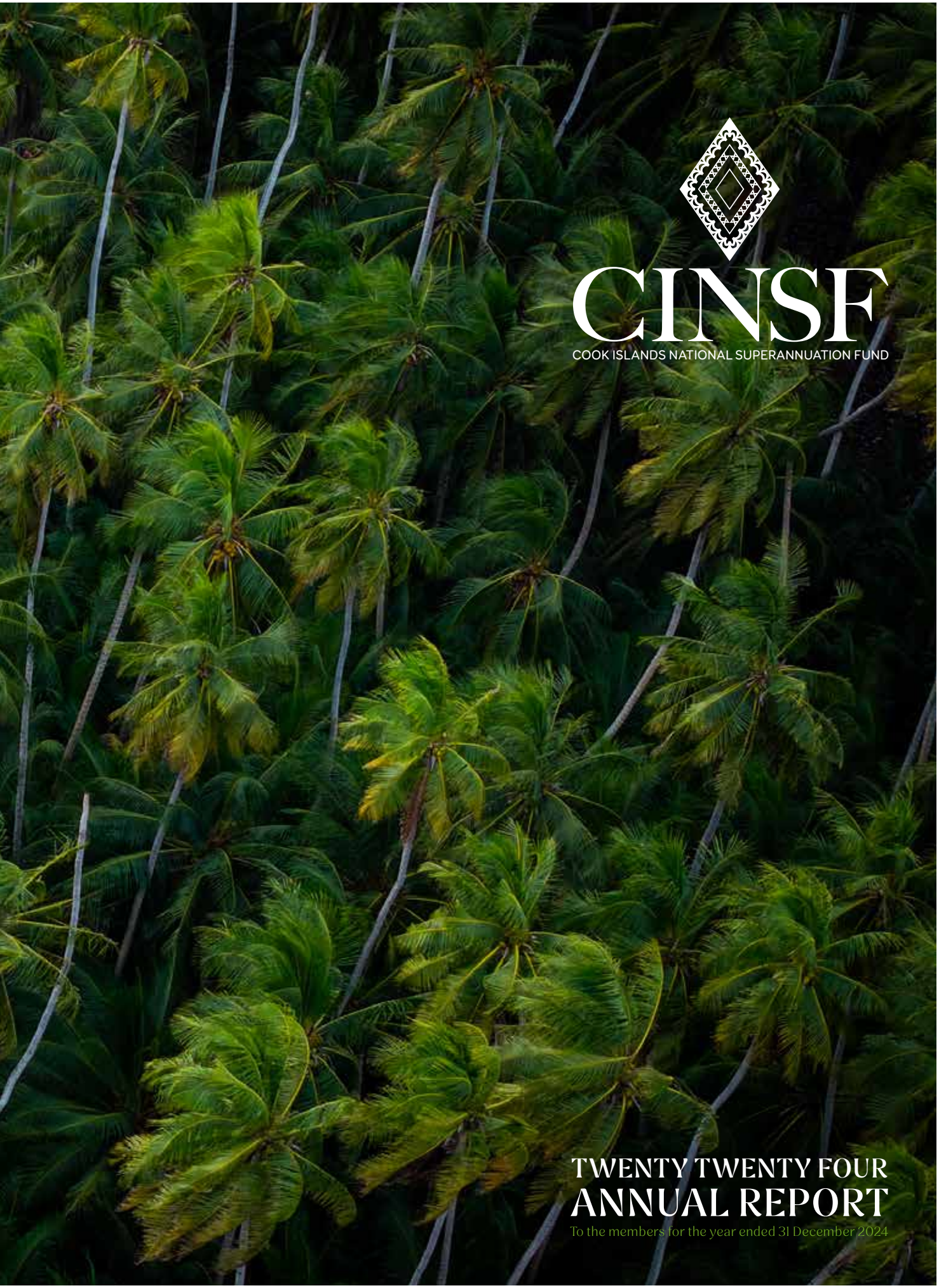

CINSF

COOK ISLANDS NATIONAL SUPERANNUATION FUND

TWENTY TWENTY FOUR ANNUAL REPORT

To the members for the year ended 31 December 2024

OUR PURPOSE

Supporting security in retirement...

WHY IS IT IMPORTANT

When you retire, the income received from the Government Pension is not enough to live on. The CINSF was established to build you a savings investment from the contributions from your wages and employer over your working life, to provide you another Pension to support you in retirement...

WHAT IS SECURITY

We define security as having enough money to meet the cost of living... our challenge is to ensure we provide you with the information to make the best decisions for you to save enough money to meet the cost of living...

Our Culture

MANA TIAKI...

guardians of our members funds.

We act in the long-term best interests of

OUR MEMBERS...

We improve outcomes for members by implementing

INDUSTRY BEST PRACTICES...

We seek to demonstrate where we are

ADDING VALUE...

2024 HIGHLIGHTS

TOTAL FUND SIZE
$291,412,595

NET INVESTMENT GAINS
$39,279,186

TOTAL CONTRIBUTIONS
$25,249,271

BENEFITS PAID TO MEMBERS
$8,452,004

DECLARED RETURNS TO MEMBERS

CONSERVATIVE FUND
7.9%

BALANCED FUND
14.0%

GROWTH FUND
18.1%

TOTAL NUMBER OF MEMBERS
14,231

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CEO LETTER TO MEMBERS

Kia Orana Koutou,

This year marks a significant milestone for CINSF, as we successfully completed our first full year Through a careful and methodical process, our team successfully implemented the Funds Administration transition alongside our Investment programs.

Any new initiatives our team develop are always aligned to our objectives, and in this case, it has delivered on building resilience, creating skilled employment opportunities, improving efficiencies, and importantly reducing the costs of the Fund.

The full outcome of this strategy has resulted in the Fund reducing its overall costs in investments by approximately $900,000 since 2022 and administration by approximately $150,000 since 2023, and we expect these savings, as a percentage of overall costs, to continue annually for the Fund.

As to the performance of the Fund and returns to members 2024 has again benefited from strong returns from the global equity markets resulting in 18.1% for the Growth Fund, 14.0% for the Balanced Fund, and 7.9% for the Conservative Fund.

