

# INSIGHTS

## JUNE 2020



**NZAS**  
**RETIREMENT FUND**  
*Your Super. Your Future.*

### MESSAGE FROM THE TRUSTEE

Welcome to the June 2020 newsletter. This edition includes:

- updates on the markets and on the Fund's financial performance over recent months
- a video explaining the concept of market volatility
- a reminder about the upcoming change to how death benefits will be paid from the Fund, and
- some pointers on estate planning and how you can plan for the unexpected

As always, we welcome your feedback on the Fund which you can do by calling Helpline on 0508 266 787.

Regards,

*NZAS Retirement Fund Trustee Board*

### THE MARKETS

Global financial markets have experienced heightened volatility over recent months following the rise of COVID-19. March was a tough month for global investment markets, with market fluctuations reaching a scale not seen since the Global Financial Crisis in 2008. The majority of developed economies implemented some form of nation-wide lockdown, with only "essential" services operating. Central banks and governments were quick to act and implemented a number of monetary and fiscal policy initiatives to support both financial markets and domestic households during lockdowns.

Nearly all asset classes were punished in March. Cash was indeed king as even assets that had been considered relatively "safe havens" such as higher grade bonds, gold and the Japanese Yen provided limited protection. In an unfortunate series of events, risk assets fell abruptly as COVID-19 related fears mixed with the start of an oil price war (ignited after Saudi Arabia and Russia increased oil supply following a collapse in OPEC negotiations). The price of oil halved over the month, pulling down the value of broader commodity indices.

The worst affected sectors of share markets were generally energy and real estate. Meanwhile, the better places to be positioned were in consumer staples (such as Colgate Palmolive, Walmart, Coca-Cola and Mondelez International) and the healthcare and I.T. sectors.

Financial markets experienced a strong positive rebound in April, despite COVID-19 continuing to spread (with confirmed cases surpassing three million at month-end). US share markets had their best monthly performance since 1987 as the prospect of economies gradually re-opening (after being in lockdown) sustained the rally in growth assets.

Locally, New Zealand and Australian share markets performed well in April, up +7.5% and +8.8% respectively. Both markets responded positively to the declining number of new COVID-19 cases reported locally, and fatality rates remaining far below the global average.

The strong positive rebound of April continued into May. The US share market rallied further, with the S&P 500 Index most of the way back by 31 May to where it had been at the start of 2020. Investors seemingly brushed aside re-infection risks and political turmoil in the US, banking on a rapid return to economic normality. New cases of COVID-19 showed signs of flattening over May in various countries, prompting some to ease local lockdown restrictions. Share markets responded accordingly, with New Zealand achieving 3.3% and Australia 4.4% in May.



## MONTHLY MARKET UPDATES

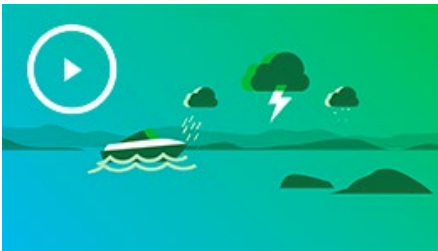
Get the latest information about how selected markets are performing direct from the [Fund website](#). The Selected Market Indicators summarise key factors which impacted financial markets during the month, and include some key metrics on how specific indexes performed.

[May's edition is available here >](#)

## 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 following periods ended 31 May 2020:

	Cash	Conservative	Balanced	Growth
<b>Fund year-to-date (11 months)</b>	0.88%	1.70%	1.41%	1.24%
<b>1 year</b>	1.0%	3.1%	3.8%	4.6%
<b>3 years (p.a.)</b>	1.4%	3.9%	5.3%	6.7%
<b>5 years (p.a.)</b>	1.6%	4.2%	5.6%	7.2%
<b>10 years (p.a.)</b>	2.0%	5.2%	7.2%	9.3%



## MARKET VOLATILITY VIDEO

Have you seen the latest videos on market volatility? These will give you a basic understanding of how share market cycles work, the types of asset classes there are and how they are affected by market fluctuations, as well as common strategies to help manage risk. They also look at some factors you should consider when choosing an investment strategy.

[Watch the videos here >](#)



## DEATH BENEFIT CHANGES – STAGE 2 EFFECTIVE 30 JUNE 2020

Further to earlier member newsletters and the [website article](#) advising of upcoming changes to the death benefit payment process, the next stage takes effect on 30 June 2020.

Members who joined the Fund before 1 January 2020 can continue adding or removing nominated beneficiaries until 30 June 2020 ([using the 'NZAS5 - Change of nominated beneficiary' form available here](#)). However:

- no changes to nominated beneficiaries will be allowed from 1 July 2020; and
- all death benefit payments will begin being made automatically to members' estates (and nominated beneficiary forms will be disregarded) from 1 October 2020.

For members who joined on or after 1 January 2020 it is already the case that nominations are not permitted and death benefits are payable automatically to estates.

## ESTATE PLANNING – ENDURING POWERS OF ATTORNEY

An enduring power of attorney (EPA) is a legal document that gives someone you trust (referred to as your “attorney”) the power to make decisions on your behalf if you lose the ability to make decisions yourself. There are two types of EPA:

- **EPA for Personal Care and Welfare** - one that gives someone the power to make decisions about your health and welfare, such as selecting a rest home, or deciding on and/or refusing medical treatment. However, this only comes into effect when you lose your mental capacity and a health practitioner has issued a medical certificate stating so, or if the court also reaches that decision.
- **EPA for Property** - one that gives the power to either one or more individuals or a trustee corporation to make decisions on your money and property. You can decide whether you wish this to take effect immediately or only once you lose your mental capacity.

In making decisions, your attorney(s) have to follow any conditions and restrictions set out in the relevant EPA.

The Citizens Advice Bureau shares some [things to consider when choosing to give someone power of attorney](#).

You can set up an enduring power of attorney through your lawyer or trustee corporation. [You can read more here](#).

## COVID-19 AND YOUR MONEY: 7 THINGS TO DO RIGHT NOW

We're living in such a changed world that it can feel overwhelming. The coronavirus has upended our working lives, our kids' lives, and our money lives as well. That said, there's a lot we can do: here are 7 things to do straight away.

[SEE THE 7 THINGS TO DO](#)

Live  
sorted

## YOUR TRUSTEE DIRECTORS

You're welcome to contact any of 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

Any questions about the 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.