Volume 17

OCTOBER 2016

RRP $5.00

WEBSITE:
vond.co.nz

Bay Brokers Limited

PO Box 880, Tauranga 3140, New Zealand
Ph: 07-578 7453 Mobile: 021-762 440 Email: andrew@vond.co.nz

Investment Strategies

Buying your first house is tough everywhere…

A new report published by the Institute for Fiscal Studies has found that Britons born in the 1980s are only half as wealthy as those born a decade before, making them the "first post-war group not to have higher incomes in early adulthood than those born in the preceding decade", says the BBC.

Taking into account property equity, financial assets and accumulated pensions, minus any debts owed, today's thirtysomethings have an average wealth of £27,000. Ten years ago, their 1970s peers had £53,000.

Explaining the stark drop, the IFS blamed rapid house price rise in particular. The rise in valuations boosted the wealth of previous generations but have led to declining home ownership rates among those that followed.

Only 40% of those born in the early 1980s are owner-occupiers, compared to at least 55% at that age for those born in the 1940s, 1950s, 1960s and 1970s, says the Daily Telegraph.

Rents are also higher, with tenants in their late twenties who were born in the 1980s having to pay out 30%, compared to 15% for homeowners.

Does this sound familiar when considering New Zealand's current economic climate – sure does. This is a global reality, and there seems to be no quick fix.

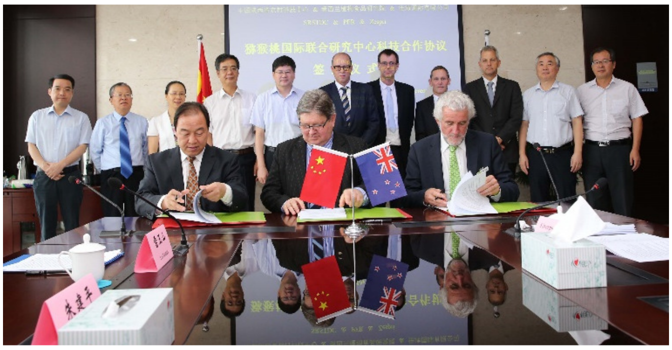
CONTENTS PAGE

Please remember that investment views are provided for general information purposes only. To the extent that any such information, and views, constitute advice, they do not take into account any person's particular financial situation or goals and, accordingly, do not constitute personalised financial advice under the Financial Advisers Act 2008, nor do they constitute advice of a legal, tax, accounting or other nature to any person. I recommend that recipients seek advice specific to their circumstances from their investment adviser before making any investment decision or taking any action. E&OE.

Results pending…
Thanks to those who voted for me

Plant & Food Research Institute

I was appointed a Director of Plant & Food Research – a Crown Research Institute – in July 2014. Last month I was fortunate in joining a delegation of senior staff and two directors to visit China. This was an incredibly rewarding visit and gave us great insights into the potential win-win research capabilities with the Chinese Research Institutes. It was a thrill for me to sign a three way agreement to undertake kiwifruit research between Plant & Food, Zespri and the Provincial Government of Shaanxi Science & Technology Research Centre.



Background on PFR

PFR has a staff of close to 900, across 13 separate sites around New Zealand. We have revenue of ~$140m, and I rate PFR as the jewel in the Crown Research portfolio of institutions. PFR has a great Board (7 members) and a very strong leadership team.

Total Head Count	Research	Research Support	General	Senior Management
873	642	79	140	12
100%	73.5%	9.0%	16.0%	1.4%

Research staff comprise about 83% of PFR's total headcount, with general staff and senior management at 17%. Two thirds of research staff are based outside the main centres. Contrary to a recent NBR Report, no regional sites have been closed and PFR continue to make significant investments at our regional sites.

PFR employs around 470 research staff at regional sites within New Zealand, and these include Lincoln, Palmerston North, Kerikeri, Te Puke, Hawke's Bay, Nelson, Motueka, Clyde and Blenheim. PFR own or operate over 450 ha of research orchards and cropping land (see the table at bottom of the page).

The Importance of the Regions for Horticulture and Therefore to Plant & Food Research

PFR's core industry partners are key contributors to the economies and brands of New Zealand's most iconic regions. Their products are differentiated internationally by combinations of sun, rain, soil and sea unique to their specific microclimates. Wine from Marlborough, kiwifruit from Bay of Plenty, seafood from Nelson, pipfruit from Hawke's Bay, hops from Motueka, vegetables from Pukekohe, avocados from Northland, stonefruit from Central Otago, seeds, grains and cereals from the Canterbury plains.

In every one of these regions a team of specialist PFR staff work at its regional research sites directly supporting industry through research and technology transfer in areas such as crop protection and optimisation, sustainable production systems, post-harvest science and new cultivar development. Embedded in regional communities and industry networks, these researchers live and breathe their local crops, working hand in hand with producers and allied industries to build competitive advantage from the farmgate onward.

Plant & Food Staff Numbers

Site	Site Area (ha) Total	Research farm		Staff Research	General	Total
1/ KERIKERI	39	32	Research plantings	10	6	16
2/ AUCKLAND	7	–		161	115	276
3/ PUKEKOHE	5	4	Research plantings	6	–	6
4/ RUAKURA	8	–		52	7	59
5/ TE PUKE	51	44	Research plantings	34	11	45
6/ HAWKE'S BAY	64	54	Research plantings	41	19	60
7/ PALMERSTON NORTH	4	–		102	18	120
8/ WELLINGTON			Co-located at Science New Zealand	–	1	1
9/ NELSON	1	–	Finfish facility 324,700L	37	7	44
10/ MOTUEKA	40	32	Research plantings	22	10	32
11/ BLENHEIM			Co-located at Marlborough Research Centre. Includes 10ha of research farm; Research plantings	15	1	16
12/ LINCOLN	232	200	Research plantings	142	40	182
13/ CLYDE	58	57	Research plantings	6	3	9
14/ DUNEDIN			Co-located at University of Otago	5	–	5
15/ 16/ 17 AUSTRALIA			15. Adelaide 16. Brisbane 17. Melbourne	1	3	4
18/ USA			18. Davis, California	1	1	2

PLANT & FOOD $8.5M RESEARCH GRANT

Source: NBR - Thursday September 15, 2016

Peter Landon-Lane

An $8.5 million research grant awarded to crown research institute Plant & Food this week for new breeding technologies for high value plant industries includes gene editing which is considered in New Zealand to be part of genetic modification.

The grant was part of the total investment announced this week of more than $209 million over the next five years in new scientific research projects through the Ministry of Business, Innovation and Employment (MBIE) 2016 Endeavour Fund.

Plant & Food chief executive Peter Landon-Lane told the NZBio conference today that one of the new breeding technologies is CRISPR gene editing, which gives biologists the ability to target and study particular DNA sequences in the expanse of a genome and then edit them.

In May 2014 the New Zealand High Court was the first in the world to give a judicial opinion on the legal classification of gene-editing technique in a case involving CRI Scion which had been given Environmental Protection Authority approval to use two new breeding techniques to develop new varieties of pine trees.

The court ruled they were techniques of genetic modification and fell within New Zealand law which restricts genetically modified crops, a finding now at odds with how gene editing is treated in many other jurisdictions.

More recently, the government is considering how to respond to last month's High Court ruling allowing regional councils to control the release of GMOs under the Resource Management Act, rather than having those decisions made through the EPA.

Plant & Food's research project aims to develop next generation breeding tools for New Zealand tree crops, such as apricots, cherries, and kiwiberry, to produce high-value cultivars seven times faster than currently possible. Novel traits such as long storage and shelf-life can be delivered through altering the plant's genome, without introducing foreign DNA.

Gene editing involves the insertion, deletion or replacement of DNA within the genome of an organism. Landon-Lane said the gene editing will only be used in contained laboratories and not end up in any finished products.

But he said New Zealand's regulations on gene editing are out of step with the rest of the world and "we need to ensure it moves ahead or we risk getting left behind", he said.

Plant & Food's position on genetic modification was that it's not a science problem, he said. "We know that it's not a science issue and is very safe. There are more hoops that GM crops need to jump through than naturally occurring wild things that could effectively kill you more quickly," he said. "But at the moment our customers are saying that their customers and consumers are not willing to accept some of the biotechnology tools available." Newer technologies are starting to raise more questions about exactly what is GM, he said.

He pointed to the plant-based burger patty that tastes like meat developed by Impossible Foods, the four-year-old start-up backed by Bill Gates and others, which is pitching the genetically-modified product as a way to save the planet by reducing beef consumption.

"It's highly unnatural but it will save the planet. If there's a good enough reason for a GM product, then that's where the acceptance will come in," Landon-Lane said. "It's a value judgement by people that is not based on logic or science."

BREAKING NEWS

On 5th October Plant & Food Research Institute won the Government category of the AUT Excellence in Business Support Awards - AND to top it off the Supreme Award.

The Supreme award was presented by Minister Steven Joyce who in announcing the winner said something like "*this is an organisation that is not very widely known but that does some great work for New Zealand, including saving the kiwifruit industry from the Psa incursion...*"

I can tell you that as a Director of PFR, our Board is really chuffed with this recognition. This is a great company; doing great work, in collaboration with stakeholders, to the benefit of New Zealand Inc.

Statistics NZ Data Next Census due: 2018

Population

Estimated population at 31 March 2016: 4,677,400
Births June 2016 year (Dec 14: 57,242) 58,992
Deaths June 2016 year (Dec 14: 31,063) 31,389
Net migration August 2016 year 69,119

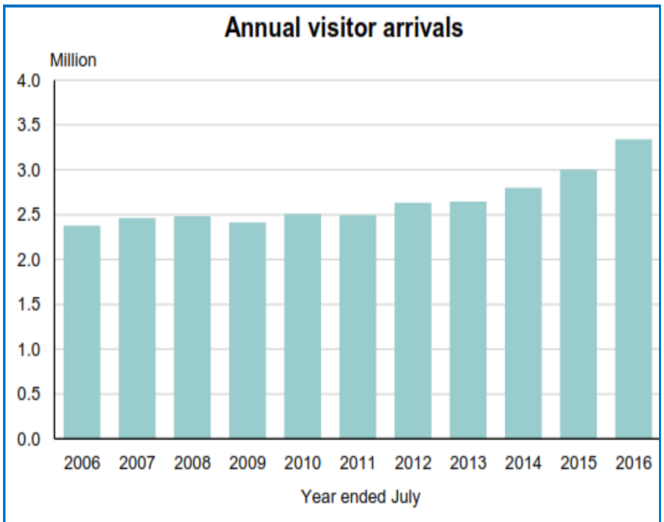
Employment

Total employed June 2016 quarter: 2,399,000
Change in employed since March quarter: +61,000
Unemployment rate June 2016 quarter: 5.1%
Ave weekly earnings June 2016 quarter: $1,119.02
Wage inflation June 2016 year 0.4%
Cost Price Index June 2016 quarter: 0.4%

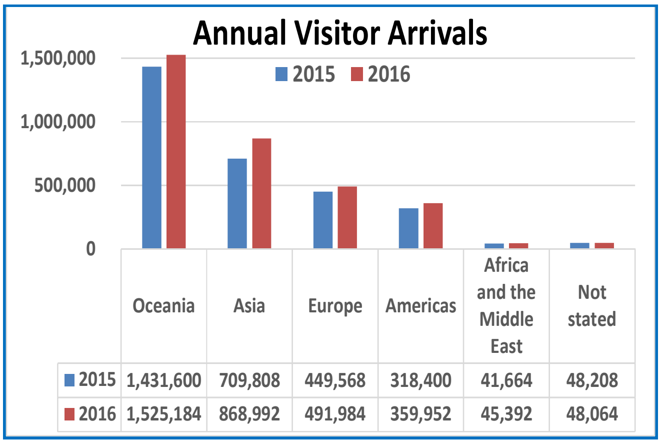
International Position Dec quarter: **-$157 Billion**
GDP per capita year ended June 2016 **$54,117**
GDP Growth for 2015 (+0.9% for June qtr) **2.5%**
Visitor arrivals 2016 year (Aug-July) **3,340,278**

Tourism in New Zealand

Tourism is a huge income earner for New Zealand, and the 11.2% increase in Visitor Arrivals in the past 12 months have ensured that the New Zealand economy continues to strengthen (despite the downturn in dairying). The big increases for the past year are China (an additional 87,904 visitors – 27.7%), and Australia (an additional 81,920 visitors – 6.3%).



Source: Statistics New Zealand



Source: Statistics New Zealand

Top 30 countries of residence	2015	2016	% Change
Australia	1,290,192	1,372,112	6.3
China, People's Republic of	315,248	403,152	27.9
United States of America	235,232	262,000	11.4
United Kingdom	198,752	214,192	7.8
Japan	84,016	94,752	12.8
Germany	81,232	91,520	12.7
Korea, Republic of	60,640	76,656	26.4
Canada	50,960	55,664	9.2
Singapore	47,136	54,016	14.6
India	42,896	48,528	13.1
Malaysia	32,192	40,928	27.1
Hong Kong (SAR)	33,712	40,384	19.8
France	31,904	36,928	15.7
Taiwan	29,824	33,456	12.2
Fiji	24,768	27,424	10.7
Thailand	21,504	25,328	17.8
Netherlands	21,744	23,584	8.5
Samoa	19,696	22,048	11.9
Switzerland	18,512	20,544	11.0
Tonga	15,840	19,408	22.5
South Africa	16,432	18,560	13.0
Indonesia	15,936	18,240	14.5
New Caledonia	17,328	18,192	5.0
French Polynesia	17,216	17,472	1.5
Philippines	12,944	17,376	34.2
Sweden	13,152	14,464	10.0
Brazil	12,656	12,736	0.6
Argentina	4,080	12,240	200.0
Denmark	9,968	11,248	12.8
Spain	9,600	10,736	11.8

Some facts about political issues within New Zealand

Social Housing

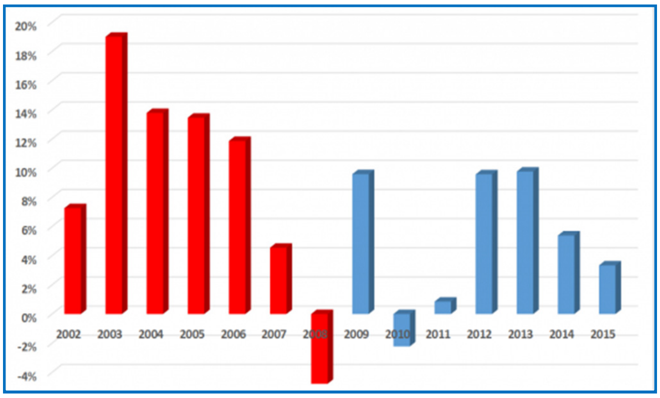
1. In 2008, when National came to Government, there were 67,000 state houses within the Housing NZ portfolio. Only 5,000 of these state houses had been retrofitted (brought up to a modern standard, including insulating) within the term (9 years) of the previous Labour Government. Today Housing NZ owns 65,000 state houses, and has spent $400m on retrofitting most of these houses.
2. National has sold 2,500 state houses to either community groups (who National contends are better landlord than the state), or to state house tenants entering home ownership by buying these homes.
3. The current National Government is spending $280m annually on rent subsidisation (top-ups).
4. Across New Zealand National (in the last 8 years) has retrofitted 300,000 home for insulation and warmth.

