

RIO TINTO NEW ZEALAND RETIREMENT FUND NEWSLETTER NOVEMBER 2014



INVESTMENT UPDATE: what's happened around the globe

Despite some volatility, particularly in September, the Fund's investments started the 2014/2015 year on a good note.

Fixed interest investments (or bonds) produced healthy returns, reflecting low global inflation and an announcement by the European Central Bank that it was ready to adjust its policy stance further to ensure price stability.

Signs that the US economy was continuing to improve, and solid company earnings news, saw share markets reach record highs in August. The strong run came to an end in September as concerns over growth in Europe, renewed weakness in the Chinese economy and ongoing global conflicts in the Middle East and Ukraine saw markets end the quarter with the steepest monthly slide since January 2014.

... and at home

The New Zealand economy continued to perform relatively well during the quarter but there were signs that growth may have peaked. New Zealand shares outperformed global shares, with investors greeting the news that there would be no change of government positively. Exporters benefited from a sharp fall in the New Zealand dollar over the quarter as dairy prices declined sharply and the Reserve Bank intervened in the currency market.



CHECKLIST FOR KEEPING ON TOP OF YOUR SUPER

Your benefit from the Fund may be one of the most valuable assets you'll ever have - so it's worth keeping an eye on it.

Here's a simple checklist to help ensure your accounts in the Fund are in good shape:

Make sure the Fund holds your current contact details

Moved house, or changed your email address or mobile phone number? Remember to let us know by updating your personal details on the Fund website or by calling the Fund Helpline. If we don't hold your current contact details, you may receive important information about the Fund late or not at all.

Review your investment strategy

Remind yourself which investment option (or combination of options) you've chosen (refer to your benefit statement or sign in to www.realsuper.superfacts.co.nz if you're not sure) and check that they suit your current circumstances and preferences. If you need help, follow the link to www.sorted.org.nz/calculators/investment-planner. You may not need to change anything but it's worth checking regularly to make sure you're on track to meet your goals.

Check that the trustees know who you would like considered as a beneficiary should you die while you are a member of the Fund

When you joined the Fund you were given a nomination of beneficiary form to complete to let the trustees know who you would like them to consider as the recipient(s) of any death benefit from the Fund. (This excludes the balance in any Locked-in Account which must, by law, be paid to your estate.) If your circumstances change (for example, if you marry or have a new baby) you should review your nomination(s) and if necessary update them. You can change your nominated beneficiaries by signing in to www.realsuper.superfacts.co.nz and going to the Beneficiaries tab, by calling the Fund Helpline or by completing and returning a nomination of beneficiaries form. If you do not make a nomination, the trustees will decide to whom and in what proportions any death benefit will be paid.

General disclaimer: Information in this investment update is not intended to be financial advice or take the place of a financial adviser. The information in this investment update is for general information only, and has been prepared without taking account of your personal objectives, circumstances or needs. NB: Past performance cannot be relied upon as a guide for future performance.

YOUR INVESTMENT STRATEGY

We're all different, with unique circumstances, needs and goals – that's why it's a good idea to ensure you're investing in the right investment option for you.

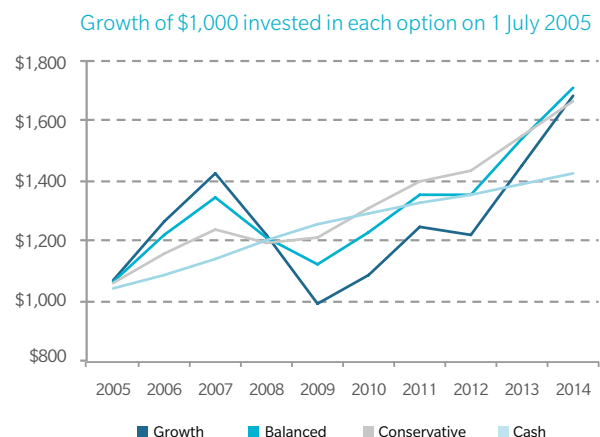
You have a choice of one or more of four investment options, each with a different focus. You can choose to invest all of your savings in one option, or split your savings between two or more of the different options.

Over time, your investment needs may alter. You can change your investment options whenever you like, at no additional cost. (Note that you must change options on line or return a completed 'Application to change investment option(s)' form at least five working days prior to the first day of the month you wish any changes to take effect.)

When choosing your investment option or options, it's a good idea to look at your investment timeframe, as this may influence the level of risk you're willing to take. Understanding risk is very important as it can impact your retirement savings.

Try using the risk profiler on the Sorted website (www.sorted.org.nz/a-z-guides/your-investment-profile) to understand how your own tolerance of risk can help you choose suitable investment options.

As the chart below shows, how you choose to invest your savings can have a large impact on your benefit from the Fund.



The chart shows that over the past 10 years the Balanced option has marginally outperformed the Growth option. This reflects these options' returns during the height of the global financial crisis in 2008 and 2009. Because the Growth option holds approximately 90% of its investments in shares, its returns were hit harder than those of the Balanced option, which holds approximately 60% of its investments in shares.

You can also see how much more volatile the Growth and Balanced options' returns have been compared to the Cash and Conservative options.

THERE IS NO SUBSTITUTE FOR GOOD ADVICE

We all want to get the best out of our savings, and to ensure we make informed decisions sometimes we have to ask for advice. But how do you know that the person who is providing you with advice is qualified to do so?

Good advice can help you achieve your financial goals; however you must be aware that restrictions apply regarding who can give you advice and what type of advice they can legally provide.

The Financial Markets Authority has specified three levels of advice you can receive:

1. Basic information

You will receive general information only. The adviser cannot give you any advice, such as recommending which product you should choose or what investment option is suitable for you.

2. Class advice

You will receive general advice, which may be suitable for people in your group or 'class', but is not personalised to you. For example "between the ages of 30 and 45, members will typically choose xyz investment options."

3. Personalised advice

You will receive advice which takes into account (or which you would reasonably expect to take into account) your particular financial situation or goals. The adviser can help you choose the right product for you, as well as give you their opinion on what investment option you should be investing in, after taking account of your investment objectives. Such advice can only be provided by an Authorised Financial Adviser

Questions to ask a potential financial adviser:

- Can you tell me about you, your services, how you are paid and the costs of each service?
- How many products do you advise on?
- Can you please provide your advice in writing?

FUND NEWS

Visiting the Fund website (www.realsuper.superfacts.co.nz) is a good way to keep up to date with what's happening with your super. Recent additions include:

Revised investment statement

The Fund's investment statement has recently been updated.

The revised investment statement records the following changes to the management of the Fund's investments:

- alterations to the benchmark (or target) asset allocations for the Growth, Balanced and Conservative options, to reallocate the assets previously invested in trans-Tasman listed property to international listed property and international listed infrastructure;
- alterations to the investment return objectives for the Growth, Balanced and Conservative options;

- the appointment of Mercer to manage a portion of the Fund’s investments in international fixed interest and the reallocation of remaining international fixed interest assets to the AMP Capital Global Short Duration Fund; and
- the transfer of funds previously invested by Mint Asset Management in trans-Tasman listed property to the international listed property and international listed infrastructure portfolios managed by CBRE Clarion Real Estate Securities (via ANZ) and Lazard Asset Management.

For further information, refer to the Fund’s Statement of Investment Policy and Objectives which is available by selecting the Investments tab on www.realsuper.superfacts.co.nz.

The investment statement has also been updated to reflect:

- changes to the directors of the promoters, Rio Tinto Alcan (New Zealand) Limited and New Zealand Aluminium Smelters Limited; and
- the appointments of Paula Checketts and Paula Mayson, and the resignations of Mark Kerrison and Glenn Smith, as Company-Appointed Trustees.

The updated investment statement is available from the Documents & forms tab on www.realsuper.superfacts.co.nz.

Answers to some of your questions about the Fund

A series of frequently asked questions (and answers to those questions) has been developed covering some of the commonly asked questions in your responses to the recent survey. These are available on www.realsuper.superfacts.co.nz.

