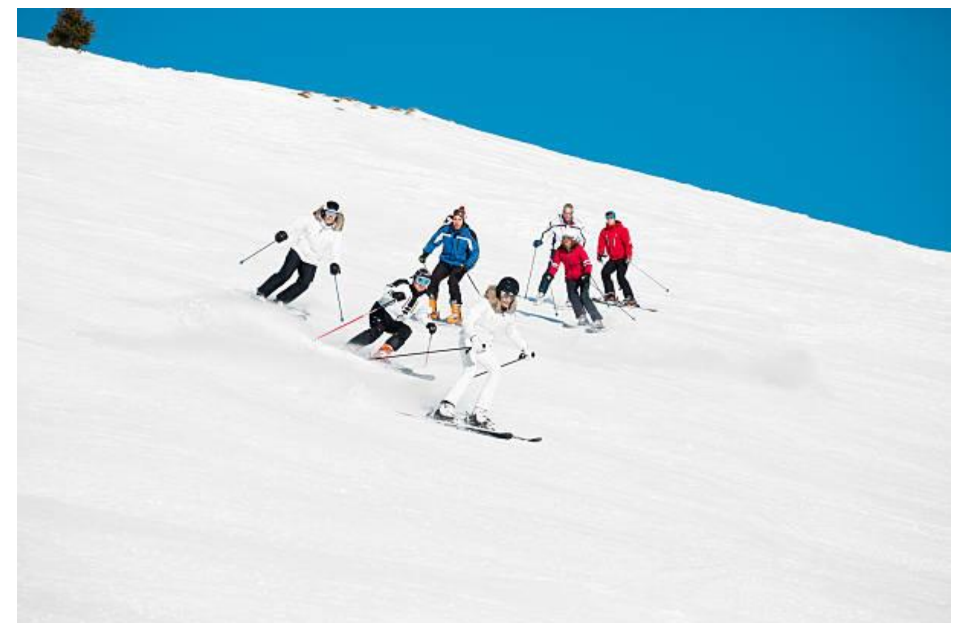
Bradley Nuttall Nelson Winter Update

April - June 2022



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Bradley Nuttall Nelson

A refreshed web site can be found at

www.bnlnelson.co.nz

Investment Market Review

While the sudden reversal of fortunes in the first quarter of 2022 may have come as a shock, this trend only worsened in the second quarter of the year.

Many of the same themes that emerged in the first quarter have continued to weigh on investment markets in the second quarter.

Both global bonds and equities fell heavily in the June quarter continuing to be buffeted by the headwinds of rising inflation, unwinding of pandemic era monetary stimulus packages, supply chain constraints and concerns about Russia's invasion of the Ukraine.

Inflation Pressure

One of the elements that will have a bearing on the shape and speed of the recovery will be what happens with inflation.

The current surge in global inflation can be traced all the way back to the start of the Covid-19 pandemic, when a large imbalance between the supply and demand for goods emerged.

The global economy contracted sharply in the first half of 2020 as lockdowns were imposed, but what followed was a highly unusual recession as households were largely shielded from economic pain. Many were able to continue to work from home on full pay, while others had their balance sheets protected by various government payments and employment subsidies such that, in aggregate, net savings rose sharply.

With consumers relatively flush with cash and most parts of the global economy still closed, notably the services sector, this pent-up demand was directed into the goods sector and, in New Zealand's case, the housing market.

While the supply of goods can often struggle to keep pace with demand shocks even in normal economic times, the strains on production were amplified by Covid lockdowns and the simultaneous disruption to global supply chains. Shortages of goods caused supplier delivery times to lengthen, and the deteriorating imbalance between supply and demand flowed through to consumers in the form of higher prices.

More recently, the spill-over from the tragic events in Ukraine has only exacerbated these underlying inflation trends as commodity prices have soared, lifting inflation even further.

However, inflation has begun to show some tentative signs of softening, even if the official (backward looking) figures still look strong. Global shipping rates spiked during the pandemic due to supply chain constraints, and the higher freight costs were typically passed on to consumers. However, the Freightos Baltic Index (FBX) Global Container Index suggests these are now well off their highs, having fallen to around US$6,500 per container, compared with around US$11,000 per container in late 2021. It is a tangible sign that some of the recent freight congestion is finally starting to ease.

Similarly, higher oil prices have been hurting consumers at the petrol pump with the international oil price rising from around US$50 per barrel in February 2020 to around US$120 per barrel by early June 2022. However, in the last few weeks the oil price has moved steadily downwards to hover around the US$100 per barrel level. Price declines have also been seen in some other key industrial commodities such as copper, which is used in building construction and electronic product manufacturing. After more than doubling in price from March 2020 to the end of February 2022, the copper price has eased over 20% since.

All of these more recent price trends help reinforce the idea that inflation, whilst continuing to be problematic now, may begin to ease over the remainder of 2022.

Economic Growth

As central banks have been steadily revising their inflation expectations upwards, these have been accompanied by downward revisions in projections for global GDP growth.

The recent World Bank Global Economic Prospects Report highlighted this only too clearly. In January, it forecast global growth for 2022 of 4.1%, but barely six months later, in its June update, this was cut sharply to 2.9%, a nearly one-third reduction from its earlier estimate. Economic activity has so far been relatively robust as consumers have shown an ability to absorb higher prices, in part due to running down the savings they accumulated during the initial phase of the pandemic. The subsequent tight labour market and pick-up in wage growth has also helped. While these factors should remain supportive for a time, some cracks have begun to emerge on the demand side of the global economy.

With inflation outstripping wage growth in most countries, a squeeze on real incomes has started to erode consumer confidence. Some measures of consumer confidence in the US and UK have fallen to levels not seen since the global financial crisis, while confidence is declining in Europe. It's the same in New Zealand with the 'cost of living crisis' now widely recognised as the number one issue facing households.

All of this suggests that consumers may soon be less willing (or able) to tolerate higher prices in the future, and there is even a risk of outright declines in demand. In the case of recent oil, copper and other commodity price declines, this adjustment may already be underway.

Meanwhile, now that central banks are finally getting on with the job of raising interest rates and global bond markets price in additional rate hikes, there are also signs that tighter financial conditions are starting to have an impact.

In the US, 30-year mortgage rates have climbed to 5.7% in mid-June, the highest level since 2008, and this has coincided with a deterioration in US housing market.

The New Zealand housing market is also showing clear signs of having cooled from the FOMO (fear of missing out) days of late 2021/early 2022. The Reserve Bank of New Zealand was amongst the first of the global central banks to begin raising interest rates late last year, and with floating mortgage rates now nudging 5.5%, we are seeing more regular commentary suggesting a slowdown in house sales. In some regions, house prices appear to be already easing.

All of this makes for a very difficult environment for policymakers. Faced with widespread pricing pressures, central banks have determined that tackling inflation is their highest priority, and higher interest rates are the primary tool at their disposal to achieve it. Therefore, as long as inflation remains a concern, central banks will likely continue raising interest rates while maintaining cautionary forward guidance, in an effort to cool activity.

Bear Markets

In general, when investors are feeling happy and confident, they are often more comfortable allocating to higher risk investments. However, when they are lacking in confidence, they are less inclined to take higher risks. Market commentators have a specific phrase for this general investor attitude, they refer to it as 'investor sentiment', either positive or negative.

Recently, investor sentiment has been more consistently negative. And it is with this backdrop that global share markets have been struggling over recent months.

On 14 June, the main New Zealand share market (the S&P/NZX 50 Total Return Index) slipped into official 'bear market' territory. A bear market is generally defined as a decline of at least -20% from the prior market peak, which in New Zealand's case was on 4 October 2021. At time of writing, the S&P/NZX 50 had since rallied a little, reducing the size of this decline, but nevertheless it reflects a very tough period for local share market investors.

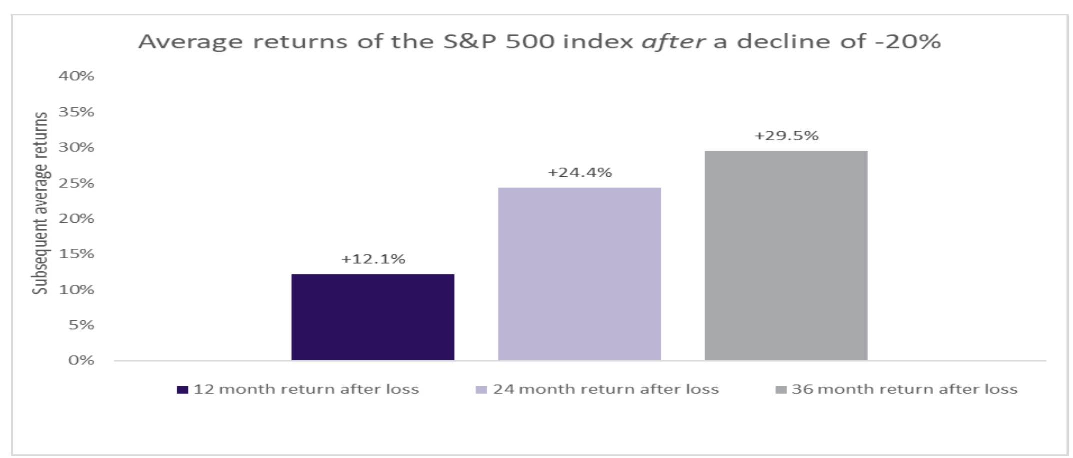
This is not an issue unique to New Zealand. The globally significant US share market has had it even worse. The headline S&P 500 Index similarly fell into bear market territory on 13 June, while experiencing its worst first half of the year since 1970. The other high profile US index, the Nasdaq 100 which includes all the large technology companies, ended June over -30% below its peak of 27 December 2021.

These returns are reflective of markets that are facing a range of uncertainties and they are therefore pricing in a high degree of caution or pessimism. But that doesn't mean that the returns outlook for the months ahead is necessarily poor.

When we review historical data (back to 1940) using the leading US share market index as our reference (the S&P 500 index), the chart below summarises the average one, two and three year performance of the S&P 500 *after* all previous bear market declines of -20%.

As the chart clearly shows, the average return *after* a decline of -20% is positive in all analysed time periods, and strongly positive over the subsequent two and three year periods.

As challenging as things may seem now, this is a timely reminder that markets are always much more focused on where the economy is going, and not where it has been. After all, share markets are a leading indicator for the economy.



Note, the calculated returns figures (for declines and recoveries) are all based on month end pricing data.

Bond Markets

Bond markets have also experienced a poor start to the year, with interest rates in many countries having increased and with further rate rises projected. It is a unique aspect of bond pricing that when interest rates rise, two things happen –

1. The *prices* of existing bonds go down (which happens immediately)
2. The *expected future returns* of those existing bonds go up (with these higher returns being delivered over time)

In this regard, falling bond prices are felt immediately in portfolio valuations, while the higher expected future returns are only received in the months that follow. One small comfort from this is that with current bond yields now much higher than they have been for several years, the expected future returns from bonds are looking increasingly attractive.

Where to from here?

For now, uncertainties are elevated and these uncertainties have been fully priced into markets. While this has been a big factor in the poor share market returns year to date, it doesn't tell us anything about the returns we should expect for the remainder of this year.

Markets are relentlessly forward-looking. They don't only adjust the information that is known today, they also calibrate all the fears, hopes and expectations of every market participant. Whilst investor sentiment has been very negative, and this has weighed heavily on market prices, we know that sentiment and markets can turn very quickly. Just as the prospect of better economic times ahead can be a catalyst that can help move markets higher, and it can happen well before the benefits are readily observable in the economy around us.

