

Investment returns

In recent times, many commentators have announced that the share markets will fall in 2017. We do not know whether this is right, but many of the same "experts" picked a fall last year and the year before. Eventually they will be right, as the share markets do go down (halve) - about twice every generation. We do not think that anyone knows when it will happen. What is important is not guessing when the market will go down, but having a strategy that lets you manage your investments when it happens and over periods of high uncertainty. We suggest the bucket approach, ie cash for your immediate expenditure (next 3-years), bonds for the following 7/9 years' expenditure and shares/property for expenditure beyond 10/12 years. This way when the experts prove to be right, you have ten years' expenditure covered and time for the markets to recover before you are ready to sell.

The graph to the right shows the performance of the US share market over the last ten years. In the first two years, the market halved. In the next four years, it recovered and has since gone on to new highs. In addition, each year, including when it was declining, it paid a dividend. Over the ten years the total return was 6.6% per year and since the global financial crisis it has generated a return of at 18.5% per year. We do not know when the US market, or Europe or New Zealand will halve again. We think that rather than try and guess, it is better to only invest money in the share markets that you will not spend for more than ten years.

It is not only share markets that appear to have increased current risk levels. The bond market, given low interest rates, would give negative returns short term if interest rates rise, even though if the bond is held to maturity the negative return is reversed.

SuperLife workplace savings scheme Returns to 30 June 2017 (after tax, costs and fees)		
	3 years	1 year
Cash	2.5% p.a.	2.1%
SuperLife ⁸⁰	6.0% p.a.	6.4%
Ethica	9.4% p.a.	5.8%
SuperLife ⁶⁰	7.9% p.a.	10.7%
NZ Shares	13.2% p.a.	12.6%
Aust Shares	9.2% p.a.	18.7%



Investing successfully – back to basics

The investment seminar series continues around New Zealand. Each seminar focuses on how to achieve successful investment outcomes. These stem from having the right investment strategy and implementing it cost and tax effectively. Register to attend a seminar online, or by emailing superlife@superlife.co.nz.

Location	Date
Napier/Hastings	12 September
Gisborne	13 September
Nelson	19 September
Timaru	20 September
Christchurch	21 September
Auckland	15/16 October
New Plymouth	19 October

Did you get your maximum 2017 KiwiSaver member tax credit (MTC)?

Now is a good time to check if you are saving enough to get your maximum MTC for the July 2017 to June 2018 MTC year. You get the maximum if you save the equivalent of \$20 a week (\$1,043 in the year). A proportionate payment is made in your first and last years. Some tips:

- Check your payslip to see how much you are saving from pay. Your savings rate can be 3%, 4% or 8% of pay.
- Set up regular savings by direct debit by filling out a direct debit form. Employees can also do this as well as saving through their pay.
- Save a lump sum by completing the "lump sum payment form" and send it to us. You can pay by internet banking or send a cheque to "SuperLife KiwiSaver".
- Contact us to find out if you are able to transfer savings from your SuperLife workplace savings or SuperLife Invest accounts, to your SuperLife KiwiSaver scheme account.

What's online?

Register for online access at www.superlife.co.nz

- View your accounts
- See your contributions
- See your investment returns by fund
- Change your investment strategy
- Update your beneficiaries
- Update your PIR

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Get information

- **Latest fund updates:** detailed information on each of the funds published quarterly
- **Investment returns:** updated monthly
- **Calculators:** insurance, retirement savings, managed income, fees comparison
- **Forms:** for any changes you want to make to your account
- **SuperLife information:** SuperLife Invest, SuperLife KiwiSaver scheme, SuperLife UK pension transfer scheme, SuperLife workplace savings scheme.

NZ Super rates - from 1 April 2017 (net-of-tax at 'M')	
Married couple	\$31,216 p.a.
Single person living alone	\$20,290 p.a.
Single person (sharing)	\$18,729 p.a.

to 30 June 2017

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 for the next four to five years. This reflects the view of continued above average risks present 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 have the potential to be 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 at 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 maintain a bias towards Australia.
- Holding my emerging market share exposure at about 7.5% 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 but looking to reduce it towards the neutral level over the next six months, because of the potential uncertainty in NZ around the election outcome.

The above strategy does not take into account an individual's personal situation.

The quarterly investment news includes returns for an investor in the SuperLife workplace savings scheme not making contributions. For investors in SuperLife Invest, the SuperLife KiwiSaver scheme and the SuperLife UK pension transfer scheme, and for investors in the SuperLife workplace savings scheme making contributions, the returns will vary slightly.

Returns after tax, costs and fees

(SuperLife workplace savings scheme, period ended 30 June 2017)

Fund	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%	2.5%	2.6%
NZ Bonds Fund	1.3%	2.1%	4.5%	4.0%	4.6%
Overseas Bonds Fund	1.3%	2.9%	4.4%	3.2%	4.2%
Overseas Non-government Bonds	2.3%	1.7%	3.6%	3.8%	4.5%
Property Fund	-0.2%	0.6%	9.5%	10.2%	10.9%
NZ Shares Fund	2.2%	12.6%	13.2%	17.5%	14.7%
Australian Shares Fund	-4.7%	18.7%	9.2%	6.0%	4.9%
Overseas Shares (Currency Hedged)	3.8%	23.7%	9.0%	13.4%	11.6%
Overseas Shares Fund	1.4%	18.0%	11.2%	12.6%	9.1%
Emerging Markets Fund	0.4%	17.4%	6.3%	5.0%	
Gemino Fund	-16.1%	0.5%	-2.9%	9.2%	2.3%
UK Cash Fund	-0.2%	-4.6%	-2.1%	-1.7%	
SuperLife Income	1.5%	2.3%	4.0%		
SuperLife 30	1.3%	6.4%	6.0%	6.2%	
SuperLife 60	1.2%	10.7%	7.9%	8.9%	7.9%
SuperLife 80	1.2%	13.6%	9.0%		
SuperLife 100	0.8%	15.7%	9.6%		
Ethica	0.5%	5.8%	9.4%	8.8%	7.4%
NZ Cash ETF Fund	0.5%	2.0%			
NZ Bond ETF Fund	1.3%	2.2%			
Global Bond ETF Fund	1.3%	2.9%			
NZ Dividend ETF Fund	6.1%	12.9%			
NZ Top 50 ETF Fund	6.8%	13.0%			
NZ Top 10 ETF Fund	7.1%	7.9%			
NZ Mid Cap ETF Fund	8.0%	17.8%			
NZ Property ETF Fund	4.6%	1.4%			
Australian Top 20 ETF Fund	-7.6%	15.7%			
Australian Dividend ETF Fund	-5.4%	16.3%			
Australian Financials ETF Fund	-8.3%	20.5%			
Australian Property ETF Fund	-4.4%	-1.0%			
Australian Resources ETF Fund	-6.2%	24.1%			
Australian Mid Cap ETF Fund	1.2%	20.5%			
Total World ETF Fund	0.4%	17.0%			
US 500 ETF Fund	-0.4%	16.1%			
Europe ETF Fund	5.0%	21.7%			
Asia Pacific ETF Fund	-0.3%	17.0%			
US Large Growth ETF Fund	1.5%	18.2%			
US Large Value ETF Fund	-2.1%	14.3%			
US Mid Cap ETF Fund	-0.7%	15.7%			
US Small ETF Fund	-1.2%	17.8%			
Emerging Markets ETF Fund	-1.9%	16.7%			

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

The current investment allocations for the managed funds are:

