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Volume 47

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INVESTMENT STRATEGIES

August 2020

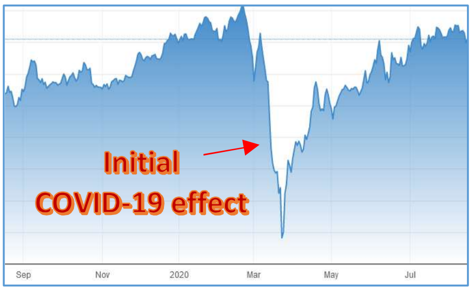
Politics can be a messy game, and not for the faint-hearted. Leadership is even tougher - especially as an Opposition Leader.

Many seem to be writing off National, with Ardern reaching godlike levels – but, as they say, "a week is a long-time in politics" and I for one won't be writing off National just yet. Yes, it might look like a herculean task, but the Left are massively over-confident. Just as they were in the runup to the Australian elections – only to see Scott Morrison getting a resounding win. I wouldn't bet the house on it, but neither am I pessimistic!

EQUITY MARKETS

The New Zealand Sharemarket is almost at Pre-Covid levels, and Kiwis seem spellbound, and can't see the recession coming – which is absolutely inevitable.

NZ50 GROSS INDEX (ONE-YR GRAPH)



The NZX50G index gained +2.42% in July, to be up +8.01% on a 12-month rolling basis. Top NZX50 performers in July included SUM (+21.5%), MFT (+20.0%) &SKL (+14.0%), with SKT (-14.0%), VGL (-11.7%) & PPH (-9.7%) were notable underperformers in the month. The new Post-Covid normal will continue to provide opportunities.

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STATISTICS NZ DATA

Estimated population at 6-August-2020:	**5,010,914**
Births less Deaths Dec-19 year:	**25,377**
Net long-term migration Dec-19 year: (non NZrs)	**43,765**

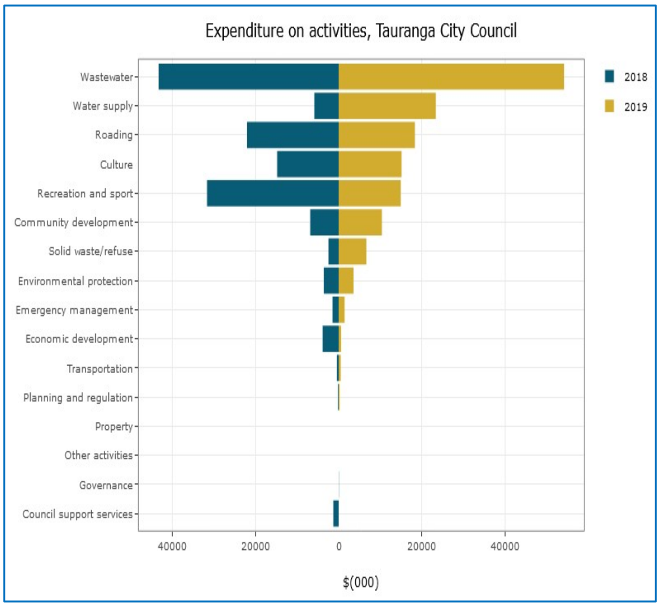
Employment

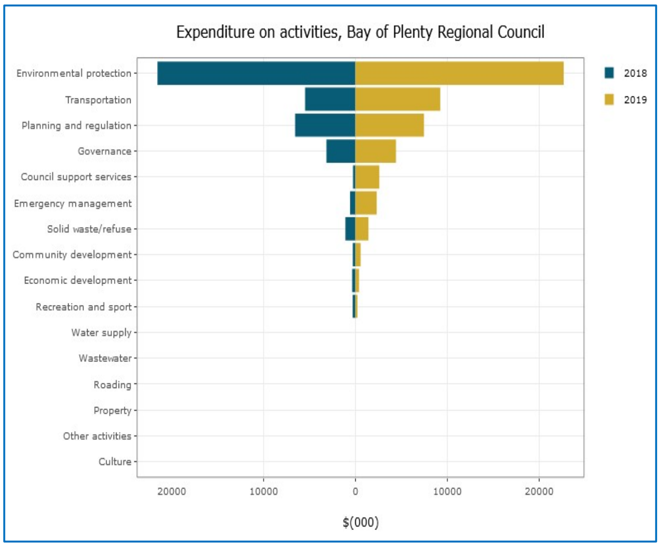
Unemployment rate June-20 qtr (↓ 0.2%)	**4.0%**
Average (Public) Hourly Wage Mar-20 year	**$41.59**
Average (Private) Hourly Wage Mar-20 year	**$30.99**
Ave Weekly Earnings Mar-20 year (↑3.4%)	**$1,285.50**
People not in workforce Mar-20 qtr	**1,167,000**
Consumer Price Index Mar-20 year (↑1.0%)	**2.5%**
The size of the NZ Economy Mar-20 year: ↓	**$303 bn**
GDP per capita Mar-2020 quarter:	**$62,206**
GDP per capita Mar-2020 quarter:	**-2.2%**
GDP Growth (volume) Mar-2020 quarter:	**-1.6%**
GDP Growth (volume) Mar-2020 year:	**1.3%**

VERSUS

WEBSITE:
vond.co.nz

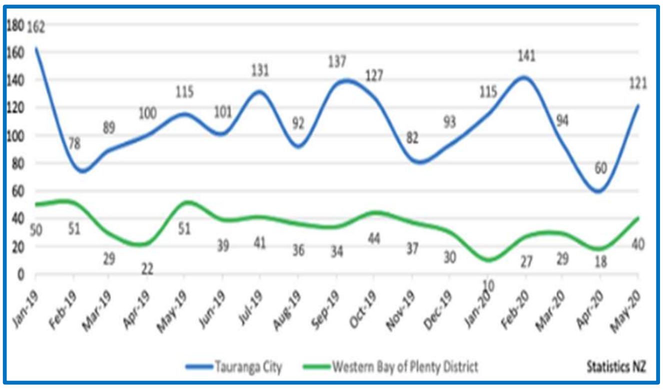
LOCAL ISSUES - GETTING TOUGH ON GANGS



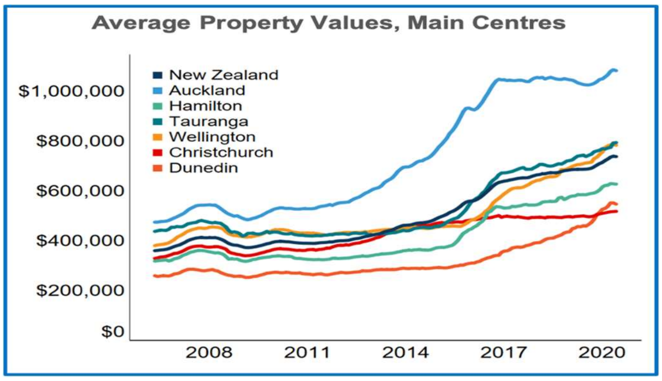


It sure is interesting times in Local Government. Our community has high expectations, and yet valid solutions are often hard to find. Congestion and Urban Planning are both proving a big handbrake, and revitalizing our CBD is also a huge challenge – not easily reversed. Covid-19 has added another dimension and this, combined with the upcoming General Election, is making decision-making increasingly complex.

RESIDENTIAL BUILDING CONSENT NUMBERS



Residential Building Consents have bounced back up to pre-COVID levels for the month of May, with 121 consents issued in Tauranga City worth $43 million and 40 consents in Western Bay of Plenty District worth $15 million. Meanwhile, retail spend has settled at $34.2 million for the week ending 28 June – 3.2% or $300K higher than the same week last year.



STATE HOUSE RETROFIT TO COST $333,000/HOME

The Government's upgrade of 1500 state houses over the next two-and-a-half years works out at $333,333 per house. Is it cheaper to build new?

The expansion of the Kāinga Ora – Homes and Communities Retrofit Programme, to make the houses warmer and drier for tenants, will cost $500 million, said Associate Housing Minister Kris Faafoi. Professor John Tookey, associate professor in construction management at AUT, said it would cost about $500,000 to build an equivalent house. "*The reality is you've got buildings that have been in place for 50 years or similar, they start to degrade so the process of refurbishment might include recladding, potentially, it might include refurbishing the roof situation, it will definitely include things like bringing them up to code in terms of insulation and that sort of stuff*," Tookey said. There could also be leaks and other unforeseen wear and tear.

This policy decision just makes no sense. Left-wing commentators criticise the last National Government's decision to sell state houses but, in fact, these were only on-sold to social housing providers (like Accessible Properties, an arm of IHC) who guaranteed to maintain and grow the social housing sector. Unfortunately, when Labour came in to government they refused to help fund this initiative, at the detriment of our socially deprived sector.

FROM THIS – TO THIS

We also need to means test state and social housing, ensuring that it is there for a step up, not a life-long guarantee for a few.

OUR POLITICAL CLIMATE

LABOUR HAS SQUANDERED PRE-COVID SURPLUS

Source: Stuff, Kiwiblog

Opposition Finance Spokesperson Paul Goldsmith said he wanted to remind New Zealanders that the Labour government had "squandered" within two years the surpluses it inherited from the National government.

Goldsmith said "*The previous National government had to borrow a lot of money to get us through the Global Financial Crisis, and the Canterbury earthquakes – we had to borrow $50 billion. And then with good economic management, and careful spending and an absolute focus on growth, we got on top of that and restored New Zealand's prosperity to the extent that in 2017 when we left government, we left an inheritance of massive government surpluses, a rapidly growing economy, and jobs being created – 10,000 jobs a month.*

"And within two short years, before the Covid-19 crisis, this government had taken that inheritance and squandered that entire surpluses and were projecting a budget deficit before the Covid-19 situation occurred," he said.

Labour had forced our country into recession even before the GFC in 2008, and National inherited a projected decade of deficits. Strong economic management saw those deficits become surpluses and debt repaid. Labour then squandered the surpluses within two years (before the Covid-19 outbreak). And once again we are facing a decade or more of deficits. The only solution Labour will have is to undertake massive tax increases.

MULLER OUT / COLLINS IN

Judith Collins has finally got her wish, riding into the National Party leadership as the "white knight". Todd Muller has learnt a harsh lesson that the Leader of the Opposition is the hardest job in Parliament.

My thoughts go out to Todd and his family. This must have been an extremely hard decision to make - albeit the right one. Simon Bridges spent 100 hours per week in this role, and knows about the personal sacrifices that family must make to undertake this role.

Todd is a very decent person but, unfortunately for him, he linked himself with two very "Black Ops" personalities in Michelle Boag and Matthew Hooten. The reality is that if "*you live by the sword, you also risk dying by the sword*". Simon Bridges played with an extremely straight bat, and Todd rolled him using covert tactics (of more than a year's undermining of Simon by both Matthew and Michelle), and then he demanded loyalty. Loyalty has to be earned, not demanded. It would be nice if Hooten could now scurry back to Auckland, and I would say "good riddance" – **Stop Press:** He is gone! Hooten is scurrying back to Auckland – good riddance.

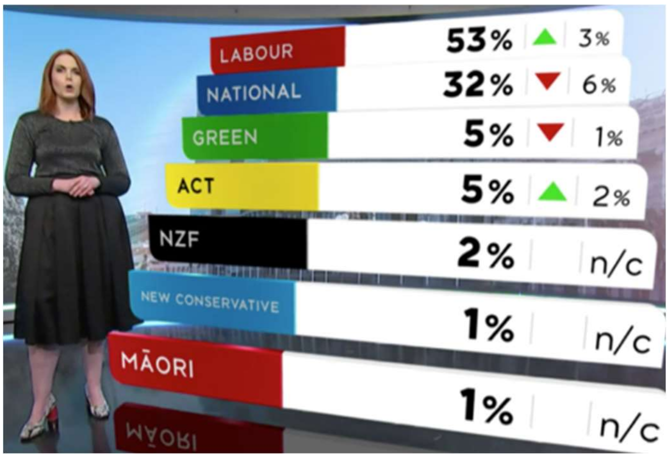
And expect Collins to take the smug look off Ardern's face, as we head closer to Election Day. Collins will hold Ardern to account, with Labour's track record of abysmal delivery. Ardern's charm offensive just won't cut it with Collins, so expect an exciting next 6 weeks.

TVNZ HAS ANNOUNCED FOUR DEBATES

1. Collins and Ardern, Tuesday 25 August
2. Young Voters Debate, Wednesday 2 September
3. NZ First, Greens and ACT, Wednesday 9 September
4. Collins and Ardern, Thursday 17 September

LATEST POLITICAL POLL (RELEASED 30-JULY-2020)

The latest Poll out is the Colmar Brunton/TVOne Poll.



This Poll indicates that Labour would have a mandate to govern alone, but National Party members need to be heartened by the fact that right up to the last week of the Australian election, Scott Morrison was written off, and the polls there also predicted a massive Labour victory.

Also, our internal weekly polling (over the same period) shows National on 36-37%, and Labour on 46-47% (much closer still). The bottom line is that National still remains in touch, which is more than we can say for NZ First, who for months now have been polling well below the critical 5% mark.

JONES A DISTANT THIRD IN NORTHLAND

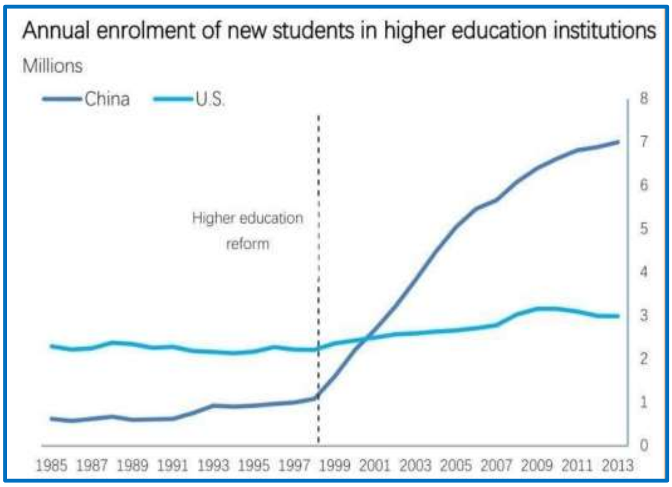
The Colmar Brunton poll results for Northland show that not only isn't it close, but Shane Jones is a distant third. Shane Jones will be no lifebelt for NZ First. Northlanders aren't stupid – they can't be bribed.

INTERNATIONAL EDUCATION SECTOR

The international education sector has been New Zealand's fifth largest export market and was worth $5 billion a year (pre Covid-19).

ENGINEERING GRADUATES

Based on data published in April 13th 2017, China now produces more than twice as many graduates a year as the US. Higher education in China has boomed in the last decade.



IMPORTING COVID-19

Anyone who believes Ardern's spin that New Zealand went "early and hard" are as deluded as Ardern herself. The reality is that we have been extremely LUCKY. We failed with going early, and we definitely didn't go hard. We badly failed with testing; we failed in preparing PPE supplies; we failed in preparing our health facilities to cope with a community transferred outbreak; we failed in locking down our borders effectively; and we failed at managing the isolation lockdown facilities. Where we were lucky was in that we never got a serious community transmission outbreak. Plain good luck – not good management.

Yes, Jacinda has a great communication style; and her "nanny-state" approach captured the buy-in of a frightened New Zealand.

What we now need Jacinda, is genuine delivery to ensure that we keep this horrendous virus out of our country. The bottom line is that she can't just rely on a team of three ministers to manage our governance effectively. We can get away with this for a few weeks, but it just isn't sustainable through the next year (and more).

NZ'S RESILIENCE REMAINS WOEFULLY INADEQUATE

It's not rocket science. If you want to prevent a resurgence of Covid-19 in this country you only have three significant weapons. The first of course, is good border control – a big failure for Ardern and co. The second is to test, test, test – another big fail (we are currently still only testing 2,000 people a day. Thirdly, we need to ensure good tracing, to manage those cases that we have – woeful.

Of course, you also to have a medical sector that is prepared for a second wave. That means good stocks of PPE wear, and hospital facilities that can cope with a mass resurgence – oh, that's a fourth fail.

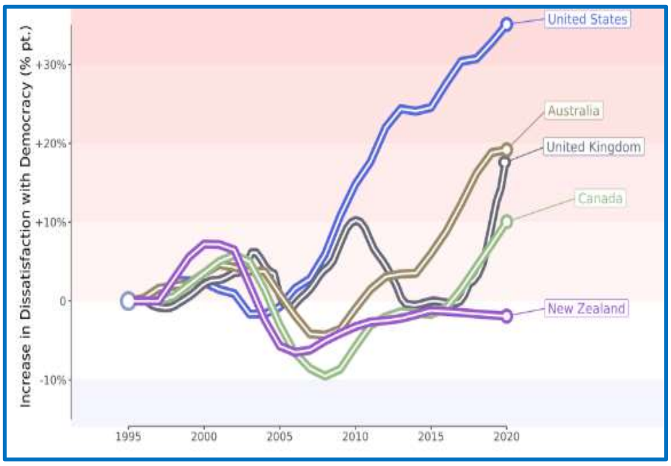
TRACER APP DIDN'T CUT THE MUSTARD

Two months after the NZ COVID Tracer app hit the market, the Government has finally decided to start pushing more people to download it. Ardern and Health Minister Chris Hipkins continue to plead with New Zealanders to start downloading the app, which has been woefully underused, and is in fact substandard. Stats from the Ministry of Health show a continued trend of flatlining use and very low uptake by individuals and businesses. Fortunately, the Tracer app has recently been seriously upgraded, and hopefully now it will get widespread community acceptance.

$50B COVID-19 RESPONSE AND RECOVERY FUND

Finance Minister Grant Robertson has announced that Government is setting aside the remaining $14b of the $50b Covid-19 Response and Recovery Fund, with no plans to spend it ahead of the election. "*If the money is not needed, it will not be spent, it will not be borrowed*," Robertson said.

CHANGE IN DISSATISFACTION WITH DEMOCRACY SINCE 1995 IN THE ANGLO-SAXON DEMOCRACIES
FROM BASELINE 1995 LEVEL



In recent years, there has been an especially acute crisis of democratic faith in the "AngloSaxon" democracies – the United States, Australia, Canada, New Zealand, and the United Kingdom. Overall, the proportion of citizens who are "dissatisfied" with the performance of democracy in these countries has doubled since the 1990s, from a quarter, to half of all individuals.

In contrast, New Zealand is proving to be the exception, according to a recently published report "Global Satisfaction with Democracy 2020, by UK's Bennett Institute for Public Policy, University of Cambridge.

KIWIS NOT BUYING IT

Imports continue to decline, falling more than 8% to $4.2 billion, though this figure was artificially elevated by the inclusion of the Navy's purchase of a new vessel in this month's imports total. If this figure is excluded the trade surplus would have been $821 million in June**.**

The annual trade deficit meanwhile was $1.2 billion in June, the smallest since December 2014. Exports during the past year lifted 1.4% to $60.2 billion, while imports fell 4.6% to $61.4 billion.

Imports of vehicles and parts were down sharply in April and May due to the Covid lockdown - but were still $256m lower last month than in June 2019.

But imports from China continue to hold up, lifting 10% in June versus the same month a year ago. Not surprisingly, imports of disposable aprons, and textiles, including face masks, were all higher last month.

BORIS JOHNSON HAS DONE MORE FOR THE CLIMATE THAN JACINDA ARDERN

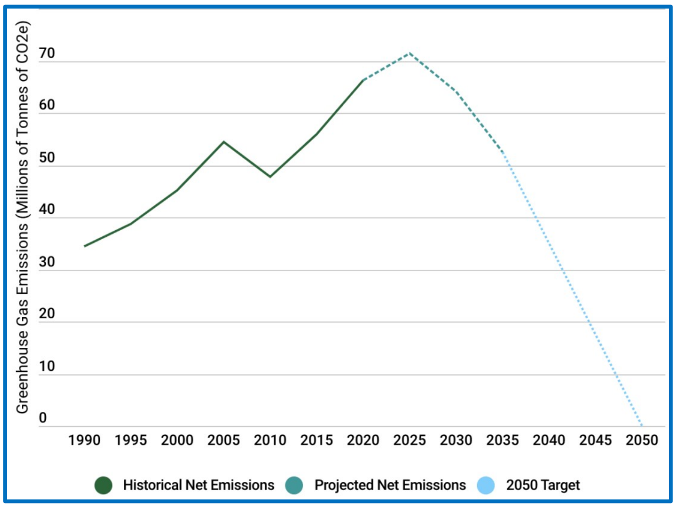
SOURCE: Newsroom, 15th July 2020

Slick rhetoric and the inherent opacity of climate policy means most New Zealanders have no clue how poorly we're doing on emissions reductions, Marc Daalder argues. A politician takes over as head of one of the major parties of a small island nation, replacing a predecessor who had become increasingly unpopular, jeopardising the party's chances at the upcoming election.

Then, as Prime Minister after the election, the politician surrounds themselves with climate activists and scientists and begins, in response to massive protests and a clear mandate from the electorate for action on reducing emissions, rolling out evidence-based climate policy. That includes an ambitious plan to totally decarbonize transport, the banning of the import of fossil fuel vehicles by 2035, investment for electric vehicle charging statements, continuing the transition to renewable energy, requiring big companies to list their climate-related risk, requirements to upgrade the energy efficiency of commercially-rented buildings and millions of dollars to research reducing industrial emissions.

Although, at first glance, the above story seems reminiscent of Jacinda Ardern's rise to power, the politician in question is actually Boris Johnson and the small island nation is the United Kingdom. The key difference is in that last sentence, where the politician actually implemented policies that would significantly reduce emissions.

LITTLE ACTION TO MEANINGFULLY REDUCE EMISSIONS



As newly-minted Labour leader prior to the 2017 election, Ardern pledged to treat climate change as her generation's nuclear-free moment. Yet, despite having three years to make a difference in Government - and \$20 billion in surplus stimulus to spend while her popularity remains sky-high - Ardern has done little to pass legislation that would on its own reduce emissions.

The Zero Carbon Act creates an admirable framework for emissions reductions, under which the Climate Change Commission will task governments with implementing non-binding emissions budgets over five-year periods. Likewise, the strengthened Emissions Trading Scheme could see increasing pressure brought to bear on emitters through an increased price on carbon.

The vast majority of big emitters, however, will continue to receive a steadily-decreasing exemption for at least the next 30 years, meaning that by 2050, companies like NZ Steel could still count on a 30 percent discount on their carbon emissions. Agriculture - the country's largest source of emissions - is still only slated to join the ETS in 2025, and even then, at a 95% discount which isn't set to decrease like the industrial allocation.

That gets to the heart of the issue: With three years in power, the coalition Government has done little to tackle the country's largest emitters, cows and cars.

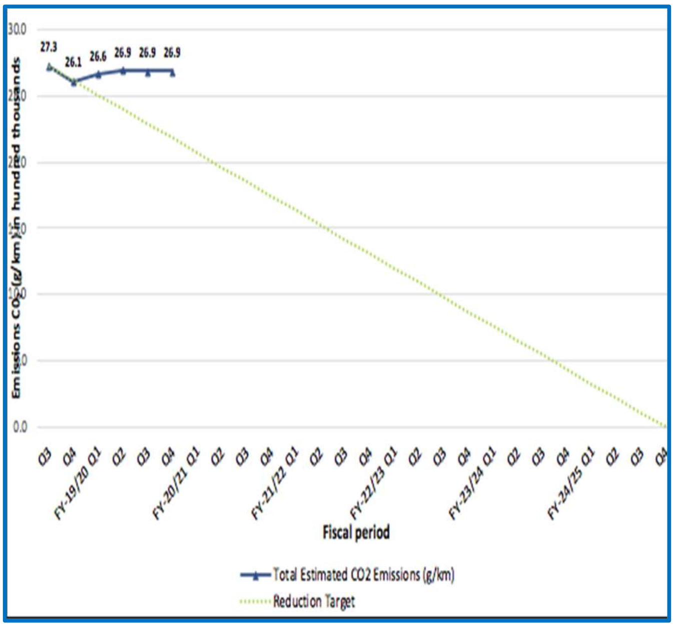
Much of the inaction could be laid at the feet of the inconvenient arrangement between the radical-on-climate Greens, Ardern's cautious Labour and the action-averse New Zealand First. But Ardern enjoys one of the largest mandates for action on climate change that any New Zealand politician has had on any issue in modern times and has struggled to push even milquetoast climate action through the NZ First policy grinder.

But if the buffoonish Boris Johnson can marshal the British Tories to support a ban on fossil fuel vehicles, reduction of dairy emissions and a green recovery from Covid-19, surely Jacinda Ardern could too?

Forget a ban on fossil fuel vehicles by 2035 like that passed by Johnson, which NZ's Cabinet dismissed out of hand - Ardern couldn't even muster the political capital to pass a feebate scheme or implement a vehicle emissions standard - leaving NZ in the company of Australia and Russia as the only two other OECD nations without such a regulatory mechanism.

Even promises enshrined in the Labour-New Zealand First coalition agreement have been scrapped by an obstinate Winston Peters. A pledge to render the Government's vehicle fleet emissions-free by mid-2025 is a laughable dream. The policy was scrapped in August but the Government now implausibly insists it will indeed accomplish that goal.

ACTUAL vs TARGET – TOTAL EMISSIONS REDUCTION



The Government's struggle to electrify its own fleet is emblematic of its difficulties in tackling the nation's emissions writ large. In order to make even a modest attempt at meeting our 2030 Paris target, let alone the 2050 net zero target, New Zealand's emissions need to fall off a cliff.

NEW ZEALAND IS LETTING ARDERN GET AWAY WITH IT

So how has a supposedly transformational Government led by a Prime Minister who has pledged to treat climate change as her prime focus failed to meaningfully implement emissions-reducing policies? How can Jacinda Ardern promise to treat emissions as her generation's nuclear-free moment without consequence?

Simple: New Zealand is letting her get away with it.

“REVENGE IS A DISH BEST SERVED COLD”

French diplomat Charles Maurice de Talleyrand-Périgord (1754–1838)

NEW ZEALAND IS REAPING WINSTON PETERS' HARVEST

SOURCE: Spectator, Australia – James Allan

I reckon that I'm in a relatively small group of Australians. When asked, '*Who has handled the coronavirus better, New Zealand or Sweden?*', I would say Sweden. My bet is that most Australians would plump for the Kiwis. After all, the virus has been all but eradicated across the Tasman. Only a couple of confirmed cases right now in the whole country. Only 22 deaths all up due to the virus. Meanwhile in Sweden there have been some 5,700 deaths for a population not much over double New Zealand's.

That said, the problems with the Kiwi 'try to eradicate' approach are legion. To name just a couple, tourism constitutes somewhere between 6 and 20 per cent of the NZ economy, depending on how many indirect benefits and how much of the travel sector you count. Pretty hard to mimic 17th century Japan, with borders closed to all the world's potential infectors and still have anything much left of those industries. In effect, then, the Kiwis are betting the farm on a vaccine. Meanwhile, the looming economic carnage is going to carry in its wake a less well-funded health care system, plenty of indirect deaths, massive inter-generational unfairness and a hobbled private sector.

At the same time, up in Sweden they look to be as close to herd immunity as anywhere on the planet. And don't let anyone blow smoke in your eyes, the Swedish economy has weathered this virus better than most anywhere (save Taiwan) in the Western world.

Still, most of the press is doing all it can to convey coronavirus fear. They almost never say how these corona deaths rack up against other causes of death, or how for those under 55 this is not, statistically and comparatively, dangerous. They hardly ever mention what the economic carnage will bring in its wake, certainly not in terms of deaths because of the lockdowns and shutdowns. They never deal in relative risks, or age-related differences. And so the heavy-handed, civil liberties-ignoring politicians are popular. Now in my view that popularity won't last another year. But it's very likely indeed to last till the 19th of September, a month and a half from now, when New Zealand's voters go to the polls.

Some readers will recall that at the last New Zealand election the right-of-centre National party won a landslide (namely just shy of 45%) of the party vote, to Labour's 37%. Yet that maverick Kiwi politician Winston Peters' party, New Zealand First, which came third with 7%, opted to go into coalition with Labour and the Greens (to the stunning dismay of many of the New Zealand First voters who in Australian terms might fit best with the Katter Party or Canada's now defunct Social Credit Party).

Personally, I have been happy to see a strong lockdown, because I am of the demographic that is most at risk. However, I also understand, for New Zealand's future, we need an economy that remains strong, so that we can afford the social and environmental outcomes that all Kiwis desire. Labour just doesn't have a plan to achieve this. Another 3 years of Labour will cause irrevocable harm for hard working New Zealanders.

LABOUR'S CAMPAIGN LAUNCH

"Let's Keep moving" – yeah Right!! - If Labour thinks they don't need any substance for this campaign, then they could well come very unstuck. Like NZ First, they underrate the intelligence of New Zealand's voting public – bring on September 19th.

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

THE WORLD AT A GLANCE

United States
Can 78yr old Biden really beat narcissist Trump?

Canada
Like Ardern, Trudeau Is enjoying Covid crisis

Europe
Spain takes biggest Covid hit - down 18.5%

India
Covid rampant in India's slums

China
China flexing muscles in bid to increase influence

Japan
Deflation remains an issue for world's 3rd biggest economy

UK
UK economy recovery much stronger than expected

Russia
After an initial 5% GDP drop economy slowly rebounding

Australia
Trans-Tasman bubble unlikely any time soon

New Zealand
Labour has no vision. Just a FEAR strategy

THE GLOBAL ECONOMIC OUTLOOK

Global growth is being compromised by the impact of the COVID-19 pandemic, which is ravaging many parts of the world. The policy response by many countries has been unprecedented but won't be enough to stop the recession. Global trade is slowing and New Zealand's export returns are falling, but at a slow rate due to solid demand for basic and healthy foods.

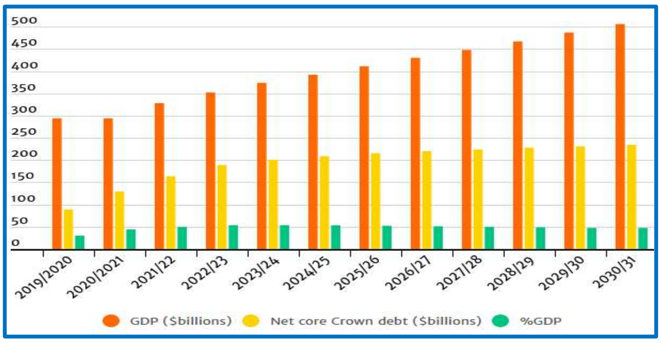
The IMF now predicts that Global growth will be at -4.9% in 2020, 1.9% below the April forecast. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4%. Overall, this would leave 2021 GDP some 6½% lower than in the pre-COVID-19 projections of January 2020. The adverse impact on low-income households is particularly acute, imperiling the significant progress made in reducing extreme poverty in the world since the 1990s.

New Zealand's Economic Outlook

The New Zealand economy has been able to return to something closer to normal, but the outlook is a challenging one. Closed borders mean a smaller economy, and recessionary impacts of this are unavoidable. Households and businesses are cautious and unemployment is rising. Investment and spending will be weaker, with policy providing an important but only partial offset. The slowdown will be large and the recovery slow. Risks are skewed to the downside. Given the global recessionary dynamics that are already in train, upside is limited.

There is a collective refusal to accept that we are considerably poorer today than we were in January. The $20b blown to date is about $4000 per citizen and we've done this just to maintain our pre-Covid consumption levels for two months. National Party finance spokesman Paul Goldsmith estimates the projected $140b of future borrowings is equal to $80,000 per household. Yet, no one seems to care. We're in a panic over the fairness of charging people $3000 to cover the costs of an enforced stay in a quarantine hotel and the antics of school kids playing at being Nazis, but were heading off the edge of a fiscal cliff and ... nothing.

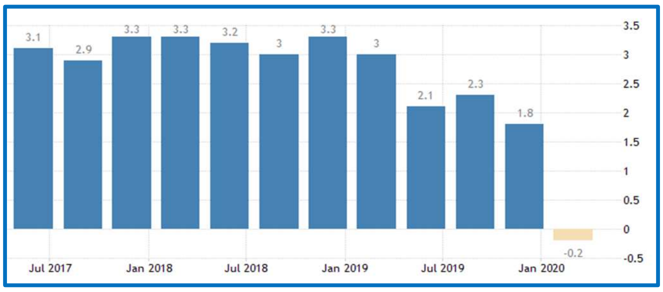
GOVERNMENT BORROWING FORECASTS



SOURCE: TREASURY, BEFU 2020

The cost of borrowing will be paid for in two ways. Not only will this money need to be paid back; either through higher taxes, reduced government services or by the pernicious and economically destructive hidden tax of inflation, there is the opportunity cost of lost growth.

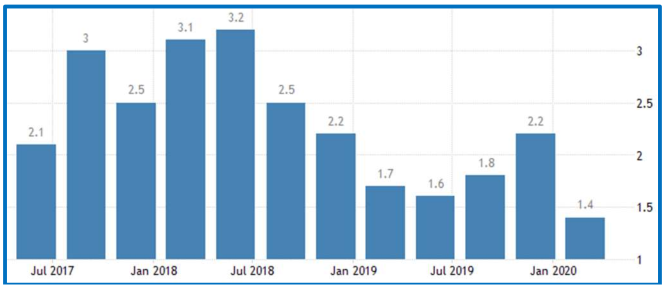
NZ ANNUAL GDP GROWTH RATE



Australian Economic Outlook

The impending reporting season will be a list of ugly confessions from businesses knocked around by the COVID-19 pandemic. A downbeat forecast and any hint of weakness will be punished. Dividend chasers are also in for pain. A third of the top 100 companies have cut, postponed or cancelled payments in the first half, a depressing reminder for many investors that there is still a level of risk with equities, despite the relatively healthy state of the ASX 200 index. Data so far suggests a fall of nearly 40% in dividend payments from the ASX compared to 2018-19.

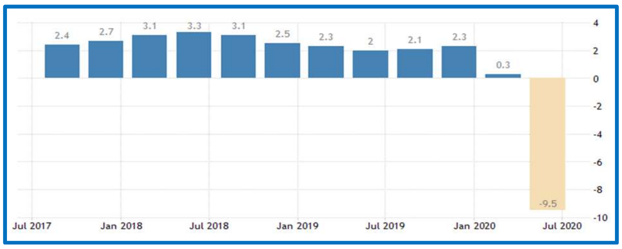
AUSTRALIA - ANNUAL GDP GROWTH RATE



United States Economic Outlook

The US economy shrank by an annual rate of 32.9% between April and June, government data has revealed. It was its sharpest contraction since the Second World War. In more bad news for the US economy, another 1.43 million Americans filed for unemployment benefits last week, a second week of rises after a four-month decline. While the drop in U.S. GDP -- an astounding 32.9% when annualized -- was widely anticipated, the jobless claims figure was not.

UNITED STATES ANNUAL GDP GROWTH

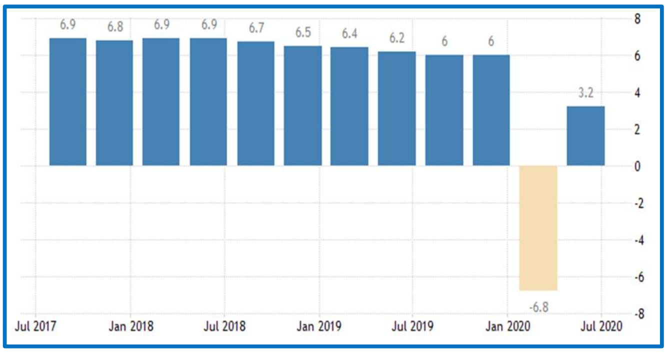


In June, NZ exported $587m worth of goods (primarily meat products) to the US – up 14.2% on June 2019. The US is our 3rd largest trading partner behind China & Australia.

Chinese Economic Outlook

Chinese President Xi Jinping has called for a greater push on reforms to stimulate domestic demand, as the economy continues its steady recovery from the coronavirus slump. China's July purchasing managers' indexes suggest the economic recovery remains on track, though the pace of the rebound might have peaked.

CHINA - ANNUAL GDP GROWTH RATE



United Kingdom Economic Outlook

Although Britain's Covid-19 infection rate is currently low, new cases have been on the rise in recent weeks. The average number of positive tests per day, which dipped to 546 in the week ending 5 July, now stands at 726 - triggering alarm at Downing Street.

The total cost of the Covid-19 outbreak to the UK is "*likely to be more than £300bn*", says the BBC. "*That's an absolutely enormous sum.*" But not all of that cost can be blamed on lockdown. Quite apart from the increased cost of healthcare, having a highly contagious virus with a significant fatality rate running through the community is bad for the economy. Lockdowns add to that, but come with an important benefit - getting the virus under control. Even so, lockdowns carry health and social costs too.

"*The number of suicides is up. Domestic violence has increased. Mental health is suffering,*" says The Guardian. "*The jobless total is heading for three million this summer despite the fact that the government is currently paying a third of the workforce.*"

A recent study compiled by the Office for National Statistics, the Home Office and the Department for Health and Social Care suggested that "*more than 200,000 people could die because of delays in healthcare and other economic and social effects all caused by lockdown*", reports the Daily Mail.

"*That kind of damage is not to be taken lightly. The likelihood that Covid-19 will resurface a second and perhaps a third or fourth time makes the case for a measured approach to future lockdowns even stronger,*" the Guardian argues. Would the UK lock down again? The prime minister has spoken of introducing another national lockdown as a measure of last resort.

THE BREXIT EFFECT

The impact of Brexit on British business could be devastating to sectors that managed to avoid the worst effects of the coronavirus pandemic. Brexit will deliver a double shock to the economy regardless of whether the UK can secure a deal with the European Union or not, analysis by the London School of Economics (LSE) suggests. The sectors most at risk from Brexit - the scientific industries, professional services, and publishing - are those largely insulated from the worst impacts of the coronavirus pandemic, says The Guardian.

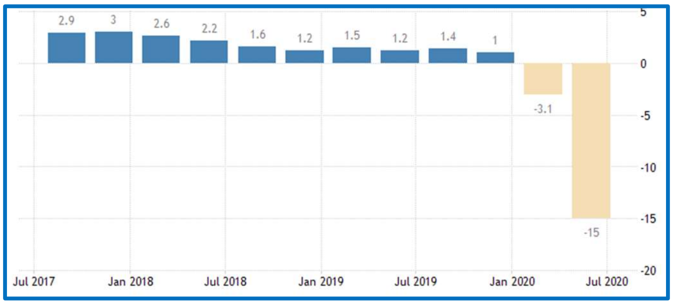
UK - ANNUAL GDP GROWTH RATE

European Economic Outlook

Many European countries are reporting larger spikes, raising fears of a second wave. The euro-area economy plunged into an unprecedented slump in the second quarter, with Spain taking the biggest hit, shrinking 18.5%, while French and Italian output also dropped by double digits.

The Eurozone economy shrank by a record 15.0% year-on-year in the second quarter of 2020, entering a steep recession and compared to market expectations of a 14.5% fall, a preliminary estimate showed, due to coronavirus-induced lockdowns.

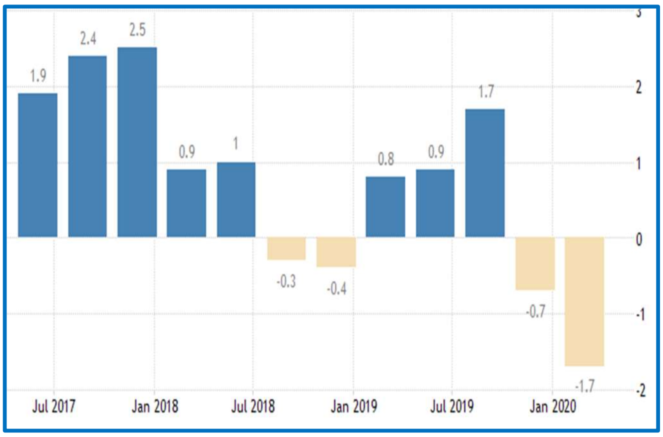
EUROZONE – ANNUAL GDP GROWTH RATE



Japanese Economic Outlook

The Japanese economy shrank 0.6% on quarter in the three months to March 2020, unrevised from the preliminary estimate, and following a 1.9% fall in the previous period. This was the first recession since 2015, as the COVID-19 crisis took a huge toll on activity and demand. Private consumption fell for the second straight quarter (-0.8% vs -3.0% in Q4), while government spending was flat (vs 0.2% in Q4) and public investment dropped for the first time in five quarters (-0.6% vs 0.5%). Net external demand subtracted 0.2% from growth as exports fell more than imports. Meanwhile, capital expenditure rose by 1.7%, compared with a 4.8% drop in Q4. On an annualized basis, the economy contracted 2.2% in the first quarter.

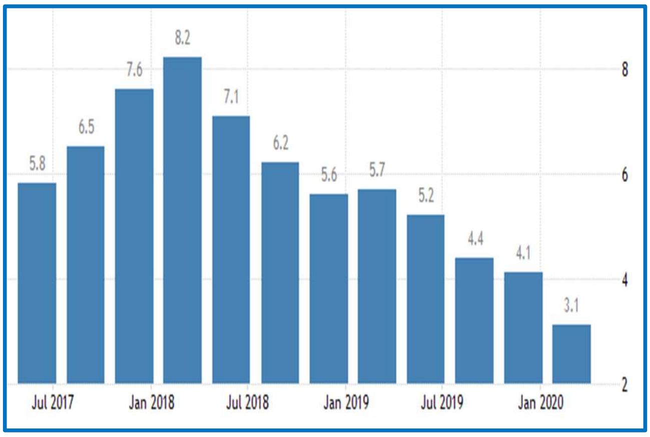
JAPAN - ANNUAL GDP GROWTH RATE



Indian Economic Outlook

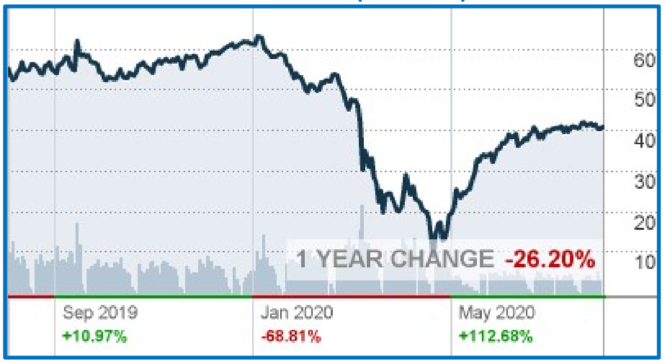
The Indian economy expanded 3.1% year-on-year in the first quarter of 2020, beating market forecasts of a 2.1% rise. Still, it is the slowest GDP growth since quarterly data became available in 2004, as the country imposed a nationwide lockdown from March 24th aiming to contain the spread of the coronavirus. On the expenditure side, faster declines were seen for gross fixed capital formation (-6.5% vs -5.2% in Q4) and exports (-8.5% vs -6.1%) while imports fell at a slower pace (-7% vs -12.4%). Also, both private spending (2.7% vs 6.6%) and inventories (0.5% vs 1.1%) slowed sharply. On the production side, output fell for manufacturing (-1.4% vs -0.8%), the third straight quarter of contraction and construction (-2.2% vs 0%) and slowed for trade, hotels and transportation (2.6% vs 4.3%), finance and real estate (2.4% vs 3.3%) and public administration and defence (10.1% vs 10.9%).

INDIA - ANNUAL GDP GROWTH RATE



COMMODITIES

OIL: WTI CRUDE (ONE YEAR)



GOLD

The price of gold is trading at around US$1,950 an ounce, up almost 30% this year. In the year ended June 2020, NZ exported more than 10,400kg of gold at a value of $565m (Free On Board).

GOLD (ONE YEAR)

CURRENCIES

The Reserve Bank has agreed to expand its cap on quantitative easing to $100 billion, pushing out the end date for QE by more than a year to June 2022. The Reserve Bank previously had a $60b cap on the amount of money it would print to buy back government bonds by the original end date for its QE programme of May next year. The new cap indicates the bank expects to keep buying back government bonds for a longer period, but not necessarily at a faster rate. The Official Cash Rate (OCR) remains unchanged at 0.25 per cent.

This money printing means that future generations of New Zealanders will never have to repay this $100bn debt, which totals one third of our annual NZ economy.

NZD/USD & NZD/AUD

SOURCE: Westpac

AGRIBUSINESS – LOOKING FROM THE OUTSIDE IN

Year ended 30 June	2004	2008	2012	2016	2017	2018	2019	2020F	2021F	2022F	2023F	2024F
Dairy	6,092	10,359	13,379	13,289	14,638	16,655	18,107	19,240	19,330	19,570	19,820	19,970
Annual % Change		17.5%	7.3%	-0.2%	10.1%	13.8%	8.7%	6.3%	0.5%	1.2%	1.3%	0.8%
Meat & wool	6,848	6,934	7,780	9,200	8,355	9,542	10,176	10,210	10,370	10,570	10,680	10,770
Annual % Change		0.3%	3.1%	4.6%	-9.2%	14.2%	6.6%	0.3%	1.6%	1.9%	1.0%	0.8%
Forestry	3,294	3,295	4,332	5,140	5,482	6,382	6,883	5,650	6,010	6,240	6,310	6,290
Annual % Change		0.0%	7.9%	4.7%	6.7%	16.4%	7.9%	-17.9%	6.4%	3.8%	1.1%	-0.3%
Horticulture	2,207	2,892	3,557	5,000	5,165	5,376	6,111	6,290	6,640	6,970	7,360	7,730
Annual % Change		7.8%	5.7%	10.1%	3.3%	4.1%	13.7%	2.9%	5.6%	5.0%	5.6%	5.0%
Seafood	1,257	1,272	1,545	1,768	1,744	1,777	1,963	1,920	2,020	2,170	2,250	2,310
Annual % Change		0.3%	5.4%	3.6%	-1.4%	1.9%	10.4%	-2.2%	5.2%	7.4%	3.7%	2.7%
Arable	94	142	182	210	197	243	236	260	250	250	255	255
Annual % Change		12.7%	7.1%	3.8%	-6.0%	23.2%	-2.7%	10.0%	-3.8%	0.0%	2.0%	0.0%
Other primary sector	1,178	1,578	1,820	2,714	2,638	2,706	2,852	2,980	3,030	3,110	3,190	3,270
Primary industries Total	***20,968***	***26,470***	***32,596***	***37,323***	***38,219***	***42,682***	***46,329***	***46,555***	***47,650***	***48,880***	***49,865***	***50,595***
Annual % Change		6.6%	5.8%	3.6%	2.4%	11.7%	8.5%	0.5%	2.4%	2.6%	2.0%	1.5%

AGRICULTURAL SECTOR – STOCK TAKE

	Mkt Cap	ND	PE			EV / EBIT			EPS Growth		ROIC (Pre-Tax)		
Company Name	NZ$mn	NZ$mn	FY0	FY1	FY2	FY0	FY1	FY2	3Y (Trl)	3Y (Fwd)	FY0	FY1	FY2
Sanford Ltd	600	124	15.3x	17.3x	13.5x	11.4x	13.4x	10.8x	0.8%	6.7%	8.9%	7.5%	9.0%
Skellerup Holdings Ltd	477	34	16.4x	16.7x	15.6x	12.0x	12.1x	11.3x	11.7%	3.9%	20.5%	19.7%	20.8%
Scales Corporation Ltd	739	-102	21.4x	21.2x	20.3x	15.3x	13.9x	13.1x	-4.1%	5.4%	16.5%	17.6%	18.0%
Delegat Group Ltd	1,325	274	25.8x	21.8x	20.7x	20.6x	16.7x	15.9x	12.2%	11.1%	12.1%	14.3%	14.2%
Seeka Ltd	126	103	23.2x	20.5x	17.2x	16.4x	13.6x	12.4x	-30.9%	22.2%	5.4%	6.6%	7.2%
Comvita Ltd	207	16	-18.3x	20.3x	13.7x	-37.7x	23.5x	11.9x	-170.2%	-219.4%	-2.9%	4.4%	7.5%
New Zealand King Salmon Co Ltd	256	37	19.8x	20.9x	22.9x	13.6x	14.9x	16.3x	17.7%	-3.0%	11.1%	9.2%	7.7%
PGG Wrightson Ltd	211	22	32.6x	21.7x	18.8x	15.5x	16.0x	13.9x	-45.8%	25.7%	4.7%	7.8%	9.1%
Average			**17.0x**	**20.0x**	**17.8x**	**8.4x**	**15.5x**	**13.2x**	**-26.1%**	**-18.4%**	**9.5%**	**10.9%**	**11.7%**
Median			**20.6x**	**20.7x**	**18.0x**	**14.5x**	**14.4x**	**12.8x**	**-1.6%**	**6.0%**	**10.0%**	**8.5%**	**9.1%**

Source: Company data, Jarden estimates

In this note, Jarden takes the opportunity to review their company estimates and ratings to include changes in market factors (commodity prices, exchange rates and COVID-19 strategies), recent trading updates and price movements. Post changes, Jarden's preferred small-cap merit order is: SKL, SAN, DGL, SCL, watchlist SEK and CVT and underweight NZK and PGW.

DGL: TP + 16% TO NZ$13.10, UPGRADE TO NEUTRAL

Recent trading upgrades demonstrate the quality of the *Oyster Bay* brand positioning and the broader sales execution within a challenging COVID-19 period. With a higher confidence in forward growth prospects, they now see a better risk/reward equation for DGL.

SKL: TP + 26% TO NZ$2.55, UPGRADE TO OUTPERFORM

While SKL is still an amalgamation of niche rubber-based solutions across industrial and agri markets, with limited opportunity to radically scale any individual application, they like the execution track record over the past five years improving the quality of the underlying end-market exposures and hence delivering solid results and attractive returns. Jarden has upgraded SKL on modest capital upside but underpinned by an attractive dividend return and growth outlook.

SCL: TP +3% TO NZ$4.90, RETAIN NEUTRAL

Jarden likes the underlying growth prospects of Mr Apple – both the transition to premium varieties and more B2C, and recent portfolio recycling from PolarCold back into higher returning food ingredients. Sitting on net cash, sensible M&A remains a key forward catalyst which so far has proved difficult to execute.

CVT: TP +36% TO NZ$3.05, RETAIN NEUTRAL

Left balancing the inherent promise in the brand and within an attractive export category of Manuka Honey but with the poor company track record in converting this and with limited evidence to date, the transformation programme should deliver improved future results. Factoring in the smaller capital raise, strong 2H trading and the benefits of cost-out activities, Jarden upgrades their estimates.

SEK: TP -31% TO NZ$4.15. DOWNGRADE TO NEUTRAL

Thematically Jarden likes SEK's volume growth exposure to Sungold, but remain cautious on the company's ability to capture this efficiently and with a high debt loading. This caution results in lower estimates/valuation.

NZK: TP -29% TO NZ$1.60, DOWNGRADE TO UNDERPERFORM

Too many issues to navigate as management investigates the merits of a new operating model (supply side) and on the demand side re-balancing the COVID-19 induced demand-side pressures to the food service channel (c. 75% of sales). Jarden has cut their estimates to better capture these issues.

PGW: TP -9% TO NZ$2.10, RETAIN UNDERPERFORM

In Jarden's view, PGW needs to offer a large margin of safety valuation wise to compensate for its broad-based earnings exposure to NZ agricultural spend. Moreover, with an underlying decline vs. their prior expectations demonstrated in the recent trading update, they have now materially lowered their estimates.

FONTERRA

Sharemarket-listed Synlait Milk will join an approach to the Beehive by independent dairy companies concerned Fonterra is being given the green light to further flex its market muscle.

Synlait has confirmed it will join Open Country Dairy and Miraka at a meeting next week with Agriculture Minister Damien O'Connor, who supports the removal of Fonterra's legislated obligation to allow farmers who leave the big co-operative to return.

The chief executives of Open Country and Miraka believe the removal of the compulsion, a surprise addition to a Bill nearing passing stage in Parliament, will enable Fonterra, which controls about 80 per cent of New Zealand's raw milk supply, to lock in milk.

They predict Fonterra farmers will be afraid to join new startups or dairy companies trying to set up in regions such as Northland, where Fonterra dominates.

Miraka chief executive Richard Wyeth said exiting the security of Fonterra for a startup which may fail requires "a leap of faith" by farmers whose livelihoods depend on their milk being picked up each day.

The Dairy Industry Amendment Bill (No 3) also removes Fonterra's obligation to accept milk from any farmer in the country willing to buy shares in the farmer-owned co-operative, New Zealand's biggest company and the world's fourth-largest dairy entity.

O'Connor's office said he wants the Bill passed by the September election.

The smaller companies' concerns appear merited judging by Fonterra's rejection of a special request by O'Connor.

Herald inquiries have revealed that O'Connor, while supporting the removal of the acceptance obligations, asked Fonterra "to consider amending its constitution to reward the loyalty of its farmers when it comes time to sell their farms, by honouring its existing commitment to collect milk from these properties".

Fonterra has told the Herald the answer is no.

Changing its constitution would be a significant process, and unnecessary given Fonterra has recommitted to an agreement made with Federated Farmers in 2017.

That was: "Should the open entry provisions be removed from Dira (Dairy Industry Restructuring Act), Fonterra will continue to accept applications to supply from all farms that are, at the time of the application, supplying Fonterra on a share-backed basis, until the remainder of the pro-competition provisions in Dira fall away".

Fonterra has long-lobbied against the compulsion to accept all milk, legislated at the time of its formation from an industry merger in 2001 to rein in its market power - 96 per cent at the time. The obligation was written in to ensure farmers in remote locations still got their milk picked up and could freely come and go from the company.

Open Country, Synlait and Miraka have emerged since the 2001 Dira legislation deregulated dairy exporting, striving to win milk supply from Fonterra farmers.

While Open Country is now the country's second-largest dairy processor and exporter, it still only has 1000 suppliers compared to Fonterra's around 10,000. Miraka has about 100 suppliers and Synlait, which operates in Canterbury and the Waikato, has around 300.

"TAXES ARE AN EVIL – A NECESSARY EVIL, BUT STILL AN EVIL, AND THE FEWER WE HAVE OF THEM THE BETTER"

Sir Winston Churchill

NEW ZEALAND EQUITIES

NZX MARKET WRAP

AFT Pharmaceuticals has signed an exclusive Maxigesic IV licensing and supply agreement for six new eastern European countries with a combined population of over 53 million, through its existing partner Medochemie. AFT expressed its approval of Medsafe's move to reclassify medicine containing codeine as prescription-only. The move will likely benefit the sales growth for AFT's pain-relief alternative Maxigesic.

Restaurant Brands, which owns the franchise rights to KFC, Pizza Hut, Carls Jr and Taco Bell, has provided an update on their second quarter performance to June 30. Total quarterly sales were down 11% to $183.3 million compared to 2019, as expected after Covid-19. New Zealand's sales suffered the worst, down 28.8% to $76.6 million. Interestingly, better-than-expected sales in the US and Australia saved the company from suffering an even greater loss. Australian sales were flat at just -0.6% (NZ$48.8 million), as a result of comparatively lighter restrictions across the Tasman during the quarter. US sales grew by 8.0% to NZ$109.7m, with Pizza Hut's new online ordering and delivery functions benefitting the brand. The negative year-on-year figures may appear an adverse catalyst for the stock, but it is important to consider any decline which the market had already priced in. During a shareholder's meeting on May 28, Restaurant Brand's CEO had indicated that the NZ division had recorded a downturn in sales by nearly $45 million at the time, and that Australia had lost more than A$6 million. Given the reported second quarter sales are not as bad, this could imply a rebound in NZ/Aus sales last month.

SALE OF PUSHPAY SHARES (PPH.NZ)

14 July 2020 - Shareholders associated with the Huljich family yesterday entered into a block trade agreement with J.P. Morgan Securities Australia Limited and UBS New Zealand Limited (Underwriters), under which those shareholders have sold 25% of their shares in Pushpay Holdings Limited.

Following the sale, shareholders associated with the Huljich family are expected to remain the largest shareholder of Pushpay with a combined relevant interest in 43.2 million shares. The Huljich family remains strongly committed to Pushpay. Peter Huljich will remain on the Pushpay Board, with Christopher Huljich continuing to act as his Alternate Director.

Commenting on the sale, Peter Huljich noted, “The outlook for Pushpay remains positive. We look forward to continuing to support the Company as it seeks to deliver upon its strategy of becoming the preferred provider of mission-critical software to the US faith sector. The Huljich family confirms that it does not have any current intention to sell further shares in Pushpay and has provided an undertaking to the Underwriters not to sell further shares in Pushpay until after Pushpay’s FY21 Interim Results are announced on the NZX and ASX.

The selldown, as a result of this “insider” selling, opens an opportunity to get on board this stock.

NZ ELECTRICITY GENERATORS

PLENTY OF WATER TO GO UNDER THE BRIDGE

Rio Tinto (owners of NZAS) has announced that it will close its NZ smelter (Tiwai) on 31 August 2021. This will have a materially negative impact on Gentailer valuations (down 6-12%) and reduce yields in the near to medium term by up to 28% for some. While the fall in industry EBITDA from projected FY21 levels is only c.6-8% by FY23, it remains at the lower level through to FY25, so no V-shaped recovery expected. Also, the valuation fall reflects the lost value in potential growth opportunities if Tiwai stayed. On the back of recent price moves and valuation adjustments, with downside to target prices, Jarden keeps Meridian ($4.20), Mercury ($4.34) and Trustpower ($5.72) on Underperform ratings, with modest upside to TP ($3.03) raise Genesis to a Neutral, and with material upside to TP ($7.34) keep Contact on an Outperform.

	Price NZ$	Tiwai stay Target NZ$	New Target Price NZ$	Change	Upside	FY20 Div cps	FY23 div cps	FY20 yield	FY23 yield	Recommendation
Contact	5.80	8.34	7.34	-12.0%	27%	39.0	30.0	6.7%	5.2%	Outperform
Genesis	2.90	3.22	3.03	-5.9%	4%	17.2	17.8	5.9%	6.1%	Neutral
Meridian	4.69	4.74	4.20	-11.5%	-11%	21.3	17.1	4.5%	3.6%	Underperform
Mercury	4.68	4.61	4.34	-5.8%	-7%	15.8	17.3	3.4%	3.7%	Underperform
Trustpower	6.80	6.06	5.72	-5.7%	-16%	32.5	29.5	4.8%	4.3%	Underperform

The NZ LPV sector delivered a +7.10% TSR in July (vs. NZX50G return of 2.42%) with the 10 year Govt. bond yield down to 75 bp at 31 July (vs. 93 bp at 30 June). While ARG and SPG both performed well in July (+9.0% and 10.2%, respectively), KPG underperformed (+1.9%) while GMT and PCT performed strongly (+9.4% and 9.2%, respectively) as investors retain a level of caution on value and a desire for quality.

Through July ARG continued to progress asset sales as it brings down gearing while SPG made early progress with acquisitions for its recently established Industry fund. KPG highlighted solid, but not spectacular, trading activity at its key retail assets over June but that needs to be sustained over the coming months. VHP, PFI and PCT report in August. Following the uncertainty that impacted March retail valuations, Jarden expects less movement with valuations for healthcare, industrial and high-quality office assets likely to remain well supported. The greatest interest should be in what happens with PCT's 1 Queen St and Commercial Bay Retail which theye would like to see PCT separate out from the office building. With NZ emerging out of COVID-19 well and things settling down, Jarden sees potential in the coming months to scale back the valuation downside factored into our retail valuations for FY21 but still expect valuations to hold, rather than lift at this early point in the cycle. They have not revisited a still-cautious overlay on their valuations in KPG, ARG and SPG yet.

With a small skew to value over quality, the Jarden LPV model portfolio delivered modest outperformance of 7 bp in the two and a half weeks since its inception (13 July) with overweights in IPL and KPG and an underweight in APL offsetting negative impact from underweights in CDI and PFI. They continue to observe a wider-than-usual valuation spread in the sector with investors remaining cautious on retail exposure/secondary assets. They still see value in the middle with overweights in IPL and PCT on characteristics (long WALTs, tenant covenants) which should support valuations as the impact of worsening economic conditions filters through the sector – a factor highlighted across asset classes in recent AGM commentaries. Jarden hasn't made any changes to their model portfolio weightings with their preferences remaining KPG, IPL, ARG and PCT.

Stock	Rating	Price 31 Jul	Target price	P/NTA	P/NAV	12m fwd P/AFFO	Net div yield	Gross div yield	Committed Gearing
APL	Neutral	$0.36	$0.43	0.63x	0.86x	14.9x	5.0%	6.9%	35%
ARG	Neutral	$1.27	$1.25	0.98x	1.11x	22.9x	5.0%	6.9%	37%
GMT	Underperform	$2.22	$1.94	1.28x	1.39x	34.0x	2.5%	3.5%	21%
IPL	Neutral	$1.99	$1.83	1.15x	1.33x	27.5x	3.9%	5.4%	30%
KPG	Outperform	$1.07	$1.19	0.85x	0.95x	16.9x	5.6%	7.8%	33%
PCT	Neutral	$1.72	$1.73	1.16x	1.26x	26.3x	3.8%	5.2%	30%
PFI	Underperform	$2.46	$2.26	1.20x	1.31x	29.3x	3.2%	4.4%	31%
SPG	Neutral	$1.95	$2.06	1.02x	1.02x	23.2x	5.1%	7.1%	22%
VHP	Neutral	$2.62	$2.61	1.11x	1.31x	23.0x	3.7%	5.1%	43%
Average				**1.12x**	**1.23x**	**26.5x**	**3.8%**	**5.3%**	**31%**

Stock	Rating	Market Cap	Price 31 Jul	Target Price	Price % vs TP	Implied TSR	Reported NTA/share	Month Low	Month High	52 week Low	52 week High
APL	Neutral	58	$0.36	$0.43	19.4%	24.4%	$0.57	$0.34	$0.38	$0.34	$0.65
ARG	Neutral	1,055	$1.27	$1.25	-1.6%	3.4%	$1.30	$1.18	$1.29	$0.76	$1.52
GMT	Underperform	3,089	$2.22	$1.94	-12.6%	-10.1%	$1.73	$2.04	$2.22	$1.88	$2.49
IPL	Neutral	733	$1.99	$1.83	-8.0%	-4.2%	$1.73	$1.82	$1.99	$1.39	$1.99
KPG	Outperform	1,679	$1.07	$1.19	11.2%	16.8%	$1.26	$1.02	$1.08	$0.75	$1.69
PCT	Neutral	2,253	$1.72	$1.73	0.9%	4.6%	$1.48	$1.58	$1.74	$1.46	$1.94
PFI	Underperform	1,230	$2.46	$2.26	-8.1%	-5.0%	$2.06	$2.36	$2.54	$1.61	$2.55
SPG	Neutral	712	$1.95	$2.06	5.6%	10.7%	$1.91	$1.82	$1.98	$1.18	$2.41
VHP	Neutral	1,189	$2.62	$2.61	-0.4%	3.3%	$2.36	$2.53	$2.66	$1.95	$2.93
Weighted average											

Portfolio metrics

Stock	Sector	Property	Occupancy	WALT (yrs)	No. of assets	No. of tenants	12m lease expiry	36m lease expiry	Reported cap rate	Implied cap rate	Implied mvmt
APL	Retail/Office	146	98%	3.2	4	71	13.0%	57%	7.1%	9.2%	212bp
ARG	Off/Ind/Retail	1,909	99%	6.1	59	177	10.8%	26%	6.4%	6.5%	7bp
GMT	Industrial	3,074	99%	5.5	11	206	7.0%	33%	5.4%	4.4%	-99bp
IPL	LFR	773	100%	10.4	43	130	4.3%	9%	6.1%	5.3%	-78bp
KPG	Retail/Office	3,115	100%	4.9	12	890	10.0%	32%	6.1%	6.7%	63bp
PCT	Office	2,862	99%	8.8	16	>300	5.0%	17%	5.7%	5.1%	-55bp
PFI	Industrial	1,469	99%	5.4	94	144	6.5%	23%	5.8%	5.0%	-70bp
SPG	Off/Ind/Retail	488	96%	4.4	11	310	13.8%	52%	6.7%	5.9%	-76bp
VHP	Healthcare	1,927	100%	17.9	42	178	1.5%	4%	5.5%	5.2%	-32bp
Weighted average			**99%**	**7.7**			**7.1%**	**24%**	**5.9%**	**5.5%**	**-31bp**

Debt metrics

Stock	Reported Gearing	Committed Gearing	Target Gearing	Bank Covenant	ICR	WACD	WATE (yrs)	Hedging	Bank facilities	Issued bonds ($m)	% non-bank debt
APL	34.3%	35.3%	30-38%	50%	5.3x	2.40%	1.3	0%	75	-	-
ARG	38.8%	36.7%	30-40%	50%	2.8x	3.95%	3.6	50%	660	200	23%
GMT	18.9%	20.6%	30-35%	50%	3.9x	5.00%	4.0	68%	400	557	58%
IPL	31.3%	30.4%	<48%	65%	2.7x	4.63%	2.4	94%	320	100	24%
KPG	32.0%	33.1%	25-35%	45%	3.9x	4.35%	3.9	67%	825	475	37%
PCT	25.4%	29.7%	<37.5%	50%	2.5x	5.10%	4.4	78%	610	586	49%
PFI	28.2%	31.4%	<40%	50%	4.0x	4.63%	4.1	59%	350	200	36%
SPG	17.8%	21.9%	38-42%	50%	2.6x	3.61%	3.3	50%	305	-	-
VHP	35.1%	43.3%	~38%	50%	2.8x	4.03%	2.3	70%	1,015	-	-
Weighted average	**28.6%**	**31.1%**			**3.3x**	**4.52%**	**3.7**	**67%**			

STOCKS TO WATCH NEW ZEALAND

JUST STOCKS WITH UPDATES SINCE JUNE

Prices as at 31st July 2020

ALL ONE YEAR GRAPHS

Argosy Property

ARG announced the sale of 80 Springs Rd for NZ$16.5 mn (2.3% above book value), taking recent industrial divestments to $40m with likelihood for another ~$25m industrial sale likely pending, given good demand dynamics, as ARG exits select non-core industrial assets (liquidity; solid demand). With gearing coming down, Jarden has reduced the spread they apply to Government bond yield in our relative yield based valuation, from 400 bp to 375 bp. There is scope for this to come down further as key risks alleviate: gearing; impact of economic conditions on the outlook for the office and retail portfolios in particular.

2021 P/E: 17.8 2022 P/E: 17.7

NZX Code:	**ARG**
Share Price:	**$1.26**
12mth Target:	**$1.25**
Projected return (%)	
Capital gain	-0.8%
Dividend yield (Net)	5.3%
Total return	**4.5%**

Rating: NEUTRAL

52-week price range: 1.54-0.74

Asset Plus

After suspending its final dividend at the FY20 result in light of COVID-19 uncertainty and abatements at ~20% of 1Q21 net property income, APL has announced a return to modest dividends from the first quarter. The Q1 dividend of $0.45 cps is half the level paid over the past three years reflecting the impact of COVID-19 and the level of abatements. APL has also announced a $2.125m acquisition of land in Kamo, near Whangarei, with settlement planned for 30 July 2020. The land is currently zoned industrial, but APL has highlighted the potential for rezoning or development for better commercial use. .

2021 P/E: 13.5 2022 P/E: 15.9

NZX Code:	**APL**
Share Price:	**$0.37**
12mth Target:	**$0.43**
Projected return (%)	
Capital gain	13.9%
Dividend yield (Net)	4.8%
Total return	**18.7%**

Rating: NEUTRAL

52-week price range: 0.65-0.33

Auckland Airport

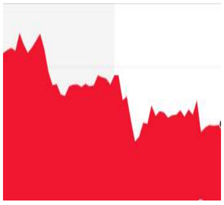
AIA has outlined various significant items (cash and non-cash) which it expects to have a net negative impact on its reported profit for FY20 of between $50m and $90m. At this stage, no re-issuance of underlying earnings guidance is provided, but Jarden would expect the rent abatement items (mid-point total $69m) to be included as an operating item when AIA report their full-year result 20 Aug. Relative to our existing forecast, Jarden had already broadly captured the rent abatements items through their lower retail and property incomes. Therefore, on a cash basis, the key variance was the $70m of make-good costs of terminating capex projects which, while highlighted at the equity raise, was difficult to isolate and quantify at the time.

2020 P/E: 46.2 2021 P/E: (132.2)

NZX Code:	**AIA**
Share Price:	**$6.35**
12mth Target:	**$5.75**
Projected return (%)	
Capital gain	-9.4%
Dividend yield (Net)	0.0%
Total return	**-9.4%**

Rating: UNDERPERFORM

52-week price range: 9.90-4.26



Contact Energy

Jarden expects Contact to manage its way out of baseload gas production and end up a leaner business with the only remaining baseload Geothermal build of the market participants in its arsenal that could one day give the company an earnings boost. Jarden's DCF-based target price decreases 9.3% to $7.34/share. With current trading below this revised valuation, Jarden retains their Outperform rating.

2020 P/E: 34.6. 2022 P/E: 32.6

NZX Code:	**CEN**
Share Price:	**$5.85**
12mth Target:	**$8.01**
Projected return (%)	
Capital gain	20.4%
Dividend yield (Net)	6.2%
Total return	**26.6%**
Rating: OUTPERFORM	
52-week price range: 9.05-4.54	

Delegat Group

DGL upgraded its guidance for FY20 (+12.6%) operating NPAT from "in line with market consensus of $52.4m to $59.0m. This compares to Jarden's previous forecast for $53.3m (+10.7%). Case sales growth has been upgraded +1% (vs prev. guidance) to +9%. While we await greater clarity on the drivers of the margin upgrade, mix (strength of distribution in US), FX, and (deferred) costs appear likely factors. Updated guidance appears to unwind DGL's previous (implicit) expectation for an FY20 margin compression, which was in part driven by an expected increase in brand and consumer insights investment.

2020 P/E: 22.0 2021 P/E: 19.5

NZX Code:	**DGL**
Share Price:	**$13.00**
12mth Target:	**$11.27**
Projected return (%)	
Capital gain	-13.3%
Dividend yield (Net)	1.7%
Total return	**-11.6%**
Rating: UNDERPERFORM	
52-week price range: 13.33-6.39	

Genesis Energy

GNE is enjoying its Huntly position for now. GNE is an integrated power to the home business, but it needs to be thought of in three parts for valuation purposes. It has New Zealand's biggest electricity retailing business, with a c.37% share of residential customers. The firm services this load with a portfolio of generation that is c.40% renewable. It has a retail and wholesale gas business. The retail business has 44% share of the residential gas market while the wholesale business is an on-seller of the gas from the TOP commitments that are in excess of the company's retail and generation needs. GNE owns a 46% share of the Kupe gas field and this field is a material cash generator for the firm. While GNE has a minority share, it has 100% control over its share of the field's cash creation. GNE is invoiced monthly for operational costs and receives its share of the sales in a similar time frame. While it faces excess gas issues, it is dealing with these. Due to its Kupe exposure, it offers a very attractive dividend yield.

2020 P/E: 129.5 2021 P/E: 41.3

NZX Code:	**GNE**
Share Price:	**$2.91**
12mth Target:	**$3.03**
Projected return (%)	
Capital gain	4.1%
Dividend yield (Net)	6.0%
Total return	**10.1%**
Rating: NEUTRAL	
52-week price range: 3.77-1.99	

Infratil

Infratil's primary cashflow generators are Trustpower, Wellington Airport and Tilt Renewables. This together with $268 million of undrawn bank facilities provides management with the ability to modestly grow dividends from 17 to 19 cents per share over the next three years. Due to more offshore earnings that do not attract imputation credits, IFT's forecast gross dividend yield remains flat at 3.9%.

2021 P/E: N.M 2022 P/E: 43.3

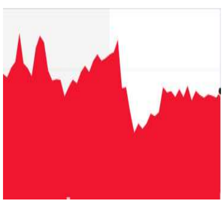
NZX Code:	**IFT**
Share Price:	**$4.81**
12mth Target:	**$5.36**
Projected return (%)	
Capital gain	10.2%
Dividend yield (Net)	3.9%
Total return	**14.1%**
Rating: OUTPERFORM	
52-week price range: 5.65-3.00	

Mainfreight

A strong trading update highlights PBT growth vs. PCP despite the COVID-19 impact. For the first 17 weeks of FY21 MFT has reported revenue growth of 5% (ex-FX) and PBT growth of 18% (ex-FX). Importantly, this trading period includes almost all of the impact of lockdown in the core New Zealand market. This strong revenue and PBT result is even more remarkable when compared to the trading update for the first 7-weeks provided at the FY20 result, which had revenue -0.3% (ex-FX) and PBT down 42% vs. PCP. Underpinning this strong revenue and earnings result was a very strong performance in the Australian market with revenue +13% and PBT +167% which accounted for nearly all of the gain in Group earnings vs. PCP.

2021 P/E: 27.1 2022 P/E: 23.6

NZX Code:	**MFT**
Share Price:	**$46.80**
12mth Target:	**$45.00**
Projected return (%)	
Capital gain	-4.00%
Dividend yield (Net)	1.5%
Total return	**-2.5%**
Rating: NEUTRAL	
52-week price range: 46.95-24.00	

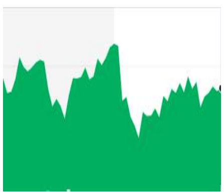


Mercury NZ

MCY is a renewable generator with retailing operations. The company's strength is its North Island hydro generation which can often take advantage of pricing opportunities created by South Island hydro conditions. Jarden's DCF-based target price decreases 4.4% to $4.34/share. With current trading ~8% above this revised valuation, Jarden retains their Underperform rating.

2020 P/E: 40.7 2021 P/E: 43.1

NZX Code:	**MCY**
Share Price:	**$4.73**
12mth Target:	**$4.34**
Projected return (%)	
Capital gain	-8.9%
Dividend yield (Net)	3.4%
Total return	**-5.6%**
Rating: UNDERPERFORM	
52-week price range: 3.59-5.62	

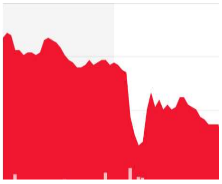
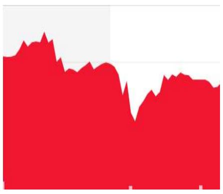
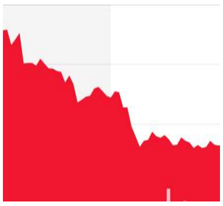


Meridian Energy

MEL is NZ's largest electricity generator and has 100% renewable generation. The company owns and operates seven hydro stations and one wind farm in the South Island, and three wind farms in the North Island, generating c.30% of the total electricity produced in NZ. Jarden's DCF-based target price increases 7.7% to $4.20/share. With current trading ~12% above this revised valuation, they retain their Underperform rating.

2020 P/E: 37.9 2021 P/E: 54.7

NZX Code:	**MEL**
Share Price:	**$4.78**
12mth Target:	**$4.20**
Projected return (%)	
Capital gain	-13.8%
Dividend yield (Net)	3.6%
Total return	**-10.2%**
Rating: UNDERPERFORM	
52-week price range: 5.80-3.61	

	**Property for Industry** PFI's office portfolio is now worth ~$120m and Jarden doesz factor in a softer valuation outlook with a negative valuation movement of $8m factored into their forecasts for office valuation (together with a $20m downwards valuation in the industrial portfolio). PFI will progress to exit the office assets but this will now likely fall into FY21 rather than FY20 with some issues to tidy up across these three assets. The balance sheet is in good shape with gearing under 30% and the combination of $65m development and some valuation softness still not resulting in gearing over 31%. The office divestments (when they come) will provide capacity for PFI to continue to pursue its Auckland industrial focus. 2020 P/E: 23.9 2021 P/E: 24.0	**NZX Code:** **PFI** **Share Price:** **$2.45** **12mth Target:** **$2.26** **Projected return (%)** Capital gain -7.7% Dividend yield (Net) 3.3% **Total return** **-4.4%** **Rating: UNDERPERFORM** 52-week price range: 1.60-2.59
	**Pushpay Holdings** Jarden is taking the opportunity to slim their underweight position on the back on weak price performance across July, post insider sell-down. Looking forward, they expect PPH is well-positioned for further upgrades but equally remain cautious around governance concerns. PPH seems to be fairly priced at around 15% above its intrinsic value, which means if you buy Pushpay Holdings today, you'd be paying a relatively fair price for it. The growth prospects remain robust, in a post-Covid environment. 2021 P/E: 43.2 2022 P/E: 29.0	**NZX Code:** **PPH** **Share Price:** **$7.55** **12mth Target:** **$6.54** **Projected return (%)** Capital gain -15.4% Dividend yield (Net) 0.0% **Total return** **-15.4%** **Rating: OUTPERFORM** 52-week price range9.68-2.36
	**Skellerup Holdings** Target Price has been increased by 26% to $2.55, and upgraded by Jarden to Outperform. While SKL is still an amalgamation of niche rubber-based solutions across industrial and agri markets, with limited opportunity to radically scale any individual application, they like the execution track record over the past five years improving the quality of the underlying end-market exposures and hence delivering solid results at attractive returns. 2020 P/E: 16.7 2021 P/E: 15.6	**NZX Code:** **SKL** **Share Price:** **$2.48** **12mth Target:** **$2.55** **Projected return (%)** Capital gain 2.7% Dividend yield (Net) 5.5% **Total return** **8.2%** **Rating: OUTPERFORM** 52-week price range: 2.52-1.37
	**SkyCity Entertainment Group** Jarden's FY20 norm. EBITDA is now -16% to $195m, FY21 -30% to $179m and FY22 -29% to $248m. Key drivers of their FY21/22 downgrade are a combination of borders restrictions for IB, conservative stance on looming economic recession risks partly offset by a greater focus on optimising members play. The latter is a key driver of the initial post lock-down strength in NZ EGM revenues. The shape of Jarden's earnings recovery is broadly consistent with Australian peers SGR and CWN. Jarden's revised TP upgrade to OUTPERFORM on attractive valuation upside and on the outlook for earnings back to FY19 level by FY23 whilst cycling off heavy capital intensity. 2020 P/E: 26.7 2021 P/E: 39.8	**NZX Code:** **SKC** **Share Price:** **$2.40** **12mth Target:** **$2.85** **Projected return (%)** Capital gain 15.8% Dividend yield (Net) 1.7% **Total return** **17.5%** **Rating: OUTPERFORM** 52-week price range: 4.5-1.14
	**Steel & Tube** As the country entered lockdown, STU essentially lost one month of trading, but regained some sales momentum with June sales only modestly down on expectations. However, with ongoing price competition across the industry (likely compounded by high post-COVID-19 inventory levels) and an outlook of subdued economic activity, Jarden expects softer revenues over the next 12-24 months. 2020 P/E: 160.4 2021 P/E: 31.6	**NZX Code:** **STU** **Share Price:** **$0.56** **12mth Target:** **$0.64** **Projected return (%)** Capital gain 12.5% Dividend yield (Net) 4.6% **Total return** **17.1%** **Rating: NEUTRAL** 52-week price range: 0.96-0.47
	**Trustpower** TPW is New Zealand's fifth-largest electricity generator, with a small number of hydro assets across the country representing c. 8% of normalised renewable generation in NZ – generation relatively evenly split across the North and South Island at 47% and 53%, respectively. The company has had significant growth from the bundled sale of electricity, gas, and telco products, and the easy gains have come to an end for TPW. Jarden's DCF-based target price decreases 2.4% to $5.72/share. 2020 P/E: 37.9 2021 P/E: 54.7	**NZX Code:** **TPW** **Share Price:** **$6.65** **12mth Target:** **$5.72** **Projected return (%)** Capital gain -16.2% Dividend yield (Net) 4.9% **Total return** **-11.3%** **Rating: UNDERPERFORM** 52-week price range: 8.65-4.50
	**Vital Healthcare Property Trust** Key catalysts include a clear strategy that provides investors with greater confidence in earnings growth and value creation. While VHP has been a beneficiary of material cap rate compression in recent years, if conditions stabilise then Jarden still sees some potential for more on the back of very low interest rates and investor attraction in long WALT healthcare assets. Risks include currency risk and deterioration of operating conditions in the Australian private hospital sector. 2020 P/E: 25.2 2021 P/E: 22.3	**NZX Code:** **VHP** **Share Price:** **$2.60** **12mth Target:** **$2.61** **Projected return (%)** Capital gain 0.4% Dividend yield (Net) 3.8% **Total return** **4.2%** **Rating: NEUTRAL** 52-week price range: 2.97-1.90l.nz
	**Z Energy** With 53% share of the industry infrastructure and 43% retail share, Jarden believes that ZEL will emerge from FY21 on a steadier track on track to deliver FY22 EBITDA of $348m and a dividend of 29c, a 10.3% cash yield. ZEL is getting comfortable delivering lower margins with a clear line of site on lower costs. The company has used the benefits from its cost out program, previously accrued to valuation, to return its retail offering to a more sustainable footing. 2021 P/E: 55.3 2022 P/E: 13.1	**NZX Code:** **ZEL** **Share Price:** **$2.79** **12mth Target:** ↓ **$3.93** **Projected return (%)** Capital gain 29.0% Dividend yield (Net) 3.1% **Total return** **32.1%** **Rating: OUTPERFORM** 52-week price range: 6.85-2.50

NZ LISTED COMPANIES 3rd August 2020		Recom	Mrkt Cap	Price 03-Aug-20	Target Price	Price Earnings (x)		Net Yield (%)	
Source: Jarden, CS Group Estimates	Ticker		(NZ$m)	(NZ$)	(NZ$)	FY20	FY21	FY20	FY21
COMMUNICATION SERVICES									
Chorus	CNU	N	3,289	7.40	6.40	62.1	53.6	3.2%	3.4%
NZME	NZM	O	48	0.25	0.40	4.7	3.7	0.0%	0.0%
Sky Network Television	SKT	N	222	0.13	0.16	10.5	22.8	0.0%	0.0%
Spark NZ	SPK	N	9,075	4.94	4.05	22.3	21	5.1%	5.1%
CONSUMER DISCRETIONARY									
Kathmandu	KMD	O	787	1.11	1.55	15.6	15	0.0%	0.0%
Michael Hill International	MHJ	O	117	0.33	0.96	4.4	4	8.3%	13.2%
Restaurant Brands New Zealand	RBD	U	1,485	11.90	10.75	27	22.1	0.0%	0.0%
SKYCITY Entertainment Group	SKC	O	1,824	2.40	2.85	26.3	39.1	4.2%	1.7%
The Warehouse Group	WHS	N	721	2.08	2.00	9.6	10.5	8.3%	7.6%
Tourism Holdings	THL	O	275	1.86	3.79	11.4	7.9	11.4%	12.9%
Turners Automotive	TRA	N	195	2.28	2.26	8.5	12.3	6.1%	5.3%
CONSUMER STAPLES									
Comvita Limited	CVT	N	205	2.94	3.05	20.2	13.6	0.0%	0.0%
Delegat Group	DGL	N	1,315	13.00	13.10	21.6	20.5	1.6%	1.7%
Fonterra Shareholders' Fund	FSF	N	401	3.82	3.97	15.1	11.9	3.4%	4.2%
New Zealand King Salmon	NZK	U	252	1.81	1.60	20.5	22.6	2.5%	2.3%
PGG Wrightson	PGW	U	208	2.76	2.10	21.4	18.5	4.0%	4.6%
Sanford	SAN	O	607	6.49	7.98	17.5	13.7	2.3%	3.5%
Scales Corporation	SCL	N	701	4.93	4.90	20.1	19.2	4.2%	4.4%
Seeka	SEK	N	125	3.88	4.15	20.2	17	6.2%	6.2%
Synlait Milk	SML	O	1,228	6.85	7.70	15.9	12.5	0.0%	0.0%
The a2 Milk Company	ATM	N	15,388	20.80	17.65	39	32.7	0.0%	1.0%
ENERGY									
NZ Refining	NZR	O	222	0.71	1.71	-4	-9.1	0.0%	0.0%
Z Energy	ZEL	O	1,451	2.79	3.93	25.4	57.1	5.9%	0.0%
FINANCIALS									
Heartland Group Holdings	HGH	N	755	1.30	1.35	11.6	16.5	4.7%	3.0%
NZX	NZX	N	402	1.45	1.37	23.3	22.4	4.3%	4.4%
HEALTH CARE SERVICES									
AFT Pharmaceuticals	AFT	N	474	5	4	83.9	37.1	0.0%	0.0%
Ebos Group	EBO	N	3,279	22	22	19.4	17.8	3.7%	4.0%
Fisher & Paykel Healthcare	FPH	U	20,725	36	25	72	56.9	0.8%	1.1%
HEALTH CARE PROVIDERS									
Arvida	ARV	N	868	1.60	1.35	15.7	21.5	3.6%	3.1%
Oceania Healthcare	OCA	N	621	1.01	1.08	14.4	14.4	3.4%	3.5%
Ryman Healthcare	RYM	U	6,600	13.20	10.00	27.3	27.8	1.8%	1.8%
Summerset Group Holdings	SUM	O	1,774	7.78	7.30	23.8	18.5	1.3%	1.6%
INDUSTRIALS									
Metro Performance Glass	MPG	O	40	0.22	0.38	3.7	7	0.0%	0.0%
Skellerup Holdings	SKL	O	483	2.48	2.55	16.9	15.8	5.1%	5.4%
TRANSPORTATION & LOGISTICS									
Air New Zealand	AIR	U	1,482	1.32	0.85	-17.9	-7.1	0.0%	0.0%
Auckland Airport	AIA	U	9,358	6.36	5.75	46	n.m.	0.0%	0.0%
Freightways	FRE	N	1,150	6.95	8.20	18.5	14.7	4.5%	5.6%
Mainfreight	MFT	N	4,713	46.80	45.00	30.2	29.1	1.3%	1.3%
Port of Tauranga	POT	U	5,183	7.62	5.47	54.2	47	2.1%	2.2%
INFORMATION TECHNOLOGY									
EROAD	ERD	O	242	3.55	4.39	n.m.	32.7	0.0%	0.0%
Gentrack Group	GTK	N	119	1.21	1.61	-30.3	38.5	0.0%	2.2%
Pushpay	PPH	O	1,378	7.55	6.54	84.8	44.4	0.0%	0.0%
Serko	SKO	O	318	3.43	4.45	-38.3	-18.4	0.0%	0.0%
Vista Group International	VGL	N	293	1.28	2.04	-7.7	28.6	0.0%	0.0%
CONSTRUCTION & MATERIALS									
Fletcher Building	FBU	N	2,786	3.38	3.78	22.4	23.8	0.0%	3.0%
Steel & Tube	STU	N	93	0.56	0.64	n.m.	30.5	0.0%	4.5%
REAL ESTATE									
Asset Plus	APL	N	61	0.38	0.43	12	13.5	7.2%	4.8%
Argosy Property	ARG	N	1,042	1.26	1.25	17.4	18.7	5.1%	5.1%
Goodman Property Trust	GMT	U	3,102	2.23	1.94	33.1	32.7	3.0%	2.4%
Investore Property	IPL	N	725	1.97	1.83	25.7	25.9	3.9%	3.9%
Kiwi Property Group	KPG	O	1,664	1.06	1.19	14.8	16.9	3.3%	5.3%
Precinct Properties NZ	PCT	N	2,233	1.70	1.73	27.3	26.6	3.7%	3.8%
Property for Industry	PFI	U	1,222	2.45	2.26	24.7	24.8	3.1%	3.2%
Stride Property Group	SPG	N	712	1.95	2.06	18.9	21.2	5.1%	5.1%
Vital Healthcare Property Trust	VHP	N	1,180	2.60	2.61	25.7	22.8	3.4%	3.7%
UTILITIES									
Contact Energy	CEN	O	4,201	5.85	7.34	34.9	32.9	6.7%	6.2%
Genesis Energy	GNE	N	3,019	2.91	3.03	n.m.	41.5	5.9%	5.9%
Infratil	IFT	O	3,477	4.81	5.36	23.7	n.m.	3.6%	3.6%
Mercury NZ	MCY	U	6,321	4.64	4.34	40.4	42.8	3.4%	3.4%
Meridian Energy	MEL	U	12,249	4.78	4.20	38.6	55.7	4.4%	3.6%
TILT Renewables	TLT	N	1,278	3.65	3.33	3.3	n.m.	0.0%	0.0%
TrustPower	TPW	U	2,081	6.65	5.72	27.6	25.1	4.9%	4.9%
Vector	VCT	U	3,840	3.84	3.21	30.7	32.8	4.4%	4.4%
MARKET AVERAGE*						**20.6**	**22.1**	**2.9%**	**3.1%**

**PE ratios exclude: AFT, AIA, AIR, ERD, FPH, GTK, IFT, STU* **Net Yields exclude*

NEW ZEALAND EQUITIES - *GROSS DIVIDEND YIELDS*

AS AT 31-JULY-2020

COMPANY	RATING	PRICE (NZ$)	GROSS DIVIDEND YIELD				DIVIDEND COVER				NET DEBT/ EQUITY
			FY-1	FY0	FY1	FY2	FY-1	FY0	FY1	FY2	CURRENT
The Warehouse Group	N	$2.07	11.4%	11.6%	10.7%	11.1%	1.3	1.2	1.2	1.3	19.0%
Michael Hill	O	$0.34	17.3%	10.8%	17.4%	25.3%	1.5	2.8	1.9	1.4	18.4%
Seeka	N	$3.91	8.5%	8.5%	8.5%	7.7%	0.7	0.8	0.9	1.4	67.1%
Contact Energy	O	$5.84	8.4%	8.3%	7.8%	6.5%	0.6	0.4	0.5	0.3	42.6%
Kiwi Property Group	O	$1.07	4.9%	7.9%	9.4%	10.0%	2.0	1.1	1.1	1.1	52.4%
Stride	N	$1.95	7.6%	7.6%	7.6%	7.7%	1.0	0.9	1.0	1.1	13.1%
Asset Plus	N	$0.36	11.2%	7.5%	7.5%	12.0%	1.2	1.5	1.3	1.1	58.1%
Argosy Property	N	$1.27	7.5%	7.5%	7.5%	7.5%	1.1	1.1	1.1	1.1	60.6%
Turners	N	$2.27	8.6%	7.4%	9.1%	9.2%	1.9	1.5	1.5	1.5	139.6%
Genesis Energy	N	$2.91	7.7%	7.2%	7.0%	7.7%	0.4	0.1	0.4	0.6	63.5%
Trustpower	U	$6.62	6.8%	6.8%	7.3%	7.5%	0.7	0.8	0.8	0.7	57.4%
Spark	N	$4.93	6.6%	6.6%	7.0%	6.9%	0.9	0.9	0.9	1.1	96.8%
Skellerup	O	$2.44	6.6%	6.4%	6.8%	7.2%	1.2	1.1	1.2	1.2	18.4%
Heartland Group	N	$1.31	10.6%	6.4%	4.2%	8.9%	1.3	1.9	2.0	1.3	610.9%
Freightways	N	$7.01	6.0%	6.2%	7.7%	8.1%	1.3	1.2	1.2	1.2	77.6%
NZX	N	$1.46	5.9%	6.0%	6.1%	6.5%	0.9	1.0	1.0	1.1	11.9%
Vector	U	$3.89	5.9%	6.0%	6.1%	6.2%	0.7	0.7	0.7	0.7	132.6%
Investore Property	N	$1.99	5.7%	5.7%	5.9%	6.3%	1.0	1.0	1.1	1.1	43.3%
Sky City	O	$2.49	11.2%	5.6%	2.2%	4.5%	1.3	0.9	1.5	1.5	35.1%
Scales Corporation	N	$5.25	5.0%	5.5%	5.8%	6.4%	1.3	1.2	1.2	1.2	-28.4%
Precinct Properties	N	$1.72	5.2%	5.5%	5.6%	6.0%	1.1	1.0	1.0	1.0	45.4%
Meridian Energy	U	$4.86	5.5%	5.5%	4.3%	4.3%	0.6	0.6	0.5	0.3	26.9%
PGG Wrightson	U	$2.81	7.4%	5.4%	6.3%	7.2%	0.6	1.2	1.2	1.2	13.6%
Vital Healthcare	N	$2.62	5.0%	5.0%	5.5%	5.8%	1.1	1.2	1.2	1.2	70.7%
Property For Industry	U	$2.46	4.6%	4.6%	4.8%	5.4%	1.1	1.3	1.2	1.2	42.1%
Mercury	U	$4.67	4.6%	4.5%	4.2%	4.2%	0.8	0.7	0.7	0.6	31.2%
Chorus	N	$7.46	4.3%	4.5%	4.7%	6.9%	0.5	0.5	0.6	0.3	245.3%
Infratil	O	$4.83	3.9%	3.8%	4.0%	4.2%	1.2	0.1	0.7	0.6	150.1%
Ebos	N	$21.80	3.5%	3.7%	4.0%	4.3%	1.4	1.4	1.4	1.4	29.1%
Goodman Property	U	$2.22	4.5%	3.6%	3.9%	4.2%	1.0	1.3	1.2	1.2	28.3%
New Zealand King Salmon	U	$1.83	3.8%	3.5%	3.2%	4.2%	1.9	1.9	1.9	1.5	19.1%
Oceania Healthcare	N	$1.01	3.4%	3.5%	4.3%	5.9%	2.0	2.0	2.0	2.0	60.9%
Fonterra	N	$3.82	0.0%	3.4%	4.2%	5.0%	0.0	1.9	2.0	2.0	86.7%
Sanford	O	$6.50	4.9%	3.2%	4.9%	4.9%	1.8	2.5	2.1	2.2	20.3%
Arvida	N	$1.60	3.6%	3.1%	3.6%	3.9%	1.8	1.5	1.7	2.1	52.0%
Port of Tauranga	U	$7.70	3.3%	2.9%	3.1%	3.4%	0.8	0.9	1.0	1.0	42.0%
Delegat's Group	N	$13.00	1.8%	2.2%	2.3%	3.0%	3.0	2.9	2.9	2.5	66.2%
Mainfreight	N	$46.90	1.8%	1.8%	2.3%	2.6%	2.5	2.6	2.4	2.4	8.2%
Ryman Healthcare	U	$13.30	1.8%	1.8%	2.0%	2.3%	2.0	2.0	2.0	2.0	86.8%
Tower	O	$0.60	0.0%	1.8%	6.7%	7.1%		5.3	1.8	1.8	-29.5%
Fisher & Paykel Healthcare	U	$36.00	1.1%	1.6%	1.7%	2.1%	1.8	1.5	1.5	1.4	-4.0%
Summerset	O	$7.85	1.8%	1.2%	1.6%	2.0%	3.4	3.3	3.3	3.3	72.6%
AFT Pharmaceuticals	N	$4.60	0.0%	0.0%	0.0%	4.0%	0.0	0.0	0.0	1.7	142.4%
Auckland Airport	U	$6.38	4.8%	0.0%	0.0%	0.9%	1.0	0.0	0.0	1.0	17.7%
Air New Zealand	U	$1.34	22.8%	0.0%	0.0%	0.0%	1.1	0.0	0.0	0.0	173.6%
a2 Milk	N	$20.84	0.0%	0.0%	1.0%	1.0%	0.0	0.0	3.2	3.7	-68.9%
Comvita	N	$2.97	2.8%	0.0%	0.0%	4.6%	-2.7	0.0	0.0	2.8	7.2%
Eroad	O	$3.40	0.0%	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0	55.8%
Fletcher Building	N	$3.38	6.8%	0.0%	4.1%	5.8%	1.8	0.0	1.4	1.4	15.4%
Gentrack	N	$1.28	8.7%	0.0%	2.9%	4.7%	1.3	0.0	1.2	1.2	-4.2%
Kathmandu	O	$1.14	18.1%	0.0%	0.0%	8.1%	1.6	0.0	0.0	1.4	5.4%
Metro Performance Glass	O	$0.21	0.0%	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0	64.9%
NZME	O	$0.25	0.0%	0.0%	0.0%	17.0%	0.0	0.0	0.0	2.4	47.6%
New Zealand Refining Company	O	$0.71	3.9%	0.0%	0.0%	36.7%	0.7	0.0	0.0	0.6	42.8%
Pushpay	O	$7.94	0.0%	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0	6.6%
Restaurant Brands	U	$11.95	0.0%	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0	56.7%
Serko	O	$3.52	0.0%	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0	-39.1%
Sky Network Television	N	$0.13	86.1%	0.0%	0.0%	0.0%	3.1	0.0	0.0	0.0	5.1%
Synlait	O	$6.90	0.0%	0.0%	0.0%	12.5%	0.0	0.0	0.0	1.0	88.8%
Steel and Tube	N	$0.56	12.4%	0.0%	5.2%	8.3%	1.3	0.0	0.7	1.3	0.5%
Tilt	N	$3.65	0.0%	0.0%	3.2%	3.8%	0.0	0.0	-0.2	-0.1	38.7%
Vista Group	N	$1.28	3.1%	0.0%	0.0%	0.0%	1.9	0.0	0.0	0.0	-12.3%
Z Energy	O	$2.82	8.1%	0.0%	14.1%	15.2%	0.7	0.0	0.7	0.8	74.8%
MEDIAN			**4.9%**	**3.5%**	**4.2%**	**5.8%**	**1.1**	**0.9**	**1.0**	**1.2**	**42.6%**

Source: Jarden, CS Group Estimates

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

Australian Forecasts 3-August-2020 Source: CSFB estimates	Ticker	Market Cap (A$m)	Price 03-Aug-20 (A$)	Target Price (A$)	Price Earnings (x) FY20	Price Earnings (x) FY21	Net Yield (%) FY20	Net Yield (%) FY21
COMMUNICATION SERVICES								
carsales.com.au	CAR	4,534	18.46	16.60	38.7	32.8	2.2%	2.3%
Nine Entertainment	NEC	2,294	1.35	2.00	16.3	15.0	5.2%	5.9%
REA Group	REA	14,396	109.30	110.30	54.2	44.4	1.1%	1.2%
Seek	SEK	7,477	21.18	24.00	82.3	65.2	0.6%	1.4%
Telstra Corporation	TLS	40,437	3.40	4.10	19.8	18.6	4.7%	4.7%
TPG Telecom	TPG	14,763	7.94	7.35	51.8	28.0	1.3%	2.6%
CONSUMER DISCRETIONARY								
Aristocrat Leisure	ALL	16,474	25.80	28.00	38.3	21.9	0.0%	0.9%
Crown	CWN	5,905	8.72	10.80	43.0	47.9	3.4%	0.0%
Domino's Pizza Enterprises	DMP	6,411	74.34	51.86	41.8	36.8	1.7%	1.9%
Flight Centre	FLT	1,968	9.89	13.61	-5.2	191.6	0.0%	0.0%
JB Hi-Fi	JBH	5,126	44.62	34.52	16.1	20.5	3.8%	3.2%
Star Entertainment Group	SGR	2,302	2.51	3.40	18.3	26.3	4.2%	0.0%
Tabcorp Holdings	TAH	7,113	3.50	3.65	24.3	24.8	3.1%	1.7%
Wesfarmers	WES	52,043	45.90	38.25	26.1	27.4	3.5%	3.5%
CONSUMER STAPLES								
Coca-Cola Amatil	CCL	5,886	8.13	9.00	20.9	20.8	3.8%	3.8%
Coles Group	COL	24,624	18.46	18.70	25.6	23.3	3.3%	3.5%
Treasury Wine	TWE	7,741	10.74	10.45	24.4	24.0	2.6%	1.9%
Woolworths	WOW	49,311	39.04	37.18	29.9	26.3	2.4%	2.8%
ENERGY								
Ampol	ALD	6,877	27.54	21.88	26.8	14.6	2.3%	4.2%
Beach Energy	BPT	3,251	1.43	1.80	7.3	9.0	1.4%	1.4%
Oil Search	OSH	6,088	2.93	3.20	42.9	14.0	0.9%	3.2%
Origin Energy	ORG	9,757	5.54	5.70	9.3	22.0	5.3%	3.8%
Santos	STO	11,061	5.31	6.58	26.7	15.5	1.4%	1.9%
Woodside Petroleum	WPL	19,135	20.05	25.24	37.6	24.3	2.1%	3.3%
WorleyParsons	WOR	4,070	7.82	11.30	12.1	11.2	5.0%	4.3%
FINANCIALS								
AMP	AMP	5,035	1.47	1.95	13.0	13.5	0.0%	2.7%
ASX	ASX	16,161	83.48	73.00	32.2	34.0	2.8%	2.6%
Challenger	CGF	2,939	4.35	5.50	8.9	10.5	4.0%	5.5%
Macquarie Group	MQG	44,083	121.99	107.50	15.7	19.3	3.5%	2.9%
Magellan Financial Group	MFG	11,185	61.36	55.00	25.2	25.5	3.6%	3.5%
COMMERCIAL BANKS								
ANZ Banking Group	ANZ	48,839	17.22	26.20	14.7	11.1	2.2%	4.9%
Bank of Queensland	BOQ	2,622	5.77	5.50	11.1	12.6	0.0%	5.9%
Bendigo and Adelaide Bank	BEN	3,477	6.56	7.00	12.4	15.5	4.7%	5.7%
Commonwealth Bank Aust	CBA	123,793	69.93	74.80	17.6	18.3	4.0%	2.8%
National Australia Bank	NAB	55,730	16.94	21.30	16.4	12.1	3.5%	4.4%
Westpac	WBC	59,557	16.49	20.60	16.1	11.0	2.2%	4.5%
INSURANCE								
Medibank Private	MPL	7,821	2.84	3.00	21.4	20.0	3.7%	4.1%
Insurance Australia Group	IAG	11,786	5.10	6.25	26.7	15.9	2.0%	4.9%
NIB Holdings	NHF	2,051	4.49	4.90	20.2	15.9	3.1%	3.7%
QBE Insurance Group	QBE	14,722	10.02	12.00	-18.7	14.3	0.0%	4.9%
Suncorp Group	SUN	10,864	8.49	8.75	14.3	14.2	4.1%	5.2%
HEALTH CARE SERVICES								
CSL	CSL	125,840	277.15	323.00	41.1	37.5	1.1%	1.2%
Cochlear	COH	13,065	198.89	192.00	65.5	65.3	0.8%	0.9%
Ansell Limited	ANN	5,018	39.04	36.50	22.8	20.6	1.9%	2.2%
ResMed Inc.	RMD	51,111	28.51	27.50	44.9	45.1	0.8%	0.8%
HEALTH CARE PROVIDERS								
Ramsay Health Care	RHC	14,339	62.65	68.80	45.8	33.7	1.0%	1.2%
Sonic Healthcare	SHL	15,454	32.50	33.50	29.6	23.9	2.1%	3.0%

	Ticker	Market Cap (A$m)	Price 03-Aug-20 (A$)	Target Price (A$)	Price Earnings (x) FY20	Price Earnings (x) FY21	Net Yield (%) FY20	Net Yield (%) FY21
INDUSTRIALS								
ALS	ALQ	4,076	8.45	8.00	21.7	22.9	2.1%	2.7%
Brambles	BXB	16,450	10.93	12.50	21.2	16.9	3.1%	3.6%
CIMIC Group	CIM	6,673	21.02	34.00	9.6	9.0	3.7%	7.2%
Cleanaway Waste Manageme	CWY	4,355	2.12	2.30	29.0	23.8	1.9%	2.3%
Downer EDI	DOW	2,767	4.05	4.70	16.8	13.5	3.5%	4.8%
Reliance Worldwide	RWC	2,046	2.59	3.25	16.6	16.6	2.7%	2.5%
TRANSPORTATION & LOGISTICS								
Atlas Arteria	ALX	6,416	6.69	6.90	69.0	28.7	0.0%	3.7%
Aurizon	AZJ	8,539	4.46	5.55	16.5	15.4	6.1%	6.5%
Qantas	QAN	5,963	3.20	3.00	-3.0	127.6	4.2%	0.0%
Qube Holdings	QUB	5,123	2.72	3.50	37.3	36.5	2.5%	2.5%
Sydney Airport	SYD	11,728	5.19	4.50	-65.7	n.m.	0.0%	3.4%
Transurban	TCL	38,100	13.93	11.70	n.m.	n.m.	3.1%	2.5%
INFORMATION TECHNOLOGY								
Computershare	CPU	7,275	13.45	13.90	16.2	17.5	3.0%	2.8%
Link Administration Holdings	LNK	2,089	3.94	5.90	14.1	13.5	3.3%	3.6%
NEXTDC	NXT	5,288	11.62	11.35	n.m.	n.m.	0.0%	0.0%
WiseTech Global	WTC	6,902	21.32	23.60	106.7	77.0	0.2%	0.2%
Xero	XRO	13,042	91.75	88.00	n.m.	n.m.	0.0%	0.0%
MATERIALS								
Amcor	AMC	23,507	14.49	15.65	15.1	14.6	4.7%	5.1%
Boral	BLD	4,388	3.58	3.50	19.0	28.0	2.7%	0.0%
Incitec Pivot	IPL	3,651	1.88	3.20	16.8	12.8	1.9%	4.1%
James Hardie Industries plc	JHX	12,878	29.06	30.90	24.9	23.1	0.6%	0.0%
Orora	ORA	2,259	2.34	2.65	21.8	15.9	20.4%	4.7%
METALS & MINING								
Alumina	AWC	4,406	1.53	2.00	22.8	23.3	4.4%	5.2%
BHP Group	BHP	174,142	37.34	37.00	13.3	21.3	4.2%	2.4%
BlueScope Steel	BSL	5,705	11.35	12.80	16.9	22.6	1.2%	1.2%
Evolution Mining	EVN	10,346	6.07	6.00	25.9	20.5	2.8%	2.4%
Fortescue Metals Group	FMG	55,021	17.87	12.50	7.6	10.4	8.3%	6.3%
Iluka Resources	ILU	3,889	9.20	10.00	20.5	11.2	1.2%	3.2%
Newcrest Mining	NCM	29,093	35.65	35.30	27.3	20.9	0.7%	0.6%
Northern Star Resources	NST	11,756	15.87	16.00	33.1	14.3	1.1%	2.2%
OZ Minerals	OZL	4,504	13.87	9.00	34.9	38.3	1.7%	1.7%
South 32	S32	9,886	2.04	2.50	34.4	25.5	1.9%	1.6%
REAL ESTATE								
Charter Hall Group	CHC	4,905	10.53	9.17	15.9	21.7	3.4%	3.5%
Dexus	DXS	9,297	8.52	10.37	15.1	14.5	5.9%	6.1%
Goodman Group	GMG	30,973	16.94	14.76	29.3	27.3	1.8%	1.9%
GPT Group	GPT	7,500	3.85	4.56	14.1	13.2	6.0%	6.5%
Lend Lease	LLC	7,571	11.00	13.38	-24.4	13.5	3.3%	3.7%
Mirvac Group	MGR	8,262	2.10	2.61	14.7	15.3	4.3%	4.7%
Scentre Group	SCG	9,991	1.93	3.02	9.2	9.0	7.1%	8.2%
Stockland Group	SGP	7,630	3.20	3.56	11.1	11.7	7.5%	7.3%
Vicinity Centres	VCX	5,753	1.27	1.82	9.0	10.6	6.1%	7.9%
UTILITIES								
AGL Energy	AGL	10,394	16.68	13.70	13.0	14.8	5.8%	5.1%
APA Group	APA	13,203	11.19	10.70	40.3	34.8	4.5%	4.6%
AusNet Services	AST	6,699	1.79	1.85	22.6	25.8	5.7%	5.0%
Spark Infrastructure Group	SKI	3,908	2.27	2.40	51.5	138.7	6.2%	5.3%
**PE ratios exclude: XRO *Net Yields exclude: ORA*								
Market Average					**23.1**	**26.0**	**2.8%**	**3.2%**

COMPANY	RATING	PRICE (AU$)	DIVIDEND YIELD				DIVIDEND COVER				NET DEBT/ EQUITY[1]
			FY-1	FY0	FY1	FY2	FY-1	FY0	FY1	FY2	CURRENT
Orora	N	$2.33	5.6%	20.5%	4.7%	4.8%	1.4	0.2	1.3	1.4	0.7%
Fortescue Metals Group Ltd	N	$17.55	6.5%	8.2%	6.1%	4.3%	1.2	1.5	1.5	1.5	6.0%
Stockland Group	O	$3.22	8.6%	7.5%	7.2%	7.8%	1.1	1.2	1.2	1.2	44.2%
Scentre Group	O	$2.02	11.2%	6.7%	7.9%	8.6%	1.1	1.5	1.3	1.2	61.0%
Spark Infrastructure Group	O	$2.30	6.5%	6.1%	5.2%	5.2%	0.4	0.3	0.1	0.1	-1.6%
Aurizon	O	$4.55	5.2%	6.0%	6.4%	6.8%	1.0	1.0	1.0	1.0	74.8%
Vicinity Centres	O	$1.31	12.1%	5.9%	7.7%	7.9%	1.1	1.8	1.2	1.2	33.9%
GPT Group	O	$3.93	6.7%	5.9%	6.4%	6.7%	1.1	1.2	1.2	1.2	35.7%
Dexus	O	$8.62	5.8%	5.8%	6.1%	6.2%	1.1	1.1	1.1	1.1	34.8%
AGL Energy	U	$16.93	7.0%	5.7%	5.0%	3.7%	1.3	1.3	1.3	1.3	37.6%
AusNet Services	N	$1.79	5.7%	5.0%	5.2%		0.8	0.8	0.7		313.3%
Nine Entertainment	O	$1.42	7.1%	4.9%	5.7%	6.4%	1.2	1.2	1.1	1.2	26.0%
Telstra Corporation	O	$3.38	4.7%	4.7%	4.7%	4.7%	1.1	1.1	1.1	1.0	137.1%
Origin Energy	N	$5.63	4.4%	4.7%	3.9%	4.6%	2.3	2.3	1.1	1.2	35.6%
WorleyParsons	O	$8.54	3.2%	4.5%	3.9%	4.8%	2.1	1.7	2.1	2.0	33.0%
APA Group	N	$11.12	4.2%	4.5%	4.7%	4.9%	0.5	0.6	0.6	0.7	299.3%
Bendigo and Adelaide Bank	N	$7.01	10.0%	4.4%	5.3%	3.6%	1.1	1.7	1.1	1.9	-40.3%
Amcor	N	$14.81	4.3%	4.4%	4.8%	5.2%	1.4	1.4	1.4	1.4	106.2%
Mirvac Group	O	$2.10	5.5%	4.3%	4.7%	5.0%	1.3	1.6	1.4	1.4	35.5%
Alumina Limited	O	$1.59	7.0%	4.1%	4.8%	7.3%	1.4	1.0	0.8	1.1	1.5%
Star Entertainment Group	N	$2.61	7.9%	4.0%	0.0%	4.2%	1.2	1.3		1.5	37.1%
Qantas	U	$3.36	7.4%	4.0%	0.0%	0.0%	2.2	-7.9			168.7%
Suncorp Group Limited	U	$8.75	8.9%	4.0%	5.0%	5.5%	0.2	1.7	1.4	1.4	59.9%
Rio Tinto	U	$104.50	5.9%	4.0%	3.6%	2.9%	1.4	1.8	1.7	1.7	7.7%
BHP Group Limited	N	$37.83	4.0%	4.0%	2.3%	2.1%	1.7	1.7	2.0	2.0	23.8%
Challenger Limited	N	$4.49	7.9%	3.9%	5.3%	5.6%	1.6	2.8	1.7	1.8	-4.4%
Commonwealth Bank Australia	N	$73.22	5.9%	3.8%	2.7%	3.8%	1.1	1.4	2.0	1.5	-54.0%
JB Hi-Fi	U	$45.59	3.1%	3.7%	3.2%	3.4%	1.5	1.6	1.5	1.5	89.1%
Coca-Cola Amatil	N	$8.43	6.0%	3.7%	3.7%	4.5%	1.1	1.3	1.3	1.3	77.3%
Medibank Private Limited	O	$2.90	5.4%	3.6%	4.0%	4.2%	1.0	1.3	1.2	1.2	-25.9%
CIMIC Group Limited	O	$21.74	3.3%	3.6%	7.0%	7.1%	3.5	2.8	1.5	1.5	88.0%
Magellan Financial Group	N	$62.50	3.0%	3.5%	3.5%	4.0%	1.1	1.1	1.1	1.1	-45.7%
Charter Hall Group	O	$10.50	3.2%	3.4%	3.5%	3.5%	1.4	1.9	1.3	1.4	8.6%
Wesfarmers	N	$47.12	3.8%	3.4%	3.4%	3.5%	1.0	1.1	1.0	1.1	97.3%
Crown	O	$9.00	6.7%	3.3%	0.0%	6.7%	0.9	0.7		0.8	19.2%
National Australia Bank	O	$18.12	9.2%	3.3%	4.1%	6.1%	1.1	1.7	1.9	1.4	-94.6%
Downer EDI	O	$4.27	6.6%	3.3%	4.5%	5.3%	1.6	1.7	1.5	1.6	84.7%
Coles Group Limited	N	$18.46	1.3%	3.3%	3.5%	3.6%	3.1	1.2	1.2	1.2	349.6%
Link Administration Holdings Limite	O	$4.13	5.0%	3.2%	3.4%	4.5%	1.8	2.1	2.1	2.1	33.5%
Tabcorp Holdings	N	$3.50	6.3%	3.1%	1.7%	4.9%	0.9	1.3	2.4	0.9	44.5%
Lend Lease	O	$11.46	3.7%	3.1%	3.6%	5.0%	2.0	-1.3	2.0	2.0	30.9%
NIB Holdings Limited	N	$4.56	5.0%	3.1%	3.7%	4.5%	1.6	1.6	1.7	1.6	-0.5%
Transurban	U	$14.09	4.2%	3.1%	2.5%	3.3%	0.1	0.1	0.1	0.4	186.8%
Macquarie Group	N	$126.00	3.4%	2.9%	4.3%	4.6%	1.8	1.8	1.4	1.4	0.0%
Evolution Mining Limited	N	$5.94	1.6%	2.8%	2.4%	2.3%	1.3	1.4	2.1	1.6	8.5%
ASX	U	$84.51	2.7%	2.8%	2.6%	2.7%	1.1	1.1	1.1	1.1	-9.4%
Computershare	N	$13.71	3.1%	2.8%	2.5%	2.7%	2.3	2.0	2.0	2.0	101.7%
Brambles	O	$10.75	2.6%	2.7%	3.2%	3.0%	1.6	1.6	1.6	1.8	73.2%
Orica	N	$17.49	3.1%	2.5%	3.8%	4.3%	1.8	1.9	1.5	1.5	48.2%
Reliance Worldwide	O	$2.75	3.3%	2.5%	2.4%	2.7%	2.1	2.2	2.4	2.3	23.3%
ALS Ltd	O	$8.83	2.0%	2.5%	2.9%	3.1%	2.2	1.6	1.6	1.6	74.6%
Boral	N	$3.75	7.1%	2.5%	0.0%	2.8%	1.6	2.0		2.0	43.6%
Treasury Wine	N	$11.17	3.4%	2.5%	1.8%	3.3%	1.5	1.6	2.2	1.6	41.3%
Qube Holdings Limited	O	$2.78	2.4%	2.4%	2.4%	2.4%	1.1	1.1	1.1	1.4	34.9%
Woolworths	N	$39.32	2.6%	2.4%	2.8%	3.0%	1.3	1.4	1.4	1.4	188.4%
Ampol Limited	N	$27.24	3.0%	2.3%	4.2%	4.4%	1.7	1.6	1.6	1.7	70.5%
Sonic Healthcare	O	$32.68	2.6%	2.1%	3.0%	3.1%	1.4	1.6	1.4	1.4	39.3%
carsales.com.au	N	$19.11	2.4%	2.1%	2.3%	2.9%	1.2	1.2	1.3	1.2	119.0%
Westpac	O	$17.67	9.8%	2.1%	4.2%	6.6%	1.1	2.8	2.0	1.5	-6.8%
ANZ Banking Group	O	$18.36	8.7%	2.0%	4.6%	6.7%	1.4	3.1	1.8	1.4	-229.4%
Woodside Petroleum	O	$20.43	6.2%	2.0%	3.1%	5.1%	1.3	1.3	1.3	1.3	11.3%
Insurance Australia Group	O	$5.14	6.2%	1.9%	4.9%	5.4%	1.4	1.9	1.3	1.3	29.1%
Incitec Pivot	O	$1.89	2.5%	1.9%	4.0%	5.2%	2.0	3.1	1.9	1.9	28.7%
Cleanaway Waste Management	N	$2.20	1.6%	1.8%	2.2%	2.5%	1.9	1.8	1.8	1.8	39.8%
Goodman Group	N	$17.01	1.8%	1.8%	1.9%	2.0%	1.7	1.9	1.9	1.9	13.0%
South 32	O	$2.17	6.2%	1.7%	1.4%	1.0%	2.0	1.5	2.5	2.5	-2.7%
Ansell Limited	O	$39.18	1.7%	1.7%	2.0%	2.1%	2.3	2.3	2.3	2.3	13.5%
Domino's Pizza Enterprises	U	$74.23	1.6%	1.7%	1.9%	2.0%	1.4	1.4	1.4	1.4	311.1%
OZ Minerals	U	$13.86	1.7%	1.7%	1.7%	1.7%	2.3	1.7	1.6	2.7	2.1%
Santos Ltd	O	$5.43	2.8%	1.4%	1.8%	2.9%	3.1	2.5	3.4	3.5	46.4%
Beach Energy	O	$1.46	1.4%	1.4%	1.4%	1.4%	12.3	9.7	7.9	9.5	-1.8%
TPG Telecom	U	$8.19	0.0%	1.2%	2.6%	3.9%		1.5	1.4	1.2	49.7%
TPG Telecom	U	$8.19	0.0%	1.2%	2.6%	3.9%		1.5	1.4	1.2	49.7%
BlueScope Steel	O	$11.70	1.2%	1.2%	1.2%	1.2%	12.7	4.8	3.6	9.4	-1.4%
Iluka Resources	O	$9.39	1.4%	1.2%	3.1%	3.4%	5.1	4.1	2.8	2.4	-16.0%
Northern Star Resources Ltd	N	$15.66	0.9%	1.1%	2.3%	2.2%	1.8	2.8	3.1	2.9	6.2%
REA Group	N	$110.56	1.1%	1.1%	1.2%	1.5%	1.9	1.7	1.8	1.8	6.4%
CSL Ltd	O	$274.45	0.9%	1.1%	1.2%	1.3%	2.3	2.2	2.2	2.2	75.4%
Ramsay Health Care	O	$63.22	2.4%	1.0%	1.2%	2.4%	1.9	2.2	2.4	1.8	201.3%
Oil Search	N	$3.02	4.3%	0.9%	3.0%	4.0%	2.2	2.4	2.2	2.2	46.7%
Cochlear	N	$193.21	1.7%	0.8%	0.9%	1.8%	1.4	1.9	1.7	1.4	-22.4%
ResMed Inc.	N	$28.50	0.7%	0.8%	0.8%	0.8%	2.1	2.7	2.7	2.9	41.5%
Newcrest Mining	N	$35.75	0.9%	0.7%	0.6%	0.6%	3.3	5.0	8.1	9.7	9.9%
Seek	O	$22.26	2.1%	0.6%	1.3%	1.9%	1.1	2.0	1.1	1.2	80.4%
WiseTech Global	O	$21.02	0.2%	0.2%	0.2%	0.3%	6.0	6.0	5.9	5.9	-23.8%
The a2 Milk Company Limited	N	$19.94	0.0%	0.0%	0.9%	0.9%			3.2	3.7	-68.9%
Xero	O	$93.31	0.0%	0.0%	0.0%	0.0%					-13.1%
NEXTDC	N	$11.27	0.0%	0.0%	0.0%	0.0%					-5.8%
Atlas Arteria	N	$6.74	4.5%	0.0%	3.7%	5.2%	0.0		0.9	0.8	32.3%
AMP Limited	O	$1.68	0.0%	0.0%	2.4%	3.0%			2.7	2.5	391.4%
Sydney Airport	U	$5.31	7.3%	0.0%	3.3%	5.3%	0.7		0.1	0.4	-723.4%
James Hardie Industries plc	O	$29.22	0.5%	0.0%	2.3%	2.5%	7.9		2.0	2.0	66.6%
MEDIAN			**3.7%**	**2.6%**	**3.2%**	**3.8%**	**1.4**	**1.6**	**1.5**	**1.5**	**34.9%**

AUSTRALIAN EQUITIES

Alumina Limited (AWC.AX)

OUTPERFORM A$1.70 **TARGET:** A$2.00

AWC.AX Year to 31 Dec		2019A	2020F	2021F	2022F
Adjusted NPAT	US$m	327	131	132	259
Earnings / Share	US$	11.34	4.56	4.60	9.01
PE Ratio	x	10.6	26.4	26.2	13.4
Dividend/share	US$	8.00	4.70	5.54	8.30
Dividend Yield	%	6.6	3.9	4.6	6.9

Positive indicators trump the negatives: Jarden has upgraded AWC, noting signs of recovery, continued strong alumina imports into CN and an alumina price that has recently outpaced the AWC share price.

With unit costs down to US$188/t in the JunQ and operational records almost a periodic delivery, the assets are performing and the margin pressure from soft SGA prices that troughed in mid-April have been offset well. New gas contracts this half will impact unit costs ~US$10/t but caustic prices and energy costs are still relatively favourable (but moving up), positioning the tier-1 asset base to navigate any likely continued volatility in pricing in our view.

There is no disputing the global macro outlook remains uncertain and Jarden still expects volatility. That said, they see enough indicators to suggest AWC can perform well over the next 12 months. In the very least the assets and balance sheet provide a reasonable hedge to the downside if conditions and pricing turn for the worse again.

South 32 (S32.AX)

OUTPERFORM A$2.10 **TARGET:** A$2.60

S32.AX Year to 30 June		2019A	2020F	2021F	2022F
Adjusted NPAT	US$m	992	196	356	279
Earnings / Share	US$	19.42	3.97	7.25	5.68
PE Ratio	x	7.7	37.7	20.7	26.4
Dividend/share	US$	9.60	2.72	2.90	2.27
Dividend Yield	%	6.4	1.8	1.9	1.5

A tricky year concludes with balance sheet intact, including a reasonable set of operational numbers in the June quarter, concluding a challenging year marked by immense commodity price pressure on the top line. Record annual production numbers at Alumar, Hillside and Australia Mn delivered with Cannington and South Africa Mn also beating guidance. Worsley was slightly below guidance (but up 2% YoY) and Illawarra's met coal production was softer than expectations with challenging strata conditions experienced in the JunQ.

The biggest catalyst for the stock - the sale of SAEC - remains on track for this year but is subject to full approvals/terms being satisfied, of which there is likely still risk in Jarden's view given the COVID and commodity price backdrop. They bring back eps slightly in FY20 on the back of a higher ETR but lift in later years materially as they adjust alumina prices to US$270/t until the end of CY21. No change to TP or rating but the balance sheet has been preserved well (CS f/cast ~US$260mn net cash at Jun 30) and FY21 is looking to be a fairly formative year for S32 with plenty to watch for across SAEC, Hermosa and Illawarra particularly.

GLOBAL EQUITIES

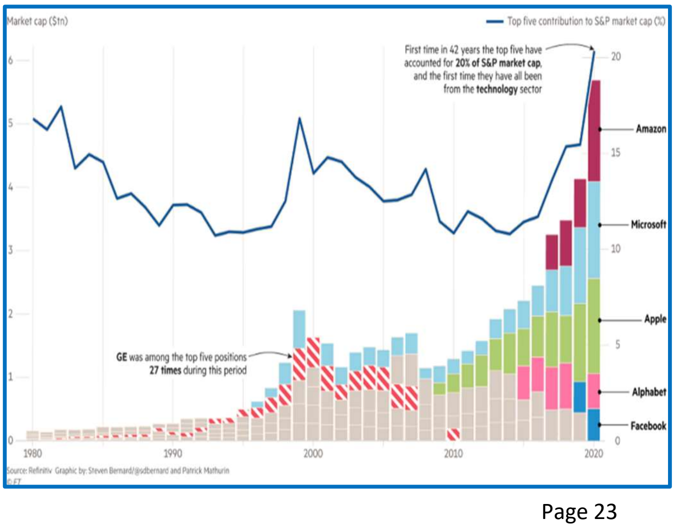
BIG TECH PRESENTS A PROBLEM FOR INVESTORS

A strong year for the largest five US stocks despite the worst recession the country has faced in decades has further expanded their influence on equity markets.

Apple, Microsoft, Amazon, Alphabet and Facebook now represent more than a fifth of the S&P 500. Not since the 1980s have the biggest five companies had such a large share of the index, according to S&P Dow Jones Indices. This concentration was further strengthened recently, when Apple, Amazon and Alphabet, Google's parent company, continued their steady march towards recent stock market highs, following bumper earnings announcements.

The strong share price performance came in the same week top executives from these and other tech giants were pressed by US lawmakers about the darker practices that have helped them to dominate their industries. One such critique has been their aggressive acquisition strategy of buying up smaller rivals. In a 2012 email, Facebook chief executive Mark Zuckerberg acknowledged he planned to acquire the photo app Instagram in order to "neutralise" it.

BIG FIVE TECH COMPANIES DOMINATE THE US MARKET



The Bankers ITC BIT.NZ (BNKR.LN)

Price: NZ$19.50 (UK£9.83)

INVESTMENT OBJECTIVE

To maximise shareholders' total return by means of a broadly diversified international portfolio of equities, providing regular dividend growth in excess of the increase in the rate of UK inflation.

MANAGER AND STYLE

The manager is Janus Henderson Investors, one of the largest global fund managers, managing c.US$331bn. Alex Crooke, who is assisted by other regional specialists at Janus Henderson, heads the investment team. Alex with the board looks after geographical allocation and the level of gearing (permitted up to 20% of net assets). Regional portfolios, covering North America, Europe ex-UK, Asia Pacific, Japan, Emerging Markets and China 'A' shares, are managed by Janus Henderson's well-resourced equity teams. The investment style is based around careful asset allocation and then searching for value companies within the asset class.

Stock selection is bottom-up, but one recent theme has been to seek to reduce exposure to consumer plays across the portfolio due to concern that consumer spending is showing signs of weakening. The portfolio is well diversified with around 180 stocks and the 25 largest investments represent approximately 30% of the total portfolio. Mr Crooke announced last year the selling of the portfolio's direct investments in Emerging Markets outside Asia, which have historically accounted for c.2-3% of the portfolio. The portfolio remains very underweight North America and very overweight the UK, with smaller overweights in Asia and Japan, and a broadly neutral weighting in continental Europe.

GEARING AND HEDGING

The Company currently has gross gearing of 7.0%, which is currently offset by cash holdings. The upper range for gearing is 20%.

JARDEN OPINION

Bankers has been a solid long-term performer through a 'pragmatic-value' style, with an income bias. Unlike most of its Global Growth peers, which are managed with a single global portfolio, Bankers is managed using a traditional approach with stock selection in regional portfolios delegated to other managers at Janus Henderson. Recent performance has also been solid with the share price up 2.8% on a total return basis versus a fall of -0.4% for the MSCI World Index in NZ$, so far this year. A bias towards stocks with less leverage and higher returns on capital has benefited relative returns. The North American portfolio outperformed its index by 8.1% in the period, and there was also outperformance in Europe (+6.9%), Japan (+5.7%) and the UK (+2.9%) portfolios. Only the Asia Pacific (ex Japan and China) portfolio underperformed its index (-3.6%) due to the higher yielding more cyclical nature of the portfolio. The focus remains on investing in quality companies with strong balance sheets, rather than recovery situations that require a higher level of economic growth. The Company has a low ongoing charges ratio of 0.50% and pays a quarterly yield of 2.1% pa, having increased its dividend for 53 consecutive years.

The share price discount has narrowed steadily in recent years and briefly widened to 4% in March, however it has since narrowed with the Company currently trading on a c.1% premium to NAV and issuing shares to meet demand. We note that the Company does not have an explicit discount control mechanism, meaning that the discount could widen again if sentiment towards equity markets deteriorates. In our view, though, Bankers is an attractive way to gain diversified global exposure to equities for retail investors looking for core global equity exposure paying reasonable yield.

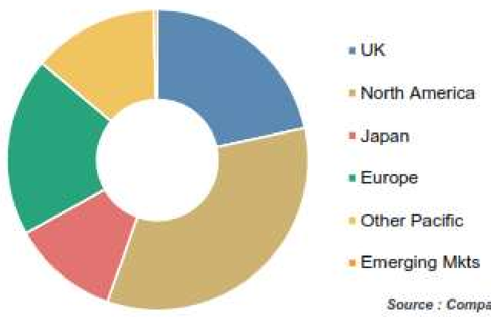
Top 10 Companies (at 30 June 2020)

Company	Country/Business Activity	% Portfolio
Microsoft	USA/ Technology	2.9
Amazon.com	USA/ General Retailers	2.1
Visa	USA/ Financials	2.0
Estee Lauder	USA/ Personal goods	1.9
American Tower	USA/ Real Estate	1.9
Apple	USA/ Technology Hardware & Equipment	1.8
Adobe	USA/ Software & Computer Services	1.7
Alphabet	USA/ Software & Computer Services	1.7
Mastercard	USA/ Financials	1.7
Facebook	USA /Social Media Platform	1.5
Total		**19.2**

Key Data Launch Date – 1888

Year to July 2020	1Yr	3Yrs	5yrs	10Yrs
Share Return on NZ$100	109.8	145.5	146.7	238.8
NAV Return on NZ$100	105.4	128.7	128.2	216.5
Current Discount/(Prem.)				(1.5%)
Gross Yield				2.1%
5 Yr Dividend Growth PA				7.1%
Gearing				Nil
Total Assets Managed				£1,333.7m
NAV Volatility	12.6%	12.2%	12.8%	N/A
Benchmark Volatility	13.3%	12.9%	13.2%	N/A
12 Month High/Low				2,105/1,410c

Geographic Distribution (as at 30 June 2020)



Source : Company

NEW ZEALAND EQUITIES — JARDEN RECOMMENDATIONS – 1ST AUGUST 2020

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

AUSTRALIAN EQUITIES — JARDEN RECOMMENDATIONS – 1ST AUGUST 2020

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

GLOBAL EQUITIES — JARDEN RECOMMENDATIONS – 1ST AUGUST 2020

Underperform				Neutral			Outperform	
		L'Oreal	Boeing	P&G	Apple	Abbott	Alphabet	Alibaba
			Cisco	Anheuser	AT&T	Adobe	B. of America	Amazon
			Disney	Netflix	ExxonMobil	Agri. BOC	China Mobile	ASML
			Nestle	Toyota	Novartis	CCB	Coca-Cola	Citigroup
				Verizon	Roche	Home Depot	Comcast	
					Tesla	Intel	Facebook	
						LVMH	J&J	
						MasterCard	JPM	
						NVIDIA	Microsoft	
						PepsiCo	Oracle	
						Tencent	Samsung	
						Unilever	SAP	
						Walmart	TSMC	
							UnitedHealth	
							Visa	

FIXED INTEREST SECONDARY MARKET – INDICATIVE ONLY *AS AT 3RD AUGUST 2020*

BBB+, BBB, BBB- Issuer	NZDX Code	Coupon %	Maturity Date	CPN Freq	Credit Rating	Type	03-Aug-20 Yield	Price Yield
Precinct Properties	PCT010	5.54%	17-Dec-21	2	BBB+(NR)	Senior	1.75%	105.84
Heartland Bank	HBL010	4.50%	08-Sep-22	4	BBB	Senior	1.77%	106.3
SkyCity Entertainment	SKC040	4.65%	28-Sep-22	4	BBB-	Senior	3.65%	102.53
Wellington Intl Airport	WIA030	4.25%	12-May-23	2	BBB	Senior	2.20%	106.46
Summerset	SUM010	4.78%	11-Jul-23	4	BBB-(NR)	Senior	1.74%	108.98
Z Energy	ZEL050	4.32%	01-Nov-23	4	BBB-(NR)	Senior	1.67%	108.39
Heartland Bank	HBL020	3.55%	12-Apr-24	4	BBB	Senior	1.78%	106.52
Investore Property	IPL010	4.40%	18-Apr-24	4	BBB(NR)	Senior	1.85%	109.31
Christchurch International Air	CHC010	4.13%	24-May-24	2	BBB+	Senior	1.72%	109.67
Wellington Intl Airport	WIA040	4.00%	05-Aug-24	2	BBB	Senior	1.93%	107.95
Property for Industry	PFI010	4.59%	28-Nov-24	4	BBB(NR)	Senior	1.85%	112.19
Kiwi Property Group Limited	KPG030	4.33%	19-Dec-24	2	BBB+	Senior	1.70%	111.59
Wellington Intl Airport	WIA050	5.00%	16-Jun-25	2	BBB	Senior	1.97%	114.67
Summerset	SUM020	4.20%	24-Sep-25	4	BBB-(NR)	Senior	1.92%	111.62
Metlifecare	MET010	3.00%	30-Sep-26	4	BBB-(NR)	Senior	2.00%	106.07
Argosy Property	ARG020	2.90%	29-Oct-26	4	BBB+(NR)	Senior	2.01%	105.28
Chorus	CNU020	4.35%	06-Dec-28	4	BBB	Senior	1.75%	120.84
Trustpower	TPW170	3.97%	22-Feb-29	4	BBB-(NR)	Senior	2.01%	116.19
Wellington Intl Airport	WIA060	4.00%	01-Apr-30	2	BBB	Senior	2.25%	116.49

TRUSTS ACT 2019 COMING

A REVIEW OF EXISTING TRUSTS USEFULNESS IS WORTH CONSIDERING

A comprehensive review of trust law has resulted in the Trustee Act 1956 being replaced by the Trusts Act 2019. After over sixty years the review clarifies and modernises trust law. The new Act comes into effect on 30 January 2021, and existing trusts have an 18month period to comply with the new Act.

While trusts are important for estate planning and managing assets the greater time and cost to run a trust under the new Act means a review of existing trusts usefulness is worth considering. With the new Act due to come into force trustees need to be aware of the new requirements. Trustees should seek legal advice on how to proceed.

Clients wishing to read more about the changes resulting from the new Act should view the NZ Law Society's website - https://www.lawsociety.org.nz/practiceresources/practice-areas/trusts/the-new-trusts-act-2019-key-changes-to-consider