Don't let anyone tell you that National doesn't care about New Zealand's housing situation. Labour can bleat on, but the truth is that talk is cheap, and ACTION talks a lot louder than words.

Misinformation around the cost of housing

Labour like to blame National for the high rise in the price of residential housing, but the facts tell a different story.

ANNUAL INCREASE IN MEDIAN RESIDENTIAL HOUSE PRICE



During the 9 years of the last Labour Government residential house prices grew 104%; whereas in the last 8 years, under our John Key led National Government, residential house prices have only risen 43%.

Social Welfare

Of children born into a welfare dependent household between July 1st 1990 and June 30th 1991:

- 90% are today on a benefit
- 25% are on a benefit with a child
- 80% have no NCEA 2 education
- 30% have received a judicial custodial sentence
- 40% have received a judicial community sentence

Children in care change homes on average 7-8 times, and the average age of children in care is just over 7 years old.

We have close to 4,000 grandparents caring for (and raising) their grandchildren.

Don't tell me National doesn't care about its people.

The value of Fresh Water

Our Minister for the Environment, Hon Dr Nick Smith, recently gave the 2016 Lincoln Environment lecture. **His comments on Fresh water are worth repeating (and I quote):**

"97 per cent of the water is in the oceans, 2 per cent is ice in places such as Greenland and Antarctica, and the real issues are about the 1 per cent of freshwater.

New Zealand has plentiful freshwater

"In this regard, New Zealand is richly blessed. We have more freshwater per capita than pretty much any nation. The average 2.3m of rain falling nationwide each year equates to 145 million litres per person per year. That's enough for every one of us to have a bath every 30 seconds, for every minute of every hour of every day. It is seven times as much as Australia, 16 times as much as the United States and 70 times as much per person as the UK or China.

"This abundance can have the downside of us not appreciating how important it is to our economy, our lifestyle and our health, albeit we have just had a harsh reminder in Havelock North of why we must not take it for granted.

"So many of our major export industries depend on freshwater.

"It takes about 800 litres of water to produce a litre of milk. A kilogram of beef takes about 400 litres of water to produce. A litre of wine takes about 200 litres of water. These industries are effectively exporting virtual water with a good dose of kiwi ingenuity. This same freshwater is the source of 60 per cent of our renewable electricity and the only reason we earn more than $1 billion a year from manufacturing aluminium.

"Our rivers and lakes are equally pivotal to our tourism industry – think Huka Falls; Mt Cook reflecting in Lake Pukaki, jet boating the Shotover or trout fishing on Lake Taupo.

"You can connect over 60 per cent of our external earnings as a country to this abundance of freshwater. It is core to New Zealand's competitive advantage and quality of life.

"On allocation, our water shortage problems are in quite distinct areas and only for specific times of the year.

"The total New Zealand freshwater resource is 600 trillion litres and we use 11 trillion - or only 1.8 per cent. Six trillion of that, or more than half, is for irrigation. Two and a half trillion litres a year is used by industry. Two trillion litres is used each year by town municipal supplies and about half a trillion is used for stock water.

"Some communities have been getting in a lather about bottled drinking water. Numbers such as 100 million litres of water being consented sounds big. Some parties have been calling for a moratorium of such consents for fear bottled water exports will have our rivers and aquifers run dry. But these consents are minute. This is about as logical as suggesting we solve Auckland's traffic problems by banning bikes!

New Zealand river condition trends

"We have challenges, too, with water quality but I caution those who exaggerate the problem at the expense of New Zealand's reputation.

"Our water quality is generally good by international standards. If you compare our biggest river in the South Island, the Clutha, and the biggest in the North Island, the Waikato, both would compare significantly better than waterways such as the Murray/Darling in Australia, the Thames in the UK, the Seine in France, the Rhine in Germany or the Mississippi in the United States.

"It is difficult from the hard data to draw simple overall conclusions on freshwater quality. The first problem is that the trends vary significantly from one river to the next.

"The second problem is you need several years of data to make comparisons meaningful because water quality varies dramatically seasonally and from a dry year to a wet one.

"The third problem is that it depends on what you are measuring. The best summary I would give of the data on overall fresh water quality throughout New Zealand is that bacterial contamination and macroinvertebrates are unchanged during the past 25 years, dissolved phosphorus is improving and nitrate levels are generally deteriorating.

"The broad conclusions I draw are this. The worst water quality is in urban areas but these are comparatively small in total area. The most significant declines are in more intensively farmed areas and are caused by minimum flows being too low and levels of nutrients or sediment being too high.

"The good news on water quality is that our systems for dealing with point sources of pollution under the Resource Management Act (RMA) are generally working well. There has been a huge reduction in pollution entering our lakes and rivers from dairy sheds, factories and town effluent systems, and billions has been spent on upgrades. These are easier to regulate because they require a consent, they come up regularly for review and councils are able to set standards and monitor performance.

"The bad news is that our systems have not been working in addressing diffuse pollution. In some catchments the growth in diffuse pollution has exceeded the gains from dealing to point source discharges to the degree that water quality is going backwards.

"Diffuse pollution is much more challenging to regulate. It is difficult to measure as it is small amounts of runoff over large areas that just seeps into the drains and aquifers and which gradually accumulate. The activities that cause diffuse pollution - increased stock numbers and fertiliser application in rural areas or leaking pipes, road runoff and pet poo in urban areas - are not activities anybody expects to require a consent for.

"The biggest policy challenge in improving freshwater quality is finding credible and workable ways of reducing this diffuse pollution.

Government's freshwater objectives

"So that is the context of New Zealand's freshwater environment. What are the Government's objectives?

"The number one priority is improving freshwater quality. It is just too important to our quality of life, our national identity and our economic wellbeing to allow the standard of our water to go backwards.

"The second objective is maximising the economic opportunity for jobs and wealth creation from our freshwater resources.

"The third is we want to improve the involvement of Maori in freshwater decision making, consistent with our Treaty settlements and obligations.

"There are those who question the objective of improved Maori participation in freshwater management. It is not just that the obligation arises from Treaty settlements.

"My practical experience here in Canterbury with Ngai Tahu, in the Waikato with Tainui, in Lake Taupo with Tuwharetoa and in the Rotorua Lakes with Te Arawa is that iwi bring a constructive and helpful dimension enabling real momentum to improve our freshwater.

"Water issues often come down to a clash of values between environmentalists and land owners. Maori have a foot in both camps and are proving to be valuable bridge builders over these troubled waters.

"I also want to drive home the fact that we can achieve both these first and second objectives. There are some who believe our nation's water choices are binary – it is either water quality or growing the economy. We disagree. We clearly need limits and not all irrigation projects, for example, will pass sustainability tests. But there are many water projects that can deliver both environmental and economic dividends."

I have come to the conclusion that politics is too serious a matter to be left to the politicians.
~Charles de Gaulle, French general & politician

New Zealand's Golden Triangle contains 54% of NZ's population

The upper North Island will continue to dominate economic growth in New Zealand over the next five years, according to a recently released report[1] that was commissioned by the Upper North Island Strategic Alliance (seven local authorities in the upper North Island).

The area bounded by Auckland, Hamilton and Tauranga:
• Contains 2.46 million people, or 54% of New Zealand's population.

• Within this "Golden Triangle", Auckland has the largest share of the population at 1.57 million, followed by Waikato (439,000), Bay of Plenty (287,000), and then Northland (168,000). Growing at 1.4 percent annually over the last ten years, the population in the UNI area is expanding at twice the rate of the rest of New Zealand.

• In 2015 this "Golden Triangle" produced GDP worth $117 billion in 2015 comprising over half the New Zealand economy ($229 billion).

• Has had average annual GDP growth of 2.1% over the past 10 years well ahead of the rest of the country at 1.7%.ver the last 5 years the growth was even more impressive at 3.0% per annum, against a New Zealand average of 1.9%.

• This triangle had 1.19 million filled jobs in 2015, almost 52% of all filled jobs in New Zealand, and 40% faster employment growth than the rest of New Zealand.

Demand for Labour 2016 to 2020

In forecasting the demand for labour, we first established a baseline forecast based on a number of assumptions related to future economic growth. Nationally, the baseline forecasts assume moderate growth in the economy in the five years to 2020 (2.6% per annum) and more limited growth in employment (1.5% per annum). Strong net migration inflows and a lift in building activity are expected to more than offset continued weak global demand and a lower New Zealand dollar.

The BAU (Business as usual) forecasts suggest that an additional 115,400 jobs will be created between 2016 and 2020. This equates to a growth rate of 1.9% per annum over the period, which is faster than employment growth of 1.5% per annum that is forecast nationally.

As a result of the more detailed research and feedback, employment forecasts were moderated for some sectors and regions. Following moderation, Auckland is the only region that is forecast to grow at a faster rate than nationally, at 2.2% per annum. The weakest employment growth is forecast to be in Northland (0.9% per annum) followed by Waikato (1.3% per annum). Employment in Bay of Plenty is forecast to grow by 1.5% per annum.

Forecast Upper North Island job openings 2016 to 2020

	Construction	Dairy & related processing	Food & Beverage	Forestry	Freight & Logistics	Biz & Professional Services	Health & Residential Care
Auckland	42,408	596	3,916	606	21,730	35,202	19,368
Waikato	8,893	2,439	821	726	2,945	5,428	4,729
Bay of Plenty	7,044	1,133	1,542	801	2,339	4,682	5,139
Northland	2,743	428	312	443	871	1,456	2,029
Total	61,088	4,596	6,591	2,576	27,885	46,768	31,265
Auckland	69%	13%	59%	24%	78%	75%	62%
Waikato	15%	53%	12%	28%	11%	12%	15%
Bay of Plenty	12%	25%	23%	31%	8%	10%	16%
Northland	4%	9%	5%	17%	3%	3%	6%

SOURCE: Infometrics

NZ's first autonomous vehicle trial

Volvo and the New Zealand Traffic Institute are planning to demonstrate the technology behind autonomous vehicles in a trial taking place in Tauranga in November.

This is a first for New Zealand, and is globally seen as "leading edge". Local MP and Transport Minister Simon Bridges is excited that his home town will host this trial which encourages new technology while protecting public safety. "Autonomous vehicles will be a big part of the future of transport and offer potential safety, efficiency and environmental benefits. It is exciting to see international recognition that New Zealand is at the forefront of enabling this technology."

[1] "Upper North Island Sector Trends to 2015 and Labour Demand to 2020", Martin Jenkins & Infometrics, June 2016

A social experiment – a hand up; not a hand out?

Hiroshima 1945

Hiroshima today

Detroit – 65 years after Hiroshima

What has caused more long-term destruction?

The A-bomb, *or...*

Government welfare programmes created to buy the votes of those who want someone to take care of them?

These five sentences sum up the current thinking (Japan has no welfare system):

1. You cannot legislate the poor into prosperity by legislating the wealthy out of prosperity.

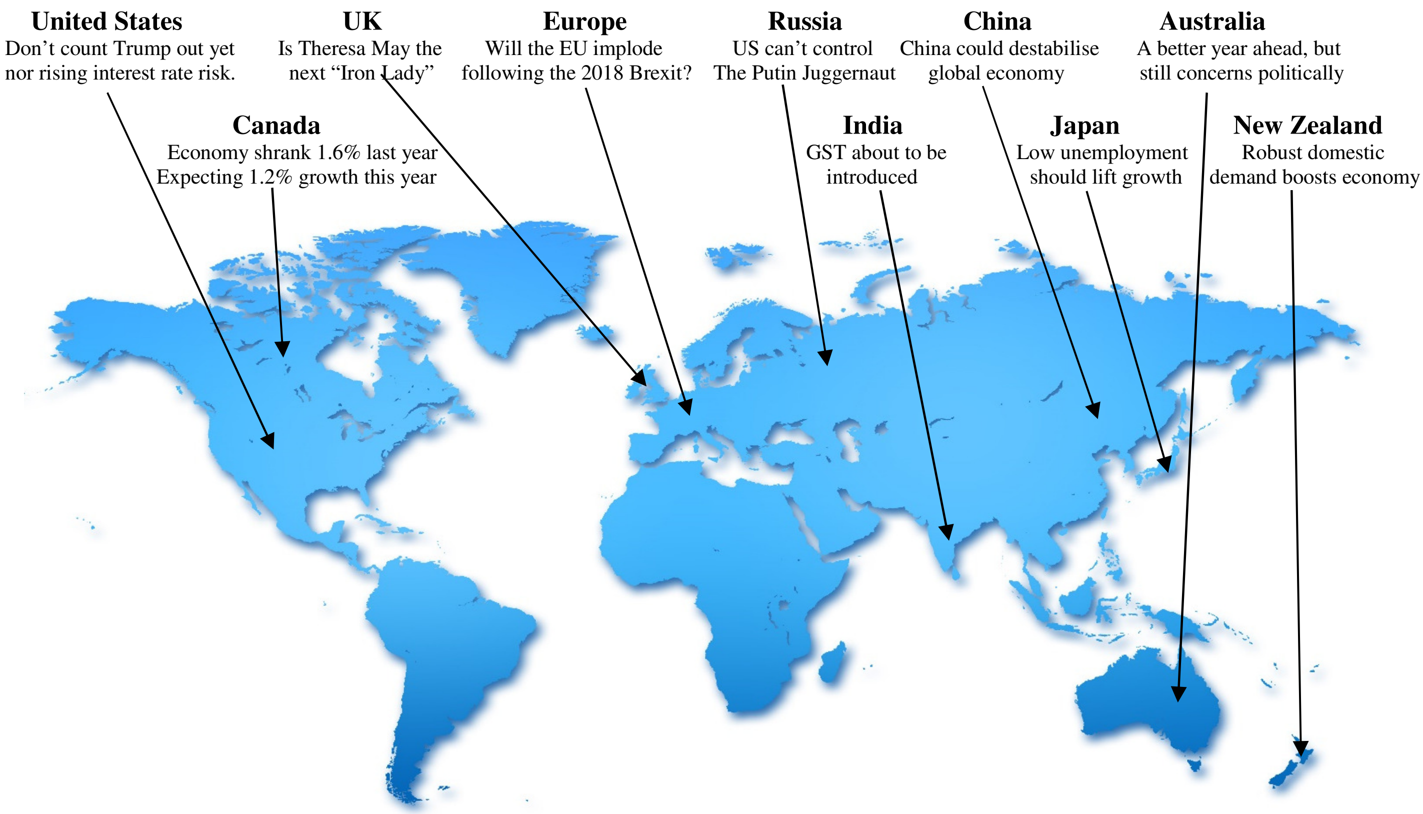
2. What one person receives without working for, another person must work for without receiving.

3. The government cannot give to anybody anything that the government does not first take from somebody else.

4. You cannot multiply wealth by dividing it!

5. When half of the people get the idea that they do not have to work because the other half is going to take care of them, and when the other half gets the idea that it does no good to work because somebody else is going to get what they work for, that is the beginning of the end of any nation.