As the Fund approaches its 25th Anniversary the Board and Executive have been researching and preparing the organization for the next 25 years. We identified a number of areas in the Fund that can be improved for its performance, strengthened in its governance, and clarified to remove any ambiguity. We took these recommendations to improve the Fund to the members in the form of public consultations to seek the members responses to guide any changes to the Fund's legislation.

I'd like to thank all our members that have attended these public meetings and the responses you have provided that will determine the next stage of the Fund's evolution.

Every 3 years we are required to appoint representatives to the CINSF Board and this year we farewelled two of our longest serving Board Members Anna Koteka and Tatiana Burn the Members Representative and Chamber of Commerce Representative. They have made significant contributions to the Fund and the continuous improvements you have seen, and I would like to thank them for the guidance and support they have given me.

With the changing of the representatives, we welcome Olivia Heather and Rebecca Puni as the new Member and Chamber representatives to the CINSF Board and look forward to the contributions they will make to continue the Funds evolution.

We rounded out the end of 2024 with a deep diving strategic workshop with the Board and Executive that will bring a renewed focus on our purpose and the objectives to ensure we are delivering on the needs of our members in retirement, and I am looking forward to seeing the implementation of these new initiatives in 2025.

Again, I would like to extend my thanks to the CINSF Board and Trustee for their confidence and continued support. I would also like to acknowledge our Trustee and the work they've done to support the Fund, and most importantly the Executive and Staff here in our Cook Islands Office, for all their hard work and leadership in supporting our people. Finally, to our members, I appreciate the trust and support you've expressed to our team as Mana Tiaki, to continue to manage your retirement savings.

Meitaki Maata e Kia Manuia

Damien Beddoes
Chief Executive Officer

TRUSTEE LETTER

Message from Trustee

The Trustee is pleased to present to the Members of the Cook Islands National Superannuation Fund (the "Fund") the Annual report for the year ended 31 December 2024. The Annual Report is provided to keep you informed of the Fund's financial results during the year and your investment in the Fund.

Your individual member statement which lists the value of your benefits as at 31 December 2024 has been uploaded to your online investment account records, available through the member log-in from the CINSF website. Alternatively, a copy is available to you from the CINSF Office.

Changes to the Trust Deed

There were no changes to the Trust Deed in 2024

We further confirm that:

- all contributions required to be made to the Scheme in accordance with the terms of the Trust Deed have been made; and
- all benefits required to be paid from the Scheme in accordance with the terms of the Trust Deed have been paid; and
- the Scheme's net asset value at 31 December 2024 equalled the total value of vested benefits. These are the benefits that would have been payable on the basis that 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 31 December 2024.

OUR PURPOSE

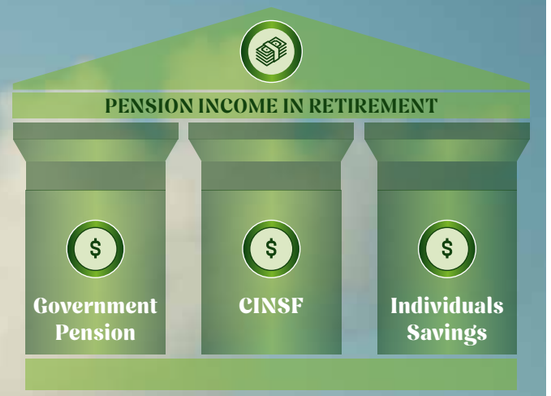
The Cook Islands National Superannuation Fund (CINSF) was established to provide members with a pension income in retirement.

In the late 1990's our Government and Political leaders recognised that in the future our people would not be able to afford to live on a government pension alone but would also not have the financial tools to save and invest their own money over their working lives to be able to meet the difference between what the government pension could pay and what a person needed to meet the costs of living in retirement.

This led to the creation of the Cook Islands National Superannuation Fund.

The CINSF is one of three pillars of our country's social security, the first pillar is the Cook Islands Government Pension which pays between $500 to $750 per month in retirement. The second pillar is the CINSF which pays another pension based on the amount a member has saved, and the third pillar is the savings or investments a member has made on their own.

The current cost of living in the Cook Islands is approximately $2300 per month for an average household. The Cook Islands Government Pension starts at $500 per month, therefore leaving approximately $1800 per month to be funded from the CINSF Pension and the member's own savings.



The CINSF has calculated that if a member can save $345,000 by the time they retire at age 60, they will receive a CINSF pension of approximately $1,800 per month* to be able to meet the remaining average cost of living.

If a member is unable to save $345,000 by the time they retire, they will need to ensure they have saved, invested, or can continue to work to earn enough to meet the difference per month.

Over time this number will change with inflation and other factors, so our role is to continually monitor this equation to keep members up to date with the savings target needed.

* based on current pension rates and assuming no 25% lump sum withdrawal

MEMBER BENEFITS

INVESTMENT BENEFITS

- Compulsory Matched Savings: The 5% deducted from your wages must be matched by 5% from your employer
- Tax Benefit: Investment returns inside the CINSF are not taxed
- Investment Choice: Choice from either the Conservative, Balanced, or Growth Fund for higher returns or preservation of capital
- Voluntary Savings: Additional savings that you can also access in case of need

PENSION BENEFITS

- Pension Security: Pension payments are for life even if you live longer than the available balance of your pension account.
- Early Retirement (Ages 55-59): Options under redundancy or illness to claim between ages 55-59.
- Spousal Pension: Pension payments continue to your spouse in the event of your death
- Tax Benefit: Pension payments are not subject to income tax

LIVING BENEFITS

- Critical Illness: Claim up to $5,000 in the event of a medical referral
- Terminal Illness: Full pay out of your investment and life insurance
- Total and Permanent Disability Claim: Options for early claims and life insurance (subject to conditions)
- Loss of Limb Options for insurance claims (subject to conditions)
- Medical Advice: Options to obtain a second opinion for diagnosis

DEATH BENEFITS

- Life Insurance Cover: Equal to 1 x your annual salary (subject to conditions)
- Advance Payment: $5,000 advanced payment for a prepaid Funeral benefit.

Refer to the Members Handbook or website for more information on Member Benefits.

