

INSIGHTS

NOVEMBER 2024



Message from the Trustee

Welcome to the third and final edition of Insights for 2024.

We have compiled some valuable information in this edition for our members. First, we include an insurance fact sheet to help you understand your coverage options.

Next, you'll find some insights on financial preparedness from our member survey, as well as market commentary and information on investment returns (including our top ten holdings in the international equities sector) prepared as at 30 September 2024. We also share the hours for Mercer's Helpline and administration teams during the coming holiday period.

Additionally, we include an article on death, wills and relationship status changes and how to access financial advice and tools.

If you have any questions about this newsletter, the Fund, or your account please contact us at nzasrf@mercero.com, or give us a call on **0508 266 787** (or +61 3 8306 0964 if calling from overseas).

Regards,

NZAS Retirement Fund Trustee Board



Recognition at the Financial Services Council Awards

The Trustee Directors are very pleased to announce that our Licensed Independent Trustee Director, Bruce Kerr, received the Workplace Savings Award for 2024 at the Financial Services Council Awards Dinner in Auckland on 4 September. This prestigious peer-nominated award recognises an individual in the workplace savings community who has demonstrated vision, innovation and dedicated stewardship over a lifetime of service to members and the industry. We congratulate Bruce on this well-deserved acknowledgement of his significant contributions to New Zealand's workplace savings industry and to the various schemes with which he is involved.

New Insurance cover for members fact sheet: understanding your insurance options

We are pleased to announce the release of our new *Insurance cover for members* fact sheet, created in response to feedback from our recent member survey. The fact sheet aims to provide comprehensive information about the insurance cover options available to subsidised members of the Fund.

All Fund members who are continuous permanent employees of New Zealand Aluminum Smelters Limited or Pacific Aluminium (New Zealand) Limited automatically receive basic insurance cover for death, total disablement and ill-health. However, they may choose to apply for a higher level of cover if preferred. With three options – basic, medium and top – members can customise their level of cover to suit their needs and budget.

To learn more about your insurance options and how to apply to adjust your cover level, please access the full document below.

[View the full document](#)

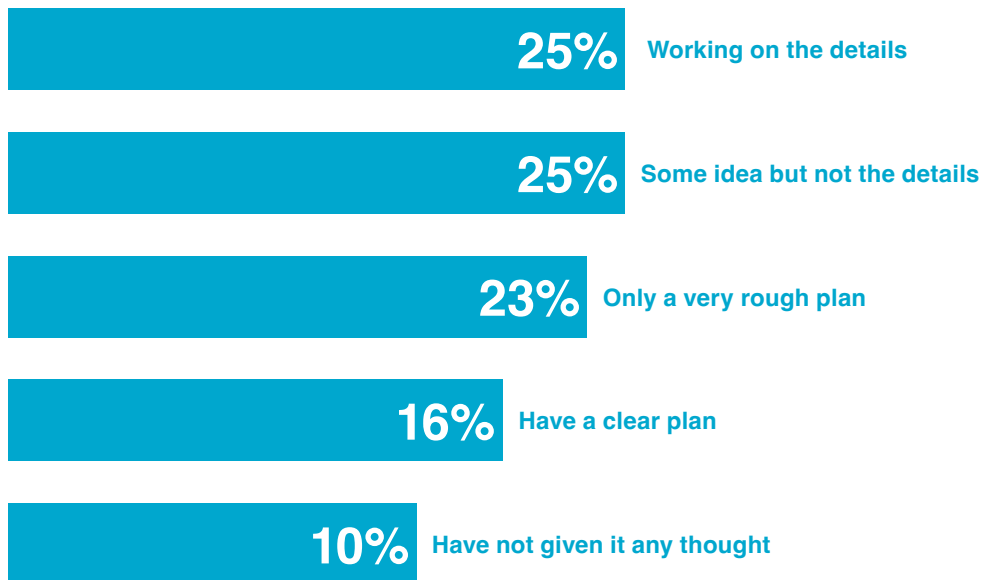
For any questions, feel free to reach out to our dedicated Helpline team at **0508 266 787**.

Member survey insights: Financial preparedness

The Trustee Directors appreciated the feedback provided in the 2024 Member Survey and have decided to focus on members' stated key areas of interest by including relevant content in future newsletters.

One of the questions asked in the Survey was "How prepared do you think you are for a financially comfortable retirement?" The results, shown in the graph below, provide a valuable perspective on our community's financial readiness:

How prepared do you think you are for a financially comfortable retirement?



Note: Total may not equal 100% due to rounding.

For a deeper understanding of financial preparedness, we encourage you to check out the Te Ara Ahunga Ora (Retirement Commission) article below.

[What is financial capability?](#)

We encourage you to check out the full survey results on our website linked below.

[Full survey results](#)

Holiday hours

Our Helpline will remain available on weekdays throughout the holiday season, apart from the national public holidays (25 and 26 December, 1 and 2 January). Their hours are 9am to 7pm, Monday to Friday and you can contact them on **0508 266 787**, or +61 3 8306 0964 if calling from overseas. Helpline is your first contact for any questions about the Fund, covering a range of different topics, including:

- Website account access and password reset
- Account balance
- Investment option change
- Questions about fees and charges
- Withdrawal requests
- Questions on key documents such as the annual report, the Product Disclosure Statement or your annual confirmation notice



During the holiday period, Mercer (the Fund's administration manager) will close on the evening of Friday, 20 December 2024 and reopen on Monday, 6 January 2025. This closure will have an impact on various processes including withdrawal payments, regular member contribution updates and the processing of other requests. These services will be affected not only during the closure period but also leading up to it. If you have any withdrawal requests that require action during the Christmas period, we recommend you ensure those are sent to Mercer (nzasrf@mercero.com) by no later than Friday 13 December 2024.

Investment returns

The following table shows investment returns (after tax and investment-related costs) for each of the Fund's four investment options for the stated periods, each ended 30 September 2024.

| | Cash | Conservative | Balanced | Growth |
|------------------------------|-------|--------------|----------|--------|
| Fund year to date (3 months) | 1.07% | 3.14% | 3.79% | 4.21% |
| 3 years (p.a.) | 3.2% | 1.7% | 1.4% | 1.5% |
| 5 years (p.a.) | 2.1% | 2.6% | 3.9% | 5.4% |
| 10 years (p.a.) | 2.0% | 4.1% | 5.8% | 7.8% |

You can find the [latest earning rates](#) and general information about [how financial markets are performing](#) on the Fund website.

Market update

Quarter ended 30 September 2024

During the September quarter, interest rate cuts were a hot topic as many global economies like the US, key countries in the Eurozone and New Zealand started to lower their rates.

July saw the start of what was dubbed the “**great rotation**” within the international shares sector, and this trend continued throughout the quarter. Markets began moving money out of **mega-caps** to focus instead on **small-cap stocks** and investments in the **value sector**, which are more responsive to interest rate movements. This change was driven by increasing optimism for a smooth economic transition and underwhelming earnings reports from the “**Magnificent 7**” tech giants for the quarter ended 30 June.

[Read more](#)

Fund's top ten holdings in international equities sector

The Fund invests in the international equities (i.e. overseas shares) sector through the Mercer Overseas Shares Plus Fund and the Mercer Hedged Overseas Shares Plus Fund (together the **Mercer Overseas Shares Portfolio**). This is a multi-manager portfolio which uses sector specialist investment managers to invest in a range of listed companies across developed markets. The current investment managers are Arrowstreet, Wellington, Baillie Gifford, Alliance Bernstein and Maj Invest. These investment managers have varying investment styles, ensuring diversification within the portfolio. The top ten holdings in the Mercer Overseas Shares Portfolio as at 30 September 2024 were as listed on the right, with the majority of regional exposure being in the US equity market.

| Company | % |
|-----------------------------------|------|
| Microsoft Corp | 4.59 |
| NVIDIA Corp | 3.66 |
| Apple INC | 2.79 |
| Amazon INC | 2.53 |
| Meta Platforms INC | 2.24 |
| Alphabet INC | 1.67 |
| Mastercard INC | 1.55 |
| Constellation Software INC/Canada | 1.13 |
| Intact financial Corp | 1.10 |
| SAP SE | 1.10 |



Quarterly performance of Mercer Overseas Shares Portfolio

For the quarter ended 30 September 2024, the Mercer Overseas Shares Plus Fund returned 1.6% and the Mercer Hedged Overseas Shares Plus Fund returned 5.5%. This meant that overall, the Mercer Overseas Shares Portfolio performed in line with its benchmark.

During the quarter, the performance of the investment managers who handle the portfolio varied. Wellington performed well after experiencing a sharp bounce back in excess returns. On the other hand, Alliance Bernstein had the lowest performance among the managers. This was mainly due to their weak selection of stocks, particularly in the information technology ('IT') sector where their holdings in semiconductor companies did not perform well.

[Read more](#)



Having trouble viewing this video? Please try another browser.

Investment Insights video out now

Discover how the investment markets performed in quarter three of 2024, the implications for New Zealand investors of the official cash rate reductions in August and September, and the key market trends that were anticipated in October for the final quarter of 2024, by watching the latest Investment Insights video. In this video Grace Bricknall, a Mercer Investment Analyst, shares valuable insights from Mercer's global network of investment experts.



