

ANNUAL REPORT TO MEMBERS

for the

MARITIME RETIREMENT SCHEME

Year ended 31 March 2022

Chairman's Report

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

Fund Size and Membership

During the year the Fund decreased in size from \$223.6M to \$222.9M, comprising \$198M in MRS member and employer accounts, \$16.6M of MKS funds invested with MRS, and \$8.3M in the death benefit reserve accounts. Of these funds (invested in member and employer accounts), 78% is invested in the balanced portfolio, 21% in the conservative portfolio and 1% in the new growth portfolio.

It is pleasing to report that the overall membership of the MRS increased from 1,394 to 1,473. After several years of falling membership, during this last year, membership of the Waterfront Section increased from 771 to 841 members and membership of the Seafarers Section increased from 317 to 333. The number of deferred members reduced from 298 to 294 and, at year end, the MRS still had one remaining pensioner. There were 4 other members including 2 matrimonial property members.

Performance

After very strong returns the previous year, this year the returns of the Fund were modest with the balanced portfolio delivering a return of 1.44% and the conservative portfolio delivering a return of -1.39%, in each case net of all fees and tax (at 28%). Since its inception on 1 October 2021, the growth portfolio delivered a return of -3.81%.

During the last five years, the average returns of the balanced and conservative portfolios net of all fees and tax (at 28%) have been 6.48% and 2.96% respectively. These returns compare with the Fund's projected returns going forward of 3.4% and 1.6% for the balanced and conservative portfolios respectively, and the projected return for the growth portfolio of 4.2%.

Fund Management and Administration

The funds of the MRS continue to be invested in managed funds whose performance is closely monitored by the Trustees. No fund management changes were made during the year.

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. The expense ratios are currently 0.65% for the balanced portfolio, 0.57% for the conservative portfolio and 0.70% for the growth portfolio. These expense ratios compare favourably with range of expense ratios of KiwiSaver schemes which are typically in the range of 1.1% to 1.4%.

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.

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 (PDS) for the Scheme is dated 21 May 2022 and the Scheme is open for applications. Fund Updates for the conservative, balanced and growth portfolios were made publicly available on 5 July 2022 for the year ended 31 March 2022.

The financial statements for the year ended 31 March 2022, and the auditor’s report on those financial statements have been lodged with the Registrar and are available electronically by visiting <https://disclose-register.companiesoffice.govt.nz/>, selecting search schemes and entering the Scheme name.

Information on Contributions and Scheme Participants

Total Members

Members	31 March 2022	31 March 2021
Contributing members	1,174	1,088
Non-contributing members	299	306
Total members	1,473	1,394

New Members

New Members for Year Ended 31 March 2022	
New members	184
Transfers from other schemes	0
Total new members	184

Member Exits

Member Exits for Year Ended 31 March 2022	
Retirement	14
Death	4
Transfers to other schemes	2
Ill health	1
Other reasons - redundancy	3
Other reasons - withdrawal	81
Total member exits	105

Members' Accumulations

Members' accumulations	31 March 2022	31 March 2021
Total account balances	\$206,187,473	\$208,044,592
Number of members with accounts	1,473	1,394

Total Contributions

Contribution Type	Total for Year Ended 31 March 2022	Number of Members to Whom Contributions Relate
Member contributions	\$6,563,056	1,193
Employer contributions*	\$4,330,063	1,177
Total contributions	\$10,910,016	

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

Changes Relating to the Scheme

During the year ended 31 March 2022, the Scheme continued as a restricted workplace savings scheme registered under the Financial Markets Conducts Act (FMCA).

During the year ended 31 March 2022 the Trust Deed was amended to:

- Provide for the Scheme to effect trustee liability insurance for each Trustee,
- Enable the seafarer retirement benefit to be paid on or after attaining age 60
- Change the seafarer vesting scale from 100% after 20 years membership to 100% after 5 years membership

The PDS for the offer of membership was updated on 5 November 2021 to introduce the growth portfolio and on 21 May 2022 with some minor updates.

The Statement of Investment Policy and Objectives (SIPO) was updated 1 July 2021 following the change in one of the investment managers and on 5 November 2021 following the introduction of the growth portfolio. The SIPO was again updated on 12 May 2022 with small variations to the target asset allocations for each portfolio.

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 2022 on anything other than arm's-length terms.

The following changes were made to the Trustees' policies and procedures:

- waterside workers who change their employment arrangements from being employed under an employment agreement which guarantees a minimum number of hours of work to being employed casually with no guaranteed minimum hours of work are to be treated as having resigned from the waterfront industry and are not to be entitled to make further contributions to MRS although they may belong to MKS
- benefits may be paid to the surviving spouse of a member, rather than the executor/administrator of the member's estate, subject to the executor/administrator confirming that the spouse is the sole beneficiary of the member's estate
- death benefits may be deferred by the executor/administrator of a member's estate, subject to the benefits remaining in the name of the deceased member

- non-vested monies in the employer accounts of seafarers who take withdrawal benefits are now credited to a separate Seafarers Reserve account and non-vested monies in this account are now distributed annually
- in instances of contributions which cannot be linked to an existing member, but which are presumed to be for a seafarer who has not joined the Scheme, reasonable enquiries are to be made to ascertain whether the contributor wishes to become a member. If the contributor does not wish to become a member the contributions are returned to the employer and, in the meantime, the contributions are to be held in the Seafarers Reserve account
- retiring members with account balances more than \$100,000 are to be provided with assessments of the regular monthly payments which their account balances will support up to ages 80, 85 and 90 and, for deferred members who elect to make monthly withdrawals, these assessments are updated annually based on member account balances at balance date
- expected earnings rates, and projections of account balances and monthly payments which these balances will support in retirement, are based on the earning rates specified by government

Other Information

During the year, 237 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
Full withdrawals	105
Leaving service	99
Transfer	2
Death	4
Partial withdrawals	132
Contributing members	40
Non-contributing members	77
1 st home withdrawals	8
Financial Hardship	7

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	Growth Portfolio
April 2021	1.90855%	0.78531%	
May 2021	0.07306%	-0.03654%	
June 2021	2.02019%	0.83107%	
July 2021	1.03303%	0.70766%	
August 2021	1.57270%	0.42323%	
September 2020	-1.67676%	-0.74702%	
October 2021	0.71270%	-0.20339%	0.76891%
November 2021	-0.22819%	0.00702%	-0.15639%
December 2021	2.35648%	0.94733%	2.91632%
January 2022	-3.47116%	-1.55702%	-4.86904%
February 2022	-2.40221%	-1.46084%	-2.59973%
March 2022	-0.02799%	-0.79889%	0.52426%

The Trustees confirm that for the year ended 31 March 2022 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 2022 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)
- Craig Harrison (Vice Chairman)
- Ray Welson
- Deepthi Swarnapuri
- Ray Fife
- Carl Findlay
- Russell Mayn
- Brodie Stevens
- Walter Rushbrook

There were no changes during the year to the Trustees.

There were no changes during the year to the custodian, 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 2022.

How to Find Further Information

The following information is available electronically (and free of charge) on the Disclose Register at <https://disclose-register.companiesoffice.govt.nz/>:

- 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.

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
Email:	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 2022

Investment performance

	31 March 2022	31 March 2021
Interest	0	0
Distributions	2,440,417	2,735,755
Gains on assets	164,389	42,044,363
Total investment revenue	2,604,806	44,780,118
Other income	7,051	0

Expenses

	31 March 2022	31 March 2021
Investment expenses	812,411	746,136
General expenses	567,486	581,111

Membership activities

	31 March 2022	31 March 2021
Member contributions	6,563,056	6,037,752
Employer contributions	4,330,063	4,033,446
Transfers In	16,897	154,945
KiwiSaver contributions	1,735,046	1,526,581
Withdrawals	(14,350,560)	(21,905,387)
Group Life premiums	6,283	9,723

Assets

	31 March 2022	31 March 2021
Cash	204,448	112,217
Total investments	222,511,630	227,488,174
Receivables	0	11,571
Deferred Tax Asset	124,902	148,521
Prepayment	22,333	0
Payables	(65,672)	(89,314)
Benefits Payable	0	(523,950)
Tax receivable / (payable)	11,980	(3,551,246)

Member accounts

	31 March 2022	31 March 2021
Member accounts	90,831,031	90,107,396
Employer accounts	76,799,809	77,464,605
Deferred Beneficiary accounts	47,127,200	46,936,928
Death Benefit 'A' Reserve	5,947,083	6,165,708
Death Benefit 'B' Reserve	2,102,660	2,183,009
Seafarers' General Reserve	65,087	695,125
Pension Reserve	39,043	39,456
Income Reserve	(102,292)	3,746

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

Melville Jessup Weaver:

Freephone 0800 947 357

Email maritime@mjlw.co.nz