



Annual Report to 30 June 2025

Prepared For

Te Tumu Whakarae mō Te Kawa Mataaho

Public Service Commissioner

INTRODUCTION

This Annual Report to Te Tumu Whakarae mō Te Kawa Mataaho Public Service Commissioner in relation to the State Sector Retirement Savings Scheme (the SSRSS) has been prepared in respect of the year ended 30 June 2025.

The Annual Report has arisen from the requirement within the Terms of Reference of the Advisory Board for the SSRSS, which states:

“At the end of each financial year the Advisory Board will prepare an Annual Report for the Commissioner on the overall performance of the SSRSS, including the providers and investment funds, and the emerging issues and challenges.”

ADVISORY BOARD

The Advisory Board (the Board) was established to advise and assist with the ongoing management and development of the SSRSS. The Board adds value for SSRSS members by providing advice, information and guidance from individuals with a range of experiences and backgrounds. Board members are unpaid and any costs of supporting the Board such as Investment Advice and Secretariat services are met by the Public Service Commission – no Board costs are passed on to members.

A schedule of the Board members is contained in the Directory at the end of this report.

During the year the Board met in accordance with the revised Terms of Reference¹. The meeting following the year-end was attended by each of the providers, to enable the Board to directly question the providers about any relevant matters of concern.

OPERATION OF THE SSRSS

The SSRSS has two service providers, Smartshares Limited (Smart) and AMP Services (NZ) Ltd (AMP). Smart was appointed in February 2022 as manager of the ASB Superannuation Master Trust, which was renamed the SuperLife Superannuation Master Trust on 16 August 2023.

Each provider is party to a Specification Agreement (the Agreement) that sets out its role in providing a savings vehicle for employees who have chosen the provider as their investment manager. The Agreements detail the processes associated with all member activities as well as the provider reporting obligations to the Board.

SSRSS membership numbers decreased from 22,213 to 21,308 during the year (a reduction of 4.1 percent). The SSRSS is a closed scheme, and the expectation is for membership to decrease each year. The total decrease was 905 members. The most common reasons for

¹ The Terms of Reference were revised in 2023.

exits were again Retirement (440) and Resignation for those over age 50 (267).

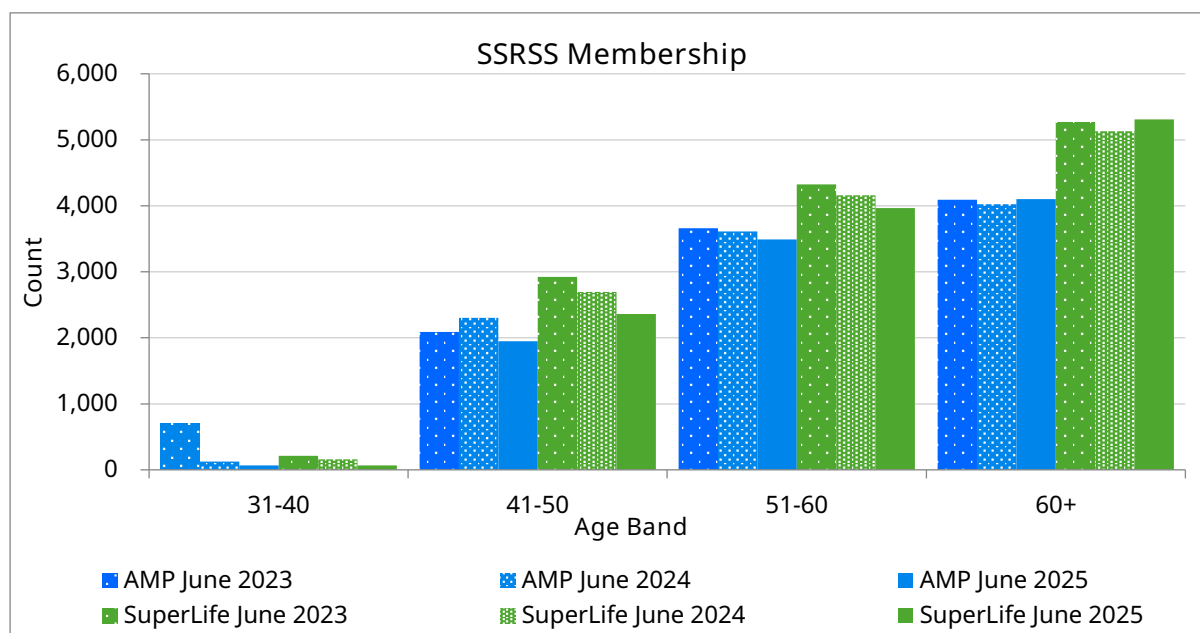
The total value of members' balances increased over the year despite withdrawals. The total funds under management in the SSRSS was \$2,289 million at 30 June 2025, compared to \$2,174 million at 30 June 2024. The main reason for the increase of \$115.6 million in the year was strong investment returns. Total contribution amounts averaged \$22.5 million per quarter over the year. This is an increase from the previous year where total contribution amounts averaged \$21.5 million per quarter. As at 30 June, there were 10,381 contributing members. The average total benefit payments in each quarter over the year was \$37.4 million, down from \$40.5 million per quarter over the previous year.

MEMBERSHIP

A summary of the movements in membership of the SSRSS for the year to 30 June 2025 is given in the following table. The SSRSS is a closed scheme so, as expected, membership numbers decreased during the year. Exits were split between both service providers as shown below.

Summary of Membership	AMP	SuperLife	Total
Members as at 1 July 2024	10,061	12,152	22,213
Withdrawals during the year	(451)	(454)	(905)
Members as at 30 June 2025	9,610	11,698	21,308
Contributing Members as at 30 June 2025	4,674	5,707	10,381

The following chart shows the breakdown of members by age bracket. As at 30 June 2025, 79.1 percent of SSRSS members are aged over 50 and so are eligible to withdraw their money if they leave the State Sector. Additionally, 44.1 percent of members are aged over 60. It is reasonable to expect that the number of withdrawals will continue to rise over the following years.



ASSETS UNDER MANAGEMENT

The total funds under management in the SSRSS was \$2,289 million at 30 June 2025. This is a 5.3 percent increase compared to the previous year to June 2024. Much of this can be attributed to strong investment returns during the year, despite significant market volatility over the year. At the overall SSRSS level, activities in the last year are summarised in the following table.

	AMP \$m	SuperLife \$m	Total \$m
Fund at 1 July 2024	920.5	1,253.1	2,173.6
Contributions	45.5	44.4	89.9
Withdrawals	-60.3	-89.3	-149.6
Investment Returns	88.3	95.5	183.8
Other adjustments (inc. fees and tax)	-7.6	-0.9	-8.5
Fund at 30 June 2025	986.4	1,302.8	2,289.2

Investment returns for the year to June 2025 were \$44.7 million less than in the previous year. Member and employer contributions increased by \$4.0 million over the year. Total withdrawals were \$12.3 million less than the previous year.

INVESTMENT MARKETS

Over the year to 30 June 2025, global share markets rallied despite the shock of US President Trump's tariffs that triggered a selloff in share markets in early April. The announcement of highest-in-a-century tariffs on US trading partners (including a 15% tariff on New Zealand) rocked equity markets globally, while also sending oil prices to their lowest level since 2021 as expectations for economic growth tumbled. Suspensions and pauses of major tariffs on Canada, Mexico, and China saw markets recover shortly after, and deregulation under the Trump administration improved expectations for short term US equity performance. Global equities rose 13.7 percent in local terms, in line with large-cap US equities but behind the tech-heavy Nasdaq Composite index. Domestically our share market underperformed the rest of the world, ending the year up 7.6 percent.

Bonds saw modest gains over the 12 months to June 2025 with domestic bonds outperforming global bonds (hedged into NZ dollars). The NZ dollar depreciated against most major currencies over the year, falling significantly against the Japanese Yen, the Euro, and the Pound. Movement against the USD was more subdued, with the NZD depreciating 0.4 percent against the USD. The NZD appreciated 1.5 percent against the AUD. Overall, foreign currency movements contributed around 3 percent to NZD-hedged global equity returns.

The Reserve Bank of NZ cut the Official Cash Rate (OCR) from 5.5 percent to 3.25 percent over the year as inflation returned to the 2-3 percent target range. Headline inflation was 2.7 percent for the year ended 30 June 2025. Other major central banks to cut rates significantly over the year include the European Central Bank and Bank of Canada. After initially cutting rates by 100 basis points over the second half of 2024, the US Federal Reserve has kept

interest rates unchanged throughout 2025. The Reserve Bank of Australia and Bank of England cut interest rates 50 basis points and 100 basis points respectively over the year to 30 June 2025.

