



Financial Advisers & Sharebrokers
Northland Money Management



Did you know?

An analysis of the latest IMF world Economic Outlook report shows which countries are expected to grow strongly next year, and there are a few surprises.

According to the IMF the fastest growing economy in 2010 will be Qatar with an amazing 18.5% forecast GDP growth. Tiny Qatar is oil and gas rich and has the second-highest GDP per capita (apparently the first is Lichtenstein). Another surprise to make the top 10 is war-torn Afghanistan, which is expected to grow at a rate of 8.5% in 2010. That growth rivals China (9.0%), the only G20 country to make it into the top 10 according to the IMF forecasts.

Top 10 countries by real GDP (2010 IMF forecasts)

Qatar	18.5%
Turkmenistan	15.3%
Democratic Republic of Congo	12.2%
Angola	12.2%
Angola	9.3%
China	9.0%
Afghanistan	8.6%
Timor Leste	7.9%
Republic of Yemen	7.3%
Ethiopia	7.0%

While these growth rates are impressive, most are not attractive investment destinations (yet) as ongoing social and political issues and poor market regulation do not make for good capital markets. However, what is really interesting are the regional growth breakdowns for next year. This shows that growth is expected to be strongest in 'Developing Asia' (7.3%), while 'Advanced Economies', which include the likes of the US (1.5%), Western Europe (0.3%), Australia (2.0%) and New Zealand (2.2%), is expected to experience average growth of just 1.3% in 2010. Looking even further out, the 2014 forecast for Developing Asia is for an average of 8.5% GDP growth. This suggests that it will be the smaller, more dynamic economies of the world that will be leading us out of the global recession.

AXA ASIA PACIFIC HOLDINGS LIMITED

Axa Asia Pacific Holdings Limited received a proposal from AMP Limited (AMP) and AXA SA, AXA APH's largest shareholder. Under the proposal, AMP would acquire all of the shares in AXA APH, including those held by AXA SA, and the Asian operations of AXA APH would be sold to AXA SA. The part AMP share and part cash offer implied an offer price of A\$5.34 per AXA APH share.

Under a complex proposal, the offer consisted of the following consideration for each AXA APH share:

- 0.6896 AMP shares and
- \$A1.3796 in cash, subject to a minimum value of A\$1.2071

THIS PROPOSAL HAS BEEN MADE AGAINST A BACKDROP OF RECENT WEAKNESS IN GLOBAL FINANCIAL MARKETS. **AXA ASIA PACIFIC HOLDINGS HAS REJECTED THE OFFER.**

THE NEW ZEALAND REFINING COMPANY

The Directors have declared a Taxable Bonus Issue of 78.5 cents per share pro rata to all shareholders with imputation credits attached of 34.6 cents per share. The bonus share issue price will be \$4.71 per share which will result in a one for six bonus issue to all shareholders on the share register on the Record Date of 23 November 2009.

This decision has been made in view of the announcement of Shell of its intention to sell its NZ operation including the 17.14% investment in The New Zealand Refining Company. NZR currently has imputation tax credits from previous tax years, that can only be utilised and passed on to shareholders if there is continuity of ownership of 66% or greater, from the time the taxes which gave rise to the imputation credits were paid. If another existing large shareholder decided to sell out of NZR, it may be difficult for these tax credits to be utilised.

CONSUMER'S MYSTERY SHOPPER

There has been much said in the news media about how so many of the financial plans 'failed the test' according to the 'panel of experts'. There are always two sides to every story! One of the advisers who's plan was 'rejected' has explained that the 'mystery shopper' was seeking pre-retirement advice rather than investment advice. He was changing his job (he didn't know what his new income was going to be), selling his house (didn't know what his house would sell for) and moving to another town (didn't know how much a new house would cost).

The adviser, after discussion, gave him a basic plan, a copy of her free e-book, and offered to do a more detailed plan once he knew more about his new situation.

There is new legislation being formulated at present that will provide for a 'licensing environment' of any person who provides investment or financial advice. From what I have read so far, I don't believe **Northland Money Management advisers** will have any problems being licensed under the new regime. I believe that we already meet the 'formal educational requirements'.

AUCKLAND INTERNATIONAL AIRPORT BOND

This **new issue** closes early next week. The bonds are \$1.00 each , minimum application amount is \$10,000 and multiples of \$1000 thereafter. Here are the main points of the issue:

Interest Rate	7.00%
Interest Payment Dates	27 May and 27 November
First Interest Payment	27 May 2010
Maturity Date	27 November 2014
Credit Rating	Standard & Poors A-

Please let us know if you are interested, as we still have a small allocation available.

STOCK WATCHLIST

The current company reporting season is almost over. I am not sure if we now have more certainty of direction or not. The markets continue to be volatile and very sensitive to news. We are currently watching:

NEW ZEALAND

Freightways Limited

The business comprises courier services nationally - NZ Couriers, Poste Haste, Castle Parcels, NZ Document Exchange plus other express package, business, mail and information management services both in New Zealand and Australia. The economic downturn has not had any noticeable effect upon either the data or document storage lines, but it has certainly affected the volumes of courier delivery from some customers.

Current price \$3.10 Estimated Earnings per share growth 2008-2010 – 10% Forecast 2010 – 2012 16%

Infratil Limited

It will be interesting to watch what happens to their proposal along with the NZ Superannuation Fund, for the purchase of Shell's interests in New Zealand, including the NZ Refining Company.

Henderson Far East Income Limited

This is listed in both New Zealand and the UK. Investment allocation as at 31 October 2009:

China	22.6%
Hong Kong	17.5%
Singapore	14.0%
Australia	11.0%
Taiwan	9.9%
Thailand	9.0%
Korea	4.5%
Indonesia	2.5%
Other	2.0%
Cash	2.0%

Asian consumption could be more resilient than that in the west.

Approximately 80% of the portfolio is exposed to domestic sectors with three key themes: Financials, industrials and telecommunications.

Current price \$6.55

UK £2.93

Dividends are paid in sterling, the yield is approximately 4.5%.

AUSTRALIA

Graincorp Limited

Graincorp have just completed the purchase of United Malt Holdings Ltd. This makes them the world's fourth largest commercial malt producer. They will now derive about half their earnings from malting barley and milling wheat for flour. While the recent hot weather has increased risks to the harvest in Victoria, the prospect is still for a harvest across Victoria, NSW and Queensland ahead of the pcg.

Current price \$A6.51

WINDOW OF OPPORTUNITY

Below are the rates currently displayed in our window

Term	Rate	Company
Call	3.25%	UDC
90 Days	4.75%	Marac
6 Months	5.75%	Marac
Maturing 11.10.2010	8.00%	South Canterbury
Maturing 11.10.2010	7.00%	Equitable
2 Years	8.00%	Equitable
Special	9.50%	Quayside Holdings Limited

**** Remember that the current Government Guarantee Scheme expires 12.10.2010 ****

ADMINISTRATION MATTERS- Yes it does!

Where a company is listed on more than one exchange, it is possible to buy in one currency and when the exchange rate is favourable, move the security to another currency

Just a reminder that we will be closing for the Christmas Holidays at 3:00pm on Wednesday 23 December and reopening on Monday 11 January 2010.

Our normal business hours are 8:00am until 4:30pm.

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Disclosure Statement available