

Yovich & Co. Weekly Market Update

27th August 2025

Market News

	NZX 50G	All Ords	Shanghai	FTSE	Dow	NASDAQ	NZDAUD	NZDUSD	OCR
Previous Week 15th August	12889.38	9212.10	3696.77	9138.90	44946.12	21622.98	0.9102	0.5923	3.25%
Week Close 22nd August	13042.76	9234.28	3825.76	9321.40	45631.74	21496.54	0.9040	0.5867	3.00%
Change	1.19%	0.24%	3.49%	2.00%	1.53%	-0.58%	-0.68%	-0.95%	-0.25%

The NZX 50 index ended the week on a strong note, rising 1.19% to close at 13,042.76. The Reserve Bank of New Zealand cut the Official Cash Rate (OCR) by 25 basis points to 3.0% on 20 August, helping to cushion equity markets. The decision was not unanimous, with two board members pushing for a larger 50 bps reduction, highlighting concerns about soft economic activity and inflation holding firmly within the 1–3% target band. The RBNZ signalled that further easing is likely, contingent on ongoing disinflation and spare capacity. Markets are now pricing in two additional 25 bps cuts this year, most likely in October and November, which would take the OCR to 2.50% by year-end.

Australian equities edged higher, with the ASX finishing the week up 0.24%. Trading was choppy, with volatility driven by consumer staples, healthcare, and real estate sectors.

In China, the Shanghai Composite rallied 3.49% to 3,825.76, its highest close in a decade. Gains were led by technology, semiconductors, and AI-related stocks, supported by favourable policy measures and resilient economic momentum. Easing trade tensions with the U.S. and a shift of capital from bonds into equities also bolstered the rally.

The FTSE 100 advanced about 2% for the week, with strength in banking and energy stocks. This came despite hotter-than-expected inflation data, with consumer prices rising to 3.8% year-on-year in July, up from 3.6% in June, driven by higher airfares, fuel, and food costs.

In the US, The Dow Jones Industrial Average surged 1.53% to a record 45,631.74, while the Nasdaq slipped 0.58% to 21,496.50. The Dow's rally was fuelled by Fed Chair Jerome Powell's dovish remarks at Jackson Hole, which opened the door to a potential rate cut in September. Markets are now assigning an 80%+ probability of a 25-bps reduction, amid signs of cooling labour markets and rising downside risks to growth.

The biggest movers of the week ending 22 August 2025			
Up		Down	
The a2 Milk Company	11.81%	SKYCITY Entertainment Group	-22.97%
Heartland Group	11.11%	Fletcher Building	-3.51%
Westpac Bank	5.93%	KMD Brands	-2.00%
Sky Network Television	5.07%	Serko	-1.60%
Mercury NZ	4.79%	Oceania Healthcare	-1.52%

Source: Iress

Investment News

Spark (SPK.NZ)

Spark New Zealand's FY25 results landed in line with guidance. Revenue is down 2.5% to \$3.7b, EBITDAI down 7.7% to \$1.05b, and NPAT down 17.7% to \$260m, while free cash flow held steady at \$330m. A 25cps dividend was declared, supported by \$356m in asset sales and the sale of a 75% data centre stake, which is expected to reduce leverage to ~1.7x. Looking ahead, Spark's new five-year strategy refocuses on its core connectivity business (mobile, broadband, 5G, and satellite-to-mobile) and pledges to pay out 100% of free cash flow as dividends. For investors, the bull case rests on Spark's strong balance sheet, resilient cash generation, and reliable income profile. While the bear case highlights ongoing revenue and earnings declines, competitive pressure in mobile, and reliance on cost cuts and divestments to sustain performance.

Current Share Price: \$2.56, **Consensus Target Price:** \$2.91, **Forecasted Gross Dividend Yield:** 8.60%.

CSL Limited (CSL.ASX)

CSL rattled markets by unveiling a major strategic overhaul. The company announced spinning off its Seqirus vaccine arm into a standalone ASX-listed entity by FY26, slashing circa 3,000 jobs, which equates to approximately 15% of staff, closing 22 underperforming U.S. plasma centres, and reintroducing an A\$750 million share buyback, while targeting A\$500 to 550 million in annual savings, partly offset by a one-off restructuring charge of up to circa A\$770 million. The stock plunged 15%–17% amid execution concerns and a hit to near-term earnings. For investors the bull case sharpens focus on CSL Behring and Vifor (plasma/renal franchises), margin expansion via cost cuts, and standalone Seqirus potentially unlocking vaccine multiples. While the bear case execution missteps, U.S. market softness, and investor scepticism may keep the valuation depressed until tangible results emerge.

Current Share Price: \$214.70, **Consensus Target Price:** \$285.40, **Forecasted Gross Dividend Yield:** 1.40%.

Fonterra Co-operative Group (FSF.NZ)

Fonterra has agreed to sell its global consumer and related businesses including brands like Anchor, Mainland, Kapiti, and Anlene to France's Lactalis for NZ\$3.85b (up to NZ\$4.22b with Australian licences), with completion expected by mid-2026 pending approvals; shareholders are set to receive a tax-free NZ\$2 per share payout plus a potential special NZ\$1 distribution in FY25. Management chose a trade sale over an IPO to deliver faster, cleaner returns, while sharpening its focus on higher-margin Ingredients and Foodservice operations. For investors, the bull case divestment strengthens balance sheet flexibility, streamlines the business around core competitive advantages, and enhances near-term capital returns. While the bear case execution challenges, regulatory or farmer pushback, and volatility in global dairy markets could weigh on the benefits and delay value realisation.

Current Share Price: \$7.44, **Consensus Target Price:** \$6.88, **Forecasted Gross Dividend Yield:** 6.76%.

