

New Zealand Retirement Trust Annual Report

Annual Report for the year ended 30 June 2020





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Welcome to your Annual Report

2020 has been life-changing as we've all experienced some of the ups and downs of responding to the impacts of COVID-19.

One outcome of these unusual times is that in the past six months we've seen increased demand for financial help. This shows that more of us are placing greater importance on the need to have a financial plan so that we can achieve a great retirement, and that means more New Zealanders will have a better quality of life when they stop working.

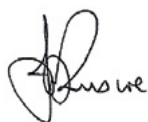
We also know that having a financial plan helps to improve overall wellbeing, as we know it is reassuring that whatever life throws at us we've got the important things covered.

Now is a good time to review your NZRT so you can stay on track to achieve your savings goals, and that's something we can help with. It's one of the benefits of being with a full-service provider like AMP, and our team of experienced advisers can help you make sense of what's going on and how it affects you and your NZRT.

You can also access a wide range of features through our My AMP app, including checking your balance, changing funds, calculating your estimated weekly income from your NZRT after you stop working, and much more.

Thank you for being a valued member of our NZRT and please feel free to contact our team with any questions – we're here to help.

Cheers,



Jeffery Ruscoe
Acting Chief Executive



On behalf of the Manager
AMP Wealth Management New Zealand Limited

Market Overview

The past financial year can effectively be divided into two halves. The period from July last year into early 2020 saw generally strong returns from shares and growth assets as fears of recession faded. This was helped by central bank easing and a truce in the United States of America (US) and China trade war that gave way to expectations of some improvement in global economic growth. Returns from government bonds were subdued.

However, it all began to fade and ultimately reverse as the COVID-19 epidemic started to become a problem in late January. Central banks and governments globally responded by embarking on unprecedented monetary and fiscal stimulus packages to bolster the economy, which saw already low interest rates around the world drop close to zero, and in some places below zero.

Global share markets were hit hard, and the returns made over 2019 were erased within weeks, as share markets plunged to multi-year lows. In late March shares staged a rebound driven by policy stimulus, a decline in new COVID-19 cases, economic reopening and a rebound in economic data. As businesses reopened, governments maintained (or even increased) their stimulus programmes, leading to continued support for share prices. Various economic indicators also appeared to confirm a tentative global economic recovery was underway, reflected in sharp rises in business confidence and falling rates of unemployment. Emerging markets were equally strong, despite a more intractable problem with virus containment due to comparatively weak infrastructure.

Global government bond yields trended higher towards the end of 2019 as markets were buoyed by firmer economic data and optimism of improving trade relations between the US and China. However, as 2020 progressed most major countries moved into lockdown as governments fought to contain the spread of COVID-19. As a result, unemployment spiked and productivity plunged. Better US economic data provided upward momentum in early June. However, yields subsequently reversed course as economic sentiment deteriorated amid fears of a 'second wave' of the pandemic and massive US Federal Reserve bond buying.

In New Zealand, activity has picked up in recent months as the economy moves out of lockdown, with pent-up demand leading to a significant recovery in retail and hospitality spending. But with the global economy still weak, unemployment rising and borders largely closed, stimulatory policy settings will be required for a number of years. The economy is not expected to recover to pre-COVID-19 levels until 2022 at the earliest, and the full severity of the pandemic's economic impact may not be felt for some time yet.

While no financial market was spared from the fallout of COVID-19, the domestic share market was less impacted than global markets and NZ equities are now back to end 2019 levels. Cash and bank deposits had very low returns as the Reserve Bank of New Zealand progressively cut the cash rate to 0.25%, while bonds had reasonable returns as plunging yields provided capital gains for investors. However, low starting point yields are likely to result in low returns from bonds once the dust settles from COVID-19.

Despite the plunge in interest rates and bond yields, listed property saw double digit losses as the COVID-19 driven slump in economic activity pushed up vacancies and depressed rents in retail and office properties. Returns on airports were similarly depressed, weighing on infrastructure returns. Global listed real estate and infrastructure are ultimately likely to continue benefiting from a resumption of the search for yield, but the hit to economic activity from the virus will weigh heavily on near-term returns.

After a recovery in the last quarter of 2019, the New Zealand dollar (NZD) started 2020 by falling sharply again as the spread of COVID-19 pushed the NZD lower. Although the currency is vulnerable to bouts of uncertainty about the global recovery and US/China tensions, a continuing rising trend is likely if the threat from COVID-19 recedes. Indeed, the NZD/USD exchange rate recovered to January levels by June.

