

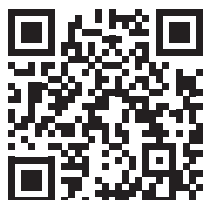


Firesuper

New Zealand Fire Service Superannuation Scheme

Annual Report for the year ended 31 March 2019

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smartphone to visit
firesuper.superfacts.co.nz





Your scheme **at a glance**

Year ended 31 March

	2019	2018	2017
Investment option*			
Cash	1.70%	1.63%	1.71%
Conservative	3.30%	4.21%	4.31%
Balanced	5.79%	6.47%	7.71%
Growth	6.99%	7.98%	10.28%
New members	159	119	103
Total members	2,045	1,977	1,913
New contributions (million)	\$19.897	\$18.781	\$17.941
Benefits paid (million)	\$23.612	\$22.255	\$19.095
Scheme net assets (millions)			
01 April	\$429.065	\$407.002	\$380.168
31 March	\$449.414	\$429.065	\$407.002

*Earnings credited after expenses & tax

This report has been produced by the Trustee to provide you with an understanding of how the Scheme has operated over the 12 months to 31 March 2019. It should be read in conjunction with the Scheme's Product Disclosure Statement and the information available at www.firesuper.superfacts.co.nz and www.disclose-register.companiesoffice.govt.nz.

Chairman's report

As Chairman of the Trustee Directors, I am pleased to present the FireSuper Annual Report for the year ended 31 March 2019.

Investment markets again delivered healthy gains for the financial year, although the sharp fall in share markets over the December quarter reminded us that circumstances can change very quickly. All investment options delivered positive earnings for members, with higher risk being rewarded by higher returns.

Share market sentiment was positive in the June and September quarters, due in part to a round of encouraging company earnings results in the US. Improving jobs data in the US and stronger commodity prices during these quarters also provided support. Longer-term government bond yields rose over this period with the US Federal Reserve (the Fed) announcing its decision to accelerate its rate-hike agenda.

However, market volatility increased during the December quarter with all major share markets experiencing losses. This was largely caused by heightened geopolitical uncertainty, most notably ongoing trade tensions between the US and China. Share markets also reacted negatively to economic data indicating a slowdown in China's economy and to indications that central banks such as the Fed might increase interest rates.

In contrast, the last quarter of the financial year saw share markets rebound sharply, recouping most of the losses from the previous quarter. Developed markets, which includes the US, Canada, Europe, Australia, and New Zealand, posted very strong returns as the financial year drew to a close.

Membership

It is pleasing to report that during the year we welcomed 159 new members to the Scheme, and assisted 228 members with accessing some or all of their funds, paying out \$23.6 million in benefits. It's great to see the Scheme supporting so many of us at Fire and Emergency NZ.

The Scheme's net assets grew by \$20.3 million over the period, and as at 31 March 2019 totalled \$449.4 million.

KiwiSaver changes

In March 2019, the Taxation (Annual Rates for 2018-19, Modernising Tax Administration, and Remedial Matters) Act 2019 ('Tax Act') became law and will make a number of changes to the KiwiSaver Act. These changes impact only those members who choose to contribute towards the Complying Fund Section of the Scheme.

The Tax Act changes affecting the Scheme include:

- Reducing the maximum contributions holiday period from five years to one year.
- Removing the five-year 'lock in' period (which requires members joining KiwiSaver after the age of 60 to wait five complete years before accessing their savings).

You can read more about these changes in an article on the Scheme website www.firesuper.superfacts.co.nz.

Reduction or suspension of contributions

During the year a number of people reduced or suspended their contributions to the Scheme. It is important to note that reducing or suspending contributions may impact your benefit payable in the event of death, or loss of medical or physical fitness. For more information, please refer to the Product Disclosure Statement, available on the Scheme's website.

Trustee Board

There were two changes to the Trustee Directors over the 12 months. In August, Angela Hauk-Willis was appointed as a Trustee Director in place of Peter Harris. To reiterate my Chairman's report from last year, I again want to thank Peter Harris for his contributions to the Scheme over eight years.

