



Aon Master Trust

Annual Report

31 March 2015



Report of the Trustee

The Trustee is pleased to present this annual report to members for the period ended 31 March 2015.

The highlight of the last financial year has been the continued good performance of the various investment options available to members.

Investment Markets

Investors were rewarded with strong performances from most asset classes over the 12 months to 31 March 2015. The exception was cash where returns continue to be low as central banks have kept interest rates depressed. The strongest returns came from equities and property, and as a result it was the more growth oriented funds which performed best over the year.

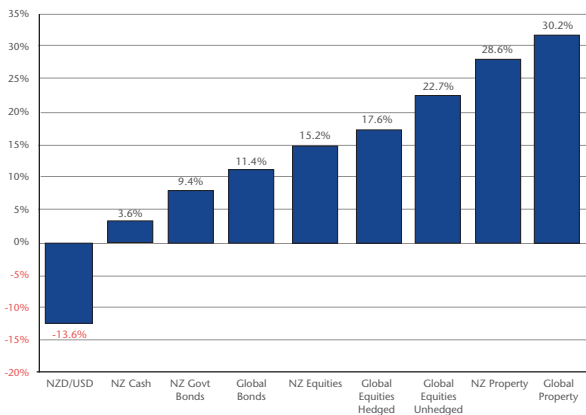
Conservative funds also had a good year as fixed interest investments also performed well, exceeding the expectations of most market commentators. Interest rates had been expected to rise over the year, which would have put pressure on bond prices.

In New Zealand the Official Cash Rate did rise over the year but the Reserve Bank kept it on hold at 3.50% pa from July 2014 until 11 June 2015, when there was a 0.25% pa reduction, followed by a further 0.25% reduction on 23 July 2015.

Property was the best performing asset class over the year, with both global and domestic listed property returning around 30% before tax. Global equities were also very strong and with the New Zealand dollar weakening against the US dollar, unhedged funds performed best. New Zealand equities underperformed global equities but the local share index still rose by a very high 15.2% over the year.

Market movements for the year are shown in the graph below:

12 months to 31 March 2015



Outlook

The outlook for the next 12 months remains mixed. The US economy is growing but still at a slow rate. The Federal Reserve is expected to start raising interest rates in the US later this year and while this will be a widely anticipated move it is still likely to cause some volatility in both equity and bond markets.

In Europe the European Central Bank has started its Quantitative Easing programme which is likely to keep interest rates low in the region. This should be good for equity markets but whether it leads to sustained economic growth is questionable. Deflation remains a real risk.

It is a similar picture in Japan, with the central bank there doing all it can to stimulate growth – but with little evidence of success.

Equities, fixed interest and property classes all look expensive on many measures, but with central banks around the world continuing to provide stimulus asset prices could certainly rise further. At some point we will need to see strong economic growth to support these high valuations, but so far there is little sign of that happening.

It is a challenging environment for investment managers. If we do see a gradual rise in bond yields later this year this would put pressure on bond prices. If we see interest rates rise sharply this would be negative for both fixed interest and equities. Either way it would not be surprising for investment returns in the next few years to be lower than those that have been achieved in the last couple of years.

Summary

The Trustee, with the assistance of its investment consultant, regularly monitors the performance of its fund managers and the long term strategic mix of assets in its ANZ composite funds in an effort to maximise returns while minimising risk. Asset mixes for the Russell, Nikko and Milford funds are determined by the fund manager but are reviewed and ultimately approved by the Trustee.

All investment funds have performed well in what was a good year for most superannuation funds. Funds in the Aon Master Trust have consistently performed well relative to other master trusts and KiwiSaver schemes.

We are committed to the ongoing success of the Aon Master Trust and helping you on your path to financial security in retirement.

Trust Deed Changes

No changes were made to the trust deed since the last Annual Report.

Membership Summary

The membership changes in the Aon Master Trust from 1 April 2014 to 31 March 2015 were:

| | |
|--|--------------|
| Members as at 31 March 2014 | 2,131 |
| New members during the year | 199 |
| Exits | |
| - CSF Retirement Benefit | (1) |
| - CSF Transfer | (11) |
| - Death Benefit | (4) |
| - Dismissal Benefit | (4) |
| - Early Retirement Benefit | (9) |
| - Leaving Service Benefit | (150) |
| - Retirement Benefit (Age 65 and over) | (16) |
| - Retrenchment Benefit | (55) |
| - Plan Termination | (147) |
| Members as at 31 March 2015 | 1,933 |

Investment returns for the Aon Master Trust

The investment returns for each of the investment options available to members in the Aon Master Trust for the period from 1 April 2014 to 31 March 2015 are set out below:

| Option | Investment Return (net of investment fees and before tax) |
|--------------------------------------|--|
| ANZ Capital Stable | 6.8% |
| ANZ Conservative | 10.0% |
| ANZ Balanced | 13.4% |
| ANZ Growth | 16.0% |
| Nikko Cash | 3.4% |
| Nikko Conservative | 7.5% |
| Nikko Balanced | 13.7% |
| Nikko Growth | 17.9% |
| Russell LifePoints® Conservative | 13.2% |
| Russell LifePoints® Moderate | 14.2% |
| Russell LifePoints® Balanced | 15.0% |
| Russell LifePoints® Growth | 15.9% |
| Russell LifePoints® Target Date 2015 | 13.1% |
| Russell LifePoints® Target Date 2025 | 14.1% |
| Russell LifePoints® Target Date 2035 | 15.0% |
| Russell LifePoints® Target Date 2045 | 15.9% |
| Milford Active Growth | 11.0% |
| Global* Plan B 65 (NZ) | 15.79% |
| Global* Plan B 75 (NZ) | 14.53% |
| Global* Plan B 85 (NZ) | 13.52% |
| Global* Plan B 95 (NZ) | 18.87% |

* The Global Pre-set investment strategies provided via the PlanB investment platform by IOOF Investment Management Limited were closed to new investors on 24 June 2015. The Global Plan B 55 closed during the year.

| Sector | Investment Manager | Investment Return (net of investment fees and before tax) |
|-----------------------|---------------------------------|--|
| Cash | ANZ New Zealand Investments Ltd | 3.0% |
| NZ Bonds | ANZ New Zealand Investments Ltd | 8.2% |
| International Bonds | ANZ New Zealand Investments Ltd | 10.7% |
| Australasian Shares | ANZ New Zealand Investments Ltd | 11.8% |
| International Shares | ANZ New Zealand Investments Ltd | 21.2% |
| Absolute Return | ANZ New Zealand Investments Ltd | 3.1% |
| Australasian Property | ANZ New Zealand Investments Ltd | 25.1% |
| Global Property | ANZ New Zealand Investments Ltd | 26.8% |

Monthly Returns

For members who exited during the twelve months to 31 March 2015, the following average earnings rates were applied.

| | ANZ Cash | ANZ Capital Stable | ANZ Conservative | ANZ Balanced | ANZ Growth |
|-------------------|----------|--------------------|------------------|--------------|------------|
| 30 April 2014 | 0.22% | 0.51% | 0.82% | 1.07% | 1.37% |
| 31 May 2014 | 0.23% | 0.73% | 1.21% | 1.74% | 2.21% |
| 30 June 2014 | 0.20% | 0.22% | 0.18% | -0.10% | -0.15% |
| 31 July 2014 | 0.25% | 0.43% | 0.63% | 0.87% | 1.02% |
| 31 August 2014 | 0.28% | 0.79% | 1.23% | 1.85% | 2.20% |
| 30 September 2014 | 0.26% | -0.09% | -0.57% | -0.58% | -0.79% |
| 31 October 2014 | 0.26% | 0.76% | 1.45% | 2.04% | 2.56% |
| 30 November 2014 | 0.25% | 0.70% | 0.94% | 1.08% | 1.20% |
| 31 December 2014 | 0.25% | 0.50% | 0.70% | 0.33% | 0.26% |
| 31 January 2015 | 0.26% | 1.35% | 1.99% | 2.64% | 3.08% |
| 28 February 2015 | 0.23% | 0.06% | 0.48% | 1.50% | 1.95% |
| 31 March 2015 | 0.25% | 0.64% | 0.56% | 0.22% | 0.09% |

