



# ANNUAL REPORT

For The Year Ended 30 June 2022



Cover: Becky Nicolson  
Insider front cover: Darryl Smith (left) and Taurean Furlonge (right)



# YEAR SNAPSHOT

Returns (after tax and investment-related costs) for 1, 3, 5 and 10 year periods ended 30 June 2022

	Cash	Conservative	Balanced	Growth
1 year	0.7%	-5.9%	-8.7%	-10.9%
3 years (p.a.)	0.6%	1.2%	2.6%	4.1%
5 years (p.a.)	1.0%	2.7%	4.4%	6.3%
10 years (p.a.)	1.6%	4.6%	7.0%	9.6%

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

## THE NUMBERS

# 848

total members

# \$169.9

million in net assets

# 751

employee members

# \$10.4

million in benefits paid

# 138

new members

# \$0.6

million in expenses paid by NZAS

# 97

retirement account holders

# \$3.6

million in member and salary sacrifice contributions received

# 49

net membership growth for year

# \$4.0

million in employer contributions received

# 282

members on average logged into the website per month

# 254

total calls to the Helpline

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# 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 2022.

## The year in review

The year ended 30 June 2022 reminds us that the outlook for investments remains uncertain and is affected by the lingering pandemic, political tensions, the war in Ukraine, and difficulties balancing supply and demand in various industry sectors. While we know that markets do go up and down, and periodic negative returns from time to time are all but inevitable, it doesn't make them any easier to experience.

As you can see from the cumulative returns chart on page 5, returns were modestly positive for the first half of the financial year. However, share markets were negatively impacted by the invasion of Ukraine in February, which saw a large sell-off of Russian assets due to the imposition of sanctions. Inflation reached multi-decade highs and a competitive labour market and soaring oil prices created sustained inflationary pressure. Ordinarily, central banks would have reduced interest rates to ease the pain, but high inflation indicators left them with little option other than to maintain their course and continue hiking interest rates (and to project still more increases, creating an uncertain outlook). The full investment market commentary and final crediting rates for the year are available on pages 6 and 15.

## Accessing financial advice

The NZAS Retirement Fund offers four investment options: a cash fund, and three diversified funds invested across a range of asset classes. You can read more about each option on page 10, titled 'Your investment options'. Section 4 of the Fund's product disclosure statement (available under Documents at [www.nzasretirementfund.com](http://www.nzasretirementfund.com)) provides:

- a good overview of some of the general risks of investing; and
- a link to an online tool, created by Te Ara Ahunga Ora Retirement Commission, to help you work out your "investor type" (i.e. your preferred risk profile).

Additionally, our website features a Resources page that includes links to guidance on obtaining financial advice and videos about market cycles.

It's understandable to be concerned when markets are very volatile though members should be cautious of over-reacting and moving away from long-term savings strategies. If you don't have a long-term strategy, visit [www.nzasretirementfund.com/financial-advice](http://www.nzasretirementfund.com/financial-advice) and use the online tools as a guide.

## Trustee Director election results

Subsequent to the year-end we held an election to appoint four member-elected Trustee Directors whose three-year terms of office will commence on 1 November 2022. We announced the results in September, and I wish to thank everyone who participated in this election.

Please join me in congratulating Allan Meikle, Andrew Elder, Grant Cuff, and Karen Sturman who were reelected by the members of the Fund. I would also like to give special thanks to Zane Farrow who also stood for election.

## Key numbers

Over the last year, the Fund welcomed 138 new members. We also supported 134 members to access their savings, including 3 members who did so to help with buying their first home. The Fund paid out over \$10.4 million in benefits, including retirement benefits and other benefit payments to support members when they needed it most. It is great to report that the Fund continues to grow its membership and to support its members, both for life milestones and for rainy days.

## Thank you

I want to welcome Bruce Kerr, who was appointed as the Fund's new Licensed Independent Trustee Director when I was formally appointed as Chair on 1 October 2021.

Thank you to my fellow Directors and NZAS for their commitment and their support of our members.

Thank you also to our service partners, particularly Mercer and Chapman Tripp, for all their efforts in assisting the Directors to deliver high quality outcomes to members.

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



A handwritten signature in black ink that reads "Tim McGuinness".

