

# MSF Fund Update

December 2009

msf

*40 years on*  
*Mutual Superannuation Fund*  
*Security Mutual Fund*

*MSF KiwiSaver Scheme*



## GOALS & OBJECTIVES

To:

- Provide retirement income to safeguard one's future;
- Ensure compulsory savings;
- Encourage long term commitment to saving;
- Continue a secure investment policy with maximum returns and minimised risk
- Aim for contributors to retire with savings which have kept pace with, or exceeded inflation

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## MSF 40 years 1969–2009

In 1969 the founding directors of Mutual Superannuation Fund spotted a business opportunity which led to the Fund being launched the same year.

The founders started with precisely nothing. With little in the way of advertising, and awareness of the fund being spread by word of mouth. Growth was steady.

**December 2009** the Mutual Superannuation Fund is understandably a different entity. It has grown over the past 40 years to have a net worth of \$19 million. It now owns 11 Auckland commercial properties as well as cash, bond and equity investments.

The Fund has withstood two economic downturns since inception. The severity of the last crisis has been emphasized as it has followed a strong period of growth. The Fund remains strong it has no debt as all assets have been purchased out of member contributions.

## Changing of the guard

At the time Mutual Superannuation Fund was started back in 1969, Gary Lawless was appointed Secretary/Chief Executive and he became a director a few years later. Gary who retired recently after nearly 40 years service to the fund, retained that management position right through. Under his guidance the fund prospered through good times and bad, earning an after-tax compounded return in excess of 10% per annum. It would be hard to think of a better passive investment!

In 1999 Security Mutual also joined the MSF management stable and it too has managed returns well in excess of industry averages even through difficult times.

Gary has been replaced in the management position by Maureen Heine who has quickly demonstrated her abilities in managing both funds. The directors are comfortable that the

sound progress that has been made will continue under Maureen's management. Gary still remains a Director of the Board.

## Ernest Blakely Ltd—Trevor Brown

Our long association with Ernest Blakely Ltd has come to an end. Trevor Brown has surrendered his long term association with the Fund and a new appointment will be made in the New Year. We wish Trevor the very best and thank him for his efforts over the past years.

## Why invest in property?

**Your fund** has invested in small commercial properties since its inception. A strategy that has proved successful over the past 40 years, but what are the long term returns likely to be? In all honesty no one knows the future. The long term investment in property, especially when accompanied with zero borrowings, has proved in the past to have returned a good result to MSF Fund members.

**The average compounded rate of return after tax and all fees for the whole 39 year period is 10.08% pa.** This equates to a pretax rate of 15.04% at 33c/\$ or 16.25% at 38c/\$.

Of course past performance is no guarantee of future returns, but it should be recognised that your Fund, during this term has been through two share market downturns, both high and low inflation and at least two severe downturns in the property market. The overall effects of these cycles can be seen in the movements in the following graph.

