



## Annual Report to 30 June 2026

Prepared For

Te Tumu Whakarae mō Te Kawa Mataaho

Public Service Commissioner

## INTRODUCTION

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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 2026.

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

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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 Reference<sup>1</sup>. 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

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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 21,308 to 20,149 during the year (a reduction of 5.4 percent). The SSRSS is a closed scheme, and the expectation is for membership to decrease each year. The total decrease was 1,159 members. The most common reasons for exits were again Retirement (406) and Resignation for those over age 50 (227).

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<sup>1</sup> The Terms of Reference were revised in 2023.

The total value of members' balances increased over the year despite withdrawals. The total funds under management in the SSRSS was \$2,560 million at 30 June 2026, compared to \$2,289 million at 30 June 2025. The main reason for the increase of \$271.1 million in the year was strong investment returns. Total contribution amounts averaged \$26.7 million per quarter over the year. This is an increase from the previous year where total contribution amounts averaged \$22.5 million per quarter. The average total benefit payments in each quarter over the year was \$37.2 million, down from \$37.4 million per quarter over the previous year.

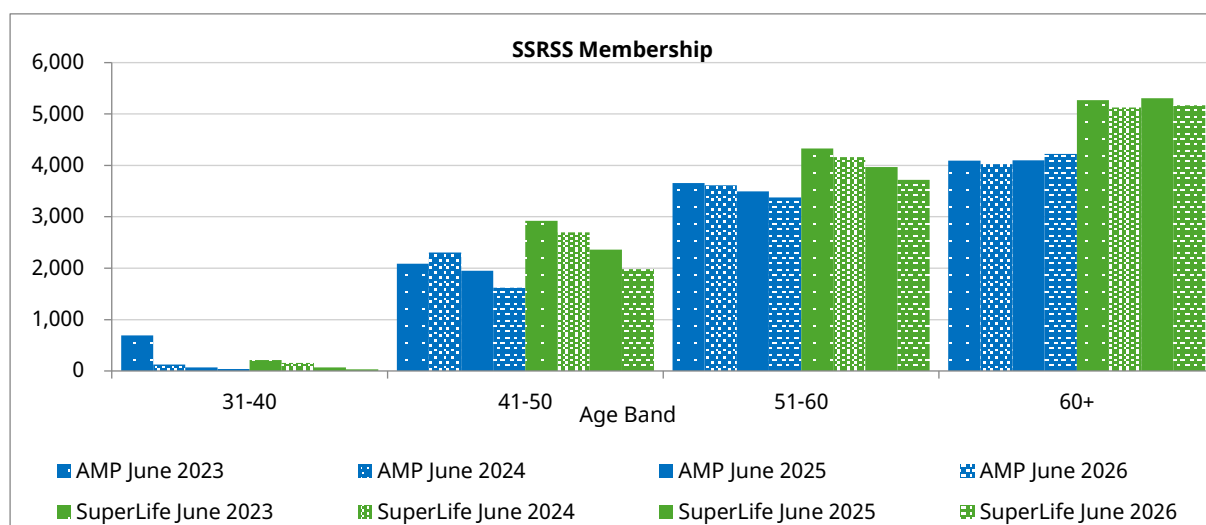
While total balance and total contribution amounts increased, the proportion of SSRSS members not contributing to the scheme has also increased from 51.3 percent of members not contributing in June 2025, to 52.1 percent of members not contributing in June 2026.

## MEMBERSHIP

A summary of the movements in membership of the SSRSS for the year to 30 June 2026 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 2025                      | 9,610        | 11,698        | 21,308        |
| Withdrawals during the year                    | -357         | -802          | -1,159        |
| <b>Members as at 30 June 2026</b>              | <b>9,253</b> | <b>10,896</b> | <b>20,149</b> |
| <b>Contributing Members as at 30 June 2026</b> | <b>4,344</b> | <b>5,303</b>  | <b>9,647</b>  |

The following chart shows the breakdown of members by age bracket. As at 30 June 2026, 81.8 percent of SSRSS members are aged over 50, and so are eligible to withdraw their money if they leave the State Sector. Additionally, 46.6 percent of members are aged over 60. It is expected 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 \$2,560 million at 30 June 2026. This is an 11.8 percent increase compared to the previous year to June 2025. Much of this can be attributed to strong investment returns during the year, despite market volatility over the year. At the SSRSS level, activities in the last year are summarised in the following table.

