

# BRAMWELL BROWN LTD

## INVESTMENT ADVISERS – BROKERS

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### **Bramwell Brown Limited – Newsletter – February 2018**

#### **Investment Scams**

I have covered this topic over the last couple of months, and have received plenty of feedback from clients. This week I received an email from “Mavis Wanczyk” who last year won US\$758 million in the US Powerball lottery. Mavis Wanczyk is a real person and did in fact win the lottery, however the Mavis that emailed me is clearly a fraud. Here is the email under a subject of “Do You Need a Hand.”

I am Mavis Wanczy I won a lottery of \$758m through US Powerball Lottery of recent, I do not know me, but I am currently helping out people in need of financial assistance, it may be difficult to believe things on the Internet, I assure you this is 100% legitimate, please reply to this message if you need a hand.

Regards

Mavis Wanczyk

She (he?) can't even spell her own name correctly! This is obviously a very low-level scam attempt, and I'd be surprised if anyone would fall for it. However, there are plenty more highly sophisticated and believable fraudsters out there trying to get hold of other people's money. If you receive unsolicited offers of any kind and you'd like me to double-check the legitimacy don't hesitate to give me a call.

#### **New Premises**

Just another reminder that Bramwell Brown has moved into new premises at the Amy Kerr & Associates building at 38 Bannister Street. Contact details remain the same:

- Phone: 3788299
- Mobile: 0274523980
- Email: [brett@bramwellbrown.co.nz](mailto:brett@bramwellbrown.co.nz)

## Smartshares

The NZX Smartshares listed funds have been in existence for a number of years. The NZ Top 50 (FNZ), the NZ Top 10 (TNZ), the NZ Mid Cap (MDZ), the Australian Top 20 (OZY), and the Australian Mid Cap (MZY) have historically been popular funds for those investors with smaller sums who still recognise the need for diversification. The funds invest in the underlying securities, which allows investors to buy one share that in fact holds a number of different securities. For example, the TNZ fund holds the largest ten companies by market capitalisation on the NZX.

<b>TICKER</b>	<b>ISSUER</b>	<b>INDUSTRY SECTOR</b>	<b>WEIGHTING</b>
FPH	Fisher & Paykel Healthcare	Health Care	16.21%
SPK	Spark New Zealand	Telecommunications	13.19%
AIA	Auckland International Airport	Industrials	11.99%
ATM	The A2 Milk Company	Consumer Staples	11.67%
FBU	Fletcher Building	Materials	10.49%
RYM	Ryman Healthcare	Health Care	9.75%
CEN	Contact Energy	Utilities	7.88%
MEL	Meridian Energy	Utilities	6.98%
ZEL	Z Energy	Energy	6.07%
SKC	Sky City Entertainment	Consumer Discretionary	5.54%

The main benefit of buying a fund such as this is that you achieve a good level of diversification even though you only purchase the one security. Your entry costs are lower because you are only paying brokerage on one purchase instead of ten. For those with smaller sums to invest this is a significant advantage.

The disadvantages include the ongoing management fees (although these are low in comparison to actively managed funds). Over a long period of time even low annual management fees will reduce your return on an investment. Paying higher entry costs (brokerage) and owning the ten shares directly may mean higher overall returns in the long run. Another disadvantage is that you have no control over what stocks are included in the fund. You may have an aversion to gambling, therefore the inclusion of Sky City would preclude you from buying this fund. These are some of the issues you would need to consider carefully before investing in this type of fund.

Recently Smartshares has launched a number of new funds targeting specific themes. There is now a total of twenty-three funds to choose from:

<b>FUND NAME</b>	<b>Fund Charges</b>	<b>Gross Dividend Yield</b>
<u>NZ Top 50 (FNZ)</u>	0.50%	4.32%
<u>NZ Top 10 (TNZ)</u>	0.60%	4.60%
<u>Australian Top 20 (OZY)</u>	0.60%	3.52%
<u>US 500 (USF)</u>	0.34%	0.59%
<u>Europe (EUF)</u>	0.55%	1.70%
<u>Asia Pacific (APA)</u>	0.55%	1.21%
<u>Emerging Markets (EMF)</u>	0.59%	1.42%
<u>Total World (TWF)</u>	0.56%	1.04%
<u>US Large Value (USV)</u>	0.51%	1.07%
<u>US Large Growth (USG)</u>	0.51%	0.00%
<u>NZ Mid Cap (MDZ)</u>	0.60%	3.76%
<u>Australian Mid Cap (MZY)</u>	0.75%	1.82%
<u>US Mid Cap (USM)</u>	0.51%	0.00%
<u>Australian Dividend (ASD)</u>	0.54%	4.18%
<u>NZ Dividend (DIV)</u>	0.54%	6.58%
<u>Australian Property (ASP)</u>	0.54%	4.12%
<u>Australian Resources (ASR)</u>	0.54%	2.22%
<u>Australian Financials (ASF)</u>	0.54%	4.86%
<u>NZ Property (NPF)</u>	0.54%	5.15%
<u>US Small Cap (USS)</u>	0.51%	0.00%
<u>NZ Bond (NZB)</u>	0.54%	3.93%
<u>NZ Cash (NZC)</u>	0.33%	2.83%
<u>Global Bond (GBF)</u>	0.54%	2.03%

Share investors with a bias toward income might be drawn to the new NZ Dividend Fund (DIV). It holds the highest dividend paying stocks on the NZX and its top ten holdings are shown below.

<b>TICKER</b>	<b>ISSUER</b>	<b>INDUSTRY SECTOR</b>	<b>WEIGHTING</b>
MEL	Meridian Energy	Utilities	10.26%
FBU	Fletcher Building	Materials	9.82%
SPK	Spark New Zealand	Telecommunication Services	9.60%
AIR	Air New Zealand	Industrials	7.97%
MCY	Mercury NZ	Utilities	7.72%
CEN	Contact Energy	Utilities	6.75%
GNE	Genesis Energy	Utilities	6.23%
ZEL	Z Energy Limited	Energy	4.49%
SKC	SKYCITY Entertainment	Consumer Discretionary	4.11%
IFT	Infratil Limited	Utilities	3.77%

A disadvantage that stands out to me with this fund is the exposure to the electricity sector. Is it wise to have such a large part of your investment exposed to one industry? Like any investment you need to look at all the advantages and disadvantages, and assess the returns against the risk. If you would like to discuss the NZX funds further don't hesitate to contact the office.

You can do some research yourself by looking at the Smartshares website <http://smartshares.co.nz/>

### **Portfolio Administration**

Are you having trouble with the share registries sending your financial information via email rather than post? Are you spending hours searching for financial information for your accountant at the end of each financial year? If so Bramwell Brown can help. We offer a portfolio administration service where we handle all the mail associated with your portfolio and liaise with your accountant at the end of each year. Call the office if you would like to discuss this service.

**DISCLOSURE STATEMENT AVAILABLE ON REQUEST AND FREE OF CHARGE**