



# FIRST NEWS

ISSUE 88 | DECEMBER 2021

Annualised pretax returns for the Quarter ending 31 December 2021 were:

Past returns do not guarantee future performance.

\*PIE Fund effective return is calculated based on a taxpayer paying tax on non PIE income at 33%.

\*PIE Fund  
**5.58%** PA

**5.19%** PA Group Investment Fund and PIE Fund

## FROM THE CEO

Hello and welcome to our last newsletter for 2021. It's been a year like no other with Covid and lockdowns. Despite all of this, as a business we have had a good year and we're pleased to be able to end the year with a really strong return for our investors.

We are pleased to announce that our investor returns for the December quarter are: 5.19% pa Group Investment Fund and PIE Fund; 5.58% pa PIE Fund – effective rate for 33% taxpayers.

This return has been primarily driven by the excellent quality lending opportunities that our team has sourced throughout the year, with every opportunity carefully considered to ensure that the fundamentals are sound and fully aligned with our prudent approach to lending.

We're proud of our performance results, and how our team has worked collectively to provide these returns for our investors.

### Thanks to those that completed our survey

In October we initiated a client survey via an email link sent to investors, giving you the opportunity to provide feedback to us. In total, we had nearly 1000 responses, and it was encouraging to receive your positive feedback and assessment. Client feedback is very important to us, with your views and suggestions helping us as we continually review and look to improve our service to you.

The survey highlighted that you would welcome enhancements to our online experience, giving you greater access and control over your investments. We also heard that it would be useful to reduce some of our paperwork by automating processes and moving to a more digital, streamlined offering.

The good news is that we are already underway on work to improve our digital offering. This is a large project, but one that is high on our list of priorities. However, any digital service will only be launched once we are 100% satisfied with both its security and its ease of use.

We know that our personal approach is one of our greatest strengths, so for those of you who prefer face-to-face or over the phone support and service, we won't be looking to change that. We will always have a person to talk to you either at our office or over the phone – just as we have always done. This will never change.

### Looking to 2022

As we look ahead, we remain focused on fully assessing every lending opportunity presented to

us, actively looking at the underlying quality of the opportunity before moving forward on it.

We understand that security is of paramount importance to our investors, with this theme coming through strongly in our research. As long term investors at FMT will know, our lending approach has always been based on prudence, only lending on good opportunities in the strong economic areas of New Zealand. We won't lend for the sake of it and this is why our investor returns can fluctuate.

In other news, we want to share that we will be updating our logo, brand and website in the first quarter of 2022. Our current brand has done us proud over the years, but the time feels right for a refresh, and we are very much looking forward to showcasing this in the next newsletter.

In closing, and on behalf of everyone at FMT, I would like to wish you and your family happy holidays and Season's Greetings.

Regards

Paul Bendall  
CEO



# SEASON'S GREETINGS FROM OUR CHAIR, MICHAEL SMITH

Like me, I am sure that you are all looking forward to the festive season after what has been another difficult year with Covid and all of the restrictions it has placed on our lifestyles and business transactions.

Hopefully 2022 will see us return to a new normal without the pandemic impacting so much on our daily lives. On this note, I would like to thank all of our investors for your continued support, and pay special mention to our team at FMT who have gone the extra mile to provide first-class service across all channels of communication (even when working from home or in small clusters in our offices).

I am hopeful that next year will see the return to "normal" activities like the Annual Investor Meetings, so that we can socialise with our investors and share information with you in person, rather than from a keyboard and screen.



In the meantime, best wishes from myself and the Board for a relaxing and restful holiday period. It's often said that it's the little things that count the most, and I know that we will all enjoy the simple pleasures of the summer season ahead.

*Best Regards, Michael Smith, Chairman*

## End of an Era for Shane Marshall

The Board would like to take this opportunity to recognise Shane Marshall, who is retiring from his directorship role with First Mortgage Trust after 23 years of service.

When Shane first joined the Board in 1998, the fund was \$40 million in size, whereas today the fund is over \$1.4 billion and we have over 5,500 investors with the Trust.

Reflecting on his time with us, Shane said that he is most proud of the Board's continued focus on providing competitive secure returns to our investors with an approachable 'family friendly' service.

He sees the organisation's successful navigation of the Global Financial Crisis as the most important achievement of his tenure, and the fact that no investor has ever lost money investing with FMT as the legacy of which he is most proud.

Shane's retirement from the First Mortgage Trust board coincides with his retirement as a partner from the Matamata law firm of Edmonds Marshall, a firm he first joined in 1983.



Shane's plans in retirement are to continue as a consultant to Edmonds Marshall and to enjoy a number of other pursuits including planting and maintaining native trees on his rural block so that more native birds might return to the land.

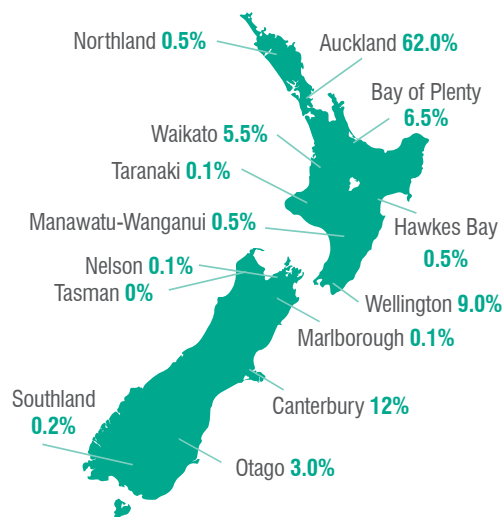
Thank you for your service and professionalism Shane; your contribution has been hugely valued by us all.

*Michael Smith, Chairman*

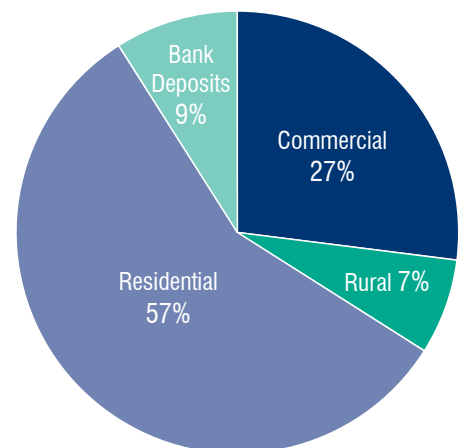
## Loans by Region

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 property as securities for our loans.

The map and graph providing detail of Loans by Region and Investments by Type as at 6 December 2021 demonstrate the diversity of First Mortgage Trust.



## Investments by Type





# FMT PROUDLY HELPING TAURANGA CLINIC

At First Mortgage Trust, we place immense value on our corporate social responsibility and we're committed to supporting communities across New Zealand through our sponsorship partnerships.

We are very proud to have recently partnered with Tauranga non-profit organisation **Hanmer Clinic**.



## A LETTER FROM JILL KNOWLER, Clinic Director, Hanmer Clinic

On behalf of the staff, Board of Trustees and clients at Hanmer Clinic, we want to acknowledge FMT's generosity in providing the Clinic with the necessary funds to create a safe space for clients to spend time when they are feeling a bit 'wobbly'.

'Wobbly' is a term clients often use to describe a tough day in their recovery. Being able to create this space is very exciting for the Clinic and especially the clients. Clients have personally expressed what this space will mean for them, and it has been a request from clients for some years.

As the Clinic Director, I would like to introduce you to Hanmer Clinic in a way that captures a snapshot of who we are and what we do.



*Pictured: some of the Hanmer Clinic team.*

### Our Mission

We are a non-profit organisation dedicated to providing high quality and effective treatment to individuals, and their families / whanau, who are affected by alcohol and other drug addiction, to assist them in achieving recovery and positive long-term well-being.

### A Place to Heal from Addiction

Hanmer Clinic provides intensive, outpatient, specialist treatment options for people suffering from alcohol and other drug addiction.

### A Holistic Approach

We holistically approach treatment, working with mind, body and spirit as components of a healthy life. In line with the 12 Steps, which is a programme for living alcohol and drug free while having a satisfying and meaningful life, we know that treatment must also adequately address people's needs, not just their addiction.

### Our Services

The goal of treatment is to help people recover from the damage addiction has caused in her or his life. The first focus is to help people stop using, and then we help people stay stopped so that the brain chemistry, emotions, and behaviours are able to stabilise.

#### SERVICES OFFERED

- Comprehensive Assessment and individual treatment and recovery plans
- Detoxification and stabilisation
- Early Recovery Programmes to help people achieve abstinence and stability before entering Intensive Treatment
- Eight-week intensive outpatient programme (IOP)
- Counselling to address co-existing issues such as Anxiety, Social Anxiety, Post Traumatic Stress Disorder, Eating Disorders
- Continuing Care Programme for clients who have completed the 8 week IOP
- Peer Support Services
- Family / Whanau Programme
- Wakaunua Whaihauora: for those in Transitional Housing Programmes

To learn more about Hanmer Clinic visit [hanmerclinic.co.nz](http://hanmerclinic.co.nz) or call **0800 842 426**.

\*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.

# RETIREMENT VILLAGES – WHAT YOU NEED TO KNOW

Buying into a retirement village is a decision that many people consider as part of their retirement planning. Like all decisions of this size, it's one that requires careful consideration.

In the majority of situations when moving into a Village, it will involve signing an Occupation Right Agreement (ORA) with the retirement village. An ORA sets out the terms on which you can live in the village and the rights and obligations of both you and the village.

The most important thing you need to realise about buying an Occupation Right is that, unlike a freehold property, you will not "own" the unit or apartment. Instead, you simply have a contractual right to live there.

This means you must pay the retirement village a weekly or monthly fee, you will not receive any capital gain, and the amount you receive back upon termination will generally reduce by up to 30%. It also means that in most cases you cannot mortgage the property or transfer or sell it as you may be able to with a freehold property.



The terms of an ORA vary between villages, but usually contain the following:

- 1. Cooling off period:** You have 15 working days after signing the ORA to cancel if you change your mind. You should receive a refund of all payments made.
- 2. Joint occupation:** If you are buying the Occupation Right with your partner or spouse, the terms in the ORA usually apply to both of you jointly. You will both have the right to occupy the home. If one of you dies, the interest of that person automatically transfers to the other person.  
  
If you currently own a home in equal or unequal shares, or you would like to leave your interest in the retirement village home to somebody other than your spouse, you should raise this with your lawyer before signing the ORA.
- 3. Village Fees:** Most villages have a weekly or monthly fee which covers basic outgoings at the village. The fee may be fixed for your lifetime, or subject to change. Often, the villages offer additional services which can be bought at an additional cost.
- 4. Termination and exit payments:** You can terminate an ORA at any time on giving the required notice. There are limited grounds on which the retirement village can terminate an ORA, such as where you can no longer live safely in the village, or if you breach the terms of the ORA. The agreement will automatically terminate when you (and your spouse or partner if you are purchasing together) die.

On termination, most villages deduct a fee that is equivalent to around 30% of your entry payment (or 10% for each year you have lived in the village if it is less than 3 years). In addition, you (or your estate) may not receive your exit payment until the village has sold your unit to someone else.

For this reason, entry into an ORA is usually a commitment to reside in the village for the rest of your life. You should think carefully about your personal and family circumstances when deciding whether this is right for you, and make sure you choose a village that will meet your needs. If you change your mind once the cooling off period ends, you may find that you have insufficient funds to buy elsewhere. Some provide a 90 day grace period during which you can terminate the ORA without penalty.

- 5. Wills and EPAs:** Before you can live in a retirement village, you will also need to ensure you have a current and valid Will and Enduring Powers of Attorney for both your property and personal care and welfare in place.

Occupation Right Agreements require you to obtain the advice of a lawyer before signing. If you are considering buying a retirement village unit or apartment, your lawyer will provide the further advice required.

