

**ANZ DEFAULT 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 Default 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
<b>Investment Activities</b>															
<b>Income</b>															
Interest income		52	24	1	1	3	1	3	1	3	1	-	-	62	28
Net changes in fair value of investments	3	62,255	44,922	2,847	1,842	9,585	6,735	11,431	8,733	10,704	8,462	189	121	97,011	70,815
Other income		61	-	2	-	5	-	6	-	5	-	-	-	79	-
<b>Total income</b>		<b>62,368</b>	<b>44,946</b>	<b>2,850</b>	<b>1,843</b>	<b>9,593</b>	<b>6,736</b>	<b>11,440</b>	<b>8,734</b>	<b>10,712</b>	<b>8,463</b>	<b>189</b>	<b>121</b>	<b>97,152</b>	<b>70,843</b>
<b>Expenses</b>															
Management fees		4,823	4,720	364	288	1,157	938	1,331	1,081	1,248	986	23	16	8,946	8,029
Supervisor fees		140	163	6	5	17	16	18	17	16	15	1	1	198	217
Auditor's fees - statutory financial statements		6	6	6	6	6	6	6	6	6	6	6	5	36	35
Auditor's fees - annual report, supervisor reporting, registry audit, semi-annual controls reporting and custodial audit		2	4	2	4	2	4	2	4	2	4	2	4	12	24
Interest expense		2	1	-	-	-	-	-	-	-	-	-	-	2	1
Other expenses		210	362	-	1	17	25	19	28	16	23	(6)	(8)	256	431
<b>Total expenses</b>		<b>5,183</b>	<b>5,256</b>	<b>378</b>	<b>304</b>	<b>1,199</b>	<b>989</b>	<b>1,376</b>	<b>1,136</b>	<b>1,288</b>	<b>1,034</b>	<b>26</b>	<b>18</b>	<b>9,450</b>	<b>8,737</b>
<b>Net profit</b>		<b>57,185</b>	<b>39,690</b>	<b>2,472</b>	<b>1,539</b>	<b>8,394</b>	<b>5,747</b>	<b>10,064</b>	<b>7,598</b>	<b>9,424</b>	<b>7,429</b>	<b>163</b>	<b>103</b>	<b>87,702</b>	<b>62,106</b>

