Investing to Support Succession and Retirement

Morrinsville - June 2025

Laura Flynn & Mike Johnson

Investment Advisors

19 June 2025

What we will cover today

1

A little bit about us

2

Off-farm Investing

3

Funding Retirement

4

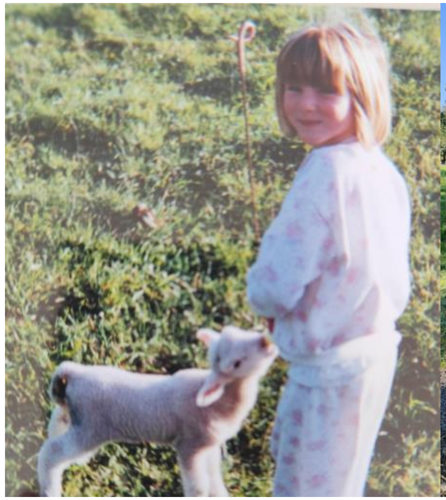
Case study




About us….

Mike Johnson

INVESTMENT ADVISER



Laura Flynn

INVESTMENT ADVISER

Craigs Rural/Regional Roots…

Providing tailored investment solutions

41 years in business
People first, values based culture

Nationwide reach
180+ advisers across **20** branches

Over 630 employees
Over **350** employee shareholders alongside TA Associates

$32 billion in client funds under management

Advice backed by one of the **largest research teams** in New Zealand

Strategic Partner:

J.P.Morgan
Asset Management

Supporting communities & the rural sector

beef+lamb new zealand

DAIRY WOMEN'S NETWORK
success through inspiration

Investing beyond the farm

On Farm investment

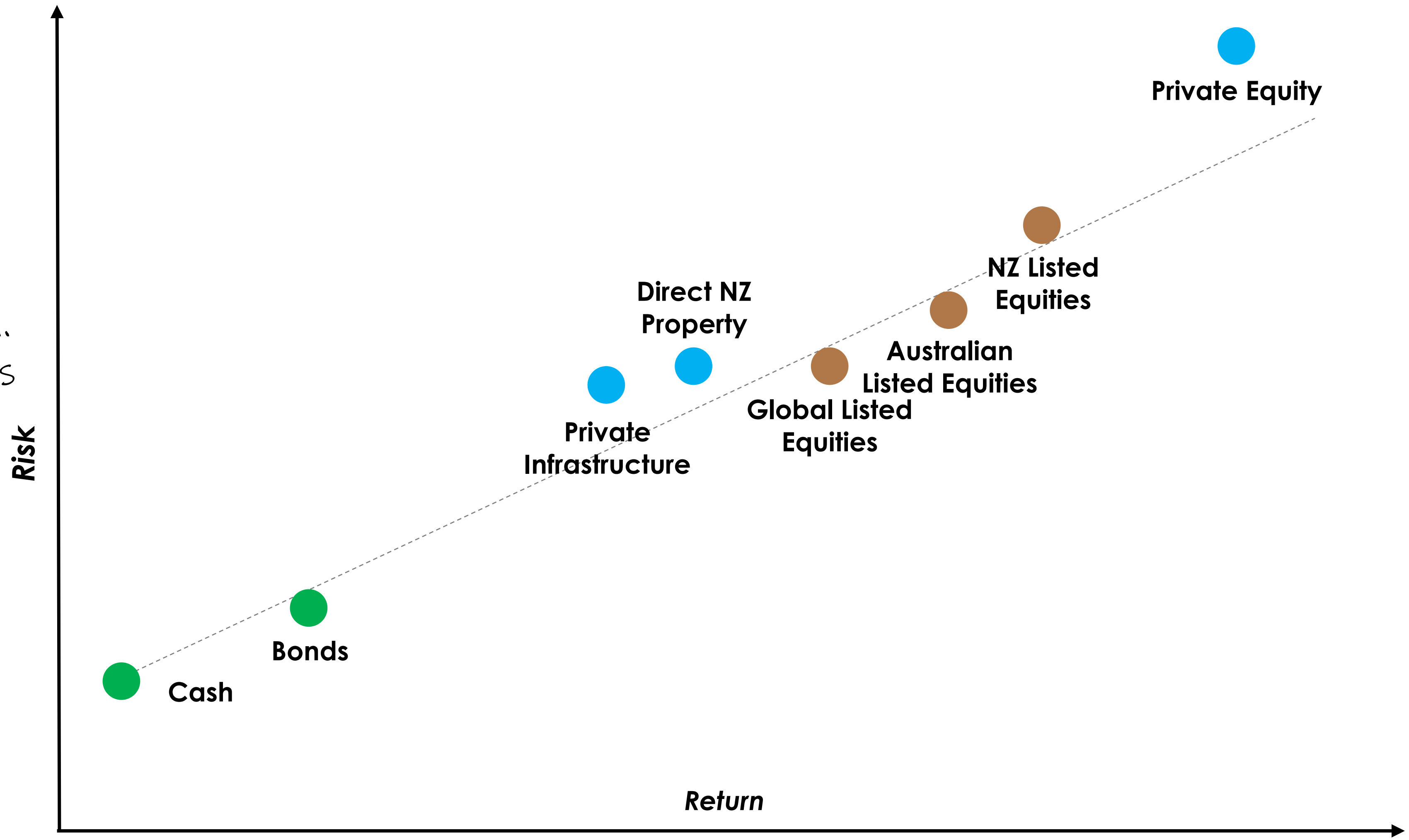
- A natural fit - invest in what you know best – family and lifestyle reasons
- Must naturally be considered first
- Difficult to sell one paddock to free up some cash

Off Farm investment

- To establish retirement away from the farm
- Cater for members of the family who will not stay involved in the farm
- Prudent measure to diversify, spread the risk
- Liquidity advantage
- **The most important goal is to maintain the real spending power of your savings (inflation protection)**

