

**ANZ KIWISAVER SCHEME
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2019

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STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March	Note	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ KiwiSaver Scheme	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Investment Activities															
Income															
Interest income		14	8	21	11	48	24	55	31	70	34	9	3	217	111
Net changes in fair value of investments	5	45,734	30,327	66,192	46,356	156,702	119,087	147,713	118,159	239,983	211,940	10,903	8,896	667,227	534,765
Other income		39	-	47	-	103	-	88	-	149	-	14	-	440	-
Total income		45,787	30,335	66,260	46,367	156,853	119,111	147,856	118,190	240,202	211,974	10,926	8,899	667,884	534,876
Expenses															
Management fees		6,675	5,775	8,446	7,207	18,936	16,343	17,214	14,629	27,693	24,149	1,355	1,138	80,319	69,241
Supervisor fees		116	122	146	152	310	326	267	277	408	433	60	62	1,307	1,372
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 and semi-annual controls reporting		2	4	2	4	2	4	2	4	2	4	2	4	12	24
Interest expense		-	-	1	-	1	1	2	3	3	2	4	-	11	6
Other expenses	10	133	143	171	182	373	401	319	340	495	538	65	67	1,556	1,671
Total expenses		6,932	6,050	8,772	7,551	19,628	17,081	17,810	15,259	28,607	25,132	1,492	1,277	83,241	72,350
Net profit		38,855	24,285	57,488	38,816	137,225	102,030	130,046	102,931	211,595	186,842	9,434	7,622	584,643	462,526

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



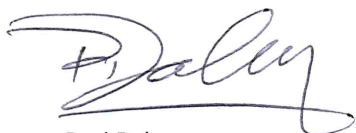
STATEMENT OF CHANGES IN NET ASSETS (continued)

For the year ended 31 March	Note	Conservative Fund		Conservative Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ KiwiSaver Scheme			
		2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000		
Membership Activities															
Net Profit		38,855	24,285	57,488	38,816	137,225	102,030	130,046	102,931	211,595	186,842	9,434	7,622	584,643	462,526
Contributions from members		58,930	59,936	75,691	79,065	163,436	168,996	139,864	148,005	251,072	250,387	36,444	32,841	725,437	739,230
Contributions from employers		24,568	24,688	32,095	32,145	81,510	80,663	76,195	75,458	141,779	136,586	15,000	13,709	371,147	363,249
Crown contributions		11,817	13,491	13,987	15,549	32,227	35,105	26,649	29,790	55,484	58,775	6,510	6,956	146,674	159,666
Transfers in from other schemes		29,334	19,092	35,766	25,860	78,946	65,485	83,512	64,872	139,033	105,856	13,851	11,157	380,442	292,322
Transfers in from complying Australian superannuation schemes		1,454	816	3,849	4,509	6,909	8,995	10,958	7,737	11,117	9,679	726	1,956	35,013	33,692
Contributions for PIE tax received		15	47	28	22	79	20	131	22	321	55	2	1	576	167
End payment date withdrawals		(24,149)	(20,493)	(19,723)	(13,053)	(17,747)	(10,480)	(7,769)	(3,415)	(7,328)	(4,098)	(74,530)	(50,553)	(151,246)	(102,092)
Withdrawals for first home purchase		(19,449)	(11,438)	(14,373)	(8,524)	(35,607)	(24,981)	(42,755)	(33,124)	(108,459)	(89,861)	(17,517)	(8,309)	(238,160)	(176,237)
Withdrawals for significant financial hardship		(1,994)	(1,913)	(3,111)	(2,258)	(7,032)	(6,211)	(5,959)	(5,467)	(7,507)	(6,266)	(1,072)	(1,041)	(26,675)	(23,156)
Withdrawals for serious illness		(1,863)	(2,026)	(1,663)	(2,088)	(2,770)	(1,956)	(944)	(1,311)	(908)	(1,136)	(319)	(431)	(8,467)	(8,948)
Withdrawals for permanent emigration		(439)	(256)	(251)	(656)	(1,330)	(1,149)	(1,424)	(1,639)	(3,084)	(2,395)	(410)	(177)	(6,938)	(6,272)
Withdrawals for death		(1,897)	(1,781)	(1,519)	(2,142)	(2,083)	(2,291)	(1,256)	(998)	(1,227)	(919)	(1,489)	(1,923)	(9,471)	(10,054)
Other permitted withdrawals		(33)	(13)	(58)	(59)	(274)	(131)	(379)	(16)	(382)	(165)	(26)	(1)	(1,152)	(385)
Transfers out to other schemes		(20,994)	(17,299)	(28,749)	(22,217)	(69,095)	(60,145)	(71,654)	(62,463)	(134,121)	(122,085)	(13,235)	(10,037)	(337,848)	(294,246)
Transfers out to complying Australian superannuation schemes		(88)	(246)	(505)	(426)	(165)	(124)	(303)	(165)	(340)	(176)	(181)	(108)	(1,582)	(1,245)
Switches within ANZ KiwiSaver		45,246	11,373	30,131	7,050	(31,190)	(14,520)	(13,182)	(52)	(144,926)	(62,170)	113,921	58,319	-	-
Withdrawals for PIE tax paid		(2,642)	(1,585)	(3,574)	(2,689)	(8,199)	(7,244)	(7,476)	(7,738)	(9,092)	(10,768)	(1,346)	(1,148)	(32,329)	(31,172)
Membership fees paid	10	(1,000)	(993)	(1,056)	(1,029)	(2,295)	(2,238)	(2,020)	(1,929)	(6,403)	(6,345)	(772)	(741)	(13,546)	(13,275)
Net membership activities		96,816	71,400	116,965	109,059	185,320	227,794	182,188	207,567	175,029	254,954	75,557	50,470	831,875	921,244
Benefits accrued to members' accounts		135,671	95,685	174,453	147,875	322,545	329,824	312,234	310,498	386,624	441,796	84,991	58,092	1,416,518	1,383,770
Members' funds at the beginning of the year		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
Members' funds at the end of the year		863,075	727,404	1,089,017	914,564	2,278,568	1,956,023	1,976,230	1,663,996	2,962,912	2,576,288	461,048	376,057	9,630,850	8,214,332

