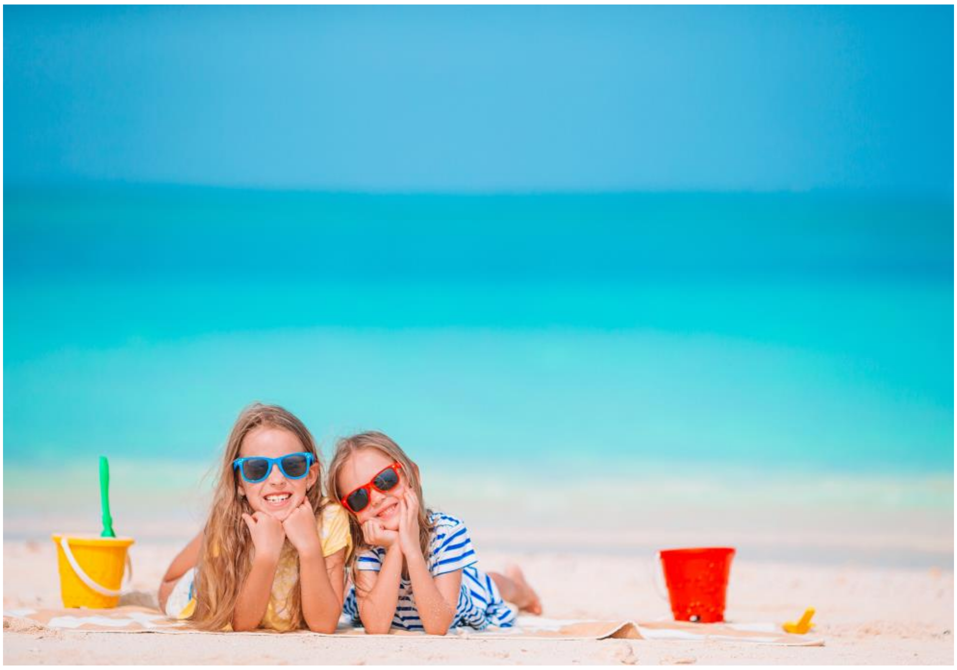
Bradley Nuttall Nelson Summer Update

Oct- Dec 2021



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Investment Market Review

The quarter started on a positive note for most share markets which, aside from a November lull, mostly ended the year strongly. It was a slightly different story in bond markets, with a weak start extending to early November, and generally a small recovery thereafter.

Developed share markets benefited from signs of economic resilience and good corporate earnings, leading to international developed market shares generating the best returns over the quarter. Economic growth continues to look relatively robust in spite of ongoing concerns about supply bottlenecks, rising inflation, potential central bank policy changes and the emergence of the Omicron variant of

Covid-19. By comparison, the New Zealand share market wasn't as rewarding to investors, with consumer and business confidence both waning. Overall, key interest rates were relatively unchanged internationally, although not without some intra-quarter volatility, as inflation fears and uncertainties about Omicron both impacted sentiment at times.

Recapping 2021

Following a quite extraordinary year in 2020, which saw the unwelcome arrival of Covid 19, 2021, was a year of transition mixed with hope for return to normality. It was also a year that showed yet again, the difficulty of making investment decisions based on predictions of where markets will go.

Coming out of a volatile 2020, investors sought signals as to which way the global economy was headed. The distribution of vaccines and the easing lockdowns helped foster an economic rebound, but the emergence of the new Covid variant was a reminder that we weren't in a post Covid world just yet.

Despite these challenges, global gross domestic product grew strongly, completing the transition from recovery to expansion and eventually surpassing its pre-pandemic peak.

Supply chain update

It's too early to be definitive, but the significant supply chain disruptions in 2021, largely linked to Covid 19 related production constraints and transportation bottlenecks, may already have peaked. Although, if true, it may still take some time for this to eventually filter through to the prices we pay for many goods and services. Supply chain blockages historically adjust quite rapidly after periods of stress, as the market responds to higher demand and rebuilds inventory.

Whilst the Covid induced shutdown contributed to a global supply chain fracture of a magnitude rarely seen outside a major global war, the recent indices from global shipping, indicate that the seeds of a recovery may be underway.

