



Investment returns

2016, with the benefit of hindsight, was a “normal” investment year. Shares, overall, did better than bonds which did better than cash, but not in every month, and the variations month to month were at times large. At one stage (7 September 2016) the New Zealand share market was up 19.6% for the year (since 1 January 2016) only to fall back and end the year up just 8.5%. Still, 8.5% was above the return expected in the low interest and low growth environment we are in.

An investor therefore, who invested \$100 on 7 September, would have seen it reduce to \$91 (down 9%) by 31 December. The chart shows the return made on \$100 invested on the 7th of each month over the year. Many months, 7, were negative. While a few investors may have the skills to get the timing right, for most it is better to invest regularly over a period and not try and pick which days will be the good days and look to capture the average. As a principle, if you are moving money from a lower to a higher volatile sector, we suggest that it is spread over several months and not moved in multiples of more than 5%, unless you are confident that the timing is right.

SuperLife fund updates

You can now see detailed information on each of the investment funds under SuperLife at: www.superlife.co.nz/legal-doc

These are published quarterly and give you information on how each fund has performed, the risk indicator, and the fees charged. The update is prepared in accordance with the Financial Markets Conduct Act 2013 and is designed to help you compare different investment funds.

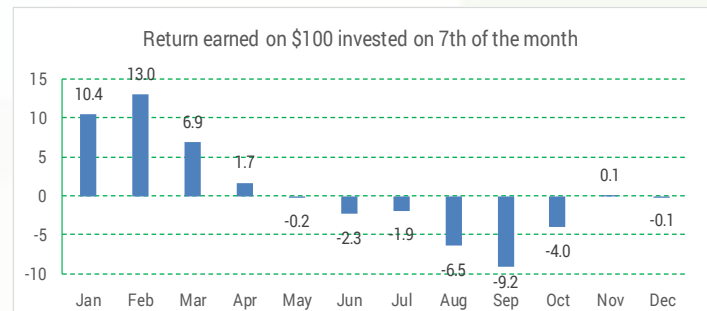
Start 2017 with a financial health check

The start of a new year is a good time to take stock of your financial health. Here are some things you can think about:

- **Do you have a Will?** A Will lets you say what happens to your possessions and assets following your death. Details at www.superlife.co.nz/wills.
- **Are you saving enough for retirement?** Try the savings calculator at www.superlife.co.nz/education/resources/calculators to work out how much you'll have at retirement.
- **Do you have too much or too little life insurance?** The article at www.superlife.co.nz/education/guides-booklets/how-much-life-insurance-do-i-need helps you work out how much you might need, and the calculator www.superlife.co.nz/education/resources/calculators lets you work out how much it will cost.
- **Have you reviewed your beneficiaries lately?** Under SuperLife, we must pay the benefit to the people you have nominated. Note that under KiwiSaver the benefit is paid to your estate (another good reason to have a Will). You can review your beneficiaries online, or using the mobile phone app or by contacting SuperLife.
- **Are you in the right investment option for you?** There are many articles at www.superlife.co.nz/investments to help you work this out, and a simple overview of the SuperLife investment options.
- **Are you saving enough to get your maximum government subsidy (MTC) under KiwiSaver?** To get the maximum MTC of \$521 this year, you need to have saved \$1,043 by 30 June 2017, which equates to saving \$87 a month for the full year. You can check your status using the mobile phone app. For more details on MTC go to www.superlife.co.nz/increase-your-kiwisaver-savings-with-mtc

Returns to 31 December 2016 (after tax and fees)

	3 years	1 year
Cash	2.5% p.a.	2.1%
SuperLife ³⁰	5.7% p.a.	5.8%
Ethica	8.3% p.a.	4.6%
SuperLife ⁶⁰	7.0% p.a.	7.1%
NZ Shares	9.4% p.a.	14.1%



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2017 seminars

Investing successfully – back to basics

To register go to: www.superlife.co.nz

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.

to 31 December 2016

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 two to three years, rather than over the next three to six months, and in the context of having longer term return goals, I would be thinking about modifying my "normal" strategy by:

- Having sufficient cash for my anticipated expenditure level I will need for the next three to five years. This reflects the view of above average risk in the bond and share 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 remain more volatile than normal.
- Holding less in bonds (and therefore more cash and shares), and continuing to favour overseas bonds over New Zealand bonds, if I am saving for retirement, and equal levels if I am in retirement.
- Having an exposure to the property sector at the 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 slowly build a bias towards Australia.
- Holding my emerging market share exposure at about 10% of my overall share exposure, if I am saving for retirement and nil if I am in retirement.
- 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. Check out the latest investment strategy article on the SuperLife website.