Seminar presentation

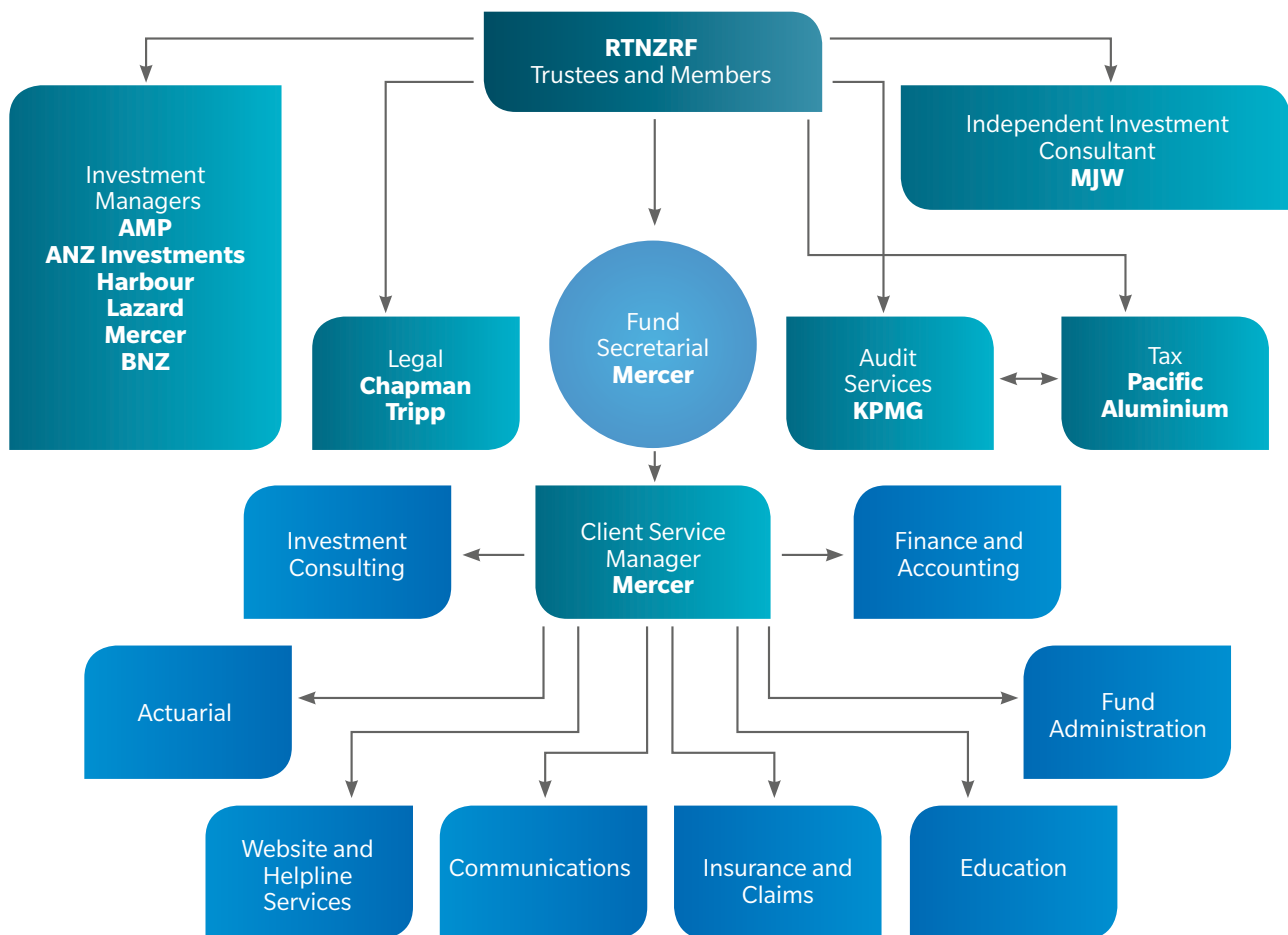
We trust you found the recent retirement seminars helpful. A copy of the presentation is now available on www.realsuper.superfacts.co.nz.

HOW THE FUND WORKS

The Trustees rely on a number of professional advisers to assist them with the management of the Fund. For example, they do not invest the Fund’s assets directly - they outsource this function to professional investment managers. Similarly, the day-to-day administration of the Fund, such as receiving contributions and paying benefits, is outsourced to a professional administration manager.

The following diagram shows the providers and the services they provide.

Fund Structure - Service Providers



Current as at 1 November 2014

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