

Investor update

March 2014



Events in the US continued to dominate the Fund's returns over the first eight months of the 2013/2014 Fund year. After a steady start, returns from shares rose sharply in September in response to news that the US Federal Reserve had delayed its decision to start reducing (or tapering) its huge asset-purchasing programme.

Most share markets continued on an upward trajectory until January, then fell sharply in response to softer economic data from the US and China, and concerns that the turmoil in emerging countries may spread to developed countries. Many emerging countries were experiencing large currency devaluations and falling share markets. An exception to this trend was New Zealand shares, which went against the general trend, weakening in November and December, but bouncing back strongly in January, reflecting improving economic data.

Fortunately, January's decline in global share markets was short lived, and despite softer US economic data markets rebounded in February. Emerging markets were also up, but lagged their developed counterparts as investors continued to focus on soft economic data in China and concerns that the instability in certain countries could spread.

After staying lower for longer than most market commentators expected, global interest rates finally started to rise as investors began to focus on the US reducing its asset-purchasing programme, which had been keeping interest rates exceptionally low. The rise in US rates fed through to most developed economies. Rising interest rates are not favourable for fixed interest investments as securities retain the interest rate applied at the time of purchase. Nor are they particularly supportive of shares as companies are dependent on low interest rates to expand projects and stimulate growth.

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Fund news

Member survey

Thank you to everyone who took the time to complete the recent online survey. Complete responses were received from 33% of members (including retirement account holders). This is more than twice the industry average for this type of survey and a very pleasing result.

We are currently considering the survey findings which are giving us a good understanding of your views of the Fund and the way information about the Fund is communicated. As first steps we are planning to:

- Develop a series of questions and answers covering some of the key themes raised in the survey
- Review the format and information provided in the monthly investment update
- Provide a step-by-step guide to the website.

The Fund news section of the April monthly investment update will include a summary of the survey findings and the steps we are considering taking as a result.

Investment statement updated

The Fund's investment statement has recently been updated. The new investment statement:

- incorporates changes to the management of the Fund's investments:
 - OnePath's change of name to ANZ New Zealand Investments Limited (ANZ),
 - ANZ's replacement of Mercer as international shares manager, and
 - the appointment of Melville Jessup Weaver as the Fund's independent investment adviser (previously this role was carried out by the Fund Secretariat);

- clarifies how fees such as the investment advisory and investment consulting fees and the catastrophe insurance premium are paid;
- expands the descriptions of the risks of investing in the Fund and the steps the trustees take to lessen those risks;
- reflects changes made to the Fund's trust deed to gain the full exemption from new anti-money laundering legislation;
- includes a glossary of terms used in the investment statement, and also
- simplifies the answer to 'How do I cash in my investment?' and the 'Other terms of your membership' section.

A copy of the Fund's investment statement, updated as at 24 January 2014, is available from the Documents & forms page of realsuper.superfacts.co.nz or by calling the Fund Helpline – NZ 0508 266 787, Australia 03 8681 1849, international +61 3 8681 1849.

Introducing phone based-transactions

Thinking about changing your investment option or updating your nominated beneficiaries? Gone are the days when you needed to complete and return a form or even sign-on to realsuper.superfacts.co.nz. Now all you need to do is call the Fund Helpline, answer some questions so that the Helpline consultant can verify your identity, and provide details of the change you'd like to make. Shortly afterwards you will be sent a letter confirming your change – it's as easy as that!



Have you made a will and if so, is it up-to-date?

It's easy to put off making the necessary administrative preparations for death. Because the Fund provides benefits for death and disablement, it is worth taking some time to think about how best to arrange your affairs. While it's not something anyone wants to dwell on, a lack of preparation can be more painful for ourselves and the people we love.

Do I really need a will?

You may think making a will is unnecessary at this time of life or you simply don't have the time, but it's a small task that can make a huge difference to those left behind. If you have married, remarried or have children or an extended family, it's particularly important to spell out your wishes.

And you don't need a lot of assets to justify making a will; even if you don't leave much behind, someone will still have to deal with your assets.

If you die without leaving a will (known as 'intestate'), intestacy laws set out the process by which your estate can be distributed and specify who may receive your assets, based on their relationship with you at the time of your death. Generally under the rules, any beneficiaries are restricted to your next of kin. So if you had wanted to bequeath something to a friend, there is no certainty that this will occur in the absence of a valid will.

Having a legally valid will may streamline and simplify the process of dealing with your estate. Having a will means you have more control.

Maintaining your will

You need to review your will whenever you have a big life change like the birth of a child or separation. Other circumstances such as the purchase of a property or birth of grandchildren are also reasons to check your will.

If you marry or enter a civil union, your will is automatically revoked unless it states otherwise or specifically says that it was made with your marriage or civil union in mind.

It is important to make sure that your will and your nominated beneficiaries form (see the next section) don't conflict.

Make sure you keep a copy of your will in a safe and accessible place and let your executor(s) and family know where it is.

What exactly is a will?

A will is a legal document that generally sets out:

- who will be responsible for carrying out your instructions – your executor
- which assets go to whom
- who is to be the legal guardian of your minor or disabled dependants, if any.

You can choose anyone to be your executor. The person you choose doesn't have to be a lawyer, they can be a family member or friend. Often people choose a relative or friend and a lawyer or accountant and make them co-executors.

Nominated beneficiaries

Your nominated beneficiaries are your spouse (automatically unless you tell us otherwise) and any other person(s) you nominate as someone to whom you would like some or all of any death benefit paid. You may select or update your nominated beneficiaries by calling the Fund Helpline on 0508 266 787, by logging on to realsuper.superfacts.co.nz or by completing and returning a nomination of beneficiary form.

While the trustees will take your nominations into account, they do have discretion as to how any death benefit is paid.

Note too that if when you die you have a spouse or long-term de facto partner, your death benefit will be relationship property. This means that the Family Court may in some cases override your nomination and the trustees' discretion (and the requirement to pay your Locked-in Account balance to your estate) and order some of the benefit to be paid direct to a spouse and/or partner.

Note that the law requires your Locked-in Account balance to be paid to your estate if you die.