

SUPERLIFE KIWISAVER SCHEME

FINANCIAL STATEMENTS

For the year ended 31 March 2018



TABLE OF CONTENTS

1.	STATEMENT OF NET ASSETS.....	3
2.	STATEMENT OF CHANGES IN NET ASSETS.....	4
3.	STATEMENT OF CASH FLOWS.....	5
4.	NOTES TO THE FINANCIAL STATEMENTS	6
5.	INDEPENDENT AUDITOR'S REPORT.....	28

SuperLife KiwiSaver scheme

Statement of net assets

as at 31 March 2018



	Note	31 March 2018 \$	31 March 2017 \$
Current assets			
Investments	7	742,514,692	641,081,545
Cash and cash equivalents		-	-
PIE tax receivable	3(j)	475,059	-
Receivables		96	83
Total current assets		742,989,847	641,081,628
Current liabilities			
Payables		(188,245)	(193,087)
PIE tax payable	3(j)	-	(1,086,038)
Total current liabilities		(188,245)	(1,279,125)
Total net assets available for benefits to members		742,801,602	639,802,503
Liability for benefits		742,801,602	639,802,503

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 KiwiSaver scheme

Statement of changes in net assets

for the twelve months ended 31 March 2018



	Note	31 March 2018 \$	31 March 2017 \$
Investment activities			
Realised/unrealised change in fair value of investments	12	34,164,814	54,963,679
Bank interest	11	1,322	7,546
Total net investment income		34,166,136	54,971,225
Administration fees - fixed dollar	4	(1,201,191)	(1,254,792)
Administration fees - percentage of assets	4	(698,198)	(914,953)
Other expenses		(109,227)	(127,021)
Total fees and expenses		(2,008,616)	(2,296,766)
Change in net assets before membership activities		32,157,520	52,674,459
Membership activities			
Contributions received in respect of members:			
- Member contributions		54,208,621	46,595,458
- Employer contributions		27,463,530	25,300,301
- Government payments and subsidies			
- Member tax credits		8,435,203	8,043,143
- Kick-starts		3,000	2,000
- Transfers in		32,080,323	34,471,077
		122,190,677	114,411,979
Less withdrawal benefits:			
- Transfers out		(23,639,694)	(20,247,933)
- Mortgage diversion payments		(23,651)	(22,707)
- Death		(933,460)	(569,881)
- Serious illness		(589,215)	(328,112)
- Financial hardship		(1,079,229)	(497,925)
- First home		(8,024,952)	(7,276,863)
- Permanent emigration		(388,334)	(203,008)
- Payments under other enactments		(90,372)	(74,652)
- Retirement benefits		(12,725,487)	(11,478,107)
- Invalid enrolments and refunds		(297,975)	(279,227)
		(47,792,369)	(40,978,415)
Less: PIE tax paid/payable on behalf of members	3(j)	(3,556,729)	(4,209,233)
Surplus contributions over withdrawal benefits		70,841,579	69,224,331
Increase in net assets during the period		102,999,099	121,898,790
Net assets available for benefits			
Opening balance		639,802,503	517,903,713
Increase in net assets during the period		102,999,099	121,898,790
Closing balance		742,801,602	639,802,503

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

SuperLife KiwiSaver scheme

Statement of cash flows

for the twelve months ended 31 March 2018



SUPERLIFE

a Member of the NZX Group

	Note	31 March 2018 \$	31 March 2017 \$
Cash flows from operating activities			
Cash was provided by:			
- Sale of investments		5,290,429	5,755,628
- Contributions received from and in respect of members		89,812,362	80,012,066
- Transfers in		32,080,323	34,471,077
- Interest income received		1,322	8,275
- Tax refund received		235,175	442,750
		<u>127,419,611</u>	<u>120,689,796</u>
Cash was applied to:			
- Purchase of investments		(76,666,267)	(77,310,892)
- Transfers out		(23,639,694)	(20,247,933)
- Mortgage diversion payments		(23,651)	(22,707)
- Member withdrawals		(11,105,562)	(9,229,668)
- Retirement benefits		(12,725,487)	(11,478,107)
- Tax paid on behalf of the members		(1,267,349)	-
- General administration fees		(1,991,601)	(2,400,489)
		<u>(127,419,611)</u>	<u>(120,689,796)</u>
Net cash flows from operating activities	13	<u>-</u>	<u>-</u>
Opening cash brought forward		-	-
Closing cash carried forward		<u>-</u>	<u>-</u>

