

Annual report
for the year ended 31 December 2008



New Zealand Universities' Superannuation Scheme

Contents

Summary Highlights	01
Five Year Snapshot	01
Message from the Chairperson	02
Superannuation News	03
Scheme Changes	04
Investment Management	05
Investment Performance for 2008	06
Market Indices Returns	07
Asset Allocation Summary	08
How the Scheme Works	09
Trustees' Certification	09
Prospectus	10
Additional Complying Fund	
Disclosures	10
Interim Interest Rates	10
Membership Profile	11
Scheme Documentation	11
Statement of Investment Policy and	
Objectives	11
Trust Deed	11
Trustees' Note to the Financial	
Statements	11
Summary of the Financial Statements	12
Notes to the Financial Statements	13
Auditor's Report	13

Directory

Administrator	Mercer (N.Z.) Limited
Auditors	Ernst & Young
Investment Consultant	Mercer
Legal Advisers	Kensington Swan
Taxation Advisers	KPMG

Contact Details

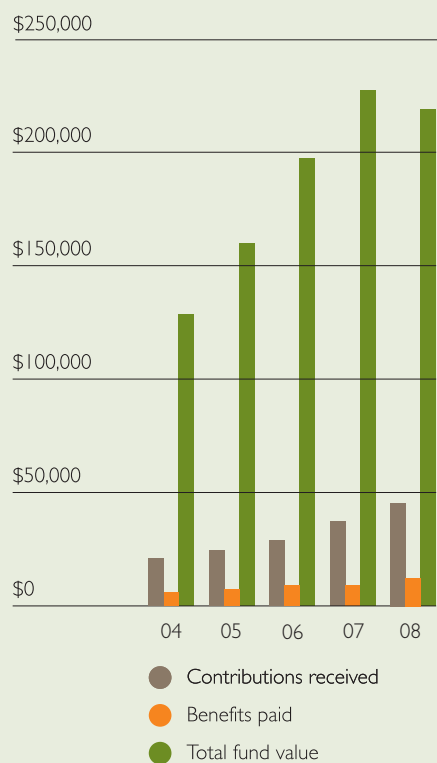
Administrator	Mercer (N.Z.) Limited P O Box 1849 Wellington 6140 Phone: 0800 UNIScheme (0800 864 724)
---------------	--

Postal address for correspondence to the Trustees:	The Secretary New Zealand Universities' Superannuation Scheme P O Box 11-915 Wellington 6142
---	--

