

WHAI RAWA

INVESTMENT COMMENTARY



APRIL 2019

As with any investment, it is important that it is suitable for your personal circumstances. It is important that you seek advice from an appropriately authorised financial adviser.

You can find information about Whai Rawa Unit Trust on the Disclose register managed by the Registrar of Financial Service Providers. We encourage investors to take an interest, review their own investment choices and ask questions about where and how their money is invested.

The information contained in this document is intended for general guidance and information only and is **not personalised** to you. It does not take into account your particular financial situation or goals. Before making any investment decision, you should refer to the Product Disclosure Statement or consult an appropriately **authorised** adviser.

Whai Rawa NGĀI TAHU

Whai Rawa Fund Limited is the issuer of the Whai Rawa Unit Trust. A Product Disclosure Statement for the Whai Rawa Unit Trust is available at www.whairawa.com/pds/.

MARKET SUMMARY

The March quarter delivered good news for global markets, in contrast to the last quarter of 2018. Equity markets led the charge, rebounding sharply over the three months. On the back of what was considered a softening in trade tensions between the US and China, more patient and cautious monetary policy across developed markets, and stronger than expected corporate earnings, January delivered the highest monthly returns since 1987. The recovery carried into February and March, developed market shares finishing up +12.6% for the quarter and +6.7% over 12 months.

Meanwhile, global financial markets continued the positive trend over April as share markets maintained their momentum from the last few months as highlighted above.

While May could turn out to be a different story, in April US-China trade negotiations were going well, also favourable monetary policy announcements from central banks, and an extension to the Brexit deadline contributed to April's performance. Both the US Federal Reserve (the Fed) and European Central Bank came out with statements confirming their commitment to keeping key interest rates at their current levels for the foreseeable future. Additionally, news to extend Brexit out to the end of October 2019 helped appease investors' concerns of the looming deadline, and uncertainty of the economic outlook.

The New Zealand share market had a slower month than its global counterparts, but still posted a positive return of +1.7%. Over the last 12 months the NZX has returned +19.8%, and this high-dividend yield remains attractive globally, especially in this global low interest rate environment. The Australian market had a good month, up +2.4%, taking the 12 month return to +10.4%.

The New Zealand dollar dropped against all major overseas currencies in April, including the US dollar, the pound, and the euro. Positive news surrounding Brexit and encouraging growth signs in Europe helped to strengthen their respective currencies against the NZ dollar.

WHAT THIS MEANS FOR WHAI RAWA MEMBERS

While the April fund performance is still being analysed, we know that markets continued to climb throughout March with Trans-Tasman Shares leading Growth assets as the highest performing sector over the month (5.9%). Multi-sector portfolio returns in March ranged from 1.2% (Conservative) to 1.4% (High Growth).

As highlighted above, we saw sharp declines in Q4 2018 that heavily impacted 12 month returns on the Whai Rawa Unit Trust. However, Q1 2019 saw one of the strongest first quarters in history which more than offset the downturn in Q4. This resulted in a pre-tax return (annualised) at 14.06% for the quarter, supporting a pre-tax annual return of 4.94% for the year ending 31 March 2019. The strong performance was welcomed and just in time to close off the Whai Rawa Unit Trust financial accounts which will be presented to Whai Rawa board for approval, shortly.

Drivers of excess returns over the past 12 months can be attributed to a range of sectors; predominantly underweights to Trans-Tasman Shares, Listed Real Assets and Sovereign Bonds have been the detractors within dynamic asset allocation decisions.

Real Assets, which helped cushion Q4 losses, have also supported returns over 1 year; Listed Infrastructure returned 17.3% for the year, +0.9% above benchmark. Listed Property, Unlisted Property and Unlisted Infrastructure have also performed well, returning 16.1%, 10.8% and 10.5% respectively.

THE WHAI RAWA UNIT TRUST

Whai Rawa funds are invested in Mercer Investment Trusts New Zealand's Conservative Fund (the Fund), which has a mix of defensive and growth assets. The benchmark split is 80% defensive assets, such as bonds (50%) and cash (30%) and 20% growth assets, such as shares (16%) and real assets (4%). The Fund is expected to achieve slightly higher returns over the medium term (at least 3 years) than those expected from investing solely in bank term deposits, but there is a possibility of some fluctuations in returns in any one year.

The fund is spread across many investments and managed by other professionals. This way of investing means that you don't buy shares directly in companies, but are exposed to these indirectly through pooled funds.

More information about the Whai Rawa Unit Trust can be found in the Product Disclosure Statement and the latest fund update which is available on the Whai Rawa website.

If you have any pātai/questions please get in touch with:

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Te Rūnanga o NGĀI TAHU

Whai Rawa NGĀI TAHU