

INVESTMENT RETURNS

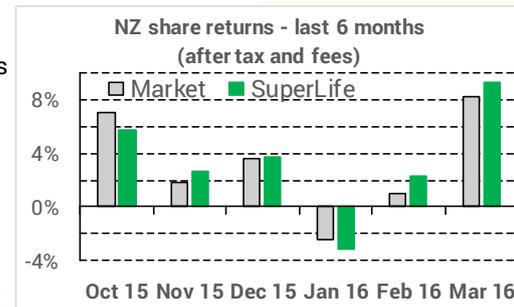
The general investment environment globally continues to be one of low interest rates, low inflation and below the historical average economic growth level. We do not see this general environment changing in the next few years. This makes it difficult for investors, particularly those retired or shortly to retire, to generate returns above 4% to 5% after-tax and fees, without having a significant exposure to the property and share markets. But it is also an environment where there will continue to be significant swings in the returns from one month to the next in the property and share markets. Therefore, a higher than usual allocation to shares and property, is likely to see a more volatile pattern of returns than has traditionally been the case.

A good illustration of this is the last six months for NZ Shares. The graph to the right highlights the monthly returns, after-tax and fees, of the NZ Share market and SuperLife's NZ Shares Fund.

While the overall return of the NZ share market for the last six-months was 20.5% (after-tax) and SuperLife's return was 22.1% (after-tax and fees), both well above what is "normal" for a six-month period, there was significant volatility month by month. This highlights the importance when investing for retirement, of looking past the returns over the short-term, and focusing on whether the nature of your strategy is right for your planned expenditure, and your willingness to see significant swings in the value of your savings in the quest for returns higher than cash rates.

Returns to 31 March 2016 (after tax and fees)

	3 years	1 year
Cash	2.7% p.a.	2.6%
SuperLife ³⁰	4.7% p.a.	4.2%
Ethica	9.3% p.a.	11.4%
SuperLife ⁶⁰	6.7% p.a.	5.2%
NZ Shares	13.1% p.a.	19.2%



THE 2016 INVESTMENT SEMINAR – BUILDING CONFIDENCE IN YOUR RETIREMENT

During May and June, seminars are being held in Palmerston North, Wellington, Whangarei, Hamilton, Invercargill, Dunedin, Rotorua, Tokoroa, Whakatane and Tauranga. The educational section this year looks at saving, investing and managing risk, to build financial confidence in your retirement. Details are on our website. Register to attend a seminar online, or by emailing us at superlife@superlife.co.nz.

DID YOU KNOW...

Review your PIR rate

Each year you should check that your PIR tax rate is still right. PIR tax rates can be 10.5%, 17.5% or 28%. The PIR guide tells you how to check your PIR. Let us know if it should be changed. You can also change it online.

Insurance premiums

SuperLife's life and disability and income protection insurance premiums continue to be amongst the lowest on the market. Insurances through SuperLife provide valuable extra financial protection when the unexpected happens. We recommend you review your needs for such protection and also review the level of your existing insurance to make sure it is at the right level for your financial needs. Details on SuperLife's insurance options and insurance premiums, are on our website.

Annual KiwiSaver \$521 member tax credit (MTC)

Each year following the KiwiSaver year end (30 June), the government pays a subsidy of \$1 for every \$2 you have saved, up to a maximum government payment of \$521.43 for a full year. It applies to KiwiSaver members 18 years of age and 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. Remember you don't have to have saved \$1,043, but you will get \$1 for each \$2 you do save, up to the \$521.43 maximum.

Changes to the HomeStart Grant under KiwiSaver

If you are eligible for a first home withdrawal under KiwiSaver, you may also be eligible for the HomeStart Grant from the government. The government has just announced changes to the criteria. From 1 July 2016, there is no maximum household income test. Until then, the maximum of \$80,000 (before tax) for an individual in the last year, and \$120,000 (before tax) for a couple applies. Details are available on our website

NZ Super rates Since 1 April 2016 (net-of-tax at 'M')

Married couple

⇒ \$30,780 p.a.

Single person living alone

⇒ \$20,007 p.a.

Single person (sharing)

⇒ \$18,468.32 p.a.

SuperLife is moving

From June 2016, we will be moving offices and will be based in Zurich House at the bottom of Queen St. Details of our new address are over the page.

Get the new SuperLife phone App

The SuperLife App is now available to all members. It's easy to download – just go to the **App Store** or **Google play** and register your phone or tablet.



