4
ANZ KiwiSaver-Conservative Balanced	1.9251	6.79	5.44	6.58	1167.05	4
Aon KiwiSaver Russell Lifepoints Mod	10.60602	7.23	6.76	7.93	24.31	5
ASB KiwiSaver Scheme's Moderate	2.0208	7.93	6.42	7.46	1828.76	5
BNZ KiwiSaver Moderate Fund	1.5182	6.84	6.63	7.14	471.56	4
Booster KiwiSaver Asset Class Cnsrv	3.8331	4.43	4.22	5.30	20.75	3
Booster KiwiSaver Moderate	1.8521	7.06	5.35	6.09	172.91	3
Fisher TWO KiwiSaver Scheme-Cnsrv	1.9664	7.39	5.52	6.14	153.68	3
Generate KiwiSaver Conservative Fund	1.4636	8.57	5.60	7.27	240.28	4
Mercer KiwiSaver Moderate	--	6.02	5.60	--	126.34	3
NZ Defence Force KiwiSaver Moderate	--	5.79	5.38	--	4.63	3
OneAnswer KiwiSaver-Conservative Bal	1.9442	6.80	5.46	6.58	199.50	4
Westpac KiwiSaver - Moderate	1.3828	7.35	6.18	6.79	473.63	4
Westpac KiwiSaver-Conservative Fund	1.8228	6.70	5.05	5.87	2623.56	#N/A
NZ Insurance NZ Bonds						
AMP KiwiSaver NZ Fixed Interest	1.149	7.25	3.70	--	3.10	2
AMP Prem PSS ACI NZ Fixed Interest	2.31396	7.46	3.76	5.34	11.29	3
Fidelity Life NZ Fixed Interest	4.3584	5.19	3.04	3.70	0.19	1
Fidelity Life Super-Super Fixed Int	--	5.28	3.13	3.78	1.22	1
OneAnswer KiwiSaver-NZ Fixed Interest	1.8885	7.90	3.79	5.51	8.31	4
SIL 60s + Sup NZ Fixed Interest	3.3164	7.82	3.61	5.14	6.14	3
Westpac Retirement Plan - Accum Port	3.4258	3.29	1.48	2.37	16.01	#N/A
NZ OE Cash						
AMP AIT NZ Cash - UT35	1.14607	1.68	1.80	2.29	7.15	--
AMP ARS-Cash	2.0196	1.88	1.85	2.41	8.29	--
AMP Capital NZ Cash Fund	1.65315	2.10	2.17	2.63	3524.84	4
AMP Capital Term Advantage	--	--	--	--	--	--
AMP PUT Select Cash	1.37136	1.49	1.55	1.97	2.59	2
ASB Cash Fund	--	0.41	0.52	1.29	218.12	4
BT Enhanced Cash Fund	2.1788	2.17	2.24	2.62	38.79	3

