

INSIGHTS

DECEMBER 2020



NZAS 
RETIREMENT FUND
Your Super. Your Future.

MESSAGE FROM THE TRUSTEE

Welcome to this December edition of Insights.

Included is a summary of the results from the recent member survey, an update on financial market and Fund performance over recent months, an item on the pending distribution from the Fund's insurance account to eligible members, articles about negative interest rates and the "Just Wondering" resource on sorted.org.nz, a reminder of the change in death benefit payment policy, and notice of changes to the asset portfolio.

As always, if you have any questions about the Fund or this newsletter please call Helpline on 0508 266 787.

Regards,
NZAS Retirement Fund Trustee Board

RESULTS ARE IN!

We love getting your feedback about the Fund as it helps us refine the Fund's services and communications. We recently invited all members to participate in a survey, and we wish to thank everyone who took time to have their say. Thank you!

Everyone who participated went into the draw to win a \$100 Prezzy Card. Congratulations Derek Wright for winning the prize draw!



FEEDBACK HIGHLIGHTS

26.1%

of the Fund's total membership (215 members) completed the survey.

82.9%

of respondents are happy with the amount of communication they receive about their retirement savings.

49.8%

of respondents find that electronic communication is best for them. Next most popular channel is post on 14.7%.

87.6%

of respondents who have called helpline rated their experience as excellent or good.

THE MARKETS

Heightened market volatility experienced earlier this year due to the rise of COVID-19 subsided across July and August, with global share markets achieving positive returns for both months. Supportive monetary policies, including low interest rates and the wage subsidy scheme, helped support households and businesses during periods of lockdown, and as restrictions eased production of goods and services gradually increased.

Strong performance in US tech shares resulted in the share market returning +6.3% (in local currency terms) in August. Commodities such as Crude Oil, Copper and Iron also had a broadly positive month, as an increase in manufacturing output helped industrial metal prices to recover.

Although global share markets were positive in August, Australia officially entered into a technical recession on the basis they had two consecutive quarters of declining economic growth for the first time since 1991.

The ongoing impact of the global pandemic is still being felt, with worldwide COVID-19 cases topping 33 million people by the end of September. A 'second wave' of confirmed COVID-19 cases was experienced in various countries around the world during September. Combined with the uncertainty of both the US and NZ political elections, global financial markets fell during the month by -2.9%.

New Zealand's share market lost ground in September with the NZX50 down -1.4%, with notable price weakness in index heavyweight a2 milk. The Reserve Bank of New Zealand continued its commitment to prolong monetary support to help sustain the New Zealand economy.

The outlook for 2020 remains highly uncertain, and depends almost entirely on the path of COVID-19. It is important to remember that saving for retirement is a long-term task and that previous market downturns (such as the Global Financial Crisis in 2008) have generally been followed by sustained periods of positive returns.

The Fund's long-term returns remain positive, and are shown below.

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 October 2020:

	Cash	Conservative	Balanced	Growth
Fund year-to-date	0.08%	1.79%	2.77%	3.84%
1 year	0.6%	2.3%	2.4%	3.0%
3 years (p.a.)	1.2%	3.8%	4.8%	6.0%
5 years (p.a.)	1.4%	4.5%	6.2%	8.2%
10 years (p.a.)	1.9%	5.1%	7.0%	9.2%

INSURANCE DISTRIBUTION TO MEMBERS

As part of the 2020 annual review, the Trustee obtained an actuary's report as at 30 June 2020 on the Fund's premium rates for death, total disablement and ill-health cover and on the financial position of the insurance account. The Trustee elected to leave the insurance premiums unchanged, but decided to make a distribution totalling \$1.4 million from the insurance account to all persons who:

- had insurance cover (and paid premiums) at any time during the period from 1 July 2013 to 30 June 2020; and
- were still active or deferred members on 14 September 2020;

in proportion to the total premiums deducted from their accounts during that period.

This is the first distribution of its type since 1 July 2013. 1 July 2013 was the date as at which the last actuarial review of the insurance account resulting in a distribution to members was conducted.

If you are eligible, you should expect to see an additional credit applied to your member account before the end of December 2020.

Eligible persons who have left the Fund since 14 September 2020 will receive payment(s) direct to their nominated bank account(s).

NEGATIVE INTEREST RATES

Interest rates in New Zealand and around the world are exceptionally low, and have just recently gone lower. They are the lowest they have ever been in New Zealand. This low interest rate environment we are in is positive for borrowers, like those with mortgages, however not so great for savers or investors. The Reserve Bank of New Zealand (RBNZ) have a mandate of controlling inflation and supporting full employment. One of the tools they have to do this is setting the Official Cash Rate (OCR), which influences short-term interest rates such as the 90-day bank bill rate and cash investments, as well as long-term interest rates and the foreign exchange rate.

When things aren't going well, the RBNZ will cut the OCR, which will make it easier for people and companies to borrow. This may mean people have more disposable income to spend, and companies are more likely to hire people, which is a positive cycle to help the overall economy function. The opposite happens when things are going too fast and inflation might be a concern, the RBNZ will increase the OCR to slow things down to a manageable pace.

[Read full article here>](#)

“JUST WONDERING” ON SORTED WEBSITE

COVID-19 has landed many of us in the same boat with money worries, and we are often just seeking a safe, trusted place to get our money questions answered. Sorted's 'Just wondering' on-line resource has been launched to help address the explosion of questions Kiwis have had about money during this time of change and uncertainty.

READ MORE

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REMINDER THAT THE DEATH BENEFIT PAYMENT PROCESS HAS NOW CHANGED

From 1 October 2020, your death benefit will automatically be paid to your **estate**. More information about the death benefit payment process, and the importance of having a Will, is available at www.realsuper.superfacts.co.nz under 'Article Library' and the 'Announcements' tab.

ANNUAL REPORT AND ANNUAL CONFIRMATION OUT NOW

You should have received your member statement and annual report in September by post and email. If you did not receive these documents, or would like to update your contact details, please login to the Fund website at www.realsuper.superfacts.co.nz at any time to access your account and online documents.

If anyone would like a hard copy of the 2020 annual report, please go see or contact Grant Cuff on site.



CHANGES TO THE REAL ASSET PORTFOLIO

As part of the ongoing monitoring of the Fund's investments the Trustee has reviewed the Real Assets sector and decided to divest from the illiquid components. The illiquid components (approximately 6% of the total Fund assets) are Direct Property, Unlisted Global Infrastructure and Natural Resources (Timber and Commodities).

The process is expected to take some time, and the first step is to transition each of the allocations under the Real Assets portfolio to single portfolio funds. The removal of the illiquid portfolios will then be undertaken as divestment opportunities arise.

Upon completion, the Fund's Real Assets portfolio will include only Global Listed Property and Global Listed Infrastructure. This will mean that all assets of the Fund are liquid and able to be more readily redeemed as required.

Q&A ON THE FUTURE OF THE FUND

As you may recall, recently we asked all members to submit questions they had about the future of the Fund. Thank you to everyone who took the time to respond. To keep you updated, we are nearing the completion of a Questions and Answers document to answer your questions, and we will be in touch again when this is ready. At this stage, we can reassure members that it is entirely business as usual for the Fund.

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's 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.

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