Article by REBECCA WHALLEY,  
Holland Beckett Law

  
**HOLLAND BECKETT**  
LAW



# MARKET UPDATE

Renowned economist and market commentator Tony Alexander is a valuable part of the extended team of FMT. Tony provides us with market updates which we factor into our decision making, combining it with our own research to get an in-depth picture of market activity and opportunity. Then, every quarter, Tony addresses the entire team and answers any questions that they may have.

This quarter, and in the absence of our annual Investor Meetings due to Covid, Tony kindly agreed to be interviewed by our CEO Paul Bendall on behalf of investors.

In the half hour interview, Paul posed a number of questions to Tony which he knew would be of interest to you - with a particular focus on inflation and interest rates, what's happening overseas and how this might influence the local economy, the property market, the building sector and supply chain disruption, bank lending and the growth opportunity for non-banks such as First Mortgage Trust, and lastly, he asked Tony for his insights into 2022.

Here's some of the key take-outs from the interview.

## Is inflation expected to continue to rise?

Tony predicts inflation and wages will rise, but warns that increased input costs may be passed on.

"A key dynamic, which since the Global Financial Crisis has suppressed inflation, has been that businesses couldn't put prices up all that much."

That's because if a business did put up their prices, a customer could look online and find an alternative product overseas and get it shipped to New Zealand.

"However now, because of supply chain and factory problems around the world, those suppliers are probably out of stock, or they can only deliver in six months, rather than six days or weeks. Also, the shipping costs might be four times what they were previously. So, businesses have some selling power now and thus they can pass increased costs onto consumers."

## House prices, the property market and bank lending

The housing market has experienced continued growth despite the pandemic, however Tony believes house prices could stagnate in the second half of next year.

Tony says, "As we see the debt-to-income ratios being applied, and the Credit Contracts and Consumer Finance Act running through the banks and affecting their assessment of applicants' expenses (to a detail we've never seen before) people are getting loans turned down because of their spending habits on things such as a daily coffee."

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Photo: Economist Tony Alexander and Paul Bendall, FMT

"Combine that, along with a reduction in low deposit lending, and I think we will naturally see applicants move across to the non-bank lending sector," Alexander predicts.

On this basis, Alexander predicts interest rates will continue climbing, as much as 2.5 percent, in the next three years.

## What other factors come into consideration?

"We've already got an inflation rate far higher than anyone expected, an unemployment rate far lower than expected, plus we have a record net proportion of households still anticipating inflation to go higher, and a record proportion of businesses saying they're going to increase selling prices. Eventually at some point, they're going to have to play catch-up."

### Non-bank Lending – what's in store for the non-banks?



When it comes to non-bank providers, Tony says that the forecast looks solid for 2022 and beyond.

"I definitely expect to see growth. I think it is going to be a bit of a structural lift over the next five years in the size of the non-bank lending sector," Tony predicts.

"I think the growth is going to come from a shift in the existing business to businesses like FMT, rather than necessarily see new emerging players that we've never heard of before."

*For more insight from Tony with questions and added commentary provided by Paul, visit our website to watch the full interview. For ease, we've also provided the Q&A broken down into separate topics of interest.*

# TOP NEW YEAR'S RESOLUTIONS FOR 2022

10 New Year's resolution ideas that will make 2022 your best year yet!

1. **Get a full night's sleep.** It is recommended adults get an average of seven to eight hours of sleep per night.
2. **Take a hike.** Spending time outside is the best way to feel more grounded.
3. **Reduce your single-use plastic consumption.** Plastic is part of many people's daily lives, but it's not great for the environment.
4. **Become an early bird.** Sleep experts suggest this could be the trick to ushering in a healthier, happier life.
5. **Read more, scroll less.** To boost your sleep schedule and your mood, put down your electronics and reach for a book!
6. **Make time to catch up with friends and family.** Simple connections can improve your mood and overall feelings of satisfaction with life.
7. **Choose the stairs.** If your body is physically able, opt for the stairs to add some quality cardio into your life.
8. **Eat more veggies.** Reduce the processed food in your diet and eat all the colours of the rainbow.



