

MESSAGE FROM THE TRUSTEE

Welcome to the November 2018 Fund newsletter, *Insights*.

In this issue you'll find an update on financial markets, details of the investment option returns up to the latest quarter-end (30 September 2018), a link to the newest Investment Insights video, a note on proposed changes to KiwiSaver, a glimpse into how much people are spending in retirement, and a feature on one of our own members. If you'd like to share your story, or have a question about your account or anything featured in this newsletter, please call the Helpline on 0508 266 787 (from Australia dial 03 8687 1849 and internationally, dial (+61) 3 8687 1849).

THE MARKETS

Global share markets performed well during the third quarter of 2018 (July to September), even with news reports about market volatility increasing in recent months and international politics dominating headlines.

Gains were supported by the de-escalation of tensions in the Korean Peninsula earlier in the year, and strong corporate earnings and economic indicators (particularly in the United States (US)) more than balanced the market's concerns over continuing international trade tensions. Hints of positive trade outcomes also gave the market some respite, before the Trump administration announced an additional policy restricting inbound investments as an attempt to defend the US from other countries trying to "steal their technology".

Trade disputes between the US and China escalated during July, though in contrast talks between the US President and the European Commission President resulted in an agreement to decrease tariffs on both sides. In August, the US market experienced especially positive gains and the rally which began in March 2009 became the longest bull market in history.

It wasn't all good news though, as Emerging Market shares declined over the period and Turkey's central bank raised its official interest rate mid-September in an attempt to reverse a heavy decline in the Turkish lira and loss of investor confidence in Turkey.

Trade negotiations reached amicable outcomes in September, as South Korea made concessions to the US and a new tri-lateral trade agreement was reached by the US, Canada, and Mexico. During the period New Zealand markets kept positive pace with offshore counterparts including the US, Canada, Europe and Australia.

By the end of the September quarter, despite renewed market volatility, all fund options had recorded positive year-to-date returns. However, as at the date of our preparing this newsletter, the Fund was experiencing some heightened volatility and negative interim returns.

INVESTMENT OPTION RETURNS

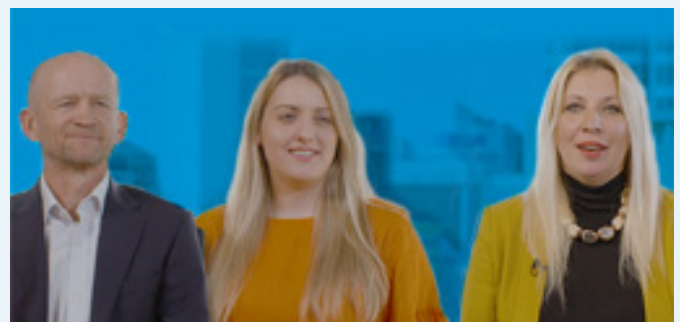
The below table shows returns (after tax and investment-related costs) for each of the Fund's four investment options for the period ended 30 September 2018:

	Cash	Conservative	Balanced	Growth
Fund year-to-date (3 months)	0.4%	1.3%	2.1%	3.1%
1 year	1.5%	4.9%	7.6%	11.1%
3 years (p.a.)	1.7%	5.6%	8.6%	12.1%
5 years (p.a.)	2.0%	5.8%	8.5%	11.4%
10 years (p.a.)	2.4%	6.0%	7.5%	8.7%

LATEST INVESTMENT INSIGHTS VIDEO OUT NOW

The newest Investment Insights video is now available on the Fund website www.realsuper.superfacts.co.nz.

Watch the interview with Philip Houghton-Brown and Leah Keys from Mercer, the Fund's investment consultants, discussing the market's recent performance, lessons learnt following the 10-year anniversary of the Global Financial Crisis (GFC), and the impact Emerging Markets have had on New Zealand investors.



MY BALANCE IS GOING DOWN, SHOULD I BE CONCERNED?

In mid-October, global share markets went through another downturn (since February 2018), before a moderate rebound over the next few days.

Market performance has been positive over the last decade, with the US achieving the longest Bull market (this is when markets go up) in history. Recent share market volatility (markets going up and down) have resulted in an anticipated correction and will have tested the resolve of many investors.

What does this mean for you?

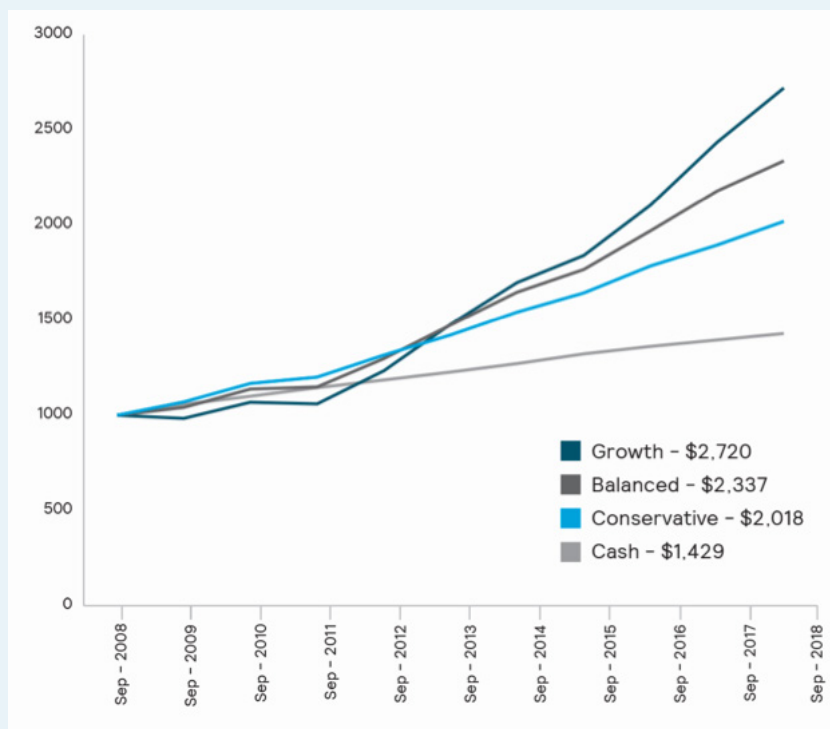
There is no need to panic or take any urgent actions. Equally, it's important to understand your investments and the level of risks involved. Although saving for retirement is usually a long-term goal, it shouldn't be a set-and-forget process. News reports on changes in market performance can prompt concerned investors to check savings balances and change funds without considering long term trends.

There are some ways you can be confident your investments are working the way you want. If your circumstances have changed, for example you're looking to buy your first home, or are nearing retirement, then you should take a moment review your investments.

Click here for the top 5 ways to keep your savings on track

HOW HAVE THE FUNDS PERFORMED OVER THE LAST 10 YEARS?

The chart below shows performance of \$1,000 (after tax and investment-related costs) for each investment option over 10 years ending 30 September 2018.



NEW DOCUMENTS AVAILABLE ONLINE

New Fund documents are now available on the website:

- The **Product Disclosure Statement (PDS)** and **Other Material Information (OMI)** give you important information about the investment options available to you, and details on the risks and fees associated with each option.
- Four **Fund Updates** (each prepared as at 30 June 2018) report on the recent performance and fees, and the investment mix, for each of the Fund's four investment options to help you make informed investment decisions.
- The **2018 Annual Report** was distributed to all members in September this year. We ask that you keep your personal contact details updated, especially your email address, to ensure successful delivery of future Fund correspondence - log on to the Fund website at www.realsuper.superfacts.co.nz, select Personal Details and follow the instructions to update your communication preferences.

All documents are available on the Fund website, and also on Disclose at www.disclose-register.companiesoffice.govt.nz (for example, the current PDS and OMI and the latest Fund Updates). Select Search Offers, enter 'NZAS', click on 'NZAS Retirement Fund', and then go to the 'Documents' and 'Investment Options' tabs).

MASSEY RETIREMENT STUDY

Many retirees now top up New Zealand Superannuation to maintain the lifestyle they want. The gap between how much NZ Super pensioners receive and how much they spend has widened significantly, and many are working beyond the age of 65 to pay for the shortfall, according to the New Zealand Retirement Expenditure Guidelines (as at 30 June 2017) recently published by the Westpac Massey Financial Education and Research Centre.

The two levels of expenditure in the Guidelines are split into No Frills and Choices. The No Frills budget reflects a basic standard of living that includes few, if any, luxuries. The Choices budget represents a more comfortable standard of living, which includes some luxuries or treats.

So how much should you expect to spend in retirement?

	ONE-PERSON HOUSEHOLDS		TWO-PERSON HOUSEHOLDS	
WEEKLY NZ SUPER RATES*	\$400.87		\$616.72**	
Total Weekly Expenditure***	Metro	Provincial	Metro	Provincial
No Frills budget	\$590.44	\$561.04	\$872.22	\$621.48
Choices budget	\$1175.17	\$824.16	\$1399.72	\$1104.78

*These are the current weekly rates (after deducting tax at rate 'M') which took effect on 1 April 2018.

**This assumes that both partners qualify for New Zealand Superannuation.

***These figures have not been updated from the 2017 figures used in the Retirement Expenditure Guidelines.

The Total Weekly Expenditure figures in the Guidelines represent actual 2017 levels of expenditure by retired households, and not recommended levels of expenditure. To understand how much you may need in retirement, you can use Sorted's retirement planner at sorted.org.nz/tools/retirement-planner.

You can see a full copy of the New Zealand Retirement Expenditure Guidelines on Massey University's [website by clicking here](#).

MEMBER SURVEY RESULTS - LATEST UPDATE

In our July newsletter we published the key results from the member survey carried out last year. We have since uploaded a Survey Report which includes both quantitative insights and a sample of the qualitative open-ended member comments. This report is available to all members on the [website by clicking here](#).

We're pleased to report that over 77% of respondents said they had given some thought to preparing for retirement, or had a clear plan, and 76% of respondents believed that the Fund's current investment options met their needs. We continue to look at ways to enhance the resources available to all members.

Thank you again to everyone who took time to complete the survey. Your feedback enables the Directors to further tailor the Fund's services and information available to you.

CHANGES TO KIWISAVER

The Government recently introduced draft legislation proposing a number of changes designed to improve the effectiveness of KiwiSaver in helping New Zealanders save for their retirement. To keep you informed about these proposed changes, we've summarised the key points below:

- 1. Introducing additional 6% and 10% employee contribution rates** (on 1 April 2019) to give KiwiSaver members more flexibility to self-select a contribution rate.
- 2. Reducing the maximum contributions holiday period** (for contributions holidays granted on or after 1 April 2019) from five years to one year.
- 3. Changing the name of the contributions holiday** (on 1 April 2019) to a "savings suspension".
- 4. Allowing persons aged 65 or more to opt in to KiwiSaver** on or after 1 July 2019 (currently, persons aged 65 or more cannot join KiwiSaver).
- 5. Removing the 5-year lock-in period** for members who join KiwiSaver on or after 1 July 2019 when aged 60 or more (with the result that after reaching the standard qualifying age of 65, those persons can make withdrawals as of right but are no longer eligible for compulsory employer or government contributions).

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 below:

Site Based Trustee Directors Offsite Trustee Directors

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

Ken 027 444 1051
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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.