

## Secondary Disclosure Statement (Authorised Financial Adviser)

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Name and registration number of Authorised Financial Adviser:

### Michael Allan Shears – FSP 19761

Address: Physical Address: Level 4, 123 Victoria Street, Christchurch 8013  
Postal Address: P O Box 4160, Christchurch 8140  
Trading name: Rede Advisers Limited  
Telephone number: 03 964 4222  
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This disclosure statement was prepared on: 1 April 2020

### My Experience and Qualifications

I have been a financial adviser for over 20 years and give financial, investment and estate planning advice. I joined Rede Advisers in 2007 and became a shareholder and director later the same year. Prior to this I worked at Trustees Executors for 11 years, specialising in the provision of trust, estate planning and financial advice to individuals, trusts and estates.

Rede Advisers Ltd (previously HFK (Rutherford Rede) Ltd) is a private, limited liability company providing comprehensive financial planning advice. It has been in business since November 2003. Scott Stokes and I are the Directors and owners of Rede Advisers Ltd.

My professional experience in the trustee, financial planning and investment industry has been based on building long term relationships with clients as well as the legal and accounting profession. I am one of a select group of adviser representatives on the Adviser Investment Committee for Booster Financial Services Group Ltd (previously Grosvenor).

#### Qualifications and Designations:

- Bachelor of Commerce Degree (Accounting Major) from Canterbury University - 1994
- Graduate Diploma in Business Studies (endorsed in Personal Financial Planning) from Massey University - 2001
- Certified Financial Planner<sup>CM</sup> (CFP<sup>CM</sup>) – since 2004
- Chartered Life Underwriter (CLU) – since 2010
- Authorised Financial Adviser (AFA) – since 2011

#### Ongoing Personal Development:

I keep my qualifications and designations current through continuing education in accordance with my personal development plan. This ensures that I have the competence, knowledge and skills to provide comprehensive financial planning advice to clients. My current minimum continuing education requirements are:

- AFA: at least 30 hours of structured professional development every two years.
- Financial Advice New Zealand: at least 60 hours of continuing professional development every two years, 30 of which must be structured.

### Professional Bodies

I am a member of Financial Advice New Zealand and, as a condition of my membership I adhere to the Financial Advice New Zealand Code of Ethics and Financial Advice New Zealand Practice Standards in all facets of my practice.

I am also a member of the TripleA Advisers Association.

### Professional Indemnity Insurance

I have professional indemnity insurance which covers all my areas of practice as listed above. The underwriter is Lumley General Insurance (NZ) Ltd.

As with all insurance, this cover has limitations and is subject to certain exclusions and terms and conditions.

This insurance provides protection for clients for:

- any error or omission;
- defamation;
- employee dishonesty; and
- includes full "prior acts" protection.

## How I Operate

When I give advice I follow the internationally recognised six-step process:

1. Establishing the client-adviser relationship,
2. Gathering client data and determining your goals and expectations,
3. Analysing and evaluating the client's financial position, cash and debt management, personal and business insurance, retirement planning, estate and tax, and/or investment needs,
4. Developing and presenting our written advice,
5. Overseeing the implementation of the plan, and
6. Monitoring and reviewing the plan.

This can require a series of meetings with a prospective client before our advice is finalised. It also means I maintain a close ongoing relationship with clients, regularly reviewing progress and working with them over time to ensure that goals can be met.

The services I provide will depend on your needs. They may include any or all of those detailed in this Disclosure Statement.

My advice will take account of your personal goals, financial situation and needs. It will be clear and concise, with enough detail for you to make an informed decision about whether to act on it.

## Services and Products I Provide

I provide the following types of financial adviser services:

- Financial advice
- Investment planning services

I provide financial advice in the following subject areas:

- Cash/Debt Management      Income and expenditure analysis, analysis of debt, restructuring and amortisation advice.
- Estate Planning            General advice on asset ownership, establishment and ongoing management of Trusts – provided in association with an accountant / legal adviser.
- Risk Management          Analysis of financial exposure relative to mortality, disability, liability and casualty.
- Retirement Planning       Including projection of future capital values, analysis of superannuation programme benefits, corporate and individual KiwiSaver advice, regular saving requirement analysis.
- Taxation                      Advice on the use of tax-effective investments, held appropriately by individuals/entities – provided in association with tax adviser.
- Investment Advice          Security and portfolio analysis, risk and return profiling, specific investment recommendations and ongoing review.

The financial adviser services I provide are in relation to the following financial products:

- Cash Management          On-call cash manager accounts and short-term bank deposits.
- Personal Risk (Insurance) Management      Life, Total and Permanent Disability (TPD), Trauma, Income Protection and Medical insurance.
- Retirement Planning       KiwiSaver, superannuation schemes, managed investment portfolios.
- Taxation                      General advice on taxation in relation to investments and insurance.
- Investment Planning       Identification and provision of (listed and unlisted) fixed interest and equity securities both directly and via Portfolio Investment Entities (PIEs) and managed portfolios.
- Home Loans                  Advice on debt, appropriate loan structure, term analysis and repayment options.