Death, wills and relationship status changes

Life is full of changes (whether expected or otherwise!) and two significant events in particular — death, or a change of relationship status such as a marriage or divorce — can greatly affect your family's finances and impact your loved ones. There are a great many estate planning and other issues to consider in either circumstance, but two of the more significant are the impacts on bank accounts and wills, on which we comment below.

Death and bank accounts

When someone passes away, their bank accounts typically become subject to a process called probate or (if they died without a will) letters of administration. Each process takes time, and once the bank is notified of a customer's death it will normally freeze their individual accounts (including transactional accounts, term deposits, credit cards and loans) until the relevant process is completed.

To make things easier for your loved ones, you should therefore consider having a joint account with individual authorised signatories if you are married or have a partner. This way, the funds in that account can go directly to your spouse or partner after you die without them having to await probate or letters of administration — ensuring your immediate family has access to money when they need it most.

Unfortunately, simply naming beneficiaries on your accounts doesn't mean they will be able to access banking details or those accounts, because when a person dies the bank can only take instructions from someone who is authorised to act on behalf of their estate.

It's very important to note though that the effect of having a joint account is usually that the money in the account becomes the property of the survivor (e.g. your spouse or partner) when you die. You should consider this in light of your wishes as set out in your will — If you intend to leave money through your estate to others, and that money is in the joint account, then it passes to your survivor and is not available to meet those other bequests.

Updating your will

Changes in your relationship status can also affect your will, or even make it invalid — for example, if you get married or enter a civil union then any existing will is automatically revoked, unless either:

- the will specifically states that it is made in contemplation of the marriage or civil union; or
- the circumstances existing when the will was made show clearly that it was made in contemplation of the marriage or civil union.

If your will is revoked by your marriage or civil union and you then die without having made a new will, you will be "intestate" and your estate will be distributed in accordance with rules set out in the Administration Act 1969, which might be inconsistent with your wishes. If you get married or enter a civil union, you should therefore look to update your will.

Commencing a de facto relationship has no effect on a will, so if you have an existing will benefiting someone other than your current partner, it will remain valid (subject to the potential application of wider relationship property laws). If you would like to provide for your de facto partner you should therefore update your will.

Separation (of itself) also has no effect on a will, meaning that unless and until your will is validly updated (and subject again to wider relationship property laws), your estranged spouse or civil union partner can still benefit under it, on top of any agreed relationship property division. You should therefore update your will as soon as possible after separating if it no longer reflects your wishes.

If you are in a marriage or civil union and either:

- the Family Court makes a formal separation order; or
- the marriage or civil union is dissolved;

then your will is not revoked – under the Wills Act 2007, unless the will expressly provides otherwise, it is interpreted as if your former spouse has died immediately before you but otherwise remains in force. Again therefore, you should update your will to reflect your current wishes.

Get professional help

Navigating these changes can be tricky, so we strongly recommend consulting a lawyer, accountant or financial advice provider as appropriate. They can help you understand what needs to be done and ensure everything is in order.

Being aware of how death and relationship status changes can impact your finances is essential. By designating beneficiaries and keeping your will updated, for example, you can protect your loved ones and ensure your wishes are honoured. A little planning now can save a lot of heartache later!

IMPORTANT: Please note that any information in the above paragraphs regarding legal or accounting outcomes does not constitute legal advice or an accounting opinion. You should not rely or act on this information without seeking independent advice from a suitably qualified lawyer or accountant (as appropriate).



How to access financial advice and tools

Planning for a secure financial future is crucial for long-term financial stability. You need to think about how to save enough for retirement and the goals that you might have set. Without a solid plan, it's hard to know whether you'll have enough money to maintain your lifestyle now and later.

The key is to use the right financial tools. These tools can help you understand your current finances, set realistic goals, and monitor your progress. You can access some of the financial wellbeing tools on the Fund website.

[Learn more about the financial wellbeing tools](#)

Seeking expert guidance on matters relating to investments, savings and budgeting always pays in the long run. Good financial advice can help you navigate complex financial situations, optimise your current resources and achieve long-term goals. It also reduces risks, ensuring financial stability and security, ultimately enabling a stress-free future.

[Find financial advice resources](#)

Your Trustee Directors

You're welcome to contact any of your Trustee Directors if you have any questions about the Fund. Their details are [online](#) or you can call them on their direct lines:

Site-Based Trustee Directors

Paula 03 218 5571

Andrew 03 218 5989

Karen 03 218 5689

Offsite Trustee Directors

Tim 027 453 5565

Kyle +61 (0) 477 362 101

Bruce 027 284 0481

Allan 027 216 7312

Grant 022 071 3117

Any questions about the Fund? You can contact the Helpline on **0508 266 787** (Australia 03 8306 0964, and international +61 3 8306 0964) 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.nzasretirementfund.com. Past performance cannot be relied upon as a guide for future performance.