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# Grosvenor Investment Seminar March 2016

Please find below a summary of the key take-home points from the recent investment seminar hosted by Grosvenor.

## Mary Holm (Personal finance columnist, author and presenter)

Mary Holm provided some general information on investing and her golden rules to help us grow wealth comfortably. While these were targeted at KiwiSaver investors, they apply to all investors. Two key messages from Mary's presentation were:

1. **Diversify** – *spread your eggs across buckets and consider your investment timeframe*
2. **Stay the Course** – *winners don't stay winners, so don't bail out in tough times or chase past performance.*

She also highlighted some common mis-beliefs from KiwiSaver members:

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|---|---|
| *"default funds are a good place to stay"* | … wrong, many investors are missing out on returns and having their savings eroded by inflation. |
| *"at retirement, you take your funds out of KiwiSaver"* | … wrong, you don't have to, and maybe shouldn't. You can leave funds invested, and/or tax part or regular withdrawals. |
| *"higher risk not suitable for most New Zealanders"* | … wrong, most investors should have some shares to offset inflation as well as having some exposure to non-New Zealand assets. |
| *"you can get your money out if you change your mind"* | … wrong, funds are locked until age 65 or 5 years membership (except for first home purchase, serious financial hardship or illness, or permanent emigration). |
| *"it's good to move to a provider that did well last year"* | …wrong, past performance is no guarantee or guide for the future. |

## David Beattie (Joint CEO and Chief Investment Officer, Grosvenor Financial Services Group)

David provided a brief overview on investment markets and his view on both interest rates and the global economy.

- He does not believe that the US is showing signs of recession. He cited jobs growth in the US averaging 200,000 per month and the willingness for the US Federal Reserve to start increasing interest rates as indicators that the outlook being portrayed by media may not be accurate.
- Interest rates are also likely to stay lower for much longer. This has resulted in the yield from shares being 4% higher than the yield from bonds. This is the largest margin in over 100 years and represents an opportunity for investors to supplement income by adding some shares to portfolios.

  This is not a new concept for many of our clients, who have used the Income Focus portfolios to provide a steady, good level of income for many years. These portfolios are made up of Corporate Bonds and high dividend yielding New Zealand Shares.
- Grosvenor have launched three socially responsible investment funds which have been certified by the Responsible Investment Association of Australia. These invest considering environment, social and governance criteria and complement the socially responsible investments already offered under KiwiSaver. For more information on SRI investing, refer to our recent newsletter on our website.

David's key messages were:

1. **Patience and discipline** are the keys to maximising wealth …. and **DON'T PANIC**!
2. In this low interest rate environment, **income can be supplemented** using other assets including NZ shares.
3. **Socially responsible investments** (SRI) are growing in popularity as investors and companies consider the social impact of their investing decisions. Investing in SRI funds does not require investors to sacrifice their return.