The chart beside shows recent declines in both the Baltic Dry Index (dry bulk freight costs) and in the HARPEX Shipping Index (weekly container shipping rates).

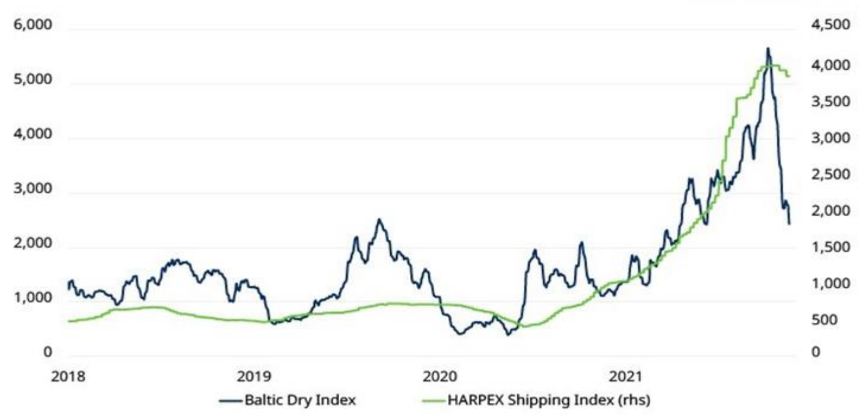
This is a positive sign that supply chain disruptions could be slowly abating, and freight related pricing pressures hopefully might begin to ease.

Energy prices

The global economic recovery is boosting demand for oil and gas at a time when supply growth is static. While governments have been encouraging energy companies to spend more money on renewable energy sources, this often comes at the expense of spending more money on traditional energy exploration and production. While renewables may be the long-term future, for the intermediate future it's still oil and gas that powers much of the world.

This relative underinvestment on traditional energy sources means existing supplies are not only tight, but in many cases set to shrink further, particularly if reduced emission targets are to be met. Until such time as a significant transition to renewable energy sources can be achieved, traditional energy prices are likely to stay elevated.

Global shipping indices signal easing supply pressures



Source: Refinitiv Datastream. Data as at 17 November 2021. 603207

Rising political tensions

As the year drew to a close, there was considerable speculation that Russia could be planning an invasion of the Ukraine early in 2022, as tens of thousands of Russian troops were observed near the Ukraine border.

The annexation of Crimea from the Ukraine in March 2014 marked a recent turning point in relations and the beginning of what some now refer to as an "undeclared war" between the two countries.

On the diplomatic stage, US Deputy Secretary of State, Wendy Sherman began negotiations on 10 January with her Russian counterpart, Sergei Ryabkov, over Russia's military build-up and on Moscow's security demands from Western countries.

Disappointingly, and not at all surprisingly, even before the meeting began, both sides had publicly dismissed expectations of a breakthrough.

NZ residential property

A report from independent real estate consultancy firm, Knight Frank, highlighted New Zealand's residential real estate prices lead the world over the last five years (up 60%), until slipping to 3rd place on the index this year.

Interestingly, that over the past 5 years the NZX 50 increased by 68%, ASX 200 56% and MSCI World ex Australia Gross Dividend 115%.

Contributing factors behind this strong performance included:

- New Zealanders bias to investing in property.
- A strong net migration inflow up to March 2021.

- Relative scarcity of housing stock currently available.
- Recent availability of extremely low mortgage interest rates.
- Housing and the historical favourable tax treatment of, has been an appealing investment option for many Kiwis.

However, now with interest rates in New Zealand on the rise and pipeline building consents much higher, there are reasons to think the pace of the recent price rises will ease in 2022.

Net migration figures have reduced markedly with the closing of international borders. In the year to March 2021, the New Zealand population increased by 91,680 while in the following 12 months the figure slumped to just 3229.

It is unclear what immigration trends we should expect when New Zealand's borders do finally reopen.

While a return to pre-Covid migration rates is unlikely, some commentators are speculating that New Zealand could even see a net population outflow as displaced or disgruntled workers chase better employment opportunities offshore.

