



Kia ora koutou

AND SEASON'S GREETINGS! 2019 HAS BEEN AN EVENTFUL YEAR FOR THE PERPETUAL GUARDIAN TEAM, SO I'M SURE YOU'LL AGREE THAT CHRISTMAS PROVIDES THE PERFECT PAUSE FOR US TO REFLECT ON A YEAR OF SUCCESSES AND CHALLENGES.

In this edition, we continue our commentary on the updates to Trusts legislation. While the benefits of Trusts continue to be many and varied, the new Trusts Act represents a significant change in the legislative framework that underpins Trusts in New Zealand. Although the new Act won't come into effect until January 2021, we encourage you to consider the changes and take action as soon as you can. Leading the way in supporting you through these changes is our newly appointed General Counsel, Henry Stokes, read on to hear more from Henry.

We also discuss the review of the Charities Act 2005 and Liz Gibbs (our Head of Philanthropy) talks about the concept of Catalytic Philanthropy and her aspirations towards building a more generous culture for New Zealand.

Volunteering and giving back is a big part of life for the team here too. As part of the 4 day week policy, our team agree to provide a least one volunteer day a quarter to 'give back' to their community. One group of volunteers recently joined forces to help out at Ronald McDonald House, an event which was by all accounts enjoyable, rewarding and beneficial for all involved.

Happy and safe holidays everyone. Enjoy the sunshine and time with friends and family.

Nga mihi, **Mark Jephson**
CEO Perpetual Guardian

News from Andrew Barnes

FOUNDER OF PERPETUAL GUARDIAN
AND 4 DAY WEEK GLOBAL



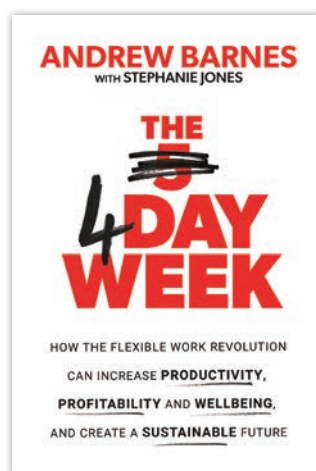
As we head into summer it's a great time to reflect on how we use our leisure and free time.

As you probably know we introduced a 4 Day Week to Perpetual Guardian in 2018 and it has been the subject of much conversation for me around the world, from the UK and US to Russia and Korea. You know you have made it when you are being interviewed by drive time radio in Columbia!

I passionately believe the future for our economy, society, communities and environment involves a frank and honest conversation about productivity and working fewer hours without a reduction in pay.

There are many ways extra time is used and I am proud that in alignment with our business values, our staff take one day per quarter of their extra time off to give to a charity or community project.

Are you interested in how the 4 Day Week worked for us and how it might change the world? We have set up a website with lots of good information including articles and our research from University of Auckland and Auckland University of Technology, as well as the Universities of Oxford, Cambridge, Harvard, Colorado State and much more. www.4dayweek.com



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Trusts Act 2019 – NEW REQUIREMENTS

YOU WILL HAVE HEARD MANY REFERENCES TO THE NEW TRUSTS BILL. THE BILL HAS NOW BEEN PASSED AND IS NOW OFFICIALLY THE TRUSTS ACT 2019. THE PROVISIONS OF THE ACT WILL COME INTO EFFECT ON 30 JANUARY 2021.

This effective date is just under 18 months away and is meant to allow Trustees time to ensure that any Trusts which they administer will be compliant with the new provisions.

For Trustees, compliance means by 30 January 2021:

1. All Trustees hold copies of core Trust documents;
2. Beneficiaries are provided with basic Trust information; and
3. All Trustees are aware of their obligations and duties.

Basic Trust Information is defined as:

1. Advising Beneficiaries that they are a Beneficiary of the Trust;
2. Confirmation of who the Trustees of the Trust are;
3. Contact details of each Trustee; and
4. The fact that the Beneficiaries can request further information regarding the Trust.

Now is the time for you to look at what is required for any Trust of which you are a Trustee to be compliant by 30 January 2021. Administration costs for Trusts are increasing. The cost of ensuring compliance is just the start. Trustees

need to consider whether the cost of administration of the Trust outweighs the benefits of having a trust. Trustees along with Settlers need to consider the options open to them for their specific Trust. Options can include:

1. Winding the Trust up;
2. Varying the Trust;
3. Re-settling the Trust into a new Trust;
4. Changing the Trustees of the Trust.

What is right for you and your Trust will be unique to you, so it is important that you contact an expert to discuss your situation and what options would best suit. Doing nothing is not an option.

If you have Perpetual Guardian as a Trustee we will reach out to you over the next 12 months to ensure you are ready for the new Trustee obligations. Our normal fees and charges will apply for all work undertaken to comply with the provisions of the Trusts Act 2019.

The 18 month lead-in period is already going fast, so contact us today.

The Lady Marion Davis MEMORIAL HOSPITALS FOUNDATION

CLIENT MANAGER, TANAZ SIGANPORIA, JOURNEYED TO TEL AVIV, ISRAEL, FOR THE OPENING OF A NEW WARD IN THE ISRAELI ALZHEIMER'S MEDICAL CENTRE, FUNDED BY THE LADY MARION DAVIS MEMORIAL HOSPITALS FOUNDATION.

The Foundation has provided funding for other hospital projects in Israel, including ICU neo-natal incubators, and nurses stations. Last edition, we covered how Lady Marion's family (through The Ted and Mollie Carr Endowment Trust & Estate of Ernest Hyam Davis) helped the Auckland Health Foundation fund new tablets for clinical staff.

All of these Trust-funded projects reflect the Davis' family focus on compassion and caring for the needy, irrespective of race, religion, sexual orientation or nationality. They are a great example of how a sophisticated approach can extend the reach and effectiveness of charitable giving.



The cost OF A POPSICLE

WHEN I WAS GROWING UP IN THE 70'S I COULD BUY A POPSICLE FOR 10 CENTS. TODAY, THAT SAME POPSICLE NOW COSTS \$2.50. WHY? INFLATION! IT IS FAIR TO SAY THAT ADJUSTING TO LIVING WITH LOW-INTEREST RATES CAN BE A CHALLENGE, BUT DOES IT HAVE TO BE? ARE INVESTORS TODAY BETTER OR WORSE OFF THAN THOSE IN SEPTEMBER 1985, WHEN THE 6-MONTH TERM DEPOSIT RATE WAS 17.80%?

The answer is that they are virtually in the same position.

If we factor in 1984's rate of inflation of 16.30%, the real interest rate (before tax) was strikingly similar to today, around 1.50%.

Investors have witnessed some stellar returns of late, some with double-digit total returns across many portfolios with different asset allocations.

Of course historic returns are not an indicator of future returns, however, a good gauge on performance is to measure against KiwiSaver providers. We have performed well compared to the top 40 KiwiSaver funds by assets under management over 1 and 5 years. In fact we have outperformed the majority of the top 40.

So, how have we achieved this?

We take a disciplined approach, ignoring "media headlines" and investing in high-quality assets. We are strategic with our fixed interest and handpick a small number of Australasian shares. Listed property and infrastructure assets that cover the likes of transportation, water and electricity services are also in the mix. To gain access to the international stage, we use the world's largest asset manager, Blackrock. Returns from a shareholding are made up of two components; changes in share price and dividends received. While share prices can be volatile, choosing quality companies with sustainable and growing dividend streams helps smooth out price volatility, acting as a safety net to limit the downside of those share price movements.

This is particularly important to us as we focus on total return relevant to our investor's goals, objectives and investment timeframe.

We take a long-term view with our "buy and hold" philosophy. This does not mean, however, that we won't recommend

changes to portfolios. A company may cut or suspend its dividend for example. At that point, we would gather information to understand why this was done, and carefully consider our options.

In summary, we believe that investing in quality, with a long-term view across different asset classes (diversification), not only reduces risk but is the best way to help you achieve your investment goals.

Who knows what the cost of a Popsicle will be in 5 years from now? Accordingly, your investments need to maintain the same or greater purchasing power in the future as what they do today.

By adhering to our philosophy, performance tends to look after itself.

Author \ Kevin Thompson - AFA
Investment Adviser

IF YOU WOULD LIKE TO KNOW MORE OR IF YOU ARE INTERESTED IN OUR INVESTMENT OFFERING PLEASE CONTACT ONE OF OUR BRANCHES.





