SEPTEMBER 2019

NEW ZEALAND

ASSET

THE MAGAZINE FOR SMART ADVISERS

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Mike Moore's final advice

Veteran adviser Marie Quinn

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UP FRONT

REGULARS

FEATURES

Time to celebrate

It can be easy to feel a bit pessimistic about the outlook for financial advice.

New regulations will shake up the way many businesses operate. The Government and regulators have highlighted concerns with the way many advisers are paid – and plan to force change if none happens.

You might expect, then, that advisers would be feeling a bit shaky and battle-weary.

While there is no doubt that some people will struggle with the changes ahead, and are concerned about what will happen, the crowd that turned up for the Financial Advice New Zealand conference this year was a buoyant one.

They flocked to sessions about disruption, change and the opportunities that could be in front of them. They celebrated those who are doing well within the industry.

Financial Advice New Zealand chief executive Katrina Shanks was clear about the challenges for her organisation but also the successes that are already being won.

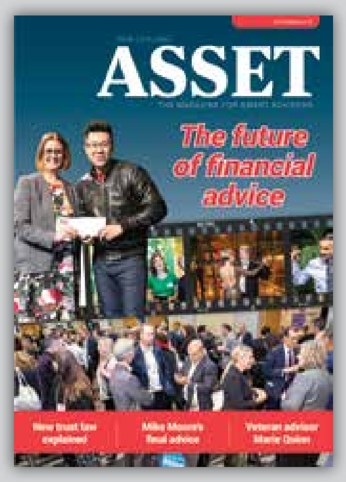
Every conversation came back to the idea that advisers want to do what is right for their clients and to serve them to the best of their abilities. Stories were shared about the difference a good adviser can make in a person's life.

One of the advisers honoured at the conference was Marie Quinn, who has carved out her central Auckland advice practice over the years. She's dedicated a post-politics career to helping people come to grips with their money. We talked to her for our adviser profile feature this issue.

The industry needs to be reminded every so often that it is full of people like her who work hard to deliver the best results to their clients – it's not all the churn and "Ponzi rip-offs" we so often hear about in the news.

Financial Advice NZ should be applauded for delivering a conference that conveyed that message very clearly to advisers. Its next challenge is spreading it to the wider world.

Susan Edmunds
Editor



Main cover image: Katrina Shanks with Yang Gu from YG Financial.

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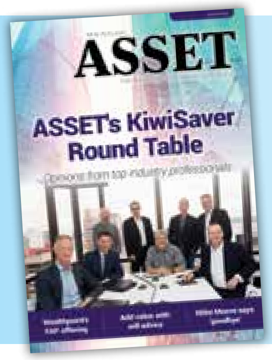
ASSET is published by Tarawera Publishing Ltd (TPL). TPL also publishes online money management magazine Good Returns www.goodreturns.co.nz and TMM – The Mortgage Mag

ISSN 1175-9585



KIWISAVER ROUND TABLE

We have had lots of feedback about the cover of the previous issue of ASSET. The cover featured what some described as a bunch of middle-aged white men.

Interestingly enough when we put the panel together we found that there are actually very few women in what we would call KiwiSaver leadership roles. This is potentially an issue for KiwiSaver. Added to that it is even harder to find Māori or Pasifika people in such roles. Any feedback would be welcomed.

Commission structure may need Govt intervention: FMA

An insurance industry reluctant to move on high upfront commissions may find the Government does it for it, the Financial Markets Authority says.

It and the Reserve Bank released their response to insurers' reports on what they planned to do as a result of the regulators' conduct and culture review of the sector.

The FMA and Reserve Bank said they were disappointed. Some work plans were not deep or broad enough, chief executive Rob Everett said, and even those that were did not make it clear they were committing the resource required to deliver effectively on them.

Everett said the FMA remained concerned about high upfront commissions being paid to advisers.

There had been no movement from the industry at all, he said.

"If they keep saying 'we're not willing to contemplate change unless the Government makes us' that's exactly what might happen."

Everett said New Zealand would remove commission "at its peril", as shown by the Australian and UK experience.

But he said the model needs to be shown to be working properly. "Life insurers aren't really accepting they have responsibility for how their products are being sold."

Reforms may miss the mark

Financial advice reforms are at risk of not delivering on one of their key stated aims, one law firm says.

Nicole MacFarlane, a special counsel at DLA Piper, said the reforms of the financial advice sector as a result of the Financial Services Legislation Amendment Act should improve the quality of financial advice provided to retail customers.

But she said they were likely to fall short on one stated aim: improving access to advice.

Financial capability had been identified as a significant factor in ensuring people had access to good quality advice, she said. The reforms did nothing to aid that.

Work on improving financial capability needed to start with children, she said.

"It's good they are doing what they are doing now to improve the standard of advice," she said. "But what is it going to do about access to advice when financial literacy is such a big factor in that. How are these reforms going to work towards improving financial literacy?"

She said the industry could not boost financial literacy by itself and would need Government support.

"Currently there are eight entities permitted to provide personalised advice through digital advice facilities. However to date very few of these facilities give truly personalised advice. Has the ability of such facilities to reach a wider audience been overstated? What else can be done to make advice more accessible?"

She said the Financial Markets Authority's move to require KiwiSaver providers to apply assumptions set out in the FMCA regulations to their online investment calculators would restrict people's ability to personalise those tools.

"Quite apart from the question of whether the amendment regulations can be extended to such calculators in this way, it must be asked how such restrictions benefit investors? Arguably it's a backward step in the fight to improve financial literacy and encourage investors to seek good quality advice."

Advice rules created 'two-tier' market, working group says

More advice is needed to boost the fortunes of the New Zealand capital markets, a new report says.

The Capital Markets 2029 working group has released its recommendations to rejuvenate the NZX.

Among them are the suggestion that KiwiSaver members be allowed to self-direct and invest with multiple providers, mandating employers' contributions, reinstating a kickstart payment for members who are older than 18, changing tax rules to make KiwiSaver contributions and returns tax-free, simplified disclosure requirements for regulated offers, a review of continuous disclosure liability settings, and a centralised process for AML.

But it also called for changes to the way advice is delivered.

It said the FMA should issue guidance in respect of what was expected of advisers offering advice on shares.

"Financial advisers are hesitant to recommend equity products where research is not readily available, even though this was not the intention of the current legislation.

"This means that many small market capitalisation stocks receive limited focus by the broking community."

Regulation of financial advisers had been effective in upskilling advisers, it said and those who specialised in capital markets were paying closer attention to asset allocation and portfolio construction.

"For the advisers that specialise in capital markets, closer attention to asset allocation and portfolio construction for retail investors has been a focus."

But it said the requirement that advisers have reasonable grounds to recommend a product had been interpreted conservatively as requiring in-house research, produced by analysts within the institutional research divisions of their firms, in order for an adviser to recommend a security.

A guidance note from the FMA saying that reasonable grounds need not always mean research had been ignored.

FSC KiwiSaver overhaul:

Boost access to advice

Financial advice could be provided free or at a discount to SuperGold cardholders, or be made tax-deductible, the Financial Services Council has suggested among its package of recommendations to overhaul KiwiSaver.

Its KiwiSaver 2050 document, released today, identifies six issues to be tackled to improve the performance of KiwiSaver over the long term.

It said participation needed to be increased, contribution levels improved, more decumulation options were needed, focus should be put on financial literacy, there should be more political stability around the scheme, and improved scheme efficiency and effectiveness.

"Each of the areas identified above are complex and there are no easy fixes or quick solutions to achieving them," said FSC chief executive Richard Klipin.

"However, the discussion paper does propose a number of ideas for further consideration and discussion to help drive better outcomes in these areas."

The paper said consideration should be given to requiring employers to make a minimum contribution of, for example, 2%, when an employee could not afford to contribute.

"An alternative to this approach is to decouple member and employer contributions. This would mean that the employer would contribute regardless of whether the member is or not. The Government contribution then could be used as an incentive for members to continue to contribute. This would ensure better equity while encouraging the saving habit."

It said there could be built-in insurance products, to help keep people saving even if they were out of work due to accident or illness.

The rules could get tougher to encourage more savings, the report suggested.

Advice was also among its recommendations.

It said financial advice could be made a tax-deductible expense, which would encourage more self-employed people to pay attention to their retirement savings plan.

It also urged a focus on advice for people who were about to retire.

"It is essential that New Zealanders entering retirement get advice to help through the next 15–20 years. At a minimum, information on decumulation and the range of options should be provided with the NZS information pack.

"Further, advice could be tied in with the SuperGold card currently provided to superannuitants and either provided free or at a discount."

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

ANTI-COMMISSION ADVOCATE ON FMA BOARD

Two new appointments have been made to the Financial Markets Authority board; one opposes commission payments and the other is a director who has polarised people.

Consumer NZ chief executive ***Sue Chetwin*** and Tower chairman ***Michael Stiassny*** have been appointed to the FMA board.

"Sue's considerable experience as a consumer advocate and journalist will bring a strong consumer perspective to the FMA, and one that is independent from the industry. She is currently the chief executive of Consumer NZ, holds governance roles with consumer-focussed organisations, and worked as a journalist for more than 25 years," Commerce Minister Kris Faafoi said.

"The combination of her skills and experience will be highly beneficial to the FMA, particularly as its mandate evolves to encompass more consumer-focussed regulation.

In Chetwin's time at Consumer NZ she has strongly advocated against commission payments, particularly for life insurance.

Earlier this year she was quoted as saying: "Commission-based selling comes with a huge risk the broker will put their earnings ahead of what's right for their customer."

"The results of our research suggest selling insurance this way is leading to poorer outcomes for consumers."

Stiassny has a colourful career including some controversial directorships and handling many company insolvencies.

FINDEX TAKES ON WEALTH MARKET

Accounting firm Findex is making a play for the wealth space, with the appointment of a head of wealth management for New Zealand.

David van Schaardenburg will take the position, playing a prominent role in implementing the provision of wealth management services alongside traditional accounting.

"This is a completely fresh offer to individuals and businesses looking for financial advisory services in our market, and it is well-timed when you consider the current concerns in relation to the conflicts inherent with many of the traditional financial providers. Findex's model, of integrating services while removing the tension between product sales and advice really presents New Zealand consumers with a new approach to financial advice – scale without conflicts," he said.

Van Schaardenburg previously served as the executive director of research company IPAC New Zealand, as well as more recently serving as head of NZ Funds Private Wealth, an advisory team with more than $460 million under advice.

David van Schaardenburg

FIDELITY LIFE APPOINTS ADVISER PROFESSIONAL DEVELOPMENT SUPPORT

Fidelity Life has appointed a product training manager for its professional development team working with advisers.

Leigh Bennett moves from the insurer's underwriting team and will join professional development consultant Leigh Austin, reporting to Trecia Brown.

Chief distribution officer Adrian Riminton said professional development was more important than ever for advisers.

"Good customer outcomes are the result of many things, and detailed product knowledge is one of them. With the new financial advice regime fast approaching, including a new code of conduct for advisers, competency, knowledge and skill are critical development areas for advisers.

"That's why we're investing in professional development and I'm delighted to welcome Leigh to the team."

In her new role, Bennett will be responsible for developing and delivering Fidelity Life's product training and accreditation programme for advisers.

Leigh Bennett

AIA APPOINTS NEW BOARD MEMBER

AIA New Zealand has appointed ***Tracey Cross*** as a new independent director on its board.

Cross is a partner at DLA Piper, New Zealand's only global business law firm. She has more than 20 years' experience with DLA Piper as a leading lawyer in the funds management and superannuation industry.

AIA New Zealand's chair, Theresa Gattung, says Tracey Cross will bring valuable expertise to the Board.

"Tracey brings a wealth of experience around conduct and culture. At DLA Piper she leads the firm's conduct and culture initiative bringing best practice and insights to clients plus advising Boards and senior management," says Gattung.

Cross says she is looking forward to being part of such an experienced and diverse Board. Her appointment brings the diversity of AIA's Board to three women directors out of a total of seven directors.

Tracey Cross

KEPA APPOINTS COMPLIANCE CONSULTANT

Adviser group Kepa has appointed a new adviser standards and compliance consultant as it works to help advisers transition to the new licensing regime.

Leigh Hodgetts will work with Kepa chief executive Brendon Neal on the Kepa Advice Hub proposition – a new service for financial advisers seeking to licence themselves under the new Financial Services Legislation Amendment Act.

Hodgetts will also work closely with Kepa members to implement suitable compliance frameworks and professional business practices.

She joined Kepa on September 16, from Astute Financial Management where she held the role of head of operations and compliance. She is a qualified financial planner and holds a National Certificate in Adult Education and Training.

She previously held roles with the Financial Markets Authority as manager of retail operations and had senior compliance roles with BNZ and ANZ.

Leigh Hodgetts

4 days is the new 5

GRTV speaks to Andrew Barnes on the Four-Day Week's increased productivity and what could bring about the next market correction.

GRTV: JOINING ME NOW IS ANDREW BARNES. ANDREW IS THE FOUNDER OF THE FOUR-DAY WEEK AND ALSO THE FOUNDER OF PERPETUAL GUARDIAN IN NEW ZEALAND. SO, THANKS FOR COMING IN. I KNOW YOU SPEND A LOT OF TIME OVERSEAS, SO IT'S GOOD TO SEE YOU HERE.

Barnes: Good to see you, too.

GRTV: I'D LIKE TO START WITH THE FOUR-DAY WEEK. WHAT TRIGGERED YOU TO GO DOWN THIS TRACK?

Barnes: Well, I'm pretty dangerous when I'm on planes.

GRTV: YEAH, I HEARD THAT.

Barnes: And so I was on a plane, and I was reading an *Economist* article, and it said that the Brits were only productive for two and a half hours a day, and if you were Canadian, you were only productive for one and a half hours a day. And I thought, that's interesting. And then I thought, well actually does that apply to my business? And I then thought, it probably does.

You know you come to work, you have a cup of coffee, you have a chat, you do some emails, maybe a bit of social media, read the paper, then you get down to work. Somebody taps you on the shoulder, and says, "Can you help me with this?" So you get interrupted, then you're trying to catch up with the kids, crisis at home, whatever it is. There's lots and lots of things during the day that mean that you're not that productive.

And so my assumption was that if that was right, and you were only productive for about two and a half hours a day, you only have to find 45 minutes of additional productivity each day for four days to get the same productivity as you would get for five.

GRTV: DOES IT CHANGE THE BEHAVIOUR THEN? THAT THERE'S LESS OF THIS UNPRODUCTIVE TIME.

Barnes: Yeah. That's exactly right.

But what we're doing is we say to our staff, we pay you 100% of your salary, you only have to work 80% of the time. So four normal days, not four longer days, provided you give us 100% of the productivity. The output that we have agreed between us.

GRTV: SO THAT'S THE KEY THING IS TO ACTUALLY BE VERY CLEAR ON WHAT THE OUTPUTS ARE.

Barnes: Absolutely. And so when you go into what we call our productivity policy, you opt in. We have agreed productivity outcomes. And so actually then it suddenly becomes quite an interesting psychological play because it's done on a team basis.

GRTV: SO IT'S NOT DONE ON AN INDIVIDUAL ONE.

Barnes: You opt in individually. The team goals are set.

If you want that day, you realise that you've got to put the effort in, but secondly, if that slacker next to you is on Facebook, you're going, "Hang on, mate. Get off because if you don't deliver the productivity, we all lose our day."

GRTV: OKAY. SO IT MAKES EACH OTHER ACCOUNTABLE, SO IT PUTS THE COMPETITIVE SORT OF PRESSURE ON …

Barnes: Well, not so much competitive. What it does is it makes people really think that this is a compact between me and them. I'm saying, "Look, I recognise that the way we work today is not right. I'm going to give you a day, or give you a day back. In return, you've got to give me the productivity."

GRTV: YEAH.

Barnes: And so that's how this works. It's quite a mature conversation between employee and employer.

GRTV: DOES IT MEAN THERE'S A GREATER REQUIREMENT ON HR TO KEEP ON TOP OF WHAT PEOPLE ARE DOING?

Barnes: No.

GRTV: OR DOES IT SELF-POLICE ITSELF?

Barnes: It's self-policing.

GRTV: SO DOES IT HAVE A NOVELTY FACTOR WHICH YOU MIGHT THINK WILL WEAR OFF OVER TIME?

Barnes: Well, interestingly, people say this to me, and I say, "Well, actually the very first experiment that proved that shortening a working week would increase productivity dates from 1917." And it was a British munitions factory manufacturing shells for the Western Front, and it was working seven days a week, long hours, and they dropped the working week from seven days to six days, and production went up and the quality of output went up.

GRTV: OH, OKAY.

Barnes: So we've known about this.

GRTV: YEAH.

Barnes: For an awful long time. It's just that it's not conventional wisdom.

GRTV: I KNOW. SO IN FINANCIAL SERVICES, HOW DOES THAT WORK WHERE YOU'VE ALWAYS GOT CUSTOMER INTERACTIONS GOING ON BECAUSE A CUSTOMER DOESN'T WANT YOU TO SAY, "WE'RE ONLY HERE FOUR DAYS A WEEK."

Barnes: Well, yeah, but Perpetual Guardian to all intents and purposes is a financial services company. We have retail branches, 16 retail branches, the length and breadth of New Zealand, so we have to be open conventional hours. So it's not everybody takes a Friday or a Monday off. Each of the teams decides who's going to get what day each week. And the idea is that we have to be open the same length of hours that we would normally be open.

Customer service has to be the same

high standard as we would expect. That's part of the criteria for this project. So you're just saying to the staff, "How would you do it? How would you make sure that we continue to deliver outstanding service." So if we can do it, frankly, every financial institution in the country can do it.

GRTV: OKAY. SO THEN WE OVERLAY THAT ... AND I'M INTERESTED IN THIS BECAUSE YOU DO A LOT OF DIGITAL INNOVATIONS, AND THAT'S BEEN A BIG PART OF YOUR BUSINESS. SO BY GOING TO A FOUR-DAY WEEK DOES THAT THEN ... YOU KNOW WE TALK ABOUT ARTIFICIAL INTELLIGENCE AND MACHINE LEARNING, AND ALL THESE THINGS HELPING PRODUCTIVITY. DOES THAT ENCOURAGE MORE OF THAT TO HAPPEN?

Barnes: Well, interestingly, so far, all we've seen is ... we've seen our productivity within the day improve, and in fact overall productivity go up, just from changes in behaviours, how people behave.

GRTV: CERTAIN BEHAVIOURS. YEAH.

Barnes: Right. But the next stage, of course, is that as you bring in new technology, that gives us an opportunity actually to further improve the service. I think it gives us an opportunity to extend hours bizarrely. Because once people start to say, "I would rather work 3:00 in the afternoon to 8:00 at night.

I can say, "Well, sure, that works for me. I'm looking for productivity." So over time, actually I think this changes the way we work. And what we're trying to do ... and I think this is the key point. Gig enables any business to do that. But the downside of gig if you're an employee is you have no sick pay, you have no holiday pay, you have no superannuation. You have nobody investing in your future. It's just literally you're employed for that job, and I think that's a really bad thing.

Whereas what I'm doing is I'm trying to give my staff the flexibility they need, but with those hard fought-for protections still in place. So they've got the sick pay, they've got the holiday pay, they've got the investment in their future. And I'm very passionate about this. That if we don't change our legislation to enable companies to operate flexibly, we will get gig, and that's a very high price for society to pay.

GRTV: YEAH. AND THE FLEXIBILITY'S JUST BECOMING A BIGGER AND BIGGER ISSUE IN THE EMPLOYMENT SPACE FROM WHAT I CAN SEE.

Barnes: That's exactly right. But funnily enough, it's often being misread. I think it's a long con because basically people say, "It's a gig. I work when I want." No, you don't. You make yourself available to work. The guy who owns the gig decides whether or not you get it.

GRTV: YES.

Barnes: And if you don't work when they want, over time you will get the poorer and poorer shifts. You'll gradually drop down the list of people they're giving the gig to, so at the end of the day, you actually have to work when they want.

GRTV: YES, YES.

Barnes: Not when you want.

GRTV: YEAH. OH, IT'S FASCINATING. AND NOW TO CHANGE THE TOPIC TOTALLY. WE WERE HAVING A DISCUSSION THE OTHER DAY, AND YOU WERE CONCERNED THAT A LOT OF THESE BAD BEHAVIOURS WHICH CAME UP IN THE LAST CORRECTION ARE STARTING TO SURFACE AGAIN. WHAT ARE YOU SEEING?

Barnes: Well, for example, and I will try not to name names, but ...

GRTV: WE'LL SEE HOW YOU GO ...

Barnes: Indeed, but look, I'm aware of some of these secondary lenders that were going initially in the peer-to-peer space, and frankly that model's not really worked, so now they've gone to a wholesale model. And in some cases, it's some of the deferred payment programmes that you see in shops pretty well the length and breadth of New Zealand now.

And then what you find is that a bank is lending the money to that entity to make those ... well, in the case of deferred purchase, they're not loans because apparently they're not credit because apparently there's no interest. Right? Which of itself is a bit ridiculous.

GRTV: YES.

Barnes: But what you're seeing is then a bank effectively lending at a wholesale rate to an institution that's then lending out unsecured to individuals where if you look at their business model, they're making their profit on the ones that are defaulting. So a large number of people are already defaulting on these loans.

Now, when you look at things like the CDOs that really brought down the banking system in 2007-8, what was that? That was institutions lending wholesale to a bank that then lent it out to a whole bunch of individuals on the basis that a portfolio was nice and safe. So this is garbage.

GRTV: SO HOW FAR DOWN THE TRACK DO YOU THINK WE ARE WITH THIS? AND DO YOU THINK IT'S GOING TO HEAD TO ANOTHER CORRECTION?

Barnes: Yeah, I do. The only reason why we haven't had a problem at the moment is that interest rates are so low. Right?

GRTV: MM-HMM (AFFIRMATIVE).

Barnes: So if you look at a dynamic where a wholesale rate is coming in something over bill rate maybe 1% or 2% margin, you're talking about 3% maybe 4% in terms of interest rate. If you're lending at 12%, you're making that margin. If a quarter of those are then going bust, and you're offsetting those, that's going to eat into your margin, but you are still making a decent profit margin. Now, if interest rates rise the default rate on this side isn't going to go up by 1% or 2%, it's going to go up by 10%, 20%, 30%. And what happens is that instantly will mean that you'll drop below the funding point. You won't have the margin, and the whole thing will come unstuck.

GRTV: SO THE TRIGGER WILL BE RISING INTEREST RATES.

Barnes: Rising interest rates or the economy rapidly going into some sort of recession. People losing jobs where effectively they can't make ends meet. And then this is all discretionary loans now. So once upon a time in the ... if you will in 2007-8 ... it was housing. Now, it's all unsecured personal lending because I want to buy that shirt or that car. Now, you might have run an argument you don't default on your mortgage. Not sure you don't default on that t-shirt. You know?

GRTV: YEAH, THAT'S EXACTLY IT. IT'S INTERESTING HOW WE GO IN CYCLES, AND WE NEVER LEARN ISN'T IT?

Barnes: Yeah, it is.

I mean I'm old enough now to have ... and I had the misfortune that when I joined the finance industry, I joined a department that was cleaning up after the last time the industry had crashed. So I'd gone through a cleaning up after a property crash, a shipping crash, mid-corporate lending crash, equity crash, Japanese retreat from Australia crash. And the next one, I think then that was a dot-com crash, and then of course we have the GFC.

I think I may have missed one.

GRTV: YEAH.

Barnes: But it's the same cycle that just repeats.

GRTV: YEAH, YEAH. SO WE NEVER LEARN.

Barnes: We never learn.

GRTV: OH, WELL. ANYWAY, WE'LL WATCH YOUR SPACE AND SEE WHAT HAPPENS. THANK YOU VERY MUCH FOR YOUR TIME. THAT WAS REALLY INTERESTING. CHEERS.

Barnes: Thank you.

To watch the full interview, download an audio podcast or to read the full transcript, visit

goodreturns.co.nz/grtv

By Susan Edmunds

Standing up for the industry

Newpark's chief executive sees a bigger purpose in her role at the adviser group.

Newpark chief executive Melanie Purdey is only five months into her role but says already it's the best job she's ever had.

"The best and the hardest. To join a business like this in the midst of this climate of change and the pace at which it is happening. It's a whirlwind."

Purdey took over from Dean McDougall, who was only in the role for a year.

She is married to mortgage broker Jon Purdey and was familiar with the Newpark group and what might be involved before she took the job. "I was under no illusions about the quantum of change needed."

She said group founder Darren Gannon had shown significant insight when he understood a couple of years ago that it would need to be less tightly associated with him and the relationships he had driven in the industry if it was to survive in a new kind of regulatory environment.

He started a restructure that took the group to a more formal structure, with a board and chief executive.

Purdey came to Newpark after nine years with Medical Assurance Society (MAS), where she worked with a large team of advisers.

She describes that job as taking them from being a team that was underperforming to one that excelled. "I had the privilege of helping take 35 advisers and helping them find the best version of themselves. Now I have the opportunity to do that with 400-plus advisers, that's very compelling.

That also gave her experience of a QFE that would be valuable as she helped advisers navigate entity licensing, she said.

She said many advisers still did not have a good understanding of what the licensing regime would be like in practice.

"There is a yawning gap in the level of awareness between advisers. Some are very involved in their understanding of regulation and what they will need to do. Others are completely in a different space and seem to think 'no one is going to look at me I'm going to keep doing what I'm doing and get away with that until I don't'."

Purdey said many people become non-aligned advisers because they were "unemployable". They didn't like other people telling them what to do and wanted independence. "By their nature they're people who don't like to be told what to do, felt they could do better on their own and will struggle. We may see some kicking and screaming, if they come at all."

She said her challenge was how she could help educate advisers, help with their concerns and show them the transition was not as difficult as they might expect it would be.

Part of that would mean showing them that falling into line with the new regulations would help them to run better businesses, she said. Good processes would allow them to write more policies and help more people, which would in turn grow their businesses.

HIGHER PURPOSE

Purdey said the Newpark role was in line with her own personal infinite goal of boosting people's financial capability.

She has close experience of how much damage a lack of financial preparation can cause.

"I have been in the situation where I lost the father of my children. The children and I had no options. I had to make a future for us.

> **"I have been in the situation where I lost the father of my children. The children and I had no options. I had to make a future for us. They didn't just lose one parent that day, they lost two."**

They didn't just lose one parent that day, they lost two."

She describes herself as "not a stupid person" who had studied economics and politics as well as journalism and had worked in television in Canada.

But finances were not something she and her late husband had a "plan b" for. Working through it on her own made her realise what a difference it would have made if she had someone to help.

She resolved then to get to a position where she could exert influence to ensure that same situation did not happen to families in the future. The Newpark job gives her an opportunity to deliver on that purpose.

Purdey said there were a lot of noble people in the industry who were battling to do their best by clients at a time when they were being routinely "sledged" by the media and regulators.

She said, even while many advisers had come into the industry almost by accident, most stayed because of the satisfaction they got from helping clients through some of life's toughest spots.

"It becomes more of a calling than just a career."

Purdey said she was unapologetic for the romanticism with which she approached the industry.

REJUVENATION

The next few years should see financial advisers move from being salespeople to being professionals, Purdey says.

She said she wanted to see them regarded in the same way as lawyers or doctors, with trust and status in society. Newpark had the opportunity to stand for and drive that change, she said.

She is focusing Newpark on its standards of integrity and good conduct, keeping great client outcomes at the centre of everything the advisers did.

There was a change journey ahead for the group, she said, as Newpark and advisers more generally worked to justify the faith New Zealanders placed in them. "We've got a lot of work to do to have earned that."

She said she did not want to point fingers at any examples of poor conduct in the past "but the regulator would not have taken up this charge if [the industry] had been doing well and could demonstrate it had been doing well."

She said everyone would say they put clients at the centre of their businesses but few could prove they did.

CHANGE FOR DEALER GROUPS

Purdey said it was hard to accurately predict what the future for dealer groups would be like.

They were a part of the chain of getting products to customer but would need to remain relevant if they were to retain their place in the industry. Groups risked becoming "anachronistic" she said.

"The old model of what a dealer group is and was isn't going to be a long-term sustainable option."

One option was for all groups to wind up, "take their assets and go home", leaving it to providers to offer their own distribution channels, she said. But that would reduce the ability of advisers to be independent in the market.

She said it was likely that production-based override commissions would change but product providers would still want support and would pay for that.

But they would want to see a measurable outcome.

Groups would have to think about the services they could offer providers who saw managing a distribution team as a distraction. "We have the opportunity to be that for the providers."

She said, for those groups who were willing to disrupt themselves, and change what they offered, there was definitely a place in the market.

Many advisers were reform-fatigued, she said. "They're going through a period of time where their profession is being sledged by the regulator. It has been a real challenge for a number of them to cope with this degree of change."

Newpark was focused on supporting advisers' wellbeing, she said, with its HeadSpace programme offering resources to them and their family to move through the change.

There had been an increase in stress-related illnesses among advisers, she said. "We want to offer them not just licensing tools but want to look after them as people."

She is also pursuing initiatives to help improve the gender balance among advisers.

Purdey said there was much to be done and considered, and still many unanswered questions from the industry. But she was unfazed. "I'm the middle child, I like being in the middle of a good fight. I've never worked harder but never had more fun."

Melanie Purdey

Brave, bold

and tackling the future

Financial Advice NZ held its second conference in August. Delegates discussed some of the industry's most pressing concerns, and what the future could look like – both for them and the world at large.

Take your seat at table, advisers told

Advisers need to stop thinking of themselves as an insurance adviser, or an investment adviser, and start to think of how they can become a trusted source of guidance for all of their clients' financial affairs.

That was the message of Scott Fitzpatrick, a CFP from Australia and founder of Fitzpatricks Private Wealth, who took a session on the second day of conference.

He said advisers needed to think about what clients valued. That was increasingly someone who could help them construct a lifetime plan and act as an orchestra conductor to get them organised. "Someone who can offer sit-on-the-family-board-style advice."

He said that would mean focusing less on specialising in investment, insurance or mortgages and instead looking at a wider opportunity, considering things such as tax planning and estate planning alongside their other services.

Risk management should involve investment risk, taxation risk, estate risk, litigation risk, business and other risk.

Fitzpatrick said it did not mean advisers had to stop doing what they were doing but should look at it as a new opportunity. "People will still need insurance and loans but you're not reliant on that to provide a service."

Some were reluctant to move away from commission-based payments, he said, but should not underestimate the fees they could charge.

"I'm trying to give them the viewpoint that clients will pay your fees to project manage their affairs, to be that sounding board for them."

He said his experience was that most advisers could charge a minimum of $5,000 a year. "My clients pay me anything from $1,000, $2,000 to $15,000 a month.

"You're all entering a new world of licensing and compliance obligations, you're going to be undercharging in future. You're taking on too much risk to warrant a low fee."

He said advisers he talked to seemed to understand the opportunity. Many savvy business-people were too busy to want to spend time managing their own financial affairs, he said.

Humanity gives advisers the edge

While the current wave of technology and change will reshape the world, it seems there are strategies that advisers can employ to ride the wave and thrive in the coming years of disruption.

Conference keynote speaker Matt Church said it's all about identifying your competitive advantage and developing it to boost your business.

"That competitive advantage is not compliance: it doesn't give you an edge as an adviser. Nor is it technology – which is simply there to enhance your business, to help you get the administrative stuff done.

"Instead it is wisdom which is your comparative advantage. It's the humanity not the technology. That is going to be your competitive advantage."

For Church, who is the founder of Thought Leaders and the author of ten leadership books, this involves putting clients at the centre of the game but doing so with the right perspective.

