



# Aon Master Trust

## Annual Report

31 March 2016





# Report of the Trustee

The Trustee is pleased to present this annual report to members for the period ended 31 March 2016.

## Investment Markets

After three years of consistently strong performance from investment portfolios, the 12 months to 31 March 2016 saw more modest returns for most investors. Higher growth funds outperformed the more conservative options over the year as the domestic share market was particularly strong, while returns from bonds were weaker.

The Official Cash Rate in New Zealand started the year at 3.50% and at that time there was much uncertainty around whether the next move would be to increase rates or to cut. In the event we saw five 0.25% reductions over the course of the next 12 months – taking the rate at the end of March 2016 to 2.25% with one further reduction since then. As a result, returns from cash funds remain low.

It was a similar story in the US. Twelve months ago all the talk was about how soon and how quickly the Federal Reserve would raise interest rates. Eventually they delivered one 0.25% increase in December last year, and we have seen nothing since.

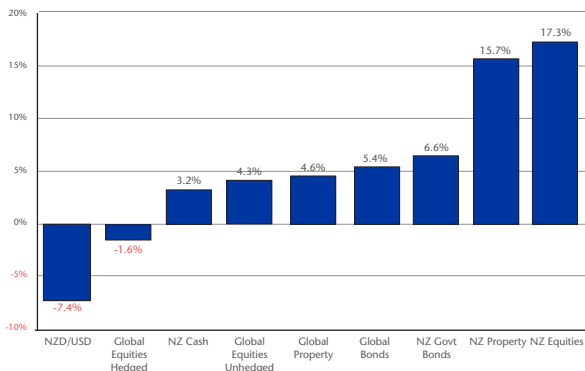
As the chart below highlights, there was a noticeable difference between the performance of domestic and offshore markets. The New Zealand share market was one of the best performers, providing returns of more than 17%, while global share markets delivered negative returns in local currency terms. Global bonds returned just 5.4% to New Zealand investors while returns from the domestic bond market were around 1% higher. Even the 3.2% return generated by cash in New Zealand was ahead of many other markets where cash rates are close to zero.

The New Zealand listed property sector also performed very strongly over the year with investors attracted to the yields on offer from these shares. However valuations are now high and the sector may underperform if interest rates rise faster than anticipated.

The New Zealand dollar weakened significantly against most other major currencies – down by 7% versus the US dollar and 13% versus the Japanese Yen and the Euro.

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

### 12 months to 31 March 2016



## Outlook

With the central banks in Japan and Europe continuing with bond purchase programmes and the US Federal Reserve expecting to make just two 0.25% rate rises over the remainder of 2016, it appears unlikely that global interest rates will rise sharply. This would be consistent with steady, but unspectacular returns from share markets and bond returns that are low, but at least positive.

That said, there are plenty of reasons to remain cautious. Global growth remains sluggish, there is much uncertainty around the true level of economic activity in China and the European and Japanese economies are continuing to rely on their central banks to provide stimulus. In New Zealand there are concerns over the agricultural sector and a stubbornly high New Zealand dollar.

Overall we would expect to see plenty of volatility in financial markets over the next 12 months, but a gradual improvement in economic conditions and continued support from central banks should see investors rewarded.

## 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.

With the exception of the Global Property Fund, all of the investment funds delivered positive returns in what was a challenging year for investors. Funds in the Aon Master Trust continue to perform well relative to other master trusts and KiwiSaver schemes.

## Investment Options Update

We have made a change to our Russell LifePoints® Target Date funds. The Russell LifePoints® 2015 fund now has the same asset allocation as the Russell Conservative fund so has been closed to new members and to existing members switching from another investment fund. For members who currently have funds invested in the Russell LifePoints® Target Date 2015 fund nothing has changed and you are able to continue to invest into this fund.

All Russell Investment funds are a mix of growth and income investments. With the various Target Date funds (2025, 2035 & 2045), the allocation to income investments increases progressively until it reaches 80% at the Target Date.

## Trust Deed Changes

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

## Financial Markets Conduct Act Update

As you may be aware, the Financial Markets Conduct Act (FMCA) has come into effect meaning we'll be making some changes to the offer documents and governance of the Aon Master Trust (AMT).

The FMCA creates a new regulatory regime for the financial services industry including superannuation schemes. It is the intention of the Trustee to transition to the new regime later in the year.

To transition to the new regime, the FMCA will in broad summary require:

- Licensing – a licensed independent trustee who is licensed by the Financial Markets Authority will be appointed to the Trustee's board of directors.
- Registration – the AMT will be registered as a Managed Investment Scheme with all documents available on the Companies Office Disclose Register.
- Governance – A new trust deed for AMT is being prepared to ensure it complies with the FMCA's new governance requirements.
- Disclosure – A new Product Disclosure Statement (PDS) is required and will replace the current Investment Statement and Prospectus.

## Latest Account Information Available Online

You can access your account information via our on-line system at [www.ebenefits.co.nz](http://www.ebenefits.co.nz). By using ebenefits you can update any personal details and view account transactions, relevant publications and investment performances. If you haven't requested your username and password, or have difficulty accessing your account, please contact our Customer Contact Centre.

## Customer Contact Centre

Our helpdesk staff are available from 8.30am to 5.00pm to assist you with any queries. We can be contacted either by phone on 0800 266 268 or by email at [superforlife@aon.co.nz](mailto:superforlife@aon.co.nz). Please note that our contact centre staff are not available to provide you with financial advice.

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

## Membership Summary

The membership changes in the Aon Master Trust from 1 April 2015 to 31 March 2016 were:

<b>Members as at 31 March 2015</b>	<b>1,933</b>
New members during the year	181
<b>Exits</b>	
- CSF Retirement Benefit	(1)
- CSF Transfer	(1)
- Death Benefit	(4)
- Dismissal Benefit	(2)
- Early Retirement Benefit	(8)
- Leaving Service Benefit	(137)
- Retirement Benefit (Age 65 and over)	(20)
- Retrenchment Benefit	(96)
<b>Members as at 31 March 2016</b>	<b>1,845</b>

## 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 2015 to 31 March 2016 are set out below:

Option	Investment Return (net of investment fees and before tax)
ANZ Cash	2.4%
ANZ Capital Stable	3.6%
ANZ Conservative	3.3%
ANZ Balanced	3.5%
ANZ Growth	2.9%
Nikko Cash	2.9%
Nikko Conservative	6.1%
Nikko Balanced	7.6%
Nikko Growth	9.4%
Russell LifePoints® Conservative	3.9%
Russell LifePoints® Moderate	4.5%
Russell LifePoints® Balanced	4.6%
Russell LifePoints® Growth	4.7%
Russell LifePoints® Target Date 2015	3.9%
Russell LifePoints® Target Date 2025	4.4%
Russell LifePoints® Target Date 2035	4.8%
Russell LifePoints® Target Date 2045	4.9%
Milford Active Growth	7.6%

The following options are still provided but are no longer available for new members to select.

Sector	Investment Manager	Investment Return (net of investment fees and before tax)
NZ Bonds	ANZ New Zealand Investments Ltd	6.0%
International Bonds	ANZ New Zealand Investments Ltd	3.2%
Australasian Shares	ANZ New Zealand Investments Ltd	11.9%
International Shares	ANZ New Zealand Investments Ltd	0.8%
Absolute Return	ANZ New Zealand Investments Ltd	2.8%
Australasian Property	ANZ New Zealand Investments Ltd	13.5%
Global Property	ANZ New Zealand Investments Ltd	-1.9%

## Monthly Returns

For members who left during the twelve months to 31 March 2016, the following average returns were applied.

	ANZ Cash	ANZ Capital Stable	ANZ Conservative	ANZ Balanced	ANZ Growth
30 April 2015	0.24%	-0.01%	-0.22%	-0.20%	-0.37%
31 May 2015	0.27%	-0.08%	0.30%	1.54%	2.03%
30 June 2015	0.24%	-0.12%	-0.55%	-0.78%	-1.03%
31 July 2015	0.23%	0.93%	1.28%	2.03%	2.42%
31 August 2015	0.19%	0.08%	-0.77%	-2.72%	-3.89%
30 September 2015	0.20%	0.21%	-0.16%	-1.11%	-1.61%
31 October 2015	0.15%	0.25%	0.90%	2.70%	3.64%
30 November 2015	0.19%	0.09%	0.42%	0.98%	1.24%
31 December 2015	0.19%	-0.06%	-0.14%	-0.78%	-1.01%
31 January 2016	0.19%	0.95%	0.28%	-0.99%	-1.81%
29 February 2016	0.13%	0.49%	0.16%	-0.22%	-0.38%
31 March 2016	0.20%	0.84%	1.76%	3.15%	3.91%

	Russell LifePoints® Conservative	Russell LifePoints® Moderate	Russell LifePoints® Balanced	Russell LifePoints® Growth
30 April 2015	0.15%	0.25%	0.38%	0.45%
31 May 2015	0.53%	1.17%	1.88%	2.39%
30 June 2015	-0.56%	-0.41%	-0.23%	-0.11%
31 July 2015	1.59%	1.98%	2.37%	2.65%
31 August 2015	-1.15%	-2.05%	-3.04%	-3.76%
30 September 2015	-0.66%	-1.36%	-2.08%	-2.63%
31 October 2015	1.47%	2.55%	3.54%	4.31%
30 November 2015	0.40%	0.79%	1.13%	1.39%
31 December 2015	-0.72%	-0.68%	-0.82%	-0.82%
31 January 2016	0.42%	-0.59%	-1.63%	-2.42%
29 February 2016	0.31%	-0.11%	-0.56%	-0.95%
31 March 2016	2.05%	2.98%	3.82%	4.49%



	Russell LifePoints® 2015	Russell LifePoints® 2025	Russell LifePoints® 2035	Russell LifePoints® 2045
30 April 2015	0.16%	0.27%	0.37%	0.46%
31 May 2015	0.57%	1.26%	1.91%	2.45%
30 June 2015	-0.54%	-0.37%	-0.19%	-0.07%
31 July 2015	1.64%	2.03%	2.37%	2.70%
31 August 2015	-1.23%	-2.15%	-3.02%	-3.76%
30 September 2015	-0.73%	-1.45%	-2.12%	-2.68%
31 October 2015	1.57%	2.60%	3.60%	4.38%
30 November 2015	0.43%	0.80%	1.13%	1.43%
31 December 2015	-0.73%	-0.78%	-0.83%	-0.89%
31 January 2016	0.42%	-0.60%	-1.63%	-2.44%
29 February 2016	0.29%	-0.13%	-0.56%	-0.89%
31 March 2016	2.05%	2.94%	3.97%	4.52%

	Nikko Cash	Nikko Conservative	Nikko Balanced	Nikko Growth
30 April 2015	0.29%	0.29%	0.64%	0.58%
31 May 2015	0.29%	0.06%	1.48%	3.49%
30 June 2015	0.29%	0.30%	-0.04%	0.45%
31 July 2015	0.28%	1.25%	2.56%	3.94%
31 August 2015	0.26%	0.05%	-1.74%	-2.52%
30 September 2015	0.23%	0.23%	-1.18%	-1.87%
31 October 2015	0.21%	0.91%	2.89%	3.74%
30 November 2015	0.22%	0.44%	1.20%	1.72%
31 December 2015	0.23%	0.29%	-0.32%	-1.64%
31 January 2016	0.21%	0.59%	-1.74%	-2.53%
29 February 2016	0.15%	0.32%	0.04%	-0.35%
31 March 2016	0.20%	1.24%	3.70%	4.41%

	Milford Aggressive Fund
30 April 2015	-0.16%
31 May 2015	2.65%
30 June 2015	-2.61%
31 July 2015	2.03%
31 August 2015	-0.53%
30 September 2015	-0.29%
31 October 2015	3.23%
30 November 2015	1.30%
31 December 2015	2.11%
31 January 2016	-2.17%
29 February 2016	-1.13%
31 March 2016	3.17%

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 and all members exited in July with the following annualised rates applied:

	Global PlanB 65	Global PlanB 75	Global PlanB 85	Global PlanB 95
July 2015	14.37800%	17.82355%	22.45427%	26.13525%

The annualised interim interest rate applied to the Global Pre-set investment strategies prior to the July repayment was:

	Global PlanB 95
April 2015	7.49%

## 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	\$7,224,733	77

The value of withdrawals subject to Complying Superannuation Fund rules during the year ended 31 March 2016 was \$620,132.

## 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 2016) 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 1 October 2015.

Signed on behalf of the Trustee

A handwritten signature in blue ink that reads "Janet Hayden". The signature is written in a cursive style with a large initial 'J' and 'H'.

Janet Hayden  
6 September 2016

# Summary Financial Statements

## Summary Statement of Net Assets for the years ended March

	2016 NZ\$'000	2015 NZ\$'000
Investments	125,809	119,148
Other assets	906	1,221
<b>Total assets</b>	<b>126,715</b>	<b>120,369</b>
<b>Total liabilities</b>	<b>(1,089)</b>	<b>(2,208)</b>
<b>Net assets available for benefits</b>	<b>125,626</b>	<b>118,161</b>
Represented by:		
Member account	124,168	116,312
Reserve account	1,458	1,849
<b>Total liability for promised retirement benefits</b>	<b>125,626</b>	<b>118,161</b>

### 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

	2016 NZ\$'000	2015 NZ\$'000
Gains on disposal and changes in value of investments	6,346	14,966
Interest and distribution income	156	611
Investment management fees	(540)	(757)
<b>Net investment income</b>	<b>5,962</b>	<b>14,820</b>
<b>Other income</b>	<b>215</b>	<b>294</b>
Auditor remuneration	(48)	(37)
Trustee and administration management fees	(494)	(564)
Other expenses	(383)	(312)
<b>Change in net assets before membership activities</b>	<b>5,252</b>	<b>14,201</b>
Total members' funds at beginning of the year	118,161	113,730
Change in net assets before membership activities	5,252	14,201
Member contributions	6,291	6,752
Employer contributions	5,813	5,991
Complying Super Fund Crown contributions	34	37
Transfers in from other schemes	5,625	9,216
Transfers out to other schemes	(2,052)	(2,146)
Administration fees	(117)	(151)
Withdrawals	(12,892)	(28,348)
Pie tax expense	(489)	(1,121)
<b>Increase in net assets during the year</b>	<b>7,465</b>	<b>4,431</b>
<b>Total members' funds at the end of the year</b>	<b>125,626</b>	<b>118,161</b>

## Summary Statement of Cash Flows for the years ended March

	2016 NZ\$'000	2015 NZ\$'000
Cash and cash equivalents at beginning of the year	931	806
Net cash flows from operating activities	(55)	(11,238)
Net cash flows from investing activities	(227)	11,363
Cash and cash equivalents at end of the year	649	931

## 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 3 August 2016.

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 3 August 2016 and 31 July 2015 and the auditor expressed an unmodified opinion on those financial statements on 16 August 2016 and 31 July 2015. 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 6 September 2016.

## 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 & 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\$870,000 (2015: NZ\$794,000). Payables at year end were administration and consulting fees of NZ\$34,000 (2015: NZ\$21,000) and trustee & administration management fees of NZ\$81,000 (2015: NZ\$64,000).

During the year, one Director of the Trustee, namely Janet Hayden was also a member 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.

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\$5,813,000 (2015: NZ\$5,991,000).



# Independent Auditor's Report



## Independent auditor's report on the summary financial statements

### To the members of Aon Master Trust

The accompanying summary financial statements on pages 11 to 14, which comprise the summary statement of net assets as at 31 March 2016 and the summary statements of changes in net assets and cash flows for the year then ended, and related notes, are extracted from the audited financial statements of Aon Master Trust (the "Fund") for the year ended 31 March 2016. We expressed an unmodified audit opinion on those financial statements in our report dated 16 August 2016. 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 Aon Master Trust.

This report is made solely to the members as a body. Our audit work has been undertaken so that we might state to the Fund's members those matters we are required to state to them in the auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund's members as a body, for our audit work, this report or any of the opinions we have formed.

#### *Trustee's responsibility*

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

#### *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 and accounting advisory services. 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 2016, 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.

7 September 2016  
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

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**

P O Box 3167, Shortland St, Auckland 1140.

Telephone 0800 AON AMT (0800 266 268)

## Auditor

**KPMG**

PO Box 1584, Auckland 1140

## Fund Managers

**ANZ New Zealand Investments Limited**

P O Box 7149, Wellesley Street, Auckland

**Russell Investments**

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**

P O Box 3892, Auckland 1140

## Solicitor

**DLA Piper,**

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](http://www.aonhewitt.co.nz)**