

Alistair Bean & Associates - Financial Advisers

“Making decisions for you, so you don’t have to!”

Quarterly Newsletter – to 31 March 2020

Covid-19 – Silver Linings...



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*This newsletter is created specifically for existing clients of
"Alistair Bean & Assoc's Financial Services Limited"*

*Please feel you can share this newsletter with any prospective clients you feel may benefit from
our services*

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NEW ZEALAND

Hello

and welcome to the latest newsletter of

Alistair Bean & Associates – Financial Advisers

For those of you who receive electronic copies... press ctrl + click on the below link to view the Alistair Bean & Assoc's Financial Services Limited commercial.

<https://www.youtube.com/watch?v=txPD7ftmlEw>

In this issue:

- Commentary and Brief Market Summary
- Introducing Paige – Training Associate
- Estate Planning - Prepaid Funeral Trusts, Funeral Cover Insurance, Life Covers
- KiwiSaver – Do **Not** Change Your Fund!
- ABAFS10 Limited Index
- Conclusion

“Guaranteed No Fee Increases FOR LIFE!” *

***for investment portfolio clients of
ABAFS Limited.***

**conditions apply*

The Lay and the Technical

As always, my intention is that I will use as much of “the Lay” as possible. I’m required for legislative and compliance reasons to also use “the Technical”. Please feel you can come to me if you would like a definition of any technical term or phrase that I include in any report.

Commentary and Brief Market Summary

Firstly, I want to sincerely wish you safety, security, and best of health for yourselves, your families, your nearest and dearest. Our thoughts are also with you, if you or anyone you know has been personally affected by Covid-19.

We, in the Bean household, are very fortunate to have three of our four adult children and our grandchild, make up our "Bubble" with our eldest son remaining in Brisbane where he works and resides. However, he is in regular Facetime contact with us.

There are lots of quality family time occurring, and everyone is on their best behaviour as much as we can be. We take regular outside walks (at a social distance from others) and partake of the odd glass of wine. Both to assist us with our best behaviour. But perhaps, we are watching far too much evening television.

Nevertheless, we are soaking up the opportunity for the ever-growing bond with 2 ½ year old Max. That may have been less, due to normal working life pre-Covid-19; so, that's our special "*Silver Lining*."

The markets have reacted. And to name a few, those most affected are tourism, hospitality, retail, and entertainment (I'm including sport with entertainment). Those that have benefitted have been food, agriculture, and medical companies. They may offer some assistance to the present and, perhaps, future situation. Are the present and future their silver lining?

However, a silver lining for many of us is **a2 Milk**. You will have seen **a2 Milk** holding up incredibly well closing on Friday the 3rd of April at \$17.19, which is at the upper level of its pricing history. Furthermore, **a2 Milk** has been above \$17.50 intra-day. The agricultural markets have traded like this over the last few weeks. Therefore, I have been able to purchase some **Synlait Milk** shares, which I purchased at \$4.91 two weeks ago on your behalf. They also closed on Friday the 3rd of April at \$6.94.

a2 Milk, for those of you who have been with me for more than six years, originally had **a2 Milk** shares purchased for you at a low price of 46 cents each. The growth has, therefore, been 3,636% on those original shares and the highest price I have paid has been \$14.14 for those clients. That price has now seen an increase of 21.57%.

I chose **a2 Milk** for many reasons I have discussed here before, but the primary reason was because it is a daily staple food item. This has proved to be very much to your on-going benefit.

Over the last two years, I have sold up to 30% and repurchased 7.5% in value while re-balancing your portfolios with the proceeds. I have also taken these actions (of re-balancing) with other investments held in your portfolio to act in your best interests including in recent times the sale of **Vista Group** at \$6.15 for most of you. This is currently only at \$1.18 mainly due to the fallout from Covid-19. I do, however, have target prices for all your investments, most of which are longer-term (although, I hold most managed funds for the medium to long-term, and your shorter-term investments which typically you hold in your own bank accounts as day-to-day and emergency funds). I will move your investments when the market nears the target prices as prudently as I can.

Included here is a link from "Motley Fool," who is a respected group of regular market commentators. They mention:

"A2 Milk is one of those businesses that is experiencing an increase in demand. It's one of those essential products that have long shelf life and people can't go without. People are stocking up. China is getting back to normal, or at least a version of it. China makes up a sizeable amount of A2 Milk's earnings."

<https://www.fool.com.au/2020/04/03/the-a2-milk-share-price-went-up-in-march-is-it-a-buy/>

The entire globe, as you will know, has been affected by Covid19. Sweden has currently chosen to carry on as is, and compared to us, it appears to have not shut anything down. The percentage of mortality does not appear to be much more than other Corona diseases like SARS, MERS, and other flu types. But, the rapidity is quite scary. Italy and Spain have suffered a significant effect, and USA appears to be rapidly about to surpass their stats. This being the case, we may likely see the market react even more than it has to date; that is, with increased volatility.