MEMBER EDUCATION

The member services team are dedicated to helping our members understand the CINSF, its purpose, how the Fund invests, the options for members, and all the benefits of the Fund to members.

Our team does this through pre-arranged presentations to members and employers in their place of work at a time convenient to them.

Every week throughout the year we meet with members and employers to share information about the Fund and any updates and changes being made.

MEMBER CONSULTATION

Over the past 4 years the CINSF Office has continued to migrate components of the operations of the Fund back to the Cook Islands to be managed by the Board and CINSF Office. These components include the management of our investments and the administration of the members registry. Through this process the Board has identified areas of the Act that require updating to reflect the industry's best practices and strengthen the governance of the Fund.

The CINSF Office conducted a national consultation with public meetings and surveys in person and online for members to provide their recommendations on the proposed changes to strengthen the Fund as well as the consideration of additional benefits and contributions.

The key results of the consultation were:

- The members agreed with the proposal to strengthen the governance of the Fund by amending the role of the Trustee to Supervise the Fund and the Board, who will Manage the Fund.
- The members agreed with the proposal to to strengthen the governance of the Fund by including on the Board a mix of industry expertise with representatives of the Members and Employers. The Board members will be required to meet fit and proper person qualifications, skills and experience requirements, terms and conditions, and will be selected through a transparent selection process.
- The members agreed to the proposal that the CINS Act should provide for VAT Exemption.
- The members agreed to the proposal that the Fund should provide an option for Pensioners to claim a single life pension and improve security in retirement by increasing contribution rates.

MEMBER INVESTMENTS

The Fund provides three investment options for members to choose from. Members can choose to place all their investment into one option or split it into more than one option.

Each option has a different risk and return profile, with the Growth Fund designed for a higher long-term return but potential for higher short-term risk, and the Conservative Fund designed for a more stable short-term, but lower long-term return profile. The choice is yours, but remember that long-term, "Growth" exposure will tend to produce better returns over the long term, and better returns will produce a higher income in retirement for members through their CINSF pension.

The Default option for those not wanting to make a fund investment choice is the Balanced Fund.

The three options are different set mixes of "Defensive" or assets that produce most of their return from income, and are therefore more stable, and "Growth" assets which produce most of their growth from long-term price appreciation.

The Defensive (Income) and Growth exposure is achieved by purchasing passive ETFs (Exchange Traded Funds), which are bought and sold on global stock markets.

2024 INVESTMENT RETURNS

Over the 12 months of 2024, favorable economic conditions in the developed world, together with strong expectations of a Trump presidential victory in the US election spurred markets to a strong finish for the year. While the US economy had avoided a recession and showed signs of increasing improvement in the previous term, the Tech sectors were particularly spurred on from anticipation that Artificial Intelligence (AI) will bring increasing economic applications and economy-wide benefits. Those companies capable of manufacturing high-powered chips powered the increasing valuations.

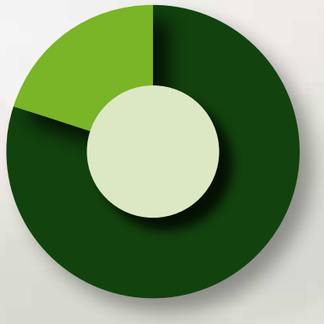
While these factors favored stock markets, government bonds continued to labor under a fear of inflation and large government deficits. Towards the end, threats of Trump tariffs also tempered fixed interest markets, although the full extent of this was not apparent until later. The year 2024 finished with both our asset classes advanced on a year previous.

The 2024 declared returns to members are as follows:

CINSF Investment Fund	Interest Rate Year ended 31.12.24 (%)
CINSF Conservative Fund	7.9%
CINSF Balanced Fund	14.0%
CINSF Growth Fund	18.1%

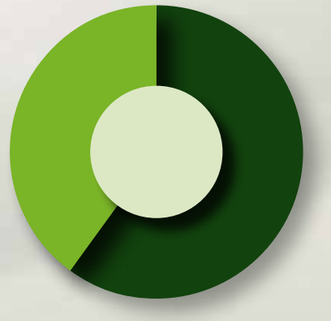
The investment options are:

THE GROWTH FUND (80/20 GROWTH/INCOME)



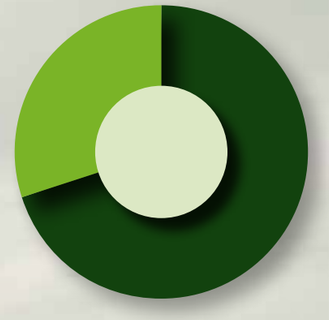
The Growth Option has the highest exposure to "Growth" assets and is designed for long-term investors with more than 10 years until retirement. Because the design is oriented towards 80% exposure to stock-market "Growth" investments, this option can show short-term volatility (or negative and positive returns in quick succession). However, history suggests that this option will ultimately deliver the highest return long-term (+ 5 years).

THE BALANCED FUND (60/40 GROWTH/INCOME)



This option has a mid-range exposure to both the global stock market (60% Growth assets), and global fixed income (40% Defensive assets). As such, the Balanced Fund has been selected as the Default Fund where a member does not elect a specific investment choice. It is also the strategy used for investing the Pension assets for those members already in retirement. This option should produce attractive long-term returns, however, there is a moderate chance of a short-term negative return in some years.

