

THE RETIRE FUND

Annual
Report
2017

Message from the Board

Dear Friends

The New Zealand Anglican Church Pension Board (the Board), as Manager and Trustee, is pleased to present the Annual Report of The Retire Fund for the year ended 31 March 2017.

It was another good year for members. While there were several major ups and downs in the world markets, many of which were driven by political events, and with it continued uncertainty, investment returns for the full year were pleasing. The Fund's investments in Growth Assets (being NZ and overseas equities, and alternative assets) were particularly strong.

Returns before tax and expenses for the year were:

Income Pool 4.3%

Balanced Pool 9.5%

From 1 April 2016 the Fund's earning rates are declared and allocated to your Member's Account on a quarterly basis rather than annually. You can view the declared quarterly earning rates by going to The Retire Fund page under the Funds section on the website www.acpb.org.nz.

The net assets of the Fund at year end were \$20,059,540, an increase of \$474,303 from 31 March 2016.

A major piece of work came to its conclusion when the Fund transitioned to the Financial Markets Conduct regime on 12 September 2016. This was the culmination of over two years work. One of the outcomes of operating in the new regime is reporting to members has changed. This annual report is required to include content prescribed in the Financial Markets Conduct legislation.

A requirement of the Financial Markets Conduct regime is that the Fund must have a Licensed Independent Trustee. This initiated a change to the Trustee structure. The Board's Canon was amended to increase the number of Board members from seven to eight to include a Licensed Independent Trustee. Helen McKenzie was appointed as the Licensed Independent Trustee for the Fund and joined as a Board member on 12 September 2016.

Helen McKenzie resigned from the Board on 31 March 2017. Brendan O'Donovan was appointed as the new Licensed Independent Trustee for the Fund and joined the Board on 1 April 2017. Brendan brings financial industry experience to the Board as a former Chief Economist of Westpac Bank and before that the National Bank. He is currently a Specialist Advisor to Parliament's Finance & Expenditure Committee. He is also a Director of The Co-operative Bank and is a Trustee of the Medical Assurance Society's Retirement Savings Plan and their KiwiSaver Plan.

In May 2016 Archbishop Philip Richardson and Charles Hemana retired from the Board. They were replaced by The Reverend Vicki Sykes and The Venerable Don Rangi respectively.

We thank Philip, Charles and Helen for their contribution over the years to the Board and the Fund, and welcome the new Board members.

Yours in Christ


The Very Reverend Lawrence Kimberley
Chairperson


Brendan O'Donovan
Licensed Independent Trustee

The Retire Fund Annual Report 2017

For the period 1 April 2016 to 31 March 2017

Details of Scheme

The scheme name is The Retire Fund (the Fund). The participating party section of the Fund is a restricted workplace savings scheme; and the private member section of the Fund is a legacy scheme. The Manager is The New Zealand Anglican Church Pension Board. As it is a restricted scheme, its Supervisor is the Financial Markets Authority. The Fund is not open to new members. Consequently, there is no Product Disclosure Statement. The Fund updates for the Conservative Pool and Balanced Pool for the year ended 31 March 2017 were issued on 30 June 2017.

The financial statements of the Fund for the year ended 31 March 2017, and the auditor's report on those financial statements, have been lodged with the Registrar and are available electronically by visiting companiesoffice.govt.nz/disclose, selecting Search schemes and entering Scheme name.

Information on contributions and scheme participants

Numerical changes in membership

The Fund's membership decreased by 20 members from 334 to 314 during the Fund year.

| | |
|------------------------------------|------------|
| Members at 1 April 2016 | 334 |
| Retirements | -12 |
| Resignations | -7 |
| Deaths | -1 |
| Members as at 31 March 2017 | 314 |

| | | |
|--------------------------|---------------------|----------------------|
| Membership | 1 April 2016 | 31 March 2017 |
| Contributing members | 185 | 149 |
| Non-contributing members | 149 | 165 |
| Total members | 334 | 314 |

| | | |
|------------------------------|---------------------|----------------------|
| Members Accumulations | 1 April 2016 | 31 March 2017 |
| Total accumulated funds | \$19,469,875 | \$19,963,266 |
| Number of members | 334 | 314 |

| | | |
|---|--------------------------|-----------|
| Contribution type | Number of members | \$ |
| Member contributions | 100 | \$504,414 |
| Employer contributions | 114 | \$288,838 |
| Member voluntary additional contributions | 33 | \$312,109 |

Changes relating to the Scheme

The Fund transitioned to the Financial Markets Conduct Act 2013 (FMCA) on 12 September 2016. Following transition the Fund ceased to be a superannuation scheme registered under the Superannuation Schemes Act 1989 and instead under the FMCA:

- The participating party section became a restricted workplace savings scheme; and
- The private member section became a legacy scheme.

Trust Deed

As part of the FMCA transition the trust deed was amended on 10 August 2016. The amendment to the trust deed is a consolidated deed incorporating all provisions and Schedules into the one document. At the same time the Fund's provisions were reviewed and updated.

The changes to the trust deed were:

1. Technical amendments to comply with the FMCA
 - Updating terminology and definitions;
 - Updating indemnity provisions and delegation powers; and
 - Adding provisions setting out the Board's core obligations under the FMCA regarding financial reporting, member statements, annual reports, record-keeping, material error corrections, related party transactions, audits and reports to the FMA.
2. Updating the following provisions
 - Amend the provisions relating to membership following the Fund being closed to new members from 15 September 2015;
 - Removing fees the Board does not charge (i.e. the Partial Withdrawal Fee, Withdrawal Fee and Switching Fee);
 - Changing the timing for the allocation of investment earnings to member accounts from annual to quarterly;
 - Changing the Board's discretion for Private Members for withdrawals prior to age 65;
 - Allowing members to remain members where their account balance reduces below \$2,000;
 - Expanding the minimum contribution requirements for Private Members to allow such lower rate as the Board and the Member may agree; and
 - Deleting the Schedules for particular participating employers who no longer have employees who are members.

SIPO

The Fund's Statement of Investment Policy and Objectives (SIPO) was replaced on 10 August 2016 for compliance with the FMCA. There were no material changes to the Board's investment policy and objectives.

Related Party Transactions

The Board signed two certificates in respect of transactions giving related party benefits during the year ending 31 March 2017.

The first certificate signed on 24 November 2016 related to:

- The investment of the Fund's assets in The New Zealand Anglican Church Pension Board Investment Trust (ACPB Trust). The benefits accruing to The New Zealand Anglican Church Pension Board are limited to the recovery of the expenses of the ACPB Trust ; and
- The payment of fees to the Board member who is the Licensed Independent Trustee.

The second certificate signed on 31 March 2017 followed a change in the Licensed Independent Trustee and relates to the payment of fees to that Board member.

In respect of the investment of the Fund's assets in ACPB Trust, related party benefits are provided on terms which are less favourable to the related party than terms that would be reasonable in the circumstances as contemplated by FMCA section 174(a)(ii).

In respect of fees payable to the Licensed Independent Trustee, all transactions giving related party benefits during the year ending 31 March 2017 were provided on arm's length terms as contemplated by FMCA section 174(a)(i).

Other information for particular types of managed funds

During the year 46 members made a withdrawal that was permitted under the FMCA and the Trust Deed.

| Withdrawal type | Number of members |
|-----------------|-------------------|
| Retirement | 37 |
| Resignation | 8 |
| Death | 1 |

After allowing for administration costs and tax, based on the member's Prescribed Investor Rate (PIR), the earning rates declared for each quarterly period to the year ended 31 March 2017 were:

| 10.5% PIR | Conservative Pool | Balanced Pool |
|-------------------|-------------------|---------------|
| 30 June 2016 | 1.31% | 0.67% |
| 30 September 2016 | 0.96% | 2.38% |
| 31 December 2016 | -0.36% | 2.07% |
| 31 March 2017 | 0.97% | 2.42% |

| 17.5% PIR | Conservative Pool | Balanced Pool |
|-------------------|-------------------|---------------|
| 30 June 2016 | 1.21% | 0.58% |
| 30 September 2016 | 0.88% | 2.37% |
| 31 December 2016 | -0.34% | 2.08% |
| 31 March 2017 | 0.89% | 2.34% |

| 28% PIR | Conservative Pool | Balanced Pool |
|-------------------|-------------------|---------------|
| 30 June 2016 | 1.06% | 0.45% |
| 30 September 2016 | 0.78% | 2.36% |
| 31 December 2016 | -0.27% | 2.10% |
| 31 March 2017 | 0.75% | 2.22% |

Please note: these are quarterly rates and not annualised rates. A simple way to approximate your annual earnings (after tax and expenses) is to add the four quarters' rates.

Where earnings need to be allocated between quarters (e.g. a benefit becomes payable) then the interim rate applied is 50% of the declared earnings rate for the previous quarter.

The Board, as Manager of the Fund, states that:

- All contributions required to be made to the Fund in accordance with the terms of the Trust Deed have been made;
- All benefits required to be paid from the Fund in accordance with the terms of the Trust Deed have been paid;
- The market value of the property of the Fund as at 31 March 2017 exceeded the total value of benefits that would have been payable had all members of the Fund 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 31 March 2017.

Changes to persons involved in the scheme

In May 2016 The Venerable Don Rangi QSM replaced Charles Hemana and The Reverend Vicki Sykes replaced The Most Reverend Philip Richardson on the Board.

On 12 September 2016, Helen McKenzie was appointed as the Licensed Independent Trustee on the Board. This was a new position. Helen resigned on 31 March 2017 and was replaced by Brendan O'Donovan.

How to find further information

You can obtain a copy of the Trust Deed, the Fund's latest audited financial statements or the Statement of Investment Policy and Objectives, electronically (and free of charge), by visiting companiesoffice.govt.nz/disclose, selecting Search schemes and entering the Fund name.

You can obtain a copy of those documents (or an estimate of your benefits) free of charge by writing to the Manager as follows:

Funds Administrator
The New Zealand Anglican Church Pension Board
P O Box 12 287
WELLINGTON 6144

Contact details and complaints

If you have an enquiry, you can contact the Manager as follows:

Write to: Funds Administrator
The New Zealand Anglican Church Pension Board
PO Box 12 287
Wellington 6144

Phone: 04 473 9369

Email: office@acpb.org.nz

If you have a complaint about the operation of the Fund, please contact us (as above). If we cannot resolve your concerns then you can make a formal written complaint.

Write to: Chairperson of the Board (Confidential)
PO Box 12 287
Wellington 6144

If you are not satisfied with our response to your complaint you can refer your concerns to the independent approved dispute resolution scheme:

Write to: Financial Services Complaints Limited
PO Box 5967
Lambton Quay
Wellington 6145

Phone: 0800 347 257

Web: www.fscl.org.nz

Email: info@fscl.org.nz

Neither we nor Financial Services Complaints Limited will charge you a fee to investigate or resolve a complaint.

You can also contact the supervisor with an enquiry or complaint:

Write to: Financial Markets Authority
 PO Box 106 672
 Auckland 1143

Phone: 0800 434 566

Please note there is no statutory ombudsman for this Fund.

