

ANNUAL REPORT.

Sovereign Staff Retirement Fund

For the year ended 31 March 2019

S O V E R E I G N

Welcome to the annual report for the Sovereign Staff Retirement Fund (“Scheme”) for the period 1 April 2018 to 31 March 2019.

Details of Scheme

The following details relating to the Scheme are applicable as at 31 March 2019:

Name of the Scheme

The name of the Scheme is the Sovereign Staff Retirement Fund.

Type of Scheme

The Scheme is designated as a restricted workplace savings scheme and a restricted employer-related scheme and is therefore a restricted scheme for the purposes of the Financial Markets Conduct Act 2013 (FMCA).

Manager

The Scheme’s trustees are the manager of the Scheme. As at 31 March 2019, the Scheme’s trustees are Barbara Doune Connett, Bruce John Kerr, Linda Rose Page and Nicholas Simon John Stanhope.

Supervisor

The Scheme is not required to appoint a supervisor and therefore does not have one.

Product disclosure statement

The Scheme is closed to new investors and therefore does not have a product disclosure statement.

Fund updates

Fund updates for the Scheme are available to 31 March 2019 and apply to defined contribution members.

Financial Statements and Auditor’s report

The latest financial statements for the Scheme that have been registered with the Registrar under the Financial Markets Conduct Act 2013 cover the financial year 1 April 2018 to 31 March 2019. The auditor’s report on these financial statements was dated 17 July 2019.

Information on contributions and Scheme participants

During the year the number of members in the Scheme has remained at 24. The table below shows the numerical changes in the membership of the Scheme that occurred during the year.

Defined Contribution Members

	Contributing members	Non-contributing members	Total number of members	Members' accumulation
Membership at 1 April 2018	0	3	3	\$275,225.13
PLUS				
New members transferring from other registered schemes	0	0	0	
Other new members	0	0	0	
LESS				
Members transferring to other schemes	0	0	0	
Retirement	0	0	0	
Death	0	0	0	
Other	0	0	0	
Membership at 31 March 2019	0	3	3	\$296,220.81

Defined Benefit Members (Pensioners)

	Contributing members	Non-contributing members	Total numbers of members
Membership at 1 April 2018	0	21	21
PLUS			
New members transferring from other registered schemes	0	0	0
Other new members	0	0	0
LESS			
Members transferring to other schemes	0	0	0
Retirement	0	0	0
Death	0	0	0
Other	0	0	0
Membership at 31 March 2019	0	21	21

Note: There are no accumulations shown for pensioners as their benefits are funded from the unallocated portion of the Scheme.

Contributions

During the year, the following contributions were received by the Scheme:

Type	Total amount received	Defined Contribution Members	Defined Benefit Members (Pensioners)
Member contributions	\$0.00	0	0
Employer contributions	\$12,083.60	0	1
Member voluntary additional contributions	\$0.00	0	0
Total contributions	\$12,083.60	0	1

Changes relating to the Scheme

During the year ended 31 March 2019, there were no changes to the nature of the Scheme, the Scheme's trust deed (governing document), terms of the Scheme's offer or the Scheme's investment objectives and strategy (SIPO). The following is a summary of the material changes that did take effect during that period.

Scheme management

As stated in the 2018 report, on 3 May 2018, Cherise Leanne Barrie retired as a trustee of the Scheme and Linda Rose Page was appointed as a trustee of the Scheme.

Related Party Transactions

As a result of the ownership change of Sovereign which was acquired by AIA, ASB ceased to be a related party of the Scheme in July 2018.

Other than the above change, there were no material changes to the nature or scale of the Scheme's related party transactions over the relevant period. All related party transactions entered into were conducted on normal commercial terms and conditions during the accounting period and were on an arm's length basis.

Other information for particular types of managed funds

Withdrawals

	Number of Defined Contribution Members	Number of Defined Benefit Members (Pensioners)
Pension payments	0	21
Retirement/Resignation	0	0
Redundancy	0	0
Death/Disablement	0	0

Actuarial Report (for the defined benefit section of the Scheme)

The rates or amounts of contributions paid are in accordance with the recommendations contained in the most recent report of the Scheme's actuary dated 17 October 2016.

An actuarial review of the Scheme was last conducted as at 31 March 2016.

In the report the Actuary reported that the Scheme's financial position was sound and recommended that there was no need for the employer, Sovereign Services Limited, to make further contributions (except in respect of the 'Specified Pensions') to the Scheme. The expected costs of providing the annual benefits to members and administration costs could be funded from the Scheme's surplus assets.

The Scheme's net assets of \$8.5m significantly exceeded the value of the accrued liabilities of \$3.2m as at 31 March 2016.

In accordance with the Actuary's advice, Sovereign Services Limited only contributed an amount to pay for the 'Specified Pensions' for the 12 months to 31 March 2019.

The next triennial Actuarial Report for the Scheme is due for the period 31 March 2019 and is expected to be completed in October 2019. Details will be reported in the Annual Report for the Scheme year ending 31 March 2020.

Unit Prices (for Defined Contribution Members)

Fund	At 1 April 2018	At 31 March 2019
Cash Fund	1.8247	1.8544
Conservative Fund	2.2627	2.3941
Balanced Fund	2.9411	3.1634
Growth Fund	2.2484	2.4345

Returns (for Defined Contribution Members)

The following rates of return after tax and annual fees applied for each fund in the Scheme for the year ended 31 March 2019:

Fund	Rate of Return %
Cash Fund	1.63
Conservative Fund	5.81
Balanced Fund	7.56
Growth Fund	8.28

During the period, the unallocated portion of the Scheme was invested in the Balanced Fund.

Statement by manager

As the manager of the Scheme, we confirm that for the year ended 31 March 2019:

- All the contributions required to be made to the Scheme in accordance with the terms of the governing document have been made;
- All the benefits required to be paid from the Scheme in accordance with the terms of the governing document have been paid; and
- The market value of the assets of the Scheme at the end of the financial year, 31 March 2019, equalled or exceeded the total value of the benefits that would have been payable had all members of the Scheme ceased to be a member at that date and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at the end of the financial year.

Changes to persons involved in the Scheme

During the period there were no changes to the administration manager, investment manager, securities registrar, custodian or auditor of the Scheme.

However, the following changes to the trustees occurred during the reporting period:

- Cherise Leanne Barrie – resigned 3 May 2018
- Linda Rose Page – appointed 3 May 2018

How to find further information

Please see the offer register and the scheme register at business.govt.nz/disclose for further information about the Scheme (search "Sovereign Staff Retirement Fund"). The scheme register includes financial statements, fund updates and annual reports and the trust deed for the Scheme under the Documents tab.

The trust deed, statement of investment policy and objectives, annual fund updates and annual report can be found [here](#) on the Sovereign website. Alternatively you can contact the administration manager for the Scheme, Melville Jessup Weaver, and request a copy of the information to be sent to you by calling 0800 728 370 or emailing ssrf@mjlw.co.nz

The offer register includes information relating to the membership and funds, including performance and asset allocation. It also includes fund updates and other material information.

All the information noted above can be obtained at no charge.

Contact details and complaints

Contact details for the trustees

The trustees of the Sovereign Staff Retirement Fund
c/- Sovereign Services Limited
74 Taharoto Road
Takapuna
Auckland 0622
Telephone: 0800 500 108
Email: ssrf@sovereign.co.nz

OR

The trustees of the Sovereign Staff Retirement Fund
c/-Melville Jessup Weaver
P O Box 11330
Wellington 6142

Telephone: 0800 728 370
Email: ssrf@mjlw.co.nz

Securities registrar

Melville Jessup Weaver
P O Box 11330
Wellington 6142

Phone: 0800 728 370
Email: ssrf@mjlw.co.nz

How to complain

In the first instance, please direct any complaints about your investment to the trustees at either of the addresses shown above.

The trustees are a member of the Insurance & Financial Services Ombudsman (IFSO) Scheme which is an approved dispute resolution scheme. If the complaint is not able to be resolved with the trustees, you may contact the IFSO at:

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

Phone 0800 888 202
Email: info@ifso.nz

This dispute resolution scheme will not charge a fee to any complainant to investigate or resolve a complaint.