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FINANCIAL ADVISERS

INVESTMENT | INSURANCE | KIWISAVER

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

TRUSTED ADVISER
FINANCIAL ADVICE NEW ZEALAND

Alistair Bean
03 288-0404 | www.abafs.co.nz

Personal Disclosure documents are available free on demand

Alistair Bean
Managing Director

t. +64 3 288 0404 (Ext. 1404) m. +64 021 552 587 e. alistair.bean@abafs.co.nz w. abafs.co.nz



AB | **Alistair Bean & Associates**
FINANCIAL ADVISERS

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

Alistair Bean & Associates - Financial Advisers

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

Quarterly Newsletter – to 31 March 2022

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

*Please feel free to share this newsletter with any prospective clients you believe 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

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- Market/Portfolio Commentary
- Estate Planning
- KiwiSaver - Additional and Regular Deposits
Consilium's – KiwiWRAP, choose your own investments in your own KiwiSaver and take control of your retirement savings Yourself with your Financial Adviser!
- ABAFS10 Limited Index
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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.

Market and Portfolio Commentary



Before I start, I want to make special mention of KiwiSaver.

For those of you under 65 years but over 18 years of age (I'm also addressing your adult children and your adult grandchildren if they are within the age bracket), the NZ Government currently gives you a **free \$521.43 each year** after the 30th of June (pro-rated to the date of your birthday if you reach age 65 prior to June of that year) for being a KiwiSaver member and for contributing at least \$20 per week or a total of \$1,042.86 each year. If you don't have KiwiSaver, you do not get this free \$521.43.

Therefore, if you qualify and don't have KiwiSaver, I insist you get it!

If you are 62 years old, for example, and you do have KiwiSaver and you do contribute, you will get a maximum total of up to \$1,564.29 free until you reach 65 years old. That total can compound as time goes on. If your children don't have their first home, this is the best gift you can give them to help with their deposit for that first home. Even if they do have KiwiSaver, you can top up their contributions to \$1,042.86, which ensures they receive the maximum \$521.43 (**that is a 50% net return p.a.**) free NZ Government contribution.

You, as parents or grandparents, can start up a KiwiSaver account for your children and grandchildren (who are over 18 years of age) and can

contribute \$20 a week (or contribute to top up to this amount if they already have a KiwiSaver account). Your contribution will not only help towards their first house, but also for their retirement, which is a legacy now, while you are still here.

If they are under 18 years of age, they don't get the Government contribution. But, you will still be contributing towards their future until they do come of age and qualify under present rules.

Amongst other things, the NZ Government is reviewing all the current rules for KiwiSaver, and both Labour and National parties are considering their own policies. The possible changes include the age limits for the Government contribution being extended down to age 16 and up over age 65 if you are still working. (These changes equate to less age discrimination.)

Should you wish to enquire further for yourself or your loved ones, please let me know. I have access to almost any KiwiSaver Fund in NZ, and I can assist you with any initial dollar investment amount or if you would like true choice and currently have a minimum of \$50,000 (as a new deposit or transferred from an existing fund). The **KiwiWRAP KiwiSaver Scheme**, allows you to choose where you put your retirement savings from over 400 different investment options. You can only use KiwiWRAP with the Assistance and Guidance of a NZ Qualified Financial Adviser, so it is truly a Financial Adviser Assisted Scheme.

- *Regular details in the KiwiSaver section of this newsletter*

Don't delay, do this today!

Market Commentary

As we move on from 2021 into 2022 and beyond, the light at the end of the tunnel is getting closer by the day.

Like many of you who have informed me of your current and future travel plans, I have recently returned from a week in Australia where I met up with business colleagues to research current market conditions. I, also, visited my father on the Gold Coast.

I was there in April 2021; however, this year in March, I noted a marked increase in current activities.

Firstly, after you arrive in Australia and as soon as you leave the airport, you notice almost no-one is wearing a mask anywhere. The Australian Government does not require masks anymore (apart from in Doctors' practices and also in airports). So, no masks are required in supermarkets or shopping malls. I visited Pacific Fair and Robina Town Centre on the Gold Coast, and almost no-one was wearing a face mask in those buildings. I was asked to scan in on only one occasion the entire week I was there (scan-in signs had been removed), and that was at a restaurant for lunch in a shopping mall.

