



LOOKING AFTER OUR OWN

REPORT 2016



New Zealand
**DEFENCE
FORCE**
Te Ope Kātua O Aotearoa



NEW ZEALAND
DEFENCE FORCE
FLEXISAVER SCHEME

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SECTION ONE

DETAILS OF THE SCHEME

Name of the scheme:

The New Zealand Defence Force FlexiSaver Scheme is not a separate managed investment scheme, but a section within Mercer FlexiSaver (the scheme).

Type of scheme: Managed Investment Scheme

Manager: Mercer (N.Z.) Limited

Supervisor: Trustees Executors Limited

Product Disclosure Statement:

The current product disclosure statement for the scheme is dated 30 September 2015.

Fund Updates:

A fund update for each of the seven investment funds is available to 30 June 2016.

Financial statements and auditor's report:

The latest full financial statements for the scheme that comply with, and have been registered under, the Financial Markets Conduct Act 2013 cover the financial year 1 October 2015 to 31 March 2016 and were authorised for issue by the manager, Mercer (N.Z.) Limited, on 22 July 2016.

The auditor's report on those financial statements was dated 22 July 2016. The auditor's report did not refer to any fundamental uncertainty, and nor was it qualified or modified in any respect.



MESSAGE FROM THE CHIEF

Welcome to the report for the New Zealand Defence Force FlexiSaver Scheme. New Zealand Defence Force (NZDF) is proud to be helping you save for your future.

The purpose of this savings scheme is to help you and all members of NZDF, family members and Veterans achieve their savings goals regardless of age.

We recognise that within our Defence community we may have different savings goals, so this scheme offers flexibility in how you manage your savings, while still allowing you to make choices appropriate to your specific needs.

Having investment choice in the scheme was also very important to allow for shorter-term as well as longer-term savings goals.

Being disciplined when saving for our future is something we all should be working towards.

In this report, you'll find out how the scheme has been doing since its launch and other membership information.

The New Zealand Defence Force FlexiSaver Scheme began receiving members from October 2015, and we are now proud to be helping over 400 members of NZDF and the wider Defence community to save towards their goals.

Together we are stronger.

Lieutenant General Timothy (Tim) Keating
MNZM

Chief of Defence Force

NEW ZEALAND DEFENCE FORCE FLEXISAVER SCHEME **SNAPSHOT**

AS AT 31 MARCH 2016



305

members



\$3,305

average member balance



\$1,008,265

invested



96

Prezzi Card winners across
our savings schemes



SECTION TWO

INFORMATION ON CONTRIBUTIONS AND SCHEME PARTICIPANTS

All of the membership and other information in this section is shown for the New Zealand Defence Force FlexiSaver Scheme for the period ended 31 March 2016.

MEMBERSHIP DETAILS	TOTAL NUMBER OF MEMBERS	MEMBERS' ACCUMULATION
Number of Members at the Start of the Year	0	\$0
PLUS		
New Members	313	
LESS		
Exits	8	
Total Membership at the End of the Year	305	\$1,008,265

CONTRIBUTIONS

Contributions are what helps you grow your savings and it's easy to contribute to your New Zealand Defence Force FlexiSaver Scheme account.

- ▶ You can make regular or lump sum contributions at any time.
- ▶ If you are a member of the New Zealand Defence Force you can contribute from your pay. There is a minimum contribution of \$20 per pay.
- ▶ Anyone can make regular or lump sum contributions directly into their FlexiSaver Scheme account from their online banking.
- ▶ There are no minimum contributions when you use online banking.
- ▶ More information on how to make contributions can be found at www.nzdf.superfacts.co.nz or the Force Financial Hub at www.nzdf.mil.nz/families/financial-hub.
- ▶ It is important to keep track of your account balance and have a contributions strategy. Milestone Direct advisers can help you to set your goals and stay on track.

CONTRIBUTIONS

TYPE	NUMBER OF MEMBERS	TOTAL AMOUNT
Member contributions	155	\$1,105,301

SECTION THREE

CHANGES RELATING TO THE SCHEME

Trust Deed The Trust Deed for the scheme is dated 16 September 2015. There were no amendments to the Trust Deed during the period.

Terms of Offer of Interests in the Scheme There have been no changes to the terms of offer of interests in the scheme during the period.

The Statement of Investment Policy and Objectives There have been no changes to the scheme's Statement of Investment Policy and Objectives during the period.

More information can be found in the Statement of Investment Policy and Objectives. You can request a copy by contacting us on 0800 333 787.

Related Party Transactions There were no changes to the nature or scale of related party transactions. All related party transactions were conducted on normal commercial arm's-length terms during the period to which this report relates.

SECTION FOUR

OTHER INFORMATION FOR THE FLEXISAVER SCHEME

Explaining Returns

The investment returns for each investment option provided by the scheme are set out on the next page after all investment fees and taxes have been deducted.

There are three sets of investment returns shown for the period covered in this report. This is because different tax rates (Prescribed Investor Rates (PIRs)) apply and the one applicable to you depends on the tax rate you selected when you joined the scheme.

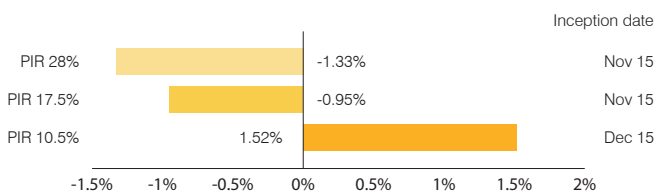
Please go online to www.nzdf.superfacts.co.nz and check that you have the correct tax rate selected for your savings.

Returns as at 31 March 2016 (After tax and fees)

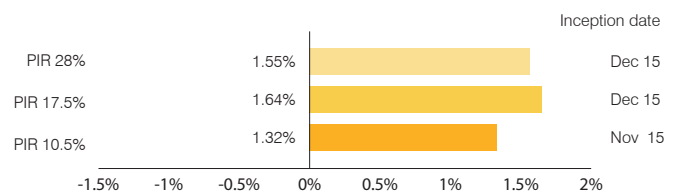
The scheme was launched part way through the year, so there are no returns available for a full year yet. Please bear this in mind if you are attempting to compare the returns shown below to returns generated in other schemes for longer or different periods.

The returns shown below are for each investment option since its inception to 31 March 2016. The returns may vary for each PIR within an investment option. For example the Growth, High Growth and shares investment options all have positive and negative returns. This is because the return is only calculated for each PIR when the contributions are received for that rate. Accordingly, the returns presented for some tax rates are calculated from November 2015 to 31 March 2016 while for others they are calculated from December 2015 to 31 March 2016.

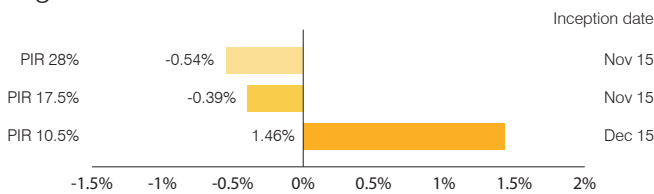
Shares



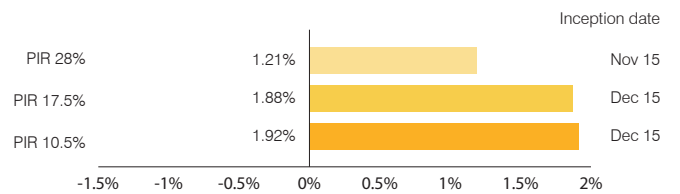
Moderate



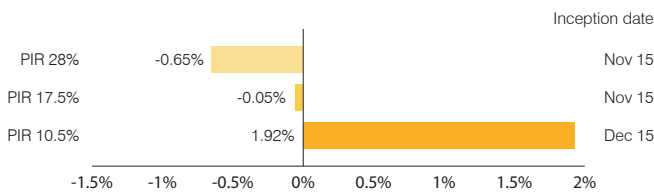
High Growth



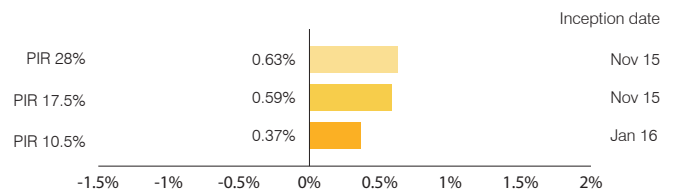
Conservative



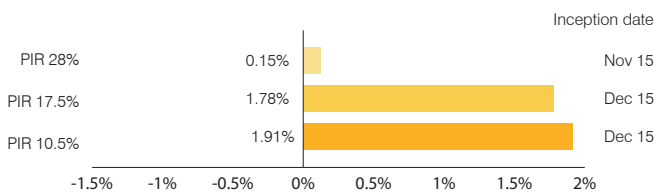
Growth




Cash



Balanced



 You can find updated performance information by visiting www.nzdf.superfacts.co.nz.

The investment returns are shown after fund fees (excluding membership fees) and after tax at the Prescribed Investor Rate (PIR) indicated.

It's important to note that the investment returns shown don't tell you how the investment options will perform in the future and that past performance is not a reliable indicator of future performance.

Your individual returns within an investment portfolio will depend on timing of contribution payments and actual fees charged, allowing for any fee rebates. The returns shown are therefore indicative of investment results but may differ from the actual after fees and tax returns achieved by you.

UNIT PRICES

DATE	1 OCT 2015	31 MAR 2016		
	28%, 17.5% & 10.5% PIR's	28% PIR	17.5% PIR	10.5% PIR
Shares	1.000000	0.9947	0.9946	0.9973
High Growth	1.000000	1.0069	0.9986	0.9974
Growth	1.000000	0.9994	1.0074	1.0034
Balanced	1.000000	1.0083	1.0052	1.0100
Moderate	1.000000	1.0142	1.0093	1.0106
Conservative	1.000000	1.0131	1.0215	1.0162
Cash	1.000000	1.0064	1.0061	1.0048

HOW YOUR INVESTMENT EARNINGS ARE WORKED OUT

Contributions made to the New Zealand Defence Force FlexiSaver Scheme are used to purchase what are known as 'units' in your chosen investment options. The number of units that your money purchases depends on the unit price at the time of purchase. For example, if \$1,000 is contributed, and the unit price is \$1.00 at that time, then 1,000 units would be purchased on your behalf.

Unit prices are calculated daily and fluctuate according to the investment performance of each investment option. The value of your investment at any time is simply the number of units you own multiplied by their price at that time.

Your latest member annual statement shows how many units you have, their price and your savings balance. You can also view unit prices by signing into your account www.nzdf.superfacts.co.nz at any time.

Need help?

Milestone Direct advisers can help you choose the right investment option for your circumstances. Please contact Milestone Direct on **0508 MILESTONE (0508 645 378)** or email them at info@milestonedirect.co.nz.



WITHDRAWALS

You may withdraw contributions made to the New Zealand Defence Force FlexiSaver Scheme at any time either by making regular withdrawals, lump sum withdrawals or a withdrawal of the full amount.

If you withdraw the full amount your account may be closed.

WITHDRAWALS

TYPE	NUMBER OF MEMBERS	TOTAL AMOUNT
Partial withdrawal	4	\$109,100
Full withdrawal	1	\$7,918
Death	0	\$0

MANAGER'S ANNUAL STATEMENT

As the manager of the New Zealand Defence Force FlexiSaver Scheme, we confirm that for the period ended 31 March 2016:

- ▶ all the benefits required to be paid from the scheme in accordance with the governing documents have been paid;
- ▶ the market value of the assets of the scheme at 31 March 2016, equalled or exceeded the total value of the benefits that would have been payable had all members of the scheme ceased to be members at that date and, where necessary, had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at the close of the financial year.

NZDF LOOKING AFTER YOUR FINANCIAL WELLBEING

In October 2015, New Zealand Defence Force launched two new savings schemes – the New Zealand Defence Force FlexiSaver Scheme and New Zealand Defence Force KiwiSaver Scheme.

This report covers the New Zealand Defence Force FlexiSaver Scheme, developed to help you achieve your savings goals.

The scheme is managed by Mercer, who was selected through a public tender process. Mercer administers the scheme, manages your investments and looks after the scheme’s online portal www.nzdf.superfacts.co.nz where you can check your personal information.

Mercer also provides a helpline team that can answer your questions about this and the other savings schemes offered through the Force Financial Hub.

In addition NZDF has appointed an independent financial advice team, Milestone Direct. Their advisers can provide any advice you need to help you save for your retirement or to put a plan together to reach your financial goals.

By June 2017, as a member of NZDF you will be able to access products, benefits, services and tools through the Force Financial Hub.



NZDF is committed to supporting your family to become financially secure.

SECTION FIVE

CHANGES TO PERSONS INVOLVED IN THE SCHEME

There were no changes to the manager, the supervisor, administration manager, investment manager, custodian, securities registrar or auditor of the scheme.

There were no changes to the key personnel of the manager or directors of the supervisor since the scheme was launched.

SECTION SIX

HOW TO FIND FURTHER INFORMATION

Information relating to the scheme, for the offer register and the scheme register can be found at www.business.govt.nz/disclose.

The scheme register includes financial statements, trust deed and statement of investment policy and objectives.

The offer register includes information relating to the scheme’s membership and funds. It also includes fund updates and other material information.

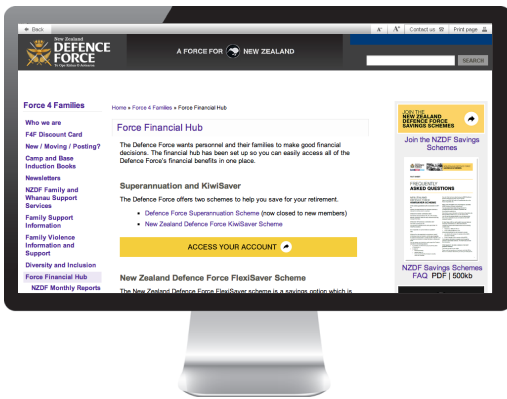
Information relating to the scheme, such as fund updates, the annual report, the current product disclosure statement and other useful information is available at www.nzdf.superfacts.co.nz or through the Force Financial Hub.

You can also call the manager on 0800 333 787 to request this information. All the information can be obtained from the manager without charge.

FURTHER INFORMATION

There are lots of useful sources of further information to help you. Here is a list of a few places you may want to check out.

- **Force Financial Hub** is a great source of information to help you and your family to get sorted financially. www.nzdf.mil.nz/families/financial-hub/



- **The Milestone Direct website can help you plan your financial future.**

As a member of the Defence community you can get general advice about the New Zealand Defence Force FlexiSaver Scheme, at no cost to you. If you need more detailed advice, an authorised financial adviser can provide you with more detailed advice and recommendations tailored to your individual situation. To access the Milestone Direct website go to nzdf.milestonedirect.co.nz



- **The scheme's online portal** contains a lot of information to help you make the most of your scheme membership. This information includes useful articles and reports along with all the scheme documents and forms you may need from time to time. You can also use the portal to sign in to your personal account and view information about your savings. To access the portal go to www.nzdf.superfacts.co.nz



SECTION SEVEN

CONTACT DETAILS AND COMPLAINTS

Contact details for the Manager and the Securities Registrar:

Mercer (N.Z.) Limited
151 Queen Street
PO Box 105591
Auckland 1010
Telephone: 0800 333 787

Supervisor's contact details:

Trustees Executors Limited
Level 7, 51 Shortland Street
Auckland 1140

Privacy Officer's contact details:

Mercer (N.Z.) Limited
Attn: Privacy Officer
151 Queen Street
PO Box 105591
Auckland 1010
Telephone: 0800 333 787

Please direct any complaints about your investment to Mercer at:

Mercer (N.Z.) Limited

151 Queen Street
PO Box 105591
Auckland 1010
Attn: Inquiries and Privacy Officer
Telephone: 0800 333 787
Email: NZ.Privacy@mercer.com

If we are unable to resolve your complaint, you may choose to contact the supervisor at:

Trustees Executors Limited

Level 7, 51 Shortland Street
Auckland 1140
Attn: Client Services Manager - Governance & Investor Oversight
Telephone: 09 308 7100

Mercer is a member of the Insurance and Financial Services Ombudsman Scheme (IFSO) and the supervisor is a member of Financial Services Complaints Limited (FSCL) both of which are independent dispute resolution schemes approved by the Ministry of Consumer Affairs. The IFSO and FSL will not charge a fee to any complainant to investigate or resolve a complaint.

If you make a complaint to us and the complaint cannot be resolved, then you may refer it to the IFSO subject to certain conditions being met.

Further information about referring a complaint to the:

- ▶ IFSO can be found at www.ifso.nz
- ▶ FSCL can be found at www.fscl.org.nz

CONNECT

Help is just a click or a call away, we would love to hear from you.

PHONE

0800 333 787

We are here between 9am and 7pm, Monday to Friday or leave us a message and we'll call you back.

EMAIL

nzdf@mercer.com

POST

New Zealand Defence Force FlexiSaver Scheme
PO BOX 1849
Wellington

Disclaimer

This report has been prepared and issued by Mercer (N.Z.) Limited. The information contained in this report is of a general nature only and does not take into account the personal objectives, financial situation or financial goals of individual members. Accordingly, before making any decisions, you should consider the information in light of your own objectives, financial situation and needs and read and consider the current product disclosure statement. It is also recommended that you obtain advice from an authorised financial adviser. A copy of the current product disclosure statement is available on the website www.nzdf.superfacts.co.nz or by calling the Helpline on 0800 333 787. You should be aware that the value of an investment in the New Zealand Defence Force FlexiSaver Scheme may rise and fall from time to time. Neither Mercer, nor Trustees Executors Limited, New Zealand Defence Force, Milestone Direct Limited, MMC Inc. nor any member of the worldwide Marsh and McLennan Group of Companies guarantees the investment performance, earnings or return of capital invested in any of the New Zealand Defence Force FlexiSaver Scheme investment options. The investment returns shown in this report do not take into account the unique characteristics that apply to each member (such as timing of cashflow). As a result, the actual returns applying to a particular member are different from the investment returns shown. You should also remember that past performance should not be relied upon as an indicator of future performance.