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.)
NZ Cash Fund	0.5%	2.1%	2.5%	2.6%	2.7%
NZ Bonds Fund	-2.2%	2.8%	4.1%	3.9%	4.7%
Overseas Bonds Fund	-1.4%	4.9%	4.7%	3.2%	4.1%
Overseas Non-government Bonds	-1.7%	4.2%	4.5%	4.1%	4.4%
Property Fund	-5.7%	3.2%	11.2%	11.1%	9.9%
NZ Shares Fund	-3.0%	14.1%	9.4%	17.2%	12.6%
Australian Shares Fund	4.6%	10.1%	7.9%	4.7%	2.5%
Overseas Shares (Currency)	4.8%	9.2%	8.0%	12.1%	9.3%
Overseas Shares Fund	6.2%	3.7%	9.0%	11.7%	7.4%
Emerging Markets Fund	-2.1%	3.4%	2.5%	2.4%	
Gemino Fund	2.3%	13.5%	-3.7%	9.4%	2.1%
UK Cash Fund	-0.9%	-14.1%	-2.9%		
UK Income Fund	-4.5%	-9.6%	0.9%		
UK Shares/Property Fund	2.2%	-2.4%	2.4%		
SuperLife Income Fund	-1.7%	3.9%	4.2%		
SuperLife 30 Fund	-0.6%	5.8%	5.7%	5.9%	
SuperLife 60 Fund	0.3%	7.1%	7.0%	8.4%	6.8%
SuperLife 80 Fund	1.4%	8.0%	7.7%		
SuperLife 100 Fund	1.3%	7.7%	7.8%		
Ethica Fund	-1.9%	4.6%	8.3%	8.5%	6.8%
AIM 30	-0.8%	4.8%	5.4%	5.6%	5.2%
AIM 60	0.0%	6.0%	6.7%	7.2%	5.9%
AIM 80	0.4%	6.4%	7.1%	8.1%	6.1%
AIM First Home	-1.8%	3.4%	4.2%	4.0%	4.4%
The D Fund	-1.1%	4.9%	5.1%	5.3%	5.0%
smartConservative	-0.9%	3.4%			
smartBalanced	-2.4%	7.8%			
smartGrowth	-4.4%	11.2%			
NZ Cash ETF Fund	0.5%	2.8%			
NZ Bond ETF Fund	-2.2%	2.3%			
Global Bond ETF Fund	-1.5%	4.7%			
NZ Dividend ETF Fund	-4.0%	12.7%			
NZ Top 50 ETF Fund	-6.3%	8.1%			
NZ Top 10 ETF Fund	-7.9%	13.6%			
NZ Mid Cap ETF Fund	-5.2%	4.2%			
NZ Property ETF Fund	-8.0%	0.3%			
Australian Top 20 ETF Fund	5.9%	6.7%			
Australian Dividend ETF Fund	4.2%	2.8%			
Australian Financials ETF Fund	10.0%	6.3%			
Australian Property ETF Fund	-2.9%	6.2%			
Australian Resources ETF Fund	6.4%	36.8%			
Australian Mid Cap ETF Fund	-1.7%	16.0%			
Total World ETF Fund	6.0%	4.3%			
US 500 ETF Fund	9.8%	8.5%			
Europe ETF Fund	2.5%	-4.1%			
Asia Pacific ETF Fund	1.2%	1.4%			
US Large Growth ETF Fund	5.4%	3.4%			
US Large Value ETF Fund	13.6%	13.0%			
US Mid Cap ETF Fund	8.3%	8.1%			
US Small ETF Fund	12.1%	14.6%			
Emerging Markets ETF Fund	-2.5%	4.2%			

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

The current investment allocations for the managed funds are:

