



# COOK ISLANDS

National Superannuation Fund

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ANNUAL REPORT TO THE MEMBERS  
for the year ended 31 December 2016

TRUSTEE REPORT

# CHIEF EXECUTIVE OFFICER STATEMENT

## CHALLENGING TIMES

This year has seen the Fund face its biggest hurdle to date with legal action taken regarding the constitutional status of the Fund in the Cook Islands concluding that confirmed the constitutionality of the Fund.

With the Fund now able to move forward with its full statutory powers, the challenges continue, and over the past 2 years I have spoken about and debated many issues on the purpose of the Fund and its role in our society. The journey has left me more resolved in the need for compulsory savings for the future security in retirement for Cook Islanders. The Fund does have its unique features, and whilst these may not always suit all demographics of our members, the overarching objectives of the Fund do.

In 2014 and 2015 extensive public consultation took place to review the CINSF and consider the needs of the members. The results were collated into 12 recommendations and were submitted to Cabinet to obtain Government consent to work through and implement the recommendations. Of the 12 recommendations just 4 remain to be completed, and these require a legislative amendment before they can be implemented. The final recommendations relate to portability of funds for members and improvements to the Board composition.

## DELIVERING ON OUR STRATEGY – EARNING YOUR TRUST

Communication remains a key strategy to strengthen our engagement with members. The Fund has a new fully developed website with links to social media to enable a good circulation of information on a monthly basis.

Through these channels the Fund provides regular reports on investment returns, administration reports, as well as all material events that may affect members. In addition to this information flow we now have all the Fund's governing documents including the CINS Act 2000, the Trust Deed, Member Handbooks and Investment Policies and Objectives, available for viewing or downloading.

Although the information is readily available online, the team here continue to provide presentations to members and employers along with follow up presentations for those employers with regularly changing staff. Public presentations have also been made to all but two islands, and these remain on our list to visit, present and provide assistance to in 2017.

As members become more informed about the Fund, its features and benefits, they can make better decisions about their saving plans, retirement goals, and the wellbeing of their families. There have been many stories I have been told by members of the difference these benefits have made to families, many at the unfortunate time of the loss of a loved one, and how the removal of financial concerns have allowed families to instead deal with the matters most important to them.

## INVESTMENT EDUCATION FOR MEMBERS

In 2015 the Fund launched the three new investment options. This initiative was done as a result of the consultation with members and employers. Since its launch the vast majority of members have still not reviewed their investment risk appetite and instead their funds remain in the Conservative option.

The challenge for the Fund every year is to obtain engagement with members to ensure their money is invested in the most suitable Fund for their risk tolerance. The loss of potential growth opportunities for members funds has the most impact on our younger members, where more often than not, at the time of joining they make no election and their funds go to the default fund, which is the Conservative Fund. Over the long term the historical difference between Conservative option and Balanced or Growth options, can potentially result in a much lower balance in retirement than a member who has selected an option at commencement that most suits their needs.

## STRENGTHENING THE FUND'S CAPACITY

This year the Fund strengthened the CINSF's Financial Division with the appointment of Jacqueline Ulrich as Financial Accountant for the Cook Islands office. Jacqui has come to the Fund from Capital Security Bank, and with 12 years of Banking and Securities experience, she will be adding the capacity we need as the Fund moves into a deeper level of investment planning.

## NEW REGULATION

In July 2016 a new regulation requiring the registration of all businesses to the CINSF came into force.

This removed the old regulation that required the continual approval of cabinet for classes of employers and their registration to the Fund. Instead now all employers that have employees eligible to contribute to the Fund must register to join.

The Fund now has over 350 registered employers and has increased membership to over 9000 individual members.

## LOOKING FORWARD

Our biggest priority remains the engagement of members. Ensuring members select the right investment options for themselves will make a significant difference in their ability to achieve desired income levels in retirement. We must continue to be engaged and remain resourceful in our ability to connect with employers and the public to impress the importance of investment selection for members.

With the Fund exceeding \$120m and large exposures to the Markets, more regular reviews of our Asset Allocation will be undertaken, and options to reduce the volatility and stabilize returns will need to be considered going forward in 2017 and 2018.

Legislative amendments remain a priority for the Fund to meet the needs of members and provide portability of their funds to other jurisdictions, provide for changes to the Board representation, and the ability to introduce additional professional expertise to the Board.

## A GREAT TEAM

I would like to thank all of those involved in the Fund, namely our Board of Directors, the Funds Trustee, Public Trust New Zealand, the administrators Link Market Services, our Investment Managers Russell Investments, Insurers, Auditors, Actuaries, and of course our fantastic staff in our Cook Islands Office. I look forward to a successful 2017 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 2016. 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 2016 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 \$12.0 million (2015: \$11.0m). Benefit payments were \$3.89 million (2015: \$1.45m) which included \$1.78m set aside for payments to migrant workers who had previously had their employer contributions forfeited to the Fund in accordance with the provisions of the Act. Further information concerning the payments to migrant workers is included in the Litigation section on page 6.

The net asset value of the Fund grew by \$14.4 million to reach \$122.8 million (2015: \$108.4m) at the end of 2016. Also, 922 new members joined the Fund, bringing the total membership to 9,368. Pensioners rose from 111 at the end of 2015 to 155 as at the end of 2016.

### "MEMBER CHOICE" INVESTMENTS

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 CINSF Conservative Fund 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 2016 are set out in the following table.

Asset Class	Range	Allocation as at 31 Dec 2016
NZ Equities	8.5% – 11.5%	10%
International Equities	16.5% - 23.5%	21%
<b>Growth Assets</b>	<b>25% - 35%</b>	<b>31%</b>
NZ Cash	0% – 5%	0%
NZ Fixed Interest	13% – 15%	14%
Overseas Fixed Interest	52% – 60%	55%
<b>Income Assets</b>	<b>65% - 75%</b>	<b>69%</b>

As at 31 December 2016, the value of Funds held in the CINSF Conservative Fund was **\$119,466,852 (2015 \$104,826,882)**. The annual return for the Fund for the year end was **4.80%**.

### 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 2016 are set out in the following table.

Asset Class	Range	Allocation as at 31 Dec 2016
NZ Equities	18.5% – 21.5%	19%
International Equities	36.5% - 43.5%	42%
<b>Growth Assets</b>	<b>55% - 65%</b>	<b>61%</b>
NZ Cash	0% – 5%	0%
NZ Fixed Interest	7% – 9%	8%
Overseas Fixed Interest	28% – 36%	31%
<b>Income Assets</b>	<b>35% - 45%</b>	<b>39%</b>

As at 31 December 2016, the value of Funds held in the CINSF Balanced Fund was **\$1,315,420 (2015 \$250,088)**. The annual return for the Fund for the year end was **3.80%**.

### 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 2016
NZ Equities	24.5% – 27.5%	25%
International Equities	50.5% - 57.5%	56%
<b>Growth Assets</b>	<b>75% - 85%</b>	<b>81%</b>
NZ Cash	0% – 5%	0%
NZ Fixed Interest	3% – 5%	4%
Overseas Fixed Interest	12% – 20%	15%
<b>Income Assets</b>	<b>15% - 25%</b>	<b>19%</b>

As at 31 December 2016, the value of Funds held in the CINSF Growth Fund was **\$527,954 (2015 \$142,812)**. The annual return for the Fund for the year end was **5.65%**.



## 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	Benchmark
NZ Equities	Russell NZ Shares Fund	S&P / NZX 50 (gross incl. imputation credits)
International Equities	Russell Global Opportunities Fund - \$NZ Hedged	Russell Investments Global Large Cap NZD Hedged Net Index
NZ Fixed Interest	Russell NZ Fixed Interest Fund	75% of the S&P / NZX NZ Government Stock Index and 25% of the S&P / NZX A Grade Corporate Bond index
Overseas Fixed Interest	Russell Global Bond Fund – Class B	Barclays Global Aggregate Index NZD Hedged

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 over the long term (over three years) by having an underlying exposure to a diversified portfolio of predominately New Zealand Shares.

For the year ended 31 December 2016 the gross return of the fund was 11.14%.

The fund is a New Zealand registered Unit Trust.

#### Top 10 Holdings as at 31 December 2016

Fletcher Building	11.5%
Fisher & Paykel Healthcare	8.0%
Spark (formerly Telecom)	7.1%
Contact Energy	6.0%
Mainfreight	5.5%
Auckland Airport	5.3%
Meridian Energy	4.4%
Cash	3.9%
Vista	3.8%
Z Energy	3.5%

### RUSSELL INVESTMENTS GLOBAL OPPORTUNITIES FUND (\$NZ HEDGED – CLASS B)

#### Description

The Russell Global Opportunities Fund (\$NZ Hedged – Class B) aims to provide a total return, before costs and

taxes, higher than the benchmark over the long term by having an underlying exposure to a diversified portfolio of international shares, targeting a position of being fully hedged back to New Zealand Dollars.

The investment fund invests predominately in a broad range of international shares listed on stock exchanges in developed as well as emerging international markets. Derivatives may be used to obtain or reduce exposure to securities and markets, to implement investment strategies and to manage risk. The Fund targets a position of being fully hedged back to New Zealand Dollars.

The fund is an Australian registered Unit Trust.

For the year ended 31 December 2016 the gross return of the Fund was 10.26%.

#### Market Exposure – as at 31 December 2016

Financials	20.0%
Information Technology	15.5%
Consumer Discretionary	14.7%
Health Care	13.0%
Industrials	11.0%
Consumer Staples	10.1%
Energy	5.7%
Materials	4.6%
Telecommunication Services	2.2%
Utilities	1.9%
Real Estate	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 over the long term (over three years) 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 2016 the gross return of the Fund was 4.30%.

The fund is a New Zealand registered Unit Trust.

#### Top 10 issuers as at 31 December 2016

NZ Government	52.3%
ASB	4.5%
ANZ	3.8%
BNZ	3.5%
NZLGF	3.2%
Fonterra	2.2%
Westpac	2.2%
Rabobank	1.8%
Kiwibank	1.7%

## RUSSELL INVESTMENTS 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 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 2016 the gross return of the Fund was 6.87%.

### Market Exposure as at 31 December 2016

Government and Cash	36.8%
Residential Mortgage Backed Securities	18.8%
Corporate Securities – Investment Grade	16.9%
Emerging Market Debt	11.1%
Government Related	6.1%
Asset Backed Securities	3.9%
Corporate – High Yield	3.1%
Commercial Backed Mortgage Securities	2.5%
Covered Bonds	0.7%

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

## CINSF INVESTMENT FUND PERFORMANCE

The table below sets out the recommended interest rates to be credited to Member Accounts for the year ended 31 December 2016.

CINSF Investment Fund	Interest Rate Year ended 31 December 2016 (%)
CINSF Conservative Fund	4.80%
CINSF Balanced Fund	3.80%
CINSF Growth Fund	5.65%

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 2016	-8.9%
1 January to 28 February 2016	-3.5%
1 January to 31 March 2016	8.9%
1 January to 30 April 2016	8.8%
1 January to 31 May 2016	8.9%
1 January to 30 June 2016	8.2%
1 January to 31 July 2016	10.7%
1 January to 31 August 2016	9.9%
1 January to 30 September 2016	8.9%
1 January to 31 October 2016	6.6%
1 January to 30 November 2016	5.0%
1 January to 31 December 2016	5.1%

## CINSF BALANCED FUND

Month of Exit	Interest Rate Year to Date (%) pa
1 January to 31 January 2016	-33.1%
1 January to 28 February 2016	-17.6%
1 January to 31 March 2016	6.6%
1 January to 30 April 2016	7.3%
1 January to 31 May 2016	9.2%
1 January to 30 June 2016	5.9%
1 January to 31 July 2016	11.8%
1 January to 31 August 2016	9.9%
1 January to 30 September 2016	7.8%
1 January to 31 October 2016	2.5%
1 January to 30 November 2016	2.4%
1 January to 31 December 2016	4.1%

## CINSF GROWTH FUND

Month of Exit	Interest Rate Year to Date (%) pa
1 January to 31 January 2016	-49.0%
1 January to 28 February 2016	-28.8%
1 January to 31 March 2016	2.5%
1 January to 30 April 2016	3.1%
1 January to 31 May 2016	7.5%
1 January to 30 June 2016	2.1%
1 January to 31 July 2016	11.4%
1 January to 31 August 2016	10.1%
1 January to 30 September 2016	7.8%
1 January to 31 October 2016	3.1%
1 January to 30 November 2016	4.3%
1 January to 31 December 2016	6.0%



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 first few months of 2016 and again in September-October 2016, Members accounts were adversely 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 2016 year, albeit at lower levels than 2015 for Members in the Balanced and Growth Funds, the potential remains for high levels of volatility in investment markets. Following the introduction of Member Choice in mid-2015, the vast 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. It was noted that the return of the Conservative Fund rose from 3.63% in 2015 to 4.80% in 2016.

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 and also with independent investment consultants.

## 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 6 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 following). 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.

During the year, the Trust Deed was amended to allow for Members to retain their Voluntary Account balances on

becoming Pensioners.

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 prepared as at 31 December 2016.

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 but is expected to decrease over the coming years to the point where the Fund will eventually become self-funding. 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 8) via the ebenefits tab.

## AMENDMENTS TO TRUST DEED

The Trust Deed was amended on 29 November 2016 to allow for Pensioners to retain their Voluntary Account balances and for other minor amendments.

## 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 2016.

The judgement of the Privy Council issued in November 2016 found that the Act does comply with the Cook Islands Constitution. The judgement also found that the employer contributions of migrant workers forfeited to the Fund under Section 53 of the Act were unjustifiably discriminatory in relation to the Constitution. The Trustee in consultation with the Board has initiated a repayment plan to the migrant workers.

## 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 2016:

- 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: 27 June 2017

# 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](http://www.publictrust.co.nz))

## INVESTMENT CONSULTANTS

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

## ADMINISTRATION MANAGER

Link Market Services Limited  
P O Box 91976  
Auckland 1142, New Zealand  
(website [www.linkmarketservices.co.nz](http://www.linkmarketservices.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](http://www.russell.com/nz))

## INSURER

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

## AUDITOR

Deloitte  
Private Bag 115033  
Auckland, New Zealand

## ACTUARY

Aon New Zealand  
P O Box 3167  
Shortland Street  
Auckland 1140, New Zealand  
(website [www.aon.co.nz](http://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](http://www.cinsf.com)



<b>Summary Financial Statements</b> for the year ended 31 December 2016	<b>2016</b> <b>NZ \$</b>	<b>2015</b> <b>NZ \$</b>
<b>Summary Statement of Changes in Net Assets</b>		
Net Investment Revenue	7,308,955	4,430,086
Plus: Other Income	533,755	500,052
Less: Other Expenses	(1,603,385)	(1,412,758)
<b>Surplus Before Taxation and Membership Activities</b>	<b>6,239,325</b>	<b>3,517,380</b>
Income Tax Expense	(34,969)	(47,634)
<b>Surplus After Taxation and Before Membership Activities</b>	<b>6,204,356</b>	<b>3,469,746</b>
Membership Activities		
Member Contributions	5,229,079	4,399,901
Member Voluntary Contributions	225,619	228,305
Contributions Yet To Be Allocated	1,283,819	2,041,875
Employer Contributions	5,317,620	4,320,214
Total Contributions	12,056,137	10,990,295
Less: Benefits Paid	(3,890,222)	(1,449,879)
<b>Net Membership Activities</b>	<b>8,165,915</b>	<b>9,540,416</b>
<b>Increase In Net Assets During The Year</b>	<b>14,370,271</b>	<b>13,010,162</b>
<b>Summary Statement of Net Assets</b>		
Assets		
Financial Assets – At Fair Value Through Profit or Loss	121,310,226	105,219,782
Other Assets	3,815,852	3,765,008
<b>Total Assets</b>	<b>125,126,078</b>	<b>108,984,790</b>
<b>Less: Total Liabilities</b>	<b>(2,368,940)</b>	<b>(597,932)</b>
<b>Net Assets Available For Benefits</b>	<b>122,757,138</b>	<b>108,386,858</b>
<b>Vested Benefits</b>	<b>122,459,396</b>	<b>107,388,918</b>
<b>Summary Statement of Cash Flows</b>		
Net Cash Flows from Operating Activities	8,309,446	8,718,928
Net Cash Flows from Investing Activities	(8,608,755)	(8,980,860)
Net (Decrease) in Cash Held	(299,309)	(261,932)
Cash at Beginning of Year	1,814,314	2,076,246
<b>Cash At End Of Year</b>	<b>1,515,005</b>	<b>1,814,314</b>

## NOTES TO THE SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

A summary of the Fund's audited financial statements for the year ended 31 December 2016 which were authorised for issue by Public Trust (the "Trustee") on 9 June 2017 is shown on pages 9 and 10. The summary financial statements have been extracted from the full financial statements for the year ended 31 December 2016 which were authorised for issue by the Trustee on 9 June 2017. The auditor issued an unmodified audit report on the full financial statements dated 9 June 2017.

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 11.

## SUBSEQUENT EVENTS

There were no 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 2016.

MEMBERS	
<b>As at 1 January 2016</b>	<b>8,602</b>
New Members	922
Retirements	(73)
Deaths	(25)
Expatriate Withdrawal	(49)
Disablements	(3)
Withdrawn Membership*	(6)
<b>Members at 31 December 2016</b>	<b>9,368</b>

\* Withdrawn Membership refers to duplicate names that have been removed

PENSIONERS	
<b>As at 1 January 2016</b>	<b>111</b>
New Pensioners	44
<b>Pensioners at 31 December 2016</b>	<b>155</b>



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

## OPINION

The summary financial statements of the Cook Islands National Superannuation Fund (the "Fund"), which comprise the summary statement of net assets as at 31 December 2016, and the summary statement of net assets and summary statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of the Fund for the year ended 31 December 2016.

In our opinion, the accompanying summary financial statements, on pages 9 to 10, are consistent, in all material respects, with the audited financial statements, in accordance with FRS-43: *Summary Financial Statements* issued by the New Zealand Accounting Standards Board.

## SUMMARY FINANCIAL STATEMENTS

The summary financial statements do not contain all the disclosures required by New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report.

## THE AUDITED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited financial statements in our report dated 9 June 2017.

## DIRECTORS' RESPONSIBILITIES FOR THE SUMMARY FINANCIAL STATEMENTS

The directors are responsible on behalf of the Fund for the preparation of the summary financial statements in accordance with FRS-43: *Summary Financial Statements*.

## AUDITOR'S RESPONSIBILITIES

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) 810 (Revised): *Engagements to Report on Summary Financial Statements* ('ISA (NZ) 810').

Other than in our capacity as auditor and the provision of taxation advice, we have no relationship with or interests in the Fund. These services have not impaired our independence as auditor of the Fund.

## RESTRICTION ON USE

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 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 members as a body, for our audit work, for our audit report, for this report, or for the opinions we have formed.

21 June 2017  
Auckland, New Zealand



## BOARD MEMBERS



**Anthony Turua**  
*Cook Islands Workers  
Association Representative*



**Tatiana Burn**  
*Chamber of Commerce  
Representative*



**Heinz Matysik**  
*Non-Chamber Employers  
Representative (Chairman)*



**Anna Koteka**  
*Members Representative*



**Garth Henderson**  
*Financial Secretary*

## SENIOR STAFF MEMBERS



**Damien Beddoes**  
*Chief Executive Officer*



**Julie Wilson**  
*Risk & Compliance  
Manager*



**Angela Charlie**  
*Corporate Services  
Manager*



**Twinn Joseph**  
*Client Services Manager*



**Jacqueline Ulrich**  
*Financial Accountant*