

**SUPERLIFE**

**KIWISAVER SCHEME**

**FINANCIAL STATEMENTS**

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For the year ended 31 March 2016



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# SuperLife - KiwiSaver scheme

## Statement of net assets

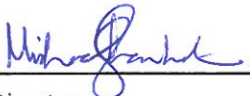
as at 31 March 2016



	Note	31 March 2016	31 March 2015
		\$	\$
<b>Current assets</b>			
Investments	8	517,931,043	410,863,426
Cash and cash equivalents		-	-
PIE tax receivable	3(j)	197,504	-
Sundry debtors		71,976	328,985
<b>Total current assets</b>		<b>518,200,523</b>	<b>411,192,411</b>
<b>Current liabilities</b>			
Sundry creditors		(296,810)	(93,289)
PIE tax payable	3(j)	-	(4,614,949)
<b>Total current liabilities</b>		<b>(296,810)</b>	<b>(4,708,238)</b>
<b>Total net assets available for benefits to members</b>		<b>517,903,713</b>	<b>406,484,173</b>
<b>Liability for benefits</b>		<b>517,903,713</b>	<b>406,484,173</b>

The Manager of the SuperLife KiwiSaver scheme authorised these financial statements for issue on 8 June 2016.

For and on behalf of SuperLife Limited:

  
Director

  
Director

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



# SuperLife - KiwiSaver scheme

## Statement of changes in net assets

for the year ended 31 Mar 2016

	Note	31 March 2016	31 March 2015
		\$	\$
<b>Investment activities</b>			
Realised/unrealised change in fair value of investments	13	24,863,718	44,033,827
Bank interest	12	11,126	2,212
<b>Total net investment income</b>		<b>24,874,844</b>	<b>44,036,039</b>
Administration fees - fixed dollar	4	(1,280,748)	(1,216,509)
Administration fees - percentage of assets	4	(911,580)	(719,780)
Other expenses		(204,380)	(192,253)
<b>Change in net assets before membership activities</b>		<b>22,478,136</b>	<b>41,907,497</b>
<b>Membership activities</b>			
Contributions received in respect of members:			
- Member contributions		40,451,946	37,104,442
- Employer contributions		22,228,586	21,030,941
- Government payments and subsidies			
- Member tax credits		7,301,016	7,070,299
- Kick-starts		470,000	1,411,999
- Transfers in		53,319,110	12,038,315
		<b>123,770,658</b>	<b>78,655,996</b>
Less withdrawal benefits:			
- Transfers out		(16,788,877)	(13,253,288)
- Mortgage diversion payments		(21,389)	(25,905)
- Death		(658,082)	(480,879)
- Serious illness		(416,756)	(131,292)
- Financial hardship		(490,933)	(321,086)
- First home		(5,662,834)	(2,333,290)
- Permanent emigration		(280,986)	(89,338)
- Payments under other enactments		(18,133)	-
- Retirement benefits		(8,855,065)	(7,208,099)
		<b>(33,193,055)</b>	<b>(23,843,177)</b>
Less: PIE tax paid/payable on behalf of members	3(j)	(1,636,199)	(5,336,763)
<b>Surplus contributions over benefits</b>		<b>88,941,404</b>	<b>49,476,056</b>
<b>Increase in net assets during the period</b>		<b>111,419,540</b>	<b>91,383,553</b>
<b>Net assets available for benefits</b>			
Opening balance		406,484,173	315,100,620
The Increase in net assets during the period		111,419,540	91,383,553
<b>Closing balance</b>		<b>517,903,713</b>	<b>406,484,173</b>

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



# SuperLife - KiwiSaver scheme

## Statement of cash flows

for the year ended 31 Mar 2016



	Note	31 March 2016	31 March 2015
		\$	\$
<b>Cash flows from operating activities</b>			
Cash was provided by:			
- Sale of investments		13,112,218	18,055,046
- Contributions received from and in respect of members		70,708,322	66,762,450
- Transfers in		17,435,157	12,038,315
- Interest income received		11,361	1,246
- Tax refund received		62,111	4,679
		<u>101,329,169</u>	<u>96,861,736</u>
Cash was applied to:			
- Purchase of investments		(61,417,940)	(66,371,021)
- Transfers out		(16,788,877)	(13,253,288)
- Mortgage diversion payments		(21,389)	(25,905)
- Member withdrawals		(7,554,911)	(3,355,885)
- Retirement benefits		(8,855,065)	(7,208,099)
- Tax paid on behalf of the members		(4,524,987)	(4,554,836)
- General administration fees		(2,166,000)	(2,092,702)
		<u>(101,329,169)</u>	<u>(96,861,736)</u>
<b>Net cash flows from operating activities</b>	<b>14</b>	<u>-</u>	<u>-</u>
Opening cash brought forward		-	-
<b>Closing cash carried forward</b>		<u>-</u>	<u>-</u>

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

#### 1 General information

The SuperLife KiwiSaver scheme (the "Scheme") is a KiwiSaver scheme (KSS 10022) under the KiwiSaver Act 2006 ("Act"). The Scheme is open to everyone eligible to join KiwiSaver. The Scheme was established under a trust deed (the "Trust Deed") for the principal purpose of providing KiwiSaver benefits. The sole focus remains the provision of KiwiSaver benefits.

The Scheme was, until 5 April 2015, an approved Qualifying Recognised Overseas Pension Scheme ("QROPS") under the UK Finance Act 2004 (QROPS 503134) to facilitate the transfer of UK pension funds to the Scheme from registered UK pension schemes. From 6 April 2015, the Scheme is no longer a QROPS due to a regulatory change by HM Revenue & Customs on the QROPS status of KiwiSaver scheme.

The Scheme is domiciled in New Zealand and was established on 29 November 2006. The address of its principal place of business is 41 Charlotte Street, Eden Terrace, Auckland 1021.

SuperLife Limited (the "Manager") is the manager of the Scheme. The Manager is a member of the Financial Dispute Resolution scheme and is registered as a financial service provider (FSP 42464) under the Financial Service Providers (Registration and Dispute Resolution) Act 2008 ("FSPA"). The Manager is also the promoter of the Scheme. The Manager is wholly owned by NZX Limited.

The Manager is also the investment manager of the Scheme and has chosen to invest the assets of the Scheme through the SuperLife superannuation scheme ("SLSS"). SuperLife Trustee Limited (SLSS Trustee) is the trustee of SLSS. 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"). SLSS (AS/1068) is registered by the Financial Market Authority (FMA) under the Superannuation Schemes Act 1989. The Manager is also the manager and promoter of SLSS.

MCA NZ Limited ("MCA") is the investment consultant for SLSS. MCA is a member of the Financial Dispute Resolution scheme and is registered as a financial service provider (FSP 42521) under the FSPA. MCA is owned by Aventine Group Limited ("Aventine Group").

Some of the assets of SLSS are invested in the exchange traded funds of Smartshares Limited ("Smartshares"). Smartshares is also a subsidiary of NZX Limited.

MCA and Aventine Group have common directors and their directors are directors of the Manager.

The Registrar of the Scheme is SuperLife Limited. Public Trust is the trustee of the Scheme (the "Trustee"). The Trustee is independent of the Manager, the Promoter, and NZX Limited.

The auditor of the Scheme is PricewaterhouseCoopers ("Auditor"). The Auditor is independent of the Trustee, 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.

#### 2 Basis of preparation

##### Basis of measurement

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



## 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 Financial Reporting Act 2013, the Superannuation Schemes Act 1989, the Act and the KiwiSaver Amendment Act 2011. They comply with NZ International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. These financial statements also comply with International Financial Reporting Standards ("IFRS"). The External Reporting Board Standard A1 Accounting Standards Framework (for-profit Entities Update) outlines which suite of accounting standard entities in different tiers must follow. The Scheme is a Tier 1 reporting entity.

### 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 in the preparation of financial statements

In preparing the financial statements in conformity with NZ IFRS, management is required to make 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 to all periods presented 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 performance are evaluated on a fair value basis in accordance with the Scheme's investment strategy.

*Loans and receivables:* These include cash and cash equivalents, cash and cash equivalents - foreign currency accounts and sundry debtors.

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

### 3 Significant accounting policies (continued)

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

##### (ii) Recognition, derecognition and measurement

The Scheme recognises financial assets and financial liabilities on the date it becomes a 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 rights to receive cash flows from the investments have 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 investment assets in the period in which they arise.

##### (iii) Determination of fair value - financial instruments

The Scheme's financial instruments' fair value are determined based on the value provided by the Scheme's investment managers largely based on observable market data.

##### (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.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Scheme's trading activities.

#### (b) Cash and cash equivalents

Cash and cash equivalents ("Cash") includes, 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 accounts receivable or payable, or any borrowings subject to a term facility, or cash held with the investment manager.

#### (c) Sundry debtors

Sundry debtors do not carry any interest and are short-term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated uncollectible amounts.

Impaired assets are assets where the present value of expected future cash flows discounted at the effective interest rate is less than the carrying value. If an asset is impaired the asset is written down to its estimated recoverable amount. The estimated recoverable amount is calculated as the present value of expected future cash flows discounted at the effective interest rate, and an impairment loss is recognised in the statement of changes in net asset.



### 3 Significant accounting policies (continued)

#### (d) Sundry creditors

Sundry creditors 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 profit or loss as part of the fair value gain or loss.

#### (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.

#### (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 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

The Scheme is a Portfolio Investment Entity ("PIE"). 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.

Under the PIE regime, 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% (31 March 2015: 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.

The Scheme pays tax on behalf of its members who have withdrawn from the Scheme to Inland Revenue on a monthly basis. 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.

### 3 Significant accounting policies (continued)

#### (k) Liability for benefits

The Manager calculates the liability for benefits as the Scheme's present obligation to pay benefits to members. It is the amount shown in the statement of net assets and is classified as financial liability as the members can redeem their investments in the Scheme according to the Act 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) Comparatives

Certain prior year comparatives have been reclassified to conform with current period reporting.

#### (n) Changes in accounting policies

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

#### (o) New accounting standard adopted

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

#### (p) New accounting standards not yet adopted

NZ IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of NZ IFRS 9 was issued in September 2014. It replaces the guidance in NZ IAS 39 that relates to the classification and measurement of financial instruments. NZ IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the Scheme's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in NZ IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. NZ IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under NZ IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. The Scheme intends to adopt NZ IFRS 9 on its effective date and has yet to assess its full impact.

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



## 3 Significant accounting policies (continued)

### (q) Contributions

Members save through the Scheme by way of lump sum payments plus regular savings, in accordance with the Act. Members who are employees may save in the Scheme through payroll deductions at rates of 0%, 3%, 4% and 8% of their gross salary. Employers contribute in respect of their employees who are members and age 18 or over and who are contributing by payroll deduction at rates of 0% - 4% of the employee's gross salary. In some cases employers pay a fixed amount that exceeds their KiwiSaver obligations under the Act. Employee and employer savings are received via the Inland Revenue which also pays to the Scheme the government payments including the 'kick-start' of \$1,000 and the member tax credits for the eligible members in accordance with the Act.

### (r) Withdrawals

The payment of all benefits is subject to the Act. Withdrawals are recognised when the Manager has confirmed the validity of the members' application and has verified the conditions required for withdrawal eligibility.

### (s) Impairment of financial assets

The Manager assesses 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 and impairment losses are incurred only when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a "loss event") and that loss event (or events) 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 is 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

### Administration fees

Administration fees are paid to the Manager. An administration fee of \$33 a year is deducted at the rate of \$2.75 per month from each member's account, these amounts are net-of-tax. The tax benefit of this administration fee is also paid to the Manager. The Scheme also deducts an administration fee from the gross investment earnings. This administration fee is calculated at the rate of 0.2% p.a. of the net assets.

	31 March 2016	31 March 2015
Fees to the Manager:	\$	\$
Administration fees - fixed dollar	1,280,748	1,216,509
Administration fees - percentage of assets	911,580	719,780
	<u>2,192,328</u>	<u>1,936,289</u>

The fees payable to the Manager as at 31 March 2016 were \$268,058 (31 March 2015: \$13,153).

The Scheme invests all its assets in SLSS. Under SLSS, the Manager receives fees of 0.2% 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.

# SuperLife - KiwiSaver scheme

Notes to the financial statements  
for the year ended 31 March 2016



## 4 Related party transactions (continued)

### Administration fees (continued)

Fees deducted under SLSS from realised/unrealised change in fair value of investments are as follows:

	31 March 2016	31 March 2015
	\$	\$
Administration fees - percentage of assets	912,149	724,023
	<u>912,149</u>	<u>724,023</u>

### Investment management fees

The Scheme invests all its assets in SLSS. 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.

The estimated investment management fees deducted from the changes to fair values by the investment manager were:

	31 March 2016	31 March 2015
	\$	\$
SLSS	231,674	355,248
	<u>231,674</u>	<u>355,248</u>

### Related party holdings

All directors of the Trustee of the SuperLife superannuation scheme, the investment vehicle of the Scheme, were members of the Scheme at the start of the year. One of the directors was fully paid out during the year. The membership balances and the transactions during the year, in the normal course of business, are set out in the following table:

	31 March 2016	31 March 2015
	\$	\$
Opening balance	45,691	199,495
Contribution	13,676	27,937
Withdrawal	(19,767)	(184,365)
Administration fees	(74)	(99)
Market movement	1,998	4,285
PIE tax paid/payable on behalf of members	(91)	(1,562)
Closing balance	<u>41,433</u>	<u>45,691</u>

Two directors of the Manager were members of the Scheme for the year ended 31 March 2016. Their membership balances and transactions during the year ended 31 March 2016 in the normal course of business are set out in the following table:



# SuperLife - KiwiSaver scheme

## Notes to the financial statements for the year ended 31 March 2016



### 4 Related party transactions (continued) Related party holdings (continued)

	31 March 2016	31 March 2015
	\$	\$
Opening balance	346,697	372,820
Contributions	211,565	52,320
Administration fees	(66)	(66)
Market movement	15,109	(77,104)
PIE tax paid/payable on behalf of members	(2,963)	(1,273)
Closing balance	<u>570,342</u>	<u>346,697</u>

#### Other related party transactions

SLSS operates as the investment vehicle for the Scheme. During the year, the Scheme's net contribution/withdrawals to/from SLSS totalled \$84,029,847 (31 March 2015: \$48,318,975).

The total trustee fees paid and payable to the Trustee by the Scheme for the year ended 31 March 2016 were \$133,133 (31 March 2015: \$107,967).

All related party balances are unsecured, and bear no interest.

During the financial year, Smartkiwi, a scheme previously managed by Smartshares was transferred into the Scheme. Total transferred was \$38,986,404 (31 March 2015: Nil).

### 5 Audit fees

Audit fees of \$28,750 for financial year ended 31 March 2016 are paid by the Scheme to the auditor, (31 March 2015: \$28,750). In addition, Registry audit fees paid and payable by the Scheme to the auditor are \$1,811 (31 March 2015: \$1,811).

### 6 Contingent liabilities and capital commitments

There are no material contingent liabilities or capital commitments as at 31 March 2016 (31 March 2015: \$Nil).

### 7 Subsequent events

There have been no material events after balance date that require adjustment to or disclosure in the financial statements.

Guy Elliffe and John Williams were appointed as directors of the Manager on 9 May 2016.

#### 8 Investments

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 Cash Fund, the NZ Bonds Fund, the Overseas Bonds Fund, the Overseas Non-government Bonds Fund, the Property Fund, the NZ Shares Fund, the Australian Shares Fund, the Overseas Shares Currency Hedged Fund, the Overseas Shares (Unhedged) 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 50 Portfolio ETF Fund, the NZ Top 10 ETF Fund, the NZ Midcap ETF Fund, the NZ Property ETF Fund, the Aust Top 20 Leaders ETF Fund, the Aust Dividend ETF Fund, the Aust Financials ETF Fund, the Aust Property ETF Fund, the Aust Resources ETF Fund, the Aust Midcap ETF Fund, the Total World ETF Fund, the US S&P 500 ETF Fund, the Europe ETF Fund, the Asia Pacific ETF Fund, the US Growth ETF Fund, the US Value ETF Fund, the US Midcap ETF Fund, the US Small ETF Fund and the Emerging Markets ETF Fund. There are also a range of mixes of the Funds. The mixes are the D fund, AIMFirst Home, smartConservative, smartBalanced, smartGrowth and AIMAge Steps. These are not investment funds but strategies that combine the individual Funds.

Investment in the UK Cash Fund is disclosed as Cash and cash equivalents - foreign currency accounts in the Statement of net assets as it meets the definition of cash and cash equivalent.

Investments by Fund represent investments in the Sector Funds, ETF Funds and Ethical Fund. The investments by Managed Fund have been broken down to the Sector Funds for these Financial Statements.

# SuperLife - KiwiSaver scheme

Notes to the financial statements  
for the year ended 31 March 2016



## 8 Investments (continued)

	31 March 2016	31 March 2015
	\$	\$
<b>(a) Investments by Fund</b>		
SuperLife income	67,597,451	58,200,406
SuperLife 30	3,848,931	1,781,232
SuperLife 60	14,841,976	12,759,393
SuperLife 80	4,987,032	2,887,822
SuperLife <sup>100</sup> (formerly known as SuperLife Growth)	203,126,200	177,007,928
Ethica	13,608,442	9,526,416
Cash	41,979,655	30,376,098
New Zealand bonds	27,994,160	25,853,213
Overseas bonds (formerly known as Overseas govt. bonds)	5,396,844	5,082,882
Overseas non-govt. bonds	16,027,681	15,670,433
Property	12,525,800	10,474,519
New Zealand shares	14,427,541	12,113,198
Australian shares	12,674,901	11,718,669
Overseas shares currency hedged	12,554,343	11,814,205
Overseas shares (unhedged)	15,060,886	14,349,383
Emerging markets	7,131,941	6,780,193
Gemino	4,125,094	4,158,343
UK cash	159,498	79,905
UK income	131,920	6,207
UK shares/property (formerly known as UK Growth)	135,166	29,788
NZ Cash ETF	25,562	-
NZ Bond ETF	66,128	-
Global Bond ETF	81,059	-
NZ Dividend ETF	263,805	-
NZ 50 Portfolio ETF (formerly known as SuperLife <sup>smartFONZ</sup> )	22,213,998	115,051
NZ Top 10 ETF	180,190	-
NZ Midcap ETF	72,933	-
NZ Property ETF	95,868	-
Aust Top 20 Leaders ETF	45,511	-
Aust Dividend ETF	24,680	-
Aust Financials ETF	159,194	-
Aust Property ETF	54,414	-
Aust Resources ETF	171,259	-
Aust MidCap ETF (formerly known as SuperLife <sup>smartMOZY</sup> )	13,884,852	78,142
Total World ETF	118,056	-
US S&P 500 ETF	794,788	-
Europe ETF	243,238	-
Asia Pacific ETF	85,390	-
US Growth ETF	90,598	-
US Value ETF	214,997	-
US Midcap ETF	247,967	-
US Small ETF	291,705	-
Emerging Markets ETF	169,389	-
<b>Total investments</b>	<b>517,931,043</b>	<b>410,863,426</b>





# SuperLife - KiwiSaver scheme

Notes to the financial statements  
for the year ended 31 March 2016



## 8 Investments (continued)

### (b) Investment assets by geographical location

	31 March 2016	31 March 2015
	\$	\$
New Zealand	212,682,949	162,398,001
United States of America	104,589,254	80,870,594
Australia	89,854,696	64,827,069
Europe	25,967,809	25,114,211
United Kingdom	14,488,775	12,539,058
Japan	11,483,551	12,406,422
Rest of the world	58,864,008	52,708,071
<b>Total investments</b>	<b>517,931,043</b>	<b>410,863,426</b>

## 9 Financial risk and management objectives and policies

### (a) Introduction

The Scheme is exposed directly and indirectly 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, but 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 KiwiSaver account balances are 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 occasioned by 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 relevant to its mandates. The Manager oversees the investment manager and is ultimately responsible for the overall risk management approach within the Scheme.

### (c) Risk measurement and reporting system

The risks are measured using a method that reflects the expected impact on the results and net assets available for benefits of the Scheme from reasonable possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed in the respective risk categories below.

### (d) Risk mitigation

The Scheme has investment guidelines that set out its overall strategies are set out in the Prospectus and are summarised in the Investment Statement.



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

### (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 SLSS and on a full look through basis to account for investments held indirectly through other managed funds.

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

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

### (i) Interest rate risk

The Scheme is exposed to indirect interest rate risk as future interest rate movements will affect net current values of fixed interest assets. Interest rate risk management activities are undertaken by the investment managers in accordance with the investment mandates set by the Manager. The intention is not necessarily to hold these assets to maturity but to realise and purchase similar assets as part of the ongoing management of the portfolio.

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.

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

	31 March 2016	31 March 2015
	\$	\$
<b>Direct exposure to interest rate risk</b>		
Floating interest holdings	-	-
<b>Indirect exposure to interest rate risk</b>		
Fixed interest holdings	175,030,507	139,756,902
Floating interest holdings	159,498	10,680,476
	<u>175,190,005</u>	<u>150,437,378</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 2016	31 March 2015
	\$	\$
<b>Direct exposure to interest rate risk</b>		
Floating interest holdings	<u>-</u>	<u>-</u>
<b>Indirect exposure to interest rate risk</b>		
Fixed interest holdings	<u>6,338,076</u>	<u>5,425,982</u>

Actual trading results are likely to differ from the sensitivity analysis required by NZ IFRS 7: Financial Instruments Disclosures and the differences could be significant.

