



New Zealand Harbours Superannuation Plan

Chairman's Newsletter

November 2004

The most recent meeting of Trustees was held on 18 November 2004. The purpose of this newsletter is to bring you up to date on some of the issues discussed by the Trustees.

Investment performance The quarter ended 30 September 2004 was a very difficult period for international equity markets. Markets ended the quarter down slightly with a slowing in global growth. In contrast, New Zealand equities performed strongly in the quarter driven by ongoing strength in New Zealand economic data.

International bonds performed strongly over the quarter. Despite the slowing of growth and rising oil prices, a number of countries including America and England raised the monetary policy borrowing rates. Fixed interest bonds benefited from the poor economic performances and yields improved in most markets, both overseas and in New Zealand.

The New Zealand dollar appreciated against all the major currencies. This impacted on the performance of international equities over the quarter when converted back to New Zealand dollars. Rising prices, a strong New Zealand economy and statements made by the Governor of the Reserve Bank all contributed to the rise.

Economic growth both in New Zealand and overseas is expected to slow in the next few quarters. Within New Zealand, although the economy has remained strong, the growth rate appears to be past its peak. The combination of slower migration, the high value of the New Zealand dollar and the possibility that prices for New Zealand commodities will decline, all suggest that growth rates will lessen.

Interest rates Based on the returns over the quarter, a rate of interest of positive 0.25% was allocated to members' balances for the quarter ending 30 September 2004. The Trustees are pleased to record that in total 1.75% has been added to balances for the year to date.

As the investment managers project positive returns for the next quarter, the Trustees have approved an interim after tax rate of 1.5% for the balance of the quarter. That interim rate, which will be revised each month as updated investment returns are made available, is only used to calculate benefits for members who leave the Plan.

An update of the Plan There has recently been a suggestion that the Trustees should provide some updated information in relation to the Plan. This has now been undertaken and a PowerPoint presentation with some 15 slides has been produced. The presentation covers the origins of the Plan, sets out the major benefit entitlements and contribution details, then looks at the investments from an overview perspective and from the basis of the managers used by the Trustees. Other sections deal with the governance of the Plan and the advisers involved with the Plan.

The presentation is being sent to all employers and to the Union and is available for any member to view.

The Trustees see that this is another item of information that could be useful for members who wish to obtain another perspective on the value of the benefits provided by the Plan.

Statutory requirements

Disclosure: The Trustees were advised that the Prospectus and the Investment Statement are being updated to comply with legislation. Copies of the Prospectus and the Investment Statement are held by each employer and Union and can be obtained on request from them or from the Administration Manager.

Complaints: The Trustees were advised that there are no outstanding complaints. Members should be aware that a complaints procedure is available to them if there are outstanding issues that they do not consider have been dealt with satisfactorily.

David S Stevens
Chairman of Trustees