

# NEWS.....to 31 December 2013

9 January 2014

SuperLife = Superannuation + KiwiSaver



## Investment markets

The investment markets in 2013 were dominated by three themes; increased liquidity, continued low interest rates and increased bond yields. **Increased liquidity** through the continuation of the actions of central banks, particularly the US Fed, resulted in significant liquidity going into the global markets and as a result share markets (and other “risk” assets) generally rose. For example, the share markets of the developed countries, as measured by MSCI, rose 28.9%. The rise was not across the board and when the strength of the NZ currency was taken account, the emerging markets, for example, was negative 2% in NZ dollar terms.

Continued **low interest rates** mean that investors that remained focused on cash continued to receive low but positive returns.

While bond yields remain low, they are not as low as they were a year ago. The **increase in bond yields** (about 1%) meant that the market value of a bond reduced and therefore the total return (interest less market movement) was low and in some cases negative.

Overall, it was a year where investors who focused on long term assets and had more shares and property, did better than normal and those that were more conservative (focused on cash and bonds) received lower returns than expected. In this context a “balanced” portfolio (SuperLife<sup>60</sup>) returned 7.8% after tax and fees. Details of the SuperLife returns are on the back page.



## Address and identity verification

The anti-money laundering legislation requires all members to provide verification of their address and identity. This is required before they can receive a benefit. You can choose to provide it now, or at any time before a benefit becomes payable. We suggest that it is provided as soon as practical, so that when a benefit is due it can be paid without delay.

The documents have to be certified as being true copies by an appropriate person. Also, if you change your name (e.g. through marriage) or change your address, we need to obtain documents verifying the new name and/or new address. Go to [www.SuperLife.co.nz/documents/IDverification.pdf](http://www.SuperLife.co.nz/documents/IDverification.pdf) for details of how to do this.



## Australian superannuation transfers

You can transfer your Australian superannuation to your New Zealand KiwiSaver Account.

There is a range of reasons why you might do this. While from a financial perspective it is important to look at issues such as fees, taxes and efficiencies, many investors will also place a high value on the convenience of having their locked-in retirement savings in one place.

To start the process, the first step is to complete a SuperLife Australian superannuation transfer form. Phone us for a copy or download it from our website. We will then help you complete the Australian scheme forms. When transferring your Australian superannuation, do not assume that it is a quick process. Our experience is that it often takes time for the Australian provider to complete the process and for you to provide the Australian provider with its required information and may take several months.

SuperLife does not charge for helping you transfer your Australian superannuation to your SuperLife KiwiSaver Account.



## 2014 investment seminars

Details of the 2014 investment series are on our website. This year the theme is “learning from past investment decisions”. The first seminar is in Auckland on May 4th. You can register to attend a seminar online. The format of each seminar is the same. The first half focuses on education and what we can learn from past decisions. The second half looks at the state of the current investment markets and investment strategies for the future.

### Returns to 31 December 2013

*(after tax and fees)*

	3 years	1 year
Cash	2.8% p.a.	2.7%
SuperLife <sup>30</sup>	4.6% p.a.	2.2%
Ethica	6.3% p.a.	7.3%
SuperLife <sup>60</sup>	6.7% p.a.	7.8%
NZ Shares	17.0% p.a.	23.2%

### 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.

### Aussie & UK pensions

Transfer your Australian & UK pension entitlements to NZ.

For details, email: [SLpensions@SuperLife.co.nz](mailto:SLpensions@SuperLife.co.nz)

### NZ Super

Rates since 1 April 2013  
(net-of-tax)

Married couple  
**\$ 28,594 p.a.**

Single person living alone  
**\$ 18,586 p.a.**

Single person (sharing)  
**\$ 17,156 p.a.**

**0800 27 87 37**

## Performance.....to 31 December 2013

9 January 2014



## After-tax returns to 31 December 2013 - SuperLife superannuation

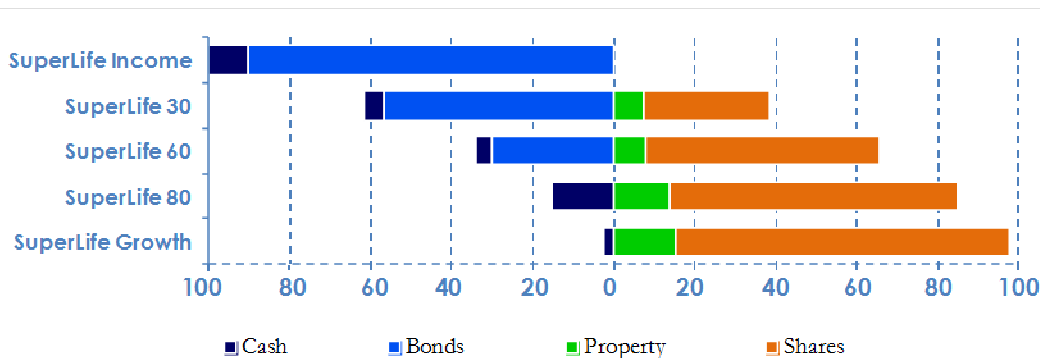
Pool/Mix	Last quarter	Last 1 year (%)	Last 3 year (% p.a.)	Last 5 year (% p.a.)	Last 7 year (% p.a.)
Cash	0.7%	2.7%	2.8%	2.8%	3.7%
NZ bonds	0.6%	1.5%	4.9%	4.7%	5.0%
Overseas government bonds	-0.3%	-2.8%	2.7%	3.5%	5.2%
Overseas non-government bonds	0.6%	-1.0%	4.0%	4.8%	5.6%
Property	-0.2%	1.9%	9.9%	9.7%	-1.3%
NZ shares	10.4%	23.2%	17.0%	16.7%	5.9%
Australian shares	-7.0%	-9.7%	-2.8%	5.5%	1.6%
Overseas shares currency hedged	5.1%	22.6%	9.6%	13.0%	2.7%
Overseas shares (unhedged)	6.4%	23.3%	7.4%	5.3%	-0.5%
Emerging markets	0.6%	-5.0%			
SuperLife <sup>Income</sup>	0.6%				
SuperLife <sup>30</sup>	1.0%	2.2%	4.6%		
SuperLife <sup>60</sup>	2.5%	7.8%	6.7%	7.5%	3.8%
SuperLife <sup>80</sup>	-0.7%				
SuperLife <sup>Growth</sup>	2.2%				
Ethica	2.2%	7.3%	6.3%	6.4%	
AIM <sup>First Home</sup>	0.6%	0.4%	4.4%	4.4%	
the D fund	0.9%	1.9%	4.6%	5.4%	
Gemino	42.9%	35.4%	3.3%	10.6%	
AIM <sup>30</sup>	1.1%	2.8%	4.7%	5.7%	3.9%
AIM <sup>60</sup>	1.2%	4.5%	4.9%	7.0%	2.6%
AIM <sup>80</sup>	1.6%	5.9%	5.0%	7.5%	1.2%
UK Cash	2.8%	1.7%			
UK Income	1.2%	2.6%			
UK Growth	4.0%	1.9%			

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 above due to cash flows and different tax rates. Past performance does not indicate likely future performance.



## 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:



## "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 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. In 2014, we expect to start reducing our bonds further as the risk of interest rate rises builds.
- maintaining the 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 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.

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