



Ports Retirement Plan

Chairmans Newsletter – January 2026

Dear members,

Performance since 1 April 2025

The first nine months of the Plan's financial year delivered strong results, thanks chiefly to the continued upward momentum from global share markets. This was despite the significant uncertainty and volatility in markets in the early months of the period caused by the US administration's announcements regarding "reciprocal tariffs".

Share markets have managed to see through the trade-related uncertainty, with performance continuing to be dominated by enthusiasm surrounding artificial intelligence (or AI) as an investment theme. As has been the case in recent years, companies that are seen to be beneficiaries of the AI theme were among the best performers.

After multiple years of battling from central banks to bring inflation to lower levels, inflation has reached a point where most central banks have begun to cut their policy interest rates. The cuts in New Zealand, while beginning in mid-2024, have continued through the past nine months, with the Official Cash Rate (OCR) moving from 3.75% on 1 April 2025 to 2.25% by the end of the year. The US Federal Reserve having kept its rate steady for much of 2025, made three cuts in the final months of the year.

In this environment, bond investors have enjoyed some capital gains. This is because a bond's promise of a fixed rate of return becomes more valuable in a lower interest rate market. However, longer-term interest rates began to turn in the latter months of 2025 as the feeling grew that central banks may be done making interest rate cuts and that there is the risk of an uptick in rates. Indeed, New Zealand's CPI rose 3.1% for the 2025 calendar year – just above the Reserve Bank's target range – and several banks' economists have predicted the OCR will be lifted in 2026.

The Plan's property investments, while underperforming many of the more volatile shares in the market, have delivered a pleasing result. Property has generally been helped by falling interest rates and has succeeded in producing a steadier return stream which has beaten other income-focussed assets such as bonds. The Plan's global infrastructure investments, on the other hand, have achieved a similar result to global bond markets.

The Plan's small exposure to alternative assets (hedge funds) has been successful in the financial year so far. These strategies are more complex than traditional investments, aiming to provide returns which are less correlated to the ebbs and flows of share and fixed income markets. These investments have beaten the cash-based target set for them.

Overall it has been a good outcome for the first nine months of the Plan's financial year. The Balanced Portfolio, which most members are invested in, has risen by 8.8% (after fees and tax at 28%). The Conservative Portfolio, available to deferred members, was up 6.0% (after fees and tax at 28%) over the period.

It is important to remember that members' retirement savings are long-term in nature. Therefore, ups and downs can occur from time to time. A table of earning rates to 31 December 2025 follows.

Administration Manager - Freephone 0800 728 370

Melville Jessup Weaver Ltd, Level 7 Fisher Funds House, 20 Ballance Street, Wellington 6011

Melville Jessup Weaver Ltd, P O Box 1096, Wellington 6140

Plan Secretary - Level 1 Tramways Building, Thorndon Quay, Wellington, P O Box 4197 Tel 04 499 2066



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Month ended	Month After tax at 28% PIR	Month After tax at 17.5% PIR	Month Before tax	Year to date After tax at 28% PIR	Year to date After tax at 17.5% PIR	Year to date Before Tax
Conservative Fund						
30 April 2025	-0.9%	-0.9%	-0.8%	-0.9%	-0.9%	-0.8%
31 May 2025	2.5%	2.5%	2.5%	1.5%	1.6%	1.7%
30 June 2025	1.3%	1.3%	1.4%	2.8%	2.9%	3.1%
31 July 2025	1.2%	1.2%	1.3%	4.1%	4.2%	4.4%
31 August 2025	1.2%	1.2%	1.3%	5.3%	5.5%	5.8%
30 September 2025	2.0%	2.1%	2.2%	7.4%	7.7%	8.1%
31 October 2025	1.3%	1.3%	1.4%	8.8%	9.1%	9.6%
30 November 2025	0.1%	0.2%	0.2%	8.9%	9.3%	9.9%
31 December 2025	-0.2%	-0.1%	-0.1%	8.8%	9.1%	9.8%
Conservative Fund						
30 April 2025	-0.4%	-0.4%	-0.3%	-0.4%	-0.4%	-0.3%
31 May 2025	1.1%	1.1%	1.1%	0.7%	0.7%	0.8%
30 June 2025	1.0%	1.1%	1.2%	1.7%	1.8%	2.0%
31 July 2025	0.8%	0.9%	0.9%	2.6%	2.7%	2.9%
31 August 2025	0.8%	0.9%	1.0%	3.3%	3.6%	4.0%
30 September 2025	1.4%	1.5%	1.6%	4.8%	5.1%	5.6%
31 October 2025	1.1%	1.2%	1.3%	6.0%	6.4%	7.0%
30 November 2025	-0.1%	-0.1%	-0.1%	5.9%	6.3%	6.9%
31 December 2025	0.1%	0.1%	0.1%	6.0%	6.3%	7.0%

Trustee review

The Trustee continues to closely monitor investment performance. The Directors meet quarterly to consider the performance of the investment managers against relevant market indices and peers, and action will be taken where sufficient concerns exist. The Plan's performance over the medium to long term has generally been at or above the performance achieved by markets more broadly.

There have been no changes to the Plan's investment manager line-up since ANZ Investments was terminated in mid-2024 and the Directors currently have no meaningful concerns with any of the Plan's three investment managers.

The Trustee's investment beliefs include the view that trying to pick the direction of markets in the short-term is not something that can be done successfully. As such, the Trustee's approach is to ride out market volatility, accepting that while we may see losses from time to time, over the long-term our members will benefit from better returns and higher retirement balances.

On behalf of the Trustee,

Wayne Butson, Chair, 30 January 2026

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