

Yovich & Co. Weekly Market Update

24th March 2025

Market News

As at 21st March	NZX 50G	All Ords	Shanghai	FTSE	Dow	NASDAQ	NZDAUD	NZDUSD	OCR
Previous Week	12266.25	8013.35	3419.56	8632.33	41488.19	17754.09	0.9088	0.5746	3.75%
Week Close	12113.54	8158.69	3364.83	8646.79	41985.35	17784.05	0.9145	0.5734	3.75%
Change	-1.24%	1.81%	-1.60%	0.17%	1.20%	0.17%	0.63%	-0.21%	0.00%

The NZX 50 Index declined by 1.24% over the past week, extending its loss from the previous week's 1.08% drop. The NZX 50 continues to tumble this year, having fallen over 7%. Spark was a contributor to this as the company's share price fell 7.41% last week, due to ongoing selling pressure from weak financial results. What was a surprising announcement last week was that New Zealand is officially out of recession, with GDP rising 0.7%, and stronger than expected growth in Q4 2024.

The Australian All Ordinaries Index rebounded 1.81% this week after a sharp decline of over 2% the previous week, which saw \$60 billion wiped off the ASX. The recovery was largely driven by reassurance from the US Federal Reserve, which eased concerns over tariffs and signalled that no drastic action was needed despite Donald Trump's ongoing trade war. Nine out of eleven industry sectors finished higher for the week, with Australian banks also gaining ground—most notably CBA, which rose 2.2%, providing a boost to the index.

The Shanghai Composite Index declined by 1.60% last week. A key contributor to this was concerns of tariffs and rising middle east tensions which prompted traders to take profits after recent gains. The other key contributor to the index was the Peoples Bank of China keeping the 1-year loan prime rate at 3.1%-, and 5-year loan prime rate at 3.6% due to economic concerns.

The UK FTSE 100 Index experienced a modest increase of 0.17% with the Bank of England leaving interest rates unchanged on Thursday, keeping the central bank's benchmark rate at 4.5% which was widely anticipated by markets.

In the United States, the Dow was up 1.2% and Nasdaq edged up slightly by 0.17% after the Fed announced that they are keeping interest rates steady but lowered its economic growth forecast, citing the impact of tariffs. Worries over President Trump's trade policies continue to weigh on markets, especially with the European Union planning to introduce retaliatory tariffs in April. The U.S. also revised its annual GDP growth estimate down from 2.1% to 1.7%.

Weekly Market Movers

The biggest movers of the week ending 21 March 2025			
Up		Down	
Infratil	6.00%	Ryman Healthcare	-8.25%
Fonterra Shareholders' Fund	5.07%	Spark	-7.41%
Sanford	3.11%	Genesis Energy	-5.73%
ANZ Bank	2.64%	The Warehouse Group	-5.62%
Gentrack Group	2.12%	The a2 Milk Company	-5.40%

Source: Iress

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Investment News

The Warehouse Group (WHS.NZ)

The Warehouse FY25 interim report updated investors on the company's turnaround plan. Group sales were down \$1.6b or 1.6% compared to previous corresponding period. Notably, January saw year-on-year sales growth, a trend that has continued into the second half of the fiscal year. Gross Profit stood at \$521.7m, with a margin of 32.5%, down 180 basis points from the previous year. The reduction in margin is attributed to a competitive retail environment and subdued consumer demand, leading to price adjustments and increased promotional activities. On a positive note; The Group reported a net profit after tax of \$11.8m, a significant improvement from a net loss of \$23.7m in the same period last year. Cost Management which is the cost of doing business decreased by 2.8% year-on-year, reducing from 31.7% to 31.3% as a percentage of sales. Cash Position achieved was a positive net cash balance of \$19.0m, transitioning from a net debt of \$50.7m at the end of the previous fiscal year, with a cash conversion rate of 106.1%.

Although the announcement of the board's decision not to declare an interim dividend is not good for investors holding WHS.nz for income, overall the market responded positively to the report, with a 2.44% lift in share price.

Current Share Price: \$0.85, **Consensus Target Price:** \$0.98, **Potential Return:** 12.2%.

Fonterra Co-operative Group (FSF.NZ)

Fonterra Co-operative Group had a positive FY25 interim report for the 6 months ending 31 January 2025. Total revenue was up 14% at \$12.5b, Operating Profit Increased by 16% to \$1.1b, up from \$953m in the previous corresponding period, with net profit increasing 8% to \$729m. Farmgate Milk Price forecast range has been narrowed to \$9.70 - \$10.30 per kgMS, with a midpoint of NZD 10.00 per kgMS. The narrowing provides confidence to the NZ agriculture sector flowing to the broader economy. The record high Farmgate price forecast reflects ongoing strong global dairy demand, particularly from markets like Greater China and Southeast Asia, coupled with constrained supply from major producing regions such as the US and Europe. The company has declared an interim gross dividend of 30.5 cents per share.

Current Share Price: \$6.00, **Consensus Target Price:** \$6.19, **Forecast dividend Yield:** 6.70%, **Total Potential Return:** 9.77%.

