

NEWSLETTER



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If you have any questions about your account, please call our Administrator, MJW, on:
0800 266 787

Message from the Chair

Season's Greetings and Happy Holidays from the Beneficiary Fund.

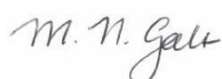
This is a brief and belated newsletter with three short messages. First, Merry Christmas!

Secondly, to comment on what has been a turbulent year for investment markets. I am reminded just why it's not a good idea to try to forecast short-term investment returns. Few, if any, experts were forecasting inflation to rise to levels not witnessed since the 1970's (which, sadly, I can remember, as I suspect many of you can too). Subsequent rapid increases in interest rates have resulted in investment losses, even for those invested in conservative strategies. The next page provides a little more insight – and some good news about more favourable returns over the last few months, which we hope will be reflected in your December statements. There is also the usual reminder that saving for retirement (and retirement itself) is a long-term endeavour.

And lastly, to acknowledge the impact of the recent ransomware attack on the Church Property Trustees IT provider. We are fortunate that the cyber attack has not affected the operation of the Beneficiary Fund. However, we are concerned about the potential loss of some members' personal information. And we want to acknowledge the extra work it has imposed on our office staff.

I hope you get the opportunity to spend time with those you love and care for. While the Fund is about providing you with retirement funds, the birth of Christ in such ordinary circumstances is a reminder that the things we most value, often have little or no monetary value.

Yours in Christ



Margaret Galt



Investment Market Update

2022 has been all about inflation, rising interest rates, and falling investment prices.

Through 2020-2021, governments and central banks did all they could to avoid what many thought would be an inevitable Covid recession. The result was pleasantly surprising. However, that fiscal and monetary support laid the foundations for economic over-heating, otherwise known as inflation. Covid-induced supply bottlenecks and the war in Ukraine poured fuel on the inflation fire.

As a result, we have seen central banks raise interest rates at breakneck speed in an effort to get inflation under control. This in turn led to substantial losses for Conservative investors as normally safe-haven bonds fell in value (because new bonds were paying higher returns). Balanced and Growth investors were hit with falling bond and share prices (as high interest rates make shares relatively less attractive).

Is there any good news?

We have already seen markets stabilise somewhat. The Balanced investment option rose around 5% over October/November, and this improvement continued into early December. For the same period, the Growth Fund is up over 6% and the Conservative Fund up 2.5%. This news will come as a relief to those who have watched their account balance fall for much of the year.

We can't promise this trend will continue into 2023. Inflation is not yet under control and investment markets are now worried about the potential for a recession. A recession is typically not good for share prices as it implies falling company earnings. The outlook for conservative investors is more positive. Interest rates could go up or down from here, but because bonds are now generating a return of around 5%, investors are more insulated from price changes.

As always, members are encouraged to be patient, look through short-term volatility, and monitor returns over the long term.

And some more good news

The war in Ukraine continues to cause suffering for many. However, one of the positive outcomes has been the accelerated transition to renewable energy sources as Europe has been forced to abandon Russian gas and petrol supplies.

For example, despite ongoing supply and labour bottlenecks, the European Union installed almost 50% more solar capacity in 2022 than it did in 2021. This trend is expected to continue, particularly while governments are offering incentives. Italy's 'superbonus' tax credit pays 110% of the capital expenditure for renewable energy installation!

Information about your account balance and Fund details are available by calling the Fund's Administration Manager, Melville Jessup Weaver (MJW), on **0800 266 787**, emailing them at presbyterian@mjlw.co.nz, or posting to PO Box 1096, Wellington 6140.

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