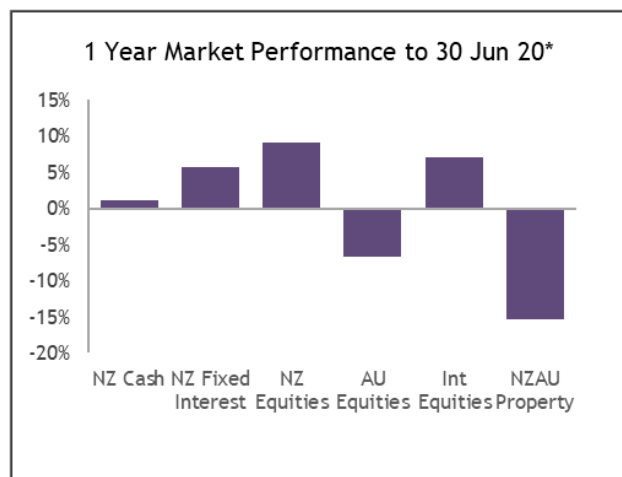
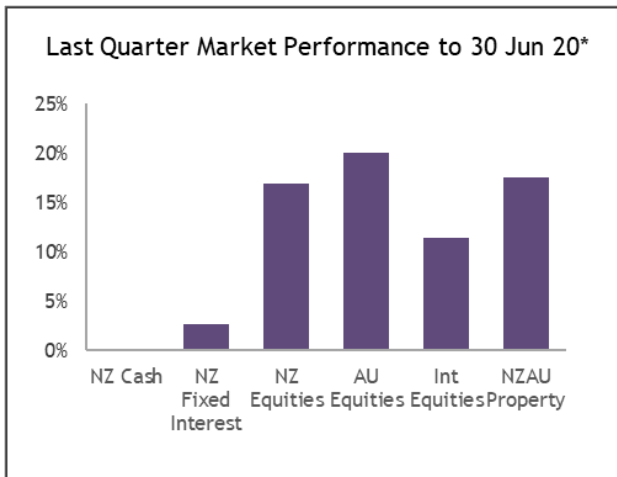


IWIinvestor Market Review: June 2020

Tirohanga ki te makete mō Pipiri 2020

He tōtara wahi rua he kai na te ahi: Unity is Strength

Market Overview



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

The strong recovery in the June quarter global share markets is at odds with the economic trend. The lockdown measures introduced to contain and control the health impact of COVID-19 has led to severe contraction in the economies and we are in the midst of a recession. Relaxation of those measures, some prematurely, has seen some improvement in economic activity but it remains well below pre-COVID-19 level. Some regions has seen resurgence of infection levels prolonging the recovery phase.

Investment assets, particularly shares, have responded strongly after the plunge in the March quarter. The strength arises largely by the increased liquidity in the economy as governments and central banks responded aggressively to economic contraction. Many investors are anticipating the global economy to return to the pre-COVID-19 trend once a vaccine is discovered and so are looking beyond the adverse company earnings impact in the interim. Further the low interest rate environment increases the attraction of shares despite the attendant risks. However, many investors remain cautious of the economic outlook and share market valuation. As the future is difficult to decipher, investors should remain fully invested in line with their risk profile.

Quarter Benchmark Performance:



NZ Fixed Interest up 2.6%



NZ Equities: up 16.9%



Australian Equities: up 20.0% (NZD), up 15.1% (local currency).



