

fisher funds  | *with you all the way...*

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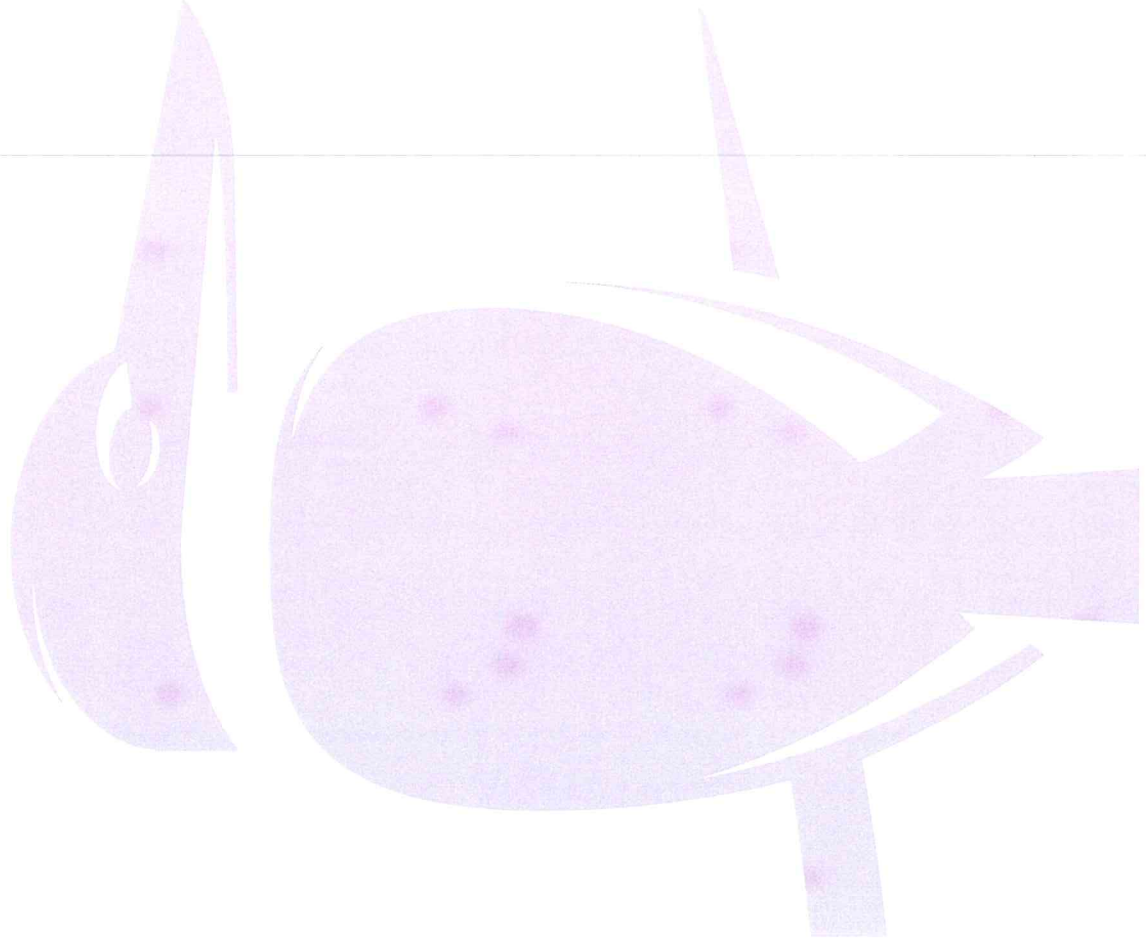
FISHER FUNDS KIWISAVER SCHEME

2017

FINANCIAL  
STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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# Directory

For the year ended 31 March 2017

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# Statements of Changes in Net Assets

For the year ended 31 March 2017

	Note	Growth Fund		Conservative Fund		Scheme Total	
		2017 \$000	2016 \$000	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Income</b>							
Interest income	1	7,792	5,670	12,999	11,880	20,791	17,550
Dividend and distribution income		16,735	16,139	2,176	1,870	18,911	18,009
Net changes in fair value of investment assets and liabilities	2	106,774	30,928	8,825	4,522	115,599	35,450
Management fee rebates	3	253	81	90	22	343	103
Other income/(expenses)		336	1,605	(175)	236	161	1,841
<b>Total income</b>		<b>131,890</b>	<b>54,423</b>	<b>23,915</b>	<b>18,530</b>	<b>155,805</b>	<b>72,953</b>
<b>Investment expenses</b>							
Management fees	3	10,948	9,267	3,915	2,988	14,863	12,255
Performance fees	3	3,951	(156)	-	-	3,951	(156)
Supervisor fees	3	356	308	148	116	504	424
Custody, unit pricing and accounting fees	3	659	797	300	310	959	1,107
Brokerage fees		1,162	1,366	139	110	1,301	1,476
<b>Other expenses</b>		<b>17,076</b>	<b>11,582</b>	<b>4,502</b>	<b>3,524</b>	<b>21,578</b>	<b>15,106</b>
<b>Auditor's fees - financial statements audit</b>		<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>16</b>	<b>16</b>
Auditor's fees - prospectus, supervisor reporting and annual report		1	-	1	-	2	-
Legal fees		3	16	3	6	6	22
Member communications		274	163	156	93	430	256
Regulatory related expenses		30	2	17	1	47	3
Other expenses		67	22	9	2	76	24
<b>Total expenses</b>		<b>17,459</b>	<b>11,793</b>	<b>4,696</b>	<b>3,634</b>	<b>22,155</b>	<b>15,427</b>
<b>Net profit before membership activities</b>		<b>114,431</b>	<b>42,630</b>	<b>19,219</b>	<b>14,896</b>	<b>133,650</b>	<b>57,526</b>
<b>Membership activities</b>							
Contributions	4	197,165	166,817	152,236	117,879	349,401	284,696
Withdrawals	4	(87,840)	(67,111)	(50,925)	(39,538)	(138,765)	(106,649)
Administration fees	3	(2,775)	(2,706)	(1,606)	(1,491)	(4,381)	(4,197)
PIE tax attributable to members	5	(6,508)	231	(1,902)	(1,878)	(8,410)	(1,647)
<b>Net membership activities</b>		<b>100,042</b>	<b>97,231</b>	<b>97,803</b>	<b>74,972</b>	<b>197,845</b>	<b>172,203</b>
<b>Movements in members' funds for the year</b>		<b>214,473</b>	<b>139,861</b>	<b>117,022</b>	<b>89,868</b>	<b>331,495</b>	<b>229,729</b>
<b>Members' funds at the start of the year</b>	14	<b>1,044,263</b>	<b>904,402</b>	<b>396,591</b>	<b>306,723</b>	<b>1,440,854</b>	<b>1,211,125</b>
<b>Members' funds at the end of the year</b>	14	<b>1,258,736</b>	<b>1,044,263</b>	<b>513,613</b>	<b>396,591</b>	<b>1,772,349</b>	<b>1,440,854</b>

The notes to the Financial Statements form an integral part of, and should be read in conjunction with, these Financial Statements.

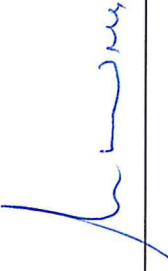


# Statements of Net Assets

As at 31 March 2017

Note	Growth Fund		Conservative Fund		Scheme Total	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Members' funds</b>						
14	1,258,736	1,044,263	513,613	396,591	1,772,349	1,440,854
<b>Represented by:</b>						
<b>Current assets</b>						
Cash and cash equivalents	146,424	44,395	58,096	38,880	204,520	83,275
Trade and other receivables	10,327	8,111	1,531	1,165	11,858	9,276
Investment assets at fair value through profit or loss	1,116,928	999,331	458,161	364,495	1,575,089	1,363,826
PIE tax receivable on behalf of members	-	19	-	-	-	19
<b>Total assets</b>	<b>1,273,679</b>	<b>1,051,856</b>	<b>517,788</b>	<b>404,540</b>	<b>1,791,467</b>	<b>1,456,396</b>
<b>Current liabilities</b>						
Trade and other payables	2,270	6,118	1,489	5,351	3,759	11,469
Related party payables	5,269	1,136	539	446	5,808	1,582
Investment liabilities at fair value through profit or loss	1,255	339	418	281	1,673	620
PIE tax payable on behalf of members	6,149	-	1,729	1,871	7,878	1,871
<b>Total liabilities</b>	<b>14,943</b>	<b>7,593</b>	<b>4,175</b>	<b>7,949</b>	<b>19,118</b>	<b>15,542</b>
<b>Net assets available for benefits</b>	<b>1,258,736</b>	<b>1,044,263</b>	<b>513,613</b>	<b>396,591</b>	<b>1,772,349</b>	<b>1,440,854</b>

These financial statements were authorised for issue by the Manager, Fisher Funds Management Limited:

Director  \_\_\_\_\_  
Date 29/06/2017

Director  \_\_\_\_\_  
Date 29/06/2017

The notes to the Financial Statements form an integral part of, and should be read in conjunction with, these Financial Statements.



# Statements of Cash Flows

## For the year ended 31 March 2017

	Note	Growth Fund 2017 \$000	2016 \$000	Conservative Fund 2017 \$000	2016 \$000	Scheme Total 2017 \$000	2016 \$000
<b>Cash flows used in operating activities</b>							
Cash was provided from:							
Sale of investments		661,637	619,801	244,323	271,581	905,960	891,382
Interest received		7,535	4,922	12,292	11,312	19,827	16,234
Dividends received		15,802	16,058	2,113	1,817	17,915	17,875
Other income/(expenses)		75	1,469	(149)	70	(74)	1,539
Cash was applied to:		(675,883)	(744,110)	(332,397)	(332,189)	(1,008,280)	(1,076,299)
Purchase of investments		(43,331)	(14,747)	(4,609)	(3,573)	(17,940)	(18,320)
Expenses		(4,165)	(116,607)	(78,427)	(50,982)	(82,592)	(167,589)
<b>Net cash flows used in operating activities</b>	10						
<b>Cash flows from financing activities</b>							
Cash was provided from:							
Member contributions		196,667	167,719	152,143	118,701	348,810	286,420
Cash was applied to:		(87,875)	(67,371)	(50,907)	(39,379)	(138,782)	(106,750)
Member withdrawals		(340)	(3,527)	(2,044)	(2,854)	(2,384)	(6,381)
PIE tax paid		(2,767)	(2,706)	(1,597)	(1,491)	(4,364)	(4,197)
Administration fees							
<b>Net cash flows from financing activities</b>		105,685	94,115	97,595	74,977	203,280	169,092
<b>Net increase/(decrease) in cash and cash equivalents</b>		101,520	(22,492)	19,168	23,995	120,688	1,503
Opening cash brought forward		44,395	66,731	38,880	14,712	83,275	81,443
Effect of exchange rate fluctuations		509	156	48	173	557	329
<b>Ending cash carried forward</b>	6	146,424	44,395	58,096	38,880	204,520	83,275



The notes to the Financial Statements form an integral part of, and should be read in conjunction with, these Financial Statements.

# Statement of Accounting Policies

## For the year ended 31 March 2017

### A Reporting Entity

The Fisher Funds KiwiSaver Scheme ("the Scheme"), comprises the following two funds:

- the Growth Fund, which commenced operations on 1 October 2007, and
- the Conservative Fund, which commenced operations on 15 June 2009, together ("the Funds").

The Scheme is a defined contribution superannuation scheme registered under the KiwiSaver Act 2006 and a profit oriented entity. The Scheme is domiciled and registered in New Zealand. As a defined contribution scheme, members contribute to the Scheme over time and benefits payable depend on the amount of contributions made and any returns on contributions received. The Manager and issuer of the Scheme is Fisher Funds Management Limited ("the Manager"). On 4 April 2016 the Financial Markets Authority ("FMA") issued a licence to the Manager to provide managed investment schemes manager services. The licence is valid for a period of five years from the date of issue.

The Supervisor of the Scheme is Trustees Executors Limited ("the Supervisor") and is licenced under the Financial Markets Supervisors Act 2011. The current licence expires on 16 January 2018. The financial statements cover the year ended 31 March 2017. Comparative information has been provided for the year ended 31 March 2016.

### B Basis Of Preparation

Statement of Compliance

These financial statements have been prepared in accordance with the provisions of the Governing Document, the Financial Markets Conduct Act 2013 ("FMCA") and the KiwiSaver Act 2006. ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit oriented entities.

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of investment assets at fair value through profit or loss. The methods used to measure fair values are disclosed further below. The accrual basis of accounting has been applied, as has the going concern assumption.

The results, position and cash flows reported for the Scheme is a simple aggregation of the results, position and cash flows of the Funds that make up the Scheme. All investments made with the monies of a Fund shall be held by the Supervisor as the exclusive property of that Fund and will not be used to meet any liabilities of any other Fund. As part of this aggregation process inter-fund transactions are eliminated. The Scheme has not adopted any new or amended standards in preparing the financial statements for the year ended 31 March 2017.

The following new standard relevant to the Scheme is not yet effective and has not yet been applied in preparing the financial statements:

*NZ IFRS 9: Financial Instruments* is applicable to annual reporting periods beginning on or after 1 January 2018. The Scheme plans to adopt this standard for the financial year ending 31 March 2019. *NZ IFRS 9* was issued in September 2014 as a complete version of the standard and will replace parts of the existing standard *NZ IAS 39: Financial Instruments Recognition and Measurement* that relate to the classification and measurement of financial instruments, hedge accounting and impairment. *NZ IFRS 9* requires financial assets to be classified into three measurement categories: fair value through profit or loss, fair value through other comprehensive income or amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the *NZ IAS 39* requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of changes in net assets, unless this creates an accounting mismatch. Based on the Scheme's initial assessment, this standard is not expected to have a material impact on the classification and measurement of its financial instruments. Minor changes are expected to disclosures about the entity's financial instruments, particularly in the year of adoption of the new standard.

There are no other standards, amendments or interpretations that have been issued but are not yet effective that are expected to have a material impact on the Schemes' financial statements.

### C Particular Accounting Policies

#### i Accounting estimates and assumptions

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgement in the process of applying the Scheme's accounting policies.

The Manager has used judgement in the categorisation of its investment assets and liabilities at fair value through profit or loss in accordance with the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. The significance of an input is assessed against the other inputs used in determining the fair value. Assessing the significance of a particular input requires judgement and includes the consideration of factors specific to the asset or liability.

#### ii Functional and presentation currency

These financial statements are presented in New Zealand dollars (\$), which is the Scheme's functional currency, on the basis that the Scheme's investors are mainly based in New Zealand, with the contributions and withdrawals denominated in New Zealand dollars. All financial information presented in New Zealand dollars has been rounded to the nearest one thousand dollars.

#### iii Investment assets and liabilities at fair value through profit or loss

(a) Classification

*Designated investment assets and liabilities at fair value through profit or loss*

The Scheme classifies its investment in equities, bonds, New Zealand PIE funds and bank deposits as designated investment assets at fair value through profit or loss upon initial recognition as the Scheme manages its investments and makes purchase and sale decisions based on their fair value and in accordance with the investment strategy. Purchases and sales of investments are recognised on the trade date, the date on which the Scheme commits to purchase or sell the investment.

# Statement of Accounting Policies

For the year ended 31 March 2017

## c Particular Accounting Policies (Continued)

### iii Investment assets and liabilities at fair value through profit or loss (continued)

#### (a) Classification (continued)

##### *Held for trading investment assets and liabilities at fair value through profit or loss*

Investment assets and liabilities held for trading comprise derivative instruments which are primarily forward foreign exchange contracts, futures and options contracts and interest rate swaps. The use of derivatives is governed by investment guidelines which are set by the Manager with the approval of the Supervisor. Where derivative instruments are used to economically hedge currency risk, hedge accounting is not applied and derivatives are accounted for on the same basis as those investments being hedged and are recognised at their fair value.

#### (b) Recognition

Investment assets at fair value through profit or loss are initially recognised at fair value. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are recognised in the Statement of Changes in Net Assets when they arise. Interest and dividend income are separately recognised in the Statement of Changes in Net Assets.

#### (c) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date in the principal or, in its absence, the most advantageous market to which the Scheme has access at that date. The fair value of a liability reflects its non-performance risk.

##### *Investment assets and liabilities held at fair value through profit or loss*

Investment assets and liabilities held at fair value through profit or loss include financial instruments held for trading and financial instruments designated at fair value through profit or loss upon initial recognition. They are measured initially at fair value, excluding any transaction costs that are directly attributable to the acquisition or issue of the investment asset or liability. Transaction costs relating to investment assets and liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all investment assets and liabilities held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Changes in Net Assets.

##### *Fair value in an active market*

The fair value of investment assets traded in active markets is based on their quoted market prices at the balance date without any deduction for estimated future selling costs. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume. Investment assets and liabilities are priced at last sale prices at balance date, except where the last sale price falls outside of the bid-ask spread for a particular stock, in which case the bid price is used.

##### *Fair value of investment assets and liabilities that are not actively traded*

The fair value of investment assets and liabilities that are not actively traded on an exchange are determined using valuation techniques. Valuation techniques include benchmark models, net present value techniques, comparison to similar instruments for which market observable prices exist and valuation models.

##### *Fair value of forward foreign exchange contracts*

The fair value of forward foreign currency contracts is determined using valuation techniques based on spot exchange rates and forward points supplied by The World Markets Company PLC ("WMC") via Thomson Reuters. The Scheme recognises a gain or loss equal to the change in fair value at the balance date.

##### *Fair value of swaps*

The fair value of swaps is determined using valuation techniques. Valuation techniques include benchmark models, net present value techniques, comparison to similar instruments for which market observable prices exist and valuation models. The Scheme recognises a gain or loss equal to the change in fair value at the balance date.

##### *Fair value of investments in New Zealand PIE funds*

The fair value of investments in New Zealand PIE funds is determined using the last available redemption unit prices for those funds at the balance date.

##### *Fair value of unlisted investments*

The fair value of unlisted investments is determined by the Manager. Refer to Note 9(b) for more detail on the valuation of these securities.

#### (d) Derecognition

Investment assets and liabilities are derecognised upon maturity or disposal of the asset or liability. Any gain or loss arising on derecognition of the asset or liability is included in the Statement of Changes in Net Assets in the year the item matures or is disposed of. Gains or losses are calculated as the difference between the disposal proceeds, or disposal cost if it is a liability, and the carrying amount of the item.

#### iv Fair value hierarchy

Investment assets and liabilities are required to be classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Scheme recognises transfers between levels of the fair value hierarchy as at the end of the financial reporting period during which the change has occurred. The fair value hierarchy has the following levels:

##### *Level one - fair value in an active market*

The fair value of investment assets traded in active markets for the same instruments based on their quoted market prices at balance date without any deduction for estimated future selling costs. Generally, a level one category asset will have the most independent, reliable basis for measurement.

##### *Level two - fair value in an inactive or unquoted market using valuation techniques and observable market data*

The fair value of investment assets that are not traded in an active market is determined using valuation techniques for which all significant inputs are based on observable market data.

##### *Level three - fair value in an inactive or unquoted market using valuation techniques without observable market data*

The fair value of investment assets that are not traded in an active market is determined using valuation techniques for which any significant input is not based on observable market data.

Details of how the Scheme's investment assets and liabilities have been categorised is provided in Note 9(b).



# Statement of Accounting Policies

For the year ended 31 March 2017

## c Particular Accounting Policies (Continued)

### v Income recognition

- (a) Interest income is recognised in the Statement of Changes in Net Assets as the interest accrues using the effective interest rate method. Interest income is earned on the short term deposits and cash held at the bank and on bonds and swaps.
- (b) Dividend and distribution income is recognised in the Statement of Changes in Net Assets when the Scheme's right to receive payment is established.
- (c) Dividend and interest income is disclosed net of any resident and foreign withholding taxes deducted at source, as these tax credits are allocated to members under the PIE regime.
- (d) Any unrealised gains or losses arising from the revaluation of investments and any realised gains or losses from the sale of investments during the year are included in the Statement of Changes in Net Assets as disclosed in C(iii) of the Statement of Accounting Policies.
- (e) Foreign exchange gains and losses on cash and cash equivalents, trade and other receivables, and trade and other payables are recognised in the Statement of Changes in Net Assets as disclosed in C(xiv) of the Statement of Accounting Policies.
- (f) Other income is recognised in the Statement of Changes in Net Assets when the Scheme's right to receive payment is established.

### vi Expenses

Expenses comprise management fees, performance fees, supervisor fees, custody and accounting fees, brokerage fees, auditor's remuneration, legal fees, member communication expenses, regulatory related fees and other expenses. Performance fees are calculated and accrued for daily if applicable. Management, supervisor, custody and accounting fees are accrued for on a daily basis based on the gross asset value of the Scheme. Audit fees are accrued for daily based on a fixed annual rate. Member fees include administration fees (which include registry fees) that are charged monthly per member via unit deduction and are recognised in Membership Activities. All other expenses are recognised when incurred.

### vii Cash and cash equivalents

Cash and cash equivalents comprise cash balances that have an original maturity of 90 days or less. All cash and cash equivalents are measured at amortised cost.

### viii Loans and receivables

Loans and receivables are non-derivative investment assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date. These are classified as non-current assets.

The Scheme's loans and receivables comprise 'cash and cash equivalents' and 'trade and other receivables' in the Statement of Net Assets. Loans and receivables are carried at amortised cost, less any provision for impairment. These assets are all held with counterparties with a low level of credit risk and are regularly reviewed for indication of impairment.

### ix Trade and other payables

Trade and other payables include liabilities and accrued expenses owing by the Scheme which are unpaid at balance date and are initially measured at fair value and subsequently at amortised cost.

### x Related party payables

Payables to related parties include purchases of related party investments that are unsettled on balance date and accrued expenses owed to related parties which are unpaid at balance date and are initially measured at fair value and subsequently at amortised cost. Trades are recorded on trade date and are normally settled within three business days. Related parties are defined in C(xix) of the Statement of Accounting Policies.

### xi Taxation

The Scheme is a Portfolio Investment Entity ("PIE"). Under the PIE regime, income is effectively taxed in the hands of the members and therefore the Scheme has no tax expense.

Under the PIE regime, the Manager attributes the taxable income of the Scheme to members in accordance with the proportion of their interest in the Scheme. The income attributed to each member is taxed at the members Prescribed Investor Rate which is capped at 28%. Any PIE tax payable/refundable on full withdrawals is paid/received by the Manager on behalf of members and deducted from or added to the withdrawal proceeds paid. Units are cancelled/issued to the value of the tax paid/refunded upon determination of the members' annual PIE tax liabilities/assets at 31 March each year.

At 31 March each year, the members' net tax position is accrued and the value of members' funds has been adjusted to reflect the impact of tax payable/receivable on the value of the members' interest in the Scheme. Member's PIE tax amounts disclosed in the Statement of Changes in Net Assets include withdrawals to meet member tax liabilities and contributions representing member tax refunds under the PIE regime.

The PIE tax attributable to members at balance date is calculated on the basis of the tax laws enacted or substantively enacted at balance date.

### xii Statement of cash flows

Definitions of the terms used in the Statement of Cash Flows are:

- (a) 'Operating activities' include all transactions and other events that are not financing activities.
- (b) 'Financing activities' are those activities that result in changes in the size and composition of members' funds. This includes elements of members' funds not falling within the definition of cash.
- (c) 'Cash' is considered to be cash on hand, current accounts in banks and short term deposits with an original maturity of 90 days or less.

### xiii Goods and services tax (GST)

The Scheme is not registered for GST. All items in the Statement of Changes in Net Assets are stated inclusive of GST.



# Statement of Accounting Policies

For the year ended 31 March 2017

## c Particular Accounting Policies (Continued)

### xiv Foreign currencies

Transactions denominated in foreign currencies are recognised at the exchange rates at the date of the transactions. Assets and liabilities as at balance date denominated in foreign currencies are translated at the foreign currency exchange rates at that date. Realised and unrealised exchange gains and losses during the financial period are recognised in the Statement of Changes in Net Assets and are included in the relevant items disclosed there. Foreign exchange gains and losses on cash at bank and outstanding settlements are included in 'Other income/(expenses)' in the Statement of Changes in Net Assets.

### xv Offsetting investment assets and liabilities

Investment assets and liabilities are offset and the net amount reported in the Statement of Net Assets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### xvi Contributions and withdrawals

Contributions received for units in the Scheme are recorded net of any entry fees payable (if applicable) prior to the issue of units. Withdrawals from the Scheme are recorded gross of any exit fees payable (if applicable) after the cancellation of the units. No entry or exit fees were charged during the period. Units confer an equal interest in the Scheme and are of equal value. The unit price of the Scheme is determined as the net asset value ("NAV") of the Scheme divided by the number of units on issue.

A monthly administration fee is deducted from each members account by way of unit redemption and this is accounted for as a withdrawal so does not impact net profit or loss before membership activities.

### xvii Net assets available for benefits

The liability for promised retirement benefits is the Scheme's present obligation to pay benefits to members and beneficiaries and has been calculated as the difference between the fair value of the assets and the fair value of the liabilities as at balance date.

Net assets attributable to members meets the definition of an equity instrument as:

- (a) Members are entitled to a pro rata share of the Scheme's net assets in the event of the Scheme's liquidation,
- (b) Apart from the contractual obligation of the Manager to redeem the units for cash or another investment asset, the units do not include a contractual obligation to deliver cash or another investment asset to another entity, or to exchange investment assets or liabilities with another entity under potentially unfavourable conditions to the Scheme, and
- (c) The total expected cash flows attributable to the units over its life is based substantially on the income and expenditure and changes in the recognised net assets or the change in fair value of the recognised and unrecognised net assets of the Scheme over its life.

### xviii Promised benefits

The liability for promised benefits is the Scheme's present obligation to pay all accrued benefits to Members or their beneficiaries at balance date. Promised benefits include amounts allocated to members' accounts. Units are redeemable (subject to certain restrictions in the KiwiSaver Act 2006) at the Members' option and are therefore classified as investment liabilities. Promised benefits have been fully vested to members. Vested benefits are the rights to which, under conditions of the Scheme, are not conditional or continued membership. The liability for promised benefits has been calculated on the basis that all members cease to be members of the Scheme at balance date. No guarantees have been made in respect to the liability of promised benefits.

### xix Related parties

A party is related to the Scheme if:

- (a) Directly or indirectly through one or more of its intermediaries, it controls, is controlled by, or is under common control with, the Scheme;
- (b) It is a parent, subsidiary or fellow subsidiary of a party defined in (a) above;
- (c) It has an interest in or a relationship with the Scheme that gives it significant influence over the Scheme;
- (d) It is controlled by or may be significantly influenced by another party which also has control or significant influence over the Scheme;
- (e) The Scheme has an interest in or relationship with the party that gives it significant influence over the party; or
- (f) They are a member of the Scheme's key management personnel.

### xx Changes in accounting policies

The Scheme has consistently applied the accounting policies to all periods presented in these financial statements.



# Statement of Accounting Policies

For the year ended 31 March 2017

**C Particular Accounting Policies (Continued)**

**xxi Restatement of Comparatives**

Certain comparative information has been reclassified so as to match the current period classification.

(a) In the Statements of Net Assets, administration fees deducted by unit redemption that were payable at balance date were previously included in trade and other payables. They are now included in related party payables.

	Growth Fund		Conservative Fund		Scheme Total	
	Restated 2016	Previously reported 2016	Restated 2016	Previously reported 2016	Restated 2016	Previously reported 2016
Statements of Net Assets						
Trade and other payables	6,118	6,345	5,351	5,479	11,469	11,824
Related party payables	1,136	909	446	318	1,582	1,227

(b) In the Statements of Changes in Net Assets, management fee rebates were previously included in other investment income. They are now separately disclosed.

**Statements of Changes in Net Assets**

Management fee rebates	81	22	103
Other investment income	1,605	1,686	1,841

The effect of these reclassifications has not had an impact on net assets available to pay benefits in the Statements of Net Assets.



# Notes to the Financial Statements

## For the year ended 31 March 2017

### 1. Interest income

Interest on cash and cash equivalents  
Interest on investment assets at fair value through profit or loss  
Total interest income

	Growth Fund 2017 \$000	2016 \$000	Conservative Fund 2017 \$000	2016 \$000	Scheme Total 2017 \$000	2016 \$000
	1,318	935	1,428	683	2,746	1,618
	6,474	4,735	11,571	11,197	18,045	15,932
	<b>7,792</b>	<b>5,670</b>	<b>12,999</b>	<b>11,880</b>	<b>20,791</b>	<b>17,550</b>

### 2. Net changes in fair value of investment assets and liabilities

*Designated at fair value through profit or loss*

Investment assets

Equities  
New Zealand bonds  
International bonds  
New Zealand PIE funds - international equities  
New Zealand PIE funds - New Zealand property  
Unlisted litigation securities  
Unlisted limited partnership

	52,058	47,089	4,555	4,002	56,613	51,091
	(2,380)	1,856	(3,928)	2,502	(6,308)	4,358
	(2,597)	1,778	(3,520)	5,442	(6,117)	7,220
	47,385	(8,683)	3,893	(736)	51,278	(9,419)
	3,375	1,237	1,179	354	4,554	1,591
	99	46	-	-	99	46
	332	1,013	-	-	332	1,013

*Held for trading at fair value through profit or loss*

Investment assets and liabilities

Forward foreign exchange contracts  
Futures and options contracts  
New Zealand swaps  
International swaps

	7,492	(13,688)	6,517	(6,935)	14,009	(20,623)
	955	339	57	-	1,012	339
	65	22	76	84	141	106
	(10)	(81)	(4)	(191)	(14)	(272)
	<b>106,774</b>	<b>30,928</b>	<b>8,825</b>	<b>4,522</b>	<b>115,599</b>	<b>35,450</b>

Total net changes in fair value of investment assets and liabilities

### 3. Related parties

#### (a) Manager and Supervisor

The Manager of the Scheme is responsible for managing the assets of the Scheme and fund administration, and is entitled to a management fee of 0.95% per annum of the gross asset value ("GAV") of the Growth Fund and 0.85% per annum of the GAV of the Conservative Fund calculated daily and payable monthly.

The Manager is also entitled to be paid a performance fee on the Growth Fund where the returns to members exceed the Fund's benchmark ("Benchmark Return") capped at 2% per annum of the average net asset value of the Fund. The Benchmark Return is measured by the percentage change in the NZ Official Cash Rate (OCR) plus 5%. A high water mark applies to ensure the Manager is only rewarded for investment performance once. Where the high water mark is higher than the performance period end unit price, no performance fee is payable. Where the high water mark is lower than the performance period end unit price the fee is the lesser of:

- \* 10% of the return in excess of the Benchmark Return; or
- \* 10% of the excess return achieved above the high water mark.

The performance fee is calculated daily and payable annually within three days of 30 June. Therefore, the actual amount payable at the end of the current performance period may be greater or less than the performance fees accrued at 31 March.

