



Aircrew Scheme

SUMMARISED ANNUAL REPORT

For the year ended 31 March 2016

Deloitte.

This audit relates to the summary financial statements of the Aircrew Scheme for the year ended 31 March 2016 included on this website. The Board is responsible for the maintenance and integrity of this website. We have not been engaged to report on the integrity of this website. We accept no responsibility for any changes that may have occurred to the summary financial statements since they were initially presented on this website. The audit report refers only to the summary financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these summary financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited summary financial statements and related audit report dated 23 June 2016 to confirm the information included in the audited summary financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements and summary financial statements may differ from legislation in other jurisdictions.



NATIONAL
PROVIDENT





Aircrew Scheme

On behalf of the Board of Trustees of the National Provident Fund, set out below is a report on the performance and activities of your Scheme for the year ended 31 March 2016. Further information on National Provident Fund's activities, and commentary on investment markets, is set out in the Review.

YOUR SCHEME

CROWN GUARANTEE

The Aircrew Scheme is a defined benefit scheme. The benefits payable by the Scheme are guaranteed by the Crown.

INVESTMENT PERFORMANCE

The asset class returns (before tax and operating expenses) and comparative performance of the benchmark indices are shown in the table below.

	Return	Index
Fixed interest	2.6%	5.4%
New Zealand shares	18.2%	17.3%
Overseas shares	5.1%	(0.5)%

The investment return (after tax and operating expenses) earned by the Scheme for the year ended 31 March 2016 was 2.2%.

See the comparison over the page for the key statistics of your Scheme over the last 10 years. For an overview of the financial performance of the Scheme, refer to the tables on the following pages.

EMPLOYER CONTRIBUTION RATE

Each year the Board's Actuary carries out a review of the Scheme to determine an employer contribution rate sufficient to meet the accrued and future liabilities of the Scheme.

In the actuarial examination, completed as at 31 March 2015, the Actuary recommended the employer contribution rate be reduced from 250% to 100% of contributors' contributions from 1 April 2016. The recommendation was accepted and endorsed by the Board.

ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2016

SUMMARY FINANCIAL STATEMENTS

The summary financial statements included in this Annual Report have been extracted from the full financial statements for the year ended 31 March 2016.

The summary financial statements cannot be expected to provide as complete an understanding as the full financial statements.

Members are welcome to contact the Scheme administrator, Datacom (see details on back page), for a free copy of the Scheme's full financial statements.



NATIONAL
PROVIDENT

Aircrew Scheme

SOLVENCY POSITION

The Actuary has advised the solvency position (funding level) of the Scheme, as at 31 March, was:

	2016 (\$000)	2015 (\$000)
Net assets	115,880	121,966
Past service liabilities	(111,052)	(108,143)
Funding level	104.3%	112.8%

WHO INVESTS YOUR MONEY

Fixed interest

Ashmore Investment Management Limited (*emerging markets*)
Brandywine Global Investment Management, LLC (*appointed 9 April 2015*)
Pacific Investment Management Company LLC (PIMCO)
Wellington Management Company, LLP

New Zealand shares

ANZ Investments Limited
Harbour Asset Management Limited

Overseas shares

AQR Capital Management, LLC (*global tactical asset allocation mandate terminated 30 June 2016 and replaced with investment in AQR's Style Premia Fund effective 1 July 2016*)

Arrowstreet Capital, Limited Partnership

Lazard Asset Management, LLC

Marathon Asset Management, LLP

Russell Investment Management Limited (*terminated 4 August 2015*)

