



Annualised pre-tax return for the quarter ending 31 March 2022.

**5.18** %<sub>p.a.</sub> Group Investment Fund and PIE Fund

Past returns are not an indicator of future performance.

## From the CEO

Hello and welcome to our first newsletter for 2022. The start of the year has again been impacted by Covid conditions although the team has done a great job in minimising disruption to the business. We are keeping a close eye on the economic environment and global events, and despite some headwinds FMT is continuing to perform well and is growing off the back of great lending opportunities and strong fund growth.

In this context, we are therefore very pleased to announce that our annualised investor returns for the March quarter is 5.18% pa for the Group Investment Fund and the PIE Fund.

Our PIE Fund investors will note that we are no longer reporting an effective PIE Fund return. This is in keeping with new advertising guidelines set by the Financial Markets Authority. Rest assured that your return profile has not changed.

We are very pleased with the return which has resulted from very good lending opportunities that we have been able to cherry pick as a result of our strong reputation as New Zealand's largest first mortgage non-bank property lender.

This enviable position has also allowed us to reduce our average Loan to Value ratio across our entire

loan portfolio. This means reduced risk for our investors.

At the current time we have adopted a deliberate strategy to reduce our lending volumes and to hold more cash reserves. This puts us in a strong position to take advantage of good quality opportunities as they arise.

We are also keeping a close eye on interest rate movements to ensure our lending rates optimise investor return.

This relatively conservative and considered approach has served us well for over 25 years now and is why the Fund continues to grow with both new investors and existing investors placing additional funds with us.

We are also very excited that this newsletter is the first one with our refreshed brand and logo. The team felt that it was time for a modernisation of our brand – we wanted something that encapsulated our personal approach and forward thinking, but didn't want anything that was too much of a departure from what we had previously. The team are incredibly proud of our 25+ year history and the foundations and guiding principles that First Mortgage Trust has been built on.

The stylised logo reflects all of this – the inter-connected relationship of the lending and investment sides of

our business and our desire to keep moving forward.

We hope you love the refresh as much as we do and please note that any associated costs with the brand refresh do not affect your returns.

When you next visit our website, you will see that this has been updated too. There's a lot more information to assist both investors and borrowers. In addition, the platform itself has been upgraded which will provide us the opportunity to securely roll out new features and to increase digital engagement (for those who want it!). One thing that isn't changing is our renowned personalised service which we know sets us apart from others.

Thank you for your continued support of First Mortgage Trust. Enjoy the months ahead and stay well as we head into the Autumn season.



Paul Bendall  
CEO

# Planning for Income and Investment in Retirement

Reaching retirement age is an exciting milestone for most New Zealanders – bringing with it a number of new lifestyle choices and opportunities and of course, it means access to Government superannuation and KiwiSaver nest eggs too.

Along with these positive lifestyle changes, retirement can also bring with it some new concerns, particularly around your finances and where to invest your money for growth and income.

While it's understood that most want to optimise their returns, research tells us that there's a reluctance at this stage of life to expose your capital to unnecessary risk or volatility, or to lock it away without ready access should you need it.

## So what makes a good investment in retirement?

We have seen from our client research that over 90% of our retiree client base confirmed that security, satisfactory returns, and access to money were top of mind for you.

That's why we believe our Managing Your Cash in Retirement solution is perfect for retirees or those approaching retirement.

## Here's how it works:

On receipt of your funds, they are invested in line with our Trust Deed guidelines. We only invest in first-mortgage secured properties with conservative loan-to-value ratios in key economic areas of New Zealand.



Returns on your investment are calculated and paid quarterly or they can be reinvested in accordance with your wishes. Over our 25 year history, investors have found that our returns are consistently attractive – and we are prudent in our investment strategy, which has resulted in us not losing any investor capital in our 25 years, which can help give you peace of mind\*.

The other significant drawback for retirees is that you get access to your money when you need it. This might be via a regular top up to your superannuation with payment dates on the 10th or 20th of the month, or it might be through a lump sum request for any larger scale purchases you wish to make.

If you're retired or approaching retirement, and you're looking for a financial service that ticks all of the boxes, then the First Mortgage Trust Managing Your Cash in Retirement could be the solution for you. To find out more, please contact us via phone, email or our website.

