



SUPERLIFE
a Member of the NZX Group

SUPERLIFE UK PENSION TRANSFER SCHEME FINANCIAL STATEMENTS

For the year ended 31 March 2018

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SuperLife UK Pension Transfer Scheme

Statement of net assets

as at 31 March 2018



	Note	31 March 2018	31 March 2017
		\$	\$
Current assets			
Investments	7	48,019,521	41,186,947
Cash and cash equivalents		306	284
Cash and cash equivalents - foreign currency accounts		33	50
Taxation receivable	3(j)	50,739	40,101
Total current assets		48,070,599	41,227,332
Current liabilities			
Payables		(71,730)	(50,401)
Total current liabilities		(71,730)	(50,401)
Total net assets available for benefits to members		47,998,869	41,176,931
Liability for benefits		47,998,869	41,176,931

The Manager of the SuperLife UK Pension Transfer Scheme authorised these financial statements for issue on 2 July 2018

Director

Director

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

SuperLife UK Pension Transfer Scheme

Statement of changes in net assets

for the year ended 31 March 2018



	Note	31 March 2018	31 March 2017
		\$	\$
Investment activities			
Realised/unrealised change in fair value of investments	13	2,248,879	1,353,644
Bank interest	11	93	81
Total net investment income		2,248,972	1,353,725
Administration fees - fixed dollar	4	(122,034)	(128,863)
Administration fees - percentage of assets	4	(22,205)	(8,433)
Other expenses	12	(36,926)	(7,611)
Change in net assets before taxation and membership activities		2,067,807	1,208,818
Income taxation benefits	3(j)	50,721	40,077
Change in net assets before membership activities		2,118,528	1,248,895
Membership activities			
- Member contributions		13,422,983	15,973,939
		13,422,983	15,973,939
Less withdrawal benefits:			
- Benefits paid		(8,719,573)	(4,127,460)
		(8,719,573)	(4,127,460)
Net membership activities		4,703,410	11,846,479
Increase in net assets during the year		6,821,938	13,095,374
Net assets available for benefits			
Opening balance		41,176,931	28,081,557
Increase in net assets during the year		6,821,938	13,095,374
Closing balance		47,998,869	41,176,931

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

SuperLife UK Pension Transfer Scheme

Statement of cash flows

for the year ended 31 March 2018



	Note	31 March 2018	31 March 2017
		\$	\$
Cash flows from operating activities			
Cash was provided by:			
- Sale of investments		7,520,557	4,105,379
- Contributions received from and in respect of members		13,422,983	15,973,939
- Interest income received		93	81
- Tax refund received		40,082	14,447
		<u>20,983,715</u>	<u>20,093,846</u>
Cash was applied to:			
- Purchase of investments		(12,104,252)	(15,851,687)
- Retirement benefits		(8,719,573)	(4,127,460)
- Foreign currency (losses) / gains		-	(4)
- General administration fees		(159,835)	(114,594)
		<u>(20,983,660)</u>	<u>(20,093,745)</u>
Net cash flows from operating activities	15	<u>55</u>	<u>101</u>
Opening cash brought forward		284	183
Closing cash carried forward		<u>339</u>	<u>284</u>

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

SuperLife UK pension transfer scheme



Notes to the financial statements

for the year ended 31 March 2018

1 General information

SuperLife UK pension transfer scheme (formerly known as Ascot) (the "Scheme") is a managed investment scheme registered by the Financial Markets Authority ("FMA") under the Financial Market Conducts Act 2013 ("FMCA") (SCH 10767). Prior to 9 November 2016, the Scheme was a defined contribution superannuation scheme known as Ascot and was registered under the Superannuation Schemes Act 1989 (AS/1882). The Scheme was established for the principal purpose of providing retirement benefits to members. The Scheme is also an approved Qualifying Recognised Overseas Pension Scheme ("QROPS") under the UK Finance Act 2004 (QROPS 503780) with effect from 14 April 2011 and facilitates the transfer of UK pension funds to the Scheme from approved UK pension schemes.

The Scheme is domiciled in New Zealand. The address of its principal place of business is 21 Queen Street, Auckland 1010.

The Scheme is governed by a trust deed (the "Trust Deed") executed on 10 February 2011, amended and replaced on 11 May 2012, 29 September 2014 and 8 November 2016. Public Trust (1985831) (the "Supervisor") is the supervisor of the Scheme. The Public Trust was established under the Companies Act 1993 in Auckland, New Zealand on 28 September 1998. It is a member of the Financial Dispute Resolution scheme ("FDRS") and is registered as a financial service provider (FSP 2456) under the Financial Service Providers Act 2008 ("FSPA").

Smartshares Limited is the manager of the Scheme (the "Manager"). It is wholly owned by NZX Limited and is registered under the FSPA. Its registration number with the FSPA is FSP 26531. The Manager in its role as investment manager invests the assets of the Scheme through the SuperLife Invest scheme ("SLI"). SLI has the same Supervisor and Manager as the Scheme. SLI is registered by the FMA under the FMCA with the registration number SCH 10765. To protect the interest of members, the Scheme's investments are held by an independent custodian. The custodian of the Scheme is the Public Trust (acting through its nominee company, SuperLife Nominees Limited ("SNL")). SNL is a subsidiary of the Supervisor.

The auditor of the Scheme is PricewaterhouseCoopers ("the Auditor"). The Auditor is independent of the Supervisor, the Custodian, the Manager and the Investment Manager and is registered on the public register of licensed auditors and registered audit firms under the Auditor Regulation Act 2011 (AUD811) without any conditions.

Prior to 9 November 2016, MCA Trustee Limited (1142836), (the "Trustee") was the trustee of the Scheme. The Trustee was incorporated on 8 June 2001 in New Zealand, it is a member of the FDRS and is registered as a financial service provider (FSP 43621) under the FSPA. The holding company of the Trustee is Aventine Group Limited (896866), which was incorporated in New Zealand on 26 March 1998. The Trustee was also the Scheme's investment manager prior to 9 November 2016.

SuperLife Limited (911713) ("SLL") was the manager of the Scheme prior to 9 November 2016. SLL was incorporated in Auckland, New Zealand on 16 June 1998. It is a member of the FDRS and is registered as a financial service provider (FSP 42464) under the FSPA. On 9 November 2016, SuperLife Limited amalgamated with Smartshares Limited (668652) ("SSL"). On this date, SSL (the "Manager") became the manager of the Scheme. SuperLife Limited is also referred as the "Manager" for these financial statements. SSL is a member of the FDRS and is registered as a financial service provider (FSP 42464) under the FSPA. On 9 November 2016, the Manager also took on the role of the investment manager for the Scheme. The Manager is wholly owned by NZX Limited.

Up until to 7 November 2016, the Scheme invested its assets in the SuperLife workplace savings scheme ("SLWS") (formerly known as SuperLife superannuation scheme ("SLSS")). SLWS/SLSS is registered by the FMA under the Superannuation Schemes Act 1989 with a registration number of AS/1068. SuperLife Trustee Limited (SLWS/SLSS Trustee) was the trustee of SLWS/SLSS up until 8 November 2016. SLWS/SLSS Trustee is a member of the Financial Dispute Resolution scheme (an external disputes resolution service) and is registered as a financial service provider (FSP 42604) under the Financial Service Providers (Registration and Dispute Resolution) Act 2008 ("FSPA"). From 8 November 2016, the Manager in its role as investment manager invests the assets of the Scheme through the SuperLife Invest scheme ("SLI").

Some of the assets of SLWS/SLSS and SLI are invested in the exchange traded funds ("ETF"s) managed by the Manager.

The Manager is also the registrar of the Scheme. Prior to 9 November 2016, the custodian for the assets of the Scheme was MCA Trustee Limited. From 9 November, the Supervisor is the custodian of the Scheme (acting through its nominee company, SuperLife Nominees Limited ("SNL")). SNL is a subsidiary of the Supervisor.

Notes to the financial statements for the year ended 31 March 2018

1 General information (continued)

The Supervisor is independent of the Scheme, the Manager, the Investment Manager and NZX Limited. The Manager is also independent of the custodian.

Benefits are paid under clause 21 of the Trust Deed. Where benefits are payable they may be paid as a lump sum or as a series of withdrawals, as determined by the members.

2 Basis of preparation

Basis of measurement

The measurement base adopted is that of historical cost, as modified by the revaluation of financial instruments at fair values at balance date through profit or loss.

Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"), the requirements of FMCA and the Financial Reporting Act 2013. They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for for-profit entities (Tier 1). These financial statements also comply with International Financial Reporting Standards ("IFRS").

Going concern

The financial statements have been prepared on a going concern basis. The Manager is not aware of any material uncertainty that may cast significant doubt on the Scheme's ability to continue as a going concern.

Functional and presentation currency

These financial statements are presented in New Zealand dollars as this is the currency of the primary economic environment in which the Scheme operates. This is the functional and presentation currency for the Scheme.

Critical accounting judgements and estimates

Management makes certain estimates, judgements and assumptions that affect reported income, expenses, assets and liabilities. The key judgements required in preparing these financial statements relate to the fair value determination of financial instruments. Refer to Note 3: Significant accounting policies for details.

3 Significant accounting policies

The following significant accounting policies have been applied consistently in these financial statements:

(a) Financial instruments

(i) Classification

The Scheme classifies its financial assets and financial liabilities into the following categories in accordance with NZ IAS 39: Financial Instruments: Recognition and Measurement.

Financial assets and liabilities designated as at fair value through profit or loss at inception: These include investments and derivative instruments. These financial instruments are not classified as held for trading, but are managed and the performance is evaluated on a fair value basis in accordance with the Scheme's investment

Loans and receivables: These include cash and cash equivalents and cash and cash equivalents - foreign currency accounts and receivables.

Financial liabilities at amortised cost: These represent amounts payable to service providers, members' benefits and other accruals. These are measured at amortised cost and included in the Statement of net assets as payables.

(ii) Recognition, derecognition and measurement

The Scheme recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date). Financial assets and financial liabilities held at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of changes in net assets.

Financial assets are derecognised when the right to receive cash flows from the investments has expired or the Scheme has transferred substantially all of the risks and rewards of ownership.

SuperLife UK pension transfer scheme

Notes to the financial statements

for the year ended 31 March 2018

3 Significant accounting policies (continued)

(a) Financial instruments (continued)

(ii) Recognition, derecognition and measurement (continued)

Subsequent to initial recognition, all financial instruments held at fair value through profit or loss are measured at fair value. Gains or losses arising from changes in the fair value of the financial instruments designated at fair value through profit or loss are presented in the Statement of changes in net assets within realised/unrealised change in fair value of investment in the period in which they arise.

(iii) Determination of fair value - financial instruments

Fair values have been determined as follows:

Managed investments: the realisable value of the investments as advised by the investment manager based on the underlying market value on the balance date.

The investment manager monitors the trade prices and volumes taking place a few days before and after the balance date, in order to assess whether the prices used at the valuation date are representative of fair value. If a significant movement in fair value occurs subsequent to the close of trading, but before the valuation date, the investment manager will consider if it impacts the value recognised. A significant event is any event that materially affects the integrity of the price used for valuation.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the Statement of net asset, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Scheme or the counterparty.

(b) Cash and cash equivalents

Cash and cash equivalents ("Cash") means, in addition to cash at bank, negotiable instruments, demand deposits and other highly liquid investments in which the Scheme may invest as part of its day-to-day cash management. Cash does not include receivables or payables, or any borrowings subject to a term facility, or cash held with the investment managers.

(c) Receivables

Receivables do not carry any interest and are short-term in nature. They are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

(d) Payables

Payables include liabilities and accrued expenses owing by the Scheme which are unpaid as at balance date. These are initially measured at fair value and subsequently at amortised cost.

(e) Translation of foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at balance date. Foreign exchange gains and losses arising from translation are included in the Statement of changes in net assets.

Translation differences on non-monetary financial assets and liabilities such as financial assets held at fair value through profit or loss are recognised in the Statement of changes in net assets.

(f) Interest income

Interest revenue relating to investments on which interest is earned is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable to the individual investment.

(g) Dividend income

Dividend income from investments is recognised when the Scheme's right to receive the payment is established which is the ex-dividend date.

3 Significant accounting policies (continued)

(h) Realised/unrealised change in fair value of investments

This item includes changes in the fair value of financial assets and liabilities as "held at fair value through profit or loss" and excludes interest and dividend income and expenses.

(i) Fees and expenses

The Scheme incurs fees and expenses from a range of services it receives from various service providers, including reimbursable expenses allowed by the Trust Deed. Fees are accrued as services are rendered.

(j) Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The Scheme invests its assets in SLI. SLI is a Portfolio Investment Entity. The investment income allocated to the Scheme by SLI is tax paid income. The Prescribed Investor Rate of the Scheme is 28%. The Supervisor and the Manager of the Scheme can choose to, and has chosen to transfer deductible expenses to SLI, the expense transfers will reduce the tax liabilities of the Scheme as a member of SLI.

(k) Liability for benefits

The Manager calculates the liability for benefits as the Scheme's present obligation to pay benefits to members. The liability for benefits is the amount shown in the Statement of net assets and is classified as financial liability as the members can redeem their investment in the Scheme at any time for cash equal to a proportionate share of the Scheme's net asset value. The value attributable to members is the residual value of the assets of the Scheme after all other liabilities have been deducted. The Scheme's withdrawal value is based on the same valuation principles as those applied in the financial statements.

(l) Goods and Services Tax (GST)

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

(m) Changes in accounting policies

There have been no significant changes in accounting policies during the year. All policies have been applied on bases consistent with those used in the prior year.

(n) New accounting standard adopted

There were no new accounting standards adopted during the year that have a material impact to the financial statements.

(o) New accounting standard adopted

NZ IFRS 9, 'Financial instruments', addresses the classification, measurement and derecognition of financial assets and financial liabilities. It replaces the multiple classification and measurement models in NZ IAS 39 and is effective for reporting periods beginning on or after 1 January 2018.

NZ IFRS 9 states that classification and measurement of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. IFRS 9 also introduces a new expected credit loss (ECL) model.

SuperLife UK pension transfer scheme

Notes to the financial statements for the year ended 31 March 2018

3 Significant accounting policies (continued)

(o) New accounting standard adopted (continued)

On adoption of IFRS 9 the Scheme's investment portfolio will continue to be classified at fair value through profit or loss. Other financial assets which are held for collection will continue to be measured at amortised cost with no material impact expected from application of the new impairment model. The Scheme intends to adopt NZ IFRS 9 on its effective date and the adoption is not expected to have a material impact on the Scheme's financial statements.

NZ IFRS 15, 'Revenue from Contracts with Customers' addresses the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a member. The standard is effective for accounting periods beginning on or after 1 January 2018. The Scheme intends to adopt NZ IFRS 15 on its effective date and the adoption is not expected to have a material impact on the Scheme's financial statements.

(p) Contributions

Individual members invest in the Scheme by way of lump sum payments and/or regular savings as they choose.

(q) Withdrawals

Withdrawals are recognised when the Manager has confirmed the validity of the member's application and has verified the conditions required for withdrawal eligibility.

(r) Impairment of financial assets

The Manager assesses daily and at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired only when there is objective evidence of significant increase in credit risk of the assets after the initial recognition of the assets and that the increase in credit risk has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

4 Related party transactions

Contributions and withdrawals

SLI is the investment vehicle for the Scheme. The two schemes are related by way of common manager. Total contributions of the Scheme to SLI during the year is \$12,104,251 (31 March 2017: \$40,222,659), the withdrawals the Scheme made from SLI is \$7,521,998 (31 March 2017: \$1,817,781). These contributions and withdrawals are associated with the Scheme's purchase and sales of investments through SLI.

For the year ended 31 March 2017, SLWS operated as the investment vehicle for the Scheme up until 7 November 2016. During the period from 1 April 2016 to 7 November 2016, the Scheme's contributions to SLWS were \$13,718,078. The Scheme's withdrawals from SLWS were \$40,373,131 of which \$38,071,891 was made on 8 November 2016 when the Scheme terminated its membership with SLWS.

On 8 November 2016, SLI became the investment vehicle for the Scheme. The initial contribution from the Scheme to SLI was \$38,071,891.

Administration fees

The administration fee deducted under the Scheme is a fixed charge per member of \$60 per annum net of tax. This is paid to the Manager.

Pension transfer costs are also charged for the processing of transfers of superannuation funds from other jurisdictions to members' accounts with the Scheme. The costs incorporate charges made to members by the Manager for work carried out by the Manager and by members' third party advisers as agreed with the members.

SuperLife UK pension transfer scheme

Notes to the financial statements for the year ended 31 March 2018

4 Related party transactions (continued)

Administration fees (continued)

Details of the fees paid or payable by the Scheme to the Manager are as follows:

	31 March 2018	31 March 2017
	\$	\$
Administration fees - fixed dollars	23,026	19,906
Pension transfer costs	99,008	108,957
	<u>122,034</u>	<u>128,863</u>

The Scheme invests all its assets in SLI. Under SLI, the Manager receives fees of 0.25% of assets per annum as asset administration fees. These fees are not paid by the Scheme to the Manager directly, the returns credited to the Scheme are net of these fees. The Scheme also deducts an administration fee from the gross investment earnings, this administration fee is calculated at the rate of 0.05% p.a. of the net assets.

During the financial year ended 31 March 2017, the Scheme invested all its assets in SLWS up until 7 November 2016. Under SLWS, the Manager received fees of 0.2% of assets per annum as asset administration fees. For the period from 8 November 2016 to 31 March 2017, the Scheme invested all its assets in SLI. Under SLI, the Manager received fees of 0.25% of assets per annum as asset administration fees. These fees were not paid by the Scheme to the Manager directly, the returns credited to the Scheme are net of these fees.

In addition, from 7 November 2016, the Scheme charged a fee of 0.05% of assets per annum as asset administration fees that were payable to the Manager directly.

Administration fees as a percentage of assets deducted from the realised/unrealised change in fair value of investments are as follows:

	31 March 2018	31 March 2017
	\$	\$
SLI	111,496	38,386
SLWS	-	39,887
	<u>111,496</u>	<u>78,273</u>

Fees charged by the Scheme paid or payable to the Manager are as follows:

	31 March 2018	31 March 2017
	\$	\$
Administration fees - percentage of assets	<u>22,205</u>	<u>8,433</u>

Investment management fees

The Scheme invests all its assets in SLI. The Scheme does not pay any investment manager fees in respect of these investments directly. The returns credited to the Scheme are net of all investment manager fees.

During the financial year ended 31 March 2017, the Scheme invested all its assets in SLWS prior to 8 November 2016, from 8 November 2016, the Scheme invested its assets in SLI. The Scheme did not pay any investment manager fees in respect of these investments directly. The returns credited to the Scheme are net of all investment manager fees.

The estimated investment manager fees deducted from realised/unrealised change in fair value of investments by the related investment managers are:

	31 March 2018	31 March 2017
	\$	\$
SLI	15,847	6,481
SLWS	-	7,978
	<u>15,847</u>	<u>14,459</u>

SuperLife UK pension transfer scheme

Notes to the financial statements

for the year ended 31 March 2018

4 Related party transactions (continued)

Other related party transactions

As at 31 March 2018, there is a balance payable of \$64,783 to the Manager (31 March 2017: \$44,502). A tax benefit for \$50,700 from expense transfer to SLI is receivable from SLI (31 March 2017: \$40,075).

All related party balances are unsecured and bear no interest.

5 Audit fees

For the year ended 31 March 2018, the audit fees of \$5,750 and registry audit fees of \$1,236 are paid or payable by the Scheme. The audit fees and registry audit fees for the financial year ended 31 March 2017 were \$5,750 and \$1,236 respectively.

6 Contingent liabilities and capital commitments

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

7 Investments

During the year, the Scheme purchased and sold investments through SLI. As at 31 March 2018, all investments are held with SLI. Therefore, the Scheme's exposures to market risk are indirect.

The Scheme invests in Funds investment funds set up by the Manager. The available investment funds are Sector Funds, Managed Funds, ETF Funds and an Ethical Fund. The Sector Funds are the NZ Cash Fund, the NZ Bonds Fund, the Overseas Bonds Fund, the Overseas Non-govt Bonds Fund, the Property Fund, the NZ Shares Fund, the Australian Shares Fund, the Overseas Shares (Currency Hedged) Fund, the Overseas Fund, the Emerging Markets Fund, the Gemino Fund, the UK Cash Fund, the UK Income Fund and the UK Shares/Property Fund. The Managed Funds are SuperLife³⁰, SuperLife⁶⁰, SuperLife⁸⁰, SuperLife^{Income} and SuperLife¹⁰⁰. The Managed Funds invest in one or more Sector Funds in the proportions decided by the investment manager. These proportions may change from time to time at the discretion of the investment manager depending on its view of the current investment markets. The ETFs are the NZ Cash ETF Fund, the NZ Bond ETF Fund, the Global Bond ETF Fund, the NZ Dividend ETF Fund, the NZ Top 50 ETF Fund, the NZ Top 10 ETF Fund, the NZ Mid Cap ETF Fund, the NZ Property ETF Fund, the Australian Top 20 ETF Fund, the Australian Dividend ETF Fund, the Australian Financials ETF Fund, the Australian Property ETF Fund, the Australian Resources ETF Fund, the Australian Mid Cap ETF Fund, the Total World ETF Fund, the US 500 ETF Fund, the Europe ETF Fund, the Asia Pacific ETF Fund, the US Large Growth ETF Fund, the US Large Value ETF Fund, the US Mid Cap ETF Fund, the US Small Cap ETF Fund and the Emerging Markets ETF Fund. There is also an investment option available that combines individual funds. This option is SuperLife^{Age Steps} which automatically sets the proportion of investments in income and growth assets based on members' ages.

The investments by Managed Fund have been broken down to the Sector Funds for these financial statements.

SuperLife UK pension transfer scheme

Notes to the financial statements for the year ended 31 March 2018

7 Investments (continued)

	31 March 2018	31 March 2017
	\$	\$
(a) Investments by Fund		
SuperLife ^{Income}	1,913,990	297,417
SuperLife ³⁰	1,920,732	3,632,529
SuperLife ⁶⁰	4,643,923	4,483,589
SuperLife ⁸⁰	3,267,618	2,138,222
SuperLife ¹⁰⁰	6,097,630	955,869
Ethica	1,576,898	1,135,247
NZ Cash	1,752,286	2,718,820
NZ Bonds	1,108,046	1,273,314
Overseas Bonds	137,659	137,422
Overseas Non-govt. Bonds	305,554	483,750
Property	1,053,552	1,177,014
NZ Shares	1,513,546	1,527,180
Australian shares	792,229	742,739
Overseas Shares (Currency Hedged)	546,674	405,791
Overseas Shares	1,769,464	1,314,976
Emerging markets	620,440	513,239
Gemino	30,804	39,284
UK Cash	8,694,992	9,216,621
UK Income	-	427,236
UK Shares/Property	-	1,968,129
NZ Cash ETF	528,562	-
NZ Bond ETF	20,704	1,380
Global Bond ETF	12,539	1,384
NZ Dividend ETF	193,821	108,462
NZ 50 Portfolio ETF	283,709	1,237,871
NZ Mid Cap ETF	49,081	6,250
Australian Top 20 ETF	2,912	2,845
Australian Dividend ETF	153,346	168,057
Australian Financials ETF	38,420	23,768
Australian Property ETF	267,086	276,579
Australian Resources ETF	889,061	673,342
Australian Mid Cap ETF	232,013	173,110
Total World ETF	91,989	-
US 500 ETF	3,800,140	2,917,981
Europe ETF	1,697,168	286,710
Asia Pacific ETF	968,757	148,853
US Large Growth ETF	261,804	240,051
US Large Value ETF	33,770	15,005
US Mid Cap ETF	6,506	122,593
US Small Cap ETF	256,988	145,771
Emerging Markets ETF	485,108	48,547
Total investments	48,019,521	41,186,947
(b) Investments by geographical location		
New Zealand	12,652,952	12,096,946
United Kingdom	10,117,200	10,536,335
United States of America	11,972,107	8,147,793
Australia	4,850,782	4,536,073
Europe	2,832,009	2,081,979
Rest of the world	5,594,471	3,787,821
Total investments	48,019,521	41,186,947

SuperLife UK pension transfer scheme

Notes to the financial statements for the year ended 31 March 2018

7 Investments (continued)

(c) Investments by geographical location

The Scheme invests in SLI. The Scheme does not have any direct investment shareholdings of 5% or more in any other entities in the current and prior year.

8 Financial risk and management objectives and policies

(a) Introduction

The Scheme is directly and indirectly exposed to market risk (which includes interest rate risk, currency risk and equity price risk), liquidity risk and credit risk arising from the financial instruments it holds. Risk is inherent in the Scheme's activities. It is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The Scheme's objective in managing risk is the protection of members' interests. The process of risk management is critical to the Scheme's continuing viability. It is also recognised that each member directly manage their own investment risk by the determination of their investment strategy and how their account balance is invested from the options available. The Manager's role is to manage the investment risks within each of the investment options.

The Scheme is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of investment assets held in custody resulting from the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that reduces the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Scheme to transfer investment assets might be temporarily impaired.

(b) Risk management structure

The investment manager is responsible for identifying and controlling risks as described in the statement of investment policies and objectives ("SIPO"). The Manager oversees the investment manager and the management of the risk in the portfolios invested by the Scheme.

(c) Risk measurement and reporting system

The risks are measured by assessing the impact of reasonable assumed changes in the relevant risk variables on investment returns and net asset values. Information about these risk exposures at the reporting date is disclosed in the respective risk categories below.

(d) Risk management

The Scheme has investment guidelines that set out its overall strategies which are described in the "SIPO" (prior to 9 November 2016, the Prospectus and the investment guidelines are summarised in the Investment Statement) for the Scheme. This is available online.

(e) Market risk

Market risk is the risk of loss arising from exposure to interest rate risk, currency risk and equity price risk. The Scheme's disclosures have been prepared on the Scheme's direct holdings in SLI and on a full look through basis to account for investments held indirectly through other managed funds.

Market risk is incurred by the Scheme largely through the holding of financial instruments. A typical holding may be exposed to a number of different market risks.

The Scheme is exposed to indirect market risks through its investments with SLI.

(i) Interest rate risk

The Scheme is directly and indirectly exposed to interest rate risk as future interest rate movements will affect the market values of fixed interest assets. Interest rate risk management activities are undertaken by the investment manager in accordance with the investment mandates set in the SIPO.

The Scheme is also directly and indirectly exposed to interest rate risk on its floating interest assets that exposes the Scheme to cash flow and interest rate risk.

SuperLife UK pension transfer scheme

Notes to the financial statements for the year ended 31 March 2018

8 Financial risk and management objectives and policies (continued)

(e) Market risk (continued)

(i) Interest rate risk (continued)

The Scheme's total exposure to interest rate risks as at period end is as follows:

	31 March 2018	31 March 2017
	\$	\$
Direct exposure to interest rate risk		
Floating interest holdings	339	284
Indirect exposure to interest rate risk		
Fixed interest holdings	10,193,887	10,356,408
Floating interest holdings	8,694,992	9,216,621
	<u>18,889,218</u>	<u>19,573,313</u>

A 1% increase/decrease in the interest rate would have a total adverse/favourable impact on the value of the Scheme's net assets as follows:

	31 March 2018	31 March 2017
	\$	\$
Direct exposure to interest rate risk		
Floating interest holdings	-	-
Indirect exposure to interest rate risk		
Fixed interest holdings	340,279	374,682
Floating interest holdings	-	-
	<u>340,279</u>	<u>374,682</u>

(ii) Currency risk

The Scheme has direct exposure to foreign exchange rate changes on the Cash and cash equivalent - foreign currency account. It is also indirectly affected by the impact of foreign exchange changes on investments with the investment managers that are invested in non-New Zealand denominated securities.

The Scheme's direct exposure to currency risk relates only to United Kingdom (GBP). The exposure in New Zealand dollar as at 31 March 2018 is \$33 (31 March 2017: \$50).

A 10% increase in the value of the New Zealand dollar would have an adverse impact on the value of the Scheme's net assets of \$3 (31 March 2017: \$5). A 10% decrease in the value of the New Zealand dollar would have an favourable impact on the value of the Scheme's net assets of \$4 (31 March 2017:\$6).

SuperLife UK pension transfer scheme

Notes to the financial statements

for the year ended 31 March 2018

8 Financial risk and management objectives and policies (continued)

(e) Market risk (continued)

(ii) Currency risk (continued)

	31 March 2018	31 March 2017
	\$	\$
Indirect exposure to currency risk		
Europe (EUR)	2,832,009	2,081,979
America (USD)	11,972,107	8,147,794
United Kingdom (GBP)	10,117,200	10,536,334
Australia (AUD)	4,850,782	4,536,073
Japan (JPY)	1,773,579	1,035,004
China (YUAN)	97,521	224,187
India (INR)	209,975	118,055
Brazil (BRL)	140,126	85,410
Canada (CAD)	241,927	199,335
South Korea (WON)	595	202,578
Taiwan (TWD)	256,689	141,084
South Africa (RAND)	147,801	76,527
Others	2,726,258	1,705,641
Total foreign currency exposure	<u>35,366,569</u>	<u>29,090,001</u>
Total foreign currency hedging	<u>(11,683,812)</u>	<u>(5,560,241)</u>
Net foreign currency exposure	<u><u>23,682,757</u></u>	<u><u>23,529,760</u></u>

The above analysis reflects the underlying currency risks held by SLI. Some of the underlying currency risks are hedged by SLI and its external investment managers. Total investments covered by SLI and its investment managers' hedging activities are \$11,683,812 (31 March 2017: \$5,560,241).

An increase/decrease in the value of the New Zealand dollar would have an adverse/favourable impact on the value of the Scheme's net assets.

The impact from indirect currency exposures is as follows:

	31 March 2018	31 March 2018	31 March 2017	31 March 2017
	+ 10% change in exchange rate	- 10% change in exchange rate	+ 10% change in exchange rate	- 10% change in exchange rate
	\$	\$	\$	\$
America (USD)	(653,650)	798,905	(525,113)	641,805
Australia (AUD)	(174,693)	213,514	(402,115)	491,474
Europe (EUR)	(123,595)	151,061	(98,384)	120,248
Japan (JPY)	(88,448)	108,104	(47,000)	57,444
United Kingdom (GBP)	(858,906)	1,049,774	(910,761)	1,113,152
Canada (CAD)	(856)	1,046	(1,557)	1,903
China (YUAN)	(8,853)	10,821	(17,953)	21,943
India (INR)	(18,967)	23,183	(10,572)	12,921
Brazil (BRL)	(12,233)	14,951	(7,245)	8,855
South Korea (WON)	-	-	(13,831)	16,905
Taiwan (TWD)	(23,176)	28,326	(12,625)	15,431
South Africa (RAND)	(13,331)	16,294	(6,862)	8,387
Others	(176,270)	215,438	(85,051)	103,950
	<u>(2,152,978)</u>	<u>2,631,417</u>	<u>(2,139,069)</u>	<u>2,614,418</u>

8 Financial risk and management objectives and policies (continued)

(e) Market risk (continued)

(iii) Equity price risk

All equity investments present a risk of loss of capital often due to factors beyond an investment manager's control such as competition, regulatory changes, commodity price changes and changes in the general economic climate, domestically and internationally. The Scheme is exposed to indirect equity price risk through its investments. The investment manager manages this risk through stock selection and diversification, daily monitoring of the Scheme's market position and adherence to the investment mandate set in the SIPO. The maximum price risk resulting from financial instruments is determined by their fair value.

The Scheme's indirect exposure to equity price risk is estimated by the effect of increases/decreases of equity prices on the value of the Scheme's net assets as detailed in the tables below.

	31 March 2018	Impact given 10% increase in equity price	Impact given 10% decrease in equity price
	\$	\$	\$
Property	2,914,870	291,487	(291,487)
New Zealand shares	4,348,484	434,848	(434,848)
Australian shares	4,167,195	416,720	(416,720)
Overseas shares currency hedged	4,476,972	447,697	(447,697)
Overseas shares (unhedged)	11,235,670	1,123,567	(1,123,567)
Emerging markets	1,987,450	198,745	(198,745)
	<u>29,130,642</u>	<u>2,913,064</u>	<u>(2,913,064)</u>
	31 March 2017	Impact given 10% increase in equity price	Impact given 10% decrease in equity price
	\$	\$	\$
Property	2,144,976	214,498	(214,498)
New Zealand shares	4,290,919	429,092	(429,092)
Australian shares	3,368,990	336,899	(336,899)
Overseas shares currency hedged	2,542,322	254,232	(254,232)
Overseas shares (unhedged)	8,375,083	837,508	(837,508)
Emerging markets	891,628	89,163	(89,163)
	<u>21,613,918</u>	<u>2,161,392</u>	<u>(2,161,392)</u>

(f) Liquidity risk

In accordance with the Scheme's policy, the Manager monitors the Scheme's liquidity position on a daily basis. Liquidity management is designed to ensure that the Scheme has the ability to generate sufficient cash in a timely manner to meet its financial commitments and normal levels of withdrawals. The Manager regularly monitors market volatility and withdrawal levels to establish the Scheme's appropriate liquidity level. In the event of abnormal levels of withdrawals, timing of payments may depend on the ability of the particular Fund to realise its underlying investments on a timely basis.

SuperLife UK pension transfer scheme

Notes to the financial statements

for the year ended 31 March 2018

8 Financial risk and management objectives and policies (continued)

(f) Liquidity risk (continued)

The Scheme holds financial assets that are highly liquid. Members are able to transfer their balances to other QROPSs subject to approval by the Manager or make withdrawals subject to withdrawal eligibility.

All other financial liabilities of the Scheme are due within twelve months.

(g) Credit risk

The maximum credit risk of the Scheme is the carrying value of the financial assets. The significant counterparty of the Scheme is its investment manager. The underlying investments are held separate to the assets of the investment manager for the benefit of the Scheme. The Manager considers the credit risk to be associated with the items described in the table below. While the investment manager represents a concentration of credit risk, the investment manager has a significantly diversified portfolio and a number of counterparties with whom its investments are held on behalf of the Scheme.

The following table sets out the calculated direct and indirect credit exposure of the Scheme.

	31 March 2018	31 March 2017
	\$	\$
Investments	18,888,879	19,573,029
Cash and cash equivalents	306	234
Cash and cash equivalent - foreign currency account	33	50
	<u>18,889,218</u>	<u>19,573,313</u>

The analysis below summarises the credit quality of the Scheme's direct and indirect exposure rated externally by Standard & Poor's or Moody's, or internally by the investment managers. The investment managers' internal credit rating process comprises analysing the issuing company's financial statements. An estimate is then made as to what rating the security might attain if it were to seek an external rating.

	31 March 2018	31 March 2017
	%	%
Direct exposure to credit risk		
AAA	-	-
Indirect exposure to credit risk		
AAA	7	5
AA	68	68
A	11	11
BBB	12	11
Unrated	2	5
	<u>100</u>	<u>100</u>

The quality of the "Unrated" underlying debt securities is monitored by the investment manager.

None of these assets are impaired nor past due.

SuperLife UK pension transfer scheme

Notes to the financial statements for the year ended 31 March 2018

9 Financial instruments

(a) Financial instruments by category

The table below provides reconciliation of the line items in the Scheme's Statement of net assets to the categories of financial instruments for 31 March 2018.

31 March 2018

	Financial assets designated at fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost	Total carrying amount
	\$	\$	\$	\$
Assets				
Investments	48,019,521	-	-	48,019,521
Cash and cash equivalents	-	339	-	339
Total assets	48,019,521	339	-	48,019,860
Liabilities				
Payables	-	-	(71,730)	(71,730)
Liability for benefits	-	-	(47,998,869)	(47,998,869)
Total liabilities	-	-	(48,070,599)	(48,070,599)

The table below provides reconciliation of the line items in the Scheme's Statement of net assets to the categories of financial instruments for 31 March 2017.

31 March 2017

	Financial assets designated at fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost	Total carrying amount
	\$	\$	\$	\$
Assets				
Investments	41,186,947	-	-	41,186,947
Cash and cash equivalents	-	284	-	284
Total assets	41,186,947	284	-	41,187,231
Liabilities				
Payables	-	-	(50,401)	(50,401)
Liability for benefits	-	-	(41,176,931)	(41,176,931)
Total liabilities	-	-	(41,227,332)	(41,227,332)

SuperLife UK pension transfer scheme

Notes to the financial statements

for the year ended 31 March 2018

9 Financial instruments (continued)

(b) Fair value of financial instruments

The Scheme's investments are recorded at fair value as investments in the Statement of net assets, with changes in fair value recorded as realised/unrealised changes in fair value of investments in the Statement of changes in net assets.

While in some cases, a degree of judgement was required in establishing fair values, the fair values recorded in the Statement of net assets and the changes in fair values recorded in the Statement of changes in net assets were based on the policies and processes the Scheme employed.

According to NZ IFRS 13: Fair Value Measurement, a three level hierarchy of disclosures is required for assets and liabilities measured at fair value. The three levels are defined below:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable data (unobservable inputs).

There were no transfers between level 1, level 2 and level 3 during the year.

The Scheme's level 2 investments are investments in funds of a managed scheme with the Scheme's investment manager. These investment funds are not traded on an active market and their fair value is determined using valuation techniques. The value is based primarily on the latest available redemption price of the respective funds. Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions and valuations may be adjusted to reflect liquidity and/or non-transferability, which are generally based on available market information.

The following table presents the Scheme's investments that are measured at fair value by the different asset types for 31 March 2018.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through profit or loss				
Investments				
Cash	-	11,628,812	-	11,628,812
New Zealand bonds	-	4,016,564	-	4,016,564
Overseas bonds	-	1,541,863	-	1,541,863
Overseas non-govt. bonds	-	1,701,640	-	1,701,640
Property	-	2,914,871	-	2,914,871
New Zealand shares	-	4,348,484	-	4,348,484
Australian shares	-	4,167,195	-	4,167,195
Overseas shares currency hedged	-	4,476,972	-	4,476,972
Overseas shares (unhedged)	-	11,235,670	-	11,235,670
Emerging markets	-	1,987,450	-	1,987,450
Total investments	-	48,019,521	-	48,019,521

The Scheme's investments in SLI are categorised as level 2. Refer to the financial statements of SLI for details on the fair value hierarchy of investments within SLI.

SuperLife UK pension transfer scheme

Notes to the financial statements for the year ended 31 March 2018

9 Financial instruments (continued)

(b) Fair value of financial instruments (continued)

The following table presents the Scheme's investments that are measured at fair value by the different asset types for 31 March 2017.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Investment				
Cash	-	12,420,293	-	12,420,293
New Zealand bonds	-	3,703,803	-	3,703,803
Overseas bonds	-	1,345,652	-	1,345,652
Overseas non-govt. bonds	-	2,103,281	-	2,103,281
Property	-	2,144,976	-	2,144,976
New Zealand shares	-	4,290,919	-	4,290,919
Australian shares	-	3,368,990	-	3,368,990
Overseas shares currency hedged	-	2,542,322	-	2,542,322
Overseas shares (unhedged)	-	8,375,083	-	8,375,083
Emerging markets	-	891,628	-	891,628
Total investments	-	41,186,947	-	41,186,947

(c) Assets and liabilities not carried at fair value but for which fair value is disclosed

The carrying amounts of financial assets and liabilities not measured at fair value are considered to be reasonable approximations of their fair values as at 31 March 2018 and 2017.

10 Capital management

The Scheme's capital is represented by the net assets available for benefits held by the Scheme on behalf of its members and is reflected in the Statement of net assets under liability for benefits. In accordance with the accounting policies and the risk management policies in Note 9: Financial risk and management objectives and policies, the Scheme endeavours to invest the contributions received in appropriate investments whilst maintaining sufficient liquidity to meet any withdrawal requests and all other present and future obligations.

The Scheme is not subject to any externally imposed capital requirements.

11 Interest income

	31 March 2018	31 March 2017
	\$	\$
Cash and cash equivalents	93	81
Total interest income	93	81

12 Other expenses

	31 March 2018	31 March 2017
	\$	\$
Filing fees and FMA Levy	29,465	615
Registry audit fees	1,236	1,236
Audit fees	5,750	5,750
Other expenses	475	10
Total other expenses	36,926	7,611

SuperLife UK pension transfer scheme

Notes to the financial statements

for the year ended 31 March 2018

13 Realised/unrealised change in fair value of investments (by Fund)

Refer Note 8: Investments for the description of investments by Fund.

	31 March 2018	31 March 2017
	\$	\$
SuperLife ^{Income}	25,259	26,341
SuperLife ³⁰	115,126	243,574
SuperLife ⁶⁰	191,824	354,868
SuperLife ⁸⁰	130,979	201,294
SuperLife ¹⁰⁰	35,042	110,743
Ethica	34,057	52,083
NZ Cash	45,102	43,975
NZ Bonds	46,939	22,818
Overseas Bonds	3,730	5,111
Overseas Non-govt. Bonds	8,481	10,968
Property	24,599	10,042
NZ Shares	42,468	144,388
Australian shares	(3,206)	120,959
Overseas Shares (Currency Hedged)	30,256	60,737
Overseas Shares	129,291	120,991
Emerging markets	76,856	56,490
Gemino	(10,201)	6,050
UK Cash	529,872	(896,532)
UK Income	(3,860)	(23,491)
UK Shares/Property	23,202	82,418
NZ Cash ETF	921	638
NZ Bond ETF	340	(3)
Global Bond ETF	69	8
NZ Dividend ETF	6,008	2,342
NZ 50 Portfolio ETF	156,458	55,706
NZ Mid Cap ETF	572	423
Australian Top 20 ETF	(180)	406
Australian Dividend ETF	(12,513)	18,057
Australian Financials ETF	(3,993)	4,710
Australian Property ETF	(4,555)	23,753
Australian Resources ETF	86,874	69,826
Australian Mid Cap ETF	12,510	17,825
Total World ETF	(271)	-
US 500 ETF	270,843	322,158
Europe ETF	79,314	23,120
Asia Pacific ETF	91,960	13,831
US Large Growth ETF	26,420	23,649
US Large Value ETF	(1,470)	2,040
US Mid Cap ETF	(505)	9,079
US Small Cap ETF	19,805	7,413
Emerging Markets ETF	44,456	4,836
Total realised/unrealised change in fair value of investment assets	2,248,879	1,353,644

SuperLife UK pension transfer scheme

Notes to the financial statements for the year ended 31 March 2018

14 Taxation

	31 March 2018	31 March 2017
	\$	\$
Investment surplus before taxation	2,067,807	1,208,818
Less: tax paid income	(2,248,879)	(1,353,644)
Add: expenses transferred	-	1,695
Taxable loss	<u>(181,072)</u>	<u>(143,131)</u>
Tax charge at the standard tax rate of 28%	50,721	40,077
Income tax benefit	<u>50,721</u>	<u>40,077</u>
Taxation receivable		
Opening balance brought forward	40,101	14,471
Current tax benefit for the period	50,721	40,077
Tax refund received	(40,099)	(14,469)
Withholding tax paid	16	22
Taxation receivable	<u>50,739</u>	<u>40,101</u>

15 Reconciliation of net cash flows from operating activities

	31 March 2018	31 March 2017
	\$	\$
Increase in net assets during the year	6,821,938	13,095,374
Add/(less) non cash items:		
- Realised/unrealised change in fair value of investments	(2,248,879)	(1,353,644)
Add/(less) movements in other working capital items:		
- Sale of investments	7,520,557	4,105,379
- Purchase of investments	(12,104,252)	(15,851,687)
- Increase in sundry creditors	21,329	30,309
- Increase in taxation receivable	(10,638)	(25,630)
Net cash flows from operating activities	<u>55</u>	<u>101</u>

16 Subsequent events

There have been no material events after balance date that require adjustment to or disclosure in the financial statements (31 March 2017: None).



Independent auditor's report

To the members of SuperLife UK Pension Transfer Scheme (the Scheme)

The Scheme's financial statements comprise:

- the statement of net assets as at 31 March 2018;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion the Scheme's financial statements present fairly, in all material respects, the financial position of the Scheme as at 31 March 2018, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Our firm carries out other services for the Scheme in the area of member registry compliance assurance. The provision of these other services has not impaired our independence as auditor of the Scheme.

Information other than the financial statements and auditor's report

Smartshares Limited (the Manager) is responsible for the annual report.

Our opinion on the financial statements does not cover the other information included in the annual report and we do not, and will not, express any form of assurance conclusion on other information. At the time of our audit, there was no other information available to us.

In connection with our audit of the financial statements, if other information is included in the annual report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of our auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.



Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

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

This description forms part of our auditor's report.

Who we report to

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

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

For and on behalf of:

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

Chartered Accountants
2 July 2018

Auckland