

BRAMWELL BROWN LTD

INVESTMENT ADVISERS – SHAREBROKERS

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Bramwell Brown Limited – Newsletter – September 2021

Newsletter

The most recent Covid 19 lockdown has highlighted the importance of being able to communicate, and conduct business electronically. For Bramwell Brown Limited being restricted to home makes very little difference to our workflow. All of our systems are online, and the majority of our procedures are conducted electronically. However, we still have a number of clients receiving our newsletter by post. I would encourage anyone who still receives the newsletter this way to consider instead receiving it by email. If we need to contact you quickly, or if we have fast-moving investment offers, this is by far the most efficient way to reach you. Eventually we will phase out the hard-copy newsletter altogether. If you are receiving this newsletter by post, and you would like to swap to receiving it electronically, please contact us at admin@bramwellbrown.co.nz

Oceania Healthcare Bond

Oceania Healthcare Limited today (August 30th) announced it is offering up to \$75 million (with the ability to accept oversubscriptions of up to \$25 million at Oceania's discretion) of seven year, secured, fixed rate bonds to New Zealand institutional and retail investors. The offer opens today and will be made pursuant to the Financial Markets Conduct Act 2013, as an offer of debt securities of the same class as existing quoted debt securities. The interest rate for the Bonds will be set on the rate set date as being equal to the swap rate plus the issue margin, subject to a minimum interest rate of 3.20% per annum. Oceania may elect to redeem all of the bonds on any interest payment date after the third anniversary of the issue date.

- Maturity date – September 13th 2028
- Minimum interest rate – 3.20%
- Quarterly interest payments – September, December, March and June
- Bids due by Friday September 3rd

**PLEASE CONTACT THE OFFICE AS SOON AS POSSIBLE IF THIS OFFER IS OF
INTEREST TO YOU**

Price versus Value

For a number of years now I have been speaking at Jeanette Hall's Certificate in Money Management course, on the fundamentals of investing. It's always interesting being questioned by people who are new to the share market. One point I always make is not to confuse price with value. Far too often I hear people say they couldn't possibly buy Ryman or Mainfreight or CSL, because they are too "expensive." There's no question their share prices are high relative to other companies, however that doesn't mean they aren't better value than a lower priced share. Many things determine a share's price – future prospects, earnings, dividends, and the number of shares on issue.

For example, Company A has a share price of \$2.00. It has net earnings of ten cents per share. Company B has a share price of \$100. It has net earnings of \$10 per share. Based on earnings alone, which company would you rather buy? In my presentation I use the example of Berkshire Hathaway, the US investment company founded by Warren Buffett. In September 1991, one Berkshire Hathaway share was worth \$8,550. Most people's instant reaction would be that is far too "expensive." However today a share in Berkshire Hathaway is valued at \$429,900.

We see the same attitude in reverse when investors seek out shares priced at one or two cents. The theory is that they only have to go up by one or two cents to double their money. I point out that they only have to go down by one or two cents to lose all of their money. Occasionally you might get lucky with a penny-dreadful, however shares trading at such low prices are generally doing so for a reason – and it's rarely a good reason.

Tilt Renewables

Investors in Tilt Renewables should have received payment for their shares (\$8.035) following the takeover by Powering Australian Renewables (PowAR) and Mercury NZ Limited. PowAR will take over Tilt's Australian assets and Mercury will now own Tilt's New Zealand operations. It's a shame to see such a good company delisted from the New Zealand exchange, however you can still gain exposure to the assets through owning Mercury or AGL Energy.

Portfolio Administration

Are you having trouble with the share registries sending your financial information via email rather than post? Are you spending hours searching for financial information for your accountant at the end of each financial year? If so Bramwell Brown can help. We offer a portfolio administration service where we handle all the mail associated with your portfolio and liaise with your accountant at the end of each year. Call the office if you would like to discuss this service.