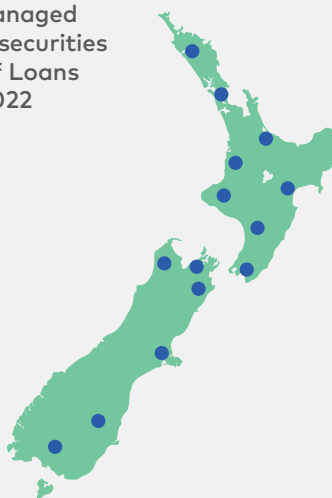
We recommend speaking to a financial adviser before making any final decisions.

\*Please note; past performance is not a reliable indicator of future performance).

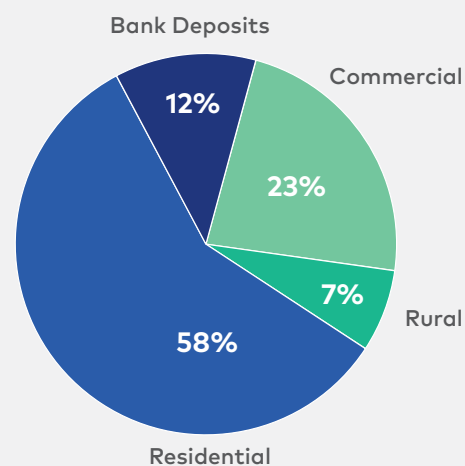
As the Manager of the Fund we have aimed to continue our relatively conservative position. The Fund has been managed to maintain a spread and mix of quality properties as securities for our loans. The map and graph providing details of Loans by Region and Investments by Type as at 3 March 2022 demonstrate the diversity of First Mortgage Trust.

## Loans by Region

Northland 0.5%	Wellington 9.6%
Auckland 60.3%	Nelson 0.2%
Bay of Plenty 6.4%	Tasman 0.0%
Waikato 5.3%	Marlborough 0.1%
Taranaki 0.1%	Canterbury 12.8%
Hawkes Bay 0.4%	Otago 3.6%
Manawatu-Wanganui 0.5%	Southland 0.2%



## Investments by Type





## MCC Cricket Programme Sponsorship

With the Women's World Cup currently being hosted in New Zealand, and many of the games being held at Bay Oval, it seems only fitting that we've jumped on board to support neighbouring Mount Maunganui College's cricket programme.



When teacher and cricket coach Matt Golding approached us earlier this year, we heard about the good work that is happening with the school's cricket programme.

Not only has the programme experienced incredible growth over the past few years, going from 8 to 52 players since 2020, it also now has a girls squad with 14 players taking up the sport.

**"Interest in the sport is incredible at the moment, and success is breeding its own success as more and more students get on board,"** said Matt.

New nets have certainly helped too! Thanks to community funding there are now new cricket nets at the school, with four different community organisations and eight different teams making use of the nets during and after school hours.

Matt tells us that there's been some key 'firsts' for the school too. A recent highlight being the First XI qualifying for the Gillette Cup Northern Districts Regional Finals,

a first ever for the school. The team finished sixth which gave them automatic qualification for the 2022 finals to be held in October this year. Not to be outdone, the girls squad is fast moving up the ranks and eyeing a spot at the Regional Finals, and junior cricket is growing with a series of local and regional tournaments giving the juniors a taste of competitive cricket at tournament level.

The sponsorship provided by First Mortgage Trust contributes to the cost of the cricket programme, with our funds targeted toward uniforms and equipment. Alongside us are a number of other key sponsors, plus there's community funding and parent support which are both critical to the programme as well.

Great to be on board with you MMC!



## Fmt Annual Youth Sponsorship – Call for Applications!!

For more than 17 years we have offered an annual Youth Sponsorship grant. The Sponsorship is open to young people between the ages of 16 and 25 who are excelling in their chosen field at a national and/or international level in the fields of sport, music or art.

### Sponsorship details

- The successful sponsorship recipient will receive a grant of \$3,500 to put towards helping them excel in their chosen field.
- Applications close on 31 May 2022.

If you know of a suitable young person who meets this criteria and is looking for sponsorship, please get in contact. Email [promotions@fmt.co.nz](mailto:promotions@fmt.co.nz) or visit our website [fmt.co.nz/first\\_mortgage\\_trust\\_community](http://fmt.co.nz/first_mortgage_trust_community).

**\*NB** Where sponsorship funds or donations are made by the Manager, these do not come out of investor funds. Funds or donations are paid for by the Manager although in the name of First Mortgage Trust.

# Life Interest Wills

In a typical family situation it is common for a couple to leave their entire estate to each other, and for their Wills to provide that after they have both died the family estate will go to their children. This is commonly known as a mirror Will.

What if, however, a person has children from a previous relationship? They will likely want to provide for their children in their Will, but also wish to make sure their new partner is looked after as well.

A mirror Will is one option. However, these Wills do not create a legally binding agreement between couples.

Either spouse or partner is therefore free to change their Will at any time during their lifetime.

While a couple may be comfortable relying on their new partner to provide for their respective children in the surviving spouse or partner's Will, these Wills frequently result in claims against the estate made by the deceased spouse or partner's children from a previous relationship.

To help avoid such claims and to offer peace of mind to the couple, a life interest Will may provide the answer.

## What is a life interest?

In your Will you can grant somebody a life interest in an asset. This will give that person the right to use that asset for the rest of their life. On their death, the asset will pass to the people named in your Will.

A life interest can be a good way to provide for dependents while still ensuring the asset will go the named beneficiaries.


A common example is where a person provides a life interest in the family home to a spouse or partner, and once their spouse or partner dies the family home will pass to the Will-maker's children.

Often the couple will own the family home in equal shares. This allows each of them to deal with their 1/2 share in their Will in the way they choose.

A person may also provide a life interest in other assets such as funds in a bank account, shares or other investments. As an example, the person's spouse or partner will have the use of the income generated by such assets during their lifetime, after which the capital remaining can be distributed to the Will-maker's children.

A life interest Will provides a basic level of asset protection. Any assets subject to a life interest will be held by the trustees appointed in the Will and do not legally belong to the person with the benefit of the life interest (such as the surviving spouse or partner). It can therefore provide peace of mind to the Will-maker that all of their loved ones will be looked after.

On the other hand, a life interest can be restrictive for the surviving spouse or partner. The surviving spouse or partner effectively loses control over assets that they may have considered to be theirs if they were used by the couple to benefit both of them. Any dealings with the asset will require the trustees of the Will to consent,



Peace of mind that all of your loved ones will be looked after.

and will be subject to the terms of the life interest in the Will. A life interest Will can also mean the children may not see their inheritance for many years.

It will require careful discussion with your lawyer about your particular circumstances to determine if a life interest Will is right for you.

  
**HOLLAND BECKETT**  
LAW

Article provided by Rebecca Irvine,  
Holland Beckett Law





## Market Update

House prices in December last year were 46% above their average level in May 2020 as we emerged from the first nationwide lockdown. Such an extreme increase over less than a two year period can be put down to record low interest rates being paid by borrowers and offered to investors, a temporary population surge, rising construction costs, switching of spending from offshore travel, and a surge in FOMO – fear of missing out – not seen for many years in the housing market.

Things are now heading in the other direction for a while. Average house prices fell 1.5% in December and 1.1% in January and there is a good chance that from peak to trough average prices will fall by around 10%. But it pays to recognise something extremely important before considering how you might alter your home buying or selling plans in response to such an outlook.

This is exactly the price decline forecast made by almost all us forecasters exactly two years ago – and 100% of us were drastically wrong. None of us anticipate being so wrong this time around. But it pays to recognise that the range of factors about which we are guessing is very strong and to allow for that we need to step back and remember the key underlying fundamentals.

First, excessive monetary policy stimulus is being removed, but excessive restraint is not being applied. Mortgage rates are likely to go above 6%, but this will only take them back to where they were seven years ago. And all people borrowing from a bank in the past decade have had their loan made on the basis that they could afford an interest rate of at least 6.5%.

So, much as rising interest rates will bring housing market restraint, a crunch as such from higher debt-servicing costs is unlikely. Having said that, some recent buyers may have to cut back quite strongly on their spending in other areas such as eating out and holidaying for a while.

