

# Alistair Bean & Associates - Financial Advisers

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

**Quarterly Newsletter – to  
30 September 2019**

**“What if it all goes right?”**



**Alistair Bean**  
Managing Director

t. +64 3 288 0404 (Ext. 1404) m. +64 021 552 587 e. [alistair.bean@abafs.co.nz](mailto:alistair.bean@abafs.co.nz) w. [abafs.co.nz](http://abafs.co.nz)



**Alistair Bean  
& Associates**  
FINANCIAL ADVISERS

Level 1, The Awly Building, 293 Durham St, Christchurch 8013

*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 who 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:**

- Commentary and Brief Market Summary
- Estate Planning - Prepaid Funeral Trusts, Funeral Cover Insurance, Life Covers
- KiwiSaver
- 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

### “What if it all goes right?”



Franklin D. Roosevelt in his first inauguration speech stated, *“that the only thing we have to fear is fear itself.”* He was having a crack at bankers and businessmen towards the end of the Great Depression and as a politician, perhaps quite rightly so. It’s interesting that those who create and control the laws, who allow practises to legally occur, never seem to accept any of the blame for creating those laws; however, I digress a little...

It’s natural to be wary and fear things that could go wrong. Often, so much time, energy, and cost goes in to preparing for what may go wrong. But, a lot of this effort could and should be diverted into “what if it all goes right?”

As a fully signed up and licenced optimist (as I have mentioned about my practises many times before), I continue to focus on **“what if it all goes right?”** and, since I have set up my business, this is what I have always primarily focussed on, on your behalf.

Many times, I have been asked by individuals, clients, and authorities “Alistair, what if it all goes wrong”? I respond to this by saying you are asking the wrong question. What you should be asking is **“what if it all goes right?”**

As mentioned in my last newsletter, there are four significant things that are occurring at the moment which allow for positive movements listed below. In my opinion, these are what should be focussed on by all:

- current worldwide record low unemployment rates – in fact the lowest in USA since the 1950s as at 5 Oct 2019
- worldwide record low interest rates still continuing and likely to go lower
- top Level NZ/AUD exchange rates in our favour – currently around 93 cents  
record low inflation rates – apart from Argentina 34%; Venezuela 10,000,000% - yes 10 million percent

Because of these events (just to name a few), it is my belief we are in for some very prosperous times ahead for many of us.

Governments should wake up and start spending on infrastructure now so as not to pay many more times the cost in the future.

While journalists and politicians will still continue to promote the bad news to sell news and obtain populist votes, I continue to allow for “**What if it all goes right?**” and continue to place my energies there for the best opportunities for your portfolios.

## Brief Market Summary



**a2 Milk** was severely punished for missing its guidance by approximately only \$10 million from a total revenue of \$1,304.5 million – an increase of around 41.4% on the previous corresponding period. Recently, another milk company, which sells to the Chinese market, received a takeover offer that saw their share price increase by over \$4.80 per share. And, this has been positive for almost all milk and infant formula companies from Australia and NZ. There are still current forecasts of a2 milk increasing to over AUD\$19 within 12 months, and I am preparing your portfolios with prudence for this proposed positive increase.



The **APN Asian REIT Property fund**, which I featured in my last newsletter, has continued to perform exceptionally well with a total return for the **12 months at 31.49%pa to the end of September 2019**. As further due diligence on your behalf, I will be travelling to Singapore and Hong Kong in April of next year to visit fund managers and view first-hand some of the properties that may be included within this fund



Saudi **Aramco Oil** was attacked in recent times, which sent oil and petrol prices higher and the NZ dollar lower. Aramco is owned by Saudi Royal families and is looking into listing 5% of the company (currently valued at around \$2 trillion) on various sharemarkets around the world including Hong Kong, US, UK, and Tokyo. This will be the biggest listing in value of any company ever listed on world sharemarkets (Alibaba recently held the record at \$25 billion) and is expected to perform exceptionally well. It is likely you will also be invested in Aramco by way of managed funds. Aramco mentioned they were looking at listing between 2020 and 2021 but have also said they may list as early as the end of this year. No doubt, it will be a company you will hear more about.



**CASTLE POINT**

After almost five years of due diligence, I have recently diversified 50% of your **Allan Gray Equity Funds** (which returned 9.5% net of fees to 30 September 2019) and invested the proceeds into the **Castle Point Trans-Tasman fund** (a PIE fund). Being a pie fund, it limits the tax rate, and this feature is particularly beneficial to anyone who has invested using their family trust or who are on the top rate of tax – the PIE tax rate is 28%. Castle Point's style is similar to Allan Gray's in that they also use some contrarian investment decisions (opposite to the market). By splitting these funds, it offers a risk reduction with the aim of overall enhanced performance of portfolios.

Further details are in "The Technical" section below.

## **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) is needed either prepaid or in a funeral trust. **Let me know if you would like to do this and I will arrange for you.** This is like having your own funeral paid, before you pass on; so, your family doesn't have to organise funds from your estate after you have gone. In my opinion, this is something you should seriously consider. It also means, you have a say about 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 insurance cover for clients at least age 55 years and over.

