

SUPERLIFE

KIWISAVER SCHEME

FINANCIAL STATEMENTS

For the year ended 31 March 2017

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SuperLife KiwiSaver scheme

Statement of net assets

as at 31 March 2017



	Note	31 March 2017 \$	31 March 2016 \$
Current assets			
Investments	7	641,081,545	517,931,043
Cash and cash equivalents		-	-
PIE tax receivable	3(j)	-	197,504
Sundry debtors		83	71,976
Total current assets		641,081,628	518,200,523
Current liabilities			
Sundry creditors		(193,087)	(296,810)
PIE tax payable	3(j)	(1,086,038)	-
Total current liabilities		(1,279,125)	(296,810)
Total net assets available for benefits to members		639,802,503	517,903,713
Liability for benefits		639,802,503	517,903,713

The Directors of Smartshares Limited authorised these financial statements for issue on 24 July 2017.

For and on behalf of Smartshares Limited:

Director

Director

The accompanying notes form an integral part of these financial statements.

SuperLife KiwiSaver scheme

Statement of changes in net assets

for the year ended 31 March 2017

	Note	31 March 2017 \$	31 March 2016 \$
Investment activities			
Realised/unrealised change in fair value of investments	12	54,963,679	24,863,718
Bank interest	11	7,546	11,126
Total net investment income		54,971,225	24,874,844
Administration fees - fixed dollar	4	(1,254,792)	(1,280,748)
Administration fees - percentage of assets	4	(914,953)	(911,580)
Other expenses		(127,021)	(204,380)
Total fees and expenses			
Change in net assets before membership activities		52,674,459	22,478,136
Membership activities			
Contributions received in respect of members:			
- Member contributions		46,595,458	40,539,647
- Employer contributions		25,300,301	22,281,198
- Government payments and subsidies			
- Member tax credits		8,043,143	7,352,275
- Kick-starts		2,000	470,000
- Transfers in		34,471,077	53,319,110
		114,411,979	123,962,230
Less withdrawal benefits:			
- Transfers out		(20,247,933)	(16,788,877)
- Mortgage diversion payments		(22,707)	(21,389)
- Death		(569,881)	(658,082)
- Serious illness		(328,112)	(416,756)
- Financial hardship		(497,925)	(490,933)
- First home		(7,276,863)	(5,662,834)
- Permanent emigration		(203,008)	(280,986)
- Payments under other enactments		(74,652)	(18,133)
- Retirement benefits		(11,478,107)	(8,855,065)
- Inland Revenue withdrawals/clawbacks		(279,227)	(191,572)
		(40,978,415)	(33,384,627)
Less: PIE tax paid/payable on behalf of members	3(j)	(4,209,233)	(1,636,199)
Surplus contributions over benefits		69,224,331	88,941,404
Increase in net assets during the period		121,898,790	111,419,540
Net assets available for benefits			
Opening balance		517,903,713	406,484,173
The Increase in net assets during the period		121,898,790	111,419,540
Closing balance		639,802,503	517,903,713

The accompanying notes form an integral part of these financial statements.

SuperLife KiwiSaver scheme

Statement of cash flows

for the year ended 31 March 2017

	Note	31 March 2017 \$	31 March 2016 \$
Cash flows from operating activities			
Cash was provided by:			
- Sale of investments		5,755,628	13,112,218
- Contributions received from and in respect of members		80,012,066	70,899,894
- Transfers in		34,471,077	17,435,157
- Interest income received		8,275	11,361
- Tax refund received		442,750	62,111
		<u>120,689,796</u>	<u>101,520,741</u>
Cash was applied to:			
- Purchase of investments		(77,310,892)	(61,417,940)
- Transfers out		(20,247,933)	(16,788,877)
- Mortgage diversion payments		(22,707)	(21,389)
- Member withdrawals		(9,229,668)	(7,746,483)
- Retirement benefits		(11,478,107)	(8,855,065)
- Tax paid on behalf of the members		-	(4,524,987)
- General administration fees		(2,400,489)	(2,166,000)
		<u>(120,689,796)</u>	<u>(101,520,741)</u>
Net cash flows from operating activities	13	<u>-</u>	<u>-</u>
Opening cash brought forward		-	-
Closing cash carried forward		<u>-</u>	<u>-</u>

The accompanying notes form an integral part of these financial statements.

SuperLife KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2017



1 General information

The SuperLife KiwiSaver scheme (the "Scheme") is a KiwiSaver scheme (KSS 10022) under the KiwiSaver Act 2006 (the "Act"). The Scheme is open to everyone eligible to join KiwiSaver. The Scheme was established under a trust deed (the "Trust Deed") for the principal purpose of providing KiwiSaver benefits. The sole focus remains the provision of KiwiSaver benefits. The Scheme is registered by the Financial Markets Authority ("FMA") under the Financial Markets Conduct Act 2013 ("FMCA") with effect from 9 November 2016. The Scheme's registration number with the FMA is SCH 10768. The Scheme's principal address of business is 21 Queen Street, Auckland 1010.

The Scheme is supervised by the Public Trust (the "Supervisor") who oversees the Scheme and makes sure that everything is done in accordance with the Trust Deed. The Supervisor is registered under the Financial Service Providers Act 2008 ("FSPA"). The Supervisor's registration number with the FSPA is FSP 24561.

SuperLife Limited was the manager of the Scheme until 8 November 2016. On 9 November 2016, SuperLife Limited was amalgamated with Smartshares Limited and on this date, Smartshares Limited became the manager of the Scheme. SuperLife Limited and Smartshares Limited are defined as the "Manager" for these financial statements. The Managers are wholly owned by NZX Limited. The Managers are registered under the FSPA. The Manager's registration number with the FSPA is FSP 42464 and FSP 26531 respectively.

The Manager is also the investment manager of the Scheme and invested the assets of the Scheme through the SuperLife workplace savings scheme ("SLWS") (formerly known as SuperLife superannuation scheme ("SLSS")) up until 7 November 2016. SuperLife Trustee Limited (SLSS Trustee) was the trustee of SLSS up until 8 November 2016. SLSS Trustee is a member of the Financial Dispute Resolution scheme (an external disputes resolution service) and is registered as a financial service provider (FSP 42604) under the Financial Service Providers (Registration and Dispute Resolution) Act 2008 ("FSPA"). SLSS is registered by the Financial Market Authority (FMA) under the Superannuation Schemes Act 1989 under the registration number AS/1068. From 8 November 2016, the Manager in its role as investment manager invests the assets of the Scheme through the SuperLife Invest scheme ("SLI"). SLI has the same Supervisor and Manager as the Scheme. SLI is registered by the FMA under the FMCA under the registration number SCH 10768.

To protect the interests of members, the Scheme's investments are held by an independent custodian. The custodian of the Scheme is the Public Trust (acting through its nominee company, SuperLife Nominees Limited).

Some of the assets of SLWS/SLSS are invested in the exchange traded funds ("ETF"s) managed by the Manager.

The auditor of the Scheme is PricewaterhouseCoopers (the "Auditor"). The Auditor is registered on the public register of licensed auditors and registered audit firms under the Auditor Regulation Act 2011 (AUD811) without any conditions.

The Supervisor is independent of the Scheme, the Manager, the Auditor and NZX Limited. The Manager is independent of the custodian and the Auditor.

SuperLife KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2017

2 Basis of preparation

Basis of measurement

The measurement base adopted is that of historical cost, modified by the revaluation of financial instruments at fair values through profit or loss.

Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"), the requirements of FMCA, the Financial Reporting Act 2013, the Act and the KiwiSaver Amendment Act 2011. They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. These financial statements also comply with International Financial Reporting Standards ("IFRS"). The External Reporting Board Standard A1 Accounting Standards Framework (for-profit Entities Update) outlines which suite of accounting standard entities in different tiers must follow. The Scheme is a Tier 1 reporting entity.

Going concern

The financial statements have been prepared on a going concern basis. The Manager is not aware of any material uncertainty that may cast significant doubt on the Scheme's ability to continue as a going concern.

Functional and presentation currency

These financial statements are presented in New Zealand dollars as this is the currency of the primary economic environment in which the Scheme operates. This is the functional and presentation currency for the Scheme.

Critical accounting judgements and estimates in the preparation of financial statements

In preparing the financial statements in conformity with NZ IFRS, management is required to make certain estimates, judgements and assumptions that affect reported income, expenses, assets and liabilities. The key judgements required in preparing these financial statements relate to the fair value determination of financial instruments. Refer to Note 9: financial instruments for details.

3 Significant accounting policies

The following significant accounting policies have been applied consistently in these financial statements:

(a) Financial instruments

(i) Classification

The Scheme classifies its financial assets and financial liabilities into the following categories in accordance with NZ IAS 39: Financial Instruments: Recognition and Measurement.

Financial assets and liabilities designated as at fair value through profit or loss at inception: These include investments and derivative instruments. These financial instruments are not classified as held for trading, but are managed and the performance is evaluated on a fair value basis in accordance with the Scheme's investment strategy.

Loans and receivables: These include cash and cash equivalents, cash and cash equivalents - foreign currency accounts and sundry debtors.

Financial liabilities at amortised cost: These represent amounts payable to service providers, members' benefits and other accruals. These are measured at amortised cost and called Sundry Creditors in the Statement of net assets.



3 Significant accounting policies (continued)

(a) Financial instruments (continued)

(ii) Recognition, derecognition and measurement

The Scheme recognises financial assets and financial liabilities on the date it becomes a party to the contractual agreement (trade date). Financial assets and financial liabilities held at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of changes in net assets.

Financial assets are derecognised when the rights to receive cash flows from the investments has expired or the Scheme has transferred substantially all of the risks and rewards of ownership.

Subsequent to initial recognition, all financial instruments held at fair value through profit or loss are measured at fair value. Gains or losses arising from changes in the fair value of the financial instruments designated at fair value through profit or loss are presented in the Statement of changes in net assets within realised/unrealised change in fair value of investment assets in the period in which they arise.

(iii) Determination of fair value - financial instruments

The Scheme's financial instruments' fair value are determined based on the value provided by the Scheme's investment managers largely based on observable market data.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the Statement of net assets, only 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Scheme or the counterparty.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Scheme's trading activities.

(b) Cash and cash equivalents

Cash and cash equivalents ("Cash") includes, in addition to cash at bank, negotiable instruments, demand deposits and other highly liquid investments in which the Scheme may invest as part of its day-to-day cash management. Cash does not include accounts receivable or payable, or any borrowings subject to a term facility, or cash held with the investment manager.

(c) Sundry debtors

Sundry debtors do not carry any interest and are short-term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated uncollectible amounts.

Impaired assets are assets where the present value of expected future cash flows discounted at the effective interest rate is less than the carrying value. If an asset is impaired the asset is written down to its estimated recoverable amount. The estimated recoverable amount is calculated as the present value of expected future cash flows discounted at the effective interest rate, and an impairment loss is recognised in the Statement of changes in net assets.

(d) Sundry creditors

Sundry creditors include liabilities and accrued expenses owing by the Scheme which are unpaid as at balance date. These are initially measured at fair value and subsequently at amortised cost.

3 Significant accounting policies (continued)

(e) Translation of foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at balance date. Foreign exchange gains and losses arising from translation are included in the Statement of changes in net assets.

Foreign exchange gains and losses resulting from the settlement of assets and liabilities denominated in foreign currencies and from the translation at balance date exchange rates are recognised in the Statement of changes in net assets.

Translation differences on non-monetary financial assets and liabilities such as financial assets held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

(f) Interest income

Interest revenue relating to investments on which interest is earned is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable to the individual investment.

(g) Dividend income

Dividend income from investments is recognised when the Scheme's right to receive the payment is established which is the ex-dividend date.

