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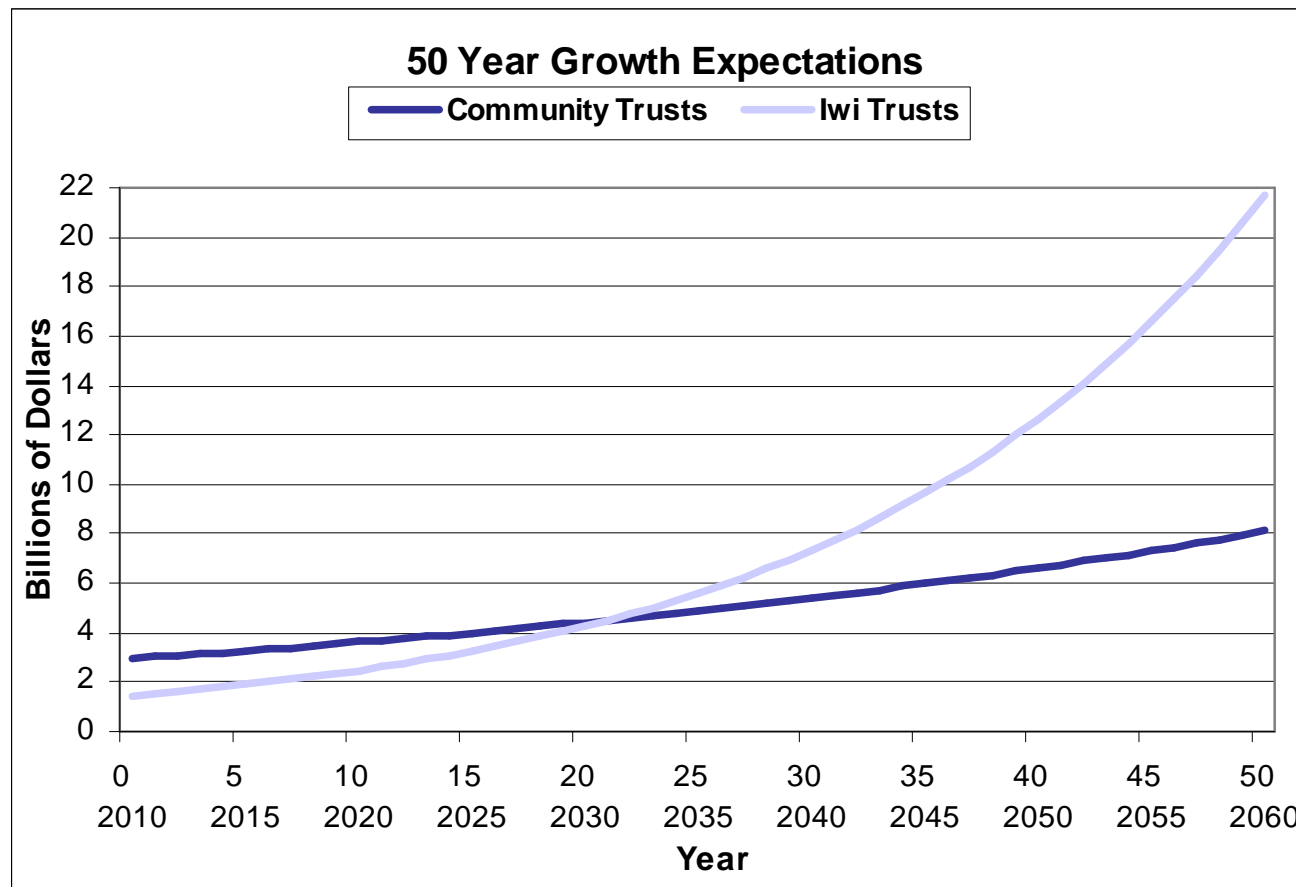
Tōpūtanga Tuku Aroha o Aotearoa

INTERGENERATIONAL EQUITY: HOW TO WIN IN THE LONG RUN





IWI FORECAST TO OUTPACE



15x

3x



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WHY?