If you're only 18 to early 50s, then you could be paying premiums for well over 30 years! Those premiums paid may far exceed the benefit paid; so, that would be silly (unless, you pass on 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 free to talk to me more about these options.

By the way, for funeral insurance cover, there is 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 reviewing existing ones that you already have – this is essential at least every two years.

### **KiwiSaver**

Claim your \$521!

Eligible, but didn't claim your \$521 free money this 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 the government's contribution last year.

## **ABAFS10 Limited Index**

The ABAFS10 Limited Index represents the total of the individual current values of the top 10 holdings of all investments that I manage for Clients and their percentage asset allocations as charted below to 30 September 2019.

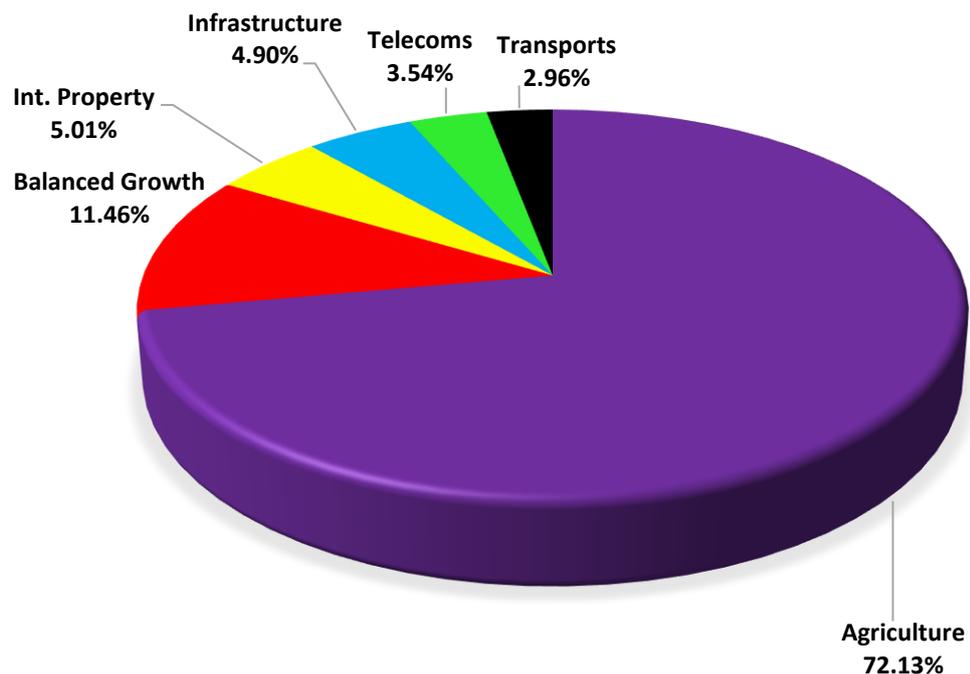
*(The investment names held are commercially sensitive, but the information is available to Clients of **ABAFS Limited.**)*

**The current cumulative net value as at 30 September 2019 was  
\$36.34**

*-2.36% net after fees for the quarter. NZ50 +4.04% for the  
June/September '19 Quarter*

*: past performance is no guarantee of future performance.*

### **TOP TEN HOLDINGS BY ASSET CLASS**



## Conclusion

The final quarter of the year provides many opportunities. I am off to Brisbane in October to meet with fund managers and view commercial property – offices and retail that some of your investments may be held either now or in the future through diversified managed funds. I will also be attending the FPA (Financial Planners of Australia) Annual Conference in Melbourne at end of November. I attended this conference last year. It was of the highest standard and that experience was invaluable to me as a financial adviser. The conference exposes me to many global insights, contacts, and networking opportunities for the benefits of your portfolios. What I learn, I will consider applying where appropriate in the year ahead.

The Rugby World Cup is almost through the first pool stages. The politicians will be pleased there is not currently a general election that could be based on the outcome of the result. That may have been the case in the past. Anyway, have a relaxing spring and...

“Go the All Blacks!”



As always, warmest regards, **AL.**

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

Important information: To the maximum extent permitted by law, Alistair Bean & Assoc's Financial Services Limited disclaim any liability or responsibility to any person for any direct or indirect loss or damage that may

result from any act or omission by any person in relation to, or in reliance on, the information supplied in this document ("Document").

Neither **Alistair Bean & Assoc's Financial Services Limited** nor any of their respective directors, or any other person, guarantees, either partially or fully, the capital value or performance of any Investments mentioned in the above document.

**Inclusions are already available via public access and may be sourced or viewed using widespread media through the public domain.**

This Document is not intended to constitute, does not constitute, and should not be construed as constituting, investment advice nor is it a substitute for commercial judgment or other professional advice. Investors, or potential investors, in the Funds should: (i) conduct independent due diligence on any of the Funds; and (ii) obtain independent investment and professional advice, prior to acting in reliance on this Document.

This Document has been provided for information purposes only and is subject to change. The content of this Document is intended to be of a general nature and does not take into account an investor's, or potential investor's, financial situation, investment objectives, or risk tolerance.