In relation to the underlying investments in the Fisher Institutional Property Fund, the Funds receive a management fee rebate from the Manager for the management fee paid by the Fisher Institutional Property Fund to the Manager on its property assets under management of 0.75% per annum (0.70% per annum up to 30 September 2015). This rebate is calculated daily based on the ratio of property assets to cash assets within the Fisher Institutional Property Fund, and is paid quarterly by the Manager.

Trustees Executors Limited undertakes supervisor, custody, unit pricing and accounting services, and is entitled to fees from the Growth Fund and the Conservative Fund as follows:

0.04% per annum on the Funds' GAV less than \$100 million  
then 0.03% per annum on the Funds' GAV over \$100 million

Supervisor fees (calculated daily and payable monthly):



# Notes to the Financial Statements

## For the year ended 31 March 2017

### 3. Related parties (continued)

#### (a) Manager and Supervisor (continued)

Custody, unit pricing and accounting fees (calculated daily and payable monthly):

\$10,000 per annum for the preparation of annual financial statements plus 0.04% per annum on the Funds' GAV less than \$100 million (0.06% per annum up to 31 May 2016) then 0.0325% per annum on the Funds' GAV over \$100 million (0.05% per annum up to 31 May 2016)

In addition, each individual member is charged a monthly administration fee of up to \$3 which is paid via unit redemption. This administration fee is shared between the Manager and Trustees Executors Limited for the day to day administration of member accounts and maintaining the member registry for the Scheme.

Related party fees incurred by the Scheme, and rebates received by the Scheme, during the year and amounts payable to/receivable from related parties at balance date are detailed below:

Related party fees incurred	Growth Fund			Conservative Fund			Scheme Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Fisher Funds Management Limited:	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Management fees	10,948	9,267	3,915	2,988	14,863	12,255		
Performance fees	3,951	(156)	-	-	3,951	(156)		
Administration fees deducted by unit redemption	1,431	1,281	971	749	2,402	2,030		
Trustees Executors Limited:								
Supervisor fees on Fisher Institutional Property Fund	-	5	-	1	-	6		
Supervisor fees	356	303	148	115	504	418		
Custody, unit pricing and accounting fees	659	797	300	310	959	1,107		
Administration fees deducted by unit redemption	1,344	1,425	635	742	1,979	2,167		
<b>Total related party fees incurred</b>	<b>18,689</b>	<b>12,922</b>	<b>5,969</b>	<b>4,905</b>	<b>24,658</b>	<b>17,827</b>		
<b>Payables to related parties</b>								
Fisher Funds Management Limited:								
Management fees payable	1,010	832	367	284	1,377	1,116		
Performance fees payable	3,951	-	-	-	3,951	-		
Administration fees deducted by unit redemption	128	108	93	65	221	173		
Trustees Executors Limited:								
Supervisor fees payable	33	27	14	11	47	38		
Custody, unit pricing and accounting fees payable	40	50	20	23	60	73		
Administration fees deducted by unit redemption	107	119	45	63	152	182		
<b>Total payables to related parties</b>	<b>5,269</b>	<b>1,136</b>	<b>539</b>	<b>446</b>	<b>5,808</b>	<b>1,582</b>		

All balances are unsecured, do not attract interest and are settled in cash. All related party payables are current liabilities. Related party payables are classified as investment liabilities at amortised cost under NZ IAS 39.

#### Related party income received

Fisher Funds Management Limited:

Management fee rebates income	253	81	90	22	343	103
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#### Receivables from related parties

Fisher Funds Management Limited:

Management fee rebates receivable	69	36	24	10	93	46
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All related party receivable balances are current assets. Related party receivables are classified as loans and receivables under NZ IAS 39.



# Notes to the Financial Statements

## For the year ended 31 March 2017

### 3. Related parties (continued)

#### (b) Investments in the Scheme by related parties

As at 31 March, Directors and key management personnel of the Manager held units in the Funds as follows:

As at 31 March:

	Growth Fund 2017	2016	Conservative Fund 2017	2016	Scheme Total 2017	2016
Units (000's)	569	579	1	178	570	757
Fair Value (\$000's)	1,056	974	2	257	1,058	1,231
% Members' funds	0.08%	0.09%	0.00%	0.06%	0.06%	0.08%
Purchases	78	96	1	22	79	118
	137	157	2	30	139	187
Sales	(4)	(1)	-	(2)	(4)	(3)
	(8)	(1)	-	(2)	(8)	(3)
Units (000's)	(84)	-	(178)	-	(262)	-
Units (000's)						
No longer a related party						
<b>(c) Investments in related entities</b>						
The Scheme's investments in Fisher Funds related entities is as follows:						
<b>Fisher Institutional Property Fund</b>						
Units (000's)	13,228	7,556	4,581	2,716	17,809	10,272
Fair Value (\$000's)	50,398	26,781	17,454	9,625	67,852	36,406
% of Net Assets	4.00%	2.56%	3.40%	2.43%	3.83%	2.53%
% of Units on Issue	12.39%	7.11%	4.29%	2.55%	16.68%	9.66%
Purchases	5,672	7,556	1,865	2,716	7,537	10,272
	20,243	25,543	6,649	9,272	26,892	34,815
Sales	-	-	-	-	-	-
	-	-	-	-	-	-
Distributions	727	228	254	63	981	291
	134,548	56,854	11,056	3,706	145,604	60,560
Fair Value (\$000's)	352,384	130,566	28,956	8,512	381,340	139,078
% of Net Assets	28.00%	12.50%	5.64%	2.15%	21.52%	9.65%
% of Units on Issue	30.45%	14.29%	2.50%	0.93%	32.95%	15.22%
Purchases	78,441	62,979	7,350	4,112	85,791	67,091
	188,549	149,621	17,462	9,677	206,011	159,298
Sales	(747)	(10,024)	-	(495)	(747)	(10,519)
	(1,716)	(24,472)	-	(1,173)	(1,716)	(25,645)
Units (000's)	-	54,817	-	3,581	-	58,398
Fair Value (\$000's)	-	78,181	-	5,106	-	83,287
% of Net Assets	-	7.49%	-	1.29%	-	5.78%
% of Units on Issue	-	21.23%	-	1.39%	-	22.62%
Purchases	11,463	55,993	1,972	3,506	13,435	59,499
	17,198	83,133	3,022	5,418	20,220	88,551
Sales	(66,280)	(24,776)	(5,553)	(709)	(71,833)	(25,485)
	107,780	(35,826)	9,038	(971)	116,818	(36,797)



# Notes to the Financial Statements

## For the year ended 31 March 2017

### 3. Related parties (continued)

#### (d) Other transactions with related entities

During the year various investments were bought or sold by the Scheme where the counterparty was a related entity. All such transactions were carried out in the ordinary course of the Scheme's activities and were transacted at the fair value of the underlying investment bought or sold. No brokerage fees were charged.

	Growth Fund		Conservative Fund		Scheme Total	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Total purchases of investments from related entities	22,129	88,392	23,588	47,287	45,717	135,679
Total sales of investments to related entities	43,362	69,324	16,456	56,985	59,818	126,309
<b>4. Contributions and withdrawals</b>						
<b>Contributions</b>						
Contributions for the year ended 31 March were received as follows:						
Member contributions	67,698	60,511	34,302	27,217	102,000	87,728
Member lump sum and voluntary contributions over minimum contribution rate	20,518	18,215	8,307	6,152	28,825	24,367
Employer contributions	39,705	35,437	21,222	17,147	60,927	52,584
Crown contributions	15,148	15,161	8,896	8,374	24,044	23,535
Transfers from other KiwiSaver schemes	65,453	45,861	66,514	48,103	131,967	93,964
Transfers from other superannuation schemes	871	1,721	332	436	1,203	2,157
Inter-fund switches	(12,512)	(10,333)	12,512	10,333	-	-
Other income	284	244	151	117	435	361
<b>Total contributions</b>	<b>197,165</b>	<b>166,817</b>	<b>152,236</b>	<b>117,879</b>	<b>349,401</b>	<b>284,696</b>

Contributions are received either from members directly or via their employer or the Inland Revenue Department. Contributions in the form of the Kick Start payment and Member Tax Credits are received from the Crown via the Inland Revenue Department. Members can also arrange to transfer funds in from other sources, such as from previous KiwiSaver providers or registered superannuation schemes and pension funds.

#### Withdrawals

Withdrawals for the year ended 31 March were paid as follows:

Member eligible withdrawals	(17,426)	(10,847)	(11,325)	(9,029)	(28,751)	(19,876)
Withdrawals on death	(1,734)	(1,101)	(702)	(445)	(2,436)	(1,546)
Serious illness withdrawals	(933)	(885)	(920)	(1,063)	(1,853)	(1,948)
Withdrawals or transfers on permanent emigration	(611)	(830)	(110)	(193)	(721)	(1,023)
Significant financial hardship withdrawals	(2,075)	(1,228)	(2,007)	(1,242)	(4,082)	(2,470)
First home purchase withdrawals	(11,006)	(10,088)	(8,967)	(6,521)	(19,973)	(16,609)
Transfers to other KiwiSaver schemes	(53,481)	(42,067)	(26,749)	(20,980)	(80,230)	(63,047)
Mortgage diversion withdrawals	(12)	(14)	-	-	(12)	(14)
Court ordered withdrawals	(517)	(3)	(93)	(44)	(610)	(47)
Other withdrawals	(45)	(48)	(52)	(21)	(97)	(69)
<b>Total withdrawals</b>	<b>(87,840)</b>	<b>(67,111)</b>	<b>(50,925)</b>	<b>(39,538)</b>	<b>(138,765)</b>	<b>(106,649)</b>



# Notes to the Financial Statements

## For the year ended 31 March 2017

### 5. PIE tax attributable to members

Members' PIE tax payments and refunds are settled with Inland Revenue via the cancellation or issue of units in the Scheme.

	Growth Fund		Conservative Fund		Scheme Total	
	2017	2016	2017	2016	2017	2016
	\$000	\$000	\$000	\$000	\$000	\$000
PIE tax (payable)/refundable on behalf of members at balance date	(6,149)	19	(1,729)	(1,871)	(7,878)	(1,852)
PIE tax (paid)/refunded on behalf of members during the year	(359)	212	(173)	(7)	(532)	205
<b>PIE tax attributable to members for the year</b>	<b>(6,508)</b>	<b>231</b>	<b>(1,902)</b>	<b>(1,878)</b>	<b>(8,410)</b>	<b>(1,647)</b>

The following imputation credits and foreign tax credits have been used to reduce members' PIE tax liabilities:

Imputation credits	2,925	2,693	297	278	3,222	2,971
Foreign tax credits	1,304	1,047	193	101	1,497	1,148

### 6. Cash and cash equivalents

Cash - New Zealand	117,783	31,705	54,919	37,204	172,702	68,909
Cash - Other currencies	28,641	12,690	3,177	1,676	31,818	14,366
<b>Total cash and cash equivalents</b>	<b>146,424</b>	<b>44,395</b>	<b>58,096</b>	<b>38,880</b>	<b>204,520</b>	<b>83,275</b>

Cash and cash equivalents include cash balances and are classified as loans and receivables under NZ IAS 39.

### 7. Trade and other receivables

Dividends receivable	2,656	1,809	222	172	2,878	1,981
Accrued money market interest	27	6	4	1	31	7
Bond coupons receivable	40	36	82	70	122	106
Unsettled investment sales	3,199	780	199	67	3,398	847
Futures margin receivable	3,107	4,800	169	119	3,276	4,919
Contributions receivable	1,142	644	819	726	1,961	1,370
Other income receivable	156	36	36	10	192	46
<b>Total trade and other receivables</b>	<b>10,327</b>	<b>8,111</b>	<b>1,531</b>	<b>1,165</b>	<b>11,858</b>	<b>9,276</b>

All trade and other receivable balances are current assets. Trade and other receivables are classified as loans and receivables under NZ IAS 39.

### 8. Trade and other payables

Auditor's fees payable	8	5	8	5	16	10
Accrued money market interest	4	-	2	-	6	-
Unsettled investment purchases	438	5,782	-	5,145	438	10,927
Futures margin payable	1,524	-	1,261	-	2,785	-
Withdrawals payable	296	331	218	201	514	532
<b>Total trade and other payables</b>	<b>2,270</b>	<b>6,118</b>	<b>1,489</b>	<b>5,351</b>	<b>3,759</b>	<b>11,469</b>

All trade and other payable balances are current liabilities. Trade and other payables are classified as investment liabilities at amortised cost under NZ IAS 39.





# Notes to the Financial Statements

## For the year ended 31 March 2017

### 9. Investment assets and liabilities at fair value through profit or loss

#### Designated investment assets at fair value through profit or loss

	Growth Fund		Conservative Fund		Scheme Total	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Investment assets						
Listed equities	537,643	608,524	51,920	68,830	589,563	677,354
New Zealand bank deposits	-	-	18,665	11,391	18,665	11,391
New Zealand bonds	92,947	78,608	218,279	154,973	311,226	233,581
International bonds	80,450	69,741	121,722	103,082	202,172	172,823
New Zealand PIE funds - international equities	352,384	208,747	28,956	13,618	381,340	222,365
New Zealand PIE funds - New Zealand property	50,398	26,781	17,454	9,625	67,852	36,406
Unlisted equities	-	-	-	476	-	476
Unlisted litigation securities	262	410	-	-	262	410
Unlisted limited partnership	1,542	1,380	-	-	1,542	1,380
<b>Total investment assets at fair value through profit or loss</b>	<b>1,116,928</b>	<b>999,331</b>	<b>458,161</b>	<b>364,495</b>	<b>1,575,089</b>	<b>1,363,826</b>

#### Held for trading investment assets at fair value through profit or loss

	Growth Fund		Conservative Fund		Scheme Total	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Investment assets						
Forward foreign exchange contracts	1,031	5,096	1,104	2,406	2,135	7,502
Futures and options contracts	249	-	15	-	264	-
New Zealand swaps	-	26	-	38	-	64
International swaps	22	18	46	56	68	74
<b>Total investment assets at fair value through profit or loss</b>	<b>1,302</b>	<b>5,140</b>	<b>1,165</b>	<b>2,499</b>	<b>2,467</b>	<b>7,640</b>

#### Held for trading investment liabilities at fair value through profit or loss

	Growth Fund		Conservative Fund		Scheme Total	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Investment liabilities						
Forward foreign exchange contracts	(1,235)	(339)	(388)	(281)	(1,623)	(620)
International swaps	(20)	-	(30)	-	(50)	-
<b>Total investment liabilities at fair value through profit or loss</b>	<b>(1,255)</b>	<b>(339)</b>	<b>(418)</b>	<b>(281)</b>	<b>(1,673)</b>	<b>(620)</b>

#### Total investment assets at fair value through profit or loss

In accordance with normal market movements the market value of the investments at the time of signing the financial statements will vary from the recorded amount as at 31 March 2017.

No individual investment held by the Funds exceeded 5% of the net assets available for benefits of the Funds or Scheme at 31 March 2017, except where detailed in Note 3(c).

#### (a) Valuation

Investments in equities, fixed interest securities, New Zealand PIE funds, unlisted litigation securities, unlisted limited partnerships and bank deposits are classified as designated at fair value through profit or loss under NZ IAS 39. Investments in forward foreign exchange contracts, futures and options and swaps are classified as held for trading at fair value through profit or loss under NZ IAS 39.

Refer to the Statement of Accounting Policies C (iii) and (iv) for further details on the fair value hierarchy.

#### (b) Fair value hierarchy

The following table provides an analysis of investment assets and liabilities that are measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based upon the degree to which the fair value is observable. The amounts are based on the values recognised in the Statement of Net Assets. All fair value measurements below are recurring.

Level 1	Growth Fund		Conservative Fund		Scheme Total	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Listed equities	537,643	608,524	51,920	68,830	589,563	677,354
New Zealand bonds	67,530	61,813	105,410	88,192	172,940	150,005
Futures and options contracts	249	-	15	-	264	-
<b>Total</b>	<b>605,422</b>	<b>670,337</b>	<b>157,345</b>	<b>157,022</b>	<b>762,767</b>	<b>827,359</b>



# Notes to the Financial Statements

## For the year ended 31 March 2017

### 9. Investment assets and liabilities at fair value through profit or loss (continued)

#### (b) Fair value hierarchy (continued)

	Growth Fund		Conservative Fund		Scheme Total	
	2017	2016	2017	2016	2017	2016
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Level 2</b>						
<i>Investment assets</i>						
New Zealand bank deposits	-	-	18,665	11,391	18,665	11,391
New Zealand bonds	24,398	15,496	111,461	64,982	135,859	80,478
International equities	80,450	69,741	121,722	103,082	202,172	172,823
New Zealand PIE funds - International equities	352,384	208,747	28,956	13,618	381,340	222,365
New Zealand PIE funds - New Zealand property	50,398	26,781	17,454	9,625	67,852	36,406
Forward foreign exchange contracts	1,031	5,096	1,104	2,406	2,135	7,502
New Zealand swaps	-	26	-	38	-	64
International swaps	22	18	46	56	68	74
<i>Investment liabilities</i>						
Forward foreign exchange contracts	(1,235)	(339)	(388)	(281)	(1,623)	(620)
International swaps	(20)	-	(30)	-	(50)	-
	507,428	325,566	298,990	204,917	806,418	530,483
<b>Level 3</b>						
New Zealand bonds <sup>1</sup>	1,019	1,299	1,408	1,799	2,427	3,098
Unlisted equities <sup>2</sup>	-	-	-	476	-	476
Unlisted litigation securities <sup>3</sup>	262	410	-	-	262	410
Unlisted limited partnership <sup>4</sup>	1,542	1,380	-	-	1,542	1,380
	2,823	3,089	1,408	2,275	4,231	5,364

The following tables show a reconciliation from the opening balance to the closing balance for the fair value measurements in level 3 of the fair value hierarchy:

	Growth Fund		Conservative Fund		Scheme Total	
	2017	2016	2017	2016	2017	2016
	\$000	\$000	\$000	\$000	\$000	\$000
<b>New Zealand Bonds<sup>1</sup></b>						
Opening balance	1,299	-	1,799	4,913	3,098	4,913
Purchases	500	2,200	690	-	1,190	2,200
Sales	(783)	(900)	(1,084)	(3,099)	(4,867)	(3,999)
Gains/(losses) recognised in profit or loss	3	(3)	4	(9)	7	(12)
Accrued interest	-	2	(1)	(6)	(1)	(4)
Closing balance	1,019	1,299	1,408	1,799	2,427	3,098
Change in unrealised gains/(losses) for the year included in profit or loss for investment assets held at balance date	3	(3)	5	(5)	8	(8)

These gains and losses are recognised in profit or loss as net gain from investment assets at fair value through profit or loss.

<sup>1</sup> At 31 March 2017, the Growth Fund held MTF Valiant Trust 2014 Class A Notes with a fair value of \$517,536 (2016: \$1,299,115) which represents 0.04% (2016: 0.12%) of the Growth Fund's portfolio. The Conservative Fund also held this investment with a fair value of \$716,588 (2016: \$1,798,775) which represents 0.14% (2016: 0.45%) of the Conservative Fund's portfolio.  
At 31 March 2017, the Growth Fund held MTF Torona Trust 2016 Class A Notes FRN with a fair value of \$501,183 (2016: Nil) which represents 0.04% (2016: 0.00%) of the Growth Fund's portfolio. The Conservative Fund also held this investment with a fair value of \$691,632 (2016: Nil) which represents 0.13% (2016: 0.00%) of the Conservative Fund's portfolio.  
Motor Trade Finance Limited (MTF) issued the Class A Notes to institutional investors which are backed by motor vehicle receivables originated by MTF dealers and franchisees, who are all MTF shareholders. The Manager receives monthly pricing information from Westpac NZ and no other brokers provide pricing information. This is not considered to be an observable active market for these securities and on that basis these securities have been classified as Level 3 of the fair value hierarchy.

# Notes to the Financial Statements

## For the year ended 31 March 2017

### 9. Investment assets and liabilities at fair value through profit or loss (continued)

#### (b) Fair value hierarchy (continued)

##### Unlisted Equities<sup>2</sup>

	Growth Fund		Conservative Fund		Scheme Total	
	2017	2016	2017	2016	2017	2016
	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance	-	-	476	2,223	476	2,223
Distribution of capital <sup>1</sup>	-	-	(460)	(1,606)	(460)	(1,606)
Losses recognised in profit or loss	-	-	(16)	(141)	(16)	(141)
Closing balance	-	-	-	476	-	476
Change in unrealised loss for the year included in profit or loss for investment assets held at balance date	-	-	(16)	(141)	(16)	(141)

These losses are recognised in profit or loss as net gain from investment assets at fair value through profit or loss.

