



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

# Craigs Investment Partners Superannuation Scheme **superSTART**<sup>®</sup>

## 2020 Annual Report

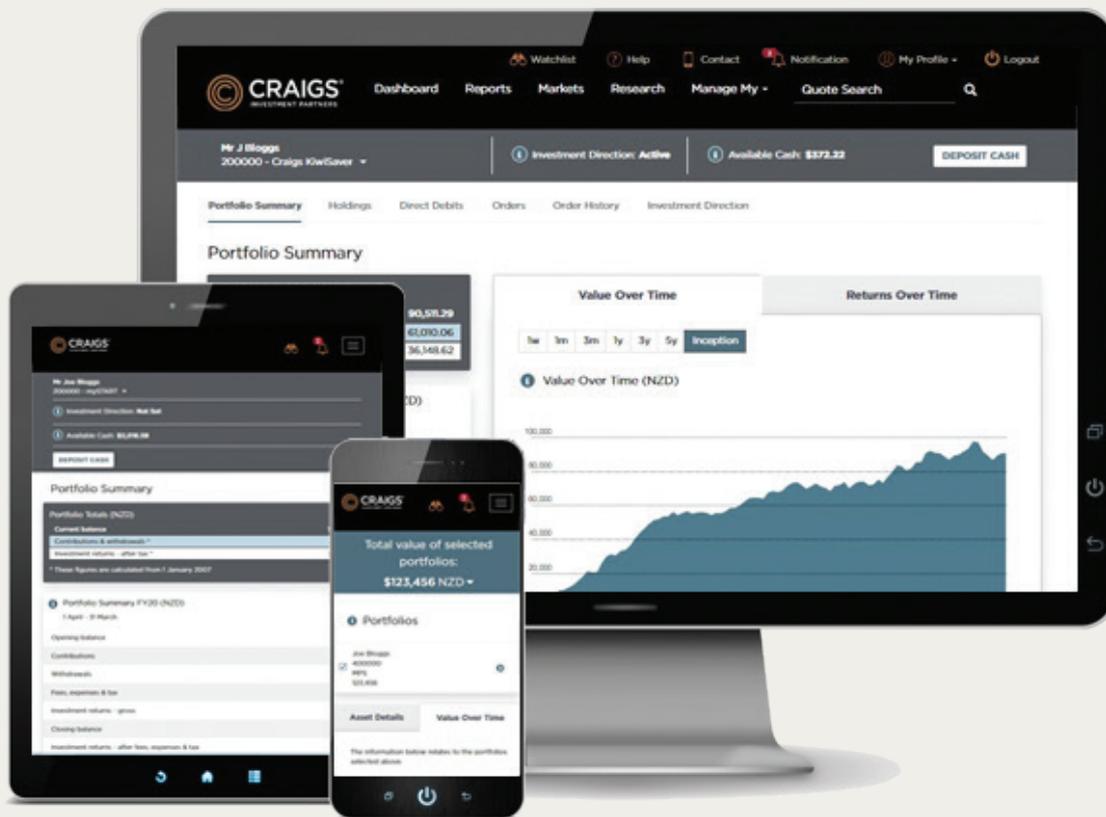
For the Year Ended 31 March 2020

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# Contents

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A year in review .....	/ 02
Details of Scheme .....	/ 04
Information on contributions and scheme participants .....	/ 05
Changes relating to the Scheme .....	/ 06
Other information for particular types of managed funds .....	/ 07
Changes to persons involved in the Scheme .....	/ 09
How to find further information .....	/ 10
Contact details and complaints .....	/ 10

# A year in review

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12 Months to 31 March 2020



## A brutal March quarter to start this calendar year

The year to 31 March 2020 was a volatile one for equity markets, with the final three months of this period impacted significantly by the COVID-19 outbreak, the associated economic shutdowns and dramatic falls in share prices across the world. The S&P 500 index in the US fell 20.0% during the March quarter, its worst performance since the final three months of 2008, while the local NZX 50 followed suit, falling 14.8%. However, looking back at the entire 12-month period, the declines were less dramatic. The S&P 500 was down 8.8% and the NZX 50 slipped just 0.5%.

## Co-ordinated support from the RBNZ and the Government

The Reserve Bank of New Zealand (RBNZ) moved swiftly to cut the Official Cash Rate (OCR) to a record low 0.25%, and it then announced it would conduct large-scale asset purchases of New Zealand Government bonds. This is very similar to the quantitative easing we have seen in other parts of the world in recent years. The Government also outlined a significant package to provide economic support, in the hope of minimising job losses and keeping businesses going as best they can through this crisis. Luckily, going into the crisis New Zealand had one of the lowest government debt levels in the world, at below 20% of GDP. This package will help, although it will not be enough to avoid job losses and avert a recession. Most economist forecasts suggest unemployment could rise as high as 8-9%, compared with close to 4% at the end of 2019.