|                                       | AMP \$m        | SuperLife \$m  | Total \$m      |
|---------------------------------------|----------------|----------------|----------------|
| Fund at 1 July 2025                   | 986.4          | 1,302.8        | 2,289.2        |
| Contributions                         | 56.8           | 50.1           | 107.0          |
| Withdrawals                           | -58.2          | -90.7          | -148.9         |
| Investment Returns                    | 205.2          | 183.8          | 389.0          |
| Other adjustments (inc. fees and tax) | -72.8          | -3.1           | -75.9          |
| <b>Fund at 30 June 2026</b>           | <b>1,117.5</b> | <b>1,442.8</b> | <b>2,560.3</b> |

Investment returns for the year to June 2026 were \$205.2 million more than in the previous year. Member and employer contributions increased by \$16.9 million over the year. Total withdrawals were essentially the same as last year.

## INVESTMENT MARKETS

Over the year to 30 June 2026, global share markets rallied to new highs as AI investment drove economic growth despite a bleak geopolitical backdrop. The US engaged in foreign intervention on two continents, launching a military strike in Venezuela in early January and starting a regional war against Iran at the end of February 2026. The resulting closure of the Strait of Hormuz increased oil prices from less than \$70 USD a barrel in June last year to more than \$110 a barrel in March and April 2026. Global equities rose 22.6 percent in local terms, driven by 20.9 percent returns from US large-cap equities and 73.0 percent return from Japanese stocks. Domestically, our share market underperformed the rest of the world, ending the year up 8.1 percent.

Rate cuts from the Reserve Bank of New Zealand supported domestic bond returns over the year, with major government and corporate bond indices both rising more than 5 percent. Hedged global bonds underperformed, rising just 1.7 percent despite depreciation of the New Zealand dollar boosting returns. The NZ dollar depreciated against most major currencies over the year, falling 11.3 percent against the AUD, 11.2 percent against the yuan, and 6.3 percent against the USD. The NZD appreciated 5.4 percent against the Japanese yen over the year to June 2026, as Japan's central bank began a rate-hiking cycle. Overall, foreign currency movements contributed nearly 7 percent to NZD-hedged global equity returns.

The RBNZ cut the Official Cash Rate (OCR) from 3.25 percent to 2.25 percent in the second half of 2025, with the OCR remaining on hold through the first half of 2026. Resurgent inflation driven by rising oil prices pushed inflation up to 4.1 percent year-on-year in the June quarter, with the RBNZ delivering a 25 basis point rate hike at their July 2026 meeting. Central banks in the US, Canada, and the UK cut interest rates over the year, though all have pivoted

to a hawkish stance over the last quarter as inflation risks developed. The Reserve Bank of Australia moved quickly, hiking three times in the first half of 2026.

### The Year Ahead

US tech stock valuations crept higher over the year, driven by AI optimism and a resilient economy despite rising oil prices. Emerging markets and US equities are poised to benefit if AI related momentum can be sustained, though valuations are certainly stretched. One measure of equity valuations shows that US equities are their most expensive since 1999, implying extraordinary expectations for earnings growth in coming years. Opportunities could arise for specific sectors as AI thematics and the transition to sustainable energy coincide, with renewable energy generation and grid-scale battery technology both picking up steam.

Bond markets have priced in a rate hike at the RBNZ's September meeting, with consensus that the OCR is currently below neutral. While monetary policy is poorly suited to dealing with the supply-driven inflation of the current oil shock, the RBNZ forecasts two more rate hikes over the coming year as necessary to return inflation to below 3 percent. The US Fed looks poised to hike rates over the coming year, putting pressure on bond returns. US treasury yields have already risen dramatically, with the 30-year yield recently topping 5 percent amidst fierce competition for capital with lending for AI infrastructure investment.

Geopolitics will likely continue to play an important role in both the bond and equities markets, with conflict in several regions and few clear off-ramps. Defence spending continues to rise in the West as it becomes clearer by the day that reliance on the US for defence is no longer viable. This impacts on the underlying sectors including manufacturing and materials, which both maintain a constructive outlook.