**Tim McGuinness**  
Chair  
NZAS Retirement Fund  
Trustee Limited

# KEY FACTORS IMPACTING CREDITING RATES DURING THE YEAR

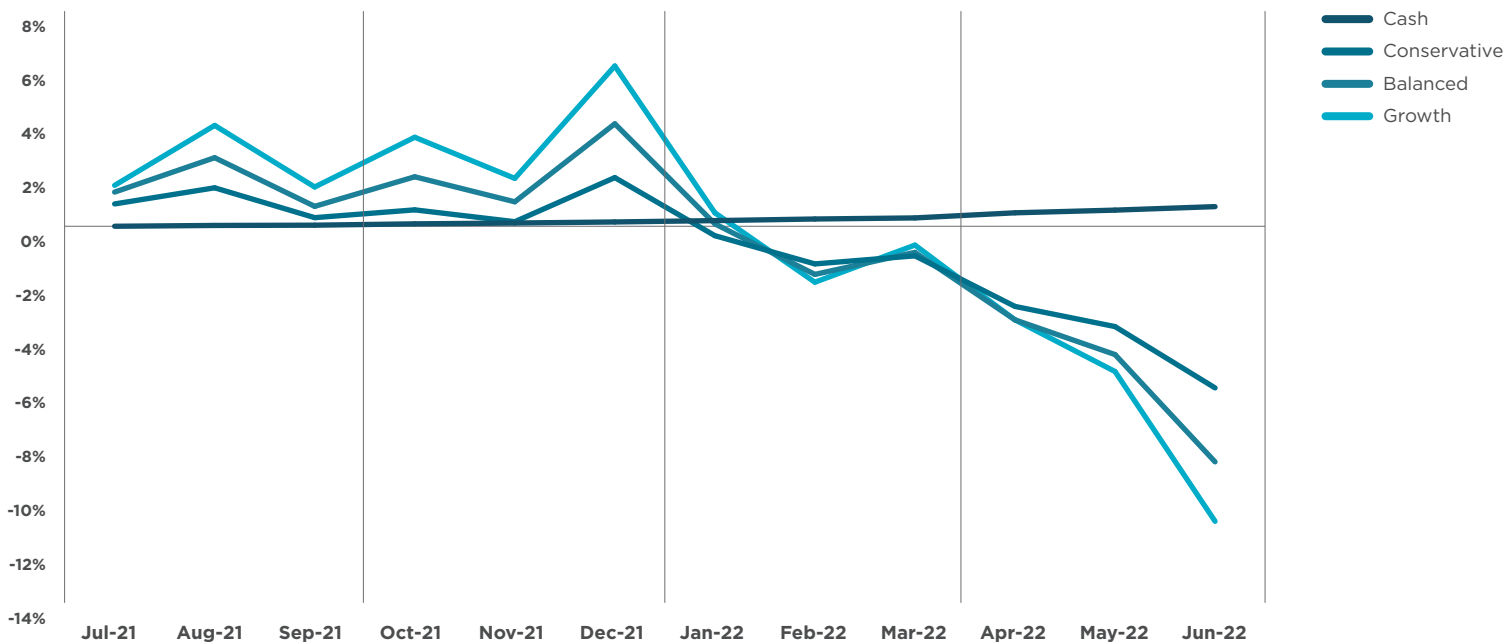
The month-to-month cumulative crediting rates that applied during the year ended 30 June 2022 were influenced by the following key factors:

## Cumulative crediting rates by month

The global economic recovery remained strong in July 2021 as the COVID vaccination roll-out continued. This was somewhat tempered by the spread of the Delta variant that created further uncertainty among citizens and market participants. Share markets grew as consumer spending increased and monetary and fiscal support continued.

Increases in the price of goods and services, alongside interest rate increases and supply chain bottlenecks, continued to weigh on broader economic spending and activity in the last quarter of the 2021 calendar year. The new Omicron variant also increased uncertainty. However, 2021 finished on a positive note thanks to governments being more hesitant to reintroduce hard restrictive measures to slow the spread of COVID.

Global equity markets continued to perform negatively, as global central banks tightening their monetary policy, economic growth slowing and a challenging corporate profits outlook triggered market participants to sell 'risky assets'. Ordinarily, central banks would have reduced interest rates to ease the pain, but high inflation indicators left central banks with little option but to maintain their course and continue hiking interest rates.



The NZX50 returned 5.0% in August, a positive result in the face of the country moving to Alert Level 4 lockdown early in the month. September proved difficult for global share markets though, as investor sentiment changed amid a slowing global economy, worsening supply chain stress, and the Evergrande credit crisis in China.

Inflation remained at multi decade highs as a competitive labour market and soaring oil prices created sustained inflationary pressure. Many central banks projected further interest rate increases. This less accommodative outlook, in addition to Russia-related geopolitical concerns, drove a negative market sentiment. Russia's invasion of Ukraine in February caused increased market volatility, with a large sell-off of Russian assets due to the imposition of sanctions.

**Past performance is not a guide to future performance.**

# INVESTMENT PERFORMANCE REVIEW

## WHAT HAPPENED IN INVESTMENT MARKETS OVER THE 12 MONTHS ENDED 30 JUNE 2022?

**The Fund's investment returns for the year ended 30 June 2022 contrasted starkly with the very strong returns for the year ended 30 June 2021. Global equity markets peaked in the first week of January 2022, before going into a rapid retreat as central banks starting turning up the rhetoric on aggressive monetary tightening (interest rate rises).**

**In a somewhat unusual confluence of circumstances, the returns for both equities and fixed interest investments were negative over the last six months of the Fund year.**

**Typically, negative equity returns are offset by positive fixed interest returns. However, with central banks aggressively raising interest rates in an effort to get on top of inflation, bond yields were pushed steeply up, leading to capital losses on fixed interest investments.**

Looking back through the financial year ended 30 June 2022, there were few early hints as to how the performance of the financial markets would play out. The financial year got off to a positive start, with market optimism remaining high amid an ongoing global economic recovery. In July 2021, the MSCI All Country World Index (in local currency) returned +0.7%, supported by increased consumer spending and on-going monetary and fiscal support. The global reopening continued in August 2021, as developed markets with higher vaccination rates continued to lift their pandemic restrictions, and in that month alone the MSCI All Country World Index returned 2.6%. However, despite strong economic data, by August it had become apparent that much of the developed world was at or just past the peak rate of growth.

September proved to be a difficult month for global equity markets, due to a number of factors which weighed heavily on investor sentiment. The energy sector performed notably well in a sea of red, as a result of surging oil prices and natural gas shortages (amid increased demand from China and Europe). However, significant stresses on global supply chains, the fallout from the Evergrande credit crisis in China and fears of ongoing contagion all created significant headwinds for the MSCI All Country World Index, which returned -3.6% for the month.

Global equity markets rebounded in October after the dip in September. Inflation, monetary policy tightening and supply chain woes continued to weigh on economic activity, but a strong start to the Q3 earnings reporting season helped investors look forward with optimism. Equity volatility declined significantly over the month. The US outperformed global markets by a significant margin due to its high exposure to growth stocks.

