

DAIRY INDUSTRY SUPERANNUATION SCHEME NEWSLETTER APRIL 2019

WELCOME TO THE FIRST SCHEME NEWSLETTER FOR 2019.

Hard to believe we are now into autumn already. This time of the year is a great time to establish new goals, or revisit tried and proven ones. Why not take the opportunity to review your retirement savings goals and make any changes necessary to help ensure you're on track to get the most out of 2019.

This issue includes an update on investment option performance, an overview of how the financial markets performed in the last calendar quarter of 2018, tips on how to make the most out of your retirement savings strategy this year, and an article on buying your first home.

INVESTMENT PERFORMANCE

The following table shows you how the Scheme's investment options have performed over the past ten months (April to January) 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 2018	1.3%	2.6%	3.9%	5.1%	6.4%	7.2%	8.0%
Periods to 31 January 2019							
Scheme year to date (ten months)	1.1%	1.4%	1.7%	1.7%	1.7%	1.7%	1.7%
1 year	1.3%	1.1%	0.9%	0.2%	-0.5%	-0.9%	-1.3%
5 years (average p.a.)	1.7%	2.9%	4.0%	5.0%	6.0%	6.6%	7.1%
10 years (average p.a.)	1.8%	3.3%	4.8%	6.0%	7.2%	7.9%	8.5%
Since 31 March 2003 (average p.a.)	2.9%	3.7%	4.6%	5.2%	5.7%	6.1%	6.4%

INVESTMENT NEWS

The last calendar quarter for 2018 (October to December) experienced negative returns, with all major equity markets suffering significant losses. At the time of writing, the 2019 calendar year started off well, with market performance in January clawing back some of the decline experienced over the last quarter of 2018. The MSCI World Index, a measure of global share market performance, bounced back considerably over January.

Equity markets fell in October, so dramatically that some reports called it the "worst month in ten years". Emerging markets (including South America, Asia, and the Middle East) and small companies were hit the hardest. The cause of the sudden fall remains unclear, however announcements from the US Federal Reserve Chairman that the US interest rates are still a "long way from neutral" are being blamed for prompting investors to begin selling assets. Despite the magnitude of the falls experienced during October, the VIX Index (a measure of expected future volatility) remained well short of the highs reached in February.

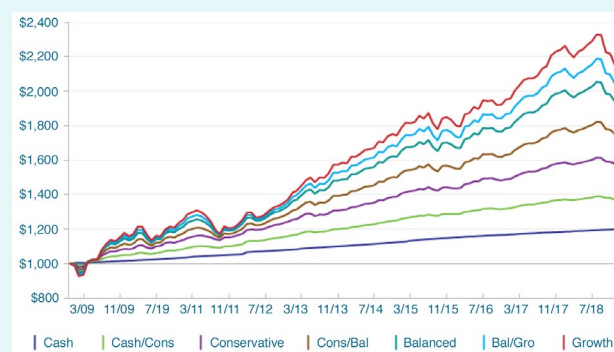
November gave markets some respite (MSCI World Index returning +1.2%), though low investor confidence remained following October's performance. British Prime Minister, Theresa May and the European Union agreed to a Brexit deal in late-November, however continues to be a contentious issue in the UK parliament's House of Commons.

Markets again experienced a fall in December with the month posting negative returns due to ongoing trade tensions, tightening financial conditions, slowing global growth and cautious corporate earnings forecasts combined to negatively impact investor sentiment. In this risk-averse environment, bond markets rallied late-December. Developed Markets increased from -12% to -7.9% after a post-Christmas rise to finish the year.

Both global and domestic share markets rebounded positively to start the 2019 calendar year, as investors responded in kind to announcements from the US Federal Reserve, and reports of strong corporate earnings. This positive market performance was a much needed optimistic start to the year, after a turbulent end to 2018.

HOW HAVE THE INVESTMENT OPTIONS PERFORMED OVER THE LAST 10 YEARS?

The chart below shows performance of \$1,000 (after tax and investment-related costs) for each investment option over 10 years ending 31 December 2018.



Source: Mercer Investments

SHOULD I BE CONCERNED IF MY BALANCE IS GOING DOWN?

In mid-October, global share markets went through another downturn (since February 2018), before a moderate rebound over the following days.

Market performance has been positive over the last decade, with the US achieving the longest Bull market (this is when markets go up) in history. Recent share market volatility (markets going up and down) have resulted in an anticipated correction and will have tested the resolve of many investors. What does this mean for you?

There is no need to panic or take any urgent actions. Equally, it's important to understand your investments and the level of risks involved. Although saving for retirement is usually a long-term goal, it shouldn't be a set-and-forget process. News reports on changes in market performance can prompt concerned investors to check savings balances and change funds without considering long term trends.

There are some ways you can be confident your investments are working the way you want. If your circumstances have changed, for example you're looking to buy your first home, or are nearing retirement, then you should take a moment review your investments.

1. Do you know what investment option your money is

invested in? The Dairy Industry Superannuation Scheme offers seven investment options (three are 50/50 split among adjacent funds). Three investment options – Conservative, Balance, and Growth are diversified funds. This means these funds invest in a number of different assets such as shares, property, bonds and cash. The other option – Cash, is a single sector option and as its name suggests this option invests only in cash. Make sure you know what investment option you are in and the impact markets may have on the returns. [The Commission for Financial Capability's](#) Sorted website provides a [Retirement Planner](#) that can help you see whether you're on track financially for the retirement lifestyle you want.

2. Have you spoken to an expert? A financial adviser can provide you with independent guidance and advice on superannuation and other financial services and products. The right adviser can save you time and help you achieve your retirement savings goals. The [Financial Markets Authority \(FMA\) website](#) provides helpful information about choosing the right financial adviser. If you are concerned about the markets, considering changing funds, investing more money or withdrawing some for example to buy your first home, then speaking to a financial adviser can help refine your goals, and provide tailored advice for your specific situation.

3. Are you a risk taker or like to play it safe? With the Scheme, you have access to a few tools to help you work out what fund you should be in and understand the impact markets may have on you. Take a moment to consider what sort of investor you are, and work out what investment option may be right for you. You can also check out the [Investor Kickstarter Quiz on Sorted's website](#).

4. Need to withdraw money in the near future? If you are looking to buy your first home or are thinking of withdrawing your money for retirement, it's important that you understand that the value may go down with the market and allow for that. As you approach a life milestone you may wish to alter your investment options to better reflect your risk profile. Speak with your financial advisor (point 2) about your circumstances and they can help you make the right decision for your situation and goals.

5. Get to know the website. The [Scheme's website](#) gives you complete control over your savings. When was the last time you logged in? Accessing your online account enables you to find the latest information including your personal returns and balance, adjust your investment options, and update your personal details. If you have forgotten how to log on to the website, please call the Helpline on **0800 355 900**.

NEW YEARS RESOLUTIONS FOR 2019

- Check you are in the right **investment option**. You could be missing out on a significant amount of money over your lifetime by staying in the default Balanced fund. The Dairy Industry Superannuation Scheme offers members a choice of seven investment options so you can choose an investment option to suit your personal situation.
- Speak with a **financial adviser** about your personal financial goals. To find an authorised financial adviser, visit the Financial Markets Authority website www.fma.govt.nz
- Login to the **Fund website** (www.dairysuper.superfacts.co.nz) and check your contact details are correct and update your communications preferences if these have changed.
- Read the [Fact Sheets](#) about topics which interest you, and revisit the [Product Disclosure Statement](#) to familiarise yourself with the options available to you.

BEST DOCTORS CAN HELP

Last year the Scheme partnered with Mercer Marsh Benefits and Sovereign Insurance to provide world-leading medical advice to you and your family through Best Doctors.

Best Doctors is an exclusive service that members of the Scheme with death and permanent incapacity insurance cover are eligible for. Should you or a member of your immediate family (partner, children, parents, and parents-in-law) suffer a medical condition, Best Doctors can give you and your treating doctor access to the expertise and insights from a leading international expert in your condition. They can help if you're unsure about your diagnosis, confused about your medical treatment, having trouble accessing a second opinion due to location, or looking for more information about your condition.

To contact Best Doctors, visit www.askbestdoctors.com/nz, click the link from the [Scheme's home page](#), or call **0800 425 005**.

BUYING YOUR FIRST HOME

How much do you really have for a first home deposit? When you combine your retirement account savings, the KiwiSaver HomeStart grant and other savings you could have, you may be surprised how quickly these add up.

Housing affordability often features in the news headlines, and for good reasons. Over the past decade, house prices have risen considerably, making it harder for Kiwis to get their foot on the property ladder.

In the last five years alone, New Zealand's property market value rose 8.5% and in January 2019 the median house price was \$550,000. Median prices for the country excluding Auckland reduced to \$473,000. Rising prices is good news for existing home owners, however they make it harder for first home buyers to save the 10-20% mortgage deposit required by most banks.

How much do you really have?

Read the full article on the Scheme website www.dairysuper.superfacts.co.nz and click on the *Article library*.