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INVESTMENT STRATEGIES

Andrew von Dadelszen

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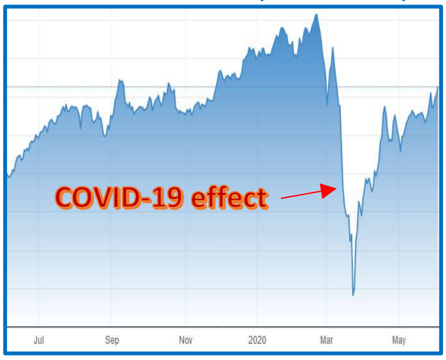
Covid-19 definitely spooked the market, but its rebound has been equally spectacular.

NZ50 GROSS INDEX (ONE-YR GRAPH)



Sharemarkets around the world (including New Zealand) continue to show extraordinary resilience in the face of adversity. The NZX-50 index is less than 1,000 points short of its record high of 12,064 set in February - not bad for an economy which, according to the Reserve Bank, is about to experience its biggest fall in GDP for 160 years.

In Australia, the sharemarket has just hit a three-month high on the same day that the country reported its first contraction in GDP since the March quarter of 2011, pointing to what is likely to be its first recession since 1991.

With interest rates being crushed, and people getting nothing on their term deposits, in some sense they are being pushed into equities. The problem is that the forward price to earnings ratio of the market is at never-before-seen levels. The real test will be in a month or two's time, when mortgage holidays start to roll off, and as the work subsidy scheme becomes less generous.

VERSUS

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STATISTICS NZ DATA

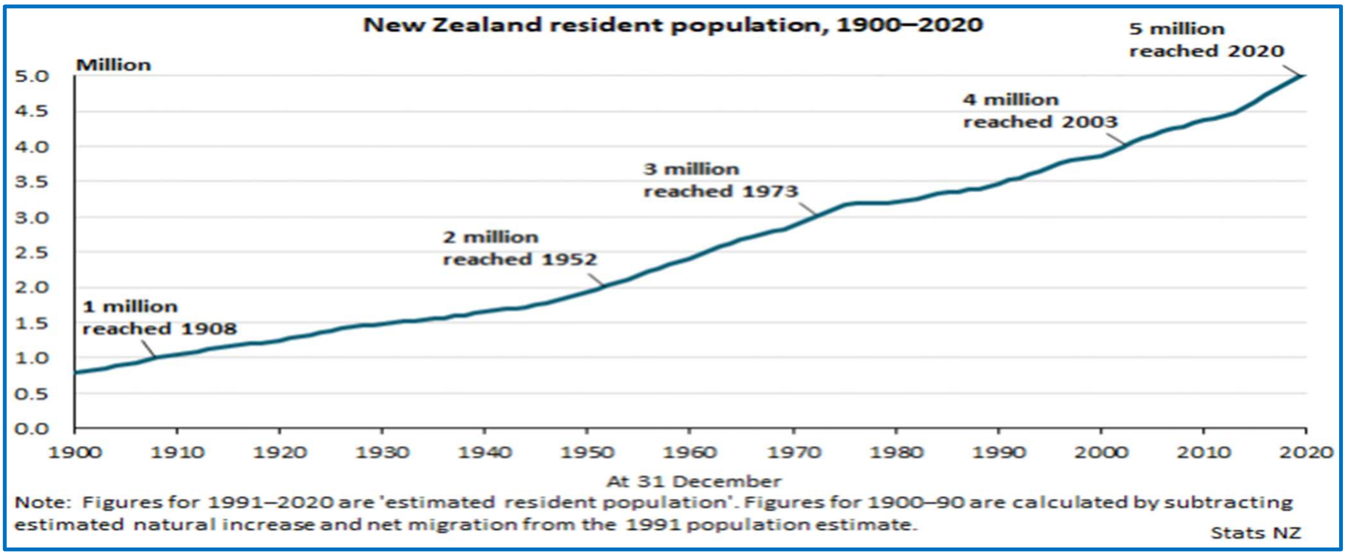
Estimated population at 31-March-2020:	**5,002,100**
Births less Deaths Dec-19 year:	**25,377**
Net long-term migration Dec-19 year: (non NZers)	**43,765**
Employment	
Unemployment rate Mar-20 qtr (↑0.2%)	**4.2%**
Unemployment rate Mar-20 qtr (↑5,000)	**116,000**
Job numbers April 2020 **(month)**	**down 37,500**
Average (Public) Hourly Wage Mar-20 year	**$41.59**
Average (Private) Hourly Wage Mar-20 year	**$30.99**
Ave Weekly Earnings Mar-20 year (↑3.4%)	**$1,285.50**
Wages growth Mar-20 year	**2.5%**
Wages growth (Public sector only)	**3.2%**
Wages growth (Private sector only)	**2.4%**
Employed population Mar-20 qtr (↑1,000)	**2,661,000**
People not in workforce Mar-20 qtr	**1,167,000**
Consumer Price Index Mar-20 year (↑1.0%)	**2.5%**
The size of the NZ Economy Mar-20 year: ↓	**$303 bn**
GDP per capita Dec-19 quarter:	**0.2%**
GDP Growth (volume) Dec-19 quarter:	**0.5%**
GDP Growth (volume) Dec-19 year:	**2.3%**

The impacts of COVID-19 will be seen in the March 2020 quarter results (due for release on 18 June 2020) and subsequent quarters.

POPULATION STATISTICS *as at 31st March 2020*

Characteristic		Milestone				
		1 million	2 million	3 million	4 million	5 million
Year reached		**1908**	**1952**	**1973**	**2003**	**2020**
Years after previous milestone		na	44	21	30	17
Contribution of natural increase	♎%	60	80	80	90	50
Contribution of net migration	♎%	40	20	20	10	50
Median age[1]	yrs	24	29	26	35	38
Population under 15 years	%	32	30	31	22	19
Population 65+ years	%	5	9	9	12	16
Proportion born overseas[2]	%	30	14	14	20	27
Proportion European or Other (incl. New Zealander) ethnicity[2]	%	95	94	89	80	71
Proportion Māori ethnicity[2]	%	5	7	10	15	17
Proportion Pacific ethnicity[2]	%	0	0	2	6	8
Proportion Asian ethnicity[2]	%	0	0	1	7	15
Proportion MELAA ethnicity[2]	%	0	0	0	1	1
Proportion in North Island[2]	%	54	68	72	76	76
Proportion in South Island[2]	%	46	32	28	24	24
Total fertility rate[3]	per Woman	approx 4	3.7	2.8	1.9	1.7
Crude birth rate	per 1,000	approx 30	26	20	14	12
Crude death rate	per 1,000	approx 10	9	8	7	7
Life expectancy at birth	yrs	64	80	85	90	92

1. Half the population is younger, and half older, than this age.
2. Sourced from the nearest Census of Population and Dwellings. Ethnic proportions sum to more than 100% because people can, and do, identify with multiple ethnicities. MELAA = Middle Eastern/Latin American/African.
3. The average number of live births that women would have during their life if they experienced the age-specific fertility rates of that year.



The 2018 Census indicated that over 27% of New Zealand's population was born overseas, a proportion similar to when New Zealand reached 1 million in 1908. The Māori ethnic population has grown from 5% of the population (1906 Census) to 17% in 2018. While the population in 1908 was dominated by settlers from Europe, mainly the United Kingdom, the population in 2020 is more diverse (see table at top of page). During the March 2020 year, estimated natural increase (births less deaths) was 25,300, and estimated net migration (migrant arrivals less departures) was 71,500. We expect that number to dramatically drop as a result of Covid-19.

NZ HERALD SHAREMARKET CHALLENGE

My portfolio continues to looks great (up 27.1% since 31st December 2019), considering the current pandemic crisis. However, it still remains early days! Pushpay, AFT Pharmaceuticals and A2 Milk all continue to outperform. Pushpayhas been a great purchase for me (bought by me in Feb-2019 at $3.42 – now up 124% at $7.66).

AvonD Portfolio		Jarden		Craigs IP		Forsyth Barr		Hamilton Hindin		MSL Capital Mkts	
a2 Milk	26.5%	a2 Milk	26.5%	a2 Milk	26.5%	a2 Milk	26.5%	a2 Milk	26.5%	AFT Pharmaceuticals	32.9%
AFT Pharmaceuticals	32.9%	Eroad	-25.9%	Ebos	-9.3%	Arvida	-28.1%	Ebos	-9.3%	Arvida	-28.1%
Infratil	-5.0%	Infratil	-5.0%	Freightways	-19.5%	Contact Energy	-13.6%	F&P Healthcare	35.0%	Heartland Group	-35.7%
Port of Tauranga	-9.4%	Katmandu	-68.9%	Mainfreight	-5.0%	Chorus	23.0%	Meridian Energy	-5.0%	Plexure	90.5%
PushPay	90.5%	Oceania Healthcare	-32.6%	Meridian Energy	-6.4%	Sanford	-13.8%	Z Energy	-26.0%	Vector	-1.3%
CHANGE @ 29-May-20	**27.1%**		**-21.2%**		**-2.7%**		**-1.2%**		**4.3%**		**11.7%**

LOCAL GOVERNMENT

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

AUCKLAND'S TO CUT BUDGET BY ½ BILLION DOLLARS

For the second time in a year, Auckland Council needs to find half a billion dollars in a hurry to meet its financial commitments. Can anything stave off 'highly undesirable' cuts to services and projects in Auckland caused by the economic crisis? Will Central Government step in? Unlike 2019's smart financial engineering, the latest budget cuts are being made with a blunt instrument called desperation - cutting road safety projects like fixing high risk intersections and pedestrian crossings; stalling a much-heralded conversion to electric buses - a totem of the council's climate change commitments; selling $200m in public land and assets; putting off the city-wide revaluation of all properties.

Mayor Goff seems to have his job cut out, if he is to survive past this three-year triennium. He walks a political tightrope.

OUR POLITICAL CLIMATE

HERE COMES 2nd WAVE OF UNEMOLYMENT

Infometrics says the 'first wave' of unemployment is over - it happened during lockdown - and about 40,000 lost their jobs over a month. But now New Zealand is entering a second wave that could be longer and bigger - nearly 80,000 jobs could be lost in the space of 10 weeks from June to August.

"*I don't think anybody knows where the jobs are. They just aren't out there*," stated Brad Olsen, economist with Infometrics.

A large number of the predicted affected people are on the Government's wage subsidy, which will start finishing up for some very soon. About 44,000 lose that safety net at the end of May, rising to over 415,000 in early June. It will eventually reach a total of 1.65m. Olsen's figure of 80,000 losing their job in the second wave is based on just 5% of those people losing their jobs.

Ardern is banking on getting to election time before "the rubber hits the road." She might be right, but I wouldn't bet on it.

DARK OPS ENTERS THE OPPOSITION LEADER'S OFFICE

Matthew Hooten arrived in Wellington to support Todd Muller, the day of the spill. Hooten had previously been kept well away from the National Party for the previous 12 years. His checkered history with National included clashes with Sir John Key, Steven Joyce and Murray McCully.

Hooten has long purported himself as a National Party "insider", and yet for more than the past year he appears to have constantly undermined Simon Bridges, and therefore the National Party.

Hooten has now confirmed to NZ Herald that he is now officially working for Muller.

"New Zealanders feel no sense of confidence that Grant Robertson, Phil Twyford, and Shane Jones know how to steer the recovery. I certainly do not feel it - because there is no clear sense of a carefully thought-out economic plan." – Simon Bridges

POLLS DURING A CRISIS

CHURCHILL WAS A GREAT CRISIS (WWII) PRIME MINISTER BUT, AT WAR'S END, HE WAS QUICKLY DUMPED.

Listening to a podcast on why Trump's approval rating has risen, despite his incredibly muddled response to the Covid-19 crisis, their conclusion was that when countries face a crisis, there is always a rush of support towards the government of the day as patriotism trumps politics. You saw this in the US after 9/11 and we are seeing it with the Covid-19 crisis. However, Trump's bounce is far less than in other countries.

In Australia, Scott Morrison has gone from a -20% net approval rating in the February Newspoll to a +26% rating in the April Newspoll. The New Zealand media seems to carp on quite a bit about Scott Morrison, but his net approval has shot up 46%.

In the UK, Boris Johnson has gone from a +6% rating in March Opinium to a +29% in April.

Even in the US, Donald Trump is seeing his approval rating increase, despite a pretty terrible actual response to the crisis. Gallup had him at -9% in January and at +4% in March. That's a reasonable increase but of course dwarfed by NY Governor Andrew Cuomo who has gone from a net 0% approval in December 2019 to a huge +48% in March 2020.

Many heads of governments are also getting good ratings specifically for their response to Covid-19. The percentage who approve of their response is Angela Merkel 75%, Boris Johnson 70%, Justin Trudeau 64%.

So even the most incompetent head of government tends to get an increase in their approval ratings during a crisis, while those who handle it competently get a massive increase. So, there should be no doubt that while the crisis is ongoing, incumbents do well in the polls. This is natural and expected. The more important question is how long does it last for.

This Labour Government is extremely cocky right now, and they can afford to be. Jacinda Ardern does look unbeatable with just 100 days until election day – but I say "BEWARE" – because we all know that "a week is a long time in politics", and is still isn't too late for a major electoral swing before 19th September. New Zealanders are looking for genuine actions, not platitudes.

"The whole aim of practical politics is to keep the populace alarmed - and hence clamorous to be led to safety - by an endless series of hobgoblins, most of them imaginary." H. L. Mencken

LEARN FROM HISTORY - COMRADE ARDERN IS TRUE TO FORM

Source: *Steve Elers is a senior lecturer at Massey University's School of Communication, Journalism and Marketing*

It's a fair assumption to suggest that at the time of entering Parliament, an MP's political views and beliefs are set and are the motivation to enter politics in the first place. Accordingly, to understand Ardern's political ideology it is important to revisit 2008, when she entered Parliament as a Labour list-MP. Earlier in 2008 Ardern was elected president of the International Union of Socialist Youth. In early 2009, just two months after becoming an MP, Ardern presided over the union's World Council annual meeting in her capacity as president.

Official records of that meeting give us insights into Ardern's political ideology. For example, the meeting documents state the aim of the union is to "defend and spread our core socialist principles".

The 2009 union meeting is relevant not just because Ardern was president, but because the official resolutions outlined "progressive answers to the financial crisis" – aka the global financial crisis or GFC. Given Ardern and her comrades had "progressive answers to the financial crisis", those answers might now be used to guide us through the turmoil and hardship of post-Covid-19.

