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INVESTMENT STRATEGIES

Volume 51

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Expect the biggest quarterly economic rebound in New Zealand history when the third quarter GDP is released on 17th December.

ANZ is expecting a 14% quarter on quarter rebound, with ASB and Westpac economists see it coming in at 13%. That follows the big 12.2% slump in the lockdown-affected second quarter of the year.

The key question was whether the strong momentum in the quarter could be can be sustained? Bank economists expect growth will be modest over 2021, given a number of headwinds, including the international border restrictions and higher unemployment. The economy has proven more robust than we initially thought (thanks in particular to the housing-induced bump to domestic demand and the generosity of the wage subsidy). This said, it won't fully mitigate the significant challenges that lie ahead.

We seem to be getting away with a massive money printing operation, but history would tell us that there will yet be a day of reconning for this.

EQUITY MARKETS

Equity markets continue to show amazing resilience, mainly on the back of incredibly low interest rate.

VERSUS

NZ50 GROSS INDEX (ONE-YR GRAPH)

My advice would be to remain cautious, and well diversified.

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STATISTICS NZ DATA

Estimated population at 1-Nov-2020:	5,101,400
Births (57,753) - **Deaths** (32,670) Sep-20 year:	25,083
Total Arrivals April - October	65,900
Total Departures April to October	119,400
Net Migration loss Annual to October	411,260
NZers returning from trips April -October	23,200
NZ Citizen returning April-October	28,100
NZ Residents returning April-October	14,600
Consumer Price Index Sept-20 year (↓ 0.8%)	1.4%

JOBS HAVE GROWN 1.5% ACROSS NZ, IN THE 12-MONTHS OCT 19 TO OCT 20. BOP JOBS HAVE GROWN 2.5%.

REGION	Northland	Auckland	Waikato	Bay of Plenty	Gisborne
JOBS - FTEs	69,316	743,552	210,272	135,295	21,968
Annual =/-	1,672	4,189	4,487	3,260	844
% Gain/Loss	2.5%	0.6%	2.2%	2.5%	4.0%
	Hawke's Bay	Taranaki	Manawatu-Whanganui	Wellington	
	75,902	52,321	108,049	250,263	
	4,037	1,110	1,909	5,312	
	5.6%	2.2%	1.8%	2.2%	
	Tasman	Nelson	Marlborough	West Coast	
	23,721	20,293	26,206	16,583	
	1,326	505	1,081	400	
	5.9%	2.6%	4.3%	2.5%	
	Canterbury	Otago	Southland	Total	
	288,778	108,992	46,156	2,197,667	
	1,375	179	-227	31,459	
	0.5%	0.2%	-0.5%	1.5%	

WEBSITE:
vond.co.nz

2020 NZ HERALD BROKER PICKS

My portfolio continues to look great – up **31.9%** year to date (Outperforming the NZ50 Index by **19.7%** since 31st December 2019). LAST UPDATED 9th December 2020

AvonD Portfolio		Jarden		Craigs IP		Forsyth Barr		Hamilton Hindin		MSL Capital Mkts	
a2 Milk	(7.8%)	a2 Milk	(7.8%)	a2 Milk	(7.8%)	a2 Milk	(7.8%)	a2 Milk	(7.8%)	AFT Pharmaceuticals	30.3%
AFT Pharmaceuticals	30.3%	Eroad	49.1%	Ebos	7.1%	Arvida	(11.8%)	Ebos	7.1%	Arvida	(11.8%)
Infratil	47.3%	Infratil	47.3%	Freightways	17.1%	Contact Energy	18.1%	F&P Healthcare	46.0%	Heartland Group	(12.4%)
Port of Tauranga	(7.4%)	Katmandu	(60.5%)	Mainfreight	47.7%	Chorus	34.3%	Meridian Energy	0.0%	Plexure	70.5%
PushPay Holdings	97.0%	Oceania Healthcare	(0.4%)	Meridian Energy	45.1%	Sanford	(34.0%)	Z Energy	(6.8%)	Vector	17.8%
TOTAL CHANGE	**31.9%**		**5.5%**		**21.8%**		**(0.2%)**		**16.7%**		**18.9%**
NZ50 Index	12.2%		12.2%		12.2%		12.2%		12.2%		12.2%
+/- NZ50 Index	**19.7%**		**(6.6%)**		**9.7%**		**(12.4%)**		**4.6%**		**6.7%**

Always seek professional advice, but for me I remain a long-term holder in both Pushpay Holdings and Port of Tauranga.

INTENTION TO APPOINT A COMMISSION FOR TAURANGA CITY COUNCIL

All comments regarding Local Government are my personal views, and do not purport to represent the views of our Regional Council – of which I am an elected representative.

SOURCE: Beehive PR, 4th Dec 2020

Minister of Local Government, Hon Nanaia Mahuta, has

confirmed the Tauranga City Council has been advised of her intention to appoint a Commission in response to significant governance problems among the Council's elected representatives and the findings of an independent review.

"I have been closely watching the conduct of the Council for a number of months. I have grown increasingly concerned at the governance issues, and the impact this has on Tauranga ratepayers and significant investment in the region. The Council was given the opportunity to address the concerns, but has demonstrated that more direct action is needed."

Tauranga City Council has ten working days to respond to the Minister's letter of intention. The Council's response will be considered before a final decision is made.

"For the ratepayers in Tauranga, I know certainty is important. I am keen to make a decision quickly so that Tauranga can get on with its critical planning and investment."

As the process is ongoing, no further comment will be made.

A COLLABORATIVE APPROACH IS ESSENTIAL

As a Tauranga based Bay of Plenty Regional Councillor, it is inappropriate for me to wade in as to the merits or otherwise of Ministers Mahuta's decsion. However, we must work closely with Tauranga City Council, so certainty (and quickly) is essential with the collaboration required to ensure appropriate local government governance across both our organisations.

This is certainly true for urban planning and the operations of our Public Transport operations. Currently the Regional Council is responsible for the operations of our bus fleet, but we also require close collaboration with Tauranga City Council for the funding and management of the infrastructural spend associated with our bus routes.

If we are to get patronage uptake on our buses, then we have to have appropriate bus stops (shelters and signage) to support our services. We also need bus interchanges at specific places (CBD, Bayfair, Brookfield and Greerton to name just four), as well as bus priority initiatives.

In 2018, the Regional Council increased our bus fleet from 98 to 135 (with 5 of these being electric buses), in the expectation that Tauranga City would match that with a step up in bus infrastructure. That simply didn't happen – and the result has been a lack of patronage uptake. We now have too many buses travelling our streets with very poor patronage rates. Instead of getting cars off the streets (and patronage increases on our buses), we still have too many people driving in single use cars – clogging our streets, and also increasing our emissions. Tauranga ratepayers are paying excessively for this lack of co-ordination. Both TCC & BOPRC talk about a collaborative approach, but parochialism reigns.

This has to change, or our city will no longer be a place where we all want to live, work and play. This will require a conserted, collaborative approach to fix this. All I will say is that it would appear to me to be easier to fix this at the local level, rather than expect Wellington bureaucrats dictating what we do.

There is no easy answer, but we must resolve this, if Tauranga is to achieve its aspirations.

OUR POLITICAL CLIMATE

ARDERN DECLARES A CLIMATE EMERGENCY

Unbelievably, Ardern has given up on "Transformation", preferring to just declare a "climate change emergency", as her big idea for the next three years. This is so "yesterday". It has to be the most unimaginative and uninnovative initiative possible for an incoming government.

The Government is promising to clean up its own house with all Government buildings going green and new cars going electric by 2025. However, this promise is not backed by any new funding, and huge swaths of Government buildings such as state houses and schools are only included "in principle".

This climate change emergency declaration will have no practical effect on laws or the running of the country, but would instead symbolically signal that the Government saw climate change as an emergency.

"*This is a marketing stunt that won't stop one tonne of emissions. If you've got a policy, you don't need to declare an emergency. If you have to declare an emergency, maybe your policy isn't working*," David Seymour said in Parliament.

All Government departments and ministries will be required to measure their emissions and offset the ones they cannot remove by 2025. This, in itself, is a nonsense. "*The public sector needs to be and will be an exemplar that sets the standard we all need to achieve by 2050*," Ardern said. The motion includes a promise to make the public sector carbon-neutral by 2025.

The reality is that emissions have risen in the 3 years of this Labour-led Government. Coal imports have increased 89% under Ardern's leadership, and emissions are projected to increase further in coming years.

This Climate Emergency declaration follows on from several local government declarations – including Bay of Plenty Regional Council. While our regional council's intentions might have been well meaning, the truth is that since 2018 we have increased our bus fleet from 98 buses to 135 (with just 5 being electric buses). We are struggling to get people out of their cars, so the result is that both emissions and congestion have risen, with big empty buses belching diesel fumes in congested traffic! I am sure that, despite the best intentions, our regional council emissions are up (not down) since declaring our emergency!

Once again, this is all spin from Ardern – without any substance, nor genuine action plan.

NATIONAL PARTY AGM – SIR JOHN KEY

Sir John Key told National MPs "*If you can't quit leaking, here's a clue - quit the party*". Our former PM says National's opposition caucus must put infighting behind it and abandon the idea that the public will simply tire of Jacinda Ardern one day. He said that Caucus needs to look into the mirror for the answer as to why we suffered such a devastating defeat in October's election. John said, "*If we don't acknowledge that, if we don't take responsibility for it, then we won't learn from it*."

Sir John's speech to the National Party AGM, while hard hitting, was also inspirational, and future looking.

ARDERN BLAMES PUBLIC FOR HOUSING CRISIS

Unbelievably, Prime Minister Jacinda Ardern is putting much of the onus on the public for the housing crisis, saying on TV1 that the Government had tried taxation to ease the soaring market three times without public support.

What a weak-kneed response! Blaming the public…

This comes after Reserve Bank Governor Adrian Orr last week said the issue with housing wasn't identifying the problem, but rather the appetite for accepting policy recommendations on the part of politicians. He suggested taxation and resource accesses as two measures that might direct some demand away from housing. Orr said the ball was in the Government's court.

Despite having a clear parliamentary majority to exercise her left-wing leanings, Ardern seems to have gone along with the proposition that "*New Zealanders want the public services and income protections of Swedes while paying the taxes of Americans*".

"Hope is not a strategy"

Sir John Key

BULLY MALLARD DEMEANS HIS OFFICE

It is a damming indictment on Jacinda Ardern that she has once again refused to take leadership on this matter. Trevor Mallard is an embarrassment to all New Zealanders, and has brought disrepute on the role of Speaker of our House of Parliament. He must go.

This follows revelations that at least $333,000 of taxpayers' money was spent on settling the legal dispute Trevor Mallard created, by falsely accusing a former Parliamentary employee of rape.

The figure, revealed to the National Party in a written parliamentary question, includes a $158,000 settlement payment from the Speaker to the staffer, $171,000 to cover legal fees, and $4,641.70 for Crown Law advice to the former deputy speaker.

3% WILL PAY 25% OF ALL INCOME TAX

New Zealand's highest earners will pay almost 25% of all income tax received by the Government under Labour's proposed top tax rate.

Labour campaigned on a new top tax rate of 39% for people earning more than $180,000. It said that this would raise an extra $550 million a year and affect only the top 2% of earners.

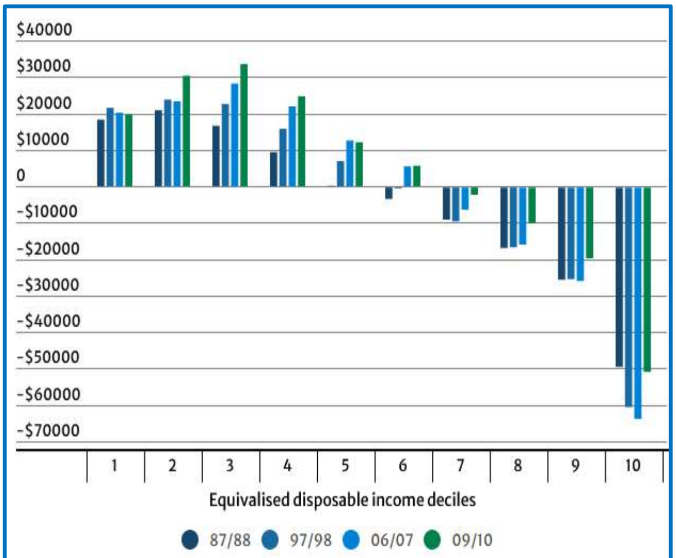
At present, the 3% of earners who receive more than $150,000 a year in income pay 23.5% of all income tax, or $8.67 billion of $36.85b.

NZ Initiative chief economist Eric Crampton said that would increase to 24.7% if the Government was able to claim the full $550m in extra tax. Some won't be happy until the 3% have been taxed so heavily they leave.

"*On the other hand, the Government provides many income transfers, some of which are targeted by income, some of which are universal*." Crampton said data from 2010 showed the bottom 40% of households each received about $20,000 more in services than they paid in taxes, while the top 10% of households paid about $50,000 more in tax than they received in services and transfers.

Crampton said lower-income people had been more heavily affected by Covid-19 job losses, which could skew the tax bill even further to higher incomes.

GOVERNMENT REDISTRIBUTION & HOUSEHOLDS' WELLBEING



Net Fiscal Average receipt of income support and social services less tax payments per household (Ave.Net Fiscal impact $2010).

But he said some higher earners would also restructure their affairs to make the most of lower company and trust tax rates, to reduce their overall tax bills when facing a new, higher rate. Most companies are taxed at a flat rate of 28%.

Infometrics chief forecaster Gareth Kiernan said there had been a "distinct spike" in the number of people earning exactly $60,000 a year between 1999 and 2001, when Labour introduced a 39% tax rate for income above that level. "*So, at that income, there was a definite change in behaviour when the tax rate was changed, because people had an incentive to divert money through trusts for income above that level, remembering that the trust tax rate stayed at 33%", he said.*

ARDERN'S PLAN IS NOT THE URGENT STRATEGY WE NEED – ROD ORAM

The government's plans are woefully generic, worthy but geared to incremental improvement. They will ease the pain of Covid and help us achieve a modest recovery. But they won't build our prosperous and sustainable future.

Prime Minister Jacinda Ardern laid out some of her ambitions for her second term of government in two announcements this week. Both were competent and confident, replete with some short-term objectives and vague hopes for the future. But both kept us guessing about her long term goals, or even what she thinks we voters want to work on with her government. Sure, she says we want a prosperous and sustainable future. But what does she mean by that? And how is her government going to help us create it?

Last term, the government created the Infrastructure Commission to provide long-term strategy and planning for infrastructure, as well as procurement and delivery advice and support for major projects. But Infracom is working on its strategy at a remarkably leisurely pace.

Her first announcement was of her new cabinet. It's better on paper than her first cabinet, with greater logic to and connection between portfolios. Let's hope she's learnt from her first term so will performance-manage ministers better this term.

Many ministers are grouped in two new committees, one to drive our health response to Covid-19 and the other to drive our economic recovery from it, which Ardern said were her top two priorities in this term.

It makes good sense that Finance Minister Grant Robertson adds deputy Prime Minister and Minister of Infrastructure to his roles. …..

There's serious strategy work to do on future suitability, and much faster. Last term, the government created the Infrastructure Commission, a Crown entity to provide long-term strategy and planning for infrastructure, as well as procurement and delivery advice and support for major projects. Those were previously Treasury's tasks.

But Infracom is working on its strategy at a remarkably leisurely pace. It will present a draft to Robertson next September before presenting the final version to parliament by April 2022, two and a half years after it was established. Meanwhile it's unclear how central climate is to its work.

In contrast, the UK government legislated in June 2019 a target of net zero emissions by 2050, five months before our government did so here. Within a year, the UK's National Infrastructure Commission had reviewed its strategy and work programme and concluded they were consistent with the new target. …….

The government should have begun a long time ago a national conversation about the climate goals we have and how we will deliver them. By leaving it to next year, many people will be shocked rather than enthused by the Climate Commission's recommendations. The public and political backlash could be severe.

Ardern's second announcement only compounded the risk. She laid out her economic plans in a speech [recently] to an audience of senior business people in Auckland. "*It's a strong plan that we started to roll out before the election, and will now look to speed up*," she said. "*Many of you will recall the foundation of that plan: 1) Investing in our people; 2) Job creation; 3) Preparing for the future; 4) Supporting small business; 5) Backing our exporters*."

But a plan is not a strategy. Worse, this plan is woefully generic. Many of the elements devised so far are worthy but geared to incremental improvement. They will ease the pain of Covid and help us achieve a modest recovery. But they won't build our prosperous and sustainable future.

HOME OWNERSHIP

Stats NZ says home ownership peaked in the 1990s at 74%, but by 2018 had fallen to 65% of households – the lowest rate since 1951. Many young people can't afford to move out of their parents' home. Quoting the experience in Europe, Stats NZ warns: "*Declining home ownership rates may reduce the ability to pass on wealth and may have the potential to exacerbate cleavages between older and younger generations*."

The ANZ research report is even more hard-hitting."*Covid-19's legacy of increased public debt and even less affordable housing will be carried disproportionately by younger people. This is adding to what was already a rough deal for younger people, who will be left picking up the tab of climate change and an ageing population*."

It says the solution can't be found in the private sector or Reserve Bank jiggling the levers. It lays responsibility for restraining intergenerational debt squarely at the door of the Government. New Zealand needs to take a longer, strategic view. We can't keep kicking the can down the road.

US EX-FACEBOOK PRESIDENT TO BUY A THIRD OF WETA DIGITAL

Facebook's first president, billionaire Sean Parker, has won consent from New Zealand's Overseas Investment Office to buy a third of Academy Award-winning Weta Digital which made The Lord of the Rings and Avatar possible.

In this decision, the office said it had approved an application by the United States' Weta Holdings LLC to buy a third of the shares in Weta Digital. That gives Weta a chance for big expansion to grow its visual effects business.

Weta Digital is the visual effects arm of Sir Peter Jackson and Sir Richard Taylor's Wellington film empire. The acquisition of 5,569,620 new shares issued by Weta Digital, whose assets exceeds $100 million.

POLICE WILL HAVE TO BUY CARBON CREDITS FOR NEW CRUISERS

Police will have to cycle 2,000 new Škoda cruisers out of their fleet by 2025, or fork up the cash for carbon credits under the Government's new carbon neutrality policy.

Just a week before the Government committed to a carbon neutral public sector by 2025, the New Zealand Police announced they would be contracting with Škoda for future fossil fuel replacements for their 2,000 frontline cruisers.

Now, Climate Change Minister James Shaw says the police will have to cycle those cruisers out of the fleet and replace them with electrics by the 2025 deadline or find a way to purchase carbon credit offsets out of existing, baseline funding.

In a statement released last week, Police Commissioner Andrew Coster said the electric vehicles and hybrids were not the "*preferred option*" due to power efficiency concerns and cost.

"*We are committed to reducing our carbon emissions and have outlined a 10-year plan to an emissions-free fleet*," Coster said.

In the meantime, police will have to buy carbon credits to offset their emissions. The two new Škoda vehicles that police have contracted for have average CO_2 emissions of 162 and 176 grams per kilometre driven. That's well below the police fleet average of 193 g/km and would mean the police would have to purchase a credit for every 6,172 to 5,681 kilometres driven, depending on the Škoda model used.

New Zealand carbon credits are currently trading at $36.15, but the price of pollution could be much higher by 2025 when the requirement to purchase offsets will come into effect.

Shaw said he thought it was unlikely that police would cancel the purchasing agreement now, but said he was hopeful that they might switch to electrics when the contract was up in five years' time. "*I think probably that ship has sailed, sadly, because that was some months in the making*," he said.

It seems to me that our current government continues to make policy "on the hoof". This policy wasn't a surprise to anyone; and yet there was no coordinated plan between the government partners, to ensure that government departments were better aligned.

Police cruisers are replaced after six or seven years of use or once they have driven 120,000 kilometres, at an average rate of about 400 per year.

Police own and operate 3,249 vehicles, according to data from the Government's procurement office, and run the ninth dirtiest fleet in Government. Just one of those vehicles is an EV and seven are hybrids. By contrast, nearly 500 are diesel-powered.

WHAT IS HAPPENING WITH LOCAL POLICING?

Directions from Central Government to go soft on crime, has seen a huge increase in unsafe streets. Tauranga has suffered increased gang violence, with gun related crime increasing exponentially.

While this is a New Zealand wide issue, it seems that the Bay of Plenty has gang violence out of control.

As Chair of Public Transport, I am seeing it increasingly on our urban buses within Tauranga. Recently an 81 year old woman was massively assaulted while sitting on a bus within our CBD. This poor woman's injuries included multiple breaks to her arm – requiring several days of hospitalization. This was inflicted by a young woman (believed to be a 501 deportee from Australia). The police response was to say that "*we can't arrest our way out of this problem*". Well for me, we have to find an urgent solution (and I can assure you that we are actively addressing this issue) because we can't let the criminal youth and gangs rule our city.

Drugs are a big part of the problem with offenders receiving prison sentences, where they receive addiction help – but then, on release, they come back into our community with no further addiction support; and before long the cycle repeats.

We need an "all of community" approach to this problem, if we are to protect our society from ever increasing violent crime. Tauranga City deserves better.

Steven Joyce: Focus on growth, not the property bubble

Source: NZ Herald, 28 Nov 2020

All the heat and light around housing in the last fortnight is unfortunately missing the target. The latest house price bubble in New Zealand is not caused by housing policy — it is a symptom of a much wider issue.

We can therefore talk about housing until we are blue in the face. There is not a single change in housing policy right now that will stop the rise in house prices. While freeing up more land is always helpful in the medium term, most of the hackneyed housing ideas making the rounds are like doing the proverbial into the wind. Or worse. Taxing behaviour that your other economic policies encourage is perverse.

Short of banning house sales for six months (more Covid restrictions anyone?) prices are likely to keep rising. As are other asset prices. The NZX50 stockmarket index is 13% higher than it was a year ago before anyone knew what Covid-19 was — which also doesn't make sense.

These rapidly rising asset prices are caused by ultra-low interest rates that have destroyed returns for fixed-interest depositors. Faced will nil or worse returns on bank deposits and other fixed-interest securities, investors are doing the rational thing and irrationally bidding up other asset prices to gain any sort of return.

That momentum has in turn caused everyone else who can scrape together enough money to race in and buy too, so they don't "miss out". All the finger-pointing between the Finance Minister and Reserve Bank governor doesn't change any of that. The recent stoush between the two did nobody any credit. Leave aside whether the governor previously made a virtue of rising house prices to help ward off a depression (he did) and the Finance Minister two years ago scrapped asset price stability as a target in his policy targets agreement with the bank (he did). The problem is that the economic policies of the two are running in opposite directions, and that needs to change.

It isn't clear that the Reserve Bank governor really appreciates outside advice, but he does need to convene his monetary policy committee and discuss whether they could be overshooting the mark with monetary stimulus. Just a hint of slowing down the printing presses or otherwise tapping on the brakes would likely moderate things immediately in the asset price department. The bigger jobs, though, are for the Finance Minister.

He could start by reversing his ill-fated changes to the policy targets agreement with the Reserve Bank. He needs to re-insert a reference to asset price stability and remove the full employment target. It is perhaps unfair that his changes have been so cruelly exposed by the pandemic but the bank has too many targets and only one significant weapon — its management of interest rates. It should be left to manage price stability, including asset prices, while employment remains clearly the responsibility of Government.

His other job is to get some sense back into the Government's economic policy making, particularly in relation to the labour market. As I said a fortnight ago, Government policies are too often working against economic recovery, increasing the reliance on ultra-low interest rates to do all the heavy lifting. He needs to give the Reserve Bank more room to moderate its monetary policy stance.

Nowhere is that more important than around the border, where it now appears the Government is using the pandemic's controls to foster a more insular labour market to its own philosophical liking.

All pretence was dropped when Damien O'Connor recently announced a "deal" where a smallish number of RSE workers would be allowed into New Zealand for the upcoming fruit season — provided they were paid 17% more than the current legally mandated minimum wage.

Let's think about that. Paying above minimum rates has nothing to do with the pandemic.

Border controls are supposed to be about keeping us safe, not a convenient tool of labour market restrictions.

New Zealand has attained a growing level of prosperity partly because it has been an open economy that can attract more people to work here than were born or already live here. We invite people in to do the jobs the locals don't want to do or where we don't have enough skilled people. That allows us to keep creating higher incomes and wealth for everyone. It is understandable that Covid-19 challenges this model in the short term. But we don't need government making it worse.

Ministers have made no attempt to increase the number of quarantine places for months now, or reduce the number of people who need to use them by setting up Trans-Tasman or Pacific bubbles. Given that everyone has to stay in isolation for 14 days, we are limited to bringing in fewer than 400 people a day, and that includes the newly announced RSE workers. On Thursday a grand total of 221 people arrived.

Families can't reunite for Christmas, companies of all types can't get the workers they need, crops can't be picked, hospitality businesses can't get staff, and university and school halls are being left empty of fee-paying international students.

"Jobs for locals" is a populist sentiment, but short of bussing redundant airline and airport workers to Hawke's Bay, we are quickly coming face to face with reality. Some people are suited to some jobs, others are suited to others.

Make no mistake. The current border controls and policies like increased holiday pay and sick leave are making it harder, not easier, for our economy to recover. That means we are leaning more on interest rates than we should be.

Misguided tax initiatives are not the answer. More growth-enabling government policies are. The Finance Minister needs to get busy. We need an orderly, sustainable way to unwind this asset price bubble.

I STRONGLY RECOMMEND THAT YOU "GET OFF THE BEATEN TRACK" IN JAPAN (I DID SO IN THE 80'S).
TOKYO IS NOT JAPAN. PLEASE SUPPORT JAPAN CUSTOM TOURS – YOU WON'T REGRET IT.

