

## **Alistair Bean & Associates - Financial Advisers**

*"making decisions for you, so you don't have to!"*

**Quarterly Newsletter to September 2020**

**\*\*Special Edition\*\***

**Annual Cocktail Function - Presentation Transcript**



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FINANCIAL ADVISERS

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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*

PROUD MEMBER OF

**Financial Advice**  
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=txPD7ftmIEw>

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***“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.*

# ***Annual Cocktail Function - Presentation Transcript***

## **ABAFS' Inaugural Annual Round-up and View From The Top For 2019 To 2020**

- Before we start, a wee round of applause for the Praesto String Quartet
- Thank you, could I please ask you all that we have a moment's silence for the victims of Covid-19
- Thank you, general welcome and introduction from Vivecca (*Vivecca interviewer – Business Development Manager – Consilium NZ.*)

I'd now like to let you know what our agenda for the evening is, so you are aware what is coming up.

- **Firstly, Part 1:** which will be 20 minutes of *"The year that was"*
- **Then:** we will have a 10-minute break (refill your drinks, and listen to music once again by the Praesto String Quartet)
- **We'll come back for Part 2:** which will be 20 minutes of *"The year that is, and the year that may be"*
- **Then Part 3:** we will have 10 minutes of any questions from the floor and sharing of any client success stories of how their funds have helped them; and
- **Finally:** some presentations from Alistair to Big Brothers and Big Sisters of Christchurch and to Riccarton Players followed by further refreshments to wrap up by 7.30pm.

## Part 1

1. (Vivecca) Alistair, it's been quite a year, what with the continual Trump/China trade war, Covid-19, recessions, and now the upcoming NZ and USA elections. What good news do you have for us? And, can you please give us a brief rundown on the year that was for your clients' portfolios?

(Alistair.) Thanks, Vivecca, it's humbling to see so many clients and guests in attendance tonight.

Well, it has now been over 7½ years; so, in February of next year, we will have been in business for 8 years.

While this last year has perhaps been the worst global year in over 100 years (for a few reasons, but Covid-19 being the main reason), I'm extremely pleased to say that any *Alistair Bean and Associates'* client who has been with me for 16 months or more, as at the time of their annual reviews this year, were at record all-time high portfolio balances.

This has been the result of excellent figures from a2Milk, Port of Tauranga, Vista Group (sold at \$6.15), Synlait Milk (bought back again for \$4.90) and several of your managed funds, (with stella annual results I'll talk about further on). But, I highlight, these figures include 6 months or more of the market being affected by Covid-19.

In saying that, due to the events you mention, it has been a tough year for newer clients. Although, (and I do not wish to show disrespect to them) most

of the newer clients have been with Alistair Bean and Associates for barely 1 year; so, it's early days for them. Better things will come. Those clients could ask other clients, many who are in the room, who have also been with Alistair Bean and Associates in other times of crisis. These clients are now in excellent positions; so, they'll likely tell you not to worry.

Since the start of my business, on average, clients have been with Alistair Bean and Associates for around 6 years. *(Some clients, of those 7½ years, have had an investment relationship with me for up to 25 years.)* As I always say, past performance is no guarantee of future performance. However, for my longer serving clients, actually, those who have been with me for 16 months or more, I'm proud to say I have achieved averaged net returns, after tax and all fees, of **29.04.%pa** (which is **43.34%pa** gross for family trust clients at the 33% tax rate, **41.48%pa gross** for clients at a 30% tax rate, and **35.20%pa gross** for clients on the 17.50% tax rate). I repeat: all these performance figures are after tax and all fees. I think you will agree these results are spectacular in such trying times. So, I'm extremely proud of the work that Victoria, Paige, and I, along with our external associates, as a force, have continued to provide. (Yes, the force is with us.)

2. **(Vivecca)** Alistair, a2Milk has once again been a superstar with a record value of \$21.74 back in August. I note, from year to year, a2Milks' highs seem to be in August, and you tend to do something with them around this time. You originally purchased a2Milk at a price of 46 cents per share for many of your clients, and you bought a2Milk for the prime reason that it was a staple food product.