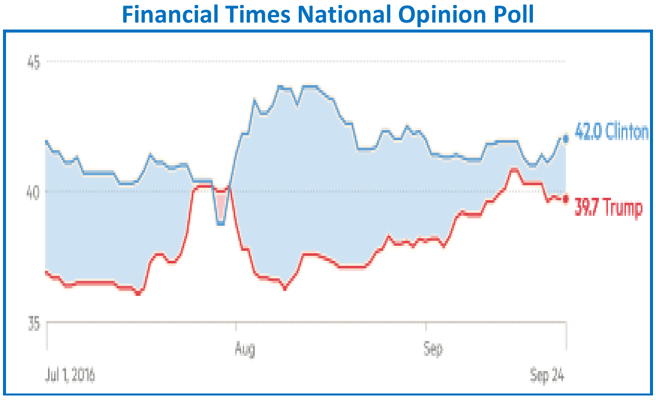
THE WORLD AT A GLANCE



US Presidential Race

Six weeks out from the US Elections Trump (39.7%) is within the margin of error of overtaking Hilary Clinton (42.0%).

Financial Times National Opinion Poll



Closest State Races	Poll margin	Electoral college votes
Florida	Trump +0.1	29
North Carolina	Trump +1.2	15
Arizona	Trump +2.2	11
Nevada	Trump +2.3	6
Ohio	Trump +2.5	18
Colorado	Clinton +2.5	9
Georgia	Trump +4.5	16
Virginia	Clinton +4.6	13
Wisconsin	Clinton +5	10
Michigan	Clinton +5.2	16

Bloomberg's most influential people in the World of Finance

Bloomberg has recently rated the world's most influential and placed the new UK Prime Minister, **Theresa May** as No 1.

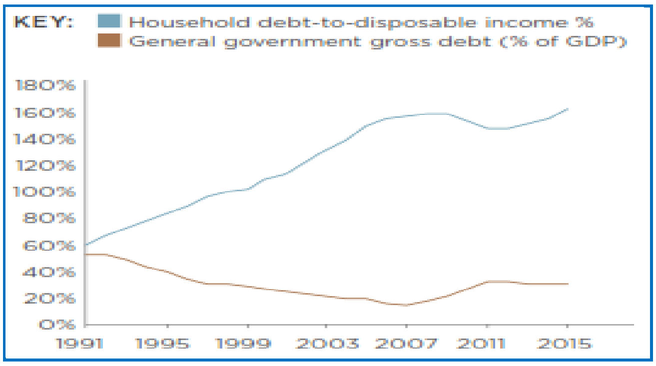
Amid the financial, political, and economic turmoil that followed the June 23 referendum, May won power and quickly declared that "Brexit means Brexit," even though she had been in the "remain" camp. She has everything to gain if she can negotiate thorny matters, such as whether banks, insurers, and investment firms will be able to continue doing business in the EU from their London bases. At stake is the City's status as Europe's premier financial center.

Donald Trump came in as No 2, saying "If he wins, the financial world will be watching to see how sincere he is in his opposition to free trade, which the Republican Party has embraced for decades, and in his commitment to tackle the national debt (without cutting Social Security). Another key question is whether he'll follow through on his pledge to dismantle the Dodd-Frank bank regulations."

New Zealand's Debt to GDP

In my august newsletter I looked at Debt to GDP, and concluded that New Zealand's Government Debt is in good shape.

New Zealand now has Government Debt to GDP of under 30% of the country's Gross Domestic Product, but household debt is incredibly high (driven by escalating house prices).



Source: IMF World economic outlook, RBNZ

Having just visited **China** I observed the opposite to New Zealand (recognising that the NZ Government made a huge financial commitment to Christchurch rebuild). The Chinese people are very high personal savers, whereas the Chinese Government has driven its high GDP Growth by using debt to drive infrastructure expenditure. As a result their Government Debt to GDP is around 44%, but growth remains over 6.3%.

CHINESE GDP GROWTH RATE

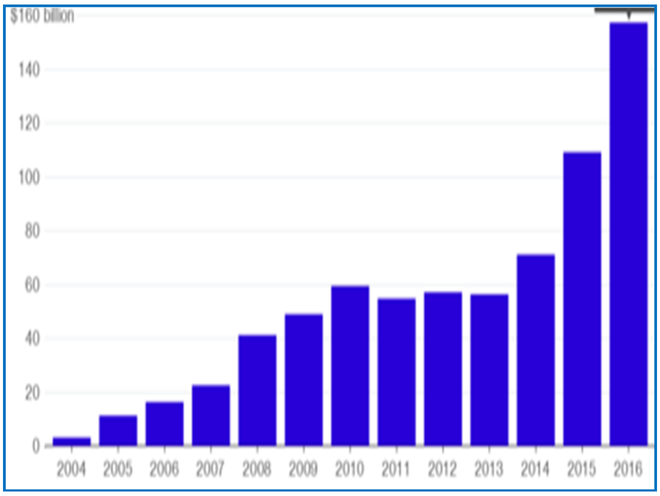
The Chinese Government recognise that their peasants are increasing moving to their cities, so to prepare for this the Chinese Government determines the next growth area and builds a six lane ring road (these are tolled) at a measured distance outside its current city limits, and then builds hundreds of 30 storey apartment blocks to house future growth.

Every city seems to have used this methodology to future-proof growth, and they also are making a massive investment in public transport (mainly rail – both light rail and 300kph intercity bullet trains).

China can afford to do this because of the high personal savings ethic. New Zealand doesn't currently have this luxury – unfortunately. They also don't have an RMA to navigate around!

The biggest problem for the Chinese economy is that it has 40-50% more capital circulating within its economy when compared to the US economy. Therefore it is likely that there will be a continued movement of capital exiting the Chinese domestic economy over the foreseeable future.

CHINESE COMPANIES BUY FOREIGN ASSETS AT RECORD PACE



Source: Bloomberg

Chinese Economy

Momentum in the Chinese economy picked up in recent months, with annual growth stabilising at 6.7% in Q2. The improvement in nominal terms was even more notable as growth in the secondary sector (manufacturing and construction) rebounded strongly, after slowing to a crawl in previous quarters. This resurgence in growth has been fuelled by easier credit conditions and a surge in government spending. Notably, public investment has surged 23.5% this year, while growth in private investment slowed to 2.8%.

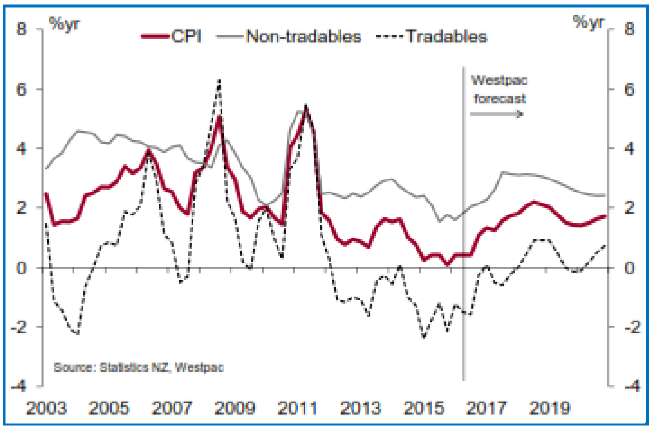
However, the recent impetus towards stronger growth doesn't look sustainable, and the economy looks set to slow over the second half of the year. A raft of concerns about the Chinese economy remain, with the unsustainable rise in debt at the fore. Moreover, the returns from credit growth are diminishing as credit is channelled through public investment into sectors already struggling with excess capacity.

New Zealand's Economic Outlook

Inflation & Interest Rates

Inflation has remained subdued, and the stronger New Zealand dollar will continue to undermine it in the near term. Domestic growth and the end of some temporary depressing factors will help to lift the annual inflation rate in the next couple of years. So the risk facing the Reserve Bank appears to be more one of an uncomfortably slow return to the inflation target, rather than a persistent undershoot. Expect further OCR cuts in November.

INFLATION FORECASTS

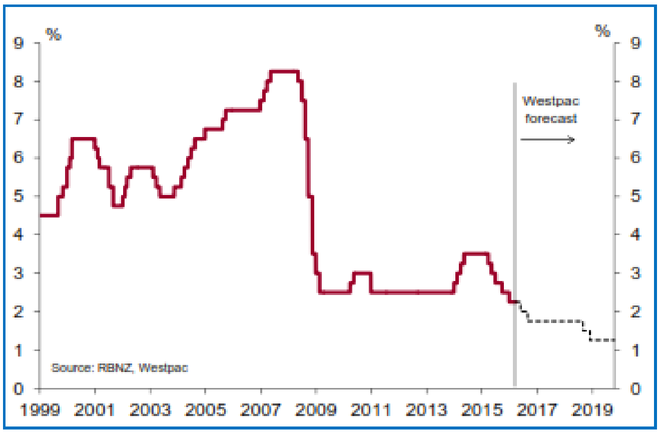


Looking Forward

Westpac believes that regardless of how far the RBNZ cuts in the near term, interest rates are likely to remain low for an extended period. In fact, they expect the next phase for the OCR to be another move lower from late 2018. By that time, the Canterbury earthquake rebuild will be firmly in its wind-down phase, economic growth will fall below trend, and inflation pressures will start to wane even before they've had a significant chance to build.

Westpac's view stands in marked contrast with financial market pricing, which implies a gradual rise in interest rates from late 2017 onwards. They recognise that forecasting over these kinds of horizons is fraught with difficulty; at some point, assumptions about a reversion to average levels tend to kick in. But the Canterbury rebuild is an unusually predictable phenomenon. It's a finite job, so at some point it must wind down, and the impact on the wider economy won't be negligible.

NZ'S OFFICIAL CASH RATE FORECAST



Australian Economic Outlook

The Australian economy has remained resilient in a challenging environment. Real GDP has been growing at a pace just above trend, despite further declines in the terms of trade. Low interest rates are supporting domestic demand, and the lower Australian dollar is boosting services exports. However, mining investment continues to decline, and non-mining investment is weak.

GDP growth is expected to remain above trend over the next couple of years, as the terms of trade stabilise and the drag from mining investment wanes. Expect relative labour market conditions to move in Australia's favour by 2018, contributing to a downturn in New Zealand's net migration flows.

Despite solid growth, the RBA is grappling with low inflation, and has cut interest rates 50 basis points this year to a record low of 1.50%. Inflation has been pulled down by global disinflationary forces, subdued price pressures in the housing market, and low wage inflation.

AUSTRALIAN GDP GROWTH RATE

Australia's economy is dominated by its services sector, yet its economic success is based on abundance of agricultural and mineral resources. The composition of the GDP by sector: services (65% of total), mining (13.5%), manufacturing (11%), construction (9.5%) and agriculture (2%) of GDP. Real gross domestic income increased by 0.6%, while the volume measure of GDP increased by 0.7, the difference reflecting a decrease of 0.4% in the terms of trade in trend terms.

Real net national disposable income increased by 1.1% quarter-on-quarter. Through the year the income rose 2.1% compared with a 3.1% growth for GDP.

United States Economic Outlook

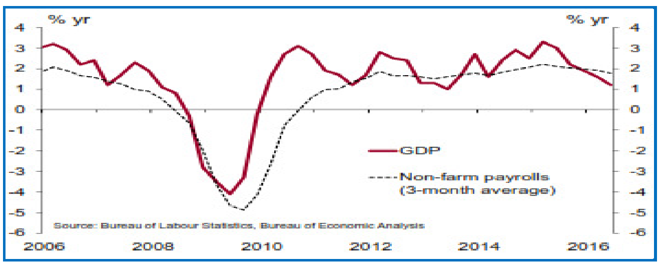
The United States remains an outlier among advanced economies, with the debate about when the next rate rise will be. However, surprisingly weak growth in the first half of this year and heightened global risks reinforce our view that the pace of tightening will remain gradual.

Concerns about global headwinds are not new. Weak global demand and strengthening of the US dollar have contributed to net exports being a drag on growth since 2014. This weakness has flowed into other parts of the economy, with business investment declining over recent quarters. A significant run-down in inventories over the past year also weighed on GDP growth. However, the prospects for future growth are more encouraging, with recent improvements in manufacturing surveys suggesting that the drags from global headwinds and inventory destocking are fading.

Meanwhile, the household sector has continued to provide a strong offsetting force. This is inextricably linked with ongoing improvement in the labour market, as solid employment growth boosts earnings and consumer confidence. And while employment growth has slowed in 2016, it has still been fast enough to see the unemployment rate move below 5%.

With the labour market near full employment, the outlook for inflation is vital. The Fed's preferred measure of core inflation has stalled around 1.6% this year, but wage inflation has been rising. Expectations for further labour market improvement should provide the Fed some comfort that inflation will rise. Pick a rate hike in December, but this could be delayed if recent GDP weakness translates into softer employment growth, or if global risks intensify. A softer trajectory for US interest rates would take pressure off the US dollar, propping the NZD/USD up for longer.

US GDP & Labour Market Growth



The **US economy** expanded an annualized 1.1% on quarter in the three months to June of 2016, down from a 1.2% growth in the advance estimate. Net trade contribution was lower than anticipated and the fall in inventories was steeper than expected while consumer spending rose at a faster pace, according to the second estimate released by the Bureau of Economic Analysis. Don't expect any significant uplift until the US Elections are resolved at earliest.

United States GDP Growth Rate

United Kingdom Economic Outlook

The International Monetary Fund now says that UK will be 2016's fastest growing major economy. Pulling back on its warnings that a vote for Brexit would plunge the country into recession, the IMF says action taken by the Bank of England, including cutting interest rates, helped "maintain confidence" in the economy.

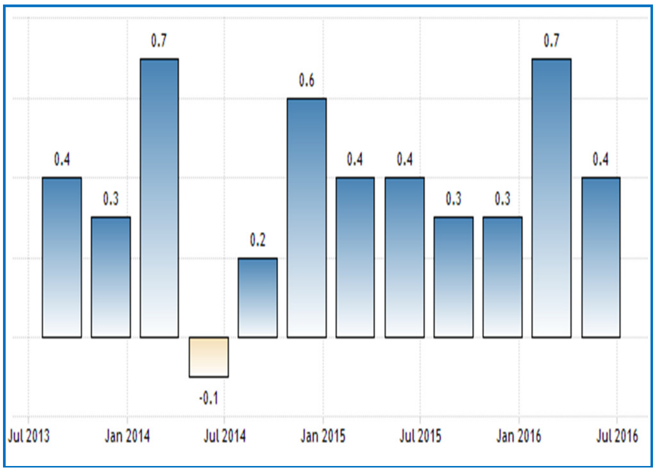
The **British economy** expanded 0.6% on quarter in the three months to June of 2016, higher than a 0.4% growth in the previous quarter. The biggest contributor to growth was household consumption, up 0.9% and better than a 0.7% increase in the previous period. Yet, consumer spending recorded the highest increase in seven quarters. Consumption of non-profit institutions increased 0.6%, slowing from a 1.7% rise in the previous period while public spending shrank 0.2%, the first decline in six quarters. Year-on-year, the GDP advanced 2.2%, in line with earlier estimates.

United Kingdom GDP Growth Rate

German Economic Outlook

The **German economy** advanced a seasonally-adjusted 0.4% in the June quarter of 2016, slowing from a 0.7% expansion in the preceding quarter. Net trade was the biggest contributor to growth while private consumption slowed and investment shrank. Year-on-year, the GDP expanded 3.1%, accelerating from a 1.5% growth in the previous three months. It was the strongest expansion since the second quarter 2011.

GERMAN GDP GROWTH RATE



French Economic Outlook

The **French economy** shrank 0.1% quarter-on-quarter in the June quarter of 2016, compared to stagnation in a preliminary reading and a 0.7% growth in the first quarter. It was the first contraction since the first quarter of 2013 as a rebound in exports was not enough to offset a decline in household consumption and investment. Year-on-year, the economy expanded 1.3%, compared to a 1.4% expansion in the March quarter.

