

SMARTER INVESTING STARTS HERE

MIDLANDS
NEWSLETTER
JUNE 2024

We are pleased to report another solid quarterly performance.

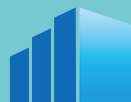
Return
6.85%*

*Annualised pre-tax cash return for quarter ended 30th June 2024. Past performance is not a reliable indicator of future performance.



0800 870 326

www.midlandsfundsmanagement.co.nz



MIDLANDS
FUNDS MANAGEMENT

Newsletter written on 14th June 2024.

CEO Report



Welcome to the June Quarterly update and distribution. I'm pleased to announce our latest quarterly pre-tax distribution of 6.85%.

We're now a PIE Fund!

On the 1st of April we became the Midlands Smarter PIE Fund. I'd like to take this opportunity to thank you all for your positive feedback and support throughout this transition. The move to a PIE Fund ensures we can offer a more tax efficient structure for most investors and positions the Fund for future growth and success.

Review of the Quarter

Part of managing the Midlands Smarter PIE Fund is to constantly balance our liquidity. As a Fund, we must hold a minimum of 5% of funds under management in cash. However, holding more cash lowers the Fund's returns, as less money is lent out to borrowers who pay interest back to the Fund.

We entered the June quarter in a good position, with liquidity low and a strong pipeline of lending. By May this had all changed as we saw banks take on more risk, resulting in a decline in both the quantity and quality of borrowing enquiries we received. Midlands remain steadfast in our commitment to our conservative lending strategy. As such, despite the desire to reduce our liquidity, we are not willing to take on elevated levels of borrowing risk. This resulted in a build-up in liquidity, which impacted the Fund's returns for the quarter.

Economic Snapshot

If you listen to economists, you will know the RBNZ and the current NZ economy will continue to present challenges well into 2025, however

it's important to understand that even the most challenging environments are not void of opportunity. I'm proud of how the team has balanced the challenging economic climate, remained committed to our conservative lending strategy and still delivered a strong performance for the June quarter.

Cyber Protection

At Midlands, we take the responsibility of looking after your hard-earned dollars very seriously. That's why we invest in 'Essential 8' cyber security protection. Essential 8 is a world class cyber security protection developed by the Australian Government's Intelligence Agency (ASD). Furthermore, we have recently committed to 24/7 "eyes on glass" cyber monitoring, which means experienced security analysts will be watching over our online platforms 24/7 to ensure we can detect and respond to any potential threats in real time.

As always, I wish to thank you for your ongoing support and wish you well as you hunker down for winter.

Rhys Trusler
Chief Executive Officer

Key Facts

MIDLANDS' LOAN BOOK

OUR INVESTING PRINCIPLES

Midlands' conservative lending principles help protect our investors:



Secured

Loans are always secured by first mortgages over NZ property.



Diversified

Loan portfolio is diversified across property types and location.



Conservative

We maintain conservative LVR limits.



Experts

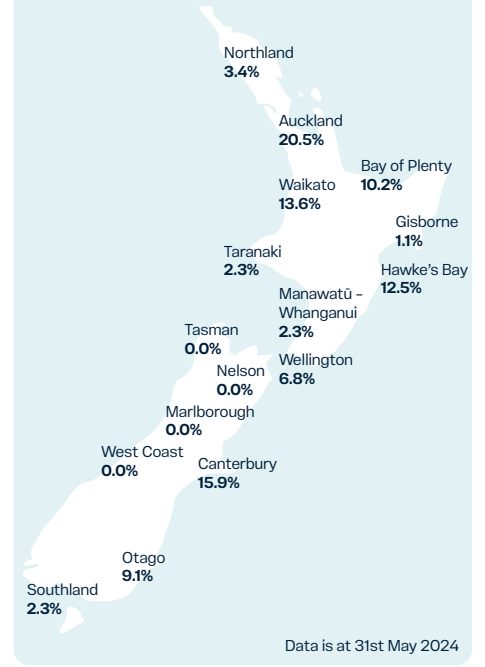
Our specialist team of experts has over 200 years of experience.

LOANS BY SECTOR

The funds assets are spread between commercial, rural, residential property and cash as follows:



LOANS BY REGION



LOAN SUMMARY (AS OF 14/06/23)

Average Loan Size

\$1.050m

Average Weighted LVR

50%

Loan Originations last 12 months

\$62.8m

Q&A

James Brownlie

Chief Financial Officer

What do you do for Midlands?

As Chief Financial Officer I am responsible for Midlands' financial resilience and operations.

Career highlight?

Difficult to name a single highlight - managing a team responsible for controlling a USD \$1bn business at Merrill Lynch in London during the global financial crisis, and taking my family to Asia spending 13 years living in Tokyo, Hong Kong and Singapore building the equities trading business at Barclays were certainly highlights. However, I would like to think my best is still in front of me!

What is the best investment advice you ever received?

Compounding interest... a little invested often compounds to a big number over time.

What was your first job?

I was working on my parents' sheep and beef farm as soon as I could walk, but my first paid job was whilst at school as a milk boy running glass bottles home delivered to the doorstep from a milk trolley and milk truck.

If you were Prime Minister for a day what would you do?

Apart from sorting out the economy, health, crime, education, infrastructure, and uniting a somewhat divided nation ... I would bring wool back to be one of NZ's primary output products which would benefit farmers and therefore all of NZ.

It's not all work Get to know our team



Best kept Hawke's Bay secret?

Midlands is Hawke's Bay's best kept secret! Aside from that, the many hiking tracks are a close second.

Something your colleagues don't know about you?

My grand uncle Cyril Harker was a partner in one of the three law firms that founded Midlands.

Cats or Dogs?

Very difficult question, I am a fan of both - but dogs win on intelligence and loyalty.

Marmite or Vegemite?

Very easy question, marmite, no contest!

Pineapple or no pineapple on your pizza?

I am a bit of a food purist so pineapple on pizza is a no ... but my children will disagree and Hawaiian pizzas are very popular in our house!

Things we love and you might too

Hawke's Bay Rescue Helicopter Trust

Each year the Lowe Corporation Rescue Helicopter crew assists in nearly 400 missions within the region. Their life-saving service operates 24 hours a day, 365 days a year, and is completely free of charge to everyone in our community, thanks to many generous donors.

In 2023 they completed 415 missions including their response to Cyclone Gabrielle where they were the first winch capable helicopter in the air, saving many lives.

If you are a current supporter of the Hawke's Bay Rescue Helicopter Trust, then please accept our thanks. If not, please consider supporting this life-saving service by making a donation at www.hbhrt.org.nz/donations.



No money changed hands in the making of this page. We just thought it was a nice idea to support local businesses doing great things.



South Seas Spearo

South Seas Spearo is the spear fishing sidekick to hugely popular 'The Hunters Club'. These two hugely popular adventure shows are the brainchild of Dave Shaw, a passionate, charismatic and inspirational kiwi filmmaker who is producing world class adventure TV that showcases our beautiful country.

South Seas Spearo follows a group of fanatical fin-addicts on extreme spearfishing expeditions throughout NZ and the South Pacific. Now entering its 5th season on TVNZ, the show has gained a huge following due in part to the unique way in which the team is able to blend the action and inherent dangers in the sport, with a refreshing amount of education and a healthy dose of classic kiwi humour. If you're keen to check out the show before the new season material hits screens in August, the past two seasons are available to stream via TVNZ+ through www.tvnz.co.nz/shows/south-seas-spearo, or via southseasspearo.com.

Topics of interest to investors

Estate Planning

Do the right thing – see your lawyer first

Making a Will

Your will is a record of your instructions about what you want done with your assets when you pass and how you want your partner and/or dependants looked after. As far as your family is concerned, your will could be the most important document you ever sign.

A well thought out will can relieve financial and emotional strain on your family after your passing and help to minimise the likelihood of any dispute about your estate. Remember, it's not just your money and house you should think about when making a will, but all of your possessions, investments, life insurance, KiwiSaver and even your debts.

Making a will may not necessarily prevent any legal problems with your estate but at least it gives you more control over what happens with your estate than if you were to pass without a will. Some statutes such as the Property (Relationships) Act, and the Family Protection Act allow some people to challenge a will in certain circumstances. When you make your will it is important to get legal advice in order to minimise the chances of your will being challenged.

Understand How You Own Your Assets

When doing your estate planning it's important to be aware if any assets you own with others are either owned "jointly" or in shares as "tenants in common". When you pass, any assets owned "jointly" with another person, including property, bank accounts and investments (like Midlands), automatically become the property of the surviving joint owner (subject to rules in the Property (Relationships) Act). The instructions in your will do not apply to any property held jointly. Alternatively, if your property is owned with others in shares as "tenants in common", then your share becomes part of the assets in your estate and is dealt with in accordance with your will. Assets owned individually will become part of your estate.

Enduring Powers of Attorney

When you go to see your lawyer about your will, you should also ask about completing Enduring Powers of Attorney (EPOAs). This is a way of nominating someone who can manage your care and/or your property if you become incapacitated through accident or illness. Signing an EPOA is an important decision, therefore it is important to get the correct advice and discuss what you have in mind with your lawyer. It is important to know that EPOAs do not apply after you pass, which is another reason why making a will is important.



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LAWYERS SINCE 1875
Incorporating: SJ Scannell & Co

Disclaimer: The advice contained in this article is general in nature and is not intended as specific legal advice. To discuss your specific situation, please contact your solicitor.

READY TO INVEST SMARTER? CALL SANDY!



This is Sandy, our bright, bubbly and brilliant Investing Relationship Manager.

Sandy has 33 years of banking and investment experience and is passionate about 'treating our customers like real people, not numbers'. If you are interested in investing with Midlands or have any questions about your existing investment, Sandy would love to help you.

Give her a call, drop her an email or even better, come into our office for a cuppa.



EMAIL ME

sandy@mmt.net.nz



GIVE ME A CALL

027 624 4554



DROP IN AND SEE US

No appointment necessary
1/111 Karamu Road North,
Hastings 4122
(behind KIndred Café)

IMPORTANT REMINDER

In order to take advantage of PIE tax benefits, on the 1st April 2024, Midlands converted its Income Fund to a PIE Fund and renamed the Fund the Midlands Smarter PIE Fund.

Now that we are a PIE Fund, we need confirmation of your Prescribed Investor Rate (PIR) to ensure you are taxed correctly. Your PIR is your PIE tax rate - the tax rate your Midlands investment returns will be taxed at, which may be lower than your personal tax rate.

If you have not done so already, please fill out our 'Prescribed Investor Rate (PIE Form)' or advise us via email or phone.

If you need help with this or have any questions, please call us on 0800 870 326.



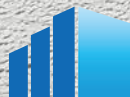
THANK YOU FOR CHOOSING TO INVEST SMARTER

Low Risk | On Call | Regular Cash Returns

To find out more, call us on

0800 870 326

Midlands is licensed by the Financial Markets Authority (FMA) as a manager of registered schemes that invest in first ranking mortgages and cash, FSP number FSP43686. Cash returns are paid quarterly. **Returns are not guaranteed and past performance is not a reliable indicator of future performance.** Midlands Funds Management Limited, the issuer of the Midlands Smarter PIE Fund, is not a registered bank. The product disclosure statement for the Midlands Smarter PIE Fund is available from our website.



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