

The Quarterly Update



Giving you what mattered in markets from June to September



What we're covering this October:

Meet our new CEO:

Anna Scott

Your fund spotlight:

Make investing for your child's future simple

We've been busy:

Completing a big transition and preparing standout seminars

The Stocktake:

Indices dip as oil skips - here's your market insights

Kia ora koutou,

It's been a year of big change for everyone in Aotearoa, and I know many of us – myself included – are reflecting on that as we enter the 2023 Election. While Smartshares too has changed leadership, our success this year continues to grow.

My name is Anna Scott, I joined Smartshares at the beginning of September and it's truly a privilege to introduce myself as your new CEO. I'm delighted to share with you some exciting achievements in this edition. New leaders don't often get to share success in their first update, and that tells you everything about the people behind me.

Just before I joined Smartshares, more than a year of very hard work led to the ASB Superannuation Master Trust becoming the SuperLife Master Trust at the end of August. This is so much more to us than managing funds. Welcoming 16,000 new customers to our investor community and partnering with them to continue building their future is exciting – we're so happy to have you all join us.

Getting time with you, our investors, is something I value highly. My first opportunity came last month when I attended the whakanoa and opening of Morokai, a new 20-home development that was delivered by Ka Uruora. It was an honour to be there, and I'm looking forward to meeting you at our upcoming investor seminars – see how to secure a seat near you further down!



(Anna, pictured centre, joins Ka Uruora's opening of Morokai)

Nobody can know what other change may come this year, but what I can assure you is that I'm dedicated to our market-leading team, and I'm dedicated to you. On behalf of Smartshares I want to thank Graham Law for his leadership as Acting CEO, who ensured no milestone was put on hold.

Smartshares' consistency of success in challenging times is already continuing, and I can't wait to share what's coming next - you couldn't have chosen a better investment partner.

Ngā mihi nui,

Anna Scott - CEO, Smartshares



We don't want you to miss a thing

Checking your contact info is up to date is easy. Simply login to our member portal at superlife.co.nz, and we'll make sure you hear about the exciting things coming soon.

Did something seem wrong with your tax?

If you think you paid more or less tax than you should, your Prescribed Investor Rate (PIR) could be out of date. Checking your PIR is right for you is simple, just login to our member portal at superlife.co.nz and get yours up to date in minutes.

Fund Spotlight: myFutureFund

Our easy savings solution for building your family's future

As the world changes, giving our children's future a head-start is more important than ever. SuperLife makes building that future easier with myFutureFund.

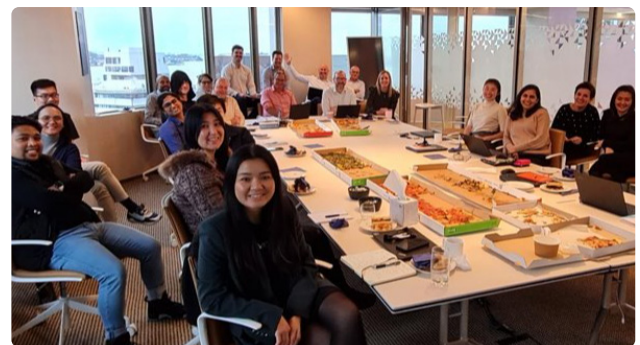
Investing is different for everyone, which is why myFutureFund is a tailored and tax-efficient way to start your children's future. You can:

- **Personalise how much and how often you contribute**
- **Create goals for what your little one will one day use their savings for**
- **Nominate family and friends as contributors, so you can build an even bigger future.**

Want to make your family's future happen?

 [Check out SuperLife's myFutureFund](#)

From the 15th floor: what you missed from SuperLife



(A snapshot of our final pre-transition planning session)

Our Investor Seminars are back, and you're invited!

What does a world of change mean for investing? Join us as we take stock at the 2023 SuperLife Investor Seminars in:

- **Dunedin:** 14 November - Fable Dunedin
- **Christchurch:** 15 November - The Piano
- **Auckland:** 16 November - Mövenpick Hotel
- **Wellington:** 20 November - Intercontinental Wellington

You don't want to miss this. [RSVP now to a seminar near you!](#)

The SuperLife Master Trust takes off

At the end of August, Smartshares completed one of our biggest milestones this year: completing the transition of the ASB Superannuation Master Trust to the SuperLife Superannuation Master Trust.

