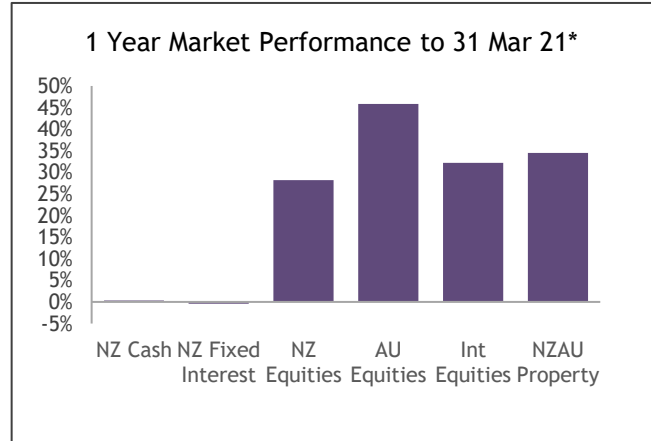
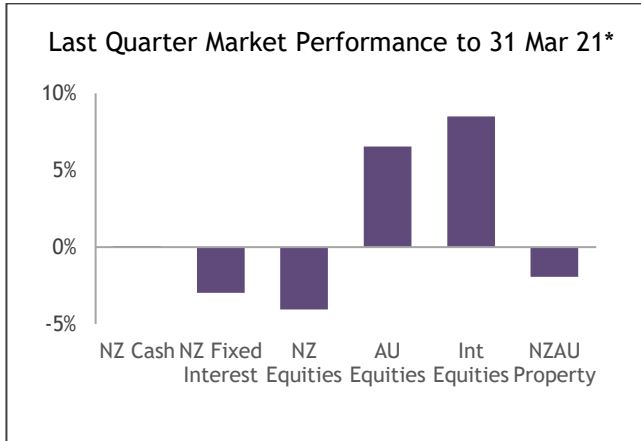


IWIinvestor Market Review: March 2021

Tirohanga ki te makete mō Poutūterangi 2021

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

Market Overview



*Benchmarks; NZX 90 Day Bank Bill, NZX Composite A Grade, NZX50, ASX200 (NZD), MSCI World (NZD), NZX Prop/ASX200 Prop comp

The prospects of the global economic outlook have been steadily improving following the decline in COVID 19 infection and the commencement of the vaccine programme. Also, the US government US\$1.9 trillion household and business support and the US\$2.3 trillion infrastructure package provides tailwind for further global growth. This growth outlook and the pandemic induced supply chain problem has raised inflation expectation.

The implication on the financial markets have been mixed. Share markets have risen, although its driver has changed, while fixed interest investors have been disappointed. The growth outlook and inflation expectation has led to a rapid rise in longer term interest rates. Bond investors have incurred losses in the March quarter. Short term interest rates have been anchored by central banks maintaining its tight control on the cash rate. Share markets have risen, despite further lockdown measures, with interest rate sensitive sectors (technology, utilities, property) receding and value and economy re-opening related companies advancing.

Quarter Benchmark Performance:



NZ Fixed Interest down -3.0%



NZ Equities: down -4.1%



Australian Equities: up 6.5% (NZD), up 4.3% (local currency).



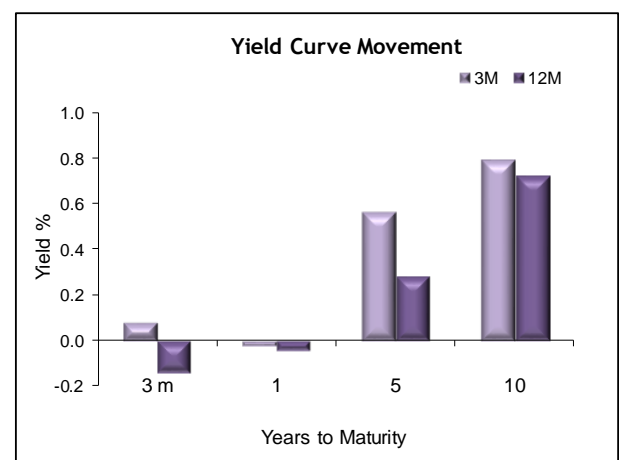
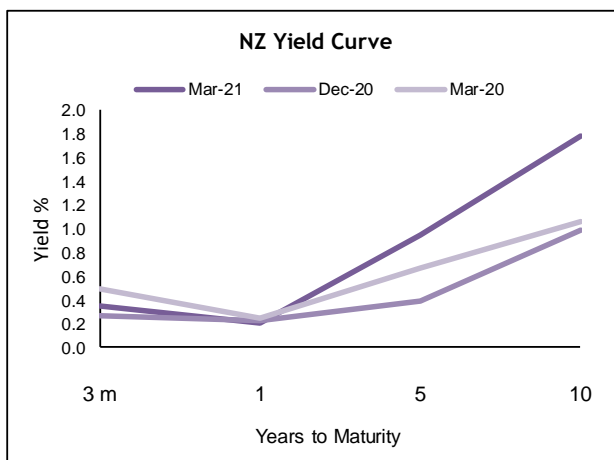
International Equities (DM only): up 8.5% (NZD), up 6.1% (local currency).



NZ Cash & Fixed Interest

Interest Rates (basis points)	Level	3M	6M	1Y	3Y	5Y	10Y	15Y
90 Day NZ Bank Bill	0.3500	29.6%	12.9%	-28.6%	-43.7%	-31.6%	-18.3%	-18.5%
10 Year NZ Govt Bond	1.7800	79.8%	287.0%	67.9%	-13.4%	-9.8%	-10.9%	-7.5%
10 Year US Govt Bond	1.7460	90.4%	152.7%	149.4%	-14.4%	-0.4%	-6.6%	-6.6%

The Official cash rate remains at 0.25% and the RBNZ is unlikely to lift it for at least this year as it perceives the outlook for the New Zealand economy as highly uncertain. Investors, however, are more confident in their view as demonstrated by the steepening yield curve over the March quarter. In line with global trend, longer term yields have steadied in March and the market will await the level and type of inflationary pressure as the global economy rebounds.



New Zealand & Australian Equities

Equities (gross return)	Level	3M	6M	1Y	3Y	5Y	10Y	15Y
NZX50	12,561	-4.1%	6.9%	28.2%	14.7%	13.2%	13.8%	8.5%
ASX200 (Local)	76,586	4.3%	19.5%	37.5%	9.7%	10.2%	8.0%	6.3%
ASX200 (NZD)	83,409	6.5%	20.5%	45.8%	10.6%	9.9%	5.6%	5.9%

The New Zealand share market deviated from the global trend in the March quarter, falling 4%. The decline has been largely dominated by the leading companies with the NZX 10 index falling 6.8%. Interest rate sensitive companies as well as some company specific issues lowered the values of the 10 largest companies. The decline in the NZ share market was stronger in January and February, while longer term interest rates were rising, and recovered some ground as rates steadied.

The Australian share market rose 4.3% in the March quarter (6.5% in NZ dollar term), led by the banks, resource, and telecommunication companies. Banks margins benefit from higher interest rate while commodity prices were strong, particularly iron ore. Detracting from the market performance were largely interest rate sensitive companies in the information technology, health care, utilities, and property sectors.

International Equities

Equities (gross return)	Level	3M	6M	1Y	3Y	5Y	10Y	15Y
MSCI World (Local)	6,350	6.1%	19.3%	50.7%	13.3%	13.4%	10.8%	7.1%
MSCI World (NZD)	12,023	8.5%	13.0%	32.2%	14.1%	13.1%	10.8%	6.3%



The MSCI index of world shares (including emerging markets) rose 4.5% in USD terms for the March quarter, with strong performance in United States (5.8%) and Japan (6.3%). Many leading share markets are at or close to their all-time high despite the sporadic lockdown measured in certain regions. Optimism of global growth prospects, the containment of COVID infection and the inadequate return from fixed interest investments, have led to investor confidence. Once again, the individual sector performance has been affected by interest rate trend with higher bond yields adversely impacting the high growth companies' valuation.

Expectation is for strong earnings growth in the northern hemisphere March quarter reporting, commencing mid-April. Its outcome and future guidance should provide the momentum for further share market gains.

Property (gross return)	Level	3M	6M	1Y	3Y	5Y	10Y	15Y
NZX Property	1,573	-4.9%	2.2%	21.7%	10.1%	6.6%	10.9%	7.9%
ASX200 Property (Local)	3,285	-1.1%	6.4%	38.8%	2.0%	0.7%	5.1%	-2.1%
ASX200 Property (NZD)	3,578	1.0%	7.2%	47.3%	2.9%	0.4%	2.8%	-2.5%
Currencies (% change)	Level	3M	6M	1Y	3Y	5Y	10Y	15Y
NZD / AUD	0.918	-2.2%	-0.8%	-5.7%	-0.9%	0.3%	2.2%	0.5%
NZD / USD	0.699	-3.3%	5.8%	16.5%	-1.2%	0.2%	-0.8%	0.9%
NZ TWI	73.90	3.4%	3.2%	7.4%	-0.1%	0.2%	1.0%	1.0%
Commodities (% change)	Level	3M	6M	1Y	3Y	5Y	10Y	15Y
Oil Prices (US\$/WTI)	59	21.9%	47.1%	188.9%	-3.1%	9.1%	-5.7%	-0.8%
CRB Index	185	1.7%	24.5%	51.9%	-1.8%	1.6%	-6.4%	-3.8%

