

ANNUAL REPORT

For the year ended 30 June 2021

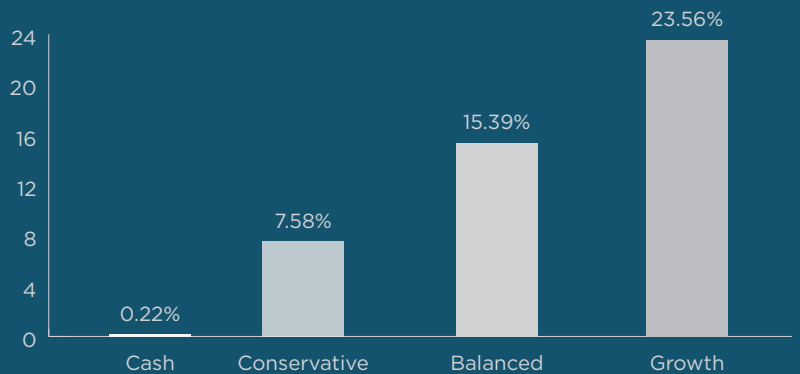






KEY HIGHLIGHTS

Investment fund returns (after tax and investment-related costs) for the year ended 30 June 2021.



Past performance is not a guide to future performance.

Returns (after tax and investment-related costs) for 1, 3, 5 and 10 year periods ended 30 June 2021

	Cash	Conservative	Balanced	Growth
1 year	0.2%	7.6%	15.4%	23.6%
3 years (p.a.)	0.9%	5.0%	7.9%	10.7%
5 years (p.a.)	1.2%	5.1%	8.3%	11.7%
10 years (p.a.)	1.7%	5.5%	8.0%	10.7%

Past returns are not necessarily a good indication of future returns. Returns will vary when measured over different periods

THE NUMBERS

712

active members

85

retirement account holders

64

new members

\$187.2

million in net assets

\$3.4

million in member and salary sacrifice contributions received

\$15.3

million in benefits paid

\$4.0

million in employer contributions received

\$0.6

million in expenses paid by NZAS

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THE GOAL IS
ZERO



BRONAGH HEGAN



Bronagh Hegan

MESSAGE FROM THE CHAIR

On behalf of the Directors of NZAS Retirement Fund Trustee Limited (Trustee), I am pleased to present the Fund's annual report for the year ended 30 June 2021.

The year in review

Financial markets made a significant rebound in the year ended 30 June 2021, following the losses experienced during the initial months of the global pandemic last year. While the returns for the year were record highs, it is important to remember that past performance does not guarantee or indicate future performance. Market volatility was a recurring theme throughout the year and the future outlook remains uncertain and depends almost entirely on the path of the pandemic.

A 'second wave' of confirmed COVID-19 cases occurred in various countries around the world during September 2020, and combined with the uncertainty of the US political election, global financial markets fell during the month by -2.9%. Market volatility continued in the October to December quarter largely caused by the uncertainty created by a resurgence of COVID-19 cases in Europe and the US, investors seeking less risky assets such as bonds, the positive news of a COVID-19 vaccine, and political tensions.

Fast forward to May 2021, investors enjoyed mostly positive returns impacted by faster than expected implementation of the vaccines against COVID-19, positive investor sentiment and growing business confidence. Many developed economies such as the US and Europe continued to reopen from COVID induced lockdowns, although, while global shares experienced positive returns off the back of this, the year ended 30 June 2021 remained unusually volatile overall. The full investment market commentary for the year is available on page 6.

New Fund website

We are delighted to announce the recent launch of our new Fund website at the new domain of www.nzasretirementfund.com. As mentioned in the August 2021 newsletter, the site is enhanced for mobile devices making it easier to view your account and information about the Fund while on the go, and has improved functionality, navigation and security.

Once logged in, you will notice the new account dashboard that shows your account balance, account summary, an option to download your annual confirmations, and recent account activity all in one place. Each section of the dashboard allows you to click through to find more details about each of the elements.

Q&A future of the Fund

Last year we sought questions from members about the future of the Fund and their retirement savings. Thank you to everyone who responded with comments, questions and feedback, we received a significant number of responses. When preparing the Q & A document we engaged with various providers and stakeholders.

We sent you a copy of the 'Q & A about the future of the NZAS Retirement Fund' on 20 July 2021, and if you missed it, a copy is available on your account dashboard at www.nzasretirementfund.com (log in to your account, and the document link is available in the footer).

This addresses your questions on what you can expect and how the Trustee Directors will engage with you. We encourage you to read this document to help you better understand how a wind-up process works and what would happen to your retirement savings.

Earlier this year Rio Tinto announced it had negotiated a new power contract that allows NZAS to continue operating the smelter until 31 December 2024. This means that while the smelter will eventually close, there is a time extension giving NZAS and the Trustee Directors some certainty and significantly more time to plan for the future. Meanwhile, it is business as usual for the next several years.

Thank you

We wish to thank Stewart Hamilton for his commitment and service to the Fund over recent years for his role as Trustee Director and Chair. Stewart's last day with the NZAS Retirement Fund was 31 July 2021, and Bruce Kerr will soon join the Board as the new Company-appointed Director. Bruce is an experienced Licensed Independent Trustee within the workplace savings industry. Thank you also to my fellow Trustee Directors who continue to diligently serve our members.

As always, if you have any questions about the Fund or your account, please call the Fund Helpline on 0508 266 787 (or +61 3 8306 0964 if calling from overseas) or visit www.nzasretirementfund.com.



Tim McGuinness

Tim McGuinness
Acting Chair
NZAS Retirement Fund
Trustee Limited



766

FLUX 6/8/17
NAME DAVE
8/11/50

18	22	6/2/16
11	18	21 6/2/16
18	22	6/2/16

INVESTMENT PERFORMANCE REVIEW

WHAT HAPPENED IN INVESTMENT MARKETS OVER THE 12 MONTHS ENDED 30 JUNE 2021?

