

# **SUPERLIFE KIWISAVER SCHEME**

## **FINANCIAL STATEMENTS**

For the year ended 31 March 2020



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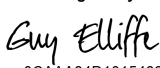
## SuperLife KiwiSaver scheme

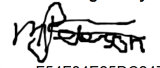
### Statement of Net Assets

as at 31 March 2020

	Note	31 March 2020	31 March 2019
		\$	\$
<b>Assets</b>			
Cash		3,687	-
Investments at fair value through profit or loss	6	885,076,385	870,182,158
PIE tax receivable	5(e)	7,228,146	550,968
<b>Total assets</b>		<b>892,308,218</b>	<b>870,733,126</b>
<b>Liabilities</b>			
Administration fees payable	9	(25,039)	(91,359)
Other payables	9	(117,767)	(146,375)
<b>Total liabilities</b>		<b>(142,806)</b>	<b>(237,734)</b>
<b>Total net assets available for benefits to members</b>		<b>892,165,412</b>	<b>870,495,392</b>
<b>Liability for benefits</b>		<b>892,165,412</b>	<b>870,495,392</b>

For and on behalf of the Manager, Smartshares Limited, which authorised the issue of the financial statements on 28 September 2020.

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 Director

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 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 March 2020

	Note	31 March 2020 \$	31 March 2019 \$
<b>Investment activities</b>			
Interest income		-	189
Net changes in fair value of investments	6	<u>(76,748,138)</u>	<u>55,384,604</u>
<b>Total net investment income</b>		<b>(76,748,138)</b>	<b>55,384,793</b>
Scheme expenses	9(a)	<u>(1,001,522)</u>	<u>(813,830)</u>
<b>Net (loss)/profit before membership activities</b>		<b><u>(77,749,660)</u></b>	<b><u>54,570,963</u></b>
<b>Membership activities</b>			
Contributions received from and in respect of members:			
- Member contributions		69,079,131	59,883,352
- Employer contributions		32,331,579	30,633,469
- Member tax credits		9,523,507	8,983,128
- Transfers in		<u>53,567,216</u>	<u>36,763,868</u>
		<b>164,501,433</b>	<b>136,263,817</b>
Less: Withdrawal benefits paid			
- Transfers out		(32,782,195)	(30,149,991)
- First home withdrawal		(11,543,678)	(9,835,376)
- Retirement benefits		(22,336,094)	(18,635,810)
- Mortgage diversion payments		(20,993)	(23,611)
- Financial hardship		(805,052)	(934,111)
- Permanent emigration		(975,417)	(420,029)
- Payments under other enactments		(178,877)	(231,842)
- Death		(1,178,579)	(1,274,366)
- Serious illness		(972,272)	(501,829)
- Invalid enrolments and refunds		<u>(455,857)</u>	<u>(469,065)</u>
		<b>(71,249,014)</b>	<b>(62,476,030)</b>
Less: Administration fees	9(a)	(1,121,002)	(1,080,641)
Net PIE tax refund	5(e)	7,288,263	415,681
<b>Net membership activities</b>		<b><u>99,419,680</u></b>	<b><u>73,122,827</u></b>
<b>Increase in net assets during the year</b>		<b><u>21,670,020</u></b>	<b><u>127,693,790</u></b>
<b>Net assets available for benefits</b>			
Opening balance		870,495,392	742,801,602
Increase in net assets during the year		<u>21,670,020</u>	<u>127,693,790</u>
<b>Closing balance</b>		<b><u>892,165,412</u></b>	<b><u>870,495,392</u></b>