Outlook

With COVID-19 risks still high, investment markets may see more volatility. The outbreak of COVID-19 has triggered a global recession and policy makers around the world are having to respond with dramatic levels of monetary and fiscal stimulus. Although global shares remain vulnerable to periodic setbacks given uncertainties around COVID-19, economic recovery and US/China tensions, it is likely that if conditions remain manageable investors will try to focus more on the recovery ahead. This can support gains in equities. Cash and bank deposits are likely to provide poor returns, given the ultra-low cash rate of just 0.25%. But over the next 12 months total returns from a well-diversified portfolio are likely to be positive, helped by a pick-up in economic activity and massive policy stimulus. The absence of any near-term inflation risk and central bank asset buying programmes underpins bonds though their yields remain unattractive.

*Source: AMP Capital Investors (New Zealand) Limited

The year at a glance

The year at a glance as at 30 June 2020:



\$3.37 billion
invested in the NZRT.

Average NZRT
member balance
men
\$105,780
women
\$57,599



38,534
NZRT members.



57,862
AMP customers regularly use
the My AMP app to view their
balances, personal rate of return
or to change funds.

We're investing in positive change.

An increasing number of Kiwis are wanting to invest their savings in a socially responsible way and that's why we offer the AMP Ethical Balanced Fund, which recognises broader environmental, social and ethical considerations. This helps give peace of mind as there's a real focus towards investing in companies that are leaders in their responsible approach.

Learn more about responsible investing at amp.co.nz



Details of Scheme

Name of the Scheme

New Zealand Retirement Trust (NZRT or Scheme).

Type of Scheme

The Scheme 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 Scheme has three sections:



The Workplace Savings Section with a Product Disclosure Statement (PDS) and Fund Update Booklet dated 20 October 2020 and is open for applications from employees of participating employer plans.



The Personal Superannuation Section with a PDS and Fund Update Booklet dated 20 October 2020 and is open for applications from individuals, including those with UK pensions, if 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. It is closed to new member applications and therefore does not have a PDS.

Fund Update

The Scheme's latest fund updates for the quarter ended 30 September 2020 for each of the funds were made publicly available on 29 October 2020. 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 30 September 2020 and lodged with the Registrar on 8 October 2020. These are available at disclose-register.companiesoffice.govt.nz and at amp.co.nz/nzrt

Information on contributions and Scheme participants




Membership

A summary of the changes in members of the Scheme for the year ended 30 June 2020 (Year):

	Number of members	Total amount (\$)
Number of contributing members as at 30 June 2019	29,697	
Number of non-contributing members as at 30 June 2019	9,406	
Total number of Scheme members as at 30 June 2019	39,103	3,409,747,808
New Scheme members during the Year by reason of:		
Transfers from other schemes	53	
Other new members	2,056	
Total new members during the Year	2,109	
Scheme members who ceased to be members during the Year by reason of:		
Retirement	483	
Death	59	
Transfers to other schemes	182	
Other reasons	1,954	
Total number who ceased to be members during the Year	2,678	
Total number of scheme members as at 30 June 2020	38,534	3,368,276,542
Number of contributing members as at 30 June 2020	28,893	
Number of non-contributing members as at 30 June 2020	9,641	

Contributions

The Scheme received the following contributions during the Year:

	Number of members	Total amount (\$) of contributions
 Member contributions	28,089	\$113,571,117
 Employer or other sponsor contributions	28,264	\$89,388,491
 Member voluntary additional contributions	3,847	\$18,996,591
Total contributions*		\$221,956,199

*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

The NZRT Trust Deed was amended on 18 June 2020 to remove references to “My Super” and replace it with “Your Plan”.

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

The terms of the offer for five employer plans changed in a beneficial way to members during the Year. Members who were affected by these changes have been notified directly by the Manager and provided with the specific details of any such changes.

In summary, these changes include:

- Allowing members to make voluntary contributions and early access to their voluntary account;
- An increase to the employer contributions paid to members;
- Adding new categories to existing plans; and
- Allowing members early access to their voluntary account and partial access to their member account under specific circumstances.

Furthermore, one new employer plan was created under the Scheme during the Year. The specific details of these plans have been disclosed to affected members.

Terms of the offer

The Workplace Savings Section and Personal Superannuation Section PDS, Fees & Other Charges, Tax, Workplace Savings - How does this investment work?, Risks, Who is involved? and Fund Update Booklet documents were updated on 22 June 2020. These changes ensured that those documents reflected:

- the rebranding of “My Super” to “Your Plan”;
- changes to administration fees and the Your Plan fees structure; and
- legislative changes which took effect on 1 April 2020 in relation to Prescribed Investor Rates (PIR) used for the calculation and payment of PIE tax.

Copies of these disclosure documents can be obtained from the Scheme's offer register at disclose-register.companiesoffice.govt.nz, or from your Adviser on request and free of charge.

Changes to the Statement of Investment Policy and Objectives (SIPO)

The SIPO was updated on 8 August 2019 to include additional details on the separation of AMP Group's New Zealand wealth management and advice businesses (including the Manager) and also its strategy to explore divestment options.

The SIPO was again updated on 8 May 2020 to remove references to the proposed divestment. For further information, please refer to the 'Changes to the Manager's ownership and related matters' section on page 14.

The SIPO was further amended on 22 June 2020 to reflect asset allocation changes and replace references to AMP Responsible Investment Balanced Fund with AMP Ethical Balanced Fund.

The asset allocation changes were reviewed and adjusted as a consequence of long-term projections of bond returns being poor. There has also been an introduction of the ARK fund as a new international equity component into certain funds to allow for a differentiated exposure to a specific part of the equity market in our global economy. These reviews are standard and ongoing.

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

On 20 October 2020, the Manager announced it plans to implement a revised Investment Philosophy, which the Manager intends will feature predominantly passively managed investments and will focus on sustainable investing. In conjunction with this change, the Manager has made the decision that AMP Capital Investors (New Zealand) Limited will no longer be the underlying fund manager for the majority of the AMP-named funds in the Scheme. The Manager has decided to appoint BlackRock Investment Management (Australia) Limited to provide investment management services in relation to those funds, subject to certain conditions being met. The Manager expects to effect the above changes in the first half of 2021 (the appointment of BlackRock Investment Management (Australia) Limited being subject to the relevant conditions being met) and will communicate accordingly.

The SIPO, Workplace Savings Section PDS and Personal Superannuation Section PDS documents were amended on 20 October 2020 to reflect this announcement.

Related party transactions

All related party transactions during the Year are conducted on arms-length terms. There have been no material changes to any of the Scheme's related party transactions during the Year.

AMP Group has divested majority ownership of its life insurance business, AMP Life Limited (AMP Life), to Resolution Life Australia Pty Ltd (Resolution Life) on 30 June 2020. AMP Life was a subsidiary of AMP Limited until completion of that divestment, and accordingly is currently a related party of AMP but will cease to be a related party from 1 January 2021.

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 reason of:	
Death	59
Dismissal	7
Retirement	782
Significant financial hardship	75
Serious illness	9
Permanent emigration	15
Redundancy	179
Resignation	585
Transfers of members' accumulations out of the Scheme into other superannuation schemes	187
Other withdrawals*	2,577
Regular withdrawal	160
Total withdrawals	4,635

*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 2019	Unit Price as at 30 June 2020
AMP Conservative Fund	3.00000	3.07291
AMP Moderate Fund	2.34221	2.39461
AMP Moderate Balanced Fund	2.39247	2.43262
AMP Balanced Fund	3.29512	3.34713
AMP Growth Fund	2.53500	2.55703
AMP Aggressive Fund	3.62097	3.61441
AMP Capital Assured Fund	2.68749	2.78031
AMP Ethical Balanced Fund*	1.22459	1.22629
AMP Global Multi-Asset Fund	1.12402	1.11068
AMP Income Generator Fund	1.19993	1.23313
AMP Cash Fund	1.52793	1.54678
AMP New Zealand Fixed Interest Fund	1.35782	1.43008
AMP International Fixed Interest Fund	1.23733	1.32656
AMP Australasian Shares Fund	1.67215	1.70572
AMP International Shares Fund	1.63184	1.65988
AMP Passive International Shares Fund	1.66637	1.71170
AMP Property Fund	1.61619	1.41534
ANZ Conservative Fund	1.12370	1.17934
ANZ Growth Fund	1.27716	1.29883
ANZ Balanced Growth Fund	2.86004	2.94527
ASB Balanced Fund	2.33231	2.38438
ASB Growth Fund	1.28725	1.29547
ASB Moderate Fund	1.18883	1.21056
Mercer Balanced Fund	2.69867	2.75339
Nikko AM Conservative Fund	1.16700	1.20937
Nikko AM Growth Fund	1.27399	1.29729
Nikko AM Balanced Fund	2.99159	3.04628
Koru Balanced Fund	1.24900	1.26994

*AMP Ethical Balanced Fund was formerly known as AMP Responsible Investment Balanced Fund.

Manager's Statement

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

- a) 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.
- b) The market value of the Scheme property at 30 June 2020 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 2020.

Supervisor's Statement

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

All the contributions required to be made to the Scheme in accordance with the terms of the governing document have been made, except where some members' employers have not provided contribution payments to the Scheme or the Manager has identified errors or delays in processing the application of some member's contributions. Where the Manager has identified errors or delays, affected members have been compensated, or are in the process of being compensated, for any disadvantage they experienced.

