

# **ANZ KIWISAVER SCHEME FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2018**

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## STATEMENT OF CHANGES IN NET ASSETS

	Note	Conservative Fund		Conservative Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ KiwiSaver Scheme	
		2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>For the year ended 31 March</b>															
<b>Investment Activities</b>															
<b>Income</b>															
Interest income		8	5	11	6	24	13	31	11	34	29	3	2	111	66
Net changes in fair value of investment assets and liabilities	6	30,327	21,751	46,356	36,056	119,087	99,611	118,159	102,795	211,940	192,540	8,896	7,803	534,765	460,556
<b>Total income</b>		30,335	21,756	46,367	36,062	119,111	99,624	118,190	102,806	211,974	192,569	8,899	7,805	534,876	460,622
<b>Expenses</b>															
Management fees	12	5,775	4,991	7,207	5,908	16,343	13,128	14,629	11,438	24,149	19,244	1,138	958	69,241	55,667
Supervisor fees		122	126	152	150	326	314	277	259	433	415	62	63	1,372	1,327
Auditor's fees - statutory financial statements		6	6	6	6	6	6	6	6	6	6	6	6	36	36
Auditor's fees - annual report, supervisor reporting, registry audit, semi-annual controls reporting, custodial audit and overruns		4	2	4	2	4	2	4	2	4	2	4	2	24	12
Interest expense		-	-	-	-	1	-	3	1	2	1	-	-	6	2
Other expenses	12	143	247	182	295	401	627	340	520	538	832	67	118	1,671	2,639
<b>Total expenses</b>		6,050	5,372	7,551	6,361	17,081	14,077	15,259	12,226	25,132	20,500	1,277	1,147	72,350	59,683
<b>Net profit</b>		24,285	16,384	38,816	29,701	102,030	85,547	102,931	90,580	186,842	172,069	7,622	6,658	462,526	400,939

The notes to the financial statements form part of and should be read in conjunction with these financial statements.

## STATEMENT OF CHANGES IN NET ASSETS (cont.)

Note	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ KiwiSaver Scheme	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>For the year ended 31 March</b>														
<b>Membership Activities</b>														
Net Profit	24,285	16,384	38,816	29,701	102,030	85,547	102,931	90,580	186,842	172,069	7,622	6,658	462,526	400,939
Contributions from members	59,936	58,638	79,065	68,781	168,996	144,899	148,005	125,210	250,387	208,108	32,841	30,583	739,230	636,219
Contributions from employers	24,688	23,390	32,145	29,435	80,663	73,924	75,458	67,811	136,586	119,867	13,709	12,265	363,249	326,692
Crown contributions	13,491	12,814	15,549	14,164	35,105	31,569	29,790	26,343	58,775	51,291	6,956	6,486	159,666	142,667
Transfers in from other schemes	19,092	25,045	25,860	30,161	65,485	76,698	64,872	67,692	105,856	94,258	11,157	10,960	292,322	304,814
Transfers in from complying Australian superannuation schemes	816	1,971	4,509	3,042	8,995	8,122	7,737	6,139	9,679	6,768	1,956	1,526	33,692	27,568
Contributions for PIE tax received	47	12	22	14	20	56	22	159	55	1,748	1	-	167	1,989
End payment date withdrawals	(20,493)	(19,721)	(13,053)	(11,210)	(10,480)	(8,362)	(3,415)	(2,706)	(4,098)	(3,487)	(50,553)	(44,450)	(102,092)	(89,936)
Withdrawals for first home purchase	(11,438)	(12,793)	(8,524)	(9,564)	(24,981)	(21,173)	(33,124)	(24,965)	(89,861)	(70,467)	(8,309)	(7,878)	(176,237)	(146,840)
Withdrawals for significant financial hardship	(1,913)	(1,398)	(2,258)	(1,788)	(6,211)	(4,590)	(5,467)	(3,940)	(6,266)	(4,722)	(1,041)	(730)	(23,156)	(17,168)
Withdrawals for serious illness	(2,026)	(1,437)	(2,088)	(1,671)	(1,956)	(2,110)	(1,311)	(554)	(1,136)	(559)	(431)	(324)	(8,948)	(6,655)
Withdrawals for permanent emigration	(256)	(342)	(656)	(608)	(1,149)	(1,071)	(1,639)	(1,236)	(2,395)	(2,346)	(177)	(75)	(6,272)	(5,678)
Withdrawals for death	(1,781)	(2,001)	(2,142)	(1,220)	(2,291)	(1,399)	(998)	(703)	(919)	(895)	(1,923)	(982)	(10,054)	(7,200)
Other permitted withdrawals	(13)	(33)	(59)	(35)	(131)	(23)	(16)	(39)	(165)	(53)	(1)	-	(385)	(183)
Transfers out to other schemes	(17,299)	(17,129)	(22,217)	(18,062)	(60,145)	(50,057)	(62,463)	(52,151)	(122,085)	(99,478)	(10,037)	(9,866)	(294,246)	(246,743)
Transfers out to complying Australian superannuation schemes	(246)	(2)	(426)	(15)	(124)	(50)	(165)	(65)	(176)	(43)	(108)	(8)	(1,245)	(183)
Switches within ANZ KiwiSaver	11,373	17,718	7,050	14,649	(14,520)	933	(52)	(8,646)	(62,170)	(77,137)	58,319	52,483	-	-
Withdrawals for PIE tax paid	(1,585)	(2,739)	(2,689)	(2,645)	(7,244)	(4,078)	(7,738)	(2,596)	(10,768)	(1,872)	(1,148)	(1,189)	(31,172)	(15,119)
Membership fees paid	(993)	(985)	(1,029)	(985)	(2,238)	(2,121)	(1,929)	(1,802)	(6,345)	(6,196)	(741)	(710)	(13,275)	(12,799)
<b>Net membership activities</b>	71,400	81,008	109,059	112,443	227,794	241,167	207,567	193,951	254,954	214,785	50,470	48,091	921,244	891,445
<b>Benefits accrued to members' accounts</b>	95,685	97,392	147,875	142,144	329,824	326,714	310,498	284,531	441,796	386,854	58,092	54,749	1,383,770	1,292,384
Members' funds at the beginning of the year	631,719	534,327	766,689	624,545	1,626,199	1,299,485	1,353,498	1,068,967	2,134,492	1,747,638	317,965	263,216	6,830,562	5,538,178
<b>Members' funds at the end of the year</b>	727,404	631,719	914,564	766,689	1,956,023	1,626,199	1,663,996	1,353,498	2,576,288	2,134,492	376,057	317,965	8,214,332	6,830,562

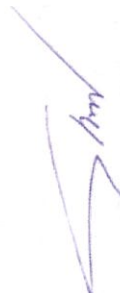
The notes to the financial statements form part of and should be read in conjunction with these financial statements.




