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## Investment returns

The investment returns for each of the investment options are shown over the page. Over the last quarter all options except for NZ shares and Gemino, were positive.

While the interest rates on cash investments have increased this year, the investment environment continues to be one of low interest rates, low inflation and low economic growth. We expect this environment to continue for the next five to ten years. It is therefore also an environment where there is greater risk of negative returns over the short-term. This is because the interest return from cash and bonds is likely to be lower than historically was the case. The lower interest return means that there is less margin to absorb the normal downturns in the equity and property markets.

Volatility is an ongoing feature of the market, particularly evident in options such as NZ shares. While the return for the last year was 18.6%, after tax and fees, the return for the last quarter was -5.9%. To get higher annual returns like 18.6%, investors have to also accept that they may get lower quarterly returns like the -5.9%. Given the volatility, it is important to focus on longer term performance and not the returns over one quarter or one year.

### Returns to 30 June 2014 (after tax and fees)

	3 years	1 year
Cash	2.7% p.a.	2.6%
SuperLife <sup>30</sup>	5.1% p.a.	5.8%
Ethica	6.1% p.a.	5.4%
SuperLife <sup>60</sup>	7.1% p.a.	9.0%
NZ Shares	14.4% p.a.	18.6%

## 2014 INVESTMENT SEMINARS

The remaining seminars for 2014 will be in October and held in New Plymouth, Auckland, Timaru, Christchurch and Nelson. Details are on our website. You can register to attend a seminar online, or by emailing us at [info@SuperLife.co.nz](mailto:info@SuperLife.co.nz).

### Learning from past investment decisions

with Michael Chamberlain  
Principal, MCA NZ Limited



## DID YOU KNOW...

### Statements

From 30 June 2014, member statements have been upgraded to show the returns (after-tax and after-asset fees) for the period of the statement and also the last 1, 3 and 5 year periods, where the information is available. The return over 3 and 5 years is the average annual return.

### Saving for a child's education - myFutureFund

With myFutureFund under SuperLife, you can save for a child's future education costs. If the child is also in KiwiSaver with SuperLife, the \$33 administration fee in myFutureFund is waived. This gives you access to the full range of SuperLife's investment options and you can save as little or as much as suits your circumstances. myFutureFund is often a good alternative for aunts, uncles, grandparents and parents to save as an alternative to birthday and Christmas presents.

### Income in retirement

Under SuperLife when you retire, you can choose to take out your savings as a combination of lump sums and income, as suits your needs. This lets you manage your investments in retirement under SuperLife. Our booklet "thinking about your retirement" summarises your options and what SuperLife can do for you.

### Insurance

Under SuperLife, you can take out life insurance, disability income protection insurance and medical insurance to suit your needs. Details of the premium rates are on the [website](#).

### NZ Super rates from 1 April 2014 (net-of-tax at 'M')

Married couple  
▶ \$29,355 p.a.

Single person living alone  
▶ \$19,081 p.a.

Single person (sharing)  
▶ \$17,613 p.a.

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# PERFORMANCE

## to 30 June 2014

## 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:

- Having cash at the level appropriate for my expenditure over the next 2 to 3 years, given the importance of my savings and the uncertainty of the markets. I expect that while cash rates may rise, they will remain low at least for the rest of this year.
- Holding less in bonds and favouring corporate over government bonds.
- Maintaining exposure to the property sector at a near neutral weight.
- Holding more shares and favouring Australasian shares over overseas shares, to benefit from the higher dividends of these markets (and the better economic position of Australasia). Within Australasia, I would continue to build a bias towards Australia.
- Building my emerging market share exposure to be about 20% of my overall share exposure.
- Maintaining the currency hedge on my overseas shares above my neutral position.

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. Also, check out the latest investment strategy article on the website.

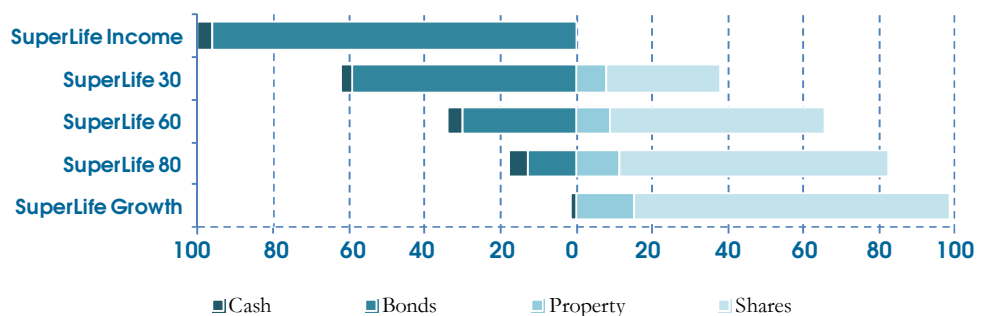
All returns quoted are after-tax at the top tax rate and after investment and asset related fees. An individual's returns may vary from the returns shown due to cash flows and different PIR tax rates. Past performance does not indicate likely future performance.

## After-tax returns (SuperLife superannuation)

Pool/Mix	Last quarter	Last 1 year (%)	Last 3 year (% p.a.)	Last 5 year (% p.a.)	Last 7 year (% p.a.)
Cash	0.6%	2.6%	2.7%	2.8%	3.5%
NZ bonds	1.1%	2.9%	4.2%	5.2%	5.1%
Overseas government bonds	1.9%	2.4%	3.9%	4.3%	5.6%
Overseas non-government bonds	2.2%	5.9%	5.4%	5.3%	6.3%
Property	7.9%	7.6%	10.4%	12.9%	0.1%
NZ shares	-5.9%	18.6%	14.4%	16.0%	5.1%
Australian shares	1.7%	-2.9%	-1.6%	2.7%	-1.2%
Overseas shares currency hedged	5.8%	18.9%	11.6%	13.6%	2.9%
Overseas shares (unhedged)	4.2%	8.8%	8.4%	6.7%	-0.3%
Emerging markets	6.5%	3.2%	-3.4%		
SuperLife <sup>Income</sup>	1.6%				
SuperLife <sup>30</sup>	1.6%	5.8%	5.1%		
SuperLife <sup>60</sup>	1.9%	9.0%	7.1%	8.1%	3.9%
SuperLife <sup>80</sup>	2.7%				
SuperLife <sup>Growth</sup>	3.0%				
Ethica	1.5%	5.4%	6.1%	6.2%	
AIM <sup>First Home</sup>	1.6%	4.3%	4.7%	4.9%	5.0%
the D fund	1.7%	5.3%	5.0%	5.9%	4.6%
Gemino	-14.8%	34.0%	6.2%	4.7%	
AIM <sup>30</sup>	2.0%	5.3%	5.1%	6.1%	4.1%
AIM <sup>60</sup>	2.8%	6.3%	5.4%	7.2%	2.7%
AIM <sup>80</sup>	3.2%	7.0%	5.3%	7.7%	1.3%
UK Cash	1.6%	-0.4%			
UK Income	1.6%	0.0%			
UK Growth	2.8%	2.3%			

## Investment strategy (SuperLife Pools)

The current allocations for SuperLife<sup>Income</sup>, SuperLife<sup>30</sup>, SuperLife<sup>60</sup>, SuperLife<sup>80</sup> & SuperLife<sup>Growth</sup> Pools are:



# SuperLife

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