

NEWS.....to 31 December 2011

9 January 2012

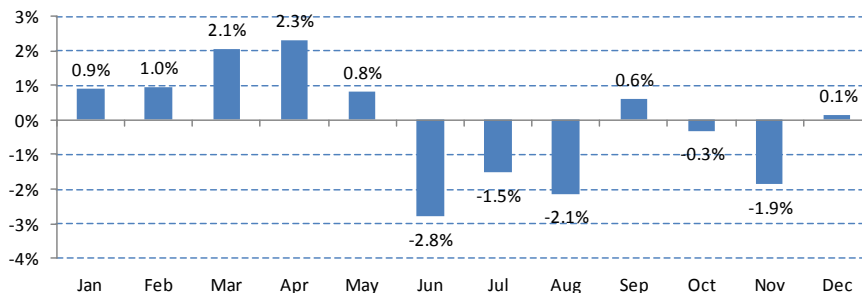
SuperLife = Superannuation + KiwiSaver



Investment returns

2011 was a year where returns from shares were negative particularly in the second half of the year and this affected anyone with shares in their mix. This was seen from what happened in the NZ sharemarket.

Monthly NZ sharemarket returns before tax - NZX 50 index



There are lots of explanations for why the 2011 year returns were negative. Many relate to the outlook for global economic growth and problems with the debt levels of developed countries. However, in many cases, it simply reflected that after a decade of poor returns from shares and given the mess in Europe, the UK and the US, investors did not want the risk of shares. They preferred the certainty of cash and government bonds. If fewer investors want to buy shares, the price goes down.

It is ironic that bonds, that are backed by no more than a government promise (such as Greece) are perceived as being "safer" than a company making profits from selling real products that people want to buy. We do not know whether in 2012, the values of shares will continue to go down but note that dividend yields are higher than cash rates in many cases. Remember, shares should probably only be bought by investors who can wait, and will wait, 10 to 12 years before they intend to spend the money.



Investment seminars

The first seminar for 2012 is in Dunedin on the 20th March. The seminar's education focus is on "managing risks" and the seminar includes a general investment market update. Details are on www.SuperLife.co.nz under "Seminars". The seminars are free and you can bring a friend or a family member.

SuperLife = education + empowerment



UK pensions

The UK government is changing the rules on UK pension transfers on 6 April 2012. The new rules will apply to transfers from this date. Remember, if you have a UK pension, you can transfer it to your SuperLife account and take advantage of the SuperLife options.



Australian super transfers - still no news

There is still no word on when transfers from Australian superannuation schemes will be allowed. We continue to wait for Australia to change its laws to let the transfers to take place. If you have an Australian superannuation scheme, email your name and contact details to info@superlife.co.nz and we will keep you informed.



KiwiSaver - first retirement benefits

The first retirement benefits under KiwiSaver will be paid from 1 July 2012. When you become eligible for a benefit, you do not have to take it immediately. Many will simply transfer it from their KiwiSaver Account to their SuperLife Superannuation Account and continue to invest it until they choose to spend it. If you have not already read the SuperLife booklet "Thinking about retirement", contact SuperLife for a copy.

Returns to 31 December 2011

(after tax and fees)

	3 years	3 mths
Cash	2.9% p.a.	0.6%
AIM ³⁰	5.6% p.a.	1.9%
AIM ⁶⁰	6.2% p.a.	2.7%
AIM ⁸⁰	6.1% p.a.	2.8%
Managed ⁶⁰	5.5% p.a.	3.1%

Watch your SuperLife savings grow

See your SuperLife details on the internet.

To register, you need to ask for a PIN number to be sent to you.

Phone 0800 27 87 37

Buying your first home

Use KiwiSaver to help save for your first home.

Call SuperLife to find out how and for an information pack.

UK pensions

Transfer your UK pension entitlement to NZ.

For details, email: SLpensions@SuperLife.co.nz

NZ Super

Rates from 1 April 2011 (net-of-tax)

Married couple
\$ 27,194 p.a.

Single living alone
\$ 17,676 p.a.