The financial year ended 30 June 2021 delivered exceptionally strong returns to finish the year, supported by a rapidly recovering global economy and record amounts of monetary and fiscal stimulus. While the returns for the full year were record highs, it is important to remember that past performance does not guarantee or indicate future performance, and that the outlook continues to remain uncertain and much depends on the path of the pandemic.

Overall, markets started the year ended 30 June 2021 well, driven primarily by tech stocks beating earnings expectations as US payroll employment data came in above consensus estimates. FAANG (Facebook, Amazon, Apple, Netflix, and Google) stocks continued their price surge in July. However, concurrently, the pandemic continued to weigh on the UK and Europe during July (-4.5% and -1.5% in local currency, respectively), despite retail sales showing an optimistic rise as lockdowns eased.

The wage subsidy scheme and supportive monetary policies including low interest rates, helped support households and businesses during periods of lockdown. As restrictions eased, production of goods and services gradually increased. Although global share markets were positive in August, Australia officially entered into a technical recession on the basis they had two consecutive quarters of economic contraction for the first time since 1991.

Share markets failed to get back into positive territory for October, and this was due to the upcoming (at the time) US Election, a resurgence of COVID-19 cases in Europe and the US, and fears of international economic weakness. As the environment continued to favour less risky assets such as bonds, investors sold off shares to reduce risk further.

Markets saw strong returns across the board in November as the outlook for a successful COVID-19 vaccine boosted expectations that the worst of the pandemic, and associated financial hardships, could be over.

Despite political tension in the US and a new, highly contagious variant of COVID-19 spreading throughout the UK, global share markets continued to see inflows as investors gained comfort from the global vaccine rollout, closing the calendar year off positively.

Financial markets around the world were broadly positive to start 2021, however January closed the month negative. Despite civil turmoil at the Capitol in January, markets were supported by a smooth inauguration of Joe Biden as the 46th President of the United States, and the quick unveiling of a USD1.9 trillion stimulus package, aimed at combating the pandemic and the economic crisis it has triggered.

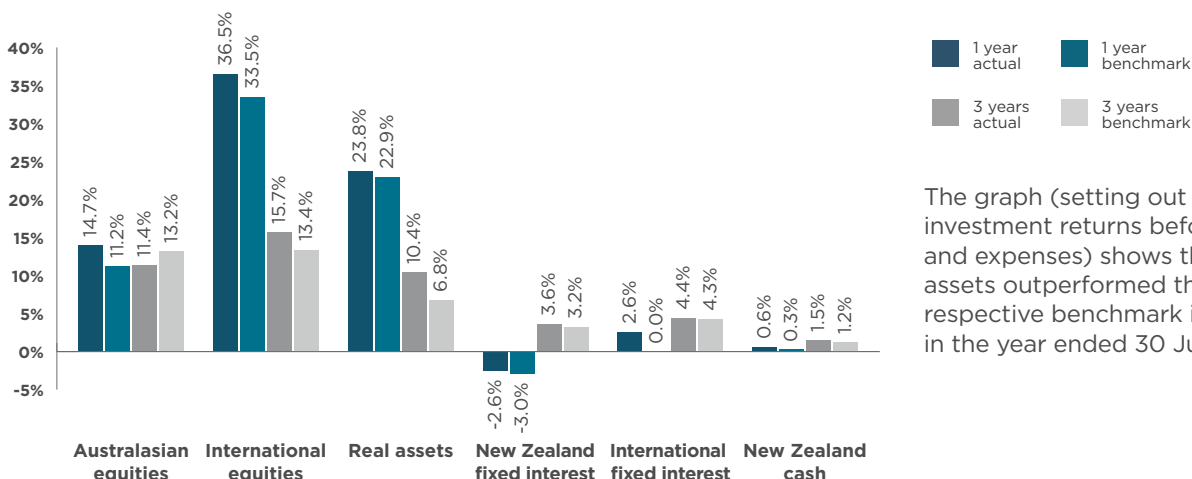
Global equities remained strong through March 2021 as investors drew confidence that the vaccine would provide a path away from the pandemic and its economic impact. Trans-Tasman shares were positive in April, albeit softer than March, as investors waited to see the impact the Trans-Tasman bubble would have on company earnings.

In May, investors enjoyed mostly positive returns impacted by faster than expected roll out of the vaccines against COVID-19, positive investor sentiment and growing business confidence. Throughout May, many developed economies such as the US and Europe continued to reopen from COVID induced lockdowns, leveraging off surprisingly efficient vaccine rollout programs. Global shares experienced positive returns off the back of this, as investor optimism surrounding an economic recovery continued to grow. However, hopes of a complete global reopening are still minimal, as highly infectious variants continue to plague developing nations and bewilder health professionals, meaning investors can still experience ups and downs in their returns.

This year has been especially volatile and unusual, and it is important to remember that past performance does not guarantee or indicate future performance, and that the outlook continues to remain uncertain and much depends on the path of the pandemic.

HOW HAS INVESTMENT MARKET PERFORMANCE AFFECTED THE FUND'S RETURNS?

Gross returns by asset class - actual v. benchmark over 1 & 3 years to 30 June 2021



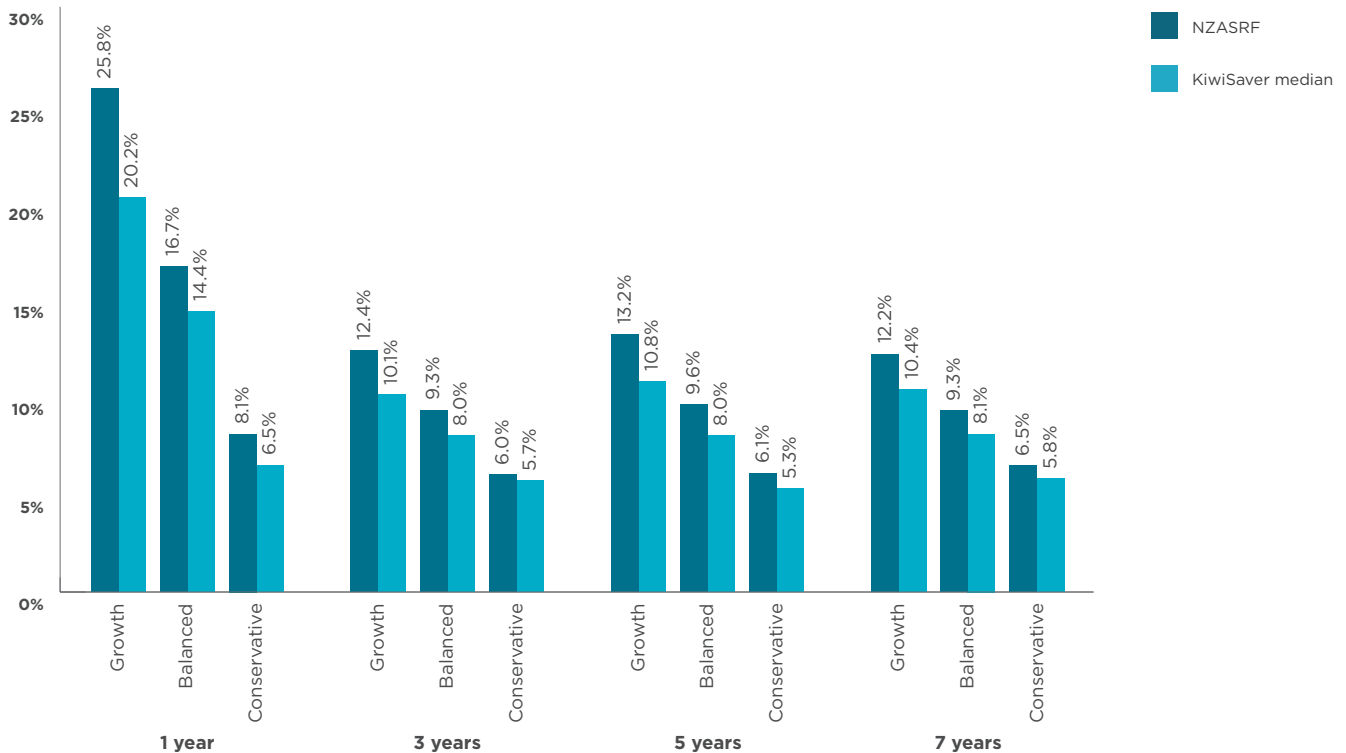
The graph (setting out gross investment returns before tax and expenses) shows that all assets outperformed their respective benchmark indices in the year ended 30 June 2021.

HOW DOES THE PERFORMANCE OF THE FUND'S INVESTMENT OPTIONS COMPARE WITH OTHER SCHEMES?

The graph below compares the return (before tax but after investment-related costs and expenses) for each investment option other than Cash against the KiwiSaver median¹ over the relevant periods ended 30 June 2021.

The graph shows that all the relevant investment options in the Fund outperformed the KiwiSaver median, or middle, return over the long term.

Investment fund returns (before tax & after fees²) v KiwiSaver median for 1, 3, 5 & 7 years



¹ 'KiwiSaver median' means the median KiwiSaver fund return (before tax but after fees), for each of the periods noted, in the relevant category (Growth, Balanced or Conservative) in the Mercer KiwiSaver Survey (prepared quarterly).

² The NZASRF returns shown in this graph are not crediting rates, as they are after deductions for investment-related costs and expenses but before tax. Crediting rates (shown elsewhere in this annual report) are determined by deducting both investment-related costs and expenses and tax.

Notes: Not all KiwiSaver funds are included in the Mercer KiwiSaver Survey, and the funds surveyed have varying asset allocations which differ from those of the NZAS Retirement Fund investment options (for example, the Balanced option has a strategic allocation to growth assets of 60%, whereas the 14 balanced funds in the KiwiSaver survey have growth asset allocations ranging from 40% to 60%). The average allocation to growth assets in the KiwiSaver balanced fund survey is 54%.

Past returns are not necessarily a good indication of future returns. Returns will vary when measured over different periods.



Alberto Costa

KEEPING BUSY AND ENJOYING RETIREMENT

Bill Uru retired this year after working at NZAS for 42 years.

My time at NZAS was great. Being there for 42 years, I was involved with many different projects including taking care of the graduate program where I mentored many top engineering graduates who travelled down from Auckland University and Canterbury University. Aside from the graduate program my role as an engineer allowed me to have a fulfilling career at NZAS. I have had many highlights in my time; a particular project that stands out was a project in the Middle East from 1989 to 1994. I was fortunate enough to go there for work, which opened my eyes to travelling. I loved managing people and helping them learn the ropes at NZAS.

Being a member of the NZAS Retirement Fund for 42 years I think it is important to start saving for your retirement as soon as you can. Prior to retiring, I kept an eye on the markets with the help of my son who works in the financial industry. I felt it was important I understood that my retirement funds were being invested wisely. I started saving for my retirement as soon as I started working, knowing early on how important it would be for my future.

After 42 years at NZAS I was quiet excited to be starting the next chapter of my life – retirement. Adjusting to retired life was a bit difficult at first as I was used to my usual routine of going into work and seeing my colleagues on a daily basis. I have adapted quick though and am embracing the freedom to do what I want at my own pace.

I am a creative person and love to express myself on canvas using water-based oil paint and sketching.

