Bramwell Brown Ltd

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Markets

Most share markets have enjoyed a positive six months, following the initial volatility caused by Donald Trump's tariffs. The NZ50 Gross Index is up 14% since April 7th, and the Dow Jones Index (US) is up an impressive 25%. There is now talk of a bubble, particularly in the United States, which is heavily influenced by the large tech companies. ANZ Investments recently provided a research note to advisers, which I think is worth sharing here.

<u>Investing At All-Time Highs</u>

Equity markets have made a series of record highs recently, which can make investors hesitant to enter. While it may feel counterintuitive to invest at peak levels, with the right strategy and perspective, it can be both prudent and rewarding. Here's how ANZ approaches investing when markets appear expensive, and how our investment beliefs hold us in good stead.

Global equity markets continue to climb to record highs, defying concerns over tariffs, a cooling US job market, and signs inflation may be resurfacing. While the US leads the charge, several markets across Europe, Asia, and Australasia have also reached new peaks in recent weeks. This momentum is encouraging for current investors. However, for those considering entering the market or increasing their equity exposure, the timing may feel challenging. If you are hesitant about investing when markets are at or near record levels, consider this: timing the market is notoriously difficult, and long-term growth often continues beyond previous peaks. History shows that investing at market highs does not inherently signal risk, and, not all markets are equally overvalued, even when trading at record levels. Moreover, markets have consistently overcome challenges - from geopolitical tensions to economic shocks - while continuing to deliver long-term growth.

New highs are more common than you may think: In 2025 alone, the S&P 500 Index has recorded over 30 new all-time highs. Despite the tariff-related sell-off in April, the index is up nearly 15% year-to-date, as of mid-October.

Don't Think About Timing the Market, Think About Time in the Market.

Trying to pick the perfect moment to invest is tempting, but history shows that long-term investing is what truly pays off. Whether you enter the market at a peak or a dip, short-term fluctuations are inevitable. Ultimately, there is no "right" time to enter the market. What matters most is the time you spend in the market. Markets have historically trended upward, and those who remain invested are more likely to benefit from that growth. And with terms deposit rates easing, many investors are now reassessing their options - looking to equities for the potential of stronger long-term returns.

Consider this: Since the steep sell-off in 2008 during the Global Financial Crisis, the S&P 500 Index has delivered double-digit returns in 11 calendar years - six of which have been returns greater than 20%.

Spreading Out Your Investments Can Smooth Volatility

If you are hesitant to invest a lump sum all at once - especially with the market at a record high - you could consider a strategy called dollar cost averaging. This involves spreading your investment into smaller, regular purchases over time. By doing so, you reduce the impact of market volatility - buying more when prices are low and less when prices are high. It's a straightforward way to stay invested, while managing risk, and building confidence in your investment journey.

How Does ANZ Approach Investing at Record Highs

While market highs are worth celebrating, at ANZ Investments our focus remains steady across all market cycles. Whether it's a market rally or a pull-back, our investment specialists follow a disciplined process grounded in core beliefs designed to support investors through every phase of the market cycle. Our long-term approach gives us greater flexibility, shaping what we invest in, how we invest, and how we grow our team. By building scale through this strategy, we unlock even more opportunities to deliver stronger outcomes for our investors over time.

Investing For the Long Term

Short-term market movements are inherently unpredictable. But history shows that, over time, share markets have risen. Hitting new highs is a normal part of that journey and doesn't always mean a downturn is coming. In many cases, new highs reflect underlying momentum and may indicate continued growth potential.

One point I would add to this summary is that for most investors, one of the main reasons we are investing in shares is to provide further income. Despite fluctuations in share prices over time, the income from shares tends to remain relatively stable.

Current Bond Yields

Here is a selection of the current yields on commonly traded bonds listed on the NZX.

Company	Coupon	Maturity Date	Yield
Infratil	3.35%	March 2026	4.85%
ASB	5.93%	November 2026	2.72%
Infratil	3.35%	December 2026	4.88%
Ryman Healthcare	2.55%	December 2026	4.60%
Goodman Property Trust	4.74%	April 2027	3.33%
Sky City Entertainment	3.02%	May 2027	3.02%
Precinct Properties	2.85%	May 2027	3.68%
Mercury Energy	5.73%	May 2027	4.43%
Westpac	6.19%	September 2027	4.04%
Vector	3.69%	November 2027	3.24%
Infratil	3.60%	December 2027	4.90%
Contact Energy	5.82%	April 2028	3.27%
Precinct Properties	5.25%	May 2028	4.01%
BNZ	5.54%	May 2028	3.20%
Wellington Airport	5.78%	August 2028	3.65%
Infratil	6.78%	December 2028	4.70%
Summerset	6.43%	March 2030	4.40%
Wellington Airport	6.02%	September 2030	4.10%
Infratil	6.00%	December 2030	5.00%
Heartland Bank Limited	7.51%	April 2033	5.10%
Kiwibank Limited	6.40%	May 2033	4.14%
Infratil	5.93%	June 2030	5.37%
Property for Industry	5.43%	September 2030	4.22%
Infratil	7.08%	March 2031	4.95%
Summerset	5.70%	May 2031	4.55%
Infratil	7.06%	December 2031	5.18%
Infratil	6.16%	June 2032	5.35%
NZX	6.80%	June 2033	4.98%
Genesis Energy	5.66%	June 2052	4.21%
Genesis Energy	6.50%	July 2053	4.51%
Mercury Energy	6.42%	July 2054	4.69%
Chorus	5.90%	June 2056	4.65%

We have been fortunate to lock in longer-term rates on corporate bonds for clients over the last few years. Returns of 5.50% to 7.50% will be enjoyed for the next three to five years, however investors new to the market can only expect to achieve rates between 4.00% and 5.00%. Interest rates look set to reduce further, so we are unlikely to see these higher returns for some time yet.

Kiwi Bonds

I am sometimes asked about New Zealand Government bonds, as a risk-free investment class. The Government issues longer-term bonds, which are mainly bought by large institutions. These bonds are not listed on the NZ Stock Exchange, yet still have a secondary market available through brokers. The New Zealand Local Government Funding Agency issues bonds, which are listed on the NZ Stock Exchange. The New Zealand Debt Management Office also issues Kiwi Bonds, which the public can buy. Rates are understandably low, due to these securities being considered risk-free. Here are the current Kiwi Bond rates.

Kiwi Bonds	**6 Months**	**1 Year**	**2 Years**	**4 Years**
	2.50%	2.50%	2.75%	3.25%

With the introduction of the Government's deposit guarantee scheme, bank deposits have also become largely risk-free for most investors.

Bank Term Deposit Rates

Here is a list of the current bank term deposit rates that are available.

	1 Year	**2 Years**	**3 Years**	**4 Years**	**5 Years**
ANZ	3.40%	3.45%	3.6%	3.75%	3.9%
ASB	3.40%	3.45%	3.65%	3.80%	4.00%
BNZ	3.50%	3.50%	3.70%	3.80%	4.00%
Heartland	3.45%	3.55%	3.75%	3.90%	4.05%
Kiwibank	3.50%	3.50%	3.65%	3.80%	4.05%
Rabobank	3.55%	3.55%	3.70%	3.85%	4.00%
Westpac	3.45%	3.45%	3.60%	3.80%	3.90%

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