

# Aon Master Trust

Annual Report 2019



# 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 2019.

## Investment markets over the year

There were some significant ups and downs in the capital markets during 2018, with generally positive economic data from the US and UK being offset by political uncertainty, reduced corporate sentiment, lingering trade tensions and questions over the outlook for the global economy. Most developed markets delivered solid returns in shares over the year, with the exception of Japan and Germany, which both ended the year in negative territory. The NZX was a star performer, rising almost 20% over the fiscal year. Emerging market shares fared less well being down over the year in local currency terms.

"The NZX was a star performer, rising almost 20% over the fiscal year."

The last quarter of 2018 saw significant concerns over the global outlook, increasing US-China trade tensions and the commencement of a partial US government shutdown, with Congress unwilling to approve a budget that allocates funds to the building of a wall along the US-Mexico border. The US Federal Reserve ("US Fed") continued a steady interest rate increase cycle and indicated that this would continue into the next year, which spooked the markets. In Europe, Brexit uncertainty continued with signs of lower business confidence. While Italy was able to agree a budget with the EU, concerns continued about the strength of the country's banking sector. Share markets suffered as a result, with the MSCI all country world index falling by 13.7% over the quarter, erasing the gains from earlier in the year.

In New Zealand, the NZX 50 fell by 5.8% over the December quarter, less than many other markets. At the same time, government bond yields also fell, reflecting the broad uncertainty in the markets. These falls were in the context of the US Fed increasing interest rates in December, and concerns over the potential for future corporate earnings growth following US corporate earnings releases. December also saw the first time in 10 years that 5 year US Treasury yields fell to below 3 year US Treasury yields. This is generally considered an indicator for an increased chance of a future recession, adding to the negative sentiment at the time.

The first quarter of 2019 was a better picture, with a rebound in global shares. Concerns over the US-China trade dispute eased, and the US shutdown ended. The US Fed reduced its outlook for future growth and took a more conciliatory view as a result, indicating that rate increases are less likely over 2019 and increasing the likelihood of rate reductions. Several major central banks followed the Fed's lead. While concerns over the outlook for global growth remained, markets were strong over the quarter. The MSCI all country world index rose by 10.3%, to end up a solid 8.5% over 12 months. The NZX 50 rose by 11.7% over the quarter to achieve a 12 month return of 18.3%.

While 2018/19 ended up generally being a strong year, there is a general consensus that we are entering a period where the expected level of returns is less than we've seen over recent years, with a lower level of economic growth expected and a recessionary risk still on the horizon.


The Scheme has consistently delivered good investment returns for its members. However, the old saying that "past performance is not a good guide to future performance" is particularly important to remember in the current context.

## Changes ahead

Later on this year we'll be making some changes! These changes, aimed at streamlining the Scheme, include:

- Introducing a new fund, the Russell LifePoints® Target Date 2055 Fund. The Scheme already offers the Russell LifePoints® Target Date 2025, 2035 and 2045 funds. This new fund will be the next available Target Date option, targeted at those members whose retirement date is closest to the year 2055.
- Closing down some of our funds. The funds we're closing down have been unavailable to new members for some time. We'll be contacting those members who still have money invested, to let you know your options for future investment.
- Contribution fees and withdrawal fees will no longer apply to future investments in the Nikko funds and the Russell funds.

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: 10 July 2019

## 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 2019 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 5 June 2018. 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 2019. 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 [aonhewitt.co.nz](http://aonhewitt.co.nz).

## Information on contributions and scheme participants

### Membership summary

The following table sets out membership information for the year ended 31 March 2019.

		Members
<b>Members at 1 April 2018</b>		<b>2,448</b>
Total new members		370
Transfers from other schemes	–	
Other new members	370	
Total exits		(340)
Retirements	(38)	
Deaths	(4)	
Transfers to other schemes	–	
Other withdrawals	(298)	
<b>Members at 31 March 2019</b>		<b>2,478</b>

## Contribution information

The following table sets out the contribution arrangements for the year ended 31 March 2019.

Membership	Number of members at 1 April 2018	Number of members at 31 March 2019
Contributing members	2,188	2,145
Non-contributing members	260	333

The total amount of contributions received during the year ended 31 March 2019 was \$14,842k in respect of 2,137 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	\$6,306	2,137
Employer contributions	\$7,356	2,076
Member voluntary additional contributions	\$1,180	356

## Amount of accumulations

The following table sets out the total amount of accumulations and membership it relates to for the year ended 31 March 2019.

Date	Amount \$000	Number of members
1 April 2018	192,946	2,448
31 March 2019	196,031	2,478

# Changes relating to the Scheme

During the year ending 31 March 2019 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 5 June 2018, the PDS and SIPO were updated mainly to reflect a change in the target mix and permitted ranges of the Nikko Balanced Fund.
- A further update was made to the SIPO effective 13 August 2018 to reflect a change in the target mix and permitted ranges of the Milford Active Growth Wholesale Fund.

Since 31 March 2019, the SIPO was updated (effective 23 April 2019) mainly to flag a further 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.

There were no related party transactions entered into during the year ended 31 March 2019 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 2019.

Type of withdrawal	Amount \$000	Number of members
Death benefit	541	4
Total and permanent disablement or serious illness	198	3
In-service withdrawal	7,199	129
Leaving service benefit	4,241	191
Retirement benefit	3,609	38
Retrenchment benefit	4,673	104
Transfers to other workplace savings schemes	–	–

## 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 Nikko, 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. (From 10 May 2019 the asset mixes of the ANZ diversified funds are also determined by the underlying investment manager.)

The investment returns for each of the Scheme's funds for the year to 31 March 2019, 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 2018) \$	Unit price at end of year (31 March 2019) \$
ANZ Cash	2.06%	15.2166	15.5294
ANZ Conservative	4.23%	21.2399	22.1387
ANZ Balanced	6.09%	24.9990	26.5205
ANZ Growth	7.35%	26.2014	28.1268
Milford Active Growth Wholesale	6.36%	3.3496	3.5627
Nikko Cash	2.13%	14.2805	14.5844
Nikko Conservative	5.34%	15.9751	16.8282
Nikko Balanced	6.05%	18.5880	19.7117
Nikko Growth	4.88%	23.6126	24.7651
Russell LifePoints® Conservative	4.20%	9.5391	9.9397
Russell LifePoints® Moderate	5.28%	9.5749	10.0807
Russell LifePoints® Balanced	6.08%	9.2587	9.8215
Russell LifePoints® Growth	6.71%	9.2758	9.8986
Russell LifePoints® Target Date 2025	4.94%	8.9770	9.4206
Russell LifePoints® Target Date 2035	5.74%	9.0081	9.5256
Russell LifePoints® Target Date 2045	6.50%	8.8375	9.4123

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 2018) \$	Unit price at end of year (31 March 2019) \$
ANZ Capital Stable	3.72%	19.2435	19.9598
AMT NZ Bond*	5.82%	16.7888	17.7655
AMT International Bond*	3.89%	23.0565	23.9541
AMT Australasian Shares*	17.25%	26.6574	31.2560
AMT International Shares*	7.60%	31.6122	34.0136
AMT Australasian Property*	19.70%	27.5331	32.9559
AMT International Property*	14.18%	13.0665	14.9188
Russell LifePoints® Target Date 2015	4.21%	9.1234	9.5078

\* 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 2018.

## 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 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 31 March 2019.

## Complying superannuation fund

At the previous year end the Scheme had a complying superannuation fund section, although there were no remaining assets subject to the complying fund rules. Following year end, the Manager requested that the Financial Markets Authority revoke the approval of the Aon Master Trust as a complying superannuation fund, and the approval was revoked effective from 1 June 2018. For the period from 1 April 2018 to 31 May 2018 there remained no assets subject to the complying fund rules.



# Changes to persons involved in the Scheme

Changes to the directors of the Manager during the year ended 31 March 2019 were:

- Robert Ludlow ceased to be a director with effect from 20 July 2018.

Since year end, 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](http://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 332, 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:** [aonhewitt.co.nz](http://aonhewitt.co.nz)

## 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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