

Welcome to the July 2022 edition.

This edition includes the latest investment returns, market and economic news, tips for keeping digitally safe, and links to financial advice.

If you have any questions about the Scheme, this newsletter, or your member statement, please contact Helpline on **0508 4 TEACH (0508 4 83224)** or email **teachersretire@mercero.com**.

Are your contact details up to date?

We are currently preparing your benefit statement and annual report for the year ended 30 June 2022. Your benefit statement will be sent to you in September, and a copy of the annual report will be sent in October. Depending on what communications preference you have selected, you will receive these documents by either email or post. Take a moment now to log in at **www.teachersretire.org.nz** and check that your contact details and communications preferences are correct so there is no delay in these important documents reaching you.



Getting financial advice

We all want to get the best out of our savings and to ensure we make informed decisions. There is no substitute for good advice and it is important to ask for advice especially if you are planning to take an action when it comes to your retirement savings.

There are many free online financial planning tools available and financial advisory services that can help you develop or refine your savings strategy. You can find more information on when and how to get financial advice, as well as about Financial Advice Providers at **www.fma.govt.nz/investors/getting-financial-advice/finding-an-adviser**.

Keep digitally safe

New Zealanders are being impacted by cyber security threats more frequently at both work and home. CERT NZ, an organisation established to support businesses, organisations, and individuals who are affected by cyber security incidents shares some common threats. These include: information leaks, text messaging scams, COVID-19 scams, spam, malware, online identity theft, denial-of-service attacks, phishing, ransomware, unauthorised access, and online scams and fraud. You can read more about each at **www.cert.govt.nz/individuals/common-threats**.



What should you do to keep digitally safe? CERT NZ recommends four steps you can action today:

1. Upsize your password

"Long and strong passwords are much harder for attackers to crack. We recommend creating a passphrase, that's a string of four or more words as it's easier to remember and is stronger than a random mix of letters, numbers and symbols."

2. Upgrade to Two-factor authentication

"Upgrading to two-factor authentication (2FA) adds another layer of security to your accounts. It's a simple extra step after you log in, like using your thumb print or entering a code from an app. You can enable 2FA on most of your online accounts, and your devices. You'll usually find the option to turn it on in the privacy settings."

3. Uphold your privacy

"Start by checking that your social media settings are switched to Friends Only, and check that any requests for personal information are legitimate before you share your details. If a company or business asks you for information, think about why they might need it. Do they really need your middle name and phone number? If you're not sure, don't provide the information."

4. Update your apps and devices

"Updating your apps and devices helps keep bugs and viruses out. Updates not only add new features, they also fix security risks that attackers can use to gain access to your information. Set updates to happen automatically whenever a new version is available. Then you don't have to think about it!"

This article references material sourced from **www.cert.govt.nz**. Visit their website for more information on keeping digitally safe.

Market news

It was a difficult quarter for the markets. Let's drill down into some of the events behind this volatility in April, May, June and into July.

In April, global share markets had their most difficult month since March 2020 as the convergence of global central banks tightening monetary policy, economic growth momentum fading and a challenging corporate earnings outlook triggered a 'risk-off' response among market participants. In recent years, policy support would be ever present to ease the pain, however high inflation readings are leaving central banks little option but to maintain their course and continue tightening.

China's 'zero-COVID' policy continues to place pressure on already strained global supply chains. Shipping analytics firm 'Windward' has calculated that 20% of the world's roughly 9,000 active container ships are currently idle in traffic jams with close to 30% of that backlog in China alone.

As New Zealand mortgage interest rates have risen across the board alongside the OCR, house prices have experienced their biggest quarterly drop in a decade. Valuation company 'QV' reported that the average house price decreased by 0.6% over the March 2022 quarter.

May was another volatile month for share markets which ended relatively flat after a strong end to the month. Share markets continued to digest a fast changing economic environment. The market questioned whether central banks across the world would continue hiking interest rates to control inflation amid slowing economic conditions and heightened risks of recession.

China struggled in containing the spread of COVID-19, with Shanghai remaining in lockdown for the majority of May, and officials slowly easing restrictions in early June.

However, officials stated that they will continue with their zero-COVID strategy for years, with a chance of 'permanent infrastructure' being implemented in order to facilitate zero tolerance. Under this infrastructure, cities such as Shanghai, Beijing, Shenzhen and Hangzhou may require citizens to test as often as every 48 hours, with negative test results needed to get into stores and on subways.

New Zealand shares did not fare as well as international counterparts during May, with the NZX50 down -4.8%. Multi-decade high inflation and subsequent rate hikes by the Reserve Bank of New Zealand (RBNZ) have put pressure on borrowers and dampened the economic growth outlook in New Zealand, particularly for homeowners.

In June, central banks continued to tighten monetary conditions through rising interest rates as signs of an economic slowdown continued to mount – fuelling concerns that central banks could be hiking into an economic recession. The New Zealand domestic market performed better than its global counterparts on the back of strong earnings and the nature of its dividend paying constituents.

The RBNZ continues to rise the official cash rate (OCR) to get on top of inflation. The latest rise of 50 basis points on 13 July 2022 lifted the OCR to 2.5%. As mentioned in the March 2022 newsletter, inflation still remains elevated (7.3% annual inflation as at 30th June 2022 – the highest in 30 years). Inflation is likely to remain stubbornly high for the rest of 2022, remaining well outside the RBNZ's medium term range of between 1.0% – 3.0%. The inflationary impulse from government spending should wane over the course of the year, and central banks are tightening policy. In addition, supply should gradually rise to meet demand, as the disruption in the supply chain eventually subsides.

Scheme returns

The table below shows the returns of each investment fund for the Scheme year, along with a comparison to the returns from the prior two years.

Returns after tax and expenses			
	12 months to 30 June 2022	12 months to 30 June 2021	12 months to 30 June 2020
Cash Fund	0.52%	0.1%	0.9%
Stable Fund	-4.79%	4.5%	3.0%
Balanced Fund	-7.47%	14.1%	2.1%
Growth Fund	-8.49%	19.5%	1.4%

You can find the latest information on monthly returns at www.teachersretire.org.nz/latest-news/investments/monthly-returns.html.

Contact us

To find out more about anything mentioned in this newsletter please call us on 0508 4 TEACH (0508 4 83224), email teachersretire@mercero.com or visit www.teachersretire.org.nz.

 Find the retirement planner at sorted.org.nz/tools/retirement-planner

 To speak to a financial adviser visit fma.govt.nz/investors/getting-financial-advice/finding-an-adviser