

Market volatility and how it affects KiwiSaver investments



It's a fact that investment markets are volatile. This may have an impact on KiwiSaver and you may have noticed your balance going up and down. When this happens, it's natural to feel a little nervous. However, it is important to recognise that KiwiSaver savings won't always grow at a steady rate. Sometimes they'll surge ahead, sometimes they'll stay flat and at times they'll dip. The good news is that over the longer term markets typically recover.

Volatility in the value of your KiwiSaver account is caused by changing market conditions. This affects the performance of investments.

It's important to remember that KiwiSaver accounts are not bank accounts, they are investment accounts. And because of this they behave differently.

Things to remember in times of market volatility

- **Stay calm - it's about time, not timing** - KiwiSaver is a long term investment. Over time, the value of your KiwiSaver investment will go up and down, depending on market conditions and how much you are contributing. Generally it pays to select a strategy appropriate to your investment timeframe and stick to it, as reacting to short term volatility may mean missing out on any market recovery that might follow. However, if your circumstances have changed or if you are really not comfortable with the movement in your investments this might be a sign you're in the wrong fund. You can check which fund might suit you by using our [risk profiler](#) or by speaking with a Westpac Financial Adviser on **0508 972 254**.
- **Diversify** - You know the old saying about not keeping all your eggs in one basket? To grow your investments over the long-term, investing in a range of assets can help minimise risk and leave you better placed to achieve your investment goals. All of the funds available in the Westpac KiwiSaver Scheme (excluding the Cash Fund) are diversified by asset class, meaning that they invest in a range of different types of assets. The proportion of each asset class differs from fund to fund. For example, the Growth Fund has a significantly higher portion in shares than the Conservative Fund. So when share markets are volatile, the Growth Fund is likely to be impacted to a greater degree. However, growth assets typically produce higher returns in the longer term. Whilst funds with an allocation to shares are likely to be affected by a fall in the share market, this may be balanced out by the performance of other asset classes in the fund. For example, there may have been positive returns for fixed interest and cash assets over the same period.
- **Keep contributing** - Market downturns are not all bad. In a downturn, asset prices are lower even though the real underlying value of the asset may not have changed. This means that if you are continuing to make regular contributions to your KiwiSaver account, you will buy more good quality assets at a lower price than you would typically pay. When the market rebounds, the effect of this is that the units in your account will be valued at a higher price.
- **Seek advice** - If you need help reviewing your fund choice, it starts with working out your risk profile. Using our [risk profiler](#) or seeking the advice of a Westpac Financial Adviser on **0508 972 254** will help you understand your attitude to risk and manage periods of volatility..

It's expected that share markets will continue to experience periods of volatility. You can keep updated on what's happening in investment markets and the economy generally; [see our latest economic overview](#) and [investment update videos](#) published each quarter.

If you have any further questions however, we are always here to help – just call us on **0508 972 254** or email **kiwisaverhelp@westpac.co.nz**

The information and advice in this document is provided without taking into account your particular financial situation or goals. Because of this, you should, before acting on this information and advice, consider its appropriateness, having regard to your particular financial situation or goals. We recommend that you contact us or speak to your authorised financial adviser if you would like further information regarding the Westpac KiwiSaver Scheme.

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For a copy of the Product Disclosure Statement or more information about the Westpac KiwiSaver Scheme, ask to speak to a Westpac financial adviser in branch, call 0508 972 254 or visit westpac.co.nz. Disclosure statements for Westpac financial advisers are available on request and free of charge from any Westpac investment adviser.

This information is correct as at November 2018.