UNIVERSITY OF AUCKLAND INVESTMENT CLUB

INVESTMENT BULLETIN

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A Golden Edition

BY TIM CROSS, BULLETIN EDITOR-IN-CHIEF

Ahoy, and welcome to the 50th edition of the UAIC Bulletin.

Wow, life comes at you fast. It feels like only yesterday that I attended my very first bulletin meeting on Zoom at the height of the COVID-19 pandemic under the wise tutelage of Nikhil Luthra. Since that day, the Bulletin team has had 4 editors-in-chief and has seen almost 50 writers contribute pieces to the Bulletin!

A 50th wedding anniversary is referred to as the “golden anniversary”. For our “golden anniversary”, I am excited to bring you another special edition. This special edition will revisit some of the earlier articles written in the Bulletin, with the team bringing to life articles of the past whilst also including our first alumni conversation this year.

The Bulletin’s continued success would not be possible without the support of our sponsors, MYOB and Forsyth Barr. A special mention must go to Shailan Patel and the team at MYOB, who have supported the Bulletin since its inception and helped us grow from strength to strength.

A Long Journey

The Investment Committee has undergone multiple transformations since its inception in 2008. Today, Investment Committee is dedicated to developing the foundations of value investing whilst maintaining an important social culture.

Over the past 15 years, the investment committee has held over 15 stocks in its fund. The most successful investment to-date is Mainfreight (NZX:MFT) which was purchased in 2010 for $7.00. This holding has achieved an 871% return and is still in the fund.

2022 Highlights:

In 2022, Elders (ASX:ELD) and Hansen Technologies (ASX:HSN) were added into the fund. Sims Metal Management (ASX:SGM) was sold at a return of 91.43%. To date, the returns of the 2 stocks purchased are -8% for Hansen Technologies and -35% for Elders.

Investment Committee Holdings:

COMPANY	INVESTMENT DATE	UNIT COST	MARKET PRICE	RETURN
Mainfreight	2010	7.00	68.00	871.43%
Spark New Zealand	2019	4.95	5.22	5.43%
Cleanaway Waste Management	2020	2.23	2.57	15.37%
Qantas Airways	2020	3.83	6.43	67.99%
Ramsay Healthcare	2020	70.43	57.44	-18.44%
CSL	2021	315.59	304.18	-3.61%
Shaver Shop Group	2021	1.06	1.01	-4.36%
Elders	2022	12.43	6.56	-47.24%
Hansen Technologies	2022	4.86	4.67	-3.87%

Fund Returns:

2008 - 2023

Funds Deployed	142,42.99
Fund Value	24,155.42
Fund Return	69.60%
Annual Return	5.35%

2020-2023

Funds Deployed	11,155.09
Fund Value	12,594.82
Fund Return	12.91%
Annual Return	4.30%

Note: Both returns include the funds exit of Sims Metal Management for a return of 91.43% or $1238 in 2022.

GLOBAL

COVID-19: Have we forgotten about climate change?

BY ISSIE DEKKER

Climate change and Covid-19, the two major C-words running the world the past few years. Initially, the lockdowns seemed good for the state of the planet, with significantly reduced car and manufacturing emissions, smog lifted around the world. However, as Kai-Yun Gao wrote in the very first Bulletin Edition, the Covid-19 pandemic caused a surge in disposable medical equipment in the interest of protecting healthcare professionals. The potential of Covid-19 fading out to leave behind a sea full of single-use masks and Covid-19 tests complicated the ethics of investing in medical equipment companies. Now in our fourth year of Covid-19 and Bulletin, here's an update on both the planet and these medical equipment companies.