- **TIMING:** DISPROVED
- **SELECTION:** DISPROVED
- **ASSET ALLOCATION:** 90%+ OF RESULTS



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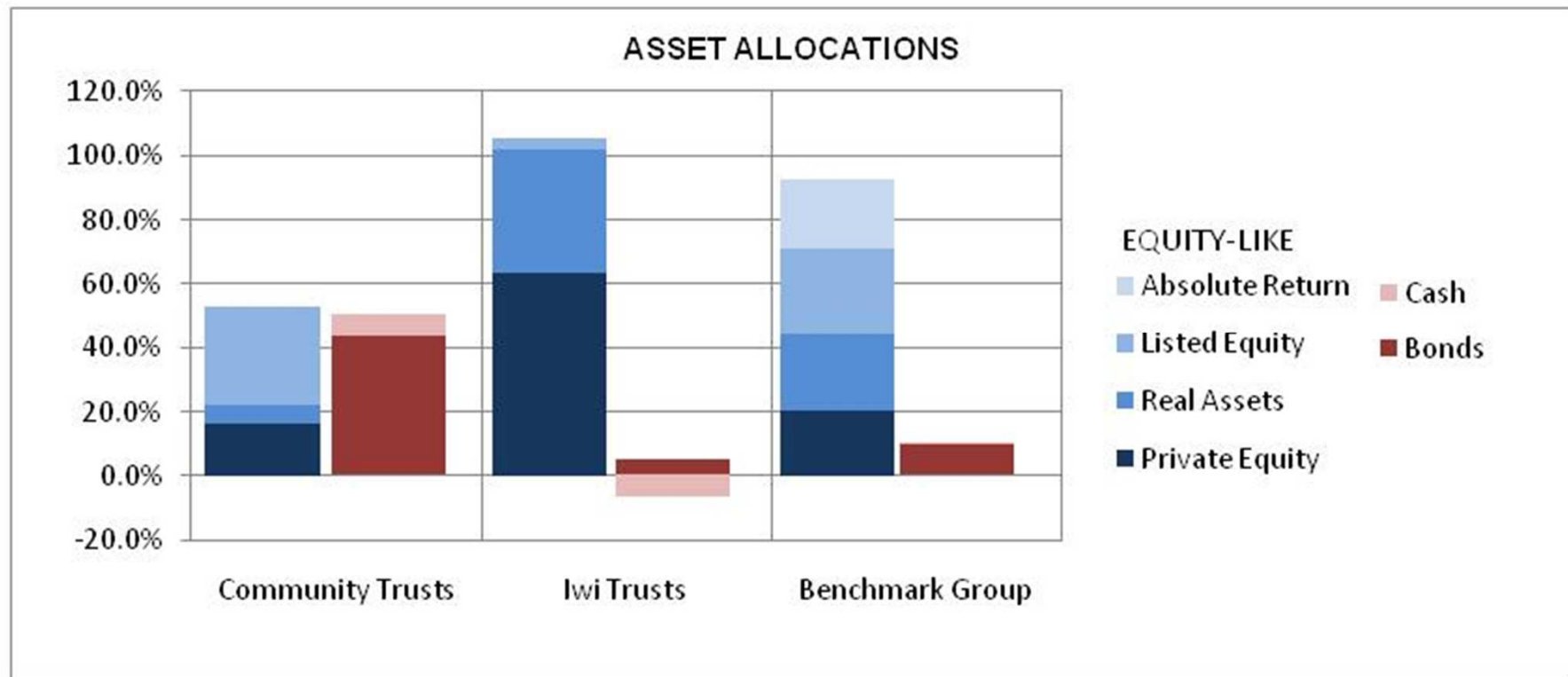
EQUITY-LIKE ASSETS

ASSET CLASS	LONG TERM RETURN (after inflation)
Listed Equity	6 - 8 %
Private Equity	12 %
Real Assets	6 %
Absolute Return	6 %
Cash	0 %
Bonds	2 - 4 %

Data: 1802 to 1998, 196 years of returns data
Source: Yale University Investments Office (Swensen 2009)