The Year Ahead

The 'Magnificent Seven' tech companies have spent much of the last year deepening their investments in AI technologies and research, with Meta recently paying out a USD \$250m compensation package to hire a single talented AI researcher. Research skeptical of the benefits to companies adopting AI and Nvidia data center segment revenues coming in below expectations have taken some steam out of the AI boom recently, even as other tech companies like Meta, Microsoft, and Amazon continue to report strong earnings. At the end of June, the Shiller S&P 500 price to earnings ratio² sat at its highest since November 2021 – the highest before that was in December 1999 just prior to the bursting of the dot-com bubble. Over the coming year investors will likely want to see signs of a return on investment in AI related sectors, with some investors concerned about a bubble in data center infrastructure. Short term interest rates are falling in most major economies, though the fiscal situation of Western governments (particularly in Europe) has contributed to rising yields on long-duration bonds. Rising government debt levels and political challenges to improving government deficits will likely continue throughout the year ahead, exacerbated by rising government spending on defence as geopolitical tensions rise in Europe and the South China Sea.

After cutting interest rates to 3.0 percent at their August 2025 meeting, the Reserve Bank of NZ's monetary policy committee appears primed to deliver a further rate cut later this year/early next year in support of a struggling domestic economy. The Official Cash Rate is likely within 25 basis points of the neutral rate (where monetary policy neither stimulates nor constrains economic activity).

² A measure of how expensive equities are, comparing stock prices to average inflation-adjusted earnings over the previous 10 years.

INVESTMENT PERFORMANCE

The after fees but before tax investment returns achieved by the providers for the year to 30 June 2025 for each fund offered under the SSRSS are shown in the following tables.

Provider	Fund Name	Return in year to 30 June 2025 (percent)
Conservative and Moderate funds		
AMP	Conservative Fund (Lifesteps)	7.05
AMP	Moderate Fund (Lifesteps)	8.20
AMP	Moderate Balanced Fund (Lifesteps)	9.00
AMP	Global Select Conservative Fund*	7.38
AMP	SuperLife Moderate Fund	6.77
AMP	Milford Conservative Fund	8.64
AMP	Conservative Fund No. 2	7.08
AMP	Declared Rate Fund	5.15
SuperLife	Moderate	7.20
Balanced Funds		
AMP	Balanced Fund (Lifesteps)	9.83
AMP	SuperLife Balanced Fund	8.07
AMP	Mercer Balanced	9.20
AMP	Milford Balanced Fund	9.99
AMP	Balanced Fund No. 4	9.78
SuperLife	Balanced	8.50
Growth Funds		
AMP	Growth Fund (Lifesteps)	11.50
AMP	Aggressive Fund (Lifesteps)	12.93
AMP	Global Select Growth Fund*	12.22
AMP	Global Select Balanced Growth Fund*	11.30
AMP	SuperLife Growth Fund	8.97
AMP	Milford Active Growth Fund	12.21
AMP	Milford Aggressive Fund	10.15
AMP	Growth Fund No. 2	11.47
SuperLife	Growth	9.70
Single Sector Funds		
AMP	Cash Fund	4.34
AMP	NZ Fixed Interest Fund	6.23
AMP	Global Fixed Interest Fund	4.33
AMP	Australasian Shares Fund	9.18
AMP	International Shares Fund	15.34
AMP	International Shares Fund No. 2	15.32
AMP	International Shares Fund No. 3*	23.24
SuperLife	Cash	5.10

*These funds were previously ANZ funds, and the International Shares Fund no. 3 was previously the ANZ Property Fund.

SERVICE STANDARDS

Each provider has an Agreement with the Board to carry out its role to an agreed level of competence and timeliness. The service standards are different within each Agreement and each quarter providers report to the Board on their service levels according to their own agreed standards. Service standards were renegotiated with both providers and new Service

Level Agreements (SLAs) applied from the March Quarter onward. The updated SLAs are shown in the table below, however, for accuracy's sake percentages are calculated based on the SLA that applied at the time each quarter. A summary of provider performance against each provider's SLA is given in the following table.

Activity	Explanation	AMP		Smartshares	
		AMP SLA	Percentage met within Standard	Smartshares SLA	Percentage met within Standard
Change member records	Member record updated with notified changes; confirmation letter sent	2 days	99.2	1 day	96.7
Contribution amounts	Reconciled and allocated and funds invested	5 days	99.3	2 days	100.0
Switches	Processed and confirmation letter sent	2 days	99.7	1 day	99.0
Benefit payments: partial withdrawals	Payment actioned on receipt of request and confirmation sent	3 days	97.7	1 day	98.9
Benefit payments: closed accounts				1 day	97.6
Enquiries (written)	Response provided as appropriate	2 days	78.6	1 day	99.9
Enquiries (phone calls)	80% of calls answered within 30s	30 sec.	70.4	30 sec	46.6

Both providers have continued to record consistent performance against all of their own service standards except for Enquiries. During the year, the Board requested that providers give more detailed call statistics and customer experience information in the quarterly reports. Providers are now reporting on call abandonment rates, complaints and resolutions each quarter, and all outgoing customer communications for SSRSS members.

The Board notes that the number of customer enquiries has increased from the year ending June 2024 (16,158 enquiries across voice and written channels) to the year ending June 2025 (22,627 across voice and written channels).

Board Actions

The Board maintained focus on ensuring members had good information via the SSRSS website. This included communications around the implications of government changes to KiwiSaver, and messaging about risk management during Trump's tariff related market volatility in early 2025. The Board will continue to communicate with members around key themes as they arise.

The Board reviewed four options for the future of the SSRSS scheme. These were:

1. close the scheme
2. transfer the scheme from the Commissioner to each participating employer
3. tender the scheme from two providers to one provider
4. leave the scheme as is, with a future review in 2028.

The Board decided to maintain the scheme as it is for the time being, while collecting data over the next year. The Board will review this in mid-2026 to decide whether a full review is warranted. Should the Board deem a full review is required at this point, a Budget bid would be required for Budget 2027 in order to facilitate the review.

UPDATE ON CHANGES IN THE YEAR ENDING 30 JUNE 2025

During the year, service standards were renegotiated with AMP and new SLAs applied from the March Quarter onward. Changes for AMP include: Change member records 5 days to 2 days, Switches 5 days to 2 days, benefit payments 5 days to 3 days, and written enquiries 5 days to 2 days. At the same time, Smart renegotiated their SLA related to answering phone calls in order to reflect a more realistic response time. The SLA was changed from phone calls answered within 10 seconds, to phone calls answered within 30 seconds, which is in line with the SLA for AMP.

In October 2024 ANZ Investments withdrew from wholesale investment management. Previously they managed four AMP funds offered to SSRSS members. AMP appointed BlackRock to replace ANZ as underlying investment manager. There were three diversified funds which became Global Select branded funds, and the ANZ Property Fund became a third International Shares Fund.

CONCLUSION

Investment returns and market volatility remain the focus for the Board and its Investment Advisor. The Board has negotiated higher service level standards with AMP and will continue to monitor both providers going forward to ensure that each member of the SSRSS receives an exemplary level of service. Additionally, the Board is reviewing options for the future of the scheme as membership continues to drop year on year as members reach retirement age. There were no changes to the SSRSS Board membership during the year.

I would like to thank the Board members for their efforts with the continued monitoring of the providers during the year. Their continued hard work in monitoring members' interests is appreciated.

Alex Chadwick
Chair – SSRSS Advisory Board

SSRSS DIRECTORY

SSRSS Advisory Board

Alex Chadwick (Chair)	Deputy Chief Executive, Workforce, Te Kawa Mataaho, Public Service Commission
Benedict Ferguson	PSA Delegate Public Service Association
Gavin Quigan	Principal Adviser – Restricted MIS, Financial Markets Authority
Stephanie Mills	National Secretary, NZ Educational Institute Te Riu Roa
Fergus Welsh	Chief Financial Officer, Finance and Procurement, Ministry of Health
Mark Williamson	General Manager, Employment Relations and Pay Equity, Ministry of Education

Investment and Secretariat Providers

AMP

AMP Services (NZ) Ltd	PO Box 55, Auckland Central, Auckland City 1140
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Smart

Smartshares Limited	Level 15, 45 Queen St, Auckland 1010
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Investment Advisor

EriksensGlobal Limited	PO Box 331318, Takapuna, Auckland 0740
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Secretariat

EriksensGlobal Limited	PO Box 331318, Takapuna, Auckland 0740
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