9. **Donate your time.** Volunteer work is not only necessary to help important organisations continue their life-changing work, it's personally rewarding, too.
10. **Check an item off your bucket list.** What's something you've always wanted to do but never made the time or had the funds to make happen until now? Do that thing.

Source: [www.thepioneerwoman.com](http://www.thepioneerwoman.com)

## TOP WATERING TIPS FOR YOUR SUMMER GARDEN

The success of your summer garden will largely depend on careful monitoring of the water supply to your plants.

- **Be regular when watering your garden**, little and often is best, avoiding the hottest part of the day when plants are heat stressed. Once a day in the early morning or evening up to three times a week should be plenty.
- Daltons recommend using their **Coir Fibre Briquettes** around your plant's root zone to improve moisture retention.



- **Some plants such as roses do require deep watering** to encourage deep root development. So apply extra water to those plant types in the early part of the day.
- **Water until it begins to puddle** on top of the soil which means the soil has reached its water holding capacity.
- **Avoid getting foliage wet** as this can promote the spread of disease on plants like tomatoes and roses. Aim for the root zone instead.
- **Don't overwater** – too much of anything is not good. If there has been plenty of rainfall you will not need to water as regularly.
- With many plants (trees and shrubs particularly) if they are not watered well and regularly over the hotter summer months, they will stop growing. If you **maintain a consistent regime** then you can expect excellent results with continued growth through the hot summer months. This is critical when establishing a new garden as you want plants to grow to maturity as soon as possible.
- **Plants grown in pots dry out more quickly** and need to be watered regularly (until the water appears in the saucer). It is important to check that there are adequate drainage holes in the container prior to planting, and avoid having the pot sitting continuously in wet conditions e.g. directly on the ground.

Source: [www.daltons.co.nz](http://www.daltons.co.nz)



# MEET OUR TEAM

## Rowena Morgan

INVESTMENT ADMINISTRATOR

Rowena joined First Mortgage Trust in July 2021 and works in the investment team in the Tauranga office.

Rowena grew up in Te Puke in the Bay of Plenty and started her career in the local ANZ Bank. She then moved to Brisbane. After 30 years in Brisbane at ANZ, Rowena and her family returned to New Zealand, where she worked at the New Zealand Defence Force in Waiouru. The desire for a warmer climate and to be closer to family has seen Rowena and her husband recently move to Tauranga.

In her free time Rowena likes to design children's clothing, craft and do cryptic crosswords as well as spend time with her family and friends.



## Lucy Hawkes

LOANS ANALYST

Lucy joined First Mortgage Trust in November 2021 and works in the Christchurch office. Lucy graduated from the University of Canterbury with a Bachelor of Laws in 2019 and has been working for a main bank in Business and Property Finance for the past two years, enjoying the client relationships she has fostered and the fast-paced environment.

Lucy lives with her partner and is becoming something of a zookeeper with two cats and a dog. Outside of work, Lucy enjoys walking, spending time with friends and travelling.



## 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.
- They also must be available to attend and give a presentation at our Investor Meetings in July 2022 held in Tauranga, Katikati, Te Awamutu and Matamata.
- Applications close on 30 April 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)



## White Christmas Sangria

SERVES: 6-8

### INGREDIENTS

- 1 bottle sparkling white wine
- 2/3 cup elderflower cordial
- 2 cups soda water
- 2 peaches, sliced
- Seeds from a fresh pomegranate
- 12 fresh strawberries, halved
- 3 sprigs of mint

### METHOD

Combine the liquids in a large pitcher or punch bowl. Add the sliced peaches, halved strawberries, pomegranate seeds and mint. Pour into tumblers of ice to serve.

Source: [dish.co.nz](http://dish.co.nz)

## Spiced Apple Syrup Sipper

SERVES: 6

This mocktail will fill your home with the traditional Christmas smell of cinnamon.

