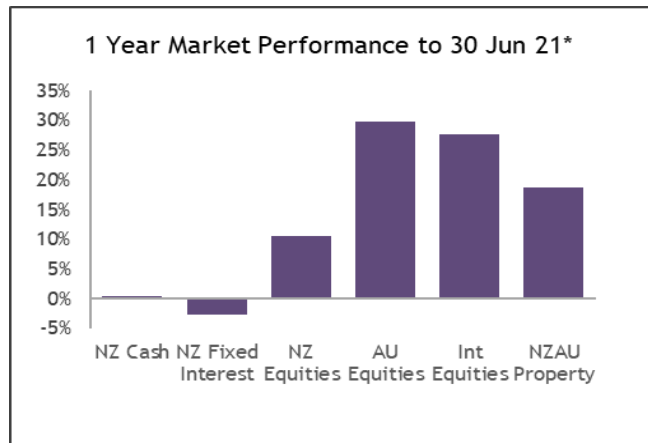
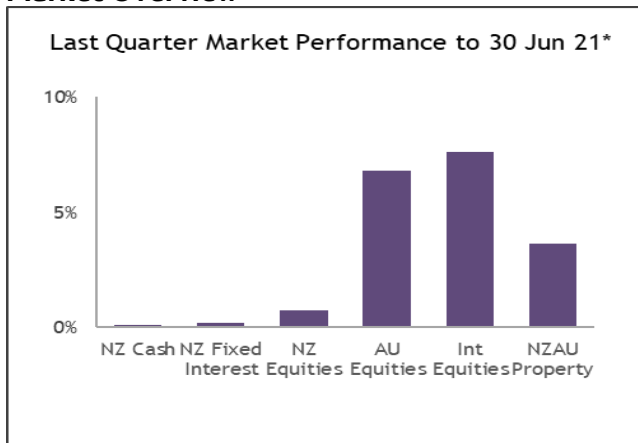


IWIinvestor Market Review: June 2021

Tirohanga ki te makete mō Pipiri 2021

He waka eke noa: a canoe which we are all in with no exception

Market Overview







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

While the current economic data is depicting strong growth with rising inflation, once again, the share markets and the fixed interest markets are moving in opposing directions. Share markets continue to advance strongly in the June quarter. The fixed interest markets have seen the short-term rates remaining low as it continues to be fixed by the central banks, while the longer-term rates have fallen.

While both markets have been substantially influenced by central banks actions since the onset of COVID 19, they appear to have opposed views on the global economic outlook. The fixed interest markets appear to share the view of the central banks in that the economies require more support (as the coronavirus continues to mutate into more infectious condition) and that the current inflationary spike is temporary and will subside as supply chain issues normalise. The share markets view the economic growth outlook as favourable, particularly as both the central banks and government support continues to be unwavering. In that environment, corporate earnings can only advance.

The imminent corporate reporting season should support the share markets view but clearly the risk lies in the policymakers' ability to control both the coronavirus and inflation.

Quarter Benchmark Performance:

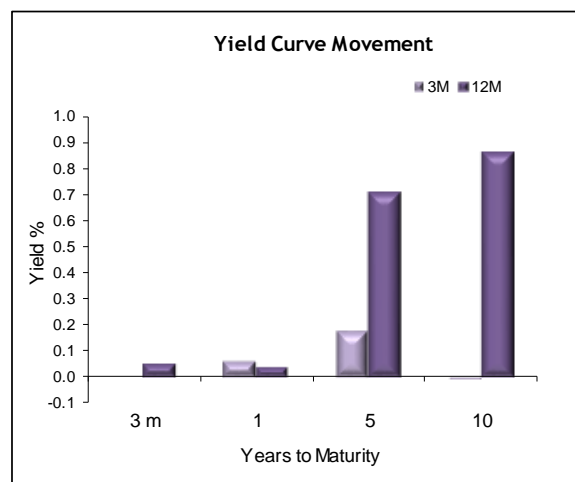
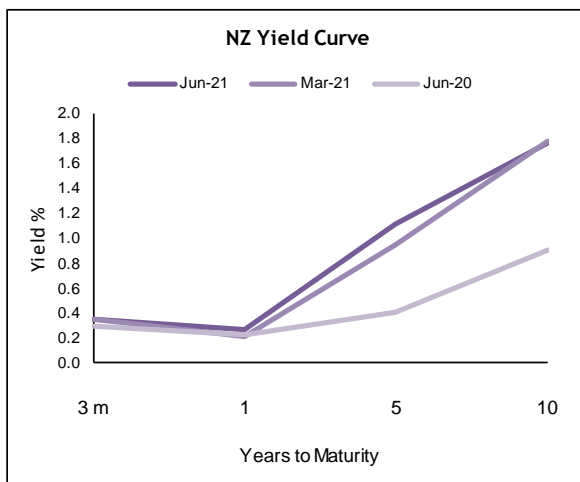
-  NZ Fixed Interest up 0.2%
-  NZ Equities: up 0.7%
-  Australian Equities: up 6.8% (NZD), up 8.3% (local currency).
-  International Equities (DM only): up 7.6% (NZD), up 7.6% (local currency).



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%	16.7%	-44.1%	-32.0%	-18.4%	-18.5%
10 Year NZ Govt Bond	1.7700	-0.6%	78.8%	94.5%	-14.7%	-5.4%	-9.9%	-7.7%
10 Year US Govt Bond	1.4430	-17.4%	57.4%	121.0%	-20.2%	-0.6%	-7.6%	-8.1%

The RBNZ has maintained the official cash rate at 0.25% since 16 March 2020 and at its May 2021 meeting has held the stimulatory monetary setting. However, there is an increasing view amongst economists that some level of easing is likely over the next 2 years. The fixed interest market has been volatile over the quarter but, as seen by the yield curve below, has not changed much by quarter end, unlike the US market.