SuperLife KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2018



1 General information

The SuperLife KiwiSaver scheme (the "Scheme") is a KiwiSaver scheme (KSS 10022) under the KiwiSaver Act 2006 (the "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 is registered by the Financial Markets Authority ("FMA") under the Financial Markets Conduct Act 2013 ("FMCA") with effect from 9 November 2016. The Scheme's registration number with the FMA is SCH 10768. The Scheme's principal address of business is 21 Queen Street, Auckland 1010.

The Scheme is supervised by the Public Trust (the "Supervisor") who oversees the Scheme and makes sure that everything is done in accordance with the Trust Deed. 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 with the registration number SCH 10765. To protect the interest of members, the Scheme's investments are held by an independent custodian. The custodian of the Scheme is the Public Trust (acting through its nominee company, SuperLife Nominees Limited ("SNL")). SNL is a subsidiary of the Supervisor.

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

SuperLife Limited was the manager of the Scheme until 8 November 2016. On 9 November 2016, SuperLife Limited was amalgamated with Smartshares Limited and on this date, Smartshares Limited became the manager of the Scheme. SuperLife Limited is also referred as the "Manager" for these financial statements. SuperLife Limited was wholly owned by NZX Limited, it was registered under the FSPA, its registration number with the FSPA was FSP 42464.

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

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

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.

SuperLife KiwiSaver 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.

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 strategy.

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 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 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 has expired or the Scheme has transferred substantially all of the risks and rewards of ownership.

3 Significant accounting policies (continued)

(a) Financial instruments (continued)

(ii) Recognition, derecognition and measurement (continued)

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

(iii) Determination of fair value - financial instruments

Fair values have been determined as follows:

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

The investment manager monitor 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") may include, 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 and are accordingly 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 translation are included in the Statement of changes in net assets.

3 Significant accounting policies (continued)

(e) Translation of foreign currencies (continued)

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.

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

(f) Interest income

Interest income 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 NZ 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% (31 March 2017: 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.

At the time of processing approved withdrawals for members, the Scheme summarises the members' tax liabilities and pays the amounts liable on behalf of the members to Inland Revenue during the month following the month of the members' withdrawals. 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 the members' 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.

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) 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) 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 eligible contributing employees, by payroll deductions at 3% of the employees' gross salaries in accordance with the Act. In some cases employers pay a fixed amount that exceeds their KiwiSaver obligations under the Act.

The Scheme receives employee and employer savings via the Inland Revenue. The Scheme also receives the government payments of the member tax credits for the eligible members in accordance with the Act from Inland Revenue. The Scheme is no longer supposed to receive any government payments of \$1000 'kick-start' as these payments are only available for eligible members who joined KiwiSaver before 2 PM on 21 May 2015. However during the year, the Scheme received a few delayed 'kick-start' payments from the Inland Revenue.

(o) Withdrawals

Withdrawals are paid in accordance with clause 11 of the Trust Deed and the Act. Withdrawals are recognised when the Manager has confirmed the validity of the members' applications 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.

(p) 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 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.

3 Significant accounting policies (continued)

(q) New accounting standard adopted

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

(r) 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.

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

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.

(s) Comparatives

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

4 Related party transactions

Contributions and withdrawals

SLI is the investment vehicle for the Scheme. The two schemes are related by way of common manager. Total contributions of the Scheme to SLI during the year is \$76,666,238 (31 March 2017: \$594,139,122), the withdrawals the Scheme made from SLI is \$5,290,429 (31 March 2017: \$2,536,087). These contributions and withdrawals are associated with the Scheme's purchases and sales of investments through SLI.

For the year ended 31 March 2017, SLWS operated as the investment vehicle for the Scheme up until 7 November 2016. During the period from 1 April 2016 to 7 November 2016, the Scheme's contributions to SLWS were \$54,242,338. The Scheme's withdrawals from SLWS were \$574,290,159 of which \$571,070,617 was made on 8 November 2016 when the Scheme terminated its membership with SLWS.

