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Contents

An update from the fund

A RUNDOWN OF THIS WEEKS PITCHES WRITTEN BY IC CHAIRMAN NEHAAL RAM

SCALES CORPORATION

Pitched by Anna Marsden, Junior Equity Analyst:

Scales Corporation (NZX: SCL) is New Zealand's leader in Agribusiness, delivering value across Horticulture, Logistics, and Food Ingredients. Utilising a vertically integrated business model and strong brand reputation to capture the NZ, Australian, American markets (alongside current expansion into the Chinese markets), Scales is well placed to deliver a strong performance to their shareholders. With a goal of being the foremost investor and grower of New Zealand Agribusiness, Scales is poised to maintain future growth trajectories via organic and acquisition growth opportunities. Whilst Scales does emplace a strong focus on brand reputation and sustainability; concerns were also raised on their singular focus on operations in Hawkes Bay. The Investment Committee has decided to not pass Scales to the valuation stage, with the final vote being 7/16.

"This investment will scale up your portfolio." - Anna Marsden, Junior Equity Analyst

ALTIUM

Altium (ASX: ALU) is an American-Australian electronics design software company specialising in PC-based software tools for the design of printed circuit boards (PCBs). The company's Altium Designer software is the most widely used PCB design software worldwide with over 50,000 subscribers and 110,000 registered users. Given the diverse applications of PCBs across nearly every electronic product and the projected trajectories of smart connected devices and industrial automation, Altium is well-placed to see demand for its products continue to rise. Additionally, the launch of Altium's new cloud platform Altium 365 will be a key driver in helping the company reach its lofty target of 100,000 subscribers and $500m revenue by 2025. The Investment Committee has voted in favour of Altium 14/16. The valuation team will consist of Andrew Meng, Gabrielle Mackisack, and Nina Kashyap. Li.

"Altium is well-placed to take advantage of the rise in AI, IoT, Industry 4.0 and every other tech buzzword you can think of." – Andrew Meng, Senior Equity Analyst.

Risk and diversification

PART 3 WRITTEN BY CHRISTOPHER WONG

THOUGH DIVERSIFICATION OFFERS VARIOUS BENEFITS, IN REALITY, IT IS QUITE DIFFICULT AND TIME-CONSUMING TO ACHIEVE FOR THE AVERAGE INVESTOR. THE FIRST ISSUE IS THE COST OF BUYING MANY INVESTMENTS IN SMALL PORTIONS BECAUSE THERE IS A COST FOR EACH TRADE AND OFTEN A MINIMUM FEE. THIS OCCURS WHEN AN AVERAGE INVESTOR FREQUENTLY BUYS AND/OR SELLS DIFFERENT HOLDINGS. THESE TRANSACTION COSTS ADD UP OVER TIME AND EAT INTO ANY PROFITS (IF ANY). SECOND, THE MORE HOLDINGS IN A PORTFOLIO, THE MORE TIME NEEDS TO BE DEVOTED TO MONITORING AND MANAGING THOSE HOLDINGS. FOR A NON-INSTITUTIONAL INVESTOR, THIS MAY BE IMPRACTICAL.

DIVERSIFICATION THROUGH INDEX FUNDS

Achieving an adequate amount of diversification may sound like a complex task, but there is an easy solution. Unlike active investing which aims to outperform the market, index investing aims to mirror an index. Index funds are essentially funds invested in the same companies and in the same proportion as would an index.

This method is backed statistically and is even endorsed by Warren Buffet himself. Over 5 years, 78.52% of U.S. fund managers underperformed the S&P500 index. Investing in an index fund allows investors to diversify investments across all of the companies in a given index in an easy and cost-effective manner.

The key aspect to understand is the investment strategy as to which index and how that is or not diversified across industries, companies, or factors such as low volatility, value, momentum, dividends or size. For example, investing in both the NZ20 and the S&P/NZX50 Fund would duplicate 20 holdings and approximately 78% of the holdings.

DOLLAR-COST AVERAGING

Another dimension of diversification is time. If you invest everything today, and tomorrow there is a negative event, then you may unhappily capture the whole impact. If you transition over weeks or months you smooth the path and reduce that impact, admittedly also missing some growth if the property market or stock market surges forward.

One investor technique that is popular especially with those building up their long-term savings is dollar-cost averaging (DCA). Dollar-cost averaging is the method of investing the same amount each week/month regardless of market performance. What is great is this is offered through certain auto-invest features, which combined with an automatic payment on payday, allows investors to put a set amount into their funds. To illustrate, say I wanted to invest $1200 into an NZ Property fund. Instead of investing all of the money at the same time, I invest $100 every month over one year. Auto-invest facilitates the dollar-cost averaging strategy, allowing investors to benefit from various advantages.

Firstly, auto-invest can be a great way to invest during volatile or uncertain markets, eliminating worries like 'Did I buy it on a dip?" or "Did I sell at the right time?" and associated timing stresses. Secondly, auto-invest suppresses the emotional component of the stock-picking process. No matter how much the stock price fluctuates between the investments, the value invested will always remain constant. Thirdly, an everyday retail investor including myself) may not have a spare $1200 lying around to invest. Therefore, auto-invest is a smart (way to accumulate without creating a financial burden or waiting until a substantial amount is saved.

One consideration against DCA is that it can incur brokerage fees and transaction costs higher than if an investor just invested a lump sum. For example, if a broker incurs a minimum of $30 per trade, then investing 4 times through DCA would incur a brokerage of $120 while investing one lump sum would incur a cost of only $30. However, a lot of new-age services do not charge transaction fees for buying or selling their funds which makes index investing through auto-invest that much more attractive.

News media must be subsidised

WRITTEN BY SAEYAVAN SITSABESAN

JOURNALISM HAS BEEN AROUND FOR MILLENNIA, WITH IT ACTING AS A MEDIUM THROUGH WHICH GOVERNMENTS COMMUNICATE TO CITIZENS. FROM THE MEDIEVAL AGES WHEN TOWN CRIERS WOULD GO AROUND MAKING PUBLIC ANNOUNCEMENTS, TO THE WORLD'S FIRST DAILY NEWSPAPER IN THE EARLY 17TH CENTURY, ALL THE WAY TO THE BOOM YEARS OF PRINT MEDIA DURING THE 20TH CENTURY, IT HAS PLAYED A FUNDAMENTAL ROLE IN THE VARIOUS GOVERNANCE SYSTEMS.

NEWS MEDIA COMPANIES WERE ONCE POWERHOUSES, WITH THE RETURNS GAINED FROM OWNING BEING DESCRIBED AS 'RIVERS OF GOLD' BY MEDIA BARON RUPERT MURDOCH. THE COMPANIES WERE ABLE TO CHARGE HIGH FEES FOR ADVERTISING ON THE PAPER, AND CHARGE FOR BUYING THE PRINT EDITION. THE RISE OF TELEVISION IN THE POST-WAR BOOM, RESULTING IN THE PRIMARY SOURCE OF NEWS FOR NEW ZEALANDERS BEING FROM THE TV.

THE SIGNIFICANCE OF NEWS IN OUR DEMOCRATIC SOCIETY

We live in a democratic country and our governance revolves around three main branches, the legislative, the judiciary and the executive. Edmund Burke, an 18th century British political thought leader, stated that "there were three Estates … but in the Reporters Gallery yonder, there sat a fourth Estate more important far than they all."The reporters having the very important role of maintaining transparency in any government and the distribution of unbiased news. A democratic country is not able to reap the benefits of democracy and the freedoms it grants unless the constituents can have informed debate.

From an economic perspective, our democracy is a public good, we subsidise our judicial, executive and legislative branches of our government through our taxes. A struggling media industry has major ramifications for the quality of our democracy. The withdrawal of New Zealand petroleum and natural gas exploration industries from the market would induce a material economic impact regionally, but little social impact. The importance of a strong media industry, which is necessary to maintain a high-quality democracy, is a matter of public interest.

The NZ media industry has been in rough water for the better part of a decade. Internationally, Media hasn't fared too well either in more developed nations. This can be attributable to a failed business model and declining demand for news. Covid-19 and its economic impact have only accelerated an international trend.

Falling profits have forced many news companies to cut back on reporting and journalism, with a focus on investigative journalism and less profitable reporting. Investigative journalism is a capital intensive, risk heavy investment that news companies have deemed non-essential. The focus on profitability of each journalist by media companies will eventually lead to a strong decline in regional journalism, which unsurprisingly reaches a smaller audience. The void in the stories and the loss of plurality of voices is a matter of public interest, broadly to all New Zealanders but even more important to the regions.

The impact of COVID -19 on the media industry has been conflicting. In an environment, where New Zealanders desire to be better informed about our current landscape and demand for journalism has increased, the loss of jobs in the Media industry lies in stark contrast. The Industry has lost close to 600+ jobs to date.

THE TRADITIONAL REVENUE MODEL FOR NEWS MEDIA

The traditional revenue model was based on running classified and other advertisements through newspapers and television. This model does not work anymore. Before the internet newspapers and tv were the only viable form of mass media around. Throughout the eighties and nineties, the number of households who had access to the internet in more developed nations rose significantly.

This coupled with the development of e-commerce platforms such as ebay, craigslist and trade me, that allowed for cheaper classified advertisements to reach a much larger audience, removed this source of income. This was the first nail in the coffin for the old business model, with the problem first identified in the early 2000s. "Sometimes rivers dry up" was the words of Rupert Murdoch, in an interview in 2005,

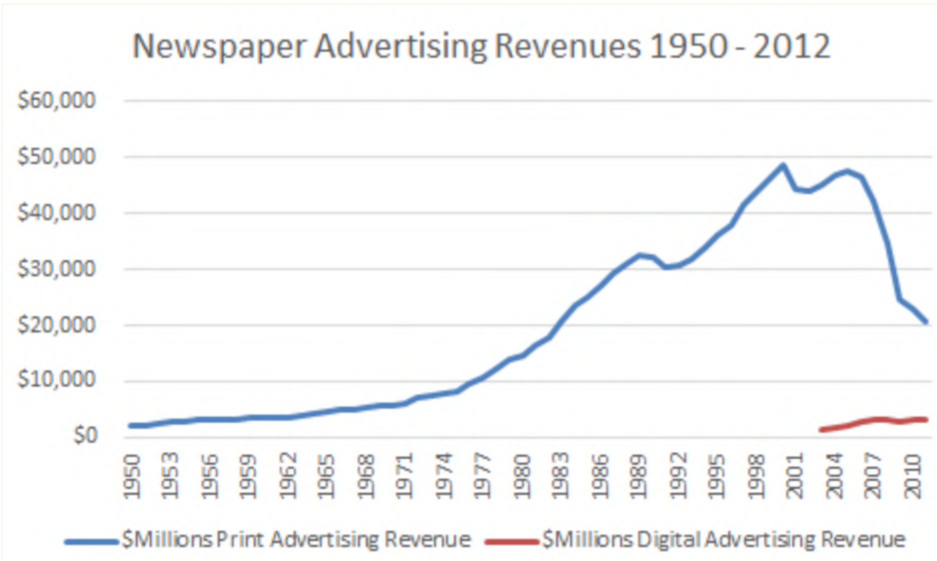


Figure 1: Advertising Revenues from 1950-2012, source: Newspaper Association of America published data

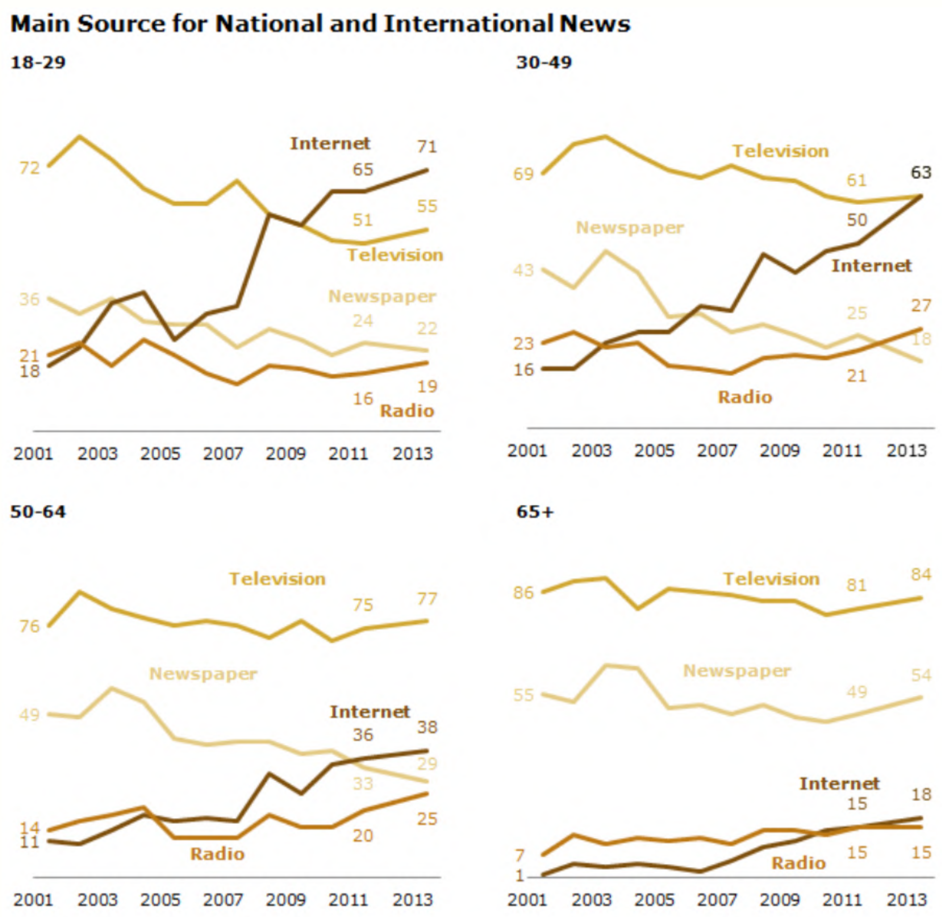
presenting a stark contrast to his earlier remarks.