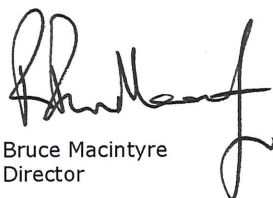
STATEMENT OF NET ASSETS

As at 31 March	Note	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ KiwiSaver Scheme	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Assets															
Cash and cash equivalents		79	49	101	48	216	23	188	48	291	48	13	13	888	229
Margin accounts		-	1,042	-	2,498	-	6,267	-	8,418	-	10,614	-	-	-	28,839
Investment assets	4	863,757	727,677	1,089,864	914,325	2,280,385	1,955,638	1,977,887	1,661,549	2,965,477	2,576,801	461,233	376,217	9,638,603	8,212,207
Other receivables	6	4,922	2,458	5,877	3,393	11,264	7,952	8,687	7,266	7,609	8,796	1,547	1,221	39,906	31,086
Total assets		868,758	731,226	1,095,842	920,264	2,291,865	1,969,880	1,986,762	1,677,281	2,973,377	2,596,259	462,793	377,451	9,679,397	8,272,361
Liabilities															
Investment liabilities	4	-	705	-	1,474	-	4,054	-	4,342	-	8,464	-	-	-	19,039
Other payables	7	5,683	3,117	6,825	4,226	13,297	9,803	10,532	8,943	10,465	11,507	1,745	1,394	48,547	38,990
Total liabilities		5,683	3,822	6,825	5,700	13,297	13,857	10,532	13,285	10,465	19,971	1,745	1,394	48,547	58,029
Net assets attributable to members		863,075	727,404	1,089,017	914,564	2,278,568	1,956,023	1,976,230	1,663,996	2,962,912	2,576,288	461,048	376,057	9,630,850	8,214,332
Net assets available for benefits		863,075	727,404	1,089,017	914,564	2,278,568	1,956,023	1,976,230	1,663,996	2,962,912	2,576,288	461,048	376,057	9,630,850	8,214,332

On behalf of ANZ New Zealand Investments Limited as Manager who authorised the issue of these financial statements on 30 July 2019:



Paul Daley
Director



Bruce Macintyre
Director

STATEMENT OF CASH FLOWS

For the year ended 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ KiwiSaver Scheme		
	Note	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash flows from operating activities															
Interest received		14	8	21	11	48	24	55	31	70	34	9	3	217	111
Other income received		39	-	47	-	103	-	88	-	149	-	14	-	440	-
Interest paid		-	-	(1)	-	(1)	-	(2)	-	(3)	-	(4)	-	(11)	-
Net sales and purchases of investments		(90,009)	(65,443)	(108,323)	(101,649)	(165,832)	(211,054)	(164,549)	(192,642)	(146,543)	(230,302)	(74,113)	(49,210)	(749,369)	(850,300)
Management fees paid		(6,582)	(5,704)	(8,328)	(7,094)	(18,716)	(16,075)	(16,991)	(14,358)	(27,423)	(23,732)	(1,331)	(1,122)	(79,371)	(68,085)
Supervisor fees paid		(117)	(123)	(148)	(152)	(317)	(324)	(273)	(273)	(421)	(428)	(60)	(62)	(1,336)	(1,362)
Other expenses paid		(151)	(159)	(192)	(195)	(412)	(413)	(351)	(350)	(552)	(545)	(76)	(79)	(1,734)	(1,741)
Net cash flows used in operating activities	11	(96,806)	(71,421)	(116,924)	(109,079)	(185,127)	(227,842)	(182,023)	(207,592)	(174,723)	(254,973)	(75,561)	(50,470)	(831,164)	(921,377)
Cash flows from financing activities															
Proceeds from contributions by members		126,103	118,023	161,388	157,128	363,028	359,244	337,178	325,862	598,485	561,283	72,531	66,619	1,658,713	1,588,159
Payments for redemptions by members		(70,906)	(55,465)	(69,952)	(51,423)	(136,103)	(107,468)	(132,443)	(108,598)	(263,356)	(227,101)	(108,779)	(72,580)	(781,539)	(622,635)
PIE tax received/(paid) on behalf of members		(2,607)	(1,516)	(3,534)	(2,647)	(8,120)	(7,202)	(7,370)	(7,691)	(8,834)	(10,694)	(1,340)	(1,147)	(31,805)	(30,897)
Switches within ANZ KiwiSaver		45,246	11,373	30,131	7,050	(31,190)	(14,520)	(13,182)	(52)	(144,926)	(62,170)	113,921	58,319	-	-
Membership fees paid		(1,000)	(993)	(1,056)	(1,029)	(2,295)	(2,238)	(2,020)	(1,929)	(6,403)	(6,345)	(772)	(741)	(13,546)	(13,275)
Net cash flows from financing activities		96,836	71,422	116,977	109,079	185,320	227,816	182,163	207,592	174,966	254,973	75,561	50,470	831,823	921,352
Net change in cash and cash equivalents		30	1	53	-	193	(26)	140	-	243	-	-	-	659	(25)
Cash and cash equivalents at beginning of year		49	48	48	48	23	49	48	48	48	48	13	13	229	254
Cash and cash equivalents at end of year		79	49	101	48	216	23	188	48	291	48	13	13	888	229

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 unitised 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 30 July 2019.

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 these 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 4 and 9. 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 cash and cash equivalents, other receivables and other payables which are stated at amortised cost.

(iv) Changes in accounting policies and adoption of new standards and amendments

The only new standard relevant to the Scheme NZ IFRS 9 *Financial Instruments* (NZ IFRS 9) was adopted for the year ended 31 March 2019. There was no impact to the Financial Statements.

There have been no other 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.

NOTES TO THE FINANCIAL STATEMENTS

(vi) 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.

(vii) Margin accounts

Margin accounts represented 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.

(viii) 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.

(ix) 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'.

(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.

(d) Assets and liabilities

(i) 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 unitised 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.

(ii) 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.

NOTES TO THE FINANCIAL STATEMENTS

(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 Statement of Cash Flows.

(ii) Investment entity and subsidiaries

The Scheme has multiple unrelated investors who hold multiple investments.

