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INVESTMENT STRATEGIES

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NZ50 GROSS INDEX (ONE-YR GRAPH)

COVID-19

A recent OECD report says that New Zealand's economy is likely to suffer a bigger coronavirus blow than most in the OECD. It said the initial direct effect of shutdowns could be a decline of between one fifth and one quarter in most economies as spending dropped by about a third. New Zealand would see an initial drop of almost 30% in activity, the OECD said, compared to about 15% in Ireland, 22% in Australia and 25% in the United States.

ANZ Chief Economist Sharon Zollner sums it up well - "***Times are grim. We've never seen such a broad economic shock strike with such ferocity. Firms are right to be alarmed. Both fiscal and policy are leaping into action but a severe recession is guaranteed.***" However, following a tumultuous few weeks, financial markets have calmed again. In part, that's due to signs that the daily number of new Covid-19 infections globally is flattening off. However, the major factor that has soothed frazzled nerves in financial markets has been the extraordinary level of fiscal and monetary stimulus that has been announced globally in recent weeks.

VERSUS

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STATISTICS NZ DATA

Estimated population at 14-April-2020:	**4,977,930**
Births less Deaths Sept-19 year:	**24,945**
Net long-term migration Nov-19 year: (non NZers)	**50,241**
NZ Citizens – Net Loss Nov-19 year:	**-8,762**
Visitor arrivals Annual Oct-19 (↑81,532)	**3,903,109**
Employment	
Unemployment rate Dec-19 qtr (↓0.1%)	**4.0%**
Jobs growth Dec-19 year	**0.9%**
Average Hourly Wage Dec-19 year (↑3.6%)	**$32.76**
Ave Weekly Earnings Dec-19 year (↑3.6%)	**$1,272.12**
Wages growth Dec-19 year (↑0.1%)	**2.6%**
Wages growth (Private sector only)	**1.8%**
Employed population Dec-19 qtr (↑1,000)	**2,648,000**
People not in workforce Dec-19 qtr↑	**1,177,000**
Consumer Price Index Dec-19 year (↑0.4%)	**1.9%**
The size of the NZ Economy Dec-19 year:	**$310 bn**
GDP per person Sept-19 year:	**$62,594**
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 9TH APRIL 2020

My portfolio looks pretty good to date, considering the current pandemic crisis. However, it is early days!

AvonD Portfolio		Jarden		Craigs IP		Forsyth Barr		Hamilton Hindin		MSL Capital Mkts	
a2 Milk	16.4%	a2 Milk	16.4%	a2 Milk	16.4%	a2 Milk	16.4%	a2 Milk	16.4%	AFT Pharmaceuticals	31.1%
AFT Pharmaceuticals	31.1%	Eroad	-32.6%	Ebos	-8.9%	Arvida	-29.7%	Ebos	-8.9%	Arvida	-29.7%
Infratil	-16.3%	Infratil	-16.3%	Freightways	-32.9%	Contact Energy	-17.9%	F&P Healthcare	21.6%	Heartland Group	-42.2%
Port of Tauranga	-14.5%	Katmandu	-80.8%	Mainfreight	-12.8%	Chorus	7.0%	Meridian Energy	-12.8%	Plexure	0.0%
PushPay	0.0%	Oceania Healthcare	-39.4%	Meridian Energy	-16.2%	Sanford	-19.5%	Z Energy	-27.0%	Vector	-9.7%
TOTAL CHANGE	**3.4%**		**-30.5%**		**-10.9%**		**-8.8%**		**-2.1%**		**-10.1%**

LOCAL GOVERNMENT

BOP REGIONAL COUNCIL

BOPRC is planning to reduce their rate demand by announcing a zero rate increase in the 2020/20 Annual Plan.

TAURANGA MAYOR STILL FOCUSED ON GROWTH

It doesn't appear that our Mayor gets it. Growth was a 2019 thing. Migration has stopped, and won't restart for at least another year - maybe two. Foreign workers, overseas students, and 3.9m foreign tourists have all stopped. The housing crisis was also a 2019, and not a 2020 issue. The demand for housing has gone. All those Air B&B houses will go back as rentals. The world has changed, and we must ensure that we learn from this - having our politicians (both local and central government) keeping their heads in the sand and not recognising this new paradigm will only cause more longer-term pain.

Tauranga city must go up, not out. The UFTI (and Smartgrowth) model needs to be re-written. We need smart politicians who can think laterally. This is actually a huge opportunity to reset. Let's do it positively, and taking our ratepayers with us - not helping to bankrupt them. Local Government needs "zero based accounting – not rate increases.

LOCAL GOVERNMENT NOT PULLING THEIR WEIGHT

The numbers will look ugly. Brace for net government debt to move easily beyond 50% of gross domestic product. Leaning on the government balance sheet is the right policy response. It has a big balance sheet to absorb the hit and help the economy. Low levels of government debt, it's about 20% of GDP now, mean the Government can now borrow to help the economy. The Reserve Bank is joined at the hip. Extraordinary times call for an extraordinary response.

Councils also have big balance sheets. They have an asset base of $150 billion. In 2018, the latest data available, they held more than $2b in cash and term deposits. They don't have such a solid debt position as central government but councils still have balance sheets that can absorb some hits. They can borrow to support the economy just like central government.

Small businesses can't take the hits and are facing a cash crunch. It seems incredible that a load of councils are still considering raising rates. Now is not the time to be taxing households, farmers and businesses through rate increases. It's about time councils jumped into the fray and started collectively talking about their covid-19 response to help the economy and regions. Immediate relief can come in the form of committing to zero for rate rises. Flexibility could be offered around payment deadlines to help businesses, farmers and households manage cashflow.

BAY OF PLENTY DISTRICT HEALTH BOARD

Tauranga hospital has 2 unused floors in its newish building, that should be made fit for purpose now to cater for either this covid-19 crisis or future health needs. DHB Deputy Chair Ron Scott tells me that there is no plumbing etc installed. He says they can't do this upgrade urgently because it isn't consented. This is plain crazy – this building urgently needs completing so that it is fit for purpose, and what a great opportunity this is to get it completed now. We are still likely to have a capacity issue within weeks (we need to get back to doing non urgent surgery sooner rather than later), and the DHB says that they can't respond because of RMA issues. What is wrong with this government, and our DHB.

OUR POLITICAL CLIMATE

WHAT DOES THE FUTURE LOOK LIKE POST COVID-19

Pre-Covid-19 global flight tracker

We can forget tourism; forget migration; forget temporary worker visas. We will rely on an "immunity passport" (and prayer) until a vaccine is available, if we are to allow international travel.

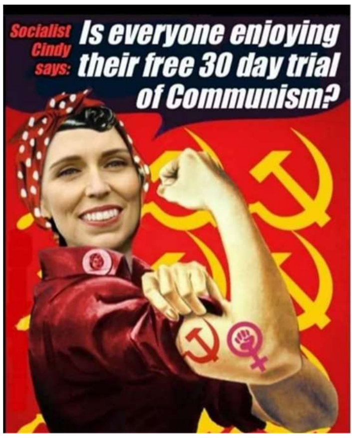
There is no quick fix under our current strategy. That said, I agree with the strategy to date - but we need to use this time to improve our health system. That is our weak spot. Only 10 ventilators at Tauranga Hospital - crazy. And we have 2 wards in the new building that have never been completed. That needs urgent attention.

We aren't out of the woods yet. There are still far too many irresponsible people breaking the STAY AT HOME - STAY SAFE message.

CARBON EMISSIONS FROM AIRLINES

Carbon emissions from planes accounted for approximately 2.5% of global emissions in 2018. This was up 32% from 2013. A consequence of COVID-19 will be a huge reduction in global emissions – a great outcome for Climate Change concerns.

IS JACINDA ARDERN REALLY DOING A GOOD JOB?



Yes, she has done a great communications job heading in to this pandemic. She presents exceptionally well – but what about the substance.

In fact, she is indecisive and only reacts when she is sure that the public are behind her. She says she would "*Go hard, and go early*." But did she? – I don't think so. Yes, she shut the country down, but she went soft on ensuring that we all complied.

I strongly supported her actions to STAY HOME - STAY SAFE. I am diabetic, with four stents supporting my heart. I have been very happy to comply, and only wish that all New Zealanders would do the same.

Jacinda is a top communicator – but to not give a clear understanding of what ESSENTIAL SERVICES are was her first sign of weakness.

To leave that borders open, with only a TRUST model for self-isolation put all New Zealanders at risk. Even her most senior Minister (Health Minister Clark) couldn't get the message. What a joke he has been. His portfolio is absolutely critical in this pandemic battle, and yet Jacinda allows him to remain in Dunedin, when any true leader would be driving a coordinated response team.

The police said (after 10 days of lockdown) that it was time to get tough on STAY HOME breachers. What do they do – turn a pretty blind eye on these offenders. We need police to "throw the book" at these people – they are risking my and your life. Just turning offenders around is plain soft, and Jacinda needs to be insisting that police GO HARD and prosecute offenders.

You might say that I am just "Jacinda bashing" – but that isn't true. I expect genuine leadership – It isn't supposed to be easy. The trouble is she has no support (nor talent) within her Cabinet. I fear for New Zealand as we try to exit this lockdown.

SO, HOW EFFECTIVE IS OPPOSITION LEADER SIMON BRIDGES?

Labour didn't want the EPC (Epidemic Response Committee) – but having a "checks and balance" select committee to replace the sitting of Parliament ensures that the democratic process continues. Simon fought, and won this battle, and in my opinion he is doing an excellent job of continuing to hold our government to account. Jacinda's spin is outstanding – but don't be fooled, there are big gaps in the delivery. And the EPC is daily exposing this.

The EPC heard from Australia's Health Ministry on 14th April, noting that Australia's per-population Covid-19 outcomes is similar to New Zealand's, and yet their lockdown has still allowed businesses and construction etc to operate, as long as it can operate safely. Simon said he totally supported the 4-week Level 4 lockdown, but that we then need to get our economy back operating (safely) as soon as possible, based on the Australian experience.

There has been some criticism of National leader Simon Bridges' 500-kilometre commute from Tauranga for the select committee that has replaced Parliament. Undoubtedly, Bridges could probably do most of the job from home over Zoom, like all the other MPs are doing. Some said he could have moved his family to Wellington – although Bridges lacks the luxury of Premier House. With a working wife and 3 young children, Simon is not taking "an easy option".

But the questioning of whether he has the "authority" to travel is ridiculous. He's the leader of the Opposition. If the police tried to stop his travel to Wellington, it would be a constitutional outrage. He's made clear that access to the press is one of the key reasons he wishes to be in Wellington, and that reason stacks up – while we all have his phone number, TV generally needs footage of politicians. Obviously, no-one should be "above the rules", but Bridges meets the definition of essential worker easily enough.

PRISONERS TO GET TO VOTE

Andrew Little plans to is ram legislation through Parliament before the election to allow prisoners serving sentences of less than three years to vote.

Now many people might assume that someone in prison for a sentence of less than three years is a first or second time offender. Far from it. The Department of Corrections recently stated that the average number of convictions held by a prisoners serving a sentence of less than three years is a massive 50.

That's right - 50. These are not first or second time offenders. These are hardened recidivist criminals who have created scores of victims.

So, this current Government wants to give the vote to these 1,985 prisoners who each have an average 50 convictions. Interestingly, 40% of them (797) have gang affiliations (includes prospects and associates). Do you think they are going to suddenly stop committing crimes?

COVID-19 PACKAGE

Winter Energy Payment increasing this year

The Government has announced the Winter Energy Payment will be doubled for this year. Single people with no dependent children will get $40.91 a week. Couples, and people with dependent children, will get $63.64 a week. It will be paid from 1 May to 1 October, the same as usual.

This was announced as part of the first Covid-19 package but, like the $25 hike in beneficiary support, has nothing what-so-ever to do with Covid-19. Don't tell me that Jacinda Ardern and Grant Robertson aren't playing politics with this crisis.

WHAT HAPPENED TO IHUMĀTAO DEBACLE

Ihumātao has gone out of the headlines, but believe me it has not gone away. Of course, Covid-19 issues have pushed it out of the news, but the lingering sense of unresolved wider frustration on all sides of the Ihumātao debate could yet have a big influence on the political year ahead and the election.

It is still a widely held belief that Labour cut a deal whereby you and I give the Auckland Council money to buy Ihumātao off Fletchers. Only Jacinda once again under estimated the power of Winston Peters – who blocked the decision. The fact Labour had planned to use our money to extricate itself from a problem that's only its problem because the Prime Minister waded into an area she didn't understand, is of course a scandal. It is out of the headlines now, but it hasn't gone away, and ultimately this will be unlikely to reflect well on Ardern. It's appears that protesters can do what they like, and a Labour Government will just end up buckling.

The latest is that now Heritage NZ has had another look at the land at Ihumātao, and thinks it's more important than it was originally, and have now moved it from Heritage 2 status to Heritage 1. It has done this by using its hocus pocus approach of thinking about it differently, and taking into account things that is quite different from its original decision.

CRUISE INDUSTRY GONE !

Remember – William Shakespeare was in quarantine when he wrote "King Lear", and Isaac Newton was in quarantine when he discovered calculus.

Global coronavirus cases pass 1.9 million amid fears of second wave of outbreaks. Global deaths have passed 125,000, and Singapore reports new rise in infections. A new study of containment measures in China suggests that countries preparing to ease their lockdowns will have to continuously monitor potential new cases to prevent a second deadly outbreak.

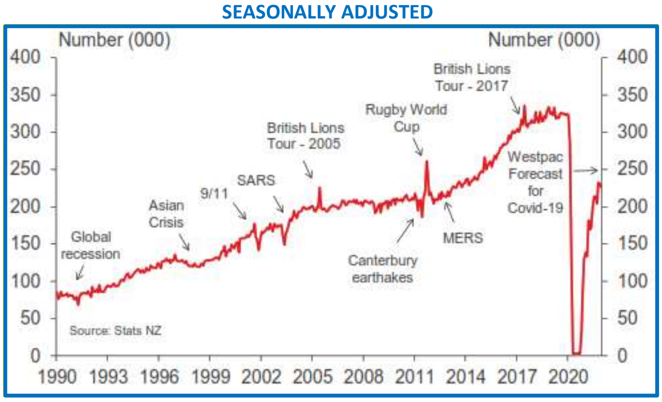
CUMULATIVE CONFIRMED CASES AT 10TH APRIL 2020

New Zealand seems to be dodging a bullet, BUT our problem is that we have built up very little community immunity (to date), and to keep Covid-19 at bay, New Zealand borders will need the remain closed for a lot longer than many countries. Yes, we will be able to get back to work (in our nationwide bubble), but forget about any short or even medium-term tourism, because to keep us safe, we just can't afford to open our borders.

TOURISM WILL & MUST CHANGE

The Covid-19 bans on international and domestic travel are obviously a serious blow to New Zealand's tourism sector.

MONTHLY VISITOR ARRIVALS TO NEW ZEALAND
SEASONALLY ADJUSTED



Westpac is currently predicting 2.3m international visitor arrivals in 2021 (down from 3.9m in 2019), but I believe this is incredibly optimistic. They also believe that long-term, visitor arrivals will get back to pre-Covid-19 levels. This I do believe, but we have to take learnings from this crisis to alter our ways of working. The bottom line is that New Zealand's environment can't cope with unfettered low-budget travelers. We have to become much smarter about tourism, and encourage genuine eco-tourism. For example, freedom campers must be held responsible for all of their waste, and we need to "up-sell" our environmental experience.

WHY COVID-19 HIT ITALY AND IRAN HARDEST

Source: The Federalist

Italy and Iran have been two of the countries hardest hit by the Wuhan coronavirus, outside of China. Why? The reason these two countries are suffering the most outside China is mainly due to their close ties with Beijing, primarily through the "One Belt and One Road" (OBOR) initiative.

OBOR is Beijing's foreign policy play disguised as infrastructure investment. Here's how it works: China and country X agree to do an infrastructure project in country X. Country X has to borrow from a Chinese bank to finance the project. A contract is always awarded to Chinese companies, which then bring supplies and Chinese employees to country X to build the project.

As a result of One Belt and One Road, there are more than 300,000 Chinese living in Italy. Almost exactly a year ago in March 2019, against warnings from the EU and the United States, Italy became the first and only G7 country to sign onto OBOR. As part of the deal, Italy opened an array of sectors to Chinese investment, from infrastructure to transportation, including letting Chinese state-owned companies hold a stake in four major Italian ports. …

Lombardy and Tuscany are the two regions that saw the most Chinese investment. Nearly a year later, the first Wuhan coronavirus infection case in Italy was reported in the Lombardy region on February 21st . Since then, Italy experiencing the worst coronavirus outbreak outside China, and Lombardy is the hardest-hit region in the country (USA has since surpassed Italy for total infections).

The Iran case is interesting as well - 2019 was the year Iran officially signed up to OBOR. China sees Iran as a crucial player to this initiative because Iran is not only rich in oil but also lies in a direct path of an ambitious 2,000-mile railroad China wants to build, which will run from western China through Tehran and Turkey into Europe.

Today, Iranian health officials trace the country's coronavirus outbreak to Qom, a city of a million people. According to the Wall Street Journal, "*China Railway Engineering Corp. is building a US$2.7 billion high-speed rail line through Qom. Chinese technicians have been helping refurbish a nuclear-power plant nearby*." Iranian medical professionals suspect either Chinese workers in Qom or an Iranian businessman who travelled to China from Qom caused the spread of the coronavirus in Qom.

News reports indicate that a number of high Iranian officials have contracted coronavirus, and I believe at least one or two have died. Raleigh explains:

Although on February 1st the Iranian government banned its airlines from flying to China, it made an exception for Mahan Air, an unofficial airline for the Islamic Revolutionary Guard Corps.

The WSJ reported that Mahan Air "*had carried out eight flights between Tehran and China between Feb. 1st and Feb. 9th to transfer Chinese and Iranian passengers to their respective home countries*." This explains why so many high-level Iranian officials are infected by the coronavirus, including First Vice President Eshaq Jahangiri and more than 20 lawmakers.

Relying on China for economic development was never a good idea, but it turned out to be more dangerous than we knew.

COVID-19 & THE MARKETS: HOW GFC MEMORIES ARE INFLUENCING TODAY'S REALITY

SOURCE: James Lee, Jarden Chief Executive Officer

After 12 years of relative calm, investors are faced with new challenges due to the uncertainty COVID-19 is causing around the world, and the unknown implications. This volatility dominating headlines and creating events not seen since 2008, reminds us of the two simple rules you learn on your first day in finance:

Be long-term focused; and It's not the return **ON** your capital that fundamentally matters, it's the return **OF** your capital that is what builds wealth.

With markets moving five to seven percent per day and the measure of global volatility touching levels not seen since 2008, investors are comparing this with the depths of GFC. For investors, maintaining perspective, understanding risk tolerances and getting advice is what will help determine if there are opportunities that suit their risk profile.

23 days ago, the world started to see the impact a global pandemic has on consumer behaviour and confidence, and this week we have seen second-round impacts - an oil price war and poorly executed leadership. It is these impacts which have dislocated markets globally. COVID-19 caused a very sharp reduction in the demand for oil, prompting OPEC members to discuss a cut in production. As it transpired, two of the most reliant oil nations (who need to sell oil to fund their countries) couldn't agree on reduction cuts so instead entered a price war. This removed any sense of stability in the global economy, triggering passive fund selling around the world. Some reports suggest that markets were seeing sell orders from ETF/Futures on a 9 to 1 ratio at their peaks. This caused volumes to exceed what the market can handle at any given time, dislocating prices globally. The world followed with promises of fiscal stimulus and borders being shut down almost at random.

This is not the first time we have seen this type of volatility and in fact, because the last example is fresh on people's minds, we are faced with the problem of heuristics.

That's a fancy word that means, as humans, we compare facts to our own experiences rather than build a unique set of possibilities based on the facts. For example, if you were asked to draw a planet, most people would draw some sort of circle or oval shape as we have never seen a square shaped planet. Whether it's possible or not does not enter our minds.

Why this matters is our reactions to COVID-19 and an oil price war will now mirror what we saw during the GFC as that is what people remember, whether or not the economic reality of that mirrors the economic reality of today's situation. In 2008, wild volatility, panic and fear were prevalent because, at the time, people were in fear for their jobs and homes, banks were facing runs on cash, and there were concerns many banks would fold. Interest rates had been going up for years, oil had increased from US$60 to US$70 per barrel, and debt levels were high.

In 2008, the market took nearly six months to start to factor in the stress in the mortgage market. Bear Stearns was bailed out in March 2008 and the market didn't really fall until September (over a year post stress being evident) when it fell 30 percent in the space of 90 days, and the governments intervened in October 2008.

Today we have seen a nearly 30 percent move in 23 days and are seeing the same comparisons and dislocations to capital markets being made well before the true nature of the economic impact of the virus has been realised. The environment we have today is record low interest rates, a falling oil price and generally healthy corporate balance sheets, but instead of markets reacting to economic data, we have markets predicting an economic outcome approaching the first phase of the GFC.

Compare that to 2008, where from the peak pre-GFC to its very lowest point the index broadly fell 40 percent, and since has rallied 400 percent, so leaning into the wind comes with risk and rewards.

There are two fundamental differences between today and GFC

First, the speed of the move: In 2008 the markets followed the economic reality rather than led it, and governments acted slowly. Today we have the markets falling before we know the extent of the data, and central banks and governments are acting very quickly, at times acting before thinking.

Second, the causation: In 2008 it was the financial system that was stressed because of poor loans in the mortgage market, leading to economic stress and bank bail outs. Central banks could directly intervene into the causation, being the financial system.

In 2020, it is the economic system that is stressed because demand has dried up for many industries, this requires targeted fiscal intervention. Central banks can assist liquidity but they can't directly get to the consumer.

Therefore, the environment today is very different to the GFC (in both good and bad ways) and requires us to step back and consider our reaction, because no one has the perfect answer and markets generally misprice risk.

The market is expecting we face some sort of recession now, with the uncertainty being will it be one quarter or more, and the question that is being asked is which stocks have priced that in already and which ones have not.

The impact on the tourism and hospitality sectors has had immediate impacts and have been immediately re-priced, whether rightly or wrongly. It's the duration of COVID-19 and government fiscal packages which will determine whether they have been correctly priced by the market.

As we see risks today, it is the businesses that have been impacted by the supply chain disruption to the transport sector, retailers, exporters and manufacturers that the market doesn't have enough facts on to form a well-informed view, yet have fallen to the same or more degree. Companies always adapt, some exporters will have to start looking at alternative markets for some of the more at-risk produce going into China, some will benefit from domestic spending, and some will see no meaningful long-term impact to their earnings at all.

Supply chain impacted industries will likely have sufficient inventory in the system to get through for a period, but there will be limits before further disruption negatively impacts them. Our assessment of guidance from New Zealand listed companies to date would suggest further updates will be needed for those companies most impacted if the virus' impact extends well into the second quarter of 2020.

Because of this uncertainty in the next six months' earnings, investors have reverted to memories of GFC, where we had the same environment of markets being driven by headlines and today those movements are made larger by passive investing.

When we look for the potential circuit breakers to this cycle they fall broadly into two buckets: containing and treating COVID-19, and Government intervention.

Containing and treating COVID-19

While COVID-19 is a global concern, we can look at the aggressive approach China, Singapore, Hong Kong and Japan took to demonstrate the art of the possible in containing the outbreak. According to the World Health Organisation, the number of new cases this week combined for China, Singapore, Hong Kong and Japan is less than some European nations are finding in a day. While many were skeptical of the Chinese numbers to begin with, other countries are showing similar patterns to Asia.

If China continues to contain COVID-19, then we would expect to see a sharp rebound in manufacturing and agriculture demand and investors would be looking for a recovery in stocks, but there are a number of issues to consider:

- If Europe fails to contain COVID-19 then markets will continue to be disrupted, impacting tourism and travel related companies and countries for some time to come, with the flow on impact being SMEs will suffer - leading to weaker general economic activity and slower employment.
- As we move into a Northern Hemisphere summer, will that contain COVID-19 in Europe, North America and China? How will the flu survive in 30 degree plus heat?
- Will the recent phase 3 clinical trials being run by Gilead in Wuhan prove to be effective? The results are due in May but will news of these results make their way into the public domain earlier?
- Will the US have a serious outbreak and how will Trump handle that?
- If we see a rebound in global growth, will oil recover?

So the direction of COVID-19 in the coming weeks will help determine the direction of the market, and once you combine that with the likely responses from Central Banks and Governments we can form a view.

Government intervention

In March 2008, we began to see the economic impact hit markets, with Bear Stearns being taken over by JP Morgan at the request of the Federal Reserve. But it wasn’t until October 2008 that we saw the bank bailout plans around the world take place, by which stage the damage had been done with 2.6 million US workers having lost their jobs in 2008.

The world since then has learned that government and central bank intervention is best done in “coordinated” force, so in 2020 we have seen emergency cuts within two weeks from Australia and the US, and governments announce fiscal aid and possible tax breaks. In New Zealand, Reserve Bank Governor Adrian Orr has vowed to do whatever the central bank believes is needed and Prime Minister Ardern is considering fiscal assistance. These measures of stability will take time to flow through the system, but they will result in interest rates being lower for longer and a stimulus led recovery.

Thursday’s fall in markets highlighted the importance of swift leadership with formulated plans, not partly considered views. Prime Minister Ardern showed strength last year in her actions and the boldness of her fiscal response to COVID-19 will likely be a determining factor in the election this year.

Taking this all into consideration, if COVID-19 is a short-term phenomenon (largely over by European summer) then this market sell-off will, with hindsight, have created some opportunities to rebalance portfolios for those investors willing to venture in through the middle of it.

Concerns are likely to continue over the next few weeks and further volatility in share prices should be expected, so it will always remain important for investors to understand their own risk appetite and seek advice. This period in markets is likely to be difficult with opportunities presenting themselves on some bad days, no one is immune to the emotional triggers of a volatile market and many new investors may not have been involved in capital markets in 2008 so shouldn’t be afraid to ask for help.

Focusing on quality companies with solid balance sheets that can withstand the short-term earnings shocks – in some cases, with the support of the banks – will provide investors opportunities from the re-rating that generally occurs once confidence returns, but in this environment it is unlikely to be as simple as buying randomly or buying everything.

FORBES GLOBAL BILLIONAIRES #127 GRAEME HART

REAL TIME NET WORTH - US$11.5 Bn as of 8/4/20

Local rich lister **Graeme Hart** appears at number 127 on the Forbes’ rank of global billionaires list with a net worth of $US10.5 billion. New Zealand's perennial richest person, Graeme Hart amassed a packaging empire using leveraged buyouts. Hart's holdings make everyday products like milk cartons, water bottles, paper and aluminium foil.

Since 2013, his Rank Group has been selling off subsidiaries in an apparent move to pay down its debts. In March 2015 his Reynolds Group Holdings, best known for its aluminium foil Reynolds Wrap, closed the $4.1 billion sale of its subsidiary SIG. SIG is the maker of cartons for beverage brands including V8, Ocean Spray, Dole, and others.

Forbes notes that Hart dropped out of school at age 16 and reportedly once worked as a truck driver.

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
Covid-19 is decimating the US. Trump is floundering.

Canada
Canada has the 13th Highest global COVID-19

Europe
EU economy is in huge trouble

India
Covid-19 will decimate Indian slum population

China
China seems over the worst but they need to take responsibility

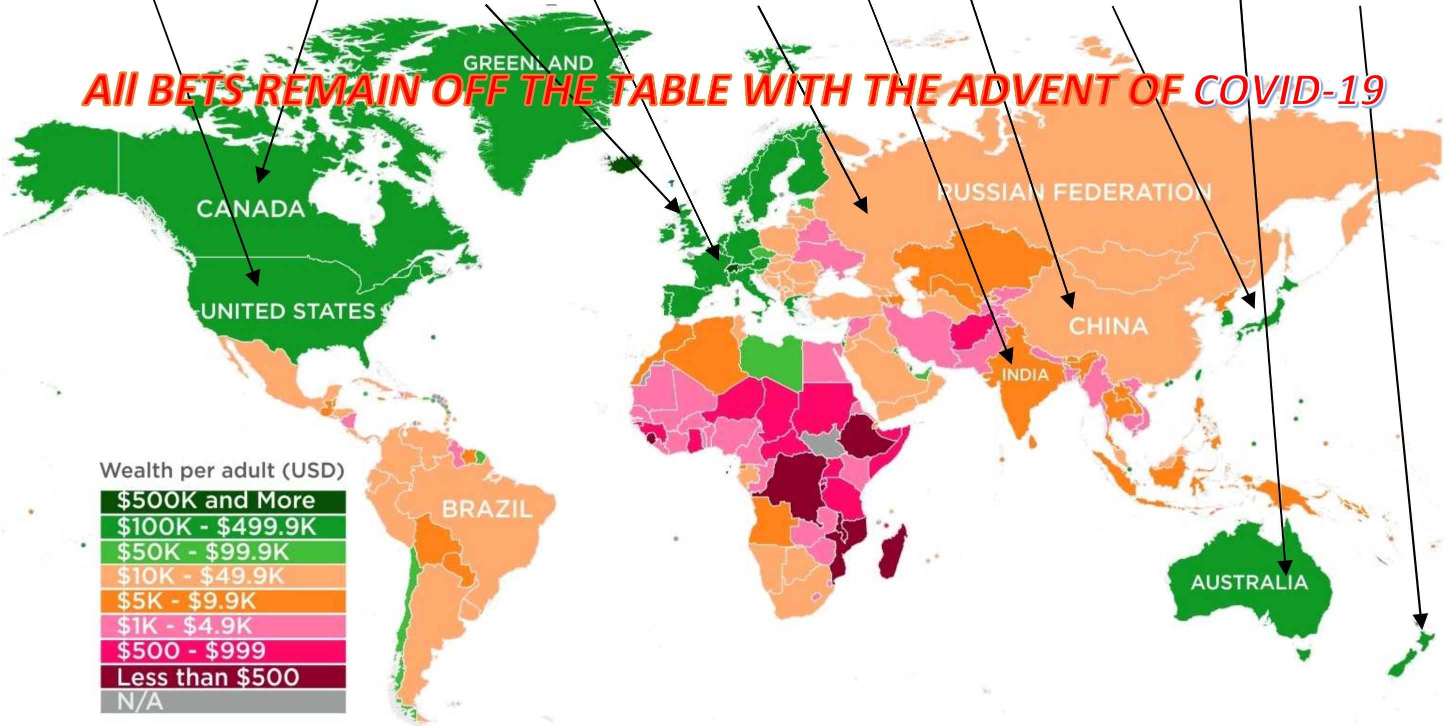
Australia
Is Australia still the lucky country? They just may be…

UK
Close call – but Boris Is back

Russia
Russia's self-isolation is has helped its Covid mitigation

Japan
Japan's Olympics delayed 12 months – is that realistic?

New Zealand
Lockdown is one thing. Exiting will be challenging

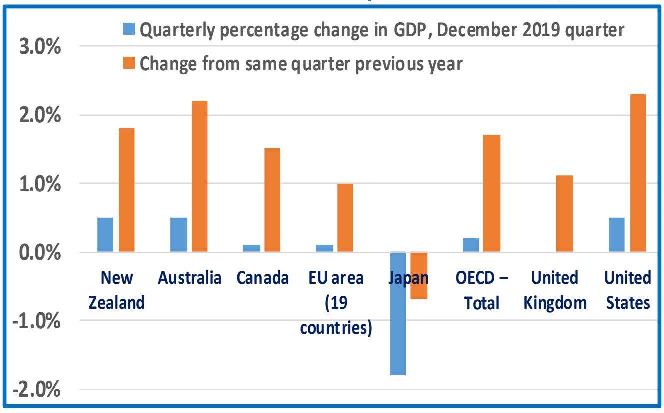


THE GLOBAL ECONOMIC OUTLOOK

The current pandemic is seeing the shape of the global economy changing on a daily basis, but Global stocks posted small gains on the Thursday before Easter, on hopes that the coronavirus outbreak may be slowing in the United States and Europe. Oil futures, meanwhile, rose ahead of a meeting between Russia and OPEC to discuss production cuts. Brent crude (New Zealand's pricing source for our imported oil supplies) is down 64% this year, and is currently trading sub US$30. Suddenly, the US/China's trade war is no longer "front of mind".

INTERNATIONAL GROWTH COMPARISONS

NEW ZEALAND AND TRADE PARTNERS, DECEMBER 2019 QUARTER



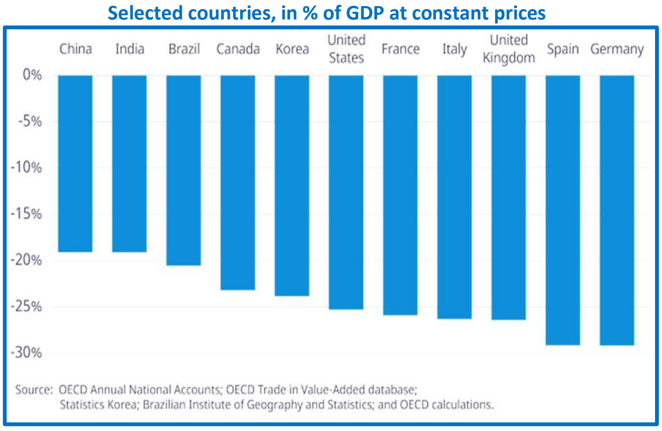
Source: Statistics NZ

OECD Secretary-General Angel Gurría stated *"Efforts to contain virus and save lives should be intensified, and governments should plan stronger, more coordinated measures to absorb growing economic blow."*

In preparing for a "Virtual G20 meeting last week, he said: "*For each month of containment, there will be a loss of 2% in annual GDP growth. The tourism sector alone faces an output decrease as high as 70%. Many economies will fall into recession. This is unavoidable, as we need to continue fighting the pandemic, while at the same time putting all the efforts to be able to restore economic normality as fast as possible.*"

THE INITIAL IMPACT OF CONTAINMENT MEASURES

Selected countries, in % of GDP at constant prices



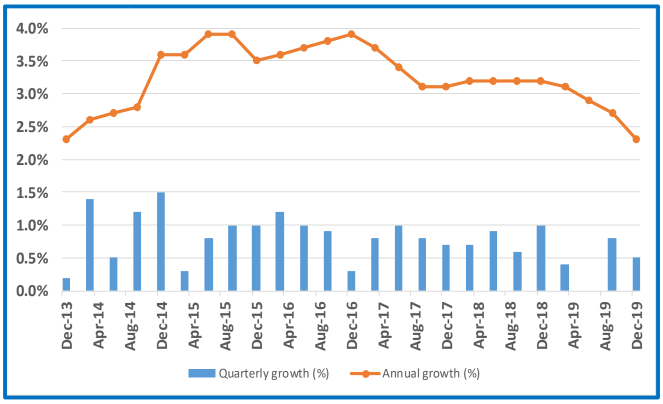
"The high costs that public health measures are imposing today are necessary to avoid much more tragic consequences and even worse impact on our economies tomorrow," Mr Gurría said. *"Millions of deaths and collapsed health care systems will decimate us financially and as a society, so slowing this epidemic and saving human lives must be governments' first priority.*

NEW ZEALAND'S ECONOMIC OUTLOOK

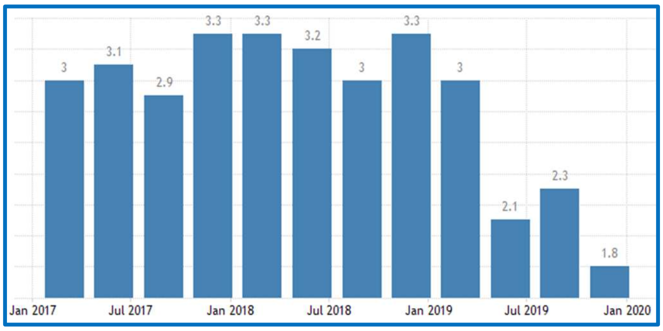
ASB Bank expects Covid-19 to deliver a "sizeable cumulative hit" to GDP on the basis that not all the activity deferred during the current four-week lock down will be brought back on stream.

A senior economist at ASB, Mark Smith, said the economy was heading for a deep, but short-lived, contraction. "*We assume Covid-19 will cause the economy to shrink by around 6% of GDP over 2020, considerably above the sub 3% cumulative falls to NZ production-based GDP in the early 1990s downturn and the Global Financial Crisis,*" Smith reported.

NZ – QUARTERLY & ANNUAL GDP GROWTH RATE

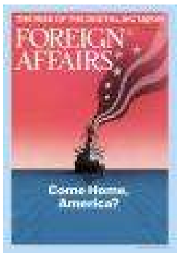


NZ ANNUAL GDP GROWTH RATE



AUSTRALIAN ECONOMIC OUTLOOK

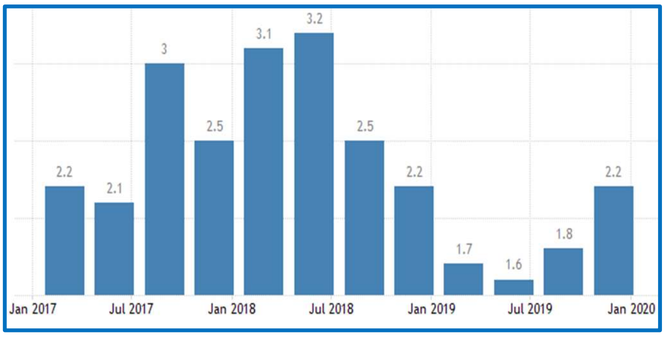
It took five years of mining boom to beat GFC underemployment. It will be a long haul back to full employment this time. The speed with which the economy has changed to meet the reality of the coronavirus has been fairly jaw-dropping, but unfortunately that does not mean the recovery will be as fast.



The RBA has begun quantitative easing through buying government bonds on the secondary market in order to keep three-year bond yields at 0.25%, and also provided A$90bn worth of low rate loans for banks to offer to small-medium businesses. Once you start doing unorthodox monetary policy, you don't really bother cutting rates again.

AUSTRALIA – S&P/ASX 200 INDEX (1-YEAR)

AUSTRALIA - ANNUAL GDP GROWTH RATE

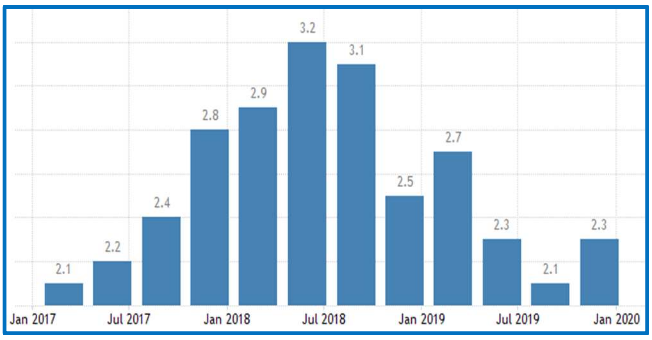


UNITED STATES ECONOMIC OUTLOOK

Covid-19 has wiped out nearly 17 million jobs in just the last 3 weeks - that's 10% of the workforce – and there are no signs of this abating. Donald Trump espouses confidence, but his top economic advisors refuse to support such optimism. Trump continues his relentless political focus, as he heads into a tightening Presidential race in November. Fortunately for him, his opponent, Joe Biden, remains particularly "dithery". At 78, age is not on his side!

US – S&P 500 INDEX (1-YEAR)

UNITED STATES ANNUAL GDP GROWTH



CHINESE ECONOMIC OUTLOOK

As life grinds to a halt in much of the world because of the novel coronavirus, the country that until recently was the hardest hit by the deadly pandemic is slowly coming back to life. The number of new infections in China has fallen dramatically in recent weeks, and cities across the country are returning to something close to normal. Residents are coming out of quarantine, once more strolling in parks and even venturing into restaurants and coffee shops. Companies are reopening and people are starting to return to work, although authorities have banned international visitors to prevent new cases from being imported. Last month, the tech giant Apple shut its retail stores globally—with the striking exception of greater China.

When this crisis finally ends, will China resume its role as the major driver of global growth, boosting the fortunes of multinationals once again? That appears to be the hope of many who have praised China for its draconian and seemingly effective response to the virus, while forgetting or forgiving its initial blundering attempt to cover up the outbreak.

The reality, however, is likely to be far different. After decades of annual double-digit growth, China's economy - and in particular, its once booming consumption sector - is on a course to stall even as it recovers from its recent coronavirus-induced collapse.

Will China be a lone bright spot as other major economies struggle with the virus in the months ahead? And when the crisis finally ends, will China resume its role as the major driver of global growth, boosting the fortunes of multinationals once again? That appears to be the hope of many who have praised China for its draconian and seemingly effective response to the virus while forgetting or forgiving its initial blundering attempt to cover up the outbreak. The reality, however, is likely to be far different. After decades of annual double-digit growth, China's economy - and in particular, its once booming consumption sector - is on a course to stall even as it recovers from its recent coronavirus-induced collapse.

THE RURAL UNDERCLASS

Such a grim prognosis might come as a surprise after two decades of extraordinary growth. China joined the World Trade Organization in 2001, opening once cosseted industries to competition and forcing thousands of state-owned firms to merge or go bankrupt. Over the decade that followed, foreign investment jumped from US$47 billion to US$124 billion. Hundreds of millions of rural Chinese left their farms during this period, becoming *nongmingong* - "farmer-workers" - and laboring alongside laid-off state enterprise employees in new export-oriented factories. These changes unleashed a wave of productivity and together with earlier reforms that created an urban housing market, led to a rapid expansion of personal wealth. By 2012, China's middle and upper classes had swollen to 182 million people. The consulting firm McKinsey & Company projects that by 2022, some 300 million Chinese will qualify as middle and upper class.

But the growth of this middle class alone cannot ensure China's future. As many a multinational corporation has discovered, Chinese urbanites are already consuming nearly as much as they possibly can. Future economic growth must come from pushing into lower-tier markets and finding new customers in China's interior, far from the coasts that have benefited most from the last two decades of growth. China's leaders have sought to expand domestic consumption as part of their plan to transition from an export- and debt-dependent economy to one more reliant on the spending power of the Chinese people. But household consumption has remained about 40% of GDP in recent years, well below the global average of around 60%.

Rather than joining the ranks of new consumers as many had hoped, rural Chinese - including the several hundred million who have migrated to cities - have effectively become an underclass. Overall incomes have risen, but people with rural origins still earn less than half of what city natives pull in yearly. As industries automate and demand for labour dwindles, those from rural backgrounds struggle to reinvent themselves as service workers, gig workers, or entrepreneurs in their hometowns and villages.

Restrictive practices that date back to the 1950s hamper rural dwellers. China's system of household registration, or *hukou*, once ensured that the country had ample and cheap agricultural products as it industrialized. But the system still ties people's social welfare benefits to their place of birth instead of to the place where they live. As a result, migrants are unable to get decent, affordable health care or a good education for their children in the cities where they live.

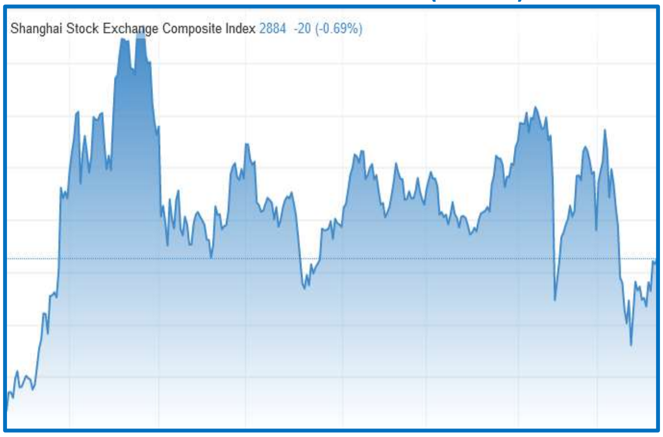
An antiquated land-ownership system, also from the era of Mao Zedong, further suppresses social mobility for China's rural poor. In contrast to urban real estate, which can be rented or sold at market rates, rural landholdings are "collectively owned." Migrants and farmers cannot rent or sell their property for nonagricultural purposes. This difference has helped make the country that was once known for its egalitarianism one of the most unequal countries in the world.

China's wealthiest 10% now hold 67% of all wealth (a proportion that is also comparable to Russia). Making matters worse is China's regressive tax system, which relies substantially on value-added taxes that fall most heavily on the poor, further crimping their ability to spend.

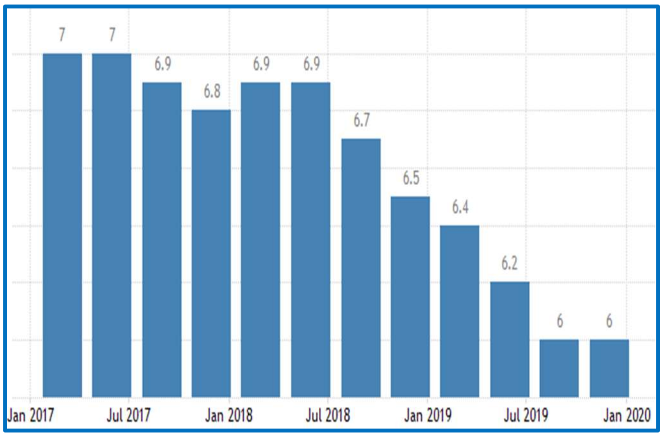
The hope among Chinese economic planners is that they can boost rural consumption without launching sweeping reforms of restrictive Mao-era policies. The *nongmingong*, so the argument goes, will earn more—and consume more—working in new service industries and in the gig economy or by becoming entrepreneurs. No longer toiling in factories or on construction sites, they will instead write mobile apps, drive for ridesharing companies, and run tour companies in their hometowns. The problem is that most rural-born Chinese don't have the skills for these trades, and the gig economy has shed employees rapidly as the overall economy has slowed. Skilled sectors like telecoms, information technology, computers, finance, and business services still don't make up a large share of China's service sector, and they aren't growing quickly.

Real reforms that would unleash the productivity of China's hinterlands would require a significant relaxation of CCP control over cities, as well as the countryside - a concession that party leaders, intent on tightening rather than loosening their grip on power, are unlikely to embrace. Not only would rural governments lose valuable revenue streams and urban ones acquire new economic burdens, but the party would lose one of its most powerful tools of social control: the ability to dictate where half the population lives.

CHINA – SHANGHAI INDEX (1-YEAR)



CHINA - ANNUAL GDP GROWTH RATE



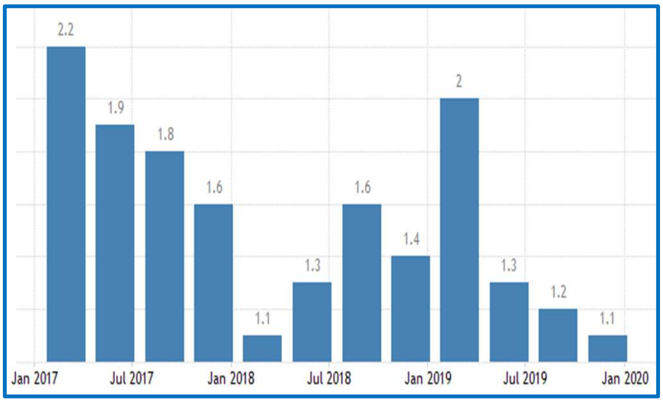
UNITED KINGDOM ECONOMIC OUTLOOK

Boris Johnson's admission to hospital, suffering from Covid-19, spooking British markets. As I write this, Boris has moved home, and a nation that has already suffered a long Brexit "war" will be somewhat relieved.

My last newsletter reported that Britain's economy was growing at its fastest rate since September 2018, but Covid-19 has put paid to that.

UK – FOOTSE 100 INDEX (1-YEAR)

UK - ANNUAL GDP GROWTH RATE

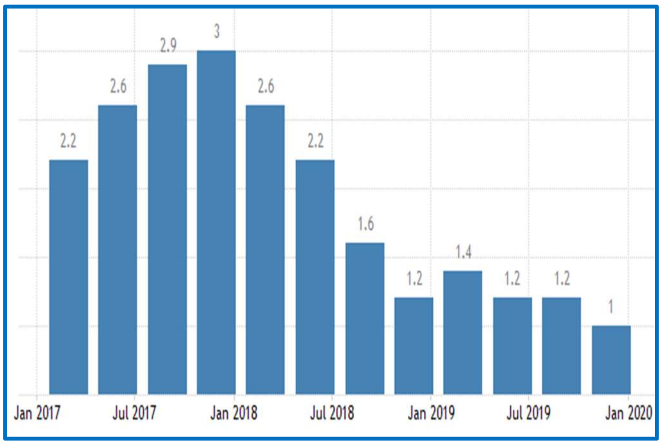


EUROPEAN ECONOMIC OUTLOOK

Germany is not as badly affected by the virus as Italy, Spain or France, but its export-led economy was the first to feel the chill of China's slowdown.
The EU is coming off a very low base, and its ability to gain consensus on a recovery strategy won't come easily.

GERMANY – DAX INDEX (1-YEAR)

EURO AREA - ANNUAL GDP GROWTH RATE



JAPANESE ECONOMIC OUTLOOK

The BOJ (Japan's Reserve Bank) decided last month to expand its asset purchase program in a bid to stabilize financial markets by increasing the buying of exchange-traded funds at an annual pace of ¥12 trillion (US$110 billion) from ¥6 trillion.

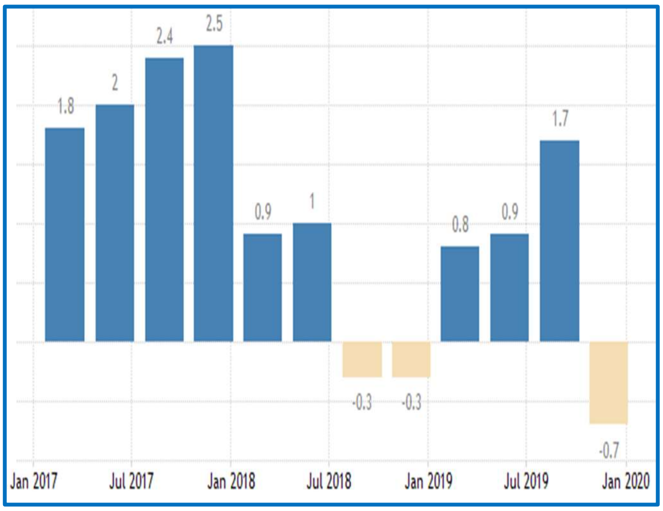
"*Our country's financial system has been maintaining stability as a whole, but corporate financing has been getting worse*," Kuroda said during a pre-Easter teleconference, adding that global financial markets have continued to show signs of "nervousness" despite aggressive actions taken by major central banks.

Japan is committing nearly US$1 trillion to try to protect its economy from the fallout from the coronavirus pandemic.

Japanese Prime Minister Shinzo Abe has just announced a ¥108 trillion (US$989 billion) relief package — a staggering amount equivalent to about 20% of the annual output of the world's third biggest economy. It includes tens of billions of dollars in cash handouts for families and small business owners who have lost their incomes because of the virus. The package also features tax breaks and zero-interest loans.

JAPAN – NIKKEI 225 INDEX (1-YEAR)

JAPAN - ANNUAL GDP GROWTH RATE



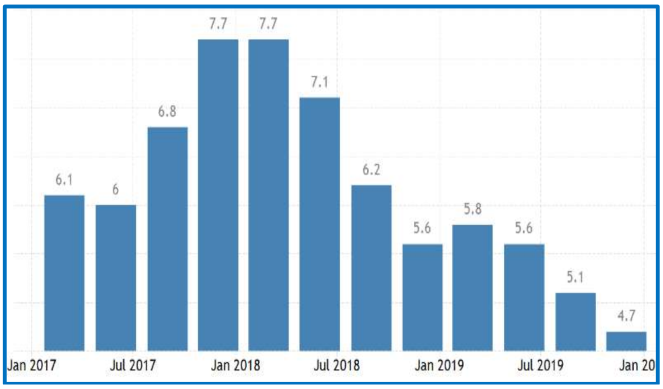
INDIAN ECONOMIC OUTLOOK

Anyone who has spent any time in India will understand that a pandemic will be exceptionally hard to contain. India's abrupt and poorly planned lockdown has compounded the problems for exporters, with their shipments left stranded in trucks alongside highways or at ports. Many overseas buyers are also citing force majeure to cancel orders while others are demanding price cuts and discounts.

This heavily populated nation will struggle to reignite growth any time soon.

INDIA – SENSEX INDEX (1-YEAR)

INDIA - ANNUAL GDP GROWTH RATE



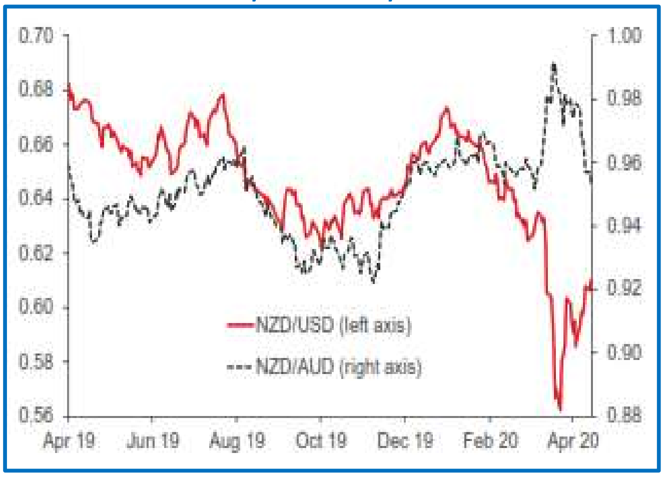
COMMODITIES

The OPEC+ nations have agreed that global oil supply will be cut by (sort of) 10 million barrels per day (bpd), BUT global demand has fallen by around 30 million bpd. That is really all anyone needs to know and is the key reason why oil prices are likely to continue to test the downside of recent lows and to surpass them over time.

OIL: WTI OIL (ONE YEAR)

CURRENCIES

NZD/USD & NZD/AUD



SOURCE: Westpac

AGRIBUSINESS – LOOKING FROM THE OUTSIDE IN

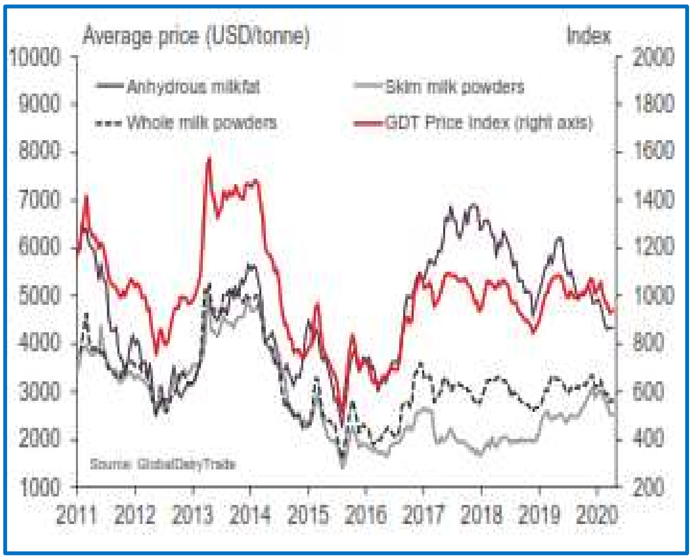
NZ$m year to 30 June	2004	2008	2012	2016	2017	2018	2019	2020F	2021F
Dairy	6,092	10,359	13,379	13,289	14,638	16,655	18,107	19,630	19,450
Meat & Wool	6,848	6,939	7,781	9,201	8,355	9,542	10,176	10,430	10,680
Forestry	3,294	3,295	4,332	5,140	5,482	6,382	6,883	6,000	6,600
Horticulture	2,212	2,896	3,560	5,002	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%

Westpac has revised down their farmgate milk price forecast for this season from $7.20/kg to $7.00/kg. That would still put it within the $7.00-7.60 guidance that Fonterra has given for this season.

Dairy prices overall were up slightly in the latest GlobalDairyTrade auction, though with mixed results across products. Whole milk powder prices rose by 2.1%, while skim milk powder prices dipped 0.8%. Butter prices rose by 4.5%, but anhydrous milk fat was up just 0.5%. Buttermilk powder, which wasn't offered at the previous auction, was down sharply.

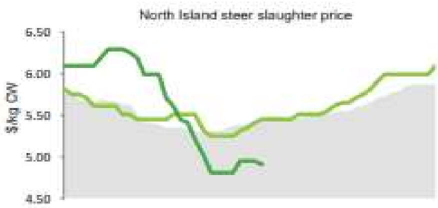
These auction results were surprisingly positive, against the backdrop of a severely weakened global economy as many parts of the world have locked themselves down to slow the spread of Covid-19. It was, however, in keeping with the calmer tone in world financial markets since the last auction on 18th March.

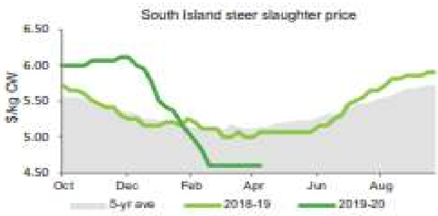
DAIRY PRICES AS AT 8-APRIL 2020



Cattle

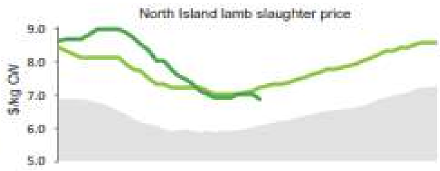
BEEF			
Slaughter price (NZ$/kg)	Last week	Prior week	Last year
NI Steer (300kg)	4.90	4.95	5.45
NI Bull (300kg)	4.90	4.95	5.10
NI Cow (200kg)	3.30	3.40	3.90
SI Steer (300kg)	4.60	4.60	5.05
SI Bull (300kg)	4.65	4.65	4.75
SI Cow (200kg)	3.20	3.20	3.40
Export markets (NZ$/kg)			
US imported 95CL bull	8.18	8.36	7.88
US domestic 90CL cow	8.84	8.94	7.15

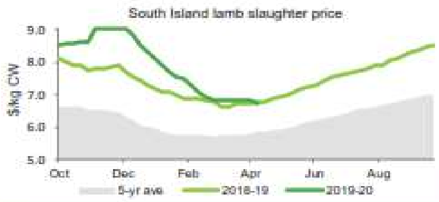




Sheep

SHEEP MEAT			
Slaughter price (NZ$/kg)	Last week	Prior week	Last year
NI lamb (17kg)	6.85	7.00	7.20
NI mutton (20kg)	4.60	4.60	5.05
SI lamb (17kg)	6.70	6.80	6.75
SI mutton (20kg)	4.20	4.20	4.85
Export markets (NZ$/kg)			
UK CKT lamb leg	10.56	10.60	9.21

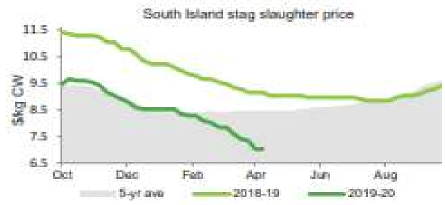




WOOL			
(NZ$/kg)	Last week	Prior week	Last year
Coarse xbred ind.	-	-	2.96
37 micron ewe	-	-	-
30 micron lamb	-	-	-

Deer

VENISON			
Slaughter price (NZ$/kg)	Last week	Prior week	Last year
NI Stag (60kg)	7.00	7.00	9.15
SI Stag (60kg)	7.00	7.00	9.15



Fertiliser

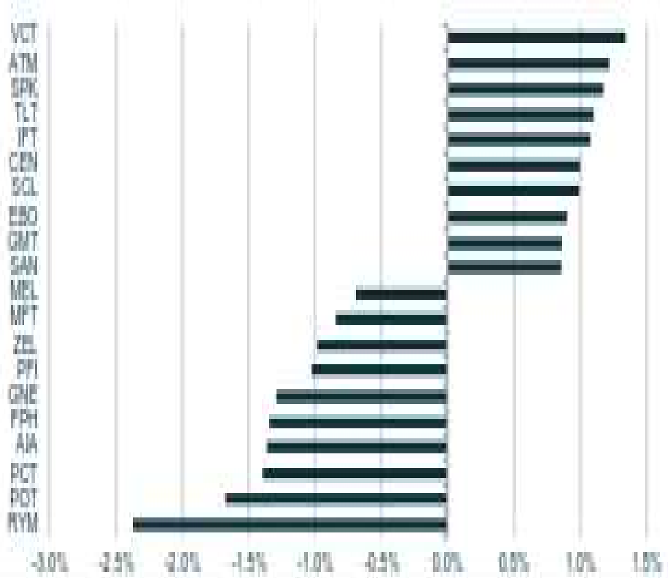
FERTILISER			
NZ average (NZ$/t)	Last week	Prior week	Last year
Urea	567	567	625
Super	314	314	321
DAP	787	787	833

NEW ZEALAND EQUITIES

Jarden presents their thoughts on navigating Covid-19 over this period of heightened uncertainty. They can argue that the market went into February at elevated levels with a broad-based sell-off evident over the last six weeks - even “bond-proxy” LPV’s are down ~35-40% in some cases. The market has still differentiated between those sectors more challenged by lockdown (tourism; building materials; retail) and the likely negative flow on impact on demand (retirement villages, media and energy). Where balance sheets are a concern, the sell-off has been greater. Jarden’s approach at this juncture has a focus on quality first and rotation into value as better clarity emerges. In large cap they prefer structural growth and low demand risk cash proxies; while they reduce exposures to house prices and consumer confidence; and straddle Tiwai exit. In small caps Jarden prefers quality over value and would look to deploy risk capital where there is emerging conviction on a 2-year view.

With a capital raise cycle likely Jarden retains their cash position. Their preferences at this point are in telco, infrastructure, utilities, healthcare and primary industries, reflected in their move to trim underweights in quality names at better post sell-off value (AIA, POT, MFT, SML) while adding IFT and NZX also. Jarden uses GMT (trim an o/w that has outperformed) and FBU (little upside catalyst) to fund while also reducing some of their smaller and more challenging positions (AIR, SKL, NZR, NZK). Conditions and data may still deteriorate so patience will be required over what is still likely to be a very bumpy ride over the next few months.

TOP MODEL PORTFOLIO
OVERWEIGHT AND UNDERWEIGHT POSITIONS



Against this current macro backdrop Jarden sees less uncertainty for investors across telco; utilities; infrastructure; transport; healthcare and the primary sectors. Their large cap preferences include ATM, MFT, POT, EBO, SPK, CNU, IFT, CEN and MCY. Their active watch list includes AIA, SKC (underlying asset quality, but acknowledge high Covid-19 disruption), ZEL and SUM. Jarden’s funding preferences include RYM, AIR, FBU, FPH and MEL. Thematically, they prefer structural growth and low demand risk cash proxies; while they reduce exposures to house prices and consumer confidence; and straddle a Tiwai exit. On FPH, extreme valuation is the sole issue and Jarden highlights the business currently offers strong portfolio insurance on earnings momentum.

Across the small caps Jarden prefers: SML, SCL, DGL, NZX and AFT, with an active watch on FRE, SAN and VGL. Thematically, they prefer quality over value at this juncture and would look to deploy risk capital where there is emerging conviction on a 2-year view (NZX, AFT, watchlist).

WHAT DO INVESTORS DO AMIDST ALL THIS UNCERTAINTY?

Over the last six weeks Jarden has seen nine companies under their coverage cancel or defer previously announced dividends ahead of their scheduled payment (FBU, STU, AIA, WHS, MHI, AIR, VGL, SEK & ZEL). They expect the number of companies suspending dividends to grow, while a recession will no doubt see dividends trimmed in a number of other cases. This highlights the severity of issues confronting a broad cross-section of the New Zealand listed market, particularly when companies that are already operating under dividend suspension are added into the mix (SKT, NZM, MPG).

Depending on which view investors are persuaded by, the worst impacts of Covid-19 disruption might pass within a matter of weeks if policymakers decide the response to the virus has been disproportionate and the negative impact on the global economy gets increasing weighting in approach. Or restrictions may be eased over coming months with things only slowly going back to “normal”. It is unlikely that things will play out on a consistent basis across the globe.

CORONAVIRUS & THE MARKETS: FIVE PORTFOLIO REVIEW TIPS FOR INVESTORS

1. DIVERSIFICATION, DIVERSIFICATION, DIVERSIFICATION

This takes two forms:

i) Diversification across different asset classes. In times like this low risk asset classes will continue to perform, producing very modest but more certain investment returns. This helps to offset the negative returns generated by higher risk asset classes such as equities, which over time generate higher investment returns, but whose returns are more uncertain over the short term.

ii) Within each asset class, holding a diversified portfolio of securities makes a difference, as not all securities perform the same way in over a specific time period. For example, over the past month Air New

Zealand has fallen 64.7% while Fisher and Paykel Healthcare has risen by 10.5%.

2. There's no crystal ball, so stick with what you know

The key question we all have today is 'where to from here?' Rather than let market forecasts drive our investment decisions, portfolio strategy should be formed by reference to what we know, and what we can control.

Governments around the world, including our own, have announced what can only be described as 'massive' stimulus packages. The 'go hard, go early' mantra has been put into action - to lessen both the human impact of this disease, and temper its economic impact.

3. Revisit your risk tolerance and asset allocation

John Norling, Jarden's Head of Wealth Research, recently commented that, "*It is at times like this that investors need to think about whether their asset allocation (how a portfolio is allocated across the different asset classes) reflects their risk tolerance*."

Investors who have a high exposure to equities and are uncomfortable with the high exposure are probably more conservative in their risk tolerance than they previously perceived.

How your portfolio is split between lower-risk income assets (cash and bonds) and growth assets (shares, property and alternatives) is the key driver of your portfolio's risk and return profile. As such, your portfolio's asset allocation always warrants close attention, but even more so now.

4. Is it time to rebalance?

The term 'rebalancing' describes the process of ensuring the mix of assets in a portfolio aligns with the target asset allocation.

The fall in equity markets may mean some will have seen a decline in their equity exposure and a corresponding increase in the exposure to income assets (cash and bonds). While this may feel counterintuitive, investors who are comfortable with their target asset allocation should consider rebalancing their portfolios back towards equities.

Rebalancing proves itself over every market cycle as an effective way to capture upside by forcing us to allocate capital to equities during periods of market stress.

Lower entry prices imply higher expected returns over the long term. Of course, a degree of resilience will be required as further volatility can be expected.

5. Safety in numbers

To mitigate market timing risk, allocate capital carefully and in tranches over a period of time. Favour companies that have strong industry positions and with solid balance sheets that can withstand the inevitable short-term earnings shock.

It is companies such as these which should benefit most from the re-rating that generally occurs once confidence returns. In this environment, in our view, investors need to be discerning. It is unlikely to be as simple as buying 'the market'.

All investors will be affected by this sudden fall in markets. However, as long as your strategy aligns with your risk tolerance and goals, and you intend to be invested for the long-term, staying the course remains a strategy that should be rewarded over time.

BANK DIVIDENDS

The RBNZ informed the market that locally incorporated banks cannot pay dividends on ordinary shares, and should not redeem capital notes at this time to further support the stability of the banking financial system during this period of economic uncertainty. The RBNZ announcement actually strengthens the banks' capital position (which was already strong).

EQUITY DIVIDENDS & RESEARCH ADVICE

My advice is that it would be unwise to rely on past dividend policies, as we fight Covid-19. Most listed companies will suffer huge negative impacts from Covid-19, and the recommendations in the "STOCKS TO WATCH" section of my newsletter should be read in the realisation that most have not been updated sufficiently to account for the implications of this Covid-19 shutdown.

ALL ONE YEAR GRAPHS

AFT Pharmaceuticals

AFT has concluded an agreement with the BNZ to refinance its current six-year CRG loan facility maturing on 31 March 2020. This gives the company funding certainty and is expected to result in finance cost savings of $2 million per year over the facility's three-year term. AFT expects revenue for the year to 31 March 2020 (including product sales, royalty income and licensing fees) to rise to more than $100m from $85.1m in the same period a year ago. Demand for their cold and flu medicines remains strong. Their Australasian Pharmacy business has seen strong sales and Liposachet® sales in New Zealand in March were more than 21 times the sales in March 2019, and three times the sales achieved by the product in the prior financial year. Their Australasian hospital business continues to see strong demand for our injectable antibiotics which are used to treat secondary antibacterial infections, a potential complication of Covid-19 infections. AFT took steps early in the year to prepare for the outbreak such as ordering additional quantities of stock above normal.

2020 P/E: 84.9 2021 P/E: 25.2

NZX Code:	**AFT**
Share Price:	**$4.59**
12mth Target:	**$3.45**
Projected return (%)	
Capital gain	-24.8%
Dividend yield (Net)	0.0%
Total return	**--24.8%**

Rating: OUTPERFORM

52-week price range: 4.75-1.70

a2 Milk Company

ATM has signalled it is evaluating opportunities to participate in manufacturing activities. Jarden understands this decision is, in part, motivated by efforts to mitigate risk by broadening its supply base. However, while a number of specific considerations remain unclear (location, source of milk pool, registration), it appears likely deeper supply chain engagement will also strengthen ATM's ability to negotiate margins with current suppliers. A number of risks appear to be emerging (e.g., category competition and price convergence). However, Jarden believes ATM will be relatively resilient (brand/category link, China label proposition, critical mass, etc.). While positively disposed to the ATM investment proposition, at the current share price they struggle to find sufficient valuation support. However, Jarden notes that as visibility improves on a number of recent developments (e.g., potential "participation" in manufacturing capacity, COVID-19 demand uplift for international brands, etc.), opportunities could emerge to review their assumptions.

2020 P/E: 33.4 2021 P/E: 27.4

NZX Code:	**ATM**
Share Price:	**$17.48**
12mth Target:	**$16.38**
Projected return (%)	
Capital gain	-6.3%
Dividend yield (Net)	0.8%
Total return	**-6.0%**

Rating: NEUTRAL

52-week price range: 18.04-12.19

Chorus

CNU is holding up well against the equities sell off over the last month, up 10.5% since 21 February vs the NZX down 20%. CNU updated the market today with confirmation of the previous FY20 EBITDA guidance – something of an exception in the current environment. Capex guidance was reduced $50m – equivalent to a months capex. If the lock-down extends beyond 4 weeks further capex will be deferred into FY21. CNU is in very good shape with the key impacts on its business at this point being in the ability to continue to progress fibre connections. The company has also proactively delayed a planned CPI increase for wholesale fibre products. Jarden expects CNU may get some benefit from the additional load on its network with potential for upgrades to higher ARPU products and potential for switching from Fixed Wireless Access (FWA) to fixed networks as Covid-19 acts as a catalyst for much greater household demand.

2020 P/E: 56.2 2021 P/E: 48.5

NZX Code:	**CNU**
Share Price:	**$6.79**
12mth Target:	**$6.40**
Projected return (%)	
Capital gain	-15.9%
Dividend yield (Net)	3.7%
Total return	**-12.2%**

Rating: NEUTRAL

52-week price range: 7.64-4.88

Fletcher Building

FBU has essentially had to shut down its NZ business with virtually all NZ revenue to stop flowing (Placemakers open on a limited basis to support essential services). While Australia isn't shut down, activity has slowed and there is every possibility that is coming. March, April and May are key trading months for the business. Jarden estimates immediately unavoidable cash costs on a monthly basis to be ~$120-140m. FBU does not have a liquidity issue with $570m of cash at 1H20 on the balance sheet and $925m of undrawn bank facilities. Funding the cash burn is well within FBU's capabilities for some time. What FBU does have is a looming covenant issue. In simple terms, the business makes ~$40 m EBIT on a pre-IFRS16 basis/month coming into this. If things do not correct themselves, FBU's EBIT loss over the next three months could quickly total $250m+ depending on assistance and what measures FBU can put in place to mitigate things.

2020 P/E: 16.7 2021 P/E: 14.2

NZX Code:	**FBU**
Share Price:	**$3.56**
12mth Target:	**$5.39**
Projected return (%)	
Capital gain	51.4%
Dividend yield (Net)	4.7%
Total return	**56.1%**

Rating: NEUTRAL

52-week price range: 5.70-3.05

Freightways

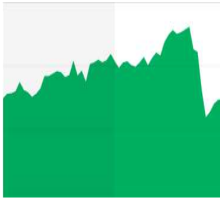
Significant revenue declines are partly offset by cost-out. The impact of the New Zealand lockdown is clearly having a material impact on FRE's domestic operations. Given the uncertain duration of restrictions and the changing classification of what is considered an essential service, FRE's operating environment could improve significantly from its current NZ trough. Importantly swift action to reduce the company's wage bill, Jarden estimates at the group level (incl. wage subsidies) a ~60% saving, should materially improve the company's cash burn. In addition, they believe the move to include equity as part of the payment for Big Chill is very sensible.

2020 P/E: 16.7 2021 P/E: 14.2

NZX Code:	**FRE**
Share Price:	**5.70**
12mth Target:	**$8.20**
Projected return (%)	
Capital gain	37.7%
Dividend yield (Net)	4.7%
Total return	**42.3%**

Rating: NEUTRAL

52-week price range: 8.84-4.50

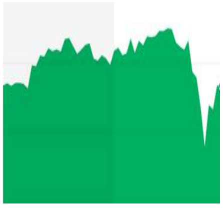


Infratil

IFT has estimated operating earnings for the year ended March 31 at between $550m and $560m, down from the $575m to $615m previously forecast, due to accounting treatment of partial asset sales. IFT also said its 11c dividend may have to be reduced. IFT's uses sizeable parent debt as part of its investment model, which in the current environment naturally raises questions of potential balance sheet risk. Even in a "normal" year, we'd have expected IFT parent payments to interest, dividends and operating cost and management fees to exceed parent cash inflows. Yet current assessment is that balance sheet risk is low, primarily due to excess cash held at 65%-owned TLT, the possibility of pausing dividends and additional bank facilities Jarden understands were secured during 2H20. Due to the measures mentioned, they think forced asset divestment risk is low. Indeed, the converse situation may apply - IFT may be on the lookout for "bargains".

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

NZX Code:	**IFT**
Share Price:	**$4.22**
12mth Target:	**$5.13**
Projected return (%)	
Capital gain	21.6%
Dividend yield (Net)	3.2%
Total return	**24.8%**
Rating: OUTPERFORM	
52-week price range: 5.66-3.00	



Mainfreight

Freight and logistics company MFT reported that total sales revenue for the first full week of April declined 7% compared to the same week last year, due to the restrictions of freight movements globally, while local revenues had almost halved due to the impact of Covid-19. However, while the company did manage to turn in a profit before tax across the week, it said trading results across the company's five main regions were mixed. MFT reiterated its earlier guidance that its result for the year to the end of March would be ahead of last year.

2020 P/E: 15.5   2021 P/E: 12.7

NZX Code:	**MFT**
Share Price:	**$35.60**
12mth Target:	**$38.00**
Projected return (%)	
Capital gain	6.7%
Dividend yield (Net)	1.8%
Total return	**8.5%**
Rating: NEUTRAL	
52-week price range: 43.99-24.00	

NZ Refining

Although NZR is facing extended low refining margins for FY20, currently we see low risk of risk of balance sheet issues, even if COVID-19 impacts extend beyond Q1 & Q2. Earnings are propped up by the Fee Floor mechanism, and management's aim to achieve haircuts to opex/capex for a nil cash burn sounds plausible. No dividend seems likely to be paid in FY20. Recent $50m new bank facilities and 2 year extension of an upcoming maturity indicate sufficient bank support. But low refining margins for more than 3-6months could conceivably prompt customers ZEL, BP & Mobil to question whether NZR should shift to an importer model. Bombed-out global refining margins now look set to leave NZR at the Fee Floor level for all this year, which supports the refinery but makes imported product far more attractive for the customers. If COVID-19 keep fee floor operating for more than six months, that question may become front of mind.

2020 P/E: (7.2)   2021 P/E: (16.4)

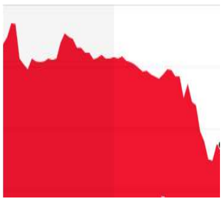
NZX Code:	**NZR**
Share Price:	**$0.88**
12mth Target: ↑	**$1.71**
Projected return (%)	
Capital gain	94.3%
Dividend yield (Net)	0.0%
Total return	**52.7%**
Rating: OUTPERFORM	
52-week price range: 2.20-0.62	

Port of Tauranga

NZ's largest containerised freight exporter, Kotahi and POT have announced an extension to their long-term volume commitment agreement for an additional seven years, through to mid-2031. Kotahi manages freight on behalf of more than 40 of New Zealand's importers and exporters, including its shareholders Fonterra and Silver Fern Farms. POT CEO, Mark Cairns, says the collaboration between the two companies (through to 2031) gives POT the confidence to invest further in expanding its container terminal. Jarden says that POT still screens slightly expensive compared to their DCF derived valuation. However, with no issues around core profitability or the balance sheet, the recent sell-off in POT (albeit from very lofty levels at the end of 2019) likely represents a rare opportunity to purchase a high-quality infrastructure business at reasonable value.

2020 P/E: 46.3   2021 P/E: 40.1

NZX Code:	**POT**
Share Price:	**$6.80**
12mth Target:	**$5.47**
Projected return (%)	
Capital gain	-19.6%
Dividend yield (Net)	2.6%
Total return	**-15.8%**
Rating: ~~UNDERPERFORM~~	
My Rating: ACCUMULATE	
52-week price range: 8.08-4.90	



Seeka

Jarden maintains an OUTPERFORM rating on SEK, but note non-core performance and financial discipline remain concerns. However, in their view, Zespri's growth ambitions present an opportunity for scale post-harvest operators with the ability to invest in capacity, automation, and technology. The recently announced release of red kiwifruit licences expands this opportunity. Risks: horticultural factors, market access, etc.

2020 P/E: 15.6   2021 P/E: 13.2

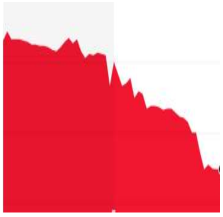
NZX Code:	**SEK**
Share Price:	**$3.65**
12mth Target:	**$6.01**
Projected return (%)	
Capital gain	64.7%
Dividend yield (Net)	5.7%
Total return	**70.4%**
Rating: OUTPERFORM	
52-week price range: 5.35-3.40	

Skycity Entertainment Group

SKC has updated its FY20 earnings guidance, to reflect the impact to-date of COVID-19. EBITDA is now expected to be at $230m-$250m (was $290m ex COVID-19) and NPAT at $85m-$100m (was $130m). The key issues the business is now facing include: (1) NZ Government border restrictions for air access (key driver of IB clients), and (2) new social distancing measures, which SKC is now broadly implementing the same precedent as its Australian peer Crown announced at the start of this week. In sum, these include undertaking to de-active every second gaming machine, increasing distance between tables and restrictions on events sizes to less than <500. The updated guidance also assumes that all SKC properties remain open for business, which could potentially change in coming weeks and has precedent already in other markets.

2020 P/E: 15.1   2021 P/E: 15.9

NZX Code:	**SKC**
Share Price:	**$2.15**
12mth Target:	**$2.10**
Projected return (%)	
Capital gain	-2.3%
Dividend yield (Net)	8.6%
Total return	**6.3%**
Rating: NEUTRAL	
52-week price range: 4.15-1.14	

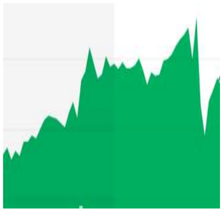


Sky Network Television

Putting Covid-19 aside Jarden has been highlighting balance sheet issues for SKT with liquidity looking like a pending issue as SKT's short duration debt shrinks to $150m capacity in July 2021 (a $100m bond maturing in 12 months to contend with) vs. over $200m currently drawn down. Indeed, bank facilities expire in July 2022. With free cash flow evaporating in FY20, Jarden forecasts have shown SKT needing to return to positive free cash flow in FY21 to avoid running into a liquidity issue at the end of FY21, as rights costs start to escalate on SKT's $1bn rights commitments. Covid-19 makes a tricky situation considerably more difficult. The big issue for SKT is that Commercial and Advertising revenues (both ~$50m annually each) are significantly impacted by Covid-19 with Commercial likely to be running at a small fraction of its usual level and advertising potentially down by 30-50%. Notwithstanding the issues in Advertising and Commercial, SKT still has a significant residential subscriber base generating cash flow for the business. It is not making any knee-jerk decisions on staffing levels or stopping much needed projects but this will need to be reviewed in time.

2020 P/E: 9.2 2021 P/E: 14.6

NZX Code:	**SKT**
Share Price:	**$0.27**
12mth Target:	**$0.73**
Projected return (%)	
Capital gain	175%
Dividend yield (Net)	0.0%
Total return	**175%**
Rating: NEUTRAL	
52-week price range: 1.32-0.19	



Spark NZ

While the valuation gap has not always been significant, Jarden has struggled to derive a DCF valuation consistent with where SPK has traded over much of the last five years. Despite having clearly established its ability to sustain its current earnings despite headwinds in its business from loss of high margin legacy revenues, Jarden's conservative view on the SPK investment case has recognised the increase in debt that SPK has taken on over this period as it has supported its earnings with investment over and above maintenance levels. It has also reflected our view that cost of capital needs to reflect risks to medium- to longer-term cash flows associated with a change in industry dynamics – whether that be NZ based infrastructure competition or from over-the-top operators.

2020 P/E: 21.5 2021 P/E: 20.3

NZX Code:	**SPK**
Share Price:	**$4.35**
12mth Target:	**$4.05**
Projected return (%)	
Capital gain	-22.1%
Dividend yield (Net)	5.7%
Total return	**-16.4%**
Rating: NEUTRAL	
52-week price range: 4.93-3.44	

Synlait Milk

SML's 1H20 result (NPAT $26m) and unchanged FY guidance (NPAT $70-85m) were both in line with its pre-guidance. Operationally, the key issues were: (1) solid core growth (key feature) from canned infant formula (vol. + 22%, ATM demand) being diluted by investment in future growth/diversification, and (2) two years of heavy investment phase (Pokeno, Liquid, Cheese) leaving SML with limited debt headroom and depressed returns. The other key overhang has been the Pokeno legal case, for which SML hopes to get some resolution via a Supreme Court hearing late April and remains comfortable with its own legal position. The other key takeaway from the result was management commenting it is confident of maintaining previous ATM margins under its extended agreement to July 2025. It also noted it looks forward to discussions with ATM which may facilitate participation in manufacturing and recognise SML expertise. Stable ATM margins are core to rising returns and would provide upside to current medium-term forecast.

2020 P/E: 10.4 2021 P/E: 8.1

NZX Code:	**SML**
Share Price:	**$7.20**
12mth Target:	**$7.70**
Projected return (%)	
Capital gain	6.9%
Dividend yield (Net)	0.0%
Total return	**6.9%**
Rating: OUTPERFORM	
52-week price range: 10.89-4.36	

Z Energy

ZEL has given its first post-COVID19 update, narrowing FY20 RC EBITDA guidance to a $355-365m range (vs standing $350-385m). This guidance includes $27m of COVID-19 costs, comprising $15m bad debt provisions, plus extra upstream supply and retail costs. If not for the COVID-19 impacts, FY20 EBITDA would have therefore been shaping up ~$382-392m, mainly due to strong petrol margins. Incorporating additional costs, our revised FY20 EBITDA forecast is now $359m. No final FY20 dividend will be paid, which had seemed likely. Jarden forecasts now assume no 1H21 interim dividends either. Initial lockdown retail fuel volumes were 80% lower last week, heavier than the 40-60% declines seen in other countries, and larger than Jarden expected.

2020 P/E: 14.5 2021 P/E: (20.7)

NZX Code:	**ZEL**
Share Price:	**$2.98**
12mth Target:	**$4.30**
Projected return (%)	
Capital gain	44.3%
Dividend yield (Net)	1.0%
Total return	**45.3%**
Rating: OUTPERFORM	
52-week price range: 6.85-2.50	

NZ LISTED COMPANIES		Mrkt Cap	Price	Target Price	Price Earnings (x)		Net Yield (%)	
14th April 2020			09-Apr-20					
Source: Jarden, CS Group Estimates	Ticker	(NZ$m)	(NZ$)	(NZ$)	FY20	FY21	FY20	FY21
COMMUNICATION SERVICES								
Chorus	CNU	2,993	6.75	6.40	56.6	48.9	3.6%	3.7%
Sky Network Television	SKT	124	0.29	0.73	4.7	4.2	0.0%	0.0%
Spark NZ	SPK	8,055	4.39	4.05	19.8	18.6	5.7%	5.7%
CONSUMER DISCRETIONARY								
Michael Hill International	MHJ	126	0.34	0.96	4.7	4.3	7.7%	12.3%
Restaurant Brands NZ	RBD	1,315	10.54	10.75	23.9	19.6	0.0%	0.0%
SKYCITY Entertainment Group	SKC	1,568	2.35	2.10	17.8	18.8	4.3%	8.5%
The Warehouse Group	WHS	728	2.10	2.00	9.7	10.6	8.3%	7.6%
Tourism Holdings	THL	169	1.14	3.79	7.0	4.8	18.7%	21.0%
CONSUMER STAPLES								
Comvita	CVT	151	3.03	2.24	-34.3	-187.0	0.0%	0.0%
Delegat Group	DGL	920	9.10	10.58	17.3	14.5	2.0%	2.3%
Fonterra Shareholders' Fund	FSF	383	3.83	3.97	15.2	11.9	3.4%	4.2%
New Zealand King Salmon Co	NZK	267	1.92	2.25	19.8	17.3	2.6%	3.0%
PGG Wrightson	PGW	169	2.24	2.32	11.4	11.2	7.4%	7.6%
Sanford	SAN	600	6.42	7.65	13.1	12.1	3.6%	3.6%
Scales Corporation	SCL	663	4.68	4.78	19.1	18.2	4.5%	4.7%
Seeka	SEK	124	3.87	6.01	14.3	12.1	6.2%	6.2%
Synlait Milk	SML	1,314	7.33	7.70	17.1	13.3	0.0%	0.0%
The a2 Milk Company	ATM	13,423	18.22	16.38	37.0	30.4	0.0%	1.1%
ENERGY								
NZ Refining	NZR	272	0.87	1.71	-4.9	-11.1	0.0%	0.0%
Z Energy	ZEL	1,200	3.00	4.30	14.7	-21.0	5.5%	0.9%
FINANCIALS								
Heartland Group Holdings	HGH	639	1.10	1.84	8.0	7.5	10.0%	10.6%
NZX	NZX	352	1.27	1.37	20.4	19.6	5.0%	5.0%
HEALTH CARE EQUIPMENT, SUPPLIES & PHARMACEUTICALS								
AFT Pharmaceuticals	AFT	442	4.54	3.45	101.4	30.1	0.0%	0.0%
Ebos Group	EBO	3,527	22.70	21.50	20.9	19.2	3.4%	3.7%
Fisher & Paykel Healthcare Corp.	FPH	15,514	27.00	14.38	58.9	51.7	1.1%	1.3%
HEALTH CARE PROVIDERS & SERVICES								
Arvida	ARV	742	1.37	1.48	12.6	11.9	4.3%	4.8%
Oceania Healthcare Ltd	OCA	523	0.85	1.23	11.1	13.3	5.4%	4.1%
Ryman Healthcare Ltd	RYM	5,610	11.22	11.15	22.2	19.3	2.2%	2.6%
Summerset Group Holdings Ltd	SUM	1,368	6.00	8.25	12.8	11.8	2.3%	2.5%
TRANSPORT & LOGISTICS								
Air New Zealand	AIR	1,140	1.02	0.95	-14.7	-5.6	0.0%	0.0%
Freightways	FRE	1,042	6.30	8.20	16.8	13.3	5.0%	6.2%
Mainfreight	MFT	3,545	35.20	3.43	22.5	20.3	1.8%	2.0%
Port of Tauranga	POT	4,693	6.90	5.47	49.1	42.6	2.3%	2.5%
INDUSTRIALS								
Metro Performance Glass Ltd	MPG	33	0.18	0.55	2.9	3.5	0.0%	0.0%
Skellerup Holdings	SKL	358	1.84	2.03	12.3	11.3	7.1%	7.5%
CONSTRUCTION & MATERIALS								
Fletcher Building	FBU	3,074	3.73	5.39	11.5	9.8	6.2%	7.2%
Steel & Tube	STU	101	0.61	0.84	16.6	9.5	4.9%	8.2%
INFORMATION TECHNOLOGY								
EROAD	ERD	143	2.10	3.40	-76.8	27.1	0.0%	0.0%
Gentrack Group	GTK	138	1.40	2.70	158.4	24.5	0.5%	3.5%
Serko	SKO	257	2.77	4.45	-24.3	-13.6	0.0%	0.0%
Vista Group International	VGL	198	1.19	3.54	13.5	13.0	3.7%	3.8%
REAL ESTATE								
Argosy Property	ARG	794	0.96	1.38	14.2	13.7	6.5%	6.5%
Goodman Property Trust	GMT	2,924	2.11	1.95	31.0	30.7	3.2%	3.2%
Investore Property	IPL	515	1.69	1.72	22.0	19.5	4.5%	4.5%
Kiwi Property Group	KPG	1,491	0.95	1.48	14.1	13.4	7.4%	7.4%
Precinct Properties NZ	PCT	2,049	1.56	1.80	22.9	21.4	4.0%	4.2%
Property for Industry	PFI	1,013	2.03	2.21	22.4	20.9	3.8%	3.9%
Stride Property Group	SPG	508	1.39	2.25	13.4	13.7	7.1%	7.1%
Vital Healthcare Property	VHP	1,106	2.44	2.60	23.9	21.7	3.6%	3.7%
UTILITIES								
Contact Energy	CEN	4,373	6.09	8.09	32.5	27.9	6.4%	6.4%
Genesis Energy Limited	GNE	2,780	2.68	2.88	52.6	35.0	6.4%	6.5%
Infratil	IFT	2,767	4.20	5.13	36.8	-22.2	4.1%	4.2%
Mercury NZ	MCY	5,899	4.33	4.54	32.5	31.3	3.6%	3.7%
Meridian Energy	MEL	11,162	4.36	3.90	35.2	44.0	4.9%	5.1%
TILT Renewables	TLT	1,404	3.13	3.25	2.2	66.6	0.0%	0.0%
TrustPower	TPW	1,972	6.30	6.13	23.9	19.5	5.4%	5.5%
Vector	VCT	3,360	3.36	3.21	26.8	28.7	5.0%	5.1%
MARKET AVERAGE*					19.3	18.3	3.9%	4.3%

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

NEW ZEALAND GROSS DIVIDENDS

9TH APRIL 2020

COMPANY	RATING	PRICE	GROSS DIVIDEND YIELD				DIVIDEND COVER				NET DEBT/ EQUITY[1]
			FY-1	FY0	FY1	FY2	FY-1	FY0	FY1	FY2	CURRENT
Turners	O	$1.61	14.7%	14.7%	16.4%	17.3%	1.7	1.6	1.5	1.5	128.4%
Heartland Group	N	$1.05	13.2%	14.6%	15.4%	16.0%	1.3	1.2	1.3	1.3	654.9%
Kiwi Property Group	U	$0.97	10.7%	10.8%	10.8%	10.8%	1.0	1.0	1.0	1.1	43.0%
Stride	N	$1.37	10.8%	10.8%	10.8%	10.8%	1.1	1.0	1.0	1.1	50.1%
Argosy Property	N	$0.93	10.1%	10.1%	10.1%	10.3%	1.1	1.1	1.1	1.1	60.7%
Skellerup	N	$1.82	8.8%	8.8%	9.4%	10.0%	1.2	1.1	1.2	1.2	18.7%
Genesis Energy	U	$2.63	8.5%	8.1%	7.9%	8.3%	0.4	0.3	0.4	0.5	59.8%
Contact Energy	O	$6.03	8.1%	8.1%	8.2%	8.1%	0.6	0.5	0.6	0.6	41.0%
Freightways	N	$5.50	7.7%	7.9%	9.8%	10.4%	1.3	1.2	1.2	1.2	77.6%
Z Energy	O	$2.95	20.2%	7.8%	1.3%	16.9%	1.1	1.2	-5.3	0.9	108.3%
NZX	N	$1.18	7.3%	7.4%	7.5%	8.1%	0.9	1.0	1.0	1.1	11.9%
Spark	N	$4.38	7.4%	7.4%	7.9%	7.8%	0.9	0.9	0.9	1.1	96.8%
Sky City	N	$2.00	13.9%	6.9%	13.9%	13.9%	1.3	1.3	0.6	1.1	66.2%
Trustpower	U	$6.30	16.0%	6.8%	7.6%	7.8%	0.4	0.8	0.9	1.0	52.6%
Vector	U	$3.41	6.7%	6.8%	6.9%	7.0%	0.7	0.7	0.7	0.7	132.6%
Investore Property	U	$1.71	6.6%	6.6%	6.6%	6.7%	1.1	1.0	1.1	1.1	43.2%
Scales Corporation	N	$4.71	5.6%	6.1%	6.4%	7.1%	1.3	1.2	1.2	1.2	-28.4%
Meridian Energy	U	$4.56	5.9%	5.8%	5.9%	6.3%	0.6	0.6	0.4	0.5	26.9%
Precinct Properties	N	$1.65	5.4%	5.7%	5.9%	6.1%	1.1	1.1	1.1	1.2	39.0%
Property For Industry	U	$2.05	5.5%	5.6%	5.8%	5.9%	1.1	1.2	1.2	1.2	44.0%
Tower	O	$0.58	0.0%	5.3%	7.2%	7.7%		1.8	1.8	1.8	-34.4%
Vital Healthcare	N	$2.48	5.3%	5.3%	5.4%	5.5%	1.1	1.2	1.2	1.3	64.5%
Mercury	U	$4.30	5.0%	5.0%	5.1%	5.1%	0.8	0.9	0.9	0.9	29.8%
Chorus	N	$6.88	4.6%	4.8%	5.0%	7.5%	0.5	0.5	0.6	0.3	245.3%
Sanford	O	$6.60	4.8%	4.8%	4.8%	4.8%	1.8	2.1	2.3	2.6	26.4%
Arvida	N	$1.30	4.1%	4.6%	5.0%	5.5%	1.8	1.8	1.8	1.9	39.9%
Goodman Property	U	$2.19	4.5%	4.5%	4.5%	4.6%	1.2	1.0	1.0	1.0	24.1%
Infratil	O	$4.38	4.2%	4.2%	4.3%	4.5%	1.1	0.7	-1.1	1.0	233.5%
New Zealand King Salmon	N	$1.89	3.7%	3.7%	4.2%	7.0%	1.9	1.9	1.9	1.5	16.9%
Ebos	N	$22.50	3.3%	3.6%	3.9%	4.2%	1.4	1.4	1.4	1.4	29.1%
Fonterra	N	$3.85	0.0%	3.4%	4.2%	4.9%	0.0	1.9	2.0	2.0	86.7%
Port of Tauranga	U	$7.00	3.6%	3.2%	3.4%	3.7%	0.8	0.9	1.0	1.0	42.0%
Delegat's Group	U	$8.53	2.8%	2.9%	3.5%	4.5%	3.0	2.9	2.9	2.5	68.5%
Mainfreight	N	$34.90	2.2%	2.6%	2.9%	3.3%	2.5	2.4	2.4	2.3	16.8%
Summerset	N	$6.05	2.3%	2.3%	2.5%	2.8%	3.4	3.3	3.3	3.3	56.1%
Ryman Healthcare	U	$11.29	1.9%	2.1%	2.6%	2.8%	2.1	2.1	2.0	2.0	71.3%
Fisher & Paykel Healthcare	U	$28.20	1.1%	1.4%	1.7%	2.0%	1.6	1.6	1.5	1.5	-2.6%
Gentrack	N	$1.30	8.5%	0.8%	5.2%	11.4%	1.3	1.2	1.2	1.2	-7.4%
AFT Pharmaceuticals	O	$4.65	0.0%	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0	599.9%
a2 Milk	N	$17.66	0.0%	0.0%	1.1%	1.1%	0.0	0.0	3.0	3.5	-70.4%
Comvita	N	$2.76	3.0%	0.0%	0.0%	0.0%	-2.7	0.0	0.0	0.0	-4.6%
Eroad	O	$2.07	0.0%	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0	53.2%
Metro Performance Glass	O	$0.18	0.0%	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0	44.4%
New Zealand Refining	O	$0.88	3.2%	0.0%	0.0%	29.6%	0.7	0.0	0.0	0.6	42.8%
Restaurant Brands	U	$10.40	0.0%	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0	56.7%
Serko	O	$2.05	0.0%	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0	0.0%
Sky Network Television	N	$0.27	41.2%	0.0%	0.0%	0.0%	3.1	0.0	0.0	0.0	47.4%
Synlait	O	$7.37	0.0%	0.0%	0.0%	11.7%	0.0	0.0	0.0	1.0	88.8%
Tilt	N	$3.03	0.5%	0.0%	0.0%	0.0%	1.6	0.0	0.0	0.0	-22.4%
MEDIAN			**4.8%**	**4.8%**	**5.0%**	**6.1%**	**1.1**	**1.0**	**1.0**	**1.1**	**44.0%**

NEW ZEALAND INCOME PORTFOLIO JARDEN RECOMMENDATIONS AS AT 31 MARCH 2020

OBJECTIVE

To provide direct investment in lower risk, higher yielding New Zealand equity securities, maximising stock and sector diversification. Performance is measured relative to the S&P/NZX50 Index Gross with Imputation.

