

# Aon Master Trust

Annual Report 2020



# Report of the Manager

Dear members

We are pleased to bring you the annual report for the Aon Master Trust (Scheme) for the year ended 31 March 2020.

## Investment markets over the financial year

The investment markets went through significant change during the year to March 2020, which proved to be a roller-coaster ride, with strong returns achieved in most asset classes in the first 10 months, especially for shares, and an eventful closing six weeks as the COVID-19 pandemic took the world by surprise.

Initially the year seemed to have very similar themes to 2018: Political risk such as Brexit, trade tensions especially between the US and China, and uncertainty over how long the bull market could continue. Central banks started to react to these concerns with the US Federal Reserve reducing the Federal Funds rate target twice between 1 July and 30 September 2019 and the European Central Bank slightly reducing its Deposit Facility further into negative territory at -0.5%.

Overall, lower interest rates globally had a positive effect on share markets resulting in higher share prices, as future earnings potential was viewed by investors as more attractive compared to bonds and cash. Share markets received a further boost by apparent developments in trade discussions, with the Phase 1 US-China agreement being signed in January 2020.

## And then there was the lockdown

The NZX50, like many share market indicators worldwide, reached its peak value in late February. This peak was short lived, as governments and investors concluded that COVID-19 was highly infectious and deadly. The resulting lockdown of country borders alongside many governments requiring people to stay at home, seems likely to have had a devastating impact with many businesses unable to open. Extensive government handouts, such as the wage subsidy scheme, seemed necessary to try to protect the economy while it was in hibernation.

March 2020 was punctuated with almost daily announcements of enormous stimulus packages, the largest being the US Government's Care Act, which approved US\$2.3 trillion of relief through grants, loans to businesses and payments to lower income households. Alongside the fiscal stimulus and sometimes sharp falls in interest rates, some countries, including New Zealand, took steps to increase liquidity in their fixed interest markets, by purchasing securities, to alleviate stress that had built up because of extreme aversion to risk.

## The recovery has started but it is fragile

These actions have supported a significant recovery in shares that continued after March. This recovery has been focused more on certain sectors and markets; online retailing being an example of a sector that experienced strong growth during the crisis.

The full economic impact of lockdowns due to COVID-19 means there is still a potential for more ups and downs over the coming months. We think extreme caution should be applied to any view that the events in the coming weeks and months will be highly predictable and easy to navigate.

COVID-19 has caused volatility in investment markets which has affected Aon Master Trust returns in the short term. While there will be short-term set-backs during your financial journey, it is important to remain focussed on your long-term investment goals and performance.

## New world

It is important to look beyond the headline global share market returns since March as underneath is a wide dispersion of individual company results. So far there have been some big winners post-crisis - certain online retailers and strong growth companies, and losers - energy, banking and tourism to name a few. We think this dispersion provides a fertile playground for active investment managers, such as those Aon Master Trust partners with, to cherry pick investment opportunities and position themselves to outperform their chosen market.

We suggest a cautious balanced investment approach is warranted. As much as the pandemic lockdown was unprecedented, the recovery path out is fluid. With interest rates at historic lows it seems difficult to project more than modest returns for income assets for a few years. While growth assets such as shares seem likely to do better over the long-term, returns may be lower than the average experienced over the past 10 years. Risks remain and although we are encouraged by the recent surge in markets, which indicates the extreme fear of mid-March has passed, we anticipate further volatility and perhaps further market corrections.

We are committed to the ongoing success of the Aon Master Trust and helping you on your path to financial security in retirement.



**Helen McKenzie**

on behalf of the Manager  
Superannuation Management Nominees Limited

Date: 3 July 2020

## Details of Scheme

The name of the Scheme is the Aon Master Trust. The Scheme is classified as a restricted workplace savings scheme. For the purposes of registration, at 31 March 2020 the Scheme also had a legacy scheme section.

The Aon Master Trust is a defined contribution scheme.

Superannuation Management Nominees Limited is the manager (Manager) and trustee of the Aon Master Trust.

To invest in the Scheme, a member's employer must have established a workplace savings plan (Plan) under the Scheme.

The date of the most recent product disclosure statement (PDS) is 1 October 2019. The PDS has an "open for applications" status on the Disclose Register. For those Plans that are open for membership, a supplement accompanies the PDS which includes important information about that Plan.

The latest fund updates for each fund within the Scheme are dated 31 March 2020. The latest financial statements for the Scheme and auditor's report have been lodged on the Disclose Register and are available at [disclose-register.companiesoffice.govt.nz](http://disclose-register.companiesoffice.govt.nz) or at [aon.co.nz/aon-master-trust](http://aon.co.nz/aon-master-trust).

## Information on contributions and scheme participants

### Membership summary

The following table sets out membership information for the year ended 31 March 2020.

		Members
<b>Members at 1 April 2019</b>		<b>2,478</b>
Total new members		220
Transfers from other schemes	–	
Other new members	220	
Total exits		(289)
Retirements	(38)	
Deaths	(5)	
Transfers to other schemes	(15)	
Other withdrawals	(231)	
<b>Members at 31 March 2020</b>		<b>2,409</b>

## Contribution information

The following table sets out the contribution arrangements for the year ended 31 March 2020.

Membership	Number of members at 1 April 2019	Number of members at 31 March 2020
Contributing members	2,145	1,987
Non-contributing members	333	422

The total amount of contributions received during the year ended 31 March 2020 was \$18.033 million in respect of 2,297 members. The following table provides further information on the types of contributions to which the total amount relates.

Contributions	Amount \$000	Number of members
Member contributions	\$9,194	2,088
Employer contributions	\$7,861	2,202
Member voluntary additional contributions	\$978	301

## Amount of accumulations

The following table sets out the total amount of accumulations and membership it relates to for the year ended 31 March 2020.

Date	Amount \$000	Number of members
1 April 2019	196,179	2,478
31 March 2020	182,904	2,409

# Changes relating to the Scheme

During the year ending 31 March 2020 there were no amendments made to the Scheme's trust deed. However, there were updates to the Scheme's PDS and the statement of investment policy and objectives (SIPO).

Effective 23 April 2019, the SIPO was updated mainly to flag a change to the target mix and permitted ranges of the Nikko Balanced Fund and to flag changes to the investment strategies of the ANZ Conservative, Balanced and Growth Funds.

Effective 1 August 2019, the SIPO was updated to reflect changes in the target mix and permitted ranges of the ANZ Conservative, Balanced and Growth Funds and Milford Active Growth Wholesale Fund.

Effective 1 October 2019, both the PDS and SIPO were updated. The main changes were:

- Contribution fees and withdrawal fees no longer apply to investments from 1 October 2019 in the Nikko funds and the Russell funds.
- Some changes to the estimated annual fund charges.
- To change the investment strategy of the Nikko Growth Fund.
- To include cash and cash equivalents in the investment strategy of the Nikko Balanced Fund.

There were no related party transactions entered into during the year ended 31 March 2020 that were not on arm's length terms.

## Other information for particular types of managed funds

### Withdrawal information

The following table sets out the permitted withdrawals made during the year ended 31 March 2020.

Type of withdrawal	Amount \$000	Number of members
Death benefit	407	5
Total and permanent disablement or serious illness	192	4
Partial withdrawal	4,526	186
Leaving service benefit	8,544	184
Retirement benefit	7,897	38
Retrenchment benefit	4,317	43
Transfers to other workplace savings schemes	1,511	15

## Investment returns

The performance of our underlying investment managers gets regularly reviewed by the Manager with the assistance of our investment consultant. The purpose of these reviews is to monitor the performance of our underlying investment managers taking into consideration the amount of risk the underlying investment manager is taking for the return it delivers. Asset mixes for the ANZ diversified funds, Nikko Balanced and Growth Funds, and the Milford and Russell funds are determined by the respective underlying investment managers, but are reviewed by the Manager to ensure they continue to be appropriate for the Scheme.

The investment returns for each of the Scheme's funds for the year to 31 March 2020, and the unit prices at the start and end of the year, are set out below:

Fund	Investment return (net of fund charges but before tax)	Unit price at start of year (1 April 2019) \$	Unit price at end of year (31 March 2020) \$
ANZ Cash	1.64%	15.5294	15.7839
ANZ Conservative	3.16%	22.1387	22.8393
ANZ Balanced	-2.63%	26.5205	25.8220
ANZ Growth	-5.80%	28.1268	26.4960
Milford Active Growth Wholesale	-2.64%	3.5627	3.4687
Nikko Cash	1.54%	14.5844	14.8089
Nikko Conservative	-2.32%	16.8282	16.4371
Nikko Balanced	-4.80%	19.7117	18.7648
Nikko Growth	-6.07%	24.7651	23.2626
Russell LifePoints® Conservative	1.80%	9.9397	10.1190
Russell LifePoints® Moderate	-0.09%	10.0807	10.0719
Russell LifePoints® Balanced	-1.58%	9.8215	9.6665
Russell LifePoints® Growth	-3.18%	9.8986	9.5836
Russell LifePoints® Target Date 2025	0.79%	9.4206	9.4946
Russell LifePoints® Target Date 2035	-0.87%	9.5256	9.4427
Russell LifePoints® Target Date 2045	-2.53%	9.4123	9.1738

The following funds are still provided but are no longer available for new members to select.

