



Annualised pre-tax return for the quarter ending 30 September 2024

7.44%<sup>p.a.</sup>

Group Investment Fund and PIE Fund

Past returns are not a reliable indicator of future performance.

I'm pleased to share that our fund has delivered another increase in our annualised pre-tax return to 7.44%.

This is a solid result in a decreasing interest rate environment. While we believe we are reaching the peak of our interest rate cycle, we anticipate maintaining a strong premium over bank deposits - our return objective.

The reason for this is twofold. Firstly, when determining our loan pricing, we use our judgment on where we see the market pricing, rather than being linked to a benchmark such as the Official Cash Rate (OCR). A key advantage of not being tied to the OCR or other benchmarks is our ability to maintain higher rates for longer.

Secondly, as previously mentioned, we have been holding cash reserves at the upper end of our target operating range. As the property market slowly recovers, we have the ability to adjust our cash reserves by increasing lending volumes, which will help underpin returns.

You may be aware that we aim to achieve a 1% premium over the main banks' average 12-month term deposit rate. As 12-month term deposit rates have fallen to around 5.20%, our September return produces a premium of 2.24% before tax. Based on current forecasts, we anticipate maintaining at least this level of premium over the coming quarters, despite a falling interest rate environment.

As always, we remain focused on our driving principle of optimising investor returns while balancing risk and return.

## Diversification and Risk Management

We continue to closely manage our loan portfolio, ensuring it is well-diversified. Diversification is crucial in investing, as it helps manage risk by spreading investments across different assets, reducing the impact of any single underperforming investment, and ultimately working to protect and grow your wealth.

Unlike investments with heightened risk due to exposure to smaller loan parcels or specific loans, with FMT you're investing across a portfolio of over 600 loans secured by close to 1,700 registered first mortgages. This approach enhances return stability and aligns with our commitment to protecting your investments.

Another aspect some investors may not be aware of is our reserve fund. Although our non-performing loans are very low, and we outperform some of New Zealand's main banks, we continue contributing to the reserve fund as a buffer against potential

losses. This helps protect your capital by mitigating the risk of loan defaults affecting the fund's performance. It's a key part of our risk management strategy.

Despite the tough economic conditions our reserve fund continues to grow, increasing by around \$750,000 per quarter. Our reserve fund underscores our commitment to prudent financial management and long-term stability. This approach strengthens our reputation and fosters trust, making FMT an attractive option for those who value conservative management and consistent returns.

## Positive trends in the economy

While the economy remains challenging, falling interest rates have increased activity, and we are seeing positive signs in our lending pipeline. This includes strong lending opportunities and borrowers moving away from bank funding. This shift from the main banks is key to our long-term strategy and future growth.

We are positioning ourselves as a strong alternative to the main banks. Our personal approach is key to this, and our ability to provide flexible solutions for borrowers makes us an attractive option. This shift reflects what we are seeing overseas, and we expect this trend to grow.

## Connecting with our investors

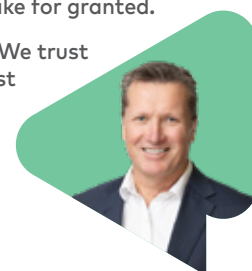
Over the last two months, we began our investor meetings in Christchurch and Auckland. It's been great connecting in person, discussing our fund's performance, and sharing our outlook. In November, we will host our Waikato and Bay of Plenty meetings. More details are outlined further in this newsletter, and we're pleased to announce that economist Tony Alexander will join us at all the meetings.

## Looking ahead

As always, we remain committed to providing consistent returns. Your trust in us is something we do not take for granted.

Thank you for choosing to invest with us. We trust that the fund's performance and the latest returns reinforce our commitment to providing you with peace of mind and consistent investment returns.

Paul Bendall, CEO



# Announcing the 2024 FMT Youth Sponsorship Recipient: Gabby Wright

We are excited to announce Gabby Wright as the recipient of the 2024 FMT Youth Sponsorship. This year, we were overwhelmed by the number of incredible applicants, making it difficult to choose just one. However, Gabby's story stood out. Not only has she shown remarkable resilience in overcoming a life-changing event, but she continues to inspire through her commitment to the community and determination to compete in the next Paralympic Games. We are proud to support Gabby and look forward to following her journey.

## From Gabby, our 2024 Youth Sponsorship Recipient:

Growing up, I was an average sporty kid and did various sports before discovering my passion for netball. However, at age 12 I fell suddenly paralysed due to Transverse Myelitis, triggered by a cold. This left me wheelchair-bound and having to start my new "normal." Returning to sport was crucial for my well-being, so I began umpiring netball from a wheelchair, becoming the first in New Zealand to do so. I then tried several para sports before discovering wheelchair racing in 2019. I loved it as it allows you to show strength, power, and pushes you to your max.

My journey as a competitive wheelchair racer has been hugely rewarding. Early on I broke under-17 New Zealand records in the 100m, 200m, and 400m track distances. My proudest moment came earlier this year when I set new Open Female records for my classification in the 400m and 800m. Becoming the fastest of all time in New Zealand for these distances was a major highlight. My ultimate goal is to represent New Zealand in the Paralympic Games. While I once dreamed of representing NZ in netball, I'm now determined to achieve that goal in a different way.

Beyond athletics, I'm pursuing a Bachelor of Architecture at Auckland University of Technology. I aim to combine my experiences with a wheelchair into my designs to make our community more accessible and inclusive for people living with disabilities. If my journey has taught me anything, it's that living with a disability doesn't mean giving up on your passions. It's about being adaptive, creative, and finding new ways to achieve them. I never thought I'd get back on the netball court again, and I did through umpiring. Representing NZ on the world stage is still something I can achieve through racing. As for architecture, art and design is something I've always loved, and now I can combine that with my experiences to help our community. I hope to make FMT proud as I aim to reach my goals.



Gabby Wright



Living with a disability doesn't mean giving up on your passions; it's about discovering new ways to pursue them.



## FMT Partners with Floral Art Society of New Zealand

First Mortgage Trust is proud to support our community through partnerships in sports, the arts, and various meaningful causes and events. One of our recent collaborations, introduced by a Christchurch-based investor, is with the Floral Art Society of New Zealand.

Our partnership with the Floral Art Society has blossomed into a growing relationship that celebrates both creativity and community.

They recently organised an event that brought together members from all over New Zealand. A highlight of the event was a series of workshops led by internationally acclaimed floral designer Gregor Lersch from Germany. Over three days, Lersch shared his expertise with society members, guiding them through contemporary floral design techniques. The workshops featured intricate constructions using materials like wire rods, bind wire,

and wooden blocks, which evolved into stunning designs incorporating reeds, leaves, and flowers. The event culminated in an evening demonstration showcasing the latest floral trends and techniques.

President of the Floral Art Society, Shirley Russ says, "Floral Art members thrive in local communities. FMT's support of the national Floral Art Society enables opportunities for education and, in this case, international collaboration."

To learn more about the Floral Art Society of New Zealand, visit [fasnz.org.nz](https://fasnz.org.nz)



*N.B. Donations and sponsorships are made by the Manager and do not come out of investor funds.*



# Technology and FMT's Customer Experience

Technology is a key part of our strategic vision, enhancing both cybersecurity and customer experience.

While we embrace technology as a business, we remain dedicated to providing the personal touch our investors value. We understand that not all people choose to use the latest technology, and we are committed to offering the same great service to everyone, regardless of their preferences.

## Investor Portal Update

We are currently working on our Investor Portal. Initially, it will enable investors to create investment accounts, view details, and make basic edits. Over time, we will add more features for self-service, while maintaining our personal support.

## Cybersecurity: Our Top Priority

Nowadays cybersecurity is one of the biggest operational risks companies face, and we tackle it with a strategy built on strong governance, prevention, detection, and response. Working closely with leading cybersecurity firms and investing in advanced technologies, we are continuously evolving our cybersecurity defences to protect against the everchanging cyber threat environment.

## Building a Secure Culture

We regularly assess our technology supply chain to ensure partners' and suppliers' compliance with our security standards. Our entire team receives ongoing cyber risk updates and training to maintain a robust defence. And our specialist technology team is dedicated to keeping FMT at the forefront of cybersecurity.

We are committed to blending technology with our great customer service, with cybersecurity at the heart of our approach.

As we continue to evolve, we will protect our investors, data, and our reputation with a proactive and comprehensive security strategy.

## Please play your part

For your part when you are online, the key things to remember are:

- Use strong and unique passwords. Don't reuse the same login and password across multiple online services.
- 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.
- 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](https://fmt.co.nz) and [firstmortgagegetrust.co.nz](https://firstmortgagegetrust.co.nz). What this means is that if you receive an email or visit a website and it is not [fmt.co.nz](https://fmt.co.nz) or [firstmortgagegetrust.co.nz](https://firstmortgagegetrust.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).*

# FMT Appoints Charlie Oscroft as Investment Relationship Manager

FMT is excited to announce the appointment of Charlie Oscroft as Investment Relationship Manager. A well-known figure in New Zealand's investment industry, Charlie brings a wealth of expertise to our team.

Paul Bendall, CEO of First Mortgage Trust, stated, "It's great to welcome someone of Charlie's calibre to the team. This is another new role we have recently created, demonstrating our growth and strategic vision to take FMT to the next level."

Charlie's extensive experience in investment management and capital raising spans both the New Zealand and international real estate markets. He previously spent over 24 years at Colliers, where he rose to the position of Director. Following that, he served as an Investment Advisor at Mackersy Property before joining FMT in July of this year.

Interestingly, when asked about his background, Charlie is more likely to talk about his time on the hockey field than his expertise in property investment. He was assistant coach of the New Zealand Men's Hockey team, the Black Sticks, helping

guide them to impressive achievements, including a silver medal at the 2002 Commonwealth Games and a sixth-place finish at the 2004 Olympics. Charlie continues to be active in the sport, as both a player and head coach for the New Zealand Men's 55s team, which will compete in the Masters World Cup later this year.

Paul added, "We are experiencing an exciting time at FMT, and Charlie's addition as Investment Relationship Manager underscores our commitment to delivering excellent service to our investors while executing our strategic plans. We look forward to the valuable insights and expertise Charlie will bring."

Charlie shared his enthusiasm, saying, "I am thrilled to join the First Mortgage Trust team. I look forward to contributing to the company's growth, working closely with the FMT team, getting to know our investors, and helping them achieve their goals."

# Building Strong Partnerships and helping New Zealand grow

At FMT, building strong, reliable relationships with our investors is not just part of the investment side of the business - it's the cornerstone of our lending team's success.

Recently, our Strategic Partnerships Manager, Bruce Smith, visited an industrial project we're financing in Mount Maunganui.



Bruce Smith, Strategic Partnerships Manager

## An Established Partner

Bevan Wood is a qualified quantity surveyor with nearly two decades of experience in the construction industry. His relationship with Bruce began in 2004 when Bruce served as his first bank manager. Over the years, this partnership has grown, characterised by understanding and mutual respect.

Bruce notes, "Bevan is a one-stop shop. He does his own plans, knows his numbers, and works seamlessly with our quantity surveyor. Everything is on time, within budget, and more importantly, he knows that we understand him."

## Delivering Success with Flexibility and Expertise

As an alternative lender, FMT often provides tailored lending solutions that traditional banks can't or won't, which this project highlights. Bevan said that mainstream banks couldn't finance the development due to a partnership structure that didn't meet their criteria: "Projects like this, where we've got partners and internal sales, aren't recognised by banks because the partners aren't at arm's length."

With over four decades of experience in property lending, Bruce saw the project's potential immediately. "This deal would stack all day long as a finance opportunity. There's a ton of equity in it, but it just didn't fit the criteria of mainstream banks." This flexibility and willingness to understand our borrowers' unique circumstances is part of what sets FMT apart when it comes to lending.

## Looking Ahead

As FMT continues to support borrowers like Bevan, our focus remains on fostering partnerships that go beyond the transaction. For every project, our goal is to add value, mitigate risk, and help our borrowers achieve their vision. The success of this project exemplifies FMT's commitment to understanding and meeting our borrowers' needs.

For us, it's not just about property lending - it's about building lasting relationships that drive mutual success.





## Are we Seeing Signs of the Tide Turning?

The outlook for interest rates, the economy, and the housing market has changed quite a bit over the past two months as a result of the Reserve Bank's easing of monetary policy. After warning in May that they might need to raise rates again and did not contemplate any cut until August 2025 they moved on August 14 to cut the cash rate 0.25% to 5.25%. They project that come the end of 2025 the rate will be near 4% and a year later near 3%.

Article by  
Tony Alexander,  
Independent  
Economist

In response to the shift in monetary policy fixed mortgage rates have fallen about 1% and I can see from my monthly surveys that there has been an immediate impact on sentiment. Whereas three months ago a net 42% of people were saying they planned cutting back on their spending, now that is just 13%. That is still negative and retailers will continue to experience pain well into 2025. But the shift has come at twice the speed of a similar confidence improvement last year which reversed quickly early this year.

A net 42% of real estate agents now tell me that they are seeing more people attending open homes. Two months ago a net 35% said that fewer people were out and about. A net 43% say they are seeing more first home buyers from a net 3% seeing fewer two months back. And a net 25% are seeing more investors compared with a net 24% two months ago seeing fewer.

These changes in measures of how we feel and what we are seeing are strong – but perhaps a bit too strong. There are still some big challenges left for the NZ economy which won't prevent a return to near 2% growth through 2025, but will limit the strength of the recovery. Many firms are still going to get weeded out because of weaker than needed demand and still rising costs.

One factor constraining the upturn will be the absence of a key factor which drove the recovery from the regions in the recoveries after our previous three recessions – a large fall in the NZ dollar. No large rise happened during this cycle's tightening phase so no large currency decline is now set to occur. In fact, since August 14 the NZ dollar has risen over one cent against the US dollar.

Feelings of job security have declined and as the unemployment rate climbs above 5% such worries will tend to suppress some household spending.

With regard specifically to the housing market, we are probably right now at the bottom of the price cycle. Gains are likely on average now for the next four years or so. But the strength of price rises will be limited by interest rates probably not falling quite as far in the next 2-3 years as people are currently thinking. Businesses are still under pressure to raise prices.

Also, some older investors are selling their long-held properties and looking for other assets to assist with funding their retirement which has just been made surprisingly more expensive by hikes in insurance and council rates.

The net migration numbers are falling away very rapidly, the introduction of DTIs - debt to income restrictions - and listings sitting at their highest levels since 2015 mean buyers are unlikely to display the sort of FOMO needed to cause especially sharp increases in prices.

Nonetheless, the cycle is turning, sighs of relief are audible throughout the country, and most business operators and property owners can look forward to better times, even though the upturn will arrive at different times for different groups over the next 12 months.

*Tony Alexander is an independent economist and produces a free weekly publication with a housing focus called "Tony's View", available for signup at [www.tonyalexander.nz](http://www.tonyalexander.nz)*

# Commerce Commission Calls for More Competition in the Lending Market

The Commerce Commission's recent report on the personal banking services market highlights the pressing need for increased competition within New Zealand's lending sector. The findings reveal that the four major banks dominate the banking sector, resulting in limited choices for consumers and a lack of innovation in the products and services offered.

At FMT, we are already witnessing a growing demand for our property lending solutions, and it's encouraging to see regulators actively promoting more competition in the market. This environment creates significant opportunities for agile and customer-focused companies like FMT to step in and provide a compelling alternative to the main banks.

We are well positioned to take advantage of the demand for increased competition. Our ability to move quickly and adapt to market changes helps set us apart from larger, slower-moving banks. We also pride ourselves on our strong customer service, which is already attracting individuals and businesses seeking tailored finance solutions from a team of industry experts with a great 'can do' attitude, along with local market knowledge and insights.

Our commitment to building and maintaining relationships allows us to tailor transactions that meet the unique needs of our borrowers. Unlike some of the big banks, we are not bound by rigid, black-and-white policies. Instead, we approach each opportunity pragmatically, ensuring it aligns with our risk profile while also being a sound decision for our investors.

As we continue to grow, our focus remains on stringent decision-making processes and strict oversight across our lending activities. We have robust systems in place to ensure that our lending decisions align with our conservative investment strategy.

FMT is ready and able to compete with the major banks. Our expert team, with their extensive property market knowledge and expert skills, is prepared to take advantage of the strong lending opportunities that arise, all the while providing our investors with steady returns and while supporting our borrowers with flexible and competitive financing solutions.

Competition drives businesses to innovate and be more efficient, and to offer New Zealanders greater value.