THE WORLD AT A GLANCE

United States
Trump looks petulant but half voted for him

Canada
Trudeau antagonizes India by supporting their protesting farmers

Europe
Covid vaccine a hopeful salvation for EU economy

India
India on track to meet Paris Accord

China
China versus Australia The knives are out

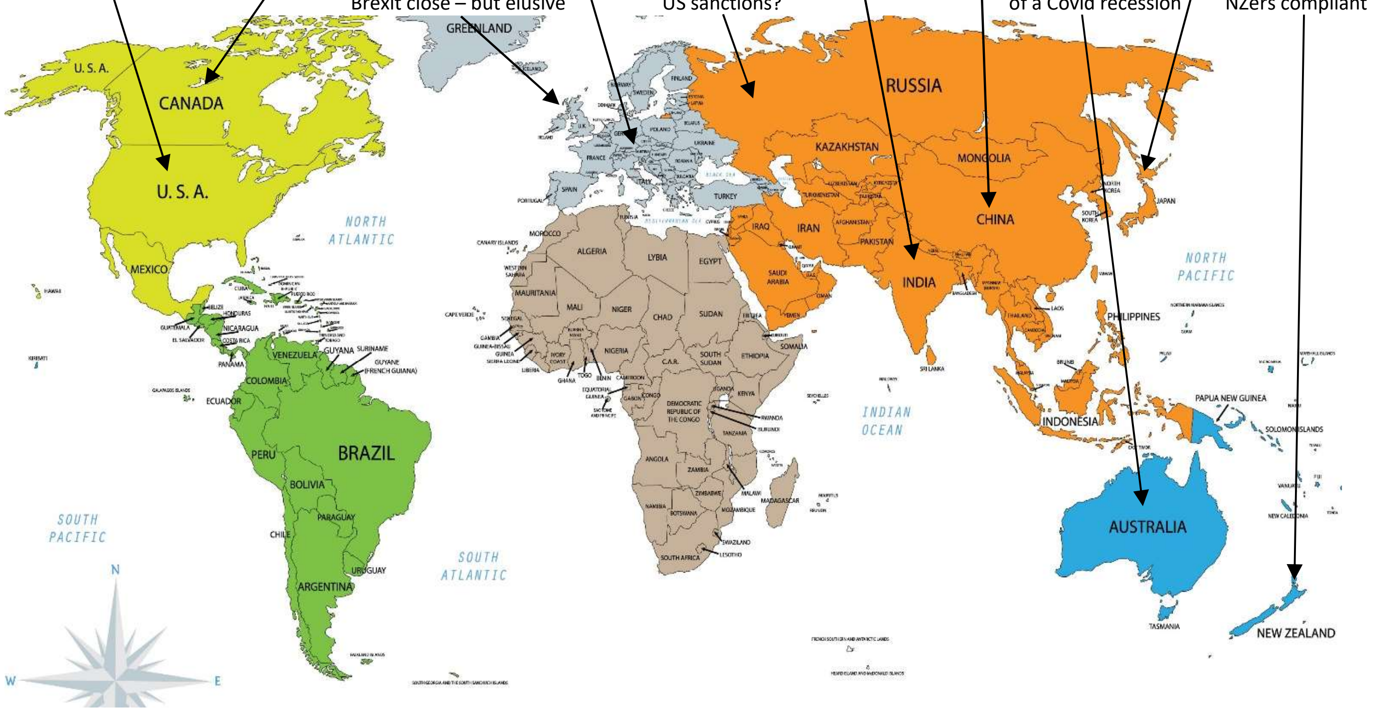
Japan
Japan and UK achieve new free trade deal

UK
Boris agrees to Irish solution Brexit close – but elusive

Russia
Will Biden win reignite US sanctions?

Australia
Economy powers out of a Covid recession

New Zealand
Fear factor keeps NZers compliant



A POST-COVID WORLD

The world economy has rebounded from the initial wave of Covid-19 lockdowns, but a resurgence in infections threatens to derail that momentum in the US and Europe. In contrast, those regions that have successfully controlled the spread of the virus are in a much stronger economic position.

An end to the pandemic is now in sight, with vaccines being rolled out, but these and other treatments will take time to roll out and more policy support will be needed in the meantime.

THE CHINA EFFECT

China is New Zealand's largest trading partner, and in 2019 it imported kiwi goods and services worth more than NZ$20 billion. As Australia is learning, that level of reliance carries substantial risk.

Beijing's growing 'wolf warrior diplomacy' means that the potential for disputes is rising. As China becomes more assertive on the world stage, it may be less tolerant of any perceived disrespect from its trading partners. It may apply more pressure to prevent criticism of, or interference in, its actions at home and abroad. What will New Zealand do when it is faced with a serious conflict between its liberal democratic values and its economic interests? The risk register just got ramped higher for New Zealand's economic future.

That raises a major question for New Zealand. As a new Cold War emerges between China and America, what does the future hold for the NZ/US relationship?

Without strong alliances, the moral high ground can be a lonely and dangerous place.

NEW ZEALAND'S ECONOMIC OUTLOOK

The lack of international tourists has left a big hole in the NZ economy. However, monetary and fiscal stimulus have underpinned a strong recovery in domestic demand, with signs of solid momentum as we head into the new year. Longer-term, the country will face some tough decisions, as the current 'sugar rush' from super-stimulatory policy will eventually have to be repaid.

Tourism exports normally account for around 5% of GDP, and the halt on tourist inflows since March has been a significant drag on earnings and employment in sectors like accommodation and hospitality.

In contrast, outside of the travel and tourism sectors, much of the ground lost earlier in the year has already been recovered, with many parts of the domestic economy rebounding faster than expected after the lockdown. At the head of the pack, businesses linked to the building industry are reporting strong demand. We've also seen lifts in manufacturing activity (including exports) and gains in the retail sector. Against this backdrop, we're now seeing a rise in the number of businesses who are planning to take on new staff.

Looking ahead, the strength of economic conditions will remain closely tied to the spread of the virus. Recent positive news about the vaccine development is welcome, but we don't expect a widespread rollout to begin until mid-2021. While this will start to bring down the risk of the virus to more tolerable levels, reaching effective immunity for the global population could still be several years away.

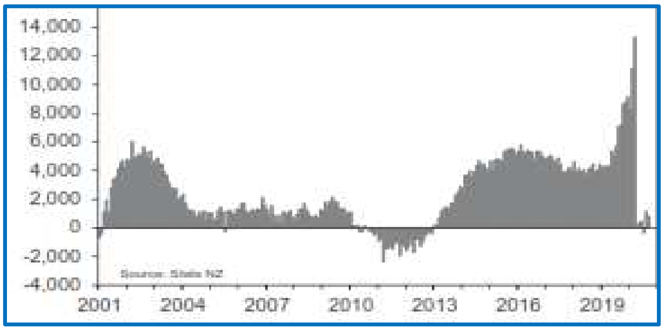
Covid-19 has inflicted plenty of pain on the New Zealand economy, and few would have expected it would be responsible for delivering the country's best economic surplus since 1992 (almost 30 years). This was driven mainly by much lower imports after the pandemic hit, while New Zealand's exports have held up. Annual imports fell 10% to $58 billion. In the same period, exports rose 1.2% to $60 billion.

NZ - ANNUAL GDP GROWTH RATE

NEW ZEALAND'S HOUSE PRICE RISE

Rapidly rising house prices in recent months will become a political and social flashpoint over the coming year. Rapid increases in house prices have rekindled concerns about affordability for first home buyers and longer-term concerns about financial stability. Consequently, the RBNZ has signalled that restrictions on high loan to value lending (LVRs) are likely to be re-introduced from 1st March 2021, and you can expect that they will be squarely targeted at property investors. Based on the experience with LVRs since 2013, expect that the reintroduction of lending restrictions will take a little of the steam out of the property market, but this won't be a game changer.

NZ's MONTHLY NET MIGRATION



Some quantitative easing was required for the shock of lockdown, but not a two-year programme of printing money, which is causing huge distortions. Cheap credit is fuelling the house and share market boom. Savers who relied on fixed bank deposits have been devastated.

Asset bubbles end badly. The Reserve Bank's ownership of outstanding nominal government bonds has rocketed from 6% to 37% in the space of seven months. Starting at 11%, it took Japan three years to reach 37% ownership. New Zealand has the most aggressive QE programme in the Western World. Bloomberg says: "*Falling yields may deter capital flows needed to fund deficit*". A foreign exchange crisis could be how it ends.

NEW HOME BUILDING CONSENTS AT 14-YEAR HIGH

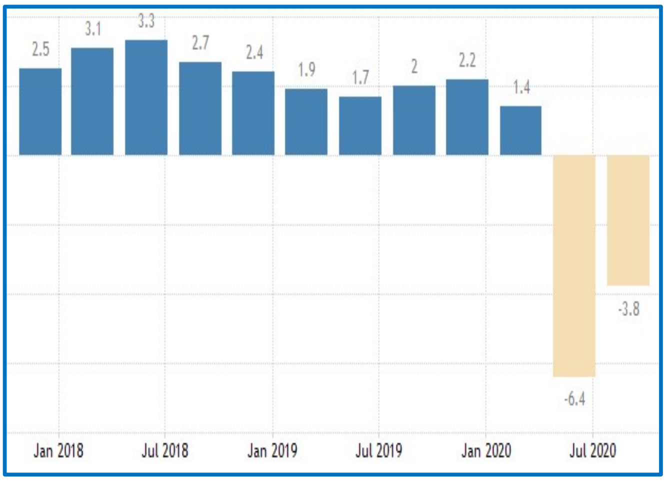
Despite the effects of the lockdowns and concerns about a subsequent economic slowdown, borrowers building new homes are continuing to take advantage of low interest rates and a buoyant property market.

A total 37,981 new dwellings were consented in the 12 months to the end of October, up 2.8% compared with the previous 12 months. The building boom is particularly strong in Hawke's Bay, where consents were up 53.1%. Other regions seeing strong growth included Taranaki (22.3%), Tasman (18.4%) and Canterbury (9.4%). Growth in Auckland was a more muted 5.1%. Regions to show a decline in consents included Nelson (down 26.6%) and Northland (down 23.4%). Otago, West Coast, Bay of Plenty and Waikato all registered declines of less than 10%.

AUSTRALIAN ECONOMIC OUTLOOK

Australia's economy is dominated by the service sector (65% of total GDP). Yet its economic success in recent years has been based on mining (13.5% of GDP) and agriculture (2% of GDP) as the country is a major exporter of commodities. Other sectors include manufacturing (11%) and construction (9.5%).

AUSTRALIA - ANNUAL GDP GROWTH RATE



AUSTRALIA'S TRADE WAR WITH CHINA

In the 2019-2020 period, 39% of Australia's exported goods (more than A$150 billion) went to China, but just 1.9% of China's goods came to Australia.

Approximately 12% of tourists to Australia came from China but Australians made up only 1% of China's tourists. There were 260,000 Chinese student enrolments in Australia in 2019; just a handful of students went in the other direction.

Australia is now under sustained attack from China, and can't win this trade war. The only question is how much it will lose, and what that might mean for New Zealand.

That attack takes two forms – trade sanctions and rhetorical threats. The trade sanctions kicked off in May when China accused Australia of dumping barley on the Chinese market and imposed an 80% tariff. Since then, China, alleging various problems, has restricted imports from Australia of beef, lobster, timber, and most recently wine. There have also been reports of Chinese customs officials telling importers not to buy Australian sugar and copper.

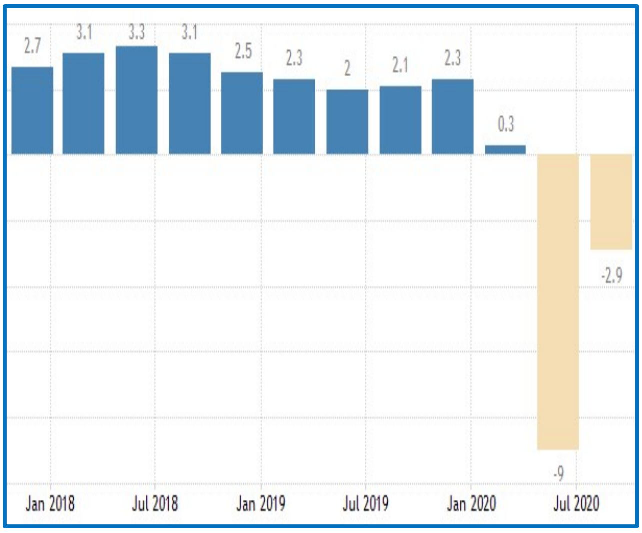
More than 80 ships carrying Australian coal (worth more than a billion dollars) are now lying off Chinese ports, held up by purported concerns about "environmental standards". In the latest development, China claims Australia has been dumping wine and is imposing tariffs of 107% to 200% on Australian wine imports. That will effectively close a A$1.2 billion market for Australian wine producers.

One sanction is chance, two is coincidence, three is an orchestrated campaign.

UNITED STATES ECONOMIC OUTLOOK

The Gross Domestic Product (GDP) in the United States contracted 2.9% in the third quarter of 2020 over the same quarter of the previous year.

UNITED STATES - ANNUAL GDP GROWTH RATE



"NEVER LET A GOOD CRISIS GO TO WASTE"

Winston Churchill

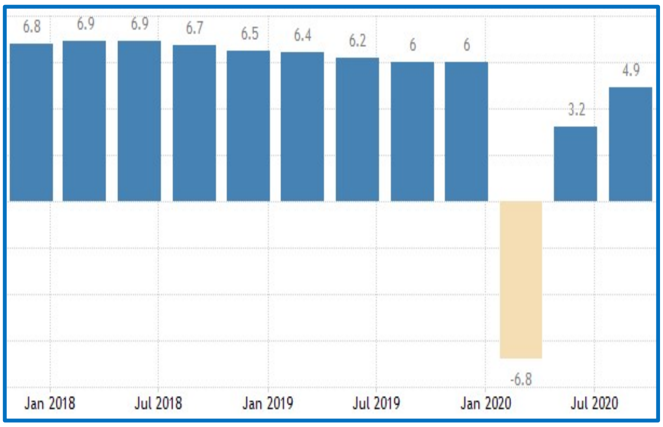
Trump looks destined to leave the White House on 20th January, and despite the rhetoric expect the Biden transition to be relatively uneventful.

Chinese Economic Outlook

China is the coming superpower. It sees itself as exercising its natural role as the 'Middle Kingdom'. This is just the latest stage in a long restoration following the Century of Humiliation from the mid-1800s to the mid-1900s, when China was subjugated by the Western powers and Japan.

While Western economies struggle with the effects of coronavirus and rising unemployment, Chinese exports have grown at the fastest rate in almost three years – last month they were up 21% on the same month a year ago.

CHINA - ANNUAL GDP GROWTH RATE



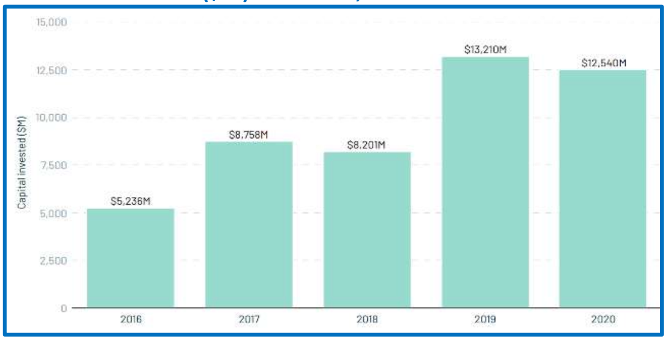
Exports hit an all-time record of US$268 billion last month. China's factories are capitalising on lockdowns and demand for medical supplies in Western countries. Exports of electronic goods rose by nearly 25% to US$166 billion and medical supplies surged 38%.

China's trade surplus with the United States surged to US$37.4bn, up more than 50% year on year. The latest data will do little to ease trade tensions between the two super powers.

United Kingdom Economic Outlook

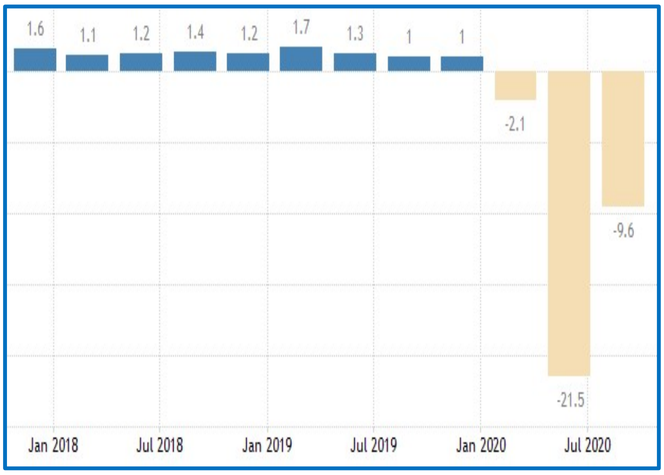
New research shows that UK start-ups have won more funding than France and Germany combined over past year. UK-based tech firms have attracted capital funding worth a total of almost US$50bn (£37.4bn) in the past five years, including US$12.5bn in the past 12 months alone, newly published figures show.

CAPITAL INVESTED ($M) IN THE UK, CUMULATIVE – LAST 5 YERS



The UK's "impressive" tally since 2016 represents 36% of all European tech investment in the period, and despite the uncertainty surrounding Brexit and the economic impact of the Covid-19 pandemic.

UNITED KINGDOM - ANNUAL GDP GROWTH RATE



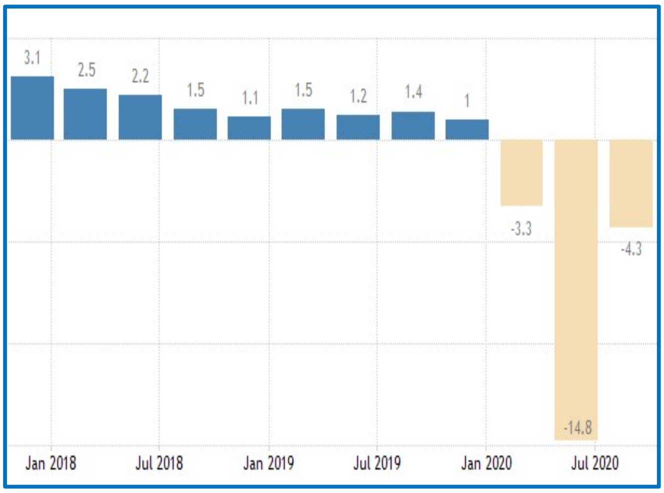
The key issue right now is whether they can manage a satisfactory Brexit agreement with the EU. They are down to the wire with a 1st January D-Day, but nothing is certain yet. Boris continues to downplay an deal prospects.

The competing story is Britain's new V-Day, with the release of the Pfizer/BioNTech Covid-19 vaccine. Britain expects to have close to 5 million vaccines available by the end of December.

EU Economic Outlook

The Eurozone economy shrank by 4.3% year-on-year in the third quarter of 2020, easing from a record slump of 14.7% in the previous period.

EUROZONE - ANNUAL GDP GROWTH RATE



The Euro Area is the second largest economy in the world. Of the 19 member states it includes, the biggest are: Germany (29% of total GDP), France (20%), Italy (15%) and Spain (10%). On the expenditure side, household consumption is the main component of GDP and accounts for 54% of its total use, followed by gross fixed capital formation (21%) and government expenditure (20%). Exports of goods and services account for 47% of GDP while imports account for 43%, adding 4% of total GDP.

INTEREST RATES

With vaccines ready and starting to roll out, financial market sentiment has turned bullish.

Equities, commodities and currencies (like the New Zealand dollar) are all on the up. Financial markets also see less need for the Reserve Bank to cut the OCR. Westpac disagrees. They still expects OCR cuts next year, albeit less of them and later than they previously thought.

CURRENCIES

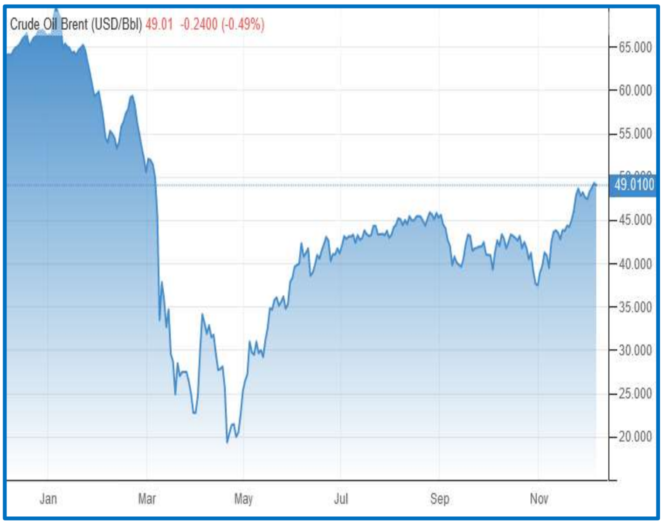
NZD/USD & NZD/AUD

Source: Westpac, 7th December 2020

COMMODITIES - OIL

Brent Crude oil is a major benchmark price for purchases of oil worldwide. While Brent Crude oil is sourced from the North Sea the oil production coming from Europe, Africa and the Middle East flowing West tends to be priced relative to this oil. The Brent prices displayed in Trading Economics are based on over-the-counter (OTC) and contract for difference (CFD) financial instruments. Our market prices are intended to provide you with a reference only, rather than as a basis for making trading decisions.

OIL: BRENT CRUDE (FIVE YEARS)



GOLD

Gold broke above $1,870/oz recently, extending its upward momentum, as hopes of additional stimulus in the US buoyed bullion's appeal as an inflation hedge. At the same time, the metal has been consolidating its status as the preferred safe-haven, as firmer economic growth prospects outside the US, low-interest rates and concerns about rising levels of debt spooked investors away from the dollar.

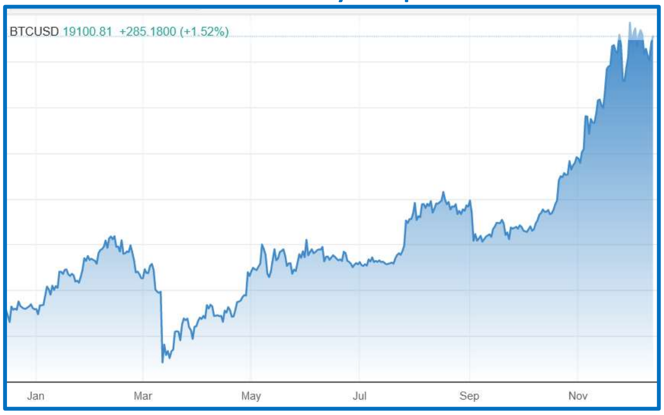
GOLD 1yr Graph

BITCOIN

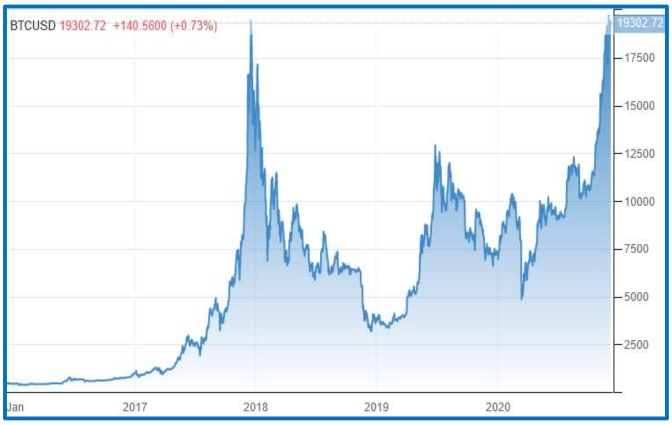
Bitcoin offers a great opportunity for traders (or long-term investors) to invest in a future focused investment area. The problem is to find a trading platform that you have confidence in.

Bitcoin Price - US$19,083
Market Cap - US$354.13Bn
Volume (24h) - US$24.18Bn

BITCOIN 1yr Graph



BITCOIN 5yr Graph



AGRIBUSINESS – LOOKING FROM THE OUTSIDE IN

NEW ZEALAND SHEEP AND BEEF FARMS CLOSE TO BEING CARBON NEUTRAL

New Zealand sheep and beef farms are already offsetting the majority of agricultural emissions, new research from Auckland University of Technology shows. The study led by Dr Bradley Case estimates the woody vegetation on New Zealand sheep and beef farms is offsetting between 63% and 118% of their on-farm agricultural emissions. If the mid-point in the report's range is used, on average the woody vegetation on sheep and beef farms is absorbing about 90% of these emissions.

Beef+Lamb New Zealand CEO Sam McIvor says absolute greenhouse gas emissions from New Zealand sheep and beef production has reduced by 30% since 1990. "*This research shows that of the remaining emissions, the vast majority are being offset by the trees on our farms and New Zealand sheep and beef farmers are well on the way to being carbon neutral by 2050*."

The study reinforces the importance of farmers getting formal recognition for the sequestration happening on their farms, says Mr McIvor. "*Currently, most vegetation on sheep and beef farms does not qualify for inclusion in the ETS because it does not meet the definition of a forest. If farmers are to face a price for agricultural emissions, it's only fair they get credit for their sequestration.*

"*The focus to date on livestock's climate change contribution has been on emissions, rather than on sequestration. But with any product it makes sense to consider the whole business – in this case, taking a whole of farm approach.*

"*The study should also reassure consumers that New Zealand beef and lamb is among the most sustainable in the world, and our farmers are making a significant contribution to addressing on-farm agricultural emissions.*

"These findings should be of immense pride for New Zealand's sheep and beef farmers, the 92,000 people employed in what is New Zealand's largest manufacturing sector, and all New Zealanders."

The study has not quantified the sequestration taking place on dairy farms, but the findings are helpful for the dairy farmers who do have sequestration happening on their farms and would like to get credit for this. The beef emissions figure in the research includes an allocation for dairy-beef.

NEW KIWIFRUIT BREEDING JV

Zespri and Plant & Food Research have announced they are to commission an autonomous breeding centre to accelerate new cultivar development. The Kiwifruit Breeding Centre will be based at PFR's Te Puke campus, in a joint venture proposal. The centre will operate as a single standalone operation, focused purely upon crop cultivars. The JV expects the entire breeding programme to become a much tighter, more agile and focused operation.

Zespri chief executive Dan Mathieson says while based in Te Puke, the centre will also have some presence in Kerikeri, Motueka, Mt Albert and offshore in both Italy and China. "*It represents our commitment to go faster, to explore promising new varieties in our research pipeline and to unlock further innovation, so we can generate even more value for NZ and our regions*," he said.

Zespri has been plagued by a surge in the amount of illegally grown SunGold fruit in China, with 4000ha now estimated in the ground.

Zespri and PFR have worked together in breeding programmes over 30 years. With three coloured varieties of fruit on the market now, focus is likely to be on incremental advances in fruit parameters. However, breeders have also explored other coloured fruit options over the years, including an orange hairless fruit with a slight chilli flavour.

Breeders have also seen potential in a "high potency" kiwifruit variety that has up to 10 times the vitamin C levels of a conventional fruit. Genomic work has also already meant breeders can identify plant sex through DNA code, rather than growing cuttings out to determine sex.

This new JV breeding centre aims to be opened by mid-2021, subject to final approval by both Boards.

As a past Board member of Plant & Food Research Institute, I was closely involved in the strategic decision to move this proposition forward – and I see it as an exciting development that should result in a strong win/win for both Zespri and PFR.

NZ ELECTRICITY GENERATORS

Valuations are up, with Genesis raised to an Outperform. Jarden has run its revised RFR and inflation methodology through the sector. While this raises valuations by c. 9-13%, it brings the Sector valuations in line with the current prices. They have reviewed the Electricity sector against the Property sector and conclude that, ignoring the higher risk associated with Tiwai and government intervention, the Electricity sector is now relatively market neutral. A review of normalised multiples and how share prices have moved has seen them to leave Contact on an Outperform (joined now by Genesis), Mercury and Trustpower on Neutral and Meridian on an Underperform.

Gentailers still offer an appropriate relative yield, and they compare the Gentailer sector against the NZ listed property sector, highlighting that the Gentailers are still offering an appropriate relative cash dividend yield. While the Gentailers face a Tiwai hole in the future, the operating cashflow projections through the period allow for the FY21 expected Dividends to be sustained.

Genesis an outperform - GNE trades at a material discount to its "peers" due to its exposure to Kupe and thermal generation with reduced relative exposure to renewable generation. Jarden believes that the extra risk is being rewarded as GNE offers a material yield premium to peers, and broader income alternatives and it is peak "dirty" on gas and coal generation, declining from hereon as it implements its Future-Gen strategy.

Contact still Jarden's preferred sector exposure - While Contact offers the most DCF value upside, it does require the company to execute the Tauhara build, Jarden's valuation implied normalised EV/adjusted EBITDA multiple improves by 1.5 turns with the Tauhara build compared to the multiple without it.

Jarden prefers Mercury to Meridian – Comparing the Tier 1 Gentailers, MCY and MEL, both are in the MSCI midcap index, both 100% renewable putting them at the lower risk end, and Meridian's South Island storage value equally offsets Mercury's North Island positioning.

Jarden highlights that there is a large cashflow gap dev eloping through the Tiwai exit that is not being capture d in the differential pricing, justifying a preference for Mercury over Meridian.

Valuation - Increased target price reflects WACC framework change.

	Current Price NZ$	New target Price NZ$	1 yr return inc div %	Old Target price NZ$	Target price change %
Contact	7.69	9.03	22%	8.03	12%
Genesis	3.22	3.45	13%	3.09	12%
Meridian	5.89	4.85	-15%	4.30	13%
Mercury	5.79	5.58	-1%	4.99	12%
Trustpower	7.58	7.04	-3%	7.18	-2%

Source: Company data, Jarden estimates

GENTAILERS VS LISTED PROPERTY SECTOR

When comparing the Gentailers against the other key yield sector the listed Property stocks.

To compare yields (gross) and normalised cash generation (the AFFO used in Property and Operating cash less maintenance capex in Gentailers) Jarden splits the property in lower and higher risk assets (Industrial exposure lower risk and Retail /Commercial higher). The LHS table below shows the larger cap comparisons to the Gentailers.

What it highlights is that Mercury and Meridian are tra ding in line with the lower risk Property stocks and Genesis stands out as potentially offering value in the higher risk space.

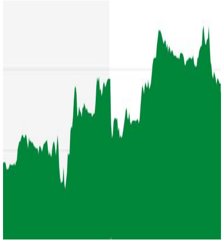
As property stocks are renowned for raising capital to pay dividends, combined with the positive Gentailer attribute of having low capex requirement to sustain earnings, we compare operating cash yields, this adjusts for maintenance capex. The Gentailers screen far better on this aspect.

PROPERTY & GENTAILER VALUATION COMPARISONS – prices at 19th November 2020

	Ticker	Sector	Current Price	Target Price	Upside	Gross yield +1	Gross yield +2	Gross yield +3	AFFO +1 yield	Net div yield +1	Rating
Low Risk Property											
Goodmans	GMT	Industrial	2.41	1.99	-15%	3.3%	3.5%	3.8%	2.7%	2.2%	Underperform
Property For Industry	PFI	Industrial	2.93	2.62	-8%	3.9%	4.0%	4.2%	3.0%	2.7%	Neutral
Vital Healthcare	VHP	Healthcare	2.99	3.04	5%	4.6%	4.9%	5.4%	3.9%	3.1%	Neutral
Higher Risk Property											
Kiwi	KPG	Retail/Office	1.28	1.28	5%	6.7%	7.9%	8.3%	4.8%	4.5%	Outperform
Precinct	PCT	office	1.77	1.87	10%	5.5%	5.7%	6.2%	3.7%	3.7%	Neutral
Argosy	ARG	Off/Ind/Retail	1.46	1.51	8%	6.5%	6.5%	6.5%	3.2%	4.3%	Neutral
Gentailer											
Meridian	MEL	Renewable	5.89	4.85	-15%	3.7%	3.7%	3.7%	3.3%	2.9%	Underperform
Mercury	MCY	Renewable	5.79	5.58	-1%	4.1%	4.3%	4.5%	3.2%	2.9%	Neutral
Contact	CEN	Renewable/Thermal	7.69	9.03	22%	6.1%	5.7%	5.9%	5.7%	4.8%	Outperform
Trustpower	TPW	Retail/Renewable	7.58	7.04	-3%	6.0%	6.1%	6.2%	4.6%	4.4%	Neutral
Genesis	GNE	Retail/Thermal/Renewable	3.22	3.45	13%	7.2%	7.3%	7.4%	7.6%	5.5%	Outperform

Source: Company data, Jarden estimates

ALL GRAPHS ONE YEAR



AFT Pharmaceuticals

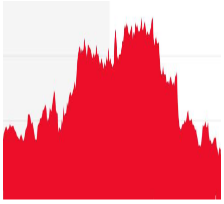
Jarden maintains their OUTPERFORM rating on valuation support, and continued momentum across the Maxigesic product suite and steady growth in the ANZ product portfolio. 1H21 underlying EBIT was $2.4m, down -39% vs pcp of $4.0m. While on the face of it this appears a disappointing outcome, the main swing factor was licensing income ($0.3m vs pcp of $2.5m) which is typically lumpy, but which was also suppressed due to COVID-19 disruption (travel to meet licensees restricted). Guidance for FY21 EBIT of $14-18m (ex. up-front license fees) is maintained and reiterated intent to start dividends in FY22.

2021 P/E: 37.6   2022 P/E: 24.2

NZX Code:	**AFT**
Share Price:	**$4.60**
12mth Target:	**$6.50**
Projected return (%)	
Capital gain	41.3%
Dividend yield (Net)	1.3%
Total return	**42.6%**

Rating: OUTPERFORM

52-week price range: 3.09-5.65



A2 Milk

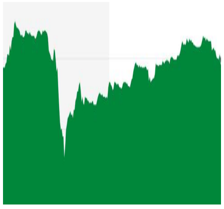
ATM, in its AGM update, has maintained its previously downgraded FY21 guidance rang e. To recap this includes revenues of $1.8bn to $1.9bn, operating margin ~31%. The key assumptions that underpin this range and a material 2H recovery are: (1) continued grow thin China label; and (2) improvement in the daigou channel. The company also highlight ed it continues to observe strong underlying brand health metrics in China, including market share expansion, growth in brand awareness and loyalty measures.

2021 P/E: 28.7   2022 P/E: 25.0

NZX Code:	**ATM**
Share Price:	**$14.00**
12mth Target:	**$22.00**
Projected return (%)	
Capital gain	20.4%
Dividend yield (Net)	0.0%
Total return	**20.4%**

Rating: OUTPERFORM

52-week price range: 13.68-21.74



Arvida

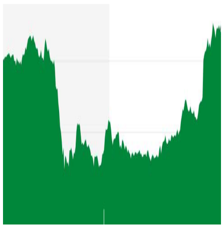
Jarden expects ARV to report 1H21 underlying NPAT of $19.1m (-11% YoY) on 24 November. Importantly this reporting period includes the national and regional lockdowns. They expect this COVID-19-related disruption to be reflected in a higher than normal 1H weighting to operating costs and a greater 2H skew to both resales and new sales gains, which together should drive a 40/60 1H/2H underlying NPAT split. In addition, they expect ARV to declare a 1H dividend of 2.4cps.

2021 P/E: 21.0   2022 P/E: 14.8

NZX Code:	**ARV**
Share Price:	**$1.63**
12mth Target:	**$1.90**
Projected return (%)	
Capital gain	16.6%
Dividend yield (Net)	3.0%
Total return	**19.6%**

Rating: NEUTRAL

52-week price range: 0.88-2.00



Fletcher Building

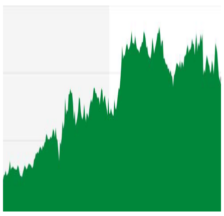
Fletcher building announced a 4 month to October trading update, with EBIT of $227m (up $80m on pcp). This is well above Jarden's ahead of market expectation as cost out program has been more successful and demand growth being more robust. They are now forecasting 1H21 EBIT of $302m, FY21 EBIT of $527m (up from $435m previously). It would be brave to not believe that the current momentum continues for a period, the risk is that the cost out program disrupts some of the company's good DNA causing risk to earnings post FY21. On the back of earning upgrades (+15c) and reducing risk free rates (+76c), Jarden's DCF target price increases $4.91 (from $4.03. Cost-out impacts more positively in a steady market. AU margin jumps as cost out delivers in a reducing revenue environment. Guidance cost-out assumed that operating costs for the NZ business would be down $100m and AU down c. $50m, with the FY21 gross margin reverting to FY19 levels. FBU is tracking ahead of its guidance, after 4 months costs are down c. $56m, a run rate ahead of $150m.

2021 P/E: 15.2   2022 P/E: 16.3

NZX Code:	**FBU**
Share Price:	**$5.75**
12mth Target:	**$4.93**
Projected return (%)	
Capital gain	-14.3%
Dividend yield (Net)	2.5%
Total return	**-11.8%**

Rating: NEUTRAL

52-week price range: 3.05-5.88



Fisher & Paykel Healthcare

New Zealand's biggest company by market capitalisation, FPH has been named Company of the Year at the Deloitte Top 200 Awards. FPH's managing director, Lewis Gradon was named CEO of the Year. F&P has just announced a first half profit to September 30 of $225.5 million – up 86% on last year. Demand from hospitals for its respiratory machines has boomed due to Covid-19. As well as demand for respirators being affected by imminent vaccination programmes, being mainly an exporter, F&P is sensitive to the rising New Zealand dollar. The kiwi is near a two and half year high and is now trading over US 70 cents.

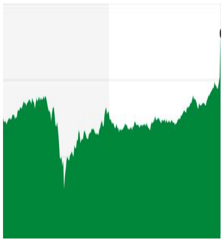
2021 P/E: 19.8   2022 P/E: 17.8

NZX Code:	**FPH**
Share Price:	**$32.09**
12mth Target:	**$31.00**
Projected return (%)	
Capital gain	-2.5%
Dividend yield (Net)	1.4%
Total return	**-1.1%**

Rating: NEUTRAL

52-week price range:21.05-37.89

LIKELY TAKEOVER OFFER PENDING



Infratil

Australia's largest superannuation fund has made a surprise takeover bid for NZX-listed Infratil, offering shareholders a $1.35 premium on the 8th December's closing price of $6.08, and valuing the company at $5.4 billion. Infratil is the country's biggest utility investor. holding stakes in Vodafone, Wellington Airport, Trustpower as well as data centres in Australia and renewable energy companies here and in the USA. The Australian Financial Review reported that If Infratil's board accepts the offer, the A$180bn superannuation giant would delist the firm and run it as a private company. The offer would leave Infratil's stake in Trustpower with the existing shareholders. The surprise bid comes a day after Infratil put its majority stake in Australasian wind farm company, Tilt renewables, up for possible sale. Its stake in Tilt is valued at about $1 billion.

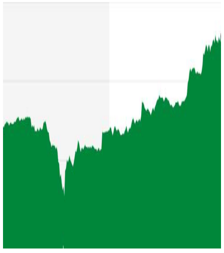
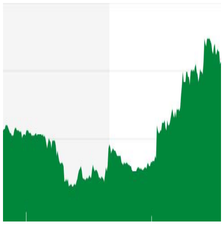
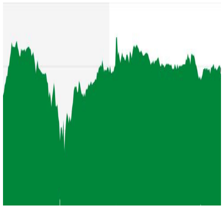
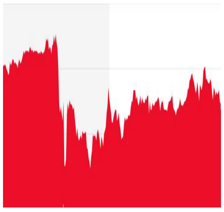
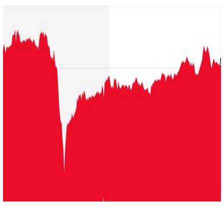
2021 P/E: n.m   2022 P/E: 56.3

NZX Code:	**IFT**
Share Price:	**$7.18**
12mth Target:	**$5.89**
Projected return (%)	
Capital gain	-18.0%
Dividend yield (Net)	3.2%
Total return	**-14.8%**

Rating: OUTPERFORM

52-week price range: 3.00-7.35

TAKEOVER ACTIVITY HOLD FOR NOW

	**Mainfreight** 1H21 underlying NPAT of $72.9m (up +23% vs PCP) and in line with Jarden forecast ($73.3m). Group revenue of $1.6bn (+5.2% ex-FX), PBT ofZ$102.3m (+21.7% ex-FX) and individual segment results were in-line with the company's trading update provided at its recent investor day. MFT reported net debt of $115m (down from $157m) largely driven by improved operating cash flows (+53% YoY); and a fully imputed interim dividend of $0.30 per share (+20% YoY). With MFT continuing to offer an appealing total return 14%, 13% 3-year EPS CAGR, defensive balance sheet and attractive medium-to-long term growth prospects, Jarden retains their OUTPERFOM rating. 2021 P/E: 33.7 2022 P/E: 29.3	**NZX Code:** **MFT** **Share Price:** **$62.15** **12mth Target:** ↑ **$65.00** **Projected return (%)** Capital gain 4.5% Dividend yield (Net) 1.1% **Total return** **5.6%** **Rating: OUTPERFORM** 52-week price range: 24.00-62.43
	**NZME** On the back of the last 3 years, NZM is well placed to highlight the momentum building. Jarden applauds NZM on the detail it has provided on strategy and the scorecard on which it will be measured. NZM is well placed to build on Stuff's challenges with its focus on Christchurch and Wellington supporting growth potential in digital sub and ad revenues. NZM's track record in sub and yield management in print and digital are impressive and Jarden is attracted to its strategies to build on success there with potential to mitigate print circulation decline. Competitive dynamics still make them a little cautious around the Radio and One Roof outlook while $60m of print publishing ad revenues still carries risk. 2020 P/E: 8.1 2021 P/E6.9	**NZX Code:** **NZM** **Share Price:** **$0.67** **12mth Target:** **$0.80** **Projected return (%)** Capital gain 19.4% Dividend yield (Net) 6.3% **Total return** **25.7%** **Rating: NEUTRAL** 52-week price range: 0.178-0.77
	**Port of Tauranga** POT has had a "flat" year regarding its shareprice, but remember that its shareprice rose around 62% in 2019. It has been incredibly resilient during this Covid-19 pandemic, and is well placed for continued growth, having already invested heavily to ensure that it has futureproofed its capacity capability (including port dredging and crane capacity) and major stakes in both Northport and Timaru. I continue to like POT as an incredibly well diversified infrastructure stock. This remains a CORE portfolio stock. 2021 P/E: 51.5 2022 P/E: 45.0	**NZX Code:** **POT** **Share Price:** **$7.40** **12mth Target:** **$5.20** **Projected return (%)** Capital gain -29.7% Dividend yield (Net) 1.5% **Total return** **-28.2%** **My Rating: BUY ON WEAKNESS** 52-week price range: 4.90-8.14
	**Precinct Properties** PCT has announced that it will progress the construction of a second building at Bowen Stage 2 in parallel with the earlier committed building one. The incremental spend associated with this announcement is ~$85m, with the total Stage 2 cost at $195m. With a committed development pipeline, PCT remains well placed to deliver growth in AFFO, particularly against a backdrop of long WALT assets with strong tenant covenants, structured rental growth and lower maintenance capex requirements in the nearer term. 2021 P/E: 27.5 2022 P/E: 26.3	**NZX Code:** **PCT** **Share Price:** **$1.70** **12mth Target:** **$1.87** **Projected return (%)** Capital gain 10.0% Dividend yield (Net) 3.7% **Total return** **13.7%** **My Rating: NEUTRAL** 52-week price range: 1.44-1.95
	**Property for Industry** Consistent with what Jarden has seen elsewhere for defensive assets, PFI announced its FY20 year-end valuation outcome, with cap rates firming a further ~25bps and delivering a $75m revaluation gain for FY20 (~5%). With PFI having got Carlaw Park in a position to market it ahead of the year end, Jarden also update their forecasts for PFI's sale of Carlaw Park which assumes settlement end 1Q CY21 at $105m. Supportive market conditions and PFI's clear intent to get out of office give the confidence to flow this well-flagged exit through PFI's numbers now with the exit dampening our forecast earnings outlook, but forecasts still show PFI can continue to deliver modest earnings growth. As with its industrial peer, GMT, PFI will have a very well positioned balance sheet post Carlaw Park sale with gearing just above 25% (~27% on a committed basis). 2020 P/E: 29.2 2021 P/E: 31.0	**NZX Code:** **PFI** **Share Price:** **$2.87** **12mth Target:** **$2.62** **Projected return (%)** Capital gain -8.7% Dividend yield (Net) 2.7% **Total return** **-6.0%** **Rating: UNDERPERFORM** 52-week price range: 1.60-3.01
4:1 SPLIT on 27-NOV-20 	**Pushpay Holdings** Donation software company Pushpay Holdings has announced a four-for-one share split to improve liquidity and attract new shareholders. Pushpay has actually benefited from Covid-19, with US churches turning to online systems to live stream services and accept donations. In the long-term, Pushpay is targeting a market share of more than 50% of medium and large churches in the US, an opportunity that would deliver over US$1 billion in revenue annually. Jarden still expects to see ~3-years worth of growth compressed into one, delivering a processing volume increase of 55% and EBITDAF growth of 128%. Buy on weakness, but before split. 2021 P/E: 46.2 2022 P/E: 32.3	**NZX Code:** **PPH** **Share Price:** **$1.95** **12mth Target:** **$2.30** **Projected return (%)** Capital gain 17.9% Dividend yield (Net) 0.9% **Total return** **18.8%** **Rating: OUTPERFORM** 52-week price range: 0.59-2.42
	**Ryman Healthcare** Underlying NPAT of $88.4m (-14.2% YoY) ahead of Jarden's forecast of $77.8m on Lower operating costs and higher development margin. The result reflected the impact of COVID disruption across a range of metrics with higher operating costs ($5m net of $14m of wage subsidies); lower new sales volumes (-47% vs. PCP); and a material Increase in net debt to $2.1bn (+24% vs. FY20). Despite cash flow pressure and claiming the wage subsidy RYM declared an interim dividend of 8.8cps (-24% YoY). 2021 P/E: 31.7 2022 P/E: 25.1	**NZX Code:** **RYM** **Share Price:** **$14.90** **12mth Target:** **$11.50** **Projected return (%)** Capital gain -22.8% Dividend yield (Net) 1.6% **Total return** **-24.4%** **Rating: UNDERPERFORM** 52-week price range: 6.61-17.20

Skycity Entertainment Group

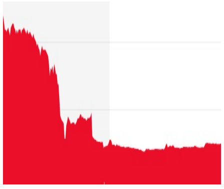
SKC has provided a trading update for four months YTD (stronger vs. Jarden's expectation) and announced several management changes. The latter is the key surprise factor, particularly speed of the CEO transition and against the backdrop of strong trading momentum. Jarden has lifted their FY21/22/23 EBITDA +9%/+3%/+2% to reflect stronger operating activity and margins (JobKeeper, IB costs, product mix). They have also assumed a stronger FY21 final dividend of 10c (was 4c), and medium-term track. This brings the total dividends paid across the FY22 year to 16c.

2021 P/E: 28.3 2022 P/E: 22.1

NZX Code:	**SKC**
Share Price:	**$3.24**
12mth Target:	**$3.34**
Projected return (%)	
Capital gain	3.1%
Dividend yield (Net)	3.1%
Total return	**6.2%**

Rating: OUTPERFORM

52-week price range: 1.14-4.50



Sky Network Television

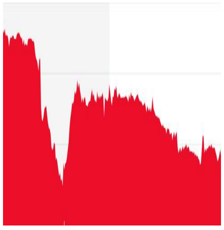
SKT upgraded guidance for FY21 as it performs better in the post Covid environment than expected. Mid-point revenue guidance of $695m still represents a reduction from FY20 of $53m. Notwithstanding a softer commercial and advertising environment the implied revenue loss in the core subscription business still makes the investment case difficult. With SKT bringing the reseller customer base back and making traction on its customer service (six months of growth in direct satellite customers; albeit through stronger seasonal period) there are signs of encouragement. Operating costs remain stable and reducing this still looks hard for now with only half increased rugby rights costs in FY21. Mid-point EBITDA guidance is up 11% from previous, but adjusted EBITDA will be down 19% on FY20 at the top of the range. Operating leverage remains significant.

2021 P/E: 10.5 2022 P/E: 20.5

NZX Code:	**SKT**
Share Price:	**$0.16**
12mth Target:	**$0.18**
Projected return (%)	
Capital gain	7.8%
Dividend yield (Net)	0.0%
Total return	**7.8%**

Rating: NEUTRAL

52-week price range: 0.125-0.81



Synlait Milk

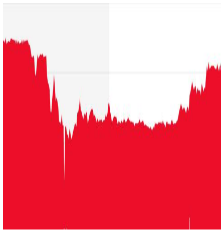
SML has now signed its new supply agreement with an established multi-national (flagged in progress at FY20 result). Under the agreement SML will manufacture, blend and package nutritional products which include plant-based ingredients for Asian markets. However, plant customisation will be required in Pokeno and Auckland to enable the contract at a capex cost of $70m, spread over two years. Commercial production is expected to start mid-2022 and provide a positive impact on earnings from FY23. Jarden also understands no further regulatory approvals are required, like SMAR registration for Infant Formula.

2021 P/E: 13.0 2022 P/E: 10.7

NZX Code:	**SML**
Share Price:	**$5.52**
12mth Target: ↑	**$6.30**
Projected return (%)	
Capital gain	15.6%
Dividend yield (Net)	0.0%
Total return	**15.6%**

Rating: NEUTRAL

52-week price range: 4.36-9.20



The Warehouse Group

Strong 1Q21 trading update indicates continued consumer demand recovery post-COVID lockdowns. 1Q21 Group sales were +9% ahead of Jarden expected run-rate (+6% YoY), driven by Red Sheds and Noel Leeming which saw same store sales increase +8% and +9%, respectively. They consider it likely that consumer demand strength will be maintained into WHS' key 2Q trading period, which is critical to full-year earnings. However, tempering this positive update, the company advised that certain product categories carried by Red Sheds and Torpedo7 may be impacted by shipping delays. Nevertheless, management advised that it remains confident in WHS' ability to meet customer needs.

2021 P/E: 11.4 2022 P/E: 11.3

NZX Code:	**WHS**
Share Price:	**$2.62**
12mth Target: ↑	**$2.65**
Projected return (%)	
Capital gain	1.9%
Dividend yield (Net)	4.3%
Total return	**6.2%**

Rating: OUTPERFORM

52-week price range: 1.48-2.87

LIKELY TAKEOVER OFFER PENDING

TILT Renewables

TLT's interim results were largely in line. 1H21 EBITDAF A$31.8m and net debt A$276m. Although tracking in line, FY21 is anything but an ordinary year. This is TLT's first period without 270MW Snowtown II windfarm, sold for a knockout A$4m/MW price in December, and which previously contributed ~A$37mnpa EBITDAF. The new projects are still ramping up, but management expects 336MW Dundonnell to generate A$50mnpa EBITDA, and 133MW Waipipi to add A$21mnpa EBITDAF. At that point 80% of output from TLT's 836MW wind portfolio will be sold under long-term contracts

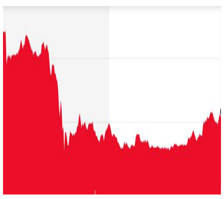
2021 P/E: (188.4) 2022 P/E: 187.5

NZX Code:	**TLT**
Share Price:	**$4.99**
12mth Target:	**$4.38**
Projected return (%)	
Capital gain	6.6%
Dividend yield (Net)	0.0%
Total return	**6.6%**

Rating: OUTPERFORM

52-week price range: 2.70-5.50

HOLD FOR NOW



Z Energy

Management opened the door to a possible 2H21 dividend but only if it gets its pre IFRS 16 Debt to EBITDA multiple below 3.0x, so needs to comfortably beat a $285m EBITDA for FY21. Likely resumption of dividends post the 1H22 result and we have reduced our FY22 dividend from 25cps to 24cps. Once the COVID impact passes, ZEL should return to a c.28cps dividend in FY23.

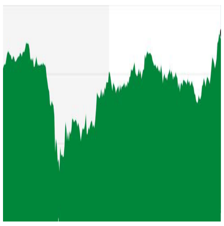
2021 P/E: 61.0 2022 P/E: 18.8

NZX Code:	**ZEL**
Share Price:	**$3.40**
12mth Target:	**$4.00**
Projected return (%)	
Capital gain	17.6%
Dividend yield (Net)	4.9%
Total return	**22.5%**

Rating: OUTPERFORM

52-week price range: 2.50-4.91

ASX Shares



BHP Group

Both iron ore and copper, as two of the key earnings drivers for BHP, continue to press higher and, despite the softness in met coal, HY21 financials should be very strong. Jarden assumes a 1H dividend payout of 65% (US78cps – consistent with 1H FY20) but given the ND is at the lower end of the range there is more capacity to pay above this level, in Jarden's view. BHP remains their top pick (over RIO) on a 12 month view despite investors likely being attracted to better forecast short term yields from RIO and FMG given the greater relative exposure to iron ore.

2021 P/E: 12.0 2022 P/E: 13.9

ASX Code:	**BHP**
Share Price:	**A$42.88**
12mth Target:	**A$40.00**
Projected return (%)	
Capital gain	3.7%
Dividend yield (Net)	4.9%
Total return	**8.6%**

Rating: OUTPERFORM

52-week price range: 24.05-42.78

NZ LISTED COMPANIES 7th DECEMBER 2020 Source: Jarden, CS Group Estimates	Ticker	Rec	Mrkt Cap	Price 07-Dec-20	Target Price	Price Earnings (x)		Net Yield (%)	
			(NZ$m)	(NZ$)	(NZ$)	FY20	FY21	FY20	FY21
COMMUNICATIONS SERVICES									
Chorus	CNU	N	3,625	8.11	8.38	69.2	49.6	3.0%	3.1%
NZME	NZM	N	140	0.71	0.80	7.5	6.5	0.0%	6.3%
Sky Network Television	SKT	N	286	0.16	0.18	4.3	10.7	0.0%	0.0%
Spark NZ	SPK	N	8,370	4.52	4.62	19.4	20.3	5.5%	5.5%
CONSUMER DISCRETIONARY									
Kathmandu	KMD	O	900	1.27	1.70	19.9	14.1	0.0%	4.6%
Michael Hill International	MHJ	O	203	0.55	0.69	11.9	-51.5	0.0%	0.0%
Restaurant Brands NZ	RBD	N	1,511	12.11	12.20	41.6	26.2	0.0%	0.0%
SKYCITY Entertainment Group	SKC	O	2,387	3.14	3.35	31.5	29.2	3.2%	3.2%
The Warehouse Group	WHS	O	884	2.55	2.65	10.9	11.6	0.0%	4.3%
Tourism Holdings	THL	O	389	2.63	2.80	19.5	-32.4	3.8%	0.0%
Turners Automotive	TRA	N	250	2.92	2.26	10.9	15.8	4.8%	4.1%
CONSUMER STAPLES									
Comvita	CVT	N	227	3.26	3.65	61.4	17.0	0.0%	2.1%
Delegat Group	DGL	N	1,593	15.75	13.55	26.2	24.9	1.1%	1.1%
Fonterra Shareholders' Fund	FSF	N	466	4.39	4.20	18.5	14.0	1.1%	3.6%
New Zealand King Salmon	NZK	U	229	1.65	1.55	20.4	23.0	1.2%	1.2%
PGG Wrightson	PGW	U	219	2.90	2.50	24.1	16.7	3.1%	5.5%
Sanford	SAN	N	477	5.10	5.20	22.8	20.2	1.0%	0.0%
Scales Corporation	SCL	N	692	4.87	5.10	25.8	20.8	3.9%	4.1%
Seeka	SEK	N	127	3.95	4.15	20.6	17.3	6.1%	6.1%
The a2 Milk Company	ATM	O	10,530	14.18	21.00	26.9	27.2	0.0%	0.0%
ENERGY									
NZ Refining	NZR	O	181	0.58	1.38	-3.6	-6.8	0.0%	0.9%
Z Energy	ZEL	O	1,664	3.20	4.00	29.1	66.1	5.2%	0.0%
FINANCIALS									
Heartland Group Holdings	HGH	N	916	1.57	1.33	12.9	11.0	4.5%	4.5%
NZX	NZX	N	517	1.86	1.50	28.9	28.2	3.5%	3.5%
HEALTH CARE EQUIPMENT & SUPPLIES									
AFT Pharmaceuticals	AFT	O	482	4.65	6.50	85.4	33.6	0.0%	0.0%
Ebos Group	EBO	N	3,896	25.00	22.50	22.8	21.2	3.0%	3.4%
Fisher & Paykel Healthcare	FPH	U	18,614	32.30	31.00	64.6	41.7	0.9%	1.4%
HEALTH CARE PROVIDERS & SERVICES									
Arvida	ARV	N	901	1.66	1.80	16.2	19.8	3.5%	3.0%
Oceania Healthcare	OCA	O	804	1.29	1.30	18.4	18.4	2.7%	2.7%
Ryman Healthcare	RYM	U	7,300	14.60	11.50	30.2	30.6	1.7%	1.6%
Summerset Group Holdings	SUM	O	2,507	10.96	10.10	26.9	20.6	1.2%	1.5%
TRANSPORT & LOGISTICS									
Air New Zealand	AIR	U	2,133	1.90	0.80	-34.1	-8.8	5.8%	0.0%
Auckland Airport	AIA	U	11,369	7.72	5.95	52.4	n.m.	0.0%	0.0%
Freightways	FRE	N	1,604	9.69	8.50	29.5	23.2	1.5%	3.6%
Mainfreight	MFT	O	6,243	62.00	65.00	40.0	36.1	1.0%	1.1%
Port of Tauranga	POT	U	4,999	7.35	5.20	53.4	52.8	1.7%	1.5%
INFORMATION TECHNOLOGY									
EROAD	ERD	N	389	4.75	4.64	n.m.	n.m.	0.0%	0.0%
Gentrack Group	GTK	N	150	1.52	1.40	-7.5	-28.6	0.0%	0.0%
Pushpay	PPH	O	1,391	1.79	2.30	85.5	41.6	0.0%	0.0%
Serko	SKO	N	598	5.55	5.44	-62.0	-31.4	0.0%	0.0%
Vista Group International	VGL	O	409	1.79	2.00	-22.1	41.5	0.0%	0.0%
INDUSTRIALS									
Fletcher Building	FBU	N	4,814	5.84	4.91	n.m.	17.1	0.0%	1.7%
Metro Performance Glass	MPG	O	74	0.40	0.60	6.8	8.5	0.0%	0.0%
Skellerup Holdings	SKL	O	619	3.17	2.80	21.2	20.1	4.1%	4.3%
Steel & Tube	STU	U	121	0.73	0.51	-32.0	-74.6	0.0%	0.0%
REAL ESTATE									
Argosy Property	ARG	O	1,280	1.54	1.55	21.3	19.2	4.1%	4.2%
Asset Plus	APL	O	125	0.35	0.37	11.1	21.4	7.8%	5.2%
Goodman Property Trust	GMT	U	3,311	2.38	2.01	35.4	35.0	2.8%	2.3%
Investore Property	IPL	N	814	2.21	2.22	28.8	28.1	3.4%	3.4%
Kiwi Property Group	KPG	N	1,907	1.22	1.28	17.0	18.9	2.9%	4.1%
Precinct Properties NZ	PCT	N	2,286	1.74	1.87	27.5	27.1	3.6%	3.7%
Property for Industry	PFI	U	1,449	2.89	2.62	28.8	30.6	2.6%	2.7%
Stride Property Group	SPG	O	1,007	2.24	2.48	21.7	20.8	4.4%	4.4%
Vital Healthcare Property Trus	VHP	N	1,529	2.98	2.94	28.6	26.4	2.9%	3.1%
UTILITIES									
Contact Energy	CEN	O	5,763	8.02	9.03	42.7	37.4	4.9%	4.6%
Genesis Energy	GNE	O	3,548	3.40	3.45	76.4	48.2	5.1%	5.2%
Infratil	IFT	O	4,193	5.80	5.89	31.3	n.m.	3.0%	3.0%
Mercury NZ	MCY	N	8,719	6.40	5.58	53.1	52.0	2.5%	2.7%
Meridian Energy	MEL	U	16,657	6.50	4.85	52.5	64.8	3.0%	2.6%
TILT Renewables	TLT	O	1,403	3.92	4.38	3.7	n.m.	0.0%	0.0%
TrustPower	TPW	N	2,322	7.42	7.04	30.8	28.0	4.4%	4.4%
Vector	VCT	U	4,260	4.26	3.44	36.1	32.6	3.9%	3.9%
MARKET AVERAGE*	*PE ratios exclude:			*Net Yields exclude		**24.2**	**18.6**	**2.2%**	**2.4%**

Australian Forecasts 7th December 2020	Ticker	Market Cap	Price 07-Dec-20	Target Price	Price Earnings (x)		Net Yield (%)	
Source: CSFB estimates		(A$m)	(A$)	(A$)	FY20	FY21	FY20	FY21
COMMUNICATION SERVICES								
carsales.com.au	CAR	4,881	19.81	18.80	40.9	34.9	2.4%	2.6%
Nine Entertainment	NEC	4,127	2.42	2.75	29.3	21.6	2.9%	3.3%
REA Group	REA	19,064	144.74	123.50	71.0	60.2	0.8%	0.9%
Seek	SEK	9,172	25.98	28.50	101.3	155.3	0.5%	0.0%
Telstra Corporation	TLS	36,275	3.05	3.85	19.9	21.4	5.2%	5.2%
TPG Telecom	TPG	14,354	7.72	7.40	58.4	31.3	0.5%	2.3%
CONSUMER DISCRETIONARY								
Aristocrat Leisure	ALL	20,331	31.84	37.60	42.6	30.2	0.3%	1.4%
Crown	CWN	6,629	9.79	10.35	41.4	-78.8	3.1%	0.0%
Domino's Pizza Enterprises	DMP	7,110	82.18	58.71	48.6	42.7	1.5%	1.6%
Flight Centre	FLT	3,493	17.54	15.29	-5.5	-16.8	0.0%	0.0%
JB Hi-Fi	JBH	5,170	45.00	50.62	16.0	13.7	4.2%	4.8%
Star Entertainment Group	SGR	3,568	3.89	3.85	29.5	25.5	2.7%	0.0%
Tabcorp Holdings	TAH	8,603	3.88	4.40	28.9	26.6	2.8%	1.8%
Wesfarmers	WES	56,057	49.44	51.59	26.9	26.2	3.1%	3.7%
CONSUMER STAPLES								
Coca-Cola Amatil	CCL	9,231	12.75	Res	29.4	25.3	2.4%	3.2%
Coles Group	COL	23,984	17.98	21.04	25.7	19.8	3.2%	4.2%
Treasury Wine	TWE	6,551	9.08	11.00	20.7	28.0	3.0%	2.1%
Woolworths	WOW	47,729	37.72	40.80	29.6	23.9	2.5%	3.0%
ENERGY								
Ampol	ALD	7,683	30.77	29.37	37.9	22.2	1.6%	2.7%
Beach Energy	BPT	4,266	1.87	1.95	9.3	13.0	1.1%	1.1%
Oil Search	OSH	7,792	3.75	3.10	87.6	17.2	0.0%	1.5%
Origin Energy	ORG	9,194	5.22	5.80	9.0	20.3	4.8%	3.8%
Santos	STO	13,248	6.36	6.40	23.7	17.7	0.7%	1.3%
Woodside Petroleum	WPL	22,131	23.00	24.57	33.9	21.8	2.3%	3.7%
WorleyParsons	WOR	6,547	12.54	11.70	18.8	17.9	4.0%	4.2%
COMMERCIAL BANKS								
ANZ Banking Group	ANZ	66,181	23.30	26.20	18.9	15.5	2.6%	3.5%
Bank of Queensland	BOQ	3,585	7.87	7.60	16.6	16.6	1.5%	2.8%
Bendigo and Adelaide Bank	BEN	4,909	9.24	7.00	17.4	22.2	3.4%	2.6%
Commonwealth Bank Austral	CBA	142,247	80.18	74.80	19.7	20.1	3.7%	2.6%
National Australia Bank	NAB	76,104	23.13	22.00	20.1	16.5	2.6%	3.2%
Westpac	WBC	73,209	20.27	20.60	28.4	15.0	1.5%	3.5%
DIVERSIFIED FINANCIAL SERVICES								
AMP	AMP	5,911	1.72	Res	13.7	15.6	5.8%	2.3%
ASX	ASX	15,031	77.64	73.00	29.3	31.9	3.1%	2.8%
Challenger	CGF	4,020	5.95	6.00	12.7	15.6	2.9%	3.3%
Macquarie Group	MQG	51,269	141.82	128.00	18.5	22.4	3.0%	2.8%
Magellan Financial Group	MFG	10,567	57.54	66.00	23.8	23.2	3.7%	3.9%
INSURANCE								
Medibank Private	MPL	7,821	2.84	3.00	21.3	20.4	4.2%	4.0%
NIB Holdings	NHF	2,345	5.13	4.70	21.1	19.5	2.7%	3.1%
HEALTH CARE EQUIPMENT & SUPPLIES								
CSL	CSL	133,671	293.80	325.00	42.7	42.7	1.0%	1.0%
Ansell	ANN	4,586	35.68	45.00	20.0	18.1	2.0%	2.4%
Cochlear	COH	14,122	214.81	225.00	83.4	64.3	0.7%	0.3%
ResMed	RMD	50,944	27.87	31.00	43.1	38.2	0.8%	0.8%
HEALTH CARE PROVIDERS & SERVICES								
Ramsay Health Care	RHC	14,525	63.46	69.00	40.7	31.6	1.0%	1.2%
Sonic Healthcare	SHL	15,490	32.42	39.00	28.8	15.6	2.6%	4.5%

