



# Ports Retirement Plan

Chairman's Newsletter

September 2016

The most recent meeting of Trustees was held on 25 August 2016. The purpose of this newsletter is to bring you up to date on some of the issues addressed by the Trustees. Members should note that this was the final meeting of the old Board of Trustees and following transition to the Financial Markets Conduct Act, the Plan is now managed by the Directors of the Ports Retirement Trustee Limited.

## Financial Markets Conduct Act

The Plan's transition to the Financial Markets Conduct Act has now been completed.

The Plan is now renamed the Ports Retirement Plan and the Trustee is the Ports Retirement Trustee Limited. The letterhead and some of the content on the Plan's website is being updated. The Plan's website is now [www.portsretirement.org.nz](http://www.portsretirement.org.nz). Usernames and passwords have not been affected by this change.

Included in this newsletter is the notice that is required to be provided to all members of the Plan under clause 30 of Schedule 4 of the Financial Markets Conduct Act 2013

## Notice under clause 30 of Schedule 4 of the Financial Markets Conduct Act 2013 (FMCA)

We are pleased to advise that on 16 September 2016 the New Zealand Harbours Superannuation Plan (now renamed the **Ports Retirement Plan**) transitioned to full compliance with the FMCA as a restricted workplace savings scheme.

Most of the changes don't directly affect members. However, a key change is that the Plan is now governed by a special purpose trustee company, **Ports Retirement Trustee Limited**. The company was established because under the FMCA all Plan assets must be held by a company rather than by individual trustees.

The directors of Ports Retirement Trustee Limited (which is wholly owned by the Rail & Maritime Transport Union) are the same people and are appointed in the same way as the former individual Trustees.

The Plan's Licensed Independent Trustee, Paul Drummond, continues acting as the Licensed Independent Trustee director for the Plan. As the Licensed Independent Trustee director, Paul has specific additional obligations under the FMCA but otherwise acts in the same capacity as every other Trustee director.

A new **Trust Deed** for the Plan took effect on 16 September 2016. The key changes made by the new Trust Deed include:

- updated terminology and new definitions;
- updated indemnity provisions and delegation powers;
- provisions addressing the Trustee's core FMCA obligations regarding financial statements, record-keeping, member statements, material error corrections, registers, annual reports, related party transactions, rights to information and reporting to the Financial Markets Authority; and
- provisions addressing the Trustee's obligations under the FMCA to maintain and comply with a statement of investment policy and objectives (*SIPO*).

The Trustee has also adopted a replacement **SIPO** which aligns with the content requirements in the FMCA (though its policy and objectives themselves are unchanged). The transition to the FMCA regime has involved other changes to Plan documentation. For example, the Investment Statement has been replaced by a Product Disclosure Statement (**PDS**).

You can view or download:

- a copy of the new Trust Deed, or of the new SIPO, on the Disclose schemes register by visiting [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose), selecting *Search schemes* and entering the new Plan name; and
- copies of the PDS and other offer materials for the Plan by visiting the Disclose offers register ([www.business.govt.nz/disclose](http://www.business.govt.nz/disclose)), selecting *Search offers* and entering the new Plan name.

**Administration Manager, Melville Jessup Weaver**

Level 5, Simpl House, 40 Mercer Street, Wellington. PO Box 11330, Wellington 6142. Freephone 0800 728 370.

[portsretirement.org.nz](http://portsretirement.org.nz)

**Secretary to the Trustees, Rail & Maritime Transport Union**

Level 1, Tramways Building, 1 Thorndon Quay, Wellington. PO Box 4197, Wellington 6140. Telephone 04 499 2066 facsimile 04 471 0896.



## Ports Retirement Plan

You can also view or download copies of the new Trust Deed and SIPO, and of the PDS and other offer materials, by visiting the Plan's website [www.portsretirement.org.nz](http://www.portsretirement.org.nz) and selecting Plan Documentation, or by calling 0800 728 370.

The Trustee can be contacted through the Administration Manager, Melville Jessup Weaver, whose contact address details are as follows:

Ports Retirement Plan  
c/- Claire Shiels  
Plan Administrator  
Melville Jessup Weaver  
Level 5, 40 Mercer Street  
P O Box 11330  
Wellington 6142  
Phone (04) 499 0277 or 0800 728 370

You have the right to receive a copy of the new Trust Deed from the Trustee free of charge if, within 15 working days after receiving this notice, you contact the Administration Manager to request a copy.

### Quarterly Investment Markets Overview

**Cash and Fixed Interest:** The OCR maintained its current 2.25% level to 30 June 2016 then dropped to 2.0% after the 11 August Reserve Bank announcement. Overall, fixed interest returns were positive with the NZ Government Stock Index up 2.1% and the NZ Corporate A-Grade Index up 1.5%. Globally, the Barclays Index had a good quarter, up 2.9%.

**Equities:** This quarter saw the NZ markets outperformed by markets in Australia, with the return from both positive. However, the rise in the value of the NZ dollar quarter has meant that unhedged investors in Australian share saw negative returns. Global developed and emerging markets had small, positive returns. Once again, those investors who were unhedged lost out due to currency movements.

**Currencies:** The NZ dollar rose both against the Australian and US dollars over the quarter. The NZ dollar is almost at parity with the Australian dollar, rising 6% to finish at 95.6 Australian cents. Compared to the US dollar, the NZ dollar rose 2.6% to finish at 71.2 US cents. After the result of the Brexit vote, the NZ dollar also rose sharply against the British pound, moving from 46.5p at 31 May to 53.3p at 30 June.

### Plan Earning Rates

The Trustees discussed the report from the Plan's Investment Consultant for the quarter to 30 June 2016. This showed that the Plan's overall investment return over the quarter was 1.5%, losing value of 0.8% over the Plan's benchmark return of 2.3%. This can be considered a satisfactory result in the light of volatility in equity markets following the UK Brexit referendum vote.

The investment return for the June quarter which was used to update members' accounts comprised a taxable rate of positive 2.1% and a non-taxable rate of negative 1.0% when rounded down to the next lower 0.1%. The equivalent after-tax return is positive 0.9% for members subject to a 10.5% tax rate, positive 0.7% for members subject to a 17.5% tax rate and positive 0.5% for members subject to a 28% tax rate

### Overall Investment Performance

The Investment Consultant presented to the Trustees a paper covering the Plan's recent performance compared to other KiwiSaver Balanced funds, whose asset allocation strategy most closely resembles the allocation for the Plan, from the MJW Survey. The Trustees are conscious that the Plan's performance relative to other similar funds has started to slip. The Investment Consultant noted some reasons for this which included the Plan's exposure to Australian shares and the Plan having a more conservative asset allocation compared to these funds. The Trustees continue to closely monitor the Plan's overall performance.

David S Stevens  
Chairman  
27 September 2016

**Administration Manager, Melville Jessup Weaver**

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