



Annual Report to Members

For the 12 months ended 30 June 2022

A message from the Chairperson

In last year's annual report, my second in the 'time of Covid', I wondered how many more would be dominated by the pandemic? While Covid is still with us, this report is really about the economic aftermath of the pandemic.

The paradox is that during the pandemic, investment returns remained remarkably healthy. In large part, this was due to huge fiscal (government spending) and monetary (low interest rates and printing money) stimulus. Mix this stimulus with supply shortages created by Covid restrictions, and energy and grain shortages generated by Russia's invasion of Ukraine, and you have a recipe for the rampant inflation we are all experiencing. In response, Central Banks around the world have turned full circle and are now raising interest rates at record speeds. This has led to sharp losses in investment markets for both bonds and shares. A 10-year period of strong returns has come to a somewhat abrupt end.

While we can expect higher interest rates to generate improved future cash and bond returns, there was nowhere to hide over the last 12 months. The Cash Fund returned 0.6% for the year (after all fees and costs) (last year +0.07%), the Conservative Fund -6.4% (last year +5.0%), the Balanced Fund -8.6% (last year +14.9%), and the Growth Fund -9.4% (last year +20.7%).

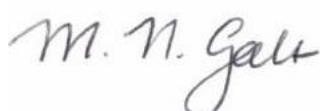
These returns would have been even lower were it not for the fee subsidy and our efforts to keep administration costs down at 0.15% p.a. (down from 0.18% last year). We are pleased to advise that we have negotiated lower investment management fees from 1 July 2022, but note the fee subsidy will run out in the next 12 months (unless we can find a replacement source).

Here are some facts and figures you might not know about the Beneficiary Fund for this year:

- There are 488 members in the Fund, with total assets of nearly \$48 million (compared with 500 members and assets of \$55 million this time last year).
- We received just over \$1 million in contributions in the year from members, the Church (and kindred employers) and the government (the same as last year).
- The Fund lost over \$4 million from its investments (after earning over \$6 million last year).
- 12 new members joined the Fund (8 new members last year), although this is not sufficient to maintain our membership numbers (with 24 members leaving the Fund, all but 1 of whom were non-contributing/retired ministers or spouses).
- We paid out over \$3.5 million in benefits to members during the year, through a mix of regular payments and one-off lump sum withdrawals (just over \$4 million last year).

Of course, running a Fund like ours takes a lot of work from many people. I would like to take this opportunity to thank my fellow directors, all our advisers and service providers, and the Fund's Secretariat for the continued, very considerable work that has allowed us to successfully complete another year. A special thank you to Ian Russon, who after several years' service as a trustee, director, and licensed independent trustee, resigned from his role shortly after the year end.

Finally, thank you to you, our members, for your support of the Fund.



Margaret Galt
October 2022



Statutory information

SECTION ONE:

Details of Fund

Name of the Fund: The Fund is called the Presbyterian Church of Aotearoa New Zealand Beneficiary Fund (**Fund**).

Type of Fund: The Fund is registered under the Financial Markets Conduct Act 2013 (**FMCA**) as a restricted workplace savings scheme.

Trustee and Manger: Presbyterian Beneficiary Fund Trustee Limited (**PBFTL or Trustee**) is the trustee and manager of the Fund. The Fund does not have its own independent supervisor, as the Financial Markets Authority (**FMA**) supervises all restricted workplace savings schemes.

Fund status: As at 30 June 2022 (**Balance Date**) the Fund had a product disclosure statement (**PDS**) dated 29 September 2020 and continues to be open for applications.

Fund Updates: A fund update for each of the four investment options for the year ended 30 June 2022 was made available on 30 September 2022.

Financial Statements and auditor's report: The latest financial statements for the Fund and the auditor's report on those financial statements, were lodged with the Registrar of Financial Service Providers on 26 October 2022 and are available electronically by visiting <https://disclose-register.companiesoffice.govt.nz>, selecting 'Search schemes' and entering the Fund name.

The auditor's report on those financial statements, dated 20 October 2022, did not refer to any fundamental uncertainty, nor was it qualified or modified in any respect.



SECTION TWO:

Information on Contributions and Members

Membership

Changes to membership for the year to 30 June 2022 are shown below.

	Contributing members	Non-Contributing members	Total
Membership at 1 July 2021	194	306	500
Plus			
New members *	12	0	12
Switch			
Ceased Contributing	(11)	11	0
Retired (>65)	(12)	12	0
Recommenced Contributing	5	(5)	0
Less			
Withdrawals	(1)	(21)	(22)
Deaths	0	(2)	(2)
Membership at 1 July 2022	187	301	488

* There were no transfers from other schemes.

Members' Accumulations

Members' accumulations at the start and end of the year ending 30 June 2022 were as follows:

Members' accumulations	1 July 2021	30 June 2022
Total account balances	\$54,644,004	\$47,859,169
New Benefits section	\$50,296,961	\$43,507,218
Number of members with accounts	455	459
Complying Fund section	\$4,358,043	\$4,387,951
Number of members with accounts	144	162

Contributions

During the year ended 30 June 2022, contributions were received from and on behalf of 187 members as show below:

Contributions	
Members	\$564,722
Parishes and Kindred Employers	\$402,491
Government	\$32,823
Total	\$1,000,036

No voluntary additional contributions were received by the Fund during the year ended 30 June 2022 because such contributions are not permitted.

SECTION THREE:

Changes relating to the Fund

Trust Deed

There have been no changes to the Trust Deed in the year ended 30 June 2022.

Statement of Investment Policies and Objectives (SIPO)

The SIPO was updated on 20 December 2021. The main updates were to:

- Align the market indices with those used by Mercer.

Related party transactions

No related party transactions were entered into during the year that were not on arm's-length terms.

SECTION FOUR:

Other information for particular types of managed funds

Contributions

Subject to the exception outlined below, all the contributions required to be made to the Fund in accordance with the terms of the Trust Deed have been made.

As noted in the previous year's Annual Report, the Trustee is working with the Church to identify any ministers who commence or return to active ministry so that we can ensure those ministers are contributing to the Fund as required. As at 30 June 2022, we have identified three ministers who have not started contributing to the Fund. The Trustee continues to work with the Church to ensure that the Trustee is promptly notified when a minister returns to active Ministry.

Permitted withdrawals

During the year ended 30 June 2022, there were 24 full withdrawals and 68 partial withdrawals permitted under the FMCA and Trust Deed. Each (full withdrawal or death benefit) was paid as a lump sum.

Complying Section

As at 30 June 2022, the market value of the assets of the Fund subject to the Complying Fund rules was \$4,387,951 for 162 members. There were 2 withdrawals made in the year to 30 June 2022 for Death and First Home provisions. These payments totalled \$49,733 and were subject to the Complying Fund rules.



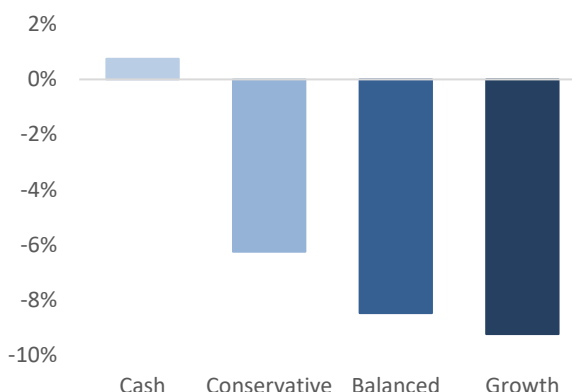
Investment Returns

The investment returns for each investment option provided by the Fund are shown after all investment fees have been deducted (but before administration costs).

Contributions to the Fund are used to purchase what are known as 'units' in your chosen investment option(s). The number of units that your money purchases depends on the unit price at the time of purchase. For example, if \$200 is contributed and the unit price is \$1.00 at that time, then 200 units would be purchased. Unit prices are calculated daily and fluctuate according to the investment performance of each investment option. The value of your investment at any time is simply the number of units you own multiplied by the current price.

Your latest member annual statement shows how many units you have, their price and your savings balance.

Fund Returns (%)
for the year to 30 June 2022



Unit Prices	Cash	Conservative	Balanced	Growth
1 July 2021	1.5697	1.1637	1.3597	1.3595
30 June 2022	1.5806	1.0878	1.2404	1.2298



Trustee's statements

The Trustee confirms that:

- all the benefits required to be paid from the Fund in accordance with the terms of the Trust Deed have been paid; and
- the market value of the property of the Fund as at 30 June 2022 exceeded the total value of the benefits that would have been payable had all members of the Fund ceased to be members at that date and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at 30 June 2022.

