



Firesuper Supernews

December 2018 No. 118

Welcome to the December edition of the New Zealand Fire Service Superannuation Scheme's newsletter, *Supernews*.

This edition includes the latest investment market performance, scheme earnings rates, things to consider during periods of market volatility, 10 lessons to learn 10 years after the Global Financial Crisis, notice of security improvements to the website, and holiday hours for the Helpline team.

As this is the final newsletter of the year, on behalf of the Directors of the Scheme's Trustee, please accept our best wishes for Christmas and the New Year. Please take the opportunity to enjoy this time with your friends and family.



If there are any topics you would like covered in future editions, or if you have any questions about anything featured in this newsletter, please call the Scheme helpline on **0800 MY SUPER (0800 69 78737)**.

IMPROVING WEBSITE SECURITY

We'll soon be adding a new security access step to the Scheme website, known as Multifactor Authentication (MFA). MFA combines your existing username and password with an additional security factor, usually a temporary numeric code, to confirm your identity and keep your Scheme information secure.

It has been widely adopted by banking and social media websites and apps, as it offers an additional level of identity verification and protection to your online account.

MFA is due to be released in the New Year. Once this feature has been enabled, upon logging on to your FireSuper account, you will be asked to enter a phone number or email address so you can receive a short verification code. You should then enter this code into the displayed field to confirm your identity and access your personal account.

Quick steps

MFA is scheduled to be released soon. You won't need to do anything until the next time you log onto your account via www.firesuper.superfacts.co.nz. You'll be asked to add an extra level of protection to confirm your identity to access your personal account.

1. Log in to www.firesuper.superfacts.co.nz.
2. Enter your username and password. You'll be directed to the MFA registration page.
3. You'll be asked to confirm the contact details we have on file or update/create new contact details, to receive the temporary verification code. You can request the code is sent to you by email, text message or phone.
4. Enter the temporary code you receive to complete the authentication process and access your personal account. The temporary verification code is case sensitive and it can take a few minutes before you receive the code.
5. If you've forgotten your PIN and your email address is already registered, then you can reset your PIN online at any time.

If you have any questions about this process, please call the Scheme's helpline on **0800 MY SUPER (0800 69 78737)**.

STRONG PASSWORDS ARE STILL IMPORTANT

Although the introduction of MFA will provide an additional layer of security, choosing a strong password and keeping it safe is still very important. Instead of a password, you may want to consider using a 'passphrase'. A passphrase could be, for example, a line from a favourite song or phrase from a favourite book, something that is meaningful to you but difficult for anyone else to crack.

INVESTMENT MARKET PERFORMANCE

Market update for September and October.

While September delivered strong returns for the month, increased market volatility was experienced in October causing returns to drop, albeit still positive, across all four fund investment options.

In October, global share markets gave up most of the gains they had recorded since the beginning of the calendar year. The declines looked like an investor rethink about whether share price levels were justified or simply built on hype or unrealistic expectations. Investors may be realising that perhaps there's more to be concerned about, especially regarding the economic outlook.

The October decline was caused by weaker-than-expected European economic data and heightened geopolitical uncertainty, most notably ongoing US-China trade tensions. Global shares were also hampered by softer Chinese economic data and the prospect of higher interest rates as central banks, like the US Federal Reserve, continued to move away from their post-global financial crisis emergency policies. Share markets were further impacted by news the International Monetary Fund had downgraded its global growth forecast for this year, fears over emerging markets contagion and nervousness ahead of the US mid-term elections.

New Zealand share markets got caught up in the broader global sell off. At the stock level, Synlait Milk and Kathmandu posted the biggest declines in October, while Restaurant Brands and Sky Television were amongst the best performers for the month. In corporate news, Fletcher Building pulled its \$315 million offer for Steel & Tube Holdings after losing patience with the target company's go-slow tactics.

Global fixed interest investments didn't suffer as much as shares in October. In the US, increasingly higher interest rates and weaker energy prices led to the widening of high-yield spreads, which had a negative impact on returns. New Zealand fixed interest provided positive returns during the month and were resilient to the global sell-off.