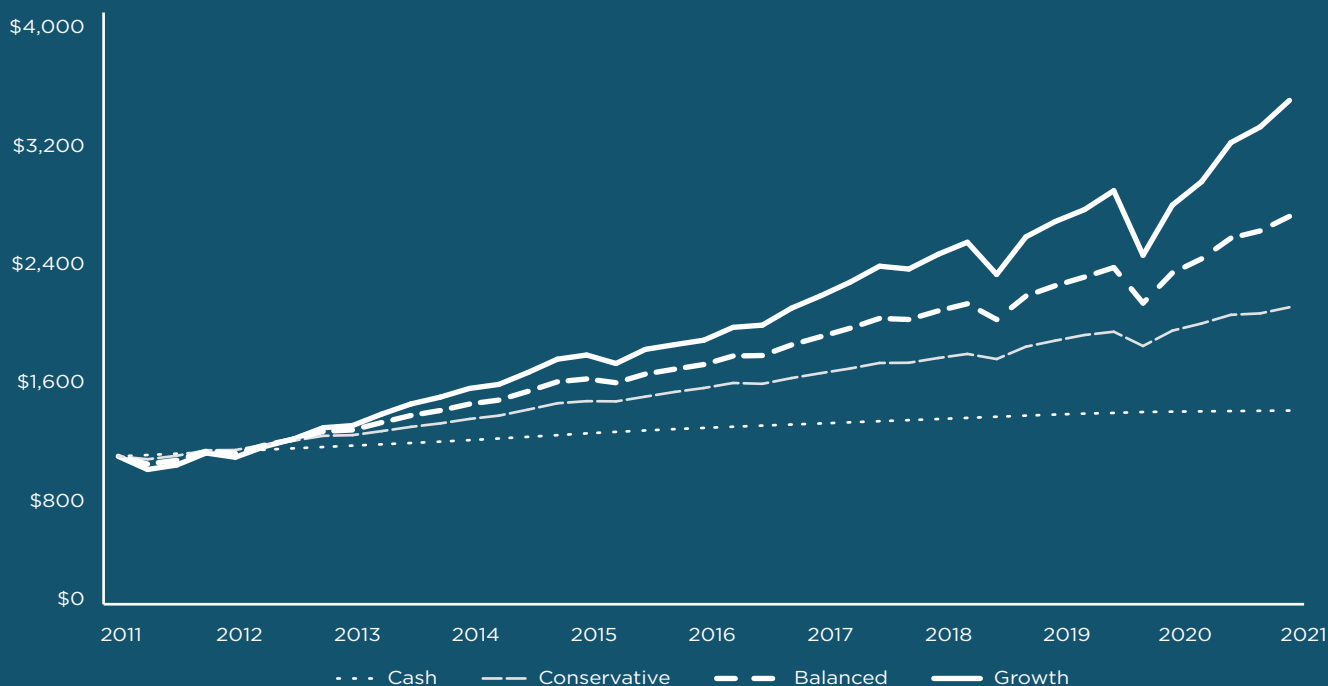
I used to sketch in my role at NZAS so it is nice to be sketching for leisure. My artwork focuses on underwater themes but I am learning by painting landscapes (as no one teaches painting underwater scenes yet). On a typical day, you will find me out and about looking after my sheep, painting, playing guitar, re-learning Te Reo and maintaining my 5-acre land where I live with Robbie my wife. Our son and his dog Ziggy are also currently living with us as he got caught down here in the level four lockdown (he is from Auckland). I keep myself busy by doing things that I enjoy and did not get time to do while I was working. And then there is Robbie's list!!!

I have chosen to retain my retirement balance in the NZAS Retirement Fund until I am ready to withdraw it. Once the borders open, I am hoping to travel to expand my underwater scene material as an underwater photographer and would love to do the train trip from Beijing to St. Petersburg. I am really looking forward to the future and life as a retiree but miss the people I have worked with at NZAS.



HOW HAS THE FUND PERFORMED OVER THE LAST 10 YEARS?

Performance of \$1,000 (before tax and investment-related costs) over 10 years ending 30 June 2021



CRUISING INTO RETIREMENT

Neville Frisby retired last year after working at NZAS for 34 years.

As I neared retirement last year, I kept a close eye on my Fund account balance and the financial markets, especially following the rise of the COVID-19 global pandemic. I felt it was important I understood that my retirement funds were being invested wisely.

Being a member of the NZAS Retirement Fund for over 30 years, I appreciate how saving for my retirement is a long-term task. I think it is helpful to start young in order to maximise the full benefits, as every little bit saved from each pay adds up long-term. I started seriously saving for my retirement in the mid-1970s. I found the Comalco (New Zealand) Staff Superannuation Fund and then the NZAS Retirement Fund great to be a part of; information was easily accessible and straightforward to understand. My son who now works for NZAS asked me about the NZAS Retirement Fund and if he should join. As someone who was a member for over 30 years, the answer was a no brainer.

My time at NZAS was fabulous; I spent most of my working career there and enjoyed my role as a team leader. The number of people I managed varied from 12 to 25. I enjoyed the social aspect of people management and helping my team achieve their long and short-term goals. I was sad to be leaving the company as I made many friends along the way who I still keep in close contact with. I was recently invited to an NZAS event; which shows that even though I am a former employee I am still valued by the team as a friend.

I retired on 31 December 2020, and starting 2021 off as a retiree was great. I have the freedom to do what I want when I want. My wife and I have a motor home that we use of a daily basis. The motor home allows us to travel the great south stress free. From fishing to hunting, and juggling life as a grandfather to five grandchildren, I love to keep myself busy. I enjoy taking my grandchildren out for a fish on a sunny day as well as going to their rugby and netball games.

The NZAS Retirement Fund has given me the financial stability to enjoy life as a retiree; I am looking forward to what the future holds.



YOUR INVESTMENT OPTIONS

The Fund recognises that different members have different financial needs and that a single investment strategy doesn't suit everyone. That's why the Fund offers members a choice of up to four investment options – Growth, Balanced, Conservative and Cash. Each investment option has a different benchmark (or target) mix of investment sectors (or 'asset allocation'), producing different return objectives and actual returns.