	Ticker	Market Cap	Price 07-Dec-20	Target Price	Price Earnings (x)		Net Yield (%)	
		(A$m)	(A$)	(A$)	FY20	FY21	FY20	FY21
INDUSTRIALS								
ALS	ALQ	4,593	9.52	10.40	24.5	25.6	1.8%	2.0%
Brambles	BXB	16,300	10.89	12.25	23.2	22.4	2.4%	2.6%
Cleanaway Waste Mgmt	CWY	5,350	2.60	2.45	35.5	32.1	1.6%	1.7%
Downer EDI	DOW	3,759	5.36	4.70	19.5	17.9	2.6%	3.6%
Reliance Worldwide	RWC	3,310	4.19	4.75	25.3	17.9	1.7%	2.3%
TRANSPORT & LOGISTICS								
Aurizon	AZJ	8,045	4.30	5.40	15.8	16.3	6.4%	6.1%
Atlas Arteria	ALX	6,214	6.48	7.90	-59.8	22.9	1.7%	4.1%
Qantas	QAN	9,939	5.27	3.00	-4.1	-10.4	0.00%	0.00%
Qube Holding	QUB	5,480	2.88	3.20	46.4	41.0	2.0%	2.0%
Sydney Airport	SYD	17,946	6.65	4.50	-70.8	n.m.	0.0%	1.7%
Transurban	TCL	38,011	13.89	12.60	n.m.	-153.2	3.4%	2.3%
INFORMATION TECHNOLOGY								
Afterpay	APT	26,917	94.50	124.00	n.m.	n.m.	0.0%	0.0%
Altium	ALU	4,678	35.72	42.00	66.5	63.8	1.1%	1.0%
Appen	APX	3,618	29.74	30.00	47.9	37.0	0.4%	0.5%
Computershare	CPU	7,740	14.31	13.90	17.1	21.0	3.2%	2.7%
Link Administration Holdings	LNK	2,680	5.01	Res	18.9	20.8	2.0%	2.0%
NEXTDC	NXT	5,333	11.70	11.70	n.m.	n.m.	0.0%	0.0%
WiseTech Global	WTC	9,962	30.77	28.00	152.3	102.3	0.1%	0.2%
Xero	XRO	19,484	132.90	119.00	n.m.	n.m.	0.0%	0.0%
MATERIALS								
Amcor	AMC	24,886	15.34	16.00	15.9	14.8	4.3%	4.5%
Boral	BLD	5,981	4.88	4.60	26.1	22.3	1.9%	0.0%
Incitec Pivot	IPL	4,584	2.36	2.70	21.8	23.1	0.0%	2.2%
James Hardie Industries	JHX	16,714	37.65	39.00	32.3	27.6	0.4%	1.8%
Orora	ORA	2,509	2.69	2.80	20.5	18.1	18.3%	4.1%
METALS & MINING								
Alumina	AWC	5,513	1.90	2.10	22.1	18.5	3.9%	5.2%
BHP Group	BHP	195,670	41.50	40.00	15.6	12.7	4.2%	5.4%
BlueScope Steel	BSL	8,811	17.49	19.50	25.3	11.8	0.8%	0.8%
Evolution Mining	EVN	8,629	5.05	6.55	21.3	13.9	3.2%	3.3%
Fortescue Metals Group	FMG	63,457	20.61	16.50	9.0	6.6	8.3%	9.8%
Iluka Resources	ILU	2,414	5.71	5.35	15.7	9.6	0.0%	3.3%
Newcrest Mining	NCM	22,227	27.22	37.70	19.3	9.8	1.3%	0.9%
Northern Star Resources	NST	9,514	12.84	17.90	30.7	12.5	1.3%	1.7%
OZ Minerals	OZL	6,212	18.75	15.40	29.2	10.7	1.2%	1.2%
Rio Tinto	RIO	164,390	113.20	95.00	11.2	10.7	5.6%	6.3%
South 32	S32	12,541	2.61	2.80	44.4	23.4	1.8%	1.7%
REAL ESTATE								
Charter Hall Group	CHC	6,768	14.53	13.96	21.0	27.1	2.5%	2.6%
Dexus	DXS	10,607	9.74	9.92	17.7	17.2	5.2%	5.2%
Goodman Group	GMG	34,067	18.44	19.84	32.1	29.1	1.6%	1.6%
GPT Group	GPT	9,097	4.67	4.83	19.8	16.9	4.4%	5.1%
Lend Lease	LLC	9,890	14.37	14.81	-28.0	20.4	2.3%	2.4%
Mirvac Group	MGR	10,435	2.65	2.69	20.1	21.8	3.4%	3.6%
Scentre Group	SCG	15,052	2.90	2.73	20.3	16.3	3.2%	4.3%
Stockland Group	SGP	10,813	4.53	4.05	15.6	16.4	5.3%	5.2%
Vicinity Centres	VCX	7,830	1.72	1.61	13.9	15.8	4.5%	5.1%
UTILITIES								
Spark Infrastructure Group	SKI	3,633	2.09	2.65	51.5	87.2	6.7%	4.8%
AusNet Services	AST	6,924	1.85	1.95	23.4	19.4	5.5%	5.1%
APA Group	APA	12,011	10.18	10.70	37.9	39.1	4.9%	4.9%
AGL Energy	AGL	8,423	13.52	12.60	10.6	13.1	7.2%	7.6%
Market Average	*PE ratios exclude: XRO		*Net Yields exclude: OR		**26.4**	**21.6**	**2.5%**	**2.7%**

JARDEN'S AUSTRALIAN EQUITY RECOMMENDATIONS

	Underperform			Neutral			Outperform	
	AGL	QAN	ALD	COH	AMC	BHP	ALL	RHC
	ASX	SYD	MQG	CPU	APA	COL	ANZ	SCG
		TCL	ORI	FMG	CBA	DXS	AZJ	
				GMG	WOW	GPT	BXB	
				ORG		LLC	CSL	
				OSH		MGR	JHX	
				RIO		MPL	NAB	
				SGP		S32	NCM	
						TWE	SHL	
						WES	STO	
						WPL	TLS	
							VCX	
							WBC	

JARDEN'S GLOBAL EQUITY RECOMMENDATIONS

	Underperform			Neutral			Outperform	
		L'Oreal	P&G	Cisco	Apple	Ag. BOC	Adobe	Abbott
			Nestle	ExxonMobil	Roche	BOA	Alibaba	Alphabet
			Boeing	Netflix	AT&T	CCB	ASML	Amazon
				Tesla	Anheuser-Bu	China Mobile	Chevron	NVIDIA
				Verizon	Novartis	Coca-Cola	Citigroup	
						Home Depot	Comcast	
						Intel	Disney	
						JPMorgan	Facebook	
						PepsiCo	J&J	
						SAP	LVMH	
						Tencent	MasterCard	
						TSMC	Microsoft	
						Unilever	Oracle	
						UnitedHealth	Samsung	
						Verizon	Toyota	
						Walmart		

GLOBAL EQUITIES

EXXONMOBIL ANNOUNCES MASSIVE WRITEDOWN OF ITS NATURAL GAS ASSETS

Embattled US energy conglomerate ExxonMobil plans to dramatically mark down the value of its natural gas properties. Exxon also promised to sharply scale back its spending ambitions as it braces for a more muted oil price recovery.

The oil and gas giant plans to take a non-cash charge of US$17 billion to US$20 billion -- a massive hit for a company that had long opposed taking write-downs. It's believed to be the largest such write-down in the company's history.

The move is confirmation of how badly Exxon misread the market when it acquired natural gas giant XTO Energy for $41 billion in late 2009. Since then roughly half of that deal's value has been erased.

The natural gas market remains depressed, with gas trading at about US$3 per million British thermal units -- less than half the price at the time Exxon swooped in to buy XTO. Natural gas peaked in late 2005 at more than $15 per million BTU. But today the world has a glut of natural gas due to the shale boom that has unlocked vast amounts of fossil fuels in the US.

Exxon is scrambling to cut costs -- and jobs. The company reiterated that it plans to shrink its global workforce by 14,000, or 15 percent by the end of next year.

As recently as 2012, Exxon was the world's most valuable company. Less than a decade later it is valued at just US$161 billion – less than Nike or Adobe.

BBB+, BBB, BBB-

Issuer	NZDX Code	Coupon	Maturity Date	CPN Freq	Credit Rating	Type	Min. Size	Best Offer Yield	Best Price/ $100	Best Indicative Volume	Total Depth Within 10 BP
GMT Bond Issuer	GMB020	6.200	16/12/2020	2	BBB+	Senior	5,000	-	-	-	-
Chorus	CNU010	4.120	6/05/2021	4	BBB	Senior	5,000	0.753	101.76	175,000	1,300,000
Wellington Intl Airport	WIA020	7.500	15/05/2021	2	BBB	Senior	10,000	1.700	103.02	45,000	45,000
Kiwi Property Group Limited	KPG010	6.150	20/08/2021	2	BBB+	Senior	5,000	1.550	105.07	35,000	379,000
Z Energy	ZEL040	4.010	1/11/2021	4	BBB-(NR)	Senior	5,000	1.607	102.56	292,000	359,000
Contact Energy	CEN030	4.400	15/11/2021	4	BBB	Senior	5,000	0.657	103.76	125,000	2,611,000
TrustPower	TPW140	5.630	15/12/2021	4	BBB-(NR)	Senior	5,000	1.450	104.15	45,000	45,000
Precinct Properties	PCT010	5.540	17/12/2021	2	BBB+(NR)	Senior	5,000	1.750	103.74	9,000	9,000
Genesis Power	GNE030	4.140	18/03/2022	2	BBB+	Senior	5,000	0.726	105.27	369,000	762,000
GMT Bond Issuer	GMB030	5.000	23/06/2022	2	BBB+	Senior	5,000	1.150	105.69	55,000	55,000
Heartland Bank	HBL010	4.500	8/09/2022	4	BBB	Senior	5,000	1.182	105.77	230,000	605,000
Air New Zealand	AIR020	4.250	28/10/2022	2	BBB	Senior	5,000	-	-	-	-
Contact Energy	CEN040	4.630	15/11/2022	4	BBB	Senior	5,000	0.883	107.50	1,000,000	1,100,000
TrustPower	TPW150	4.010	15/12/2022	4	BBB-(NR)	Senior	5,000	1.545	104.85	6,000	11,000
Meridian Energy	MEL030	4.530	14/03/2023	2	BBB+	Senior	5,000	0.795	109.45	333,000	463,000
Wellington Intl Airport	WIA030	4.250	12/05/2023	2	BBB	Senior	10,000	1.500	106.87	4,000	4,000
Summerset	SUM010	4.780	11/07/2023	4	BBB-(NR)	Senior	5,000	1.710	108.56	30,000	30,000
GMT Bond Issuer	GMB050	4.000	1/09/2023	2	BBB+	Senior	5,000	1.290	108.36	172,000	172,000
Kiwi Property Group Limited	KPG020	4.000	7/09/2023	2	BBB+	Senior	5,000	1.550	107.61	44,000	44,000
Z Energy	ZEL050	4.320	1/11/2023	4	BBB-(NR)	Senior	5,000	1.650	108.02	31,000	41,000
Meridian Energy	MEL040	4.880	20/03/2024	2	BBB+	Senior	5,000	1.009	113.55	5,000	59,000
Heartland Bank	HBL020	3.550	12/04/2024	4	BBB	Senior	5,000	1.205	108.25	727,000	727,000
Investore Property	IPL010	4.400	18/04/2024	4	BBB(NR)	Senior	5,000	1.764	109.17	760,000	1,760,000
Christchurch International Airport	CHC010	4.130	24/05/2024	2	BBB+	Senior	5,000	1.430	109.28	10,000	46,000
GMT Bond Issuer	GMB040	4.540	31/05/2024	2	BBB+	Senior	5,000	1.400	110.76	29,000	92,000
Wellington Intl Airport	WIA040	4.000	5/08/2024	2	BBB	Senior	10,000	-	-	-	-
Contact Energy	CEN050	3.550	15/08/2024	4	BBB	Senior	5,000	1.200	108.71	9,000	514,000
Z Energy	ZEL060	4.000	3/09/2024	4	BBB-(NR)	Senior	5,000	1.638	108.64	500,000	500,000
Precinct Properties	PCT020	4.420	27/11/2024	2	BBB+(NR)	Senior	5,000	1.930	109.65	100,000	1,379,000
Property for Industry	PFI010	4.590	28/11/2024	4	BBB(NR)	Senior	5,000	1.800	110.85	5,000	105,000
Kiwi Property Group Limited	KPG030	4.330	19/12/2024	2	BBB+	Senior	5,000	-	-	-	-
Vector Limited	VCT090	3.450	27/05/2025	4	BBB	Senior	5,000	1.350	109.23	10,000	1,010,000
Wellington Intl Airport	WIA050	5.000	16/06/2025	2	BBB	Senior	10,000	-	-	-	-
Meridian Energy	MEL050	4.210	27/06/2025	2	BBB+	Senior	5,000	1.270	114.88	2,000	52,000
Summerset	SUM020	4.200	24/09/2025	4	BBB-(NR)	Senior	5,000	1.980	109.90	5,000	5,000
Property for Industry	PFI020	4.250	1/10/2025	4	BBB(NR)	Senior	5,000	1.900	111.62	146,000	309,000
Kiwi Property Group Limited	KPG040	4.060	12/11/2025	2	BBB+	Senior	5,000	1.722	111.34	500,000	500,000
Argosy Property	ARG010	4.000	27/03/2026	4	BBB+(NR)	Senior	5,000	2.086	110.43	150,000	1,315,000
Trustpower	TPW160	3.350	29/07/2026	4	BBB-(NR)	Senior	5,000	1.819	108.60	164,000	164,000
Wellington Intl Airport	WIA070	2.500	14/08/2026	2	BBB	Senior	10,000	2.000	103.51	85,000	85,000
Metlifecare	MET010	3.000	30/09/2026	4	BBB-(NR)	Senior	5,000	2.300	104.42	67,000	67,000
Argosy Property	ARG020	2.900	29/10/2026	4	BBB+(NR)	Senior	5,000	2.138	104.57	5,000	1,042,000
Ryman Healthcare	RYM010	2.550	18/12/2026	4	BBB-(NR)	Senior	5,000	-	-	-	-
Investore Property	IPL020	2.400	31/08/2027	4	BBB(NR)	Senior	5,000	2.078	102.11	250,000	250,000
Mercury NZ	MCY030	1.560	14/09/2027	2	BBB+	Senior	5,000	1.440	101.17	100,000	120,000
Summerset	SUM030	2.300	21/09/2027	4	BBB-(NR)	Senior	5,000	2.070	101.38	67,000	67,000
Oceania Healthcare	OCA010	2.300	19/10/2027	4	BBB-(NR)	Senior	5,000	2.272	100.54	250,000	290,000
Argosy Property	ARG030	2.200	27/10/2027	4	BBB+(NR)	Senior	5,000	2.274	99.83	1,000,000	2,601,000
Chorus	CNU030	1.980	2/12/2027	4	BBB	Senior	5,000	1.900	100.60	66,000	1,979,000
GMT Bond Issuer	GMB0928	2.262	4/09/2028	2	BBB+	Senior	50,000	-	-	-	-
Chorus	CNU020	4.350	6/12/2028	4	BBB	Senior	5,000	1.530	121.25	51,000	551,000
Trustpower	TPW170	3.970	22/02/2029	4	BBB-(NR)	Senior	5,000	2.100	114.29	25,000	538,000
Wellington Intl Airport	WIA060	4.000	1/04/2030	2	BBB	Senior	10,000	2.310	114.69	70,000	268,000
GMT Bond Issuer	GMB0930	2.559	4/09/2030	2	BBB+	Senior	50,000	-	-	-	-
Chorus	CNU040	2.510	2/12/2030	4	BBB	Senior	5,000	2.422	100.87	500,000	1,934,000

Limitations and Disclaimer