

# Aon KiwiSaver Scheme

Annual Report 2019



Dear members

We are pleased to bring you the annual report for the Aon KiwiSaver 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 Aon KiwiSaver Scheme (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.

## Some changes have been made to KiwiSaver that might benefit you

- If you are an employee, you can now choose to contribute 3%, 4%, 6%, 8% or 10% of gross salary or wages. (Previously the rates available were 3%, 4% or 8%.) To change your contribution rate just complete an Inland Revenue KS2 form, and hand it to your employer for processing. You can download a copy of this form from [kiwisaver.govt.nz](http://kiwisaver.govt.nz).
- You can now only suspend contributions for up to one year, although you can renew at the end of each year. (Previously you could suspend contributions for up to five years.)
- From 1 April 2020, if you joined KiwiSaver prior to 1 July 2019 and were age 60 or over at the time you will be able to elect to make a withdrawal once you have reached 65 (i.e. you do not need to wait until you have been a member for at least five years). However, if you make a withdrawal you will no longer be entitled to further government contributions or compulsory employer contributions.
- There are also some changes for Kiwis age 60 or over who want to join KiwiSaver. They do not need to wait until they have been a member for at least five years before they can make a withdrawal from their KiwiSaver account, and Kiwis age 65 or over can now choose to join KiwiSaver.

## Thank you

Thank you for choosing the Aon KiwiSaver Scheme as your KiwiSaver scheme.

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



**Helen McKenzie**

On behalf of the Manager  
Aon Saver Limited

Date: 10 July 2019

## Details of Scheme

The name of the Scheme is the Aon KiwiSaver Scheme. The Scheme is a KiwiSaver scheme.

Aon Saver Limited is the manager of the Scheme (Manager) and a subsidiary of Aon Holdings New Zealand, which is a member of the Aon group of companies whose ultimate parent company is Aon plc of London. Aon plc is a leading global professional services firm providing a broad range of risk, retirement and health solutions.

The supervisor of the Scheme is Public Trust.

The date of the most recent product disclosure statement (PDS) is 1 April 2019. The PDS has an “open for applications” status on the Disclose register. 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 [aonkiwiwsaver.co.nz](http://aonkiwiwsaver.co.nz).

## Information on contributions and scheme participants

The total value of members’ accumulations at 1 April 2018 was \$498,578k and at 31 March 2019 totalled \$551,899k.

Membership	Number of members at 1 April 2018	Number of members at 31 March 2019
Members	19,808	19,424
Contributing members	12,163	11,890
<b>Note:</b> a contributing member is a member who is making contributions to the Scheme or on whose behalf contributions are being made to the Scheme		
Non-contributing members	7,645	7,534

The following tables set out the number of people who became members and ceased to be members during the year ended 31 March 2019.

New members	Number of members
New members other than transfers from other schemes	918
Transfers in from other KiwiSaver schemes	242
Transfers in from other retirement schemes	6
Transfers in from Australian superannuation schemes	21
<b>Total</b>	<b>1,187</b>

Exits	Number of members
Retirements	172
Deaths	38
Permanent emigrations	13
Transfers out to other KiwiSaver schemes	1,297
Transfers out to Australian superannuation schemes	3
Other reasons	48
<b>Total</b>	<b>1,571</b>

The total amount of contributions received during the year ended 31 March 2019 was \$60,160,779 in respect of 13,207 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	29,751	13,207
Employer contributions	17,507	13,096
Government contributions	5,838	13,082
Member voluntary additional contributions	7,065	1,634

# Changes relating to the Scheme

During the year ending 31 March 2019 no amendments were 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 year end, the PDS and SIPO were updated effective 1 April 2019. The main changes were:

- To reflect changes to KiwiSaver legislation.
- To flag a change to the investment strategy of the ANZ Balanced Fund.
- Contribution fees and withdrawal fees no longer apply to investments from 1 April 2019 in the Nikko Balanced Fund and the Russell funds.
- Some changes to the estimated annual fund charges.

There was also a further update to the SIPO effective 1 May 2019 to reflect a further change to the target mix and permitted ranges of the Nikko Balanced Fund.

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	Number of members
Retirement	329
Death	38
Permanent emigration	14
First home purchase	188
Significant financial hardship	79
Serious illness	21
Transfers out to Australian superannuation schemes	1
Tax liabilities and student loan obligations	0

## Investment returns

The performance of our underlying investment managers gets regularly reviewed 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 manager, 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 funds are also determined by the underlying investment manager.)

The investment returns for each of the funds for the year to 31 March 2019, and the unit prices at the start and end of the year, are as follows:

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	1.85%	15.3008	15.5837
ANZ Balanced	5.99%	25.0420	26.5415
Milford Active Growth Wholesale	6.83%	3.3820	3.6130
Nikko Cash	1.94%	14.3457	14.6240
Nikko Balanced	5.83%	18.7254	19.8173
Russell LifePoints® Conservative	4.19%	9.6869	10.0932
Russell LifePoints® Moderate	5.25%	9.6744	10.1823
Russell LifePoints® Balanced	6.00%	9.3962	9.9599
Russell LifePoints® Growth	6.62%	9.4002	10.0221
Russell LifePoints® Target Date 2015	4.18%	9.2548	9.6419
Russell LifePoints® Target Date 2025	4.88%	9.1200	9.5649
Russell LifePoints® Target Date 2035	5.69%	9.1143	9.6334
Russell LifePoints® Target Date 2045	6.44%	8.9281	9.5031
Russell LifePoints® Target Date 2055	6.56%	6.7444	7.1871

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 fund charges but before tax. The unit price at the start of the year is the closing price for 31 March 2018.

Aon KiwiSaver Scheme has provided strong performance over the long term as shown in the Morningstar KiwiSaver Survey for the March 2019 quarter.

*The Morningstar KiwiSaver Survey March Quarter 2019 is available at [aonkiwisaver.co.nz/morningstarQ109](http://aonkiwisaver.co.nz/morningstarQ109).  
Past performance is not necessarily an indication of future performance.*

## Manager's statement

The Manager states that:

- All the benefits required to be paid from the Scheme in accordance with the terms of the governing document of the Scheme and the KiwiSaver scheme rules 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.

## Changes to persons involved in the Scheme

Changes to the directors of the Manager (Aon Saver Limited) during the year ended 31 March 2019 were:

- Wesley Wong was appointed to replace Robert Ludlow with effect from 20 July 2018.

Since year end, Dennis Church and Helen McKenzie were appointed to replace Janet Brownlie (previously known as Janet Hayden) and Wesley Wong with effect from 12 April 2019.

Changes to the board of the supervisor (Public Trust) during the year ended 31 March 2019 were:

- Dianne Williams and Simon Craddock completed their terms effective 31 October 2018.

Since year end, Kirsty Campbell and Vicki Sykes were appointed to the board with effect from 1 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). This information is also available on our website [aonkiwisaver.co.nz](https://aonkiwisaver.co.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:

- A copy of the PDS.
- 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 any investor meetings.
- Resolutions passed by investors.

## Keep track of your KiwiSaver money

You can view your account online by going to [aonkiwisaver.co.nz/login](https://aonkiwisaver.co.nz/login).

Alternatively, call us on 0800 266 463 and one of our team will be able to assist you.

By using the online facility, as well as viewing your account, you are able to update your personal details including your email address and view relevant publications and investment performances.

# Contact details and complaints

## Contact details

The Manager (Aon Saver Limited) can be contacted via the administrator at:

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

Telephone: 0800 266 463  
Email: [aonkiwisaver@linkmarketservices.com](mailto:aonkiwisaver@linkmarketservices.com)  
Website: [aonkiwisaver.co.nz](http://aonkiwisaver.co.nz)

The supervisor can be contacted at:

Public Trust  
Level 9, 34 Shortland Street  
PO Box 1598, Auckland 1140

Telephone: 09 985 5300

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

Link Market Services Limited  
PO Box 91976, Auckland 1142  
Level 11, Deloitte Centre, 80 Queen Street, Auckland

Telephone: 0800 266 463

## Questions or complaints

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

Aon KiwiSaver Scheme  
Level 11, Deloitte Centre, 80 Queen Street  
PO Box 332, Shortland Street, Auckland 1140

Telephone: 0800 266 463  
Email: [aonkiwisaver@linkmarketservices.com](mailto:aonkiwisaver@linkmarketservices.com)

You may also make a complaint to the supervisor:

Public Trust  
Level 9, 34 Shortland Street  
PO Box 1598, Auckland 1140

Telephone: 0800 371 471  
Email: [cts.enquiry@publictrust.co.nz](mailto:cts.enquiry@publictrust.co.nz)

We, and the supervisor, are members of the independent dispute resolution scheme operated by Financial Services Complaints Limited. If you have made a complaint to us or the supervisor and it has not been resolved within 40 business days or if you are dissatisfied with the proposed resolution, you can refer it to:

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

Telephone: 0800 347 257  
Email: [complaints@fscl.org.nz](mailto:complaints@fscl.org.nz)  
Fax: 04 472 3728

Financial Services Complaints Limited will not charge you a fee for investigating or resolving 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 266 463

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

**w:** [aonkiwisaver.co.nz](http://aonkiwisaver.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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