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Yovich & Co. Weekly Market Update

30th June 2025

Market News

	NZX 50G	All Ords	Shanghai	FTSE	Dow	NASDAQ	NZDAUD	NZDUSD	OCR
Previous Week 20th June	12569.05	8723.54	3359.90	8774.65	42206.82	19447.41	0.9255	0.5961	3.25%
Week Close 27th June	12583.59	8743.65	3424.23	8798.91	43819.27	20273.46	0.9275	0.6057	3.25%
Change	0.12%	0.23%	1.91%	0.28%	3.82%	4.25%	0.22%	1.62%	0.00%

The NZX50 had a very slight increase of 0.12%. Last week was led by Industrial Services and consumer-oriented sectors like Consumer Non-Durables and Consumer Services, while Finance and Utilities were essentially flat. Briscoe Group has given back part of the 24% gain it achieved over the past two weeks, driven by its recent inclusion in the NZX Top 50 Index. ASB has reviewed their prediction on the forecasted RBNZ OCR cuts down from two cuts this year to just one more to leave the OCR at 3%, with the end of the easing cycle possibly closer than thought.

The Australian Ordinaries Index also had minor increases for the week, edging up by 0.23%. The banks were down on Friday, but the materials sector bolstered this up.

Asian stocks closed mixed on Friday, as markets digested several key developments. In China, the Shanghai Composite Index showed muted movement despite U.S. President Donald Trump announcing a trade agreement with China focused on rare earths and teasing a significant upcoming deal with India.

The FTSE 100 advanced in a broad equity rally, supported by strong performances across key sectors including mining, banking, consumer goods, and pharmaceuticals. Notably, shares of Barclays, Standard Chartered, and NatWest posted solid gains, contributing to the index's upward momentum. Mining stocks also rose, reflecting improved sentiment in the commodities sector. Meanwhile, the pound gave up earlier gains against the U.S. dollar, paring back after a brief period of strength.

U.S. stocks surged on Friday, with both the S&P 500 and Nasdaq Composite hitting record highs. The Nasdaq was up 4.25% and Dow Jones up 3.82%, fuelled by renewed enthusiasm around artificial intelligence and growing expectations of a more accommodative Federal Reserve. The market rebound capped a strong week, driven by an optimistic earnings outlook from chipmaker Micron, which helped restore investor confidence in the AI sector. Meanwhile, Nvidia edged closer to a staggering $4 trillion market cap, reclaiming its title as the world's most valuable company. Investor sentiment was further buoyed by a U.S.-brokered ceasefire between Israel and Iran, ending a 12-day aerial conflict that had sent oil prices climbing and reignited inflation concerns.

The biggest movers of the week ending 27th June 2025				
Up			Down	
Sky Network Television	8.36%		Briscoe Group	-12.90%
Spark	4.99%		Heartland Group	-8.33%
Hallenstein Glasson	4.74%		Fletcher Building	-6.07%
Serko	4.73%		The a2 Milk Company	-5.19%
Turners Automotive Group	3.92%		Auckland International Airport	-3.66%

Source: Iress

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Investment News

Woolworths (WOW.ASX)

Woolworths Group has announced the closure of the MyDeal customer website by 30 September 2025, as part of a strategic consolidation of its marketplace offering into BIG W Market and Everyday Market on woolworths.com.au. The decision follows a review aimed at focusing on assets with clearer profitability paths and better returns on capital. While MyDeal contributed valuable technology and marketplace expertise, Woolworths cited competitive pressures and better economics in brand-integrated marketplaces. The closure is expected to reduce operating losses, with estimated costs between $135–$145 million, including $90–$100 million in cash and a $45 million non-cash impairment. Further financial details will be provided in the company's FY25 results.

Current Share Price: $31.14, **Consensus Target Price:** $32.48, **Forecasted Gross Dividend Yield:** 2.80%.