<sup>2</sup> At 31 March 2017, the Conservative Fund held 1,750,000 (2016: 1,750,000) shares in the Kauri Property Fund Limited (KPFL) with a fair value of \$Nil (2016: \$476,350) representing 0.00% (2016: 0.12%) of the Fund's portfolio. On the 8 March 2016, KPFL was placed into voluntary liquidation by its shareholders and is in the process of distributing all remaining assets. The Manager considers that the best estimate of the fair value of the investment at balance date is \$Nil (2016: \$476,350). The 31 March 2017 valuation is based on the most recent Liquidator's report dated 29 March 2017 which estimates the final distribution to be \$0.0006 per share. As the final distribution amount is small and there is uncertainty of receipt, the Manager has determined the fair value as \$Nil. As there is not an active market for the shares and no inputs are market based, they have been classified in Level 3 of the fair value hierarchy.

##### Unlisted Litigation Securities<sup>3</sup>

	Growth Fund		Conservative Fund		Scheme Total	
	2017	2016	2017	2016	2017	2016
	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance	410	456	-	-	410	456
Return of capital	(247)	(92)	-	-	(247)	(92)
Gains recognised in profit or loss	99	46	-	-	99	46
Closing balance	262	410	-	-	262	410
Change in unrealised gains for the year included in profit or loss for investment assets held at balance date	99	46	-	-	99	46

These gains are recognised in profit or loss as net gain from investment assets at fair value through profit or loss.

<sup>3</sup> At 31 March 2017, the Growth Fund held 1,935,246 (2016: 1,935,246) Centretbet Litigation Claim rights (CLCR) which represented 0.02% (2016: 0.01%) of the Fund's portfolio and 1,935,246 (2016: 1,935,246) Centretbet Litigation Claim units (CLCU) which represented 0.00% (2016: 0.03%) of the Fund's portfolio. When Centretbet was taken over by Sportingbet, the Fund received the right to share in any future success of a court case with the Australian Tax Office. The CLCR were initially valued at AU\$0.24 per unit and the CLCU at nil. Centretbet subsequently won the court case and as a result, holders of the CLCR and CLCU are due a sizeable tax refund which will be received annually over a number of years. The Fund has received AU\$0.14 per unit (2016: AU\$0.038 per unit) from the CLCR and nil (2016: Nil) from the CLCU. The Manager after consideration of the remaining amount of the claim, has calculated a valuation of AU\$0.124 per unit (2016: AU\$0.024 per unit) for the CLCR and AU\$0.00 (2016: AU\$0.167) for the CLCU, based on the present value of the future distributions that it estimates will be received by the Fund over the next 11 years after applying a 10% discount rate. As the information used in the valuation of the CLCR and CLCU was provided by a third party and the valuation of the rights was prepared by the Manager, the rights have been classified as Level 3 of the fair value hierarchy.



# Notes to the Financial Statements

## For the year ended 31 March 2017

### 9. Investment assets and liabilities at fair value through profit or loss (continued)

#### (b) Fair value hierarchy (continued)

##### Unlisted Limited Partnership<sup>4</sup>

	Growth Fund		Conservative Fund		Scheme Total	
	2017	2016	2017	2016	2017	2016
	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance	1,380	2,733	-	-	1,380	2,733
Capital drawdowns	30	73	-	-	30	73
Return of capital	(200)	(2,439)	-	-	(200)	(2,439)
Gains recognised in profit or loss	332	1,013	-	-	332	1,013
Closing balance	1,542	1,380	-	-	1,542	1,380
Change in unrealised gains for the year included in profit or loss for investment assets and liabilities held at balance date	332	1,013	-	-	332	1,013

These gains are recognised in profit or loss as net gain from investment assets at fair value through profit or loss.

<sup>4</sup> At 31 March 2017, the Growth Fund held an investment in the Direct Capital IV Limited Partnership (DCLP) which represented 0.12% (2016: 0.13%) of the Fund's portfolio. DCLP is an unlisted limited partnership that was created in 2009 to invest in New Zealand and Australian private companies with an emphasis on succession investments, management buy-outs, expansion and pre-IPO investment. The valuation of DCLP used at balance date is based on financial reports provided by the manager, Direct Capital IV Management Limited. As there is not an active market for the investment in the partnership and not all inputs are market based, they have been classified in Level 3 of the fair value hierarchy.

#### (c) Effects of unobservable input on fair value measurement

The New Zealand bonds, unlisted equities, unlisted litigation securities and unlisted limited partnership classified as level 3 investment assets have been valued under advice from the Manager, based on a number of assumptions and information provided by third party entities, which are outlined above. Although the Manager believes these estimates of fair value are appropriate, the use of different assumptions could lead to a different measurement of fair value.

Changing one or more of the assumptions used in the determination of fair value, either favourably or unfavourably would result in a change in fair value. The Manager considers that it is impossible to predict with any certainty, how much the outcome will vary by using alternative assumptions. However, by way of example a 10% change in the assumptions and variables that determine fair value would result in the net profit being \$278,724 higher/lower (2016: \$308,885) on the Growth Fund and \$140,822 higher/lower (2016: \$227,513) on the Conservative Fund, based on Level 3 net assets of \$2,787,241 (2016: \$3,088,851) and \$1,408,221 (2016: \$2,275,125) respectively.

### 10. Reconciliation of net profit to cash flows from operating activities

#### Net profit before membership activities

	Growth Fund		Conservative Fund		Scheme Total	
	2017	2016	2017	2016	2017	2016
	\$000	\$000	\$000	\$000	\$000	\$000
Net profit before membership activities	114,431	42,630	19,219	14,896	133,650	57,526
Plus non cash items						
Net unrealised changes in the fair value of investment assets and liabilities	(23,322)	36,185	3,956	3,439	(19,366)	39,624
Unrealised foreign exchange gains	(509)	(156)	(48)	(173)	(557)	(329)
	(23,831)	36,029	3,908	3,266	(19,923)	39,295
Movements in working capital items						
(Increase)/decrease in trade and other receivables	(2,216)	2,385	(366)	922	(2,582)	3,307
(Decrease)/increase in trade and other payables	(3,848)	3,532	(3,862)	4,473	(7,710)	8,005
Increase/(decrease) in related party payables	4,133	(2,954)	93	63	4,226	(2,891)
Increase in underlying cost of investments carried at fair value	(93,359)	(197,587)	(97,485)	(73,621)	(190,844)	(271,208)
	(95,290)	(194,624)	(101,620)	(68,163)	(196,910)	(262,787)
Less items classified as financing activities						
Movements in payables/receivables attributable to financing activities	525	(642)	66	(981)	591	(1,623)
Net cash flows from operating activities	(4,165)	(116,607)	(78,427)	(50,982)	(82,592)	(167,589)



# Notes to the Financial Statements

For the year ended 31 March 2017

## 11. Financial risk management

The Scheme is subject to a number of financial risks which arise as a result of its activities, including market risk, liquidity risk and credit risk.

### (a) Market risk

Market risk is the risk that the value of the Scheme's investments will fluctuate as a result of changes in market prices. Market risk encompasses price risk, interest rate risk and foreign exchange risk.

The Scheme is exposed directly to market risk through its holdings of cash, equities, bonds, limited partnerships, litigation rights and derivative instruments. The Scheme is exposed indirectly through its investment in New Zealand PIE funds. Market risk arises mainly from uncertainty about the future prices of investment assets and liabilities held. It represents the loss the Scheme might suffer through holding market positions in the face of adverse price movements. Market risk is managed by ensuring that all activities are transacted in accordance with the Scheme's Statement of Investment Policy and Objective ("SIPO"). The Manager monitors the Scheme's exposure to market risk by reviewing daily reports covering the portfolio's positioning.

### (i) Price risk

Price risk is the risk that the fair value or future cash flows of non-monetary investment assets will fluctuate because of changes in market prices, whether those changes are caused by factors specific to an issuer or factors affecting all similar investment assets traded in the market. All equity investments present a risk of loss of capital often due to factors beyond the Manager's control such as competition, regulatory changes, commodity price changes and changes in general economic climate domestically and internationally. The Manager moderates this risk through careful stock selection and diversification, daily monitoring of the Scheme's market position and adherence to the Scheme's SIPO. The maximum market risk resulting from investment assets is determined by their fair value. For example, the maximum the financial assets may reduce is the value recorded on the Statement of Net Assets.

Where non-monetary investment assets, for example, equities are denominated in currencies other than New Zealand dollars, the price is initially expressed in foreign currency and then is converted into New Zealand dollars and will fluctuate because of changes in foreign exchange rates. In addition, where the Scheme holds New Zealand PIE funds which in turn invest in securities denominated in foreign currencies, the value of the Scheme's investment in the New Zealand PIE funds will be indirectly affected by fluctuations in foreign exchange rates.

### Sensitivity Analysis

A variable of 10% was selected for price risk as this is a reasonably expected movement based on historic trends in prices. The following table shows the sensitivity of profit for the year and sensitivity of members' funds to reasonably possible changes in prices as at 31 March with all other variables held constant:

Investment assets at fair value through profit or loss Equities, New Zealand PIE funds, limited partnerships and litigation securities	Growth Fund		Conservative Fund		Scheme Total	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Carrying amount	942,229	845,842	98,330	92,549	1,040,559	938,391
Impact of a -/+ 10% change in prices:						
-10%	(94,223)	(84,584)	(9,833)	(9,255)	(104,056)	(93,839)
+ 10%	94,223	84,584	9,833	9,255	104,056	93,839
Futures and options contracts						
Carrying amount	249	-	15	-	264	-
Notional value	15,794	-	957	-	16,751	-
Impact of a -/+ 10% change in share market indices:						
-10%	(1,579)	-	(96)	-	(1,675)	-
+ 10%	(1,579)	-	(96)	-	(1,675)	-

Members' funds is impacted by price movements by the same amount as profit after adjusting for the impact of PIE tax adjustments attributable to members.



# Notes to the Financial Statements

For the year ended 31 March 2017

## 11. Financial risk management (continued)

### (a) Market risk (continued)

#### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of an investment asset or liability will fluctuate because of changes in market interest rates. Investment assets or liabilities which potentially subject the Scheme to interest rate risk are cash and cash equivalents, bank deposits, bonds and swaps. The Scheme is indirectly exposed to interest rate risk through its investment in New Zealand PIE funds.

The Scheme invests cash in New Zealand and foreign money markets and interest income and investment valuations are therefore subject to changes in domestic and foreign interest rates. There are no hedges in place against the risk of future downward movement in interest rates as at balance date.

The Scheme also invests in bonds and therefore assumes exposure to the effects of fluctuations in the prevailing levels of market interest rates on both the fair value and future cash flow risks.

Interest rate risk is managed by constructing a portfolio through careful security selection and diversification, daily monitoring of the Scheme's market position and adherence to the Scheme's SIPO.

The interest rate repricing profiles are presented below:

Interest rate re-pricing profile	Growth Fund		Conservative Fund		Scheme Total	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Cash and cash equivalents	146,424	44,395	58,096	38,880	204,520	83,275
New Zealand bank deposits	-	-	8,233	8,540	8,233	8,540
	-	-	10,432	2,851	10,432	2,851
New Zealand government bonds	34,790	24,164	53,290	34,589	88,080	58,753
	29,628	31,054	45,217	44,454	74,845	75,508
Local authority bonds	-	-	925	-	925	-
	-	-	470	1,818	470	1,818
	1,358	1,377	2,601	2,914	3,959	4,291
	481	-	702	-	1,183	-
Other New Zealand bonds	-	-	7,493	-	7,493	-
	-	1,466	40,965	4,043	40,965	5,509
	15,358	23,828	49,662	73,914	65,020	97,742
	11,332	66,460	16,954	96,323	28,286	162,783
International bonds	21,358	-	31,667	-	53,025	-
	59,092	-	90,055	-	149,147	-
Interest rate swaps	22	44	46	94	68	138
	(20)	-	(30)	-	(50)	-

#### Sensitivity Analysis

The Scheme's sensitivity to interest rate risk can be expressed in two ways:

##### 1. Cash flow sensitivity analysis

A change in interest rates would affect the interest received on the Scheme's cash and cash equivalents. The following table shows the impact on profit and members' funds for the year to reasonably possible changes in interest rates at 31 March with all other variables held constant:

Cash and cash equivalents	Growth Fund		Conservative Fund		Scheme Total	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Carrying amount	146,424	44,395	58,096	38,880	204,520	83,275
Impact of a -1% change in interest rates:	(1,464)	(444)	(581)	(389)	(2,045)	(833)
Impact of a +1% change in interest rates:	1,464	444	581	389	2,045	833

Members' funds is impacted by price movements by the same amount as profit after adjusting for the impact of PIE tax adjustments attributable to members.



# Notes to the Financial Statements

For the year ended 31 March 2017

## 11. Financial risk management (continued)

### (a) Market risk (continued)

#### (ii) Interest rate risk (continued)

##### 2. Fair value sensitivity analysis

A change in interest rates impacts the fair value of the Scheme's bonds, bank deposits and swaps. Fair value changes impact the Scheme's net profit or loss and members' funds where the investment assets and liabilities are carried at fair value. The following table shows the impact on profit and members' funds for the year to reasonably possible changes in interest rates at 31 March with all other variables held constant:

	Carrying amount	Growth Fund		Conservative Fund		Scheme Total	
		2017 \$000	2016 \$000	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Investment assets at fair value through profit or loss</b>							
Bonds, bank deposits and swaps		173,399	148,393	358,682	269,540	532,081	417,933
Impact of a -/+ 1% change in yields:		8,975	8,836	13,853	13,139	22,828	21,975
		(8,975)	(8,836)	(13,853)	(13,139)	(22,828)	(21,975)

Members' funds is impacted by interest rate movements by the same amount as profit after adjusting for the impact of PIE tax adjustments attributable to members.

#### (iii) Currency risk

Currency risk is the risk that the fair value or future cash flows of an investment asset or liability will fluctuate because of changes in foreign exchange rates. The Scheme is directly exposed to currency risk through its investment in monetary assets including cash and cash equivalents, trade and other receivables and payables, bonds, forward foreign exchange contracts, swaps and futures and non monetary assets including equities, unlisted litigation securities, and options. The Scheme is indirectly exposed to currency risk through its investment in New Zealand PIE funds. It is therefore exposed to currency risk as the value of assets held in foreign currency will fluctuate with changes in the relative value of the New Zealand dollar compared to the foreign currency. The Manager recognises that foreign denominated assets will be affected by short-term movement in exchange rates, however the Manager takes the view that the currency tends to move within a relatively stable range and currency fluctuations should even out over the long term. The Manager has the ability to enter into forward foreign exchange contracts when it believes currencies are trading outside a tolerable range.

#### Sensitivity Analysis

The following table shows the sensitivity of profit for the year and sensitivity of members' funds to reasonably possible changes in foreign exchange rates at 31 March with all other variables held constant:

	Growth Fund		Conservative Fund		Scheme Total	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Total net unhedged position</b>						
Carrying value of the Fund's net assets and liabilities held in foreign currencies						
Impact of a -/+ 10% change in FX rates:						
AUD - 10%	7,461	6,059	697	544	8,158	6,603
AUD + 10%	(6,104)	(4,957)	(571)	(445)	(6,675)	(5,402)
EUR - 10%	(699)	2,611	(60)	316	(759)	2,927
EUR + 10%	572	(2,137)	49	(259)	621	(2,396)
JPY - 10%	(1,501)	298	(129)	22	(1,630)	320
JPY + 10%	1,228	(244)	105	(18)	1,333	(262)
STG - 10%	(565)	505	(50)	37	(615)	542
STG + 10%	462	(413)	41	(30)	503	(443)
USD - 10%	(5,161)	9,846	(376)	970	(5,537)	10,816
USD + 10%	4,222	(8,056)	307	(793)	4,529	(8,849)
Other currencies:						
-10%	670	2,072	84	184	754	2,256
+ 10%	(548)	(1,695)	(69)	(151)	(617)	(1,846)



# Notes to the Financial Statements

For the year ended 31 March 2017

## 11. Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Currency risk (continued)

Members' funds is impacted by foreign exchange rate movements by the same amount as profit after adjusting for the impact of PIE tax adjustments attributable to members. The Scheme is affected by foreign exchange rate movements to a greater degree than reflected in the fair value of foreign currency denominated net monetary assets as it holds forward foreign exchange contracts with contract values that are substantially greater than their fair value, refer to Note 12.

#### (b) Liquidity risk

Liquidity risk is the risk that the Scheme will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with investment liabilities and withdrawals by members. Liquidity risk is managed by holding sufficient liquid investments to enable the Scheme to meet liabilities as they fall due and member withdrawals when requested. The majority of the securities are listed on the NZX, ASX or other internationally recognised exchanges and are readily saleable. Monies received from member contributions may be used to offset withdrawals and the Manager may in certain circumstances suspend withdrawals.

The Scheme's investment liabilities consist of trade and other payables, related party payables and derivatives, being obligations which are short term in nature and classified as a current liability at balance date. Current liabilities of financial derivative instruments consist of the fair value of forward foreign exchange contracts, swaps and futures contracts (where applicable) at year end. The current fair value represents the estimated cash flow that may be required to dispose of the positions. Future cash flows of the Funds and realised liabilities may differ from current liabilities based on future changes in market conditions.

The Manager manages liquidity risk by monitoring the Funds' portfolios and giving specific consideration to investments deemed to be illiquid or not readily and easily sold, to ensure there are sufficient liquid assets to cover the outstanding liabilities of the Funds.

The table below shows the net undiscounted contracted cash outflows for the Scheme's investment liabilities.

	Growth Fund		Conservative Fund		Scheme Total	
	2017	2016	2017	2016	2017	2016
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Held for trading investment liabilities at fair value through profit or loss</b>						
Undiscounted cash flows:						
Carrying amount	1,255	339	418	281	1,673	620
Less than 1 year	143,400	32,882	48,986	38,390	192,386	71,272
1-5 years	274	-	417	-	691	-
5+ years	181	-	274	-	455	-
<b>Trade and other payables</b>						
Undiscounted cash flows:						
Carrying amount	2,270	6,345	1,489	5,479	3,759	11,824
Less than 1 year	2,270	6,345	1,489	5,479	3,759	11,824
<b>Related party payables</b>						
Undiscounted cash flows:						
Carrying amount	5,269	909	539	318	5,808	1,227
Less than 1 year	5,269	909	539	318	5,808	1,227

#### (c) Credit and counterparty risk

Credit risk is the potential risk of financial loss resulting from the failure of counterparties to honour fully the terms and conditions of a contract with the Scheme. The Scheme is exposed to credit risk, which is the risk that counterparties with whom they trade will default. The Scheme minimises concentrations of credit risk by undertaking transactions with a number of counterparties on recognised and reputable exchanges. The Scheme could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivatives contract, is unable or unwilling to make timely principal and/or interest payments, or to otherwise honour its obligations. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings. The Manager has assessed the impact of non-performance risk on the investment assets and liabilities subject to credit risk and determined that no adjustment to the fair value is required.

Similar to credit risk, the Scheme may be exposed to counterparty risk, which is the risk that an institution or other entity with which the Scheme has unsettled or open transactions will default. Investment assets which potentially expose the Scheme to credit risk consist principally of cash due from counterparties. The Manager minimises credit risks to the Scheme by performing reviews of each counterparty. All transactions in listed securities are paid for on delivery according to standard settlement instructions.

The maximum credit risk of investment assets and liabilities is considered to be the carrying value as disclosed in the Statement of Net Assets.





# Notes to the Financial Statements

For the year ended 31 March 2017

## 11. Financial risk management (continued)

### (c) Credit and counterparty risk (continued)

#### (i) Credit quality

The table below sets out the equivalent Standard and Poor's short term credit rating for cash and cash equivalents, bonds, swaps and forward foreign exchange contracts designated at fair value through profit or loss held by the Scheme:

Credit Rating	Growth Fund		Conservative Fund		Scheme Total	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Cash and cash equivalents	117,783	31,705	54,919	37,204	172,702	68,909
	28,641	12,690	3,177	1,676	31,818	14,366
Bank deposits	-	-	10,917	2,659	10,917	2,659
	-	-	7,748	8,732	7,748	8,732
Bonds and swaps	40,806	31,838	63,219	42,866	104,025	74,704
Investment Grade	78,228	67,194	177,135	127,771	255,363	194,965
	8,426	10,508	30,471	28,560	38,897	39,068
Non-Investment Grade	24,986	23,974	38,145	35,372	63,131	59,346
	7,526	4,876	11,342	7,911	18,868	12,787
	8,383	4,442	12,478	7,950	20,861	12,392
	-	874	-	1,357	-	2,231
	618	-	932	-	1,550	-
	4,426	4,687	6,295	6,362	10,721	11,049
Forward foreign exchange contracts	(204)	4,757	716	2,125	512	6,882
	319,619	197,545	417,494	310,545	737,113	508,090

#### (ii) Credit exposure

The Scheme's maximum exposure to credit risk at balance date in relation to each class of recognised asset is the carrying amount of those assets as indicated in the Statement of Net Assets. The Scheme's exposure of greater than 10% of net assets to any one counterparty as shown in the table below.