Malls were full of people - I did not see any vacant shops or any for lease signs. In fact, the signs that were there were "hiring now, apply within" displayed in their windows.

Australia's economy appears to be well and truly back. It was like old days with morning rush hour traffic jams – I do recommend you leave an extra hour earlier to get to the airport on your return journey; especially with all the Covid-19 travel requirements. However, just announced: from the 18th of April, travelling from anywhere in the world, no pre-flight test is required to enter Australia (for most states). Check, though, when you travel. Coming back to NZ, you can go to a Priceline Chemist in Australia to have pre-flight tests done at a cost of AUD\$32. But, shop around anyway.

It is election time in Australia; so, the current government is stimulating the economy for votes, and the current opposition is also offering carrots. This may be part of the reason why things have opened up so much over there. Australia's outlook for the next few years looks super impressive. While their current debt is at record levels like so many other countries, the following things are of note when compared to NZ:

- mostly, higher wages in most industries
- generally, a lower cost of living
- on average, cheaper house prices
- mostly, more occupations and industries on offer

Also, going forward after two lots of floodings and other what appears to be, on-going disasters, there will be many property rebuilds, car and other asset replacements. Plus, and just announced, Australia has the 2026 Commonwealth Games in Victoria and the 2032 Olympics in Brisbane. More investment in infrastructure will occur, as well as, amongst other things, more upgrading of their international airports across the nation.

All that said, New Zealand will likely benefit from Australia's future growth. Tourists could flow on to NZ and sample our products and lifestyle. We will likely see more foreign students come our way with them being wary of current events in Europe, and those who wish to emigrate may favour the Southern Hemisphere as a preferred choice of lifestyle, residence, work, retirement, and tourism.

Of course, apart from overseas holidays, NZ is still my favourite part of the world, but generations younger than myself would certainly not be blamed for heading offshore.

Official cash rate review

By legislation, the Government officially has no official influence on OCR reviews, they do have influence with fiscal policy and can make calls on things like petrol prices as they have done recently. Due to 20+ year high inflation figures, the Reserve Bank has increased interest rates by 0.50% to 1.50% in their last OCR review. I think this increase is far too aggressive and will add to inflation rather than fix it. In my opinion, the increase should have been only 0.25% this time. I state this because I believe the only way businesses can survive with increased finance costs is to put up their own prices, which will only add to inflation pressures for all. The Reserve Bank can't keep doing what they have been doing for the last 30 to 40 years; that is, by putting rates up aggressively when inflation increases. A steadier approach in times of international crisis is surely preferable. In times of crisis, Governments engage emergency powers as they did in Sept 11, by keeping interest rates low for an extended period of time. If we are not in an emergency now, I don't know if we ever will be. While we will see interest rates rise, it remains to be seen if the Reserve Bank's current strategy of; interest rate increases as inflation increases, will work this time without causing significant struggles for those with increasing budgetary costs. Look out for \$7 coffees, \$14 beers and higher mortgage costs.

Portfolio Commentary

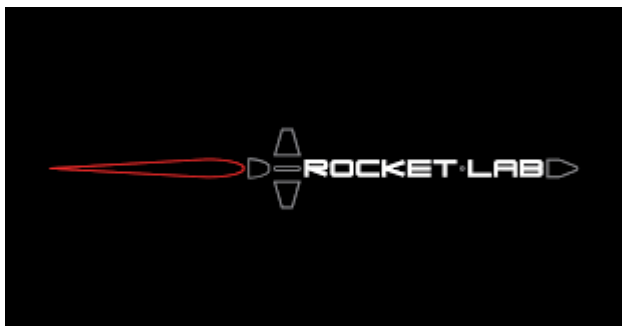
Many investments that have been significantly affected by Covid-19 border closures and now the Russian/Ukraine conflict, not forgetting inflation and interest rates, appear to be finding their nadir; therefore, the investments are bottoming out. Your Quarterly reports may not look that attractive this time but you have now been through the worst of current times and that light at the end of the tunnel is getting closer and closer.