By the way, I have used "comrade" because it is how union members referred to themselves throughout the 2009 meeting. The definition of "comrade" from *An Encyclopedic Dictionary of Marxism, Socialism and Communism* is as follows: "Originally, one who shares the same chamber. The term has been adopted by socialists and communists for party members." I do not use "comrade" disparagingly here, as indeed Ardern herself used the term 15 times in just seven minutes at this public event.

So, what "progressive answers to the financial crisis" did Ardern and her comrades come up with? Did they propose ideas that would stimulate the economy so businesses could thrive thereby creating job opportunities? Not quite. Instead, Ardern and her comrades stated: "Redistribution will lead to more financial stability and justice. As IUSY we struggle for redistribution between the north and the south and for redistribution between the poor and the rich, because we believe in equality and justice."

On the same trajectory, Ardern and her comrades said: "Human beings are born with unequal resources available. We as young socialists believe in a social democratic system which secures a redistribution of resources." Oh, I get it now. Ardern and her comrades think it's best that everyone is equal and this is achieved through securing a "redistribution of resources".

After resources – aka your income and wealth – has been "redistributed'" what happens when some people start accumulating more income and wealth than others? Does that mean that the clock needs to be reset so everyone is equal again? And how often should the reset occur?

For example, if Ardern and her comrades take away your income and wealth and give it to me, but through either hard work, initiative, entrepreneurial spirit and luck you manage to have more income and wealth than I have in say a year from now, does that mean I get to have more of your income and wealth so we become equal again?

I suppose that is exactly what Ardern and her comrades mean because they further stated: "Today's dominating economical system of Western capitalism has contributed to the unequal distribution of wealth worldwide."

I wonder then what is the exact point whereby "inequality" becomes acceptable? For example, is a 20 per cent gap of "inequality" acceptable? Or does it need to be closer, like 10 per cent? Or do we all need to have the exact same amount of income and wealth?

I don't know. But what I do know is Ardern and her comrades provided the above answers in 2009, and now she is leading us into the economic recovery of post-Covid-19.

COVID-19 IN NEW ZEALAND – WEDNESDAY 3RD JUNE

LET'S GET NEW ZEALANDERS WORKING AGAIN

NZ FIRST FLEXES ITS MUSSCLE IN ELECTION SCRAMBLE

The latest muscle-flexing by New Zealand First ahead of the election: another delay in putting cameras on fishing boats. This comes on top of blocking benefits for migrants, blocking visa changes for migrants, blocking Light Rail for Auckland, blocking rent relief for small retailers, blocking a car feebate scheme to reduce emissions, blocking dissolved nutrient levels in water reforms, and, of course, blocking a capital gains tax.

ROBERTSON NOT RULING OUT TAX HIKES

Finance Minister Grant Robertson said, on the Friday after the Budget, that tax increases aren't coming soon, but he won't rule them out further down the track.

According to Treasury, unemployment is likely to hit 8.3% by the end of June and then peak in September at 9.8%.

Robertson and the Government unveiled Budget 2020 on Thursday 14th May, revealing a $50 billion COVID Response and Recovery Fund focused on creating jobs amid the pandemic. Of the $50 billion, $20 billion has yet to be allocated, but Robertson stressed the $50 billion isn't a spending target. Instead, it provides flexibility to the Government to respond to the ever-changing times.

As a result of the increased spending, and therefore borrowing, net core Crown debt is expected to jump to 53.6% of GDP by 2023. This is still below what is likely to be the peak in many other developed countries.

Key Budget 2020 measures:

- $50 billion COVID-19 recovery fund
- $4 billion business support package, including the targeted wage subsidy extension
- $3 billion infrastructure investment with 8,000 public house build programme planned (they don't seem to learn not to set targets!)
- $1.6 billion for trades and apprenticeships
- $1 billion environmental jobs package
- $3.3 billion to strengthen health and education

"The people I talk to in the tourism industry are aware things are not going to be the same. We are going to be working with them. $400 million [for the tourism recovery plan] is the first part of our contribution," Robertson said.

TRANSPORT MINISTER PHIL TWYFORD SAYS LIGHT RAIL ON THE WAY, BUT WINSTON PETERS DISAGREES

"If you don't see a sucker at the table, you're it"
Australian Poker player

FLIGHTLESS ECONOMY TO LAND WITH A THUD

Source: Adam Creighton, The Australian Economics Reporter, 28 May 2020

Jacinda Ardern might have popular support, but the facts are she is pushing the NZ economy off a cliff.

No national leader has been as feted as Jacinda Ardern during this pandemic. Young and progressive, New Zealand's Prime Minister was popular before the crisis. Since she imposed the favoured pandemic solution of the left — a hard lockdown, shutting practically all business and no socialising with anyone outside your home — her star has only risen.

"*Laughing in the face of seismic shakes, she has calmly steered her country in the face of a massacre, an eruption and a pandemic*," The Guardian cooed on Tuesday. Steering it into an economic abyss, perhaps.

New Zealand's economy is in strife. Without major change, our constitutional cousin is in decline. Its public finances are in tatters, its biggest export, tourism, has been obliterated — Air New Zealand announced 4000 job losses this week — and New Zealand police now can enter people's homes without a warrant.

"*New Zealand is going backwards, falling behind the vast majority of our OECD partners in virtually every social and economic measure that matters*," said Roger Douglas, a former New Zealand Labour treasurer and the famed architect of Rogernomics.

New Zealand ranks fourth last in the OECD for labour productivity growth, and last for multi-factor productivity growth, according to economist Michael Reddell, based on OECD data. Health and education are gobbling up more of the budget as the population ages, with less and less to show for it.

NEW ZEALAND FACING LARGEST DECLINE IN GDP IN 160 YEARS

Estimates from the Reserve Bank show New Zealand will this year experience the largest decline in annual GDP in at least 160 years, highlighting the seriousness of the economic crisis we are facing, National's Finance Spokesperson Paul Goldsmith says.

"The Reserve Bank released its outlook for the economy in the Financial Stability Report which shows that New Zealand is set to face the largest economic shock in 160 years.

"Crucially, it illustrates why New Zealand desperately needs sound and responsible economic management to save jobs and restore the country's finances.

"A clear economic plan, a track record of delivery and a competent team is the only recipe for providing confidence to households and businesses.

"First and foremost, we need to open up the economy again quickly. That's hard when the Prime Minister and her deputy can't agree on when to move to Level 1.

"We also need to get cash to small businesses most affected, to save jobs. National has already proposed positive policies like a $100,000 GST cash refund scheme for businesses and a $150,000 instant asset write-off scheme.

"This Government has a track record of wasting money on low value for money projects - like KiwiBuild, Fees Free or the Provincial Growth Fund - but no record of delivering a positive plan for rebuilding the economy."

NZF FOUNDATION SPENT $130K ON COMPANY RUN BY WINSTON PETERS' LAWYER

Source: Stuff, 27 May 2020

Tens of thousands in donor's funds given to the New Zealand First Foundation were spent paying expenses, wages and bills for people closely associated with the New Zealand First leader Winston Peters. The foundation, which has bankrolled NZ First using secret donations from rich business people, spent more than $130,000 on a company run by Brian Henry - the personal lawyer and close friend of Peters.

Documents obtained by *RNZ* show that between January 2018 and July 2019, the foundation took in $224,000 in donations from supporters - and overall, spent at least $368,000. Of that, at least $137,000 of foundation funds were spent on a company called QComms.

QComms is an obscure company directed by Winston Peters' personal lawyer is at the heart of the NZ First campaign engine, documents from a *Stuff* investigation reveal. Brian Henry is the sole director and shareholder of QComms. The company that has no online profile, phone number or any other listed information - but in 2018 charged the New Zealand First Foundation for at least $93,000 worth of work and reimbursements to contracted employees. One of these contractors is Henry's daughter. As *Stuff* reported, the NZ First Foundation has received hundreds of thousands of dollars in political donations. Much of the money appears to have been spent by the NZ First Party, with many donations not declared on electoral returns. The Electoral Commission is now looking into the matter, as is the Serious Fraud Office.

Company office records show the sole director and shareholder of QComms is Brian Henry, who is a trustee of the foundation and the judicial officer of the New Zealand First party.

The two people who did most of the work for QComms were also closely linked to the party. Jamie Henry, Brian Henry's daughter, received $64,500 in wages and expenses, which included seven identical amounts, totalling $3010, referenced as 'rent'. All those costs were paid by the foundation.

The other key worker for QComms was John Thorn, who received $61,000 in wages and expenses in just over a year, all paid by the foundation. Thorn, who has now left the Party, was the vice-president for the South Island and the NZ First official who authored a paper first setting out a proposal that the Party establish the New Zealand First Foundation.

Thorn's paper was presented at a March 2017 New Zealand First Party Board meeting where leader Winston Peters and Ron Mark, his deputy at the time, were present. Peters was then asked to find a suitable lawyer to set up the foundation. Later in 2017, Brian Henry became a foundation trustee, along with Doug Woolerton, a former NZ First MP who now runs his own lobbying firm. Asked if he knew anything about the payments to QComms, Peters said he had nothing to do with it "in that context". "I think you should ask Mr Henry or the Serious Fraud Office." He said he was "absolutely relaxed about that" and would not comment further. Brian Henry did not respond to multiple requests for comment.

QCOMMS CONTROLLED NZF MEMBERSHIP DATABASE

The Foundation bank account, which Peters has said in media interviews is controlled by Brian Henry and Woolerton, also made five payments referencing the two trustees' initials, BH and DW. The payments, spread across five days in July 2019, were all made to the same bank account and total just over $20,000. All payments reference Brian Henry or one of his companies, although it's unclear why the money was paid.

The exact role of QComms is unclear but it appears to have acted as an intermediary between the Foundation and the New Zealand First Party, handling the Party's electronic communications.

QComms had a contract with the New Zealand First Party but the contents of that contract appear to have been closely guarded even from senior party officials. RNZ obtained an email sent by New Zealand First treasurer Holly Howard to New Zealand First's auditor, John Lennie, on 1 August, 2019 asking for the details of the contract.

In the email, subject-lined "QComms contract required', Howards asks: "Hi John. Just checking if you had anything from Brian Henry on this yet? I wanted to touch base before I chase him on it." Neither Howard nor Lennie, whose Auckland accountancy firm Lennie & Associates has audited the New Zealand First electoral returns for more than a decade, would not comment when contacted by RNZ.

Brent Catchpole, who was President from 2015 to 2018, said QComms had "very little" involvement with New Zealand First while he was President, and he had no recollection of a contract between the Party and the Foundation. "*I'm not aware of signing a contract with QComms*," he said. "*I didn't enter into any contract with QComms as President*." When asked what QComms did he said the company controlled the New Zealand First party membership database. "*It's a company that leases the database to New Zealand First*," he said. "*They hold the license and they lease it to NZ First.*" QComms also appears to have managed the New Zealand First web platforms. The documents obtained by RNZ show New Zealand First paid NationBuilder and Voxara - two American tech companies which run membership and donation systems for political parties. Voxara and NationBuilder sent multiple invoices to QComms. The bills, paid by the Foundation, totalled $142,000 over 2018 and 2019.

PAYMENT MADE TO PETERS' PARTNER

Peters' partner Jan Trotman also received a payment from the foundation, according to records seen by RNZ. On 29 July last year, the Foundation paid Trotman $3,450. The transaction is recorded as "Reimburse-Flt" in what appears to be a reimbursing payment for a flight. RNZ asked Trotman for details about why the Foundation would pay for her air travel but she declined to comment. She does not appear to have any official role with New Zealand First but has been involved in a business venture with Brian Henry and his son David.

Trotman is a director of New Zealand Future Forest Products (NZFFP), which applied unsuccessfully for a $15 million loan from the Provincial Growth Fund (PGF). Brian Henry was also a director of NZFFP at the time of the PGF application but Company Office records show he resigned that position on 19 February this year.

On 20 February this year the Serious Fraud Office began a formal investigation into the Foundation, after the Electoral Commission said it had received donations that should have been treated as Party donations. The SFO said last month it was on track to determine whether or not charges would be laid in relation to the Foundation donations before the September election.

New Zealand First leader Winston Peters took higher superannuation payments than he was entitled to for seven years - while living with his de facto partner - and has been required to pay back $18,000 to the state. Peters dodged charges on that incident (he has a track record of dodging "hard questions"), but it is looking increasingly unlikely that he can dodge this one regarding the NZ First Foundation.

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

THE WORLD AT A GLANCE

United States
Narcist Trump plays to his base

Canada
Trudeau speechless. Has to be a first

Europe
German €130bn support astounds EU partners

India
India overtakes Italy as 6th worst-covid country

China
Covid decimated Chinese economy but expect a strong rebound

Japan
After terrible start Japan has real covid success

UK
Spanish desperate for for UK tourists

Russia
Putin – the dictator President for life?

Australia
Morrison's mojo rises – he is saving the Aussie economy

New Zealand
Peters flexes to try to revive relevance

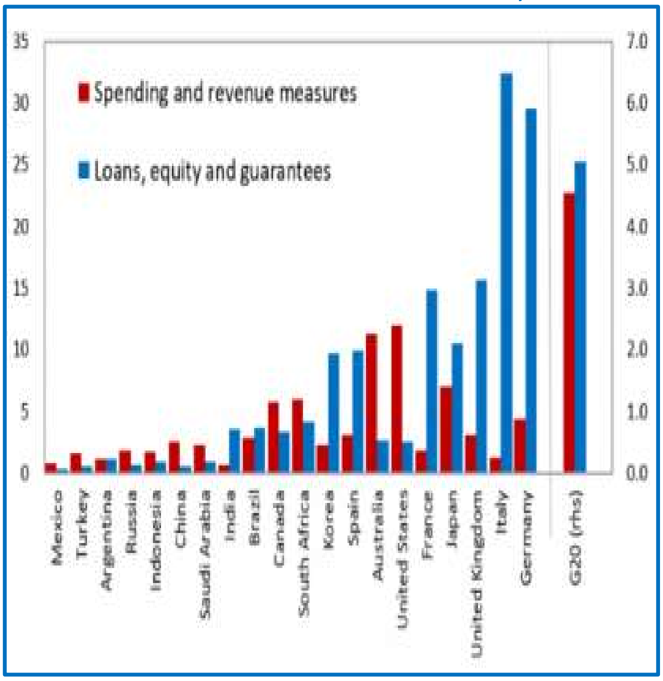
THE GLOBAL ECONOMIC OUTLOOK

This IMF measure of global fiscal support during Covid-19 has increased by US$1 trillion to US$9 trillion in the month of May. Support from the G20 countries is around 4.5% of GDP in direct spending and revenue measures, with another 5% in loan guarantees.

