

MIDLANDS NEWSLETTER  
DECEMBER 2024

# SMARTER INVESTING STARTS HERE

We are pleased to report another  
solid quarterly performance.

Return  
**6.90%\***

\*Annualised return, after fees but before  
tax for quarter ended 31st December  
2024. Past performance is not a  
reliable indicator of future performance.



**0800 870 326**  
[www.investmidlands.co.nz](http://www.investmidlands.co.nz)



**MIDLANDS**  
FUNDS MANAGEMENT

# CEO Report

Welcome to the December quarterly update and distribution. I'm very pleased to announce our latest quarterly distribution of 6.90% (after fees but before tax).

## The RBNZ Kick-Starts the Economy

2024 has seen a marked shift in confidence in the property sector. After two years battling inflation and a restrictive rate environment we saw the RBNZ shift from a hawkish view in May to a very rapid succession of rate reductions resulting in the OCR being cut from 5.5% to 4.25% in three months. The consensus is that further reductions will continue from early 2025, with the OCR expected to settle around 2.75%-3%. The last time we saw the OCR at this level in an easing economic environment was Sept 2015, when 6 month bank term deposit rates were returning around 3.5%! All in all, it's an advantageous environment for an alternative, low risk investment which delivers consistent returns.

## Spring Bounce in Property Lending

Property lending traditionally enters a hiatus over winter months and then picks up once spring arrives. In 2022 and 2023 the 'spring bounce' was less pronounced than normal and commenced late September/early October. This year we experienced a reinvigorated spring bounce, which commenced almost immediately following the RBNZ's August rate cut. High quality lending enquiries ensued, allowing us to re-stock our portfolio of loans with high quality property and land mortgages, supporting returns for this quarter and beyond.

## Investments Growing

The investments side of the business continues to see strong sustainable growth from both new and existing investors, growing 4.3% this quarter alone. It's common to see an increase in



investment activity this time of year and we're especially happy to see that a lot of the current activity can be directly attributed to our revised marketing approach which saw us re-direct marketing spend to focus on supporting local clubs, charities and community oriented organisations.

## What's in store for 2025?

While the OCR reductions are a welcome relief for many and green shoots are appearing in the economy, there is a long way to go before we can claim the economy is back in good shape. At Midlands, we remain confident in our position and ability to manage the macroeconomic climate. We will be sticking to our tested, proven formula for 2025 and are well placed to continue to deliver solid, sustainable returns to our investors.

From all of us here at Midlands, we thank you for your continued support and we wish you all a safe, happy holiday period. Merry Christmas.

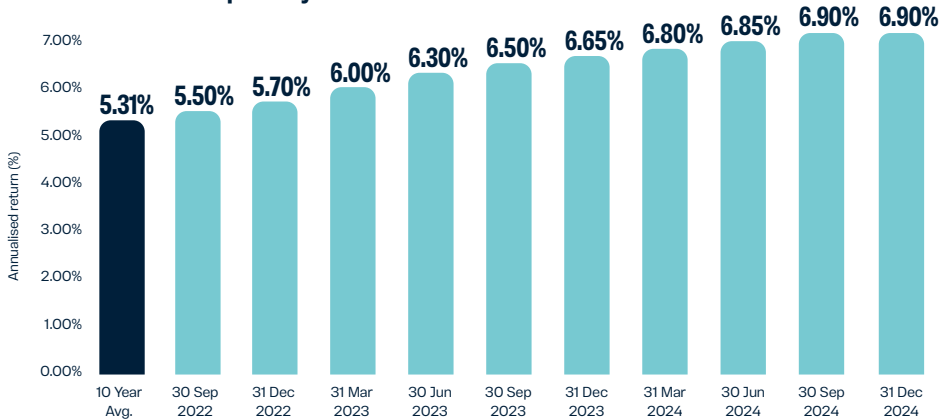
A handwritten signature in black ink, appearing to read 'Rhys Trusler'. The signature is fluid and cursive, written over a white background.

**Rhys Trusler**  
Chief Executive Officer



# Fund Performance

## Midlands Annualised quarterly returns\*



\*This graph shows Midlands Smarter PIE Fund's annualised quarterly returns, after fees but before tax. The '10 Year Avg.' bar represents the Fund's average annual return after fees but before tax for ten years ending 31st December 2024. Past performance is not a reliable indicator of future performance.



## Midlands returns vs Bank Term Deposits

# 5.34%

Midlands Smarter PIE Fund

Average annualised return from July 2017 – Dec 2024 (7.5 years), after fees but before tax. Past performance is not a reliable indicator of future performance.

## BETTER RETURNS, FROM AN ON CALL INVESTMENT

# 2.38%

Average Bank 90 Day Term Deposit

RBNZ Statistical Series B26,  
June 2017 – Nov 2024 (7.5 years)

The information and data above represents the most recent data as at the date of publication.



# HOW TO HAVE A CRACKER OF A DAY

Thank you to everyone who attended one of our recent events to celebrate 20 years as Midlands. The highlight of the events was David Todd's ([www.toddytalks.com](http://www.toddytalks.com)) presentation on 'how to have a cracker of a day'. Given the popularity of this topic, we thought we would continue the theme right here in our newsletter.

## Have a laugh

If you want to have a cracker of a day, one of the most important things is to remember to have a good laugh. After all, research has shown that laughter and happiness has a positive impact on your long term health and wealth.\*

However, sometimes we forget that finding laughter and positivity in daily life is like exercising. You need to seek it out, not just wait for it to fall on your lap. The good news is, the more you seek it, the more you see it and it soon becomes a part of your daily life.

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## Here are our top tips for fitting more belly laughs that make your sides hurt into your day:

- Watch a comedy or maybe bloopers instead of the news (maybe they are the same thing at the moment). How much better do you feel afterwards?
- Laugh when you do something really silly. Like when you spend 10 minutes looking for the glasses that are on your head!
- Tell a joke. Like 'What's the best way to make a milkshake? Make the cows run to the milking shed.'
- Laugh at little mishaps. Like the other person's reaction when your cheek puts your mobile phone on mute. Again. Or when you try to dial someone's number on your phone calculator.
- Ring an old friend and laugh about something hilarious you once did together. It's like a 2 for 1 feel good deal.
- Laugh at life's little surprises. Like when you wake yourself up from your own snoring.
- Laugh at predictive text bloopers. Like that time your daughter text "Any ideas for Dad's birthday" and you responded, "lets thaw him out to eat" instead of "lets take him out to eat". Or when "it's raining cats and dogs" turned into "it's raining hats and frogs". Or that time you text "turn off the stove when you get home, the children should be done cooking". Hopefully you meant the chicken!
- Even better, just google 'best predictive text fails'. You won't regret it.

Have a cracker of a day.

\*Reference: Individual differences in personality and positive emotion for wealth creation. Sarah D. Asebedo, Taufiq Hasan Quadria, Ying Chen, Esteban Montenegro. 2022. Individual differences in personality and positive emotion for wealth creation - ScienceDirect.

# Q&A

## Sandy Gernhoefer

(pronounced Gern-hoff-er)

Investment Manager

### What do you do for Midlands?

I have the best role ever as I get to talk to our awesome investors and hopefully make a difference in their day. I help our new investors through the onboarding process, take care of investment funds as they come in, look after withdrawal requests and much more. I have such a busy and rewarding role.

### Career highlight?

Well, this is a lifelong story – starting from being a solo stay-at-home mum working nights as Maître D. After the breakdown of a marriage, I decided I had to do something to create a better future for myself and my children. Instead of going on the Domestic Purposes Benefit to languish for years, I asked to be put on Dole in those days, which meant they were compelled to find me a job. Well find me a job they did! I got an interview with Westpac as a copy/dictaphone typist. This was my chance so I grabbed it with both hands, working 20 hours a week, then 30, then full time. I progressed into Customer Services roles, then into the Business Banking department, where I stayed for 29 years. It truly changed my life, but all good things must come to an end and it was time for a change! So, quaking in my boots and leaping into the unknown. I was employed by Midlands as a Relationship Manager, a role where I have now been for three and a half years and I have been fortunate to find my happy place. They say if you love what you do you never work a day in your life.

## It's not all work Get to know our team



### What is the best investment advice you ever received?

Always leave a little bit of salt on your bread (i.e. never spend everything you earn)

### If you were Prime Minister for a day, what would you do?

If I was Prime Minister for a day I would focus on getting all the kids into school so they can feel enabled, valued and be our future.

### Best kept Hawke's Bay secret?

De La Terre Winery – 1426 Taihape Road, Sherenden. Such a cool place, the owner built it from scratch himself, gorgeous surroundings, great pizzas and the wine isn't too bad either.

### Cats or dogs?

I have 1 very spoilt dog called Bensen and 1 pure white ragdoll cat called Frankie, who owns the house. My husband doesn't know it but I'm eyeing up a black ragdoll cat so that the 2 cats match my new kitchen!

