

Kia ora koutou,

Smartshares has been a hive of activity. We've had many new investors joining us this year, many following our appointment by the New Zealand Government as a default KiwiSaver scheme provider and as the manager of the ASB Superannuation Master Trust. We are proud to now manage more than \$8 billion of funds under management on behalf of more than 119,000 investors across New Zealand and the world.

Over the last two weeks, myself together with our Chief Investment Officer, Stuart Millar, and our Chief Customer Officer, Donna Mason, visited Wellington, Christchurch and Auckland to deliver our first in-person client seminars since 2019. Thank you to everyone who came out to speak with us. It was exciting for us to host these sessions in-person again.

You will read in the market update & outlook that markets continue to be volatile. In particular, global markets have been challenging as inflationary pressures have proven stubborn in the face of central bank rate hikes.

We have seen the World Bank and the International Monetary Fund (organisations who promote growth and development of economies) moderate their growth forecasts. The IMF in July trimmed its 2022 global growth forecast to 3.2%, a 0.4-percentage point trim from its April projection. In June, the World Bank cut its 2022 global growth projection to 2.9%, significantly lower than the 4.1% it had forecast in January. This means that markets may continue to be volatile for some time yet. When markets fall it is understandable to feel unsettled. In many people, it triggers an inclination to sell to avoid further losses. Remember that any loss in value of your investments is only realised or locked in when you sell or switch and, if you do so, you risk missing out on a market recovery. Many of our members see this period in the cycle as an opportunity to invest more to take advantage of lower market prices.

We're here to help

Did you know you can find information about your investment portfolio and your account balance on the SuperLife mobile app and the member portal? Register for access or login at my.superlife.co.nz.

If you had questions or want to talk to someone about your investments, reach out to us via email at superlife@superlife.co.nz or call us on 0800 27 87 37.

Ngā mihi,

Hugh Stevens
CEO, Smartshares

Market update & outlook

The September quarter saw continued volatility in financial markets, characterised by strong gains in the first half and equally strong losses in the second half. This was mirrored in the VIX Index (a measure of market volatility) that eased to 12-month lows in August, only to spike toward the end of September.

Central bank policy the dominant driver of returns over the last quarter

Initially, markets had become inclined to believe that the US Federal Reserve would pivot away from continued strong rate hikes as recessionary fears manifested. Accordingly, asset prices recovered from June quarter lows only to sell off again from mid-August. The catalyst for the sell-off was a redoubling of

World indices at a glance: Longer-term bond yields turn north, equities head south

Return (%)	Q3 2022	1 Year	3 years (p.a)
Equities			
International equities			
FTSE Developed All Cap Index	-6.2%	-20.3%	4.6%
FTSE Emerging Markets All Cap China A Inclusion Index	-9.9%	-24.2%	-0.2%
S&P 500 Index	-4.9%	-15.5%	8.2%
VIX Index	10.1%	36.6%	24.9%
Australasian equities			
S&P/NZX 50 Gross Index	1.8%	-16.6%	0.4%
S&P/ASX 200 Index	0.4%	-7.7%	2.7%
Fixed Interest			
International fixed interest			
Bloomberg Global-Aggregate Index	-6.9%	-20.4%	-5.7%
U.S. 10-year government bond yield (%)	3.829%	3.013%	1.487%
New Zealand fixed interest			
S&P/NZX A-Grade Corporate Bond Total Return Index	-1.1%	-6.6%	-1.9%
NZ 10-year government bond yield (%)	4.303%	3.861%	2.090%

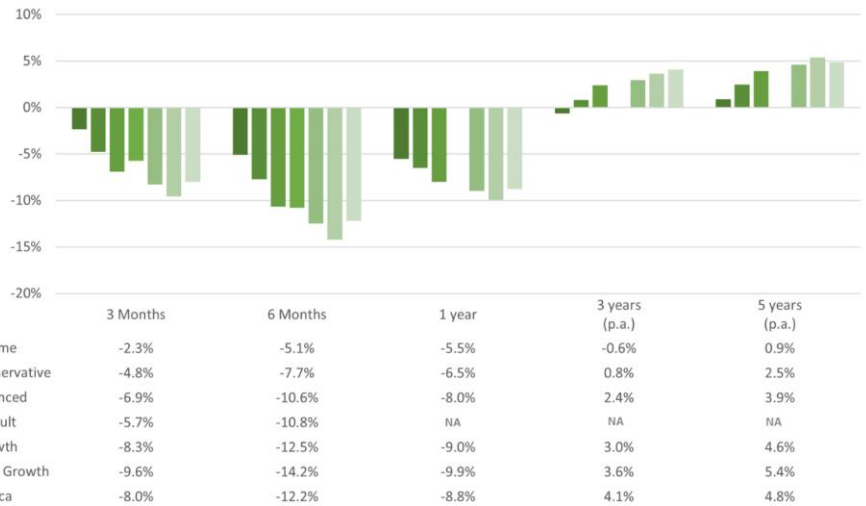
Data source: Bloomberg, compiled by SuperLife

inflation fighting rhetoric from policymakers, coupled with economic data suggesting inflationary pressure is still strong.

Markets are now focussed on economic evidence that may suggest a change in monetary policy behaviour. Firming indicators of growth and labour market strength suggest central banks will hike short-term interest rates more than is currently priced, increasing the potential for asset prices to fall. On the other hand, economic data and a continuing moderation in commodity and energy prices looks encouraging for markets to believe that inflation fighting efforts are working and that an adjustment is underway. It should be expected that markets will fluctuate for some time yet and outsized pricing moves are likely as new information comes to light.

SuperLife Diversified Funds as at 30 September 2022

(Note: Past returns are not a reliable indicator of future performance)



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

New Zealand market over the last quarter

Turning to New Zealand, Reserve Bank governor Adrian Orr was reported by Radio NZ in late September saying more interest rate hikes might be needed to manage inflation, currently sitting at 7.3% (June 2022 quarter) despite us having a head start on most of the developed world in our inflation fight. The Quarterly Survey of Business Opinion revealed that businesses are still downbeat, but a little less so than Q2. Capacity constraints are acute and labour market pressures remain a stifling factor. Like global markets, New Zealand investors are looking for signals that the RBNZ will ease off on further rate hikes. As at the end of September, the market expects the Official Cash Rate to peak at 4.5% in the middle of 2023, however there is upside risk to that assessment and some bank economists have recently increased their calls for where short term interest rates will peak.

Negative news has been dominating headlines. However, it pays to keep a long-term perspective, and focus on one irrefutable fact: all falls in the markets no matter how sharp, are always followed by recoveries although some recoveries may take longer than others. Those who are committed to their investment goals may want to consider using periods of market correction to accumulate assets at lower prices.

RETURNS AFTER TAX, COSTS AND FEES

SuperLife workplace savings scheme for the period ended 30 September 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	-1.83%	-4.13%	-7.12%	-1.73%	0.41%	1.33%	US 500	3.48%	-4.26%	-0.43%	10.43%	12.82%	11.25%
SuperLife Conservative	-2.09%	-6.75%	-8.59%	-0.58%	1.82%	3.07%	US Large Growth	4.26%	-9.93%	-12.17%	11.79%	14.51%	12.15%
SuperLife Balanced	-2.36%	-9.11%	-10.65%	0.79%	3.08%	4.73%	US Large Value	2.64%	1.54%	9.97%	8.21%	10.42%	9.88%
SuperLife Default	-1.00%	-6.70%					US Mid Cap	3.07%	-4.88%	-6.36%	7.27%	9.88%	8.76%
SuperLife Growth	-2.27%	-10.36%	-11.64%	1.32%	3.68%	5.49%	US Small Cap	5.02%	-3.50%	-7.71%	6.53%	8.43%	8.09%
SuperLife High Growth	-2.25%	-11.60%	-12.72%	1.98%	4.36%	6.19%	Overseas Shares	0.69%	-5.48%	-6.64%	5.14%	7.26%	7.19%
Ethica	-1.57%	-9.45%	-10.70%	2.36%	4.20%	4.99%	Overseas Shares (Currency Hedged)	-4.42%	-16.00%	-15.41%	2.37%	3.38%	6.48%
S&P/NZX 50	0.74%		-17.37%				Total World	1.82%	-4.86%	-6.48%	5.98%	7.81%	7.48%
NZ Shares	2.52%	-8.14%	-15.14%	0.01%	5.00%	8.46%	Total World (NZD Hedged)	-5.03%		-16.73%			
NZ Top 50	2.51%	-8.12%	-15.13%	1.16%	7.16%	10.16%	Asia Pacific	-0.89%	-5.60%	-12.49%	-0.08%	2.40%	3.43%
NZ Top 10	0.58%	-8.54%	-17.45%	-0.38%	6.21%	8.60%	Emerging Markets	-3.18%	-4.51%	-9.66%	0.90%	1.86%	3.68%
NZ Mid Cap	2.64%	-8.54%	-15.82%	0.05%	5.90%	9.84%	Europe	-5.32%	-10.36%	-15.38%	-0.86%	1.28%	1.95%
NZ Dividend	1.33%	-6.74%	-7.69%	-1.48%	4.67%	7.56%	Global Property	-9.13%	-23.18%	-20.88%	-6.70%	1.26%	2.92%
NZ Property	-2.04%	-14.73%	-18.87%	-4.96%	5.73%		NZ Bonds	-0.30%	-1.57%	-4.66%	-1.11%	1.09%	1.67%
S&P/ASX 200	1.02%		-1.44%				S&P/NZX NZ Government Bond	-1.96%		-8.86%			
Australian Shares	0.83%	-9.50%	-3.97%	3.61%	5.52%	6.55%	Overseas Bonds	-1.76%	-5.42%	-9.07%	-1.90%	0.16%	
Australian Top 20	1.09%	-6.76%	1.41%	3.95%	6.29%	6.33%	Overseas Non-government Bonds	-2.85%	-7.35%	-11.77%	-3.21%	-0.65%	
Australian Mid Cap	6.14%	-6.37%	-0.67%	8.90%	8.81%	10.67%	Global Aggregate Bond	-3.80%		-13.97%			
Australian Dividend	-0.95%	-6.44%	3.57%	0.68%	2.43%	2.18%	NZ Cash	0.43%	0.72%	1.04%	0.82%	1.19%	
Australian Financials	3.04%	-8.21%	-2.88%	1.99%	2.55%	4.25%	UK Cash	-0.15%	2.25%	-0.47%	-0.34%	0.41%	
Australian Resources	2.94%	-8.01%	23.30%	9.40%	12.47%	14.04%							
Australian Property	-7.77%	-20.32%	-16.94%	-5.54%	2.07%	3.42%							

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.