SuperLife KiwiSaver scheme

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



4 Related party transactions (continued)

Contributions and withdrawals (continued)

On 8 November 2016, SLI became the investment vehicle for the Scheme. The initial contribution from the Scheme to SLI was \$571,070,617.

Related party holdings

Two directors of Smartshares Limited were members of the Scheme. One of the directors ceased to be a related party on 27 October 2017.

During the financial year ended 31 March 2017, three of the directors of Smartshares Limited were members of the Scheme. They became related parties of the Scheme on 9 November 2016. One of the directors ceased to be a related party on 30 December 2016. One director was a director of SuperLife Limited and his transactions during the period from 1 April 2016 to 9 November 2016 are included in the following table.

The directors' combined membership balances and transactions during the year, in the normal course of business are set out in the following table:

	31 March 2018	31 March 2017
	\$	\$
Opening balance	617,852	803,728
Member tax credits	521	-
Contributions	25,110	14,499
Withdrawal	-	-
Administration fees	(60)	(28)
Market movement	30,247	60,070
PIE tax paid/payable on behalf of members	(3,848)	(930)
Cessation of related party relationship	(197,032)	(259,487)
Closing balance	472,790	617,852

During the financial year ended 31 March 2017, two of the directors of the Trustee of the SLSS scheme, the investment vehicle of the Scheme, were members of the Scheme. On 9 November 2016, the directors ceased to be related parties of the Scheme. The combined membership balances and the transactions during the year, in the normal course of business, are set out in the following table:

	31 March 2017
	\$
Opening balance	41,433
Contribution	13,096
Withdrawal	-
Administration fees	(69)
Market movement	5,606
PIE tax paid/payable on behalf of members	(256)
Cessation of related party relationship	(59,810)
Closing balance	-

SuperLife KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2018



4 Related party transactions (continued)

Related party holdings (continued)

During the financial year ended 31 March 2017, three of the directors of SuperLife Limited were members of the Scheme, of which one director was nominated during the year. 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 balances and transactions during the period, in the normal course of business are set out in the following table:

	31 March 2017
	\$
Opening balance	570,342
Commencement of related party relationship	424,314
Contributions	1,564
Withdrawal	-
Administration fees	(66)
Market movement	(5,822)
PIE tax paid/payable on behalf of members	(3,577)
Cessation of related party relationship	(986,755)
Closing balance	-

Administration fees

Administration fees are paid to the Manager. An administration fee of \$30 a year is deducted at the rate of \$2.50 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 0.1% p.a. of the net assets.

For the financial year ended 31 March 2017, during the period from 1 April 2016 to 30 November 2016, an administration fee of \$33 a year was deducted at the rate of \$2.75 per month from each member's account. From 1 December 2016 to 31 March 2017, the Scheme deducted the same amount of administration fee with the same pace as it does for the current year.

For the financial year ended 31 March 2017, the percentage used to calculate the administration fees driven by net asset values was 0.2% from 1 April 2016 to 7 November 2016, the percentage used for the same fee for the period from 8 November 2016 to 31 March 2017 was 0.1%.

	31 March 2018	31 March 2017
	\$	\$
Fees to the Manager:		
Administration fees - fixed dollar	1,201,191	1,254,792
Administration fees - percentage of assets	698,198	914,953
	<u>1,899,389</u>	<u>2,169,745</u>

The fees payable to the Manager as at 31 March 2018 were \$148,042 (31 March 2017: \$149,419).

The Scheme invests all its assets in SLI. Under SLI, the Manager receives fees of 0.25% of assets per annum as asset administration fees. These fees are not paid by the Scheme to the Manager directly, the returns credited to the Scheme are net of these fees.

SuperLife KiwiSaver scheme

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

4 Related party transactions (continued)

Administration fees (continued)

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

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

	31 March 2018	31 March 2017
	\$	\$
SLSS	-	659,251
SLI	1,729,601	597,903
	<u>1,729,601</u>	<u>1,257,154</u>

Investment management fees

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

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

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

	31 March 2018	31 March 2017
	\$	\$
SLSS	-	80,024
SLI	166,543	65,808
	<u>166,543</u>	<u>145,832</u>

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

5 Audit fees

Audit fees of \$23,000 for the financial year ended 31 March 2018 were paid by the Scheme to the auditor, (31 March 2017: \$23,000). In addition, registry audit fees paid and payable by the Scheme to the auditor are \$1,236 (31 March 2017: \$1,236).

