Quarterly Newsletter

30 September 2020



Welcome

Welcome! 2020 has been a volatile year, and here at SuperLife, we have seen all facets of investor behaviour — part exuberant, part tentative, and part hopeful. The most recent quarter has seen sharp one-day rises, acute one-day falls, and good recoveries. Amid all the adrenaline is one key takeaway for investors: the importance of understanding risks and how to manage them.

It is usual that your appetite for investment risk changes through your life. We are here to help if your think your risk profile has changed. Talk to one of our experienced customer service members who can help explain some of our investment products built around different risk profiles.

Remember we are here to help protect and grow your investments. Reach out to our customer service team at 0800 27 87 37.

In our 'Thoughts on investment' section find out what keeps our investment managers busy in an era of low interest rate environment

Other topics in this issue:

- New PIR rule
- · Feeling a bit under pressure?

Best wishes. Hugh Stevens CEO, Smartshares

Do it online at
www.superlife.co.nz
Or email
superlife@superlife.co.nz
Or call
0800 27 87 37

Smartshares Limited is the issuer of SuperLife Invest, the SuperLife KiwiSaver scheme, the SuperLife UK pension transfer scheme and the SuperLife workplace savings scheme. The Product Disclosure Statements and Fund Updates for these schemes are available at www.superlife.co.nz/legal-doc.

Market update

The September quarter gave investors a good glimpse into the ever-changeable nature of the investor behavior, with its fair share of ups and downs.

Despite a somewhat shaky period, the September quarter ended in a more positive and hopeful mode.

The equities market has proven to be surprisingly resilient after the major sell-off seen in March, at the height of the Covid-19 pandemic.

The S&P 500 which tracks movement of large companies, closed the September quarter at 3,363 against 3,100.29 at the end of June.

The NZX 50 ended the September quarter at 11,747.28 against 11,451.25 at the end of June.

Amid an uncertain Covid-19 world, there is one constant — the unwavering and solid determination of governments in many parts of the world to provide fiscal and monetary policy support to keep their economies running.

The going has been tough. In New Zealand, the economy took a hard hit despite a massive fiscal programme to mitigate the impact of Covid-19.

Government statistics showed gross domestic production (GDP) fell by 12.2% in the second quarter, its largest quarterly fall since 1987 when this statistical series began. The GDP is a measure of economic activity.

Elsewhere, the UK's GDP shrunk 19.8% in the second quarter, while the US economy shrunk a massive 31.4% during the same period. China was the outlier. Its GDP grew by 3.2% during the same period.

What remains to be seen is whether governments around the world can afford to extend the same level of monetary and fiscal stimulus needed to keep their economic engines going.

SuperLife funds were mostly stable despite a volatile global investment environment.

International equities

In the September quarter, returns from international shares, after accounting for currency fluctuations, rose 5.2%.

Over 12 months, returns rose 4.6%. (FTSE Developed All Cap Index in NZ dollar terms)

NZ equities

NZ equities returns, as measured by the S&P/NZX 50 Gross Index, rose 2.6% in the quarter, after stunning gains made in the June quarter. Over 12 months, NZ equities rose 7.5% (S&P/NZX 50 Gross Index).

Emerging markets

Emerging market returns rose 9% in the Sep quarter and was up 9.5% over the year. (FTSE Emerging Markets All Cap)

Australian equities

Australian equity returns, as measured by the S&P/ASX200 Total Returns Index, fell 0.4% in the Sep quarter. Over 12 months, Australian equities fell 10.2%. (S&P ASX 200 Total Return Index)

International fixed interest/bonds

Returns from overseas bonds was up 0.7% in the quarter. Over 12 months returns rose 3.9% (Bloomberg Barclays Global Aggregate Total Return Index, NZD hedged)

NZ bonds

NZ bonds returned 1.7% in the quarter, and was up 5.3% over 12months. (S&P/NZX A-Grade Corporate Bond Index)

SuperLife Funds

SuperLife Income, which does not have any exposure to equities, returned 1.2% in the Sep guarter and 3.2% over 12 months.

SuperLife Conservative, invested mainly in income assets, returned 2.3% in the quarter, Over 12 months, returns rose 1.3%.

SuperLife Balanced Fund (which typically has 60% in equities/listed property and 40% in cash and fixed income) returned 3.5% in the guarter and 0.6% over 12 months.

SuperLife Growth returns rose 4.2% in the quarter but over 12 months, returns fell 0.9%.

SuperLife High Growth, invested mostly in higher risk assets such as equities and property stocks, returned 4.8% in the quarter. Over 12 months, returns fell 2.1%.

Returns in Ethica, a socially responsible fund that invests in a balanced mix of income and growth assets, rose 5.2% in the September quarter. Over 12 months, returns rose 4.5%.

Thoughts on investment

Amid an uncertain Covid-19 world and a volatile investment environment, there has been one constant — the solid determination of governments around the world to provide fiscal and monetary policy support to keep their economies running.

What remains to be seen is whether these governments can afford to extend the same level of monetary and fiscal stimulus needed to keep the economic engines going.

In the US, the Congress and the White House are divided over what levels of monetary support should be given to resuscitate the US economy.

Investors will be looking for stronger resolve from governments to cough up more funds to support ailing businesses and those hurting financially.

Our Chief Investment Officer Stuart Millar has some thoughts to share:

- In a low interest rate environments, fixed income and cash returns will be lackluster in the next 12 months, at least.
- For those invested in conservative funds, it might be

worthwhile to check whether the fund has a mandate to invest in some risk-assets such as equities.