Google and Facebook had developed more effective and targeted advertising AI algorithms. This coupled with a strong decline in the consumption of print media and television by younger generations, led to advertising revenues plummeting for media companies. The effects of this are still felt by media firms in NZ, NZME has had its advertising revenue decline from $315 million to $268 million, between 2015 – 2019.

The failure of the business model used by the industry is apparent.

THE NEWS MEDIA INDUSTRY, IN ORDER TO SUSTAIN ITSELF FINANCIALLY RESORTED TO HYPER COMMERCIALISATION.

Media companies have tried increasing the demand for news and journalism. Most prominently in the US and the UK, the media started reporting on topics the general public wanted to hear. More prominence was given in Newspapers to celebrities, sports, crime stories, instead of public-interest journalism. Ordinarily this would have increased consumption of news and solved the problem of falling revenues, however the internet and consumer demand for convenience forced papers online. Web-based subscription systems have largely failed, with consumers far less willing to pay for journalism than ever before. Financial outlets such as the economist and the financial times have been an exception, with



PEW RESEARCH CENTER July 17-21, 2013. Respondents were allowed to name up to two sources. Q46 & Q47.

customers largely from a corporate background, with subscriptions included.

Robert McChesney, an american psychologist, in his book, Rich Media, Poor Democracy, highlights two increasingly dominant principles in the fourth estate. The author then emphasises the two dominant principles of sensationalism and simplification resulting in 'hyper commercialisation,' leading to a 'dumbing down' of content. The undramatic boring, complex nature of politics with a bill taking months to become law, conflicts the 24 hour mindset of news media. This has led to the way politics being covered in media changing significantly, News media no longer 'report' the news rather present it with opinions in columns leading to the rise of commentariat. Political journalism increasingly delivers clear cut opinions, a stark contrast to governance which often involves balancing conflicting interests, leading to the sensationalisation of journalism. The sensationalisation of journalism led to these papers taking political positions on news stories; ridiculing politicians and demanding resignations while omitting and ignoring key facts, misinforming the constituents. This of course not only blurred the lines between journalism and gossip magazines igniting the issues of fake news, but also a collapse of the fourth estate of democracy in various countries. There is nothing more important in a democracy than a well-informed electorate, but when constituents are misled and/or uninformed a democracy has failed. Misinformed constituents will hamper any attempt to have a well-informed debate on where we want to go as a country.

ALTERNATIVE FUNDING MODELS AND SOLUTIONS

'The Spinoff' uses an alternative funding model to other main-stream media outlets in NZ. It relies largely on sponsored content, in which advertisers pay to have stories written about them, and a much smaller amount from NZ on air government funding and donations from patrons. While this business model has produced strong growth for the company, during the same time the rest of the industry started fighting for a smaller and smaller slice of the pie, it isn't an efficient market outcome.

Other funding models have been suggested and implemented but failed to fruit results. In Spain, regulatory authorities started charging licensing fees for the news snippets that the google search engine displayed with the searches. This resulted in google withdrawing that feature from its Spanish domain. Others have suggested other ways for tech companies, such as Google and Facebook to share revenue from ads with journalism. This is because the entire funding model fails to charge consumers for value gained. Instead, the primary revenue source was from an additional source of value, advertising. The primary source of value generated from journalism is for both the immediate consumer and our democracy which benefits from a well-informed constituent.

A market solution of consolidating major players, such as the propositions of NZME and Stuff would not only be ineffective at addressing the long-term industry issues of a failing business model. It would provide short term benefits of reduced cost through consolidation for the shareholders of the company, but falling revenues will erode these benefits in the medium-term. Furthermore, consolidation will result in the loss of a plurality of voices.As a higher quality democracy is a public good, then journalism, much like education, is also a public good and should be subsidised. This is also the conclusion that arises from economic analysis, in which journalism, left to the private market, would be under-produced. A subsidy will enable increased production to the socially desired equilibrium.