Financial markets ended the month of November on a tumultuous footing as rising COVID hospitalisations in Europe, alongside the new Omicron variant of the virus, spurred uncertainty in what would otherwise have been a broadly positive month for equities. Consumer price inflation remained high across the US, UK and Eurozone, with market participants concerned that it would accelerate the timeline for monetary policy tightening from central banks. In December, the US Federal Reserve hinted that further tapering of its quantitative easing (QE) programme was on the horizon, and that substantial further progress in the economy would see a \$15 billion a month reduction in asset purchases from its current \$120 billion asset purchase programme. Financial markets finished off another turbulent calendar year of COVID disruptions on a strong note. Despite a slow start to the month due to a rapid rise in Omicron infections globally and an apparent shift by the Fed to a more hawkish outlook, global equity markets recovered towards the end of December with the MSCI All Country World Index returning 3.7% for the month.

Global equity markets got off to a volatile start in January 2022 as they faced a number of headwinds, including inflation at multi-decade highs due to factors such as a tight labour market and soaring oil prices. Central banks around the world continued to pivot from earlier comments in 2021 that high inflation was transitory, and projected more hawkish outlooks (i.e. that interest rate increases would likely be needed to curb inflation).

Financial markets were further roiled in February as tensions between Russia and Ukraine escalated sharply, resulting in Russia's invasion of Ukraine. Russian assets were sold off sharply due to the widespread imposition of sanctions and of restrictions on Russian banks' participation in the SWIFT international payments platform. Energy prices rose materially, given that Russia supplies a considerable amount of natural gas to EU members. So too did the prices of other key commodities such as wheat (of which Ukraine is one of the world's largest exporters) and palladium (of which Russia is a major producer and which is used for example in catalytic converters and fuel cells).

March saw ongoing conflict in Ukraine and the first interest rate hike from the Federal Reserve since the fourth quarter of 2018. The first rate increase was less than market expectations, setting the stage for a strong market rally into the close of the month.

April saw the most difficult month for equity markets since March 2020, as the onset of tightening monetary policy, fading momentum in economic growth and a challenging corporate earnings outlook triggered a "risk-off" response among market participants.



May saw some respite from the continued downward trend as global equity markets finished the month largely unchanged. However the on-going war in Ukraine continued to impact global markets, with commodity prices (specifically energy and agricultural prices) soaring during the month. Crude oil prices also continued to rise, as the EU deliberated on whether to impose sanctions on Russian oil imports.

The second quarter of the 2022 calendar year ended with another sharply negative month in June. Aggressive interest rate increases by global central banks seeking to tame high inflation, as well as indications of slowing economic growth, sparked a sell-off in global equities as market participants began to assess the risks of an economic recession. The MSCI All Country World Index finished the month down -7.4%. Rising interest rates globally also kept strong downward pressure on bond prices in June, as yields continued to trend upwards.

Notably, recent discussions have centred on the pace of interest rate increases, with many market commentators expressing the view that the Federal Reserve remains 'behind the curve', and must raise rates faster than its forward guidance indicates in order to quell inflation. However, with forecasts pointing towards a slowdown in global growth, the risk remains that increasing interest rates too quickly could choke economies which may not yet be ready to stand on their own feet again. It is this tension between monetary support for slowing global growth and the tightening of monetary conditions to contain inflation which is forcing central banks to walk a continuing tight rope into late 2022.

### Traditionally bonds have been seen as safe. Is that still the case and what's impacting their performance?

It's true that bonds are generally considered a safer, less-volatile asset. However, in recent periods, we've seen bonds exhibit more volatility than they usually would. To understand why, we need to look at bonds in the context of the market environment. Support from central banks (such as 0% interest rates) in the wake of the pandemic drove bond prices to record highs, resulting in low yields - that is, low returns from interest payments relative to the price of the bond.

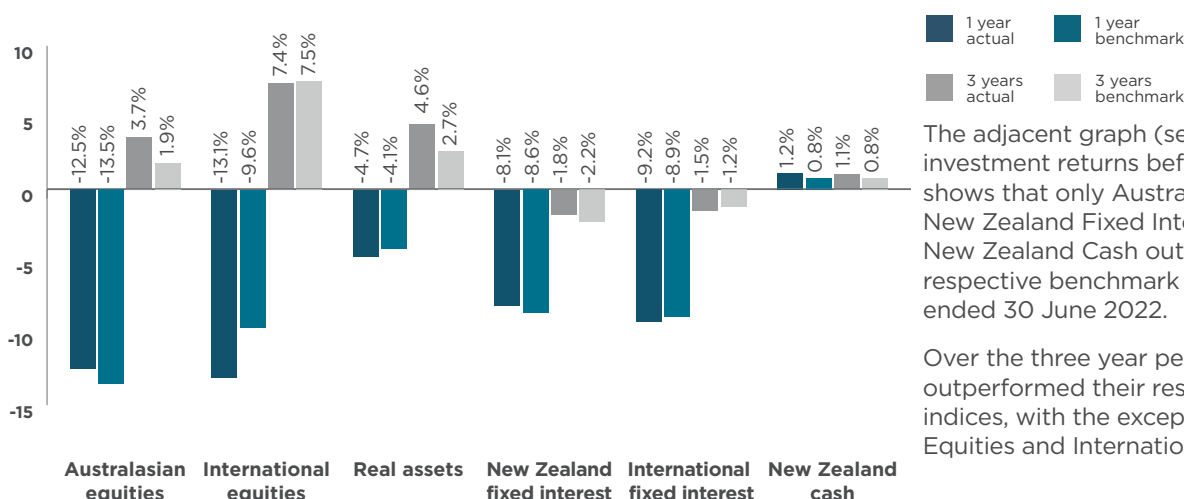
As Central Banks have increased interest rates in recent months, we have seen bond prices fall in value so that they yield a market rate reflecting those increased interest rates. Because the increase in interest rate hikes has been faster than the market anticipated, we've seen a rapid devaluation in bond prices in response. It's because of this that more conservative funds which hold a greater proportion of bonds have had a difficult period.