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

## SuperLife KiwiSaver scheme

### Statement of Cash Flows

for the year ended 31 March 2020

	Note	31 March 2020 \$	31 March 2019 \$
<b>Cash flows from operating activities</b>			
Cash was provided from:			
- Sale of investments		153,095,049	8,431,256
- Interest income received		-	189
		<u>153,095,049</u>	<u>8,431,445</u>
Cash was applied to:			
- Purchase of investments		(244,737,414)	(80,713,362)
- Scheme expenses		(1,030,130)	(767,215)
		<u>(245,767,544)</u>	<u>(81,480,577)</u>
<b>Net cash flows from operating activities</b>	<b>8</b>	<u>(92,672,495)</u>	<u>(73,049,132)</u>
<b>Cash flows from financing activities</b>			
Cash was provided from:			
- Contributions received from and in respect of members and employers		110,934,217	99,030,976
- Transfers in		53,567,216	36,763,868
		<u>164,501,433</u>	<u>135,794,844</u>
Cash was applied to:			
- Withdrawal benefits paid		(38,466,819)	(31,856,974)
- Transfers out		(32,782,195)	(30,149,991)
		<u>(71,249,014)</u>	<u>(62,006,965)</u>
Administration fees		(1,187,322)	(1,077,763)
Net PIE tax refund received on behalf of members		611,085	339,016
<b>Net cash flows from financing activities</b>		<u>92,676,182</u>	<u>73,049,132</u>
<b>Net cash flows from operating and financing activities</b>		<u>3,687</u>	<u>-</u>
		-	-
<b>Cash at end of the year</b>		<u>3,687</u>	<u>-</u>

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

# SuperLife KiwiSaver scheme

## Notes to the financial statements for the year ended 31 March 2020

### 1 General information

The SuperLife KiwiSaver scheme (the "Scheme") is a KiwiSaver scheme (KSS 10022) registered in New Zealand under the KiwiSaver Act 2006 (the "Act"). The Scheme was established under a trust deed, amended and restated on 2 November 2016 (the "Trust Deed"), for the principal purpose of providing KiwiSaver benefits to its members and is open to everyone eligible to join KiwiSaver. The Scheme is also registered under the Financial Markets Conduct Act 2013 (the "FMCA 2013") with effect from 9 November 2016 and the registration number is SCH 10768. The Scheme's principal address of business is 21 Queen Street, Auckland 1010.

Members and employers contribute to the Scheme over time by way of regular savings, lump sum payments or transfer of funds from other sources which are received 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. Benefits payable, which can be paid as a lump sum or a series of withdrawals, depend on contributions made (including member tax credits) and any returns on contributions received.

The Scheme is supervised by Public Trust (the "Supervisor"). The Supervisor oversees the Scheme and ensures the Trust Deed is being complied with by the Scheme. Smartshares Limited is the manager of the Scheme (the "Manager"). 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.

### 2 Basis of preparation

The financial statements of the Scheme have been drawn up in accordance with the Trust Deed and comply with the requirements of the FMCA 2013, New Zealand Generally Accepted Accounting Practice as defined in the Financial Reporting Act 2013, New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and International Financial Reporting Standards ("IFRS"). The accounting policies have been consistently applied throughout the reporting period.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss. All amounts are in New Zealand Dollars (NZD), rounded to the nearest dollar. The NZD is also the functional currency of the Scheme.

The Manager has assessed the impact of COVID-19 and there were no indicators that the Scheme would not be able to continue as a going concern.

### 3 Critical accounting estimates and judgements

The preparation of the financial statements requires the use of certain critical accounting estimates that affect the reported amounts and the application of accounting policies. It also requires the Manager to exercise its judgement in the process of applying the accounting policies of the Scheme.

Discussion of the critical accounting estimates and judgements used is included in note 6 on financial instruments at fair value through profit or loss. This includes the Manager's assessment of COVID-19 impacts on estimates and judgements.

### 4 Classification of assets and liabilities

Assets and liabilities are disclosed in the Statement of Net Assets in an order that reflects their relative liquidity.

### 5 Summary of significant accounting policies

#### (a) Financial instruments

##### (i) Classification

The Scheme classifies its financial assets based on both the Scheme's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets in accordance with NZ IFRS 9: Financial instruments.



## SuperLife KiwiSaver scheme

### Notes to the financial statements for the year ended 31 March 2020

#### 5 Summary of significant accounting policies (continued)

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

##### (i) Classification (continued)

Financial assets and liabilities at fair value through profit or loss: These include investments at fair value through profit or loss. The Scheme mainly evaluates the information about these financial assets on a fair value basis together with other related financial information to assess the assets' performance and to make decisions. All investments are measured at fair value through profit or loss.

