



GARETH MORGAN INVESTMENTS

# GMI Superannuation Scheme

## Annual Report

For the Year Ended 31 March 2017

## Details of the Scheme

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**Scheme name:** GMI Superannuation Scheme

**Type of Scheme:** Superannuation Scheme (including a Legacy Section) and Workplace Savings Scheme.

**Manager:** Gareth Morgan Investments Limited Partnership

**Supervisor:** Public Trust

**Product Disclosure Statement (PDS):** 02 September 2016

**Status of the PDS:** Open for applications

The latest fund updates for each fund within the Scheme are dated: 30 June 2017

The Scheme's latest audited financial statements (including the auditor's report) for the year ended 31 March 2017 were lodged with the Registrar on 26 July 2017.

## Welcome

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Welcome to the GMI Superannuation Scheme Annual Report, where we give you all the important facts and figures about our Scheme over the past year.

### A year in global markets

A shifting political landscape and moderate growth made for a mixed bag for global markets. Two big events dominated the year – the UK referendum to leave the EU and the election of Trump to the US Presidency – suggesting that people were turning against the decades-long march of globalisation.

The moderate and improving pace of global growth, helped all of our investment funds see positive returns for the year, which is a great result.

Here's how the year looked in global markets:

#### 2016:

##### April-May

April was a positive month for share markets thanks, in part, to higher and more stable oil prices, while global markets plodded along.

##### June

The Brexit vote and its impact dominated things in June. Daily swings in share markets increased as the vote neared and most markets fell substantially in the two days after the referendum result. They bounced back after this, and ultimately global shares ended the month only marginally in the red.

Bond markets were also acutely affected by the Brexit vote, with interest rates on safe-haven government bonds, like those of the US, Germany and Japan, falling sharply. Interest rates stayed low, even as risk sentiment improved in the days after the vote, mainly due to expectations of lower inflation and increased central bank accommodation in its wake.

##### July

Global share markets rebounded strongly in July, as investors lowered their interest rate expectations and risk sentiment improved after the UK Brexit vote. However, bond markets held onto the gains they made in the immediate aftermath of the Brexit vote.

### August-October

Markets were mostly flat for this period. Central banks were the focus, with the US Federal Reserve indicating it would hike its official Funds Rate again soon and the Bank of Japan's announcement of further monetary policy easing impacting interest rates.

### November-December

Global share markets generally rose in November and December. The US share market – and a strong US dollar – led the way following the election of Donald Trump, amid anticipation of the stimulatory impact of Trump's policy agenda.

## 2017

### January

Markets rose in January on the back of expectations that the new President Trump would introduce cuts to taxes and regulations, and extra infrastructure spending.

### February-March

Markets performed strongly, with further signs of accelerating economic activity across the globe and Donald Trump's tax cut teasing the main drivers of positive investor sentiment.

## Why GMI Super goes global with your money

At GMI, we place a significant portion of our investments in overseas markets, like the US and the UK. This is partly a straightforward 'don't put your eggs in one basket' approach. If you've got a house and a job in New Zealand, you're pretty exposed to local economic problems. If your money is also invested in the NZ share market, and a downturn comes, your finances could take a real hit. Having a decent spread of investments overseas, however, means your wealth isn't as vulnerable to any one problem.

NZ's share market is tiny compared to global markets; overseas offers a huge variety of companies, sectors and industries to invest in. Investing overseas won't be for everyone though, but in the long-term – and saving for superannuation is all about the long-term – we believe that taking a global approach to your money offers the best potential for success.

For more information on our performance check out our website – [www.gmisuper.co.nz](http://www.gmisuper.co.nz)

## Information on contributions and scheme participants

### Total Number of Scheme Participants

**As at 1 April 2016:** 478      **As at 31 March 2017:** 465

### Total number of contributing scheme participants

**As at 1 April 2016:** 254      **As at 31 March 2017:** 219

### Total number of non-contributing scheme participants

**As at 1 April 2016:** 224      **As at 31 March 2017:** 246

### New scheme participants

**Transfers from other schemes :** 8 **Other new members:** 14  
**Total:** 22

Total number of persons who ceased to be members of the scheme during the year ended 31 March 2017

Reason:	Number
Retirement	9
Death	1
Other	23
Nil Balance	6
Redundancy	1
Resignation	16
Transfers to other schemes (out)	2
<b>Total</b>	<b>35</b>

### Scheme participants' accumulations:

	Participants	Accumulations
As at 1 April 2016:	421	\$53,399,321.11
As at 31 March 2017:	429	\$61,949,714.62

Total contributions received during the year ending 31 March 2017 :

Contribution type	Participants	Contributions
Member	166	\$664,508.20
Employer or other sponsor	171	\$767,737.44
Member voluntary additional	71	\$7,017,054.21
<b>Total</b>		<b>\$8,449,299.85</b>

## Changes relating to the scheme

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### Change to the offer documents

As of 2 September 2016, the requirements of the Financial Markets Conduct Act 2013 (FMCA) applied to the GMI Superannuation Scheme and so we replaced the investment statement and prospectus, which we used to give to people thinking of joining the Scheme, with a product disclosure statement (PDS). The PDS uses a standard format and prescribed language to give people the key info they need when deciding whether or not to invest.

You can download a copy of the GMI Superannuation Scheme PDS from our website – [www.kiwiwealth.co.nz](http://www.kiwiwealth.co.nz).

### Changes to other documents

As part of the transition, the Trust Deed was amended in order to comply with requirements of the FMCA and allow the Scheme to be divided into three separate sections under the FMCA, as follows:

- a legacy superannuation scheme section (the Legacy Section);
- a workplace savings scheme section (the Employer Section); and
- a superannuation scheme section (the Personal Section); and

In addition, the trust deed was amended to introduce a power to suspend withdrawals and sidepocket assets and liabilities in certain circumstances.

## Other Changes

At the point of transition under the FMCA, the Scheme relinquished its QROPS status which means that it is no longer able to accept UK pension transfers. It is anticipated that this situation is temporary, and it is intended that the Scheme will re-apply for QROPS status in the future.

We've also made some changes to our statement of investment policies and objectives (SIPO). The changes were made to comply with the requirements of the FMCA. Other than that, nothing significant changed within these documents or the terms of the offer of interests in the Scheme during the year ending 31 March 2017.

To find out more, you can get a copy of each of these documents from the Disclose Register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose) by searching 'GMI Superannuation Scheme'. You can also download a copy of the trust deed or SIPO from our website, [www.kiwiwealth.co.nz](http://www.kiwiwealth.co.nz).

## Related party transactions

As a part of the FMCA transition, on 12 September 2016 the Scheme transferred assets by way of an in specie transfer to the related party unit trusts issued by GMI Wealth, into the GMI Fixed Interest Fund and the GMI Growth Fund. The details of this in specie transfer appear in the table below:

	NZD value of transferred assets	Unit price	Number of units issued
GMI Fixed Interest Fund	\$18,834,686.27	1.1296	16,673,766.17
GMI Growth Fund	\$33,351,227.80	0.9562	34,878,924.70

All related party transactions entered into during the accounting period were on arms-length terms.

## Other information for particular types of managed funds

The number of members who made a withdrawal during the Scheme year were as follows:

Withdrawal Type	Number of participants
Serious Illness	0
Death	1
Hardship	2
Redundancy	1
Resignation	16
Retirement	41
Transfer (out)	2
Total	63

### Investment performance (crediting rates) for the year ended 31 March 2017

The below table shows the crediting rate or rates applied to members' balances for the accounting period as at the end of that period. This means the investment returns applied to the particular funds your money is invested into. We also take into account the prescribed investor rate applied to your Superannuation account.

Scheme Investment Fund	Prescribed Investor Rates		
	10.5%	17.5%	28%
Conservative Fund	2.98%	2.79%	2.51%
Balanced Fund	6.77%	6.51%	6.11%
Growth Fund	10.18%	9.85%	9.36%

## Supervisor's Statement

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Public Trust, as Supervisor of the Scheme confirms that all contributions required to be made to the Scheme in accordance with the terms of the governing document have been made.

Ireen Muir  
Senior Manager Client Services  
Corporate Trustee Services, Public Trust

## Manager's Statement

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Gareth Morgan Investments Limited Partnership, as manager of the Scheme confirms that:

- All the benefits required to be paid from the Scheme in accordance with the terms of the governing document and (where applicable) the Superannuation scheme rules have been paid; and
- The market value of the Scheme property at the end of 31 March 2017 equalled or exceeded the total value of benefits that would have been payable had all members of the Scheme ceased to be members 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 balance date.

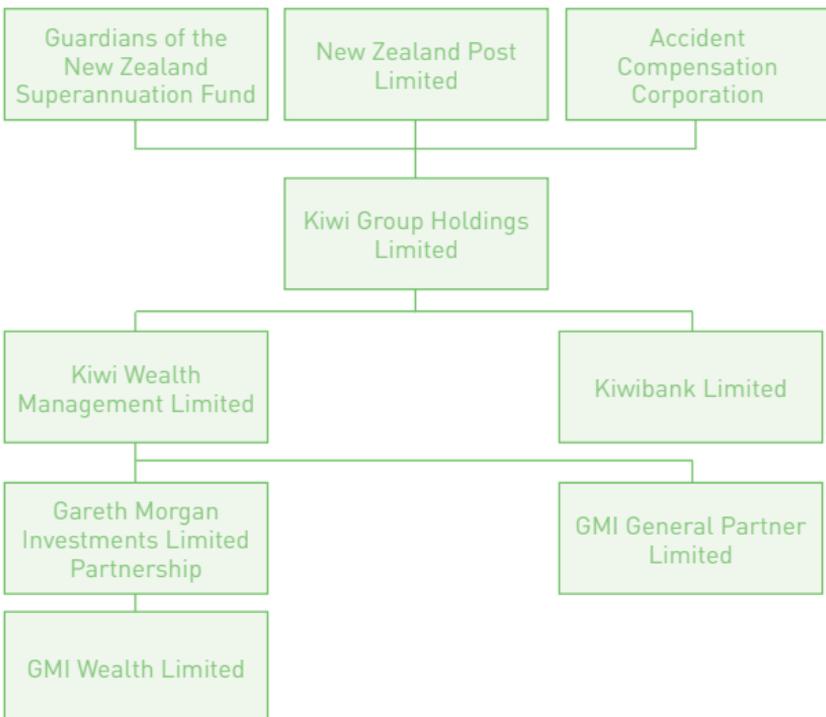
## Changes to persons involved in the scheme

### Changes to the directors of the Manager

- Michael O'Donnell became a director of the Manager on 16 March 2017.

### New Shareholders

In late 2016 there were changes to the ownership structure of the parent company that owns Gareth Morgan Investments Limited Partnership (GMILP). GMILP is owned by Kiwi Wealth Management Limited (KWML). KWML is a wholly owned subsidiary of Kiwi Group Holdings Limited (KGHL), which in turn was 100% owned by New Zealand Post Limited. In September 2016 New Zealand Post agreed to sell 47% of the holding company, KGHL to the Guardians of the New Zealand Superannuation Fund (25%) and the Accident Compensation Corporation (22%). The relevant ownership structure is shown below:



Public Trust was appointed as the Supervisor of the Scheme on 1 September 2016.

## Changes to the Supervisor's board of directors during the year:

During the Year, the Supervisor had the following Board changes:

- Susan Mary Anna McCormack completed her term as a Board member on 30 April 2016.
- Dilkhush (Dinu) Harry completed his term as a Board member on 31 October 2016.
- Diana Marie Puketapu completed her term as a Board member on 31 October 2016.
- Dianne Victoria McAteer was appointed as a Board member on 1 November 2016.
- Graham Arthur Naylor was appointed as a Board member on 1 November 2016.
- Bevan Edward Killick was appointed as a Board member on 1 November 2016

**Subsequent to 31 March 2017**, Public Trust had the following Board changes:

- Huei Min (Lyn) Lim completed her term as a Board member on 30 June 2017.
- Ian Fitzgerald was appointed as a Board Member on 22 May 2017.
- Sarah Roberts 4 year term as Chair ends in August and in September Ian Fitzgerald will be Sarah Roberts' replacement.

## Change to custodian of the Scheme

The Supervisor appointed JBWere as the Scheme's independent custodian on 1 September 2016.

## How to find further information

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Further information relating to the Scheme, including financial statements, annual reports, the Scheme's trust deed, and SIPO is available on the scheme register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose). The quarterly fund updates, the PDS, and other material information is available on the offer register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose). A copy of the information on the offer register or scheme register is available on request from the Registrar of Financial Service Providers.

The above information is also available free of charge at [www.kiwiwealth.co.nz/scheme-fund-documents](http://www.kiwiwealth.co.nz/scheme-fund-documents) or on request by contacting us through one of the ways listed on page 13.

You can view your monthly online reports and other information about your investment on our website [www.kiwiwealth.co.nz](http://www.kiwiwealth.co.nz)

You will also be sent an Annual PIE Tax Statement which will include the amount of PIE income attributed to you and the amount of PIE tax paid at your PIR. You will also be asked to confirm your IRD number and PIR.

You can obtain general information about us and the Scheme at [www.kiwiwealth.co.nz](http://www.kiwiwealth.co.nz).

## Contact details and complaints

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### Contact Us

We'd love to hear from you, if you'd like to talk to us about the GMI Superannuation Scheme you can contact us or the GMI Super Scheme Customer Services Manager:

**Online:** [www.kiwiwealth.co.nz](http://www.kiwiwealth.co.nz)

**Call:** 0800 427 384 during normal business hours

**Email:** [questions@kiwiwealth.co.nz](mailto:questions@kiwiwealth.co.nz)

**Write to:**

FreePost 210729

Gareth Morgan Investments Limited Partnership

PO Box 50617

Porirua 5240

**Attention:** GMI Super Scheme Customer Services Manager

### How to complain

You can lodge a complaint with us or the GMI Super Scheme Member Complaints Officer:

**Online:** [www.kiwiwealth.co.nz/complaints](http://www.kiwiwealth.co.nz/complaints)

**Call:** 0800 427 384 during normal business hours

**Email:** [questions@kiwiwealth.co.nz](mailto:questions@kiwiwealth.co.nz)

**Write to:**

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PO Box 50617

Porirua 5240

**Attention:** GMI Super Scheme Member Complaints Officer

We are a member of the Insurance & Financial Services Ombudsman Scheme (IFSO), an approved dispute resolution scheme. If you have complained to us and you have reached the end of our internal complaints process without your complaint being resolved to your satisfaction, the IFSO may be able to consider your complaint. Other criteria must also be met.

**Call:** 0800 888 202

**Fax:** (04) 499 7614

**Email:** [info@ifso.nz](mailto:info@ifso.nz)

## Contact details and complaints cont.

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**Write to:**

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

The IFSO will not charge a fee to any complainant to investigate or resolve a complaint.

You can also make a complaint to Public Trust:

**Call:** 0800 371 471 during normal business hours

**Write to:**

General Manager  
Corporate Trustee Services  
Public Trust  
PO Box 5067  
Wellington 6145

Public Trust is a member of an approved dispute resolution scheme operated by Financial Services Complaints Limited ('FSCL'). If your complaint to Public Trust has not been resolved you can refer it to FSCL.

**Call:** 0800 347 257

**Write to:**

Financial Services Complaints Limited  
4th Floor, 101 Lambton Quay  
PO Box 5967  
Wellington 6145

FSCL will not charge a fee to any complainant to investigate or resolve a complaint.

## GMI Superannuation Scheme

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