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FISHER FUNDS KIWISAVER SCHEME

2018 FINANCIAL
STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

Including the following Funds:
Fisher Funds KiwiSaver **Growth Fund**
Fisher Funds KiwiSaver **Conservative Fund**

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**Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2018**

Directory


Manager	Fisher Funds Management Limited
Registered Office	Level 1, Crown Centre 67-73 Hurstmere Road, Takapuna, Auckland, 0622
Investor and Advisor Enquiries	Private Bag 93 502 Takapuna, Auckland, 0740 Email: enquiries@fisherfunds.co.nz
Directors of the Manager	David Clarence Clarke (Chair) LLB Carmel Miringa Fisher BCA, CFIP Margaret Anne Blackburn BA, MA Jonathan Forbes McHardy BCA Edward Francis Sippel BA (appointed 25 August 2017) Hugh Gladstone Fisher (ceased 25 August 2017) Francis Ivor Charles Jasper (ceased 25 August 2017) Liberato Petagna BCA (ceased 25 August 2017) Sir John Wells KNZM FACA, FCIS (ceased 5 March 2018)
Licensed Supervisor	Trustees Executors Limited
Auditor	KPMG
Solicitors	Chapman Tripp

Fisher Funds KiwiSaver Scheme
As at 31 March 2018

Statements of Net Assets

Note	Growth Fund		Conservative Fund		Scheme Total	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Members' funds	1,518,814	1,258,736	609,143	513,613	2,127,957	1,772,349
<i>Represented by:</i>						
Current assets						
Cash and cash equivalents	101,066	146,424	11,453	58,096	112,519	204,520
Trade and other receivables	15,731	10,894	5,186	1,827	20,917	12,721
Related party receivables	100	69	31	24	131	93
Investment assets at fair value through profit or loss	1,414,099	1,095,331	596,479	451,065	2,010,578	1,546,396
Non-current assets						
Investment assets at fair value through profit or loss	8,553	21,597	2,074	7,096	10,627	28,693
Total assets	1,539,549	1,274,315	615,223	518,108	2,154,772	1,792,423
Current liabilities						
Trade and other payables	2,713	3,086	1,536	1,888	4,249	4,974
Related party payables	5,915	5,089	410	460	6,325	5,549
Investment liabilities at fair value through profit or loss	5,473	1,255	1,491	418	6,964	1,673
PIE tax payable on behalf of members	6,634	6,149	2,643	1,729	9,277	7,878
Total liabilities	20,735	15,579	6,080	4,495	26,815	20,074
Net assets available for benefits	1,518,814	1,258,736	609,143	513,613	2,127,957	1,772,349

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

Director  _____

Date 21-06-2018

Director  _____

Date 21-06-2018

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



Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2018

Statements of Changes in Net Assets

	Note	Growth Fund		Conservative Fund		Scheme Total	
		2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Income							
Interest income		9,448	7,792	14,939	12,999	24,387	20,791
Dividend and distribution income		15,707	16,735	1,893	2,176	17,600	18,911
Net changes in fair value of investment assets and liabilities	3	128,600	106,774	12,849	8,825	141,449	115,599
Management fee rebates	4	364	253	117	90	481	343
Other income/(expenses)		288	336	105	(175)	393	161
Total income		154,407	131,890	29,903	23,915	184,310	155,805
Expenses							
Management fees	4	13,394	10,948	4,811	3,915	18,205	14,863
Performance fees	4	5,514	3,951	-	-	5,514	3,951
Brokerage fees		1,134	1,162	98	139	1,232	1,301
Custody, unit pricing and accounting fees		526	659	263	300	789	959
Supervisor fees		433	356	180	148	613	504
Member communications		255	274	168	156	423	430
Auditor's fees - financial statements audit		8	8	8	8	16	16
Auditor's fees - annual report and supervisor reporting		1	1	1	1	2	2
Regulatory related expenses		4	30	3	17	7	47
Legal fees		1	3	-	3	1	6
Other expenses		15	67	1	9	16	76
Total expenses		21,285	17,459	5,533	4,696	26,818	22,155
Net profit before membership activities		133,122	114,431	24,370	19,219	157,492	133,650
Membership activities							
Contributions	5	240,297	197,165	140,398	152,236	380,695	349,401
Withdrawals	5	(103,565)	(87,840)	(64,717)	(50,925)	(168,282)	(138,765)
Administration fees	4	(2,885)	(2,775)	(1,666)	(1,606)	(4,551)	(4,381)
PIE tax attributable to members		(6,891)	(6,508)	(2,855)	(1,902)	(9,746)	(8,410)
Net membership activities		126,956	100,042	71,160	97,803	198,116	197,845
Movements in members' funds for the year		260,078	214,473	95,530	117,022	355,608	331,495
Members' funds at the start of the year		1,258,736	1,044,263	513,613	396,591	1,772,349	1,440,854
Members' funds at the end of the year		1,518,814	1,258,736	609,143	513,613	2,127,957	1,772,349
Units on issue							
		Number '000	Number '000	Number '000	Number '000		
Units on issue at the start of the year		677,888	620,917	341,181	275,157		
Applications for units for the year		122,121	111,714	90,847	102,679		
Withdrawals for the year		(57,233)	(54,743)	(44,648)	(36,655)		
Units on issue at the end of the year		742,776	677,888	387,380	341,181		