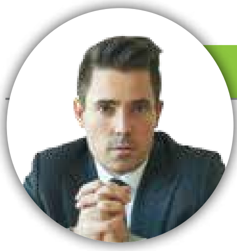
MORNINGSTAR™

Name	Latest Transaction Exit Price	1 Yr Return %	3 Yr Return	5 Yr Return	Size $M	Morningstar Rating Overall
Fisher Cashplus Fund	1.3636	2.18	2.17	2.43	71.96	2
Nikko AM NZ Cash	1.0366	2.51	2.62	3.01	163.31	--
NZ Funds Core Cash	1.38094	1.67	1.79	2.29	39.48	2
NZ OE Equity Region Australasia						
AMP AIT Australasian Shrs-Multi Mgr-UT07	3.57088	14.23	11.28	10.23	13.51	2
AMP ARS-NZ & Australian (multi-manager)	4.39196	14.94	11.76	10.80	8.14	2
AMP ARS-NZ & Australian (Value)	4.98266	20.10	9.50	13.03	5.45	3
AMP NZRT Australasian Shares	1.68314	16.25	12.99	11.77	11.38	3
BT PS Australasian Diversified Share	2.784	17.72	12.53	14.69	79.79	4
Castle Point Ranger Fund	1.8976	7.57	17.02	12.93	93.71	4
Devon Alpha Fund	1.8333	6.95	8.05	9.06	113.29	1
Devon Dividend Yield	2.0344	15.97	7.30	12.62	35.32	3
Devon Trans-Tasman Fund	4.2354	13.39	10.13	11.73	92.82	2
Forte Equity Trust	1.53502	5.20	9.80	8.37	21.49	1
Harbour Australasian Equity	3.1212	12.04	14.00	14.96	282.19	4
Harbour Australasian Equity Focus Fund	1.8818	5.39	13.83	13.91	17.41	3
Harbour Australasian Equity Income	1.9669	13.98	8.23	10.71	43.71	2
Milford Trans-Tasman Equity	3.0434	16.23	15.62	14.04	380.56	4
Mint Australia New Zealand Act Eq (Ret)	3.5207	19.63	14.12	16.07	225.90	5
Nikko AM Concentrated Equity	2.4768	5.16	11.61	15.41	59.44	3
OneAnswer SAC Equity Selection	2.4914	7.38	4.68	7.16	12.73	2
Pie Australasian Dividend	2.8121	8.07	12.53	13.02	130.20	3
Pie Australasian Emerging Companies	3.6213	10.99	8.57	15.25	99.57	3
Pie Australasian Growth Fund	6.0078	16.09	6.21	12.13	84.94	4
Pie Growth 2 Fund	1.7521	10.82	11.97	--	183.12	3
NZ OE Equity Region Australia						
AMP Capital Australian Share Fund	2.91825	8.65	9.40	6.13	292.37	2
Devon Australian	1.4643	3.49	7.99	8.55	13.30	3
Fisher Funds Australian Growth Fund	4.0506	9.50	8.96	10.29	64.17	4
Fisher Funds Premium Australian Fund	1.7859	10.39	9.13	10.47	94.08	4
Milford Dynamic	1.9898	7.39	11.59	12.47	251.46	5
OneAnswer SAC Australian Share	3.9388	-6.45	3.20	2.02	21.33	1
NZ OE Equity Region Emerging Markets						
AMP AIT Emerging Markets - UT65	1.43251	-1.17	8.49	3.70	2.18	--
NZ OE Equity Region NZ						
AMP Capital NZ Shares Fund	3.47719	18.94	12.76	15.82	535.99	3
AMP Capital RIL NZ Shares	2.52284	21.95	13.65	16.42	25.24	4