Because it was only 46 cents when you invested \$50,000 on behalf of a client, that client ended up with nearly 109,000 shares. The record value means those shares at \$50,000 would be worth almost \$2.36 million dollars (\$2,363,043.47) at their record high. What percent return is that for the client, Alistair, and are you still buying a2Milk at current prices?

(Alistair.) I'm glad you asked that Vivecca. It is a total return of 4,726%. I didn't buy them all at these prices, and I have bought and sold a2Milk shares at various stages over the years. When I buy and sell, I muster my best perceptions. So, I deliberate and make a judgement about optimum prices for the transactions at any given time relative to all perceived economic circumstances.

3. (Vivecca) Alistair, you have, in recent times, mentioned to many clients, your current wish for the business is to manage a total amount of funds under management value, on clients' behalf, of between \$100 million and \$125 million, with a limit of approximately 100 portfolio clients over \$250,000. Why do you wish to limit your client numbers to only 100?

(Alistair.) The prime reason has always been to ensure I continue to give my portfolio clients a true one-to-one adviser/client service. Once we get over 100 clients, it becomes hard to maintain that commitment. However, with Paige and Victoria on board, we may start extending those numbers while keeping the clients' interests foremost.

As most of you know, Victoria primarily assists me with being my Head of Compliance and Operations. With her experience, Victoria is one of my major and invaluable sounding boards when I'm making decisions after assessing information from research houses, external associates, media and market commentary.

Paige has completed part of her Financial Advice Study to Level 5 and will specialise in the Investment Strand. She will be finished by around year-end. So, due to demand, I am announcing today Paige will be offering a variety of monitored managed-fund services, also on the Consilium Platform, to new clients with balances from \$50,000 up to \$250,000. We will not offer direct share purchases with this platform And, there will be automated re-balancing, which means less overall risk. So, you can tell your family and friends we will now be able to assist clients with balances from \$50,000. Paige will, of course, operate with my oversight. Do come and see us for full details.

4. (Vivecca) What is the current total value of funds you are managing for clients, Alistair?

(Alistair) Well, I'm again thrilled to say clients have invested a total of around \$30 million with me. This has since grown in value using care, diligence, and skill in my management of their portfolios (I keep clients' individual interests first), and funds have now grown to near \$80 million. We now look after 52 clients and collectively, they have drawn down around \$15 million; so, there is currently around \$65 million being looked after by us.

5. (Vivecca.) That growth is spectacular, Alistair. Well done! Many of your clients have become millionaires with your skilful management, over and above their own assets. What have clients primarily used their withdrawn funds for? Are there any special stories a client has allowed you to share with others?

(Alistair.) Thank you, Vivecca. Clients have spent their funds on many things: purchased new cars, gone on major overseas holidays, upgraded and maintained their homes, or just their kitchen, and, admirably, helped out family members by paying off mortgages, paying for private school and university fees. But, the major withdrawals have been to purchase or build a new home. Fourteen clients are in new, or newly built, houses (which is 27% of the clients). All have been able to spend because of the performance of their funds.

The other fantastic thing: 29 clients have already achieved their original long-term goals (which is more than 50% of you), from their original investment plans (which are set when first meeting me). Most of these 29 clients were not expecting to achieve their original long-term goals for at least 10 to 15 years from investment. So, I'm over the moon that I have been able to achieve this milestone, to achieve this outcome for these clients; especially, at earlier than expected timeframes.

From someone in this room, I have been given permission to share a special story. The client has been with me since before my business started.

It's not that they have bought a house or a car, but that they have been able to put their grandchildren through university, which is "kinda cool." But, the story gets better!

During the time the client has been with me, one of his grandchildren, a granddaughter, achieved an Architecture Degree from Victoria University in Wellington. When the granddaughter graduated, the client attended the graduation ceremony (and attended the graduation of his other grandchildren).

After the graduation ceremony, the granddaughter told our client she had an opportunity for further study. This opportunity meant continuing study in her specialised study area, but in Europe. Being in Europe allowed for a far more global perspective in her area of knowledge, and, therefore, allowed for greater expertise, and created better employment opportunities. Her grandfather was very proud to be able to assist his granddaughter to attend university in Holland for her to complete her Master of Architecture Degree.

After successfully graduating, she graciously said to her grandfather, she would not have been able to complete her study without the help and support from her grandfather. He told me he would not have been able to assist with all her tertiary studies without the great performance of the funds. His granddaughter is now employed by a top architecture firm in the North Island.

Needless to say, there were some teary eyes on both of our parts when this story was being told to me; however, we celebrated with some nice rum!

This example is far beyond my expectations of what I could do for a client's family. We expect, by using our specialist skills, we will genuinely help families. And, in this case, our expertise, which I'm proud to say, has helped another

New Zealander to be in a position to offer something special to New Zealand and to the world.

The other important point I'm making here is that your investments contribute to society. They are not just laying around doing nothing. Your investments work for you, work for those you love, and work for the economy to keep moving. Never accept the criticism, nor feel ashamed, for having wealth and for putting your money to work.

So, I'm saying:, a BIG well done to all of you!

**(Vivecca)** Thank you Alistair, fantastic.

Let's have a 10-minute break. Let's refill our glasses. Let's have something more to eat. Let's relax to the wonderful sounds of the Praesto String Quartet. Then, we will come back to "*The year that is and the year that may be*" followed by some questions from the floor. We'll finish off with a couple of presentations, then more refreshments until home-time at around 7.30pm.

Thank you

## **Part 2.**

(Vivecca)

Welcome back, everybody. Please ensure you have filled your glasses (if you wish), and let's also have another round of applause for the Praesto String Quartet!

So, moving on, Alistair, "the year that is, and the year that may be". Perhaps, you can give us a few bullet points on where some of your clients' individual portfolio investments are currently at, on how their performance for the last 12 months has been, and, then, on the year that may be.

(Alistair) Thanks Vivecca.

a2Milk: it has returned for you 28.90% for the 12 months to date.

After much due diligence, I sold 20% at \$20.09 and bought Apple shares. Apple is currently around the price I paid for them (but, I'll talk about Apple in a minute). Effectively, as a result of buying Apple, these a2Milk shares that were sold, are still worth around \$20.09. a2Milk shares, at approximately this time last year, were around \$18 and went down to nearly \$14. But, I bought back in again at around that \$14 after selling Vista Group shares at \$6.15 (which had increased near 200%). They are now around \$1.50 as Covid-19 has closed most cinemas around the world ... apart from in NZ.

This year, a2Milk shares got to \$21.74, as I mentioned earlier, and went down to around \$15.

They, a2Milk, state the price decrease is because of de-stocking the pantry, but they also stated their full year results will be ahead of last years, with sales up to \$1.9 billion. Their September results will be out in November, and I expect a recovery after those results, along with all the global international sale events: 618, Chinese Singles day, Black Friday, Mega Monday, Boxing Day, December results, and, then, Chinese New Year.

Bubs: Nearly everything I have just said about a2Milk applies to Bubs; however, it's currently down. Let's hang in there with Bubs, because I continue to believe it is the next a2Milk. Bubs are in an investment mode and have just completed a capital raising to buy 25% of a Chinese factory. So, along with their existing Chinese licences, they automatically get 72 more outlets to sell their product in China, Australia, and New Zealand. They also ventured into Vietnam last year, which contributed revenue of over 8% to their total results. Remember: Vietnam has over 95 million people; therefore, this 8% contribution is expected to grow.