The recent move by central banks to increase interest rates aggressively has been called 'front loading' by many market commentators, meaning that by hiking rates hard and at the start of the rising interest rate cycle, later interest rate hikes won't have to be so aggressive as the heavy lifting has already been done. Bond prices have quickly adjusted to this 'front loading' suggesting that the worst may be behind us. However, there is still a lot of uncertainty internationally regarding future interest rate hikes, and the potential for surprises to negatively affect bond markets remains.

That said, we still consider bonds to be an integral part of any well diversified portfolio and the recent rise in yields means that investors now have the potential to earn more income on their bond holdings, increasing the relative attractiveness of the asset class.

## 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 2022



The adjacent graph (setting out gross investment returns before tax and expenses) shows that only Australasian Equities, New Zealand Fixed Interest and New Zealand Cash outperformed their respective benchmark indices in the year ended 30 June 2022.

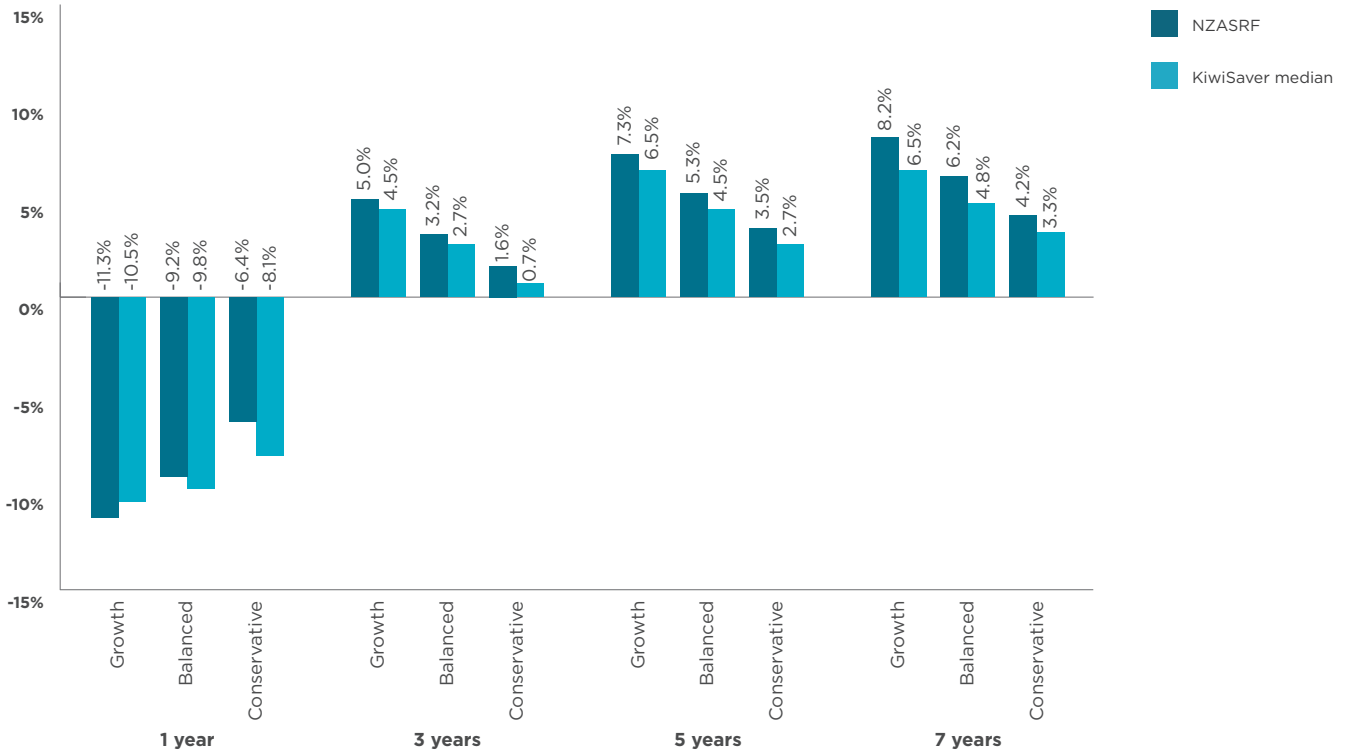
Over the three year period, all assets outperformed their respective benchmark indices, with the exception of International Equities and International Fixed Interest.

## 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 median<sup>1</sup> over the relevant periods ended 30 June 2022.

The graph shows that all the relevant investment options in the Fund outperformed the KiwiSaver median, or middle, return over, 3, 5 and 7 years.

### Investment fund returns (before tax & after fees<sup>2</sup>) v KiwiSaver median for 1, 3, 5 & 7 years



<sup>1</sup> '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).

<sup>2</sup> 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.

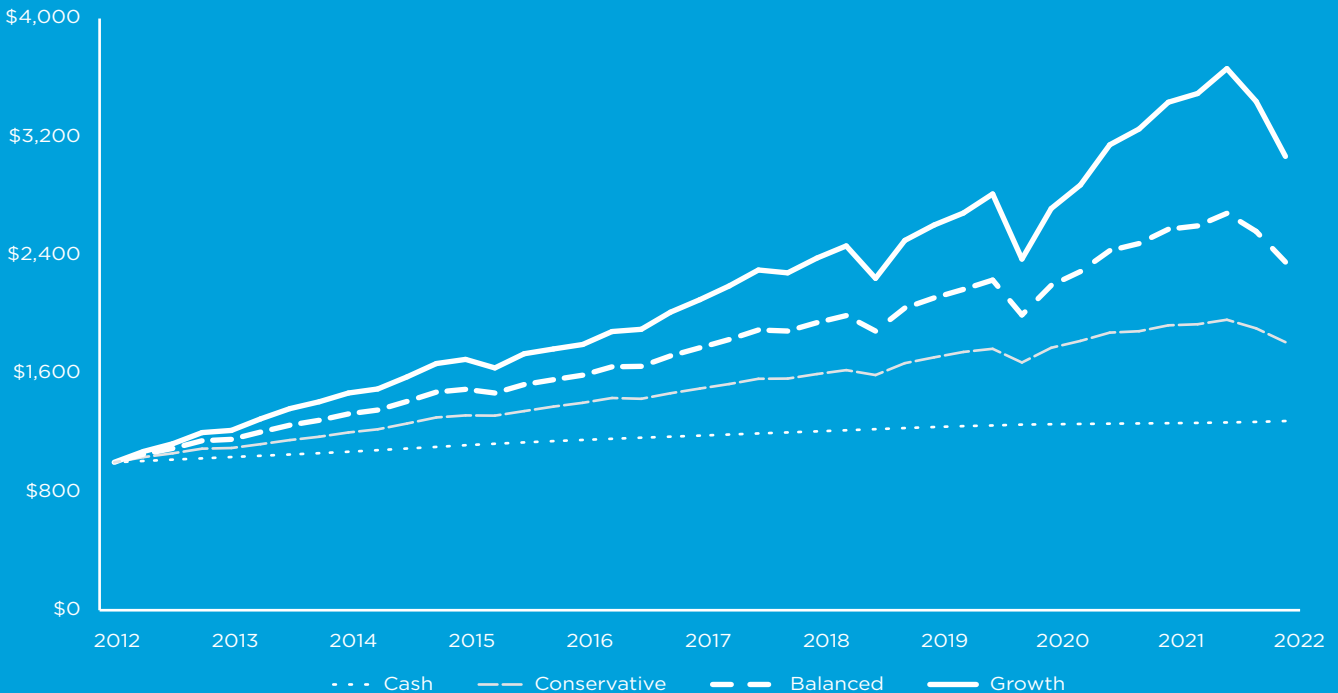
**Notes:** Not all KiwiSaver funds are included in the Mercer KiwiSaver Survey, and the funds surveyed have varying asset allocations which differ from those of the NZAS Retirement Fund investment options (for example, the Balanced option has a strategic allocation to growth assets of 60%, whereas the 10 balanced funds in the Mercer KiwiSaver Survey have growth asset allocations ranging from 40% to 60%). The average allocation to growth assets among the balanced funds in the Mercer KiwiSaver Survey is 51.5%.

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



## 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 2022



## HANDS ON AT WORK AND WITH INVESTMENTS

**Steve Blakie, a relief Crew Leader for Loading Metal Ships, has busy and varied days at NZAS while preparing for retirement. Steve's day could be anything from operating a digger or a dozer in the Alumina store loading Petroleum Coke to assembling pipes for Liquid Pitch or Heavy Fuel discharge to site clean-up and operating all sorts of heavy equipment. When it comes to Steve's retirement savings he has a finger on the pulse at all times.**

Having joined the Fund over 30 years ago, I am a firm supporter of long-term savings. I believe we should all have a comfortable retirement and for me I am looking forward to spending time with family, especially grandkids, fishing, playing golf, darts and bowls. For me achieving the best lifestyle that we are comfortable with, means starting early and saving hard.

Starting my savings journey early on in my career was a big help in reaching my financial retirement goals. My approach is to just make the most of what I have and to invest wisely.

Putting a bit away each year, regularly, does add up and helps in the long term.

In addition to saving with the NZAS Retirement Fund, I believe in investing in property for a bit of a passive income.

Over the years, my retirement savings have gone up and down as I invested in riskier options. My savings plan was going along pretty good until the market crashed quite a few years ago and I lost a lot of what I saved, which took me about 8 years to claw back.

I've changed investment options a few times over the years and as I've been getting closer to retirement, I've been reducing the risk I take with my investment funds. Any short-term losses worry me, so I invest more conservatively now because of my circumstances and I am a bit apprehensive.

As I am so close to retirement, I worry about the market volatility and what impact COVID-19, cost of living, inflation and changes to the property market will have on my retirement.

I don't like being stuck on a computer all day, but I find the information I can access about the Fund and my balance is easy to source and I often check updates on my phone, email newsletters, and the website. Talking to people has also helped me better understand financial markets and factors impacting my balance.

I hope I am on track to achieving my retirement savings goals, but I do believe you will never have enough money no matter how much you earn or save. Therefore, you just have to make the most of what you have and I look forward to having the freedom to travel around the world one day after my wife and I retire.



# 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 Documents at [www.nzretirementfund.com](http://www.nzretirementfund.com). Choosing the right investment option (or combination of options) is important. If you need help, go to the Investor profiler tool at [www.sorted.org.nz/investor-profiler](http://www.sorted.org.nz/investor-profiler) and/or contact a financial advice provider. Guidance on how to search for a financial advice provider (and what to think about when choosing an adviser) is available on the Financial Markets Authority website at [www.fma.govt.nz/consumer/getting-advice/finding-an-adviser](http://www.fma.govt.nz/consumer/getting-advice/finding-an-adviser).

Further information about the investment options and their performance is set out in the annual fund update for each investment option. The latest fund updates are available under Documents at [www.nzretirementfund.com](http://www.nzretirementfund.com) or on [www.disclose-register.companiesoffice.govt.nz](http://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 2022 are shown below:

Asset class	Fund manager	Fund investment assets as at 30 June 2022 (\$ million)*	%
Australasian equities	Harbour Asset Management Limited	9.2	5.5
	Nikko Asset Management New Zealand Limited	9.1	5.4
International equities	ANZ New Zealand Investments Limited	55.7	33.0
New Zealand fixed interest	Macquarie Asset Management (NZ) Limited	13.6	8.1
International fixed interest	Mercer (N.Z.) Limited	18.7	11.1
New Zealand cash	Macquarie Asset Management (NZ) Limited	41.7	24.7
International Infrastructure**	Mercer (N.Z.) Limited	10.3	6.1
International Property**	Mercer (N.Z.) Limited	10.2	6.1
<b>TOTAL</b>		<b>\$168.5M</b>	<b>100%</b>

\*This excludes non-investment assets (e.g. cash at the bank, receivables and prepayments) of \$2.4 million and liabilities of \$1 million.

\*\*Real Assets, being Infrastructure & Property, which in the Plan's other disclosure documents are referred to as Other Assets.

# 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 and insurance charges), 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 (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.

NZAS pays all other administration costs, including administration management, secretarial, actuarial, legal, licensed independent trustee director, audit and taxation services fees, statutory liability insurance premiums and regulatory fees and levies. In the year ended 30 June 2022 NZAS paid \$641,858 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 2022 were as follows:

### FUND CHARGES PER \$100 INVESTED (YEAR ENDED 30 JUNE 2022)

25

cents

Cash investment option

47

cents

Conservative investment option

58

cents

Balanced investment option

66

cents

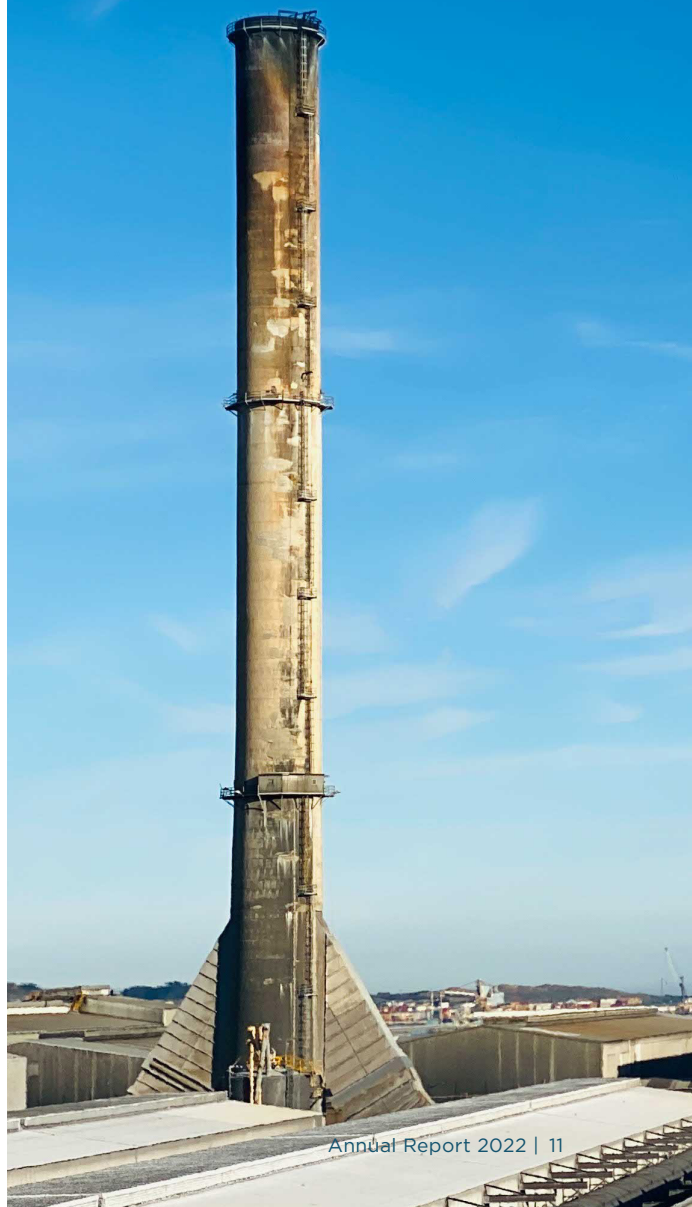
Growth investment option

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

## INSURANCE CHARGES

Insurance charges for death, total disablement and ill-health insurance cover will be deducted from your company account in the Fund. This does not apply to Retirement Account Holders who do not qualify for the Fund's insured benefits. Refer to your annual confirmation (previously known as your annual membership statement) to see the amount of insurance charges deducted from that account during the year ended 30 June 2022.

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](http://www.disclose-register.companiesoffice.govt.nz) (select Search for an offer, enter and click on NZAS, then go to the Documents tab).



# STATUTORY INFORMATION

## DETAILS OF SCHEME

This is the annual report for the NZAS Retirement Fund for the year ended 30 June 2022. 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 2022, the Fund had a product disclosure statement dated 31 May 2022 which was open for applications. The current product disclosure statement for the Fund is dated 27 September 2022 and is open for applications.

The latest fund update for each investment option in the Fund, produced as at 30 June 2022, has been made publicly available on [www.nzasretirementfund.com](http://www.nzasretirementfund.com) and is also available electronically by visiting [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) (select Search for an offer, enter NZAS in the "offer name or number" field, click on NZAS, then go to the Investment Options tab).

The Fund's financial statements as at 30 June 2022, authorised for issue on 12 September 2022, and the auditor's report on those financial statements, were lodged with the Registrar of Financial Service Providers on 12 September 2022. Copies of the financial statements (including the auditor's report) are available electronically by visiting [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) (select Search for a scheme, enter and click on NZAS, then go to the Documents tab).