## Other Interests and Relationships

Rede Advisers Ltd maintains contractual relationships (agency agreements) with the financial institutions detailed below. These agency relationships do not prevent Rede Advisers Ltd advising on, or placing investment/insurance products with, any other suppliers. ***I am not required to place any level of business with any supplier or financial organisation.***

Accuro Health Insurance	First NZ Capital Securities Ltd	nib NZ Ltd
AIA (NZ) Ltd / Sovereign Assurance Ltd	Fisher Funds Management Ltd	Onvestor Advisory Ltd
ANZ Investments Ltd	Harbour Asset Management Ltd	Partners Life Ltd
Asteron Life Ltd	Heartland Bank Ltd	Platinum Asset Management Ltd
Bank of New Zealand	iSelect Superannuation	PM Capital Ltd
Booster Financial Services Group Ltd	Lincoln Road Syndicate Ltd	Select Wealth Management
BT Funds Management Ltd	London & Colonial Services Limited	Shopping Centre Investments Ltd
Cigna NZ Life Insurance	Magellan Asset Management Ltd	Southern Cross Medical Care Society
Consilium NZ Ltd	Milford Funds Ltd	Synergy Investments New Zealand Ltd
Dimensional Fund Advisors	MLC Investments Ltd	Yarra Capital Management
Fidelity Life Assurance Company Ltd	Mutual Credit Finance Ltd	

Rede Advisers Ltd will not receive any additional monetary benefits from product suppliers not already clearly identified in standard fee schedules or publicly disclosed in a clear and identified manner. Rede Advisers Ltd may however receive additional non-monetary considerations such as training courses, functions, entertainment and office supplies (notepads, pens etc). These non-monetary considerations are deemed minor by the directors and will not influence recommendations.

These rewards vary from entity to entity and from time to time. It is at the discretion of Rede Advisers Ltd whether any or all of the above financial and non-monetary rewards are accepted. On request, Rede Advisers Ltd can provide the current financial and non-monetary rewards available from the entities being recommended.

### ***I have relationships with the following organisations:***

- Abraham and Associates Ltd – Abraham and Associates is a Christchurch based Fire and General and Life insurance broking firm. Fire and General insurance enquiries and referrals are also passed to Abraham and Associates and in return, 50% of any commission revenue received by Abraham and Associates is paid to Rede Advisers Ltd.
- Booster Financial Services Group Ltd (BFSG) - BFSG (previously Grosvenor/GFSG) is a privately owned company providing investment research, portfolio administration, technology solutions, and software and marketing services to Rede Advisers Ltd. Steve Benton is a past director of BFSG and some subsidiary companies and was the chair of the directors Audit Risk and Compliance committee. I am a member of the Booster Adviser Investment Committee, which monitors BFSG's investment management activities on behalf of all advisers, for which I receive an attendance fee.
- Consilium NZ Ltd - Rede Advisers is part of a national network of independent financial advisers utilising the investment research and support services of Consilium. Consilium provides comprehensive investment solutions, ongoing adviser education, analytical tools, practice management support and resources, and access to Consilium Platform, an independent custodial wrap platform.
- Lincoln Road Syndicate Ltd – is a single asset investment company administered and operated by Nexia. Steve Benton is a director on this company representing the interests of Rede Advisers Ltd clients. Through a related entity, he also has an investment in this company.
- Nexia New Zealand (Nexia) – Nexia is a chartered accounting practice providing accounting and taxation services to business and personal clients throughout New Zealand. Nexia provides some administration services and office space to Rede Advisers Ltd on a sub-tenant basis. Nexia and Rede Advisers Ltd work closely together and have a number of mutual clients.

Rede Advisers Ltd has additional relationships with the following companies whose services or software Rede Advisers Ltd may utilise to assist in providing investment or insurance advice or services to our clients: Craigs Investment Partners, First NZ Capital, Hobson Private Wealth and Quotemonster.

Rede Advisers Ltd may also utilise software and research provided by the financial institutions with which Rede Advisers Ltd places business with, in addition to publicly available information related to the ratings of insurance companies, investment companies and other financial organisations.

To the best of our knowledge and belief Rede Advisers Ltd is not aware of any other existing or potential conflicts of interest which could impair our impartiality and objectivity as providers of professional services and financial advice. If we do become aware of such conflict before you purchase any products or services we will inform you as soon as we become aware.

I do not have any preferential terms (other than those readily offered to other market participants) or production performance agreements with any particular product provider.

I do not have any other financial or other relationship with any other person that would be reasonably likely to influence me in giving advice, except as described above.