FISCAL FIREPOWER

As the pandemic and Great Lockdown continue, countries have now deployed US$9 trillion to help people and firms get through this crisis.

ANNOUNCED FISCAL MEASURES IN G20 COUNTRIES, % OF GDP



SOURCE: IMF staff estimates as of 13th May 2020

The IMF measures New Zealand's support from fiscal measures at 7.7% of GDP. New Zealand would be about the middle of the pack if included in this chart, and below Australia on more than 10% of GDP.

LABOUR PRODUCTIVITY

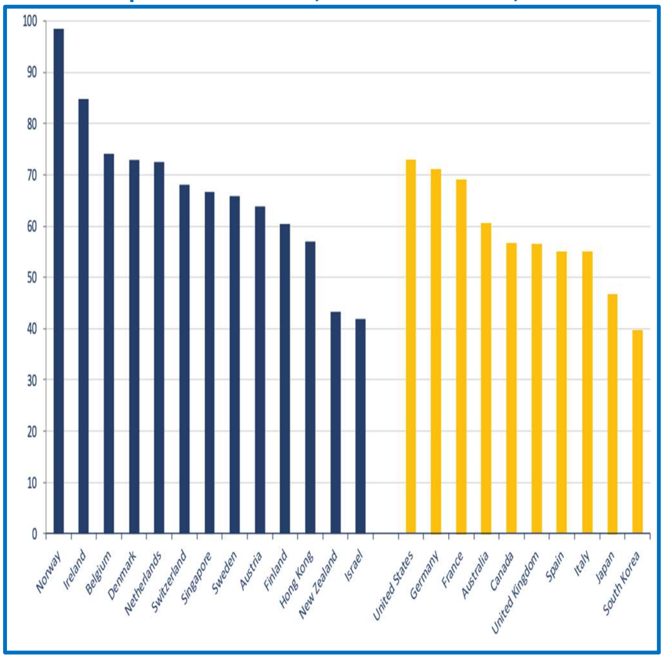
The Productivity Commission reports that much of New Zealand's GDP growth over the past 30 years has come from growth in hours worked, with low labour productivity growth rates.

There has been no meaningful improvement in New Zealand's relative productivity performance over the past few decades. This is partly because the incentives to act to lift labour productivity have been relatively weak, including a relatively high cost of capital and an abundant supply of labour (high participation rates, good demographics, strong net migration inflows) as well as the small domestic market.

New Zealand firms have expanded through labour rather than through capital and technology; New Zealand's business investment rates remain relatively low. The Report states that there has been no meaningful convergence towards the global productivity frontier over the past decades. This is a critical issue that all MPs need to address in a non-partisan manner.

LABOUR PRODUCTIVITY

GDP per hour worked, 2016 PPP Dollars, 2018



SOURCE: The Conference Board Total Economy Database

NEW ZEALAND'S ECONOMIC OUTLOOK

The Covid-19 lockdown provided near perfect conditions for a record trade surplus in April. With significantly reduced fuel imports and record meat exports the country posted a record monthly trade surplus of $1.3bn. Imports tumbled 22% to $4bn in the steepest decline since October 2009, while exports fell 4% to $5.3bn, due largely to a 69% slump in forestry products to China.

NZ ANNUAL GDP GROWTH RATE

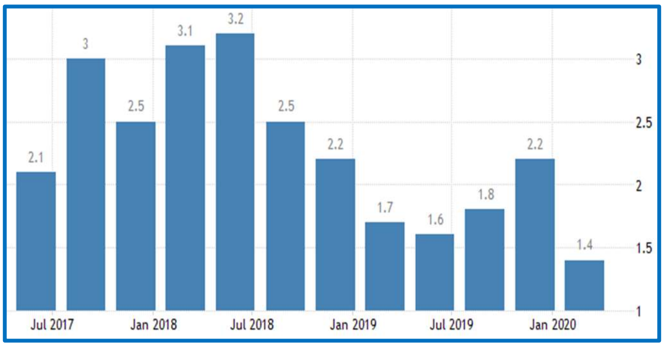
Key facts from Stats NZ: Effects of COVID-19 on trade, 1st February to 13th May 2020. Comparing the week ended 13 May 2020 with the equivalent week in 2019, the total exports to all countries were down 9.7% ($123m), from $1.27bn to $1.15bn in total imports from all countries, which was up 13% ($151m), from $1.13bn to $1.28bn, with exports to China down 13% ($40m), from $319m to $279m. Imports from China were down 4.2% ($10m), from $239m to $229m.

Australian Economic Outlook

Treasurer Josh Frydenberg says Australia is now in recession, after the economy was battered by bushfires and the early stages of the coronavirus pandemic, to shrink by 0.3% in the March quarter, the first quarter of negative growth in nine years. This will see Australia moving into recession for the first time in 29 years. On top of the bush fires, “The Lucky Country” saw GDP growth, as at 31st March, retract 0.3%, falling to 1.4%. Exports to Australia fell $161bn (24%), with crude oil being the biggest factor in the fall.

The negative quarter is only the fourth time this century the economy has gone backward in a three-month period. The last recession was in 1990-91.

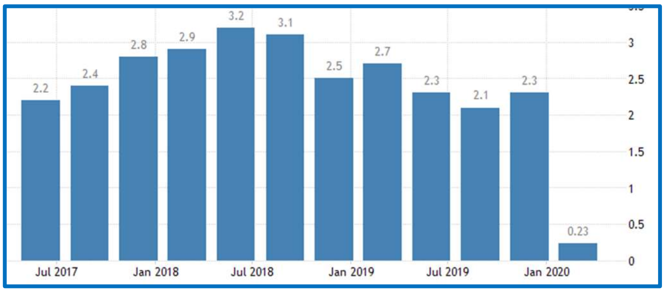
AUSTRALIA - ANNUAL GDP GROWTH RATE

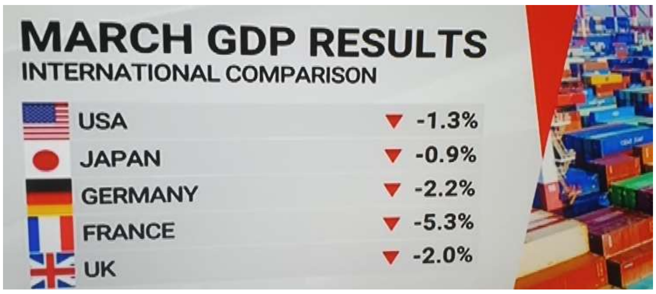


United States Economic Outlook

GDP in the United States expanded 0.23% in the first quarter of 2020 over the same quarter of the previous year. Transportation is making a strong recovery. that's the sign of a healthy economy. The US isn’t there just yet, but there are nascent indications of a turnaround. The Dow Jones Transportation Average has surged more than 12% in just the past month, compared to about an 8% gain for the Dow 30 and S&P 500.

UNITED STATES ANNUAL GDP GROWTH





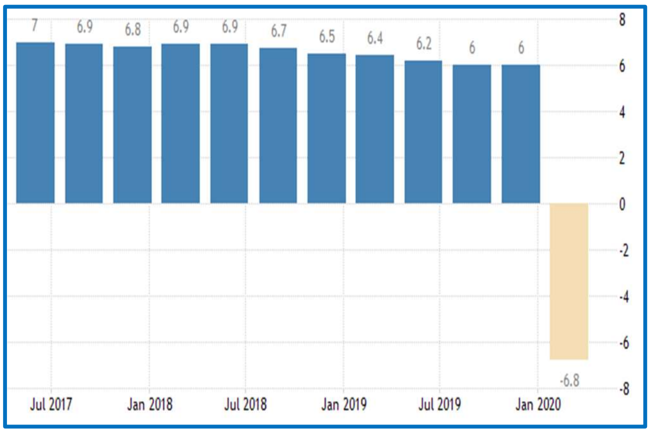
Chinese Economic Outlook

China’s economy was first out of the gate after coronavirus lockdowns, which might be one reason for Beijing’s recent tough diplomatic stance. But a closer look at the nation’s labour market raises some questions over that progress. China’s urban unemployment survey showed just 6% of respondents out of work in April, against nearly 15% in the U.S. But most economists don’t believe these two measures are directly comparable, in part because China’s measure misses migrant workers who return to rural areas during downturns.

The Chinese economy shrank 6.8% year-on-year in the first quarter of 2020, after a 6% growth in the last three months of 2019 and compared with market forecasts of a 6.5% decline. It is the first GDP contraction since records began in 1992, reflecting the severe damage caused by the COVID-19 outbreak after the authorities enforced a near two-month-long shutdown of all non-essential business activity.

The industrial sector dropped 9.6%, services fell 5.2% and the primary sector went down 3.2%. Car production recorded the sharpest decline (-44.6%). However, China's long-term growth potential will not be affected by the short-term fallout of the coronavirus pandemic, as the country's economic fundamentals remain unchanged, their authorities said.

CHINA - ANNUAL GDP GROWTH RATE

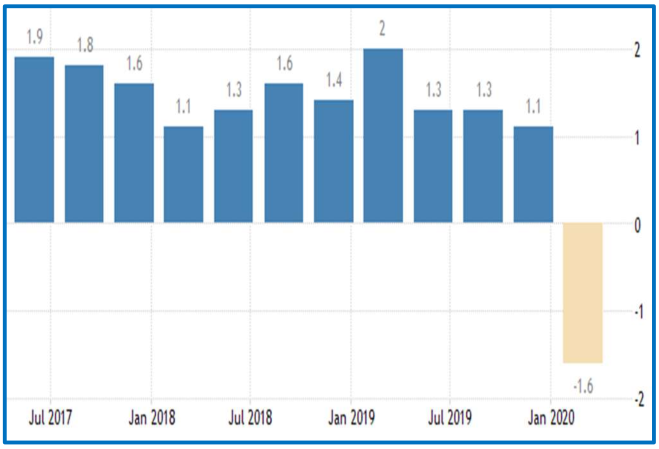


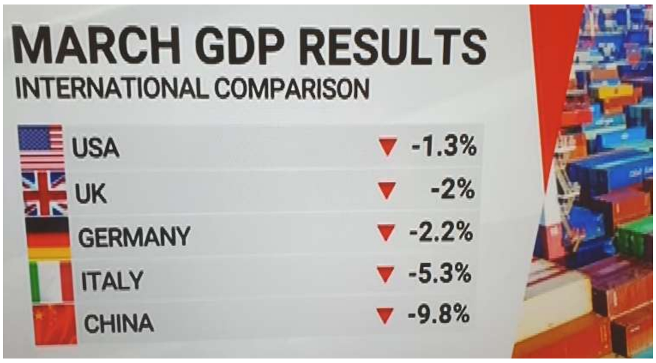
United Kingdom Economic Outlook

Britain's gross domestic product decreased by 1.6% year-on-year in the first quarter of 2020, the biggest fall since the fourth quarter of 2009 and compared with market expectations of a 2.1% slump. There was a widespread disruption to economic activity due to the corid-19 pandemic and the government's efforts to contain it in the second half of March. Household consumption dropped 1% and fixed investment slumped 2.3%. In addition, government spending edged 0.1% lower while exports and imports both fell sharply.

Britain's economy is on course for a slow rebound from the coronavirus outbreak amid mounting business concern over the hit to consumer demand, despite early signs of improvement in May. After April's unprecedented economic slump as lockdown measures brought the UK economy to an effective standstill, the latest monthly health check for growth and jobs from IHS Markit and the Chartered Institute of Procurement and Supply (Cips) suggested the economy has recovered slightly in May.

UK - ANNUAL GDP GROWTH RATE

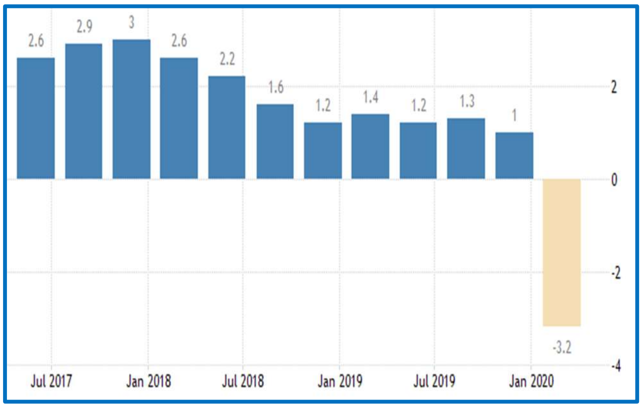




EUROPEAN ECONOMIC OUTLOOK

GDP In the Euro Area contracted 3.2% in the first quarter of 2020 over the same quarter of the previous year. Meanwhile, the European Central Bank expanded its money printing programme by €600 billion to €1.3 trillion (NZ$2.4 trillion or eight times NZ GDP) to offset an expected 12% contraction in European output this year.

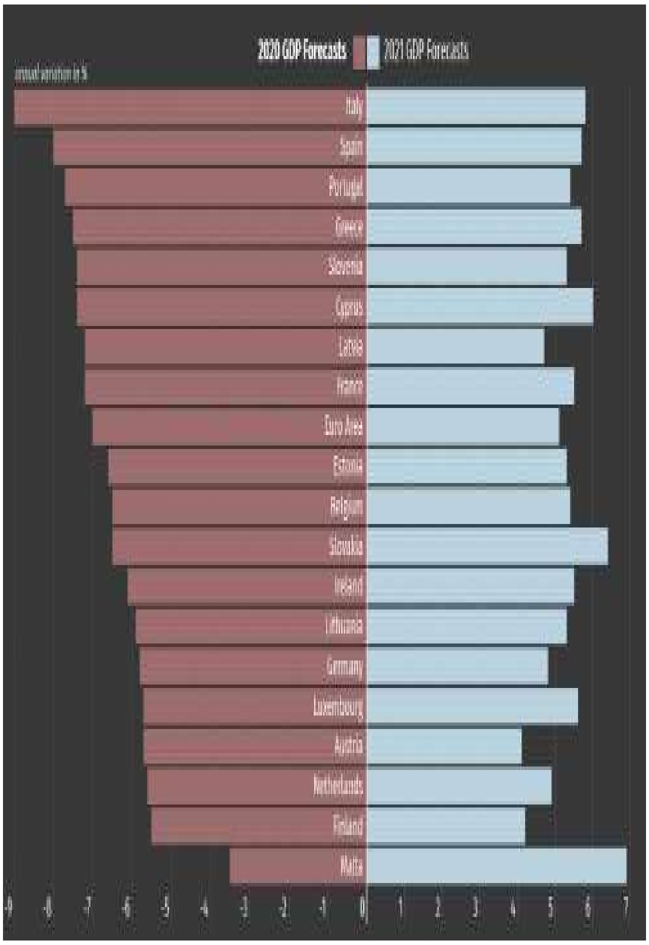
EUROZONE – ANNUAL GDP GROWTH RATE



According to data from national statistical institutes, Covid-19 wreaked havoc on both domestic and external demand in France, Italy and Spain, while contractions in smaller Eurozone economies were sizeable but less severe. Prospects for the second quarter are even bleaker, due to protracted lockdown measures, with a bigger blow to activity expected, as suggested by collapsing consumer and business confidence and a diving PMI reading in April. To cushion the economic impact of the coronavirus crisis, on 9 April Euro area ministers rolled out an emergency package worth €540 billion; nonetheless, they remained deeply divided on post-crisis stimulus.

The pandemic will hammer Europe's economy this year. Investment activity will tumble; household spending will plummet amid a surge in unemployment; and external demand will shrivel, also due to a freeze in tourism flows. Moreover, it will lead to a spike in banks' bad loans and pose risks to debt sustainability in countries with strained public finances.

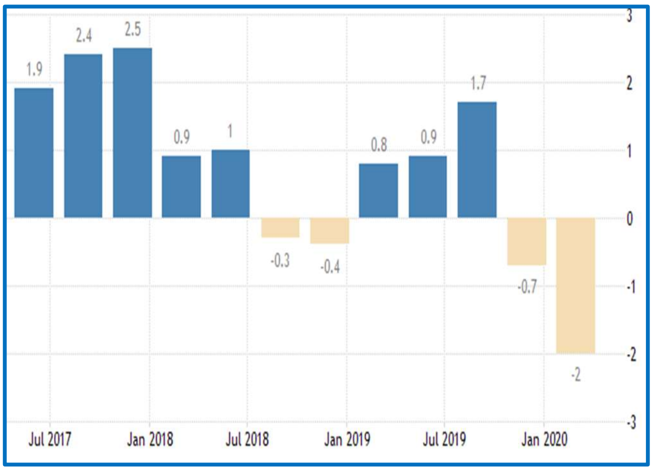
The economy is seen contracting 7.0% in 2020, which is down 2.9% from last month's forecast. In 2021, GDP is seen increasing 5.1%.

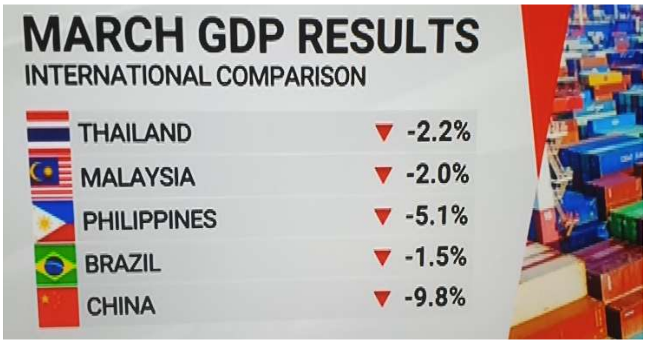


JAPANESE ECONOMIC OUTLOOK

Japanese Prime Minister Shinzo Abe has already committed roughly US$1.1 trillion to protect the country from virus-related fallout. The Bank of Japan has forecast the Japanese economy will contract between 3% and 5% this year.

JAPAN - ANNUAL GDP GROWTH RATE

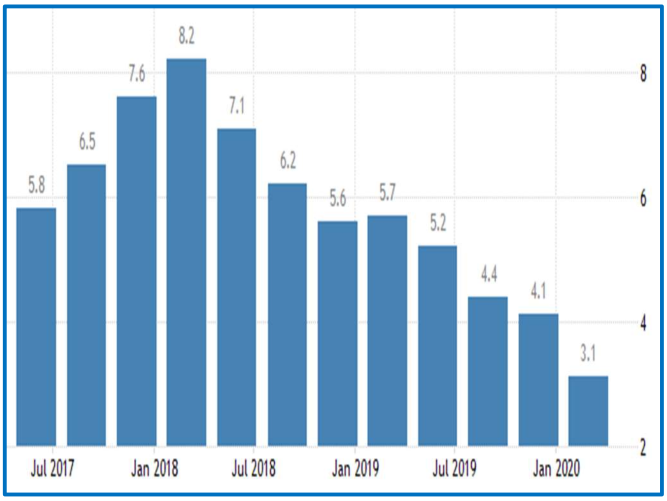




INDIAN ECONOMIC OUTLOOK

The Indian economy expanded 3.1% year-on-year in the first quarter of 2020, beating market forecasts of a 2.1%. Still, it is the slowest GDP growth since quarterly data became available in 2004. Moody's Investors Service said India's economy will not grow in the current financial year, and cautioned against downside risks to growth from a further extension of the lockdown. Moody's expects a bounce-back to 6.6% growth in FY22, assuming a gradual pick-up in economic activity and demand in the second half.

INDIA - ANNUAL GDP GROWTH RATE



COMMODITIES

Export prices of New Zealand crude oil began to fall significantly in March, coinciding with global crude prices crashing following the effects of the COVID-19 pandemic. New Zealand's crude oil prices are now at their lowest level since February 2016.

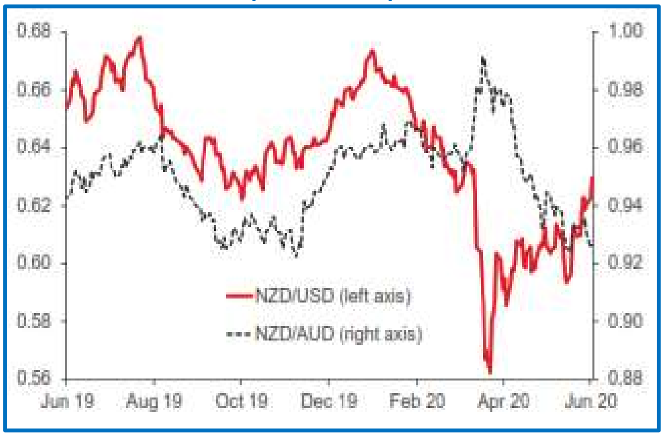
OIL: BRENT CRUDE (ONE YEAR)

GOLD (ONE YEAR)

CURRENCIES

The New Zealand dollar has continued to spike higher, mirroring the tone of global equities markets that remain upbeat about countries emerging from Covid-19 lockdowns. While the pandemic crisis is far from over and is now ravaging countries such as Brazil, social unrest in the U.S. continues to escalate and threats from President Donald Trump to call in the army to quell riots all combined to weaken the US dollar, pushing other currencies, including the New Zealand dollar, higher.

NZD/USD & NZD/AUD



SOURCE: Westpac

AGRIBUSINESS – LOOKING FROM THE OUTSIDE IN

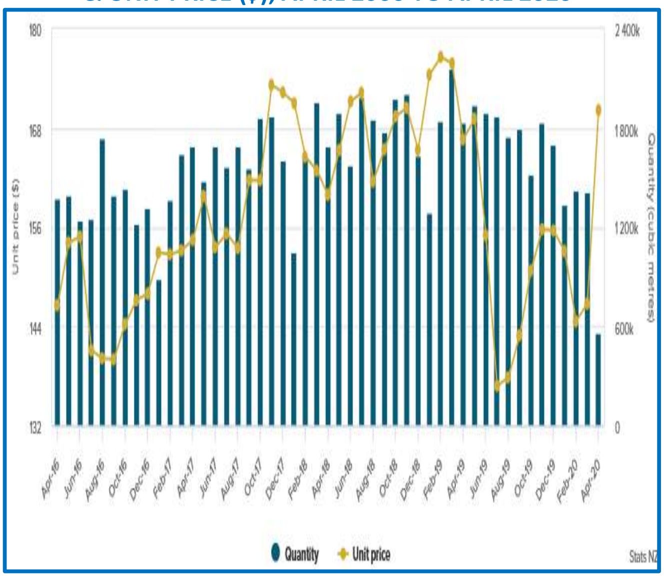
NZ$m year to 30 June	2004	2008	2012	2016	2017	2018	2019	2020F	2021F
Dairy	6,092	10,359	13,379	13,289	14,638	16,655	18,107	19,630	19,450
Meat & Wool	6,848	6,939	7,781	9,201	8,355	9,542	10,176	10,430	10,680
Forestry	3,294	3,295	4,332	5,140	5,482	6,382	6,883	6,000	6,600
Horticulture	2,212	2,896	3,560	5,002	5,165	5,376	6,111	6,400	6,530
Seafood	1,257	1,272	1,545	1,768	1,744	1,777	1,963	2,090	2,210
Arable	94	142	182	210	197	243	236	260	255
Other primary exports	1,114	1,525	1,773	2,612	2,638	2,706	2,852	3,060	3,140
Primary Industries Total	20,911	26,428	32,552	37,222	38,219	42,681	46,328	47,870	48,865
Per annum % Change		6.6%	5.8%	3.6%	2.7%	11.7%	8.5%	3.3%	2.1%

FORESTRY

Log exports fell sharply in April 2020 after logging operations were suspended during alert level 4, but average prices per M^3 picked up, Stats NZ said. Exports of logs were worth just $96m in April 2020, down $211m from $307m last April. While the quantity of logs exported fell 69%, the biggest-ever monthly percentage fall, the price has risen to $170/m^3 this month after falling to $137 in July 2019. Most New Zealand logs are exported to China.

The increase in unit price may suggest there is still unmet demand as log inventories in China are run down and export values may bounce back quickly as harvesting picks up again. The value of sawn timber exports also fell $61m or 79%, reflecting the log shortage.

MONTHLY EXPORT OF LOGS, QUANTITY (M^3) & UNIT PRICE ($), APRIL 2006 TO APRIL 2020



FORESTS (REGULATION OF LOG TRADERS AND FORESTRY ADVISERS) AMENDMENT BILL

Forestry owners and Federated Farmers are unhappy over the Government's planned regulation of the industry. Earnslaw One CEO, Paul Nicholls said the regulation may in fact stall four projects it is considering to expand the firm's processing capacity. Nicholls told Parliament's environment select committee the potential powers the Government is seeking – to intervene in the log sales and contracts of forest owners – are "absurd" and go against any sensible business practices. Multiple submitters told the committee the consultation on the Forests (Regulation of Log Traders and Forestry Advisers) Amendment Bill has been farcical, and its rushed implementation under Budget urgency was an abuse of process. Some have even suggested Forestry Minister Shane Jones' bid to try to ensure a predictable flow of logs to domestic processors is an effort to fix a problem that doesn't exist, and a first-step in a return to Muldoon-style "Fortress NZ" style policies.

Forestry accounts for more than $6 billion a year from shipments of logs, panels, timber and wood pulp. Around 35 million cubic metres of wood is harvested annually, of which about 15 million cubic metres (43%) is processed in this country.

WHICH TREES ARE BEST AT SEQUESTERING CARBON?

A new study (from the Bio-Protection Research Centre published in Science) indicates native plants, despite their tendency to grow more slowly than exotic species like Pinus Radiata, are better at storing carbon in the soil for longer periods of time. According to this study, Exotic plant species release 150% more carbon dioxide from the soil than native New Zealand plants.

HORTICULTURE

Gold kiwifruit exports continued to rise after a strong showing in March 2020. Gold kiwifruit increased $116m (37%) in April 2020, when compared with April 2019. Exports to Japan led this increase, with gold kiwifruit exports to that country more than doubling compared with April last year. The value of apple exports increased $49m as exporters managed to secure shipments, despite fears of clogged ports and worker shortages. This rise was led by exports to Japan, not typically a major market for our apples.

SHEEP, BEEF & GRAIN FARMERS

Sheep, beef, and grain farmers received 11.5% less for their products in the March quarter, reversing rises over most of 2019. In turn, prices paid to meat manufacturers were down 4.4% in the March quarter.

The sharp fall in prices for sheep and beef farming in the first three months of 2020 coincided with dry conditions in many parts of New Zealand, with sheep and beef prices falling. Farmers were reported to be sending stock off to meat works early because of the drought.

GOVT PROMISES CLEAN WATERWAYS WITH FINAL FRESHWATER PLAN

The Government is cracking down on nitrogen fertiliser use, and asking councils to speed up their planning processes in order to clean up the country's waterways. One in five farmers will have to reduce the amount of nitrogen fertiliser they are using under a new rule announced as part of a suite of policies to clean up New Zealand's waterways.

The Government's long-awaited freshwater management plan was unveiled in late May. "*Our environmental reputation is the thing that underpins our biggest export earners - tourism and agriculture. It's time for us to invest in cleaning up our water in order to protect the economic value add it brings*," Environment Minister David Parker said in a statement.

The suite of reforms includes a crackdown on agricultural intensification, harmful practices like winter grazing and the use of nitrogen fertiliser, a short deadline for councils to set out freshwater management plans, mandatory freshwater quality plans for every farm, rules preventing stock from entering waterways larger than one metre and stricter rules for water quality, particularly in popular swimming areas.

However, the Government has delayed making a decision on bottom lines for the amount of dissolved inorganic nitrogen (DIN) in waterways, after its Science and Technical Advisory Group recommended cutting the figure by nearly 90% to a level that dairy farmers said was unsustainable.

New Zealand First forced Parker to back down on the proposal, which has been sent back to the advisory group for a second look, due back in 12 months. In the meantime, DIN levels must remain flat or reduce - they cannot grow.

Stock to be excluded from waterways

The bulk of the reform package is focused on cleaning up pastoral areas, which contain more than half of the country's total river length. The MfE report found nutrient or turbidity levels were exceeded in 95% of the total river length in these areas and *E. coli* levels exceeded in 24%. Much of this can be addressed through keeping livestock away from waterways. From July 2023, dairy cattle and pigs will have to be excluded from rivers and lakes and all livestock other than sheep will have to stay out of certain wetlands. Two years later, remaining non-sheep livestock - including deer and beef cattle - will have to be kept out of rivers and lakes.

To that end, the Government has mandated that new fences built on farms must be at least three metres away from waterways - down from five metres in a draft proposal released in September. However, the September proposal also called for existing, permanent fencing that violated these rules to be uprooted, at a cost of billions of dollars to farmers over the coming decades. The Government has backed down on this suggestion, instead allowing permanent fencing to remain where it is.

Stakeholders supportive

The response to this announcement has been broadly positive, although most stakeholders found one or two issues to disagree with.

"*Over the last eight months DairyNZ has advocated for an evidence-based and pragmatic approach to freshwater regulation. We are pleased to see Government has listened and made significant changes to some of the more controversial elements of their original proposal*," DairyNZ chief executive Tim Mackle said.

The key reforms are:

- Setting higher health standards at swimming spots.
- Requiring urban waterways to be cleaned up and new protections for urban streams.
- Putting controls on higher-risk farm practices such as winter grazing and feed lots.
- Setting stricter controls on nitrogen pollution and new bottom lines on other measures of waterway health.
- Ensuring faster council planning.
- Requiring mandatory and enforceable farm environment plans.
- These actions will be supported by $700m of funding.

NEW ZEALAND EQUITIES

There is no doubt COVID-19 is challenging the status quo and conventional thinking across many industries. However, there are numerous underlying growth trends that should continue to support certain companies and industries over the medium to long term. Below Jarden has identified a selection of companies that they believe are well positioned to take advantage of emerging growth trends. These include ATM, ERD, FRE, IFT, SKO & TLT.

AFT PHARMACEUTICALS (AFT.NZ)

NEUTRAL $4.21 **12-mth TARGET:** $4.34

AFT, which sells Maxigesic, reported annual profit of $12.7m, which was up from a net loss of $2.4m the previous year. It said sales in the first month of the new financial year were significantly ahead of a year ago, despite the sluggish retail environment, and were forecast to grow by more than 50% for the year.

AFT Year to 31 March		2020A	2021F	2022F	2023F
Adj Earnings	NZ$m	5	12	18	29
Earnings/Share	NZc	5.4	12.3	17.6	28.4
PE Ratio	x	85.6	37.9	26.4	16.4
Cash/Share	NZc	9.2	(1.2)	14.1	20.6
Dividend	NZc	0.0	0.0	0.0	0.0

- **Y20 adjusted operating profit (EBIT) of $11.5m, in line with JARDe**, +73% vs pcp of $6.6m. Compositionally, AFT delivered a strong top-line result (operating revenue +24%) partly offset by a compression in gross margins (-430 bp to 45.7%). Operating revenue was supported by new product launches in ANZ following in-licensing agreements, strong COVID-19 related trading, and international Maxigesic sales (albeit with the latter falling short of JARDe due to sales phasing delays). A partial unwind in FY20 gross margin compression is expected in FY21 as adverse mix changes reverse.
- **Maiden FY21 operating profit (EBIT) of $14-18m** (vs pre-announcement JARDe of $23.5m). At the bottom end, guidance appears to be factoring in broadly flat sequential performance vs 2H20 ($6.9m EBIT). 2H20 likely included some COVID-19 demand pull (/pull-forward) but a headwind from an export ban in India. Jarden understands guidance conservatively includes little in the way of upfront licencing revenue. This presents material upside if licensing deals can be executed in certain markets (particularly in the US).
- **Jarden has revised FY21/22/23 EBIT down**. This is driven by delayed Maxigesic product launches in FY20 and minor COVID-19 disruptions to product development cycles (NasoSURF and Pascomer). Their medium-to-long term outcomes remain largely unchanged (AFT has provided a modest upgrade to Maxigesic order and sale guidance to FY22, positive IV validation from Delveinsights, etc.). From a valuation perspective roll-forward ($0.94) and a cost of capital review following a Jarden WACC parameter update ($0.34) offset the impact of negative revisions ($0.39).

AIR NEW ZEALAND

AIR disclosed at the end of May most of its international fleet would remain grounded for a further two months until the end of August, with just 5% of its pre-Covid-19 schedule operating.

ARVIDA GROUP

Retirement village owner and operator ARV made $42.6m annual net profit after tax, 28% down on last year, with the pandemic hitting just before the end of its financial year. New sales and resales of occupation rights were restricted at a critical point in the financial year, although several settlements were brought forward before lockdown.

In the year to March 31, underlying earnings of $51.7m were up 34% on last year's $38.6m, due to continued high care occupancy, more resales and new sales and eight months money from the three villages bought during the year. Resales of occupation rights set a new record, over $100m for the first time.

Years ended March 31

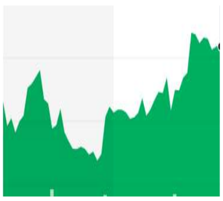
	2020	2019
Revenue	$163.7m	$152.4m
Operating profit	$44.8m	$67.3m
Net profit after tax	$42.6m	$59.1m
Dividend	5.81cps	5.35cps

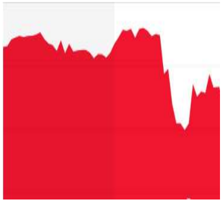
"Life is either a daring adventure or nothing at all." - Helen Keller

STOCKS TO WATCH NEW ZEALAND

JUST STOCKS WITH UPDATES SINCE APRIL

Prices as at 5th June 2020

ALL ONE YEAR GRAPHS		
	**AFT Pharmaceuticals** Jarden continues to like a number of attributes of the AFT investment proposition (range of potential growth options /markets) and a number of factors provide us some confidence in AFT's near-term growth profile (e.g., FY20 order backlog). However, the current share price appears to be imputing a high level of execution across the Maxigesic product range &/or a material contribution from other products (such as NasoSURF or Pascomer). With success in these fields remaining contingent on a number of variables (out-licensing partner execution, clinical trials, etc.), Jarden would prefer to take a cautious approach ahead of further progress commercialising products and/or out-licensing partners demonstrating performance. 2021 P/E: 37.9 2022 P/E: 26.4	**NZX Code:** **AFT** **Share Price:** **$4.69** **12mth Target:** **$4.34** **Projected return (%)** Capital gain -7.5% Dividend yield (Net) 0.0% **Total return** **-7.5%** **Rating: NEUTRAL** 52-week price range: 5.00-2.70
	**Air New Zealand** AIR has confirmed it expects to report an underlying loss for the 2020 financial year while estimating hedging losses and aircraft impairments of up to $560m. The airline has yet to draw on the Government's $900m loan. "We are preparing for a scenario in which the airline is still 30% smaller than pre-Covid levels in two years' time." Measures taken to minimise cash burn include slashing 4,000 jobs or 30 per cent of the workforce, which is expected to drive annualised savings of $350m to $400m. 2021 P/E: (9.6) 2022 P/E: (6.2)	**NZX Code:** **AIR** **Share Price:** **$1.64** **12mth Target:** **$0.84** **Projected return (%)** Capital gain -48.8% Dividend yield (Net) 0.0% **Total return** **-48.8%** **Rating: UNDERPERFORM** 52-week price range: 3.05-0.80
	**Auckland International Airport** Jarden's revised pax outlook suggests a deep V-shaped earnings downgrade for FY20/21/22 with EBITDAFI revised -12%/-91%/-65% respectively before reverting to FY19 levels by FY24. Offsetting this is reduced opex and capex consistent with AIA guidance. Their bull case models a 3-yr recovery, while their bear case models a U-shaped earnings dent with a 5-yr recovery. The up-/down-side valuation sensitivity of each scenario after adjusting for spend rate, capex intensity and aero inflation is +110cps and -100cps vs Jarden's base case. 2020 P/E: 44.7 2021 P/E: (109.2)	**NZX Code:** **AIA** **Share Price:** **$6.96** **12mth Target:** **$5.75** **Projected return (%)** Capital gain -17.4% Dividend yield (Net) 0.0% **Total return** **-17.4%** **Rating: NEUTRAL** 52-week price range: 9.90-4.26
	**Argosy Property** Jarden views ARG as reasonably well positioned to navigate the uncertainty currently impacting the economy and LPV sector - its portfolio is diverse with retail exposure at 15% and only one material committed development in Wellington city office (demand dynamics are good with majority of development pre-leased to Stats NZ). Downside risks cannot be discounted and Jarden highlights a downside scenario where gearing hits 42.5% on an inability to divest assets in FY21. 2021 P/E: 16.9 2022 P/E: 16.5	**NZX Code:** **ARG** **Share Price:** **$1.19** **12mth Target:** **$1.24** **Projected return (%)** Capital gain 3.8% Dividend yield (Net) 5.5% **Total return** **9.3%** **Rating: NEUTRAL** 52-week price range: 1.54-0.74
	**Arvida** The total value of assets for the group grew to $1.9bn, up $607m from the start of the 2020 financial year. ARV now owns 2475 retirement units and 1688 hospital beds in 32 villages. Gearing is currently at 30%, and ARV has an additional $100m bank facility - added after balance date. A dividend of 1.45c a share will be paid the final quarter, giving 5.80cps to shareholders, up 8.4% on last year. Updated development guidance for FY2021 and FY2022 is provided with 200 new units to be delivered annually. A range of factors could impact anticipated FY2021 delivery timeframes such as further Covid-19 related shutdowns of construction sites or disruption to supply lines. 2021 P/E: 18.7 2022 P/E: 14.2	**NZX Code:** **ARV** **Share Price:** **$1.37** **12mth Target:** **$1.35** **Projected return (%)** Capital gain -1.5% Dividend yield (Net) 3.7% **Total return** **2.2%** **Rating: NEUTRAL** 52-week price range: 2.00-0.88
	**a2 Milk Company** Strong 3Q20 revenue performance above ATM expectations, which includes some resto cking (aka demand pull forward) via online and reseller channels. Management has acknowledged a lack of visibility on the timing and extent to which this may unwind acros s the 4Q or into FY21. The 3Q also benefited from a weaker NZ$ on the China segment revenue (US$ based). FY20 revenue guidance is $1,700m to $1,750m – in line with Jard en expectation. By channel, CBEC (1H20 24% of IF revenue) has been the strong performer, with daigou and MBS experiencing some volatility. 2020 P/E: 35.8 2021 P/E: 30.1	**NZX Code:** **ATM** **Share Price:** **$19.00** **12mth Target:** **$17.65** **Projected return (%)** Capital gain -7.1% Dividend yield (Net) 0.8% **Total return** **-6.3%** **Rating: NEUTRAL** 52-week price range: 20.39-12.19
	**Fletcher Building** FBU outlined a challenging outlook for its business in the wake of COVID. Outlook commentary was provided as FBU announced plans to cut ~1,500 jobs. In this environment, downside risks clearly exist. Jarden sees potential for valuation support to emerge but remain cognizant of uncertainty and high operating leverage in FBU's business. More visibility is required on where earnings bottom and they take this opportunity to also adjust our longer-term mid-cycle forecasts to better factor in what FBU has achieved through the last upturn. Jarden's 12-month price target has decreased to $3.78. 2020 P/E: 21.8 2021 P/E: 23.2	**NZX Code:** **FBU** **Share Price:** **$3.91** **12mth Target:** **$3.78** **Projected return (%)** Capital gain -3.3% Dividend yield (Net) 2.7% **Total return** **-0.6%** **Rating: NEUTRAL** 52-week price range: 5.70-3.05

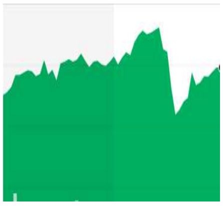


Freightways

FRE has delivered a much better trading update than was indicated after the initial move to lockdown Level 4 in New Zealand. At the time of the company's trading update on 1 April Jarden estimated that if the scale of volume declines seen at the start of the move to Level 4 persisted FRE may have a revenue decline of ~45%, but revenue performance for April at -32% was considerably better than expected. April was, in fact cash neutral..
2020 P/E: 17.7 2021 P/E: 14.0

NZX Code:	**FRE**
Share Price:	**$7.15**
12mth Target:	**$8.20**
Projected return (%)	
Capital gain	14.7%
Dividend yield (Net)	4.7%
Total return	**19.4%**

Rating: NEUTRAL
52-week price range: 8.78-4.50

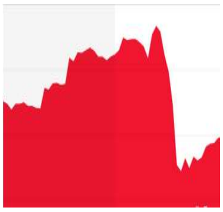


Infratil

IFT reported an underlying FY20 EBITDAF of $480.9m, an 11.5% gain over pcp $431.2m. Capital position looks steady, and focus on organic growth in FY21 is expected. Jarden calculates that expansion plans at CDC & TLT can continue without parent capital injections, and forecast IFT FY22 net debt returning to current levels with no need to reduce dividends, raise capital or undertake divestments. IFT owns a diversified portfolio of assets, including some very attractive growth opportunities.
2021 P/E: n.m 2022 P/E: 49.7

NZX Code:	**IFT**
Share Price:	**$5.11**
12mth Target: ↑	**$5.45**
Projected return (%)	
Capital gain	6.8%
Dividend yield (Net)	3.6%
Total return	**10.4%**

Rating: OUTPERFORM
52-week price range: 5.66-3.00



Kathmandu

Attractive valuation offsets near-term uncertainties. Following a period of restriction, Jarden reinstates coverage of KMD, acknowledging KMD faces a period of earnings uncertainty, and believing the strength of the company's execution during the peak of lockdown restrictions; the consumer appeal of its brands; and its robust balance sheet all underpinning Jarden's confidence in the company's recovery. This view is supported by their scenario analysis which highlights valuation upside under all scenarios.
2020 P/E: (48.4) 2021 P/E: 21.3

NZX Code:	**KMD**
Share Price:	**$122**
12mth Target:	**$1.40**
Projected return (%)	
Capital gain	14.8%
Dividend yield (Net)	0.0%
Total return	**14.8%**

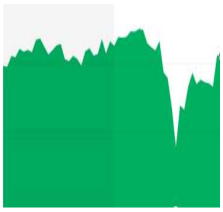
Rating: OUTPERFORM
52-week price range: 2.54-0.49

Kiwi Property Group

KPG indicated rental income could be down $20m in 1Q FY20, having appeared to made an allowance for up to 50% rental abatement across its retail rent roll. Jarden has made allowance for $32.5m in impact on their base FY21 rent. So long as NZ does not go back into lock down allowances beyond 1Q likely need to capture changes in base rentals and risks around vacancy. As it comes to the end of a nearly $400m investment at Sylvia Park, KPG has just $50m of committed capex. Jarden is factoring in a lower yield on cost for Galleria and currently factor in lease up over 18 months.
2021 P/E: 15.2 2022 P/E: 12.7

NZX Code:	**KPG**
Share Price:	**$1.02**
12mth Target:	**$1.18**
Projected return (%)	
Capital gain	4.4%
Dividend yield (Net)	3.9%
Total return	**8.3%**

Rating: OUTPERFORM
52-week price range: 1.70-0.74



Mainfreight

MFT has reported a solid FY20 result with underlying NPAT up +10.6% to $156.1m. Adjusting for currency, MFT delivered revenue growth of +3.6%, EBITDA growth of +8.6% and NPAT growth of +9.9%. Importantly, this result was achieved in a challenging Covisd-19 backdrop, with a $22m reduction to revenue and $6m lower EBITDA. While Jarden continues to view MFT as a high-quality business with an appealing medium-term growth profile; these positives are evenly balanced by a share price trading close to pre-COVID-19 levels despite significant uncertainty in the company's near-term earnings trajectory.
2021 P/E: 30.9 2022 P/E: 24.6

NZX Code:	**MFT**
Share Price:	**$40.00**
12mth Target:	**$37.50**
Projected return (%)	
Capital gain	-6.3%
Dividend yield (Net)	1.6%
Total return	**-4.7%**

Rating: NEUTRAL
52-week price range: 43.99-24.00

NZ Refining

Although the refining outlook has marginally improved, margins still look likely to remain very weak All eyes are on the June Strategic Review currently underway. Key questions are 1) whether NZR can secure higher revenue from its customers for RAP pipeline and embedded terminaling services it already provides, 2) will refining operations continue, or instead be mothballed for the foreseeable future, and 3) whether a spun-off pipeline and terminal infrastructure vehicle would crystalise a value uplift by isolating the low-risk parts of the business from the ever-volatile refining component.
2020 P/E: (5.2) 2021 P/E: (11.8)

NZX Code:	**NZR**
Share Price:	**$0.89**
12mth Target: ↑	**$1.71**
Projected return (%)	
Capital gain	92.1%
Dividend yield (Net)	0.0%
Total return	**92.1%**

Rating: OUTPERFORM
52-week price range: 2.20-0.62

Port of Tauranga

A strong March means POT will not miss Jarden's FY20 log volume forecasts of 5.25m tonnes by too much. Elsewhere trade flows continue in the key export categories while imports will be down. POT is still hopeful of close to 1.2m TEU's for FY20. They currently forecast FY20 NPAT of around $0.0m considering the Covid-19 impacts. POT still screens slightly expensive compared to Jarden's DCF derived valuation. However, with no issues around core profitability or the balance sheet, any sell-off in POT likely represents a rare opportunity to purchase a high-quality infrastructure business at reasonable value.
2020 P/E: 47.5 2021 P/E: 41.2

NZX Code:	**POT**
Share Price:	**$7.32**
12mth Target:	**$5.47**
Projected return (%)	
Capital gain	-25.3%
Dividend yield (Net)	2.4%
Total return	**-22.9%**

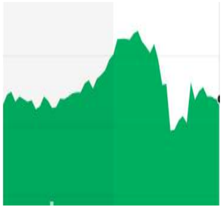
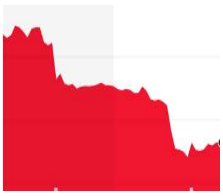
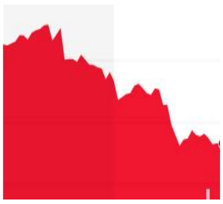
Rating: ~~UNDERPERFORM~~
My Rating: BUY ON WEAKNESS
52-week price range: 8.08-4.90

Pushpay Holdings

Pushpay's result to 31st March included very strong revenue growth, as well as expanding margns (from 60% to 65%), and guidance reflects the Revenue uplift expected from the surge in processing volumes. It also strengthened its value proposition through the strategic acquisition of the leading church management system (Church Community Builder, based in Colorado). PPH improved its revenue over the last year from US$98.4m to US$129.8m (up 32%).
2021 P/E: 43.2 2022 P/E: 29.0

NZX Code:	**PPH**
Share Price:	**$7.66**
12mth Target:	**$6.54**
Projected return (%)	
Capital gain	-7.4%
Dividend yield (Net)	0.0%
Total return	**-7.4%**

Rating: OUTPERFORM
52-week price range: 7.66-2.36

	**Sanford** Seafood company SAN has reported a 17% drop in first-half profits in the wake of the coronavirus outbreak. Interim results for the six months to March 31 reported a net profit of $19m, down from $22.9m for the same period last year. SAN reported adjusted earnings before interest and tax (EBIT) of $23.2m for the six months to 31 March, down 29%t, or a 16% decrease when excluding the sale of it pelagic business in March 2019. Total revenue was $245.5m, down 7% from $265m. SAN cut its interim dividend to 5 cents, (pcp 9 cents). 2021 P/E: 43.2 2022 P/E: 29.0	**NZX Code:** **SAN** **Share Price:** **$6.85** **12mth Target:** **$7.65** **Projected return (%)** Capital gain 11.7% Dividend yield (Net) 2.3% **Total return** **14.0%** **Rating: OUTPERFORM** 52-week price range: 8.20-5.55
	**Sky Network Television** SKT's dilutive 2.83:1 share issue at a 30.4% discount to Theoretical Ex-Rights Price of $0.17/share is set to raise a net $148m at 12cps. Jarden highlighted the possible equity raise risk given the challenges they saw in funding the March 2021 bond refinance. The timing, size of the raise and substantial discount to Jarden's previous valuation have been influenced by the impact of COVID-19 on SKT's business (SKT traded at $0.62 at its February 1H20 result; down to $0.33 on 20 May preceding the issue). 2020 P/E: 31.0 2021 P/E: 76.8	**NZX Code:** **SKT** **Share Price:** **$0.16** **12mth Target:** **$0.17** **Projected return (%)** Capital gain 6.9% Dividend yield (Net) 0.0% **Total return** **6.9%** **Rating: UNDERPERFORM** 52-week price range: 1.30-0.15
	**TILT Renewables** FY21 looks to be a transition year focusing on new builds, with construction under way on both 336MW Dundonnell (A$230m yet to spend) and 133MW Waipipi (NZ$200m yet to spend) expected to be completed by end FY21. If planning approvals for larger turbines are secured for Rye Park (NSW, 400MW, maybe ~A$630m) then FID may be possible by mid-June 2021. Tararua I & II repowering in NZ is not yet imminent. Maiden FY21 EBITDA guidance of A$80-$95m is fairly wide range to reflect uncertain turbine commissioning timetables (COVID interruptions) and volatile merchant prices received for pre-completion output. 2021 P/E: (108.8) 2022 P/E: (118.1)	**NZX Code:** **TLT** **Share Price:** **$3.43** **12mth Target:** **$3.57** **Projected return (%)** Capital gain 4.1% Dividend yield (Net) 0.6% **Total return** **4.1** **Rating: NEUTRAL** 52-week price range: 3.45-2.29
	**Trustpower** TPW reported an in-line $186m FY20 EBITDAF, albeit guided lower several times to adjust for easing spot prices, hydrology (235GWh below pcp, North hydro 11% below mean, Southern 6% below) and the November sale of the legacy meter business. Underlying NPAT wasZ$75m (vs pcp $103m). Net Debt of $617m was in line with forecast. A final 13.5cps fully-imputed dividend was declared (for 32.5cps FY20 total), 1.5cps below expectation to reflect FY21 bad debt risk concerns. Absent any dividend guidance, we think the previous annual 34cps track would be restored if bad debt returns to pre-COVID levels. 2021 P/E: 24.9 2022 P/E: 26.3	**NZX Code:** **TPW** **Share Price:** **$7.15** **12mth Target:** **$5.86** **Projected return (%)** Capital gain -18.0% Dividend yield (Net) 6.8% **Total return** **-11.2%** **Rating: UNDERPERFORM** 52-week price range8.65-4.50
	**Vista Group International** VGL is managing the downturn well, having moved quickly to reduce costs and strengthen the balance sheet before turning the attention to supporting clients. This has seen a number of new product releases aimed at facilitating a resumption of trading for Cinemas and enhancing revenue streams. This reinforces the core role that VGL plays in the Cinema sector and the critical nature of its software to the resumption of operations. 2020 P/E: (11.1) 2021 P/E: 41.5	**NZX Code:** **VGL** **Share Price:** **$1.85** **12mth Target:** **$2.04** **Projected return (%)** Capital gain 10.3% Dividend yield (Net) 0.0% **Total return** **10.3%** **Rating: NEUTRAL** 52-week price range: 5.95-0.86
	**Z Energy** ZEL's FY20 result was in line, albeit well below pcp due to adverse fuel volume, refining and COVID provisions. Reported RC EBITDA was $366m (vs. Jarden's $359m, pcp $435m, guidance $355-$365m range). Net debt $954m (+$67m above Jarden's $887m forecast). No final dividend was declared, as expected. Gross margin of $782m was in line (vs. pcp $840m). The $350m equity raising total (with SPP) primarily to be used to repay $180m of drawn bank debt. 2021 P/E: 48.2 2022 P/E: 14.4	**NZX Code:** **ZEL** **Share Price:** **$3.06** **12mth Target:** ↑ **$5.00** **Projected return (%)** Capital gain 63.4% Dividend yield (Net) 1.2% **Total return** **64.6%** **Rating: OUTPERFORM** 52-week price range: 6.85-2.50

NEW ZEALAND EQUITIES - *GROSS DIVIDEND YIELDS* *AS AT 28TH MAY 2020*

COMPANY	RATING	PRICE (NZ$)	GROSS DIVIDEND YIELD				DIVIDEND COVER				NET DEBT/ EQUITY
			FY-1	FY0	FY1	FY2	FY-1	FY0	FY1	FY2	CURRENT
Turners	O	$1.64	14.4%	14.4%	16.1%	16.9%	1.7	1.6	1.5	1.5	128.4%
Heartland Group	N	$1.14	12.2%	13.4%	14.1%	14.8%	1.3	1.2	1.3	1.3	654.9%
Stride	N	$1.63	9.1%	9.1%	9.1%	9.1%	1.1	1.0	1.0	1.1	50.1%
Argosy Property	N	$1.16	8.2%	8.2%	8.2%	8.2%	1.1	1.1	1.1	1.2	64.9%
Skellerup	N	$2.00	8.0%	8.0%	8.5%	9.1%	1.2	1.1	1.2	1.2	18.7%
Contact Energy	O	$6.45	7.6%	7.6%	7.7%	7.6%	0.6	0.5	0.6	0.6	41.0%
Genesis Energy	U	$2.90	7.7%	7.4%	7.2%	7.5%	0.4	0.3	0.4	0.5	59.8%
Spark	N	$4.55	7.1%	7.1%	7.6%	7.5%	0.9	0.9	0.9	1.1	96.8%
Investore Property	U	$1.73	6.6%	6.6%	6.6%	6.6%	1.1	1.0	1.1	1.1	43.2%
Trustpower	U	$7.15	6.3%	6.3%	6.8%	6.9%	0.7	0.9	0.8	0.7	56.4%
NZX	N	$1.40	6.2%	6.3%	6.3%	6.8%	0.9	1.0	1.0	1.1	11.9%
Freightways	N	$6.95	6.1%	6.2%	7.8%	8.2%	1.3	1.2	1.2	1.2	77.6%
Vector	U	$3.75	6.1%	6.2%	6.3%	6.4%	0.7	0.7	0.7	0.7	132.6%
Precinct Properties	N	$1.57	5.7%	6.0%	6.2%	6.4%	1.1	1.1	1.1	1.2	39.0%
Scales Corporation	N	$5.00	5.3%	5.8%	6.1%	6.7%	1.3	1.2	1.2	1.2	-28.4%
Sky City	N	$2.53	11.0%	5.5%	11.0%	11.0%	1.3	1.3	0.6	1.1	66.2%
Meridian Energy	U	$4.88	5.5%	5.4%	5.5%	5.9%	0.6	0.6	0.4	0.5	26.9%
Vital Healthcare	N	$2.48	5.3%	5.3%	5.4%	5.5%	1.1	1.2	1.2	1.3	64.5%
Kiwi Property Group	O	$1.00	5.3%	4.9%	10.2%	10.8%	2.0	1.9	1.1	1.1	50.3%
Tower	O	$0.64	0.0%	4.9%	6.6%	7.0%		1.8	1.8	1.8	-34.4%
Property For Industry	U	$2.50	4.5%	4.6%	4.7%	4.8%	1.1	1.2	1.2	1.2	44.0%
Sanford	O	$7.02	4.6%	4.6%	4.6%	4.6%	1.8	2.1	2.3	2.6	26.4%
Mercury	U	$4.76	4.5%	4.5%	4.6%	4.6%	0.8	0.9	0.9	0.9	29.8%
Chorus	N	$7.50	4.3%	4.4%	4.6%	6.9%	0.5	0.5	0.6	0.3	245.3%
Goodman Property	U	$2.30	4.0%	4.0%	4.0%	4.1%	1.2	1.0	1.0	1.0	24.1%
Infratil	O	$5.00	3.7%	3.7%	3.7%	3.9%	1.1	0.7	-1.1	1.0	233.5%
Ebos	N	$22.25	3.4%	3.6%	4.0%	4.2%	1.4	1.4	1.4	1.4	29.1%
Arvida	N	$1.40	4.1%	3.6%	4.1%	4.5%	1.8	1.5	1.7	2.1	52.0%
Fonterra	N	$3.65	0.0%	3.6%	4.4%	5.2%	0.0	1.9	2.0	2.0	86.7%
New Zealand King Salmon	N	$1.97	3.5%	3.5%	4.1%	6.7%	1.9	1.9	1.9	1.5	16.9%
Port of Tauranga	U	$7.50	3.4%	3.0%	3.1%	3.5%	0.8	0.9	1.0	1.0	42.0%
Summerset	N	$6.17	2.3%	2.3%	2.5%	2.7%	3.4	3.3	3.3	3.3	56.1%
Delegat's Group	U	$11.25	2.1%	2.2%	2.6%	3.4%	3.0	2.9	2.9	2.5	68.5%
Mainfreight	N	$39.90	2.1%	2.1%	2.4%	2.8%	2.5	2.1	2.4	2.4	11.1%
Ryman Healthcare	U	$13.44	1.6%	1.8%	2.2%	2.4%	2.1	2.1	2.0	2.0	71.3%
Fisher & Paykel Healthcare	U	$30.85	1.0%	1.3%	1.6%	1.9%	1.6	1.6	1.5	1.5	-2.6%
Gentrack	N	$1.46	7.6%	0.7%	4.6%	10.1%	1.3	1.2	1.2	1.2	-7.4%
AFT Pharmaceuticals	N	$4.51	0.0%	0.0%	0.0%	4.1%	0.0	0.0	0.0	1.7	142.4%
a2 Milk	N	$18.90	0.0%	0.0%	1.1%	1.1%	0.0	0.0	3.2	3.7	-68.9%
Comvita	N	$3.81	2.2%	0.0%	0.0%	0.0%	-2.7	0.0	0.0	0.0	-4.6%
Eroad	O	$2.45	0.0%	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0	53.2%
Kathmandu	O	$1.07	19.3%	0.0%	0.0%	6.0%	1.6	0.0	0.0	1.8	17.0%
Metro Performance Glass	O	$0.17	0.0%	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0	44.4%
New Zealand Refining Company	O	$0.72	3.9%	0.0%	0.0%	36.2%	0.7			0.6	42.8%
Pushpay	O	$7.10	0.0%	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0	6.6%
Restaurant Brands	U	$12.85	0.0%	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0	56.7%
Serko	O	$2.87	0.0%	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0	-70.7%
Sky Network Television	U	$0.17	65.4%	0.0%	0.0%	0.0%	3.1	0.0	0.0	0.0	5.1%
Synlait	O	$7.15	0.0%	0.0%	0.0%	12.0%	0.0	0.0	0.0	1.0	88.8%
Tilt	N	$3.18	0.0%	0.0%	3.7%	4.3%	0.0	0.0	-0.2	-0.1	38.7%
Z Energy	O	$2.96	7.7%	0.0%	14.3%	17.8%	0.7	0.0	0.7	0.8	96.8%
MEDIAN			**4.5%**	**3.7%**	**4.6%**	**5.9%**	**1.1**	**1.0**	**1.0**	**1.1**	**44.0%**