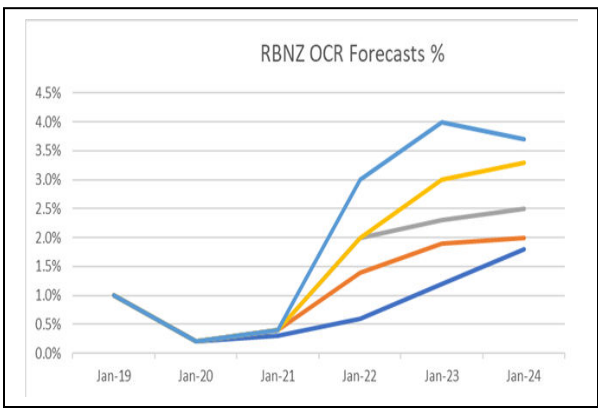
Given the current low market starting point, if sentiment was to begin to improve in the coming weeks and months around any one or more of the current uncertainties (inflation, central bank policy, economic growth, Covid or the Ukraine conflict), then share markets at these lower prices might suddenly look a lot more appealing.

Interestingly, in the last two weeks of the June quarter, financial markets turned positive regaining some of their lost ground.

The below chart shows the Reserve Bank's Official Cash Rate forecasts taken from its recent Monetary Policy Statements

The implied return for cash adopting the May-22 pathway is around 3.6% in 2024 rather than 4.0% previously indicated.

Are we likely to see a change to market fortunes for the next few months, time will tell?



Key Market movements For the Quarter

Shares and bonds across the board were under pressure in the second quarter of 2022, as markets priced in further increases in interest rates as well as an increased risk of recession. Amongst equities returns, which were generally poor, the MSCI World Value index significantly outperformed its Growth counterpart.
Inflation rates in major economies continued to persist approaching double digit figures, with many central banks raising interest rates or signalling their intention to raise interest rates to curb inflationary pressures. Talk about the prospects of a recession in the US and elsewhere grew louder during the quarter, with many predicting a technical recession (defined as two consecutive quarters of negative growth) later in 2022.
In the latter part of June, we saw a significant and abrupt about face, with market returns for both shares and fixed interest investment returns being positive with the NZX 50, ASX200 and S & P 500 returning 3.4%, 2.5% and 3.8% respectively. Fixed interest investments, direct bonds and bond funds, followed suit improving between 1.0% and 2.0% over the same period, depending on their weighted average maturity dates.

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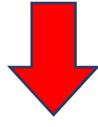
<td>

-10.2%</td>
<td>**New Zealand Shares**
The New Zealand market endured a difficult quarter with the S&P/NZX 50 Index returning -10.2%. Whilst at the individual company level there was 'red ink' almost across the board for the quarter, it was the industrials and health care sectors that contributed the largest drag on the index's performance.

The worst affected firms in the industrials sector, Air New Zealand and Freightways were down -27.9% and -25.9% respectively, as the prospect of weaker economic growth weighed heavily on their prices. Fletcher Building fell -21.0% as sentiment around the domestic building and construction sector continued to cool.

With only six firms in the top 50 delivering a positive return in the quarter, it was software firm Pushpay that enjoyed the strongest performance, gaining 11.4%. This followed news that two existing shareholders (BGH Capital and Sixth Street) were intending to make a takeover bid for the firm. The Warehouse and Spark returning 6.0% and 4.6%. Source: S&P/NZX 50 Index (gross with imputation credits)</td>
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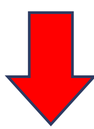
<td>

-9.8%</td>
<td>**Australian Shares**
The Australian share market (ASX 200 Total Return Index) had a similarly tough time sliding -11.9% over the quarter in local currency terms. Returns to unhedged New Zealand investors were slightly better at -9.8%, due to an appreciation in the value of the Australian dollar over the quarter.