## STATEMENT OF NET ASSETS

As at 31 March	Note	Conservative Fund			Conservative Balanced Fund			Balanced Fund			Balanced Growth Fund			Growth Fund			Cash Fund			ANZ KiwiSaver Scheme		
		2018	2017	2018	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
<b>Assets</b>																						
Cash and cash equivalents		49	48	48	48	23	49	48	48	48	48	48	48	13	13	13	13	13	229	254		
Margin accounts		1,042	665	2,498	1,684	6,267	4,385	4,385	8,418	6,702	7,220	10,614	7,220	-	-	-	-	-	28,839	20,656		
Investment assets	5	727,677	631,932	914,325	766,375	1,955,638	1,625,516	1,661,549	1,661,549	1,350,522	2,576,801	2,134,210	2,576,801	376,217	318,111	318,111	318,111	318,111	8,212,207	6,826,666		
Other receivables	7	2,458	1,251	3,393	2,315	7,952	6,666	7,266	7,266	7,151	10,089	1,221	1,049	1,049	1,049	1,049	1,049	1,049	31,086	28,521		
<b>Total assets</b>		<b>731,226</b>	<b>633,896</b>	<b>920,264</b>	<b>770,422</b>	<b>1,969,880</b>	<b>1,636,616</b>	<b>1,677,281</b>	<b>1,677,281</b>	<b>1,364,423</b>	<b>2,596,259</b>	<b>2,151,567</b>	<b>377,451</b>	<b>319,173</b>	<b>319,173</b>	<b>319,173</b>	<b>319,173</b>	<b>319,173</b>	<b>8,272,361</b>	<b>6,876,097</b>		
<b>Liabilities</b>																						
Investment liabilities	5	705	353	1,474	715	4,054	2,191	4,342	4,342	2,400	8,464	4,721	4,721	-	-	-	-	-	19,039	10,380		
Other payables	8	3,117	1,824	4,226	3,018	9,803	8,226	8,943	8,943	8,525	11,507	12,354	1,394	1,208	1,208	1,208	1,208	1,208	38,990	35,155		
<b>Total liabilities</b>		<b>3,822</b>	<b>2,177</b>	<b>5,700</b>	<b>3,733</b>	<b>13,857</b>	<b>10,417</b>	<b>13,285</b>	<b>13,285</b>	<b>10,925</b>	<b>19,971</b>	<b>17,075</b>	<b>1,394</b>	<b>1,208</b>	<b>1,208</b>	<b>1,208</b>	<b>1,208</b>	<b>1,208</b>	<b>58,029</b>	<b>45,535</b>		
<b>Net assets attributable to members</b>		<b>727,404</b>	<b>631,719</b>	<b>914,564</b>	<b>766,689</b>	<b>1,956,023</b>	<b>1,626,199</b>	<b>1,663,996</b>	<b>1,663,996</b>	<b>1,353,498</b>	<b>2,576,288</b>	<b>2,134,492</b>	<b>376,057</b>	<b>317,965</b>	<b>317,965</b>	<b>317,965</b>	<b>317,965</b>	<b>317,965</b>	<b>8,214,332</b>	<b>6,830,562</b>		
<b>Net assets available for benefits</b>		<b>727,404</b>	<b>631,719</b>	<b>914,564</b>	<b>766,689</b>	<b>1,956,023</b>	<b>1,626,199</b>	<b>1,663,996</b>	<b>1,663,996</b>	<b>1,353,498</b>	<b>2,576,288</b>	<b>2,134,492</b>	<b>376,057</b>	<b>317,965</b>	<b>317,965</b>	<b>317,965</b>	<b>317,965</b>	<b>317,965</b>	<b>8,214,332</b>	<b>6,830,562</b>		

On behalf of ANZ New Zealand Investments Limited as Manager who authorised the issue of these financial statements on 23 July 2018:



Craig Muirholland  
Director



Bruce Macintyre  
Director

## STATEMENT OF CASH FLOWS

Note	Conservative Fund			Conservative Balanced Fund			Balanced Fund			Balanced Growth Fund			Growth Fund			Cash Fund			ANZ KiwiSaver Scheme		
	2018	2017	2018	2018	2017	2018	2018	2017	2018	2017	2018	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>For the year ended 31 March</b>																					
<b>Cash flows from/(used in) operating activities</b>																					
Interest received	8	5	11	6	24	13	31	11	29	34	29	3	2	111	66						
Net sales and purchases of investment assets and liabilities	(65,443)	(75,762)	(101,649)	(106,276)	(211,054)	(227,599)	(192,642)	(182,220)	(195,065)	(230,302)	(195,065)	(49,210)	(46,999)	(850,300)	(833,921)						
Management fees paid	(5,704)	(4,920)	(7,094)	(5,805)	(16,075)	(12,876)	(14,358)	(11,209)	(18,915)	(23,732)	(18,915)	(1,122)	(942)	(68,085)	(54,667)						
Supervisor fees paid	(123)	(126)	(152)	(149)	(324)	(310)	(273)	(255)	(413)	(428)	(413)	(62)	(63)	(1,362)	(1,316)						
Other expenses paid	(159)	(243)	(195)	(286)	(413)	(597)	(350)	(495)	(796)	(545)	(796)	(79)	(120)	(1,741)	(2,537)						
<b>Net cash flows from/(used in) operating activities</b>	13	(71,421)	(81,046)	(109,079)	(227,842)	(241,369)	(207,592)	(194,168)	(215,160)	(254,973)	(215,160)	(50,470)	(48,122)	(921,377)	(892,375)						
<b>Cash flows from/(used in) financing activities</b>																					
Proceeds from contributions by members	221,618	208,452	277,542	240,377	490,548	441,336	463,925	392,190	510,155	627,530	510,155	144,816	129,617	2,225,979	1,922,127						
Payments for redemptions by members	(147,687)	(123,732)	(164,788)	(124,318)	(253,292)	(194,026)	(246,712)	(194,000)	(289,050)	(355,518)	(289,050)	(92,459)	(79,627)	(1,260,456)	(1,004,753)						
PIE tax received/(paid) on behalf of members	(1,516)	(2,739)	(2,646)	(2,623)	(7,202)	(3,976)	(7,692)	(2,366)	4	(10,694)	4	(1,146)	(1,185)	(30,896)	(12,885)						
Membership fees paid	(993)	(985)	(1,029)	(985)	(2,238)	(2,121)	(1,929)	(1,802)	(6,196)	(6,345)	(6,196)	(741)	(710)	(13,275)	(12,799)						
<b>Net cash flows from/(used in) financing activities</b>		71,422	80,996	109,079	227,816	241,213	207,592	194,022	214,913	254,973	214,913	50,470	48,095	921,352	891,690						
<b>Net increase/(decrease) in cash and cash equivalents</b>	1	(50)	(50)	(59)	(26)	(156)	(27)	(146)	(247)	(27)	(27)	(27)	(27)	(25)	(685)						
Cash and cash equivalents at the beginning of the year	48	98	48	107	49	205	48	194	295	48	295	13	40	254	939						
<b>Cash and cash equivalents at the end of the year</b>		49	48	48	23	49	48	48	48	48	48	13	13	229	254						

The notes to the financial statements form part of and should be read in conjunction with these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. REPORTING ENTITY

These financial statements are for the ANZ KiwiSaver Scheme (Scheme), which comprises the following funds (each a Fund, collectively the Funds):

- Conservative Fund
- Conservative Balanced Fund
- Balanced Fund
- Balanced Growth Fund
- Growth Fund
- Cash Fund

The Scheme is a defined contribution KiwiSaver scheme domiciled in New Zealand.

The main purpose of the Scheme is to provide benefits to Members in accordance with the KiwiSaver Act 2006 (KiwiSaver Act).

Members of the Scheme can contribute to any of the above Funds. The Funds invest into a variety of unithised funds in order to gain exposure to cash, equity, fixed interest and property markets.

The retirement benefits are determined by contributions to the Scheme together with investment earnings, and increases and decreases in value, on these contributions over the period of the membership with adjustment for fees and a member's tax.

ANZ New Zealand Investments Limited (Manager) is the Manager of the Scheme. The registered address of the Manager is Ground Floor, ANZ Centre, 23-29 Albert Street, Auckland 1010, New Zealand.

The New Zealand Guardian Trust Company Limited (Supervisor) is the Supervisor of the Scheme. The Supervisor is a trustee corporation licensed under the Financial Markets Supervisors Act 2011 to act as a Supervisor. The registered address of the Supervisor is Level 14, 191 Queen Street, Auckland.

The Supervisor is also the custodian of the Scheme.

The Scheme is currently governed by the Governing Document for the ANZ KiwiSaver Scheme dated 9 September 2016.

The financial statements were authorised for issue by the directors of the Manager on 23 July 2018.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

##### (i) Statement of compliance

These financial statements have been prepared in accordance with the Financial Markets Conduct Act 2013 (FMCA) and the Governing Document.

These financial statements comply with:

- New Zealand Generally Accepted Accounting Practice, as defined in the Financial Reporting Act 2013
- New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for publicly accountable profit-oriented entities
- International Financial Reporting Standards (IFRS)

The principal accounting policies adopted in the preparation of these financial statements are set out below.

##### (ii) Use of estimates and assumptions

The preparation of the financial statements requires the use of management judgement, estimates and assumptions that affect reported amounts and the application of policies. Actual results may differ from these estimates.

Discussion of the critical accounting estimates, which include complex or subjective decisions or assessments, are included in Note 3. Such estimates will require review in future periods.

##### (iii) Basis of measurement

The financial information has been prepared on a going concern basis in accordance with fair value concepts except for other receivables and other payables which are stated at amortised cost.

##### (iv) Changes in accounting policies

There have been no changes in accounting policies or early adoption of accounting standards in the preparation and presentation of the financial statements.

##### (v) Presentation currency and rounding

The amounts in the financial statements are presented in thousands of New Zealand dollars, unless otherwise stated.

##### (vi) Aggregation

The results, position and cash flows reported for the Scheme is a simple aggregation of the results, position and cash flows of the Funds that make up the Scheme with the exception of switches in and switches out which have been eliminated, and PIE tax which is shown net in the Statement of Net Assets for the Scheme as disclosed in Note 2(c).

##### (vii) Foreign currency transactions

Investments and other monetary assets and liabilities denominated in foreign currencies are translated to New Zealand dollars at the exchange rate prevailing at balance date. Transactions in foreign currencies are recorded at the exchange rate prevailing on the dates of the transactions.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss and foreign exchange gains and losses arising from translation are presented in the Statement of Changes in Net Assets within 'Net changes in fair value of investment assets and liabilities'.



## NOTES TO THE FINANCIAL STATEMENTS

### (b) Revenue recognition

Interest income is recognised in the Statement of Changes in Net Assets as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date.

Net changes in fair value of investment assets and liabilities are recognised immediately in the Statement of Changes in Net Assets.

Realised gains or losses on investments sold are calculated as the difference between sale proceeds and costs.

### (c) Income tax

The Scheme is a Portfolio Investment Entity (PIE) for tax purposes.

Under the PIE regime, income is effectively taxed in the hands of the members. The Manager attributes the taxable income of the Funds to members in accordance with their proportionate interest in each fund. Income attributed to each member is taxed at the member's Prescribed Investor Rate. The Manager accounts for tax by adjusting the members' interest in each fund. PIE tax transactions are typically processed at the end of each tax year and upon full exit from a fund, by cancelling or issuing units equal to the value of the tax liability or refund.

The tax balances included in the Statement of Net Assets (as disclosed in the notes to the financial statements) represent PIE tax receivable or payable on behalf of members. PIE tax payable on behalf of members is paid to the Inland Revenue as one amount, and therefore the total amount payable for the Scheme is shown net in the Statement of Net Assets.

### (d) Assets and liabilities

#### (i) Cash and cash equivalents

Cash and cash equivalents comprise current accounts and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than investments or other purposes.

#### (ii) Margin Accounts

Margin accounts represent margin deposits held in respect of open exchange traded futures contracts. They are separately disclosed in the Statement of Net Assets and do not form part of the cash and cash equivalents.

#### (iii) Financial assets and liabilities

##### *Recognition*

Investment assets and liabilities are recognised on the date that the Funds become party to the contractual agreement (trade date). Investment assets are derecognised when the contractual rights to the cash flows expire or the Funds have transferred substantially all risks and rewards of ownership. Investment liabilities are derecognised when the Funds have discharged all contractual obligations.

##### *Measurement*

The Fund's investment assets and liabilities are managed on a fair value basis, and carried at their fair value, with changes recognised in the Statement of Changes in Net Assets. Derivative assets and liabilities are classified as 'trading', and all other investment assets and liabilities are designated as 'fair value through profit or loss' on initial recognition. The fair value of investments is based on their quoted market prices at balance date. Investment assets are priced at last traded prices, while investment liabilities are priced at current asking prices.

Investments in unlisted funds are recorded at the redemption value per unit as reported by the managers of such funds, adjusted for any material information received subsequent to balance date that provides evidence of conditions that existed at balance date.

## NOTES TO THE FINANCIAL STATEMENTS

**(iv) Other receivables and other payables**

Other receivables and other payables include accrued income and expenses, and are carried at their amortised cost using the effective interest rate method. Their carrying value closely approximates their fair value due to their short term nature.

**(e) Members' funds**

Units issued by the Funds provide the members with the right to require redemption for cash at the value proportionate to the members' share in each Fund's net asset value. The units qualify as 'puttable instruments' and are classified as equity.

Any owner changes in equity are presented in the membership activities section of the Statement of Changes in Net Assets, whereas any non-owner changes in equity are presented in the income section of the Statement of Changes in Net Assets. The Funds have no component of comprehensive income other than profit or loss for the year. Consequently, the profit or loss is the total comprehensive income of the Funds.

**(f) Other**

**(i) Offsetting**

Investment assets and liabilities are offset and the net amount reported in the Statement of Net Assets when and only when there is a current 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.

Sales and purchases of investment assets and liabilities are high volume operational items and have been netted in the Cash Flow Statement.

**(ii) Accounting standard not early adopted**

The following standard was available for early adoption but has not been applied in these financial statements.

*NZ IFRS 9 Financial Instruments* (NZ IFRS 9)

NZ IFRS 9 was issued in September 2014. When operative, this standard will replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IFRS 9 addresses recognition and measurement requirements for financial assets and financial liabilities, impairment requirements that introduce an expected credit loss impairment model and general hedge accounting requirements which more closely align with risk management activities undertaken when hedging financial and non-financial risks. NZ IFRS 9 is not mandatorily effective for the Scheme until 1 April 2018. The Manager has assessed the impact of the application of NZ IFRS 9 and after adoption does not expect any impact on the Scheme financial statements.

There are no other new standards, amendments or interpretations that are expected to have an impact on the Scheme's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. CRITICAL ESTIMATES AND JUDGEMENTS USED IN APPLYING ACCOUNTING POLICIES

These financial statements are prepared in accordance with NZ IFRS. However, there are a number of critical accounting treatments which include complex or subjective judgements and estimates that may affect the reported amounts of assets and liabilities in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

An explanation of the judgements and estimates made in the process of applying the Funds' accounting policies that have the most significant effect on the amounts recognised in the financial statements is set out below.

#### Critical judgements in applying the Funds' accounting policies

##### *Financial instruments at fair value*

Refer to Note 10 for details on the Funds estimates of fair value.

Investment assets and liabilities are required to be classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)(Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Funds would receive or pay to terminate the contract at balance date taking into account current market conditions (volatility, appropriate yield curve) and the current creditworthiness of the counterparties.

##### **Structured entities**

Refer to Note 5 and Note 6 for details of the Funds involvement with structured entities.

A structured entity is an entity that has been designed such that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when voting rights relate to administrative tasks only and the relevant activities (being those that significantly affect the entity's returns) are directed by means of contractual arrangement.

The Manager has concluded that the Funds' investments in unitholdings (investee funds) which they don't consolidate meet the definition of structured entities because:

- (i) The voting rights in the investee funds are not dominant rights in deciding who controls them as they relate to administrative tasks only
- (ii) Each investee fund's activities are restricted by its offer or governing documents
- (iii) The investee funds have narrow and well defined objectives to provide investment opportunities to investors

The Funds invest in investee funds whose objectives are to provide long-term capital growth and whose investment strategies do not include the use of leverage. The investee funds are managed by the Manager and apply various investment strategies to accomplish their respective investment objectives. The investee funds finance their operations by issuing units to investors which entitle them to a proportional stake in the investee funds' net assets. The Funds hold units in each of its investee funds. The change in fair value of each investee fund is included in the Statement of Changes in Net Assets within 'Net changes in fair value of investment assets and liabilities'.

## NOTES TO THE FINANCIAL STATEMENTS

### 4. FUNDING POLICY

Members who are employees, or self-employed who receive payments from their business that they need to deduct PAYE from, contribute either 3%, 4% or 8% of their before-tax salary or wages, unless on a contributions holiday. For contributing members their employer is required to contribute an amount equal to at least 3% of the member's before-tax salary or wages, although certain exceptions apply. Employer contributions are taxed, so the actual money that goes into the member's KiwiSaver account as an employer contribution is less than 3% (or other rate provided by the employer) of the employee's before-tax salary or wages.

Anyone can make a voluntary regular or lump sum contribution to a members' account at any time.

The Government also makes an annual contribution (Member Tax Credit) of up to \$521.43 a year to eligible member's accounts.

The above is a description of the Scheme's funding policy and is subject to further applicable KiwiSaver regulations.



## NOTES TO THE FINANCIAL STATEMENTS

### 5. INVESTMENT ASSETS AND LIABILITIES

The Funds held the following investments at balance date. Investments designated 'ANZ' are managed by ANZ New Zealand Investments Limited, the Manager. The table below also sets out interests held by the Funds in unconsolidated structured entities as at balance date.

	Conservative Fund				Conservative Fund				Balanced Fund				Balanced Growth Fund				Growth Fund				Cash Fund				ANZ KiwiSaver Scheme				Total investee fund net assets	Number of investors in investee funds
	2017		2018		2017		2018		2017		2018		2017		2018		2017		2018		2017		2018		2018	2018				
	\$000		\$000		\$000		\$000		\$000		\$000		\$000		\$000		\$000		\$000		\$000		\$000							
<b>As at 31 March</b>																														
<b>Investment assets</b>																														
ANZ Wholesale Cash Fund	169,123	146,442	180,374	150,640	285,621	242,579	171,039	159,844	185,918	162,993	376,217	318,111	1,368,292	1,180,609											3,877,028	104				
ANZ Wholesale High Grade Bond Fund	62,206	54,654	63,601	53,811	109,623	91,313	69,394	56,652	60,585	50,117	-	-	365,409	306,547											916,593	77				
ANZ Wholesale Sovereign Bond Fund	62,373	54,516	63,635	53,675	109,908	91,083	69,360	56,642	60,615	49,990	-	-	365,891	305,906											1,236,318	78				
ANZ Wholesale Australasian Share Fund	17,757	14,658	39,961	31,791	125,499	97,858	132,557	101,026	257,364	201,282	-	-	573,138	446,615											997,965	62				
ANZ Wholesale Australian Share Fund	17,397	14,596	36,392	28,688	109,291	88,171	114,635	90,123	223,425	184,646	-	-	501,140	406,224											846,747	51				
ANZ Wholesale International Sovereign Fund	291,206	252,920	293,192	245,216	493,757	406,092	288,955	229,978	235,612	187,739	-	-	1,602,702	1,321,945											3,409,113	60				
ANZ Wholesale International Property Securities Fund*	10,101	9,596	25,528	22,904	73,518	64,753	78,486	68,270	148,338	129,017	-	-	335,971	294,540											876,027	60				
ANZ Wholesale International Share Fund	86,583	75,221	184,183	157,162	572,049	479,688	654,671	521,847	1,252,456	1,042,718	-	-	2,749,942	2,276,636											5,068,182	86				
ANZ Wholesale Trans-Tasman Property Securities Fund	10,894	9,268	27,388	22,303	76,164	63,405	82,238	65,481	151,951	124,568	-	-	348,635	285,025											695,764	45				
Forward foreign exchange contracts	30	50	59	102	183	313	214	337	492	687	-	-	978	1,489																
Futures and other derivatives	7	11	12	83	25	261	20	322	45	453	-	-	109	1,130																
<b>Total investment assets</b>	727,677	631,932	914,325	766,375	1,955,638	1,625,516	1,661,549	1,350,522	2,576,801	2,134,210	376,217	318,111	8,212,207	6,826,666											17,923,737					
<b>Investment liabilities</b>																														
Forward foreign exchange contracts	387	353	822	715	2,574	2,191	2,987	2,337	5,733	4,721	-	-	12,503	10,317																
Futures and other derivatives	318	-	652	-	1,480	-	1,355	63	2,731	-	-	-	6,536	63																
<b>Total investment liabilities</b>	705	353	1,474	715	4,054	2,191	4,342	2,400	8,464	4,721	-	-	19,039	10,380																

\* Formerly known as ANZ Wholesale International Property Securities Fund (ex Aus.)

## NOTES TO THE FINANCIAL STATEMENTS

### **Involvement with unconsolidated structured entities**

The Funds' investments in investee funds are subject to the terms and conditions of the respective investee funds' offer documents and are susceptible to market price risk arising from uncertainties about future values of these investee funds.

The Funds invest in investment funds (structured entities) whose purpose is to manage assets on behalf of the investors. These vehicles are financed through the issue of units to investors. The Funds hold units in the investment funds.

The Funds' investment portfolios consist of investments in other unlisted funds that they intend to hold for an indefinite period of time. However, to meet redemption requirements the Funds must trade in investee funds on a regular basis. Refer to Note 9 for liquidity risk information.

The Funds can redeem units in the investee funds by notifying the Manager and the request will be processed generally within 10 business days of receiving the request.

The maximum exposure to loss is the carrying amount of the financial assets held. Once the Funds have sold all units in an investee fund, the Funds cease to be exposed to any risk from that investee fund.

During the year the Funds did not provide financial or other support to unconsolidated structured entities and have no intention of providing financial or other support in future periods.

At balance date there were no amounts due to investee funds for unsettled purchases.

## NOTES TO THE FINANCIAL STATEMENTS

### 6. NET CHANGES IN THE FAIR VALUE OF INVESTMENT ASSETS AND LIABILITIES

	Conservative Fund			Conservative Balanced Fund			Balanced Fund			Balanced Growth Fund			Growth Fund			Cash Fund			ANZ KiwiSaver Scheme		
	2018	2017	2018	2018	2017	2018	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
<b>For the year ended 31 March</b>																					
Net realised change in fair value	8,409	7,289	13,422	10,740	33,080	27,190	30,536	27,052	66,926	46,960	921	511	153,294	119,742							
Net unrealised change in fair value	21,918	14,462	32,934	25,316	86,007	72,421	87,623	75,743	145,014	145,580	7,975	7,292	381,471	340,814							
<b>Net changes in fair value of investment assets and liabilities</b>	<b>30,327</b>	<b>21,751</b>	<b>46,356</b>	<b>36,056</b>	<b>119,087</b>	<b>99,611</b>	<b>118,159</b>	<b>102,795</b>	<b>211,940</b>	<b>192,540</b>	<b>8,896</b>	<b>7,803</b>	<b>534,765</b>	<b>460,556</b>							
Net changes in fair value of investment assets and liabilities designated at fair value on initial recognition	29,386	20,559	44,489	33,421	113,407	90,636	112,085	92,546	200,032	172,293	8,896	7,803	508,295	417,258							
Net changes in fair value of investment assets and liabilities held for trading	941	1,192	1,867	2,635	5,680	8,975	6,074	10,249	11,908	20,247	-	-	26,470	43,298							
<b>Net changes in fair value of investment assets and liabilities</b>	<b>30,327</b>	<b>21,751</b>	<b>46,356</b>	<b>36,056</b>	<b>119,087</b>	<b>99,611</b>	<b>118,159</b>	<b>102,795</b>	<b>211,940</b>	<b>192,540</b>	<b>8,896</b>	<b>7,803</b>	<b>534,765</b>	<b>460,556</b>							
Change in fair value of investment assets and liabilities relating to investments in unconsolidated structured entities	29,386	20,559	44,489	33,421	113,407	90,636	112,085	92,546	200,032	172,293	8,896	7,803	508,295	417,258							

### 7. OTHER RECEIVABLES

	Conservative Fund			Conservative Balanced Fund			Balanced Fund			Balanced Growth Fund			Growth Fund			Cash Fund			ANZ KiwiSaver Scheme		
	2018	2017	2018	2018	2017	2018	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
<b>As at 31 March</b>																					
Receivable from members	2,458	1,251	3,393	2,315	7,952	6,666	7,266	7,151	8,796	10,089	1,221	1,049	31,086	28,521							
<b>Other receivables</b>	<b>2,458</b>	<b>1,251</b>	<b>3,393</b>	<b>2,315</b>	<b>7,952</b>	<b>6,666</b>	<b>7,266</b>	<b>7,151</b>	<b>8,796</b>	<b>10,089</b>	<b>1,221</b>	<b>1,049</b>	<b>31,086</b>	<b>28,521</b>							



## NOTES TO THE FINANCIAL STATEMENTS

## 8. OTHER PAYABLES

	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ KiwiSaver Scheme	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
As at 31 March	624	559	786	676	1,770	1,501	1,582	1,303	2,576	2,149	156	143	7,494	6,331
Accrued expenses	2,493	1,265	3,440	2,342	8,033	6,725	7,361	7,222	8,931	10,205	1,238	1,065	31,496	28,824
PIE tax payable on behalf of members	3,117	1,824	4,226	3,018	9,803	8,226	8,943	8,525	11,507	12,354	1,394	1,208	38,990	35,155
<b>Other payables</b>														



## NOTES TO THE FINANCIAL STATEMENTS

### 9. FINANCIAL RISK MANAGEMENT

#### Overview

The Funds' investment portfolios consist of investments in unithised funds, derivatives, margin accounts and cash and cash equivalents that they intend to hold for an indefinite period of time for the purpose of generating a return on investments made by the members. Through the holding of these investments, the Funds are exposed directly and also indirectly to a variety of financial risks including credit, foreign exchange, interest rate, market price and liquidity risks. The risk management policies employed by the Funds are detailed in the notes below.

Financial instruments of the Funds comprise of investments in financial assets for the purpose of generating a return on investments made by members. In addition, the Funds have financial instruments in the form of derivatives, cash and cash equivalents, other receivables, investment liabilities and other payables and which arise directly from their daily operations.

The Governing Document requires the Manager to invest the assets of each fund in accordance with relevant investment mandates. Asset allocation is determined by the Manager who manages the distribution of assets to achieve investment objectives. Divergence from target allocations and the composition of the portfolio is monitored by the Manager on each business day. The Manager reports on asset allocations to the Supervisor monthly.

#### Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

The credit risk disclosures have been prepared on the basis of the Funds' direct investments and not on a full look through basis for investments held indirectly through other unithised funds.

Section	Description	Tables on page(s)
<b>Maximum exposure to credit risk</b>	The Funds' exposure to credit risk arises from default of the counterparty, with the current maximum exposure considered to be the fair value of the assets with credit risk as set out in the Statement of Net Assets. This does not represent the maximum credit risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at balance date.	4
<b>Credit quality</b>	Where the Funds invest directly in cash and debt securities, credit quality criteria are in place that limits securities to certain minimum Standard & Poor's ('S&P') or its equivalent (Moody's or Fitch) credit rating as per the Funds' investment mandate. Where the Funds invest in unithised funds managed by the Manager (see Note 5), the investment strategies of these unithised funds ensure an appropriate diversification of investments to manage their credit risk.	17
<b>Concentrations of credit risk</b>	The main concentration to which the Funds are exposed to credit risk arises from the Funds' investments in cash.	17
<b>Collateral management</b>	The Funds use collateral for derivative exposures to mitigate credit risk if a counterparty cannot meet its payment obligations from its expected cashflows. For derivatives, the Funds typically terminate all contracts with the counterparty and settle on a net basis at market levels current at the time of a counterparty default under International Swaps and Derivatives Associate (ISDA) Master Agreements. The Funds' preferred practice is to use a Credit Support Annex (CSA) to the ISDA so that open derivative positions with the counterparty are aggregated and cash collateral (or other forms of eligible collateral) is exchanged each business day. The collateral is provided by the counterparty when their position is out of the money (or provided to the counterparty by the Fund with its position is out of the money).	22 – 23

## NOTES TO THE FINANCIAL STATEMENTS

### Credit Quality

Item	Counterparty	S&P credit rating	
		2018	2017
Cash and cash equivalents	ANZ Bank New Zealand (see Note 12)	AA-	AA-
Forward foreign exchange contracts	ANZ Bank New Zealand (see Note 12), Bank of New Zealand, Westpac Banking Corporation,	AA-	AA-

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

### Currency risk

Currency risk is the risk that the New Zealand dollar denominated fair value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The currency risk disclosures have been prepared on the basis of the Funds' direct investments and not on a full look through basis for investments held indirectly through other unitholdings.

The Funds hold investments in other unitholdings which in turn may hold foreign currency-denominated investments as part of their investment mandates. Consequently, these Funds will have varying degrees of indirect exposure to currency risk. These currency exposures can be partially or fully hedged back to the New Zealand dollar.

The Funds (with the exception of the Cash Fund) are directly exposed to foreign exchange risk as a result of holding forward foreign exchange contracts. These Funds agree to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date.

## NOTES TO THE FINANCIAL STATEMENTS

Fund	Approach to currency risk management
Conservative Fund Conservative Balanced Fund Balanced Fund Balanced Growth Fund Growth Fund	International Equities Actively hedged with a benchmark of 65% and a range of 0% to 100% for their foreign currency exposure through their investment in the ANZ Wholesale International Share Fund. As at balance date the Funds were hedging approximately 60% (2017: 60%) of their foreign currency exposure in the ANZ Wholesale International Share Fund.
Conservative Fund Conservative Balanced Fund Balanced Fund Balanced Growth Fund Growth Fund	Australasian Equities Actively hedged with a benchmark of 50% and a range of 0% - 100% for their Australian dollar exposure through their investments in the ANZ Wholesale Australian Share Fund and ANZ Wholesale Australasian Share Fund. As at balance date, the Funds were hedging approximately 40% (2017: 48%) of their Australian dollar exposure through their investments in the ANZ Wholesale Australian Share Fund and the ANZ Wholesale Australasian Share Fund.
Conservative Fund Conservative Balanced Fund Balanced Fund Balanced Growth Fund Growth Fund	International Property Exposure to international property through its investment in the underlying fund is 100% passively hedged within the underlying fund.
Conservative Fund Conservative Balanced Fund Balanced Fund Balanced Growth Fund Growth Fund	International Fixed Interest Exposure to international fixed interest through their investment in the underlying fund is 100% passively hedged within the underlying fund.
Conservative Fund Conservative Balanced Fund Balanced Fund Balanced Growth Fund Growth Fund	Australasian Property Exposure to Australasian property through its investment in the underlying fund is 100% passively hedged within the underlying fund.

The fair value of these contracts is set out in Note 5.

In accordance with the Manager's policy on foreign exchange risk management, the Manager monitors each fund's currency position on each business day through reviewing and comparing each fund's indirect foreign currency exposure to the pre-determined foreign currency hedging policies (as above).

### Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value of future cash flows or the fair value of financial instruments. The interest rate risk disclosures have been prepared on the basis of the Funds' direct investments and not on a full look through basis for investments held indirectly through other unlisted funds.

The Funds are not directly subject to significant amounts of interest rate risk. Cash and cash equivalents are invested at short-term market interest rates and are held in call accounts.

## NOTES TO THE FINANCIAL STATEMENTS

The Funds have indirect exposure to interest rate risk through their investments in other unithesed funds which hold cash, fixed interest and debt securities as part of their investment mandate.

### Other price risk

Other price risk is the risk that the value of the Funds' investment portfolios will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk.

The market price risk disclosures have been prepared in the basis of the Funds' direct investments and not on a full look through basis for investments held through other unithesed funds.

The Funds trade in financial instruments such as other unithesed funds. They may also take positions in traded and over-the-counter instruments, including derivatives, to manage market risk and efficiently gain the desired exposure to equity markets. All securities held within these Funds present a risk of loss of capital. The Manager moderates this risk through a careful selection of securities and other financial instruments and by ensuring that all activities are transacted in accordance with the relevant investment mandates, overall investment strategy and within approved limits. The Manager monitors the Funds' overall market position each business day.

Where a fund has investments in other unithesed funds (excluding the ANZ Wholesale Cash Fund) the increase/(decrease) in the net asset value of the fund due to a reasonably possible change in the unit prices of investments of the other unithesed funds (with all other variables held constant) is indicated in the table below:

	% change in unit price	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ KiwiSaver Scheme		
		2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000
Change in the fair value of investments in other unithesed funds (excluding ANZ Wholesale Cash Fund) based on the percentage change in their unit prices	<b>+0.50%</b> <b>-0.50%</b>	2,793 (2,793)	2,427 (2,427)	3,669 (3,669)	3,078 (3,078)	8,349 (8,349)	6,913 (6,913)	7,451 (7,451)	5,952 (5,952)	11,952 (11,952)	9,853 (9,853)	- -	- -	- -	34,214 (34,214)	28,223 (28,223)

The manager considers a 0.50% change in the unit price of investments in other unithesed funds is a reasonable estimate of possible change in the average daily unit price in the unithesed funds considering factors such as historical price movements and market conditions.

The Funds as detailed in Note 5 hold investments in the ANZ Wholesale Cash Fund. The Manager considers a 0.01% change in the unit price of investments in the ANZ Wholesale Cash Fund as a reasonable estimate of possible change in the average daily unit price in the ANZ Wholesale Cash Fund considering factors such as historical price movements and market conditions. The Manager considers the market risk to cash as immaterial to the Funds in consideration of the total size of the Funds.



## NOTES TO THE FINANCIAL STATEMENTS

### Liquidity risk

Liquidity risk is the risk that the Funds may not be able to generate sufficient cash resources to settle their obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Each business day the Funds are exposed to cash redemptions of units. Accordingly, all material investments are readily convertible to cash in normal market conditions.

The liquidity risk disclosures have been prepared on the basis of the Funds' direct investments and not on a full look through basis for investments held indirectly through other unitised funds. The Funds may also invest in derivatives. Investments in derivative contracts include forward foreign exchange contracts and futures contracts. Forward foreign exchange contracts that were held at balance date had a contractual maturity date of 12 April and 27 April 2018.

Futures contracts are typically settled quarterly. The margin accounts maintained by the Funds are for the purpose of posting margin on the futures contracts.

The derivatives could be in a loss position at balance date that may affect the future cash flows of the Funds. Refer to Note 5 for derivatives in a loss position at balance date.

Financial liabilities of the Funds comprise other payables, which have no contractual maturity date, but are typically settled within 30 days or within the timeframe as set out in the Governing Document.

In accordance with each fund's investment policy, the Manager monitors the Funds' liquidity positions each business day through the review of cash flow information which highlights current and known future levels of redemptions.