SECTION FIVE:

Changes to persons involved in the Fund

Trustee and Manager

Presbyterian Beneficiary Fund Trustee Limited (PBFTL) is the Trustee and Manager of the Fund. The directors of PBFTL for the year to 30 June 2022 (and any changes) were:

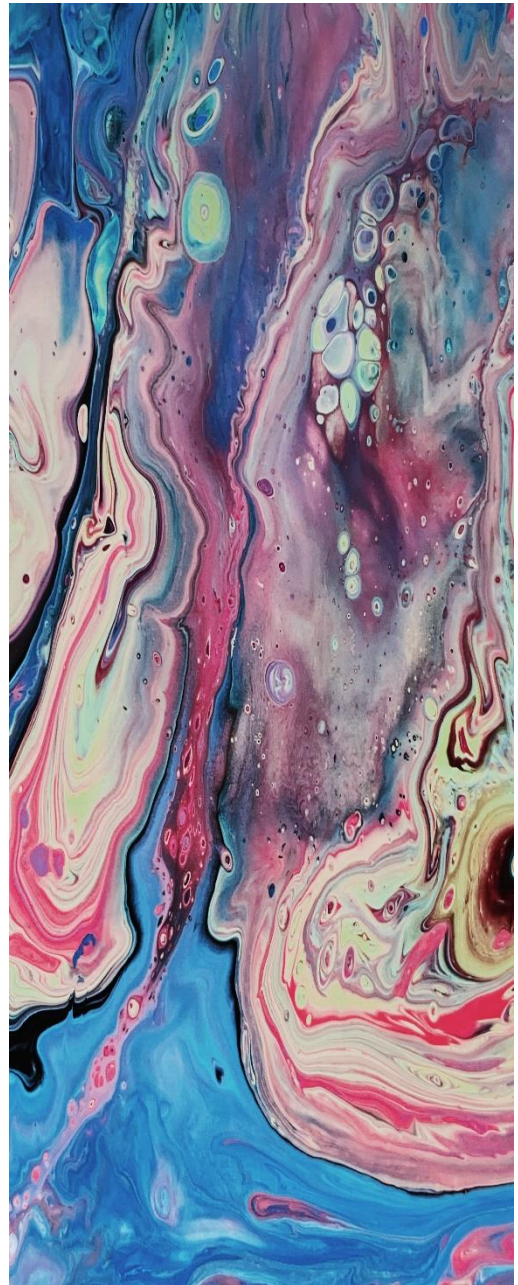
- Margaret Galt (Chair)
- Warren Potter (Licensed Independent Trustee)
- Ian Russon
- Russell Garrett
- Roger Gyles
- Alan Jamieson
- Rose Luxford

Service Providers

There were no changes to the service providers to the Fund in the year to 30 June 2022.

The service providers are:

- **Administration Manager** – Melville Jessup Weaver Limited
- **Auditor** – Ernst & Young
- **Implemented Consultant** – Mercer (N.Z.) Limited. The Fund invests in Mercer Socially Responsible Investment Funds, which are managed by Mercer.
- **Solicitor** – DLA Piper



SECTION SIX:

How to find further information

The following information is available electronically (and free of charge) on the Disclose Register at www.companiesoffice.govt.nz/disclose:

- copies of the trust deed, the Fund's latest audited financial statements, the SIPO and the annual report (select *search schemes* and enter the Fund name); and
- copies of the PDS, the annual fund updates and other material information relating to the Fund (select *search offers* and enter the Fund name).

You can obtain a copy of any of those documents (or an estimate of your benefits) from the Trustee free of charge by writing to the Administration Manager at the following address:

Presbyterian Church Beneficiary Fund
Melville Jessup Weaver
Level 7, 20 Balance Street
P O Box 1096, Wellington 6140

Or by emailing presbyterian@mjlw.co.nz

Information about the Fund is also available on the Fund's website:

www.presbyterian.org.nz/for-parishes/church-property-trustees/the-beneficiary-fund



SECTION SEVEN:

Contact details and complaints

Enquiries about the Fund should be directed in the first instance to the Administration Manager:

Administration Manager
Melville Jessup Weaver
Level 7, 20 Balance Street
P O Box 1096, Wellington 6140

Phone 0800 266 787

Email presbyterian@mjlw.co.nz

The Administration Manager also acts as the Securities Registrar for the Fund and can be contacted (in that capacity) at the above address.

Enquiries to the Trustee (and all other correspondence from members direct to the Trustee) should be addressed to:

The Executive Officer
Presbyterian Beneficiary Fund Trustee Limited
P O Box 9049, Wellington 6141

Phone [04] 389 8296

Email trustees@presbyterian.org.nz

Any complaints about your investment can be made to the Trustee using the above contact details. If the Trustee is not able to resolve the matter, you can appeal to the General Assembly.

The Trustee is a member of Financial Services Complaints Limited (**FSCL**), a dispute resolution scheme approved under the Financial Service Providers (Registration and Dispute Resolution) Act 2008.

You can also refer your complaint to:

Financial Services Complaints Ltd
Level 4
101 Lambton Quay
Wellington 6011
P O Box 5967, Wellington 6140.

Phone 0800 347 257
Email info@fscl.org.nz

Neither the Trustee nor FSCL will charge a fee to any complainant to investigate or resolve a complaint.