



KiwiSaver Performance Rebounds Despite Global Inflation Concerns and US Banking Troubles

The last six months were characterised by three key themes:

- > A welcome return to positive performance across both shares and fixed interest;
- > Continued interest rate hikes from central banks in an attempt to slow rampant inflation; and
- > Late in March, rumblings of a banking crisis resulting in comparisons being drawn to the Global Financial Crisis (GFC) of 2008 -10 before authorities intervened.

Investment Performance

You have probably noted that your savings with us have rebounded strongly over the past 6 months, but you may ask what has been driving this welcome turn around (especially against the backdrop of a looming recession, rampant inflation, and rising interest rates).

While you have benefited from the broader market upswing, we have taken strategic positions within the Lifestages KiwiSaver Scheme that have positively impacted your investment returns, such as:

- > Directly holding larger companies such as Apple, Microsoft and Alphabet (Google), as the market saw a flight to these large companies as uncertainty grew;
- > Favouring Information Technology and Communication Services companies which were the best performing sectors for six months, up 28% and 22% respectively;
- > Favouring companies at the forefront of their industries with high degrees of pricing power, such as Fisher and Paykel Healthcare and EBOS in the healthcare space here in New Zealand, who have performed extremely well over the period.

Additionally, the fixed interest component of the Scheme is now generating income at over 5% per annum thanks to central banks having risen rates substantially over the period.

Investment Option*	6 Month Return**	12 Month Return**	3 Year Return (p.a.)**
Lifestages High Growth	9.09%	-2.07%	11.05%
Lifestages Auto 0 – 49	9.09%	-2.07%	11.05%
Lifestages Auto 50 – 54	7.80%	-1.95%	8.56%
Lifestages Auto 55 – 59	6.50%	-1.88%	6.08%
Lifestages Auto 60 – 64	5.20%	-1.84%	3.61%
Lifestages Auto 65+	4.36%	-1.70%	1.81%
Lifestages Income	2.60%	-1.84%	-1.27%

*The age bands for the Lifestages Auto Option were updated on 1 December 2022.

**For the period ending 31/03/2023. Returns for periods longer than 12 months are annualised. All figures are after deductions for fees and before tax.

Despite the better performance over the past 6 months, global markets are not calm just yet. Cracks are starting to appear from the tightening monetary policy, and the elephant in the room over the past few weeks has been the ongoing situation concerning the US and European banking sectors. Following the shock waves from the demise of Silicon Valley Bank, Signature Bank and Credit Suisse, the last six months overall have been characterised by persistent high inflation and the corresponding rate hikes.

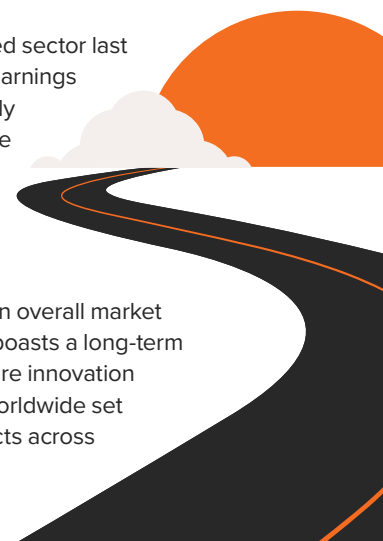
What's Ahead?

Looking ahead, it is very unlikely to see shares or fixed interest face the same pressure in 2023 as they did in 2022. However, we are yet to see the full impact of the RBNZ and other central bank's rate hikes through the economy and inflation is still not under control. In times of uncertainty such as now, we believe it is important not to lose sight of long-term investment opportunities that can benefit your portfolio.

We believe this is best achieved through active selection with an emphasis on investments in companies that demonstrate "quality" characteristics, focusing on a few key themes which we believe are poised to do well going forward.

For example, Healthcare was a favoured sector last year and remains so today. Company earnings in the healthcare sector have historically proved to be recession resilient, and we would expect that precedent to hold in the next recession.

This is important in a year in which stock performance is more likely to be driven by company earnings rather than overall market sentiment improving. Healthcare also boasts a long-term tailwind as aging populations, healthcare innovation and increasing health-related needs worldwide set the stage for attractive growth prospects across the sector.



What's new at Lifestages?

Reduced Fees

We understand that every dollar counts when it comes to saving for your retirement or first home. In our last update we were happy to announce that we were in the process of removing the \$2 per month member fee for all Lifestages members. This change has now occurred and effective 1 December 2022 this fee has not been deducted from your account.

New Blog Content

We are regularly updating our blog at www.lifestages.co.nz with important market updates and investor education to help you get the most out of your KiwiSaver investment.

Our two most recent posts answer questions like: Why are some people concerned about Silicon Valley Bank and why does my KiwiSaver balance go up and down?

Find us on Social Media

We've been on LinkedIn for a while now but we are excited to be launching our Facebook page (keep an eye out for Instagram later this year).

Our socials are a great place to keep up to date with our blog content, investment tips, and company news.



Need some advice?

Speak to one of our dedicated financial advisers.

[Get in touch](#)



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