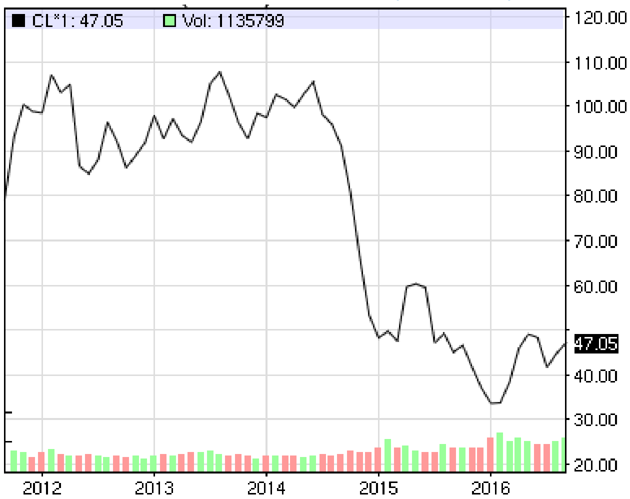
France is the seventh largest economy in the world and the second largest in the Euro Area. Composition of the GDP on the expenditure side: household consumption (55%); government expenditure (24%) and gross fixed capital formation (22%). Exports of goods and services account for 29% of GDP while imports account for 31%, subtracting 2% from total GDP.

FRENCH GDP GROWTH RATE

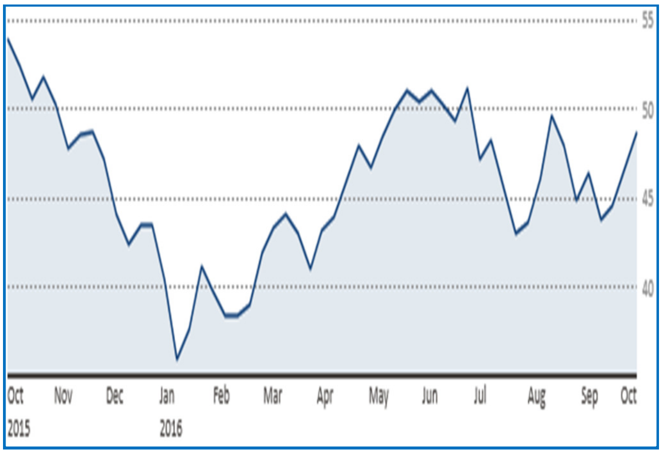
Commodities

The 4th October OPEC meeting agreement, that has seen both Saudi and Iran agree to cut supply, is seen as remarkable by market commentators. The is the first time in years that such an agreement has been reached by OPEC suppliers, and the market will have to wait to see if these cuts eventuate. However oil stocks have rallied on the news. It has to be remembered that the average break-even price for OPEC suppliers is around US$55, with the marginal cost of production at US$40.

OIL: WEST TEXAS CRUDE (5 YEAR CHART)

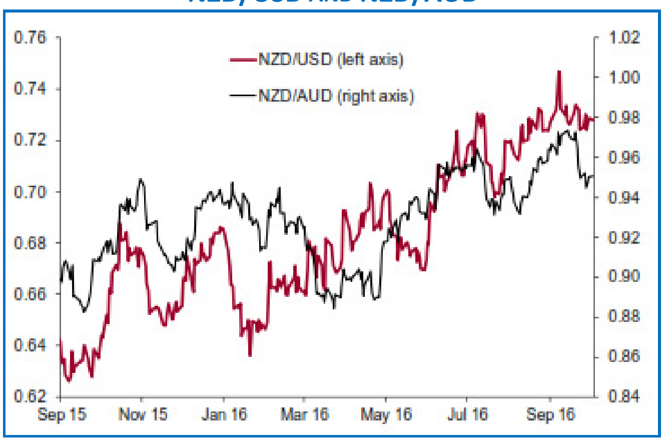


OIL: WEST TEXAS CRUDE (1 YEAR CHART)



Currency

NZD/USD AND NZD/AUD



SOURCE: Westpac

Agribusiness – Looking from the outside in

Chinese buys into Silver Fern Farms

Having cleared the final regulatory hurdle Silver Fern Farms is turning its attention to putting in place the mechanics of its $261 million joint venture with Chinese processor and retailer Shanghai Maling.

SFF chairman Rob Hewett said that included selecting four directors from the SFF board to join him on the board of the new entity, SFF Ltd, which would be 50% owned by Shanghai Maling and 50% by SFF Co-op. SFF Ltd would govern the company's operating assets and be co-chaired by Hewett and Shanghai Maling president Wei Ping Shen. The 10-person board would consist of five directors from each company. The current SFF board would remain and represent the interests of shareholders on SFF Co-op and, through its appointees, their interests on SFF Ltd.

Primary Industries Minister Nathan Guy welcomed the ministerial approval of the deal. "It's the right move because it puts the company in a better financial position, allowing them to grow exports while producing major benefits for NZ," he said. "Overall, this is a big vote of confidence in NZ's red meat sector."
The proposed investment was now unconditional and was set to be completed by January 4, the first business day of the new financial year for the partnership.

Lamb & Mutton

	Weight	10-Sep-16	Year ago
Lamb	17.5	6.00	5.85
Mutton	25	2.80	3.30

Over the medium term, expect global lamb supplies to remain relatively tight. There has been a modest improvement in the demand outlook for lamb. The recent improvement in oil prices should help bolster incomes in the Middle East, and although the outlook for the Chinese economy remains soft, there are anecdotal reports of lower inventories supporting demand. However, the sharp fall in the value of the pound following the "Brexit" vote will make NZ lamb more expensive for British consumers, putting pressure on prices.

Beef

BEEF - $/kg CWT (net) - North Island			
Grade	Weight	10-Sep-16	Year ago
P2-Steer	300	5.65	6.10
M2-Bull	300	5.40	5.70
P2-Cow	200	4.40	4.55

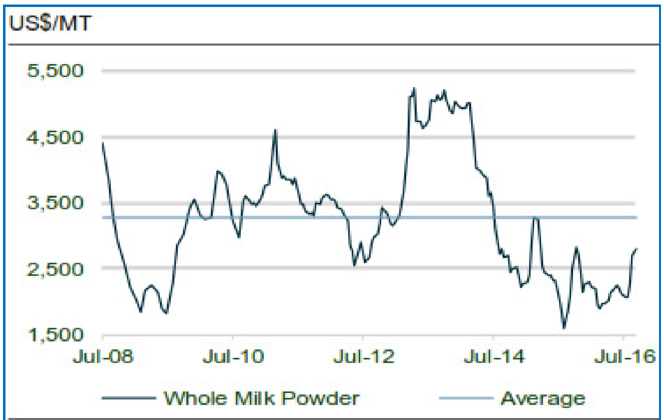
Dairy

China's importance to NZ as a destination for dairy products was made clearer than ever in Fonterra's annual result presentation. Chinese imports of Fonterra products in the past 12 months were up 27% on the previous year, and up 21% over the past three months. China is quietly back on track.

Chief executive Theo Spierings reaffirmed China to be Fonterra's number one market, with the volume of liquid milk equivalent (LME) going into consumer and Foodservice products for China more than doubling in the past three years. Capturing maximum downstream value from Fonterra's China milk pool will provide the next big challenge, with the growing demand for fresh and UHT milk products.

Global Dairy Trade	10-Sep-16	15-Dec-15	6-Dec-14	6-Dec-13	1-year Change	2-year Change	3-year Change
Butter	3,800	3,136	3,200	4,100	21%	19%	-7%
Skim Milk Powder	2,250	1,891	2,440	4,835	19%	-8%	-53%
Whole Milk Powder	2,870	2,304	2,400	5,100	25%	20%	-44%
Andydrous Milkfat	4,740	3,450	3,800	5,450	37%	25%	-13%

RECENT RECOVERY IN WMP PRICES,
BUT CONTINUES TO REMAIN BELOW AVERAGE LEVELS



Source: Fonterra, First NZ Capital

Fonterra delivers on its strategy $834m NPAT

Fonterra's record profit proved it had the right strategy and it was working in good times and bad, chief executive Theo Spierings says. Coming up to five years in the job, he claimed to have delivered the financial results, structural needs and social responsibilities implicit in his co-operative strategy and business transformation. Fonterra's 21,000 employees had responded creditably to the pressures and challenges put on them.

“Farmers have been under a lot of stress in an unstable world and they have responded with different systems and greater efficiencies. Fonterra’s own business transformation has brought back good results,” he said when highlighting the $834 million net profit after tax (NPAT) from the 2016 financial year. The whole organisation has delivered in a very difficult market of low international dairy prices and geopolitical disruption.”

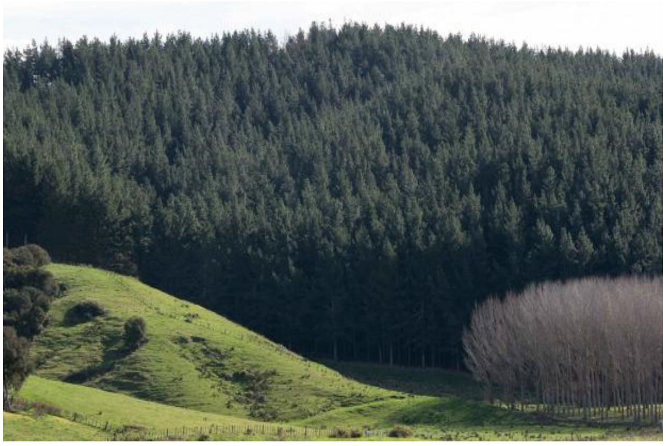
Fonterra had achieved a 12.4% return on capital in 2015-16 versus 9.9% and 7.5% respectively, based on the end-2015 accounts of Friesland Campina in the Netherlands (Spierings former employer), and Arla Foods of Denmark (both European co-operatives). Among other longer-term ambitions he labelled “achieved” were the gross margin of 21% and the gearing ratio of 44.3%. This result included debt reduction of $1.6 billion, working capital down 10 days to 77 days and closing inventory, at balance date, down 21%. Total cash freed up was $2.2b, which was used for debt reduction and to support dairy farmers through earlier milk payments and dividends, and the loan scheme.

Spierings also hailed the volume increases in food service, up 15%, and consumer goods, up 5% or twice the rate of growth in dairy products internationally, and in dairy ingredients, up 19%. Fully three quarters of Fonterra’s total 23.7b litres milk equivalent (LME) of total external sales volume were in added-value categories. Those two no-added-value categories now accounted for only 22% of total volume. One billion litres more milk had moved from ingredients to consumer and food service in the past two years.

The dividend of 40 cents/share and investment unit was up 60% on the previous year.

NZ Carbon Price at a 5 year high

The New Zealand carbon price has hit a five-year high ($18.80) as demand grows ahead of subsidies being scaled back over the next three years.



New Zealand Equities

Angel Investing

Bay of Plenty investors are being encouraged to invest in early stage development companies. In a BOP Times article recently I was pleased to see Enterprise Angels executive director Bill Murphy say that “**Angel investing is high-risk**”. This is not an area of investment for most investors, with the chance of success around one in seven. There are investors like Direct Capital that specialise in this, but they are “sophisticated” investors who are looking for big returns (around 40+% pa) because of the high risk.

Bay of Plenty-based Enterprise Angels has launched a new online equity crowd-funding platform, AngelEquity, which offers the opportunity to invest in a broad selection of early-stage investments presented by angel groups from around the country. I have concerns about this type of investment. Yes, New Zealand Inc does need funding availability for start-ups, but I suggest much caution. Investors need to treat these investments as highly speculative, and to be prepared to lose their total investment. These are only recommended to the truly sophisticated investor, who can correctly evaluate risk.

NZX (NZX.NZ)

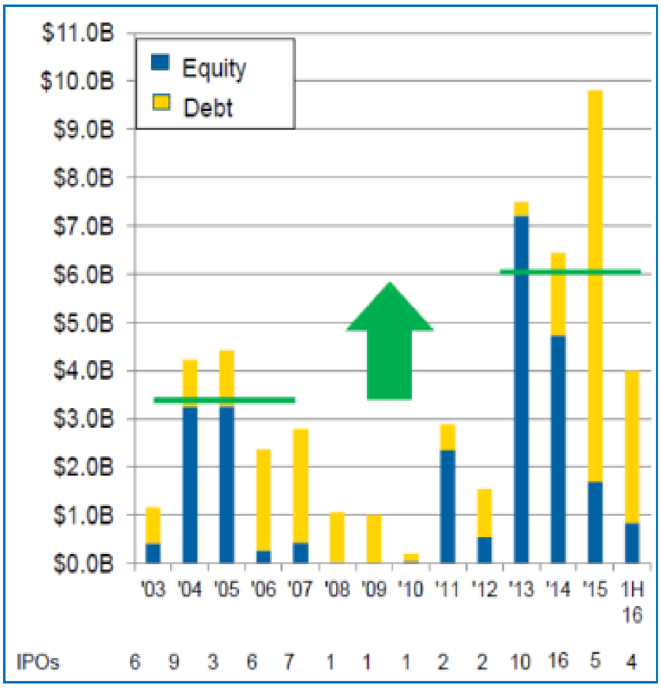
OUTPERFORM $1.05 **TARGET:** $1.12

Expect NZX to show EPS growth over the next few years from a combination of lower costs and incremental earnings growth. NZX is confident in the revenue outlook for its core markets business and that operating leverage will deliver growth in earnings. In addition, it notes the potential for its Funds Management operations including NZX Wealth to grow both revenue and earnings given operating leverage.

NZX has a strong business franchise and balance sheet. It has the potential for a small special dividend when it reviews its capital structure in late 2016.

NZX Year to 30 June		2015A	2016F	2017F	2018F
Adjusted Earnings	NZ$m	34.7	39.3	40.2	41.9
Earnings /share (Adjust)	NZc	4.6	5.2	5.3	5.6
EPS Growth	%	3.8	13.3	2.3	4.1
Price / Earnings Ratio	x	10.2	9.0	8.8	8.5
Cash Per Share	NZc	5.7	6.4	6.6	6.8
Net Div / Share	NZc	4.0	4.0	4.0	4.0
Gross Div Yield	%	11.8	11.8	11.8	11.8

NZX - STEP CHANGE IN NEW CAPITAL LISTINGS



STEEL & TUBE (STU.NZ)

OUTPERFORM $2.24 **TARGET:** $2.70

After a sustained period of underperformance, we believe STU's current share price presents an attractive opportunity. STU's 2016 profit appeared to reflect a cyclical low in terms of margin compression. The 2017 profit should benefit from improved steel product pricing and distribution margins following a recent round of price increases. The price increases also benefit any inventory on-hand which was purchased at a lower cost, which may boost earnings by 30% relative to 2016. The NZ economy appears "remarkably resilient", particularly in the key sectors of construction and manufacturing. The rise in the value of non-residential building work consented suggests demand for steel should further recover, increasing sales in 2017.

STU's recent issues with produce quality have been well documented and product testing procedures now include a third party verification process which will increase STU's operating cost going forward. Fall out from this issue and any future weakness in world steel demand pose the most immediate risk to STU's outlook.

STU Year to 30 June		2015A	2016F	2017F	2018F
Net Profit After Tax	NZ$m	22	20	25	27
Earnings /share (Adjust)	NZc	25.0	21.6	27.4	29.6
EPS Growth	%	33.7	-13.6	26.8	8.0
Price / Earnings Ratio	x	8.9	10.3	8.1	7.5
Net Div / Share	NZc	19.0	22.5	22.5	23.5
Gross Div Yield	%	11.8	14.0	14.0	14.6

PORT OF TAURANGA (POT.NZ)

FNZC - UNDERPERFORM $19.68 **TARGET:** $17.33

I don't agree with the FNZC assessment.
I believe that POT has positioned itself to continue to dominate the port sector within New Zealand, and the arrival of the first 9,600 TEU ship (more than twice as big as any previous ship entering these waters – 347m long).

POT Year to 30 June		2016A	2017F	2018F	2019F
Adjusted Earnings	NZ$m	77.3	83.5	92.0	104.0
Earnings /share (Adjust)	NZc	56.8	61.4	67.6	76.1
EPS Growth	%	-2.1	8.0	10.1	12.6
Price / Earnings Ratio	x	34.7	32.1	29.2	25.4
Cash Per Share	NZc	73.9	79.2	87.1	96.8
Net Div / Share	NZc	78.0	56.3	62.5	66.4
Gross Div Yield	%	5.6	4.0	4.5	4.8

POT has a very bright future. Furthermore the splitting of the shares (5:1) is an astute move, as it will allow smaller shareholders to enter the registry. This company has been a stellar performer for many years, and knows how to add shareholder wealth by sticking to its knitting, and doing things well.

On 4th October 2016 the first Maersk Line ship of up to 9,600 TEUs (twenty foot equivalent units) arrived at Port of Tauranga. This follows the completion of the Company's dredging project to widen and deepen the harbour channel to a depth of 14.5 metres. This is the start of a weekly service for these super container ships.

The arrival of these new ships, part of Maersk Line's Triple Star service, offers exporters significant potential cost savings. They will also give them direct links to important North Asian markets. Port of Tauranga is the first New Zealand port able to berth ships this size, and unlikely to be replicated elsewhere, any time soon.

Also, in the 2016-2017 summer cruise season we will welcome the 347-metre long mega cruise liner, Ovation of the Seas, which will bring 4,900 passengers and 1,500 crew to the Bay of Plenty.

Low global prices for dairy products and log exports will continue to have an impact on bulk cargo volumes in the near term, but other export cargoes, such as kiwifruit, are expected to continue their strong growth trajectory.

Port of Tauranga will remain somewhat protected from the fluctuations of international demand through its diverse cargoes, income sources and locations, as well as our long-term freight agreements with key exporters.

Airwork Holdings (AWK.NZ)

OUTPERFORM $4.44 **TARGET:** $5.15

PARTIAL TAKEOVER OFFER FOR 75% OF SHARES

Chinese diversified industrial Zhejiang Rifa Holding Co. Ltd (RIFA) has announced a proposed partial takeover for 75% of AWK at a price of $5.40 per share. RIFA has entered into a pre-bid deed such that AWK majority shareholder Hugh Jones and related parties will accept the offer in respect of all of their 53.79% ownership of AWK shares and Condor Holdings Ltd will accept the offer in respect of some of its 5.16% ownership of ordinary shares. The deed will guarantee the condition that RIFA becomes the controlling shareholder of more than 50.1% of AWK. Other material conditions of acceptance include obtaining all necessary consents and approvals from a number of regulatory bodies.

RIFA has stated that it intends to maintain AWK's listing on the NZX main board. In addition RIFA has stated it plans to support the direction of AWK's existing business strategy; to retain the office of the CEO and the corporate headquarters in New Zealand; to retain key personnel; to retain the existing material businesses of AWK.

This was a stock that we recommended when first listed, and the prospects for AWK still look attractive.

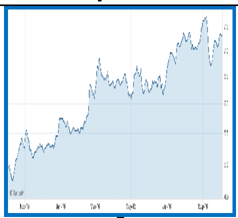
AWK Year to 30 June		2016A	2017F	2018F	2019F
Adjusted Earnings	NZ$m	24.6	26.0	28.3	29.0
Earnings /share (Adjust)	NZc	49.0	51.8	56.3	57.7
EPS Growth	%	58.2	5.7	8.8	2.5
Price / Earnings Ratio	x	10.3	9.8	9.0	8.7
Cash Per Share	NZc	111	122	127	129
Net Div / Share	NZc	17.0	22.0	31.4	38.9
Gross Div Yield	%	4.7	6.1	8.6	13.7

STOCKS TO WATCH

NEW ZEALAND — **Prices as at 3rd October 2016**

NOTE: (1) THESE ARE ALL ONE YEAR GRAPHS (2) MANY STOCKS NOW EXCEED ANALYST TARGETS, EQUATING TO NEGATIVE PROJECTIONS

Many of these stocks look expensive, so only buy where there are genuine growth prospects, or sustainable dividends



↓

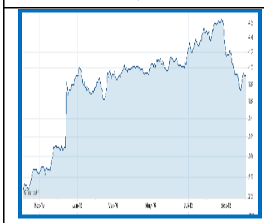
Auckland International Airport

AIA provides a relatively low risk exposure to the airline industry's investment in fleet capacity and inbound Asian passenger growth. AIA offers a solid operating earnings growth profile and potential upside earnings and valuation risk as the company invests to expand its duty free retail footprint. However, in a market favourably disposed to long duration infrastructure assets with low perceived risk, AIA is presently trading comfortably ahead of FNZC's discounted cash flow based 12-month price target.

20017 P/E: 31.4 2018 P/E: 28.0

NZX Code:	**AIA**
Share Price:	**$7.32**
12mth Target:	**$5.25**
Projected return (%)	
Capital gain	-28.3%
Dividend yield (Net)	2.8%
Total return	**-25.5%**
Rating:	**UNDERPERFORM**

52-week price range:4.75-7.46



→

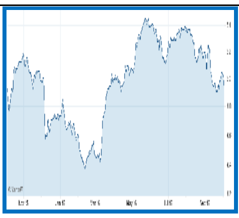
Chorus

CNU's FY16 operating result was in line with expectations and an improvement on FY15 following the Dec-15 copper pricing uplift. FY17 will benefit from annualisation of copper pricing but the outlook was somewhat subdued on pressures related to accelerating fibre uptake. CNU provided FY17 guidance for higher capex and EBITDA of $625-$645m in line with what was expected. FY17 dividend increases to 21cps, as CNU balances a higher trajectory against a number of headwinds to deal with.

20017 P/E: 15.5 2018 P/E: 17.4

NZX Code:	**CNU**
Share Price:	**$3.91**
12mth Target:	**$4.37**
Projected return (%)	
Capital gain	11.8%
Dividend yield (Net)	4.6%
Total return	**16.4%**
Rating:	**NEUTRAL**

52-week price range: 2.45-4.64



↑

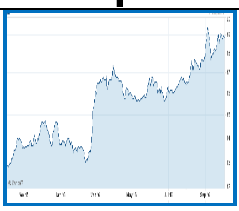
Contact Energy

CEN continues to produce cash flow well above the current dividend level, with the difference currently being channelled into debt reduction—an effort that should be nearing completion within the FY17 timeframe. CEN trades at a discount to our estimates of underlying discounted cash flow (DCF) value, in stark contrast to its peers, which trade at a material premium to FNZC DCF's using the same assumption set.

20017 P/E: 20.2 2018 P/E: 19.6

NZX Code:	**CEN**
Share Price:	**$4.94**
12mth Target:	**$6.35**
Projected return (%)	
Capital gain	28.5%
Dividend yield (Net)	5.3%
Total return	**33.8%**
Rating:	**OUTPERFORM**

52-week price range: 4.35-5.49



→

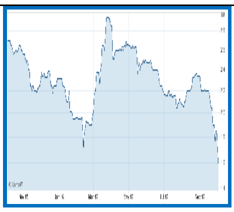
Ebos Group

EBO has been a stellar performer over several years, and produced another strong result in FY16 with solid growth in both key segments, Healthcare (Pharmaceutical Distribution) and Animal Care. In addition, earnings were boosted by small but well executed acquisitions during the year and generating $129 million of new sales from new Hepatitis C drugs.

2017 P/E: 24.2 2018 P/E: 21.8

NZX Code:	**EBO**
Share Price:	**$18.90**
12mth Target:	**$14.88**
Projected return (%)	
Capital gain	-21.3%
Dividend yield (Net)	3.1%
Total return	**-18.2%**
Rating:	**NEUTRAL**

52-week price range: 10.00-17.95



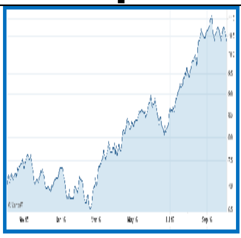
↑

EROAD

While ERD has yet to announce the commercial launch of its electronic log book (ELD) in North America to meet the FMCSA's mandate, we believe it is getting nearer. The ATA conference in early October could provide some update on possible timing, and we suspect a commercial launch is likely before the end of the first quarter of 2017. This could be the key catalyst for ERD.

2017 P/E: N/A 2018 P/E: 22.6

NZX Code:	**ERD**
Share Price:	**$1.58**
12mth Target:	**$2.83**
Projected return (%)	
Capital gain	79.1%
Dividend yield (Net)	0%
Total return	**79.1%**
Rating: OUTPERFORM	
52-week price range: 1.70-2.95	



→

Fletcher Building

FBU provides an exposure to: 1) the present and ongoing recovery in the NZ building market, 2) the Australian detached home building sector, 3) a projected modest recovery in the US non-residential sector, and 4) the potential upside in terms of cost savings from Project Accelerate programme. Expect NZ building and construction to remain supported by government investment in NZ road infrastructure and residential activity in the Auckland, Waikato and Bay of Plenty regions which should more than offset the effects of a slowdown in Canterbury's post-quake rebuild.

2017 P/E: 16.1 2018 P/E: 14.8

NZX Code:	**FBU**
Share Price:	**$10.39**
12mth Target:	**$10.10**
Projected return (%)	
Capital gain	-2.8%
Dividend yield (Net)	4.1%
Total return	**1.3%**
Rating: NEUTRAL	
52-week price range: 6.56-10.03	

→

Fonterra Shareholder Fund

Forecasts are challenging with FSF. There are probably two key assumptions that underpin FNZC's forecasts for FY18 that they will be watching closely. Firstly, they assume that FSF is able to sustain the earnings in its Ingredients business over the medium-term despite conditions being very favourable currently. FSF acknowledges that the business remains subject to volatility and, notwithstanding FNZC's reservations and a cautious approach to the investment case, they think that FSF is approaching a point in which there may be opportunity to invest on an improved outlook for earnings following a difficult period.

2017 P/E: 10.2 2018 P/E: 9.2

NZX Code:	**FSF**
Share Price:	**$5.95**
12mth Target:	**$6.22**
Projected return (%)	
Capital gain	4.5%
Dividend yield (Net)	6.8%
Total return	**11.3%**
Rating: NEUTRAL	
52-week price range: 4.75-6.12	

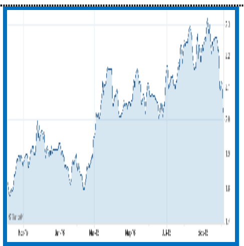
→

Freightways

Looking beyond the short term, FNZC is confident that FRE's capital investment in automated sorting in Christchurch followed in time by Auckland will temporarily boost the earnings growth profile of the Express Package division and generate sustainable value accretion for shareholders. In addition, they expect that increasing operating intensity in Australia will translate into margin expansion for the Information Management division in the medium term. They flag that this growth option would likely be accelerated if FRE was to acquire Iron Mountain's operations in Australia.

2017 P/E: 18.4 2018 P/E: 16.7

NZX Code:	**FRE**
Share Price:	**$6.54**
12mth Target:	**$6.15**
Projected return (%)	
Capital gain	-6.0%
Dividend yield (Net)	4.3%
Total return	**-1.7%**
Rating: NEUTRAL	
52-week price range: 5.20-6.93	



↓

Genesis Energy

Although its strong yield is often cited as a reason for supporting a higher trading price outlook, we also note that GNE is exposed to material risks in the form of Tiwai exit or the introduction of higher carbon costs. Kupe's phase II development plan is expected towards the end of the year, which should provide some definition around the capital expenditure requirements and expansion opportunities. GNE is trading well above underlying value, presumably on yield. While its valuation is very sensitive to future fuel, carbon cost and thermal output assumptions, we think the assumptions needed to match current trading look implausible.

2017 P/E: 21.3 2018 P/E: 21.7

NZX Code:	**GNE**
Share Price:	**$2.12**
12mth Target:	**$1.78**
Projected return (%)	
Capital gain	-16.0%
Dividend yield (Net)	8.4%
Total return	**-7.6%**
Rating: UNDERPERFORM	
52-week price range: 1.71-2.30	

→

Heartland Bank

FNZC has set their target price on a comparative with the Australian listed banks. Their previous target price was based on a combination price-to-earnings ratio (P/E) of 11x based on the sector re-rating that had occurred in the Australian bank sector (this had been reduced from 12x); 1.2x prospective book; and a cash dividend yield of 7.0%. The Australian bank sector continues to face some challenges in the form of a more challenging revenue growth environment; house lending growth is decelerating, the risk of cost pressures (funding and IT), the potential for additional capital strengthening and investor uncertainty on dividend sustainability.

2017 P/E: 12.4 2018 P/E: 11.7

NZX Code:	**HBL**
Share Price:	**$1.50**
12mth Target:	**$1.46**
Projected return (%)	
Capital gain	-2.7%
Dividend yield (Net)	6.0%
Total return	**-3.3%**
Rating: NEUTRAL	
52-week price range: 1.06-1.49	

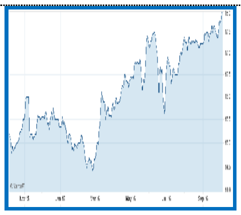
→

Infratil NZ

IFT probably regards its 66% stake in unlisted Wellington International Airport (WIAL) as a core investment, with a sanctioned major capital programme underway. IFT also holds a non-controlling 20% stake in retirement home operator Metlifecare. It seems likely that over coming years IFT may wish to invest further in the retirement and aged-care sector. In December 2014 IFT partnered with the NZ Super fund to jointly acquire RetireAustralia. IFT contributed A$214.8m equity consideration for its 50% stake. IFT also announced the acquisition of a 48% share of Canberra Data Centres for A$392m, establishing a third "Data Centre" growth "platform" for IFT alongside Renewables and Retirement.

2017 P/E: n/a 2018 P/E: 24.9

NZX Code:	**IFT**
Share Price:	**$3.24**
12mth Target:	**$3.36**
Projected return (%)	
Capital gain	3.7%
Dividend yield (Net)	4.6%
Total return	**8.3%**
Rating: NEUTRAL	
52-week price range: 2.93-3.43	



→

Mainfreight

Normalised EBITDA increased 7.8% to $174.8m in 2H16, which was modestly ahead of expectations. Weaker-than-expected revenue growth across all regions in 2H16 was more than offset by much improved cost control during the period. 2H16 EBITDA increased 7.5% on a constant currency basis. Normalised NPAT increased 5.6% in FY16 to $88.2m. Negative revisions to forecasts reflect a moderation in FNZC's assumed earnings growth paths in the key markets of Australia and The Americas.