## INFORMATION ON CONTRIBUTIONS AND SCHEME PARTICIPANTS

Changes to membership during the year ended 30 June 2022 are set out below:

	Contributing members	Non-contributing members <sup>1</sup>	Total
<b>Members at 1 July 2021</b>	<b>712</b>	<b>87<sup>2</sup></b>	<b>799<sup>2</sup></b>
Plus: New members	138	-	138
<b>Total new members</b>	<b>138</b>	<b>-</b>	<b>138</b>
Less: Exits on leaving service	(80)	-	(80)
Total disablement and death	(1)	-	(1)
Ill-health	(1)	-	(1)
Full withdrawals by retirement account members	-	(7)	(7)
<b>Total member exits</b>	<b>(82)</b>	<b>(7)</b>	<b>(89)</b>
Less: Members becoming retirement account holders	(17)	-	(17)
Plus: Members becoming retirement account holders	-	17	17
Less: Members becoming non-contributory	(5)	-	(5)
Plus: Members becoming non-contributory	-	5	5
<b>Members at 30 June 2022</b>	<b>746</b>	<b>102</b>	<b>848</b>

<sup>1</sup> As at 1 July 2021, 82 non-contributing members were retirement account holders and 5 were employee members. As at 30 June 2022, 97 non-contributing members were retirement account holders and 5 were employee members.

<sup>2</sup> In last year's annual report, 2 non-contributing members who had qualified for ill-health benefits were shown as exits. However, both members subsequently decided to become retirement account holders. That annual report should therefore have shown 87 (not 85) non-contributory members and 799 (not 797) members as at 30 June 2021.

The total amount of members' accumulations as at 1 July 2021 was \$183,338,697 relating to 799 members. As at 30 June 2022 the total amount of members' accumulations was \$166,886,393 relating to 848 members.

### Contributions

Type	Number of members	Total amount (\$)
<b>Member contributions</b>	767	3,193,730
<b>Salary sacrifice contributions</b>	93	429,896
<b>Employer contributions</b>	845	4,046,684
<b>Government contributions*</b>	228	111,971
<b>Total contributions</b>		<b>\$7,782,281</b>

\*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

There were no amendments made to the Fund's Trust Deed during the year ended 30 June 2022.

### Product Disclosure Statement (PDS)

The PDS was updated on 27 September 2021, principally to reflect:

- a reduction in the Trustee's average net real return objective for the Conservative option (see below);
- reduced annual fund charges estimates for the Conservative, Balanced and Growth options;
- the appointment of Andrew Elder (earlier in 2021) as a member-elected Trustee Director; and
- the appointments of Tim McGuinness as Chair and of Bruce Kerr as Licensed Independent Trustee Director.

The PDS was updated again on 31 May 2022 to record:

- the reduced annual fund charges estimate for each investment option following reductions in Mercer (N.Z.) Limited's investment management fees;
- the change of name of AMP Capital Investors (New Zealand) Limited to Macquarie Asset Management (NZ) Limited following an ownership change; and
- other minor clarifications and updates (including to the Privacy Act acknowledgments in the Membership Application Form).

Further minor updates were made to the PDS on 27 September 2022 to reflect incremental increases in annual fund charges due to a decrease in funds under management and other minor changes.

### Statement of Investment Policy and Objectives (SIPO)

A replacement SIPO took effect on 27 September 2021. The main changes (though the SIPO was also updated or clarified in other mostly minor respects) were:

- to reduce the Trustee's 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;
- to amend the asset class descriptions;
- to provide some additional detail as to the asset allocation benchmarks and ranges for the Conservative, Balanced and Growth options; and
- to update the descriptions of the market indices used as performance benchmarks for the Fund's international property, international infrastructure and international fixed interest investments.

The SIPO was updated again effective 31 May 2022 to reflect the change of name of AMP Capital Investors (New Zealand) Limited to Macquarie Asset Management (NZ) Limited following its ownership change.

### Related party transactions

There was one material change to the nature and scale of related party transactions during the year ended 30 June 2022. This was a change to the Trustee's investment management agreement with Mercer (N.Z.) Limited to reflect lower investment management fees in respect of the Fund's investments in the Mercer Investment Trusts New Zealand. This change took effect on 1 April 2022.

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

An explanation of related parties is available under Documents at [www.nzassetirementfund.com](http://www.nzassetirementfund.com) (go to Fact sheets).

## OTHER INFORMATION FOR PARTICULAR TYPES OF MANAGED FUNDS

### Permitted withdrawals

During the year ended 30 June 2022, 134 Fund members made withdrawals that were permitted under the Financial Markets Conduct Act and the Trust Deed.

There were 89 members who made a full withdrawal from the Fund, consisting of 80 who left service and received their full account balances, 1 whose estate received a death benefit, 1 who received an ill-health benefit and 7 retirement account holders who withdrew their full account balances.

There were 45 members who made partial withdrawals. There were 106 such withdrawals in total, comprising 90 withdrawals from retirement accounts, 3 first home purchase withdrawals, 2 relationship property order-based withdrawals, 8 partial withdrawals by employee members aged 65 or more, 2 withdrawals for serious illness and 1 KiwiSaver transfer.

### 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 formally examines the adequacy of the premium rates charged to members and of the insurance account balance.

The latest such formal 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 preceding three years, the insurance account balance was likely to increase (principally due to investment earnings); and
- there was also scope to consider a distribution from the insurance account (in which the balance of \$2.3 million was materially greater than the \$890,000 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 not to adjust the premium rates, and 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 of the Fund, the Trustee obtained an interim actuarial 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 had paid premiums) at any time during the period from 1 July 2013 to 30 June 2020; and
- were still contributing or non-contributing members on 14 September 2020;

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

A formal actuarial valuation as at 30 June 2022 is currently in progress and the results will be published in the 2023 annual report.



