

Alistair Bean & Associates - Financial Advisers

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

Quarterly Newsletter – to 31 December 2019

2020 – A Year of Bargaining?



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

Please feel free to share with any prospective clients that 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.

Commentary and Brief Market Summary

The September to December quarter saw end of year marketing and sales. A couple of years ago, not many New Zealander's had heard of Chinese Singles Day, Black Friday, or Mega-Monday. It appears these dates will now become part of our regular calendar. This year, those days affected pre-Christmas sales.



Chinese Singles Day started as a feel-good day for single people in China to buy themselves a gift as a single person. Also, the day happens to be on 11/11 (the 11th of November) each year; that is, four singles: 11, 11. **Black Friday** is the last Friday of the month in November in USA after Thanksgiving Thursday, and **Mega-Monday** (sometimes referred to as Cyber-Monday) is the Monday after Black Friday. All these are similar to what we know as Boxing Day sales (which also fall in the quarter) with significant discounting of products. The products are typically end-of-line or season runouts that retailers can no longer sell. The retailers will offer price reductions of up to 70%, which are attractive to consumers. We, therefore, witness shoppers cramming doors at retail outlets.

In this modern on-line world, most of these sales now appear over the internet, and many manufacturers will also offer products for sale at significant discounts for significant quantities.

During these sales periods, highly sought-after goods are well-known brands and include items like baby formula, cosmetics, health food supplements and pharmaceuticals. Retailers discount almost any other product in demand you can name: appliances, furniture and even motor vehicles.

a2milk and Bubs had record sales this year. **a2milk** sales were the eighth highest infant formula sold in China on Singles Day in 2018. In 2019, it was the second highest product sold. **Bubs** also performed well and, also, significantly better than last year. With these results included in this quarter, I expect significant six-month figures to be reported for their December half-year results; even in spite of, the a2milk CEO surprisingly resigning. These figures should bode well for your portfolios when reported in February 2020.

The New Zealand dollar is still at record levels to the Australian dollar and has hovered around the 96-cents mark for some time, which, with its current strength, offers good buying opportunities for investments offshore.

For the calendar year, the **NZX50** rose by 2,632 points in 2019 and earned 29.88% for the year, the **Dow Jones** rose by 5,255 points and earned 22.56%, and the **ASX200** rose by 1,107 points and earned 19.65%. These figures are truly remarkable. And, I expect a continuance for the coming year.

2019 The Year of the Managed Fund

I currently hold ten different managed funds on your behalf that I have selected with much due diligence; that is I attend presentations, roadshows, and travel overseas to the offices of Fund Managers in Australia to meet them face to face.

The performance of these funds has been stellar and are all due to active managers as opposed to passive managers!

Of the ten funds that I hold, three received awards this year:

- **Castle Point** - Australasian Equities and Boutique Fund Manager of the Year
- **APN Asian REIT** - Global Property
- **Premium Asia** - Global Fixed Interest

The returns earned by the funds I hold on your behalf ranged from 15.17%pa to 34.76%pa with an average return of 22.54%pa.

The majority of these funds are where I place your medium-term investments with some being longer-term. I am extremely pleased with these results.

The Capital Group New Perspective Fund earned 27.70%pa (I feature it in "the Technical" section).

Alistair Bean & Associates – Financial Advisers

ESG – Contributing to Going Green



ESG stands for Environmental, Social, and Governance. These tenets are something that I have focussed on since starting my business in 2013, and now with the significant and dreadful bush fires in Australia, it simply highlights the fact that anything we can do to reduce the **carbon footprint** personally or through business should be done.

Every little bit helps. For many years, I have recycled any scrap paper; even prior to working for myself. And, I used it at least twice before disposal in the shredder, which offers full recycling. I recycle all ink cartridges. The building I chose for commercial premises carries a five-star rating, which is at NZ Excellence level and which includes management of the building, indoor environment quality, energy, transport, water, materials used, land use and ecology, emissions, and innovation. It covers many things but includes efficient air conditioning, automatic lights turning off after no use, rainwater recycling for wastewater, and so on.

I currently use about two reams of paper and a lot of ink to produce reports and newsletters each quarter; not forgetting, the number of envelopes. In an effort to further contribute to going green, and if you have an e-mail address after this quarter's mail-

out on about the 22nd of January (which I must say shows excellent results for the period), you will receive your last hard-copy of your Quarterly Monitoring report and Annual Tax report. However, should you still wish to receive hard copies, please let me know. If we have not loaded your e-mail address, you will still receive a hard copy. (Please send us your email address if you receive a hard copy.)

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 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 Government contribution last year.

ABAFS10 Limited Index

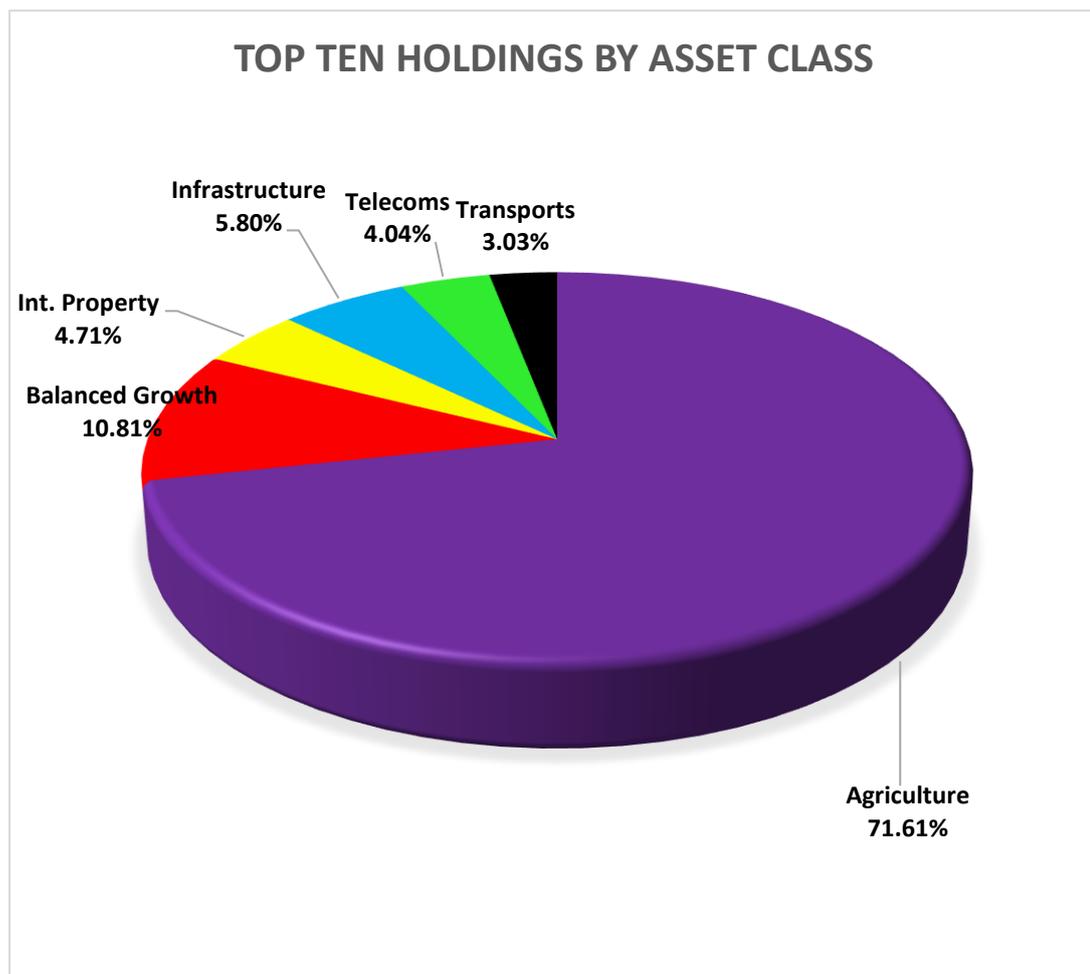
The ABAFS10 Limited Index represents the total of the individual current values of the top ten holdings of all investments that I manage for clients and represents their percentage asset allocations as charted below to 31 December 2019.

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

**The current cumulative net value as at 31 December 2019 was
\$39.94**

*up 9.90% net after fees for the quarter. NZ50 up 4.50% for the
September to December 2019 Quarter.*

Past performance is no guarantee of future performance.



Conclusion



"2010: The year we make contact" was the sequel to Stanley Kubrick's 2001 A Space Odyssey, and, in summary, it got the US and USSR to work together to find peace. It's 2020, and it already looks like another year of bargaining. The USA elections will occur, and Brexit is upon us. At home, this year, we also have our General Elections, and there will be many opportunities as a result. While the Middle East is still in turmoil, immediate worldwide communications allow for immediate reaction and response to almost any global event.

My wish is that the rest of the world would solve their problems like New Zealand and Australia do. We let Australia win at cricket since we beat them at rugby, and peace occurs. 2020, the year we make contact...

As always
warmest regards

AL.

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

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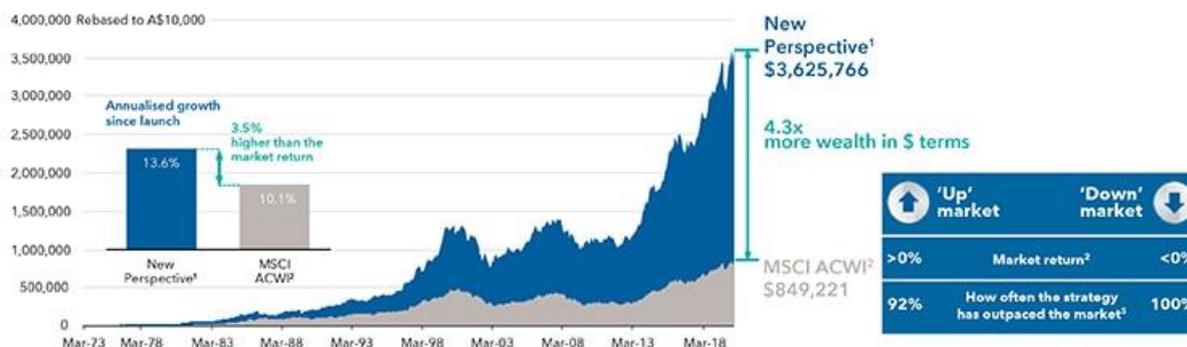
Proud Supporter of...



Riccarton Players

The Technical

Capital Group New Perspective strategy: The hypothetical value of A\$10,000 invested at launch



Past results are not a guarantee of future results.

¹ Results prior to the launch of Capital Group New Perspective Fund (AU) (CGNPAU) on 20 November 2015 are derived from the American Funds New Perspective Fund in A\$ from 31 March 1973. The strategy is advised by the same portfolio management team managing to the same investment objectives. The returns are after fees, based on the total management cost of 1.05% p.a. that was applicable to CGNPAU up until 30 April 2017 and 0.95% with effect from 1 May 2017. American Funds are not registered for sale outside of the United States. Source: Capital Group

² MSCI ACWI ex Australia (with net dividends reinvested) from 20 November 2015; previously, MSCI ACWI (with net dividends reinvested) from 30 September 2011 and MSCI World Index (with net dividends reinvested) prior to that. Source: MSCI

³ Relative returns are calculated geometrically for the strategy, since inception, compared with the index in footnote 2 and net of fees and expenses as detailed in footnote 1. Annualised returns are for periods of more than 12 months. Source: Capital Group

Time-tested strategy

Pursuing growth and resilience

With its ability to identify companies that benefit from long-term trends and market changes, the New Perspective strategy has been able to navigate and gain from changes in global trade patterns. Regardless of market climate, Capital Group and our multi-manager system has set up the strategy for long-term success. Since March 1973, the strategy has delivered 13.6% p.a.¹ and demonstrated resilience during market declines. It has outpaced the index² 100% of the time in rolling three-year down markets, and 92% of the time in up markets³. The strategy has also generated four times more wealth than an investment in the index.