For the risk indicator for each of the Fund's investment options, refer to pages 2 and 3 of the Fund's Product Disclosure Statement available under the Documents tab at www.nzretirementfund.com. Choosing the right investment option (or combination of options) is important. If you need help, go to the Investor kickstarter tool on www.sorted.org.nz and/or contact a financial advice provider. Information about finding a financial advice provider is available on the Financial Markets Authority website at www.fma.govt.nz/investors/getting-financial-advice/finding-an-adviser.

Further information about the investment options and their performance is set out in the fund updates for each investment option, which are available on www.nzretirementfund.com or on www.disclose-register.companiesoffice.govt.nz.

INVESTMENT MANAGEMENT

One of our most important tasks is to oversee the investment of the Fund's assets. To reduce risk, as well as offering a choice of investment options, we appoint a range of fund managers, each with expertise in managing different asset classes.

To assist with this, we employ an investment consultant (Mercer) to advise on matters such as our investment objectives and strategy. We also employ an independent investment adviser, on an as-required basis, to provide a second opinion and evaluate the performance of the investment consultant.

Day-to-day decisions about investments within each asset class are made by the fund managers, in their capacities as the investment managers of the underlying funds into which the Fund's assets are directly invested.

The fund managers who were looking after your money as at 30 June 2021 are shown below:

Asset class	Fund manager	Fund investment assets as 30 June 2021 (\$ million)*	%
Australasian equities	Harbour Asset Management Limited	11.9	6.3%
	Nikko Asset Management New Zealand Limited	11.9	6.3%
International equities	ANZ New Zealand Investments Limited	75.6	39.7%
New Zealand fixed interest	AMP Capital Investors (New Zealand) Limited	14.5	7.6%
International fixed interest	Mercer (N.Z.) Limited	22.0	11.6%
New Zealand cash	AMP Capital Investors (New Zealand) Limited	26.2	13.7%
International Infrastructure**	Mercer (N.Z.) Limited	13.9	7.3%
International Property**	Mercer (N.Z.) Limited	14.3	7.5%
TOTAL		\$190.3M	100%

*This excludes non-investment assets (e.g. cash at bank, receivables and prepayments) of \$0.9 million and liabilities of \$4.0 million.

**Real assets.

Asset exposures of individual members will differ to the overall asset allocation of the Fund depending on the investment options members are invested in.

FEES AND EXPENSES

Fees and charges are payable for investing in the Fund.

There are three main elements to the Fund's expenses:

- Annual fund charges (which include all investment-related costs and expenses)
- Insurance charges
- Administration costs

Members pay only the first two types of charges (annual fund charges – all members and insurance charges – all contributing members), so only those charges affect your benefit from the Fund. The insurance charges relate principally to the death, total disablement and ill-health insurance cover provided to members, but the Trustee also has a catastrophe insurance policy in place (designed to cover the Fund if a single event results in five or more insured benefit claims from members) for which the premiums are deducted from the Fund's insurance account and allowed for in the insurance premiums (\$75,496) paid by covered members.

NZAS pays all other administration costs, including administration management, secretarial, actuarial, legal, licensed independent trustee director, audit and taxation service fees, statutory liability insurance premiums and regulatory levies. In the year ended 30 June 2021 NZAS paid \$632,667 in expenses incurred on behalf of members in support of the Fund.

ANNUAL FUND CHARGES

Annual fund charges (comprising investment management, investment consulting and investment advisory costs) are deducted from the Fund's income before crediting rates are determined. These charges vary depending on the investment option(s) you have chosen. The annual fund charges, per \$100 invested, incurred in the year ended 30 June 2021 were as follows:

FUND CHARGES PER \$100 INVESTED (YEAR ENDED 30 JUNE 2021)

28
cents

Cash
investment option

55
cents

Conservative
investment option

68
cents

Balanced
investment option

77
cents

Growth
investment option

Annual fund charges are explained in more detail in the Fund's Product Disclosure Statement.

INSURANCE CHARGES

If you have death, total disablement and ill-health insurance cover, insurance charges will be deducted from your company account. Refer to your annual confirmation (previously known as your annual membership statement) to see the amount deducted from that account during the year ended 30 June 2021.

The amount payable varies depending on your chosen level of cover (basic, medium or top) and increases with age. For the current standard insurance charges, see the *Other Material Information* on the Fund at www.disclose-register.companiesoffice.govt.nz.



FUND NEWS

CONGRATULATIONS AND WELCOME ANDREW!

For those who do not already know me, I am Andrew Elder and have recently been voted on as the new member-elected Trustee Director for the NZAS Retirement Fund. I have thought about the role as Trustee Director for a few years now so when the Director position unexpectedly became vacant, I thought I might as well give it a go. I applied because I am keen to take a more active role in helping manage our funds, as well as gaining some professional skills that I can also apply to life beyond Tiwai.

I became a member of the NZAS Retirement Fund 26 years ago when I joined the company – a bit longer than the two years I initially planned to stay when I started as a graduate in Reduction. I'm fortunate that my role at NZAS covers a variety of disciplines including our power contracts, the NZ electricity market, managing the sale of carbon units that we receive under the Emissions Trading Scheme and a fair bit of ad-hoc analysis on commercial opportunities – so there is rarely a dull moment. NZAS is a great place to

work, having workmates who you can share a laugh with and confide in, makes you appreciate the relationships you form at work.

Outside of work, I am an avid footballer and an active member of the Old Boys Football club, playing for one of our Division 2 teams as well as coaching a 15 to 16 year old junior team. Retirement is still a few years away but I await the opportunity to travel once the borders open as well as attend a few major sporting events that are on my bucket list. I am very fortunate to be a part of the NZAS Retirement Fund and that the Fund has performed well over my time at NZAS. I look forward to getting more involved with the Fund to ensure we can all enjoy a well-deserved retirement.



