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NZ – A Relative Safe Haven in a World of Uncertainty

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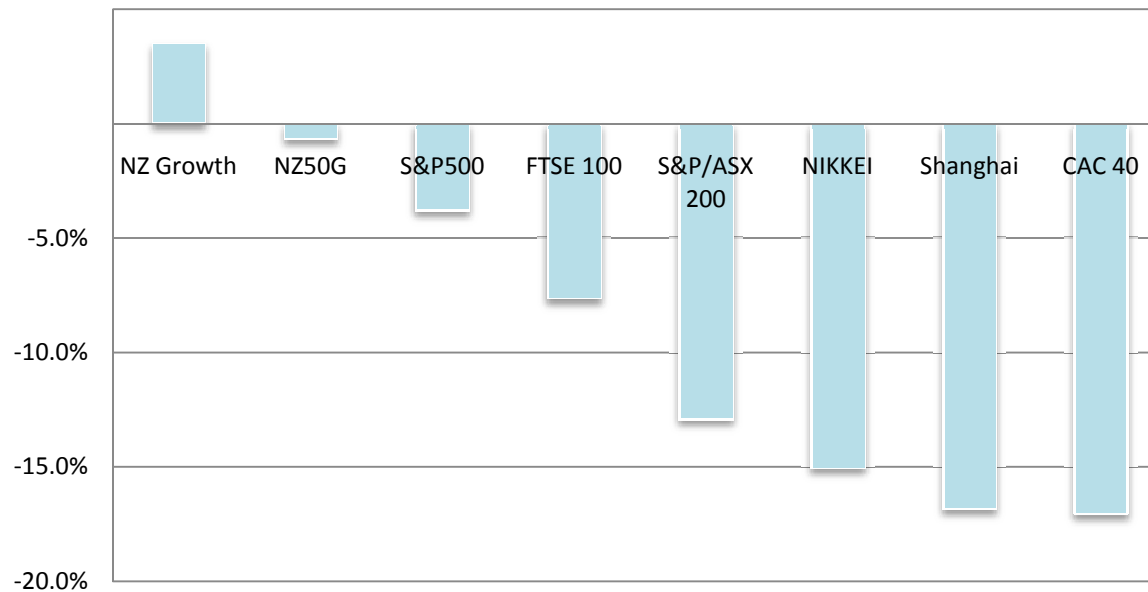


Agenda

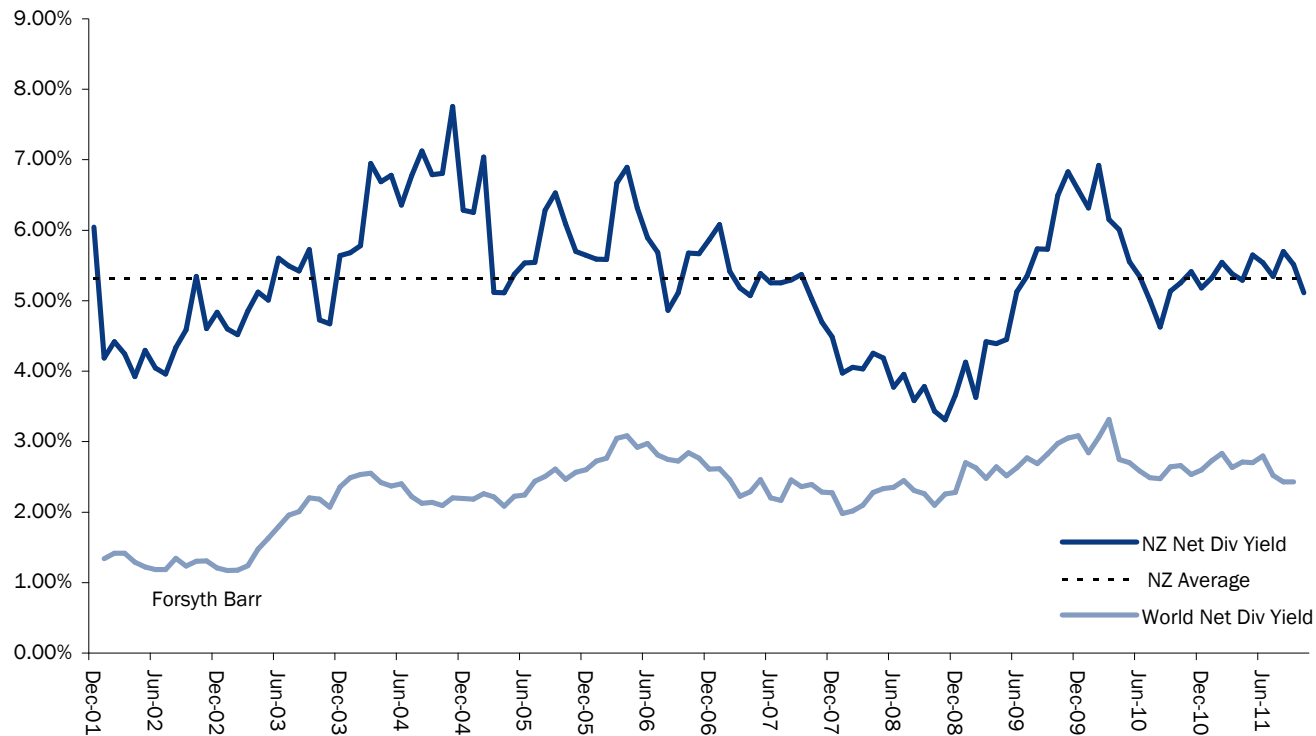
- How well has the New Zealand share market performed?
- NZ is a high dividend yield market, and yields are currently well above bond rates