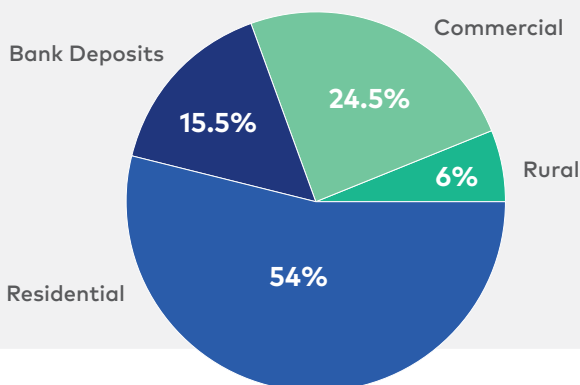
## First Mortgage Trust Loan Book - key facts

Our loan book is diversified across property types and location. As an active fund manager we continually review the quality of our loans and ensure we adhere to our relatively conservative investment strategy.

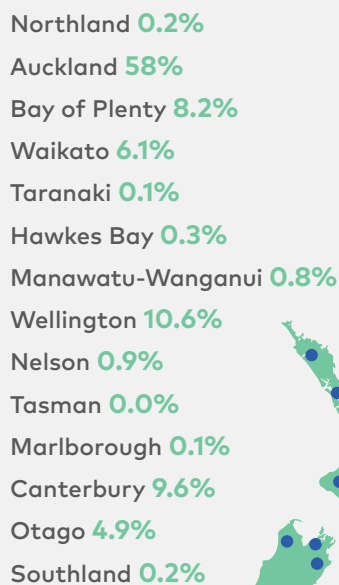
This is demonstrated by our investment portfolio loan to value ratio (LVR) being approximately 46%.

The following information provides details of our loans by region and investments by type as at 5 September 2024, demonstrating our diversity.

### Investments by Type



### Loans by Region



## Loan Summary

Number of loans  
**626**

Loans secured over  
**1,600+** properties

Average loan size  
**\$2.35m**

Average LVR  
**46%**

Loan origination in last 12 months  
**\$976m**

# Estate Administration - with or without a Will

Making sure you have a Will in place is one of the most valuable actions you can take to support and guide your loved ones after you pass. In your Will, you can decide who is in charge and instruct exactly how your assets should be dealt with when you die. When you have a Will, the process to administer your estate is generally cheaper and quicker.

Without a Will, your assets are distributed to eligible family members according to the legal framework in the Administration Act 1969 ("Administration Act"), which may not work out how you think. The process is more complicated, takes longer, is generally more expensive and you have no say over who is in charge and who gets what.

## What is the process if you die without a Will?

This is called "dying intestate". If you own assets over \$15,000, then an application to the Court for Letters of Administration will be required.

A person with an interest in an estate (i.e a surviving partner or spouse, or children) can apply to administer an intestate estate. The right to make the application is in order of priority under the Administration Act.

Some of the fundamental rules of the Administration Act are:

1. If you have a husband, wife, civil union or de facto partner, but no living parents or children, the spouse or partner will get all of your estate.
2. If you have a spouse or partner and also children, the spouse or partner will receive all of the personal chattels, the first \$155,000 of your estate and 1/3rd of the remaining property. The other 2/3rds will go to your children.
3. If you have a spouse or partner and no children, and living parents, the spouse or partner will receive all the personal chattels, the first \$155,000 of your estate and 2/3rds of your remaining property. The remaining 1/3rd will go to the surviving parents.
4. If there are children, but no husband or wife or civil union or de facto partner, your estate will go to your children.

Before an application is made, a search has to be conducted to confirm that no valid Will exists and a search to confirm the status of children entitled to inherit. Consents from interested family members who are not applying (e.g. other children entitled to inherit) also need to be obtained. The process could become even longer and more complicated if there are disagreements about who should apply. All of this slows down what could otherwise be a straightforward process.

## How does this differ if you die with a Will?

A Will appoints executors who have the authority to apply to the Court for a Grant of Probate, and then deal with your assets in accordance with the wishes you set out in your Will. Unlike Letters of Administration, there is no need to obtain any searches or consent, and there are no rules around who you have to leave your estate to, although you have a "moral duty" to include children and spouses/partners in some way.

An application for Probate is generally cheaper and quicker. Most importantly, it puts you in control of where your estate goes.

