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IOOF Integral **Master Trust**

2017 Annual Report to Members

31 July 2017

Contents

1. Details of scheme	3
2. Information on contributions and scheme participants	3
3. Changes relating to the scheme	3
4. Other information for particular types of managed funds	5
5. Changes to persons involved in the scheme	5
6. How to find further information	6
7. Contact details and complaints	6
8. Glossary	7

1. Details of Scheme

The information in this section is stated as at 31 March 2017. The name of the scheme is the "IOOF Integral Master Trust" ("Scheme"). The Scheme is an "other" managed fund i.e. a managed fund that is not a KiwiSaver scheme, workplace savings scheme or superannuation scheme. The manager of the Scheme is IOOF New Zealand Limited ("Manager", "we", "us", "our"), a wholly owned subsidiary of IOOF Holdings Ltd ("IHL"). The supervisor of the Scheme is Public Trust ("Supervisor").

The Scheme relates to the 5 investment funds ("Funds"), listed in the table below.

Fund	Date Fund commenced operations	Date of the latest fund update as at 31 March 2017 ¹
Cash Holding Fund	20 May 2011	13 February 2017 for the quarter ended 31 December 2016
Fixed Interest Fund	4 November 2014	13 February 2017 for the quarter ended 31 December 2016
Diversified 40 Fund (previously named Conservative Fund)	25 May 2011	13 February 2017 for the quarter ended 31 December 2016
Diversified 60 Fund (previously named Balanced Fund)	19 May 2011	13 February 2017 for the quarter ended 31 December 2016
Global Equities Fund	19 May 2011	13 February 2017 for the quarter ended 31 December 2016

The Manager has one Product Disclosure Statements ("PDS"), and all the Funds are grouped in this PDS. The PDS was issued on 30 September 2016 and is currently open for applications.

As at 31 March 2017, the latest financial statements for the Scheme lodged with the Registrar were for the accounting period 1 April 2015 to 31 March 2016. These financial statements and the accompanying auditor's report were lodged with the Registrar on 3 August 2016.

The Scheme's financial statements for the accounting period 1 April 2016 to 31 March 2017 together with the accompanying auditor's report were lodged with the Registrar on 31 July 2017.

2. Information on contributions and Scheme participants

At the start of the accounting period 1 April 2016 to 31 March 2017 ("Accounting Period"), the Scheme had five Funds on offer. All five Funds were on offer at the end of the Accounting Period.

The number of Units on issue in each Fund at the start and end of the Accounting period were:

Fund	Units on issue as at 31 March 2017	Units on issue as at 31 March 2016
Cash Holding Fund	20,611,887	25,697,883
Fixed Interest Fund	1,185,832	1,633,428
Diversified 40 Fund	91,264,717	91,188,400
Diversified 60 Fund	298,009,309	314,715,293
Global Equities Fund	39,180,747	40,826,415

3. Changes relating to the Scheme

This section describes the material changes to the Scheme's nature, investment objectives and strategy, and management during the Accounting Period. Other material changes to the Scheme may have occurred since the end of the Accounting Period. Except as otherwise stated, these are not described here but will be set out in next year's annual report.

Transition to the FMC Act

On its effective date of 30 September 2016, the Scheme and its Funds transitioned to the FMC Act regime. Prior to transition, the Funds were separate unit trusts that were governed by the Unit Trusts Act 1960 and offered to the public under the Securities Act 1978 and related legislation. A comprehensive project was required to transition the Funds to the FMC Act regime.

¹ Since 31 March 2017, there have been fund updates dated 3 May 2017 for the quarter ended 31 March 2017, and fund updates dated 28 July 2017 for the quarter ended 30 June 2017.

The material elements of this encompassed:

- obtaining a licence for the Manager;
- replacing our retail disclosure documentation;
- updating or creating the required governing documents and governance structures (such as the Trust Deed and SIPO);
- reviewing and where necessary replacing our outsourcing agreements; and
- establishing new compliance processes.