# SuperLife - KiwiSaver scheme

## Notes to the financial statements

for the year ended 31 March 2016

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

#### (e) Market risk (continued)

##### (ii) Currency risk

The Scheme is indirectly affected by the impact of foreign exchange changes on investments in the investment managers who are invested in non-New Zealand denominated securities.

The following table sets out the Scheme's indirect effective exposure to currency risks at the reporting date as a percentage of total investments:

	31 March 2016	31 March 2015
	\$	\$
Europe (EURO)	25,967,809	25,114,211
America (USD)	104,589,254	80,870,594
United Kingdom (GBP)	14,488,775	12,539,058
Australia (AUD)	89,854,696	64,827,069
Japan (YEN)	11,483,551	12,406,422
China (YUAN)	5,519,847	5,036,871
India (INR)	5,416,124	4,846,628
Brazil (BRL)	1,665,948	2,058,436
Canada (CAD)	3,568,040	3,633,008
South Korea (WON)	2,255,959	4,420,195
Taiwan (TWD)	3,820,560	4,038,067
South Africa (RAND)	2,651,138	2,561,368
Others	33,966,392	26,113,498
<b>Total foreign currency exposure</b>	<b>305,248,094</b>	<b>248,465,425</b>
<b>Total foreign currency hedging</b>	<b>(126,904,289)</b>	<b>(107,625,473)</b>
<b>Net foreign currency exposure</b>	<b>178,343,805</b>	<b>140,839,952</b>

The above analysis reflects the underlying currency risks held by the investment manager. The underlying currency risks are hedged by the investment manager. Total investments covered by the investment manager's hedge are \$126,904,289 (31 March 2015: \$107,625,473).

As at 31 March 2016, 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 \$16,213,073. A 10% decrease in the value of the New Zealand dollar would have a favourable impact on the value of the Scheme's net assets of \$19,815,978.

As at 31 March 2015, the same analysis was performed under the assumption of 1% change in currency. A 1% increase in the value of the New Zealand dollar would have an adverse impact on the value of the Scheme's net assets of \$1,394,455. A 1% decrease in the value of the New Zealand dollar would have a favourable impact on the value of the Scheme's net assets of \$1,422,626.

Actual trading results are likely to differ from the sensitivity analysis required by NZ IFRS 7: Financial Instruments Disclosures and the differences could be significant.

## 9 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 the investment manager's control such as competition, regulatory changes, commodity price changes and changes in general economic climate, domestically and internationally. The Scheme is exposed to indirect equity price risk through its investments. The investment manager mitigates this risk through stock selection and diversification, daily monitoring of the Scheme's market position and adherence to the investment mandate set by the Manager. The maximum price risk resulting from financial instruments is determined by their fair value.

The Scheme's indirect exposure to equity price risk and the effect of a 10% increase/decrease in equity price on the value of the Scheme's net assets are detailed in the table below.

Actual trading results are likely to differ from the sensitivity analysis required by NZ IFRS 7: Financial Instruments Disclosures and the differences could be significant.

	31 March 2016	Impact given 10% increase in equity price	Impact given 10% decrease in equity price
	\$	\$	\$
Property	47,995,740	4,799,574	(4,799,574)
New Zealand shares	72,773,827	7,277,383	(7,277,383)
Australian shares	77,899,699	7,789,970	(7,789,970)
Overseas shares currency hedged	62,462,918	6,246,292	(6,246,292)
Overseas shares (unhedged)	48,925,713	4,892,571	(4,892,571)
Emerging markets' shares	32,855,890	3,285,589	(3,285,589)
	<u>342,913,787</u>	<u>34,291,379</u>	<u>(34,291,379)</u>

As at 31 March 2015, the same analysis was performed under the assumption of 1% change in equity price, and the impact on the value of the Scheme's net assets are details in the table below.

	31 March 2015	Impact given 1% increase in equity price	Impact given 1% decrease in equity price
	\$	\$	\$
Property	38,915,631	389,156	(389,156)
New Zealand shares	46,194,970	461,950	(461,950)
Australian shares	46,769,399	467,694	(467,694)
Overseas shares currency hedged	55,787,587	557,876	(557,876)
Overseas shares (unhedged)	38,503,808	385,038	(385,038)
Emerging markets' shares	34,254,653	342,547	(342,547)
	<u>260,426,048</u>	<u>2,604,261</u>	<u>(2,604,261)</u>



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

##### (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.

The Scheme holds financial assets that generally have good liquidity. Members are able to transfer their balances to other KiwiSaver providers and make withdrawals subject to the Act.

All other financial liabilities of the Scheme are due within 12 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. 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 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 manager. The investment manager's 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 2016	31 March 2015
	%	%
<b>Direct exposure to credit risk (excludes the Scheme's investments with the investment manager)</b>		
Unrated	-	-
<b>Indirect exposure to credit risk</b>		
AAA	14	7
AA	41	35
A	20	28
BBB	19	23
Unrated	6	7
	<u>100</u>	<u>100</u>

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



# SuperLife - KiwiSaver scheme

## Notes to the financial statements for the year ended 31 March 2016

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

#### (g) Credit risk (continued)

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

	31 March 2016	31 March 2015
	\$	\$
Investments	175,190,005	150,437,378
Sundry debtors	71,976	328,985
	<u>175,261,981</u>	<u>150,766,363</u>

The financial assets of the Scheme are neither past due nor impaired as at the end of the reporting period.

### 10 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 2016		
	Financial assets designated at fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost
	\$	\$	\$
<b>Assets</b>			
Investments	517,931,043	-	-
Sundry debtors	-	71,976	-
<b>Total assets</b>	<u>517,931,043</u>	<u>71,976</u>	<u>-</u>
<b>Liabilities</b>			
Sundry creditors	-	-	(296,810)
Liability for benefits	-	-	(517,903,713)
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>(518,200,523)</u>

	31 March 2015		
	Financial assets designated at fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost
	\$	\$	\$
<b>Assets</b>			
Investments	410,863,426	-	-
Sundry debtors	-	328,985	-
<b>Total assets</b>	<u>410,863,426</u>	<u>328,985</u>	<u>-</u>
<b>Liabilities</b>			
Sundry creditors	-	-	(93,289)
Liability for benefits	-	-	(406,484,173)
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>(406,577,462)</u>

# SuperLife - KiwiSaver scheme

## Notes to the financial statements

for the year ended 31 March 2016



### 10 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 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 that are measured at fair value at 31 March 2016.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets at fair value through profit or loss</b>				
<b>Investments</b>				
Cash	-	46,910,459	-	46,910,459
New Zealand bonds	-	63,533,506	-	63,533,506
Overseas bonds	-	38,457,136	-	38,457,136
Overseas non-govt. bonds	-	26,116,154	-	26,116,154
Property	-	47,995,741	-	47,995,741
New Zealand shares	-	72,773,827	-	72,773,827
Australian shares	-	77,899,699	-	77,899,699
Overseas shares currency hedged	-	62,462,918	-	62,462,918
Overseas shares (unhedged)	-	48,925,713	-	48,925,713
Emerging markets	-	32,855,890	-	32,855,890
<b>Total investments</b>	<b>-</b>	<b>517,931,043</b>	<b>-</b>	<b>517,931,043</b>

# SuperLife - KiwiSaver scheme

## Notes to the financial statements

for the year ended 31 March 2016

### 10 Financial instruments (continued)

#### (b) Fair value of financial instruments (continued)

The following table presents the Scheme's investments that are measured at fair value at 31 March 2015.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Investments</b>				
Cash	-	37,939,087	-	37,939,087
New Zealand bonds	-	60,270,721	-	60,270,721
Overseas bonds	-	5,082,882	-	5,082,882
Overseas non-govt. bonds	-	47,144,688	-	47,144,688
Property	-	38,915,631	-	38,915,631
New Zealand shares	-	46,194,970	-	46,194,970
Australian shares	-	46,769,399	-	46,769,399
Overseas shares currency hedged	-	55,787,587	-	55,787,587
Overseas shares (unhedged)	-	38,503,808	-	38,503,808
Emerging markets	-	34,254,653	-	34,254,653
<b>Total investments</b>	-	410,863,426	-	410,863,426

#### (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 2016 and 31 March 2015.

### 11 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, 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.

### 12 Interest income

	31 March 2016	31 March 2015
	\$	\$
Cash and cash equivalents	11,126	2,212
<b>Total interest revenue</b>	<b>11,126</b>	<b>2,212</b>



