



REDE ADVISERS
PROFESSIONAL FINANCIAL ADVICE



Newsletter December 2016

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Steve's Soap Box



The following is yet another contentious piece of opinion Steve has written for the newsletter. As we have warned previously, these pieces are on current issues affecting New Zealand and will be hard hitting and sometimes controversial. Steve is not known for his diplomacy and political correctness, and we have given him an opportunity to say it as he sees it. The opinions stated in these pieces will be his own and not necessarily those of the company or other staff members. We hope you enjoy them as much as Steve enjoys writing them.

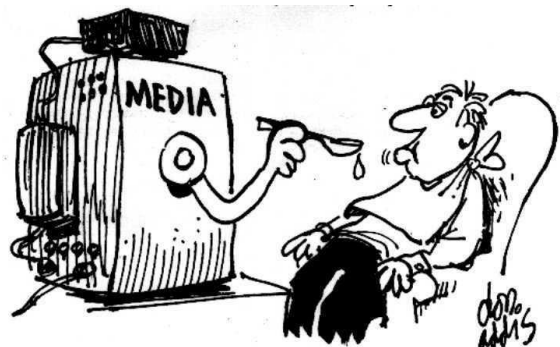
Your Key to Credibility - Don't Join the Mainstream Media

Over the many years I have been involved in finance, it has never ceased to amaze me how wrong the mainstream media can be. This year has been no exception. They predicted financial Armageddon when there was increased volatility in China at the start of this year – it never eventuated.

Then came the surprise Brexit vote at the end of the June and the naysayers came out in force. "As we predicted" they said, "the end is nigh". Wrong again. In fact, equity markets enjoyed one of the very best quarters of performance since the G.F.C.

"The same media that has called every major event this year wrong is now saying the markets will crash and burn and we will all be going to hell in a hand cart"

Then came Trump. First they said he could never win the Primaries – Wrong. Then they said he could never beat Hillary and win the Presidency – Wrong. Then they said this would be a disaster for America, and the world. The same media that has called every major event this year wrong is now saying the markets will crash and burn and we will all be going to hell in a hand cart. Well at the time of writing this article the US share market has just set its third straight day of record highs. Even the UK share market is up nearly 1000 points from its "Brexit" lows.





Why do we listen? At times the media noise is deafening, as “Hosking” and “Henry” type personalities climb over each other in the rush to get the next headline or sound-bite. Content is reduced to represent one view only and to allow more advertising time. I call this type of media noise the “Paul Holmes Syndrome.” This is characterised by sensational headlines, wild and unsubstantiated predictions and accusations, and a penchant for never letting the truth get in the way of a good story.

We now have media personalities – they think they are the news, and their job is not to deliver it, but to predict outcomes, find blame, and share information only if it fits their beliefs. I have named these media personalities “The Ants”. They are either ignorant of the facts, or so arrogant they choose to ignore them.

My advice – don’t listen to the mainstream media noise. It is often wrong, often biased, and if you had made investment decisions this year on main stream media predictions, you would have lost your shirt. Let your adviser sift the wheat from the chaff and if we think there is something of value to be shared – rest assured we will pass it on.

Basic Emergency Kit

The recent quakes in North Canterbury have jolted us all, I suspect, and our thoughts are certainly with all those affected. How quickly we can forget the lessons learned from the February 22nd disaster. If you, like us at Rede, have not looked at your Emergency Kit for a number of years, then you may find the following of assistance. Remember, you may need to survive on your own after an emergency. This means having your own food, water, and other supplies in sufficient quantity to last at least 3 days.

Recommended Basic Emergency Kit

- ✚ Bottled water for drinking, minimum 2 litres per day per person
- ✚ Food, non-perishable that can be eaten without cooking, water, or special preparation
- ✚ Battery powered radio with extra batteries
- ✚ Flashlight with extra batteries
- ✚ First aid kit
- ✚ Basic tools e.g. can opener, pocket knife, adjustable wrench, screwdrivers (you may need to turn off water or gas)
- ✚ Moist towelettes, rubbish bags and toilet paper for personal sanitation
- ✚ Pet food (probably only useful if you have a pet!)