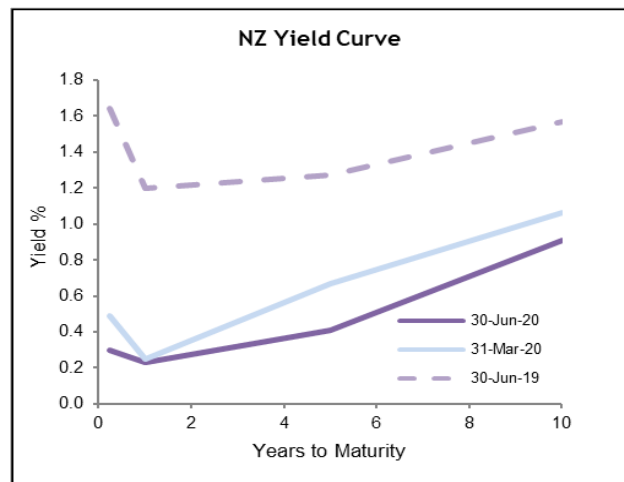
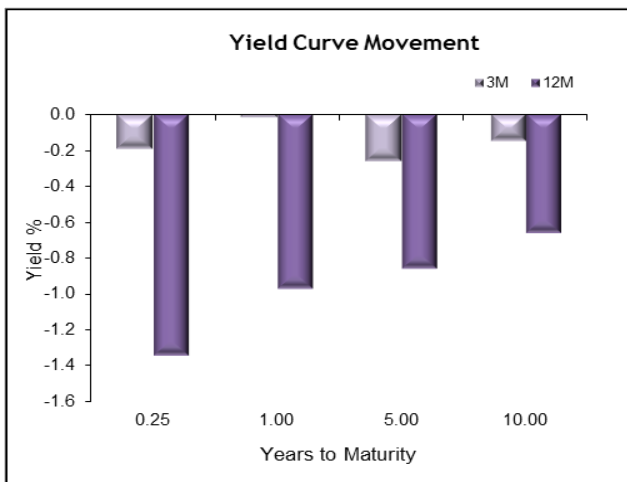
International Equities: up 11.4% (NZD), up 18.5% (local currency).



NZ Cash & Fixed Interest

Bonds (gross return)	Level	3M	6M	1Y	3Y	5Y	10Y	15Y
NZX 90 Day Bank Bill	733	0.1%	0.5%	1.2%	1.7%	2.0%	2.5%	3.9%
NZX Govt Bond Index	1,941	2.2%	5.8%	5.7%	6.0%	5.2%	5.4%	5.9%
NZX Composite A Grade	5,376	2.6%	5.4%	5.7%	5.9%	5.2%	5.5%	6.0%

With central banks (including our Reserve Bank) reiterating low interest rates for longer and holding cash rates near zero, bank deposit rates and longer maturity bonds have continued to ease and are likely to ease further until there is any indication of sustainable economic growth. Fixed interest investors will have to endure nominal return on their savings as indicated by a 5 years NZ Government bond currently returning around 0.5% per annum.



New Zealand & Australian Equities

Equities (gross return)	Level	3M	6M	1Y	3Y	5Y	10Y	15Y
NZX50	11,452	16.9%	-0.4%	9.1%	14.6%	14.9%	14.4%	8.8%
ASX200 (Local)	64,102	15.1%	-11.5%	-8.8%	4.8%	5.7%	7.7%	6.6%
ASX200 (NZD)		20.0%	-8.9%	-6.6%	5.4%	4.5%	6.2%	6.5%

In line with global sentiment, the Australasian share markets responded strongly in the June quarter. Both countries had a relatively better success with containing COVID-19 and, barring Victoria, is emerging out of the lockdown but remaining within its bubble. Economic activity is improving and the August company reporting season will highlight the impact of the lockdown, the companies' financial position and hopefully a return to guidance on outlook.