NEW WEBSITE

We are delighted to announce the recent launch of our new NZAS Retirement Fund website! This site is designed to improve site functionality, navigation, and security and is hosted under the new domain of www.nzasretirementfund.com. You will likely notice the improved website layout on mobile devices, making it even easier for you to get information about the Fund and your account while on the go.

Some features include:

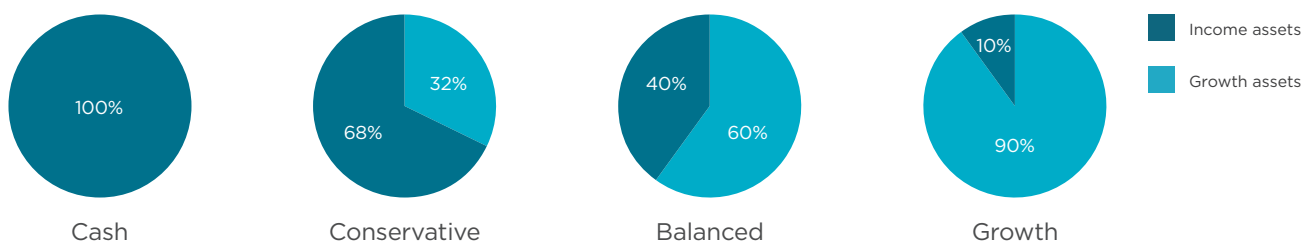
- **Login dashboard:** All your information is brought together in a single screen.
- **Risk attitude quiz:** An easily accessible link to Sorted's short quiz designed to help you understand your risk tolerance.
- **Contact us enquiries:** Online contact form now available, so it is even easier to contact us.

Once you log in, your new dashboard also shows your account balance, account summary, an option to download your member statements, and recent account activity all in one place. Each section of the dashboard allows you to click through to find more details about each of the elements.

UNDERSTANDING INVESTMENT HORIZONS

Do you know the target asset allocation for the investment option you are invested in? The charts below show the current target percentage split between income assets and growth assets for each investment option. Additionally, the Statement of Investment Policy and Objectives (available on www.nzasretirementfund.com) shows at pages 13 and 14 what individual asset classes combine to make up the current target investment mix for each investment option.

Your choice of an investment option, or combination of options, should reflect your own investment objectives, risk tolerance and investment time frame. The Product Disclosure Statement (pages 13 and 14) includes not only the current target investment mix, but also the current investment strategy and objectives and risk indicator for each investment option. Generally, the greater the growth asset allocation, the longer the suggested minimum investment period.



STATUTORY INFORMATION

DETAILS OF SCHEME

This is the annual report for the NZAS Retirement Fund for the year ended 30 June 2021. The Fund is registered under the Financial Markets Conduct Act (FMCA) as an employer-related restricted workplace savings scheme.

The manager of the Fund is the sole purpose trustee company NZAS Retirement Fund Trustee Limited (Trustee). As a restricted scheme, the Fund does not have its own independent supervisor.

As at 30 June 2021, the Fund had a Product Disclosure Statement dated 26 March 2021 which was open for applications. The current Product Disclosure Statement for the Fund is dated 27 September 2021 and is open for applications.

The latest fund update for each investment option in the Fund, produced as at 30 June 2021 has been made publicly available on www.nzasretirementfund.com is also available electronically by visiting www.disclose-register.companiesoffice.govt.nz (select *Search for an offer* and enter NZAS, then go to the *Investment Options* tab).

The Fund's financial statements as at 30 June 2021, authorised for issue on 13 September 2021, and the auditor's report on those financial statements, were lodged with the Registrar of Financial Service Providers on 16 September 2021. Copies of the financial statements (including the auditor's report) are available electronically by visiting www.disclose-register.companiesoffice.govt.nz (select *Search for a scheme* and enter NZAS, then go to the *Documents* tab).

INFORMATION ON CONTRIBUTIONS AND SCHEME PARTICIPANTS

Changes to membership during the year ended 30 June 2021 are set out below.

	Contributing members	Non-contributing members	Total
Members at 1 July 2020	748	76	824
Plus: New members	64	-	64
Total new members	64	-	64
Less: Exits on leaving service	(82)	-	(82)
Total disablement and death	(2)	(1)	(3)
Ill-health	(1)	(2)	(3)
Full withdrawals by retirement account members	-	(3)	(3)
Total member exits	(85)	(6)	(91)
Less: Members becoming retirement account holders	(15)	-	(15)
Plus: Members becoming retirement account holders	-	15	15
Members at 30 June 2021	712	85*	797

*As at 1 July 2020, all 76 non-contributing members were retirement account holders. As at 30 June 2021, 82 non-contributory members were retirement account holders, and 3 were employee members.

The total amount of members' accumulations at 1 July 2020 was \$164,655,320 relating to 824 members. At 30 June 2021 the total amount of members' accumulations was \$183,338,697 relating to 797 members.

Contributions

Type	Number of members	Total amount (\$)
Member contributions	722	2,972,058
Salary sacrifice contributions	106	461,944
Employer contributions	810	4,024,097
Government contributions*	267	127,938
Total contributions		7,586,037

*These were the contributions paid to the Fund by the Government for members who contributed to locked-in accounts.

CHANGES RELATING TO THE SCHEME

Trust Deed

The Fund's Trust Deed was amended (by entry into a replacement trust deed) on 1 February 2021 to:

- remove provisions relating to Nominated Beneficiaries and references to the now discontinued facility for members to nominate preferred death benefit recipients;
- refer to the Trusts Act 2019, which took effect on 30 January 2021; and
- amend the provisions relating to locked-in accounts, including to clarify that KiwiSaver-equivalent non assignment rules apply with respect to those accounts and to incorporate the new facility for life-shortening congenital conditions-based early withdrawals.

