

InTandem Insight

June 2016

Welcome from the Chairman

Welcome to the Westpac In-Tandem newsletter, June 2016 edition.

This quarter you can read about:

- market performance and find the latest investment returns
- progress the scheme is making to comply with the new regulatory requirements under the Financial Markets Conduct Act 2013
- changes which will come in from 1 July 2016 to the second chance home withdrawal facility.

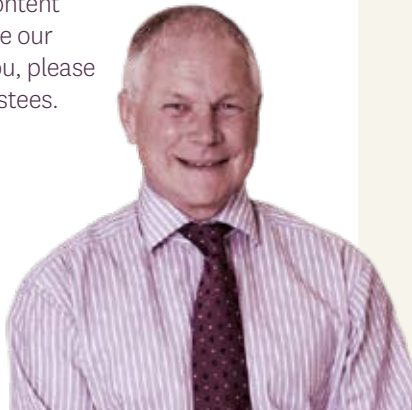
The Trustees would also like to take this opportunity to congratulate Marc Proctor, who has been re-elected as a Trustee for a further period of three years to March 2019.

You will have noticed that the look of the newsletter has changed slightly to align it with the Westpac brand. If you have any feedback about the content or how we can improve our communications to you, please contact any of the Trustees.

Bruce Kerr,



Chairman



Tell us what you think

By now you should have received an invitation to participate in a member survey seeking your feedback about member communications.

If you have already provided your feedback, thank you!

If you haven't yet completed our short survey, please take the time to answer some simple questions which will help the Trustees to continue to improve the way in which we communicate with you.

If you have not received an email or a postcard inviting you to participate in the survey, please visit westpacintandem.co.nz today and click on the banner "Tell us what you think".

There is also a chance to

**win a \$100
Prezzy Card!**



Second chance home withdrawal - changes are coming

From 1 July 2016, the legislation is being changed to remove the income cap of \$80,000 for those individuals who will withdraw funds to purchase a home where they have owned property previously. The Trustees have agreed that this change will also apply to In-Tandem members.

If you are applying for a second chance home withdrawal you must not have realisable assets of more than 20% of the house price cap for the area you are buying in.

Please note: Any applications received prior to the launch date of 1 July 2016 will be assessed under the current rules. Only applications received on or after 1 July 2016 will be assessed under the new rules.



FMC act - how the scheme is tracking

1 December 2016 is the deadline for all employer sponsored superannuation schemes to transfer under the Financial Markets Conduct Act ("FMC Act"). As communicated in the Annual Report 2015, the Trustees aim to have all of the required steps completed by September and are making good progress to meet this deadline.

The timeline below shows how we are tracking against our key set milestones.



Transition under the FMC Act is all about ensuring the scheme complies with the new legislation. Transition will not impact your scheme benefits in any way.

Market update

The three months to March 2016 saw most asset classes generate positive performance with weakness across many share markets early in the year giving way to a strong recovery towards the end of the quarter. In the Scheme, Growth and High Growth Funds performed particularly strongly during the quarter.

Global share markets started 2016 on a very weak note. Uncertainty regarding the outlook for Chinese economic growth along with a significant fall in the oil price were catalysts for a share market sell-off early in the quarter. The recovery in global share prices in the second half of the quarter was closely correlated to a bounce in the oil price which boosted other commodities and related company share prices.

Amid plenty of market volatility, New Zealand Shares were the standout performer, while bond markets also generated positive returns.

In March, the Reserve Bank of New Zealand cut the Official Cash Rate to a new all-time low of 2.25%.

How has your fund performed?

| Investment Performance as at 31 March 2016 | | | |
|--|----------|--------|------------|
| | 3 Months | 1 Year | 3 Years pa |
| High Growth Fund | 2.5% | 1.4% | 10.4% |
| Growth Fund | 2.1% | 1.6% | 7.9% |
| Moderate Balanced Fund | 1.8% | 1.8% | 6.3% |
| Defensive Fund | 1.1% | 1.9% | 3.7% |
| Cash Fund | 0.6% | 2.5% | 2.5% |

Source: BT Funds Management, returns are after fees and taxes

Personal email address

If you are receiving this newsletter by email, that's great! Having your email address helps us stay in touch, especially because this newsletter is only sent to members of the scheme electronically.

But is the email address we hold for you a work email or a personal one?

While it may be appropriate to use your work email address to receive non-personalised communications such as this newsletter, it may not be suitable for personal and private communications such as your annual statement.

We would like to encourage you to check and update your email address to your personal email for all communication types.

To check your email address, please sign into your account at westpacintandem.co.nz and click on the Personal Details tab.

Cutting through the jargon Consumer Price Index (CPI)

Used to measure the rate of increase in inflation. In New Zealand, the CPI is based on a selection of household goods and services. The scheme uses CPI to set targets for the investment options and to track their performance.

Product Disclosure Statement (PDS)

It is an offer of membership document, required under the Financial Markets Conduct Act. It will contain essential information about the Scheme and will replace the current In-Tandem Investment Statement.