



**SUPERLIFE**  
a Member of the NZX Group

# **SUPERLIFE WORKPLACE SAVINGS SCHEME**

## **FINANCIAL STATEMENTS**

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For the year ended 31 March 2018

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# SuperLife workplace savings scheme



## Statement of net assets

as at 31 March 2018

	Note	31 March 2018	31 March 2017
		\$'000	\$'000
<b>Current assets</b>			
Investments	7	1,120,136	1,058,944
Cash and cash equivalents		158	145
PIE taxation receivable	3(j)	299	-
<b>Total current assets</b>		<b>1,120,593</b>	<b>1,059,089</b>
<b>Current liabilities</b>			
Payables		(167)	(180)
PIE taxation payable	3(j)	-	(2,815)
<b>Total current liabilities</b>		<b>(167)</b>	<b>(2,995)</b>
<b>Total net assets available for benefits to members</b>		<b>1,120,426</b>	<b>1,056,094</b>
<b>Liability for benefits</b>		<b>1,120,426</b>	<b>1,056,094</b>

The Directors of Smartshares Limited authorised these financial statements for issue on 2 July 2018.

For and on behalf of Smartshares Limited:

Director

Director

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

# SuperLife workplace savings scheme

## Statement of changes in net assets for the year ended 31 March 2018

	Note	31 March 2018 \$'000	31 March 2017 \$'000
<b>Investment activities</b>			
Interest	11	-	798
Dividends		-	24,543
Foreign currency gains		-	16,371
Realised/unrealised change in fair value of investments	12	50,727	44,667
Other income		-	11
<b>Total net investment income</b>		<b>50,727</b>	<b>86,390</b>
Investment fee rebates	4	-	1,981
Administration fees - fixed dollar	4	(983)	(1,163)
Administration fees - percentage of assets	4	-	(1,885)
Audit fees	5	(42)	(50)
Other expenses		(59)	(85)
<b>Change in net assets before membership activities</b>		<b>49,643</b>	<b>85,188</b>
<b>Membership activities</b>			
Contributions received from and in respect of members			
- Member contributions		92,619	175,939
- Employer contributions		34,204	35,374
- Transfers in		-	171,510
Add: Insurance proceeds received		4,667	3,226
Less Withdrawal benefits paid			
- Retirement benefits		(29,394)	(23,014)
- Withdrawals		(40,438)	(823,931)
- Transfer to the SuperLife KiwiSaver scheme		(1,399)	(163)
- Permanent emigration		(10)	-
- Resignations/dismissals		(20,345)	(24,606)
- Death/disablement		(5,669)	(3,712)
Less: insurance premiums paid:			
- Insurance Premium Disability		(1,551)	(1,640)
- Insurance Premium Life		(4,485)	(4,144)
- Insurance Premium Medical		(7,527)	(7,069)
Less PIE tax paid/payable on behalf of members	3(j)	(5,985)	(7,949)
<b>Net membership activities</b>		<b>14,687</b>	<b>(510,179)</b>
<b>Increase / (Decrease) in net assets during the year</b>		<b>64,330</b>	<b>(424,991)</b>
<b>Net assets available for benefits</b>			
Opening balance		1,056,096	1,481,085
Increase/(decrease) in net assets during the year		64,330	(424,991)
<b>Closing balance</b>		<b>1,120,426</b>	<b>1,056,094</b>

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

# SuperLife workplace savings scheme

## Statement of cash flows

for the year ended 31 March 2018



	Note	31 March 2018	31 March 2017
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Cash was provided by:			
- Sale of investments		44,845	93,980
- Contributions received from and in respect of members		126,823	261,097
- Insurance proceeds received		4,667	3,227
- Currency gains		-	18,190
- Interest income received		-	775
- Dividends received		-	19,512
		<u>176,335</u>	<u>396,781</u>
Cash was applied to:			
- Purchase of investments		(61,626)	(211,588)
- Withdrawal benefits paid		(97,255)	(144,557)
- Insurance premiums paid		(13,552)	(12,854)
- Investment fees		-	2,283
- PIE tax paid on behalf of the members		(2,803)	530
- Other expenses		(1,086)	(3,443)
		<u>(176,322)</u>	<u>(369,629)</u>
<b>Net cash flows from operating activities</b>	<b>13</b>	<u>13</u>	<u>27,152</u>
Cash and cash equivalents at beginning of the year		145	36,983
Bank balances transferred out to SuperLife Invest scheme		-	(66,059)
Exchange gains/(losses) on foreign currency account		-	2,069
		<u>158</u>	<u>145</u>
<b>Cash and cash equivalent at end of the year</b>		<u>158</u>	<u>145</u>

