



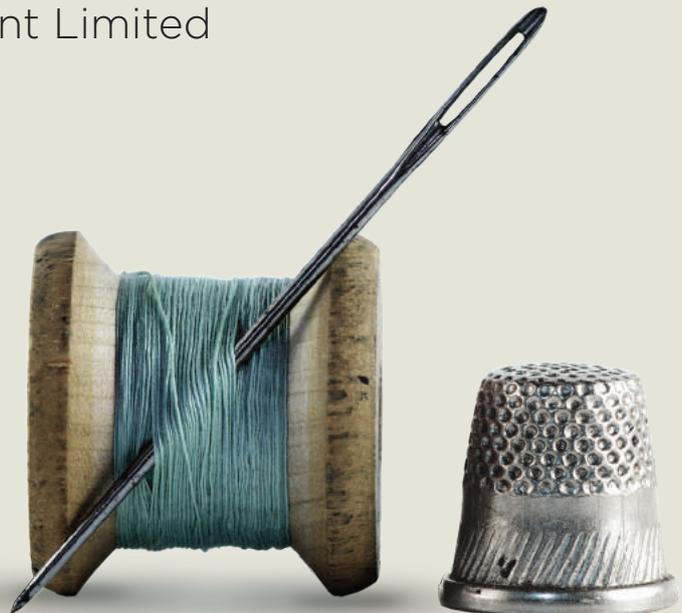
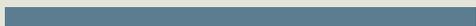
CRAIGS[®]
INVESTMENT PARTNERS

