

YOUR SUPER NEWSLETTER

AUGUST 2022

You should have received your member statement and annual report sent to you in late-June. If you did not receive these documents, or would like to update your contact details, please log in to www.dairysuper.co.nz website at any time to access your details and online documents.

Read your member statement and gauge if your future projected balance is on track to achieving the retirement lifestyle you want and if not, you may wish to consider making changes to your savings strategy to help you get there.

If you have any questions about your account, please call Helpline on **0800 355 900** between 9am and 7pm Monday to Friday.

AT A GLANCE

- Financial advice
- Money Week
- Investment news
- Latest returns
- Stay digitally safe

FINANCIAL ADVICE

We all want to get the best out of our savings and to ensure we make informed decisions. Sometimes we have to ask for advice.

While market volatility maybe a key theme this year, it is important to know that moving from one fund to another or withdrawing money at a time when markets are down can cement the losses that you've had. It would be like selling your house if property values fall.

For many people, not making a change to their investment is the best thing to do. If you are thinking of switching funds or withdrawing your money it is important that you seek financial advice.

There are many free online financial planning tools available and financial advisory services that can help you develop or refine your savings strategy. Some of these are published on the Scheme's 'Financial Advice' webpage at www.dairysuper.co.nz/financial-advice.

sorted
MONEY
WEEK



ANY MONEY QUESTION IS A GOOD QUESTION!

Money Week is the annual public awareness and engagement campaign coordinated by Te Ara Ahunga Ora (people behind Sorted.org.nz) in partnership with many financial service providers, businesses and organisations that promote financial capability. This year Money Week was held between 8-14 August and purpose of this year's campaign is to help demystify money.

The theme 'Just wondering' is back for its final year to keep the kōrero going on money questions. The focus is on encouraging people to talk more openly about money and ask for help. Why not check out conversation starter cards for families at bit.ly/3cVjlkx

INVESTMENT NEWS

It was a very difficult quarter for virtually all investment markets covering both growth and income type assets. Global shares were down around 14% (before taking any movement in the New Zealand dollar into account), NZ shares 10%; global fixed interest 5% and NZ fixed interest 2%. Let's drill down into some of the events behind this volatility in April, May, June and into July.

In April, global share markets had their most difficult month since March 2020 as the convergence of global central banks tightening monetary policy, economic growth momentum fading and a challenging corporate earnings outlook triggered a 'risk-off' response among market participants. In recent years, policy support would be ever present to ease the pain, however high inflation readings left central banks little option but to quickly reverse their course and tighten by lifting 'official' interest rates.

China's 'zero-COVID' policy continued to place pressure on already strained global supply chains. Shipping analytics firm 'Windward'

calculated in April that 20% of the world's roughly 9,000 active container ships were idle in traffic jams (with close to 30% of that backlog in China alone).

As New Zealand mortgage interest rates rose across the board, valuation company 'QV' reported in April that in the 3 months ended 31 March 2022, its House Price Index experienced its biggest quarterly drop in a decade (with the average house price decreasing by 0.6% over the 3-month period).

May was another volatile month for share markets which ended relatively flat after a strong end to the month. Share markets continued to digest a fast changing economic environment as inflation concerns took centre stage. The market questioned whether central banks across the world would continue hiking interest rates to control inflation amid slowing economic conditions and heightened risks of recession.

Continued over.

China struggled in containing the spread of COVID-19, with Shanghai remaining in lockdown for the majority of May, and officials slowly easing restrictions in early June. However, officials indicated that they would continue with their zero COVID strategy for some years.

New Zealand shares did not fare as well as international counterparts during May, with the NZX50 down 4.8%. Multi-decade high inflation and subsequent rate hikes by the Reserve Bank of New Zealand (RBNZ) put pressure on borrowers and dampened the economic growth outlook in New Zealand, particularly for homeowners.

June was a particularly poor month for investment returns as central banks continued to tighten monetary conditions through rising interest rates as signs of an economic slowdown continued to mount – fuelling concerns that central banks could be hiking into an economic recession. The New Zealand domestic share market, while negative for the month, performed better than its global counterparts on the back of strong earnings and the nature of its dividend paying constituents.

Over the June quarter as a whole, interest rates in New Zealand and internationally have risen substantially, leading to negative returns from longer term fixed interest assets.

The RBNZ continues to raise the official cash rate (OCR) to get on top of inflation. The latest rise of 50 basis points on 13 July 2022 lifted the OCR to 2.5%. As mentioned in the March 2022 newsletter, inflation still remains elevated (7.3% annual inflation as at 30th June 2022 – the highest in 30 years). Inflation is likely to remain stubbornly high for the rest of 2022 and into 2023, remaining well outside the RBNZ's medium term range of between 1.0% - 3.0%. The inflationary impulse from government spending should wane over the course of the year, and central banks are tightening policy. In addition, supply should gradually rise to meet demand, as the disruption in the supply chain eventually subsides.

INVESTMENT PERFORMANCE

The table below shows how the Scheme's investment options have performed over the year to date (April to June) and since investment choice was made available to members in 2003. Returns are determined monthly, and take into account the effect of compound interest.

Returns for each investment option after tax, fees and expenses							
	Cash	Cash Conservative	Conservative	Conservative/Balanced	Balanced	Balanced/Growth	Growth
Scheme year to 31 March 2022	0.00%	-0.32%	-0.67%	-0.08%	0.48%	1.01%	1.53%
Periods to 30 June 2022							
Scheme year to date (3 months)	0.09%	-2.01%	-4.09%	-5.59%	-7.09%	-7.83%	-8.57%
1 year	0.1%	-3.1%	-6.2%	-8.0%	-9.7%	-10.4%	-11.1%
5 years (average pa)	0.7%	1.3%	1.9%	2.7%	3.4%	3.9%	4.3%
10 years (average pa)	1.3%	2.4%	3.5%	4.7%	5.9%	6.6%	7.3%
Since 31 March 2003 (average pa)	2.4%	3.2%	4.0%	4.7%	5.3%	5.6%	6.0%



KEEP DIGITALLY SAFE

New Zealanders are being impacted by cyber security threats more frequently at both work and home. CERT NZ, an organisation established to support businesses, organisations, and individuals who are affected by cyber security incidents shares some common threats. These include: information leaks, text messaging scams, COVID-19 scams, spam, malware, online identity theft, denial-of-service attacks, phishing, ransomware, unauthorised access, and online scams and fraud. You can read more about each at www.cert.govt.nz/individuals/common-threats.

What should you do to keep digitally safe? CERT NZ recommends four steps you can action today:

- 1. Upsize your password:** "Long and strong passwords are much harder for attackers to crack. We recommend creating a passphrase, that's a string of four or more words as it's easier to remember and is stronger than a random mix of letters, numbers and symbols."
- 2. Upgrade to Two-factor authentication:** "Upgrading to two-factor authentication (2FA) adds another layer of security to your accounts. It's a simple extra step after you log in, like using your thumb print or entering a code from an app. You can enable 2FA on most of your online accounts, and your devices. You'll usually find the option to turn it on in the privacy settings."
- 3. Uphold your privacy:** "Start by checking that your social media settings are switched to Friends Only, and check that any requests for personal information are legitimate before you share your details. If a company or business asks you for information, think about why they might need it. Do they really need your middle name and phone number? If you're not sure, don't provide the information."
- 4. Update your apps and devices:** "Updating your apps and devices helps keeps bugs and viruses out. Updates not only add new features, they also fix security risks that attackers can use to gain access to your information. Set updates to happen automatically whenever a new version is available. Then you don't have to think about it!"

This article references material sourced from www.cert.govt.nz. Visit their website for more information on keeping digitally safe.