- Earnings momentum has turned, and valuations are not expensive
- Recent portfolio changes
- Growth portfolio with defensive qualities

NZ Market has been extremely resilient

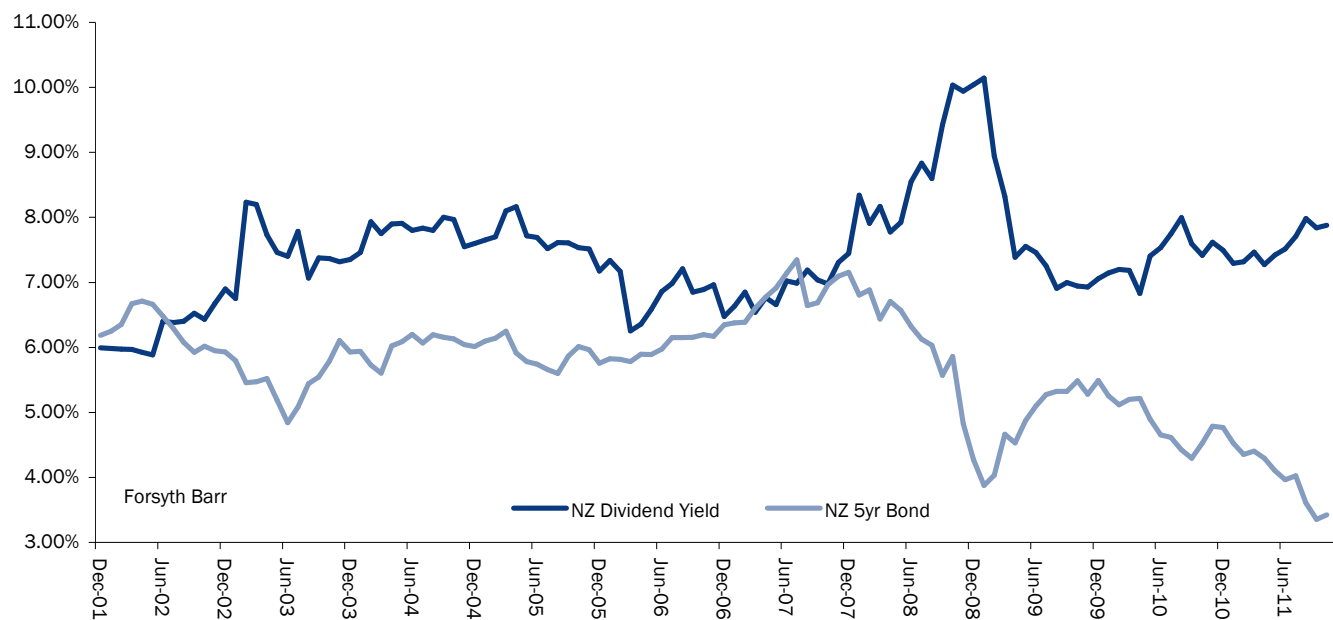
YTD Returns (local currency)



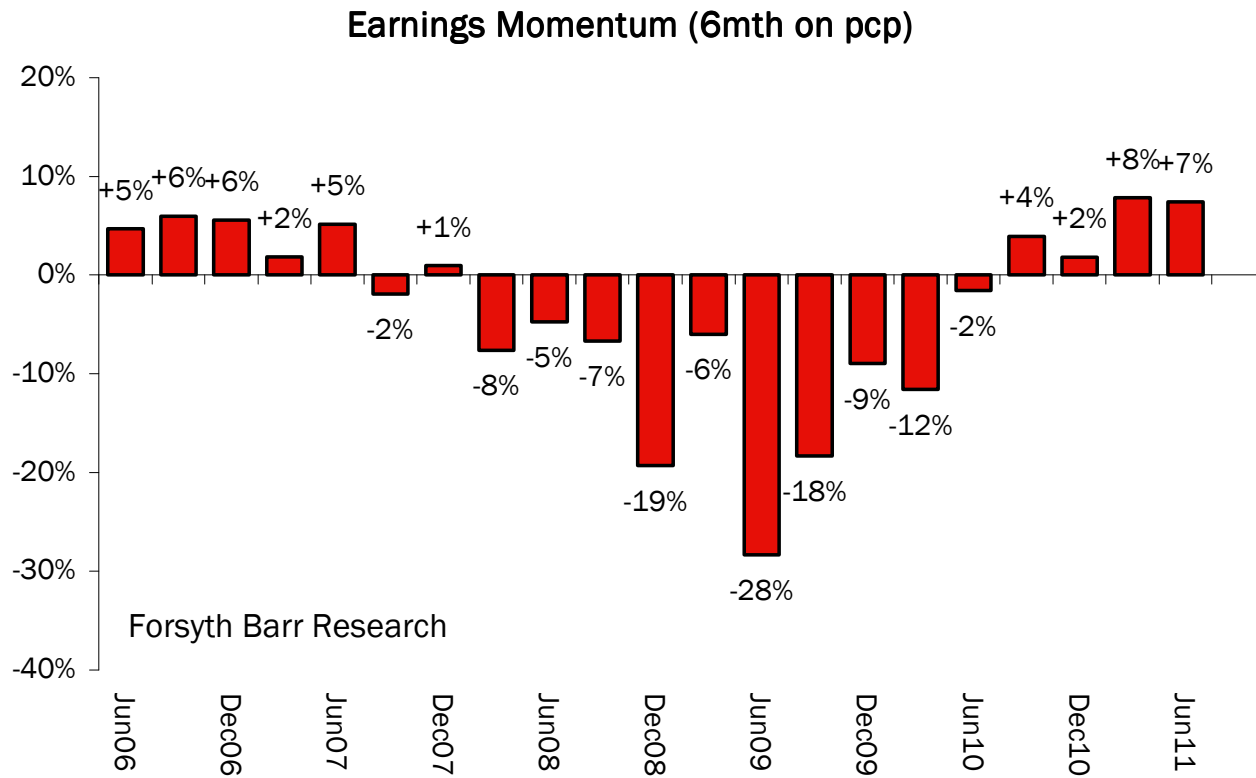
NZ is a high dividend yielding market



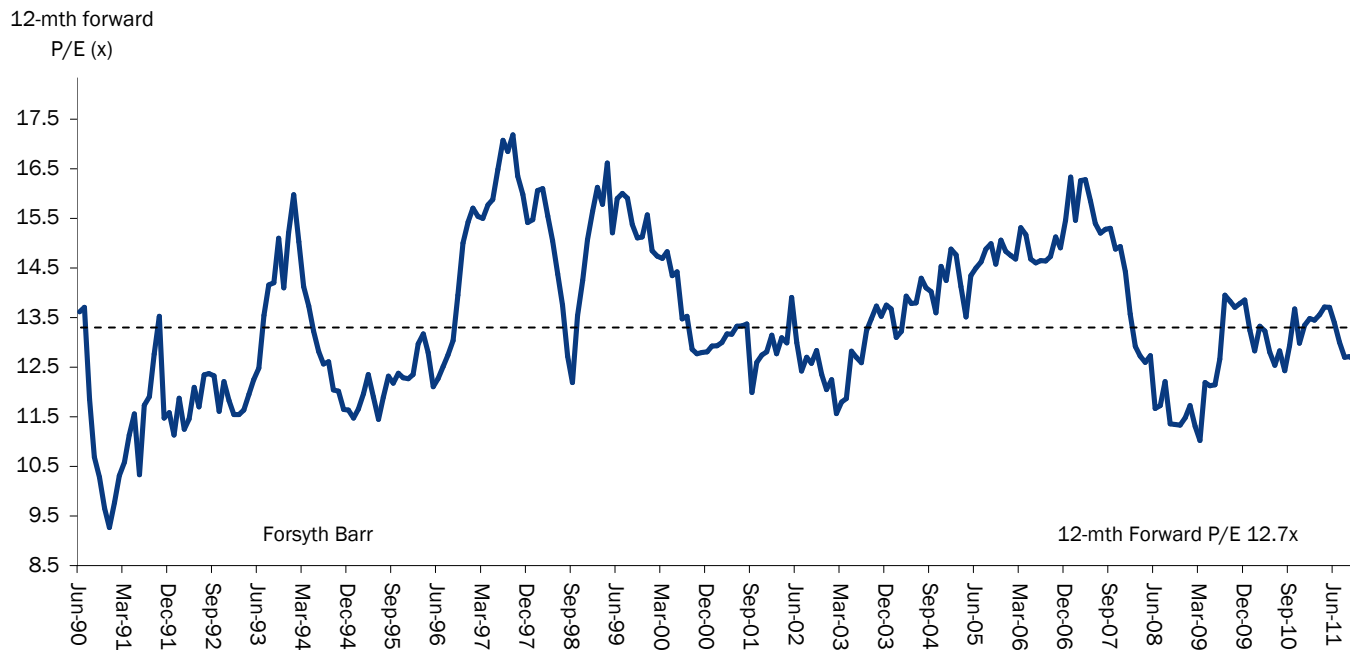
Dividend yield significantly above bond rates



