

Investment returns | Final 2014 investment seminars | Insurance | Individual returns | Saving for a child's education - myFutureFund | Thinking about your retirement | NZ Super rates

Investment returns

The investment returns for each of the investment options are shown over the page. Over the last quarter all options were positive. The same was not true for each of the months within the quarter. Each of the share and property sectors had at least one negative month in the quarter, highlighting the risk of these sectors.

The investment environment continues to be one of low interest rates, low inflation and low economic growth. We expect this environment to continue beyond 2020. It is therefore an environment where there is greater risk of negative returns over the short-term. This makes it important to focus on the longer term when making investment strategy decisions and not reacting to market headlines.

Over the last quarter, the dominant headline investment issue has been the weakening of the NZ dollar. The NZ:US exchange rate has fallen from a high of 88.2 cents (10 July 2014) to a recent low of 77.67 cents (30 September 2014) - a fall of 12%. The fall reflects, in our view, the rise in uncertainty in the investment markets stemming from political tensions and the global economic outlook. We suspect, once the political tensions reduce, the NZ dollar will continue its recent path of strengthening over the next few years. Details of the current trends in the NZ exchange rates are on the SuperLife website.

Returns to 30 September 2014 (after tax and fees)

	3 years	1 year
Cash	2.7% p.a.	2.7%
SuperLife ³⁰	6.4% p.a.	6.1%
Ethica	8.9% p.a.	7.8%
SuperLife ⁶⁰	10.0% p.a.	8.2%
NZ Shares	18.0% p.a.	11.5%

FINAL 2014 INVESTMENT SEMINARS

The remaining seminars for 2014 will be in October and held in New Plymouth, Auckland, Timaru, Christchurch and Nelson. Details are on our website. You can register to attend a seminar online, or by emailing us at info@SuperLife.co.nz.

Learning from past investment decisions

with Michael Chamberlain
Principal, MCA NZ Limited



DID YOU KNOW...

Insurance

Under SuperLife, you can take out life insurance, disability income protection insurance and medical insurance to suit your needs. For a 30-year old male who doesn't smoke, the cost of \$200,000 life insurance is \$1.73 a week. For a 30-year old female non-smoker, the premium is \$0.77 a week. Depending on your other SuperLife benefits, a \$0.63 a week administration fee may apply. All details of the premium rates are on the SuperLife website.

Individual returns

Your member statement shows the returns (after-tax and after-asset fees) that you received for the period of the statement and also the last 1, 3 and 5 year periods, where the information is available. The returns over the 3 and 5 year periods are the average annual return.

Saving for a child's education - myFutureFund

myFutureFund, under SuperLife, lets you save for a child's future education costs. If the child is also in KiwiSaver with SuperLife, the \$33 administration fee in myFutureFund is waived. This gives you access to the full range of SuperLife's investment options and you can save as little or as much as suits your circumstances. myFutureFund is often a good option for aunts, uncles, grandparents and parents to save as an alternative to birthday and Christmas presents.

Thinking about your retirement

SuperLife publishes on the website a range of guides to help you work out how much to save for your retirement, how to invest your savings and then how to manage your savings in retirement. We also publish articles on wills, power of attorneys and insurance. If you do not have access to the internet, phone 0800 27 87 37 for a copy.

NZ Super rates since 1 April 2014 (net-of-tax at 'M')

Married couple
▶ **\$29,355 p.a.**

Single person living alone
▶ **\$19,081 p.a.**

Single person (sharing)
▶ **\$17,613 p.a.**

PERFORMANCE

to 30 September 2014

MY FUTURE STRATEGY:

If I reviewed my investment strategy (i.e. mix of cash, bonds, property and shares) today and was concerned mainly with performance over the next 2 - 3 years, in the context of having longer term return goals, I would be thinking about modifying my "normal" strategy by:

- Having cash at the level appropriate for my expenditure over the next 3 years, given the importance of my savings and the uncertainty of the markets. I expect that while cash rates may rise, they will remain low at least for the rest of this year.
- Holding less in bonds (and therefore more shares), and favouring corporate over government bonds.
- Maintaining exposure to the property sector at a near 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 build a bias towards Australia.
- Building my emerging market share exposure to be about 20% of my overall share exposure.
- Increasing 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.

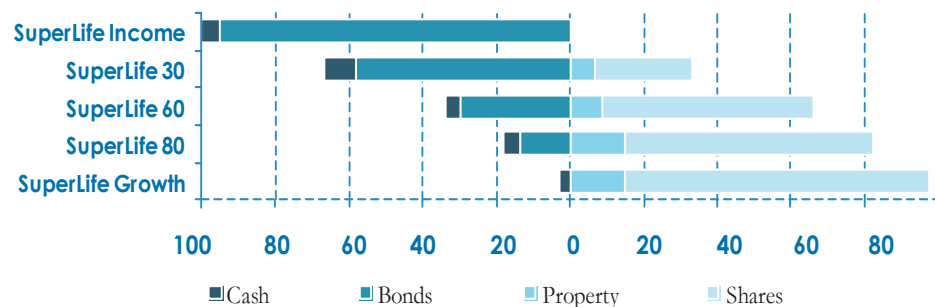
All returns quoted are after-tax at the top tax rate and after investment and asset related fees. An individual's returns may vary from the returns shown due to cash flows and different PIR tax rates. Past performance does not indicate likely future performance.

After-tax returns (SuperLife superannuation)

Pool/Mix	Last quarter	Last 1 year (%)	Last 3 years (% p.a.)	Last 5 years (% p.a.)	Last 7 years (% p.a.)
Cash	0.8%	2.7%	2.7%	2.8%	3.4%
NZ bonds	1.7%	4.5%	4.1%	5.0%	5.2%
Overseas government bonds	2.3%	5.3%	3.1%	4.4%	5.6%
Overseas non-government bonds	1.3%	6.8%	5.0%	4.9%	6.3%
Property	3.4%	13.2%	12.8%	10.2%	0.4%
NZ shares	3.5%	11.5%	18.0%	12.6%	5.6%
Australian shares	1.3%	-5.5%	2.5%	0.3%	-2.0%
Overseas shares currency hedged	2.4%	14.4%	18.2%	11.4%	2.8%
Overseas shares (unhedged)	9.5%	16.0%	15.4%	7.6%	0.3%
Emerging markets	8.1%	9.0%	4.2%		
SuperLife ^{Income}	1.4%	5.4%			
SuperLife ³⁰	2.2%	6.1%	6.4%		
SuperLife ⁶⁰	2.8%	8.2%	10.0%	7.1%	3.9%
SuperLife ⁸⁰	3.4%	5.1%			
SuperLife ^{Growth}	4.2%	8.9%			
Ethica	4.4%	7.8%	8.9%	5.8%	
AIM ^{First Home}	1.4%	5.5%	4.4%	4.8%	5.0%
the D fund	2.0%	6.0%	5.9%	5.3%	4.6%
Gemino	3.4%	33.0%	19.9%	4.2%	-3.1%
AIM ³⁰	2.5%	6.5%	6.4%	5.5%	4.2%
AIM ⁶⁰	3.4%	7.5%	8.4%	6.1%	2.8%
AIM ⁸⁰	4.2%	8.2%	9.6%	6.3%	1.4%
UK Cash	3.4%	4.2%			
UK Income	5.2%	5.8%			
UK Growth	5.8%	8.8%			

Investment strategy (SuperLife Pools)

The current allocations for SuperLife^{Income}, SuperLife³⁰, SuperLife⁶⁰, SuperLife⁸⁰ & SuperLife^{Growth} Pools are:



SuperLife

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