New Zealand & Australian Equities

Equities (gross return)	Level	3M	6M	1Y	3Y	5Y	10Y	15Y
NZX50	12,655	0.7%	-3.3%	10.5%	12.3%	12.9%	13.9%	8.8%
ASX200 (Local)	82,932	8.3%	12.9%	29.4%	9.6%	11.2%	9.3%	6.9%
ASX200 (NZD)	89,079	6.8%	13.8%	29.8%	8.9%	11.8%	7.3%	6.0%

The New Zealand share market recovered some ground lost in the March quarter but continues to lag the global trend this year. While our market is interest rate sensitive (many leading companies have high relative dividend yield) there were also, amongst the larger companies, some company specific issues which contained the overall index performance.

The Australian share market has had a strong performance in the June quarter as its economy continues to rebound, despite the periodic lockdowns in the major cities. While the resource sector benefitted from global demand, the industrial and financial companies also had strong gains from the domestic economy.

International Equities

Equities (gross return)	Level	3M	6M	1Y	3Y	5Y	10Y	15Y
MSCI World (Local)	6,831	7.6%	14.2%	36.9%	14.7%	14.7%	11.7%	7.9%
MSCI World (NZD)	12,937	7.6%	16.7%	27.7%	13.6%	15.3%	12.5%	6.7%

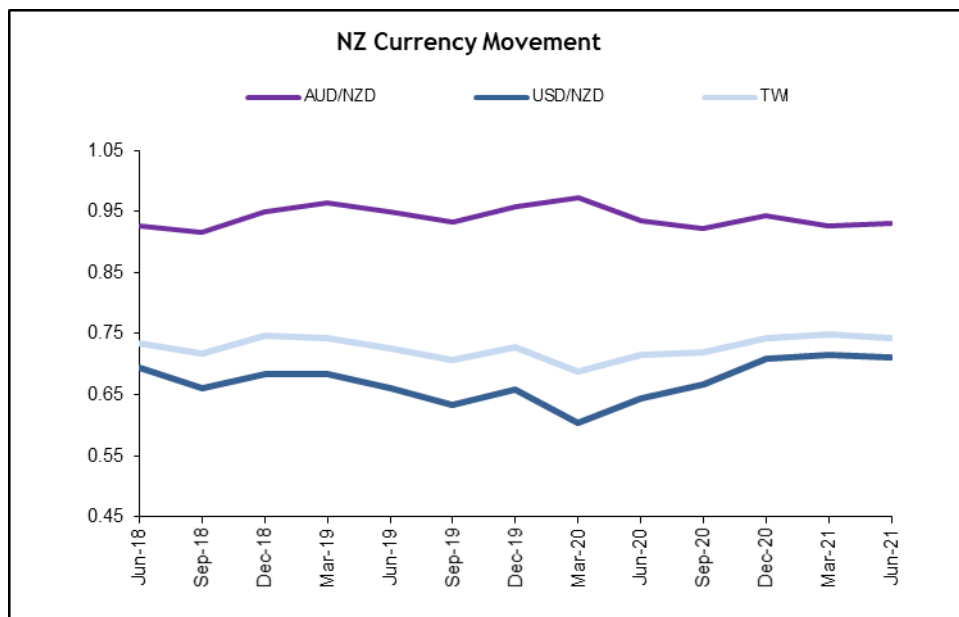
International share markets continued to advance strongly in the June quarter, led by the United States (S&P 500 index up 8.2%) with the MSCI world index (developed markets) rising 7.6% and the MSCI ACWI index (includes emerging markets) rising 5.9%. Driving the gain has been the expectation

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of continued growth in the economies and while the global pandemic risk remains, they are deemed to be lessened by the vaccine rollout. Inflation risk remains but the support received by the bond market (falling yields), has seen share price moved higher. The favourable imminent corporate reporting season is likely to be factored in the markets and the associated outlook guidance by the companies could determine future trend. Bond yields movement will also be an influence.

Property (gross return)	Level	3M	6M	1Y	3Y	5Y	10Y	15Y
NZX Property	1,591	1.1%	-3.8%	16.3%	8.9%	6.3%	10.2%	7.5%
ASX200 Property (Local)	3,537	7.7%	6.4%	20.6%	1.7%	0.7%	6.1%	-1.8%
ASX200 Property (NZD)	3,799	6.2%	7.3%	21.0%	1.1%	1.3%	4.1%	-2.6%
Currencies (% change)	Level	3M	6M	1Y	3Y	5Y	10Y	15Y
NZD / AUD	0.931	1.4%	-0.8%	-0.3%	0.6%	-0.6%	1.9%	0.9%
NZD / USD	0.700	0.1%	-3.2%	8.9%	1.3%	-0.4%	-1.7%	1.0%
NZ TWI	73.74	-0.2%	3.1%	3.3%	0.6%	-0.6%	0.4%	1.3%
Commodities (% change)	Level	3M	6M	1Y	3Y	5Y	10Y	15Y
Oil Prices (US\$/WTI)	73	24.2%	51.4%	87.1%	-0.3%	8.7%	-2.6%	0.0%
CRB Index	213	15.4%	17.3%	54.7%	2.6%	2.1%	-4.5%	-3.2%



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