Second, the labour market in New Zealand is exceptionally strong with plenty of opportunities available for skilled and unskilled people. Ability and willingness to service one's mortgage and remain engaged in the search for a home are going to remain strong over the next two years. This will provide a

substantial offset to the negative of a likely loss of many people to Australia because of the boom in their economy and labour market.

Third, construction costs are rising. The positive of this is that it will insulate the extent of the house price correction back to more realistic levels.

One final point is perhaps worth making as a warning not to over-extrapolate the price falls recorded over December and January. The new rules in the Credit Contracts and Consumer Finance Act mean banks cannot take someone's word that they will cut spending on clothing, eating out etc. when they have a mortgage to service. So, young borrowers have learnt that to get a mortgage they need to prove ability to exercise restraint over at least a three-month period.

We are in that three-month period of restraint for many right now and as these young people gain the ability to step forward with at least three months of good bank statements, credit will start to flow more freely again in the housing market.

Overall, the boom ended late last year, and we are now in a corrective phase for housing markets around the country. But with good support from a firm economy and job market particularly, maintaining a long-term perspective rather than trying to pick exactly where things head in coming months is likely to be the best strategy for most buyers and sellers in residential real estate.

Article by Tony Alexander,  
Independent Economist



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# Pack Your Bags – International Travel is Back!

With Covid restrictions progressively being lifted, we asked Catherine Membery and Kay Rogers from YOU Travel for some insight into this new world of travel. In particular, what's hot right now, and what they can offer their clients. Here's what they had to say:

## With Covid restrictions being lifted, are you seeing an increased level of enquiry for travel?

Absolutely. We have been inundated with enquiry by phone and clients walking into our store – both new customers and our regular clients. After such lengthy restrictions, it's great to see them back!

## What are the most popular destinations at the moment?

Australia & UK for clients wanting to reunite with family and friends. There are also many clients who have put off plans for European touring or cruising, but they are now committing to later this year, next year or even the year after. Of course, some have credits from their cancelled travel arrangements with airlines and operators to utilise and so we are helping them work through those options. Closer to home, Rarotonga, Fiji and Queensland Australia are also proving popular, particularly for couples and families wanting to get away for a long awaited holiday!

## What do travellers need to consider when travelling in this post-Covid environment?

The main considerations are around the tests and forms they need to complete for the country they are travelling to and/or transiting via. There is a lot to know and it is changing all the time as Governments and airlines change their requirements. We maintain close contact

with all of these officials and have a database of information that is constantly being updated to reflect current requirements.

## Do you see interest in cruises growing again?

Yes we do, particularly for next year and the following. Many cruises are sold out in advance, so if customers are not booking now, they may not get their choice of cruise. We're eagerly awaiting decisions from the New Zealand & Australian Governments around cruising closer to home and anticipate that this will trigger another level of strong enquiry.

## Why are new clients coming to travel agents right now?

It's about peace of mind. Post-Covid, there are so many things that clients need to think about and action. In this new world of travel, we offer a complete service with all the relevant advice at our fingertips, as we are dealing with the requirements and changes for travel on a daily basis. It's for that reason that travellers are picking up the phone or calling in to talk to us.

With thanks to Catherine Membery and Kay Rogers from YOU Travel Bethlehem  
[www.youtravelbethlehem.co.nz](http://www.youtravelbethlehem.co.nz)



A busy month in the garden with many tasks to be completed before the onset of winter.

## April Gardening Advice



### Strawberries

April and May are the main months for planting new strawberry plants. Prepare new strawberry 'beds' by adding compost and Strawberry Mix to the existing soil, as strawberries grow best in a 'rich' soil. Create mounds 200mm above the existing soil and plant strawberry plants spaced 120-150 mm apart. 'Mounding' the soil improves drainage, and the soil warms up quicker in spring.

### Vegetable Garden

To ensure healthy, vigorous growth of your winter vegetables, prepare the soil thoroughly by adding fresh compost. Stagger plantings to guarantee continuous harvesting, rather than having crops all maturing at once. Where there are empty beds, sow a green manure crop, eg, mustard, lupins, that can be dug into the soil in late winter/early spring. This protects the soil over winter and adds organic matter and nutrients.