Past performance is not indicative of future performance. The actual performance realised by any given investor: (i) will depend on many things; (ii) is not guaranteed; and (iii) may be negative as well as positive. Unless otherwise indicated, returns are shown after Fund expenses and before tax. This is represented by the change in unit price plus any applicable tax credits.

No representation or warranty is given as to the accuracy or completeness of any of the information provided in this Document.

Investments in any of the Funds referred to in this Document are subject to many investment risks including possible delays in repayment, loss of income, or the total loss of the principal invested.

This Document is not intended as, and is not to be taken as, an offer or solicitation with respect to the purchase or sale of any interest in the Funds.

This Document is intended for investors who understand the investment risks associated. Some, or all, of the Investments mentioned in this Document may not be suitable for certain investors. Investors, or potential investors, should consider whether: (i) an investment is appropriate for their risk profile; and (ii) they will meet the suitability requirements relating to such investments.

The information contained in this Document is intended only for the person or entity to which it is addressed. If you have received this Document in error, please contact Alistair Bean & Assoc's Financial Services Limited. No part of this Document may be reproduced, provided, or distributed without the prior written consent of Alistair Bean & Assoc's Financial Services Limited.

---

**Alistair Bean**

Managing Director

t. +64 3 288 0404 (Ext. 1404) m. +64 021 552 587 e. [alistair.bean@abafs.co.nz](mailto:alistair.bean@abafs.co.nz) w. [abafs.co.nz](http://abafs.co.nz)



**Alistair Bean  
& Associates**  
FINANCIAL ADVISERS

Level 1, The Awly Building, 293 Durham St, Christchurch 8013

**Proud Supporter of...**



**Big Brothers Big Sisters**  
*mentors for young people* Christchurch



Christchurch Football Club



Riccarton Players

## The Technical...



# CASTLE POINT

## Trans-Tasman Fund

September 2019

### Portfolio Strategy

The Castle Point Trans-Tasman Fund invests in New Zealand and Australian Listed Companies and is benchmarked to the S&P/NZX 50 Index. The objective of the Portfolio is to outperform the benchmark over rolling three year periods. With its high active share the Portfolio targets a tracking error of between 3-6% and will typically have less than 5% in cash at any time.

### Performance to 31 August 2019 (Net of fees & excl ICs)\*

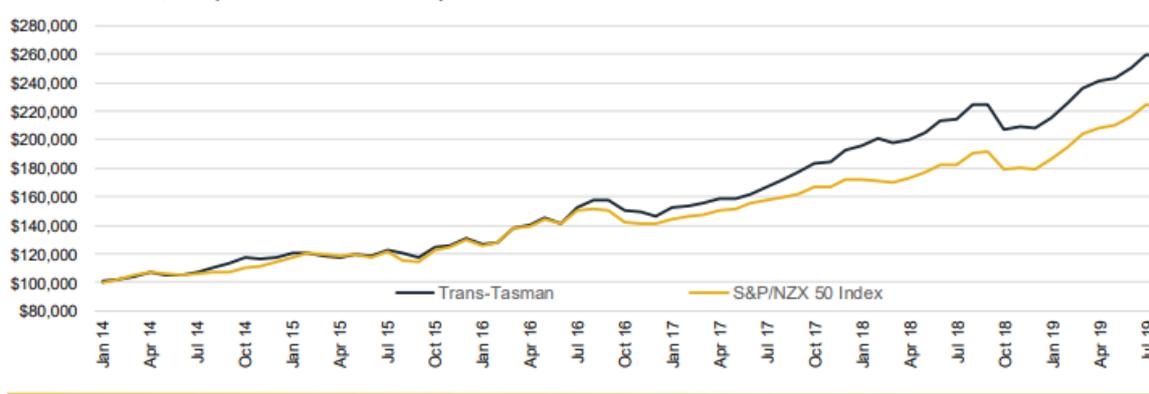
	Past Month	Past Quarter	Past Year	Past 3 Years (p.a.)	Past 5 Years (p.a.)	Since Inception (p.a.)
Trans-Tasman Portfolio	-0.38%	6.46%	15.11%	17.99%	18.69%	18.45%
S&P/NZX50 Index excluding IC's	-0.93%	6.32%	15.50%	13.29%	15.54%	15.05%
Out/Under Performance	+0.55%	+0.14%	-0.39%	+4.70%	+3.15%	+3.40%

\*The inception date of the PIE fund is 20 November 2018. The performance numbers from 17 January 2014 to 20 November 2018 are from a Wholesale Individually Managed Account with the same strategy.

### Key Facts

Supervisor	Public Trust	Distribution	Quarterly
Custodian	MMC limited	Return Target	S&P/NZX50 Index
Administrator	MMC limited	Recommended Investment Horizon	Long term (at least 5 years)
Auditor	Deloitte	Minimum Initial Investment	\$10,000
Liquidity	Daily	Minimum Additional Investment	\$1,000

### Growth of \$100,000 (Net of fees & excl ICs)



Further Information available on request.