

Spring 2022

Investor Returns

The Official Newsletter of Uniting Church Investment Services



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Welcome message

Welcome. Spring is with us, with all its glory and power. Spring is always painted as a new or renewal period as dormant plants and animals come out of their winter slumber. This year it has come with rain and floods. Though our State has so far been less affected by storms and water (at the time of writing the Murray River is growing but hasn't been flooding communities in SA), our friends in other states have been feeling the power that rain and flood waters can bring. Our thoughts and prayers are with those communities that are struggling.

Disappointment, diversity and diversification are our main features in this edition of Investor Returns.

It is with disappointment that we say goodbye to our friend and colleague Stephanie Simpson. Steph has been with us for 5 years and has made a tangible and wonderful contribution over that time to our organization. We will miss her, and hope that her time in the USA brings her renewal and pleasure.

In our work places and communities, we are blessed to have the opportunity to mix and work with people from a range of backgrounds. Our office is no different, as I have had the pleasure and been educated by the wonderful people from a range of different backgrounds and genders. I am thankful for the diversity that enriches us all.

Hopefully the discussion on diversification is helpful for you also. With the roller coaster ride in financial markets over the past couple of years, it seemed timely to discuss how diversification may be a strategy you might think to employ.

And finally, interest rates are continuing their upward trajectory. We are now offering 4% pa for 12 month terms. Hope that is attractive to you. You never know, as rates continue climbing, there may already be a higher rate and term that is right for you. Please go to our website for all the current rates.

Paul

Paul Barnett
Funds Manager
Investment Services





Diversification

Noun: *The action of diversifying something or the fact of becoming more diverse.*

The past few years have brought an increase in volatility in world markets and economies. The word 'volatility' in this sense, means fluctuations in prices and values of investment assets.

There is never one sole reason for increases in volatility, as economies, markets and the world in general are highly complex ecosystems. Of course the world pandemic, and Russia attacking the Ukraine have been major contributors to current volatility, but there are other factors also that at times may not be fully understandable, or appreciated, but have an effect on economies and markets. We are all affected by economies and markets, as us intelligent and social mammals interact and trade.

There is certainty that economies, markets and investments will always be subject to volatility. Future major causes of increased volatility, will not be obvious normally, until after they have begun to shape the markets. Then in reflection, us bright human beings will make a promise to ourselves to protect our lifestyles, families and assets, next time the storm is on the horizon.

Unfortunately every storm is different, and so predicting them is not easy. Also if we do not plant the seeds, the crops won't be harvested when the storms have blown away. So there is also a cost to being overly conservative. Money kept under the mattress will not keep up with inflation for example.

So what can investors do to protect themselves? There is no fail proof method that will protect our investments from all unseen risks, but diversification is a process that spreads out the risks that investors face.

History shows that all asset classes have a range of performances on a year by year basis. Last year's winners, maybe next year's losers. Diversification reduces risks, smooths out returns and helps improve long-term portfolio performance. Diversification in an investment sense means invested in different investment types, and different investments within those investment types.

So if one investment returns 15%, while another returns 5%, then the portfolio returns (assuming equal amounts invested) 10%. This may sound a little negative to not receive a 15% return, but if one of the investments has a large loss, by diversifying, the portfolios return is somewhat protected from large losses.

The greater the diversification, the greater the risk is spread throughout the portfolio.

In summary, Investment Services invests in a range of investments within a portfolio designed to spread the investment risk. As some of our investments are finding 2022 not a great year, many of our other investments are holding steady, so we weather the storm, and get to sail into the future, under sunny skies.

Diversity

Noun: *The state of being diverse, variety.*

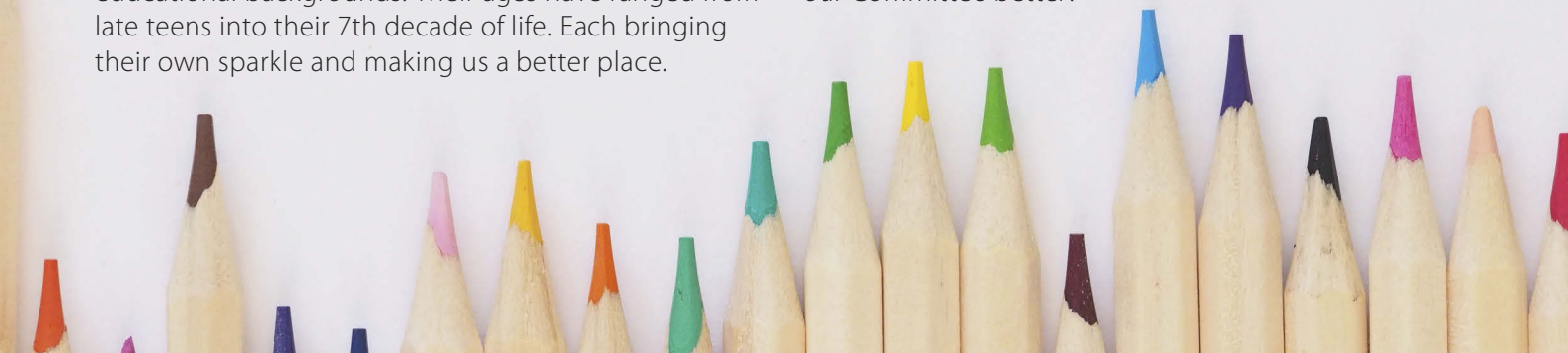
Way back in 1977, the Uniting Church made the decision to name itself 'Uniting' Church. It was no doubt a deliberate decision that still drives the Church's mission to bring people together ... uniting them. The word 'uniting' does not diminish our diversity, or the richness that our diversity brings.