Earnings momentum has turned positive



Market valuation cheap in historical context

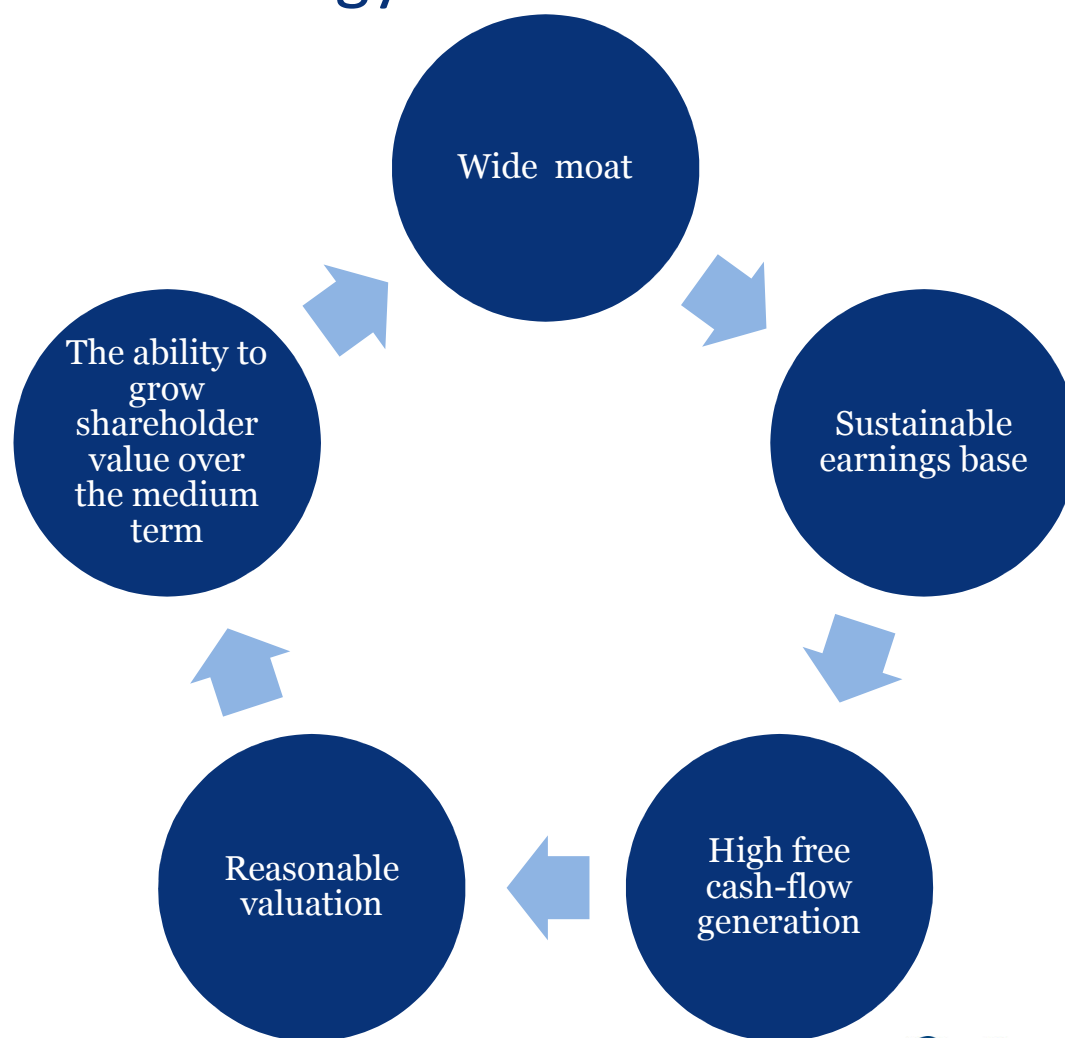




New Zealand investment advantages

- No direct currency risk
- Companies and, to a lesser extent, Government are relatively un-gearred.
- Less competitive pressures, structural differences (eg Freightways, NZX)
- Home ground advantage (over 50 years of industry experience)
- Investing in household names

So what is our strategy?



Portfolio metrics are attractive

Attribute	Measure
Wide Moat	Portfolio ROIC average = 17.0%
Sustainable earnings base	Historic earnings growth, low gearing
High cash generation	Free cash flow yield = 6.8%
Reasonable valuation	Avg PE ratio = 12.3x, net div yield 5.2%
Ability to Grow	Forecast +1 yr earnings growth = 14.8%



Recent Portfolio changes

- Increased cash position
- Reduced holdings in Mainfreight and Ryman Healthcare but they will remain key holdings in portfolio
- Participated in Summerset float (small holding), and intend participating in the Trade Me float (subject to price). Topped up holding in Wakefield Health via recent placement.
- Hopeful of resolution to illiquidity and undervaluation of Metlifecare

Portfolio Structure

- Growth portfolio with defensive qualities
 - 22% retirement villages (Ryman, Metlifecare)
 - 10% medical (F&P Healthcare, Wakefield, Abano)
 - 10% infrastructure (Infratil, Opus)
- Domestic exposure – Freightways, Retailers, NZX
- Offshore exposure - Mainfreight, Fisher & Paykel Healthcare, Delegat's
- 15% cash



Disclaimer

The information given during this presentation is class advice and is not to be taken as 'personalised financial advice'

A disclosure statement is available upon request