AMP in the Community

We're proud to support some wonderful organisations and initiatives that are helping to improve outcomes and support the physical, mental and financial wellbeing of New Zealanders, including:

- The Key to Life Charitable Trust – Helping to change the way New Zealanders think, act and feel about mental health and suicide.
- Dignity – Supporting this social enterprise to combat period poverty by providing free sanitary items to our people and the community.
- Living Wage Aotearoa – Becoming the first financial services provider to join the Living Wage movement.
- The Rainbow Tick – In recognition of our genuine focus on being a diverse and inclusive workplace.

Our people also regularly devote their time to schools, charities and social enterprises through our employee volunteering programme.

For more information, visit amp.co.nz/ampcommunity



Changes to persons involved in the Scheme

Directors of the Manager

The directors of the Manager and AMP Services (NZ) Limited (AMP Services), the Scheme's administration manager, as at 30 June 2020 were:



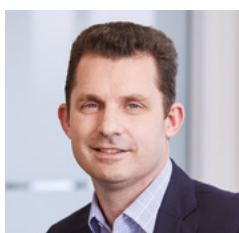
Blair Robert Vernon

Blair joined AMP in 2009 and became Chief Executive AMP Wealth Management, New Zealand in 2019. Blair was previously Managing Director from January 2017, and prior to this served as AMP's Director Retail Financial Services; 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.



Jeffery Darren Ruscoe

Jeff started with AMP in 2002 and has held a number of roles including General Manager Customer Service and General Manager Product and Marketing. Jeff is currently the Chief Client Officer and is responsible for serving AMP's clients through its marketing, sales and partnership portfolios for AMP Wealth Management New Zealand. Jeff's career in financial services includes roles in strategy, sales, distribution and product at AMP and marketing and investment roles at the Medical Assurance Society and the Public Trust.



Timothy Pritchard

Tim has more than 25 years' legal experience, particularly within financial services. He started his career as a litigation solicitor with Baker & McKenzie in London before moving to New Zealand. Prior to joining AMP as Head of Legal in 2011, Tim held relevant roles with The National Bank of New Zealand and ANZ.

He was awarded a Bachelor of Arts (Hons) from the University of Cambridge. Tim has been involved in many regulatory reform projects, significant contentious matters and innovative growth initiatives. In his role as General Counsel, he leads AMP's Legal, Governance and Risk team, shaping regulatory strategy and overseeing legal, governance, compliance and risk matters.

The following change to the directors of the Manager and AMP Services have taken place since 1 July 2020:

- Mark Ennis was appointed as alternate director of both companies for Blair Vernon on 10 August 2020. Mark Ennis is the Managing Director and Chief Executive Officer (CEO) of AMP's associated business, AdviceFirst Limited.

Key Personnel of the Manager

The directors of the Manager and AMP Services are also Key Personnel of those companies during the terms of their appointments.

As at 30 June 2020 the other key personnel of AMP Services were:

- Dhaya Sivakumar, Chief Operating Officer; and
- Jeffery Mitchell, Chief Financial Officer.

The following changes to the key personnel of AMP Services have taken place since 1 July 2020:

- Blair Vernon was appointed as Acting CEO of AMP Australia on 6 August 2020;
- Jeffrey Ruscoe was appointed Acting CEO of AMP Services on 6 August 2020, replacing Blair Vernon for the period of his Acting CEO role for AMP Australia; and
- Justin Boyes and Aaron Klee were appointed as co-lead Chief Client Officer on 13 August 2020, replacing Jeffrey Ruscoe for the period of his Acting CEO role of AMP Services.

Information on the directors and key personnel can also be found on the AMP website at amp.co.nz/nz/about/amp-people

Directors of the Supervisor

The directors of the Supervisor as at 30 June 2020 were James Earl Douglas and Robin Albert Flannagan. There were no changes to the directors of the Supervisor during the Year.

Changes to the Manager's ownership and related matters

AMP Group announced in May 2020 that it has ceased plans to divest the New Zealand wealth management and advice businesses, including the Manager, following the economic and financial markets disruptions caused by the COVID-19 pandemic, and would retain those businesses within the AMP Group. The New Zealand wealth management and advice businesses will now focus on plans to develop and grow as a localised, standalone business unit within AMP's portfolio.

AMP Group divested majority ownership of its life insurance business, AMP Life, to Resolution Life on 30 June 2020.

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, financial statements and annual reports.

The offer register contains information on the investment options/funds offered by the Scheme and the Scheme's current fund updates. 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
-  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 9 909 5100 (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 6140
-  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 Scheme, 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.