THE MEDIA RELIEF PACKAGE

In late April the government provided a 50 million dollar 'adrenaline shot' for commercial media. The package included $21 million to completely cut transmission costs for 6 months and $17 million to cut contributions to the NZ on Air fund. $11.1 million has been set aside for company-specific relief when necessary. A further $1.3 million is provided for central government agencies to buy news media subscriptions in advance and encourage further uptake of news media subscriptions. Much of this package goes to television and radio-based media companies, as opposed to the struggling publishers of newspapers, who employ a far greater proportion of the country's journalists. At the time, the Broadcasting minister highlighted a second package would follow within weeks. Budget 2020 in May yielded little support for commercial media companies, with a sole announcement of a relief package being developed over the coming months. Stuff Columnist Luke Malpass, highlights in his opinion piece 'Govt won't bail out media, but Stuff has other dance partners' that any relief package wouldn't involve handouts to commercial media companies. As it would be politically unpopular and would induce moral hazard, a view held by many in the industry.

Australia's Short term relief package presents a greater focus on regional news media publishers. Along with the relief package announced in April, A$50 million was allocated for the Public Interest News Gathering Program, to support the delivery of public interest journalism.

NEWS MEDIA SUBSIDIES

Introduction of subsidies would encourage new smaller entrants to enter the market, addressing some of the key issues of the inability of the industry to capture smaller segments of the market. The smaller segments are currently served by online blogs, which are criticised as a major contributor to fake news, due to uncertain credentials and politically biased points of view. The Introduction of smaller entrants would serve the needs of the smaller segments of markets while maintaining credibility. A media-plural New Zealand would introduce voters to different ideas, highlighting conflicting opinions and encouraging debate.

Maintaining the editorial independence of the media is crucial, as a threat to their independence will turn media companies from propagators of transparency to channels for state propaganda. Herein lies the problems of selective subsidies. Selective subsidies in previous models implemented have relied on politicians selecting companies that receive the funding. Politicians are given the power to fund outlets that share their positions and provide favourable courage. Even when it is claimed that these views are independent, the threat to companies of the possibility of retaliation from politicians will perverse independence and forcing self-censorship by news media companies.It is worth noting that political influence on the media cannot be eliminated. Public agencies advertising efforts, acting principally through local media are in effect a form of public subsidies presenting a material challenge to media independence. Selective subsidies have been introduced in France, Norway, Sweden, Austria.

The French system provides direct subsidies of around 77 million euros a year, through the ministry of culture and communication, and indirect subsidies in the form of reduced sales tax and distribution assistance totalling around 1 billion Euro. Proponents have argued that it has resulted in a financially stable media industry. Detractors of the scheme have pointed out that it benefits large successful papers as much as it benefits small struggling papers, perpetuating the existing problem of a lack of support for small independent media.

Norway's System of subsidies enables any newspaper in any city to receive subsidies if it doesn't have the largest circulation in its distribution region. These clear criteria eliminate the need for a committee and eliminate the need to compromise media independence. This system also addresses the key problem in the industry of a lack of support for small players, leading to consolidation and preventing a multi-plural nation.

Switzerland, strongly opposed to the idea of compromising media independence through subsidies, has focused on indirect subsidies providing huge financial support for journalism training and education, funding investigative journalistic efforts through various foundations, and significant reduction of sales taxes on Print media to encourage the industry.

A combination of indirect and direct subsidies could be used in New Zealand to bolster our news media industry. Any direct subsidies, to be cost-effective, must be targeted, but at the same time must be independent to maintain media independence. A system of direct subsidies similar to the Norwegian system, would assist the objectives of media plurality and maintain media plurality. This combined with a broad range of indirect subsidies similar to the Swiss system, would provide much-needed relief for the entire industry.

If we value our democracy, we must have a strong news media industry.

Tesla: Overvalued, or Perfectly valued?

WRITTEN BY KYLE QUINDO

IF YOU HAVE LISTENED TO ANY OF THE MOTLEY FOOL PODCASTS FOR THE PAST 3 YEARS, YOU WOULD HAVE HEARD JASON MOSER RECOMMEND A STOCK COUNTLESS OF TIMES – TELEDOC. APTLY NAMED, THE FOUNDERS CREATED THE COMPANY TO SOLVE THE PROBLEM OF SKYROCKETING DOCTOR FEES IN THE UNITED STATES BY PROVIDING BASIC GP VISITS TO BE DONE ON YOUR PHONE. OVER THE YEARS, THEIR NET LOSS SHRUNK UNTIL THEY FORECASTED A NET PROFIT IN 2020. HOWEVER, SOMETHING HAPPENED THAT WOULD INCREASE THE DEMAND FOR A VIRTUAL CHECKUP: THE CORONAVIRUS PANDEMIC. FOR MOST OF 2019, THE STOCK HOVERED AROUND $70 TILL NEAR THE END OF 2020, WHERE IT STARTED ITS METEORIC RISE. AT ITS PEAK AT THE START OF AUGUST, IT REACHED $249 A SHARE, A 250% INCREASE.

