



IN-TANDEM INSIGHT

March 2022.

Welcome from the Chairman.

I hope you had some time to unwind and relax over the holiday period.

It is very sad to see the humanitarian disaster unfolding in Ukraine and our thoughts are with all those people who are impacted and are suffering.

Also the global and now local spread of Omicron, is a reminder that the COVID-19 pandemic is not over.

Included in this edition is an update on how the Scheme is tracking, an update on the markets which are being impacted by a number of events unfolding globally, Scheme performance, an update on the call for nominations to appoint two new member-elected Trustee Directors and articles on setting financial goals and financial capability.

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

We wish you all a safe 2022.

Bruce Kerr,
Chairman

Scheme snapshot.

- **\$372.6 million** in accumulated retirement savings as at 31 January 2022
- **4,216** members and **126** pensioners as at 31 January 2022
- **604** new In-Tandem members between 1 July 2021 and 31 January 2022

Key dates for 2022.



March:
Trustee election &
Newsletter

Tip: It's important to review your investment choice as your personal circumstances change or at least once a year. Why not take some time to review your investment choice today



July:
Newsletter

Tip: It's a great time to review and update your contact details ahead of the annual statement and report. Log in to your account at westpacnzstaffsuper.co.nz



September:
Annual statement
and annual report

Tip: Now that you have taken stock of how your savings are tracking and what you may have at retirement, why not revisit your investment goals



November:
Newsletter

Tip: Are you maximising all the Scheme benefits? Member booklet is a great place to start!

Market Update - Turbulent start to 2022

For many of us, the year starts with the dreaded January blues – low energy after a month of festivities and joy. However, markets certainly did not exhibit low energy following the end of the year. Equities tumbled and bond yields soared, as markets became increasingly aware of tighter monetary policy. Geopolitical tensions only added to the gloom.

As a result, this January and February were some of the worst months to start of a year. The volatility witnessed through January and February was driven by a number of factors, outlined below:

- **Inflation:** Rising energy prices as well as ongoing wage pressures and some lingering base effects kept inflation well above central bank targets in January for most large developed and emerging market economies with few exceptions.
- **Monetary Policy:** With inflation continuing to remain at multi-decade highs, central bankers became even more hawkish than the market had been pricing in towards year end. The Federal Reserve accelerated its plans to tighten monetary policy in 2022. Tapering of asset purchases is expected to be completed by the end of February and markets have now priced in up to five interest rate hikes in the US for this year, which was probably the key driver of market volatility over the last few weeks. The Bank of England increased short dated rates for the second consecutive time, by 25 basis points to 0.5% in February.
- **Geopolitics:** Russia and NATO were embroiled in a stand-off on the Ukrainian border in January, with Russia since advancing into Ukraine. The possibility of a war in Eastern Europe added to negative sentiment. Russia also flexed its muscles by helping put down demonstrations in Kazakhstan.

It is incredibly sad to witness the humanitarian disaster that's unfolding in Ukraine. Our thoughts are with all those people who are impacted and are suffering.

We have requested the information from our investment managers and can confirm that the overall exposure to Russian stocks is very small (less than 0.0% of total assets). Unfortunately it is almost impossible to trade out of these stocks at present and it is something we will be monitoring.

- **COVID-19:** Whilst featured prominently in the media, the economic and market impact of the Omicron variant has been more limited. Supply chains deteriorated at the margin and some services such as flights were disrupted due to higher employee absenteeism, but with the exception of China and a handful of small European countries, no major economy brought back significant restrictions. Encouragingly, Omicron cases appear to have peaked in mid/late January and have dropped precipitously since then.

What's happened in the markets in Q4 of 2021?

Quarter ended 31 December 2021

Equity markets began the quarter in a positive mood as quarter three (Q3) earnings results uplifted market values and COVID cases declined. However, the arrival of the new highly contagious Omicron COVID variant in late November raised a few questions around vaccine efficacy and its impact on the global recovery on the back of further disruptions in ongoing global supply chain issues.

In New Zealand, economic data releases over the quarter showed the economy was resilient despite lengthy lockdowns. Q3 GDP did contract -3.7% but was a better outcome than anticipated. On the back of this, analysts revised up their expectations for GDP growth in Q4 2021 and Q1 2022. NZ CPI for Q3 surprised on the upside at 4.9% (annualised), and up from 3.3% in the prior quarter. The unemployment rate fell to 3.3% for Q3, down from 4.0% for Q2; the lowest reading since pre-Global Financial Crisis. New Zealand interest rates continued to rise more than its offshore counterparts.