**STATEMENT OF CHANGES IN NET ASSETS** (continued)

For the year ended 31 March	Note	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default 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
<b>Membership Activities</b>															
Net Profit		57,185	39,690	2,472	1,539	8,394	5,747	10,064	7,598	9,424	7,429	163	103	87,702	62,106
Contributions from members		87,933	92,647	4,055	3,042	10,511	10,528	11,867	10,171	11,934	10,861	510	486	126,810	127,735
Contributions from employers		50,290	54,119	1,409	1,149	4,592	4,216	5,761	4,957	5,771	4,932	207	147	68,030	69,520
Crown contributions		18,979	20,982	465	386	1,458	1,269	1,710	1,508	1,882	1,573	60	52	24,554	25,770
Transfers in from other schemes		67	10	-	-	-	-	1	-	-	-	-	-	68	10
Transfers in from complying Australian superannuation schemes		1,311	1,846	35	333	203	307	603	394	478	625	-	49	2,630	3,554
Contributions for PIE tax received		29	20	2	1	7	1	9	2	11	2	-	-	58	26
End payment date withdrawals		(19,210)	(15,169)	(1,405)	(788)	(1,121)	(929)	(470)	(496)	(769)	(450)	(1,210)	(517)	(24,185)	(18,349)
Withdrawals for first home purchase		(16,677)	(13,676)	(520)	(248)	(825)	(671)	(1,719)	(1,505)	(2,632)	(2,295)	(390)	(304)	(22,763)	(18,699)
Withdrawals for significant financial hardship		(1,973)	(2,081)	(18)	(3)	(27)	(117)	(100)	(36)	(94)	(80)	(9)	(2)	(2,221)	(2,319)
Withdrawals for serious illness		(1,651)	(1,076)	(44)	(8)	(257)	(57)	(30)	(38)	(11)	-	-	-	(1,993)	(1,179)
Withdrawals for permanent emigration		(794)	(1,099)	(16)	(31)	(28)	(42)	(61)	(83)	(109)	(66)	-	(4)	(1,008)	(1,325)
Withdrawals for death		(1,850)	(1,219)	(1)	(21)	(53)	(79)	(141)	(69)	(37)	(68)	-	-	(2,082)	(1,456)
Other permitted withdrawals		(416)	(45)	-	-	(25)	-	(3)	-	(4)	-	-	-	(448)	(45)
Transfers out to complying Australian superannuation schemes		(66)	(48)	-	-	(57)	-	-	-	(148)	-	-	-	(271)	(48)
Transfers out to other schemes		(79,177)	(84,106)	(1,754)	(1,481)	(7,031)	(4,739)	(6,763)	(5,766)	(7,340)	(5,076)	(180)	(100)	(102,245)	(101,268)
Switches within ANZ Default KiwiSaver		(44,766)	(47,580)	7,994	3,295	12,306	13,431	10,714	14,043	8,930	15,480	4,822	1,331	-	-
Withdrawals for PIE tax paid		(6,714)	(4,953)	(178)	(130)	(613)	(489)	(722)	(657)	(634)	(607)	(25)	(20)	(8,886)	(6,856)
Membership fees paid	10	(1,771)	(1,877)	(29)	(22)	(82)	(69)	(96)	(81)	(118)	(96)	(6)	(4)	(2,102)	(2,149)
<b>Net membership activities</b>		<b>(16,456)</b>	<b>(3,305)</b>	<b>9,995</b>	<b>5,474</b>	<b>18,958</b>	<b>22,560</b>	<b>20,560</b>	<b>22,344</b>	<b>17,110</b>	<b>24,735</b>	<b>3,779</b>	<b>1,114</b>	<b>53,946</b>	<b>72,922</b>
<b>Benefits accrued to members' accounts</b>		<b>40,729</b>	<b>36,385</b>	<b>12,467</b>	<b>7,013</b>	<b>27,352</b>	<b>28,307</b>	<b>30,624</b>	<b>29,942</b>	<b>26,534</b>	<b>32,164</b>	<b>3,942</b>	<b>1,217</b>	<b>141,648</b>	<b>135,028</b>
Members' funds at the beginning of the year		1,060,785	1,024,400	37,444	30,431	117,049	88,742	126,206	96,264	111,738	79,574	5,652	4,435	1,458,874	1,323,846
<b>Members' funds at the end of the year</b>		<b>1,101,514</b>	<b>1,060,785</b>	<b>49,911</b>	<b>37,444</b>	<b>144,401</b>	<b>117,049</b>	<b>156,830</b>	<b>126,206</b>	<b>138,272</b>	<b>111,738</b>	<b>9,594</b>	<b>5,652</b>	<b>1,600,522</b>	<b>1,458,874</b>

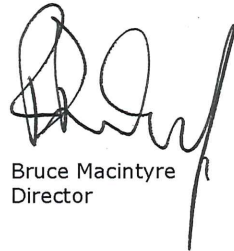
## STATEMENT OF NET ASSETS

As at 31 March	Note	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default 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
<b>Assets</b>															
Cash and cash equivalents		375	375	4	8	13	8	15	8	13	8	13	14	433	421
Margin accounts		5,948	2,611	-	-	-	322	-	417	-	424	-	-	5,948	3,774
Investment assets	4	1,096,576	1,059,315	49,950	37,505	144,515	117,062	156,963	126,232	138,397	111,788	9,587	5,640	1,595,988	1,457,542
Other receivables		9,621	6,379	312	172	888	599	875	703	631	617	34	22	12,361	8,492
<b>Total assets</b>		<b>1,112,520</b>	<b>1,068,680</b>	<b>50,266</b>	<b>37,685</b>	<b>145,416</b>	<b>117,991</b>	<b>157,853</b>	<b>127,360</b>	<b>139,041</b>	<b>112,837</b>	<b>9,634</b>	<b>5,676</b>	<b>1,614,730</b>	<b>1,470,229</b>
<b>Liabilities</b>															
Investment liabilities	4	706	891	-	37	-	232	-	324	-	362	-	-	706	1,846
Other payables	6	10,300	7,004	355	204	1,015	710	1,023	830	769	737	40	24	13,502	9,509
<b>Total liabilities</b>		<b>11,006</b>	<b>7,895</b>	<b>355</b>	<b>241</b>	<b>1,015</b>	<b>942</b>	<b>1,023</b>	<b>1,154</b>	<b>769</b>	<b>1,099</b>	<b>40</b>	<b>24</b>	<b>14,208</b>	<b>11,355</b>
<b>Net assets attributable to members</b>		<b>1,101,514</b>	<b>1,060,785</b>	<b>49,911</b>	<b>37,444</b>	<b>144,401</b>	<b>117,049</b>	<b>156,830</b>	<b>126,206</b>	<b>138,272</b>	<b>111,738</b>	<b>9,594</b>	<b>5,652</b>	<b>1,600,522</b>	<b>1,458,874</b>
<b>Net assets available for benefits</b>		<b>1,101,514</b>	<b>1,060,785</b>	<b>49,911</b>	<b>37,444</b>	<b>144,401</b>	<b>117,049</b>	<b>156,830</b>	<b>126,206</b>	<b>138,272</b>	<b>111,738</b>	<b>9,594</b>	<b>5,652</b>	<b>1,600,522</b>	<b>1,458,874</b>

