

NEWS.....to 30 September 2012

3 October 2012

SuperLife = Superannuation + KiwiSaver

Investor updates

Monthly we publish, on the SuperLife website, an Investor update. These are short articles (1 to 3 pages) on a single investment topic. The September Investor update looked at recent bond rates and our views on whether bonds would continue to have an advantage over cash, in the next year. We continue to favour bonds over cash, but believe that return differences will not be as great in the next 1 to 2 years as they were last year.

A child's education



One of the options under SuperLife is **myFutureFund**. This is a savings plan to let parents, grandparents and others, save for a child's future (e.g. education). **myFutureFund** acts as a low cost education savings plan with the full range of SuperLife investment options. To find out more, phone SuperLife for a booklet.

KiwiSaver

In the September quarter, some members started to qualify for a retirement benefit from KiwiSaver. To qualify, a member must be over age 65 and have been in KiwiSaver, and/or a complying superannuation scheme, for at least 5 years. As soon as you are eligible for a retirement benefit, the annual government subsidies (up to \$521 a year) stop. Also, employers are no longer required to contribute. However, some employers do continue to contribute and so for these employees, it may make sense to stay in KiwiSaver.

When you reach your retirement age and can take a retirement benefit, you do not have to take it all. You can take some and leave the balance in your KiwiSaver Account for later. Most, but not all, members have chosen to take their benefit as soon as eligible. Of those that did, many have paid it into their SuperLife superannuation scheme account to continue to invest it. SuperLife superannuation has lower fees than the SuperLife KiwiSaver scheme, because of lower regulatory and compliance costs.

Statements

Members can choose to receive their statements electronically. If you choose to do so, you can set the frequency (e.g. weekly, monthly etc). Electronic statements are normally sent within 1 business day of the end of the period. It is a great way to stay informed and avoid paper.

Beneficiaries

Under SuperLife's superannuation scheme, a member can nominate who receives a benefit on their death. Nominations for the savings and any life insurance need not be the same. Also, a member can have several nominations and decide how much each gets. If there is no nomination, it goes to the member's estate. If you have not reviewed your nominated beneficiaries, why not do so before Christmas?

Thinking about your retirement

To help you plan and manage your investments in retirement, we have written the booklet "**Thinking about your retirement**". Over the last quarter, we have sent a copy to our members over age 60 and to other members as requested. If you would like a copy for you or a family member phone SuperLife - they will make a great Christmas present!



Investment seminars

The last investment seminars for the year are in Auckland on the 4th and 5th November. The seminars' education focus (the first half) is on "managing risks" and the second half is a general investment market update. The seminars are free and you can bring a friend or a family member. The seminars are part of our commitment to help members make better decisions. Full details are on www.SuperLife.co.nz/seminars.

Returns to 30 September 2012

(after tax and fees)

	3 years	1 year
Cash	2.8% p.a.	2.7%
AIM ³⁰	5.7% p.a.	8.6%
AIM ⁶⁰	5.4% p.a.	10.9%
AIM ⁸⁰	5.0% p.a.	11.9%
Managed ⁶⁰	6.1% p.a.	12.7%

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 since 1 April 2012
(net-of-tax)

Married couple
\$ 27,914 p.a.

Single person living alone
\$ 18,144 p.a.

Single person (sharing)
\$ 16,748 p.a.

0800 27 87 37

Performance.....to 30 September 2012

3 October 2012



Investment returns & strategy

The investment markets continue to be dominated by concerns with events in Europe and the high levels of sovereign debt generally around the world. This will be a constant theme for the next few years. As a result, interest rates remain low, economic growth is low and the sharemarket returns remain volatile. This means that returns from cash and bonds continue to be the “safe” short-term option, with shares up one month and down the next, but will probably be lower on average. However, it is an environment where it is often best to look through the short-term and focus on the ability of the investment to generate income over the medium to long-term. For investors, if they do not plan on spending their savings in the next ten years, investing in shares/property and accepting the monthly ups and downs may give the better average return. Our current thoughts on what investors should be thinking about are in the September “[How should I invest my money?](#)” article on the website under news & commentary and in the “[My future strategy](#)” column on the right. Details of the recent returns are below.



After-tax returns to 30 September 2012 - SuperLife superannuation

Pool	This quarter	Last 1 year (%)	Last 3 years (% p.a.)	Last 5 years (% p.a.)	Last 7 years (% p.a.)
Cash	0.7%	2.7%	2.8%	3.6%	4.1%
NZ bonds	1.4%	5.4%	6.1%	5.9%	5.4%
Overseas government bonds	1.5%	5.7%	6.1%	7.1%	6.2%
Overseas non-government bonds	2.6%	8.4%	6.1%	7.6%	6.1%
Property	4.8%	18.0%	10.1%	-3.3%	1.5%
NZ shares	20.0%	23.7%	10.9%	1.9%	4.1%
Australian shares	6.4%	10.1%	1.2%	-2.4%	
Overseas shares currency hedged	7.6%	20.4%	7.7%	-2.4%	2.4%
Overseas shares (unhedged)	4.7%	12.0%	1.7%	-5.8%	-1.4%
Gemino	28.9%	26.9%	-3.3%	-10.1%	
Ethica	4.3%	10.7%	4.3%		
Emerging markets	5.6%	4.0%			
Managed ³⁰ pool	4.5%	8.8%			
Managed ⁶⁰ pool	6.1%	12.7%	6.1%	2.1%	3.6%
AIM ³⁰	3.6%	8.6%	5.7%	3.7%	4.5%
AIM ⁶⁰	5.2%	10.9%	5.4%	1.1%	3.4%
AIM ⁸⁰	6.3%	11.9%	5.0%	-1.2%	2.3%
AIM ^{First Home}	1.9%	6.7%	5.9%	5.7%	
D Fund	3.6%	8.6%	5.8%	4.6%	

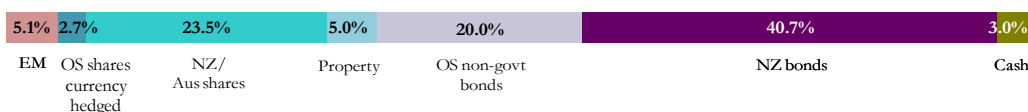
All returns quoted are after-tax at the top tax rate and after investment fees. An individual's returns may vary from the above due to cash flows and different tax rates. Past performance does not indicate likely future performance.



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:

- keeping my cash 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 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 maintain a bias towards Australia.
- building my exposure, within the share portfolio, to emerging markets to about 20% of my overall share exposure.
- maintaining the currency hedge on my overseas shares above my neutral position.
- beginning to rebuild the exposure in the property sector from my cash/bond holdings. This would be the start of a slow build up back towards a neutral weight.

The above strategy is unchanged from April and 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.

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