

ANZ DEFAULT KIWISAVER SCHEME

ANNUAL REPORT
FOR THE YEAR ENDED
31 MARCH 2018

MANAGER:
ANZ NEW ZEALAND
INVESTMENTS LIMITED

CONTENTS

Welcome	1
Performance summary	2
Details of scheme	4
Information on contributions and scheme participants	5
Changes relating to the scheme	7
Other information for particular types of managed funds	8
Changes to persons involved in the scheme	10
How to find further information	11
Contact details and complaints	12

CHOOSING THE RIGHT FUND IS IMPORTANT FOR YOUR FUTURE!

We remain committed to ensuring members make an active fund choice.

If you haven't already, we encourage you to consider your fund choice and take action, recognising that it could make a significant difference to your retirement savings.

Use our risk profile tool to identify your tolerance for risk so you can decide which fund is right for you.

 anz.co.nz/riskprofiletool

WELCOME

I'm pleased to present the annual report for the ANZ Default KiwiSaver Scheme (the scheme).

The 2018 year was another positive one for investment markets. Global share prices rose as a result of growth in the world's major economies and a better environment for company earnings. New Zealand shares stood out, thanks to the strong performances of several local businesses on the international stage.

Over the year, those of our funds invested mainly in growth assets delivered stronger returns – although all funds made positive gains. You can see this performance in the chart over the page.

I'm also pleased to highlight the following achievements:

- The scheme was awarded a 'Platinum' rating for the fourth year in a row by independent research company SuperRatings*. This is the highest possible rating, awarded to only a few providers.
- Our multi-asset-class funds also have a Morningstar Analyst Rating™ of 'Silver', assigned on 16 March 2018*. Silver is currently the highest rating for a multi-asset-class fund in a KiwiSaver scheme.
- We extended our commitment to responsible investing by signing up to the Principles for Responsible Investment – a United Nations-supported framework that helps companies integrate environmental, social and governance factors into their investment processes.

- We provided new easy-to-read account statements with personalised information including the fees you paid, as a dollar amount.
- We've made significant investment into a new registry system for an improved customer experience – now and into the future.

Finally, we've continued to reinforce our stance on the importance of returns *after* fees. Taking into account our long-term investment performance, as well as the support and education we provide, we believe we offer great value for members.

My thanks for choosing to invest with ANZ Investments. It's our goal to put you at the centre of everything we do and to help you achieve your financial goals.



Ana-Marie Lockyer
General Manager Wealth Products

On behalf of the manager, ANZ
New Zealand Investments Limited

* See inside back cover for ratings disclaimers and see anz.co.nz/anzinvestmentsawards for full awards and ratings history.

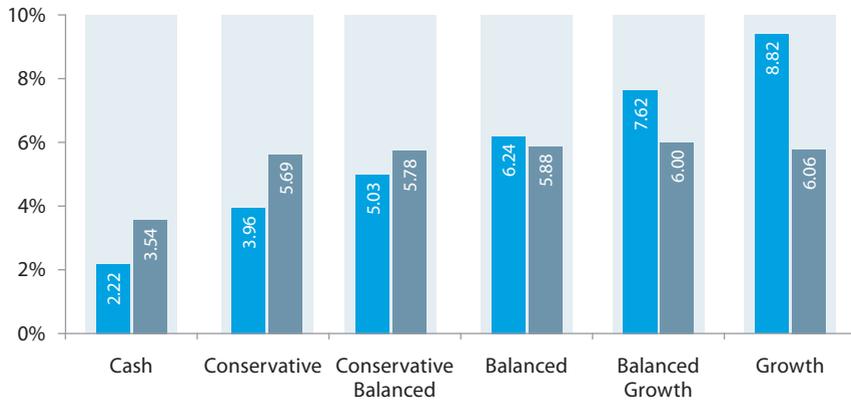
PERFORMANCE SUMMARY

ANNUAL INVESTMENT PERFORMANCE

In this chart:

- the first bar in each pair shows the percentage return for the year to 31 March 2018
- the second bar in each pair shows the average yearly percentage return earned by the fund since launch.

ANZ Default KiwiSaver Scheme*



● For the year ended 31 March 2018 ● Annualised investment performance since launch

INVESTMENT PERFORMANCE SINCE LAUNCH

In this chart, each line represents the growth of \$1,000 invested in the fund at launch. For example, an investment of \$1,000 in the Balanced Fund on 1 October 2007 (with no further contributions made) would have grown to \$1,821 by 31 March 2018.

The chart also shows how the funds with a larger allocation to growth assets generally have larger movements up and down in value. The calculation shows actual historical returns. Values have been rounded down to the nearest dollar.

ANZ Default KiwiSaver Scheme*



● Conservative – \$1,787 ● Conservative Balanced – \$1,803
 ● Balanced – \$1,821 ● Balanced Growth – \$1,843
 ● Growth – \$1,855 ● Cash – \$1,435

*All performance is after the annual fund charge and before tax. This is represented by changes in the unit price plus any applicable tax credits. Past performance is not indicative of future performance. Performance can be negative as well as positive. The launch date for all funds, except the Cash Fund, was 1 October 2007. The Cash Fund launched on 15 November 2007.

DETAILS OF SCHEME

NAME OF THE SCHEME

ANZ Default KiwiSaver Scheme
(the **scheme**)

TYPE OF SCHEME

KiwiSaver scheme

MANAGER

ANZ New Zealand Investments Limited
(the **manager**)

SUPERVISOR

The New Zealand Guardian Trust
Company Limited (the **supervisor**)

PRODUCT DISCLOSURE STATEMENT

The scheme's latest product disclosure
statement is dated 24 November 2017
and has an 'open for applications' status.

FUND UPDATES

The scheme's latest fund updates for the
quarter ended 30 June 2018 were made
publicly available on 26 July 2018. These
are available on the offer register at
disclose-register.companiesoffice.govt.nz
and at anz.co.nz/kiwisaverfundupdates.

FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The scheme's latest financial statements
for the year ended 31 March 2018, and
the auditor's report on those financial
statements, were dated 23 July 2018
and were lodged with the Registrar
on 26 July 2018. See page 11 for
more details.

INFORMATION ON CONTRIBUTIONS AND SCHEME PARTICIPANTS

The information in this document relates to the year from 1 April 2017 to 31 March 2018
(the **year**).

MEMBERSHIP

The table below provides a summary of the numerical changes in the membership
of the scheme during the year.

Membership movements	Number of members	Total amount (\$000)
Members at the start of the year		
– Contributing members	50,587	
– Non-contributing members	40,417	
Total scheme members at 1 April 2017	91,004	
Total members' savings at 1 April 2017		1,323,846
Plus new members		
– Transfers from other schemes	3	
– Other new members	6,346	
Total new members during the year	6,349	
Less exited members		
– Retirement	518	
– Death	104	
– Transfers to other schemes	7,321	
– Other reasons	172	
Total members exited during the year	8,115	
Scheme members at 31 March 2018		
– Contributing members	50,149	
– Non-contributing members	39,089	
Total scheme members at 31 March 2018	89,238	
Total members' savings at 31 March 2018		1,458,874

INFORMATION ON CONTRIBUTIONS AND SCHEME PARTICIPANTS (CONTINUED)

CONTRIBUTIONS

The table below provides a summary of the contributions received during the year by way of:

Contribution type	Number of members	Total amount (\$000)
Member contributions	64,263	114,010
Employer contributions	64,230	69,520
Government contributions	61,531	25,770
Transfers from other KiwiSaver schemes	3	10
Transfers from Australian superannuation schemes	108	3,554
Other members' voluntary contributions	18,611	13,725
Total contributions		226,589

CHANGES RELATING TO THE SCHEME

This section describes any material changes to the scheme's nature, investment objectives and strategy, and management during the year.

CHANGES TO THE STATEMENT OF INVESTMENT POLICY AND OBJECTIVES (SIPO)

The SIPO was updated:

- 19 April 2017 – to reflect the transition of the international equity assets in the Conservative Fund from the Blackrock Wholesale Indexed International Equity Fund to the ANZ Wholesale International Share Index Fund and the change of external fund manager to Vanguard Investments Australia Limited
- on 24 November 2017 – to include information about our responsible investment framework and changes to the investment objectives of the Cash Fund, and
- on 9 April 2018 – to reflect a change in the external fund manager for international property assets from CBRE Clarion Securities LLC to Resolution Capital Limited.

CHANGES TO THE NATURE OR SCALE OF THE RELATED PARTY TRANSACTIONS

There were no material changes to the nature or scale of the related party transactions entered into for the scheme during the year. All related party transactions were conducted on arm's-length terms.

OTHER INFORMATION FOR PARTICULAR TYPES OF MANAGED FUNDS

WITHDRAWALS

The table below sets out the withdrawals made from the scheme during the year.

Withdrawal reason	Number of members	Total amount (\$000)
First home withdrawals ¹	912	18,699
Mortgage diversion withdrawals	0	0
End payment withdrawals	973	18,349
Significant financial hardship	397	2,319
Serious illness	71	1,179
Death	104	1,456
Permanent emigration	98	1,325
Transfers to other KiwiSaver schemes	7,316	101,268
Transfers to Australian superannuation schemes	5	48
Release required under other enactments	3	45
Invalid enrolment withdrawals and late opt outs	3	0
Total withdrawals		144,688

¹ includes second chance home withdrawals

UNIT PRICES

Fund	Unit price (\$) at 31 March 2017	Unit price (\$) at 31 March 2018
Growth Fund	1.6217	1.7591
Balanced Growth Fund	1.6318	1.7515
Balanced Fund	1.6323	1.7305
Conservative Balanced Fund	1.6342	1.7138
Conservative Fund	1.6405	1.7039
Cash Fund	1.3953	1.4263

MANAGER'S STATEMENT

ANZ New Zealand Investments Limited, as manager of the scheme, confirms that:

- all benefits required to be paid from the scheme in accordance with the terms of the governing document and the KiwiSaver scheme rules have been paid, and
- the market value of the scheme property at 31 March 2018 equalled or exceeded the total value of benefits that would have been payable had all members of the scheme 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 31 March 2018.