This transition has brought 9 funds and 16,000 new members to our investor community, which means a lot to us.

We couldn't be prouder of the enormous effort that every team member made to making it happen, and it's such a pleasure to warmly welcome our new investors once more.

Giving a little

The Smartshares team loves the opportunity to give back to our community, and this quarter was no different. Our operations team, organised a hugely successful food drive for the Auckland City Mission, and we weren't finished there.

August also saw Daffodil Day, an important occasion to support the fight against cancer. Ivy - Manager, Corporate & Sponsored, Graham Law - Chief Financial and Commercial Officer – NZX Group and many more NZX/Smartshares team members hit Queen Street with the buckets, helping the Cancer Society raise money for those who need it most.



(Our trolley just couldn't handle the team's generosity for the City Mission.)

(Ivy and Graham brighten up Queen Queen Street for Daffodil Day)



The Stocktake:

The turn of the (oily) tide: Q3 brings the tech and index rally to its end

After a spectacular run this year, the rally in global equity markets faded over the quarter as most major indices posted negative returns for the Q3 period. But while those indices dipped, Energy became the top-performing equity sector as oil prices staged a rally throughout the quarter. Kiwis saw 91 fuel reach \$3.00 a litre by the end of September, which was driven by the WTI oil price benchmark rising 28.5% amidst concerns around global inventory lows and sustained OPEC+ production cuts. Large multinational technology companies, who had been 2023's top performers, were sold off during September due to profit-taking and the valuation impact from rising long-term rates. Major indices weren't alone in their grief this quarter, as bond yields sharply rose to the highest level since 2007.

Deflating expectations

Despite CPI prints over the quarter continuing inflation's downward trend, Aotearoa could still see Santa pumping \$3.50 per litre into the sleigh this Christmas if global oil concerns remain elevated. It's too early to see any impacts from our 2023 Election results on the Kiwi dollar or interest rates, but comments from the Fed in the U.S. suggest the world's largest economy will see an additional 25bp rate hike by year-end. This saw the "higher for longer" narrative reflected in their median rate for 2024 being revised higher, from 4.6% to 5.1%.

Q4 brings the busiest retail season of the year, with Labour Weekend, Black Friday, Cyber Monday and Christmas sales dominating these last months for business. With Black Friday 2022 setting records for transactions per second in Aotearoa, another busy retail season could mean we see a "higher for longer" narrative on our median rate here too.

Our dollar falls while yields rise

The quarterly earnings season brought the paradoxical result of positive-but-deteriorating revenue, with profitability growth trends continuing too. Macroeconomic headwinds and cost pressures are still hurting profit margins, highlighting how short-term rates and inflation remaining high impacts the major indices. Kiwi investors with currency-unhedged investments were less impacted by the global equity market rally fading, since losses offshore were slightly offset by a weaker Kiwi dollar.

Led by the US, global government bond yields rose sharply this quarter. The 10-year US Treasury yield rose 73bp to 4.57% - a new high since 2007. Several factors contributed to pushing yields higher, with the positive side being continued resilience of US economic momentum and the associated increase of a “soft-landing” outcome. On the negative side,

their AAA credit rating was downgraded one notch to AA+ by Fitch Ratings, due to notable concerns regarding “fiscal deterioration over the next three years, a high and growing general government debt burden and erosion of governance”.