Source: Jarden, CS Group Estimates

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

AUSTRALIAN EQUITIES - NET DIVIDEND YIELDS *AS AT 28TH MAY 2020*

COMPANY	RATING	PRICE (AU$)	DIVIDEND YIELD				DIVIDEND COVER				NET DEBT/ EQUITY
			FY-1	FY0	FY1	FY2	FY-1	FY0	FY1	FY2	CURRENT
Orora	N	$2.54	5.1%	18.8%	3.1%	3.6%	1.4	0.2	1.5	1.4	24.2%
Fortescue Metals Group Ltd	N	$13.08	9.5%	11.1%	7.9%	5.6%	1.2	1.5	1.5	1.5	8.2%
Bendigo and Adelaide Bank	U	$6.29	11.1%	8.9%	7.9%	7.9%	1.1	1.3	1.1	1.1	-39.6%
Vicinity Centres	N	$1.71	9.3%	8.8%	8.8%	9.0%	1.1	1.1	1.1	1.1	38.5%
Scentre Group	O	$2.47	9.1%	8.2%	8.6%	9.0%	1.1	1.0	1.0	1.0	55.0%
Spark Infrastructure Group	O	$1.95	7.7%	7.2%	6.2%	6.2%	0.4	0.3	0.1	0.1	-1.6%
Stockland Group	O	$3.60	7.7%	7.0%	7.1%	7.2%	1.1	1.1	1.1	1.1	44.4%
Challenger Limited	N	$5.35	6.6%	6.6%	5.0%	4.7%	1.6	1.4	1.6	1.8	-4.9%
Aurizon	O	$4.69	5.1%	5.8%	6.3%	6.6%	1.0	1.0	1.0	1.0	74.7%
Dexus	O	$9.00	5.6%	5.7%	5.8%	5.9%	1.1	1.1	1.1	1.1	34.8%
AGL Energy	U	$17.00	7.0%	5.5%	5.3%	4.6%	1.3	1.3	1.3	1.3	37.6%
Commonwealth Bank Australia	N	$64.30	6.7%	5.4%	4.7%	4.7%	1.1	1.1	1.2	1.3	-54.0%
GPT Group	O	$4.25	6.2%	5.4%	5.9%	6.2%	1.1	1.2	1.2	1.2	35.7%
CIMIC Group Limited	O	$24.84	2.9%	5.4%	6.3%	6.2%	3.5	1.7	1.5	1.5	-344.7%
AusNet Services	N	$1.74	5.9%	5.2%	5.3%		0.8	0.8	0.7		313.3%
Telstra Corporation	O	$3.17	5.0%	5.0%	5.0%	5.0%	1.1	1.1	1.1	1.0	137.1%
Mirvac Group	O	$2.42	4.8%	5.0%	5.2%	5.4%	1.3	1.2	1.1	1.2	35.2%
Amcor	O	$14.69	4.7%	4.8%	5.3%	5.7%	1.4	1.4	1.4	1.4	105.8%
Origin Energy	N	$5.83	4.3%	4.7%	3.4%	4.7%	2.3	2.1	1.1	1.3	34.7%
Nine Entertainment	O	$1.53	6.6%	4.6%	5.2%	5.9%	1.2	1.1	1.1	1.2	26.6%
BHP Group Limited	O	$34.46	4.7%	4.6%	2.7%	2.6%	1.7	1.7	2.0	2.0	25.3%
WorleyParsons	N	$9.36	2.9%	4.5%	5.1%	5.6%	2.1	1.9	2.0	2.0	168.8%
APA Group	N	$11.21	4.2%	4.5%	4.6%	4.9%	0.5	0.6	0.6	0.7	299.3%
JB Hi-Fi	N	$37.50	3.8%	4.3%	3.6%	3.9%	1.5	1.5	1.5	1.5	91.5%
Rio Tinto	U	$91.52	7.3%	4.2%	4.0%	3.6%	1.4	1.8	1.7	1.7	6.5%
Coles Group Limited	O	$15.24	1.6%	4.0%	4.1%	4.5%	3.1	1.2	1.2	1.2	350.6%
Lend Lease	O	$12.29	3.4%	3.9%	3.7%	4.8%	2.0	1.9	2.0	2.0	17.6%
Medibank Private Limited	O	$2.74	5.7%	3.8%	4.3%	4.5%	1.0	1.3	1.2	1.2	-26.2%
Charter Hall Group	O	$9.51	3.5%	3.8%	3.8%	3.9%	1.4	1.9	1.3	1.4	8.6%
NIB Holdings Limited	N	$4.51	5.1%	3.7%	3.5%	4.5%	1.6	1.6	1.7	1.5	2.8%
Suncorp Group Limited	N	$9.35	8.3%	3.5%	6.0%	6.0%	0.2	1.7	1.2	1.2	60.1%
Magellan Financial Group	U	$58.83	3.1%	3.5%	3.6%	4.2%	1.1	1.1	1.1	1.1	-44.5%
Coca-Cola Amatil	O	$8.80	5.8%	3.5%	3.5%	4.3%	1.1	1.3	1.3	1.3	77.3%
Wesfarmers	N	$40.64	4.4%	3.5%	4.0%	4.0%	1.0	1.2	1.0	1.1	97.9%
Star Entertainment Group	O	$3.04	6.7%	3.5%	0.0%	4.3%	1.2	1.3		1.4	37.1%
Iluka Resources	O	$8.32	1.6%	3.4%	3.7%	7.7%	5.1	1.8	2.6	1.2	-29.2%
National Australia Bank	O	$17.94	9.3%	3.3%	5.0%	6.1%	1.1	1.7	1.6	1.4	-97.6%
Qantas	U	$4.09	6.1%	3.3%	0.0%	0.0%	2.2	0.0			270.2%
Macquarie Group	N	$110.95	3.9%	3.3%	4.8%	5.3%	1.8	1.8	1.4	1.4	0.0%
Tabcorp Holdings	N	$3.39	6.5%	3.2%	1.8%	5.0%	0.9	1.3	2.3	0.9	44.7%
Link Administration Holdings Limite	O	$4.10	5.0%	3.1%	3.3%	4.4%	1.8	2.1	2.1	2.1	33.6%
ALS Ltd	O	$7.19	2.4%	3.1%	3.6%	3.8%	2.2	1.6	1.6	1.6	74.6%
Downer EDI	O	$4.56	6.1%	3.1%	3.7%	5.3%	1.6	1.5	1.5	1.6	66.1%
Boral	N	$3.10	8.5%	3.1%	0.0%	2.6%	1.6	1.9		2.1	43.8%
Crown	O	$9.82	6.1%	3.1%	0.0%	6.1%	0.9	0.7		0.9	19.2%
Transurban	U	$14.34	4.1%	3.0%	2.5%	3.3%	0.1	0.1	0.1	0.4	186.8%
Alumina Limited	N	$1.53	7.9%	3.0%	3.6%	8.1%	1.4	0.8	0.6	1.1	3.8%
Westpac	O	$17.61	9.9%	2.8%	5.7%	6.9%	1.1	2.0	1.5	1.5	-6.9%
Brambles	O	$11.26	2.7%	2.8%	3.3%	3.1%	1.6	1.6	1.6	1.8	73.2%
Computershare	N	$13.33	3.5%	2.8%	2.7%	3.0%	2.3	2.2	2.1	2.1	100.0%

COMPANY	RATING	PRICE (AU$)	DIVIDEND YIELD				DIVIDEND COVER				NET DEBT/ EQUITY[1] CURRENT
			FY-1	FY0	FY1	FY2	FY-1	FY0	FY1	FY2	
ANZ Banking Group	O	$17.94	8.9%	2.8%	5.6%	5.6%	1.4	2.3	1.6	1.7	-241.3%
Treasury Wine	N	$9.69	3.9%	2.8%	2.1%	4.2%	1.5	1.6	2.4	1.5	39.6%
Evolution Mining Limited	N	$5.61	1.7%	2.8%	2.8%	2.2%	1.3	1.5	2.0	1.6	10.1%
Woolworths	N	$34.72	2.9%	2.7%	3.0%	3.2%	1.3	1.4	1.4	1.4	181.3%
Atlas Arteria	N	$6.70	4.5%	2.7%	3.7%	5.2%	0.0	0.2	0.8	0.8	54.0%
ASX	N	$86.81	2.6%	2.7%	2.6%	2.7%	1.1	1.1	1.1	1.1	-9.4%
Orica	N	$17.84	3.1%	2.5%	3.7%	4.2%	1.8	1.9	1.5	1.5	48.2%
Qube Holdings Limited	O	$2.79	2.4%	2.4%	2.4%	2.4%	1.1	1.1	1.1	1.4	34.9%
Ampol Limited	N	$26.42	3.1%	2.4%	4.3%	4.5%	1.7	1.6	1.6	1.7	70.5%
OZ Minerals	U	$9.61	2.4%	2.4%	2.4%	2.4%	2.3	0.4	1.9	3.2	7.8%
Reliance Worldwide	N	$3.14	2.9%	2.2%	1.4%	1.9%	2.1	2.2	2.3	2.2	23.3%
South 32	O	$1.98	7.4%	2.2%	1.7%	2.0%	2.0	1.5	2.5	2.5	-0.7%
Domino's Pizza Enterprises	U	$62.71	1.8%	2.2%	2.4%	2.5%	1.4	1.4	1.4	1.4	298.9%
Ansell Limited	O	$34.28	2.1%	2.2%	2.4%	2.6%	2.3	2.3	2.3	2.3	13.5%
Cleanaway Waste Management	N	$1.95	1.8%	2.1%	2.5%	2.8%	1.9	1.8	1.8	1.8	39.8%
Goodman Group	N	$15.45	1.9%	1.9%	2.1%	2.2%	1.7	1.9	1.9	1.9	13.0%
Santos Ltd	R	$5.62	3.0%	1.9%	2.2%	2.5%	3.1	2.9	2.8	4.4	34.4%
Whitehaven Coal	O	$1.83	27.4%	1.8%	2.2%	2.5%	1.1	3.0	4.0	4.0	18.5%
Incitec Pivot	O	$2.06	2.3%	1.8%	3.7%	4.8%	2.0	3.1	1.9	1.9	28.7%
Sonic Healthcare	O	$28.82	2.9%	1.7%	2.8%	3.5%	1.4	1.6	1.4	1.4	42.1%
Insurance Australia Group	O	$6.00	5.3%	1.7%	4.4%	4.8%	1.4	2.3	1.3	1.3	28.6%
carsales.com.au	N	$16.31	2.8%	1.3%	2.3%	3.1%	1.2	2.1	1.3	1.2	126.4%
Northern Star Resources Ltd	N	$13.46	1.0%	1.3%	2.7%	2.6%	1.8	3.0	3.1	2.8	4.6%
BlueScope Steel	O	$11.40	1.2%	1.2%	1.2%	1.2%	12.7	4.7	4.9	9.9	0.8%
REA Group	N	$99.61	1.2%	1.2%	1.3%	1.6%	1.9	1.6	1.8	1.8	7.3%
Beach Energy	O	$1.70	1.2%	1.2%	1.2%	1.2%	12.3	9.7	6.9	9.6	0.4%
CSL Ltd	O	$288.00	1.0%	1.1%	1.3%	1.4%	2.3	2.2	2.2	2.2	74.9%
ResMed Inc.	N	$24.14	0.9%	1.0%	1.0%	1.1%	2.1	2.6	2.5	2.8	39.9%
Ramsay Health Care	O	$69.15	2.2%	0.9%	1.1%	2.2%	1.9	2.2	2.4	1.8	201.3%
Newcrest Mining	N	$29.56	1.1%	0.9%	0.5%	0.7%	3.3	5.4	10.5	8.3	9.8%
Cochlear	N	$187.93	1.8%	0.9%	0.9%	1.9%	1.4	1.9	1.7	1.4	-22.4%
TPG Telecom	N	$8.36	0.5%	0.7%	0.7%	1.6%	10.1	5.2	4.9	2.5	56.9%
Seek	O	$20.33	2.3%	0.6%	1.5%	2.1%	1.1	2.0	1.1	1.2	73.9%
Oil Search	N	$3.47	4.1%	0.6%	1.9%	3.8%	2.2	2.2	2.2	2.2	44.3%
Woodside Petroleum	O	$23.55	5.8%	0.4%	1.9%	5.1%	1.3	1.2	1.2	1.2	11.1%
AMP Limited	O	$1.65	0.0%	0.0%	2.4%	3.0%			2.6	2.4	384.2%
The a2 Milk Company Limited	N	$17.43	0.0%	0.0%	1.1%	1.1%			3.2	3.7	-68.9%
Xero	O	$84.70	0.0%	0.0%	0.0%	0.0%					-13.1%
Sydney Airport	U	$6.09	6.4%	0.0%	2.9%	4.6%	0.7		0.1	0.4	-723.4%
James Hardie Industries plc	O	$26.40	0.6%	0.0%	2.4%	2.7%	7.9		2.0	2.0	70.5%
Flight Centre	O	$13.74	15.2%	0.0%	0.0%	2.9%	1.2			2.0	46.5%
QBE Insurance Group	O	$8.54	6.5%	0.0%	5.4%	5.6%	1.2		1.6	1.6	37.7%
Bank of Queensland	N	$5.43	12.0%	0.0%	6.3%	7.2%	1.1		1.4	1.5	
MEDIAN			**4.2%**	**2.9%**	**3.4%**	**4.2%**	**1.4**	**1.6**	**1.5**	**1.5**	**34.9%**

Source: Jarden, CS Group Estimates

1. The Net Debt/Equity ratio is calculated as Gross Debt less cash holdings divided by total shareholder funds. Negative ratios indicate a net cash position.
2. Ratings: "O" - Outperform, "N" - Neutral, "U" - Underperform, "R" - Restricted.
3. FY0 represents the current financial year.

