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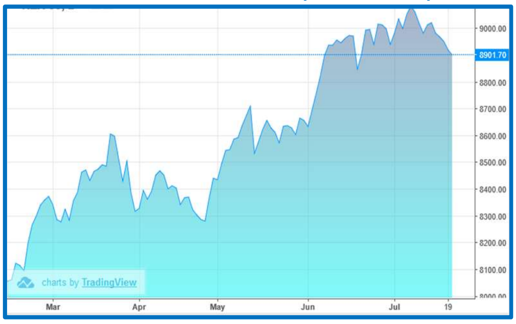
Investment Strategies

OCTOBER 2018

September is historically the worst month of the year for stocks globally – but not in 2018. American markets saw the best August/September performance in 4 years – and this despite trade turmoil. New Zealand's economy could be entering a "danger zone", economists warn, where a weak start to the year fed falling business confidence. Our economy could well lose momentum as we head towards 2019. We have come from an environment over the last three years where company earnings growth has lifted by about 8% per annum, and we are now facing earnings growth of 4% to 5% per annum. Cost pressures are on the rise, both in New Zealand and globally.

NZX50 Gross Index (Year to Date)



Policy uncertainty (including this Labour-led Government's indecisiveness) has not yet been priced into our market.

The rapid rise of Artificial Intelligence has the ability to change our ways of working, and this could have a profound effect on our established corporates. Don't under-estimate the speed and depth of this change, as it could well have both positive and negative effects on corporate earnings going forward.

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STATISTICS NZ DATA

Population

Estimated population at 30 June 2018:	4,885,300
Births June 2018 year:	60,393
Deaths June 2018 year:	33,567
Net migration August 2018 year:	63,288

Employment

Total employed June 2018 quarter:	2,631,000
Unemployment rate June 2018 quarter:	4.5%
Ave weekly earnings June 2018 quarter:	$1,124
⇒ Full time men (up $32 / 2.7%)	$1,208
⇒ Full time women (up $18 / 1.8%)	$1,106
Average ordinary time hourly earnings:	$31.00
The employment rate June 2018 quarter	67.7%
Wage inflation June 2018 quarter:	1.9%
Consumer Price Index June 2018 quarter:	1.5%
The size of the NZ Economy 31 March 2018:	**$286 bn**
⇒ **Households**	**$165 bn**
⇒ **Government**	**$50 bn**
⇒ **Investments**	**$70 bn**
GDP per capita year ended June 2018:	**$57,218**
GDP Growth (volume) June 2018 year:	**2.7%**
Tauranga City GDP Growth June 2018 year:	3.9%
Visitor arrivals Annual August 2018 (+3.6%)	**3,803,196**

RRP $5.00

'Success is a lousy teacher. It seduces smart people into thinking they can't lose.'
Bill Gates

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OUR POLITICAL CLIMATE

NZ'S NUCLEAR MOMENT - NOT

Megan Woods is about to introduce legislation to implement the ban on new offshore oil and gas exploration against the advice of MBIE, which says it will cost the Government $7.9 billion in lost revenue. The legislation gives effect to the decision taken by Jacinda Ardern in April to ban future offshore exploration "block offers".

The revelation that Ardern's decision was made without industry consultation was widely criticised as further damaging Labour's relationship with the business community. National Party leader Simon Bridges called the ban a "wrecking ball" for regional New Zealand.

A regulatory impact statement from MBIE reiterates the ministry's opposition to the ban, saying it will cost the Government $7.9 billion in lost revenue between 2027 and 2050. MBIE advised Woods in early April that it considered "a ban on all future offshore petroleum exploration to run counter to a number of important public policy objectives", largely because of lost revenue and possible increased emissions as gas was substituted for more harmful fossil fuels.

WILL LABOUR MISS ITS DEBT TARGET?

The Government looks likely to miss its 20% debt target by 0.6% of GDP if **NZIER's** forecast of slower economic growth is accurate. Slightly slower economic growth and lower-than-expected tax revenue will see the Government fail to meet its self-imposed debt target by around $2 billion, predicts NZIER. Grant Robertson has tied his economic credibility to his ability to reduce debt to below 20% of GDP by 2022. If he fails it won't be too concerning, but it will allow National to gain mileage on this government's economic ineptitude, and allow for the revisiting the rhetoric of Stephen Joyce's election "fiscal hole".

BUSINESS CONFIDENCE

The Government has been spending up large and hoping the next rainy day doesn't happen under its watch – but its own anti-growth policies are putting a handbrake on the economy and causing debt forecasts to rise. And this doesn't even take account of the extra $6 billion in Crown Entity debt the Minister has hidden off the balance sheet in the last Budget.

They're not treating taxpayers' money with the respect it deserves - instead throwing billions at a slush fund for New Zealand First, foreign diplomats and a tertiary fees policy that isn't delivering any extra students.

"Bad economic policies and uncertainty for businesses are quickly eroding previously hard-earned gains. The consequences of this Government's economic mismanagement are going to be felt for many years to come," according to Opposition Leader Simon Bridges. NZIER has also signalled there are risks that debt will blow-out even further – highlighting increased downside risks for our economy.

ANZ BIZ CONFIDENCE INDEX + ANZ OWN ACTIVITY INDEX

SOURCE: ANZ Bank

The ANZ Business Outlook Survey headline business confidence dropped a further 5% in August to a net 50% of respondents reporting they expect general business conditions to deteriorate in the year ahead. Headline business confidence fell a further 5 points in August, but firms' views of their own activity were steady. Manufacturing is now the least confident sector – likely a lagged impact from construction sector woes. The services sector is the most optimistic. Fortunately, the latest September result has seen a small reversal of this downward trend.

MICRO-ECONOMIC POLICY

Former National Finance Minister Steven Joyce has recently been quoted as saying "*Our Labour-led government is currently rearranging, often negatively, not one or two but nearly every aspect of microeconomic policy.*" He notes that Labour continues to blame business for its negativity, saying it needs to get over it – but this just ignores the true elephant in the room. Joyce said "*Economic policy is in fact a three-legged stool, fiscal policy, monetary policy, and microeconomic policy. You can't successfully operate an economy, especially a small one like New Zealand, without all three working together*."

He continued "*Microeconomics is everything that operates at the firm level in the economy – all the regulations and policy settings that impact directly on businesses. These are things like employment law, immigration settings, competition law, resource allocation, innovation settings, tax policy and the government's investment in infrastructure*."

OUR POLITICAL CLIMATE

CONTINUED…

Steven noted that it is microeconomics that drives much of firms' actual operating conditions. Along with interest rates and exchanges rates, it is access to capital, skilled people, resources, markets, the necessary infrastructure and importantly the consistency of those settings, that tell the owners of businesses that it is a good time to invest and grow their business.

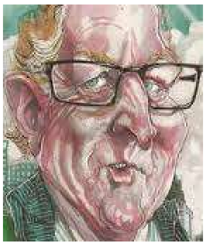
"*If you start playing with those settings in an arbitrary way while ignoring the economic consequences of those changes, then firms will simply stop investing. They'll either wait until there is more certainty, or not invest at all*.

"*Our government is currently rearranging, often negatively, not one or two but nearly every aspect of microeconomic policy. Employment law, resource law, company taxes, innovation settings, immigration settings, the infrastructure plan, it's all being thrown up in the air at once, and not surprisingly kiwi firms are taking fright. And you can't pretend to everyone else that all these decisions are costless. They add up over time to things like lower growth, lower wages, and less money for social services like health and education. That's just economic reality*."

THE PUSHME -PULLYOU COALITION

Peters described it as a two-headed coalition. Forget the Greens (& Jacinda), 73-year-old Peters is in control - Major cracks have emerged in our Labour-led Government. The recent Sunday 'Ted Talk' by Jacinda did little to convince anyone that all is well with this coalition. The problem is that, like the lack of policy development resulted in approximate $170m policy consultation groups, Labour has been shown up in that it obviously never prepared well during its coalition agreement negotiations. The end result is that Winston is walking all over an increasingly weak leader in Jacinda Ardern. Peters and his band are laughing at Labour and the Greens, as they dominate the government benches in policy making.

BANK GOVERNOR NEEDS TO CONCENTRATE



Six months after his appointment, Adrian Orr hasn't made a single on-the-record speech about matters that he has actually direct responsibly for. Monetary Policy is the Reserve Bank's primary function (by statute), and yet nothing heard. Also, nothing about banking regulation and supervision, financial stability, let alone about the regulation of insurers and non-bank deposit-takers. He displays an ethos of being less open, less transparent, about his core constituency, and his accountability is now of concern.

Orr is outspoken on things that aren't his responsibility (mainly on topics which espouse a liberal ideology), but that isn't what he is employed to do. It is almost as if he thinks of himself as a politician.

AUSSIES LAPS NZ ON GROWTH

Minister of Finance Grant Robertson is desperate to downplay signs this Government is hurting the economy but he's been shown up by Australia, where per-capita growth is running three times faster, National's Finance spokesperson Amy Adams says.

"Minister Robertson has poured scorn on any economic indicators that don't suit the Government's narrative. If business confidence was booming he would be claiming the credit rather than trying to discredit the surveys and what they do tell us.

"Australia's per-capita GDP grew 1.8 per cent in the past year compared with just 0.6 per cent in New Zealand based on the most recent figures.

"Kiwis proudly hold their own on the sports field against our trans-Tasman rivals but when it comes to economic management, this Government is clearly not match-fit. It has dropped the ball and eroded many of the gains made under National.

"From 2012 until National left office last year, GDP per capita outgrew Australia's every single quarter. That has ended under this Government. Real after-tax wages grew by 18 per cent under National compared to just 8 per cent in Australia.

"These are the sorts of indicators that drive decisions by many New Zealanders on where they want to live. Under National, migration across the Tasman turned around from a net outflow of 30,000 in 2008 to a net inflow in 2017.

"That has reversed in 2018. So far this year, a net 2000 people have headed for Australia in search of a better life. They haven't waited for the Government to deliver on feel-good promises we can't afford and policies that hurt growth and employment, and drive up costs.

"This Government lacks the real-world experience to fully understand how its beltway theories hurt businesses and ordinary Kiwis. By contrast, National believes in sensible, consistent economic policies that encourage growth and give everyone an opportunity to get ahead."

SME'S ARE NEW ZEALAND'S BACKBONE

Jacinda Ardern's state of the nation address had 'growing and sharing' economic prosperity as a top priority, but she offered little in the way of help for small business, one of the key drivers of the local economy. The sector has been weighed down for decades by low productivity and lack of investment capital.

Companies employing less than 20 people make up 97 percent of the country's businesses, employ 630,000 people, and produce 28 percent of our GDP, according to government statistics.

But both small and big businesses in New Zealand have a pitiful productivity record. GDP per capita in New Zealand has fallen from around 125% of the OECD average in the 1950s, to nearer 60% today. In the most recent quarter, to June, GDP grew 0.5 percent, but GDP per capita was flat. That's no growth at all.

CHELSEA MANNING VISA

Michael Woodhouse (National's spokesperson on Immigration & Health) has got it wrong again. If National is to hold this current Labour-led Coalition Government to account then it needs to concentrate on issues that matter – like the management of our economy.

Whether or not Woodhouse was right in asking for WikiLeaks whistleblower Chelsea Manning to be barred from entering New Zealand, it was a distraction. Woodhouse's credibility as a Shadow Minister has taken another hit, and this follows his term in Government when he never got the narrative right with his Immigration and Health & Safety portfolios). Woodhouse might be intelligent but he continues to lack political nous.

TAX WORKING GROUP'S (TWG) INTERIM REPORT

Sir Michael Cullen (as Chair) will present his final report in March next year. However, the interim report does give some clues.

1. the TWG has ruled out distortionary exemptions to the GST system. ☑

2. The Working Group looks to be taking seriously suggestions on reforming 'charitable status' tax loopholes that give the likes of Seventh Day Adventist Church owned Sanitarian an unfair commercial edge over their competitors**.** Ngai Tahu also uses a charity status to operate the likes of Shotover Jet & Go Bus (in partnership with Tainui), giving them unfair advantage over other commercial operators. ☑

3. The TWG has also ruled out recommending further increase in tobacco excise (and possibly alcohol too).
4. Regarding a Capital Gains Tax (Labour now call it a Capital Income Tax) Sir Michael said "*the TWG could theoretically recommend against both options in its final report, but it was unlikely to do so*." The TWG has provided two options: ☒
   i. either the Government could 'extend the net' of capital income taxation, and treat realized capital gains on shares, property, and other assets as taxable income; or
   ii. it could introduce a risk-free rate of return method (RFRM) tax which would tax assets based on 'implied' income.

   The first option is a capital gains tax in all but name, while the second option is effectively just a tax on equity or 'wealth tax'.

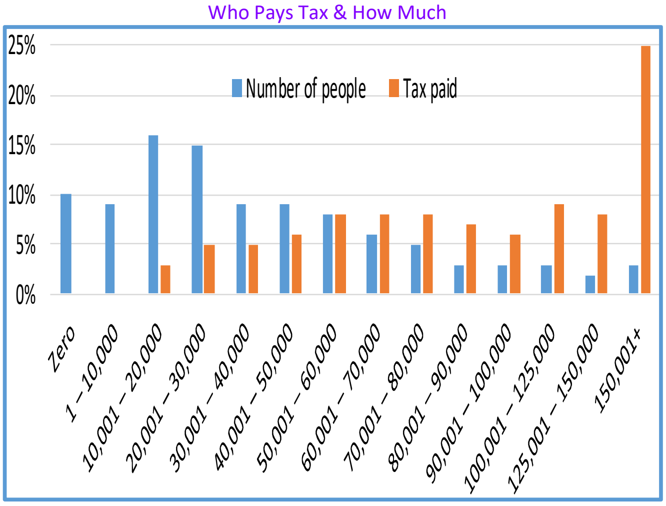
   The TWG is supportive of a greater use of environmental taxes, including an increase the waste disposal levy. It also supports "strengthening" of the emissions trading scheme.
5. Business tax cuts have been ruled out by the Group, despite the fall in business confidence.

Labour Treasurer Grant Robertson has written to the TWG instructing them to put a greater focus on making the tax system fix inequality. That means that even if changes are 'revenue neutral' (no net increase in total revenue delivered to the Government) it is likely that high income or asset holders will be double taxed.

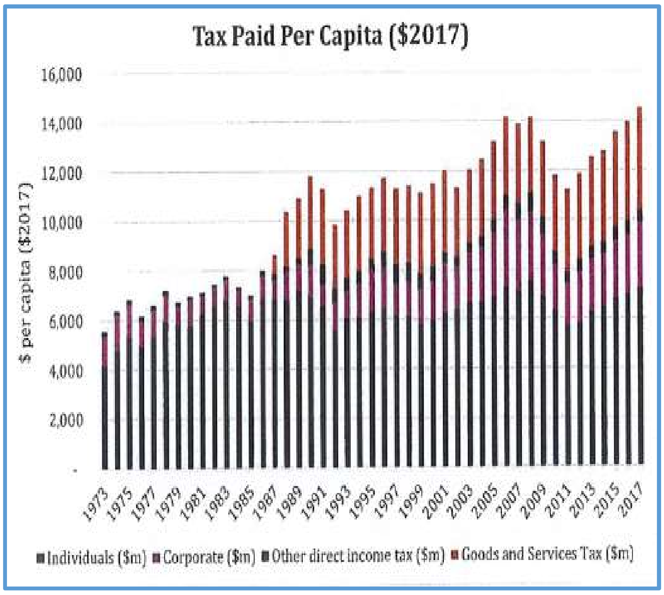
The table below shows that currently 30% of New Zealanders pay no (net of benefit) taxation, and 2% of New Zealanders pay 25% of income taxation collected.

