

**In this issue:**

- *Calling all Grandparents*
- *Share market investments*
- *MSF website*
- *Profiling a property fund tenant*
- *Australia/New Zealand – transfer of superannuation funds*
- *KiwiSaver changes – Budget 2011*

**Calling all grandparents***A story from one of our contributors ...*

Fourteen years ago, when our granddaughter was born, we decided to mark the occasion by opening a contributor account for her in the MSF Property Fund. We deposited \$1,000. It seemed a lot at the time but we were very grateful that she had ten fingers, ten toes and everything seemed to be in the right place. And she was very beautiful!!

Since that time we have contributed \$50 a month and added \$200 on each birthday in lieu of a birthday present. When I total all this up I am surprised to find that we have contributed \$11,900 to her account. We would never have been able to afford such a contribution as a lump sum but, other than the original \$1,000, we have not really noticed the financial strain as it has gone out of our bank account automatically and in small steps.

So it has been a relatively painless process. But the really good news is that her investment now totals almost \$18,000! This will really help her when she has to pay for her own tertiary education – whatever that may be. Her investment will probably increase before that time and may even mean she gets through without a student loan.

Thank you MSF for running such a good investment fund.

Signed: *A very happy Puppa*

*The Property Fund has 8% of its members 10 years of age and under.*

**Share Market Investments****Looking to invest in shares.....****What do you get when you buy a share in a company on the New Zealand Stock Exchange?**

- That share represents a small piece of the underlying business of the company.
- The shareholder is actually investing in that industry/ industries that the company has as their principle operation(s).

**Why overseas shares?**

There are some New Zealand companies that export a significant portion of their production and derive a big % of their revenues from overseas markets (but not many) and by world standards they are tiny companies.

There are many industries represented in the international business community that do not exist and/or are not represented in the New Zealand share market eg

- Heavy mining (BHP, Vale)
- Computers/software (Intel, Microsoft);
- World wide retailing (Walmart);
- Biotech and, many others.

By purchasing shares in foreign companies, exposure can be gained to worldwide businesses who are experts in their fields. This also generates, by way of their worldwide sales, exposure to many different currencies and economies (the latter at all phases in their own economic cycles).

The New Zealand economy is only 0.2% of the world economy (and falling as a %, as the growth of offshore economies exceeds that of NZ)

Thus, exposure to these vital economies is a necessity in your portfolio.

**Security Mutual Fund (SMF)**

Our equity fund (SMF) is well diversified with exposure to the Australasian and offshore markets. All three markets are performing strongly in the portfolio.

*SMF current holdings as at May 2011:*

Australia	51%
New Zealand	42%
Offshore	7%
	100%

**MSF Property Fund contributors ...**

*If you are considering investing in the share market – why not request a SMF Information pack or visit our website [www.msf.co.nz](http://www.msf.co.nz)*

There are **two key strategies** to protect your capital and to generate income –

**Diversification** – measured diversification across asset classes, sectors, geographies and securities – best insurance against uncertainty

**Income**

Income generated from your investments

## MSF website

Our new website is live – we would welcome your feedback on the 'look & feel' of the site and whether you find it 'user friendly' to use.



## Nu-Con Ltd – 6 Apollo Drive, Mairangi Bay

### A profile of one of the Property Fund's tenant

Nu-Con has been a tenant of your property fund since 1998.



Nu-Con specialises in rotary valve supply and bulk solids material handling systems, and offer a full design, manufacturing, installation and start-up service in any part of the world.

Nu-Con's emphasis is on design and innovation. Nu-Con uses the specific requirements of a large cross-section of different industries as the basis for the development of pneumatic conveying and bulk handling systems, particularly for sanitary rotary valves, rotary airlocks and rotary feeders used for conveying milk powder, infant formula and in other hygienic applications.

Today, Nu-Con is an ISO9001:2000 registered company and has become the traditional supplier to many different industries. They are recognized as market leaders internationally and have offices and service divisions in the USA, Australia, Singapore, Malaysia, China and Ireland (also serving the United Kingdom, France Germany, Scandinavia and throughout Europe.)

## Australian superannuation transfers

### Have you worked in Australia?

If so, you will probably have contributed to an Australian compulsory superannuation saving scheme.

Under the current rules, New Zealanders who have worked in Australia and who return to New Zealand to live must leave their compulsory superannuation savings in Australia until retirement. However there are trans Tasman initiatives are unfolding.

On 25 August 2010 legislation regarding the transfer of private retirement savings between Australia and New Zealand was passed by the NZ parliament. The transfer rules will come into effect when both New Zealand and

Australia enact the legislation. It is expected that Australia will do so sometime in 2011.

We will keep you informed as things develop through our website <http://www.msf.co.nz>

**Lost contact** – The Australian Tax Office provides a tracking service if you have lost contact with your Australian Superannuation Scheme visit the Australian Tax Office website – <http://ato.gov.au/individuals/content.asp?doc=/content/33301.htm>

## KiwiSaver – 2011 Budget changes

Some members may have questions/concerns regarding the recent changes to KiwiSaver announced in the 2011 Budget and its impact on their retirement savings.

The 2011 Budget changes include:

- The \$1,000 kick-start is unchanged.
- From 1 April 2012: The tax-free status of employer contributions will be removed. These will be taxed at an employee's marginal tax rate.
- For the year to 30 June 2012 and beyond: The member tax credit rate will be halved from \$1 to 50cents for every \$1 contributed by members, up to \$521 per annum. This is half the current maximum.
- From 1 April 2013 – the minimum employee contribution rate will rise from 2% to 3%

We encourage you to visit the website below which has fact sheets and media statements providing in depth information on these changes.

<http://taxpolicy.ird.govt.nz/news/2011-05-19-budget-2011-tax-announcements>

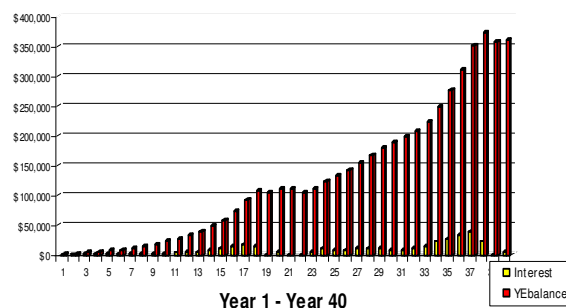
### Have you signed up for KiwiSaver yet?

#### MSF KiwiSaver Scheme

Mutual Superannuation Fund has the MSF KiwiSaver Scheme - for further details and an information pack call our office today : Ph: 09 379 8550 **Sign up now**

## Compounding interest making a difference

Returns from investing \$1,000 pa for 40 years in MSF – The Property Fund, after compounding the income and after deducting all fees, expenses and tax (a true net to the contributor of \$362,221).



This shows an average compound rate of 8.94% after tax

MSF – The Property Fund

SMF – The Share Fund

MSF KiwiSaver Scheme

MSF