2017 P/E: 17.1 2018 P/E: 15.1

NZX Code:	**MFT**
Share Price:	**$17.80**
12mth Target:	**$17.10**
Projected return (%)	
Capital gain	-3.9%
Dividend yield (Net)	2.4%
Total return	**-1.5%**
Rating: NEUTRAL	
52-week price range:14.04-17.65	

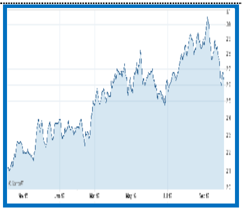
↓

Mercury (formerly: Mighty River Power)

MCY (previously MRP) has good fundamentals but new earnings growth opportunities should be limited for some time. It currently focuses on longer term value growth strategies, by promoting electrical vehicles in NZ, growth in Metrix deployment (its metering business) and recent purchase of a small rooftop solar PV company (What Power Crisis). MCY has ceased all offshore geothermal growth intentions.

2017 P/E: 27.8 2018 P/E: 26.4

NZX Code:	**MCY**
Share Price:	**$3.06**
12mth Target:	**$2.70**
Projected return (%)	
Capital gain	-11.8%
Dividend yield (Net)	5.2%
Total return	**-6.6%**
Rating: UNDERPERFORM	
52-week price range: 2.38-3.15	



→

Meridian Energy

FNZC's risk-weighted spot-DCF rises again, now to $2.64/share, and their target price rises to $2.69. MEL is still trading well-above these estimates. Like the market, they assume the new TPM proposal is likely to proceed (conferring circa 15cps to 20cps DCF benefit), and assume Tiwai will be unsuccessful if/when it seeks further price concessions from MEL. Neither outcome is certain, yet current trading may not reflect those risks.

2017 P/E: 31.8 2018 P/E: 30.6

NZX Code:	**MEL**
Share Price:	**$2.68**
12mth Target:	**$2.69**
Projected return (%)	
Capital gain	0.4%
Dividend yield (Net)	6.7%
Total return	**7.1%**
Rating: NEUTRAL	
52-week price range: 2.04-2.96	

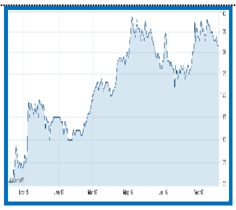
→

Metlifecare

MET has significantly lagged behind its peers in development, and will take several years to build up its capability and capacity. However, MET is approaching a turning point for development. We note recent improvement, albeit off a low base. From a valuation perspective, MET trades at a substantial discount to peers, and has significant upside potential if it can prove itself by executing successfully at its current greenfield developments. We also see the recent Red Beach and Albany site purchases as incremental positives for MET's landbank and build rate prospects.

2017 P/E: 18.3 2018 P/E: 16.6

NZX Code:	**MET**
Share Price:	**$6.26**
12mth Target:	**$5.90**
Projected return (%)	
Capital gain	-5.8%
Dividend yield (Net)	0.8%
Total return	**-5.0%**
Rating: NEUTRAL	
52-week price range: 4.10-6.00	



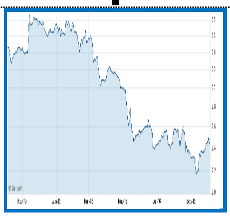
↑

Methven

MVN has set itself the goal that by June 2018 new product developments will generate an additional $10m of revenue and new markets and customers will deliver an additional $6m to $8m of revenue to reach its target of total revenue of $130m and it earns 10% NPAT on this. Our forecasts are for revenue of $118m and NPAT at 8% of revenue in FY18, so upside exists if MVN can execute.

2016 P/E: 12.3 2017 P/E10.9

NZX Code:	**MVN**
Share Price:	**$1.34**
12mth Target:	**$1.55**
Projected return (%)	
Capital gain	15.7%
Dividend yield (Net)	6.7%
Total return	**22.4%**
Rating: OUTPERFORM	
52-week price range: 0.97-1.39	



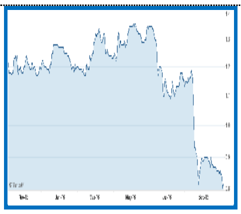
→

NZ Refining

Estimating a discounted cash flow (DCF) value for NZR is problematic, given its sensitivity to two volatile drivers, being long run gross refining margin (GRM) and currency. FNZC estimate a $2.63 per share valuation, using their preferred DCF approach and assuming US$6.95/bbl long run GRM and NZD/USD of 0.65. Forecasts show a slow recovery in earnings. The outlook could improve considerably later this year, but for now FNZC continue to rely on forward curves.

2017 P/E: 34.2 2018 P/E: 11.3

NZX Code:	**NZR**
Share Price:	**$2.46**
12mth Target:	**$2.63**
Projected return (%)	
Capital gain	6.9%
Dividend yield (Net)	2.0%
Total return	**8.9%**
Rating: NEUTRAL	
52-week price range: 2.35-3.89	



→

Opus International Consultants

FNZC have once again downgraded OIC's target price to $1.00, after OIC badly missed 1st half predictions. Demand for consulting service in road infrastructure – which accounts for 35%-40% of annual heavy construction expenditure - should grow in the next three years based on a 16% lift in annual spend budgeted by the NZ Government for the 2015 - 2018 period compared with the 2012 - 2015 period.

2017 P/E: 9.9 2018 P/E: 7.5

NZX Code:	**OIC**
Share Price:	**$0.85**
12mth Target:	**$1.00**
Projected return (%)	
Capital gain	17.6%
Dividend yield (Net)	5.2%
Total return	**22.8%**
Rating: NEUTRAL	
52-week price range: 1.08-1.36	

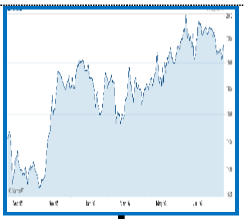
↑

PGG Wrightson

Despite issuing a bearish outlook statement, we note management issued a similar cautionary comment a year ago when it considered FY15A earnings (EBITDA) of $69.6m a stretched target for FY16A and had guided to a $61-$67m range during the course of the financial year. Understandably, conditions remain challenging in the dairy sector and there could be also some risks in relation to the sheep and beef sector in terms of pricing and tally. Some conservatism is appropriate as the company remain in the early phases of FY17F.

2017 P/E: 10.8 2018 P/E: 10.1

NZX Code:	**PGW**
Share Price:	**$0.52**
12mth Target:	**$0.65**
Projected return (%)	
Capital gain	25.0%
Dividend yield (Net)	7.4%
Total return	**32.4%**
Rating: OUTPERFORM	
52-week price range: 0.38-0.54	



Ignore

Port of Tauranga

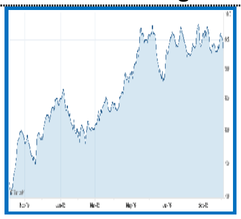
FNZC believe that the quantum of structural change that is likely to unfold across the medium and longer-term within New Zealand's container trade industry remains significant. Current returns earned by international shipping lines on New Zealand trade routes are unsustainably low and therefore expect consolidation in the number of lines that service New Zealand, the number of ports visited and, through the arrival of bigger ships, the volume of container movements per visit. Ignore Rating…

2017 P/E: 30.0 2018 P/E: 26.5

NZX Code:	**POT**
Share Price:	**$19.68**
12mth Target:	**$17.70**
Projected return (%)	
Capital gain	-10.1%
Dividend yield (Net)	3.0%
Total return	**-7.1%**

Rating: UNDERPERFORM

52-week price range: 16.60-20.24



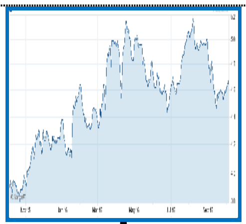
Ryman Healthcare

RYM is well positioned to benefit from its highly attractive business model, compelling demographic tailwinds and best-of-breed management / operations / assets. FNZC's Neutral rating is based on a relatively full valuation balanced against the potential for substantial long-term growth in both assets and earnings. This growth is underpinned by operational execution, capital efficiency, compelling demographics, and pent-up earnings momentum. There seems further optionality from RYM's foray into Australia. 2017 P/E: 26.8 2018 P/E: 23.0

NZX Code:	**RYM**
Share Price:	**$9.58**
12mth Target:	**$9.10**
Projected return (%)	
Capital gain	-5.0%
Dividend yield (Net)	1.9%
Total return	**-3.1%**

Rating: NEUTRAL

52-week price range: 7.05-9.80



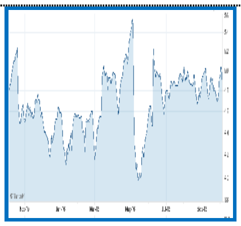
Sky City Entertainment

Despite a slowdown in growth momentum, FNZC believes the FY16 result provided further evidence that SKC Auckland's International Convention Centre (NZICC) project is gradually de-risking. Based on their estimate that Electronic Gaming Machines play contributes around 50% of EBITDA at Auckland, they are encouraged by category revenue growth of 10.4% in 2H16. While Local Table revenue declined at Auckland by 0.7% in 2H16, they highlight the negative impact of a lower relative win rate. 2017 P/E: 16.6 2018 P/E: 15.4

NZX Code:	**SKC**
Share Price:	**$4.62**
12mth Target:	**$4.15**
Projected return (%)	
Capital gain	-10.2%
Dividend yield (Net)	4.8%
Total return	**-5.4%**

Rating: UNDERPERFORM

52-week price range: 3.81-5.19



Sky Network Television

The merged VodaSKT, awaits regulatory approval. SKT delivered FY16 underlying EBITDA of $339m (vs June16 forecast of $336m), down 11% on FY15; and reported total subs at 853k vs 852k at FY15. While it is rights costs that have driven EBITDA down to date, the weak core pay-tv sub environment has been a key factor impacting FNZC's approach to valuation. The proposed merger may change that with VodaSKT pointing to synergy potential on both revenue and cost.

2017 P/E: 16.2 2018 P/E: 14.0

NZX Code:	**SKT**
Share Price:	**$4.94**
12mth Target:	**$4.84**
Projected return (%)	
Capital gain	-2.0%
Dividend yield (Net)	6.2%
Total return	**4.2%**

Rating: NEUTRAL

52-week price range: 3.98-5.55

Spark NZ

SPK is executing on its strategy to address the earnings headwinds resulting from ongoing declines in legacy fixed revenues, which remain substantial. This includes looking to gain market share in mobile (successfully gaining connections and getting traction on services revenues); stabilising retail access and broadband revenues (still difficult); significant focus on simplification aimed at taking cost out of the business and making SPK more market responsive; and investing in IT services where it already had a presence.

2017 P/E: 16.8 2018 P/E: 16.0

NZX Code:	**SPK**
Share Price:	**$3.63**
12mth Target:	**$3.03**
Projected return (%)	
Capital gain	-16.5%
Dividend yield (Net)	7.0%
Total return	**-9.5%**

Rating: UNDERPERFORM

52-week price range: 2.69-3.98

Steel & Tube Holdings

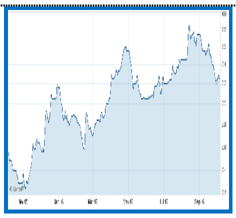
STU can now focus on growth: NZ building activity is expected to further recover in FY17F and beyond, driven by increased activity in Canterbury and Auckland. The rise in the value of non-residential building work consented over the past year suggests demand for steel should further recover. STU's 1H FY17F performance will also likely be assisted by some price and margin recovery following a recent round of product price increases. Key things to monitor will be the NZD/USD as well as global and domestic steel price dynamic which will likely dictate the direction of domestic steel price.

2017 P/E: 8.1 2018 P/E: 7.5

NZX Code:	**STU**
Share Price:	**$2.24**
12mth Target:	**$2.70**
Projected return (%)	
Capital gain	20.5%
Dividend yield (Net)	10.1%
Total return	**30.6 %**

Rating: OUTPERFORM

52-week price range: 1.79-2.80



Synlait Milk

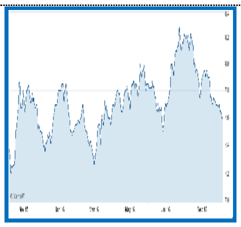
SML recently reported a sharply higher full year net profit on strong demand for its products, although it warned that may moderate in the current financial year due to changing Chinese regulations. The company, which is part-owned by China's Bright Dairy & Food, said net profit after tax was $34.4m for the year to July 31, more than triple the prior year when it was $10.6m. SML reported an almost fourfold increase in canned infant formula volumes as well as growth in powder and cream product volumes.

2017 P/E: 15.1 2018 P/E: 13.1

NZX Code:	**SML**
Share Price:	**$3.26**
12mth Target:	**$3.73**
Projected return (%)	
Capital gain	14.4%
Dividend yield (Net)	0%
Total return	**14.4%**

Rating: NEUTRAL

52-week price range: 2.26-3.87



Trustpower

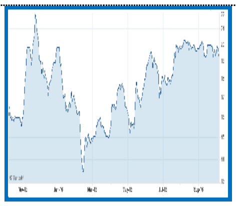
FNZC think the split into two separate companies will permit Australian wind development to proceed more quickly, and to focus investors on the different approaches required to value each business, particularly: 1)the relatively fixed (~25years) lifetime of Tilt Renewables wind assets, and how to value its large book of currently undeveloped wind options 2) valuing the Avoided Cost of Transmission (ACOT) risk borne by Trustpower, and views on the longevity of its currently best-in-sector retail electricity margins.

2017 P/E: 23.3 2018 P/E: 16.5

NZX Code:	**TPW**
Share Price:	**$7.65**
12mth Target:	**$7.98**
Projected return (%)	
Capital gain	4.3%
Dividend yield (Net)	5.5%
Total return	**9.8%**

Rating: NEUTRAL

52-week price range: 7.19-8.30

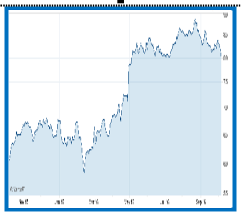


Xero

XRO is maturing into a solid tech company that over time will produce very strong cash flows. However it is still in a high growth phase and is reinvesting all funds into this high growth. This is looking to be a great company, but investors will need plenty of patience – but they are likely to be well rewarded, albeit no time soon. Buy for long term growth.

2017 P/E: n/a 2018 P/E: n/a

NZX Code:	**XRO**
Share Price:	**$19.50**
12mth Target:	**$21.00**
Projected return (%)	
Capital gain	7.7%
Dividend yield (Net)	0%
Total return	**7.7%**
Rating: OUTPERFORM	
52-week price range: 13.30-22.40	



Z Energy

ZEL's standalone business looks near its cruise altitude—with fuel margins levelling out and signs management may be unwilling to cede further volume decline (to avoid falling below maximum efficiency from a supply-chain perspective). After reviewing Chevron NZ's (CNZ) public statutory accounts, ZEL estimated CNZ 2017 RC EBITDAF of $156 m (excluding effects of FX & oil cover, Customs excise back-claim and effects of losses), but after the ongoing refining margin downturn in 2016, and extra AA smartfuel costs, its full year contribution is expected to be $17m lower at $139m.