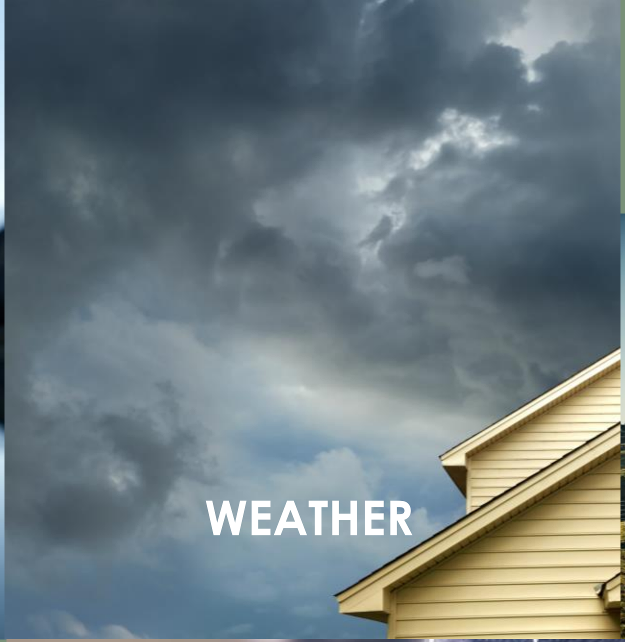
The investable universe off-farm

Risk and return are closely linked… we diversify investment portfolios to get the best return for an agreed level of risk



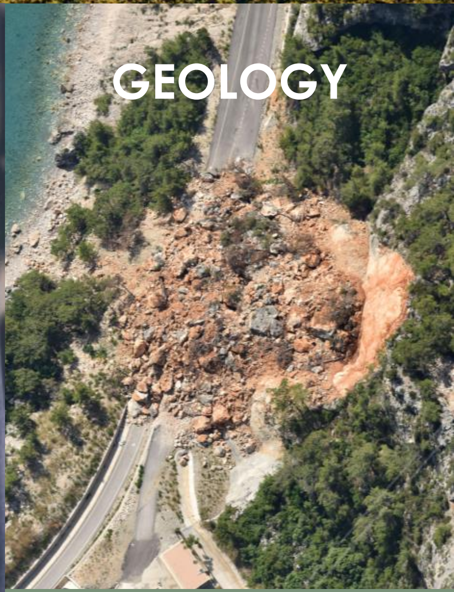
Risk has no limitations

A well structured portfolio should minimise impacts



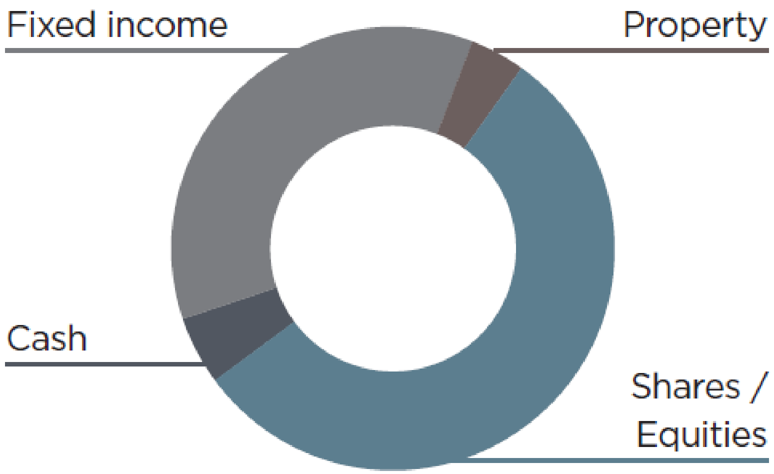
FOOT AND MOUTH

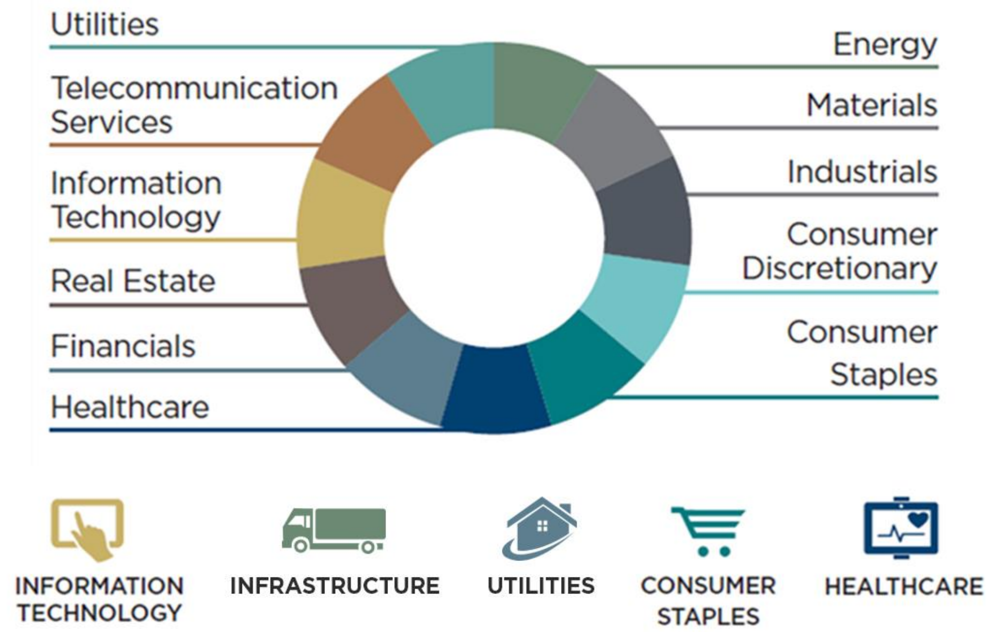
FINANCIAL CRISIS



POLITICAL RISK

You can diversify by asset class, sector & geography





Diversification – a true "free lunch"