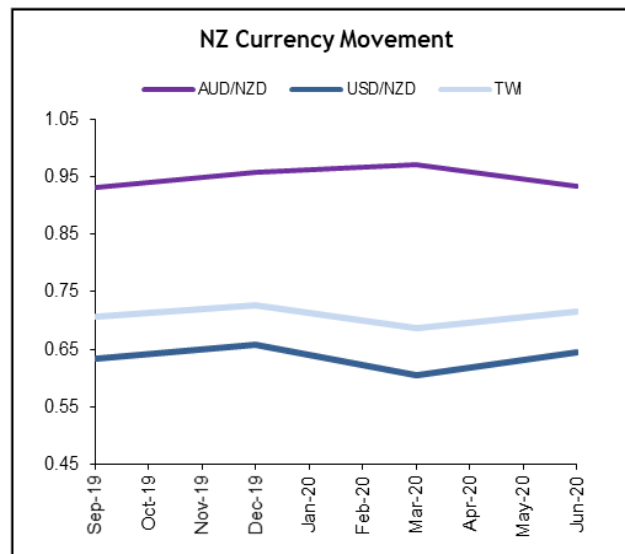
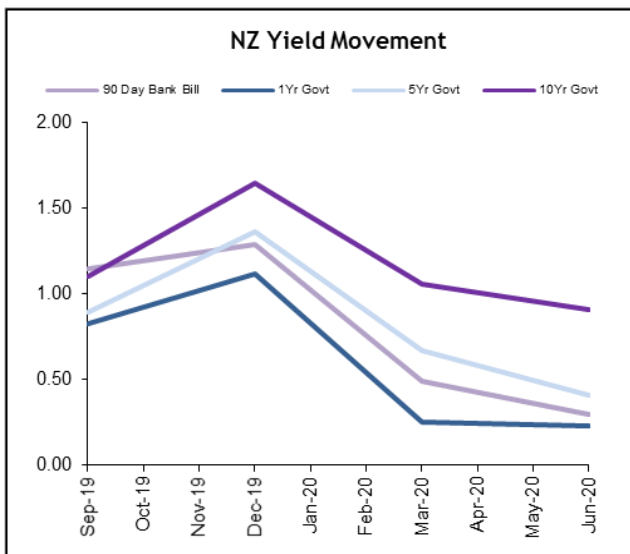
International Equities

Equities (gross return)	Level	3M	6M	1Y	3Y	5Y	10Y	15Y
MSCI World (Local)	4,990	18.5%	-5.3%	3.3%	6.9%	7.2%	10.4%	6.6%
MSCI World (NZD)		11.4%	-1.2%	7.1%	11.5%	8.1%	10.7%	7.2%



While the global share markets have responded strongly in the June quarter, there have been days of significant market weakness, largely in response to fears of further wave of infection. Some recent economic data has been favourable, particularly in employment and retail sales but the true gauge will only emerge when the various government support is withdrawn. The company reporting season commence shortly in the northern hemisphere which will be keenly observed for guidance. Politics will also feature strongly ahead of the November election which is likely to lead to more trade tensions and confrontation instead of resolution. Volatility is likely to rise in the months ahead.

Property (gross return)	Level	3M	6M	1Y	3Y	5Y	10Y	15Y
NZX Property	1,368	5.8%	-16.3%	-11.4%	5.2%	6.5%	10.7%	7.7%
ASX200 Property (Local)	2,934	24.0%	-20.0%	-21.3%	-1.9%	0.4%	4.1%	-2.3%
ASX200 Property (NZD)		29.3%	-17.7%	-19.5%	-1.3%	-0.7%	2.7%	-2.4%
Currencies (% change)	Level	3M	6M	1Y	3Y	5Y	10Y	15Y
NZD / AUD	0.9340	-4.1%	-2.9%	-2.3%	-0.6%	1.2%	1.4%	0.1%
NZD / USD	0.6426	7.2%	-4.6%	-4.0%	-4.3%	-1.1%	-0.6%	-0.6%
NZ TWI	71.4	3.7%	-3.3%	-2.5%	-3.1%	0.1%	0.7%	0.1%
Commodities (% change)	Level	3M	6M	1Y	3Y	5Y	10Y	15Y
Oil Prices (US\$/WTI)	39.27	91.7%	-35.7%	-32.8%	-5.2%	-8.5%	-6.3%	-2.4%
CRB Index	137.97	13.3%	-25.7%	-23.8%	-7.6%	-9.5%	-6.1%	-5.0%



The information contained in this report is given in good faith and has been derived from sources believed to be accurate. However neither IWInvestor (Taupō Moana Investment Limited) and its associated companies nor any of their employees or directors gives any warranty of reliability or accuracy nor accepts any responsibility arising in any other way for errors or omissions.