

ANNUAL REPORT.

Sovereign Staff Retirement Fund

For the year ended 31 March 2020

Welcome to the annual report for the Sovereign Staff Retirement Fund (“Scheme”) for the period 1 April 2019 to 31 March 2020.

Details of Scheme

The following details relating to the Scheme are applicable as at 31 March 2020:

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 2020, 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 2020 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 2019 to 31 March 2020. The auditor’s report on these financial statements was dated 22 July 2020.

Information on contributions and Scheme participants

During the year the number of members in the Scheme reduced to 22. 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 2019 | 0 | 3 | 3 | \$296,220.81 |
| 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 2020 | 0 | 3 | 3 | \$287,053.89 |

Defined Benefit Members (Pensioners)

| | Contributing members | Non-contributing members | Total numbers of members |
|--|----------------------|--------------------------|--------------------------|
| Membership at 1 April 2019 | 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 | 2 | 2 |
| Other | 0 | 0 | 0 |
| Membership at 31 March 2020 | 0 | 19 | 19 |

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 | \$10,797.24 | 0 | 1 |
| Member voluntary additional contributions | \$0.00 | 0 | 0 |
| Total contributions | \$10,797.24 | 0 | 1 |

Changes relating to the Scheme

During the year ended 31 March 2020, there were no changes to the nature of the Scheme, the Scheme's trust deed (governing document), or the terms of the Scheme's offer. The following is a summary of the material changes that did take effect during that period.

Statement of Investment Objectives and Strategy (SIPO)

The SIPO for the Scheme was updated on 30 September 2019 to reflect the following changes:

- Change of name of the Investment Manager from Sovereign Services Limited to AIA Services New Zealand Limited (**AIA**) on 2 August 2019;
- in the Investment Manager's governance committees involved in managing the investments of the Scheme to align with AIA group governance for investments.

In addition, the SIPO was updated to reflect minor changes to the investment mandate of the underlying ANZ funds and append a copy of the SIPO for the ANZ funds.

Related Party Transactions

The Scheme's Related Party Transaction Register was updated to reflect the change of name of Sovereign Services Limited to AIA Services New Zealand Limited.

Other than the above name 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 | 2 |

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 25 September 2019.

An actuarial review of the Scheme was last conducted as at 31 March 2019.

In the report the Actuary reported that the Scheme's financial position was sound and recommended that there was no need for the employer, AIA, 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 \$8.9m significantly exceeded the value of the accrued liabilities of \$6.2m as at 31 March 2019.

In accordance with the Actuary's advice, AIA only contributed an amount to pay for the 'Specified Pensions' for the 12 months to 31 March 2020.

The next triennial Actuarial Report for the Scheme is due for the period ending 31 March 2022.

Unit Prices (for Defined Contribution Members)

| Fund | At 31 March 2019 | At 31 March 2020 |
|-------------------|------------------|------------------|
| Cash Fund | 1.8544 | 1.8776 |
| Conservative Fund | 2.3941 | 2.4115 |
| Balanced Fund | 3.1634 | 3.0795 |
| Growth Fund | 2.4345 | 2.3223 |

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 2020:

| Fund | Rate of Return % |
|-------------------|---------------------|
| Cash Fund | 1.25% |
| Conservative Fund | 0.73% |
| Balanced Fund | -2.65% |
| Growth Fund | -4.61% |

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 2020:

- 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 2020, 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 trustees, administration manager, securities registrar, custodian or auditor of the Scheme. However, as noted earlier, the investment manager, Sovereign Services Limited, changed its name to AIA Services New Zealand Limited on 2 August 2019.

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 (SIPO), annual fund updates and annual report can be

found [here](#) on the AIA 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/- AIA Services New Zealand Limited

AIA House

74 Taharoto Road

Takapuna

Auckland 0622

Telephone: 0800 500 108

Email: NZ.SSRF@aia.com

OR

The trustees of the Sovereign Staff Retirement Fund

c/-Melville Jessup Weaver

P O Box 1096

Wellington 6140

Telephone: 0800 728 370

Email: ssrf@mjlw.co.nz

Securities registrar

Melville Jessup Weaver

P O Box 1096

Wellington 6140

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.