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INVESTMENT STRATEGIES

Volume 62

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The UK Daily Telegraph has just reported: *"Ardern's hubris (excessive self-confidence) was fuelled by her international status as a rockstar of the centre-left.... If Ardern is a rock star, I'm afraid she has reached second album syndrome. What looked so clever to many people a year ago no longer looks quite so smart. The world can finally see that zero Covid was a dead end which delayed but did not eliminate Covid, while drawing out the economic damage from repeated lockdowns as far as the eye can see. There was no easy policy for dealing with Covid, and Britain can hardly claim to have set an example – something which I am sure Boris Johnson and every other government minister would freely admit.*

"Yet Jacinda Ardern did think she was teaching the rest of the world how to cope with a pandemic. She has been brought down to Earth with a very loud bump."

I think this sums up what both New Zealand (and the world) is coming to realise. It is time for Labour to think about its election 2020 promises, which included transparency and working for ALL New Zealanders. The arrogance (and self-importance) that this Labour Government is exhibiting has put at risk not only our democracy, but also will drive the current artificial economy into a death spiral.

Wake up people, or not only this generation, but generations to come will be constrained into 3rd world status. Time is not our friend!

VERSUS

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CONTENTS

STATISTICS NZ DATA

Estimated population at 18-October-21	**5,148,875**
Natural Increases (Births minus Deaths) 30-Jun year	**27,700**
Net Migration Year to 30-Jun-21	**4,700**
Consumer Price Index 30-Jun-21 year	**3.3%**
GDP June-21 year	**2.8%**
GDP per Capita Mar-21 Qtr **1.5%** Dec-20 yYear	**-4.9%**
Annual Wage Inflation Jun-21 Year	**2.1%**
Wages average per hour July-21 qtr (↑ 2.8% yoy)	**$34.80**
Average FTE weekly earnings at 9-Aug-21	**$1,360.62**
Median weekly Income at 14-Oct-21	**$1,057.69**
Employment rate June-21 qtr (up from 72.1%)	**72.6%**
Annual Unemployment Jun-21 year (↓ from 4.7%)	**4.0%**
Employment rate June-21 qtr (up from 72.1%)	**72.6%**
Inflation Rate Sept-21 year (↑ 2.2% in Sept qtr)	**4.9%**
Consumer Price Index Mar-21 year	**1.5%**
Food Price Index 30-Jun-21 year	**2.8%**
Size of Maori Economy 2018 (2013: $42bn)	**$68.7bn**
Size of NZ Economy Mar-21 year	**$325bn**

NZ50 GROSS INDEX (1-YR GRAPH)

LOCAL ISSUES

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.

PROGRESS FOR MAORI

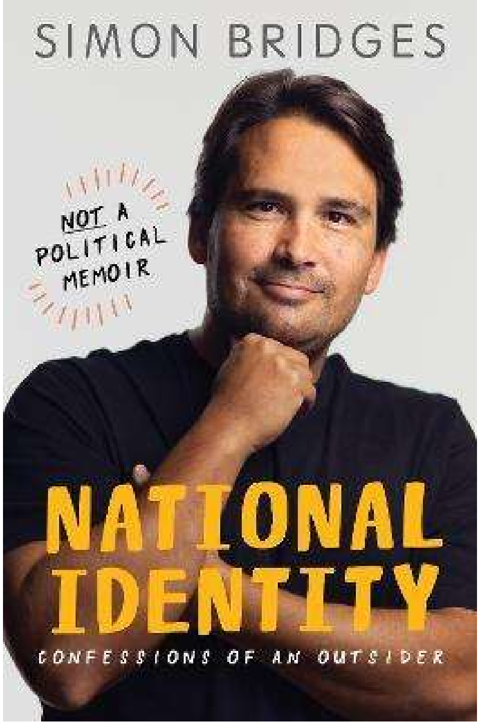
An interesting paper by Lindsay Mitchell looks at how key economic and social indicators for Maori have changed over the decades. The points the paper stresses is that there has been huge gains, even though outcomes are still generally less favourable than Europeans. Some key data points:

- Life expectancy increased from mid 50s in 1951 to 73 for Maori males and 77 for Maori females
- Maori child mortality dropped from 51% in 1886 to 1% today. Maori Infant mortality dropped from 9% in 1945 to 0.5% today
- Maori teen birth rates has dropped from 13 per 100,000 in 1997 to 4 per 100,000
- Cardiovascular disease mortality rates dropped from 700 per 100,000 in 1997 to 400 for Maori males
- Heart failure mortality rates dropped from 22 per 100,000 in 1997 to 5 for Maori males
- Daily smoking rates for 15 year olds down from 25% in 1999 for Maori males to 5% and from 35% to 10% for Maori females
- Leaving school with no qualifications down from 40% in 2006 to 25%

The data brings up an interesting issue – what is more important – the absolute improvement in outcomes, or the gap between groups?

My thoughts are that if we don't get our underclass (of any ethnicity) educated, we will have an increasingly disportionate group of New Zealanders who will not be able to meet the needs for full employment.

While Hipkins goes on TV almost daily in his Covid-19 role, he has completely dropped the ball with his Education portfolio. The consequenses of this will far outweigh any covid issues. We are ignoring our younger generation, and this will destroy New Zealand's future economy. Please – don't underestimate the social consequences of the current education and social policy settings.



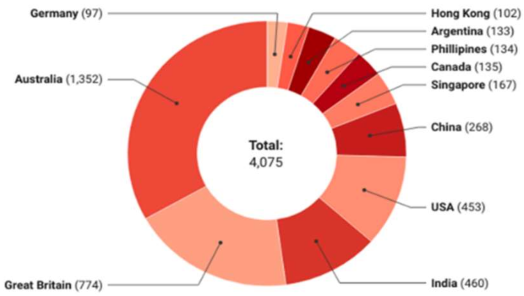
If you are looking for a good read, then Simon Bridges' book will fit the bill. This "tell all" is a "from the heart" exposé on what makes Simon tick.

It is available at all good bookstores, and it is currently No1 on Newsrooms' Best Seller List for Non-fiction.

If you need help to get Simon to sign your copy – just ask me. Happy to help.

PEOPLE WHO RECEIVED THE 1ST VOUCHER FOR MIQ

It is interesting to see where people are coming into New Zealand from…



OUR POLITICAL CLIMATE

LATEST POLL PREDICTABLE   OCTOBER 2021

TALBOT MILLS POLL			
Oct-21	Vote		Change*
Labour	46%	↑	1%
National	22%	↓	-4%
Act	16%	↑	3%
Green	7%	↑	1%
NZ First	3.8%	↓	-0.3%
māori	1.9%	↑	0.2%
* Change from September Poll			

A new poll by has Act on 16%, just 6% below the support of the National Party, and with growing support for its leader. Previously known as UMR, this polling company (Talbot Mills) is best known for its research for the Labour Party, however it also supplies some of its research to corporate clients.

Talbot Mills Research released its monthly New Zealand Insight poll to clients this week (12th October) showing Labour on 46% (up 1% from September), National on 22% (down 4%), Act up 3% to 16%, and the Greens up one at 7%. NZ First, which hit 5% in their July poll, has since fallen to 3.8%. Te Pati Maori recorded 1.9% in this latest poll, having hovered around 2% for most of this year.

This polling took place between September 28th and October 5th. While it was a bad week for Jacinda Ardern personally, the Pandemic lockdown ensured Labour came out pretty unscathed. In last year's lockdown Labour's polling rocketed, in contrast to this lockdown. New Zealanders have grown tired of Ardern and Labour's reign of fear and spin.

THE REASON ARDERN SUPPORTS HE PUAPUA

Labour is backing a secret 20-year plan to establish Māori sovereignty. The reason is quite simple.

Ardern realises that if she wants to retain power she will need the Maori vote. She will do anything to retain power, and with 25% of her Caucus being Maori, there is nothing she won't do to secure that vote. To hell with democracy – just remember…

"All power corrupts, and absolute power corrupts absolutely." – Lord Acton

Inciting racism doesn't worry Ardern. The end justifies the means. In a couple of short years she has reignited the grievance industry, and, if she gets her way, will send democracy out the door.

The THREE WATERS proposed legislation is just the start of Labour stealing billions of dollars of hard earned ratepayer assets.

Don't be fooled – if you don't stand up against this outrageous theft, New Zealand society as we know and love it will be irrevocably destroyed.

FAAFOI ANNOUNCES ELECTORAL REVIEW

Labour is hell-bent on screwing the scrum while they have an absolute majority. Electoral reform is just one area where they believe that they have an opportunity to ensure a stronger left wing influence in New Zealand politics. Their divisiveness is outrageous, and incredibly non-democratic.

Minister Kris Faafoi has announced the Independent Review will look at elections rules such as:

- voting age and overseas voting
- funding of political parties
- the length of the parliamentary term

The Electoral Commission made recommendations on MMP, and Labour wants to also consider these:

- changes to the party vote threshold
- one seat electorate rule
- ratio of electorate seats to list seats
- the overhang rule

$55 MILLION BUYS GOVT CONTROL OF MEDIA

NZ on Air has announced grants for 110 journalists to be funded by the Government.

The split includes:

Stuff: 20   Radio NZ: 20   NZME: 20   Maori TV: 7

For example, this includes The Spinoff getting $427,800 of taxpayer money for two new journalists for two years. Stuff gets an incredible 20 new journalists, costing taxpayers $2.8 million!

At what point does the "Public Interest Journalism" fund begin to undermine the media's independence? Will articles written by these journalists include disclaimer statements?

Graham Adams, a highly experienced journalist, based at Victoria University, released a well-worded article on this topic, free for syndication – but no media outlets were interested in publishing it! You have to wonder why...

An independent media is the basis of a strong democracy, and is just another example of Ardern's (and Labour's) plan to undermine New Zealand society, as we know it. We need to wake up, and push back really hard.

HARD FACTS BY SIR BOB JONES

SOURCE: BDF, 15 Sept 2021

The figures below show New Zealand's ethnicity breakdown. We have a Minister for Pacific Affairs and one for Maori Affairs. Why not one for Asian Affairs?

NZ Ethnicity	
European	70.2%
Maori	16.5%
Asian	15.1%
Pacific	8.1%
Other	1.5%

We all know the answer. Asians; mainly Chinese but also Thais, Koreans, Filipinos, Indians and others, don't need their hands held. They stand on their own feet. They dominate secondary schools' top academic performers. Our most famous ever athlete, perhaps after Ed Hillary, is Korean-born Lydia Ko who has a huge international fan base. If there was a poll for the country's most popular female, probably at the moment Ardern would win it, but likely in second place would be Malaysian-born Nadia Lim, and so it goes.

These people came into this country in large numbers over the past quarter century, often penniless, dealing with an alien culture and language and I don't doubt if measured by a host of desirable criteria, would top the poll on every standard, especially in providing medical services. I shudder to think of the state of the nation had they not arrived.

New Zealand has always suffered an exodus of our best and brightest, understandable given our isolation and small population. But without the Asian inflow we would now be the sick man of the OECD. That fate may still await us if we don't open the immigration doors. The average age of European Kiwis is 40, that is past an age of initiating new enterprises.

Like every nation in the world outside of Africa, we are not maintaining our population. Only immigration is sustaining populations in countries such as Britain, Germany and so on. Within a decade there will be heavy competition for migrants. A visionary government should be actively encouraging Asian immigrants while the going is good. Even Japan is now doing that.

Instead, we labour under a mind-blowingly inept government, hopelessly out of their depth and obsessed with covid, closing us off from the world.

Well, you can't fight a war by hiding under your bed. Deluding itself about a low covid death count, the government ignores the soaring suicide numbers, the numerous deaths through inability to access hospitals, the widespread depression as any GP or pharmacist will confirm and the huge toll in families split by the idiotic closed borders.

We look with envy at Europe and North American nations run by grown-ups who are getting on with life. Their covid death tolls are almost totally half-wits who for diverse reasons refuse to be vaccinated. Future historians will record the current government in scathing terms. They remind me of the last 3 years of the Muldoon government, denying reality and lacking the courage to confront a necessary new world order.

NO JAB, NO JOB, NO ACCESS

Our Government should urgently ensure that any employer, who after conversation with their staff, decides to make their workplace a vaccinated workplace is free from the threat of legal action. Why should a vaccinated person have to work alongside non-vaccinated workers, or face customers who could be non-vaccinated? The Government needs to lead.

Large Auckland headquatered Law firm Russell McVeagh has just announced that it will ban anyone entering its offices who has not had both Covid-19 vaccination jabs, from 1st November. That includes clients, staff and other visitors.

"*From November 1st, only those people who have received both doses of the Covid-19 vaccine will be able to come into our offices*," chief executive Jo Avenell said. "*If someone has not had both doses of the vaccine, we ask that they support our policy by communicating with us away from the offices*."

This is not rocket science – Come on Ardern, show genuine leadership.

"Welcome to NZ media. Paid for and 'bought' by your government. Apparently nobody has heard of 'conflict of interest'." Bob McCoskrie, Family First

IS THIS AN ESSENTIAL WORKER? COME ON JACINDA...

The head of Waikato's Mongrel Mob chapter was given an essential worker exemption to travel in and out of Auckland.

Newstalk revealed that the exemption was granted to Sonny Fatupaito – who has been working with some of the harder to reach communities in the city, such as those with gang affiliations.

This is just a joke, and yet Jacinda Ardern has once again tried to defend the decision.

Gangs are of prime concern in halting this covid pandemic spread, and it is time for Central Government to recognise that these people not only peddle misery (in the form of drugs, violence and abuse), but they are anti-society and need to be stamped out - not encouraged and funded. Ardern is definitely out of touch with ordinary New Zealanders.

JOHN KEY: FIVE WAYS TO PREVENT LOCKDOWNS

John Key has been outspoken on Labour's current approach to mitigating this covid pandemic. His view is that:

1. Give Māori and Pacific health providers a financial incentive for every person they get vaccinated in the next six weeks.
2. Give every person aged between 12-29 a $25 voucher of their choice if they get vaccinated before December 1.
3. Allow only vaccinated people into licensed premises (and maybe park the Shot Bro bus outside a few nightclubs as an incentive).
4. Tell New Zealanders when borders will reopen. It might incentivise more people to get jabbed.
5. Stop ruling by fear. Instead, reassure people that living with the virus is possible, as long as you're vaccinated. Take positive actions like funding Pharmac to invest in therapies proven to help fight the virus, build up our hospital capacity and workforce, use saliva testing for Covid, subsidise home-testing kits for Covid and order booster shots now.

John Key then went on to note that the MIQ strategy is no longer fit for purpose – arguing that we now urgently need to move towards a "safe" home quarantine system. He says that while this new system will be a 'carrot', we also need to add a 'stick', suggesting a $20,000 fine for any quarantine breaches.

Key, in foreshadowing naysayers, stated: ***"For those who say it's too hard, or too risky I ask this: one day, when the largest part of the Minister of Finance's Budget pays only the interest on the debt we are racking up now, and you can't have the latest cancer drugs, or more police, because New Zealand can't afford them, what will you think?"***

Key also condemned the lottery system that allows entry in MIQ facilities. He said "*A lottery is not a public policy. It's a national embarrassment. This is a lottery that is gambling with people's families and futures*."

In short, John Key made a very compelling case, calling for Labour to give New Zealanders more clarity and certainty, in the way of a solid policy base.

Sir John Key is right when he said that "*you have to believe the Government can go on borrowing a billion dollars every week to disguise that we are no longer making our way in the world*". Most of the country does want to believe we can go on borrowing. The reality is that this is plain nonsense.

You can't continually "*spray money around willy nilly*" (with no hope of getting an economic benefit), without hamstringing future generations, who eventually have to repay the debt. Just look at Germany or Argentina, who both used money printing as a mechanism to engender social change - feeding the poor but also fuelling mega inflation longer term.

Commentators report this spending is from a $50 billion Covid Response and Recovery Fund. There is no fund. It is an accounting fiction. It is all borrowed or printed. Either will condemn future generations of young kiwis.

Our balance of payments is being saved by this Government's enemy - the farmers. The prices for milk, meat and wood are cyclical. When the commodity prices fall we will discover Labour has blown 30 years of fiscal prudence.

We will also find there is nothing to show for the four years of "Ardernism", except debt. Labour's solution to every problem to centralise will fail. Studies of counties that have adopted a centralised health system reveal it results in money being diverted from the regions to the capital. A pandemic is not the time to experiment in Health reforms. This too is madness. Incremental change – yes. But to throw the whole system out, and expect to magically effect positive reform – is plain lunacy.

The Government's Three Waters reform is the biggest robbery in our history. The government is taking over $35.7bn of ratepayers' water assets and leaving the ratepayers with the debt.

A central Maori health authority and granting iwi governance over the Three Waters will not resolve the real issues facing many Maori. Borrowing is not solving the crisis in education. We now rate as last in the developed world for math and literacy. Once our best state schools were world-leading. Now NCEA results reveal a significantly growing gap between state and private schools.

The Government's solution to the lockdown disruption to pupils' education is to grant NCEA credits for work not achieved. This was vital knowledge for university success in the past. Why is it not vital knowledge today?

House prices are out of control. Inflation is on the rise.

The real number of people affected by the lack of MIQ places is many times more than the 25,000 who have missed out on a place. Labour has made the Covid response a government-only project excluding the private sector. Who believes the private sector would have failed to order vaccines on time? We could have been fully vaccinated by July - avoiding this lockdown.

The government first blamed vaccine supply, its own fault, and is now blaming anti-vaxxer sentiment as the reason half the country is yet to be fully vaccinated. This is denied by the Ministry of Health's own research. The August survey reveals 86% intend to vaccinate. 44% of those not intending to vaccinate is not due to anti-vaxxer sentiment but "*can't see the need*". A perfectly rational, if selfish, view if you believe Labour's propaganda that the government will eliminate Covid.

If our Prime Minister admitted that Covid is now endemic then research indicates more than 90% will vaccinate. Jacinda Ardern will never admit the Australian Prime Minister was right when he warned that New Zealand can't eliminate the Delta variant. To do so would be to admit this lockdown is one of the biggest Government failures ever.

If the government had included the private sector from the beginning, GP clinics and pharmacies in the vaccination programme we would be closer to herd immunity.

Covid testing could be widespread and routine if the government did not ban the private sector from importing cheap reliable saliva testing.

The government is now the problem. Borrowing a billion dollars a week has removed any sense of urgency.

"Fear is not a strategy"

Sir John Key

MORE WASTE AND SPECIAL TREATMENT: JAMES SHAW'S SCOTTISH ODYSSEY

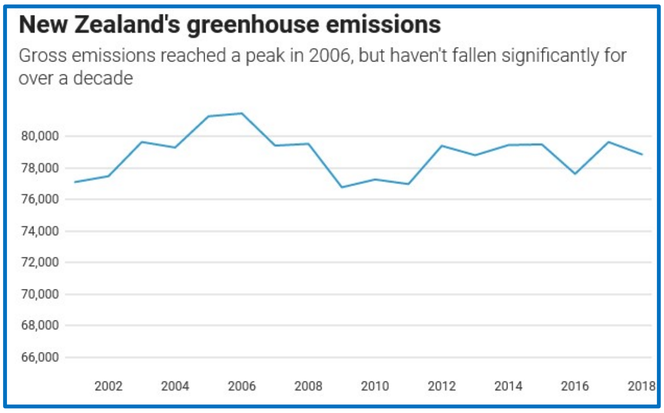
Source: Taxpayers' Union

In a perfect world, extended disruption to international travel would have taught our politicians how to live without indulgent junkets. But James Shaw appears determined to make up for lost air miles: he's not just jetting to climate talks in Glasgow, he's bringing a contingent of 14 staff with him!

Shaw and eight of the staff will get special MIQ slots on their way home. This is becoming a bit of a theme, isn't it?

The Minister's plan to burn jet fuel and taxpayer money is offensive on multiple levels. It's a slap in the face to Kiwis queuing for limited MIQ spaces. It makes a joke of public health guidelines against unnecessary travel. It's a clear case of climate change hypocrisy. And it's an insult to taxpayers who have made financial sacrifices during a pandemic.

NZ's GREENHOUSE EMISSIONS



Gross emissions reached a peak in 2006 (under Helen Clarke's Labour Government), and hasn't fallen significantly for over a decade. Just like previous Labour/Green Governments, Jacinda Ardern and James Shaw have been all talk with nothing to show for it.

IS ELIMINATION RETREAT A TIPPING POINT?

As she approaches her fourth anniversary as Prime Minister, Jacinda Ardern's reputation as a cool head in a crisis is being put to the test like never before. Taken in isolation, the three-step roadmap to ease Auckland's Level 3 restrictions she unveiled may not seem particularly objectionable. The first step, already now in effect, allows two households to meet outdoors – giving residents a (minor) degree of solace.

But the reaction suggests the Prime Minister has captured the worst of all worlds. Those hankering for a definitive timeline for the Super City's parole from lockdown were left with little to grasp on to, with some experts suggesting Auckland could face months of Level 3 life.

Perhaps the biggest shock came for those Kiwis who had clung to the hope that the Govt's elimination strategy would return the country to zero Covid cases.

Now, hopes of a summer without significant public health restrictions seem misplaced, as NZ falls back with countries learning to "live with the virus". This feels like a political and policy tipping point, that could define how Ardern and her Government are remembered.

BOOM IN EV VEHICLE SALES

One in every five of the 16,518 vehicles sold in September was electrically powered, driven by 1,066 sales of the Tesla Model 3. Despite Covid restrictions, this was the 2nd strongest month of total sales since October 2018.

Data released by the Motor Industry Association for the month shows the entry level Tesla, which retails in a price range that qualifies it for a government clean car discount, was the top seller across all cars. It was second only to the thirstier, Ford Ranger, which sold 1,408 units, or 30% of all commercial vehicles, but the Ford did outsell the Toyota Hilux.

The tradie favourites, Ranger and Hilux, have long been a dominant force in NZ and have sold a combined 15,173 units over the past year, or 12% of all new registrations.

The MG ZS EV came in as the second biggest pure electric seller, at 122 units, with the Hyundai Kona EV at 84 sales. MIA chief executive David Crawford said it was also the first month that more full EVs were registered than non-plugin hybrid vehicles. But hybrids did retain their popularity, with 1,456 sales registered, led by Toyota, with the Toyota RAV4 moving 466 units, the Corolla at 247 and Yaris Cross at 117 sales.

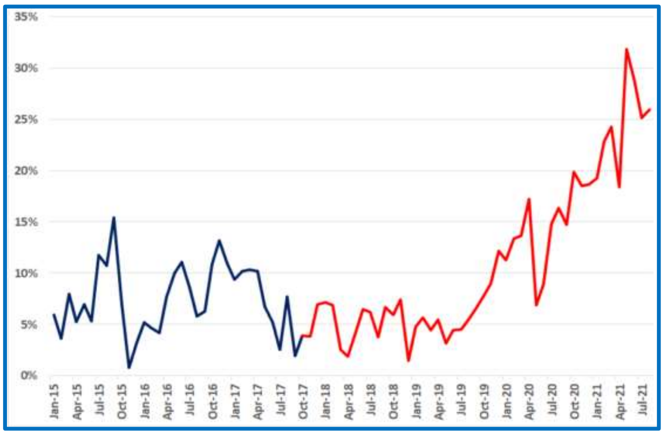
JUST HALF OF GOVT VEHICLES TO DECARBONISE BY 2025

The Govt's plan to decarbonise its vehicle fleet has hit a roadblock, with agencies saying only 49% of vehicles can go electric by the 2025 deadline. They will have to purchase carbon offsets for most of their fleets.

An emissions-free fleet by 2025 was one of the components of the 2017 coalition agreement and was carried over when a climate emergency was declared last year. It is a key tool in ensuring there is a supply of EVs flowing through into the second-hand market. But it always came with a key caveat: that vehicles would be replaced with electric alternatives "where practicable".

MEDIAN NZ HOUSE PRICES

BLUE LINE = NATIONAL GOVT RED LINE= LABOUR GOVT



SOURCE: REINZ

When Ardern came to power in 2017, she stated that house prices were a crisis. The graph (above) tell the true story. The Blue is under National's Key Government, and the red line is "the Ardern period of government. What a catastrophe?

Since Labour took office the median house price has increased $320,000 or 60%. In Auckland the median price is now $1.2 million. Even in South Auckland the median price is $1.16 million. Across all New Zealand 38% of houses sold for over $1 million.

Stats NZ said a total of 4,490 new residential building consents were approved last month – the highest monthly total in more than 30 years. This lifted the number of new homes consented for the year to 46,453, up 24% in a year, with a combined value of $19.7bn, the highest on record. Stats NZ said there was also increased demand for townhouses, apartments and retirement village units with 1,869 consents for the month approved nationally.

Nearly all of NZ's increase of ~$100bn in debt has gone into housing. The Banking sector states that very little has their lending has gone into the productive sector. The ramifications of this are dire for our economy in the medium and long term.

AMAZON'S PROMISED $7.5BN INVESTMENT

SOURCE: Newsroom, 24th September

There is justifiable excitement at Amazon's promised $7.5bn investment in building three big data centres on the periphery of Auckland, and the 1000 accompanying jobs.

The 'cloud' is not really in the sky. It's firmly grounded in banks of computers dotted around the world. Amazon Web Services announcement follows news of similar (albeit smaller) data centres to be built here by Microsoft, Australia's CDC and UK-based Lake Parime.

The Lake Parime data centre will be near Clyde Dam in Central Otago, and powered by the dam's owner Contact Energy. But the others are all expected to be near Auckland, for easier access to the customers who will store their data, and to the undersea fibre cables.

That reduces latency – the lag time on uploading and downloading data. But it also worsens an imbalance in NZ's power network. Our power generation is 80% renewable, but much of that is from the southern hydro lakes.

Most of the demand is in the North Island, where there is far less renewable power generated – the wind farms and existing geothermal generators aren't a patch on the big southern dams. It's expensive to transmit the power north, and there are technical constraints on doing so.

That's why Lake Parime is building its data centre by the Clyde Dam. And that's why Meridian is looking to build a big hydrogen processing facility in Southland, to suck up the renewable energy that suddenly becomes available when Tiwai Point aluminium smelter powers down at the end of 2024.

Amazon boasts that it is on track to powering all its global infrastructure with 100% renewable energy by 2025. It is the world's largest corporate purchaser of renewable energy, and its local spokesperson points out specific strategies, including energy efficiency, investing in off-site and utility-scale renewable projects, and deploying rooftop solar systems on its buildings. The company will actively push for government policy that expands the provision of clean energy for Amazon and its customers.

"*Organisations that move computer workloads to the AWS Cloud can benefit from the net effect of Amazon's sustainability efforts to reduce their carbon footprint*," Amazon said.

Lines company Vector says it's already in talks with Amazon. Mercury Energy wouldn't say, citing commercial sensitivity. Contact Energy chief executive Mike Fuge has said they are keen to talk with AWS about providing renewable energy to the new data centres. The company is already building a 152MW geothermal power station at Tauhara near Taupō, and Fuge says they've made no secret of their ambitions to invest in more low CO2 renewable geothermal power.

"*We know NZ's high levels of renewable electricity are appealing to data centre operators and there are obvious environmental and economic advantages to being in this part of the world*," he says.

But one of the big difficulties is financing. Mercury chair Prue Flacks warns of the challenge financing the new renewable energy plants s and farms that NZ needs to meet its 2050 goals. "*We'd have to build a new wind farm every nine months*", she says.

So, as much as Amazon's commitment to spending and jobs is welcome, what NZ really needs is for the company to commit to investing here in utility-scale renewable energy – in line with its own global strategy. Without doing that, the new data centres will only exacerbate NZ's north/south imbalance, and heighten the risk of more power outages like those we suffered last month.

PAULA BENNETT - WHAT'S NEXT?

Paula was a very successful politician by any standard. I couldn't see her commercial real estate agent role lasting too long, and reviewers haven't been too kind about her TVNZ "entertainment" show (although I don't understand why).

But there's an obvious next step namely Auckland mayor. The only drawback is whether she'd want to. I believe she would make a great Mayor.

NEW CHARGES FOR RAIL FREIGHT USERS

SOURCE: Newsroom

Big forestry and dairy producers have been "blindsided" by a new Track User Charge, signed off by the Government just two weeks ago.

Mike Ryan, Winstone Pulp's sales and marketing manager commented "*It seems counter-intuitive*," as his forestry and pulp company prepares to enter negotiations with KiwiRail. When the supply chain is already under strain, and on the day the Govt has published a consultation focused on cutting NZ's transport emissions, Ryan and other freight users question why it would impose a new charge deterring them shifting from road to rail.

COAL USE FOR ELECTRICITY GENERATION SURGES

New Zealand has significantly increased its use of coal in recent years, despite its status as the worst, most polluting fossil fuel on the planet.

In the first three months of this year, the same amount of coal was used to generate electricity as in all of 2016 and 2017 combined. Coal generated 10.35 petajoules from January to March, slightly under the 10.52 petajoules in all of 2016 and 2017, according to MBIE's Quarterly Energy Statistics, released yesterday.

Climate campaigners say it's ridiculous that we're still burning the worst, most-polluting fossil fuel at such scale, and harshly contrast with comments made just this week by the prime minister - that climate action was life or death.

NEW HEALTH NEW ZEALAND AND MĀORI HEALTH AUTHORITY ANNOUNCED

Labour seems determined to push through with Health reforms, despite a sector under huge pressure already from this pandemic. These reforms will disestablish the country's 20 district health boards, and be replaced by one new body, Health New Zealand. The Māori Health Authority will work alongside Health NZ, commissioning for primary, community and kaupapa Māori services.

The body will have a workforce of 80,000 from the 20 DHBs, an annual operating budget of $20 billion and an asset base of about $24 billion.

THE NEW APPOINTMENTS

ROB CAMPBELL, chair of Health New Zealand

Former Trade Union head Rob Campbell acknowledges he has little experience in the health sector, but is an experienced professional director with extensive union, public and private sector governance experience. He is chairman of SkyCity Entertainment Group, Tourism Holdings, WEL Networks, NZ Rural Land Company, Ara Ake, Just Move Trust, and Chancellor Auckland University of Technology.

SHARON SHEA, co-chair Māori Health Authority and Health New Zealand board member

Sharon Shea (Ngāti Ranginui, Ngāti Hauā, Ngāti Hine, Ngāti Hako) is the current chair of Bay of Plenty District Health Board. The ministry says she is an experienced leader across the health, disability and community sector.

Shea has been Chair of the Bay of Plenty DHB since March 2020. Previously Shea was the Northern Regional Health Authority's strategy manager. She had been a board member and sub-committee chair at Auckland DHB and Northland DHB. She was also chair of the Māori Expert Advisory Group on the Health and Disability Sector Review.

TIPA MAHUTA, co-chair Māori Health Authority

Tipa Mahuta (Waikato, Maniapoto and Ngapuhi) is the sister of Minister Nanaia Mahuta, and the current deputy chair of the Counties Manukau District Health Board.

She held one of the two Māori seats on Waikato Regional Council for seven years. In 2020, she was appointed co-chair of the Waikato River Authority. She is also the chairwoman of the Taumata Arowai Māori Advisory Group and board member with the Te Kotahi Research Centre. She has served on the boards of the Iwi Māori Council at Waikato DHB and Tainui Holdings.

BOARD MEMBERS

Health New Zealand

- Rob Campbell (chair)
- Sharon Shea
- Amy Adams
- Cassandra Crowley
- Vui Mark Gosche
- Dame Karen Poutasi
- Vanessa Stoddart
- Dr Curtis Walker

Māori Health Authority

- Sharon Shea (co-chair)
- Tipa Mahuta (co-chair)
- Dr Sue Crengle
- Dr Mataroria Lyndon
- Lady Tureiti Moxon
- Fiona Pimm
- Awerangi Tamihere
- Dr Chris Tooley

I have been less than impressed with the leadership at our local Bay of Plenty DHB, of which Sharon Shea has chaired since March 2020.

Our local DHB used to be an outperformer when it came to measured health outcomes, but lately seems to be badly lagging (for example it has the second poorest in vaccination rates by DHB across all of New Zealand}.

As I noted in a previous newsletter, Tauranga Hospital has 2 unused floors (never have been finished, nor fitted out) in its newest building. When asked about this, I was told… if they fit it out, it will just be filled up with more patients! This in our high growth sub-region. Unbelievable….

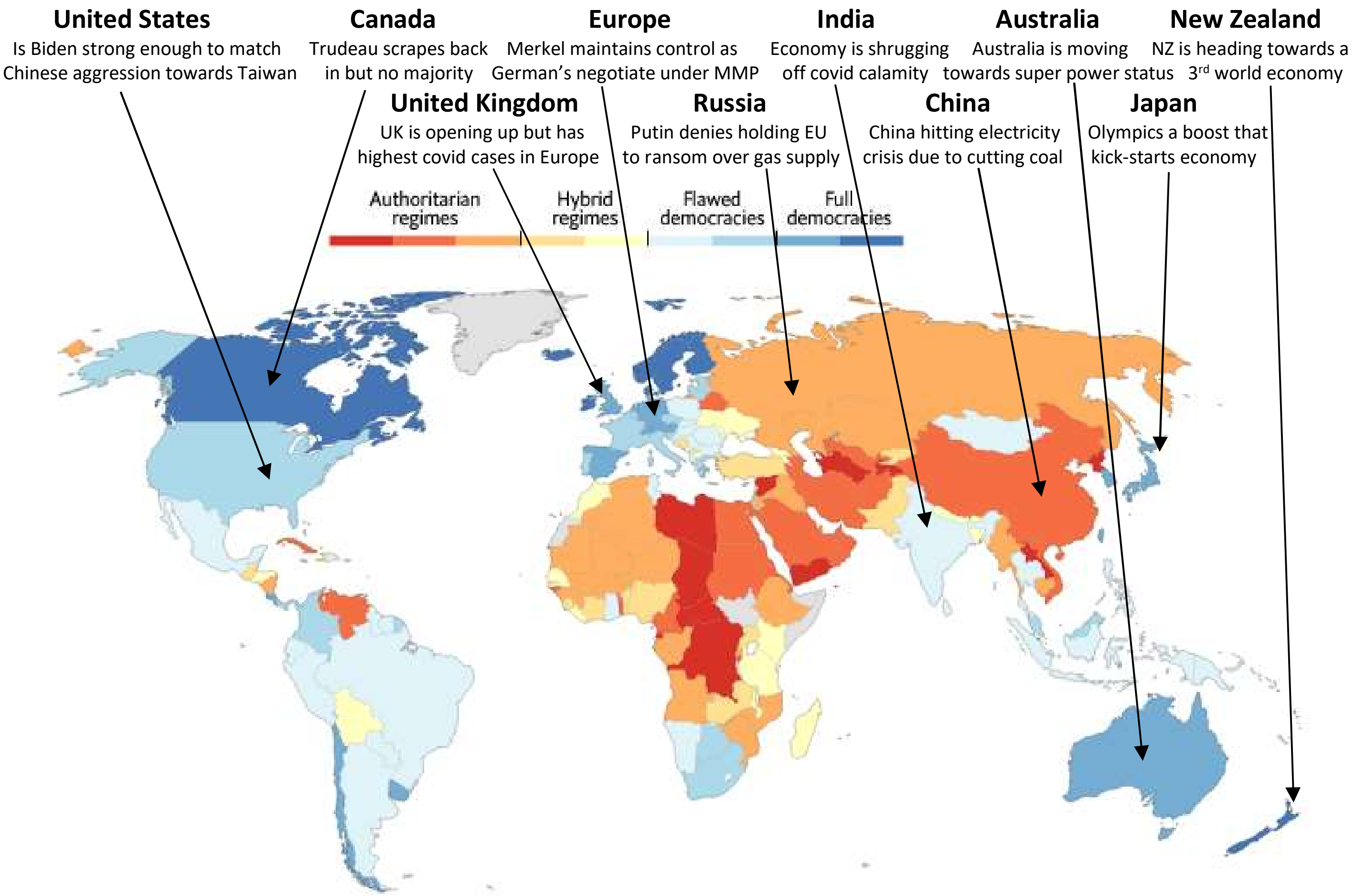
Of concern, 85,000 elective surgery procedures had been stopped in the first 6 weeks of this covid lockdown.

As Steven Joyce stated (Herald 5th Sept) ***"Ministers should halt their health reforms. These are designed for another time. It is ludicrous they have continued to trundle along during the pandemic, and each passing month makes it more so. It is generally a bad idea to reorganise an army while it is fighting a war, and that surely applies here."***

I totally agree with Steven – Yes, we urgently do need to ensure a well-resourced health sector, but the middle of a pandemic is no time to undertake such huge structural reform.

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, WHEN CONDITIONS ALLOW – YOU WON'T REGRET IT.

THE WORLD AT A GLANCE GLOBAL DEMOCRACY INDEX 2020



GLOBAL OUTLOOK

The global outlook remains highly uncertain. Persistent supply chain disruptions and inflation pressures are constraining the global economy's recovery from the COVID-19 pandemic, the International Monetary Fund recently said, as it cut growth outlooks for the United States and other major industrial powers. In its World Economic Outlook, the IMF trimmed its 2021 global growth forecast to 5.9% from the 6.0% forecast it made in July. It left a 2022 global growth forecast unchanged at 4.9%.

Prospects for emerging market and developing economies had been marked down for 2021, especially for Emerging Asia. By contrast, the forecast for advanced economies were previously revised up. These revisions reflect pandemic developments and changes in policy support.

NEW ZEALAND'S ECONOMIC OUTLOOK

POPULATION: 5.149 MILLION

STAGFLATION IS A HUGE RISK

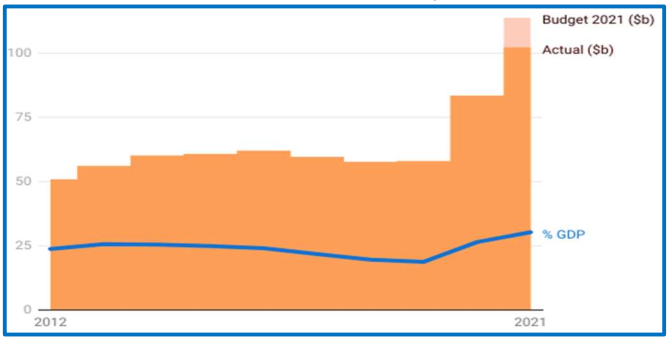
Stagflation is where you have high inflation, but with no growth. With inflation growing strongly in New Zealand (2.2% in the September quarter alone – 4.9% annually), and most of the Covid stimulus money going into non-productive house-price inflation, the road ahead is not the rosy picture that Grant Robertson and Jacinda Ardern maintain.

GOVT DEBT RISES TO 30% – LOWER THAN THE 34% BUDGET

Treasury's May Budget forecasts for the June 30 year-end financial position showed net debt at $113bn – up from $83.4bn in the previous year. Now, the books have been reconciled and audited and the published 2021 financial statements show net core Crown debt increased to $102.1b in the past year. Debt is up from a 26.3% share of GDP to 30.1%. Of course, that doesn't show the impact of the subsequent Delta outbreak.

The residual cash shortfall of $13.8b is the main driver of the increased debt, comprised of an operating cash flow deficit of $1.1b and a $12.7b deficit in net cash flows. In addition, the Reserve Bank's large-scale asset purchase programme has hit Crown debt, as the level of the increase in settlement deposits with the bank is greater than the reduction in bonds borrowing.

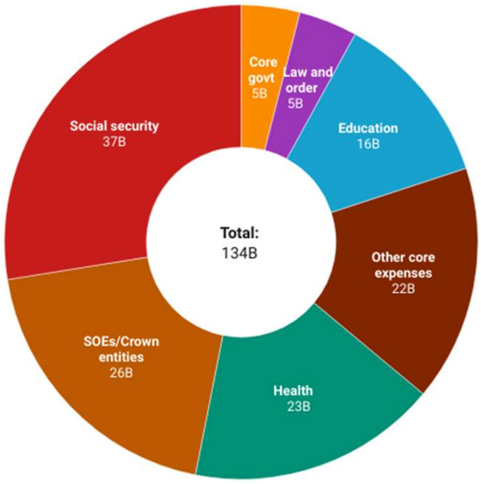
NET CORE CROWN DEBT – $ Billion



Tax revenue was up $12.9bn to $98bn – that's double the budgeted increase. This is attributed to increased company tax, PAYE and GST take to a strong labour market and consumer confidence.

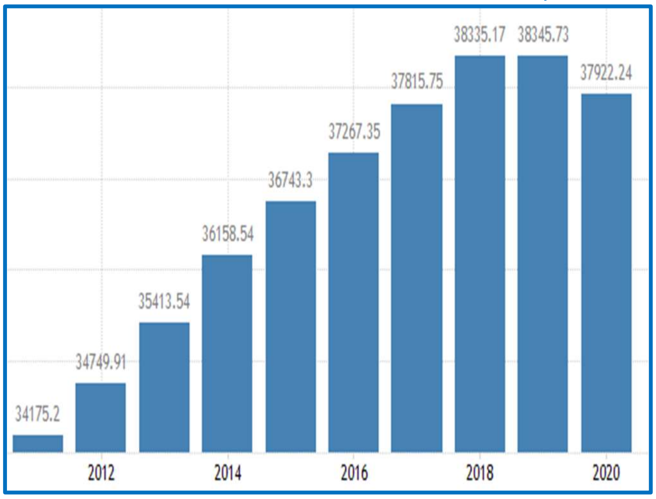
The problem with this increased debt has been the "spray and walk away" delivery of the funds, with limited evidence of targeted debt spending that will grow the economy long-term.

CROWN DEBT – $ Billion



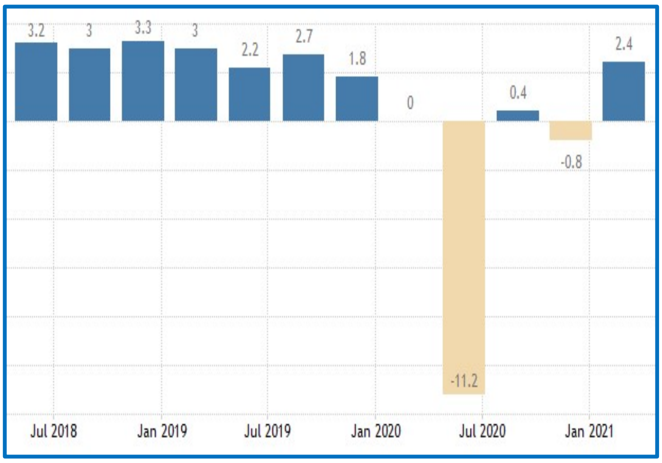
"However the level of debt remains lower than expected and far lower than most of our international counterparts," Treasurer Grant Robertson said.

NEW ZEALAND – GDP PER CAPITA IN US$



New Zealand's economy grew by 2.8% on quarter in the three months to June 2021, after a 1.4% expansion in Q1 and beating expectations of a 1.3% rise. Growth was led by the services industries (2.8% vs 1.1% in Q1); and both the primary (5% vs 1.2%) and goods-producing industries (1.3% vs 1.7%) also contributed to growth in the quarter. Retail trade and accommodation was the largest contributor to GDP growth in the June 2021 quarter, driven by higher activity in accommodation and food services. Exports of services rose by 63% driven by exports of travel services, transport services, other business services, and also film exports. However, exports of services remain significantly affected by international travel restrictions due to COVID-19 and are still 43% below the levels of the December 2019 quarter.

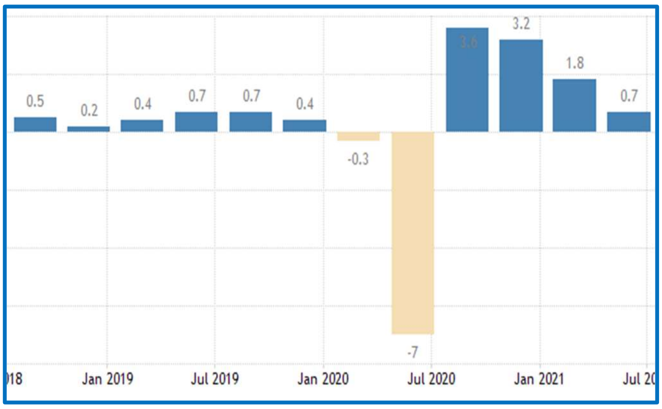
NZ – ANNUAL GDP GROWTH RATE



Australian Economic Outlook

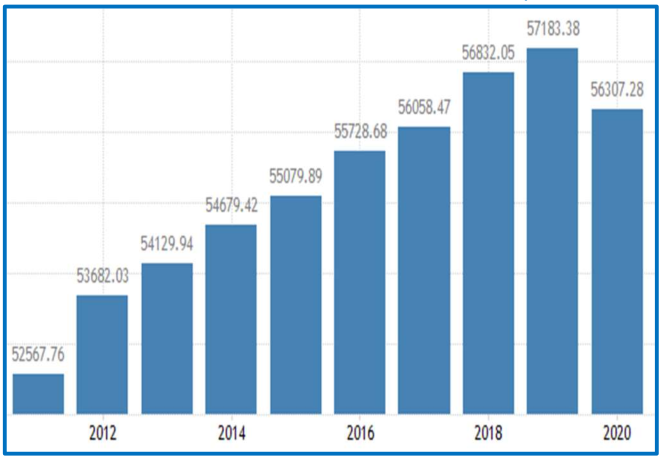
POPULATION: 25.733 MILLION

AUSTRALIA – ANNUAL GDP GROWTH RATE



Australia's economy is past the point of maximum weakness with consumption poised to rebound. With lockdowns in NSW due to end earlier than feared (Jarden thought they may be extended until early-Nov), and high frequency data such as consumer confidence, Google Mobility, and bank card spending trackers suggesting they are now past the point of maximum economic weakness, what will the recovery in consumption look like? While Jarden remains cautious that this reopening will be different to prior experiences, given we could see significant community transmission of COVID-19, the significant buffers that households have built up makes Jarden more optimistic on the outlook.

AUSTRALIA – GDP PER CAPITA IN US$

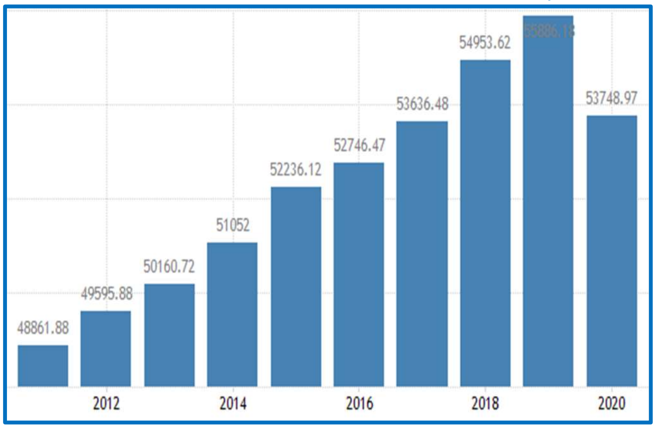


Jarden estimates since Mar-20 that households have built up a buffer of $202bn (10% of GDP or 19% of consumption), with $114bn in increased deposits and an additional $88bn in extra debt repayments. Even if only a small share of these buffers are run down, they have the potential to significantly boost consumer spending. Further, expect the savings rate to fall to 6% by end-22 (from 15% in Q3-21), providing significant support for consumption despite modest income growth.

United States Economic Outlook

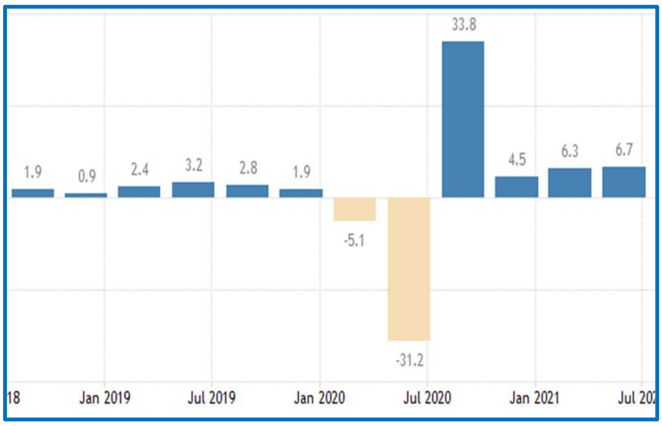
POPULATION: 330.086 MILLION

UNITED STATES – GDP PER CAPITA IN US$



It is interesting to note that the US GDP per Capita is lower than that of Australia (US$53,749 versus US$56,307 in Australia). When you consider that the population count doesn't take into account the illegal migrant workers, this would increase the deficit even further.

UNITED STATES – ANNUAL GDP GROWTH RATE



Chinese Economic Outlook

POPULATION: 1,404.331 MILLION

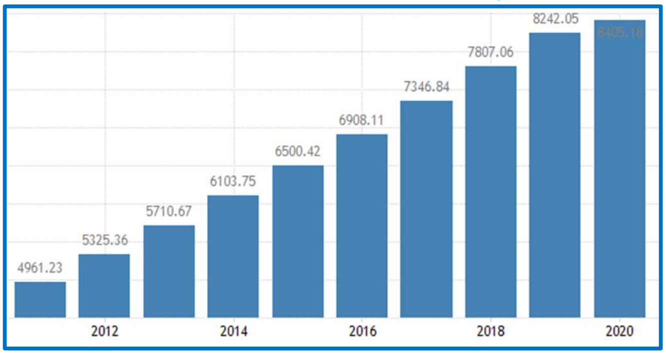
The Chinese economy advanced 7.9% year-on-year in Q2 of 2021, slowing sharply from a record 18.3% growth in Q1. Economists are predicting a further contraction in the Chinese economy when Q3 figures are released. However 29% of China's GDP is related to property. This is a huge risk for the Chinese economy.

CHINA - ANNUAL GDP GROWTH RATE

A slowdown in factory activity, higher raw material costs, and new COVID-19 outbreaks in some regions all weighed on the recovery momentum. During the first half of the year, the economy grew by 12.7%, amid a low base effect from last year's coronavirus-triggered slump.

The Gross Domestic Product per capita in China was last recorded at US$8,405.18 in 2020. The GDP per Capita in China has made huge strides in the past decade, and in 2020 it had grown to the equivalent of 67% compared to the world's average.

CHINA – GDP PER CAPITA IN US$

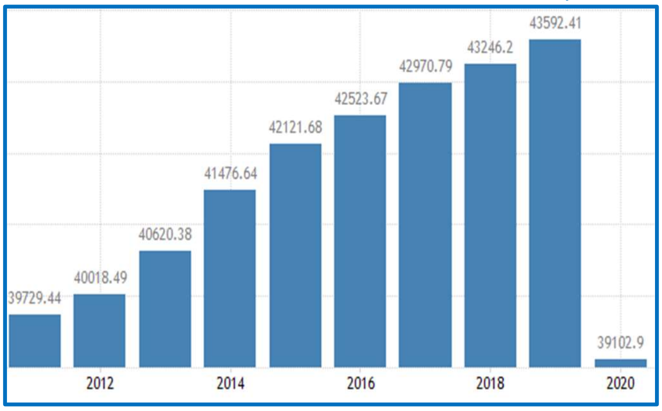


United Kingdom Economic Outlook

POPULATION: 67.093 MILLION

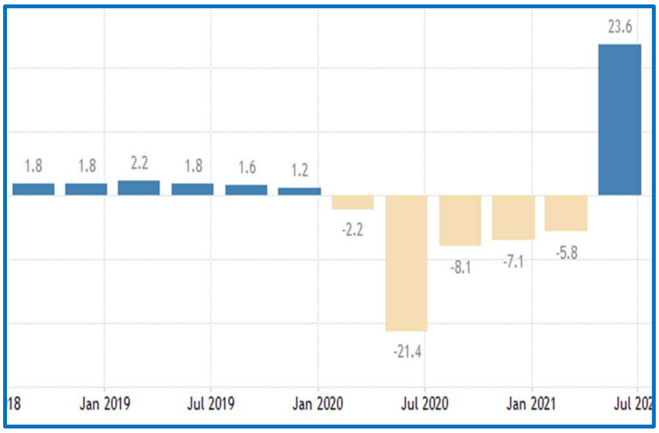
The British economy expanded 5.5% on quarter in the second quarter of 2021, well above initial estimates of a 4.8% increase, and rebounding from a 1.4% contraction in the previous period. Household consumption made the largest upward contribution, following the easing of coronavirus restrictions. On the production side, the largest contributors to GDP growth were from wholesale and retail trade, accommodation and food service activities, education and human health, and social work activities. The level of GDP is now 3.3% below where it was pre-pandemic.

UNITED KINGDOM – GDP PER CAPITA IN US$



The British economy expanded 23.6% year-on-year in the second quarter of 2021, above initial estimates of a 22.2% increase, and rebounding from a 5.8% contraction in the previous period. It is a new record growth rate, following the easing of coronavirus restrictions, and after a record 21.4% contraction a year earlier, when the coronavirus crisis hit the economy hard.

UNITED KINGDOM – ANNUAL GDP GROWTH RATE



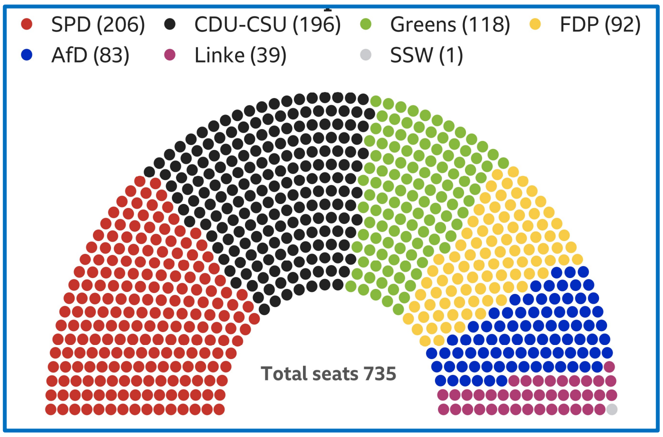
EU Economic Outlook

POPULATION: 447.320 MILLION

Who will replace Angela Merkel still remains undecided. Two weeks after a tight election, the winning SPD have met with the Greens and the FDP in an effort to hammer out a new German government. This marks the second set of three-way talks among the parties.

SPD gained 25.7% of the total vote whereas Angela Merkel's Conservatives gained just 24.1%. Despite the small margin, Merchel's heir Armin Laschet said he would consider resignation, if it would lead to a better outcome for his Party. Coalition talks continue while a recent opinion poll suggested that 53% of Germans backed an SPD-led coalition of the three parties, with only a quarter supported a conservative-run government.

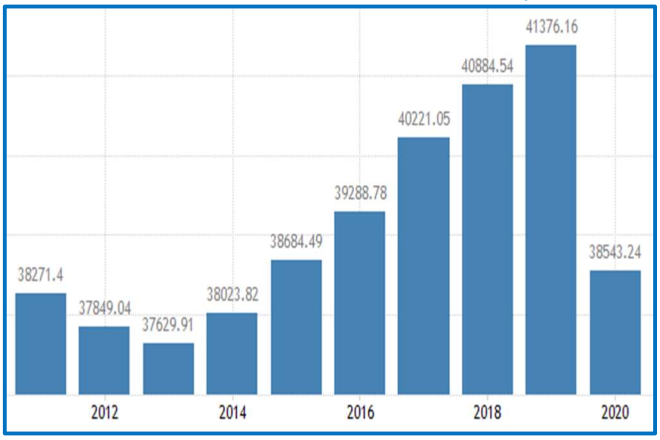
HOW THE NEW GERMAN PARLIAMENT LOOKS



NOTE the total number of seats!

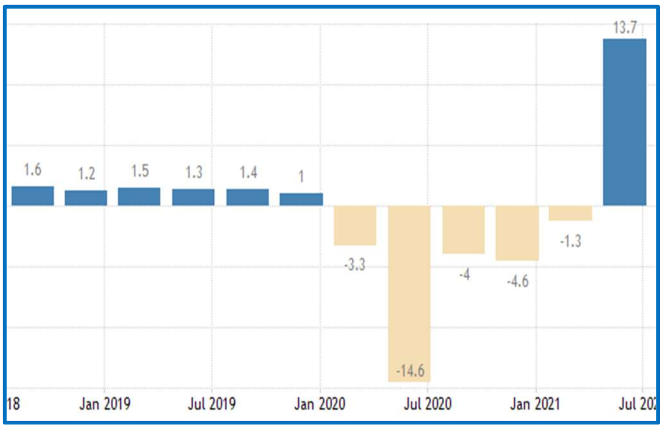
GDP per capita In the Euro Area was last recorded at US$38,543.24 in 2020. The GDP per Capita In the Euro Area is equivalent to 305% of the world's average.

EUROZONE – GDP PER CAPITA IN US$



The Euro Area economy expanded by 2.0% on quarter in the three months to June 2021, rebounding from two consecutive periods of contraction and beating market expectations of 1.5% growth, a preliminary estimate showed. The bloc's economic recovery gained momentum on the back of the continued re-opening efforts, helped by the rapid pace of COVID-19 vaccination and ongoing government support. Among the bloc's biggest economies, Germany, France and Spain returned to growth, and Italy's expansion gathered pace.

EUROZONE – ANNUAL GDP GROWTH RATE



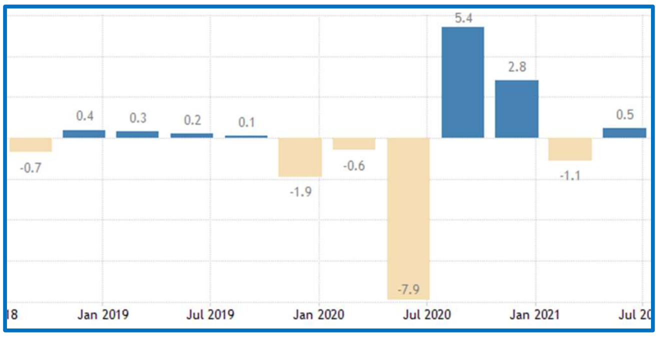
JAPANESE ECONOMIC OUTLOOK

POPULATION: 125.758 MILLION

Japan rebounded faster than expected from its pandemic-driven slump in the run-up to the Tokyo Olympics. Official figures show the world's third-largest economy grew at twice the rate forecast in April to June. But analysts have warned growth will be modest this quarter after a state of emergency was reimposed to ease a spike in Covid-19 infections.

The Japanese economy advanced 0.5% on quarter in the three months to June 2021. It followed a revised 1.1% fall in the first quarter, as domestic demand and activity rebounded from steep declines triggered by the coronavirus pandemic.

JAPAN – ANNUAL GDP GROWTH RATE



GDP per capita in Japan was last recorded at US$49,000.26 in 2019 (we are yet to get a 2020 figure). The GDP per Capita in Japan is equivalent to 388% of the world's average.

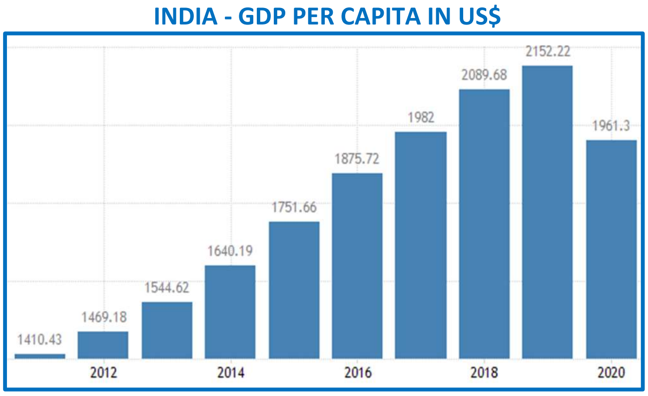
JAPAN - GDP PER CAPITA IN US$

INDIAN ECONOMIC OUTLOOK

POPULATION: 1,378.595 MILLION

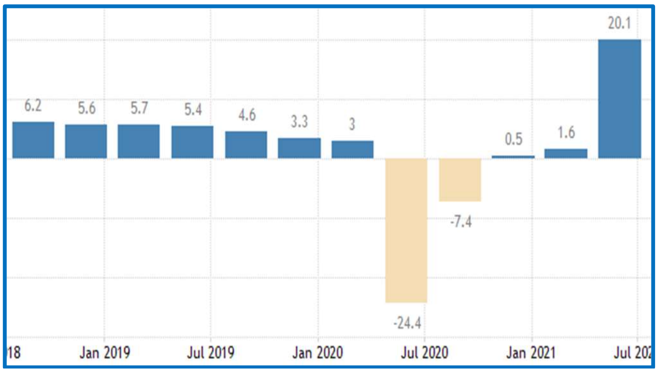
The Gross Domestic Product per capita in India was last recorded at US$1,961.30 in 2020. The GDP per Capita in India is equivalent to 16% of the world's average.

INDIA - GDP PER CAPITA IN US$



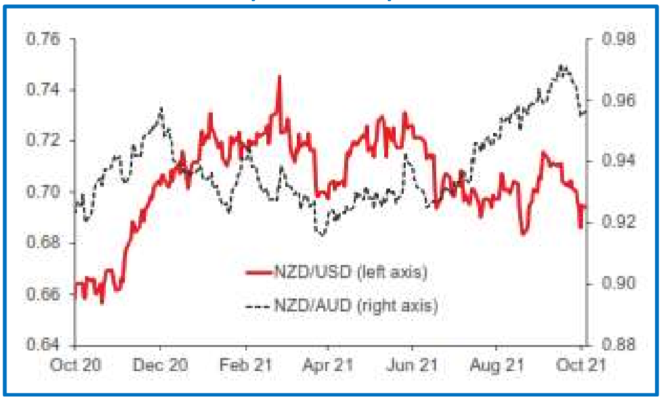
The Indian economy expanded at a record 20.1% year-on-year in Q2 2021, amid a low base effect from last year and despite a second wave of covid-19 infections and localised lockdowns. It compares with a record 24.4% slump a year earlier when the coronavirus crisis hit the economies hard. In Q2 2021, the construction sector surged 68.3%; manufacturing jumped 49.6%; trade, hotels, transport and communication 34.3%; mining 18.6%; utilities 14.3%; the farm sector 4.5%; and the financial and real estate sector 3.7%. On the consumption side, private expenditure increased 19.3%, investment 55.3%, exports 39.1% and imports 60.2% while public expenditure dropped 4.8%.

INDIA - GDP GROWTH RATE



CURRENCIES

NZD/USD & NZD/AUD



Source: Westpac

Predictably the Reserve Bank, on 6th October, lifted the Official Cash Rate (OCR) to 0.50%. "*It is appropriate to continue reducing the level of monetary stimulus so as to maintain low inflation and support maximum sustainable employment*," the RBNZ said in a statement. "*While economic uncertainty remains elevated due to the prevalent impact of Covid-19, cost pressures are becoming more persistent and some central banks have started the process of reducing monetary policy stimulus*." The move was widely expected by economists as inflation pressure has continued to build.

"*The RBNZ won't stop here*," Bank economists stated. Expect 25 basis point hikes will be delivered in October, November, February and May, with the OCR reaching 1.5% by the middle of next year. Then expect a considered pause around 1.5%. Although the RBNZ is signalling a continuation to 2% in 2023.

This is the first rise in 7 years, and anyone overly concerned about this rise shouldn't have a mortgage in the first place.

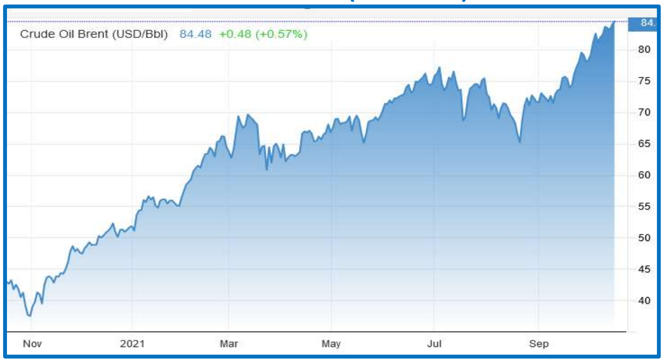
COMMODITIES

OIL

The price of oil, coal and gas has soared by 95% since May. Blackouts have engulfed China and India. Britain and NZ have turned their coal-fired power stations back on. And Vladimir Putin has just reminded Europe that its supply of fuel relies on Russian goodwill. Modern life depends on abundant energy, but the world isn't investing fast enough in renewables and transition from fossil fuels.

Brent Crude (the oil commodity that sets New Zealand's price for fuel) has risen 63.1% since the start of 2021 – currently trading at US$84.47 a barrel.

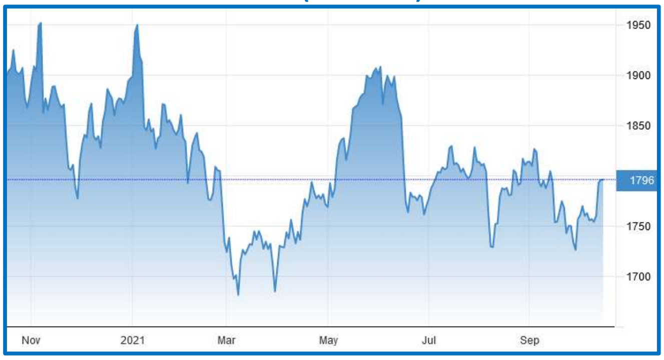
BRENT CRUDE (1YR GRAPH)



GOLD

Gold decreased US$102.09 /t oz. or 5.4% since the beginning of 2021.

GOLD (1YR GRAPH)



BITCOIN

Cryptocurrency prices remain extremely volatile.

BITCOIN (1YR GRAPH)

AGRIBUSINESS – LOOKING FROM THE OUTSIDE IN

FONTERRA STILL STRUGGLING

Fonterra continues to struggle with its capital proposal in the cooperative's attempt to set up an effective capital structure. Despite testing almost every capital mix under the sun, Fonterra can't get dairy farmers to approve a structure adopted by most successful companies.

Fonterra's chair, Peter McBride said on 23rd Sept that "*Farmers leave the co-operative for different reasons, but one of the most influential ones is the high level of compulsory investment that's required to be part of our cooperative. A capital structure with flexible shareholding would help to level the playing field with competitors, many of whom are foreign-backed and don't require farmers to invest capital*."

Unfortunately, time and time again Fonterra shareholders have voted to keep the same old model that requires them to tie up capital in the co-operative, so they can maintain full ownership of New Zealand's largest commercial entity. Unfortunately, this reluctance since 2007's capital proposal has had a hugely negative impact on the co-operative's operating performance and valuation.

In the 2007 capital proposal, then chair Henry van der Heyden said "It's time to be bold and brave. Bold in that this is another transition for our co-operative, brave in that it is a big step, even bigger than the 2001 merger. But we shouldn't be afraid of change."

The 2007 proposal failed dismally, because of farmer fear of losing control.

The 2007 Fonterra proposal was loosely based on Ireland's Kerry Group, which made a very successful transformation from a dairy co-operative into a share market-listed limited liability company.

In February 1986, dairy farmers in the southwest of Ireland approved the transfer of all the assets of Kerry Co-operative to a new company called Kerry Group. Kerry was the country's fourth largest dairy cooperative, with a 16% market share. The new company listed on the Dublin Stock Exchange with the co-operative owning 80% in the form of 'B' shares while farmers held an additional 11% in their own name and the public 9%, the latter two groups in the form of 'A' shares. Farmers were issued 'A' shares at 39 pence each while the public paid 52p for their 'A' shares.

Kerry Group was so successful that farmers voted to abolish the "A" and "B" share structure and Kerry Co-op's shareholding in Kerry Group has fallen from 80% to just 12% as shares held by the co-operative have been distributed to farmers on a pro rata basis.

The following table compares the latest financial performances of Fonterra and Kerry Group.

NZ$m	FONTERRA	KERRY GROUP
Year to	31-Jul-21	31-Dec-20
Revenue	20,565	11,589
Cost of sales	(17,581)	(7,090)
Gross profit	2,984	4,499
Gross margin	14.50%	38.80%
EBIT	887	1,180
EBIT margin	4.3%	10.2%

Over the 14 years since Fonterra's 2007 capital proposal was announced, the NZ co-operative's gross profit margin has declined from 15.9% to 14.5%, while its Earnings before Interest & Tax (EBIT) margin has increased from 3.6% to 4.3%. Meanwhile, over the same period, Kerry Group's gross profit margin has risen from 35.2% to 38.8% and its EBIT margin from 6.4% to 10.2%.

These performances have been reflected in share market values. This week, Kerry Group had a market value of NZ$34.6bn (€20.7bn), compared with Fonterra's $6.2bn market value. In other words, Fonterra's dairy farmers are receiving a fairly full price for their milk, but the co-operative is not converting this milk into added value products, while the Kerry Group is clearly adding value. The benefits of Kerry Group's added value are being dispersed to suppliers, employees and shareholders.

The Irish company paid dividends of NZ$452m (€271.4m) to shareholders over the past two years, while Fonterra has paid dividends of only $157m to its farmer shareholders over the same period.

Kerry Group is far from perfect, with a Barclays' analyst noting earlier this year that the group had a mixed track record of converting earnings into cash flow compared to its global peers, partly due to lumpy merger and acquisition restructuring costs.

Nevertheless, investors prefer the Kerry Group model because it has a market value of NZ$34.8bn on sales of NZ$11.6bn while Fonterra has a market value of just $6.2bn on revenue of $20.6bn. Looking at it another way, 3,000 Kerry farmers own 12% of Kerry Group, worth NZ$4.2bn, through their co-operative. They also own additional shares in their own name.

Meanwhile, Fonterra's 10,500 farmers hold $6.2bn worth of co-operative shares.

FONTERRA'S LATEST PROPOSAL

The 2007 Fonterra proposal was abandoned in September 2009 after opposition from its shareholders' council, which consisted of 35 co-operative shareholders elected to represent the interests of all co-operative shareholders.

The council opposed the changes after a telephone survey showed that 85% of co-operative shareholders didn't like the proposal. There would have been no need for the seriously flawed NZX-listed Fonterra Shareholders' Fund if the 2007 proposal had been approved.

The latest Fonterra 'revised capital structure proposal' represents a tweak of the current structure, rather than the radical change suggested in 2007.

The board is aiming to bring the latest proposals to the annual meeting in December, with chair McBride quoted as saying: "*Analysis of potential milk supply scenarios we have developed shows that, based on our current operations, our farm gate milk price could be 6 to 13 cents lower by 2030 if we make no changes to our capital structure and continue to lose market share at the rate we have seen over the past five seasons*."

It is as clear that Fonterra desperately needs a modern capital structure. Nevertheless, the clear impression from the 20 years of heated debate is that our dairy farmers would prefer to own 100% of an underachieving enterprise worth only $6.2bn, rather than 80% – as proposed in 2007 – of a highly performing listed company that could be worth $20bn or more.

NEW ZEALAND EQUITIES

NZ ELECTRICITY GENERATORS: WITH LARGE DECISIONS AHEAD, SECTOR STILL STACKS UP

Back in 2018, Jarden forecasts showed decreasing use of thermal generation and increased renewables, driven by rising carbon prices and electrification of industrial heat and transport use. Jarden thought then that Tiwai smelter load and gas supplies seemed secure through to the end of the decade. Their price forecasts lay in a range of $70-$80/MWh, driven lower due to low LCOEs for new wind projects ($60-$65/MWh). However, their forecasts saw continued reward for owners of low-use thermal plant sustainable out into subsequent decades. This reward was indicated by their then-new Hydro-thermal (HT) model, which predicted increased price volatility would commercially sustain low-use thermal capacity on existing energy price formation alone, without requiring any introduction of a capacity market.

Fast forward three years and three major changes require Jarden to revisit this picture. Low costs for new renewables and rising carbon prices are indeed playing out as expected but three events since our 2018 document may disrupt their original view.

1. Gas supplies no longer seem secure - NZ's largest gas producing field, Pohokura, has experienced large and unexpected output declines and unreliability since late 2018, as has the smaller Kupe field to a lesser extent. NZ gas reliability can no longer be assumed by decision makers and the government's gas exploration ban combined with bank reluctance to finance carbon-extraction projects makes for an environment hostile to new gas supply investment.

2. Tiwai smelter's 2019 strategic review and 2020 closure notice was eventually averted only by a cheap (~$35/MWh) four-year extension deal with MEL and support from CEN. Uncertainty delayed new renewable builds while Tiwai mulled its decision for ~15 months but the will-they/won't-they debacle lit a fire at CEN and MEL to secure replacement loads that could offer more flexibility to the electricity market with counterparties that are less capricious (such as industrial heat load electrification, new data centres and the joint Southern Green Hydrogen proposal).

3. The rising tide worldwide seeking 100% renewable power systems and the resurgence of hydrogen proposals as part of that trend - this time for real it seems. Having a 100% renewable electricity supply in NZ is a core government policy target, which previously seemed aspirational and had been qualified by a "in a mean hydrological year" tag targeted for 2035. However, the target has been brought forward to 2030 and now seems to be being pursued with more purpose, even though the Climate Change Commission recommendation argued for greater focus on decarbonising other sectors. Officials are now investigating an expensive ($4bn+) option to create a large pumped-hydro scheme in Southland (1,000MW, up to 5,000GWh storage), which strongly hints that the electricity industry may need to find its own solutions to reach 100% renewable, or find itself subjected to the demands of a very large power station run by politicians.

These changes prompt a revisit of the largest sector decisions this decade and ask whether these pose an existential risk to prices or the electricity market design (and risks for NZ listed gencos). Jarden offers an initial view on these six questions:

1. **How has Jarden's outlook for Tiwai smelter and Southland demand after 2024 changed?** They now expect a another four-year smelter extension deal to 2028 at $55/MWh and 1.5TWhpa demand stimulation by 2025.

2. **Are recent spot prices and high 3-year forward prices justifiable and what prices do they expect beyond the**

ASX traded window given a large number of projects under construction or near FID? Jarden's cost-based HT model forecasts arrive at very similar prices to ASX futures, driven by high gas prices, low gas availability and high carbon prices. Expect prices to fall by the middle of the decade as gas prices normalise but still expect average North Island prices near Jarden's (unchanged) long-run $75-80/MWh assumption. However, they believe the current market situation is uncomfortable for politicians, so a report on competition by the Electricity Authority due to the Energy Minister in October needs to be watched, as a potential catalyst for the sector.

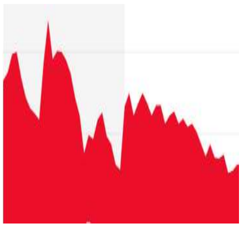
3. **What does profitability of thermal generators look like under these scenarios? Does a capacity market really look necessary to maintain system security?** While spot gas prices are high at ~$15/GJ, all thermal generators are making strong merchant revenue (once in-the-money gas contracts nearer ~$8/GJ are taken into account). By the middle of the decade when gas prices fall back to normal levels (~$7.5/GJ), our modelling indicates that on a risk-neutral basis GNE's Huntly Rankines would face an average $10-15mnpa shortfall recovering its $20mnpa fixed costs, Unit 5 would require ~$1015m top-up and the remaining industry fleet a total top-up of ~$5-10mnpa. Jarden doesn't see a need for a capacity market and expect OTC contracts between generators to compensate for this margin as insurance proceeds.

NZ ELECTRICITY GENERATORS	Code	Jarden Recommend	Latest Price ($)	12mth Target ($)	2021 Gross Dividend	2021 Gross Div Yield	Total Projected Return	PE Ratio (x)	2022F Gross Div Yield %
Contact Energy	CEN	Buy	8.25	10.53	0.35	4.3%	31.9%	38.6	4.2%
Genesis Energy	GNE	Overweight	3.32	3.60	0.17	5.1%	13.5%	26.4	5.2%
Mercury NZ	MCY	Overweight	6.50	7.14	0.17	2.6%	12.4%	56.7	3.1%
Meridian Energy	MEL	Overweight	5.20	5.79	0.17	3.3%	14.6%	47.6	3.3%
Trustpower	TPW	Underweight	7.54	7.64	0.34	4.5%	5.9%	28.3	4.7%
* Price at 27-Sept-21									Source: Jarden

STOCKS TO WATCH NEW ZEALAND

Prices as at 15th October 2021

ALL GRAPHS ONE YEAR

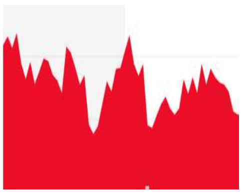


AFT Pharmaceuticals

Research 20th October

AFT has registered Maxigesic IV in the UK and Ireland, with the company citing the easing of Covid-19 restrictions supporting growth. This accumulates the progress made since FY21 (at 31 March). As highlighted, the trading outlook is becoming more supportive as restrictions are starting to ease globally and, importantly, in AFT's key markets (apart from NZ). This momentum follows AFT reiterating its FY22 EBIT guidance for $18-23m (Jarden $20m) at its ASM on August 8, and with further operational updates since then it appears AFT remains on track to hit this guidance range. As a refresher, if AFT reduces net debt to $25-30m, there is the potential for a dividend which is line with current forecasts.
2022 P/E: 26.8 2023 P/E: 16.0

NZX Code: AFT
Share Price: $4.10
12mth Target: $5.00
Projected return (%)
Capital gain 22.0%
Dividend yield (Net) 1.9%
Total return 23.9%
Rating: OVERWEIGHT
52-week price range: 4.00-5.65

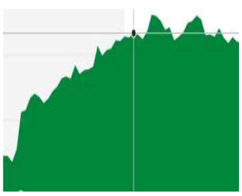


Fisher & Paykel Healthcare

Research 18th August

FPH is well-positioned for Covid but difficult to calibrate normalisation. Unsurprisingly and against the backdrop of ongoing Covid uncertainty, FPH refrained from providing any quantitative revenue or earnings guidance for the remainder of FY22. Revenue for the first four months of FY22 was NZ$583m, 74% from Hospital and 26% from Homecare. In constant currency terms, this was 2% below pcp, which was a period of high demand during the initial surges of Covid-19 in North America and Europe.
2022 P/E: 50.9 2023 P/E: 50.6

NZX Code: FPH
Share Price: $30.00
12mth Target: $33.00
Projected return (%)
Capital gain 10.0%
Dividend yield (Net) 1.5%
Total return 11.5%
Rating: OVERWEIGHT
52-week price range:27.10-37.19



Fletcher Building

Research: 7th October

FBU has been negatively impacted by recent lockdowns. Once the impact is broken down, it is Jarden's view it is far less than what a first pass assessment would assume. While the duration of the FY22E lockdown to date is c. 50% of the FY20 lockdown, they estimate the financial impact is less than 10%, a c$20m reduction on FY22E EBIT compared to $240m on FY20. Due to lockdown impact, Jarden reduced their FY22 EBIT from $719m to $701m, target price from $7.30 to NZ$7.23, and retain their Neutral rating.
2022 P/E: 13.8 2023 P/E: 13.1

NZX Code: FBU
Share Price: $7.16
12mth Target: $7.23
Projected return (%)
Capital gain 1.0%
Dividend yield (Net) 4.5%
Total return 5.5%
Rating: NEUTRAL
52-week price range:4.05-7.99

Fonterra Shareholders' Fund

Research: 24th September

FSF delivered a result in line with estimates, which sees a second year at 30-35cps EPS. Debt is now two-thirds of peak on divestments, improved performance and capex discipline. The benefits of capex discipline were evident in a second year of solid after-interest free cash flow - over $500m average over FY20/21 (against $5.2bn market cap at FCG.NZ farmer shareholder market price) vs. $200m free cash average over FY13-FY19, with cash interest at $308m from $446m. While there are clear differences in strategy and $1bn catch-up/stay-in business capex associated with licence to operate sustainability over 9 years, which should deliver a return to FSF earnings through the FGMP "in time", FSF remains ambitious and outlined plans that will see overall capex step up from ~$500m over FY20 and FY21 to $650m in FY22 and nearly $1bn over FY24-FY30. FSF aims to double EPS to 55-65cps by FY30 on the back of this investment, with return on capital forecast to increase to 9-10% from 6.5% over FY20/21.
2022 P/E: 11.4 2023 P/E: 10.0

NZX Code: FSF
Share Price: $3.90
12mth Target: $4.17
Projected return (%)
Capital gain 6.9%
Dividend yield (Net) 5.0%
Total return 11.9%
Rating: NEUTRAL
52-week price range:3.61-5.15

Gentrack Group

Research 1st October

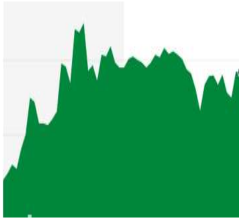
Revenue tracking better but UK customers still facing significant pressure. GTK has upgraded its FY21 revenue guidance to $105.0m, up from the prior guidance of $100.5m, with EBITDA also upgraded, to $12m from prior guidance of $10m. However, this partly reflects lower R&D spend due to a tight labour market. GTK also expects FY22 revenue to be up on FY21 revenue (JARDe prior FY22E revenue $95m, Refinitiv consensus $99m). GTK is due to report its FY21 results on 25 November. The company has also advised that two small UK energy customers have entered supplier of last resort status, implying financial distress, although GTK's financial exposure is not material.

2022 P/E: (144.7) 2023 P/E: (25.4)

NZX Code:	**GTK**
Share Price:	**$1.77**
12mth Target:	**$1.84**
Projected return (%)	
Capital gain	4.0%
Dividend yield (Net)	0.0%
Total return	**4.0%**

Rating: NEUTRAL

52-week price range:1.16-2.18



Hallenstein Glasson

Research:

HLG lifted sales by more than 20% to $351m for the 12 months to August following a strong increase in online sales and a particular focus on US based customers. The company, which operates the Glassons and Hallenstein Bros brands, recorded a net profit of $33.3m, compared to last year's $27.8m. It said the impact of increased freight costs and unfavourable US dollar exchange rates in its trans-Tasman markets had weighed on the final result. A total of $12m in wage subsidies had been claimed by the company both here and in Australia.

2022 P/E: 14.6 2023 P/E: 14.6

NZX Code:	**FBU**
Share Price:	**$7.20**
12mth Target:	**$7.27**
Projected return (%)	
Capital gain	1.5%
Dividend yield (Net)	4.2%
Total return	**5.7%**

Rating: NEUTRAL

52-week price range:5.94-7.85

Infratil

Research: 6th October

IFT has announced the conditional acquisition of a 40% stake in Kao Data, a London-based high-performance computing (HPC) data centre (DC) business, for GB £120-130m (~NZ$250m). The two existing shareholders (Legal & General and Goldacre) will each retain 30%. The acquired business currently operates one 12.3MW data centre at its Harlow site within the "Innovation Corridor" between London and Cambridge and houses NVIDIA's recently completed Cambridge-1 supercomputer (currently the fastest in the UK). IFT started investing in the Canberra-based CDC Data Centres business in 2016, paying A$392m for a 48% stake. That stake was worth between A$2.04bn and A$2.3bn at Dec 31 last year. The "connectivity" sector remains on a high growth trajectory.

2022 P/E: 59.5 2023 P/E: 76.7

NZX Code:	**IFT**
Share Price:	**$8.28**
12mth Target: ↑	**$8.15**
Projected return (%)	
Capital gain	-1.6%
Dividend yield (Net)	2.2%
Total return	**0.6%**

Rating: NEUTRAL

52-week price range:5.25-8.47

Kathmandu Holdings

Research: 22nd September

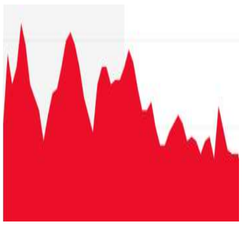
COVID-19 lockdowns drive modest EBITDA miss. KMD reported revenue of $922.8m (+15.1% YoY), in line with Jarden's forecast, underlying EBITDA of $113.3m (+35.9% YoY), and underlying NPAT of $66.3m (+110% YoY. While KMD reported robust YoY growth, this in large part reflected the cycling of a weak COVID impacted PCP and the annualisation of the Rip Curl acquisition. Rip Curl sales were up +10.5% on a comparable 12-month period while Oboz sales increased +32%. Together, these businesses accounted for two thirds of KMD's EBITDA. While Kathmandu brand sales and EBITDA declined -17% and -39%, respectively, this result was heavily impacted by the timing of lockdown restrictions in Victoria and NSW in the key winter trading period, which we estimate may have reduced this brand's earnings by NZ$15mn-NZ$20mn.

2022 P/E: 16.0 2023 P/E: 11.6

NZX Code:	**KMD**
Share Price:	**$1.59**
12mth Target:	**$1.75**
Projected return (%)	
Capital gain	10.1%
Dividend yield (Net)	3.8%
Total return	**13.9%**

Rating: BUY

52-week price range:1.15-1.68



Kiwi Property Group

Research: 22nd September

Having signalled its intent in Build-to-rent (BTR) for some time, KPG has taken a positive first step in what could ultimately see the utilisation of a large mix-use asset footprint with a $221m BTR project announced for its flagship Sylvia Park asset. With the still pending divestment of high yielding The Plaza and Northlands, KPG's announcement of this more meaningful development opens the way to start plugging the earnings gap left post the company's repositioning out of non-core retail assets. KPG is targeting a yield on cost of 4.5% with an indication initial cap rates will be in a 4-4.5% range, leaving a reasonably modest development margin, notwithstanding the benefit of no land cost. De-risking the 10-year target IRR of 8% (terminal cap rate in line with ingoing) on the project will be dependent on managing build cost.

2022 P/E: 17.8 2023 P/E: 18.5

NZX Code:	**KPG**
Share Price:	**$1.15**
12mth Target:	**$1.75**
Projected return (%)	
Capital gain	52.2%
Dividend yield (Net)	4.5%
Total return	**56.7%**

Rating: OVERWEIGHT

52-week price range:1.12-1.34

Michael Hill International

Research: 25th August

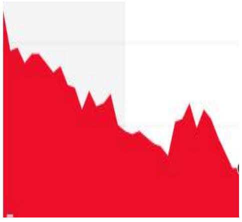
MHJ delivered a solid FY21 result, reporting revenue of A$556.5m (+13.1% YoY),EBTIDA of A$129.5m (+65.5% YoY) and underlying NPAT of A$49.4m (vs. A$9.0mn in PCP). This was +0.7% / +4.9% / +5.8% above Jarden forecasts of A$552.6m, A$123.5m and A$46.7m, respectively. While the optics of YoY growth are impressive, it is important to note that MHJ is cycling the PCP that was heavily impacted by COVID lockdown restrictions. In addition, the FY21 period included A$14.7m of Government grants which were an offset to the cost base. Even adjusting for this cost offset, MHJ delivered a record earnings result, a particularly remarkable outcome given the company had ongoing COVID disruption during the year. In addition, MHJ declared a final dividend of 3cps.

2022 P/E: 10.2 2023 P/E: 9.2

NZX Code:	**MHJ**
Share Price:	**$1.04**
12mth Target:	**$1.15**
Projected return (%)	
Capital gain	10.6%
Dividend yield (Net)	6.0%
Total return	**16.6%**

Rating: BUY

52-week price range: 0.415-0.99



My Food Bag — Research: 15th October

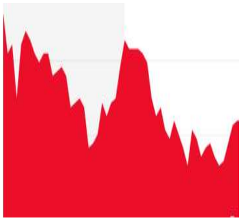
Trading update in line with expectations; FY22 guidance reiterated. MFB expect $98.4m of net revenue for 1H22 (-6.6% YoY). This is +1.4% above Jarden's previously published forecast of $97m. 1H22 was a critical period for MFB as it cycled the significant step change in revenue growth seen during 1H21 (+36%) as a result of lockdown restrictions. Jarden thinks this in line revenue result provides clear evidence of MFB successfully retaining the bulk of new customers acquired during prior period lockdowns. Reflecting this, the company also reaffirmed its FY22 PFI revenue and earnings forecasts.

2022 P/E: 15.9 2023 P/E: 14.4

NZX Code:	**MFB**
Share Price:	**$1.23**
12mth Target:	**$1.80**
Projected return (%)	
Capital gain	46.3%
Dividend yield (Net)	5.7%
Total return	**52.0%**

Rating: BUY

52-week price range: 1.19-1.76



NZ Salmon Investments — Research: 1st October

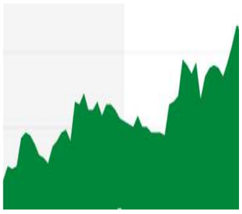
NZK delivered a 1H22 result broadly in line with the guidance it gave in July, achieving EBITDA of $3.3m (slightly ahead of a breakeven result implied in July commentary). EBITDA guidance of $8-10m is unchanged but NZK "will update market guidance over the coming months", highlighting that while the effects of COVID-19 disruptions have largely been overcome, freight availability and cost, as well as NZ lockdowns, act as an offset. Net debt of $38m (facility of $65m) is in line with the January 2021 balance ($39m) and, as expected, there is no dividend, which will remain under review.

2022 P/E: 72.9 2023 P/E: 28.6

NZX Code:	**NZK**
Share Price:	**$1.50**
12mth Target: ↑	**$1.60**
Projected return (%)	
Capital gain	6.7%
Dividend yield (Net)	0.0%
Total return	**6.7%**

Rating: OVERWEIGHT

52-week price range: 1.39-1.75



NZME — Research: 6th October

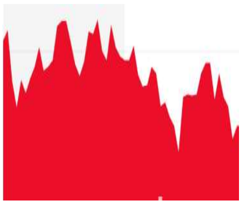
With the NZ Government outlining a gradual easing of restrictions and with this the prospect that disruption will continue over coming weeks, NZM provided the market with an update on the impact of COVID on its business. When it reported its 1H21 results, restrictions had just come into place and NZM outlined that it expected profit growth on FY20 in FY21 on solid pre-COVID momentum in the business. It noted at the time that it could become more challenging, depending on the duration of lockdowns. NZM has indicated that it now expects to deliver EBITDA in the range of $63-$67m in FY21 (FY20 $67.3m), with a continued reduction in net debt by year-end.

2022 P/E: 9.2 2023 P/E: 7.6

NZX Code:	**NZM**
Share Price:	**$1.13**
12mth Target: ↑	**$1.08**
Projected return (%)	
Capital gain	-.4.4%
Dividend yield (Net)	6.0%
Total return	**1.6%**

Rating: BUY

52-week price range: 0.58-1.18



Port of Tauranga

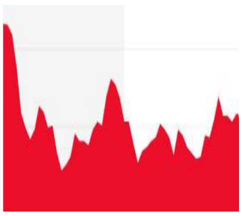
Supply chain issues and delayed wharf extension have plagued POT in recent times. That said POT is exceptionally well positioned to capitalise on its "big ship" monopoly within the port sector. The last year has seen a flat performance share price wise, but follows a 62% gain in the previous year. I have full confidence in the new CEO Leonard Sampson, and the senior management team. I retain my - Maintain POT as a CORE holding.

2021 P/E: 52.5 2022 P/E: 47.5

NZX Code:	**POT**
Share Price:	**$6.90**
Jarden's 12mth Target:	**$5.70**
Projected return (%)	
Capital gain	-17.4%
Dividend yield (Net)	1.6%
Total return	**-15.8%**

My Rating: MAINTAIN

52-week price range: 6.60-7.83



Pushpay Holdings — Research: 14th September

PPH's investor day provided an overview of the initiatives underway across the business, with a clear message around the focus on growth. Guidance was not explicitly addressed, however, Jarden views the commentary as broadly indicative of upside risk to the guidance range. The Catholic market opportunity was a key call out, with PPH providing addressable market estimates that were significantly larger than Jarden assumptions. Their overall impression of the investor day was positive, highlighting a clear strategy, good execution, positive industry dynamics and very encouraging operating momentum.

2022 P/E: 28.7 2022 P/E: 25.3

NZX Code:	**PPH**
Share Price:	**$1.87**
12mth Target: ↑	**$2.24**
Projected return (%)	
Capital gain	21.7%
Dividend yield (Net)	0.0%
Total return	**21.7%**

Rating: BUY

52-week price range1.52-2.40

Rakon

Rakon has lifted its underlying pre-tax earnings guidance to between $39m and $44m for the year ending 31st March 2022. Its previous guidance in April was for earnings to in a range of $27m to $32m. In May it posted underlying EBITDA of $23.5m for the year ended March, 2021, up 59% on the prior year. Rakon attributed the improved guidance to a fire at a competitor factory that resulted in a lift in sales.

2022 P/E: 28.7 2022 P/E: 25.3

NZX Code:	**RAK**
Share Price:	**$1.62**
12mth Target: ↑	**$2.24**
Projected return (%)	
Capital gain	19.8%
Dividend yield (Net)	0.0%
Total return	**19.8%**

Rating: BUY

52-week price range: 0.36-1.68

Skellerup Holdings — Research: 20th August

Jarden has increased their 12mth Target Price by 9% from $5.70 to $6.20 and have upgraded their rating from Overweight to Buy. The change reflects mostly their improved understanding of SKL's business model and scalable growth prospects, which gives higher confidence about factoring longer term earnings forecasts (FY21-26E EBIT CAGR 10% and at improving returns). They also outline SKL's OEM model, which in their view is a poorly understood element of active management change over the past 10 years. This helps to address investor questions about cyclicality, pricing power and the overall quality of SKL's future growth prospects/ability to scale. Key downside risks include slower OEM growth and competition.

2022 P/E: 23.5 2023 P/E: 20.7

NZX Code:	**SKL**
Share Price:	**$6.10**
12mth Target: ↑	**$6.20**
Projected return (%)	
Capital gain	1.6%
Dividend yield (Net)	3.7%
Total return	**5.3%**

Rating: BUY

52-week price range: 2.90-6.20

Summerset Group Holdings — Research: 11th October

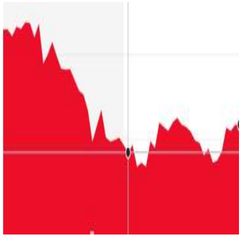
Solid 3Q21 sales update given lockdown restrictions. SUM has reported new sales (117 units) and resales (82 units) for 3Q21. While the new sales run-rate was broadly in line with what is required for Jarden's previous FY21 forecast of 553 units, the resale result was ~20 units below what they were expecting. On a rolling 12-month basis, new sales are up 73%, while resales are up 26% (albeit -34% yoy for the quarter). However, given the disruption to sales activity from lockdown restrictions since Jarden set their forecasts at the 1H21 results in late August some softness was expected.

2021 P/E: 25.4 2022 P/E: 19.6

NZX Code:	**SUM**
Share Price:	**$14.95**
12mth Target: ↑	**$15.50**
Projected return (%)	
Capital gain	3.7%
Dividend yield (Net)	1.2%
Total return	**4.9%**

Rating: OVERWEIGHT

52-week price range: 10.14-15.69



Synlait Milk — Research: 28th September

Deep NPAT loss of $28.5m (+$75m in pcp), reflecting a combination of: 1) rapid ATM demand unwind, after planning for strong growth; 2) ingredients underperformance, related to 1); and 3) diversification streams slow to ramp and provide offset to operating de-leverage and high debt loading. Against a difficult pre-guided result backdrop, SML's net debt was lower than Jarden expectation at $477m (Jarden $529m), due to capex timing, better mix of ingredients and more focus on working capital practices. Operationally, ingredients volume was +29% to 126k but GM/tonne -64% to $115. Nutritionals volume -35% to 34.4k (ATM unwind) and GM/tonne -61% to $1,246, including a solid Lactoferrin performance. Consumer Foods underperformed mainly due to Talbot Forest and Liquids remains loss-making at the GM level. However, post the May downgrade, solid progress has been evidenced in this result on securing balance sheet time and implementing operational improvements.

2022 P/E: 14.4 2023 P/E: 12.4

NZX Code:	**SML**
Share Price:	**$3.77**
12mth Target: ↑	**$3.60**
Projected return (%)	
Capital gain	-4.5%
Dividend yield (Net)	0.0%
Total return	**-4.5%**

Rating: NEUTRAL

52-week price range: 2.85-6.00

Vital Healthcare Property Trust — Research: 13th October

VHP has announced the acquisition of Tennyson Centre in Adelaide for A$92.75m, excluding transaction costs at ~A$3m. This is a cancer-oriented outpatient facility, with some development potential on an adjoining site acquired as part of the transaction. For now, VHP's focus for the asset is on extending the asset's WALT from the current ~2.5 years to 10+ years. A key anchor tenant has agreed an extension and VHP expects other tenants to follow. The centre is acquired on a cash yield of ~4.8% with 3.5% per annum fixed rental growth. VHP is not expecting any material maintenance capex or incentives as part of the re-leasing. VHP has also launched a $140m capital raise which should take pro-forma 30 June 2021 gearing to 33.6%. With VHP likely to benefit from meaningful revaluation gains during FY22E (expect NTA to sit comfortably above $3 by the end of FY22E), the capital raise and its sizing likely highlights VHP's ongoing pipeline of acquisition activity with VHP continuing to demonstrate its ability to access assets.

2022 P/E: 24.3 2023 P/E: 23.6

NZX Code:	**VHP**
Share Price:	**$2.94**
12mth Target:	**$2.54**
Projected return (%)	
Capital gain	-13.6%
Dividend yield (Net)	3.2%
Total return	**-10.5%**

Rating: UNDERWEIGHT

52-week price range: 2.85-3.38

The Warehouse Group — Research: 28th September

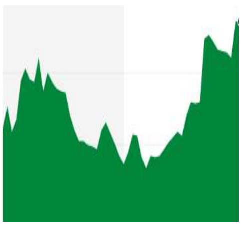
Solid FY21 result ahead of forecasts. WHS reported revenue of $3,414.6m (+7.6% YoY), operating profit of $240.6m (vs. $49.3m in a COVID-impacted PCP) and underlying NPAT of $175.5m (vs. $32.1m). Underlying NPAT was 9% ahead of Jarden's estimate, largely reflecting a better gross margin result. While the group gross margin of 36.4% benefitted from lower provisions (~50bps) vs. the PCP, the majority of the remaining 240bp of margin gains since FY19 reflects underlying improvement on better inventory management and more effective pricing/ promotions as a result of the move to everyday lower pricing. Looking forward, expect gross margins to reduce by ~150bp, driven by increased freight costs and a normalisation of provisions. In addition, WHS declared a final dividend of 17.5cps (full-year dividend of 35.5cps)

2022 P/E: 11.4 2023 P/E: 10.9

NZX Code:	**WHS**
Share Price:	**$4.07**
12mth Target: ↑	**$4.30**
Projected return (%)	
Capital gain	5.7%
Dividend yield (Net)	6.1%
Total return	**11.8%**

Rating: NEUTRAL

52-week price range: 2.29-4.25



Z Energy — Research: 11th October

ZEL has entered into a binding Scheme Implementation Agreement with Ampol where Ampol will pay $3.78 per ZEL share, payable on completion of the pending takeover. The Z Board unanimously recommends shareholders accept the offer subject to the independent advisor's report and in the absence of a superior proposal. There is a further maximum of 10c accruable at .00055c/day if the transaction completes after 31 March 22. This, and the offer price, is as per the original indicative offer. The new information is that there will be an interim dividend payment of 5.0c, likely due early December 2021, and a $20m (23.8cps) break fee if Ampol fails to meet their obligations. Assuming a 30 June 2022 close, an implied total consideration of $3.88 per share with the modest risks of not completing, Expect ZEL to currently trade with a gross annualised spread of 9-12%. This suggests a $3.56-$3.64 spot valuation for ZEL, in line with Jarden's spot DCF valuation of $3.67 and where ZEL is currently trading.

2022 P/E: N.M. 2023 P/E: 41.7

NZX Code:	**ZEL**
Share Price:	**$3.65**
12mth Target:	**$3.76**
Projected return (%)	
Capital gain	3.0%
Dividend yield (Net)	5.3%
Total return	**8.3%**

Rating: NEUTRAL

52-week price range: 2.52-3.65

JARDEN'S NZ LISTED COMPANIES – EARNINGS FORECAST

AS AT 18TH OCTOBER 2021

NZ LISTED COMPANIES 18th October 2021			Mrkt Cap	Price 18-Oct-21	Target Price	Price Earnings (x)		Net Yield (%)	
Source: Jarden Estimates	Ticker	Recom	(NZ$m)	(NZ$)	(NZ$)	FY21	FY22	FY21	FY22
COMMUNICATION SERVICES									
Chorus	CNU	U	2,874	6.40	6.45	62.7	48.9	5.5%	7.0%
NZME	NZM	B	222	1.13	1.08	11.0	9.0	5.3%	5.8%
Sky Network Television	SKT	N	338	1.94	1.80	17.0	15.2	0.5%	0.5%
Spark New Zealand	SPK	O	8,677	4.66	4.78	18.3	18.0	5.4%	5.4%
CONSUMER DISCRETIONARY									
Kathmandu Holdings	KMD	B	1,123	1.59	1.75	12.7	11.2	4.7%	5.3%
Michael Hill International	MHJ	B	408	1.04	1.15	12.2	12.1	6.6%	6.6%
Restaurant Brands NZ	RBD	U	1,955	15.67	14.00	38.3	29.0	n.m.	n.m.
Sky City Entertainment Group	SKC	O	2,378	3.14	3.70	17.9	15.7	4.5%	5.1%
The Warehouse Group	WHS	N	1,406	4.07	4.30	10.7	10.3	6.5%	6.9%
Tourism Holdings	THL	B	416	2.75	2.75	19.5	11.9	4.0%	6.5%
Turners Automotive Group	TRA	B	378	4.41	4.39	12.4	11.8	5.2%	5.6%
CONSUMER STAPLES									
Comvita	CVT	N	265	3.78	3.70	18.3	16.2	2.5%	3.7%
Delegat's Group	DGL	O	1,459	14.48	15.00	22.5	19.7	1.3%	1.5%
Fonterra Shareholders' Fund	FSF	N	417	3.90	4.17	10.4	10.3	5.9%	7.2%
My Food Bag Group	MFB	B	297	1.23	1.80	12.6	11.6	6.3%	6.8%
New Zealand King Salmon	NZK	O	208	1.50	1.60	29.4	13.9	0.7%	2.0%
PGG Wrightson	PGW	U	298	3.98	3.45	19.4	18.8	4.6%	4.8%
Sanford	SAN	S	470	5.05	4.00	60.1	25.0	n.m.	1.0%
Scales Corporation	SCL	N	759	5.35	5.35	26.9	21.1	3.6%	4.1%
Seeka Kiwifruit Industries	SEK	N	204	5.17	5.20	16.5	14.1	7.2%	3.5%
Synlait Milk	SML	N	821	3.77	3.60	13.2	9.0	n.m.	n.m.
The a2 Milk Company	ATM	U	5,244	7.09	6.10	39.6	31.4	n.m.	n.m.
ENERGY									
New Zealand Refining	NZR	B	275	0.88	1.05	n.m.	n.m.	n.m.	n.m.
Z Energy	ZEL	N	1,891	3.65	3.76	21.9	17.5	7.1%	7.7%
FINANCIALS									
Heartland Bank	HGH	B	1,374	2.37	2.46	13.8	12.6	5.5%	5.9%
NZX	NZX	N	484	1.73	1.80	29.7	26.1	3.5%	3.6%
HEALTH CARE EQUIPMENT & SUPPLIES									
AFT Pharmaceuticals	AFT	O	421	4.04	5.00	15.7	14.2	4.8%	5.3%
Fisher & Paykel Healthcare	FPH	O	17,311	30.00	33.00	49.4	42.3	1.3%	1.5%
Pacific Edge	PEB								
HEALTH CARE PROVIDERS & SERVICES									
Arvida Group	ARV				-				
Ebos Group	EBO	O	5,640	34.35	34.00	24.9	23.6	2.8%	3.0%
Oceania Healthcare	OCA	B	998	1.42	1.50	13.3	11.5	3.7%	4.4%
Ryman Healthcare	RYM	S	7,470	15.00	11.60	21.7	18.5	2.3%	2.7%
Summerset Group Holdings	SUM	O	3,428	14.95	15.50	24.8	19.1	1.2%	1.5%
TRANSPORT & LOGISTICS									
Air New Zealand	AIR	S	1,873	1.68	0.85	n.m.	21.7	n.m.	2.9%
Auckland International Airpo	AIA	U	11,324	7.72	6.60	91.3	41.8	0.9%	1.9%
Freightways	FRE	N	2,092	12.67	13.00	23.3	22.0	3.8%	4.0%
Mainfreight	MFT	O	8,751	87.23	97.00	29.0	26.2	1.5%	2.0%
Port of Tauranga (ns)	POT	S	4,676	6.90	6.00	41.2	39.8	2.2%	2.3%
INDUSTRIALS									
Metro Performance Glass	MPG	B	77	0.41	0.55	13.5	7.1	2.4%	8.4%
Skellerup Holdings	SKL	B	1,186	6.10	6.20	23.4	21.0	3.6%	3.9%
INFORMATION TECHNOLOGY									
EROAD	ERD	O	536	5.55	6.95	37.7	19.8	n.m.	n.m.
Gentrack Group	GTK	N	175	1.80	1.84	n.m.	n.m.	n.m.	n.m.
Pushpay Holdings	PPH	B	2,132	1.87	2.24	28.3	21.9	n.m.	n.m.
Serko	SKO	N	866	8.05	6.14	n.m.	38.6	n.m.	n.m.
Vista Group International	VGL	O	579	2.53	2.80	n.m.	n.m.	n.m.	n.m.
CONSTRUCTION MATERIALS, METALS & MINING									
Fletcher Building	FBU	N	5,871	7.16	7.23	13.3	13.5	4.7%	4.7%
Steel & Tube Holdings Limite	STU	N	185	1.12	1.07	15.8	13.2	4.5%	5.3%
REAL ESTATE									
Argosy Property	ARG	N	1,359	1.61	1.52	19.5	19.2	4.1%	4.1%
Asset Plus	APL	O	119	0.33	0.35	33.2	12.5	5.5%	5.8%
Goodman Property Trust	GMT	U	3,445	2.48	2.06	33.5	30.7	2.3%	2.7%
Investore Property	IPL	N	708	1.93	1.88	21.0	19.6	4.1%	4.3%
Kiwi Property Group	KPG	O	1,798	1.15	1.16	18.1	16.7	5.0%	5.0%
New Zealand Rural Land Co	NZL	N	108	1.12	1.16	17.2	18.4	5.1%	5.7%
Precinct Properties NZ	PCT	O	2,598	1.65	1.58	20.9	19.8	4.3%	4.4%
Property For Industry	PFI	U	1,482	2.95	2.55	28.2	29.0	2.7%	2.7%
Stride Stapled Group	SPG	N	1,145	2.43	2.35	20.1	20.1	4.3%	4.4%
Vital Healthcare Property Trus	VHP	U	1,539	2.94	2.54	31.2	27.6	3.3%	3.5%
UTILITIES									
Contact Energy	CEN	B	6,256	8.07	10.53	48.5	48.3	4.4%	4.8%
Genesis Energy	GNE	O	3,477	3.35	3.60	20.7	20.2	5.3%	5.4%
Infratil	IFT	N	5,962	8.28	8.15	86.5	75.7	2.4%	2.5%
Mercury NZ	MCY	O	8,413	6.20	7.14	42.4	38.5	3.5%	4.0%
Meridian Energy	MEL	O	12,339	4.83	5.79	44.2	40.4	3.6%	3.8%
Trustpower	TPW	U	2,319	7.44	6.96	29.6	29.6	3.8%	3.8%
Vector	VCT	S	4,084	4.10	3.63	26.6	25.9	4.3%	4.3%
MARKET AVERAGE *PE ratios exclude: IFT, MEL, PEB						**24.6**	**20.5**	**3.1%**	**3.6%**

Recommendations: B=Buy O=Overweight N=Neutral U=Underweight S=Sell

JARDEN'S NZ LISTED COMPANIES – EQUITY RANKINGS

AS AT 14TH OCTOBER 2021

RANKED BY DISCOUNT / PREMIUM TO VALUATION

LARGEST DISCOUNTS		LARGEST PREMIUMS	
My Food Bag	-33.3%	Air New Zealand	95.9%
Metro Performance Glass	-24.5%	Serko	47.6%
Contact Energy	-22.0%	Ryman Healthcare	28.3%
Eroad	-21.2%	Sanford	26.0%
AFT Pharmaceuticals	-18.2%	a2 Milk	18.4%
Pushpay	-17.4%	Auckland Airport	17.7%
Meridian Energy	-15.4%	Goodman Property	17.0%
NZ Refining	-14.3%	Vital Healthcare	15.7%
SkyCity Entertainment Group	-14.1%	Property For Industry	15.1%
Michael Hill International	-13.9%	PGG Wrightston	14.2%

RANKED BY FY21 NORMALISED P/E

LOWEST RATIOS		HIGHEST RATIOS	
Pushpay	10.8	Auckland Airport	1585.7
The Warehouse	10.9	Sky Network Television	177.1
NZME	11.1	Eroad	82.9
Michael Hill International	11.4	Metro Performance Glass	79.8
Fonterra	11.9	New Zealand King Salmon	74.9
Fletcher Building	13.5	Chorus	70.2
Turners Automotive	13.6	Infratil	67.8
Heartland Group	14.9	Vista Group	60.2
Synlait	15.9	Sanford	60.0
Oceania Healthcare	16.6	Mercury	54.4

RANKED BY EPS GROWTH (CAGR) FY20-22

HIGHEST RETURN		LOWEST RETURN	
Z Energy	436.3%	Sky Network Television	-35.0%
Eroad	119.0%	Asset Plus	-33.9%
Seeka	97.3%	NZ Refining	-22.7%
AFT Pharmaceuticals	85.9%	Fisher & Paykel Healthcare	-18.4%
New Zealand King Salmon	73.0%	Contact Energy	-16.4%
Pushpay	71.4%	Michael Hill International	-15.8%
Genesis Energy	47.5%	Metro Performance Glass	-15.2%
My Food Bag	47.2%	The Warehouse	-13.4%
Oceania Healthcare	36.5%	Trustpower	-8.6%
Restaurant Brands	34.5%	Sanford	-5.0%