6 Contingent liabilities and capital commitments

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

SuperLife KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2018



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 Manager. The available investment funds are Sector Funds, Managed Funds, ETF Funds and an Ethical Fund. The Sector Funds are the NZ Cash Fund, the NZ Bonds Fund, the Overseas Bonds Fund, the Overseas Non-govt Bonds Fund, the Property Fund, the NZ Shares Fund, the Australian Shares Fund, the Overseas Shares (Currency Hedged) Fund, the Overseas Fund, the Emerging Markets Fund, the Gemino Fund, the UK Cash Fund, the UK Income Fund and the UK Shares/Property Fund. The Managed Funds are SuperLife³⁰, SuperLife⁶⁰, SuperLife⁸⁰, SuperLife^{Income} and SuperLife¹⁰⁰. The Managed Funds invest in one or more Sector Funds in the proportions decided by the investment manager. These proportions may change from time to time at the discretion of the investment manager depending on its view of the current investment markets. The 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^{Age Steps} which automatically sets the proportion of investments in income and growth assets based on members' ages.

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

SuperLife KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2018



7 Investments (continued)

	31 March 2018	31 March 2017
	\$	\$
(a) Investments by Fund		
SuperLife ^{Income}	97,103,714	82,853,710
SuperLife ³⁰	7,759,947	6,267,569
SuperLife ⁶⁰	31,571,996	26,926,034
SuperLife ⁸⁰	12,548,898	8,305,374
SuperLife ¹⁰⁰	290,142,446	250,205,427
Ethica	25,755,631	20,546,573
NZ Cash	53,677,320	48,365,222
NZ Bonds	30,491,301	28,985,571
Overseas Bonds	6,518,111	6,178,543
Overseas Non-govt. Bonds	16,797,894	16,757,101
Property	14,132,276	13,769,802
NZ Shares	21,157,746	18,790,152
Australian shares	16,051,179	15,871,879
Overseas Shares (Currency Hedged)	16,411,689	14,558,915
Overseas Shares	18,251,692	17,203,532
Emerging markets	9,309,025	8,255,026
Gemino	3,641,775	4,802,868
UK Cash	463,923	330,779
UK Income	-	45,510
UK Shares/Property	-	261,683
NZ Cash ETF	663,973	319,663
NZ Bond ETF	395,237	133,507
Global Bond ETF	300,957	106,948
NZ Dividend ETF	1,095,611	1,060,064
NZ 50 Portfolio ETF	30,461,010	25,899,773
NZ Top 10 ETF	546,344	317,688
NZ Mid Cap ETF	1,460,589	256,402
NZ Property ETF	522,961	355,261
Australian Top 20 ETF	581,586	291,530
Australian Dividend ETF	147,617	267,620
Australian Financials ETF	317,203	328,138
Australian Property ETF	265,147	139,000
Australian Resources ETF	1,673,034	899,248
Australian Mid Cap ETF	18,966,116	16,416,367
Total World ETF	1,100,245	269,784
US 500 ETF	3,864,235	2,008,627
Europe ETF	1,821,610	401,345
Asia Pacific ETF	1,162,277	316,410
US Large Growth ETF	1,432,191	295,164
US Large Value ETF	568,914	306,191
US Mid Cap ETF	676,586	404,506
US Small Cap ETF	772,333	575,010
Emerging Markets ETF	1,932,353	432,029
Total investments	742,514,692	641,081,545

SuperLife KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2018

7 Investments (continued)

(b) Investment assets by geographical location

	31 March 2018	31 March 2017
	\$	\$
New Zealand	287,717,823	252,755,191
United States of America	185,491,148	115,781,103
Australia	93,311,405	111,235,566
Europe	50,190,923	42,055,220
United Kingdom	23,777,068	23,754,357
Japan	29,313,679	20,625,549
Canada	6,192,206	5,000,319
China	2,069,080	7,692,312
India	4,451,302	4,437,473
South Korea	15,437	4,942,800
Taiwan	5,441,504	5,226,579
South Africa	3,133,469	2,892,175
Brazil	2,992,545	3,133,918
Others	48,417,103	41,548,983
Total investments	742,514,692	641,081,545

(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 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. 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 resulting from the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that reduces the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Scheme to transfer investment assets might be temporarily impaired.

(b) Risk management structure

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

(c) Risk measurement and reporting system

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

SuperLife KiwiSaver 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 SIPO (prior to 9 November 2016, the Prospectus and the investment guidelines are summarised in the Investment Statement) for the Scheme. This is available online.

(e) Market risk

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

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

The Scheme is exposed to indirect market risks through its investments 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 manager 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 exposes the Scheme to cash flow and interest rate risk.

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

	31 March 2018	31 March 2017
	\$	\$
Indirect exposure to interest rate risk		
Fixed interest holdings	236,097,600	208,590,807
Floating interest holdings	463,923	330,779
	<u>236,561,523</u>	<u>208,921,586</u>

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

	31 March 2018	31 March 2017
	\$	\$
Indirect exposure to interest rate risk		
Fixed interest holdings	8,574,430	7,858,702
Floating interest holdings	-	-
	<u>8,574,430</u>	<u>7,858,702</u>

SuperLife KiwiSaver 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

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 indirect effective exposure to currency risks at the reporting date as a percentage of total investments:

	31 March 2018	31 March 2017
	\$	\$
Europe (EUR)	50,190,922	42,055,220
America (USD)	185,491,148	115,781,103
United Kingdom (GBP)	23,777,067	23,754,357
Australia (AUD)	93,311,405	111,235,566
Japan (JPY)	29,313,679	20,625,549
China (YUAN)	2,069,080	7,692,312
India (INR)	4,451,302	4,437,473
Brazil (BRL)	2,992,545	3,133,918
Canada (CAD)	6,192,205	5,000,319
South Korea (WON)	15,437	4,942,800
Taiwan (TWD)	5,441,504	5,226,579
South Africa (RAND)	3,133,469	2,892,175
Others	48,417,103	41,548,983
Total foreign currency exposure	454,796,866	388,326,354
Total foreign currency hedging	(301,780,734)	(171,031,747)
Net foreign currency exposure	153,016,132	217,294,607

The above analysis reflects the underlying currency risks held by SLI. Some of the underlying currency risks are economically hedged by SLI and its external investment managers. Total investments covered by SLI and its investment managers' hedging activities are \$301,780,734 (31 March 2017: \$171,031,747).

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.

SuperLife KiwiSaver 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)

The impact from indirect currency exposures is as follows:

	31 March 2018	31 March 2018	31 March 2017	31 March 2017
	+ 10% change in exchange rate	- 10% change in exchange rate	+ 10% change in exchange rate	- 10% change in exchange rate
	\$	\$	\$	\$
America (USD)	(5,209,175)	6,366,769	(3,673,522)	4,489,860
Australia (AUD)	(2,372,601)	2,899,846	(9,787,480)	11,962,476
Europe (EUR)	(902,598)	1,103,175	(1,051,934)	1,285,697
Japan (JPY)	(725,627)	886,878	(464,035)	567,154
United Kingdom (GBP)	(543,794)	664,637	(671,728)	821,001
Canada (CAD)	(13,873)	16,956	(37,481)	45,810
China (YUAN)	(187,779)	229,508	(635,825)	777,119
India (INR)	(401,234)	490,397	(397,370)	485,675
Brazil (BRL)	(258,720)	316,214	(270,309)	330,378
South Korea (WON)	(11)	13	(288,962)	353,176
Taiwan (TWD)	(490,181)	599,110	(467,598)	571,509
South Africa (RAND)	(281,901)	344,545	(259,376)	317,015
Others	(2,523,064)	3,083,745	(1,748,435)	2,136,975
	<u>(13,910,558)</u>	<u>17,001,793</u>	<u>(19,754,055)</u>	<u>24,143,845</u>

(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 SIPO. The maximum price risk resulting from financial instruments is determined by their fair value.

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

	31 March 2018	Impact given 10% increase in equity price	Impact given 10% decrease in equity price
	\$	\$	\$
Property	51,499,760	5,149,976	(5,149,976)
NZ Shares	114,750,050	11,475,005	(11,475,005)
Australian shares	86,416,034	8,641,603	(8,641,603)
Overseas Shares (Currency Hedged)	126,552,323	12,655,232	(12,655,232)
Overseas Shares	84,580,957	8,458,096	(8,458,096)
Emerging markets	42,154,043	4,215,404	(4,215,404)
	<u>505,953,169</u>	<u>50,595,316</u>	<u>(50,595,316)</u>

SuperLife KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2018



8 Financial risk and management objectives and policies (continued)

(iii) Equity price risk (continued)

	31 March 2017	Impact given 10% increase in equity price	Impact given 10% decrease in equity price
	\$	\$	\$
Property	49,270,328	4,927,033	(4,927,033)
NZ Shares	99,132,024	9,913,202	(9,913,202)
Australian shares	85,954,470	8,595,447	(8,595,447)
Overseas Shares (Currency Hedged)	95,526,976	9,552,698	(9,552,698)
Overseas Shares	65,089,649	6,508,965	(6,508,965)
Emerging markets	37,186,512	3,718,651	(3,718,651)
	<u>432,159,959</u>	<u>43,215,996</u>	<u>(43,215,996)</u>

(f) Liquidity risk

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

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. The Manager considers the credit risk to be associated with the items described in the table below. While the investment manager represents a concentration of credit risk, the investment manager has a significantly diversified portfolio and a number of counterparties with whom its investments are held on behalf of the Scheme.

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

	31 March 2018	31 March 2017
	\$	\$
Investments	236,561,523	208,921,586
Cash and cash equivalents	-	-
Receivables	96	83
	<u>236,561,619</u>	<u>208,921,669</u>

SuperLife KiwiSaver 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 (continued)

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 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 2018	31 March 2017
	%	%
Indirect exposure to credit risk		
AAA	14	11
AA	39	42
A	21	21
BBB	23	21
Unrated	3	5
	100	100

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

None of these assets are impaired or past due.

SuperLife KiwiSaver 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
	\$	\$	\$	\$
Assets				
Investments	742,514,692	-	-	742,514,692
Cash and cash equivalent	-	-	-	-
Receivables	-	96	-	96
Total assets	742,514,692	96	-	742,514,788
Liabilities				
Payables	-	-	(188,245)	(188,245)
Liability for benefits	-	-	(742,801,602)	(742,801,602)
Total liabilities	-	-	(742,989,847)	(742,989,847)
31 March 2017				
	Financial assets designated at fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost	Total carrying amount
	\$	\$	\$	\$
Assets				
Investments	641,081,545	-	-	641,081,545
Cash and cash equivalent	-	-	-	-
Receivables	-	83	-	83
Total assets	641,081,545	83	-	641,081,628
Liabilities				
Payables	-	-	(193,087)	(193,087)
Liability for benefits	-	-	(639,802,503)	(639,802,503)
Total liabilities	-	-	(639,995,590)	(639,995,590)

SuperLife KiwiSaver scheme



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

9 Financial instruments (continued)

(b) Fair value of financial instruments

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

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

According to NZ IFRS 13: Fair Value Measurement, a three level hierarchy of disclosures is required for 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 2018.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through profit or loss				
Investments				
Cash	-	59,193,316	-	59,193,316
NZ Bonds	-	87,792,614	-	87,792,614
Overseas Bonds	-	39,986,815	-	39,986,815
Overseas Non-govt. Bonds	-	49,588,778	-	49,588,778
Property	-	51,499,760	-	51,499,760
NZ Shares	-	114,750,050	-	114,750,050
Australian shares	-	86,416,034	-	86,416,034
Overseas Shares (Currency Hedged)	-	126,552,323	-	126,552,323
Overseas Shares	-	84,580,957	-	84,580,957
Emerging markets	-	42,154,043	-	42,154,043
Total investments	-	742,514,690	-	742,514,690

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 KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2018



9 Financial instruments (continued)

(b) Fair value of financial instruments (continued)

The following table presents the Scheme's investments that are measured at fair value at 31 March 2017.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Investments				
Cash	-	54,162,449	-	54,162,449
NZ Bonds	-	79,011,954	-	79,011,954
Overseas Bonds	-	34,522,336	-	34,522,336
Overseas Non-govt. Bonds	-	41,224,847	-	41,224,847
Property	-	49,270,328	-	49,270,328
NZ Shares	-	99,132,024	-	99,132,024
Australian shares	-	85,954,470	-	85,954,470
Overseas Shares (Currency Hedged)	-	95,526,976	-	95,526,976
Overseas Shares	-	65,089,649	-	65,089,649
Emerging markets	-	37,186,512	-	37,186,512
Total investments	-	641,081,545	-	641,081,545

(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.