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



Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2018

Statements of Cash Flows

	Growth Fund		Conservative Fund		Scheme Total	
	2018	2017	2018	2017	2018	2017
	\$000	\$000	\$000	\$000	\$000	\$000
Cash flows used in operating activities						
Cash was provided from:						
Sale of investments	513,071	661,637	298,182	244,323	811,253	905,960
Interest received	9,735	7,535	14,059	12,292	23,794	19,827
Dividends received	15,497	15,802	1,839	2,113	17,336	17,915
Other income/(expenses)	640	75	3	(149)	643	(74)
Cash was applied to:						
Purchase of investments	(691,750)	(675,883)	(427,665)	(332,397)	(1,119,415)	(1,008,280)
Expenses	(20,339)	(13,331)	(5,485)	(4,609)	(25,824)	(17,940)
Net cash flows used in operating activities	(173,146)	(4,165)	(119,067)	(78,427)	(292,213)	(82,592)
Cash flows from financing activities						
Cash was provided from:						
Member contributions	240,078	196,667	140,264	152,143	380,342	348,810
Cash was applied to:						
Member withdrawals	(102,822)	(87,875)	(64,271)	(50,907)	(167,093)	(138,782)
PIE tax paid	(6,406)	(340)	(1,941)	(2,044)	(8,347)	(2,384)
Administration fees	(2,885)	(2,767)	(1,666)	(1,597)	(4,551)	(4,364)
Net cash flows from financing activities	127,965	105,685	72,386	97,595	200,351	203,280
Net (decrease)/increase in cash and cash equivalents	(45,181)	101,520	(46,681)	19,168	(91,862)	120,688
Opening cash brought forward	146,424	44,395	58,096	38,880	204,520	83,275
Effect of exchange rate fluctuations	(177)	509	38	48	(139)	557
Ending cash carried forward	101,066	146,424	11,453	58,096	112,519	204,520
Reconciliation of net profit to cash flows from operating activities						
Net profit before membership activities	133,122	114,431	24,370	19,219	157,492	133,650
Non cash items						
Net unrealised changes in the fair value of investment assets and liabilities	(58,849)	(23,322)	(5,992)	3,956	(64,841)	(19,366)
Unrealised foreign exchange losses/(gains) on cash at bank	177	(509)	(38)	(48)	139	(557)
	(58,672)	(23,831)	(6,030)	3,908	(64,702)	(19,923)
Movements in working capital						
Increase in trade and other receivables	(4,837)	(2,183)	(3,359)	(352)	(8,196)	(2,535)
Increase in related party receivables	(31)	(33)	(7)	(14)	(38)	(47)
(Decrease)/increase in trade and other payables	(373)	(3,848)	(352)	(3,862)	(725)	(7,710)
Increase/(decrease) in related party payables	826	4,133	(50)	93	776	4,226
Increase in cost of underlying investments carried at fair value	(242,657)	(93,359)	(133,327)	(97,485)	(375,984)	(190,844)
	(247,072)	(95,290)	(137,095)	(101,620)	(384,167)	(196,910)
Items classified as financing activities						
Movements in payables/receivables attributable to financing activities	(524)	525	(312)	66	(836)	591
	(524)	525	(312)	66	(836)	591
Net cash flows from operating activities	(173,146)	(4,165)	(119,067)	(78,427)	(292,213)	(82,592)

