

NEWSLETTER 67

Fund Director

Having been associated with the Waterfront Industry Superannuation Fund for over 22 years, Susan Leuchars formally completed her duties as Fund Director on 11 April 2008. To assist in the smooth hand-over of duties to her replacement, Susan continued in an advisory role until 23 May.

At the Board of Trustees meeting held on 6 May 2008, David Young took the opportunity of thanking Susan for her professionalism and competence in managing the affairs of the Fund over that period. Mr Young also expressed his personal appreciation for the assistance and counsel Susan had given him in his role as Chairman.

Susan has overseen many changes to the Waterfront Industry Superannuation Fund, some of which have been enforced through legislation and other changes brought about by the mutual desire of employer and union trustees. During the past two years Susan has ably managed some of the most significant changes to the Fund with the introduction of the KiwiSaver Scheme, the transition to becoming a Portfolio Investment Entity (PIE), establishing a Website and myriad changes in the office to support all these developments.

The Board of Trustees on behalf of members and beneficiaries expressed their gratitude to Susan and wished her well in her future endeavours.

Investment Performance

Investment returns for the year ended 31 March 2008 were disappointing when compared with results communicated to you in the December 2007 newsletter. Investment markets have been very volatile since then as a result of the "sub prime" lending losses and ensuing "credit crunch". As you will see from your benefit statements, the following returns have resulted for the Balanced and Conservative funds:

| Strategy | Gross | Net of tax with PIR | |
|--------------|-------|---------------------|--------|
| | | 33% | 19.5% |
| Balanced | 1.52% | -0.77% | -0.56% |
| Conservative | 5.23% | 2.80% | 3.14% |

Since 31 March 2008

Investment returns for the first two months of the new financial year appear to have got off to a good start. Investment managers in both equities and fixed interest are, however, anticipating further periods of volatility. Global equity markets are considered to be cheap which has resulted in healthy rallies during April and May. The effect of increasing oil prices and global inflation and their impact on company earnings are causes for concern with respect to future performance.

Please note the following returns are estimated. Financial Statements for the year ending 31 March 2008 are currently being finalised. Investment information for April and May has not been processed. The returns are indicative only.

| | April | May |
|-----------------------|--------------|------------|
| Global equities | 8.41% | 3.18% |
| Australasian Equities | 4.26% | -0.22% |

The general theme of fixed interest managers has been to maintain quality stocks. (The Fund does not invest in sub-prime mortgages or finance industry bonds in New Zealand but better quality stocks have still felt the flow-on effect of these events).

Looking forward there is an expectation of lower interest rates globally and for New Zealand's interest rates to start reducing in the foreseeable future as well.

Estimated returns from fixed interest on a gross basis are:

| | April | May |
|--------------|--------------|------------|
| Global Bonds | -0.30% | 0.82% |
| NZ Bonds | 0.78% | 0.32% |

Resulting from the foregoing returns the performance of the Balanced and Conservative investment strategies are estimated as follows:

| | April | PIR 33% | May | PIR 33% |
|--------------|--------------|----------------|------------|----------------|
| Balanced | 3.54% | 3.48% | 1.51% | 1.09% |
| Conservative | 1.15% | 1.09% | 0.94% | 0.74% |

Waterfront KiwiSaver Scheme

There are currently 172 members of the Waterfront Industry KiwiSaver Scheme (Wiks). If you are under the age of 65 and have not joined as yet, consider the benefits Wiks can provide;

- The \$1000 kickstart
- Tax credits on your contributions up to \$20 a week or \$1,040 a year
- Your employer contributions are not taxed (limited to 4%)
- You get a fee subsidy of \$40 per year

A majority of members contribute 7% of earnings. Joining Wiks does not mean contributing more. You have to contribute a minimum of 4% to Wiks but you can then contribute 3% to Wisf. This means 4% of your employer contribution can go to KiwiSaver and 3% to Wisf.

The major difference for KiwiSaver is that you can not withdraw your benefit until you reach age 65 (except for serious ill-health or financial hardship reasons). But joining KiwiSaver means you can receive your benefit from Wisf when your employment in the Waterfront Industry finishes and you will also have savings for your retirement when you reach age 65.

Everyone's circumstances are different but joining Wiks provides a best of both worlds opportunity.

To join Wiks, refer to page 28 of the Investment Statement. A copy can be obtained from your employer, the Fund's website or by phoning the Waterfront Industry Superannuation Fund on (04) 385 0122.