



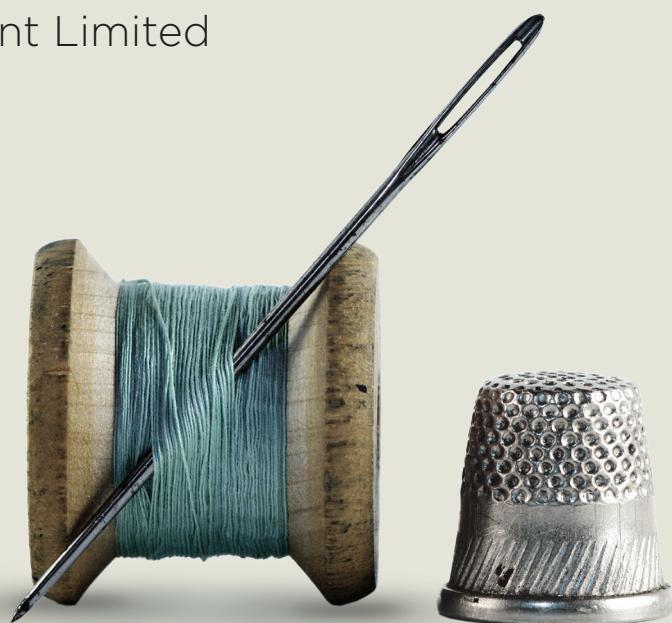
**CRAIGS®**  
INVESTMENT PARTNERS

# Craigs KiwiSaver Scheme

## 2019 Annual Report

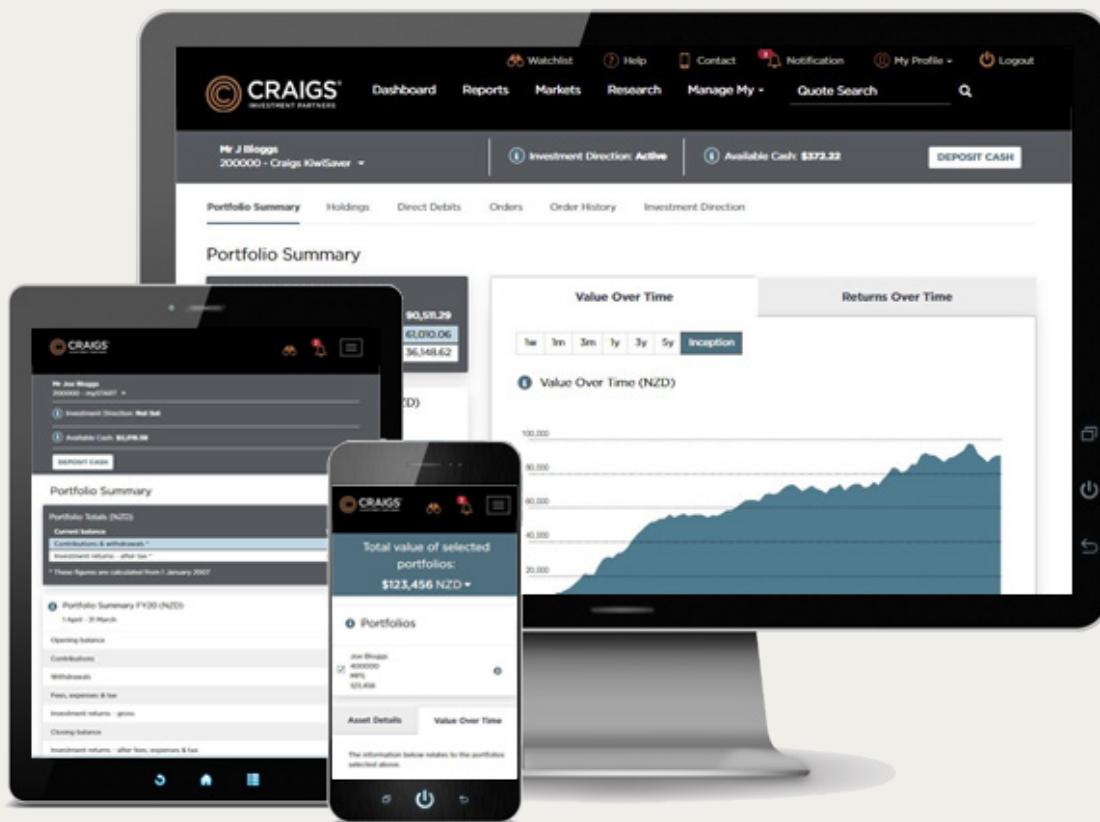
**For the Year Ended 31 March 2019**

Craigs Investment Partners  
Superannuation Management Limited



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# A year in review

12 Months to 31 March 2019



## Most global markets solid, but volatile

World shares increased 3.2% in the 12 months ending 31 March 2019. The US market proved to be one of the best performers with a 7.3% gain, while European equities were also solid, rising 6.4%. Emerging markets were weak, declining 7.1% during the period. Japanese shares also fell slightly, slipping 1.2%. It was a volatile period, with the final three months of 2018 seeing sharp declines in markets across the world. The S&P 500 index in the US fell 14.0%, the worst quarterly performance since September 2011. It then rebounded 13.1% in the March 2019 quarter, which was the biggest quarterly gain since September 2009, and the best March quarter since 1998.

## The local market outperforms

The domestic market was an exceptionally strong performer during the year. The NZX 50 rising a stunning 18.3% and listed property stronger still with a gain of 24.0%. Local equities benefitted on multiple fronts, with many high quality growth companies rising on the back of positive global sentiment. Defensive sectors also received a healthy boost after the RBNZ signalled that interest rates could go even lower.

The New Zealand market remains highly attractive to income investors with the gross dividend yield for the overall New Zealand market sitting at just below 5.0%, and some sectors (such as utilities and listed property) higher still.

## **Central banks shift to an easing bias**

Last year, the Federal Reserve in the US said it was expecting to hike interest rates three more times in 2019. In December that forecast was reduced to two hikes, and late in the March quarter the Fed said it expected no rate hikes at all in 2019. Since then, the Fed has suggested that it would be open to reducing interest rates, if necessary. Central banks have gone one step further in this part of the world, with benchmark cash rates being reduced in both New Zealand and Australia. The Reserve Bank of New Zealand cut the Official Cash Rate to a record low 1.50% in May 2019, while its Australian counterpart followed suit in June, cutting the cash rate to 1.25%. Financial markets see a strong chance of further reductions in the second half of 2019.

