



Presbyterian Beneficiary Fund

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Members' Newsletter – October 2019

A message from the Chairperson

It's my pleasure to send you this latest newsletter. As you will note I'm back in the chair having only recently passed that responsibility to Russell Garrett. However, in a move that is terrific for Church Property Trustees more widely, Russell has taken up the role of Executive Officer for the Church Property Trustees. I have resumed as chair to facilitate this move. I must say that we are very fortunate, as Russell has agreed to continue as a director for the Beneficiary Fund trustee company. We see no conflict at all in Russell performing both roles and are thrilled to have his expertise and experience so close at hand.

What's in this newsletter:

- An update from Mercer
- Fund performance report
- How to stay informed



These changes come about as we farewell Kos van Lier and Pat Griffin, who are retiring from the CPT office after many years of dedicated service to the Fund and its members. I know they will have assisted, spoken to or written to a great many of you over the years. They have been a key part of our success and we wish them well in their respective retirements.

Despite turbulence in global politics and markets, the investment options have performed positively. The Conservative Fund returned 5.9% for the year to 30 September (after all fees), the Balanced Fund 5.9%, and the Growth Fund 5.3%. Not only has the Fund generated good returns but, through its investment manager, Mercer, it has been able to participate in efforts to exclude semi-automatic weapons and encourage social media companies to take greater responsibility for their platforms following the recent events in Christchurch. This is one way in which we hope our commitment to being socially responsible in the way we invest creates positive change.

Our newsletter contains some useful information about Fund returns and investment markets activity. However, you should also keep an eye out for the Fund's annual report that will be sent to you shortly. It includes lots of other useful information about the Fund and I'd encourage you to read it.

Finally, as always, I'd like to take this opportunity to thank you for your support of the Fund and wish you all well.

Best wishes

Ian Russon



An update from the manager of your savings – Mercer New Zealand

What's been going on in markets?



The past two quarters have been volatile, but ultimately positive for investment markets. On the back of encouraging American employment data, the healthy momentum in share markets from the beginning of the year carried on through to the end of September. Having said that, it was not exactly a smooth ride: see-sawing trade negotiations between the United States and China, Boris Johnson's indifference to a hard Brexit, and mixed results in European elections, saw markets oscillate throughout the second and third quarters.

Despite these pressures, markets continue to deliver modest returns. On a 12-month basis, New Zealand Shares were up +16.7% and Global Shares up +5.5% at the end of August, with the continued support from a low interest rate environment keeping investor optimism afloat.

Easing monetary policy has been a key pillar supporting such returns, with over twenty central banks having cut interest rates this year. These included the United States (which lowered its interest rate target band by 0.25% in July, and then again in September), Australia (which made cuts of 0.25% in both June and July), and New Zealand (which cut by 0.25% in May and by 0.50% in August, the largest single decrease since 2011). However, it is worth noting that central bankers are warning that monetary policy alone will be insufficient to ward off economic headwinds. Bankers are suggesting that it is time governments stepped in to help by spending more (and/or reducing taxes).

In New Zealand, despite subdued business confidence and a decline in the rate of growth, the labour market continues to operate at close to full employment. This, along with an expected rally in export prices and low levels of government debt, suggest that New Zealand may be better placed to withstand global headwinds than many other countries.

What do low interest rates mean?

Low interest rates typically support economic growth and increase asset prices. When interest rates decrease, businesses and consumers can borrow money for less than they could previously. This "cheap money" encourages them to spend more, providing a boost to the economy. Lower interest rates also reduce the amount banks pay on savings, encouraging savers to seek out assets that deliver better returns (such as shares, bonds or property).



This typically pushes asset prices up (particularly for interest-rate sensitive assets like bonds and property), generating higher returns for investors – but only in the short term. Over time, the true impact of lower bank returns will flow through to create lower return expectations in the future. As such, investors will need to adjust their expectations accordingly, and realise that future returns for all investment funds will likely be lower than they have been in the past.