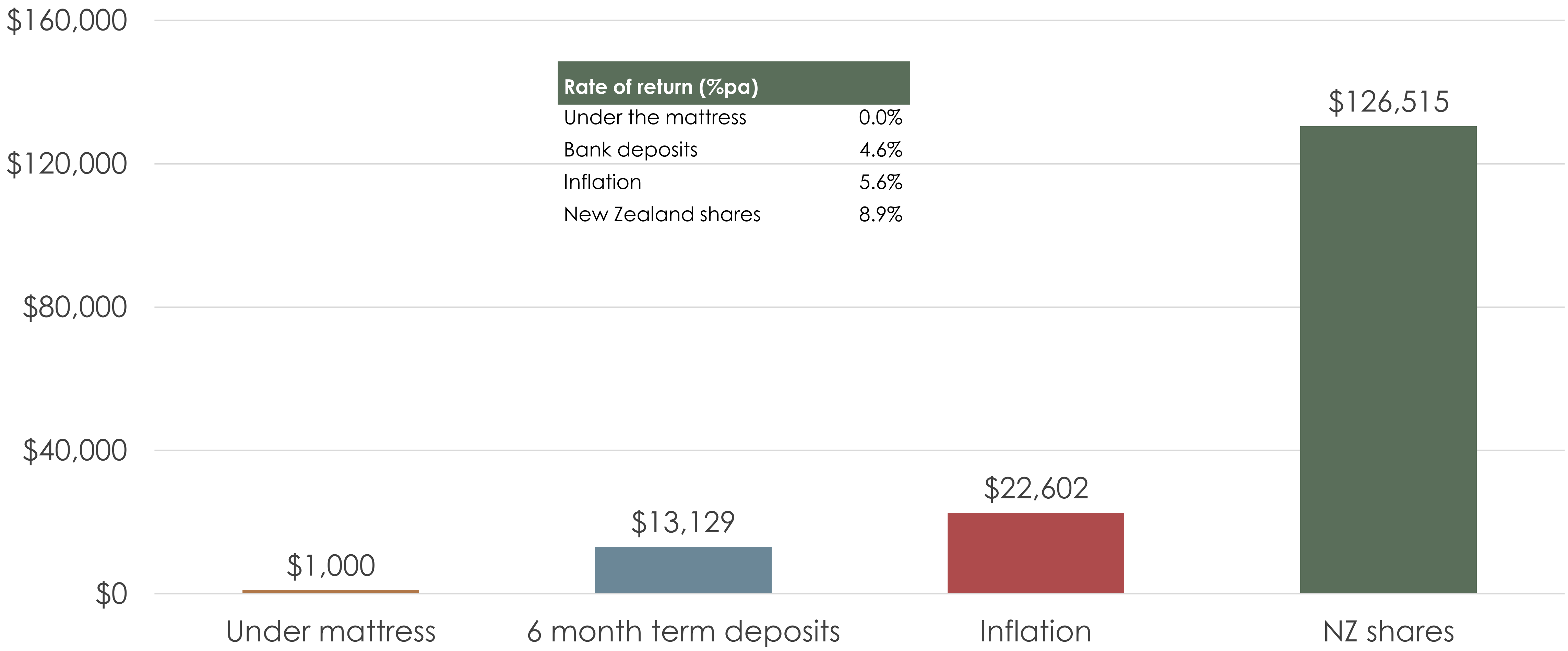
Year	Gold (NZD)	US shares (NZD)	Aust shares (NZD)	NZ shares	60/40 portfolio	NZ listed property	Auckland house price	NZ fixed income	NZ cash
1998	9.5%	**41.1%**	15.2%	**-3.3%**	14.8%	4.8%	-2.1%	14.1%	8.1%
1999	1.1%	22.5%	**26.0%**	17.0%	13.8%	**-6.4%**	2.2%	0.1%	4.8%
2000	**11.4%**	7.1%	4.1%	**-9.1%**	2.0%	7.3%	2.1%	11.1%	6.5%
2001	9.1%	**-6.2%**	6.5%	**16.7%**	3.8%	12.1%	6.3%	4.8%	6.1%
2002	-0.9%	**-38.1%**	-19.4%	4.2%	-5.9%	**10.4%**	5.0%	8.7%	5.7%
2003	**-4.5%**	3.0%	24.3%	**26.5%**	13.0%	13.4%	21.4%	6.4%	5.6%
2004	**-3.7%**	1.1%	20.7%	**28.0%**	12.5%	20.0%	7.7%	5.5%	6.1%
2005	**24.0%**	10.3%	19.7%	9.0%	10.3%	19.7%	12.9%	**7.0%**	7.2%
2006	19.4%	12.3%	**30.2%**	18.7%	13.4%	24.9%	7.0%	**4.2%**	7.8%
2007	**20.4%**	-3.0%	20.4%	-0.3%	2.0%	**-4.3%**	8.9%	3.8%	8.4%
2008	**40.0%**	-16.7%	**-36.7%**	-33.7%	-11.4%	-20.8%	-4.3%	15.8%	8.8%
2009	**-0.3%**	1.3%	**42.8%**	19.4%	10.7%	11.8%	6.8%	1.7%	3.4%
2010	**20.0%**	6.6%	9.2%	3.1%	6.0%	3.4%	**-3.2%**	7.0%	3.0%
2011	**10.4%**	2.4%	**-11.2%**	1.4%	2.2%	11.2%	6.5%	13.3%	2.9%
2012	**0.5%**	8.9%	13.4%	**27.2%**	13.6%	20.5%	10.5%	4.8%	2.7%
2013	**-27.7%**	**33.4%**	3.4%	18.3%	13.5%	3.9%	12.1%	-2.0%	2.7%
2014	4.0%	19.9%	**1.5%**	17.2%	11.3%	**24.2%**	13.0%	7.8%	3.4%
2015	**2.3%**	**15.8%**	5.7%	13.6%	10.0%	14.6%	13.6%	5.4%	3.4%
2016	6.6%	**10.3%**	8.7%	9.6%	6.6%	**2.7%**	9.1%	3.4%	2.5%
2017	10.9%	19.0%	19.1%	**22.6%**	15.7%	12.8%	3.6%	5.5%	**2.0%**
2018	4.0%	1.0%	**-7.9%**	4.9%	2.1%	**9.8%**	-1.1%	4.6%	2.0%
2019	18.0%	31.2%	23.2%	30.0%	19.2%	**31.3%**	3.0%	4.9%	**1.7%**
2020	**17.2%**	10.9%	6.4%	14.5%	9.4%	4.4%	15.7%	5.4%	**0.6%**
2021	1.4%	**35.5%**	16.7%	0.2%	5.9%	2.9%	24.9%	**-6.2%**	0.4%
2022	**3.9%**	-12.0%	-1.9%	-12.5%	-9.3%	**-22.3%**	-18.0%	-9.1%	2.2%
2023	17.2%	**26.9%**	13.5%	2.6%	10.8%	5.5%	**-0.5%**	5.4%	5.4%
2024	**43.7%**	41.2%	14.3%	10.7%	16.0%	-3.0%	**-4.3%**	4.7%	5.6%
2025 YTD	**12.3%**	-5.7%	-3.2%	**-7.4%**	-2.6%	-1.8%	1.0%	0.2%	0.9%
Return pa	**9.0%**	**8.7%**	**8.4%**	**8.1%**	**7.4%**	**7.1%**	**5.5%**	**4.9%**	**4.4%**