Many households around the world now requiring masks and other forms of personal protective equipment increased plastic waste significantly. A European Union Publications Office Report said that EU face mask imports increased 280% to 70 000 tonnes monthly at the peak of covid. Notably, an estimated 445 million disposable masks were disposed of daily in Europe, insane. The same report also mentioned that lockdowns restricting dining in restaurants and in person shopping increased the number of plastic takeaway containers and online shopping packaging in landfill. As lockdown progressed, it was found that disposable face masks were ending up in the water, entangling and choking fish, turtles and birds. On top of this devastation, the UV breaks them down into microplastics, which can end up in fish, eventually be eaten and expose humans to invasive pathogens. As the Covid-19 pandemic continued, the environmental harm just kept getting worse. And the issue was not new to medical equipment companies.

Kai-Yun was right that big medical equipment companies such as Medtronic and 3M have large environmental impacts, but she didn't touch on how sustainability in the medical industry has always been an issue. Bandages, surgical instruments, tubing, gloves, and gowns are all often single-use and have been piling up in landfills long before Covid-19 was a thing. Covid-19 just highlighted the impact healthcare has on the environment with personal protective equipment being used so widely by the public when beforehand only medical professionals wore them. The major lack of sustainability in the medical industry is due in part to cost, packaging and distrust. The cost of cleaning and sterilising medical equipment is much higher than incinerating or disposal. Sterile equipment needs to be packaged so that it can remain sealed for the entire distribution chain and lots of this complex packaging is not recyclable. Then you have the patients who don't want a scalpel or bandage that has been used on someone else, even if it has been re-sterilised. Additionally, in a worldwide pandemic such as Covid-19, hospitals do not have the resources to sterilise doctors full protective gear for each new patient they see. So how did these firms' stock prices fare after their issues were highlighted?

Both Medtronic and 3M on the NYSE increased steadily from March 2020 to around September 2021, likely due to the peak of Covid-19 increasing their facemask and other protective device demand and production skyrocketing. Since then, both have steadily declined. However, environmental impacts were not the reason behind their subsequent fall. Medtronic's share price has fallen 40% in the last three years due to a combination of some trouble with the FDA in 2019 for their diabetes products, a slowdown of pandemic related growth, and healthcare staff shortages after Covid-19. It still seems that environmental concerns are not top priority in the medical industry. In the midst of the pandemic it is hard to decide whether to save lives now, or later. Is the health of current generations more important or the planet and generations to come? And Kai-Yun mentioned that in the short term these companies would benefit from protecting current generations, but it's been three years now and Covid-19 is slowing down. Surely the short-term is over and we start prioritising the planet. There are some cool medical companies working to improve the sustainability of the healthcare industry that are worth checking out.

MIT has been working on new optimal ways to sterilise N95 masks in the professional industry that could cut costs and environmental waste by 75% at least. Mura Technology is a global pioneer in using Hydrothermal Plastic Recycling Technology which breaks down old plastics into chemicals and oils to be reformed into new plastics and other materials. They've been getting good partnerships with LG Chem and Dow, a materials science company. Plastic recycling would be very beneficial in the medical device industry. There is also Zuno, who are developing Smart Sterilisation Containers that use no disposable waste. They stop sterile barriers breaking, which means there is less waste from unusable devices due to sterilisation failures. Interning at Fisher & Paykel Healthcare last summer, I learnt there are whole sustainability teams working on more environmentally friendly substitutes for their medical device components. There are frameworks in place to ensure the packaging for the distribution of their devices are also recyclable. All these firms are helping the shift towards a more sustainable future where environmental impact has been a secondary concern.

Since Kai-Yun wrote that article in 2020, the environment has not yet become the top priority in the medical device industry. With the amount of Covid-19 related rubbish ending up in the ocean, the planet is paying the price of protecting us from the disease. However, there is still hope, with new, promising technologies popping up, to help crash through the barriers that previously restricted the medical device industry. A little more speed and urgency would go a long way in ensuring that the lives of today's and tomorrow's generations' can be saved with medicine.

Sneaker Reselling Taking a Step Back?

