

**Kiwi Wealth KiwiSaver Scheme
Financial Statements
For the year ended 31 March 2018**

Kiwi Wealth KiwiSaver Scheme
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Kiwi Wealth KiwiSaver Scheme

Statements of Changes in Net Assets

For the year ended 31 March 2018

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Investment activities																
Investment income	-	-	2	3	(12,077)	12,594	145	345	1,523	1,633	16,720	16,326	-	-	30,467	30,901
Dividend and distribution income	-	-	222	(189)	88,633	64,457	2,989	2,254	13,376	5,212	117,116	89,556	-	-	222,364	161,294
Net gains / (losses) on financial instruments at fair value through profit or loss	18	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	4,122	3,230	2,960	2,388	21,552	19,376	3,641	2,304	17,252	15,259	172,252	3,236	2,826	312	53,135	45,780
Foreign exchange losses	-	-	(5)	(11)	(253)	(1,105)	(6)	(20)	(34)	(275)	(34)	(346)	(1,191)	(8)	(677)	(2,610)
Net investment income	4,140	3,233	3,189	2,192	122,009	95,322	6,769	4,883	32,117	21,829	136,725	107,517	1,07,517	339	305,289	235,365
Expenses																
Management and administration fees	813	638	639	556	14,027	11,617	1,098	746	5,903	4,948	11,944	9,252	2,469	6	34,484	27,777
Transaction fees and expenses	813	638	699	556	1,356	1,870	4	11	188	228	1,922	2,469	6	3,456	4,578	
Total expenses	1,626	1,276	1,338	1,112	15,383	13,487	1,102	757	6,071	5,176	13,866	11,721	4,935	12	37,940	32,355
Net increase in net assets before membership activities	3,327	2,575	2,490	1,836	106,626	81,835	5,667	4,126	26,045	16,653	122,860	95,796	333	389	267,349	203,010
Membership activities																
Contributions / Transfers in	3,327	2,575	2,490	1,836	106,626	81,835	5,667	4,126	26,045	16,653	122,860	95,796	333	389	267,349	203,010
Employer contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between funds	62,421	58,871	49,702	52,086	316,438	292,550	71,951	67,097	194,008	192,685	231,766	243,445	224,685	215,944	224,685	215,944
Transfers from other schemes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Member tax credits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Voluntary contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Crown contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Benefits paid / transfers out / PIE tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to other schemes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between funds	(31,941)	(32,746)	(28,458)	(31,563)	(205,965)	(194,557)	(32,069)	(22,377)	(119,938)	(121,363)	(166,666)	(157,730)	584,836	560,336	(151,174)	(142,245)
Member / FID refunds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Significant financial hardship withdrawals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Withdrawals on death and disability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Withdrawals on serious ill health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Withdrawals or transfers on permanent emigration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
First home purchase withdrawals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Age of eligibility withdrawal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other withdrawals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PEC tax paid and payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net membership activities	30,480	26,125	21,244	20,523	110,473	97,993	39,882	44,720	74,070	71,322	125,201	85,715	-	-	(24,044)	(17,897)
Benefits accrued to members' accounts	33,807	28,700	23,734	22,159	217,099	179,828	45,549	48,846	100,116	87,975	248,061	181,511	(8,268)	2,227	660,108	551,246
Net assets attributable to members at beginning of the year	116,130	87,430	77,083	64,924	1,221,211	1,041,383	106,296	57,450	507,354	419,379	999,507	817,996	3,101	874	3,030,682	2,479,436
Net assets attributable to members at end of the year	149,937	116,130	100,817	77,083	1,438,310	1,221,211	151,845	106,296	607,470	507,354	1,247,568	999,507	(5,157)	3,101	3,690,790	3,030,682


The Statement of Changes in Net Assets should be read in conjunction with the accompanying notes.


Kiwi Wealth KiwiSaver Scheme
Statements of Net Assets
As at 31 March 2018

	Cash Fund		Cash Plus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Assets																
Cash and cash equivalents	15,022	11,888	10,072	4,962	102,748	81,443	10,107	6,498	36,599	21,510	44,289	43,048	21,278	16,046	240,094	186,395
Receivables	101	48	352	366	8,451	17,613	587	562	4,656	6,781	5,428	15,537	-	-	19,573	40,908
Financial assets at fair value through profit or loss	134,836	104,208	90,395	71,869	1,337,943	1,133,822	1,412,899	99,337	567,664	481,546	1,212,813	954,748	-	-	3,405,140	2,845,529
Derivative assets held for risk management	-	-	573	248	5,946	2,244	879	387	5,099	776	-	2,054	-	-	12,487	5,709
Total assets	149,959	116,145	101,392	77,444	1,485,088	1,235,122	1,528,852	106,784	614,177	510,613	1,262,528	1,015,387	21,278	16,046	3,757,294	3,077,541
Liabilities																
Cash collateral	-	-	(520)	(230)	(6,100)	-	(930)	(260)	(5,220)	(105)	(289)	(200)	-	-	(12,770)	(490)
Management and administration fees payable	(21)	(15)	(18)	(12)	(327)	(244)	(26)	(18)	(142)	(109)	(289)	(200)	-	-	(817)	(594)
Trade and other payables	(1)	-	(1)	(25)	(4,610)	(10,557)	-	(87)	(604)	(1,550)	(6,464)	(13,931)	-	-	(11,700)	(26,150)
Withdrawals payable	-	-	-	-	-	-	-	-	-	-	-	-	(20,499)	(7,989)	(20,499)	(7,989)
FEE tax payable	-	-	-	-	-	-	(61)	-	-	-	-	-	(5,839)	(4,866)	(5,839)	(4,956)
Derivative liabilities held for risk management	-	-	(39)	(94)	(5,741)	(3,110)	(61)	(123)	(741)	(1,604)	(8,193)	(1,749)	-	-	(14,772)	(6,680)
Total liabilities (excluding net assets attributable to members)	(22)	(15)	(579)	(361)	(16,779)	(13,911)	(1,017)	(488)	(6,707)	(3,259)	(14,960)	(15,880)	(26,435)	(12,945)	(56,494)	(46,859)
Net assets attributable to members	149,937	116,130	100,817	77,083	1,468,310	1,221,211	1,518,845	106,296	607,470	507,354	1,247,568	999,507	(5,157)	3,101	3,690,790	3,030,682
Represented by Member funds	149,937	116,130	100,817	77,083	1,468,310	1,221,211	1,518,845	106,296	607,470	507,354	1,247,568	999,507	(5,157)	3,101	3,690,790	3,030,682

The Statement of Net Assets should be read in conjunction with the accompanying notes.

The directors of Kiwi Wealth Limited authorised these financial statements for issue on 6 July 2018:

Director 

Director 



Kiwi Wealth KiwiSaver Scheme

Statements of Cash Flows

For the year ended 31 March 2018

	Cash Fund		CashPlus Fund		Enhanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s	
Cash flows from operating activities																
Cash was provided from:																
Sale of investments	213,701	199,729	92,280	75,967	1,094,953	1,108,125	84,217	57,441	273,773	248,262	1,227,572	1,278,429	-	14,964	2,975,696	2,962,989
Interest received	4,119	3,182	2,897	2,337	20,794	19,144	3,539	2,209	19,789	14,785	3,237	2,882	372	397	51,697	44,876
Dividends and distributions received	-	-	-	3	-	12,198	145	345	1,513	1,585	16,515	15,773	-	-	30,164	29,904
Realisation of derivatives, net	-	-	66	-	14,654	-	579	-	2,292	-	19,607	-	-	-	37,198	-
Cash was applied to:																
Purchase of investments	(244,359)	(226,147)	(110,971)	(99,605)	(1,271,595)	(1,218,681)	(124,253)	(103,374)	(352,511)	(335,096)	(1,378,552)	(1,378,054)	-	14,964	(3,420,201)	(3,345,993)
Payment of management and administration fees	-	-	-	-	-	-	(4)	(11)	(169)	(228)	(1,922)	(2,469)	(34,261)	(27,608)	(34,261)	(27,608)
Transaction fees and expenses	-	-	-	-	(1,356)	(1,870)	(4)	(11)	(169)	(228)	(1,922)	(2,469)	(6)	-	(3,455)	(4,578)
Net cash flows from operating activities	(25,639)	(23,236)	(15,725)	(21,299)	(81,071)	(81,084)	(35,847)	(43,390)	(58,332)	(70,722)	(111,753)	(83,489)	(33,895)	(27,209)	(363,163)	(350,408)
Cash flows from financing activities																
Cash was provided from:																
Employer contributions	-	-	-	-	-	-	-	-	-	-	-	-	51,054	44,595	51,054	44,595
Employer contributions	-	-	-	-	-	-	-	-	-	-	-	-	136,074	118,028	136,074	118,028
Employee contributions	-	-	-	-	-	-	-	-	-	-	-	-	234,401	202,590	234,401	202,590
Transfers from other schemes	-	-	-	-	-	-	-	-	-	-	-	-	224,685	215,944	224,685	215,944
Net transfers between funds	29,673	25,471	20,551	19,971	96,529	86,441	38,792	43,983	68,204	66,404	113,340	76,522	(967,089)	(318,792)	(318,792)	-
Other contributions	-	-	-	-	-	-	-	-	-	-	-	-	73,544	54,403	73,544	54,403
PE tax rebates received	-	-	-	-	-	-	-	-	-	-	-	-	78	416	78	416
Cash was applied to:																
Transfers to other schemes	-	-	-	-	-	-	-	-	-	-	-	-	(148,950)	(142,245)	(148,950)	(142,245)
Withdrawals	-	-	-	-	-	-	-	-	-	-	-	-	(142,108)	(125,143)	(142,108)	(125,143)
PE tax paid	-	-	-	-	-	-	-	-	-	-	-	-	(23,139)	(19,798)	(23,139)	(19,798)
Net cash flows from financing activities	29,673	25,471	20,551	19,971	96,529	86,441	38,792	43,983	68,204	66,404	113,340	76,522	39,160	29,998	406,249	348,790
Net increase / (decrease) in cash and cash equivalents	3,134	2,235	4,825	(1,327)	15,458	5,357	2,945	593	9,872	(4,318)	1,587	(6,947)	5,265	2,789	43,086	(1,618)
Add: opening cash and cash equivalents	11,888	9,653	4,732	6,070	81,443	77,191	6,238	5,665	21,510	26,103	43,048	51,186	16,046	13,265	184,905	189,133
Effect of exchange rate fluctuations	-	-	(5)	(11)	(253)	(1,105)	(6)	(20)	(34)	(275)	(348)	(1,191)	(33)	(8)	(677)	(2,610)
Closing cash and cash equivalents	15,022	11,888	9,552	4,732	95,648	81,443	9,177	6,238	31,348	21,510	44,299	43,048	21,278	18,046	227,314	184,905
Reconciliation of net increase in net assets before membership activities to net cash flow from operating activities																

The Statement of Cash Flows should be read in conjunction with the accompanying notes.



Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements
For the year ended 31 March 2018

1. Reporting Entity

The Kiwi Wealth KiwiSaver Scheme (the "Scheme") is a defined contribution scheme and is a registered KiwiSaver scheme under the KiwiSaver Act 2006 (registration number 10025) and is registered as a KiwiSaver scheme under the Financial Markets Conduct Act 2013 ("FMCA") (registration number SCH10713). The Scheme was established (under its previous name, the Gareth Morgan KiwiSaver Scheme) and is governed by a trust deed dated 2 April 2007 as amended and consolidated on 7 September 2007, 18 February 2010, 21 April 2011, 2 April 2012, 13 September 2012, 1 April 2014, 1 July 2014 and 29 July 2016, (the "Trust Deed"). The Scheme commenced receiving contributions and started investing from 1 October 2007.

These financial statements are for the Scheme, which is domiciled in New Zealand. The financial statements represent the operating result for the year ended 31 March 2018 by Investment Fund, and the comparative period disclosed is the year ended 31 March 2017.

The supervisor of the Scheme is Public Trust (the "Supervisor"). The Manager is Kiwi Wealth Limited (which is a wholly owned subsidiary of Kiwi Wealth Investments Limited Partnership ("KWILP")). The Investment Management of the Scheme's assets and administration has been delegated to KWILP. The Manager's registered office is Level 8, New Zealand Post House, 7 Waterloo Quay, Wellington, 6011, New Zealand. KWILP is owned by Kiwi Wealth Management Limited, which is a wholly owned subsidiary of Kiwi Group Holdings Limited.

The Scheme comprises the Investment Funds listed below. Each Investment Fund is treated as a separate and distinct Investment Fund with its separate assets and liabilities. The value of each member's interest in the Scheme is determined by amounts held in their Member Account.

The following is a brief description of each Investment Fund and its date of establishment:

- Default Investment Fund ("Default")** (Established 1 July 2014)
- Cash Investment Fund ("Cash")** (Established 12 September 2012)
- CashPlus Investment Fund ("CashPlus")** (Established 1 June 2012)
- Conservative Investment Fund ("Conservative")** (Established 2 April 2007)
- Balanced Investment Fund ("Balanced")** (Established 2 April 2007)
- Growth Investment Fund ("Growth")** (Established 2 April 2007)

Transaction Account The Transaction Account recognises all contributions as they are received before they are invested in the Investment Funds. The transaction account is owned by each member in the Scheme. These contributions are invested in a bank account where they earn interest until they are transferred to the relevant Investment Fund. Withdrawals are recognised on an accrual basis in the transaction account once an application has been received and approved. The withdrawals due to be paid are only cashed up from the member's Investment Fund into the Transaction Account as part of the investment cycle and are paid out to members the next day.

The Transaction Account is in a negative net assets position at year end as a result of the timing difference between the recognition of withdrawals payable and PIE tax payable and the application of the investment cycle to withdraw cash from individual portfolios into the transaction account to pay those withdrawals. This position will reverse within the next investment cycle and the transaction account will have sufficient resources to meet its obligations as they fall due. Consequently, there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the transaction account to continue as a going concern, therefore the adoption

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

1. Reporting Entity (continued)
of the going concern basis of accounting remains appropriate.

The Trust Deed was amended on 1 April 2014 and 1 July 2014, to amongst other things, (i) require the Supervisor and the Manager to treat the assets and liabilities of each Investment Fund as being exclusively for that Investment Fund, a consequence of which is that each Investment Fund is considered a separate fund for financial reporting purposes, (ii) rename the Scheme to Kiwi Wealth KiwiSaver Scheme and reflect the renaming of the Manager to Kiwi Wealth Limited, and (iii) allow for the investment and fees cycles of the Scheme to operate on weekly intervals. The Trust Deed was amended on 29 July 2016 to amend and consolidate the provisions of the Existing Trust Deed to comply with the FMCA requirements and allow the Scheme to become registered as a KiwiSaver Scheme under the FMCA.

Member Account and Rebalancing

When a Member joins the Scheme, the Manager opens a Member Account for that Member. Each Member provides the Manager with an investment direction, selecting the proportion of their Member Account that will be invested in each Investment Fund (the "Investment Direction"). A Member Account at any given date lists all money held and all assets held in Investment Funds with regard to that Member.

Contributions received during the week are put into the Scheme's trust account and linked to the Member Account where they earn interest. Each week, the Scheme rebalances the Member Account's to ensure that they are administered in accordance with the prescribed Investment Direction. Some cash is kept in the Member Account to pay fees and taxes. Once the rebalancing computation is complete, money held in the Scheme's trust account is transferred to the Investment Fund(s) in accordance with the Investment Direction elected by each member.

Accordingly, in the Statement of Changes in Net Assets, membership activities such as contributions and withdrawals are recognised in the Transactions Account at the Scheme level. The membership activities for the Investment Funds comprise transactions between the Transactions Account and the Investment Funds and between Investment Funds themselves. These transactions are recognised as 'Transfers in' and 'Transfers out' in the Statement of Changes in Net Assets.

2. Basis of Preparation

Statement of Compliance

These financial statements have been prepared in accordance with the Trust Deed, the KiwiSaver Act 2006, the Financial Markets Conduct Act 2013 and New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). The financial statements comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable financial reporting standards, as appropriate for for-profit entities. The financial statements comply with International Financial Reporting Standards ("IFRS"). The Scheme transitioned to the FMCA on 29 July 2016 and became a registered managed fund investment scheme. The Scheme is a for-profit entity. The financial statements were authorised for issue by the Manager on 6 July 2018.

Measurement Base

The financial statements have been prepared on a historical cost basis, except for financial instruments held at fair value through profit or loss (FVTPL) measured at fair value. The methods used to measure fair values are discussed further in note 3(h).

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

2. Basis of Preparation (continued)
Functional and Presentational Currency

The financial statements are presented in New Zealand dollars (“\$”), which is the Scheme’s functional and presentation currency. All amounts are expressed in thousands of dollars, unless otherwise stated.

Use of Assumptions, Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 10.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods in these financial statements.

(a) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of 90 days or less.

(b) Statement of Cash Flows

The following are definitions of terms used in the Statement of Cash Flows:

- operating activities - are those relating to the principal revenue-producing activities of the Scheme and other activities that are not financing activities. These include those cash flows relating to the acquisition, holding and disposal of investments, which include investments in securities not falling within the definition of cash.
- financing activities - are those activities that result in changes in the size and composition of Members’ Funds.

(c) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Assets and liabilities denominated in foreign currencies at the end of the reporting period are translated at the foreign exchange rate prevailing at that date. Foreign exchange differences arising on translation are recognised in profit or loss, except foreign exchange differences arising on financial instruments held at FVTPL which are recognised together with net gains / (losses) on financial instruments at FVTPL in the Statement of Changes in Net Assets.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

3. Significant Accounting Policies (continued)

(d) Income recognition

Income is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Scheme and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

(i) Interest

Interest income is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(ii) Dividends and distributions

Dividend and distribution income are recognised on the date that the Scheme's right to receive payment is established.

(iii) Changes in fair value of investments

Net gains or losses on investments at FVTPL are calculated as the difference between the fair value at sale, or at period end, and the fair value at the previous valuation point or cost. This includes both realised and unrealised gains and losses, but does not include interest, dividend and distribution income.

(e) Taxation

The Scheme qualifies as, and has elected to be, a multi-rate portfolio investment entity ("PIE") for tax purposes. Under the PIE regime, income is effectively taxed in the hands of the members and therefore the Scheme has no tax expense or deferred tax assets or liabilities.

PIE tax in the Statement of Net Assets represents tax payable/receivable on behalf of the Members under the PIE regime. Under the PIE regime, the Manager attributes the income of the Scheme to Members in accordance with their proportionate interest in the Scheme during the period. Taxable income attributed to each Member is taxed at the Member's notified investor rate. The Manager adjusts the Members' interests in the Scheme to reflect that the Scheme pays tax at varying rates on behalf of members.

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

(f) Expenses

All expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(g) Member funds

Members' interests in the Scheme provide members with the right to request withdrawals for cash of their interest at the value at which their investments can be realised provided that they meet certain requirements of the KiwiSaver Act 2006. All Members' interests are "puttable instruments". On acceptance of a request of Members eligible to realise their interest, the Investment Manager sells the relevant investments to market or to Members joining the Scheme at market prices for payment to such Members. The expected cash outflow on realisation will depend on when each Member is eligible to request and does request the realisation of such interest. The net assets attributable to each Member depend on that Member's interest in the Scheme and each relevant Investment Fund, and the relevant investment direction. Members do not have identical rights to the net assets of the Scheme and, as a result, Member funds are classified as financial liabilities and measured at amortised cost. Member funds are carried at the withdrawal amount that is payable at 31 March 2018 if all members exercised their rights to redeem their interests.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)

For the year ended 31 March 2018

3. Significant Accounting Policies (continued)

(h) Financial Instruments

(i) Classification

(a) Assets

The Scheme classifies its instruments based on both the Scheme's business model for managing those financial assets and contractual cash flow characteristics of the financial assets. The Scheme's financial assets are managed and their performance evaluated on a fair value basis. The Scheme is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Scheme's investments in equity instruments are held for trading, and the Scheme has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Scheme's debt securities are solely principle and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Scheme's business model's objective. Consequently, all investments are measured at FVTPL.

(b) Liabilities

The Scheme does not make short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, nor does it make use of short sales for various arbitrage transactions. The Scheme holds derivative financial instruments. Derivative contracts that have a negative fair value are presented as liabilities at FVTPL.

As such the Scheme classifies all of its investment securities as financial assets or liabilities at FVTPL.

The Scheme's policy requires the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

(ii) Recognition, Derecognition and Measurement

Regular purchases and sales of investments and derivatives are recognised on the trade date - the date on which the Scheme commits to purchase or sell the investment or derivatives. Financial instruments designated at FVTPL are initially recognised at fair value. Transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments and derivatives have expired or the Scheme has transferred substantially all risks and rewards of ownership. Subsequent to initial recognition, all financial assets and financial liabilities at FVTPL are measured at fair value.

Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at FVTPL' category are presented in profit or loss in the Statement of Net Changes in Assets within other net changes in fair value of financial assets and liabilities at FVTPL in the period in which they arise.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

3. Significant Accounting Policies (continued)

(h) Financial instruments (continued)

(iii) Investments in financial assets previously designated at FVTPL

On transition there were changes in classification of financial assets and financial liabilities however there were no differences between original carrying amounts and new carrying amounts under NZ IFRS 9. The following table shows the original measurement categories under NZ IAS 39 and the new measurement categories under NZ IFRS 9 for each of the Scheme's financial assets and financial liabilities at the date of initial application of 1 April 2017.

Financial Assets	Original classification under NZ IAS 39	New classification under NZ IFRS 9
Fixed interest	Note 8 Designated at fair value through profit or loss	Mandatorily at FVTPL
Equities	Note 8 Designated at fair value through profit or loss	Mandatorily at FVTPL
Unlisted unit trusts	Note 8 Designated at fair value through profit or loss	Mandatorily at FVTPL
Derivative assets - held for risk management	Note 8 Held for trading	Fair value - hedging instrument
Cash and cash equivalents	Note 8 Loans and receivables	Amortised cost
Trade and other receivables	Note 8 Loans and receivables	Amortised cost
Financial Liabilities		
Derivative liabilities - held for risk management	Note 8 Held for trading	Fair value - hedging instrument
Cash collateral	Note 8 Other financial liabilities at amortised cost	Other financial liabilities at amortised cost
Management and administration fees payable	Note 8 Other financial liabilities at amortised cost	Other financial liabilities at amortised cost
Trade and other payables	Note 8 Other financial liabilities at amortised cost	Other financial liabilities at amortised cost
Withdrawals payable	Note 8 Other financial liabilities at amortised cost	Other financial liabilities at amortised cost
PIE tax payable	Note 8 Other financial liabilities at amortised cost	Other financial liabilities at amortised cost
Member Funds	Note 8 Other financial liabilities at amortised cost	Other financial liabilities at amortised cost

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

3. Significant Accounting Policies (continued)

(h) Financial Instruments (continued)

(iv) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the closing trading on the reporting date.

The fair value of units held by the Scheme in managed investment funds is determined by reference to published bid prices at the close of trading on the reporting date being the redemption price established by the underlying investment fund manager.

For investments with no active markets, fair values are determined using valuation techniques. Such techniques include: using recent arm's length transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgmental inputs to a minimum.

(v) Offsetting financial instruments

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

(i) Financial Assets and Financial Liabilities at Amortised Cost

Financial assets at amortised cost comprise cash and cash equivalents and receivables. These include cash balances and call deposits, accrued interest and dividends, and proceeds expected from sale transactions where the trade date and settlement date spanned the reporting date. The carrying value closely approximates their fair value.

Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method less any impairment losses (refer to note 3(j) for more information). The effective interest method calculates the amortised cost of a financial asset or financial liability and allocates the interest income or interest expense, including any fees and directly related transaction costs that are an integral part of the effective interest rate, over the expected life of the financial asset or liability so as to achieve a constant yield on the financial asset or liability.

(i) Receivables

Receivables include amounts where settlement has not yet occurred, and include outstanding settlements on the sale of investments. Amounts are generally received within 30 days of being recorded as receivables. With short time period and the high credit quality of the financial assets, investment income receivables and due from debtors measured at amortised cost, the Scheme does not anticipate any expected credit losses to be applicable for these assets.

(ii) Payables

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Scheme, and include outstanding settlements on the purchase of investments. Payables are measured initially at fair value and subsequently at amortised cost. Amounts are generally paid within 30 days of being recorded as payables. Given the short-term nature of most payables, the carrying amount approximates their fair value.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

3. Significant Accounting Policies (continued)

(j) Impairment of Assets Carried at Amortised cost

At the reporting date, the Scheme measures the loss allowance on financial assets, other than those at FVTPL, at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If at the reporting date, the credit risk has not increased significantly since initial recognition, the Scheme measures the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the debtor, probability that a debtor will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due and a counterparty credit rating which has fallen below investment grade credit rating BBB-. With short time period and the high credit nature of the financial assets measured at amortised cost, the Scheme does not anticipate any expected credit losses to be applicable for these assets.

(k) Comparative numbers

Certain comparatives of an insignificant amount have been restated within the financial risk management note to align industry classification of investments with the current periods presentation.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

(1) New standards and amendments

NZ IFRS 9 - Financial Instruments

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 FVTPL. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

The Scheme has early adopted NZ IFRS 9 in the preparation of the financial statements and retrospectively applied NZ IFRS 9 without the benefit of hindsight.

The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at FVTPL 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.

At the date of authorisation, the following standards, amendments and interpretations to existing standards have been issued but are not yet effective:

NZ IFRS 15: Revenue from contracts with customers (Effective from 1 January 2018, with early adoption permitted).

NZ IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces NZ IAS 18 'Revenue' and NZ IAS 11 'Construction contracts' and related interpretations.

The adoption of NZ IFRS 15 is not expected to have a material impact on the net assets attributable to members.

The Manager expects to adopt the above Standard in the period in which it becomes mandatory. There are no other new standards, amendments and interpretations issued but not yet effective that are expected to have a material impact on the Scheme.

**Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)**

For the year ended 31 March 2018

4. Net gains / (losses) on Financial Assets and Liabilities at FVTPL

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Net gain from fair value hedging instruments	-	-	449	-	212	15,725	18,282	1,133	7,489	4,928	11,109	18,177	-	-	35,884	42,037
Net gain / (loss) from financial instruments at FVTPL	18	3	(217)	(400)	(400)	72,908	46,185	1,859	5,908	284	(108,007)	71,379	-	-	186,480	119,257
Total net gain / (loss) from financial instruments at FVTPL	18	3	232	(188)	(188)	88,633	64,467	2,992	13,376	5,212	117,116	89,556	-	-	222,364	161,294

5. Interest Income

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Interest income on financial assets at FVTPL	3,759	2,902	2,753	2,205	18,869	17,198	3,429	16,546	14,475	1,659	1,364	1,462	372	-	47,013	40,280
Interest income on cash and cash equivalents	364	328	207	183	2,694	2,178	212	705	784	1,577	1,462	397	372	397	6,122	5,500
Total interest income	4,122	3,230	2,960	2,388	21,562	19,376	3,641	17,252	15,259	3,236	2,826	372	397	53,135	45,780	

6. Management and Administration Fees

The fee charged to each Member for the management and administration of the Scheme depends on the Investment Funds elected by the relevant Member and is currently up to 1% per annum of the Member's account balance, subject to a minimum fee of \$50 per annum (excluding members that transferred from the KiwiBank KiwiSaver (KBKS) or members of the Default Investment Fund), calculated and deducted weekly by the Manager. This fee covers charges for supervision services, administration services and investment management services (among others) but does not cover third party costs incurred in the buying, selling or holding of investments, such as brokerage or any third party charges incurred in investing in unit trusts.

The minimum fee for a member that transferred from the KBKS is \$12 per annum. The minimum fee for members of the Default Investment Fund is \$40 per annum.

Audit Fees

Fees charged by PricewaterhouseCoopers, and paid by the Manager, for the audit of the financial statements totalled \$108,600 excluding GST (2017: \$108,650 excluding GST). PricewaterhouseCoopers also performs Supervisor and Registry compliance services totalling \$5,000 excluding GST (2017: \$4,000).

7. Receivables

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Accrued interest	100	48	352	293	4,705	4,275	585	440	4,211	3,918	13	14	-	-	9,967	8,988
Accrued dividends	-	-	-	-	835	747	-	-	101	91	1,216	1,011	-	-	2,162	1,849
Receivables for securities sold	-	-	-	73	2,913	12,594	-	122	348	2,774	4,197	14,512	-	-	7,455	30,075
Other	1	1	-	-	(2)	(3)	1	-	(2)	(2)	-	-	-	-	(2)	(4)
Total receivables	101	49	352	366	8,451	17,613	587	562	4,656	6,781	5,426	16,537	-	-	19,573	40,908

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

8. Financial Assets held at FVTPL

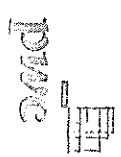
Except for related party investments detailed in note 14, as at 31 March 2018 the funds of the Scheme were invested in a range of financial instruments not related to the Manager, Supervisor or Investment Manager. Forward foreign exchange contracts were the only derivatives used by the Scheme during the year.

Financial Assets and Liabilities

Accounting classifications and fair values

A summary of the main instruments held by the Scheme as at 31 March 2018 are:

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Assets	\$ 000s															
Financial assets at FVTPL	134,835	104,208	90,256	71,732	540,770	445,894	110,816	77,994	465,850	393,498	73,099	43,054	-	1,415,627	1,136,380	
Fixed interest	-	-	-	-	535,034	623,186	-	21,343	65,262	75,323	781,088	846,402	-	1,382,374	1,566,264	
Equities	-	-	139	136	251,139	64,742	30,473	-	36,762	12,725	358,626	65,292	-	697,139	142,995	
Unlisted unit trusts	-	-	-	-	1,337,943	1,133,922	141,289	-	567,864	481,546	1,212,813	954,748	-	3,485,140	2,845,529	
Financial assets at FVTPL	134,835	104,208	90,395	71,868	1,337,943	1,133,922	141,289	99,337	567,864	481,546	1,212,813	954,748	-	3,485,140	2,845,529	
Fair value - hedging instruments	-	-	-	-	5,946	2,244	679	387	5,089	776	-	2,054	-	12,487	5,709	
Derivative assets held for risk management	-	-	-	-	5,946	2,244	679	387	5,089	776	-	2,054	-	12,487	5,709	
Total financial assets measured at fair value	134,835	104,208	90,395	71,868	1,343,889	1,136,066	142,168	99,724	572,953	482,322	1,212,813	956,802	-	3,497,627	2,851,238	
Amortised cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash and cash equivalents	15,022	11,888	10,072	4,982	102,748	81,443	10,107	6,498	36,568	21,510	44,289	43,048	21,278	16,046	185,395	
Trade and other receivables	101	49	352	366	8,451	17,613	587	562	4,656	6,781	5,425	15,537	-	19,573	40,908	
Total financial assets at amortised cost	15,123	11,937	10,424	5,338	111,199	99,056	10,694	7,060	41,224	28,291	49,715	58,585	21,278	16,046	226,303	
Total financial assets	149,959	116,145	101,392	77,444	1,455,088	1,235,122	152,862	106,784	614,177	510,613	1,262,528	1,015,387	21,278	3,513,654	3,077,541	
Liabilities	\$ 000s															
Fair value - hedging instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Derivative liabilities held for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total financial liabilities measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash collateral	-	-	(520)	(230)	(6,100)	-	(930)	(260)	(5,220)	-	-	-	-	(12,770)	(490)	
Management and administration fees payable	(21)	(15)	(18)	(12)	(327)	(244)	(26)	(18)	(142)	(106)	(283)	(200)	-	(817)	(594)	
Trade and other payables	(1)	-	(1)	(25)	(4,610)	(10,557)	(67)	(67)	(604)	(1,550)	(6,484)	(13,931)	-	(11,700)	(26,150)	
Withdrawals payable	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,989)	(7,989)	
PEC tax payable	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,939)	(4,956)	
Member funds	(149,937)	(116,130)	(100,817)	(77,083)	(1,433,310)	(1,221,211)	(151,845)	(106,286)	(607,470)	(507,354)	(1,247,588)	(999,507)	5,157	(3,590,730)	(3,030,682)	
Total other financial liabilities measured at amortised cost	(149,937)	(116,130)	(100,817)	(77,083)	(1,433,310)	(1,221,211)	(151,845)	(106,286)	(607,470)	(507,354)	(1,247,588)	(999,507)	5,157	(3,590,730)	(3,030,682)	
Total financial liabilities	(149,937)	(116,145)	(101,392)	(77,444)	(1,435,089)	(1,235,122)	(152,862)	(106,784)	(614,177)	(510,613)	(1,262,528)	(1,015,387)	(21,278)	(3,577,284)	(3,077,541)	



Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

8. Financial Assets held at FVTPL (continued)

The underlying investments that exceeded 5% of net assets held by each Investment Fund or 5% of each financial instrument type within that Investment Fund is set out below:

	Cash Fund			
	2018		2017	
Investment securities that exceeded 5% of net assets of each fund or instrument type	Fair Value \$ 000s	% of Investment Fund	Fair Value \$ 000s	% of Investment Fund
Westpac Term Deposit	28,766	19%	21,974	19%
Bank of New Zealand Term Deposit	29,820	20%	32,085	28%
ANZ Bank Term Deposit	23,596	16%	2,454	2%
UDC Finance Term Deposit	13,384	9%	13,764	12%
ASB Term Deposit	7,127	5%	17,431	15%
				17%

	CashPlus Fund			
	2018		2017	
Investment securities that exceeded 5% of net assets of each fund or instrument type	Fair Value \$ 000s	% of Investment Fund	Fair Value \$ 000s	% of Investment Fund
Westpac Term Deposit	13,438	13%	10,806	14%
ANZ Bank Term Deposit	12,310	12%	454	1%
Bank of New Zealand Term Deposit	11,864	12%	10,496	14%
UDC Finance Term Deposit	6,924	7%	7,594	10%
ASB Term Deposit	4,340	4%	8,170	11%
Kiwi/bank Term Deposit	1,163	1%	3,902	5%
PMCO Global Bond Fund	139	-	136	-
				100%

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

8. Financial Assets held at FVTPL (continued)

		Balanced Fund			
		2018		2017	
Investment securities that exceed 5% of net assets of each fund or instrument type	Instrument Type	Fair Value \$ 000s	% of Investment Fund	Fair Value \$ 000s	% of Investment Fund
Vanguard Total Stock Market ETF	Equities	-	-	81,587	7%
Vanguard Total International Stock ETF	Equities	-	-	83,888	7%
Westpac Term Deposit	Fixed Interest	41,758	3%	27,936	2%
Landwirtschaftliche Rentenbank	Fixed Interest	36,181	3%	6,523	1%
KBN Norway	Fixed Interest	20,799	1%	22,776	2%
KfW Bankengruppe	Fixed Interest	14,825	1%	24,469	2%
Rentenbank	Fixed Interest	-	-	21,085	2%
Core Global Fund- Unhedged	Unlisted Unit Trust	98,162	7%	-	-
Core Global Fund- Hedged	Unlisted Unit Trust	97,583	7%	-	-
GMO Systematic Global Macro Trust	Unlisted Unit Trust	20,067	1%	23,367	2%
PMCO Global Bond Fund	Unlisted Unit Trust	12,441	1%	12,129	1%
ISAM Systematic Trend (Class Q)	Unlisted Unit Trust	16,158	1%	12,198	1%
Man AHL Pure Momentum	Unlisted Unit Trust	10,518	1%	11,854	1%
Russell Multi Strategy Volatility Fund	Unlisted Unit Trust	6,211	-	5,193	-

		Default Fund			
		2018		2017	
Investment securities that exceed 5% of net assets of each fund or instrument type	Instrument Type	Fair Value \$ 000s	% of Investment Fund	Fair Value \$ 000s	% of Investment Fund
Vanguard Total Stock Market ETF	Equities	-	-	11,191	11%
Vanguard Total International Stock ETF	Equities	-	-	10,152	10%
Westpac Term Deposit	Fixed Interest	14,254	9%	11,014	10%
ANZ Term Deposit	Fixed Interest	12,753	8%	953	1%
Bank of New Zealand Term Deposit	Fixed Interest	11,662	8%	7,783	7%
UDC Finance Term Deposit	Fixed Interest	5,423	4%	6,266	6%
ASB Term Deposit	Fixed Interest	5,128	3%	6,610	6%
Core Global Fund- Unhedged	Unlisted Unit Trust	15,282	10%	-	-
Core Global Fund- Hedged	Unlisted Unit Trust	15,191	10%	-	-

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

8. Financial Assets held at FVTPL (continued)

		Conservative Fund			
		2018		2017	
Investment securities that exceed 5% of net assets of each fund or instrument type	Instrument Type	Fair Value \$ 000s	% of Investment Fund	Fair Value \$ 000s	% of Investment Fund
Vanguard Total Stock Market ETF	Equities	-	-	9,855	2%
Vanguard Total International Stock ETF	Equities	-	-	10,133	2%
Westpac Term Deposit	Fixed Interest	34,198	6%	17,445	3%
Landwirtschafliche Rentenbank	Fixed Interest	30,924	5%	6,523	1%
KBN Norway	Fixed Interest	19,673	3%	20,985	4%
Rentenbank	Fixed Interest	-	-	15,728	3%
Kiwi Bankengruppe	Fixed Interest	8,276	1%	20,771	4%
Core Global Fund- Unhedged	Unlisted Unit Trust	11,653	2%	-	-
Core Global Fund- Hedged	Unlisted Unit Trust	11,534	2%	-	-
PMCO Global Bond Fund	Unlisted Unit Trust	7,200	1%	7,020	1%
GMO Systematic Global Macro Trust	Unlisted Unit Trust	2,397	-	2,133	-
ISAM Systematic Trend (Class Q)	Unlisted Unit Trust	1,952	-	1,485	-
Man AHL Pure Momentum	Unlisted Unit Trust	-	-	1,452	-

		Growth Fund			
		2018		2017	
Investment securities that exceed 5% of net assets of each fund or instrument type	Instrument Type	Fair Value \$ 000s	% of Investment Fund	Fair Value \$ 000s	% of Investment Fund
Vanguard Total Stock Market ETF	Equities	-	-	110,708	11%
Vanguard Total International Stock ETF	Equities	-	-	113,829	11%
UDC Finance Term Deposit	Fixed Interest	51,324	4%	35,533	4%
Westpac Banking Term Deposit	Fixed Interest	20,192	2%	5,031	1%
Core Global Fund- Unhedged	Unlisted Unit Trust	141,924	11%	-	-
Core Global Fund- Hedged	Unlisted Unit Trust	141,078	11%	-	-
GMO Systematic Global Macro Trust	Unlisted Unit Trust	27,529	2%	25,883	3%
ISAM Systematic Trend (Class Q)	Unlisted Unit Trust	23,657	2%	16,498	1%
Russell Multi Strategy Volatility Fund	Unlisted Unit Trust	9,072	1%	6,983	1%
Man AHL Pure Momentum	Unlisted Unit Trust	15,365	1%	15,929	2%

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

8. Financial Assets held at FVTPL (continued)

Investment securities that exceed 5% of net assets of each fund or instrument type	Instrument Type	2018		2017	
		Fair Value \$ 000s	% of Investment Fund	Fair Value \$ 000s	% of Investment Fund
Vanguard Total Stock Market ETF	Equities	-	-	213,341	7%
Vanguard Total International Stock ETF	Equities	-	-	218,001	7%
Westpac Term Deposit	Fixed Interest	152,606	4%	94,206	3%
UDC Finance Term Deposit	Fixed interest	108,265	3%	90,739	3%
ANZ Term Deposit	Fixed Interest	93,218	2%	3,861	-
Bank of New Zealand Term Deposit	Fixed Interest	82,324	2%	50,363	2%
Landwirtschafliche Rentenbank	Fixed Interest	73,630	2%	14,495	-
Rentenbank	Fixed Interest	-	-	39,742	1%
Core Global Fund- Unhedged	Unlisted Unit Trust	267,021	7%	-	-
Core Global Fund- Hedged	Unlisted Unit Trust	265,386	7%	-	-
GMO Systematic Global Macro Trust	Unlisted Unit Trust	49,992	1%	51,383	2%
ISAM Systematic Trend (Class Q)	Unlisted Unit Trust	41,767	1%	30,181	1%
Man AHL Pure Momentum	Unlisted Unit Trust	27,159	1%	29,235	1%
PMCO Global Bond Fund	Unlisted Unit Trust	19,780	1%	19,284	1%
Russell Multi Strategy Volatility Fund	Unlisted Unit Trust	16,035	-	12,811	-

Total Scheme

**Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)**

For the year ended 31 March 2018

9. Members' Benefits

(a) Net assets available to pay benefits

All available funds are allocated to Member accounts. The Scheme does not have separate employer accounts and does not have any reserve funds.

(b) Vested benefits

Vested benefits are benefits which, under the conditions of the Scheme, are not conditional on continued membership. Under the Trust Deed all benefits are fully vested. The value of vested Member benefits as at 31 March 2018 is \$3,691m (2017: \$3,031m).

(c) Guaranteed benefits

No guarantees have been made in respect of any part of the liability for accrued benefits.

10. Fair value of Financial Instruments

These disclosures supplement the commentary on financial risk management in note 12.

Key source of estimation uncertainty

Determining fair values

The determination of fair values of financial assets and liabilities for which there is no observable market price requires the use of valuation techniques, described below. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. See also "Valuation of financial instruments" below.

Valuation of financial instruments

The Scheme's accounting policy on fair value measurements is explained in note 3(h).

The Scheme measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation, as well as instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer prices and yield quotations. For all other financial instruments, the Scheme determines fair values using valuation techniques. For investments with no active market, fair values are determined using valuation techniques that may make use of recent arm's length transactions of comparable instruments, reference to current market data of comparable instruments, discounted cash flow analysis and option pricing models, and use as much available and supportable market data as possible with judgemental inputs kept to a minimum.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

10. Fair value of Financial Instruments (continued)

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Total Scheme	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Investment Assets	\$ 000s													
Level 1														
Fixed interest	-	-	537	489	8,748	7,897	799	651	7,697	7,084	-	-	17,781	15,921
Equities	-	-	-	-	536,034	623,186	-	21,343	65,253	75,323	781,087	846,402	1,392,374	1,566,254
Level 2														
Fixed interest	134,836	104,208	89,719	71,242	532,022	438,197	110,017	77,343	458,152	386,415	73,100	43,054	1,397,846	1,120,459
Unlisted unit trusts	-	-	139	136	261,139	64,742	30,473	-	36,762	12,725	358,626	65,292	687,139	142,895
Forward foreign exchange contracts	-	-	537	155	205	(866)	818	264	4,348	(829)	(8,153)	305	(2,285)	(971)
Level 3														
There are no level 3 investment assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	134,836	104,208	90,932	72,022	1,338,148	1,132,956	142,107	99,601	572,212	480,718	1,204,620	955,053	3,482,855	2,844,558

11. Funding Policy

The Scheme is a defined contribution scheme as defined by the KiwiSaver Act 2006. Funding in the form of contributions is received primarily from three sources: Members of the Scheme; employers of Members of the Scheme; and the Crown (in accordance with the provisions of the KiwiSaver Act 2006). Members may contribute to the Scheme at varying designated rates linked to their salaries or in lump sum payments. Members may pay additional contributions to the Scheme in excess of any salary linked contributions. As of 31 March 2018, employer contribution rates are 3% or greater (31 March 2017: 3% or greater) of each relevant Member's gross salary or wages.

12. Financial Risk Management

The Scheme may be exposed to credit risk, settlement risk, liquidity risk, market price risk, interest rate risk and foreign currency risk through their financial instruments. This note presents information about the Scheme and Investment Fund's exposure to each of these risks, the Scheme's policies and processes for managing such risks and the management of Net Assets. The risk disclosures have been prepared on the Scheme direct holdings and not on a full look-through to account for investments held indirectly through other managed funds (such as certain listed and unlisted unit-trusts). Compliance reports are provided to the Supervisor and to the Investment Governance Committee ("IGC") on a regular basis. The IGC's role is to provide governance oversight on investment related risk taking activities.

Risk management framework

The Scheme's investment is determined by the Members' investment directions, asset allocation limits, and investment guidelines. The asset allocation limits determine the extent to which each Investment Fund can invest in certain asset groups. The investment guidelines establish target bands for each asset group within each Investment Fund and guide the extent to which an Investment Fund can be invested in single issuers, issuer types and third party investment managers. Compliance with the asset allocation limits and the composition of the Scheme is monitored by the Manager on a regular basis. Should the Scheme exceed an asset allocation limit, the Investment Manager is obliged to take actions to rebalance to ensure compliance with the limit.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

12. Financial Risk Management (continued)

(a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument in which the Scheme and Investment Fund has an interest will fail to discharge an obligation or commitment that it has entered, resulting in a financial loss to the Scheme and the Investment Fund. It arises from fixed interest securities, derivative financial instruments, cash and cash equivalents, and receivables held by or on behalf of the Scheme and the Investment Fund. For risk management reporting purposes, the Scheme considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

Management of credit risk

The Scheme measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 31 March 2018 all amounts due and cash held with counterparties with a credit rating of AA/AAA or higher and are due to be settled within 1 week. Management consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Scheme. The investment policies applying to the Scheme only allow fixed interest investments in liquid securities at purchase, meaning that there is a secondary market available where these assets are readily traded. In addition, the Investment Manager has established an approval process for establishing new counterparties or derivatives.

The following investment guidelines apply to the Scheme. Given the range of assets and issuers and in some cases the complex relationships that exist in financial markets, it is important to see the below as guidelines rather than rigid rules.

- Direct exposure to a single commonly recognised investment manager (including any related parties of that investment manager) is limited to 50% of the Scheme's assets.
- Direct exposure to any one underlying security is limited to 7.5% of the Scheme's assets.
- Cash and derivatives are excluded, but remain subject to the diversification principle.
- Direct exposure to fixed interest securities of any one underlying issuer (e.g. bank or corporate) is limited to 15% of the Scheme's assets, unless the issuer is either of:
 - The New Zealand Government; or
 - The New Zealand Local Government Funding Agency Limited (or its successor, or an entity issuing securities on its behalf), in which event direct exposure to fixed interest securities is limited to 50% of the Scheme's assets.
- Broader exposure (e.g. cash and derivatives) to any one underlying issuer is limited to 50% of the Scheme's assets.
- Limit total exposure to non-investment grade credit to no more than 25% of the Scheme's assets.

Exposure to credit risk

The carrying amount of the Scheme and each Investment Fund's cash and cash equivalents, receivables, investments in fixed interest securities and derivative financial instruments represent the Scheme and each Investment Fund's maximum credit exposure at balance date.

During the 31 March 2017 period a Credit Support Annex (CSA) agreement was implemented as a means of managing credit risk for derivative instruments. This regulates the credit support (collateral) between the two parties for derivative transactions.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

12. Financial Risk Management (continued)

An exposure of greater than 5% of the value of the Scheme's assets to a counterparty is defined as significant. The Scheme and each Investment Funds maximum exposure to credit risk for cash and cash equivalents by significant counterparty is as follows:

ASB Bank Limited - cash and cash equivalents

	2018	2017
Investment Fund	\$ 000s	% of Investment Fund
Transaction Account	21,278	100%
Total ASB Bank Limited related credit risk exposure	21,278	100%

National Australia Bank (field on behalf of the Scheme by JBWere (NZ) Nominees Limited) - cash and cash equivalents

	2018	2017
Investment Fund	\$ 000s	% of Investment Fund
Cash	-	-
CashPlus	-	5
Balanced	17	88
Default	-	8
Conservative	2	73
Growth	26	-
Total National Australia Bank related credit risk exposure	43	174

Bank of New Zealand (field on behalf of the Scheme by JBWere (NZ) Nominees Limited) - cash and cash equivalents

	2018	2017
Investment Fund	\$ 000s	% of Investment Fund
Cash	15	-
CashPlus	530	11,888
Balanced	660	4,957
Default	939	81,356
Conservative	5,317	6,491
Growth	6,980	21,438
Total Bank of New Zealand related credit risk exposure	14,451	43,048

Westpac Limited (field on behalf of the Scheme by JBWere (NZ) Nominees Limited) - cash and cash equivalents

	2018	2017
Investment Fund	\$ 000s	% of Investment Fund
Cash	15,007	100%
CashPlus	9,542	9%
Balanced	85,972	7%
Default	9,189	5%
Conservative	31,249	5%
Growth	43,374	3%
Total Westpac Limited related credit risk exposure	204,312	8%

The Investment Manager monitors the financial position of each bank on an on-going basis. At balance date, the Scheme had cash and cash equivalents related credit exposure to ASB Bank Limited, Bank of New Zealand Limited, Westpac Limited and National Australia Bank Limited, each of which have a credit rating of AA- (2017: AA-) from Standard & Poor's, totalling \$240.1m (2017: \$185.4m).

Credit risk arising on fixed interest securities is mitigated by diversification by issuer and industry and by maintaining an investment grade rating on average. The size of Investments positions are determined by ratings according to Standard & Poor's. The Investment Manager reviews investment ratings regularly and rebalances the Investment Funds where necessary.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

12. Financial Risk Management (continued)

The Scheme may also invest in unrated fixed interest securities. Unrated fixed interest securities are included within the "Not Rated" category in the below table.

At 31 March 2018, the fixed interest securities held by the Scheme and the Investment Funds had the following credit quality as determined by Standard & Poor's or equivalent:

Rating	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Total Scheme	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
AAA	-	-	12%	11%	30%	27%	20%	18%	29%	26%	-	-	24%	22%
AA+ AA AA-	73%	79%	58%	55%	33%	25%	52%	50%	32%	27%	30%	14%	39%	34%
A+ A A-	14%	8%	14%	15%	15%	19%	12%	12%	15%	18%	-	4%	14%	17%
BBB+ BBB BBB-	13%	13%	16%	19%	21%	27%	16%	20%	22%	28%	70%	82%	23%	27%
BB+ BB BB-	-	-	-	-	-	-	-	-	1%	-	-	-	-	-
B+ B B-	-	-	-	-	-	1%	-	-	-	-	-	-	-	-
Not Rated	-	-	-	-	1%	1%	-	-	1%	1%	-	-	-	-
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Derivative financial instruments

The Scheme uses over the counter ("OTC") derivatives. OTC derivatives expose the Scheme to the risk that the counterparties to the derivative financial instruments might default on their obligations to the Scheme. Derivative profit or loss positions are monitored daily and the counterparty risk is managed within the Scheme's investment guidelines. Such guidelines permit entry by the Scheme into certain OTC derivatives where the Manager (or its delegate) considers it in the best interests of the Scheme and its Members, provided that the Manager (or its delegate) neither enters any OTC derivatives that give rise to obligations beyond the value of the Scheme's assets, nor exceeds any limit agreed from time to time by the Supervisor and Manager on the size of a OTC derivatives contract.

Derivative financial instruments are principally transacted with counterparties that have a credit rating of at least AA-, as determined by Standard & Poor's, and with whom the Manager has netting arrangements. The netting arrangements provide for the net settlement of certain contracts with the same counterparty in the event of default. As a result of such netting arrangements, at 31 March 2018, the Scheme would be entitled to offset derivative assets against derivative liabilities or portions of them in the event of counterparty defaults.