Once again, the dispersion in sectoral returns was a feature of the market, with the utilities and energy sectors standing apart from the rest by delivering small gains. At the other end of the spectrum, the information technology sector suffered a very poor quarter as growth company valuations came under increasing pressure due to the expectation of faster rate hikes. The real estate and materials sectors were also very weak.

With only a little over one in ten companies in the ASX 200 delivering positive returns during the quarter, infrastructure firm Atlas Arteria (+23.1%) and small energy company Viva Energy Group (+23.0%) were the clear standouts.

At the other end of the standings, there were 21 companies within the ASX 200 that delivered returns of -35% or worse for the quarter. This list was littered with small capitalisation firms in the technology and basic materials sectors, as valuation concerns and general negative sentiment during the quarter impacted these companies the most. *Source: S&P/ASX 200 Index (total return)*</td>
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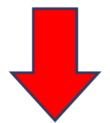
<td>

-15.1% (hedged to NZD)

-6.9% (unhedged)</td>
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International Shares

In the US, investor focus was on inflation and the policy response from the US Federal Reserve. The bank enacted initial rate hikes during the quarter and signalled that there would be more to come. Even so, they admitted the task of bringing inflation down without triggering a recession would be a challenging balancing act.

While weak sentiment affected all sectors, consumer staples and utilities companies were comparatively resilient. However, there were some dramatic declines for some companies, most notably in the media, entertainment and auto sectors.

Further steep declines were common for eurozone shares, as the war in Ukraine continued and concerns mounted over likely gas and energy shortages, with supplies to Germany a particular being a point of concern. Higher inflation also dented consumer confidence, with the European Central Bank (ECB) poised to raise interest rates in July.

UK equities also fell over the quarter, with economically sensitive areas of the market performing poorly towards the end of the period amidst rising recessionary risks.

In New Zealand dollar terms, the MSCI World ex-Australia Index delivered a quarterly return of -15.1% on a hedged basis and -6.9% unhedged. Rolling 12 month return for the New Zealand dollar hedged index reduced to -12.2% while the unhedged index is down -4.2%.

During the initial months of the pandemic international share markets saw "growth" stock prices soar. This quarter has been the latest in a series of reversals of this trend and the most decisive victory of value investing over growth in a number of years with value shares outperforming growth by 17.1% in the first half of 2022. *Source: MSCI World ex-Australia Index (net div.)*

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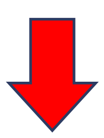
<td>

-1.6%</td>
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Emerging Markets

In a quarter where global share markets generally slumped, it was somewhat against the usual trend to see the relative outperformance of the emerging markets region (as a whole). When investors are wary of exposure to higher risk assets, emerging markets are often harder hit. But not in this quarter.

That said, plenty of emerging market share markets did post declines. The South Korea share market struggled, with financials, technology and energy stocks hit particularly hard amid growing fears of a global recession. Taiwan was also significantly lower, on fears that rising inflation and global supply chain problems would weaken demand for its technology products. The Latin American markets of Colombia, Peru and Brazil were amongst the weakest in the MSCI Emerging Markets Index. A combination of rising concerns about a global recession, domestic policy uncertainty and weaker industrial metals prices later in the quarter, all contributed to the declines.

The emerging European markets of Poland and Hungary both underperformed by a wide margin, as geopolitical risks stemming from Russia's invasion of neighbouring Ukraine persisted.
The shining light for the region was China which managed to deliver a solid positive return for the quarter. With lockdown measures in certain Chinese cities being eased, this prompted a recovery in economic activity.

As the largest constituent in the emerging markets region, China's positive result was a major driver to the mild loss for this asset class in the quarter, with the MSCI Emerging Markets Index producing a quarterly return of -1.6% in unhedged New Zealand dollar terms. *Source: MSCI Emerging Markets Index (gross div.)*

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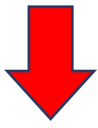
<td>
-12.4%</td>
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New Zealand Property

New Zealand listed property trusts have faced the headwinds of rising inflation and the Reserve Bank responding by raising short term interest rates. These two forces combined with concerns about letting commercial space in the future, have caused this asset class to deliver negative returns in the June quarter, and indeed in the first half of 2022.