Ownership interests in the Funds are in the form of units, which are classified as puttable instruments in accordance with NZ IAS 32: Financial Instruments: Presentation, and are exposed to variable returns from changes in the fair value of the Funds' net assets.

These separate financial statements are the only financial statements for the Funds and no consolidated financial statements are required as the Funds meet the definition of an Investment Entity and thus do not consolidate subsidiaries, but account for them at fair value through profit or loss.

3. 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

4. INVESTMENT ASSETS AND LIABILITIES

The Funds held the following investments at balance date. Investments in the underlying funds differ from the prior year's exposure due to a change in the fund structure.

As at 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ KiwiSaver Scheme		Total investee fund net assets	Number of investors in investee funds
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2019
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Investment assets																
ANZ Wholesale Cash Fund	-	169,123	-	180,374	-	285,621	-	171,039	-	185,918	461,233	376,217	461,233	1,368,292	4,333,120	87
ANZ Wholesale Conservative Fund	863,757	-	-	-	-	-	-	-	-	-	-	-	863,757	-	1,381,801	6
ANZ Wholesale Conservative Balanced Fund	-	-	1,089,864	-	-	-	-	-	-	-	-	-	1,089,864	-	1,541,842	5
ANZ Wholesale Balanced Fund	-	-	-	-	2,280,385	-	-	-	-	-	-	-	-	2,280,385	-	3,355,198
ANZ Wholesale Balanced Growth Fund	-	-	-	-	-	-	1,977,887	-	-	-	-	-	-	1,977,887	-	3,618,176
ANZ Wholesale Growth Fund	-	-	-	-	-	-	-	-	2,965,477	-	-	-	2,965,477	-	3,685,921	7
ANZ Wholesale High Grade Bond Fund	-	62,206	-	63,601	-	109,623	-	69,394	-	60,585	-	-	-	365,409	933,570	52
ANZ Wholesale Sovereign Bond Fund	-	62,373	-	63,635	-	109,908	-	69,360	-	60,615	-	-	-	365,891	752,387	50
ANZ Wholesale Australasian Share Fund	-	17,757	-	39,961	-	125,499	-	132,557	-	257,364	-	-	-	573,138	1,086,338	32
ANZ Wholesale Australian Share Fund	-	17,397	-	36,392	-	109,291	-	114,635	-	223,425	-	-	-	501,140	913,635	28
ANZ Wholesale International Sovereign Fund	-	291,206	-	293,192	-	493,757	-	288,935	-	235,612	-	-	-	1,602,702	4,076,308	38
ANZ Wholesale International Property Securities Fund	-	10,101	-	25,528	-	73,518	-	78,486	-	148,338	-	-	-	335,971	1,102,179	38
ANZ Wholesale International Share Fund	-	86,583	-	184,183	-	572,049	-	654,671	-	1,252,456	-	-	-	2,749,942	5,746,259	61
ANZ Wholesale Trans-Tasman Property Securities Fund	-	10,894	-	27,388	-	76,164	-	82,238	-	151,951	-	-	-	348,635	842,213	23
Forward foreign exchange contracts	-	30	-	59	-	183	-	214	-	492	-	-	-	-	978	
Futures and other derivatives	-	7	-	12	-	25	-	20	-	45	-	-	-	-	109	
Total investment assets	863,757	727,677	1,089,864	914,325	2,280,385	1,955,638	1,977,887	1,661,549	2,965,477	2,576,801	461,233	376,217	9,638,603	8,212,207		
Investment liabilities																
Forward foreign exchange contracts	-	387	-	822	-	2,574	-	2,987	-	5,733	-	-	-	12,503		
Futures and other derivatives	-	318	-	652	-	1,480	-	1,355	-	2,731	-	-	-	6,536		
Total investment liabilities	-	705	-	1,474	-	4,054	-	4,342	-	8,464	-	-	-	19,039		

NOTES TO THE FINANCIAL STATEMENTS

Involvement with unconsolidated structured entities

A Structured Entity (SE) is an entity that has been designed such that the 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. A SE often has some or all of the following features or attributes:

- restricted activities;
- a narrow and well defined objective;
- insufficient equity to permit the SE to finance its activities without subordinated financial support; and
- financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Funds involvement with unconsolidated SEs is through their investment in other unitised funds. Investments designated 'ANZ' in the table on page 9 are unitised funds managed by ANZ Investments.

The maximum exposure to loss is the carrying amount of the financial assets held. Once a fund has sold all units in an investee fund, the fund ceases 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.

KEY JUDGEMENTS AND ESTIMATES

Significant judgement is required in assessing whether control exists over Structured Entities involved in investment funds. Judgements required in relation to the existence of:

- power over the relevant activities (being those that significantly affect the entity's returns); and
- exposure to variable returns of that entity

NOTES TO THE FINANCIAL STATEMENTS

5. NET CHANGES IN FAIR VALUE OF INVESTMENTS

For the year ended 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ KiwiSaver Scheme	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Net realised change in fair value	126,588	8,409	178,997	13,422	452,448	33,080	443,321	30,536	832,872	66,926	691	921	2,034,917	153,294
Net unrealised change in fair value	(80,854)	21,918	(112,805)	32,934	(295,746)	86,007	(295,608)	87,623	(592,889)	145,014	10,212	7,975	(1,367,690)	381,471
Net changes in fair value of investment assets and liabilities	45,734	30,327	66,192	46,356	156,702	119,087	147,713	118,159	239,983	211,940	10,903	8,896	667,227	534,765
Net changes in fair value of investment assets and liabilities designated at fair value on initial recognition	49,984	29,386	75,135	44,489	184,062	113,407	179,132	112,085	299,853	200,032	10,903	8,896	799,069	508,295
Net changes in fair value of investment assets and liabilities held for trading	(4,250)	941	(8,943)	1,867	(27,360)	5,680	(31,419)	6,074	(59,870)	11,908	-	-	(131,842)	26,470
Net changes in fair value of investment assets and liabilities	45,734	30,327	66,192	46,356	156,702	119,087	147,713	118,159	239,983	211,940	10,903	8,896	667,227	534,765
Change in fair value of investment assets and liabilities relating to investments in unconsolidated structured entities	49,984	29,386	75,135	44,489	184,062	113,407	179,132	112,085	299,853	200,032	10,903	8,896	799,069	508,295

6. OTHER RECEIVABLES

As at 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ KiwiSaver Scheme	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Receivable from members	4,922	2,458	5,877	3,393	11,264	7,952	8,687	7,266	7,609	8,796	1,547	1,221	39,906	31,086
Other receivables	4,922	2,458	5,877	3,393	11,264	7,952	8,687	7,266	7,609	8,796	1,547	1,221	39,906	31,086

7. OTHER PAYABLES

As at 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ KiwiSaver Scheme	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Accrued expenses	706	624	889	786	1,952	1,770	1,774	1,582	2,784	2,576	178	156	8,283	7,494
PIE tax payable on behalf of members	4,977	2,493	5,936	3,440	11,345	8,033	8,758	7,361	7,681	8,931	1,567	1,238	40,264	31,496
Other payables	5,683	3,117	6,825	4,226	13,297	9,803	10,532	8,943	10,465	11,507	1,745	1,394	48,547	38,990

NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT

Overview

The Funds' investment portfolios consist of investments in unitised funds 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. The Funds directly held foreign exchange contracts until August 2018. 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.

In addition, the Funds have financial instruments in the form of cash and cash equivalents, other receivables, investment liabilities and other payables and which arise directly from their daily operations.

The financial risk management 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 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.

Section	Description	Tables on page
Maximum exposure to credit risk	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
Credit quality	Where the Funds invest in unitised funds managed by the Manager (see Note 4), the investment strategies of these unitised funds ensure an appropriate diversification of investments to manage their credit risk.	13
Concentrations of credit risk	The main concentration to which the Funds are exposed to credit risk arises from the Funds' investments in cash.	13
Collateral management	<p>The Funds used collateral for derivative exposures to mitigate credit risk if a counterparty could not meet its payment obligations from its expected cashflows.</p> <p>The Funds typically terminated all contracts with the counterparty and settled on a net basis at market levels current at the time of a counterparty default under International Swaps and Derivatives Associate (ISDA) Master Agreements.</p> <p>The Funds' preferred practice was to use a Credit Support Annex (CSA) to the ISDA so that open derivative positions with the counterparty were aggregated and cash collateral (or other forms of eligible collateral) was exchanged each business day. The collateral was provided by the counterparty when their position was out of the money (or provided to the counterparty by the Fund when its position was out of the money).</p>	

NOTES TO THE FINANCIAL STATEMENTS

Credit Quality

Item	Counterparty	S&P Global Ratings credit rating	
		2019	2018
Cash and cash equivalents	ANZ Bank New Zealand (see Note 10)	AA-	AA-
Forward foreign exchange contracts	ANZ Bank New Zealand (see Note 10), 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 Funds hold investments in other unitised funds 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.

Prior to August 2018 the forward foreign exchange contracts (FFX) were held directly by the Funds.

The fair value of these contracts is set out in Note 4.

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

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

NOTES TO THE FINANCIAL STATEMENTS

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 Funds trade in other unitised funds. 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.

When a fund has investments in other unitised funds, the increase/(decrease) in the net asset value of the fund is due to a reasonably possible change in the unit prices of other unitised funds (with all other variables held constant) and is indicated in the table below. If the unit price was to increase by 0.50%, the net asset value of the fund would increase by the amount shown, and if the unit price was to decrease by 0.50%, the net asset value of the fund would decrease by the amount shown.

As at 31 March	% change in unit price	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ KiwiSaver Scheme	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Other unitised funds	+/-0.50%	(4,319)	(3,638)	(5,449)	(4,571)	(11,402)	(9,251)	(9,889)	(8,307)	(14,827)	(12,881)	(2,306)	(1,881)	(48,192)	(40,529)

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

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.

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

9. FAIR VALUE MEASUREMENT

The Fund's investments are carried at fair value on the Statement of Net Assets. Usually the fair value of the investments can be reliably determined within a reasonable range of estimates.

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:

- Level 1 – valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuations using inputs other than quoted prices included within Level 1 that are observable for a similar asset or liability, either directly or indirectly; and
- Level 3 – valuations using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The unitised funds are Level 2 investments. These investments are priced daily 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.

Forward foreign exchange contracts held during the year were considered Level 2 (2018: 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.

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 due to their immediate or short-term nature. For purposes of fair value hierarchy, they are considered to be Level 2 assets and liabilities (2018: Level 2). For more information refer to Note 2.

KEY JUDGEMENTS AND ESTIMATES

The Manager evaluates the material accuracy of the valuations incorporated in the financial statements as they can involve a high degree of judgement and estimation in determining the carrying values of financial assets and liabilities at balance date.

The majority of valuation models the Manager uses employ only observable market data as inputs. However, for certain financial instruments, the Manager may use data that is not readily observable in current markets. If the Manager uses unobservable market data, then the Manager needs to exercise more judgement to determine fair value depending on the significance of the unobservable input to the overall valuation. Generally, the Manager derives unobservable inputs from other relevant market data and compares them to observed transaction prices where available.

When establishing the fair value of a financial instrument using a valuation technique, the Manager considers valuation adjustments in determining the fair value. The Manager may apply adjustments (such as bid/offer spreads, credit valuation adjustments and funding valuation adjustments) to the techniques used to reflect the Managers assessment of factors that market participants would consider in setting fair value.

NOTES TO THE FINANCIAL STATEMENTS

10. 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 held with ANZ Bank New Zealand Limited
- Forward foreign exchange contracts issued by ANZ Bank New Zealand Limited (until August 2018)

As at 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ KiwiSaver Scheme	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Assets:														
Cash and cash equivalents	79	49	101	48	216	23	188	48	291	48	13	13	888	229
Liabilities:														
Forward foreign exchange contracts	-	366	-	782	-	2,448	-	2,846	-	5,453	-	-	-	11,895

The Funds also invest in other unitised funds managed by ANZ Investments which is disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS

Income received from Related Party investment transactions were as follows:

For the year ended 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ KiwiSaver Scheme	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Income during the period:														
Interest income (cash and cash equivalents)	14	8	21	11	48	24	55	31	70	34	9	3	217	111
Net change in fair value of investment assets and liabilities held for trading	(1,716)	658	(3,618)	1,350	(10,728)	4,113	(12,301)	4,890	(23,522)	9,150	-	-	(51,885)	20,161
Total income from related party transactions	(1,702)	666	(3,597)	1,361	(10,680)	4,137	(12,246)	4,921	(23,452)	9,184	9	3	(51,668)	20,272

Membership fees

During the reporting period membership fees of \$13,546,000 were deducted from the Scheme and paid to the Manager by cancelling units in members' accounts (2018: \$13,275,000). 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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
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%		
Management fees payable at the end of the year, which is paid within 15 days of balance date:	616	523	776	658	1,716	1,496	1,570	1,347	2,479	2,209	129	105	7,286	6,338

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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$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:	133	137	171	174	372	384	318	324	494	514	65	64	1,553	1,597
Amounts payable to the Manager for reimbursement of expenses at the end of the year which is paid 15 days of balance date:	62	71	78	89	162	192	139	164	209	257	34	36	684	809

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 reallocations and other expense refunds by the Manager to the Funds.

NOTES TO THE FINANCIAL STATEMENTS

Investments in unconsolidated subsidiaries

As at balance date the Funds holding in the following unconsolidated subsidiaries are detailed below:

As at 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	%	%	%	%	%	%	%	%	%	%
ANZ Wholesale Conservative Fund	63	-	-	-	-	-	-	-	-	-
ANZ Wholesale Conservative Balanced Fund	-	-	71	-	-	-	-	-	-	-
ANZ Wholesale Balanced Fund	-	-	-	-	68	-	-	-	-	-
ANZ Wholesale Balanced Growth Fund	-	-	-	-	-	-	55	-	-	-
ANZ Wholesale Growth Fund	-	-	-	-	-	-	-	-	80	-

All of the above funds are domiciled and established in New Zealand.

The Funds invest in these unconsolidated subsidiaries by purchasing units. Units can be redeemed daily. Units can be redeemed at anytime; however, under extraordinary circumstances, the unconsolidated subsidiaries have the ability to suspend redemptions. As at balance date, the funds net (sales) and purchases in the unconsolidated subsidiaries were:

As at 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ANZ Wholesale Conservative Fund	835,051	-	-	-	-	-	-	-	-	-
ANZ Wholesale Conservative Balanced Fund	-	-	1,055,341	-	-	-	-	-	-	-
ANZ Wholesale Balanced Fund	-	-	-	-	2,212,626	-	-	-	-	-
ANZ Wholesale Balanced Growth Fund	-	-	-	-	-	-	1,923,753	-	-	-
ANZ Wholesale Growth Fund	-	-	-	-	-	-	-	-	2,897,272	-

Movements in the fair value of the funds' investments can be positive or negative.

As at balance date, the maximum exposure of the Funds is the carrying value of their investments in the funds above. Refer to Note 4 for the investment values.

NOTES TO THE FINANCIAL STATEMENTS

11. RECONCILIATION OF NET PROFIT TO NET CASH FLOWS USED IN OPERATING ACTIVITIES

For the year ended 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ KiwiSaver Scheme	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Net profit	38,855	24,285	57,488	38,816	137,225	102,030	130,046	102,931	211,595	186,842	9,434	7,622	584,643	462,526
Movement in operating balances														
Investment assets and margin accounts	(135,038)	(96,122)	(173,041)	(148,764)	(318,480)	(332,004)	(307,920)	(312,743)	(378,062)	(445,985)	(85,016)	(58,106)	(1,397,557)	(1,393,724)
Accrued expenses	82	64	103	110	182	269	193	278	208	427	21	14	789	1,162
Investment liabilities	(705)	352	(1,474)	759	(4,054)	1,863	(4,342)	1,942	(8,464)	3,743	-	-	(19,039)	8,659
Net cash flows used in operating activities	(96,806)	(71,421)	(116,924)	(109,079)	(185,127)	(227,842)	(182,023)	(207,592)	(174,723)	(254,973)	(75,561)	(50,470)	(831,164)	(921,377)

12. 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.