Craigs KiwiSaver Scheme

Annual Report

For the Year Ended 31 March 2017

Craigs Investment Partners
Superannuation Management Limited

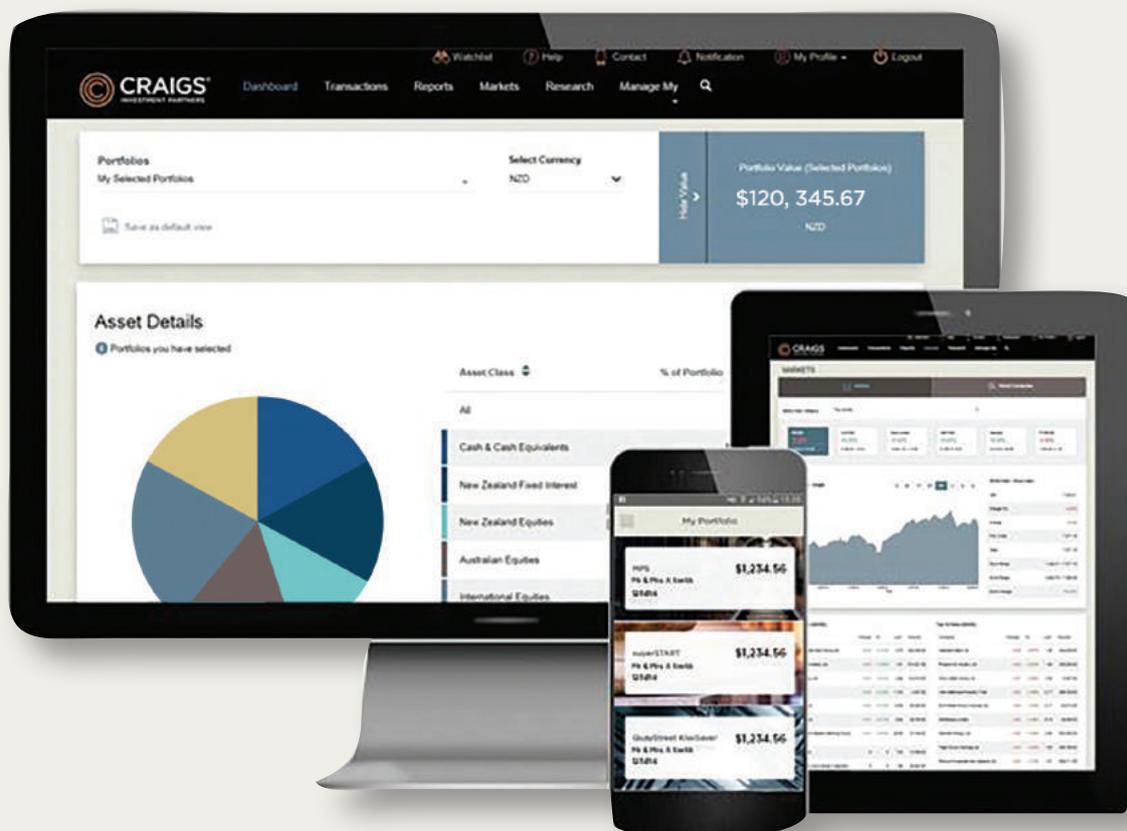


KiwiSaver[™]
Poua he Oranga

NZX Firm

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Monitor the performance of your investments on any device anytime, anywhere.



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- **Comprehensive market data** & dynamic charting

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A year in review

12 Months to 31 March 2017



The dairy sector stages a major rebound

The beleaguered dairy sector staged a major turnaround during late 2016 and early 2017. As at mid-June, the headline global dairy trade index is 75% above the lows of last year. This massive rebound has seen prices rise to levels not seen since June 2014, pushing the Fonterra payout to much higher levels than expected in recent months. The \$6.15 payout for the 2016/17 season is significantly better than the initial estimate of \$4.25, and is well ahead of last season's \$3.90. In addition, the opening payout forecast for the upcoming season is an even healthier looking \$6.50 per kg of milk solids.

The New Zealand dollar remains strong

The currency remained strong over the year, reflecting a robust economy, a stable political environment, and higher interest rates than other parts of the world. The NZ dollar traded above its long-term average against most other major currencies, including the US and Australia dollar, but most notably the British Pound.

The return of inflation?

New Zealand inflation for the March 2017 quarter rose to an annual rate of 2.2%, the highest level since the third quarter of 2011. This strength reversed somewhat in the June quarter, as annual inflation slipped back to 1.7%. While this was weaker than expectations, it is still higher than we've seen in recent years. This could point to inflationary pressures that are slowly building, which further suggests we have seen the lows in interest rates.



Most global sharemarkets buoyant over the year

World shares had a strong year, rising 15.4% in the 12 months to 31 March. All of the major global markets were up 10-20% over the period, while the local NZX50 was a more modest performer with a 6.6% gain. New Zealand fixed interest and corporate bonds posted small gains, while listed property was the only local asset class to decline (down 1.0%).

Political surprises dominate headlines

Politics was a big driver of financial markets during the year. There were two major events that took place, catching many investors off guard and leading to increased volatility. In June 2016, the UK voted in favour of “Brexit”, choosing to leave the European Union. Some months later, forecasters and pollsters were wrong-footed again when Donald Trump emerged victorious in the US presidential election. However, despite an initial panic, both these events proved to be no impediment to continued strength in global sharemarkets.