With the Reserve Bank of New Zealand (RBNZ) doubling the OCR from 1% to 2% in the quarter under review, and the long bond rate grinding higher, the property sector sold off materially.

Six months of easing share prices, now sees the listed property company share prices trading at discount between 20% to 25% to their Net Trading Assets, "NTA". In practical terms the value of the building owned, based on current market valuations are 20% to 25% higher than their current share prices. Less than 12 months ago investors were paying a 15% premium on shares relative to the NTA.

The June quarter saw a rotation in the ranking respective performances with Investore and KiwiProperty providing the least negative returns, -6.1% and -8.2%, while Goodman and Vital Healthcare recorded -14.6% and -16.5% for the quarter. *Source: S&P/NZX All Real Estate Index.*

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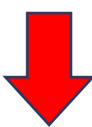
<td>
-4.5%</td>
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International fixed interest

Global bonds saw their prices continue to decline during the quarter, with yields markedly higher due to elevated inflation data, increasingly 'hawkish' central bank statements and rising interest rates. There was a small bond rally (price gains) towards the end of the quarter as economic growth concerns began to rise.

With inflation data in major economies at multi-decade highs, the quarter was characterised by various central banks raising interest rates and others signalling their intention to do so. The quarter also saw mounting concerns over future economic growth prospects, including the possibility of a recession later this year.

In the US, the Federal Reserve implemented a series of interest rate hikes, raising the US policy rate by 0.50% in May and a further 0.75% in June, their largest single rate hike since 1994. At the same time, Federal officials cut their 2022 growth forecasts. In response, the US 10-year bond yield rose from 2.35% to 3.02% over the quarter.

European bond yields were volatile as the European central bank indicated it would end asset purchases early in the third quarter and raise interest rates soon after. With this backdrop, the German 10-year bond yield increased from 0.55% to 1.37% over the quarter.

In the UK, the Bank of England implemented further interest rate hikes, bringing the total to five in the current cycle, as well as raising its inflation forecast to a staggering 11%. This helped push the UK 10-year bond yield up from 1.61% to 2.24%.

Corporate bonds also suffered in the broad bond market sell off and generally underperformed government bonds as credit spreads widened markedly. With mounting concerns over the economic outlook, high yield credit securities (i.e lower credit quality) were hit particularly hard. The FTSE World Government Bond Index 1-5 Years (hedged to NZD) returned -1.0% for the quarter, while the broader Bloomberg Global Aggregate Bond Index (hedged to NZD) returned -4.5%. Portfolio's have been weighted to holding a higher weighting to Bloomberg Global Aggregative style bond funds.

During the quarter we cashed up around third of monies invested in bond funds, reinvesting these monies in short dated New Zealand bonds and term deposits to short the average duration of monies held in these asset classes.

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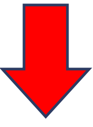 -1.4%	**New Zealand fixed interest** The Reserve Bank of New Zealand (RBNZ) elected to increase the Official Cash Rate (OCR) by a further 0.50% on 14 April and again by another 0.50% on 26 May, taking this benchmark rate from 1.00% to 2.00% by the end of the quarter. In its accompanying statement, the RBNZ noted that "the level of global economic activity is generating rising inflation pressures that are being exacerbated by ongoing supply disruptions driven by both Covid-19 persistence and the Russian invasion of Ukraine. The latter continues to cause very high prices for food and energy commodities." The Monetary Policy Committee also reconfirmed it planned to continue to lift the OCR "at pace" to a level that will confidently bring consumer price inflation to within its 1-3% target range. In effect, this confirms the expectations of the RBNZ are for interest rates to continue to rise, for the time being at least. Given this outlook, the New Zealand 10 year government bond yield climbed from 3.25% at the end of the first quarter to 3.87% at the end of June. The New Zealand 2 year government bond yield followed an entirely similar pattern, beginning the quarter at 2.92% and ending the June quarter at 3.51%, a yield increase of 0.59%. Similar to the effects seen overseas, these rising bond yields generally resulted in negative short term returns for bonds of all durations. The S&P/NZX A-Grade Corporate Bond Index fell -1.4% for the quarter, while the longer duration but higher quality S&P/NZX NZ Government Bond Index fell -3.2%.