RANKED BY FY21 EV/EBITDA

LOWEST RATIOS		HIGHEST RATIOS	
Sky Network Television	2.5	Summerset	122.3
Michael Hill International	2.7	Ryman Healthcare	106.5
Fonterra	3.1	Auckland Airport	68.4
The Warehouse	3.4	Oceania Healthcare	50.5
NZME	3.9	Heartland Group	44.7
Steel & Tube	4.3	Pushpay	39.7
Metro Performance Glass	4.4	Fisher & Paykel Healthcare	30.1
Fletcher Building	5.7	Goodman Property	29.8
PGG Wrightston	5.7	Vital Healthcare	29.1
Seeka	6.6		

RANKED BY FY21 RETURN ON EQUITY

HIGHEST RETURN		LOWEST RETURN	
Pushpay	46.1%	Air New Zealand	-27.2%
AFT Pharmaceuticals	36.0%	Serko	-8.0%
My Food Bag	29.4%	Tourism Holdings	-4.4%
Spark New Zealand	27.3%	NZ Refining	-3.6%
The Warehouse	26.2%	Gentrack	-1.4%
NZX	23.9%	Auckland Airport	0.1%
Skellerup	22.4%	Metro Performance Glass	1.1%
Mainfreight	22.3%	Sanford	1.3%
Fisher & Paykel Healthcare	21.9%	New Zealand King Salmon	1.4%
Freightways	20.0%		

RANKED BY PEG RATIO*

LOWEST RATIOS		HIGHEST RATIOS	
Z Energy	0.1	NZX	19.6
Pushpay	0.2	Stride Property	11.2
Seeka	0.2	Goodman Property	9.1
AFT Pharmaceuticals	0.3	Port of Tauranga	8.3
My Food Bag	0.4	Property For Industry	7.3
Oceania Healthcare	0.5	Vital Healthcare	6.4
Genesis Energy	0.6	Fletcher Building	4.9
Eroad	0.7	Meridian Energy	4.5
Summerset	0.8	Investore	3.3
		Precinct Properties	3.2

*Please note that we remove stocks with negative PEs and negative earnings growth, as well as large positive and large negative values, in order to avoid misrepresentation

JARDEN'S NZ LISTED COMPANIES GROSS DIVIDEND YIELD

AS AT 14TH OCTOBER 2021

COMPANY	RATING	PRICE (NZ$)	GROSS DIVIDEND YIELD FY-1	FY0	FY1	FY2	DIVIDEND COVER FY-1	FY0	FY1	FY2	NET DEBT/ EQUITY CURRENT
Seeka	N	5.18	3.8%	9.9%	4.8%	7.6%	0.4	0.8	2.0	1.5	57.0%
Michael Hill	B	1.00	6.7%	8.1%	9.6%	9.6%	2.8	1.5	1.4	1.4	-37.7%
The Warehouse Group	N	4.02	12.2%	8.8%	9.2%	9.7%	1.4	1.4	1.4	1.4	-30.4%
Asset Plus	O	0.34	8.1%	8.1%	8.1%	8.5%	1.2	0.7	0.6	1.4	19.7%
NZME	B	1.14		7.4%	7.9%	7.9%		1.7	1.9	2.0	11.1%
Z Energy	N	3.62	5.4%	7.2%	10.0%	10.8%	0.0	0.4	0.6	0.7	60.0%
My Food Bag	B	1.20		8.1%	9.0%	9.7%		1.3	1.2	1.3	26.3%
Spark	O	**4.67**	**7.5%**	**7.5%**	**7.5%**	**7.5%**	**0.8**	**0.9**	**1.0**	**1.0**	**76.5%**
Heartland Group	B	2.34	6.5%	7.1%	7.8%	8.3%	1.4	1.3	1.3	1.3	639.0%
Genesis Energy	O	3.29	6.9%	6.9%	7.1%	7.1%	0.4	0.7	0.9	0.9	53.3%
Kiwi Property Group	O	1.16	6.7%	6.9%	7.3%	7.5%	1.3	1.2	1.1	1.2	33.1%
Turners	B	4.46	6.3%	6.7%	7.2%	7.6%	1.4	1.5	1.5	1.5	103.8%
Trustpower	U	7.19	5.9%	6.5%	5.2%	3.2%	0.8	0.8	0.9	0.9	69.7%
Stride	N	2.44	6.1%	6.1%	6.4%	6.4%	1.2	1.0	1.2	1.1	39.3%
Fletcher Building	N	7.10	5.8%	6.3%	6.7%	6.7%	1.7	1.6	1.6	1.6	14.7%
NZ Rural Land Co	O	1.11		6.1%	7.1%	8.1%		1.2	1.1	1.0	64.8%
PGG Wrightson	U	3.94	9.9%	6.1%	6.5%	6.7%	0.8	1.1	1.1	1.1	6.1%
Argosy Property	N	1.57	6.1%	6.1%	6.3%	6.4%	1.2	1.2	1.2	1.1	47.6%
Investore Property	N	1.93	5.8%	6.1%	6.1%	6.4%	1.1	1.1	1.2	1.2	40.3%
Precinct Properties	O	1.65	6.0%	6.1%	6.4%	6.6%	1.0	1.1	1.1	1.2	48.1%
Contact Energy	B	8.29	5.2%	5.4%	5.4%	6.3%	0.7	0.6	0.5	0.4	33.3%
Chorus	U	6.34	5.4%	5.4%	5.5%	7.1%	0.4	0.3	0.3	0.3	264.4%
Fonterra	N	3.85	5.2%	5.2%	6.0%	7.3%	1.7	1.7	1.6	1.3	55.3%
NZX	N	1.70	5.0%	5.0%	5.1%	5.3%	1.0	1.0	1.0	1.0	21.6%
Scales Corporation	B	5.30	5.0%	5.0%	5.8%	6.0%	1.0	1.0	1.2	1.2	-29.5%
Meridian Energy	O	5.01	4.5%	4.5%	4.7%	4.9%	0.5	0.6	0.6	0.6	33.3%
Vital Healthcare	U	3.01	4.5%	4.8%	4.9%	5.1%	1.3	1.3	1.3	1.2	59.9%
Vector	S	4.04	4.6%	4.6%	4.6%	4.6%	1.1	1.0	0.9	0.9	156.6%
Sky City	O	3.13	3.1%	4.4%	6.3%	7.1%	1.7	1.2	1.3	1.3	25.5%
Steel and Tube	N	1.14	3.9%	3.9%	5.5%	7.2%	1.2	1.3	1.4	1.4	-14.0%
Freightways	N	12.65	3.6%	4.2%	5.3%	5.6%	1.3	1.1	1.1	1.1	48.3%
Property For Industry	U	2.94	3.9%	4.0%	4.2%	4.2%	1.2	1.3	1.2	1.3	33.7%
Kathmandu	B	1.58	3.2%	3.9%	5.2%	6.0%	1.9	1.7	1.7	1.7	-6.5%
Skellerup	B	6.11	3.3%	3.9%	4.3%	4.7%	1.2	1.2	1.2	1.2	8.8%
Mercury	O	6.33	3.8%	3.7%	4.4%	5.0%	0.6	0.6	0.7	0.7	43.0%
Goodman Property	U	2.41	3.3%	3.4%	3.6%	4.2%	1.3	1.3	1.3	1.2	23.2%
Arvida	U	2.09	2.5%	3.2%	3.6%	4.4%	1.8	1.8	2.0	2.0	47.0%
Oceania Healthcare	B	1.42	2.3%	3.0%	3.7%	4.4%	1.7	2.0	2.0	2.0	41.4%
Port of Tauranga	S	6.74	2.8%	2.9%	3.2%	3.2%	1.1	1.1	1.1	1.1	34.8%
Ebos	O	33.90	2.6%	2.9%	3.2%	3.3%	1.4	1.4	1.4	1.4	24.0%
AFT Pharmaceuticals	O	4.02		2.6%	6.7%	7.4%		2.0	1.3	1.3	55.7%
Infratil	N	8.35	2.3%	2.4%	2.5%	2.7%	-1.2	0.7	0.5	0.5	47.0%
Comvita	N	3.78	1.5%	2.2%	3.5%	5.1%	3.4	3.0	2.2	1.7	-1.0%
Ryman Healthcare	S	14.80	1.5%	2.0%	2.3%	2.7%	2.0	2.0	2.0	2.0	69.0%
Fisher & Paykel Healthcare	O	30.04	1.8%	1.8%	1.8%	2.1%	2.4	1.5	1.5	1.5	-14.4%
Delegat's Group	O	14.45	1.9%	1.7%	1.8%	2.1%	3.2	3.3	3.4	3.3	45.5%
Mainfreight	O	90.65	1.1%	1.7%	1.9%	2.6%	2.5	2.4	2.4	1.9	5.8%
Summerset	O	14.95	0.9%	1.2%	1.5%	1.8%	3.4	3.3	3.3	3.3	52.0%
Auckland Airport	U	7.63			1.3%	2.6%			1.3	1.3	18.5%
Air New Zealand	S	1.67				4.0%				1.6	3.1%
a2 Milk	U	6.96									-55.2%
Eroad	O	5.40									4.0%
Gentrack	N	1.76									-10.2%
Metro Performance Glass	B	0.41			3.3%	11.8%			3.1	1.7	50.1%
New Zealand King Salmon	O	1.48			1.0%	2.8%			5.1	3.6	23.2%
New Zealand Refining Company	B	0.89									41.0%
Pacific Edge	R										
Pushpay	B	1.81									-5.1%
Restaurant Brands	U	15.70									50.5%
Sanford	S	4.95	1.2%		1.2%	2.5%	4.5		4.0	2.9	28.3%
Serko	N	8.09									-52.6%
Sky Network Television	N	1.94			0.7%	0.7%			1.1	1.3	-12.5%
Synlait	N	3.82									49.0%
Tourism Holdings	B	2.78			5.2%	8.4%			1.3	1.3	31.6%
Vista Group	O	2.55				0.5%				1.9	-32.6%
MEDIAN			**3.1%**	**3.9%**	**4.7%**	**5.1%**	**1.2**	**1.2**	**1.3**	**1.3**	**33.3%**

Source: Jarden

NOTE: 1. The Net Debt/Equity ratio is calculated as Gross Debt less cash holdings divided by Total Equity. Negative ratios indicate a net cash position.
2. Ratings: B – Buy, O – Overweight, N – Neutral, U – Underweight, S – Sell, R – Restricted.
3. FY0 represents the current financial year

JARDEN'S AUSTRALIAN'S COMPANY NET DIVIDEND YIELD

AS AT 14TH OCTOBER 2021

COMPANY	RATING	PRICE (AU$)	DIVIDEND YIELD				DIVIDEND COVER			
			FY-1	FY0	FY1	FY2	FY-1	FY0	FY1	FY2
NRW Holdings Limited	O	$1.75	7.0%	7.7%	7.9%	8.1%	1.6	1.6	1.8	1.7
Centuria Office REIT	U	$2.43	6.8%	6.8%	7.0%	7.1%	1.2	1.1	1.1	1.1
Monadelphous Group Limited	O	$9.46	5.8%	6.7%	6.8%	7.4%	0.9	1.0	1.1	1.1
Magellan Financial Group Limited	U	$33.04	6.4%	6.6%	6.6%	6.0%	1.1	1.0	1.1	1.2
Charter Hall Long Wale REIT	B	$4.88	6.0%	6.3%	6.5%	6.8%	1.0	1.0	1.0	1.0
Stockland Corporation Limited	U	$4.42	5.6%	6.2%	6.4%	6.4%	1.3	1.3	1.3	1.3
Adairs Limited	B	$3.82	6.0%	6.0%	6.8%	7.3%	1.9	1.6	1.6	1.6
Charter Hall Retail REIT	O	$4.00	5.8%	5.9%	6.6%	6.8%	1.2	1.2	1.1	1.1
IOOF Holdings Limited	B	$4.29	5.4%	5.8%	6.4%	7.2%	1.1	1.4	1.4	1.4
Platinum Asset Management Limited	U	$3.19	7.5%	5.7%	5.4%	5.3%	1.2	1.2	1.2	1.2
Pendal Group Limited	B	$7.69	4.8%	5.7%	6.7%	7.2%	1.1	1.1	1.1	1.1
Autosports Group Limited	O	$2.45	3.7%	5.6%	5.0%	5.0%	2.5	1.7	1.7	1.7
Suncorp Group Limited	O	$12.72	5.8%	5.5%	5.6%	5.7%	1.1	1.1	1.2	1.2
Harvey Norman Holdings Limited	U	$4.95	7.1%	5.4%	5.3%	5.2%	1.7	1.5	1.5	1.5
Aventus Group Limited	U	$3.25	5.4%	5.3%	5.7%	5.8%	1.1	1.1	1.1	1.1
Perpetual Limited	U	$36.08	4.7%	5.2%	5.6%	5.7%	1.3	1.2	1.2	1.2
Homeco Daily Needs REIT	O	$1.57	2.7%	5.2%	5.5%	5.6%	1.0	1.0	1.1	1.1
Vicinity Centres	N	$1.68	6.0%	5.1%	6.9%	7.3%	1.2	1.3	1.3	1.3
SCA Property Group	B	$2.69	4.6%	5.1%	5.9%	6.2%	1.2	1.2	1.1	1.1
Peter Warren Automotive Holdings Limitec	B	$2.97		5.1%	5.3%	5.4%		1.7	1.7	1.7
Dexus	N	$10.37	5.0%	5.1%	5.2%	5.4%	1.3	1.3	1.3	1.3
GPT Group	O	$4.96	4.5%	5.0%	5.6%	5.8%	1.3	1.2	1.2	1.2
Atlas Arteria Limited	O	$6.28	1.8%	4.9%	6.2%	6.6%	-0.5	0.9	1.0	1.2
Abacus Property Group	O	$3.53	5.0%	4.9%	5.3%	5.5%	1.1	1.0	1.0	1.0
Nick Scali Limited	N	$13.74	4.7%	4.8%	4.4%	5.3%	1.6	1.3	1.2	1.2
Metcash Limited	O	$3.99	4.4%	4.8%	5.1%	5.3%	1.4	1.4	1.4	1.4
Centuria Industrial REIT	O	$3.59	4.7%	4.8%	5.0%	5.1%	1.0	1.1	1.1	1.1
Emeco Holdings Limited	B	$1.19	3.1%	4.7%	5.7%	6.4%	2.9	2.7	2.3	2.2
Charter Hall Social Infrastructure	O	$3.57	5.5%	4.7%	5.0%	5.3%	0.8	1.0	1.0	1.0
Insurance Australia Group Limited	B	$5.27	3.8%	4.6%	5.1%	5.1%	1.6	1.2	1.2	1.3
BWP Trust	S	$4.08	4.5%	4.5%	4.6%	4.7%	1.0	1.0	1.0	1.0
Woodside Petroleum Limited	B	$25.14	1.5%	4.4%	5.2%	3.3%	1.2	1.2	1.5	2.0
Scentre Group	B	$2.98	2.3%	4.3%	5.2%	5.9%	2.1	1.3	1.3	1.3
IPH Limited	B	$8.93	3.9%	4.3%	4.7%	5.1%	1.0	1.0	1.0	1.0
JB Hi-Fi Limited	U	$47.14	6.1%	4.2%	4.0%	4.0%	1.5	1.5	1.5	1.5
Super Retail Group Limited	U	$12.64	7.0%	4.1%	3.9%	4.0%	1.5	1.5	1.5	1.5
Accent Group Limited	O	$2.50	4.5%	4.0%	4.8%	5.0%	1.2	1.2	1.2	1.2
National Storage REIT	U	$2.30	3.6%	3.9%	4.1%	4.3%	1.0	1.1	1.1	1.1
Lynch Group Holdings Limited	B	$3.48		3.9%	4.2%	4.6%		2.0	2.0	2.0
Regis Healthcare Limited	B	$2.00	3.2%	3.8%	4.1%	4.4%	1.0	1.0	1.0	1.0
Medibank Private Limited	N	$3.50	3.6%	3.8%	4.0%	4.2%	1.3	1.2	1.2	1.2
Bravura Solutions Limited	U	$2.78	3.1%	3.7%	3.8%	4.1%	1.5	1.4	1.4	1.5
Arena REIT	N	$4.25	3.5%	3.7%	4.0%	4.2%	1.0	1.0	1.0	1.0
Mirvac Group	O	$2.82	3.5%	3.6%	3.8%	4.0%	1.4	1.5	1.5	1.5
Coles Group Limited	N	$17.18	3.6%	3.6%	3.8%	4.3%	1.2	1.2	1.2	1.2
Transurban Group Limited	N	$13.56	2.7%	3.4%	4.6%	5.0%	-0.3	0.0	0.4	0.4
Estia Health Limited	B	$2.13	1.1%	3.4%	4.4%	4.8%	1.0	1.4	1.4	1.4
Centuria Capital Group Limited	O	$3.23	3.1%	3.4%	3.6%	3.8%	1.2	1.2	1.3	1.3
Beacon Lighting Group Limited	O	$2.35	3.7%	3.3%	2.9%	3.1%	1.9	1.6	1.7	1.7
Challenger Limited	N	$6.34	3.2%	3.2%	3.5%	3.0%	1.7	2.0	1.9	2.4
Nib Holdings Limited	N	$6.82	3.5%	3.1%	3.2%	3.7%	1.5	1.4	1.4	1.4

