

WELCOME

Welcome to the latest issue of TRSS newsletter, which includes an update on the Teachers scheme's investment performance and changes resulting from last year's transition to the Financial Markets Conduct Act regime.

If there is anything you would like to see covered in future newsletters, please let us know by calling the helpline 0508 4 TEACH (0508 4 83224) or email teachersretire@mercer.com.

INVESTMENTS

Geopolitical uncertainty continues to be the major influence on investment markets, with President Trump, Brexit and North Korea in particular still garnering most of the headlines.

While markets welcomed pro-EU candidate Emmanuel Macron's success in the French presidential election, political unease soon reasserted itself when UK Prime Minister Theresa May's early general election call resulted in a 'hung' parliament.

This tends to further reinforce a growing rejection of 'politics as normal' in western democracies, including a global rise in the 'youth vote'. It will certainly be interesting to see what impact this may have in the build-up to the New Zealand general election in September.

Despite all this nervousness, markets have remained in a positive frame of mind, which supports predictions of higher global economic growth this year. Global inflation remains low, which is delaying expectations of further interest rate rises.

SCHEME RETURNS

The following table shows the indicative returns, after tax and expenses, for each of the Scheme's funds for the 12 months to 30 June 2017, along with a comparison with last year's returns.

Indicative returns after tax and expenses		
	12 months to 30 June 2017*	12 months to 30 June 2016
Cash Fund	1.6%	2.0%
Stable Fund	3.9%	4.1%
Balanced Fund	8.1%	2.6%
Growth Fund	11.2%	1.2%

**Please note these are interim figures only and may be subject to adjustment.*

FINANCIAL MARKETS CONDUCT ACT

As mentioned in the previous newsletter, the ERP transitioned to the Financial Markets Conduct Act (FMC Act) regime in November last year. This has resulted in a number of changes to the Scheme's documents and how they are accessed.

Disclose website

Among the most significant changes is the Companies Office website, known as Disclose, **www.companiesoffice.govt.nz/disclose**. The site contains copies of all Scheme-related documents, including the trust deed, statement of investment policy and objectives, employer agreement, annual report, financial statements and fund updates (the last three documents will be available after year-end processes have been completed). We encourage you to have a look at Disclose – search Employee Retirement Plan under the scheme register or, later this year, offer register.

Please remember, however, that most of the above documents are still available, free of charge, from the Employee Retirement Plan Secretary and Plan Administrator, and on the Scheme website, **www.trss.superfacts.co.nz**.

Annual report

One major change to the annual report is the introduction of a new statutory information section, consisting of seven specific headings. While much of the material required in this section won't differ too much from that provided in previous years, there will be additional information included that helps provide you with a clearer understanding of the Plan and how it operates.

Financial statements

Under FMC Act regulations, there is no longer a requirement to include full or summarised financial statements as part of superannuation plan annual reports. Instead, this information will be available for viewing or downloading from the Scheme or Disclose websites.

However, the trustee has decided that this year's annual report will include the Scheme's summary financial statements.

Fund updates

Fund updates are new documents that detail each of the Scheme's investment funds' performance and fees, where the assets are invested and some background information about those people most closely involved with the fund's investment decisions. It can also help you to compare the Plan with other similar funds.

Because the FMC Act classifies the Scheme as a 'restricted workplace savings scheme', fund updates are only required to be produced once a year, as part of the annual review process, rather than quarterly.

The Scheme's first fund updates will be available on both the Scheme and Disclose websites in mid-August.

To find out more about anything mentioned in this newsletter

Call: **0508 4 TEACH (0508 4 83224)** Email: **teachersretire@mercer.com**

Visit: **www.trss.superfacts.co.nz**