



MESSAGE FROM THE TRUSTEE

Welcome to the final newsletter for 2019. In this edition we welcome your new Member-elected Trustee Director, provide a brief update on the Fund review, include investment returns and an overview of recent financial market performance, share an interview with Trevor Oughton, and feature links to some online tools that may help you save.

If you have any questions about this newsletter, please either contact the Helpline team on 0508 266 787 (within New Zealand), or call one of the Trustee Directors whose contact details are included below.

We wish you all a good summer season ahead!

Regards,

NZAS Retirement Fund Trustee Board

WELCOME KIM - TRUSTEE ELECTION RESULTS

We wish to welcome Kim Hill to the Trustee Board following the recent Member-elected Trustee Director election. Kim joined the Tiwai team in 2003, starting out in the Environment Team as a Scientist and then Specialist, and now currently works within the Ultra High Purity team as the Capability Superintendent.

Kim has been a member of the NZAS Retirement Fund for many years, and stood for election to take on a more active role within the Fund, and play a part in helping members be in the best financial position for their future retirement.

We would also like to give a special thanks to Kiri Tuhura for her interest in the Fund by participating in the necessary election, as well as long-serving Member-elected Trustee Director Ken Bolger, for his commitment and service to the Fund. We wish Ken well for the future as he retires from the Board.



INVESTMENT OPTION RETURNS

The following table shows returns (after tax and investment-related costs) for each of the Fund's four investment options for the periods ended 31 October 2019:

	Cash	Conservative	Balanced	Growth
Fund year-to-date (4 months)	0.4%	1.8%	2.7%	3.5%
1 year	1.4%	6.9%	10.0%	12.8%
3 years (p.a.)	1.5%	5.4%	8.3%	11.4%
5 years (p.a.)	1.8%	5.2%	7.4%	9.7%
10 years (p.a.)	2.1%	5.6%	7.6%	9.8%

FUND REVIEW UPDATE

In September 2019 Rio Tinto advised the Trustee Directors that it had commenced a review of the Fund's structure and operations, and that an external consultant had been engaged to assist with this process. The Trustee Directors then passed on to members a formal communication from Rio Tinto in which it committed to keeping you informed of progress, and to keeping the Trustee Directors up to date while the review progressed.

The Trustee Directors wish to thank everyone who has asked questions and given feedback since then. Your questions and feedback are important to the Trustee and we appreciate the time taken to respond.

We have now been advised that the review of the Fund has been placed on hold until after a strategic review of NZAS has been completed, and that an update on the review of the Fund will be provided in the first quarter of 2020.

In the meantime, the Trustee Directors will continue to monitor any developments and the Fund will continue operating as usual. If you have any further questions about the Fund, please feel welcome to contact one of the Trustee Directors on their direct line.

THE MARKETS

Share markets around the world have continued to perform well in recent months, even as investors show concerns about the slowing global economy. With US President Donald Trump back on the offensive and Chinese President Xi Jinping unwilling to bend to US demands, increasing international trade tensions did little to calm investors' worries.

Key central banks (such as the US Federal Reserve) have responded to slowing growth by reducing interest rates in the hope that these actions will help kick-start the economy. In New Zealand, the Reserve Bank of New Zealand (RBNZ) has surprised the market by reducing the Official Cash Rate (OCR) to 1% as it attempts to meet its employment and inflation objectives. The RBNZ has cited the slowing domestic economy and global growth, recently exacerbated by deteriorating trade tensions between the US and China, as the reasons behind the OCR cut. Lower interest rates generally encourage companies and individuals to borrow more money, and can lead to additional business capital expenditure and consumer spending.

As central banks in many major economies tried to stimulate their respective economies, investors sought the relative security of government bonds. Fixed interest assets have performed well in recent months as central bank cash rates have fallen to near record lows.

Oil prices spiked during September by as much as 20%, after missile and drone attacks on Saudi Arabia's oil processing facilities. These attacks destroyed more than half of the kingdom's production and 5% of global supply. The attacks showcased yet another trial for a global economy already stricken by waning industrial activity and notable international trade pressures.

In the final quarter of 2019, global economic growth continues to slow, with private and official measures suggesting growth has slipped to below trend across both the developed and the emerging worlds. With share markets at record levels, investors should be prepared for share market volatility. While caution is warranted, the potential for growth remains as economic fundamentals in much of the world are solid. Monetary policy is generally accommodative and a near-term resolution in the trade negotiations between the US and China remains a possibility.

NOW WE'RE TALKING - MONEY WEEK 2019

Conversations about money can be difficult, yet these discussions can be some of the most important ones to have. Not talking about money with those around us can cause stress, anxiety, and unnecessary problems for many families, so the recent Money Week 2019 shared positive ways to start those conversations.

Read more at www.moneyweek.org.nz



PLANNING FOR THE FUTURE - TREVOR OUGHTON

Almost 23 years ago I joined NZAS and the Fund, and despite changing my investment options a couple times over the years, I tend to look at my investments with a long term view.

Initially my engagement level with my investments was minimal, however, as my balance started growing, my level of interest increased too. I now follow the financial markets and regularly log into the Fund website and read the newsletters provided.

