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NEWSLETTER – DECEMBER 2019

IS ECONOMIC GROWTH UNDERWAY?

The consensus view is that after the economic slowdown over the past year, we will see a reacceleration in economic growth. This growth will be fuelled by government spending and low interest rates. Recent data viewed by the team at Rede indicates such a recovery is underway and likely to continue for some years.

In the last year the wind had come out of the New Zealand economy's sails. GDP growth has slowed to 2.30% and that is well down on the 3% to 4% per annum that we saw in recent years. There has been a range of factors which have contributed to the deacceleration in economic growth.

These include:

- *The global economy has been rocky with trade disputes between China and the US weighing on world growth.*
- *Business confidence has fallen to the lowest levels since the financial crisis (GFC).*
- *Property price falls in the major centres of Auckland and Christchurch has led to a slowdown in household spending.*
- *Cooling population growth has contributed to the fall in property values.*
- *Inflation has remained stubbornly low.*



Our view is that the New Zealand economy will be dragged out of its funk by increases in government spending and very low interest rates for borrowers (accommodative monetary policy). The steep slide in interest rates that began back in April, along with the shelving of the proposed Capital Gains Tax, has seen house sales lift by 14% from their lows. Even more notably, there are signs that the housing market increase is leading to a pick-up in household spending. Pre-Christmas credit card sales data show significant increases over the last year.

The last year has seen growth cool, however it looks like the worst is behind us.

Government stimulus remains the key feature of the economic recovery for the next few years. Government spending is up 8% over the last 12 months. Recent large government surpluses suggest there will be more spending to come, especially with election year just around the corner. Only yesterday the government has announced another round of spending and this time they are spending borrowed money – not the surplus. This is all designed to reignite the economy. Although we cannot see things improving internationally for a while, at least here in New Zealand things are on the improve. Business confidence had a big increase in November and has risen to its highest level in a year. In the last year 37,000 new dwellings were consented, the highest level since 1974 pointing to a substantial pipeline of work for the construction industry through to 2021.

With bank mortgage rates at record lows and a government willing to borrow to spend on infrastructure and government wages, New Zealand should be well placed.

BIG CHANGES AT REDE

The last two years have seen significant growth in investment activity at Rede. This increased activity has largely fallen on Steve's and Michael Shears' shoulders. Inevitably the increase in work has flowed down to Ona and Michael Borthwick. The increased activity and opportunity to work with more great clients is fantastic; however, if we wish to continue to provide excellence in service, we needed to make some changes.

The following are some of the changes you will see at Rede:

1. We are excited to announce that Scott Stokes will be joining us in January as a Financial Planner and Director of Rede. Scott is an experienced adviser and is a perfect fit for our team. Scott already has an active client base and he brings a comprehensive set of financial and business skills.
2. Ona has expanded her role from client services to working as a Financial Adviser alongside Michael Shears. With their combined qualifications, experience and understanding of all aspects of the financial planning process, they make a formidable team focussed on providing excellent service and great advice to existing and new clients alike.
3. Michael Shears has taken over the role of Managing Director previously filled by Steve. Michael has been effectively completing this role for several years anyway as Steve has progressively wound down his management responsibilities.
4. Michael Borthwick has accepted a change in his position as well. He will become Steve and Scott's Client Services Administrator and will assist both with many of the services previously provided by Ona. Michael is studying towards a Bachelor of Business with a major in Financial Advice. Michael will continue in his role as KiwiSaver administrator, handling all day to day KiwiSaver enquiries.
5. Scott will join Steve and Michael Borthwick to form a team to look after Steve's current clients, and the clients Scott will bring with him. Steve will reduce his workload slowly over time and this is the first step in providing a seamless transition.
6. Frances has replaced Michael Borthwick as Guy Buchanan's insurance administrator while continuing her role as office administrator.

What to do with Steve?



Steve founded Rede almost 30 years ago. He demands a very high level of service and a total commitment to excellence. He has set the benchmark for all employees at Rede. It has always been his ambition to leave a legacy, and not to sell out to "some Aussie corporate where client advice is handled by some pimply faced graduate with little or no life experience". Now that Michael Shears has taken over the leadership responsibilities, and the recent buy-ins to Rede of Guy Buchanan and Scott Stokes, Steve feels he is achieving his life goal.

Steve's day to day role will change very little. Firstly, he will continue to provide financial advice to his many clients, some of whom have been with him for 30 years. Secondly, he will assume more of a governance role on the board of Rede, providing experience and council to Michael, Guy and Scott.

He also hopes to spend more time with his new grandson, more time fishing and skiing, and more time travelling the world with his wife Alex. With Scott joining us in January, Rede will have a team of seven. Funds under management and advice by Rede will exceed \$220 million. Rede also has a large KiwiSaver client base and Guy has a growing personal and business insurance risk book. With two excellent investment platform providers (Booster and Consilium) and agency agreements with every worthwhile investment and insurance provider, Rede is in an excellent position to continue to grow and prosper for the benefit of staff and clients alike.

NEW ADDITION TO REDE FAMILY – SCOTT STOKES

Scott's career began initially in management, leading large teams of people in high turnover businesses. Throughout this period, he was an avid investor and as part of his own journey towards success, he worked closely with his own financial planner where he recognised the true value of advice. This ignited his passion to learn more about finance and financial planning, so alongside his management role he studied finance through Massey and achieved a Graduate Diploma in Business (Personal Financial Planning). That achievement and a desire to help others, lead him to change careers and join the financial advice profession in 2010. Scott is an insistent learner and is fascinated with behavioural finance and inter-generational wealth.

Scott is married to Natasha and has two children Dakota and Mekhi. In his spare time, he enjoys getting out for a run and scuba diving.



Scott is joining the Rede family in 2020 and is excited about his new challenge working alongside the team helping Rede clients to achieve their financial goals, personally and in business while ensuring that they will have peace of mind along the way.

10 ATTRIBUTES OF GREAT FINANCIAL ADVISERS

Not all financial advisers are created equal. As part of its 30th anniversary of working with advisers, Dimensional (one of the world's largest and most awarded fund managers) has compiled a list of **10 qualities** they believe investors should expect from their financial advisers. We at Rede happen to think that this list captures everything we stand for and strive to achieve for our clients.

1. **Purposeful**

They have a clear mission to serve clients and help them reach their goals. Great advisers want to do great things for their clients. They stake their business on doing the right thing.

2. **Empathetic**

They know they cannot effectively serve clients without genuinely relating to them. Empathetic advisers put themselves into their clients' shoes and assume their clients' perspective.

3. **Authentic**

They reveal their true selves to clients. Effective advisers elevate the connection with clients by revealing their own personal experiences. A willingness to be transparent and vulnerable helps build trust and encourages real communication.

4. **Intellectually Curious**

They continue to search for the most robust solutions for clients. Great advisers are on a path of continual professional development. They are lifelong learners, open to new ideas and committed to honing their technical and knowledge skills.

Investments and Financial Planning



**"I retire on Friday and I haven't saved a dime.
Here's your chance to become a legend!"**

5. *Personally Inquisitive*

They work hard to uncover what is truly meaningful to their clients. Great advisers have mastered the personal side of advice. They ask probing questions to better understand their clients' views before creating a plan.

6. *Active Listeners*

Active listening encourages clients to reveal their deeper thoughts. Often an adviser's best answer is to ask another question that can initiate analysis and self-discovery.

7. *Passionate*

Their unwavering desire to be the best adviser they can be drives constant improvement. A strong conviction to do right by clients compels great advisers to continue honing their craft to enhance client value.

8. *Entrepreneurial*

They run their practice as a business and plan strategically for the future. Advisers can better serve clients when they run successful firms. Just as they encourage financial responsibility in their clients, great advisers apply a high standard to managing their own enterprise.

9. *Honest*

They set realistic expectations about controllable actions and probable outcomes. Clients always know the real, cashed up value, of their wealth.

10. *Disciplined*

They don't let market swings or media messages drive impulsive actions. Effective advisers know the importance of preparing clients to navigate changing markets and apply discipline at crucial times, which leads to a more enjoyable and fulfilling financial journey.



CHRISTMAS OFFICE HOURS

**Our office will close for the Christmas break at 1.00pm on Friday, 20th December 2019.
We will return to the office on Monday, 13th January 2020.**

As always, the advisers 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.

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*Best wishes to you and your families from the Rede Advisers team
Steve, Michael, Guy, Ona, another Michael, Scott and Frances*



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