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

# SuperLife workplace savings scheme

## Notes to the financial statements

for the year ended 31 March 2018

### 1 General information

The SuperLife workplace savings scheme (known as SuperLife superannuation scheme before 9 November 2016) (the "Scheme") is a managed investment scheme registered by the Financial Markets Authority ("FMA") under the Financial Markets Conduct Act 2013 ("FMCA") from 9 November 2016. The registration number under the FMCA is SCH 10769. Prior to this date, the Scheme was a defined contribution superannuation scheme under the Superannuation Schemes Act 1989. The registration number under the Superannuation Schemes Act 1989 was AS/1068. The Scheme is open to participating employers and individuals who joined prior to the FMCA. The Scheme was established under a trust deed (the "Trust Deed") on 8 November 1993 for the principal purpose of providing retirement, investments and other benefits to its members. The Trust Deed was amended and restated on 2 November 2016. The Scheme's principal address of business is 21 Queen Street, Auckland 1010.

The Scheme is supervised by the Public Trust (the "Supervisor"). The Supervisor oversees the Scheme and ensures the Trust Deed is being complied with by the Scheme. The Supervisor is registered under the Financial Service Providers Act 2008 ("FSPA"). The Supervisor's registration number with the FSPA is FSP 24561.

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 under the registration number SCH 10765. To protect the interests 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 and the 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. The Supervisor is independent of the Scheme, the Manager, the Auditor and NZX Limited. The Manager is independent of the custodian and the Auditor.

The Scheme transferred its investment assets in specie to SLI on 27 October 2016. Total net assets transferred was \$1,634,206,000, of which \$1,570,737,000 was investments, \$66,870,000 was other current assets and \$3,401,000 was current liabilities. From 28 October 2016, the Scheme invested in SLI. The Scheme is related to SLI by way of common Manager. Prior to 9 November 2016, SuperLife Trustee Limited was the trustee (the "Trustee") of the Scheme. The Trustee was incorporated in Auckland, New Zealand on 1 July 1998 under the Companies Act 1993. The Trustee was a member of the Financial Dispute Resolution scheme (an external disputes resolution service) and was registered under the FSPA. Its registration number was FSP 42604. SuperLife Limited was the manager of the Scheme until 8 November 2016. On 9 November 2016, SuperLife Limited amalgamated with Smartshares Limited. SuperLife Limited was wholly owned by NZX Limited and was registered under the FSPA. Its registration numbers with the FSPA was FSP 42464. SuperLife Limited in its role as investment manager prior to the transfer of the Scheme's investment assets to SLI on 28 October 2016, appointed a range of external investment managers and advisers for the Scheme to manage the Scheme's investments. The investment consultant for the Scheme up until 27 October 2016 was MCA NZ Limited ("MCA"). MCA is a member of the Financial Dispute Resolution scheme and is registered as a financial service provider (FSP 42521) under the FSPA. The Trustee is independent of MCA. Prior to 9 November 2016, the custodians were BNP Paribas Fund Services Australasia Pty Limited and SuperLife Trustee Nominees Limited ("STNL"). The Scheme also had custodians within the products it invested in. These custodians were BNP Paribas Fund Services Australasia Pty Ltd, State Street Australia Limited, JP Morgan Chase Bank and the Northern Trust Company. STNL was a subsidiary of the Trustee.

### 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 value through profit or loss.

## SuperLife workplace savings scheme

### Notes to the financial statements

for the year ended 31 March 2018

#### 2 Basis of preparation (continued)

##### Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZGAAP"), the requirements of the FMCA and the Financial Reporting Act 2013. They comply with New Zealand equivalent 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. All amounts contained in this Financial Statements are presented in thousands, unless otherwise stated.

##### Critical accounting judgements and estimates in the preparation of financial statements

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 level 3 financial instruments. Refer to Note 9: financial instruments 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 policies.

*Loans and receivables:* These include cash and cash equivalents and receivables.

*Financial liabilities at amortised cost:* These represent payables to service providers, members' benefits and other accruals. These are measured at amortised cost and are 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.

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 investments in the year in which they arise.

