

In-Tandem Insight

July 2020



Welcome from the Chairman.

The past few months have been highly disruptive for not only financial markets, but also all kiwis both professionally and personally as the country went into national lockdown. The Scheme is always here if you need it. Give the In-Tandem Helpline (**0508 IN TANDEM**) a call if you want to speak with someone about financial hardship, or Westpac investment advisers on **0800 942 822** about goal setting and your personal financial situation.

Following a strong start to 2020, the world was unexpectedly impacted by the rise of COVID-19 that the World Health Organisation has deemed a pandemic. Share markets across the world fell as the outlook became more uncertain. The VIX index, which is a measure of the share market's expectation of future volatility, reached an all-time high in March, passing the level reached during the Global Financial Crisis in 2008. Governments and central banks across the world responded by announcing fiscal and monetary policies to help workers and businesses affected by the economic disruption which helped stabilise financial markets near quarter end.

Featured in this edition is an investment market update and the impact of COVID-19, a video explaining market volatility, and tools you can use to help define savings goals and plan for the unexpected.

While there has been short-term negative returns, the long-term outlook remains positive. The latest rates are included below.

Bruce Kerr,
Chairman of the Trustee

Scheme snapshot

- **\$348.7 million** in accumulated retirement savings as at 1 June 2020
- **3,726 members and 136 pensioners** as at 1 June 2020
- **91 new members** into the Scheme between 29 February 2020 and 1 June 2020

Investment market performance.

Following a strong start to the new decade, share markets around the world fell sharply from mid-February as COVID-19 spread across the globe, shutting down economic activities wherever it appeared, including here in New Zealand. Global equities¹ fell 20% for the quarter (NZ equities² fell 15%). The sectors hit hardest include consumer discretionary such as hotels, leisure and travel companies, financials, and energy while healthcare, utilities, and consumer staples have held up the best. At one point in March, panic selling saw the VIX index, a widely followed measure of expected market volatility, reach an all-time high, surpassing the level reached at the height of the global financial crisis in 2008.

Conversely, the fixed interest sector saw gains as the yields on government bonds fell to record lows in some countries. Global government bonds³ gained just over 2% while corporate bonds⁴ fell nearly 4%, mostly impacted by the energy sector. NZ Bonds⁵ gained 2.5% over the quarter. In commodities, the oil price experienced its worst decline in a quarter on the back of an unexpected dispute between Russian and Saudi Arabian producers, and reduced demand due to the virus.

In the latter half of March, both governments and central banks across the world coordinated responses by announcing extraordinary fiscal and monetary policies in a bid to help workers and businesses affected by the tremendous scale of economic disruption, and firmly position economies for recovery. In turn, these announcements helped stabilise financial markets towards quarter-end. In hindsight, this intense volatility experienced in the first quarter of 2020 is certainly one for the history books.

[Full commentary here](#) ›

Source: BT Funds Management

Date: 02 June 2020

**Footnotes included within the full article available on the Scheme website.*

What's market volatility? New videos out now



Have you seen the latest videos on market volatility? These will give you a basic understanding of how share market cycles work the types of asset classes there are and how they are affected by market fluctuations, as well as common strategies to help manage risk. They also look at some factors you should consider when choosing an investment strategy.

[View here](#) ›

How has your fund performed?

Investment performance as at **29 May 2020** after fees and tax.

	3 months	Financial Year to Date	3 years (pa)	5 years (pa)	10 years (pa)
Cash Fund	0.2%	1.3%	1.6%	1.8%	-
Defensive Fund	0.2%	2.3%	2.5%	2.7%	3.6%
Moderate Balanced Fund	-0.4%	3.4%	4.1%	4.1%	5.7%
Growth Fund	-0.8%	3.7%	4.9%	4.8%	7.0%
High Growth Fund	-1.5%	3.9%	6.1%	6.0%	8.8%

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

Source: *BT Funds Management*

How prepared are you for the unexpected?

In a **recent article** published to REDnews, figures reveal that around 50% of people are one life event away from becoming financially vulnerable. So, how prepared are you for the unexpected?

The chief executive of Melbourne's Thriving Communities Partnership (TCP), Ciara Sterling, cited a University of New South Wales study that also reveals that 13% of people are experiencing severe financial stress. These people struggle to pay bills, afford food, and cover medical treatment. While this is an Australian organisation, Sterling said that the social issues and poverty that Australians faced were similar to New Zealander's.

So how do you get help and access tools that may assist you carefully plan for your future retirement?

[Read more >](#)



Investment switches change



Under current provisions, you can only change your investment option twice during the Scheme year. From 1 July 2020, the first two investment switches during the Scheme year will be free, and any subsequent change will be subject to an administration charge of \$80 (which will be deducted automatically from the existing balance in the Member Account). To make an investment switch visit westpacintandem.co.nz, download the **'investment fund change request'** form and return to the Scheme Secretary (email westpacstaffsuper@mercero.com).

More information is available in the latest **Product Disclosure Statement**.

Annual report 2019 wins gold!

Your 2019 personalised annual report and member statement struck gold at the **Pride in Print** awards held virtually on 25 June 2020. This event recognises the best in print and visual communications, and our entry was in the business print category for personalised direct mail. Your personalised annual report included information about your account savings at year end, but also showed what your future retirement savings may be, and how you can use MySuper Planner (an online tool exclusive for In-Tandem members) to find out how different market conditions can impact your long term savings.

We are delighted our members have access to gold class information to help make strong financial decisions now, for a more comfortable future retirement.

You can read more about the awards event [here](#).



COVID-19 and your money: 7 things to do right now



We're living in such a changed world that it can feel overwhelming. COVID-19 has upended our working lives, our kids' lives, and our money lives as well. That said, there's a lot we can do: here are 7 things to do straight away.

See the 7 things to do >

Retirement savings is a long-term undertaking

It's a fact that financial markets can be volatile. You may have noticed your account balance going up and down recently and when this happens it's natural to feel a little nervous. However, it is important to recognise that your savings won't always grow at a steady rate. Sometimes they'll surge ahead, sometimes they'll stay flat and sometimes they'll dip. The good news is that over the longer term, markets typically recover. Saving for retirement is a long term undertaking, and returns over 10+ years remain positive.

Useful links and contacts



In-Tandem helpline
0508 468 263



Investment advisers
0800 942 822



Scheme website
westpacintandem.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 an authorised financial adviser before making any investment decisions. In addition, past performance cannot be relied upon as a guide to future performance.

This email was generated automatically, please do not reply to it as this email address is not monitored.

This email, including any attachments, may contain confidential information and is intended for use by the named addressee only. If you are not the intended recipient of this email, you must not read, disclose, distribute, copy, store, print or use in any way the information this email or any attachment contains.

Click [here](#) to unsubscribe if you do not wish to receive further email communication about the Scheme.

© 2020 Mercer (N.Z.) Limited.



Westpac NZ will never ask you for your login details, such as usernames, passwords, or other security related information by email. If you believe you have received a Westpac NZ-related phishing email, report it by forwarding the email to address: phishing@westpac.co.nz