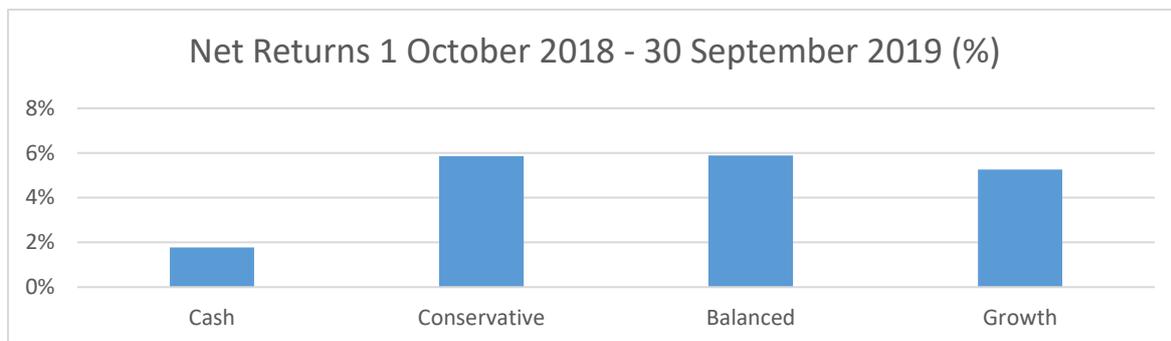
What socially responsible investing has the Beneficiary Fund been doing?

Your Fund focuses on investing in companies that are conscious of ESG – Environmental, Social and Governance - factors. We're pleased to say that, in the last year, the Fund contributed to providing education and job training to 1.8 million people, supplied more than 200,000 affordable housing units to low and middle-income families, cleaned more than 6 billion cubic meters of polluted water and generated 394 terawatt hours (TWh) of renewable energy (which is enough to power 33 million homes). This is only a snapshot of what your investments have been doing, and we continue to monitor the Fund's ESG footprint with a keen interest.

How has the Fund performed?

Returns for each investment option (net of all fees and charges) for the year to 30 September 2019 are set out in the table and chart below.

	Cash	Conservative	Balanced	Growth
One year return	1.8%	5.9%	5.9%	5.3%



The unit prices for each investment option are:

New Benefits Section	Cash	Conservative	Balanced	Growth
Unit Price at 30 September 2019	1.5547	1.0886	1.1695	1.1177
Complying Section	Cash	Conservative	Balanced	Growth
Unit Price at 30 September 2019	1.5547	1.0886	1.1695	1.1177

Return information, along with unit price information for other periods, is available by calling the Fund's Administrator, Melville Jessup Weaver, on 0800 266 787.

We need your help – some requests to assist us look after your savings

Ministerial activity: It's also important to keep the Fund's Administrator updated with any other changes. So, if you're changing your hours of work, coming out of retirement and receiving a stipend, changing parish, receiving a changed seniority allowance, retiring soon or just changing your contact details – please let them know.

Non-Contributing ministers: If you are currently receiving a stipend and not making contributions to the Fund, please contact the Fund administrator, as contributions to the Beneficiary Fund are compulsory.

If you need to get in touch with the Fund's Administrator on any of these (or other) matters, we've provided contact details in the next section of our newsletter



Keeping you informed

We understand that you need to be kept informed about the Fund and your retirement savings. With this in mind you should expect to receive:

Annual Member statements: Personalised member statements showing your account balance as at 30 June 2019 were emailed or posted in September. If you have not received a member statement, please contact the Fund's administrator so your contact details can be updated and your statement resent.

Quarterly Member statements: Member statements will now be provided each quarter, so to make sure you receive them it's important we have your correct contact details. Look out for your personalised member statements later this month. These will show your account balance as at 30 September 2019.

Annual Report: Please look out for the Fund's Annual Report this month. This will provide a general update on the Fund, including details about overall membership.

Newsletters: We'll send you periodic newsletters like this one to provide an update on how things are going throughout the year. Feel free to let us know if you'd like us to add something to the newsletter or if any of the content is not useful.

How you can find out more or get help

If at any time you need to make a withdrawal, change your investment option(s), find out information about your account balance or update your personal details, please contact the Fund's Administrator (Melville Jessup Weaver) at:

Phone: 0800 266 787
Email: presbyterian@mjw.co.nz

Melville Jessup Weaver
PO Box 11330
Wellington 6142

For all other enquiries please contact the Trustee at:

Phone: (04) 381 8296
Email: trustees@presbyterian.org.nz

Attention: Russell Garrett
PO Box 9049
Wellington 6141



You can also get additional information about the Fund at companiesoffice.govt.nz/disclose or on our website at presbyterian.org.nz/for-parishes/church-property-trustees/beneficiary-fund.

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