



Cook Islands National Superannuation Fund

**Annual Report of the Trustee to the Members
for the year ended 31 December 2005**

Trustee Report

Introduction

The Trustee is pleased to present to Members of the Cook Islands National Superannuation Fund the Trustee Report for the year ended 31 December 2005. The Trustee Report is produced to keep you informed of the Fund's financial results during the year and your investment in the Fund. Trustee Reports to Members will be issued annually.

Attached to the Trustee Report is your personal Status Report which lists the value of your benefits as at 31 December 2005.

How the Fund Works

The Fund is designed to provide Members with a means to save for their retirement. The Fund is intended to help give Members financial security in their retirement or, in the event of their death before retirement, security for their dependants.

Membership of the Fund will become compulsory for all people working in the Cook Islands or employed outside the Cook Islands by an employer resident in the Cook Islands, unless they qualify for a specific exemption. Members contribute a percentage of their salary to the Fund and their Employers also contribute. All contributions are credited to Members Accounts. Each year Members Accounts are allocated with interest reflecting the rate earned during the year.

The Fund also provides Members with life insurance cover. The Government is currently paying costs associated with life insurance cover and administration fees.

The purpose of the superannuation benefit is to provide for retirement through long term savings. To encourage savings, Members are not able to withdraw from the Fund while they remain Members.

On retirement the Members Employer Account is vested in the Members Account. Members should refer to the Members Information Handbook for details of their entitlements upon retirement, death or disability.

Fund Activity

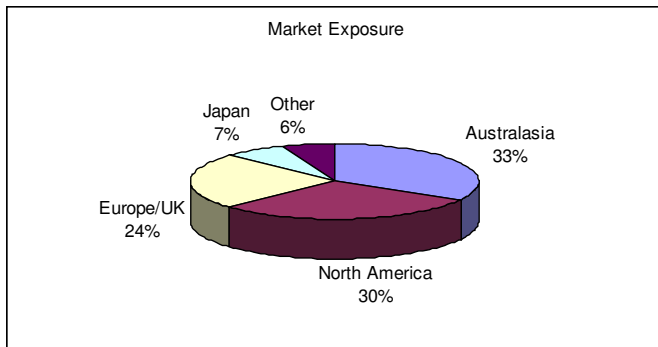
During the year under review, combined contributions from members and their employers exceeded \$2 million. The net asset value of the Fund grew by \$2.8 million to reach \$8.5 million by the end of 2005. Also, 253 new members joined the Fund, bringing the total membership to 2,003 members at the end of 2005.

Investments

The Fund's money is invested in the Russell World Shares Fund and Russell World Bond Fund that are promoted by ING New Zealand Limited.

During the year, the Trustee retained the allocation of investing new contributions on a basis of 65% to the Bond Fund and 35% to the Shares Fund.

The overall allocation of the Fund by geographic region is shown in the chart below, and described in more detail in the following paragraphs.



Russell World Shares Fund

Objective

The Russell World Shares Fund aims to provide long-term returns by investing in a highly diversified portfolio of International and New Zealand Shares.

Market Exposure

Australasia	20%
North America	43%
Other	37%

Russell World Bond Fund

Objective

The Russell World Bond Fund aims to provide long-term returns by investing in a portfolio of International and New Zealand fixed income securities.

Market Exposure

New Zealand	41% (2004 - 59%)
Overseas	59% (2004 - 41%)

Investment Performance

For the year to 31 December 2005, the Fund produced an overall investment return of 9.7% (2004 - 8.2%).

For the year under review a 6.0% return (2004 - 6.0%) has been credited to Member Accounts and the balance of the operating profit has been transferred to a new Pension Reserve Account and the Reserve Account.

Pension Rates

An Actuarial Review of the Fund has recommended alteration to the pension rates payable as set out in the Trust Deed and disclosed in the original Members Handbook. At Normal Retirement Age 60 the pension rate payable has reduced from \$80 to \$72. The recommendation was accepted by the Trustee and the Board as being in the best interests of the Fund. A full list of the Pension rates is available from the Chief Executive Officer. The pension rates are subject to annual review.

Amendments to Trust Deed

No amendments have been made to the Trust Deed since inception of the Fund.

Trustee's Certificate

The Public Trust as Trustee of the Cook Islands National Superannuation Fund, hereby certifies, after having made due enquiry, to the best of our knowledge and belief, that:

- ♦ all contributions made to the Fund during the financial year were in accordance with the Trust Deed and were passed promptly to the Administration Manager
- ♦ all benefits required to be paid from the Fund in accordance with the Trust Deed were paid by the Administration Manager
- ♦ no monies are held or managed directly by the Trustee
- ♦ the market value of the Fund at the close of the financial year is sufficient to cover all accrued benefit entitlements that would have been payable had all Members of the Fund ceased to be Members at that date.

Philip Dyer
General Manager – Corporate Trustee Services
Public Trust

Directory

BOARD

Kevin Carr (Chairman of the Board) – Financial Secretary
(email finsec@oyster.net.ck)
Miriam Pierre – Cook Islands Workers Association
(email ciwa@oyster.net.ck)
Board Representative – Non-Chamber Employers
(to be appointed)
John Kenning – Chamber Employers
(johnk@oyster.net.ck)

TRUSTEE

Public Trust
P O Box 5067
Wellington
(Website www.trustee.co.nz)

ADMINISTRATION MANAGER

TOWER Managed Funds Limited
P O Box 4049
Wellington
(Website www.towerfunds.co.nz)

INVESTMENT MANAGER

Frank Russell Company (N.Z.) Limited
P O Box 105-191
Auckland Central
(Website www.russell.com/nz)

INSURER

AXA New Zealand
(Website www.axa.co.nz)

AUDITOR

Deloitte
P O Box 1990
Wellington

ENQUIRIES OR CORRESPONDENCE

The Chief Executive Officer
P O Box 3076
Rarotonga
Cook Islands
Phone 00682 25515
Facsimile 00682 26615
Email ceo@superfund.gov.ck

Account Summary

	2005 \$	2004 \$
Balance at the beginning of the year	5,753,534	3,270,408
Income		
Member Contributions	1,152,435	1,120,654
Company Contributions	1,097,920	1,057,913
Change in Net Market Value of Investments	251,444	40,078
Investment Distributions	480,004	359,462
Management Fee Rebate	53,632	32,295
Investment management Fees	(124,553)	(76,202)
Insurance Proceeds	71,437	97,115
Total Income	2,982,319	2,631,315
Expenditure		
Bank Charges	347	301
Member withdrawals	201,079	147,888
Total Expenditure	201,426	148,189
NET ASSETS AVAILABLE AS AT 31 DECEMBER	8,534,427	5,753,534

A copy of the Fund's full financial accounts are available to Members on request, at no charge

MEMBERSHIP

As at 1 JANUARY 2005	1769
New Entrants	253
Transfers in	-
Retirements	10
Withdrawals	6
Deaths	3
Disabilities	-
Ill Health	-
Transfers Out	-
As at 31 DECEMBER 2005	2003