COMPANY	RATING	PRICE (AU$)	DIVIDEND YIELD				DIVIDEND COVER			
			FY-1	FY0	FY1	FY2	FY-1	FY0	FY1	FY2
Wesfarmers Limited	O	$54.26	3.6%	3.0%	3.2%	3.5%	1.1	1.2	1.2	1.2
Eagers Automotive Limited	O	$14.80	1.7%	3.0%	2.5%	2.3%	2.3	2.5	2.5	2.4
ASX Limited	U	$79.28	2.8%	2.9%	3.0%	3.2%	1.1	1.1	1.1	1.1
Healius Limited	O	$4.65	0.6%	2.8%	4.3%	2.5%	9.1	2.0	1.0	2.0
Class Limited	B	$1.79	2.8%	2.8%	3.4%	3.4%	1.3	1.3	1.3	1.4
QBE Insurance Group Limited	B	$11.70	0.2%	2.7%	4.1%	4.4%	-15.2	1.3	1.1	1.1
Premier Investments Limited	O	$29.91	2.7%	2.7%	2.8%	3.0%	2.1	1.7	1.7	1.7
Endeavour Group Limited	U	$6.95	1.0%	2.7%	3.2%	3.5%	3.5	1.3	1.4	1.4
Computershare Limited	O	$17.75	2.6%	2.6%	2.6%	2.8%	1.1	1.1	1.4	1.5
Treasury Wine Estates Limited	U	$12.15	2.3%	2.5%	2.8%	3.0%	1.6	1.5	1.5	1.5
Macmahon Holdings Limited	B	$0.20	2.5%	2.5%	3.0%	3.0%	7.0	5.4	4.7	5.2
Charter Hall Group	B	$16.68	2.3%	2.4%	2.5%	2.7%	1.6	1.9	1.9	2.0
Woolworths Group Limited	O	$40.23	2.7%	2.3%	2.5%	2.6%	1.1	1.4	1.4	1.4
Sonic Healthcare Limited	N	$39.19	2.2%	2.3%	2.9%	2.4%	3.2	1.9	1.3	1.5
ALS Limited	O	$13.19	1.8%	2.3%	2.6%	2.9%	1.7	1.7	1.7	1.6
Costa Group Holdings Limited	O	$3.11	2.9%	2.2%	3.5%	3.7%	1.7	1.8	1.9	1.9
Carsales.com Limited	U	$24.57	1.9%	2.1%	2.3%	2.6%	1.3	1.2	1.3	1.2
Oil Search Limited	N	$4.60	0.1%	2.0%	3.2%	2.5%	2.2	2.5	2.4	2.4
Cleanaway Waste Management Limited	B	$2.74	1.7%	2.0%	2.7%	3.1%	1.6	1.5	1.5	1.5
Lovisa Holdings Limited	N	$18.37	2.1%	1.9%	2.2%	2.8%	0.6	1.1	1.5	1.4
Integral Diagnostics Limited	O	$4.88	1.9%	1.9%	1.8%	2.3%	2.0	1.9	2.6	2.3
Collins Foods Limited	B	$13.42	1.7%	1.9%	2.2%	2.7%	1.7	1.8	1.7	1.7
Senex Energy Limited	O	$3.90	1.5%	1.8%	2.4%	3.2%	0.5	2.1	2.3	3.6
Home Consortium Limited	O	$7.50	1.6%	1.6%	1.6%	1.7%	1.1	1.5	1.9	1.9
Santos Limited	O	$7.44	1.0%	1.5%	2.7%	1.4%	1.9	3.4	2.7	3.2
QUBE Holdings Limited	B	$3.19	1.6%	1.5%	2.1%	2.3%	1.4	1.8	1.4	1.5
Netwealth Group Limited	U	$14.08	1.3%	1.5%	1.7%	2.0%	1.2	1.2	1.2	1.2
Goodman Group	U	$20.79	1.4%	1.4%	1.6%	1.7%	2.2	2.5	2.5	2.5
Domino's Pizza Enterprises Limited	O	$142.57	1.2%	1.4%	1.8%	2.1%	1.2	1.2	1.2	1.2
Cochlear Limited	O	$213.13	1.2%	1.4%	1.8%	2.0%	1.4	1.4	1.4	1.4
Beach Energy Limited	B	$1.44	1.4%	1.4%	1.4%	1.4%	8.0	10.8	9.0	10.7
Ramsay Health Care Limited	B	$66.44	2.3%	1.3%	1.8%	2.0%	1.3	2.5	2.5	2.5
REA Group Limited	O	$152.56	0.9%	0.9%	1.2%	1.5%	1.9	1.9	1.9	1.9
Japara Healthcare Limited	N	$1.39		0.8%	1.7%	2.7%		1.5	1.5	1.5
Domain Holdings Australia Limited	O	$5.51	0.7%	0.8%	1.0%	1.3%	1.5	2.0	2.0	2.0
Resmed Incorporated	O	$34.54	0.6%	0.7%	0.9%	1.0%	3.4	3.5	3.5	3.5
Altium Limited	U	$33.59	0.9%	0.7%	0.8%	1.1%	0.7	1.2	1.2	1.2
IDP Education Limited	O	$34.74	0.2%	0.6%	1.2%	1.6%	2.0	1.4	1.4	1.4
HUB24 Limited	U	$28.42	0.4%	0.6%	0.8%	1.0%	2.2	2.2	2.2	2.2
CSL Limited	O	$292.68	0.6%	0.6%	0.7%	0.8%	2.3	2.2	2.2	2.2
Wisetech Global Limited	O	$50.34	0.1%	0.2%	0.3%	0.3%	5.3	5.3	5.2	5.2
Aurizon Holdings Limited	N	$3.90	0.1%	0.1%	0.1%	0.0%	1.0	1.0	1.0	1.0
Brambles Limited	U	$10.28	0.0%	0.0%	0.0%	0.0%	1.5	1.4	1.4	1.4
Xero Limited	B	$133.69								
Uniti Group Limited	O	$3.86								
The Reject Shop Limited	B	$6.15			3.6%	4.4%			2.0	2.0
Temple and Webster Group Limited	O	$12.11								
Sezzle Incorporated	S	$5.73								
Sydney Airport Limited	N	$8.28			1.1%	2.7%			0.1	0.2
PointsBet Holdings Limited	B	$9.66								
Kogan.com Limited	U	$9.92	1.6%		1.6%	3.0%	2.6		1.7	1.3
Janus Henderson Group	U	$60.59					2.2	2.5	2.4	2.5
Harmoney Corporation Limited	B	$1.70								
Flight Centre Travel Group Limited	O	$22.20			0.7%	1.8%			2.3	2.0
ELMO Software Limited	O	$4.61								
MEDIAN			**2.4%**	**3.0%**	**3.5%**	**3.5%**	**1.3**	**1.4**	**1.4**	**1.4**

Source: Jarden

NOTE:

1. The Net Debt/Equity ratio is calculated as Gross Debt less cash holdings divided by Total Equity. Negative ratios indicate a net cash position.
2. Ratings: B – Buy, O – Outperform, N – Neutral, U – Underperform, S – Sell, R – Restricted.
3. FY0 represents the current financial year

Ticker	Company Name	Weight	Sector
ALL.AU	Aristocrat Leisure	6.1%	Consumer Discretionary
ANZ.AU	ANZ Banking Group	7.4%	Financials
BHP.AU	BHP Group	8.3%	Materials
BXB.AU	Brambles	7.5%	Industrials
CBA.AU	Commonwealth Bank of Australia	9.4%	Financials
CPU.AU	Computershare	4.9%	Info Tech
CSL.AU	CSL	8.7%	Health Care
CWY.AU	Cleanaway Waste Management	9.6%	Industrials
NST.AU	Northern Star Resources	3.7%	Materials
QBE.AU	QBE Insurance	8.8%	Financials
RHC.AU	Ramsay Healthcare	5.6%	Health Care
SEK.AU	Seek	5.9%	Communication Services
WES.AU	Wesfarmers	5.1%	Consumer Discretionary
WOR.AU	Worley	3.9%	Energy
XRO.AU	Xero	5.1%	Info Tech
		100.0%	

SEEK (SEK.AX) ADDED

Seek is fundamentally a cyclical company that should benefit from Covid-19 vaccinations reaching sufficient levels that enable economies to reopen to a greater degree. This is expected to underpin the currently strong job market for some time. Seek's competitive advantage is still clear, accounting for 1/3 of job placements in Australia which means it has the greatest audience of "eye-balls" to deliver value to job recruiters. Seek's competitors are in single digit market share, while word of mouth represents around 40% of job placements. Over the medium term, Seek should exhibit strong pricing power to continue to grow earnings through the economic cycle when job ad growth starts to soften. This will likely be through the company's dynamic pricing initiative for harder/easier to fill jobs that has the potential to lift the basic ad yield by 0.25% to 0.30-0.40% of the average salary.

The company is guiding to an improved underlying performance in FY22 with earnings guidance of A$425-$450 million, based on assumed revenue of A$950 million-$1 billion. There remains uncertainty around the short term given the extent of the lockdowns in Victoria and NSW. If revenues are lower than expected, discretionary expenditure might be reduced but strategic investment will continue. Cost guidance continues to imply some re-investment across the business which is constraining operating leverage at the moment. However, we believe leverage will become a significant feature of future results as volumes recover.

The international segment (China, Southeast Asia, Brazil and Mexico) are now meaningful contributors to earnings and provide much greater growth potential. Seek's international investments are all in developing markets with very long runways for growth. For the Seek Growth Fund, losses in the range A$20-$25 million are expected in 1H22, but the trend continues to improve and is forecast to eventually generate a profit in outer years. While Seek currently trades on an elevated valuation multiple (core EV/EBITDA ratio of 27x), strong earnings growth over the next three years is expected to see it reduce to 20x. For reference, Seek's platform peers in the Australian market (REA and Carsales) are currently trading on multiples of 34x and 21x respectively.

JARDEN'S GLOBAL - UK INVESTMENT TRUST INVESTMENTS *18TH OCTOBER 2021*

SCOTTISH MORTGAGE SMT.LN

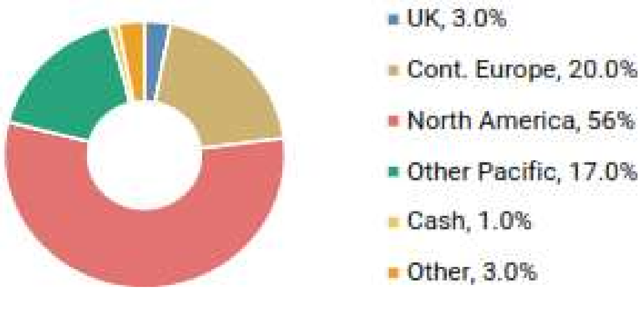
Price: UK£13.93 (NZ$27.30)

Management takes an unconstrained approach in constructing the Company's growth focused portfolio. Baillie Gifford's stock selection has a growth emphasis with a focus on prospective earnings and cash flow over a 3-5 year period. Far more emphasis is placed on analysing a company's competitive position and industry background, than on short-term earnings forecasts. Stock selection is made on a global basis with no regard to geographical weightings. The benchmark is the FTSE World Index. Together with the adoption of a global approach, the managers have overseen greater conviction in stock selection with the number of holdings reduced to c.85 from 120 a five years ago. The managers' target is to have between 60 and 80 stocks in the portfolio. The top ten holdings account for c.44% of assets.

JARDEN OPINION

While they continue to be wary of chasing strong performance, they still believe that Scottish Mortgage demands a place in investors' portfolios due to its unique strategy focusing on the world's best high growth companies. The Company should appeal to investors looking for well-managed, unconstrained exposure to global growth companies (both quoted and un- quoted). It does not attempt to track any index and its performance is therefore likely to diverge from the comparator benchmark.

Year to October 2021	1Yr	3Yrs	5yrs	10Yrs
Share Return on NZ$100	147.5	267.2	497.0	1,239.0
NAV Return on NZ$100	139.7	261.6	467.5	1,009.4
Current Discount/(Prem.)				(3.1%)
Gross Yield				0.25%



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
Z Energy	ZEL040	4.010	1/11/2021	4	BBB-(NR)	Senior	5,000	1.135	100.96	1,000,000	1,500,000
Contact Energy	CEN030	4.400	15/11/2021	4	BBB	Senior	5,000	0.605	101.06	1,000,000	4,000,000
TrustPower	TPW140	5.630	15/12/2021	4	BBB-(NR)	Senior	5,000	1.190	101.22	20,000	135,000
Precinct Properties	PCT010	5.540	17/12/2021	2	BBB+(NR)	Senior	5,000	1.000	102.60	1,000,000	1,160,000
Genesis Power	GNE030	4.140	18/03/2022	2	BBB+	Senior	5,000	0.985	101.66	1,000,000	4,000,000
GMT Bond Issuer	GMB030	5.000	23/06/2022	2	BBB+	Senior	5,000	1.418	104.02	5,000	302,000
Heartland Bank	HBL010	4.500	8/09/2022	4	BBB	Senior	5,000	1.600	103.06	500,000	972,000
Air New Zealand	AIR020	4.250	28/10/2022	2	BBB	Senior	5,000	2.557	101.60	63,000	65,000
Contact Energy	CEN040	4.630	15/11/2022	4	BBB	Senior	5,000	1.545	104.09	338,000	1,502,000
TrustPower	TPW150	4.010	15/12/2022	4	BBB-(NR)	Senior	5,000	2.100	102.55	100,000	100,000
Meridian Energy	MEL030	4.530	14/03/2023	2	BBB+	Senior	5,000	-	-	-	-
Wellington Intl Airport	WIA030	4.250	12/05/2023	2	BBB	Senior	10,000	2.064	105.20	11,000	11,000
Summerset	SUM010	4.780	11/07/2023	4	BBB-(NR)	Senior	5,000	-	-	-	-
GMT Bond Issuer	GMB050	4.000	1/09/2023	2	BBB+	Senior	5,000	1.926	104.32	1,000,000	1,000,000
Kiwi Property Group Limited	KPG020	4.000	7/09/2023	2	BBB+	Senior	5,000	-	-	-	-
Z Energy	ZEL050	4.320	1/11/2023	4	BBB-(NR)	Senior	5,000	2.087	105.37	143,000	143,000
Meridian Energy	MEL040	4.880	20/03/2024	2	BBB+	Senior	5,000	-	-	-	-
Heartland Bank	HBL020	3.550	12/04/2024	4	BBB	Senior	5,000	2.168	103.40	77,000	1,077,000
Investore Property	IPL010	4.400	18/04/2024	4	BBB(NR)	Senior	5,000	2.300	105.09	6,000	6,000
Christchurch International Airport	CHC010	4.130	24/05/2024	2	BBB+	Senior	5,000	2.000	107.03	20,000	20,000
GMT Bond Issuer	GMB040	4.540	31/05/2024	2	BBB+	Senior	5,000	-	-	-	-
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	2.115	104.55	1,000,000	1,000,000
Z Energy	ZEL060	4.000	3/09/2024	4	BBB-(NR)	Senior	5,000	-	-	-	-
Precinct Properties	PCT020	4.420	27/11/2024	2	BBB+(NR)	Senior	5,000	2.550	107.29	20,000	20,000
Property for Industry	PFI010	4.590	28/11/2024	4	BBB(NR)	Senior	5,000	-	-	-	-
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	2.360	104.25	1,000,000	1,025,000
Wellington Intl Airport	WIA050	5.000	16/06/2025	2	BBB	Senior	10,000	2.450	110.58	253,000	253,000
Meridian Energy	MEL050	4.210	27/06/2025	2	BBB+	Senior	5,000	-	-	-	-
Summerset	SUM020	4.200	24/09/2025	4	BBB-(NR)	Senior	5,000	-	-	-	-
Property for Industry	PFI020	4.250	1/10/2025	4	BBB(NR)	Senior	5,000	-	-	-	-
Kiwi Property Group Limited	KPG040	4.060	12/11/2025	2	BBB+	Senior	5,000	-	-	-	-
Argosy Property	ARG010	4.000	27/03/2026	4	BBB+(NR)	Senior	5,000	2.600	106.09	37,000	37,000
Trustpower	TPW180	3.350	29/07/2026	4	BBB-(NR)	Senior	5,000	-	-	-	-
Wellington Intl Airport	WIA070	2.500	14/08/2026	2	BBB	Senior	10,000	2.738	99.38	500,000	500,000
Mercury NZ	MCY040	2.160	29/09/2026	2	BBB+	Senior	5,000	-	-	-	-
Metlifecare	MET010	3.000	30/09/2026	4	BBB-(NR)	Senior	5,000	3.000	100.16	176,000	176,000
Argosy Property	ARG020	2.900	29/10/2026	4	BBB+(NR)	Senior	5,000	-	-	-	-
Ryman Healthcare	RYM010	2.550	18/12/2026	4	BBB-(NR)	Senior	5,000	2.810	98.97	7,000	7,000
SkyCity Entertainment	SKC050	3.020	21/05/2027	4	BBB-	Senior	5,000	2.950	100.84	10,000	592,000
Precinct Properties	PCT030	2.850	28/05/2027	2	BBB+(NR)	Senior	5,000	3.081	99.93	250,000	250,000
Investore Property	IPL020	2.400	31/08/2027	4	BBB(NR)	Senior	5,000	-	-	-	-
Mercury NZ	MCY030	1.560	14/09/2027	2	BBB+	Senior	5,000	-	-	-	-
Summerset	SUM030	2.300	21/09/2027	4	BBB-(NR)	Senior	5,000	3.000	96.39	69,000	69,000
Oceania Healthcare	OCA010	2.300	19/10/2027	4	BBB-(NR)	Senior	5,000	2.400	99.44	23,000	23,000
Argosy Property	ARG030	2.200	27/10/2027	4	BBB+(NR)	Senior	5,000	2.800	96.59	15,000	15,000
Chorus	CNU030	1.980	2/12/2027	4	BBB	Senior	5,000	2.600	96.76	100,000	2,200,000
Arvida Group	ARV010	2.870	22/02/2028	4	BBB-(NR)	Senior	5,000	3.000	99.70	250,000	256,000
Kiwi Property Group Limited	KPG050	2.850	19/07/2028	2	BBB+	Senior	5,000	2.750	101.32	66,000	66,000
GMT Bond Issuer	GMB0928	2.262	4/09/2028	2	BBB+	Senior	50,000	-	-	-	-
Oceania Healthcare	OCA020	3.300	13/09/2028	4	BBB-(NR)	Senior	5,000	3.066	101.78	100,000	150,000
Chorus	CNU020	4.350	6/12/2028	4	BBB	Senior	5,000	1.600	119.01	37,000	737,000
Trustpower	TPW170	3.970	22/02/2029	4	BBB-(NR)	Senior	5,000	2.400	111.17	35,000	35,000
Wellington Intl Airport	WIA060	4.000	1/04/2030	2	BBB	Senior	10,000	2.720	109.80	21,000	21,000
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	2.962	96.73	250,000	270,000
Wellington Intl Airport	WIA080	3.320	24/09/2031	2	BBB	Senior	10,000	3.055	102.48	10,000	10,000

LIMITATIONS and DISCLAIMER