(h) Realised/unrealised change in fair value of investment assets

This item includes changes in the fair value of financial assets and liabilities as "held at fair value through profit or loss" and excludes interest and dividend income and expenses.

(i) Fees and expenses

The Scheme incurs fees and expenses from a range of services it receives from various service providers, including reimbursable expenses allowed by the Trust Deed. Fees are accrued as services are rendered.

(j) 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 income tax liability on its own account.

Under the PIE regime, the Scheme 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% (31 March 2016: 28%). Any PIE tax payable/refundable is paid/received by the Scheme on behalf of members.

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.

The Scheme pays tax on behalf of its members who have withdrawn from the Scheme to Inland Revenue on a monthly basis. On an annual basis, the Scheme pays tax on behalf of its existing members to Inland Revenue on the last working day of April in the following financial year.

(k) Liability for benefits

The Manager calculates the liability for benefits as the Scheme's present obligation to pay benefits to members. It is the amount shown in the Statement of net assets and is classified as financial liability as the members can redeem their investments in the Scheme according to the Act for cash equal to a proportionate share of the Scheme's net asset value. The value attributable to members is the residual value of the assets of the Scheme after all other liabilities have been deducted. The Scheme's withdrawal value is based on the same valuation principles as those applied in the financial statements.

SuperLife KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2017

3 Significant accounting policies (continued)

(l) Goods and Services Tax (GST)

The Scheme is not registered for GST and consequently all components of the financial statements are stated inclusive of GST where appropriate.

(m) Comparatives

Certain prior year comparatives have been reclassified to conform with current period reporting.

Inland revenue withdrawals/clawbacks were not disclosed separately in the financial statements for the year ended 31 March 2016. These payments were treated as contribution refunds hence were disclosed as part of contributions. To conform with current period reporting, the Inland revenue withdrawals/clawbacks of \$191,572 for last year is disclosed as a separate entry in the comparatives and the amounts adjusted to the comparatives of member contributions, employer contributions and member tax credits were \$87,701, \$52,612 and \$51,259 respectively.

The impacts on the value of the Scheme's net assets pertaining to indirect currency exposures are disclosed per currency. These impacts for the previous financial year are also broken down to currencies to conform with current year reporting.

(n) Changes in accounting policies

There have been no significant changes in accounting policies during the period. All policies have been applied on bases consistent with those used in the prior year.

(o) New accounting standard adopted

There were no new accounting standards adopted during the year that have a material impact to the financial statements.

(p) New accounting standards not yet adopted

NZ IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of NZ IFRS 9 was issued in September 2014. It replaces the guidance in NZ IAS 39 that relates to the classification and measurement of financial instruments. NZ IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the Scheme's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in NZ IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. NZ IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under NZ IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. The Scheme intends to adopt NZ IFRS 9 on its effective date and has yet to assess its full impact.

3 Significant accounting policies (continued)

(p) New accounting standards not yet adopted (continued)

NZ IFRS 15, 'Revenue from Contracts with Customers' addresses the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a member. The standard is effective for accounting periods beginning on or after 1 January 2018. The Scheme intends to adopt NZ IFRS 15 on its effective date and has yet to assess its full impact.

There are no other new standards, amendments to standards and interpretations that are expected to have a material effect on the financial statements.

(q) Contributions

Members save through the Scheme by way of lump sum payments plus regular savings in accordance with the Act. Members who are employees may save in the Scheme through payroll deductions at rates of 0%, 3%, 4% and 8% of their gross salary. Employers contribute, in respect of their eligible contributing employees, by payroll deductions at 3% of the employees' gross salaries in accordance with the Act. In some cases employers pay a fixed amount that exceeds their KiwiSaver obligations under the Act.

The Scheme receives employee and employer savings via the Inland Revenue. The Scheme also receives the government payments of the member tax credits for the eligible members in accordance with the Act from Inland Revenue. The Scheme is no longer supposed to receive any government payments of \$1000 'kick-start' as these payments are only available for eligible members who joined KiwiSaver before 2 PM on 21 May 2015. However during the year, the Scheme received a few delayed 'kick-start' payments from the Inland Revenue.

(r) Withdrawals

Withdrawals are paid in accordance with clause 11 of the Trust Deed and the Act. Withdrawals are recognised when the Manager has confirmed the validity of the members' applications and has verified the conditions required for withdrawal eligibility. Where withdrawals are payable to or in respect of a member, they may be paid as a lump sum or as a series of withdrawals, as determined by the member.

(s) Impairment of financial assets

The Manager assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

4 Related party transactions

Contributions and withdrawals

SLWS operated as the investment vehicle for the Scheme up until 7 November 2016. During the year, the Scheme's contributions to SLWS were \$54,242,338 (31 March 2016: \$97,142,067). The Scheme's withdrawals from SLWS were \$574,290,159 (31 March 2016: \$13,112,220) of which \$571,070,617 was made on 8 November 2016 when the Scheme terminated its membership with SLWS.

SuperLife KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2017

4 Related party transactions (continued)

Contributions and withdrawals (continued)

On 8 November 2016, SLI became the investment vehicle for the Scheme. The two schemes are related by way of common manager. Total contributions of the Scheme to SLI during the year were \$594,139,122 of which \$571,070,617 was the initial contribution and the balance represents ongoing contributions throughout the year. During the year, the Scheme made withdrawals from SLI of \$2,536,087 (31 March 2016: \$n/a)

Related party holdings

Two of the directors of the Trustee of the SLSS scheme, the investment vehicle of the Scheme, were members of the Scheme. On 9 November 2016, the directors ceased to be related parties of the Scheme. The combined membership balances and the transactions during the year, in the normal course of business, are set out in the following table:

	31 March 2017	31 March 2016
	\$	\$
Opening balance	41,433	45,691
Contribution	13,096	13,676
Withdrawal	-	(19,767)
Administration fees	(69)	(74)
Market movement	5,606	1,998
PIE tax paid/payable on behalf of members	(256)	(91)
Cessation of related party relationship	(59,810)	-
Closing balance	-	41,433

Three of the directors of SuperLife Limited were members of the Scheme, of which one director was nominated during the year. On 9 November 2016, SuperLife Limited was amalgamated with Smartshares Limited which became the Manager of the Scheme, the directors of SuperLife Limited therefore ceased to be related parties of the Scheme. Their combined membership balances and transactions during the period, in the normal course of business are set out in the following table:

	31 March 2017	31 March 2016
	\$	\$
Opening balance	570,342	346,697
Commencement of related party relationship	424,314	-
Contributions	1,564	211,565
Withdrawal	-	-
Administration fees	(66)	(66)
Market movement	(5,822)	15,109
PIE tax paid/payable on behalf of members	(3,577)	(2,963)
Cessation of related party relationship	(986,755)	-
Closing balance	-	570,342

Three of the directors of Smartshares Limited were members of the Scheme. They became related parties of the Scheme on 9 November 2016. One of the directors ceased to be a related party on 30 December 2016. One director was a director of SuperLife Limited and his transactions during the period from 1 April 2016 to 9 November 2016 are included in the table above. All three directors' combined membership balances and transactions during the period, in the normal course of business are set out in the following table:

SuperLife KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2017

4 Related party transactions (continued) Contributions and withdrawals (continued)

	31 March 2017
	\$
Opening balance 9 November 2016	803,728
Contributions	14,499
Withdrawal	-
Administration fees	(28)
Market movement	60,070
PIE tax paid/payable on behalf of members	(930)
Cessation of related party relationship	(259,487)
Closing balance	<u><u>617,852</u></u>

Administration fees

Administration fees are paid to the Manager. Prior to 1 December 2016, an administration fee of \$33 a year (31 March 2016: \$33) is deducted at the rate of \$2.75 per month (31 March 2016: \$2.75) from each member's account. From 1 December 2016, an administration fee of \$30 a year is deducted at the rate of \$2.50 per month from each member's account, these amounts are net-of-tax. The tax benefit of this administration fee is also paid to the Manager. The Scheme also deducts an administration fee from the gross investment earnings. Prior to 8 November 2016, this administration fee is calculated at the rate of 0.2% p.a. (31 March 2016: 0.2%) of the net assets. From 8 November 2016, this administration fee is calculated at the rate of 0.1% p.a. of the net assets.

	31 March 2017	31 March 2016
	\$	\$
Fees to the Manager:		
Administration fees - fixed dollar	1,254,792	1,280,748
Administration fees - percentage of assets	914,953	911,580
	<u><u>2,169,745</u></u>	<u><u>2,192,328</u></u>

The fees payable to the Manager as at 31 March 2017 were \$149,419.28 (31 March 2016: \$268,058).

The Scheme invested all its assets in SLSS up until 7 November 2016. From 8 November 2016, the Scheme invests all its assets in SLI. Under SLSS, the Manager receives fees of 0.2% of assets per annum as asset administration fees. Under SLI, the Manager receives fees of 0.25% of assets per annum as asset administration fees. These fees are not paid by the Scheme to the Manager directly, the returns credited to the Scheme are net of these fees.

Administration fees as percentage of assets deducted under SLSS and SLI from realised/unrealised change in fair value of investments are as follows:

	31 March 2017	31 March 2016
	\$	\$
SLSS	659,251	912,149
SLI	597,903	-
	<u><u>1,257,154</u></u>	<u><u>912,149</u></u>

SuperLife KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2017

4 Related party transactions (continued)

Investment management fees

The Scheme invests all its assets in SLSS and SLI. The Scheme does not pay any investment manager fees in respect of these investments directly. The returns credited to the Scheme are net of all investment manager fees.

The estimated investment management fees deducted from the changes to fair values by the investment manager were:

	31 March 2017	31 March 2016
	\$	\$
SLSS	80,024	231,674
SLI	65,808	-
	<u>145,832</u>	<u>231,674</u>

All related party balances are unsecured, and bear no interest.

5 Audit fees

Audit fees of \$23,000 for the financial year ended 31 March 2017 were paid by the Scheme to the auditor, (31 March 2016: \$28,750). In addition, registry audit fees paid and payable by the Scheme to the auditor are \$1,236 (31 March 2016: \$1,811).

6 Contingent liabilities and capital commitments

There are no material contingent liabilities or capital commitments as at 31 March 2017 (31 March 2016: \$Nil).

7 Investments

Commencing 9 November 2016, the Scheme purchases and sells investments through SLI. As at 31 March 2017, all investments are held with SLI. Therefore, the Scheme's exposures to market risk are indirect.

The Scheme invests in investment funds set up by the investment manager. The available investment funds are Sector Funds, Managed Funds, ETFs and an Ethical Fund. The Sector Funds are the NZ Cash Fund, the NZ Bonds Fund, the Overseas Bonds Fund, the Overseas Non-govt Bonds Fund, the Property Fund, the NZ Shares Fund, the Australian Shares Fund, the Overseas Shares (Currency Hedged) Fund, the Overseas Fund, the Emerging Markets Fund, the Gemini Fund, the UK Cash Fund, the UK Income Fund and the UK Shares/Property Fund. The Managed Funds are SuperLife 30, SuperLife 60, SuperLife 80, SuperLife Income and SuperLife 100. The Managed Funds invest in one or more Sector Funds in the proportions decided by the investment manager. These proportions may change from time to time at the discretion of the investment manager depending on its view of the current investment markets. The Ethical Fund is Ethica. The ETFs are the NZ Cash ETF, the NZ Bond ETF, the Global Bond ETF, the NZ Dividend ETF, the NZ Top 50 ETF, the NZ Top 10 ETF, the NZ Mid Cap ETF, the NZ Property ETF, the Australian Top 20 ETF, the Australian Dividend ETF, the Australian Financials ETF, the Australian Property ETF, the Australian Resources ETF, the Australian Mid Cap ETF, the Total World ETF, the US 500 ETF, the Europe ETF, the Asia Pacific ETF, the US Large Growth ETF, the US Large Value ETF, the US Mid Cap ETF, the US Small Cap ETF and the Emerging Markets ETF. There are also a range of mixes of the Funds. The mixes are the smartConservative, smartBalanced, smartGrowth and SuperLife Age Steps. These are not investment funds but strategies that combine the individual Funds.

Investment in the UK Cash Fund is disclosed as Cash and cash equivalents - foreign currency accounts in the Statement of net assets as it meets the definition of cash and cash equivalent.

Investments by Fund represent investments in the Sector Funds, ETFs and Ethical Fund. The investments by Managed Fund have been broken down to the Sector Funds for these financial statements.

SuperLife KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2017

7 Investments (continued)

	31 March 2017	31 March 2016
	\$	\$
(a) Investments by Fund		
SuperLife Income	82,853,710	67,597,451
SuperLife 30	6,267,569	3,848,931
SuperLife 60	26,926,034	14,841,976
SuperLife 80	8,305,374	4,987,032
SuperLife 100	250,205,427	203,126,200
Ethica	20,546,573	13,608,442
NZ Cash	48,365,222	41,979,655
NZ Bonds	28,985,571	27,994,160
Overseas Bonds	6,178,543	5,396,844
Overseas Non-govt. Bonds	16,757,101	16,027,681
Property	13,769,802	12,525,800
NZ Shares	18,790,152	14,427,541
Australian shares	15,871,879	12,674,901
Overseas Shares (Currency Hedged)	14,558,915	12,554,343
Overseas Shares	17,203,532	15,060,886
Emerging markets	8,255,026	7,131,941
Gemino	4,802,868	4,125,094
UK Cash	330,779	159,498
UK Income	45,510	131,920
UK Shares/Property	261,683	135,166
NZ Cash ETF	319,663	25,562
NZ Bond ETF	133,507	66,128
Global Bond ETF	106,948	81,059
NZ Dividend ETF	1,060,064	263,805
NZ 50 Portfolio ETF	25,899,773	22,213,998
NZ Top 10 ETF	317,688	180,190
NZ Mid Cap ETF	256,402	72,933
NZ Property ETF	355,261	95,868
Aust Top 20 ETF	291,530	45,511
Australian Dividend ETF	267,620	24,680
Australian Financials ETF	328,138	159,194
Australian Property ETF	139,000	54,414
Australian Resources ETF	899,248	171,259
Australian Mid Cap ETF	16,416,367	13,884,852
Total World ETF	269,784	118,056
US 500 ETF	2,008,627	794,788
Europe ETF	401,345	243,238
Asia Pacific ETF	316,410	85,390
US Large Growth ETF	295,164	90,598
US Large Value ETF	306,191	214,997
US Mid Cap ETF	404,506	247,967
SU Small Cap ETF	575,010	291,705
Emerging Markets ETF	432,029	169,389
Total investments	641,081,545	517,931,043

SuperLife KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2017

7 Investments (continued)

(b) Investment assets by geographical location

	31 March 2017	31 March 2016
	\$	\$
New Zealand	252,755,191	212,682,949
United States of America	115,781,103	104,589,254
Australia	111,235,566	89,854,696
Europe	42,055,220	25,967,809
United Kingdom	23,754,357	14,488,776
Japan	20,625,549	11,483,551
Canada	5,000,319	3,568,040
China	7,692,312	5,519,847
India	4,437,473	5,416,124
South Korea	4,942,800	2,255,959
Taiwan	5,226,579	3,820,560
South Africa	2,892,175	2,651,138
Brazil	3,133,918	1,665,948
Others	41,548,983	33,966,392
Total investments	641,081,545	517,931,043

8 Financial risk and management objectives and policies

(a) Introduction

The Scheme is exposed indirectly to market risk (which includes interest rate risk, currency risk and equity price risk), liquidity risk and credit risk arising from the financial instruments it holds. Risk is inherent in the Scheme's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The Scheme's objective in managing risk is the protection of members' interests. The process of risk management is critical to the Scheme's continuing viability. It is also recognised that most members directly manage their own investment risk by the determination of their investment strategy and how their KiwiSaver account balances are invested from the options available. The Manager's role is to manage the investment risks within each of the investment funds.

The Scheme is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of investment assets held in custody resulting from the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that reduces the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Scheme to transfer investment assets might be temporarily impaired.

(b) Risk management structure

The investment manager is responsible for identifying and controlling risks relevant to its mandates. The Manager oversees the investment manager and the management of the risk in the portfolios comprising the Scheme.

(c) Risk measurement and reporting system

The risks are measured by assessing the impact of reasonable assumed changes in the relevant risk variables on investment returns and net asset values. Information about these risk exposures at the reporting date, measured on this basis, is disclosed in the respective risk categories below.

SuperLife KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2017

8 Financial risk and management objectives and policies (continued)

(d) Risk management

The Scheme has investment guidelines that set out its overall strategies which are described in the Statement of Investment Policy and Objectives ("SIPO") (prior to 9 November 2016, the Prospectus and the investment guidelines are summarised in the Investment Statement) for the Scheme. This is available online.

(e) Market risk

Market risk is the risk of loss arising from exposure to interest rate risk, currency risk and equity price risk. The Scheme's disclosures have been prepared on the Scheme's direct holdings in SLI and on a full look through basis to account for investments held indirectly through other managed funds.

Market risk is incurred by the Scheme largely through the holding of financial instruments. A typical transaction may be exposed to a number of different market risks.

The Scheme is exposed to indirect market risks through its investments held with and SLI.

(i) Interest rate risk

The Scheme is exposed to indirect interest rate risk as future interest rate movements will affect the market values of fixed interest assets. Interest rate risk management activities are undertaken by the investment managers in accordance with the investment mandates set in the SIPO.

The Scheme is also directly and indirectly exposed to interest rate risk on its floating interest assets that exposes the Scheme to cash flow and interest rate risk.

The Scheme's total exposure to interest rate risks as at year end are as follows:

	31 March 2017	31 March 2016
	\$	\$
Direct exposure to interest rate risk		
Floating interest holdings	-	-
Indirect exposure to interest rate risk		
Fixed interest holdings	208,590,807	175,030,507
Floating interest holdings	330,779	159,498
	<u>208,921,586</u>	<u>175,190,005</u>

A 1% increase/decrease in the interest rate would have a total adverse/favourable impact on the value of the Scheme's net assets as follows:

	31 March 2017	31 March 2016
	\$	\$
Direct exposure to interest rate risk		
Floating interest holdings	-	-
Indirect exposure to interest rate risk		
Fixed interest holdings	7,858,702	6,338,076
Floating interest holdings	-	-
	<u>7,858,702</u>	<u>6,338,076</u>

SuperLife KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2017

8 Financial risk and management objectives and policies (continued)

(e) Market risk (continued)

(ii) Currency risk

The Scheme is indirectly affected by the impact of foreign exchange changes on investments in the investment managers who are invested in non-New Zealand denominated securities.

The following table sets out the Scheme's indirect effective exposure to currency risks at the reporting date as a percentage of total investments:

	31 March 2017	31 March 2016
	\$	\$
Europe (EURO)	42,055,220	25,967,809
America (USD)	115,781,103	104,589,254
United Kingdom (GBP)	23,754,357	14,488,775
Australia (AUD)	111,235,566	89,854,696
Japan (YEN)	20,625,549	11,483,551
China (YUAN)	7,692,312	5,519,847
India (INR)	4,437,473	5,416,124
Brazil (BRL)	3,133,918	1,665,948
Canada (CAD)	5,000,319	3,568,040
South Korea (WON)	4,942,800	2,255,959
Taiwan (TWD)	5,226,579	3,820,560
South Africa (RAND)	2,892,175	2,651,138
Others	41,548,983	33,966,392
Total foreign currency exposure	388,326,354	305,248,094
Total foreign currency hedging	(171,031,747)	(126,904,289)
Net foreign currency exposure	217,294,607	178,343,805

The above analysis reflects the underlying currency risks held by the investment manager. The underlying currency risks are hedged by the investment manager. Total investments covered by the investment manager's hedge are \$171,031,747 (31 March 2016: \$126,904,289).

An increase/decrease in the value of the New Zealand dollar would have an adverse/favourable impact on the value of the Scheme's net assets.

SuperLife KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2017

8 Financial risk and management objectives and policies (continued)

(e) Market risk (continued)

(ii) Currency risk (continued)

The impact from indirect currency exposures is as follows:

	31 March 2017	31 March 2017	31 March 2016	31 March 2016
	+ 10% change in exchange rate	- 10% change in exchange rate	+ 10% change in exchange rate	- 10% change in exchange rate
	\$	\$	\$	\$
America (USD)	(3,673,522)	4,489,860	(3,186,433)	3,894,529
Australia (AUD)	(9,787,480)	11,962,476	(8,067,105)	9,859,796
Europe (EURO)	(1,051,934)	1,285,697	(619,752)	757,475
Japan (YEN)	(464,035)	567,154	(372,807)	455,653
United Kingdom (GBP)	(671,728)	821,001	(433,448)	529,769
Canada (CAD)	(37,481)	45,810	(25,287)	30,906
China (YUAN)	(635,825)	777,119	(475,820)	581,558
India (INR)	(397,370)	485,675	(492,375)	601,792
Brazil (BRL)	(270,309)	330,378	(151,450)	185,105
South Korea (WON)	(288,962)	353,176	(188,552)	230,452
Taiwan (TWD)	(467,598)	571,509	(347,324)	424,507
South Africa (RAND)	(259,376)	317,015	(239,974)	293,302
Others	(1,748,435)	2,136,975	(1,612,746)	1,971,134
	<u>(19,754,055)</u>	<u>24,143,845</u>	<u>(16,213,073)</u>	<u>19,815,978</u>

(iii) Equity price risk

All equity investments present a risk of loss of capital often due to factors beyond the investment manager's control such as competition, regulatory changes, commodity price changes and changes in the general economic climate, domestically and internationally. The Scheme is exposed to indirect equity price risk through its investments. The investment manager manages this risk through stock selection and diversification, daily monitoring of the Scheme's market position and adherence to the investment mandate set in the SIPO. The maximum price risk resulting from financial instruments is determined by their fair value.

The Scheme's indirect exposure to equity price risk is estimated by the effect of increases/decreases of equity prices on the value of the Scheme's net assets as detailed in the tables below.

	31 March 2017	Impact given 10% increase in equity price	Impact given 10% decrease in equity price
	\$	\$	\$
Property	49,270,328	4,927,033	(4,927,033)
NZ Shares	99,132,024	9,913,202	(9,913,202)
Australian shares	85,954,470	8,595,447	(8,595,447)
OS Shares (Currency Hedged)	95,526,976	9,552,698	(9,552,698)
OS Shares	65,089,649	6,508,965	(6,508,965)
Emerging markets	37,186,512	3,718,651	(3,718,651)
	<u>432,159,959</u>	<u>43,215,996</u>	<u>(43,215,996)</u>

SuperLife KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2017

8 Financial risk and management objectives and policies (continued)

(iii) Equity price risk (continued)

	31 March 2016	Impact given 10% increase in equity price	Impact given 10% decrease in equity price
	\$	\$	\$
Property	47,995,740	4,799,574	(4,799,574)
NZ Shares	72,773,827	7,277,383	(7,277,383)
Australian shares	77,899,699	7,789,970	(7,789,970)
OS Shares (Currency Hedged)	62,462,918	6,246,292	(6,246,292)
OS Shares	48,925,713	4,892,571	(4,892,571)
Emerging markets	32,855,890	3,285,589	(3,285,589)
	<u>342,913,787</u>	<u>34,291,379</u>	<u>(34,291,379)</u>

(f) Liquidity risk

In accordance with the Scheme's policy, the Manager monitors the Scheme's liquidity position on a daily basis. Liquidity management is designed to ensure that the Scheme has the ability to generate sufficient cash in a timely manner to meet its financial commitments and normal levels of withdrawals. The Manager regularly monitors market volatility and withdrawal levels to establish the Scheme's appropriate liquidity level. In the event of abnormal levels of withdrawals, timing of payments may depend on the ability of the particular Fund to realise its underlying investments on a timely basis.