## INVESTMENT PERFORMANCE

The after fees but before tax investment returns achieved by the providers for the year to 30 June 2026 for each fund offered under the SSRSS are shown in the following tables.

| Provider                               | Fund Name                          | Return in year to 30 June 2026 (percent) |
|----------------------------------------|------------------------------------|------------------------------------------|
| <b>Conservative and Moderate funds</b> |                                    |                                          |
| AMP                                    | Conservative Fund (Lifesteps)      | 7.41                                     |
| AMP                                    | Moderate Fund (Lifesteps)          | 10.55                                    |
| AMP                                    | Moderate Balanced Fund (Lifesteps) | 12.41                                    |
| AMP                                    | Global Select Conservative Fund*   | 8.28                                     |
| AMP                                    | Milford Conservative Fund          | 1.88                                     |
| AMP                                    | Declared Rate Fund                 | 4.78                                     |
| SuperLife                              | Moderate                           | 10.30                                    |
| <b>Balanced Funds</b>                  |                                    |                                          |
| AMP                                    | Balanced Fund (Lifesteps)          | 14.19                                    |
| AMP                                    | Milford Balanced Fund              | 5.57                                     |
| SuperLife                              | Balanced                           | 14.18                                    |
| <b>Growth Funds</b>                    |                                    |                                          |

|                            |                                     |       |
|----------------------------|-------------------------------------|-------|
| AMP                        | Growth Fund (Lifesteps)             | 18.20 |
| AMP                        | Aggressive Fund (Lifesteps)         | 21.37 |
| AMP                        | Global Select Growth Fund*          | 21.87 |
| AMP                        | Global Select Balanced Growth Fund* | 18.85 |
| AMP                        | Milford Active Growth Fund          | 7.26  |
| AMP                        | Milford Aggressive Fund             | 10.56 |
| SuperLife                  | Growth                              | 17.94 |
| <b>Single Sector Funds</b> |                                     |       |
| AMP                        | Cash Fund                           | 2.45  |
| AMP                        | NZ Fixed Interest Fund              | 5.19  |
| AMP                        | Global Fixed Interest Fund          | 2.91  |
| AMP                        | Australasian Shares Fund            | 6.86  |
| AMP                        | International Shares Fund           | 24.59 |
| SuperLife                  | Cash                                | 3.61  |

\*These funds were previously ANZ funds.

Several AMP funds were closed/AMP stopped offering these funds over the year including the Mercer Balanced Fund, the three SuperLife Funds that AMP used to offer, and all duplicate numbered funds.

## SERVICE STANDARDS

Each provider has a Specification Agreement with the Board to carry out its role to an agreed level of competence and timeliness. It is important to note that the providers each have different service level agreements (SLAs) in their individual specification agreements. Each quarter, providers report to the Board on their service levels according to their own agreed standards.

In general, Smart has much stricter SLAs than AMP. Partway through 2025, Smart renegotiated their SLA with regard to call answering time from 80 percent of calls within 10 seconds, to 80 percent of calls answered within 30 seconds, matching AMP's SLA. Additionally, AMP renegotiated some of their SLAs to shorter timeframes albeit still longer than for Smart. The Board is looking to continue to work with AMP to improve SLAs.

Both providers now report more detailed call statistics and customer experience information in the quarterly reports to the Board. This includes call abandonment rates, complaints and resolutions each quarter, and all outgoing customer communications for SSRSS members.

Both Smart and AMP's performance across all activities except for enquiries have been broadly similar to last year's. AMP has seen some improvement in written enquiries, though phone calls have remained largely unchanged. Smart has seen significant improvement in phone calls compared to last year after the SLA was updated to 30 seconds.

The number of customer enquiries has decreased from the year ending June 2025 (22,627 enquiries across voice and written channels) to the year ending June 2026 (20,987 across voice and written channels).

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  | 99.3                           | 1 day           | 96.0                           |
| Contribution amounts                  | Reconciled and allocated and funds invested                           | 5 days  | 98.5                           | 2 days          | 100.0                          |
| Switches                              | Processed and confirmation letter sent                                | 2 days  | 99.8                           | 1 day           | 98.8                           |
| Benefit payments: partial withdrawals | Payment actioned on receipt of request and confirmation sent          | 3 days  | 98.8                           | 1 day           | 99.9                           |
| Benefit payments: closed accounts     |                                                                       |         |                                | 1 day           | 99.4                           |
| Enquiries (written)                   | Response provided as appropriate                                      | 2 days  | 83.7                           | 1 day           | 99.9                           |
| Enquiries (phone calls)               | 80% of calls answered within 30s                                      | 30 sec. | 72.1                           | 30 sec          | 74.5                           |

## BOARD ACTIONS

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The Board maintained focus on ensuring members had good information via the SSRSS website. This included updated communications around changes to KiwiSaver, including that there would be no increase to the minimum contribution rate for SSRSS. The Board will continue to communicate with members around key themes as they arise.

