

ANNUAL REPORT

For The Year Ended 30 June 2023



Inside front cover: Chris Thompson (left) and Jamiee Thompson (right)

YEAR SNAPSHOT

Returns (after tax and investment-related costs) for 1, 3, 5 and 10-year periods ended 30 June 2023

	Cash	Conservative	Balanced	Growth
1 year	3.82%	4.19%	5.86%	8.54%
3 years (p.a.)	1.6%	1.8%	3.7%	6.1%
5 years (p.a.)	1.4%	2.6%	4.0%	5.6%
10 years (p.a.)	1.7%	4.2%	6.3%	8.7%

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

THE NUMBERS

884

total members

\$170.8

million in net assets

776

employee members

\$18.3

million in benefits paid

130

new members

\$0.8

million in expenses paid by NZAS

108

retirement account holders

\$4.1

million in member and salary sacrifice contributions received

36

net membership growth for year

\$4.5

million in employer contributions received

252

members on average logged into the website per month

230

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 NZAS Retirement Fund's ('the Fund') annual report for the year ended 30 June 2023.

The year in review

Following a fairly challenging reporting period for the year ended 30 June 2023 (Fund year), the returns showed a marked improvement from the previous Fund year ended 30 June 2022. Global equity markets finished the year in positive territory. However, it wasn't smooth sailing, as persistent inflation forced central banks to turn up the heat on interest rates and we observed the most aggressive monetary tightening cycle in recent times.

Looking back at the year, it was evident that record-high inflation and central bank policies were significant factors in what played out in financial markets. All things considered, most major asset classes closed out the first six months of the 2023 calendar year in a remarkably good position.

It is still a bit premature to have a clear-cut view of how things will play out for the remainder of 2023. Financial markets have sailed through stormy conditions with relative ease thus far, but the waters remain choppy due to several factors, including uncertainty regarding interest rates, economic growth and global inflation. These factors highlight the importance of having a diversified approach when it comes to your retirement investments and to opt for an investment option which has a risk profile acceptable to you.

As Trustee Directors, we monitor the performance of our fund managers very closely. During the Fund year ended 30 June 2023, our investment manager mix remained steady and we are comfortable with the set of managers used by the Fund.

Planning for retirement with tools

Retirement is an important milestone in any person's life, and enjoying it fully requires having your finances organised. Planning for retirement is not an easy task, so making use of available resources can help. For guidance, you can refer to the Retirement Planning Guide recently launched by the Financial Services Council. This guide explains how to use the calculators available on Te Ara Ahunga Ora Retirement Commission's *Sorted* website. It also summarises the New Zealand Society of Actuaries' "rules of thumb" for determining the level of sustainable spending your retirement savings might support. It always pays though to discuss your retirement savings and other financial matters with a licensed financial advice provider.

You can refer to the resources available on the Fund website before making any changes to your investment strategy.

Trustee Director changes

During the Fund year, Torsten Becht replaced Stephanie Pearce as a Trustee Director on 1 April 2023. Torsten is based in Australia and is the Service Delivery Lead – Workday Program, People at Rio Tinto Services Limited. We welcome Torsten, who brings with him years of experience and a wealth of knowledge. On behalf of the Directors, I would also like to thank Stephanie for her service to the Fund. Stephanie added a lot of value to our Board over her almost seven years as a Director.

Key numbers

During the Fund year, we welcomed 130 new members to the Fund, bringing our total membership to 884. We also supported 217 members with accessing their savings, including to help 3 members buy their first home. Though the Fund paid out over \$18.3 million in benefits, its net assets still increased slightly, from \$169.9 million as at 30 June 2022 to \$170.8 million as at 30 June 2023. It is great to see the Fund's membership growing, and to know that we can support our members to reach their goals and help them in times of need.

Thank you

Thank you to my fellow Trustee Directors and NZAS for their never-ending support and service towards our members. We regularly review the Fund's policies and processes to ensure the best outcomes for our members.

I would also like to acknowledge our service providers, Chapman Tripp and Mercer in particular, for their constant commitment towards our Trustee Directors and our members.

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

The month-to-month cumulative crediting rates that applied during the year ended 30 June 2023 were influenced by the following key factors:

Cumulative crediting rates by month



Past performance is not a guide to future performance.

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

Australasian equities

Australasian equities concluded the Fund year ended 30 June 2023 on a positive note, with the NZX 50 up 10.6% and the ASX 200 up 14.8%. The technology sector in Australia was a standout.