Apple: Apple is now the wealthiest company in the world ahead of Aramco, the Arabian oil company, valued at over 2 trillion dollars, that's 2,000 billion dollars. Every single client of ABAFS Ltd, now owns the richest company in the world, and, for most of you, it is now your second biggest holding. I looked at buying Apple 5 years ago at around \$60, and they went up to over \$500 per share, which is 733%. I bought a2Milk instead, which gained over 4,000%.

This time, however, I bought Apple, because, on their recent share split, you got four shares for every one share you held. This has only happened four

times since 1987. So, it was an offer too good to turn down; especially with significant potential growth opportunities.

Recently, Apple launched the iPhone 12, which has the 5G network built in, but it also has Lidar, which stands for Light Detection and Ranging. Lidar is used in all driverless cars; so, your phone can now drive you home if you are over the limit. What? It can replace drones for farmers; in that, satellites will be able to tell the phone which fields need watering, or what the soil conditions are, and, perhaps, locate stock.

For fisherman, you will not need a fish finder anymore. Your phone will find the fish. Archaeologists can find bones, treasure chests, and sunken ships. Architects can check what type of foundations to use on hillsides and on flat grounds. Anyone will be able to point their phone at something and to establish the exact distance or measurements.

AFT Pharmaceuticals: it is a New Zealand company that has over 100 products, including Maxigesic and Lorclear, in over 125 countries. It's giving a 27.90% return.

Castlepoint Trans-Tasman Fund: you owned a significant amount of this Fund. As of last week, BNZ are the cornerstone investor in this fund; so, I expect we will gain much advantage from their investment. You received 19.10%. I only expected around 12%; so, I'm thrilled with the better performance.

Capital Group New Perspective Fund: it is one of the largest managed funds in the world, which means you own (maybe) everything. They manage US 7

trillion dollars, and you earned 23.20%, which I expected to have been around 14%.

Ebos: Ebos is a Christchurch company. Their product range and diversity will likely continue to significantly grow. Last year, their sales were \$8.8 billion dollars. Newer clients have these shares, and I will look at placing existing clients in at the right price below \$25. Currently, these shares are earning around 18%.

Fairlight Global Small and Mid-Cap Share Fund (global small-cap is defined as companies valued at between \$300 million and \$2 billion; global mid-cap is defined as companies valued at between \$3 billion and \$30 billion.): The return to date is 11.30% for less than a year invested.

Fiducian Technology Fund: This fund contains all the FAANG stocks: Facebook, Amazon, Apple, Netflix, and Google, but also this fund contains all the major medical technology stocks like Pfizer, Roche, Gilead, GSK that are fighting Covid-19. That is bringing a 41.70% return in your portfolio.

The Fiducian Property Fund: It's returned 30.96% (for the last 3 months).

Premium China and Asia Funds: They have returned 22.50% and 18.80% respectively.

Synlait Milk: Most of you have earned 60% since investing with Synlait Milk earlier this year. I expect this to increase significantly higher with their September and December results, and they recently announced a further agreement with a major European dairy company, like the one they have with French Danone Company, is imminent.

So, I have talked about some of your investments. And, there are many, many opportunities ahead that will help the current world crisis. You are helping these things happen by investing.

**(Vivecca)** So, Alistair, Technology advances are incredible and as you say, a great investment opportunity with many years of prospects ahead. Now, you have two more announcements to make tonight.

Thanks, Vivecca, yes I do.

- Firstly: we are able to offer a clear alternative to term deposits, which are currently paying only 1.05%pa. for 12 months, and for any other lump sum money held in the bank.

We are able to set up a second account within your portfolio that contains no direct shares. This account would contain from one to five different managed funds of your choice. The minimum timeframe would be for at least three years, and a minimum deposit of \$25,000.

Your funds, however, are not locked in. You can withdraw with around two weeks' notice, and you could have regular withdrawals from these funds. Along with others, you are able to use any of the managed funds mentioned above. So, this is an alternative for those of you who don't wish to add money to portfolios that contain shares. This is huge and something for you to seriously consider as an alternative to term deposits; so, if you are interested, talk to us about it further.