Once we see signs of recovery, then we will see a return to some normality; albeit, perhaps the new normal will be quite different to our previous circumstances.

Further commentary in the Conclusion section.

Introducing Paige – Training Associate



It is a great pleasure to announce a new member of our team to join Victoria and I in our office.

Many of you will have heard me talk about **Paige** at seminars last year and perhaps will have met her. Paige officially started working for ***Alistair Bean & Associates – Financial Advisers*** on Thursday the 6th of January 2020 as an Associate to assist in processing and maintenance of client portfolios. Paige who is already showing how much of a fast learner she is, will also gain knowledge of all facets of financial planning with a view to becoming a fully qualified Financial Adviser. She will also help with a younger point of view and to modernise our Practice.

Paige enthusiastically wished to become a Financial Adviser and wished to complete on-the-job and academic study to do so. We are thrilled to welcome her aboard.

Paige's background includes having successfully completed three years of her Law Degree at Canterbury University with a view to graduating once she completes her finals at a later date. She also has Certificates in Environment and Sustainability as well as Small Business from the Southern Institute of Technology.

However, Paige has not just studied. She's mixed those up with working: as an Administration Assistant and in the milk shed on several farms in Southland as a Dairy Farm Assistant.

At the same time, Paige has been a volunteer for the SPCA and the Opshop, both in Invercargill. Her interests include cake decorating and rugby (she's an avid rugby fan). But, her silver lining is looking after my 2½ year old grandson, Max.

I hope you will welcome Paige aboard, and I look forward to introducing her to you in person in the near future.

Estate Planning – Prepaid Funeral Trusts, Funeral Cover Insurance, Life Covers

How much can you put aside for a prepaid funeral if you were to go into a rest home? Currently, \$10,000 per person (if income tested) either prepaid or in a funeral trust. **Let me know if you would like to do this, and I will arrange one for you.** This is having your own funeral paid before you pass on; so, your family doesn't have to organise funds from your estate. This is something you should seriously consider, in my opinion, as it means you have a say at your final party...

Funeral Insurance, Life Covers

Should you prefer not to invest for a prepaid funeral, then you may wish to take Funeral Insurance Cover.

I'm only a fan of funeral cover for clients at least aged 55+.

If you're only 18 to early 50s, then you could be paying premiums for well over "30 years," which may far exceed the benefit paid; so, this is silly ... unless you die in your early 20s!

So, if you're under 55, then you should take life cover, because someone in their early 50s may get at least \$100,000 cover for the same premium that would only pay for \$20,000 funeral cover. Please feel you can talk to me more about these options.

For Funeral Cover, there is a guaranteed acceptance at age 55 to 85 – no underwriting.

Enduring Powers of Attorneys, Wills, and Trusts

A timely reminder to review all of these. I can assist with arranging new ones for you or assist with reviewing existing ones you already have. **This is essential at least every two years.**

KiwiSaver

Claim your \$521 and don't change your fund!!



In the news, there have been reports of so many clients changing from growth funds to conservative funds (over \$1bn in recent weeks). If your timeline for investment hasn't changed, then this is the worst thing you can do. In short, speak to me if you are considering doing this; so, I can talk you (and also anyone else you know) out of it!

The worst of times can very well be the best of times...

Before my next newsletter will be the KiwiSaver **cut-off date of 30 June 2020**. Ensure those of you and also any of your family members, (or, anyone you know) who regularly contribute to KiwiSaver receive your eligible \$521 free money from the Government for the year – 50 cents in the dollar for \$1,042 (\$20 per week) invested.

Remember if you didn't get it last year, simply start a \$20 per week direct credit to your fund, and you won't miss out next year.

Talk to me further if necessary. Tell friends, families, colleagues to do the same. One million KiwiSaver investors did not claim \$550,000,000 worth of Government contribution in 2018.