## SuperLife workplace savings scheme

### Notes to the financial statements

for the year ended 31 March 2018

#### 3 Significant accounting policies (continued)

##### (a) Financial instruments (continued)

##### (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.
- Shares in listed companies and holdings of fixed interest securities: the last traded market quotations on the reporting date, where the last traded price falls within the bid-ask spread. In circumstances where last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is the most representative of fair value.
- Derivatives/Forward currency contracts: based on valuation techniques using observable market prices including the use of option pricing models and other valuation techniques widely used and accepted by market participants.
- All other financial instruments not traded in an active market: fair value is determined using valuation techniques which include the use of recent comparable arms-length market transactions, reference to the current market value of another similar financial instrument, discounted cash flow analysis and other valuation models making the maximum use of market inputs and relying as little as possible on the Manager's inputs.

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 assets, 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 manager.

##### (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 uncollectible 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 the translation are included in the Statement of changes in net assets.



## SuperLife workplace savings scheme

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

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### 3 Significant accounting policies (continued)

#### (e) Translation of foreign currencies (continued)

Foreign currency dividends are accrued using the exchange rate on the ex-dividend dates. When the dividends are received, they are converted to New Zealand dollars. Any foreign exchange impact is included within dividend income.

Foreign exchange gains and losses resulting from the settlement of assets and liabilities denominated in foreign currencies and from the translation at balance date exchange rates are recognised in the Statement of changes in net assets.

#### (f) Interest income

Interest income relating to investments on which interest is earned is recognised on a time proportionate 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.

#### (h) Realised/unrealised change in fair value of investment assets

This item includes changes in the fair value of financial assets and liabilities as "held at fair value through profit or loss" and gains and losses on the disposal of financial assets. It excludes interest, 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

The Scheme is a Portfolio Investment Entity ("PIE") under New Zealand tax rules. Under the PIE regime, income is effectively taxed in the hands of the members and therefore the Scheme has no income tax liability on its own account.

The Scheme attributes the taxable income of the Scheme to members in accordance with the proportion of their interest in the Scheme. The income attributed to each member is taxed at the members' Prescribed Investor Rate which is capped at 28%. Any PIE tax payable/refundable is paid/received by the Scheme on behalf of members.

The members' net tax position is accrued and the value of members' funds has been adjusted to reflect the impact of tax payable/receivable on the value of the members' interest in the Scheme. Members' PIE tax amounts disclosed in the Statement of changes in net assets include withdrawals with respect to the member tax liabilities and contributions representing member tax refunds under the PIE regime.

Upon receipt of a withdrawal request from a member, the Scheme summarises the member's tax liability and pays the amount liable on behalf of the member to Inland Revenue during the month following the month of the withdrawal. If the members are in a tax refund position, the Scheme summarises the members' tax refund and claims the refund amount on behalf of the members from the IRD during the month following the month of withdrawal. On an annual basis, the Scheme pays tax on behalf of its existing members to Inland Revenue on the last working day of April in the following financial year.

#### (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 a 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.

## SuperLife workplace savings scheme

### Notes to the financial statements

for the year ended 31 March 2018

#### 3 Significant accounting policies (continued)

##### (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) Insurance

Insurance claim proceeds in respect of life and income protection insurance, are shown as insurance proceeds received from insurers when the monies is received. The payments to the member or beneficiary are shown as benefit payments when the insurance proceeds are paid to the member or beneficiary.

##### (o) Contributions

Individual members invest in the Scheme by way of lump sum payments and/or regular savings as they choose. Employee members invest in the Scheme through payroll deductions at pre-determined rates of their gross salary and their employers also contribute at pre-determined rates.

##### (p) 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. Where withdrawals are payable to or in respect of a member, they may be paid as a lump sum or as a series of withdrawals, as determined by the member.

##### (q) 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.

##### (r) New accounting standards adopted

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

##### (s) New accounting standards not yet 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.

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 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 workplace savings scheme

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

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#### 3 Significant accounting policies (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. As a result, the adoption of IFRS 9 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.

There are no other new standards, amendments to standards and interpretations that are expected to have a material effect on the financial statements.

#### (t) Comparatives

These financial statements are for the year ended 31 March 2018. The comparative figures are for the year ended 31 March 2017. Where necessary, comparative figures have been restated to correspond to the current year figures. These restatements are not considered material as they do not impact the movement in net assets for both years presented in the financial statements.

#### 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 were \$61,629,105 (31 March 2017: \$1,673,754,359). The withdrawals the Scheme made from SLI were \$44,843,961 (31 March 2017: \$657,640,190). These contributions and withdrawals are associated with the Scheme's purchases and sales of investments through SLI.

On 28 October 2016, the Scheme transferred its investment assets and liabilities to SLI and in return received an equivalent amount of member's interest with SLI. The investment assets and liabilities were transferred in-specie based on their book values as at 27 October 2016. Total investment assets and liabilities transferred (which included the holdings of the SuperLife KiwiSaver Scheme ("SLKS") and the SuperLife UK pension transfer scheme ("SLUK") (formerly known as Ascot)) on 28 October 2016 was \$1,634,206,410 of which \$66,059,249 represented cash and cash equivalents.

The Scheme was the investment vehicle for SLKS up until 7 November 2016. Both schemes are related by way of common manager. During the period from 1 April 2016 to 7 November 2016, the Scheme received contributions of \$54,242,388 from SLKS. The Scheme's withdrawals by SLKS were \$574,290,159 of which \$571,070,617 was made on 8 November 2016 when SLKS terminated its membership with the Scheme and transferred these assets to SLI.

The Scheme was the investment vehicle for SLUK up until 7 November 2016. Both schemes are related by way of common manager. During the period from 1 April 2016 to 7 November 2016, the Scheme received contributions of \$13,718,078 from SLUK. The Scheme's withdrawals by SLUK were \$40,373,131 of which \$38,071,891 was made on 8 November 2016 when SLUK terminated its membership with the Scheme and transferred these assets to SLI.

## SuperLife workplace savings scheme

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

### 4 Related party transactions (continued)

#### Related party holdings

No directors (31 March 2017: none) of Smartshares Limited are members of the Scheme.

For part of the financial year of 2017, the directors of SuperLife Trustee Limited were members of the Scheme. On 9 November 2016, the directors ceased to be related parties of the Scheme. Their combined membership transactions during the year were as follows:

	<b>31 March 2017</b>
	<b>\$'000</b>
Opening balance	1,011
Contributions	11
Withdrawals	-
Insurance premiums	(6)
Realised/unrealised change in fair value of investments	26
PIE tax paid/payable on behalf of members	(8)
Cessation of related party relationship	(1,034)
Closing balance	<u>-</u>

For part of the financial year of 2017, two of the directors of SuperLife Limited were members of the Scheme. On 9 November 2016, SuperLife Limited was amalgamated with Smartshares Limited which became the Manager of the Scheme, the directors of SuperLife Limited therefore ceased to be related parties of the Scheme. Their combined membership transactions during the year were as follows:

	<b>31 March 2017</b>
	<b>\$'000</b>
Opening balance	3,372
Contributions	-
Withdrawals	(499)
Insurance premiums	-
Realised/unrealised change in fair value of investments	78
PIE tax paid/payable on behalf of members	(25)
Cessation of related party relationship	(2,926)
Closing balance	<u>-</u>

Smartshares Limited is a subsidiary of NZX Limited. Smartshares Limited manages exchange traded funds ("ETF"s) that can be invested in by the public. The Scheme has no direct holdings in ETFs.

# SuperLife workplace savings scheme

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

### 4 Related party transactions (continued)

#### Related party holdings (continued)

For the financial year of 2017, the Scheme had holdings of ETFs during the period from 1 April 2016 to 27 Oct 2016. On 27 October 2016, the Scheme transferred its investment assets in-specie to SLI. From this date the Scheme ceased to hold investments in ETFs directly. The Scheme's investment transactions in ETFs were as follows:

	31 March 2017 \$'000
Opening balance	1,095,266
Purchase	89,427
Sale	(13,818)
Transferred to SLI	(1,175,255)
Realised/unrealised change in fair value of investments	4,380
Closing balance	-

The Scheme received no distributions from ETFs managed by Smartshares Limited during the year (31 March 2017: \$12,227,737).

On 27 October 2016, the Scheme transferred its distributions receivable which is classified as receivables in specie to SLI.

#### Administration fees

The Scheme pays administration fees to the Manager. Administration fees are a fixed charge per member ranging from \$0 to \$129 net of tax (prior to 9 November 2016: \$0 to \$99). These fees are made up of a savings fee, and a fee for each insurance benefit. Up until 8 November 2016, the Scheme also charged a membership fee which represented 0.2% p.a. gross of tax calculated as a percentage of the Scheme's assets. This percentage of assets fee was deducted from the returns on investments of the Scheme. The percentage of assets fee was no longer charged from 9 November 2016.

	31 March 2018 \$'000	31 March 2017 \$'000
Administration fees - fixed dollars	983	1,163
Administration fees - percentage of assets	-	1,885
	<u>983</u>	<u>3,048</u>

As at 31 March, total administration fees remaining as payable to the Manager are as follows:

	31 March 2018 \$000	31 March 2017 \$000
Administration fees - fixed dollar	4	25
Administration fees - percentage of assets	-	-
	<u>4</u>	<u>25</u>

For the financial year of 2017, the SLKS scheme and SLUK scheme invested in SLWS during the period from 1 April 2016 to 7 November 2016. The estimated administration fees - percentage of assets for SLKS scheme and SLUK scheme which was deducted from the return on investments of the Scheme were \$659,251 and \$39,887 respectively.

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. Estimated administration fees as a percentage of assets for SLWS which was deducted from the returns on investments of SLI were \$2,724,104 (31 March 2017: \$1,086,272).

## SuperLife workplace savings scheme

### Notes to the financial statements

#### for the year ended 31 March 2018

#### 4 Related party transactions (continued)

##### Investment management fees

SLI is the investment vehicle for the Scheme. The estimated investment management fees for the Scheme which were deducted from the returns on investments of SLI was \$198,807 (31 March 2017: \$85,922).

For the financial year of 2017, the Scheme held direct investments during the period from 1 April 2016 to 27 October 2016. The investment management fees paid to the Manager were between 0.10% to 0.50% of the relevant Funds' net assets. The investment management fees paid to the Manager up to 27 October 2016 were \$206,59. The total remaining payable of \$27,639 as at 27 October 2016 was transferred to SLI.

For the financial year of 2017, the Scheme held investments in ETFs managed by the Manager during the period from 1 April 2016 to 27 October 2016. Investment management fees were deducted from within the funds. Investment management fee rebates were then rebated to the Scheme down to the agreed level. Total net investment management fees deducted from within the product for the period were \$998,094. Total investment management fees rebated to the Scheme for the period were \$2,223,137. Total investment management fees rebate receivable as at 27 October 2016 was transferred to SLI.

For the financial year of 2017, SLWS was the investment vehicle for the SLKS scheme and the SLUK scheme during the period from 1 April 2016 to 7 November 2016. The estimated investment management fees for SLKS and SLUK which was deducted from the return on investments was \$80,024 and \$7,978 respectively.

All related party balances are unsecured with no fixed repayment terms and are non interest-bearing.

#### 5 Audit fees

Audit fees for the financial year ended 31 March are as follows:

	31 March 2018 \$000	31 March 2017 \$000
Controls audit	18	26
Financial statements audit	23	23
Registry audit	1	1
	<u>42</u>	<u>50</u>

#### 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 investment funds set up by the investment 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 Shares 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 SuperLife<sup>30</sup>, SuperLife<sup>60</sup>, SuperLife<sup>80</sup>, SuperLife<sup>Income</sup> and SuperLife<sup>100</sup>. 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. There is only one Ethical Fund, Ethica. The ETF Funds 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<sup>Age Steps</sup>. This option automatically sets the proportion of investments in income and growth assets based on the members' ages. This is not an investment fund but a strategy that combines the individual Funds.

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

## SuperLife workplace savings scheme

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

### 7 Investments (continued)

(a) Investments by Fund	31 March 2018 \$000	31 March 2017 \$000
Ethica	12,594	11,028
NZ Cash	117,736	100,205
NZ Bonds	95,216	96,599
Overseas Bonds	48,464	49,007
Overseas Non-govt. Bonds	37,749	39,634
Property	26,075	27,278
NZ Shares	71,113	73,587
Australian shares	30,695	31,639
Overseas Shares (Currency Hedged)	108,421	108,963
Overseas Shares	81,730	78,228
Emerging Markets	13,375	11,738
Gemino	1,502	2,657
UK Cash	1,383	1,410
UK Income	-	147
UK Shares/Property	-	236
NZ Cash ETF	109	135
NZ Bond ETF	1,286	673
Global Bond ETF	291	236
NZ Dividend ETF	724	960
NZ 50 Portfolio ETF	4,010	3,497
NZ Top 10 ETF	200	241
NZ Mid Cap ETF	1,317	369
NZ Property ETF	122	393
Australian Top 20 ETF	321	393
Australian Dividend ETF	460	436
Australian Financials ETF	147	261
Australian Property ETF	168	167
Australian Resources ETF	2,035	1,029
Australian Mid Cap ETF	963	1,178
Total World ETF	1,235	754
US 500 ETF	1,966	1,680
Europe ETF	1,609	445
Asia Pacific ETF	771	274
US Large Growth ETF	1,067	591
US Large Value ETF	263	387
US Mid Cap ETF	274	174
US Small Cap ETF	347	259
Emerging Markets ETF	1,094	336
SuperLife <sup>30</sup>	30,304	30,193
SuperLife <sup>60</sup>	281,109	274,723
SuperLife <sup>80</sup>	18,408	14,828
SuperLife <sup>income</sup>	45,796	34,669
SuperLife <sup>100</sup>	77,687	57,307
<b>Total investments</b>	<b>1,120,136</b>	<b>1,058,944</b>