Conversely, New Zealand's low infection and mortality rates throughout the pandemic have not gone unnoticed on the world stage, so it's equally possible that our net migration rates could be boosted by a surge in "safe haven" demand. Time will tell.

China lowers lending ratio

In December, in a move designed to support their ailing real estate market along with the broader Chinese economy, the People's Bank of China reduced the level of capital required to be held by domestic banks by 0.5 percentage points.

This followed a similar cut in July and came as several of the largest property developers in China began defaulting on their debt. By requiring Chinese banks to hold a lower proportion of deposits on reserve, this effectively encourages local banks to lend more money to businesses and consumers.

This is being interpreted as a sign of concern from the Chinese authorities about the current weakness in the Chinese property market, which accounts for about a quarter of China's economic activity.

It also marks an interesting contrast in approach to Western central banks such as the Bank of England and the US Federal Reserve, which are both looking to tighten, not relax their monetary conditions.

What does the future hold?

A Bubble About to Burst or a Bull Market with Further to Run?

We could offer you an educated guess, however if we did you should be sceptical.

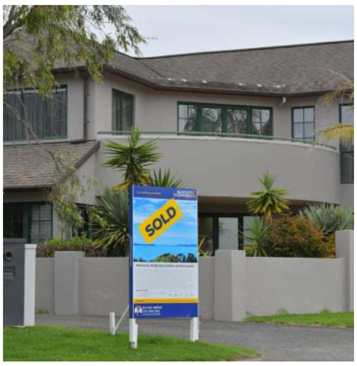
In spite of interpreting some of the information currently available in the market in an effort to provide a broader context, there is sadly no reliable link between this information and future market performance, especially in the short term.

In truth, all investors, including all professional investors, suffer from the same problem. You just don't know and can't know with certainty, what the future holds.

The events and uncertainties of the last two years clearly support this view.

As we enter 2022, we continue to hold fast to our core investment methodologies, employing evidence-based research that finds, small companies over the longer term will outperform larger companies and that value companies, those with a higher asset backing per share, will outperform growth companies.

Shares over a longer time horizon will always have greater performance potential than bonds / fixed interest.



Key Market movements For the Quarter

Generally, another positive quarter for equities however bond funds were less favourable due to mounting concerns regarding inflation, aggressive central bank policy shifts and the emergence of the Omicron Covid-19 variant.

-1.8%	**New Zealand Shares** New Zealand was one of the poorer performing global developed share markets over the quarter with the S&P/NXZ 50 Index returning -1.8%, dragged down by a general underperformance from larger capitalisation companies. This concluded a relatively subdued calendar year for the New Zealand market, with the index easing by -0.4%, one of the worst developed markets for the year after delivering favourable returns in recent years. Winners and losers were quite evenly split amongst the top 50 companies for the quarter, although there was, as always, a wide dispersion of individual returns. An earnings upgrade saw Steel and Tube's share price jump +50.5% over the quarter. Similarly, Sky Network Television announced significant permanent cost savings and revenue growth, which saw their share price leap in early December +37.8%. Meanwhile, even though Ryman Healthcare produced a solid enough profit result for the first half of the year in trying conditions for the sector, it experienced a gradual decline in share price. Ryman ended the fourth quarter -18.3% lower, effectively giving up its gains from the previous quarter. Source: S&P/NZX 50 Index (gross with imputation credits)
-1.4%	**New Zealand Fixed Interest** At both their 6 October and 24 November meetings, the Reserve Bank of New Zealand (RBNZ) elected to increase the official cash rate by 0.25%, taking this benchmark rate from 0.25% to 0.75% over the quarter. Over the quarter, the New Zealand 10-year government bond yield, climbed from 2.02% at the beginning of October to a peak of 2.68% on 12 November, before easing back to close the year at 2.33%, a yield increase of 0.31% over the quarter. The New Zealand 2-year government bond yield followed a similar pattern opening the quarter at 1.03% and ending the year at 1.98%, a yield increase of 0.95%. As seen overseas, this flattening of the local yield curve and rising yield environment overall, generally meant negative short term returns for bonds of all durations. The S&P/NZX A-Grade Corporate Bond Index fell -1.4% for the quarter and -4.4% for the year, while the longer duration but higher quality S&P/NZX NZ Government Bond Index fell -1.8% for the quarter and -6.2% for the year. Source: S&P/NZX A Grade Corporate Bond Index
+1.8%	**New Zealand Property** This quarter saw a continuation of the positive returns from the previous quarter for the New Zealand Property Index of 1.8%. Goodman and Kiwi Property were the highest returning trust's recording 7.3% and 6.5% respectively while Stride Properties and Investore continued their less than positive performance with Stride recoding a significant share price reduction -12.3% and Investore -0.5%. For the calendar year Investore's return was -7.7% while Stride properties -5.3%, the lowest returning companies in this asset class. Mid way through the year Stride Properties announced plans to create its next 'managed product'. The company planned to demerge its office assets by way of an IPO launching a new entity Fabric. Simultaneously Fabric was to raise $250m-$290m of equity for the acquisition of the $218m Meridian Building in Carlton Gore Rd, Auckland (under construction. Little further information has come to hand subsequently. *Source: S&P/NZX All Real Estate Index.*

+3.6%

Australian Shares

The Australian share market (ASX 200 Total Return Index) returned +2.1% quarter in local currency (returns to unhedged New Zealand investors were increased by a modest appreciation in the Australian dollar over the quarter).

While all parts of the market contributed positively, it was the mid capitalisation companies (those ranked 51 to 100 in the index) which performed the strongest, gaining +5.8%.

The materials and utilities sectors both produced positive double-digit results, while energy companies, information technology and, to a lesser extent financials, all struggled.

Fortescue Metals rebounded from a horror third quarter by gaining +28.4% on the back of a more than 20% rally in iron ore prices from mid-November. Also aiding sentiment, was news that subsidiary Fortescue Future Industries (FFI) will become the largest supplier of green hydrogen to the United Kingdom after signing a multi-billion-pound deal.

A notable underperformer during the quarter was Magellan Financial Group which forecast a 6% decrease in its fiscal 2022 revenues, after a UK-based wealth manager ended a contract with the company. The mandate, Magellan's largest, accounted for an estimated 12% of its revenues, and news of its departure sent Magellan’s shares to their sharpest fall on record, closing the quarter down -40.0%.

The 2021 calendar year return was a robust +16.2% in New Zealand dollars. *Source: S&P/ASX 200 Index (Total Return).*

-0.5%

Emerging Markets

Emerging market shares generally underperformed developed markets. Turkey was the weakest index market amid extreme volatility in the currency. The Central Bank of Turkey lowered its overnight interest rates by 4.0% over the quarter, but this only fuelled already rampant domestic inflation which ended the year at an eye-watering 36.1%. Unsurprisingly, the Turkish Lira has been coming under significant pressure.

In other key emerging nations - Brazil underperformed as the central bank continued to hike interest rates in response to rising inflation; Russia lagged as geopolitical tensions with the West ratcheted up amid a build-up of Russian troops on the Ukraine border; and China finished in negative territory as concerns over slowing growth persisted.

In contrast, Egypt, Peru and UAE all posted double-digit gains in US Dollar terms, while Taiwan (aided by a strong performance from semiconductor manufacturers) Indonesia and Mexico all recorded solid gains and outperformed.

In unhedged New Zealand dollar terms, the MSCI Emerging Markets Index produced a quarterly return of -0.5%, culminating in a +2.7% return over the last 12 months.

+8.1% (hedged to NZD)

+8.7% (unhedged)

International Shares

International developed share markets generally enjoyed a strong final quarter of the year.

In the USA, the flagship S&P 500 Index (total returns in USD) shrugged off an indifferent month in November and delivered an impressive +11.0% for the quarter. By year end, investors were seemingly less concerned about the rising spread of Omicron, or the potential speed of the Federal Reserve asset tapering. Instead, investors were taking their cues from robust corporate earnings reports and a generally stable/positive economic outlook. The technology sector was one of the strongest performers over the quarter, with chipmakers especially strong. Real estate companies also performed well, as investors expect e-commerce growth to drive further demand for industrial warehousing.

European markets followed a similar pattern. While a number of countries introduced restrictions on sectors such as travel and hospitality to try and reduce the spread of the new variant, the equity markets drew support from early data indicating a lower risk of severe illness. Utilities and IT companies were amongst the top performers for the quarter along with a rebounding luxury goods sector.

The UK market also performed well with the MSCI UK Index gaining +5.2%. This was once again slightly below the average return for the region, with the MSCI Europe ex UK Index returning +7.0%. A number of defensive areas in the UK outperformed, including some of the large internationally diversified consumer staples groups. However, domestically focused areas such as UK consumer-facing retailers and housebuilders were volatile as speculation about changes in UK base interest rates picked up, and the share prices of travel and leisure companies were buffeted by the latest Omicron related restrictions.

Despite an increasingly positive outlook, Japan trailed all the major markets for the quarter, with the MSCI Japan Index declining by -0.9%. Japan's general election was held in October (where the ruling Liberal Democratic Party was returned with a solid majority) and there was some initial uncertainty over the new Covid variant. This may have temporarily obscured the improving economic news. In particular, the strength of the rebound in industrial production as automobile output began to recover from the temporary weakness caused by the global semiconductor shortage. While the Japanese share market regained some ground in December, it was too little too late to salvage a positive quarter.

In New Zealand dollar terms, the MSCI World ex-Australia Index delivered a quarterly return of +8.1% on a hedged basis and +8.7% unhedged. The rolling 12 month return for the New Zealand dollar hedged index was +24.3% while the unhedged index gained +28.3%.

-0.4%

International fixed interest

Bond markets were buffeted over the quarter by concerns of persistent elevated inflation, aggressive central bank policy shifts and the emergence of the Omicron Covid-19 variant.

Over the quarter, 10-year government yields were largely unchanged. Yields had been drifting downwards for most of the quarter before reversing in the final weeks of the year.

The US 10-year Treasury yield for the quarter, increased from 1.49% to 1.51%. However, it reached a high of 1.71% in October amid elevated inflation and expectations of policy tightening, then a low of 1.34% in early December amid fears over the Omicron Covid-19 variant. The US 2-year yield increased from 0.28% to 0.73% over the quarter.

The UK 10-year yield fell from 1.02% to 0.97%, dropping sharply in early November as the Bank of England (BoE) unexpectedly elected not to raise rates. The BoE did, however, raise rates in December. Germany's 10-year yield was little changed, from -0.19% to -0.18%, but this reflected a late surge with the yield having fallen below -0.40% in December.

The FTSE World Government Bond Index 1-5 Years (hedged to NZD) returned -0.4% for the quarter, while the broader Bloomberg Global Aggregate Bond Index (hedged to NZD) returned +0.2%. This meant a negative year for global bonds with returns of -0.7% and -1.2% respectively.
Source: FTSE World Government Bond Index 1-5 Years (hedged to NZD.)

+12.6%%

International Property

The real estate index has outperformed the broader US equity index in the second quarter through to the fourth quarter. After the rapid deployment of vaccines across the US early in 2021, fundamentals for many real estate sectors recovered faster than anticipated leading to many REITS revising their initial earnings projections throughout the year. Many sectors saw increase occupancy levels over the summer months with the momentum for some sectors containing right through to the year's end.

The hotel and health care markets are among the sectors most hurt by the shutdowns during the pandemic recording growth of 1.9% and 4.2% for the quarter. Industrial and self-storage sectors on the other hand enjoyed a strong quarter returning 30% and 29% respectively as measured by the Dow Jones Real Estate Indices. Demand for shipping and storage space continues to grow, which has also been the case in this country.

Source: S&P Developed REIT Index

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Asset Class Returns To 30 December 2021

Asset Class	Index Name	3 mths	1 year	3 years	5 years	10 years
New Zealand shares	S&P/NZX 50 Index, (gross with imputation credits)	-1.8%	-0.4%	+13.9%	+13.6%	+14.8%
New Zealand property	S&P /NZX All Real Estate Index (Gross)	+1.8%	+2.9%	+12.1%	+11.8%	+14.8%
Australian shares	S&P/ASX 200 Index (total return)	+3.2%	+16.2%	+14.1%	+10.3%	+8.5%
International shares	MSCI World ex Australia Index (net div., hedged to NZD)	+8.1%	+24.3%	+12.0%	+13.8%	+14.7%
	MSCI World ex Australia Index (net div.)	+8.7%	+28.3%	+20.6%	+14.4%	+14.7%
Emerging markets shares	MSCI Emerging Markets Index (gross div.)	-0.5%	+2.7%	+10.6%	+10.6%	+7.2%
International property	S&P Global REIT Index (Gross div.)	12.6%	32.5%	+14.9%	+9.1%	+10.2%
New Zealand fixed interest	S&P/NZX A-Grade Corporate Bond Index	-1.4%	-4.4%	+2.0%	+3.2%	+4.1%
International fixed interest	FTSE World Government Bond Index 1-5 Years (hedged to NZD)	-0.4%	-0.7%	+1.9%	+2.0%	+3.0%
New Zealand cash	New Zealand One-Month Bank Bill Yields Index	+0.2%	+0.4%	+0.8%	+1.2%	+2.0%

Unless otherwise specified, all returns are expressed in NZD. We assume Australian shares and emerging market shares are invested on an unhedged basis, and therefore returns from these asset classes are susceptible to movement in the value of the NZD. Index returns are before all costs and tax. Returns are annualised for time periods greater than one year.

Household Spend In Retirement

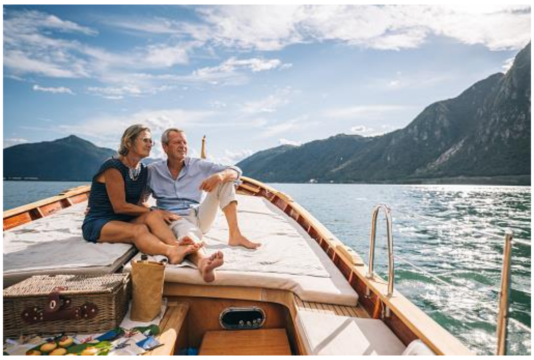
How does your household spend compare to national averages? Each year Massey Universities Fin- ED Centre undertakes a survey as to the household spend of retirees throughout the country. We thought the survey results would be of interest to clients and readers alike.

The survey categorises respondents into two groups. The first being No Frills, reflecting a basic standard of living with few, if any luxuries. The Choices group on the other hand represents a more comfortable standard of living, including a level of discretionary spend. The No Frill Guidelines represents the second quintile or second 5th of the group surveyed, being households in the 21st to 40th percentile. In layman terms, below average. While Choices represents the fourth quintile or forth 5th comprising of households in the 61st to 80th percentile for household outgoings, being above average.

The key findings in their November 2021 report are summarised in the table below. It is to be noted that the household expenditure assessments provide for capital items such as motor vehicle replacement, fixtures and furnishings.

	ONE- PERSON HOUSEHOLDS		TWO- PERSON HOUSEHOLDS	
WEEKLY NZ SUPER RATES After Tax	$436.94		$672.22	
Total Weekly Expenditure	**Metro**	**Provincal**	**Metro**	**Provincal**
No Frills Budget	$726	$604	$865	$746
Choices Budget	$1,029	$1,116	$1,470	$1,176

The survey results indicate that most retirees are needing to draw on their savings in retirement to supplement their New Superannuation payments to achieve a reasonable standard of living.



The report noted that inflationary changes had occurred between the 2020 to 2021 surveys with the effects of inflation for 4 out of 8 groups exceeding the CPI rate which was 3.30%. This reduced half the groups spending power necessitating further drawings on savings to maintain the same lifestyle.

The sample canvases some 5500 households of retirees that live in their own private homes. The Metro group comprises households in Auckland, Wellington and Christchurch, while Provincial covers the rest of the country.

For those reading the table details from which the above summary figures have been drawn, you may note that there appear to be possible inconsistences. These, in relation to the overall survey findings, are not of significance.

ONE- PERSON HOUSEHOLDS, EXPENDITURE PER WEEK

	No Frills Budget		Choices Budget	
	Metro	Provencal	Metro	Provencal
Food	$123.5	$107.0	$149.7	$124.0
Grocery	$87.0	$85.7	$100.2	$79.4
Restaurant & ready to eat	$36.5	$21.3	$49.5	$44.6
Alcohol and tobacco	$13.0	$12.6	$49.4	$17.6
Clothing and Footwear	$12.4			
Housing and housing services	$217.9	$148.8	$186.5	$187.6
Rental		$43.3		
Home ownership	$37.9	$24.5		
Property maintenance	$42.4	$22.0	$23.3	$5.9
Property rates and related services	$50.3	$35.7	$49.7	$64.2
Household energy	$27.2	$34.8	$31.8	$35.1
Other	$60.1	$24.5	$81.7	$82.4
House and Content Supplies	$41.3	$34.9	$47.6	$7.3
(Furnishing, Appliances,tools and garden)				
Health	$30.0	$33.2	$22.0	$64.0
Medical products, appliances and equipment	$6.1	$5.7	No info	$8.7
Out-patient services	$23.9	$27.5	$22.0	$55.3
Transport	$90.1	$69.0	$205.5	$404.8
(There seems to be anomolies in this data)				
Purchases of vehicles & other	$24.2	$15.7	$170.2	$325.5
Private transport supplies and services	$25.5	$28.6	$35.3	$47.9
Passenger transport services	$40.4	$25.1		$31.4
Communication (Telecommunication services)	$29.0	$16.6	$22.2	$31.7
Recreation and Culture	$68.0	$74.5	$143.7	$124.6
Recreational equipment and supplies	$14.5	$17.3	$39.1	$24.2
Recreational and cultural activities	$15.9	$16.6	$72.0	$17.3
Newspaper, books and stationary	$7.0	$10.2	$6.0	$8.9
Accommodation services	$30.6	$22.0		
Other		$8.4	$26.6	$74.2
Miscellaneous good and services	$99.2	$63.7	$149.7	$134.0
Personal Care	$17.3	$11.1	$37.2	$18.7
Insurance	$60.4	$43.1	$95.0	$74.1
Other	$21.5	$9.5	$17.5	$41.2
Other expenditure	$2.5	$8.9	$52.5	$21.6
Interest payments / donations / savings				
Total	$726.1	$604.9	$1,028.9	$1,116.2

TWO - PERSON HOUSEHOLDS, EXPENDITURE PER WEEK	No Frills Budget		Choices Budget	
	Metro	Provencal	Metro	Provencal
Food	**$149.9**	**$158.7**	**$289.7**	**$193.1**
Grocery	$119.2	$133.2	$202.8	$147.5
Restaurant & ready to eat	$30.7	$25.5	$87.0	$45.6
Alcohol and tobacco	**$15.8**	**$12.5**	**$34.6**	**$23.4**
Clothing and Footwear	**$15.1**	**$16.5**	**$41.1**	**$31.6**
Housing and housing services	**$176.9**	**$159.4**	**$293.8**	**$232.6**
Rental	$29.6	$17.0	$56.9	$20.3
Home ownership	$32.5	$23.7	$70.6	$83.1
Property maintenance	$18.4	$18.5	$42.7	$26.1
Property rates and related services	$48.0	$47.6	$57.0	$53.1
Household energy	$38.5	$46.9	$31.8	$45.6
Other	$9.9	$5.7	$34.8	$4.4
House and Content Supplies	**$65.5**	**$33.1**	**$62.4**	**$49.4**
(Furnishing, Appliances,tools and garden)				
Health	**$62.7**	**$35.4**	**$48.7**	**$32.8**
Medical products, appliances and equipment	$16.7	$9.7	$7.6	$4.8
Out-patient services	$46.0	$25.7	$41.1	$25.0
Transport	**$157.8**	**$93.8**	**$244.2**	**$209.8**
(There seems to be anomolies in this data)				
Purchases of vehicles & other	$55.4	$39.4	$106.2	$69.6
Private transport supplies and services	$61.4	$43.5	$60.8	$80.5
Passenger transport services	$41.0	$10.9	$77.2	$59.7
Communication (Telecommunication services	**$26.5**	**$28.0**	**$51.7**	**$28.6**
Recreation and Culture	**$93.3**	**$130.1**	**$177.1**	**$190.1**
Recreational equipment and supplies	$16.6	$26.4	$27.1	$22.7
Recreational and cultural activities	$37.2	$27.1	$40.3	$47.6
Newspaper, books and stationary	$8.9	$7.7	$21.0	$8.4
Accommodation services	$22.0	$2.8	$35.5	$30.9
Other	$8.6	$66.1	$53.2	$80.5
Miscellaneous good and services	**$87.8**	**$72.1**	**$171.7**	**$125.3**
Personal Care	$9.8	$11.3	$40.6	$26.1
Insurance	$70.2	$53.9	$99.9	$87.7
Other	$7.8	$6.9	$31.2	$11.5
Other expenditure	**$13.5**	**$7.3**	**$55.3**	**$49.4**
Interest payments / donations / savings				
Total	**$864.9**	**$747.0**	**$1,470.3**	**$1,176.1**