CRAIGS INVESTMENT PARTNERS

Source: Bloomberg, REINZ, CIP. For illustrative purposes only. All equity indices include reinvested income, while fixed income returns are based on total returns. Fees and taxes ignored for simplicity. House price returns based on REINZ median Auckland house price, and do not include rental income, costs or maintenance. 60/40 portfolio is a theoretical mix of 40% NZ bonds, 30% NZ shares and 30% world shares (in NZD), rebalanced annually. As at February/March 2025.

Understanding the difference between saving and investing

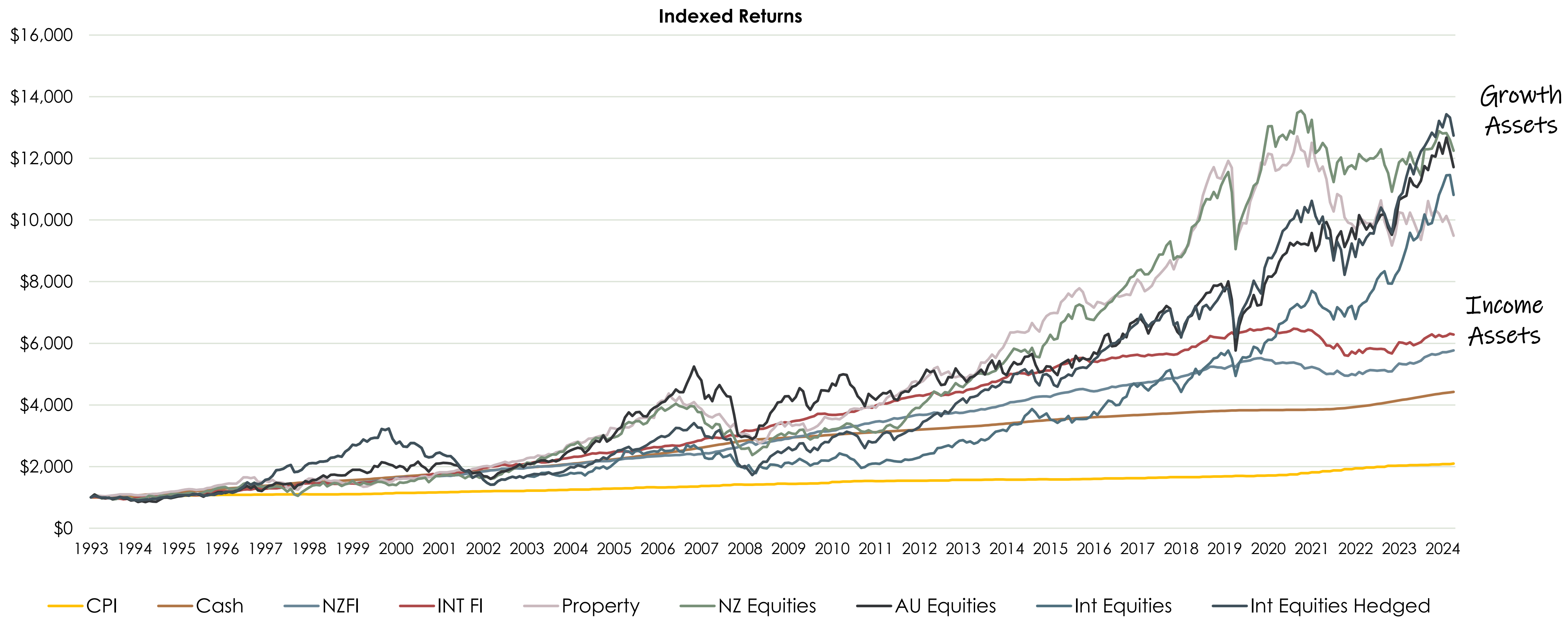
Value of $1,000 now if invested in 1968



