



to 31 March 2015

*Investment returns ▲ 2015 investment seminars ▲ Member tax credit ▲ PIR tax rate ▲ Buying your first home  
Insurance premiums ▲ Saving for a child's education - myFutureFund ▲ NZ Super rates*

## INVESTMENT RETURNS

The recent investment returns for each of the investment options are shown over the page. The last year was a year where the global share markets generally did better than expected (but not in March) and the bond markets performed better than expected (but not each month). The short term drivers of the returns continue to be low interest rates and the impact of central bank policies, particularly in the US, Europe and Japan. The expectation is that the European and Japanese quantitative easing policies will continue indefinitely, and so 2015/16 may be more of the same, from a return perspective. However, the level of uncertainty and therefore risk appears to have also increased. It therefore remains an environment where there are greater risks of negative returns over the short-term. This makes it important to focus on when you will spend your savings when making investment strategy decisions and not reacting to market headlines.

### Returns to 31 March 2015 (after tax and fees)

	3 years	1 year
Cash	2.8% p.a.	2.9%
SuperLife <sup>30</sup>	6.4% p.a.	8.3%
Ethica	9.2% p.a.	12.9%
SuperLife <sup>60</sup>	8.8% p.a.	10.0%
Property	13.9% p.a.	24.4%

## 2015 INVESTMENT SEMINARS

The seminars in May and June 2015 will be held in Auckland, Wellington, Palmerston North, Hamilton, Dunedin, Invercargill, Rotorua, Tokoroa, Whakatane, Tauranga, 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).

### The keys to investing successfully

with Michael Chamberlain



## DID YOU KNOW...

### Top up your savings - annual KiwiSaver \$521 member tax credit (MTC)

The KiwiSaver year ends on 30 June. After this date the government pays a subsidy of up to \$521.43. It is paid at a rate of \$1 for every \$2 you have saved. It applies each year if you are 18 or over, until your KiwiSaver retirement age. A proportionate payment is made in your first and last years. To get the maximum, you need to have saved the equivalent of \$20 a week (\$1,043 in the year). If you will not have saved \$1,043 by 30 June this year, you can pay a lump sum to top it up, but it must be received by us before 30 June.

### Review your PIR tax rate

Each year in April, you should check that your PIR tax rate is still right for the new tax year. PIR tax rates can be 10.5%, 17.5% or 28%. Information on how to calculate your PIR was recently sent to you and is also available on our website. PIR stands for Prescribed Investor Rate and is the tax rate applied to your investment earnings. Let us know if your PIR tax rate should change.

### Buying your first home

The rules for taking money out of KiwiSaver to buy your first home have changed. Amounts withdrawn can now include the government paid MTC's. Check out our website for details on the changes.

### Insurance premiums

If you have insurance under SuperLife, each year in March we recalculate your premium based on your age at 1 April. It may therefore be a good idea to review the level of your insurances to make sure they are at the right level for your financial needs. Under SuperLife, it is surprising how little it costs for insurance, but if you do not need insurance, any premium is too much. From 1 April 2015, the life and disability income insurance has been moved to Fidelity Life. Further details are on our website.

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

myFutureFund, under SuperLife, lets you 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. You can save as little or as much as suits your circumstances. myFutureFund is a good option for aunts, uncles, grandparents and parents to save for a child, as an alternative to giving a traditional present.

### NZ Super rates

New from 1 April 2015  
(net-of-tax at 'M')

#### Married couple

⇒ \$29,962 p.a.

#### Single person living alone

⇒ \$19,476 p.a.

#### Single person (sharing)

⇒ \$17,977 p.a.

## 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:

- I expect that cash rates, will remain low over the next year. However, I would have my cash at least at the level of my anticipated investment expenditure over the next 3 years, given uncertainty of the markets
- Holding less in bonds (and therefore more cash and shares), and favouring corporate over government bonds.
- Maintaining exposure to the property sector slightly above a neutral weight.
- Holding more shares and favouring Australasian shares over overseas shares, to benefit from the higher dividends of these markets. Within Australasia, I would continue to build a bias towards Australia.
- Setting my emerging market share exposure to be about 15% of my overall share exposure.
- Increasing the currency hedge on my overseas shares to be 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.

The above comments are from MCA, our investment consultant.

## After-tax returns (SuperLife superannuation)

Fund/Mix	Last quarter	Last 1 year (%)	Last 3 years (% p.a.)	Last 5 years (% p.a.)	Last 7 years (% p.a.)
Cash	0.7%	2.9%	2.8%	2.8%	3.2%
NZ bonds	1.6%	6.2%	4.6%	5.1%	5.6%
Overseas government bonds	2.4%	8.2%	3.6%	4.3%	5.3%
Overseas non-government bonds	2.5%	7.7%	4.9%	5.0%	6.2%
Property	3.9%	24.4%	13.9%	11.7%	5.1%
NZ shares	1.0%	0.6%	17.6%	12.1%	9.1%
Australian shares	8.8%	9.5%	0.8%	0.0%	0.4%
Overseas shares currency hedged	3.1%	15.2%	13.5%	10.0%	6.0%
Overseas shares (unhedged)	3.8%	21.5%	13.3%	6.9%	3.8%
Emerging markets	4.1%	15.9%	2.3%		
SuperLife <sup>Income</sup>	1.9%	6.6%			
SuperLife <sup>30</sup>	2.7%	8.3%	6.4%		
SuperLife <sup>60</sup>	3.1%	10.0%	8.8%	6.8%	6.0%
SuperLife <sup>80</sup>	3.8%	12.0%			
SuperLife <sup>Growth</sup>	3.9%	13.3%			
Ethica	3.5%	12.9%	9.2%	6.4%	6.0%
AIM <sup>First Home</sup>	2.0%	6.7%	4.7%	4.9%	5.3%
the D fund	2.6%	7.9%	5.7%	5.2%	5.5%
Gemino	-6.5%	-22.3%	11.1%	2.6%	-2.8%
AIM <sup>30</sup>	2.5%	8.8%	6.1%	5.4%	5.2%
AIM <sup>60</sup>	3.5%	11.6%	7.5%	5.8%	4.7%
AIM <sup>80</sup>	3.8%	13.0%	8.3%	5.9%	4.1%
SuperLife <sup>smartFONZ</sup>	0.9%				
SuperLife <sup>smartMOZY</sup>	1.7%				
smartConservative	0.8%	0.8%			
smartBalanced	1.0%	1.0%			
smartGrowth	1.2%	1.2%			
UK Cash	0.1%	2.6%	0.3%		
UK Income	3.1%	8.3%			
UK Growth	2.0%	9.8%			

*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.*

## Investment strategy (SuperLife Funds)

The current allocations for the Managed Funds are:

