



Brett Tulloch
Portfolio Manager

A game of two halves

The first quarter of 2025 started well, with economic positivity lifting international equities to new highs. And then came the flip-flops, and not the footwear kind!

It started with the U.S. announcing tariffs on goods from other nations only to suspend those tariffs a day later when Canada and Mexico agreed to terms. Perhaps it was all just bluff and bluster or a negotiating ploy? No such luck, it turns out tariffs are coming. 25% tariffs were imposed on Canada and Mexico, 34% on China, and many more across the world into the first week of the second quarter. Canada and China retaliated with their own tariffs against the U.S. The tariffs have sent the markets into a downward spiral in the first week of April, but luckily our low weighting to growth assets, has meant we have been sheltered somewhat by the volatility. And if that wasn't enough, the Department of Government Efficiency (DOGE), headed by Elon Musk, is in the process of implementing wide-ranging and large-scale cuts to government, affecting the employment of hundreds of thousands of people, the Pentagon is making 60,000 people redundant. And this is occurring at a time when a cautious U.S. Federal Reserve has paused its lowering of interest rates as inflation has remained persistently high. All of this is a headwind for economic growth as uncertainty causes businesses and households to hold on to their money.

From its peak in mid-February, the US S&P 500 Index fell by as much as 10%, then recovered approximately half of this before weakening a further 10% in the first week of April. By contrast, at the beginning of the trade war, European equities have risen sharply, as have Chinese equities, which has brought the investment case for diversification back to the front of people's minds. They did fall away in the first week of April amid the ongoing tariff drama.



Matt Godfrey
Financial Adviser

Capital vs income - understanding the difference

In times of market volatility, it's crucial to differentiate between

capital and income to better manage your finances and investment strategy. Capital refers to the assets you own, such as equities (stocks), bonds (fixed interest), real estate, or other investments. The value of these assets can fluctuate based on market conditions. When you sell an asset, any profit or loss is categorized as a capital gain or loss. For example, selling a stock for more than you paid results in a capital gain; selling for less results in a capital loss.

Income, on the other hand, is the regular cash flow generated by your assets, such as interest from bonds, dividends from stocks, or rental income from property. Unlike capital gains or losses, income is typically more stable and predictable, providing a steady stream of funds regardless of the fluctuating value of the underlying asset.



Recognising that capital gains and losses are tied to market value, while income represents a reliable cash flow, helps investors balance risk and return, especially during economic uncertainty.



Daryl Buckingham
Financial Adviser

A path to diversification

With your hard-earned KiwiSaver funds, the need for advice is growing in line with your KiwiSaver balance. Our RIVAL Wealth recommendation for KiwiSaver is InvestNow KiwiSaver which allows investors to diversify their fund across a number of fund managers. We have utilised our strategic tools and research from our in-house portfolio construction to build a portfolio of KiwiSaver funds for Conservative, Balanced and Growth investors. We review this regularly and communicate to our clients any recommended changes. If you aren't in InvestNow KiwiSaver then reach out to discuss further.





Fiona Matthews
Senior Investment
Liaison

It's that time of year again - tax time!

Our partner company - RIVAL Accounting - offers a range of tax services tailored to meet the needs of various clients, including contractors, small to medium businesses, and individuals. Here are some key services being offered:



- ➡ Tax solutions for contractors: Specialised tax planning and management, including financial statement preparation, income tax return filing, GST transaction reviews, and tax management plans
- ➡ Business advisory: Support for business development, compliance, strategy, and planning
- ➡ Rural accounting: Tailored solutions for farming ventures, addressing unique challenges and opportunities
- ➡ Property and rentals: Tax and accounting services for property developers and investors, regardless of portfolio size
- ➡ Startups and business transactions: Guidance through the process of starting, buying, or selling a business
- ➡ Bookkeeping services: Cost-effective bookkeeping to help manage business paperwork and compliance

If you are interested in learning more about how RIVAL Accounting can make your tax year end easier then get in touch today! Contact Simon Moor - 027 448 9691 or email simon@rivalaccounting.co.nz

Reach out to our team



Our dedicated investment team is always here to support you with any questions or concerns you might have.

Whether you're looking for advice on your current portfolio, insights into market trends, or just need some guidance on your investment journey, we're here to help. Don't hesitate to reach out to us – we're just a call or email away and always happy to assist.

Here are our contact details:

06 370 4441

0800 474 825

investments@rivalwealth.co.nz