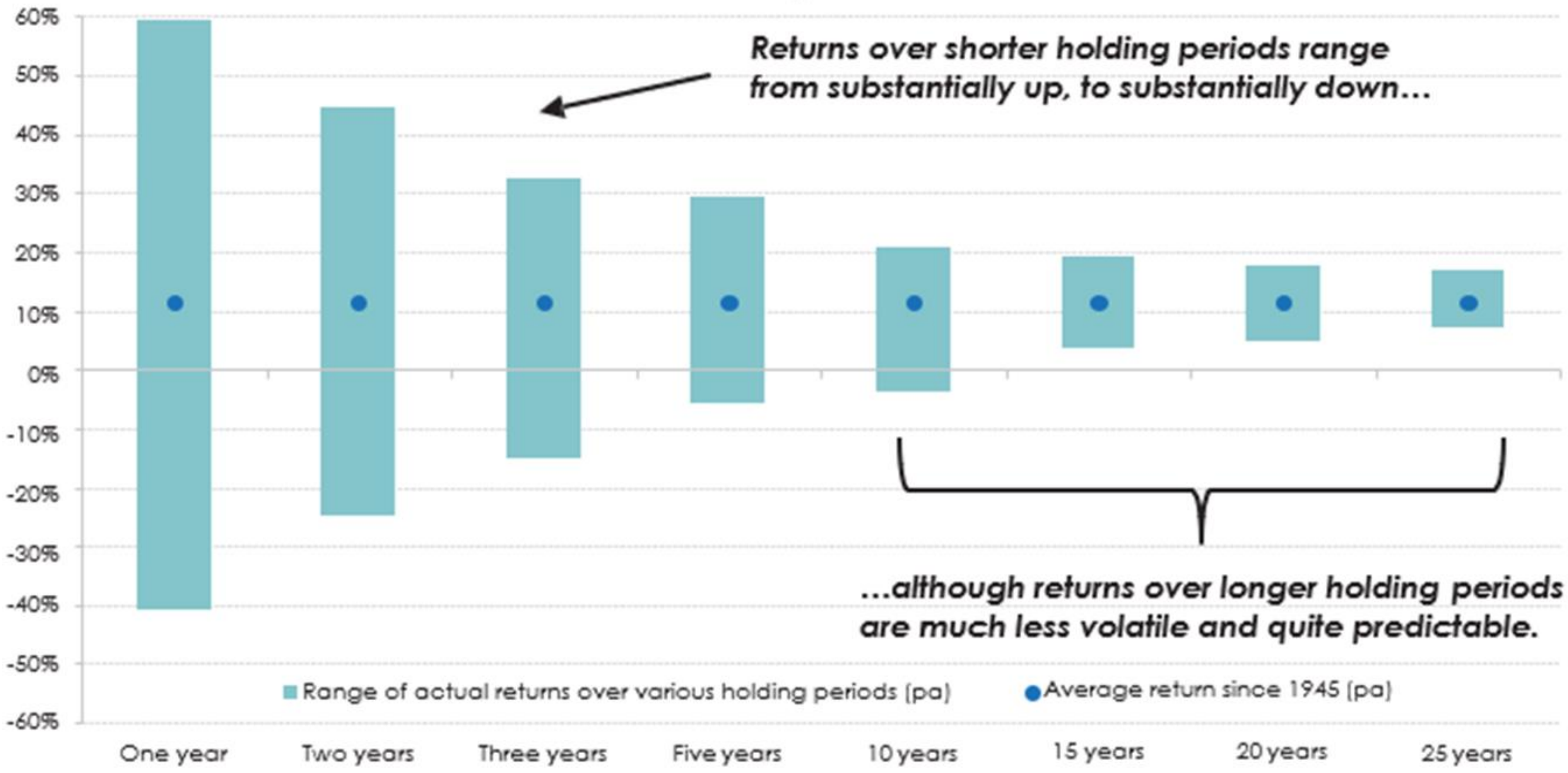
Rate of return (%pa)	
Under the mattress	0.0%
Bank deposits	4.6%
Inflation	5.6%
New Zealand shares	8.9%

- Source: Bloomberg, RBNZ, Craigs Investment Partners. Value of $1000 invested on 1 January 1968. The 6-month term deposit assumes a tax rate of 33% and that interest has been compounded. Data as at 28 February 2025.

Long-term, growth assets help protect your capital from inflation

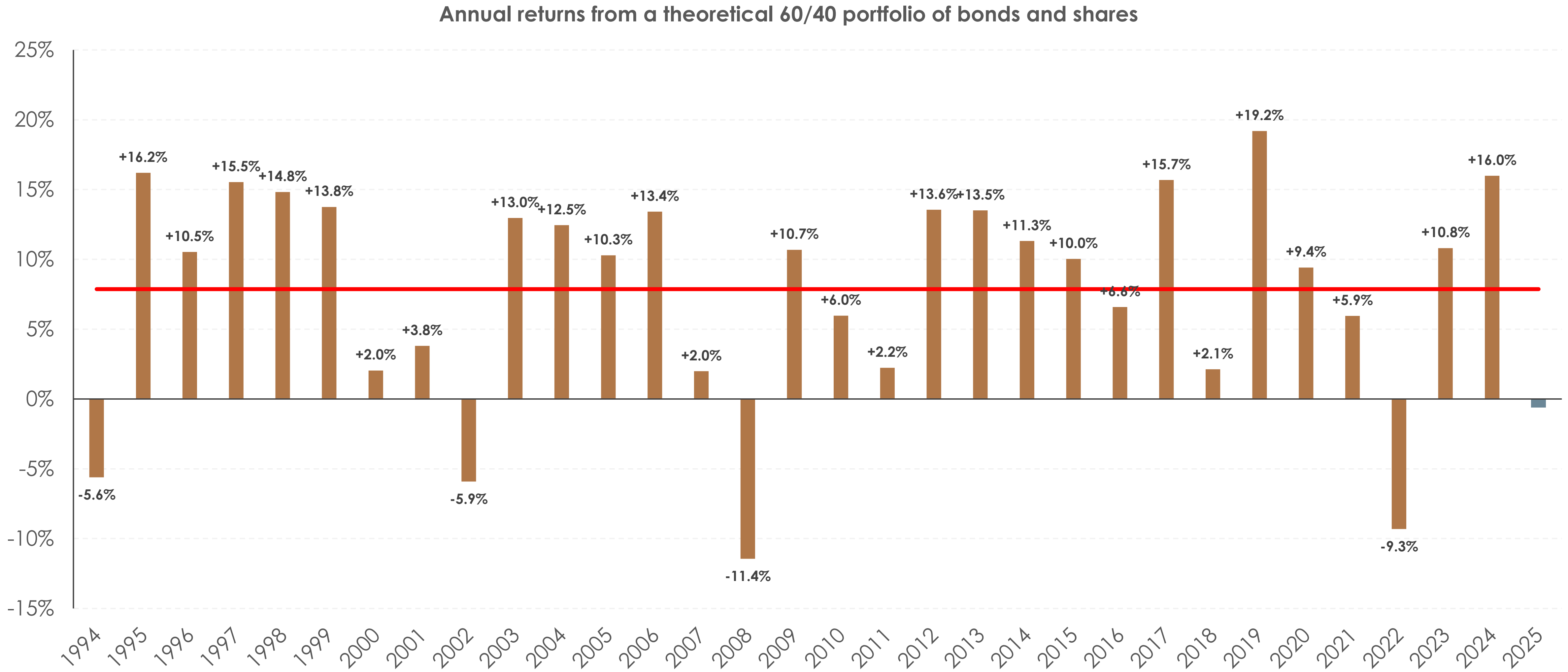


Volatility over different investment timeframes



Source: CIP, Robert Shiller, Bloomberg. Based on S&P 500 monthly total returns since 1945.