NZX Code:	**ZEL**
Share Price:	**$8.34**
12mth Target:	**$8.30**
Projected return (%)	
Capital gain	-0.5%
Dividend yield (Net)	3.6%
Total return	**3.1%**
Rating: NEUTRAL	
52-week price range: 5.82-8.90	

NZ LISTED COMPANIES 3rd October 2016	Ticker	Mrkt Cap	Price 3-Oct-16	Target Price	Price Earnings (x)		Gross Yield (%)	
Source: First NZ Capital, CSFB		(NZ$m)	(NZ$)	(NZ$)	FY16	FY17	FY16	FY17
CONSUMER DISCRETIONARY								
Restaurant Brands New Zealand	RBD	589	$5.73	$5.50	22.9	18.7	3.7%	4.2%
Sky Network Television Limited	SKT	1899	$4.88	$4.84	12.1	13.6	6.1%	6.1%
SKYCITY Entertainment Group Ltd.	SKC	3023	$4.57	$4.15	19.7	16.8	4.4%	4.8%
Trade Me Group Ltd	TME	4471	$5.63	$4.17	26.9	24.2	3.0%	3.3%
RETAIL								
Hallenstein Glasson Holdings	HLG	182	$3.05	$4.10	10.2	10	9.8%	10.0%
Kathmandu	KMD	407	$2.02	$1.98	12.2	11.2	5.4%	5.9%
The Warehouse Group Limited	WHS	1016	$2.93	$2.40	17.9	16.9	5.1%	5.5%
CONSUMER STAPLES								
Delegat Group	DGL	617	$6.10	$5.95	16.7	15.7	2.0%	2.1%
Fonterra Shareholders' Fund	FSF	704	$5.94	$6.22	11.8	10.2	6.7%	6.7%
PGG Wrightson	PGW	393	$0.52	$0.65	10.1	10.8	7.2%	7.2%
Sanford	SAN	599	$6.40	$6.40	16	14.8	3.8%	4.1%
Scales Corporation	SCL	439	$3.14	$3.86	12.5	13.2	4.1%	4.8%
Synlait Milk Limited	SML	540	$3.26	$3.44	18.7	15.7	3.7%	4.2%
Tegel	TGH	548	$1.54	$2.10	15.2	12.6	0.0%	5.1%
The a2 Milk Company Limited	ATM	1328	$1.83	$1.97	41.3	20.8	0.0%	0.0%
ENERGY								
NZ Refining	NZR	766	$2.45	$2.63	57.4	35.1	1.2%	1.4%
Z Energy	ZEL	3352	$8.38	$8.30	23.5	16.6	3.2%	3.5%
FINANCIALS								
Heartland Bank Ltd	HBL	715	$1.51	$1.46	13.2	12.3	5.6%	6.0%
NZX	NZX	284	$1.06	$1.12	22.1	16.3	5.7%	5.9%
PROPERTY								
Argosy Property Ltd	ARG	916	$1.12	$1.14	18	18.1	5.3%	5.5%
Augusta Capital Ltd	AUG	92	$1.06	$1.04	14.6	17.8	4.8%	4.8%
Goodman Property Trust	GMT	1653	$1.30	$1.28	16.4	16.3	5.1%	5.2%
Kiwi Property Group Limited	KPG	1923	$1.50	$1.43	22.5	20.7	4.4%	4.5%
NPT Limited	NPT	111	$0.69	$0.66	18.3	17.5	5.1%	5.3%
Precinct Properties NZ	PCT	1568	$1.30	$1.26	21.5	20.8	4.2%	4.3%
Property for Industry Ltd	PFI	740	$1.64	$1.62	21.6	21.4	4.5%	4.5%
Stride Property	STR	729	$2.00	$2.05	18	17	5.3%	5.7%
Vital Healthcare Property Trust	VHP	968	$2.27	$1.52	21.6	21.7	3.5%	3.6%
MATERIALS								
Fletcher Building	FBU	7382	$10.66	$10.10	17.6	16.2	3.7%	4.0%
Steel & Tube	STU	204	$2.25	$2.70	10.4	8.2	10.0%	10.0%

NZ LISTED COMPANIES 3rd October 2016	Ticker	Mrkt Cap	Price 3-Oct-16	Target Price	Price Earnings (x)		Gross Yield (%)	
Source: First NZ Capital, CSFB		(NZ$m)	(NZ$)	(NZ$)	FY16	FY17	FY16	FY17
HEALTH CARE								
Pacific Edge Ltd	PEB	176	$0.46	$0.70	-11.2	-16.4	0.0%	0.0%
AFT Pharmaceuticals	AFT	299	$3.09	$3.33	-28.1	-28.9	0.0%	0.0%
Arvida	ARV	379	$1.19	$1.16	20	18.3	3.5%	3.8%
Ebos Group Limited	EBO	2871	$18.90	$12.00	24.3	21.8	2.8%	3.1%
Fisher & Paykel Healthcare Corp.	FPH	5655	$9.98	$10.25	39.2	34.8	1.7%	2.1%
Metlifecare Limited	MET	1324	$6.22	$5.90	20.6	18.3	0.8%	0.8%
Orion Health Limited	OHE	560	$3.50	$5.25	-11.6	-26.3	0.0%	0.0%
Ryman Healthcare Ltd	RYM	4800	$9.60	$9.10	30.4	27.2	1.6%	1.8%
Summerset Group Holdings Ltd	SUM	1164	$5.28	$4.40	24.8	19.5	1.2%	1.9%
INDUSTRIALS								
Air New Zealand	AIR	2077	$1.85	$2.02	3.5	5.6	21.8%	8.7%
Airwork Holdings	AWK	222	$4.42	$4.50	9	8.5	3.8%	5.0%
Auckland Airport	AIA	8633	$7.25	$5.25	40.6	35.7	2.4%	2.7%
Freightways	FRE	1021	$6.59	$6.15	18.7	18.4	4.1%	4.2%
Hellaby Holdings	HBY	326	$3.32	$3.40	14.6	10.6	7.9%	7.9%
Mainfreight	MFT	1792	$17.80	$17.10	20.1	17.7	2.1%	2.4%
Methven	MVN	96	$1.32	$1.55	11.7	10.3	6.4%	6.8%
Metro Performance Glass Ltd	MPG	398	$2.15	$2.30	19.4	15.3	3.5%	4.2%
Opus International Consultants	OIC	129	$0.86	$1.00	12.3	9.9	4.7%	5.2%
Port of Tauranga	POT	2681	$19.70	$17.55	34.7	32.1	4.0%	2.9%
Skellerup Holdings	SKL	264	$1.37	$1.42	12.8	12.9	6.6%	6.6%
INFORMATION TECHNOLOGY								
EROAD	ERD	105	$1.75	2.83	-95.5	87.4	0.0%	0.0%
Vista Group International Limited	VGL	522	$6.50	$6.15	44.8	30.1	1.0%	1.6%
Xero	XRO	2647	$19.25	$21.00	-32.3	-36.7	0.0%	0.0%
TELECOMMUNICATION SERVICES								
Chorus	CNU	1563	$3.90	$4.37	17.2	13.2	5.1%	5.4%
Spark NZ	SPK	6618	$3.62	$3.04	17.9	17.2	6.9%	6.9%
UTILITIES								
Contact Energy	CEN	3563	$4.98	$6.35	22.7	20.3	5.2%	5.3%
Genesis Energy Limited	GNE	2100	$2.10	$1.90	19.8	21.5	7.8%	8.1%
Infratil	IFT	1819	$3.24	$3.36	53	54.8	4.4%	4.9%
Mercury NZ	MRP	4173	$3.03	$2.70	27.4	28.1	6.0%	5.1%
Meridian Energy	MEL	6950	$2.68	$2.44	30.2	30.2	5.8%	7.6%
TrustPower	TPW	2428	$7.69	$7.98	23.9	23.3	5.5%	5.5%
Vector	VCT	3300	$3.30	$3.48	28	24.5	4.8%	4.8%
Market Average (Excludung AFT,ERD, OHE, PEB, XRO)					**21.1**	**18.7**	**4.2%**	**4.4%**

Australian Equities

STRATEGY

Our Analysts (Credit Suisse) forecast Aussie equities to be Sideways into year-end and target the ASX 200 to be around 5500 by the end of December. Capping the upside is a combination of high PE ratios and anaemic, if any, profits growth. But supporting Aussie stocks is the world's highest dividend yield (4.3%) and exceptionally low cash rates and bond yields. They expect more alpha and less beta from here.

They have been Overweight commodity producers but as the prospect of further Chinese stimulus wanes they are looking to sell-the rallies rather than buy the dips in this area. Elsewhere, they continue to like those stocks that benefit from a low and falling cost of debt. This includes companies with infra-like assets, those that provide high dividend yields & growth and those in a position to use their balance sheet to make accretive acquisitions.

AUSTRALIAN TOP PICKS September 2016	CODE	PRICE 9-Sep-16	PRICE TARGET	GROWTH 12MF	GROWTH 24MF	PE 12MF	DivYld 12MF	ROE 12MF
Amcor	AMC	A$16.31	A$16.90	5.9	11	19.5	3.8	77.2
Caltex Australia	CTX	A$33.81	A$40.00	1.2	5	15.5	3.2	18.6
Challenger	CGF	A$9.29	A$10.50	6.8	8.6	14.1	3.6	13.4
DUET Group [NEW]	DUE	A$2.60	A$2.30	26.1	0.4	25.3	7.2	8.1
Fairfax Media	FXJ	A$0.99	A$1.10	12.9	-4.5	15	4	15.6
Lend Lease	LLC	A$14.23	A$17.00	9.1	11.4	10.7	5.1	14.2
National Australia Bank [NEW	NAB	A$27.58	A$30.00	4.2	4	11.1	7.2	13.5
Qantas	QAN	A$3.27	A$4.80	15.7	2	5.5	8.5	29.4
Syrah Resources	SYR	A$4.14	A$7.80	689	192	18.7	0	11.1
Removals JBH, WBC, SGP, SKI								

BANKS – National Australia Bank

Rationale: NAB is the top pick in our major bank order of preference, reflecting an attractive business mix (pre-eminent leverage to acceleration in business credit growth in Australia), and stabilisation of the Business Bank net interest margin.

DIVERSIFIED FINANCIALS - Challenger

Rationale: CGF has spent the good part of the last decade putting a platform in place to ready itself for growth from the retirement phase of the Australian population. Some of this growth has been evident in recent periods, with potential for continued growth if the weight of money heading to retirement includes an annuities allocation. Recent reports by Treasury and the FSI have highlighted the weakness in Australia's retirement income system. Both viewed annuities as one possible solution and we note that as the leading annuities provider in Australia, CGF is well positioned to capitalise on any regulatory change. Near-term earnings are likely to remain volatile for CGF (due to mark-to-market movements); however, the company has a strong positioning in the attractive retirement income space, supporting long-term growth opportunities for CGF. We have used a two-staged growth model to incorporate CGF's higher earnings potential into our valuation. We have a $10.50 target price and an OUTPERFORM rating.

REAL ESTATE – Lend Lease

Rationale: Despite allowing for softening Australian residential conditions, we expect LLC to deliver 9%pa avg EPS growth to FY19, with strong operating cash flow generation driving 14% p.a. DPS growth over the same period on our estimates. Over the same period, we expect LLC's gearing to decline to <1%, driven by settlement of its $5.2bn of residential pre-sales. On our estimates, current pricing implies a ~80% default rate for these settlements (versus an historical high of 3%) and a 30%+ residential price decline across LLC's key markets. LLC trades at a 20%+ discount to our SOTP Valuation, and at a significant PE Rel discount to its long-run average.

ENERGY – Caltex Australia

Rationale: Caltex is a well-managed, high margin and FCF generative business. In our view, CTX offers a unique, undervalued exposure to a defensive industry that continues to surprise to the upside. We acknowledge the volatility that comes with refining earnings, but see this part of the business as non-core and likely to be exited on a five-year view. Most importantly, we believe the quality of Caltex's infrastructure, which it has invested heavily in, provides a large layer of protection against falling transport fuel volumes. With Australia having such a big short of refined product and such natural barriers to entry for competing infrastructure (cost, land, etc.), it is clear to us that the economic rent should sit with that infrastructure. Logic says, with this kind of infrastructure, as volumes fall margins rise. We see further opportunity for capital management, which only further cements what we see as a great opportunity to buy the stock. Catalysts: Refining margins, Supply & Marketing growth, capital management.

MATERIALS – Amcor

Rationale: Defensive and well managed, Amcor offers investors a unique and diversified exposure to the global packaging market. Bolt-on M&A opportunities are accelerating under a new CEO that is targeting broad based growth in all of AMC's segments and divisions - most notably with the AMC's acquisition of the largest Latam Flexibles producer - Alusa. AMC could generate 98% EPS CAGR growth in FY17/FY18 from: 1) contribution of Alusa Flexibles; 2) US$200mn in bolt-on acquisitions executed over the past 12 months; 3) sequential improvement in China flexibles trading conditions; 4) no further drag on reported earnings from USD strength; and 5) flexibles cost out program. We set our A$16.90 target price for Amcor using our DCF based methodology.

Catalysts: We think that over the next 12 months AMC's share price could continue to run in line or ahead of earnings as the market appreciates its acquisition opportunities and accelerating EPS momentum.

MATERIALS – Syrah Resources

Rationale: Using a conservative $850/t graphite price assumption, we generate a compelling valuation. Recent graphite transaction prices for the quality of specification that Syrah is likely to produce, are materially above this price assumption.

Catalysts: Balama DFS issued confirming a robust phase 1 of the project with 71% IRR on US$1.1bn project NPV. Not included in this value is potential upside from the US spherical graphite project and vanadium processing which are both value enhancing future prospects. All approvals for the Balama project have now been received with the most recent (and final) approval in the form of the land access (DUAT) agreement. Mining access under Mozambique law has been granted for 25 years with a 25-year extension available. With all approvals now in place, the DFS issued and financing secured, construction should commence on completion of the detailed project engineering which is currently underway ahead of planned plant commissioning late CY2016 or CY2017, and full production 12 months thereafter. Other catalysts include: conversion of offtake MoUs to binding agreements, potential for additional sales agreements, potential for an offtake agreement with a major emerging North American battery manufacturer.

MEDIA – Fairfax

Rationale: FXJ owns Domain, which is a strong No2 in the online property classified market. Domain is generating strong revenue and earnings growth as it improves its depth product penetration and increases prices to close the monetisation gap with REA. We value Domain at A$1.95bn, equivalent to 85c per FXJ share. We expect a catalyst at some point to unlock the value in Domain, which we don't believe is being reflected in the FXJ share price at current levels.

TRANSPORTATION – Qantas

Rationale: Free cash flow generation at Qantas, could exceed $3bn over the next two years (~40% of market cap), driven by lower fuel costs, management's revenue and cost improvement initiative and a continuing period of capacity restraint in the domestic market. Consensus is underestimating the benefit from falling fuel prices for FY17, and our PBT estimate is 30% ahead of the street. We forecast special dividends of 50cents for this year and next ($2.1bn total), but excess capital (based on 45% FFO/debt investment grade threshold) could be over twice this level.

UTILITIES – DUET Group

Rationale: DUET's internal measure of maintenance capex results in an overstated earnings coverage of distributions. To achieve the growth required to hit two-year dividend guidance, DUE is drifting further from its core competencies and will either have to accept lower returns or higher risk.

