

Fixed Income Monthly – March 2021

RBNZ Doubles Down on Stimulus

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After some recent positive economic data and a rare credit rating upgrade from S&P Global Ratings (S&P), all eyes were on the Reserve Bank of New Zealand (RBNZ) last week to see if it would deviate from other Central Banks in providing ultra-loose monetary policy. The short answer was "NO", as the RBNZ followed its peers and delivered a cautious overview of New Zealand and its economic outlook.

No change to the OCR for a while yet

The RBNZ held the Official Cash Rate (OCR) at 0.25% when it delivered its first Monetary Policy Statement (MPS) of 2021. Despite some encouraging employment data and talk of rising inflation, it was not enough for the RBNZ to move from its cautious tone. With COVID-19 and its wide ranging implications still heavily impacting the world from a health and economic perspective, the RBNZ quite rightly outlined that "prolonged monetary stimulus" was still required.

Borrow more and get a credit rating upgrade?

Rating agency S&P delivered upgrades to New Zealand (sovereign) and Meridian last week. S&P upgraded New Zealand's sovereign credit rating to AAA (local currency) on the back of improving credit quality reflecting the quick economic recovery post COVID-19. The amount of New Zealand Government bonds on issue is projected to reach NZ\$200bn by 2025 and rise to 49% of GDP but that is modest by international standards. The last time New Zealand had such a rating was in 2009.

In total 11 other entities were upgraded as a consequence of the uplift in the sovereign rating. Housing NZ/Kainga-Ora, Transpower and the Local Government Funding Agency (LGFA) were all upgraded along with a number of local councils. Meridian Energy (MEL) had its outlook upgraded from Negative to Stable now that the government has come to the party and helped Tiwai Point stay open a bit longer yet.

A tough start to 2021

With yields rising it has been a tough start to the year for bond investors. All local headline fixed interest benchmark indices have recorded negative performances for four straight months now. February topped the charts with the S&P/NZX Government Bond Index posting its largest ever monthly decline, falling -3.63% in February. Not far behind were Local Government bonds, which suffered a -2.87% loss in February despite joining NZGBs on the much sought after AAA rating scale.

New Zealand corporate bonds have performed better, although a 1.10% return over the last 12 months is hardly satisfactory when inflation sits at 1.40%. Credit spread contraction has limited the impact of rising yields on corporate bonds and a demand/supply issue may further support this sector in the coming months.

Figure 1. Benchmark interest rates

	Current level	31 Jan 2021	31 Dec 2020	2020 Low	2020 High
NZ 1 yr swap	0.31%	0.26%	0.24%	0.02%	1.23%
NZ 5 yr swap	1.11%	0.64%	0.52%	0.06%	1.40%
NZ 10 yr swap	1.86%	1.17%	0.97%	0.42%	1.74%
NZ 10 yr Gov Bond	1.73%	1.11%	0.97%	0.43%	1.74%
US 10 yr Treasury	1.42%	1.07%	0.91%	0.07%	0.82%

Source: Forsyth Barr analysis, Refinitiv. 'Current level' is as at 02/03/2021.

RBNZ MPS: "Highly uncertain"

The highly anticipated MPS was defined by the RBNZ's statement that the economic outlook ahead remains **highly uncertain**.

Regardless of the recent buoyant mood from within New Zealand, the RBNZ has two main objectives:

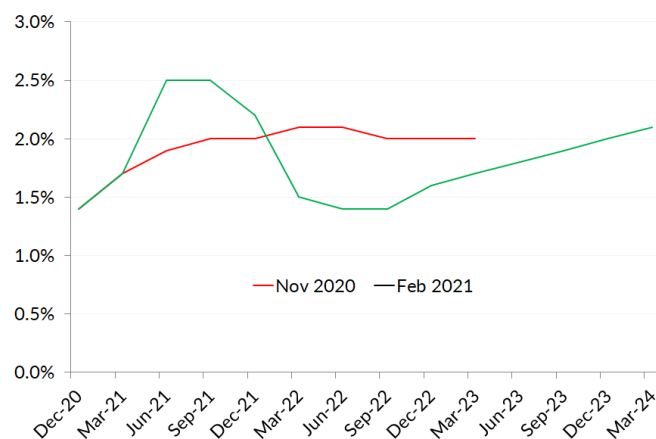
- Keep future annual inflation between 1% to 3% over the medium term
- Support maximum sustainable employment
- *Post the MPS the government announced that it has asked the RBNZ to consider the impacts of its policy decisions on house prices*

The RBNZ determined that "both inflation and employment would likely remain below its *Remit* targets over the medium term in the absences of prolonged monetary stimulus". That monetary stimulus remains firmly in place with the OCR remaining at 0.25% and the Large Scale Asset Purchase (LSAP) Programme of up to NZ\$100bn and the Funding for Lending Programme (FLP ~NZ\$28bn) unchanged. The RBNZ also confirmed that operationally, both itself and the country's trading banks are now able to operate with a negative OCR should it be required.

Ultra-low interest rates are still required given the uncertainty that is expected to constrain business investment and household spending growth. Whilst lending rates have declined marginally, these rates need to be kept low for the RBNZ to meet its two objectives above. Lower lending rates are one of the key measures of success for the RBNZ and also a source of growing frustration.

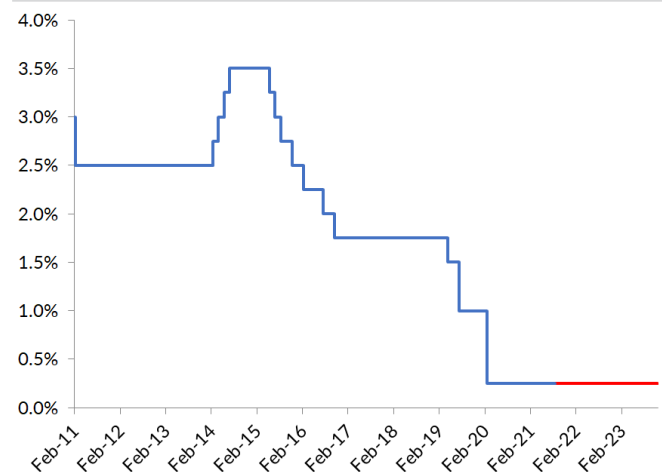
The RBNZ has called on the banks to pass on lower lending rates to borrowers, however, the banks appear to be holding firm with fixed mortgage rates around 2.29% and floating rates still around pre COVID-19 levels. To date only NZ\$1.04bn has been drawn down from the FLP, which allows the banks to borrow from the RBNZ at 0.25% for three years. Banks have been reluctant, with Westpac (WBC) borrowing NZ\$650m at 1.439% from the local market recently. Bank of New Zealand (BNZ) also preferred an alternative, choosing to raise funds (US\$750m) in the United States last week. If the FLP is not utilised and lending rates do not fall, the RBNZ may be forced to act and lower the OCR.

Figure 2. Inflation forecasts



Source: Forsyth Barr analysis, RBNZ

Figure 3. OCR



Source: Forsyth Barr analysis, Refinitiv

What does all this mean?

Depending on the path of COVID-19 and the success of the vaccine roll-out, it seems that Central Banks around the globe are maintaining their stance that ultra-low interest rates and unconventional monetary policies are here to stay for a while yet.

This could see yield curves steepen further as Central Banks anchor the short-end of their respective interest rate curves while the market (assuming the vaccine is winning the race versus COVID-19) may push longer-term interest rates higher. Recent spikes in inflation are seen as just that, a temporary spike with Central Banks willing to see through it and seem comfortable having higher inflation present for some time yet.

New Zealand corporate bonds have not felt the full force of rising yields because credit spreads have contracted, limiting the rise in headline yields. Duration management remains the key if the yield curve continues to steepen. See page 4 for further details on duration and its impacts on bond portfolios.

News

ANZ (NZ) – reset the coupon on its perpetual security, ANBHB, for a further three months at 3.79%.

Arvida Group (ARV) – successfully raised NZ\$125m of secured unsubordinated bonds at a coupon of 2.87%. The issue credit spread was set at 1.80% – the bottom end of the indicative range. The Bonds are quoted on the NZDX.

ASB – published solid results for the six month to 31 December 2020 with net interest income slightly higher than the pcp. Residential mortgage lending increased by +11.7% from a year earlier as did 'cash in the bank' from customers. Deposits not bearing interest increased by +59% to just over NZ\$10bn, whereas 'on demand and short term deposits' increased by +39% to almost NZ\$40bn from a year earlier. ASB also stated it has NZ\$1bn of internal capital funding (from CBA) that will begin to be derecognised from 1 July 2021.

Auckland International Airport (AIA) – result was largely irrelevant given the closed borders. Bank and USPP covenant waivers remain in place until 31 December 2021. Dividends remain suspended with AIA holding plenty of cash from its large equity raise last year.

Bank of New Zealand (BNZ) – raised US\$750m of 5yr senior debt at a coupon of 1.0% last week.

Christchurch International Airport (CIA) – as is the case with AIA above, CIA's result did not overly matter too much given the circumstances. Debt levels remained quite stable with covenant waivers still in place. 2021 maturities are likely to be refinanced via a capital market issue.

Contact Energy (CEN) – raised NZ\$400m of fresh equity to build its NZ\$580m Tauhara geothermal project. CEN's 1H21 EBITDAF of NZ\$246m was +11% up on 1H20. Debt remains relatively stable with net debt to EBITDAF sitting at 2.4x. CEN has no debt facilities maturing in FY21.

Fletcher Building (FBU) – produced a solid half year result with gross debt falling by NZ\$714m, reducing FBU's leverage ratio to just 0.4x, which is below its internal target of between 1.0x to 2.0x.

Kiwibank (KWB) – announced an -NZ\$2m drop in net profit for the six months to 31 December 2020. Housing loans grew by +6% over the six months. KWB's Common Equity Tier One ratio fell from 11.4% to 10.5% over the six month period.

Mercury (MCY) – reported a great result but did convey a mixed outlook. 1H21 EBITDAF was +14% higher at NZ\$294m but MCY did state it faced delays on some of its larger wind farm projects. MCY is considering a new "Green Bond" to refinance its September 2021 maturity.

New Zealand Refining (NZR) – is making progress in its 'Strategic Review' with BP coming on board. NZR's FY20 result was a good one considering the very difficult conditions it faced. NZR even managed to lower its debt levels by -NZ\$10m.

Meridian Energy (MEL) – delivered an 'in-line' result with EBITDAF of NZ\$422m, -9% lower than the pcp. MEL announced it will be spending NZ\$395m building a wind farm in Hawkes Bay. The project will be funded via existing debt facilities.

SKY TV – reported a +30% rise in EBITDA for the six months to 31 December 2020 on the back of good streaming growth. SKT has cash on hand to repay its NZDX bond - SKT020, due at the end of March.

Summerset (SUM) – delivered another solid financial performance for the year to 31 December 2020. Underlying profit fell by -7% to NZ\$8.3m with net debt of NZ\$657m, only a small increase from FY19. Gearing fell slightly to 32.6% with 'Loan to value ratio' for SUM's Bonds and Bank debt sitting at 35.9% (FY19: 35.9%).

Vector (VCT) – announced a strong 1H21 result with EBITDAF up +NZ\$10m to NZ\$274m. Gearing is edging up to 55.7% (from 52.9%) with net economic debt up at NZ\$2,974m. VCT recently refinanced NZ\$300m of maturing facilities out to FY24.

Westpac (WBC) – raised NZ\$650m via an unlisted five year senior issue priced at 55bp over swap. The coupon was set at 1.439%.

What to look for over the next month...

31 March 2021 – the current end of the RBNZ's self-imposed restrictions on New Zealand banks being able to redeem their existing crop of loss-absorbing subordinated Tier 1 and Tier 2 capital securities.

Duration

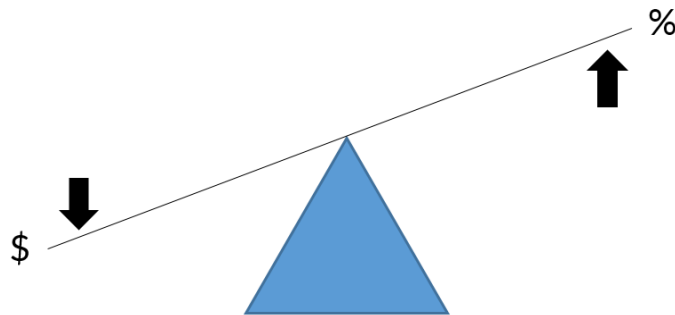
Duration is a measure of interest rate sensitivity. Generally, the greater the duration, the greater the fixed income portfolio's interest rate sensitivity and hence the greater potential to make or lose money.

If interest rates were to rise in the near term, those portfolios that are "long" duration (over-invested in longer dated bonds) will tend to underperform those portfolios that are shorter in duration, and vice versa.

Duration sensitivity assumes that the yield for each of the bonds must change by the same amount. In other words, there must be a parallel shift in the yield curve. Assuming this is the case and a portfolio has a duration of 3.3 years this means that for a 100bp (1.00%) change in the yield for each of the bonds, the market value of the portfolio will change by approximately 3.3%.

Using duration as a measure for a portfolio's sensitivity to interest rate movements allows interest rate risks to be managed. When interest rates are expected to fall longer duration would be preferred. In this instance, portfolio returns would be enhanced and benefit from the higher income that the longer dated bonds provided.

The current situation presents an uncertain outlook given Central Banks have not wavered on their position that they will maintain their respective cash rates at the current record lows for some time yet. However, Central Banks, like the RBNZ, only really have control over the short-end of the interest rate curve. The longer part of New Zealand's interest rate curve follows the likes of the US curve and that part of the curve has been steepening which has caused capital losses to occur in bond portfolios with long duration. In circumstances such as we have now, where interest rates have risen but the future direction is uncertain, a lower portfolio duration is preferred as this reduces the risk of capital losses.



A working example:

A long-dated bond:

Auckland Council (AKC) issued a "Green Bond" back in September 2020 with a maturity of 28 September 2050, paying a semi-annual coupon of 2.95%. The duration on the AKC Green Bond is 19.3 years. After heading lower to a yield of 2.45% at one point with many 'experts' pointing to negative interest rates, rising long-term interest rates saw the yield rise to 3.80% (as at 1 March 2021), delivering a -14.6% capital loss over the month of February.

If an investor purchased this bond at par (\$1.00 per bond) in September 2020, (bearing in mind AKC sold NZ\$500m of this bond) and wanted to sell this bond today at market prices, a holder would receive \$0.863 per bond. This is despite AKC being rated AA by S&P and having never defaulted on any of its obligations.

The substantial drop in value of the AKC bond is due to rising long-term interest rates which means the value of future cash-flows – interest and principal – are worth less in today's terms. A holder could of course hold the bond to maturity to receive the full face value, with unrealised losses (or gains) occurring in between.

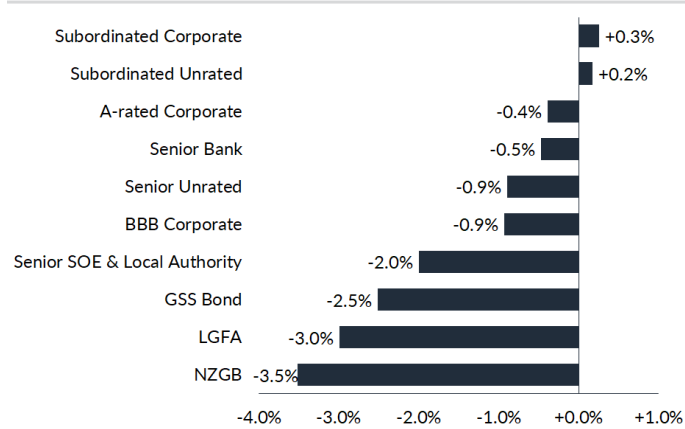
Where should bond duration portfolio be at present?

Your interest rate outlook will determine the positioning of your bond portfolio duration. The recent move higher for interest rates has been severe (the five year swap rate has more than doubled since the start of 2021) which has led investors to begin to question whether this is the start of a much more permanent move higher or just a 'blip' given the Central Banks commitment to prolonged monetary stimulus. While there is no right or wrong answer, our preference would be for bond portfolio duration to sit between 3–4 years. This may prove to be optimal against an interest rate move higher or lower, of which both scenarios are still possible.

Performance

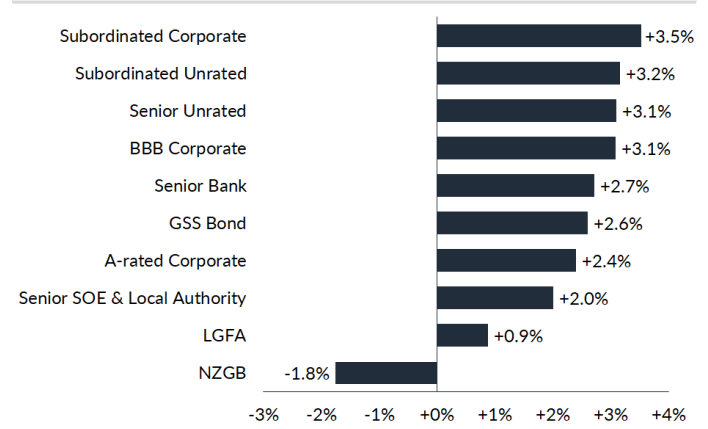
In Figures 4, 5 and 6 below we present the returns of select New Zealand bond sectors. The constituents of each sector are equally weighted and determined by us. The underlying total returns data is provided by Refinitiv Datastream.

Figure 4. One month total return



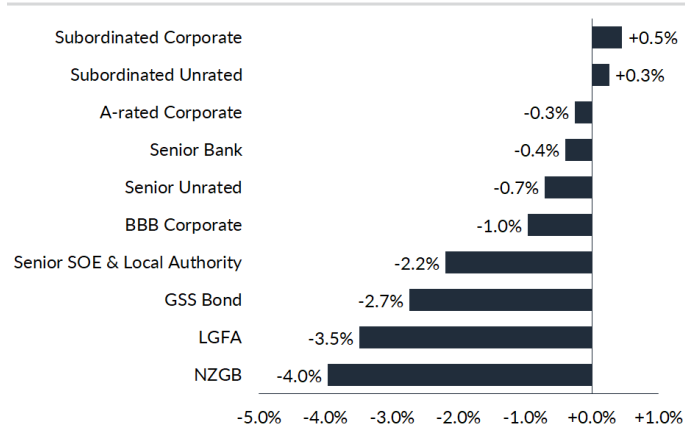
Source: Forsyth Barr analysis, Refinitiv. GSS= Green, Social and Sustainability bonds.

Figure 5. One year total return



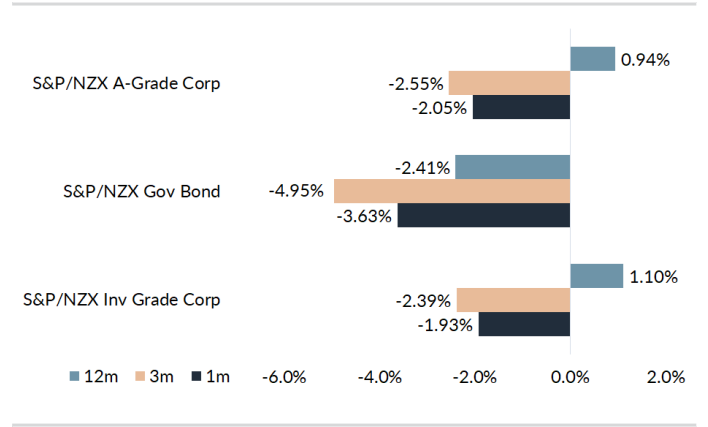
Source: Forsyth Barr analysis, Refinitiv. GSS= Green, Social and Sustainability bonds

Figure 6. Calendar year to date total return



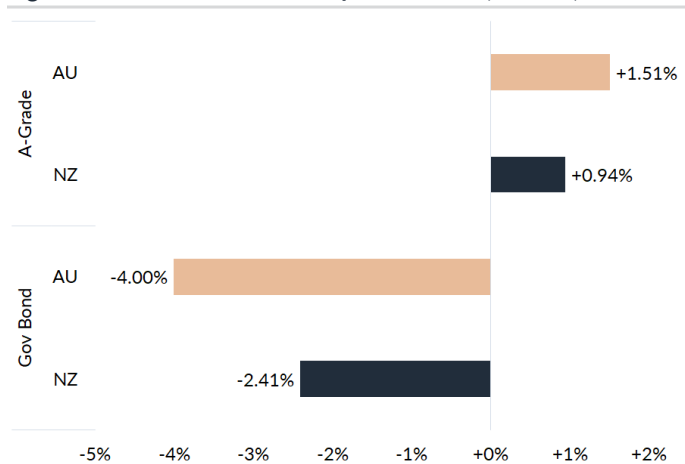
Source: Forsyth Barr analysis, Refinitiv. GSS= Green, Social and Sustainability bonds

Figure 7. NZ benchmark performance, 1m, 3m & 12m



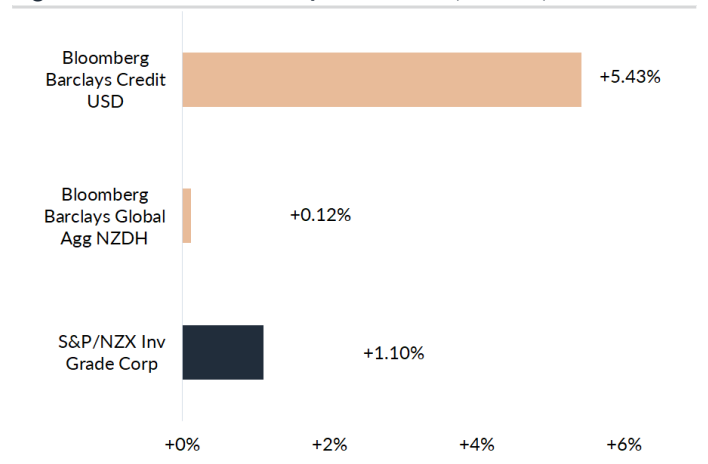
Source: Forsyth Barr analysis, Refinitiv

Figure 8. Aus vs NZ benchmark performance (12mths)



Source: Forsyth Barr analysis, Refinitiv

Figure 9. Global benchmark performance (12mths)



Source: Forsyth Barr analysis, Refinitiv, Bloomberg. NZDH= New Zealand dollar hedged.

Reset Securities/Capital Bonds/Capital Securities

Capital Bonds

Capital Bonds are fixed income securities that provide intermediate equity credits for their respective issuers. This means that the credit rating agencies only count 50% of the face value in their debt calculations. These securities are predominately used by companies that are unable to raise common equity.

Figure 10. Capital bonds

Issuer / Security	NZX Code	Closing Prices	Coupon	Freq	Next Reset	Yield to 1st reset	Reset Margin	Current Margin	Security Rating
Mercury NZ	MCY020	\$1.054	3.60%	Qtly	11/07/24	2.10%	2.35%	1.33%	BB+
NZ Post	NZP010	\$1.032	4.23%	Semi	15/11/24	3.67%	3.00%	2.82%	BB+
Genesis Energy	GNE040	\$1.041	5.70%	Qtly	09/06/22	2.30%	2.75%	1.94%	BB+
Insurance Aust. Group	IAGFB	\$1.048	5.15%	Qtly	15/06/22	2.08%	2.60%	1.72%	BBB
Vector Limited	VCT080	\$1.053	5.70%	Semi	15/06/22	2.45%	2.75%	2.09%	BB+
Genesis Energy	GNE050	\$1.057	4.65%	Qtly	16/07/23	2.45%	2.26%	1.89%	BB+

Source: Forsyth Barr analysis

Bank Capital Securities

The Bank Capital Sector has been one of change with numerous changes in capital definitions etc post the GFC. We now find ourselves back to where we were prior to the GFC with plain vanilla Bank Capital securities expected to be back on the menu from 1 July.

The ongoing Bank Capital redemption restrictions and impending new Bank Capital rules mean it is an uncertain time for the sector when investors are trying to establish a maturity date for the 'old' securities.

Figure 11. Bank Capital Securities

Issuer / Security	NZX Code	Closing Prices	Coupon	Freq	Next Reset	Yield to reset	Current Margin	Security Rating	Type
ANZ	ANBHB	\$1.004	3.79%	Qtly	25/05/22	3.86%	3.49%	BBB-	Tier 1
KiwiBank	KCFHA	\$1.001	3.99%	Qtly	27/05/22	3.63%	3.26%	BB-	Tier 1
ASB Sub Notes #2	ABB050	\$1.039	5.25%	Qtly	15/12/21	1.69%	n/a	BBB+	Tier 2
BNZ Sub Notes	BNZ090	\$1.012	2.73%	Qtly	17/12/25	2.60%	1.51%	BBB+	Tier 2
KiwiBank	KWB010	\$0.993	2.36%	Qtly	11/12/25	2.50%	1.42%	Baa3	Tier 2
Westpac	WBC010	\$1.015	4.70%	Qtly	01/09/21	1.66%	n/a	BBB+	Tier 2

Source: Forsyth Barr analysis

Reset Securities

The table below is predominately securities that were issued pre Global financial Crisis (GFC) and hence low reset margins and prices well below par are common. Liquidity is also an issue for many of the securities below.

Figure 12. Reset securities

Security	NZX Code	Closing Prices	Coupon	Next Reset	Running Yield*	Reset Margin	Current Margin	Security Rating	Comment
Fonterra	FCGHA^	\$0.990	2.47%	10/07/21	2.49%	2.20%	2.24%	BBB+	Illiquid - FCG own majority
Infratil	IFTHA	\$0.674	1.71%	15/11/21	2.54%	1.50%	2.70%	n/r	Very low reset margin
Infratil	IFTHC	\$0.995	2.75%	15/12/21	2.76%	2.50%	2.54%	n/r	Low reset margin - 0% floor
Motor Trade Finance	MTFHC	\$0.510	2.52%	30/09/21	4.94%	2.40%	5.71%	n/r	Illiquid - Small issue (\$38m)
Nufarm Finance	NFFHA	\$0.900	4.01%	16/04/21	4.45%	3.90%	4.54%	B	Can be volatile - good reset margin (390bp)
Quayside Holdings	QLLHA	\$1.020	2.46%	12/03/23	2.41%	1.70%	1.66%	n/r	Good credit but low reset margin (3 yearly)
Works Infra. Finance	WKSFA	\$1.039	4.32%	15/06/21	4.16%	4.05%	3.91%	n/r	Good value - 405bp annual reset margin

Source: Forsyth Barr analysis, ^reset over the 1yr NZGB, *running yield = current coupon / current price