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 Default KiwiSaver Scheme		
	Note	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
<b>Cash flows from operating activities</b>															
Interest received		52	24	1	1	3	1	3	1	3	1	-	-	62	28
Other income received		61	-	2	-	5	-	6	-	5	-	-	-	79	-
Net sales and purchases of investments		21,472	8,526	(9,635)	(5,176)	(17,778)	(21,598)	(19,207)	(21,236)	(15,843)	(23,738)	(3,758)	(1,095)	(44,749)	(64,317)
Management fees paid		(4,810)	(4,705)	(355)	(284)	(1,140)	(915)	(1,309)	(1,056)	(1,229)	(956)	(21)	(15)	(8,864)	(7,931)
Supervisor fees paid		(146)	(170)	(6)	(5)	(17)	(15)	(18)	(16)	(16)	(14)	(1)	(1)	(204)	(221)
Other expenses paid		(242)	(391)	(8)	(10)	(26)	(34)	(27)	(37)	(25)	(30)	(2)	(2)	(330)	(504)
<b>Net cash flows from/(used in) operating activities</b>	11	16,387	3,284	(10,001)	(5,474)	(18,953)	(22,561)	(20,552)	(22,344)	(17,105)	(24,737)	(3,782)	(1,113)	(54,006)	(72,945)
<b>Cash flows from financing activities</b>															
Proceeds from contributions by members		158,580	169,604	5,964	4,910	16,764	16,320	19,942	17,030	20,065	17,991	777	734	222,092	226,589
Payments for redemptions by members		(121,814)	(118,519)	(3,758)	(2,580)	(9,424)	(6,634)	(9,287)	(7,993)	(11,144)	(8,035)	(1,789)	(927)	(157,216)	(144,688)
PIE tax paid on behalf of members		(6,616)	(4,912)	(174)	(129)	(606)	(487)	(714)	(655)	(623)	(603)	(23)	(20)	(8,756)	(6,806)
Switches within ANZ Default KiwiSaver		(44,766)	(47,580)	7,994	3,295	12,306	13,431	10,714	14,043	8,930	15,480	4,822	1,331	-	-
Membership fees paid		(1,771)	(1,877)	(29)	(22)	(82)	(69)	(96)	(81)	(118)	(96)	(6)	(4)	(2,102)	(2,149)
<b>Net cash flows from/(used in) financing activities</b>		(16,387)	(3,284)	9,997	5,474	18,958	22,561	20,559	22,344	17,110	24,737	3,781	1,114	54,018	72,946
<b>Net change in cash and cash equivalents</b>		-	-	(4)	-	5	-	7	-	5	-	(1)	1	12	1
Cash and cash equivalents at beginning of year		375	375	8	8	8	8	8	8	8	8	14	13	421	420
<b>Cash and cash equivalents at end of year</b>		375	375	4	8	13	8	15	8	13	8	13	14	433	421

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 Default 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 relating to the ANZ Default KiwiSaver Scheme (Governing Document) 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 judgements, estimates and assumptions that affect reported amounts and the application of accounting policies. Discussion of the critical accounting estimates, which include complex or subjective decisions or assessments, are included in Note 4 and 8. 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, margin accounts, 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

All 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 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.

### (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 the 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 unitholdings 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 components 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 member's account at any time.

The Government makes an annual contribution (Member Tax Credit) of up to \$521.43 a year to eligible members' 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 exposures due to a change in fund structure.

As at 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme		Total investee fund net assets	Total Number of 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	
<b>Investment assets</b>																
ANZ Wholesale Cash Fund	238,585	232,316	-	6,779	-	16,981	-	13,280	-	8,288	9,587	5,640	248,172	283,284	4,333,120	87
ANZ Wholesale Conservative Balanced Fund	-	-	49,950	-	-	-	-	-	-	-	-	-	49,950	-	1,541,842	5
ANZ Wholesale Balanced Fund	-	-	-	-	144,515	-	-	-	-	-	-	-	144,515	-	3,355,198	6
ANZ Wholesale Balanced Growth Fund	-	-	-	-	-	-	156,963	-	-	-	-	-	156,963	-	3,618,176	12
ANZ Wholesale Growth Fund	-	-	-	-	-	-	-	-	138,397	-	-	-	138,397	-	3,685,921	7
ANZ Wholesale High Grade Bond Fund	98,965	94,493	-	2,624	-	6,534	-	5,268	-	2,598	-	-	98,965	111,517	933,570	52
ANZ Wholesale Sovereign Bond Fund	89,370	94,071	-	2,623	-	6,538	-	5,254	-	2,601	-	-	89,370	111,087	752,387	50
ANZ Wholesale International Share Fund	-	-	-	8,025	-	33,969	-	49,417	-	54,110	-	-	-	145,521	5,746,259	61
ANZ Wholesale International Sovereign Fund	444,213	429,632	-	11,981	-	29,445	-	21,754	-	10,043	-	-	444,213	502,855	4,076,308	38
ANZ Wholesale Australian Share Fund	22,805	23,473	-	1,667	-	7,111	-	8,909	-	10,092	-	-	22,805	51,252	913,635	28
ANZ Wholesale Australasian Share Fund	28,356	26,999	-	1,648	-	7,414	-	10,013	-	11,149	-	-	28,356	57,223	1,086,338	32
ANZ Wholesale Trans-Tasman Property Securities Fund	18,055	32,759	-	1,122	-	4,667	-	6,156	-	6,501	-	-	18,055	51,205	842,213	23
ANZ Wholesale International Property Securities Fund	17,419	-	-	1,034	-	4,390	-	6,163	-	6,387	-	-	17,419	17,974	1,102,179	38
ANZ Wholesale International Share Index Fund	138,701	125,517	-	-	-	-	-	-	-	-	-	-	138,701	125,517	198,937	5
Forward foreign exchange contracts	75	50	-	2	-	11	-	16	-	17	-	-	75	96		
Futures and other derivatives	32	5	-	-	-	2	-	2	-	2	-	-	32	11		
<b>Total investment assets</b>	<b>1,096,576</b>	<b>1,059,315</b>	<b>49,950</b>	<b>37,505</b>	<b>144,515</b>	<b>117,062</b>	<b>156,963</b>	<b>126,232</b>	<b>138,397</b>	<b>111,788</b>	<b>9,587</b>	<b>5,640</b>	<b>1,595,988</b>	<b>1,457,542</b>		
<b>Investment liabilities</b>																
Forward foreign exchange contracts	706	584	-	37	-	153	-	222	-	244	-	-	706	1,240		
Futures and other derivatives	-	307	-	-	-	79	-	102	-	118	-	-	-	606		
<b>Total investment liabilities</b>	<b>706</b>	<b>891</b>	<b>-</b>	<b>37</b>	<b>-</b>	<b>232</b>	<b>-</b>	<b>324</b>	<b>-</b>	<b>362</b>	<b>-</b>	<b>-</b>	<b>706</b>	<b>1,846</b>		

## 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 Fund's 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 Default 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	30,595	33,743	6,149	551	22,278	1,647	28,702	2,125	28,272	1,945	72	38	116,068	40,049
Net unrealised change in fair value	31,660	11,179	(3,302)	1,291	(12,693)	5,088	(17,271)	6,608	(17,568)	6,517	117	83	(19,057)	30,766
<b>Net changes in fair value of investment assets and liabilities</b>	<b>62,255</b>	<b>44,922</b>	<b>2,847</b>	<b>1,842</b>	<b>9,585</b>	<b>6,735</b>	<b>11,431</b>	<b>8,733</b>	<b>10,704</b>	<b>8,462</b>	<b>189</b>	<b>121</b>	<b>97,011</b>	<b>70,815</b>
Net changes in fair value of investment assets and liabilities designated at fair value on initial recognition	64,697	43,384	3,235	1,760	11,240	6,390	13,819	8,226	13,319	7,937	189	121	106,499	67,818
Net changes in fair value of investment assets and liabilities held for trading	(2,442)	1,538	(388)	82	(1,655)	345	(2,388)	507	(2,615)	525	-	-	(9,488)	2,997
<b>Net changes in fair value of investment assets and liabilities</b>	<b>62,255</b>	<b>44,922</b>	<b>2,847</b>	<b>1,842</b>	<b>9,585</b>	<b>6,735</b>	<b>11,431</b>	<b>8,733</b>	<b>10,704</b>	<b>8,462</b>	<b>189</b>	<b>121</b>	<b>97,011</b>	<b>70,815</b>
Change in fair value of investment assets and liabilities relating to investments in unconsolidated structured entities	64,697	43,384	3,235	1,760	11,240	6,390	13,819	8,226	13,319	7,937	189	121	106,499	67,818

### 6. OTHER PAYABLES

As at 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default 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	559	574	41	32	124	108	143	121	132	114	4	2	1,003	951
PIE tax payable on behalf of members	9,741	6,430	314	172	891	602	880	709	637	623	36	22	12,499	8,558
<b>Other payables</b>	<b>10,300</b>	<b>7,004</b>	<b>355</b>	<b>204</b>	<b>1,015</b>	<b>710</b>	<b>1,023</b>	<b>830</b>	<b>769</b>	<b>737</b>	<b>40</b>	<b>24</b>	<b>13,502</b>	<b>9,509</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 7. FINANCIAL RISK MANAGEMENT

#### Overview

The Funds' investment portfolios consist of investments in unitised funds, futures, forward foreign exchange contracts, 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 unitholders. The Conservative Balanced Fund, Balanced Fund, Balanced Growth Fund and Growth fund directly held forward 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 that 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 for the purpose of aiming to achieve investment objectives. Divergence from target allocations and the composition of the portfolio is monitored by the Manager 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(s)
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 use collateral for derivative exposures to mitigate credit risk if a counterparty cannot meet its payment obligations from its expected cashflows.</p> <p>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.</p> <p>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).</p>	16 - 17

## 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 fair value of a foreign currency denominated 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 Conservative Balanced Fund, Balanced Fund, Balanced Growth Fund and Growth Fund.

Fund	Approach to currency risk management
Conservative Fund	Australasian Equities Actively hedged with a benchmark of 50% and a range of 0% - 100% for its Australian dollar exposure through its investments in the ANZ Wholesale Australian Share Fund and ANZ Wholesale Australasian Share Fund. As at balance date, the fund was hedging approximately 18% (2018: 40%) of its Australian dollar exposure through its investments in the ANZ Wholesale Australian Share Fund and the ANZ Wholesale Australasian Share Fund.
Conservative Fund	International Equities Actively hedged with a benchmark of 65% and a range of 0% to 100% for their foreign currency exposure through its investment in the ANZ Wholesale International Share Index Fund. As at balance date the fund was hedging approximately 63% (2018:59%) of its foreign currency exposure in the ANZ Wholesale International Share Index Fund.
Conservative Fund	International Fixed Interest Exposure to international fixed interest through its investment in the underlying fund is 100% passively hedged within the underlying fund.
Conservative 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 4.

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).

## NOTES TO THE FINANCIAL STATEMENTS

### 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.

### 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 on 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 Default 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%	5,483	4,669	250	188	723	585	785	631	692	559	48	28	7,981	6,660

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.

The Conservative fund invests 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 contractual maturity dates of 15 and 26 April 2019.

Futures contracts are typically settled quarterly. The margin accounts maintained by the Conservative fund 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 4 for derivatives in a loss position at balance date.

## NOTES TO THE FINANCIAL STATEMENTS

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 on each business day through the review of cash flow information which highlights current and known future levels of redemptions.

### 8. FAIR VALUE MEASUREMENT

The Fund's investments are carried at fair value on the Balance Sheet. 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).

Investments whose values are based on quoted market prices in active markets and are therefore classified within Level 1, include exchange traded derivatives. The Funds do not adjust the quoted price for these instruments.

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

### 9. OFFSETTING

Financial assets and liabilities are offset in the Statement of Net Assets (in accordance with NZ IAS 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 Funds do 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

As at 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default 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
<b>Derivative instruments</b>														
Gross amounts of recognised financial assets	107	55	-	2	-	13	-	18	-	19	-	-	107	107
Gross amounts of recognised financial liabilities offset in the Statement of Net Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net amounts of financial assets presented in the Statement of Net Assets</b>	107	55	-	2	-	13	-	18	-	19	-	-	107	107
<b>Related amounts not offset in the Statement of Net Assets:</b>														
Financial instruments (including non-cash collateral)	72	33	-	2	-	8	-	10	-	12	-	-	72	65
Cash collateral transferred	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net amount</b>	35	22	-	-	-	5	-	8	-	7	-	-	35	42

## NOTES TO THE FINANCIAL STATEMENTS

### Financial liabilities subject to enforceable master netting arrangements and similar agreements

As at 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default 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
<b>Derivative instruments</b>														
Gross amounts of recognised financial liabilities	706	891	-	37	-	232	-	324	-	362	-	-	706	1,846
Gross amounts of recognised financial assets offset in the Statement of Net Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net amounts of financial liabilities presented in the Statement of Net Assets</b>	706	891	-	37	-	232	-	324	-	362	-	-	706	1,846
<b>Related amounts not offset in the Statement of Net Assets:</b>														
Financial instruments (including non-cash collateral)	72	33	-	2	-	8	-	10	-	12	-	-	72	65
Cash collateral transferred	-	307	-	-	-	79	-	102	-	118	-	-	-	606
<b>Net amount</b>	634	551	-	35	-	145	-	212	-	232	-	-	634	1,175

## 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.

#### Investments in products issued by related parties

The Funds invest in:

- Cash and cash equivalents held by ANZ Bank New Zealand Limited
- Forward foreign exchange contracts issued by ANZ Bank New Zealand Limited are held by the Conservative Fund. All other Funds (excluding Cash Fund) held forward foreign exchange contracts issued by ANZ Bank New Zealand Limited up to August 2018

As at 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default 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
<b>Assets:</b>														
Cash and cash equivalents	375	375	4	8	13	8	15	8	13	8	13	14	433	421
Forward foreign exchange contracts	44	6	-	-	-	-	-	-	-	-	-	-	44	6
<b>Total assets</b>	<b>419</b>	<b>381</b>	<b>4</b>	<b>8</b>	<b>13</b>	<b>8</b>	<b>15</b>	<b>8</b>	<b>13</b>	<b>8</b>	<b>13</b>	<b>14</b>	<b>477</b>	<b>427</b>
<b>Liabilities:</b>														
Forward foreign exchange contracts	(675)	(557)	-	(35)	-	(146)	-	(211)	-	(232)	-	-	(675)	(1,181)
<b>Total liabilities</b>	<b>(675)</b>	<b>(557)</b>	<b>-</b>	<b>(35)</b>	<b>-</b>	<b>(146)</b>	<b>-</b>	<b>(211)</b>	<b>-</b>	<b>(232)</b>	<b>-</b>	<b>-</b>	<b>(675)</b>	<b>(1,181)</b>

## NOTES TO THE FINANCIAL STATEMENTS

Income received from Related Party 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 Default 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
<b>Income during the period:</b>														
Interest income (cash and cash equivalents)	20	18	1	1	2	1	2	1	2	1	-	-	27	22
Net change in fair value of investment assets and liabilities held for trading	305	846	(150)	58	(659)	248	(954)	375	(1,047)	388	-	-	(2,505)	1,915
<b>Total income from related party transactions</b>	<b>325</b>	<b>864</b>	<b>(149)</b>	<b>59</b>	<b>(657)</b>	<b>249</b>	<b>(952)</b>	<b>376</b>	<b>(1,045)</b>	<b>389</b>	<b>-</b>	<b>-</b>	<b>(2,478)</b>	<b>1,937</b>