A long-term view of a "balanced portfolio"



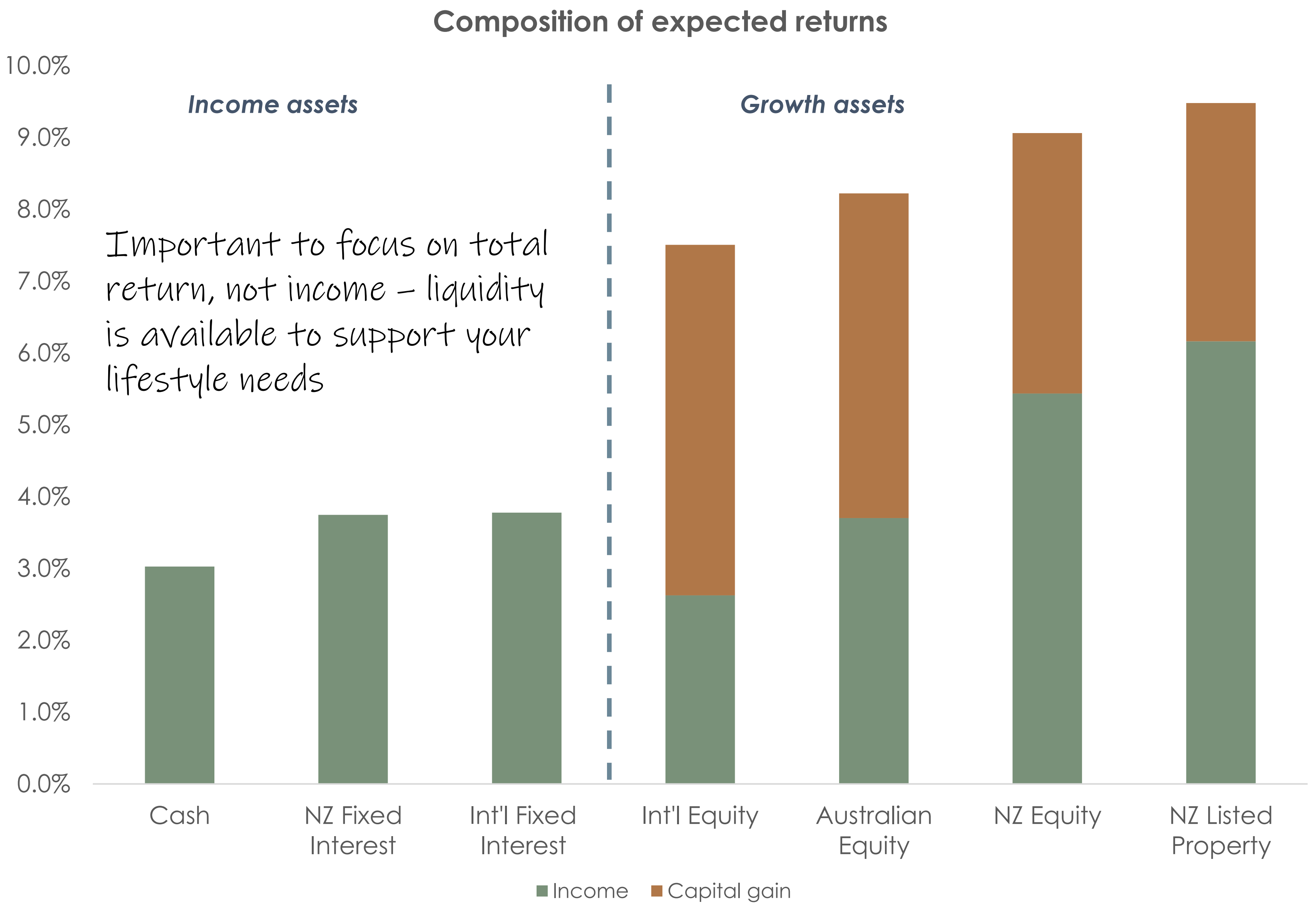
 CRAIGS INVESTMENT PARTNERS

Source: CIP estimates. Based on a simple 60/40 mix of shares and NZ bonds (equally weighted between NZ and global shares in NZD), rebalanced quarterly. Fees and taxes ignored for simplicity.

Funding retirement

Focus on total return not just income

Growth assets deliver a mix of income and capital gain, helping to protect your capital from inflation