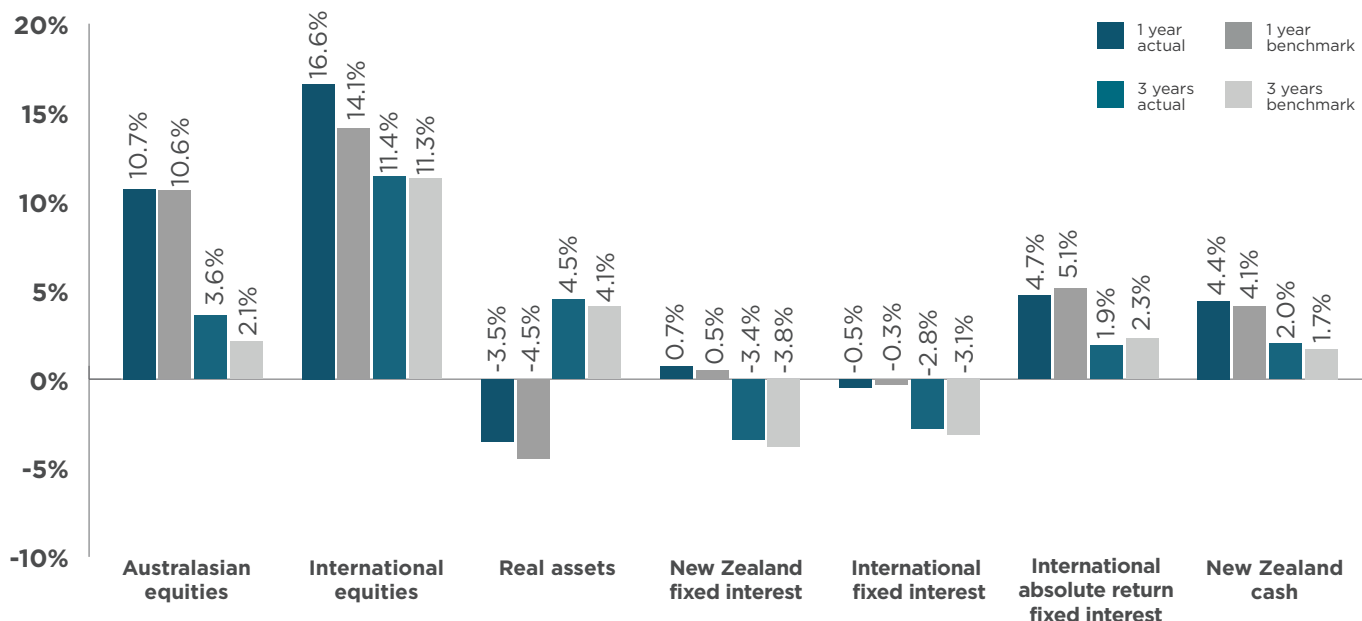
Real assets

Real assets lagged equities and bonds over the year. Global listed property performed poorly in a rising interest rates environment that affected both valuations and financing costs.

International fixed interest

International fixed interest continued its poor run, as central banks continued to hike interest rates. The higher running yield of this portfolio was not enough to offset the capital losses.

Gross returns by asset class - actual v. benchmark over 1 & 3 years to 30 June 2023



International equities

After a poor start to the year, international equities finished strongly, with US equities in particular really taking off. This was due in part to the assessed probability of a soft landing for the US economy. However, the real catalyst was growth in the mega big-cap sector, driven by the demand for anything associated with AI and the companies that manufacture AI computer chips.

New Zealand fixed interest

Similar to international fixed interest, the New Zealand fixed interest sector struggled as our own Reserve Bank of New Zealand ('RBNZ') pushed the Official Cash Rate up to 5.5%.

New Zealand cash

Persistent inflation resulted in the RBNZ increasing rates over the past year. As a result of this, cash became a favourable asset class, delivering positive returns.

The graph above (setting out gross investment returns before tax and expenses) shows that all asset classes outperformed their respective benchmark indices for the year ended 30 June 2023, except for international fixed interest and international absolute return fixed interest.

Over the three-year period ended 30 June 2023, all assets outperformed their respective benchmark indices, except for international absolute return fixed interest.