## SuperLife workplace savings scheme

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

### 7 Investments (continued)

#### (b) Investments by geographical location

	31 March 2018	31 March 2017
	\$000	\$000
New Zealand	471,999	437,455
United States of America	289,301	224,067
Australia	91,648	114,446
Europe	86,268	84,968
Japan	49,822	44,117
United Kingdom	42,028	49,329
Canada	11,396	10,405
China	1,564	6,617
India	3,408	3,407
Korea	36	6,942
Taiwan	4,171	4,023
South Africa	2,408	2,211
Brazil	2,484	2,623
Rest of the world	63,603	68,334
<b>Total investments</b>	<b>1,120,136</b>	<b>1,058,944</b>

#### (c) Investment holdings of 5% or more

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 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 most members 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 funds.

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 Scheme's 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.



## SuperLife workplace savings scheme

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

### 8 Financial risk and management objectives and policies (continued)

#### (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 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 held with SLI.

#### (i) Interest rate risk

The Scheme is exposed to indirect 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 managers in accordance with the investment mandates set in the SIPO.

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

The Scheme's exposure to indirect fixed interest holdings for the year is \$485,449,000 (31 March 2017: \$453,390,000).

The Scheme's exposure to indirect floating interest holdings for the year is \$1,383,000 (31 March 2017: \$1,410,000).

A 1% increase/decrease in the interest rate would have a total adverse/favourable impact on the value of the Scheme's net assets of \$16,913 (31 March 2017: \$17,534).

#### (ii) Currency risk

The Scheme is 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 following table sets out the Scheme's effective exposure to currency risks as at the year end:

	31 March 2018	31 March 2017
	\$000	\$000
America (USD)	289,300	224,067
Australia (AUD)	91,647	114,445
Europe (EUR)	86,267	84,968
Japan (JPY)	49,822	44,117
United Kingdom (GBP)	42,028	49,329
Canada (CAD)	11,396	10,405
China (YUAN)	1,564	6,617
India (INR)	3,408	3,407
Brazil (BRL)	2,484	-
South Korea (WON)	36	-
Taiwan (TWD)	4,171	-
South Africa (RAND)	2,408	-
Others	63,605	84,134
Total foreign currency exposure	<u>648,136</u>	<u>621,489</u>
Total foreign currency hedging	<u>(478,617)</u>	<u>(358,726)</u>
Net foreign currency exposure	<u>169,519</u>	<u>262,763</u>

## SuperLife workplace savings 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)

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
	\$000	\$000	\$000	\$000
America (USD)	(7,450)	9,106	(6,209)	7,589
Australia (AUD)	(751)	918	(9,758)	11,926
Europe (EUR)	(1,468)	1,794	(1,915)	2,341
Japan (JPY)	(1,116)	1,364	(879)	1,074
United Kingdom (GBP)	(935)	1,142	(1,299)	1,587
Canada (CAD)	(17)	20	(56)	68
China (YUAN)	(141)	173	(478)	584
India (INR)	(304)	372	(298)	364
Brazil (BRL)	(196)	240	(203)	248
South Korea (WON)	-	-	(316)	387
Taiwan (TWD)	(372)	455	(351)	429
South Africa (RAND)	(214)	262	(194)	237
Others	(2,446)	2,990	(2,477)	3,029
	<u>(15,410)</u>	<u>18,836</u>	<u>(24,433)</u>	<u>29,863</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 manager. Total investments covered by SLI and its investment manager's hedging activities are \$478,616,955 (31 March 2017: \$358,725,687).

#### (iii) Equity price risk

All equity investments present a risk of loss of capital often due to factors beyond the 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 SIPD. The maximum price risk resulting from financial instruments is determined by their fair value.

The Scheme's 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 table below.

## SuperLife workplace savings 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)

##### (iii) Equity price risk (continued)

As at 31 March 2018, the Scheme's exposures to equity price risk are indirect:

	31 March 2018	Impact given 10% increase in equity price	Impact given 10% decrease in equity price
	\$000	\$000	\$000
Property	60,787	6,079	(6,079)
New Zealand shares	131,425	13,143	(13,143)
Australian shares	80,741	8,074	(8,074)
Overseas Shares (Currency Hedged)	198,336	19,834	(19,834)
Overseas Shares	130,430	13,043	(13,043)
Emerging markets	31,743	3,174	(3,174)
	<b>633,462</b>	<b>63,347</b>	<b>(63,347)</b>

As at 31 March 2017, the Scheme's exposures to equity price risk and the effect of 10% increase/decrease on equity price were:

	31 March 2017	Impact given 10% increase in equity price	Impact given 10% decrease in equity price
	\$000	\$000	\$000
Property	59,920	5,992	(5,992)
NZ shares	130,084	13,008	(13,008)
Australian shares	80,214	8,021	(8,021)
Overseas Shares (Currency Hedged)	187,811	18,781	(18,781)
Overseas Shares	118,722	11,872	(11,872)
Emerging markets	27,393	2,739	(2,739)
	<b>604,144</b>	<b>60,413</b>	<b>(60,413)</b>

#### (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 Scheme to realise its underlying investments on a timely basis.

The Scheme holds financial assets that generally have good liquidity.

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

## SuperLife workplace savings scheme

### Notes to the financial statements

for the year ended 31 March 2018

#### 8 Financial risk and management objectives and policies (continued)

##### (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 credit exposure of the Scheme:

	31 March 2018	31 March 2017
	\$000	\$000
Investments	486,674	454,800
Cash and cash equivalents	158	145
	<u>486,832</u>	<u>454,945</u>

The analysis below summarises the credit quality of the Scheme's 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
	%	%
<b>Indirect exposure to credit risk</b>		
AAA	15	11
AA	40	42
A	21	22
BBB	22	19
Unrated	2	6
	<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 or past due.

## SuperLife workplace savings 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.

	31 March 2018			
	Financial assets designated at fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost	Total carrying amount
	\$000	\$000	\$000	\$000
<b>Assets</b>				
Investments	1,120,136	-	-	1,120,136
Cash and cash equivalents	-	158	-	158
<b>Total assets</b>	<b>1,120,136</b>	<b>158</b>	<b>-</b>	<b>1,120,294</b>
<b>Liabilities</b>				
Payables	-	-	(167)	(167)
Liability for benefits	-	-	(1,120,426)	(1,120,426)
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>(1,120,593)</b>	<b>(1,120,593)</b>
	31 March 2017			
	Financial assets designated at fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost	Total carrying amount
	\$000	\$000	\$000	\$000
<b>Assets</b>				
Investments	1,058,944	-	-	1,058,944
Cash and cash equivalents	-	145	-	145
<b>Total assets</b>	<b>1,058,944</b>	<b>145</b>	<b>-</b>	<b>1,059,089</b>
<b>Liabilities</b>				
Payables	-	-	(180)	(180)
Liability for benefits	-	-	(1,056,094)	(1,056,094)
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>(1,056,274)</b>	<b>(1,056,274)</b>

## SuperLife workplace savings 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 is 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 financial instruments 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 investment manager. These investment funds are not traded on an active market and their fair 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 by Fund that are measured at fair value at 31 March 2018.

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>Financial assets at fair value through profit or loss:</b>				
<b>Investments</b>				
Cash	-	135,871	-	135,871
New Zealand bonds	-	174,717	-	174,717
Overseas government bonds	-	93,487	-	93,487
Overseas non-government bonds	-	82,599	-	82,599
Property	-	60,787	-	60,787
New Zealand shares	-	131,425	-	131,425
Australian shares	-	80,741	-	80,741
Overseas shares (currency hedged)	-	198,336	-	198,336
Overseas shares (unhedged)	-	130,430	-	130,430
Emerging markets	-	31,743	-	31,743
<b>Total investments</b>	<b>-</b>	<b>1,120,136</b>	<b>-</b>	<b>1,120,136</b>

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 workplace savings 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 by Fund that are measured at fair value at 31 March 2017.

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>Financial assets at fair value through profit or loss:</b>				
<b>Investments</b>				
Cash	-	116,741	-	116,741
New Zealand bonds	-	166,584	-	166,584
Overseas government bonds	-	91,258	-	91,258
Overseas non-government bonds	-	80,217	-	80,217
Property	-	59,920	-	59,920
New Zealand shares	-	130,084	-	130,084
Australian shares	-	80,214	-	80,214
Overseas shares (currency hedged)	-	187,811	-	187,811
Overseas shares (unhedged)	-	118,722	-	118,722
Emerging markets	-	27,393	-	27,393
<b>Total investments</b>	-	<b>1,058,944</b>	-	<b>1,058,944</b>

##### (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 31 March 2017.

##### (d) Financial instruments in level 3

As at 31 March 2018, the Scheme held no instruments in level 3. The Scheme held some instruments in level 3 during the period from 1 April 2016 to 27 October 2016, the movements of level 3 instruments are set out in the following table:

	31 March 2017 \$000
Opening balance	6,707
Purchases	2,150
Sales	-
Transferred to SLI	(8,068)
Realised/unrealised change in fair value of investments	(789)
	-

#### 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 Statement of accounting policies and the risk management policies in Note 8, 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

The scheme received no interest income directly during the year. Interests on any holdings of cash or cash equivalents are distributed to the Scheme by SLI through returns on investments. The Scheme received interest income directly during the year ended 31 March 2017, the amounts of income are set out in the following table:

	31 March 2018 \$000	31 March 2017 \$000
Cash and cash equivalents	-	450
Investments	-	350
Other	-	(2)
<b>Total interest income</b>	-	<b>798</b>

## SuperLife workplace savings scheme

### Notes to the financial statements

for the year ended 31 March 2018

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

Refer to Note 7: Investments for the description of investments by Fund.

	31 March 2018	31 March 2017
	\$000	\$000
Ethica	381	(433)
NZ Cash	2,583	1,396
NZ Bonds	4,704	2,169
Overseas Bonds	1,588	1,460
Overseas Non-govt. Bonds	857	(2,754)
Property	836	(5,084)
NZ Shares	2,761	6,984
Australian shares	(205)	6,017
Overseas Shares (currency hedged)	8,323	9,054
Overseas Shares	6,680	6,496
Emerging Markets	1,639	3,382
Gemino	(654)	249
UK Cash	130	(23)
UK Income	(3)	(55)
UK Shares/Property	4	(29)
NZ Cash ETF	2	-
NZ Bond ETF	37	5
Global Bond ETF	8	5
NZ Dividend ETF	34	9
NZ Top 50 ETF	540	(621)
NZ Top 10 ETF	26	(22)
NZ Mid Cap ETF	118	5
NZ Property ETF	18	(38)
Australian Top 20 ETF	(26)	28
Australian Dividend ETF	(32)	44
Australian Financials ETF	(36)	11
Australian Property ETF	(3)	(16)
Australian Resources ETF	93	167
Australian Mid Cap ETF	94	(166)
Total World ETF	79	70
US 500 ETF	114	23
Europe ETF	60	(25)
Asia Pacific ETF	46	30
US Large Growth ETF	36	36
US Large Value ETF	-	12
US Mid Cap ETF	10	(1)
US Small Cap ETF	14	5
Emerging Markets ETF	71	39
SuperLife <sup>30</sup>	1,151	841
SuperLife <sup>60</sup>	12,714	15,758
SuperLife <sup>80</sup>	868	918
SuperLife <sup>Income</sup>	1,438	44
SuperLife <sup>100</sup>	3,629	(1,323)
<b>Total realised/unrealised change in fair value of investments</b>	<b>50,727</b>	<b>44,667</b>



## SuperLife workplace savings scheme

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

### 13 Reconciliation of increase in net assets for the year to net cash flows from operating activities

	31 March 2018	31 March 2017
	\$000	\$000
Increase/(decrease) in net assets during the year	64,330	(424,991)
Add/(less) non cash items:		
Realised/unrealised change in fair value of investments	(50,727)	(44,667)
Dividends reinvested	-	(6,539)
Tax credits passed down from investment manager	6,318	-
Unrealised exchange gains	-	(2,069)
Investment assets and liabilities transferred to SLI	-	2,589
Withdrawal of SLKS and SLUK	-	609,143
Add/(less) movements in other working capital items:		
Sale of investments	44,845	93,980
Purchase of investments	(61,626)	(211,588)
Decrease/(increase) in investments receivable	-	1,669
Decrease in derivative instruments receivable	-	521
Decrease/(increase) in receivables	-	7,591
(Decrease) in payables	(13)	(1,370)
Increase in PIE taxation receivable/Increase in PIE taxation payable	(3,114)	2,883
<b>Net cash flows from operating activities</b>	<b>13</b>	<b>27,152</b>

### 14 Subsequent events

There have been no other 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 workplace savings 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).

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### *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 areas of member registry compliance assurance and controls assurance. The provision of these other services has not impaired our independence as auditor of the Scheme.

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### *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.



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### *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.

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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' in a cursive, flowing script.

Chartered Accountants  
2 July 2018

Auckland