Figure 13. NZDX Bonds - Bank Senior

Issuer	Code	Rating	Maturity	Coupon	Bid	Offer	Last	Price	Last Traded
ASB Bank	ABB040	AA-	26/05/2021	4.25%	No Bid	No Offer	0.41%	102.03	26/02/2021
ASB Bank	ABB060	AA-	24/02/2022	4.20%	No Bid	No Offer	0.44%	103.75	18/02/2021
ASB Bank	ABB070	AA-	7/09/2023	3.31%	No Bid	0.55%	0.74%	107.99	23/02/2021
ASB Bank	ABB080	AA-	19/08/2024	1.83%	No Bid	No Offer	0.60%	105.14	28/01/2021
ANZ Bank	ANB110	AA-	22/03/2021	4.00%	No Bid	No Offer	0.32%	101.98	22/02/2021
ANZ Bank	ANB120	AA-	2/09/2021	3.33%	No Bid	No Offer	0.48%	101.42	1/03/2021
ANZ Bank	ANB130	AA-	1/09/2023	3.71%	No Bid	No Offer	0.92%	106.88	25/02/2021
ANZ Bank	ANB140	AA-	1/09/2022	3.75%	No Bid	No Offer	0.46%	104.90	18/02/2021
ANZ Bank	ANB150	AA-	30/05/2023	3.70%	No Bid	No Offer	0.77%	107.46	2/03/2021
ANZ Bank	ANB160	AA-	20/03/2024	3.03%	No Bid	0.58%	0.94%	107.64	1/03/2021
BNZ Bank	BNZ110	AA-	15/06/2023	4.10%	No Bid	No Offer	0.82%	108.30	2/03/2021
BNZ Bank	BNZ120	AA-	27/07/2022	3.86%	No Bid	No Offer	0.45%	105.11	16/02/2021
BNZ Bank	BNZ130	AA-	16/11/2023	3.65%	No Bid	No Offer	1.05%	107.98	26/02/2021
BNZ Bank	BNZ140	AA-	29/01/2025	2.16%	No Bid	1.05%	1.51%	102.65	26/02/2021
Heartland Bank	HBL010	BBB	21/09/2022	4.50%	No Bid	No Offer	1.20%	107.08	2/03/2021
Heartland Bank	HBL020	BBB	12/04/2024	3.55%	No Bid	1.40%	1.44%	107.79	1/03/2021

Source: Forsyth Barr analysis, Refinitiv

Figure 14. NZDX Bonds - Local Authority

Issuer	Code	Rating	Maturity	Coupon	Bid	Offer	Last	Price	Last Traded
Auckland Council	AKC100	AA	27/07/2026	3.34%	No Bid	1.00%	1.31%	110.84	19/02/2021
Auckland Council	AKC110	AA	27/06/2023	3.17%	No Bid	No Offer	0.63%	106.38	9/02/2021
Chch City Holdings	CCH010	AA-	6/12/2022	3.40%	No Bid	0.66%	0.81%	105.32	23/02/2021
Chch City Holdings	CCH020	AA-	27/11/2024	3.58%	No Bid	No Offer	0.93%	110.61	11/02/2021
Local Govt Funding	LGF040	AAA	15/05/2021	6.00%	No Bid	No Offer	0.32%	102.93	18/02/2021
Local Govt Funding	LGF090	AA+	14/04/2022	2.75%	No Bid	No Offer	0.36%	103.71	18/02/2021
Local Govt Funding	LGF050	AAA	15/04/2023	5.50%	No Bid	No Offer	0.40%	112.83	11/02/2021
Local Govt Funding	LGF100	AAA	15/04/2024	2.25%	No Bid	No Offer	0.64%	105.82	18/02/2021
Local Govt Funding	LGF070	AAA	15/04/2025	2.75%	No Bid	No Offer	1.01%	108.05	1/03/2021
Local Govt Funding	LGF120	AAA	15/04/2026	1.50%	No Bid	No Offer	1.29%	101.63	1/03/2021
Local Govt Funding	LGF060	AAA	15/04/2027	4.50%	No Bid	No Offer	1.51%	119.13	2/03/2021
Local Govt Funding	LGF110	AAA	20/04/2029	1.50%	1.95%	1.90%	1.95%	97.19	2/03/2021
Local Govt Funding	LGF080	AAA	14/04/2033	3.50%	No Bid	No Offer	2.42%	112.63	2/03/2021

Source: Forsyth Barr analysis, Refinitiv

Figure 15. NZDX Bonds - Corporate Senior (Energy)

Issuer	Code	Rating	Maturity	Coupon	Bid	Offer	Last	Price	Last Traded
Contact Energy	CEN030	BBB	15/11/2021	4.40%	No Bid	No Offer	0.62%	102.85	26/02/2021
Contact Energy	CEN040	BBB	15/11/2022	4.63%	No Bid	0.91%	0.91%	106.48	24/02/2021
Contact Energy	CEN050	BBB	15/08/2024	3.55%	No Bid	1.23%	1.50%	107.05	2/03/2021
Genesis Energy	GNE030	BBB+	18/03/2022	4.14%	No Bid	No Offer	0.77%	105.38	26/02/2021
Mercury Energy	MCY030	BBB+	14/09/2027	1.56%	2.20%	No Offer	2.20%	96.86	2/03/2021
Meridian Energy	MEL030	BBB+	14/03/2023	4.53%	No Bid	0.98%	0.93%	109.34	24/02/2021
Meridian Energy	MEL040	BBB+	20/03/2024	4.88%	No Bid	1.25%	1.33%	112.78	2/03/2021
Meridian Energy	MEL050	BBB+	27/06/2025	4.21%	1.75%	1.60%	1.55%	111.84	2/03/2021
Trustpower	TPW140	n/r	15/12/2021	5.63%	No Bid	No Offer	1.29%	104.60	2/03/2021
Trustpower	TPW150	n/r	15/12/2022	4.01%	No Bid	1.61%	1.75%	104.82	25/02/2021
Trustpower	TPW170	n/r	22/02/2024	3.97%	2.50%	2.35%	2.35%	104.75	2/03/2021
Trustpower	TPW180	n/r	29/07/2026	3.35%	2.55%	2.20%	2.45%	104.86	2/03/2021
Transpower	TRP030	AA	30/06/2022	4.30%	No Bid	No Offer	0.54%	105.71	2/03/2021
Transpower	TRP040	AA	16/09/2022	4.07%	No Bid	No Offer	0.50%	107.29	25/01/2021
Transpower	TRP050	AA	6/03/2025	3.82%	No Bid	No Offer	1.31%	109.75	1/03/2021
Transpower	TRP060	AA	14/03/2024	2.73%	1.00%	No Offer	0.79%	107.03	5/02/2021
Transpower	TRP070	AA	4/09/2025	1.74%	1.45%	1.40%	1.40%	101.46	2/03/2021
Vector	VCT090	BBB	27/05/2025	3.45%	1.75%	1.55%	1.55%	108.68	2/03/2021