- Secondly: soon, we will also be able to offer an alternative KiwiSaver product that will almost mirror your Investment Portfolios; in that, instead of having just one fund or investment as you do now, you can have a selection of investments.

It's not developed by me but by someone you all well know - Consilium. Your KiwiSaver will be able to have several managed funds and also direct shares and other investments, which will give you a far greater opportunity for your KiwiSaver to grow with more diverse options. The minimum investment with this product is likely to be \$50,000, which means you could easily switch your existing KiwiSaver over.

Particularly, let your adult children, family, and friends know about this. I believe it will revolutionise the market as the smartest KiwiSaver choice of all. I'm 100% behind it. Watch this space as I'll be writing more about it in future newsletters once it is released.

Going forward, the world is learning to cope as best it can with Covid-19, and, where safe, sensible governments are getting people back to work, which helps with income, mental well-being, and family.

My process for investment selection has remained much as it always was; that is, before the crisis occurred. Let me remind you. Our process is to research the prospects of those investments as much as I possibly can. Then, I look at how high the cost price of those investments has been, how low they have been, and what price they are at today. While at the same time, I look out for absolute bargains as they occur. If I find any, I then act appropriately; that is, with care, diligence, and skill, I put clients' individual needs first by either buying, selling, or holding investments for my clients' benefit over time. I want to once again, thank all my clients for continuing to have faith in me, and in Alistair Bean and Associates – Financial Advisers during this continual process.

Lastly I say, *“the good times always exceed the bad”*; so, it can only get better from here!

**(Vivecca)** Thank you Alistair. There has been some good news from you this evening. Good news, particularly the results you are achieving for so many of your clients' investments during Covid-19 and other trying times. Also, you've given us some realistic optimism for the future.

### **Part 3.**

(Vivecca.) Finally, Alistair has a couple of presentations to do. But beforehand, are there any questions from the floor? Please feel you can ask any questions you may have. And if anyone else would like to share their experiences they have had with Alistair Bean & Associates, please feel you can share those now.

(Alistair) Thank you very much for coming. We will have our newsletter out in a few days. Thank you to Vivecca from Consilium for being our host this evening. A big round of applause please. Once again, thank you all for continuing to be clients of Alistair Bean & Associates – Financial Advisers.

Please enjoy the rest of the evening, enjoy Praesto, and please enjoy another drink and a canape or two.

Thank you.





In the news, there have been reports of so many clients changing from growth funds to conservative funds. If your timeline for investment has not 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. Your funds must be individually appropriate. They must suit your own situation.

The KiwiSaver subsidy's **cut-off date is 30 June 2020 each year.** 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 did not 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 and likely similar this year.

The excerpt:

We will also be able to offer an alternative KiwiSaver product that will almost mirror your Investment Portfolios; in that, instead of having just one fund or investment as you do now, you can have a selection of investments.

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## **ABAFS10 Limited Index**

The ABAFS10 Limited Index represents the total of the individual current values of the top ten holdings of all investments I manage for clients (excluding cash) and represents their percentage asset allocations as charted below to the end of each calendar quarter.

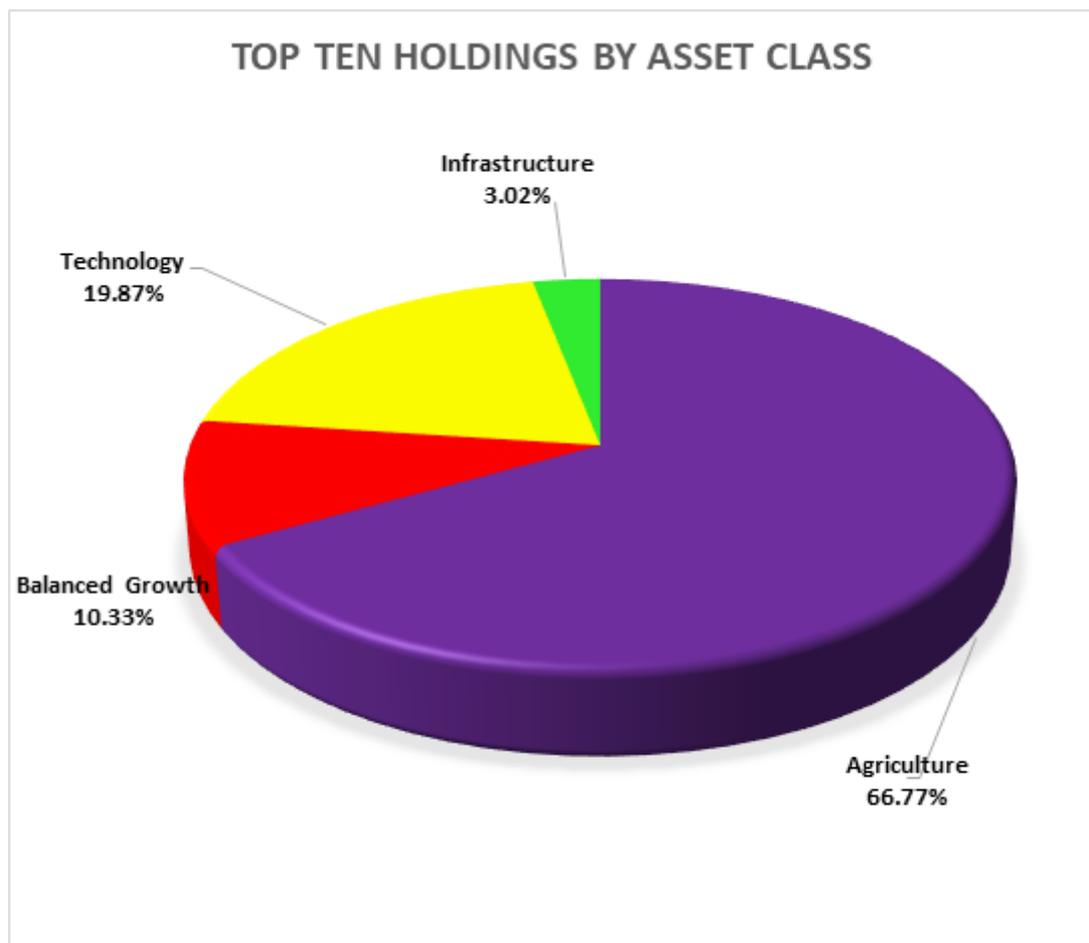
*(The investment names held are commercially sensitive, but the information is available to clients of **ABAFS Limited.**)*

**The current cumulative net value as at 30 September 2020 was**

**NZ\$213.68\***

*\*Now includes Apple Shares*

*Past performance is no guarantee of future performance.*



## **Conclusion**

As I write, we have had the results of our New Zealand General Election. The markets appear to have already anticipated the outcome and built in pricing; so, prices have relatively remained the same in these early days. I don't expect any major volatility until September company results are released – likely towards the second half of November.

The US election is seeing higher volatility prior to their election, and with the continued unknown of Trump's daily "tweets", it's always hard to predict what will occur. Yet, I have observed over the last 10 months business has done its best to continue regardless what the politicians are up to.

I also observe that, due to Covid-19, many businesses worldwide have had to look at their entire operations. We are seeing overdue cost cutting and efficiencies, investigations of acquisitions and mergers, a return to core business. All of these are good practices that should see a survival of companies. This can only benefit us all.

Finally, I wish to thank all those who were able to attend our function in October and all the messages of congratulations we have received as a result. We had a wonderful time as you can see in the picture below.



*Vivecca Robinson – Consilium, Alistair Bean, Bobbi Ivanova - Consilium*

Look after your health, take particularly good care, and, as always, warmest regards.

**AL.**

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

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**Proud Supporter of...**



Riccarton Players

## **The Technical**

No technical this month.