

# ANZ DEFAULT KIWISAVER SCHEME

ANNUAL REPORT  
FOR THE YEAR ENDED  
31 MARCH 2017

MANAGER:  
ANZ NEW ZEALAND  
INVESTMENTS LIMITED

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## WELCOME

I'm pleased to present the annual report for the ANZ Default KiwiSaver Scheme (the scheme), to recap the year's results and the milestones we've achieved together.

This year saw another solid year for most share markets, while fixed interest and listed property produced lower returns than in recent years. Global shares were the star performer, despite volatility around two surprise political outcomes – the Brexit result and the election of Donald Trump in the US.

Illustrating that past performance does not necessarily predict future results, last year's best-performing asset class was this year's poorest – once again reinforcing the case for diversification across asset classes.

Funds invested mostly in growth assets (shares and listed property) generated mid to high single-digit returns over the year. The performance for all the funds in the ANZ Default KiwiSaver Scheme is shown over the page.

Three key events for the scheme were:

- In recognition of our members' support for responsible investment, we took steps to ensure all funds in our KiwiSaver schemes now exclude investments in controversial weapons and tobacco companies. We'll also continue to develop responsible investing principles and processes.
- For the third year in a row, SuperRatings awarded the ANZ Default KiwiSaver Scheme a Platinum rating, given only to the best 'value for money' schemes. These ratings are assessed on industry best practice across a range of criteria.

- We transitioned to the new regulatory regime, the Financial Markets Conduct Act 2013 (**FMC Act**). Changes under the FMC Act include more consistent disclosure and reporting for members – steps we wholeheartedly support.

Recently, KiwiSaver marked its 10th birthday. Since launching on 1 July 2007, more than 2.7 million New Zealanders have joined KiwiSaver – and we're proud to be helping more than a quarter of those save for their retirement.

I'd like to take this opportunity to thank all of you for investing with the ANZ Default KiwiSaver Scheme and ANZ Investments. We look forward to helping you grow your retirement savings further.



**Ana-Marie Lockyer**  
General Manager Wealth Products

On behalf of the manager, ANZ  
New Zealand Investments Limited

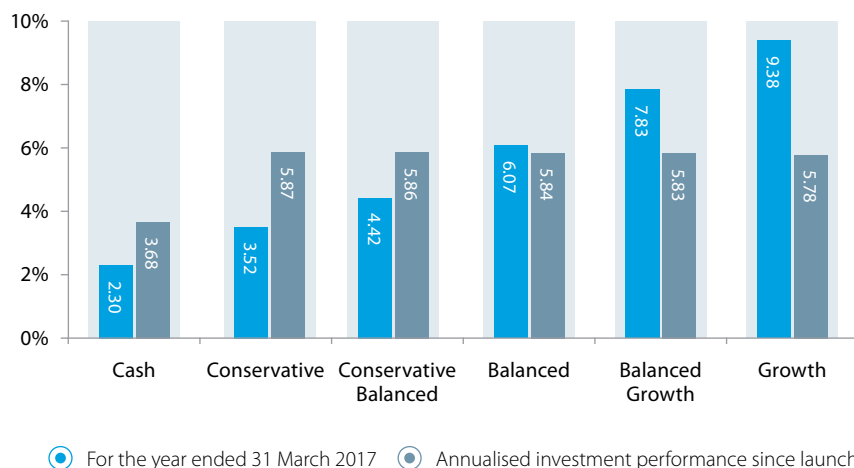
## PERFORMANCE SUMMARY

### ANNUAL INVESTMENT PERFORMANCE

In these charts:

- the first bar in each pair shows the percentage return for the year to 31 March 2017
- the second bar in each pair shows the average percentage return earned by the fund each year since it started.

#### ANZ Default KiwiSaver Scheme\*



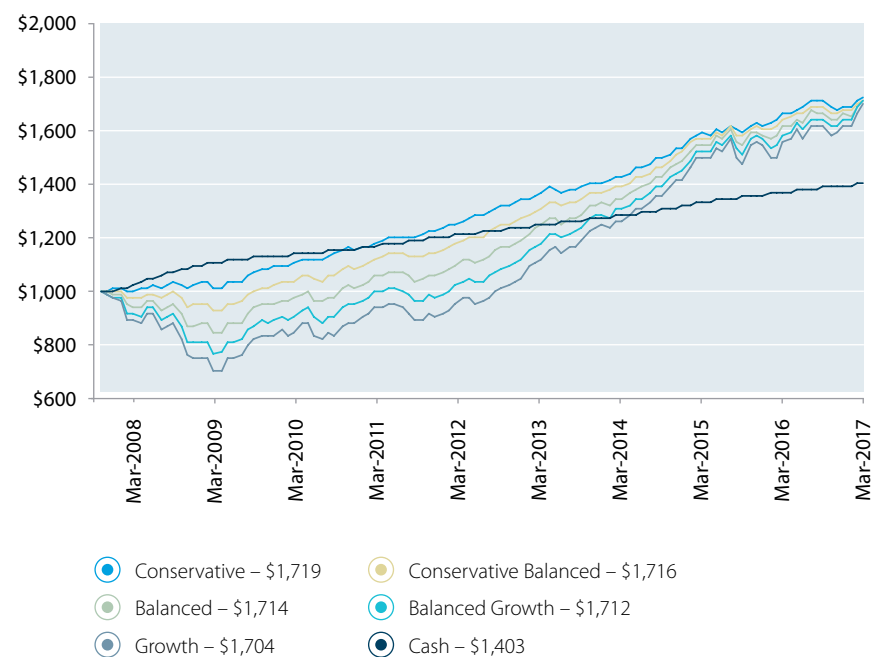
### INVESTMENT PERFORMANCE SINCE LAUNCH

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 \$1,714 by 31 March 2017.

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\*



\*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 was 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 3 November 2016 and  
has an 'open for applications' status.

### FUND UPDATES

The scheme's latest fund updates for the  
quarter ended 30 June 2017 were made  
publicly available on 28 July 2017. These  
are available on the offer register at  
[companiesoffice.govt.nz/disclose](http://companiesoffice.govt.nz/disclose) and  
at [anzinvestments.co.nz/kiwisaver](http://anzinvestments.co.nz/kiwisaver).

### FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The scheme's latest financial statements  
for the year ended 31 March 2017, and  
the auditor's report on those financial  
statements, were dated 24 July 2017 and  
were lodged with the Registrar on 26 July  
2017. See page 11 for more details.

## INFORMATION ON CONTRIBUTIONS AND SCHEME PARTICIPANTS

The information in this document relates to the year from 1 April 2016 to 31 March 2017  
(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)
<b>Members at the start of the year</b>		
– Contributing members	50,577	
– Non-contributing members	41,574	
<b>Total scheme members at 1 April 2016</b>	<b>92,151</b>	
Total members' accumulation at 1 April 2016		1,184,146
<b>Plus new members</b>		
– Transfers in from other schemes	29	
– Other new members	7,046	
<b>Total new members during the year</b>	<b>7,075</b>	
<b>Less exited members</b>		
– Retirement	504	
– Death	105	
– Transfers out to other schemes	7,451	
– Other reasons	162	
<b>Total members exited during the year</b>	<b>8,222</b>	
<b>Scheme members at 31 March 2017</b>		
– Contributing members	50,587	
– Non-contributing members	40,417	
<b>Total scheme members at 31 March 2017</b>	<b>91,004</b>	
Total members' accumulation at 31 March 2017		1,323,846

## 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	65,747	111,080
Employer contributions	65,650	68,132
Government contributions	60,702	24,984
Transfers from other KiwiSaver schemes	28	1,385
Transfers from Australian superannuation schemes	94	2,006
Other members' voluntary contributions	5,185	10,460
<b>Total contributions</b>		<b>218,047</b>

## 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.

### TRANSITION TO THE FMC ACT

On 12 November 2016, the scheme transitioned to the FMC Act regime.

The transition included activities such as:

- obtaining a manager's licence
- replacing the investment statement for the scheme with the product disclosure statement
- replacing the prospectus for the scheme with documents and entries on the Disclose offer register (see page 11 for details), and
- updating the scheme's trust deed (renamed the governing document) and statement of investment policy and objectives (**SIPO**).

### CHANGES TO THE GOVERNING DOCUMENT

The scheme's governing document (previously known as the trust deed) was amended on 9 September 2016, with the amendments taking effect from 12 November 2016.

The manager and the supervisor amended the scheme's trust deed and the deeds of establishment for the funds within the scheme by substituting the governing document for them in order to:

- ensure that the governing document complies with the requirements of the FMC Act, the KiwiSaver Act and other relevant legislation, and

- make a number of other minor amendments to the trust deed as a consequence of the introduction of the FMC Act and the amendments to other legislation or for the more efficient operation of the scheme.

### CHANGES TO THE TERMS OF OFFER OF INTERESTS IN THE SCHEME

As part of the transition to the FMC Act noted above, the investment statement for the scheme was replaced with a product disclosure statement and the prospectus was replaced with documents and entries on the Disclose offer register.

### CHANGES TO THE SIPO

The SIPO was updated as part of the transition to the FMC Act noted above. This included changing the investment objectives of the funds within the scheme.

### 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 <sup>1</sup>	899	16,900
Mortgage diversion withdrawals	8	5
End payment withdrawals	852	15,423
Significant financial hardship	289	1,565
Serious illness	70	947
Death	105	1,373
Permanent emigration	79	964
Transfers to other KiwiSaver schemes	7,446	81,998
Transfers to Australian superannuation schemes	4	133
Release required under other enactments	0	0
<b>Total withdrawals</b>		<b>119,308</b>

<sup>1</sup> includes second chance home withdrawals

### UNIT PRICES

Fund	Unit price (\$) at 31 March 2016	Unit price (\$) at 31 March 2017
Growth Fund	1.4873	1.6217
Balanced Growth Fund	1.5171	1.6318
Balanced Fund	1.5420	1.6323
Conservative Balanced Fund	1.5673	1.6342
Conservative Fund	1.5858	1.6405
Cash Fund	1.3639	1.3953

### MANAGER'S STATEMENT

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

- except as explained below, 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 2017 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 2017.

During the year, a processing error from a previous member tax credit (MTC) payment was discovered for some members. Together with Inland Revenue, the manager rectified the error and ensured those impacted received the correct MTC amount. In addition, the manager will pay an investment return on the underpaid MTC amount, to put those impacted in at least the same position they would have been in had the error not occurred.

## 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 2017 were:

- Ronald Bruce Macintyre (Chairman)
- Penelope Jane Ford
- 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 2016:

- Craig Andrew Mulholland was appointed on 14 February 2017
- Annis Gail O'Brien was appointed on 14 February 2017
- Antonia Margaret Watson was appointed on 14 February 2017
- Stewart Creswell Brentnall resigned on 10 March 2017
- Gavin Murray Pearce resigned on 15 April 2016
- John Robert Body ceased on 24 December 2016.

#### Key personnel of the manager

The following directors are (or were) executive directors of the manager, as they are (or were) employees of the manager or ANZ Bank New Zealand Limited. Therefore, the changes to these directors of the manager that have taken

place since 1 April 2016 are also changes to the key personnel of the manager:

- John Robert Body
- Craig Andrew Mulholland
- Annis Gail O'Brien
- Antonia Margaret Watson.

The following changes have also taken place since 1 April 2016:

- John Robert Body ceased to be the Managing Director Retail, Business Banking and Wealth on 24 December 2016
- Craig Andrew Mulholland was appointed Managing Director Wealth on 14 February 2017.

### SUPERVISOR

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

#### Directors of the supervisor

The following changes to the directors of the supervisor have taken place since 1 April 2016:

- Andrew Howard Barnes resigned on 4 April 2016
- Timothy James Shaw resigned on 3 August 2016.

### 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:

 [companiesoffice.govt.nz/disclose](https://companiesoffice.govt.nz/disclose)

- Click SEARCH OFFERS and search for 'ANZ Default KiwiSaver Scheme'

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

 [companiesoffice.govt.nz/disclose](https://companiesoffice.govt.nz/disclose)

- Click SEARCH OFFERS or 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](https://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](mailto:service@anzinvestments.co.nz)

### SUPERVISOR

#### The New Zealand Guardian Trust Company Limited

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

 +64 9 909 5100

 [ct-auckland@nzgt.co.nz](mailto: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](mailto: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](mailto: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 2017** rating. SuperRatings does not issue, sell, guarantee or underwrite this product. Go to [www.superratings.com.au](http://www.superratings.com.au) for details of its ratings criteria.

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.



