

WHAI RAWA

INVESTMENT COMMENTARY



JUNE 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.

WhaiRawa 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

June was a good month for investors with all investments delivering positive returns and shares recovering from the falls in May.

The key reasons for the rebound in the share markets were an improvement in the relationship between the US and China as well as further commitment by the major central banks to keep lower interest rates, which in turn would promote further economic growth. However, a fair amount of uncertainty remains and many investors continue to favour government bonds.

The New Zealand and Australian markets were roughly similar to each other over the month, gaining +3.9% and +3.7% respectively. With interest rates abroad nearing record lows, the two Trans-Tasman markets retain their attractiveness, particularly to overseas investors. 12-month returns from both markets are comfortably in the double-digits.

Both the developed and emerging share markets also performed well returning +5.9% and +4.6% respectively.

Significant developments include:

- The suspension of recent additional US tariffs on Chinese goods and signs of a lifting of the trade ban on Huawei led to an amicable meeting between US President Donald Trump and his Chinese counterpart President Xi Jinping at the G20 summit in Osaka. The positive trade talks helped allay some market fears of trade war escalation despite a formal trade deal still proving elusive.
- President Trump also dialled back his threat of tariffs on Mexican goods during the month; whilst the news was generally welcome, it also highlights market concerns over the unpredictability of future global trade policy.
- Tensions between the US and Iran flared up when Iran's Islamic Revolutionary Guard Corps shot down an American surveillance drone. Despite the regional tension, oil prices remained relatively stable.
- The Reserve Bank of New Zealand (RBNZ) left the Official Cash Rate (OCR) unchanged at 1.50%, while the RBNZ Monetary Policy Committee suggested that a lower OCR may be needed if the growth outlook were to deteriorate further.

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Te Rūnanga o NGĀI TAHU

Whai Rawa NGĀI TAHU

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.

In contrast to May, June delivered good news for investors as trade tensions eased and major central banks remained accommodative. The Conservative Portfolio continued to perform well, performing broadly in line with its benchmark. Over the past 12 months, the fund has returned 6.45%, lagging the benchmark by -0.23%. Detractors included the underweight to Trans-Tasman Shares and listed real assets coupled with the manager underperformance within the Overseas Sovereign Bonds Portfolio and Low Volatility Portfolio. In the real assets sector, Listed Property and Listed Infrastructure both performed well delivering gains of 1.9% and 3.8% for the month. Over the 12-month period, Property and Infrastructure (both Listed and Unlisted) have delivered double digit returns. Over the longer term (3 years) the Conservative Portfolio has continued to deliver strong excess returns, adding +0.59% above the benchmark.

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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