



# New Zealand Harbours Superannuation Plan

**Chairman's Newsletter**

**September 2014**

The most recent meeting of Trustees was held on 28 August 2014. The purpose of this newsletter is to bring you up to date on some of the issues discussed by the Trustees.

## **Investment markets**

Global markets have continued their rise during the June quarter with the MSCI hedged gaining 5.2% for the quarter and 24.4% for the year - the continuing rise in the value of the NZ dollar reducing the NZD return to 3.9% for the quarter and 9.4% for the year. Emerging markets are recovering - up 5.6% for the quarter and outperforming developed markets for the first time since the December 2012 quarter.

NZ bonds had a good quarter, up 1.6%, Global bonds outperformed NZ bonds over the quarter with a 2.8% return. Over the year, the gap between NZ and global bonds widened even further, with global bonds returning 8.0% for the year. The direction of interest rate movements in 2014 has both surprised and worried markets as instead of rising, rates have fallen. During the quarter, 10 year rates have fallen in the US from 2.73% to 2.53% while the corresponding 10 year in NZ rate fell from 4.57% to 4.42%.

## **Plan earning rates**

The Trustees discussed the report from the Plan's Investment Consultant for the quarter to 30 June 2014, which showed that the Plan's overall investment return over the quarter was positive. The Plan continues to achieve good returns when compared with its peer measurement group. The return for the quarter was ranked 5 out of 13 similar funds in its peer group, the return for one year was ranked 10 out of 13 in the peer group, the return for three years was ranked 5 out of 13 in the peer group and the return for five years was ranked 4 out of 13 in the peer group.

The allocated return for the quarter to 30 June 2014 was positive 2.8% for members subject to a 10.5% tax rate, positive 2.7% for members subject to a 17.5% tax rate and positive 2.4% for members subject to a 28% tax rate. With tax being payable when interest is allocated, all the benefits provided from the Plan are tax free.

## **Investment manager update**

Tyndall Investment Management Zealand Limited is in the process of changing its company name to Nikko New Zealand. Nikko is the parent company based in Japan and the name change is simply to bring recognition to the parent.

The planned transfer from the Fisher Funds NZ direct property investment to the AMPCI Global Infrastructure Fund continues. More funds will be transferred over the next 12 months as the individual tranches of investments reach maturity. The final transfer is planned for September 2015.

## **Deferring your benefit**

One of the lesser known features of the Plan is that members who become entitled to a benefit have the ability to retain their benefit amount in the Plan, subject to the rules established by the Trustees from time to time. The current rules allow withdrawal of amounts of not less than \$5,000 at intervals no more frequent than six-monthly. The Trustees are due to review the current rules at their next meeting at the end of the year. The retained monies will continue to earn interest at the appropriate declared rate and will incur similar expenses as were incurred while a contributing member of the Plan. The Benefit Request form that is completed when a member leaves service has a check box to indicate the member's preference to leave their benefit in the Plan.

## **First Home withdrawals**

Members of the New Zealand Harbours KiwiSaver Scheme will be aware that one of the benefits available to them is the First Home Withdrawal where they can withdraw their total member and employer account balances to use as a deposit for purchasing their first home. This benefit is not available to members of the New Zealand Harbours Superannuation Scheme.

David S Stevens  
Chairman of Trustees

**Secretary to the Trustees**

Level 1, Tramways Building, 1 Thorndon Quay, Wellington. PO Box 4197 Wellington. Telephone (04) 499-2066 Facsimile (04) 471-0896

**Administration Manager**

Level 5, Simpl House, 40 Mercer Street, Wellington. PO Box 11330 Wellington. Telephone (04) 499-0277 Facsimile (04) 499-0488