

# SuperLife workplace savings scheme

## Annual Report 2017

Year Ended 31 March 2017

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## Welcome from the Chairman

I am pleased to present the annual report for the SuperLife workplace saving scheme (the Scheme) for the year ended 31 March 2017.

This was a pivotal year as we moved to comply with the new financial markets legislation, the Financial Markets Conduct Act 2013. The move resulted in changes to our operational structure, with Smartshares Limited becoming the licensed manager of all SuperLife schemes. We also introduced SuperLife Invest, a new scheme that offers flexible savings options, alongside our existing KiwiSaver, workplace savings and UK pension transfer schemes.

We remain committed to providing passive and low cost investment solutions to meet the needs of our clients. Low fees means more of the investment returns end up in your account.

If you are approaching or in retirement, we encourage you to think about how you will spend and invest your money through your retirement. SuperLife's managed income solution can help you spend your savings when you need to, while continuing to invest the balance you don't spend. Please get in touch with us if you would like to learn more.

To see how your funds have performed this year, see page 5. You can also find information about each fund's investment mix, top investments and performance in the quarterly fund update reports, available on our website.

Thank you for choosing the SuperLife workplace savings scheme as your workplace savings provider.

**Bevan Miller**

Chairman

Smartshares Limited

## Investment options

The Scheme offers 40 funds and one life-cycle investment option (SuperLife<sup>Age Steps</sup>). These investment options are as follows:

- SuperLife<sup>Age Steps</sup>: A life cycle investment option where the mix of income and growth assets is set based on your age. As you get older, the proportion of your investment in growth assets will be reduced, lowering the expected size of the ups and downs in the value of your investment;
- Managed funds: A series of funds that provide a range of risk-return profiles. The funds invest in a mix of the sector and ETF funds (except for Ethica, a socially responsible fund that invests directly in income and growth assets that meet the fund's investment standards); and
- Sector and ETF funds: A series of funds invested in New Zealand and international markets that you can use to set your own investment strategy across the main investment asset classes of cash, fixed interest, shares and property.

Full details of our investment options are in the product disclosure statement (PDS) and available on our website.

## Investment returns for the 12 months to 31 March 2017

After total fund charges, and after tax at the prescribed investor rate of 28%

Below are the investment returns for the Scheme, calculated based on an investment made at the start of the year. Investment returns will vary for each member depending on the investment option(s) chosen, prescribed investor rate (PIR), and contributions or withdrawals.

Sector Funds	% return	Exchange Traded Funds (ETFs)	% return
	28% PIR		28% PIR
NZ Cash	2.0	NZ Cash ETF	1.9
NZ Bonds	2.2	NZ Bond ETF	2.2
Overseas Bonds	3.7	Global Bond ETF	3.5
Overseas Non-govt. bonds	2.9	NZ Dividend ETF	6.0
Property	1.5	NZ Top 50 ETF	7.1
NZ Shares	11.3	NZ Top 10 ETF	3.0
Australian Shares	20.7	NZ Mid Cap ETF	8.8
Ov. Shares Currency Hedged	16.8	NZ Property ETF	-1.4
Ov. Shares	10.2	Australian Top 20 ETF	20.0
Emerging Markets	12.5	Australian Dividend ETF	16.7
Gemino*	16.8	Australian Financials ETF	25.3
UK Cash	-11.0	Australian Property ETF	4.9
UK Income*	-7.3	Australian Resources ETF	39.6
UK Shares/Property*	3.3	Australian Mid Cap ETF	18.1
		Total World ETF	11.3
<b>Managed Funds</b>		US 500 ETF	11.7
SuperLife <sup>Income</sup>	2.7	Europe ETF	5.3
SuperLife <sup>30</sup>	6.1	Asia Pacific ETF	12.3
SuperLife <sup>60</sup>	9.2	US Large Growth ETF	10.7
SuperLife <sup>80</sup>	11.0	US Large Value ETF	13.0
SuperLife <sup>100</sup>	12.6	US Mid Cap ETF	11.7
Ethica	5.0	US Small Cap ETF	15.4
		Emerging Markets ETF	14.8

\* The Gemino fund was closed to new members after May 2016, and the UK Income and UK Shares/Property funds were closed to new members after November 2016.

The returns of the SuperLife<sup>Age Steps</sup> investment option vary by age and are based on the returns of the individual funds that make up the investment strategy for the age. You can view the latest fund updates for a selection of ages by visiting [www.superlife.co.nz/legal-doc](http://www.superlife.co.nz/legal-doc).

## Statutory information

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The information set out in this section is required by Part 5, Schedule 4 of the Financial Markets Conduct Regulations 2014.

### Details of the Scheme

This is the annual report for the SuperLife workplace savings scheme (SCH10769) for the year ended 31 March 2017. The Scheme is a workplace savings scheme and was previously named the SuperLife superannuation scheme (SLSS).

The Scheme's manager is Smartshares Limited (Smartshares or Manager), which is a wholly owned subsidiary of NZX Limited (NZX) and the Scheme's supervisor is Public Trust (the Supervisor).

The latest PDS is dated 11 April 2017, and the Scheme is open for applications.

The latest fund update for each fund offered by the Scheme is dated 28 April 2017.

The Scheme's latest financial statements for the year ended 31 March 2017, including the auditor's report relating to those statements, have been lodged with the Registrar.

Copies of the PDS, financial statements, audit report and fund updates are available online at [www.superlife.co.nz/legal-doc](http://www.superlife.co.nz/legal-doc) and at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose).

### Information on contributions and Scheme participants

The Scheme was registered to make offers from 9 November 2016.

The table below shows the numerical changes in the Scheme participants for the year ended 31 March 2017. This includes Scheme participants of SLSS that form part of the legacy section of the Scheme.

**Membership details**
**Total number of Scheme participants at 1 April 2016**

Total number of contributing Scheme participants	10,713
Total number of non-contributing Scheme participants	5,737
	<b>16,450</b>

**Total number of persons who became Scheme participants during the period**

Transfers from other schemes	3,610
Other new members	2,625
	<b>6,235</b>

**Total number of persons who ceased to be Scheme participants during the period**

Due to retirement	426
Due to death	42
Due to transfers to other schemes	761
For other reasons	2,520
	<b>3,002</b>

**Total number of Scheme participants at 31 March 2017**

Total number of contributing Scheme participants	13,561
Total number of non-contributing Scheme participants	6,122
	<b>19,683</b>

**Members' accumulations**

	<b>31 March 2017</b>	<b>1 April 2016</b>
Total amount of Scheme participants' accumulations	\$1,056,094,000*	\$1,481,085,000
Number of Scheme participants to which that relates	15,091	11,503

\* At the beginning of the accounting period, the SuperLife KiwiSaver scheme (SLKS) and SuperLife UK pension transfer scheme (SLUK) invested in assets via this Scheme. As part of the move to comply with the Financial Markets Conduct Act 2013, a new scheme called SuperLife Invest was established, and SLKS and SLUK now invest in assets via SuperLife Invest. This change led to a reduction in the total number of Scheme participants' accumulations reported for this Scheme.

**Contributions**

	<b>YE 31 March 17 (\$)</b>	<b>YE 31 March 17 (# members)</b>
Member contributions	255,036,130	11,199
Employer or other sponsor contributions	110,239,545	10,794
Member voluntary additional contributions	17,547,325	2,732
Total amount of contributions received in the period	382,823,000	

## Changes relating to the Scheme

The Scheme transitioned to the Financial Markets Conduct Act 2013 (FMCA) regime on 9 November 2016.

The Scheme was previously SLSS, which remains a legacy section within the Scheme. The Scheme's Trust Deed was amended principally to ensure compliance with the requirements of the FMCA. Some

other amendments were also made to improve the readability of the Trust Deed, improve some processes and move the Trust Deed more into line with current market practices. In addition the Fund Establishment Deed was implemented to set out the specific terms and conditions for the funds within the Scheme.

The manager of the Scheme was SuperLife Limited. On 9 November 2016 SuperLife Limited and Smartshares Limited amalgamated to become Smartshares Limited (FSP26531). Smartshares Limited is now the Manager of the Scheme.

The Trustee of SLSS was SuperLife Trustee Limited. Effective 9 November 2016, Public Trust (FSP24561) was appointed as the Supervisor for the Scheme and the Scheme's Trust Deed was amended and restated.

The percentage of assets administration fee increased from 0.20% to 0.25% and member based fees were reduced from \$33 per annum to \$12 per annum.

The Statement of Investment Policy and Objectives (SIPO) was adopted effective 9 November 2016, and subsequently updated to amend the market index for the Emerging Markets Fund on 8 December 2016.

### Related party transactions

Until 8 November 2016, MCA NZ Limited provided investment consultancy services to the Scheme. MCA NZ Limited was a related party of SuperLife Limited (the manager of the Scheme prior to the amalgamation of Smartshares and SuperLife Limited) and was approved to buy and sell financial products issued by related entities of MCA NZ Limited.

Following the amalgamation of Smartshares and SuperLife Limited, MCA NZ Limited ceased providing investment consultancy services to the Scheme and the investment management of the Scheme was internalised.

The following related party transactions were approved in the accounting period:

- Smartshares buying and selling financial products issued by related entities (including NZX and other managed investment schemes that are managed by Smartshares, in particular SuperLife Invest) as set out in the Scheme's SIPO.

All related party transactions are conducted on arm's length terms.

## Other information for particular types of managed funds

The number of Scheme participants who made a permitted withdrawal under the Scheme's Trust Deed and relevant participation deeds during the year to 31 March 2017 were as follows.



<b>Permitted withdrawals</b>	<b>Number of members</b>
Retirement	426
Withdrawals	2,633
Transfer to schemes other than SuperLife schemes	14
Death and permanent incapacity	42
Total number of Scheme participants in receipt of benefit under the Trust Deed during the accounting period	3,115

### Crediting rate

Members of the Scheme are able to invest in managed, sector and ETF funds, as well as a life cycle investment option (SuperLife<sup>Age Steps</sup>). The investment returns of the individual funds are set out on page 5 (after total fund charges, and after tax at 28%) and will vary for each member depending on the investment option(s) chosen, prescribed investor rate (PIR), and contributions or withdrawals.

### The Supervisor's statement

All the contributions required to be made to the Scheme, in accordance with the terms of the Scheme's Trust Deed, have been made.

### The Manager's statement

All the benefits required to be paid from the Scheme in accordance with the terms of the Scheme's Trust Deed and participation deeds have been paid.

The market value of the assets of the Scheme at 31 March 2017 equalled the total value of the benefits that would have been payable had all the members of the Scheme ceased to be members at that date and had provisions been made for the continued payment of all benefits being paid to members and other beneficiaries as at 31 March 2017.

## Changes to persons involved in the Scheme

### Manager

From 1 April to 8 November 2016, the manager of the Scheme was SuperLife Limited. Alister John Williams and Guy Roulston Elliffe joined the Board of SuperLife Limited on 9 May 2016.

At transition to the FMCA on 9 November 2016, SuperLife Limited was amalgamated with Smartshares under the Companies Act. As a consequence, Smartshares became the Manager of the Scheme and SuperLife Limited was removed from the Companies Register. Furthermore MCA NZ Limited ceased to provide investment consultancy services to the Scheme, and the investment management of the Scheme was internalised.

At the time of amalgamation, the Board of Smartshares consisted of Bevan Keith Miller (Chairman), Timothy Oliver Bennett, Guy Roulston Elliffe and Alister John Williams. Timothy Oliver Bennett resigned as a director on 30 December 2016. Paul James Baldwin was appointed as a director on 30 December 2016.

### Supervisor

Public Trust was appointed as the Supervisor on 9 November 2016. SuperLife Trustee Limited was previously trustee of SLSS prior to transition to the FMCA.

### Custodian

Prior to the transition to the FMCA on 9 November 2016, the custodians of the Scheme were SuperLife Trustee Nominees Limited, BNP Paribas and Forsyth Barr Custodians Limited. Following the transition to the FMCA, the custodian of the Scheme became SuperLife Nominees Limited.

## How to find further information

For further information relating to the Scheme and your investment options, including the PDS, financial statements, annual reports, fund updates and the SIPO, visit the Disclose Register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose). A copy of the information on the Disclose Register is available on request to the Registrar of Financial Service Providers.

The information set out above is also available at [www.superlife.co.nz](http://www.superlife.co.nz) or by contacting the Manager (see page 11 for contact details). The information can be obtained from the Manager free of charge.

The current value of a member's investment is available online, via a phone app or by contacting the Manager. This information is also available free of charge.

## Contact details and complaints

### Manager

The Manager's contact details are:

Smartshares Limited  
PO Box 105262  
Auckland 1143  
Telephone: 0800 27 87 37  
Email: [superlife@superlife.co.nz](mailto:superlife@superlife.co.nz)

Complaints about the Scheme can be made to the Manager using the contact details set out above. Please direct complaints to NZX Head of Funds Management at the address set out above.

## **Supervisor**

The Supervisor's contact details are:

Manager Client Services  
Public Trust  
PO Box 1598, Shortland Street  
Auckland 1140  
Telephone: 0800 371 471  
Email: [Cts.enquiry@publictrust.co.nz](mailto:Cts.enquiry@publictrust.co.nz)

Complaints about the Scheme can be made to the Supervisor using the contact details set out above.

## **Independent dispute resolution scheme**

The independent dispute resolution scheme's contact details are:

Financial Services Complaints Limited  
PO Box 5967  
Wellington 6140  
Telephone: 0800 347 257  
Email: [complaints@fscl.org.nz](mailto:complaints@fscl.org.nz)

Smartshares is a member of the Financial Services Complaints Limited Scheme (the supervisor is also a member), which is an independent dispute resolution scheme. Complaints about the Scheme can be made to the independent dispute resolution scheme using the contact details set out above. The independent dispute resolution scheme will not charge a complainant a fee to investigate or resolve a complaint.