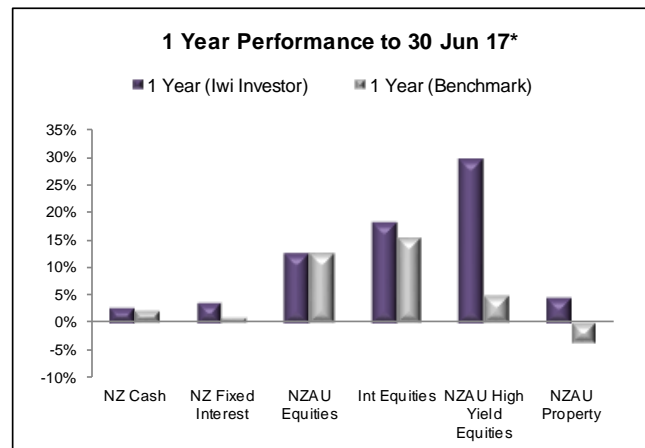
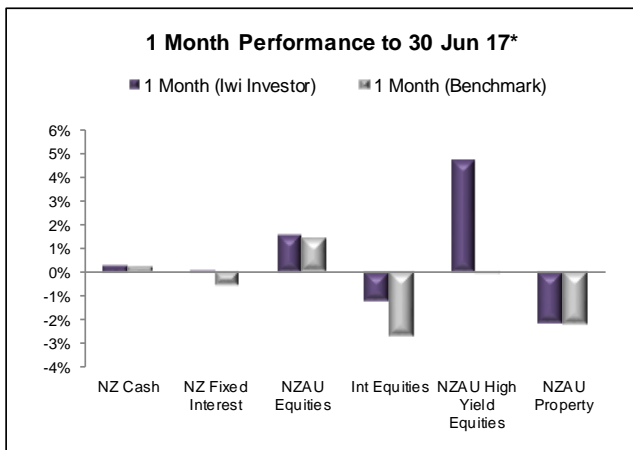


## Tirohanga ki te makete mō Pipiri 2017

*He moana pukepuke e ekengia e te waka: A choppy sea can be navigated*

### Market Overview







\*Benchmarks; NZX 90D, ANZ Comp A, NZX50 / ASX200(NZD) comp, MSCI World (NZD), ANZ Corp A +2%, NZX/ASX200(NZD) PROP comp

The international financial markets were relatively quiet over June as it continues to monitor the economic and political outcome and expectations. Economic data were modestly favourable with Europe showing improving outlook, perhaps as their political risk subsides. Geo-political risk remains with uncertainties over outcome over the Korean peninsula, the Gulf Cooperation Council (GCC) and the relationship between the United States, Russia, Iran and Turkey over the Syrian conflict.

Global share markets were modestly higher in local currency, bond yields rose and the NZ dollar strengthened on the back of a weaker US dollar and our healthier economic outlook.

#### Benchmark Performance:

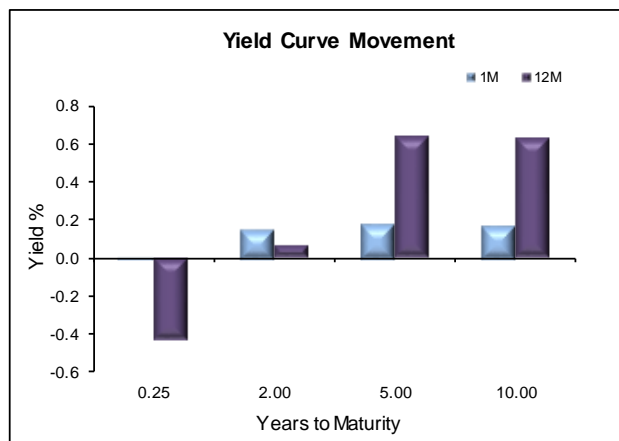
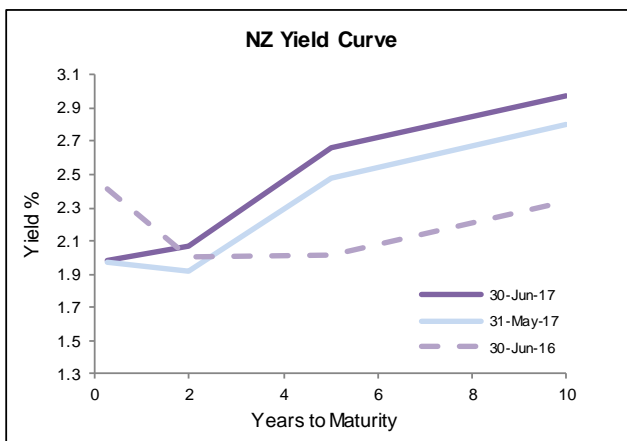
-  NZ Fixed Interest down -0.6%
-  NZ Equities: up 2.6%
-  Australian Equities: up 0.3% (NZD), up 0.2% (local currency).
-  International Equities: down -2.7% (NZD), up 0.0% (local currency).

## NZ Cash & Fixed Interest

Bonds (gross return)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
NZX 90 Day Bank Bill	697	0.2%	0.5%	1.0%	2.2%	2.9%	2.9%	3.8%
NZX Govt Bond Index	1,628	-0.7%	1.4%	2.8%	0.2%	5.5%	3.7%	6.3%
NZX Composite A Grade	4,522	-0.6%	1.4%	2.9%	0.9%	5.6%	4.0%	6.5%

Our Reserve Bank held the cash rate at 1.75% despite inflation at 2.2%, breaching the midpoint of its target range. Recent weakness in oil price, the stronger NZ dollar and low market inflation expectation gave the Bank comfort in expressing, holding the cash rate till late 2019. The US Federal Reserve lifted its Funds rate by 0.25% as expected and the financial markets will monitor the pace of further increases as it moves to a more neutral monetary policy.

The Fixed Interest markets weakened globally as the financial markets factor in the impact of bond selling by the Federal Reserve as it looks to reduce its \$4.5trn balance sheet which rose from \$0.7trn prior to the GFC. The 10 year Government bond rose by 0.2% in New Zealand and 0.05% in the US.



## New Zealand & Australian Equities

Equities (gross return)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
NZX50	7,611	2.6%	5.8%	10.6%	10.4%	14.0%	17.5%	6.0%
ASX200 (Local)	55,759	0.2%	-1.6%	3.2%	14.1%	6.6%	11.8%	3.6%
ASX200 (NZD)		0.3%	-5.2%	4.2%	14.8%	5.7%	7.5%	3.1%

The NZ share market reached an all-time high in June as economic outlook continues to improve (rise in consumer and business confidence, tourism boost from the Lions tour) and expectation of minimal disappointment from the August reporting season. The Australian share market was flat with a modest rise in local currency.

Shares that helped our portfolio: Vocus Communications (+19.6%), Flight Centre (+7.2%)

Shares that hurt our portfolio: Origin Energy (-10.8%), Worley Group (-9.1%)

## International Equities

Equities (gross return)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
MSCI World (Local)	4,084	0.0%	2.7%	8.3%	18.8%	7.8%	13.1%	4.3%
MSCI World (NZD)		-2.7%	-0.5%	4.7%	15.2%	11.7%	13.4%	4.5%

While the US share market reached an all-time high mid-month, some gain rescinded by month end and the overall global share market was flat and weaker when expressed in NZ dollar (the 'kiwi' rising 3.4% against the US dollar). Europe was weak despite the improving economic outlook while Asia/Pacific was better. The Financial markets will seek confirmation of continued earnings growth in the June quarter reports in July for the northern hemisphere companies and the success or otherwise of Trump's leadership.

Property (gross return)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
NZX Property	1,177	1.3%	4.1%	5.5%	0.6%	12.0%	11.8%	6.0%
ASX200 Property (Local)	3,109	-5.8%	-4.2%	-4.8%	-8.8%	7.7%	8.8%	-5.5%
ASX200 Property (NZD)		-5.7%	-7.7%	-3.9%	-8.3%	6.8%	4.6%	-6.0%
Currencies (% change)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
NZD / AUD	0.9523	-0.1%	3.8%	-1.0%	-0.6%	0.8%	4.0%	0.5%
NZD / USD	0.7326	3.2%	4.5%	5.7%	2.6%	-5.8%	-1.8%	-0.5%
NZ TWI	78.4	2.0%	3.1%	1.0%	3.2%	-1.3%	1.9%	0.5%
Commodities (% change)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
Oil Prices (US\$/WTI)	46.04	-5%	-9%	-14%	-5%	-24%	-12%	-4%
CRB Index	174.78	-3%	-6%	-9%	-9%	-17%	-9%	-6%