### Marmite or Vegemite?

Neither, hate the stuff.

### Quote of the day!

An optimist will always see opportunities whilst a pessimist will always see problems.

# Key Facts

## MIDLANDS' LOAN BOOK

### OUR INVESTING PRINCIPLES

Midlands' conservative lending principles help protect our investors:



#### Secured

Loans are always secured by first mortgages over NZ property.



#### Diversified

Midlands' Loan portfolio is diversified across property types and location.



#### Conservative

We maintain conservative LVR limits.

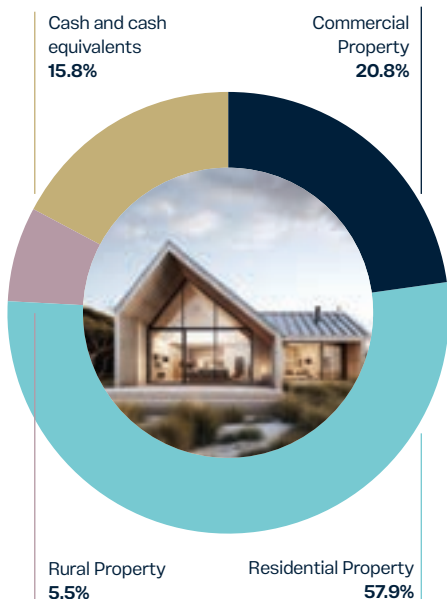


#### Experts

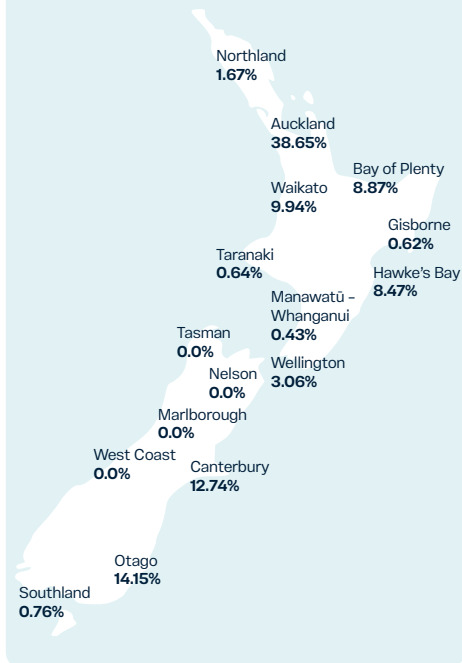
Our specialist loans team has over 110 years of experience.

### LOANS BY SECTOR (AS AT 30/11/2024)

The Fund's assets are spread between commercial, rural, residential property and cash as follows:



### LOANS BY REGION (AS AT 30/11/2024)



### LOAN SUMMARY (AS AT 30/11/2024)

Avg loan size on our book

**\$1.14m**

Avg weighted LVR

**53.2%**

New lending previous 12 months

**\$69.7m**

# READY TO INVEST SMARTER? CALL SANDY!

This is Sandy, our bright, bubbly and brilliant Investing Relationship Manager.

Sandy has 33 years of banking and investment experience and is passionate about 'treating our customers like real people, not numbers'. If you are interested in investing with Midlands or have any questions about your existing investment, Sandy would love to help you.

Give her a call, drop her an email or even better, come into our office for a cuppa.



**EMAIL  
ME**

[sandy@midlands.net.nz](mailto:sandy@midlands.net.nz)



**GIVE ME  
A CALL**

027 624 4554



**DROP IN  
AND SEE US**

No appointment necessary  
1/111 Karamu Road North,  
Hastings 4122  
(behind Kindred Café)

## CHRISTMAS HOURS:

Midlands' office will close this year on Friday 20th December. The last day that withdrawals and deposits will be processed before the holiday period will be Thursday 19th December.

The office will reopen on Monday 6th January. The first day for withdrawals will be Tuesday 7th January.

Thank you for your support in 2024. We wish you a very Merry Christmas and a happy new year.



# THANK YOU FOR YOUR SUPPORT IN 2024

**We wish you a very  
Merry Christmas and  
a Happy New Year.**



Midlands is licensed by the Financial Markets Authority (FMA) as a manager of registered schemes that invest in first ranking mortgages and cash. FSP number FSP43686. Cash returns are paid quarterly. **Returns are not guaranteed and past performance is not a reliable indicator of future performance.** Midlands Funds Management Limited, the issuer of the Midlands Smarter PIE Fund, is not a registered bank. The product disclosure statement for the Midlands Smarter PIE Fund is available from our website.