



IN-TANDEM INSIGHT

July 2022.

Welcome from the Chairman.

We are now six months into this calendar year and the Scheme year to 30 June has just ended. Many of us are working through the end of year activities and you as a member will receive a copy of your annual statement and annual report this quarter. Please read below a reminder to take action.

COVID-19 is continuing to affect many of us personally and the markets. Included in this edition is an update on what is happening in the markets, our standard feature on how the Scheme is performing and we also drill down into two asset classes.

A feature of the Westpac New Zealand Staff Superannuation Scheme is your ability as an active member to have a say in how it is managed and this year we held an election. Thank you to everyone who participated in the process and it is my pleasure to welcome two new member-elected Trustee Directors and one Westpac-appointed Trustee Director. You can read about them below.

If you have any questions about the Scheme or this newsletter please call helpline on 0508 IN TANDEM (0508 468 263).

Bruce Kerr,
Chairman

Scheme snapshot.

- **\$389.2 million** in accumulated retirement savings as at 22 July 2022
- **4,196** members and **121** pensioners as at 22 July 2022
- **928** new In-Tandem members between 1 July 2021 and 22 July 2022

Time to review your contact details.

You will receive your combined annual statement and annual report from the Westpac New Zealand Staff Superannuation Scheme for the year ended 30 June 2022 before the end of September.

It is important that you take a moment now to log in at westpacnzstaffsuper.co.nz and check that we have your email address and that it is correct. This will ensure there is no delay in these important documents reaching you.

We would also like to encourage you to review your communication preferences. This will ensure you get an email notification of when the statement and the report are available online.



[Log in now](#)

What's happening in the markets?

Quarter ended 30 June 2022

The June quarter was characterised by sharp declines and intense volatility across both bonds and equities, with cash the only asset class to deliver a positive return. It is rare for both shares and bonds to experience such declines at the same time.

Global equities returned -14.3% (local currency returns) over the June quarter (following a March quarter return of -4.6%). US equities posted their worst first half performance since 1970 with a return of -20% with most of the decline in the June quarter (-16.1%), European equities and Emerging markets returned -9.9% and -11.4% respectively over the quarter. UK and Japanese equities both returned close to -3.7% over the quarter. NZ equities returned -10.3%, slightly outperforming Australian equities, which returned -11.9% over the quarter. China and Hong Kong were the top performing equity markets with flat to slightly negative returns. At a sector level, interest rate sensitive growth sectors such as Consumer Discretionary (-22%) and Information Technology (-21.1%) were the top laggards over the quarter. While all sectors posted

negative returns over the quarter, Energy led with a return of -2.7%. Value stocks continued to outperform growth in Q2 of this calendar year.

Fixed interest bonds also declined over the quarter but outperformed equities. The global bond market had another difficult quarter ending June with a return of -4.5% following its worst quarterly return in March (-4.8%), making the year-to-date drawdown the worst on record. NZ bonds outperformed global bonds and returned -2.4% for the June quarter.

Commodities had their strongest start to a calendar year ever in the March quarter, however started to fizzle in mid-June on fears of deteriorating demand with Bloomberg's Commodity Spot Index returning -5.7% in the June quarter on the back of a slump in industrial and precious metals. Oil prices were up 5.5% over the June quarter closing at US\$105.8 per barrel, although at one stage they reached a high of US\$122.1. The NZ dollar fell over the June quarter: -10.6% vs the US dollar, -5.3% on a trade-weighted basis and -2.4% vs the AU dollar.

Source: BT Funds Management

Date: July 2022

[Read the full article](#)

How has your fund performed?

Investment performance as at 30 June 2022 after fees and tax.

	3 months	1 year	3 years (pa)	5 years (pa)	10 years (pa)
Cash Fund*	0.3%	0.8%	0.8%	1.2%	-
Defensive Fund	-1.7%	-3.0%	0.7%	1.6%	2.8%
Moderate Balanced Fund	-4.8%	-7.1%	1.4%	3.0%	5.1%
Growth Fund	-6.7%	-9.3%	2.0%	3.9%	6.6%
High Growth Fund	-9.2%	-12.0%	3.0%	5.3%	8.9%

Returns are based on unit prices (determined by Mercer) for the respective funds.

*Commenced in December 2012, so data not available for the 10-year period.

Source: BT Funds Management

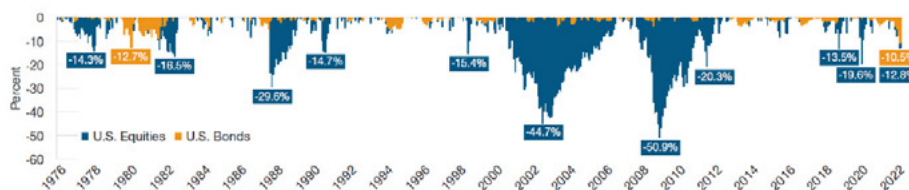


Shares and Bonds performance.

The Defensive, Moderate Balanced, Growth and High Growth funds in the Scheme have exposure to bonds and shares. In this unusual environment, both bonds and shares have not performed well.

For investors, the first six months of 2022 saw a powerful mix of difficult macro-economic and geopolitical conditions led by persistently high inflation, the tragic Russia-Ukraine war, supply chain disruptions, an accelerated pace of monetary policy tightening by major global central banks led by the US Fed and concerns over slowing economic growth. As a result, most investment assets have experienced large negative returns in 2022, also as known as 'drawdown'. Major sharemarket indices have fallen by between 13% and 23% from their peaks in 2022. For example, the S&P 500 Index has seen its worst half-year drawdown since 1970.

Historically, investors have generally been able to rely on their fixed interest holdings to cushion the blow if equity markets fell. However, these diversification benefits were notably absent year-to-date. As sharemarket returns plummeted, bonds experienced their worst drawdown in more than four decades. In fact, it was the first time since at least the mid 1970s that share and fixed income markets both experienced a drawdown more severe than 10% at the same time. Referring to the below chart provided by one of our underlying global equities managers, T. Rowe Price, these losses were especially painful in inflation adjusted terms, as rapid price increases across many major economies led to the purchasing power of investments falling even more.



As of May 31, 2022.

Past performance is not a reliable indicator of future performance.

Sources: S&P 500 Index, Bloomberg U.S. Aggregate Index (see Additional Disclosures). Analysis by T. Rowe Price. Based on monthly total returns measured in U.S. dollars, February 1976 through May 2022.

For further information on the correlation about shares and bonds, please read the full article.

Source: BT Funds Management

[Read the full article](#)

Meeting your new Trustee Directors.

The Scheme is managed by a trustee company (Trustee), in accordance with the Scheme's Trust Deed. The Trust Deed requires the Trustee to have seven directors (Trustee Directors). Two Trustee Directors are chosen by active members of the Scheme, and the remaining five are appointed by Westpac (including one who is an independent trustee licensed by the Financial Markets Authority).

In March and April 2022, we held an election for two new member-elected Trustee Directors and in May Westpac appointed a new Trustee Director.

Please meet your new Trustee Directors.



Brendon Johnston

Brendon has been with Westpac New Zealand for a combined 23-year term over two periods and is currently a Director of NZ Derivatives in Financial Markets. Brendon is a member-elected Trustee Director and commenced his term on 12 April 2022.

Brendon has extensive knowledge of interest rate related products and markets.



Shelley Powell

Shelley has been with Westpac New Zealand for over 9 years in various Product Management roles including the currently held Merchant Payments Lead. Shelley is a member-elected Trustee Director and commenced her tenure on 12 April 2022.

Shelley has extensive experience both in Finance and Product Management roles across UK and New Zealand.



Tania O'Brien

Tania has recently joined Westpac New Zealand as Chief Financial Officer and is a Westpac-appointed Trustee Director. Tania's term commenced on 2 May 2022.

Tania has extensive experience in leading, developing and transforming finance functions, and providing leadership and direction to the business.

Please join us in welcoming our new Trustee Directors!

More information about the new Trustee Directors

Any money question is a good question!

Money Week is the annual public awareness and engagement campaign coordinated by Te Ara Ahunga Ora (the people behind Sorted.org.nz) in partnership with many financial service providers, businesses and organisations that promote financial capability.

This year Money Week will be held between 8-14 August and purpose of this year's campaign is to help demystify money.

The theme 'Just wondering' is back for its final year to keep the kōrero going on money questions. The focus is on encouraging people to talk more openly about money and ask for help.

Why not check out conversation starter cards for families

Accessing your online account.

You can access your online account 24/7 by logging in with your PIN / password. Create or reset your password online with your member number, a valid email address (that is registered in our system), and your date of birth. Visit the current website at Westpac New Zealand Staff Superannuation Scheme (westpacnzstaffsuper.co.nz).

Access your account

Useful links and contacts.



In-Tandem helpline
0508 468 263



Investment advisers
0800 942 822



Scheme website
westpacnzstaffsuper.co.nz



Feedback
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