In your Will you can:

- Give away specific chattels i.e jewelry, watches, cars, artwork, heirlooms, pets (yes, these are chattels)
- Specify gifts such as cash sums and shares
- Decide who will receive the balance of your estate
- Indicate burial wishes
- Nominate a legal guardian for your children if they are minor

## What happens in an estate administration?

Assuming you have over \$15,000 in your sole name (remembering that joint assets pass to the other co-owner automatically), then the administrator must visit a lawyer who will help them apply for a Grant of Probate (if you have a valid Will) or Letters of Administration (if you die intestate).

After the Court has approved the application, the administrator must find out what the assets and liabilities of your estate are and, if necessary, have assets valued and sold. Then they must pay any debts and taxes out of the estate funds.

The balance is then paid out to the beneficiaries in terms of either the Will or the Administration Act rules. Generally this does not occur until at least six months from the date of the grant. This is because the administrator can be personally liable for distributions made within 6 months, in the event there was a claim on your estate (this could be a debt or it could be a claim by a family member).

The estate could take much longer to distribute if there are a number of assets to be sold and debts to be worked through. If there is a claim on an estate, distribution could take several years.

## September is Wills Month

September is Wills Month. Holland Beckett takes part by offering a free "Simple Will" if you leave a gift in your Will to go to a charity. As far as you and your family are concerned, your Will could be the most important piece of paper you ever sign.

If your situation is not simple, this may be a good prompt to have a look at your situation and get some advice.

If you have a Will then you're already one step ahead. But is your Will up to date? When was the last time you reviewed the terms of your Will? Talk to the Holland Beckett Estates team for more information.

## HOLLAND BECKETT

▶▶ Article provided by  
Rebecca Steens / Associate &  
Courtney Sinclair / Senior Solicitor,  
Holland Beckett.



## Save the Date: Investor Meetings 2024

We are excited to announce the remaining Investor Meetings for 2024, following on from our successful events in Christchurch and Auckland over the last two months.

These events are a great opportunity for you to meet the FMT team, hear from our leadership team and directors about the business and future focuses with the opportunity to ask any questions you may have.

We will be joined by Tony Alexander, Independent Economist at each of the events. Below is the list of meeting locations and dates:

- ▶ **Te Awamutu:** Thursday, 7 November - 10:30am
- ▶ **Matamata:** Wednesday, 13 November - 9:30am
- ▶ **Tauranga:** Tuesday, 19 November - 5:30pm
- ▶ **Tauranga:** Wednesday, 20 November - 9:30am
- ▶ **Katikati:** Thursday, 21 November - 9:30am

Ticket numbers are limited, visit [fmt.co.nz/investor-meetings](https://fmt.co.nz/investor-meetings) to book your seat! We'll also send more information by email, or post if we don't have your email.

Mark your calendars and stay tuned for more details! We look forward to seeing you at our remaining 2024 Investor Meetings.



## Get your FMT 2025 Calendar

In previous years, we've sent out calendars to investors at random. While many of you loved receiving them, others mentioned they weren't as useful. This year, we've decided to do things a little differently and let you choose!

If you'd like to receive one of our FMT 2025 calendars, simply let us know by 25 October and we'll send it to you in late November.



If you want a calendar

Visit [fmt.co.nz/calendar/](https://fmt.co.nz/calendar/) and fill out the form - we'll do the rest.

Alternatively, give our team a call on **0800 321 113**, and they'll be happy to add you to the list.

There are limited numbers of calendars so please let us know asap if you would like one.

### Christmas Office Hours

Our offices will close on **Monday, 23 December**, and we'll be back on **Monday, 6 January**.

first  
mortgage  
trust



## Investment Transactions: Depositing and Withdrawing Funds

### Depositing to Your Investment:

The easiest method is to use internet banking, where our account details are already set up as a Registered Payee. Just enter '**First Mortgage Trust – Group Investment Fund or PIE Trust**' depending on your account and provide the necessary information. Alternatively, you can call us on 0800 321 113.

### Withdrawing from Your Investment:

To initiate a withdrawal from your investment, you will need to fill out a Notice of Withdrawal, which can be found on our website. Simply complete the form and return it to us. Typically, we process withdrawals within four business days, either on Mondays or Thursdays.

### Last date for processing Withdrawals in December:

Tuesday 17 December 2024. We will need to receive completed and signed Notices of Withdrawal on or before Friday 13 December 2024.

### Next processing date for Withdrawals in January:

Thursday 9 January 2025. We will need to receive completed and signed Notices of Withdrawal on or before Tuesday 7 January 2025.

Talk to us ▶▶

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