Presbyterian
Beneficiary Fund

JULY
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NEWSLETTER



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Chair's Message

Welcome to the winter edition of our Beneficiary Fund newsletter!

I hope you are staying warm wherever you are. This newsletter brings a little warmth, with good news about investment returns, lower fees (for some options), and an upcoming financial confidence programme.

Investment markets bounced back strongly from losses in March of this year. Despite uncertainty caused by the war in the Middle East and the adverse impact of higher oil prices, investors were more persuaded by solid corporate earnings and the investment in AI. Beneficiary Fund returns over the 12 months to 30 June 2026 (after fees and expenses) look very healthy. The Growth Fund returned 14.4%, the Balanced Fund 11.5%, the Moderate Fund 8.4%, the Conservative Fund 5.7%, and the Cash Fund 2.7%. Pages 2 and 3 look at investment markets and returns in more detail.

We have been hard at work, along with the Assembly Office, to ensure that contributing members are receiving the contributions they are entitled to. Please see what you can do to help on page 4.

I am delighted to let you know that we are working with Mercer, the Fund's investment manager, to provide you access to financial education and advice (thanks to more support from the Presbyterian Benevolent Fund). We hope to introduce this programme later in the year.

Finally, I am pleased to advise that we negotiated a small reduction in investment management fees for the Moderate, Balanced and Growth options. Our budget for the coming year also includes lower operating costs. Every little bit counts and the Board remains focused on both returns and costs.

Thanks once again for your support.

Yours in Christ

M. N. Galt

Margaret Galt



Investment Market update



Investment markets bounced back in the June quarter after experiencing losses in the first quarter of the year. Despite uncertainty around inflation, interest rates and geopolitical tensions, share markets generally produced positive returns, while bond markets delivered more modest gains.

Global assets

Global share markets generally performed well over the June quarter, demonstrating resilience in the face of ongoing geopolitical tensions, particularly in the Middle East, and concerns about inflation. Strong corporate earnings, especially from technology and artificial intelligence (AI)-related companies, helped support investor confidence. While periods of market volatility occurred as oil prices surged before easing later in the quarter, investors largely looked through the short-term uncertainty and focused on longer-term earnings growth. Global shares rose by around 15% in the quarter.

Global bond markets experienced a more subdued quarter than share markets, returning a modest 1% over the period. Bond prices were influenced by uncertainty over the outlook for interest rates, as many central banks continued to balance persistent inflation against slowing economic growth.

Global property and infrastructure returns for the quarter were also positive, but lagged global share returns over the period. While short-term market conditions remained influenced by interest rate expectations and geopolitical events, these sectors continued to benefit from resilient underlying demand and their ability to generate relatively stable cash flows over the long term.

New Zealand assets

New Zealand shares delivered a solid positive return during the quarter, surprising some people and rising around 5% over the period. Although economic growth remained relatively subdued, resilient company earnings and some prospect of better outcomes provided support for the local share market. Several of the market's larger companies contributed positively to returns, while investors gained confidence that the domestic economy was moving towards a more stable footing.

New Zealand bond markets generated positive returns over the quarter as government bond yields declined modestly. The Reserve Bank of New Zealand maintained the Official Cash Rate during the quarter, helping provide greater certainty for fixed income investors. As bond yields fell, bond prices rose, resulting in a return of 3% from New Zealand government bonds.

Outlook

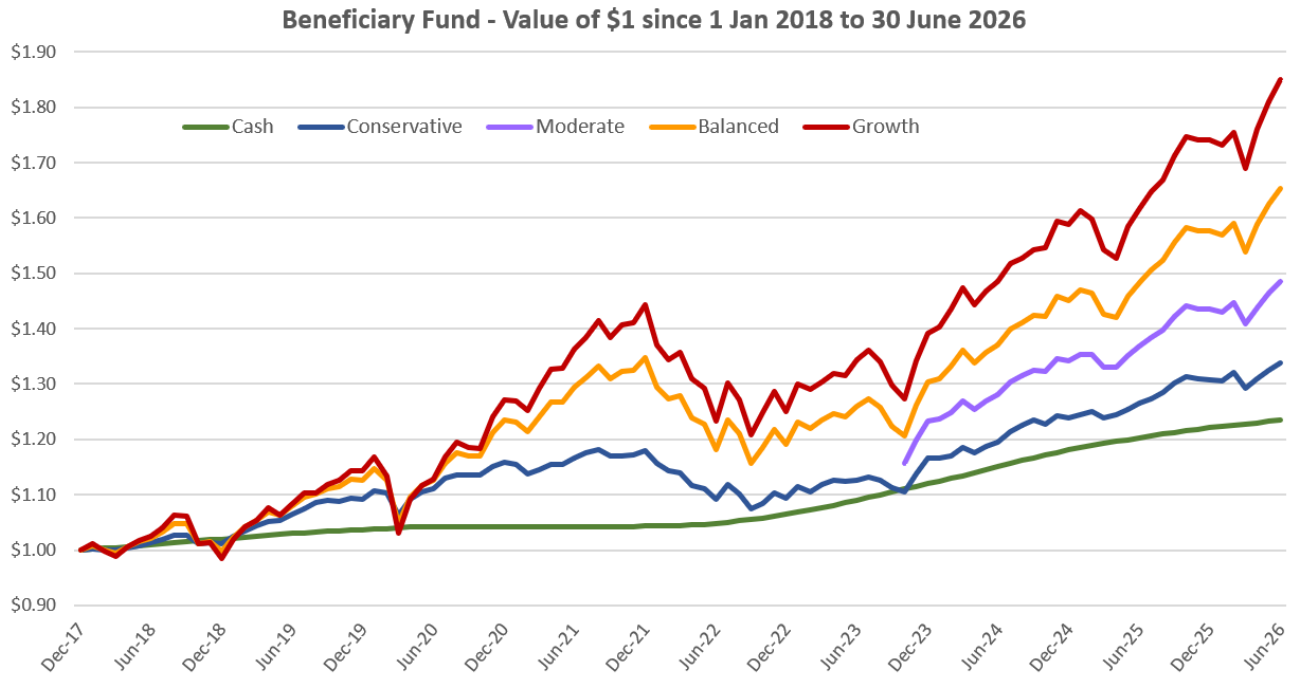
Looking ahead, we consider that markets are likely to remain influenced by three factors: 1) Inflation and interest rate decisions; 2) Geopolitical developments; and 3) The AI story. While economic growth remains resilient in many regions, buoyed by investment in AI, persistent inflation means central banks are expected to remain cautious. The Reserve Bank of NZ raised rates in July, and more increases are expected over the next year or so. Geopolitical tensions (a sanitised euphemism for war) remain a key source of both inflation and volatility.

For long-term investors, maintaining a diversified portfolio across shares, bonds and property/infrastructure remains an appropriate strategy. While short-term market movements are difficult to predict, history shows that remaining invested through periods of uncertainty has generally produced better long-term outcomes than trying to time the market.

Fund Returns to 30 June 2026

The chart below illustrates the value of $1 invested in most investment options available in the Fund since 1 January 2018 and from 1 November 2023 for the Moderate Fund, after fees and expenses (the Moderate Fund was introduced in November 2023) to 30 June 2026.

It shows returns first peaking at the end of 2021 after an amazing period following the initial Covid shock. After that, returns fell to a low point at the end of September 2022, before largely rising since then - with the exception of some sharp drops in October 2023, early 2025 and March 2026. However, returns recovered quickly once again, and achieved new peaks at the end of June 2026.



Markets have bounced back strongly from March losses caused by the war in the Middle East

The chart illustrates the relative performance of the different investment options, from the relatively smooth path of the Cash option to the more volatile Growth option. It highlights the importance of selecting the investment option with the right risk/return profile for you - and then sticking with this through the ups and downs of market returns, rather than reacting 'in the heat of the moment' to events that are, ultimately, transitory.

The table below provides annualised returns after fees and expenses for each investment option for periods to 30 June 2026 (the Moderate Fund was introduced in November 2023).

Presbyterian Beneficiary Fund – investment option returns per annum to 30 June 2026					
	Cash	Conservative	Moderate	Balanced	Growth
1 year	2.7%	5.7%	8.4%	11.5%	14.4%
3 years	4.3%	5.9%	NA	9.5%	11.2%
5 years	3.5%	2.8%	NA	5.0%	6.3%

The table below provides unit prices for each investment option as at 30 June 2026.

Presbyterian Beneficiary Fund – unit prices as at 30 June 2026					
	Cash	Conservative	Moderate	Balanced	Growth
Unit Price	1.8659	1.3277	1.2215	1.7279	1.8342

Getting the contributions you are entitled to



The Beneficiary Fund is a generous retirement scheme, with the Church matching your 5% contribution (not to mention the fee subsidy and the fact that you pay no tax on investment income, unlike KiwiSaver). If you are a contributing member, this section contains some important information that will help you ensure you receive what you are entitled to. Even small amounts, compounded over time, can make a big difference when it comes to retirement.

It is up to your congregation to ensure that the correct contributions are processed. The congregation must ensure your stipend is updated, along with your seniority and housing allowance. It must also ensure that the correct employer superannuation contribution tax rate is applied.

A recent review of Beneficiary Fund contributions highlighted that some congregations find updating contributions when stipends are changed (1 July) each year challenging. This year, the Trustee of the Beneficiary Fund provided each contributing congregation with a contribution form to help them determine the correct contribution amounts and instruct MJW (the Beneficiary Fund administration manager) of those amounts. We are hopeful that this will ensure you receive what you are entitled to.



What you can do to help:

- Ask your congregation for a statement detailing changes to your remuneration from 1 July.
- Check the correct increase has been applied to your:
  - Stipend,
  - Seniority allowance, and
  - Housing allowance (if you live in your own property or one that you lease, your housing allowance should be regularly aligned with market rates for your area).
- Check your payslip to make sure Beneficiary Fund contributions are being processed.
- Check your Beneficiary Fund statement to ensure that you are receiving both your member and church contributions in a regular and timely fashion.

Financial Confidence and Advice

Our last member survey revealed that some members are more confident about handling their financial affairs than others. To help improve your financial literacy and confidence, we are working with Mercer, the Fund's investment manager, to develop a financial education and advice programme. At this stage, we envisage providing a series of webinars followed up with the opportunity to talk with a financial adviser. Please look out for more details on this soon.

For information about your account balance and Fund details, please call the Fund's Administration Manager, Melville Jessup Weaver (MJW), on 0800 266 787, emailing them at presbyterian@mjw.co.nz, or posting to PO Box 1096, Wellington 6140.

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