Massey's annual retiree household expenditure review provides a sound starting point for considering your household spend relative to the eight peer groups. All groups require saving to meet the shortfall between New Zealand Superannuation payments and household outgoings. Just how much one requires in savings depends on which group you fall within No Frills or Choices and whether you live in one of the three main centres or provincially.

For those who have yet to retire, the survey provides sound insight as to the level of savings required before one retires. To calculate these figures, we have used our statistical modelling tool and prudent return estimates based on historical portfolio returns. We have assumed a Moderate (40% growth: 60% defensive) asset allocation. It is to be noted that our pre-retirement lump sum estimates are likely to be somewhat less than our peers and attribute this to our investment methodology and cost considerations.

	ONE- PERSON HOUSEHOLDS		TWO- PERSON HOUSEHOLDS	
Estimated savings required to fund the differences between household expenditure and current NZ Super payments the various groups				
Lump Sum Requirements	**Metro**	**Provincal**	**Metro**	**Provincal**
No Frills Budget	**$280,000**	**$170,000**	**$190,000**	**$70,000**
Choices Budget	**$580,000**	**$650,000**	**$790,000**	**$500,000**

The latest Retirement Expenditure Guidelines report suggest the average couple will need an extra $790,000 in savings to top up their superannuation for a comfortable "choices" retirement in one of the main centres - or $500,000 to live in the provinces.

Couples who are happy with a lower-budget "no frills" lifestyle, should still put aside $190,000 if they want to retire in a metropolitan area, and $70,000 to retire in the provinces.

For those in their forties and fifties, this survey gives an indication as to the financial resources that they will need to accumulate to support their additional household spend over and above the New Zealand Superannuation.

The lump sum required to be accumulated before retiring can be reduced or altered in a number of ways. Firstly, delaying retirement and continuing to work parttime for a period. Managing one's lifestyle expectations and finances more prudently. Investing one's monies in funds that have a higher weighting to growth assets and investments that have higher expected return than the returns used in our modelling.

Work alongside a professional who provides financial planning advice, ensures funds are available during your lifetime and for the next generation should you wish.

Retirement isn't just one phase of life, but a succession of phases with different spending priorities and budgeting needs.

Underpinning these assumptions is that New Zealand Superannuation will continue to be paid on the same basis as is presently the case, for retirees over the next 25 years.

If we can be of assistance in your retirement planning or for your children's and friends, please contact us.

	ONE- PERSON HOUSEHOLDS		TWO- PERSON HOUSEHOLDS	
Annual withdrawals made from one's investments to bridge the shortfall between NZ Super payments and household spend				
Lump Sum Requirements	**Metro**	**Provincal**	**Metro**	**Provincal**
No Frills Budget	**$15,000**	**$8,800**	**$10,000**	**$3,900**
Choices Budget	**$30,780**	**$35,360**	**$41,600**	**$26,150**

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