## Fees

### A) Fees Payable by you to Rede Advisers Ltd (your adviser)

for advice and service in respect of your financial affairs

- Plan Writing Fee – covers meetings, analysis of your financial position, assessment of your risk profile, recommendation of investment and insurance risk strategies, and preparation of a written plan. An estimate of time will be provided before preparing the plan. This is calculated at \$190.00 per hour, is subject to GST, and is not tax deductible.
- Implementation Fee – covers the implementation of a new portfolio or new funds into an existing portfolio. Typically, this is charged on a “time spent” basis and is calculated at \$190.00 per hour plus GST. This fee may also be charged as a percentage of the new funds invested and would typically represent up to 0.50% of these funds. This fee is not tax deductible.
- Adviser Portfolio Fee – covers the on-going advice and management associated with your investment portfolio held through one of our preferred providers. This fee varies depending on the size of your investment portfolio, the investment platform provider used, and the nature of the objectives of the portfolio e.g. either income production or long term capital growth. This fee is typically between 0.50% and 1.00% of the investment portfolio, is subject to GST, and is tax deductible.
- Tax and Investment Administration Fee – covers the services in relation to your adviser’s role in acting as addressee and collating tax information for investments held outside the investment manager wrap platform. In most cases the platform provider will provide these services and the fee will be paid directly to them.
- Estate Transfer Fee – covers the costs associated with estate transfers, beneficiary distributions, and finalising the investment affairs of clients. This fee is typically charged on a time basis at \$190.00 per hour, and is at the discretion of the adviser.
- Administration Fee – if any advice or service is provided by an Associate Adviser or by our Client Services team, then a reduced hourly rate of \$110.00 plus GST per hour will apply.

I estimate that the fees a typical new client will need to pay Rede Advisers Ltd will be:

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|----------------------------------|--|
| a. Plan Writing Fee              | one off hourly fee at \$190.00 per hour plus GST   |
| b. Implementation Fee            | one off fee up to 0.50% of funds invested  |
| c. Ongoing Adviser Portfolio Fee | Income Solutions up to 0.50% p.a. of funds managed<br>Capital Growth Solutions up to 1.00% p.a. of funds managed |

A comprehensive Supplementary Secondary Disclosure of all fees payable to Rede Advisers Ltd will be given to you prior to you making the investment decision.

## **B) Fees payable by you to the Investment Manager and Wrap Platform providers** for the management of your investments

These all-inclusive fees are calculated on a daily basis and deducted monthly from your portfolio directly by the investment managers. These fees are fully tax deductible (either within the investment or PIE, or directly against income earned) and cover the following investment management services:

- Research
- Strategic and Tactical asset allocation
- Selection of securities
- Investment management
- Taxation reporting
- Portfolio transactions
- Investment due diligence
- Portfolio monitoring
- Report development
- Custodial services
- Trustee and legal services

The cost of those fees varies depending on the investment manager and the wrap platform provider selected. The level of service selected by the investor can also affect the level of fees payable significantly. Also impacting the level of fees payable is the selection of risk profile and the size of the investment sums involved. A comprehensive Supplementary Secondary Disclosure of all investment manager and wrap platform fees will be given to you prior to you making the investment decision.

### **Remuneration**

Rede Advisers Ltd receives remuneration from the following:

- 1. Direct from you**  
These fees will include the fees identified on the previous page under A) Fees Payable to Rede Advisers Ltd, either paid directly or collected by the Investment Manager and Wrap Platform provider on behalf of Rede Advisers Ltd.
- 2. From the Investment Manager and Wrap Platform provider**  
These fees are payable to Rede Advisers Ltd for additional services provided, and are payable by the Investment Manager and Wrap Platform provider, not by the investor.
- 3. From the Insurance and Risk Provider**  
Brokerage and commission is payable to Rede Advisers Ltd directly from the insurance product provider. Typically, this may include a first year brokerage and an ongoing renewal service fee.

The total remuneration for each individual client will be clearly and fully disclosed in the Supplementary Disclosure provided at the time that advice is given.

Rede Advisers Ltd receives all remuneration generated by Michael Shears, Scott Stokes and Steve Benton and pays all operating expenses. I am remunerated by way of a management fee from the net income and as a shareholder and director of Rede Advisers Ltd.

### **Arrangements to manage conflicts of interest**

Rede Advisers Ltd does not have any obligation to promote any particular investment company, KiwiSaver scheme or insurance company. We regularly review investment and service performance of all investment companies. Our insurance recommendations are based on independent research which rates the quality of policies and insurance companies.

## Declaration

I, Michael Allan Shears, declare that, to the best of my knowledge and belief, the information contained in this disclosure statement is true and complete and complies with the disclosure requirements in the Financial Advisers Act 2008 and the Financial Advisers (Disclosure) Regulations 2010.

Signed:

A handwritten signature in blue ink, appearing to read 'M Shears', enclosed within a large, loopy circular flourish.

Dated: 1 April 2020