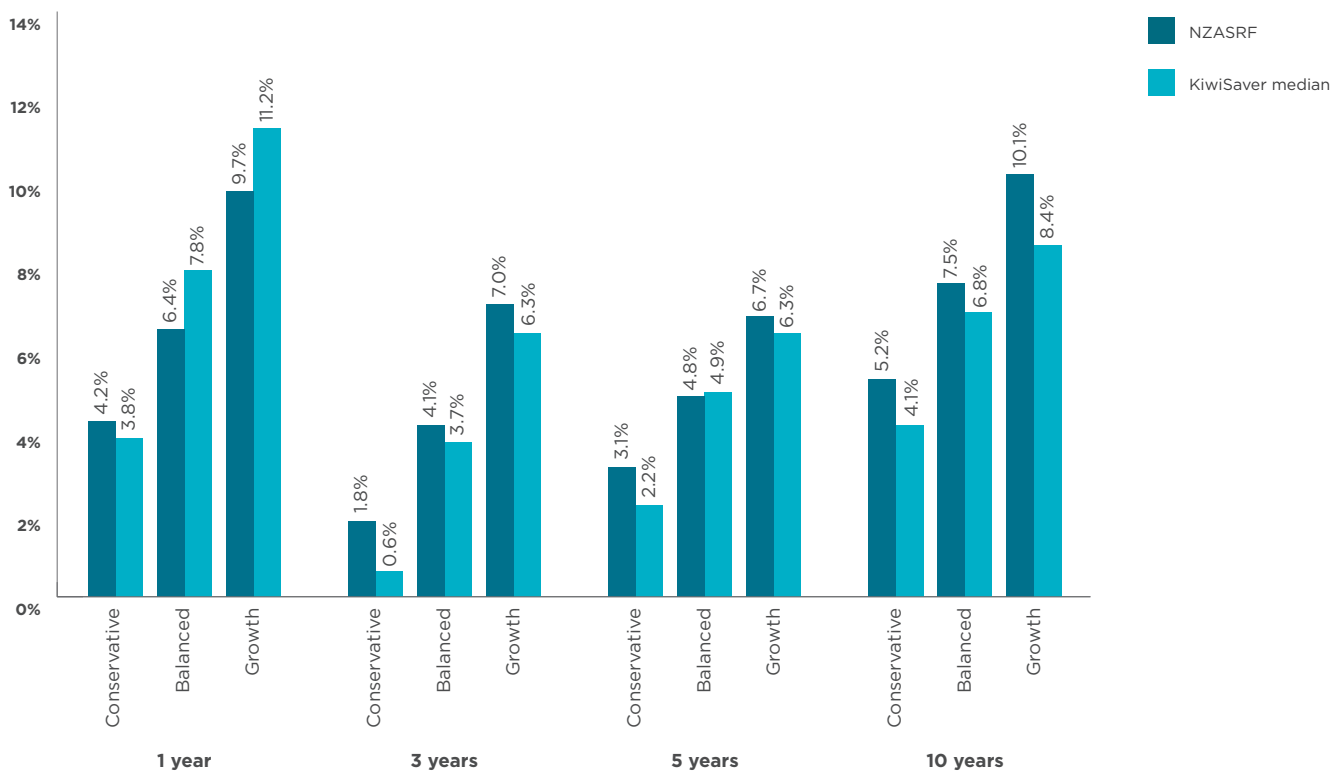
Past performance is not a guide to future performance.

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 2023.

The graph shows that all the relevant investment options in the Fund outperformed the KiwiSaver median, or middle, return over the long-term (10 years).

Investment fund returns (before tax & after fees²) v KiwiSaver median for 1, 3, 5 & 10 years to June 2023

