

Investor Meetings 2022

We recently concluded our Investor Meetings for 2022. For those who were unable to attend we have included the key points discussed.

As a business what do we focus on?

We focus on risk and return or put another way – resilience and performance. When making decisions the first question we always ask ourselves is – "Is this in the best interest of our investors?" If the answer isn't an emphatic yes, we move on. It has been this way for over 26 years and it won't be changing.

Where is FMT positioned today?

The Fund is in a strong financial position and has performed well over the last 12 months, even in the current economic climate.



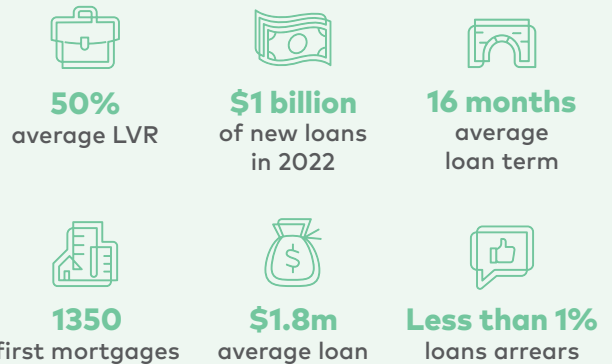
Michael Smith,
Chair and
Paul Bendall,
CEO

FMT Fund stats

- ▶ **\$1.55 billion** FUM
- ▶ **Est. in 1996 & NZ owned**
- ▶ **6,000+** investors
- ▶ The Manager is **100% NZ owned**
- ▶ **Team of 50+**, based in Auckland, Tauranga, Wellington & Christchurch
- ▶ **NZ's largest non-bank property lender** secured by first mortgages
- ▶ A trust structure with **strong governance** across Board, teams & processes



FMT Loan Book of \$1.38 billion



One of our strengths is our extensive loan origination capability driven by highly experienced property finance experts.

Why is being an active fund manager important?

We are an active manager which means that we decide which loans to invest in; ensuring the loans comply with the Funds' investment guidelines and policies. We manage these loans on behalf of you – our investors.

A key part of being an active manager is making lending decisions based on our skills and knowledge as a specialist property lender and this includes:

- Continuously assessing and monitoring the market;
- Using the skills and experience of the team to identify and structure the best possible lending opportunities; and
- Managing these loans through to successful completion.

There's a saying "that lending money is the easy part, it's getting the money back that takes skill" – we focus heavily on getting the money back!

We have continued to provide consistent returns, even during challenging economic times

We've managed to increase our quarterly rate each quarter this year – which is impressive when you look at other markets.

What makes the Fund so resilient is our strong loan book. We are conservative in our lending and this is reflected by our lending statistics.

Who do we lend to?

We often get asked "do you lend to people that the banks say no to", in part yes, we do, but we believe the banks should be lending to these people. Many of these prospective borrowers are business owners with strong asset positions who want to invest in their business. Many are aged over 50 who on the bank models can't demonstrate how they can repay the loan from their primary income source by the time they reach the age of 65, despite having strong assets and diverse income sources; and some people are just fed up with dealing with the banks and are prepared to pay a bit extra for the service we provide.

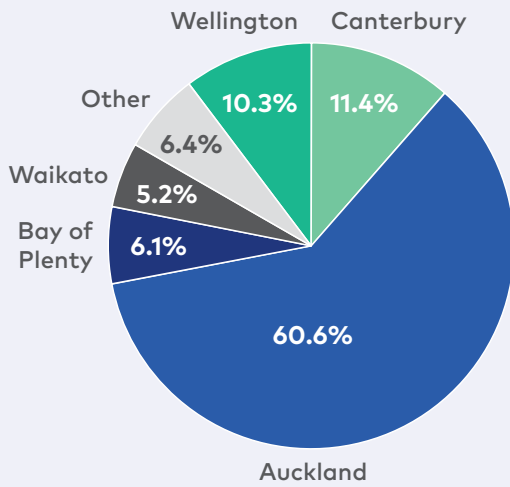
Where do we see future opportunities?

The NZ non-bank sector is growing year-on-year and we are seeing a structural shift in the funding landscape with more people moving towards non-banks, and this reflects what is happening overseas. This move will create more lending opportunities for us in the future. Since 2019 bank mortgage lending has grown 25% and the non-bank sector which we operate in has grown 152%. (Source: Reserve Bank, October 2022).

Where are our loans and what type of loans are they?

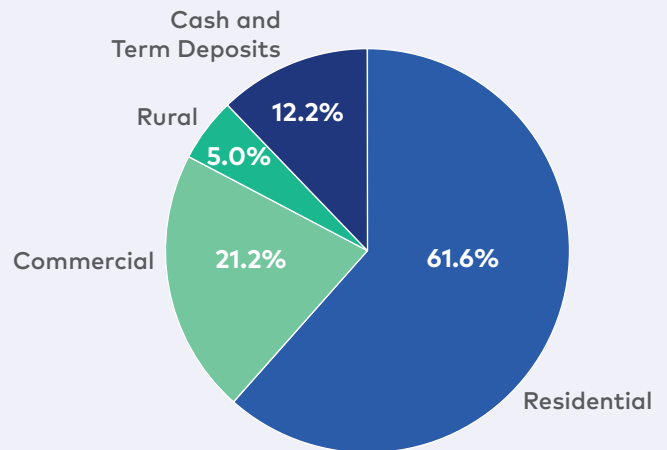
We have a diverse loan book, with different asset types and geographical locations across NZ.

The below diagram shows where our loans are located.



Over 90% of our loan book is located in New Zealand's five main regions. The reason we focus almost entirely on these key markets is, historically, they have performed well from a property value perspective and because they are regions with growth, employment opportunities and strong GDP.

Geographical diversification is not our only consideration for lending. We also evaluate different asset types to lend against. The chart shows the asset types of our loans, as you can see the majority of these are in the residential and commercial markets.



We assess the portfolio to an even more granular level and monitor how much of our lending is investment, development or land only. At any given time, our development exposures generally range between 20%-25% of our lending, with our current level close to 20%. Land is similar and generally ranges between 15%-20% and we are currently closer to 15%.

All figures in this article are at 30 September 2022.

Our Future Focus

We look ahead with confidence. We have over 26 years of continuous success behind us. There is invaluable knowledge built up within the business. The Fund continues to grow and we continue to invest in the business.

Our commitment to you, we will:

- ▶ Continue to strive to provide our investors with consistent returns.
- ▶ Maintain steady, sustainable growth.
- ▶ Always focus on having leading-edge cyber security technology – our cyber security partner uses best in class technology to ensure systems and data are continuously monitored and protected.
- ▶ Provide our investors with a client portal so they can access their account 24-7 from any device.
- ▶ Ensure we always comply with all relevant regulatory requirements.
- ▶ Always act in the best interest of our investors.
- ▶ Strive to keep our record of never missing a payment to our investors and never losing a cent of investor capital in our history.
- ▶ And of course, ensure we continue to provide you with great customer service.

Thanks to those that attended the Investor Meetings and also to our guest speakers – Dane and Quinn. To view a video of our Investor Meeting held in Tauranga, visit our website – fmt.co.nz/events



Guest speaker:
Dane Robertson,
Coastguard

Guest speaker:
Quinn Boyle, FMT
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