Source: Forsyth Barr analysis, Refinitiv

Figure 16. NZDX Bonds - Corporate Senior (Property)

Issuer	Code	Rating	Maturity	Coupon	Bid	Offer	Last	Price	Last Traded
Argosy Property	ARG010	n/r	27/03/2026	4.00%	No Bid	2.45%	2.46%	108.08	2/03/2021
Argosy Property	ARG020	n/r	29/10/2026	2.90%	2.90%	2.67%	2.67%	101.48	2/03/2021
Argosy Property	ARG030	n/r	27/10/2027	2.20%	2.85%	2.80%	2.80%	96.59	2/03/2021
Goodman Property	GMB030	BBB+	23/06/2022	5.00%	No Bid	1.12%	1.20%	105.88	1/03/2021
Goodman Property	GMB040	BBB+	31/05/2024	4.54%	1.70%	No Offer	1.70%	110.09	2/03/2021
Goodman Property	GMB050	BBB+	1/09/2023	4.00%	1.35%	No Offer	1.50%	106.12	26/02/2021
Investore Property	IPL010	n/r	18/04/2024	4.40%	No Bid	2.03%	2.09%	107.52	2/03/2021
Investore Property	IPL020	n/r	31/08/2027	2.40%	2.85%	2.65%	2.85%	97.37	2/03/2021
Kiwi Property Group	KPG010	BBB+	20/08/2021	6.15%	No Bid	No Offer	1.29%	102.46	2/03/2021
Kiwi Property Group	KPG020	BBB+	7/09/2023	4.00%	1.80%	No Offer	1.54%	105.99	26/02/2021
Kiwi Property Group	KPG030	BBB+	19/12/2024	4.33%	No Bid	No Offer	1.98%	109.44	2/03/2021
Kiwi Property Group	KPG040	BBB+	12/11/2025	4.06%	2.35%	No Offer	2.15%	109.73	1/03/2021
Precinct Property	PCT010	n/r	17/12/2021	5.54%	No Bid	No Offer	1.51%	104.31	26/02/2021
Precinct Property	PCT020	n/r	27/11/2024	4.42%	No Bid	No Offer	2.15%	109.27	1/03/2021
Property for Industry	PFI010	n/r	28/11/2024	4.59%	2.10%	No Offer	1.91%	109.70	2/03/2021
Property for Industry	PFI020	n/r	1/10/2025	4.25%	No Bid	No Offer	2.16%	109.82	2/03/2021

Source: Forsyth Barr analysis, Refinitiv

Figure 17. NZDX Bonds - Corporate Senior (other - unrated)

Issuer	Code	Rating	Maturity	Coupon	Bid	Offer	Last	Price	Last Traded
SKY Network TV	SKT020	n/r	31/03/2021	6.25%	No Bid	5.25%	5.61%	101.11	26/02/2021
Ryman Healthcare	RYM010	n/r	18/12/2026	2.55%	2.65%	2.55%	2.65%	100.00	2/03/2021
Arvida Group	ARV010	n/r	22/02/2028	2.87%	2.90%	2.87%	2.87%	100.08	2/03/2021
Summerset	SUM010	n/r	11/07/2023	4.78%	1.90%	1.60%	1.80%	107.54	1/03/2021
Summerset	SUM020	n/r	24/09/2025	4.20%	2.45%	2.30%	2.31%	108.97	2/03/2021
Summerset	SUM030	n/r	21/09/2027	2.30%	2.85%	2.70%	2.80%	97.48	2/03/2021
Oceania Healthcare	OCA010	n/r	19/10/2027	2.30%	2.90%	2.60%	2.67%	98.07	2/03/2021
Metlifecare	MET010	n/r	30/09/2026	3.00%	2.80%	2.70%	2.60%	102.58	25/02/2021
Z Energy	ZEL040	n/r	1/11/2021	4.01%	1.60%	No Offer	1.60%	101.93	2/03/2021
Z Energy	ZEL050	n/r	1/11/2023	4.32%	2.00%	1.85%	2.03%	106.29	26/02/2021
Z Energy	ZEL060	n/r	3/09/2024	4.00%	2.30%	2.00%	2.20%	106.05	2/03/2021

Source: Forsyth Barr analysis, Refinitiv

Figure 18. NZDX Bonds - Corporate Senior (other - rated)

Issuer	Code	Rating	Maturity	Coupon	Bid	Offer	Last	Price	Last Traded
Auckland Int'l Airport	AIA130	A-	28/05/2021	5.52%	No Bid	No Offer	0.66%	102.60	2/03/2021
Auckland Int'l Airport	AIA200	A-	9/11/2022	4.28%	No Bid	1.00%	1.07%	106.70	2/03/2021
Auckland Int'l Airport	AIA210	A-	2/11/2023	3.97%	No Bid	No Offer	1.42%	107.97	26/02/2021
Auckland Int'l Airport	AIA220	A-	17/04/2023	3.64%	No Bid	No Offer	1.25%	106.37	2/03/2021
Auckland Int'l Airport	AIA230	A-	10/10/2024	3.51%	1.60%	No Offer	1.50%	108.42	2/03/2021
Air New Zealand	AIR020	n/r	28/10/2022	4.25%	2.80%	2.65%	2.80%	103.80	2/03/2021
Chch Int'l Airport	CHC010	BBB+	24/05/2024	4.13%	No Bid	1.65%	1.66%	108.86	2/03/2021
Chorus	CNU010	BBB	6/05/2021	4.12%	No Bid	No Offer	0.69%	100.91	2/03/2021
Chorus	CNU020	BBB	6/12/2028	4.35%	No Bid	1.80%	1.85%	106.68	2/03/2021
Chorus	CNU030	BBB	2/12/2027	1.98%	2.50%	1.98%	2.50%	96.79	2/03/2021
Chorus	CNU040	BBB	2/12/2030	2.51%	2.85%	2.52%	2.51%	100.00	26/02/2021
Fonterra	FCG030	A-	20/10/2021	4.33%	No Bid	No Offer	0.65%	103.91	2/03/2021
Fonterra	FCG040	A-	7/03/2023	4.42%	1.05%	No Offer	1.05%	106.64	26/02/2021
Fonterra	FCG050	A-	14/11/2025	4.15%	1.38%	1.15%	1.38%	113.81	2/03/2021
Spark Finance	SPF560	A-	10/03/2023	4.51%	No Bid	No Offer	0.83%	107.29	2/03/2021
Spark Finance	SPF570	A-	7/09/2026	3.94%	1.60%	0.90%	1.60%	112.28	2/03/2021
Spark Finance	SPF580	A-	25/03/2022	3.37%	No Bid	No Offer	0.94%	107.15	24/02/2021
Wgtn Int'l Airport	WIA020	n/r	15/05/2021	6.25%	No Bid	1.17%	1.17%	102.86	22/02/2021
Wgtn Int'l Airport	WIA030	n/r	12/05/2023	4.25%	1.90%	No Offer	1.90%	106.34	2/03/2021
Wgtn Int'l Airport	WIA040	n/r	5/08/2024	4.00%	2.10%	No Offer	2.03%	106.77	26/02/2021
Wgtn Int'l Airport	WIA050	BBB	16/06/2025	5.00%	2.20%	No Offer	2.20%	112.45	1/03/2021
Wgtn Int'l Airport	WIA060	n/r	1/04/2030	4.00%	2.60%	2.40%	2.60%	107.07	2/03/2021
Wgtn Int'l Airport	WIA070	n/r	14/08/2026	2.50%	2.70%	2.51%	2.51%	100.07	2/03/2021

Source: Forsyth Barr analysis, Refinitiv

Figure 19. NZDX Bonds - Corporate Subordinated

Issuer	Code	Rating	Maturity	Coupon	Bid	Offer	Last	Price	Last Traded
NZX Ltd	NZX010	n/r	20/06/2023	5.40%	3.40%	2.70%	2.70%	107.05	24/02/2021
Refining NZ	NZR010	n/r	1/03/2024	5.10%	5.70%	No Offer	5.85%	98.01	2/03/2021
Infratil	IFT220	n/r	15/06/2021	4.90%	3.50%	2.80%	3.49%	101.47	2/03/2021
Infratil	IFT190	n/r	15/06/2022	6.85%	No Bid	No Offer	3.00%	106.32	2/03/2021
Infratil	IFT240	n/r	15/12/2022	5.65%	3.15%	3.00%	3.20%	105.46	2/03/2021
Infratil	IFT230	n/r	15/06/2024	5.50%	2.95%	No Offer	2.95%	109.17	2/03/2021
Infratil	IFT260	n/r	15/12/2024	4.75%	No Bid	3.20%	3.20%	106.54	2/03/2021
Infratil	IFT250	n/r	15/06/2025	6.15%	No Bid	No Offer	3.54%	111.67	26/02/2021
Infratil	IFT300	n/r	15/03/2026	3.35%	No Bid	3.35%	3.35%	100.73	2/03/2021
Infratil	IFT280	n/r	15/12/2026	3.35%	3.45%	3.35%	3.35%	100.73	2/03/2021
Infratil	IFT270	n/r	15/12/2028	4.85%	No Bid	3.92%	4.15%	102.87	26/02/2021
Infratil	IFTHC	n/r	15/12/2029	2.75%	0.995	1.006	0.995	99.50	2/03/2021
Fletcher Building	FBI150	n/r	15/03/2021	4.75%	No Bid	No Offer	4.00%	101.79	20/01/2021
Fletcher Building	FBI160	n/r	15/03/2022	5.00%	No Bid	3.00%	3.00%	104.36	2/03/2021
Fletcher Building	FBI170	n/r	15/03/2023	5.00%	3.07%	3.05%	3.07%	106.12	2/03/2021
Fletcher Building	FBI180	n/r	15/03/2024	4.90%	2.69%	No Offer	2.69%	108.68	1/03/2021
Fletcher Building	FBI190	n/r	15/03/2025	3.90%	No Bid	3.20%	3.20%	104.46	2/03/2021
WEL Networks	WEL010	n/r	2/08/2023	4.90%	2.35%	2.20%	2.25%	106.63	2/03/2021
Synlait	SML010	n/r	17/12/2024	3.83%	3.40%	3.20%	3.39%	102.38	2/03/2021

Source: Forsyth Barr analysis, Refinitiv

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