



Chairman's Special Update

4 June 2020

On 20 March I issued a special update relating to the volatility in the investment markets following the outbreak of Covid-19. In that update I indicated that it was likely that there would be a negative return in the year ending 31 March 2020 for the Default Fund. The annual returns can now be seen in the table below. This newsletter provides a further update and shows strong share market performance since year end.

While share markets took a significant hit in March, they have regained much of those losses in April and May. There are still significant risks in relation to the Corona Virus, company earnings and the economic situation in most countries. Further volatility in investment markets can be expected for some time.

The following table shows the monthly interest allocations that were approved by the Trustee to 31 March 2020.

Month ended	Month After tax at 28% PIR	Month After tax at 17.5% PIR	Year to date After tax at 28% PIR	Year to date After tax at 17.5% PIR
Default Fund				
30 April 2019	1.6%	1.5%	1.6%	1.5%
31 May 2019	-1.0%	-1.0%	0.5%	0.5%
30 June 2019	2.3%	2.4%	2.8%	2.9%
31 July 2019	1.5%	1.5%	4.3%	4.5%
31 August 2019	0.2%	0.2%	4.5%	4.7%
30 September 2019	0.9%	1.0%	5.5%	5.7%
31 October 2019	0.0%	0.0%	5.5%	5.7%
30 November 2019	1.9%	1.9%	7.5%	7.7%
31 December 2019	-0.1%	0.0%	7.4%	7.7%
31 January 2020	1.4%	1.4%	8.9%	9.3%
29 February 2020	-3.4%	-3.5%	5.2%	5.5%
31 March 2020	-9.2%	-9.5%	-4.5%	-4.5%
Conservative Option				
30 April 2019	0.7%	0.6%	0.7%	0.6%
31 May 2019	0.0%	0.1%	0.7%	0.7%
30 June 2019	1.5%	1.7%	2.2%	2.4%
31 July 2019	1.0%	1.0%	3.2%	3.5%
31 August 2019	1.1%	1.2%	4.3%	4.7%
30 September 2019	0.0%	-0.1%	4.3%	4.6%
31 October 2019	-0.2%	-0.2%	4.1%	4.4%
30 November 2019	1.0%	1.0%	5.1%	5.5%
31 December 2019	-0.1%	-0.1%	5.1%	5.5%
31 January 2020	1.1%	1.2%	6.2%	6.7%
29 February 2020	-0.9%	-0.8%	5.3%	5.8%
31 March 2020	-4.0%	-4.2%	1.1%	1.4%

Whilst a negative return is disappointing, the 5 year average return for the default fund for a member with a 28% tax rate is 3.8% per annum (and for a member on a tax rate of 17.5%, the 5 year average return is 4.2% per annum). These returns are after tax and expenses.

Investment performance since 31 March 2020

Our investment approach is to maintain the long-term exposure to shares and other growth assets throughout the investment cycle. We were rewarded for this approach in April and May as share markets rebounded strongly. The returns (after tax at a PIR of 28%) for the month of April were +5.3% for the Default Fund and +3.0% for the Conservative Option. The recovery has continued in May with small positive returns likely for both the Default Fund and the Conservative Option.



Ports Retirement Plan

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