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



Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2018

Notes to the Financial Statements

1 Basis of Preparation

The Scheme is a FMC Reporting Entity under the Financial Markets Conduct Act 2013, and is a defined contribution superannuation scheme registered under the KiwiSaver Act 2006. As a defined contribution scheme, members contribute to the Scheme over time and benefits payable depend on the amount of contributions made and any return on contributions received. These financial statements are prepared in accordance with the provisions of the Governing Document, the Financial Markets Conduct Act 2013 and the KiwiSaver Act 2006. They comply with New Zealand Generally Accepted Accounting Practice, the New Zealand equivalents to International Financial Reporting Standards as applicable to for-profit entities and International Financial Reporting Standards. All financial information presented in New Zealand dollars has been rounded to the nearest one thousand dollars. The Scheme is domiciled and registered in New Zealand.

The accounting policies have been applied consistently with prior periods. Based on the Manager's assessment, there are no accounting standards that are expected to have a material impact on these financial statements, that have been issued but are not yet effective. The material judgements in preparing these financial statements is the valuation of investments and categorisation of its assets and liabilities in the fair value hierarchy, which is described in Note 3.

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 and PIE tax is disclosed net at the Scheme level.

The Funds are Portfolio Investment Entities ("PIEs"), meaning income is taxed in the hands of the members. The Manager attributes the taxable income of the funds to investors based on their holding of units and pays tax on their behalf at their Prescribed Investor Rate. Tax payments/credits are transacted by cancellation or issue of units.

2 Risk

The investment activities of the Funds come with financial risks. These risks are managed under the Scheme's Statement of Investment Policy and Objectives ("SIPO"), and are monitored by the Manager.

(a) Market price, interest rate and currency risks

Market price risk is the risk of gains or losses from changes in the market price of investments. A variable of 10% was selected for price risk as this is a reasonably expected movement based on historic trends. Interest rate risk is the risk of gains or losses or changes in interest income from changes in market interest rates. A variable of 1% was selected for interest rate risk as this is a reasonably possible movement based on historic trends. The profile of when interest rates on investment assets reprice helps understand the risk of gain or loss from interest rate risk. Currency risk is the risk of gains or losses or changes in the New Zealand dollar value of income from changes in foreign exchange rates. Currency risk may be reduced by using derivatives to hedge the risk. An analysis of the financial risks arising from the investments of the funds is set out below. The indirect interest rate and currency risks, arising from the risks in the other funds invested in, are not considered in the below analysis. 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.

		Growth Fund		Conservative Fund		Scheme Total	
		2018	2017	2018	2017	2018	2017
		\$000	\$000	\$000	\$000	\$000	\$000
Market price risk Equities, PIE funds, limited partnerships, litigation securities, futures and options	Carrying amount	1,261,833	942,478	117,457	98,345	1,379,290	1,040,823
	Notional value of futures and options	17,781	15,794	62	957	17,843	16,751
	Impact of a +/- 10% change in market prices	128,027	95,802	11,765	9,929	139,792	105,731
Interest rate risk Cash and cash equivalents, debt securities, bank deposits and swaps	Re-pricing profile:						
	Up to 90 days	113,119	146,424	29,371	74,747	142,490	221,171
	90 days - 1 year	10,632	-	83,425	51,867	94,057	51,867
	1-5 yrs	60,922	72,886	204,509	137,266	265,431	210,152
	5+ yrs	75,101	100,513	174,703	152,898	249,804	253,411

Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2018

Notes to the Financial Statements

2 Risk (continued)

		Growth Fund		Conservative Fund		Scheme Total	
		2018	2017	2018	2017	2018	2017
(a) Market price, interest rate and currency risk (continued)		\$000	\$000	\$000	\$000	\$000	\$000
Interest rate risk (continued)							
Cash and cash equivalents	Carrying amount	101,066	146,424	11,453	58,096	112,519	204,520
	Impact of a -/+ 1% change in interest rates	1,011	1,464	115	581	1,126	2,045
Debt securities, bank deposits and swaps	Carrying amount	158,708	173,399	480,555	358,682	639,263	532,081
	Impact of a -/+ 1% change in interest rates	7,398	8,975	18,452	13,853	25,850	22,828
Currency risk							
Net currency exposures for cash and investments in NZD equivalents:	NZD	1,075,313	850,307	421,183	358,312	1,496,496	1,208,619
	AUD	160,254	141,159	29,972	22,864	190,226	164,023
	EUR	42,686	39,553	26,655	18,152	69,341	57,705
	GBP	5,331	9,767	10,686	7,343	16,017	17,110
	USD	207,514	189,169	98,471	98,365	305,985	287,534
	Others	27,147	32,142	21,548	10,803	48,695	42,945
	Total	1,518,245	1,262,097	608,515	515,839	2,126,760	1,777,936

(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. Monies received from member contributions may be used to offset withdrawals and the Manager may in certain circumstances suspend withdrawals.

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

Both Funds hold units in the Fisher Institutional Property Fund ("Property Fund"). Units cannot be redeemed for a period of two years following issue, and if they are rolled over after this period, they are not redeemable for a further two year period. Two months' notice of redemption is required. The Manager may allow an earlier redemption in exceptional circumstances and units may be transferred with the Manager's approval. The investment in the Property Fund with a maturity greater than 12 months after the balance date, including comparatives for the prior year, have been presented as non-current assets in the Statements of Net Assets.

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.

(c) Credit 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. 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.



Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2018

Notes to the Financial Statements

2 Risk (continued)

(c) Credit risk (continued)

PIE funds indirectly subject the Scheme to credit risk by investing in cash, fixed interest investments and forward foreign exchange contracts. The maximum exposure for the Scheme to credit risk is represented by the carrying value of these financial instruments. The Scheme's investment in PIE funds, due to the risk and reward profile of those investments, are considered to be similar to an equity holding and are therefore not included in the credit risk sensitivity analysis.

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

		Growth Fund		Conservative Fund		Scheme Total	
		2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Credit Rating	A-1 to A-1+	101,066	146,424	11,453	58,096	112,519	204,520
	AAA	26,240	40,806	97,858	63,219	124,098	104,025
	AA- to AA+	89,937	78,024	264,923	188,768	354,860	266,792
	A- to A+	6,111	8,426	41,821	38,219	47,932	46,645
	BBB- to BBB+	22,360	24,986	46,165	38,145	68,525	63,131
	BB- to BB+	1,057	7,526	3,363	11,342	4,420	18,868
	B- to B+	6,919	8,383	17,971	12,478	24,890	20,861
	CC- to CC+	-	618	-	932	-	1,550
	Unrated	2,722	4,426	7,504	6,295	10,226	10,721
		256,412	319,619	491,058	417,494	747,470	737,113

(d) 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 Fund'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	
		2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
ANZ Banking Group	Fair Value	73,237	119,088	50,845	67,021	124,082	186,109
	% Net Assets	4.82%	9.46%	8.35%	13.05%	5.83%	10.50%
New Zealand Government	Fair Value	49,282	64,418	89,614	98,507	138,896	162,925
	% Net Assets	3.24%	5.12%	14.71%	19.18%	6.53%	9.19%

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.

Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2018

Notes to the Financial Statements

3 Investment assets and liabilities at fair value through profit or loss

All investments are valued at fair value, with gains or losses recognised in the Statements of Changes in Net Assets. The Scheme classifies its investments in equities, debt securities, 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. Investment assets and liabilities held for trading comprise derivative instruments which are primarily forward foreign exchange contracts, futures and options contracts, swaptions 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.

Investments recognised at fair value are categorised according to the fair value hierarchy that shows the extent of judgement used in determining their fair value as follows:

Level 1: Fair value for direct investments in active listed debt or equity securities is based on their last traded price, except for when the last traded price falls outside the bid-ask spread for a particular stock, in which case the bid price is used.

Level 2: Fair value for direct investments that are either unlisted or listed but not active, and for swaps, is based on valuation techniques, such as benchmark models, net present value techniques, and comparison to similar instruments for which market observable prices exist and valuation models. Fair value for investments in PIE funds are determined using the last available redemption unit price for those funds at the balance date. Fair value for forward foreign exchange rate contracts is determined using valuation techniques based on spot exchange rates and forward points supplied by The World Markets Company PLC via Thomson Reuters.

Level 3: Fair value for unlisted investments, where no observable market data for significant inputs is available for the valuation techniques applied, or are based on valuation techniques that are determined by the Manager on a case by case basis and approved by the Supervisor. The specific valuation techniques are as follows:

- (i) New Zealand bonds - monthly pricing information is received from Westpac NZ and no other brokers provide such pricing information.
- (ii) Unlisted litigation securities - the Manager calculates a valuation based on the present value of the future distributions that are estimated to be received, after applying a 10% discount rate.
- (iii) Partnerships - the valuation is based on financial reports provided by the manager, Direct Capital IV Management Limited.

	Growth Fund		Conservative Fund		Scheme Total	
	2018	2017	2018	2017	2018	2017
Investment assets and liabilities at fair value through profit or loss	\$000	\$000	\$000	\$000	\$000	\$000
Listed equities	642,662	537,643	60,001	51,920	702,663	589,563
Bank deposits ¹	21,062	-	102,990	18,665	124,052	18,665
Debt securities	137,591	173,397	377,452	340,001	515,043	513,398
PIE funds ²	618,187	402,782	57,586	46,410	675,773	449,192
Unlisted equities/litigation securities/partnerships	1,643	1,804	-	-	1,643	1,804
Derivative assets:						
Forward foreign exchange contracts	1,402	1,031	260	1,104	1,662	2,135
Futures and options contracts	3	249	8	15	11	264
Interest rate swaps	102	22	256	46	358	68
Derivative liabilities:						
Forward foreign exchange contracts	(4,764)	(1,235)	(1,210)	(388)	(5,974)	(1,623)
Futures and options contracts	(662)	-	(138)	-	(800)	-
Interest rate swaps	(47)	(20)	(143)	(30)	(190)	(50)
Total investment assets and liabilities at fair value through profit or loss	1,417,179	1,115,673	597,062	457,743	2,014,241	1,573,416

¹ Bank deposits comprise of cash balances that have an original maturity of greater than 90 days. Cash and cash equivalents comprise of cash balances that have an original maturity of 90 days or less. All cash and cash equivalents are measured at amortised cost.

² All PIE funds invested in are other funds managed by the Manager. As such, these PIE funds are considered to be related parties. Refer to Note 4(c) for a detailed breakdown of PIE funds invested in by each Fund.

Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2018

Notes to the Financial Statements

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

	Growth Fund		Conservative Fund		Scheme Total	
	2018	2017	2018	2017	2018	2017
	\$000	\$000	\$000	\$000	\$000	\$000
Fair value hierarchy						
Level 1	693,360	605,422	152,495	157,345	845,855	762,767
Level 2	719,510	507,428	440,197	298,990	1,159,707	806,418
Level 3	4,309	2,823	4,370	1,408	8,679	4,231
	1,417,179	1,115,673	597,062	457,743	2,014,241	1,573,416

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

New Zealand bonds

Opening balance	1,019	1,299	1,408	1,799	2,427	3,098
Purchases	2,640	500	3,950	690	6,590	1,190
Sales	(998)	(783)	(997)	(1,084)	(1,995)	(1,867)
Gains recognised in profit or loss	3	3	2	4	5	7
Accrued interest	2	-	7	(1)	9	(1)
Closing balance	2,666	1,019	4,370	1,408	7,036	2,427

Unlisted equities/litigation securities/partnerships

Opening balance	1,804	1,790	-	476	1,804	2,266
Distribution/return of capital	(319)	(447)	-	(460)	(319)	(907)
Capital drawdowns	28	30	-	-	28	30
Gains recognised in profit or loss	130	431	-	(16)	130	415
Closing balance	1,643	1,804	-	-	1,643	1,804

Change in unrealised gains for the year included in profit or loss for level 3 investment assets held at balance date

	133	434	9	(11)	142	423
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During the year there were no transfers of investments between levels in the fair value hierarchy.

