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GMI SUPERANNUATION SCHEME

**ANNUAL REPORT & SUMMARY
FINANCIAL STATEMENTS**

For the year ended 31 March 2012

AN OVERVIEW OF 2011-12

After a promising start to the year, share markets came off the rails in May 2011. It was a real roller coaster ride for a few months. But by December, markets regained their poise and share prices rose reflecting greater certainty about economic growth and financial market stability:

April, May: Slowing growth in China, softer US economic data, and the prospect of a Greek debt default all made for a nervous start to the year.

June, July, August: Political squabbling over the US debt ceiling was followed by a credit rating downgrade. Meanwhile, the European debt crisis spilled over into a funding crisis for its banks. Market volatility soared to the highest levels since 2008.

September, October: Global share markets continued to tank as policy makers in Europe twiddled their thumbs. A plan finally started to emerge on how to deal with Greece, stabilise the banks and support other wobbly European governments. Economic news from the US improved.

November, December, January: There were more losses early in November. Plans were firmed up for a solution to Europe's problems. Central banks came to the rescue, pumping cash through the financial system and propping up European banks. World share markets galloped ahead.

February, March: The share market rally rolled on, with growing confidence Europe's problems were contained, and economic growth in the US was all but assured.

The New Zealand dollar was one of the world's star currencies over the year (up around 7% against the US dollar).

ACTIVITIES IN THE PORTFOLIOS

We made many small changes to the Scheme's portfolios during the year. These mainly involved dialling up or down the proportion of each portfolio that is invested in shares. Reducing the exposure to shares helps to provide a buffer when markets fall. For example, share exposure in the Growth portfolio went as low as 70% at one point in August 2011 and was back up to 80% at the end of October.

In uncertain times you don't want too much of your money invested in riskier assets like shares. However, you don't want to be out of the game entirely. Companies can still make good returns in difficult trading conditions.

RIDING THE ROLLER COASTER

This year highlighted the volatile nature of share markets—the ups and downs that can (and do) occur.

Shares tend to deliver higher returns than fixed interest investments or cash over the longer-term, but they don't do it consistently. All the gains from shares for a year may come in a month; all the gains for a decade may come in a single year. And those gains often come when the outlook is bleakest, and most investors are feeling queasy about holding shares.

If you really can't stomach the ups and downs in share markets, it's easy to change your investment mandate. Find out more on our website at www.gmisuper.co.nz/investment-options.

OUR INVESTMENT PHILOSOPHY

Our core principles remain the same from year to year, but there will be refinements and tweaks to strategy. Here's a refresher about our investment philosophy.

- We emphasise wealth protection. Wealth protection is the guiding philosophy of our investment process with wealth enhancement a second-order goal.
- We put safety first—we aim to minimise losses when markets are falling by reducing your exposure to shares.
- We diversify—we don't put all your eggs in one basket. Or all of your money in one asset!
- We place a high priority on liquidity—we hold assets we can sell quickly and efficiently when we need to.

GLOBAL INVESTOR

Those of you who check your monthly reports will know that we mainly invest in large global companies, either directly or through specialist funds.

ACTIVE MANAGER

Many managers stick closely to a specific percentage of funds allocated to shares and as a result they closely track the market ups and downs. For us, the benchmark is a measuring stick, not a straightjacket. We can adjust our weightings in sectors, countries, or shares—as long as it fits into the big picture of beating the benchmark over the long term, while sticking to our philosophy of wealth protection.

NEW OWNER BUT BUSINESS AS USUAL

You may have heard that on 31 March 2012 Gareth Morgan Investments Limited Partnership (GMILP) got a new owner. GMILP is the Manager of the GMI Superannuation Scheme.

The purchasing company was Kiwi Wealth Management Limited, which is owned by Kiwi Group Holdings Limited, which also owns Kiwibank Limited.