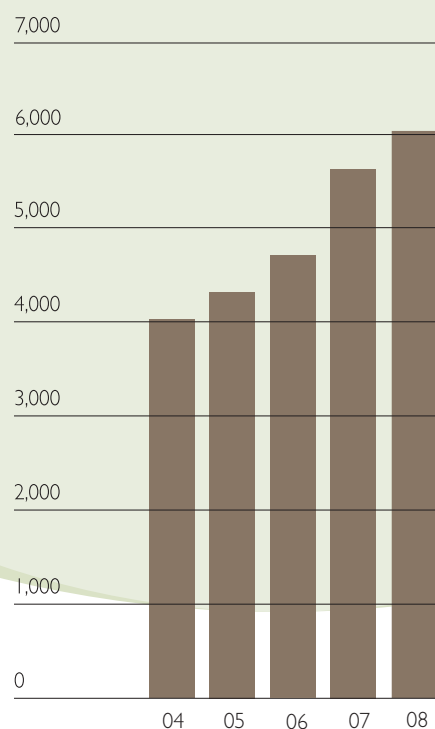
Five Year Snapshot

Scheme Growth, Contributions, Benefits & Total Fund Value

000's



Membership Growth

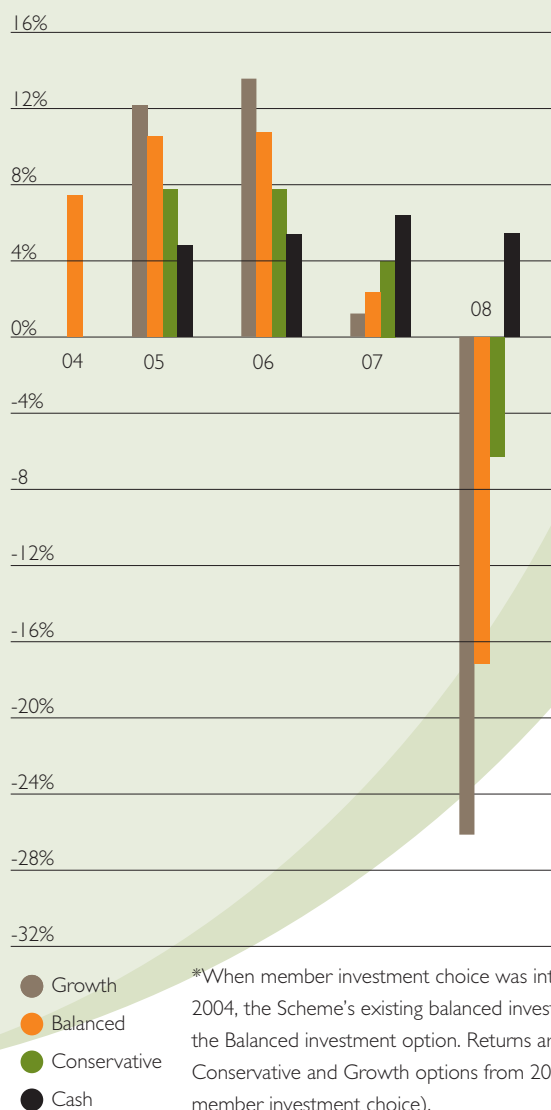


Summary Highlights

Declared crediting rates for each investment option (after tax) for the year ended 31 December 2008 are:

Growth	-26.80 %
Balanced	-17.11 %
Conservative	-6.64 %
Cash	5.48 %
Total Membership as at 31-12-2008	6,054
Contributions Received During the Year	\$44,459,569
Benefits Paid During the Year	\$11,143,289
Total Fund Value as at 31-12-2008	\$217,319,977

Declared crediting rate (after tax) for each investment option*



*When member investment choice was introduced on 1 October 2004, the Scheme's existing balanced investment strategy became the Balanced investment option. Returns are shown for Cash, Conservative and Growth options from 2005 (the first full year of member investment choice).

Message from the Chairperson

On behalf of the Trustees, I am pleased to present my first annual report as Chairperson of the New Zealand Universities' Superannuation Scheme.

I'd like to take a moment to thank my predecessor, Dr Graeme Fogelberg, for his dedication to the Scheme over the last decade. In April 2008, Graeme retired from his role both as Chairperson and as a Trustee of the Scheme. Under Graeme's expertise and guidance, the Scheme has continued as an increasingly popular, well-known and trusted retirement savings scheme designed specifically for university employees. In conjunction with my fellow Trustees I look forward to continuing Graeme's work, ensuring that the Scheme remains focused on its members and their interests. The Trustees would like to wish Graeme a happy and well-deserved retirement.

A volatile year for financial markets

2008 was a challenging year for the Scheme and superannuation schemes generally, as the global financial crisis intensified. Sharemarket volatility caused uncertainty for some members as they watched their super returns suffer. This volatility is reflected in the Scheme's interim returns on page 10, which experienced some unprecedented losses over the year.

The table below shows the final rates for each option for the Scheme year to 31 December 2008. For a more in-depth look at the financial crisis and its impact on the Scheme, please turn to page 6.

Option	Declared Crediting Rates – Year to 31 December 2008
Growth	-26.80 %
Balanced	-17.11 %
Conservative	-6.64 %
Cash	5.48 %

Note that if a member has not made an investment option since member choice was introduced over four years ago, their monies are invested in the Balanced option.

As you can see, the extent to which returns have been impacted by the financial crisis depends on the asset allocation of the investment option you have chosen. For a detailed look at the asset allocation of each investment option, please refer to page 8. For a summary of the performance of each asset class (property, shares, fixed interest and cash) see page 6.

We're keeping an eye on things for you

We are now facing what has been confirmed as the worst financial crisis in 70 years. While a number of factors influencing investment returns are beyond our control, your Trustees are closely monitoring the progress of the Scheme's investments and review the fund managers' progress on a regular basis. There have been no changes to the fund managers for the year to 31 December 2008. However, some changes to fund managers are under active consideration in light of poor performance that was not wholly attributable to markets. If the Trustees believe that investment performance can be improved by either adding and/or replacing a fund manager, they will do so.

Focusing on 2009

Unfortunately, while history shows investment markets will recover, no-one knows when. We now need to look forward to 2009, and the raft of new challenges and opportunities it brings. I'm confident the expertise and knowledge of the Trustees, as well as the independent advisers we engage to help with the management of the

Superannuation News

Scheme, will allow us to continue to run the Scheme to the high standards it has previously enjoyed.

The Trustees welcome your suggestions and comments about the Scheme.

These should be addressed to the Secretary to the Trustees at the address on the inside of the front cover or by calling the helpline on 0800 UNIScheme (0800 864 724).



Lindsay Tairaoa
Chairperson of Trustees

KiwiSaver update

Changes to KiwiSaver which took effect from 1 April 2008 were summarised in last year's annual report.

Late 2008 saw the newly elected National-led government introduce further changes to KiwiSaver, which come into effect from 1 April 2009. Included in these changes is an amendment to the minimum contribution rate which will also impact on complying superannuation funds¹ such as the Scheme:

- The minimum member contribution rate will reduce from 4% to 2% of gross salary.
- The tax exemption on employer contributions will only apply to employer contributions of 2% of gross salary. This exemption previously applied to employer contributions of 4%.
- Compulsory employer contributions will be capped at 2% of gross salary. Previously, these were scheduled to increase by 1% each year and to be capped at 4% from 1 April 2011.

The Scheme has been amended to reflect these changes. These changes will also come into effect from 1 April 2009, in line with the KiwiSaver changes. For a detailed account of the changes to the Scheme please refer to page 4.

Fund withdrawal tax

In some circumstances, a fund withdrawal tax (FWT) of 5% may be deducted from the portion of any benefit relating to employer contributions (and any interest on those contributions) paid to some members.

From 1 October 2008, the earning threshold for FWT increased from \$60,000 to \$70,000. (Please refer to page 18 of your Super Guide for further details of FWT.)

¹A section within a registered superannuation scheme that has been approved by the Government Actuary as having met certain criteria similar to KiwiSaver e.g. KiwiSaver lock-in rules and portability.

Scheme Changes

The Scheme's trust deed was amended once during the Scheme financial year and once following year end. Newsletters summarising the changes were sent to members at the time the amendments were made. Copies of the newsletters are available on www.nzvcc.ac.nz or www.superfacts.co.nz.

In **March 2008**, the Scheme's trust deed was amended:

- **To allow unsubsidised members to elect to become CFA (Complying Fund Accumulation) members**

From 1 April 2008, unsubsidised members who are under age 65 and who are not receiving employer contributions to another superannuation scheme may join the Scheme as CFA members and have any compulsory employer contributions paid into their Locked In No.2 Account in the Scheme.

- **To provide immediate vesting of locked-in employer contributions**

Employer contributions to Locked In No.2 Accounts now vest immediately. This means that on becoming entitled to withdraw the balance of his or her Locked In No.2 Accounts, the full amount of the Universities' contributions plus interest is payable, irrespective of the member's period of membership.

While the minimum total contribution to the Scheme continues to be 4% of salary, following the end of the Scheme year and **effective 1 April 2009**, the Scheme's trust deed was amended to allow the minimum contribution to be made up in part by employer contributions. To make up the minimum contribution of 4% of salary:

- **Unsubsidised CFA members may reduce their contribution to the Scheme to 2% of salary**

This will be directed to their Locked In No.1 Account and the balance made up by their compulsory employer contributions of 2% of salary.

- **Subsidised members may reduce their contribution to the Scheme to 3% of salary**

Employer contributions of 1% of salary will make up the balance.

- **Subsidised CFA members may reduce their contribution to their Locked In No.1 Account to 2% of salary**

The balance may be directed to their Member's No.1 Account.

- **CFA members may change their contribution rate to their Locked In No.1 Account (to either 2% or 4% of salary) at any time**

Members need to complete and return a 'Change of Member Details' form one month before they wish any change to take effect.

- **To allow CFA members to direct voluntary contributions to their Locked In No.1 Account.**

This is particularly valuable for members whose contributions to their Locked In No.1 Account are less than \$1,042.86 (for a 1 July to 30 June year) as it allows a member to make a lump sum contribution and receive the full matching member tax credit of \$1,042.86.

Investment Management

The following table shows how the Scheme's assets were invested with different fund managers as at 31 December 2008:

Asset Class	Manager	(\$m)
Trans-Tasman Shares	Brook Asset Management	12.7
	ING New Zealand	12.6
International Shares	AllianceBernstein	10.6
	Grantham, Mayo, Van Otterloo & Co. (GMO)	12.3
	Newton Investment Management (BNY Mellon Asset Management)	37.6
Trans-Tasman Property	Mint Asset Management	9.3
Listed Global Property	AMP Capital Investors	9.3
NZ Fixed Interest	Tyndall Investment Management	14.0
International Fixed Interest	Tower Asset Management	32.3
	BlackRock	36.2
NZ Cash	ING New Zealand	27.4
Total		214.3

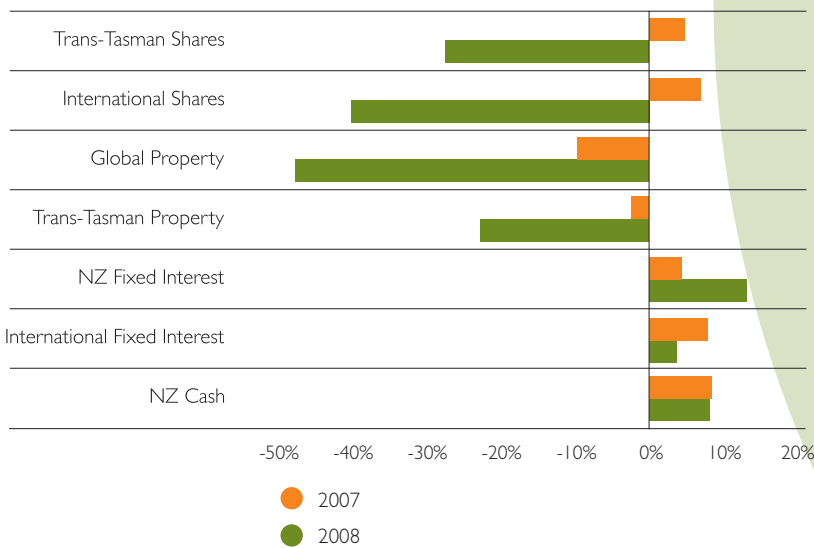
No investment managers were added or replaced during the year. Further information about the managers is available in the Scheme newsletter mailed to members in late March 2008. A copy is also available from www.nzvcc.ac.nz or www.superfacts.co.nz.

Investment Performance for 2008

The graph below compares the annual return (before tax and investment expenses) for each of the Scheme's asset classes for the 2007 and 2008 years.

Returns from the Scheme's investments reflect one of the most volatile periods on record for financial markets. Last year's annual report discussed the US sub-prime credit crisis which impacted on the Scheme's investments in the final quarter of 2007. Over the past year this has snowballed into a full-blown global financial crisis.

As the following graph shows, annual returns for 2008 for all asset classes, with the exception of New Zealand fixed interest, were weaker than for the previous year.



Trans-Tasman shares posted a disappointing -26.3% before tax for the year, as poor retail sales, rising unemployment and falling business and consumer confidence all took their toll.

With a -40.9% annual return before tax, international shares posted the biggest fall from 2007 returns. Shares in financial institutions were hardest hit, initially because of concerns about write-downs and downgrades in their earnings outlooks and later in the year because of the collapse of a number of reputable financial institutions, falling consumer confidence and further concerns about an ongoing global recession.

Property continued to post negative annual returns, caught between rising borrowing costs and global financial market volatility. Potential investors' inability to borrow and the collapse of numerous financial institutions invested primarily in property saw many projects grind to a halt. This, combined with concerns and supporting evidence

that the increasingly difficult economic and business environment will adversely impact tenant demand and rents meant global property was the worst performing of all asset classes, with an annual return of -46.6% before tax, while Trans-Tasman property posted an annual return of -22.6% before tax.

International fixed interest returned 4.0% before tax, down from 8.1% the previous year. Although this asset class was affected by the financial crisis, it benefited as investors moved away from volatile sharemarkets and central banks around the world eased interest rates in an attempt to restore confidence and boost economic growth.

New Zealand fixed interest was the strongest performer, returning a healthy 12.7% before tax for the year. Like international fixed interest, New Zealand fixed interest benefited from sharply declining interest rates.

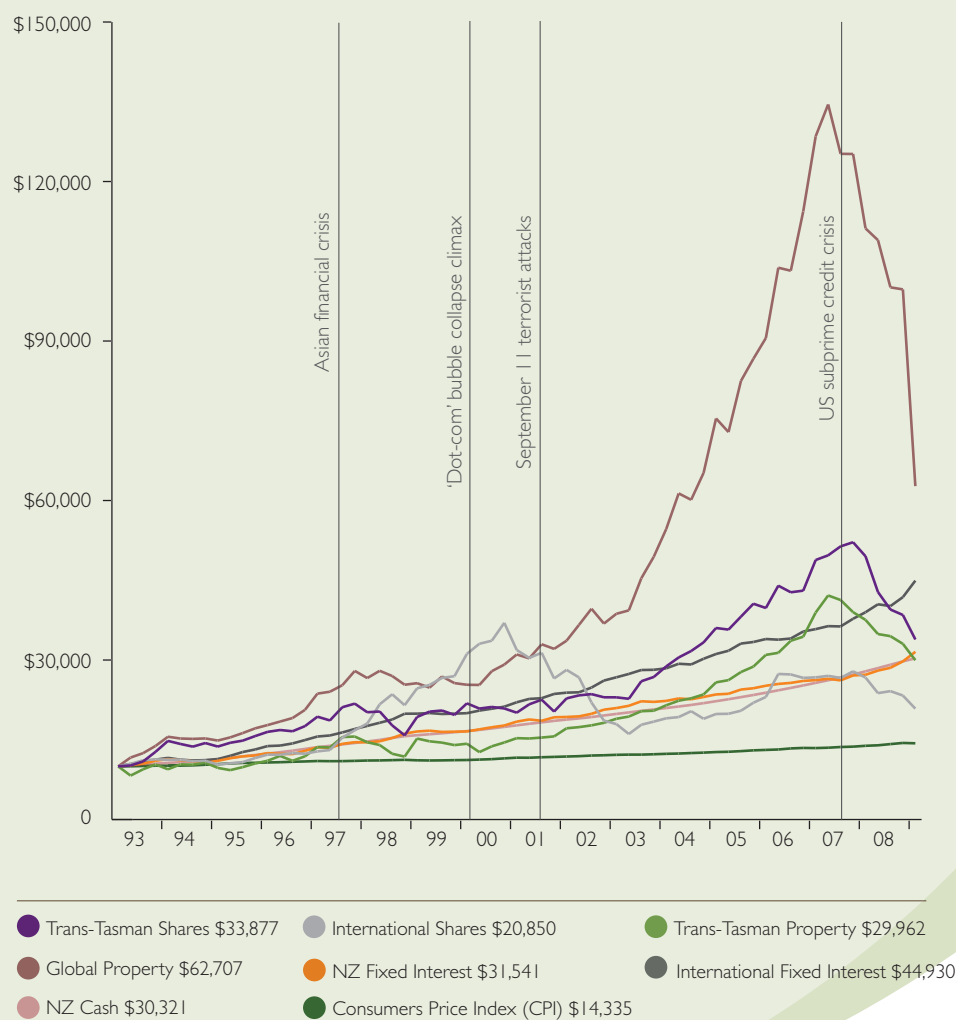
Despite the Reserve Bank of New Zealand lowering the Official Cash Rate from 8.0% to 5.0% between July and December 2008, the Scheme's investments in New Zealand cash posted a return of 8.6% before tax (only slightly down on the previous year's 8.7%). This was largely due to global liquidity and credit problems hitting New Zealand, prompting banks to hold extra cash and stop lending to each other as freely as previously.

Market Indices Returns

While the current economic downturn is especially significant, negative returns are to be expected from time to time, particularly from investments in shares and property. As the following graph shows, regardless of recent returns, the long-term trend continues to be upward.

Consider an investment of \$10,000 made in each of the asset classes in which the Scheme invests since 1 January 1993, when the Scheme was first launched. The graph below tracks the progress of this \$10,000 up to 31 December 2008.

Based on Initial Investment of \$10,000 at 1 January 1993



Source: Mercer Investment Consulting

The graph demonstrates the influence world events have had on investment returns. It also shows the sharp upturn in returns from global property between 2002 and mid 2006 and the following downturn when the effects of the subprime crisis started to bite.

Past performance should not be relied upon as an indicator of future performance.

Asset Allocation Summary

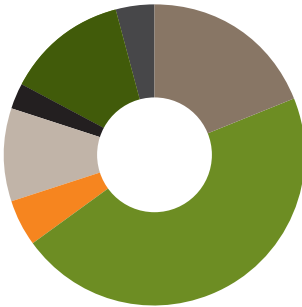
The following charts show the benchmark (or target) asset allocation as at 31 December 2008.

Growth Option Value as at 31 December 2008: \$27,535,230

Profile

Has the potential to provide the highest returns of the four options over the long term. Returns are likely to be more volatile from year to year. Investors should be aware that this is the highest risk option.

Long-term investment objective is to exceed the consumer price index by 4.5% pa **after** tax and fees at least two-thirds of the time, over the longer term.



● Trans-Tasman Shares 19%	● International Shares 46%	● Trans-Tasman Property 5%
● Global Property 10%	● NZ Fixed Interest 3%	● International Fixed Interest 13%
● NZ Cash 4%		

Balanced Option Value as at 31 December 2008: \$169,385,009

Profile

Has the potential to provide higher long-term returns than the Cash or Conservative options. Returns are likely to be more volatile from year to year than the Cash or Conservative options. Some risk, but not as volatile as the Growth option.

Long-term investment objective is to exceed the increase in the consumer price index by 3.5% pa **after** tax and fees at least two-thirds of the time, over the long term.



● Trans-Tasman Shares 13%	● International Shares 32%	● Trans-Tasman Property 5%
● Global Property 5%	● NZ Fixed Interest 6%	● International Fixed Interest 30%
● NZ Cash 9%		

Conservative Option Value as at 31 December 2008: \$6,195,103

Profile

Medium to longer-term returns are likely to be lower than the Growth or Balanced options, but higher than the Cash option. Designed to dampen volatility, but might provide the occasional negative return.

Long-term objective is to exceed the increase in the consumer price index by 3% pa **after** tax and fees at least two-thirds of the time, over the longer term.



● Trans-Tasman Shares 7%	● International Shares 18%	● Trans-Tasman Property 5%
● NZ Fixed Interest 7%	● International Fixed Interest 33%	● NZ Cash 30%

Cash Option Value as at 31 December 2008: \$11,228,715

Profile

The most conservative option. Intended for shorter-term savings since it is not expected to achieve large long-term growth. Very unlikely to post a negative return.

Long-term objective is to achieve a return close to the 90 day bank bill rate **before** tax, fees and inflation.



● NZ Cash 100%

How the Scheme Works

Trustees

The Scheme is governed by five Trustees. Of these, two are University-appointed Trustees, two are member-elected Trustees and the fifth is elected by the other four Trustees to act as an independent chair.

At 1 January 2009, the Trustees of the Scheme are:



Mr Lindsay Taiaroa

Independent Chair
Appointed 2008



Dr Neville Bennett Member-elected Trustee
History Department, University of Canterbury
Re-elected 2006



Ms Adrienne Cleland University-appointed Trustee
Director of Administration, University of Auckland
Appointed 2009



Mr Grant McKenzie Member-elected Trustee
Director of Financial Services, Otago University
Elected 2006



Mr Wayne Morgan University-appointed Trustee
Chief Financial Officer, Victoria University
Re-appointed 2009

Secretary to the Trustees and address for correspondence to the Trustees:



Penny Fenwick* Executive Director
New Zealand Vice-Chancellors' Committee, Wellington

*Penny Fenwick replaced Lindsay Taiaroa as Secretary to the Trustees with effect from 1 January 2008.

Trustee changes

Dr Graeme Fogelberg retired as Chairperson effective 30 April 2008. Mr Lindsay Taiaroa was appointed as the new Chairperson with effect from 1 May 2008.

Mr Jonathan Blakeman resigned as a University-appointed Trustee effective 24 December 2008. Ms Adrienne Cleland was appointed as a Trustee by the Universities effective 1 January 2009.

Trustees' Certification

The following is provided in accordance with the Superannuation Schemes Act 1989:

1. The Trustees state that all the contributions required to be made to the Scheme in accordance with the terms of the Trust Deed have been made.
2. The Trustees certify that all the benefits required to be paid from the Scheme in accordance with the terms of the Trust Deed have been paid.
3. The Trustees certify that the market value of the assets of the Scheme at the close of the financial year exceeded the total value of benefits that would have been payable had all members of the Scheme ceased to be members at that date, and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at the close of the financial year.

For and on behalf of the Trustees:

Trustee

Trustee

Prospectus

The registration date of the Scheme's most recent Prospectus is 26 March 2008.

Additional Complying Fund Disclosures

As at 31 December 2008:

- The market value of the Scheme's assets subject to complying fund rules is \$12,847,194, relating to 2,077 members
- The value of withdrawals subject to complying fund rules totals \$280,457.

Interim Interest Rates

At the end of each month, members' account balances are updated with interest at the rates declared by the Trustees.

The rates applied for the month of December are usually adjusted up or down when the annual financial statements have been completed. No adjustments are made to the rates declared for the months January to November inclusive.

When a member leaves the Scheme during the financial year, an interim monthly rate is used to cover the period between the end of the previous month and the date on which the benefit is payable.

The Superannuation Schemes Act requires that the year-to-date monthly crediting rates (after tax and expenses) be disclosed. The rates are shown below on a cumulative basis.

2008	Investment Option			
	Cash	Conservative	Balanced	Growth
January	0.50%	-1.78%	-3.86%	-6.07%
February	0.95%	-2.17%	-4.88%	-7.69%
March	1.45%	-2.24%	-5.18%	-8.20%
April	1.95%	-0.65%	-2.48%	-4.39%
May	2.43%	-0.25%	-2.05%	-3.82%
June	2.91%	-2.32%	-6.36%	-10.24%
July	3.41%	-1.78%	-5.69%	-9.51%
August	3.84%	-1.09%	-4.73%	-8.38%
September	4.32%	-2.98%	-8.52%	-13.84%
October	4.81%	-6.23%	-15.13%	-23.29%
November	5.24%	-6.15%	-16.55%	-26.15%
December*	5.61%	-5.54%	-15.94%	-25.72%

Example:

The account balances of a member who left the Scheme in August (after the rates for July had been declared) would have been credited with interim interest at:

- -9.51% had the member elected to invest in the Growth option,
- -5.69% had the member elected to invest in the Balanced option,
- -1.78% had the member elected to invest in the Conservative option, and
- 3.41% had the member elected to invest in the Cash option.

If a member left in September before the August rates had been declared, the July rates would apply

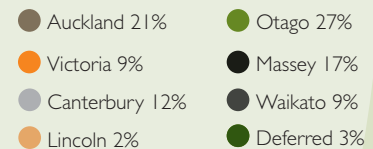
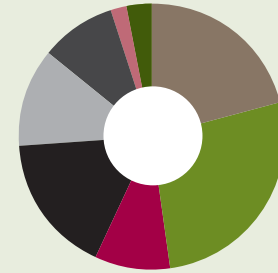
*The December year-to-date figures differ from the final rates shown elsewhere in this report because the figures for the December month are adjusted when the annual financial statements have been completed.

Membership Profile

The changes in the Scheme's membership over the last two years are shown in the table below:

	Year ended 31 December 2008	Year ended 31 December 2007
Opening Membership	5,651	4,704
Increased by:		
New members	729	1,207
Decreased by:		
Retirements	(36)	(37)
Ill-health retirements	(0)	(2)
Death	(4)	(1)
Leaving service	(279)	(205)
Transfers out	(7)	(15)
Membership as at 31 December	6,054	5,651

The distribution of members at 31 December 2008 amongst the participating universities is illustrated in the chart below:



Scheme Documentation

Copies of the current Investment Statement, the Super Guide and the Prospectus are available from the Superannuation Officer at members' Universities. Copies of the Trust Deed are also available from the Secretary to the Trustees. Alternatively, follow the links on the website www.nzvcc.ac.nz or www.superfacts.co.nz to see a copy of the Investment Statement, Super Guide, Prospectus or Trust Deed.

Statement of Investment Policy and Objectives

A copy of the Scheme's investment policy and objectives is available free of charge by contacting the Secretary to the Trustees at the address shown on the inside of the front cover. The Trust Deed allows the Trustees to amend the policy and objectives as they see fit.

Trust Deed

The Scheme's trust deed was consolidated and amended by deeds dated 31 March 2008 and 13 February 2009. Details of the amendments are set out on page 4 of this report.

Trustees' Note to the Financial Statements

The summary of the financial statements on the following page shows a significant increase to the Superannuation & Investment Consulting Fees.

This largely reflects fees associated with the appointment of a tax consultant to assist with the increasingly complex superannuation scheme tax regime. It also relates to fees incurred for the transfer of assets from the Scheme's previous fund managers to the newly appointed fund managers which occurred in late 2007.

Summary of the Financial Statements

New Zealand Universities' Superannuation Scheme

For the year ended 31 December 2008

	2008	2007
	\$	\$
Statement of Changes in Net Assets		
Investment Activities		
Net Investment Income	(44,575,902)	4,308,400
Net Investment (Loss)/Income	(44,575,902)	4,308,400
Less		
Other Expenses		
Administration Fees	369,660	278,572
Superannuation & Investment Consulting Fees	320,244	248,164
Communication Fees	48,250	51,396
Auditors' Remuneration - Audit Fees	22,680	26,873
Legal Fees	65,997	96,442
Trustees' Expenses	88,594	93,469
Bank Charges	559	179
Other Expenses	1,701	651
Total Other Expenses	917,685	795,746
Change in Net Assets before Taxation and Membership Activities	(45,493,587)	3,512,654
Income Tax Benefit	(1,624,768)	(401,371)
Change in Net Assets after Taxation and before Membership Activities	(43,868,819)	3,914,025
Membership Activities		
Member Contributions	22,779,854	19,093,871
Employer Contributions	21,414,627	15,825,551
Transfers from Other Funds	265,088	306,412
Less		
Benefits Paid	11,143,289	9,039,780
Net Membership Activities	33,316,280	26,186,054
Net Decrease/Increase in Net Assets During Year	(10,552,539)	30,100,079
Statement of Net Assets		
Financial Assets - Investments		
Investments	214,344,058	225,692,277
Current Assets	1,891,976	2,403,932
Non-Current Assets - Deferred Tax	1,408,206	25,290
Total Assets	217,644,240	228,121,499
Less		
Liabilities		
Income Tax Payable	-	67,893
Contributions Refundable	4,320	-
Benefits Payable	117,810	27,399
Sundry Creditors	202,133	153,691
Total Liabilities	324,263	248,983
Net Assets Available For Benefits	217,319,977	227,872,516
Vested Benefits*	210,994,726	216,884,517
Statement of Cash Flows		
Net Cash Flows from Operating Activities	32,189,144	24,679,291
Net Cash Flows from Investing Activities	(32,717,818)	(24,377,832)
Net (Decrease)/Increase in Cash Held	(528,674)	301,459
Cash at Beginning of Year	1,903,148	1,601,689
Cash at End of Year	1,374,474	1,903,148

*Vested Benefits are benefits payable to members or beneficiaries under the conditions of the Trust Deed, on the basis of all members ceasing to be members of the Scheme at balance date.

Notes to the Financial Statements

A summary of the Scheme's audited financial statements for the year ended 31 December 2008 which were authorised for issue on 5 May 2009 is shown on page 12. The summary financial statements have been extracted from the full audited financial statements dated 31 December 2008. The summary financial statements have been prepared in accordance with FRS-43 - Summary Financial Statements.

The full financial statements have been prepared in accordance with generally accepted accounting practice and they comply with New Zealand equivalent to International Financial Reporting Standards (NZ IFRS). The Scheme has made an explicit and unreserved statement of compliance with NZ IFRS in note 2 of its full financial statements.

The financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Scheme operates.

The summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements of changes in net assets, net assets and cash flows of the Scheme. A copy of the full financial statements can be obtained, free of charge, from the Scheme's administrators. The Scheme is a profit orientated entity.

The auditor has examined the summary financial statements for consistency with the audited financial statements and has issued an unqualified opinion.

A copy of the full financial statements can be obtained free of charge from the Superannuation Officer at your University or by calling the Service Centre on 0800 UNISCHEME (0800 864 724).



Chartered Accountants

Auditor's Report

To the Members of the New Zealand Universities' Superannuation Scheme,

We have audited the summary financial statements of the New Zealand Universities' Superannuation Scheme (the Scheme) for the year ended 31 December 2008 as set out on page 12.

This report is made solely to the Scheme's members, as a body, in accordance with the Superannuation Schemes Act 1989 and the Financial Reporting Act 1993. Our audit has been undertaken so that we might state to the Scheme's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the trust and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Trustees' Responsibilities

The trustees are responsible for the preparation of summary financial statements in accordance with generally accepted accounting practice in New Zealand as it relates to summary financial statements.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the summary financial statements presented by the trustees and report our opinion to you.

Basis of Opinion

Our audit was conducted in accordance with New Zealand Auditing Standards and involved carrying out procedures to ensure the summary financial statements are consistent with the full financial statements on which they are based. We also evaluated the overall adequacy of the presentation of information in the summary financial statements against the requirements of FRS-43: *Summary Financial Statements*.

Other than in our capacity as auditor, we have no relationship with, or interest in, the Scheme.

Unqualified Opinion

In our opinion, the information reported in the summary financial statements complies with generally accepted accounting practice in New Zealand as it relates to summary financial statements and is correctly extracted from and is materially consistent with the full financial statements from which they are derived and upon which we expressed an unqualified audit opinion in our report to the members dated 5 May 2009.

Our audit was completed on 5 May 2009 and our unqualified opinion is expressed as at that date.

A stylized signature of "Ernst & Young" in a cursive font.

Wellington



New Zealand Universities' Superannuation Scheme