

**ANNUAL REPORT TO MEMBERS**

**for the**

**MARITIME RETIREMENT SCHEME**

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**Year ended 31 March 2021**

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## Chairman's Report

I am pleased to present the fifth annual report of the Maritime Retirement Scheme (MRS).

### Fund Size and Membership

During the year the Fund increased in size from \$193.9M to \$223.6M. These funds include \$198.3M in MRS member and employer accounts, \$16.2M of Maritime KiwiSaver Scheme funds invested with MRS, and \$9.1M in the death benefit reserve and other reserve accounts. Of the funds invested in member and employer accounts, 78% is invested in the balanced portfolio and 22% in the conservative portfolio.

The overall membership of the Fund has continued to decline from 1,431 to 1,394. Membership of the Waterfront Section has reduced during from 797 to 771 members and membership of the Seafarers Section has reduced from 341 to 317, while the number of deferred members has increased from 282 to 298. At year end, the Fund had one remaining pensioner and 7 other members including 5 matrimonial property members.

### Performance

The returns of the Fund for the year have been extraordinary with the balanced portfolio delivering a return of 24.1% and the conservative portfolio delivering a return of 10.6%, in each case net of fees and tax (at 28%).

These are exceptional returns and compare with Fund's projected returns going forward net of fees and tax of 1.9% and 0.2% for the balanced and conservative portfolios respectively.

### Fund Management and Administration

The Fund continues to be well managed by the Administrator, Melville, Jessup Weaver (MJW).

Administration and fund management fees have continued to decline in line with industry trends. Overall, the expenses ratio is currently 0.66% for the balanced portfolio and 0.58% for the conservative portfolio. These expense ratios compare very favourably with range of expense ratios of KiwiSaver schemes.

Funds continue to be invested in managed funds whose performance is closely monitored by the Trustees. During the year (and since the end of the financial year), the Trustees have appointed Fisher Funds Management Limited to manage Australasian Equities (together with Salt Investment Funds Limited), ANZ New Zealand Investments Limited to manage the passive share of Global Equities and New Zealand Bonds, in each case in place of AMP Capital Investors (New Zealand) Limited, and Nikko Asset Management in place of Legg Mason to manage a portion of the Fund's allocation to Global Bonds. The Fund is also divesting from the Nikko Asset Management/JP Morgan Multi-Strategy Fund.

### Trust Deed

A number of amendments have been made to the Trust Deed during the year. The deed has been amended:

- to allow members to make withdrawals to meet any tax liability incurred as a consequence of the member declaring the wrong PIR
- to allow seafarers to make additional contributions provided any such contributions are made through the payroll of their participating employer

## **Policies and Procedures**

The Trustees have revised their policies and procedures as follows:

- the policy in relation to casual waterside workers has been amended by stipulating that a new member must be employed under an agreement which guarantee a minimum number of paid hour so that, in effect, casual workers who aren't guaranteed a minimum number of hours of work can only join the MKS
- in line with the recent decisions of Government to replace conservative funds with balanced funds as the default options for new KiwiSaver members, the Trustees have also decided that new members will be enrolled in the Fund's balanced portfolio although members will still have the option of switching to the conservative portfolio
- in encouraging members to consider the option of deferring their benefits, the Trustees have increased the maximum allowable lump-sum withdrawals per year from 2 to 4, in addition to regular monthly withdrawals.

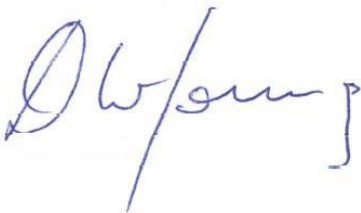
## **Governance**

During the year, Craig Harrison was appointed Deputy Chairman following Craig's appointment as a Trustee representing the Maritime Union of New Zealand in place of Joe Fleetwood, and Carl Findlay was appointed by MUNZ to replace Jimmy King who stepped down as a trustee. Carl was formerly a trustee of the Waterfront Industry Superannuation Fund.

At the Annual Meeting, Brodie Stevens and Walter Rushbrook were re-appointed as trustees representing seafarer employers and Simon Brodie was re-appointed as the Fund's Licenced Independent Trustee.

## **Appreciation**

The Trustees thank members and participating employers for their continuing support, and the Fund's Administrator (MJW), and other service providers and fund managers for their continuing services to the Fund. Joe Fleetwood's highly valued service as a trustee and deputy chairman is also acknowledged.

A handwritten signature in blue ink, appearing to read 'D Young', with a stylized flourish at the end.

**David Young**  
**Chairman**

## Details of Scheme

The scheme name is the Maritime Retirement Scheme (the “Scheme”). The Scheme is registered as a restricted workplace savings scheme.

The manager is the Board of Trustees named on page 6. The product disclosure statement for the Scheme is dated 19 May 2021 and is open for applications. Fund Updates for the Conservative Portfolio and Balanced Portfolio were made publicly available on 8 July 2021 for the year ended 31 March 2021.

The financial statements of the Scheme as at 31 March 2021, and the auditor’s report on those financial statements have been lodged with the Registrar and are available electronically by visiting [companiesoffice.govt.nz/disclose](http://companiesoffice.govt.nz/disclose), selecting search schemes and entering the Scheme name.

## Information on Contributions and Scheme Participants

### Total Members

Members	31 March 2021	31 March 2020
Contributing members	1,088	1,138
Non-contributing members	306	293
<b>Total members</b>	<b>1,394</b>	<b>1,431</b>

### New Members

New Members for Year Ended 31 March 2021	
Transfers from other schemes	0
Other new members	<b>76</b>
<b>Total new members</b>	<b>76</b>

### Member Exits

Member Exits for Year Ended 31 March 2021	
Retirement	32
Death	5
Transfers to other schemes	1
Ill health	1
Other reasons - redundancy	22
Other reasons - withdrawal	52
<b>Total member exits</b>	<b>113</b>

## Members' Accumulations

Members' accumulations	31 March 2021	31 March 2020
Total account balances	\$208,044,592	\$180,911,811
Number of members with accounts	1,394	1,431
<b>Total members</b>	<b>1,394</b>	<b>1,431</b>

## Total Contributions

Contribution Type	Total for Year Ended 31 March 2021	Number of Members to Whom Contributions Relate
Member contributions	\$6,037,752	1,112
Employer contributions*	\$4,033,446	1,110
<b>Total contributions</b>	<b>\$10,071,197</b>	<b>1,113</b>

\*Net employer contributions credited to Scheme after deducting employer superannuation contribution tax.

## Changes Relating to the Scheme

During the year ended 31 March 2021, the Scheme continues as a restricted workplace savings scheme registered under the Financial Markets Conducts Act (FMCA).

During the year ended 31 March 2021 the Trust Deed was amended to allow withdrawals to meet a member's PIE tax liability and to clarify the rules for Seafarer contributions.

The Product Disclosure Statement (PDS) for the offer of membership was updated on 19 May 2021. There were no material changes made to the PDS.

The Statement of Investment Policy and Objectives (SIPO) was updated in May 2020 with some minor editorial edits, then again in February 2021 to reflect the revised Investment Manger arrangements and the long-term return expectations.

No transactions providing for related party benefits (as contemplated by section 172(1) of the FMCA) to be given from the Scheme were entered into during the year ended 31 March 2021 on anything other than arm's-length terms.

## Other Information

During the year, 248 Scheme participants made a withdrawal that was permitted under the FMCA and the trust deed, and the grounds on which those withdrawals were made were as follows:

Withdrawal type	Number of members
<b>Full withdrawals</b>	<b>113</b>
Leaving service	107
Transfer	1
Death	5
<b>Partial withdrawals</b>	<b>135</b>
Contributing members	34
Non-contributing members	89
1 <sup>st</sup> home withdrawals	6
Financial Hardship	6

The following table shows the monthly crediting rates (after tax at the highest PIR and an allowance for general expenses) applied to members' accounts during the year:

Month	Crediting rate applied	
	Balanced Portfolio	Conservative Portfolio
April 2020	6.02364%	3.03562%
May 2020	2.52020%	1.42312%
June 2020	0.68025%	0.61338%
July 2020	2.30309%	1.59911%
August 2020	2.73150%	0.85642%
September 2020	-1.08778%	0.42512%
October 2020	-0.79738%	-0.77061%
November 2020	5.20883%	2.16678%
December 2020	1.85667%	0.74255%
January 2021	-0.31149%	-0.17782%
February 2021	0.12339%	-0.86468%
March 2021	2.80309%	1.16977%

The Trustees confirm that for the year ended 31 March 2021 all contributions required to be made to the Scheme in accordance with the terms of the trust deed were made.

The Trustees confirm that:

1. All the benefits required to be paid from the Scheme in accordance with the terms of the trust deed and the superannuation scheme rules have been paid.
2. The market value of the property of the Scheme as at 31 March 2021 equalled 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 that date.

## Changes to Persons Involved in the Scheme

The following persons served as Trustees during the year:

- David Young (Chairman)
- Simon Brodie (Licensed Independent Trustee)
- Joe Fleetwood resigned 17 February 2021. Replaced by Craig Harrison 17 February 2021
- Ray Welson
- Deepthi Swarnapuri
- Ray Fife
- Jimmy King resigned 12 December 2020. Replaced by Carl Findlay 12 December 2020
- Russell Mayn
- Clive Glover resigned 30 July 2020. Replaced by Brodie Stevens 30 July 2020
- Walter Rushbrooke

There were no other changes during the year to the Trustees.

On 17 February 2021 Craig Harrison replaced Joe Fleetwood as a director and shareholder of Maritime Retirement Scheme Nominees limited, the custodian of the Scheme. There were no changes during the year to the administration manager, the securities registrar or the auditor of the Scheme.

There were no changes in the control of the Trustees during the year ended 31 March 2021.

## How to Find Further Information

The following information is available electronically (and free of charge) on the Disclose Register at [companiesoffice.govt.nz/disclose](http://companiesoffice.govt.nz/disclose):

- copies of the trust deed, the Scheme's latest audited financial statements, the SIPO and the annual report (select *search schemes* and enter the Scheme name); and
- copies of the PDS, the annual fund updates and other material information relating to the Scheme (select *search offers* and enter the Scheme name).

Copies of the SIPO, the PDS, the latest annual report and the latest fund updates (as well as other information about the Scheme) are also available on the Scheme's website [maritimeretirementscheme.nz](http://maritimeretirementscheme.nz).

You can obtain a copy of any of the above documents (or an estimate of your benefits) from the Trustees free of charge by writing to the administration manager at the following address:

Maritime Retirement Scheme  
Melville Jessup Weaver  
Level 7, 20 Ballance Street  
PO Box 1096  
Wellington 6140

## Contact Details and Complaints

You can contact the Trustees via the Administration Manager at:

Maritime Retirement Scheme  
Melville Jessup Weaver  
Level 7, 20 Ballance Street  
PO Box 1096, Wellington 6140

Phone: 0800 947 357

The administration manager also acts as the securities registrar for the Scheme and can be contacted (in that capacity) at the above address.

Any queries or complaints about the Scheme can be made by contacting the Trustees at the above address.

The Trustees have established a process to deal with any complaints that members might have. The process is confidential, providing members with the ability to be satisfied that all their dealings with the Scheme have been handled properly. The first step is to contact either the secretary or the administrator in confidence to set out your complaint.

Members also have the right to send their complaints directly to the Scheme's external disputes resolution service, Financial Services Complaints Limited ("FSCL"). FSCL's contact details are:

Website: [www.fscl.org.nz](http://www.fscl.org.nz)  
Email: [info@fscl.org.nz](mailto:info@fscl.org.nz)  
Telephone: 0800 347257 (call free for consumers)  
(04) 472 FSCL (472 3725)  
Fax: (04) 472 3727  
Postal address: PO Box 5967 Lambton Quay  
Wellington 6145

Neither we nor FSCL will charge a fee to any complainant to investigate or resolve a complaint.



## FINANCIAL INFORMATION

The following tables contain information extracted from the full financial statements which were audited and signed on 27 July 2021.

### Investment performance

	31 March 2021	31 March 2020
Interest	0	\$0
Distributions	2,735,755	3,195,195
Gains on assets	42,044,363	(8,115,510)
Total investment revenue	44,780,118	(4,920,315)

### Expenses

	31 March 2021	31 March 2020
Investment expenses	746,136	817,060
General expenses	581,111	551,637

### Membership activities

	31 March 2021	31 March 2020
Member contributions	6,037,752	6,200,913
Employer contributions	4,033,446	4,308,625
Transfers In	154,945	0
KiwiSaver contributions	1,526,581	1,582,903
Withdrawals	21,905,387	15,675,122

**Assets**

	<b>31 March 2021</b>	<b>31 March 2020</b>
Cash	112,217	\$37,164
Total investments	227,488,174	\$192,783,380
Receivables	11,571	\$11,571
Deferred Tax Asset	148,521	\$173,550
Payables	(89,314)	(\$106,900)
Benefits Payable	(523,950)	0
Tax receivable / (payable)	(3,551,246)	\$964,269

**Member accounts**

	<b>31 March 2021</b>	<b>31 March 2020</b>
Member accounts	137,044,324	117,499,367
Employer accounts	77,464,605	68,971,770
Death Benefit 'A' Reserve	6,165,708	5,055,472
Death Benefit 'B' Reserve	2,183,009	1,622,167
Seafarers' General Reserve	695,125	581,825
Pension Reserve	39,456	34,650
Income Reserve	3,746	141,974

A copy of the full financial statements can be obtained from the Administrator:

Melville Jessup Weaver:

Freephone 0800 947 357

Email [maritime@mjw.co.nz](mailto:maritime@mjw.co.nz)