For the year ended 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's
Number of units on issue												
Units on issue at the beginning of the year	436,868	393,494	524,701	461,180	1,082,591	954,122	895,460	780,989	1,364,479	1,225,507	282,834	244,493
Units issued during the year	74,425	71,892	90,442	91,601	195,040	202,646	175,286	179,210	304,377	304,556	53,916	50,672
Units redeemed during the year	(17,202)	(28,518)	(24,856)	(28,080)	(95,764)	(74,177)	(81,126)	(64,739)	(217,106)	(165,584)	2,143	(12,331)
Number of units on issue at the end of the year	494,091	436,868	590,287	524,701	1,181,867	1,082,591	989,620	895,460	1,451,750	1,364,479	338,893	282,834
Units redeemed in April for PIE tax payable at 31 March on behalf of members:	(2,818)	(1,476)	(3,185)	(1,947)	(5,843)	(4,401)	(4,350)	(3,910)	(3,728)	(4,658)	(1,137)	(918)



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 audit of the financial statements

Opinion

In our opinion, the accompanying financial statements of the Funds and Scheme on pages 2 to 20:

- i. present fairly in all material respects the Funds' and Scheme's financial position as at 31 March 2019 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 2019;
- the statement of changes in net assets and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

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

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

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

Our firm has also undertaken supervisor reporting in line with our obligations under Section 198 and 199 of the Financial Markets Conduct Act 2013 ("FMC Act 2013") and provided other services to the Funds and Scheme in relation to semi-annual controls assurance reporting and registry assurance reporting in line with Section 218 of the FMC Act 2013. Subject to certain restrictions, partners and employees of our firm may also deal with the Funds and Scheme on normal terms within the ordinary course of trading activities of the business of the Funds and Scheme. These matters have not impaired our independence as auditor of the Funds and Scheme. The firm has no other relationship with, or interest in, the Funds or Scheme.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the members as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the financial statements as a whole and we do not express discrete opinions on separate elements of the financial statements

The key audit matter

How the matter was addressed in our audit

Existence and valuation of investments

Refer to Note 4 of the financial statements.

The Funds' portfolio of investments is the most significant asset making up in excess of 95% of total assets. These comprise liquid investments including bank accounts and fund-to-fund investments.

The investment portfolio in total, due to its materiality in the context of the financial statements as a whole, is our most significant area of audit focus.

Our audit procedures included:

- documenting and understanding the processes in place to record investment transactions and to value the portfolio; this included evaluating the control environment in place at the administration manager by obtaining and reading the service organisation reports issued by an independent auditor on the design and operation of those controls throughout the period;
- agreeing investment holdings to confirmations received from the registrar;
- agreeing the valuation of fund-to-fund investments to the redemption value per unit as reported by the managers;
- for bank accounts, agreeing the closing book value to bank confirmations.

Calculation of management fees

Refer to Note 10 to the financial statements. Under the terms of the Governing Document, ANZ New Zealand Investments Limited (the "Manager") is entitled to receive a management fee, calculated as a percentage of the daily net asset value of the Funds.

As the Manager calculates and pays the fee on behalf of the Funds to itself, there is an inherent risk that the Manager could manipulate the calculation to boost its own earnings from its administrative duties.

Due to the inherent risk of fraud as the management could override controls we identified the calculation of management fees as an area which had a significant effect on our overall audit strategy and allocation of resources in planning and completing our audit.

Our audit procedures included:

- documenting and understanding the process in place to calculate and capture management fees as well as the processes to generate underlying information such as daily unit pricing. This included evaluating the control environment in place at the administration manager by obtaining and reading the service organisation reports issued by an independent auditor on the design and operation of those controls throughout the period;
- assessing the calculation of the management fees by comparing the net asset values to daily unit pricing for selected days and management fee rates to Product Disclosure Statements as applicable for the period; and
- reviewing manual journal entries to test whether any unauthorised or not supported adjustment has been made to the management fees to address the risk of management overriding controls.

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 Disclose website. 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 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 controls to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objective is:

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

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

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



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

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/>

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 handwritten signature of the KPMG firm, written in blue ink. The letters 'KPMG' are written in a stylized, cursive-like font.

KPMG
Auckland

30 July 2019