

The Perfect Storm

What a six months it's been for KiwiSaver members.

So far, this year has proven to be an anomaly and a painful one for investors at that. Most investment markets, including housing, have had a prolonged fall in tandem for the first time in decades.

There's been nowhere to hide in this dramatic period as markets are trying to process central banks battling inflation at 40-year highs, interest rates rising at the fastest rate in history, huge currency fluctuations, and the various ongoing ramifications resulting from the Russia-Ukraine war.

However, the Reserve Bank of New Zealand and US Federal Reserve expect inflation to trend lower over coming months, which, along with signs of softer growth, should allow these entities to pause with their rate rises once their cash rates get to around 5%.

For a typical balanced portfolio (one with an approximately equal mix of bonds and equity), the outcome of this has been the worst returns in over 90 years.

The good news is that (other than the great depression of 1929), a typical balanced portfolio rarely sees more than two negative years in a row; and when it does bounce back, its usually in a sharp positive fashion.

Looking ahead, we have no reason to believe that markets will be any less volatile, as the ongoing challenges that markets have dealt with throughout 2022 currently show no signs of abating.

Asset Class	6 Month Return*	12 Month Return*
Lifestages High Growth Fund	-10.22%	-11.66%
Lifestages Auto 0 – 34	-10.22%	-11.66%
Lifestages Auto 35 – 44	-9.05%	-10.69%
Lifestages Auto 45 – 54	-7.87%	-9.74%
Lifestages Auto 55 – 64	-6.69%	-8.80%
Lifestages Auto 65+	-5.80%	-8.10%
Lifestages Income Fund	-4.33%	-6.98%

*for the period ending 30/09/2022. All figures are after deductions for fees and tax (at 0% PIR)



The Opportunity at Hand

Market movements always go both ways, and over time, history tells us that markets go up more than they go down. The most well-known anxious periods over the last 30 years include the Asian Financial Crisis, the Tech Wreck, the Global Financial Crisis, and the Covid-19 Pandemic.

Despite the decline in the markets during these events, each time markets have recovered and reached new highs.

The opportunity that now presents itself is that by continuing to contribute to your KiwiSaver account regularly and maintaining your risk profile during market downturns, you are buying assets aligned with your risk tolerance at cheaper prices.

This means you may be able to get ahead on your progress towards your investment goals and reap the long-term benefits when markets do recover.

Am I Still Going to Reach my Goals?

Your goals may be looking more out of reach and its normal to feel a bit deflated. You may even have considered reducing your contribution rate (if you have been putting in more than the minimum 3%) or reducing your risk profile.

However, altering your savings plan now can have a big impact on your long-term savings.

Try out the Lifestages [KiwiSaver Calculator](#) at www.lifestages.co.nz with your own information to see how big these impacts can be at retirement. Take a look at what happens if you alter your risk profile or if you alter your contribution rate. It could mean the difference of thousands of dollars over the long-term.

Our simplest message to you is: stay the course, things will improve.

What's new at Lifestages?

Auto Option changes

We also want to signal that the age bands in our Lifestages Auto Option will be changing, effective on or about 1 December 2022. Any contributions made after 1 December 2022 will be applied in accordance with the new age bands. If you're currently a member of our Lifestages Auto Option, we will adjust your existing accumulated balance(s) on or around 8 December 2022, unless you switch out of the Auto Option (see below).

This means that the underlying mix of growth and income assets will change for most members who invest in our Lifestages Auto Option. We have made these changes to maximise the period you are invested in assets with higher potential for capital growth (ie more shares) which will help Lifestages Auto members get more from their KiwiSaver. However, this means that it also increases the risk profile of investments, as growth assets are more susceptible to market fluctuations.

In summary, the changes are:

Before 1 Dec 2022

Age Band	0-34	35-44	45-54	55-64	65+
Growth/Income Split	100/0	80/20	60/40	40/60	25/75

After 1 Dec 2022

Age Band	0-49	50-54	55-59	60-64	65+
Growth/Income Split	100/0	80/20	60/40	40/60	30/70

As set out in the Product Disclosure Statement, we can change the age ranges and the Fund exposures for the Lifestages Auto options at any time.

If you would like further information or have any questions, please get in touch with our team via email at contact@lifestages.co.nz or via the SBS Bank contact centre by phoning 0800 727 2265. If you need to speak to an adviser about your personal circumstances, just let us know and one of our dedicated financial advisers will be in touch.

If you would rather select your own risk profile instead of using the Auto Option, you can switch by [completing this form](#) at www.lifestages.co.nz. Make sure you understand your ideal risk profile and the impacts of changing your risk profile by using our [Lifestages Risk Profile Tool](#) and [Lifestages KiwiSaver Calculator](#) on the Lifestages website.

You can find a Q&A about the changes online [here](#).

No more Monthly Administration Fees

We are pleased to announce that we are removing the \$2 per month member fee from 1 December 2022. If you have any questions about the removal of this fee, please get in touch with us.

Until next time,

From the team
at Lifestages



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