Brett Warwick was reappointed as Trustee Director with effect from 1 March 2019. At the end of March 2019, Tim McGuinness retired from the Scheme after a long service tenure, and was replaced by Andrew Johnson as the Licenced Independent Trustee. I wish to express thanks to Tim for his commitment and service to the Scheme over many years, and wish him all the best for his future.

Please join me in welcoming Angela Hauk-Willis and Andrew Johnson to the Trustee Board, and congratulating Brett Warwick on his reappointment. You can read more about our new Directors in their biographies on page 9.

Thank you to my fellow Directors and the Scheme's advisors for their assistance over the year. We look forward to the year ahead and helping you continue to save for your future.



Denis Fitzmaurice
Chairman
FireSuper Trustee Limited

Investment expectations

The Scheme offers you a choice of four investment options that have been designed to give you the ability to choose a solution that best matches your personal preferences and life stage. The choices range from a low-risk Cash option, through to the higher-risk Growth option that is invested in assets such as shares and property.

The Trustee sets investment expectations for each investment option based on the underlying asset allocation. These expectations vary across each investment option according to the characteristics of the underlying investments. For example, the Cash option is constructed with a focus on there being negligible risk of a member incurring any loss in any year, while other options aimed at potentially higher returns increase the likelihood and magnitude of short-term negative returns ('risk').

Our expectations are generally set in relation to changes in consumer prices, because at the end of the day what matters is how your retirement savings have performed in relation to what your money will buy. The more we strive to 'beat' the Consumer Price Index (CPI), the greater the risk, so we set those expectations over longer time frames to allow for bad years as well as good. The expectations are based on what our investment consultant currently believes are the best estimates looking ahead for the returns and risks from investing in the various asset classes.

More information about the Scheme's investments can be found in the Statement of Investment Policy and Objectives (SIPO), available for download from www.firesuper.superfacts.co.nz and www.disclose-register.companiesoffice.govt.nz.

Our expectations, after deducting fees, administration expenses and tax, for the investment options are:

Growth

CPI plus 3% to 3.5% per annum over 10 years plus

Balanced

CPI plus 2% to 2.5% per annum over 10 years plus

Conservative

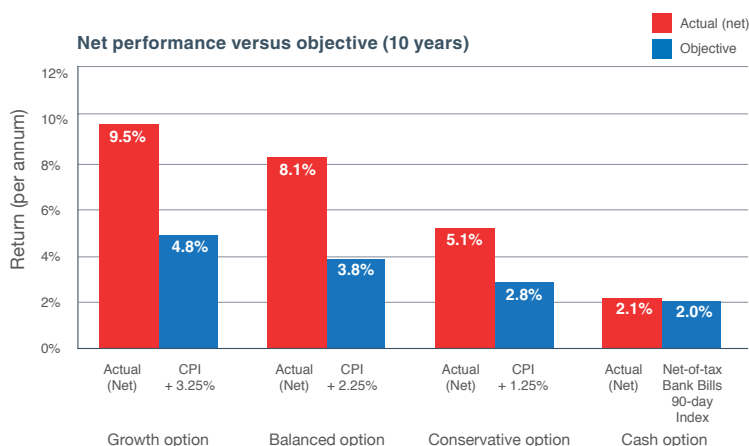
CPI plus 1% to 1.5% per annum over 10 years plus

Cash

To perform broadly in line with the after-tax movement of the S&P/NZX Bank Bills 90-Day Index

The following graph shows each option's net performance against expectation over the last 10 years:

Overall long-term performance for each investment option



Outcome

Each investment option has exceeded its expectation over the last 10 years. This was primarily due to the strong performance of growth assets (shares and listed property) over the period. Low inflation was also a factor that contributed to this outperformance.

Investment managers

We employ managers for the different asset types and review the performance of each manager each quarter, meet them face-to-face once every two years, or more often if necessary, and change managers if we think that this is in the best interest of members.