Diversity brings more perspectives and different views, which translates into better understanding, and decision making. Over the years, people working at UC Invest have had a diverse range of cultural and educational backgrounds. Their ages have ranged from late teens into their 7th decade of life. Each bringing their own sparkle and making us a better place.

You may remember from previous editions of Investor Returns, our investment portfolios are analysed under the Church's Ethical Investment Policy, which also includes analysis with reference to the 17 United Nations Sustainable Development Goals. Goal 5 – Gender Equality, is also important to our business model if we hope to optimise our potential, and that of our communities at large.

We are proud that on gender equality, our Committee has almost a 50/50 spread of genders represented.

Maybe you have skills, experiences that would make our Committee better?



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Uniting Church SA Investment Fund Ltd ACN 620 095 472 AFSL 501022 ('the Fund') is a public company, limited by guarantee and registered under the Corporations Act 2001. The Fund exists for the charitable purpose of advancing religion by supporting the mission of the Uniting Church in Australia. The Fund holds an Australian Financial Services licence (AFSL) number 501022 authorising it to deal in, and provide general financial product advice in relation to, securities (which include debentures) and non-cash payment products. It also operates under an instrument made by ASIC the effect of which is to exempt it from the requirement to comply with Parts 6D.2 and 6D.3 of the Corporations Act 2001 in relation to offers to issue debentures (ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813). Our Charitable Investment Fundraiser Identification Statement provides more information and explains how investment funds are used to support the charitable purposes of the Fund. Our AFS Licence does not authorise us to provide personal advice. Before acquiring any product or service of UC Invest you should read our Product Disclosure Statement (PDS) and consider the appropriateness of the product or service having regard to your particular objectives, financial situation and needs. The Fund is not prudentially supervised by the Australian Prudential Regulation Authority. Therefore, an investor in the Fund will not receive the benefit of the financial claims scheme or depositor protection provisions of the Banking Act 1959. Investments in the Fund are intended to be a means for investors to support the charitable purposes of the Fund. The Fund is required by law to advise investors that investments in it are only intended to attract investors whose primary purpose for making their investment is to support the charitable purposes of the Fund, that investors may be unable to get some or all of their money back when they expect or at all, that investments are not subject to the usual protections for investors under the Corporations Act 2001 or regulation by the Australian Securities and Investments Commission (ASIC), and that the investment is not comparable to investments with banks, finance companies or fund managers.

Thank You Steph

It takes a team to run Investment Services. Like all businesses, sporting teams and clubs, there are numerous people that perform tasks and bring skills, talent and effort to ensure the end results.

At Investment Services, we have different roles, and come with different training and backgrounds. But like a good trifle, a good team comes together to make something better than custard or jelly does on its own.

Around the same time as when we applied for an Australian Financial Services Licence in 2017, Investment Services also employed a studious and competent person to be our first Risk & Compliance Officer. That person was Stephanie Simpson.

Stephanie was given the tasks of setting up our Risk Management programs and Compliance programs to ensure that our operations were appropriately concentrating on fulfilling our licencing conditions. We had just obtained specialist software, and Stephanie started the task of inputting data and procedures and actions into the new software.

Stephanie's eye for detail, and passion for the role, has ensured that our organization has performed well in these essential areas.



Unfortunately Stephanie is moving on. If you have read previous editions of Investor Returns you would recall that Stephanie comes from the US, and has a beautiful grandchild in Chicago that she visited earlier in the year. I have heard that Stephanie is going to travel back to the USA for a while, and then she intends plotting her next career move.

So it is with great sadness that we wish Stephanie the very best for her future, in the knowledge that where ever Stephanie goes, she will make a positive difference to the place.

We will all miss ya!

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