

New Zealand Retirement Trust

Annual Report for the year ended 30 June 2018





The Annual Report contains:

Welcome to your annual report	3
Market Overview	4
The year at a glance	5
Details of Scheme	6
Information on contributions and Scheme participants	7
Changes relating to the Scheme	9
Other information for particular types of managed funds	10
Changes to persons involved in the Scheme	12
How to find further information	13
Contact details and complaints	14

Welcome to your annual report

Making the most of your New Zealand Retirement Trust (NZRT) account

For most of us, retirement saving is a long-term investment, so you don't need to check your account every day. Once a year or so though it's probably a good idea to have a closer look at your account and check you're making the most of your investment, especially if your circumstances have changed. We think there are four simple things you can do that can make a big difference.

- 1. Have a plan**, e.g. Do you know how much money you will need in retirement? The savings calculator on sorted.org.nz is a great way to find out.
- 2. Check your NZRT account details**, e.g. Are you paying tax at the right rate? If you're not sure, it's easy enough to check with IRD or give us a call.
- 3. Get your contributions sorted**, e.g. Are you maximising the benefits provided by your employer and contributing regularly to building your savings?
- 4. Choose the right fund or funds**, e.g. Are you invested in the fund or funds that best suit your needs? It's easy and free to switch funds. Please check your member booklet, to see what choices are available to you.

If you'd like more information or help with your NZRT account, give us a call on **0800 800 267**, talk to your Adviser, or visit amp.co.nz. Your Adviser's disclosure statement is available from your Adviser on request and free of charge.

I'm also pleased to let you know that in the past 12 months we've continued to make improvements to our online tools and forms and don't forget about our My AMP App, which is a great way to stay on top of your savings. You can visit amp.co.nz to give these tools a go. We've got more exciting developments underway and we'll let you know more soon.

Thank you for being a member of the New Zealand Retirement Trust.



Blair Vernon Managing Director
On behalf of the Manager
AMP Wealth Management New Zealand Limited

Market Overview

The past financial year saw solid returns for investors but it was a story of two halves. The December half year was strong as global share markets moved to factor in stronger global growth and profits helped by US tax cuts. However, the last six months have been messier and more constrained – with US inflation and interest rate worries, fears of a trade war, uncertainty around Italy, and renewed China and emerging market worries.

Global developed equity markets performed strongly over the period. Sound economic fundamentals continue to provide support to equities in the US and Europe, with global growth remaining solid and monetary policy remaining relatively easy. In emerging markets, while concerns around currency outflows and growth remain, some positive signs have emerged, such as stimulus in China, lower unemployment and wages growth in Brazil, improving growth in Russia, and tax reform in India. Corporate earnings have also risen in many emerging markets.

Global liquidity conditions have tightened compared to a year ago, with central bank quantitative easing slowing down and yield curves (i.e. the gap between long term and short-term bond yields) flattening. Cash and bank deposits continue to provide poor returns, and the combination of low yields and a back-up in some bond yields saw low returns from bonds. Still ultra-low sovereign bond yields and the risk of a rising trend in yields are likely to result in another year of soft returns from bonds.

Domestically, the New Zealand economy continued to perform well, with global growth the strongest since the Global Financial Crisis and the terms of trade close to a record high. However, continued weakness in business confidence surveys is raising questions about the robustness of economic growth in the period ahead. Core inflationary pressures remain subdued despite a tightening in the labour market, and monetary conditions are likely to remain unchanged for a considerable period.

While global growth looks to have passed its peak the growth outlook remains solid as conditions are not in place for a US/global recession. Business conditions indicators have deteriorated and it is reasonable to expect some slowing in returns after the strong returns seen in the last two years. Looking ahead, more sharp swings in investor sentiment are expected and returns are likely to be constrained and more volatile.

*Source: AMP Capital Investors (New Zealand) Limited

AMP in the Community

We're proud of our efforts to support Kiwis and our communities more broadly. This year is the 20th anniversary of our AMP Scholarships programme, through which we've provided scholarships to over 300 New Zealanders to achieve their dreams. In March, AMP was the principal partner of the Key to Life Trust in delivering the I AM HOPE TOUR, a country-wide initiative led by mental health advocate Mike King to help combat the high rates of suicide, and in particular youth suicide, in New Zealand. We're also partnering with Move Over Cancer and Support Crew to help more Kiwis when they need it most.

For more information, visit amp.co.nz/amp/about-amp/community.

Right: AMP Scholarship finalist Brittany Cosgrove shows off her wares from NopeSisters – a fashion for a cause social enterprise.



The year at a glance



\$3.20 billion
invested in the NZRT



There are now
38,770
members in the NZRT



The average NZRT member balance is
\$82,658



12,382
AMP customers have downloaded the
My AMP app so they can track their
savings anytime, anywhere

Details of Scheme

Name of the Scheme

New Zealand Retirement Trust (NZRT or Scheme).

Type of Scheme

The NZRT is a Managed Investment Scheme (MIS) with workplace savings, personal superannuation and personal sections as explained in the 'Sections and Status of the Scheme' below.

Manager

AMP Wealth Management New Zealand Limited (Manager).

Supervisor

The New Zealand Guardian Trust Company Limited (Supervisor).

Sections and Status of the Scheme

The NZRT has three sections:



The Workplace Savings Section with a Product Disclosure Statement (PDS) dated 8 October 2018 and Fund Update Booklet dated 8 October 2018, which is open for applications from employees of participating employer plans.



The Personal Superannuation Section with a PDS dated 8 October 2018 and Fund Update Booklet dated 8 October 2018, which is open for applications from individuals including those with UK pensions they wish to transfer to New Zealand as it is a Qualifying Recognised Overseas Pension Scheme (QROPS).



The Personal Section is a legacy superannuation section and is closed to new member applications, so it does not have a PDS.

Fund Update

The Scheme's latest fund updates for the quarter ended 30 September 2018 for each of the funds were made publicly available on 29 October 2018. These are available at disclose-register.companiesoffice.govt.nz and at amp.co.nz/nzrt.

Financial Statements and Auditor's Report

The Scheme's latest financial statements and auditor's report were dated 13 September 2018 and lodged with the Registrar on 26 September 2018. For more information please refer to disclose-register.companiesoffice.govt.nz and amp.co.nz/nzrt.

Information on contributions and Scheme participants




Membership

A summary of the changes in membership of the Scheme:

	Number of Members	Total amount (\$)
Number of contributing members as at 30 June 2017	30,429	
Number of non-contributing members as at 30 June 2017	8,596	
Total number of Scheme members as at 30 June 2017	39,025	3,015,619,480
New Scheme members during the Year by reason of:		
Transfers from other schemes	111	
Other new members	2,569	
Total new members during the Year	2,680	
Scheme members who ceased to be members during the Year by reason of:		
Retirement	504	
Death	56	
Transfers to other schemes	249	
Other reasons	2,126	
Total number who ceased to be members during the Year	2,935	
Total number of scheme members as at 30 June 2018	38,770	3,204,640,317
Number of contributing members as at 30 June 2018	29,008	
Number of non-contributing members as at 30 June 2018	9,762	

Contributions

NZRT received the following contributions during the Year:

	Number of Members	Total amount (\$) of Contributions
 Member contributions	28,605	\$123,209,566
 Employer or other sponsor contributions	21,806	\$93,126,991
 Member voluntary additional contributions	4,050	\$16,720,126
Total contributions*		\$233,056,683

*Members may receive PIE tax rebates which have not been included in contributions.

Changes relating to the Scheme

Here's a summary of changes we made to the Scheme:

Governing Document

There have been no material changes to the Scheme's trust deed during the year. The most recent trust deed is dated 6 April 2017.

The terms of the offer for four employer plans changed in a beneficial way to members during the scheme year. Members who were affected by these changes will be notified directly by the Manager and provided with the specific details of any such changes.

In summary, these changes include:

- Contributions continuing beyond retirement age, should individuals remain employed;
- A change to vesting scales, allowing greater access employer contributions on resignation;
- Allowing early access to employer contributions, with employer permission;
- Adding a new category to an existing plan; and
- Allowing members to choose where to invest their NZRT account.

Furthermore, four new employer plans were created under the NZRT during the scheme year. The specific details of these plans have been disclosed to affected members.

Terms of the offer

On 4 September 2017, we updated the Fund Update Booklet and Fees & Other Charges Document to reflect changes in the estimated fund charges. Copies of these disclosure documents can be obtained from the Scheme's offer register at disclose-register.companiesoffice.govt.nz.

On 8 February 2018, we updated the Workplace Savings Section and Personal Superannuation Section PDS, the Fund Update Booklet and the Fees & Other Charges documents to reflect changes in the estimated fund charges. We also updated the Fund Update Booklet to reflect new asset allocations for the Nikko AM Growth Fund. Copies of these disclosure documents can be obtained from the Scheme's offer register at disclose-register.companiesoffice.govt.nz.

On 8 February 2018 we also updated the Fees & Other Charges Document to include reference to AMP Group publicly announcing that it was commencing a review of its "manage for value" businesses which includes AMP New Zealand*. The Fees & Other Charges document was again updated on 10 May 2018 (and then subsequently on 27 July 2018 and 25 October 2018 following the end of the Scheme Year) to provide further updates to this review*. A copy of these disclosure documents can be obtained from the Scheme's offer register at disclose-register.companiesoffice.govt.nz.

On 25 June 2018, Mercer (N.Z.) Limited replaced Fisher Funds Management Limited as the underlying fund manager of the Fisher Balanced Fund and the fund was renamed the Mercer Balanced Fund. We have updated our disclosure documents to reflect this change on 25 May 2018. Copies of these disclosure documents can be obtained from the Scheme's offer register at disclose-register.companiesoffice.govt.nz.

*Subsequent to 30 June 2018, proposed changes to the Manager's ownership were announced. See page 13 for details.

Changes to the SIPO

The SIPO was updated on 8 February 2018 to reflect new asset allocations for the Nikko AM Growth Fund and to include reference to AMP Group publicly announcing that it was commencing a review of its "manage for value" businesses which includes AMP New Zealand. The SIPO was updated on 10 May 2018 (and then subsequently on 27 July 2018 and 25 October 2018 following the end of the Scheme Year) to provide further updates to this review. A copy of these disclosure documents can be obtained from the Scheme's offer register at disclose-register.companiesoffice.govt.nz.

The SIPO was updated on 25 May 2018 to reflect AMP's intention to replace Fisher Funds Management Limited as the underlying fund manager of the Fisher Balanced Fund with Mercer (N.Z.) Limited. The SIPO was again updated on 25 June 2018 to reflect the appointment of Mercer (N.Z.) Limited, the Fund being renamed the Mercer Balanced Fund and the Fund's change in asset allocation and benchmarks. A copy of these disclosure documents can be obtained from the Scheme's offer register at disclose-register.companiesoffice.govt.nz.

A copy of the latest SIPO can be obtained from the scheme register at disclose-register.companiesoffice.govt.nz or on the AMP website at amp.co.nz/nzrt.

Related party transactions

Subsequent to the end of the Scheme Year, on 15 August 2018 the Manager issued a related party certificate to the Supervisor in relation to related party transactions with AMP Life Limited (AMP Life). Under these transactions, the payment of the insurance premiums to AMP Life are made from the assets of selected employer plans in accordance with the terms of those plans. The Supervisor has previously been advised on a timely basis of the details of the related party transactions.

Other information for particular types of managed funds

Withdrawals

During the Year, the following withdrawals were made from the Scheme:

Withdrawals	Total number of Members
Withdrawals during the Year by reasons of:	
Death	56
Dismissal	4
Retirement	800
Significant financial hardship	87
Serious illness	11
Permanent emigration	21
Redundancy	359
Resignation	707
Transfers of members' accumulations out of the Scheme into other superannuation schemes	256
Other withdrawals*	2,191
Regular withdrawal	105
Total Withdrawals	4,597

*Other withdrawals are withdrawals which are permitted in certain circumstances for particular employer plans, such as partial withdrawals.

Unit Prices

	Unit Price as at 30 June 2017	Unit Price as at 30 June 2018
AMP Conservative Fund	2.68583	2.81933
AMP Moderate Fund	2.06361	2.19622
AMP Moderate Balanced Fund	2.07794	2.23575
AMP Balanced Fund	2.82691	3.07537
AMP Growth Fund	2.11781	2.3551
AMP Aggressive Fund	2.99415	3.36012
AMP Capital Assured Fund	2.44036	2.56895
AMP Responsible Investment Balanced Fund	1.05859	1.14402
AMP Global Multi-Asset Fund	1.05693	1.09469
AMP Income Generator Fund	1.03463	1.09228
AMP Cash Fund	1.46661	1.49679
AMP New Zealand Fixed Interest Fund	1.21170	1.26240
AMP International Fixed Interest Fund	1.15334	1.16157
AMP Australasian Shares Fund	1.29215	1.48814
AMP International Shares Fund	1.37430	1.56310
AMP Passive International Shares Fund	1.36871	1.56659

Unit Prices – continued

	Unit Price as at 30 June 2017	Unit Price as at 30 June 2018
AMP Property Fund	1.27643	1.37807
ANZ Conservative Fund	1.01943	1.06102
ANZ Balanced Growth Fund	2.44317	2.66634
ANZ Growth Fund	1.07611	1.19049
ASB Moderate Fund	1.04733	1.11207
ASB Balanced Fund	1.98937	2.15976
ASB Growth Fund	1.08053	1.19319
Mercer Balanced Fund*	2.33869	2.54532
Nikko AM Conservative Fund	1.02458	1.09231
Nikko AM Balanced Fund	2.51772	2.81831
Nikko AM Growth Fund	1.05542	1.21173
Koru Balanced Fund	1.10683	1.18234

*Mercer (N.Z.) Limited replaced Fisher Funds Management Limited (Fisher) as the underlying fund manager on 25 June 2018. Performance of the fund prior to that date reflects that of Fisher.

Manager's Statement

AMP Wealth Management New Zealand Limited as manager of the Scheme confirms that:

- All the benefits required to be paid from the Scheme in accordance with the terms of the governing document have been paid, except where some members may have received less than their full benefit entitlement due to errors in connection with the administration of the NZRT. Affected members have either been compensated or are in the process of being compensated.
- The market value of the Scheme property at 30 June 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 30 June 2018.

Supervisor's Statement

The New Zealand Guardian Trust Company Limited as supervisor of the Scheme confirms that:

All contributions required to be made to the NZRT in accordance with the terms of the Trust Deed have been made, except where some members' employers have not provided contribution payments to the Supervisor or the Manager has identified errors in the application of some members' contributions. Where the Manager has identified errors these have been recorded in the AMP Incident Management Database and are being rectified accordingly.

Changes to persons involved in the Scheme

Directors of the Manager

The directors of the Manager as at 30 June 2018 were:



Blair Robert Vernon

Blair joined AMP in 2009 and became Managing Director in January 2017. Blair was previously AMP's Director Retail Financial Services, responsible for sales, customer service, marketing and supporting AMP's extensive Adviser business networks including AdviceFirst. He has also held roles with AMP as Director of Advice & Sales and General Manager Marketing and Distribution. Blair has over 25 years' experience across the Financial Services sector in New Zealand and Australia.



Thérèse Mary Singleton

Thérèse has over 20 years' experience in the financial services industry both overseas and in New Zealand. She is qualified as a lawyer in Ireland, England and New Zealand and has been with AMP NZ since 2003. During that time she has acted as the General Counsel for the business for 7 years, and the General Manager of Investments and Insurance for 2 years. She has held her current position of General Manager Advice and Sales for 2 years. She is a current member of the NZ Government appointed Code Working Group and a director of all AMP Financial Services NZ Companies.



Simon John Hoole

Simon has more than 25 years of experience in financial services. He joined AMP in 1998 as Finance Planning Manager in Australia and subsequently took over the role of AFS Financial Controller and then Group Finance Director in 2008, before moving to New Zealand and becoming Chief Financial Officer in 2014.

Before joining AMP, Simon started his accounting career with Deloitte Haskins & Sells in the UK, before moving to Australia in 1986. Still with Deloitte, Simon spent two years in Papua New Guinea before joining MLC in 1991. In 1995 he became Financial Controller of MLC Lifetime Limited.

Simon is responsible for AMP's actuarial and finance teams and the claims administration team.



Elaine Jennifer Campbell*

Elaine has over 20 years of legal experience and has extensive experience within the finance sector. She joined AMP in 2015 as General Counsel, where she was responsible for the legal team, company secretarial function and the regulatory and compliance teams.

Elaine commenced her career as a solicitor for Kensington Swan before gaining experience in both the UK and USA. She has held senior positions at Russell McVeagh and was on the NZX Limited executive team. Immediately prior to joining AMP, Elaine was the Director of Compliance for the Financial Markets Authority.

*Subsequent to 30 June 2018, Elaine Jennifer Campbell resigned as director of the Manager and the Administration Manager, AMP Services (NZ) Limited (AMP Services), effective 3 August 2018.

Key Personnel of the Manager

As at 30 June 2018, the directors named above were key personnel of the Manager and AMP Services.

As at 30 June 2018 the other key personnel of the AMP Services were:

- Jeff Ruscoe, General Manager, Product and Marketing
- Helen McDowall, General Manager, Customer Service
- Tim Pritchard, General Counsel of AMP Services

The following changes to the key personnel of AMP Services have taken place since 1 July 2017.

- Tim Pritchard was appointed General Counsel of AMP Services with effect from 21 May 2018;
- Chris Robb, Chief Information Officer of AMP Services, resigned effective 23 June 2018. Dhaya Sivakumar was subsequently appointed as Chief Information Officer with effect from 27 August 2018, following the end of the Scheme Year.

Directors of the Supervisor

The directors of the Supervisor as at 30 June 2018 were James Earl Douglas and Robin Albert Flannagan. There were no changes to the directors of the Supervisor during the Year.

Proposed changes to the Manager's ownership

Subsequent to 30 June 2018, in October 2018, AMP Group publicly announced its intention to seek to divest its New Zealand wealth management and advice businesses, which includes the Manager, through an initial public offering (IPO) to be completed in 2019. This does not include AMP Capital Investors (New Zealand) Limited (AMP Capital) which operates independently in New Zealand. Any IPO would be subject to market conditions and receipt of regulatory approvals. Existing arrangements with AMP Capital are intended to continue for the immediate future. AMP Group has also agreed to sell its Australian and New Zealand wealth protection and mature businesses (life insurance business) to Resolution Life Australia Pty Ltd (Resolution Life), subject to regulatory approvals, with expected completion in the second half of 2019. Accordingly, on completion of the sale to Resolution Life, AMP Life will be owned by Resolution Life, part of an international insurance and reinsurance group whose management has a 15-year track record of servicing in-force insurance customers.

How to find further information

The Government maintains a register called Disclose. This register is split into a scheme register and an offer register.

The scheme register contains information relating to various schemes and you can find information such as the Scheme's trust deed, SIPO and financial statements. The offer register contains information on the investment options/funds offered by the Scheme including fund updates, product disclosure statements and other material information. You can access either of these registers at **disclose-register.companiesoffice.govt.nz** and search by entering 'AMP Wealth' into the Manager/Issuer search function.

Any of the above information is available on request, by contacting us at our address listed below.

There is no charge for requesting this information.

Contact details and complaints

We are happy to help with any queries or complaints you may have. For enquiries please contact the Manager of the Scheme. If you have a complaint you require help with please contact the Customer Response Manager. Both can be contacted at:


 AMP Wealth Management New Zealand Limited
PO Box 55
Shortland Street
Auckland 1140


 0800 800 267


 +64 4 439 5858 (International)

 workplaceadmin@amp.co.nz or customerresponse@amp.co.nz


If we are unable to resolve your complaint, you can also contact the Supervisor at:


 The Manager, Corporate Trusts
The New Zealand Guardian Trust Company Limited
PO Box 3845
Wellington 6140


 0800 878 782


 +64 4 901 5406 (International)


You can also contact the approved independent dispute resolution schemes for the Manager and the Supervisor respectively, at:


 Insurance & Financial Services Ombudsman Scheme
PO Box 10-845
Wellington 6143

 0800 888 202

 info@ifso.nz

 Financial Services Complaints Limited
PO Box 5967
Wellington 6145

 0800 347 257

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

Neither of the above schemes will charge a fee to any complainant to investigate or resolve a complaint.

AMP Services (NZ) Limited, as securities registrar, can also be contacted at the Manager's address above.

Phone 0800 800 267
Email workplaceadmin@amp.co.nz
Web amp.co.nz
Follow us on   

Want to know more?

For more information about the NZRT, please see the applicable Product Disclosure Statement and Fund Update Booklet at amp.co.nz/nzrt, contact us on **0800 800 267** or talk to your Adviser today.

Your Adviser's disclosure statement is available from your Adviser on request and free of charge.