



**CRAIGS**<sup>®</sup>  
INVESTMENT PARTNERS

# Craigs Superannuation Scheme

## 2018 Annual Report

For the Year Ended 31 March 2018

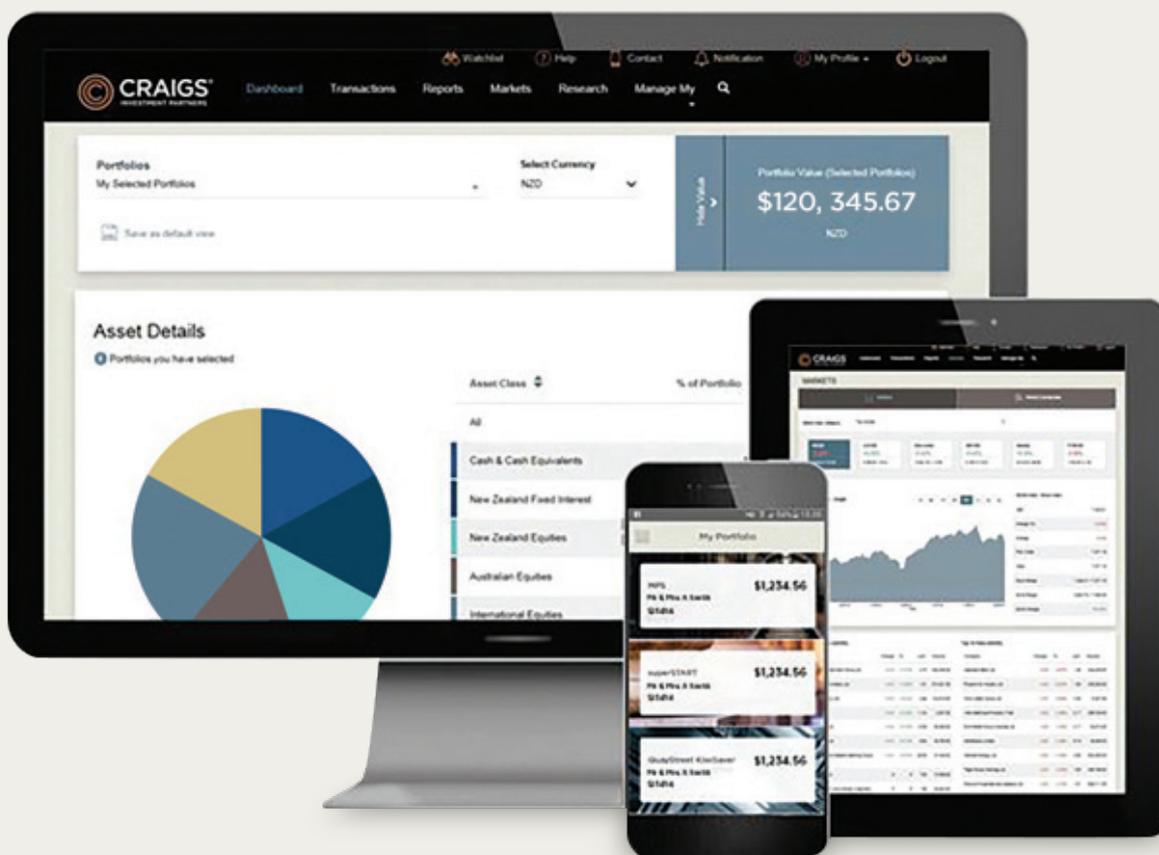
Craigs Investment Partners  
Superannuation Management Limited

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# A year in review

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12 Months to 31 March 2018



## Most global sharemarkets buoyant over the year

World shares had another strong year, rising 15.4% in the 12 months to 31 March. This was a very similar return to the previous year, although a key difference this time was much more divergence in the performance between regions. The top performing major region was emerging markets, with a gain of 25.4%. Japan and the US were also up strongly, rising 13.5% and 11.8% respectively. Europe and the UK were two of the weaker performers, with European shares slipping 0.5% and the UK market down 3.6%. New Zealand investors still saw gains from investments in these regions, but only because the NZ dollar fell against both the euro and the pound. Australian shares were up 3.6% for the period, although if it wasn't for dividend payments this return would've been slightly negative. The local market continued to perform extremely well, with the NZX 50 index gaining 15.6% over the 12 months.

## The new Government

A key event during the year was undoubtedly the announcement of a change in Government. The sharemarket took this in its stride, although we did see some weakness in the NZ dollar in response.

Against this backdrop of new leadership, focal points for financial markets include potential policy changes regarding housing, foreign ownership, immigration, tax and industrial relations. It could be some time before we have clarity around many of these, and the uncertainty around this is clearly weighing on the business sector. While the sharemarket has been largely unmoved by the changing political landscape, businesses aren't nearly as relaxed. The ANZ Business Outlook Survey saw business confidence fall to the lowest levels since 2009 in November, and while this has rebounded slightly, it remains pessimistic.



## Global interest rates continue to rise

Interest rates have begun to rise in some parts of the world, led by the US. On the back of a buoyant economy and signs of wage growth emerging, the Federal Reserve increased its benchmark interest rate from 1.00% to 1.75%. This saw the US 10-year Treasury yield rise from 2.39% to 2.73% during the year ended 31 March 2018. Although we are not seeing evidence of rising interest rates in New Zealand, we are unlikely to be immune to these offshore pressures and investors need to give consideration to this when implementing their investment strategy.

## The NZ dollar slips a little

On a trade-weighted basis, the NZ dollar didn't move much during the year, finishing March just 1.7% below the average of 2017. However, there were larger moves against individual currencies. The currency rose 3.4% against the US dollar and 2.6% against the Australian dollar, but fell sharply against the British pound (-7.6%) and the euro (-10.7%). The NZ dollar is trading above long-term averages against all of these, and while it is hard to see it moving back to historic levels anytime soon, we wouldn't be surprised to see the currency drift lower as other central banks slowly normalise monetary policy.

## What to expect over the coming 12 months

As always, there is a plethora of things to watch over the second half of the calendar year and into early 2019. A lot of focus will be on central banks, as markets watch for further interest rate hikes from the Federal Reserve in the US, and a change in tack from the European Central Bank. The Reserve Bank of New Zealand is unlikely to adjust policy this year, although 2019 could be a different story. Geopolitics events will be important given the trade tensions that are building, the relationship between the US and other countries, plus the ongoing issues in some parts of Europe. Locally, policy change from the Government will be front of mind for many investors, as will the recommendations from the Tax Working Group.



# Details of Scheme

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As Manager of the Craigs Superannuation Scheme (the Scheme), Craigs Investment Partners Superannuation Management Limited (CIPSML) presents to members the annual report for the period ended 31 March 2018.

Name of the Scheme	Craigs Superannuation Scheme
Type of Scheme	Superannuation 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 2018 was dated 14 December 2017. The latest Product Disclosure Statement is dated 20 April 2018, 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 31 March 2018 were for the quarter ended 31 March 2018. The latest reports were for the quarter ended 30 June 2018.</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 <a href="mailto:clientservices@craigsip.com">clientservices@craigsip.com</a>.</p>
Financial Statements	<p>The Scheme's latest financial statements and the auditor's report for the period ending 31 March 2018, are dated 19 June 2018.</p> <p>They were lodged with the Registrar on 23 July 2018 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://craigsip.com/document-library">craigsip.com/document-library</a>.</p>

# Information on contributions and scheme participants

## MEMBERSHIP DETAILS

Total Scheme Participants	Contributing	Non Contributing*	Total Membership	Total Accumulation
Members as at 01 April 2017	26	44	70	\$3,489,889
<b>New Scheme Members</b>				
Transfers from other superannuation schemes			173	
Other new members			-	
<b>Total New Members</b>			<b>173</b>	
<b>Exiting Scheme Members</b>				
Retirement			2	
Transfers to other schemes			-	
Death			-	
Other reasons			-	
<b>Total Exiting Members</b>			<b>2</b>	
Members as at 31 March 2018	70	171	241	\$34,628,297

\* 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 2018.

## CONTRIBUTION DETAILS

Total Contributions For The Year Ended 31 March 2018	Number of Members	Total Amount \$
Member Contributions	179	\$32,702,961
> Member regular contributions	3	\$129,348
> Member voluntary additional contributions	3	\$155,341
> UK pension transfers	165	\$31,698,517
> Transfers from other schemes	8	\$719,755
Employer or other sponsor contributions	-	\$0
<b>Total Contributions</b>		<b>\$32,702,961</b>

# Changes relating to the Scheme

## GOVERNING DOCUMENT

The Craigs Superannuation Scheme was established under a Trust Deed dated 6 December 2016 and was open and able to accept applications from 30 December 2016.

The Trust Deed was amended and rotated by deed dated 7 July 2017 to reflect amendments to United Kingdom legislation which relates to overseas pension schemes.

## TERMS OF THE OFFER

The Scheme is governed by the Trust Deed, the Financial Markets Conduct Act 2013 and Financial Markets Conduct Regulations 2014 (including the superannuation scheme rules) and the offer documents, including the Product Disclosure Statement (PDS), Investment Options and the Other Material Information document (OMI).

The Investment Options document provides details 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.

There were no material changes to the terms of the offer of the Scheme during the year ended 31 March 2018.

Copies of the latest offer documents can be obtained on the offer register at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz) or by visiting the Craigs Investment Partners website [craigsip.com/services/superannuation](https://craigsip.com/services/superannuation).

## 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.

## QROPS RULE CHANGES

### Overseas Transfer Charge

If a UK pension is transferred on or after 9th March 2017, and should you change your tax residency again within a five year period from the initial transfer of the UK Pension, an Overseas Transfer Charge of 25% may be payable to Her Majesty's Revenue Commission (HMRC). Please note, that various jurisdictions have different definitions of 'tax resident'.

### Withdrawal rule changes - Income for life

You are no longer required to utilise 70% of the amount transferred to generate an income for life. You may apply for a withdrawal of your UK derived contributions when you have reached the UK minimum age, which is currently age 55. This may be subject to restrictions and UK tax depending on the date of transfer and the amount of time spent outside of UK Tax Resident status.

For more information contact the Client Services Team on 0800 878 278 or via email [clientservices@craigsip.com](mailto:clientservices@craigsip.com), or speak to a tax adviser.

## 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](https://disclose-register.companiesoffice.govt.nz) or by visiting the Craigs Investment Partners website [craigsip.com/services/superannuation](https://craigsip.com/services/superannuation).

There were no material changes to the SIPO during the year ended 31 March 2018.

## 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 2018.

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

# Other information for particular types of managed funds

## WITHDRAWALS

During the year ended 31 March 2018 the following withdrawals were made from the Scheme.

Permitted Member Withdrawals*	Number
<b>Withdrawals - UK Derived Contributions</b>	
Retirement	13
Ill health	-
Serious ill health	-
Death	-
<b>Withdrawals - Non-UK Derived Contributions</b>	
Retirement	-
Significant financial hardship	-
Permanent emigration	-

\* Includes partial 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 will be personalised to your portfolio and set out in your personalised quarterly report.

## Supervisor Statement

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

The New Zealand Guardian Trust Company Limited as Supervisor of the Scheme confirms the following:

All contributions required to be made to the Scheme in accordance with the terms of the Trust Deed have been made.

## 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 superannuation scheme rules have been paid.

The market value of assets of the Scheme at the close of the financial year (31 March 2018) 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 close of the financial year.



# 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, during the year ended 31 March 2018.

#### **The current directors of the Manager are:**

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

#### **The Manager accepted the resignation of the following key personnel:**

- Shaun Montgomery – Operations Manager

## SUPERVISOR

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

There have been no changes to the Supervisors, including its directors, during the year ended 31 March 2018.

#### **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 2018.

#### **There has been one new appointment to the Investment Committee:**

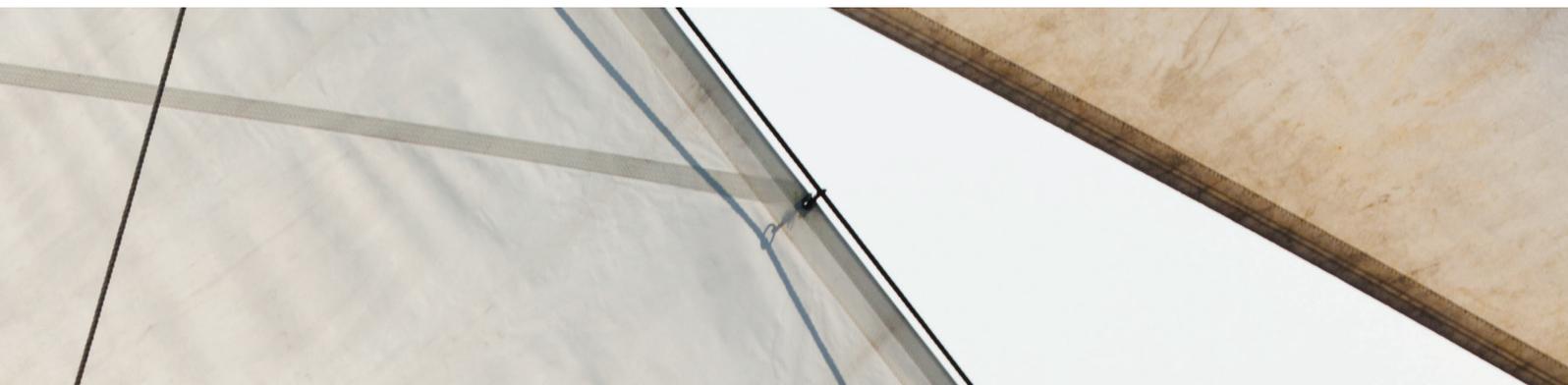
- Mohandeep Singh

#### **The current list of Investment Committee members are:**

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

## CUSTODIAN AND AUDITOR

There have been no changes to the Scheme custodian or auditor during the year ended 31 March 2018.



# How to find further information

Further information relating to the Craigs Superannuation Scheme is available on the offer register and the scheme register at [disclose-register.companiesoffice.govt.nz](https://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](https://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](https://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@craigsip.com](mailto: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](mailto: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 Superannuation 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](mailto:clientservices@craigsip.com)

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

#### 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 5697  
Lambton Quay  
Wellington 6145

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.





# CRAIGS<sup>®</sup>

INVESTMENT PARTNERS

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