



CRAIGS[®]
INVESTMENT PARTNERS

Craigs Investment Partners Superannuation Scheme **superSTART**[®]

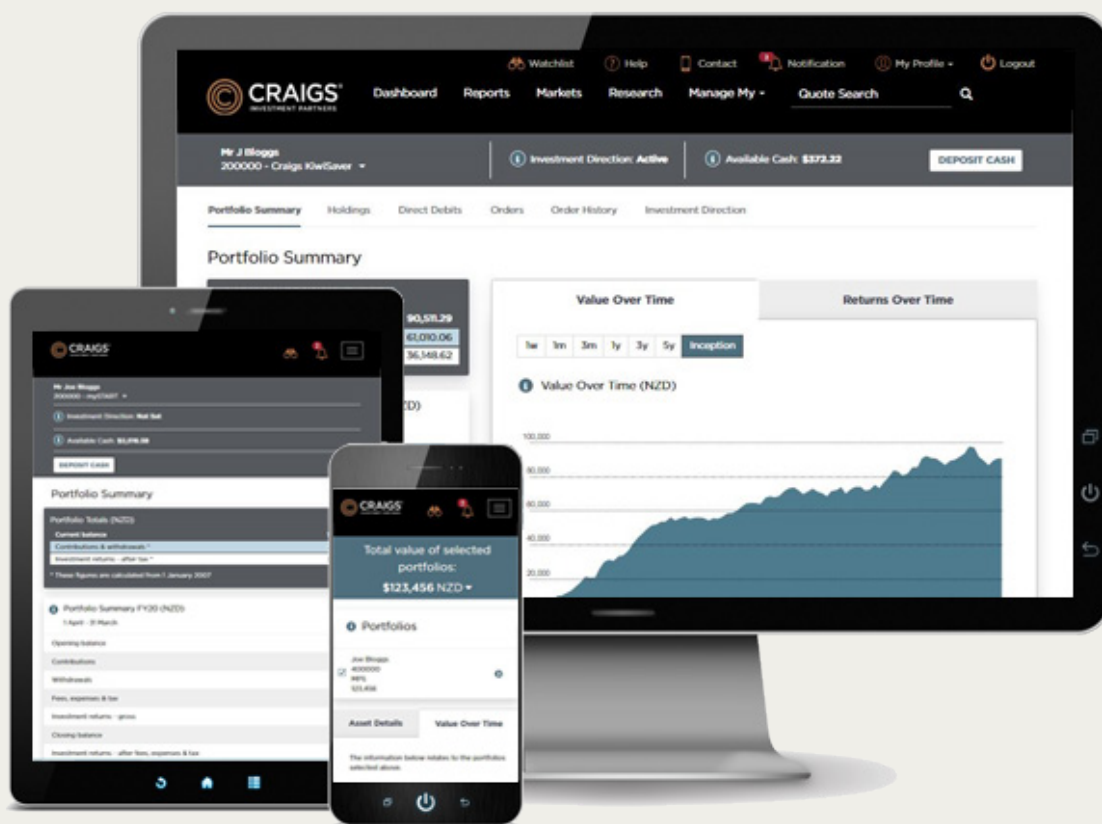
2019 Annual Report

For the Year Ended 31 March 2019



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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 Trustee of the Craigs Investment Partners Superannuation Scheme ('superSTART®') (the Scheme), The New Zealand Guardian Trust Company Limited (NZGT) presents to members the annual report for the year ended 31 March 2019.

Name of the Scheme	Craigs Investment Partners Superannuation Scheme ('superSTART®')
Type of scheme	Superannuation scheme in respect of the individual member section and a workplace savings scheme in respect of the employer section. The Scheme is also a restricted scheme.
Trustee (and Manager)	The New Zealand Guardian Trust Company Limited
Product Disclosure Statement	The Scheme is closed to new members, therefore no product disclosure statement is required to be prepared for the Scheme.
Latest Fund Update	<p>NZGT is not required to publish quarterly fund updates due to the nature of the Scheme.</p> <p>Instead, Craigs Investment Partners Superannuation Management Limited (CIPSML) (the administration and investment manager for the Scheme), on behalf of NZGT, 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.</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 2019, are dated 26 July 2019.</p> <p>They were lodged with the Registrar on 29 July 2019 and are available from Disclose Register disclose-register.companiesoffice.govt.nz (search the scheme register) or from craigsip.com/document-library.</p>



Information on contributions and scheme participants

MEMBERSHIP DETAILS

The table below provides a summary of the numerical changes in the scheme participants during the year ended 31 March 2019.

Total Scheme Participants	Contributing	Non Contributing*	Total Membership	Total Accumulation
Members as at 01 April 2018	401	1,292	1,693	\$267,726,119
New Scheme Members				
Transfers from other schemes			-	
Other new members			-	
Total New Members			-	
Exiting Scheme Members				
Retirement			129	
Transfers to other schemes			4	
Death			2	
Other reasons			6	
Total Exiting Members			141	
Members as at 31 March 2019	234	1,318	1,552	\$238,689,905

* 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) or those who have failed to make contracted payments.

CONTRIBUTION DETAILS

Total Contributions For The Year Ended 31 March 2019	Number of Members	Total Amount \$
Member contribution		
> Member regular contributions	937	\$536,899
> Member voluntary contributions	442	\$88,229
> Employee contributions	171	\$611,174
Employer or other sponsor contributions	172	\$413,189
Total Member Contributions		\$1,649,491

Changes relating to the Scheme

GOVERNING DOCUMENT

The Scheme transitioned to the Financial Markets Conduct Act 2013 (FMCA) and was closed to new members effective 30 November 2016. The Scheme is governed by an amended and restated Trust Deed dated 29 November 2016 (the Trust Deed).

The Trust Deed was amended by a deed of amendment dated 8 September 2017 to reflect changes made to the United Kingdom legislation on 6 April 2017 which impact on transfers which have been made to the Scheme from a United Kingdom registered pension scheme.

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

TERMS OF THE OFFER

As a result of the Scheme's transition to the FMCA, the Scheme was closed to new members and there are no longer any offer documents for the Scheme.

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 Investment Options document can be obtained on the Craigs Investment Partners website craigsip.com/documents.

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.

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 or by visiting the Craigs Investment Partners website craigsip.com/documents.

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.

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
Retirement	188
Death	2
Redundancy	2
Resignation	3
Transfers to other registered superannuation schemes	4
Significant financial hardship	1

* Includes partial withdrawal

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.

Trustee's Statement

The New Zealand Guardian Trust Company Limited

The New Zealand Guardian Trust Company Limited as Trustee 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.

All benefits required to be paid from the Scheme in accordance with the terms of the Trust Deed 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

TRUSTEE

The New Zealand Guardian Trust Company Limited

There have been no changes to the Trustee of the Scheme, including its directors and key personnel during the year ended 31 March 2019.

ADMINISTRATION MANAGER, INVESTMENT MANAGER & REGISTRAR

Craigs Investment Partners Superannuation Management Limited

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

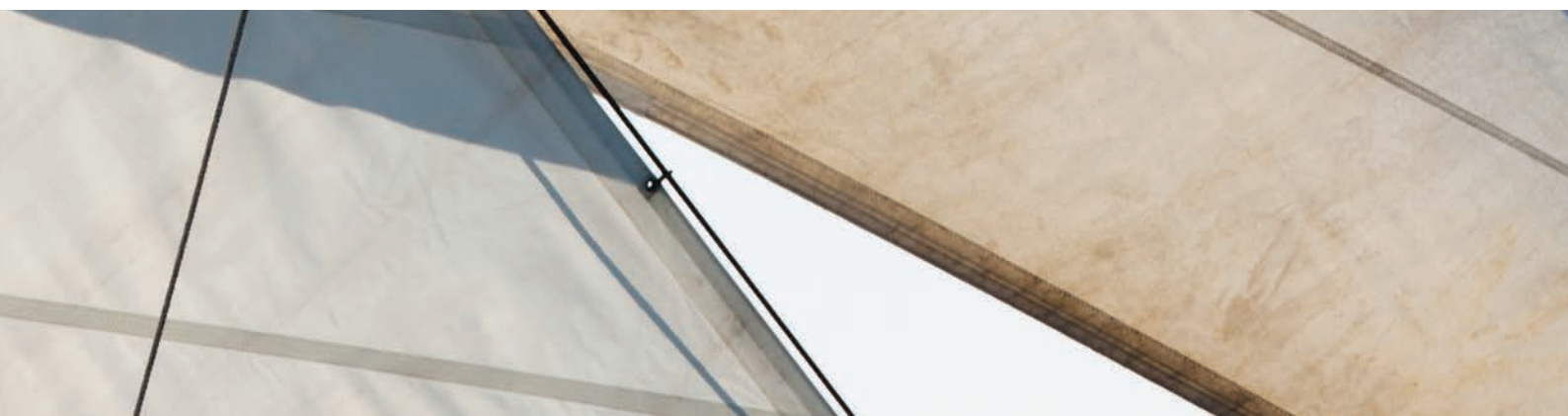
The Investment Committee members at the date of this annual report are:

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

Further information is available at craigsip.com/people/investment-committee.

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 superSTART® is available on the scheme register at disclose-register.companiesoffice.govt.nz under Craigs Investment Partners Superannuation Scheme.

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.

A copy of the documents relating to the Scheme referred to above and the Investment Options documents 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) free of charge from our Client Services Team on 0800 878 278 or by emailing clientservices@craigsip.com.

Contact details and complaints

CORRESPONDENCE AND ENQUIRIES

Trustee

Correspondence intended for the Trustee, 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

ADMINISTRATION & INVESTMENT MANAGER & REGISTRAR

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 Investment Options document, SIPO, or any queries relating to your benefit entitlements or the Scheme please contact Craigs Investment Partners Superannuation Management Limited, the Administration Manager, Investment Manager and Registrar, at the following address:

superSTART®

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

COMPLAINTS

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

Both NZGT and CIPSML 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 CIPSML nor NZGT 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

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



CRAIGS[®]

INVESTMENT PARTNERS

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