## NOTES TO THE FINANCIAL STATEMENTS

### 10. FAIR VALUE MEASUREMENT

The Funds hold investments in other unithised funds. Consequently, the Funds are indirectly exposed to the fair value of these underlying unithised funds. In determining the redemption value of the unithised funds, the Manager will generally draw reference to quoted prices from a recognised exchange in determining the fair value of investments. Where such prices are unavailable or there is an absence of an active quoted market, the Manager may use valuation techniques in determining the fair value of investment assets. In particular, for the Funds with investments in unithised funds with exposure to certain debt securities; the determination of fair value within these unithised funds will include the use of broker quotes, yield curves and other internal Manager pricing methodologies.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

Cash and cash equivalents, margin accounts, other receivables and other payables are not measured at fair value. They are carried at amortised cost and their carrying value approximates their fair value. For purposes of fair value hierarchy, they are considered to be Level 2 assets and liabilities (2017: Level 2). For more information refer to Note 2.

The forward foreign exchange contracts are considered Level 2 (2017: Level 2) as they are priced using models with observable market inputs. Forward foreign exchange contracts are interpolated using forward rates from WM Company. Margins and swaps used as inputs are generally provided by market participants and brokers.

Level 2 investments also include investments in unithised funds. These investments are priced each business day and the inputs are based on quoted market prices, broker prices and other pricing valuations used by the Manager. As these are unlisted, they are Level 2 investments.

The determination of what constitutes 'observable' requires significant judgement by the Manager. The Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

## NOTES TO THE FINANCIAL STATEMENTS

### 11. OFFSETTING

Financial assets and liabilities are offset in the Statement of Net Assets (in accordance with NZ IFRS 32 Financial Instruments: Presentation) when there is:

- A current legally enforceable right to set off the recognised amounts in all circumstances; and
- An intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously.

If the above conditions are not met the financial assets and liabilities are presented on a gross basis.

The Scheme does not have any arrangements that satisfy the conditions necessary to offset financial assets and financial liabilities within the Statement of Net Assets. The financial assets and financial liabilities which have not been offset but which are subject to enforceable master netting agreements (or similar arrangements) and offset in the Statement of Net Assets. Any effect of overcollateralization has been taken into account.

### FINANCIAL ASSETS SUBJECT TO ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

	Conservative Fund			Conservative Balanced Fund			Balanced Fund			Growth Fund			Cash Fund			ANZ KiwiSaver Scheme		
	2018	2017	2018	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	
As at 31 March	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
<b>Derivative instruments</b>																		
Gross amounts of recognised financial assets	37	61	71	185	208	574	234	659	535	1,140	-	-	-	-	-	1,085	2,619	
Gross amounts of recognised financial liabilities offset in the Statement of Net Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net amounts of financial assets presented in the Statement of Net Assets	37	61	71	185	208	574	234	659	535	1,140	-	-	-	-	-	1,085	2,619	
<b>Related amounts not offset in the Statement of Net Assets:</b>																		
Financial instruments (including non cash collateral)	21	50	40	102	125	313	141	337	280	687	-	-	-	-	-	607	1,489	
Cash collateral transferred	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net amount	16	11	31	83	83	261	93	322	255	453	-	-	-	-	-	478	1,130	

## NOTES TO THE FINANCIAL STATEMENTS

### FINANCIAL LIABILITIES SUBJECT TO ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ KiwiSaver Scheme	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>As at 31 March</b>	705	353	1,474	715	4,054	2,191	4,342	2,400	8,464	4,721	-	-	19,039	10,380
<b>Derivative instruments</b>														
Gross amounts of recognised financial liabilities	705	353	1,474	715	4,054	2,191	4,342	2,400	8,464	4,721	-	-	19,039	10,380
Gross amounts of recognised financial assets offset in the Statement of Net Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net amounts of financial liabilities presented in the Statement of Net Assets	705	353	1,474	715	4,054	2,191	4,342	2,400	8,464	4,721	-	-	19,039	10,380
<b>Related amounts not offset in the Statement of Net Assets:</b>														
Financial instruments (including non cash collateral)	21	50	40	102	125	313	141	337	280	687	-	-	607	1,489
Cash collateral transferred	318	-	652	-	1,480	-	1,354	63	2,731	-	-	-	6,535	63
Net amount	366	303	782	613	2,449	1,878	2,847	2,000	5,453	4,034	-	-	11,897	8,828

## NOTES TO THE FINANCIAL STATEMENTS

### 12. RELATED PARTY TRANSACTIONS

#### The Manager

The Manager is a wholly owned subsidiary of ANZ Bank New Zealand Limited, the ultimate parent of which is Australia and New Zealand Banking Group Limited. All related party transactions are conducted on an arms-length basis in the ordinary course of business and on standard commercial terms and conditions.

The Directors of the Manager can be members of the Scheme. They contribute on the same basis and have the same rights as other members.

#### Investments in products issued by related parties

The Funds invest in:

- Cash and cash equivalents and forward foreign exchange contracts issued by ANZ Bank New Zealand Limited

	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ KiwiSaver Scheme	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>As at 31 March</b>	49	48	48	48	23	49	48	48	48	48	13	13	229	254
<b>Assets:</b>														
Cash and cash equivalents	-	44	-	91	-	281	-	302	-	612	-	-	-	1,330
Forward foreign exchange contracts	49	92	48	139	23	330	48	350	48	660	13	13	229	1,584
<b>Total assets</b>	366	337	782	683	2,448	2,092	2,846	2,233	5,453	4,506	-	-	11,895	9,851
<b>Liabilities:</b>														
Forward foreign exchange contracts	366	337	782	683	2,448	2,092	2,846	2,233	5,453	4,506	-	-	11,895	9,851
<b>Total liabilities</b>	366	337	782	683	2,448	2,092	2,846	2,233	5,453	4,506	-	-	11,895	9,851



## NOTES TO THE FINANCIAL STATEMENTS

Income received from related party investment transactions were as follows:

	Conservative Fund			Conservative Balanced Fund			Balanced Fund			Balanced Growth Fund			Growth Fund			Cash Fund			ANZ KiwiSaver Scheme		
	2018	2017	2018	2018	2017	2018	2018	2017	2018	2017	2018	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>For the year ended 31 March</b>	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Interest income (cash and cash equivalents)	8	5	11	6	24	13	31	11	34	29	3	3	2	111	66						
Net change in fair value of investment assets and liabilities held for trading	658	772	1,350	1,626	4,113	5,246	4,890	6,070	9,150	11,918	-	-	-	20,161	25,632						
<b>Total income from related party transactions</b>	666	777	1,361	1,632	4,137	5,259	4,921	6,081	9,184	11,947	3	3	2	20,272	25,698						

### Membership fees

During the reporting period membership fees of \$13,275,000 were deducted from the Scheme and paid to the Manager by cancelling units in members' accounts (2017: \$12,799,000). Membership fees on a fund basis are shown in the Statement of Changes in Net Assets.

### Management fees

Under the terms of the Governing Document, the Manager is entitled to receive management fees, calculated by reference to the daily net asset value of the Funds. Management fees paid for the year are disclosed in the Statement of Changes in Net Assets.

