



## Canterbury Mortgage Trust

26 November 2018

### **Canterbury Fund Managers Ltd presents this Annual Report to the investors of the Canterbury Mortgage Trust Group Investment Fund ("the Scheme") for the financial year ended 31 March 2018**

- **Details of the Scheme**

The Scheme is a managed investment scheme under the Financial Markets Conduct Act 2013 ("FMC Act"). The Manager of the Scheme is Canterbury Fund Managers Ltd ("Manager"). The supervisor of the Scheme is Trustees Executors Limited ("Supervisor").

As at 11 February 2009 the former manager, Fund Managers Canterbury Ltd, in accordance with the provisions of the Trust Deed resolved to wind up the Scheme and realise the assets.

A Product Disclosure Statement for the Scheme has not been registered as the Scheme is in the process of being wound up and is relying on the Financial Markets Conduct (Unit Trusts and Group Investment Funds being Wound Up – Securities Allotted Under Securities Act 1978) Exemption Notice 2017 ("Exemption Notice").

The last investor update was presented to unit holders on 27 August 2018, the latest financial statements and auditor's report for the year ended 31 March 2018 lodged with the Registrar on 31 October 2018. The financial statements comply with, and have been registered under the FMC Act covering the financial year ended 31 March 2018.

- **Information on composition of the Scheme**

The number of managed investment products (being units in the Scheme) on issue at the start of the accounting period was 18,076,014.

The number of managed investment products (being units in the Scheme) on issue at the end of the accounting period was 12,141,188.

- **Changes relating to the Scheme**

The Scheme transitioned to the FMC Act compliance regime on 12 October 2017. As noted above, the Exemption Notice applies in respect of the Scheme.

The Scheme continues to be wound up. There were no material changes to the nature of the Scheme, the investment objectives, strategy, or the management of the Scheme during the accounting period.

## **Governing Documents**

The Scheme is governed by a Trust Deed dated 26 June 2001 between Fund Managers Canterbury Ltd (“the former manager”) and Trustees Executors Limited (“the Supervisor”), as amended by amendments to the Trust Deed dated 22 August 2003, 8 August 2007 and 12 September 2013. There have not been any changes to the governing documents during the accounting period.

## **Related party transactions**

There have been no material changes to the nature or scale of related party transactions during the accounting period. There have been no related party transactions during the accounting period not on an arm's length basis.

- **Other Information for Particular Types of Managed Funds**

All units having been issued at \$1, having equal rights to any allocation of income during the wind up by way of the issue of additional units. As above, the Scheme is in the process of being wound up and is relying on the Exemption Notice. There have not been any material changes to the Scheme during the accounting period. In addition, there have not been any material changes in the nature of the valuation and pricing methodologies adopted by the Scheme.

## **Financial Condition and performance of the Scheme**

In December 2017 the Supervisor approved the repayment of a further \$6.28m or 2.5 cents in the dollar of unitholders funds held at the commencement of the wind up, bringing the total funds repaid to \$214.89m or 85.5 cents in the dollar. With \$345,462 of PIE income net tax applied to unit holder accounts during the year.

The Fund has one significant security remaining; being an earthquake damaged multi-storey building located at 96 Lichfield Street, Christchurch. FM Custodians Limited, as custodian of CMT's assets, entered into possession as mortgagee of this building, with CMT pursuing a material damage insurance claim, which settled in June 2018(see below).

Subsequent to balance date, confidential settlements were reached at mediation in relation to:

- The case against the former manager and former auditor settled in July 2018 for \$6.25m.
- The case against the insurer of the remaining security interest settled in June 2018 for \$7.5m (including GST, if any) in full and final settlement.

Of these amounts, \$13.3 million (including GST, if any) has been considered as non-adjusting post balance date events and are therefore not recorded in the 2018 financial statements, as the actual amounts were only determined post year end at mediations giving rise to the settlements.

In August 2018 a further 2 cents in the dollar (\$5.03m) was paid to unit holders bringing the total funds repaid, since 2009, to 87.5 cents. It is anticipated that further funds are likely to be distributed following the successful resolution of the remaining legal matters.

- **Changes to persons involved in the Scheme**

## **Manager**

There were no changes to persons involved with the Manager during the accounting period.

## Supervisor

The following changes to directors of the Supervisor occurred during the accounting period:

- Andrew Easson Scott-Howman was appointed as a director on 24 April 2017 and stepped down on 15 June 2018; and
- Franceska Eve Banga was appointed as a director on 18 July 2017 and stepped down on 5 April 2018.

## Securities registrar, custodian or auditor

There have been no changes to the securities registrar, custodian or auditor of the Scheme.

- **How to find further information**

Copies of documents relating to the Scheme, such as the Trust Deed and annual financial statements are available on the Scheme website [www.cmt.co.nz](http://www.cmt.co.nz) and the Disclose Register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) , under scheme number SCH12162.

You may request, at any time, copies of the Trust Deed, the financial statements and annual report for the Scheme by contacting the Manager.

Copies of the above documents will be provided free of charge on request to the Manager (except for the Trust Deed which may incur a printing and postage charge).

- **Contact Details and Complaints**

The contact details for the Manager, Custodian, and Supervisor are as follows:

### Manager

**Name:** Canterbury Fund Managers Limited  
FSP582067  
**Address:** 6a / 212 Antigua Street  
Christchurch 8011  
New Zealand  
  
PO Box 13229  
Christchurch 8141  
New Zealand

### Supervisor

**Name:** Trustees Executors Limited  
FSP37383  
**Address:** Level 5,  
10 Customhouse Quay  
Wellington 6011  
New Zealand

### Custodian

**Name** FM Custodians Limited  
FSP39836  
**Address** Level 5  
10 Customhouse Quay  
Wellington 6011  
New Zealand

## **How to complain**

Complaints may be made to Colin Gower, director of the Manager, or the Client Services Manager of the Supervisor (contact details as above). The Manager and the Supervisor are members of the Financial Services Complaints Limited ("FSCL"), an approved dispute resolution scheme. If a complaint is not resolved within 40 days after contacting either the Manager or the Supervisor, or if an investor is dissatisfied with the proposed resolution, then the investor can refer it to FSCL at:

Financial Services Complaints Limited  
Level 4, Sybase House  
101 Lambton Quay  
Lambton Quay  
Wellington 6145

Telephone: 0800 347 257

Full details on how to access the FSCL scheme can be obtained from its website [www.fscl.org.nz](http://www.fscl.org.nz). There is a no cost to use the services of the FSCL.