

Speak to one of our advisers
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Lifestages KiwiSaver Scheme: Six-monthly Commentary
As at 31 March 2021

Funds Administration New Zealand Ltd ('FANZ')
is the Manager of the Lifestages range of funds.

Here's to You

Welcome to your Lifestages KiwiSaver Scheme Report for the six-month period ending 31st March 2021. Firstly, our congratulations to you for making it through one of the most turbulent years in recent history and our thanks for trusting us – your long-term investment partner – to guide you through it.

The Value of Long-term Goals Based Investing & Sound Advice

The one thing that 2020 taught us is that we should be prepared for the unexpected, and that markets continue to overreact to events in the short term. Those who stayed the distance weren't financially harmed by the severe March fall in markets as they participated in the immediate recovery. Those that didn't hold tight, by either withdrawing funds or reducing their risk profile after a turbulent March, would have locked in a loss, and missed out on an incredible run in the markets.

In short, level heads have prevailed and staying with long-term investment profiles has been the main factor in determining who is still on track and who is now behind.

This performance story is clear in the graph to the right. The outcome for the Lifestages High Growth Fund was not without a few white-knuckle moments, but overall; the fund has delivered a return of 10.23% per annum over the last five years.

On the other hand, more conservative investment options, such as the Lifestages Income Fund and Lifestages Auto Option 45-54 have seen less price movement over the recent fall and following recovery. These options' larger exposure to fixed income assets, such as bonds, helped reduce price volatility and smooth returns in the short-term. The five-year returns of these options have been more modest because of the decreased risk being taken on compared to the Lifestages High Growth Fund.

Having a trusted partner through your KiwiSaver journey can make an enormous difference, providing a guiding light amidst the chaos as making small decisions now can have huge positive or negative consequences later down the line. The key to success in the current low interest rate environment, with volatile markets, is to get sound qualified advice, and stick to your goals. As a Lifestages KiwiSaver Scheme member, you have access to our financial advisers who can help you decide what investment profile is right for you, and answer any other questions about the scheme – all at no additional cost to you.

Growth of \$1 in Lifestages KiwiSaver Scheme over 5 years (March 2016-21)



Lifestages KiwiSaver Scheme Fund Information as at 31 March 2021

Fund	6 Months	1 Year**	3 Years p.a
Lifestages Income Fund	-1.89%	0.75%	2.42%
Lifestages High Growth Fund	12.26%	33.96%	10.62%
Lifestages Capital Stable Portfolio*	3.72%	9.61%	4.26%
Lifestages Auto Option 0-34	12.26%	33.96%	10.62%
Lifestages Auto Option 35-44	9.35%	26.70%	9.11%
Lifestages Auto Option 45-54	6.47%	19.75%	7.51%
Lifestages Auto Option 55-64	3.63%	13.11%	5.86%
Lifestages Auto Option 65+	1.54%	8.34%	4.59%

The performance above is after deductions for charges but before tax and member fees. Past performance is not indicative of future returns, and no return is guaranteed.

*The Lifestages Capital Stable Portfolio is closed to new investors.

**These return figures need to be considered in light of the market low caused by COVID-19 in March 2020.

A Shift towards Sustainable Investing

Our aim is to grow your savings sustainably over the long term, and we believe incorporating responsible investing processes allows us to enhance value for members. This overarching theme now applies to everything we do. With the global shift towards responsible investing rapidly accelerating, many investors are catching on to the idea that environmentally conscious and sustainable companies are far better positioned to succeed over the long-term. The downward trend in commodity prices such as oil over the last decade has reinforced the direction of environmentally conscious managers, whose positive performance looks set to continue in the coming years.

The Lifestages KiwiSaver Scheme aims to be more environmentally conscious and sustainable through a combination of excluding harmful companies as well as evaluating our investments based on their overall environmental, social, and governance (ESG) characteristics, helping us choose more ethical investments. These processes are carried out alongside our traditional investment methodology.

Market Insight

Six months ago, primarily due to the uncertainty regarding Covid-19 and various governments' responses to the pandemic, central bank interest rates were either at or near all-time lows. Forecasts from most experts predicted these rates to remain at these historically low levels or fall even further. Fortunately, the arrival of viable vaccines is quickly turning around much of the pessimism, stoking hopes of a return to normality for both everyday life and interest rates. This U-turn in sentiment has caused fixed income assets which thrive in uncertain times, such as a global pandemic, to underperform.

On the other hand, we have International and domestic shares which have continued their strong rebound from last year's March market crash. Many shares are now back above their pre-COVID highs. However recently, high growth tech stocks (e.g. Tesla) are taking a back seat to value stocks (e.g. The Warehouse Group) whose long-term place in the economy is now looking more certain. For a more

geographic perspective, New Zealand shares overall have performed worse than their international counterparts – likely a result of the generally high dividends paid by our locally listed firms. Higher interest rates tend to make high dividend shares look less attractive which puts a bit of ice on performance.

Overall, remember it's time in the market, not timing the market that counts.

More information on the Lifestages KiwiSaver Scheme is available on www.lifestages.co.nz, such as:

- > Asset allocation of your fund / age auto profile;
- > Current unit price and unit price history;
- > The latest fund updates; and
- > The latest PDS, OMI and SIPO under Documents.

I'd like to thank you again and remind you, please don't hesitate to contact us if you have any questions.

Kind Regards,



Graham Duston,
Executive Director
FANZ
Subsidiary of SBS Bank

Funds Administration New Zealand Limited (FANZ), a wholly owned subsidiary of SBS Bank, is the issuer and manager of the Lifestages KiwiSaver Scheme (the Scheme). For more information see the Lifestages KiwiSaver Scheme Product Disclosure Statement available on our website www.lifestages.co.nz or on the register of offers of financial products at www.disclose-register.companiesoffice.govt.nz.



Ask Albert™

Need some advice?

If you want to talk to one of our team of financial advisers to help you make those all-important KiwiSaver decisions, simply drop Grant, Del, Livia or Fiona a line via www.lifestages.co.nz/contact-us/ and they will be in touch.

Just need help finding something?

Ask Albert™, our chatbot who lives on our website www.lifestages.co.nz. He can usually point you in the right direction, or put you in touch with a member of the team who can help you out.

Disclaimer: The information is of a general nature only and has not been prepared with regard to the individual needs of any investor. Details are current as at the date of preparation and are subject to change. Investments in the Scheme do not represent deposits or other liabilities of FANZ or SBS Bank and are subject to investment risk. The investment risk includes possible delays in repayment and loss of income or contributions invested. The principal and returns of the Scheme are not guaranteed or secured in any way by FANZ, SBS Bank or any other person.