In the year to June 2025, the Board reviewed four options for the future of the SSRSS scheme including closing the Scheme, transferring the scheme to individual employers, tendering from two to one provider, and leaving the scheme with a further review in 2028. At the time the Board chose to maintain the scheme and begin collecting data to inform the future of the scheme. Three items are now being tracked each quarter.

1. Change in member numbers.
2. Changes in provider fees for members.
3. Demographic changes.

The Board has decided to maintain the scheme and continue monitoring data over the next year, with a view to decide when a full review would be warranted. Should the Board deem a full review is required at this point, funding will be requested to facilitate the review.

## UPDATE ON CHANGES IN THE YEAR ENDING 30 JUNE 2026

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During the year, the Board began monitoring three sets of data in order to determine when a review of the scheme may next be due. The Board also worked closely with both providers to ensure that members continue to receive a high level of service. The Board updated the SSRSS website with information on KiwiSaver changes and the impact this may have for members, in order to allow members to make an informed decision.

The Board worked with Smart so that five new funds could be offered to SSRSS members. These opened to members after 30 June 2026.

AMP decided to transition members from Mercer and SuperLife funds offered under the NZRT into AMP funds. The Board wrote a letter of complaint to AMP regarding the rationale for changes and the cost to members. The issue was not resolved to the Board's satisfaction and as a result the Board is monitoring the impact of fund changes for members against AMP's reasons for the changes.

AMP also consolidated seven duplicate funds in May 2026.

## CONCLUSION

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Customer experience, investment returns and market volatility remain the focus for the Board and its Investment Advisor. The Board is monitoring adherence to the higher service level standards negotiated with AMP in 2025 and continues to monitor both providers to ensure that each member of the SSRSS receives an exemplary level of administration service.

The Board is continuing to monitor changes to the scheme demographics and fees, with the view of determining the appropriate time for a review of options for the future of the scheme.

Gavin Quigan resigned after 20 years as an SSRSS Advisory Board member on 9 June 2026 following his retirement from the Financial Markets Authority. I would personally like to thank Gavin for his many years of assisting SSRSS members with his wealth of experience in funds management and financial markets regulation that has resulted in significant value for members. Fergus Welsh also resigned after 20 years as an SSRSS Board member on 5 March 2026. I would also like to thank Fergus for his advocacy for SSRSS members and his invaluable eye for detail.

I am pleased to announce two new appointments to the SSRSS Advisory Board. Michael Dreyer, Deputy Chief Executive - Technology & Data, Accident Compensation Corporation, was appointed effective 27 June 2026 and Harley Calder, Senior Adviser, Investment Management, Financial Markets Authority, was appointed post 30 June 2026, effective 6 August 2026. Both have been appointed for a term of three years.

I would like to thank all 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

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### SSRSS Advisory Board

|                       |                                                                                |
|-----------------------|--------------------------------------------------------------------------------|
| Alex Chadwick (Chair) | Deputy Chief Executive, Workforce, Te Kawa Mataaho, Public Service Commission  |
| Benedict Ferguson     | PSA Delegate   Public Service Association                                      |
| Stephanie Mills       | National Secretary, NZ Educational Institute Te Riu Roa                        |
| Mark Williamson       | Head of Industrial Relations, People and Culture, Health New Zealand           |
| Harley Calder         | Senior Adviser – Investment Management Team, Financial Markets Authority       |
| Michael Dreyer        | Deputy Chief Executive, Technology and Data, Accident Compensation Corporation |

### Investment and Secretariat Providers

#### AMP

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

#### Smart

|                     |                                      |
|---------------------|--------------------------------------|
| Smartshares Limited | Level 15, 45 Queen St, Auckland 1010 |
|---------------------|--------------------------------------|

#### Investment Advisor

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|------------------------|----------------------------------------|
| EriksensGlobal Limited | PO Box 331318, Takapuna, Auckland 0740 |
|------------------------|----------------------------------------|

#### Secretariat

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|------------------------|----------------------------------------|
| EriksensGlobal Limited | PO Box 331318, Takapuna, Auckland 0740 |
|------------------------|----------------------------------------|