Jarden's Australian Equities Portfolios at 1st June 2020

Ticker	Company Name	Core Plus	Diversified	Sector
ALL.AU	Aristocrat Leisure	9.7%	10.1%	Consumer Discretionary
AMC.AU	Amcor	11.1%	11.6%	Materials
BXB.AU	Brambles	10.1%	9.0%	Industrials
CBA.AU	Commonwealth Bank of Australia	11.2%	7.8%	Financials
CSL.AU	CSL	11.7%	9.5%	Health Care
CWY.AU	Cleanaway Waste Management	8.8%	6.0%	Industrials
LLC.AU	Lendlease Group		4.5%	Real Estate
ORG.AU	Origin Energy	10.9%	8.4%	Energy
RMD.AU	Resmed	12.0%	10.1%	Health Care
S32.AU	South32		6.3%	Materials
SCG.AU	Scentre Group	8.4%	7.8%	Real Estate
TWE.AU	Treasury Wine Estates	6.1%	5.2%	Consumer Staples
WOR.AU	Worley		3.7%	Energy
		100.0%	100.0%	

The Core Plus and Diversified portfolios are to be changed as follows:

- Commonwealth Bank of Australia (CBA) to be introduced into the Core Plus and Diversified portfolios at weightings of 11.2% and 7.8% respectively.
- Brambles (BXB) to be reduced by 5.0% and 2.5% in both the Core Plus and Diversified portfolios to weightings of 10.1% and 9.0% respectively.
- South32 (S32) to be removed from the Core Plus portfolio.
- Origin Energy (ORG) to be reduced by 3.0% in the Diversified portfolio to a weighting of 8.4%.
- Flight Centre (FLT) to be removed from the Diversified portfolio.
- Treasury Wine Estates (TWE) to be increased by 2.0% in the Diversified portfolio to a weighting of 5.2%.

INVESTMENT TRUSTS

Ticker	Security Name	Global	Global Plus	Exposure
AAXJ.US	iShares MSCI All Country Asia Ex Japan Fund	3.8%	3.7%	Asia Ex Japan
CTY.LN	City of London Investment Trust	4.2%	4.1%	UK
IEUX.LN	iShares Europe ex-UK Fund	15.2%	15.0%	Europe
IVV.US	iShares S&P 500 Index Fund	42.2%	33.1%	US
IWM.US	iShares Russel 2000 Fund	0.0%	3.6%	US
IXC.US	iShares Global Energy Fund	4.0%	4.0%	Energy
IXG.US	iShares Global Financials Fund	7.2%	7.5%	Financials
IXJ.US	iShares Global Healthcare Fund	4.9%	6.6%	Healthcare
JFJ.LN	JPMorgan Japanese Investment Trust	4.2%	4.2%	Japan
PCT.LN	Polar Capital Technology Trust	0.0%	4.8%	Technology
VGT.US	Vanguard US Information Technology Fund	5.0%	6.2%	Technology
VWO.US	Vanguard FTSE Emerging Markets Fund	9.3%	7.2%	Emerging Markets
		100.0%	100.0%	

DIRECT EQUITY INVESTMENTS

Ticker	Security Name	Weight	Sector
AIR.FP	Airbus	3.4%	Industrials
AMZN.US	Amazon	8.5%	Cons Discretionary
AAPL.US	Apple	9.0%	Info Tech
T.US	AT&T	4.8%	Comm. Serv
BP/.LN	BP	4.0%	Energy
C.US	Citigroup	7.0%	Financials
INTC.US	Intel	7.0%	Info Tech
MC.FR	LVMH	5.5%	Cons Discretionary
MA.US	Mastercard	6.3%	Info Tech
MRK.US	Merck & Co	7.9%	Health Care
MSFT.US	Microsoft	9.8%	Info Tech
MS.US	Morgan Stanley	5.5%	Financials
UNH.US	UnitedHealth Group	9.0%	Health Care
WMT.US	Walmart	7.2%	Cons Staples
DIS.US	Walt Disney	5.1%	Comm. Serv
		100.0%	

The Jarden Investment Committee decided to reduce the exposure to Information Technology in its Global portfolios. The Committee acknowledged that the reduction in PCT and increase in IVV would marginally reduce the exposure of the Global Plus portfolio to the Growth style, which has become more vulnerable to underperformance relative to the Value style, which is dominated by cyclical companies. The potential underperformance of Growth equities relative to Value equities reflects:

1. The expected medium-term rise in inflation due to the expectation that central banks and governments in most regions of the world (Europe being the main exception) will maintain loose monetary and fiscal policy for some time, with inflation being allowed to run ahead of long-term targets. Inflation is typically positive for value/cyclical equities.

2. Higher interest rates are typically positive for cyclical/value equities. Long term interest rates are expected to rise although the increase will likely be held in check by central banks. All the same, this is a modest positive for cyclical/value equities.

3. The Committee acknowledges that the longer-term growth prospects for Information Technology equities appears compelling. However, cyclicals/value equities have underperformed growth (and defensive) equities by the largest margin since the Global Financial Crisis. Consequently, on a relative value basis cyclical/value companies appear to offer compelling value relative to growth companies, despite having weaker growth prospects.

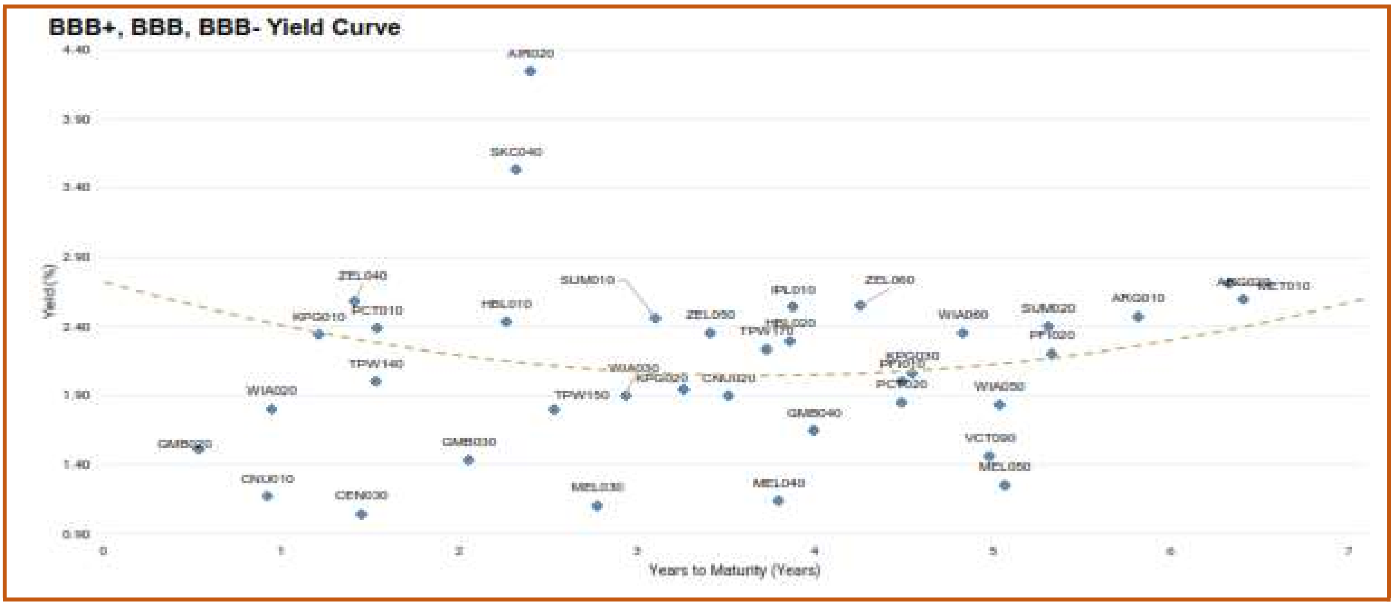
5. Historically cyclicals/value equities outperform when Purchasing Manager Indices bottom, US initial jobless claims peak, economic surprises trough, forecast earnings per share trough, and price-to-earnings ratios trough. As the restrictive measures used to contain COVID-19 are relaxed it seems likely that the aforementioned factors will start to turn positive. They acknowledge that there is a risk of a second wave of COVID-19 cases which would curtail the expected turn around. Consequently, the increased exposure to cyclical/value companies being made cautiously by using IVV, which is 43% cyclical rather than increasing exposure to a cyclical/value sector such as industrials.

FIXED INTEREST SECONDARY MARKET – INDICATIVE ONLY *AS AT 2ND JUNE 2020*

NOTE: You will notice a pretty dramatic reduction in the yield (campared to the previous 2 months)

BBB+, BBB, BBB- Issuer	NZDX Code	Maturity Date	Coupon %	CPN Freq	Credit Rating	Type	02-Jun Yield	08-May Yield	09-Apr Yield
Wellington Intl Airport	WIA020	15-May-21	7.50%	2	BBB+	Senior	1.80%	2.69%	3.20%
Kiwi Property Group	KPG010	20-Aug-21	6.15%	2	BBB+	Senior	2.34%	2.47%	3.14%
Z Energy	ZEL040	01-Nov-21	4.01%	4	BBB-(NR)	Senior	2.58%	2.93%	4.00%
TrustPower	TPW140	15-Dec-21	5.63%	4	BBB-(NR)	Senior	2.00%	2.23%	3.05%
Precinct Properties	PCT010	17-Dec-21	5.54%	2	BBB+(NR)	Senior	2.38%	2.45%	3.45%
Heartland Bank	HBL010	08-Sep-22	4.50%	4	BBB	Senior	2.43%	2.74%	4.40%
SkyCity Entertainment	SKC040	28-Sep-22	4.65%	4	BBB-	Senior	3.53%	3.70%	5.50%
Air New Zealand	AIR020	28-Oct-22	4.25%	2	BBB	Senior	4.24%	5.00%	4.52%
TrustPower	TPW150	15-Dec-22	4.01%	4	BBB-(NR)	Senior	1.79%	2.35%	3.50%
Wellington Intl Airport	WIA030	12-May-23	4.25%	2	BBB+	Senior	1.90%	2.35%	3.44%
Summerset	SUM010	11-Jul-23	4.78%	4	BBB-(NR)	Senior	2.46%	2.84%	4.30%
Kiwi Property Group	KPG020	07-Sep-23	4.00%	2	BBB+	Senior	1.94%	2.60%	3.35%
Z Energy	ZEL050	01-Nov-23	4.32%	4	BBB-(NR)	Senior	2.35%		
Heartland Bank	HBL020	12-Apr-24	3.55%	4	BBB	Senior	2.29%	2.90%	4.15%
Investore Property	IPL010	18-Apr-24	4.40%	4	BBB(NR)	Senior	2.54%	2.51%	3.60%
Z Energy	ZEL060	03-Sep-24	4.00%	4	BBB-(NR)	Senior	2.55%		
Precinct Properties	PCT020	27-Nov-24	4.42%	2	BBB+(NR)	Senior	1.85%	2.82%	3.77%
Property for Industry	PFI010	28-Nov-24	4.59%	4	BBB(NR)	Senior	2.00%	2.35%	3.00%
Kiwi Property Group	KPG030	19-Dec-24	4.33%	2	BBB+	Senior	2.06%	2.61%	3.40%
Wellington Intl Airport	WIA050	16-Jun-25	5.00%	2	BBB+	Senior	1.83%	2.35%	3.48%
Summerset	SUM020	24-Sep-25	4.20%	4	BBB-(NR)	Senior	2.40%	2.75%	4.55%
Property for Industry	PFI020	01-Oct-25	4.25%	4	BBB+	Senior	2.20%	2.75%	2.91%
Argosy Property	ARG010	27-Mar-26	4.00%	4	BBB(NR)	Senior	2.47%	2.91%	4.20%
Metlifecare	MET010	30-Sep-26	3.00%	4	BBB-(NR)	Senior	2.71%	2.80%	4.50%
Argosy Property	ARG020	29-Oct-26	2.90%	4	BBB+(NR)	Senior	2.59%	2.91%	4.30%
Chorus	CNU020	06-Dec-28	4.35%	4	BBB	Senior	1.90%	2.11%	3.50%
Trustpower	TPW170	22-Feb-29	3.97%	4	BBB-(NR)	Senior	2.23%	2.85%	3.72%
Wellington Intl Airport	WIA060	01-Apr-30	4.00%	2	BBB+	Senior	2.35%	2.79%	3.87%

Issuer BB+, BB, BB-	NZDX Code	Maturity Date	Coupon	CPN Freq	Credit Rating	Type	02-Jun Yield	08-May Yield	09-Apr Yield
Fletcher Building Industries	FBI150	15-May-21	4.75%	2	BB+(NR)	Subord	4.00%	4.00%	
Infratil	IFT220	15-Jun-21	4.90%	4	BB(NR)	Subord	3.70%	4.25%	6.10%
Turners Automotive Group	TRA100	30-Sep-21	5.50%	4	BB-(NR)	Subord	6.00%	6.20%	5.50%
Fletcher Building Industries	FBI160	15-Mar-22	5.00%	2	BB+(NR)	Subord	3.90%	5.00%	5.60%
Infratil	IFT190	15-Jun-22	6.85%	4	BB(NR)	Subord	3.74%	4.53%	6.05%
Infratil	IFT210	15-Sep-23	5.25%	4	BB(NR)	Subord	3.77%	4.70%	6.00%
Infratil	IFT230	15-Jun-24	5.50%	4	BB(NR)	Subord	3.60%	4.50%	6.00%
Synlait Milk	SML010	17-Dec-24	3.83%	4	BB-(NR)	Subord	3.77%	3.83%	4.70%
Fletcher Building Industries	FBI190	15-Mar-25	3.90%	2	BB+(NR)	Subord	3.90%	4.30%	5.60%
Infratil	IFT250	15-Jun-25	6.15%	4	BB(NR)	Subord	3.71%	4.64%	5.75%
Infratil	IFT280	15-Dec-26	3.35%	4	BB(NR)	Subord	3.85%	4.72%	5.31%



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