	Conservative Fund			Conservative Balanced Fund			Balanced Fund			Balanced Growth Fund			Growth Fund			Cash Fund			ANZ KiwiSaver Scheme		
	2018	2017	2018	2018	2017	2018	2018	2017	2018	2017	2018	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
The Manager receives the following percentage per annum of the net asset value of the Funds, determined upon each valuation day:	0.85%	0.85%	0.85%	0.85%	0.90%	0.90%	0.95%	0.95%	1.00%	1.00%	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%
Management fees payable at the end of the year, which is paid within 15 days of balance date:	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	523	451	658	547	1,496	1,228	1,347	1,076	2,209	1,791	105	105	89	6,338	5,182						



## NOTES TO THE FINANCIAL STATEMENTS

### Reimbursement of expenses

Under the terms of the Governing Document, the Manager and Supervisor are entitled to be reimbursed for expenses such as audit costs, postage and legal fees incurred on behalf of the Funds. Allowance for these expenses is charged to the Funds daily and is reflected in the unit price of each fund. To ensure fair allocation of one-off type expenses and fees incurred annually, the Funds are charged a set capped rate as a percentage of each fund's net asset value on a daily basis. The total of this daily accrual is the maximum that the Funds will pay the Manager for reimbursement of expenses, which is paid within 15 days of balance date. Where the actual expenses paid by the Manager are higher, the Manager may carry amounts forward to be recovered in future periods.

	Conservative Fund			Conservative Balanced Fund			Balanced Fund			Balanced Growth Fund			Growth Fund			Cash Fund			ANZ KiwiSaver Scheme		
	2018	2017	2018	2018	2017	2018	2018	2017	2018	2017	2018	2018	2017	2018	2017	2018	2017	2018	2018	2017	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Manager's other costs recognised in the Statement of Changes in Net Assets during the year:	137	240	174	286	384	608	324	500	514	805	64	115	1,597	2,554							
Amounts payable to the Manager for reimbursement of expenses at the end of the year which is paid 15 days of balance date:	71	76	89	92	192	194	164	160	257	253	36	39	809	814							

Other expenses within the Statement of Changes in Net Assets include the other costs noted above and bank fees. The amounts presented above are after the auditor's fee reallocation.

### 13. RECONCILIATION OF NET PROFIT TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Conservative Fund			Conservative Balanced Fund			Balanced Fund			Balanced Growth Fund			Growth Fund			Cash Fund			ANZ KiwiSaver Scheme		
	2018	2017	2018	2018	2017	2018	2018	2017	2018	2017	2018	2018	2017	2018	2017	2018	2017	2018	2018	2017	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
For the year ended 31 March																					
<b>Net profit attributable to members of the Fund</b>	24,285	16,384	38,816	29,701	102,030	85,547	102,931	90,580	186,842	172,069	7,622	6,658	462,526	400,939							
<b>Movement in operating balances</b>																					
Investment assets and margin accounts	(96,122)	(97,846)	(148,764)	(143,022)	(332,004)	(329,282)	(312,743)	(287,296)	(445,985)	(392,009)	(58,106)	(54,802)	(1,393,724)	(1,304,257)							
Accrued Expenses	64	83	110	121	269	294	278	267	427	376	14	22	1,162	1,163							
Investment liabilities	352	333	759	690	1,863	2,072	1,942	2,281	3,743	4,404	-	-	8,659	9,780							
<b>Net cash flows from/ (used in) operating activities</b>	(71,421)	(81,046)	(109,079)	(112,510)	(227,842)	(241,369)	(207,592)	(194,168)	(254,973)	(215,160)	(50,470)	(48,122)	(921,377)	(892,375)							

**NOTES TO THE FINANCIAL STATEMENTS****14. MEMBERS' FUNDS**

Members are entitled to one vote per unit at a meeting of the members of the Funds, and rank equally with regard to each fund's assets.

	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
For the year ended 31 March	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's
<b>Units on issue</b>												
Units on issue at the beginning of the year	393,494	342,395	461,180	391,984	954,122	807,686	780,989	663,779	1,225,507	1,094,927	244,493	207,086
Units issued during the year	71,892	131,567	91,601	147,973	202,646	267,940	179,210	236,952	304,556	310,888	50,672	100,798
Units redeemed during the year	(28,518)	(80,468)	(28,080)	(78,777)	(74,177)	(121,504)	(64,739)	(119,742)	(165,584)	(180,308)	(12,331)	(63,391)
<b>Units on issue at the end of the year</b>	<b>436,868</b>	<b>393,494</b>	<b>524,701</b>	<b>461,180</b>	<b>1,082,591</b>	<b>954,122</b>	<b>895,460</b>	<b>780,989</b>	<b>1,364,479</b>	<b>1,225,507</b>	<b>282,834</b>	<b>244,493</b>
	<b>For the year ended 31 March</b>											
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's
Units redeemed in April for PIE tax payable at 31 March on behalf of members:	(1,476)	(779)	(1,947)	(1,393)	(4,401)	(3,911)	(3,910)	(4,126)	(4,658)	(5,793)	(918)	(806)





# Independent Auditor's Report

To the members of:

- Conservative Fund;
- Conservative Balanced Fund;
- Balanced Fund;
- Balanced Growth Fund;
- Growth Fund; and
- Cash Fund

Collectively "ANZ KiwiSaver Scheme" (the "Funds and Scheme").

## Report on the financial statements

### Opinion

In our opinion, the accompanying financial statements of ANZ KiwiSaver Scheme (the Funds and Scheme) on pages 2 to 27:

- i. present fairly in all material respects the Funds' and Scheme's financial position as at 31 March 2018 and their financial performance and cash flows for the year ended on that date; and
- ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying financial statements which comprise:

- the statement of net assets as at 31 March 2018;
- the statement of changes in net assets, and statement of cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



### Basis for opinion

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

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

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



Our firm has also undertaken supervisor reporting in line with our obligations under Section 198 and 199 of the Financial Markets Conduct Act 2013 ("FMC Act 2013") and provided other services to the Scheme in relation to semi-annual controls assurance reporting and registry assurance reporting in line with Section 2018 of the FMC Act 2013. Our firm has also provided other services to the Custodian of the Funds and Scheme in relation to custodial controls assurance engagement and custodial regulatory gap analysis and readiness review. Subject to certain restrictions, partners and employees of our firm may also deal with the Funds and Scheme on normal terms within the ordinary course of trading activities of the business of the Scheme. These matters have not impaired our independence as auditor of the Funds and Scheme. The firm has no other relationship with, or interest in, the Funds and Scheme.

## Other information

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

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Use of this independent auditor's report

This independent auditor's report is made solely to the members as a body. Our audit work has been undertaken so that we might state to the Funds and Scheme members those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Funds and Scheme members as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

## Responsibilities of the Manager for the financial statements

The Manager, on behalf of the Funds and Scheme, is responsible for:

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





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## Auditor's responsibilities for the audit of the financial statements

Our objective is:

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is John Kensington

For and on behalf of

A stylized signature logo for KPMG, written in blue ink.

KPMG  
Auckland

23 July 2018