For the purposes of reporting in the Statement of Net Assets, where applicable, outstanding derivative financial assets and liabilities have been netted. The net exposure to credit risk may change significantly within a short period of time due to the highly volatile nature of the fair value of the derivatives underlying the arrangements.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

12. Financial Risk Management (continued)

Derivative financial instruments

Offsetting and amounts subject to netting arrangements and similar agreements

Financial arrangements subject to offsetting, enforceable master netting arrangements, and similar agreements:

Description	Forward foreign exchange contracts as at 31 March 2018		Gross amounts of recognised financial assets set-off in the Statement of Net Assets		Gross amounts of recognised financial liabilities set-off in the Statement of Net Assets		Gross amounts of recognised financial assets not set-off in the Statement of Net Assets		Gross amounts of recognised financial liabilities not set-off in the Statement of Net Assets		Net amounts of financial assets presented in the Statement of Net Assets		Cash collateral received		Net amount	
	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s
CashPlus	656	(104)	21	(36)	537	(520)	17	(520)								
Balanced	7,815	(7,377)	330	(563)	205	(6,100)	(5,895)									
Default	932	(143)	90	(61)	818	(930)	(112)									
Conservative	6,105	(1,562)	285	(480)	4,348	(5,220)	(872)									
Growth	1,066	(9,259)	-	-	(8,193)	-	(8,193)									
Total	16,574	(18,445)	726	(1,140)	(2,285)	(12,770)	(15,055)									

Forward foreign exchange contracts as at 31 March 2017

Description	Gross amounts of recognised financial assets set-off in the Statement of Net Assets		Gross amounts of recognised financial liabilities set-off in the Statement of Net Assets		Gross amounts of recognised financial assets not set-off in the Statement of Net Assets		Gross amounts of recognised financial liabilities not set-off in the Statement of Net Assets		Net amounts of financial assets presented in the Statement of Net Assets		Cash collateral received		Net amount	
	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s
CashPlus	288	(90)	-	(44)	154	(230)	(76)							
Balanced	3,645	(2,533)	-	(1,978)	(866)		(866)							
Default	481	(148)	-	(69)	264	(260)	4							
Conservative	1,070	(1,686)	-	(212)	(828)	-	(828)							
Growth	3,754	(1,700)	-	(1,749)	305	-	305							
Total	9,238	(6,157)	-	(4,052)	(971)	(490)	(1,461)							



Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

12. Financial Risk Management (continued)

Concentration of risk

The Investment Manager reviews the concentration of Net Assets held based on counterparties and industries. At balance date, the Scheme and Investment Fund's Net Asset exposures were concentrated in the following industries:

Description	Cash Fund				Cash Plus Fund				Balanced Fund				Default Fund			
	2018	2018	2017	2017	2018	2018	2017	2017	2018	2018	2017	2017	2018	2018	2017	2017
	Net Assets	Income	Net Assets	Income	Net Assets	Income	Net Assets	Income	Net Assets	Income	Net Assets	Income	Net Assets	Income	Net Assets	Income
Banking and finance (including listed and unlisted unit trusts)	91%	93%	98%	98%	70%	72%	73%	82%	45%	45%	44%	58%	67%	77%	68%	89%
Government / Semi-Govt	-	-	-	-	12%	16%	13%	8%	11%	5%	10%	2%	15%	15%	17%	5%
Utilities, energy, industrials and materials	5%	4%	-	-	9%	8%	5%	4%	14%	16%	15%	19%	6%	6%	3%	3%
Consumer discretionary, consumer staple	4%	3%	2%	2%	5%	2%	4%	4%	11%	9%	12%	1%	4%	1%	3%	2%
Telecommunication services and technology	-	-	-	-	3%	1%	4%	2%	14%	16%	13%	14%	4%	1%	5%	1%
Health and pharmaceuticals	-	-	-	-	1%	1%	1%	-	4%	6%	4%	5%	1%	-	1%	-
Other sectors	-	-	-	-	-	-	-	-	1%	2%	2%	1%	-	-	-	-
Total business sector risk	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Conservative Fund															
	2018	2018	2017	2017	2018	2018	2017	2017	2018	2018	2017	2017	2018	2018	2017	2017
Net Assets	38%	48%	36%	59%	50%	44%	49%	58%	49%	46%	48%	50%	49%	46%	48%	50%
Income	24%	20%	23%	8%	-	-	-	-	9%	6%	9%	2%	9%	6%	9%	2%
Net Assets	15%	14%	15%	16%	12%	16%	14%	20%	13%	15%	13%	23%	10%	9%	12%	23%
Income	9%	6%	11%	5%	13%	11%	15%	10%	13%	9%	12%	1%	10%	9%	1%	1%
Net Assets	11%	8%	12%	9%	17%	21%	14%	15%	13%	17%	12%	17%	14%	13%	12%	17%
Income	3%	3%	2%	2%	5%	5%	5%	5%	4%	4%	4%	5%	4%	4%	4%	5%
Other sectors	-	1%	1%	1%	2%	3%	3%	2%	2%	3%	2%	2%	2%	2%	2%	2%
Total business sector risk	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

(b) Settlement risk

The Scheme's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

The majority of transactions are conducted through a broker, which mitigates settlement risk by ensuring the transaction is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval and limit monitoring processes described earlier.



Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

12. Financial Risk Management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Scheme will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or a financial instrument, or that such obligations will have to be settled in a manner disadvantageous to the Scheme.

Management of liquidity risk

The Scheme is not utilised. Withdrawals are managed by each Member having their share of the Scheme assets sold at the prevailing market price. Order of liquidity is determined by the average time it takes to liquidate the Scheme's assets. Cash deposits can be held with any bank and in normal circumstances may be withdrawn within 24 hours. Equities are more liquid than fixed interest securities as they are exchange traded. Furthermore, unlisted unit trusts may take longer to liquidate if subjected to specific redemption clauses. The Investment Manager reviews the Scheme's investments on a daily basis to ensure their liquidity, and provides oversight for risk management and derivative activities.

Maturity analysis for financial liabilities

Financial liabilities of the Scheme comprise payables for securities purchased, management and administration fees payable, and Member funds, all of which are due within one month except for maturity of derivative assets and liabilities held for risk management as outlined below:

Maturity profile	CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Total Scheme	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
under 1 month	1	-	(5,159)	1,414	2	50	(247)	89	(8,193)	2,054	(13,596)	3,607
1 - 6 months	44	4	761	(1,320)	69	6	658	(85)	-	(1,749)	1,532	(3,144)
6 - 12 months	-	-	-	-	-	-	-	-	-	-	-	-
1 - 2 years	(6)	(24)	(89)	(742)	(9)	(14)	(76)	(601)	-	-	(180)	(1,381)
2 - 5 years	502	174	4,752	(218)	754	222	4,059	(231)	-	-	10,067	(53)
More than 5 years	(4)	-	(60)	-	2	-	(46)	-	-	-	(108)	-
Total	537	154	205	(866)	818	264	4,348	(828)	(8,193)	305	(2,285)	(971)

Member funds can be redeemed or transferred on demand at the relevant Member's option provided the Member meets certain requirements of the KiwiSaver Act 2006. However, the Manager does not envisage that the contractual maturity will be representative of the actual cash outflows, as Members holding these instruments typically retain them for the medium to long term. As at 31 March 2018 and 2017, no individual member held more than 10% of the Member funds.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

12. Financial Risk Management (continued)

(d) Market price risk

Market price risk is the risk that the Scheme's income or the value of its holdings of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual financial instrument or by factors affecting all instruments of a specific type trading in a market. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Had the market price in local currency of the underlying financial instruments increased or decreased by 10% with all other variables held constant, the increase or decrease respectively in net income in Net Assets before membership activities and the net assets attributable to members would amount to the following:

	Cash Fund		Cas Plus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Total Scheme	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Increase / decrease in net assets	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s
Equities	-	-	-	-	53,603	62,319	-	2,134	6,525	7,532	78,109	84,640	138,237	156,625
Unlisted Unit Trusts	-	-	14	14	26,114	6,474	3,047	-	3,676	1,273	35,853	6,529	68,714	14,290

A variable of 10% was selected for market price risk sensitivity as this is a reasonably expected movement.

Management of market price risk

The Scheme's strategy for the management of market price risk is driven by the Scheme's and Investment Funds' investment objectives. The investment objective applying to each Investment Fund is to deliver investment returns, over the relevant investment timeframe and after taking account of all fees, costs and taxes, which exceed the relevant benchmark. The Investment Manager aims to deliver those returns with lower volatility (i.e. less risk) than the benchmark. It looks to achieve this by investing in a range of different diversified investments with an allocation of assets spread across local and international cash, fixed interest securities and equities (which includes listed and unlisted unit trusts).

The Scheme and Investment Funds market risk is managed on a daily basis by the Investment Manager in accordance with the investment guidelines and other policies and procedures in place. Investment guidelines apply that guide the extent to which each Investment Fund invests in financial instruments to help ensure diversity and the use of forward foreign exchange contracts to mitigate fluctuations in foreign currency exchange rates. The Scheme's market positions are monitored on a daily basis by the Investment Manager. The Investment Manager also ensures each Investment Fund is well diversified across a number of financial instruments and investment themes. Investment Funds are regularly reviewed to ensure they are in line with the investment strategy. The Scheme may use derivatives to manage its exposure to foreign currency, interest rate and equity market risks.

(e) Interest rate risk

Interest rate risk affects the Scheme and Investment Funds in two ways - the value of a financial instrument may fluctuate due to a change in market interest rates, and a change in market interest rates may cause the cash flows received to fluctuate. The Investment Manager manages interest rate risk by actively managing the average maturity date of the Scheme and Investment Funds' fixed interest instruments in response to changes in the Investment Manager's interest rate view. Additionally, the Investment Manager manages the interest rate risk associated with cash holdings of the Scheme and Investment Funds by actively managing its exposure to cash and the currencies it holds.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

12. Financial Risk Management (continued)
(e) Interest rate risk

Interest rate sensitivities:

The Scheme's and Investment Funds' interest bearing financial assets and liabilities expose them to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their fair values and cash flow.

Cash Flow Sensitivity Analysis

A change in interest rates impacts the cash flow of the Scheme's and Investment Funds cash and cash equivalents and floating rate notes by increasing or decreasing the amount of interest received.

The following table shows the impact on fair values and net assets before a PLE tax adjustment that would be attributed to members of reasonably possible changes in interest rates on cash and cash equivalents and floating rate notes at balance date with all other variables held constant:

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Cash and cash equivalents																
Impact of a +1% change in interest rates	15,022	11,888	10,072	4,962	102,748	81,443	10,107	6,498	35,958	21,510	44,289	43,048	21,278	16,046	240,094	185,395
Impact of a -1% change in interest rates	(150)	119	101	50	1,027	814	101	65	395	215	430	430	213	160	(2,401)	1,854
Carrying amount	28,345	11,026	10,677	(50)	(1,027)	(814)	(101)	(85)	(365)	(215)	(430)	(430)	(213)	(160)	(2,401)	(1,854)
Floating rate notes																
Impact of a +1% change in interest rates	253	110	107	43	2,560	3,703	8,091	2,593	2,595	1,515	1,584	1,594	-	-	51,843	24,778
Impact of a -1% change in interest rates	(253)	(110)	(107)	(43)	(25)	(37)	(81)	(26)	(25)	(15)	(16)	(16)	-	-	(518)	(248)

A variable of 1% was selected as this is a reasonably expected movement.

Fair Value Sensitivity Analysis

A change in interest rates impacts the fair value of the Scheme's fixed interest securities. Fair value changes impact on net assets only where the instruments are carried at fair value.