TAX TAKE BY INCOME

Who Pays Tax & How Much



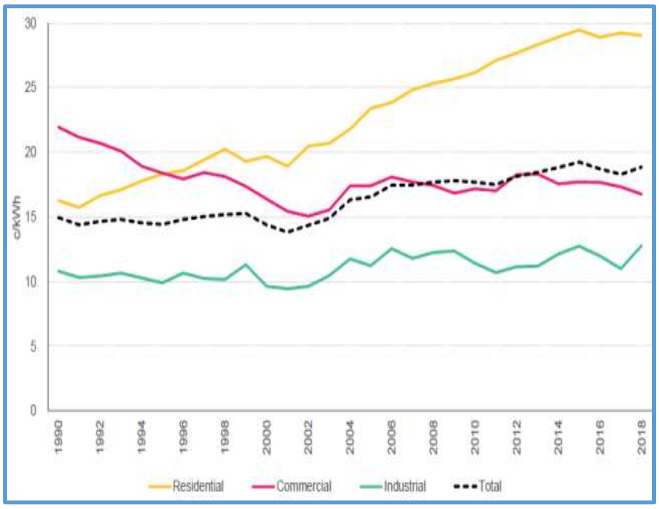
SOURCE: Treasury (Projected 2018/19 Year)



JACINDA'S ELECTRICITY REVIEW

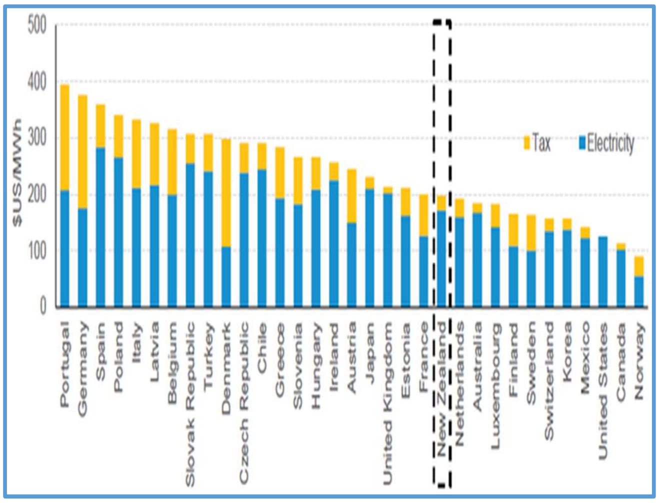
When the electricity review document was recently released, data showed that there has been a big shift over recent decades - such that residential user (real) power prices have risen substantially while commercial and industrial (real) prices have been pretty flat or even falling.

AVERAGE ELECTRICITY PRICING – 1990 TO 2016



SORCE: Concept Consulting analysis of data from MBIE. All prices adjusted for inflation, and expressed in 2018 dollars, using the CPI Index for Residential Prices, and the PPI Index for Commercial and Industrial Prices. Residential Prices alone include GST.

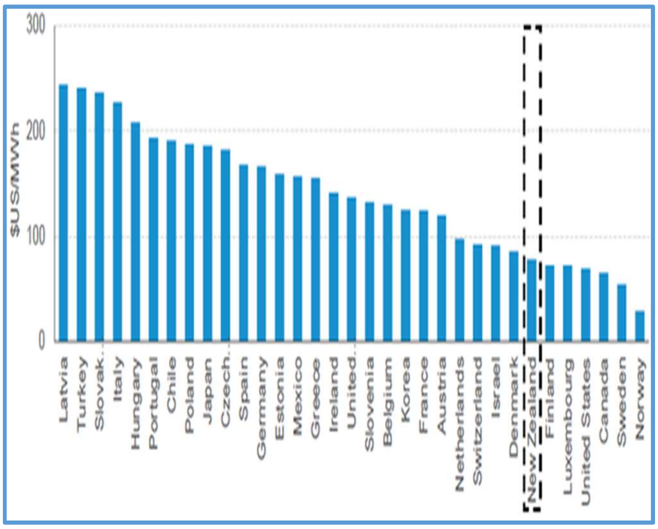
RESIDENTIAL ELECTRICITY PRICES IN OECD COUNTRIES



SORCE: MBIE tables of OECD data

Just focusing on the blue bars, the basic (ex-tax) electricity prices New Zealand households face is around those of the median OECD country. We are, of course, poorer and less productive than the median OECD country, so the burden of any of the necessities of life will tend to fall more heavily here than in many other advanced countries.

INDUSTRIAL ELECTRICITY PRICES IN OECD COUNTRIES

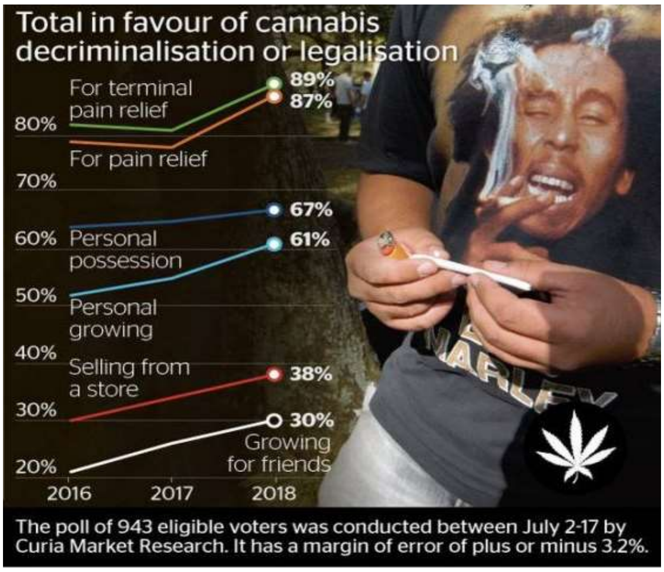


SORCE: MBIE tables of OECD data

New Zealand prices for industrial users are the 7th lowest in the OECD.

The other factor that greatly influences the level of electricity production in New Zealand and, thus, the marginal price, is the aluminium smelter at Tiwai Point. Tiwai is purported to consume perhaps 13% of total electricity production. The smelter was kept open a few years ago only as a result of new taxpayer subsidies. It is hard not to think that if our politicians had not been so determined to keep Tiwai Point open, and so determined to rapidly drive up our population (and despite the complete lack of evidence of resulting productivity gains), electricity prices for all other users would be rather lower. Closing Tiwai would also have helped to increase our renewables target.

GROWING SUPPORT FOR DECRIMINALIZATION

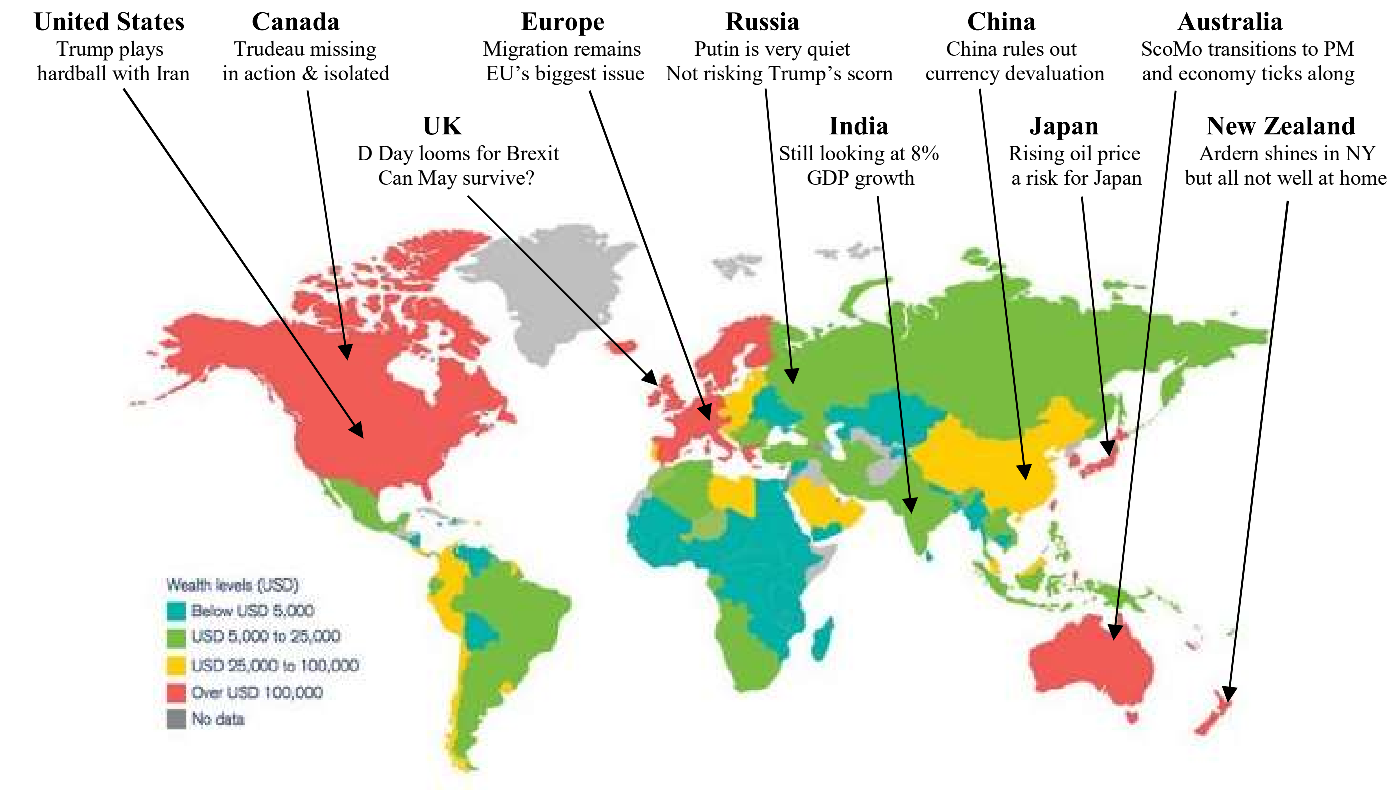


SOURCE: Curia Market Research

New Zealanders strongly support the use of ‘medical marijuana’ and are increasingly getting comfortable with decriminalization for ‘personal use’. This is a global trend, with New Zealand a laggard in cannabis reform.

We have lost the war on cannabis prohibition, with the gangs having taken control of this trade. We now need to get our head out of the sand and move forward with 21st century thinking.

THE WORLD AT A GLANCE – including World wealth levels 2017



FURTHER INSIGHTS FROM SIR JOHN KEY

Our Labour-led Government has walked back many National-era policies but former prime minister Sir John Key asks "*What is the government putting on the table?*"

Speaking at a recent Tax Traders Business Lunch, Sir John outlined worrying trends in the global economy, lessons drawn from years as a politician and insights on what the country needs most from its new leaders. On the latter point, he said that the nine years of National's administration were fuelled by strong migration figures, a rising house market, high levels of business confidence, low interest rates, robust commodity prices and healthy tourism.

Sir John told this business audience "*This new government isn't interested in a lot of those things. It won't look for foreign direct investment; it is banning oil and gas exploration; it doesn't want foreigners to buy houses; migration numbers are slowing down; and business confidence is at a 10-year low.*

"It's a legitimate right for a new government to take things off the table but just tell me what you're putting on the table. What are the things that will drive the economy? Because, with the greatest respect, getting rid of plastic bags isn't going to make the economy grow at 3.4%."

Sir John is now chairman at ANZ Bank and says across the developed world household debt has risen largely because house prices are high. The debt levels are so high he says it's not uncommon to see mortgages of $1.2 million and in many cases, the debt is far greater.

Sir John said "*Those who are in debt are in quite a lot of debt. To give you an example, I asked David Chambers from Progressive Enterprises how the supermarkets were going. He said business is good but if Lotto Powerball is $20m or more, supermarket trade is down for eight days afterward.*

"So, when you add a big petrol tax most people in a certain income bracket won't think much of it. But you would be amazed how many people still live pretty much paycheque to paycheque. That's why government GST goes up when oil prices rise but drops elsewhere because people aren't spending money in other places."

Global economy

Outside New Zealand, the "*clouds are starting to get a bit heavier,*" he said. "*What's really confusing about the global economy is the US is on fire. Its second-quarter growth was 4.1%. Any decent economist will tell you it's amazing if you can get 3% growth out of a developed economy. New Zealand was called the rockstar economy when it was growing about 3.3-3.5%. So, for a $US20 trillion economy to be at 4.1% is incredible.*"

However, Sir John noted that US President Donald Trump is running a budget deficit of 7% of GDP and is "spending tomorrow today," which he warned will be a problem when interest rates inevitably go up.

"There are some signs showing we may be back to where we were a while ago. Look at what's happening in Turkey, or in Venezuela. I've been travelling to China a lot over the years and for the first time three weeks ago they felt worried because the Chinese economy isn't consuming and they're spooked by the trade wars. The Shanghai index is getting smashed and only 1% of Chinese companies are listed. What's happening behind the scenes is a bit prickly there."

But things have changed since 2008. During the global financial crisis, the world benefited from a strong China but that is "no longer as true today," he said. Back then, most developed economies had high-interest rates which could be cut, low debt, more to spend and could print money – that's not the case anymore, he says.

"My point is that I don't know what's happening. But things go in cycles and I worry that the clouds are starting to get a bit heavier."

Lessons and regrets

The best lesson Sir John learned as leader of New Zealand is that to be successful, it is first necessary to know what success looks like. "*As prime minister, success is about New Zealand progressing, which requires getting votes and winning elections. For companies, the brutal reality is they must make money while balancing corporate social responsibility, environmental concerns and other things. But ultimately, if you don't know what success looks like, you're never going to get there,*" he said. By far the most important factor for this is the people chosen to be part of the team. "*What made our government strong was a great crew of people at every level. We learned from each other and each brought different things to the table. I would rather have fewer people who were the best than have a lot of substandard people*."

He said his greatest regret as Prime Minister was not changing the New Zealand flag, which would have helped Kiwi businesses overseas. "*When you ask people in the US what they know about New Zealand, they say the All Blacks, Flight of the Conchords, sheep and* Lord of the Rings*. But what they understand about New Zealand is the silver fern. Any company that wants to sell its product overseas slaps the silver fern on it. On a broader level, New Zealanders don't use their flag. By comparison, every building site in Australia has a flag flying. In America, their flag is everywhere. I just think if we changed the flag we would have truly used it.*"

THE GLOBAL ECONOMIC OUTLOOK

Globally, when risk is considered (10-years after the 2008 recession), It is interesting that more and more pundits seem to be warning of the heightened risk of a global recession. As economies flounder, voters seem to be particularly attracted to the political rhetoric of the Extreme Right, which often attributes blame to minorities or foreigners.

New Zealand's Economic Outlook

The Australian and New Zealand economies are facing broadly similar economic headwinds and tailwinds at present. Both have very high house prices and household debt. However, with house prices falling in Australia but steady in New Zealand, this risk remains primarily confined to Financial Stability Reports in New Zealand, whereas it is garnering increasing attention in Australia. On the other hand, businesses over the ditch are feeling more confident, reflecting that per capita growth has lifted well above that in New Zealand of late. Fiscal policy is stimulatory in both countries and exporters are similarly exposed to China. Domestically, the main risk presently in Australia surrounds where and when the housing market will bottom, while in New Zealand, it is that business pessimism could become a self-fulfilling prophecy. Solid, but with a few concerns on the horizon – that's the New Zealand Institute of Economic Research's (NZIER) expectation for the country's economy over the coming years. The forecasting agency is expecting the economy to grow at just under 3% over the next five years. This is still a respectable outcome. However, businesses are feeling increasingly pessimistic about the economy, with deteriorating profitability is a concern for many.

Westpac expects GDP growth to fall to 2% over the coming five years – as does Infometrics. BNZ says growth is "*stagnating at around trend*" and ANZ is picking 2.5% over the next couple of years.

New Zealand GDP Annual Growth Rate

ASB says New Zealand's growth prospects are still looking good, and is picking growth of roughly 3%. Strong population growth in recent years should continue to underpin demand across a range of sectors, particularly construction.

Stats NZ GDP announcement on 20th September

New Zealand's gross domestic product (GDP) has increased by 1% - the largest rise in a quarter in two years. The Labour-led coalition Government will be pleased - it's been plagued with low business confidence results over recent months.

Stats NZ says 15 out of 16 industries recorded higher production, with mining the only industry to decline. Agriculture saw the largest increase, up 4.2%. Stats NZ says that was supported by growth in the forestry sector. Mining was down 20%, the largest decrease for the sector in 29 years. Stats NZ said that resulted from an unplanned outage at New Zealand's largest natural gas field, the Pohokura field, after a leaking pipeline was discovered in March.

The result is better than predicted by the Reserve Bank, which anticipated growth of 0.5 percent.

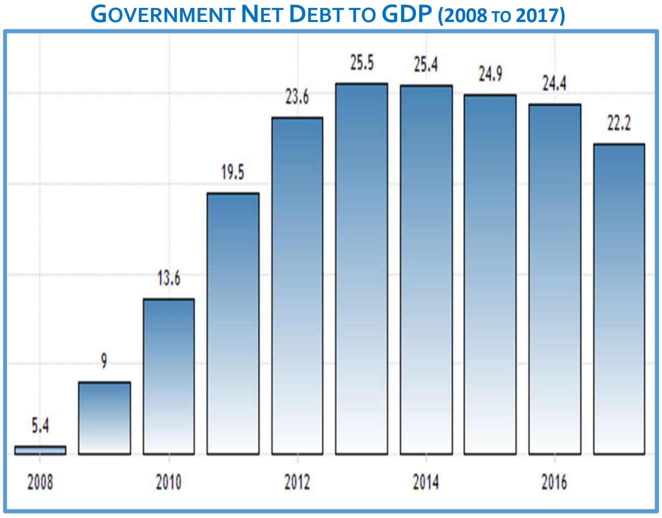
Wage inflation

There is growing concern around wage inflation, with both minimum wage (proposed 27% increase by April 2021) and skilled labour shortage drivers of cost pressure and, where price can't be used as an offset, margin decline. Multiple sectors including Retail, Tourism, Construction, Horticulture and Transport are potentially exposed to upward pressure on broader wage structures. In addition, with freight operators having already gone to market with mid-single digit base rate increases, in part to offset higher labour costs, we see additional cost risk for freight customers including the Retail sector. At a stock-specific level, we identify minimum wage risk for RBD amongst NZX50 constituents, while we expect skilled labour shortage to be a recurring issue for companies including FRE, MFT and AIR across the medium term.

Government Net Debt to GDP 1972-2018

New Zealand recorded a government debt equivalent to 22.2% of the country's GDP in the 2016-17 fiscal year, which ended in June 2017. Government Debt to GDP in New Zealand reaching an all time high of 54.8% in 1992 and a record low of 4.4% in 1974.

Government Net Debt to GDP (2008 to 2017)



Australian Economic Outlook

Check out Australia's Annual GDP Growth chart versus that of New Zealand. The Australian political scene has been extremely unstable, but the truth is the current Liberal Coalition Government in Australia is steering the Australian economy much more strongly than we are.

Australia GDP Annual Growth Rate

Gross domestic product – the most wide-ranging measure of economic activity - increased at an annual rate of 2.2% in the first quarter of 2018, according to the US government's Bureau of Economic Analysis.

Although economists expect that growth to continue this year, current growth levels are significantly less than 4% to 6% annual rate that Trump has pledged to achieve.

United States GDP Annual Growth Rate

United States Economic Outlook

On 15 September 2008, one of the titans of Wall Street filed for bankruptcy, kicking off the worst financial crisis since the Great Depression. "We came as close as we have ever come in history to a total cardiac arrest, not just of the American economy, but the entire world economy," according to US historian Adam Tooze.

A decade later, the collapse of Lehman Brothers and the global recession that followed continue to impact everything from politics to birth rates. Wall Street has come a long way from the dark days of 2008. US stock markets are almost double what they were before the crash, with the S&P 500 entering the longest bull market in history this summer, and President Donald Trump boasting of record gains in the economy.

The most noticeable political impact of the financial crash was a loss of faith in the Establishment. Anger at government bailouts of the banks opened the door to more radical politics on the Right and the Left. Trump's promise to "drain the swamp" resonated with voters who had been hit hard by the crisis and were fed up with Wall Street's influence in Washington.

United Kingdom Economic Outlook

Theresa May was humiliated by the recent Salzburg ambush, after EU leaders took turns to rubbish her plan – just a week before the Conservative conference. The feeling was that EU legislators couldn't help May because she was seeking the impossible. May was left fighting to save her Chequers Brexit plan and with it her authority as prime minister after EU leaders unexpectedly declared that her proposals would not work. This ambush then prompted hard Brexit Conservatives to demand it be abandoned.

May has also set an October deadline for a solution on the Irish border issue, just hours after informing Leo Varadkar, the Irish Taoiseach, in a private breakfast meeting, that she felt it would be impossible to come to a compromise within such a timescale.

Recession Imminent

Former PM and UK Treasurer Gordon Brown has joined a chorus of voices cautioning that the problems surrounding the worst economic downturn since the 1930s remain unresolved - and that another crash is looming, saying "*I feel we're sleepwalking into the next crisis*." He added that the world is not prepared to deal with another crash due to a breakdown in international cooperation.

"*I think when the next crisis comes, and there will be a future crisis, we'll find that we neither have the fiscal or monetary room for manoeuvre or the willingness to take that action*," Brown noted.

"Despite efforts to strengthen the financial system, it is still not entirely fixed. Non-bank investors have been taking dangerous risks, partly because super-loose monetary policy has made borrowing so cheap. One remarkable feature of the past decade is that between 2007 and 2017, the ratio of global debt to GDP has jumped from 179% to 217%."

UNITED KINGDOM GDP QUARTERLY GROWTH RATE

EUROPEAN ECONOMIC OUTLOOK

With just six months to go until the UK leaves the EU IMF's Christine Lagarde says she "*very much hopes and prays that there will be a deal between the European Union and the UK."* She says a failure to get a deal will have dire economic consequences to the UK economy. She stated that "*It would inevitably have a series of consequences in terms of reduced growth going forward; with an increased deficit most likely, plus depreciation of the currency and, in reasonably short order, mean a reduction of the size of the UK economy*."

British Finance Minister Philip Hammond noted "*We must secure a close and enduring future partnership with our European neighbours and we must heed the clear warnings of the IMF and others of the significant cost that not reaching a deal with the EU will have for British jobs and British prosperity*."

Meanwhile, Brexit supporters criticise the IMF for a series of doom and gloom forecasts of leaving the EU.

EURO ZONE GDP ANNUAL GROWTH RATE

CHINESE ECONOMIC OUTLOOK

China has categorically ruled out devaluing its currency in a bid to boost exports, despite the growing threat of an all-out trade war with the US.

China's economy, much more vulnerable to exports, is likely to take a bigger hit than the U.S. from the escalating trade war. Even so, China's leaders are not likely to blink any time soon, particularly with mid-term elections approaching, and President Donald Trump is not expected to back down.

The U.S. slapped tariffs of 10% on US$200 billion in Chinese goods, and China retaliated by putting tariffs on $60 billion in U.S. goods. Economists expect Chinese growth to take a hit of 0.5 to 0.6% in 2019 if tariffs are raised to 25% on 1st January as the U.S. has announced.

"*If you put tariffs across the board on both countries...it's a four times bigger hit to China because they export four times as much as they import*," said the Head of global economics at Bank of America Merrill Lynch.

"*The tariffs announced so far could have as much as a half percent impact on Chinese growth...In the U.S. we've got even less because first of all the shock is much smaller, and the momentum is so strong in the economy, it gets lost in the numbers*," he said.

BofA now expects Chinese growth in 2019 of 6.1%, even with the offsetting positive from China's stimulus programs. JP Morgan expects China's growth to slow by 0.6% because of the weakening of both export and import activity.

The current tariffs are likely to affect U.S. growth modestly, by 0.1% or 0.2%, but if the 10% tariffs on $200 billion on Chinese goods are raised to 25%, and China retaliates, the hit could be 0.2% or 0.3% in 2019. BofA expects 2019 U.S. GDP to grow by 2.7%.

CHINESE GDP ANNUAL GROWTH RATE

INDIAN ECONOMIC OUTLOOK

Prime Minister Narendra Modi recently said that the size of Indian economy will double to $5 trillion by 2022, with manufacturing and agriculture contributing $1 trillion each. The Indian economy, he said, will grow at over 8% with massive employment generation being seen in IT and retail sectors. The government's push for Make-in-India has led to 80% of mobile phones currently in use being manufactured within the country.

Modi said *"This government has the courage to take bold decisions. Besides banks' merger, he cited the rollout the Goods and Services Tax (GST), which amalgamated 17 central and state taxes, among the bold measures taken by the government."*

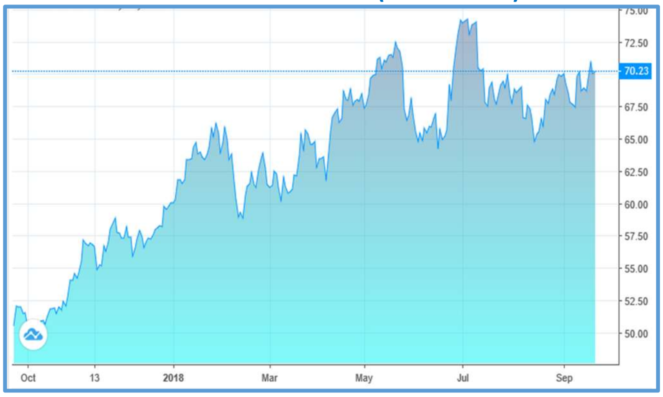
At a time when policymakers are grappling with how to reduce inequality, a new report shows that the wealth of the richest 831 Indians is equal to 25% of India's GDP.

INDIA'S GDP ANNUAL GROWTH RATE

COMMODITIES

Following an August rally, the Brent crude spot price is currently up around 20% and 48% on a 6-month and 12-month basis respectively. We continue to see significant uncertainty around the short-term outlook for oil; however, the impact of a higher oil price would be negative for companies with direct operating cost or customer exposure including AIR, AIA, SAN, THL and ZEL. We flag modest risk for companies including MFT, FRE, POT and NZR where fuel surcharges, inelastic customer demand and substitution limit earnings leverage to oil price volatility. Note that the current jet fuel price is around 7% above AIR's assumption of US$85 when guiding to a FY19 PBT range of $385-485m. Taking a broader view, expect higher petrol prices to have a negative impact on consumer discretionary expenditure in sectors including Retail and Tourism & Leisure.

OIL: WEST TEXAS CRUDE (1YEAR CHART)



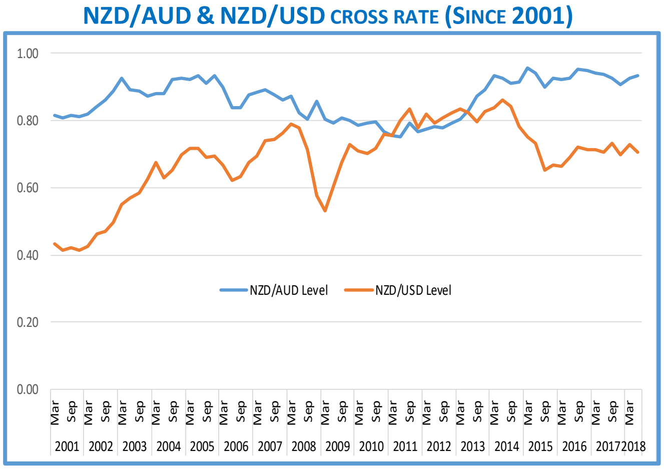
OIL: WEST TEXAS CRUDE (SINCE JAN 2017)

CURRENCY

Since mid-April, the NZD has depreciated 10% against the USD, 3% against the AUD and 5% against the EUR. The impact of currency translation from a weaker NZD will be positive for companies that generate earnings in foreign currency including FPH, ATM, FBU, SKC, MFT, IFT, EBO, FRE, GNE, FSF, RBD, THL, SAN, NZR, SCL and KMD.

Foreign currency translation from a weaker NZD will be negative for companies with net operating cost exposure such as USD jet fuel cost for AIR and SKT, which has around 20% of operating costs in USD and around 10% in AUD. Hedge contracts for AIR and SKT will progressively roll off over the next 12 months.

NZD/AUD & NZD/USD CROSS RATE (SINCE 2001)



SOURCE: Westpac

'Government's view of the economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. And if it stops moving, subsidize it'

Ronald Reagan

AGRIBUSINESS – LOOKING FROM THE OUTSIDE IN

PRIMARY INDUSTRY EXPORT REVENUE 2004-2020[F]

Units - NZ$m	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018[F]	2019[F]	2020[F]
Dairy	6,092	5,982	6,986	7,848	10,359	11,036	10,312	12,912	13,379	13,139	17,791	14,050	13,289	14,638	16,710	16,840	17,060
Meat & wool	6,848	6,761	6,659	6,776	6,939	7,824	7,111	7,836	7,781	7,793	8,163	9,001	9,201	8,356	9,160	8,910	9,100
Forestry	3,294	3,242	3,249	3,648	3,295	3,615	3,921	4,588	4,332	4,527	5,199	4,683	5,140	5,482	6,090	6,000	6,010
Horticulture	2,212	2,270	2,325	2,649	2,896	3,338	3,279	3,383	3,560	3,547	3,807	4,187	5,002	5,152	5,370	5,560	5,760
Seafood	1,257	1,266	1,278	1,312	1,272	1,460	1,405	1,563	1,545	1,546	1,500	1,562	1,768	1,744	1,850	1,940	2,010
Arable	94	90	108	110	142	157	146	157	182	229	232	181	210	197	240	230	235
Other primary sector[3]	1,114	1,299	1,336	1,489	1,525	1,587	1,542	1,676	1,773	1,936	1,908	2,314	2,612	2,532	2,810	2,780	2,860
Primary industries	**20,910**	**20,909**	**21,942**	**23,831**	**26,427**	**29,017**	**27,716**	**32,114**	**32,553**	**32,717**	**38,600**	**35,978**	**37,223**	**38,101**	**42,230**	**42,260**	**43,035**

SOURCE: Ministry of Primary Industries

Note: [3] Other primary sector exports & foods include: live animals, honey, and processed foods such as chocolate and tomato sauce.

FONTERRA'S TOUGH YEAR

Fonterra really is a joke. Any New Zealand company that paid its Chief Executive $8.5m has to be plain nuts. And to think that its farmer shareholders have been hoodwinked for so long just indicates that they need to get out from under the udder and treat their off-farm investment with the respect it deserves.

Fonterra has just announced its first full year loss in 17 years – losing $196m of farmers hard earned money!

Fonterra said its disastrous Beingmate investment is up for grabs, as part of its latest strategic review.

Fonterra spent $750m acquiring 18.8% of Beingmate in 2015. It wrote down $405m of that in the 2018 year, along with taking a $34m hit for a share of the firms operating losses. The stake is now worth just $204m (if that!).

Fonterra's other major China play is its $800m investment in dairy farm group China Farms. Although the group has made some recent progress towards higher value sales, linking deals with Starbucks and Alibaba's Hema Fresh store chain, it's hardly a feather in Fonterra's cap and will certainly face board scrutiny during the next few months.

China Farms made a $9m loss in the year to July 31, with volumes down 15% and sales revenue down 3%.

Chief financial officer Marc Rivers said the return on capital was down because of lower earnings and higher borrowings. "We are committed to improving this based both on reducing our debt and improving our earnings, so the debt-to-earnings ratio returns to being between three and four times.

"*We will also return our gearing ratio to within a 40-45 per cent range this year. For us to return to our gearing range we have to reduce debt by $800m We are going to do this through improved earnings and looking at our assets*."

Debt levels are crucial, and the concern remains as to whether the company is on track with the solution.

Fonterra's new Chair John Monaghan also suggested there might be some change in the capital structure of the company, although he stressed the company would remain a cooperative. He said it was too early to provide any detail of what "flexibility" might look like.

However, the dilemma is that at present Fonterra relies heavily on its farmers for capital, while at the same time farmers increasingly have options to supply independent processors. There are multiple options for this flexibility, but they ultimately revolve around having an alternative source of capital to the farmers' capital and having more capacity in the balance sheet to fund the business without relying on farmers to provide all the capital they do today.

"Bringing outside capital in or selling non-core businesses to free-up debt capacity are options for providing greater flexibility. Lifting the performance of the co-operative is another factor that would help."

McKinsey Consulting received $100m

Another of the unexplained mysteries of Fonterra's performance involves its operating costs. In 2015, the co-op hired McKinsey, the global management consultants, to advise it on restructuring operations to improve performance and cut costs.

The programme was called Velocity, with a percentage of the cost savings generated being awarded as bonuses to those employees most heavily involved and to McKinsey as performance-based fees.

In its 2017 financial year, Fonterra temporarily changed Spierings' bonus structure so an unspecified part of his total remuneration came from the pool of Velocity savings. Informed insider speculation suggests McKinsey's reward could have been as much as $100 million a year.

When asked about this at the results briefing, Monaghan replied that such commercial terms were confidential. CFO Hurrell added that McKinsey was no longer involved but it had instilled, for example, "strong discipline around the delivery of projects". One example was the "removal of costs in milk collection".

It would appear that the rotten apples have yet to be removed from Fonterra. They have changed their Chair and CEO, but the CEO is only an interim one, and the Chair has been on the Board to 10 years, so is heavily tainted by a regime that was (and still probably is) bloated and out of control.

NZ RELIES ON PRIMARY INDUSTRIES EXPORTS

Rod Oram noted that research showing the five biggest global dairy and meat processors, including Fonterra, have the same greenhouse gas footprint as ExxonMobil. He argues the global food industry needs to transform radically.

"*Currently here in New Zealand we take comfort from being efficient and trusted producers of dairy, meat and horticultural products desired by consumers overseas; and we do so in relatively low emission ways compared with many farmers abroad. Yes, new competitors are looming such as plant-based and lab-grown substitutes for meat which have lower environmental impacts. But there will still be a market for our premium foods, we reckon*," Rod writes.

"*This simple view of the world, though, leads to two main arguments for cutting agriculture a lot of slack in climate policy: don't penalise our farmers by forcing emissions cuts on them when their competitors overseas will be getting an easier ride from their governments; and anyway, methane, the main agricultural gas, is relatively short-lived in the atmosphere so it should be treated less stringently than carbon dioxide. But such an approach would leave our farmers and food processors tinkering complacently with their conventional systems rather than joining the global push for transformative change to deliver healthy food and a healthy planet*."

KPMG HIGHLIGHTS AGRIBUSINESS' FUTURE CHALLENGES

KPMG's Global Head Agribusiness, Ian Proudfoot hosted a really insightful Tauranga event recently to share his views on this year's KPMG Agribusiness Agenda.

Ian had canvassed the New Zealand Agi sector (8 focus group meetings around NZ) as well as substantive international input.

I was impressed with Ian's observations and insights. Ian highlighted 8 key focus points:

1. Biosecurity obligations

He noted that the High Court ruling on Psa has already seen MPI rethink how it deals with biosecurity issues.

2. Storing our water

New Zealand has plenty of water, but we have shortages at certain times of year. We need to recognise this and to be a responsible society in a global context we will need to better address the dam storage negativity from misconceived environmentalists.

3. One billion trees

We need to be very careful where we plant these trees - recognising the potential environmental damage from tree harvesting and the issues on regional employment as these trees grow. We also need to ensure that we get added value from their processing. An example of this will be the promotion of wooden construction in the commercial building sector.

4. Adapting to government

With this new government we now live in a radically changed political environment. We need to quickly recognise this and look for opportunities to gain advantage from this, rather than just grizzle about it.

5. Modern slavery

World markets are increasingly concerned about sources of product, and Horticulture in particular needs to be very careful that its contractors are seen to be operating ethically in their employment of labour.

6. Blurring Food & Pharma

A key driver of this is the inability of governments to continue to fund the cost of curative healthcare meaning more focus is being placed on preventative healthcare – a large part of which is determined by what people eat. As a consequence, we expect to see more focus from governments guiding people's diets through sin taxes and other mechanisms but also there will be more focus from both food and pharma companies on functional foods and nutraceuticals – foods that have proven health benefits but it means new competition for traditional food producers.

7. Relying on litigation

What is dairy? We won't be able to be protectionist to protect our markets. We must learn to use differentiation to win customers.

What is red meat? Impossible burgers are here to stay. New Zealand has the ability to feed 40m people, so we need to differentiate ourselves; capitalising on our competitive advantage of 100% pure – high priced to a discerning global middleclass.

8. Any future for glyphosates? - Roundup

Bayer has just bought Monsanto for US$75bn. The glyphosate argument highlights the need to make environmental decisions based on good science – not emotional arguments of activist environmentalist. To take glyphosates out of the UK would cost that economy €1bn.

The key is to see DISRUPTION as an OPPORTUNITY

- Disruption allows us to differentiate our products.
- Sustainability is now a bottom line – NO DEBATE
- Climate momentum builds prioritising a low-carbon future – New Zealand is a long way behind Europe. We need to be careful that we are running the right race. Getting the balance right is going to be important.
- How can you prove that you are doing the right things – Institute of Technology augments the intuition of food producers. How do we build the algorithms that work for technology. There is no evidence that we have achieved this at this time.
- Blockchain – value that can be captured. Why are retailers leading this? We need to be careful that blockchain doesn't happen to NZ producers – this is why traceability is so important.

  NOTE: *Blockchain* is a public ledger where transactions are recorded and confirmed anonymously. It's a record of events that is shared between many parties. More importantly, once information is entered, it cannot be altered.
- If it is not worth counterfeiting, then it's not worth buying. You need to show that you care about your product.
- Donald Trump is changing the world very quickly. We have to find a pathway through. We have to be nimble and continue to build relationships. We don't need a "one size fits all" in trade access.
- No deal on Brexit is increasingly likely – there will be no winners. No deal is good for nobody. 29th March is fast approaching, and the outcome will affect everyone, including Europe.
- Food Printing will transform food service & logistics. Food companies might need to own the printer (similar to the photocopier industry). This will be a GAME CHANGER, and is likely to be mainstream in a couple of year.
- Land use – technology will encourage vertical farming, so the issues of land use (ie Pokeno soils argument) will not be so relevant). Technology will bring immense change, but also opportunity.

- Regulators will never keep up with the pace of change.
- Robocars – already in San Francisco we are seeing autonomous food cars selling food directly to consumers.

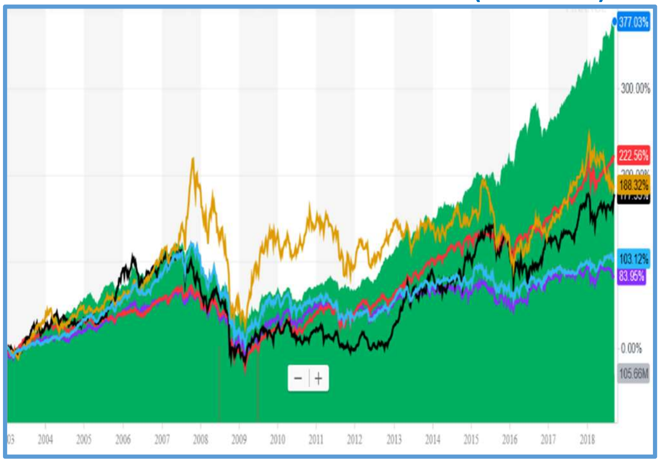
- No-one can afford to be lazy in building relationships with customers.
- Natural Capital – It is not okay to pollute. Consumers now link cows to water. Irrigation is important but we need to be 'world class' in using water. M Bovis has highlighted the risk of implementing rules and not enforcing them.
- Social capital - The sustainability of rural communities, labour force issues (particularly the availability of labour) and infrastructure issues (particularly broadband connectivity and reliability of electricity supply).
- Economic Capital - the increasing complexity of consumers, capital challenges, innovation – particularly concerns that we are missing out on the benefits of adopting technology that our competitors are gaining).

Ian concluded "***The challenge for industry leaders is maintaining success into the future, in ever more complex and demanding markets***."

NZX50 OUTPERFORMS MOST MARKETS

Using 2004 as a base the NZX50 Index has out-performed most global markets by in excess of 40% over the past 15 years. Some would say that this overly exposes New Zealand to a major correction. However, with our market ownership dominated by institutional investors (the influence of Kiwisaver), and this diminishes the risk of a 'melt down'. The graph below (2003 to current) compares the NZX50 Index (green) with ASX200 (Blue) US S&P500 (Red), London FTSE (Purple), Hang Seng Index (Brown) and Japan's Nikkei 225 (Black).

NZ50 INDEX VERSUS GLOBAL MARKETS (2004-2018)



PORT OF TAURANGA (POT.NZ)

CURRENT PRICE: $5.10 **MY RECOMMENDATION:** HOLD

POT (our golden egg) sees its Full Year Profit rise 13% on record cargo volumes

Port of Tauranga plans to further expand capacity. The port company - which handles 40% of all containers in New Zealand - said net profit rose to a record $94.3m in the year to June 30 from $83.4m a year earlier as container volumes lifted 8.9% to nearly 1.2 million twenty-foot equivalent units or TEUs and overall cargo was up 10.2% to almost 24.5 million tonnes. "*Our expansion programme to accommodate larger vessels, coupled with New Zealand's buoyant economy, has resulted in the 10.2% increase in cargo volumes. Revenue increased 10.9% to $283.7 million*," CEO Mark Cairns noted.

POT said it has begun planning for the next stage of capacity expansion as part of its aim to be able to handle up to 3m TEUs. It has about 40 hectares of undeveloped, port-zoned land available for future expansion. There are options to extend the quay length on both sides of the harbour, using port-owned land south of the existing berths, it said.

Volumes rose across all major cargo categories, with export logs up 14.3% in volume and dairy products up 4%. On the import side, cement imports increased 18.9% while steel imports were up 25%. Oil product imports rose 9.3%. Imports of cars and other vehicles doubled from the prior year. "*This growth is a direct result of Port of Tauranga's six-year investment in building capacity to accommodate larger vessels*," said Board Chair David Pilkington.

Profit included a $16.4m contribution from Port of Tauranga's subsidiaries and associate companies, up 11.9% on the year. The investments reflect the company's reach across the country including 50% of Northport, 50% of Prime Port Timaru, 50.1% of Timaru Container Terminal, 50% of logistics group Coda and long-term agreements with strategic partners such as Kotahi Logistics, owned by Fonterra Cooperative Group and Silver Fern Farms. About 17% of its income comes from those subsidiaries and associate companies.

POT's ordinary dividend of 7cps, taking total ordinary dividends to 12.7cps, a 13.4% increase on the previous year. The payment date is October 5th. It will also pay a further special dividend of 5cps as part of an ongoing plan to return $140m to shareholders. It is now in the third year of a four-year capital restructure plan.

Port of Tauranga, which is 54% owned by the Bay of Plenty Regional Council, paid nearly $62.3m in dividends to the Bay of Plenty Regional Council's Quayside Holdings.

Looking ahead, the company expects cargo growth to continue in the next year across most categories, particularly containerised cargo. "*We will invest appropriately in the infrastructure required to manage these volumes and remain confident that our current footprint allows for significant expansion without the need for expensive reclamation*," said Cairns.

Port of Tauranga hosted 83 cruise ship visits in the 2017/18 summer season, and expects this to lifted to 113 calls this summer.

Port of Tauranga Year to 30 June		2018A	2019F	2020F	2021F
Adjusted NPAT	NZ$m	94	100	107	116
Earnings /share	NZc	13.8	14.8	15.7	17.0
PE Ratio	x	35.7	33.3	31.3	29.0
Cash/Share	NZc	14.6	16.1	17.2	18.5
Dividend/share	NZc	12.7	13.8	14.5	15.5
Special Dividend	NZc	5.0	5.0		
Imputation	%	100	100	100	100
Net Div. Yield *	%	3.4	3.7	2.8	3.0
Gross Div. Yield *	%	5.1	5.5	4.2	4.5

NOTE: * Includes Special Dividends
Source: Company data; NZX; First NZ Capital Estimates

POT has been an outstanding performer over the last 2 decades, and should remain so for the next decade.

STOCKS TO WATCH

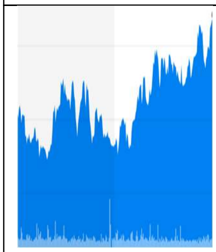
NEW ZEALAND NOTE: THESE ARE ALL ONE YEAR GRAPHS **Prices as at 21th September 2018**

Air New Zealand

While FNZC acknowledges the strength of AIR's domestic franchise, the combination of easing long haul pricing momentum, higher YoY fuel price pressure, recent changes in FX and indications of softening NZ consumer sentiment drive an increased risk of a negative earnings revisions cycle. FNZC believes this earnings risk along with AIR trading at close to peak multiples (absolute and sector relative) suggest a negatively skewed risk / reward proposition.

20019 P/E: 11.7 2020 P/E: 10.0

NZX Code:	**AIR**
Share Price:	**$3.17**
12mth Target:	**$2.85**
Projected return (%)	
Capital gain	-10.0%
Dividend yield (Net)	6.7%
Total return	**-3.3%**
Rating:	**UNDERPERFORM**
52-week price range:2.86-3.50	

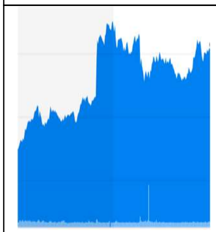


Auckland International Airport

Positive revisions to EBITDA forecasts are modest and FNZC's 12-month target price increases from $5.25 to $5.40 per share. Key risks to earnings forecasts and valuation include a higher oil price, e-commerce disruption and regulatory change. FY18 normalisd NPAT increased +6.2% to $263.1m. Non-aeronautical segments were the key drivers of FY18 EBITDA growth of +7.1% to $504.2m which was in line with forecast. Aeronautical segment revenue increased +2.9% in 2H18 as international PAX growth moderated to +3.6% and passenger and landing charges adjusted down to the new PSE3 schedule. Contrary to FNZC I now rate this stock a HOLD.

20019 P/E: 30.1 2020 P/E: 29.9

NZX Code:	**AIA**
Share Price:	**$7.22**
12mth Target:	**$5.40**
Projected return (%)	
Capital gain	-25.2%
Dividend yield (Net)	3.2%
Total return	**-22.0%**
Rating:	**~~UNDERPERFORM~~**
52-week price range:6.02-7.26	

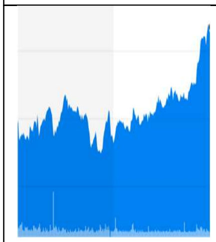


The a2 Milk Company

ATM has done an excellent job of creating and managing demand for its A1 protein-free dairy products. The result is a business approaching $1 billion in revenue with free cash flow that can support growth and potential capital returns. Yet the story is still evolving, and valuation is heavily influenced by long-term outcomes over which little certainty exists.

20019 P/E: 32.1 2020 P/E: 25.3

NZX Code:	**ATM**
Share Price:	**$12.47**
12mth Target:	**$12.20**
Projected return (%)	
Capital gain	-2.2%
Dividend yield (Net)	0.0%
Total return	**-2.2%**
Rating:	**NEUTRAL**
52-wk price range: 5.91-14.62	

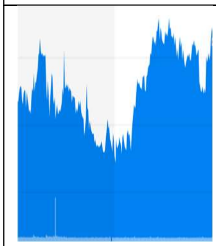


Chorus

For a business that has invested $3.5bn in fibre since separation this highlights the ongoing challenges in the CNU investment case. With high fixed operating costs and high asset leverage, a turnaround in connection loss is important to stabilise EBITDA, and CNU believes this will be the case. With a peak year in capex in FY19 (likely to come down but still be substantial post 2020), we highlight ongoing challenges in the investment case (uncertainty on regulatory now likely for another few years; and CNU still subject to competitive uncertainty) and believe the debt position should continue to be monitored with CNU needing to add duration to its debt (expiries from 2020 – 2023) against the backdrop of this uncertainty.

20019 P/E: 39.6 2020 P/E: 46.2

NZX Code:	**CNU**
Share Price:	**$4.97**
12mth Target:	**$4.19**
Projected return (%)	
Capital gain	-15.7%
Dividend yield (Net)	5.2%
Total return	**-10.5%**
Rating:	**NEUTRAL**
52-week price range: 3.67-5.04	

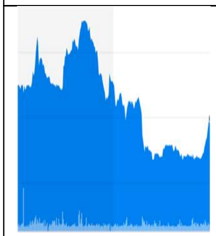


Contact Energy

Heavily affected by the below-mean southern inflows and their adverse timing with lake-driven spot pricing, CEN reported EBITDAF $481m (1% miss vs. FNZC's $485m forecast, pcp $501m), Underlying NPAT $130m (pcp $142m), and FY18 dividends totalling 32cps for FY18 (+23% vs pcp). From FY20, FNZC estimates reduce EBITDAF outlook by 1% for ~$5m pa higher carbon costs in the retail business. Divestment of both CEN's Ahuroa gas storage facility (-$14m p.a. at EBITDAF line) and Rockgas LPG business (-$32m p.a.). CEN has reset a guide for earnings to nearer the $480m EBITDAF level by FY20. But sustainable dividend growth is still expected.

20019 P/E: 25.1 2020 P/E: 24.6

NZX Code:	**CEN**
Share Price:	**$5.81**
12mth Target:	**$6.15**
Projected return (%)	
Capital gain	5.9%
Dividend yield (Net)	6.3%
Total return	**12.2%**
Rating:	**NEUTRAL**
52-week price range: 5.15-5.96	

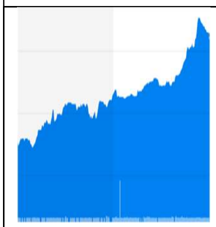


Comvita

While CVT appears to be trading on a relatively modest multiple (15.1x FY19F P/E) for a consumer brand exposed to a positive long-term growth opportunity, CVT is also high beta stock with agricultural risk and high gearing. Given the threat of increased competition at a consumer brand level, FNZC is looking for clarity of CVT's strategy to refocus on its core and working capital optimisation. CVT expects to provide a further update on its strategy/outlook at its October ASM. Risks include weather, agricultural risk, food safety issues, China regulation, discretionary spending, and FX.

20019 P/E: 15.1 2020 P/E: 13.4

NZX Code:	**CVT**
Share Price:	**$6.65**
12mth Target:	**$5.37**
Projected return (%)	
Capital gain	-19.2%
Dividend yield (Net)	2.8%
Total return	**-16.4%**
Rating:	UNDERPERFORM
52-week price range: 5.59-9.21	



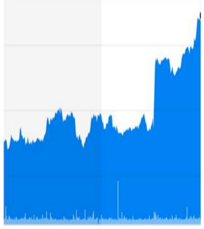
Delegat Group

With case sales being lower than forecast, the strong earnings result was driven by a higher average price and stronger gross margin, with this benefiting from the high yielding 2016 and 2017 vintages. At its trading update, DGL revised downward its expected case sales from FY19 to FY21 by between 2.5% and 5.0% pa. DGL's Operating NPAT guidance for FY19 is for growth in line with case sales growth of 8%, which implies little operating leverage or currency benefit is expected.

2019 P/E: 20.5 2020 P/E: 18.4

NZX Code:	**DGL**
Share Price:	**$10.45**
12mth Target:	**$8.70**
Projected return (%)	
Capital gain	-16.7%
Dividend yield (Net)	1.7%
Total return	**-15.0%**
Rating:	**UNDERPERFORM**
52-wk price range: 6.50 -11.00	

Ebos Group



EBO has distinguished itself as a best-in-class wholesaler which continues to grow despite competition and regulatory headwinds. Standing back, the question remains whether the company's scale, diversity and opportunities can support a materially higher valuation. Having performed strongly since the CWG deal was announced in July, EBO trades on an 11% premium to FNZC's spot DCF and 20x FY19 EPS, albeit this falls to 17x in FY20, the first year of the CWG contract.

2019 P/E: 20.4   2020 P/E: 17.4

NZX Code:	**EBO**
Share Price:	**$22.52**
12mth Target:	**$20.05**
Projected return (%)	
Capital gain	-11.0%
Dividend yield (Net)	3.6%
Total return	**-7.4%**

Rating: NEUTRAL

52-wk price range: 17.00 -22.55

EROAD

ERD's NZ operation has been delivering strong unit and earnings growth. With continued momentum in this business we expect it will underpin ERD's performance. ERD is gaining traction in the US and moving to break-even in this market. However, we still await greater comfort if ERD can execute with larger fleets and materially grow its user base. Key will be if ERD delivers a value enhancing strategy with our focus on whether it improves ERD's distribution capacity and reach.

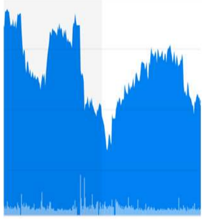
2019 P/E: 26.0   2020 P/E: 14.1

NZX Code:	**ERD**
Share Price:	**$3.34**
12mth Target:	**$3.60**
Projected return (%)	
Capital gain	7.8%
Dividend yield (Net)	0.0%
Total return	**7.8%**

Rating: NEUTRAL

52-wk price range: 2.20 - 3.99

Fletcher Building



NZ core EBIT came in line with forecasts at $375m, down on $424m in FY17 as Concrete, Building Products and Steel dealt with margin pressures. Outside of additional write-downs (Rocla; RTG) that impacted significant items and reported results, FBU delivered a largely in line FY18 result with pre-unusual EBIT of $50m with that outcome dominated by the $660m of B&I provisioning. Net debt is $1,273m.

2019 P/E: 14.0   2020 P/E: 13.5

NZX Code:	**FBU**
Share Price:	**$6.25**
12mth Target:	**$6.01**
Projected return (%)	
Capital gain	-3.8%
Dividend yield (Net)	5.1%
Total return	**1.3%**

Rating: UNDERPERFORM

52-week price range: 5.49-7.71

Fonterra Shareholder Fund

FSF's disappointing FY18 result was well telegraphed. While FY19 guidance at 25-35cps is disappointing, FNZC views the more conservative intent as positive and reiterate FSF's ability to forecast earnings is challenged by the business complexity and limited control on key input costs. It is the complexity of the Group and sustained poor performance which means serious consideration should be given to simplification of FSF's business (shrinking preferably) around core competencies and capital capacity.

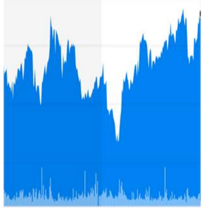
2019 P/E: 13.6   2020 P/E: 11.1

NZX Code:	**FSF**
Share Price:	**$4.96**
12mth Target:	**$5.09**
Projected return (%)	
Capital gain	2.6%
Dividend yield (Net)	4.2%
Total return	**6.8%**

Rating: NEUTRAL

52-week price range: 4.80-6.66

Genesis Energy



GNE is showing it can innovate and transform customers' experience like a nimble new entrant, despite being the largest incumbent retailer, and its LPG growth outlook remains strong. Kupe continues to provide yield support due to its shorter economic life compared to generation assets. But FNZC's risk-weighted NZ$2.28/sh mid-cycle spot-DCF estimate (ascribing a 15% probability of Tiwai exit in the next five years) sits well below current trading levels. Risks of regulatory intervention & higher carbon costs

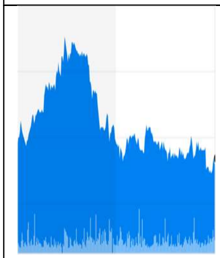
2019 P/E: 9.3   2020 P/E: 9.3

NZX Code:	**GNE**
Share Price:	**$2.58**
12mth Target:	**$2.30**
Projected return (%)	
Capital gain	-10.9%
Dividend yield (Net)	6.9%
Total return	**-4.0%**

Rating: UNDERPERFORM

52-week price range: 2.21-2.60

Heartland Bank



HBL's medium-term growth outlook remains positive but with a note of caution. After several strong years of car sales growth, 2018 activity was relatively flat. Expect the reverse mortgage business to continue to be a key driver of earnings growth and return. The question then becomes whether business and agri growth can deliver the required growth and improve returns. HBL shareholders have now approved a restructuring to split the Australian reverse mortgage business form the bank, removing it from Reserve Bank prudential rules.

2019 P/E: 12.7   2020 P/E: 12.0

NZX Code:	**HBL**
Share Price:	**$1.72**
12mth Target:	**$1.69**
Projected return (%)	
Capital gain	-1.7%
Dividend yield (Net)	5.6%
Total return	**3.94%**

Rating: UNDERPERFORM

52-week price range: 1.65-2.14

Infratil

IFT is an investment company that invests in assets of a utility/infrastructure nature. Key investments are Trustpower (51%), Tilt Renewables (51%), Wellington International Airport (66%), Perth Energy (82%), NZ Bus (100%), Canberra Data Centres (48%), RetireAustralia (50%), Longroad Energy (45%), and ANU Student Accommodation (50%). The largest investments are Trustpower and Wellington Airport which combined equate to ~44% of IFT's NAV. IFT prefers to invest in assets where it can have significant influence or control of the Board.

2019 P/E: 33.1   2020 P/E: 33.7

NZX Code:	**IFT**
Share Price:	**$3.49**
12mth Target:	**restricted**
Projected return (%)	
Capital gain	%
Dividend yield (Net)	6.0%
Total return	**%**

Rating: RESTRICTED

52-week price range: 3.02-3.55

Meridian Energy

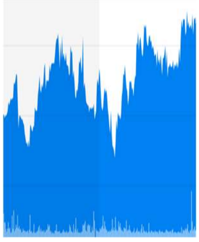
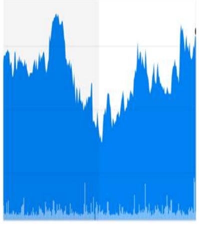
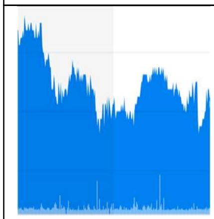
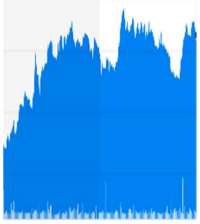
FY18 reported earnings were in-line, with reported EBITDAF of $666m (vs pcp $653m—although IFRS restated to $657m) and underlying NPAT of $206m (vs pcp $218m, IFRS-restated to $221m). Compositions of earnings and cash flows were also as expected. MEL indicated it will extend the current $625m capital return programme (which completes in February 2020) by further two years and $250mn, implying the same $62.5m per half-year rate. But this remains subject to regular review, and will take "structural industry risks" into account.

2019 P/E: 33.1   2020 P/E: 33.7

NZX Code:	**MEL**
Share Price:	**$3.36**
12mth Target:	**$2.86**
Projected return (%)	
Capital gain	-14.8%
Dividend yield (Net)	6.0%
Total return	**-8.8%**

Rating: UNDERPERFORM

52-week price range: 2.75-3.42

	**Metlifecare** MET delivered a broadly in-line FY18 result with more subdued growth in key asset metrics (NTA; embedded value) following a period of above trend house price growth that has clearly moderated in MET's key Auckland catchment. The benefits of that FY15-17 unit price growth came through in strong resales margin although this was largely offset in core operating cash flows by a major increase in operating deficit - something that continues to concern us across the sector - particularly with visibility so low on composition and on capitalised overheads. 2019 P/E: 19.3 2020 P/E: 16.8	**NZX Code:** **MET** **Share Price:** **$6.35** **12mth Target:** **$7.65** **Projected return (%)** Capital gain 21.0% Dividend yield (Net) 2.0% **Total return** **23.0%** **Rating: OUTPERFORM** 52-week price range: 5.52-6.40
	**Michael Hill International** MHJ currently trades on ~10x 12-month forward earnings and a record low relative to the broader NZ market, despite entering a clean FY19 without the material earnings drag from the loss-making Emma & Roe and US businesses. Expect the new financial year to bring greater market focus on the core Australian, New Zealand and Canadian businesses which is expected to drive 6% compound earnings growth over the next three years. 2019 P/E: 9.6 2020 P/E: 8.9	**NZX Code:** **MHJ** **Share Price:** **$0.95** **12mth Target:** **$1.35** **Projected return (%)** Capital gain 42.1% Dividend yield (Net) 6.5% **Total return** **48.6%** **Rating: OUTPERFORM** 52-week price range: 0.89-1.45
	**NZ Refining** Reporting $49.4m of EBITDAF (-2% vs $50.6m forecast, pcp $104.4m), a $2.8m NPAT loss (vs $4.4m forecast loss, pcp $35.1m profit) and net debt of $267.5m (vs $272.5m, pcp $200.3m) for 26% gearing. A planned 1-in-15 year refinery maintenance shut was clearly the key event in this period. Originally guided to incur $85m capex and a $30m NPAT impact, emergent work and a valve leak resulted in an extra delay by 21+ days, additional $25m shut capex and a further $13.2m NPAT reduction. 2018 P/E: 23.6 2019 P/E: 11.3	**NZX Code:** **NZR** **Share Price:** **$2.61** **12mth Target:** **$2.78** **Projected return (%)** Capital gain 7.3% Dividend yield (Net) 7.4% **Total return** **14.7%** **Rating: OUTPERFORM** 52-week price range: 2.28-2.67
	**NZX** NZX has the potential for incremental earnings growth driven by growth in its Funds business, executing on its Wealth Technologies platform moving from loss making to profitability and incremental gains for its core operations. In the medium term, NZX faces risks as new avenues to raise funds and trade securities arise and from competition from other exchanges. NZX will release its 3Q18 revenue and metrics in lateOctober-2018. 2018 P/E: 18.1 2019 P/E: 16.9	**NZX Code:** **NZX** **Share Price:** **$1.09** **12mth Target:** **$1.14** **Projected return (%)** Capital gain 3.6% Dividend yield (Net) 5.7% **Total return** **9.3%** **Rating: NEUTRAL** 52-week price range: 1.04-1.21
	**Pacific Edge** PEB suite of molecular diagnostic tests to detect and monitor bladder cancer is a leader in this field and is just gaining traction in the key US market. With PEB still at a relatively early stage of its commercialisation process, a number of key drivers remain subjective. FNZC retains their target price of $0.50 but note that PEB remains a high risk investment. 2019 P/E: n/a 2020 P/E: 34.5	**NZX Code:** **PEB** **Share Price:** **$0.32** **12mth Target:** **$0.50** **Projected return (%)** Capital gain 56.3% Dividend yield (Net) 0.0% **Total return** **56.3%** **Rating: OUTPERFORM** 52-week price range: 0.19-0.48
	**Port of Tauranga** Port Operations & Property EBITDA increased +7.6% in 2H18 with margin declining 40bp vs pcp. FNZC analysis indicates that an increase in trade volume skew to high margin breakbulk was offset by a weaker container terminal margin in 2H18, with contributing factors including a lower average crane rate, less favourable container mix, reduced Metroport rail capacity utilisation following the increase in the number of trains per week from 2Q18 and higher fuel costs to operate straddles at the terminal. My opinion is to stay invested in the stellar performer. 2019 P/E: 35.0 2020 P/E: 32.0	**NZX Code:** **POT** **Share Price:** **$5.10** **12mth Target:** **$4.00** **Projected return (%)** Capital gain -21.6% Dividend yield (Net) * 3.7% **Total return** **-17.9%** **Rating: ~~UNDERPERFORM~~** 52-week price range: 4.23-5.27 • **Includes Special Dividend**
	**Ryman Healthcare** RYM's recent outperformance has been significant and while FNZC understands key parts of RYM's investment story they need to look more closely given that incoming investors long lost the benefit of the $25m initial capital that RYM required and are instead coming in at a valuation of ~$7bn which incorporates ~$5 bn of value over and above the assessed book value of the existing assets. 2018 P/E: 16.6 2019 P/E: 15.5	**NZX Code:** **RYM** **Share Price:** **$13.40** **12mth Target:** **$9.13** **Projected return (%)** Capital gain -31.9% Dividend yield (Net) 1.7% **Total return** **-30.2%** **Rating: UNDERPERFORM** 52-week price range: 8.80-14.09
	**Scales Corporation** Material upside exists if SCL can reinvest sale proceeds at (or above) its long-run target ROCE (consistent with performance in its continuing businesses). However, FNZC has no visibility to assess the available opportunity set being considered and the market currently appears to be factoring in a small amount of upside for value-accretive reinvestment. 2018 P/E: 18.9 2019 P/E: 16.6	**NZX Code:** **SCL** **Share Price:** **$4.90** **12mth Target:** **$4.71** **Projected return (%)** Capital gain -3.9% Dividend yield (Net) 4.3% **Total return** **0.4%** **Rating: NEUTRAL** 52-week price range: 3.50-5.00

Seeka

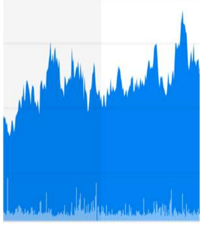
FNZC interprets the performance of Seeka Australia as largely related to climatic conditions/transitory in nature. Beyond FY18, they make modest negative revisions to retail services (tropical fruit imports) and orchards (phasing between long-term leases). In the medium term, FNZC factors in growth from DNFC (Kiwi Crush, avocado oil, and kiwiberry) and production at orchards currently under development. Over the next three years, SEK expects to invest ~NZ$36mn in post-harvest capacity/efficiency.

2018 P/E: 14.1 2019 P/E: 15.1

NZX Code:	**SEK**
Share Price:	**$6.10**
12mth Target:	**$7.02**
Projected return (%)	
Capital gain	15.1%
Dividend yield (Net)	3.6%
Total return	**18.7%**

Rating: NEUTRAL

52-week price range: 5.10-7.01



SkyCity Entertainment

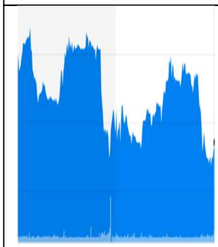
SKT's barriers to entry are slowly eroding and investors need to consider what this means for earnings outlook and risk. We understand the attraction of SKT's current free cash flow—supported by low capex that doesn't reflect the investment cycle SKT needs to embrace, but more its timing on investment. FNZC thinks erosion in competitive advantages makes the outlook for that free cash flow problematic—particularly with the significant fixed cost operating leverage. In essence, investors need to be mindful that the barriers to entry that once surrounded fortress SKT are gradually being eroded.

2019 P/E: 16.5 2020 P/E: 16.7

NZX Code:	**SKC**
Share Price:	**$4.03**
12mth Target:	**$3.85**
Projected return (%)	
Capital gain	-4.5%
Dividend yield (Net)	4.9%
Total return	**0.4%**

Rating: NEUTRAL

52-week price range: 2.05-2.99



Sky Network Television

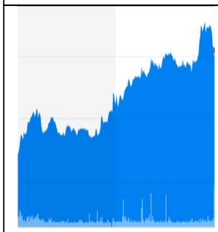
SKT's barriers to entry are slowly eroding and investors need to consider what this means for earnings outlook and risk. We understand the attraction of SKT's current free cash flow—supported by low capex that doesn't reflect the investment cycle SKT needs to embrace, but more its timing on investment. FNZC thinks erosion in competitive advantages makes the outlook for that free cash flow problematic—particularly with the significant fixed cost operating leverage. In essence, investors need to be mindful that the barriers to entry that once surrounded fortress SKT are gradually being eroded.

2019 P/E: 9.6 2020 P/E: 12.0

NZX Code:	**SKT**
Share Price:	**$2.21**
12mth Target:	**$2.35**
Projected return (%)	
Capital gain	7.8%
Dividend yield (Net)	5.9%
Total return	**13.7%**

Rating: NEUTRAL

52-week price range: 2.05-2.99



Synlait Milk

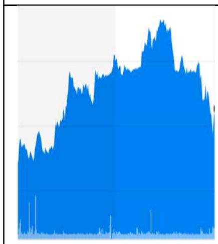
SML nearly doubled its annual profit to $74.6m as the milk processor lifted sales of its high-value dairy products. However, chief executive Leon Clement played down the outlook, saying infant formula sales will probably grow at a slower pace. The result was pretty good and in line with expectations, but the outlook fell short of what people were hoping for. High multiples and good returns bring high expectations and the market is very sensitive to slight variations on that.

2019 P/E: 23.9 2020 P/E: 20.6

NZX Code:	**SML**
Share Price:	**$1169**
12mth Target:	**$7.65**
Projected return (%)	
Capital gain	-34.6%
Dividend yield (Net)	0%
Total return	**-34.6%**

Rating: UNDERPERFORM

52-week price range: 5.48-13.53



Tourism Holdings

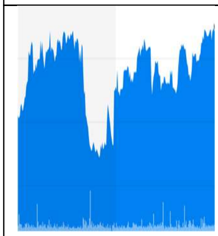
A transition to a more flexible model of fleet management has been taking place in the NZ motorhome rental industry (by seasonally phasing supply with demand). This has been supported by a compositional change in motorhomes imports in favour of new vehicles (particularly imported from Europe), which are sold following the peak-visitor-arrival season as near-new vehicles. This delivers superior returns by capturing peak-season demand while managing fixed costs. Growth in the NZ motorhome rental industry (THL, Apollo, McRent, Wilderness, etc.) now appears to be focusing on this high-churn model.

2019 P/E: 21.9 2020 P/E: 17.0

NZX Code:	**THL**
Share Price:	**$5.47**
12mth Target:	**$5.09**
Projected return (%)	
Capital gain	-6.9%
Dividend yield (Net)	4.1%
Total return	**-2.8%**

Rating: UNDERPERFORM

52-week price range: 5.11-6.05



Trustpower

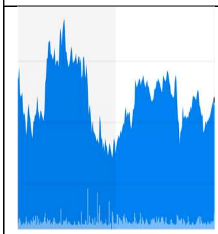
With multi-utility products now forming a well-established (and still differentiated) core of TPW's offering, management will now focus on rolling out fibre across existing electricity-only and dual-fuel customers. That transition has been expected for some time, and should take advantage of greater scale efficiencies and address some remaining regional churn for TPW, (e.g. South Island customers). This course seems in line with previous commentary and our own modelling. Forecast earnings have changed only slightly to reflect the latest electricity price forward curve (and remain near the mid-point of guidance).

2019 P/E: 17.3 2020 P/E: 17.3

NZX Code:	**TPW**
Share Price:	**$6.07**
12mth Target:	**$5.27**
Projected return (%)	
Capital gain	-13.0%
Dividend yield (Net)	6.8%
Total return	**-6.2%**

Rating: ~~UNDERPERFORM~~

52-week price range: 5.11-6.08



Z Energy

FNZC prefers discounted cash flow (DCF) approaches to estimate ZEL's value, particularly given a likely structural decline of liquid fuel use. An unusually wide range of DCF's are plausible for this business, requiring a balance of short-term earnings outlook from Strategy 3.0 (alongside management's excellent record of execution) assessed against the likelihood of regulatory review of the NZ fuel market and ultimately the wide range of uncertainty for the rate of long term structural electrification and internal combustion engine (ICE) efficiency improvements.

2019 P/E: 13.5 2020 P/E: 11.7

NZX Code:	**ZEL**
Share Price:	**$7.33**
12mth Target:	**$7.15**
Projected return (%)	
Capital gain	-2.6%
Dividend yield (Net)	7.3%
Total return	**4.7%**

Rating: NEUTRAL

52-week price range: 6.81-8.04

"Success is not final; failure is not fatal: It is the courage to continue that counts."

Winston Churchill

NZ LISTED COMPANIES 17th September 2018 Source: First NZ Capital, CSFB	Code	Mrkt Cap (NZ$m)	Price 17-Sep-18 (NZ$)	Target Price (NZ$)	Price Earnings (x)		Net Yield (%)	
					FY18	FY19	FY18	FY19
CONSUMER DISCRETIONARY								
Kathmandu	KMD	711	$3.15	$3.10	12.7	12.0	4.4%	5.1%
Michael Hill International	MHJ	319	$0.90	$1.23	8.6	8.8	6.1%	6.1%
NZME	NZM	133	$0.68	$0.76	6.6	6.9	8.1%	7.4%
Restaurant Brands New Zealand	RBD	953	$7.66	$6.88	23.3	22.5	3.7%	3.8%
Sky Network Television	SKT	825	$2.12	$2.35	6.9	7.9	7.1%	7.1%
SKYCITY Entertainment Group	SKC	2,762	$4.06	$3.85	16.3	16.4	4.9%	4.9%
The Warehouse Group	WHS	714	$2.06	$2.10	12.2	9.5	6.3%	7.8%
Tourism Holdings	THL	676	$5.49	$5.09	18.3	22.3	4.6%	3.9%
Trade Me Group	TME	2,065	$5.20	$4.70	21.4	20.1	8.0%	4.2%
Turners Automotive	TRA	242	$2.85	Res	8.8	9.6	5.4%	5.7%
CONSUMER STAPLES								
The a2 Milk Company	ATM	8,818	$12.00	$12.20	44.4	32.1	0.0%	0.0%
Comvita	CVT	273	$6.00	$5.37	42.6	16.0	1.0%	2.6%
Delegat Group	DGL	1,077	$10.65	$8.70	24.0	21.2	1.4%	1.6%
Fonterra Shareholders' Fund	FSF	532	$4.99	$5.09	23.0	13.6	2.0%	4.0%
Green Cross Health	GXH	208	$1.45	$2.20	10.9	10.1	4.8%	4.8%
New Zealand King Salmon Co	NZK	363	$2.62	$2.60	25.1	22.5	1.9%	2.2%
Sanford	SAN	721	$7.70	$8.28	15.8	14.3	3.0%	3.0%
Scales Corporation	SCL	684	$4.89	$4.71	18.6	16.4	4.0%	4.6%
Seeka	SEK	109	$6.20	$7.02	13.7	14.7	3.9%	3.6%
Synlait Milk Limited	SML	2,357	$13.15	$7.34	31.9	27.7	0.0%	0.0%
Tegel	TGH	402	$1.13	$1.16	12.0	14.5	6.7%	5.5%
ENERGY								
NZ Refining	NZR	791	$2.53	$2.78	23.8	11.4	3.2%	9.7%
Z Energy	ZEL	2,872	$7.18	$7.15	13.6	13.4	4.5%	7.3%
FINANCIALS								
Heartland Bank	HBL	930	$1.66	$1.69	13.3	12.4	5.4%	5.7%
NZX	NZX	290	$1.08	$1.14	17.8	16.6	5.7%	5.8%
HEALTH CARE								
AFT Pharmaceuticals	AFT	214	$2.20	$2.86	-16.8	175.6	0.0%	0.0%
Ebos Group	EBO	3,304	$21.66	$20.05	22.0	21.0	3.2%	3.4%
Fisher & Paykel Healthcare	FPH	8,648	$15.10	$12.00	45.3	41.0	1.4%	1.6%
Pacific Edge	PEB	150	$0.32	$0.50	-6.9	-20.6	0.0%	0.0%
AGED CARE								
Arvida	ARV	555	$1.34	$1.30	15.1	14.8	3.7%	4.0%
Metlifecare Limited	MET	1,349	$6.33	$7.65	25.7	19.3	1.6%	2.0%
Ryman Healthcare Ltd	RYM	6,795	$13.59	$9.13	47.2	45.4	1.5%	1.7%
INDUSTRIALS								
Freightways	FRE	1,201	$7.73	$7.35	20.2	19.1	3.8%	4.3%
Air New Zealand	AIR	3,559	$3.17	$2.85	9.1	11.4	6.9%	6.9%
Auckland Airport	AIA	8,406	$6.99	$5.40	31.9	30.4	3.1%	3.2%
Fletcher Building	FBU	5,410	6.34	6.01	-78.7	13.6	0.0%	5.1%
Mainfreight	MFT	2,910	$28.90	$22.60	25.9	22.6	1.6%	1.9%
Methven	MVN	85	$1.15	$1.30	12.4	10.2	7.0%	7.8%
Metro Performance Glass	MPG	150	0.81	0.83	8.2	7.3	9.1%	9.4%
Port of Tauranga	POT	3,497	$5.14	$4.00	37.3	34.8	3.4%	3.7%
Skellerup Holdings	SKL	416	$2.16	$2.06	15.3	14.4	5.1%	5.6%
INFORMATION TECHNOLOGY								
EROAD	ERD	231	$3.39	$3.60	n.m.	25.9	0.0%	0.0%
Gentrack Group	GTK	690	$7.00	$6.30	34.3	28.5	2.5%	3.0%
Vista Group International	VGL	662	$4.00	$3.60	39.6	29.5	1.2%	1.7%
PROPERTY								
Asset Plus	APL	98	$0.61	$0.71	16.9	16.8	6.0%	6.0%
Argosy Property	ARG	914	$1.11	$1.09	16.7	16.4	5.6%	5.7%
Augusta Capital	AUG	96	$1.10	$1.14	16.6	14.8	5.1%	5.5%
Goodman Property Trust	GMT	1,969	$1.53	$1.37	19.3	19.9	4.4%	4.4%
Investore Property	IPL	397	$1.52	$1.47	19.4	18.6	4.9%	4.9%
Kiwi Property Group	KPG	1,953	$1.38	$1.39	18.9	19.5	5.0%	5.1%
Precinct Properties	PCT	1,750	$1.45	$1.35	22.8	22.0	4.0%	4.2%
Property for Industry	PFI	893	$1.79	$1.64	21.3	20.8	4.2%	4.3%
Stride Property Group	SPG	712	$1.95	$1.90	18.4	19.0	5.1%	5.1%
Vital Healthcare Property Trust	VHP	924	$2.09	$2.00	19.6	20.0	4.1%	4.2%
TELECOMMUNICATION SERVICES								
Chorus	CNU	2,058	$4.79	$4.19	24.2	43.0	4.6%	4.8%
Spark NZ	SPK	7,342	$4.00	$3.28	17.5	17.1	6.3%	6.3%
UTILITIES								
Contact Energy	CEN	4,105	$5.73	$6.15	31.6	25.0	5.6%	6.3%
Genesis Energy	GNE	2,511	$2.49	$2.30	43.7	58.1	6.8%	6.9%
Meridian Energy	MEL	8,419	$3.29	$2.86	40.9	33.1	5.8%	5.9%
TrustPower	TPW	1,887	$6.03	$5.27	14.0	17.2	5.6%	7.0%
Vector	VCT	3,430	$3.43	$3.50	22.3	26.1	4.7%	4.7%
Market Average*					**21.7**	**20.2**	**4.1%**	**4.5%**

**PE ratios exclude: AFT, ERD, FBU, PEB*

Australian Forecasts 24th September 2018 Source: CSFB estimates	Ticker	Cap (A$m)	Price 24-Sep-18 (A$)	Target Price (A$)	Price Earnings (x) FY18	Price Earnings (x) FY19	Net Yield (%) FY18	Net Yield (%) FY19
CONSUMER DISCRETIONARY								
Aristocrat Leisure	ALL	18,058	28.28	35.00	23.4	20.0	1.7%	2.0%
Crown	CWN	9,122	13.27	13.45	23.6	21.9	4.5%	4.5%
Flight Centre	FLT	5,418	53.60	44.17	19.0	17.9	3.1%	3.2%
Harvey Norman	HVN	4,105	3.48	3.96	10.3	11.8	8.6%	5.4%
Tabcorp Holdings	TAH	9,796	4.86	5.15	25.3	24.8	4.3%	4.5%
CONSUMER STAPLES								
Coca-Cola Amatil	CCL	6,936	9.58	9.80	17.6	16.9	4.8%	4.8%
Treasury Wine	TWE	12,835	17.86	16.45	34.8	28.4	1.8%	2.3%
Wesfarmers	WES	56,511	49.84	48.51	19.4	19.4	4.5%	4.2%
Woolworths	WOW	36,182	27.55	29.36	22.4	21.0	3.7%	3.5%
ENERGY								
Caltex Australia	CTX	7,650	29.33	32.55	13.9	13.2	3.6%	3.8%
Oil Search	OSH	9,562	8.61	5.86	20.9	16.9	2.3%	2.9%
Origin Energy	ORG	14,005	7.96	7.70	16.8	11.2	0.0%	2.6%
Santos	STO	10,643	7.01	4.64	17.5	11.6	2.1%	3.4%
Woodside Petroleum	WPL	25,213	36.95	29.52	16.9	13.6	4.7%	5.9%
FINANCIALS								
ASX	ASX	12,334	63.71	55.00	26.5	25.9	3.4%	3.5%
Macquarie Group	MQG	43,518	127.85	115.00	17.3	16.7	4.1%	4.1%
Magellan Financial Group	MFG	4,917	27.89	29.00	18.0	16.3	4.8%	5.5%
Commercial Banks								
ANZ Banking Group	ANZ	81,783	28.46	30.00	12.6	12.0	5.6%	5.8%
Bank of Queensland	BOQ	4,398	11.07	11.40	12.5	12.3	7.8%	7.0%
Bendigo and Adelaide Bank	BEN	5,212	10.75	11.50	12.9	13.1	6.5%	6.5%
Commonwealth Bank Australia	CBA	126,603	71.94	75.00	14.0	13.9	6.0%	6.0%
Westpac	WBC	96,724	28.16	31.50	11.9	11.9	6.7%	6.7%
National Australia Bank	NAB	75,625	27.66	29.00	13.0	11.5	7.2%	7.2%
Diversified Financial Services								
AMP	AMP	9,397	3.22	4.30	10.8	10.7	7.1%	7.3%
Challenger	CGF	6,799	11.13	12.00	17.3	16.8	3.2%	3.3%
Insurance								
Insurance Australia Group	IAG	17,520	7.40	7.90	19.3	18.3	5.3%	6.1%
QBE Insurance Group	QBE	10,738	10.95	7.98	15.2	13.4	4.4%	4.8%
Suncorp Group Limited	SUN	18,802	14.48	14.70	18.3	47.7	5.6%	5.2%
HEALTH CARE EQUIPMENT & SUPPLIES								
Cochlear	COH	11,632	201.64	195.00	47.3	42.4	1.5%	1.7%
CSL	CSL	68,341	207.12	165.35	39.6	35.1	1.1%	1.3%
ResMed	RMD	16,182	15.56	10.06	34.8	34.0	1.3%	1.3%
HEALTH CARE PROVIDERS & SERVICES								
Ramsay Health Care	RHC	11,078	54.82	47.20	19.6	19.8	2.6%	2.6%
Sonic Healthcare	SHL	10,774	25.29	23.50	22.8	22.7	3.2%	3.2%
INDUSTRIALS								
Atlas Arteria	ALX	4,680	6.85	7.30	116.6	34.0	3.5%	4.4%
Brambles	BXB	12,413	10.69	7.98	18.9	19.1	2.8%	2.9%
CIMIC Group	CIM	16,294	50.25	47.50	20.6	19.8	3.0%	3.0%
Downer EDI	DOW	4,567	7.68	8.25	18.7	15.6	3.5%	3.9%
Qantas	QAN	10,135	6.02	7.40	10.8	9.6	2.8%	3.3%
Seek	SEK	7,188	20.47	17.50	36.4	35.8	2.2%	2.3%
Sydney Airport	SYD	15,899	7.05	6.80	39.8	35.8	5.3%	5.6%
Transurban	TCL	30,020	11.24	11.60	51.4	58.8	5.0%	5.2%
INFORMATION TECHNOLOGY								
Computershare	CPU	7,868	19.88	13.75	22.9	21.0	2.0%	2.3%
REA Group	REA	11,335	86.06	83.00	40.5	32.6	1.4%	1.6%
Xero	XRO	7660	50.00	35.19	nm	nm	0.0%	0.0%
MATERIALS								
Incitec Pivot	IPL	6,377	3.90	4.02	17.2	13.7	2.9%	3.7%
Orica	ORI	6,477	17.08	17.60	19.7	15.1	3.1%	3.7%
CSR	CSR	1,947	3.86	5.40	9.2	9.8	7.0%	7.0%
James Hardie Industries	JHX	6,705	20.81	17.16	23.1	20.1	2.6%	3.0%
Boral	BLD	8,042	6.86	6.40	15.6	15.2	3.9%	4.1%
Adelaide Brighton	ABC	4,060	6.24	6.56	19.5	17.7	3.4%	3.6%
Amcor	AMC	11,531	13.66	10.91	16.0	16.1	4.5%	4.6%
METALS & MINING								
Alumina	AWC	5,731	2.73	2.25	9.8	15.0	9.7%	7.5%
BlueScope Steel	BSL	8,964	16.36	19.00	11.3	8.1	0.9%	1.0%
Fortescue Metals Group	FMG	8,965	3.95	4.04	8.3	10.5	6.2%	6.2%
Newcrest Mining	NCM	11,063	19.77	14.70	24.2	17.3	1.3%	1.7%
Rio Tinto	RIO	90,494	79.49	65.89	12.5	13.6	4.6%	4.4%
South 32	S32	14,553	3.90	3.00	11.2	12.1	4.7%	3.3%
REAL ESTATE								
Lend Lease	LLC	11,106	19.34	19.30	14.6	12.8	3.6%	4.2%
Scentre Group	SCG	21,487	4.04	4.70	16	15.3	5.5%	5.6%
Stockland Group	SGP	10,006	4.11	4.35	13.5	12.6	6.4%	6.7%
Vicinity Centres	VCX	10,298	2.66	3.03	14.6	13.9	6.1%	6.1%
UTILITIES								
AGL Energy	AGL	12,710	19.38	17.70	12.4	12.5	6.0%	6.0%
APA Group	APA	11,563	9.80	11.00	42.1	41.7	4.6%	0.0%
Market Average					**21.6**	**19.4**	**4.0%**	**4.1%**

UK INVESTMENT TRUST PERFORMANCE FIGURES Source: FNZC

PRICES AS AT 21ST SEPTEMBER 2018

Share Price GBP	Net Asset Value	(Discount) Premium	FNZC View *	Investment Trust Company	Market Cap £m	Net Yield %	12 Month % Discount Average	12 Month % Discount High	12 Month % Discount Low	1 Yr % NZ$ Price	1 Yr % NZ$ NAV	3 Yr % PA NZ$ Price	3 Yr % PA NZ$ NAV	5 Yr % PA NZ$ Price	5 Yr % PA NZ$ NAV
As at close 20 September 2018				**Global Equity**											
760.0	816.4	-6.9%	Hold	Alliance[1]	2,531	1.8	-5.4	-7.1	-4.1	19.6	19.0	13.1	8.7	14.9	10.7
887.0	903.8	-1.9%	Buy	Bankers[1]	1,091	2.2	-3.9	-8.5	-0.2	21.7	17.7	9.9	6.9	12.6	10.2
754.0	821.0	-8.2%	Hold	British Empire Trust[1]	856	1.6	-10.4	-12.5	-8.6	19.8	16.2	12.1	8.6	11.4	8.5
2,780.0	3446.5	-19.3%	Hold	Caledonia Investments[1]	1,468	2.0	-16.0	-21.5	-10.6	16.5	12.9	4.0	0.6	13.0	8.1
982.0	946.9	3.7%	Buy	Edinburgh Worldwide[1]	542	0.0	-6.1	-12.7	3.6	68.3	56.0	23.0	19.2	22.3	19.3
1,470.0	1461.8	0.6%	Hold	F & C Global Smaller	824	1.0	0.8	-1.2	2.1	22.5	23.7	8.9	8.5	13.6	13.1
719.0	709.0	1.4%	Buy	Foreign & Colonial[1]	3,709	1.5	-6.7	-9.1	-4.1	32.5	22.3	13.7	9.0	17.1	12.1
691.0	665.1	3.9%	Hold	Independent Investment Trust	424	0.9	-0.5	-10.3	12.3	26.8	26.8	19.2	15.4	23.7	19.1
323.5	323.3	0.1%	Buy	JPM Global Growth & Income[1]	412	3.8	-1.2	-6.6	3.3	18.1	14.0	13.8	7.7	15.2	11.4
606.0	685.8	-11.6%	Hold	Law Debenture Corp[1]	724	2.9	-8.7	-12.8	-5.0	12.7	14.6	4.2	7.0	7.5	9.4
530.0	512.3	3.5%	Buy	Mid Wynd	184	1.0	1.1	-2.2	4.3	26.8	24.4	12.7	10.6	17.1	14.6
832.0	822.2	1.2%	Buy	Monks Investment[1]	1,790	0.2	-0.8	-7.2	4.6	28.5	28.0	20.8	15.7	18.2	14.1
1,114.0	1112.2	0.2%	Buy	Murray International[1]	1,486	4.6	1.5	-3.1	4.7	0.5	-0.4	7.8	3.5	5.1	2.4
39,750.0	39324.0	1.1%	Hold	Personal Assets Trust[1]	878	1.4	0.0	-1.7	2.2	8.2	6.5	0.4	-1.6	4.5	2.9
2,070.0	1903.3	8.8%	Hold	RIT Capital Partners[1]	3,130	1.6	6.2	0.6	11.8	19.1	15.6	5.1	1.0	12.7	6.8
378.5	365.3	3.6%	Hold	Scottish American IT[1]	514	3.0	4.1	-1.9	7.0	17.9	16.3	12.3	7.4	12.7	8.1
528.4	516.5	2.3%	Buy	Scottish Mortgage[1]	7,192	0.6	2.4	-4.1.5	5.1	43.6	39.8	23.6	21.6	26.8	23.5
				Benchmark MSCI International						NA	21.5	NA	10.8	NA	13.7
				European											
674.0	739.1	-8.8%	Hold	Edinburgh Investment Trust[1]	1,356	3.9	-6.1	-9.3	-8.1	10.6	10.9	-2.7	-2.8	6.5	5.4
418.0	408.8	2.3%	Buy	City of London[1]	1,541	4.2	1.6	-0.6	3.4	12.6	9.3	0.4	-2.8	7.1	3.2
898.0	978.8	-8.3%	N/R	The European Trust[1]	392	2.5	-11.6	-15.9	-7.2	10.7	7.9	2.8	2.2	8.8	6.3
295.0	341.0	-13.5%	Buy	JP Morgan European (Growth)[1]	226	2.3	-9.2	-12.3	-4.6	10.4	10.7	3.9	4.1	10.8	8.9
402.0	453.0	-11.3%	Buy	JPMorgan European Smaller	662	1.7	-11.0	-16.5	-4.4	17.7	18.9	12.0	12.2	16.6	16.0
1,245.0	1337.5	-6.9%	N/R	Henderson European Focus[1]	273	2.4	-0.0	-8.3	2.8	0.7	11.9	2.3	4.3	11.4	10.5
354.0	370.3	-4.4%	N/R	BlackRock Greater European	305	1.5	-4.4	-7.1	-0.6	23.8	22.0	8.7	7.9	11.5	10.3
997.0	1114.1	-10.5%	Buy	TR European[1]	550	1.1	-6.5	-15.5	2.8	-5.0	5.5	11.5	12.1	17.9	16.6
				Benchmark - MSCI European						NA	12.0	NA	5.0	NA	9.0
As at close 20 September 2018				**Asia/Pacific Funds (incl. Japan)**											
841.0	818.1	2.8%	Buy	Baillie Gifford Japan[1]	763	0	4.3	-2.1	10.5	32.1	32.6	16.3	16.0	21.4	20.1
315.0	367.8	-14.4%	N/R	Witan Pacific	214	1.8	-13.5	-16.6	-10.6	11.3	10.7	8.4	6.4	9.3	7.5
458.0	503.7	-9.1%	Buy	JP Morgan Japan	727	1.1	-11.4	-15.5	-7.2	34.2	29.9	12.5	10.3	15.9	15.0
352.0	346.7	1.5%	Buy	Henderson Far East Income	455	6.0	1.4	-1.6	4.7	7.7	5.4	8.4	2.1	8.7	2.5
215.0	230.6	-6.8%	Buy	Schroder Japan Growth Fund	273	0.9	-7.8	-11.4	-3.5	16.9	16.1	7.0	5.6	13.2	11.7
				Benchmark- MSCI Far East incl. Japan						NA	NA	8.1	NA	10.2	NA
				Global Emerging Markets											
655.0	754.1	-13.1%	N/R	Genesis Emerging Markets	943	1.5	-12.8	-14.5	-11.1	10.2	5.6	8.5	8.1	6.4	6.8
837.0	937.4	-10.7%	Buy	JP Morgan Emerging Markets	1,058	1.3	-12.8	-14.9	-10.7	11.9	10.8	11.2	9.8	10.7	9.6
698.0	787.8	-11.4%	Buy	Templeton Emerging Markets	1,971	2.2	-12.8	-14.4	-9.8	3.1	2.4	13.4	11.2	7.3	6.3
				Benchmark -MSCI Emerging						NA	8.1	NA	10.2	NA	8.7
				Latin American Emerging											
395.5	459.0	-13.8%	N/R	BlackRock Latin American[1]	173	2.8	-13.3	-16.6	-8.0	4.6	-9.2	10.3	3.1	4.3	-1.8
				Benchmark -MSCI Latin						NA	-10.6	NA	7.8	NA	1.9
				Far East Exc Japan											
220.0	252.3	-12.8%	Hold	Aberdeen New Dawn[1]	272	1.9	-13.0	-15.3	-10.7	9.0	11.0	9.0	8.1	6.7	6.9
357.0	398.2	-10.3%	Buy	Edinburgh Dragon[1]	720	0.9	-12.3	-13.7	-10.5	13.7	11.3	9.9	8.9	8.3	8.1
208.0	233.3	-10.9%	Buy	Fidelity China Special Situations	1,420	1.7	-13.2	-17.1	-9.2	10.7	11.2	16.3	14.0	20.3	20.3
663.0	755.8	-12.3%	N/R	JP Morgan India[1]	705	0.0	-11.0	-13.5	-8.6	5.8	8.1	5.1	7.1	18.9	18.8
315.5	329.2	-4.2%	N/R	Pacific Horizon[1]	206	0.0	-9.9	-14.4	-6.1	27.9	16.7	21.7	16.4	17.8	14.2
427.0	471.5	-9.4%	Buy	Schroder AsiaPacific	774	1.2	-11.4	-13.8	-8.6	18.8	11.5	19.6	13.2	15.9	13.1
347.0	330.8	4.9%	Buy	Schroder Asian Total Return[1]	327	1.3	-2.1	-6.1	4.7	12.9	13.5	14.6	13.0	14.6	13.2
244.0	241.3	1.1%	Hold	Schroder Oriental Income[1]	657	3.9	-1.0	-5.9	2.9	9.1	7.8	0.3	5.8	11.0	6.6
				Benchmark -MSCI Emerging						NA	12.1	NA	11.6	NA	10.8
				European Emerging Market											
687.0	769.0	-10.7%	Hold	Baring Emerging Europe	97	5.0	-12.2	-17.4	-8.8	0.5	-6.1	10.5	6.0	3.4	-0.8
305.5	320.4	-4.6%	Hold	BlackRock Eastern European[1]	122	3.4	-8.4	-12.9	-4.0	7.5	-3.7	14.4	7.4	5.4	2.6
				Benchmark - MSCI Emerging						NA	-0.5	NA	5.6	NA	5.6
As at close 20 September 2018				**Other/ Specialist ITCs**											
1,367.5	1441.0	-5.1%	Buy	North American Income Trust[1]	371	2.8	-8.3	-11.1	-3.9	29.2	22.3	16.8	12.2	13.5	11.8
1,398.0	1747.4	-20.0%	Buy	HarbourVest Private Equity	993	0.0	-15.5	-19.9	-8.9	21.1	22.6	9.2	8.8	15.8	11.9
280.0	286.2	-2.2%	Buy	IMPAX Environmental Markets	490	0.9	-10.9	-13.0	-6.5	25.2	17.6	17.4	13.0	15.7	13.6
1,082.5	1182.9	-8.5%	Buy	Jupiter US Smaller Companies[1]	176	0.0	-11.9	-17.3	-4.1	47.2	45.8	14.4	12.0	10.1	13.1
464.5	482.8	-3.8%	Buy	JPMorgan American[1]	924	1.2	-4.8	-6.1	-2.3	34.2	30.3	14.4	13.3	16.9	16.5
192.0	197.7	-2.9%	N/R	Jupiter Green[1]	40	0.7	-5.3	-7.9	-2.5	17.6	14.8	7.1	5.2	9.0	8.6
365.5	407.0	-10.2%	Hold	BlackRock World Mining	718	4.6	-12.0	-17.4	-8.0	6.0	1.3	15.9	11.0	-0.6	-5.0
1,312.0	1341.4	-2.2%	Buy	Polar Capital Technology[1]	1,643	0.0	0.0	-3.2	3.2	44.6	44.7	25.9	26.2	25.3	25.4
416.5	410.5	1.5%	Buy	TR Property Trust[1]	1,295	2.9	-7.8	-15.4	-1.7	30.2	20.7	7.4	4.5	18.7	14.0
2,790.0	2755.0	1.3%	Buy	Worldwide Healthcare Trust[1]	1,292	0.6	-0.2	-5.7	2.1	25.1	22.9	8.2	5.8	21.1	19.6
				Benchmark - NZSX 50 Index						NA	19.1	NA	18.1	NA	15.4
				Benchmark - Index MSCI USA						NA	29.8	NA	14.4	NA	18.1

*FNZC View

Our aim is to identify Company's where the share price will outperform the benchmark on a risk adjusted total return basis. This may be through either a narrowing of the discount or outperformance of the underlying portfolio. Through the 'FNZC View' we seek to identify buying opportunities for investors in each asset class. Our time frame is 12-18 months. Our view will take into account valuation, but will place a greater emphasis on the quality of management, performance record and risk characteristics (including portfolio diversification, gearing and any outstanding commitments). We will typically focus on the outlook for relative, rather than absolute share price performance. For instance, we may recommend a Company investing in Japan because we believe it will outperform the TSE 1st Section, but this does not necessarily mean that we favour the Japanese market. When making recommendations we take account of trading liquidity and, all things being equal, favour the larger and more liquid Companies.

1 From time to time the Company may use derivative instruments to hedge, enhance and protect positions, including currency exposures, and for investment purposes.

NZ DAILY FIXED INTEREST RATE SHEET

PRICES AS AT 24TH SEPTEMBER 2018

NOTE: Indicative pricing only

Secondary Market	Code	Maturity/ Call Date	Bond Rating	Coupon	Freq.	Issue Size ($m)	Offer Yield 24-Sep-18
Contact Energy	CEN020	15-May-19	BBB	5.80%	Q	222.00	2.69%
Mercury NZ	MCY010	11-Jul-19	BB+	6.90%	Q	300.00	3.89%
Kiwi Capital Funding	KCF010	15-Jul-19	BB+	6.61%	SA	100.00	3.80%
Trustpower	TPW160	15-Sep-19	NR (BB+)	6.75%	Q	114.16	3.80%
Z Energy	ZEL030	15-Nov-19	NR (BBB+)	6.50%	Q	135.00	3.21%
NZ Post Group Finance	NZP010	15-Nov-19	BB+	6.35%	SA	200.00	3.83%
Infratil	IFT090	15-Feb-20	NR (BB-)	8.50%	Q	80.50	3.88%
The Warehouse	WHS020	15-Jun-20	NR (BB-)	5.30%	SA	125.00	3.58%
Goodmans Property Trust	GMB020	16-Dec-20	BBB+	6.20%	SA	100.00	2.92%
BNZ	BNZ090	17-Dec-20	BBB	5.31%	Q	550.00	3.72%
Chorus	CNU010	6-May-21	BBB	4.12%	Q	400.00	3.39%
Wellington International Airport	WIA020	15-May-21	NR (BBB+)	6.25%	SA	75.00	3.08%
Sky Network Television	SKT020	31-Mar-21	(BBB-)	6.25%	Q	100.00	4.03%
Kiwi Property Group	KPG010	20-Aug-21	BBB+	6.15%	SA	125.00	3.15%
Westpac Banking Corporation	WBC010	1-Sep-21	BBB	4.70%	Q	400.00	3.80%
Fonterra Cooperative Group	FCG030	20-Oct-21	A-	4.33%	SA	350.00	2.89%
Contact Energy	CEN030	15-Nov-21	BBB	4.40%	Q	150.00	3.02%
ASB Bank	ABB050	15-Dec-21	BBB	5.25%	Q	400.00	3.77%
Trustpower	TPW140	15-Dec-21	NR (BBB-)	5.63%	Q	83.05	3.54%
Precinct Properties	PCT010	17-Dec-21	NR (BBB+)	5.54%	SA	75.00	3.40%
Genesis Energy	GNE040	9-Jun-22	BB+	5.70%	Q	225.00	3.25%
Infratil	IFT190	15-Jun-22	NR (BB-)	6.85%	Q	93.70	4.13%
Vector	VCT010	15-Jun-22	BB+	5.70%	SA	307.21	4.18%
Goodmans Property Trust	GMB030	23-Jun-22	BBB+	5.00%	SA	100.00	3.34%
SKYCITY Entertainment Group	SKC040	28-Sep-22	BBB-	4.65%	Q	125.00	3.65%
Contact Energy	CEN040	15-Nov-22	BBB	4.63%	Q	100.00	3.37%
Trustpower	TPW150	15-Dec-22	NR (BB+)	4.01%	Q	127.73	3.66%
Fonterra Cooperative Group	FCG040	7-Mar-23	A-	4.42%	SA	150.00	3.28%
Meridian Energy	MEL030	14-Mar-23	BBB+	4.53%	SA	150.00	3.54%
Goodmans Property Trust	GMB050	1-Sep-23	BBB+	4.00%	SA	100.00	3.50%
Kiwi Property Group	KPG020	7-Sep-23	BBB+	4.00%	SA	125.00	3.55%
Z Energy	ZEL050	1-Nov-23	NR (BBB-)	4.32%	Q	70.00	3.74%
Infratil	IFT210	15-Sep-23	NR (BB+)	5.25%	Q	122.10	4.23%
Meridian Energy	MEL040	20-Mar-24	BBB+	4.88%	SA	150.00	3.54%
Investore Property	IPL010	18-Apr-24	NR (BBB)	4.40%	Q	100.00	4.05%
Goodmans Property Trust	GMB040	31-May-24	BBB+	4.54%	SA	100.00	3.74%
Precinct Properties	PCT020	27-Nov-24	NR (BBB+)	4.42%	SA	100.00	3.98%
Property for Industry	PFI010	28-Nov-24	NR (BBB)	4.59%	Q	100.00	3.98%
Kiwi Property Group	KPG030	19-Dec-24	BBB+	4.33%	SA	125.00	3.84%

WANT TO ADVERTISE IN MY NEWSLETTERS

I won't be adding lots of advertising – but if you are interested I continue to look for a handful of advertisers to help fund my Newsletters.

A von Dadelszen's "Investment Strategies"
Newsletter Ratecard for 2018

Advertising Options – Sizes & Pricing

My newsletters are usually produced bi-monthly, and emailed to a database of over 800 subscribers (currently at no charge).

Full A4 page advert (260mm H x 180mm W)
$300.00+GST
$210.00+GST Discounted Rate/insertion (minimum 4 insertions)

½ page advert (120mm H x 180mm W)
$200.00+GST
$140.00+GST Discounted Rate/insertion (minimum 4 insertions)

¼ page advert (120mm H x 85mm W)
$150.00+GST
$105.00+GST Discounted Rate/insertion (minimum 4 insertions)

1/5 page strip advert (50mm H x 180mm W)
$140.00+GST
$100.00+GST Discounted Rate/insertion (minimum 4 insertions)

Biz Card advert (50mm H x 85mm W)
$100.00+GST
$70.00+GST Discounted Rate/insertion (minimum 4 insertions)

Discounted rate
If you contract for a minimum of 4 insertions, then the "Discounted Rate" is applicable.

Supplied Artwork
Please enquire if you require artwork designed for you.

Deadlines: Copy to Andrew by agreement – Digitally to andrew@vond.co.nz

Andrew von Dadelszen ***Email***:*andrew@vond.co.nz* ***Phone***: *07-578 7453 / 021-762 440*