As a generalisation, almost all investments around the world are typically down in recent times (including property now, just reported) apart from those that have included high-risk things like Crypto Currency. Whilst your values are likely down depending on the investments held in your portfolio, your quantities are also likely up with reinvested dividends etc. which is more importantly significant (*I had this quantity of investment, it has now increased to this larger quantity*) and this will pay off as we participate in recovery with now having those larger quantities. So, hang in there, as there are more good signs of things to come than bad at present.

Genesis Energy, for example, went down to \$2.69 per share this quarter. I managed to pick these up for most clients in December 2021, which allowed you to receive more quantities with the latest dividend, which was their highest in recent times at 0.087 cents per share. Surprisingly, they also reinstated their dividend reinvestment plan, which gave a 2.5% discount of the share price at time of issue for your reinvested dividends.

Port of Tauranga is now very attractive as well as **Ryman**, which is on my watchlist radar.

Rocket Lab keeps going from strength to strength and appears to make a positive announcement each week.



Their last mission was a success with two more satellites deployed, which sent back images within minutes. Rocket Lab's next mission will deliver 34 satellites to space in April 2022 and will attempt to recover the reusable rocket before it hits the ocean.

They now have over US\$545m in space missions booked in, which is up from under US\$100m last year and have today announced a further contract for three more missions so this amount keeps exponentially increasing.

They have the Capstone mission to the moon to launch in May 2022, then missions to Venus and Mars in the future.

They have also broken ground on the new Rocket Lab factory in Virginia, USA, to build the fully reusable Proton rocket that lands back on the launch pad and they quote *"The complex will be home to production, assembly, and integration of Rocket Lab's Neutron Launch vehicle and is expected to bring up to 250 highly-skilled jobs to the region."*

Their next launch is scheduled over the next fortnight from April and then the Lunar launch in May. Remember you can watch these exciting launches of the Rocket Company that you own! live on YouTube, just google; Rocket Lab USA

<https://www.rocketlabusa.com/>



During the quarter, most of you received dividends from Genesis and Port of Tauranga, and you are now also receiving distributions from most of your managed funds. Where possible, these are always reinvested adding to your quantities of investment (as mentioned above), which continue to grow. Also, companies will report their quarterly and six month results over the coming weeks from which we should see many positive outcomes.

Due to persistent market conditions, portfolio values were generally down this quarter. But, the portfolio values still managed to outperform the NZX50 by being ahead almost 2% for the period.

Going forward, there appears to be far more good news than bad. Things will improve. Opportunities will abound.

KiwiSaver

- **Claim your \$521.43 before mid-June each year**
- **For additional lump sum or regular deposits, contact me and I will advise the procedure for your respective funds**
- **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 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 \$521.43 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 in successive years and also this year as well.



Consilium

Consilium have launched their new KiwiSaver Facility called KiwiWrap that allows for over 400 investments options to choose from for the Investor and their Financial Adviser.

The KiwiWRAP minimum investment is for balances of \$50,000 (or over). I thoroughly recommend KiwiWRAP to any Client who wishes to select their own investments in their KiwiSaver account from a choice and selection of Investments, that other KiwiSaver Fund Managers choose, Managed Funds and direct individual International Shares like Apple, Microsoft and other well-known Company names.

I will work with you to develop a KiwiSaver Portfolio that you can have control of, with the assistance of your Financial Adviser.

Tell all your Friends and family about this, it is truly the smarter choice with better opportunities for retirement!

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.

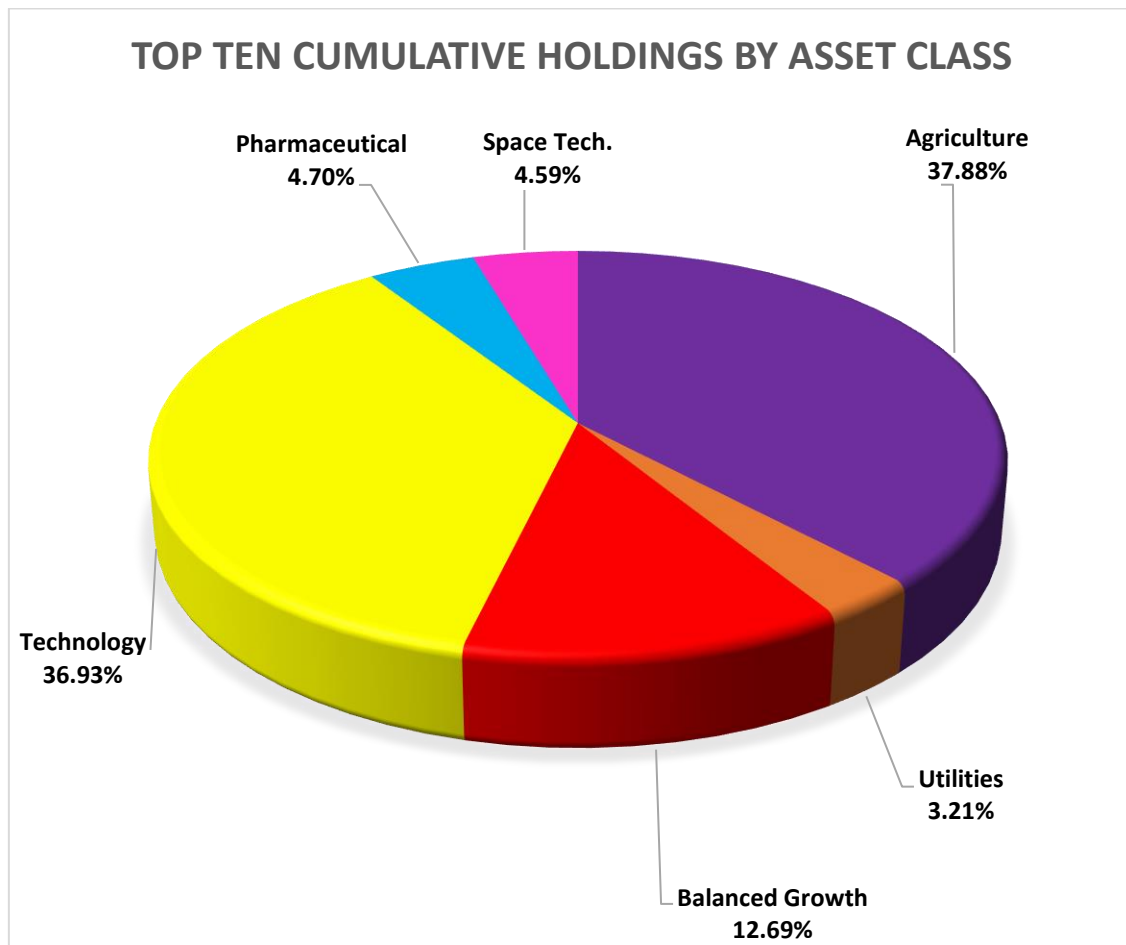
*(The investment names held are commercially sensitive, but the information is available to all clients of **ABAFS Limited.**)*

The current cumulative net value as of 31 March 2022 was

NZ\$286.03

(a decrease of -5.15% for the quarter, NZX50 a decrease of -7.09% for the quarter)

"Past performance is no guarantee of future performance!"



Conclusion

In May to June, some progressive business normality returns for **ABAFS Ltd.** I will be travelling at my own expense to Australia to attend the **Heathcote Best of Breed Tour**, where, with a handful of other NZ Financial Advisers, I will meet with Fund Managers on your behalf to research and discuss their expertise on past and future strategies for investment. All of which assists me in making decisions for your funds.

I will also at this time, be attending the **Morningstar Research Conference** this is a "Master-Class Event" for Financial Advisers where many expert Australian and Worldwide attendees, present on all matters - Financial Advice. Only a handful of the best NZ Financial Advisers get invited to these events, and it is a true privilege for me to be there, to your benefit, as I have done in pre-covid years. I do consider it a must-attend opportunity to provide best advice for my clients and I will report back in my next Newsletter.

You may have seen my latest billboard on Moorhouse. Be careful! It's that large I nearly drove off the road when I first saw it.



As always, please feel free to refer my services on to family, friends, and colleagues.

I hope you've had a good Easter and stayed safe.

And, as always, best regards to you and your families

AL.

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

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Alistair Bean

Managing Director

t. +64 3 288 0404 (Ext. 1404) m. +64 021 552 587 e. alistair.bean@abafs.co.nz w. abafs.co.nz



**Alistair Bean
& Associates**
FINANCIAL ADVISERS

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

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The Technical

No technical this time...