Channel Infrastructure (CHI.NZ)

Channel reported a stable and strong HY25 performance, with revenue up 1% to \$70.2 million and EBITDA rising to \$48.5 million despite the expiry of the Wiri lease. The company announced a nine-year extension to a key storage contract worth \$50 million, and that its Z Energy jet tank conversion is ahead of schedule. The refreshed capital allocation framework, including a 70–90% dividend payout ratio and a 42% increase in interim dividends, signals confidence in future cash flows. For investors, the bull case sees Channel as a natural consolidator in the fuel infrastructure space, with strategic growth opportunities at Marsden Point and potential expansion into Australia. While the bear case highlights risks from flat jet fuel demand, reliance on regulatory clarity for future fuels projects, and the need for long-term commitments to justify capital-intensive initiatives like the diesel peaker plant. FY25 guidance remains unchanged, reinforcing stability but also suggesting limited near-term upside.

Current Share Price: \$2.26, **Consensus Target Price:** \$2.27, **Forecasted Gross Dividend Yield:** 5.50%.

Money Month Spotlight: Optimise financial clarity by tracking your spending

From Complexity to Purposeful Wealth

Earning more should feel liberating, but it often brings complexity. Multiple income streams, rising expenses, and shifting priorities can leave even high earners unsure if their money is truly working for them.

Step 1: Gain Clarity

Tools like **SortMe** make it simple to track your income and spending. Understand exactly where your money goes. We believe clarity is the foundation of effective wealth management it's not restriction, it's insight.

Step 2: Build an Emergency Fund

A safety net provides confidence and resilience. Unexpected events won't derail your financial plan, giving you the freedom to make strategic decisions.

Step 3: Start Investing

With clarity and security in place, investing becomes purposeful. Every dollar can be aligned to long-term objectives, growing wealth methodically rather than by chance.

Step 4: Align Spending with Goals

Structure money around essentials, lifestyle, and long-term objectives. At Yovich & Co, we guide clients to ensure every decision compound value, supporting both today's lifestyle and tomorrow's ambitions.

True wealth isn't just about what you earn it's about how effectively you use it. With tools like **SortMe** and the right strategy, income becomes a tool for lasting financial independence. With clarity, discipline, and strategic investing, you can move from complexity to confidence and turn income into that tool for lasting financial independence.

SortMe simplifies your financial picture by organising your money into intuitive categories, essentials, lifestyle, and future-focused goals. It turns financial management into a streamlined experience, not a spreadsheet nightmare.

You'll be able to:

- Automate your savings and investment contributions.
- Enjoy lifestyle spending—guilt-free and well within plan.
- Align your money with your long-term vision.

Upcoming Dividends: 28th August to 28th September.

Description	Security	ExDivDate	BooksClose	Gross Dividend Amount	Pay Date
Heartland Group Holdings	HGH	28-Aug-25	29-Aug-25	2.78cps	12-Sept-25
Ventia Services Group	VNT	28-Aug-25	29-Aug-25	11.84cps	8-Oct-25
Property for Industry	PFI	29-Aug-25	01-Sept-25	3cps	10-Sept-25
Barramundi	BRM	3-Sept-25	4-Sept-25	1.55cps	26-Sept-25
Downer EDI	DOW	3-Sept-25	4-Sept-25	15.59cps	2-Oct-25
Kingfish	KFL	3-Sept-25	4-Sept-25	2.87cps	26-Sept-25
Mercury NZ	MCY	3-Sept-25	4-Sept-25	20.00cps	30-Sept-25
Marlin Global	MLN	3-Sept-25	4-Sept-25	2.61cps	26-Sept-25
Vital Healthcare Property Trust	VHP	3-Sept-25	4-Sept-25	3.07cps	18-Sept-25
Kiwi Property	KPG	4-Sept-25	5-Sept-25	1.74cps	19-Sept-25
SKY Network Television	SKT	4-Sept-25	5-Sept-25	18.75cps	19-Sept-25
Vector Limited	VCT	4-Sept-25	5-Sept-25	13cps	17-Sept-25
Channel Infrastructure	CHI	8-Sept-25	9-Sept-25	6.25cps	24-Sept-25
Argosy Property	ARG	9-Sept-25	10-Sept-25	1.94cps	24-Sept-25
Spark New Zealand	SPK	9-Sept-25	10-Sept-25	16.15cps	3-Oct-25
PGG Wrightson	PGW	10-Sept-25	11-Sept-25	5.56cps	3-Oct-25
Freightways Group	FRW	11-Sept-25	12-Sept-25	29.17cps	1-Oct-25
New Zealand Rural Land Company	NZL	11-Sept-25	12-Sept-25	2.16cps	10-Oct-25
NZM	NZME	11-Sept-25	12-Sept-25	4.17cps	24-Sept-25
Chorus	CNU	15-Sept-25	16-Sept-25	34.5cps	17-Oct-25
Auckland International Airport	AIA	17-Sept-25	18-Sept-25	9.72cps	3-Oct-25
NZX	NZX	17-Sept-25	18-Sept-25	4.17cps	2-Oct-25
SEEK	SEK	17-Sept-25	18-Sept-25	20.83cps	15-Oct-25
a2 Milk Company	ATM	18-Sept-25	19-Sept-25	14.99cps	3-Oct-25
Tourism Holdings	THL	18-Sept-25	19-Sept-25	5.56cps	3-Oct-25
Genesis Energy	GNE	24-Sept-25	25-Sept-25	9.96cps	10-Oct-25
Colonial Motor Company	CMO	25-Sept-25	26-Sept-25	27.78cps	6-Oct-25

Source: Iress

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