

## Weekly Investment Update – Week ending 11 December 2020

### New Zealand

- Infratil was in the news last week announcing that it would be undertaking a strategic review of its 65.5% holding in Tilt Renewables. Given strong demand for high quality renewables platforms globally, Infratil considers it is prudent to assess alternatives for its Tilt shareholding, including divestment of its position. Any decision to pursue a particular proposal would need to demonstrate a material increase in expected returns and shareholder value relative to the current positive outlook. The strategic review is scheduled to be concluded within six months. Infratil was again in the headlines on Wednesday as the board confirmed that it had received an initial non-binding, incomplete, indicative and confidential offer from AustralianSuper, Australia's largest Superannuation Fund provider, to acquire the company via a scheme of arrangement. There was an initial proposal that was subsequently revised upwards which would imply a total offer value of NZ\$7.43 per IFT share. This proposal represents a 22.2% premium to the 8 December 2020 IFT closing price. The Board formed an independent committee to review the valuation and the proposed structure and unanimously rejected both proposals as materially undervaluing Infratil's high quality and unique portfolio of assets on a control basis.
- Diversified agricultural business Scales Corporation declared a fully imputed cash dividend for the 2020 financial year of 9.5 cents per share. The directors reiterated their commitment to paying an annual cash dividend level of no less than 19 cents per share whilst the company holds Net Cash, although at a level no greater than actual Net Profit for each year. Guidance was also reaffirmed for the financial year with underlying net profit to be at the lower end of the \$30-36 million range. Looking ahead into FY21, business units are now forecasting results consistent with the 2020 year, supplemented by improved apple market returns in Asia and near markets.

### Asia Pacific

- In a National Australia Bank survey, Australian business sentiment was seen to have rebounded further in November, with surveyed conditions and confidence both rising sharply. The improvement was broad-based across key components and sectors - with business conditions in the retail sector rising to near record highs, and although the employment index was unchanged it remains consistent with further recovery in the official employment data over the coming months. The update reaffirms the improvement in other recent surveys, and bodes well for the ongoing recovery in domestic demand that should continue well into next year as restrictions ease further alongside the roll-out of vaccines

### United States

- A group of US states led by New York will file a lawsuit on Wednesday afternoon accusing Facebook of violating antitrust law, according to two sources familiar with the matter. The US Federal Trade Commission has been probing the company, as have state attorney generals with more than 40 expected to join the lawsuit. If the lawsuits are filed, Facebook would be the second major tech company sued this year after the Justice Department sued Google in October. In congressional testimony earlier in the year, Facebook CEO Mark Zuckerberg defended much-criticized acquisitions like Instagram and WhatsApp, saying that his social media platform helped them expand from small, insignificant companies into powerhouses. He has also argued that Facebook has a range of competitors, including other tech giants.
- Nonfarm payroll growth slowed to 245,000 in November 215,000 below consensus and its slowest pace of the recovery. Pre-holiday hiring in trucking and delivery-related categories accounted for half of the gain, and the slowdown in virus-sensitive industries appears likely to continue or worsen in December, given the increase in restrictions since the November survey week. The household survey was also softer, with a decline in household employment and a participation-led drop in the unemployment rate. Average hourly earnings were a bright spot, rising 0.3%.

Market Performance for the period 04 Dec 2020 - 11 Dec 2020							
Index	Stocks			Bonds			
	Last	Change	% change	Bond Yield (%)	Last	Change	% change
NZX50	12919.3	287.9	2.3%	NZ OCR	0.25	0.00	0%
ASX200	6642.6	8.5	0.1%	NZ 2Y Govt	0.21	-0.01	-6%
DJIA	30046.4	-171.9	-0.6%	NZ 5Y Govt	0.30	-0.02	-6%
S&P500	3663.5	-35.7	-1.0%	NZ 10Y Govt	0.88	-0.03	-3%
NASDAQ	12377.9	-86.4	-0.7%	AU 10Y Govt	0.99	-0.01	-1%
Nikkei 225	26652.5	-98.7	-0.4%	US 10Y Govt	0.90	-0.07	-7%
Hang Seng	26505.9	-330.0	-1.2%	DE 10Y Govt	-0.64	-0.09	16%
FTSE 100	6546.8	-3.5	-0.1%	GB 10Y Govt	0.17	-0.18	-51%
Currencies				Commodities			
Currency	Last	Change	% change	Commodity	Last	Change	% change
NZD:USD	0.71	0.004	0.5%	Oil - WTI	46.6	0.31	1%
NZD:AUD	0.94	-0.008	-0.9%	Oil - Brent	50.0	0.72	1%
AUD:USD	0.54	0.012	2.3%	Gold	1839.9	0.99	0%
EUR:USD	0.75	0.011	1.5%	Silver	24.0	-0.23	-1%
GBP:USD	1.21	-0.001	-0.1%	Copper	352.4	1.00	0%
USD:JPY	1.3	-0.022	-1.6%	Aluminium	2007.4	-27.45	-1%
USD:CNY	104.04	-0.130	-0.1%	Platinum	1012.8	-47.83	-5%
Bitcoin:USD	18101	-724	-3.8%	Iron Ore	157.8	17.53	12%