Statement of Investment Policy and Objectives (SIPO)

A replacement SIPO took effect on 18 November 2020, and the main changes were:

- To reflect the temporary transition of the Fund's investments in the Mercer Real Assets Portfolio to five single sector portfolios.
- To reflect the subsequent divesting from the illiquid components of the Fund's Real Assets investments (namely the Direct Property, Unlisted Global Infrastructure and Natural Resources (Timber and Commodities) allocations).
- To prescribe that following the divestment of those illiquid components (this sell-down was completed in May 2021) each target asset allocation to the Real Assets sector would be split 50% into Global Listed Property and 50% into Global Listed Infrastructure.

Subsequent to year end, a new SIPO was published effective 27 September 2021 that reduced the average net real return objective for the Conservative option from 0.75% to 0.5% p.a. above CPI increases over rolling 5 year periods.

Related party transactions

There was one material change to the nature and scale of related party transactions during the year ended 30 June 2021. During the year, the Fund's illiquid investments (namely its allocations to Direct Property, Unlisted Global Infrastructure and Natural Resources) were divested and the Real Assets Sector Allocation benchmark became 50% Global Listed Property and 50% Global Listed Infrastructure. The manager of the Fund's Real Assets investment portfolio is Mercer (N.Z.) Limited.

All related party transactions entered into during the year were on arm's length terms.

An explanation of related parties is available under Fact Sheets on the 'Documents' page of www.nzretirementfund.com.

OTHER INFORMATION FOR PARTICULAR TYPES OF MANAGED FUNDS

Permitted withdrawals

During the year ended 30 June 2021, 139 Fund members made withdrawals that were permitted under the Financial Markets Conduct Act and the Trust Deed.

There were 91 members who made a full withdrawal from the Fund, consisting of 82 who left service, three who received a death or total disablement benefit, three who received an ill health benefit, and three retirement account holders who withdrew their full account balances.

There were 48 members who made partial withdrawals. There were 86 such withdrawals in total, comprising 68 withdrawals from retirement accounts, five first home purchase withdrawals, one relationship property withdrawal, one KiwiSaver transfer, nine partial withdrawals by employee members aged 65 or more, one withdrawal for serious illness, and one withdrawal for total disablement.

Actuarial review of insurance account

Because the death, total disablement and ill-health benefits payable from the Fund are principally self-insured (with premiums deducted from members' company accounts and credited to the Fund's insurance account, from which claims are paid) the Fund is a 'life benefit scheme' for Financial Markets Conduct Act purposes.

This means the Trustee must ensure that at not less than 3-yearly intervals, a suitably qualified actuary examines the adequacy of the premium rates charged to members and of the insurance account balance.

The latest such actuarial examination was carried out as at 30 June 2019 by Simon Barker of Mercer (N.Z.) Limited.

The key findings were that:

- the premiums paid to the Fund over the 14-year period since 1 July 2005 had more than adequately covered insured benefit payments and catastrophe insurance premiums (which are also paid from the insurance account) as total claims made and total insured benefit payments had been significantly lower than expected;
- if the actual experience over the three years to the next valuation was similar to the last three years, the insurance account was likely to be larger than its level as at the review date principally due to investment earnings; and
- there was also scope to consider a distribution from the insurance account (in which the balance of \$2.2 million was materially greater than the \$0.89 million considered likely to be sufficient to cover claims, premium shortfalls, additional catastrophe insurance costs and investment fluctuations) though the Trustee might wish to retain the full balance to protect against adverse experience.

After considering the actuary's report the Trustee decided to retain the current premium rates.

The Trustee also decided to retain the full insurance account balance to guard against adverse future claims experience, economic or financial market shocks and the potential lack of availability of catastrophe insurance. As part of the 2020 annual review, the Trustee obtained an actuary's report as at 30 June 2020 on the Fund's premium rates for death, total disablement and ill-health cover and on the financial position of the insurance account. The Trustee again elected to leave the insurance premiums unchanged, but decided to make a distribution totalling \$1.4 million from the insurance account to all persons who:

- had insurance cover (and paid premiums) at any time during the period from 1 July 2013 to 30 June 2020; and
- were still active or deferred members on 14 September 2020;

in proportion to the total premiums deducted from their accounts during that period.

Crediting rates

Period	Cash		Conservative		Balanced		Growth	
	monthly	cumulative	monthly	cumulative	monthly	cumulative	monthly	cumulative
2020								
July	0.02%	0.02%	1.23%	1.23%	2.04%	2.04%	2.88%	2.88%
August	0.02%	0.04%	1.16%	2.40%	2.16%	4.24%	3.23%	6.20%
September	0.01%	0.05%	-0.26%	2.14%	-0.57%	3.65%	-1.00%	5.14%
October	0.03%	0.08%	-0.34%	1.79%	-0.85%	2.77%	-1.24%	3.84%
November	0.01%	0.09%	2.04%	3.87%	4.22%	7.11%	6.46%	10.55%
December	0.01%	0.10%	0.85%	4.75%	1.74%	8.97%	2.71%	13.54%
2021								
January	0.02%	0.12%	-0.61%	4.11%	-1.10%	7.77%	-1.60%	11.72%
February	0.00%	0.12%	-0.24%	3.86%	0.42%	8.22%	0.93%	12.76%
March	0.01%	0.13%	1.44%	5.36%	2.64%	11.08%	3.89%	17.15%
April	0.07%	0.20%	1.58%	7.02%	2.52%	13.88%	3.29%	21.00%
May	0.02%	0.22%	-0.08%	6.94%	0.00%	13.88%	-0.04%	20.96%
June	0.00%	0.22%	0.60%	7.58%	1.33%	15.39%	2.15%	23.56%

Manager's statement

The Trustee as manager of the Fund states that:

- all contributions required to be made to the Fund in accordance with the terms of the Trust Deed have been made;
- the rates and amounts of premiums credited to the insurance account were in accordance with the recommendations made in the actuary's most recent three-yearly examination of the Fund's insurance arrangements;
- all the benefits required to be paid from the Fund in accordance with the terms of the Trust Deed have been paid;
- the market value of the assets of the Fund as at 30 June 2021 exceeded the total value of the benefits that would have been payable had all members of the Fund ceased to be members at that date and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at 30 June 2021;
- the market value of the portion of the Fund's assets that was subject to the complying fund rules (i.e. held in locked-in accounts) as at 30 June 2021 was \$15,003,925 relating to 366 members; and
- the value of withdrawals made from locked-in accounts during the year ended 30 June 2021 was \$1,424,575.