## **A Capital Gains Tax is suggested, then ruled out**

A feature of the period was the debate over whether a capital gains tax (CGT) should be introduced in New Zealand, and the form it might take. The Tax Working Group recommended a CGT in its interim report last year, and reiterated this view in the final report in February 2019. This caused significant uncertainty for financial markets, as well as for the business sector.

However, in April Prime Minister Jacinda Ardern announced that the Government had dropped its intentions to impose a CGT, because of the inability of the coalition government to form a consensus. She even went a step further, making a commitment that under her leadership no government would campaign again on a CGT, let alone implement one.

## **What to expect over the coming 12 months**

As always, there is no shortage of key events for financial markets to watch in the year ahead. The development of trade discussions between the US and China will be a key focus on the global stage. A resolution of some sort is the desirable outcome, as ongoing tension and increased tariffs will dent global growth and could have an impact on all regions. However, the outcome of these talks looks highly unpredictable making it difficult to assess the likely impact. The path of economic growth will be closely watched, as we see a moderation in activity levels in some regions, while changes in central bank policy will also be of interest.

# 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 2019.

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 31 March 2019 was dated 15 August 2018. The latest Product Disclosure Statement is dated 10 May 2019, and is open for applications.
Latest Fund Update	CIPSML is not required to publish quarterly fund updates due to the nature of the Scheme. Instead, CIPSML produces personalised quarterly reports tailored to each member. The reports as at the balance date (31 March 2019) were for the quarter ended 31 March 2019. The latest reports were for the quarter ended 30 June 2019. 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 <a href="mailto:clientservices@craigrip.com">clientservices@craigrip.com</a> .
Financial Statements	The Scheme's latest financial statements and the auditor's report for the period ending 31 March 2019, are dated 27 June 2019. They were lodged with the Registrar on 8 July 2019 and are available from the Disclose Register <a href="http://disclose-register.companiesoffice.govt.nz">disclose-register.companiesoffice.govt.nz</a> (search the scheme register) or from <a href="http://craigrip.com/document-library">craigrip.com/document-library</a> .