Single (sharing)
\$ 16,317 p.a.

0800 27 87 37

Performance.....to 31 December 2011

9 January 2012

Beneficiaries - a good time to review

If you are in SuperLife's superannuation scheme, January is a good month to make sure that we have your correct beneficiaries recorded for payment of your benefit on death. You can change your beneficiaries at anytime. Make sure we know who to pay your benefit to, on your death.

January is also a good month to review the amount of life insurance you have (i.e. is it too much or too little).

After-tax returns to 31 December 2011

Pool	Last quarter	Last 1 year (%)	Last 3 years (% p.a.)	Last 5 years (% p.a.)	Last 7 years (% p.a.)
Cash	0.6%	2.8%	2.9%	4.0%	4.3%
NZ bonds	1.3%	7.6%	5.5%	5.6%	5.3%
Overseas government bonds	1.7%	6.1%	5.2%	7.0%	6.2%
Overseas non-government bonds	1.5%	4.8%	5.6%	6.5%	5.6%
Property	2.8%	7.9%	8.9%	-5.8%	1.4%
NZ shares	-3.5%	-5.1%	8.7%	-2.3%	1.9%
Australian shares	6.2%	-8.0%	9.3%	2.3%	
Overseas shares currency hedged	7.9%	-6.3%	9.3%	-3.0%	2.5%
Overseas shares (unhedged)	5.2%	-7.6%	-1.2%	-6.3%	-0.9%
Gemino	5.6%	-37.3%	-2.0%		
Ethica	3.3%	1.3%	4.7%		
Emerging markets	-0.3%				
Managed ³⁰ pool	1.3%	1.3%			
Managed ⁶⁰ pool	3.1%	-0.7%	5.5%	1.2%	
AIM ³⁰	1.9%	2.3%	5.6%	3.1%	4.4%
AIM ⁶⁰	2.7%	-1.1%	6.2%	0.5%	3.3%
AIM ⁸⁰	2.8%	-3.7%	6.1%	-2.0%	2.4%
AIM ^{First Home}	1.4%	6.0%	4.9%		
D Fund	1.8%	3.0%	5.3%		

All returns quoted are after-tax at the top tax rate and after investment fees. Past performance does not indicate likely future performance.

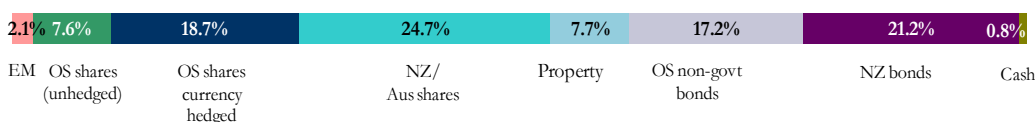
Investment strategy - Managed³⁰ & Managed⁶⁰ Pools

The current overall allocations for Managed³⁰ & Managed⁶⁰ Pools are:

Managed³⁰



Managed⁶⁰



"My future strategy"

If I reviewed my investment strategy (i.e. mix of cash, bonds, property and shares) today and was concerned mainly with performance over the next 2 - 3 years in the context of having longer term return goals, I would be thinking about modifying my "normal" strategy by:

- reducing my cash down to the lowest level I felt comfortable with, given the importance of my savings, the uncertainty of the markets and when I intend to spend the money. This is because cash rates are low.
- holding more bonds and favouring corporate over government bonds. Yields of investment grade corporate bonds are higher than cash rates and are locked in for a longer period.
- favouring Australian and New Zealand shares over overseas shares to benefit from the higher dividends of these markets. In addition, to gain an exposure to the expected growth in the Asian economies.
- building an exposure to emerging markets to about 20% of any overall share exposure.
- maintaining the currency hedge on my overseas shares above my neutral position.
- beginning to rebuild the exposure in the property sector. This would be the start of a slow build up back towards a neutral weight.

The above strategy does not take into account an individual's personal situation. Also, as with all investment decisions, what might be the right strategy over the medium term, may not be right over the very short-term. We really don't know what will happen over the short-term.

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