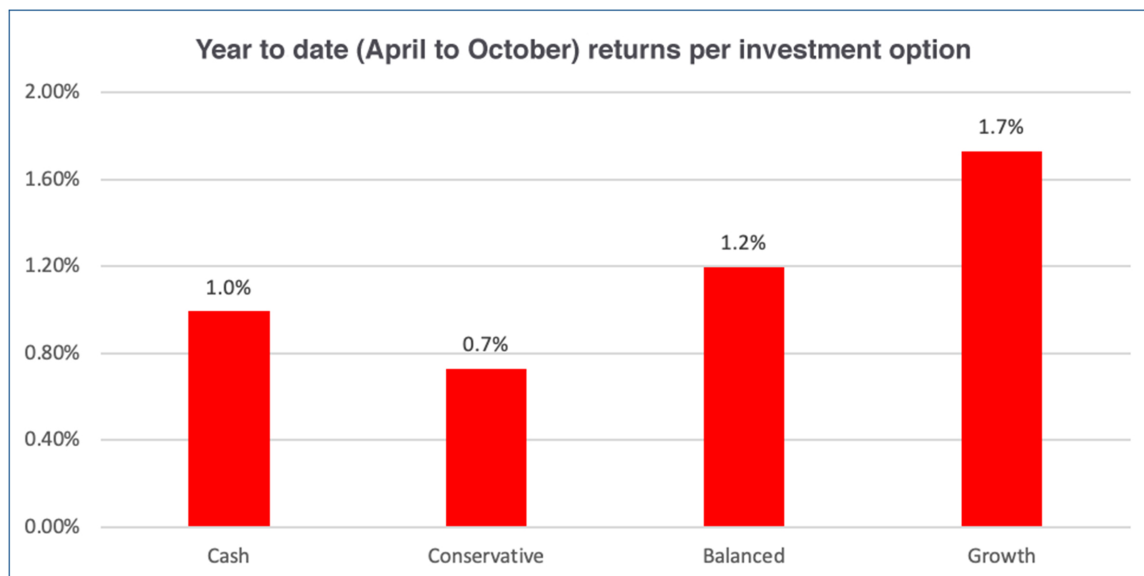
Apart from the Cash option, all the Scheme's investment options have been impacted by the share market downturn. Being slightly overweight to growth assets had boosted returns for the diversified options as share markets rose. Unfortunately, this also means the sell-off in markets weighed down their October returns.

Source: Russell Investments

SCHEME EARNINGS RATES

The chart below shows the earnings rate for each investment option for the scheme year-to-date (April to October 2018). Returns have been affected by the recent poor performance of global and New Zealand shares, in particular. Share market falls are to be expected from time to time and it is important to keep focused on your long-term goal. Over the long term, all of the Scheme's investment options are meeting their investment expectations.

Cumulative year-to-date returns from 1 April 2018, displayed by investment option per month, are available on the Scheme website, www.firesuper.superfacts.com (click on the "Your Returns" tile on the Home Page).



Returns are after tax and all administration and investment expenses. They are also indicative only and actual full-year returns may differ from those shown as timing and amounts of your contributions may impact on your actual returns. Past performance should not be relied on as an indicator of future returns.

MY BALANCE IS GOING DOWN, SHOULD I BE CONCERNED?

Market performance has been positive over the last decade, with the US share market achieving the longest bull market in history. However, recent volatility (markets going up and down) has resulted in a bit of a correction and will have tested the resolve of many investors. What does this mean for you?

It's important to understand your investments and the levels of risk involved. Although saving for retirement is usually a long-term goal, it shouldn't be a set-and-forget process. News reports on changes in market performance can prompt concerned investors to check savings balances and change funds without considering long-term trends.

There are some ways you can be confident your investments are working the way you want. If your circumstances have changed, for example you're looking to buy your first home, or are nearing retirement, then you should take a moment to review your investments.

Read more on the top 5 ways to keep your savings on track.

10 YEARS AFTER THE GLOBAL FINANCIAL CRISIS - 10 LESSONS TO LEARN

September marked the 10th anniversary of the collapse of Lehman Brothers, the fourth largest investment bank in the US, and its impact on the world's investment markets. Ten years on, now is a good opportunity to look back and ask ourselves what, if anything, have we learned from living through those exceptional times. While new lessons to be learned may be few, there are some valuable older lessons to be reinforced.

Read the 10 lessons.

HOLIDAY SEASON HOURS

The Scheme's Helpline will be available over the Christmas holiday period, although it will be closed on the following public holidays: 25th and 26th December, and 1st and 2nd January 2019.

To find out more about anything mentioned in this newsletter please either call us on **0800 MY SUPER (0800 69 78737)**, email nzfire.super@mercero.com, or visit the Scheme website by [clicking here](#).



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