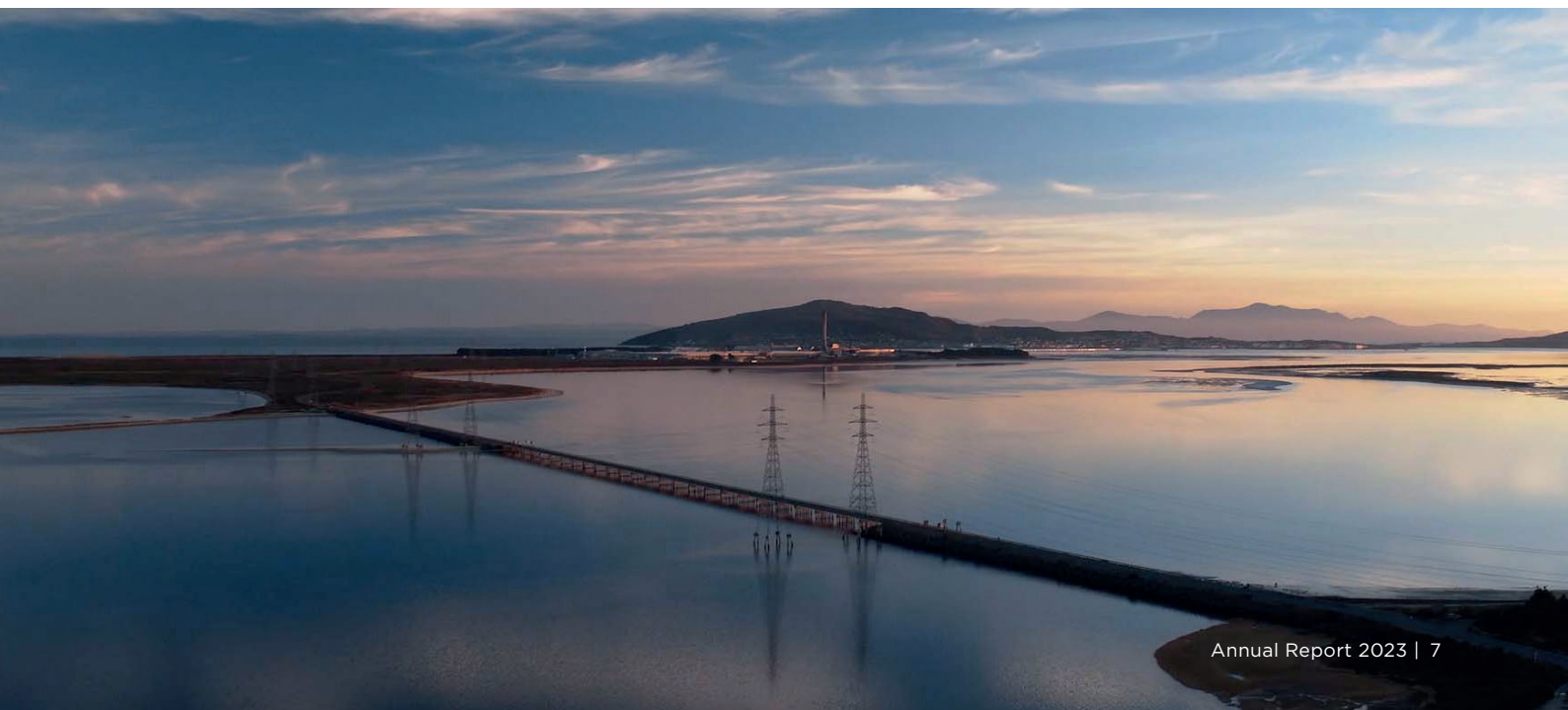


¹ The MJW Investment Survey has been used for the KiwiSaver median data. “KiwiSaver median” means the median KiwiSaver fund return (before tax but after fees) for each of the periods noted, in the relevant category (Growth, Balanced or Conservative) as shown in the MJW Investment Survey (prepared quarterly).

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.

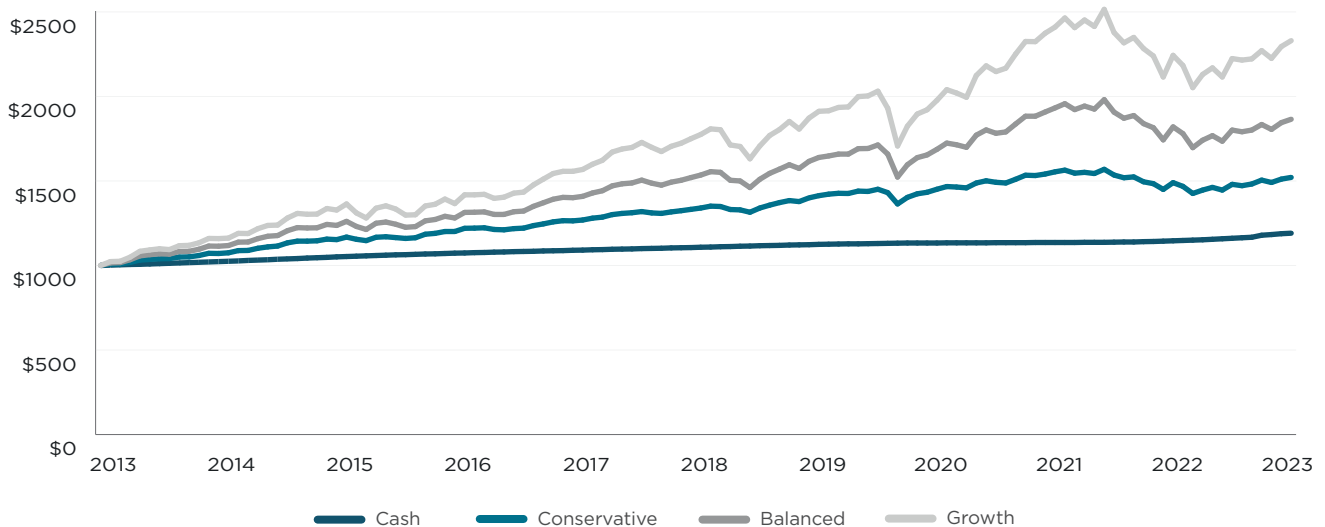
Notes: Not all KiwiSaver funds are included in the MJW Investment Survey, and the funds surveyed have varying asset allocations which differ from those of the NZAS Retirement Fund investment options (for example, the Balanced option has a strategic allocation to growth assets of 60%, whereas the 16 balanced funds in the MJW Investment Survey have growth asset allocations ranging from 50% to 65%).

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 FUND YEARS?

Performance of \$1,000 (after tax and investment-related costs¹) over the 10 years ended 30 June 2023



¹This graph shows for illustrative purposes (based on month-to-month crediting rates) what the accumulated value of \$1,000 invested in each respective investment option on 1 July 2013 would be as at 30 June 2023 if there were no further contributions and no deductions made for insurance charges. Insurance charges are deducted from company accounts and are additional to investment-related costs.

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

MEMBER STORY - RETIREMENT PLANNING IS ESSENTIAL

Diane Johnstone works as an Energy Analyst in the Commercial Services Team at NZAS.

No two days at my job are the same, there is plenty of variety day-to-day and even every week. My workday generally involves daily monitoring of power prices, lake levels, site load and the London Metal Exchange (LME). Towards month-end, I estimate power costs, reconcile meter readings against invoices and process invoices for payment. I regularly submit reports to electricity authorities as part of governance and compliance with industry regulations. In my 'spare time', I support the Finance team, particularly now as we complete the annual strategic plan cycle.

I have spent 18 years in the Fund, as I joined it when I started working at Tiwai in 2005. Being an accountant, it makes sense for me to keep a close eye on my savings and expenditure. I tend to create budgets for every task - for example, we have one budget for maintaining our farm, one for the building work we are undertaking and another budget for running the household. Excel never gets a chance to go cold on our computer! It is essential for us keep a close eye on our finances now, so that we can have a comfortable life after retirement.

I like the ability to log in to the Fund website to check my balance at any time and I enjoy reading the annual report to understand the Fund performance over the previous year. I also make it a point to go through the other material distributed by our fund managers. In addition, outside of work I am a trustee on an investment trust and through that I receive regular financial market updates. I do like to keep an eye on the national and global economy and political happenings, since it all impacts Fund returns.

The NZAS Retirement Fund has served me well over the years and I found it easy to join and understand. I think that now, more than ever, it is crucial to have an income stream which is additional to New Zealand

Superannuation as it's all about providing options and freedom of choice during retirement, which may not be possible on the regular pension alone.

I have left my growth strategy unchanged since joining - I've taken a long-term view that retirement is a few years away yet and so I'm comfortable with riding out the highs and lows that go together with a growth strategy. As I near retirement, I will probably look to change to something more conservative to provide a buffer against the swings inherent with the growth strategy. The current cost of living pressures facing Kiwis make it difficult to prioritise savings, but it is important to put aside what you can, which is the beauty of the Fund. Even if your contribution rate is set to the minimum, it grows the savings quickly. And when money and your situation permit, you can increase your contribution rate to accelerate savings.

In my spare time and because my job is desk-based, I love getting outside on our farm. I enjoy working with animals, gardening, tramping and spending time with my friends and family. I like heading to our family crib in Te Anau to relax, to enjoy the local walking and cycle tracks or just to soak up the fabulous scenery up that way. My plan after retirement is to travel. My husband and I would love to campervan around New Zealand, exploring our own backyard first, then heading back overseas to continue a travel journey paused years ago when other priorities like careers and children came along!



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 latest 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. 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 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.

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 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 2023 are shown below:

Asset class	Fund manager	Fund investment assets as at 30 June 2023 (\$ million)*	%
Australasian equities	Harbour Asset Management Limited	8.9	5.2
	Nikko Asset Management New Zealand Limited	9.1	5.3
International equities	ANZ New Zealand Investments Limited	59.6	34.7
New Zealand fixed interest	Mercer (N.Z.) Limited	11.2	6.5
International fixed interest	Mercer (N.Z.) Limited	17.2	10.0
New Zealand cash	Mercer (N.Z.) Limited	43.9	25.6
International listed infrastructure**	Mercer (N.Z.) Limited	10.8	6.3
International listed property**	Mercer (N.Z.) Limited	11.1	6.4
TOTAL		171.8	100.0

*This excludes non-investment assets (e.g. cash at the bank, receivables and prepayments) of \$1.1 million and liabilities of \$2.1 million.

**International listed infrastructure and international listed property are referred to elsewhere in this annual report as real assets, and international listed property is referred to in the Fund's disclosure documents as the *other* assets class.

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 comprise 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, professional trustee director, audit and taxation advisory services fees, statutory liability insurance premiums and regulatory fees and levies. In the year ended 30 June 2023, NZAS paid \$797,410 in expenses incurred on behalf of members in support of the Fund (compared to \$641,858 in the year ended 30 June 2022).

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 2023 were as follows:

FUND CHARGES PER \$100 INVESTED (YEAR ENDED 30 JUNE 2023)



Cash investment option



Conservative investment option



Balanced investment option



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 in the Fund (no insurance charges are payable by members who are retirement account holders or are aged 65 plus, as those members do not have ongoing insurance cover from the Fund). If you had insurance cover during the year ended 30 June 2023, refer to your annual confirmation (previously known as your annual membership statement) to see the amount of insurance charges deducted from your company account during the year.

Your insurance cover varies depending on your chosen cover level (basic, medium or top), your salary and the number of months until you reach age 65, and the cost of cover (i.e. the insurance charge per dollar of cover) increases with age. For the revised insurance charges that have applied since 31 March 2023, see the *Other Material Information* document for the Fund at 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 2023. 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.

The current Product Disclosure Statement for the Fund is dated 30 June 2023 and is open for applications.

The latest fund update for each investment option in the Fund, produced as at 30 June 2023, has been made publicly available on www.nzasretirementfund.com and is also available electronically by visiting www.disclose-register.companiesoffice.govt.nz (select *Search for an offer*, enter and click on *NZAS*, then go to the *Investment Options* tab).

The Fund's financial statements as at 30 June 2023, authorised for issue on 11 September 2023, and the auditor's report on those financial statements, were lodged with the Registrar of Financial Service Providers on 14 September 2023. 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*, 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 2023 are set out below:

	Contributing members	Non-contributing members ¹	Total
Members at 1 July 2022	746	102	848
Plus: New members	130	-	130
Total new members	130	-	130
Less: Exits on leaving service	(75)	-	(75)
Total disablement and death	(5)	(3)	(8)
Ill-health	(2)	-	(2)
Transfer to another scheme	(1)	-	(1)
Full withdrawals by retirement account members	-	(8)	(8)
Total member exits	(83)	(11)	(94)
Less: Members becoming retirement account holders	(17)	-	(17)
Plus: Members becoming retirement account holders	-	17	17
Less: Members becoming non-contributory	(1)	-	(1)
Plus: Members becoming non-contributory	-	1	1
Members at 30 June 2023	775	109	884

¹As at 1 July 2022, 97 non-contributing members were retirement account holders and 5 were employee members. As at 30 June 2023, 108 non-contributing members were retirement account holders and 1 was an employee member.

The total amount of members' accumulations as at 1 July 2022 was \$166,886,393 relating to 848 members. As at 30 June 2023, the total amount of members' accumulations was \$168,011,800 relating to 884 members.

Contributions

Type	Number of members	Total amount (\$)
Member contributions	801	\$3,542,511
Salary sacrifice contributions	86	\$417,838
Employer contributions	872	\$4,480,500
Government contributions	208	\$102,426
Total contributions		\$8,543,275

CHANGES RELATING TO THE SCHEME

Trust Deed

The Fund's Trust Deed was amended (by entry into a replacement Trust Deed) on 30 June 2023. The changes made included:

- amendments to ensure that the Trust Deed correctly reflects the Fund-related aspects of NZAS' current parental leave policy, under which:
 - if an employee member takes unpaid parental leave then NZAS will continue contributing to the Fund during that leave period, whether or not the member also continues contributing; and
 - if a subsidised employee member aged below 65 dies or suffers total disablement while on unpaid parental leave (or unpaid leave that is otherwise NZAS-approved) then, whether or not the member has also continued contributing to the Fund, they remain entitled to the additional one times salary component of the death or total disablement benefit (as well as the insurance component);
- amendments clarifying that:
 - the account balances component of an employee member's death, total disablement or ill-health benefit is calculable when (as applicable) the member leaves service or the Trustee is notified of the member's death;
 - the death benefit of a former employee member with a retained account (or accounts) is calculable when the Trustee receives notice of the member's death; and
 - after being informed of a member's death, the Trustee can transfer the member's balances into the Cash investment option, to be held there until payment to the member's executors or estate administrators; and
- other minor updates.

Product Disclosure Statement (PDS)

The Trustee amended the Fund's PDS three times during the year ended 30 June 2023. The PDS was amended on 27 September 2022:

- to reflect slight increases in estimated annual fund charges due to a decrease in funds under management; and
- to prescribe other minor updates (including to the guidance on how to switch between investment options).

The PDS was amended again on 28 October 2022 to reflect the Trustee's adoption of a more detailed responsible investment policy which contemplates responsible investment (including environmental, social, and governance considerations) being taken into account in the investment policies and procedures of the Fund.

The PDS was further amended on 30 June 2023 to reflect:

- the Fund-related aspects of NZAS' current parental leave policy, as described under *Trust Deed* above;
- a change (from a 3 to a 4) in the risk indicator for the Conservative option;
- the management of the Fund's New Zealand fixed interest and New Zealand cash investments transferring from Macquarie Asset Management (NZ) Limited (**'Macquarie'**) to Mercer (N.Z.) Limited (**'Mercer'**) following the decision by Macquarie to retire as a manager of New Zealand retail and wholesale funds; and
- the appointment of Torsten Becht as a Trustee Director, replacing Stephanie Pearce.



Statement of Investment Policy and Objectives (SIPO)

The Trustee adopted a replacement SIPO for the Fund effective 28 October 2022, incorporating a more detailed responsible investment policy:

- affirming that the Trustee recognises the importance of environmental, social and governance factors in investment decision-making; and
- expressing the Trustee's commitment to considering those factors when assessing and engaging with its underlying fund managers and considering whether to initiate or retain an investment in a managed investment fund.

Following the decision by Macquarie to retire as a manager of New Zealand retail and wholesale funds, the Trustee amended the SIPO effective 31 March 2023 to reflect:

- the management of the Fund's New Zealand fixed interest and New Zealand cash investments transferring from Macquarie to Mercer; and
- the relevant underlying investment funds being renamed the Mercer Macquarie NZ Fixed Interest Fund and the Mercer Macquarie NZ Cash Fund.

There were no material changes to the relevant underlying investment funds as part of this transition.

Other Material Information (OMI)

The Trustee amended the Fund's OMI three times during the year ended 30 June 2023.

The OMI was amended on 27 September 2022 to clarify the guidance on how to switch between investment options and to make other minor updates.

The OMI was amended again on 31 March 2023, principally to:

- reflect that Grant Cuff has left NZAS' employment but remains a member-elected Trustee Director;
- update the insurance charges table, clarify the description of how insurance charges are calculated and deducted and explain how a member's cover level reduces each month as the member ages; and
- update the description of the investment income tax treatment of the hedging contracts which the Trustee holds in relation to the Fund's international equities investments.

The OMI was further amended on 30 June 2023 to:

- refine the description of the administrative services which Mercer provides to the Fund; and
- update the hyperlinks to websites where more information can be obtained regarding the benchmark indices used by the Fund for investment returns comparison purposes.

Related party transactions

There was one material change to the nature and scale of related party transactions during the year ended 30 June 2023. Effective from 3 March 2023, the Trustee entered into a Novation Agreement with Mercer and Macquarie under which Mercer (having taken over the management of the relevant underlying investment funds, which were renamed the Mercer Macquarie NZ Fixed Interest Fund and the Mercer Macquarie NZ Cash Fund) replaced Macquarie as the manager of the Fund's New Zealand fixed interest and New Zealand cash investment assets.

On 11 September 2023, the Trustee and Mercer entered into a replacement Investment Management Agreement relating to the Fund's investments in the Mercer Macquarie NZ Fixed Interest Fund and the Mercer Macquarie NZ Cash Fund, for the purposes of:

- adding new provisions requiring Mercer to:
 - maintain appropriate, commercially prudent security and cybersecurity policies and standards regarding assets under management;
 - meet prescribed security and cybersecurity breach reporting obligations; and
 - annually and on request, provide the Trustee with any available summaries of securities controls-focused audit reports; and
- updating a range of other details such as investment guidelines, Mercer's reporting obligations and the persons permitted to access the Mercer client portal on the Fund's behalf.

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.nzasretirementfund.com (go to *Fact sheets*).

OTHER INFORMATION FOR PARTICULAR TYPES OF MANAGED FUNDS

Permitted withdrawals

During the year ended 30 June 2023, 217 Fund members made withdrawals that were permitted under the FMCA and the Trust Deed.

There were 94 members who made a full withdrawal from the Fund, consisting of 75 members who left service and received their full account balances, 8 members who received death or total disablement benefits, 2 members who received ill-health benefits, 8 retirement account holders who withdrew their full account balances, and 1 member who transferred to another scheme.

There were 58 members who made partial withdrawals. There were 123 such withdrawals in total, comprising 106 withdrawals from retirement accounts, 3 first home purchase withdrawals, 1 relationship property withdrawal, 10 partial withdrawals by employee members aged 65 or more, 1 partial withdrawal for serious illness and 2 partial withdrawals 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 FMCA 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 2022 by Simon Barker and Peter Cosseboom of Mercer.

The key findings were that:

- the insurance charges credited to the insurance account over the 17-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;
- the insurance charges should be updated to better reflect the Fund's potential claims risks and its claims experience across the three different types of cover offered (death, total disablement and ill-health);
- there was scope to consider a special allocation to member accounts from the insurance account (in which the balance of \$2.3 million was materially greater than the \$858,000 considered appropriate to cover claims, insurance charges shortfalls, catastrophe insurance costs and investment fluctuations), though the Trustee might wish to retain the full insurance account balance to protect against adverse experience; and
- if 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).

After considering the actuarial examination (and additional advice from the actuaries regarding appropriate insurance charges), the Trustee decided to adopt new insurance charges effective from 31 March 2023. This has resulted in reduced premiums at older ages and increased premiums at younger ages. The actuaries believe that the revised insurance charges better reflect the Fund's potential claims risks and claims experience.

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.

The next formal actuarial review of the insurance account is due as at 30 June 2025 and the results will be published in the 2026 annual report.

Crediting rates

Period	Cash		Conservative		Balanced		Growth	
	monthly	cumulative	monthly	cumulative	monthly	cumulative	monthly	cumulative
2022								
July	0.18%	0.18%	2.73%	2.73%	4.41%	4.41%	6.09%	6.09%
August	0.18%	0.36%	-1.45%	1.24%	-2.20%	2.11%	-2.68%	3.25%
September	0.16%	0.52%	-2.88%	-1.68%	-4.63%	-2.61%	-6.03%	-2.98%
October	0.22%	0.74%	1.39%	-0.31%	2.56%	-0.12%	3.83%	0.74%
November	0.20%	0.94%	1.11%	0.80%	1.55%	1.43%	1.84%	2.59%
December	0.25%	1.20%	-1.05%	-0.26%	-1.84%	-0.44%	-2.53%	-0.01%
2023								
January	0.26%	1.46%	2.35%	2.08%	3.77%	3.31%	5.16%	5.15%
February	0.28%	1.74%	-0.54%	1.53%	-0.56%	2.73%	-0.37%	4.77%
March	0.29%	2.04%	0.63%	2.17%	0.55%	3.30%	0.30%	5.08%
April	1.00%	3.06%	1.58%	3.79%	1.84%	5.20%	2.19%	7.38%
May	0.37%	3.44%	-0.92%	2.83%	-1.58%	3.54%	-2.03%	5.20%
June	0.37%	3.82%	1.32%	4.19%	2.24%	5.86%	3.17%	8.54%

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 actuaries' 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 2023 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 2023;
- 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 2023 was \$15,089,861 relating to 347 members; and
- vi. the value of withdrawals made from locked-in accounts during the year ended 30 June 2023 was \$1,084,206.

Signed for and on behalf of the Trustee:



Director
Tim McGuinness



Director
Bruce Kerr

CHANGES TO PERSONS INVOLVED IN THE SCHEME

Trustee Directors

Effective 1 April 2023, Stephanie Pearce resigned as a Company-appointed Trustee Director and was replaced by Torsten Becht.

Grant Cuff left NZAS' employment during the year but remains a member-elected Trustee Director.

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

Administration manager, fund managers and auditor

Effective 3 March 2023, Mercer replaced Macquarie as the manager of the Fund's New Zealand fixed interest and New Zealand cash investments.

No changes were made during the year ended 30 June 2023 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 (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 30 June 2023 is available on the Offer Register at 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 Ltd (FSCL) - A Financial Ombudsman Service, by emailing 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

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

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

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



Tim McGuinness
(Chair)



Torsten Becht

Member-elected



Allan Meikle



Andrew Elder



Grant Cuff



Karen Vermunt (nee Sturman)

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
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