So what does all that mean for you? Well, to put it simply, GMILP now has the same underlying owner as Kiwibank. And, as we said when the sale was announced, it is very much business as usual for our members.

We remain a stand-alone business with the same people, run out of the same premises. We continue to be 100% New Zealand owned and operated.

GMI Superannuation Scheme

Trustee Report to Members

For the year ended 31 March 2012

In accordance with section 14 and Schedule 2 of the Superannuation Schemes Act 1989, Public Trust (the "Trustee") reports as follows:

The numerical changes in the membership of the GMI Superannuation Scheme (the "Scheme") for the year ended 31 March 2012 are:

	Total Scheme Membership	
	Year ended 31-Mar-12	Year ended 31-Mar-11
Opening	72	28
New Entrants	38	45
Withdrawals	(5)	(1)
Closing	105	72

The summary financial statements of the Scheme for the year ended 31 March 2012 are attached (pages 9 to 11).

The auditor's report on the summary financial statements of the Scheme is attached (page 8).

The trust deed of the Scheme was amended on: 21 April 2011, to clarify the age qualification for the withdrawal benefit and remove the ability of the Manager to charge fees to members for transfers, switches of investment direction, entry, exit or any permitted withdrawal; on 8 September 2011, to clarify that the age qualification for the withdrawal benefit applied only to members joining from 21 April 2011; and on 4 April 2012, to allow for benefits relating to UK Transfers received from 6 April 2012 to be locked-in and paid to those members, when eligible, as an income for life, and to allow for certain related party transactions.

Scheme management information:

Trustee	Public Trust
Administration Manager	Gareth Morgan Investments Limited Partnership
Investment Manager	Gareth Morgan Investments Limited Partnership
Insurers	QBE Insurance (Intl) Limited and Lloyd's
Auditor	KPMG
Solicitor	DLA Phillips Fox

All correspondence from members to the Trustee should be sent to:

General Manager
Corporate Trustee Services
Public Trust
Level 10
141 Willis Street
PO Box 5067
Wellington 6145

The board members of Public Trust are:

Current Board Members:

Trevor David Janes
(Chairman)
Rodger John Finlay
Dilkhush Harry
Robin Gilmer Hill

Susan Mary Anna McCormack
Fiona Ann Oliver
Hinerangi Ada Raumati
Sarah Mary Roberts

There were no changes to the board members of Public Trust since the last annual report.

The benefits payable from the Scheme are based on the investment returns of the Scheme's assets. The table below indicates the average month end interim rates of return for each of the three underlying portfolios, used to calculate benefit payments to members who withdrew from the Scheme during the year to 31 March 2012. The returns are net of tax and fees, and are shown to represent members on two prescribed investor rates ("PIR") of either 17.5% or 28%.

Month of withdrawal	Conservative portfolio		Balanced portfolio		Growth portfolio	
	Mid PIR	High PIR	Mid PIR	High PIR	Mid PIR	High PIR
2011						
April	0.34%	0.29%	0.35%	0.21%	-0.18%	-0.43%
May	-0.08%	-0.16%	-0.77%	-0.91%	-1.94%	-2.10%
June	0.17%	0.11%	-0.67%	-0.72%	-1.56%	-1.62%
July	-0.45%	-0.51%	-1.28%	-1.49%	-2.09%	-2.44%
August	-0.01%	-0.05%	-1.45%	-1.43%	-3.83%	-3.70%
September	0.15%	0.14%	-2.77%	-2.44%	-5.26%	-4.66%
October	0.87%	0.82%	3.58%	3.35%	6.30%	5.92%
November	0.38%	0.35%	-0.39%	-0.27%	-1.10%	-0.84%
December	0.61%	0.54%	0.61%	0.52%	0.54%	0.42%
2012						
January	0.45%	0.38%	1.67%	1.42%	3.31%	2.89%
February	1.04%	1.04%	2.13%	2.02%	4.08%	3.85%
March	0.74%	0.71%	1.11%	1.00%	1.72%	1.47%

The most recent prospectus of the Scheme was registered on 16 September 2011 and amended by memoranda of amendments dated; 15 December 2011, to confirm that third party costs related to investment are not included in the Trustee's annual fee; 15 February 2012 to notify members of the proposed sale and change of directorship of the Manager; and 4 May 2012 to allow for benefits relating to UK Transfers received from 6 April 2012 to be locked-in and paid to those members, when eligible, as an income for life, to allow for certain related party transactions, and to confirm the ownership structure and directorship changes following the sale of the Manager.

Other Disclosures

Withdrawals:

	Total Scheme 2012		Total Scheme 2011	
	Number of Members	\$	Number of Members	\$
Members' withdrawals	10	217,638	3	280,000
Scheme transfers out	1	475	1	503
Total Withdrawals	11	218,113	4	280,503

Trustee's certificate

To the Members of the GMI Superannuation Scheme (the "Scheme") for the year ended 31 March 2012

As required by Schedule 2 of the Superannuation Schemes Act 1989, Public Trust as trustee (the "Trustee") confirms that all contributions required to be made to the Scheme during the financial year in accordance with the terms of the trust deed of the Scheme (the "Trust Deed") have been made.

Further, the Trustee hereby certifies that:

All the benefits required to be paid from the Scheme in accordance with the terms of the Trust Deed have been paid.

The market value of the assets of the Scheme at the close of the financial year equalled 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.

There was no fee increase from the Trustee or Gareth Morgan Investments Partnership Limited as administration manager, manager and promoter for the year end 31 March 2012. The fee charged to members for the management and administration of the Scheme is currently up to 1.5% per annum of each member's account balance (subject to any minimum the Trustee may set). This fee covers, among other things, charges for trustee services, administration services and investment management services. The fee does not cover third party costs incurred in the buying and selling of investments in a portfolio, such as brokerage or any third party charges related to the Scheme investing in other managed funds.

Dennis Church

General Manager
Corporate Trustee Services
Public Trust



Date: 29 June 2012



Independent Auditor's Report on the Summary Financial Statements

To the Members of GMI Superannuation Scheme

The accompanying summary financial statements on pages 9 to 11, which comprise the summary statement of net assets as at 31 March 2012 and the summary statements of changes in net assets and cash flows for the year then ended, and related notes, are derived from the audited financial statements of GMI Superannuation Scheme ("the superannuation scheme") for the year ended 31 March 2012. We expressed an unmodified audit opinion on those financial statements in our report dated 31 May 2012. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

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 GMI Superannuation Scheme.

Trustee's Responsibility for the 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*.

Our firm has also provided other services to the superannuation scheme in relation to taxation. Partners and employees of our firm may also deal with the superannuation scheme on normal terms within the ordinary course of trading activities of the business of the superannuation scheme. These matters have not impaired our independence as auditors of the superannuation scheme. The firm has no other relationship with, or interest in, the superannuation scheme.

Opinion

In our opinion, the summary financial statements have been correctly extracted from the audited financial statements of GMI Superannuation Scheme for the year ended 31 March 2012, and the information reported in the summary financial statements is consistent, in all material respects, with the audited financial statements, in accordance with FRS-43 *Summary Financial Statements*.

A handwritten signature in black ink, appearing to be 'KPMG' or similar, written over a horizontal line.

