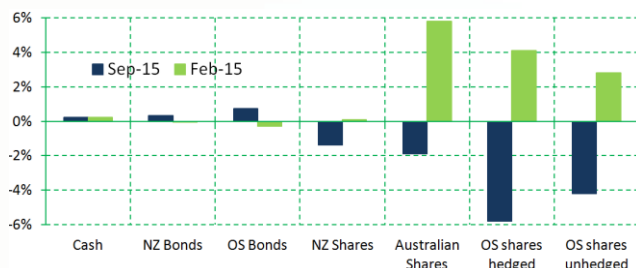


to 30 September 2015

Investment returns ▲ Life insurance ▲ Buying your first home ▲ Income in retirement ▲ myFutureFund - Saving for a child's education ▲ Cash returns ▲ NZ Super rates

INVESTMENT RETURNS

The investment returns of the share sectors for the month of September were negative but cash and bonds were positive. The outcomes for September were in contrast to the month of February 2015. In February, the monthly returns of shares were positive, and the returns from bonds were negative.



Returns to 30 September 2015 (after tax and fees)

	3 years	1 year
Cash	2.8% p.a.	2.9%
SuperLife ³⁰	4.8% p.a.	4.2%
Ethica	9.0% p.a.	11.0%
SuperLife ⁶⁰	7.2% p.a.	4.3%
OS shares (unhedged)	16.1% p.a.	14.0%

September and February remind us, that when we invest for the long-term, the returns over shorter periods are sometimes positive, and sometimes negative. Longer term, the positives tend to offset the negatives and we get a positive outcome. This is illustrated by the returns over the last 6 years.

Over the last 6 years (72 months) the characteristics of the SuperLife after-tax and after-fees returns, for the main types of assets have been:

	Number of positive months	Number of negative months	Average monthly return	Lowest monthly return	Highest monthly return
Cash	72	0	0.23	0.15	0.29
NZ bonds	62	10	0.4	-0.8	1.2
OS bonds	44	28	0.4	-2.3	2.8
NZ shares	43	29	0.9	-7.4	8.9
OS shares currency hedged	41	31	0.8	-9.9	10.9
OS shares (unhedged)	42	30	0.7	-6.7	7.8

The table highlights that higher returns are associated with greater short-term volatility. We expect similar patterns going forward. Investors therefore wanting to achieve good long-term average returns, must be willing to not over-react to short-term negative returns.

DID YOU KNOW...

Life insurance

If you have a need for insurance payable on your death, SuperLife may be the answer. You can get cover through SuperLife. For example, \$250,000 of cover for a 40 year old female, who does not smoke, is \$3.09 a week. To see the premium rates at all ages go to <http://superlife.co.nz/costs.html> or phone SuperLife for a quote.

Buying your first home

The rules for taking money out of KiwiSaver to help buy your first home, let you take out the balance less \$1,000. You may also qualify for the government's HomeStart grant. Details are on the SuperLife website.

Take your superannuation or KiwiSaver benefit as an income in retirement

When you reach retirement, as an alternative to taking your benefit as a lump sum, you can continue to invest it and take it out as a regular income, or series of lump sums to suit your personal needs. For details check out the booklet "Thinking about your retirement".

myFutureFund - Saving for a child's education

myFutureFund, under SuperLife, lets you save for a child's future education costs. You can save as little or as much as suits your circumstances. myFutureFund is a good option for aunts, uncles, grandparents and parents to save for a child, as an alternative to giving a Christmas present.

Cash returns

With interest rates having fallen, the bank deposit rates that investors receive on term deposits have also reduced. Members looking to invest in cash investments may find that there is a return and flexibility advantage in using the SuperLife Cash Fund, as an alternative to a bank deposit.

NZ Super rates

From 1 April 2015
(net-of-tax at 'M')

Married couple

⇒ \$29,962 p.a.

Single person living alone

⇒ \$19,476 p.a.

Single person (sharing)

⇒ \$17,977 p.a.

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 for my anticipated expenditure, at least at the level I will need for the next 3 years. I expect that cash rates, will remain low over the next year.
- Holding less in bonds (and therefore more cash and shares), and favouring overseas over New Zealand bonds.
- Maintaining exposure to the property sector about 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 build a bias towards Australia.
- Reducing my emerging market share exposure so it is no more than about 15% of my overall share exposure.
- 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%	2.9%	2.8%	2.8%	2.9%
NZ bonds	1.6%	6.2%	4.3%	4.9%	5.4%
Overseas bonds	2.6%	3.9%	2.5%	3.2%	4.8%
Overseas non-government bonds	1.8%	1.8%	2.8%	3.9%	5.5%
Property	-1.5%	12.4%	11.0%	11.0%	6.5%
NZ shares	-0.8%	0.9%	10.3%	11.2%	10.0%
Australian shares	-3.0%	10.5%	2.7%	1.6%	2.8%
Overseas shares currency hedged	-9.1%	-1.8%	10.4%	9.0%	6.6%
Overseas shares (unhedged)	-2.6%	14.0%	16.1%	9.6%	5.2%
Emerging markets	-8.7%	0.8%	3.1%		
Gemino	-4.3%	-20.4%	2.7%	-3.1%	-1.2%
UK Cash	3.2%	12.7%	5.6%		
UK Income	5.7%	15.0%	7.4%		
UK Shares/Property	-1.9%	7.5%	4.9%		
SuperLife ^{Income}	1.6%	3.7%			
SuperLife ³⁰	-0.1%	4.2%	4.8%	4.8%	
SuperLife ⁶⁰	-2.3%	4.3%	7.2%	6.6%	6.0%
SuperLife ⁸⁰	-3.2%	5.3%			
SuperLife ¹⁰⁰	-4.5%	5.1%			
Ethica	0.2%	11.0%	9.0%	7.4%	6.5%
AIM ³⁰	-0.1%	4.8%	5.1%	5.1%	5.3%
AIM ⁶⁰	-2.0%	5.7%	6.7%	5.8%	5.4%
AIM ⁸⁰	-3.5%	6.1%	7.6%	6.2%	5.1%
AIM ^{First Home}	1.6%	3.9%	3.5%	4.3%	4.8%
the D fund	0.3%	4.2%	4.5%	4.8%	5.3%
smartConservative	0.2%				
smartBalanced	-0.9%				
smartGrowth	-1.9%				
NZ Dividend ETF					
NZ 50 Portfolio ETF	-1.9%				
NZ Top 10 ETF					
NZ MidCap ETF					
Aust Top 20 Leaders ETF					
Aust Dividend ETF					
Aust Financials ETF					
Aust Property ETF					
Aust Resources ETF					
Aust MidCap ETF	-1.9%				
Total World ETF					
US S&P 500 ETF					
Europe ETF					
Asia Pacific ETF					
US Growth ETF					
US Value ETF					
US MidCap ETF					
US Small ETF					
Emerging Markets ETF					

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

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.

Investment strategy (SuperLife Funds)

The current allocations for the Managed Funds are:

