IN-TANDEM INSIGHT

July 2023.

Welcome from the Chairman.

Welcome to the second In-Tandem Insight newsletter for 2023.

Included in this edition is a feature on compound interest and how it works, the latest investment commentary and fund returns as well as an article explaining the importance of setting financial goals.

If you have any feedback on this newsletter or questions about the Scheme in general, please call Helpline on 0508 IN TANDEM (0508 468 263).

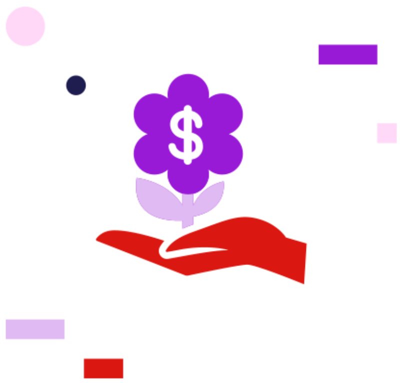
On behalf of the Trustee,

Bruce Kerr,
Chairman

Scheme snapshot.

- **$353,793,784** in accumulated retirement savings as at 31 May 2023
- **4,588** members and **116** pensioners as at 31 May 2023
- **826** new In-Tandem members between 1 July 2022 and 31 May 2023

Basics of compound interest.



Compound interest is an important concept in the financial world. In simple words, it means that you earn interest on your principal amount as well as on the interest earned from the principal amount. It is slightly different than normal interest, in which you only earn interest on the initial principal amount or deposit.

Read more

Investment commentary.

Period ending 31 May 2023

Supplied by: BT Funds Management

Markets got off to a strong start in January supported by increased confidence that inflation has peaked and will fall over the coming months. The US Federal Reserve also slowed the pace of rate hikes with a 25bp increase at the February FOMC meeting, while Chair J Powell acknowledged that the pace of increase in inflation had slowed and did not strongly push back against the loosening of financial conditions. However, he flagged the need to do more work, with “higher rates-for-longer” to combat ongoing inflation pressures – citing the tight labour market leading to wage increases.

The Reserve Bank of New Zealand increased the OCR in February from 4.25% to 4.75%, followed by a surprise 50bp hike in April to 5.25% and kept the door open for additional hikes, citing that “Inflation is still too high and persistent, and employment is beyond its maximum sustainable levels”.

In early March, US banking sector turmoil grabbed the headlines with the focus on funding/liquidity pressures for smaller regional banks and the impact of the Fed's aggressive tightening cycle on investment portfolios leading to deposit flight to the sanctuary of larger banks. US financial authorities announced that uninsured deposits at two failed banks (SVB Bank and Signature Bank) would be protected and to combat stress in the banking sector, the Fed announced a new emergency liquidity facility to mitigate the risk of further contagion. Trading was fairly muted in April despite a lot of moving pieces. Markets were supported by better-than-feared regional bank results and consumer resilience via healthy household spending along with better trends around cost controls, inventories and supply chain normalisation.

Towards the end of May, the RBNZ raised interest rates by a further 0.25% to 5.50% but unexpectedly signalled that no further policy tightening would be needed for now to tame inflation, sending the NZ dollar tumbling 3.7% over the ensuing week.

Read more

How has your fund performed?

Investment performance as at **31 May 2023** after fees and tax.

	4 months	**1 year**	**3 years (pa)**	**5 years (pa)**	**10 years (pa)**
Cash Fund	1.2%	2.9%	1.4%	1.4%	1.8%
Defensive Fund	0.9%	1.6%	1.0%	1.6%	2.4%
Moderate Balanced Fund	1.0%	1.1%	2.1%	2.6%	4.1%
Growth Fund	1.1%	0.9%	3.1%	3.3%	5.2%
High Growth Fund	1.4%	0.9%	4.8%	4.4%	7.0%

Returns are based on unit prices (determined by Mercer) for the respective funds.

The latest unit prices can be accessed **here**.

Source: BT Funds Management

Setting financial goals.

Before starting any trip, it is always a good idea to know where you are headed and how you plan to get there. The same applies to your financial journey as well. Setting financial goals can be fruitful if you know what you want to achieve in the short/long term and how you plan to accomplish that. This will give you the clarity regarding how much you should be saving/investing to reach your dream financial destiny. Financial goals should be set realistically, meaning, you should be able to meet them and contribute towards them. It is always a good idea to have a larger goal in mind and then setting smaller, doable targets keeping in mind your current income, expenses, and liabilities etc. You can set your goals to meet different targets for example paying off your mortgage, saving for a first home, travelling, having a certain amount by the time you retire. Westpac's "Savings For A Goal" calculator can help you work out how much you need to save towards a savings goal.

Savings For A Goal Calculator

For your retirement savings goal you can use the MySuper Planner developed specifically for the Scheme. You can also find it under Tools when you log into your account at **westpacnzstaffsuper.co.nz.**

MySuper Planner

Reminder to update contact details.

You will receive your annual report and annual statement for the Westpac New Zealand Staff Superannuation Scheme for the year ended 30 June 2023 before October.

We would encourage you to log in to the website and check whether your contact details are up to date or not. It is important that we have your correct email address so that your upcoming documents can reach you on time.

Accessing your online account.

You can access your online account 24/7 by logging in with your PIN / password. Visit the website at Westpac New Zealand Staff Superannuation Scheme (**westpacnzstaffsuper.co.nz**).You can create or reset your password online with your member number, a valid email address (that is registered in our system), and your date of birth. It is important that the email address is correct and you have access to it during the process.

Access your account

Useful links and contacts.

In-Tandem helpline
0508 468 263

Investment advisers
0800 942 822

Scheme website
westpacnzstaffsuper.co.nz

Feedback
bruce.kerr@westpac.co.nz

This document has been prepared by Mercer (N.Z.) Limited on behalf of the Trustee of the Westpac New Zealand Staff Superannuation Scheme. The information in this document is intended for general guidance only and is not personalised to you. It does not take into account your particular financial situation or goals. It is not financial advice or a recommendation.

We recommend that you read the **product disclosure statement** and take **financial advice** from a financial adviser before making any investment decisions. In addition, past performance cannot be relied upon as a guide to future performance.