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Asset Class Returns To 31 March2022

Asset Class	Index Name	3 mths	1 year	3 years	5 years	10 years
New Zealand shares	S&P/NZX 50 Index, (gross with imputation credits)	-10.2%	-13.5%	+1.9%	+8.3%	+13.5%
New Zealand property	S&P /NZX All Real Estate Index (Gross)	-12.4%	-13.6%	-1.6%	+6.4%	+9.0%
Australian shares	S&P/ASX 200 Index (total return)	-9.8%	-3.7%	+5.3%	+8.0%	+.7%
International shares	MSCI World ex Australia Index (net div., hedged to NZD)	-15.1%	-12.2%	+6.8%	+7.7%	+11.6%
	MSCI World ex Australia Index (net div.)	-6.9%	-4.2%	+9.7%	+11.2%	+12.4%
Emerging markets shares	MSCI Emerging Markets Index (gross div.)	-1.6%	-16.1%	+3.4%	+5.9%	+6.0%
International property	S&P Global REIT Index (Gross div.)	-7.9%	+0.9%	+3.9%	+7.4%	+8.9%
New Zealand fixed interest	S&P/NZX A-Grade Corporate Bond Index	-1.4%	-6.8%	-0.9%	+1.7%	+3.4%
International fixed interest	FTSE World Government Bond Index 1-5 Years (hedged to NZD) / Bloomberg Global Aggregate Bond Index (Hedged to NZD)	-1.0%/ -4.5%	-3.5%/ -8.9%	+0.0%/ -1.2%	+1.1%/ 1.1%	+2.5%/ 2.5%

Unless otherwise specified, all returns are expressed in NZD. We assume Australian shares and emerging market shares are invested on an unhedged basis, and therefore returns from these asset classes are susceptible to movement in the value of the NZD. Index returns are before all costs and tax. Returns are annualised for time periods greater than one year.

We've all heard about "scammers" and unfortunately some of our clients continue to be, too trusting

While there have been numerous articles / news reports about scammers and the tactics that they use, they are still conning people into providing access through their computers to their bank accounts or having them pay fictious bills.

While we wrote an article on scammers and the tactics that they employ in our Spring Newsletter 2019, clients continue to tell us they too, have become victims of scammers.

Below we have listed a number of common scams.

Text Scams

COVID -19

Scammers may try to use the coronavirus (COVID-19) pandemic to scam you or steal sensitive information.

Coronavirus-related text scams may include a text message with a link that claims to direct you to coronavirus testing facilities.

IRD Tax Rebate

This scam sees a fraudster pose as someone from the IRD and claim you have a tax refund to collect.

Phishing texts (Fishing)

Bank phisting txts have more recently been reported again with a fake website link, used to steal customers' credit card details and online banking credentials

Westpac: Your online banking has been deactivated due to a numerous failed login attempts, to reactivate please click here: https://westpac.co-nz.biz

Family Members

A relatively new scam employs txts, posing to be a family member, requiring immediate cash until their credit card or funds become available. These messages are personalised using children's names and circumstances to provide authenticity to the scam. We are aware of two recent situations where clients were almost juked out of $5,000 and $10,000 respectively

When you receive txts, we won't say if, wanting you to click on a website link and download malicious software, please don't. They may well also ask you to disclose your personal or banking information. Again please don't.

You may also like to report the txt to your communications provider, example scamhelp@spark.co.nz and they will work to block it or to the police by logging onto Netsafe.org.nz

Where txts purport to be from family members seeking short term loans, cash advances, before doing anything please contact them directly and **speak to them** to verify whether the txts are true and legitimate.

