

Welcome

Welcome! 2020 has been a volatile year, and here at SuperLife, we have seen all facets of investor behaviour – part exuberant, part tentative, and part hopeful. The most recent quarter has seen sharp one-day rises, acute one-day falls, and good recoveries. Amid all the adrenaline is one key takeaway for investors: the importance of understanding risks and how to manage them.

It is usual that your appetite for investment risk changes through your life. We are here to help if you think your risk profile has changed. Talk to one of our experienced customer service members who can help explain some of our investment products built around different risk profiles.

Remember we are here to help protect and grow your investments. Reach out to our customer service team at 0800 27 87 37.

In our 'Thoughts on investment' section find out what keeps our investment managers busy in an era of low interest rate environment

Other topics in this issue:

- New PIR rule
- Feeling a bit under pressure?

Best wishes.
Hugh Stevens
CEO, Smartshares

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Or email
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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

The September quarter gave investors a good glimpse into the ever-changeable nature of the investor behavior, with its fair share of ups and downs.

Despite a somewhat shaky period, the September quarter ended in a more positive and hopeful mode.

The equities market has proven to be surprisingly resilient after the major sell-off seen in March, at the height of the Covid-19 pandemic.

The S&P 500 which tracks movement of large companies, closed the September quarter at 3,363 against 3,100.29 at the end of June.

The NZX 50 ended the September quarter at 11,747.28 against 11,451.25 at the end of June.

Amid an uncertain Covid-19 world, there is one constant – the unwavering and solid determination of governments in many parts of the world to provide fiscal and monetary policy support to keep their economies running.

The going has been tough. In New Zealand, the economy took a hard hit despite a massive fiscal programme to mitigate the impact of Covid-19.

Government statistics showed gross domestic production (GDP) fell by 12.2% in the second quarter, its largest quarterly fall since 1987 when this statistical series began. The GDP is a measure of economic activity.

Elsewhere, the UK's GDP shrunk 19.8% in the second quarter, while the US economy shrunk a massive 31.4% during the same period. China was the outlier. Its GDP grew by 3.2% during the same period.

What remains to be seen is whether governments around the world can afford to extend the same level of monetary and fiscal stimulus needed to keep their economic engines going.

SuperLife funds were mostly stable despite a volatile global investment environment.

International equities

In the September quarter, returns from international shares, after accounting for currency fluctuations, rose 5.2%.

Over 12 months, returns rose 4.6%. (FTSE Developed All Cap Index in NZ dollar terms)

NZ equities

NZ equities returns, as measured by the S&P/NZX 50 Gross Index, rose 2.6% in the quarter, after stunning gains made in the June quarter. Over 12 months, NZ equities rose 7.5% (S&P/NZX 50 Gross Index).

Emerging markets

Emerging market returns rose 9% in the Sep quarter and was up 9.5% over the year. (FTSE Emerging Markets All Cap)

Australian equities

Australian equity returns, as measured by the S&P/ASX200 Total Returns Index, fell 0.4% in the Sep quarter. Over 12 months, Australian equities fell 10.2%. (S&P ASX 200 Total Return Index)

International fixed interest/bonds

Returns from overseas bonds was up 0.7% in the quarter. Over 12 months returns rose 3.9% (Bloomberg Barclays Global Aggregate Total Return Index, NZD hedged)

NZ bonds

NZ bonds returned 1.7% in the quarter, and was up 5.3% over 12 months. (S&P/NZX A-Grade Corporate Bond Index)

SuperLife Funds

SuperLife Income, which does not have any exposure to equities, returned 1.2% in the Sep quarter and 3.2% over 12 months.

SuperLife Conservative, invested mainly in income assets, returned 2.3% in the quarter, Over 12 months, returns rose 1.3%.

SuperLife Balanced Fund (which typically has 60% in equities/listed property and 40% in cash and fixed income) returned 3.5% in the quarter and 0.6% over 12 months.

SuperLife Growth returns rose 4.2% in the quarter but over 12 months, returns fell 0.9%.

SuperLife High Growth, invested mostly in higher risk assets such as equities and property stocks, returned 4.8% in the quarter. Over 12 months, returns fell 2.1%.

Returns in Ethica, a socially responsible fund that invests in a balanced mix of income and growth assets, rose 5.2% in the September quarter. Over 12 months, returns rose 4.5%.