## Crediting rates

Period	Cash		Conservative		Balanced		Growth	
	monthly	cumulative	monthly	cumulative	monthly	cumulative	monthly	cumulative
<b>2021</b>								
July	0.00%	0.00%	0.83%	0.83%	1.27%	1.27%	1.52%	1.52%
August	0.03%	0.03%	0.60%	1.43%	1.28%	2.55%	2.23%	3.75%
September	0.01%	0.04%	-1.11%	0.32%	-1.81%	0.74%	-2.29%	1.46%
October	0.05%	0.09%	0.29%	0.61%	1.10%	1.84%	1.85%	3.31%
November	0.03%	0.12%	-0.44%	0.17%	-0.93%	0.91%	-1.53%	1.78%
December	0.04%	0.16%	1.64%	1.81%	2.90%	3.81%	4.18%	5.96%
<b>2022</b>								
January	0.05%	0.21%	-2.16%	-0.35%	-3.72%	0.09%	-5.46%	0.50%
February	0.06%	0.27%	-1.05%	-1.40%	-1.88%	-1.79%	-2.58%	-2.08%
March	0.04%	0.31%	0.30%	-1.10%	0.82%	-0.97%	1.38%	-0.70%
April	0.19%	0.50%	-1.88%	-2.98%	-2.51%	-3.48%	-2.78%	-3.48%
May	0.10%	0.60%	-0.75%	-3.73%	-1.29%	-4.77%	-1.92%	-5.40%
June	0.13%	0.73%	-2.28%	-5.93%	-3.99%	-8.66%	-5.57%	-10.92%

## Manager's statement

The Trustee as manager of the Fund states that:

- i. all contributions required to be made to the Fund in accordance with the terms of the Trust Deed have been made;
- ii. 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;
- iii. all the benefits required to be paid from the Fund in accordance with the terms of the Trust Deed have been paid;
- iv. the market value of the assets of the Fund as at 30 June 2022 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 2022;
- v. 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 2022 was \$14,025,503 relating to 353 members; and
- vi. the value of withdrawals made from locked-in accounts during the year ended 30 June 2022 was \$880,360.

Signed for and on behalf of the Trustee:



**Director**  
Tim McGuinness



**Director**  
Bruce Kerr

## CHANGES TO PERSONS INVOLVED IN THE SCHEME

### Trustee

Stewart Hamilton resigned as a Company-appointed Trustee Director and as Chair effective 31 July 2021, and Tim McGuinness was appointed as Acting Chair effective 19 August 2021.

Effective 1 October 2021:

- Tim was appointed as Chair; and
- Bruce Kerr became a Company-appointed Trustee Director in place of Stewart, and also replaced Tim in his capacity as the Fund's Licensed Independent Trustee Director.

Subsequent to the year-end an election was held to appoint four Member-elected Trustee Directors whose three-year terms of office will commence on 1 November 2022. The successful candidates were Allan Meikle, Andrew Elder, Grant Cuff, and Karen Sturman.

For further information about the Trustee Directors, including their contact details, go to [www.nzasretirementfund.com](http://www.nzasretirementfund.com) and click on Trustee Director contact details.

### Administration Manager, Fund managers and Auditor

During the year AMP Capital Investors (New Zealand) Limited, the manager of the Fund's New Zealand fixed interest and cash investments, changed its name to Macquarie Asset Management (NZ) Limited following a change of ownership. That name change took effect on 29 March 2022, and effective 1 April 2022 the relevant underlying investment funds were renamed from "AMP Capital" to "Macquarie".

No changes were made during the year ended 30 June 2022 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 Scheme Register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) (select Search for a scheme, enter and click on NZAS and then go to the Documents tab). The Scheme Register contains copies of the Fund's Trust Deed, statement of investment policy and objectives and full audited financial statements.

A copy of the Fund's latest product disclosure statement dated 27 September 2022 is available on the Offer Register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) (select Search for an offer, enter and click on NZAS and then go to the Documents tab). For the latest fund update for each investment option, select the Investment options tab and (for each investment option) 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  
20 Customhouse Quay, 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 [complaints@fscl.org.nz](mailto:complaints@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](mailto:info@fscl.org.nz) or [complaints@fscl.org.nz](mailto:complaints@fscl.org.nz)

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

## PRIVACY ACT 2020

Personal information about you may be collected, held and used by the Trustee and Mercer (as Administration Manager) for the purposes of administering your Fund membership and administering the benefits payable under the Fund. Your personal information may also be shared with (and held and used by) your employer, the Fund's professional advisers and other service providers, Inland Revenue, the Financial Markets Authority or any other person or entity as necessary for those purposes.

You have the right to access your personal information and to request a correction if you think any detail is wrong. If you wish to request access to, or correction of, your personal information, in the first instance please contact:

### Philippa Kalasih

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

**Email:** [philippa.kalasih@mercerc.com](mailto:philippa.kalasih@mercerc.com)

**Phone:** +64 4 819 2600

## FUND DIRECTORY

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

### Company-appointed



**Bruce Kerr**  
(Licensed Independent  
Trustee Director)



**Paula Checketts**



**Stephanie Pearce**



**Tim McGuinness**  
Chair

### Member-elected



**Allan Meikle**



**Andrew Elder**



**Grant Cuff**



**Karen Sturman**

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

<b>Service</b>	<b>Adviser</b>
Administration, accounting, actuarial, member education, secretarial, communications and consulting	Mercer (N.Z.) Limited
Audit services	KPMG
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](http://www.nzasretirementfund.com)

Helpline 0508 266 787