# Information on contributions and scheme participants

## MEMBERSHIP DETAILS

Total Scheme Participants	Contributing	Non Contributing*	Total Membership	Total Accumulation
Members as at 01 April 2018	3,408	1,299	4,707	\$207,840,769
<b>New Scheme Members</b>				
Transfers		481		
> Transfers from other KiwiSaver schemes		436		
> Transfers from other registered superannuation schemes		-		
> Transfers from Australian superannuation schemes		45		
Other New Members		86		
<b>Total New Members</b>		<b>567</b>		
<b>Exiting Scheme Members</b>				
Retirement		84		
Death		2		
Transfers		145		
> Transfers to other KiwiSaver schemes		144		
> Transfers to Australian superannuation schemes		1		
Other Reasons		14		
> Invalid enrolment		4		
> Permanent emigration		3		
> Other permanent exits		7		
<b>Total Exiting Members</b>		<b>245</b>		
<b>Members as at 31 March 2019</b>	<b>3,232</b>	<b>1,797</b>	<b>5,029</b>	<b>\$248,527,038</b>

\* 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 2019), those who have failed to make contracted payments or those on a contributions holiday.

## CONTRIBUTION DETAILS

Total Contributions for the Year Ended 31 March 2019	Number of Members	Total Amount \$
Member contributions	6,759	\$31,880,369
> Member regular contributions	5,488	\$12,446,071
> Member voluntary additional contributions	790	\$1,272,433
> Transfers from other schemes	481	\$18,161,865
Employer or other sponsor contributions	3,286	\$6,451,104
Crown contributions	3,791	\$1,832,848
<b>Total Contributions</b>		<b>\$40,164,321</b>

# 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 (known previously as the 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).

There were no material changes to the Trust Deed during the year ended 31 March 2019.

## TERMS OF THE OFFER

The Scheme is governed by the Trust Deed, FMCA, the KiwiSaver Act 2006, and the offer documents, including the Product Disclosure Statement (PDS), Investment Options document and the Other Material Information document (OMI).

There were no material changes to the terms of the Scheme offer during the year ended 31 March 2019.

The Investment Options document provides 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 [disclose-register.companiesoffice.govt.nz](http://disclose-register.companiesoffice.govt.nz) or by visiting the Craigs Investment Partners website [craigrip.com/KiwiSaver](http://craigrip.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 copy of the latest Statement of Investment Policy and Objectives (SIPO) can be obtained on the scheme register at [disclose-register.companiesoffice.govt.nz](http://disclose-register.companiesoffice.govt.nz) or by visiting the Craigs Investment Partners website [craigrip.com/KiwiSaver](http://craigrip.com/KiwiSaver).

We amended the scheme SIPO to remove reference to notifying clients regarding their portfolio concentration. We recommend clients review their portfolios regularly to ensure they are adequately diversified and their portfolios are consistent with their risk profile. This review should be done in conjunction with an investment advisers or our service desk.

## 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 2019.

All related party transactions are conducted on standard commercial terms and conditions.

## LEGISLATION CHANGES TO THE SCHEME SINCE 31 MARCH 2019

On 01 April 2019, the below changes were made to the KiwiSaver regime:

- Two new contribution rates were added (6% and 10%)
- Contributions Holidays renamed to Saving Suspensions
- Member Tax Credits (MTC) renamed to Government Contributions
- Reduction of maximum Savings Suspension period from 5 years to 1 year.

On 01 July 2019, the below changes were made to the KiwiSaver regime:

- Over 65 years were able to join KiwiSaver
- Removal of the compulsory five year lock-in period for new members who join KiwiSaver over the age of 60.

# Other information for particular types of managed funds

## WITHDRAWALS

During the year ended 31 March 2019 the following withdrawals were made from the Scheme.

Permitted Member Withdrawals*	Number
> Entitlement withdrawals	134
> Transfers to other KiwiSaver schemes	174
> Transfers to Australian superannuation schemes	1
> Death	2
> Permanent emigration	3
> Invalid enrolment	4
> Significant financial hardship	7
> Serious illness	5
> First home purchase**	44
> Court order	1

\* Includes partial withdrawals

\*\* 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 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.

## Manager's Statement

### Craigs Investment Partners Superannuation Management Limited

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

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 2019) 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 its directors and key personnel, during the year ended 31 March 2019.

In May 2019, Frank Aldridge ceased to be a director of the Manager.

The current directors of the Manager at the date of this annual report are:

- Kenneth Phillip
- Michael Smith (Chairman)
- Kylie Boyd

## SUPERVISOR

### **The New Zealand Guardian Trust Company Limited**

There have been no changes to the Supervisor, including its directors, during the year ended 31 March 2019.

The current directors of the Supervisor at the date of this annual report are:

- James Douglas
- Robin Flanagan

## ADMINISTRATION MANAGER, INVESTMENT MANAGER & REGISTRAR

### **Craigs Investment Partners Limited**

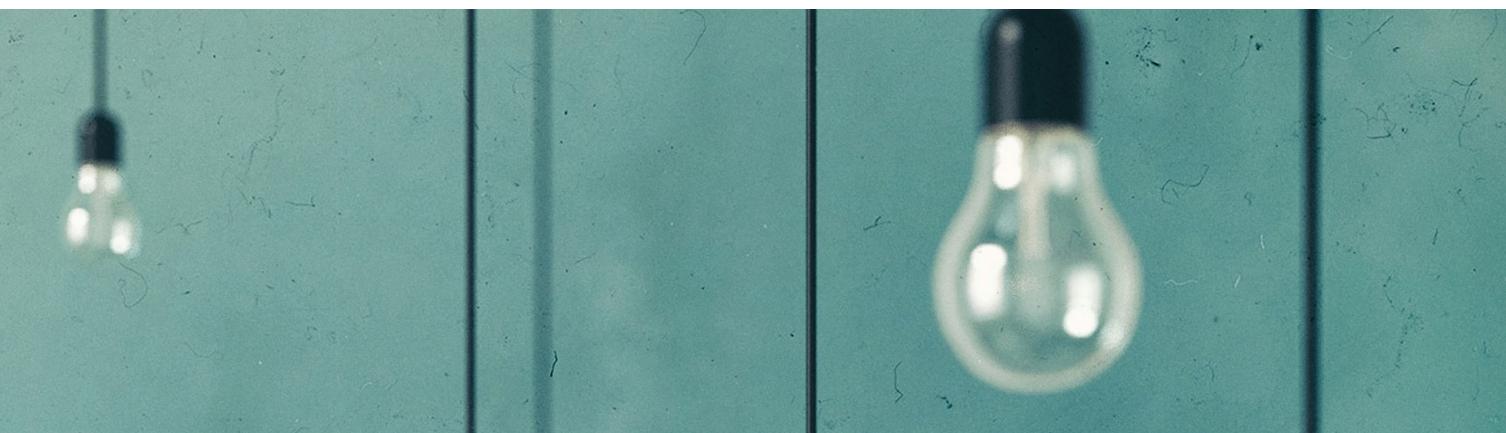
There have been no changes to the administration manager, investment manager or securities registrar during the year ended 31 March 2019.

The Investment Committee members at the date of this annual report are:

- Mark Lister
- Deidre Copley
- Reg Montgomery
- Robert Blews
- Mohandeep Singh
- Roger Garrett  
(appointed to the Investment Committee in April 2019)

## CUSTODIAN AND AUDITOR

There have been no changes to the Scheme custodian or auditor during the year ended 31 March 2019.



# How to find further information

Further information relating to the Craigs KiwiSaver Scheme is available on the offer register and the scheme register at [disclose-register.companiesoffice.govt.nz](http://disclose-register.companiesoffice.govt.nz).

The Scheme's Trust Deed, SIPO, annual report and financial statements and auditor's report are available on the scheme register at [disclose-register.companiesoffice.govt.nz](http://disclose-register.companiesoffice.govt.nz).

The current PDS, OMI and Investment Options document for the Scheme are available on the offer register at [disclose-register.companiesoffice.govt.nz](http://disclose-register.companiesoffice.govt.nz).

