

Super news

for the five months to 31 August 2013

Scheme investments

All investment options post positive results

From an investment perspective the first five months of the Scheme year have been mixed. After a steady start, speculation that the US Federal Reserve would soon start to reduce its huge asset-purchasing programme threw financial markets into confusion.

After a difficult six weeks, reassurance from the US that the reduction was not on a pre-set course saw share markets move higher.

Unfortunately the improvement proved to be short lived, as investors worried about strong economic data out of the US (potentially speeding up the reduction in the US asset-purchasing programme) and the prospect of US military strikes in Syria.

Despite this, returns from all investment options for the Scheme year-to-date are positive.

Returns for each investment option after tax, fees and expenses to 31 August 2013

	Cash	Cash/ Conservative	Conservative	Conservative/ Balanced	Balanced	Balanced/G rowth	Growth
Scheme year to 31 March 2013	2.0%	4.3%	6.7%	8.6%	10.4%	11.3%	12.2%
Periods to 31 August 2013							
Scheme year to date (5 months)	0.7%	0.7%	0.6%	1.3%	2.0%	2.6%	3.1%
12 months	2.0%	3.8%	5.5%	8.3%	11.0%	12.7%	14.3%
3 years (average pa)	2.2%	3.7%	5.1%	6.4%	7.6%	8.3%	9.0%

¹Fund returns are determined each month. The reported returns are effective returns, taking into account the effect of compound interest and rounded to one decimal place

What is an asset-purchasing programme?

To help their economies recover from the global financial crisis, central banks of the US, UK, Japan and Europe amongst others have been issuing new money and using it to buy bonds from other banks, reducing interest rates to historical lows.

Low interest rates allow banks to make more loans. Bank loans stimulate demand by giving businesses more money to expand and shoppers more credit to buy things with.

Huge asset-purchasing programmes such as these are not sustainable in the longer term. Their aim is to speed up an economy's recovery in order to generate new jobs and reduce unemployment.

New investment objectives

As a guide to the likely long-term return above inflation¹ that a typical fund with a similar mix of assets could be expected to achieve, we set objectives for each of the investment funds.

Following a review of these objectives, the percentage by which each fund can be expected to outperform inflation¹ has been reduced from 1 April 2013. The objectives for the Growth and Balanced funds have been cut by 0.5% to 3.5% and 2.5% respectively, while the Conservative fund's objective has been lowered from 2% to 1%. The objective for the Cash fund continues to be to achieve a return close to the 90-day bank bill rate.

For further details see the article 'Changes to your Scheme's investment objectives' on the home page of www.dairysuper.superfacts.co.nz.

¹As measured by the increase in the Consumers Price Index.

Scheme news

New Scheme booklet

The Scheme member booklet has recently been revised and updated. Copies are available from Documents & forms on www.dairysuper.superfacts.co.nz or by calling the Helpline.

Not contributing – planning to restart?

Any employer subsidy and your insured benefits are based on your contributions to the Scheme. This means that while you are not contributing, you miss out on any employer subsidy and any insured benefits.

It is easy to start contributing again. All you have to do is complete and return a *Change, suspend or cease contributions* form (D12).

If you had insurance cover before you stopped contributing and you stopped contributing for less than 18 months, your insurance cover will automatically restart (although conditions may apply). Different rules also apply if you haven't contributed for 18 months or more, or if you didn't have insurance cover when you stopped contributing. For details refer to the insurance fact sheet available from www.dairysuper.superfacts.co.nz.

Have you done an investment option health check recently?

The general rule is that you should change your investment option only when your circumstances change. This doesn't mean you can 'set and forget it!' You still need to review the option you have chosen regularly to make sure it continues to meet your needs and circumstances.

When you review your investment option there are two questions to ask yourself:

- Am I prepared to accept the **risk** of a low or negative return in the shorter term in exchange for potentially higher returns in the longer term?
- Will the option provide the **return** I need to reach my retirement savings goal?

Risk is the possibility of a very low or negative return, meaning a fall in the value of your account balances in the Scheme. The level of risk you are comfortable with will depend on your goals, income and personal situation, among other factors.

For an idea of your investor type, the right mix of investments for you and the sorts of results you can expect copy the following link to the Sorted website's investment planner into your internet browser

<https://www.sorted.org.nz/calculators/investment-planner>.

Scheme appoints new insurer

Sovereign replaced AMP as the insurer for the Scheme's permanent incapacity and life insurance benefits with effect from 1 September 2013.

The change of insurer is the result of a full insurance retendering process. The directors retender the insurance from time to time to make sure that the cover meets members' needs and that premiums are in line with the current market.

Sovereign is part of the ASB Group of Companies, which in turn is part of the Commonwealth Bank of Australia (CBA) Group.

The change to Sovereign will not affect your insured benefits from the Scheme in any way.

For further information about the Scheme's insurance cover, refer to the insurance fact sheet available from Documents & forms on www.dairysuper.superfacts.co.nz or by calling the Helpline.

Cutting through the jargon

Some of the terms used in Scheme communications are specific to superannuation or investments.

Central bank – organisation responsible for a country's financial system such as the Reserve Bank of New Zealand or the US Federal Reserve, or a group of countries for example, the European Central Bank.

Consumers Price Index - measures changes in the price of goods and services purchased by households.

90-day bank bill rate - the current rate of interest paid for three month bank bills issued by banks to larger investors.

Check out the table below for a quick guide to finding information about the Scheme. Note: You do not need to sign in to the website to access the 'Documents and forms' page

Looking for:	Go to:
Help logging on to the website	Helpline 0800 355 900
Forms	'Documents & forms' page on www.dairysuper.superfacts.co.nz or the Helpline 0800 355 900 or your Payroll/HR
Current and historical annual reports	'Documents & forms' page on www.dairysuper.superfacts.co.nz
Current investment statement and new member information booklet	'Documents & forms' page on www.dairysuper.superfacts.co.nz
Copy of your benefit statement	'Your super amount' page on www.dairysuper.superfacts.co.nz (you need to sign in to access this)
Scheme fact sheets	Documents & forms on www.dairysuper.superfacts.co.nz .

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