IWI & COMMUNITY TRUSTS



- Benchmark is 90% equity-like assets



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ISSUES

- **DIVERSIFICATION & LIQUIDITY**
- **BIASES – eg. HOME BIAS**
- **VOLATILITY (?)**
- **GOVERNANCE & DISTRIBUTIONS**



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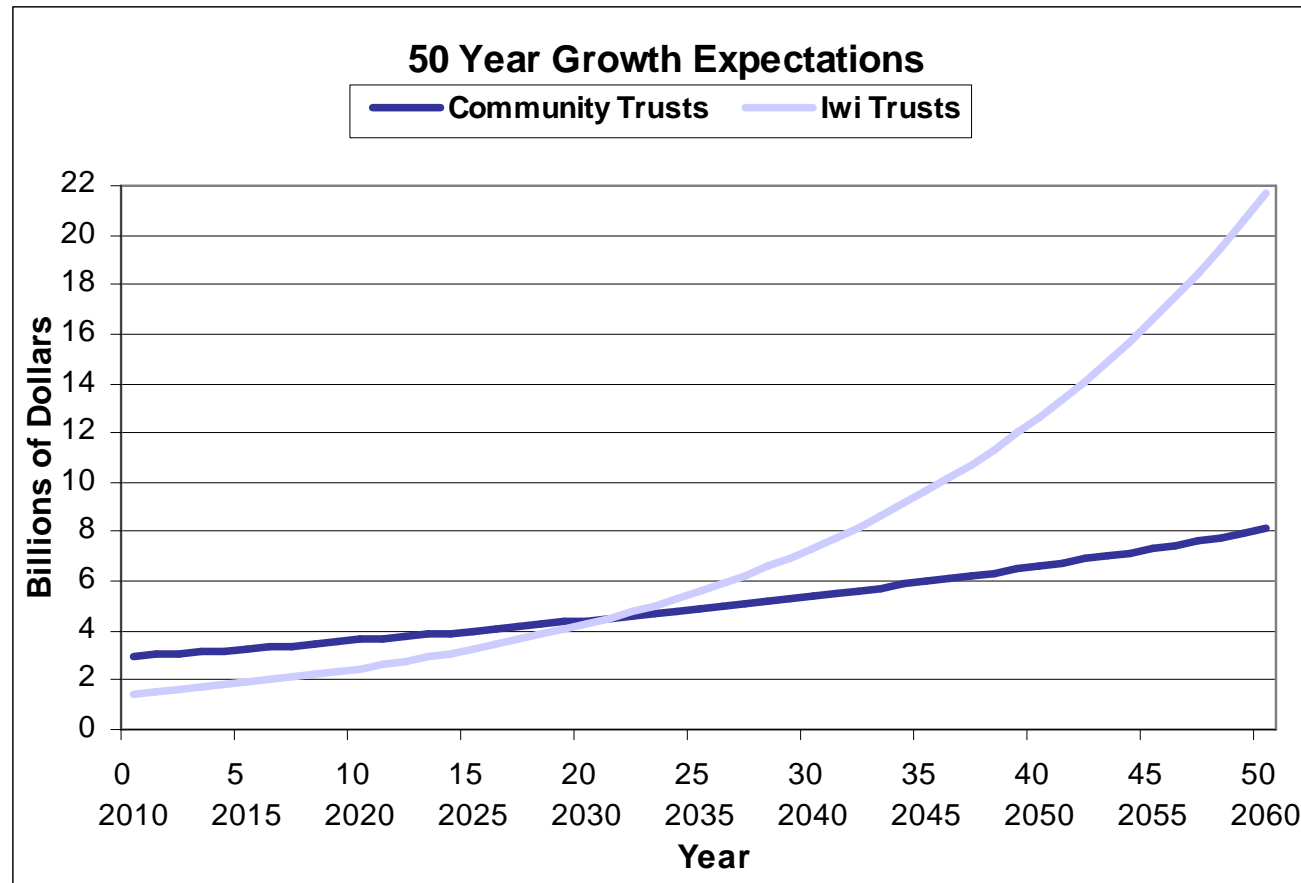
SOLUTIONS

- **SEPARATE GRANTING vs. INVESTING**
- **DISTRIBUTION RULE**
- **SET ASSET ALLOCATIONS**
- **REBALANCE ACCORDING TO YOUR RULES**
- **DON'T PANIC**



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PRESENTATION BY:

NICK MAIER

nick.maier@gmail.com

+64.21.43.8885