## Markets have bounced strongly since the end of March

Since the end of the March, global equity markets have recovered strongly, with many trading close to pre-COVID levels. We suspect the reasons for such a swift rebound are a combination of the substantial response from central banks, optimism over the reopening of economies and signs of the virus being brought under control in many places. However, financial markets are not necessarily out of the woods, and the next several months could remain volatile. We should expect to see business closures, rising unemployment, and reduced household wealth in many parts of the world, including here in New Zealand. This could have long-lasting effects on some sectors, and it could mean consumer sentiment remains subdued for a longer period. Opportunities still exist within equity markets, although given the strength of the rebound a more cautious approach is warranted over the near-term.

## Limited other options could provide support for equity markets

At the same time, we shouldn't underestimate the impact of the declines in interest rates on investor behaviour and sentiment.

The advertised rate on a six-month term deposit in New Zealand has fallen to 1.7%, a new all-time low (the previous one being 2.0% in 1965). After tax (at 33%) that falls to a paltry 1.1%, which doesn't leave much of a buffer to keep up with cost of living increases. Some depositors will no doubt soon be considering whether tolerating equity market volatility could be an acceptable trade-off if it means getting a more reasonable return on their capital.

## Looking ahead to the rest of 2020

The rest of the year is likely to be very busy. Markets will focus on the recovery from COVID-19 lockdowns, and the extent of the economic fallout from these. There are also two important political events for New Zealand investors to monitor – our own election in September and the Presidential election in the US in early November. Patience is required, and a staggered approach to investing new capital makes sense. Stick to quality and ensure you are well diversified across regions, sectors and companies. Focus on resilient sectors and those with long-term growth tailwinds, while limiting exposures to more cyclical, economically sensitive sectors. The recent strength presents a great opportunity to fine-tune portfolios if necessary, and to reduce lower quality or non-core holdings while overall sentiment is high.

# 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 2020.

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	<b>The Scheme is closed to new members, therefore no product disclosure statement is required to be prepared for the Scheme.</b>
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 2020) were for the quarter ended 31 March 2020. The latest reports were for the quarter ended 31 March 2020.</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 2020, are dated 7 July 2020.</p> <p>They were lodged with the Registrar on 9 July 2020 and are available from Disclose Register <a href="https://disclose-register.companiesoffice.govt.nz">disclose-register.companiesoffice.govt.nz</a> (search the scheme register) or from <a href="https://craigsip.com/document-library">craigsip.com/document-library</a>.</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 2020.

Total Scheme Participants	Contributing	Non Contributing*	Total Membership	Total Accumulation
Members as at 01 April 2019	234	1318	1552	\$238,689,905
<b>New Scheme Members</b>				
Transfers from other schemes			-	
Other new members			-	
<b>Total New Members</b>			-	
<b>Exiting Scheme Members</b>				
Retirement			59	
Transfers to other schemes			5	
Death			3	
Other reasons			64	
<b>Total Exiting Members</b>			<b>131</b>	
Members as at 31 March 2020	160	1261	1421	\$214,924,935

\* 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 2020) or those who have failed to make contracted payments.

## CONTRIBUTION DETAILS

Total Contributions For The Year Ended 31 March 2020	Number of Members	Total Amount \$
<b>Member contribution</b>		
> Member regular contributions	66	\$274,730
> Member voluntary contributions	43	\$479,215
> Employee contributions	151	\$455,055
Employer or other sponsor contributions	149	\$285,951
<b>Total Member Contributions</b>		<b>\$1,494,951</b>

# 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 2020.

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

The CIP Product Committee was created on 1 April 2020 and is responsible for approving and removing the Investment Options. To be included as an investment Option, a security must be either covered by CIP Private Wealth Research or subject to a due diligence process.

## RELATED PARTY CHANGES

Deutsche Bank AG, Sydney Branch owned 49.9% of Craigs Investment Partners (the parent company of Craigs Investment Partners Superannuation Management Limited) to 30 June 2020 when its interest was acquired by CIP Holdings Limited.

There were no other material changes to the nature or scale of the Scheme's related party transactions during the year ended 31 March 2020.

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 2020 the following withdrawals were made from the Scheme.

Permitted Member Withdrawals*	Number
Retirement	165
Death	3
Employment Cessation	66
Transfers to other registered superannuation schemes	6
Significant financial hardship	2

\* 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 and CIP Product Committee from 1 April 2020 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

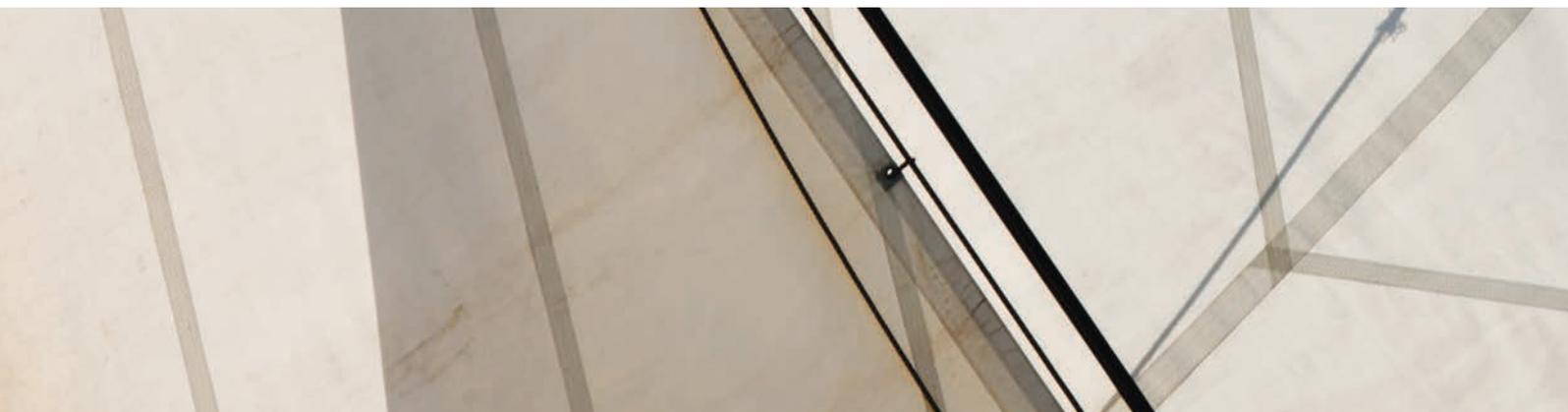
### **The New Zealand Guardian Trust Company Limited**

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 2020) 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 2020.

## **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 2020 other than Frank Aldridge ceased to be a director on 8 April 2019 and Deutsche Bank ceased to be a shareholder in Craigs Investment Partners Limited on 30 June 2020.

There has been two changes to the Investment Committee:

- Robert Blews: resigned from CIP on 31 December 2019
- Roger Garrett: appointed to the Investment Committee on April 2019

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

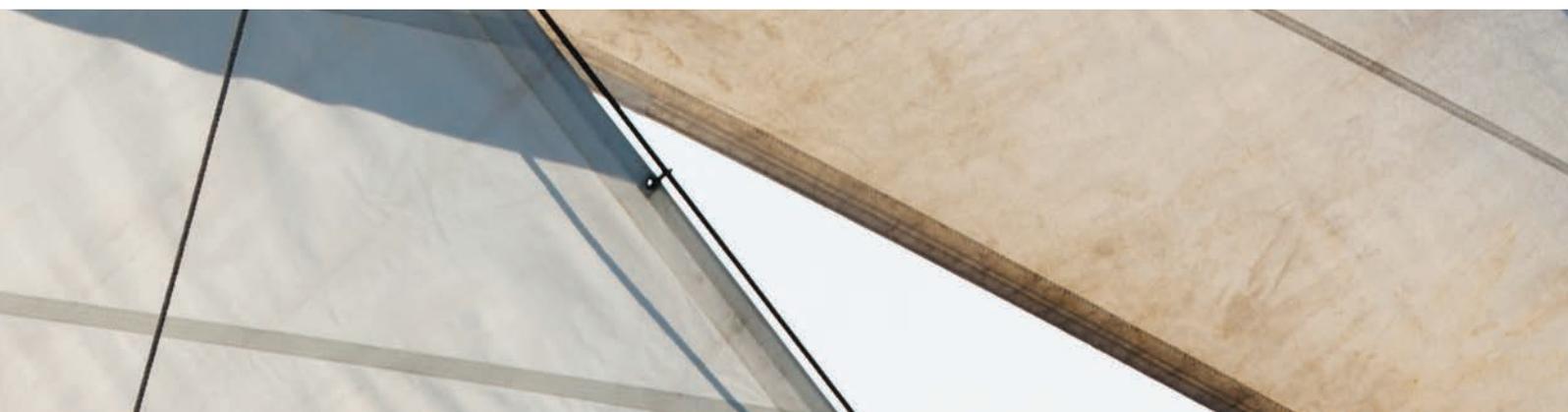
- Mark Lister
- Deidre Copley
- Reg Montgomery
- Mohandeep Singh
- Roger Garrett

The CIP Product Committee was created on 1st April 2020 and is responsible for approving and removing the Investment Options. To be included as an investment Option, a security must be either covered by CIP Private Wealth Research or subject to a due diligence process.

The Product Committee members at the date of this annual report are;

- Stephen Jonas
- Helen Skinner
- Mark Lister
- Regan Carey
- Jude Williams

Further information is available at [craigsip.com/people/investment-committee](https://craigsip.com/people/investment-committee).



# How to find further information

Further information relating to superSTART® is available on the scheme register at [disclose-register.companiesoffice.govt.nz](https://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](https://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](mailto: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](mailto: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](mailto: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](mailto: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 CIPSMML 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 CIPSMML nor NZGT can resolve to your satisfaction within 40 business days 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.





# CRAIGS<sup>®</sup>

INVESTMENT PARTNERS

## HEAD OFFICE - TAURANGA

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