| | Russell Lifepoints® Conservative | Russell Lifepoints® Moderate | Russell Lifepoints® Balanced | Russell Lifepoints® Growth |
|-------------------|--|------------------------------------|------------------------------------|----------------------------------|
| 30 April 2014 | 2.19% | 1.88% | 1.61% | 1.39% |
| 31 May 2014 | 1.47% | 1.56% | 1.68% | 1.76% |
| 30 June 2014 | 0.14% | -0.09% | -0.19% | -0.31% |
| 31 July 2014 | 0.58% | 0.60% | 0.46% | 0.42% |
| 31 August 2014 | 1.83% | 2.28% | 2.36% | 2.57% |
| 30 September 2014 | -0.81% | -0.26% | 0.28% | 0.68% |
| 31 October 2014 | 2.26% | 2.18% | 2.08% | 2.08% |
| 30 November 2014 | 1.30% | 1.42% | 1.64% | 1.78% |
| 31 December 2014 | 0.35% | 0.24% | 0.05% | -0.09% |
| 31 January 2015 | 2.70% | 2.78% | 2.87% | 3.05% |
| 28 February 2015 | 0.28% | 0.90% | 1.57% | 2.03% |
| 31 March 2015 | 0.22% | -0.05% | -0.26% | -0.41% |

| | Nikko Cash | Nikko Conservative | Nikko Balanced | Nikko Growth |
|-------------------|------------|--------------------|----------------|--------------|
| 30 April 2014 | 0.21% | 0.71% | 1.00% | 1.36% |
| 31 May 2014 | 0.27% | 1.16% | 1.80% | 2.39% |
| 30 June 2014 | 0.23% | 0.24% | -0.51% | -1.39% |
| 31 July 2014 | 0.29% | 0.74% | 1.74% | 2.84% |
| 31 August 2014 | 0.27% | 0.77% | 1.08% | 0.91% |
| 30 September 2014 | 0.30% | -0.01% | 1.26% | 1.26% |
| 31 October 2014 | 0.30% | 0.25% | -0.03% | 0.63% |
| 30 November 2014 | 0.30% | 0.71% | 1.79% | 2.53% |
| 31 December 2014 | 0.30% | 0.91% | 0.43% | 0.36% |
| 31 January 2015 | 0.30% | 1.01% | 3.01% | 4.42% |
| 28 February 2015 | 0.26% | 0.21% | 1.18% | 1.91% |
| 31 March 2015 | 0.29% | 0.59% | 0.21% | -0.48% |

| | Milford Aggressive Fund |
|-------------------|-------------------------|
| 30 April 2014 | -0.88% |
| 31 May 2014 | 0.02% |
| 30 June 2014 | -0.58% |
| 31 July 2014 | 0.81% |
| 31 August 2014 | 2.13% |
| 30 September 2014 | 0.82% |
| 31 October 2014 | 0.76% |
| 30 November 2014 | 1.97% |
| 31 December 2014 | 1.06% |
| 31 January 2015 | 1.85% |
| 28 February 2015 | 2.43% |
| 31 March 2015 | 0.15% |

The annualised interim interest rates applied to members ceasing the Global Pre-set investment strategies during the following months were:

| | Global PlanB 55 | Global PlanB 65 | Global PlanB 75 | Global PlanB 85 | Global PlanB 95 |
|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 31 May 2014 | | | | 23.14% | |
| 30 June 2014 | | 9.37% | 9.84% | | 11.42% |
| 31 July 2014 | | | 12.62% | | |
| 30 September 2014 | | 14.35% | | | |
| 31 December 2014 | 10.39% | | 12.36% | | |

Complying Superannuation Fund

The value of assets held in the Complying Superannuation Fund are shown in the table below.

| | Value of Assets Held | Number of Members |
|-------------------------------|----------------------|-------------------|
| Complying Superannuation Fund | \$6,808,371.59 | 79 |

The value of withdrawals subject to Complying Superannuation Fund rules during the year ended 31 March 2015 was \$826,119.30.

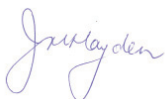
Trustee Certificate

In accordance with the Superannuation Schemes Act 1989, the Trustee:

- states that all contributions required to be made to the Scheme in accordance with the terms of the Trust Deed have been made
- certifies that all benefits required to be paid from the Scheme in accordance with the terms of the Trust Deed have been paid
- certifies that in respect of the complying superannuation fund members that the increase in fees during the year is not unreasonable in the Trustee's opinion, having regard to the matters prescribed in the KiwiSaver Act and any guidelines published by the Financial Markets Authority
- certifies that the market value of the assets of the Scheme at the close of the period (31 March 2015) exceeds the total value of the benefits that would have been payable if all members had ceased to be members.

The registration date of the most recent Prospectus of the Scheme is 6 October 2014, as amended on 2 July 2015.

Signed on behalf of the Trustee

A handwritten signature in blue ink that reads "Janet Hayden". The signature is written in a cursive, flowing style.

Janet Hayden
31 August 2015

Summary Financial Statements

Summary Statement of Net Assets for the years ended March

| | 2015 NZ\$'000 | 2014 NZ\$'000 |
|---|------------------|------------------|
| Investments | 119,148 | 115,019 |
| Other assets | 1,221 | 1,296 |
| | | |
| Total assets | 120,369 | 116,315 |
| Total liabilities | (2,208) | (2,585) |
| | | |
| Net assets available for benefits | 118,161 | 113,730 |
| | | |
| Represented by: | | |
| Member account | 116,312 | 111,628 |
| Reserve account | 1,849 | 2,102 |
| | | |
| Total liability for promised retirement benefits | 118,161 | 113,730 |

Note:

1. These accounts are abridged accounts. A full copy of the audited accounts can be obtained, at no cost, on written request to the Administration Manager.
2. The Scheme operates various investment choices. The liabilities of the individual investment choices are not limited to the assets for each investment choice. Therefore assets of one investment choice could be used to meet the liabilities of another.

Summary Statement of Changes in Net Assets for the years ended March

| | 2015 NZ\$'000 | 2014 NZ\$'000 |
|--|------------------|------------------|
| Gains on disposal and changes in value of investments | 14,966 | 8,397 |
| Interest and distribution income | 611 | 910 |
| Investment management fees | (757) | (529) |
| Net investment income | 14,820 | 8,778 |
| Other income | 294 | 685 |
| Auditor remuneration | (37) | (19) |
| Trustee and administration management fees | (564) | (411) |
| Other expenses | (312) | (433) |
| Change in net assets before membership activities | 14,201 | 8,600 |
| Total members' funds at beginning of the year | 113,730 | 107,297 |
| Change in net assets before membership activities | 14,201 | 8,600 |
| Member contributions | 6,752 | 5,276 |
| Employer contributions | 5,991 | 6,374 |
| Complying Super Fund Crown contributions | 37 | 41 |
| Transfers in from other schemes | 9,216 | 710 |
| Transfers out to other schemes | (2,585) | (3,629) |
| Administration fees | (151) | (114) |
| Withdrawals | (27,909) | (9,539) |
| Pie tax expense | (1,121) | (1,286) |
| Increase in net assets during the year | 4,431 | 6,433 |
| Total members' funds at the end of the year | 118,161 | 113,730 |

Summary Statement of Cash Flows for the years ended March

| | 2015 NZ\$'000 | 2014 NZ\$'000 |
|--|------------------|------------------|
| Cash and cash equivalents at beginning of the year | 806 | 1,000 |
| Net cash flows from operating activities | (11,238) | (2,943) |
| Net cash flows from investing activities | 11,363 | 2,749 |
| Cash and cash equivalents at end of the year | 931 | 806 |

Related Parties

Related parties consist of the Administration Manager of the Scheme, Aon New Zealand (“Aon”), and the Scheme Trustee, Superannuation Management Nominees Limited and all participating employers within the Scheme.

The Scheme pays administration, consulting and trustee and administration management fees to Aon. The administration, consulting and trustee & administration management fees charged to the Statement of Changes in Net Assets for the current year was NZ\$794,000 (2014: NZ\$595,000). Payables at year end were administration and consulting fees of NZ\$21,000 (2014: NZ\$17,000) and trustee & administration management fees of NZ\$64,000 (2014: NZ\$199,000).

During the year, four Directors of the Trustee, namely Andrew Bergman, Janet Hayden, Rieny Marck and David Wood were also members of the Scheme and had an interest in the Scheme insofar as they were entitled to all relevant benefits set out in the Trust Deed. During the year Andrew Bergman and Rieny Marck resigned as Directors. Only one Director, Janet Hayden retained an interest in the Scheme as at 31 March 2015.

Outstanding balances at balance date are unsecured, interest free and settlement will occur in cash. No related party debts have been written off or forgiven during either the current or prior year.

The Scheme does not have any employees. Key management personnel include the Directors of the Trustee. No Trustee remuneration was paid during the period.

The Scheme does not hold direct investments in any of the employer companies or any of its related parties. The Scheme received contributions from the participating employers during the year of NZ\$5,991,000 (2014: NZ\$6,374,000).

Additional Disclosures

The Trustee also advises the following information:

The specific disclosures included in the Summary Financial Statements have been extracted from the full Financial Statements which are dated 31 July 2015.

