

AXA KiwiSaver Scheme /
annual report

for the year ended 31 March 2011

helping kiwis save

for retirement

AXA KiwiSaver Scheme annual report

for the year ended 31 March 2011

As Trustee of the AXA KiwiSaver Scheme (the 'Scheme'), New Zealand Permanent Trustees Limited presents to AXA KiwiSaver Scheme members the Scheme's Annual Report for the 12 month period from 1 April 2010 to 31 March 2011.

Changes to KiwiSaver announced in Budget 2011

The 2011 Budget announced significant changes to KiwiSaver that will affect you as a Member of the AXA KiwiSaver Scheme:

- The maximum member tax credit has reduced to \$521.43 per year for the KiwiSaver year that commenced on 1 July 2011. The rate at which member tax credits match member contributions has reduced from dollar to dollar, to 50c for every dollar contributed. This means that to receive the maximum member tax credit, eligible members will still need to contribute \$1,042.86 each KiwiSaver year (1 July to 30 June).
- The current tax exemption for compulsory employer contributions will cease from 1 April 2012. From this date, all employer contributions will have employer superannuation contribution tax (ESCT) deducted from them at a rate equivalent to an employee's marginal tax rate before being credited to the scheme. Visit www.ird.govt.nz for current ESCT rates.
- The government has proposed that from 1 April 2013 the minimum employee contribution and compulsory employer contribution rates will increase from 2% to 3% of gross salary or wages, including for existing members. The default employee contribution rate for members who do not choose to contribute at a higher rate will be 3%.

Please note that the law changes required to reduce the member tax credit and remove the ESCT exemption have been made. The changes to the compulsory minimum employee and employer contribution rates are Budget proposals only at this stage.

Trans-Tasman portability update

Legislation was passed in New Zealand in September 2010 to enable KiwiSaver members who have worked in Australia to bring their compulsory retirement savings home or transfer them to Australia if emigrating. However, equivalent legislation needs to be passed in Australia before trans-Tasman savings transfers can become a reality. This is not expected to be until 2012 at the earliest. Certain terms and conditions will apply to any transfers.

Acquisition of AXA by AMP

On 30 March 2011, AMP Limited, AXA Asia Pacific Holdings Limited and AXA SA entered into an agreement as a part of which National Mutual Corporate Superannuation Services Limited (the AXA company that is responsible for the management of the AXA KiwiSaver Scheme) became ultimately owned by AMP Limited.

Amalgamation of various AXA Entities

On 30 June 2011, a number of companies within the AXA New Zealand Group, including National Mutual Corporate Superannuation Services Limited were amalgamated into AXA Global Investors Limited which was then renamed AXA Wealth Management Limited. The purpose of the amalgamation is to achieve business simplification and operating efficiencies. Following the amalgamation, AXA Wealth Management Limited assumed all rights and obligations of National Mutual Corporate Superannuation Services Limited as administration manager and promoter of the AXA KiwiSaver Scheme.

AXA KiwiSaver Scheme investment portfolios

The AXA KiwiSaver Scheme offers five investment portfolios ('Portfolios'). Other than the KiwiSaver Cash Portfolio, each Portfolio provides exposure to a range of investment sectors which is appropriate to the risk profile of that Portfolio.

KiwiSaver Income Plus Portfolio

The KiwiSaver Income Plus Portfolio has a mix of exposures to International and Australasian Shares, Property, International and New Zealand Fixed Interest and Cash.

Asset allocation as at 31 March 2011	% WEIGHTING
Cash	33%
New Zealand Fixed Interest	15%
International Fixed Interest	30%
International Property	2%
International Shares	14%
New Zealand and Australian Shares	6%

The Portfolio is designed for investors seeking an investment with a conservative risk profile. It is the Scheme's default portfolio for members automatically enrolled into the Scheme under the Inland Revenue default allocation process and as such complies with the Government's requirements for the default investment product. Contributions are invested in the Portfolio when no investment choice has been made by those members.

KiwiSaver Conservative Portfolio

The underlying assets of the KiwiSaver Conservative Portfolio are invested primarily in lower risk assets such as cash and fixed interest investments plus some higher risk assets such as property and shares.

Asset allocation as at 31 March 2011	% WEIGHTING
Cash	20%
New Zealand Fixed Interest	18%
International Fixed Interest	31%
Commodities	3%
Global Infrastructure	2%
International Property	3%
Australasian Property	1%
International Shares	16%
New Zealand and Australian Shares	6%

The Portfolio is designed for the shorter-term or the cautious investor (investing for 2-3 years). Historically, the returns tend to be steady and there is likely to be a low degree of fluctuation in the value of investments. Contributions are invested in this Portfolio when no investment choice has been made by a member who has chosen the Scheme as their KiwiSaver scheme or who has become a member of the Scheme because it is his or her employer's "employer choice" scheme.

Please note:

1. The percentages shown in the above asset allocation tables reflect the weightings as at 31 March 2011 only. Investments in each asset class will vary from time to time around the relevant Portfolio's benchmarks and within the prescribed investment ranges.
2. The investment ranges, mixture of investments, objectives, strategies, benchmarks, the nature of the assets in which each Portfolio can and does invest and the way the various investment exposures are obtained may change at any time without prior notification.
3. Investment performance of the KiwiSaver Cash Portfolio is more likely to reflect the NZ 90-Day Bank Bill Index than retail bank deposits.

KiwiSaver Cash Portfolio

The KiwiSaver Cash Portfolio provides 100% exposure to cash sector investments. The underlying fund can invest in short-term cash securities which may include cash deposits, marketable debt securities, floating rate notes and derivative instruments.

Asset allocation as at 31 March 2011	% WEIGHTING
Cash	1%
Local Authority Debt	14%
Bank Bills	64%
Corporate Paper	21%

The Portfolio is designed for the short-term or the very cautious investor. The benefit of seeking lower but steady returns from these types of investments is that there is likely to be a low degree of fluctuation in the value of your investment.

KiwiSaver Balanced Portfolio

The KiwiSaver Balanced Portfolio is designed for medium to long-term growth so invests across a range of asset classes. The Portfolio has a balanced mix between lower-risk (i.e. cash and fixed interest) and higher-risk growth assets (i.e. investments in property, shares and emerging market securities) aiming for a higher long-term return.

Asset allocation as at 31 March 2011	% WEIGHTING
Cash	5%
New Zealand Fixed Interest	6%
International Fixed Interest	24%
Commodities	5%
Global Infrastructure	2%
International Property	3%
Australasian Property	2%
Emerging Markets	4%
International Shares	33%
New Zealand and Australian Shares	16%

The Portfolio is designed for the medium to long-term investor (i.e. five years plus) who is prepared to accept a higher level of risk than that under the KiwiSaver Cash, KiwiSaver Income Plus and KiwiSaver Conservative Portfolios.

KiwiSaver Growth Portfolio

The KiwiSaver Growth Portfolio is primarily invested in a mix of shares, which, based on historical performance, have traditionally tended to outperform other investment classes over the long-term, though can exhibit significant fluctuation in value over the short-term. The shares are domiciled in a range of geographies including global developed markets, emerging nations and domestically. The portfolio also has a holding in shares issued by property companies. A range of bonds and cash provides diversification to the Portfolio.

Asset allocation as at 31 March 2011	% WEIGHTING
Cash	5%
New Zealand Fixed Interest	2%
International Fixed Interest	2%
Commodities	7%
Global Infrastructure	2%
International Property	6%
Australasian Property	2%
Emerging Markets	8%
International Shares	44%
New Zealand and Australian Shares	22%

The KiwiSaver Growth Portfolio is designed for the long-term investor (i.e. for at least seven years), who is prepared to accept a high level of risk.

Please note:

1. The percentages shown in the above asset allocation tables reflect the weightings as at 31 March 2011 only. Investments in each asset class will vary from time to time around the relevant Portfolio's benchmarks and within the prescribed investment ranges.
2. The investment ranges, mixture of investments, objectives, strategies, benchmarks, the nature of the assets in which each Portfolio can and does invest and the way the various investment exposures are obtained may change at any time without prior notification.

investment portfolio performance

Performance information for each Portfolio shown is calculated on the basis of the change in the value of units in the relevant Portfolio plus tax imputation credits for the 12 month period from 1 April 2010 to 31 March 2011. Any investment fees deducted in the unit price are also added back to the return.

Monthly Investment Performance to 31 March 2011	KiwiSaver Income Plus Portfolio	KiwiSaver Cash Portfolio	KiwiSaver Conservative Portfolio	KiwiSaver Balanced Portfolio	KiwiSaver Growth Portfolio
30 April 2010	0.42%	0.31%	0.42%	0.10%	-0.21%
31 May 2010	-0.70%	0.25%	-1.05%	-3.49%	-5.26%
30 June 2010	-0.07%	0.28%	-0.02%	-1.46%	-2.52%
31 July 2010	1.18%	0.35%	1.48%	2.73%	3.67%
31 August 2010	0.63%	0.29%	0.72%	-0.28%	-1.30%
30 September 2010	1.65%	0.32%	1.92%	3.89%	5.25%
31 October 2010	0.59%	0.30%	0.64%	1.42%	1.98%
30 November 2010	-0.31%	0.32%	-0.40%	-0.46%	-0.43%
31 December 2010	0.84%	0.32%	1.18%	2.61%	3.81%
31 January 2011	0.50%	0.32%	0.63%	0.46%	0.36%
28 February 2011	1.09%	0.31%	1.36%	2.16%	2.74%
31 March 2011	0.38%	0.32%	0.35%	0.52%	0.68%
INVESTMENT PERFORMANCE FOR THE 12 MONTHS TO 31 MARCH 2011	6.37%	3.75%	7.42%	8.26%	8.60%

Unit Price	KiwiSaver Income Plus Portfolio	KiwiSaver Cash Portfolio	KiwiSaver Conservative Portfolio	KiwiSaver Balanced Portfolio	KiwiSaver Growth Portfolio
Unit Price as at 31 March 2010	1.0905	1.1455	1.1184	0.9676	0.8805
Unit Price as at 31 March 2011	1.1530	1.1847	1.1938	1.0393	0.9485

Please note: The investment performance for all portfolios set out above are gross of PIE tax (which is payable at the members' applicable Prescribed Investor Rate ('PIR')), and fees. Past performance is no guarantee of future performance or trends. Investments in the Scheme are subject to investment risk including possible loss of income or principal invested. The performance of, or returns from, the Scheme, or the repayment of capital, is not guaranteed (in full or in part) by the Scheme's trustee (New Zealand Permanent Trustees Limited), AXA Wealth Management Limited, or any other party.

economic outlook

What is happening with the economy and investment returns? – AXA's view

The global economy is into its third year of expansion following the global financial crisis. However, the rate of expansion is patchy, with strong growth across emerging markets and modest growth across much of the developed world. Germany is a notable exception as it enjoys a strong export-led recovery. We believe this dichotomy of strong growth in the emerging world and modest growth in the developed world will continue to be a key feature of the economic landscape for the next years.

Easy monetary and fiscal policies were key drivers of the economic recovery across the world, but their efficacy has been reduced because debt concerns linger around the globe. Households have been reducing debt levels, and businesses lack the confidence to invest and employ more people, in an environment where the scars of the financial crisis remain fresh. However, reduced debt levels signal that important repair work is happening which bodes well for sustained but potentially weak recovery.

Over the year investors have remained concerned about high public debt levels and the stability of the banking system, particularly in countries like Greece, Portugal and Ireland. The risks of contagion effects on the global finance system are real and policy-makers are working hard to contain those risks.

New Zealand's economic recovery post-crisis through to the year to March 2011 was very weak by historical standards but is expected to gather momentum, supported by the hosting of the Rugby World Cup, and rebuilding activity following the devastating earthquakes in Canterbury.

scheme details details as at 31 March 2011

Membership

MEMBERSHIP DETAILS	TOTAL NUMBER OF MEMBERS
Members as at 1 April 2010	83,129
New members	19,898
Transfers in from other superannuation schemes	1,150
Less	
Serious Illness	(28)
Permanent Emigration	(157)
Death	(97)
Transfers out	(7,841)
Refund (enrolment errors)	(260)
Late opt-outs	(485)
KiwiSaver End Payment Date	(0)
Members as at 31 March 2011	95,309

Withdrawals

TYPES OF WITHDRAWAL	TOTAL NUMBER OF MEMBERS	TOTAL AMOUNT WITHDRAWN (\$)
First Home Withdrawal	82	706,297
Significant Financial Hardship	439	1,389,769
Serious Illness	31	243,991
Permanent Emigration	157	705,758
Death	97	552,802
End Payment Date	0	0

Fees Charged

FEE TYPE	TOTAL AMOUNT (\$)
Monthly Member Fee	3,508,763
Administration Fee	395,389
Investment Management Fee	2,557,734
Trustee Fee	152,325
Switching Fee	0
Total amount of fees charged	6,614,211

Contributions Received

CONTRIBUTION TYPES	NUMBER OF MEMBERS	TOTAL AMOUNT (\$)
Member contributions at section 64 contribution rate (i.e. 2%, 4% or 8% deductions from salary or wages)	72,733	79,863,359
Employer contributions	72,017	49,719,871
Crown Contributions & Fee subsidy	79,337	63,976,845
Transfer in from other KiwiSaver schemes	1,205	6,121,231
Transfer in from registered superannuation schemes	7	10,108
Lump sum contributions	2,955	3,833,541
Other voluntary contributions over section 64 contribution rate	5,894	3,263,414

Total Amount of Members' Accumulations

NUMBER OF MEMBERS WITH ACCUMULATIONS	TOTAL AMOUNT OF MEMBERS' ACCUMULATIONS (\$)
94,720	601,813,402

Fee Subsidies Credited

NUMBER OF MEMBERS	TOTAL AMOUNT OF FEE SUBSIDIES CREDITED TO MEMBERS (\$)
344	4,341

Please note: The information relating to the Scheme details above is based on the AXA KiwiSaver Scheme's Annual Statistical Return provided to the Financial Markets Authority for the year ending 31 March 2011. Certain classifications relating to contributions and withdrawals may vary from the summary and full financial statements for the Scheme.

AXA KiwiSaver Scheme

Summary of the Scheme's Financial Statements

for the year ended 31 March 2011

The summary financial statements being reported on are for the AXA KiwiSaver Scheme (“the Scheme”)

The Scheme was established and is domiciled in New Zealand, with the Scheme's Members mainly located in New Zealand. The summary financial statements are measured and reported in New Zealand dollars and all values have been rounded to the nearest thousand dollars (\$'000).

The summary is extracted from the full financial statements for the year ended 31 March 2011, which were authorised for issue on 12 July 2011, and for which an unmodified audit opinion was given by PricewaterhouseCoopers. The summary has also been examined by PricewaterhouseCoopers and a copy of their unmodified opinion is included in this report. The full financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (“GAAP”), incorporating New Zealand Equivalents to International Financial Reporting Standards (“NZ IFRS”), as appropriate for a profit oriented entity. The full financial statements comply with International Financial Reporting Standards.

The summary financial statements comply with FRS 43: Summary Financial Statements.

On 30 June 2011 National Mutual Corporate Superannuation Services Limited and a number of other related companies including Assure New Zealand Limited (each called an amalgamating company) amalgamated into AXA Global Investors Limited.

Following the amalgamation AXA Global Investors Limited has been renamed AXA Wealth Management Limited. The amalgamation took place using the short form procedure in the Companies Act 1993. As a result AXA Wealth Management Limited has succeeded to all property, rights, powers and privileges and liabilities and obligations of each of the amalgamating companies.

No additional events occurred between the date the full financial statements were authorised and the date the summary financial statements were authorised that require disclosures in these summary financial statements.

These summary financial statements cannot be expected to provide as complete an understanding as provided by the full statements of changes in net assets, net assets and cash flows of the Scheme.

You can obtain a copy of the full financial statements, free of charge, from AXA New Zealand Customer Services, PO Box 1692, Wellington, 6140.

Summary of the Scheme's Financial Statements

statement of changes in net assets

	YEAR ENDED 31-MAR-11 \$000's	YEAR ENDED 31-MAR-10 \$000's
Income		
Interest income	93	77
Net gains on financial instruments held at fair value through profit or loss	35,789	46,815
Total income	35,882	46,892
Expenses		
Administration fee	(3,904)	(3,145)
Management fee	(2,558)	(1,591)
Trustee fee	(152)	(95)
Total expenses	(6,614)	(4,831)
Net gain before membership activities	29,268	42,061
Membership activities		
Opening Members' funds	408,240	200,395
Member Contributions	90,850	88,295
Employer Contributions	50,820	42,139
Government Contributions	67,102	69,145
Benefits	(4,635)	(3,063)
Transfers to other KiwiSaver providers	(34,055)	(24,664)
Member attributed taxation	(5,777)	(6,068)
Net Membership activities	572,545	366,179
Closing Member's funds	601,813	408,240

statement of net assets

	AS AT 31-MAR-11 \$000's	AS AT 31-MAR-10 \$000's
Assets		
Cash and cash equivalents	1,043	1,527
Financial assets held at fair value through profit or loss	607,438	414,158
Total assets	608,481	415,685
Liabilities		
Member attributed taxation	(5,340)	(5,823)
Other liabilities	(1,328)	(1,622)
Total liabilities (other than liabilities for accrued benefits)	(6,668)	(7,445)
Net Assets available for benefits	601,813	408,240
Accrued benefits at the end of the year	601,813	408,240

Summary of the Scheme's Financial Statements

statement of cash flows

	YEAR ENDED 31-MAR-11 \$000's	YEAR ENDED 31-MAR-10 \$000's
Net cash (outflows) from operating activities	(164,252)	(170,474)
Net cash inflows from financing activities	163,768	170,710
Cash and cash equivalents at beginning of period	1,527	1,291
Cash and cash equivalents at end of period	1,043	1,527
Comprising:		
Cash at bank and/or financial institutions	1,043	1,527
Total cash and cash equivalents as per statement of net assets	1,043	1,527

Authorised for issue by the Trustee:
New Zealand Permanent Trustees Limited



Dennis Church
12 JULY 2011



Grant Brenton
12 JULY 2011



Independent Auditors' Report on the Summary Financial Statements to the members of the AXA KiwiSaver Scheme

We have audited the accompanying summary financial statements on pages 6 to 8, which comprise the summary statement of net assets as at 31 March 2011, the summary statement of changes in net assets and summary cash flow statement for the year then ended, and related notes, which are derived from the audited financial statements of the AXA KiwiSaver Scheme ("the Scheme") for the year ended 31 March 2011. We expressed an unmodified audit opinion on those financial statements in our report dated 12 July 2011.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Scheme.

Trustees' Responsibility for the Summary Financial Statements

The Trustees are responsible for the preparation of a summary of the audited financial statements in accordance with FRS-43: Summary Financial Statements.

Auditors' Responsibility

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

Other than in our capacity as auditors we have no relationship with, or interests in, the Scheme.

Opinion

In our opinion, the summary financial statements have been correctly extracted from the audited financial statements of the Scheme for the year ended 31 March 2011 and are consistent, in all material respects, with those financial statements, in accordance with FRS-43.

Restriction on Distribution or Use

This report is made solely to the Scheme's members, as a body. Our audit work has been undertaken so that we might state to the Scheme's members those matters which we are required to state to them in an auditors' 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 Scheme and the Scheme's members, as a body, for our audit work, for this report or for the opinions we have formed.

Chartered Accountants
12 July 2011

Wellington

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of the Scheme for the year ended 31 March 2011 included on the Manager's website. The Manager is responsible for the maintenance and integrity of its website. We have not been engaged to report on the integrity of the Manager's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements as well as the related audit report dated 12 July 2011 to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.



trustee's certification

To the Members of the AXA KiwiSaver Scheme ('the Scheme') for the year ended 31 March 2011

As required by section 123 (2) of the KiwiSaver Act 2006 ('the Act') New Zealand Permanent Trustees Limited as Trustee of the Scheme, certifies that:

All the benefits required to be paid from the Scheme in accordance with the terms of the Trust Deed have been paid. There were no outstanding claims as at 31 March 2011.

The market value of the assets of the Scheme at the close of the financial year exceeded the total value of the benefits that would have been payable had all Members of the Scheme 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.

Further, New Zealand Permanent Trustees Limited certifies in accordance with s.123 (4) of the Act that:

Any fee subsidies received in respect of each member of the Scheme have been applied in accordance with the prescribed requirements; and

There is a scheme provider agreement between the Commissioner of Inland Revenue and AXA Wealth Management Limited as Provider of the Scheme that remains in force; and

There has been no fee increase of either the Trustee, Administration Manager, Investment Manager, Promoter or any other person charging a fee for services in relation to the provision of the Scheme during the year ending 31 March 2011.

New Zealand Permanent Trustees Limited confirms in accordance with s.123 (3) (b) of the Act that contributions received in respect of each Member, including contributions paid via the Commissioner of Inland Revenue in respect of that Member, have been applied in accordance with the Trust Deed.

Dennis Church
For New Zealand Permanent Trustees Limited
31 AUGUST 2011

Amendments to the Trust Deed since the date of the last Annual Report

There were no amendments to the Trust Deed dated 22 March 2007.

The Prospectus

The latest Prospectus for the Scheme was registered on 17 September 2010 as amended by Memorandum of Amendments dated 29 March 2011.

directory

Administration manager and promoter:

AXA Wealth Management Limited
PO Box 1692
Wellington 6140
New Zealand

The Directors of the Administration manager are:

Christopher William Day
Ralph Earle Stewart
Peter Raymond Verhaart

Investment manager:

AXA Wealth Management Limited
PO Box 1692
Wellington 6140
New Zealand

Trustee:

New Zealand Permanent Trustees Limited
PO Box 5067
Wellington 6145
New Zealand

The Directors of the Trustee and changes since the date of the last annual report are:

Dennis Raymond Church
Ann Veronica Brennan (*appointed 10 September 2010*)
Grant Peter Brenton
Grenville Barron Gaskell
Kenneth Francis Reilly

Actuarial advice:

AXA New Zealand Actuarial Division

Auditors:

PricewaterhouseCoopers audited the financial statements for the AXA KiwiSaver Scheme for the year ended 31 March 2011.

Ernst and Young will be appointed as the auditor of the Scheme for the year ended 31 March 2012, replacing PricewaterhouseCoopers.

Solicitors:

DLA Phillips Fox were appointed as solicitors of the Scheme on 1 January 2011, replacing Kensington Swan.

AXA New Zealand Legal Division

correspondence

Contact names and addresses for the Scheme are as follows:

For administrative matters and questions relating to your benefit entitlements:

AXA New Zealand
Freepost AXA
PO Box 1692
Wellington 6140
New Zealand
Freephone: 0800 29 27 28
Freefax: 0800 161 699
Email: askus@axa.co.nz

Correspondence intended for the Trustee, New Zealand Permanent Trustees Limited, should be addressed to:

New Zealand Permanent Trustees Limited
PO Box 5067
Wellington 6145
New Zealand
Phone: 04 978 4497

For more information about the AXA KiwiSaver Scheme, please see the current investment statement, call your financial adviser, or contact us on **0800 29 27 28**.

A disclosure statement is available from your financial adviser, on request and free of charge.

AXA Wealth Management Limited, PO Box 1692, Wellington 6140.

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redefining / standards