The Scheme holds financial assets that generally have good liquidity. Members are able to transfer their balances to other KiwiSaver providers and make withdrawals subject to the Act.

All other financial liabilities of the Scheme are due within 12 months.

(g) Credit risk

The maximum credit risk of the Scheme is the carrying value of the financial assets. The significant counterparty of the Scheme is its investment manager. The underlying investments are held separate to the assets of the investment manager for the benefit of the Scheme. The Manager considers the credit risk to be associated with the items described in the table below. While the investment manager represents a concentration of credit risk, the investment manager has a significantly diversified portfolio and a number of counterparties with whom its investments are held on behalf of the Scheme.

The following table sets out the calculated credit exposure of the Scheme.

	31 March 2017	31 March 2016
	\$	\$
Investments	208,921,586	175,190,005
Cash and cash equivalents	-	-
Sundry debtors	83	71,976
	<u>208,921,669</u>	<u>175,261,981</u>

SuperLife KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2017

8 Financial risk and management objectives and policies (continued)

(g) Credit risk (continued)

The analysis below summarises the credit quality of the Scheme's direct and indirect exposure rated externally by Standard & Poor's or Moody's, or internally by the investment manager. The investment manager's internal credit rating process comprises analysing the issuing company's financial statements. An estimate is then made as to what rating the security might attain if it were to seek an external rating.

	31 March 2017	31 March 2016
	%	%
Direct exposure to credit risk		
Unrated	-	-
Indirect exposure to credit risk		
AAA	11	14
AA	42	41
A	21	20
BBB	21	19
Unrated	5	6
	<u>100</u>	<u>100</u>

The quality of the "Unrated" underlying debt securities is monitored by the investment manager.

None of these assets are impaired or past due.

SuperLife KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2017

9 Financial instruments

(a) Financial instruments by category

The table below provides reconciliation of the line items in the Scheme's Statement of net assets to the categories of financial instruments.

	31 March 2017			
	Financial assets designated at fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost	Total carrying amount
	\$	\$	\$	\$
Assets				
Investments	641,081,545	-	-	641,081,545
Cash and cash equivalent	-	-	-	-
Sundry debtors	-	83	-	83
Total assets	641,081,545	83	-	641,081,628
Liabilities				
Sundry creditors	-	-	(193,087)	(193,087)
Liability for benefits	-	-	(639,802,503)	(639,802,503)
Total liabilities	-	-	(639,995,590)	(639,995,590)
	31 March 2016			
	Financial assets designated at fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost	Total carrying amount
	\$	\$	\$	\$
Assets				
Investments	517,931,043	-	-	517,931,043
Cash and cash equivalent	-	-	-	-
Sundry debtors	-	71,976	-	71,976
Total assets	517,931,043	71,976	-	518,003,019
Liabilities				
Sundry creditors	-	-	(296,810)	(296,810)
Liability for benefits	-	-	(517,903,713)	(517,903,713)
Total liabilities	-	-	(518,200,523)	(518,200,523)

9 Financial instruments (continued)

(b) Fair value of financial instruments

The Scheme's investments are recorded at fair value as investments in the Statement of net assets, with changes in fair value recorded as realised/unrealised changes in fair value of investments in the Statement of changes in net assets.

While in some cases, a degree of judgement was required in establishing fair values, the fair values recorded in the Statement of net assets and the changes in fair values recorded in the Statement of changes in net assets were based on the policies and processes the Scheme employed.

According to NZ IFRS 13: Fair Value Measurement, a three level hierarchy of disclosures is required for financial instruments measured at fair value. The three levels are defined below:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable data (unobservable inputs).

There were no transfers between level 1, level 2 and level 3 during the year.

The Scheme's level 2 investments are investments in funds of a managed scheme with the investment manager. These investment funds are not traded on an active market and their fair value is based primarily on the latest available redemption price of the respective funds. Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions and valuations may be adjusted to reflect liquidity and/or non-transferability, which are generally based on available market information.

The following table presents the Scheme's investments that are measured at fair value at 31 March 2017.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through profit or loss				
Investments				
Cash	-	54,162,449	-	54,162,449
NZ Bonds	-	79,011,954	-	79,011,954
OS Bonds	-	34,522,336	-	34,522,336
OS Non-govt. Bonds	-	41,224,847	-	41,224,847
Property	-	49,270,328	-	49,270,328
NZ Shares	-	99,132,024	-	99,132,024
Australian shares	-	85,954,470	-	85,954,470
OS Shares (Currency Hedged)	-	95,526,976	-	95,526,976
OS Shares	-	65,089,649	-	65,089,649
Emerging markets	-	37,186,512	-	37,186,512
Total investments	-	641,081,545	-	641,081,545

SuperLife KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2017

9 Financial instruments (continued)

(b) Fair value of financial instruments (continued)

The following table presents the Scheme's investments that are measured at fair value at 31 March 2016.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Investments				
Cash	-	46,910,459	-	46,910,459
NZ Bonds	-	63,533,506	-	63,533,506
OS Bonds	-	38,457,136	-	38,457,136
OS Non-govt. Bonds	-	26,116,154	-	26,116,154
Property	-	47,995,741	-	47,995,741
NZ Shares	-	72,773,827	-	72,773,827
Australian shares	-	77,899,699	-	77,899,699
OS Shares (Currency Hedged)	-	62,462,918	-	62,462,918
OS Shares	-	48,925,713	-	48,925,713
Emerging markets	-	32,855,890	-	32,855,890
Total investments	<u>-</u>	<u>517,931,043</u>	<u>-</u>	<u>517,931,043</u>

(c) Assets and liabilities not carried at fair value but for which fair value is disclosed

The carrying amounts of financial assets and liabilities not measured at fair value are considered to be reasonable approximations of their fair values as at 31 March 2017 and 31 March 2016.

10 Capital management

The Scheme's capital is represented by the net assets available for benefits held by the Scheme on behalf of its members and is reflected in the Statement of net assets under liability for benefits. In accordance with the accounting policies and the risk management policies in Note 8, the Scheme endeavours to invest the contributions received in appropriate investments whilst maintaining sufficient liquidity to meet any withdrawal requests and all other present and future obligations.

The Scheme is not subject to any externally imposed capital requirements.

11 Interest income

	31 March 2017	31 March 2016
	\$	\$
Cash and cash equivalents	<u>7,546</u>	<u>11,126</u>
Total interest revenue	<u><u>7,546</u></u>	<u><u>11,126</u></u>

SuperLife KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2017

12 Realised/unrealised change in fair value of investments (by Fund)

Refer to Note 7: Investments for the description of investments by Fund.

	31 March 2017	31 March 2016
	\$	\$
SuperLife Income	2,607,543	1,816,602
SuperLife 30	339,403	154,243
SuperLife 60	2,277,181	709,306
SuperLife 80	778,099	220,725
SuperLife 100	28,975,489	9,968,659
Ethica	944,770	1,376,245
NZ Cash	1,263,069	1,191,678
NZ Bonds	926,641	1,557,514
Overseas Bonds	273,801	124,195
Overseas Non-govt. Bonds	658,572	(74,432)
Property	170,897	1,531,718
NZ Shares	1,902,438	2,574,822
Australian shares	2,751,595	759,019
Overseas Shares (Currency Hedged)	2,321,761	(473,280)
Overseas Shares	1,881,985	333,441
Emerging markets	1,016,960	(232,097)
Gemino	669,295	185,350
UK Cash	(18,082)	(8,933)
UK Income	(7,170)	(5,334)
UK Shares/Property	6,387	(11,669)
NZ Cash ETF	6,083	225
NZ Bond ETF	2,623	804
Global Bond ETF	4,574	1,867
NZ Dividend ETF	35,363	24,458
NZ 50 Portfolio ETF	1,905,930	2,236,152
NZ Top 10 ETF	10,157	17,901
NZ Mid Cap ETF	17,934	7,320
NZ Property ETF	(15,787)	4,433
Aust Top 20 ETF	41,168	(1,043)
Australian Dividend ETF	28,838	(1,417)
Australian Financials ETF	44,035	(2,154)
Australian Property ETF	3,060	4,690
Australian Resources ETF	116,068	4,400
Australian Mid Cap ETF	2,472,271	927,466
Total World ETF	30,561	(1,181)
US 500 ETF	216,373	(6,176)
Europe ETF	34,194	(2,973)
Asia Pacific ETF	31,163	(3,721)
US Large Growth ETF	26,947	(3,458)
US Large Value ETF	55,968	292
US Mid Cap ETF	41,377	(18,632)
SU Small Cap ETF	61,435	(25,851)
Emerging Markets ETF	52,710	2,544
Total realised/unrealised change in fair value of investments	54,963,679	24,863,718



SuperLife KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2017

13	Reconciliation of increase in net assets for the year to net cash flows from operating activities	31 March 2017	31 March 2016
		\$	\$
	Increase in net assets during the year	121,898,790	111,419,540
	Add/(less) non cash items:		
	- Realised/unrealised change in fair value of investments	(54,963,679)	(24,863,718)
	- Tax credits passed down from investment manager	3,368,441	1,985,776
	- Non-cash transfers in	-	(35,883,953)
	Add/(less) movements in other working capital items:		
	- Sale of investments	5,755,628	13,112,218
	- Purchase of investments	(77,310,892)	(61,417,940)
	- Decrease in sundry debtors	71,893	257,009
	- Increase in PIE tax payable/(increase) in PIE tax receivable	1,283,542	(4,812,453)
	- (Decrease)/increase in sundry creditors	(103,723)	203,521
	Net cash flows from operating activities	<u>-</u>	<u>-</u>

14 Subsequent events

On 29 June 2017, the Scheme's investments in the UK Income Fund was redeemed and reinvested into the UK Cash Fund; and investments in the UK Shares/Property Fund were transferred to the underlying ETFs which they were invested in. This is due to the termination of the UK Income and the UK Shares/Property funds on that date.

There have been no material events after balance date that require adjustment to or disclosure in the financial statements.



Independent auditor's report

To the members of SuperLife KiwiSaver scheme (the Scheme)

The Scheme's financial statements comprise:

- The statement of net assets as at 31 March 2017;
- the statements of changes in net assets for the year then ended;
- the statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion the Scheme's financial statements present fairly, in all material respects, the financial position of the Scheme as at 31 March 2017, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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 Scheme in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) 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.

Our firm carries out other services for the Scheme in the area of member registry compliance assurance. The provision of these other services has not impaired our independence as auditor of the Scheme.

Information other than the financial statements and auditor's report

Smartshares Limited (the Manager) is responsible for the annual report.

Our opinion on the financial statements does not cover the other information included in the annual report and we do not, and will not, express any form of assurance conclusion on other information. At the time of our audit, there was no other information available to us.

In connection with our audit of the financial statements, if other information is included in the annual report, our responsibility is to read the other information 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 to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of our auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.



Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are 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 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 and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-6/>

This description forms part of our auditor's report.

Who we report to

This report is made solely the Scheme's members, as a body. Our audit work has been undertaken so that we might state those matters which 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 the Scheme's members, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Karl Deutsche.

For and on behalf of:

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive script.

Chartered Accountants
24 July 2017

Auckland