



**Alistair Bean
& Associates**

FINANCIAL ADVISERS

INVESTMENT | INSURANCE | KIWISAVER

**MAKING DECISIONS FOR YOU
SO YOU DON'T HAVE TO**



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Personal Disclosure documents are available free on demand



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Alistair Bean & Associates - Financial Advisers

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

Quarterly Newsletter – to December 2020

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=txPD7ftmlEw>

In this issue:

- Market/Portfolio Commentary
- Trusted Adviser Status
- Estate Planning
- KiwiSaver - **Consilium's – KiwiWrap facility approved for launch.**
- 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.

Market and Portfolio Commentary

Happy New Year to all!

The rise and fall of the Trump Empire – Et tu, Pence?



"Sometimes it takes an overwhelming breakdown to have an undeniable breakthrough..." – Anon.

So much has already been said by many, and there will be many more to say much more, in the present and in the future.

I like to consider myself apolitical, without any affiliations, when it comes to NZ and World Governments. My desire is always for the betterment of all and no unpleasant surprises. However, more governments seem captured with a regularity of populist self-interest from a privileged few, who typically see nothing but the short-term, likely due to the instancy and impulse of non-fact checked, live media, in many formats.

With the progression to a new USA administration, perhaps, the world now has the opportunity to return to a focus of the medium to long-term, while addressing the short-term, resulting in a great reduction in unpleasant surprises for all.

The silver-lining from Covid-19 is already showing many technological advances in only one year (that historically tend to rapidly accelerate in such a short period in times of crisis as we look for solutions) that are now perhaps ten years ahead of their time. These advances will be applied in so many other sciences and disciplines other than medicine. The mathematics involved in discovering the vaccines alone, will be utilised to advance discoveries for improvements in so many other areas

to benefit us all. So, all going well out of the breakdown, we will hopefully see the undeniable.

The markets have responded incredibly well to vaccines becoming available. They have also responded well to a majority government occurring with the latest U.S. Senate seats going to one party. That's resulted in sharemarket indexes reaching record all-time highs in most countries.

As a result of this within your portfolios, almost all your managed funds, for the three months from September to December, have seen near record quarterly gross returns.

The top three Managed Fund Performers have been:



- Premium China Fund 19.78%
- Castle Point Trans-Tasman Fund 18.68%
- Fiducian India Fund 16.56%

The downside to the strength of the NZ dollar is that it is currently more expensive for overseas buyers to purchase products from our exporters; therefore, share prices have reduced. I do not however expect this to last. Over time, as vaccines are distributed and global populations begin to return to full time work, we should see a return to value of the overseas currencies we trade with.

However, shares that have performed particularly well were:
AFT Pharmaceuticals, Ebos, Genesis, and Oceania Healthcare.

December Quarter financial results will be released over the next few weeks. But there have been many encouraging comments from **a2Milk, Bubs, and Aumake**, and I expect a return to favour for these companies should positive financials occur for them and remember, shares are always a longer-term investment.

I will have your quarterly reports out to you before month-end. In the meantime, in "the technical" (bottom) are some financials for **a2Milk**.

Trusted Adviser Status



On the 17th of November 2020, I was very humbled to be one of the first Financial Advisers in New Zealand to have bestowed upon them the Financial Advice New Zealand - "Trusted Adviser" mark.

This newly awarded designation shows the public a high level of qualification, experience, and ethics has been recognised by a professional body.

I consider this award to be an honour and a privilege.

The mark is to be officially launched to the public in February 2021, when more information about the status will be released at that time, so look out for this.

Estate Planning



It is crucial you and your family are aware of your estate planning wishes. Number one: you must have a will; so that, you do not die intestate, and nobody knows what to do for you.

You should review these plans at least every two years. Also, should a big life event occur, like building a new home, having children or grandchildren, buying or selling a company, or even having a major medical event etc., review your will.

Enduring Powers of Attorneys and Trusts

A timely reminder to review these. I can assist with arranging new ones for you or assist with reviewing existing ones with the assistance of specialist referrals. Or use your own lawyers. But please feel you can discuss them further with me. This review is also essential to do at least every two years.

KiwiSaver

- **Claim your \$521 and don't unnecessarily change your fund!!**
- **New KiwiSaver Option Announced (*excerpt from Transcript below*)**



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 if individually appropriate to your own situation!

The KiwiSaver subsidy **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.



Consilium have had approval to launch their new KiwiSaver Facility called KiwiWrap that allows over 400 investments options for the Investor and their Adviser – more to come.

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.**)*

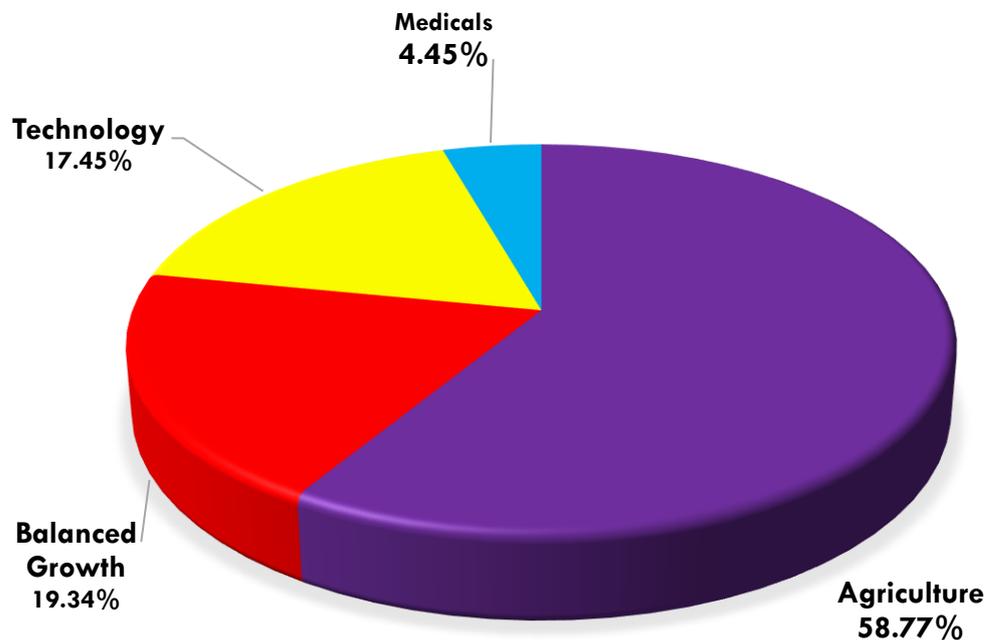
The current cumulative net value as of 31 December 2020 was.

NZ\$218.80*

****Now includes Apple Shares.***

Past performance is no guarantee of future performance.

TOP 10 HOLDINGS BY ASSET CLASS



Conclusion

2020 gave us all many challenges, which, I believe, is preparing us for a better future. There has been much loss and much change. But as I have mentioned previously, there has also been many opportunities for many of us to spend time with family that we may not have been able to do so. This to me is the most positive part of the crisis.

Many of you will have similar stories: at the beginning of last year, my youngest son Calum, now 20 years old, was to travel to Brisbane in July 2020 to further his new "Qualified Chef" career. During the Covid-19 lockdown, the hotel he was working for was shut down, and he lost his job.

This January, after obtaining the correct border passes, he arrived in Brisbane, from Christchurch, via Auckland and Sydney to move in with his brother, who has been living in Brisbane for the past three years. The other great news is that his grandad and other family members live in Australia. He will now continue his career with a global hotel chain, so it's onwards and upwards for him.



As for Calum, 2021 will provide opportunities that in 2020 were taken away from us. Similarly, I believe your portfolios are positioned well for the new norm.

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

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

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Riccarton Players

The Technical



18 December 2020

NZX/ASX Market Release

Updated 1H21 and FY21 guidance

The a2 Milk Company today provides an update to its guidance for 1H21 and FY21.

We advised in August of a number of issues being experienced relating to our infant nutrition business as a

result of COVID-19. This included the flow-on effect of pantry destocking continuing into FY21 following the

strong sales uplift in 3Q20 and lower than anticipated sales to retail daigous in Australia, primarily due to

reduced tourism from China and international student numbers.

In September we further advised that we had also started to observe additional disruption to the corporate

daigou / reseller channel, particularly due to the prolonged Stage 4 lockdown in Victoria, with a contraction

beyond our previous expectations.