### Membership fees

During the reporting period membership fees of \$2,102,000 were deducted from the Scheme and paid to the Manager by cancelling units in members' accounts (2018: \$2,149,000). 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 Default 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:	0.45%	0.45%	0.85%	0.85%	0.90%	0.90%	0.95%	0.95%	1.00%	1.00%	0.33%	0.33%		
Management fees payable to the Manager at the end of the year which is paid within 15 days of balance date:	419	405	34	26	107	89	124	102	115	96	3	2	802	720

## 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 Default 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
Manager's other costs recognised in the Statement of Changes in Net Assets during the year*:	209	358	-	1	17	25	19	28	16	23	(7)	(8)	254	427
Amounts payable to the Manager for reimbursement of expenses at the end of the year which is paid within 15 days of balance date:	107	131	5	5	13	14	15	15	13	14	1	1	154	180

\* The amounts presented are after the auditor's fee reallocation. This may result in negative Managers' costs.

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 Conservative Fund holding in the following unconsolidated subsidiary is detailed below:

As at 31 March	Conservative Fund	
	2019	2018
	%	%
ANZ Wholesale International Share Index Fund	70	68

The Conservative Fund invests in this unconsolidated subsidiary by purchasing units. Units can be redeemed daily. Units can be redeemed at anytime; however, under extraordinary circumstances, the unconsolidated subsidiary has the ability to suspend redemptions. As at balance date, the funds net (sales) and purchases in the unconsolidated subsidiary were:

As at 31 March	Conservative Fund	
	2019	2018
	\$000	\$000
ANZ Wholesale International Share Index Fund	1,878	112,430

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.

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

For the year ended 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default 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
<b>Net profit</b>	57,185	39,690	2,472	1,539	8,394	5,747	10,064	7,598	9,424	7,429	163	103	87,702	62,106
<b>Movement in operating balances</b>														
Investment assets and margin accounts	(40,598)	(36,729)	(12,445)	(7,025)	(27,131)	(28,445)	(30,314)	(30,121)	(26,185)	(32,387)	(3,947)	(1,216)	(140,620)	(135,923)
Accrued expenses	(15)	(10)	9	5	16	25	22	27	18	34	2	-	52	81
Investment liabilities	(185)	333	(37)	7	(232)	112	(324)	152	(362)	187	-	-	(1,140)	791
<b>Net cash flows from/(used in) operating activities</b>	16,387	3,284	(10,001)	(5,474)	(18,953)	(22,561)	(20,552)	(22,344)	(17,105)	(24,737)	(3,782)	(1,113)	(54,006)	(72,945)

## NOTES TO THE FINANCIAL STATEMENTS

### 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
<b>Number of units on issue</b>												
Units on issue at the beginning of the year	622,544	624,442	21,848	18,621	67,637	54,364	72,054	58,991	63,520	49,067	3,962	3,178
Units issued during the year	95,731	103,009	10,698	7,362	22,040	21,479	21,323	21,455	19,673	22,427	4,739	1,768
Units redeemed during the year	(105,003)	(104,907)	(5,028)	(4,135)	(11,462)	(8,206)	(10,044)	(8,392)	(10,457)	(7,974)	(2,127)	(984)
<b>Number of units on issue at the end of the year</b>	<b>613,272</b>	<b>622,544</b>	<b>27,518</b>	<b>21,848</b>	<b>78,215</b>	<b>67,637</b>	<b>83,333</b>	<b>72,054</b>	<b>72,736</b>	<b>63,520</b>	<b>6,574</b>	<b>3,962</b>
Units redeemed in April for PIE tax payable at 31 March on behalf of members:	(5,355)	(3,744)	(172)	(100)	(481)	(346)	(464)	(402)	(332)	(351)	(24)	(15)



# 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 Default 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 22:

- 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
- 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, fund-to-fund investments and simple derivatives.

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 and third party custodians;
- agreeing the valuation of fund-to-fund investments to the redemption value per unit as reported by the managers;
- for derivatives, engaging our valuation specialists to check the reasonableness of the inputs to information available from independent third party pricing sources; and
- 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.

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## 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.

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## 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.

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## 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.

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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-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 'KPMG' in blue ink.

KPMG  
Auckland

30 July 2019