

BRAMWELL BROWN LTD

INVESTMENT ADVISERS – BROKERS

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Infratil Bonds

Holders of the Infratil bond paying 8.50% per annum (IFT090) will be sad to see it mature on February 15th. It's one of the last remaining pre-financial crisis bonds still on issue, and has provided a very attractive return over the last decade. A return to the days of 8% interest rates seems a long way off at present. Infratil will not be rolling this bond over – principal and interest will be repaid on February 15th. Holders do have the option of investing in Infratil's 2026 bond that is paying 3.35%. Applications for this bond will close on February 7th.

- Interest Rate – 3.35%
- Maturity date – March 15th 2026
- Interest paid quarterly – March, June, September and December

Germany

We enjoyed our trip to Germany in December and January – a winter Christmas was a very unique experience. If you are lamenting the low reinvestment rates of bonds and bank term deposits here in New Zealand, spare a thought for those living in Europe. I made some enquiries while I was there, and the German term deposit rates are particularly uninspiring. In some instances banks are charging customers 0.50% interest to hold funds on call.

On Call	1 Year	2 Years	3 Years	4 Years	5 Years
0.00%	0.05%	0.05%	0.10%	0.20%	0.30%

Although interest rates have fallen to very low levels, I still think investors should hold a portion of funds in bank term deposits. They are very low risk, and provided you structure your term deposits to mature on a regular basis, you are consistently in a position to weigh up the merits of reinvesting versus investing elsewhere. The last few years has seen a significant transfer of funds from bank term deposits to higher yielding shares. This is a perfectly acceptable strategy, however investors must not only focus on the extra return, but must also be mindful of the extra risk.

Brokers' Picks

Each year the New Zealand Herald publishes a table of brokers' recommendations for the five companies they think will be the best performers over the coming year. It's a no-win situation for the brokers, as they all know the share-market is not somewhere to invest in the short-term. However, it provides interesting reading, and looking back on previous recommendations highlights the fundamental need to hold a diverse range of companies. Evolve Education, Tower, NZ Refining, Vista, Group, Sky TV and Comvita have all been chosen recently – none of which have performed well since. Plenty of very good choices have also been made of course, including A2 Milk, Mainfreight, Meridian Energy, Fisher & Paykel Healthcare, Xero and Restaurant Brands. Here are this year's choices:

Broker 1

A2 Milk

Mainfreight

Meridian Energy

Ebos

Freightways

Broker 2

A2 Milk

E Road

Infratil

Kathmandu

Oceania Healthcare

Broker 3

Contact Energy

Arvida

Sanford

Chorus

A2 Milk

Broker 4

Z Energy

A2 Milk

Meridian Energy

Ebos

F&P Healthcare

Broker 5

Serko

Oceania Healthcare

Tower

Mainfreight

A2 Milk

Broker 6

AFT Pharmaceuticals

Arvida

Heartland Bank

Plexure Group

Vector

A2 Milk is a clear favourite, being chosen by five out of the six broking firms. Arvida, Oceania Healthcare, Ebos, Mainfreight and Meridian Energy have all been chosen by two of the six firms. I think it's important to stress that nobody should be picking stocks with a one-year time frame – shares should be treated as a long-term investment. If I had to pick a sector I see performing well into the future it would be the retirement-care industry. New Zealand's demographics see the sector well placed for significant growth.

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 correspondence 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.