Beyond the dollar:

CATALYTIC PHILANTHROPY = FUNDS + LEVERAGE

Author \ Liz Gibbs - Head of Philanthropy Perpetual Guardian

FOR AS LONG AS I HAVE BEEN WORKING IN THE PHILANTHROPY FIELD, NEW ZEALAND HAS BEEN REGARDED DOMESTICALLY, AND IN INTERNATIONAL POLLING, AS ONE OF THE MOST GENEROUS COUNTRIES IN THE WORLD. BASED ON COMPREHENSIVE DATA CAPTURED IN THE GALLUP WORLD POLL FOR THE PERIOD 2013-2017, LAST YEAR'S CAF WORLD GIVING INDEX, PLACED NEW ZEALAND THIRD ON THE LIST OF MOST GENEROUS COUNTRIES, BEHIND INDONESIA AND AUSTRALIA AND AHEAD OF THE UNITED STATES (FOURTH PLACE) AND THE UNITED KINGDOM (SIXTH).



Each country is ranked for three behaviours:

- + Helping a stranger
- + Donating money
- + Volunteering time

Historically, these have been the ways we think about charity and philanthropy: giving by way of money or service, either in an immediate sense or, using a vehicle such as a charitable trust, donating money to specific causes or recipients in perpetuity.

Catalytic philanthropy is different. More sophisticated and more focused on collaboration and measurement of return on

investment, and is based on maximizing positive impact. Here is what it means for people and organisations in New Zealand:

1. Catalytic philanthropy represents a new approach to an age-old practice.

The term describes the use of influence and leadership to leverage every dollar to the max. For instance, an organisation with a corporate social responsibility program (say an annual campaign in support of a bold-name charity) could be more strategic about increasing the impact of its giving by engaging with government and pressuring it to invest more in the charity's area of interest, or by working harder with partners to garner more support for the charity.

In 2019, the scale of social need and urgency of the global climate crisis demands that we leverage our ability to give in much more practical and commercial ways than we have before. This is where catalytic philanthropy comes in: going beyond money to bring to bear every resource and partnership available to advance a cause or address a problem.

2. Silos are so twentieth century.

The traditional model of philanthropy was adapted from the conduct of dynastic families like the Fords and Rockefellers in the early twentieth century. In the twenty-first century, the transparency demanded of charitable activity, combined with clear-cut social and environment concerns, gives the advantage to philanthropists and organisations that can think laterally and find inventive ways to extend their reach.

An example of this model is Foundation North, which employs what it calls "venture philanthropy" to engage other interested organisations and communities in finding solutions to complex social challenges. No longer is a single charity "responsible" for raising cancer awareness or cleaning the Hauraki Gulf; these days, we understand that we're all in it together and that answers and funding have to be leveraged from a range of players to create long-term and sustainable impact.

Innovation is key to continually improving the impact philanthropy has on its intended cause or recipient. Under our founder Andrew Barnes' leadership, Perpetual Guardian established its own foundation, enabling donors, including those with more modest resources, to amplify the impact of their giving.

3. Money isn't the be-all.

Again, the old model was all about money: the more, the better. What we now understand through complex analyses such as those provided by JBWere is that the best social impact is not necessarily tied to the amount of money dedicated to a cause or issue but how adroitly it is used and tied to strong, measurable results. Catalytic philanthropy posits that the smartest giving is not the "biggest" giving; it's the most strategic. And the most promising opportunity for today's high-net-worth individuals is to build on the established charitable trust/foundation model to structure their giving in a highly strategic way.

4. Traditional trusts are becoming more sophisticated about ROI.

New Zealand has over 27k registered charitable trusts, many of them set up decades ago by settlers who have since passed. In our business, we are starting to guide interested trustees toward a catalytic philanthropy model that follows the terms of the trust deed while taking advantage of progressive, collaborative developments in the sector.

Impact investing has already demonstrated an impressive ability to harness the collective power of philanthropy, the private sector, and government at all levels. A prime example from the U.S. is the Detroit Home Mortgage Program, a collaborative effort between the Kresge and Ford foundations, a cadre of local banks, the City of Detroit (which was hard hit by the great financial collapse and the subsequent near-

collapse of the U.S. auto industry), and the state of Michigan. The program is reviving the city's decimated single-family housing market through a mix of grants, loans, and loan guarantees that ultimately enable buyers to purchase and renovate once-vacant homes.

Here in New Zealand, the NEXT Foundation established the Tomorrow Accord with the Government's Department of Conservation. NEXT is a spend-down philanthropic fund of \$100 million, and with the Accord, it is front-footing investment into pest eradication, with DoC agreeing to continue to fund those efforts in the future.

5. Businesses can define philanthropy in creative ways.

Returning to the idea of creating a sphere of influence, business executives should be thinking outside the box in terms of creating social value alongside their immediate financial goals. For instance, here at Perpetual Guardian, we are working to advance the idea of a four-day, productivity-focused, reduced-hour model of work, which we regard as more suited to the demands of the twenty-first-century workplace and lifestyle. In addition, we require each staff member to use, once a quarter one of their personal days to engage in charitable or volunteer work. We're also analysing how staff can volunteer in ways that help them achieve even more for New Zealand communities.

Our efforts in this regard are about being strategic as an organisation and leveraging the influence we have to increase our impact. There are many ways to do this, procurement being an obvious area; it is now commonplace for public and private-sector organisations to seek out "green" options in technology, transport and other services, which incentivises service providers to think about and invest in climate-friendly initiatives. Ultimately, catalytic philanthropy is a more comprehensive, encompassing and sophisticated approach to a practice that people have been engaging in for centuries. As experts in the field, we are enabling clients and communities at large to use resources in creative ways and to look beyond money to a more astute calculation of ROI – one which uses the combined abilities of people and organisations to do the maximum amount of good at all levels of society.

MAKING AN IMPACT – HOW DO WE MEASURE UP?

Perpetual Guardian has recently established a partnership with Impact Lab, a new New Zealand organisation which measures social impact.

Impact Lab have created a tool that collects data from a range of sources to create a tailored dashboard, calculating a social return on investment in monetary terms. Through this partnership, we will be able to track how effective our grant funding is and make future funding decisions based on that evidence. We're working on developing dashboards for the first couple of PG Foundation clients – we'll keep you in the loop with progress.

Introducing

HENRY STOKES



We are very pleased to introduce Henry Stokes as Perpetual Guardian's new General Counsel. Henry comes to us with over 20 years' experience from both private practice and directly with trustee companies.

What attracted you to Perpetual Guardian?

"I was attracted to the business because of its track record of innovation and its reputation for being proactive in the fiduciary services sector. The company is out there in the marketplace looking to provide a different approach and be more flexible and innovative, both for employees and services to clients. As an organisation, it is forward-thinking and willing to lead and advocate for positive change."

What do you enjoy about your work?

"The legal profession and trustee services can be viewed as traditional and not particularly fast-paced – though to me, as someone who likes to break down these stigmas, the trustee services space is an area where you get to have a massive impact on more people."

What will be your main focus for the first year?

"In addition to my core duties as General Counsel, much of my focus will be on the new Trusts Act, which will come into effect on 30 January 2021. Perpetual Guardian is already leading the industry in trust management, but there is a lot more we can do as the obligations for trustees become more serious and consequential. As the largest trustee company, we are in a unique position to unify the trustee industry and lead everyone forward to be ready for the coming changes."

John McFetridge, our General Manager for Private Client Services, says, "Henry's expertise in our field is second to none, and we are very pleased to welcome him at a time when Perpetual Guardian is focused on leading industry responsibility in relation to new legislation and also progressing innovation in the sector. Henry's fine balance of deep legal talent and strong people skills makes him the ideal General Counsel for the next phase of our business."

Perpetual Guardian founder, Andrew Barnes, says Henry's experience and skillset were ideally suited to the business. "As a company, we have maintained a focus on innovating from a traditional base, and Henry will lead much of our innovation across the private client services business as well as advocacy in the new trust law environment. It will be critically important to have industry spokespeople who can bridge the gap between the law and consumers and help people understand what the law changes mean for them, and Henry is one of those advocates."

'tis the season – CHOCOLATE CHERRY CHEESECAKE

Recipe courtesy of Nadia Lim

INGREDIENTS

Base

Ground almonds or hazelnuts 200g

Desiccated coconut ½ cup

Butter 70g, melted

Medjool dates 6, stones removed

Filling

Full fat cream cheese 400g, softened

Caster sugar 1/3 cup

Vanilla essence or extract 1 1/2 teaspoons

Free-range eggs 3

Dark eating chocolate (60-72% cocoa) 220g

Full fat sour cream 250g

Black cherry jam or conserve 3/4 cup

To serve

Fresh cherries, raspberries and strawberries

White chocolate shaved with a peeler

Jam (as used above) 2 tablespoons

METHOD

Preheat oven to 160 degC/320 Fahrenheit (not fan-bake). Grease and line the base and sides of a 20cm spring form cake tin with baking paper.

In a food processor, blitz all the base ingredients until well combined. The mixture should be a crumbly consistency and hold together well when pinched. If you don't have a food processor, you can mash the dates with boiling water until they are very soft and then mix all ingredients together in a large bowl until well combined.

Tip base mixture into cake tin and press down firmly and evenly with the back of a large wet spoon, ensuring it is neat and flat.

In a large mixing bowl, use an electric mixer on low speed, to beat the cream cheese, sugar and vanilla until smooth. Beat in eggs, one at a time.

Melt chocolate in a double boiler or in a glass bowl over a pot of just simmering water. Stir in the sour cream, mixing gently until smooth.

Add chocolate mixture to cream cheese mixture and beat (on low speed) until well combined.

Melt jam in a small saucepan on low heat for 1-2 minutes or in the microwave very briefly.

Spoon half of the cheesecake filling into the cake tin, and drizzle over half to three quarters of the jam. Pour over remaining cheesecake filling, and drizzle over remaining jam. Bake for 1 hour until cheesecake is just set but still has a slight wobble in the middle.

Remove cheesecake from oven and leave to cool to room temperature before transferring to the fridge for a few hours, or overnight, to set.

When ready to serve, melt cherry jam in a small pot or microwave. Garnish cheesecake with fresh cherries, strawberries, raspberries and white chocolate shavings and drizzle over the jam.



Timely review

CHARITIES ACT 2005

THE TRUSTEE ACT 1956 HAS RECENTLY BEEN REPLACED BY THE TRUSTS ACT 2019, AND NOW A REVIEW OF THE CHARITIES ACT 2005 IS BEING UNDERTAKEN BY THE DEPARTMENT OF INTERNAL AFFAIRS.

The Act currently provides for voluntary registration of charities in New Zealand, as well as annual reporting. With over 27,000 charities registered in New Zealand, the legislation and industry already make a significant contribution to our society.

The purpose of the review is to ensure that the Act is effective and fit for purpose. The review will cover:

1. Whether any additional purposes of the Act are necessary (note that the Government considers that the existing fundamentals are meeting their purpose). The existing fundamentals are – provisions for registration of charities, that registration is voluntary, public access to information about charities via the charities online register, and the obligation on charities to file annual returns with financial statements.
2. The role, function and structure etc. of the regulator (Charities Registration Board and the Department of Internal Affairs – Charities Services).
3. Funding of the regulator.
4. The purpose and content of the publicly accessible charities register
5. Mechanisms to challenge or appeal decisions of the regulator.
6. Offences and penalties under the Act.
7. Regulation of third party fundraisers who fundraise on behalf of a charity.
8. Matters relating to registration and deregistration.
9. Matters relating to the obligations of registered charities (including the obligations of individuals on governance boards and in senior management roles in registered charities).
10. Links to other legislation including the Incorporated Societies Act 1908, Charitable Trusts Act 1957 and the Trusts Act 2019.



Not included in the review are:

1. The definition of charitable purpose.
2. Tax exemptions.
3. Regulation of the broader not-for-profit sector.
4. Contracting arrangement for government services.

Public meetings were held by the Department of Internal Affairs throughout the country as well as a call for submissions on the review, which closed on 30 May 2019. More than 350 written submissions were made to the Department, and a summary of the written submissions will be released by the Department later this year. The Department will then start preparing policy proposals for approval by Cabinet before developing draft legislation. The policy proposals are not expected until late 2019 or early 2020.

As experts in the charities and charitable trusts space, you may rely on us to keep abreast of any developments in order to keep you well-informed.



Volunteering AT PERPETUAL GUARDIAN

AS WE EMBARK ON OUR SECOND YEAR OF THE FOUR DAY WORK WEEK INITIATIVE (AKA PRODUCTIVITY WEEK), WE ARE REALLY SEEING THE POSITIVE IMPACT OUR EMPLOYEES ARE HAVING ON THE LOCAL COMMUNITY ON THEIR DAYS OFF.



As part of the 4 Day week initiative, employees also opt-in to volunteer in their communities, for a minimum of four days a year.

Recently 14 members of our Auckland team banded together to visit Ronald McDonald House (RMHC) at Auckland's Starship Hospital, volunteering their time and culinary skills to provide a "home-cooked meal" for the children and their families at the hospital.

The goal was not only to provide a delicious and nutritious meal, but most importantly, to ensure that the families to have one less task to worry about during a challenging time in their lives. It was a delightful evening filled with food and entertainment (we even brought in Mr Clown to keep the children entertained), as well as a great opportunity to sharpen our teamwork skills and give a little something back to the community.



We couldn't do what we do here without the thousands of volunteers, like you and your group, who come through our doors, roll up their sleeves and help make Ronald McDonald House 'home' for those staying with us.

Thanks for being so organised and a pleasure to deal with. Also, organising the clown was such a special treat for the families! – **Hannah**



www.4dayweek.com

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