PORTFOLIO CONSTITUENTS AS AT 1ST APRIL 2020

Core - 8 stock portfolio $65,000 – $135,000 **Core Plus - 10 stock portfolio $100,000 - $200,000** **Diversified - 12 stock portfolio > $165,000**

Ticker	Company Name	Core	Core Plus	Diversified	Sector
CEN	Contact Energy	14.0%	14.0%	14.3%	Utilities
FRE	Freightways	13.9%	11.8%	9.6%	Industrials
GMT	Goodman Property Trust	16.5%	14.0%	13.4%	Real Estate
HGH	Heartland Bank		4.4%	4.5%	Financials
IFT	Infratil	15.9%	11.9%	8.3%	Utilities
KMD	Kathmandu			4.4%	Consumer Discretionary
OCA	Oceania Healthcare	8.0%	6.9%	7.1%	Health Care
PCT	Precinct Properties			6.0%	Real Estate
SAN	Sanford		7.1%	4.8%	Consumer Staples
SCL	Scales Corporation	9.1%	9.3%	9.5%	Consumer Staples
SPK	Spark NZ	15.5%	15.2%	12.6%	Communication
ZEL	Z Energy	7.1%	5.4%	5.5%	Energy
		100.0%	100.0%	100.0%	

PERFORMANCE

	Div Yield * %	PE Ratio (x)	Gross Returns %					Volatility
	Pros	Pros	Mar-20	3 month	1 year pa	3 year pa	5 year pa	(5 years)
Core	6.2	12.0	-18.4	-23.6	-13.3	5.3	8.3	13.6
Core Plus	6.6	13.2	-19.8	-25.6	-14.5	4.4	7.3	14.3
Diversified	6.3	14.5	-21.9	-27.4	-15.5	3.4	7	14.6
Benchmark	5	23.1	-12.8	-14.5	0.4	11.9	12.2	11.4

* Dividend yields are 12 months prospective and are gross of tax.

COMPANY DETAILS

Company Name	29-Feb	31-Mar	PE Ratios (x)		Div Yield % *		Gross Returns %			
	Price ($)	Price ($)	Pros	Pros +1	Pros	Pros +1	1 Month	1 Year	3 Year pa	5 Year pa
Contact Energy	6.70	5.76	30.7	26.4	8.5	8.6	-11.1	-10.0	11.9	7.0
Freightways	7.25	5.5	14.7	11.6	7.9	9.8	-21.3	-28.3	-3.4	3.6
Goodman Property Trust	2.32	2.15	31.2	30.3	4.3	4.4	-6.7	28.5	25.5	16.3
Heartland Bank	1.69	1.02	7.4	6.9	15	15.8	-39.6	-21.8	-4.4	5.4
Infratil	5.14	3.91	-20.7	21.1	4.8	5	-23.9	-0.1	16.6	9.9
Kathmandu	2.13	0.78	3	2.7	0	0	-63.3	-39.1	-4.3	7.7
Oceania Healthcare	1.13	0.69	9	10.8	6.7	5.1	-38.9	-26.8	n/a	n/a
Precinct Properties	1.89	1.71	25	23.4	5.1	5.3	-8.8	13.5	15.9	11.6
Sanford	7.12	6.6	13.5	12.5	4.8	4.8	-7.3	-2	0.9	11.1
Scales Corporation	4.33	4.45	18.2	17.3	6.5	6.8	2.8	-4.6	14.7	29.5
SkyCity Entertainment	3.2	1.87	14.2	15	7.4	14.9	-41.6	-44.5	-13.3	-5
Spark NZ	4.54	4.09	18.4	17.4	7.9	8.5	-6.4	16	13.1	14
Z Energy	4.06	2.89	-20.3	9.4	1.3	17.2	-28.8	-43.4	-13.9	0.2

* Dividend yields are gross

In March, the benchmark S&P/NZX50 Index Gross with Imputation returned -12.8%. The Core, Core Plus and Diversified portfolios all significantly underperformed the benchmark returning -18.4%, -19.8% and -21.9% respectively. The stock which contributed the most to the return of the Index was Fisher & Paykel Healthcare (FPH, +17.8%), which contributed 2.8% to the Index's monthly return. The stock which detracted the most from the Index's performance was Auckland Airport (AIA, -36.6%), which subtracted 2.5% from the Index's monthly return.

AUSTRALIAN EQUITY EARNINGS FORECASTS

9TH APRIL 2020

Australian Forecasts 9-April-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
COMMUNICATION SERVICES								
carsales.com.au		3,220	13.13	18.80	22.9	20.4	3.5%	3.8%
Nine Entertainment		2,055	1.21	1.90	16.3	14.2	5.8%	6.6%
REA Group		11,193	84.98	94.80	42.8	35.2	1.4%	1.6%
Telstra Corporation		37,345	3.14	4.20	18.3	16.0	5.1%	5.1%
TPG Telecom		6,903	7.44	7.80	23.8	25.4	0.8%	0.8%
CONSUMER DISCRETIONARY								
Aristocrat Leisure		14,348	22.47	28.50	21.2	13.9	1.9%	2.9%
Crown		5,593	8.26	11.00	64.7	27.0	3.6%	0.0%
Domino's Pizza Enterprises		4,310	49.98	53.21	26.1	23.6	2.7%	3.0%
Flight Centre		2,138	13.41	13.61	(7.0)	259.8	0.0%	0.0%
JB Hi-Fi		3,844	33.46	26.98	15.0	14.8	4.4%	4.5%
Star Entertainment Group		2,202	2.40	3.90	14.7	12.1	4.4%	8.5%
Tabcorp Holdings		5,975	2.94	3.20	21.2	21.8	3.7%	2.0%
Wesfarmers		42,406	37.40	30.07	22.4	21.6	3.6%	4.2%
CONSUMER STAPLES								
Coca-Cola Amatil		6,936	9.58	10.70	19.4	17.0	4.2%	4.7%
Coles Group		21,463	16.09	17.80	23.7	22.2	3.5%	3.8%
Treasury Wine		7,741	10.74	10.85	25.1	22.6	2.5%	1.9%
Woolworths		45,189	35.83	39.70	26.3	24.7	2.8%	3.0%
ENERGY								
Beach Energy		3,421	1.50	1.78	7.0	10.1	1.3%	1.3%
Caltex Australia		6,020	24.11	24.29	26.3	12.7	2.4%	4.8%
Oil Search		4,109	2.70	2.47	21.5	17.6	2.1%	2.6%
Origin Energy		9,123	5.18	4.50	9.1	17.8	5.8%	4.6%
Santos Ltd		9,624	4.62	Res	12.7	9.5	2.7%	3.3%
Whitehaven Coal		2,083	2.03	3.30	17.1	11.7	3.0%	0.0%
Woodside Petroleum		21,130	22.14	28.89	37.8	22.9	2.2%	3.5%
WorleyParsons		4,054	7.79	15.00	9.6	8.1	5.4%	6.2%
FINANCIALS								
Commercial Banks								
ANZ Banking Group		46,513	16.40	22.80	10.7	10.4	7.4%	7.4%
Bank of Queensland		2,303	5.07	5.50	9.8	11.0	0.0%	6.7%
Bendigo and Adelaide Bank		3,316	6.26	9.00	8.9	10.9	8.9%	8.0%
Commonwealth Bank Australia		109,064	61.61	65.00	15.3	16.0	6.1%	5.4%
National Australia Bank		48,224	16.16	19.50	10.3	9.9	7.9%	7.9%
Westpac		57,354	15.88	17.90	11.4	10.2	7.7%	7.7%
Diversified Financial Services								
AMP		4,605	1.34	1.50	10.0	12.9	0.0%	3.0%
ASX		15,296	79.01	73.00	29.9	30.8	3.0%	2.9%
Challenger		3,227	5.27	4.25	10.8	11.9	6.7%	5.3%
Macquarie Group		34,896	98.47	110.00	13.1	14.7	6.2%	4.8%
Magellan Financial Group		8,950	49.10	36.50	21.7	23.6	4.2%	3.8%
INSURANCE								
Insurance Australia Group		14,167	6.13	6.60	22.1	17.3	2.2%	4.5%
Medibank Private		7,546	2.74	3.00	16.1	21.5	4.8%	4.2%
NIB Holdings		2,343	5.13	4.90	20.4	18.9	3.5%	3.5%
QBE Insurance Group		11,917	9.11	12.00	25.1	9.9	3.0%	6.3%
Suncorp Group		11,941	9.47	9.15	14.2	13.2	4.2%	6.2%
HEALTH CARE								
CSL Ltd		148,070	326.11	329.00	48.6	38.8	1.0%	1.2%
Ansell Limited		3,831	29.73	32.00	17.5	15.7	2.7%	2.8%
ResMed Inc.		44,868	24.98	25.10	49.7	37.7	1.1%	1.1%
Cochlear		12,346	192.56	190.00	72.6	75.1	0.8%	0.8%
Health Care Providers & Services								
Ramsay Health Care		12,681	62.75	70.00	23.8	21.6	2.4%	2.6%
Sonic Healthcare		11,373	23.94	29.50	23.7	20.2	3.0%	3.6%

Australian Forecasts 9-April-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
TRANSPORT & LOGISTICS								
Atlas Arteria	ALX	4,887	5.56	7.90	22.0	18.0	6.5%	7.2%
Aurizon	AZJ	8,375	4.37	5.80	16.1	14.8	6.2%	6.8%
Qantas	QAN	5,494	3.69	2.20	(147.6)	(6.8)	3.7%	0.0%
Qube Holdings	QUB	3,743	2.30	2.80	30.1	29.7	2.9%	2.9%
Reliance Worldwide	RWC	1,967	2.49	2.70	15.9	22.9	2.8%	2.0%
Sydney Airport	SYD	12,565	5.56	4.50	(70.4)	440.1	0.0%	3.1%
Transurban	TCL	33,423	12.22	10.65	266.7	(507.4)	3.6%	2.4%
IT SERVICES								
Computershare	CPU	6,188	11.44	10.75	13.7	14.1	3.6%	3.4%
Link Administration Holdin	LNK	1,835	3.46	4.60	12.6	12.4	3.7%	3.9%
Xero	XRO	11,270	79.42	80.00	911.8	222.1	0.0%	0.0%
COMMERCIAL SERVICES & SUPPLY								
ALS	ALQ	3,078	6.38	8.60	15.8	14.3	3.7%	4.2%
Amcor	AMC	22,639	13.96	16.25	14.8	12.5	5.2%	5.8%
Boral	BLD	3,095	2.64	3.70	10.1	14.8	6.1%	3.2%
Brambles	BXB	16,731	10.99	12.50	21.3	17.0	3.1%	3.6%
CIMIC Group Limited	CIM	7,530	23.26	38.50	9.1	8.9	6.6%	7.3%
Cleanaway Waste Manager	CWY	3,779	1.84	2.30	25.2	20.7	2.2%	2.7%
Downer EDI	DOW	2,313	3.89	4.00	18.7	15.5	3.6%	4.4%
Incitec Pivot	IPL	3,687	2.29	3.78	16.2	12.3	3.2%	4.2%
James Hardie Industries plc	JHX	8,823	19.91	21.50	16.8	20.2	3.4%	2.5%
Orica	ORI	7,107	17.52	21.85	16.7	14.2	3.9%	4.6%
Orora	ORA	3,162	2.62	2.15	23.3	21.0	28.3%	3.1%
Seek	SEK	5,707	16.21	23.50	63.1	49.4	0.8%	1.9%
METALS & MINING								
Alumina	AWC	4,421	1.54	2.40	12.6	10.5	7.7%	9.0%
BHP Group	BHP	147,258	31.54	39.00	10.9	13.0	5.8%	3.9%
BlueScope Steel	BSL	5,278	10.50	12.80	16.0	15.2	1.3%	1.3%
Evolution Mining	EVN	8,232	4.83	4.60	21.0	15.5	3.2%	3.3%
Fortescue Metals Group	FMG	35,100	11.40	11.00	5.0	6.6	14.3%	9.9%
Iluka Resources	ILU	3,188	7.54	10.00	12.8	9.9	3.4%	3.6%
Newcrest Mining	NCM	20,914	27.19	25.25	19.4	15.8	1.1%	0.6%
Northern Star Resources	NST	9,384	12.68	11.50	28.7	11.0	1.2%	2.9%
OZ Minerals	OZL	2,710	8.36	8.00	45.5	14.2	2.8%	2.8%
Rio Tinto	RIO	127,587	90.31	89.00	10.4	11.2	5.4%	4.6%
South 32	S32	10,008	2.07	3.10	23.8	8.9	2.8%	4.5%
REAL ESTATE & PROPERTY								
Lend Lease	LLC	6,585	11.66	19.85	9.0	8.5	5.7%	5.9%
Charter Hall Group	CHC	3,470	7.45	13.58	11.2	13.2	4.8%	5.1%
Dexus	DXS	10,214	9.36	13.32	16.2	15.3	5.7%	5.8%
Goodman Group	GMG	24,748	13.54	15.97	23.4	21.5	2.2%	2.4%
GPT Group	GPT	7,733	3.97	6.15	12.6	12.2	6.9%	7.2%
Mirvac Group	MGR	8,891	2.26	2.76	14.8	15.7	5.4%	5.6%
Scentre Group	SCG	10,459	2.02	3.34	9.5	9.1	10.1%	10.5%
Stockland Group	SGP	6,986	2.93	4.97	9.1	8.9	9.6%	9.8%
Vicinity Centres	VCX	5,039	1.36	2.38	8.3	8.1	11.1%	11.1%
UTILITIES								
APA Group	APA	13,120	11.12	10.70	40.1	34.6	4.5%	4.7%
AGL Energy	AGL	11,029	17.45	14.80	13.9	14.6	5.4%	5.2%
AusNet Services	AST	6,559	1.76	1.75	25.6	27.2	5.8%	6.0%
Spark Infrastructure Group	SKI	3,357	1.95	2.40	44.2	119.2	7.2%	6.2%
Market Average					**20.6**	**20.3**	**4.3%**	**4.2%**

BHP Group (BHP.AX)

OUTPERFORM A$31.44 **TARGET:** A$31.36

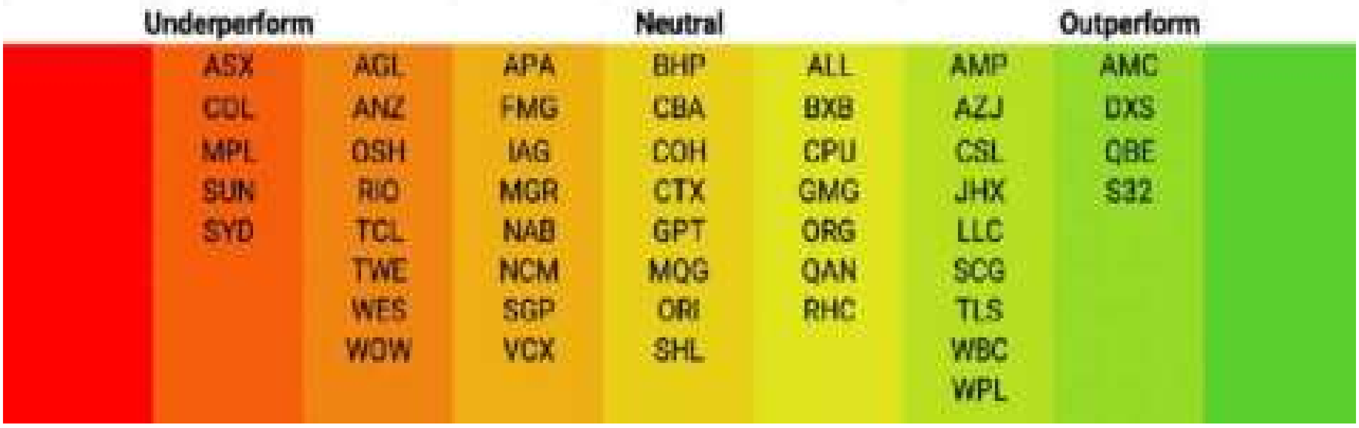
BHP.AX Year to 30 June		2019A	2020F	2021F	2022F
Adjusted NPAT	US$m	16,001	15,767	12,214	9,921
Earnings /share	USc	1.82	1.90	1.46	1.20
PE Ratio	x	8.6	8.2	10.7	13.0
Dividend/share	USc		1.09		
Dividend Yield	%		7.0		

Jarden has upgraded BHP to **Outperform** (from Neutral), but reduce their Target Price to £16 (A$31.36) from £19 (A$38.14) as Carsten Riek assumes coverage of the London listing. The market is now pricing in less terminal growth than either 2008/09 or 2015/16. With the market now discounting terminal growth of -3% in the shares, we prefer BHP over Rio Tinto (Underperform). BHP's portfolio of large projects in attractive markets has long made it a quality name in the mining space, and Credit Suisse likes that BHP retains this strategy with growth projects. Meanwhile, as BHP looks to exit its thermal coal business, they think proceeds (CSe: US$1-2bn, or £0.150.30/share) are likely to be handed over to shareholders as the group does not need further de-leveraging. At the end of FY20 CS expects BHP to have cUS$13bn in net debt (<0.6x 2020E EBITDA), so even in more extreme downside scenarios, they see no pressure on the balance sheet or dividend over the next 12 months.

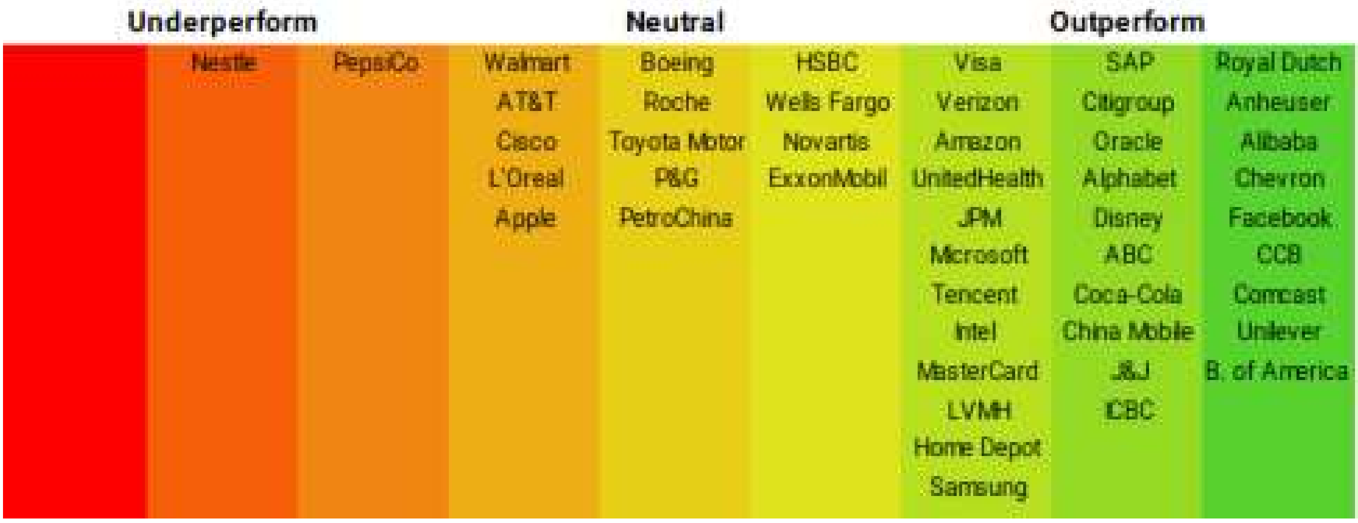
Catalysts: Potential newsflow on disposing of thermal coal assets or on Jansen. 9M'20 operations review is on 21st April but CS doesn't expect any surprises.

Risks: Short term: the unknown impact of COVID-19 and also petroleum capex/exploration risks given the oil price environment. Longer term: Jansen and execution risks on the ESG transition.

AUSTRALIAN EQUITY RECOMMENDATIONS – March 2020



GLOBAL EQUITY RECOMMENDATIONS – March 2020



GLOBAL DIRECT EQUITIES PORTFOLIOS

The portfolio is to be changed as follows:

- BP (BP.LN) is to be reduced by 2.0% to a weighting of 4.7%.
- Citigroup (C.US) is to be increased by 2.0% to a weighting of 7.4%.
- Walmart (WMT.US) is to be reduced by 2.0% to a weighting of 7.1%.
- Microsoft (MSFT.US) is to be increased by 2.0% to a weighting of 9.0%.

Consequently, from 9th April 2020 when the changes are implemented, the portfolio will be as follows (on the right):

Ticker	Security Name	Weight	Sector
AIR.FP	Airbus	4.2%	Indus trials
AMZN.US	Amazon	7.4%	Cons Dis cretionary
AAPL.US	Apple	8.0%	Info Tech
T.US	AT&T	5.2%	Com m . Serv
BP/.LN	BP	4.7%	Energy
C.US	Citigroup	7.4%	Financials
INTC.US	Intel	7.3%	Info Tech
MC.FR	LVMH	5.9%	Cons Dis cretionary
MA.US	Mastercard	6.3%	Info Tech
MRK.US	Merck & Co	8.3%	Health Care
MSFT.US	Microsoft	9.0%	Info Tech
MS.US	Morgan Stanley	5.9%	Financials
UNH.US	UnitedHealth Group	8.5%	Health Care
WMT.US	Walmart	7.1%	Cons Staples
DIS.US	Walt Disney	4.8%	Com m . Serv
		100%	

GLOBAL DIRECT EQUITY PORTFOLIO REVIEW

The Jarden Committee decided to reduce exposure to BP in the portfolio. Exposure to BP was increased in March from 3.5% to 5.5%, largely due to its attractive share price at the time. Additionally, the increase in BP ensured that the portfolio was not underweight the energy sector and would thus avoid any underperformance that would occur as a result of a rebound in this high beta sector. After the committee increased exposure to BP, the stock rallied by 23.4% in NZD terms, substantially outperforming the portfolio benchmark despite underperforming the energy sector.

The Committee decided to increase exposure to Citigroup (C.US) in the portfolio. Citigroup is currently trading at a 5-year low forward price to book ratio of 0.5x, implying that it will destroy a substantial amount of economic value. While they understand the on-going economic slowdown will significantly decrease the rate of loan growth, increase the amount of non-performing loans and hurt its profit margins in the near term, the massive government stimulus packages and central bank support suggests that the negative impact in the coming months will likely be transient. As such, they believe the market has priced in too much pessimism into Citigroup's share price. In addition, the financial sector was the second-best performing sector after the Federal Reserve implemented their Quantitative Easing (QE) program in early 2009 during the Global Financial Crisis (GFC). The program, which is similar to the one announced a few weeks ago, reduced the funding cost for financial institutions and helped to counter some of the pressure on their profits. The supportive measures announced recently are multiple times larger in size than those during the GFC. As such, the Committee believes the positive impact on the financial sector this time around could be larger. Increasing the portfolios exposure to Citigroup by 2%, reduces the large underweight exposure in the financial sector.

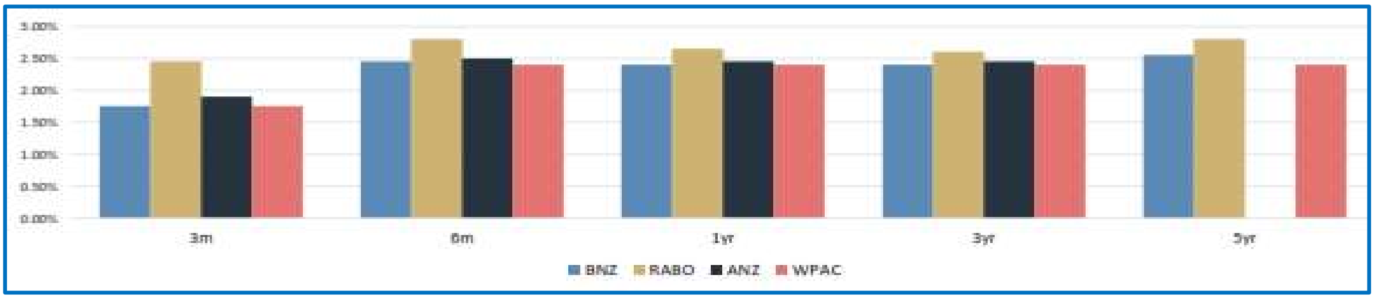
The Committee decided to reduce exposure to Walmart (WMT.US) in the portfolio. Walmart has performed exceptionally well during the recent market correction. The outperformance reflects the defensive nature of its business and an unexpected surge in grocery demand. Despite the strong share price performance, Walmart may underperform in the future should the US gradually recover from the COVID-19 outbreak, prompting investors to favour companies offering higher growth potential. Additionally, they are aware that the portfolio's exposure to Walmart is approaching the 10% upper limit for a single position. As such, they believe it is appropriate to trim the portfolio exposure to Walmart by 2%.

The Committee decided to increase exposure to Microsoft (MSFT.US) in the portfolio. They believe Microsoft is benefiting and will continue to benefit from rising demand for cloud computing and secure video conferencing. The ongoing COVID-19 outbreak is effectively a stress test for many businesses around the world. Specifically, the ability to switch to a mobile working environment within a very short time period has proved to be crucial for many firms. Since businesses operate in a decentralised manner under such a scenario, it is also important to ensure that employees can communicate and collaborate easily and effectively. To fulfil these requirements, more firms will equip themselves with cloud computing capabilities and seek tools that can allow their employees to work more efficiently. Microsoft is one of the few leading solution providers that can help companies to safely acquire such capabilities. As such, they believe Microsoft will benefit meaningfully as more firms adapt to the new way of working.

FIXED INTEREST SECONDARY MARKET – INDICATIVE ONLY   *AS AT 9TH APRIL 2020*

BBB+, BBB, BBB- Issuer	NZDX Code	Maturity Date	Coupon %	CPN Freq	Credit Rating	Type	Offer Yield	Price/ $100
Wellington Intl Airport	WIA020	15/05/2021	7.5%	2	BBB+	Senior	3.20%	107.65
Kiwi Property Group	KPG010	20/08/2021	6.2%	2	BBB+	Senior	3.1%	104.85
Z Energy	ZEL040	1/11/2021	4.0%	4	BBB-(NR)	Senior	4.0%	100.82
TrustPower	TPW140	15/12/2021	5.6%	4	BBB-(NR)	Senior	3.1%	104.63
Precinct Properties	PCT010	17/12/2021	5.5%	2	BBB+(NR)	Senior	3.4%	105.16
Heartland Bank	HBL010	8/09/2022	4.5%	4	BBB	Senior	4.4%	100.67
SkyCity Entertainment	SKC040	28/09/2022	4.7%	4	BBB-	Senior	5.5%	98.26
Air New Zealand	AIR020	28/10/2022	4.3%	2	BBB	Senior	4.5%	101.32
TrustPower	TPW150	15/12/2022	4.0%	4	BBB-(NR)	Senior	3.5%	101.61
Wellington Intl Airport	WIA030	12/05/2023	4.3%	2	BBB+	Senior	3.4%	104.13
Summerset	SUM010	11/07/2023	4.8%	4	BBB-(NR)	Senior	4.3%	101.47
Kiwi Property Group	KPG020	7/09/2023	4.0%	2	BBB+	Senior	3.4%	102.47
Heartland Bank	HBL020	12/04/2024	3.6%	4	BBB	Senior	4.2%	97.81
Investore Property	IPL010	18/04/2024	4.4%	4	BBB(NR)	Senior	3.6%	102.86
Wellington Intl Airport	WIA040	5/08/2024	4.0%	2	BBB+	Senior	3.5%	102.67
Precinct Properties	PCT020	27/11/2024	4.4%	2	BBB+(NR)	Senior	3.8%	104.4
Property for Industry	PFI010	28/11/2024	4.6%	4	BBB(NR)	Senior	3.0%	107.42
Kiwi Property Group	KPG030	19/12/2024	4.3%	2	BBB+	Senior	3.4%	105.36
Wellington Intl Airport	WIA050	16/06/2025	5.0%	2	BBB+	Senior	3.5%	108.77
Summerset	SUM020	24/09/2025	4.2%	4	BBB-(NR)	Senior	4.6%	98.54
Kiwi Property Group	KPG040	12/11/2025	4.1%	2	BBB+	Senior	2.9%	107.59
Argosy Property	ARG010	27/03/2026	4.0%	4	BBB+(NR)	Senior	4.2%	99.14
Trustpower	TPW180	29/07/2026	3.4%	4	BBB-(NR)	Senior	3.5%	99.85
Metlifecare	MET010	30/09/2026	3.0%	4	BBB-(NR)	Senior	4.5%	91.73
Argosy Property	ARG020	29/10/2026	2.9%	4	BBB+(NR)	Senior	4.3%	92.65
Chorus	CNU020	6/12/2028	4.4%	4	BBB	Senior	3.5%	106.75
Trustpower	TPW170	22/02/2029	4.0%	4	BBB-(NR)	Senior	3.7%	102.44
Wellington Intl Airport	WIA060	1/04/2030	4.0%	2	BBB+	Senior	3.9%	101.24
Issuer BB+, BB, BB-	**NZDX Code**	**Maturity Date**	**Coupon**	**CPN Freq**	**Credit Rating**	**Type**	**Offer Yield**	**Price/ $100**
Warehouse Group	WHS020	15/06/2020	5.3%	2	BB-(NR)	Senior	5.1%	101.76
Fletcher Building Industries	FBI150	15/05/2021	4.8%	2	BB+(NR)	Subord	5.3%	101.43
Infratil	IFT220	15/06/2021	4.9%	4	BB(NR)	Subord	6.1%	99.04
Turners Automotive Group	TRA100	30/09/2021	5.5%	4	BB-(NR)	Subord	5.5%	100.2
Fletcher Building Industries	FBI160	15/03/2022	5.0%	2	BB+(NR)	Subord	5.6%	99.31
Infratil	IFT190	15/06/2022	6.9%	4	BB(NR)	Subord	6.1%	102.15
Fletcher Building Industries	FBI170	15/03/2023	5.0%	2	BB+(NR)	Subord	5.5%	99.06
Infratil	IFT210	15/09/2023	5.3%	4	BB(NR)	Subord	6.0%	98.11
NZ Refining	NZR010	1/03/2024	5.1%	2	BB-(NR)	Subord	6.3%	96.68
Fletcher Building Industries	FBI180	15/03/2024	4.9%	2	BB+(NR)	Subord	5.5%	98.29
Infratil	IFT230	15/06/2024	5.5%	4	BB(NR)	Subord	6.0%	98.6
Synlait Milk	SML010	17/12/2024	3.8%	4	BB-(NR)	Subord	4.7%	96.65
Fletcher Building Industries	FBI190	15/03/2025	3.9%	2	BB+(NR)	Subord	5.6%	93.08
Infratil	IFT250	15/06/2025	6.2%	4	BB(NR)	Subord	5.8%	102.26
Infratil	IFT280	15/12/2026	3.4%	4	BB(NR)	Subord	5.3%	89.31
Infratil	IFTHC	15/12/2029	3.5%	4	BB(NR)	Subord	8.5%	67.57

BANK TERM DEPOSITS



Limitations and Disclaimer