

ANNUAL REPORT 2023

The Retire Fund



Scheme Snapshot



Fund Size
\$19,842,008

VALUE OF NET ASSETS



Gross Return
-1.2%

CONSERVATIVE POOL



Investment Income
-\$9,412

INVESTMENT INCOME BEFORE
EXPENSES



Gross Return
0.4%

BALANCED POOL



Contributions
\$368,776

MEMBER AND EMPLOYER
CONTRIBUTIONS



Withdrawals
\$2,482,622

TOTAL BENEFIT PAYMENTS
TO MEMBERS



Members
222

TOTAL MEMBERS



Average Balance
\$89,276

AVERAGE BALANCE OF
MEMBERS' ACCOUNTS

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Message from the Chair

Dear Friends,

Anglican Financial Care / Te Maru Mihinare (AFC), as Manager and Trustee, is pleased to present the Annual Report of The Retire Fund for the year ended 31 March 2023.

In last year's message, I commented that the investment outlook remained uncertain for 2023. While 2023 indeed proved to be another challenging year in the investment markets, we stood firm amidst the storm.

One key factor that impacted the markets was the high rate of consumer price inflation throughout the year. Among the OECD countries, the average inflation rate reached its highest point of 10.7% in October 2022, which was the highest we have seen since 1982. To address high inflation, Central Banks, such as New Zealand's Reserve Bank, typically increase interest rates. In Aotearoa New Zealand, the Official Cash Rate experienced a significant increase over the last year, from 1.0% at 1 April 2022 to 4.75% at 31 March 2023, and has remained elevated since then.

While increasing interest rates are good for cash, term deposit and mortgage-lending investments, it is not good for fixed interest investments (nor for mortgage-borrowers). The increasing interest rates worldwide resulted in the international fixed interest investments losing value. Like last year, these losses could not be recouped from the positive returns made by our cash and mortgage portfolios, negatively impacting the Conservative Pool.

The growth assets fared better than the income sector. Our investments in forestry, private equity and Australian shares helped produce an overall modest positive return for the Balanced Pool.

Returns before tax and expenses for the year, and the last five and ten years' average, were:

Pool	1 year	5 years	10 years
Balanced	0.4%	6.7%	7.7%
Conservative	-1.2%	1.7%	3.5%

Our mortgage investment portfolio provides lending on residential properties and is administered by our Member Services team. The Retire Fund members are eligible to apply for a mortgage from AFC. As well as helping some members purchase their first home, our mortgage portfolio has also been used towards providing a positive social impact. AFC has provided funds for the purchase of houses for low-income families in a local Church community. It is exciting to hear that regular shared meals, prayer and community events across the houses have been established, especially catering for the large number of children living there. More information about mortgages with AFC is available on our website angfincare.nz/mortgages.

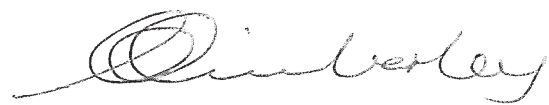
AFC owns Hapua Forest in Hawkes Bay, which was recently harvested and is now fully replanted. We are a participant of the Emissions Trading Scheme to demonstrate our commitment to ethical investing through supporting the government's major tool for reducing carbon emissions in Aotearoa New Zealand. However, we have encountered some uncertainties and discrepancies regarding the recording of our carbon credits. We are working on resolving this with the relevant government agencies. Depending on the price of carbon units when our harvesting liability falls due in 2023 (or possibly 2024), we may either surrender carbon credits, or exercise the 'Fixed Price Option' if it would provide a material uplift in value in our growth assets. If you are interested to read more about these forest issues, you can do so in the Fund's Financial Statements (particularly Note 5) located at angfincare.nz.nz/resources.

The Reverend Vicki Sykes resigned from her position on the Board on 31 March 2023. We record our appreciation of her seven years' service to the Board and the Fund. In July 2023 the Venerable Carole Hughes was appointed to the Board. We welcome Carole. Vicki was our Deputy Chair. Hugh Stevens was appointed as the new Deputy Chair.

We continue to thank you, our members, for your support of The Retire Fund.

I would like to thank our Chief Executive, Margaret Bearsley, and all our staff for everything they do for you, our members. They are based in Wellington and are available to handle any of your queries.

Yours in Christ,

A handwritten signature in dark ink, appearing to read 'L Kimberley', with a stylized, flowing script.

The Very Reverend Lawrence Kimberley
Chairperson

Annual Report

For the period 1 April 2022 to 31 March 2023.

Details of Scheme

The scheme name is The Retire Fund (the Fund). The participating party section of the Fund is a restricted workplace savings scheme; and the private member section of the Fund is a legacy scheme. The Manager is The New Zealand Anglican Church Pension Board, trading as Anglican Financial Care. As the Fund is a restricted scheme, its Supervisor is the Financial Markets Authority. The Fund is not open to new members. Consequently, there is no Product Disclosure Statement. The fund updates for the Conservative Pool and Balanced Pool for the year ended 31 March 2023 were issued on 30 June 2023.

The financial statements of the Fund as at 31 March 2023, and the auditor's report on those financial statements, have been lodged with the Registrar. They are available electronically by visiting disclose-register.companiesoffice.govt.nz, selecting Search for a scheme and entering the Fund's name.

Information on contributions and scheme participants

Numerical changes in membership

The Fund's membership decreased by 17 members from 239 to 222 during the Fund year.

Members at 1 April 2022	239
Retirements	-9
Resignations	-7
Deaths	-1
Members as at 31 March 2023	222

Membership	1 April 2022	31 March 2023
Contributing members	90	83
Non-contributing members	149	139
Total members	239	222

Member Accumulations	1 April 2022	31 March 2023
Total accumulated funds	\$22,204,101	\$19,819,299
Number of members	239	222

Contributions

During the year ended 31 March 2023, the total amount of contributions received by the Fund was \$368,776.

	Number of members	\$
Member contributions	43	123,061
Employer contributions	36	105,774
Member voluntary additional contributions	30	139,941

Changes relating to the Scheme

Trust Deed

The Fund's Trust Deed was amended on 30 June 2022 to align the deed with the Trusts Act 2019, and to delete various Schedules relating to participating parties which had no continuing members under the Schedule.

Ethical Investment Policy

The ethical investment policy was amended on 9 March 2023 to tighten up the alcohol exclusion and provide information on the forestry investment:

- Out of respect for communities that have identified alcohol as being of particular harm, Anglican Financial Care (AFC) has no direct holdings in alcohol. Also, companies deriving more than 5% of turnover from the production or sale of alcohol are excluded.
- Under its fossil fuel divestment policy, AFC has a long-standing direct investment in a forest. AFC uses reputable silviculture managers, monitors their work, and maintains the in-forest structures including slash traps, culverts, and wetland areas. Within the forest is a large native forest block (around 14 hectares) which benefits from the whole-of-forest possum and pests control programmes. AFC's careful harvest management has ensured that Kumara Pits, indicating old garden sites within the forest, which are protected by the Heritage New Zealand Pouhere Taonga Act 2014, are safeguarded from all forest activity. As a forest owner, AFC participates in the Emissions Trading Scheme, which is a key tool for New Zealand to meet its domestic and international climate change targets.

SIPO

The Scheme's Statement of Investment Policy and Objectives (SIPO) was amended on 10 March 2023 to:

- Change the upper limit in the benchmark range for Alternative Growth in the Balanced Pool from 7.5% to 15%.
- Insert a limit that the total growth and total income asset class allocations must be maintained within 10% of the respective benchmarks of the total growth and total income asset classes.
- Remove reference to the risk indicators for the Scheme, as these are provided in the Fund Updates.

Other information for particular types of managed funds

During the year 48 members made a withdrawal that was permitted under the Financial Markets Conduct Act and the Trust Deed. These withdrawals include partial drawdowns and full payments made to a member, and different types of withdrawals to the same member.

Withdrawal type	Number of members
Retirement	38
Resignation	9
Death	1

Returns

After allowing for administration costs and tax, based on the member's Prescribed Investor Rate (PIR), the earning rates declared for each quarterly period to the year ended 31 March 2023 were:

Quarter ending	Investment Pool	10.5% PIR	17.5% PIR	28% PIR
30 June 2022	Conservative Pool	-2.97%	-2.97%	-2.97%
	Balanced Pool	-4.72%	-4.72%	-4.72%
30 September 2022	Conservative Pool	-1.31%	-1.31%	-1.31%
	Balanced Pool	-0.36%	-0.36%	-0.36%
31 December 2022	Conservative Pool	0.53%	0.53%	0.53%
	Balanced Pool	1.33%	1.33%	1.33%
31 March 2023	Conservative Pool	1.56%	1.56%	1.56%
	Balanced Pool	3.10%	3.10%	3.10%

The declared earning rates for the four quarters were impacted by the Scheme's tax position resulting from the negative investment returns posted over the period. As no tax was payable in each quarter, the declared earning rates were the same for all prescribed investor rates.

Interim Rates

Where earnings needed to be allocated between quarters (e.g. a full payment of the retirement benefit) then an interim rate was applied. During the year the Trustee changed its policy on how the interim rate was set. Up to 31 January 2023, the interim rate for each investment pool was calculated as the average return of the previous 20 quarters for that investment pool unless otherwise determined by the Trustee. From 1 February 2023, the interim rate for each Investment pool is calculated on a monthly basis, being the gross return for the period from the start of the quarter less prescribed fees and an estimate for tax, unless otherwise determined by the Trustee.

The interim rates (expressed as a quarterly rate) were:

Effective from	Investment Pool	10.5% PIR	17.5% PIR	28% PIR
6 May 2022	Conservative Pool	0.40%	0.37%	0.32%
	Balanced Pool	1.54%	1.51%	1.46%
29 July 2022	Conservative Pool	0.21%	0.19%	0.17%
	Balanced Pool	1.28%	1.26%	1.22%
28 October 2022	Conservative Pool	0.10%	0.09%	0.08%
	Balanced Pool	1.14%	1.12%	1.08%

31 January 2023	Conservative Pool	0.09%	0.08%	0.07%
	Balanced Pool	1.05%	1.03%	1.01%
16 February 2023	Conservative Pool	2.17%	2.00%	1.74%
	Balanced Pool	4.58%	4.43%	4.21%
27 February 2023	Conservative Pool	1.66%	1.53%	1.33%
	Balanced Pool	3.50%	3.39%	3.22%
14 March 2023	Conservative Pool	0.47%	0.43%	0.37%
	Balanced Pool	2.18%	2.12%	2.02%
28 March 2023	Conservative Pool	0.38%	0.35%	0.31%
	Balanced Pool	1.84%	1.79%	1.71%

Manager's Statement

The Board, as Manager of the Fund, states that:

- all contributions required to be made to the Fund in accordance with the terms of the Trust Deed have been made;
- all benefits required to be paid from the Fund in accordance with the terms of the Trust Deed have been paid; and
- the market value of the property of the Fund as at 31 March 2023 exceeded the total value of benefits that would have been payable had all members of the Fund 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 2023.

Changes to persons involved in the scheme

The Reverend Vicki Sykes resigned from the Board effective 31 March 2023. The Venerable Carole Hughes was appointed to the Board in July 2023.

In November 2022 Rosemary Hambling resigned from the Board's Investment Committee. It was decided not to replace Rosemary and therefore the membership of the Investment Committee was decreased from eight members to seven.

How to find further information

You can obtain a copy of the Trust Deed, the Fund's latest audited financial statements or the Statement of Investment Policy and Objectives, electronically (and free of charge), by visiting companiesoffice.govt.nz/disclose, selecting Search schemes and entering the Fund's name. A copy can also be obtained from angfincare.nz/resources.

You can obtain a copy of those documents (or an estimate of your benefits) free of charge by writing to the Manager as follows:

Funds Administrator
Anglican Financial Care
PO Box 12 287
Wellington 6144

Contact details and complaints

If you have an enquiry, you can contact the Manager as follows:

Write to: Funds Administrator
Anglican Financial Care
PO Box 12 287
Wellington 6144

Phone: 04 473 9369

Email: admin@angfincare.nz

Please contact us if you are not satisfied with the service you have received from us. We have an internal complaints process and will investigate your concerns promptly and fairly. You can contact us to make a complaint by phone, email or in writing to:

Phone: 04 473 9369

Email: office@angfincare.nz

Write to: Chief Executive
Anglican Financial Care
PO Box 12 287
Thorndon
WELLINGTON 6144

We are a member of an independent dispute resolution scheme operated by Financial Services Complaints Limited (FSCL) – A Financial Ombudsman Service. If you make a complaint to us and we have not been able to resolve it in a way that you think is satisfactory within 40 working days, you can refer the matter to FSCL by emailing info@fscl.org.nz or calling FSCL on 0800 347 257 or writing to them at:

Financial Services Complaints Limited
PO Box 5967
101 Lambton Quay
WELLINGTON 6145

Full details of how to access the FSCL scheme can be obtained on their website www.fscl.org.nz. FSCL will not charge you a fee to investigate or resolve a complaint.

You can also contact the Supervisor with an enquiry or complaint:

Write to: Financial Markets Authority
PO Box 106 672
Auckland 1143

Phone: 0800 434 566

04 473 9369
angfincare.nz

The New Zealand Anglican Church Pension Board trading as Anglican Financial Care is the issuer.