Issuer	Growth Fund		Conservative Fund		Scheme Total	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000	2017 \$000	2016 \$000
ANZ Banking Group	119,088	35,783	67,021	47,727	186,109	83,510
Fair Value	9.46%	3.43%	13.05%	12.03%	10.50%	5.80%
% Net Assets						

The maximum credit risk of investment assets and liabilities is considered to be the carrying value. The Manager moderates credit risk through careful security selection and diversification, daily monitoring of the Scheme's market position and adherence to the Scheme's investment policy. As at 31 March 2017 there were no investment assets that were overdue for repayment to the Scheme (2016: nil). As at 31 March 2017 the investment assets that are not designated at fair value through profit or loss are not considered to be impaired (2016: nil).



# Notes to the Financial Statements

## For the year ended 31 March 2017

### 11. Financial risk management (continued)

#### (d) Offsetting

Investment assets and liabilities are offset and the net amount reported in the Statement of Net Assets where the Scheme currently have a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. In normal circumstances, under the terms of the master netting arrangements, the Scheme and its counterparties may elect that a net amount, being the termination value, will be determined and this single net amount is due or payable in settlement of all the outstanding transactions. In certain circumstances, for example when a credit default occurs, each party's obligation to make payment will be automatically satisfied and discharged and all outstanding transactions under the agreement will be terminated.

The Scheme also enters into various master netting agreements or other similar arrangements that do not meet the criteria for offsetting in the Statement of Net Assets but still allow for the related amounts to be offset in certain circumstances such as the termination of the contracts.

None of the Scheme's investment assets or liabilities are offset in the Statement of Net Assets.

The disclosure set out in the following table presents the recognised investment assets and liabilities that are subject to offsetting, enforceable master netting arrangements or other similar agreements, however as at 31 March these are not offset. The 'Net amount' total shows what the net position for all derivative types would be if all offset rights were exercised.

#### Investment assets subject to enforceable master netting arrangements and similar agreements:

Derivative instruments  
Gross amounts of recognised investment assets  
Gross amounts of recognised investment liabilities  
offset in the Statement of Net Assets

Net amounts of investment assets presented in the Statement of Net Assets

Related amounts not offset in the Statement of Net Assets:

Investment assets and liabilities

Net amount

#### Investment liabilities subject to enforceable master netting arrangements and similar agreements:

Derivative instruments

Gross amounts of recognised investment liabilities  
Gross amounts of recognised investment assets  
offset in the Statement of Net Assets

Net amounts of investment liabilities presented in the Statement of Net Assets

Related amounts not offset in the Statement of Net Assets:

Investment assets and liabilities

Net amount

	Growth Fund 2017 \$000	2016 \$000	Conservative Fund 2017 \$000	2016 \$000	Scheme Total 2017 \$000	2016 \$000
	1,302	5,140	1,165	2,500	2,467	7,640
	-	-	-	-	-	-
	1,302	5,140	1,165	2,500	2,467	7,640
	(968)	(339)	(245)	(281)	(1,213)	(620)
	334	4,801	920	2,219	1,254	7,020
	(1,255)	(339)	(418)	(281)	(1,673)	(620)
	-	-	-	-	-	-
	(1,255)	(339)	(418)	(281)	(1,673)	(620)
	968	339	245	281	1,213	620
	(287)	-	(173)	-	(460)	-



# Notes to the Financial Statements

## For the year ended 31 March 2017

### 12. Derivatives

The table below shows the foreign currency denominated derivative investment assets and liabilities held by the Scheme at 31 March:

	Forward foreign exchange contracts		Growth Fund		Conservative Fund		Scheme Total	
	Total Fair Value	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	
<b>Forward foreign exchange contracts</b>								
Australia	(131)	256	(45)	(97)	(176)	159		
Euro	41	338	(60)	(60)	(19)	278		
Great Britain	(182)	131	(108)	215	(290)	346		
Japan	(319)	82	(26)	6	(345)	88		
Switzerland	(68)	77	(29)	23	(97)	100		
United States	429	3,885	970	2,054	1,399	5,939		
Denmark	7	-	-	-	7	-		
Canada	19	(12)	14	(16)	33	(28)		
<b>Total Contract Value</b>	<b>(414,298)</b>	<b>(252,600)</b>	<b>(155,571)</b>	<b>(127,160)</b>	<b>(569,869)</b>	<b>(379,760)</b>		
Australia	(76,347)	(76,498)	(16,815)	(16,084)	(93,162)	(92,582)		
Euro	(46,221)	(38,796)	(18,806)	(24,654)	(65,027)	(63,450)		
Great Britain	(15,243)	(5,566)	(7,897)	(10,650)	(23,140)	(16,216)		
Japan	(19,511)	(3,265)	(1,591)	(250)	(21,102)	(3,515)		
Switzerland	(7,845)	(3,950)	(1,390)	(1,263)	(9,235)	(5,213)		
United States	(235,905)	(119,804)	(100,800)	(67,834)	(336,705)	(187,638)		
Denmark	(2,393)	-	(162)	-	(2,555)	-		
Canada	(10,833)	(4,721)	(8,110)	(6,425)	(18,943)	(11,146)		
<b>Futures and options contracts</b>								
Fair Value	249	-	15	-	264	-		
Australia	249	-	15	-	264	-		
<b>Current Notional Value</b>	<b>15,794</b>	<b>-</b>	<b>957</b>	<b>-</b>	<b>16,751</b>	<b>-</b>		
Australia	15,794	-	957	-	16,751	-		
<b>New Zealand swaps</b>								
Fair Value	-	26	-	38	-	64		
Contract Value	-	18,500	-	31,500	-	50,000		
<b>International swaps</b>								
Fair Value	2	18	16	56	18	74		
United States	(20)	-	(30)	-	(50)	-		
Australia	22	18	46	56	68	74		
<b>Contract Value</b>	<b>11,275</b>	<b>7,091</b>	<b>21,254</b>	<b>22,712</b>	<b>32,529</b>	<b>29,803</b>		
United States	4,291	-	6,523	-	10,814	-		
Australia	6,984	7,091	14,731	22,712	21,715	29,803		



# Notes to the Financial Statements

## For the year ended 31 March 2017

### 13. Units on issue

	Growth Fund		Conservative Fund		Scheme Total	
	2017	2016	2017	2016	2017	2016
	Number ('000)	Number ('000)	Number ('000)	Number ('000)	Number ('000)	Number ('000)
Units on issue at the start of the year	620,917	561,550	275,158	221,612	896,075	783,162
Applications for units for the year	111,714	101,906	102,678	84,092	214,392	185,998
Withdrawals for the year	(54,743)	(42,539)	(36,655)	(30,546)	(91,398)	(73,085)
Units on issue at the end of the year	677,888	620,917	341,181	275,158	1,019,069	896,075

### 14. Members' funds

The Scheme manages its Members' funds as capital. All units in the Scheme carry the same rights and preferences and restrictions. There are restrictions on withdrawals from any KiwiSaver Scheme as set out in the KiwiSaver Act 2006 and KiwiSaver Regulations 2006. The Supervisor may defer giving effect to a permitted withdrawal or any transfer out of the Scheme if the Supervisor determines that having regard to the realisation of assets required in order to make the withdrawal or transfer or the occurrence or existence of any other circumstance or event relating to the Scheme or generally, earlier withdrawal or transfer would be imprudent or is impracticable.

	Growth Fund		Conservative Fund		Scheme Total	
	2017	2016	2017	2016	2017	2016
	Number ('000)	Number ('000)	Number ('000)	Number ('000)	Number ('000)	Number ('000)
Members' Funds	1,258,736	1,044,263	513,613	396,591	1,772,349	1,440,854
Units	677,888	620,917	341,181	275,158	1,019,069	896,075
NAV per unit \$	1.86	1.68	1.51	1.44		

### 15. Capital commitments and contingent liabilities

There were no contingent liabilities or capital commitments as at 31 March 2017 (31 March 2016: nil).

### 16. Subsequent events

There were no subsequent events which require adjustment to or disclosure in these financial statements.





# Independent Auditor's Report

To the members of

- Fisher Funds KiwiSaver Growth Fund
- Fisher Funds KiwiSaver Conservative Fund

which comprise the Fisher Funds KiwiSaver Scheme (the "funds and scheme"):

## Report on the financial statements

### Opinion

In our opinion, the accompanying financial statements of Fisher Funds KiwiSaver Scheme (the funds and scheme) on pages 2 to 26:

- present fairly in all material respects the funds' and scheme's financial position as at 31 March 2017 and its financial performance and cash flows for the year ended on that date; and
- comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying financial statements which comprise:

- the statement of net assets as at 31 March 2017;
- the statements of changes in net assets and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the funds and scheme in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report.

Other than in our capacity as auditor we have no relationship with, or interests in, the funds and scheme.



### Other Information

The Manager, on behalf of the funds and scheme, is responsible for the other information included in the entity's Annual Report. The Annual Report includes a link to where the audited financial statements can be found on the Companies Office. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements our responsibility is to read the other information, once received, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. The Annual Report is expected to be made available to us after the date of this Independent Auditor's Report and we will report the matters identified, if any, to those charged with governance.

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## Use of this Independent Auditor's Report

This report is made solely to the members as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in the Independent 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 members as a body for our audit work, this report, or any of the opinions we have formed.

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## Responsibilities of the Manager for the financial statements

The Manager, on behalf of the funds and scheme, is responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards);
  - implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
  - assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.
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## Auditor's Responsibilities for the Audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Independent Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

[https://www.xrb.govt.nz/Site/Auditing\\_Assurance\\_Standards/Current\\_Standards/Page6.aspx](https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page6.aspx).

This description forms part of our Independent Auditor's Report.

**Matthew Prichard**

For and on behalf of

KPMG  
Auckland

29 June 2017