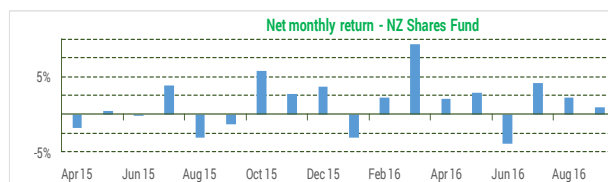


## Investment returns

The investment markets continue to show signs of experiencing higher than normal investment risk. This is seen by the volatility of the returns from one day to the next, and from one month to the next. An example is the NZ Shares Fund. Over the last year, the after tax and after fees return of the SuperLife NZ Shares Fund was 32.6%. This was well above what we would see as the long term sustainable return in the current low inflation and low interest rate environment. Also throughout the year, in generating the 32.6% return, the monthly returns varied between +9.3% and -3.9%. While typically over a 12-month period, 2 to 4 months are often negative, in the current environment we think it is more likely to vary between 2 and 5 for the immediate future.



## SuperLife – move to the new financial markets legislation

We recently sent all members a letter updating them on our activities over 2016 and what will happen between now and the end of the year, as we transition to the new financial markets legislation. We encourage you to read the update so that you are familiar with the changes.

The move to the new legislation takes place on 9 November. You don't have to do anything and it will not affect the contributions you make, when you will receive a benefit or make a withdrawal, and how your accounts are invested.

## Investment income options

The total investment return that a member receives depends on the income received (eg the interest and dividends) and the change in the market value of the investments. Previously the investment income has been automatically reinvested in the Fund that the member was invested in. For example, NZ share dividends were reinvested in the NZ Shares Fund.

SuperLife now lets members choose whether the investment income portion of the total return is automatically reinvested in the Fund where it was earned, or whether they are allocated to a different Fund. The default is the Fund that they were earned in as at present. For most members, the current practice will be best. However, for some members, particularly those in retirement, it may be better to have the income return credited to the Cash Fund where they can then be withdrawn when required. Members looking to take advantage of this increased flexibility should contact SuperLife.

## Lower savings administration fee if you receive your statements electronically

SuperLife is reducing the \$33 savings administration fee under the SuperLife superannuation scheme. It is being reduced to \$30 a year for members who receive their statements by letter and to \$12 a year where the statements are received in electronic form. If you currently receive your statements in the mail but would like to receive them in the future by email, contact us with details of your email address (superlife@superlife.co.nz).

## Beneficiaries

Under KiwiSaver, a benefit payable on death is paid to your estate. It is therefore important to keep your will up to date. However, under the SuperLife superannuation scheme, the death benefit is paid to your estate, a family trust or a nominated person(s) as you choose. As we approach Christmas, it is timely to review and update who you have nominated to receive the benefit should you die. The easiest way to see your current nominations is through the smart phone App. Your beneficiaries can also be seen over the internet through the SuperLife website.

### Returns to 30 September 2016 (after tax and fees)

	3 years	1 year
Cash	2.6% p.a.	2.2%
SuperLife <sup>90</sup>	6.2% p.a.	8.4%
Ethica	9.8% p.a.	10.5%
SuperLife <sup>60</sup>	7.7% p.a.	10.8%
NZ Shares	14.3% p.a.	32.6%

## Get statements online or by email

To change your statements to email or online, instead of by post:

Call 0800 27 87 37 or  
Email [superlife@superlife.co.nz](mailto:superlife@superlife.co.nz).

Remember too if you choose email or online you can get statements weekly, monthly six monthly or annually. It's your choice.

## Keep track on line or on mobile

Get the My SuperLife app at the [App Store](#) or [Google Play](#) and then register your phone or tablet.

Get online access now at  
[www.superlife.co.nz](http://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 30 September 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 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 more cash, and in particular sufficient 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 bond and share markets of a market downturn. 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 continuing to favour overseas bonds over New Zealand bonds.
- 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. 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%	2.2%	2.6%	2.7%	2.7%
NZ bonds	1.3%	4.7%	5.1%	4.6%	5.2%
Overseas bonds	1.8%	6.0%	5.1%	3.8%	4.5%
Overseas non-government bonds	1.0%	7.3%	5.3%	4.8%	4.8%
Property	1.7%	14.3%	13.3%	13.0%	11.1%
NZ shares	7.6%	32.6%	14.3%	17.1%	13.5%
Australian shares	9.1%	7.0%	3.8%	5.0%	2.6%
Overseas shares currency hedged	7.9%	12.4%	8.1%	12.8%	9.5%
Overseas shares (unhedged)	5.1%	-1.8%	9.1%	11.5%	7.1%
Emerging markets	7.4%	0.8%	3.5%	2.8%	
Gemino	6.6%	17.8%	7.7%	10.1%	2.1%
UK Cash	-3.8%	-18.9%	-1.6%		
UK Income	1.3%	-10.6%	2.8%		
UK Shares/Property	1.8%	-6.5%	3.0%		
SuperLife <sup>Income</sup>	1.4%	6.1%	5.1%		
SuperLife <sup>30</sup>	3.0%	8.4%	6.2%	6.3%	
SuperLife <sup>60</sup>	4.7%	10.8%	7.7%	9.0%	7.2%
SuperLife <sup>80</sup>	5.5%	10.5%	7.0%		
SuperLife <sup>100</sup>	6.5%	10.6%	8.2%		
Ethica	3.5%	10.5%	9.8%	9.7%	7.2%
AIM <sup>30</sup>	2.8%	7.0%	6.1%	6.2%	5.6%
AIM <sup>60</sup>	4.4%	8.1%	7.1%	7.8%	6.3%
AIM <sup>80</sup>	5.5%	8.4%	7.6%	8.6%	6.6%
AIM <sup>First Home</sup>	1.1%	5.8%	5.1%	4.6%	4.8%
the D fund	2.6%	7.4%	5.8%	5.9%	5.5%
smartConservative	1.8%	7.0%			
smartBalanced	5.2%	15.7%			
smartGrowth	8.2%	25.3%			
NZ Cash ETF	0.5%				
NZ Bond ETF	1.3%				
Global Bond ETF	1.8%				
NZ Dividend ETF	8.2%	26.4%			
NZ 50 Portfolio ETF	6.9%	27.9%			
NZ Top 10 ETF	8.4%	32.9%			
NZ MidCap ETF	6.6%	23.1%			
NZ Property ETF	2.6%				
Aust Top 20 Leaders ETF	8.0%	2.1%			
Aust Dividend ETF	7.7%	-3.9%			
Aust Financials ETF	8.5%	2.9%			
Aust Property ETF	-1.0%	10.7%			
Aust Resources ETF	16.3%	13.6%			
Aust MidCap ETF	10.2%	21.1%			
Total World ETF	5.3%	-2.1%			
US S&P 500 ETF	3.6%	-0.6%			
Europe ETF	6.0%	-8.5%			
Asia Pacific ETF	7.8%	0.3%			
US Growth ETF	4.5%	-3.1%			
US Value ETF	3.2%	2.8%			
US MidCap ETF	5.3%	-0.3%			
US Small ETF	6.9%	0.0%			
Emerging Markets ETF	9.0%	2.0%			

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:

