



Cook Islands National Superannuation Fund

Annual Report

**To the Members
for the year ended 31 December 2015**

Chief Executive Officer Statement

The Cook Islands National Superannuation Fund has been in existence for 15 years and has grown into a sizeable Fund that provides real benefits to its members.

Not only has the Fund grown in size but also maturity, having developed new comprehensive strategic plans. The Fund has begun to address long standing issues of members and employers, as well as implementing operational and governance best practices.



DELIVERING ON OUR STRATEGY – EARNING YOUR TRUST

In order for members to be better informed about the Fund and their money, we have increased the communications to members through our online presence and regular monthly updates on the Fund's website, public meetings and presentations educating members about the Fund, along with media releases on any material events occurring in the Fund.

The Fund commenced meetings in the Pa Enea with Aitutaki, Mangaia, and Atiu the first to be visited in 2015. Further presentations to remaining islands are planned for 2016.

The Fund belongs to the members and it is vitally important for us to ensure our communications reflect our mission statement to be open and transparent.

EMPOWERING MEMBERS TO MAKE INVESTMENT DECISIONS

The Fund has faced a number of challenges in recent years including a global financial crisis, a legal challenge to the constitutionality of the Fund by employers, and demands for change from its members.

This year saw the first major changes to the Fund since its inception. For the first time members can now choose the level of risk they want to take to potentially earn higher returns over a longer term. From 1 July 2015 the Fund provided members with the choice of a Conservative or low risk portfolio, a Balanced or medium risk portfolio, and a Growth or high-risk portfolio.

With the support of the Trustee, Public Trust, and the underlying Investment Managers Russell Investments New Zealand, the Fund held public meetings to explain the new investment options and provide educational tools to assist members in understanding their risk profiles before they consider making changes to their investment.

NEW MILESTONES

In May of 2015 the Fund achieved a new milestone when the Fund's total investments exceeded \$100 million in value.

The growth in value of the Fund has largely been due to the increasing level of contributions from members and the strong performance of the financial markets over the preceding 5 years.

Whilst the returns had initially been strong in the first half of 2015, the second 6 months produced weaker returns as a number of events increased the volatility of global markets. The challenge going forward for the Fund will be to look for opportunities and perform in a low interest and possibly volatile global environment.

STRENGTHENING THE FUNDS CAPACITY

We have recognized the need for the development of our staff, and have actively sourced strategic alliances with the New Zealand Super Fund for placements within their teams to strengthen our risk and compliance procedures. We have also participated in the Pacific Provident Funds & Social Security Forum to provide training for our management team on Portfolio Construction to strengthen our Investment Policies and Objectives.

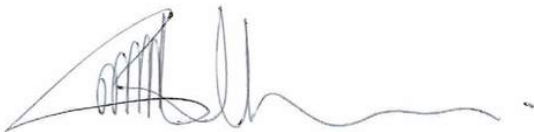
LOOKING FORWARD

We still have a number of objectives to deliver for members that we commenced work on during 2015. These will address the Members desire for the Fund to provide for the portability (transfer) of employee and employer contributions to other jurisdictions, to recommence registration of employers classes not yet passed through Executive Council, and to provide for changes to the Board representation and the ability to introduce additional professional expertise to the Board.

A GREAT TEAM

We have a great team working together for the members, with a strong Board that has supported the management team to drive the changes over the year, valuable guidance and hands on involvement from the Trustee to support the Board and Management, consistent communications and training from our underlying Investment Managers Russell Investments, Fund Administrators AON, Insurers AIA, and the management and staff in the CINSF Office that continue to deliver on the needs of our members.

I would like to thank all of those involved in the Fund and look forward to a successful 2016 for everyone.



Damien Beddoes
CEO

Message from the Trustee

The Trustee is pleased to present to the Members of the Cook Islands National Superannuation Fund (the 'Fund') the Trustee Report for the year ended 31 December 2015. The Trustee Report is provided to keep you informed of the Fund's financial results during the year and your investment in the Fund. The Trustee Report to Members is provided annually.

Your individual member statement which lists the value of your benefits as at 31 December 2015 will be mailed to your address shown on our membership records. Alternatively, a copy is available to you from the CINSF Office.

Fund Activity

During the year under review, combined contributions from members and their employers were \$11.0 million (2014: \$10.5m). Benefit payments were \$1.45 million (2014: \$1.36m). The net asset value of the Fund grew by \$13.0 million to reach \$108.4 million (2014: \$95.4 million) by the end of 2015. Also, 598 new members joined the Fund, bringing the total membership to 8,602. Pensioners rose from 94 at the end of 2014 to 111 as at the end of 2015.

Introduction of "Member Choice"

During 2015, Members were presented with options enabling them to invest their existing plan balances and ongoing contributions into a new CINSF Balanced Fund or CINSF Growth Fund. The existing Fund was renamed the CINSF Conservative Fund and is the "Default" Fund for Members who do not select an investment option.

Details of the three CINSF Investment Funds available to Members are set out below.

CINSF Conservative Fund

The investment policy and objective of the Fund is to produce rates of return over time in excess of inflation by investing a small percentage of assets in growth assets while keeping the probability of a negative return at low levels.

The current investment ranges and the actual asset allocation as at 31 December 2015 are set out in the following table.

Asset Class	Range	Allocation as at 31 Dec 2015
NZ Equities	8.5% – 11.5%	11%
International Equities	16.5% - 23.5%	20%
Growth Assets	25% - 35%	31%
NZ Cash	0% – 5%	0%
NZ Fixed Interest	13% – 15%	14%
Overseas Fixed Interest	52% – 60%	55%
Income Assets	65% - 75%	69%

As at 31 December 2015, the value of Funds held in the CINSF Conservative Fund was **\$104,826,881**. The annual return for the Fund for the year end was **5.58%**.

CINSF Balanced Fund

The investment policy and objective of the Fund is to produce rates of return in excess of inflation appropriate for a long-term (7 years) investment strategy for retirement.

The current investment ranges and the actual asset allocation as at 31 December 2015 are set out in the following table.

Asset Class	Range	Allocation as at 31 Dec 2015
NZ Equities	18.5% – 21.5%	21%
International Equities	36.5% - 43.5%	40%
Growth Assets	55% - 65%	61%
NZ Cash	0% – 5%	0%
NZ Fixed Interest	7% – 9%	8%
Overseas Fixed Interest	28% – 36%	31%
Income Assets	35% - 45%	39%

As at 31 December 2015, the value of Funds held in the CINSF Balanced Fund was **\$250,088**. The return for the Fund since its inception in mid 2015 was **6.03% (3 months)**.

CINSF Growth Fund

The investment policy and objective of the Fund is to produce rates of return over time well in excess of inflation by investing the majority of the assets in growth assets (e.g. equities).

The current investment ranges and the actual asset allocation as at 31 December 2015 are set out in the following table.

Asset Class	Range	Allocation as at 31 Dec 2015
NZ Equities	24.5% – 27.5%	28%
International Equities	50.5% - 57.5%	52%
Growth Assets	75% - 85%	80%
NZ Cash	0% – 5%	0%
NZ Fixed Interest	3% – 5%	4%
Overseas Fixed Interest	12% – 20%	16%
Income Assets	15% - 25%	20%

As at 31 December 2015, the value of Funds held in the CINSF Growth Fund was **\$142,812**. The return for the Fund since its inception in mid 2015 was **7.77% (3 months)**.

Fund Investments

The Fund seeks exposure to different classes of investments by investing in investment funds managed by Russell Investment Group Limited. See the following table.

Asset Class	Russell Investments Managed Fund
NZ Equities	Russell NZ Shares Fund
International Equities	Russell Global Opportunities Fund - \$NZ Hedged
NZ Fixed Interest	Russell NZ Fixed Interest Fund
Overseas Fixed Interest	Russell Global Bond Fund – Class B

Further information on the Russell Investments Managed Funds is set out below.

Russell Investments New Zealand Shares Fund

Description

The Russell Investments New Zealand Shares Fund aims to provide a total return, before costs and tax, higher than the benchmark (Russell New Zealand Domestic Index including imputation credits) over the long term by having an underlying exposure to a diversified portfolio of predominately New Zealand Shares. From 30 June 2016, the above benchmark will be replaced by the S&P / NZX 50 index.

For the year ended 31 December 2015 the gross return of the fund was 16.28%.

The fund is a New Zealand registered Unit Trust.

Top 10 Holdings as at 31 December 2015

Fisher and Paykel Healthcare	11.3%
Spark (formerly Telecom)	8.6%
Fletcher Building	6.6%
Mainfreight	5.8%
Auckland Airport	5.0%
Contact Energy	4.4%
Ryman Healthcare	4.5%
Diligent	3.8%
Meridian Energy	3.4%
Westpac	3.2%

Russell Global Opportunities Fund (\$NZ Hedged – Class B)

Description

The Russell Global Opportunities Fund (\$NZ Hedged – Class B) aims to significantly outperform the fund's benchmark (Russell Global Large Gap Net Index NZD Hedged), before costs and tax, over the long term by providing exposure to a diversified portfolio of predominately international shares, largely hedged to New Zealand Dollars.

The investment fund invests predominately in a range of international shares listed on stock exchanges in developed and emerging international markets. Derivatives may be used to obtain or reduce exposure to securities and markets, to implement investment strategies and to manage risk. Foreign currency exposures are largely hedged back to New Zealand Dollars.

The fund is an Australian registered Unit Trust.

For the year ended 31 December 2015 the gross return of the Fund was 6.03%.

Market Exposure – as at 31 December 2015

Financials	22.4%
Information Technology	15.6%
Consumer Discretionary	14.9%
Health Care	16.8%
Industrials	10.4%
Consumer Staples	9.6%
Energy	3.2%
Materials	3.8%
Telecommunication Services	2.0%
Utilities	1.3%

Russell Investments NZ Fixed Interest Fund

Description

The Russell Investments NZ Fixed Interest Fund aims to provide a total return, before costs and tax, higher than the benchmark (a 75:25 weighted average of the ANZ Government Stock Index and ANZ A-Grade Corporate Index) over the long term by having an underlying exposure to a diversified portfolio of fixed interest securities.

The investment policy of the fund is to be invested in fixed interest securities denominated in New Zealand currency

For the year ended 31 December 2015 the gross return of the Fund was 5.93%.

The fund is a New Zealand registered Unit Trust.

Top 10 issuers as at 31 December 2015

NZ Government	50.8%
NZ Local Government	7.1%
ASB	5.8%
ANZ	3.7%
Kiwibank	3.0%
BNZ	2.9%
Rabobank	2.6%
Queensland Treasury	2.4%
Westpac	2.1%
F&P Class A Asset Backed	1.8%

Russell Global Bond Fund – Class B

Description

The Russell Global Bond Fund – Class B aims to provide a total return, before costs and tax, higher than the fund’s benchmark (Barclays Global Aggregate Bond NZ Dollar Hedged Index) over the medium term by providing exposure to a diversified portfolio of predominately fixed income securities denominated in foreign currencies and largely hedged into New Zealand Dollars.

The investment fund invests predominately in debt securities issued by supranationals, international governments, quasi-governments, agencies and corporates as well as structured credit securities including mortgage and asset backed securities. The investment fund may also be exposed to low grade or unrated debt securities, emerging markets and currency to a limited extent. Derivatives may also be used to obtain or reduce exposure to securities and markets, to implement investment strategies and to manage risk. Foreign currency exposures are largely hedged back to New Zealand Dollars.

The fund is an Australian registered Unit Trust.

For the year ended 31 December 2015 the gross return of the Fund was 3.59%.

Market Exposure as at 31 December 2015

Government and Cash	43.3%
Government Related	5.9%
Corporate Securities – Investment Grade	15.0%
Asset Backed Securities	5.8%
Residential Mortgage Backed Securities	16.0%
Commercial Mortgage Backed Securities	2.5%
Corporate – High Yield	3.4%
Emerging Market Debt	8.1%

Note: Allocations listed above can change on a daily basis.

CINSF Investment Fund Performance

Following the introduction of Member Choice from 30 June 2015, the table below sets out the recommended interest rates to be credited to Member Accounts for the year ended 31 December 2015.

CINSF Investment Fund	Interest Rate Year ended 31 December 2015 (%)
CINSF Conservative Fund*	3.63%
CINSF Balanced Fund	6.92%
CINSF Growth Fund	6.05%

Listed below are the interim annual rates used to calculate benefit payments for Members who exited the three CINSF Investment Funds during the year.

CINSF Conservative Fund

Month of Exit	Interest Rate Year to Date % pa
1 January to 31 January 2015	22.5%
1 January to 28 February 2015	20.0%
1 January to 31 March 2015	12.9%
1 January to 30 April 2015	10.5%
1 January to 31 May 2015	9.0%
1 January to 30 June 2015	5.0%
1 July to 31 July 2015*	19.3%
1 July to 31 August 2015	-5.1%
1 July to 30 September 2015	-7.5%
1 July to 31 October 2015	1.7%
1 July to 30 November 2015	2.3%
1 July to 31 December 2015	1.1%

CINSF Balanced Fund

Month of Exit	Interest Rate Year to Date % pa
July 2015 (Inception)	
1 July to 31 August 2015	0.0%
1 July to 30 September 2015	-27.5%
1 July to 31 October 2015	9.9%
1 July to 30 November 2015	9.7%
1 July to 31 December 2015	7.5%

CINSF Growth Fund

Month of Exit	Interest Rate Year to Date % pa
July 2015 (inception)	
1 July to 31 August 2015	0.0%
1 July to 30 September 2015	-35.5%
1 July to 31 October 2015	3.4%
1 July to 30 November 2015	9.4%
1 July to 31 December 2015	5.8%

***All Member Accounts in the Conservative Fund as at 30 June 2015 received an interim investment return of 5.52% prior to the introduction of Member Choice. A further return of 1.70% to Members in the Conservative Fund was made for the six month period ended 31 December 2015.**

The Investment Fund returns are a combination of the change in market value plus any distributions, which are reinvested back into the Funds. During the latter half of 2015, Members accounts were impacted by the volatility in global investment markets.

Although it was pleasing to see that positive returns will be credited to all Members Accounts for the 2015 year, albeit at lower levels than 2014 for Members who have remained in the CINSF Conservative Fund, the potential remains for high levels of volatility in investment markets. Following the introduction of Member Choice, a large majority of Members have opted to retain their investment in the CINSF Conservative Fund where the conservative nature of the Fund's investments would help absorb negative investment returns to some extent.

As part of the ongoing and long term nature of the Fund, the Trustee in consultation with the Board, will continue to undertake investment reviews in consultation with the investment and administration managers.

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 is compulsory for all people working in the Cook Islands or employed outside the Cook Islands by an employer resident in the Cook Islands, unless the employer qualifies for a specific exemption. As a member you contribute 5% of your salary to the Fund and your Employer also contributes. All contributions are allocated to your Member and Employer Account (collectively known as your Compulsory Account) held in your name. Each year Compulsory Accounts are credited with interest reflecting the rate earned by the Fund during the year. Please note that in financial years where there are investment losses, Compulsory Accounts could be impacted negatively by the

allocation of any investment losses. The compulsion described has been subject to litigation. Refer to section on Litigation on page 11 of this report.

The main purpose of the Fund is to provide for retirement through long term savings. To encourage savings, you are not able to withdraw monies from the Fund, except in certain circumstances, while remaining a contributing member. The Fund also provides you with Life Insurance cover provided you meet certain criteria.

On retirement you become entitled to a pension benefit based on the amount held on your behalf in your Compulsory Account, subject to the balance of the Compulsory Account having a minimum value of \$15,000 (see Pension Rates Section below). On retirement, the full value of your Compulsory Account is transferred to a Pension Account in your name. Your Pension Account is invested in the CINSF Conservative Fund and will continue to receive the annual crediting rate attributable to the CINSF Conservative Fund.

Up to 25% of the retirement benefit can be taken as a lump sum withdrawal and the balance is used to determine your pension payment. Please refer to the Members Information Handbook for details of your entitlements upon retirement, death or disability.

Pension Rates

An actuarial review of the Fund was conducted for the year ended 31 December 2012; the findings of which were not immediately implemented as specific demographic data on the Cook Islands population was sought. The Report was finalised in October 2014 and the new pension rates implemented from 1 January 2015. A further actuarial review will be conducted in the coming financial year.

The full list of the current pension rates at various retirement ages is available from the Chief Executive Officer or on the Fund's website.

Fund Expenditure Policy

At present, a proportion of the Cook Islands Office expenses are funded by the Cook Islands Government through a budget appropriation known as POBOC ("Payments on behalf of Crown"). The level of POBOC funding and any changes to future levels will be determined over time by the Cook Islands Government. Details of expenses and POBOC funding are shown in the full financial statements.

Internet Account Access

The introduction of internet access has been a useful tool for members to monitor their individual accounts. Details on how to access your account can be found on the Fund's website (see directory - page 15) via the ebenefits tab.

Amendments to Trust Deed

The Trust Deed was amended on 30 June 2015 to allow for the establishment of new Investment Funds and to give Member's options for the investment of their contributions (see section "Introduction of Member Choice"). Changes to the insurance provisions and other minor amendments were also included in the amended Trust Deed.

Litigation

Members will be aware of recent litigation in regard to the compulsory nature of contributions as mandated under the Cook Islands National Superannuation Act 2000. A Court of Appeal judgment issued in November 2014 found that the Act does comply with the Cook Islands Constitution. The Respondents were granted leave to appeal to the Privy Council and the case was heard in the Privy Council in April this year. At the time of preparation of this Annual Report, the decision from the Privy Council has not been advised.

As any other information is received on the Privy Council hearing, the Office of the Fund will advise members.

Trustee's Certificate

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 during the financial year ended 31 December 2015:

- with the exception of unpaid claims referred to in Note 16 of the full financial statements, 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; and
- the market value of the Fund as 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, and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at the close of the financial year.

Ireen Muir
Senior Manager Client Services
Public Trust
Date: 24 June 2016

Highlights

Delivering Member Investment Options

In the lead up to the launching of member investment options, the Fund held a number of presentations in the communities and to businesses to inform and educate members about the changes and how they will affect members.

Presentations were also made in a number of the Outer Islands to ensure those members not living in Rarotonga were provided the opportunity to provide feedback and have one on one time with the Fund representatives to work through the risk profile guides.

The Outer Islands remain on the Funds program to complete visits and presentations to all islands.



CINSF CEO Damien Beddoes informs members Of the Chamber of Commerce about the Investment Options



Chamber of Commerce members attending CINSF presentation at the Islander Hotel

Annual Members General Meeting

In 2015 the CINSF held its second annual members general meeting. The meeting was attended by the Funds Board of Directors, and service providers the Public Trust New Zealand and Russell Investments.

The meeting provides an open forum for the Board and Service Providers to address members with progress on strategic plans, the performance of the fund, and any changes to the Fund. Members are invited to submit questions and take part in general discussions with the Board and service providers.

The Annual Members General Meetings are open to all members and stakeholders, and is held in the month of October each year.



Russell Investments Head of Implemented Consulting NZ Noah Schiltknecht outlines the performance of the CINSF Funds underlying investments to members.



Pensioner Kevin Carr raises a question from the floor at the Members General Meeting held at the Sinai Hall.

New Location

The CINSF Office relocated from the Clarkes Building behind the Town Centre in the middle of 2015 to the ANZ Building on the main road in Avarua. The office is located at the end of the ANZ Building under SouthPac Trust.



Presentations to Pa Enuu

Following the public meetings held in Rarotonga during the year, the CINSF Office has also held presentations to members in Aitutaki, Mangaia, and Atiu.

At the Members General meeting in October 2014 there was an undertaking made to increase the awareness of the fund and provide information to assist the members in the Pa Enuu to make informed decisions on their investments.

An unexpected outcome of the presentations to members has been the increase in the setting up of voluntary accounts and regular contributions to those accounts.

The CINSF office is planning the presentations to be held on all the remaining islands through 2016.

(Below photo from Mangaia presentation to members)



Directory

BOARD

- Non-Chamber Employers Heinz Matysik (**Chairman**)
(heinz@lawyers.co.ck)
- Cook Islands Workers Association Anthony Turua
anthony.turua@cookislands.gov.ck
- Financial Secretary Garth Henderson
(garth.henderson@cookislands.gov.ck)
- Chamber of Commerce Tatiana Burn
(tats@perfumes.co.ck)
- Contributors Representative Anna Koteka
(kotekas@oyster.net.ck)

CHIEF EXECUTIVE OFFICER

Damien Beddoes
damien.beddoes@superfund.gov.ck

TRUSTEE

Public Trust
P O Box 5067
Wellington 6140, New Zealand
(website www.publictrust.co.nz)

ADMINISTRATION MANAGER

Aon New Zealand
P O Box 3167
Shortland Street
Auckland 1140, New Zealand
(website www.aon.co.nz)

ADMINISTRATION MANAGER

Aon New Zealand
P O Box 3167
Shortland Street
Auckland 1140, New Zealand
(website www.aon.co.nz)

INVESTMENT MANAGER OF THE UNDERLYING INVESTMENT FUNDS

Russell Investment Group Limited
P O Box 105-191
Auckland Central, New Zealand
(website www.russell.com/nz)

INSURER

AIA New Zealand
Private Bag 300981
Albany
North Shore City 0752, New Zealand
(website www.aia.co.nz)

AUDITOR

Deloitte
P O Box 1990
Wellington, New Zealand

ACTUARY

Aon Hewitt New Zealand
P O Box 3167
Shortland Street
Auckland 1140, New Zealand
(website www.aon.co.nz)

ENQUIRIES OR CORRESPONDENCE

Chief Executive Officer
CINSF Office
P O Box 3076
Avarua, Rarotonga
Cook Islands
Phone (682) 25515
Facsimile (682) 26615
Website: www.cinsf.com

Summary Financial Statements for the year ended 31 December 2015

	2015 NZ \$	2014 NZ \$
Summary Statement of Changes in Net Assets		
Net Investment Gain	4,430,086	9,017,532
Plus: Other Income	500,052	403,998
Less: Other Expenses	<u>(1,412,758)</u>	<u>(1,092,534)</u>
Surplus Before Taxation and Membership Activities	3,517,380	8,328,996
Income Tax Expense	<u>(47,634)</u>	<u>(25,691)</u>
Surplus After Taxation and Before Membership Activities	3,469,746	8,303,305
Membership Activities		
Member Contributions	4,399,901	4,796,321
Member Voluntary Contributions	228,305	76,527
Contributions Yet To Be Allocated	2,041,875	827,711
Employer Contributions	<u>4,320,214</u>	<u>4,760,028</u>
Total Contributions	10,990,295	10,460,587
Less: Benefits Paid	<u>(1,449,879)</u>	<u>(1,361,710)</u>
Net Membership Activities	9,540,416	9,098,877
Increase In Net Assets During The Year	<u>13,010,162</u>	<u>17,402,182</u>
Summary Statement of Net Assets		
Assets		
Financial Assets – At Fair Value Through Profit or Loss	105,219,782	91,860,513
Other Assets	<u>3,765,008</u>	<u>3,872,152</u>
Total Assets	108,984,790	95,732,665
Less: Total Liabilities	<u>(597,932)</u>	<u>(355,969)</u>
Net Assets Available For Benefits	<u>108,386,858</u>	<u>95,376,696</u>
Vested Benefits	<u>107,388,918</u>	<u>94,696,309</u>
Summary Statement of Cash Flows		
Net Cash Flows from Operating Activities	8,718,928	7,761,882
Net Cash Flows from Investing Activities	<u>(8,980,860)</u>	<u>(7,765,000)</u>
Net (Decrease) in Cash Held	<u>(261,932)</u>	<u>(3,118)</u>
Cash at Beginning of Year	<u>2,076,246</u>	<u>2,079,364</u>
Cash At End Of Year	<u>1,814,314</u>	<u>2,076,246</u>

Notes to the Summary Financial Statements for the year ended 31 December 2015

A summary of the Fund's audited financial statements for the year ended 31 December 2015 which were authorised for issue by Public Trust (the "Trustee") on 24 June 2016 is shown on pages 8 to 9. The summary financial statements have been extracted from the full financial statements for the year ended 31 December 2015 which were authorised for issue by the Trustee on 24 June 2016. The auditor issued an unmodified audit report on the full financial statements dated 24 June 2016.

The summary financial statements have been prepared in accordance with FRS 43: *Summary Financial Statements*. The full financial statements have been prepared in accordance with New Zealand generally accepted accounting practice and they comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") as appropriate for profit-oriented entities. The full financial statements also comply with International Financial Reporting Standards. The Fund has made an explicit and unreserved statement of compliance with International Financial Reporting Standards in note 2 to the full financial statements.

The full financial statements and the summary financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Fund operates.

The summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements of the Fund as they do not include all of the disclosures provided in the full financial statements. *The summary financial statements have been reported at a total level.* A copy of the full financial statements can be obtained, free of charge, from the Cook Islands Office located on the ground floor of the ANZ Building, Avarua, Rarotonga, Cook Islands.

The auditor has examined the summary financial statements for consistency with the audited full financial statements and has issued an unmodified audit report on the summary financial statements which are set out on page 16.

Subsequent Events

At a hearing in the High Court of the Cook Islands in 2013, the Minister responsible for the Fund took action against various parties relating to the non-payment of compulsory contributions as mandated under the Cook Islands National Superannuation Fund Act 2000. In February 2014 a judgement was issued which concluded that the compulsory nature of contributions was a breach of the Articles of the Cook Islands constitution and a declaration that the Act was invalid was issued on 31 March 2014. The Minister appealed the High Court decision. The Court of Appeal judgement issued in November 2014 found that the Act does comply with the Cook Islands Constitution. The Respondents were granted leave to appeal to the Privy Council. A hearing was held in April 2016 and as at the date of issuing the financial statements, a decision from the Court has not been received.

There were no other significant events after balance date that require disclosure.

Membership changes during the year

The below table shows the membership movements for the year ended 31 December 2015.

MEMBERS

As at 1 JANUARY 2015	8,155
New Members	598
Retirements	(58)
Deaths	(12)
Expatriate Withdrawal	(67)
Disablements	(2)
Withdrawn Membership*	(12)
Members at 31 DECEMBER 2015	8,602

* Withdrawn Membership refers to duplicate names that have been removed

PENSIONERS

As at 1 JANUARY 2015	94
New Pensioners	17
Pensioners at 31 DECEMBER 2015	111



INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS TO THE MEMBERS OF THE COOK ISLANDS NATIONAL SUPERANNUATION FUND

Report on the Summary Financial Statements

The accompanying summary financial statements of the Cook Islands National Superannuation Fund (the "Fund") on page 16, which comprise the summary statement of net assets as at 31 December 2015, and the summary statement of changes in net assets and summary statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of Fund for the year ended 31 December 2015. We expressed an unmodified audit opinion on those financial statements in our report dated 24 June 2016.

The summary financial statements do not contain all the disclosures required for full financial statements under New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Fund.

This report is made solely to the Fund's members, as a body. Our audit has been undertaken so that we might state to the Fund's members those matters we are required to state to them in an auditor's report on summary financial statements and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Trustee's Responsibility for the Summary Financial Statements

The Trustee is responsible for the preparation of a summary of the audited financial statements, in accordance with FRS-43: *Summary Financial Statements*.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810: *Engagements to Report on Summary Financial Statements*.

Other than in our capacity as auditor and the provision of taxation advice, we have no relationship with or interests in the Fund.

Opinion

In our opinion, the summary financial statements are correctly extracted from the audited financial statements of the Fund for the year ended 31 December 2015 and are consistent, in all material respects, with those financial statements, in accordance with FRS-43.



Chartered Accountants
24 June 2016
Wellington, New Zealand

Board Members



Anthony Turua – *Cook Islands Workers Association Representative*



Tatiana Burn – *Chamber of Commerce Representative*



Heinz Matsyik – *Non-Chamber Employers Representative (Chairman)*



Anna Koteka – *Members Representative*



Garth Henderson – *Financial Secretary*

Senior Staff Members



Angela Charlie – *Corporate Services Manager*



Damien Beddoes – *Chief Executive Officer*



Julie Wilson – *Risk & Compliance Manager*



Twinn Joseph – *Client Services Manager*