

Quarterly Update

Kia ora

Economies around the world, including New Zealand's continue to go through a challenging time.

The daily news cycle is full of stories of soaring food and energy prices and the natural reaction of those invested in the equities markets is to be concerned by any fall in the value of their investments.

Even though we know risk is an inherent part of investing, it is usually when the markets are turbulent that we take more notice. Despite the urge to react and sell when you see markets plunge, that may be the exact opposite of what should be done. With markets at lower levels this may present a good buying opportunity as prices become more attractive.

The Covid-related crash of March 2020 illustrates what may happen in markets. A sharp fall, followed by a recovery. Over the history of the S&P 500, for every fall, there has been a recovery although some recoveries take longer than others.

The current sentiment in global markets is likely to continue for at least the next 3 to 6 months, with periods of ups & downs along the way.

Our investment team is continually looking at how we strategically manage your money, and what adjustments are needed to add value. On your part, we encourage you to take time to review whether your investments are consistent with the amount of risks you can tolerate and your investment timeframe.

If you need help, please don't hesitate to email superlife@superlife.co.nz or call 0800 27 87 37 to speak to one of our customer service team members.

Hugh Stevens
CEO, Smartshares

Do it online at www.superlife.co.nz

Or email superlife@superlife.co.nz

Or call 0800 27 87 37

Smartshares Limited is the issuer of SuperLife Invest, the SuperLife KiwiSaver scheme, the SuperLife UK pension transfer scheme and the SuperLife workplace savings scheme. The Product Disclosure Statements and Fund Updates for these schemes are available at www.superlife.co.nz/legal-doc.

Market update & outlook

The June quarter was out of the ordinary in that both bonds and equities delivered negative returns during the period. The NZ dollar declined against major market currencies as well, which had a positive impact on portfolios invested in international assets.

Stocks sold off for a second consecutive quarter on concern that rising interest rates aimed at curtailing inflation would have a negative impact on earnings growth. Supply-chain disruptions and a protracted Russia-Ukraine war has seen consumer price inflation rise at the fastest pace since the 1980s.

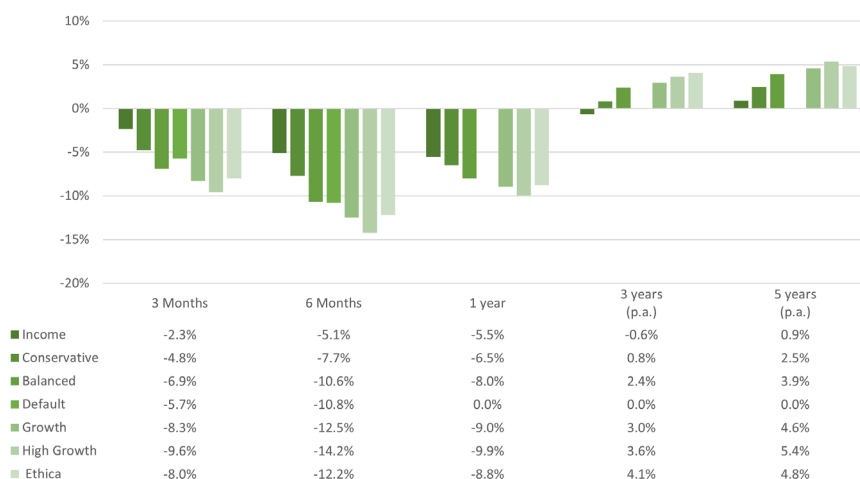
Back then the U.S. Federal Reserve risked pushing the US economy into recession to stamp on inflation. Some investors fear a similar cycle may be repeated. However, we can take some comfort that central banks are better at dealing with inflation than they are with deflation.

If investors believe the central banks can stabilise inflation, they can become more certain about the price they should pay for assets. Unlike the experience seen in the 1980s, central banks and consumers know that central banks can

World indices at a glance (Data source Bloomberg)

Return (%) as at 30 June 2022	Q2 2022	1 Year	3 years (p.a)
Equities			
International equities			
FTSE Developed All Cap Index	-16.2%	-15.3%	7.0%
FTSE Emerging Markets All Cap China A Inclusion Index	-10.5%	-21.2%	2.1%
S&P 500 Index	-16.1%	-10.6%	10.6%
VIX Index	39.6%	81.4%	23.9%
Australasian equities			
S&P/NZX 50 Gross Index	-10.3%	-14.1%	1.2%
S&P/ASX 200 Index	-11.9%	-6.5%	3.3%
Fixed Interest			
International fixed interest			
Bloomberg Global-Aggregate Index	-8.3%	-15.2%	-3.2%
U.S. 10-year government bond yield (%)	3.013%	2.338%	1.468%
New Zealand fixed interest			
S&P/NZX A-Grade Corporate Bond Total Return Index	-1.4%	-6.8%	-0.9%
NZ 10-year government bond yield (%)	3.861%	3.222%	1.765%

SuperLife Diversified Funds as at 30 June 2022 (Note: Past returns are not a reliable indicator of future performance)



Returns are as at 30 June 2022, for a SuperLife KiwiSaver member, net of fund charges and taxes
The SuperLife Default KiwiSaver fund is only available to SuperLife KiwiSaver members

deal with inflation, and they will be careful not to push the economy into recession.

While high inflation and rising interest rates are initially difficult for equities and bonds, the yields available to conservative investors on cash and bonds are now much more attractive than they have been for some time. The risk that interest rates rise substantially more than already expected is relatively low. As a guide, the NZ government bonds were yielding more than 4% towards the end of the quarter.

The Fed raised interest rate by 0.75% on 15 June, its largest hike since 1994. This brings the Fed fund rate (used as a benchmark for overnight bank funding costs) to between 1.5% and 1.75%.

In July, the Reserve Bank of New Zealand raised its official cash rate by 50 basis points to 2.50%.

How we look after your money

- One of the regular things we do is keep a close eye on the impact of changes in interest rates and economic trends.

We then look to take actions in our diversified funds to optimise higher-than-expected inflation and rising interest rates. We also reduced our exposure to Australasian and international equities, and increased investments in infrastructure funds which tend to perform better during periods of rising inflation. We also decreased our hedging levels which benefited portfolios as the NZ dollar fell amidst rising economic uncertainty. As a result, value was added to investor returns relative to the status quo.

- SuperLife's diversified funds are structured to have a mix of equities, bonds, and fixed income. For example, the SuperLife Balanced Fund has cash, fixed interest, equities, and listed property in its portfolio. This means a fall in one asset class is often cushioned by the rise or relative stability of another type of asset.

Ways to invest

SuperLife offers access to a range of funds across different sectors and country exposures, so investors can create portfolios tailored to their needs.

Our Ethica fund is a socially responsible fund with investments in a balance of income and growth assets.

With our SuperLife Age Steps option, we automatically set the proportion of your investment in income and growth assets based on your age. This means as you get older, the proportion of your investment in more volatile growth assets will be reduced, lowering the expected size of the ups and downs in the value of your investment.

If you would like to find out more about how SuperLife can help with your investments, get in touch with us at

SuperLife@SuperLife.co.nz or phone 0800 27 87 37.

RETURNS AFTER TAX, COSTS AND FEES

SuperLife workplace savings scheme for the period ended 30 June 2022.

Where returns are not shown, the investment option was not available for the full period. The quarterly investment update 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 may vary slightly.

Fund	3 Months	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	7 years (p.a.)	Fund	3 Months	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	7 years (p.a.)
SuperLife Income	-2.34%	-5.08%	-5.54%	-0.64%	0.91%	1.83%	US 500	-7.48%	-12.82%	-0.16%	11.90%	12.93%	
SuperLife Conservative	-4.76%	-7.73%	-6.50%	0.82%	2.47%	3.36%	US Large Growth	-13.61%	-23.96%	-12.66%	13.00%	14.38%	
SuperLife Balanced	-6.92%	-10.65%	-8.00%	2.38%	3.90%	4.73%	US Large Value	-1.07%	-0.71%	9.50%	9.82%	10.77%	
SuperLife Default	-5.75%	-10.78%					US Mid Cap	-7.72%	-14.55%	-6.29%	8.59%	9.81%	
SuperLife Growth	-8.29%	-12.49%	-8.97%	2.95%	4.60%	5.33%	US Small Cap	-8.12%	-14.79%	-12.27%	6.57%	8.28%	
SuperLife High Growth	-9.56%	-14.21%	-9.92%	3.65%	5.38%	5.84%	Overseas Shares	-6.13%	-12.33%	-5.82%	6.97%	7.96%	6.66%
Ethica	-8.01%	-12.18%	-8.76%	4.07%	4.85%	5.24%	Overseas Shares (Currency Hedged)	-12.12%	-16.33%	-10.65%	4.25%	4.82%	5.76%
S&P/NZX 50	-9.80%		-14.28%				Total World	-6.56%	-12.48%	-7.14%	7.39%	8.35%	
NZ Shares	-10.40%	-15.55%	-13.61%	0.06%	4.42%	7.96%	Total World (NZD Hedged)	-11.22%		-11.36%			
NZ Top 50	-10.36%	-15.54%	-13.60%	1.75%	7.34%	9.45%	Asia Pacific	-4.76%	-10.95%	-12.02%	2.09%	3.34%	
NZ Top 10	-9.07%	-16.06%	-14.25%	0.63%	6.03%		Emerging Markets	-1.38%	-7.65%	-13.51%	2.34%	3.85%	2.81%
NZ Mid Cap	-10.89%	-17.62%	-14.32%	0.27%	6.68%		Europe	-5.32%	-14.65%	-10.96%	2.34%	3.20%	
NZ Dividend	-7.96%	-9.27%	-6.65%	-0.65%	4.28%		Global Property	-15.47%	-19.04%	-11.84%	-1.69%	3.57%	4.10%
NZ Property	-12.96%	-17.90%	-14.67%	-1.68%	6.07%		NZ Bonds	-1.28%	-3.47%	-5.07%	-0.46%	1.33%	1.94%
S&P/ASX 200	-8.21%		-3.90%				S&P/NZX NZ Government Bond	-2.54%		-7.65%			
Australian Shares	-10.24%	-9.45%	-5.12%	3.85%	5.89%	5.95%	Overseas Bonds	-3.73%	-7.38%	-7.21%	-0.91%	0.68%	
Australian Top 20	-7.76%	-3.52%	-3.59%	4.65%	6.63%		Overseas Non-government Bonds	-4.64%	-9.17%	-9.13%	-1.68%	-0.13%	
Australian Mid Cap	-11.79%	-14.29%	-6.02%	8.70%	7.71%	9.37%	Global Aggregate Bond	-5.10%		-10.71%			
Australian Dividend	-5.54%	-2.51%	-2.69%	2.11%	2.76%		NZ Cash	0.29%	0.49%	0.77%	0.82%	1.20%	
Australian Financials	-10.92%	-6.53%	-4.38%	2.72%	2.52%		UK Cash	2.41%	-0.99%	-1.25%	0.44%	1.12%	
Australian Resources	-10.63%	6.47%	4.42%	7.73%	14.33%								
Australian Property	-13.61%	-17.49%	-8.98%	-0.99%	4.40%								

As with all investment decisions, what might be the right strategy over the medium or longer term may not pay off over the very short term. No one can consistently predict what will happen over the short term. Those acting upon the information in this newsletter do so entirely at their own risk. SuperLife does not accept liability for the results of any actions taken or not taken based on this information. While every effort has been made to ensure accuracy, no liability is accepted for errors or omissions in this newsletter.