Channel Infrastructure Ltd (CHI.NZ)

The pullback in share price last week was likely due to Z Energy selling 12.67% of its holding in CHI.nz for approximately NZ\$95m. The net proceeds from this sale are intended to reduce debt. This transaction does not affect existing commercial arrangements between Z Energy and Channel Infrastructure concerning the Marsden Point Terminal. The sale aligns with Ampol's ongoing efforts to optimize its capital structure while maintaining operational commitments in New Zealand.

Current Share Price: \$1.87, **Consensus Target Price:** \$2.06, **Forecast dividend Yield:** 6.0%, **Total Potential Return:** 16.2%.

Cleanaway Waste Management Limited (CWY.ASX)

Cleanaway Waste Management (ASX: CWY) is acquiring Contract Resources Group for \$377m in a fully debt-funded deal to expand its industrial services, particularly in oil and gas. The acquisition, valued at 5.9 times the forecasted FY25 EBITDA, is expected to generate \$12 million in annual synergies and deliver high-single-digit EPS accretion in the first year. Contract Resources specialises in decommissioning, decontamination, and remediation (DD&R) services, positioning Cleanaway to capture a share of the \$650m annual DD&R market in Australia. The deal aligns with Cleanaway's Blueprint 2030 strategy to strengthen its industrial waste services and enhance operational efficiencies.

Current Share Price: \$2.65, **Consensus Target Price:** \$3.05, **Forecast dividend Yield:** 2.2%, **Total Potential Return:** 17.6%.

Our Six-Step Investment Process for Financial Success

We believe that investing doesn't have to be complicated. We use a clear six-step process to help you stay on track with your financial goals and build wealth with confidence. Whether you're new to investing or looking to review your current strategy, this approach supports informed decision-making and long-term financial stability.

Step 1: Establish the Adviser & Client Relationship

The first step is to clearly define the scope of advice and set expectations. This includes outlining the services we will provide, how we will work together, and our obligations to you. We take time to explain our role, clarify expectations, and ensure you feel confident in our partnership.

Step 2: Gather Information and Identify Goals, Needs, and Risk Tolerance

We take the time to understand your full financial picture and what matters most to you. This involves:

- Collecting detailed information on your assets, liabilities, income, and expenses
- Identifying your short-, medium-, and long-term goals
- Understanding your financial needs and any specific requirements
- Assessing your risk tolerance to ensure your investment strategy aligns with your comfort level

This step ensures your financial plan is tailored to your circumstances and objectives.

Step 3: Analyse and Evaluate Investment Opportunities

Based on your financial information, we develop an investment strategy that works for you. Our analysis includes:

- Determining the right mix of shares, bonds, property, and alternative assets
- Evaluating different investment vehicles (ETFs, managed funds, or direct shares)
- Spreading investments across sectors, asset classes, and regions to reduce exposure to individual risks

By understanding diversification and how different investments interact (correlation), we aim to reduce volatility while enhancing the potential for long-term returns.

This step ensures your portfolio is built for long-term success while staying aligned with your comfort level.

Step 4: Develop and Present Investment Recommendations

Once we have a strategy, we present a clear and actionable investment plan tailored to your needs. This includes:

- A well-balanced portfolio allocation that matches your objectives
- A mix of growth, income, and defensive assets
- A simple, transparent explanation of how your money will be invested

Our recommendations are built on third-party research, proven portfolio management strategies, and a focus on long-term outcomes.

Step 5: Implement the Investment Plan

With your approval, we take care of executing the investment plan. This involves:

- A clear process outlining the steps required to implement the plan
- Placing trades and allocating funds to the right investments
- Ensuring cost-effective investment structures

We make implementation seamless, so you can start building wealth without hassle.

Step 6: Monitor, Review, and Adjust as Needed – *The Key to Staying on Track*

Investment success isn't achieved through a one-off plan, it requires active oversight and adaptability. This step ensures your strategy evolves with your personal circumstances and the broader economic environment.

We work with you to:

- Regularly assess performance to ensure your portfolio remains aligned with your objectives
- Rebalance investments as markets move and your goals evolve, maintaining appropriate risk levels
- Respond to changes, whether due to life events, legislative shifts, or market conditions

By staying engaged and responsive, we help ensure your investment plan remains relevant, effective, and resilient.

Why This Process Works

This six-step approach provides structure and ongoing guidance, helping you stay focused through changing market conditions. Our advisers help you prioritise what matters most, avoiding distractions from short-term market noise and supporting your long-term success.

We make investing straightforward and purposeful. Whether you're planning for retirement, growing wealth, or securing your financial future, our investment process provides a clear and confident path forward.

Upcoming Dividends: 25th March to 25th April.

Description	Security	ExDivDate	BooksClose	Gross Dividend Amount	Pay Date
PGG Wrightson Limited	PGW	25-Mar-25	26-Mar-25	3.47 cps	3-Apr-25
FONTERRA	FSF/FCG	26-Mar-25	27-Mar-25	30.56 cps	8-Apr-25
F&C Investment Trust PLC	FCT	10-Apr-25	11-Apr-25	10.80 cps	7-May-25
The Bankers Investment Trust Plc	BIT	23-Apr-25	24-Apr-25	1.54 cps	30-May-25

Source: Iress

For more information and to stay updated subscribe to our newsletter and consult with your Financial Adviser to tailor your investment strategy.