Fund	Investment return (net of fund charges but before tax)	Unit price at start of year (1 April 2019) \$	Unit price at end of year (31 March 2020) \$
ANZ Capital Stable	3.27%	19.9598	20.6131
AMT NZ Bond*	4.74%	17.7655	18.6080
AMT International Bond*	3.76%	23.9541	24.8540
AMT Australasian Shares*	0.64%	31.2560	31.4554
AMT International Shares*	-7.38%	34.0136	31.5030
AMT Australasian Property*	-7.12%	32.9559	30.6094
AMT International Property*	-20.36%	14.9188	11.8812
Russell LifePoints® Target Date 2015	1.91%	9.5078	9.6894

\* The underlying investment manager of these funds is ANZ New Zealand Investments Limited.

The formula used to calculate the investment performance is:

$$\frac{\text{Unit price at end of year}}{\text{Unit price at start of year}} - 1$$

Unit prices are net of those fund charges reflected in the unit price, but before tax and any fund charges met by withdrawing some of your units on a monthly basis. The unit price at the start of the year is the closing price for 31 March 2019. The returns shown above may differ slightly from the equivalent returns shown in the 31 March 2020 fund updates due to the fund updates making allowance for any applicable tax credits within each fund.

## Manager's statement

The Manager states that:

- All the contributions required to be made to the Scheme in accordance with the terms of the governing document of the Scheme have been made;
- All the benefits required to be paid from the Scheme in accordance with the terms of the governing document of the Scheme have been paid; and
- The market value of the Scheme property at 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 31 March 2020.



# Changes to persons involved in the Scheme

Changes to the directors of the Manager during the year ended 31 March 2020 were:

- Dennis Church was appointed to replace Janet Brownlie (previously known as Janet Hayden) with effect from 12 April 2019.

## How to find further information

Further information relating to the Scheme (including financial statements, the trust deed, the SIPO, fund updates, annual reports, the PDS, and other material information) is available on the offer register and the scheme register. These registers can be found at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz).

A copy of information on the offer register or scheme register is available on request to the Registrar of Financial Service Providers.

The following information may also be requested from us free of charge, by contacting us in writing:

- Copies of the PDS.
- Copies of the PDS Supplements specific to your Plan.
- Copies of all written investor communications sent to you (including annual reports, financial statements, PIE statements and confirmation information).
- Copies of the trust deed, SIPO and fund updates.
- A written statement of your unit holding as detailed in the Scheme's register of investors.
- Minutes of all investor meetings.
- Resolutions passed by investors.

# Contact details and complaints

## Contact details

The Manager can be contacted via the administrator at:

Aon Master Trust  
Level 11, Deloitte Centre, 80 Queen Street  
PO Box 332, Shortland St, Auckland 1140

Telephone: 0800 266 268  
Email: amt@linkmarketservices.com

Link Market Services Limited is the administrator and maintains the register of the Scheme and can be contacted at:

Link Market Services Limited  
Level 11, Deloitte Centre, 80 Queen Street  
PO Box 91976, Shortland Street, Auckland 1140

Telephone: 0800 266 268

## Questions or complaints

Should you have any questions or complaints please direct them to us via the administrator at:

Aon Master Trust  
Level 11, Deloitte Centre, 80 Queen Street  
PO Box 332, Shortland Street, Auckland 1140

Telephone: 0800 266 268  
Email: amt@linkmarketservices.com

If you have made a complaint to us and it has not been resolved you may direct your complaint to our independent dispute resolution scheme:

Financial Services Complaints Limited  
4th Floor, 101 Lambton Quay  
PO Box 5967, Wellington 6140

Telephone: 0800 347 257  
Email: complaints@fscl.org.nz  
Fax: 04 472 3728

Financial Services Complaints Limited will not charge a fee to any complainant to investigate or resolve a complaint.

# Contact us

Our helpdesk staff are available to assist you with any queries. Please note that our contact centre staff are not able to provide you with financial advice.

**t:** 0800 266 268

**e:** [amt@linkmarketservices.com](mailto:amt@linkmarketservices.com)

**w:** [aon.co.nz/aon-master-trust](http://aon.co.nz/aon-master-trust)

## About Aon

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Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

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