THE CONSERVATIVE FUND (30/70 GROWTH/INCOME)



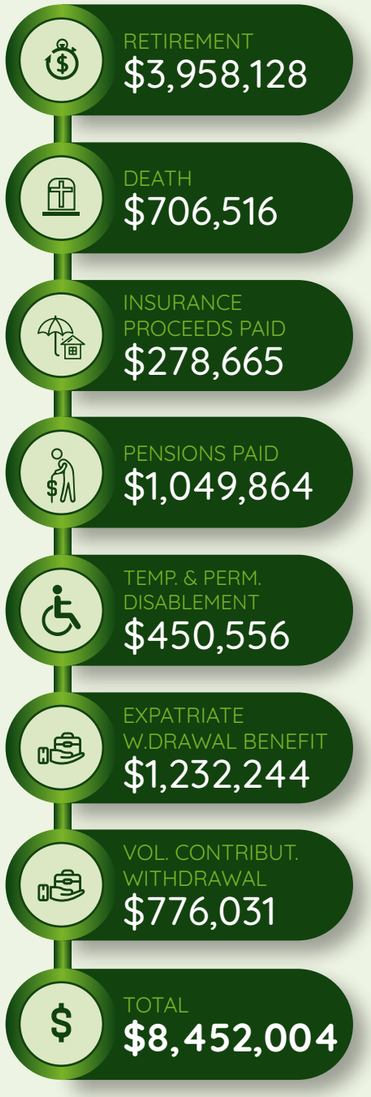
This option has the lowest exposure to Growth assets with only 30%. While the 70% Defensive-Income exposure should indicate a more stable return over short periods, the result is likely to be a lower return over the long-term. This option may be considered for people approaching retirement and seeking to preserve their accumulated capital ahead of moving into the pension phase, or for people with a strong aversion to stock market price fluctuation.

MEMBER STATISTICS & DEMOGRAPHICS

MEMBERSHIP MOVEMENT

2024 Opening Membership (31.12.23)	13,952
2024 Opening Pensioners (31.12.23)	279
2024 Opening TOTAL (31.12.23)	14,231
New Members	892
Subtotal	15,123
Withdrawal by Contract Worker	198
Early Retirement	9
Retirement Full Withdrawal	123
- Pension Full Withdrawal	7
- Terminal Illness Pension	2
Scheme Transfers	52
Terminal Illness	1
Death	21
Total & Permanent Disablement	7
Conversion to Pension	35
Subtotal	455
2024 Closing Total (31.12.24)	14,668
2024 Closing Pensioners (31.12.24)	305
2024 Closing Membership (31.12.24)	14,363

BENEFIT PAYMENTS



DISAGGREGATED DATA

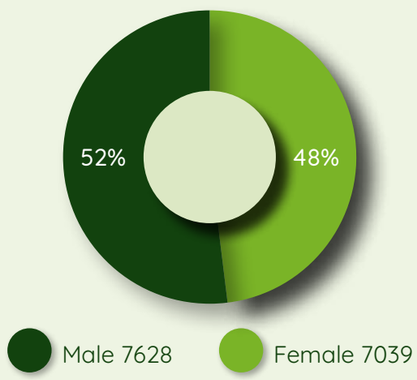
The following data provides a deeper understanding of the members and the financial savings through the age and gender demographic.

MEMBERSHIP DEMOGRAPHIC AS AT 31 DECEMBER 2024

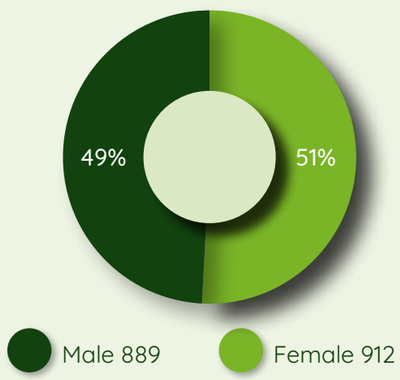
Membership Demographic	Active Members	Dormant Members	Total Members	Balance Active ($)	Balance Dormant ($)	Balance Total
Male	5,885	1,744	7,629	117,390,388	29,020,180	146,410,569
20 years & under	190	60	250	459,948	85,915	545,864
21 to 25 years	444	285	729	2,677,980	738,477	3,416,457
26 to 30 years	716	234	950	5,772,241	1,671,498	7,443,739
31 to 35 years	904	223	1,127	10,620,633	2,426,980	13,047,614
36 to 40 years	882	175	1,057	13,803,166	2,398,800	16,201,966
41 to 45 years	718	167	885	16,297,365	2,721,534	19,018,899
46 to 50 years	616	139	755	19,917,429	3,089,897	23,007,327
51 to 55 years	592	142	734	20,560,511	3,067,349	23,627,861
56 to 60 years	455	109	564	16,434,268	2,176,186	18,610,454
61 to 64 years	188	99	287	5,810,032	5,730,695	11,540,728
65+ years	180	111	291	5,036,811	4,912,844	9,949,655
Female	5,517	1,522	7,039	114,756,318	22,240,273	136,996,591
20 years & under	181	65	246	417,093	74,862	491,955
21 to 25 years	430	238	668	2,568,415	687,849	3,256,265
26 to 30 years	686	229	915	6,658,246	1,704,096	8,362,342
31 to 35 years	802	214	1,016	11,378,417	2,357,418	13,735,835
36 to 40 years	778	163	941	15,509,040	2,229,731	17,738,771
41 to 45 years	743	137	880	20,452,887	2,457,879	22,910,767
46 to 50 years	638	148	786	20,002,576	3,220,513	23,223,089
51 to 55 years	547	123	670	18,292,780	2,372,346	20,665,126
56 to 60 years	425	87	512	14,478,744	2,153,517	16,632,262
61 to 64 years	140	60	200	3,273,579	2,651,654	5,925,233
65+ years	147	58	205	1,724,536	2,330,404	4,054,941
Total	**11,402**	**3,266**	**14,668**	**232,146,707**	**51,260,453**	**283,407,160**

Membership Demographic	% Males & Females	Average Active Balance	Average Dormant Balance	Average Balance Total
Male	52%	19,947.39	16,640.01	19,191.32
20 years & under	0%	2,420.78	1,431.93	2,183.46
21 to 25 years	1%	6,031.49	2,591.15	4,686.50
26 to 30 years	3%	8,061.79	7,143.16	7,835.52
31 to 35 years	5%	11,748.49	10,883.32	11,577.30
36 to 40 years	6%	15,649.85	13,707.43	15,328.26
41 to 45 years	7%	22,698.28	16,296.61	21,490.28
46 to 50 years	8%	32,333.49	22,229.48	30,473.28
51 to 55 years	8%	34,730.59	21,601.05	32,190.55
56 to 60 years	7%	36,119.27	19,965.01	32,997.26
61 to 64 years	4%	30,904.43	57,885.82	40,211.60
65+ years	3%	27,982.29	44,259.86	34,191.26
Female	48%	20,800.49	14,612.53	19,462.51
20 years & under	0%	2,304.38	1,151.73	1,999.82
21 to 25 years	1%	5,973.06	2,890.12	4,874.65
26 to 30 years	3%	9,705.90	7,441.47	9,139.17
31 to 35 years	5%	14,187.55	11,015.97	13,519.52
36 to 40 years	6%	19,934.50	13,679.33	18,850.98
41 to 45 years	8%	27,527.44	17,940.73	26,034.96
46 to 50 years	8%	31,352.00	21,760.22	29,545.92
51 to 55 years	7%	33,442.01	19,287.37	30,843.47
56 to 60 years	6%	34,067.63	24,753.07	32,484.89
61 to 64 years	2%	23,382.71	44,194.24	29,626.17
65+ years	1%	11,731.54	40,179.39	19,780.20
Total	**100%**	**20,360.17**	**15,695.18**	**38,653.83**