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@craigrip.com](mailto:clientservices@craigrip.com).

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

## 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 Client Services

**Phone:** 09 909 5100

**Email:** [ct-auckland@nzgt.co.nz](mailto: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 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 5967  
Lambton Quay  
Wellington, 6140

Level 4, 101 Lambton Quay  
Wellington 6011

**Phone:** 0800 347 257

**Email:** [complaints@fscl.org.nz](mailto:complaints@fscl.org.nz)

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

# 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@craigrip.com](mailto:clientservices@craigrip.com)

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





**CRAIGS®**  
INVESTMENT PARTNERS

**HEAD OFFICE - TAURANGA**

Craigs Investment Partners House  
158 Cameron Road  
PO Box 13155, Tauranga 3141  
**E.** [headoffice@craigsip.com](mailto: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](mailto:kerikeri@craigsip.com)

**WHANGAREI**

1 Robert Street  
PO Box 573, Whangarei 0140  
**P.** 09 438 1988   **F.** 09 438 5167  
**E.** [whangarei@craigsip.com](mailto: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](mailto: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](mailto: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](mailto: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](mailto:rotorua@craigsip.com)

**GISBORNE**

75 Childers Road  
PO Box 153, Gisborne 4040  
**P.** 06 868 1155   **F.** 06 868 1154  
**E.** [gisborne@craigsip.com](mailto:gisborne@craigsip.com)

**HAVELOCK NORTH**

1 Napier Road  
PO Box 8262, Havelock North 4157  
**P.** 06 826 2500   **F.** 06 826 2501  
**E.** [havelocknorth@craigsip.com](mailto:havelocknorth@craigsip.com)

**NEW PLYMOUTH**

First Floor, 9 Young Street  
PO Box 8011, New Plymouth 4340  
**P.** 06 759 0015   **F.** 06 759 0016  
**E.** [newplymouth@craigsip.com](mailto:newplymouth@craigsip.com)

**WHANGANUI**

17 Drews Avenue  
PO Box 63, Whanganui 4541  
**P.** 06 349 0030   **F.** 06 348 5523  
**E.** [whanganui@craigsip.com](mailto: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](mailto:palmerstonnorth@craigsip.com)

**WELLINGTON**

Level 4, 20 Customhouse Quay  
PO Box 10556, Wellington 6143  
**P.** 04 917 4330   **F.** 04 917 4350  
**E.** [wellington@craigsip.com](mailto:wellington@craigsip.com)

**BLENHEIM**

2 Alfred Street  
PO Box 678, Blenheim 7240  
**P.** 03 577 7410   **F.** 03 577 7440  
**E.** [blenheim@craigsip.com](mailto:blenheim@craigsip.com)

**CHRISTCHURCH**

Craigs Investment Partners House  
Level 3, 76 Victoria Street  
PO Box 90, Christchurch 8140  
**P.** 03 379 3433   **F.** 03 379 5687  
**E.** [christchurch@craigsip.com](mailto:christchurch@craigsip.com)

**QUEENSTOWN**

Craigs Investment Partners House  
Level 3, Five Mile Centre  
Grant Road, Frankton  
PO Box 2487, Wakatipu  
Queenstown 9349  
**P.** 03 901 0170   **F.** 03 901 0179  
**E.** [queenstown@craigsip.com](mailto:queenstown@craigsip.com)

**DUNEDIN**

Level 4, 229 Moray Place  
PO Box 5545, Dunedin 9054  
**P.** 03 477 5900   **F.** 03 477 6743  
**E.** [dunedin@craigsip.com](mailto:dunedin@craigsip.com)

**GORE**

120 Main Street  
PO Box 317, Gore 9740  
**P.** 03 208 9310   **F.** 03 208 4161  
**E.** [gore@craigsip.com](mailto:gore@craigsip.com)

**INVERCARGILL**

Level 2, 20 Don Street  
PO Box 1246, Invercargill 9840  
**P.** 03 214 9939   **F.** 03 214 9933  
**E.** [invercargill@craigsip.com](mailto:invercargill@craigsip.com)

**0800 272 442 / [craigsip.com](http://craigsip.com)**