One Ring Calls

We've all been annoyed by these calls. Scammers are making bulk calls from overseas using a premium service and hang up after only one or two rings.

They do this hoping you'll call back. Scammers are relying on the user's curiosity to call them back, attempting to try and keep you on the line as long as possible. You'll be charged premium rates and the scammer will collect the money.

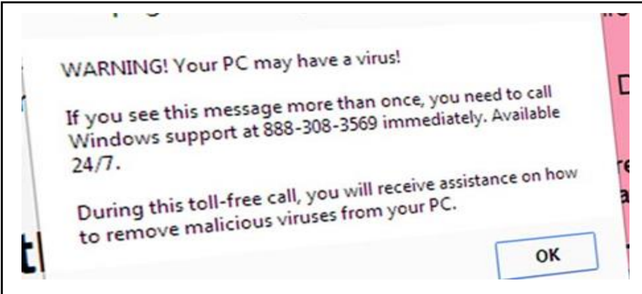
If it's not a number you're expecting a call from, don't reply.

Tech Support Scams

In addition to calling by phone, scammers use a "pop up" screen via computer pretending to offer help to people with a slow or infected computer, or another problem with a computer or internet connection. These scammers will often attempt to get 'remote access' to your device.

Dear Client

We have received your password request. To confirm click here or copy this link to your browser"



What can they do with remote access?

If you give scammers remote access to your device they may:

- Make you believe that your device is infected or needs cleaning to speed it up – and may try to sell you software or a support contract
- Try to charge you for free security software – you can use our guide to selecting anti-virus and anti-spyware security software
- Record your banking login, credit card information or personal details for identity fraud or theft.
- Install rogue software like Trojans or keyloggers to record your computer use and gain your login

What to do if you've given remote access

If for some reason you gave the scammers remote access to your device, there are four steps you should take.

1. Turn off your computer and disconnect your device from the internet immediately. You can do this by powering the device off and turning off your WiFi router at the power point. This will stop the scammers from having remote access to your device.

2. Change all your passwords using a different device so the scammers can't use your account. This includes passwords for your banking, social networking, email and trading accounts like TradeMe as well as other accounts. Learn how to choose a strong password here.

3. Run a full security scan to see if there is any new malware. If the scammers had access to your device, they may have installed malware on it. Malware is a piece of software that can be put on to a device to damage, harm or gain unauthorised access to a computer system. If you think there may be malware on your device, talk to an IT specialist who can confirm if there is and get rid of it for you. You can use a free online virus-scanner to look for threats on your computers.

   - For PC: ESET online scanner or Kaspersky Virus Removal Tool. After this scan run Malwarebytes Anti-Malware free edition
   - For Mac: Bitdefender Antivirus for MAC or ESET Cyber Security for Mac or AVG Antivirus for Mac

4. Notify your bank. If you use online banking, contact your bank to advise them that you've been targeted by the scam. Keep an eye on your accounts and check statements for rogue purchases.

5. If you're still concerned that something may have been loaded onto your device, then disconnect the device from the internet and do not log back on until you have had your hard drive re-formated and your operating system re-installed.

This requires some specialist technical skill and you may need to seek the advice of a computer hardware specialist – remember to backup any essential files before doing this.

You should always be wary if you are unexpectedly contacted about a technical /security problem that you haven't contacted a provider about.

The other things you can do is:

- Say no thanks and hang up
- Don't engage in lengthy conversations. The longer you converse with them, the more likely they have to 'trick' you into believing that they are credible.
- If you're unsure whether it is a scammer or a legitimate organisation, hang up and call the organisation yourself.
- Get their details and say you will need to talk with your Financial Adviser first. This should work better than simply hanging up.

Please ring us if you suspect that you may be being scammed, before doing anything. We are very happy to receive your call, just to talk it through.

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