Find more gardening advice at [www.daltons.co.nz/planting-guides](http://www.daltons.co.nz/planting-guides)

## Meet our Team

### Pooja Mohun | Compliance & Quality Assurance Analyst

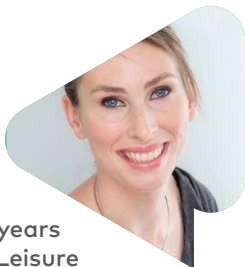
Pooja recently joined the Compliance & Quality Assurance team and is based in our Tauranga Office. As qualifications, Pooja holds a Bachelor of Laws with Honours (LL.B) from the University of Mauritius, a Post-Grad. Diploma in Law from the University of Waikato and after being awarded a prestigious scholarship, Pooja is now studying a Masters-in-Law by Research thesis from the University of Otago.

Pooja previously worked at an investment and advisory firm in a compliance role and has previous experience as legal executive and compliance officer in Mauritian-based companies. Outside of work, Pooja loves travelling and spending time with her family and friends.



### Shian Mullane | Associate BDM

Shian recently joined First Mortgage Trust and is based in our Auckland office. She has two degrees from the University of Auckland and following overseas travel has enjoyed the past 8 years working in non-bank property finance. Leisure time is spent with her daughter Indie, in the outdoors and connecting with family and friends.



## Cyber Security – Be on Guard

Cyber security remains an important topic for all online organisations and users.

At FMT we are proactive in following guidance provided by cyber security authorities and governing bodies. This includes having our team complete regular training in cyber security awareness and best practices.

For your part as a user, key things to remember are:

- **Use strong and unique passwords**
- **Don't participate in social media posts where you are asked questions** that could then be used to unlock your bank or online details.
- **Turn on a second layer of protection** – for example, have a text sent to your phone with a passcode that's required as a second form of ID to get into your online accounts.
- **Always download apps from an official app store.**
- **Turn on automatic software updates** to ensure that you have the latest security measures in place at all times.
- **Be suspicious!** Particularly of messages from people you don't know, or when your name is spelt wrong. Delete these immediately and do not engage with them.

When it comes to communications from FMT, we only have two official domains (fmt.co.nz and firstmortgagetrust.co.nz). What this means is that if you receive an email or visit a website and it is not fmt.co.nz or firstmortgagetrust.co.nz it's not FMT.

If you suspect you have received communication from someone impersonating FMT please let us know by calling 0800 321 113 or emailing [team@fmt.co.nz](mailto:team@fmt.co.nz).

For further advice, go to [www.netsafe.org.nz](http://www.netsafe.org.nz).

## Rich Easter Crown

Makes: 12

### Ingredients

- ▶ 1 Tbsp active yeast
- ▶ 1 tsp sugar
- ▶ 60ml warm water
- ▶ 125ml milk
- ▶ 60g butter
- ▶ 1 egg
- ▶ 375g flour
- ▶ ½ tsp salt
- ▶ 50g sugar

### Filling

- ▶ 60g currants
- ▶ 60g sultanas
- ▶ 2 Tbsp glace ginger, chopped
- ▶ 2 Tbsp mixed peel
- ▶ Zest of ½ lemon
- ▶ 45g brown sugar
- ▶ ½ tsp cinnamon
- ▶ ¼ tsp nutmeg

### Icing

- ▶ ½ cup icing sugar and a little hot water

### Method

1. Mix yeast and teaspoon of sugar together. Sprinkle over warm water and leave for 15 minutes until frothy.
2. To make filling mix all ingredients in a bowl and set aside until ready to use.
3. Melt butter and add to milk, then allow to cool. Whisk in egg.
4. In a large bowl combine flour, salt and sugar. Make a well in the middle and add yeast and milk mixtures. Mix with a fork and then your hand, slowly drawing in flour until you have a firm dough. Place in a warm place covered for 1 hour until doubled in size.
5. Roll out dough to a 23cm x 40cm rectangle. Spread filling over evenly leaving a 2cm border around edge. Roll with rolling pin lightly to press filling. Roll rectangle in a cylinder along the long side, sealing edges with a little water.
6. Curve the roll into a circle and seal ends together.
7. Using a sharp knife cut almost through dough creating 12 scrolls. Twist the scrolls to lie them flat. Cover and return to a warm area for 1 hour until well risen.
8. Preheat oven to 200C. Bake for 25 minutes.
9. To make icing – add enough hot water to icing sugar to dissolve it. Use a brush to cover scrolls with icing. This is best done when they are hot, straight from oven.

Source: [www.viva.co.nz](http://www.viva.co.nz) / Photo: Babiche Martens





# Updated Product Disclosure Statements and Statement of Investment Policy & Objectives

As the manager of the First Mortgage Trust Group Investment Fund (Fund), we work hard to minimise the risk to our investors. To this end we continuously monitor our investment composition and performance, and we consider the current market conditions and historical performance of each sector of the property market.

In December, after careful consideration of each sector of the property market, we have determined that the current allocations should be adjusted. Accordingly, we adjusted the targeted asset allocation range settings, as a percentage of the Fund, as follows:

Residential	40% to 75%	(previously 40% to 80%)
Commercial	15% to 45%	(previously 0% to 35%)
Rural	0% to 20%	(previously 0% to 25%)
Cash	5% to 20%	(previously 7.5% to 20%)
Term Deposits	2.5% to 10%	(previously 7.5% to 20%).

We also adjusted the target asset allocation percentage, as a percentage of the Fund, as follows:

Residential	50%	(no change)
Commercial	30%	(previously 25%)
Rural	5%	(previously 7.5%)
Cash	10%	(no change)
Term Deposits	5%	(previously 7.5%).

These changes have been agreed in consultation with the supervisor.

The targeted investment mix has been changed to better represent our operational parameters. We will maintain a broad range of residential, commercial and rural mortgage investments with a mix of LVRs, interest rates, maturity dates and physical locations of the mortgaged properties.

These changes are reflected in new Statements of Investment Policy and Objectives ("SIPO") for the Fund and the First Mortgage PIE Trust. We also took this as an opportunity to review these documents with a number of changes being made to ensure that the SIPOs are clear, concise and effective.

Copies of the new SIPOs can be found on the Disclose Register [disclose-register.companiesoffice.govt.nz/](https://disclose-register.companiesoffice.govt.nz/) and on our website [fmt.co.nz](https://fmt.co.nz).

The Fund's and the First Mortgage PIE Trust's Product Disclosure Statements were updated at the time to reflect the above changes. These have also now been updated with our new branding.

**first mortgage trust**

Talk to us ►►

0800 321 113 | [team@fmt.co.nz](mailto:team@fmt.co.nz) | [fmt.co.nz](https://fmt.co.nz)

We're here to help at all times!!

## Easter Hours

Please note that the offices of First Mortgage Trust will be closed for Easter from 5pm on Thursday 14th April and will reopen on Tuesday 19th April at 9.00am. Enjoy your Easter break.



## Making a Withdrawal

To make a withdrawal from your First Mortgage Trust investment you must complete a Notice of Withdrawal.

A Notice of Withdrawal form is available on our website for you to complete and return to us (it is also sent on the rear of our postal correspondence and as an attachment to our email correspondence).

Withdrawals are normally actioned twice a week (on Monday and Thursday). We generally action withdrawals within four business days of receiving your completed Notice of Withdrawal.

**Last Date for Processing Withdrawals for June Quarter:** Monday 27th June 2022.

We will need to receive completed and signed Notices of Withdrawal on or before Friday 24th June 2022.

**Next Processing Date for Withdrawals:** Friday 1st July 2022.

We will need to receive completed and signed Notices of Withdrawal on or before Thursday 30th June 2022.

## Bonus Winners

March 2022

- 1 Trust TAURANGA
- 3 Individuals TAURANGA
- 1 Individual MOUNT MAUNGANUI
- 1 Individual TE AWAMUTU

Congratulations to our bonus draw winners who chose between petrol and supermarket giftcards as their prize.

The bonus draw is six random selections made from our current investors, paid for by First Mortgage Managers Limited (not First Mortgage Trust), which means it has no effect on the return to investors.