BY HANNAH JONES

Sam Jain's article in the first edition of the Bulletin correctly highlighted the growing significance of the sneaker reselling market. In 2020, the secondary sneaker market was booming. A combination of pandemic-induced boredom, the booming side hustle culture, and increased accessibility to scalper bots drove individuals to flock towards reselling platforms. Their ultimate goal? Turning a profit by reselling coveted sneakers, often acquiring them with the sole intention of making money rather than wearing them. However, decreasing prices on popular resale sites like StockX and GOAT signalled the end of this pandemic trend. So, are sneakers a niche but lucrative investment à la Pokémon cards, sports cards, or even vintage action figures? Or will sneaker reselling be left behind as the world moves on from COVID?

Sneaker culture began in New York in the 1970s when basketball, hip-hop, and street style became integral parts of popular culture. Inner city communities shaped sneaker culture as athletes and artists showcased their collections. Inner-city kids adopted sneaker culture to connect with their idols and developed a distinct street style, making sneakers a symbol of urban fashion and individuality. The city environment played a crucial role in this cultural influence.

The sneaker reselling market has undergone significant changes since 2021. With the resumption of normalcy post-pandemic and the escalating prevalence of bots, smaller resellers are being discouraged in favour of larger-scale reselling operations. As a result, sneaker resale prices are plummeting, and the industry is becoming profitable to a lesser extent. Similar patterns can be observed in other markets, such as the stock exchange, where there was a surge in unsustainable growth during 2020/2021 followed by a subsequent decline. Factors such as inflationary pressures and cost of living crises may also influence consumer spending decisions within the sneaker market as disposable income decreases.

Many people are drawn to the resale market. Sellers aim to earn a profit, and customers want to gain a piece of sneaker history or resell further. Collaborations between iconic brands like Nike and Adidas and celebrities like Pharrell and Drake are highly sought after and can resell for thousands of dollars. Older shoes that are no longer available are also common sights on resale sites. Buyers view these shoes like pieces of history that deserve to be seen and celebrated but not necessarily used. It is worth noting that most of these collaborations happen between male celebrities and big brands. Although these sneakers are not promoted for a specific gender, women's shoe sizes are not even made or stocked for these releases. In an article by One37PM on the 30 best sneaker collaborations of all time, only 3 were collaborations with women. Although shoe sizes do not present a barrier to reselling, they do present a barrier to people who want to buy from resellers.

In 2021, keen buyers would camp outside stores for days hoping to grab a pair of valuable sneakers, potentially for the resale market. During the pandemic, the release of new sneakers has largely moved online, leading to the widespread utilisation of scalper bots that enable rapid bulk purchases of online releases. This process has become so efficient that entire product releases can sell out even before an average shopper can enter their email. Brands should try and block scalper bots from purchasing shoes. Scalper bot technology not only discourages small-scale reselling but also undermines the validity of the sneaker industry and has a negative impact on sneaker culture. If I were a sneaker reseller consistently losing to an algorithm, I would look into purchasing a small-scale scalper bot, or risk being pushed out of the industry.

Adding to this storm is the recent split between Adidas and Ye (formerly Kanye West), resulting in the dissolution of the Yeezy brand. Just three brands - Nike, Jordan Brand, and Yeezy - dominate the resale market. However, with Adidas discontinuing the partnership and ceasing production and sale of Yeezy-branded goods, online businesses catering to sneaker enthusiasts may need to explore alternative avenues to diversify and retain their loyal customer base. I expect that while the hype surrounding new Yeezy releases has diminished, consumers may still want to own a piece of streetwear history, so the price of Yeezy shoes may go up on resale sites, despite the controversy.

Altan Insights, a data and research provider, conducted an analysis of over 100 popular sneaker releases from recent years using price data from the resale platform StockX. Their findings revealed that the average price return in 2022 experienced a decline of 7%. In contrast, the same sample showed an average increase of 23% in 2021 (excluding releases from that year). Sneakers like the Nike Dunk Panda, which were once valued at over $US300 on StockX in 2021, have now significantly decreased in value and now typically sell for $US150 or less.

Jain concluded his article by writing "Overall, the future seems to be bright for the market as collaborations continue to rise and longer term demand does not seem to be waning." While the future initially appeared bright for the market, the current economic uncertainty raises questions about its radiance. However, I am sure that this is not the end for the industry. In 2021, Cowen & Co. suggested the global resale sneaker market could be worth $US6 billion by 2025. In 2023, Cowen & Co. now estimates this value of this market to be $US8 billion, so not all may be lost. The cultural significance of sneakers, the allure of collaborations and rare releases, and the passion of sneaker enthusiasts will secure the longevity of the market.

GLOBAL

Is it a good time to buy a house in Auckland?

BY DEVIKA MODAK

You all might remember the sweet era of a booming housing market promising lucrative returns to those entering early. However, after a long period of this growth, economic policies saw corrections. Regulations became stringent and speculation regarding the market spread. The emerging question of whether or not it is a good time to buy a house in Auckland was initially addressed in Issue 31 by Rohan Bhatt, based on market conditions back then. A year later, much has changed. With a pair of refurbished lenses, let’s revisit this buzzworthy conundrum and see what the facts have to say.

Firstly, let's look at how the housing market has performed. At the start of 2022, the median house sale price in Auckland was $1,420,000. However, 2023 showed a drop in the median sale by price by 13% to $1,230,000. Townhouses, apartments and units showed a similar decrease in value, if not by more. The time to sell a house further increased by 3 days from a year ago. Barfoot and Thompson, the real estate firm, sold 473 homes in April 2023, a decline by 23.1% from last year and the lowest number in 22 years! Furthermore, the volume of new listings shrunk by 16.3% from last year.

Secondly, let's reflect on how monetary policies and inflation levels have changed. It is indeed true that inflation has risen in the US and New Zealand. This was due to the post-Covid era of surging demand. Central banks took on the task of raising the OCR rate to curb inflation levels. In April 2022, inflation was at 7%, while the OCR rate was at 1.0%. Over the span of a year, the OCR rate has risen to an all-time high of 5.50% in the history of 20 years. However, inflation has only dropped to 6.7%, which is far from the ideal range of 1-3%.

In addition, it's the first time in almost two decades, where both interest rates and inflation levels are high, despite them being inversely proportional - making it a rather strong cocktail for the country. This means that the government faces a trade-off as to whether to tame this price-rising beast or spur activity within the economy and the housing market. It could be likely for them to choose the former and not the latter, at least for the time being.

Because of these interest rate hikes, the cost of financing for retail and property investors has increased. A large sum of disposable income is converted into mortgage payments, financially pressing consumers. Mortgage arrears have shot up by 26% from last year, equating to over 19,000 accounts as overdue. The data from credit bureau Centrix displays that there's been an increasing trend of these arrears for eight successive months, as of March 2023. The "delay in payments virus" first emerged within the buy now pay later sector with credit purchases, and slowly started spreading to home loans as well. And of course, it's no good that the value of their current dollar is eroding. Inflation is stripping substantial amounts off households' disposable income, exacerbating their inability to meet obligations.

Other factors:

Firstly, due to a decrease in interest deductibility, rental yield has fallen. This makes acquiring property a less attractive investment avenue. From the period of 1st October 2021 to 31 March 2025, the capacity to deduct interest is undergoing a phased reduction. Presently, only 50% of interest is allowed to be claimed, a decrease from the limit of 75%, as of April 2022.

The increase in the trust tax rate by 6%, from 33% to 39% will be enforced from April 2024 onwards. Investors will receive suboptimal returns on their money spent, when they use a trust as means to buy a house and earn income. A significant proportion of trusts were set up to deal with property, meaning the impact of this rise in tax could be felt strongly.

Is it a good time to buy a house in Auckland?

Let's take an example of three hypothetical investors: Bold Bill, Patient Peter and Future Frank.

Bold Bill purchased a house when the last article was published in April 2022, Patient Peter decided to hold off for a year by renting, before making his purchase in April 2023. Whereas Future Frank is considering purchasing at the same time next year.

The rental expenses of Patient Peter and the expenses of interest, rates and insurance of Bold Bill would be similar, meaning that they both would have incurred more or less the same expenses in total. However, the drop in the purchase price by $190,000 over one year, means that Patient Peter incurs less debt than Bold Bill and therefore has a higher net worth of $190,000. Clearly, Patient Peter would be better off here.

There is a possibility that Future Frank, who purchases a house in April 2024 might be even better off than Bold Bill and Patient Peter, due to an even higher net worth, triggered by a further decrease in the purchase price of his house. Furthermore, he may likely pay off his debt quicker than the others as he has incurred less of it.

It also depends on the location. Generally, when the market is weaker, central areas tend to retain their value while outer areas are more susceptible to sharp price declines. Due to which, it could be good to purchase a property in these outer areas when the market hits rock bottom, so one can earn generous capital gains, following an upward trajectory in price later.

The market clearly seems to be heading in a downwards trajectory. The cost of financing has risen, consumption is likely to further reduce in the economy and the gains from property investing are decreasing, all of which are affecting the market sentiment. Most importantly, the impact of interest rates has not yet been seen through the economy. This is because the standard residential mortgage rates (1 year fixed) were around 4.25% a year ago. However, once their given period of a year ceases, at the current rate of 7%, investors will incur greater financing expenses. The real collapse in house prices would be witnessed then as this is just the start!

These facts above are a harbinger to what is coming ahead – a collapse in the market seems to be on the horizon. Therefore, it may be wise to be patient and time the market before taking your shot, to come out strong in the long-term. Perhaps another writer revisiting this in the future might tell you another tale, but with what we know today, fasten your seatbelts as the housing market might be in for a bumpy ride!

CONVERSATIONS WITH UAIC ALUMNI

VICTORIA CLARKE

INTERVIEW & ARTICLE BY ISABELLA HO AND TIM CROSS

Welcome back to the Bulletin Alumni Conversation Series! For our first Alumni Conversation article of the year, I spoke to one of UAIC's earliest members, Victoria Clarke. After graduating with a Bachelor of Commerce (Finance and Economics) and Bachelor of Laws (Honours), Victoria has worked in management consulting, private equity and is currently a Partner and Chief of Staff to the CEO at Environmental Resources Management (ERM). On behalf of UAIC, I would like to thank Victoria for participating in our Conversation Series.

Early life

Victoria spent her early years in Christchurch and Queenstown. Her keen interest in economics, finance and accounting began at Christchurch Girls High School, where she graduated as Dux. Having received the University of Auckland scholarship, Victoria enjoyed her first year at O'Rorke Hall and pursued a Bachelor of Commerce and Bachelor of Laws (Honours) conjoint with a Certificate of Languages in Mandarin. At university, Victoria led and contributed to student clubs such as UACC (formerly MCC), UAIC and AULSS.

"I got involved with UACC in my first year and competed in many international case competitions. That was a consistent feature of my time at university. Later on, I became the UAIC secretary and I assisted with UAIC's stock pitching competitions . That stemmed from my interest in finance and my friendship with the UAIC founders. In my last year, I also served as the AULSS president."

Over the university summers, Victoria travelled to China twice to practise her Mandarin and volunteered in India. She interned as a law clerk at Russell McVeagh and as an investment banking summer analyst at Goldman Sachs. After graduating from university, she began her career in management consulting at Bain & Company, where she developed a broad skill base that would assist her in her career.

Associate Consultant at Bain & Company

Based in Sydney, Victoria spent two and a half years at Bain & Company working on projects across Australia and New Zealand. Her work spanned many different industries including industrials, healthcare, energy and insurance. After two years, she transferred to San Francisco to work in the Private Equity Group, focusing on due diligence work for large private equity funds.

"Private equity due diligence requires an assessment of the commercial market in a similar way to UACC. You do a four-wall analysis of a company that could be an acquisition target, considering market size, strategy, revenue growth potential, competitors and customers. You work closely with private equity firms to develop an investment thesis behind the target firm."

"Bain & Company was a good place to start my career in terms of learning basic professional skills. You learn how to think through a problem, how to deal with clients and managers, and how to work in teams. What you have less exposure to are the modelling skills and transactions that investment bankers, lawyers and accountants work on."

Working in private equity

Management consulting and investment banking are the two traditional pathways into private equity. Both pathways provide

different but equally valuable skills. Banking offers more exposure to quantitative modelling and commercial transactions. Consulting offers more exposure to due diligence, the investment thesis, and working with management teams.

Victoria describes several challenges of transitioning from consulting to private equity compared to peers coming from a banking background: “The first challenge was understanding how a deal works. That was not so hard, but it was quite foreign to my consulting experience. The second challenge was the financial skills involved with synthesising accounting information and presenting it back to the investment committee. The third challenge was the modelling, in particular how to build a model that often had complicated debt components to it. On the other hand, I was much more comfortable than some of my colleagues with aspects of commercial due diligence, thinking through growth levers and interacting with senior management teams.”

The private equity recruitment process is quite opaque since it is recruiter driven. Recruiters generally reach out to applicants who have had 2-4 years of prior training. For those seeking to work in private equity, Victoria advises that they focus on getting good reviews and learning as much as possible from their work in the first two years before starting a conversation with private equity recruiters. Aside from interviews, the private equity recruitment process usually also involves consulting case studies, pitching an investment idea or building an LBO model under time constraints.

Associate at Pacific Equity Partners (PEP) and Principal at Kohlberg Kravis Roberts (KKR)

Victoria spent two years at PEP before transferring to KKR. Comparing the two, she notes that there are advantages and disadvantages to being in either a large cap or a mid cap private equity firm. Regarding the advantages of being at a larger and more global firm, Victoria says: “KKR offers more international exposure, bigger deals, more responsibilities and autonomy, and great leaders to work with.”

As for mid-cap, Victoria says: “There’s greater deal flow at the smaller ends of the market. At the bigger end of the market where acquisition targets have enterprise values of at least $1-2 billion, there’s a lot of funds chasing a small number of companies, meaning the deal flow is pretty low. For mid-market deals, there are also more ways to grow the acquired company and to exit that investment. You don’t have to IPO, which is a common exit strategy for the bigger end of the market. Instead, you could get a competitor to acquire or merge with the company or explore offshore opportunities.”

There are operational differences too: “KKR runs a lean deal team. I went from a team of 25 at PEP to a team of 8-9 at KKR, so I was sitting across multiple portfolio companies. At KKR, you work closer with advisors (such as bankers, consultants and lawyers) because the small numbers of juniors on the team simply cannot do it all. Contrastingly, PEP did more of the work themselves, such as the modelling."

Partner, Chief of Staff to CEO at Environmental Resources Management

After around three years at KKR, Victoria joined the ERM partnership and holds a Chief of Staff role. Acquired by KKR's core fund in 2021, ERM has 7500 full time employees and is the largest pure play sustainability consulting firm in the world. Victoria assisted the ERM CEO with setting up his management team and running strategic initiatives. As part of the Executive Committee, Victoria spends part of her time reporting to KKR and the ERM Board.

"ERM has two main divisions of services. The first division is advisory services. That could mean advising large banks such as Goldman Sachs or JP Morgan on their climate change strategy, helping a firm think through their scope 1, 2 and 3 emissions or doing ESG due diligence. The second division is foundational services. This involves dealing with health and safety services, ensuring clients get the right environmental permissions and consultations, doing impact assessments for a new mine, powerplant or renewables project etc. This is where we compete more with engineering firms."

