NEWS

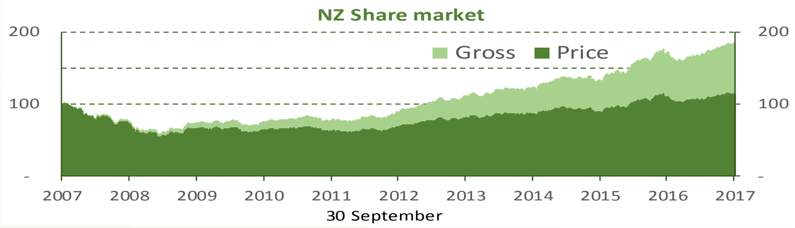
to 30 September 2017

Investment returns *Managed income* *KiwiSaver checklist* *My future strategy*

Investment returns

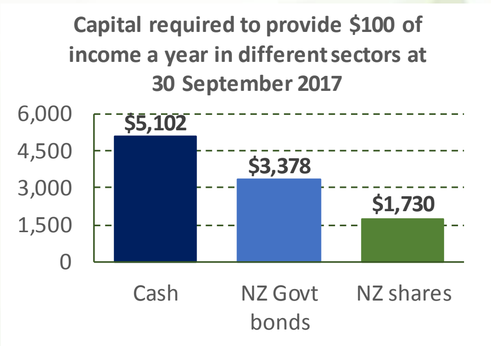
Over the last three months, share markets have continued to rise and many markets including NZ and the US have reached new highs. At some point the markets will decline and we do not know when that will be or what the catalyst will be. To manage this risk, we suggest the bucket approach, ie cash for your immediate expenditure (next 3-years), bonds for the following 7/9 years' expenditure and shares/property for expenditure beyond 10/12 years. This way should the share market go down, you have at least 10 years' expenditure covered and time for the markets to recover before you need to sell.

Caution must be taken however, not to react to the news that the "NZ market reached a new high" as the comments are based on the value of the shares accumulated with dividends. On this basis, the market should reach several new highs in most years, except for the few years that the market crashes (about twice every generation). Two charts are relevant. The first shows what has happened to the price of shares in the NZ market and the price of shares plus dividends (gross) over the last ten years. The gross market is at a high, but the price of the shares is not that much higher than it was 10 years ago.



The second chart shows the amount of money needed to be invested in different sectors today to provide income of $100 a year (at current interest rates and PE multiples).

While the NZ share market, like other share markets, is "high", it still probably represents better value and is more efficient, for a long-term investor that can afford to ride out the downs of the market.



SuperLife workplace savings scheme Returns to 30 September 2017
(after tax, costs and fees)

	3 years	1 year
NZ Cash Fund	2.4% p.a.	2.0%
SuperLife30	5.7% p.a.	4.4%
Ethica	8.4% p.a.	3.8%
SuperLife60	7.5% p.a.	7.5%
NZ Shares Fund	11.8% p.a.	4.4%
Aust Shares Fund	9.7% p.a.	11.7%

Convert your savings to a managed income

SuperLife is here to help you save for your retirement and to continue to invest your money in retirement. When it comes time to start spending your savings, SuperLife provides the flexibility to set up a "managed" income. This lets you make regular withdrawals paid to your bank account at a level and frequency (weekly, fortnightly, monthly) you choose and to change it as required. You can also take a lump sum at any time as well – it is up to you.

This high flexibility, combined with SuperLife's low costs make it a good way to manage your money in retirement.

You can continue to choose your investment options from the full range of SuperLife options including SuperLife Age Steps which is designed for people making regular withdrawals. Note, each fund you choose earns income (for example, interest and dividends) as part of its overall investment return. You can choose to have this income paid to the NZ Cash fund, so that it is available to be spent when needed.

You can also choose to rebalance your investment strategy, so you maintain a minimum level of cash and/or fixed interest investments. This helps to reduce the risk of withdrawing money from shares and property funds at a time when the value of those funds has fallen.

For more information on managed income go to www.superlife.co.nz/managed-incomes or phone us on 0800 278 737.

KiwiSaver checklist

What fund am I in? – SuperLife has 40 funds. You can see which of the funds you are in on your SuperLife statement, online at www.superlife.co.nz and through the mySuperLife phone app.

Is this the best fund for me? This depends on your goals and your willingness to see the value go up and down. Go to www.superlife.co.nz/investments/investment-options for help. The 'My future strategy' section over the page may also help.

Am I saving enough? If you are an employee, you can save 3%, 4% or 8% in KiwiSaver through payroll deduction and additional amounts direct to SuperLife. Your employer will also contribute 3%[1]. If you are not an employee, you choose how much you save. You can work out what you may have saved at retirement by using the savings calculator at www.superlife.co.nz/education/resources/calculators.

What if I'm not in KiwiSaver? You are missing out on $521[1] each year from the government, if you save $1,043, plus, if applicable, contributions from your employer.

What about buying a house? Check out the KiwiSaver rules on first home withdrawals and the KiwiSaver HomeStart grant at www.superlife.co.nz/kiwisaver.

Keep track with the App or online access

Keep track of your SuperLife account using the SuperLife app from the **App Store** or **Google Play**. Get online access at www.superlife.co.nz

[1] Subject to the KiwiSaver rules

PERFORMANCE

to 30 September 2017

SUPERLIFE
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My future strategy:

If I reviewed my investment strategy today (i.e. my mix of cash, bonds, property and shares), and was concerned mainly with performance over the next two to three years, rather than over the next three to six months, and in the context of achieving longer term return savings goals, I would be thinking about modifying my normal strategy by:

- Having sufficient cash for my likely expenditure for the next four to five years. This reflects the view of continued above average risks present in the bond and share markets. I expect that cash rates will remain low over the next year, but cash provides greater certainty and bonds, property and shares have the potential to be more volatile than normal.
- Holding less in bonds (and therefore more cash and shares), and favour overseas bonds over New Zealand bonds, if I am saving for retirement, and at equal levels if I am in retirement.
- Having an exposure to the property sector at the neutral weight – about 1/6th of my allocation to shares/property.
- Holding more shares and favouring Australasian shares over overseas shares, to benefit from the higher dividends of these markets and higher again if I am in retirement. Within Australasia, I would have a small bias towards Australia.
- Holding the emerging market share exposure at about 7.5% of my overall share exposure, if I am saving for retirement and nil if I am in retirement.
- Maintaining the currency hedge on my overseas shares to be above my neutral position (typically 66% versus 50%), but looking to reduce it towards the neutral level over the next six months, because of the potential uncertainty around the Brexit negotiations and North Korea.

The above strategy does not take account of an individual's personal situation.

The quarterly investment news includes returns for an investor in the SuperLife workplace savings scheme not making contributions. For investors in SuperLife Invest, the SuperLife KiwiSaver scheme and the SuperLife UK pension transfer scheme, and for investors in the SuperLife workplace savings scheme making contributions, the returns may vary slightly.

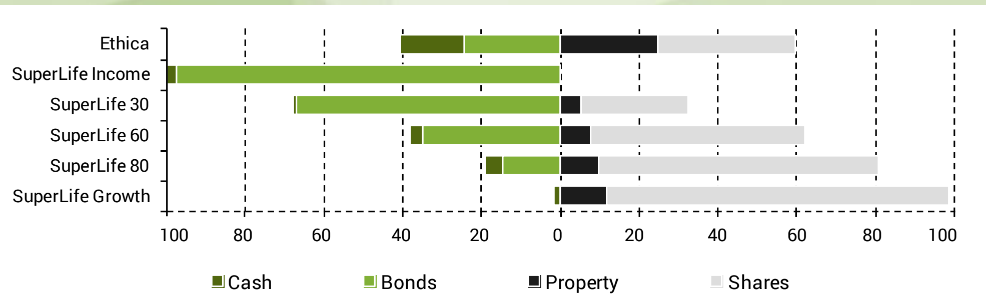
Returns after tax, costs and fees

(SuperLife workplace savings scheme, period ended 30 September 2017)

Fund	Last quarter	Last 1 year (%)	Last 3 years (% p.a.)	Last 5 years (% p.a.)	Last 7 years (% p.a.)
NZ Cash Fund	0.5%	2.0%	2.4%	2.5%	2.6%
NZ Bonds Fund	1.0%	1.8%	4.2%	3.9%	4.4%
Overseas Bonds Fund	0.8%	1.9%	3.9%	3.1%	3.5%
Overseas Non-government Bonds	-0.2%	0.4%	3.1%	3.2%	3.8%
Property Fund	1.8%	0.7%	9.0%	9.5%	9.8%
NZ Shares Fund	-0.2%	4.4%	11.8%	13.2%	12.9%
Australian Shares Fund	2.6%	11.7%	9.7%	5.3%	3.6%
Overseas Shares (Currency Hedged)	2.5%	17.5%	9.0%	12.3%	10.7%
Overseas Shares Fund	4.0%	16.8%	9.4%	12.5%	8.9%
Emerging Markets Fund	6.7%	16.7%	5.9%	5.2%	
Gemino Fund	-9.3%	-14.5%	-7.1%	1.8%	-2.0%
UK Cash Fund	3.5%	2.6%	-2.1%	-0.8%	
SuperLife Income	0.6%	1.5%	3.7%		
SuperLife 30	1.1%	4.4%	5.7%	5.5%	5.2%
SuperLife 60	1.6%	7.5%	7.5%	7.9%	7.2%
SuperLife 80	2.2%	10.1%	8.6%		
SuperLife 100	2.6%	11.6%	9.1%		
Ethica	1.6%	3.8%	8.4%	8.2%	7.2%
NZ Cash ETF Fund	0.4%	1.9%			
NZ Bond ETF Fund	1.0%	1.9%			
Global Bond ETF Fund	0.9%	2.0%			
NZ Dividend ETF Fund	-0.5%	3.8%			
NZ Top 50 ETF Fund	3.4%	9.3%			
NZ Top 10 ETF Fund	-0.2%	-0.7%			
NZ Mid Cap ETF Fund	6.4%	17.7%			
NZ Property ETF Fund	-0.4%	-1.6%			
Australian Top 20 ETF Fund	2.6%	9.9%			
Australian Dividend ETF Fund	0.6%	8.7%			
Australian Financials ETF Fund	2.8%	14.1%			
Australian Property ETF Fund	3.3%	3.2%			
Australian Resources ETF Fund	11.8%	19.3%			
Australian Mid Cap ETF Fund	0.9%	10.3%			
Total World ETF Fund	4.4%	16.1%			
US 500 ETF Fund	4.0%	16.5%			
Europe ETF Fund	4.5%	20.0%			
Asia Pacific ETF Fund	3.8%	12.6%			
US Large Growth ETF Fund	3.7%	17.3%			
US Large Value ETF Fund	4.3%	15.5%			
US Mid Cap ETF Fund	2.8%	12.9%			
US Small ETF Fund	4.3%	14.8%			
Emerging Markets ETF Fund	7.2%	14.7%			

Where returns are not shown, the investment option was not available for the full period.

The current investment allocations for the managed funds are:



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