"You need to be client centric but you can't be led by the past. You need to be brave and bold but the ability to affect the human condition in the next decade will be the adviser's best competitive edge."

That is because the quality of human interaction is key to what advisers do, he said.

"The rest is administration. Get the best technology to do the admin better and do the compliance because you have to. But make sure you do something else special as well. The best advisers have always done this.

"The challenge is that it is now something that has to be done. It is all about the experience an adviser can give the client. It's the engagement, relevance and meaning that an adviser can give that matters. Do that and the advice you give will go to the next level."

Achieving this requires that advisers step out of their comfort zone, keep learning, be ready to change and do things differently in order to do them better.

Church said it is necessary for advisers to think about the business they are in and identify a niche, or multiple niches, that they are passionate about.

"Then they need to work with people they have a strong affinity with. Empowerment should be the catch cry when it comes to management. And this will enable them to achieve customer inspiration.

Matt Church

"Advisers need to be brave and inspired. They shouldn't be a slave to regulation. They should use technology to augment their intellect and improve their business. And they need to care."

If an adviser does all this they will be a great adviser and compliance will fall into place, Church said.

BRAVE new digital world

That's according to keynote speaker Datacom's associate director customer experience Brett Roberts.

In a wide-ranging presentation which explored technological advances from AI (artificial intelligence); to robotics; to 3-D and molecular printing; to genome sequencing, Roberts made it very clear that the world as we think we know it is no more.

"Everything is changing and that change is happening right now. So maybe you should too," he said. "It's all about utilising these disruptive technologies to transform customer experiences, drive innovation and create the future business environment that you want."

Roberts has worked in leadership and innovation roles across the tech sector, including at Callaghan Innovation and Microsoft NZ. But even he sounded a note of caution on some of the technology and its potential impacts.

The technology is amazing, but there are big downsides to it – especially as relevant legislation is decades behind it, he said. "Cyber-security is a major concern and will become more of one. There are some bad people out there doing terrible things.

"But be wary of voice-activation technology and smart-TV technology which record you. Amazon's Alexa is scary, for example. Think 1984. I don't trust the people behind these devices. Because how do we know how they will use this information?"

However, the genie is now out of the bottle on the new wave of digital technology, like AI. "It means that we need to think carefully about some of this stuff before we go out and blindly embrace it.

"But there are so many things in this world that are trending towards transformation. We are on the knee of the exponential curve. I can't begin to explain the change and disruption that we will see over the next three to five years."

And businesses need to adapt to this brave, new world in order to survive. Roberts thinks there are a lot of dead-companies-walking out there. "If you are not thinking about how you need to be then you're probably one of them. You have to engage and change."

So what should businesses do? First up, they have to get past the challenge of the middle management "that is not how you do things" mentality. Then, there's three interlinked things to focus on, he said. They are transformation, innovation, and leadership – and they require clear, crisp communication and vision.

A key component is an organisation's culture and people. Roberts said it's about hiring great people and giving them autonomy and support.

"Build trust – within and outside of your organisation. Embrace experimentation and foster creativity. To do this you need to create an environment that is psychologically safe. And I would argue that many organisations don't."

To move forward, it is necessary to learn to unlearn and to question and test everything, Roberts added. "Relying on evolution is a pathway to irrelevance. What is needed now is revolution. That means businesses should think about how they can lead the way."

Outstanding advisers recognised


Fred Dodds


Peter Leitch


Tim Fairbrother

Financial Advice NZ handed out awards to some of its members at the conference.

Fred Dodds was acknowledged for his outstanding contribution to the industry.

Dodds has played many roles, including with Prudential and Tower, was formerly chief executive of the Institute of Financial Advisers and now runs Fred Dodds Consulting.

Dodds was a key figure in the creation of Financial Advice New Zealand.

As the judges said: "Fred's passion for the profession and his ability to encourage others to achieve and become part of the story is outstanding; it is this inclusiveness that sets him apart. Well done Fred; A thoroughly well-deserved award."

These awards recognise Financial Advice New Zealand members who help New Zealanders achieve financial wellbeing through providing an outstanding financial advice service and who exhibit professional excellence.

Another well-known figure, and former president of the Professional Advisers Association, ***Peter Leitch***, received the Outstanding Adviser Award – Insurance.

"Peter is well known in the industry and has created and maintained a very respected advice business. Perhaps the best way to sum up Peter's outstanding advice business and service is through a statement included in his award nomination," the judges said.

'It is dangerous to state one is better than the other, rather there are lots of different people, they all need advice, delivered in one way or another, and so long as that advice is delivered with their clients' best interest in mind, then the (advice) ecosystem is safe.'"

Masterton-based ***Tim Fairbrother*** won the Outstanding Adviser Award – Financial Planning.

"The systems and structures of Rival Wealth are comprehensive and have been developed with the clients' interests at heart, and the educational material produced for clients is impressive. We were also very impressed with Tim's services to the community, and in particular, his work giving back to the financial advice community," the judges said.

Community services awards

Three community services awards were handed out to Darcy Ungaro, Garth Clarricoats and Marie Quinn.

Judges' comments:

"Darcy launched NZ Everyday Investor one year ago out of a genuine desire to help people become financially literate. We were impressed with Darcy's vision, commitment, innovation, integrity, and the service he is providing to the New Zealand community.

"Over the past 15 years, Garth has committed to extensive community service and in particular has volunteered his governance expertise to community charities, to help them become financially resilient and to realise their vision for the community. We were inspired by both Garth's contributions to the community and his belief that we have a responsibility to help others have a good life and to leave the world a better place than we found it.

"Marie was a pioneer in the financial planning industry when it began in the 1980s. Her accomplishments and contributions to the community are numerous. In 2014 she was awarded the Member of the New Zealand Order of Merit (MNZM) for Services to Business and the Community. Marie's dedication to serving others, without expectation of financial reward is unquestionable, and her commitment to her causes is inspirational."

Change is coming and it's not good news for everyone

Major disruption is happening, and will continue to happen, to the world of work – and we need to be prepared to help those who are left behind.

That was one of the messages delivered to delegates by Jo Cribb, former chief executive of the Ministry for Women.

Cribb, who now has a portfolio career of governance, consulting and advising, said people needed to be prepared for significant change to continue.

"No-one is predicting the future will be a shinier version of now," she said. "It will be quite different."

She pointed to research showing 35% of jobs were at risk of being automated within the next decade, if the employer chose to do so.

While labouring jobs were traditionally seen as prime candidates for automation, she said "expensive" jobs could also be targets because of the savings, accuracy and speed improvement available to the employer if they automated.

More than half of the directors surveyed by the Institute of Directors expected significant technological disruption of their businesses within their current board terms.

Cribb said people had to start thinking about working differently and could not assume they would have one career throughout their lives.

"Many of us base our lives on the three-stage model of education, work then retirement. The reality for more of us is going to be much more fluid."

Some people might not go into long periods of education, she said, others might retrain several times or have periods of self-employment.

"For people like me the portfolio way of working is incredibly rewarding, it gives variety and flexibility. But gig work means some of us will end up in some pretty precarious ways of working, too, where they don't know how much work they're going to get next week."

For people trying to pay a mortgage or save for retirement, that could be a problem.

Australian data showed a third of its workforce was freelancing last year, and Cribb said that number was probably similar here.

Businesses were also rethinking their management structures, she said. "Many already have and many will in the near future remove some of the management overheads. If you've got a tech platform that can see what all your workers are doing why on Earth do you need a manager to do it?"

People might need to rethink their focus on formal learning, she said. A proposition based on being an expert and having technical knowledge was a lot less compelling when there were tech systems that could provide that same information.

The skills that were important would be those that allowed someone to communicate, advise, analyse and add value to basic information.

Cribb said it would be important for society to consider those "left behind" who might not be able to work and would miss out on the meaning and status they gleaned from that. "It will mean some tough conversations. Many of us will move into new roles and adapt but what about those that don't? That's something to think about. Robots aren't going to make people redundant, it's us as a society or business that chooses to do that."

Facing new OCR lows

Dominick Stephens

Westpac's chief economist Dominick Stephens said that while he is picking the Reserve Bank to cut the OCR to 0.75% in November, it's unlikely they'll need to take it to zero or under.

That's largely because the Reserve Bank's recent slashing of 50 basis points from the OCR, taking it to its current record low of 1.0%, has been incredibly effective, he said.

"There hasn't been a one-on-one pass through of the cuts to retail but there has been a massive drop in the rates that really matter for the economy and those are the fixed mortgage rates.

"The Reserve Bank has engineered that by convincing people that they are going to keep interest rates low for a long time.

"Anyone who says that the OCR cuts to date haven't been effective is wrong."

However, a further cut to the OCR is not likely to have the same economic impact because its moves so far have already had a huge effect on expectations for the future.

Stephens said that for further cuts to achieve the same effect it would require more work from the Reserve Bank but it wouldn't be impossible.

"The OCR can go negative – but there is a limit to how far it can go."

He pointed to Europe as an example as banks ended up having to pay the central bank to hold the reserves that they were required to hold.

"That was a cost to them. So, in response, they started putting mortgage rates up to recover those costs."

Cash hoarding is another big risk from negative interest rates and, for these reasons, Stephens thinks if a negative OCR was to become a reality, it would not be far below zero.

"It would be in the order of -0.5%. And if the OCR reached that level, it's likely that the Reserve Bank would turn its focus to other unconventional measures, like quantitative easing. It does have options."

But one outcome of increasingly lower interest rates – and the concurrent search for yield – will be that New Zealanders will, once again, start looking to property as an investment, Stephens added.

"I am absolutely of the view that the housing market will respond to these low interest rates, despite policy constraints like the foreign buyers ban. So I think we are looking at about 7% growth over the next year.

"If it does respond, the first thing we would see is an increase in sales and there is tentative evidence of a pick-up in sales now. But we will see over the next six months."

Over the long term, this could be a concern as it is likely to prolong the cycle of ever-raising debt prompted by rising prices and people borrowing more.

Stephens said this cycle can't last forever and when it ends things could get ugly but, at this point, he thinks monetary policy will work.

"Long term, I think the bigger risk is interest rates rising due to inflation ramping up. That could get people into trouble when it happens but I can't see it happening any time soon."

Checking the conference app?

Cigna Life adviser champion Christine Laverty.

Australian journalist Adele Ferguson wrote the book on the Royal Commission. MC Andrew Patterson asks her about the experience.

Awards winner Tim Fairbrother with his wife Carrisa.

Former IFA chief executive Fred Dodds and his daughter Toni with their traditional conference dance.

Table 15 is always a good one.

The regulation panel facilitated by FANZ chair Sue Brown. From left to right: FADC chair, retired judge Bruce Robertson, Financial Planning Australia chair Marisa Broome, IFSO Ombudsman Karen Stevens and FMA CEO Rob Everett.

nib Head of Adviser Distribution Chris Carnall with Christchurch adviser Chris Boon from Adelphi.

Partners Life stand.

Financial Advice NZ CEO Katrina Shanks.

Lifetime Group.

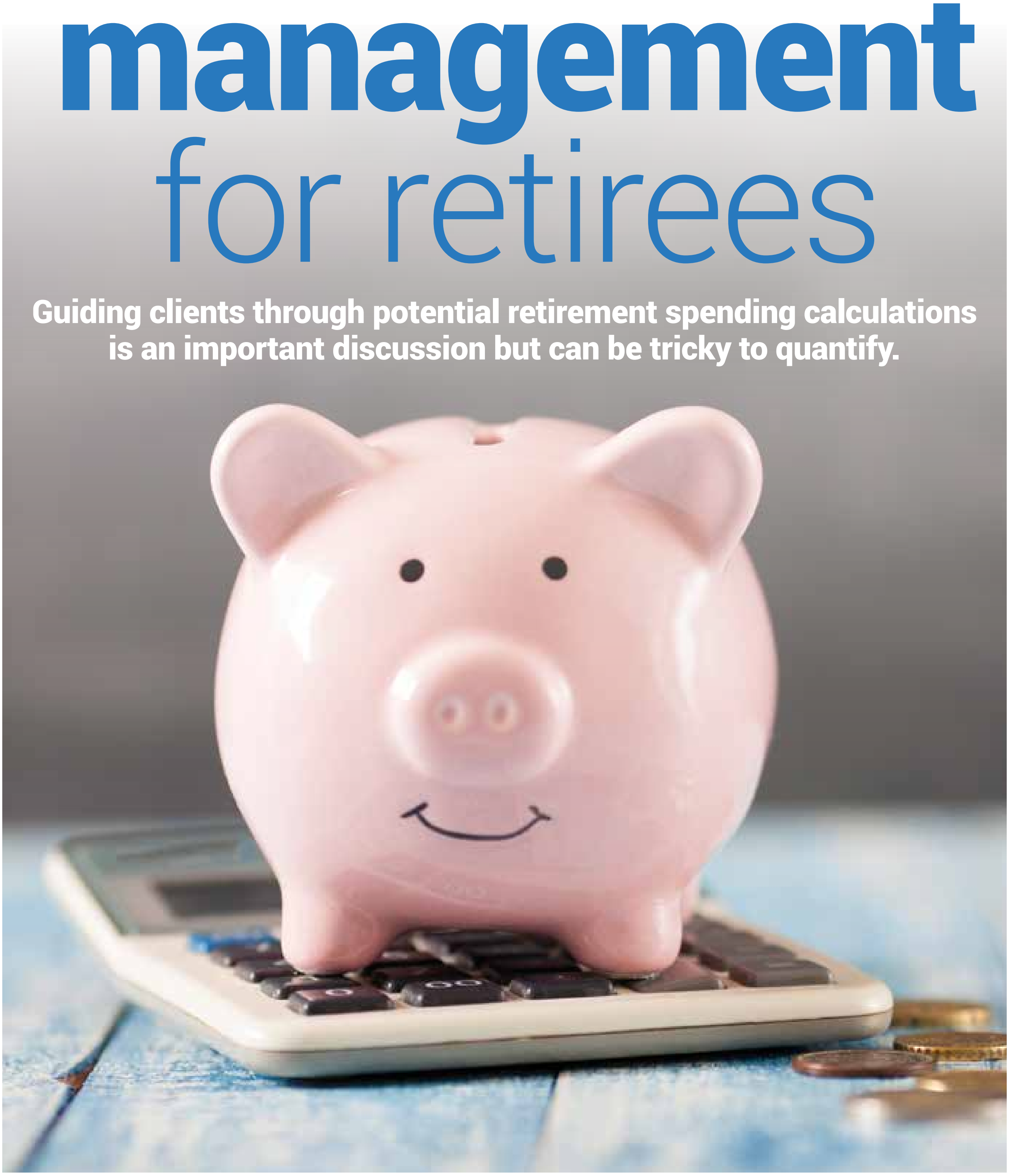
FMA Director of Market Engagement John Botica explains new financial adviser regulations.

Three wise men: Lifetime chairman David Whyte, ASSET Publisher Philip Macalister and Matt Mimms from the Investment Store.

By Ralph Stewart

Income management for retirees

Guiding clients through potential retirement spending calculations is an important discussion but can be tricky to quantify.



By 2036 we will have over one million kiwis aged 65 and over, with this comes a responsibility from the financial advisory community to support retirees in developing a consistent income that will meet their preferred lifestyle.

Providing quality financial advice to retirees is not an easy task. The classic asset management considerations, longevity of life, negative dollar cost averaging and sequencing risk are just a few of the challenges facing an adviser trying to build an income portfolio with any confidence.

The latest (July 2019) white paper from Strategic Insight in Australia "Solving for Guaranteed Income in Retirement Portfolios with Lifetime Annuities"[1] concludes that "in an uncertain world, lifetime annuities have the capability to introduce improved elements of certainty, reduced volatility and additional longevity into portfolios, and for these reasons should be given serious consideration as integral parts of retirement portfolios".

> **"Providing quality financial advice to retirees is not an easy task."**

The paper sights a simple example of a 67-years-old couple with a 50/50 balanced portfolio with a target income of $56k per year indexed at 2.5% with life expectancy of 93.

Using the balanced portfolio alone, 39% of the portfolio was exposed to market volatility (risk) which could reduce the annual income. Reducing the balanced portfolio by 30% and investing this in the life annuity had the effect of reducing overall portfolio volatility (risk) by 33% to 26%.

Using the same principles as Strategic Insight in Australia, Lifetime brought together a team of experienced professionals to build a calculator to automate the asset allocation process to improve retirement income forecasting.

With Liz Koh, Martin Hawes and the actuarial team at Victoria University we set out to build a high quality retirement income calculator that combined multiple asset classes to indicate the highest level of income possible with the highest probability of lasting a lifetime (risk).

> **"In an uncertain world lifetime annuities have the capability to introduce improved elements of certainty."**
>
> *Strategic Insight*

The calculator is based on the Strategic Insight analysis, Willis Towers Watson and existing Morningstar/Ibbotson analysis. Very simply, the expected returns and volatility of multiple asset classes are optimised to deliver the highest level of income possible within the classic retirement envelope of liquidity and security.

While trying to keep client data collection as uncomplicated as possible, there is a level that is necessary to reach minimum

[1] *http://www.pflresearch.com/products/2019/6/21/white-paper-solving-for-guaranteed-income-in-retirement-portfolios-with-lifetime-annuities*

By Ralph Stewart

Output 1 – Investment allocation

Based on your age and life expectancy, you could consider the following investment allocation

Output 2 – Your retirement income after fees and taxes

Output 3 – Your retirement income with NZ Superannuation after fees and taxes

Your retirement plan summary

Please find a summary of your potential retirement plan below.

Your life expectancy

Life expectancy	90 years*	You should plan for	25 years

*Please be aware this is the average life expectancy and you may live longer.

Your investment allocation

Insured income	$35,000	Cash	$4,680
Shares	$33,150	Bonds	$27,170
Total investment	**$100,000**		

Your retirement income

Insured income	$1,750	Shares	$1,890
Bonds	$1,549	Cash	$267
Total annual income	**$5,455**	**Total fortnightly income**	**$210**

> **"While trying to keep client data collection as uncomplicated as possible, there is a level that is necessary to reach minimum quality levels."**

quality levels. The data collection section of the calculator seeks age, sex, income for an individual or couple, sex of partner, amount available to generate income, with indicative spending levels defined as conservative, moderate or extravagant.

The calculator then compares the investment characteristics of shares, bonds, cash and guaranteed income to calculate how much could be spent with a 90% probability of lasting an individual or surviving partner's expected lifetime.

The following example illustrates the onscreen outputs.

Example:

- a couple aged 67 and 69
- $250k available to deliver an income
- moderate income requirements (NZ Super + 15%)
- tax rate 17.5%
- joint NZ Superannuation.

The indicated asset allocation is expected to deliver annual income after fees and taxes of $5,455 or $210 per fortnight with 90% probability of the income lasting until age 90 at which time all the capital would have been consumed.

The model does not assume what selection of funds the adviser will use to build the portfolio. Results are driven from Morningstar expected asset return forecasts and allocation to insured income funds based on Morningstar's Annuity Intelligence product for US advisers.

Combining insured or guaranteed income assets with traditional assets is commonplace in the OECD as a modern way of improving regular income levels and increasing the certainty of retirement income lasting a lifetime.

The Lifetime calculator is free to use and available at: Lifetimeincome.co.nz/Calculators/RetirementPlanningCalculator

Lifetime Asset Management Ltd is the issuer and manager of the Lifetime Income Fund. A Product Disclosure Statement is available at lifetimeincome.co.nz. Lifetime Income Ltd is a Reserve Bank of New Zealand licensed insurance company and is the underwriter of the income guarantee.

Ralph Stewart – Founder & Managing Director Lifetime Retirement Income

Translate common terms

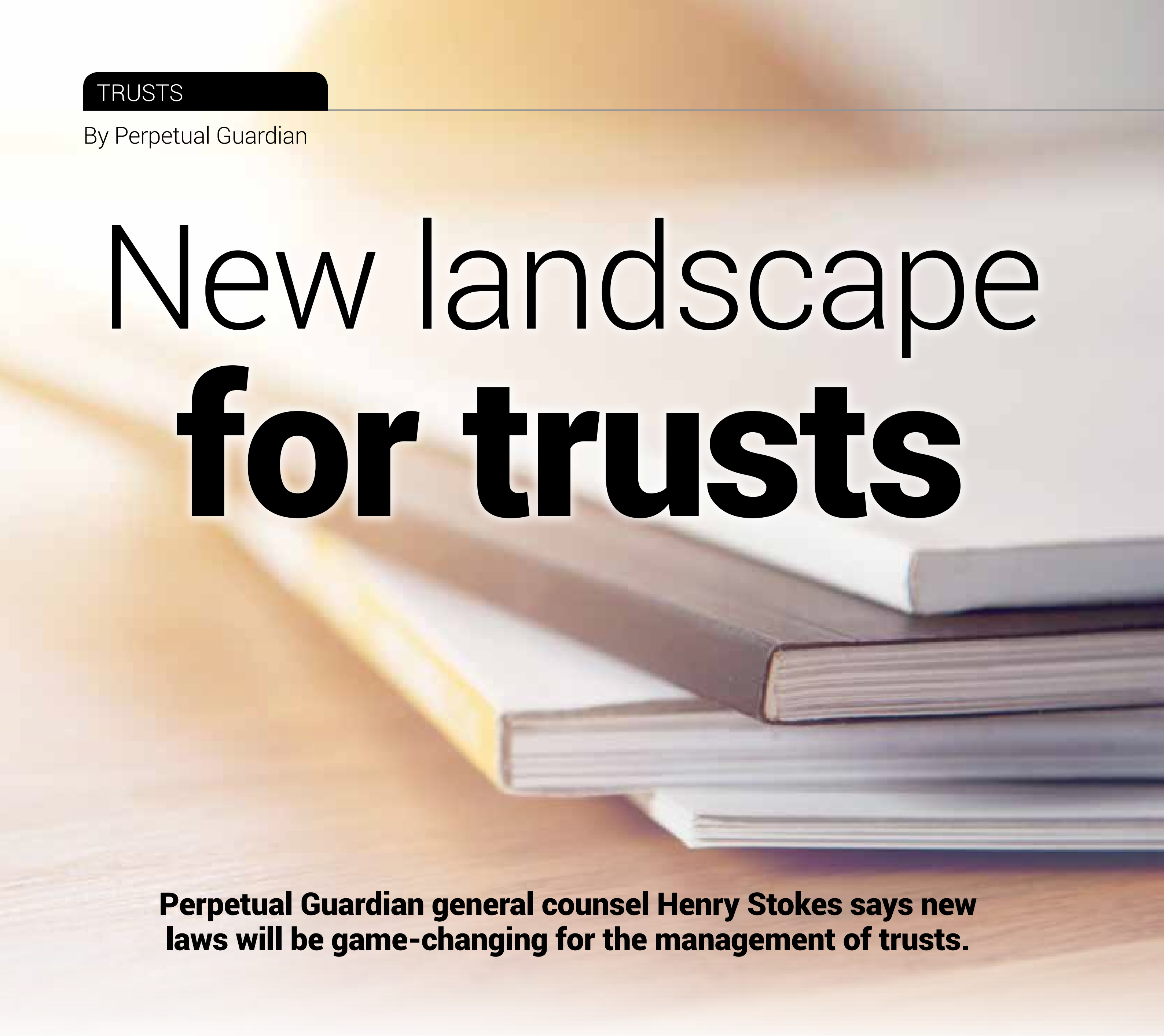
Ever wondered how you might have a financial advice conversation in te reo?

Following on from Māori Language Week / te wiki o te reo Māori here are some finance-themed te reo terms that could be inserted into your next financial consultation.

Advice: tūtohunga
Financial adviser: kaitūtohu ahumoni
Asset: rawa
Debt: taurewa
Asset allocation: tiritiringa rawa
Capital loss: hekenga uara
Capital preservation: parahautanga uara
Capital return: pikinga uara
Cash: pūtea
Equities sector: rāngai tūtanga pakihi
Financial return: hua ahumoni
Fund manager: taurima tahua
Investment approach: ahunga haumitanga
Investment strategy: rautaki haumitanga
Liquidity: māngohe
Portfolio: huinga haumitanga
Portfolio construction: waihanga huinga haumitanga
Private equity sector: rāngai tūtanga pakihi tūmataiti
Responsible investing: haumi aronui
Risk profile: āhuatanga tūraru
Shares/equities: tūtanga pakihi
Term deposit: pūtea penapena
Underperform: hōtoa
Willingness to accept risk: māia ā-tūraru

SOURCE: RBNZ

By Perpetual Guardian



New landscape **for trusts**

Perpetual Guardian general counsel Henry Stokes says new laws will be game-changing for the management of trusts.

For the first time since the 1950s, New Zealand trust law is being overhauled – and one of the country's leading legal specialists says it's going in the right direction, but financial advisers and other professional services providers who work as trustees will need to step up and move quickly to help their clients.

The new Trusts Act 2019, which comes into effect on January 30, 2021, replaces the Trustee Act 1956 and the Perpetuities Act 1964. The new Act aims to make trust law more accessible, to clarify and simplify core trust principles and essential obligations for trustees and preserve the flexibility of the common law to allow trust law to continue to evolve through the courts. It is important to note that the new Act provides more beneficiary rights than ever before.

Henry Stokes, General Counsel for Perpetual Guardian, says the Trusts Act 2019 contains mandatory and default duties of trustees, a first for New Zealand. "The whole landscape of trust law has changed significantly in the last five to 10 years, with lots of changes in case law that have crystallised trustee duties and highlighted some large gaps and inconsistencies in trust law. Many trustees are laypeople, not trained professionals, and there was previously no single source to tell them what they needed to know about their responsibilities – in plain language."

Five key things for professional trustees to consider under the Trusts Act 2019:

- For financial advisers, lawyers and accountants who serve as professional trustees, holding that role will become increasingly difficult with new requirements for more accountability from trustees. The costs of running a trust properly will be much higher as each trust will require more attention than in the past. As a professional you will need to ask yourself, Is the cost of administering this trust in balance with the benefit to the beneficiaries of having the trust?
- The cost of indemnity insurance is going up as insurers start to push back on the degree of responsibility in trustee services on top of normal advisory obligations. For some professionals the ability to even get cover is in question. In the new environment indemnity clauses contained in trust deeds may not be as reliable as in the past. Many professionals are starting to talk to trust companies like ours about collaborating so they can preserve their client relationship while mitigating all the risk that has arisen in the new legislative environment. Professional

trustees with a number of clients will need to be well resourced. A single trust can take months to update based on the requirement to engage with all other trustees and follow through, and many advisers and firms have trust books in the hundreds and thousands so will need a full-time team for an extended period just to get trusts to the point of being compliant with the new law, let alone what will be required from a business-as-usual perspective beyond that point.

• A common scenario in New Zealand trusts is what Mr Stokes calls "Mr and Mrs Trusts" – couples who are trustees of a family trust and may be acting alongside an independent trustee, possibly a professional. They need to look at the new requirements and ask: How does our trust need to be run in comparison with how we have been running it? Does the reason why the trust was set up in the first place still even exist? There are people who have set up a trust and never done anything, versus those who meet regularly, record changes and generally do the job properly – and everything on the spectrum in between. Now is the time for action – professional trustees need to be getting their clients to not just think, "I need to look at my trust", but to actually do it.

• One of the biggest new obligations for trustees is in relation to disclosure; under the current Trustee Act, trustees are not specifically required to tell people that they are beneficiaries of a trust, or even that a trust exists. Under the new Trusts Act, beneficiaries have more power as disclosure will be required as of right without a beneficiary even having to ask.

Stokes says, all existing trusts in New Zealand – the number is estimated at up to 400,000 – have 18 months to become compliant with the new law. "This is a massive time of change and significant work is involved, so as an industry we need to be getting onto this now.

"The new Trusts Act is definitely a good thing, but requires a significant shift in thinking and approach from the current way the industry deals with trusts to a new proactive, on the ball form of trusteeship.

"Many professional trustees are starting to talk to trust companies like ours about collaborating to preserve their status quo client relationship while mitigating all the risk that has arisen in the new legislative environment.

"The only way to be ready is for the industry to cooperate and work together. Professionals have enough on their plate with their core work and maintaining a practice without the trustee responsibilities on top of it. That's why over the years trusts haven't had the level of attention that they've required, and many are not even compliant with existing law, let alone with what is coming. The next 18 months will disappear in a flash and professionals need to act now to ensure that they and their clients are ready for the changes to come into effect on January 30, 2021."

As for trusts and any implications of the Property (Relationships) Act, about which the Law Commission has made a number of recommendations, Stokes says more will become clear over the next couple of years, but it is obvious that further change is yet to come.

Finally, Stokes says, "In the past, the lack of obligation around openness of information enabled a certain degree of secrecy. Now everyone with a stake in a trust will be able to go to the Trusts Act to see what a trustee should be doing in their role. This is not a one-stop shop that sets absolutely everything out, because our legal system doesn't work that way, but it represents a major improvement in the New Zealand trust environment because basic information for both beneficiaries and trustees is free and accessible via the internet on the government legislation website."

Henry Stokes

By Susan Edmunds

Helping people understand money isn't scary

Marie Quinn, honoured for her community service, empowers people to be confident about their finances.

Auckland financial adviser Marie Quinn says she'll be satisfied if the legacy she leaves the industry is having helped people to truly understand their money.

Quinn has worked as an adviser for the past 25 years, operating a boutique financial advice practice, Marie Quinn Financial Services, from Remuera. She focuses on estate planning, investment advice and financial planning.

Before she was an adviser, Quinn had a career in politics. She served two terms on the Auckland City Council between 1980 and 1986, stood for the mayoralty twice and earlier contested a parliamentary seat.

She moved into finance just as the sharemarket crash was starting to hit. Initially, she considered becoming a sharebroker but when the crash happened "everything went to custard". "I remember sitting in front of so many people going bankrupt because they couldn't afford to pay the mortgage. It was a terrible time."

Things improved through the 1990s and Quinn went out on her own, building a client base from nothing. She held seminars at auctioneers Webbs and gradually became established. She says it was easier then than it would be attempting a similar move now.

Most clients are professional couples, although she has a couple of young people coming through the Air Force.

Most people have the same concerns and fears about their finances, she says.

"I've worked hard at helping people understand money … a lot of people are frightened by money but all they need is organisation. Money is only a commodity."

She said once people had the right structures in place, they could stop being bothered by it. "When the markets go up, down, up, down, all over the place, clients never ring me and get panicky because I've educated them. They're all happy to be going on nicely in the medium or long-term, taking out what they need in their retirement and having the rest in a balanced investment. That puts their mind at ease, really."

Some of Quinn's clients have been with her for decades. Many met her in middle age and some are now into retirement.

"You get people with a lot of money and

> **“I’ve educated quite a lot of people into thinking broadly about their money, getting in control of it.”**

people with very little but you deal with them all in the same way. People with a lot can be more frightened that they’re going to lose it. People with small amounts are happy as Larry, thinking they’re doing really well. It shows up people’s personality.”

Some clients are getting to the stage where they want to give a bit of their money away, she says. “They’ll never spend what they’ve got so they look to share it. I encourage them to do that. To give back in life is important … a lot of people are very sure they don’t want their children to share it with a problem person. That involves estate planning so things are kept separate.”

Quinn says upcoming changes to the industry through the introduction of the Financial Services Legislation Amendment Act will be “monumental” for insurance advisers, some of whom she thinks have been lax about paperwork and their obligations to clients over the decades.

But for those who are already authorised financial advisers, she expects little upheaval.

She is considering how she might join forces with other advisers to help reduce some of the costs of being in business under the new licensing regime. “It’s a question of do I want to pay through the nose to be on my own.

“There is so much I’m paying for as a single practitioner it’s not very sensible.”

But she said with some long-standing relationships with clients to protect, who to choose to work with was a difficult decision. “What we do is very personal, very individualistic.”

“I’ve worked with so many people who were not quite kosher, some people cut corners.”

She has a couple of close friends who may be candidates. “You have to know and trust them. It’s really very difficult because everybody has feet of clay. When you work with people you have got to know they have the same values as you. I’m, making myself sound like a goodie-two-shoes and I’m not but I have been very careful. No one has ever expressed concern at anything I’ve done. Nobody has gone backwards.”

She says she feels positive about the industry. “I’ve been through the FMA inspections. I think that having them breathing over our shoulders is a good thing. It will make the industry compliant.

“I feel through and through that I’m a professional. Stockbrokers have that status where people think they’re professionals. I would like to think that people look on us as advisers that we are professionals in that category but they don’t. I think that’s because there’s so many people who haven’t done the right thing. David Ross was one who really bamboozled me. I had friends whose relations worshipped the ground he walked on. I said ‘where is it invested, let’s have a look’. They said ‘no don’t worry he’s brilliant’.”

Financial Advice New Zealand this year presented Quinn with a Community Service Award, recognising her work with community organisations including Red Cross Meals on Wheels and the Catholic Caring Foundation.

Quinn said she was nominated by a friend.

“Marie’s dedication to serving others, without expectation of financial reward, is unquestionable and her commitment to her causes is inspirational,” the award citation said.

The presentation follows the award in 2014 of Membership of the New Zealand Order of Merit (MNZM) for services to business and community.

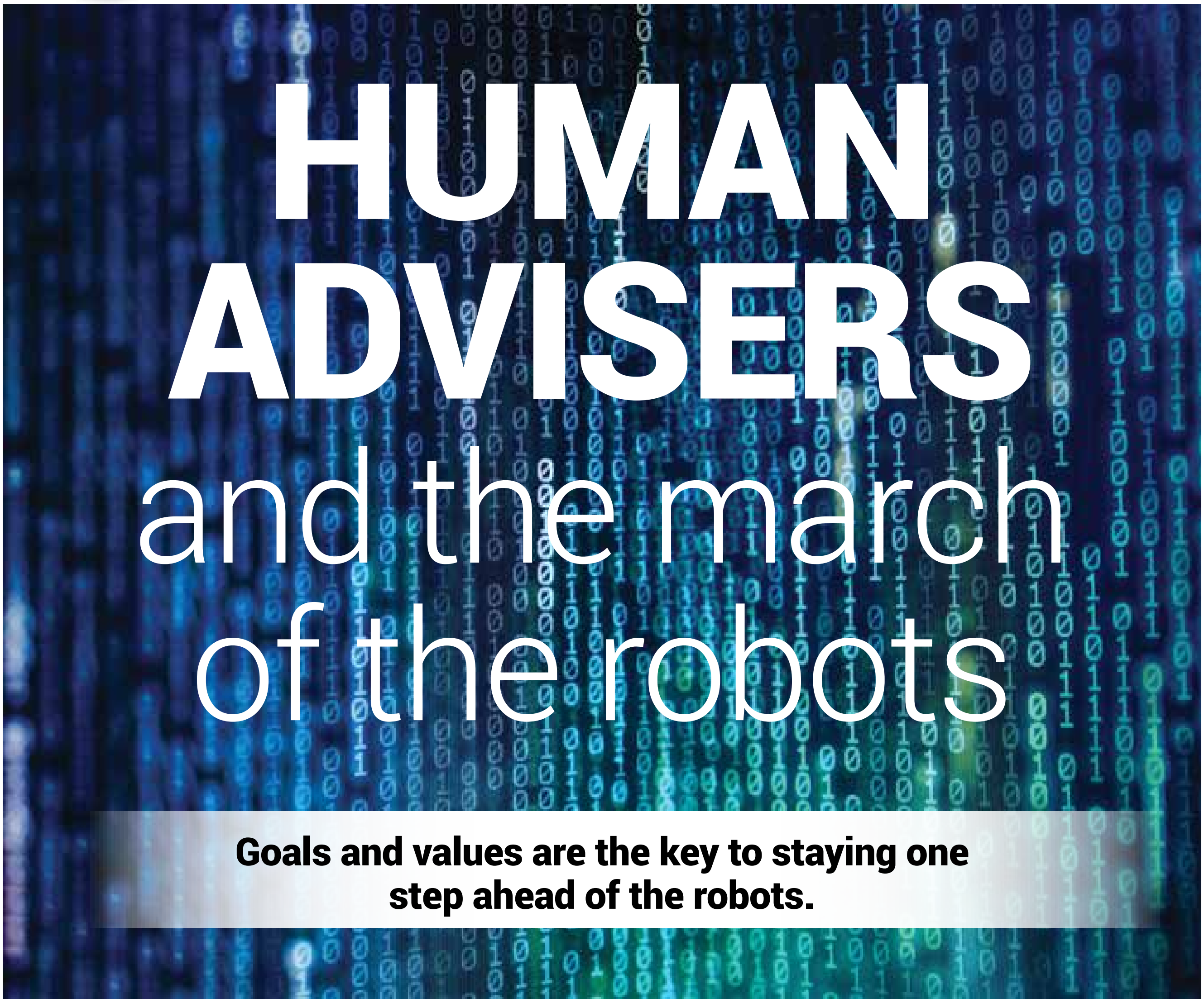
She remains on the board of the National Party in Epsom.

Quinn says she has spent a lifetime introducing people to money as a commodity. “I would like that to be my legacy. I’ve educated quite a lot of people into thinking broadly about their money, getting in control of it. Once they’ve got that and they have got an adviser helping them then they don’t need to be worried any more. It’s quite simple.”

She says Marie Quinn Financial Services is her greatest accomplishment. “I was on my own with the kids after our marriage broke up. I think building a business was a huge challenge as a woman on my own. It was a huge mountain to climb, really. That is more of an achievement than if I had been elected to Parliament. So much of me went into that.”

Marie Quinn

By Russell Hutchinson



HUMAN ADVISERS and the march of the robots

Goals and values are the key to staying one step ahead of the robots.

Reconciling competing financial goals is a major challenge in financial planning, but it is increasingly the territory where advisers can differentiate themselves from the rapidly improving automated systems.

That's because goals emerge from values and every discussion about values involves trade-offs not easily reduced to logic. But there's a catch with this seemingly easy way to avoid the robo-adviser breathing down your neck: considering goals widely pulls you into holistic financial planning.

Different goals crowd into the financial lives of everyone. There is always more that we want to do than we can squeeze in to the available time, and usually, money. The budget for our goals is usually shared with other people in our lives too – and they can have different goals. Even when they aren't actively pushing against one another (say, one person wants to push ahead in their career, another wants to move to the beach), they compete for the same budget of time and money.

So, a discussion about goals usually involves a negotiation of some kind. Because few people make written lists of their goals, the conflicts are often hidden, and so when a financial adviser sits down with a couple to discuss them – it can be revealing, and even shocking. Of course, with most households, it isn't fireworks, but it is often challenging.

Those goals can be recognised either implicitly or explicitly in the planning process. The explicit method is to list them all, attach a budget, and work out a plan. Bringing them all in can only really be done by financial planners, so watch that you have the necessary education and skills to navigate that conversation.

But even if you scope your advice engagement narrowly – say by stating that you will only consider goals for insurance protection – the competing goals show up in the question of budget, or affordability.

> **"Feel is a great way to make complex decision – because somewhere the subconscious reconciles the value of competing demands."**

You see, whether they think about it in this way or not, "affordability" is another way of saying "how much money we allocate to this given all the other things we need or want to spend money on". That's all those other goals competing for money right there. So even if you define your service narrowly, any discussion about affordability is also about goals and values. Insurance might be competing with an extra take-out coffee per day, or perhaps saving to send kids to uni. Which it is, and how much your client's values are at stake, will likely be the determining factors in the discussion.

On September 12 I had the privilege of hosting a panel of insurance specialists on this very subject – the range of approaches was fascinating.

Katrina Church is a leading financial adviser at the Mortgage People and Insurance People business on Ponsonby Road in Auckland central, as well as being an MDRT convenor.

Tim von Dadelszen is a technologist best known for his work in online insurance sales. The brand you will know is LifeDirect, but today he works for Partners Life, leading the team that brought you Evince.

Amy Cavanaugh has a background in insurance claims and operations, and currently runs operations for Pinnacle Life, and has led the effort at Pinnacle to obtain a digital advice exemption.

These three talked about how to optimise goals, and insurance being the language shared by all, the discussion tended to focus on that.

Trecia Brown, of Fidelity Life asked how you go about the "feel-find" not just the fact-find to identify and prioritise other goals. This is the values question. It's about how important different things might be, and why. This is where the notional "I'd do anything to take care of my family" runs into the pragmatic "so will you cancel Sky or pack your lunches three days a week?"

Feel is a great way to make complex decisions – because somewhere the subconscious reconciles the value of competing demands. Clients do this all the time in life, with greater or lesser degrees of success. Our role is to set up the conversation and ask the right questions. How each of our panellists saw this is interesting:

All of them wanted the advice process to be more rigorous – and in spite of being strong on an emotional and values basis for the advice, Katrina was with the technologists on that one. After all, record-keeping is the foundation of most Code requirements, and is the subject of the first interim licensing conditions to be consulted on by the FMA.

Amy Cavanaugh and Tim von Dadelszen both talked about making the process quicker and simpler and aiming to show the client

Insurance specialists: Amy Cavanaugh, Tim von Dadelszen and Katrina Church

"I think most human advisers, and definitely the most successful human advisers work in a different space, that of education, motivation, and behavioural change."

clearly what their situation is – providing a clearer picture. For the client alone in front of their screen, so they can see the answer for themselves. For the adviser using Evince, so that you can have a better platform for the discussion. This is a great theme in analysis and recommendations.

In fact, so essential is this in the wider financial planning context, that Royden Shotter, of Planalytics, has built software in which this is the sole purpose: just getting clarity on what people want, and what resources that requires. He has a great product for the full financial planner which does a super job of bringing together a complex fact-find and multiple goals over time that require explicit analysis.

None of our panellists were going to work that way – for them those competing goals are always going to be wrapped up as affordability.

Katrina liked to talk about making values the centre of the discussion when you get to affordability, which resonated most strongly with our audience. Focusing on values should at least sever low-quality spending in the family budget from the competition, and push the insurance, or mortgage, or investing discussion into the most-important category.

This is absolutely what is needed – as the robots are marching up the value chain, eliminating humanity from the more mundane aspects of insurance distribution. They've already eaten up the old-school jobs of calculating and collecting premiums. Soon they will munch up application processes, subsuming dozens of questions into big data queries authorised by the client at the tap of a button. Education is likely to be a mixed bag. But in the realm of values, helping a household negotiate the trade-offs between different budget choices, that's a tough job. Tough enough that you can probably rely on it being yours.

I think most human advisers, and definitely the most successful human advisers work in a different space, that of education, motivation, and behavioural change. Financial advice is really energised by these activities.

Lastly, though, I have a request to make. While I am optimistic about the future of advice, some advisers will take this as the time to put their retirement plans in place. Some of their knowledge is worth recording and sharing. I am running a project to capture and share some of the experiences of the best advisers in the market. If you know someone who has been a leader in this field, but may choose not to be practicing in the future then please give me the tip that I should interview them.

Russell Hutchinson is director of Chatswood Consulting and Quality Product Research, which operates Quotemonster.

By Mike Moore

Thinking of selling?

What you need to know

Top tips for selling part or all of your client book.

I have been asked by a number of people on a "mates" basis to give some comment on what you need to do to get the best result of selling down part or all of your book.

Firstly, a bit like real estate, it pays to dress the house.

By that I mean make sure your records are neat and tidy and you have carried out steps that may add to the value of your book or at least will not detract. In no particular order they would be something like the following:

- If there are any flaws in the business such as poor records or outstanding debt with insurers, tidy it all up beforehand. Under any sale and purchase agreement you are obligated to disclose any issues that may materially affect the sale.
- Make sure your reputation is excellent. I know that we are in a new world where reputation does not appear to have the same value as it once did. For example, the likes of Trump, Boris Johnson, Putin, Stubbs and so on. However, it seems that many people can rise from the wreckage of a previous career with some bad marks against them. You should be able to overcome errors and bounce back, but just the same if you are planning to sell your book, just reflect and see if there is anything you would straighten out.

"It should not be a surprise that in many cases the better price is paid where there is potential."

- Setting the price. We have a formula for achieving this and because we are the only full-time specialists in this field, that I am aware of, generally speaking the market accepts our pricing and process. However, you may think you have special features in your business that would command a premium and once again it often depends on what the buyer is all about. For example, we find many of our buyers are interested in bulk. The more clients there are the better. Previously there were quite a few purchasers that were pretty picky on what they were looking for, perhaps a special demographic by age or occupation or geographic with the clients being concentrated in a single area.
- Then there is the big issue of marketing. How do you get the word out, without losing the confidentiality that is very important if you are selling a private and trusted business like your life's work? Our process would be different to yours. We have a database of some 3,000 advisers. You are likely to have a smaller market. It would certainly not be a market that would react well to a public offer. Posting your intention to sell on Facebook or in the newspaper is likely to discourage your existing customers and certainly not encourage any new ones.
- Have a look at your balance sheet. Many advisers are surprised when I tell them that the fact they have taken long-term pendulum commissions is not necessarily a plus when the time comes to sell. Going back to the "bulk" comment, doing that does not get you premium, they are not wanting to buy the renewal, they want the relationship.
- Another aspect which you can either downgrade or highlight is what is the potential in the business? It should not be a surprise that in many cases the better price is paid where there is potential. For example, if the clients are younger, at the start of their insurance life with you or they are just starting on an investment programme. Against that, the suitability and other opportunities with an older clientele may appeal to an adviser who fits into that age bracket themselves. Think it through and target your pricing around the best possible adviser for your clients. They have given you the loyalty over the years, they do not deserve to end up with someone who is not going to do the same excellent job you have.
- One of the things that I find odd is the process by which people hand over their clients. Some believe that they should make a personal introduction to the new adviser, where others do not. Our experience has been that if you are selling because you are retiring then apart from perhaps the top 10% of influencers you are just as well to write all of those clients a really nice note, saying that you have been concerned to ensure their continuity of service and therefore you are recommending "X", who is the buyer. If you cannot recommend "X" then you should not be selling to him or her.

"If there are any flaws in the business such as poor records or outstanding debt with insurers, tidy it all up beforehand."

- Conversely if these clients are sophisticated and their main value is in promoting your services through referrals then that process would not be appropriate. Instead there should be a coffee or lunch with the new buyer and introduction to the client.

As we have mentioned many times in the past, no matter how much you may like every single client you have, it makes sense to put more value in your business and more value on your time.

I am talking about streamlining. Streamlining is a simple process, pretty much every other business does it. You identify the top 50% of your clients and their characteristics. You promise yourself that this is the only type of client you will look for in the future, almost all of us have all sorts of clients scattered around the country, who take up oodles of time and who are not profitable to you. More importantly you cannot provide a hands-on service from afar. Once you have decided what those top 50% is, (should not be more than a couple of hundred maximum) you then on-sell the rest to someone who is better suited and more enthusiastic about looking after them. Not only does this bring in more capital to your business, it also means you can focus all of your concentration on the clients that fit your profile. The other win-win, the clients that you have sold will be overwhelmed by the service they receive from the new person, after all they just paid a fancy sum and are not going to let them lie idle.

Note: *This is the very last time we will hear from Mike Moore. As featured in the August edition of ASSET he and Maree Porter are winding up their consulting business. Mike looks forward to retirement and Maree will have a break before considering her next challenge.*

Mike Moore is the principal of Mike Moore Marketing Limited.

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						
NZ Insurance Cash						
AMP KiwiSaver Cash Fund	1.5416	1.54	1.56	2.02	80.82	--
AMP NZRT Cash Fund	1.53358	0.54	0.56	1.01	93.72	--
AMP Prem PSS OnePath NZ Cash	1.62981	1.67	1.83	2.23	3.20	--
AMP PSS Select Cash	1.52981	1.47	1.63	2.03	0.76	--
ANZ Default KiwiSaver Scheme-Cash	1.4741	2.32	2.28	2.60	9.48	--
Aon KiwiSaver ANZ Cash	15.71674	1.86	1.86	2.17	4.93	--
Aon KiwiSaver Nikko AM Cash	14.77107	2.07	2.14	2.51	1.76	--
ASB KiwiSaver Scheme's NZ Cash	1.5031	1.94	2.02	2.49	460.41	--
BNZ KiwiSaver Cash Fund	1.1912	2.32	2.40	2.59	166.35	--
Booster KiwiSaver Enhanced Income	1.5479	1.79	1.87	2.29	18.50	--
Fidelity Life Super-Super Cash Portfolio	2.8344	--	--	--	4.39	--
Fisher TWO KiwiSaver Scheme-Presv	2974.6694	2.30	2.31	2.60	28.03	--
Kiwi Wealth KiwiSaver Scheme Cash	--	2.58	2.68	2.98	215.78	--
Mercer KiwiSaver Cash	--	1.98	2.02	2.47	17.99	--
NZ Defence Force KiwiSaver Cash	--	1.78	1.84	--	0.90	--
OneAnswer KiwiSaver-Cash Fund	1.4228	2.21	2.17	2.50	45.74	--
SIL 60s + Sup Cash Fund	2.2721	2.20	2.17	2.34	1.38	--
Westpac KiwiSaver-Cash Fund	1.4335	2.07	2.17	2.55	366.91	--
NZ Insurance Equity Region Australasia						
Booster KiwiSaver Trans-Tasman Share	1.915	11.31	12.70	10.02	8.87	3
OneAnswer KiwiSaver-Australasian	2.4282	12.03	12.09	13.70	38.78	4
NZ Insurance Equity Region Australia						
AMP KiwiSaver Australasian Shares	1.437	10.13	12.34	--	3.43	5
NZ Insurance Equity Region NZ						
AMP Prem PSS ACI NZ Shares	3.43701	12.69	11.96	14.89	8.09	3
AMP Prem PSS ACI NZ Shares Index	3.18514	15.68	13.65	16.07	7.76	4
Fidelity Life NZ Shares Portfolio	8.6075	3.45	11.55	12.01	1.46	1
Fidelity Life Super-Super NZ Share	--	--	--	--	9.02	--
NZ Insurance Equity Region World						
AMP Prem PSS ACI Global Shares Index	2.64305	4.84	14.13	12.01	8.56	3
AMP Prem PSS FD Intl Share Fund	1.53382	2.69	11.38	8.99	10.47	2
Mercer KiwiSaver Shares	--	3.42	11.09	--	26.54	3
NZ Defence Force KiwiSaver Shares	--	3.23	10.88	--	10.80	2
OneAnswer KiwiSaver-Intl Share	2.2724	8.14	15.85	13.68	54.30	4
OneAnswer KiwiSaver-Sustainable	2.1456	8.72	14.58	11.44	9.24	3
SIL 60s + Sup International Share Fund	4.3303	8.22	15.90	13.49	16.01	4
NZ Insurance Equity Region World - Hedged						
AMP KiwiSaver International Shares	1.3831	-0.48	10.54	--	4.17	3
AMP KiwiSaver Passive International	1.4204	1.94	11.44	--	3.99	4
AMP Prem PSS ACI Global Shares	2.51767	-2.54	8.36	6.68	8.81	2
Booster KiwiSaver International Share	2.1963	1.98	10.95	9.36	14.44	4
FANZ Lifestages KiwiSaver High Growth	1.39507	5.63	10.80	--	142.30	4
Fidelity Life Aggressive	4.0736	-2.24	7.98	8.34	0.50	2
Fidelity Life International	2.8708	0.42	10.09	7.30	0.46	2
Fidelity Life Super-Sup Intl	--	--	--	--	22.84	--
Fidelity Life Super-Super Aggressive	--	--	--	--	23.88	--
Fisher FuturePlan - Intl Coms	3.60887	3.61	10.96	7.14	25.98	2
Fisher TWO KiwiSaver Scheme-Eq	5396.9207	6.96	11.97	10.49	149.45	5
NZ Insurance Equity Sector Global - Real Estate						
AMP KiwiSaver Property	1.2917	19.09	9.05	--	4.32	5
OneAnswer KiwiSaver-Intl Property	1.5786	10.86	5.21	7.34	9.16	4
NZ Insurance Equity Sector NZ - Real Estate						
MFL Property Fund	4.9124	11.46	7.21	9.98	518.72	1
OneAnswer KiwiSaver-Australasian Prpty	2.5878	28.29	12.24	14.23	29.73	5
NZ Insurance Global Bond						
AMP KiwiSaver International Fxd Intr	1.0947	8.45	2.70	--	0.79	2
AMP Prem PSS PIMCO Global Fixed	2.52476	8.40	3.56	4.55	3.64	5
AMP Prem PSS SSgA Global Fixed	2.12574	8.88	2.47	4.30	7.01	2
OneAnswer KiwiSaver-Intl Fxd Int	1.8426	9.74	3.07	4.54	2.56	3
NZ Insurance Miscellaneous						
Booster KiwiSaver Capital Guaranteed	1.1462	2.36	2.54	2.64	55.67	--
Kiwi Wealth KiwiSaver Scheme CashPlus	--	4.19	3.07	3.39	138.00	--
NZ Funds KiwiSaver Growth Strategy	1.8407	-2.62	6.83	6.26	179.41	--
NZ Funds KiwiSaver Income Strategy	1.4574	7.55	3.84	4.16	33.54	--
NZ Funds KiwiSaver Inflation Strategy	1.5436	5.37	4.80	4.28	51.36	--
Westpac KiwiSaver-Capital Protect Plan 2	2.5833	4.43	11.02	10.93	10.44	--
Westpac KiwiSaver-Capital Protect Plan 3	2.4762	4.41	11.01	10.92	16.48	--
Westpac KiwiSaver-Capital Protect Plan 4	2.5583	4.43	11.03	10.93	23.66	--
Westpac KiwiSaver-Capital Protect Plan 5	2.2244	4.45	11.03	10.93	19.34	--
NZ Insurance Multisector - Aggressive						
AMP KiwiSaver LS Aggressive Fund	1.8126	4.75	9.82	7.73	336.77	4
AMP NZRT AMP Aggressive	3.72183	3.81	8.83	6.73	282.37	2
AMP PSS Select Growth	2.07398	4.08	9.18	7.17	38.93	3
Booster KiwiSaver Asset Class Growth	9.5745	0.57	8.33	7.06	74.14	2

Name	Latest Transaction Exit Price	1 Yr Return %	3 Yr Return	5 Yr Return	Size $M	Morningstar Rating Overall
Booster KiwiSaver Geared Growth	2.5608	5.27	13.06	11.53	57.58	5
Booster KiwiSaver High Growth	1.7888	4.42	9.82	9.02	358.61	3
Booster KiwiSaver Socially Rsp Inv Gr	2.0834	5.75	10.43	9.96	65.29	4
Fisher FuturePlan - Growth	3.50438	6.78	8.97	8.38	81.68	3
Generate KiwiSaver Focused Growth	1.909	7.16	12.46	11.67	748.61	5
Kiwi Wealth KiwiSaver Scheme Growth	--	2.24	10.59	8.23	1527.65	4
Mercer KiwiSaver High Growth	--	4.39	9.71	9.73	192.30	5
NZ Defence Force KiwiSaver High Growth	--	4.24	9.50	--	22.93	3
NZ Insurance Multisector - Balanced						
AMP KiwiSaver AMP Global Multi-Asset	1.1297	1.53	3.47	--	13.64	1
AMP KiwiSaver AMP Income Generator	1.2397	9.90	6.88	--	4.12	3
AMP KiwiSaver AMP Responsible	1.2466	4.95	6.93	--	9.70	3
AMP KiwiSaver ASB Balanced	1.2751	5.54	7.53	--	18.33	4
AMP KiwiSaver LS Balanced Fund	1.9092	5.62	7.53	6.42	984.82	3
AMP KiwiSaver LS Moderate Balanced	1.8629	5.78	6.64	5.91	713.29	2
AMP KiwiSaver Mercer Balanced	2.0484	4.74	6.70	7.28	49.57	3
AMP NZRT AMP Balanced Fund	3.37417	4.44	6.48	5.41	895.45	2
AMP NZRT AMP Global Multi-Asset	1.12664	2.00	3.92	--	3.64	1
AMP NZRT AMP Income Generator	1.24344	10.74	7.64	--	2.28	4
AMP NZRT AMP Moderate Balanced	2.44603	4.76	5.62	4.90	306.23	1
AMP NZRT ASB Balanced Fund	2.3911	4.60	6.47	7.06	91.66	3
AMP NZRT Mercer Balanced	2.75605	3.78	5.68	6.26	156.99	2
AMP NZRT Nikko AM Balanced	3.06784	2.31	6.26	7.56	174.46	3
AMP NZRT Responsible Investment Bal	1.25324	5.58	7.52	--	4.26	3
AMP PSS Lifesteps Consolidation	2.01212	4.96	5.88	5.30	6.17	2
AMP PSS Lifesteps Progression	2.14916	4.80	6.77	5.71	2.26	2
AMP PSS Select Balanced	2.06867	4.88	6.84	5.79	49.23	2
ANZ Default KiwiSaver Scheme-	1.9509	7.02	7.19	7.54	161.14	4
ANZ KiwiSaver-Balanced	2.0372	7.02	7.22	7.57	2497.28	4
Aon KiwiSaver ANZ Balanced	28.25391	6.78	7.19	7.50	32.02	4
Aon KiwiSaver Russell Lifepoints 2025	10.11684	6.88	6.80	7.57	21.85	--
Aon KiwiSaver Russell Lifepoints 2035	10.24658	6.11	8.33	8.88	21.95	--
Aon KiwiSaver Russell Lifepoints Bal	10.61044	6.06	8.55	9.01	175.05	5
ASB KiwiSaver Scheme's Balanced	2.0918	6.95	8.26	8.69	1884.52	4
BNZ KiwiSaver Balanced Fund	1.6574	6.66	8.16	8.05	440.05	4
Booster KiwiSaver Balanced	1.9778	6.30	7.53	7.48	505.03	3
Booster KiwiSaver Socially Rsp Inv Bal	1.5247	7.02	7.74	8.24	57.58	4
Fidelity Life Balanced	5.2017	5.67	7.52	6.93	4.32	3
Fidelity Life Super-Super Balanced	--	--	--	--	278.87	--
Fisher FuturePlan - Balanced	4.66029	7.10	7.34	7.20	128.42	3
Fisher TWO KiwiSaver Scheme-Bal	5700.7652	8.26	8.37	8.12	863.15	4
Kiwi Wealth KiwiSaver Scheme Balanced	--	4.36	8.17	7.01	1705.60	3
Mercer KiwiSaver Balanced	--	5.72	7.18	7.64	408.21	4
Milford KiwiSaver Balanced Fund	2.4518	8.09	9.32	10.01	352.45	5
NZ Defence Force KiwiSaver Balanced	--	5.50	6.98	--	54.13	3
OneAnswer KiwiSaver-Balanced	2.0658	7.04	7.24	7.65	592.43	4
Westpac KiwiSaver-Balanced Fund	2.0003	6.22	7.83	8.07	1633.33	4
Westpac Retirement Plan - Balanced Port	4.0684	5.03	6.65	6.91	97.37	3
NZ Insurance Multisector - Conservative						
AMP KiwiSaver ANZ Conservative	1.1556	6.69	4.44	--	7.08	2
AMP KiwiSaver Default (Default)	1.7791	4.82	4.91	5.07	1368.82	2
AMP PSS Select Income	1.90237	5.52	2.91	3.77	1.10	2
ANZ Default KiwiSaver Scheme	1.8803	7.20	4.94	5.74	1140.06	4
Aon KiwiSaver Russell Lifepoints 2015	10.15851	7.53	5.41	6.34	4.97	--
Aon KiwiSaver Russell Lifepoints Cnsrv	10.63456	7.54	5.41	6.30	75.17	5
ASB KiwiSaver Scheme's Cnsrv (Default)	1.9277	7.01	5.32	5.88	3878.00	4
BNZ KiwiSaver Conservative (Default)	1.4041	5.50	5.10	5.49	728.42	3
BNZ KiwiSaver First Home Buyer Fund	1.1818	3.97	4.18	--	151.21	2
Booster KiwiSaver Default Saver	1.3342	6.37	4.97	5.65	84.79	4
FANZ Lifestages KiwiSaver Income	1.13968	6.11	2.79	--	82.30	1
Fisher FuturePlan - Capital Prot	1.25239	1.50	1.50	1.50	17.66	1
Fisher TWO KiwiSaver Cash	1.89259	6.65	5.22	5.87	674.44	4
Kiwi Wealth KiwiSaver Scheme Cnsrv	--	6.43	5.58	5.52	780.41	3
Kiwi Wealth KiwiSaver Scheme Default	--	5.25	5.57	5.40	245.39	3
Mercer KiwiSaver Conservative (Default)	--	6.63	5.07	5.86	1127.58	4
Milford KiwiSaver Conservative Fund	1.8313	7.65	6.40	7.54	121.16	5
NZ Defence Force KiwiSaver	--	6.19	4.72	--	4.34	3
OneAnswer KiwiSaver-Conservative	1.8439	7.08	4.65	5.47	459.59	3
Westpac KiwiSaver Default	1.3197	6.21	4.95	5.56	241.64	3
NZ Insurance Multisector - Growth						
AMP KiwiSaver ANZ Balanced Plus	2.343	6.14	8.08	8.27	273.32	3
AMP KiwiSaver ANZ Growth	1.3205	5.32	9.08	--	17.80	3
AMP KiwiSaver ASB Growth	1.3352	4.83	9.11	--	15.48	3
AMP KiwiSaver LS Growth Fund	1.8463	5.12	9.12	7.29	762.81	2
AMP KiwiSaver Nikko AM Balanced	2.0947	3.30	7.23	8.54	75.66	2
AMP KiwiSaver Nikko AM Growth	1.3194	1.20	8.17	--	16.62	2

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AMP NZRT AMP Growth	2.60129	4.09	8.10	6.31	243.36	1
AMP NZRT ANZ Balanced Plus	2.95461	5.08	7.06	7.24	296.91	2
AMP NZRT ANZ Growth	1.32089	5.93	9.58	--	9.19	4
AMP NZRT ASB Growth	1.32089	5.20	9.27	--	11.17	4
AMP NZRT Nikko AM Growth	1.30895	1.58	8.66	--	12.61	2
AMP PSS Lifesteps Growth	2.14222	4.26	8.14	6.54	0.26	2
ANZ Default KiwiSaver Scheme-	1.9985	6.85	8.57	8.60	174.48	3
ANZ Default KiwiSaver Scheme-Growth	2.0273	6.36	9.71	9.46	156.62	4
ANZ KiwiSaver-Balanced Growth	2.1207	6.86	8.55	8.62	2183.09	4
Aon KiwiSaver Milford	3.96188	7.60	10.67	11.51	155.58	5
Aon KiwiSaver Nikko AM Balanced	21.06002	4.11	7.62	8.88	10.22	3
Aon KiwiSaver Russell Lifepoints 2045	10.14996	5.46	9.57	9.90	19.48	--
Aon KiwiSaver Russell Lifepoints Growth	10.72168	5.47	9.71	9.96	46.40	4
ASB KiwiSaver Scheme's Growth	2.1114	6.46	9.74	9.99	2787.43	4
BNZ KiwiSaver Growth Fund	1.8022	6.25	9.88	9.28	570.37	4
Booster KiwiSaver Balanced Growth	1.9969	6.14	9.13	8.61	320.29	3
Fidelity Life Growth	5.2056	4.88	9.75	8.34	2.37	2
Fidelity Life Super-Super Growth	--	--	--	--	131.22	--
Fisher Funds Growth KiwiSaver Fund	2.4118	7.77	10.49	10.16	2021.79	5
Fisher TWO KiwiSaver Scheme-Gr	2.0304	5.88	9.21	8.80	487.50	3
Generate KiwiSaver Growth Fund	1.8444	9.57	10.97	11.23	573.43	5
Mercer KiwiSaver Growth	--	4.87	8.59	--	108.98	3
Milford KiwiSaver Active Growth Fund	3.972	7.68	10.73	11.59	1469.79	5
NZ Defence Force KiwiSaver Growth	--	4.61	8.35	--	22.55	2
OneAnswer KiwiSaver-Balanced Growth	2.1519	6.88	8.57	8.66	517.08	4
OneAnswer KiwiSaver-Growth Fund	2.2061	6.38	9.75	9.58	428.67	5
SIL 60s + Sup Balanced Fund	4.9134	6.97	8.70	8.49	95.46	3
Westpac KiwiSaver-Growth Fund	2.1002	6.31	9.14	9.29	1510.66	3
Westpac Retirement Plan - Dynamic Port	4.7119	5.20	8.04	8.19	113.75	2
NZ Insurance Multisector - Moderate						
AMP KiwiSaver ASB Moderate	1.2067	5.69	5.59	--	11.38	3
AMP KiwiSaver LS Conservative Fund	1.9181	6.13	4.83	4.74	381.37	3
AMP KiwiSaver LS Moderate Fund	1.8777	5.86	5.86	5.36	531.82	3
AMP KiwiSaver Nikko AM Conservative	1.2015	5.97	5.36	--	20.48	3
AMP NZRT AMP Capital Assured Fund	2.70888	2.90	3.53	3.88	112.18	1
AMP NZRT AMP Conservative	3.05751	5.09	3.81	3.73	324.91	1
AMP NZRT AMP Moderate	2.39097	4.81	4.81	4.33	166.08	2
AMP NZRT ASB Moderate	1.21491	6.21	6.44	--	12.60	4
AMP NZRT Nikko AM Conservative	1.19597	6.54	5.74	--	12.52	3
AMP PSS Lifesteps Maturity	1.85518	5.15	3.81	3.87	3.11	2
AMP PSS Lifesteps Stability	1.99575	4.84	5.02	4.58	5.84	3
AMP PSS Select Conservative	1.94344	5.26	4.01	3.97	9.16	2
ANZ Default KiwiSaver Scheme-	1.9051	7.05	5.88	6.48	56.23	4
ANZ KiwiSaver-Conservative Balanced	1.9378	7.05	5.90	6.50	1186.72	5
Aon KiwiSaver Russell Lifepoints Mod	10.79383	6.95	7.00	7.69	25.20	5
ASB KiwiSaver Scheme's Moderate	2.0283	7.00	6.51	7.20	1828.76	4
BNZ KiwiSaver Moderate Fund	1.5413	6.75	6.89	7.00	486.57	4
Booster KiwiSaver Asset Class Cnsrv	3.8758	3.83	4.35	5.00	21.19	3
Booster KiwiSaver Moderate	1.8757	6.66	5.60	6.01	177.60	3
Fisher Funds Conservative KiwiSaver	1.7524	7.77	5.30	6.09	816.88	3
Fisher TWO KiwiSaver Scheme-Cnsrv	1.9874	7.57	5.82	6.20	155.86	4
Generate KiwiSaver Conservative Fund	1.4831	9.08	5.98	7.43	256.26	5
Mercer KiwiSaver Moderate	--	5.92	5.68	--	129.11	3
NZ Defence Force KiwiSaver Moderate	--	5.68	5.47	--	4.63	3
OneAnswer KiwiSaver-Conservative Bal	1.9569	7.06	5.91	6.50	201.25	5
Westpac KiwiSaver - Moderate	1.3914	6.63	6.22	6.62	501.09	4
Westpac KiwiSaver-Conservative Fund	1.8308	6.50	5.18	5.77	2651.78	3
NZ Insurance NZ Bonds						
AMP KiwiSaver NZ Fixed Interest	1.1485	8.12	4.33	--	3.42	3
AMP Prem PSS ACI NZ Fixed Interest	2.31204	8.26	4.33	5.51	11.36	4
Fidelity Life NZ Fixed Interest	4.3692	5.60	3.30	3.83	0.18	1
Fidelity Life Super-Super Fixed Int	--	--	--	--	1.23	--
OneAnswer KiwiSaver-NZ Fixed Interest	1.8809	9.15	4.49	5.81	8.33	4
SIL 60s + Sup NZ Fixed Interest	3.3027	9.07	4.33	5.44	6.14	3
Westpac Retirement Plan - Accum Port	3.4249	3.94	1.73	2.42	15.99	1
NZ OE Cash						
AMP AIT NZ Cash - UT35	1.14734	1.66	1.78	2.25	6.77	--
AMP ARS-Cash	2.02252	1.87	1.86	2.38	8.18	--
AMP Capital NZ Cash Fund	1.6552	2.09	2.15	2.60	3540.45	--
AMP Capital Term Advantage	--	--	--	--	--	--
AMP PUT Select Cash	1.3727	1.50	1.54	1.94	2.60	--
ASB Cash Fund	--	0.39	0.50	1.24	205.49	--
BT Enhanced Cash Fund	2.1821	2.14	2.22	2.59	19.14	--
Fisher Cashplus Fund	1.3652	2.16	2.17	2.41	72.95	--
Nikko AM NZ Cash	1.0385	2.56	2.61	2.99	157.29	--

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NZ Funds Core Cash	1.38232	1.62	1.76	2.26	37.97	--
NZ OE Equity Region Australasia						
AMP AIT Australasian Shrs-Multi	3.69432	9.03	11.06	9.53	12.87	2
AMP ARS-NZ & Australian (multi-	4.32251	9.65	11.52	10.07	7.90	2
AMP ARS-NZ & Australian (Value)	4.92689	14.87	9.10	12.20	5.48	3
AMP NZRT Australasian Shares	1.74316	10.91	12.74	10.98	11.33	3
BT PS Australasian Diversified Share	2.8371	11.79	12.00	13.83	71.95	4
Castle Point Ranger Fund	1.9762	6.76	15.22	12.68	100.22	4
Devon Alpha Fund	1.8678	6.70	7.97	8.11	115.19	1
Devon Dividend Yield	2.0947	15.58	7.53	12.01	36.71	3
Devon Trans-Tasman Fund	4.3738	11.50	10.53	10.88	94.23	2
Forte Equity Trust	1.39719	-3.37	6.81	6.01	21.49	1
Harbour Australasian Equity	3.1676	5.24	13.46	13.86	281.82	4
Harbour Australasian Equity Focus Fund	1.9042	-1.07	14.01	12.64	15.72	3
Harbour Australasian Equity Income	2.0261	15.92	9.08	10.66	45.49	3
Milford Trans-Tasman Equity	3.1278	11.42	15.50	13.22	423.44	4
Mint Australasian Equity Fd (Retail)	3.5771	13.38	14.25	15.62	245.94	5
Nikko AM Concentrated Equity	2.4857	-1.45	11.29	14.67	56.87	3
OneAnswer SAC Equity Selection	2.5397	4.61	4.15	6.58	12.75	2
Pie Australasian Dividend	2.9636	5.93	12.40	12.14	141.23	3
Pie Australasian Emerging Companies	3.7342	6.59	8.41	14.23	101.98	3
Pie Australasian Growth Fund	6.4542	17.28	7.20	12.36	92.95	4
Pie Growth 2 Fund	1.9757	11.26	13.52	--	210.14	4
NZ OE Equity Region Australia						
AMP Capital Australian Share Fund	3.07274	3.54	9.88	5.12	286.42	2
Devon Australian	1.5186	2.67	8.79	7.65	14.14	3
Fisher Funds Australian Growth Fund	4.3281	6.29	10.42	9.98	67.18	4
Fisher Funds Premium Australian Fund	1.9058	7.14	10.59	10.15	101.93	4
Milford Dynamic	2.0969	5.35	12.41	11.71	261.61	5
OneAnswer SAC Australian Share	4.1493	-6.16	4.12	1.38	21.96	1
NZ OE Equity Region Emerging Markets						
AMP AIT Emerging Markets - UT65	1.50871	-3.31	7.50	2.88	2.10	--
NZ OE Equity Region NZ						
AMP Capital NZ Shares Fund	3.55268	13.11	12.47	15.32	522.07	3
AMP Capital RIL NZ Shares	2.58116	16.13	13.12	15.86	25.38	4
AMP Prem PUT ACI NZ Shares	3.50516	12.65	11.77	14.68	3.40	2
AMP Prem PUT ACI NZ Shares Index	2.77901	15.51	13.34	15.44	3.75	3
Fisher Funds NZ Growth Fund	10.5503	11.33	13.61	14.67	197.63	4
Fisher Funds Premium New Zealand Fund	2.5044	12.62	14.16	15.02	138.56	4
Fisher Trans Tasman Equity Trust	6.7382	11.53	12.34	13.71	57.65	2
Forsyth Barr New Zealand Equities	3.5555	11.91	14.77	17.56	52.28	5
Harbour NZ Equity Advanced Beta Fund	1.8991	11.97	11.49	--	245.54	2
Nikko AM Core Equity	2.7172	7.97	13.70	16.69	30.65	4
NZ Funds Dividend and Growth	2.0945	9.56	8.95	12.27	124.31	1
OneAnswer SAC NZ Share	5.9701	13.38	12.35	13.94	57.23	3
Russell Investments NZ Shares	2.0944	14.67	13.21	15.31	237.63	3
Smartshares NZ Core Equity Trust	1.746	12.89	13.61	16.27	82.84	4
NZ OE Equity Region World						
AMP Capital Core Global Shares Fund	1.7215	3.74	12.65	11.87	976.73	3
AMP Capital Emerging Markets Share	1.22566	-2.07	9.16	5.02	65.08	1
AMP Prem PUT FD Intl Share Fund	1.59632	2.74	11.20	8.86	4.12	2
AMP Prem PUT SSgA Global Shares	2.27345	4.95	13.75	11.52	3.05	3
Elevation Capital Value Fund	1.5501	-2.34	5.09	5.34	23.54	1
Fisher Funds Property and Infrastructure	3.1431	24.73	16.26	14.39	150.41	5
Nikko AM Global Equity Unhedged	2.2486	5.35	13.64	12.35	121.66	4
OneAnswer SAC International Share	2.5815	7.92	15.65	13.96	247.75	5
Pie Global Small Companies Fund	1.6104	-1.46	9.52	7.82	103.09	2
Russell Investments Global Shares	2.1003	1.93	12.69	11.05	78.59	3
T.Rowe Price Global Equity Growth	1.8129	6.10	17.70	--	87.94	5
NZ OE Equity Region World - Hedged						
AMP AIT Global Equities-Multi Mgr-UT28	1.3161	-3.44	8.00	6.88	10.65	2
AMP AIT Global Infrastructure - UT04	3.11447	15.64	10.10	8.63	25.84	4
AMP ARS-International Shares (Growth)	1.83012	9.09	13.87	13.48	7.51	5
AMP ARS-International Shares (Passive)	1.85772	-0.45	9.76	7.68	3.19	3
AMP ARS-International Shares (Value)	1.44694	-6.65	8.17	7.65	4.37	2
AMP Capital Core Hedged Global	1.59678	-3.17	7.00	6.58	591.48	3
AMP Capital Global Listed Infrastructure	1.96056	15.34	9.85	6.82	353.49	2
AMP Capital Global Shares Fund	3.15047	0.34	10.20	8.87	64.98	4
AMP Capital Resp Invest Leaders Gl Sh	1.80704	-1.63	9.71	6.63	73.61	2
AMP NZRT International Shares	1.67259	0.27	11.20	9.90	9.45	4
AMP NZRT Passive International Shares	1.70872	2.06	12.09	9.80	7.40	4
AMP Prem PUT SSgA Global Shares	2.53743	-2.08	7.17	7.15	4.78	3
ASB World Shares	1.7825	-0.13	9.97	9.69	529.90	4
BT PS International Diversified Share	1.9897	-0.69	10.84	9.02	89.12	4

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Fisher Funds International Growth Fund	2.445	8.79	15.88	12.35	56.80	4
Fisher Funds Premium International Fund	2.5576	9.61	16.11	12.75	162.24	4
Fisher Global Fund	6.0977	3.90	11.27	7.33	96.70	3
Milford Global Equity	1.6473	5.16	10.62	8.56	562.12	3
Nikko AM Global Equity Hedged	1.9519	-0.85	7.91	7.82	46.98	2
NZ Funds Equity Inflation	0.9462	0.42	2.12	3.76	83.42	1
Pathfinder Global Water	2.1685	10.82	9.55	9.23	21.13	4
Pathfinder World Equity Fund	1.9168	0.75	9.32	8.68	16.69	3
Russell Investments Hedged Global	2.1254	-2.75	8.51	7.60	76.50	3
NZ OE Equity Sector Global - Real Estate						
AMP AIT Global Property - UT54	4.01357	18.30	7.92	9.53	1.56	4
AMP ARS-Listed International Property	4.58525	10.40	6.01	7.36	5.24	2
AMP Capital Global Propty Securities Fd	1.75563	10.67	6.22	7.41	216.34	3
NZ Funds Property Inflation	1.8346	13.75	6.53	6.96	90.61	3
OneAnswer SAC International Property	1.5884	10.62	4.94	7.04	237.77	1
NZ OE Equity Sector NZ - Real Estate						
AMP ARS-Listed NZ & Australian	4.64534	29.20	11.35	13.04	4.06	2
AMP Australasian Property Index Fund	3.06801	28.71	12.14	13.62	178.34	3
BT Property Fund	5.552	22.40	10.90	13.82	46.81	3
Mint Australia NZ Rl Estt Invm (Ret)	2.5588	30.38	12.11	13.76	81.81	3
OneAnswer SAC Property Securities	4.5437	28.23	12.19	14.17	170.16	4
NZ OE Global Bond						
AMP AIT Fixed Interest Income - UT36	1.2603	2.83	2.16	2.78	52.08	1
AMP AIT Global Bonds-Multi Mgr-UT13	2.11436	8.04	2.19	3.29	7.36	1
AMP ARS-International Fixed Interest	2.67392	8.69	2.77	3.95	1.54	3
AMP Capital Global Short Duration	1.09881	3.04	2.23	2.77	188.70	1
AMP Capital Hdgd Gbl Fixed Intrst Fund	2.5488	8.58	3.31	4.26	101.97	4
AMP NZRT International Fixed Interest	1.26598	9.18	3.32	4.29	1.52	3
AMP Prem PUT SSgA Global Fixed	1.95951	8.87	2.38	4.14	3.70	2
ASB World Fixed Interest	1.1459	6.85	2.31	2.98	425.33	2
BT PS International Diversified Bond	2.3824	7.07	3.32	3.75	109.60	3
Fisher BondPlus Fund	2.3682	8.20	3.35	4.27	146.55	4
Fisher Funds Income	1.0746	5.79	3.28	4.47	59.52	4
Nikko AM Global Bond	1.2534	10.66	3.93	4.92	29.91	5
NZ Funds Global Income	1.5592	8.70	3.15	3.59	120.70	2
OneAnswer SAC International Fixed Intrst	1.3167	9.58	2.93	4.41	1.48	3
Russell Investments Global Fixed Int	1.2209	8.83	3.95	5.05	602.77	5
NZ OE Miscellaneous						
AMP ARS-UK Cash	0.73606	-1.37	1.50	-1.00	7.32	--
KTAM NZ Australian Long Short Equity	1.53903	--	--	--	18.73	--
Nikko AM Income	1.2096	0.21	2.55	4.80	13.15	--
NZ Funds Core Inflation	1.53	9.07	5.55	4.16	102.47	--
NZAM Alpha Fund	1.1092	0.43	-1.36	0.39	6.23	--
NZAM Global Growth	1.4444	0.77	0.44	1.21	23.33	--
Pathfinder Commodity Plus Fund	0.9417	-11.34	0.96	0.18	6.38	--
Salt Long Short Fund	1.4837	-4.01	1.52	6.72	116.39	--
NZ OE Multisector - Aggressive						
AMP AIT Aggressive Portfolio - UT31	2.24187	3.68	8.74	6.51	64.28	1
AMP AIT eInvest - Aggressive - MDF7	1.59002	4.23	9.56	7.44	15.21	3
AMP AIT Growth Portfolio - UT03	2.13013	4.16	8.10	6.21	26.13	1
AMP Capital Growth Fund	3.0074	2.66	9.00	6.73	8.19	3
AMP PUT Select Growth	1.9762	4.10	9.07	7.04	18.36	2
NZ OE Multisector - Balanced						
AMP AIT eInvest - Balanced - MDF5	1.44982	5.25	7.30	6.21	50.57	2
AMP AIT Moderate Portfolio - UT01	2.04142	5.08	5.05	4.53	52.10	1
AMP ARS-Balanced	2.3507	5.74	7.72	6.69	143.44	3
AMP Capital Global Multi Asset Fund	1.29023	1.91	3.90	4.44	214.77	1
AMP Capital Income Generator Fund	1.19835	10.56	7.11	7.93	163.08	4
AMP Capital Responsible Inv Leaders Bal	2.1264	5.10	7.18	6.22	55.79	3
AMP PUT Select Balanced	1.98128	4.79	6.68	5.64	39.80	2
ANZ Invmt Fds Balanced	1.9779	6.75	6.93	7.24	339.90	3
ASB Balanced	1.8338	6.44	7.69	8.11	324.58	4
Milford Balanced Fund	2.401	7.87	9.18	9.72	707.96	5
NZ Funds Core Growth	1.401	-7.86	1.31	1.59	85.43	1
OneAnswer MAC Balanced	1.9779	6.75	6.93	7.24	54.17	3
Westpac Active Balanced Trust	2.4739	5.80	7.19	7.34	571.00	3
NZ OE Multisector - Conservative						
AMP PUT Select Income	1.77149	5.51	2.84	3.73	1.94	1
ANZ Invmt Fds Conservative	1.6513	6.84	4.40	5.19	49.99	2
ASB Conservative	1.7466	6.41	4.71	5.27	143.80	3
Milford Conservative	1.178	7.81	6.54	--	348.15	5
OneAnswer MAC Conservative	1.6513	6.84	4.40	5.19	14.54	3
Westpac Active Conservative Trust	2.0255	5.84	4.34	4.82	360.93	2
NZ OE Multisector - Growth						
AMP AIT Balanced Portfolio - UT 02	2.174	4.58	6.61	5.46	78.95	1