However, more famously, another company saw a similarly meteoric rise in its stock price: Tesla.

Tesla sells electric cars – mostly in the United States but have recently expanded into Europe, China and here in New Zealand. Fully kitted out, their most expensive car the Tesla Model Y sells for $124,000 US Dollars ($184,300 New Zealand Dollars). Tesla did not see the exponential increase in demand for their vehicles like Teledoc did for their virtual doctor's service to justify their stock price. In unprecedented times like these, where the Coronavirus Pandemic continues to ravage the world, has there been an increase in appetite for electric cars that would justify Tesla's current stock price?

TESLA: OVERVALUED BY ANY METRIC YOU'LL FIND IN YOUR FINANCE TEXTBOOK

I am sure you and your dog have heard the insane rise Tesla has had this year. Year to date, the stock is up 420%. If you had the balls of a bull to buy Tesla stock in the middle of March, the peak of the recessionary period, you would be up a staggering 520% this year.Facebook, on the other hand, is up a minuscule 40% year to date. If we do some comparative analysis, Tesla's current market cap is around $417 Billion; Facebook's market cap is $835 Billion – coincidentally, precisely double Tesla's.Facebook generated over 5.2 Billion dollars in earnings last quarter, at a valuation of $835 Billion. With half the market cap, logic dictates Tesla should generate around half of Facebook's earnings, right? Tesla generated $110 in earnings in the last quarter.Other key metric investors use to value companies is the price to earnings ratio. In a nutshell, it shows you how much it costs an investor for $1 of profit. Facebook's price to earnings ratio is 37 times earnings, meaning it costs you $37 for $1 of profit. Teslas? 1,152 times earnings.

To put it in another perspective: Tesla delivered around 91,000 cars in the previous quarter. With earnings of $110 Million, they generated on average around $1,208 per delivered car in the last quarter. To match Facebook's valuation, Tesla would need to sell 2.15 million vehicles soon. For reference, Tesla has sold 891,000 cars since 2012.

That's not to say Tesla makes a bad product. People like their cars, they're generating a profit (even though it is not a lot, at least it is not a loss) and they have over $8 Billion in cash when analysts 2 years ago were wondering how they were going to pay their debt. They are just overvalued, by any textbook measure.

Throw away the textbook – how is their valuation looking?

As you can see, Tesla needs to achieve something almost impossible soon to justify its stock price. However, let's say it does not reach those targets – is the stock price valuing something else? If the stock price is so overvalued, why are investors still ploughing their money into Tesla?A rational, and frankly the best explanation is that investors like the stock and that investors are willing to pay more to own the stock in the expectation that the price will go up because they believe other investors like the stock too. Chances are, a retail investor has heard about his friends' insane gains over Tesla stock and decides to buy in, pushing the price up. I would say bigger fool theory, however, Tesla has a different feeling to it – I believe there is genuine excitement over the stock whereas for example, Bitcoin, people were excited not of the coin but the gains. However oversimplified this theory sounds, it is present in other sectors of investing.

Gold and the Japanese Yen have been generally touted as a haven asset/currency – However, I am willing to bet not a lot of people know the actual quantitative and qualitative reasons as to why Gold and the Japanese Yen are touted as safe havens. Therefore in the risk of episodes, Gold and the Japanese Yen rally due to the market "is in favour" of these safe havens.

Similarly, with Tesla – the market is currently in favour of Tesla. And what part of the market has seen the biggest rise as of late? Retail investors. With retail investors nowadays having essentially no barrier to entry when it comes to investing with $0 Brokerage and fractional shares, it is easy for anyone to come along and invest $500 into Tesla because their friend did it. Retail investors have given rise to investing in a way that does not include any research whatsoever. Influence Investing? Maybe a better term will come up in the future.

Throw away the textbook valuation methods – if investor sentiment is bullish on the stock, does it matter if the valuation is crazy or not? If you think about it, valuation using metrics, comparable etc tries to find stocks that investors are currently not bullish on. Cheap stocks, value stocks etc, in hopes that the investor can buy the stock before the market turns bullish on the stock. However, in Tesla's case, investors are already bullish on the stock – the question becomes how long will investor sentiment stay bullish? If you can answer that question, you may argue that Tesla's stock price perfectly values Tesla because it perfectly represents how investors feel about the company.

So is there any place for investors here? It depends. If you're an old fashion, Warren Buffet type investor then possibly stay well away from Tesla. It is the opposite of "buying low, selling high." What if you're just a regular investor who wants exposure to the electric car market? Tesla may still be too expensive to add to your portfolio. Something diversified like the KARS ETF, which includes stocks up and down the electric car market's distribution chain, maybe a better bet. However, what if you believe in Tesla's business model and believe that their target audience will continue to buy their cars? Or you think that Tesla's stock price will continue to increase due to what essentially is a mirror of the Tulip mania in 1636? Then Tesla might just be the stock to charge you up.

Personal finance for students

WRITTEN BY SEAN FLOWER

I AM NO EXPERT IN FINANCE. ALL VIEWS, OPINIONS, OR ANY OTHER INFORMATION AND MATERIAL DO NOT CONSTITUTE A RECOMMENDATION TO ENTER INTO ANY FINANCIAL ACTIVITY, OR LACK THEREOF. ANY THOUGHTS AND OPINIONS EXPRESSED HERE ARE MY OWN AND DO NOT CONSIDER YOUR PARTICULAR CIRCUMSTANCES. WE RECOMMEND YOU SEEK INDEPENDENT ADVICE FROM A FINANCIAL ADVISOR BEFORE TAKING ANY ACTION.

For many of us students, University is the first time we have had to manage our finances. It can be intimidating, but it's all right. University is the time to learn, develop, and prepare for what's to come in the future – I believe the same goes for personal finance.

For the sake of simplicity, I adopt a four-stage approach: understand, plan, save, and invest. This may be overly simplified for some of you, or foreign for others. However, the benefit lies in between the lines and in your own lived experience. This article is created to be critiqued. Everyone is different.

First off; budgeting. This is the first rung on the ladder and is the foundation of personal finance. The essence of this is to gain control over your incomings and outgoings. Starting from the top; your weekly income and expenses. At this stage generally, the most adaptive variable is expenses. The key here is understanding them. I find the best way to do this is using a budgeting/spending tracker, there are a plethora of cool innovative solutions that will become apparent after a quick google search; take your pick. Find one that you perceive to be enjoyable. Yes, that includes Excel, if you're that kind of person – it's what I use. Take a couple of weeks to collect this data. After that, scrutinise it, why am I spending $100 on coffee a week? Why is my largest expense Uber Eats?

For example:

Expense Tracker

Date	Category	What	Why?	Amount
1/01/2020	Food	Delicous pizza	I was craving pizza	$20
2/01/2020	Accom.	Rent	Neccesity	$250
2/01/2020	Entertainment	Movie night	A cool new movie just came out!	$50

So on and so forth...

Now comes the fun part – the planning. Develop a plan that fits your goals. In the short-term, goals could include getting a bit of a safety net in a savings account or paying down that overdraft. Mid-long term may include saving for an overseas trip when we return to normal, getting started on that first home deposit, and so on. These goals must be achievable and realistic, but it comes down to what motivates you. Try to fit these plans into your budget, whether the amount is $5 a week or $500, building the habit is crucial.

Given that likely the only variable able to be changed at this stage is expenses, managing these is next. Now that you understand yourself and your goals, find ways to cut back discretionary spending. Meal prepping for example offers great expense management (and health) benefits as opposed to eating out. There are many approaches to this, but I would find the balance between what you are willing to give up and your lifestyle, whilst being realistic. Use these cut-backs to feed into your goals, extending those allocated savings!

The resultant budget could look similar to this:

An oversimplified budget. The format and platform are dependent on what works best for you! Again, there are plenty of apps and websites available; the world is your oyster as far as format goes.

Further along, when you have a solid grasp of how to manage spending, plan, and budget; investing may come into mind as a means to assist in reaching your goals. Although perceived as being for those with mass amounts of capital sitting around, it is now more accessible than ever. Incorporating an investment strategy could be a fun and interesting way to take steps towards your long-term plan. I refrain from getting into detail about how you may approach this as your reading this bulletin is evident of you have an interest in the topic already. Keep reading those educational pieces and think about how it could play out for your future. But in short, platforms such as Sharesies and Hatch are a great first step, and a fun way to experience equity investing if you have a solid foundation of education.

That's my approach. A very brief overview does not do justice the nuanced topic of personal finance, but I hope I have got those neurons firing in some of you. Further education and getting started are the next steps. I highly recommend checking out sorted.co.nz for some awesome tools and resources to provide clarity. Great leaps start with small steps, so start making those small steps early!

