



# New Zealand Harbours Superannuation Plan

## Message to Members

### Comments on the UK BREXIT Decision

Since the result of the UK's decision in the Referendum to exit the European Union was confirmed, after 43 years of membership, I have been watching closely the reaction of global investment markets, interest rates and currencies.

The decision to exit had not been expected and, therefore, caught all markets by surprise. Markets do not react well to surprise and uncertainty. The result was that immediately after the exit decision there was turmoil in all investment markets with significant falls in equity values and currency rates (especially the GBP and the Euro).

Over recent days I have kept a watch on the movements in equity markets and currency values. I have also read and digested copious notes and useful information briefings provided by investment managers, wealth managers and asset consultants, including Melville Jessup Weaver.

However, despite all the political uncertainty in the UK and the very serious issues that will need to be negotiated with the EU over the terms of exit investment markets have slowly recovered over the last week.

At the close of markets on 24 June 2016 it was estimated that the Plan would have had a loss of gross 2.0% (before investment fees and tax) for the June month to date. The estimated results, on the same basis, as at 30 June 2016 showed a reduced loss of 0.8% for the month. April and May had returned a gross positive 2.12% so the estimate total return for the quarter to 30 June 2016 is positive 1.3%.

With all the volatility experienced in markets since 23 June 2016 I consider this a satisfactory result and a much better one than might have been expected.

However, I must continue to caution that the period ahead will continue to provide challenges for investment markets and fund managers. The political and economic upheaval that will likely develop in the UK and the EU will undoubtedly lead to periods of volatility for markets, but markets are surprisingly resilient as evidenced by the last few days' performance.

I will keep members informed when any issues of significance develop that may have an impact on the performance of the Plan.

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Chairman of Trustees

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