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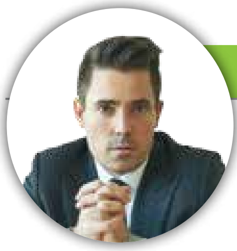
AMP AIT eInvest - Growth - MDF6	1.54606	4.44	8.81	6.96	12.64	2
AMP ARS-High Growth	2.15001	5.20	9.18	7.42	52.42	2
ANZ Invmt Fds Balanced Growth	2.1747	6.58	8.25	8.32	239.76	3
ANZ Invmt Fds Growth	2.3338	6.09	9.42	9.19	130.33	3
ASB Growth	1.8223	5.93	9.15	9.38	83.22	3
Fisher Multi Sector Fund	3.635	7.02	7.20	7.04	11.53	2
Milford Active Growth	3.9275	7.42	10.51	11.37	1124.03	5
NZ Funds Global Equity Growth	1.6359	-4.26	6.59	6.44	75.40	1
OneAnswer MAC Balanced Growth	2.1747	6.58	8.25	8.32	45.12	3
OneAnswer MAC Growth	2.3338	6.09	9.42	9.19	32.58	3
OneAnswer SAC Balanced	3.4612	6.58	8.12	8.22	54.54	3
Westpac Active Growth Trust	2.4662	6.00	8.51	8.52	120.06	3
NZ OE Multisector - Moderate						
AMP AIT eInvest - Conservative - MDF2	1.30617	5.79	4.60	4.45	12.26	2
AMP AIT eInvest - Moderate - MDf3	1.37471	5.63	5.67	5.15	52.81	3
AMP ARS-Conservative	2.46698	6.30	5.00	5.00	41.57	3
AMP Capital Conservative Fund NZ	2.59124	5.42	4.16	4.28	8.09	2
AMP PUT Select Conservative	1.90139	5.24	3.90	3.81	13.23	2
ANZ Invmt Fds Conservative Balanced	1.8089	6.79	5.61	6.19	204.87	3
ASB Conservative Plus	1.7664	7.05	5.46	6.08	818.15	3
ASB Moderate	1.7921	6.46	5.96	6.63	506.19	4
Harbour Income	1.0298	8.49	5.60	--	112.34	3
Milford Diversified Income Fund	1.8166	11.41	9.10	10.55	2259.71	5
Mint Diversified Income	1.1041	8.47	5.16	--	185.73	2
NZ Funds Global Multi-Asset Growth	0.5412	-14.00	-2.81	-7.52	25.61	1
OneAnswer MAC Conservative Balanced	1.8089	6.79	5.61	6.19	17.93	3
Westpac Active Moderate Trust	1.6362	6.19	5.71	6.09	1080.39	3
NZ OE NZ Bonds						
AMP AIT NZ Bond - UT36	1.30041	4.90	3.36	4.60	8.58	2
AMP AIT NZ Fixed Interest - UT60	1.93984	7.86	3.94	5.08	10.88	2
AMP ARS-NZ Fixed Interest	2.81093	8.30	4.36	5.58	5.49	3
AMP Capital NZ Fixed Interest Fund	1.804	8.55	4.59	5.75	2272.92	4
AMP Capital NZ Short Duration	1.30765	4.69	3.53	4.21	622.83	2
AMP NZRT NZ Fixed Interest	1.38536	8.69	4.76	5.83	11.21	5
BT Corporate Bond Fund	1.7437	4.42	3.50	4.34	139.48	2
BT PS NZ Diversified Bond	1.4935	7.61	4.27	5.31	9.03	3
Fisher New Zealand Fixed Inc Trust	1.4546	9.84	4.80	5.68	60.22	4
Forsyth Barr NZ Fixed Interest	1.8616	7.14	4.46	5.37	23.61	3
Forsyth Barr Premium Yield	1.9074	7.13	4.63	5.49	145.89	3
Harbour NZ Core Fixed Interest	1.1712	7.25	4.31	5.31	175.89	3
Harbour NZ Corporate Bond	1.1184	7.04	4.44	5.15	415.73	3
Nikko AM NZ Bond	1.099	9.35	4.97	5.94	84.68	5
Nikko AM NZ Corporate Bond	1.2341	8.49	5.28	6.10	165.86	5
NZ Funds Core Income	1.72031	6.66	4.32	4.44	126.91	2
OneAnswer SAC NZ Fixed Interest	1.8789	9.01	4.37	5.69	12.88	3
Russell Investments NZ Fixed Interest	1.2903	7.98	4.54	5.55	68.00	3
Westpac Active Income Strategies Trust	1.259	3.33	2.67	2.95	7.45	1

Returns are calculated to **31/8/19**
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



By Michael Lang

KiwiSaver's **dark web**

Some KiwiSaver funds could be less liquid than they claim.

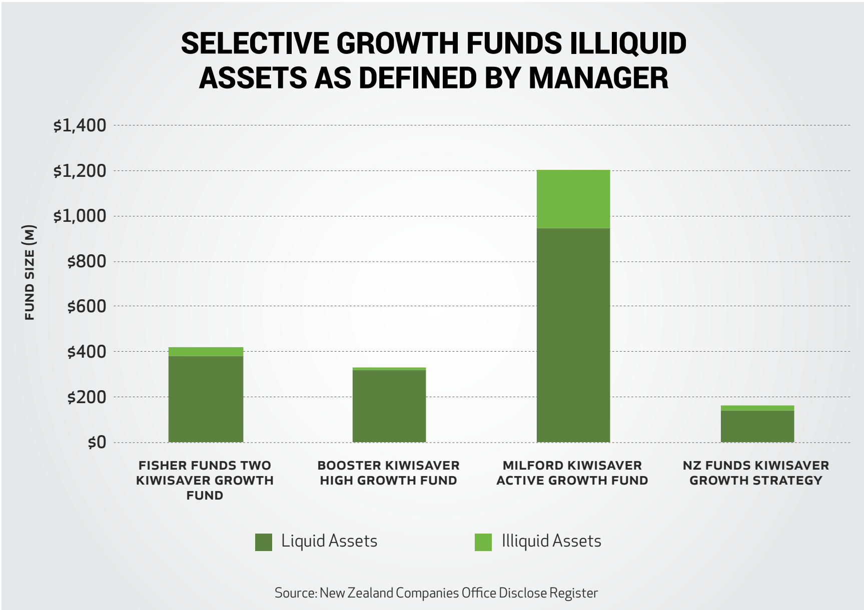
At $55 billion, KiwiSaver is about the size of a third of all shares listed on the NZX. That is big enough to hide a multitude of "assets". Like the dark web, you need to dig deeper than the fund updates and use forensic expertise to decipher what funds hold, but if you look, this is what you will find.

Each KiwiSaver manager is required to calculate an asset liquidity ratio quarterly. The main test of whether an asset is liquid is whether it can be sold in 10 working days at close to its stated value. Illiquid assets are any investment that cannot be sold within that period and private assets, such as unlisted property or private equity.

Based on our analysis, as at March 2019 Fisher Funds TWO KiwiSaver Growth Fund was an investor in unlisted property, holding 6.62% or $27.8 million. The problem with unlisted property is that there is no arm's length daily price at which investors can transact. Investors entering and exiting funds which hold illiquid assets are therefore not treated equally. The conventional wisdom is that this is acceptable for the greater good. However, at extreme points in the cycle illiquid assets can become difficult, if not impossible, to price, buy or sell.

The Fisher Funds Schemes have also lent money to a private company, Tax Traders Limited. We estimate that as at the end of March they had lent more than $150 million. This debt appears to have been privately placed to one or two holders. It is difficult to determine whether they have classed this as an illiquid or liquid security. It is certainly an unusual investment.

Another holder of private assets is the Booster KiwiSaver Scheme. Booster has a number of unique aspects to their scheme. We have previously written about two of these – one of their other public funds lending $8.0 million to leverage shares in their KiwiSaver Geared Growth Fund, and their use of a creatively structured exit fee.



Booster lists 22 private assets in its High Growth KiwiSaver Fund. Most appear to be wine related. At least one of these assets were purchased out of receivership with funding provided in part by their KiwiSaver Scheme.

A number of these 22 private assets appear to be related entities, such as Sileni Winery Building, Sileni- Plant and Equipment and Seleni Wines Limited Partnership. This raises some interesting questions. Are these really separate investments? Can one be sold without the other or without impacting the others' price? These are questions an adviser might like to mull over. Of equal interest is that, despite the 22 private assets summing to over 5% by our math, Booster discloses an asset liquidity ratio of 96.92% for this fund at March end.

We estimate that the Milford KiwiSaver Active Growth Fund has 2.15% of private equity holdings. This fund has the look and structure of a well-diversified portfolio of private equity holdings. If KiwiSaver Schemes are going to invest into private equity, then in our view Milford's approach is a good example of how it should be done.

Those who live in glass houses should not throw stones, so the report is not complete without disclosing NZ Funds' own illiquid holdings which in the case of the NZ Funds KiwiSaver Growth Strategy, sum to 13.53%. Our holdings are in hedge funds which have notice periods to exit, and are therefore treated as illiquid.

However, the big difference between our investments and private assets is that our investments can be readily priced. When we invest in hedge funds, we ensure that the underlying investments are market listed securities which can be priced daily.

On a more general note, it appears as though many managers assume that if a company is listed it is liquid, only some seem to be taking daily liquidity into account. The average daily volume that some shares can be sold at without moving the share price indicates otherwise. The FMA have signaled that illiquid assets will be one of their focus areas. Their oversight will be timely.

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. Michaels' comments are of a general nature, and he is not responsible for any loss that any reader may suffer from following them.

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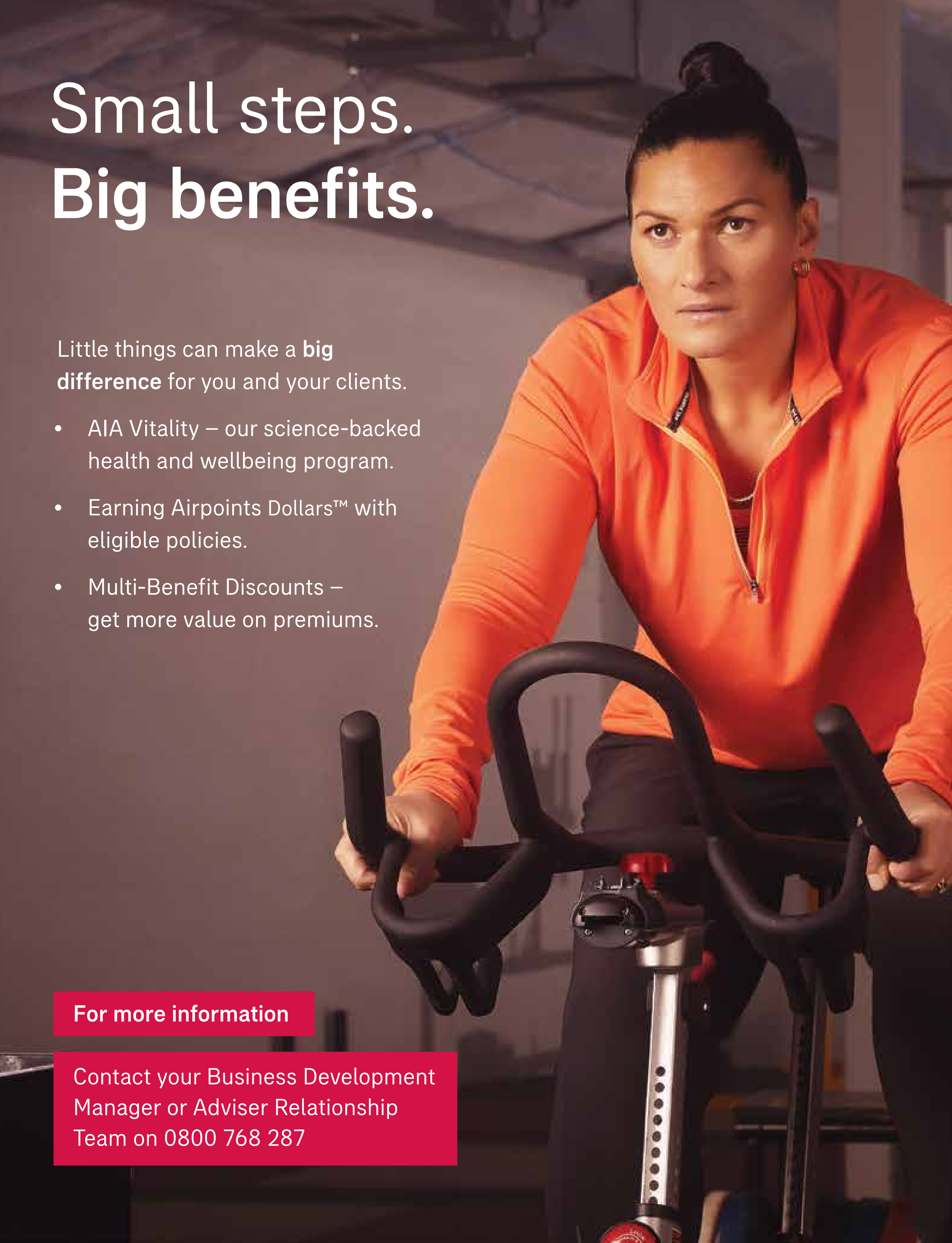

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