The App lets you check your accounts and insurances, see your balance history, review your investment strategy and beneficiaries, and if in KiwiSaver, track your KiwiSaver government MTC progress.

MY FUTURE STRATEGY:

If I reviewed my investment strategy (i.e. my mix of cash, bonds, property and shares) today, and was concerned mainly with performance over the next 2 - 3 years rather than over the next 3 to 6 months, and in the context of having longer term return goals, I would be thinking about modifying my "normal" strategy by:

- Having cash for my anticipated expenditure, at least at the level I will need for the next 3 to 5 years. This reflects the view of increased risk in the markets. I expect that cash rates will remain low over the next year, but cash provides greater certainty and bonds, property and shares are likely to be more volatile than normal.
- Holding less in bonds (and therefore more cash and shares), and favouring overseas over New Zealand bonds.
- Having an exposure to the property sector at the neutral weight and not expecting to add to it over the next year.
- 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 slowly build a bias towards Australia.
- Reducing my emerging market share exposure, for risk reasons, so it is no more than about 12.5% of my overall share exposure.
- Maintaining 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	0.6%	2.5%	2.7%	2.7%	2.7%
NZ bonds	2.2%	4.7%	4.3%	4.9%	5.3%
Overseas bonds	2.4%	2.0%	2.6%	3.8%	4.2%
Overseas non-government bonds	1.2%	0.3%	3.0%	4.4%	4.8%
Property	7.0%	12.5%	11.3%	12.4%	14.3%
NZ shares	8.3%	19.1%	13.1%	13.4%	16.0%
Australian shares	-0.5%	5.2%	0.3%	-0.02%	5.9%
Overseas shares currency hedged	-1.5%	-2.0%	8.3%	7.3%	12.9%
Overseas shares (unhedged)	-1.9%	5.6%	13.1%	7.2%	8.6%
Emerging markets	2.3%	-2.1%	1.9%	-3.5%	
Gemino	6.5%	2.3%	3.1%	-1.4%	3.7%
UK Cash	-3.2%	4.5%	3.7%		
UK Income	-0.8%	6.4%	4.8%		
UK Shares/Property	-1.1%	3.2%	5.4%		
SuperLife ^{Income}	2.2%	2.8%			
SuperLife ³⁰	2.4%	4.2%	4.7%	5.0%	
SuperLife ⁶⁰	2.2%	5.2%	6.7%	6.4%	8.3%
SuperLife ⁹⁰	2.1%	5.8%			
SuperLife ¹⁰⁰	1.9%	5.5%	5.5%		
Ethica	3.2%	11.4%	9.3%	7.9%	8.1%
AIM ³⁰	1.9%	4.0%	4.9%	5.0%	6.4%
AIM ⁶⁰	1.9%	4.8%	6.0%	5.4%	8.0%
AIM ⁹⁰	2.0%	5.3%	6.8%	5.4%	8.8%
AIM ^{First Home}	1.7%	2.5%	3.6%	4.6%	4.7%
the D fund	1.8%	3.4%	4.4%	4.8%	6.0%
smartConservative	1.8%	4.6%			
smartBalanced	4.5%	8.0%			
smartGrowth	7.1%	11.6%			
NZ Cash ETF	1.3%	1.4%			
NZ Bond ETF	1.9%	1.6%			
Global Bond ETF	2.5%	1.5%			
NZ Dividend ETF	8.9%	15.8%			
NZ 50 Portfolio ETF	6.6%	12.7%			
NZ Top 10 ETF	11.3%	16.3%			
NZ MidCap ETF	3.4%	17.3%			
NZ Property ETF	4.5%	7.3%			
Aust Top 20 Leaders ETF	-2.6%	-8.1%			
Aust Dividend ETF	-3.5%	-12.1%			
Aust Financials ETF	-6.6%	-8.5%			
Aust Property ETF	9.1%	8.5%			
Aust Resources ETF	4.9%	-15.7%			
Aust MidCap ETF	7.9%	9.6%			
Total World ETF	-2.0%	-8.6%			
US S&P 500 ETF	-0.5%	-4.7%			
Europe ETF	-2.9%	-11.4%			
Asia Pacific ETF	-2.8%	-8.4%			
US Growth ETF	-1.2%	-8.2%			
US Value ETF	-0.5%	-1.5%			
US MidCap ETF	-1.0%	-10.3%			
US Small ETF	-1.2%	-12.0%			
Emerging Markets ETF	1.6%	-11.4%			

Where returns are not shown, the investment option was not available for the full period.

Investment strategy (SuperLife Funds)

The current investment allocations for the Managed Funds are:

