

# BRAMWELL BROWN LTD

## INVESTMENT ADVISERS – BROKERS

Director: Brett Dymond – AFA, BBS, GradDipBusStud (Personal Financial Planning)

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

#### **Refining New Zealand Bond Offer**

Refining New Zealand is offering \$75 million of unsecured, subordinated notes, with a term of fifteen years. The notes will have an interest-rate reset mechanism after five and ten years, with investors able to elect whether they continue holding the notes under the new terms.

- Maturity date – March 1<sup>st</sup> 2034
- Election dates – March 1<sup>st</sup> 2024 and March 1<sup>st</sup> 2029
- First five-years interest rate – 5.10%
- Interest paid semi-annually on March 1<sup>st</sup> and September 1<sup>st</sup>
- Minimum application - \$5,000
- Offer closing date – December 12<sup>th</sup>

Refining New Zealand operates New Zealand's only oil refinery, processing imported crude oil to produce petrol, diesel, jet fuel and bitumen. It also owns Independent Petroleum Laboratory Limited, providing testing services to the refinery, local and international customers, and government agencies.

**PLEASE CONTACT THE OFFICE AS SOON AS POSSIBLE IF THIS OFFER IS OF INTEREST TO YOU**

#### **Virtual AGM's**

I recently logged in to attend the Auckland Airport AGM on-line. A number of companies are now offering this service, and I was impressed with the ease of use, and quality. I think shareholders should take an interest in the companies they invest in, and attending the AGM is a good way to learn what a company is doing with your capital. Attending AGMs in person is rarely an option when you live in Masterton, so attending on-line is a very good substitute. You have the ability to ask questions, as if you were at the meeting, and you can lodge votes on-line. I would encourage investors to attend an on-line AGM if they have the opportunity.

## **Scams**

Unfortunately we are still seeing a large number of New Zealanders succumbing to fraud and scams. A recent Westpac survey claims one in three Kiwis have fallen prey to scammers, with up to \$500 million being lost each year to cybercrime. I constantly take calls from someone in India claiming my computer has a virus, and needs repair. Recently I have received brochures from Indonesian holiday resorts. They include scratchy tickets, and on each of the three occasions so far I've "won" \$200,000. A cursory search on the Internet shows it's a scam. Unfortunately, there are stories of people paying large sums for their luxury holiday, only to arrive at their destination to find there is no resort at all.

Another scam that is proving popular is one involving shipping containers. A company offers you the opportunity to buy a shipping container, and then lease it back to them. Apparently their leasing contracts give you "100% preservation of capital, along with an annual return of 26%." If such an investment existed, I don't think they would be offering it to the public.

The Commission for Financial Capability has produced a booklet called "The Little Black Book of Scams" which I would encourage you to read. It contains very useful information on scams, and can be downloaded at the CFFC website: <https://www.cffc.org.nz/building-wealthy-lives/frauds-and-scams/>

I have ordered printed copies – if you would like to receive a copy, let me know and I will post it to you. Here is a selection of some of the advice in the booklet:

### Romance Scams

Keep your guard up and look out for potential scammers who will try to lower your defences by appealing to your romantic and compassionate side. They can prey on you through email, social media, dating websites, other websites and apps. A scammer might send you a few messages and a good-looking photo of themselves, or of someone they claim to be. Once you are charmed, they will start asking you to send money. They may claim to have a very sick family member or a desperate situation with which they need your help. They will move quickly, confessing their love or strong feelings within a short time of meeting. They may ask for money to help with airfares to come and see you, but never arrive due to an emergency.

### Door to Door Scams

Despite living in the digital age, there are still some old-fashioned scams that come right to your door, posing a threat to you and to businesses. With this trick, door-to-door salespeople use high-pressure tactics to convince you to buy a product or sign up for a service you don't want or need. These aggressive pitches are often for charitable donations, investment opportunities or home services and maintenance of various appliances, like water heaters and air conditioners. In many cases, you'll never receive the product or service promised. In others, the products or services are of poor quality or not as represented.

## Tax Scams

You get a text message or an email from Inland Revenue claiming you're entitled to an extra refund and all you need to do is provide your banking details. Watch out – this wonderful-if-true situation is exactly what a tax scam looks like. Another variation is that they call you to say that you owe Inland Revenue money and that you need to pay right away, or else they will report you to the police. In any case if you do receive a call, letter, email or text saying you owe money to Inland Revenue, contact them in the first instance.

## Emergency Scams

Emergency frauds usually target loving grandparents, taking advantage of their emotions to rob them of their money. The typical scam starts with a grandparent receiving a phone call from someone claiming to be their grandchild. The “grandchild” goes on to say they're in trouble - common misfortunes include having been in a car accident, getting locked up in jail, or trouble returning home from a foreign country, and they need money immediately. The caller will ask you questions, getting you to reveal personal information. They'll also swear you to secrecy, saying they are embarrassed and don't want other family members to find out what's happened.

My key points to ensure you do not become the target of a scam include:

- Do not pursue an investment offer from an unsolicited phone call or email
- If an investment sounds too good to be true, then it's likely to be a scam
- Only deal with a licensed financial services provider
- If a business is not based in New Zealand, find out who regulates them
- Check the Financial Markets Authority website for assistance

If you have had the misfortune of being scammed, be very careful that you don't become a victim again. There are plenty of websites claiming to be able to recover money for victims of fraud. More often than not these sites are also fraudulent. If you would like me to check the legitimacy of something you have invested in please don't hesitate to contact the office.

## **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.

## Secondary Market Bond Yields

Here is a selection of commonly traded bonds listed on the New Zealand exchange.

<b>Company</b>	<b>Coupon</b>	<b>Maturity Date</b>	<b>Yield</b>
Kiwi Income Property Trust	6.15%	August 2021	3.44%
Turners Automotive	5.50%	September 2021	4.50%
Z Energy	4.01%	November 2021	3.70%
Trustpower	5.63%	December 2021	3.80%
Goodman Property Trust	5.00%	June 2022	3.60%
Infratil	6.85%	June 2022	4.65%
Heartland Bank	4.50%	September 2022	3.55%
Trustpower	4.01%	December 2022	3.90%
Infratil	5.65%	December 2022	4.40%
Meridian Energy	4.53%	March 2023	3.65%
Summerset	4.78%	July 2023	4.05%
WEL Networks	4.90%	August 2023	4.30%
Infratil	5.25%	September 2023	4.90%
Kiwi Property Group	4.00%	September 2023	3.80%
Z Energy	4.32%	November 2023	4.00%
Investore	4.40%	April 2024	4.16%
Infratil	5.50%	June 2024	4.65%
Kiwi Bank	6.61%	July 2024	3.82%
Precinct Properties	4.42%	November 2024	4.17%
Kiwi Property Group	4.33%	December 2024	4.05%
Infratil	4.75%	December 2024	4.70%
Wellington Airport	5.00%	June 2025	3.91%
Infratil	6.15%	June 2025	5.00%
Summerset	4.20%	September 2025	4.20%
BNZ Capital Notes	5.31%	December 2025	3.95%
ASB Capital Notes	5.25%	December 2026	4.10%
Westpac Capital Notes	4.69%	September 2026	4.00%
Infratil	4.85%	December 2028	4.75%
NZX	5.40%	June 2033	4.55%
Mercury NZ Limited	6.90%	July 2044	4.07%

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