



Report on Meeting of Trustees of the Maritime Retirement Scheme held on 1 November 2016

The Trustees of the Maritime Retirement Scheme and the Maritime KiwiSaver Scheme held their 3rd meeting on 1 November since SRF and WISF, and SRFKS and WIKS were merged on 1 April to form MRS and MKS respectively.

At this meeting, the Trustees decided to report regularly to members and employers on their quarterly meeting. This is the first such report.

Investment Reports

MJW reported in their Investment Report on the returns of the Fund in the September quarter as follows:

Portfolio	September Quarter		Year-to-Date	
	Gross	Net	Gross	Net
Balanced	0.39348%	0.32795%	4.44511%	3.76364%
Conservative	0.19765%	0.15347%	3.23606%	2.67463%

All the Fund's investment, except the investment in emerging market equities, outperformed their benchmark returns and overall the Balanced Portfolio outperformed by 0.75% and the Conservative Portfolio outperformed by 0.74%.

Presentations were made by ANZ, AMP, Devon and Legg Mason. Also David Scott reported on the Vestey Place property which is owned by the Fund and managed by David. Managers reiterated that, generally, both equities and bonds are "fully priced" and the expectations are that, in the short to medium term, returns will be quite modest.

Investments

The Trustees have progressively been reviewing the Fund's investments following the merger of SRF/SRFSK and WISF/WIKS partly to reduce the number of investments and thereby reduce the Fund's investment management fees. At the July meeting, the Trustees decided:

- to retain AMP to manager NZ bonds with the discretion to shift funds between its core NZ Bond Fund and its Short Duration Fund
- to appoint Devon Funds Management in place of AMP and Milford Asset Management to manage New Zealand equities
- to retain Devon Funds Management and AMP (Schroders) to manage Australian equities
- to retain ANZ and AMP to manage global equities – the Fund is invested in an ANZ core global equity fund which is actively managed and in two AMP funds, a developed markets fund which is passively managed and an emerging markets fund.

At the November meeting, the Trustees decided:

- to retain PIMCO and Legg Mason (Brandywine) to manage global bonds
- to divest from the Fund's global bond's investment with AMP
- to split the allocation of global bonds between PIMCO and Brandywine 75:25.

Administration Manager

Level 5, Simpl House, 40 Mercer Street, Wellington. PO Box 11330, Wellington 6142. Freephone 0800 947 357. Email maritime@mjlw.co.nz

www.maritimeretirementscheme.nz



To complete the review of the Fund's investments, the Trustees have embarked on an investigation of alternative assets. The Fund has had three investments in alternative assets, two investments in hedge funds and a direct property investment.

At their July meeting, the Trustees decided to retain the direct property investment and to review this investment at the end of the financial year and, at the November meeting, it was decided to divest from the Fund's alternative asset investment in Standard Life (GARS).

The primary purpose of alternative assets is to increase the diversification of investments and thereby reduce the expected volatility of returns. With this in mind, other alternative assets are currently being investigated.

Anti-Money Laundering Exemption

The Minister of Justice has granted MRS and MKS an exemption from the provisions of the Anti-Money Laundering Regulations on similar terms to the terms under which exemptions were granted to WISF/WIKS and SFR/SRFSK. These conditions include restrictions on voluntary contributions except through employer payrolls. There is no limit on the amount of such voluntary contributions by members.

Actuarial Report

A tri-annual valuation of the Maritime Retirement Scheme by the Fund's Actuary reported:

- the Scheme's Pension Reserve is sufficient to cover the Scheme's pension liability to ex WISF member who converted their benefits to an annuity and hence no additional funding is required in respect to the Scheme's pensions liability
- the Scheme's death benefit reserves are likely to be adequate to cover the Fund's liability to pay death benefits to members of the Waterfront Fund over the next 25 years and hence no additional contributions from employers should be required to fund death benefits over this period.

Joining the Seafarers Fund and Authorising Employers to Deduct Contributions

The Trustees reviewed the policies and procedures for seafarers joining the Fund and authorising employers to deduct contributions. Key features of these policies and procedures are:

- MUNZ holds application and authorisation forms for seafarers to join MRS and/or MKS and to authorise employers to deduct contributions when they join the industry or when they are assigned to an employer
- MUNZ generally makes arrangements for prospective members to complete these forms
- the forms make provision for members to indicate, inter alia, their membership category, contribution rates to MRS and MKS, and PIR rate, and authorise employers to deduct contributions.
- when completed, MUNZ forwards application forms to the member's employer and MJW, the Fund's Administrator
- if the Administrator receives contributions that are not in respect to someone who is a member of the Seafarers Fund, or receives an application other than via MUNZ, the Administrator shall refer the matter to MUNZ to sort out
- any other queries shall also be referred to MUNZ to resolve.

David Young
Chairman

Joe Fleetwood
Deputy Chairman

Administration Manager

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