### INGREDIENTS

- 10 cardamom pods
- 1/2 tsp black peppercorns
- 1/2 tsp cloves
- 1 cinnamon stick
- 2 cm knob of ginger, peeled and chopped
- 1 tsp vanilla extract
- 200 ml honey
- 200 ml water
- 750 ml Appletiser

### METHOD

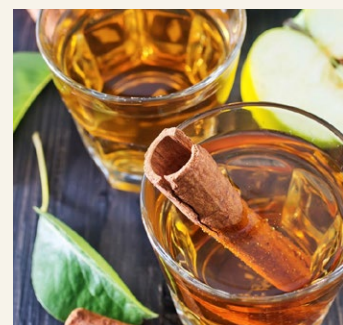
In a dry frying pan, toast cardamom, peppercorns, cloves and cinnamon stick until aromatic.

Combine these in a small pan with the ginger, vanilla extract, honey and water and bring to the boil.

Simmer for 5-10 minutes, stirring often (the longer you simmer, the stronger the spice flavours will be) then remove from heat and strain.

Allow syrup to cool, and then pour over ice, top with Appletiser and a squeeze of lemon juice.

Source: [foodtolove.co.nz](http://foodtolove.co.nz)



# HOW FMT OPERATES DURING THE COVID TRAFFIC LIGHT SYSTEM



Our priorities are keeping our clients and team safe, supporting your needs, and being available for you as you need us. For the most up to date information from the Ministry of Health visit [covid19.govt.nz](https://covid19.govt.nz)

**Below is an outline of the traffic light framework and how FMT operates in the new framework:**

**GREEN** is when there are some COVID-19 cases in the community, and sporadic imported cases.

#### How FMT operates at Green

- Our offices are open for business as usual.
- Record keeping and scanning will be required.
- Face coverings are mandatory in our offices
- Vaccine Pass to be presented on arrival

**ORANGE** – there is increasing community transmission that is putting pressure on our health system.

#### How FMT operates at Orange

- Our offices are open but some staff working from home to comply with social distancing
- Client meetings face to face by prior arrangement only – no ‘walk-ins.’ Strict hygiene and social distancing processes applied for the health and safety of our clients and staff.
- Record keeping and scanning will be required.
- Face coverings are mandatory in our offices
- Vaccine Pass to be presented on arrival

At **RED**, action will need to be taken to protect both at-risk people and protect our health system from an unsustainable number of hospitalisations.

#### How FMT operate at Red

- Our offices are open but some staff working from home to comply with social distancing
- Client meetings face to face by prior arrangement only – no ‘walk-ins.’ Strict hygiene and social distancing processes applied for the health and safety of our clients and staff.
- Record keeping and scanning will be required.
- Face coverings are mandatory in our offices
- Vaccine Pass to be presented on arrival

**We're here to help at all times!!**

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

## FMT VACCINATION POLICY

As always, the wellbeing of our clients and our team continues to be our number one priority and we want to do everything we can to keep each other safe.

From 1 January 2022, we will require anyone visiting our offices to be fully vaccinated against COVID-19.

#### What this means for you

If you visit our offices, you will be required to present your My Vaccine Pass.

For anyone intending to visit us who is not fully vaccinated, please contact us via phone or email and we can arrange a phone or online meeting.

Thank you for your support and cooperation as we implement this policy. We will continue to review this policy to ensure that it stays relevant as New Zealand's COVID-19 situation evolves.

If you have any questions please contact us on 0800 321 113.

## 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 March Quarter:** Monday 28th March 2022.

*We will need to receive completed and signed Notices of Withdrawal on or before Friday 25th March 2022.*

**Next Processing Date for Withdrawals:**

Friday 1st April 2022.

*We will need to receive completed and signed Notices of Withdrawal on or before Thursday 31st March 2022.*

## BONUS WINNERS

DECEMBER 2021

1 Trust – Whitianga

1 Individual – Pukekohe

1 Trust – Mount Maunganui

2 Individuals – Tauranga

1 Individual – Omokoroa

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.

## Christmas / New Year hours

The offices of First Mortgage Trust will be closed from 5.00pm on **Thursday 23rd December 2021** and will reopen on **Wednesday 5th January 2022** at 9.00am.



FIRST MORTGAGE TRUST

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