Restructure of Trust Deed

The Scheme, and the Funds within it, are governed by the Trust Deed. The Trust Deed is a contract between the Manager and the Supervisor for the benefit of investors. The current Trust Deed, which took effect from 20 September 2016, replaced the previous trust deed that governed the Funds. This was the IOOF Integral Master Trust Deed dated 15 September 2014.

Changes to the Trust Deed

The Manager and the Supervisor entered into an Amending Deed to the IOOF Integral Master Trust Deed on 20 September 2016 ("Amending Deed"). The Amending Deed recorded the Manager and Supervisor's agreement in relation to changes required under the Financial Markets Conduct Act 2013. This Amending Deed was lodged on the offer register on 23 September 2016.

Changes to the terms of the offer of the funds

Buy/sell spreads

Updates to the buy/sell spreads are summarised in the table below. There were no changes from the prior year

Fund	Current fee
Cash Holding Fund	None
Fixed Interest Fund	None
Diversified 40 Fund	0.05%/0.05%
Diversified 60 Fund	0.08%/0.08%
Global Equities Fund	0.16%/0.16%

Management fee changes

Changes to the management fees during the Accounting Period are set out in the table below.

Fund	Previous fee	Current fee
Cash Holding Fund	0.40%	0.50%
Fixed Interest Fund	0.40%	0.50%
Diversified 40 Fund	0.65%	0.75%
Diversified 60 Fund	0.65%	0.75%
Global Equities Fund	0.65%	0.75%

The Management fee was a result of a renegotiation of the charges for Investment Management Services from IOOF Quantplus as a result of the introduction of the FMCA. The increased fee is compensated by an equivalent reduction in the fee paid to IOOF QuantPlus.

Changes to the Statement of Investment Policy and Objectives (SIPO)

A SIPO was prepared outlining the investment objectives and policies of the Scheme in respect of the Funds. The terms outlined in the SIPO are consistent with the manner in which the Scheme and Funds were managed prior to the Scheme transitioning to the FMC regime.

Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. IOOF New Zealand Limited is the Manager and IOOF QuantPlus, a division of IOOF Investment Management Limited is the Investment manager of the Funds. Public Trust is the Supervisor of the Funds. IOOF New Zealand Limited and IOOF Investment Management Limited are wholly owned subsidiaries of IOOF Holdings Limited and therefore related parties of the Funds. An investment management fee (as outlined in the table below) was paid to IOOF QuantPlus as Investment Manager of the Funds. After 30 September 2016, the investment manager fee was paid to IOOF New Zealand.

All Related Party Transactions entered into during the Accounting Period were on arm's-length terms.

Investment management fee changes

Changes to the investment management fees during the Accounting Period are set out in the table below.

Fund	Fee paid to QuantPlus up to 30 September 2016	Current fee paid to IOOF New Zealand Ltd from 1 October 2016
Cash Holding Fund	0.10% (not subject to GST)	0.10% (GST inclusive)
Fixed Interest Fund	0.10% (not subject to GST)	0.10% (GST inclusive)
Diversified 40 Fund	0.10% (not subject to GST)	0.10% (GST inclusive)
Diversified 60 Fund	0.10% (not subject to GST)	0.10% (GST inclusive)
Global Equities Fund	0.10% (not subject to GST)	0.10% (GST inclusive)

4. Other information for particular types of managed funds

The table below sets out the NAV prices for the Funds at the start and at the end of the Accounting Period.

Fund	Unit Price as at 31 March 2016	Unit Price as at 31 March 2017
Cash Holding Fund	1.1864	1.2179
Fixed Interest Fund	1.0516	1.0805
Diversified 40 Fund	1.2919	1.3955
Diversified 60 Fund	1.3260	1.4733
Global Equities Fund	1.4807	1.7034

5. Changes to persons involved in the Scheme

The following changes to persons involved in the Scheme were made during the Accounting Period.

No change to the Manager

IOOF New Zealand Limited was the manager of the Scheme throughout the Accounting Period.

There has been no change in control of the Manager during the Accounting period.

The Manager was granted a Market Services Licence to act as a managed investment scheme manager ("Licence") under section 396 of the FMA on 5 September 2016. The licence was granted subject to the Manager meeting standard and specific licence conditions imposed by the FMA under section 403 of the FMC Act and any relevant conditions under the FMC Regulations. Two specific conditions were imposed by the FMA:

- 1 The Manager's licence term is 5 years from 5 September 2016, subject to it maintaining the same or better standard of capability, governance and compliance as was the case when the FMA assessed the Manager's application.
- 2 The Manager had to confirm by 30 November 2016 that it had formalised its Compliance Assurance Programme (CAP), and ensure the CAP contain certain required content. This condition has been met.

Having gained the Licence, the Manager transitioned the Scheme and Funds into the FMC Act regime on the effective date, 30 September 2016.

Changes to the Board of Directors of the Manager

There were no changes to the Board of Directors of the Manager.

The current Board of Directors of the Manager are:

- Christopher Francis Kelaher
- David William John Coulter
- John David Atkinson

CHANGES TO KEY PERSONNEL OF THE MANAGER

There were no changes to the key personnel of the Manager.

NO CHANGE TO THE SUPERVISOR

Public Trust was the supervisor of the Scheme throughout the Accounting Period.

CHANGES TO THE BOARD OF DIRECTORS OF THE SUPERVISOR

- Sue McCormack (retired 30 April 2016)
- Dinu Harry (retired 31 October 2016)
- Diana Puketapu (retired 31 October 2016)
- Bevan Killick (appointed 1 November 2016)
- Dianne McAteer (appointed 1 November 2016)
- Graham Naylor (appointed 1 November 2016)

NO CHANGE TO ADMINISTRATION MANAGER OR INVESTMENT MANAGER

MMC Ltd was the administration manager of the Scheme throughout the Accounting Period.

IOOF QuantPlus was the Investment Manager of the Funds within the Scheme throughout the Accounting Period.

NO CHANGE TO THE SECURITIES REGISTRAR/ CUSTODIANS/AUDITOR

Appello Services Limited was the Registrar of the Scheme throughout the Accounting Period.

Integral Nominees Limited, a wholly owned subsidiary of Public Trust, was the custodian for the Scheme throughout the Accounting Period.

KPMG was the auditor for the Scheme throughout the Accounting Period.

6. HOW TO FIND FURTHER INFORMATION

Further information relating to the Scheme is available on the offer and the scheme register at www.business.govt.nz/ disclose. A copy of information on the offer register or scheme register is available on request to the Registrar of Financial Service Providers.

The following information can also be obtained, free of charge:

Information	How to obtain
Latest Unit price	The latest Unit price is available on https://www.integralonline.co.nz/
Fund information relevant to investors	Investors can inspect documents the Manager holds that are relevant to a particular investor, and other documents that are legally required to be provided to a particular investor, at the Manager's offices during normal business hours, or request an extract of those documents, by written request to the Manager.
PDSs	PDSs for the Funds are publicly available from the IOOF New Zealand website (www.ioofnz.com) and on the offer register.
Fund updates	The fund updates for the Funds are publicly available from the IOOF New Zealand website (www.ioofnz.com) and on the offer register.
SIPO	The SIPO for the Scheme is publicly available on the scheme register.
Trust Deed	The Trust Deed governing the Scheme, dated 20 September 2016, is publicly available on the scheme register.
Financial statements	The financial statements for the Scheme are publicly available on the scheme register.

