

Bonus Bonds Scheme

Annual Report | For the year ended 31 March 2022

Manager:
ANZ Investment Services (New Zealand) Limited



Welcome

Annual report for the Bonus Bonds Scheme (the scheme) for the year ended 31 March 2022.

The winding-up of the scheme is reaching its final stages. Since the wind-up began on 31 October 2020, the Bonus Bonds team have been working to return funds to Bondholders. The final distribution amounts have been set and over 92% of the scheme's assets have been distributed to investors. The scheme will continue to exist until we are unable to return the funds to Bondholders, at which point remaining funds will be passed to the Crown as unclaimed monies.

On 14 December 2021, the scheme began distributing funds to Bondholders with an initial payment of \$1.10 per Bonus Bond. This was a positive outcome for Bondholders as we were able to return an amount in excess of the \$1.00 purchase price of a Bonus Bond. We followed this up with an additional final distribution of \$0.0248 per Bonus Bond on 5 July 2022 making a total distribution of \$1.1248 per Bonus Bond. Bondholders who had provided us with valid bank accounts have now received their full entitlement and are no longer considered participants in the scheme. We continue to make payments to remaining Bondholders as they provide us with bank account numbers.

Considerable effort has been made to contact Bondholders, both in New Zealand and overseas, in order to return funds to them. This has included nationwide advertising campaigns, writing to Bondholders, finding alternative contact details through third parties and significant media attention. Despite these efforts, over 700,000 Bondholders remain in the scheme as at 25 July 2022. A date is yet to be set for unclaimed monies to be passed to the Crown, but we continue to encourage remaining Bondholders to contact us to claim their funds.

We are also happy to share that, through the generosity of over 17,000 of our Bondholders, we have been able to pay over \$330,000 of distributions to the Cancer Society of New Zealand.

You can stay up to date on the wind-up by regularly checking bonusbonds.co.nz. Here you'll find the latest information, including answers to frequently asked questions.



Ben Kelleher

Director, ANZ Investment Services (New Zealand) Limited

On behalf of the manager

ANZ Investment Services (New Zealand) Limited

Details of the scheme

Name of the Scheme

Bonus Bonds Scheme (**scheme**).

Manager

ANZ Investment Services (New Zealand) Limited (**ANZIS, manager, we, us and our**).

Supervisor

Trustees Executors Limited (**supervisor**).

Product Disclosure Statement

The scheme's latest product disclosure statement is dated 19 August 2019. The product disclosure statement status is 'closed for applications'.

Financial Statements and Auditor's Report

The scheme's latest financial statements for the 12 months ended 31 March 2022, and the auditor's report on those financial statements, were dated 27 June 2022 and were lodged with the Registrar on 30 June 2022.

Description of the scheme

The scheme is a managed investment scheme. Money invested in the scheme was pooled with other bondholders' money and invested in fixed interest assets and cash and cash equivalents. Instead of earning interest or receiving investment gains, each eligible Bonus Bond gave the holder one entry into the monthly prize draw.

On 26 August 2020, we announced that we were no longer accepting investments from new or existing investors, and that we intended to start winding up the scheme no later than the end of October 2020.

On 31 October 2020, the directors of the scheme passed a resolution to place the scheme into wind-up, with no further prize draws held.

The scheme now invests in cash and cash equivalents. The scheme is governed by a governing document that details the requirements for how the scheme will be managed.

The scheme was established on 17 September 1990*.

Information on composition of the scheme

Number of managed investment products

The number of managed investment products on issue at the start and end of the year were:

Investment products	Units on issue at 31 March 2022 000s	Units on issue at 31 March 2021 000s
Bonus Bonds	777,864	778,318

* While Bonus Bonds was established in 1970, it transitioned to a managed investment scheme in 1990 following the sale of the Post Office Bank Limited to ANZ Bank New Zealand Limited.

Changes relating to the scheme

This section describes any material changes to the scheme's nature, property and management during the year.

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

The SIPO was updated on 5 July 2022 to reflect that funds remaining in the scheme following the announcement of the final distribution, would be held in call deposits with ANZ Bank New Zealand Limited.

Changes to the nature or scale of related party transactions

The scheme's exposure to ANZ Bank New Zealand Limited increased from 40.68% as at 31 March 2021 to 100% as at 31 March 2022. This reflects the winding-up of the scheme and the need to have funds available for distribution. All funds remaining in the scheme are held in call deposits with ANZ Bank New Zealand Limited on behalf of remaining Bondholders.

There were no other material changes to the nature or scale of related party transactions entered into for the scheme during the year. All related party transactions were conducted on arm's-length terms.

Financial condition and performance of the scheme

Total assets of the scheme decreased by 87.0% over the year as a result of the first distribution being paid from 14 December 2021.

Summary Balance Sheet

	31 March 2022 \$000s	31 March 2021 \$000s	Change %
Cash and investments	115,736	892,734	-87.0%
Current tax asset	320	0	
Total assets	116,056	892,734	-87.0%
Distributions payable	94,617	0	
Management fees, expenses and tax payable	2,342	21,214	-89.0%
Total distributions and expenses payable	96,959	21,214	357.1%
Scheme assets, net of prizes and expenses payable	19,097	871,520	-97.8%
<i>Represented by:</i>			
Bonus Bonds on issue	0	778,318	-100%
Reserves	19,097	93,202	-79.5%
Total Bonus Bonds and reserves	19,097	871,520	-97.8%
Reserves as a percentage of Bonus Bonds on issue	N/A	11.97%	

Summary of Financial Performance

Investment income during the year arose from the interest earned on cash and investments held during the year. The management fee was reduced to zero from 1 September 2020 following the closure of the scheme to new investment. The final prize draw was held in October 2020. Scheme wind-up expenses for the year were negative (a net reimbursement to the scheme) due to a portion of the provision that had been set aside for wind-up expenses not being required.

	31 March 2022 \$000s	31 March 2021 \$000s	Change %
Investment income	3,509	89,701	-96.1%
<i>less:</i>			
Management fee and other operating expenses reimbursed to the manager	856	9,927	-91.4%
Supervisor fee	226	710	-68.2%
Scheme wind-up expenses reimbursed to the Manager / (provision reversed)	(1,917)	10,586	-118.1%
Scheme wind-up expenses reimbursed to the Supervisor / (provision reversed)	(17)	68	-125.0%
Credit impairment charge / (release)	0	(532)	-100.0%
Tax	680	22,287	-96.9%
Scheme returns	3,681	46,655	-92.1%
<i>less: prizes awarded</i>	0	12,871	-100%
Net income/(loss) after tax and increase in reserves	3,681	33,784	-89.1%
Scheme returns as a percentage of average Bonus Bonds on issue and reserves	0.60%	2.28%	
Prizes awarded as a percentage of the average scheme assets*	N/A	0.42%	
Average odds of winning a prize in each monthly prize draw**	N/A	1 in 79,949	

* The figures shown illustrate the collective returns to all bondholders in the scheme; they do not represent your returns. The average scheme assets were calculated for the period from 31 March 2020 to 30 September 2020.

** The prize draws ceased in October 2020; only prize draws to October 2020 are included in the above table.

Fees

The following fees and expenses were paid by the scheme during the year ended 31 March 2022. Total fees and expenses were negative (a net reimbursement to the scheme) due to a portion of the provision that had been set aside for wind-up expenses not being required.

	\$000s	As a percentage of average scheme property
Management fee	0	
Operating expenses reimbursed to the manager	856	
Wind-up expenses / (provision reversed)	(1,917)	
Management fee and other operating expenses reimbursed to the manager	(1,061)	-0.17%
Supervisor's fee	226	
Wind-up expenses / (provision reversed)	(17)	
Fees and expenses charged by the supervisor	209	0.03%
Total fees and expenses	(852)	-0.14%

The management fee was reduced to zero from 1 September 2020 following the closure of the scheme to new investment.

The fees and expenses payable in respect of the scheme may change, as follows:

- The supervisor's fee may be amended by agreement between the supervisor and us.
- The expenses vary each year.
- The manager's removal fee can only be changed by amending the governing document. We would require bondholder approval if the fee change was material.

We will not notify you if we make changes to these fees.

The scheme's expenses and the supervisor's fees during the wind-up process are published in the scheme's financial statements.

Scheme property

As at 31 March 2022, the scheme invested in liquid financial assets shown as Deposits with New Zealand registered banks.

	31 March 2022		31 March 2021		Change %
	\$000s	% of total	\$000s	% of total	
Deposits with New Zealand registered banks	115,736	100.0%	688,916	77.2%	-83.2%
Securities issued by New Zealand registered banks	0	0%	203,818	22.8%	-100.0%
Total cash and investments	115,736	100.0%	892,734	100.0%	-87.0%

Changes to persons involved in the scheme

Manager

ANZ Investment Services (New Zealand) Limited was the manager of the scheme throughout the year.

Directors of the manager

The directors of the manager as at 31 March 2022 were:

- Benjamin Paul Kelleher
- Annis Gail O'Brien
- Gregory Shawn Sacke

The following changes to the directors of the manager occurred during the year:

- Craig Andrew Mulholland resigned as a director on 30 June 2021.
- Gregory Shawn Sacke was appointed as a director on 8 July 2021.

Key personnel of the manager

The following changes to the key personnel of the manager occurred during the year:

- Benjamin Kelleher became the responsible executive for the scheme on 23 July 2021.
- Paul Huxford ceased to be a key person of the manager on 4 November 2021.
- Andrew Webster became a key person of the manager on 4 November 2021. Andrew Webster is the sponsor of the project to return funds to investors in the course of the winding-up of the scheme.

Supervisor and Custodian

Trustees Executors Limited was the supervisor and custodian of the scheme throughout the year.

Directors of the supervisor and custodian

The directors of the supervisor and custodian as at 31 March 2022 were:

- Ryan Elliot Bessemer
- Victoria Alice Grace
- Robert Graeme Kirkpatrick
- Laurence Stanley Kubiak
- Richard Klipin

Investment manager

ANZ New Zealand Investments Limited was the investment manager of the scheme throughout the year.

Registrar

ANZ Bank New Zealand Limited was the registrar of the scheme throughout the year.

Auditor

KPMG was the auditor to the scheme throughout the year.

How to find further information

On Disclose

Disclose is a website that contains two registers – an offer register and a scheme register. These include current information on the scheme, including the governing document, financial statements, and SIPO.

 disclose-register.companiesoffice.govt.nz

Search 'Bonus Bonds Scheme' on both the offer and scheme registers.

On our website

Other valuable information and resources to help you manage your Bonus Bonds, including forms and frequently asked questions, are available at:

 bonusbonds.co.nz

You can also obtain a copy of any of the above information on request and free of charge by contacting us (contact details below).

Contact details and complaints

Manager and Registrar

 bonusbondscentre-nz@anz.com

 0800 266 374

 Bonus Bonds Centre
71 George Street, Dunedin Central
Freepost Bonus Bonds
PO Box 898, Dunedin 9054

Supervisor

 cts@trustees.co.nz

 0800 875 783

 Trustees Executors Limited
Level 9, Spark Central
45 Willis Street, Wellington
PO Box 10-519, Wellington 6143

If you have a complaint

Contact us first

If you have any problems with the scheme, please let us know. As the manager of the scheme, we're committed to resolving your complaint as quickly as possible. Our complaints process is set out in full at anz.co.nz.

 bonusbondscentre-nz@anz.com

 0800 266 374

 Bonus Bonds Centre
71 George Street, Dunedin Central
Freepost Bonus Bonds, PO Box 898, Dunedin 9054

Contact the supervisor next

You can contact Trustees Executors Limited at:

 cts@trustees.co.nz

 09 308 7100

 Trustees Executors Limited
Level 9, Spark Central
45 Willis Street, Wellington
PO Box 10-519, Wellington 6143

If you're still not happy

If you have contacted us and the supervisor, and you're still not happy, you can get free independent assistance from the following respective dispute resolution schemes.

Our dispute resolution scheme

You can contact the Banking Ombudsman at:

 help@bankomb.org.nz

 0800 805 950

 The Banking Ombudsman
1 Post Office Square, Wellington 6011
Freepost 218002, PO Box 25327, Featherston Street, Wellington 6146

The supervisor's dispute resolution scheme

You can contact Financial Services Complaints Limited at:

 info@fscl.org.nz

 0800 347 257

 Financial Services Complaints Limited
101 Lambton Quay, Wellington
PO Box 5967, Wellington 6145

You won't be charged a fee

You won't be charged a fee by us, the supervisor or the dispute resolution scheme for investigating or resolving a complaint.

Investments in the scheme are not deposits in ANZ Bank New Zealand Limited, Australia and New Zealand Banking Group Limited, or their subsidiaries (together ANZ Group), nor are they liabilities of ANZ Group. ANZ Group does not stand behind or guarantee the scheme. Investments are subject to investment risk, including possible delays in repayment, and loss of income and principal invested. ANZ Group will not be liable to you for the capital value or performance of your investment.

Your investment in the scheme is not guaranteed by ANZ Group, Trustees Executors Limited, any of their directors or any other person.

Our security and privacy policy is the same as ANZ Bank New Zealand Limited's and can be found at anz.co.nz/about-us/privacy. You should read it as if references to ANZ are to ANZIS. It explains how we protect your privacy and confidentiality and how we treat your personal information.