CHANGES TO PERSONS INVOLVED IN THE SCHEME

MANAGER

ANZ New Zealand Investments Limited was the issuer and manager of the scheme throughout the year.

Directors of the manager

The directors of the manager as at 31 March 2018 were:

- Ronald Bruce Macintyre (Chairman)
- Craig Andrew Mulholland
- Annis Gail O'Brien
- Antonia Margaret Watson

The following changes to the directors of the manager of the scheme have taken place since 1 April 2017:

- Penelope Jane Ford resigned on 15 February 2018
- Paul Robert Daley was appointed on 21 May 2018

Key personnel of the manager

The following changes have taken place since 1 April 2017:

- Mark Brown resigned as Head of Equities on 31 October 2017
- Graham Ansell resigned as Chief Investment Officer on 6 April 2018
- Paul Huxford was appointed as Chief Investment Officer on 11 July 2018

SUPERVISOR

The New Zealand Guardian Trust Company Limited was the supervisor of the scheme throughout the year.

Directors of the supervisor

There have been no changes to the directors of the supervisor since 1 April 2017.

AUDITOR

KPMG was the auditor of the scheme throughout the year.

HOW TO FIND FURTHER INFORMATION

ON DISCLOSE

Disclose is a website that contains two registers – an offer register and a scheme register.

To find the product disclosure statement and the fund updates, go to:

 disclose-register.companiesoffice.govt.nz

- Click Search Offers and search for 'ANZ Default KiwiSaver Scheme'

To find the SIPO, governing document and financial statements, go to:

 disclose-register.companiesoffice.govt.nz

- Click Search Schemes and search for 'ANZ Default KiwiSaver Scheme'

ON OUR WEBSITE

Other valuable information and resources to help you manage your investment, including transaction forms, fund performance, unit prices, a quarterly market review and fund reports are available on the ANZ website.

 anz.co.nz/defaultkiwisaver

You can also obtain a copy of any of the above information on request and free of charge by contacting us (contact details are on the next page).

CONTACT DETAILS AND COMPLAINTS

MANAGER

ANZ New Zealand Investments Limited
ANZ Centre, 23-29 Albert Street, Auckland
Freepost 324, PO Box 7149, Wellesley Street
Auckland 1141

 0800 736 034 or +64 9 356 4000

 service@anzinvestments.co.nz

SUPERVISOR

**The New Zealand Guardian Trust
Company Limited**

Relationship Manager – ANZ Default
KiwiSaver Scheme
Level 14, 191 Queen Street, Auckland
PO Box 274, Shortland Street
Auckland 1140

 +64 9 909 5100

 ct-auckland@nzgt.co.nz

IF YOU HAVE A COMPLAINT

If you have any problems with the scheme, please contact your financial adviser first.

If you don't have a financial adviser, or your financial adviser has been unable to help you, please let us know using the contact details above. As the manager of the scheme, we're committed to resolving your complaint as quickly as possible.

If we're unable to help you, you can contact the supervisor at the contact details above.

If you're still not happy, you can get free independent assistance from the following dispute resolution schemes:

The manager's dispute resolution scheme

The Banking Ombudsman

Level 5, Huddart Parker Building
1 Post Office Square, Wellington 6011
Freepost 218002, PO Box 25327
Featherston Street, Wellington 6146

 0800 805 950

 help@bankomb.org.nz

The supervisor's dispute resolution scheme

Financial Services Complaints Limited

Level 4, 101 Lambton Quay
Wellington 6011,
PO Box 5967, Wellington 6145

 0800 347 257

 info@fscl.org.nz

You won't be charged a fee for investigating or resolving a complaint.

The ANZ Default KiwiSaver Scheme has the **SuperRatings' Platinum 2018** rating. SuperRatings does not issue, sell, guarantee or underwrite this product. Go to www.superratings.com.au for details of its ratings criteria.

The Morningstar Analyst Rating™ for ANZ Default KiwiSaver Scheme: Conservative Fund (23223), Conservative Balanced Fund (23224), Balanced Fund (23225), Balanced Growth Fund (23226), and Growth Fund (23227) is 'Silver' as of 16 March 2018. © 2018 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or 'class service' have been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. Refer to our Financial Services Guide (FSG) for more information at www.morningstar.com.au/s/fsg.pdf. You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Our publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a professional financial adviser.

Investments in the scheme are not deposits in ANZ Bank New Zealand Limited, Australia and New Zealand Banking Group Limited or their subsidiaries (together **ANZ Group**), nor are they liabilities of ANZ Group. ANZ Group does not stand behind or guarantee ANZ New Zealand Investments Limited. Investments are subject to investment risk, including possible delays in repayment, and loss of income and principal invested. ANZ Group will not be liable to you for the capital value or performance of your investment. Your investment in the scheme is not guaranteed by ANZ Group, The New Zealand Guardian Trust Company Limited, any of their directors or any other person.