COMPULSORY PORTFOLIOS BY GENDER



VOLUNTARY PORTFOLIOS BY GENDER



GOVERNANCE

Board

The CINSF Board was established under the CINS Act 2000. The provisions of the Act provide for representation from four areas of the community, a member elected representative, a Cook Islands Workers Association representative, a Chamber of Commerce representative, a Non-Chamber Employer elected representative.

Following an amendment to the CINS Act, the Financial Secretary is no longer a statutory member and will retire from the Board at the end of his tenure. The Board also has the ability to nominate an additional Board Member where it sees a requirement to provide expertise not currently held by the Board.

The Board members are appointed by the Kings Representative following the Minister for Superannuation submission to cabinet for approval. Board Members are elected for a term of 3 years and can be re-elected for further terms.

CINSF BOARD MEETINGS

The CINSF Board convened 7 formal Board Meetings and a Board Strategic Workshop in 2024, with 1 Board member completing their New Zealand Institute of Directors Certification Course and 1 Board member completing the International Centre for Pension Management Governance Program.

BOARD REMUNERATION

Ordinary Board Member	$12,500 per year
Board Chairperson	$17,500 per year

The current Board Members are:

Mrs Anna Koteka
Members Representative
(ending Nov. 2024)

Ms Olivia Heather
Members Representative
(commencing Nov. 2024)

Mrs Tatiana Burn
Cook Islands Chamber of Commerce
Representative (ending Nov. 2024)

Mrs Rebecca Puni
Cook Islands Chamber of Commerce
Representative (commencing Nov. 2024)

Mr John Tini
Cook Islands Workers Association
Representative

Mr Heinz Matysik
Non Chamber of Commerce
Employer Representative

Mr Garth Henderson
Cook Islands Financial Secretary

Mr Alan Taylor
Additional Board Member

MEMBERS SERVICES TEAM

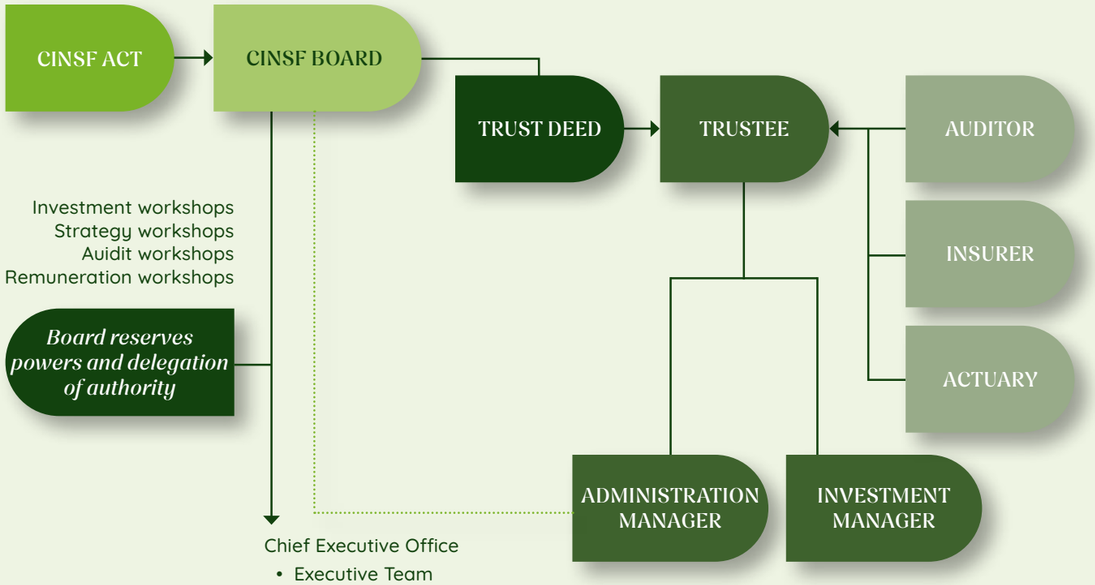
EXECUTIVE TEAM

RISK MANAGEMENT TEAM

INVESTMENT TEAM

FINANCE & ADMINISTRATION SERVICES TEAM

CORPORATE GOVERNANCE FRAMEWORK



The statutory and fiduciary governance arrangements for CINSF (illustrated above) are set out in the CINSF Act (2000) and Trust Deed respectively. The CINSF Act and Trust Deed established the function, powers and duties of the Trustee and the CINSF Board along with reporting and accountability requirements.

CINSF's Trustee is the New Zealand Public Trust. The Trustee works with the CINSF Board to provide oversight of effective management and administration of the Fund on behalf of Members and beneficiaries and the investment of the Fund's assets. Specifically, the CINSF Board sets our strategic direction and monitors the implementation of strategy by the Executive team in accordance with the CINS Act (2000) and Board Charter requirements.

In 2024, to complement the Board's regular meetings, the Board undertook a focused strategic workshop that included reviewing risk tolerance levels at both a personal and organisational level.