The Scheme is a profit oriented entity and the full Financial Statements of the Scheme have been prepared by the Trustee in accordance with the New Zealand Generally Accepted Accounting Practice (“NZ GAAP”). They comply with New Zealand equivalents to International Financial Reporting Standards (“NZIFRS”), other applicable Financial Reporting Standards and International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. The Scheme has made an explicit and unreserved statement of compliance with NZIFRS in note 2 of its full Financial Statements.

The presentation currency is New Zealand dollars and has been rounded to the nearest thousand dollars.

The full Financial Statements for each period presented have been authorised for issue by the Trustee on 31 July 2015 and 31 July 2014 and the auditor expressed an unmodified opinion on those financial statements on 31 July 2015 and 1 August 2014. The Summary Financial Statements have been prepared in compliance with Financial Reporting Standard No. 43 – Summary Financial Statements.

The Summary Financial Statements cannot be expected to provide as complete an understanding as provided by the full Financial Statements of the Statement of Net Assets, Statement of Changes in Net Assets and Statement of Cash Flows. The Summary Financial Statements were authorised for issue by the Trustee on 26 August 2015.

Independent Auditor's Report



Independent auditor's report on the summary financial statements

To the members of the Aon Master Trust

The accompanying summary financial statements on pages 10 to 13, which comprise the summary statement of net assets as at 31 March 2015 and the summary statements of changes in net assets and cash flows for the year then ended and notes, are extracted from the audited financial statements of the Aon Master Trust (the "Fund") for the year ended 31 March 2015. We expressed an unmodified audit opinion on those financial statements in our report dated 31 July 2015. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Aon Master Trust.

Trustee's responsibility for the financial statements

The Trustee is responsible for the preparation of a summary of the audited financial statements, in accordance with FRS-43.

Auditor's responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810 *Engagements to Report on Summary Financial Statements*.

Our firm has also provided other services to the Fund in relation to prospectus reporting. Subject to certain restrictions, partners and employees of our firm may also deal with the Fund on normal terms within the ordinary course of trading activities of the business of the Fund. These matters have not impaired our independence as auditor of the Fund. The firm has no other relationship with, or interest in, the Fund.

Opinion

In our opinion, the summary financial statements have been correctly extracted from the audited financial statements of the Aon Master Trust for the year ended 31 March 2015, and the information reported in the summary financial statements is consistent, in all material respects, with the audited financial statements in accordance with FRS-43 *Summary Financial Statements*.

A handwritten signature of the KPMG firm, written in blue ink, appearing as 'KPMG' in a cursive style.

31 August 2015

Auckland

Directory

Trustee

Superannuation Management Nominees Limited, (SMNL)
P O Box 3167, Shortland St, Auckland 1140

The Directors of SMNL are:

- Janet Hayden
- Robert Ludlow
- Janice Sengupta

Rieny Marck and Andrew Bergman ceased as directors on 24 October 2014 and 31 March 2015 respectively and Janice Sengupta was appointed a director on 31 March 2015. David Wood ceased to be a director on 31 July 2015.

Correspondence to the Trustee should be addressed to:

The Scheme Secretary

Aon Master Trust

P O Box 3167, Shortland St, Auckland 1140

Administration Manager

Aon New Zealand

PO Box 3167, Shortland Street, Auckland 1140.

Telephone 0800 AON INFO (0800 266 463)

Auditor

KPMG

PO Box 1584, Auckland 1140

Fund Managers

ANZ New Zealand Investments Limited

P O Box 7149, Wellesley Street, Auckland

IOOF Investment Management Limited (previously Plan B Trustees Limited)

152-158 St Georges Terrace, Perth, Western Australia 6000

Russell Investment Group Limited (or a Related Party)

Level 13, PWC Building, 188 Quay Street, Auckland 1010

Milford Funds Limited

PO Box 960, Shortland Street, Auckland 1140

Nikko Asset Management New Zealand Limited

(previously known as Tyndall Investment Management New Zealand Limited)

P O Box 3892, Auckland 1140

Solicitor

DLA Piper,

(previously known as DLA Phillips Fox)

50-64 Customhouse Quay, Wellington

Insurers

The National Mutual Life Association of Australasia Limited

(trading as AMP Limited)

PO Box 1692, Wellington

Financial Services Complaints Limited

(for dispute resolution services)

Email : info@fscl.org.nz

Telephone : 0800 347 257

Aon New Zealand

Offices Nationwide

www.aonhewitt.co.nz