We hope you never have to use it, however it may help you sleep peacefully when the world around you is rocking and rolling. For more information, the civil defence website is a good resource.

www.getthru.govt.nz/how-to-get-ready/

Health is the New Wealth

Many of us assume that when we need it, ACC will cover us. Whilst ACC does provide cover for injuries and rehabilitation as a result of accidents, in some cases they do not cover the whole cost of treatment or may decline the claim altogether. When it comes to non-accident related events, ACC is not even in the picture.

As is the case for all insurance – the very real benefit of having private health insurance is not experienced until a medical event occurs and you need to make a claim.



Recently, one of the private insurers we recommend to clients provided a summary of the top claims by age made by their clients in the 2015 year. The figures are extraordinary, and paint a sobering picture. Imagine if you had to go through these procedures, let alone having to pay these bills, too! The top claims were:

Top Claims by Age Bracket for 2015 (Source: nib)

	<u>Category</u>	<u>Condition</u>	<u>Claim Amount</u>
18-20 Years			
Female	Orthopaedic	Posterior Thoracic Fusion	\$ 55,875
Male	Orthopaedic	Hip Bilateral Procedure	\$ 35,836
21-30 years			
Female	General Surgery	Pancreatic-Duodenectomy	\$ 58,168
Male	Orthopaedic	Thoracic Spine Decompression	\$ 48,062
31-40 years			
Female	Cancer	Breast Cancer	\$ 214,765
Male	Cancer	Brain Tumour	\$ 97,109
41-50 years			
Female	Cancer	Breast Cancer	\$ 130,763
Male	Cancer	Bowel Cancer	\$ 115,893
51-60 years			
Female	Cancer	Breast Cancer	\$ 240,644
Male	Orthopaedic	Lumbar Spine Decompression	\$ 99,920
61-70 years			
Female	Cancer	Breast Cancer	\$ 113,078
Male	Cancer	Bowel Cancer	\$ 115,176
71-80 years			
Female	Heart	Heart Valve Repair	\$ 94,409
Male	Heart	Bypass and Valve Replacement	\$ 95,745

If you don't have medical insurance and are concerned about the above costs for private treatment and the impact on your financial situation, please ring Michael or Steve. We can find the best cover for your personal circumstances.

Key Indicators and Rates (gross, pre-tax)			
OCR (official cash rate)	1.75%	Mutual Credit Finance Deposit – 24 mths	5.75%
90 day Bank Bill	2.03%	Heartland Bank Term Deposit – 12 mths	3.40%
Enhanced Cash Portfolio	2.00%	Corporate Bond Portfolio (estimated)	2.70%
Income Securities Portfolio – Call	2.25%	Income 18 Portfolio (estimated)	3.60%
Income Securities Portfolio – 3 mths	3.25%	Income 28 Portfolio (estimated)	4.20%
Income Securities Portfolio – 6 mths	3.60%	Income 50 Portfolio (estimated)	5.50%
Income Securities Portfolio – 12 mths	3.25%	Income 99 Portfolio (estimated)	8.40%

Christmas Period Transactions

Booster will be closed from Friday 23rd December until Wednesday 4th January, so the following will apply:

- Regular withdrawals and direct debits due between 24th and 30th December will ALL be processed on 30th December.
- Last day for one-off withdrawals from Booster portfolios (not BNZ accounts) are:
 - ◆ 10.00am, Wednesday 21st December where trading is required
 - ◆ 2.00pm, Thursday 22nd December where cash is available
- Payments from BNZ Cash Manager Accounts will continue as normal on business days.



Our office will close for the Christmas break at 3pm on Thursday, 22nd December 2016. Both Ona and Michael Borthwick are taking extended breaks and will be away from the office before this date leaving the “old guard” holding the fort.

The office will re-open on Monday, 16th January 2017.

As always, both Michael and Steve are available on their mobiles in the event of an emergency. If you require urgent assistance, please call and leave a message and they will get back to you as soon as they can.

*We wish you a happy holiday season and
a New Year of health, happiness and prosperity.
Steve, Michael, Ona and Michael*

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Disclosure Statements are available on request and free of charge.

Disclaimer: The information contained in this newsletter is provided as a helpful guide for clients and is of a general nature. It therefore does not constitute advice. We recommend that you obtain specific advice on how this information applies to your specific circumstances.