Oceania HealthCare (OCA.NZ)

At Oceania Healthcare's Annual Shareholders Meeting, the Chair highlighted the company's strategic transformation since listing in 2017, with assets tripling to nearly $3 billion and 88% of its sites now modernised or newly acquired. Despite not declaring a dividend for FY25, a revised dividend policy aims to return 40–60% of Free Cash Flow from Operations in future periods. This is calculated as cash flows from ongoing operations, including realised DMF and refinancing gain (on turnover), less maintenance capital expenditure, and finance costs on core debt (excluding development debt). Strong financial management has reduced gearing to 36.3% and secured refinancing for a $500 million facility. Oceania continues to lead in sustainability, risk management, and innovation in care delivery, and is set to meet New Zealand's growing aged care demands under a new five-year strategy led by CEO Suzanne Dvorak.

Current Share Price: $0.66, **Consensus Target Price:** $0.90 **Forecasted Gross Dividend Yield:** 0.50%.

Xero (XRO.ASX)

Xero has successfully completed a fully underwritten A$1.85 billion institutional placement to support its landmark acquisition of U.S.-Israeli payments provider Melio, in a deal worth up to $3 billion—New Zealand's largest outbound acquisition in over a decade. The acquisition aligns with Xero's 3x3 strategy and accelerates its push into the U.S. market, where it currently derives only 7% of revenue. Melio, a fast-growing platform serving over 80,000 customers with FY25 revenue of US$153 million, offers accounts payable, receivable, and cash flow solutions that will integrate with Xero's accounting software to form a market-leading unified platform. Approximately 10.5 million new shares were issued at A$176 each, with strong institutional backing. Xero is also launching a Share Purchase Plan to raise an additional ~A$200 million from eligible retail shareholders (information booklet released 2 July 2025). CEO Sukhinder Singh Cassidy called the move a "step change" in scaling North American operations, with expectations that the acquisition will double Xero's financial sales by 2028. While analysts expressed some caution about the deal's pricing, many acknowledged its strategic merit in expanding product offerings and deepening U.S. market penetration.

Current Share Price: $182.99, **Consensus Target Price:** $202.91.

Upcoming Dividends: 1st July to 1st August.

Description	Security	ExDivDate	BooksClose	Gross Dividend Amount	Pay Date
FCIT Trust	FCIT	03-JuL-25	04-Jul-25	8.6cps	01-Aug-25
Mainfreight	MFT	10-Jul-25	11-Jul-25	120.83cps	18-Jul-25
Turners Automotive Group	TRA	11-Jul-25	12-Jul-25	12.5cps	29-Jul-25
Bankers Investment Trust	BIT	24-Jul-25	25-Jul-25	1.55cps	29-Aug-25
Henderson Far East Income Limited	HFL	24-Jul-25	25-Jul-25	14.0cps	29-Aug-25

Source: Iress

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Yovich & Co WEALTH MANAGEMENT

Spotlight - Longevity Meets Lifestyle: Setting a Safe Drawdown Rate

How much can I safely withdraw from my retirement savings each year?
This is one of the most important and challenging questions facing retirees. With a variety of options available for turning savings into sustainable income, there's no universal answer. However, the New Zealand Society of Actuaries has developed a practical guide to help retirees navigate these decisions, offering four simple "Rules of Thumb" to serve as a starting point. These guidelines help determine a sensible annual withdrawal rate based on your personal goals, financial priorities, and comfort with risk.

At Yovich & Co, we've long supported the principle of a 3–5% annual drawdown as a sustainable approach to withdrawals from a diversified investment portfolio. While we haven't directly incorporated the Society of Actuaries' research, it aligns closely with the methodology we've used for many years when managing diversified investment portfolios. Rather than relying solely on investment returns, which can vary with interest rates, dividend yields, and market condition, we believe that using a consistent drawdown rate offers a more stable and realistic framework for funding lifestyle needs throughout retirement.

