



WATERFRONT INDUSTRY SUPERANNUATION FUND

Current Share Market Volatility

Members of the Waterfront Industry Superannuation Fund will be aware that share markets worldwide have fallen significantly in recent days and that the outlook for the immediate future is uncertain. In response to this somewhat volatile situation, the Trustees have decided that, as a short-term measure, new monies received from members and employers will be held in cash rather than being passed through to our fund managers for investing. This will ensure that new monies at least will not suffer from any further fall in share markets.

The Fund has already adopted a number of long-term strategies in anticipation that there will be periods, from time to time, when share markets may fall. The Fund invests in a mixture of investment classes including cash, fixed interest and property securities, as well as shares, globally and locally. The core “balanced fund” has half of its funds invested New Zealand and overseas shares. The other half of the funds are invested in cash, fixed interest and property which cushions the balanced fund, to some extent, against share market fluctuations. The Fund also hedges half of our global equity and fixed interest investments against movements in the value of the New Zealand dollar.

For members who wish to adopt a more conservative stance to investments with less exposure to share markets, the Fund offers a “conservative fund” with only 15 per cent of funds invested in New Zealand and overseas shares. Generally shares are expected to outperform other forms of investment and therefore the conservative fund is expected to yield lower returns in the longer term. However, particularly for older members who are approaching retirement, the conservative fund offers a means of minimising the risk of losses in the short term. Members have the choice on 1 April each year of reviewing their allocation of funds to the conservative fund.

The Trustees and Fund Director will continue to monitor the financial situation in New Zealand and internationally bearing in mind that superannuation is a long-term investment and that the current strategies which the Fund has adopted are designed to provide an appropriate balance between return and risk. While in the current environment we are all conscious of risk, the mix of assets in our portfolio will, we believe, yield the optimum return for risk in the longer term.

David Young
Chairman, Trustees

Trevor Hansen
Deputy Chairman, Trustees