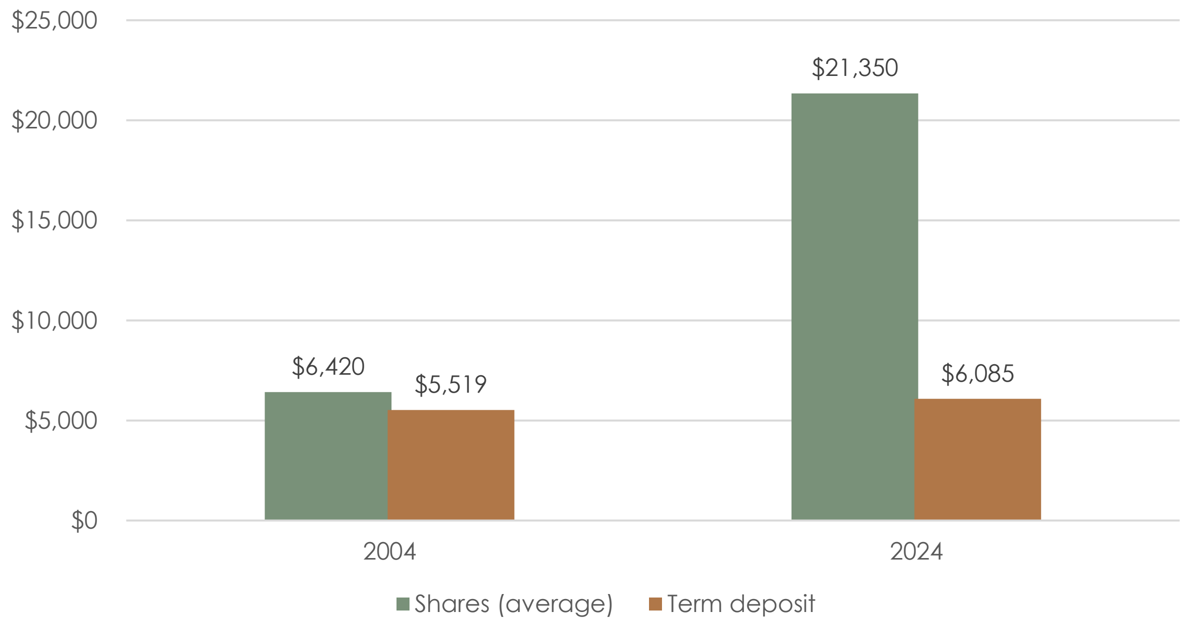


Source: Craigs, based on Capital Markets Expectations at December 2024. NZ equities and listed property includes imputation credits.

Dividend Growth = income growth

Good quality stocks can grow their income stream

Example: $100,000 invested evenly across 10 stocks in 2004 would have earned pre-tax income of $6,420 that year. Thanks to these companies growing their dividends it would have earned income of $21,350 in 2024.



All income is before tax. Term deposit calculation is based on a 6 month term deposit rate.

Dividend growth provides:

A growing income

Inflation protection

Proof that the company is generating cash

A strong discipline for management and boards

Capital growth – rising income drives share prices

Source: LSEG Workspace and Craigs Investment Partners Private Wealth Research. The value of $100k invested in an equally weighted portfolio comprising of AIA, CEN, EBO, FPH, FBU, IFT, MFT, POT, RYM and WHS. Calendar year end prices used. This chart is provided as an illustration only and is not intended to represent any indication of future performance.

Succession Case Study

19 June 2025

Case study

- Waikato dairy farmers; Ross & Sarah have two children – Max & Olivia.
- Max would like to take over the farm, and Olivia is happy with her life off farm.
- Ross & Sarah want to ensure they leave an inheritance for both children whilst supporting themselves through retirement
- They are looking to retire in 10 years and have a surplus of $60,000 a year to invest

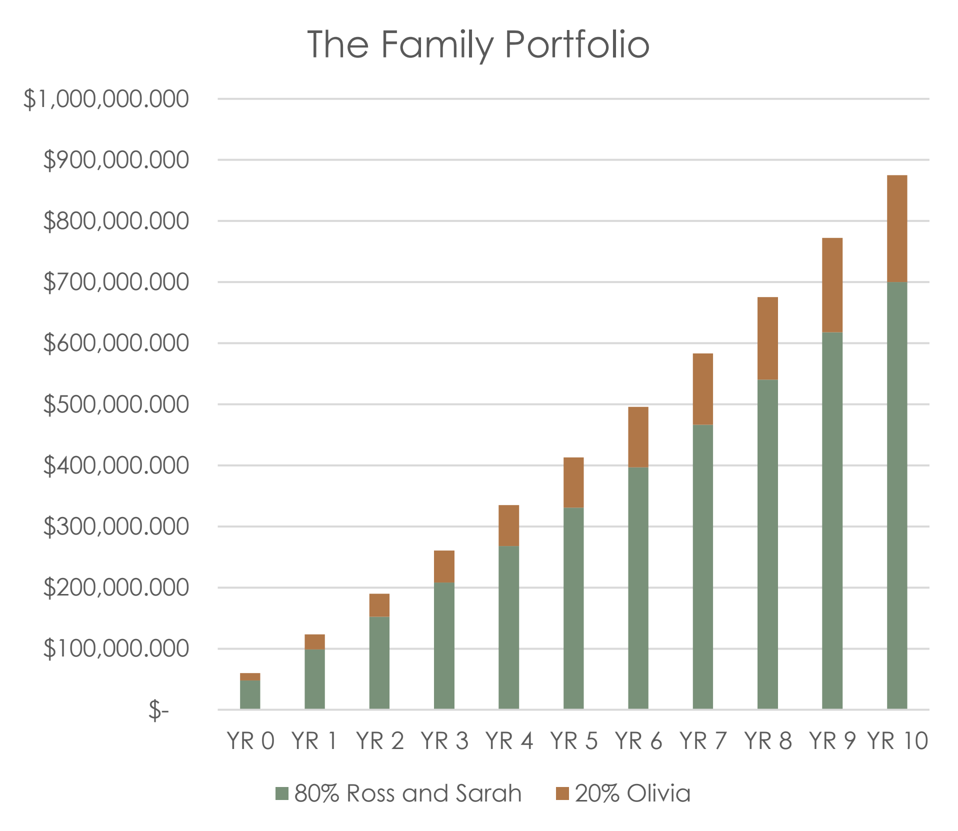
This case study is for illustrative purposes only. It contains general information only and is not financial advice. It does not take into account your financial position, financial needs, financial goals or risk tolerance and does not reflect appropriate or recommended asset allocation or actual returns. Past performance is not a reliable indicator of future performance. We recommend talking to an investment adviser before making any investment decisions.

Case study

1 When Ross and Sarah retire in 10 years they will receive 80% of the portfolio, which will remain invested to provide an income stream.