Before joining NZAS I was involved in another retirement scheme, and the valuable comparisons highlight how good the NZAS Retirement Fund is.

I frequently talk to a number of new employees to endorse the benefits of the fund and it is great to be able to pass on advice gained from being involved for many years. I have a high focus on saving right now and am satisfied with where I am currently positioned for my retirement goals. Saving now will allow you to spend time doing the activities you're interested in as well as maintaining the quality of life you desire.

I believe that there is an investment option suitable to every member, as the Fund offers four choices across different levels of risk/return. Members can change their investment option over time to better reflect people's circumstances, such as the time left until retirement.

When retired, I look forward to spending most of the season up the West Coast on my whitebait stand surrounded by great scenery and laid-back people. There will also be an increased dose of hunting, fishing, gardening and an expanding list of projects which I'm sure will keep me fully occupied in retirement!



WHAT COULD A NEGATIVE INTEREST RATE ENVIRONMENT LOOK LIKE?

Since the onset of the 2008 global financial crisis, investors around the world have been introduced to the concept of negative interest rates. Rather than **receiving** interest for lending money to a borrower, negative interest rates mean that investors effectively **pay** to lend money to the borrower - clearly a very unusual situation.

Central bankers in Europe and Asia have introduced negative interest rates to stimulate economic growth through increasing the supply of credit in the system. As a result, the yields on some maturities of government bonds issued by Germany, Switzerland, France and several other countries are negative, meaning that if the bonds are held to maturity investors will receive less than their initial investment. While interest rates locally are still positive, some commentators have raised the possibility that negative rates may yet hit New Zealand, particularly if the economy weakens significantly. Were this to happen one would expect bank deposit rates (and New Zealand bond yields) to fall even lower than they are today which would have implications for income-oriented investors.

Part of the rationale for central bankers adopting negative interest rates has been to encourage investors to take on more risk within their portfolios with the aim of generating higher returns. This may lead to investors reducing their exposure to cash deposits and fixed interest securities and increasing their allocations to higher risk investments like property and shares. Whether this would have the desired effect on economic growth is highly uncertain. Whatever happens with the global 'negative interest rate experiment', it seems likely that investors will have to lower their return expectations from cash and fixed interest investments in the future.

The Fund portfolios have very limited exposure to international government bonds which have negative interest rates, so any potential negative interest rate environment would have a minor impact on the Fund.

TOOLS TO HELP YOU SAVE

INVESTMENT CHOICE

Determining what type of investor you are and finding the best investment choice for your situation has become even easier. There are a range of online tools that can help you find out what investment strategy may suit your risk tolerance, and can help show you if you are on track to having the retirement lifestyle you want, or need to make any adjustments.

Read more at www.sorted.org.nz



FINNACIAL ADVICE

There are many free budget advisory services across the country that can provide advice on debt consolidation, budgeting, and finance options. A financial mentor can help you effectively plan and save for the future. More information is available at www.moneytalks.co.nz



IMPORTANCE OF HAVING A WILL

If you have a family or dependants, and/or you are concerned about who will receive your assets after you die, then you need to ensure you have a Will and update it when necessary. You should update your Will whenever your personal circumstances change, for example following the birth or death of a family member, the buying or selling of a house or property, a change in medical condition, or the beginning or ending of a relationship. Did you know that a Will is automatically void when you get married?

If you don't have a Will, you can get one drawn up by a trustee corporation or a lawyer, or by preparing one yourself using a write-your-own-Will toolkit purchased from a book retailer or an online Will service. If writing your own, you may wish to have it checked by a lawyer to ensure everything is in order. You can find out more about Wills by visiting the Sorted website www.sorted.org.nz/guides/protecting-wealth/wills

ARE YOUR DETAILS UP TO DATE?

Receiving your annual confirmation and annual report is a great opportunity to login to the Fund's website and check your details are correct, and complete any updates to ensure you promptly receive future information.

YOUR TRUSTEE DIRECTORS

You're welcome to contact your Trustee Directors if you have any questions about the Fund. Their details are available on the Fund website, or you can call them on their direct lines:

Site Based Trustee Directors

Stewart 03 218 5442
Paula 03 218 5571
Grant 03 218 5541
Allan 03 218 5811
Karen 03 218 5689
Kim 03 218 5911

Offsite Trustee Directors

Tim 0274 535 565
Stephanie +61 407 718 161

Got questions about your Fund? You can contact the Helpline on **0508 266 787** (Australia 03 8687 1849, and international +61 3 8687 1849) between 9am and 7pm Monday to Friday, except for national public holidays.

General disclaimer: Information in this newsletter is not intended to be financial advice or to take the place of a financial adviser. The information in this newsletter is for general information only, and has been prepared on behalf of NZAS Retirement Fund Trustee Limited (the issuer of the Fund) without taking account of your personal objectives, circumstances or needs. More information about the Fund can be found in the Fund's most recent **Product Disclosure Statement**, a copy of which is available at www.realsuper.superfacts.co.nz.

NB: Past performance cannot be relied upon as a guide for future performance.