ABAFS10 Limited Index

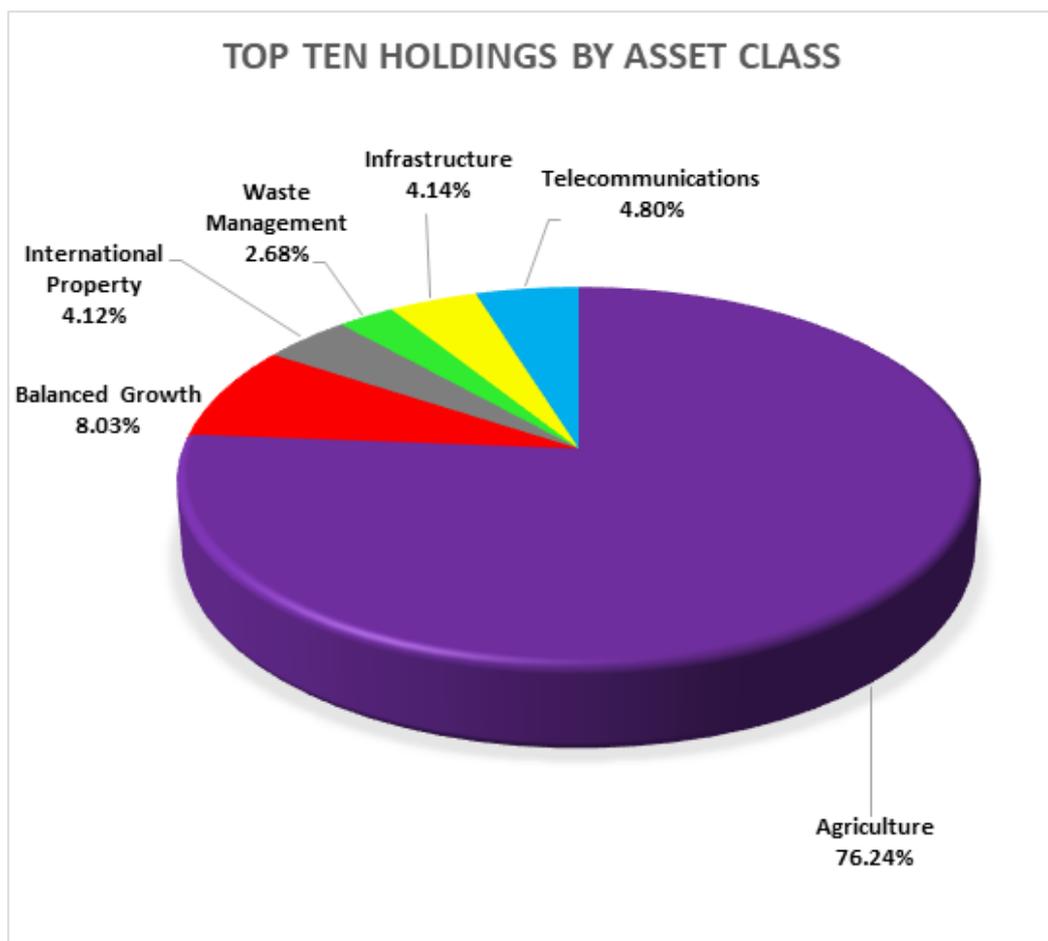
The ABAFS10 Limited Index represents the total of the individual current values of the top ten holdings of all investments that I manage for clients and represents their percentage asset allocations as charted below to 31 March 2020.

*(The investment names held are commercially sensitive, but the information is available to clients of **ABAFS Limited.**)*

**The current cumulative net value as at 31 March 2020 was
\$41.97**

**Up 5.08% net after fees for the quarter - NZX50 down 14.75% for the
December to March 2020 Quarter.**

Past performance is no guarantee of future performance.



Conclusion

The below graph shows how the markets performed with previous viruses detailing their downfall and recoveries relative to the Dow Jones index.



Source link

<https://www.marketwatch.com/story/economic-hit-from-coronavirus-likely-to-be-short-lived-but-its-still-a-little-scary-frankly-2020-01-27>

When we recover, and we will, prices will not be where they are now. So, there are many opportunities to act. These opportunities are keeping me busy throughout the trading day: from when the US Markets open to when the Australian Market closes, not forgetting the entire NZ trading session. With all the movement and the announcements occurring as they day goes by, it makes my working day around 16 hours at present. Not that I'm complaining! This has become my normal; albeit, a bit more intense.

Going forward, we are likely to see Governments investing in health preparedness and infrastructure with the aim of restarting their economies. For our newer clients (who have only been with us for up to

the last nine months) that investment is another silver lining and is good news for your medium to longer-term initial plans.

For all clients, we have recently gone through the US-China Trade Wars and now a Corona Virus event. A well-managed, strategic future return and an increase in value to your portfolios is planned.

Recently, the Dow Jones showed a reduction in value of around 37% from market highs to market lows during Feb-Mar 2020. Compared to that 37%, my average client portfolios have fallen only around 9.94% with many still being ahead from where they were 12 months ago and significantly well ahead from where they were only three years ago. However, the silver lining here is that the Dow Jones and NZX markets saw a rebound in value by 31 March 2020 and as I write, **a2 Milk** is now at \$17.69 with **Synlait milk** being at \$7.29, warranting some investigation into further strategies.

I will have your quarterly monitoring reports out to you before the end of the month by email and hard copy for those without computers.

In the meantime, should we be able to do anything for you regarding your portfolios, or even if you would like a friendly ear for a chat, please don't hesitate to contact me.

Again, I say take the very best of care and of those nearest and dearest to you. Stay healthy!

As always
warmest regards

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A copy of my Personal Disclosure Statement is available on Request Disclaimer:

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The Technical

No technical this month...