At that time, we believed this to be a single channel logistics issue and were of the view that the impact to

the daigou channel would prove to be temporary, assuming stabilisation of COVID-19 related issues in

Australia.

At our Annual Meeting in November, we noted that we were maintaining our previously advised guidance,

but that due to the volatility arising from COVID-19, and the difficulties this presents with forecasting,

naturally, there was uncertainty to that forecast. We also acknowledged that the outlook provided for a

significant increase in revenue in the second half, dependent on a number of key assumptions, including an

improvement in the daigou channel and continued growth in our China label business.

Recent sales performance

The effect of the disruption in the daigou channel, which represents a significant proportion of our infant

nutrition sales in our ANZ business, has proved to be more significant and protracted than was previously

anticipated. While this has predominantly affected infant nutrition sales, sales in our other nutritionals

segment have now also been impacted.

We had expected a moderation of the disruption to this important channel during the second quarter.

While there has been some improvement, with infant nutrition sales through this channel expected to be

higher in the second quarter than the first quarter, the acceleration of the recovery in recent weeks has

been slower than we had previously expected.

Notwithstanding our recent focus on activating the CBEC channel in a manner which complements our

daigou business, the disruption we are experiencing in the daigou channel is now having a more significant

impact in CBEC. As previously noted, the daigou channel plays an important role in stimulating demand

across multiple sales channels, including CBEC. While our performance in CBEC in the competitive 11/11

2

online sales event showed year on year growth, sales in the CBEC channel in the period following that event

have been below expectation.

1H21 and FY21 infant nutrition sales revenue in the ANZ segment and the CBEC channel

With the recent sales performance in the daigou channel not being as strong as previously expected, we

now consider that the recovery in this important channel through the balance of the fiscal year will also be

slower. We expect that COVID-19 related travel restrictions will continue to negatively impact the reseller

channel due to reduced travel between Australia and China through the remainder of FY21, with limited

prospect of a return of a significant number of international students and tourists to Australia during the

period.

Our internal sales forecasts for both the daigou and the CBEC channels for the remainder of FY21 are now

materially lower. Notwithstanding the interdependency between these channels, given the strategically

important role of the daigou channel, including in new user recruitment, we intend to strengthen our focus

on reactivating the daigou channel in the second half.

1H21 Mother & Baby Stores (MBS) revenue

It is pleasing to note our performance in China label in MBS remains very strong and we anticipate revenue

growth in the first half above 40 per cent on the prior corresponding period. Our 12-month rolling market

value share in MBS also continues to increase, now at 2.3 per cent as at the end of October, with increases

in both same store sales and the number of new stores in the first half.

Strong underlying brand health metrics

Notwithstanding the channel disruption noted above, we continue to record strong underlying brand

health metrics in China. Our most recent research again highlighted positive trends in lead indicators such

as awareness and intention to purchase. We continue to see a positive impact from the marketing

investment in activation and brand building activities supported by the on the ground capability

investments we have made over the past 18-24 months.

As a result, we remain confident in the underlying strengths of the business and will continue a high level of

investment in marketing during the balance of the year.

Liquid milk performing well

In addition, it should be noted that our liquid milk businesses in Australia and the USA have performed well

through the first half, with both business posting strong first half growth as compared to 1H20.

Updated 1H21 and FY21 guidance

We now expect:

- Group revenue for 1H21 in the order of \$670 million, noting that 2Q21 will be higher than 1Q21
- Group EBITDA margin for 1H21 in the order of 27 per cent

3

Notwithstanding the unprecedented level of uncertainty and volatility in market conditions as a result of

COVID-19 and foreign exchange headwinds, we now provide an update to our FY21 guidance as follows:

- Group revenue for FY21 of \$1.40 billion to \$1.55 billion
- Group EBITDA margin for FY21 of between 26 per cent and 29 per cent.

These numbers exclude any costs relating to the potential acquisition of an interest in Mataura Valley Milk

Limited.

Medium-term target

As previously announced, the Board considers it appropriate that the Company target an EBITDA margin in

the order of 30% in the medium-term. Notwithstanding the current headwinds, the Board considers the

strength of the brand and the fundamentals of the business over the medium term remain sound.

Authorised for release by the Board of Directors

Geoffrey Babidge

Chief Executive Officer

The a2 Milk Company Limited