A Simplified Budget		
Monthly Income		
Pay1		$ 1,000.00
Pay2		$ 1,000.00
Total Income		**$ 2,000.00**
Monthly Expenses		
Rent		$ 600.00
Phone		$ 50.00
Gym		$ 50.00
Essential Groceries		$ 300.00
Total Neccesary Expenses		**$ 1,000.00**
Entertainment		$ 200.00
Lattes		$ 50.00
Avocados		$ 50.00
Total Discretionary Expenses		**$ 300.00**
Total Expenses		**$ 1,300.00**
Overflow / Savings		**$ 700.00**
Save for holiday	:)	$ 200.00
Home Deposit Kickstarter	:)	$ 500.00

MYOB's column

THE MYOB START UP GUIDE

You dream it. We'll help you turn it into a reality.

The MYOB Start Up Guide is for every Kiwi who wants to turn their dream into a profitable startup. That has a side-hustle they want to transform into a full-time job. Or who wants to change the world with their big idea.

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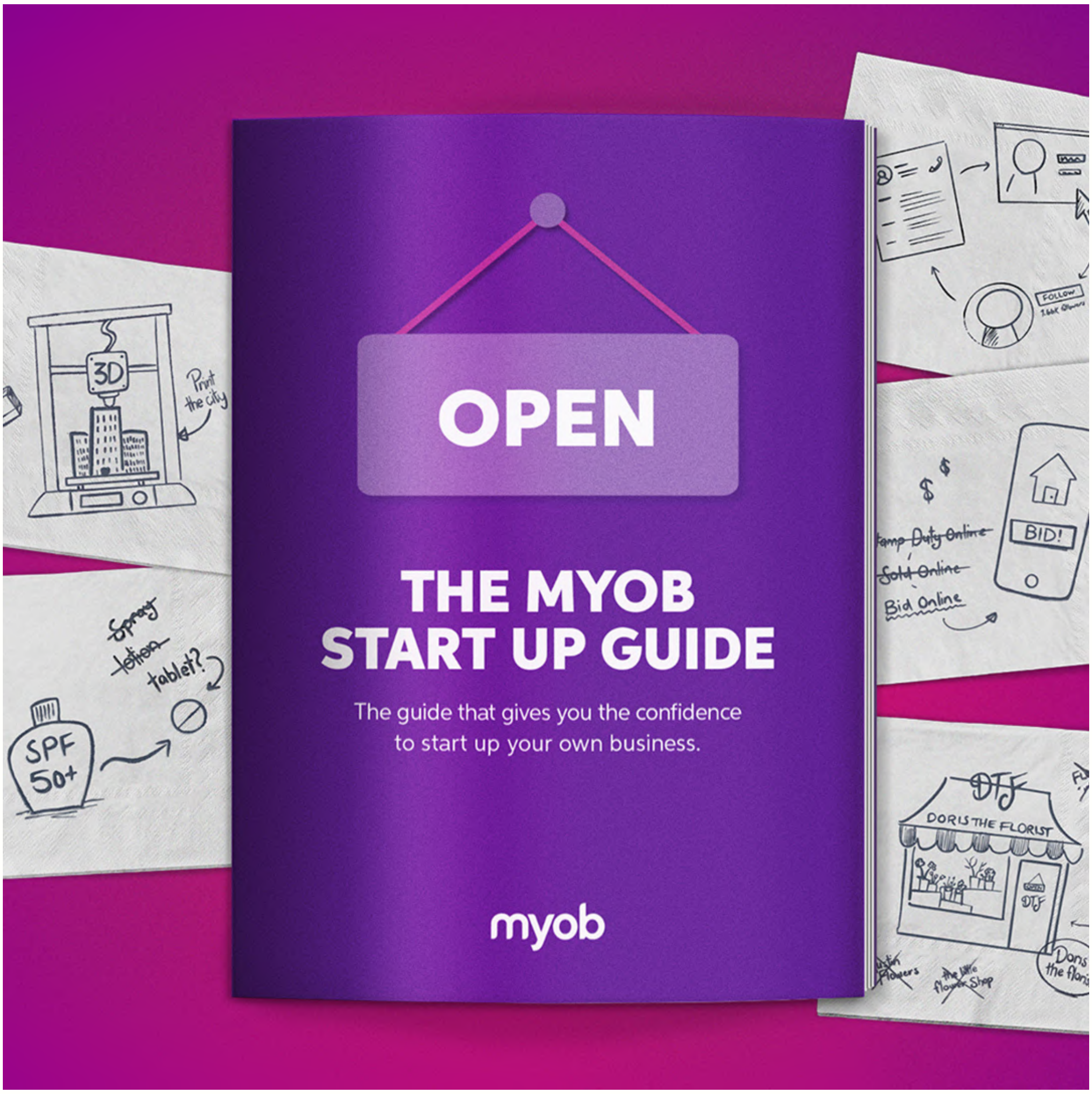


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