7. Contact details and complaints

Contact details:

The Manager can be contacted at:

Telephone: (09) 377 2232
Fax: (09) 302 5990
Email: info@integralonline.co.nz

In writing:

IOOF New Zealand Limited
PO Box 105684
Auckland 1143

In person:

Level 4, 85 Fort Street, Auckland 1010

You can also send queries or make complaints to the following employee/agent of the Manager:

Telephone: (09) 3025 997

John Atkinson
IOOF New Zealand Limited
PO Box 105684
Auckland 1143

The Supervisor can be contacted at:

Level 9, 34 Shortland Street
Auckland 1010
PO Box 1598, Shortland Street,
Auckland 1140

Telephone: 0800 371 471
Email: cts.enquiry@publictrust.co.nz
Web: www.publictrust.co.nz/corporate-trustee-services

The Registrar can be contacted at:

The register for the Funds, required under subpart 4 of Part 4 of the Financial Markets Conduct Act 2013, is kept on behalf of the Manager by Appello Services Ltd

Level 2, 75 Queen Street
Auckland CBD

Email: info@appello.com
Telephone: +64 9 360 4500
Fax: +64 9 360 4501

Postal address:

PO Box 106-435
Auckland

Complaints

Any complaints about the Funds or the Scheme should be directed to the Manager using the contact details above.

In addition, the Manager is a member of Financial Services Complaints Limited, a dispute resolution scheme approved under the Financial Services Providers (Registration and Dispute Resolution) Act 2008. If an issue cannot be resolved with the Manager, an investor can direct his/her complaint to:

Financial Services Complaints Limited
4th Floor, 101 Lambton Quay
PO Box 5967, Wellington

Telephone: 0800 347 257 or (04) 472 3275
Fax: (04) 472 3728

The Scheme will not charge a fee to any complainant to investigate or resolve a complaint. Further information about referring a complaint to FSCL can be found at www.fscl.org.nz.

A complaint can also be made to the Supervisor at the address listed above.

8. Glossary

"Accounting Period" means the Scheme's accounting period 1 April 2016 to 31 March 2017.

"IOOF NZ" means IOOF New Zealand Limited.

"Assets" means any asset of a Fund (whether tangible or intangible) as more fully defined in the Trust Deed.

"Custodians" means Integral Nominees Ltd, a wholly owned subsidiary of Public Trust.

"Effective Date" means the date elected by the Manager to transition the Funds into the FMC Act regime ie, 30 September 2016.

"FMA" means the Financial Markets Authority, the government agency responsible for regulating capital markets and financial services in New Zealand.

"FMC Act" means the Financial Markets Conduct Act 2013.

"FMC Regulations" means the Financial Markets Conduct Regulations 2014.

"Funds" means the investment funds set out in the table on page 3.

"Licence" means a market services licence granted by the FMA under section 396 of the FMC Act.

"Manager" means IOOF New Zealand Limited, the manager of the Funds and the Scheme.

"Other Material Matters Document" means the document prepared to meet the requirements of section 57(1)(b)(ii) of the FMC Act and clause 52 of Schedule 4 of the FMC Regulations. The Other Material Matters Document can be obtained from the offer register on the Disclose website www.business.govt.nz/disclose.

"PDS" means a product disclosure statement under the FMC Act. A PDS is a document containing information about that Fund intended to assist a prudent but non-expert person to decide whether to invest in that Fund. A retail investor must be given a copy of the relevant PDS before investing. The PDS for the Funds can be obtained from the offer register on the Disclose website www.business.govt.nz/disclose/.

"Related Party Transactions" means a transaction that provides for a related party benefit to be given and is therefore subject to the controls on related party transactions imposed by the FMC Act.

"IOOF QuantPlus" means IOOF Quantplus, a division of IOOF Investment Management Limited, the investment manager of the Funds.

"Scheme" means the IOOF Integral Master Trust, a registered scheme under the FMC Act with registered scheme number SCH10882.

"Registrar" means Appello Services Ltd.

"SIPO" means the statement of investment policy and objectives for the Scheme. In broad terms, the SIPO is a document setting out the parameters pursuant to which each of the Funds will be invested. The SIPO for the Scheme can be obtained from the scheme register on the Disclose website www.business.govt.nz/disclose/.

"Supervisor" means Public Trust, the supervisor of the Funds and the Scheme.

"Trust Deed" means the IOOF Integral Master Trust Trust Deed dated 20 September 2016 (as amended from time to time).

"Unit" means an undivided interest in the relevant Fund as more fully defined in the Trust Deed.

Contact us

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