

NEWS to 31 March 2014

SuperLife

SUPERANNUATION
+
KIWISAVER
=
SUPERLIFE

Investment returns | 2014 investment seminars | KiwiSaver - annual member tax credit |
Review your PIR tax rate | New NZ Super rates | Insurance

Investment returns

Details of the returns of the 25 SuperLife investment options are over the page.

The returns for the 2013/14 year were dominated by low, but rising interest rates. The low rates kept the return from cash low and the rising bond yields resulted in bond returns being lower than the cash returns. The rise in bond yields also meant negative returns from overseas government bonds. The returns from shares were also mixed. NZ shares experienced strong gains, as did overseas shares. However, Australian shares and the emerging markets provided negative returns. The property pool was also negative. The returns of the individual sectors meant that for a "balanced" portfolio (e.g. SuperLife⁶⁰ which has 60% shares & property, 40% cash & bonds), the return was positive 4.9% after tax and investment fees for the year.

More important than the 1-year returns, are the longer term returns. Over the last 5 years, all pools had positive returns, reflecting the recovery since the GFC. The SuperLife⁶⁰ Pool returned 8.6% p.a. after tax and fees over this period.

The NZ sharemarket performed strongly last year and over the last 3 and 5 years. This reflects the general positive local economic environment. Over the period also relevant, in the case of SuperLife, was the exposure to Pacific Edge Limited. Shares in Pacific Edge were originally purchased in 2010 at an average purchase price of 26 cents. At 31 March 2014, Pacific Edge's share price was \$1.35. The rise in price has meant that Pacific Edge has become the largest holding in the NZ shares Pool and is well above our target of being equally weighted. In due course, the exposure to Pacific Edge will be sold down. This is likely to be when it gets closer to our original price target, which we still see as being 18 months away. Until then, we are happy to hold the higher exposure, but continue to closely monitor the risk.

Returns to 31 March 2014 (after tax and fees)

	3 years	1 year
Cash	2.7% p.a.	2.7%
SuperLife ³⁰	4.3% p.a.	1.9%
Ethica	5.1% p.a.	3.7%
SuperLife ⁶⁰	5.7% p.a.	4.9%
NZ Shares	16.0% p.a.	20.8%

2014 INVESTMENT SEMINARS

Details of the 2014 investment series throughout New Zealand are on our website. This year the theme is "learning from past investment decisions". The first seminar is on Sunday, May 4th. You can register to attend a seminar online. The format of each seminar is the same; half focuses on education and half looks at the state of the current investment markets and investment strategies for the future.

Learning from past investment decisions

with Michael Chamberlain
Principal, MCA NZ Limited



DID YOU KNOW...

KiwiSaver - annual \$521 member tax credit

KiwiSaver's financial year runs from 1 July to 30 June. Each year, in July, the government pays a KiwiSaver subsidy of up to \$521.43. It is at the rate of \$1 for every \$2 you have saved. It applies each year from age 18 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 \$1,043 in the year. If you will not have saved \$1,043 by 30 June this year, you can make a lump sum contribution 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 the correct rate for the next 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 rate of tax applied to your investment earnings.

Insurance

Under SuperLife, you can take out life insurance, disability income protection insurance and medical insurance to suit your needs. Now is a good time to check that you have the right amount of cover and type of insurance.

NZ Super rates

increased 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.

PERFORMANCE

to 31 March 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:

- Increasing my cash to the level appropriate for my expenditure from my investments 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 neutral weight.
- 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 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.

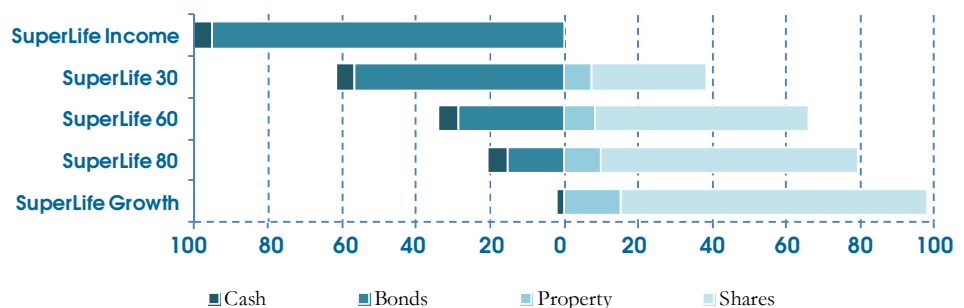
All returns quoted are after-tax at the top tax rate and after investment and asset related fees. An individual's returns may vary from the returns shown due to cash flows and different PIR tax rates. Past performance does not indicate likely performance.

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	0.7%	2.7%	2.7%	2.8%	3.6%
NZ bonds	1.0%	2.0%	4.5%	5.2%	5.0%
Overseas government bonds	1.3%	-2.2%	3.0%	3.8%	5.3%
Overseas non-government bonds	2.6%	1.2%	4.7%	5.2%	5.9%
Property	1.7%	-1.6%	8.6%	12.8%	-1.5%
NZ shares	3.7%	20.8%	16.0%	18.7%	6.4%
Australian shares	-1.3%	-12.2%	-4.6%	5.3%	0.1%
Overseas shares currency hedged	0.5%	12.4%	8.1%	15.7%	2.6%
Overseas shares (unhedged)	-4.4%	12.8%	3.4%	6.8%	-1.2%
Emerging markets	-6.0%	-6.7%	-9.7%		
SuperLife ^{Income}	1.7%				
SuperLife ³⁰	1.2%	1.9%	4.3%		
SuperLife ⁶⁰	0.8%	4.9%	5.7%	8.6%	3.7%
SuperLife ⁸⁰	-0.3%				
SuperLife ^{Growth}	-0.8%				
Ethica	-0.5%	3.7%	5.1%	6.5%	
AIM ^{First Home}	1.7%	1.6%	4.5%	4.8%	
the D fund	1.2%	2.0%	4.3%	6.1%	
Gemino	5.7%	37.9%	5.5%	10.1%	
AIM ³⁰	0.7%	2.1%	4.1%	6.5%	3.9%
AIM ⁶⁰	-0.1%	2.0%	3.6%	7.9%	2.4%
AIM ⁸⁰	-0.9%	2.2%	3.0%	8.7%	0.9%
UK Cash	-3.5%	4.2%			
UK Income	-2.2%	-0.1%			
UK Growth	-3.8%	3.2%			

Investment strategy (SuperLife Pools)

The current allocations for SuperLife^{Income}, SuperLife³⁰, SuperLife⁶⁰, SuperLife⁸⁰ & SuperLife^{Growth} Pools are:



SuperLife

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www.SuperLife.co.nz



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