AMP Prem PUT ACI NZ Shares	3.4064	18.41	12.05	15.16	3.48	2
AMP Prem PUT ACI NZ Shares Index	2.69361	21.55	13.90	15.89	3.81	3
Fisher Funds NZ Growth Fund	10.6002	23.65	16.55	16.15	200.59	4
Fisher Funds Premium New Zealand Fund	2.5108	24.47	16.93	16.41	137.56	4
Fisher Trans Tasman Equity Trust	6.5385	19.35	13.13	14.38	55.68	2
Forsyth Barr New Zealand Equities	3.5022	18.96	16.21	18.10	49.86	4
Harbour NZ Equity Advanced Beta Fund	1.8578	15.99	12.34	--	233.91	2
Nikko AM Core Equity	2.6469	12.77	14.33	17.31	28.10	4
NZ Funds Dividend and Growth	2.1269	11.51	9.56	12.80	126.06	1
OneAnswer SAC NZ Share	5.8422	19.64	12.87	14.54	56.25	3
Russell Investments NZ Shares	2.0251	20.89	13.88	16.06	228.64	3
Smartshares NZ Core Equity Trust	1.7017	17.01	14.06	16.58	79.81	4
NZ OE Equity Region World						
AMP Capital Core Global Shares Fund	1.65984	5.72	11.37	11.81	1002.35	3
AMP Capital Emerging Markets Share	1.1757	-0.01	10.07	6.06	66.61	1
AMP Prem PUT FD Intl Share Fund 1 Value	1.51811	5.60	10.51	9.16	4.11	2
AMP Prem PUT SSgA Global Shares Index	2.16473	8.11	12.93	11.85	3.09	4
Elevation Capital Value Fund	1.5483	-1.37	4.50	5.56	23.48	1
Fisher Funds Property and Infrastructure	3.0473	23.62	14.90	14.45	144.16	5
Nikko AM Global Equity Unhedged	2.1758	6.80	12.48	12.28	119.78	4
OneAnswer SAC International Share	2.5367	8.88	14.69	14.16	243.73	5
Pie Global Small Companies Fund	1.6096	-0.27	9.96	8.49	105.70	2
Russell Investments Global Shares	2.0252	3.13	12.07	11.50	75.29	3
T.Rowe Price Global Equity Growth	1.7703	8.16	16.88	--	84.03	5
NZ OE Equity Region World - Hedged						
AMP AIT Global Equities-Multi Mgr-UT28	1.27448	1.62	9.43	7.82	11.44	2
AMP AIT Global Infrastructure - UT04	3.04162	13.30	8.59	8.38	25.55	3
AMP ARS-International Shares (Growth)	1.80583	12.54	13.11	13.56	7.54	5
AMP ARS-International Shares (Passive)	1.91716	4.81	11.21	8.59	3.37	4
AMP ARS-International Shares (Value)	1.47706	-4.86	9.38	8.25	4.57	2
AMP Capital Core Hedged Global Shares Fd	1.55104	2.06	9.14	7.79	621.40	4
AMP Capital Global Listed Infrastructure	1.91878	14.83	9.33	7.17	345.48	2
AMP Capital Global Shares Fund	3.04768	4.07	10.91	9.55	66.68	4
AMP Capital Resp Invest Leaders Gl Sh	1.74261	2.43	10.44	7.27	74.54	2
AMP NZRT International Shares	1.60538	4.42	11.75	10.43	9.98	4
AMP NZRT Passive International Shares	1.64392	6.56	12.77	10.36	7.37	4

Name	Latest Transaction Exit Price	1 Yr Return %	3 Yr Return	5 Yr Return	Size $M	Morningstar Rating Overall
AMP Prem PUT SSgA Global Shares IndexHdg	2.47256	4.02	9.33	8.67	5.08	4
ASB World Shares	1.8201	3.39	10.91	10.88	529.90	4
BT PS International Diversified Share	1.9683	2.35	11.42	9.96	99.40	4
Fisher Funds International Growth Fund	2.3373	10.44	15.23	12.00	54.69	4
Fisher Funds Premium International Fund	2.4466	11.24	15.47	12.41	153.63	4
Fisher Global Fund	5.8431	4.80	10.88	7.34	92.42	3
Milford Global Equity	1.6423	5.64	9.87	8.82	546.37	3
Nikko AM Global Equity Hedged	1.8955	3.48	10.13	9.03	50.00	2
NZ Funds Equity Inflation	0.9512	1.05	2.09	4.26	83.81	1
Pathfinder Global Water	2.1123	10.29	8.92	9.71	19.95	3
Pathfinder World Equity Fund	1.8417	2.07	8.79	9.19	16.47	2
Russell Investments Hedged Global Shares	2.0587	0.53	9.85	8.81	73.43	3
NZ OE Equity Sector Global - Real Estate						
AMP AIT Global Property - UT54	3.86737	18.25	6.98	9.42	1.56	3
AMP ARS-Listed International Property	4.51612	11.29	4.83	7.25	5.20	4
AMP Capital Global Propty Securities Fd	1.70054	11.64	5.13	7.26	214.91	4
NZ Funds Property Inflation	1.7865	11.82	5.66	6.79	88.68	3
OneAnswer SAC International Property	1.5695	9.58	3.02	7.06	232.96	1
NZ OE Equity Sector NZ - Real Estate						
AMP ARS-Listed NZ & Australian Property	4.51521	27.74	10.50	12.95	4.01	2
AMP Australasian Property Index Fund	3.04126	28.28	11.14	13.19	173.62	3
BT Property Fund	5.4383	21.54	10.65	13.92	50.09	3
Mint Australia NZ Rl Estt Invm (Ret)	2.467	28.00	11.09	13.59	78.44	3
OneAnswer SAC Property Securities	4.3815	27.14	11.58	14.12	165.73	5
NZ OE Global Bond						
AMP AIT Fixed Interest Income - UT36	1.25943	2.62	2.08	2.77	52.58	2
AMP AIT Global Bonds-Multi Mgr-UT13	2.1022	5.95	1.44	3.06	7.46	1
AMP ARS-International Fixed Interest	2.61353	6.63	2.00	3.73	1.53	3
AMP Capital Global Short Duration	1.09791	2.82	2.16	2.78	188.91	2
AMP Capital Hdgd Gbl Fixed Intrst Fund	2.54328	6.49	2.58	4.05	98.88	4
AMP NZRT International Fixed Interest	1.25748	7.10	2.57	4.01	1.59	3
AMP Prem PUT SSgA Global Fixed Int Index	1.94652	6.75	1.51	3.94	3.65	2
ASB World Fixed Interest	1.1291	5.57	1.81	2.90	425.33	2
BT PS International Diversified Bond	2.3764	5.76	2.95	3.67	121.39	3
Fisher BondPlus Fund	2.3606	6.39	2.81	4.21	145.77	4
Fisher Funds Income	1.0721	5.23	3.12	4.37	57.71	4
Nikko AM Global Bond	1.2454	8.13	3.22	4.53	26.47	5
NZ Funds Global Income	1.5162	6.13	2.49	3.09	115.98	2
OneAnswer SAC International Fixed Intrst	1.3145	6.93	1.94	4.09	1.49	3
Russell Investments Global Fixed Int	1.2134	6.76	3.27	4.98	593.89	5
NZ OE Miscellaneous						
AMP ARS-UK Cash	0.70156	-4.72	-1.00	-2.09	6.99	--
KTAM NZ Australian Long Short Equity	1.48486	--	--	--	23.17	--
Nikko AM Income	1.206	4.13	3.73	5.52	13.30	--
NZ Funds Core Inflation	1.5368	9.62	5.74	4.65	103.49	--
NZAM Alpha Fund	1.0927	--	--	--	6.87	--
NZAM Global Growth	1.4258	--	--	--	23.69	--
Pathfinder Commodity Plus Fund	0.9332	-8.99	2.13	0.63	6.86	--
Salt Long Short Fund	1.4933	-4.99	2.28	7.32	121.21	--
NZ OE Multisector - Aggressive						
AMP AIT Aggressive Portfolio - UT31	2.16995	7.05	9.03	6.98	66.49	1
AMP AIT eInvest - Aggressive - MDF7	1.53712	7.63	9.84	7.91	16.96	3
AMP AIT Growth Portfolio - UT03	2.0698	7.03	8.28	6.59	26.28	1
AMP Capital Growth Fund	2.91144	6.44	9.33	7.23	8.27	3
AMP PUT Select Growth	1.91226	7.46	9.33	7.51	18.68	3
NZ OE Multisector - Balanced						
AMP AIT eInvest - Balanced - MDF5	1.41751	7.16	7.32	6.48	51.78	2
AMP AIT Moderate Portfolio - UT01	2.01194	5.98	4.89	4.65	52.65	1
AMP ARS-Balanced	2.3524	7.64	7.70	6.96	144.92	3
AMP Capital Global Multi Asset Fund	1.28357	2.54	4.24	4.67	221.60	1
AMP Capital Responsible Inv Leaders Bal	2.0796	7.27	7.22	6.50	56.61	3
AMP PUT Select Balanced	1.93763	6.64	6.67	5.90	40.82	2
ANZ Invmt Fds Balanced	1.96	7.01	6.55	7.43	339.90	3
ASB Balanced	1.8414	8.39	7.83	8.62	324.58	4
Milford Balanced Fund	2.3714	8.27	8.92	9.95	695.19	5
NZ Funds Core Growth	1.4539	-3.38	2.09	2.82	87.70	1
OneAnswer MAC Balanced	1.96	7.01	6.55	7.43	54.17	3
Westpac Active Balanced Trust	2.4522	7.41	7.33	7.74	549.61	3
NZ OE Multisector - Conservative						
AMP PUT Select Income	1.77266	4.95	2.45	3.63	1.97	1
ANZ Invmt Fds Conservative	1.645	6.00	3.86	5.15	49.99	2
ASB Conservative	1.7361	6.67	4.57	5.38	143.80	2
Milford Conservative	1.1727	7.71	6.39	--	304.41	5
OneAnswer MAC Conservative	1.645	6.00	3.86	5.15	14.54	2

Name	Latest Transaction Exit Price	1 Yr Return %	3 Yr Return	5 Yr Return	Size $M	Morningstar Rating Overall
Westpac Active Conservative Trust	2.0181	5.86	4.20	4.88	359.56	2
NZ OE Multisector - Moderate						
AMP AIT eInvest - Conservative - MDF2	1.29265	6.07	4.35	4.48	12.14	2
AMP AIT eInvest - Moderate - MDf3	1.35428	6.58	5.53	5.27	55.57	3
AMP ARS-Conservative	2.44763	6.58	4.72	5.03	41.42	3
AMP Capital Conservative Fund NZ	2.56977	5.54	3.87	4.28	8.05	2
AMP Capital Income Generator Fund	1.18301	10.85	6.76	7.84	157.90	5
AMP PUT Select Conservative	1.88234	5.46	3.64	3.84	13.76	2
ANZ Invmt Fds Conservative Balanced	1.7971	6.50	5.16	6.27	204.87	3
ASB Conservative Plus	1.7595	7.74	5.34	6.27	818.15	3
ASB Moderate	1.7871	7.39	5.86	6.89	506.19	4
Harbour Income	1.0244	--	--	--	118.37	3
Milford Diversified Income Fund	1.8096	11.29	8.93	10.64	2178.28	5
Mint Diversified Income (Retail)	1.0999	7.97	4.81	--	130.60	2
NZ Funds Global Multi-Asset Growth	0.5677	-10.94	-0.09	-6.52	27.81	1
OneAnswer MAC Conservative Balanced	1.7971	6.50	5.16	6.27	17.93	3
Westpac Active Moderate Trust	1.6261	6.90	5.68	6.31	1064.11	3
NZ OE NZ Bonds						
AMP AIT NZ Bond - UT36	1.29997	4.49	3.14	4.54	8.94	2
AMP AIT NZ Fixed Interest - UT60	1.94227	7.07	3.38	4.92	10.82	2
AMP ARS-NZ Fixed Interest	2.75999	7.51	3.78	5.42	5.44	4
AMP Capital NZ Fixed Interest Fund	1.80958	7.73	4.02	5.58	2461.92	4
AMP Capital NZ Short Duration	1.30746	4.35	3.36	4.14	622.42	2
AMP NZRT NZ Fixed Interest	1.3861	7.90	4.20	5.66	10.01	4
BT Corporate Bond Fund	1.7435	3.99	3.29	4.24	133.18	2
BT PS NZ Diversified Bond	1.4959	6.98	3.85	5.15	27.34	3
Fisher New Zealand Fixed Inc Trust	1.4582	9.16	4.18	5.42	59.96	3
Forsyth Barr NZ Fixed Interest	1.8628	6.61	4.10	5.23	22.79	3
Forsyth Barr Premium Yield	1.9083	6.68	4.32	5.38	137.63	4
Harbour NZ Core Fixed Interest	1.1736	6.41	3.83	5.09	170.06	3
Harbour NZ Corporate Bond	1.1188	6.38	4.07	4.98	409.59	3
Nikko AM NZ Bond	1.1007	8.37	4.39	5.66	72.99	5
Nikko AM NZ Corporate Bond	1.2348	7.89	4.91	5.92	145.73	5
NZ Funds Core Income	1.70101	6.61	4.04	4.38	124.22	2
OneAnswer SAC NZ Fixed Interest	1.8867	7.75	3.66	5.39	12.91	3
Russell Investments NZ Fixed Interest	1.279	7.28	4.11	5.36	67.16	3
Westpac Active Income Strategies Trust	1.2571	3.14	2.69	2.96	8.51	1

Returns are calculated to **31/7/19**
Returns are calculated **before tax** and **after fees**, except for the non-PIE categories, which are **after tax** and **after fees**. For more information about this table and the methodology behind the data, contact helpdesk.nz@morningstar.com or go to www.morningstar.com.au



KIWISAVER

By Michael Lang

Which KiwiSaver funds will *weather the currency war?*

It's important to understand how different KiwiSaver Schemes manage foreign currency within their international share exposure. Michael Lang explains.

Foreign currency movements have again been in the news with the United States Treasury labelling China a currency manipulator.

These movements can also have an impact on clients' KiwiSaver returns. This is dependent on how a Scheme's manager treats the foreign currency exposure they get when purchasing international assets.

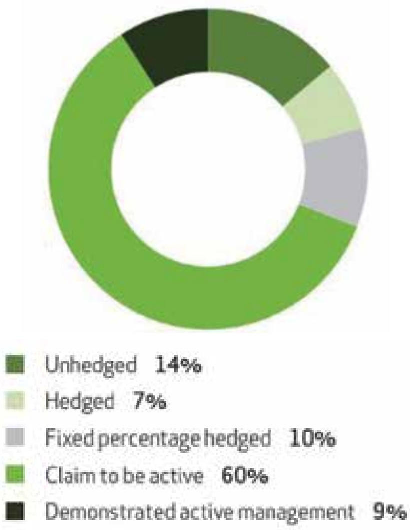
To understand how different KiwiSaver Schemes manage foreign currency within their international share exposure, we reviewed 77 KiwiSaver funds which have an international share exposure of greater than 40%. Information on these funds was sourced from their Fund Updates and their Statement of Investment Policy and Objectives (SIPO).

KiwiSaver Scheme managers treat foreign currency exposure in one of four ways. First, they can do nothing and when they purchase international assets, just hold those assets in foreign currency until they are sold. This is what the industry refers to as unhedged international assets.

The downside of this approach is evident. If the foreign currencies your KiwiSaver Scheme assets are denominated in collapse, so too will the value of your KiwiSaver investment. Eleven of the 77 KiwiSaver funds we reviewed followed an unhedged approach. Should the New Zealand Dollar recover, and trade at US$0.80 as it did from 2011 to 2014, these funds would underperform their peers by around 18%, all other things being equal.

Second, a manager may choose to permanently hold your investment in New Zealand Dollars, even when investing abroad. This is done by hedging all foreign currency exposure back into New Zealand Dollars. Investors receive the return generated on the assets they hold, for example shares in Amazon or Nestle, and forego any gains or losses from currency movements.

CURRENCY HEDGING APPROACHES



Third, your manager may decide there is merit in a bit of both and establish a policy of hedging a fixed percentage of your foreign currency exposure. A common approach is to hedge 50% of the exposure. This is a "point of least regret" approach. The manager is never wrong, but then neither are they ever right. The fixed portion approach is currently used by eight of the 77 KiwiSaver funds reviewed.

The fourth approach is for your KiwiSaver Scheme manager to actively manage your currency exposure. This is the most popular option with 53 of the 77 KiwiSaver funds reviewed saying they follow an active currency management approach.

Whether managers are truly active or not is difficult to judge. A number of managers outline large ranges, for example 0 – 100%, within their SIPO, but when looking at Fund Updates they only seem to vary their currency exposure by 5 – 10%. Other managers outline large ranges and a target exposure, but do not disclose their foreign currency exposure in their Fund Updates, making analysis difficult.

Some managers claim to be active but utilise external fund managers that have both hedged and unhedged options and use this to manage their currency exposure. To change their exposure, they change the external fund they access. This is not the same as active currency management, as we define it. These managers are not able to take a view on a specific currency, for example, be unhedged against the British Pound but remain fully hedged against the United States Dollar.

Few managers seem to have both the skills and will to implement their views in enough size to make a difference. If a manager is successful in adding value through active currency management, they provide their clients with another source of returns, and one that is independent from share market returns. Our analysis suggests Fisher Funds, QuayStreet Asset Management and NZ Funds all fall within this category.

Being hedged, unhedged or partially hedged can have a big impact on the returns a KiwiSaver member receives from their international assets. Over the three years to 30 June 2019, the global share unhedged index returned around 13.9% p.a. compared to 11.9% p.a. from a hedged index.

Active currency management can mitigate the difference between these two indices. For example, NZ Funds added around 1.2% p.a. to the return of its KiwiSaver Growth Strategy through active currency management over the same period.

Which strategy suits you and your clients will depend on the circumstances. Demonstrating to clients your knowledge of the different styles of currency management is invaluable.