Net changes in fair value of investment assets and liabilities

Listed equities	77,860	52,058	6,404	4,555	84,264	56,613
Debt securities	(37)	(4,977)	841	(7,448)	804	(12,425)
PIE funds	44,754	50,760	4,204	5,072	48,958	55,832
Unlisted equities/litigation securities/partnerships	130	431	-	-	130	431
Forward foreign exchange contracts	5,809	7,492	1,366	6,517	7,175	14,009
Futures and options contracts	(96)	955	(263)	57	(359)	1,012
Interest rate swaps	180	55	297	72	477	127
Total net changes in fair value of investment assets and liabilities	128,600	106,774	12,849	8,825	141,449	115,599

Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2018

Notes to the Financial Statements

4 Related parties

(a) Fees with related parties

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 ("p.a.") of the gross asset value ("GAV") of the Growth Fund and 0.85% p.a. of the GAV of the Conservative Fund. Management fees are calculated daily and payable monthly. 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.

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% p.a. 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 Property Fund, the Funds receive a management fee rebate from the Manager of 0.75% p.a. on the value of the property assets under management. The rebate is calculated daily and paid quarterly by the Manager.

Fees incurred by the Scheme, and rebates received by the Scheme during the year, and amounts payable to/receivable from the Manager at balance date are detailed below:

	Growth Fund		Conservative Fund		Scheme Total	
	2018	2017	2018	2017	2018	2017
	\$000	\$000	\$000	\$000	\$000	\$000
Management fees incurred	13,394	10,948	4,811	3,915	18,205	14,863
Performance fees incurred	5,514	3,951	-	-	5,514	3,951
Administration fees incurred	1,892	1,431	1,092	971	2,984	2,402
Fees payable	5,915	5,089	410	460	6,325	5,549
Management fee rebates received	364	253	117	90	481	343
Management fee rebates receivable	100	69	31	24	131	93

(b) Investment transactions with related entities

During the year various investments were bought or sold by the Scheme where the counterparty was another Fund also managed by the Manager. 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 (i.e. on an arms-length basis). No brokerage fees were charged.

	Growth Fund		Conservative Fund		Scheme Total	
	2018	2017	2018	2017	2018	2017
	\$000	\$000	\$000	\$000	\$000	\$000
Purchases of investments from related entities	6,316	22,129	33,592	23,588	39,908	45,717
Sales of investments to related entities	20,971	43,362	5,329	16,456	26,300	59,818



Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2018

Notes to the Financial Statements

4 Related parties (continued)

(c) Investments in related entities

The Scheme indirectly holds multiple investments through other funds managed by the Manager. The Scheme has been deemed to meet the definition of an investment entity and accordingly the Scheme's investments in other PIE funds managed by the Manager are not consolidated, instead measured at fair value through profit and loss, if any. The Scheme's investments in other funds managed by the Manager (PIE Funds per Note 3) are as follows:

	Growth Fund		Conservative Fund		Scheme Total	
	2018	2017	2018	2017	2018	2017
	\$000	\$000	\$000	\$000	\$000	\$000
Fisher Institutional Property Fund	72,117	50,398	21,435	17,454	93,552	67,852
Fisher Institutional International Equity Fund	406,397	352,384	36,151	28,956	442,548	381,340
Fisher Institutional New Zealand Cash Fund	139,673	-	-	-	139,673	-
Total investments in related entities	618,187	402,782	57,586	46,410	675,773	449,192

5 Contributions and withdrawals

Contributions

Contributions for the year ended 31 March were received as follows:

Member contributions	78,012	67,698	40,524	34,302	118,536	102,000
Member lump sum and voluntary contributions over minimum contribution rate	30,035	20,518	12,615	8,307	42,650	28,825
Employer contributions	44,841	39,705	24,655	21,222	69,496	60,927
Crown contributions	16,862	15,148	10,376	8,896	27,238	24,044
Transfers from other KiwiSaver schemes	67,597	64,366	47,006	65,519	114,603	129,885
Transfers from other superannuation schemes	5,437	1,958	2,519	1,327	7,956	3,285
Inter-fund switches	(2,627)	(12,512)	2,627	12,512	-	-
Other income	140	284	76	151	216	435
Total contributions	240,297	197,165	140,398	152,236	380,695	349,401

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

Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2018

Notes to the Financial Statements

5 Contributions and withdrawals (continued)

Withdrawals

	Growth Fund		Conservative Fund		Scheme Total	
	2018	2017	2018	2017	2018	2017
	\$000	\$000	\$000	\$000	\$000	\$000
Withdrawals for the year ended 31 March were paid as follows:						
Member eligible withdrawals	20,438	17,426	16,751	11,325	37,189	28,751
Withdrawals on death	1,116	1,734	806	702	1,922	2,436
Serious illness withdrawals	1,527	933	1,435	920	2,962	1,853
Withdrawals or transfers on permanent emigration	786	611	228	110	1,014	721
Significant financial hardship withdrawals	2,939	2,075	2,808	2,007	5,747	4,082
First home purchase withdrawals	12,373	11,006	11,614	8,967	23,987	19,973
Transfers to other KiwiSaver schemes	64,264	53,481	31,063	26,749	95,327	80,230
Mortgage diversion withdrawals	11	12	-	-	11	12
Court ordered withdrawals	99	517	3	93	102	610
Other withdrawals	12	45	9	52	21	97
Total withdrawals	103,565	87,840	64,717	50,925	168,282	138,765

6 Capital commitments and contingent liabilities

There were no significant capital commitments or contingent liabilities as at 31 March 2018 (31 March 2017: Nil).

7 Subsequent events

In April and May of 2018, the Scheme transferred a number of investments from being directly held to an investment in the following PIE funds managed by the Manager. Settlement for the purchase of units in the PIE funds was made in part by an in specie transfer of financial assets with the balance in cash.

		Growth Fund	Conservative Fund	Scheme Total
		\$000	\$000	\$000
On 9 April 2018 the Scheme purchased units in the Fisher Institutional Global Fixed Income Fund.	Units purchased	46,800	147,680	194,480
	Value of financial assets transferred	46,716	142,445	189,161
	Cash paid	84	5,235	5,319
On 8 May 2018 the Scheme purchased units in the Fisher Institutional New Zealand Cash Fund.	Units purchased	-	158,100	158,100
	Value of financial assets transferred	-	158,158	158,158
	Cash received	-	(58)	(58)
On 29 May 2018 the Scheme purchased units in the Fisher Institutional New Zealand Fixed Interest Fund.	Units purchased	95,600	168,700	264,300
	Value of financial assets transferred	94,071	167,482	261,553
	Cash paid	1,529	1,218	2,747

There were no other significant 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

Collectively "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 12:

- present fairly in all material respects the funds and scheme's financial position as at 31 March 2018 and their 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 2018;
- 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.

Our firm has also undertaken supervisor reporting in line with our obligations under Section 198 and 199 of the Financial Markets Conduct Act 2013 ("FMC Act 2013"). Subject to certain restrictions, partners and employees of our firm may also deal with the funds and scheme on normal terms within the ordinary course of trading activities of the business of the funds and scheme. These matters have not impaired our independence as auditor of the funds and scheme. The firm has no other relationship with, or interest 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 funds and scheme'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 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.



Use of this independent auditor's report

This independent auditor's 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 independent auditor's report, or any of the opinions we have formed.



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.



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:

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

This description forms part of our independent auditor's report.

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

For and on behalf of



KPMG
Auckland
21 June 2018