AUSTRALIAN FORECASTS 3rd October 2016 Source: First NZ Capital, CSFB	Ticker	Mrkt Cap (A$m)	Price 3-Oct-16 (A$)	Target Price (A$)	Price Earnings (x)		Gross Yield (%)	
					FY16	FY17	FY16	FY17
CONSUMER DISCRETIONARY								
Aristocrat Leisure	ALL	10,073	A$15.81	A$15.65	26.7	24.4	1.3%	1.4%
Crown	CWN	9,549	A$13.11	A$13.00	23.5	23.1	5.5%	4.1%
Fairfax Media	FXJ	2,173	A$0.95	A$1.10	16.7	14.2	4.2%	4.2%
Flight Centre	FLT	3,673	A$36.38	A$37.82	14.9	14.9	4.2%	4.1%
Harvey Norman	HVN	5,785	A$5.20	A$4.97	18.4	15.7	5.8%	5.7%
JB Hi-Fi	JBH	3,310	A$28.97	A$26.16	19	15.7	3.5%	4.0%
Navitas Ltd	NVT	1,926	A$5.21	A$5.20	21.4	21.1	3.7%	3.8%
REA Group	REA	7,435	A$56.45	A$61.00	37.1	28.7	1.4%	1.7%
Star Entertainment Group	SGR	4,971	A$6.02	A$6.50	20.6	20.4	2.2%	2.3%
Tabcorp Holdings	TAH	4,160	A$4.98	A$5.30	22.4	22.4	4.8%	4.8%
Tatts Group	TTS	5,346	A$3.65	A$3.50	20.3	20.3	4.8%	4.8%
CONSUMER STAPLES								
Blackmores Ltd	BKL	2,008	A$116.58	A$155.00	20.2	19.9	3.5%	3.8%
Coca-Cola Amatil	CCL	7,827	A$10.25	A$10.10	19.1	18.8	4.3%	4.4%
Graincorp	GNC	1,797	A$7.85	A$9.00	35.5	15.1	1.6%	3.7%
Treasury Wine	TWE	8,149	A$11.04	A$10.65	35.6	30.8	1.4%	2.1%
Wesfarmers	WES	49,662	A$44.10	A$41.50	21.1	18.4	4.2%	4.1%
Woolworths	WOW	29,757	A$23.27	A$24.50	18.3	20.1	3.7%	3.5%
ENERGY								
Caltex Australia	CTX	8,933	A$34.25	A$40.00	16.5	15.4	3.0%	3.3%
Oil Search	OSH	8,265	A$7.09	A$4.83	57.1	25.1	0.8%	1.6%
Origin Energy	ORG	9,504	A$5.42	A$5.90	19.4	17.7	1.8%	0.0%
Santos Ltd	STO	4,908	A$3.61	A$3.74	62.3	10.8	0.0%	0.0%
Woodside Petroleum	WPL	18,459	A$28.62	A$20.43	26.8	28.7	3.0%	2.8%
FINANCIALS								
AMP	AMP	15,617	A$5.28	A$6.05	16.7	15.3	5.4%	5.6%
ANZ Banking Group	ANZ	80,886	A$27.63	A$27.30	13.9	11.9	5.8%	5.9%
ASX	ASX	9,324	A$48.16	A$48.00	21.9	21.4	4.1%	4.2%
Bank of Queensland	BOQ	4,332	A$11.37	A$12.00	12	11.2	6.8%	7.0%
Bendigo and Adelaide Bank	BEN	4,973	A$10.77	A$11.20	12.8	12.6	6.3%	6.3%
Challenger Limited	CGF	5,814	A$10.17	A$10.50	16.7	15.7	3.2%	3.2%
Clydesdale Bank	CYB	1,941	A$4.39	A$2.97	25.1	17.6	0.0%	0.8%
Commonwealth Bank Australia	CBA	124,176	A$72.40	A$85.00	13.4	13	5.8%	5.8%
Henderson Group PLC	HGG	1,611	A$3.82	A$2.58	15.2	12.9	4.6%	4.9%
Insurance Australia Group	IAG	13,300	A$5.47	A$5.65	21.6	16.7	6.6%	4.8%
IOOF Holdings	IFL	2,602	A$8.67	A$9.00	15	15.2	6.3%	5.9%
Macquarie Group	MQG	27,887	A$81.94	A$85.00	13.7	13.1	4.9%	5.3%
Magellan Financial Group	MFG	3,506	A$21.68	A$26.00	18.8	18.3	4.1%	4.2%
Medibank Private Limited	MPL	6,830	A$2.48	A$2.50	16.2	17.8	4.4%	4.4%
National Australia Bank	NAB	74,050	A$27.87	A$30.00	11.7	11.2	7.1%	7.1%
Perpetual Limited	PPT	2,175	A$46.70	A$49.00	16.9	16.8	5.5%	5.6%
QBE Insurance Group	QBE	9,753	A$9.29	A$8.04	15.9	12.2	5.3%	6.0%
Suncorp Group Limited	SUN	15,624	A$12.11	A$13.85	15.2	12.9	5.6%	6.0%
Westpac	WBC	98,745	A$29.51	A$33.00	12.9	12	6.4%	6.5%
HEALTH CARE								
Ansell Limited	ANN	2,594	A$22.98	A$16.61	17.2	16.3	2.5%	2.6%
Cochlear	COH	8,093	A$140.99	A$123.30	42.7	36.5	1.6%	1.9%
CSL Ltd	CSL	37,386	A$107.00	A$84.19	32.9	29.7	1.5%	1.6%
Healthscope	HSO	5,327	A$3.07	A$2.90	27.4	26.3	2.4%	2.5%
Primary Health Care	PRY	2,065	A$3.96	A$4.00	19.8	17.9	3.0%	3.3%
Ramsay Health Care	RHC	15,989	A$79.12	A$79.00	34.2	30.6	1.5%	1.7%
ResMed Inc.	RMD	9,132	A$8.48	A$7.44	25.5	25.5	1.9%	2.1%
Sonic Healthcare	SHL	9,152	A$22.01	A$20.90	20.3	20.7	3.4%	3.5%

AUSTRALIAN FORECASTS 3rd October 2016 Source: First NZ Capital, CSFB	Ticker	Mrkt Cap (A$m)	Price 3-Oct-16 (A$)	Target Price (A$)	Price Earnings (x)		Gross Yield (%)	
					FY16	FY17	FY16	FY17
INDUSTRIALS								
ALS Limited	ALQ	3,005	A$5.96	A$5.30	27.5	28	2.3%	1.9%
Aurizon	AZJ	9,643	A$4.70	A$4.65	19.2	17.8	5.2%	5.6%
Brambles	BXB	14,557	A$11.98	A$8.68	26.1	22	2.4%	2.5%
Downer EDI	DOW	2,290	A$5.39	A$4.70	12.4	13.6	4.5%	4.1%
Qantas	QAN	6,435	A$3.12	A$4.80	6.3	5.3	2.2%	8.7%
Qube Holdings Limited	QUB	3,371	A$2.33	A$2.30	30.6	28.1	2.4%	2.4%
Seek	SEK	5,412	A$15.56	A$15.30	30.2	28.5	2.6%	2.6%
Sydney Airport	SYD	15,681	A$6.97	A$6.40	46	45.5	4.4%	4.9%
Transurban	TCL	23,226	A$11.37	A$12.50	73.5	70.2	4.0%	4.4%
INFORMATION TECHNOLOGY								
carsales.com.au	CAR	2,882	A$11.95	A$12.50	26.1	23.4	3.1%	3.4%
Computershare	CPU	4,317	A$10.32	A$8.32	14.3	14.6	3.1%	3.3%
MATERIALS								
Adelaide Brighton	ABC	3,599	A$5.54	A$5.55	18.1	17.3	5.1%	5.4%
Alumina Limited	AWC	3,219	A$1.46	A$0.98	52.2	22	4.1%	5.9%
Amcor	AMC	13,433	A$15.15	A$12.79	20.3	18.9	3.5%	4.0%
BHP Billiton	BHP	86,728	A$22.38	A$16.53	72	19.6	1.8%	3.7%
BlueScope Steel	BSL	4,448	A$7.75	A$8.30	15.7	8.1	0.8%	1.3%
Boral	BLD	5,019	A$6.75	A$7.00	19	18.2	3.3%	3.6%
CSR	CSR	1,828	A$3.62	A$3.85	11.1	10.5	6.6%	6.6%
Dulux Group	DLX	2,569	A$6.60	A$6.00	19.7	19.3	3.5%	3.8%
Fortescue Metals Group Ltd	FMG	11,800	A$4.95	A$3.50	12	9.1	2.9%	4.4%
Iluka Resources	ILU	2,625	A$6.27	A$6.40	-269.8	24	1.3%	0.0%
Incitec Pivot	IPL	4,758	A$2.82	A$3.10	17	16.3	2.8%	3.1%
James Hardie Industries plc	JHX	6,949	A$20.32	A$17.36	28.5	24.5	2.4%	2.9%
Newcrest Mining	NCM	13,022	A$22.19	A$14.73	38.4	17.2	0.4%	0.6%
Northern Star Resources Ltd	NST	2,799	A$4.66	A$4.20	17	9.4	2.1%	3.2%
Orica	ORI	5,699	A$15.20	A$13.60	14.4	13.1	3.7%	4.2%
Orora	ORA	3,801	A$3.15	A$3.30	23.5	21.7	3.0%	3.3%
Rio Tinto	RIO	62,491	A$51.61	A$38.09	15.9	16.5	2.8%	3.6%
South 32	S32	9,823	A$2.41	A$1.58	53.4	24.1	0.0%	1.7%
REAL ESTATE								
Dexus Property Group	DXS	8,857	A$9.15	A$8.78	14.5	14.4	4.8%	4.9%
Goodman Group	GMG	13,025	A$7.28	A$7.37	18.1	17	3.3%	3.5%
GPT Group	GPT	9,098	A$5.06	A$5.21	16.9	16.4	4.7%	4.9%
Investa Office Fund	IOF	2,806	A$4.57	A$4.48	16	15.6	4.3%	4.4%
Lend Lease	LLC	8,185	A$14.04	A$17.00	11.7	10.8	4.3%	5.0%
Mirvac Group	MGR	8,299	A$2.24	A$2.30	17.2	15.4	4.4%	4.7%
Scentre Group	SCG	25,024	A$4.70	A$5.27	20.2	19.2	4.5%	4.8%
Stockland Group	SGP	11,448	A$4.76	A$4.73	17.1	16.2	5.1%	5.4%
Vicinity Centres	VCX	12,549	A$3.17	A$3.08	16.6	16.8	5.6%	5.5%
Westfield Corporation	WFD	15,480	A$9.73	A$8.72	22	20.9	3.4%	3.4%
TELECOMMUNICATION SERVICES								
Telstra Corporation	TLS	63,329	A$5.18	A$5.00	15.8	14.7	6.0%	6.0%
TPG Telecom	TPM	7,314	A$8.62	A$8.00	20	19.2	1.7%	1.9%
Vocus Communications	VOC	3,847	A$6.23	Res	20.9	16.3	2.8%	3.1%
UTILITIES								
APA Group	APA	9,494	A$8.52	A$7.95	52.9	38	4.9%	5.1%
AusNet Services	AST	5,847	A$1.64	A$1.65	17.6	20.5	5.2%	5.3%
Spark Infrastructure Group	SKI	3,885	A$2.31	A$2.50	32.3	35.5	6.3%	6.6%
DUET Group	DUE	6,107	A$2.51	A$2.30	32.7	24.4	7.2%	7.4%
AGL Energy	AGL	12,853	A$19.05	A$19.90	18.3	16.5	3.6%	4.6%
Market Average					**21.6**	**18.7**	**4.2%**	**4.3%**

Global Equities Portfolio (FNZC)

Objective

To provide exposure to world equity markets via investment in a restricted number of listed exchange traded funds and investment trust companies. The stocks selected will provide widespread diversification across markets, industries and stocks. Performance is measured against the MSCI All Country World Index expressed in NZD.

Portfolio Structure

The Global Equities Portfolio Series consists of two Portfolios comprising a mix of exchange traded funds and investment trust companies with each designated for different investible amounts:

- Global - 9 stock portfolio $75,000 to $190,000
- Global Plus - 13 stock portfolio >$160,000

Provides for a broad coverage of the world's equity markets.

Portfolio Constituents as at 1st October 2016

		Global	Global Plus
AAXJ.US	iShares MSCI Asia ex-Japan Fund	6.0%	5.0%
CTY.LN	City of London	4.5%	4.5%
EFM.LN	Edinburgh Dragon Trust		5.0%
HEDJ.US	WisdomTree Europe Hedged Equity Fund	8.5%	7.0%
IDV.US	iShares International Select Dividend Fund	4.0%	4.0%
IVV.US	iShares S&P 500 Index Fund	50.0%	33.5%
IXG.US	iShares Global Financials Fund		5.0%
JESC.LN	JPMorgan European Smaller Companies Trust	5.0%	5.0%
PCT.LN	Polar Capital Technology Trust		5.0%
PKW.US	PowerShares Buyback Achievers	5.0%	9.5%
SJG.LN	Schroder Japan Growth Fund	7.0%	6.5%
VWO.US	Vanguard FTSE Emerging Markets Fund	10.0%	5.5%
WWH.LN	Worldwide Healthcare Trust		4.5%
		100.0%	100.0%

NZ Daily Fixed Interest Rate Sheet

PRICES AS AT 5TH OCTOBER 2016 **NOTE: Indicative pricing only**

Secondary market 5th October 2016	Code	Rating	Type	Maturity/ Reset Date	Coupon	Yield	Margin to SWAP	Price /$100	Coupon Freq
Fletcher Building	FBI110	NR	Cap	15/03/2018	7.15%	**3.93%**	203	$104.90	2
Z Energy	ZEL020	NR	Snr	15/08/2018	7.25%	**3.50%**	144	$107.77	4
Fletcher Building	FBI120	NR	Cap	15/03/2019	5.40%	**3.90%**	184	$103.79	2
Contact Energy Limited	CEN020	BBB	Snr	15/05/2019	5.80%	**3.21%**	114	$108.75	4
Kiwibank	KCF010	BB+	Tier 2	15/07/2019	6.61%	**4.55%**	248	$106.82	2
Infratil	IFT200	NR	Bnd	15/11/2019	6.75%	**4.45%**	237	$109.30	4
University of Canterbury	UOC010	NR	Snr	15/12/2019	5.77%	**3.96%**	187	$107.19	2
Infratil	IFT090	NR	Convert	15/02/2020	8.50%	**4.61%**	187	$113.40	4
Bank of New Zealand	BNZ090	BBB+	Tier 2	17/12/2020	5.31%	**4.72%**	257	$103.88	4

Floating Rate / Perpetual Bonds		Rating	Type	Reset Date	Coupon	Price /$100	Margin to SWAP	Maturity	Coupon Freq
Credit Agricole S.A.	CASHA	BB+	Tier 1	19/12/2017	5.04%	**88.00**	380	Perpetual	4
Genesis Power Limited	GPLFA	BB+	Cap Bond	15/07/2018	6.19%	**103.50**	380	Perpetual	4
Infratil	IFTHA	NR	Perp	15/11/2014	4.26%	**65.00**	300	Perpetual	4
Quayside Holdings Ltd	QHLHA	NR	Perp Pref	12/03/2017	5.88%	**96.00**	180	Perpetual	4
Rabobank Nederland	RBOHA	BBB-	Tier 1	8/10/2016	3.49%	**95.80**	520	Perpetual	4
Rabobank Nederland	RCSHA	BBB-	Tier 1	18/06/2019	8.34%	**105.00**	430	Perpetual	4
Works Infrastructure Finance	WKSHA	NR	RPS	15/06/2015	7.21%	**105.00**	390	Perpetual	4

Limitations and Disclaimer