It's important that your Financial Adviser continues to work with you to ensure your portfolio stays aligned with your personal objectives. A sensible approach is to withdraw more in years when markets perform well, and scale back during periods of volatility, helping to avoid selling investments at potentially undervalued prices and preserving the long-term strength of your portfolio.

What Are "Rules of Thumb" for Retirement Income?
Rules of Thumb are simplified guidelines for how to draw down your savings in retirement. They don't replace a personalised plan, but they do offer easy-to-follow structures for making withdrawal decisions. Think of them as a starting point, something you can use to set expectations and compare strategies.

The four rules are especially relevant for retirees aged 65+ who:

- Receive New Zealand Superannuation
- Have modest emergency savings
- Hold around $100,000 in a conservative or balanced KiwiSaver or other investment fund.

Of course, the more complex your situation (e.g., higher balances, other income sources, or later retirement age), the more tailored advice will benefit you. These rules were tested using $100,000 invested in a conservative KiwiSaver profile, starting at age 65. The income projections account for inflation and future investment uncertainty.

Information from the Massey New Zealand Retirement Expenditure Guidelines
For those starting to save later in life, another report suggests a weekly savings requirement of $129 - $1,303 depending on age and lifestyle choices. However, investing in higher-growth assets or starting early can reduce these figures significantly.

For example, according to research from the Retirement Expenditure Guidelines, a two-person 'Choices – Metro' budget requires $1,739.85 per week. To generate sufficient income throughout retirement, in addition to NZ Super, you would need an investment portfolio of approximately $977,600. This calculation is based on the maximum safe drawdown rate of 5%, meaning a $977,600 portfolio would provide $48,800 per year or approximately $940 per week ($977,600 × 5%).

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For more information on the article we wrote regarding the Massey New Zealand Retirement Expenditure Guidelines:
[Weekly Market Update – Retirement Expenditure Guidelines]

The Four Rules at a glance			
Rules	**Best Suited For**	**Highlights**	**Things to Keep in Mind**
6% Rule	Retirees who want more income early in retirement and aren't focused on inheritance	Easy to apply; fixed annual income	Doesn't adjust for inflation; may run out of funds
Inflated Rule	Retirees who want income that keeps pace with inflation and wish to preserve capital	Inflation-linked income; lower risk of running out	Lower initial income compared to other rules
Fixed Rule	Retirees comfortable switching to NZ Super only after a set date (e.g. age 85)	Maximises income over a known time	Inheritance unlikely; income amount varies yearly
Life Expectancy Rule	Retirees focused on income for life without a focus on inheritance	Efficient drawdown; adjusts as you age	Later-life income can be very low; recalculations required

A Closer Look: How Each Rule Works	
6% Rule	Each year, you withdraw 6% of your initial savings balance. For example, with $100,000 at age 65, you withdraw $6,000 per year. Best for: Those who want to enjoy retirement earlier, spend more now, and are less concerned about leaving an inheritance. Caution: Because the $6,000 stays fixed, it loses value over time due to inflation—and the savings may run out in your 80s.
Inflated Rule	You start with 4% of your initial balance ($4,000 on $100,000) and increase it each year with inflation. Best for: Retirees who want peace of mind that their money will last and value keeping up with the cost of living. Caution: You'll receive less income upfront than with other rules, but your purchasing power is better preserved, and there's a good chance of leaving some inheritance.
Fixed Rule	This rule runs your retirement savings down to zero by a specific age, such as 85. You recalculate the annual withdrawal based on how many years are left. Best for: Those planning to rely solely on NZ Super after the set date. Caution: This rule offers higher income for a while, but there's little chance of leaving money behind. It also requires annual recalculations.
Life Expectancy Rule	Each year, you withdraw based on your remaining life expectancy (as estimated at that time). For instance, at age 65 with 20-year life expectancy, you withdraw 1/20 of your fund. Best for: Those who want a lifelong income stream and don't mind variable payments. Caution: Income in later years can become very low, and the calculation is more complex. Moderate inheritance is likely but not guaranteed.

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