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INVESTMENT STRATEGIES

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Try not to look at the market every day. That can only amplify anxiety. Times like this can be unnerving, but remember that the stock price only matters when you buy and when you sell. That said, many New Zealanders do rely on dividend income, so it does pay to continue to think strategically about your portfolio's composition.

Kiwisaver investors do need to remain patient, and don't get spooked into knee-jerk decisions

NZ50 GROSS INDEX (ONE-YR GRAPH)

COVID-19

We remain in Lockdown - alert level 3 - with only 90 people currently still infected, and just 21 deaths. What are we scared of? Becoming the next New York? Is that going to happen if we open our economy just a wee bit? We don't live as densely as New Yorkers do. New York has 11,000 people per square kilometre. We have 18.

We should be making decisions right now based on science, evidence and rational thinking, not fear. Ardern doesn't understand that she has caused more damage by staying so long in Alert 4 & 3 lockdown, because so many SME's will fail, and mental health will suffer inordinately. We also need to support an independent media – just because without this we risk our democratic process. We under-estimate this at our peril.

VERSUS

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STATISTICS NZ DATA

Estimated population at 11-May-2020:	**4,984,696**
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**
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 Dec-19 year:	**$310 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.

2020 BROKER PICKS – UPDATE TO 8TH MAY 2020

My portfolio looks pretty good to date, considering the current pandemic crisis. However, it is still early days! A great report from Pushpay gave my portfolio a huge boost. PPH has been a great purchase for me (bought in Feb-2019 at $3.42 – now $6.43).

AvonD Portfolio		Jarden		Craigs IP		Forsyth Barr		Hamilton Hindin		MSL Capital Mkts	
a2 Milk	30.0%	a2 Milk	30.0%	a2 Milk	30.0%	a2 Milk	30.0%	a2 Milk	30.0%	AFT Pharmaceuticals	20.3%
AFT Pharmaceuticals	20.3%	Eroad	-17.7%	Ebos	-8.2%	Arvida	-30.7%	Ebos	-8.2%	Arvida	-30.7%
Infratil	-8.1%	Infratil	-8.1%	Freightways	-58.0%	Contact Energy	-12.5%	F&P Healthcare	34.2%	Heartland Group	-38.4%
Port of Tauranga	-12.6%	Katmandu	-72.5%	Mainfreight	-6.0%	Chorus	16.0%	Meridian Energy	-6.0%	Plexure	60.0%
PushPay	60.0%	Oceania Healthcare	-43.2%	Meridian Energy	-14.9%	Sanford	-10.9%	Z Energy	-22.4%	Vector	-2.9%
CHANGE @ 8-May-20	**17.9%**		**-22.3%**		**-11.4%**		**-1.6%**		**5.5%**		**1.6%**
CHANGE @ 9-April-20	**3.4%**		**-30.5%**		**-10.9%**		**-8.8%**		**-2.1%**		**-10.1%**

LOCAL GOVERNMENT

TWYFORD THREATENS LOCAL COUNCILS

Source: David Farrar

Phil Twyford has basically told local Councils he wants them to proceed with huge rates increases and if they don't, then he'll cut Government funding to them!

Stuff reports that Councils are being warned not to slash rates in response to the coronavirus crisis, with a Cabinet minister saying it could cost them government funding. … *"If you deliberately cut your revenue by scaling back rates increases, or going for zero rates, or cutting rates, how can I stand up with my colleagues and make the case that we should be investing alongside you. I can't do that."*

So, let's be very clear. He is not just warning Councils against cutting rates, but he is warning them to not even "scale back rates increases". At a time when business and household incomes are plummeting, Phil Twyford is telling local Councils they must not scale back rates increases, and if they do, he'll make sure they miss out on government funding.

"Here we are trying to be responsible, going through our expenditure line by line to try and be more efficient, and at the same time not introduce a slash and burn to our projects or services," Waikato Regional Council Chair Rush Rimmington said.

"His [Twyford's] comments were a little bit threatening because we've obviously just spent weeks on these shovel ready project proposals and we don't want to see those jeopardised."

Can you believe that a Minister would not just advocate that Councils don't scale back rates increases, but saying they may lose government funding if they do. So, when your local Council sticks up your rates, you now know who to blame – Phil Twyford.

The problem that I see is that Twyford isn't a "trusted" Minister, and so his influence around the Cabinet table appears in doubt. He has failed too many times to be taken too seriously, and our Councils need to be getting much closer to Treasurer Grant Robinson. We need unfettered access to this key decision maker – as we had in the Helen Clark Government, through Chris McKenzie - who was then Treasurer (Michael Cullen's) Chief Advisor.

TE PAPA PENNINSULA PLAN AND CAMERON RD BUSINESS CASE

Tauranga City Council are currently leading two projects within the Te Papa Peninsula which will have a significant impact on the public transport network. Both of these projects have been submitted to the Crown Infrastructure Partnership (CIP) for additional funding support and with some elements slated for early delivery.

Cameron Rd Multimodal Stage 1

This project is developing a program of capital works to improve the Cameron Rd corridor between Harrington St and 17th Avenue (CBD to Hospital) with a multi-modal focus. The project is looking at improvements required over a 10-yeat horizon and has been on-going for 24-months in one form or another.

The Te Papa Plan

This is a long term (30-year) plan for intensifying the Te Papa peninsula to support additional housing and employment. The project was initiated in 2019 with a design sprint involving local government and central government stakeholders where land use and transport concepts were developed to support intensification. This has been split in to two key components:

- **Spatial Plan** – Is examining land use changes and social infrastructure investment (parks, community centres, etc) that will enable further intensification of the Te Papa peninsula to support additional housing and jobs. This is being enabled through plan change 26 which is currently being consulted with the public, with investment requirements to be included within TCC's 2021 LTP.
- **Te Papa Transport Indicative Business Case** – Is establishing the strategic direction for delivering a

transport system that will support the intensification of the Te Papa peninsula. This sits at a mid-point within the NZTA business case development framework and provides strategic direction and indicative funding envelopes for inclusion within LTPs and the 2021 Regional Land Transport Plan.

The only problem that I have is that BOPRC Councillors (including myself as the Chair of our Public Transport Committee) have had no input into this plan – and yet they are relying on our Regional Council for a substantial increase in funding for this plan.

We are keen to help, and recognise the merits of this proposal, but Tauranga City Council don't seem to understand that a collaborative approach will ensure a much larger chance of success, versus their siloed approach – disappointing.

My initial thoughts are very positive for this plan, but it needs to happen much sooner than their plan indicates. However, it is a great first step. It's just a pity that TCC, on one hand say they have a huge funding shortfall, and on the other seem to want to take over the running of our buses – presumably after TCC has stolen BOPRC's wonderful investment portfolio. I for one can't trust TCC to manage their funds effectively, let alone letting them get control of BOPRC's.

INDICATIVE CROSS-SECTION OF CAMERON ROAD

THE FUTURE OF OUR DISTRICT HEALTH BOARDS

I would expect a major revamp of our DHB's in the next 12-months. Politicians have been most reluctant to restructure our health system – but one thing Covid-19 has taught us is that it was unprepared for any serious health crisis – let alone a major pandemic – and whoever is the next government, they will have a mandate to totally rewrite health.

Health Boards are currently toothless, and in no way seem to act as a "check and balance" to our health bureaucrats. Furthermore, our voting public have no idea who our Board members are, and what they do. We deserve better, and it is time for our elected members to stand up if they are to carry any credibility at all. That said they are paid a pittance and in life, we generally only get what we pay for.

Who are our BOP District Health Board members:

- Recently retired Chair – Sir Michael Cullen - Whakatane
- Interim Chair – Sharon Shea – lives in Auckland
- Acting Deputy – Ron Scott – Tauranga - governance
- Mark Arundel – Tauranga - Pharmacist
- Bev Edlin – Tauranga – governance specialist
- Marion Guy – Tauranga – Registered Nurse
- Hori Ahomori – Registered Social worker & Mental Health Advisor/Cultural lead
- Geoff Esterman – Tauranga GP
- Ian Finch – Whakatane - Optometrist
- Leonie Simpson – Ngati Awa governance
- Arihia Tuoro – Opotiki - Iwi & Health governance
- Runanga Rep - Punohu McCausland – Tauranga

These are the people who represent us. It is time that they stepped up, and showed what they are doing in governance to ensure efficiency and effectiveness at our BOP District Health Board. This is the Bay's largest employer, and I would certainly like to know more about their governance skills and outcomes.

Responding to my BOP DHB comments in my April Newsletter, Ron Scott sent me an email, which included: "*Not happy with your comments about the DHB. A two sentence conversation does not give you the information to spout off about the DHB response.*

"Did you ask about how we are using Grace Hospital? Did you consider the importance of a "Clean"/"dirty" division of the hospital? Did you think about the limitations on health worker availability? Did you ask if we have increased ICU capability in case there is a surge? Perhaps you have some inside knowledge as to the availability of specialist tradesmen who can create an ICU in 4 weeks?

"Possibly you have a letter from the PM allowing those tradesmen to work during a lockdown in a hospital full of the most vulnerable people in the City?

"I'm interested in your view of creating extra wards which are a permanent facility and funding them on a permanent basis assuming you are capable of more than kneejerk, short term, possum in the headlights thinking" …..

Ron was offered space to respond – but didn't reply.

OUR POLITICAL CLIMATE

NZ FIRST FOUNDATION INVESTIGATION

The Serious Fraud Office has released a timeline of its investigation into the NZ First Foundation, **showing it will be completed before the September election**. The outcome of the investigation will determine whether or not the SFO will formally lay charges in relation to this Foundation.

Details of the NZ First Foundation were uncovered in a Stuff investigation in November 2019, showing that it appeared to act as a slush fund for the party. But an SFO spokesperson told *Stuff* it had planned to complete the investigation before September 2020 and that it's timeframe had not been altered by the Coronavirus lockdown. "*The SFO's pre-lockdown timetable for the investigation in relation to the New Zealand First Foundation would see us completing the investigation before the September election date*," the spokesperson said.

Bank records, invoices and emails revealed about half a million dollars of donations between 2017 and 2019 had entered into the foundation bank account. Most were tagged as donations in their description. Donors contacted by Stuff say they thought they were making donations to the NZ First political party. Invoices showed the money was being spent on party-related expenses such as party headquarters, graphic design, an MP's legal advice, and even a $5000 day at the Wellington races.

The amount of donations deposited into the foundation, and used by the party, are at odds with the annual returns filed by the party secretaries in 2017 and 2018 for the main party. Watch this space.

JACINDA A GREAT COMMUNICATOR, BUT IS NOT INTERESTED IN OUR ECONOMY

No-one is denying that Jacinda is a great communicator, but this country now urgently needs a leader who is clearly focused on our economic recovery. A market failure will (and is) lead to huge health and wellbeing issues. We need a leader who will provide a platform to facilitate hard working New Zealanders to get ahead. This current administration continues in the age-old Labour Party mantra of "*mother knows best*", and the Prime Minister thinks that paying employees for 12-weeks with keep her supporters entranced. The problem is that this country is made up of a predominance of small and medium sized businesses, and these people have been left high and dry. Paying employees for 12-weeks won't secure their employees long-term employment, and our New Zealand economy is now in a perilous state.

NATIONAL'S BUSINESS RESPONSE TO COVID-19

"National has a plan to rebuild our economy – we will get New Zealanders working again"

In a Zoom presentation to BusinessNZ, National leader Simon Bridges has proposed an $8 billion GST refund scheme for Kiwi businesses badly affected by the coronavirus shutdown, while also accusing the Government of lacking a suitable plan for the country's economic recovery. In his speech to BusinessNZ members via Zoom, Bridges set out the Opposition's views on how to best assist employers and employees taking a hit from lockdown restrictions.

Asked by BusinessNZ chief executive Kirk Hope about how the Covid-19 spending should be funded, Bridges said the Government had to invest where it was needed while not throwing money about recklessly.

Bridges said National would implement a GST "cashback" scheme, allowing businesses with revenue drops of more than 50% across two successive months, to claim back the GST they had paid between July 2019 and January this year - up to $100,000. Larger companies that paid more in GST over that period would be able to claim up to $250,000 as a five-year repayable loan. National estimates that approximately 160,000 businesses would be eligible for the scheme if it were implemented, at a cost of around $8 billion.

National would also encourage new capital investment for firms that were in a good position, lifting the expensing threshold from $5,000 to $150,000 for two years.

Bridges stated that National had always supported the Level 4 lockdown – in fact he wanted Government to go harder and earlier (including stopping international travel sooner, and better testing and quarantine provisions), but he noted that we are now getting more than 1,000 New Zealanders a day joining the dole queue – and it is now time to get New Zealanders back working. "*The response to Covid-19 while necessary at the time, has cost jobs, livelihoods and, in too many cases, the work of a lifetime*." The Government needed to flatten the economic curve of job losses as well as the infection growth curve, he said. "*It's the curve that is affecting and devastating far more families and individuals than Covid-19 has touched*."

Simon concluded his message to Business NZ by saying "*The Government took the right steps to contain the virus but already it's stalling on what to do next. It needs to get out of your way. National will work alongside New Zealanders to achieve jobs, sustainable growth and boundless opportunities for New Zealanders and their families.*"

*"**We will get NZ working again**, and it is our New Zealand heroes, all five million of them, that depend on us doing so*."

MARK MY WORDS

Conspiracy theories are rife – but who would blame you, when the likes on Matthew Hooten pretend to have the "inside oil" on the National Party. He is definitely not a National Party "insider", and apparently has been working for Winston Peters.

Yes, timing is everything, but Simon Bridges has been proven right in his call for an early return to Alert Level 2. Simon is an exceptionally astute politician, and he has the support of his Caucus. As in any group of 55 there will always a handful of "egotists" who believe that they are bigger than the Party - but, believe me, Simon is safe in his leadership. I know the Media always needs a story, but inventing a leadership coup just isn't going to happen. National will go into the next election (whenever it is) with a strong (albeit tough) chance of overturning this current far-left government.

New Zealanders have a strong, independent believe in themselves, and they just don't trust this "*mother knows best*" Labour/NZ First/Greens coalition government to get our country's economy out of the quagmire that Covid-19 has caused, and Ardern has no genuine exit strategy for.

Yes, in these tough times New Zealanders are focused on job security – and as such liked Labour's 12-week support to wage earners. The trouble is that this 12-week period will be run out long before we go to the polls, and if a multitude of small and medium businesses go to the wall because this government doesn't think they need them, then there will be no jobs to go back to. Economists are estimating around 300,000 unemployed (+10%) before election time – so just watch them all turn on Jacinda when that happens.

The New Zealand National Party has a stated vision of: "*The National Party seeks a safe, prosperous and successful New Zealand that creates opportunities for all New Zealanders to reach their personal goals and dreams*." National believes in personal responsibility, and individual freedom and choice. We look to strong families and caring communities, equal citizenship and equal opportunity. This is a polar opposite to Ardern's "mother knows best" and "dumbing down to the lowest denominator" philosophy that is synonymous with this government's thinking. I believe in our democracy, so let's ensure a level playing field, and come on Election 2020.

ADDING AUSTRALIA INTO OUR BUBBLE

The two tables below show us that we shouldn't underrate the potential tourism opportunities that including Australia as part of New Zealand's bubble would facilitate. Don't get me wrong, it won't be straight forward – after the "fear" campaign by our government, people from each country will have to want to take an overseas holiday. But at least it would be a start to reignite that currently lifeless tourism industry. It would be a win-win for each country.

New Zealand-resident traveller arrivals(1)

Main country visited	Year ended December			% of Total travel
	2017	2018	2019	
Australia	1,212,261	1,231,747	1,277,489	41%
Total	**2,849,769**	**3,020,007**	**3,101,427**	

1. New Zealand residents arriving in New Zealand after an absence of less than 12 months.

Overseas visitor arrivals(1)

Country of permanent residence	Year ended December			% of Total travel
	2017	2018	2019	
Australia	1,472,160	1,494,541	1,537,988	40%
Total	**3,733,707**	**3,863,217**	**3,888,473**	

1. Overseas residents arriving in New Zealand for a stay of less than 12 months.

"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

STATS NZ REPORTS

WHEN YOU LEAVE THE TV ON FOR YOUR DOG, ON A NEWS CHANNEL, AND YOU COME BACK 8 HOURS LATER...

Despite the impact of Covid-19, exports hit a new high in the month of March, driven by sales of gold kiwifruit, dairy, and meat. Stats NZ reported the total value of exported goods rose 3.8% to $5.8 billion in March from a year earlier. This was a record for any month – the previous high was in May 2019.

Dairy export values rose 7.6% while meat export values rose 11%. Goods imported lifted 7.7% to $5.1 billion in March, largely due to purchases of crude oil. The monthly trade balance was a surplus of $672 million.

NZ RANKS POORLY IN ITS PANDEMIC PREPAREDNESS

New Zealand scored just 54 out of 100 on an international assessment of pandemic preparedness in October 2019. Nonetheless, we have managed to weather the storm so far.

Although this new assessment - the Global Health Security Index (GHSI) - ranked New Zealand 35th out of 195 countries, this in itself simply reflected how unready the world was for a pandemic threat. New Zealand had a score of just 54 out of 100 points and ranked 30th among the 60 high-income countries reviewed.

New Zealand scored particularly poorly in the "early detection and reporting epidemics of potential international concern", coming 107th out of 195 countries with just 36.7 points out of a possible 100. The GHSI found that New Zealand's epidemiological workforce was lacking and that there were not enough training programmes for epidemiologists in the country.

NEW ZEALAND'S HEALTH SECTOR FAILURE

The capacity of New Zealand's health sector also came in for criticism. New Zealand came in 80th place for hospital beds per capita, with just 280 beds per 100,000 people. That's half of what Croatia had, for example, or a quarter of the beds per capita that second-place Japan has.

It also came 42nd in the ranking of doctors per capita, with 306.1 per 100,000 people, but fared slightly better when it came to nurses and midwives per capita, where it came 16th. Overall, New Zealand scored 45.7 out of 100 for healthcare capacity, coming in 39th place.

The sector the country scored best in was "rapid response to and mitigation of the spread of an epidemic", with 58.1 points out of 100 and a 21st place finish. Within this category, the GHSI congratulated New Zealand on its emergency preparedness, where it came 10th. Even here, however, aspects of New Zealand's readiness were found lacking. The country had not completed a biological threat-focused exercise with the World Health Organisation in the past year, earning it a score of zero for "exercising response plans". **Its National Health Emergency Plan - which debuted in 2015 - has not been updated in the past three years.**

New Zealand was unprepared for Covid-19, but still managed to ace its response, mainly because we were lucky.

The GHSI report so concerned Otago epidemiologist Nick Wilson that, along with fellow epidemiologist Michael Baker and public health expert Matt Boyd, he wrote a blog post detailing the GHSI findings and flagged it to the Ministry of Health, which he says was less than receptive. Wilson has a theory. In his eyes, a country's outcome during a pandemic is determined by its preparedness, its response in the moment and no small amount of luck. New Zealand aced its response and got lucky, Wilson said, which made up for the lack of preparedness.

ARDERN CONTINUES TO BE BLATANTLY POLITICAL

Jacinda Ardern said: "*We have the opportunity to do something no other country has achieved – elimination of the virus*." It's safe to assume most New Zealanders understood this as meaning we have the potential for the virus to be gone, out of here, see you later, because elimination generally implies "*the complete removal or destruction of something*". Also, the Covid-19 website says: "*Our goal is to eliminate Covid-19 from New Zealand, so that we can live and work free from this disease*."

However, during the recent announcement about the move to alert level three, the prime minister said that we had "*taken a quantum leap forward in our goal to eliminate the virus*", but "*elimination doesn't mean zero cases, it means zero tolerance for cases*". What? Elimination doesn't mean zero cases? Yes, the prime minister is technically correct in epidemiology speak. A Dictionary of Epidemiology, 4th edition, defines elimination as a "*reduction of case transmission to a predetermined very low level*".

However, Ardern knows very well the general population is not fluent in epidemiological jargon, so up until she decided to tell us on 27th April that "*elimination doesn't mean zero cases*" it's fair to say we've been misled.

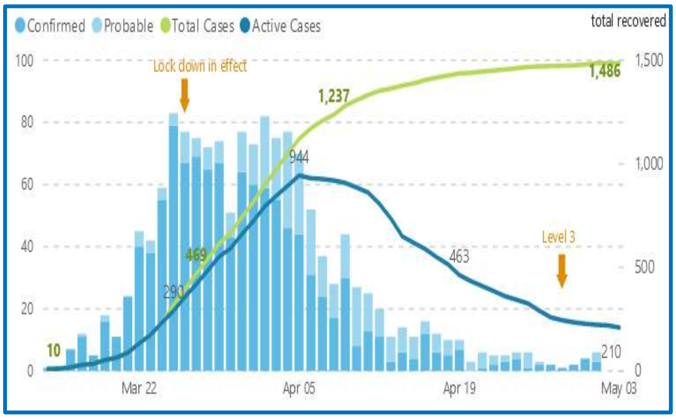
HOMELESS INTO MOTELS

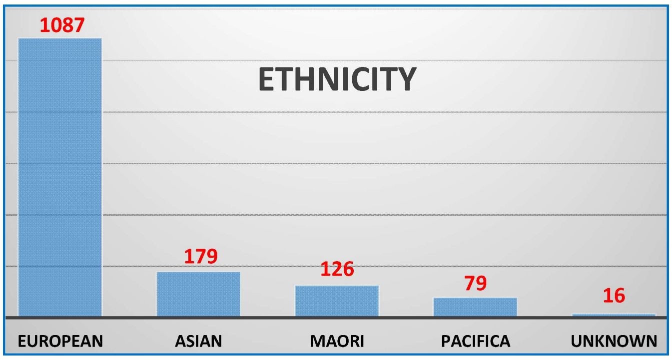
The Government has announced over a hundred million dollars in extra funding to pay for motel units to house for the homeless and vulnerable. Housing Minister Megan Woods said since the Alert Levels were put in place, more than 1,100 additional motel units had been secured for people living rough and homeless by government agencies, community housing, iwi and Māori providers. Currently 876 motel units are being used to house "vulnerable individuals", and the new funding of $107.6 million will pay for 1,600 units, with wrap around support services.

COVID-19 CASES IN NEW ZEALAND – 5TH MAY 2020

As at 11th May New Zealand has only 90 Active cases and 21 Deaths. It is now time for Ardern to stop her "fear" campaign, and let New Zealanders get back to work.

DAILY CASES & TOTAL CASES SINCE 14-MARCH





We still need to act responsibly - maintaining social distancing – but, with 1,000 extra Kiwis registering for unemployment benefits every day, it is time to get immediately to Level 2 (or below).

Ardern says the economy is back to 75% under Level 3, but that is plain Treasury nonsense. It is time the Treasury got out of their ivory towers, and lived in the real world. An economy at 75% is fine in theory, but we all know that just because a 50-seater restaurant might be selling a few coffees and a handful of takeaway meals, that does not equate to it operating at 100% of pre-covid-19 times. What a joke.

And the data shows that Maori, who represent 16.5% of our population, only account for 8.5% of those who contracted the virus. This is a great outcome for this ethnic group, but the resulting unemployment will most likely impact on them profoundly.

THE COVID-19 PANDEMIC AND THE 1.5 DEGREE CLIMATE LIMIT

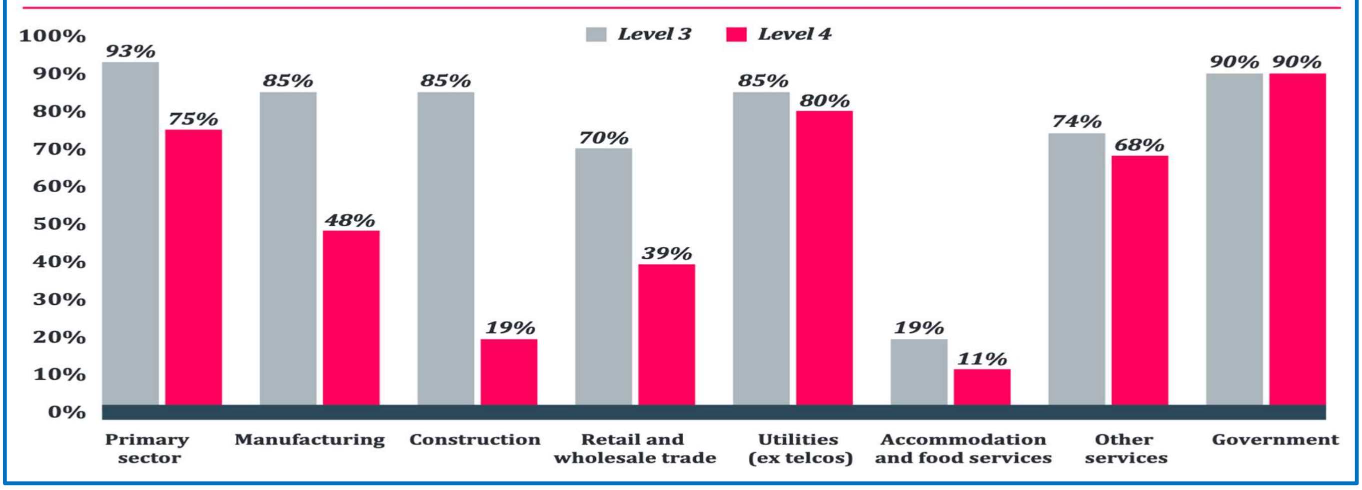
> **'Shutting down the whole economy is the only way of limiting global warming to 2°C.'**
> Yvo de Boer, former head of the UNFCCC, 2013

To limit global warming to a 1.5°C limit requires industrial emissions to be cut by at least two thirds, says the IPCC - something that implies a huge, decades-long contraction in industrial output. Through Covid-19 we are getting to now see what shutting down the world economy looks like, and it is unacceptably ugly.

In the wake of the coronavirus pandemic, most governments want a V-shaped recovery. Decarbonisation is different. It's not something economies recover from. With net zero costing many multiples of hypothetical climate benefits, aggressive decarbonisation will act as a brake on any post-pandemic recovery.

As the IPCC makes clear, the 1.5°C target requires fundamental restructuring of global supply and demand. The economy would be permanently smaller, people would be poorer and the vast debts incurred during the pandemic would weigh more heavily.

FIGURE 2: GDP BY INDUSTRY DURING LEVELS 3 AND 4 (AS % OF PRE-CORONAVIRUS LEVEL)



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 – World Wealth Map, 2018

United States
Is Trump putting him & his staff in danger by his arrogance?

Canada
Covid-19 & oil devastates Canadian economy

Europe
744m people in huge huge economic trouble

India
Indian economy has stalled – more to come

China
80m Chinese already out of work – more to come

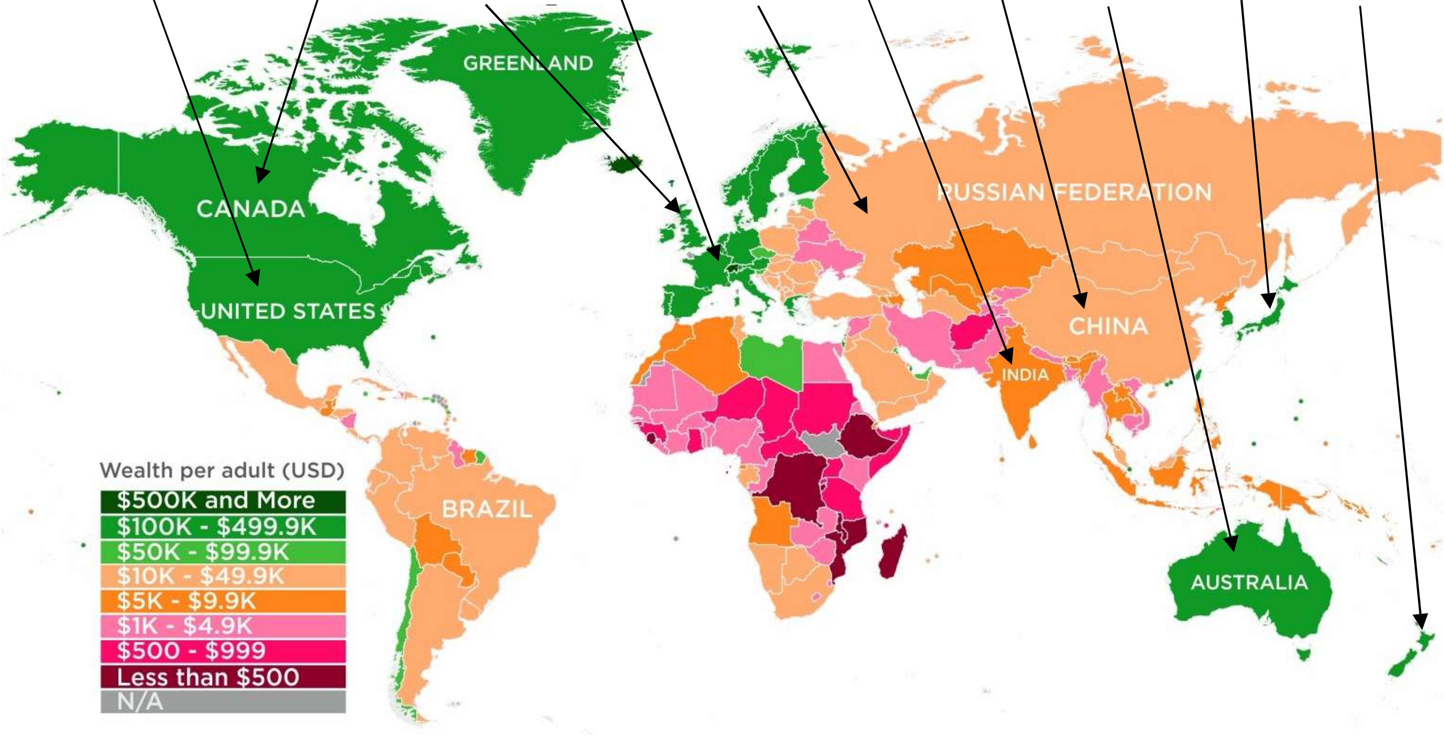
Japan
World's 3rd biggest economy floundering – Olympics 2021?

UK
Boris Is back, but Covid-19 death rate is huge

Russia
Can Putin survive weak oil and covid-19?

Australia
Scott Morrison is showing genuine leadership

New Zealand
Can Ardern reignite our economy – single handed



THE GLOBAL ECONOMIC OUTLOOK

Every major economy will be sharing in the pain of the Covid-19 outbreak, with global GDP expected to contract by 3% by April this year. Those countries that have responded to the outbreak quickly will face a less severe downturn than others, but restrictions on activity are likely to remain in place for some time. The pace of recovery across countries will also depend on the scale and nature of their fiscal responses.

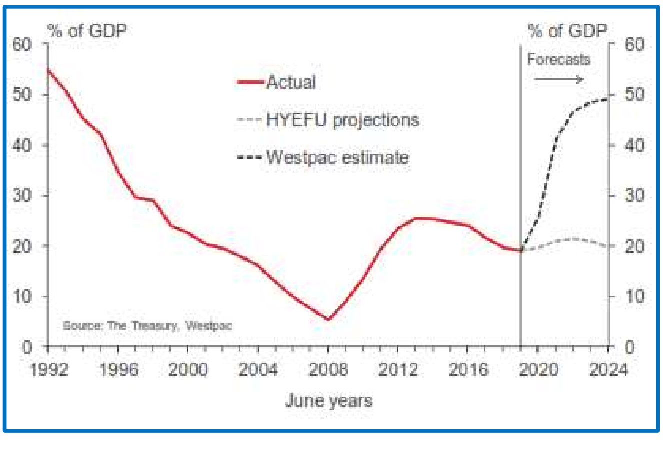
NEW ZEALAND'S ECONOMIC OUTLOOK

While it isn't possible to predict how long COVID-19 will impact upon markets, it is inevitable that New Zealand will enter a period of contraction and there is going to be a major recession. Unemployment is going to increase significantly (estimates talk about 300,000+ unemployment). From an economic perspective, at this very early stage, we envisage a 2-tier recovery, with New Zealand's soft commodity exporting sector recovering quite quickly versus other sectors. Ultimately, I maintain that, with China recovering, there will continue to be demand for New Zealand soft commodities i.e. food, and this, combined with the government's strong fiscal position, will stand the New Zealand economy in comparatively good stead compared to many other countries that have economies dominated by the service sector.

However, borders are going to be restricted much longer than was initially estimated and this means that the contribution of international tourism and international students to GDP is going to be negligible for some time.

Standard & Poor Credit Rating Agency has recently reaffirmed NZ's AA+ sovereign credit rating with positive outlook for economic recovery over the medium term. It believes the extra government spending during the coronavirus crisis will be temporary rather than structural. While it expects government debt to remain elevated for some years, S&P forecasts the Government's budget deficit will peak at about 8.5% of GDP next year before narrowing to about 3%. The government debt to GDP ratio will reach its highest level since 1993.

NET CORE CROWN DEBT AS A % OF GDP

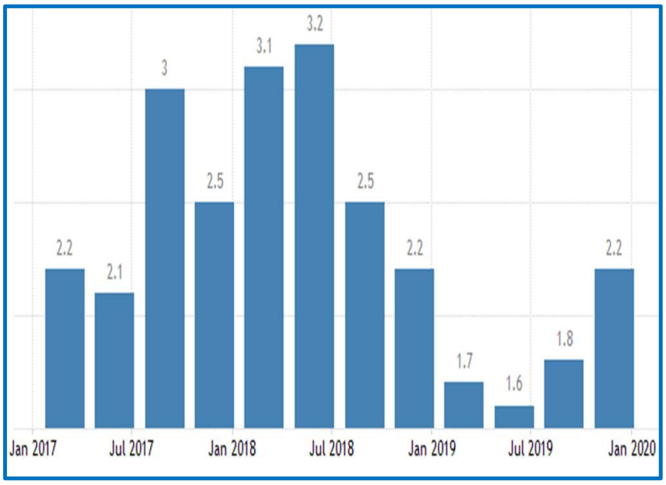


NZ ANNUAL GDP GROWTH RATE

AUSTRALIAN ECONOMIC OUTLOOK

Australia was one of the first countries to close its border to China (on 1st February 2020). The Treasurer stated that the restriction impacts of Covis-19 will amount to a drop of 10% in Australia's GDP (down A$50bn). He said that a European style lockdown would have resulted in a 24% reduction in GDP (A$120bn).

AUSTRALIA - ANNUAL GDP GROWTH RATE

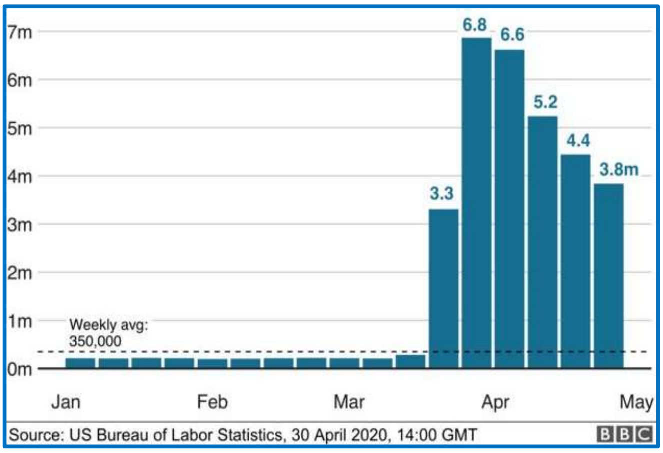


UNITED STATES ECONOMIC OUTLOOK

The US is now reputed to have passed 33m in unemployment. At the end of April, the US revealed that its economy had suffered its most severe contraction for more than a decade, after GDP shrank at an annual rate of 4.8% in the first quarter of the year. However, this "annualised" rate implies that the US economy actually contracted by about 1.2% in the three-month period, a less severe contraction than in the Eurozone.

Figures from the US Department of Labor showed that 3.8m more Americans filed claims for unemployment benefits in the last week of April. That is the lowest weekly rise for a month, but still very high, bringing jobs lost during the pandemic to over 30 million.

WEEKLY TOTAL OF NEW US UNEMPLOYMENT CLAIMS



UNITED STATES ANNUAL GDP GROWTH

Chinese Economic Outlook

Official urban unemployment in China was 5.9% in March, and many commentators are putting the people out of work at the end of March at 80 million.

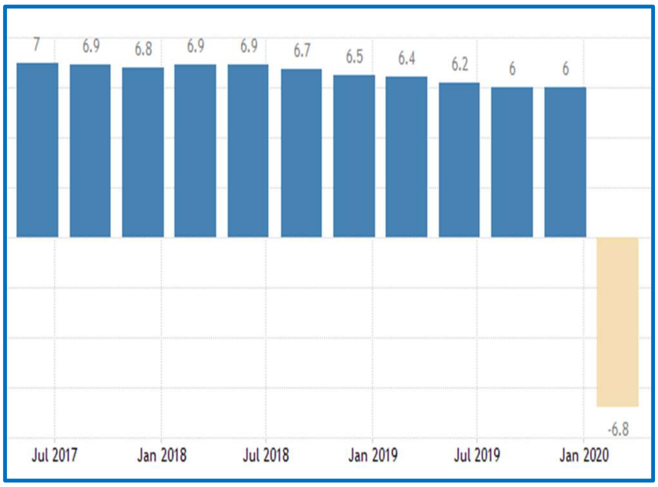
As a result of the onset of the COVID-19 crisis, five trends shaping the Chinese economy have been accelerated, or "fast-forwarded," a recent report from McKinsey & Company has said. These include:

- Digitization, with digital tools becoming increasingly popular solutions - expanding from business-to-consumer (B2C) to business-to-business (B2B).
- Declining global exposure, with rising importance of domestic markets, technology and capital - noting that despite these trends, "*the full picture is more nuanced*."
- Growing competitive intensity - "*as technology and agility drive winners to capture the lion's share of industry value*."
- Consumers becoming more prudent and health-conscious.
- Growing private and social sectors - the private sector playing a stronger socioeconomic role, and the social sector rising.

The McKinsey report also noted that as the first country to grapple with the crisis, China has been on the frontlines both of post-COVID-19 economic recovery, and of the societal changes the pandemic has precipitated, adding that efforts to stabilize the domestic economy are "already well underway."

Although China's first-quarter gross domestic product declined 6.8% over the previous year, according to government statistics, "*our simulations suggest that economic activity may have bottomed out in the first quarter*," the report said.

CHINA - ANNUAL GDP GROWTH RATE



United Kingdom Economic Outlook

A new forecast from the Bank of England (BoE) has sent shudders through Westminster predicting the UK economy is heading for its worst crash in more than 300 years as a result of the coronavirus pandemic. The central bank said the British economy could shrink by 14% this year, which would be the biggest annual contraction since 1706, based on the bank's own best estimate of historical data. The BoE said GDP contracted 3% in the first quarter of this year and would fall by as much as 25% in the second quarter, leaving the economy about 30% smaller than it was at the end of 2019. It forecast unemployment would increase to 9%.

The UK government has announced plans to quadruple its borrowing plans over the next three months as it grapples with the severe contraction of the economy during the coronavirus pandemic and additional pressure on the public finances. Britain's Treasury said it would seek to raise £180bn (NZ$372bn) over the next quarter to allow it to meet its spending needs as tax revenues plunge.

As recently as the March 11th Budget, the Government had thought it would need to raise only £156bn (NZ$322bn) for the whole 2020-21 financial year. However, the BoE has recently printed £300 billion in its latest round of Quantitative Easing.

UK - ANNUAL GDP GROWTH RATE

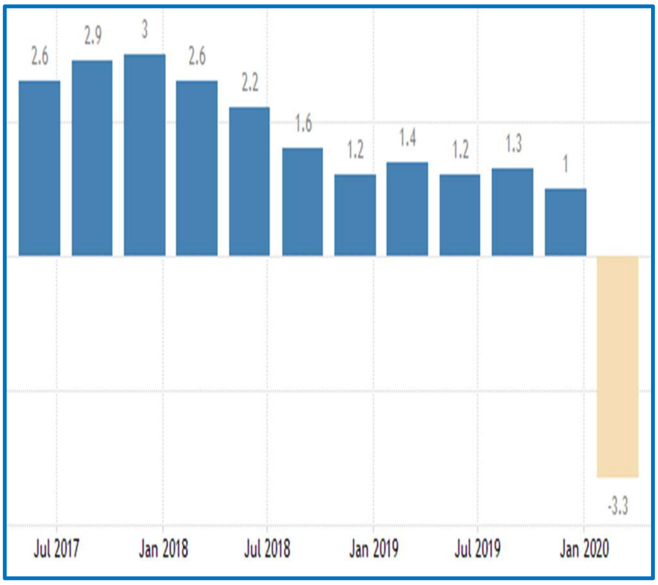
EUROPEAN ECONOMIC OUTLOOK

A first estimate of GDP between January and March showed a contraction of 3.8%, worse than during the financial crisis. Separate figures revealed a steep fall in economic activity in France and Spain over the same period. In Germany, unemployment has increased though it remains relatively low compared with other nations.

Europe has been hit very hard by Covid-19. More than 30 million workers in Europe's five biggest economies have applied to have their wages paid by the state via short-term leave schemes designed to stop unemployment surging in the wake of this crisis. The rapidly rising figure for the number of furloughed workers in Germany, France, the UK, Italy and Spain — amounting to nearly 20% of those countries' total workforces — underlined the scale of disruption caused to Europe's labour markets by the pandemic.

The number of Europeans who have applied to join the subsidised schemes is higher than the 30 million people who have filed for unemployment benefits in the U.S. in the six weeks since the lockdowns began. The policy is forecast to cost the region's five largest economies more than €100bn in total.

EUROZONE – ANNUAL GDP GROWTH RATE



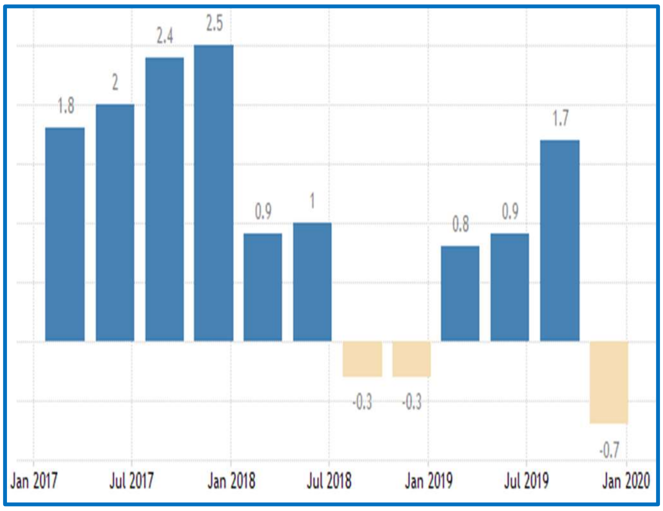
The Eurozone economy is in "free-fall". In France, the 5.8% decline in GDP was the largest the quarterly series has recorded since it began in 1949. Published first estimates include Spain saw contracting 5.1% while Italy's economy shrank by 4.7%. The figure for the Eurozone as a whole was more moderate, but is still by any standards severe especially for a contraction over just three months. So far most individual European countries have not published national estimates. That applies to the largest of them, Germany. But new figures for the German labour market are beginning to show the impact of the pandemic, with the number of people out of work rising by 373,000 in April. However, the full impact is damped by the country's system of financial help to people put onto shorter working hours, known as Kurzarbeit.

European Central Bank President Christine Lagarde said that a sharp downturn in Eurozone economic activity in April "*suggests that the impact [of the pandemic] is likely to be even more severe in the second quarter.*" She warned that Eurozone economic growth could fall between 5% and 12% this year, "*depending crucially on the duration of the containment measures and the success of policies to mitigate the economic consequences for businesses and workers*".

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.

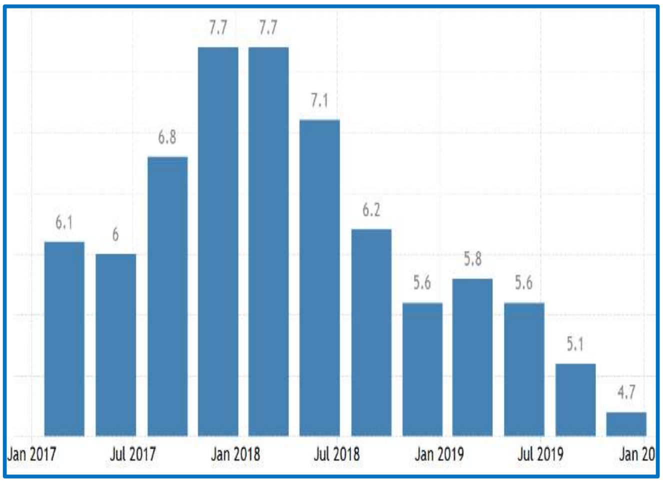
JAPAN - ANNUAL GDP GROWTH RATE



INDIAN ECONOMIC OUTLOOK

The Indian economy expanded 4.7% yoy in Q4 2019, matching market expectations. It follows an upwardly revised 5.1% expansion in Q3, from 4.5% earlier reported. It is the weakest growth rate since Q1 2013 considering the upward revision for the previous quarter. On the expenditure side, faster declines were seen for gross fixed capital formation (-5.2% vs -4.1% in Q3), exports (-5.5% vs -2.1%) and imports (-11.2% vs -9.3%) while private consumption growth accelerated (5.9% vs 5.6%). On the production side, gross value added expanded 4.5%, compared to 4.8% in Q3. The output for utilities (-0.7% vs 3.9% in Q3) and manufacturing (-0.2% vs -0.4%) contracted and construction slowed sharply (0.3% vs 2.9%). On the other hand, faster increases were seen for finance and real estate (7.3% vs 7.1%); the farm sector (3.5% vs 3.1%); trade, hotels, transport and communication (5.9% vs 5.8%); and mining and quarrying (3.2% vs 0.2%).

INDIA - ANNUAL GDP GROWTH RATE

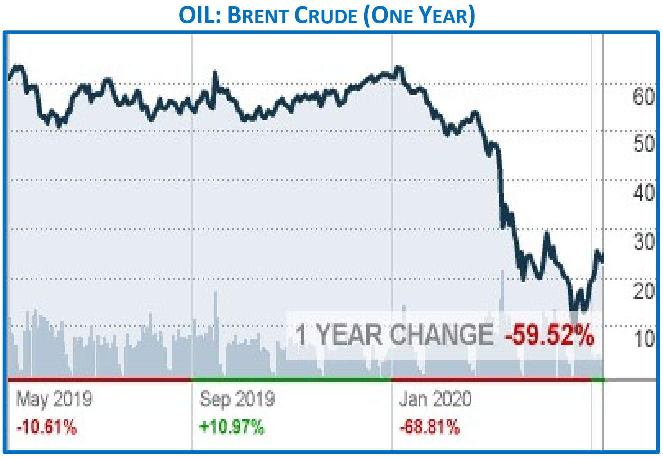


COMMODITIES

The total number of US fracking operations is expected to plunge by 60% in April from the peak earlier this year. Some experts have argued that shale oil wells will be damaged during forced “shut-ins” making it difficult to turn them back on. That could limit the ability of US shale companies to respond to higher demand when it eventually returns.

In a $20 oil environment, it’s estimated more than 500 US oil exploration and production companies will file for bankruptcy in the next 12-18 months according to Rystad Energy. Even in a $30 environment, more than 200 U.S. producers will go bankrupt, Rystad said. Most are expected to force to liquidate altogether, rather than restructure through Chapter 11 proceedings because of a lack of finance.

OIL: BRENT CRUDE (ONE YEAR)



GOLD (ONE YEAR)

CURRENCIES

NZD/USD & NZD/AUD

SOURCE: Westpac

INTEREST RATE OUTLOOK

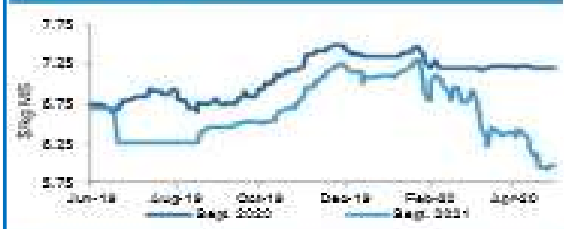
Net government debt is expected to rise to more than 30% of GDP in fiscal 2021. However, it expects annual interest costs should remain below 5% of general government revenues. This means that one thing is certain, the cash rate isn’t going up for the foreseeable future and our ‘lower for longer’ mantra for interest rates has a much longer ‘longer’ than even we envisaged.

Against this backdrop banks are still competing for Term Deposit’s and the recent move by the RBNZ to add the purchase of LGFA bonds to its QE toolkit, has helped narrow markedly the margins the LGFA must pay on its debt.

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%

MILK PRICE FUTURES



DAIRY FUTURES (US$/T)

Nearby contract	Last price*	Prior week	vs 4 weeks ago
WMP	2560	2525	2640
SMP	2500	2500	2380
AMF	4100	4050	4200
Butter	4175	4175	3825
Milk Price	7.20	7.20	7.22

*price as at close of business on Thursday

Covid-19 has shown urban New Zealanders that the agricultural sector is truly the backbone of our economy. Ever since March 24th New Zealand has come to rely on our agricultural exports for its only genuine (export driven) income.

Farmers have answered the call, and yet our environment – with a lack of transport and industrial pollution – has improved markedly under lockdown.

DROUGHT

Urban New Zealand need to get out of their bubble (and I'm not talking about the Covid-19 bubble, but the good old city bubbles) and understand the effects of this season's "big dry". This has been the biggest drought since 1982, and yet, sitting in Tauranga, us city dwellers haven't particularly noticed it. A drought, and then Covid-19 has put farmers under the pump – but they have responded, saving our economy. Yes, we are heading for a serious recession, but without our agricultural sector this country's economy would be absolutely dire.

CLIMATE CHANGE

Environmentalists continue to call for improved water and climate mitigation, but this pandemic has shown that urbanites need to clean up their own backyard, and stop trying to bankrupt farmers, in a crusade that is more about anti-globalisation than it is about genuine environmentalism. Labour and the Greens need to get off their ideological bandwagon, and get into the real world. Let's work with our farmers to make incremental improvement with regards to water quality and emissions, and stop their persistent push to marginalise farmers – we need them more than ever in these post-pandemic (recovery) times.

Sector	Trend	Current level[1]	Next 6 months
Dairy	Weakened world demand and continued growth in milk production are expected to keep downward pressure on dairy prices this year.	Average	↘
Beef	US demand for beef has been hit hard by the outbreak, but tight supplies of protein in China should help to put a floor under prices.	Below average	↘
Lamb	Different fortunes for different cuts; those traditionally sent to Europe will suffer, while those sent to Asia could see a boost as activity resumes.	Above average	↘
Forestry	Prices expected to stabilise as China resumes wood processing and log inventories run down.	Below average	→
Wool	Prices expected to remain at depressed levels.	Low	→
Horticulture	Prices held up during China's Covid-19 outbreak, but the impact on other markets remains to be seen.	High	→

SOURCE: Westpac

INVESTMENT OVERVIEW

SOURCE: Jarden

While many dividend paying equities operate businesses that should be able to weather the recession brought about by the policies to control COVID-19 better than most, there are drawbacks to using equities to generate income relative to some other asset classes.

This includes the uncertainty of how much income will be generated each year. While most companies like to maintain a stable or gradually increasing level of dividend payments, there is always the potential for companies to reduce or stop dividend payments when their business is stressed and profits are falling. Fixed-income securities, on the other hand, make fixed income payments on specified dates except in the rare circumstances where the company defaults. In any case, fixed income interest payments are paid ahead of dividend payments.

Unlike interest payments which are contractually required to be paid, dividend payments are entirely optional. Consequently, in the past two months with the prospect of a sharp recession and falling earnings, a number of companies are unlikely to pay the level of dividends previously expected or, in many cases, no dividend at all in the coming months.

Below is a list of some companies in New Zealand and Australia which have decided to defer, reduce or cancel dividend payments or have withdrawn future dividend guidance. Many companies are yet to comment on dividend payments.

New Zealand

Ticker	Company	Dividend Action Taken in 2020
AIA	Auckland Airport	Cancelled
AIR	Air New Zealand	Cancelled
APL	Asset Plus	Cancelled
AUG	Augusta Capital	Cancelled
FBU	Fletcher Building	Cancelled
FSF	Fonterra Shareholders' Fund	Cancelled
KMD	Kathmandu	Cancelled
KPG	Kiwi Property Group	Cancelled
STU	Steel & Tube	Cancelled
THL	Tourism Holdings	Cancelled
VGL	Vista Group International	Cancelled
WHS	The Warehouse Group	Cancelled
ZEL	Z Energy	Cancelled
MHJ	Michael Hill International	Deferred
SEK	Seeka Limited	Deferred
TRA	Turners Automotive	Deferred
PFI	Property for Industry	Guidance Removed
IFT	Infratil	Announcement Pending
SKC	SKYCITY Entertainment	Announcement Pending

Australia

Ticker	Company	Dividend Action Taken in 2020
FLT	Flight Centre	Cancelled
HVN	Harvey Norman	Cancelled
SWM	Seven West Media	Cancelled
SUL	Super Retail Group	Cancelled
URW	Unibail Rod West	Cancelled
BOQ	Bank of Queensland	Deferred
COH	Cochlear	Deferred
CTD	Corporate Travel Managemen	Deferred
CWN	Crown	Deferred
DOW	Downer EDI	Deferred
IVC	InvoCare	Deferred
NST	Northern Star Resources Ltd	Deferred
QAN	Qantas	Deferred
RWC	Reliance Worldwide	Deferred
SEK	Seek	Deferred
SGR	Star Entertainment Group	Deferred
WEB	Webjet	Deferred
AMP	AMP Limited	Guidance Removed
GPT	GPT Group	Guidance Removed
MGR	Mirvac Group	Guidance Removed
SCG	Scentre Group	Guidance Removed
SGP	Stockland Group	Guidance Removed
TCL	Transurban	Guidance Removed
VCX	Vicinity Centres	Guidance Removed

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

A SELECTION OF COMPANIES THAT HAVE A GOOD PROSPECT OF MAINTAINING DIVIDEND PAYMENTS

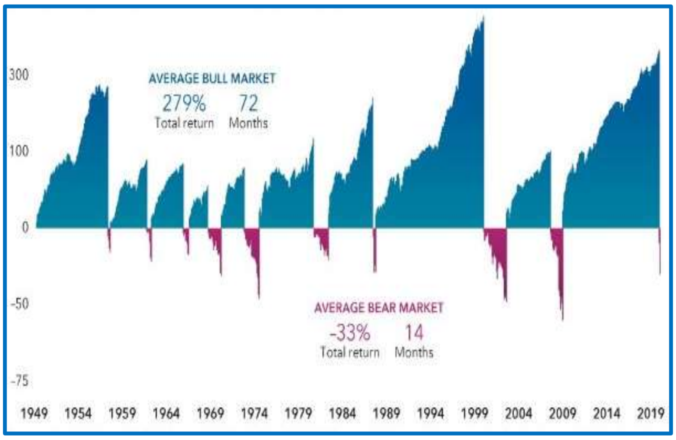
Ticker	Company	Dividend Per Share				Dividen Yield FY20 Forecast		
		FY19 Actual	FY20 Forecast	FY21 Forecast	2yr Annual Growth Forecast	Net Yield	Gross Yield (1)	Payout Ratio
New Zealand								
CNU	Chorus	0.23	0.24	0.25	4.3%	3.4%	4.7%	2.0
EBO	Ebos Group Limited	0.69	0.74	0.80	8.1%	3.4%	3.8%	0.7
IFT	Infratil	0.17	0.17	0.18	0.7%	3.8%	4.1%	1.5
MCY	Mercury NZ	0.16	0.16	0.16	1.2%	3.5%	4.8%	1.2
MEL	Meridian Energy	0.21	0.21	0.22	2.2%	4.5%	5.6%	1.7
SPK	Spark NZ	0.25	0.25	0.25	0.0%	5.5%	5.5%	1.1
TPW	TrustPower	0.34	0.34	0.35	0.7%	5.2%	6.6%	1.3
VCT	Vector	0.17	0.17	0.17	1.5%	4.8%	6.7%	1.3
Australia								
AMC	Amcor	0.46	0.45	0.49	3.8%	5.1%		0.7
APA	APA Group	0.47	0.50	0.52	5.2%	4.4%		1.8
ASX	ASX	2.24	2.38	2.31	1.6%	2.8%		0.9
MGR	Mirvac Group	0.12	0.12	0.13	4.1%	5.6%		0.8
SHL	Sonic Healthcare	0.84	0.71	0.87	1.8%	2.6%		0.7
WOW	Woolworths	1.02	1.02	1.08	2.9%	2.8%		0.7
Global								
BLK	BlackRock	13.20	14.52	14.67	5.4%	2.9%		0.6
0939	China Construction Bank	0.32	0.33	0.35	5.4%	5.9%		0.3
DGE	Diageo	0.69	0.72	0.78	6.5%	2.6%		0.6
1398	Industrial & Commercial Bank of China	0.26	0.27	0.28	3.6%	5.7%		0.3
JNJ	Johnson & Johnson	3.75	3.97	4.21	5.9%	2.6%		0.5
NESN	Nestle	2.70	2.86	3.03	6.0%	2.7%		0.7
NOVN	Novartis	3.05	3.23	3.43	6.1%	3.6%		0.6
PEP	PepsiCo	3.77	3.96	4.24	6.0%	2.9%		0.7
PG	Procter & Gamble	2.85	2.97	3.15	5.1%	2.5%		0.6
ROG	Roche	9.00	9.30	9.50	2.7%	2.7%		0.5
SIEGn	Siemens	3.90	4.20	4.40	6.2%	5.1%		0.7
2330	Taiwan Semiconductor	10.00	10.00	11.00	4.9%	3.4%		0.6
KO	The Coca-Cola Company	1.59	1.68	1.78	6.0%	3.6%		0.9

Note that new issues relating to COVID-19 restrictions are still emerging, which can materially impact the outlook for different companies. Therefore, we acknowledge the greater degree of uncertainty attached to forecast earnings and dividends. Consequently, portfolio construction is as important as ever in the current environment and that means maintaining appropriate portfolio diversification. **SOURCE:** Jarden, Credit Suisse

UNDERSTANDING BULLS AND BEARS

Bear markets are painful but history shows us that bull markets have been very powerful. The graph on the right looks at the world's largest stock market (New York's S&P500 Index), which has strongly rewarded long-term investors. Remember that this graph is in US Dollars, and records the index from 1949 to 31st March 2020. Bear markets are defined as "peak-to-trough" price declines of 20% or more in the S&P500. Bull markets are all other periods. Returns shown are on a logarithmic scale.

CUMULITIVE PRICES FOR EACH BULL AND BEAR MARKET



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.

NZ KING SALMON (NZK.NZ)

OUTPERFORM $1.96 **12-mth TARGET:** $2.25

NZK affirmed its previous full year earnings guidance for pre-tax, interest and depreciation earnings of between $25.0 million and $28.5 million. The company said it had been able to continue to operate during the lockdown because it had been deemed an essential service and noted sales were beginning to recover, although a 6-18-month period of lower sales to cafes and restaurants was expected.

Shovel ready? CEO Grant Rosewarne said he saw significant opportunities for sustainable growth and employment. “We are hopeful that our Blue Endeavour open ocean application will be facilitated as part of the Government’s search for ‘shovel ready’ projects to reboot the economy.”

Upbeat: NZK did not provide guidance for FY21 due to the significant disruption in the foodservice industry globally, but was confident of a positive medium to long term picture for aquaculture and NZ King Salmon.

PUSHPAY HOLDINGS (PPH.NZ)

OUTPERFORM $6.43 **12-mth TARGET:** $6.54

PUSHPAY Year to 31 March		2020A	2021F	2022F	2023F
Adjusted NPAT	US$m	16	31	45	55
Earnings /share	USc	5.9	11.3	16.5	20.0
PE Ratio	x	56.5	29.6	20.3	16.7
Cash/Share	USc	8.5	17.3	19.3	21.7
Dividend/share	USc	0.0	0.0	0.0	0.0

Jarden has initiated coverage on Pushpay (PPH). PPH provides software for communication, donor management and payments for the faith sector, operating mainly in the US market.

PPH has delivered a strong FY20 result, underlining the operating leverage and strong cash generation of the model. The highlight however is the acceleration in the shift to Digital transactions that was evident over the last 6 weeks, reflecting the impact that Covid-19 has had on physical church attendance. We had assumed a strong uplift in digital giving over FY21, but the transition is clearly running well ahead of that. PPH has only provided FY21E guidance for EBITDAF, however the implied processing volumes for the year of ~US$6.8bn is a level that Jarden previously expected would take until FY22E to reach; put another way, Covid-19 has led to a structural acceleration in the shift to Digital giving which they believe will compress two years’ worth of growth into one, and remain a tailwind for customer and ARPC growth for some time.

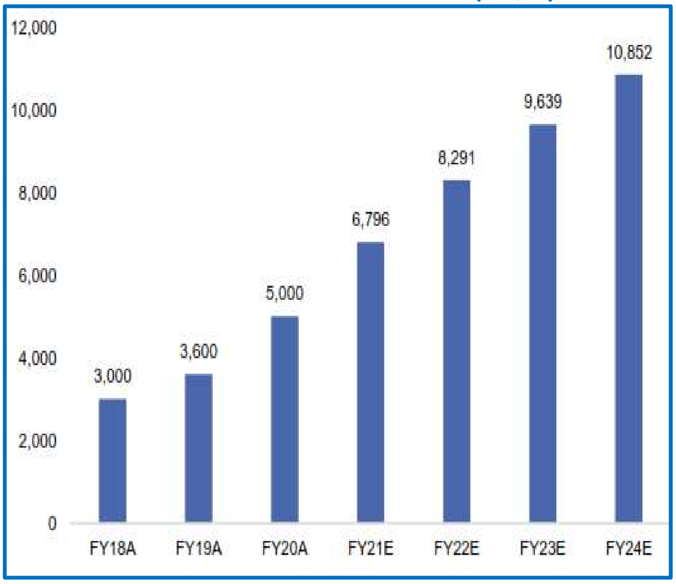
PPH’s software enables communication, donations and donor management for the faith sector, operating mainly in the US market. The company’s products facilitate interaction between Churches and their congregation, generating revenue through software subscription and payment transaction fees. Its recent acquisition of Church Community Builder (CCB) takes PPH into the Church Management Solutions segment, providing software for churches to manage personnel and administration functions as well as track key metrics.

PPH has 7,905 customers generating monthly Average Revenue Per Customer (ARPC) of US$1,315; with annualised processing volumes running close to US$5b. In 2018, PPH had 13 of the top 20 largest US churches as customers and 54 of the top 100. CCB has 4,000 customers and prior to its acquisition represented 25% of PPH’s processing revenue.

Investment Overview: PPH has a dominant share of a market that has seen structural growth, as digital communication and donations have steadily increased. Its products deliver a good value proposition to customers and the business generates strong incremental margins and returns.

Valuation: Jarden has revised their DCF based Target Price to NZ$6.54 (from NZ$4.53) driven by earnings upgrades (WACC of 10%, terminal growth rate of 2.5%).

PROCESSING VOLUME GROWTH (US$m)



ALL ONE YEAR GRAPHS

Auckland International Airport

Jarden's base case assumes passenger (pax) troughs in FY21, with international down 94% and domestic down 62% vs their pre-COVID trend. Total pax thereafter recovering to FY19 levels over 4 yrs (bull case over 3 yrs and bear case 10 yrs). Jarden also reiterates their Neutral rating balancing longer term value from an attractive asset base and strengthened balance sheet vs negative near-term momentum and continued COVID uncertainty. Their recovery profile is domestic followed by Australia (3.7mn pax, FY19 basis). Long haul remains a wild card, especially ex. China, UK and US over the medium term as does it impact on future retail spend rate. This 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. Jarden's 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 their base case.

2020 P/E: 42.7 2021 P/E: (104.4)

NZX Code:	**AIA**
Share Price:	**$5.68**
12mth Target:	**$5.75**
Projected return (%)	
Capital gain	1.2%
Dividend yield (Net)	0.0%
Total return	**1.2%**
Rating: NEUTRAL	
52-week price range: 9.90-4.26	

a2 Milk Company

ATM expects revenue for the full year to lift by 30% between$1.7bn and $1.75bn due to strong sales growth as consumers rushed to fill their pantries with infant formula as a result of the Covid-19 pandemic. Infant formula sales in Australia and China were particularly strong. In an earnings update, ATM said it had continued to experience strong revenue growth across all regions since the release of its six-month result in late February. It lifted its earnings margin forecast 31 to 32% for the year. ATM expects Full Year EBITDA of $527-560m. Notwithstanding the uncertainty, Jarden continues to like the ATM growth story but believe the current share broadly reflects the strong 3Q performance and reasonable longer run market share capture in its two key end markets of China infant and US specialty milk. Key up/down Risks include: (1) supply chain volatility, (2) category competition and/or (3) execution of US opportunity – both fresh and future adult nutrition propositions.

2020 P/E: 35.8 2021 P/E30.1

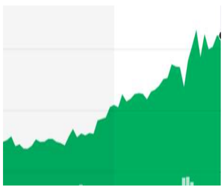
NZX Code:	**ATM**
Share Price:	**$1953**
12mth Target: ↑	**$17.65**
Projected return (%)	
Capital gain	-9.6%
Dividend yield (Net)	0.0%
Total return	**-9.6%**
Rating: NEUTRAL	
52-week price range: 20.33-12.19	

Eroad

ERD provides a highly secure and accurate service for managing and paying road user charges. It also provides several other regulatory functions and commercial services for truck and fleet operators which have obtained regulatory approval in NZ and Oregon. This places ERD in a strong position to capitalise on other jurisdictions (US and Australia) potentially moving to weight distance charging for heavy vehicles.

2020 P/E: (95.8) 2021 P/E: 33.8

NZX Code:	**ERD**
Share Price:	**$2.60**
12mth Target:	**$3.40**
Projected return (%)	
Capital gain	30.8%
Dividend yield (Net)	0.0%
Total return	**30.8%**
Rating: OUTPERFORM	
52-week price range: 3.25-1.80	



Fisher & Paykel Healthcare

FPH manufactures healthcare products for hospital respiratory and acute care, and obstructive sleep apnoea (OSA). FPH's opportunities are fundamentally supported by healthcare spending growth of around 5% pa in developed countries. In addition, the respiratory and acute care market is helped by new applications for humidity-related treatments across hospitals, while growth in OSA is driven by worsening obesity trends and improved diagnosis rates through home testing.

2020 P/E: 60.9 2021 P/E: 53.5

NZX Code:	**FPH**
Share Price:	**$29.80**
12mth Target:	**$14.38**
Projected return (%)	
Capital gain	-51.7%
Dividend yield (Net)	1.1%
Total return	**-50.6%**
Rating: UNDERPERFORM	
52-week price range: 32.22-14.85	

Freightways

FRE is the number one player by market share (currently around 40%) and industry profitability in the Express Package market. Demand growth is underpinned by the E-commerce revolution, specifically inventory management systems increasing sameday delivery, domestic economic growth supporting business-to-business deliveries and consumer expenditure, and adoption of online shopping driving business-to-consumer deliveries. Consequently, the Express Package industry is expected to continue growing above New Zealand's economic growth.

2020 P/E: 17.7 2021 P/E: 14.0

NZX Code:	**FRE**
Share Price:	**$6.65**
12mth Target:	**$8.20**
Projected return (%)	
Capital gain	23.3%
Dividend yield (Net)	4.7%
Total return	**28.0%**
Rating: NEUTRAL	
52-week price range: 8.84-4.50	

Infratil

IFT owns a diversified portfolio of assets, including some very attractive growth opportunities. Its investment in Canberra Data Centres (CDC) offers exposure to multiple technological structural thematics, including the greater outsourcing of data, continued digitisation, increased cloud adoption and workloads from artificial intelligence, machine learning and Internet of Things, and consumer driven growth in streaming content. Infratil also has exposure to environmental change through the promotion of renewable energy, where its investments in Tilt Renewables and Longroad Energy focus on new wind and solar power generation projects.

2020 P/E: 48.1 2021 P/E: (29.0)

NZX Code:	**IFT**
Share Price:	**$4.63**
12mth Target:	**$5.13**
Projected return (%)	
Capital gain	10.8%
Dividend yield (Net)	3.9%
Total return	**14.7%**
Rating: OUTPERFORM	
52-week price range: 5.66-3.00	

NZ Refining

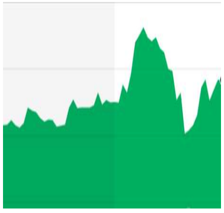
NZR is being challenged by low refining margins and oversupply causing further import competition. Despite continued investment, it has been unable to achieve acceptable returns and has now launched a strategic review. With the status quo being the only option not on the table, significant change is expected. However, NZR looks oversold.

2020 P/E: (5.2) 2021 P/E: (11.8)

NZX Code:	**NZR**
Share Price:	**$0.87**
12mth Target: ↑	**$1.71**
Projected return (%)	
Capital gain	96.6%
Dividend yield (Net)	0.0%
Total return	**96.6%**

Rating: OUTPERFORM

52-week price range: 2.20-0.62



Port of Tauranga

POT is weathering the Covid-19 storm exceptionally well. Profitability will be impacted as a result of a reduced log trade, but the outlook remains positive. However there are no issues around core profitability nor its balance sheet, and any sell-off in POT likely represents a rare opportunity to purchase a high-quality infrastructure business at reasonable value. My thoughts are to “Accumulate on weakness”.

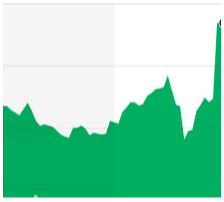
2020 P/E: 47.5 2021 P/E: 41.2

NZX Code:	**POT**
Share Price:	**$6.95**
12mth Target:	**$5.47**
Projected return (%)	
Capital gain	-21.3%
Dividend yield (Net)	2.4%
Total return	**-18.9%**

Rating: ~~UNDERPERFORM~~

My Rating: ACCUMULATE

52-week price range: 8.08-4.90



Pushpay Holdings

FY21E EBITDAF guidance is well ahead of the market’s and Jarden’s prior expectations. PPH is clearly benefiting from the ongoing shift to Digital communications and payments, however guidance implies that this shift is occurring at a more rapid pace than anticipated. Given the company’s expectations for flat opex growth over FY21 (adjusting for the annualisation of CCB), the guidance reflects the Revenue uplift expected from the surge in processing volumes.

2021 P/E: 43.2 2022 P/E: 29.0

NZX Code:	**PPH**
Share Price:	**$6.43**
12mth Target:	**$6.54**
Projected return (%)	
Capital gain	1.7%
Dividend yield (Net)	0.0%
Total return	**1.7%**

Rating: OUTPERFORM

52-week price range: 6.46-2.36

Sky Network Television

Sky’s once dominant pay-TV business has been eroded by internet TV, which has greater flexibility, smaller packages of content and a perception of better value for money. Sky is attempting to reinvent its platform to better satisfy customer demand with a sport focus. This will come at a cost, with the outcome uncertain. However, TV3 and SKT are likely to be the biggest beneficiaries, receiving $32m of the $50m Covid-19 media relief package. Sky TV should benefit from the NZ On Air funding break, and from not having to pay Kordia to transmit its free-to-air channel Prime. SKT looks oversold. My thoughts are to buy for a punt below 30cents.

2020 P/E: 4.7 2021 P/E: 4.2

NZX Code:	**SKT**
Share Price:	**$0.32**
12mth Target:	**$0.73**
Projected return (%)	
Capital gain	128.1%
Dividend yield (Net)	0.0%
Total return	**128.1%**

Rating: NEUTRAL

52-week price range: 1.30-0.19

Spark NZ

SPK will undertake a company-wide cost review as its seeks to offset current and future impacts from Covid-19. The country's biggest telecommunications company reaffirmed guidance for earnings before interest, tax, depreciation, amortisation and investment income of between $1.1 billion and $1.12 billion in the 12 months ending June 30, up from $1.09 billion a year earlier. And it still expects to pay dividends of 25 cents a share. But it also said that travel restrictions and border closures had significantly reduced higher-margin mobile roaming revenues and retail revenues had also declined with most of its stores currently being closed.

2020 P/E: 19.6 2021 P/E: 18.4

NZX Code:	**SPK**
Share Price:	**$4.60**
12mth Target:	**$4.05**
Projected return (%)	
Capital gain	-12.0%
Dividend yield (Net)	5.7%
Total return	**-6.2%**

Rating: NEUTRAL

52-week price range: 4.93-3.44

Vista Group International

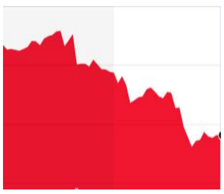
Jarden upgrades VGL to Outperform on an attractive valuation, with the stock presenting 27% potential upside to their revised target price of $1.74. Covid-19 represents significant challenges for the sector and the company, however VGL’s software is critical for clients to operate and a resumption of normal conditions should see demand remain strong for VGL’s products. Jarden believes that VGL is now sufficiently capitalised, has a strong product suite and an experienced management team, which should place it in a relatively good position post Covid-19. VGL’s software is critical for clients to operate, facilitating functions such as promotions, ticketing, food and beverage sales and financial management, and accounts for a very small proportion of operating costs for Cinemas.

2020 P/E: (7.2) 2021 P/E: 54.3

NZX Code:	**VGL**
Share Price:	**$1.25**
12mth Target:	**$1.74**
Projected return (%)	
Capital gain	39.2%
Dividend yield (Net)	0.0%
Total return	**39.2%**

Rating: OUTPERFORM

52-week price range: 5.95-0.86



Z Energy

Incumbent retail fuel distributors have come under pressure due to lower fuel margins and increased competition, especially from low-cost independent operators. While electric vehicles also threaten these businesses, it will take some time to have a material impact. As we move into Covid Alert Level 2, New Zealanders are going to restart their car engines, and ZEL is well placed to benefit strongly.

2020 P/E: 15.0 2021 P/E: (21.5)

NZX Code:	**ZEL**
Share Price:	**$3.14**
12mth Target:	**$4.30**
Projected return (%)	
Capital gain	36.9%
Dividend yield (Net)	5.4%
Total return	**42.3%**

Rating: OUTPERFORM

52-week price range: 6.85-2.50

NZ LISTED COMPANIES 4th May 2020		Mrkt Cap	Price 04-May-20	Target Price	Price Earnings (x)		Net Yield (%)	
Source: Jarden, CS Group Estimates	Ticker	(NZ$m)	(NZ$)	(NZ$)	FY20	FY21	FY20	FY21
COMMUNICATION SERVICES								
Chorus	CNU	3,051	6.87	6.40	57.6	49.7	3.5%	3.6%
Sky Network Television	SKT	124	0.29	0.73	4.7	4.2	0.0%	0.0%
Spark NZ	SPK	7,973	4.34	4.05	19.6	18.4	5.8%	5.8%
CONSUMER DISCRETIONARY								
Michael Hill International	MHJ	125	0.34	0.96	4.6	4.3	7.8%	12.5%
Restaurant Brands New Zealan	RBD	1,526	12.23	10.75	27.7	22.7	0.0%	0.0%
SKYCITY Entertainment Group	SKC	1,641	2.46	2.10	18.7	19.7	4.1%	8.1%
The Warehouse Group	WHS	746	2.15	2.00	9.9	10.8	8.1%	7.4%
Tourism Holdings Ltd	THL	184	1.24	3.79	7.6	5.2	17.2%	19.3%
CONSUMER STAPLES								
Comvita	CVT	175	3.52	2.24	(39.8)	(217.2)	0.0%	0.0%
Delegat Group	DGL	991	9.80	10.58	18.6	15.6	1.8%	2.2%
Fonterra Shareholders' Fund	FSF	365	3.65	3.97	14.5	11.4	3.6%	4.4%
New Zealand King Salmon Co	NZK	267	1.92	2.25	19.8	17.3	2.6%	3.0%
PGG Wrightson	PGW	200	2.65	2.32	13.5	13.2	6.3%	6.4%
Sanford	SAN	658	7.04	7.65	14.4	13.3	3.3%	3.3%
Scales Corporation	SCL	692	4.88	4.78	19.9	19.0	4.3%	4.5%
Seeka	SEK	141	4.38	6.01	16.2	13.7	5.5%	5.5%
Synlait Milk	SML	1,234	6.88	7.70	16.0	12.5	0.0%	0.0%
The a2 Milk Company	ATM	14,146	19.12	17.65	35.8	30.1	0.0%	1.0%
ENERGY								
NZ Refining	NZR	288	0.92	1.71	(5.2)	(11.8)	0.0%	0.0%
Z Energy	ZEL	1,224	3.06	4.30	15.0	(21.5)	5.4%	0.9%
FINANCIALS								
Heartland Group Holdings	HGH	657	1.13	1.84	8.2	7.7	9.7%	10.3%
NZX	NZX	352	1.27	1.37	20.4	19.6	5.0%	5.0%
HEALTH CARE								
AFT Pharmaceuticals	AFT	412	4.23	3.45	94.5	28.0	0.0%	0.0%
Fisher & Paykel Healthcare	FPH	16,049	27.93	14.38	60.9	53.5	1.1%	1.2%
Ebos Group	EBO	3,431	22.30	21.50	20.3	18.7	3.5%	3.8%
HEALTHCARE PROVIDERS								
Arvida	ARV	732	1.35	1.48	12.4	11.7	4.4%	4.9%
Oceania Healthcare	OCA	455	0.74	1.23	9.7	11.6	6.2%	4.8%
Ryman Healthcare	RYM	5,905	11.81	11.15	23.3	20.3	2.1%	2.5%
Summerset Group Holdings	SUM	1,322	5.80	8.25	12.4	11.4	2.4%	2.6%
INDUSTRIALS								
Fletcher Building	FBU	2,959	3.59	5.39	11.1	9.4	6.4%	7.5%
Metro Performance Glass	MPG	32	0.17	0.55	2.8	3.3	0.0%	0.0%
Skellerup Holdings	SKL	372	1.91	2.03	12.8	11.7	6.8%	7.2%
Steel & Tube	STU	105	0.63	0.84	17.1	9.8	4.8%	7.9%
TRANSPORT & LOGISTICS								
Air New Zealand	AIR	1,381	1.23	0.95	(17.8)	(6.8)	0.0%	0.0%
Auckland Airport	AIA	8,242	5.77	5.75	42.7	(104.4)	0.0%	0.0%
Freightways	FRE	1,100	6.65	8.20	17.7	14.0	4.7%	5.9%
Mainfreight	MFT	3,598	35.73	38.00	22.9	20.6	1.8%	2.0%
Port of Tauranga	POT	4,537	6.67	5.47	47.5	41.2	2.4%	2.5%
INFORMATION TECHNOLOGY								
EROAD	ERD	179	2.62	3.40	(95.8)	33.8	0.0%	0.0%
Gentrack Group	GTK	139	1.41	2.70	159.5	24.6	0.5%	3.4%
Pushpay	PPH	718	4.30	2.71	43.2	29.0	0.0%	0.0%
Serko	SKO	230	2.48	4.45	(21.7)	(12.1)	0.0%	0.0%
Vista Group International	VGL	277	1.21	1.74	(7.2)	54.3	0.0%	0.0%
PROPERTY								
Argosy Property	ARG	877	1.06	1.38	15.7	15.1	5.9%	5.9%
Goodman Property Trust	GMT	3,007	2.17	1.95	31.9	31.6	3.1%	3.1%
Investore Property	IPL	515	1.69	1.72	22.0	19.5	4.5%	4.5%
Kiwi Property Group	KPG	1,483	0.95	1.48	14.0	13.4	7.5%	7.5%
Precinct Properties NZ	PCT	1,997	1.52	1.80	22.3	20.8	4.1%	4.3%
Property for Industry	PFI	1,105	2.22	2.21	24.5	22.8	3.5%	3.6%
Stride Property Group	SPG	559	1.53	2.25	14.7	15.1	6.5%	6.5%
Vital Healthcare Property Trust	VHP	1,072	2.37	2.60	23.2	21.1	3.7%	3.8%
ENERGY								
Contact Energy	CEN	4,517	6.29	8.09	33.6	28.8	6.2%	6.2%
Genesis Energy	GNE	2,936	2.83	2.88	55.5	37.0	6.1%	6.1%
Infratil	IFT	2,916	4.42	5.13	38.7	(23.4)	3.9%	4.0%
Mercury NZ	MCY	6,117	4.49	4.54	33.7	32.5	3.5%	3.5%
Meridian Energy	MEL	11,059	4.32	3.90	34.9	43.6	4.9%	5.2%
TILT Renewables	TLT	1,422	3.20	3.25	2.3	67.4	0.0%	0.0%
TrustPower	TPW	2,012	6.43	6.13	24.4	19.9	5.3%	5.4%
Vector	VCT	3,570	3.57	3.21	28.5	30.5	4.7%	4.8%
MARKET AVERAGE*					**20.4**	**18.8**	**3.6%**	**4.0%**

**PE ratios exclude: AFT, AIA, AIR, CVT, ERD, GTK, IFT, NZR* **Net Yields exclude*

Australian Forecasts 4-May-2020 Source: CSFB estimates	Ticker	Market Cap (A$m)	Price 09-Apr-20 (A$)	Target Price (A$)	Price Earnings (x) FY20	Price Earnings (x) FY21	Net Yield (%) FY20	Net Yield (%) FY21
CONSUMER DISCRETIONARY								
Telstra Corporation	TLS	35,561	2.99	4.20	17.4	15.3	5.4%	5.4%
TPG Telecom	TPM	6,550	7.06	7.80	22.6	24.1	0.8%	0.8%
REA Group	REA	11,196	85.00	94.80	42.8	35.2	1.4%	1.6%
Seek	SEK	5,869	16.67	23.50	64.9	50.8	0.8%	1.8%
carsales.com.au	CAR	3,342	13.61	14.40	29.4	26.9	1.6%	2.8%
Nine Entertainment	NEC	2,336	1.37	1.90	18.5	16.1	5.1%	5.8%
CONSUMER DISCRETIONARY								
Aristocrat Leisure	ALL	15,389	24.10	28.50	22.5	15.4	1.8%	2.7%
Tabcorp Holdings	TAH	6,260	3.08	3.20	22.1	22.3	3.6%	1.9%
Domino's Pizza Enterprises	DMP	4,830	53.21	53.21	29.3	26.4	2.4%	2.7%
Crown	CWN	6,386	9.43	12.00	46.5	25.7	3.2%	0.0%
Star Entertainment Group	SGR	2,504	2.73	3.75	20.0	15.1	3.8%	0.0%
Flight Centre	FLT	1,605	10.05	13.61	-5.3	194.7	0.0%	0.0%
Wesfarmers	WES	41,192	36.33	34.65	21.8	21.5	3.7%	4.2%
JB Hi-Fi	JBH	3,944	34.33	32.87	14.2	16.7	4.7%	4.0%
CONSUMER STAPLES								
Coca-Cola Amatil	CCL	5,872	8.11	10.00	18.9	19.7	4.2%	4.1%
Treasury Wine	TWE	6,812	9.45	10.85	22.1	19.9	2.9%	2.1%
Woolworths	WOW	43,513	34.45	38.97	26.3	24.7	2.7%	3.0%
Coles Group	COL	20,196	15.14	18.63	20.8	20.6	4.0%	4.1%
ENERGY								
WorleyParsons	WOR	4,309	8.28	15.00	10.2	8.6	5.0%	5.8%
Origin Energy	ORG	9,282	5.27	5.10	9.0	22.2	5.8%	4.3%
Caltex Australia	CTX	5,843	23.40	21.88	22.8	12.4	2.7%	4.9%
Santos	STO	9,499	4.56	Res	14.1	12.2	2.4%	2.9%
Woodside Petroleum	WPL	20,166	21.13	27.16	177.4	36.2	0.5%	2.2%
Beach Energy	BPT	3,296	1.45	1.73	7.5	10.5	1.4%	1.4%
Whitehaven Coal	WHC	1,749	1.71	3.10	17.4	10.5	1.9%	2.4%
Oil Search	OSH	5,878	2.83	2.45	62.7	18.5	0.7%	2.4%
FINANCIALS								
AMP	AMP	4,622	1.35	1.50	10.0	12.9	0.0%	3.0%
ASX	ASX	15,443	79.77	73.00	30.2	31.1	3.0%	2.9%
Challenger	CGF	2,774	4.53	4.25	9.3	10.5	7.8%	6.0%
Macquarie Group	MQG	34,347	96.92	110.00	12.9	14.5	6.3%	4.9%
Magellan Financial Group	MFG	8,755	48.03	36.50	21.3	23.1	4.2%	3.9%
COMMERCIAL BANKS								
ANZ Banking Group	ANZ	44,670	15.75	22.80	13.5	10.1	3.2%	6.3%
Bank of Queensland	BOQ	2,199	4.84	5.50	9.3	10.5	0.0%	7.0%
Bendigo and Adelaide Ban	BEN	3,185	6.01	9.00	8.5	10.5	9.3%	8.3%
Commonwealth Bank Aust	CBA	104,161	58.84	65.00	14.6	15.2	6.4%	5.6%
National Australia Bank	NAB	51,586	16.14	18.50	15.6	11.5	3.7%	5.6%
Westpac	WBC	55,403	15.34	17.90	14.7	9.7	3.3%	6.5%
INSURANCE								
Insurance Australia Group	IAG	12,942	5.60	6.60	20.2	15.8	2.4%	4.9%
Medibank Private	MPL	7,298	2.65	3.00	15.5	20.8	4.9%	4.3%
NIB Holdings	NHF	2,206	4.83	4.90	17.8	18.5	3.4%	3.3%
QBE Insurance Group	QBE	11,394	7.82	10.15	-27.5	10.2	0.0%	6.2%
Suncorp Group	SUN	10,756	8.53	9.15	12.7	11.9	4.7%	6.9%

Australian Forecasts 4-May-2020 Source: CSFB estimates	Ticker	Market Cap (A$m)	Price 09-Apr-20 (A$)	Target Price (A$)	Price Earnings (x) FY20	Price Earnings (x) FY21	Net Yield (%) FY20	Net Yield (%) FY21
HEALTH CARE								
CSL Ltd	CSL	135,652	298.76	329.00	44.6	35.5	1.1%	1.3%
Ansell	ANN	3,632	28.19	32.00	16.6	14.9	2.8%	2.9%
ResMed	RMD	44,876	24.16	26.00	39.3	37.4	1.0%	1.1%
Cochlear	COH	11,820	179.95	190.00	67.9	70.1	0.9%	0.9%
HEALTHCARE PROVIDERS &SERVICES								
Sonic Healthcare	SHL	12,494	26.30	29.50	26.1	22.2	2.7%	3.3%
Ramsay Health Care	RHC	13,943	62.38	68.80	45.6	33.5	1.0%	1.2%
TRANSPORT & LOGISTICS								
Atlas Arteria	ALX	5,099	5.80	6.00	145.8	30.0	3.1%	4.3%
Aurizon	AZJ	8,644	4.51	5.80	16.6	15.3	6.0%	6.6%
Qantas	QAN	5,397	3.62	2.20	-145.0	-6.6	3.7%	0.0%
Qube Holdings	QUB	3,596	2.21	2.80	30.4	29.8	3.0%	3.0%
Sydney Airport	SYD	12,994	5.75	4.50	-72.8	455.1	0.0%	3.0%
Transurban	TCL	36,267	13.26	10.65	289.4	-550.5	3.3%	2.2%
COMMERCIAL SERVICES & SUPPLY								
ALS Ltd	ALQ	3,208	6.65	8.60	16.5	14.9	3.5%	4.1%
Brambles	BXB	15,971	10.49	12.50	20.4	16.2	3.2%	3.8%
CIMIC Group	CIM	7,522	23.58	38.50	9.2	9.0	6.5%	7.2%
Cleanaway Waste Management	CWY	3,677	1.79	2.30	24.5	20.1	2.2%	2.7%
Downer EDI	DOW	2,361	3.97	4.00	19.1	15.8	3.5%	4.3%
Reliance Worldwide	RWC	1,983	2.51	2.70	16.7	24.6	2.8%	1.8%
INFORMATION TECHNOLOGY								
Computershare	CPU	6,112	11.30	10.75	13.5	14.0	3.6%	3.5%
Link Administration Holdings	LNK	1,909	3.60	4.60	13.1	12.9	3.6%	3.7%
Xero	XRO	10,998	77.50	80.00	889.7	216.7	0.0%	0.0%
MATERIALS								
Amcor	AMC	21,950	13.53	16.90	14.5	12.8	5.2%	5.7%
Boral	BLD	3,371	2.75	3.70	10.5	15.4	5.8%	3.1%
Incitec Pivot	IPL	3,743	2.32	3.78	16.5	12.5	3.2%	4.2%
James Hardie Industries	JHX	9,173	20.70	21.50	17.5	21.0	3.2%	2.4%
Orica	ORI	6,851	16.89	21.85	16.1	13.7	4.1%	4.8%
Orora	ORA	2,968	2.46	2.15	21.9	19.7	30.2%	3.3%
METALS & MINING								
Alumina	AWC	4,680	1.63	1.80	17.6	10.6	3.9%	8.4%
BHP Group	BHP	140,988	29.84	39.00	10.7	13.2	5.6%	3.8%
BlueScope Steel	BSL	4,825	9.60	12.80	14.6	13.9	1.5%	1.5%
Evolution Mining	EVN	8,045	4.72	4.85	19.7	15.2	3.3%	3.3%
Fortescue Metals Group	FMG	33,807	10.98	11.00	4.9	6.8	13.6%	9.6%
Iluka Resources	ILU	3,192	7.55	10.00	14.7	9.4	3.7%	4.1%
Newcrest Mining	NCM	19,345	25.15	26.25	17.8	15.4	1.1%	0.6%
Northern Star Resources	NST	8,696	11.75	13.00	22.2	10.5	1.5%	3.1%
OZ Minerals	OZL	2,756	8.50	8.00	116.7	14.3	2.7%	2.7%
Rio Tinto	RIO	118,441	82.59	89.00	10.2	10.8	5.8%	5.0%
South 32	S32	9,135	1.89	2.90	28.4	10.0	2.4%	4.0%
*PE ratios exclude: XRO *Net Yields exclude: ORA								
Market Average					**24.3**	**19.7**	**3.7%**	**4.0%**

ANZ Banking Group (ANZ.AX)

OUTPERFORM A$16.90 **TARGET:** A$22.80

BHP.AX Year to 30 June		2019A	2020F	2021F	2022F
Adjusted NPAT	A$m	6,262	3,766	4,793	5,426
Cash Earnings/share	A$	2.28	1.25	1.69	1.91
Cash PE Ratio	x	7.4	13.5	10.0	8.9
Dividend/share	A$	1.60	0.50	1.00	1.00
Dividend Yield	%	9.5	3.0	5.9	5.9

Jarden thinks there was a missed opportunity for ANZ that now sees it back in the pack. A narrative around strong support of customers (higher lending growth as evidenced at this result, A$7bn of lending in March alone) in conjunction with maintaining a superior CET1 (capital raising) would have resonated with investors, given the dynamics of its balance sheet. Post capital raising, share price performance shows the market rewards this outcome. While Jarden was not forecasting this dynamic, it should have been clearly evident to management. Instead they see CET1 that is stretched and a base case of 110bp RWA inflation drag, with little disclosure around how this could move creating future dividend uncertainty. That said, shares are trading at a substantial discount the NTA.

Fortescue Metals Group (FMG.AX)

NEUTRAL A$11.96 **TARGET:** A$11.00

FMG.AX Year to 30 June		2019A	2020F	2021F	2022F
Adjusted NPAT	US$m	9,965	12,262	10,489	9,765
Earnings/share	US$	1.03	1.48	1.05	0.73
PE Ratio	x	7.6	5.3	7.5	10.7
Dividend/share	USc	82.45	96.33	68.25	48.10
Dividend Yield	%	10.5	12.3	8.7	6.1

Jarden is still unable to fault FMG – its March Quarter is yet another demonstration of consistently delivering upon or beating guidance, the strong balance sheet which was net cash as at March 31 (but US$1.6bn div has come out since) and volumes that continue on a path of growth. Whilst COVID-19 poses plenty of questions and Jarden doesn't discount there may be some unchartered waters ahead to navigate for the whole sector including FMG, to date the numbers are showing minimal impact notwithstanding the undoubted hive of activity behind the scenes to ensure this is the case.

FMG's balance sheet is in tip-top shape; volumes are highly likely to be a record in FY20 and with continued strong cost performance, and this all bodes well for another healthy dividend in August. Jarden is still constrained by valuation to drive an Outperform but retain (the strongest possible) Neutral as the track record of delivery continues.

BASE METALS FORECASTS
- DOWNGRADING FOR A GLOBAL RECESSION

Due to COVID-19, Jarden has slashed its metal price forecasts through to 2022. They don't expect a V-shaped recovery when the lockdowns end because consumer confidence has cratered and the ranks of the unemployed have ballooned. These, together with the withdrawal of investment by companies, should create a demand gap when industry restarts. They think the world is entering a synchronized global recession and model a contraction in metals demand similar in scale to the Global Financial Crisis (GFC). After the GFC, China bailed out commodity prices with massive FAI stimulus, but it does not seem to intend an encore. So far, its actions have been tightly targeted fiscal and monetary stimulus, and its investment in "New Infrastructure" appears to be the previously planned amount. This looks to be copper-intensive, but would not fully offset declines in other copper sectors.

AUSTRALIAN OIL & GAS
- REALISED CRUDE PRICES MAY DISAPPOINT, PRESENTING UP TO 5% EBITDAX IMPACT IN 2Q

Brent isn't the full story: It is possible Australian energy producers realise lower prices for their oil than Brent prices would normally indicate. This may present downside to consensus modelling over the coming months. Some crude grades sold in Asia may suffer from steeper discounts to Brent vs pre-COVID-19 correlations to Brent. Condensate is likely most impacted. For example, some middle-eastern crudes which previously achieved premia to Dubai (and Brent) of +US$4/bbl have more recently achieved steep discounts (- US$9/bbl), particularly for more 'gasoline' weighted crudes. Consensus might model oil pricing assuming pre-COVID correlations, which may not hold: Jarden sees risk of a downside surprise to revenue in 2Q results, if price realisation for crude and condensate streams comes in below consensus expectations, which may still be based upon pre-COVID-19 Brent pricing correlations.

NEW ZEALAND EQUITIES *JARDEN RECOMMENDATIONS – 4TH MAY 2020*

Underperform			Neutral			Outperform		
	FPH	DGL	AIR	AIA	EBO	AFT	ERD	SKO
	MEL	GMT	ARG	ATM	FRE	CEN	IFT	
	PFI	GNE	ARV	CNU	FSF	MHJ	SAN	
	PGW	IPL	HGH	CVT	MFT	MPG	SEK	
	POT	KPG	OCA	FBU	NZK	NZR		
	RBD	MCY	PCT	GTK	SCL	SML		
	RYM	TPW	SKT	NZX	SKL	THL		
		VCT	SKC	PPH	SPK	TRA		
			STU	SPG	TLT	VGL		
			WHS	SUM		ZEL		
				VHP				

AUSTRALIAN EQUITIES *JARDEN RECOMMENDATIONS – 4TH MAY 2020*

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

GLOBAL EQUITIES *JARDEN RECOMMENDATIONS – 4TH MAY 2020*

Underperform			Neutral			Outperform		
			Apple	AT&T	Anheuser	Chevron	ABC	Alibaba Group
			Cisco	Disney	Boeing	Home Depot	Alphabet	B. of America
			ExxonMobil	P&G	HSBC	J&J	Amazon	Citigroup
			L'Oreal	Roche	Novartis	LVMH	CCB	Coca-Cola
			Nestle	Verizon	Toyota	Oracle	China Mobile	Comcast
			PetroChina	Visa	Wells Fargo	PepsiCo	ICBC	Facebook
						SAP	MasterCard	Intel
						Tencent	Microsoft	JPM
						Walmart	Unilever	Royal Dutch
							UnitedHealth	Samsung

GLOBAL EQUITIES

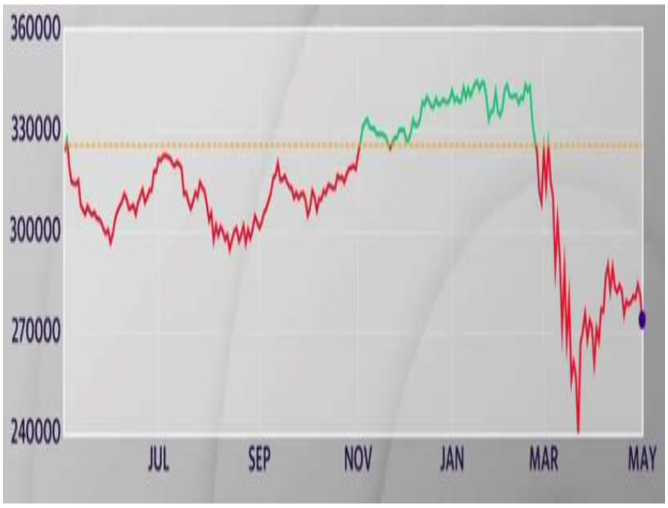
WARREN BUFFETT'S BERKSHIRE HATHAWAY

Warren Buffett, the billionaire chief executive of Berkshire Hathaway, has sold off all his shares in US airlines as the industry loses billions and sheds tens of thousands of jobs.

Warren Buffett, whose conglomerate had avoided the airline industry but began building stakes in key carriers in 2016, told investors the sector looked set to "chew up" money as Berkshire Hathaway reported a US$50bn net loss. Berkshire Hathaway had built up shareholdings in four major airlines and was a top three shareholder after acquiring an 11% stake in Delta, 10% of American Airlines, 10% of Southwest Airlines and 9% of United Airlines. Buffett said he expected each of the airlines would need to borrow more than US$10bn to survive the crisis. Buffett told a virtual meeting of investors: "*We made that decision in terms of the airline business. We took money out of the business basically even at a substantial loss*."

Buffett sees airlines as "really hurt" in the current environment. Even if Berkshire owned an entire airline he mentioned it would be a "*tough decision*" whether to keep it. In Buffett's view a low-probability event happened in terms of how the coronavirus has impacted air travel.

BERKSHIRE HATHAWAY SHAREPRICE - 1 YEAR VIEW



Berkshire Hathaway has been buying back its own stock, prior to this pandemic crisis, but nothing since 1st March. Furthermore, it sold US$6bn (3% of its portfolio) as the market rallied in April. This indicates that Buffett believes this crisis has further downside yet.

Buffett noted in March: *"We constantly seek to buy new businesses that meet three criteria. First, they must earn good returns on the net tangible capital required in their operation. Second, they must be run by able and honest managers. Finally, they must be available at a sensible price.*

When we spot such businesses, our preference would be to buy 100% of them. But the opportunities to make major acquisitions possessing our required attributes are rare. Far more often, a fickle stock market serves up opportunities for us to buy large, but non-controlling, positions in publicly-traded companies that meet our standards."

With nearly $128 billion in cash on hand as of the end of 2019, things may be starting to look more interesting to Buffett given the recent declines in the equity market.

Buffett was once quoted saying, "*Whether we're talking about socks or stocks, I like buying quality merchandise when it is marked down*" and many securities are now marked down quite significantly over just a few short weeks.

The intrinsic value of Berkshire Hathaway "A" shares is currently assessed at US$374,000/share, and yet they are currently trading at US$274,000 – a 27% discount.

"You can't go back and change the beginning, but you can start where you are & change the ending." **C.S.Lewis**

***FIXED INTEREST SECONDARY MARKET** – INDICATIVE ONLY* *AS AT 8TH MAY 2020*

NOTE: You will notice a pretty dramatic reduction in the yield (campared to 1-month earlier)

BBB+, BBB, BBB- Issuer	NZDX Code	Maturity Date	Coupon %	CPN Freq	Credit Rating	Type	08-May Yield	09-Apr Yield
Wellington Intl Airport	WIA020	15/05/2021	7.5%	2	BBB+	Senior	2.69%	3.20%
Kiwi Property Group	KPG010	20/08/2021	6.2%	2	BBB+	Senior	2.5%	3.1%
Z Energy	ZEL040	1/11/2021	4.0%	4	BBB-(NR)	Senior	2.9%	4.0%
TrustPower	TPW140	15/12/2021	5.6%	4	BBB-(NR)	Senior	2.2%	3.1%
Precinct Properties	PCT010	17/12/2021	5.5%	2	BBB+(NR)	Senior	2.5%	3.4%
Heartland Bank	HBL010	8/09/2022	4.5%	4	BBB	Senior	2.7%	4.4%
SkyCity Entertainment	SKC040	28/09/2022	4.7%	4	BBB-	Senior	3.7%	5.5%
Air New Zealand	AIR020	28/10/2022	4.3%	2	BBB	Senior	5.0%	4.5%
TrustPower	TPW150	15/12/2022	4.0%	4	BBB-(NR)	Senior	2.4%	3.5%
Wellington Intl Airport	WIA030	12/05/2023	4.3%	2	BBB+	Senior	2.4%	3.4%
Summerset	SUM010	11/07/2023	4.8%	4	BBB-(NR)	Senior	2.8%	4.3%
Kiwi Property Group	KPG020	7/09/2023	4.0%	2	BBB+	Senior	2.6%	3.4%
Heartland Bank	HBL020	12/04/2024	3.6%	4	BBB	Senior	2.9%	4.2%
Investore Property	IPL010	18/04/2024	4.4%	4	BBB(NR)	Senior	2.5%	3.6%
Wellington Intl Airport	WIA040	5/08/2024	4.0%	2	BBB+	Senior	2.2%	3.5%
Precinct Properties	PCT020	27/11/2024	4.4%	2	BBB+(NR)	Senior	2.8%	3.8%
Property for Industry	PFI010	28/11/2024	4.6%	4	BBB(NR)	Senior	2.4%	3.0%
Kiwi Property Group	KPG030	19/12/2024	4.3%	2	BBB+	Senior	2.6%	3.4%
Wellington Intl Airport	WIA050	16/06/2025	5.0%	2	BBB+	Senior	2.4%	3.5%
Summerset	SUM020	24/09/2025	4.2%	4	BBB-(NR)	Senior	2.8%	4.6%
Kiwi Property Group	KPG040	12/11/2025	4.1%	2	BBB+	Senior	2.8%	2.9%
Argosy Property	ARG010	27/03/2026	4.0%	4	BBB+(NR)	Senior	2.9%	4.2%
Trustpower	TPW180	29/07/2026	3.4%	4	BBB-(NR)	Senior	2.6%	3.5%
Metlifecare	MET010	30/09/2026	3.0%	4	BBB-(NR)	Senior	2.8%	4.5%
Argosy Property	ARG020	29/10/2026	2.9%	4	BBB+(NR)	Senior	2.9%	4.3%
Chorus	CNU020	6/12/2028	4.4%	4	BBB	Senior	2.1%	3.5%
Trustpower	TPW170	22/02/2029	4.0%	4	BBB-(NR)	Senior	2.9%	3.7%
Wellington Intl Airport	WIA060	1/04/2030	4.0%	2	BBB+	Senior	2.8%	3.9%
Issuer BB+, BB, BB-	**NZDX Code**	**Maturity Date**	**Coupon**	**CPN Freq**	**Credit Rating**	**Type**	**Offer Yield**	**Offer Yield**
Warehouse Group	WHS020	15/06/2020	5.3%	2	BB-(NR)	Senior	4.8%	5.1%
Infratil	IFT220	15/06/2021	4.9%	4	BB(NR)	Subord	4.3%	6.1%
Turners Automotive Group	TRA100	30/09/2021	5.5%	4	BB-(NR)	Subord	6.2%	5.5%
Fletcher Building Industries	FBI160	15/03/2022	5.0%	2	BB+(NR)	Subord	5.0%	5.6%
Infratil	IFT190	15/06/2022	6.9%	4	BB(NR)	Subord	4.5%	6.1%
Fletcher Building Industries	FBI170	15/03/2023	5.0%	2	BB+(NR)	Subord	5.0%	5.5%
Infratil	IFT210	15/09/2023	5.3%	4	BB(NR)	Subord	4.7%	6.0%
Infratil	IFT230	15/06/2024	5.5%	4	BB(NR)	Subord	4.5%	6.0%
Synlait Milk	SML010	17/12/2024	3.8%	4	BB-(NR)	Subord	3.8%	4.7%
Fletcher Building Industries	FBI190	15/03/2025	3.9%	2	BB+(NR)	Subord	4.3%	5.6%
Infratil	IFT250	15/06/2025	6.2%	4	BB(NR)	Subord	4.6%	5.8%
Infratil	IFT280	15/12/2026	3.4%	4	BB(NR)	Subord	4.7%	5.3%

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