The following table shows the impact on fair values and net assets before a PLE tax adjustment that would be attributed to members of reasonably possible changes in yields on fixed interest securities at balance date with all other variables held constant:

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Financial assets at FVTPL																
Fixed interest securities	108,491	93,182	79,579	67,385	538,210	442,191	102,725	75,401	453,254	391,983	77,515	41,460	-	-	1,353,794	1,111,602
Impact of a +1% change in yields	-	-	(637)	(790)	(12,615)	(12,704)	(1,507)	(1,298)	(11,076)	(11,154)	-	-	-	-	(25,035)	(25,946)
Impact of a -1% change yields	-	-	858	821	13,052	13,203	1,552	1,350	11,481	11,592	-	-	-	-	25,933	26,986

A variable of 1% was selected as this is a reasonably expected movement.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

12. Financial Risk Management (continued)

(f) Foreign Currency risk

Foreign currency risk is the risk that the value of a financial instrument or foreign cash will fluctuate due to changes in foreign exchange rates.

The Scheme is exposed to foreign currency risk through cash and cash equivalents, trade and other receivables, investment in fixed interest securities, trade and other payables and forward foreign exchange contracts. Note the Cash Fund does not hold any foreign currency therefore has no foreign currency risk.

At 31 March 2018, the Scheme held assets and liabilities in foreign currencies as follows:

	CashPlus Fund									
	2018					2017				
	Monetary financial assets and liabilities \$ 000s	Non-monetary assets \$ 000s	Forward foreign exchange contracts \$ 000s	Net exposure \$ 000s	% of investment in exchange rate	Monetary financial assets and liabilities \$ 000s	Non-monetary assets \$ 000s	Forward foreign exchange contracts \$ 000s	Net exposure \$ 000s	% of investment in exchange rate
Australian dollar	4,465	-	(4,477)	(12)	-	5,407	-	(5,431)	(24)	-
Canadian dollar	142	-	(143)	(1)	-	145	-	(132)	13	-
Euro	1,364	-	(1,662)	(298)	-	150	-	(157)	(7)	-
US dollar	4,653	-	(4,878)	(45)	-	5,346	-	(5,343)	3	-
Total foreign currency risk	10,804	-	(11,160)	(356)	-	11,048	-	(11,063)	(15)	-
	Balanced Fund									
	2018					2017				
	Monetary financial assets and liabilities \$ 000s	Non-monetary assets \$ 000s	Forward foreign exchange contracts \$ 000s	Net exposure \$ 000s	% of investment in exchange rate	Monetary financial assets and liabilities \$ 000s	Non-monetary assets \$ 000s	Forward foreign exchange contracts \$ 000s	Net exposure \$ 000s	% of investment in exchange rate
Australian dollar	86,331	27,543	(115,716)	(1,842)	-	105,296	25,026	(138,229)	(7,907)	(1%)
Canadian dollar	2,413	5,243	(5,657)	5,999	-	2,468	5,743	(9,329)	(1,118)	-
Swiss Franc	-	22,024	(9,824)	12,100	1%	727	14,058	(11,568)	3,217	-
Danish krone	-	5,816	(6,775)	(959)	-	-	-	-	-	-
Euro	22,747	42,270	(98,843)	(3,826)	-	2,418	64,572	(67,179)	(189)	-
Pound sterling	194	24,704	(18,221)	6,617	-	103	35,428	(38,955)	(3,434)	-
Hong Kong dollar	4	29,355	(7,902)	21,455	1%	(3,642)	14,701	(16,131)	(5,072)	-
Japanese yen	1,904	25,198	(20,567)	7,495	1%	267	29,603	(29,813)	57	-
Korean won	182	15,178	-	15,360	1%	55	4,361	-	4,416	-
Novv egián krone	-	2,094	(2,121)	(27)	-	-	-	-	-	-
Singapore dollar	155	415	(1,283)	(653)	-	-	3,610	(4,964)	(1,354)	-
Taiwan dollar	-	4,876	(5,030)	(154)	-	-	3,703	(3,976)	(273)	-
US dollar	-	2,401	-	2,401	-	92,975	470,447	(336,833)	4,546	-
Total foreign currency risk	187,739	588,989	(613,760)	162,958	11%	200,867	675,798	(656,987)	219,478	18%

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

12. Financial Risk Management (continued)

	2018										2017									
	Default Fund					Conservative Fund					Default Fund					Conservative Fund				
	Monetary financial assets and liabilities \$ 000s	Non-monetary assets \$ 000s	Forward foreign exchange contracts \$ 000s	Net exposure \$ 000s	% of Fund rate	+10% change in exchange rate \$ 000s	-10% change in exchange rate \$ 000s	Monetary financial assets and liabilities \$ 000s	Non-monetary assets \$ 000s	Forward foreign exchange contracts \$ 000s	Net exposure \$ 000s	% of Fund rate	+10% change in exchange rate \$ 000s	-10% change in exchange rate \$ 000s						
Australian dollar	6,885	-	(6,908)	(23)	-	(2)	3	7,267	-	(7,823)	(556)	(1%)	(50)	62						
Canadian dollar	207	-	(208)	(1)	-	-	212	-	(551)	(339)	-	(31)	38							
Euro	2,478	-	(3,018)	(540)	-	(49)	50	241	(1,935)	(1,694)	(2%)	(154)	188							
Pound sterling	-	-	-	-	-	-	-	-	(660)	(660)	(1%)	(60)	73							
Japanese yen	-	-	-	-	-	-	-	-	(886)	(886)	(1%)	(81)	98							
US dollar	8,573	-	(8,559)	(66)	-	(8)	10	7,610	21,343	(14,659)	14,294	13%	1,299	(1,588)						
Total foreign currency risk	18,143	-	(18,733)	(660)	-	(59)	73	15,330	21,343	(26,514)	10,159	10%	923	(1,129)						
	2018																			
	Monetary financial assets and liabilities \$ 000s	Non-monetary assets \$ 000s	Forward foreign exchange contracts \$ 000s	Net exposure \$ 000s	% of Fund rate	+10% change in exchange rate \$ 000s	-10% change in exchange rate \$ 000s	Monetary financial assets and liabilities \$ 000s	Non-monetary assets \$ 000s	Forward foreign exchange contracts \$ 000s	Net exposure \$ 000s	% of Fund rate	+10% change in exchange rate \$ 000s	-10% change in exchange rate \$ 000s						
Australian dollar	73,655	3,301	(76,705)	251	-	23	(28)	89,012	2,336	(92,641)	(1,293)	-	(118)	144						
Canadian dollar	2,001	1,124	(2,159)	966	-	88	(107)	2,047	696	(2,348)	395	-	36	(44)						
Swiss franc	-	2,664	(445)	2,219	-	202	(246)	88	1,698	(743)	1,043	-	95	(116)						
Danish krone	-	733	(304)	429	-	39	(48)	-	-	-	-	-	-	-						
Euro	18,428	5,137	(24,218)	(653)	-	(59)	73	2,025	7,779	(6,267)	3,537	1%	322	(393)						
Pound sterling	16	3,005	(820)	2,201	-	200	(245)	13	4,275	(2,504)	1,764	1%	162	(198)						
Hong Kong dollar	-	3,568	(355)	3,213	1%	292	(357)	(441)	1,771	(1,036)	294	-	27	(33)						
Japanese yen	228	3,184	(925)	2,487	1%	226	(276)	32	3,597	(1,916)	1,713	-	156	(190)						
Korean won	22	1,834	-	1,856	-	169	(206)	7	528	-	533	-	48	(59)						
Norwegian krone	-	256	(95)	161	-	15	(18)	-	-	-	-	-	-	-						
Swedish krona	19	49	(55)	13	-	1	(1)	-	436	(319)	117	-	11	(13)						
Singapore dollar	-	591	(226)	365	-	33	(41)	-	444	(255)	189	-	17	(21)						
Taiwan dollar	-	293	-	293	-	27	(33)	-	549	-	549	-	50	(61)						
US dollar	67,172	45,890	(93,440)	29,622	5%	2,693	(3,291)	75,649	56,921	(95,289)	37,301	7%	3,391	(4,145)						
Total foreign currency risk	161,541	71,629	(189,747)	43,423	7%	3,949	(4,824)	168,432	81,028	(203,298)	46,162	9%	4,197	(5,129)						

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

12. Financial Risk Management (continued)

	Growth Fund											
	2018					2017						
	Monetary financial assets and liabilities \$ 000s	Non-monetary assets \$ 000s	Forward foreign exchange contracts \$ 000s	Net exposure \$ 000s	% of +10% change in exchange rate	Monetary financial assets and liabilities \$ 000s	Non-monetary assets \$ 000s	Forward foreign exchange contracts \$ 000s	Net exposure \$ 000s	% of +10% change in exchange rate		
Australian dollar	138	38,993	(41,894)	(3,353)	-	-	28,151	(37,630)	(9,479)	(1%)	(662)	1,053
Canadian dollar	27	13,519	(5,153)	8,993	1%	24	7,811	(10,290)	(2,455)	-	(223)	273
Swiss franc	-	31,997	(15,760)	16,297	1%	992	19,326	(16,706)	3,612	-	328	(401)
Denish krone	-	8,476	(10,758)	(2,282)	-	-	-	-	-	-	-	-
Euro	1,378	61,647	(67,146)	(4,121)	-	76	87,711	(93,449)	(5,662)	(1%)	(515)	629
Pound sterling	195	36,301	(28,833)	7,563	1%	139	48,010	(56,288)	(8,119)	(1%)	(738)	902
Hong Kong dollar	6	42,763	(12,549)	30,221	2%	(4,969)	19,988	(23,295)	(8,276)	(1%)	(752)	919
Japanese yen	2,729	38,262	(32,659)	6,332	1%	363	40,195	(43,053)	(2,485)	-	(227)	277
Korean won	264	22,136	-	22,400	2%	73	5,863	-	5,936	1%	540	(660)
Norwegian krone	-	3,058	(3,369)	(310)	-	-	-	-	-	-	-	-
Swedish krona	225	593	(1,958)	(1,140)	-	-	4,919	(7,169)	(2,250)	-	(205)	250
Singapore dollar	-	7,092	(7,989)	(899)	-	-	5,064	(5,741)	(677)	-	(62)	75
Taiwan dollar	-	3,505	-	3,505	-	-	6,169	-	6,169	1%	561	(685)
US dollar	(5,550)	546,969	(429,294)	114,129	9%	9,670	638,487	(354,978)	293,179	29%	28,653	(32,576)
Total foreign currency risk	(594)	856,711	(657,439)	198,678	17%	6,368	911,694	(648,579)	269,483	27%	24,498	(29,944)