2 Olivia can take her share to assist in paying off her mortgage.

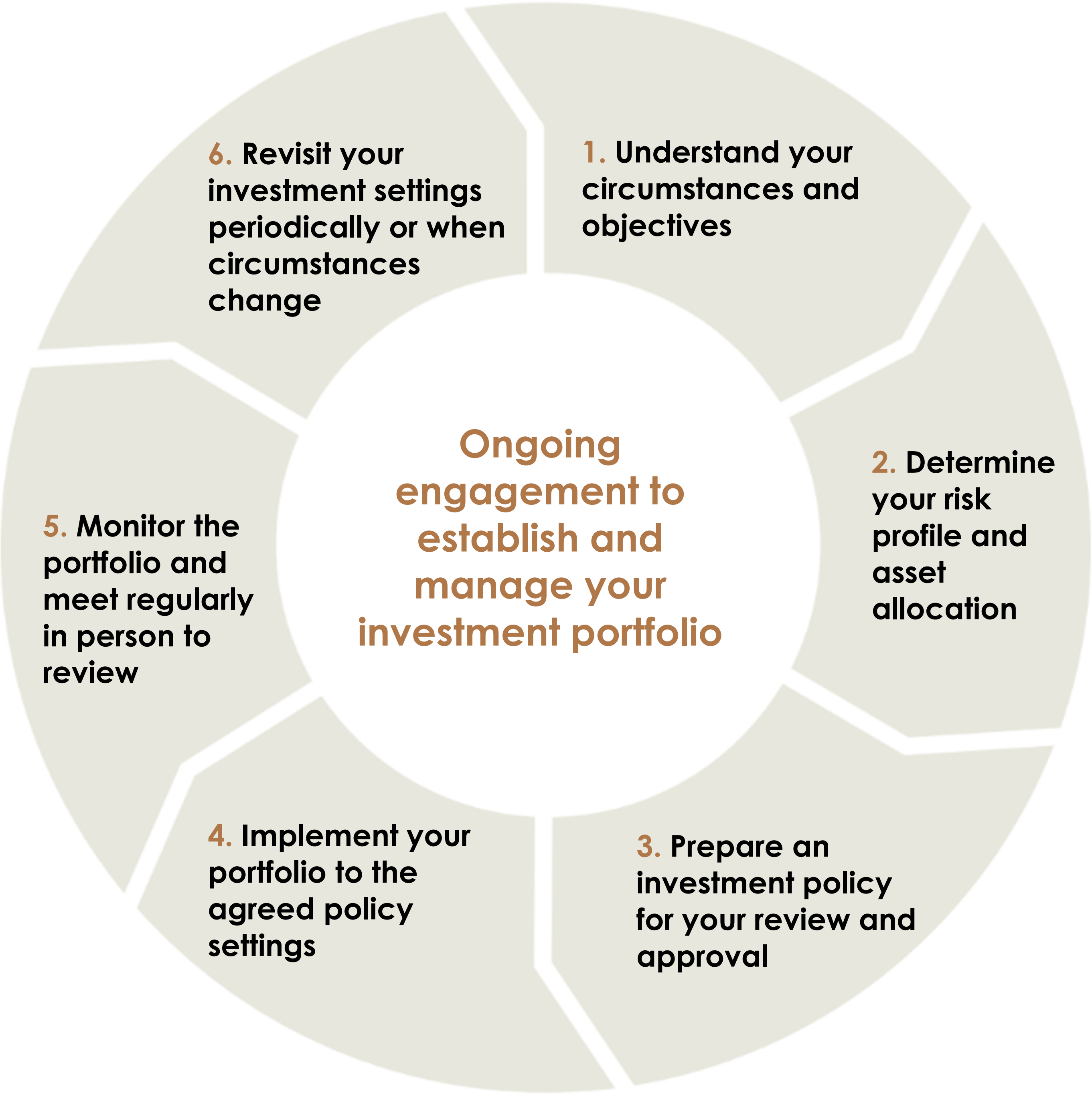
3 As Max will receive the more sizable asset, he agreed to continue paying his parents for another 10 years after they retire and the majority of Ross and Sarah's portfolio will be left to Olivia when they pass away.



Based on a return of 5.5% per annum. This does not take into account tax, inflation or fees.

This case study is for illustrative purposes only. It contains general information only and is not financial advice. It does not take into account your financial position, financial needs, financial goals or risk tolerance and does not reflect appropriate or recommended asset allocation or actual returns. Past performance is not a reliable indicator of future performance. We recommend talking to an investment adviser before making any investment decisions.

Working with you



Observations & reflections

- Engage the right Investment Adviser early. Even if just to understand options
- Education and knowledge will address the fear of the unknown
- Start in a small way
- A diversified off farm portfolio can be key to a successful succession
- Farmers make good investors

Disclaimer

This report is a private communication to clients or prospective clients of Craigs Investment Partners Limited resident in New Zealand and is not intended for public circulation or publication or for the use of any third party, without the express prior approval of Craigs Investment Partners Limited. This report is not intended for distribution to any person outside New Zealand except in accordance with all the legal requirements of the relevant jurisdiction. While this report is based on information from sources which Craigs Investment Partners Limited considers reliable, its accuracy and completeness cannot be guaranteed. Craigs Investment Partners Limited, its partners and employees, do not accept liability for the results of any actions taken or not taken upon the basis of information in this report, or for any negligent mis-statements, errors or omissions. Those acting upon information and recommendations do so entirely at their own risk. Craigs Investment Partners Limited and/or its partners and employees may, from time to time, have a financial interest in respect of some or all of the matters discussed. The Private Wealth Research Team responsible for preparing this report confirm that: (1) the views expressed in the report accurately reflect the Private Wealth Research Team opinion about the subject, securities and issuers and/or other subject matter as appropriate; and (2) no part of any team member's compensation was, is or will be, directly or indirectly related to the specific recommendations or views contained in this report.

Adviser Disclosure Statements are available on request. Craigs' Financial Advice Provider disclosure statement is available on request or from www.craigsip.com.