10 Capital management

The Scheme's capital is represented by the net assets available for benefits held by the Scheme on behalf of its members and is reflected in the Statement of net assets under liability for benefits. In accordance with the accounting policies and the risk management policies in Note 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

	31 March 2018	31 March 2017
	\$	\$
Cash and cash equivalents	1,322	7,546
Total interest revenue	1,322	7,546

SuperLife KiwiSaver 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
	\$	\$
SuperLife ^{Income}	3,256,654	2,607,543
SuperLife ³⁰	256,597	339,403
SuperLife ⁶⁰	1,304,657	2,277,181
SuperLife ⁸⁰	461,705	778,099
SuperLife ¹⁰⁰	14,845,093	28,975,489
Ethica	749,369	944,770
NZ Cash	1,251,634	1,263,069
NZ Bonds	1,463,216	926,641
Overseas Bonds	206,123	273,801
Overseas Non-govt. Bonds	349,557	658,572
Property	411,519	170,897
NZ Shares	779,323	1,902,438
Australian shares	(54,237)	2,751,595
Overseas Shares (Currency Hedged)	1,135,669	2,321,761
Overseas Shares	1,516,964	1,881,985
Emerging markets	1,163,115	1,016,960
Gemino	(1,251,005)	669,295
UK Cash	35,241	(18,082)
UK Income	(1,367)	(7,170)
UK Shares/Property	4,493	6,387
NZ Cash ETF	11,317	6,083
NZ Bond ETF	11,834	2,623
Global Bond ETF	4,324	4,574
NZ Dividend ETF	28,200	35,363
NZ 50 Portfolio ETF	4,064,134	1,905,930
NZ Top 10 ETF	44,078	10,157
NZ Mid Cap ETF	96,837	17,934
NZ Property ETF	22,156	(15,787)
Australian Top 20 ETF	(34,845)	41,168
Australian Dividend ETF	(12,475)	28,838
Australian Financials ETF	(34,678)	44,035
Australian Property ETF	(17,832)	3,060
Australian Resources ETF	102,311	116,068
Australian Mid Cap ETF	1,502,999	2,472,271
Total World ETF	18,102	30,561
US 500 ETF	161,010	216,373
Europe ETF	36,442	34,194
Asia Pacific ETF	49,865	31,163
US Large Growth ETF	28,256	26,947
US Large Value ETF	5,264	55,968
US Mid Cap ETF	27,440	41,377
US Small Cap ETF	46,745	61,435
Emerging Markets ETF	119,010	52,710
Total realised/unrealised change in fair value of investments	34,164,814	54,963,679

SuperLife KiwiSaver 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
	\$	\$
Increase in net assets during the year	102,999,099	121,898,790
Add/(less) non cash items:		
- Realised/unrealised change in fair value of investments	(34,164,814)	(54,963,679)
- Tax credits passed down from investment manager	4,107,505	3,368,441
Add/(less) movements in other working capital items:		
- Sale of investments	5,290,429	5,755,628
- Purchase of investments	(76,666,267)	(77,310,892)
- (Increase)/decrease in receivables	(13)	71,893
- (Increase) in PIE tax receivable/increase in PIE tax payable	(1,561,097)	1,283,542
- Decrease in payables	(4,842)	(103,723)
Net cash flows from operating activities	-	-

14 Subsequent events

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



Independent auditor's report

To the members of SuperLife KiwiSaver scheme (the Scheme)

The Scheme's financial statements comprise:

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

Our opinion

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

Basis for opinion

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

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

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

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

Information other than the financial statements and auditor's report

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

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

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



Responsibilities of the Manager for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

This description forms part of our auditor's report.

Who we report to

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

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

For and on behalf of:

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

Chartered Accountants
2 July 2018

Auckland