

DAIRY INDUSTRY SUPERANNUATION SCHEME NEWSLETTER SEPTEMBER 2014

RETURNS FOR ALL OPTIONS MAKE A SOLID START

Despite factors such as ongoing uncertainty in the Middle East and Ukraine, the Scheme's investments made a sound beginning to the Scheme year.

Although global share markets see-sawed in September, international shares posted the Scheme's best return for the period, reflecting good results from most share markets. In the September quarter, a sharp fall in the value of the New Zealand dollar relative to other currencies, due in part to another large decline in dairy prices, improved returns from the Scheme's investments in unhedged shares.

Trans-Tasman shares produced a solid result. While Australian shares struggled as iron ore prices continued to decline, the New Zealand share market strengthened, reflecting our relatively strong economy.

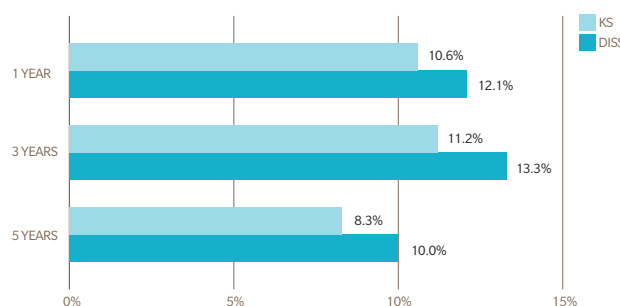
After a series of modest returns, both international and New Zealand fixed interest securities (bonds) benefited as interest rates remained low.

For more detailed information about the Scheme's investment performance, see the quarterly investment update which is available by signing in to www.dairysuper.superfacts.co.nz and going to the 'Investments' page.

BALANCED FUND RETURNS COMPARE WELL

Even a 1% increase in the interest rate allocated to your Scheme accounts can make a significant difference over the longer term. The chart below compares returns for the Scheme's Balanced fund with the median (or middle) return from KiwiSaver schemes with a similar asset mix. It shows that the Balanced fund has outperformed the KiwiSaver median by between 1.5% and 2.1% over the periods measured

DISS Balanced fund return v KiwiSaver balanced fund median return 1, 3 & 5 years (pa)*



*Returns are shown before tax and after fees

For the latest information about the performance of all of the funds, see 'A closer look at your investments' on the 'Investments' page of www.dairysuper.superfacts.co.nz.

Returns for each investment option after tax, fees and expenses to 30 September 2014

| | Cash | Cash/ Conservative | Conservative | Conservative/ Balanced | Balanced | Balanced/ Growth | Growth |
|-------------------------------------|------|-----------------------|--------------|---------------------------|----------|---------------------|--------|
| Scheme year to 31 March 2014 | 1.8% | 3.0% | 4.3% | 6.5% | 8.8% | 10.2% | 11.6% |
| Periods to 30 September 2014 | | | | | | | |
| Scheme year to date (6 months) | 1.0% | 1.9% | 2.9% | 3.7% | 4.4% | 4.8% | 5.2% |
| 12 months | 1.9% | 3.9% | 5.9% | 7.9% | 9.9% | 10.9% | 11.8% |
| 3 years (average pa) | 2.2% | 4.3% | 6.4% | 8.6% | 10.9% | 12.1% | 13.3% |
| 5 years (average pa) | 2.0% | 3.5% | 5.0% | 6.2% | 7.3% | 7.9% | 8.4% |
| 10 years (average pa) | 3.2% | 3.9% | 4.5% | 4.8% | 5.0% | 5.1% | 5.2% |

CONTINUING YOUR INSURANCE COVER

One of the Scheme's most valuable benefits is the death and disablement insurance cover. Did you know that you may be able to continue this if you leave your employer before age 65?

Normally you won't have to disclose any medical information for your cover to be continued, which can be a very valuable concession. The premium will be calculated on the insurer's current rates for your age and gender, and based on your smoker status and occupation at that time.

For further details email mmbnz@marsh.com (please enter DISS in the subject line) or complete and return the form sent to you when you leave the Scheme. Note that the continuation option is only available for 60 days from the date you leave your current employer. Applications submitted more than 60 days after leaving your employer cannot be accepted.

Did you know...

You can now choose how information about the Scheme is sent to you. If you haven't done so yet, let us know by signing in to www.dairysuper.superfacts.co.nz and select either 'Update my preferences' or click on the 'Personal details' tab at the top of the 'Your super' page.

CUTTING THROUGH THE JARGON

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

Fixed interest security (or bond): governments and companies issue bonds when they need capital. An investor who buys a government bond is lending the government money. If an investor buys a corporate bond, the investor is lending the company money. The government or company agrees to pay the investor a specific rate of interest for an agreed period and to pay back the amount borrowed at the end of the period.

Member tax credits: an annual subsidy from the Government of up to a maximum of \$521.43 a year applicable to people contributing to KiwiSaver schemes and/or locked in accounts in complying superannuation funds such as the Scheme. For the qualifying criteria, go to the member tax credits section of the KiwiSaver website www.kiwisaver.govt.nz.

Unhedged: an investment is unhedged when it is exposed to fluctuations in the New Zealand dollar. This can be a good thing if our dollar falls relative to the country where the investments are held. Recently the New Zealand dollar has fallen significantly against the US dollar. This means that the value of assets invested in an unhedged US share fund has increased when the return is converted back into New Zealand dollars. It works the other way around when the New Zealand dollar increases; unhedged investments are worth less when converted back to New Zealand dollars.

CHECKLIST FOR KEEPING ON TOP OF YOUR SUPER

Your benefit from the Scheme may be one of the most valuable assets you'll ever have – so it's worth keeping an eye on it.

Here's a simple checklist to help ensure your accounts in the Scheme are in good shape.

Make sure the Scheme holds your current contact details

Moved house, or changed your email address or mobile phone number? Remember to let us know by updating your personal details on the Scheme website or calling the Helpline. If we don't hold your current contact details, you may receive important information about the Scheme late or not at all.

Review your investment strategy

Remind yourself which investment option you've chosen (refer to your benefit statement or sign in to the Scheme website if you're not sure) and check that it suits your current circumstances and preferences. If you need help, try the investment planner in the calculators section of the Sorted website www.sorted.org.nz. You may not need to change anything but it's worth checking regularly to make sure you're on track to meet your goals.

Check that the Trustee knows who you would like considered as a beneficiary should you die while you are a member of the Scheme

When you joined the Scheme you were given a nomination of beneficiaries form. It's important that you complete this to let the Trustee know who you would like considered as the recipient(s) of any death benefit from the Scheme. (This excludes the balance in any Locked-in Accounts which must, by law, be paid to your estate.)

Note that while the Trustee directors will take your nomination(s) into account, they have final discretion as to whom and in what percentages any death benefit will be paid.

If your circumstances change (for example, if you marry or have a new baby) you should review your nomination(s) and if necessary update them. You can change your nominated beneficiaries by signing in to the www.dairysuper.superfacts.co.nz and going to the Beneficiaries tab, by calling the Scheme helpline or by completing and returning a nomination of beneficiaries form.

If you do not make a nomination, the Trustee will decide to whom and in what proportions any death benefit will be paid.

Looking for information about the Scheme?

The Scheme website www.dairysuper.superfacts.co.nz includes a wealth of information. If you have any questions about the Scheme or your membership, we encourage you to make it your first port of call.