

# In-Tandem Insight

## November 2020



### Welcome from the Chairman.

Welcome to the last edition of In-Tandem Insight for 2020. Included is an update on recent market performance, Scheme returns, an article on negative interest rates, a reminder that you should now have received your member statement and personalised annual report, and details on how to access exclusive In-Tandem tools to help plan for your retirement.

If you have any questions about the Scheme or this newsletter please call helpline on 0508 IN TANDEM (0508 468 263).

On behalf of all Trustee Directors, enjoy this holiday season and we'll be in touch again in the New Year.

Bruce Kerr,  
Chairman of the Trustee

### Scheme snapshot

- **\$370.5 million** in accumulated retirement savings as at 1 November 2020
- **3,836 members and 135 pensioners** as at 1 November 2020
- **188 new members** into the Scheme between 1 July 2020 and 30 October 2020

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### Investment market performance.

The September quarter turned out to be a resilient quarter for risk assets. Despite a resurgence in new COVID-19 cases in the US and across Europe, a growing possibility of a contested US presidential election, inability of US policymakers to agree to new stimulus measures, and stretched asset price valuations; a "search for yield" theme with accommodative central bank policies provided support. Global equities<sup>1</sup> returned 5.4% for the quarter to September 2020 while NZ equities<sup>2</sup> gained 2.6%.

Looking ahead, financial markets are expected to continue to be pulled between persistent COVID-

19 challenges, stop-start restrictions and geopolitical risks on one hand, with progress on vaccines, supportive policy and economic data on the other.

[Read the full article ›](#)

Source: *BT Funds Management*

Date: *04 November 2020*

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

## Stress test tool shows how different market conditions could affect your future savings.

A feature of the MySuper Planner, an exclusive online financial planning tool for In-Tandem members, is the 'stress test'. You can see what your future savings balance could be, and after enabling the 'stress test' feature, how different market conditions could affect your future savings – up or down. Results can be downloaded as PDF so you can discuss these with your financial adviser.

[Access MySuper Planner](#)

[Westpac financial advisers](#)

## How has your fund performed?

Investment performance as at **31 October 2020** after fees and tax.

	<b>3 months</b>	<b>1 year</b>	<b>3 years (pa)</b>	<b>5 years (pa)</b>
Cash Fund	0.2%	1.0%	1.4%	1.6%
Defensive Fund	0.4%	2.3%	2.6%	2.8%
Moderate Balanced Fund	0.8%	3.2%	4.0%	4.7%
Growth Fund	1.1%	3.5%	4.6%	5.8%
High Growth Fund	1.4%	3.9%	5.6%	7.4%

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

Source: *BT Funds Management*

## Negative interest rates.

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Interest rates in New Zealand and around the world are exceptionally low, and have just recently gone lower. They are the lowest they have ever been in New Zealand. This low interest rate environment we are in is positive for borrowers, like those with mortgages, however not so great for savers or investors.

The Reserve Bank of New Zealand (RBNZ) have a mandate of controlling inflation and supporting full employment. One of the tools they have to do this is setting the Official Cash Rate (OCR), which influences short-term interest rates such as the 90-day bank bill rate and cash investments, as well as long-term interest rates and the foreign exchange rate.

When things aren't going well, the RBNZ will cut the OCR, which will make it easier for people and companies to borrow.

This may mean people have more disposable income to spend, and companies are more likely to hire people, which is a positive cycle to help the overall economy function. The opposite happens when things are going too fast and inflation might be a concern, the RBNZ will increase the OCR to slow things down to a manageable pace.

The RBNZ has signalled that negative interest rates are a possibility and for those that are investing for the immediate future, cash may still be the best option. While it will not generate much of a return, it will still provide the stability and lower risk profile than the other Funds. However once tax and fees are taken into account, the return you get in your account (the Cash Fund mainly) may be close to zero or even slightly negative.

[Read the full article >](#)

## What does your future retirement look like?

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You should have now received a copy of your personalised annual report and member statement for the year ended 30 June 2020. These documents include a projected account balance based on a number of assumptions (also published in the annual report), to help you see if you are on track to achieve the retirement lifestyle you want, or need to make any changes to reach your savings goals. You can also access your personalised annual report and member statement online at any time by logging into your account.

[westpacintandem.co.nz](http://westpacintandem.co.nz) >



## MoneyWeek 2020.

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COVID-19 has landed many of us in the same boat with money worries, and are seeking a safe, trusted place to get our money questions answered. Sorted's Money Week 2020 campaign 'Just wondering' launched to reflect the explosion of questions about money we've seen during this time of change and uncertainty.

Read more at [sorted.org.nz/justwondering](https://sorted.org.nz/justwondering) >

## Lockdown spending insights revealed.

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A **recent article** published to REDnews shares insights on what Kiwis spent their money on in Level 4 lockdown.

Transactional daily spending data is monitored in real time by Westpac's technology team and when anonymised and aggregated by sector, a sample of the data gives a good indication of what Kiwis are spending on.

Digital subscriptions and digital goods including media, books, movies and music increased massively in the lead up to Level 4 and stayed at a high level throughout and into Level 3.



[Read more >](#)

## Useful links and contacts

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**In-Tandem helpline**  
0508 468 263



**Investment advisers**  
0800 942 822



**Scheme website**  
[westpacintandem.co.nz](https://westpacintandem.co.nz)



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