



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

New Zealand Defence Force FlexiSaver Scheme

# REPORT 2018



**A FORCE FOR  
NEW ZEALAND**

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# SCHEME **SNAPSHOT**

AS AT 31 MARCH 2018

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**1,139**  
members

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**\$11,107**  
average member balance

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**\$12,651,104**  
invested

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**192**  
Prezzy Card winners across  
our savings schemes

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## MESSAGE FROM THE CHIEF OF DEFENCE FORCE

I am proud to introduce this year's Annual Report and welcome all members of New Zealand Defence Force ("NZDF") and also members of the Defence Community.

### The Scheme is growing

During the year New Zealand Defence Force FlexiSaver Scheme (the "Scheme") has almost doubled in size and continues to be popular with members of NZDF and the Defence Community. It is a great option for you to achieve your savings goals and if you don't want to lock in your savings. Family Trusts are also now able to contribute to the Scheme.

It is very easy to contribute to this Scheme, either through a payroll deduction or internet banking. If you joined the Scheme and have not contributed since, I strongly recommend that you review whether membership in the Scheme is still right for you and your savings goals.

### Scheme's Performance

Despite a somewhat rocky finish, the 12 months to 31 March 2018 provided another strong year for investors, including members of the Scheme. All investment options delivered positive returns.

The markets have experienced an impressive run over the last few years, so it was not surprising to see returns go down and then back up in February and March this year. International events continue to influence sentiment and therefore returns to members of the Scheme.

Markets going up and down can make us nervous, so I'd like to take this opportunity to remind you that "knee jerk" reactions when it comes to investment choice can negatively impact your long-term savings goals.

### Spread the word

Be sure to let your family members and friends know about what NZDF offers members of the Defence Community, so they can also make the most of the NZDF Savings Schemes.

Information is available on the Force Financial Hub, which can be accessed by anyone within NZDF and externally.

NZDF and our partners also hold a number of seminars throughout the year across camps and bases, and HQNZDF. Keep an eye on the details and what's coming up near you on the Force Financial Hub portal.

### Thank you

I personally want to thank Lieutenant General Tim Keating who is a passionate supporter and strong advocate of the NZDF Savings Schemes. I would also like to thank all the service providers who continue to deliver outstanding results and services to our members.

The Scheme is in excellent shape and I look forward to seeing us become even stronger together.

**Air Marshal Kevin Short**  
Chief of Defence Force

## NZDF LOOKING AFTER YOUR FINANCIAL WELLBEING

This annual report covers the New Zealand Defence Force FlexiSaver Scheme, one of three savings schemes available to members of NZDF. As a member of the Defence Community you can join the New Zealand Defence Force KiwiSaver Scheme and / or the New Zealand Defence Force FlexiSaver Scheme. The Defence Force Superannuation Scheme is closed to new entrants.

All three savings schemes are managed by Mercer, who administers these schemes, manages your investments and looks after the schemes' online portal [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz) where you can check your personal information.

All NZDF Savings Schemes are part of the Force Financial Hub which has been set up so you can easily access all of the Defence Force's financial benefits in one place. As a member of the NZDF you are able to access products, benefits, services and tools through the Force Financial Hub.



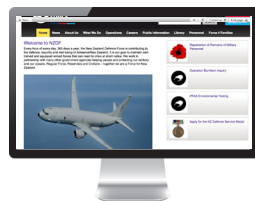
**The NZDF is committed to supporting your family to become financially secure.**

## FURTHER INFORMATION

There are lots of useful sources of further information to help you plan for your future and save for retirement. Here is a list of some places you may want to check out.

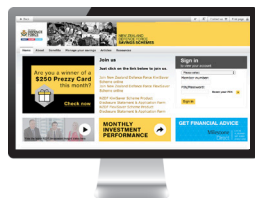
### ► Force Financial Hub

It is a great source of information to help you and your family get sorted financially. [www.nzdf.mil.nz/families/financial-hub/](http://www.nzdf.mil.nz/families/financial-hub/) or Google the Force Financial Hub.



### ► 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](http://www.nzdf.superfacts.co.nz).



### ► The Retirement Income Simulator

is provided to plan for your retirement and keep your plan on track. Sign in to your personal account at [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz) to check out this tool.



### ► Financial Advice from Milestone Direct

You can get general advice about the New Zealand Defence Force FlexiSaver Scheme and other NZDF investments. If you wish, personalised advice and recommendations tailored to your individual situation are also available on matters such as financial planning for your retirement. To access the Milestone Direct website go to [nzdf.milestonedirect.co.nz](http://nzdf.milestonedirect.co.nz).





# 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 New Zealand Defence Force FlexiSaver Scheme is dated 24 November 2017 and is open for applications.

**Fund Updates:**

A fund update for each of the seven investment funds for the quarter ended 30 June 2018 was made publically available on 27 July 2018.

**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 April 2017 to 31 March 2018 and were authorised for issue by the manager, Mercer (N.Z.) Limited, on 23 July 2018.

The auditor's report on those financial statements was dated 23 July 2018. The auditors' report did not refer to any fundamental uncertainty, nor was it qualified or modified in any respect.

# 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 2018.

MEMBERSHIP DETAILS	TOTAL NUMBER OF MEMBERS	MEMBERS' ACCUMULATION
<b>At 1 April 2017</b>	<b>671</b>	<b>\$4,608,470</b>
PLUS		
New Members	527	
LESS		
Exits	59	
<b>Total Membership at 31 March 2018</b>	<b>1,139</b>	<b>\$12,651,104</b>

## 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, and you will need to complete the MD221 form available from the HR Toolkit.
- ▶ 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](http://www.nzdf.superfacts.co.nz) or the Force Financial Hub at [www.nzdf.mil.nz/families/financial-hub](http://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	722	\$10,729,928.75

# SECTION THREE

## CHANGES RELATING TO THE SCHEME

### Trust Deed

There were no amendments to the Trust Deed during the period.

### Terms of Offer of Interests in the Scheme

Three investment options, Real Assets, Overseas Shares and Overseas Shares (Hedged), were added. These options are available only through a Portfolio Investor Proxy (PIP).

### The Statement of Investment Policy and Objectives

Changes were made to the Statement of Investment Policy and Objectives (SIPO), which included:

- ▶ Changes were made to allow for non-individual investors
- ▶ The Responsible Investment Policy section wording was updated to reflect the new Responsible Investment Policy
- ▶ Cash and Unlisted Investments definitions were added to the glossary
- ▶ Three investment options, Real Assets, Overseas Shares and Overseas Shares (Hedged), were added. These options are available only through a Portfolio Investor Proxy (PIP).

### Related Party Transactions

There were no changes to the nature or scale of the related party transactions. All related party transactions were conducted on normal commercial terms and conditions during the accounting period and were on arm's-length terms.

Documents are available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

# SECTION FOUR

## OTHER INFORMATION FOR THE FLEXISAVER SCHEME One year returns as at 31 March 2018 (after tax and fees)

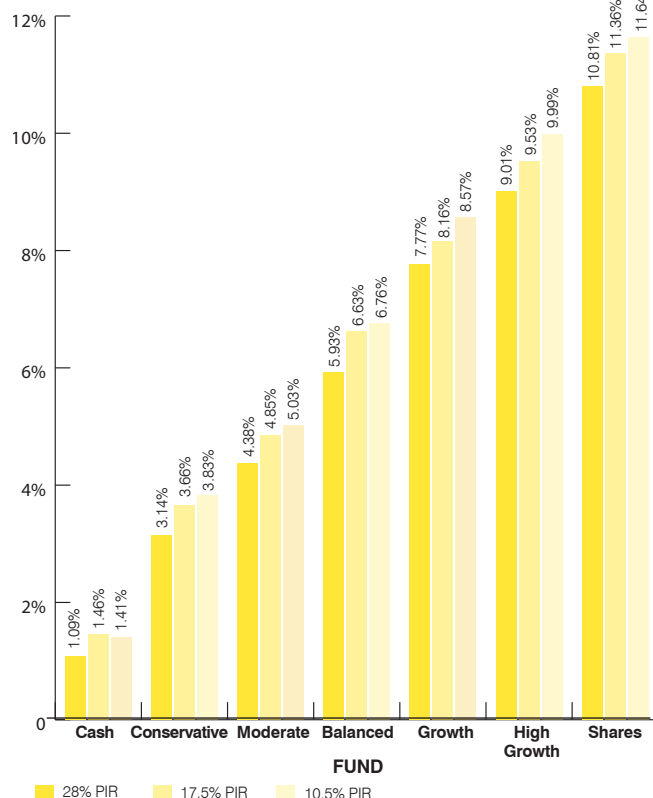
### Explaining Returns

The investment returns for each investment option provided by the scheme are shown after all investment fees and taxes have been deducted.

There are three sets of investment returns shown for each option for the year covered in this report. This is because different tax rates apply and the one applicable to your returns depends on the tax rate being applied to.

Please go online to [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz) and check that you have the correct tax rate selected for your savings.

The investment returns are shown after deducting fund fees (but excluding any applicable other charges) and after tax at the Prescribed Investor Rate (PIR) noted. Your individual return can differ from these returns depending on the unit price applicable to each contribution or withdrawal you have made and how long they have been invested, as well as what proportion of each fund you may have selected to invest in. Note fund fees can differ for certain investors which also will vary the return stated. Returns represent past performance only and are not an indication or guarantee of future performance.