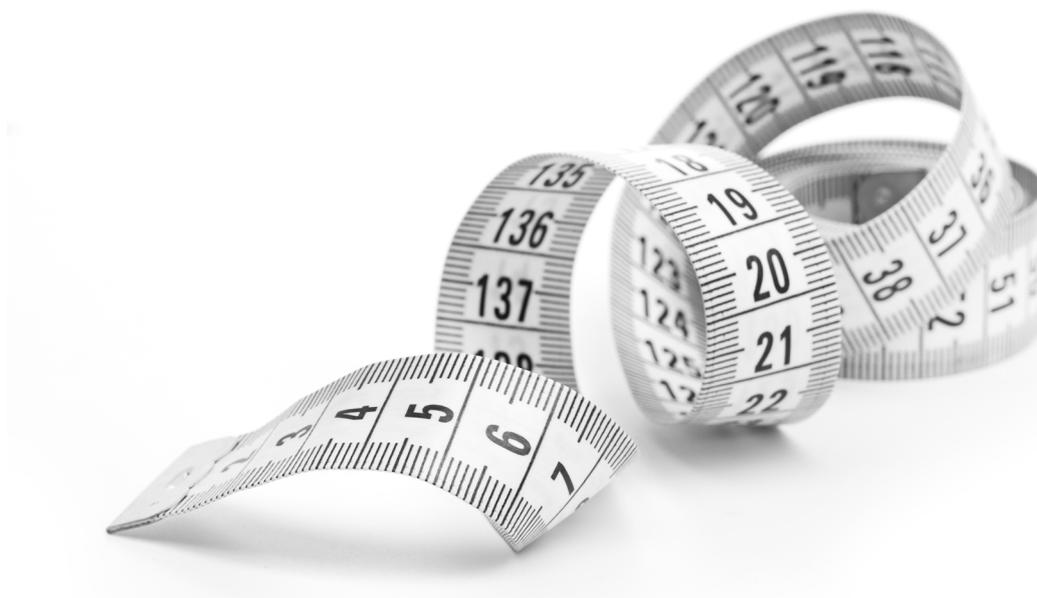
Expect a busy rest of the year

There are numerous events coming up over the second half of the 2017 calendar year. On the political front, we have the election in New Zealand, as well as one in Germany. We should expect more drama in Washington, as well as news on major tax policy changes. Central banks will also get some attention, as markets watch for further interest rate hikes from the Federal Reserve in the US, or a change in tack from the European Central Bank. Progress on Brexit talks will be watched with interest, and markets will be paying close attention to Chinese economic data. Inflation numbers will be important, and will ultimately help drive any further moves in interest rates, which will have a direct effect on global shares and fixed interest markets.

Details of Scheme

As Manager of the Craigs KiwiSaver Scheme, (the Scheme) Craigs Investment Partners Superannuation Management Limited (CIPSML) presents to members the annual report for the year ended 31 March 2017.

Name of the Scheme	Craigs KiwiSaver Scheme
Type of Scheme	KiwiSaver Scheme
Manager	Craigs Investment Partners Superannuation Management Limited
Supervisor	The New Zealand Guardian Trust Company Limited
Product Disclosure Statement	The Product Disclosure Statement as at the balance date (31 March 2017) was dated 16 November 2016. The latest Product Disclosure Statement is dated 19 June 2017, and is open for applications.
Latest Fund Update	<p>CIPSML is not required to publish quarterly fund updates due to the nature of the Scheme.</p> <p>Instead, CIPSML produces personalised quarterly reports tailored to each member. The reports as at the balance date (31 March 2017) were as at the quarter ended 31 March 2017. The latest reports were as at the quarter ended 30 June 2017.</p> <p>For a copy of your reports, please sign into your account on the client portal or contact the Client Services Team on 0800 878 278 or via email clientservices@craigsip.com.</p>
Financial Statements	<p>The Scheme's latest financial statements and the auditor's report for the period ending 31 March 2017, are dated 20 June 2017.</p> <p>They were lodged with the Registrar on 21 July 2017 and are available from the Disclose register business.govt.nz/disclose (search the scheme register) or from craigsip.com/document-library.</p>



Information on contributions and scheme participants

MEMBERSHIP DETAILS

Total Scheme Participants	Contributing	Non Contributing*	Total Membership	Total Accumulation
Members as at 01 April 2016	3,230	1,244	4,474	\$147,872,949
New Scheme Members				
Transfers			192	
> Transfers from other KiwiSaver schemes			173	
> Transfers from other registered superannuation schemes			-	
> Transfers from Australian superannuation schemes			19	
Other New Members			137	
Total New Members			329	
Exiting Scheme Members				
Retirement			90	
Death			3	
Transfers			128	
> Transfers to other KiwiSaver schemes			128	
> Transfers to Australian superannuation schemes			-	
Other Reasons			7	
> Invalid enrolment			-	
> Permanent emigration			7	
> Other permanent exits			-	
Total Exiting Members			228	
Members as at 31 March 2017	3,266	1,309	4,575	\$177,896,711

* In this annual report, non-contributing members are defined as those who have not made a contribution in the two months prior to the end of the financial year (31 March 2017), those who have failed to make contracted payments or those on a contributions holiday.

CONTRIBUTION DETAILS

Total Contributions for the Year Ended 31 March 2017	Number of Members	Total Amount \$
Member contributions		
> Member regular contributions	3,542	\$10,262,286
> Member voluntary additional contributions	3,403	\$1,174,811
> Transfers from other schemes	192	\$9,253,646
Employer or other sponsor contributions	2,871	\$5,399,522
Crown contributions	3,567	\$1,730,707

Changes relating to the Scheme

GOVERNING DOCUMENT

The Scheme transitioned to the Financial Markets Conduct Act 2013 (the FMCA) and was renamed the Craigs KiwiSaver Scheme (previously, Craigs Investment Partners kiwiSTART Select Scheme) effective 30 November 2016. The Scheme is governed by an amended and restated Trust Deed dated 15 November 2016 (Trust Deed). The Trust Deed was amended to meet the requirements of the FMCA, to reflect other legislative and administrative changes affecting the Scheme and to rename the Scheme.

TERMS OF THE OFFER

The FMCA changed the laws regulating the Scheme's governance and offering.

As a result of the Scheme's transition to the FMCA, the Scheme's investment statement and prospectus were replaced by a Product Disclosure Statement (PDS). The Scheme is governed by the Trust Deed, FMCA, the KiwiSaver Act 2006, and the offer documents, including the PDS, Investment Options document and the Other Material Information document (OMI).

The Investment Options document replaces the list of Nominated Securities, and provides further detail to members about each individual security. This document is reviewed on a regular basis in line with the Investment Committee decisions around inclusions to this list of securities.

Copies of the latest offer documents can be obtained on the offer register at business.govt.nz/disclose or by visiting the Craigs Investment Partners website craigsip.com/KiwiSaver.

INVESTMENT OPTION CHANGES

The Investment Options document is reviewed quarterly, or more regularly where appropriate, and updated as and when required. Throughout the course of the year, securities included as Investment Options can be removed or added. Where a security is removed, we will contact you to either change your investment or reconfirm that you would like to continue to hold and/or invest in the removed security. If the latter, we will continue to remind you that the security has been removed via the holdings statement within your personalised quarterly reports pack.

STATEMENT OF INVESTMENT POLICY AND OBJECTIVES

A Statement of Investment Policy and Objectives (SIPO) was developed and lodged onto the scheme register to comply with the transition to the FMCA. A copy of the latest SIPO can be obtained on the scheme register at business.govt.nz/disclose or by visiting the Craigs Investment Partners website craigsip.com/KiwiSaver.

There were no material changes to the SIPO during the year ended 31 March 2017.

RELATED PARTY CHANGES

There were no material changes to the nature or scale of the Scheme's related party transactions during the year ended 31 March 2017.

All related party transactions are conducted on arm's-length terms.

A change to related parties that occurred during the year ended 31 March 2017 was that Deutsche New Zealand Limited transferred its 49.9% shareholding in Craigs Investment Partners Limited (CIP) to Deutsche Bank AG, Sydney Branch on 28 December 2016.

Frank Aldridge (a director of CIPSMML and CIP) was appointed as a director of NZX Limited in May 2017. NZX Limited is an issuer of securities which is on the list of Investment Options.

Other information for particular types of managed funds

WITHDRAWALS

During the year ended 31 March 2017 the following withdrawals were made from the Scheme.

Permitted Member Withdrawals	Number
Permanent Withdrawals	228
> Entitlement withdrawals	90
> Transfers to other KiwiSaver schemes	128
> Transfers to Australian superannuation schemes	-
> Death	3
> Permanent Emigration	7
Partial Withdrawals	42
> First home purchase*	33
> Significant financial hardship	8
> Serious illness	1
> Meeting tax liability on foreign superannuation	-
> Court Order	-

* Includes second chance home withdrawals.

PORTFOLIO RETURNS

The Scheme provides members the flexibility to build a portfolio of investments from the extensive list of Investment Options to suit their risk profile and investment objectives. The Investment Options are the list of nominated securities that the Craigs Investment Partners Investment Committee have selected based on some key principles. Therefore each member's rate of return is different due to the nature of the Scheme.

As a member of the Scheme your return is specific to your portfolio and set out in your personalised quarterly report.

For the returns on individual securities, please visit craigsip.com/services/kiwisaver/performance.

MANAGER'S STATEMENT

Craigs Investment Partners Superannuation Management Limited.

Craigs Investment Partners Superannuation Management Limited as Manager of the Scheme confirms the following:

All contributions received in respect of each member, including through contributions paid via the Commissioner of Inland Revenue have been applied in accordance with the terms of the Trust Deed, the Financial Markets Conduct Act 2013 and the KiwiSaver Act 2006.

All benefits required to be paid from the Scheme in accordance with the terms of the Trust Deed and the KiwiSaver Scheme rules have been paid.

The market value of the Scheme property at the balance date (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

MANAGER

Craigs Investment Partners Superannuation Management Limited

There have been no changes to the Manager, including directors or key personnel during the year ended 31 March 2017.

The current directors of the Manager are:

- Frank Aldridge
- Kenneth Phillip
- Michael Smith (Chairman)
- Kylie Van Heerden

The current key personnel of the Manager are:

- Stephen Jonas – Head of Client Services
- Regan Carey – Head of Compliance
- Mark Lister – Head of Private Wealth Research
- Shaun Montgomery – Operations Manager

SUPERVISOR

The New Zealand Guardian Trust Company Limited

There have been no changes to the Supervisor during the year ended 31 March 2017.

However, the Supervisor accepted the resignation of:

- Andrew Barnes as Director on 04 April 2016; and
- Timothy Shaw as a Director on 03 August 2016.

The current directors of the Supervisor are:

- James Douglas
- Robin Flannagan

ADMINISTRATION MANAGER, INVESTMENT MANAGER & REGISTRAR

Craigs Investment Partners Limited

There have been no changes to the administration manager, investment manager or securities registrar during the year ended 31 March 2017.

However, CIP, who is the Investment Manager accepted the resignation of:

- Frances Sweetman
From the employment of CIP and as a member of the Investment Committee effective 03 March 2017.
- Michelle Perkins
From the employment of CIP and as a member of the Investment Committee effective 03 July 2017

The current list of Investment Committee members are:

- Mark Lister
- Deidre Copley
- Reg Montgomery
- Robert Blews

CUSTODIAN AND AUDITOR

There have been no changes to the Scheme Custodian or Auditor during the year ended 31 March 2017.



How to find further information

Further information relating to the Craigs KiwiSaver Scheme is available on the offer register and the scheme register at business.govt.nz/disclose.

The Scheme's Trust Deed, SIPO and financial statements and auditor's report are available on the scheme register at business.govt.nz/disclose.

The current PDS, OMI and Investment Options document for the Scheme are available on the offer register at business.govt.nz/disclose.

A copy of the documents relating to the Scheme referred to above can be obtained, on request and free of charge, by contacting our Client Services Team on 0800 878 278 or emailing clientservices@craigsip.com.

You can request an updated member's statement (showing an estimate of your benefit) from our Client Services Team on 0800 878 278 or by emailing clientservices@craigsip.com.

Contact details and complaints

CORRESPONDENCE AND ENQUIRIES

Manager

For enquiries or to obtain a copy of the Trust Deed, the most recent financial statements, auditor's report, a copy of the most recent registered PDS, OMI, Investment Options document, SIPO, or any queries relating to your benefit entitlements or the Scheme, please contact:

**Craigs KiwiSaver Scheme
Craigs Investment Partners Superannuation
Management Limited**

158 Cameron Road
PO Box 13155
Tauranga 3141

Attention: Head of Client Services
Phone: 0800 878 278
Email: clientservices@craigsip.com

Craigs Investment Partners Limited, as securities registrar, can also be contacted at the Manager's address.

Supervisor

Correspondence intended for the Supervisor, The New Zealand Guardian Trust Company Limited, should be addressed to:

**Corporate Trusts
The New Zealand Guardian Trust Company Limited**

Level 6, 191 Queen Street
PO Box 274, Shortland Street
Auckland 1140

Attention: Relationship Manager, Corporate Trusts
Phone: 09 909 5100
Email: ct-auckland@nzgt.co.nz

COMPLAINTS

If you have any problems with your membership in the Scheme, please contact the Head of Compliance for the Manager, using the Manager's contact details above, in the first instance and if the Manager cannot resolve your problem, then please contact the Supervisor.

Both we and the Supervisor are required to be members of an approved dispute resolution scheme, which for both of us is Financial Services Complaints Limited (FSCL).

If you have a problem that neither the Manager nor the Supervisor can resolve, you can contact FSCL.

Financial Services Complaints Limited

PO Box 5697
Lambton Quay
Level 4, 101 Lambton Quay
Wellington 6011

Phone: 0800 347 257
Email: complaints@fscl.org.nz

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



CRAIGS®

INVESTMENT PARTNERS

HEAD OFFICE - TAURANGA

Craigs Investment Partners House
158 Cameron Road
PO Box 13155, Tauranga 3141
E. headoffice@craigsip.com

KERIKERI

Hobson House
14 Hobson Avenue
PO Box 841, Kerikeri 0245
P. 09 407 7926 F. 09 407 7429
E. kerikeri@craigsip.com

WHANGAREI

1 Robert Street
PO Box 573, Whangarei 0140
P. 09 438 1988 F. 09 438 5167
E. whangarei@craigsip.com

AUCKLAND

Level 32, Vero Centre
48 Shortland Street
PO Box 1196, Auckland 1140
P. 09 919 7400 F. 09 303 2520
E. auckland@craigsip.com

HAMILTON

Level 4, PwC Centre
Cnr Anglesea & Ward Streets
PO Box 1282, Hamilton 3240
P. 07 838 1818 F. 07 838 0828
E. hamilton@craigsip.com

TAURANGA

Craigs Investment Partners House
158 Cameron Road
PO Box 13155, Tauranga 3141
P. 07 577 6049 F. 07 578 8416
E. tauranga@craigsip.com

ROTORUA

First Floor
1196 Whakaue Street
PO Box 1148, Rotorua 3040
P. 07 348 1860 F. 07 348 1863
E. rotorua@craigsip.com

GISBORNE

75 Childers Road
PO Box 153, Gisborne 4040
P. 06 868 1155 F. 06 868 1154
E. gisborne@craigsip.com

NEW PLYMOUTH

First Floor, 9 Young Street
PO Box 8011, New Plymouth 4342
P. 06 759 0015 F. 06 759 0016
E. newplymouth@craigsip.com

WHANGANUI

17 Drews Avenue
PO Box 63, Whanganui 4541
P. 06 349 0030 F. 06 348 5523
E. whanganui@craigsip.com

PALMERSTON NORTH

First Floor
Cnr Broadway Avenue & Vivian Street
PO Box 1543, Palmerston North 4440
P. 06 953 3460 F. 06 953 0640
E. palmerstonnorth@craigsip.com

WELLINGTON

Level 14, PwC Tower
113 - 119 The Terrace
PO Box 10556, Wellington 6143
P. 04 917 4330 F. 04 917 4350
E. wellington@craigsip.com

BLenheim

2 Alfred Street
PO Box 678, Blenheim 7240
P. 03 577 7410 F. 03 577 7440
E. blenheim@craigsip.com

CHRISTCHURCH

Level 3
Craigs Investment Partners House
76 Victoria Street
PO Box 90, Christchurch 8140
P. 03 379 3433 F. 03 379 5687
E. christchurch@craigsip.com

QUEENSTOWN

Level 1, Five Mile Centre,
Grant Road, Frankton
PO Box 2487, Wakatipu
Queenstown 9349
P. 03 901 0170 F. 03 901 0179
E. queenstown@craigsip.com

DUNEDIN

First Floor
Craigs Investment Partners House
330 Moray Place
PO Box 5545, Dunedin 9058
P. 03 477 5900 F. 03 477 6743
E. dunedin@craigsip.com

GORE

120 Main Street
PO Box 317, Gore 9740
P. 03 208 9310 F. 03 208 4161
E. gore@craigsip.com

INVERCARGILL

49 Kelvin Street
PO Box 1246, Invercargill 9840
P. 03 214 9939 F. 03 214 9933
E. invercargill@craigsip.com

0800 272 442 / craigsip.com