



Fund Watch

OCTOBER 2020

Welcome

It was another relatively prosperous quarter for investors with most global indices recording solid gains, continuing their rally off the March lows. In this issue we look at how the SIL Mutual Scheme's funds have performed during this time and some of the key factors behind it.

How has each SIL fund performed?

Performance as at 30 September 2020	3 months (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	10 years (% p.a.)
SIL Balanced Plus Fund	4.33	4.16	7.34	7.91	8.93
SIL New Zealand Fixed Interest Fund	2.67	5.65	6.27	4.89	5.00
SIL International Share Fund	6.96	6.61	11.58	10.57	11.29
SIL New Zealand Share Fund	1.20	10.38	14.20	15.74	14.35
SIL Cash Plus Fund	0.13	1.07	1.79	1.92	2.27

Performance is after fees and before tax.

International equity markets – for the most part – continued their strong recovery in the third quarter, as optimism that the worst of the pandemic – at least from an economic standpoint – had passed. In the US, some indices hit all-time highs, however, gains for the quarter eased in the final weeks as a pick-up in volatility saw some stock markets retreat.

Against the backdrop of a strong recovery in global markets, the SIL International Share Fund gained 6.96% over the quarter.

New Zealand markets finished the third quarter higher as well, with the NZX 50 gaining 2.6%. However, the index underperformed a number of global markets as the country was put back into restrictive measures after new cases of community-transmitted COVID-19. Despite the broad underperformance, the SIL New Zealand Share Fund was still able to return 1.2% over the quarter.

Meanwhile, it was a good quarter for local bond investors and interest rates fell sharply – a scenario that generally supports bond prices.

The fall in interest rates came after the Reserve Bank of New Zealand, at its August meeting, increased its bond-buying programme to \$100 billion and added that a negative OCR is a policy tool it could implement.

The strong performance in local bond markets saw the SIL New Zealand Fixed Interest Fund gain 2.67%, over the quarter.

What happened in Q3?

Here are some key themes from the third quarter of 2020.

COVID-19 situation still mixed: The number of COVID-19 cases, especially in the US, began to fall as social distancing measures improved and a better understanding of the virus developed. In the US, cases fell from around 75,000 a day in early July to around 40,000 a day at the end of September.

However, towards the end of the quarter, Europe began to experience a second wave, which saw cases in some countries reach their daily records. Also, there were concerns for developing nations, with cases in India and Brazil continuing to rise.

Economic data mixed: The third quarter saw a flurry of growth data confirming that several major economies – including the US, the UK, Germany, France and Spain – fell into recession, defined as two consecutive quarters of negative growth.

Domestically, New Zealand also fell into recession, with economic data showing the New Zealand economy contracted by 12.2% in the second quarter, this after a 1.6% decline in the first quarter. The strict lockdown measures saw particularly bad results for the retail and tourism sectors.

SIL Mutual Fund Personal Lump Sum Scheme Annual Report 2020

The SIL annual report for the year ended 30 June 2020 is now available online at: silfunds.co.nz

Click 'SIL Mutual Scheme' and choose 'Annual Report'

The annual report includes fund performance, details of the scheme and any changes that took place during the year. If you'd like a copy sent to you, free of charge, please email us at service@anzinvestments.co.nz or call us on 0800 736 034.



Here to help

For financial advice, speak to your financial adviser. ANZ Investments can put you in touch with an adviser in your area if you need one. You can contact ANZ Investments on:

 **0800 736 034**  **service@anzinvestments.co.nz**  **silfunds.co.nz**

Past performance does not indicate future performance, and performance is not guaranteed and can be negative as well as positive. Investments in any of the funds referred to in this document are subject to investment risk, including possible delays in repayment and loss of income invested. This material is for information purposes only. Its content is intended to be of a general nature, does not take into account your financial situation or goals, and is not a personalised financial adviser service under the Financial Advisers Act 2008. It is recommended you seek advice from a financial adviser, which takes into account your individual circumstances before you acquire or dispose of a financial product.

Investment and administration manager: ANZ New Zealand Investments Limited 10/2020