You can find updated performance information by visiting [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz).

## 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 option. The number of units that your money purchases depends on the unit price at the time of purchase. For example, if \$1,000 is contribute 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](http://www.nzdf.superfacts.co.nz) at any time.

### UNIT PRICES

Funds	1 April 2017*			31 March 2018		
	28% PIR	17.5% PIR	10.5% PIR	28% PIR	17.5% PIR	10.5% PIR
Shares	1.1126	1.1161	1.1256	1.2329	1.2429	1.2565
High Growth	1.1139	1.1084	1.1112	1.2143	1.2140	1.2222
Growth	1.091	1.1065	1.1048	1.1758	1.1968	1.1995
Balanced	1.075	1.0797	1.0879	1.1388	1.1513	1.1615
Moderate	1.0617	1.0584	1.0605	1.1082	1.1097	1.1138
Conservative	1.047	1.0568	1.0567	1.0799	1.0956	1.0972
Cash	1.0185	1.022	1.0194	1.0296	1.0370	1.0337

\*Opening price as at 1 April 2017, is the closing price on 31 March 2017.

#### Need help?

Milestone Direct advisers can help you choose the right investment option for your circumstances and ensure you're on track to achieve your savings goals. Please contact Milestone Direct on **0508 MILESTONE (0508 645 378)** or email them at [info@milestonedirect.co.nz](mailto:info@milestonedirect.co.nz).

**Milestone**  
Direct

LIFE IS  
A JOURNEY.  
GET GOOD  
DIRECTIONS



## 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	113	\$545,039.18
Full withdrawal	41	\$161,198.70

# MANAGER'S ANNUAL STATEMENT

**As the manager of the New Zealand Defence Force FlexiSaver Scheme, we confirm that for the period ended 31 March 2018:**

- ▶ all the benefits required to be paid from the scheme in accordance with the governing document have been paid;
- ▶ the market value of the assets of the scheme at 31 March 2018, 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.



# 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.

Kristen Jane Kōhere-Soutar was appointed a director of the manager on 7 August 2017.

Changes to the key personnel of the manager, were:

Kylie Willment was appointed Chief Investment Officer (CIO) Pacific, with effect from 25 October 2017, replacing Russel Clarke.

There were changes to the directors of the supervisor during the year:

- Andrew Scott-Howman was appointed as a Director on 24 April 2017
- Francesca Banga was appointed as a Director on 18 July 2017

Since year end:

- Francesca Banga resigned as a Director on 5 April 2018;
- Matthew Sale was appointed as a Director on 17 May 2018;
- Robert Russell resigned as a Director on 17 May 2018;
- Andrew Scott-Howman resigned as a Director on 15 June 2018;
- Mark Darrow was appointed as a Director on 18 June 2018;
- Sarah Roberts was appointed as a Director on 16 July 2018.

# SECTION SIX

## HOW TO FIND FURTHER INFORMATION

Information relating to the New Zealand Defence Force FlexiSaver Scheme, for the offer register and the scheme register can be found at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

The scheme register includes financial statements, the governing document 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](http://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.



# SECTION SEVEN

## CONTACT DETAILS AND COMPLAINTS

### Contact details for the Manager:

Mercer (N.Z.) Limited  
151 Queen Street  
PO Box 105591  
Auckland 1143  
Telephone: 0800 333 787

### Supervisor's contact details:

Trustees Executors Limited  
Level 7, 51 Shortland Street  
PO Box 4197  
Auckland 1140  
Telephone: 0800 809 962

### Inquiries and Privacy Officer's contact details:

Mercer (N.Z.) Limited  
Attn: Privacy Officer  
151 Queen Street  
PO Box 105591  
Auckland 1143  
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 1143  
Attn: Inquiries and Privacy Officer  
Telephone: 0800 333 787  
Email: [NZ.Privacy@mercero.com](mailto:NZ.Privacy@mercero.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  
PO Box 4197  
Auckland 1140  
Attn: Client Manager  
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 approved dispute resolution schemes. 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.

### You can contact:

- |                 |                 |
|-----------------|-----------------|
| ▶ IFSO          | ▶ FSCL          |
| PO Box 10-845   | PO Box 5967     |
| Wellington 6143 | Wellington 6145 |
| 0800 888 202    | 0800 347 257    |

# 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](mailto:nzdf@mercer.com)

## POST

New Zealand Defence Force FlexiSaver Scheme  
PO Box 1849  
Wellington, 6140

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Mercer (N.Z.) Limited is the Manager of the Mercer FlexiSaver and the issuer of this annual report. This annual report has been prepared by the Manager to meet its legislative obligations under the Financial Markets Conduct Regulations 2014. The information contained in this annual 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](http://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 nor any member of the worldwide Marsh & McLennan 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 annual 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.