October saw the Reserve Bank of New Zealand (RBNZ) increase the Official Cash Rate (OCR) by 0.25% as expected to 0.50%. The RBNZ cited capacity pressures, especially for the

labour market, and forecast headline CPI above four percent per annum near term as reasons for the hike and stated that further removal of monetary stimulus could be expected over time. Indeed, the November Monetary Policy Statement saw another 0.25% hike, taking the OCR to 0.75%. Employment and growth were believed to be above maximum sustainable levels, capacity constraints remained, and near-term CPI forecasts increased to be greater than 5%.

Risk asset returns were generally positive in the fourth quarter of 2021, although with some divergence at the regional level. Global equities returned 8.1% and outperformed the broader NZ equity market which fell 1.8% over the quarter; Australian equities returned 2.1% while US equities returned an impressive 11.0%. European equities rose 6.4% while emerging markets continued their underperformance relative to developed markets, returning -1.3%. Chinese equities had another poor quarter as three other well-known property developers in China (apart from the Evergrande Group), made headlines over their failure to make payments to both onshore and foreign creditors.

Source: BT Funds Management

Date: 04 February 2022

[Read the full article](#)

How has your fund performed?

Investment performance as at **31 December 2021** after fees and tax.

	3 months	1 year	3 years (pa)	5 years (pa)
Cash Fund	0.2%	0.5%	1.0%	1.3%
Defensive Fund	0.3%	1.1%	2.9%	2.7%
Moderate Balanced Fund	1.3%	4.4%	6.9%	5.7%
Growth Fund	2.2%	7.1%	9.5%	7.6%
High Growth Fund	3.4%	11.1%	13.5%	10.5%

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

Source: BT Funds Management

What to do or not to do in times of market volatility?

While it's been great to see markets rally in 2021 (after the initial shock of 2020) fuelled by central banks stimulus packages, things are expected to slow down in the first half of the year with growth expected to rebound later in the year as the world works through the next steps in managing the new variant Omicron.

More recently, Russia's invasion of Ukraine is also impacting global markets and investors across the world. In February, on day one of Russia going to war against Ukraine, New Zealand's share market suffered its biggest single-day fall in nearly two years.

It is important to remember that it is normal for markets to go up and down.

Things to remember in times of market volatility:

- 1. Stay calm - it's about time, not timing.** In-Tandem is a long term investment. Over time, the value of your In-Tandem investment will go up and down, depending on market conditions and how much you are contributing.
- 2. Diversify.** You know the old saying about not keeping all your eggs in one basket? To grow your investments over the long-term, investing in a range of assets can help minimise risk and leave you better placed to achieve your investment goals.
- 3. Keep contributing.** Market downturns are not all bad. In a downturn, asset prices are lower even though the real underlying value of the asset may not have changed. This means that if you are continuing to make regular contributions to your In-Tandem account, you will buy more good quality assets at a lower price than you would typically pay. When the market rebounds, the effect of this is that the units in your account will be valued at a higher price.
- 4. Seek advice.** If you need help reviewing your fund choice, it starts with working out your risk profile. Using our risk profiler or seeking the advice of a Westpac Financial Adviser on 0800 942 822 will help you understand your attitude to risk and manage periods of volatility.

[Read the full article](#)



Accessing your online account.

You can access your online account anywhere at any time by logging in with your PIN. Create or reset your PIN online with your member number, a valid email address (that is registered in our system), and your date of birth. The site is enhanced for mobile devices making it easier to view your account and information about the Scheme while on the go and improved site functionality, navigation and security. You can check and update your personal details and make changes to your investment options. Visit the current website at Westpac New Zealand Staff Superannuation Scheme (westpacnzstaffsuper.co.nz)

[Access your account](#)

Trustee election.

A feature of the Westpac New Zealand Staff Superannuation Scheme is your ability as an active member to have a say in how it is managed. On Wednesday 9 February 2022, we called for nominations for two member-elected Trustee Directors. Thank you to everyone who participated in the process. Nominations closed on Wednesday 2 March 2022 and we received 3 nominations, an election is now / will be underway shortly.



What is financial capability?

Financial capability deals with managing your finances to achieve your goals. Its feeling confident to make wise judgements about how we use and manage our money in ways that will enable us to reach our goals, benefit us now and in the future and ultimately enter retirement in a comfortable financial situation. The Retirement Commission (Te Ara Ahunga Ora) have published an article, which focuses on what influences our decisions and the importance of financial capability.

[Read the full article](#)

New Year, new financial goals?

As we enter the New Year, setting financial goals can help us focus our lives and our money. Financial goals can be both short and long term the main aim is that your goals are achievable. Sorted.org.nz recently published an article titled "Setting financial goals – how to set money goals" which covers a few helpful points to assist with your financial goals.



[Read the full article](#)

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.

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.