RISK

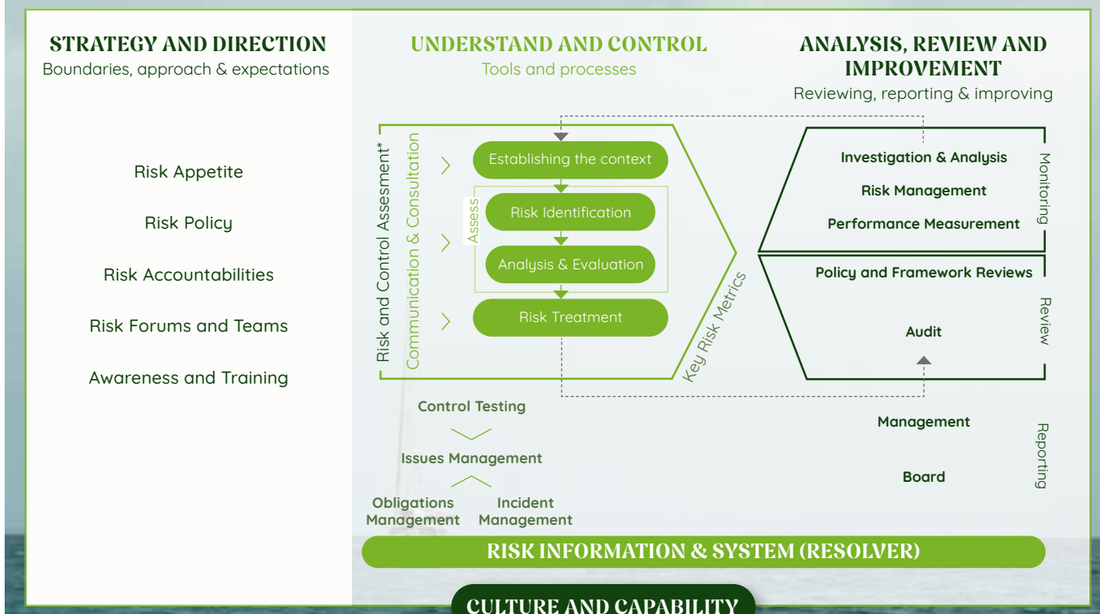
DEVELOPING A CULTURE OF MANAGING RISKS

The CINSF has continued to advance the approach to Risk Management by developing a fit for purpose Risk Management Framework (RMF) supported by specialist Risk software to capture issues and incidents and monitor and manage risk across the organisation.

RISK MANAGEMENT FRAMEWORK

The Resolver platform aligns with CINSF's adopted risk governance model of the 'three lines of defence', which promotes ownership of risk and controls in the business, overseen internally by the specialist Risk & Compliance Team and independently challenged by Audit.

Using the CINSF risk information management system, the CINSF Board receives monthly risk reports which includes insights into current risk and compliance concerns and status of remediation actions that enable progress towards protecting and achieving our strategic initiatives. Key elements of the RMF and the enablement of key tools and process through the 'Risk Management Information System are illustrated below.



OUR MATERIAL RISKS

CINSF distinguishes different types of material risks and adopts the RMF to ensure it takes an integrated approach to the management of these risks and the implementation of specific and related risk and control policies. Material risk types workshopped and agreed by the CINSF Board include:

- **Liquidity risk** - the risk of an inability to meet obligations as and when they fall due without incurring unacceptable losses (at both the Corporate and Fund level).
- **Investment (Governance) risk** - is the risk that threatens the ability of an entity to manage its investments to adequately protect the interests, and meet the reasonable expectations, of beneficiaries.
- **Investment (market) risk** - the risk of losses on financial investments caused by adverse market movements. E.g. changes in equity prices or commodity prices, interest rate movements and/or foreign exchange fluctuations.
- **Counterparty risk** - the risk of a counterparty (e.g. Insurer) failing to settle a debt, repay or meet contractual obligations.
- **Strategic risk** - is those risks that arise from an entities strategic and business plan (either development or execution).
- **Operational risk** - the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events (includes Compliance risk).

Risk matters are reported to the CINSF on a monthly basis as part of regular Board reporting and escalated in instances when events or incidents are identified as being beyond the formal risk appetite of the Board.

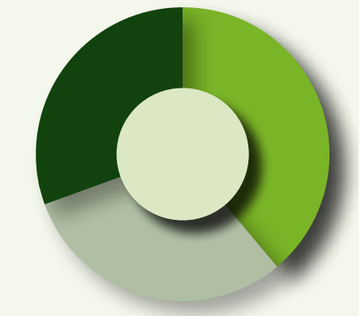
INVESTMENT

Common with some of the best-practice super annuation funds around the world, we use a Reference Portfolio approach to provide the cheapest and most diversified two-index passive portfolio. It is a model which delivers the desired risk/return mix for each investment option, as well as allowing a real world costed comparison for any alternative approach we consider.

The fund operates as a single balance sheet with all internal transactions netted off. As such, we reduce actual physical transactions which gives cost-effective flexibility to manage the pool of assets, with three Crediting Rates, one for each option.

The benchmarks for the two sides of the Reference Portfolio are the FTSE Total World (Accumulation) index for the equities (50% hedged), and the Barclays Global Aggregate Bond index (Hedged into NZ Dollars) to capture global bond returns.

FUND ASSETS AT 31ST DECEMBER 2024



Asset Class	SuperLife Managed Fund	Benchmark
Global Equities unhedged	SuperLife Total World Fund (Unhedged) – NZ PIE Fund1; invests in the **Vanguard Total World Stock ETF (Ticker VT)**	FTSE Global All Cap Index (converted to the New Zealand dollar)
Global equities Hedged into NZD	SuperLife Total World Fund (NZD Hedged) – NZ PIE Fund; invests in the **Vanguard Total World Stock ETF (Ticker VT)**	FTSE Global All Cap Index (Hedged to the New Zealand dollar)
Global Fixed Interest Hedged into NZD	SuperLife Global Aggregate Bond Fund (Hedged) – NZ PIE Fund; invests fully in the **(Blackrock) iShares Core Global Aggregate Bond UCITS ETF**	Bloomberg Global Aggregate Index 100% hedged to the NZD

VANGUARD TOTAL WORLD STOCK ETF

Vanguard is one of the world's most respected investment management companies with over US10.4 trillion in assets under management, offering a broad selection of investments, advice, retirement services, and insights to individual investors, institutions, and financial professionals. They operate under a unique, investor-owned structure and adhere to a simple purpose: To take a stand for all investors, to treat them fairly, and to give them the best chance for investment success. Shareholders in Vanguard funds benefit from their client focus, experience, stability, and long-term, disciplined investment approach.

(BLACKROCK) ISHARES CORE GLOBAL AGGREGATE BOND UCITS ETF

With US$11.6 trillion assets under management iShares has been a leader in the ETF marketplace for more than two decades, and as a part of BlackRock, their products are engineered by investment professionals with discipline and deep risk management expertise. iShares has a global lineup of 1,250+ Exchange Traded Funds (ETFs).

2024 MARKET REVIEW

Over the 12 months of 2024, favourable economic conditions in the developed world, together with strong expectations of a Trump presidential victory in the US election spurred markets to a strong finish for the year. While the US economy had avoided a recession and showed signs of increasing improvement in the previous term, the Tech sectors were particularly spurred on from anticipation that Artificial Intelligence (AI) will bring increasing economic applications and economy-wide benefits. Those companies capable of manufacturing the high-powered chips powered to increasing valuations.

While these factors favoured stock markets, government bonds continued to labour under a fear of inflation and large government deficits. Towards the end of 2024, threats of Trump tariffs also tempered fixed interest markets, although the full extent of this was not apparent until later. The year of 2024 finished with both our asset classes advanced on the year previous. The Growth option demonstrates the strong performance of equity markets most with a declared Crediting Rate of 18.1% for the full 12 months of 2024. However, even the 7.9% for the Conservative option and 14.0% for the Balanced option reflected very healthy markets during 2024.

2025 MARKET OUTLOOK

2025 started with high expectations of a business-friendly US administration, coming off the back of a strong economy under the previous president. However, from the initial days following the inauguration of Donald Trump as the 47th President of the United States, it became clear his approach would be to radically different and usher in unheard-of reforms, recalibrating the very fabric of the business and geopolitical environment.

The entire world is trying to understand the far-reaching changes underway, but a general theme will be an increasingly isolationist Trade wars, aggressive shifts in defense policy and

However, moderation of these optimistic expectations seems likely as the world remains in an undoubtedly insecure position regarding inflation. In some sectors, it is already apparent that the balance has now shifted to laying off staff from the mad rush for recruitment that followed the post-covid scramble for human resources.

For these reasons, we still hold that a sound diversification policy including both defensive and growth exposure will prove better for members in the next few years. For the time being, we expect a year of moderating equity markets together with bond prices ceasing to offer any help. In an environment of moderating consumer demand, we are mindful that the expected recession may eventuate towards the end of 2025..

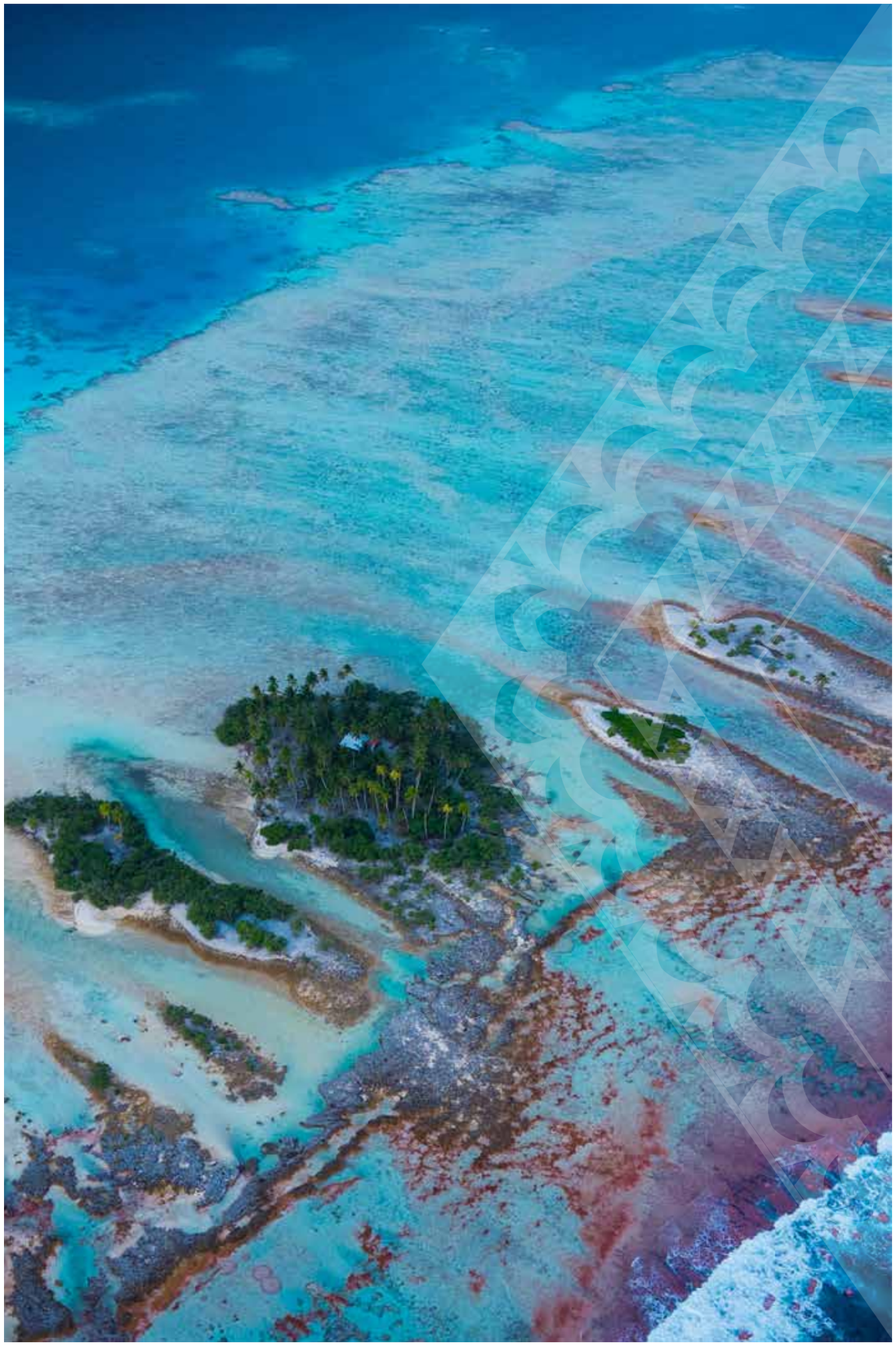
All three investment options will benefit from their robust design and produce returns fitting to the purpose for which they were created.

David Brown
Chief Investment Officer

SUMMARY FINANCIAL ACCOUNTS

For the year ended 31 December 2024

	2024 NZ $	2023 NZ $
Summary Statement of Changes in Net Assets		
Net Investment Gains	39,279,186	23,323,114
Plus: Other Income	417,473	129,475
Less: Other Expenses	-4,631,840	-3,602,727
Surplus Before Taxation	**35,064,819**	**19,849,862**
Income Tax Expense	-	-3,194
Surplus After Taxation	**35,064,819**	**19,846,668**
Membership Activities		
Member Contributions	11,493,514	10,345,152
Voluntary Contributions	2,065,815	1,023,011
Unallocated Contributions	68,058	846,154
Employer Contributions	11,552,789	10,353,952
Transfer In	-	2,131,340
Penalty Fees	69,095	77,457
	25,249,271	24,777,066
Less: Benefits Paid	-9,819,793	-10,230,929
Net Membership Activities	35,064,819	14,547,061
Increase in Net Assets During The Year	**50,494,297**	**34,393,729**
Statement of Financial Position		
Financial Assets At Fair Value	285,495,955	235,426,448
Other Assets	5,916,641	5,174,750
Total Assets	**291,412,595**	**240,601,198**
Less Total Liabilities	-594,833	-442,399
Net Assets Available To Pay Benefits	**290,817,762**	**240,158,799**
Vested Benefits	**290,817,762**	**240,158,799**
Summary Statement of Cash Flows		
Net Cash Flows from Operating Activities	12,663,574	10,365,836
Net Cash Flows from Investment Activities	-11,409,049	-11,614,640
Net (Decrease) Increase in Cash Held	1,254,525	-1,248,804
Cash at Beginning of the Year	1,272,431	2,521,235
Cash at the end of year	**2,526,956**	**1,272,431**



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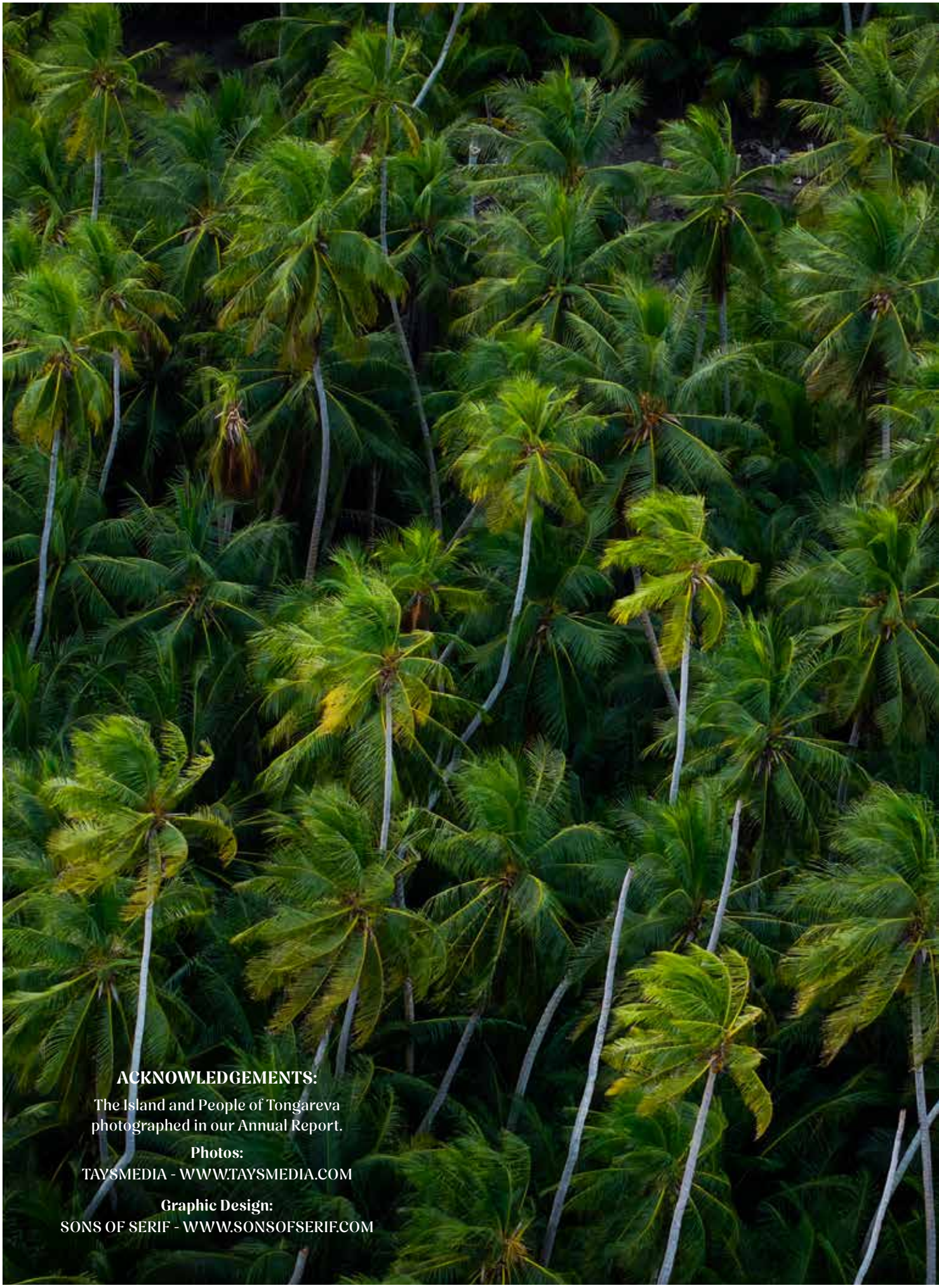

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The Island and People of Tongareva photographed in our Annual Report.

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