# SuperLife - KiwiSaver scheme

## Notes to the financial statements

for the year ended 31 March 2016

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

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

	31 March 2016	31 March 2015
	\$	\$
SuperLife Income	1,816,602	4,911,004
SuperLife 30	154,243	153,125
SuperLife 60	709,306	1,315,561
SuperLife 80	220,725	271,381
SuperLife <sup>100</sup> (formerly known as SuperLife Growth)	9,968,659	22,811,801
Ethica	1,376,245	1,066,540
Cash	1,191,678	1,149,034
New Zealand bonds	1,557,514	2,036,461
Overseas bonds (formerly known as Overseas govt. bonds)	124,195	499,673
Overseas non-govt. bonds	(74,432)	1,635,217
Property	1,531,718	1,937,936
New Zealand shares	2,574,822	367,765
Australian shares	759,019	1,229,994
Overseas shares currency hedged	(473,280)	1,800,330
Overseas shares (unhedged)	333,441	2,845,365
Emerging markets	(232,097)	1,023,082
Gemino	185,350	(1,027,810)
UK cash	(8,933)	2,160
UK income	(5,334)	405
UK shares/property (formerly known as UK Growth)	(11,669)	321
NZ Cash ETF	225	-
NZ Bond ETF	804	-
Global Bond ETF	1,867	-
NZ Dividend ETF	24,458	-
NZ 50 Portfolio ETF (formerly known as SuperLife <sup>smartFONZ</sup> )	2,236,152	1,847
NZ Top 10 ETF	17,901	-
NZ Midcap ETF	7,320	-
NZ Property ETF	4,433	-
Aust Top 20 Leaders ETF	(1,043)	-
Aust Dividend ETF	(1,417)	-
Aust Financials ETF	(2,154)	-
Aust Property ETF	4,690	-
Aust Resources ETF	4,400	-
Aust MidCap ETF (formerly known as SuperLife <sup>smartMOZY</sup> )	927,466	2,635
Total World ETF	(1,181)	-
US S&P 500 ETF	(6,176)	-
Europe ETF	(2,973)	-
Asia Pacific ETF	(3,721)	-
US Growth ETF	(3,458)	-
US Value ETF	292	-
US Midcap ETF	(18,632)	-
US Small ETF	(25,851)	-
Emerging Markets ETF	2,544	-
<b>Total realised/unrealised change in fair value of investments</b>	<b>24,863,718</b>	<b>44,033,827</b>

# SuperLife - KiwiSaver scheme

## Notes to the financial statements

for the year ended 31 March 2016

14 Reconciliation of increase in net assets for the year to net cash flows from operating activities	31 March 2016	31 March 2015
	\$	\$
Increase in net assets during the year	111,419,540	91,383,553
Add/(less) non cash items:		
- Unrealised change in fair value of investments	(24,863,718)	(44,033,827)
- Tax credits passed down from investment manager	1,985,776	701,140
- Non-cash transfers in	(35,883,953)	-
Add/(less) movements in other working capital items:		
- Sale of investments	13,112,218	18,055,046
- Purchase of investments	(61,417,940)	(66,371,021)
- Decrease/(increase) in sundry debtors	257,009	143,803
- Increase in PIE tax	(4,812,453)	85,466
- Increase in sundry creditors	203,521	35,840
Net cash flows from operating activities	-	-



## ***Independent Auditor's Report***

to the members of the SuperLife KiwiSaver scheme

### ***Report on the Financial Statements***

We have audited the financial statements of the SuperLife KiwiSaver scheme (the "Scheme") on pages 3 to 25, which comprise the statement of net assets as at 31 March 2016, the statement of changes in net assets and the cash flow statement for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

### ***Manager's Responsibility for the Financial Statements***

The Manager is responsible on behalf of the Scheme for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Scheme's preparation of financial statements that give a true and fair view of the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

We are independent of the Scheme. Other than in our capacity as auditor and providers of related assurance services, we have no relationship with, or interests in, the Scheme.





## ***Independent Auditor's Report***

SuperLife KiwiSaver scheme

### ***Opinion***

In our opinion, the financial statements on pages 3 to 25:

- (i) comply with generally accepted accounting practice in New Zealand;
- (ii) comply with International Financial Reporting Standards; and
- (iii) give a true and fair view of the net assets of the Scheme as at 31 March 2016, and its change in net assets and cash flows for the year then ended.

### ***Report on Other Legal and Regulatory Requirements***

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 March 2016:

- (i) we have obtained all the information and explanations that we have required; and
- (ii) in our opinion, proper accounting records have been kept by the Scheme as far as appears from an examination of those records.

### ***Restriction on Use of our Report***

This report is made solely to the Scheme's members, as a body. Our audit work has been undertaken so that we might state to the Scheme's members 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.

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

Chartered Accountants  
8 June 2016

Auckland