The managers and the asset class they manage for the Scheme are:

AMP Capital Investors:

- Australasian equities via Salt Asset Management
- International equities – manager of managers

Direct Capital Partners:

- New Zealand unlisted equities

First State Investments:

- International listed infrastructure

Harbour Asset Management:

- Australasian equities

ANZ Investments:

- New Zealand fixed interest and cash & cash equivalents
- International listed property via Resolution Capital

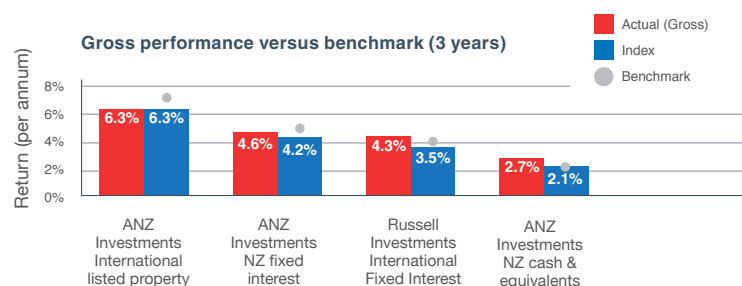
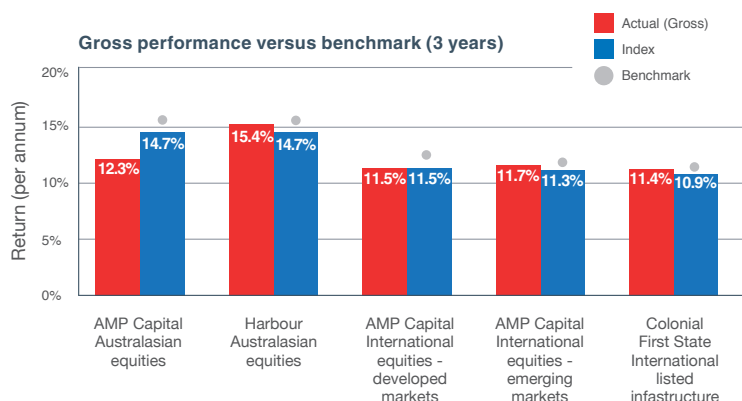
Russell Investment Group:

- International fixed interest – manager of managers

The performance of each individual manager is regularly assessed against a ‘benchmark’ relevant to the asset class in which it invests. For example, if a manager is investing in international equities, its benchmark will be a margin over a relevant international equities index. The following graphs show the managers’ performance over the past three years.

Performance

Manager performance compared to benchmark



- Measured before the deduction of investment fees and tax.
- The measurement period is over three years.

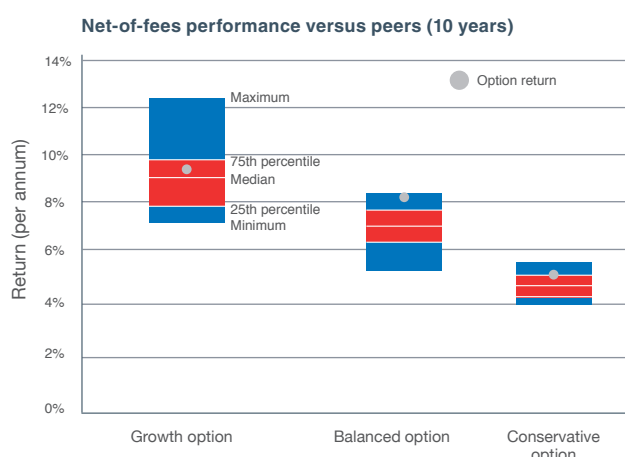
Outcome

All managers (with the exception of those for international fixed interest and NZ cash) failed to meet the targets set by the Trustee over the three-year period, although almost all met or exceeded the relevant index performance. The Trustee continues to monitor the combination of managers used by the Scheme.

Scheme costs

Investment option performance compared to KiwiSaver Schemes

It's also important to know how the Scheme's three main investment options have performed against other schemes with a similar mix of assets. The following graph compares the performance of the Growth, Balanced and Conservative options against the median (middle) manager in the Mercer survey of KiwiSaver schemes.



Measured after the deduction of investment fees, administration expenses and tax.

For each investment option the chart shows the range of returns by other providers.

The measurement period is over 10 years.

The Balanced option sits at the top of its respective peer universe while the Growth and Conservative options sit around the top 25% of its peers.

For further information about each option's investment performance, refer to the Fund updates which are available on the Documents and forms page of www.firesuper.superfacts.co.nz and also on www.disclose-register.companiesoffice.govt.nz.

Overall administration expenses and base investment management fees (excluding performance fees) for the year totalled \$2.982 million, up from \$2.960 million last year. Administration expenses were down \$65,576 to \$566,890 this year.

Some investment managers deduct fees directly from their investment funds. Others bill the Scheme for fees in accordance with the investment management agreements in place. The Trustee discloses both types of investment fees paid in the expenses section of the Scheme's financial statements.

The Trustee uses an international method of measuring and comparing these expenses from year to year known as the 'Management Expense Ratio' (MER). This ratio shows the level and trend in Scheme expenses for investment and administration as a percentage of the total funds being managed. The MER comparison over the last five years is shown below:

To 31 March	Investment	Administration	Total
	MER (%)	MER (%)	MER (%)
2019	0.389	0.129	0.518
2018	0.739	0.151	0.890
2017	0.722	0.163	0.885
2016	0.553	0.163	0.716
2015	0.566	0.185	0.751

The total expense ratio for the year declined mainly due to performance fees for the Scheme's global shares portfolio being negative. Performance fees for this portfolio had been positive for 2017 and 2018 which had led to higher total expense ratios.

As the table shows, most of the Scheme's costs are investment related. The current investment related costs for the various investment options are shown below. For the Conservative, Balanced and Growth options these are lower than in previous years due to the negative performance fees referred to above.

Investment option	Cost per \$100 invested
Cash	21 cents
Conservative	35 cents
Balanced	41 cents
Growth	37 cents

Statutory information

1. Details of the scheme

This is the annual report for the New Zealand Fire Service Superannuation Scheme (Scheme) for the year ended 31 March 2019. The Scheme is a restricted workplace savings scheme. The manager and Trustee of the Scheme is FireSuper Trustee Limited (Trustee).

The Scheme's latest Product Disclosure Statement is dated 25 March 2019 and the Scheme is open for applications. The Product Disclosure Statement is currently being updated.

The fund update, as at 31 March 2019, will be available by 30 June 2019 on

www.disclose-register.companiesoffice.govt.nz.

The Scheme's latest financial statements as at 31 March 2019, authorised for issue on 13 June 2019 were lodged with the Registrar of Financial Service Providers on 20 June 2019.

Copies of the financial statements (including the auditor's report) are available on

www.disclose-register.companiesoffice.govt.nz

or the Documents & forms page on

www.firesuper.superfacts.co.nz.

2. Information on contributions and Scheme participants

This section provides a summary of changes in the membership of the Scheme over the year ended 31 March 2019.

Membership details

	Contributory members	Non-contributory members	Non-contributory Deferred members	Total non-contributory members	Total
At 1 April 2018	1,794	59	124	183	1,977
New members	122	0	37	37	159
Members transferring from other schemes	0	0	0	0	0
Total new members	122	0	37	37	159
Contributory status change	1	(1)	0	(1)	0
LESS					
Retirement	(16)	0	0	0	(16)
Death	(1)	0	0	0	(1)
Loss of physical / medical fitness	(2)	0	0	0	(2)
Resignation / withdrawal	(17)	(3)	(15)	(18)	(35)
Transfer to other schemes	0	0	0	0	0
Transfer to deferred	(33)	(4)	0	(4)	(37)
Other exits	0	0	0	0	0
Total Exits	(69)	(7)	(15)	(22)	(91)
At 31 March 2019	1,848	51	146	197	2,045

Members' accumulations

At 1 April 2018 = \$429.065 million relating to 1,977 members

At 31 March 2019 = \$449.414 million relating to 2,045 members

Contributions

Type	Number of members	Total amount
Member contributions	1,925	\$7,825,153
Member voluntary additional contributions	57	\$153,018
Employer or other sponsor contributions	1,925	\$11,889,975
Government contributions*	60	\$28,736
Total		\$19,896,882

* Contributions paid to the Scheme by the Government for members with locked-in funds in the complying fund section.

3. Changes relating to the Scheme

Trust Deed

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

Terms of offer of interests in the Scheme

There have been no material changes to the terms of offer of interests in the Scheme during the year.

Related party transactions

There were no material changes to the nature or scale of the related party transactions.

Statement of investment policy and objectives

An updated Statement of Investment Policy and Objectives (SIPO) was adopted on 25 March 2019. The only material change was a minor modification to the rebalancing policy.

4. Other information for particular types of managed funds

Withdrawals

During the year to 31 March 2019, the following withdrawals were made from the Scheme.

Full withdrawals	Number of members	Partial withdrawals	Number of members
Retirement	16	Early access	48
Resignation / withdrawal	35	KiwiSaver transfer	2
Deaths	1	Relationship Property	6
Loss of physical / medical fitness	2	Deferred access	118
Total full withdrawals	54	Total partial withdrawals	174

Credited earnings rates

Interim crediting rates are applied to the accounts of members who left the Scheme during the period between 1 April 2018 and 31 March 2019.

Interim crediting rates are calculated as members exit the Scheme. The interim crediting rates that were applied during the year were as follows:

Monthly earnings rate (%)	Cash Option	Conservative Option	Balanced Option	Growth Option
2018				
April	0.14%	0.49%	1.47%	2.32%
May	0.16%	0.28%	0.53%	0.72%
June	0.14%	0.39%	0.81%	1.04%
July	0.15%	0.45%	1.04%	1.50%
August	0.14%	0.75%	1.38%	1.86%
September	0.13%	0.04%	-0.01%	0.12%
October	0.13%	-1.66%	-3.92%	-5.62%
November	0.14%	0.09%	0.27%	0.36%
December	0.14%	-0.37%	-2.17%	-3.64%
2019				
January	0.14%	1.20%	3.20%	4.44%
February	0.12%	0.77%	1.82%	2.58%
March	0.16%	0.86%	1.42%	1.51%
Year ended 31 March 2019	1.70%	3.30%	5.79%	6.99%



Manager's statement

The Trustee, as manager of the Scheme, states that:

- All contributions required to be made to the Scheme were made and such contributions were in accordance with the Scheme's Trust Deed.
- All the benefits required to be paid from the Scheme in accordance with the Scheme's Trust Deed have been paid.
- The market value of the Scheme's assets at 31 March 2019 equalled or exceeded 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 31 March 2019.

On behalf of the Trustee:



Director

19 June 2019

Locked-in complying fund section

This information only relates to the complying fund section:

- At 31 March 2019 the market value of the assets subject to complying fund rules totalled \$4,983,751. relating to 117 members.
- The value of withdrawals subject to complying fund rules made during the year totalled \$571,193.

5. Changes to persons involved in the scheme

Trustee and manager

The Scheme is governed by a special-purpose Trustee company, FireSuper Trustee Limited. FireSuper Trustee Limited is also the manager of the Scheme.

At 31 March 2019, the Directors of the Trustee were:

Appointed by the Professional Firefighters Union

- Denis Fitzmaurice (Chairman)
- Boyd Raines
- Steve Warner

Appointed by Fire and Emergency New Zealand

- Geoff Taylor
- Brett Warwick
- Angela Hauk-Willis

Independent Director and Licensed Independent Trustee

- Tim McGuinness to 31 March 2019
- Andrew Johnson from 1 April 2019

Trustee Director changes

Peter Harris resigned as a Trustee Director effective 30 June 2018.

Angela Hauk-Willis was appointed as a Trustee Director effective 1 August 2018.

Tim McGuinness retired as the Licenced Independent Trustee on 31 March 2019, and was replaced by Andrew Johnson who was appointed effective 1 April 2019.

Brett Warwick was reappointed as a Trustee Director with effect from 1 March 2019.

There have been no changes to the Scheme's service providers during the year. These providers are listed in the Directory on page 11.

During the year Philippa Kalasih replaced Jan Barber as Scheme Secretary, Complaints Officer, and Privacy Officer.

Your **Trustee Directors**



Denis Fitzmaurice

Denis began his career with the Fire Service in 1980, having spent the previous five years in the banking industry. His Fire Service career

involves 33 years as an operational Firefighter and Officer, with the last five years seconded to a Black Watch role. He is a Life Member of the New Zealand Professional Firefighters Union, and formerly served as South Island President and as a member of the National Committee. Currently he is the Chairman of the Trustee and has been a Board member since 2006.



Brett Warwick

Brett was previously Chief Financial Officer at the New Zealand Fire Service (now FENZ) since 1999. In addition to finance, at various times

Brett has also been responsible for the organisation's risk and project management, business and strategic planning, and its Procurement, Asset, ICT, and Legal divisions. Brett was also a Scheme Trustee from 2007 to 2008.



Andrew Johnson

Andrew Johnson joined the FireSuper Board on 1 April 2019 as the Licensed Independent Trustee, replacing Tim McGuinness who

retired from the Scheme after a long service tenure.

Andrew has extensive and broad investment and superannuation industry knowledge. He has held senior roles with a number of New Zealand's leading financial services organisations, dating back to the 1980s. Over this time, Andrew has held various associations with FireSuper, including leading Russell Investments' provision of investment consulting services to the Scheme for six years until mid-2018.

Andrew also serves as an independent investment committee member for a major Community Trust, provides ongoing advisory services to two investment clients, and undertakes ad hoc consulting projects from time to time.



Boyd Raines

Boyd was appointed a Trustee in December 2013 by the New Zealand Professional Firefighters Union and has completed the Workplace Savings NZ Trustee education programme.



Geoff Taylor

Geoff is a director and manager of Dairy Investment Fund Limited and TDB Advisory Limited. Dairy Investment Fund Limited is a

specialised private equity vehicle in the dairy sector and has a range of investments in the dairy sector. TDB is a NZ corporate finance and economics advisory business involved in funds management, treasury, economic analysis and public policy. Geoff is a Fellow of the Institute of Finance Professionals of NZ.



Steve Warner

Steve retired from the New Zealand Fire Service after 42 years' service in 2013. He is a Life Honorary Member of the New Zealand Professional Firefighters Union and served on

the National Committee of the Union for 25 years, including two terms as National President. He was appointed as a Trustee by the Union in 1994. Steve had been a Trustee of the Scheme for 19 years and is the past Chairman of Trustees, a position he held for 10 years. He is currently retired and lives in Christchurch, his home town. Steve was reappointed to the Board in September 2015.



Angela Hauk-Willis

Angela has been a Board member of the New Zealand Fire Service Commission and subsequently of Fire and Emergency New Zealand from 2011

to 2018, and brings experience in the establishment, operation, and governance of superannuation schemes. Angela is a former Deputy Secretary at Treasury.

Angela was appointed to the Board of Directors of FireSuper Trustee Limited on 1 August 2018, and replaced Peter Harris.

6. How to find further information

Further information relating to the Scheme, including audited financial statements, annual fund updates, the Trust Deed, Product Disclosure Statement and Statement of Investment Policy and Objectives is available on the offer register and Scheme register on www.disclose-register.companiesoffice.govt.nz (search 'NZ Fire Service Superannuation Scheme').

Copies of all Scheme documents are also available on the 'Documents & forms' page of www.firesuper.superfacts.co.nz.

Information relating to the Scheme is also available from the Scheme Secretary. There is no charge for requesting any of the above information.

7. Contact details and complaints

Contact details for the manager and securities registrar are:

Philippa Kalasih

Scheme Secretary and Complaints Officer
New Zealand Fire Service Superannuation Scheme

C/- Mercer (N.Z.) Limited
PO Box 2897
Wellington 6140

P: (04) 819 2600

F: (04) 819 2699

E: nzfire.super@mercerc.com

W: www.firesuper.superfacts.co.nz

Disputes and complaints

Disputes or complaints should initially be directed to the Trustee, care of the Scheme Secretary at the address above. The Trustee is a member of an independent dispute resolution scheme operated by Financial Services Complaints Limited (FSCL). If you are not satisfied with the Trustee's decision about your complaint, you may refer the matter to FSCL at the following address:

Financial Services Complaints Limited

Level 4, 101 Lambton Quay
Wellington 6011

PO Box 5967
Wellington 6140

T: 0800 347 257 or (04) 472 3725

E: info@fscl.org.nz

FSCL won't charge a fee to any complainant to investigate or resolve a complaint.

The disputes resolution procedure is set out in a complaints procedure document available from the 'Documents & forms' page on www.firesuper.superfacts.co.nz. You do not need to sign in to the website to access this information.



Directory

Trustee Directors

Appointed by the Professional Firefighters Union

Denis Fitzmaurice (Chairman)
Boyd Raines
Steve Warner

Appointed by Fire and Emergency New Zealand

Geoff Taylor
Brett Warwick
Angela Hauk-Willis

Independent Director and Licensed Independent Trustee

Tim McGuinness to 31 March 2019
Andrew Johnson from 1 April 2019

Administration

Administration manager

Mercer (N.Z.) Limited

Auditor

Deloitte

Investment consultant

Russell Investment Group Limited

Investment managers

AMP Capital Investors Limited
ANZ Investments
Direct Capital Limited
First State Investments
Harbour Asset Management
Russell Investment Group

Solicitor

DLA Piper

Securities registrar

Mercer (N.Z.) Limited

Custodian

FireSuper Trustee Limited

Scheme Secretary / Complaints Officer / Privacy Officer

Philippa Kalasih

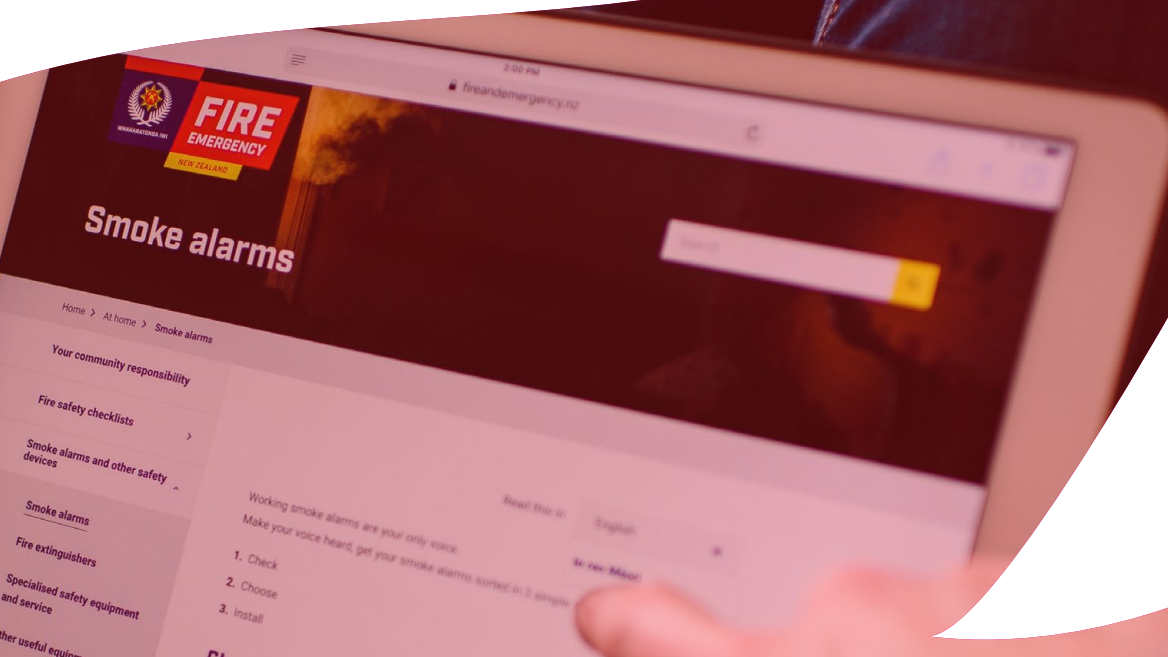
Mercer (N.Z.) Limited
PO Box 2897 Wellington 6140

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W: www.firesuper.superfacts.co.nz







Got Questions?

www.firesuper.superfacts.co.nz

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