Signed for and on behalf of the Trustee:



Director
Tim McGuinness



Director
Grant Cuff

CHANGES TO PERSONS INVOLVED IN THE SCHEME

Trustee

Following a special member election process, Andrew Elder was appointed as a member-elected Trustee Director effective 14 April 2021, following Kim Hill's resignation from the Board on 31 January 2021. Andrew will hold office for the remaining balance of the current term to 31 October 2022.

Subsequent to year-end, Stewart Hamilton resigned as a Company-appointed Trustee Director and Chair effective 31 July 2021, and Tim McGuinness was appointed as Acting Chair effective 19 August 2021. The Chair will be appointed soon. Additionally, Bruce Kerr will soon join the Board as a Company-appointed Trustee Director.

For further information about the Trustee Directors, including their contact details, go to www.nzasretirementfund.com and click on the *Trustee Director contact details* button.

Administration Manager, fund managers and Auditor

Effective 18 November 2020, the Trustee agreed that the Fund's illiquid investments (namely its allocations to Direct Property, Unlisted Global Infrastructure and Natural Resources) will be divested and that the Real Assets Sector Allocation benchmark will be 50% Global Listed Property and 50% Global Listed Infrastructure. This transition was completed in May 2021.

No changes were made during the year ended 30 June 2021 to the Administration Manager (which also acts as the Securities Registrar for the Fund), or to the Fund's auditor.

Custodian

The Trustee, NZAS Retirement Fund Trustee Limited, is also the Fund's custodian.

HOW TO FIND FURTHER INFORMATION

Information relating to the Fund is available on the Schemes Register at www.disclose-register.companiesoffice.govt.nz (go to *Search for a scheme*, enter NZAS and then go to the *Documents* tab). The Schemes Register contains copies of the Fund's Trust Deed, SIPO and full audited financial statements.

A copy of the Fund's latest Product Disclosure Statement dated 27 September 2021 is available on the Offers Register at www.disclose-register.companiesoffice.govt.nz (go to *Search for an offer*, enter NZAS and then go to the *Documents* tab). For the latest fund update for each investment option, select the *Investment options* tab and scroll down to *Fund documents*.

Further information and copies of Fund documents are also available on request from the Trustee by contacting the Administration Manager at the Helpline on 0508 266 787 (Australia 03 8687 1849, international +61 3 8687 1849).

There is no charge for any of the above information.

CONTACT DETAILS AND COMPLAINTS

Contact details for the Trustee and the Administration Manager (which also acts as the Securities Registrar for the Fund), and for any queries or complaints, are:

Philippa Kalasih

Fund Secretary
NZAS Retirement Fund
c/- Mercer (N.Z.) Limited
PO Box 2897, Wellington 6140

Fund Member Helpline 0508 266 787
(Australia 03 8687 1849; international +61 3 8687 1849)

If you have a complaint about the Fund or the Trustee, you should first contact the Fund Secretary, whose contact details are set out above. You may make a complaint by telephone, by email or in writing. If your complaint is complex, we may ask you to provide details in writing.

If you have complained to the Trustee and reached the end of our internal complaints process without your complaint being resolved, you may refer the matter to the independent disputes resolution scheme operated by Financial Services Complaints Limited (FSCL) by emailing info@fscl.org.nz or by calling 0800 347 257.

Alternatively, you may write to FSCL at:

Financial Services Complaints Limited

Level 4, 101 Lambton Quay
Wellington 6011
PO Box 5967, Lambton Quay
Wellington 6140

Phone: 0800 347 257

Email: info@fscl.org.nz or complaints@fscl.org.nz

Full details of how to access FSCL can be found on their website www.fscl.org.nz. Neither the Trustee nor FSCL will charge you a fee to investigate or resolve a complaint.

PRIVACY ACT 2020

Your personal information may be held by and, when necessary, passed among your employer, the Trustee and the Fund's professional advisers for the purposes of managing your benefit in the Fund. If you wish to check or amend your personal information, please call the Fund Member Helpline 0508 266 787 (Australia 03 8687 1849; international +61 3 8687 1849).

FUND DIRECTORY

The current Directors of the Trustee, NZAS Retirement Fund Trustee Limited, are:

Company-appointed



Paula Checketts



Stephanie Pearce



Tim McGuinness
(Licensed Independent
Trustee Director)



Bruce Kerr

Pending appointment

Member-elected



Allan Meikle



Grant Cuff



Karen Sturman



Andrew Elder

The Trustee is supported by a number of retirement scheme professionals who assist with various specialist tasks:

Service	Adviser
Administration, accounting, actuarial, member education, secretarial, communications and consulting	Mercer (N.Z.) Limited
Audit services	KPMG New Zealand Limited
Investment consultant	Mercer (N.Z.) Limited
Legal advisers	Chapman Tripp
Taxation services	Deloitte New Zealand Limited
Securities registrar*	Mercer (N.Z.) Limited

*The securities registrar holds the Fund's member register.

www.nzasretirementfund.com

Helpline 0508 266 787