Joining ERM was a sliding door moment for Victoria: "I discovered that I really liked working in the management teams of private equity owned companies. That's because they have big change mandates, big growth aspirations, and the firm's private equity shareholders make decisions quickly and get things done. My interest in this area crystallised after years of working in private equity alongside management teams, so it's important to figure out and pursue your interests and strengths by taking on new opportunities and seeing what you enjoy most. I'm now really enjoying being on the portfolio side where I think my skills are best suited to create maximum impact. This involves working alongside shareholders and management to maximise the value of a company and to shape sustainable futures with the world's leading organisations, which is ERM's core purpose."

Advice to students

Having been on the interviewer's side of the recruitment process, Victoria offers valuable advice to students entering the workforce: "Be well prepared at the interview but don't come off as being too polished or rehearsed. Talk to juniors who have gone through the process a few years before you. Grades will get you the interview but once you get the interview, it's more important to demonstrate your confidence, suitability for the role and personality."

True to our motto that 'investing is for everyone,' Victoria reminds students that the full spectrum of corporate finance may not be immediately visible to them at university. A career in finance offers something for everyone, including working in venture capital, growth equity, private equity, investment banking, in-house M&A etc. For Victoria, UAIC was a bridge to further education and a real-world approach to finance.

MYOB Column

How Budget 2023 stacked up against SME expectations

New Zealand's SME community wasn't expecting a lot from Budget 2023. When MYOB recently asked more than 500 local SME leaders whether they thought the Budget would deliver for them, almost two thirds – 62% – felt it was unlikely that it would.

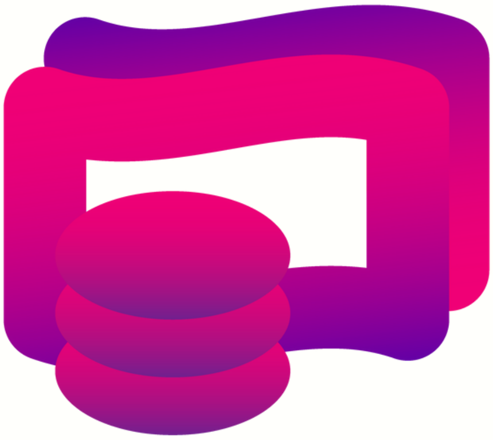
As it turned out, they weren't wrong, with little in the way of direct business investment in Wellbeing Budget 2023.

SMEs' low expectations around any direct benefit for themselves meant many were simply hoping to see community-focused investment, recognising the squeeze on households from inflation and the rising cost of living, and likewise calling for more resilient and future-ready infrastructure to keep our country moving.

In terms of supporting business productivity, MYOB would have liked to see greater investment in business digitisation. While the gaming industry was a big winner – with significant investment, more than a third of businesses support the concept of tax incentives or financial support for digital investment, according to the recent MYOB Business Monitor. With potential gross benefit to our economy of up to $8.5b, this remains a missed opportunity.

Overall, in addition to a stronger foundation for local businesses to succeed, more help is needed in tackling our ongoing productivity challenges, channelling business support in the right places, and ensuring local businesses aren't burdened with excessive costs in challenging conditions.

Read MYOB's full commentary featured on Stuff.co.nz here



Forsyth Barr FOCUS

Cracks in the Kiwi Nest Egg

New Zealand recorded its largest ever current account deficit over 2022. The current account is the balance between what we as a country earn and what we spend. In fact, over the 35-year period that we have been measuring the current account we've only had deficits — we are a net (and increasing) borrower from the rest of the world. In the short-term this isn't much of an issue — overseas investors remain happy to lend us money or buy our assets. Over the long-term, however, it does pose economic risks to the country and is another reason why diversifying investments beyond New Zealand is a good idea.

Read the full article here.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