



## MESSAGE FROM THE TRUSTEE

Welcome to the July newsletter, which covers (among other things) the Fund's investment performance to 31 May 2019.

It was pleasing to see markets maintain during the first four months of the calendar year the positive momentum that had begun in January. However, May's investment performance was negative for the Conservative, Balanced and Growth options. More information about the Fund's returns and an overview of market performance are included below.

Also included in this edition are preliminary notice about the upcoming Trustee Board election, the latest Investment Insights video and an updated Fact Sheet and poster. Additionally, we hear from one of our members on their experience of being in the Fund.

The Helpline team is available to answer any questions you may have about this newsletter or the Fund. You can reach the Helpline on 0508 266 787 within New Zealand, 03 8687 1849 from Australia and +61 3 8687 1849 internationally.

## THE MARKETS

Following the volatility and sharp declines experienced in the December 2018 quarter, global share markets rebounded strongly over the first four months of the new year. However, markets then struggled to maintain their positive momentum during May.

From January through to the end of April, investors responded positively to reports of stronger-than-expected corporate earnings and the low interest rate environment. In April, most central banks, including the US Federal Reserve and European Central Bank, reaffirmed their commitment to maintaining key interest rates at current levels. Although US-China trade negotiations and the never-ending issues surrounding Brexit provided some uncertainty, they generally failed to dampen investor enthusiasm.

After such a positive start to the calendar year, May proved to be a rocky period for investors. Global share markets suffered after US President Donald Trump's announcement of the reimposition of tariffs on Chinese goods saw a speedy response from China. And in Britain, Prime Minister Theresa May confirmed her resignation, which further compounded investor uncertainty over Brexit.

However, the New Zealand share market was a standout performer when compared with its global counterparts. During the 12 months ended 31 May 2019, the S&P/NZX50 Index returned 18.0%, which was well ahead of the MSCI World Index return of 1.1% in local currency terms. New Zealand's high dividend-yielding shares remained attractive, especially in a low global interest rate environment.

In May, the New Zealand share market continued significantly outperforming its global counterparts following the Reserve Bank's decision to reduce the Official Cash Rate by 0.25% to 1.50%. The local market returned 1.1% during May, well ahead of the MSCI World Index (which fell 5.7% in local currency terms).

## 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 May 2019:

	Cash	Conservative	Balanced	Growth
<b>Fund year-to-date (11 months)</b>	1.4%	3.4%	3.6%	3.3%
<b>1 year</b>	1.5%	4.1%	4.6%	4.9%
<b>3 years (p.a.)</b>	1.6%	4.7%	6.8%	9.1%
<b>5 years (p.a.)</b>	1.9%	5.2%	7.1%	9.3%
<b>10 years (p.a.)</b>	2.3%	6.5%	8.4%	10.4%

## LATEST INVESTMENT INSIGHTS VIDEO OUT NOW

Global markets recovered strongly during the first four months of this calendar year from the steep declines in the last quarter of 2018, resulting in one of the fastest ever market rebounds. In this video, find out what was behind the share market's strong recovery and the performance of the Fund during that period, what impact changing interest rates have had on New Zealand, and what "Unicorns" are.

To view the latest Investment Insights video, visit the Fund website [www.realsuper.superfacts.co.nz](http://www.realsuper.superfacts.co.nz).



## UPCOMING TRUSTEE ELECTION

The Fund is managed by a Trustee Board consisting of eight Trustee Directors. Four are elected by the members, and four are appointed by the company. The latest three-year term of office for the four current member-elected Trustee Directors ends on 31 October 2019.

Later this month, we will open nominations for these member-elected Trustee Director positions, and you will hear more about what's involved in being a Trustee Director and how to apply.

You can read more about the Fund, and our current Trustee Directors, on our website [www.realsuper.superfacts.co.nz](http://www.realsuper.superfacts.co.nz).

## JARGON BUSTER - STARTING WITH 'A'S!

**Asset classes** are broad categories of assets of a similar type. Major asset classes include shares (also known as equities), property, fixed interest and cash.

**Asset allocation** is the mix of asset classes in an investment portfolio, such as those included in an investment option: in the Fund's case cash, conservative, balanced or growth.

**Authorised Financial Adviser (AFA)** – AFAs are currently the only people authorised by the Financial Markets Authority to provide personalised advice about products with more of an investment focus such as shares, managed funds (including workplace savings schemes) and KiwiSaver.

Want to know what other terms mean? Visit our glossary on the Fund website to read more!

## LONG TERM GAINS - BRONAGH HEGAN

**What's the best investment strategy for your savings? That's the question Bronagh Hegan, Specialist Sales and Scheduling, has contemplated over the years. Here, Bronagh shares her experience on acquiring long term gains.**

Even after being in the Fund for over 20 years, I still frequently log in to my account online, check my returns, and take time to read the information available. I find the current earnings rates most interesting, along with how the market performance of my Fund investments impacts my personal savings.

Despite my efforts to play the market in early years, personal experience has taught me not to panic too much. By the time news hits, the impact on financial markets has probably already occurred. I have found it best to leave my investments in a particular investment option and trust the fund managers to generate the best returns possible through all market climates. And, if unsure, it's always best to seek financial advice from an authorised financial adviser.

Conversely, spending time reading and understanding the different investment fund types and associated risk exposures gives me a better outlook on how my investments are tracking, and on the possible future balance of my account for when I do come to retire. Being astute with investments, by periodically reviewing my chosen investment option(s), returns, and risk tolerance, will I think make for a more comfortable retirement.



## RECENT KIWISAVER CHANGES

In March 2019, the Taxation (Annual Rates for 2018-19, Modernising Tax Administration, and Remedial Matters) Act 2019 became law and made a number of changes to the KiwiSaver Act 2006. These changes are outlined on the Fund website [www.realsuper.superfacts.co.nz](http://www.realsuper.superfacts.co.nz). Some of them impact the Fund, but only with respect to those members who have locked-in accounts held on a KiwiSaver-like basis.

Changes made to KiwiSaver	Date change takes effect
Adding new KiwiSaver employee contribution rate options of 6% and 10% (in addition to the existing 3%, 4% and 8% options).	1 April 2019
Reducing the maximum period for each (renewable) contributions holiday election from five years to one year, and changing the name from 'contributions holiday' to 'savings suspension'.	1 April 2019
Permitting individuals who have reached NZ Super age (currently 65) to join KiwiSaver, though without any entitlements to either compulsory employer contributions or government contributions.	1 July 2019
Removing the five-year minimum 'lock-in' period (which required members joining KiwiSaver after reaching age 60 to wait five complete years before accessing their savings) for members who join on or after 1 July 2019 – allowing those members to access their savings at age 65.	1 July 2019
Allowing members who joined KiwiSaver before 1 July 2019 after reaching age 60, and would otherwise be prevented by the five-year lock in period from accessing their savings, to opt out of that lock-in period (thus permitting them to access their savings at age 65). Members who opt out of that lock-in period cease, from the later of age 65 and the date of making that election, to be eligible to receive either compulsory employer contributions or government contributions.	1 July 2019

## KIWISAVER AND THE FUND - FAQs

We've updated the '**KiwiSaver FAQs' Fact Sheet** on the website to reflect some of the changes listed above. This Fact Sheet includes the most common questions members ask about KiwiSaver and the Fund, so it's worth a read. You can download a copy of the Fact Sheet by visiting the Fund website, clicking on 'Documents & forms' then 'Fact sheets' and selecting 'KiwiSaver and the Fund - FAQs'.

## HOW TO LOG ONTO THE FUND WEBSITE

Have you encountered challenges logging into the Fund website? Forgotten your pin? We've updated the step-by-step guide on how to log into the website, and how to seek help should you get stuck. The Fund website includes important information including your investment summary, nominated beneficiary information, and access to Fund documents to help you make informed investment decisions or make changes to your accounts. The latest 'How to log into the website' poster is available on the Fund website [www.realsuper.superfacts.co.nz](http://www.realsuper.superfacts.co.nz) and by clicking the 'Documents & forms' page.

## 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

### Offsite Trustee Directors

Ken 027 444 1051  
Tim 027 4535 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](http://www.realsuper.superfacts.co.nz).

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