



# Fund Watch

JULY 2021

## Welcome

It was a particularly strong quarter for international equity and property markets, which have benefitted from an easing in COVID-19 lockdown restrictions in many countries, while international bond markets delivered more mixed performances. In this issue we look at how the SIL Mutual Scheme's funds have performed, and why.

## How has each SIL fund performed?

Performance as at 30 June 2021	3 months (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	10 years (% p.a.)
SIL Balanced Plus Fund	4.83%	20.19%	10.00%	9.82%	9.68%
SIL New Zealand Fixed Interest Fund	-0.03%	-2.01%	3.64%	2.94%	4.07%
SIL International Share Fund	7.38%	29.28%	14.43%	16.00%	12.98%
SIL New Zealand Share Fund	0.41%	8.60%	12.37%	12.70%	13.99%
SIL Cash Plus Fund	0.07%	0.37%	1.33%	1.65%	2.07%

Performance is after annual fund charges and before tax.

Global equity markets moved higher in the second quarter of 2021, continuing their recovery from the 2020 lows. The strong showing was helped in part by a good first-quarter earnings season and some easing of inflationary concerns. This saw some US markets trade to all-time highs as bond yields fell and growth/technology companies resumed their outperformance (these companies tend to do well when bond yields fall). The ongoing rally in global equities saw the SIL International Share Fund gain **7.38%** over the quarter.

New Zealand equities didn't fare as well with the NZX 50 underperforming most global markets. However, the index did finish the quarter with a small gain, rising 0.7%. The underperformance was most prevalent among defensive stocks, while growth stocks outperformed.

Nevertheless, the SIL New Zealand Share Fund was able to deliver a positive return gaining **0.41%** over the quarter.

It was a mixed quarter for domestic bond holders as better-than-expected economic data, most notably a strong GDP report, saw expectations of an interest rate hike brought forward, weighing on bond prices. However, bond prices recovered early losses to end the quarter higher.

This volatile quarter for bond markets saw the SIL New Zealand Fixed Interest Fund return **-0.03%**, over the quarter.

All fund performance metrics listed are calculated after fund charges and before tax.

## What happened in Q2?

Here are some key themes from the second quarter of 2021:

**Inflation data at the forefront of financial markets:** The quarter was dominated by some faster-than-expected inflation data, which saw price rises in the US hit multi-year highs. Driven largely by industries that were suppressed during 2020 – including hotels, cars and airfares – year-on-year CPI in the US hit its highest level in more than a decade. Furthermore, the core PCE price index, which is the Federal Reserve's preferred measure of inflation, rose to 3.4% year-on-year, the highest level since the early 1990s. Despite the pickup in inflation, most equity markets ended the quarter higher.

**COVID-19 cases ease in Europe and the US, but surge in developing nations:** The COVID-19 situation improved markedly during the quarter in Europe and the US as swift vaccine rollouts saw cases decline. By the end of the quarter, the US and many European countries had vaccinated more than half their populations.

However, the situation in developing nations worsened as the spread of the Delta variant – a more transmissible variant of COVID-19 – saw a surge in cases in several countries.

## Making the most of the SIL Mutual Scheme

If the COVID-19 pandemic has shown us anything, it's that things can change - and sometimes you need to change along with them. That's why it's a good idea to regularly review your SIL Mutual Scheme investment, to make sure you're getting the most from it.

As with any investment, the key is being clear about why you're investing. Whatever your goals – for example to save for the retirement you want or to keep your money working hard after you reach retirement age - are you still on track to achieve them? If not, you may want to consider making additional contributions if you're able to.

Setting up or increasing regular contributions or making lump sum contributions can be a good way to boost your retirement nest egg - and make the most of market gains. Here's how:

### Regular contributions

You can make fortnightly, monthly, quarterly or annual contributions by setting up a direct debit. Simply download a [direct debit form \(PDF\)](#) and send it to ANZ Investments.

If you already have a direct debit set up, you can increase the amount, or change the frequency, by calling ANZ Investments on 0800 736 034.

### Lump sum contributions

- If you bank with ANZ, simply log into ANZ Internet Banking or goMoney and transfer funds from any of your ANZ transactional accounts directly to your SIL Mutual Scheme account.
- If you don't bank with ANZ, you can make lump sum contributions via your Internet Banking. Simply make your payment to:  
Superannuation Investments Limited  
01-0102-0211888-00

If you make a lump sum payment, remember to include your surname, date of birth (DDMMYYYY format) and either your IRD number or investor number as the references. If you don't provide the correct details, ANZ Investments won't be able to credit your account. If you are invested in more than one fund, we will use the same percentage amount per fund that you chose for your most recent payment.

## 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](mailto:service@anzinvestments.co.nz)    [silfunds.co.nz](http://silfunds.co.nz)

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