29 June 2012 Wellington

GMI Superannuation Scheme

Summary Financial Statements

For the year ended 31 March 2012

GMI Superannuation Scheme

Statement of Changes in Net Assets

For the year ended 31 March 2012

	Total Scheme Year ended	
	31-Mar-12	31-Mar-11
	\$	\$
Investment activities		
Investment income		
Dividend and distribution income	106,583	40,848
Interest income	156,269	87,968
Other interest	26	-
Net changes in fair value of financial assets and liabilities through profit or loss	61,255	126,472
Net investment income	324,133	255,288
Expenses		
Management and administration fees	97,943	54,454
Miscellaneous transaction fees	988	48
Total expenses	98,931	54,502
Net increase in net assets before membership activities	225,202	200,786
Membership activities		
Contributions	2,823,993	3,341,952
Withdrawals	(218,113)	(280,503)
PIE tax paid	(118,158)	(37,868)
Net membership activities	2,487,722	3,023,581
Benefits accrued to members' accounts	2,712,924	3,224,367
Members' funds at beginning of the year	6,607,847	3,383,480
Members' funds at end of the year	9,320,771	6,607,847

Board Member



Board Member



Date: 29 June 2012

Date: 29 June 2012

GMI Superannuation Scheme

Statement of Net Assets

As at 31 March 2012

	Total Scheme as at	
	31-Mar-12	31-Mar-11
	\$	\$
Assets		
Cash and cash equivalents	403,385	1,227,383
Receivables	43,358	24,770
Investments	8,961,988	5,299,923
Derivatives	(12,979)	57,641
Total assets	9,395,752	6,609,717
Less Liabilities		
Management and administration fees payable	(9,765)	(6,588)
PIE tax payable	(65,216)	4,718
Total liabilities	(74,981)	(1,870)
Net assets available to pay benefits	9,320,771	6,607,847

GMI Superannuation Scheme

Statement of Cash Flows

For the year ended 31 March 2012

	Total Scheme Year ended	
	31-Mar-12	31-Mar-11
	\$	\$
Net cash flows utilised by operating activities	(87,265)	(45,907)
Net cash flows utilised by investing activities	(3,294,389)	(1,812,864)
Net cash flows from financing activities	2,557,656	3,013,760
Add opening cash and cash equivalents	1,227,383	72,394
Closing cash and cash equivalents	403,385	1,227,383

Notes to the Summary Financial Statements

A summary of the GMI Superannuation Scheme's audited financial statements for the year ended 31 March 2012 which were authorised for issue by the Trustee on 29 June 2012 is shown on pages 9 to 10. The Scheme is registered under the Superannuation Schemes Act 1989, registration number 2224351. The summary financial statements have been extracted from the full audited financial statements dated 31 March 2012 which were authorised for issue by the Trustee on 31 May 2012. 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 generally accepted accounting practice and they comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"). The Scheme has made an explicit and unreserved statement of compliance with NZ IFRS in note 2 of its full financial statements.

The financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Scheme operates. All financial information has been rounded to the nearest dollar.

The summary financial statements cannot be expected to provide as complete an understanding as is provided by the full financial statements of changes in net assets, net assets and cashflow of the Scheme. You can obtain a full copy of the annual financial statements, without charge, from the Manager via its website www.gmisuper.co.nz or freephone 0800 427 384.

The Scheme is a profit oriented entity.

The auditor has examined the summary financial statements for consistency with the audited financial statements and has issued an unmodified opinion on both the summary financial statements and the full financial statements.

DIRECTORY

Scheme Trustee

Public Trust
Level 10
141 Willis Street
PO Box 5067
Wellington 6145

Administration Manager

Gareth Morgan Investments Limited Partnership
Level 10
109 Featherston Street
PO Box 10068
Wellington 6143
Tel: 0800 427 384
Fax: 04 473 0643
Email: questions@gmisuper.co.nz

Investment Manager

Gareth Morgan Investments Limited Partnership
Level 10
109 Featherston Street
PO Box 10068
Wellington 6143

The Auditor

KPMG
10 Customhouse Quay
PO Box 996
Wellington 6140

The Solicitor

DLA Phillips Fox
Tower Building
50-64 Customhouse Quay
Wellington 6011



Level 10 | 109 Featherston St | Freepost 210729
PO Box 10068 | Wellington 6143 | New Zealand
Ph: 0800 427 384 | Fax: +64 4 473 0643
questions@gmisuper.co.nz | www.gmisuper.co.nz