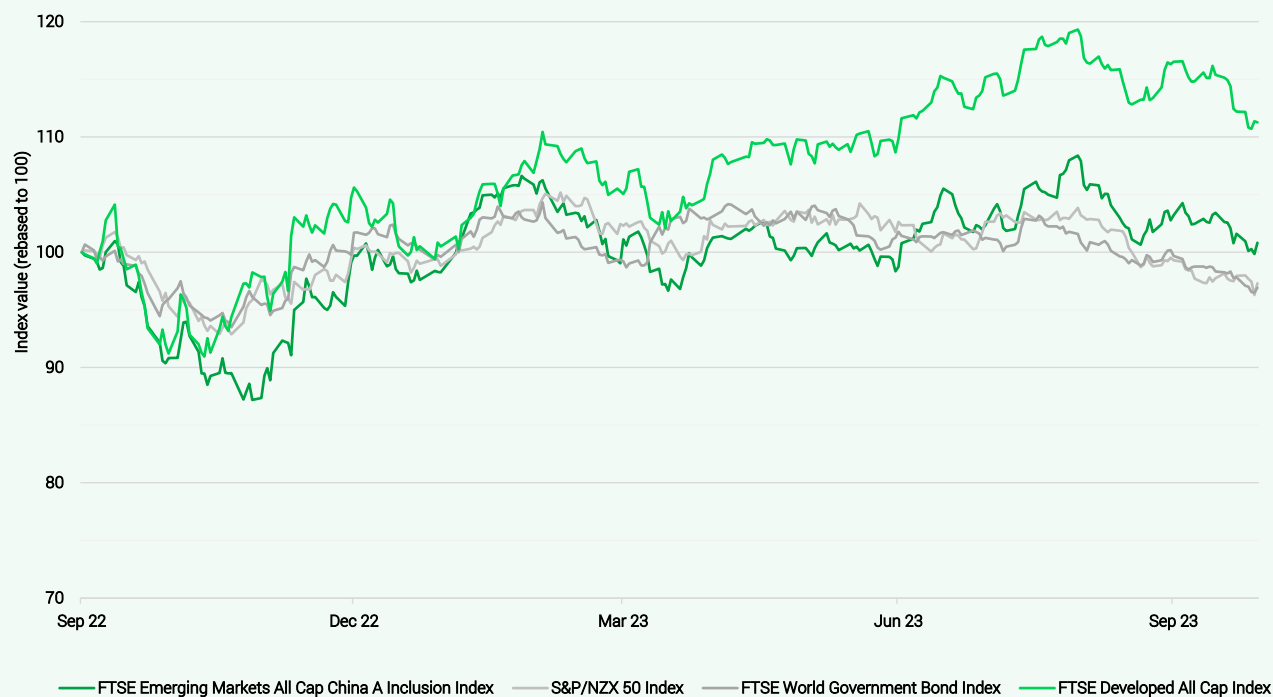
The fall-out hurt the so-called “bond-proxy” sectors, such as Real Estate and Utilities, who became the worst performers following rising yields. Fixed income assets saw losses too as returns were adversely hurt by globally rising yields, and key indices also showed the results of that record high. The MSCI World (NZD) Index returned -1.6%, while the local currency variant (which excludes shifts in foreign exchange markets), was down 2.6%. The Bloomberg Global Aggregate (Hedged NZD) Index declined 1.8%, where New Zealand’s S&P/NZX Investment Grade Corporate Index fell 0.5%. For more index returns for Q3 2023, please see our breakdown below.

World indices at a glance

EQUITIES	Q3 2023 RETURN	1 YEAR RETURN	3 YEARS (P.A) RETURN
International			
FTSE Developed All Cap Index	-3.4%	22.0%	8.2%
FTSE Emerging Markets All Cap China A Inclusion Index	-1.5%	11.0%	0.3%
S&P 500 Index	-3.3%	21.6%	10.2%
Australasian			
S&P/NZX 50 Gross Index	-5.2%	2.1%	-1.3%
S&P/ASX 200 Index	-0.8%	13.5%	11.0%
FIXED INTEREST			
International			
Bloomberg Global-Aggregate Index	-3.6%	2.2%	-6.9%
U.S. 10-year government bond yield (%)	4.6%	3.8%	3.8%
New Zealand			
S&P/NZX A-Grade Corporate Bond Total Return Index	-0.5%	2.5%	-2.8%
NZ 10-year government bond yield (%)	5.3%	4.6%	4.3%

(Data source: Bloomberg, compiled by SuperLife)

Global assets: major market movements over the last 12 months



(Source: Bloomberg)

SuperLife KiwiSaver Diversified Funds as at 30 September 2023

FUNDS	6 MONTHS RETURN	1 YEAR RETURN	3 YEARS (P.A) RETURN	5 YEARS (P.A) RETURN	7 YEARS (P.A) RETURN
Income	-1.2%	0.7%	-2.5%	0.3%	0.6%
Conservative	0.1%	3.6%	0.2%	1.7%	2.4%
Balanced	0.9%	6.1%	2.6%	2.9%	4.1%
Ethica	1.3%	5.8%	2.8%	4.0%	4.3%
Default	2.1%	6.9%			
Growth	1.5%	7.8%	4.2%	3.4%	5.1%
High Growth	1.9%	9.5%	5.9%	4.1%	6.1%

(Note: Past returns are not a reliable indicator of future performance)



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