Foreign exchange hedging

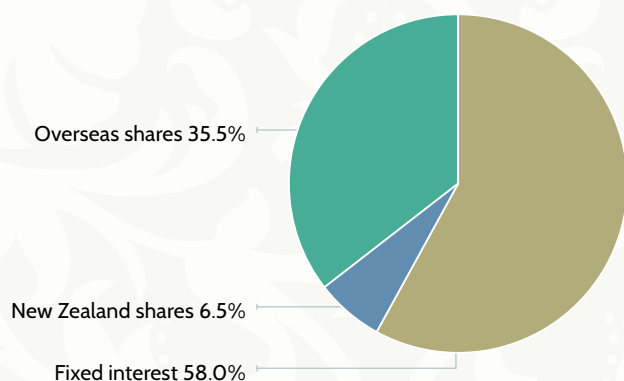
ANZ Bank New Zealand Limited

Bank of New Zealand Limited

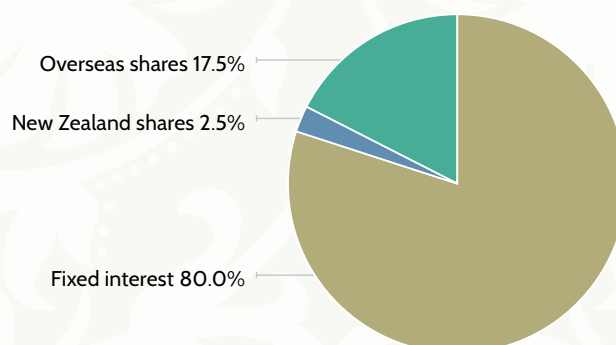
HOW YOUR MONEY IS INVESTED

The Scheme's asset allocation strategy is set by the Board and reviewed regularly. The asset allocation was changed with effect from 1 October 2015. The pie charts below show the Scheme's asset allocation strategy with effect from 1 October 2015 and the previous asset allocation strategy.

As at 1 October 2013



As at 1 October 2015



See our website, www.npf.co.nz, and the Scheme trust deed for more information about your Scheme.

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2016

This is a summary of the Scheme's income and expenses, and membership contributions and payments during the year.		2016 (\$000)	2015 (\$000)
Investment income		2,789	12,786
Less operating expenses		(220)	(208)
Net income before tax		2,569	12,578
Add income tax credit		38	37
Net income after tax		2,607	12,615
Contributions		5,039	6,624
Less benefit payments		(13,732)	(14,542)
Net membership activities		(8,693)	(7,918)
(Decrease)/increase in net assets for the year		(6,086)	4,697
Net assets available to pay benefits at beginning of year		121,966	117,269
Net assets available to pay benefits at end of year		115,880	121,966

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

This is a summary of the cash flows through the Scheme during the year.		2016 (\$000)	2015 (\$000)
Cash was received from:	Opening cash brought forward	2,452	1,374
• operating activities (being contributions less benefit payments and operating expenses); and	Net cash flows from operating activities	(8,760)	(7,962)
• investing activities.	Net cash flows from investing activities	10,322	9,040
The difference between the two cash flows is recorded as an increase or decrease in cash held.	Net increase in cash held	1,562	1,078
	Closing cash carried forward	4,014	2,452

STATEMENT OF NET ASSETS AS AT 31 MARCH 2016

This is a summary of the Scheme's assets and liabilities, as at 31 March 2016.		2016 (\$000)	2015 (\$000)
Assets include the Scheme's investments in fixed interest, New Zealand shares and overseas shares plus what the Scheme had in the bank and was owed by others.	Investment assets		
Liabilities are what the Scheme owed to others.	Fixed Interest Unit Fund	89,446	68,690
	New Zealand Equity Unit Fund	3,005	7,657
	Overseas Equity Unit Fund	19,423	43,144
	Total investments assets	111,874	119,491
	Other assets	4,082	2,536
	Total assets	115,956	122,027
	Less liabilities	(76)	(61)
	Net assets available to pay benefits	115,880	121,966

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

The summary financial statements:

- have been extracted from the full financial statements which were:
 - prepared in accordance with, and comply with, International and NZ IFRS and NZ GAAP;
 - authorised for issue by the Board on 23 June 2016; and
 - audited and received an unmodified opinion;
- cannot be expected to provide as complete an understanding as provided by the full financial statements;
- are reported in New Zealand dollars, rounded to the nearest thousand;
- are for a profit oriented entity; and
- comply with Financial Reporting Standard 43: *Summary of Financial Statements*.

TRUSTEE'S REPORT

For the year ended 31 March 2016

The Board of Trustees of the National Provident Fund, as trustee of the Scheme, provides members with the following information, as required by the Second Schedule to the Superannuation Schemes Act 1989.

Changes in the Scheme membership numbers during the year were as follows:

	Contributors	Pensioners	Total
Opening membership as at 1 April 2015	85	2	87
Retirements	-	-	-
Pensioner	-	-	-
Transfer to another scheme	(1)	-	(1)
Transfers to another NPF scheme	(6)	-	(6)
Deaths	(1)	-	(1)
Closing membership as at 31 March 2016	77	2	79

On the basis of evidence available, the Board believes all contributions required to be made to the Scheme, in accordance with the terms of the Scheme trust deed, have been made.

The Board certifies that, to the best of its knowledge, all benefits required to be paid from the Scheme were paid in accordance with the terms of the Scheme trust deed.

The Board based on the advice of the Actuary certifies that, as at 31 March 2016, the market value of the net assets of the Scheme was less than the total value of the vested benefits of the Scheme.

The Board confirms that, to the best of its knowledge, not more than 10 per cent of the market value of the Scheme assets were invested with the employer or associated entities, either directly or indirectly, who are parties to the Scheme.

TRUST DEED AMENDMENTS

There have been no amendments to your Scheme trust deed since the date of the last annual report, 25 June 2016. A copy of the trust deed is available on www.npf.co.nz.

INDEPENDENT AUDITOR'S REPORT

To the readers of the Aircrew Scheme's Summary Financial Statements for the year ended 31 March 2016

We have audited the summary financial statements, which were derived from the audited financial statements of the Aircrew Scheme (the Scheme) for the year ended 31 March 2016 on which we expressed an unmodified audit opinion in our report dated 23 June 2016.

The summary financial statements comprise the summary statement of net assets as at 31 March 2016, and summaries of the statement of changes in net assets and the statement of cash flows for the year then ended and the related notes.

Opinion

In our opinion, the information reported in the summary financial statements complies with FRS-43: *Summary Financial Statements* and is consistent in all material respects with the audited financial statements from which they have been derived.

Basis of opinion

The audit was conducted in accordance with the Auditor-General's Auditing Standards which incorporate the International Standards on Auditing (New Zealand).

The summary financial statements and audited financial statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 23 June 2016 on the audited financial statements.

The summary financial statements do not contain all the disclosures required for audited financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Scheme.

Responsibilities of the Board of Trustees and the Auditor

The Board of Trustees is responsible for preparing the summary financial statements in accordance with FRS-43: *Summary Financial Statements*. The Board of Trustees is also responsible for the publication of the summary financial statements whether in printed or electronic form. We are responsible for expressing an opinion on those statements, based on the procedures required by the Auditor-General's auditing standards and the International Standard on Auditing (New Zealand) 810: *Engagements to Report on Summary Financial Statements*.

Other than in our capacity as auditor we have no relationship with, or interest in, the Scheme.

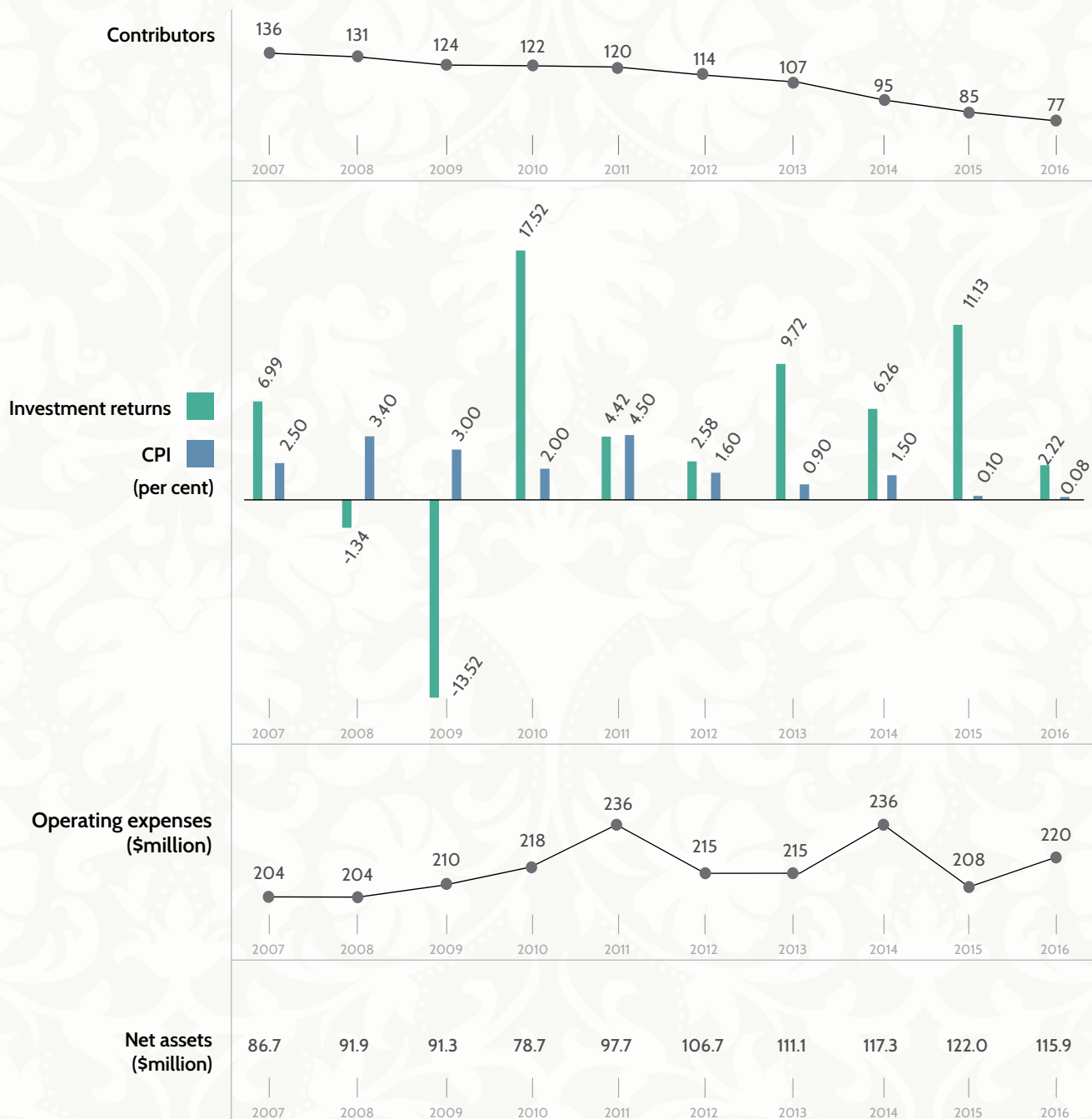


David J Shadwell
Deloitte

On behalf of the Auditor-General
Wellington, New Zealand

23 June 2016

10 YEAR COMPARISON



Directory as at 23 June 2016

BOARD MEMBERS



Catherine Savage, BCA, CA

Catherine Savage (appointed as a Board member and Chair in 2009) is a director of, and indirect shareholder in, CMS Capital Limited, a director of The Griffin Savage Coy Limited; a director and indirect shareholder of Savage Group Limited and its subsidiaries; a director of Savage Capital Holdings Limited, Savage Capital Limited, Pathfinder Asset Management Limited, The Todd Family Office Limited, Courtenay Nominees Limited and Annuitas Management Limited; and Chair of Guardians of New Zealand Superannuation. She is a Member of the Samuel Marsden Collegiate School Trust Board.



Catherine McDowell

Catherine McDowell (appointed 2013) is a director of ASB Bank Limited, a member of the Institute of Directors Commercial Board and a director of Annuitas Management Limited, Todd Family Office Limited and Courtenay Nominees Limited. Catherine has over 30 years' experience in the investment and financial services industry in senior executive and advisory roles, working with Executive Management and Boards. She has held management roles at Barclays both in New York and London, following which she moved to ANZ in 2006 in New Zealand. She has over 15 years of Board experience with not for profit, listed and non-listed companies.



Graeme Mitchell, BA, CA, FCAANZ

Graeme Mitchell (appointed 2010) is Chair of the External Reporting Board, Barnardos New Zealand and Lifetime Income Limited. He is Chair of the Audit and Risk Committee for the Ministry of Justice, the Ministry of Social Development and for the Human Rights Commission, and a member of the Audit and Risk Committee for the Porirua City Council. He is a licensed independent trustee of the Local Government KiwiSaver Scheme "Super-easy" and Honorary Consul General for Norway. Graeme was previously a senior audit partner with Deloitte in Wellington.



Fiona Oliver, LLB, BA

Fiona Oliver (appointed 2011) is Deputy Chair of Public Trust, a member of the Inland Revenue Risk and Assurance Committee, Chair of Vinta Funds Management Limited and a director of Wynyard Group Limited. Fiona has held Executive level leadership and consultancy roles in the financial services industry, specialising in asset and funds management. She has managed Westpac's investment arm, BT Funds Management and more recently, was GM Wealth Management for AMP, managing over \$10bn funds. Fiona's initial career was as a corporate and commercial lawyer where she worked in both private practice and in-house in New Zealand and overseas, specialising in corporate finance.



Wayne Stechman

Wayne Stechman (appointed 2012) is a professional director. He retired from Tower Asset Management Limited in 2008 after 18 years as Portfolio Manager and Head of Australasian Equities. Prior to that Wayne worked for a leading share broking firm as an investment advisor/portfolio manager. Wayne has 35 years' experience in the financial services and funds management industry in New Zealand. Other current roles include director and shareholder of Harbour Asset Management, and panel member of Financial Services Complaints Ltd.



Ed Schuck

Ed Schuck (appointed 2015) is principal of Fidato Advisory Limited, a provider of investment consulting, research and tender services to institutional investors, Crown agencies and wealth management businesses. Prior to starting Fidato in 2009, he held leadership roles in the financial services industry in New Zealand and the United Kingdom, most recently as Managing Director of Russell Investments. A Chartered Member of the Institute of Directors, Ed is also an independent director of MMC Limited, MFL Mutual Fund Limited, Superannuation Investments Limited, Continuity Capital PE2 GP Limited and Accuro Healthcare (where he also chairs the Audit & Risk Committee). Completed in 2001, Ed's doctoral thesis considered the efficiency of real estate markets and the distributional characteristics of real estate investment risk.

MANAGEMENT



Simon Tyler,
Chief Executive



Euan Wright,
Board Secretary
and Chief
Financial Officer



Fiona Morgan,
Manager,
Finance



Philippa Drury,
General
Manager,
Schemes



Janet Shirley,
Manager,
Schemes



Paul Bevin,
General
Manager,
Investments



Peter McCaffrey,
Manager,
Portfolio
Strategy and Risk



Nicky Rumsey,
Manager,
Investments

DATAKOM

MANAGEMENT

Datacom Employer Services Limited is the administrator of the NPF schemes.

CONTACT DETAILS

You are welcome to contact Datacom if you have any specific questions about the information in this package, if you would like to receive a free copy of the full financial statements in the mail, to purchase a copy of the trust deed (\$10) or the actuarial valuation (\$10), or to enquire about your Scheme membership in general.

Please quote your identity number when contacting Datacom.

Free phone: 0800 628 776 between 8.30am and 5.00pm, Monday to Friday

Phone: (04) 381 0600

Fax: (04) 381 0502

Post:

The Manager
National Provident Fund Administration
Datacom Employer Services Limited
PO Box 1036
Wellington 6140

Email: npfenquiries@datacom.co.nz

If you would like to know more about NPF in general, or if you would like to view or download a copy of the Scheme's full financial statements rather than receive a copy in the mail, please visit our website - www.npf.co.nz.

You may contact the Board by writing to:

The Board Secretary
Board of Trustees of the National Provident Fund
Level 12, The Todd Building
95 Customhouse Quay
Wellington 6011

Auditor: David J Shadwell, Deloitte, on behalf of the Auditor-General

Actuary: Christine D Ormrod,
PricewaterhouseCoopers

Bank: Bank of New Zealand Limited

Custodian: JP Morgan Chase Bank, N.A.

Solicitor: DLA Piper