- Equities will be attractive relative to fixed interest and cash.
- For those tempting to switch funds, remember the best action is to stay on course, and continue to invest regularly to average the cost of investments overtime.

If you are concerned about your investments, or would like to find out more about how SuperLife can help with your investments, get in touch with us at superlife@superlife.co.nz or 0800 27 87 37.

PIR rule changes

New Zealand law has changed recently. From 1 April 2020, if Inland Revenue advises us to change your prescribed investor rate (PIR) based on the latest assessment of your total income, then we are obliged to do so.

No action is needed if you accept Inland Revenue's assessment of your PIR.

If you think Inland Revenue is wrong, you need to advise us to change your PIR. If you are still unsure, seek help from a tax adviser.

Feeling a bit under pressure lately?

The Covid-19 pandemic has caused severe stress on businesses and individuals who might have had to deal with recent financial hardships, and other associated stress.

Unfortunately during periods of higher stress like this, scammers try even harder to take advantage of people.

The number one rule of spotting a scam or fraud is if an investment offer looks like it is too good to be true, it probably is.

You can learn some great tips about detecting a scam and scam alerts from the Financial Markets Authority's website www.fma.govt.nz. Don't be pressured by unsolicited offers of investment, especially from overseas.

Always deal with licensed Managed Investment Scheme (MIS) managers in New Zealand, or New Zealand Authorised Financial Advisers (AFAs).

Although your SuperLife KiwiSaver is your nest egg which should be kept untouched, you may be able to withdraw some of your KiwiSaver savings if you can show evidence you are suffering from financial hardship. Call 0800 27 87 37, we are here to help.

If you feel a bit down, anxious or stressed, call the Ministry of Health on 0800 611 116 to find out where to get help.

Returns after tax, costs and fees

SuperLife workplace savings scheme for the, period ended 30 September, 2020

NZ Mid Cap

27.22%

11.23%

0.75%

10.32%

14.16%

Where returns are not shown, the investment option was not available for the full period. The quarterly investment news includes returns for an investor in the SuperLife workplace savings scheme not making contributions. For investors in SuperLife

Invest, the SuperLife KiwiSaver scheme and the SuperLife UK pension transfer scheme, and for investors in the SuperLife workplace savings scheme making contributions, the returns may vary slightly.

Fund	3 Months	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	7 years (p.a.)	Fund	3 Months	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	7 years (p.a.)
NZ Cash	0.18%	0.51%	0.99%	1.56%	1.76%	2.06%	NZ Property	13.24%	21.82%	-3.24%	14.23%		
NZ Bonds	1.61%	4.79%	4.18%	4.42%	3.95%	4.33%	Australian Top 20	-1.17%	15.78%	-12.04%	2.10%	3.63%	
Overseas Bonds	1.44%	4.14%	3.42%	3.41%	3.62%	3.90%	Australian Dividend	-2.53%	20.03%	-14.09%	-1.63%	-0.22%	
Overseas Non-government Bonds	1.10%	6.06%	2.61%	3.11%	3.39%	3.64%	Australian Financials	-5.24%	10.97%	-26.22%	-7.57%	-1.38%	
Global Property	4.58%	15.48%	-16.67%	3.02%	4.71%	6.97%	Australian Property	3.52%	25.97%	-18.39%	2.40%	4.19%	
NZ Shares	5.91%	21.91%	-0.86%	8.17%	11.88%	10.20%	Australian Resources	0.21%	32.57%	-4.47%	9.53%	12.25%	
Australian Shares	0.87%	22.16%	-10.37%	1.80%	4.74%	4.00%	Australian Mid Cap	5.96%	43.19%	2.05%	6.46%	10.02%	
Overseas Shares (Currency Hedged)	5.06%	18.42%	-2.04%	2.60%	7.35%	7.02%	Total World	5.25%	15.46%	3.60%	8.31%	7.65%	
Overseas Shares	4.10%	13.25%	0.07%	6.98%	7.03%	9.27%	US 500	6.28%	15.73%	8.03%	13.60%	11.29%	
Emerging Markets	4.49%	16.35%	2.17%	2.97%	5.14%	5.06%	Europe	1.89%	11.08%	-5.10%	1.31%	2.69%	
UK Cash	1.29%	-4.39%	-0.36%	0.97%	-3.06%	0.07%	Asia Pacific	3.89%	10.66%	-0.15%	4.08%	4.95%	
SuperLife Income	1.23%	4.63%	3.19%	3.59%	3.65%	3.91%	US Large Growth	10.66%	28.81%	29.91%	22.34%	15.77%	
SuperLife Conservative	2.32%	8.63%	1.31%	4.14%	5.04%	5.07%	US Large Value	2.67%	4.54%	-9.39%	5.43%	6.73%	
SuperLife Balanced	3.46%	12.91%	0.59%	4.62%	6.39%	6.34%	US Mid Cap	5.65%	18.30%	0.79%	9.35%	8.04%	
SuperLife Growth	4.16%	15.49%	-0.94%	4.56%	6.82%	6.37%	US Small Cap	3.60%	19.07%	-4.58%	5.82%	6.35%	
SuperLife High Growth	4.83%	18.39%	-2.09%	4.61%	7.15%	7.12%							
Ethica	5.17%	16.10%	4.49%	6.20%	6.55%	7.32%							
NZ Dividend	7.87%	21.35%	-12.36%	4.88%	8.79%								
NZ Top 50	6.76%	23.31%	2.16%	11.79%	14.32%								
NZ Top 10	-2.00%	14.40%	11.78%	15.22%	15.16%								