	Transaction account											
	2018					2017						
	Monetary financial assets and liabilities \$ 000s	Non-monetary assets \$ 000s	Forward foreign exchange contracts \$ 000s	Net exposure \$ 000s	% of +10% change in exchange rate	Monetary financial assets and liabilities \$ 000s	Non-monetary assets \$ 000s	Forward foreign exchange contracts \$ 000s	Net exposure \$ 000s	% of +10% change in exchange rate		
Australian dollar	1,222	-	-	1,222	(24%)	1,250	-	-	1,250	40%	114	(139)
Pound sterling	20	-	-	20	-	4	-	-	4	-	-	-
Total foreign currency risk	1,242	-	-	1,242	(24%)	1,254	-	-	1,254	40%	114	(139)

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

12. Financial Risk Management (continued)

	2018										2017									
	Monetary financial assets and liabilities \$ 000s	Non-monetary assets \$ 000s	Forward foreign exchange contracts \$ 000s	Net exposure \$ 000s	% of investment in Fund rate	+10% change in exchange rate \$ 000s	-10% change in exchange rate \$ 000s	Monetary financial assets and liabilities \$ 000s	Non-monetary assets \$ 000s	Forward foreign exchange contracts \$ 000s	Net exposure \$ 000s	% of investment in Fund rate	+10% change in exchange rate \$ 000s	-10% change in exchange rate \$ 000s						
Australian dollar	172,696	69,237	(245,690)	(3,757)	-	(341)	418	208,232	55,513	(281,754)	(18,009)	(1%)	(1,637)	2,002						
Canadian dollar	4,790	23,886	(13,320)	15,356	-	1,396	(1,707)	4,896	14,250	(22,650)	(3,504)	-	(319)	390						
Swiss franc	-	56,685	(26,129)	30,556	1%	2,778	(3,394)	1,807	35,082	(29,017)	7,872	-	715	(874)						
Danish krone	-	15,025	(17,637)	(2,812)	-	(255)	313	-	-	-	-	-	-	-						
Euro	46,995	109,054	(164,887)	(9,438)	-	(658)	1,049	4,910	160,062	(168,987)	(4,015)	-	(365)	446						
Pound sterling	365	64,010	(47,974)	18,401	-	1,489	(1,820)	259	87,713	(98,397)	(10,425)	-	(948)	1,159						
Hong Kong dollar	10	75,684	(20,805)	54,899	2%	4,969	(6,099)	(9,052)	36,460	(40,462)	(13,054)	-	(1,186)	1,450						
Japanese yen	4,861	67,604	(54,151)	18,314	-	1,664	(2,035)	662	73,395	(75,668)	(1,611)	-	(147)	179						
Korean won	468	39,148	-	39,616	1%	3,601	(4,402)	135	10,750	-	10,885	-	990	(1,210)						
Norwegian krone	-	5,408	(5,584)	(176)	-	(15)	20	-	-	-	-	-	-	-						
Swedish krona	399	1,057	(3,246)	(1,790)	-	(163)	200	-	8,965	(12,452)	(3,487)	-	(317)	387						
Singapore dollar	-	12,559	(13,244)	(685)	-	(62)	76	-	9,211	(9,972)	(761)	-	(70)	84						
Taiwan dollar	-	6,199	-	6,199	-	564	(689)	-	11,264	-	11,264	-	1,024	(1,251)						
US dollar	148,891	971,773	(876,032)	242,632	7%	22,057	(26,958)	191,250	1,187,198	(807,082)	571,366	19%	51,942	(63,486)						
Total foreign currency risk	378,875	1,517,329	(1,490,899)	405,305	11%	36,844	(45,028)	403,099	1,699,863	(1,546,441)	546,521	18%	49,682	(60,724)						

A variable of 10% was selected as this is a reasonably expected movement.

Kiwi Wealth KiwiSaver Scheme Notes to the Financial Statements (continued)

For the year ended 31 March 2018

13. Capital Management

The Scheme's capital is represented by the market value of the underlying net assets held by the Scheme on behalf of its Members and is reflected in the Statement of Net Assets. The Scheme is not subject to any externally imposed capital requirements. The Scheme's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to its Members and to maximise the Scheme's value as well as ensuring its net assets are sufficient to meet all present and future obligations. In order to meet its objectives for capital management, the Manager reviews the Scheme's performance on a regular basis.

14. Related Party Transactions and balances

Related parties comprise the Supervisor, the Manager (and shareholders of the Manager) and other entities directly or indirectly controlled by the ultimate parent entity of the Manager as detailed in note 1. On 26 May 2017, the related party Kiwi Investment Management Wholesale Core Global Fund was established, during the year KWKS invested directly into both the hedged and unhedged funds.

As at 31 March 2018, the Scheme and Investment Funds held interests in financial instruments issued by related parties.

The following tables specify the relevant related party financial instruments and their fair values:

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Balanced Fund		Default Fund	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Related party is user	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value
KiwiBank Term Deposit	2,903	2,908	2,140	2,169	1,767	1,763	3,850	3,902	51,549	57,553	14,252	15,191
Core Global - Hedged	-	-	-	-	-	-	-	-	89,350	98,162	13,912	15,282
Core Global - Unhedged	-	-	-	-	-	-	-	-	-	-	-	-
Security type	Term Deposit	Unlisted Unit Trust	Term Deposit	Unlisted Unit Trust	Term Deposit	Unlisted Unit Trust	Term Deposit	Unlisted Unit Trust	Term Deposit	Unlisted Unit Trust	Term Deposit	Unlisted Unit Trust
Maturity date	Sep 18											
Conservative Fund	2018	2017	Growth Fund		Total Scheme		2017	2018	Growth Fund		Total Scheme	
Units	10,821	11,534	Units	132,356	Units	248,978	Units	5,000	Units	7,910	Units	8,017
Fair value	10,821	11,534	Fair value	129,198	Fair value	141,078	Fair value	248,978	Fair value	257,021	Fair value	255,385
Related party is user	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value
KiwiBank Term Deposit	10,821	11,534	10,821	11,534	10,821	11,534	10,821	11,534	10,821	11,534	10,821	11,534
Core Global - Hedged	-	-	-	-	-	-	-	-	-	-	-	-
Core Global - Unhedged	-	-	-	-	-	-	-	-	-	-	-	-
Security type	Term Deposit	Unlisted Unit Trust	Term Deposit	Unlisted Unit Trust	Term Deposit	Unlisted Unit Trust	Term Deposit	Unlisted Unit Trust	Term Deposit	Unlisted Unit Trust	Term Deposit	Unlisted Unit Trust
Maturity date	Sep 18											
Cash Fund	2018	2017	CashPlus Fund		Balanced Fund		Default Fund		Balanced Fund		Default Fund	
Units	2,903	2,140	Units	1,161	Units	173,927	Units	23,695	Units	20,699	Units	241,924
Fair value	2,903	2,140	Fair value	(3,850)	Fair value	16,416	Fair value	8,731	Fair value	2,025	Fair value	27,709
Transfer of investments	-	-	-	-	-	-	-	-	-	-	-	-
Sale of financial assets at fair value through profit or loss	2,903	2,140	2,903	2,140	2,903	2,140	2,903	2,140	2,903	2,140	2,903	2,140
Dividend income recognised during the year	(2,140)	-	(3,850)	-	(9,073)	-	(1)	-	(1,549)	-	(8,735)	-
Interest income recognised during the year	9	28	7	56	30	5	26	-	128	-	21	268
Total Scheme	490,494	56,955	490,494	56,955	490,494	56,955	490,494	56,955	490,494	56,955	490,494	56,955

In accordance with the Trust Deed, related party transactions above are effected on commercial arm's length terms. The fee deducted monthly by the Manager covers supervisor, audit and investment management charges (among others) as described in note 6. Such charges are invoiced to and paid by the Manager out of the fee it receives. There are no other related party charges.



Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2018

14. Related Party Transactions (continued)

Management and administration fees charged to and payable by the Scheme and Investment Funds to the Manager were:

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s	
Balance due at the beginning of the year	15	11	12	8	244	179	18	9	105	75	200	141	-	-	594	423
Current year management fees	813	658	699	556	14,027	11,617	1,059	746	5,503	4,948	11,944	9,252	-	-	34,494	27,777
Payment made during the year	(607)	(654)	(653)	(552)	(13,944)	(11,552)	(1,090)	(737)	(5,665)	(4,918)	(11,661)	(9,193)	-	-	(34,251)	(27,606)
Balance due at the end of the year	21	15	18	12	327	244	26	18	142	105	283	200	-	-	817	594

Outstanding balances due to related parties are due within a month of balance date and are not interest bearing.

From time to time, the Investment Manager undertakes certain re-balancing trades of investments between the Scheme and various other Funds managed by the Investment Manager. On occasion, to facilitate Scheme requirements, in specie transfers between them may occur. In the opinion of the Manager and the Investment Manager, these transactions were made at fair value and there was no detrimental impact on Members of the Scheme. Transfers between related party KiwiSaver Funds were 2018: \$991.1m (2017: \$906.7m). The amounts of such transactions were:

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s	
Transfer of investments	-	-	-	-	173,926	-	23,695	706	20,559	2,978	241,924	-	-	-	480,413	-
Purchase of investments	-	-	-	-	3,229	2,630	548	706	3,241	2,822	2,822	2,672	-	-	9,840	9,154
Sale of investments	-	-	-	-	(8,187)	(4,713)	(179)	(897)	(2,618)	(1,869)	(4,658)	(2,216)	-	-	(15,159)	(9,899)
Derivative financial instruments transferred	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

15. Contingent Liabilities

As at 31 March 2018, the Scheme has no known outstanding contingent liabilities or commitments (2017: nil).

16. Events Subsequent to Balance Date

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





Independent auditor's report

To the members of Kiwi Wealth KiwiSaver Scheme comprising the Cash Fund, CashPlus Fund, Balanced Fund, Default Fund, Conservative Fund, Growth Fund, and the Transaction account (collectively referred to as the "Funds").

The Scheme and the Funds' financial statements comprise:

- the Statements of Net Assets as at 31 March 2018;
- 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 financial statements of Kiwi Wealth KiwiSaver Scheme (the Scheme) and the Funds, present fairly, in all material respects, the net assets of the Funds and the Scheme as at 31 March 2018, their change in net assets and their 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 and Funds 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 and Funds in the areas of Supervisor and Registry compliance services. The provision of these other services has not impaired our independence as auditor of the Scheme and Funds.

Information other than the financial statements and auditor's report

Kiwi Wealth 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 and each Fund'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 and Funds 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 to 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 than the Scheme and 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 Chris Ussher.
For and on behalf of:

A handwritten signature in black ink that reads 'Chris Ussher'.

Chartered Accountants
12 July 2018

Wellington