Michael Lang is Chief Executive at NZ Funds and a member of the NZ Funds KiwiSaver Scheme. New Zealand Funds Management is the issuer of the NZ Funds KiwiSaver Scheme. A copy of the latest Product Disclosure Statement for the scheme is available on request and at www.nzfunds.co.nz.

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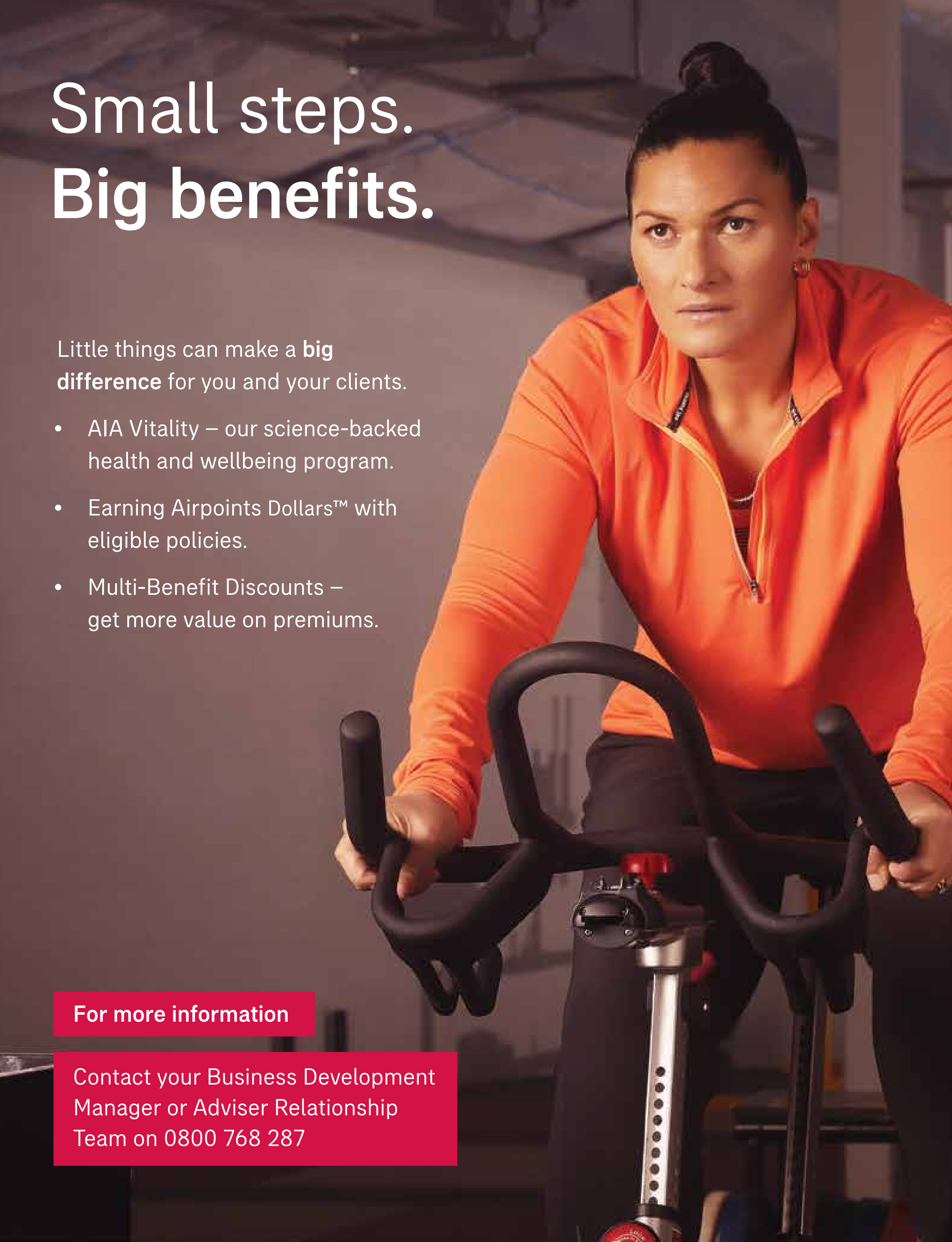

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