Financial assets at amortised cost: These include cash and receivables. Receivables do not carry any interest and are short-term in nature.

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

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

Financial assets and financial liabilities are recognised on the date the Scheme becomes a party to the contractual agreement (trade date).

Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or the Scheme has substantially transferred all of the risks and rewards of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets and financial liabilities held at fair value through profit or loss are initially recognised at fair value. Subsequent to initial recognition, these 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 'net changes in fair value of investments' in the period in which they arise.

Financial assets at amortised cost are measured at amortised cost, using the effective interest method, less an allowance for impairment based on the expected credit losses (ECL).

Financial liabilities at amortised cost are measured at amortised cost using the effective interest method.

##### (iii) Fair value determination

Fair values have been determined as follows:

Unlisted managed investment trusts established under SLI (the "Funds"): the unit price (redemption price per unit) of the Funds as reported by the Manager on the balance date.

The value of investments may be adjusted where such an adjustment is considered necessary to reflect fair value, taking account of currency exposures and fluctuations, marketability of the invested assets and/or such other considerations that the Manager decides relevant.

##### (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

Cash means cash at bank and does not include accounts receivables or payables, or any borrowings subject to a term facility.



## SuperLife KiwiSaver scheme

### Notes to the financial statements for the year ended 31 March 2020

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#### 5 Summary of significant accounting policies (continued)

##### (c) Translation of foreign currencies

Foreign currency transactions are translated into the functional currency (NZD) using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses arising from translation are included in the Statement of Changes in Net Assets. Foreign exchange gains and losses relating to financial assets and financial liabilities carried at fair value through profit or loss are presented in the Statement of Changes in Net Assets within 'net changes in fair value of investments'.

##### (d) Interest income

Interest income is recognised as the interest accrues using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

##### (e) 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 does not have an income tax liability.

The Scheme attributes the taxable income to members in accordance with their proportionate interest. Income attributed to each member is taxed at the member's Prescribed Investor Rate which is capped at 28%. The tax balance included in the Statement of Net Assets represents PIE tax receivable or payable on behalf of the 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.

##### (f) 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.

##### (g) Liability for benefits

The Manager calculates the liability for benefits as the Scheme's present obligation to pay benefits to members. As withdrawal benefits and transfer of member balances are subject to the provisions of the Trust Deed, the net assets available for benefit to members has been classified as financial liabilities in accordance with NZ IAS 32 Financial Instruments: Presentation.

##### (h) Changes in accounting policies and accounting standards adopted during the year

A number of new standards are effective from 1 April 2019, including NZ IFRS 16 but they do not have a material effect on the Scheme's financial statements. The Scheme consistently applied the accounting policies to all periods presented in these financial statements.

##### (i) Issued but not yet effective accounting standards

There are no new, revised or amended standards that have been issued but are not yet effective as at 31 March 2020 that would have a significant impact on the Scheme's financial statements.





## SuperLife KiwiSaver scheme

### Notes to the financial statements

#### for the year ended 31 March 2020

#### 6 Investments at fair value through profit or loss

Financial instruments measured at fair value are categorised across the following 3 levels based on the degree to which their fair value is observable:

Level 1 - Fair value measurements are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Fair value measurements are derived from inputs other than quoted prices included within level 1 that are observable either directly or indirectly;

Level 3 - Fair value measurements are derived from valuation methods that include inputs that are not based on observable market data.

The fair value of the unlisted managed investment trusts are based on their quoted unit price (redemption price), as advised by the Manager. As they are unlisted, they are categorised as level 2 in the hierarchy.

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 net changes in fair value of investments recorded in the Statement of Changes in Net Assets were based on the policies and processes employed by the Scheme.

	31 March 2020			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through profit or loss:				
Unlisted managed investment trusts	-	<b>885,076,385</b>	-	<b>885,076,385</b>
	-	<b>885,076,385</b>	-	<b>885,076,385</b>

There were no transfers between levels during the year ended 31 March 2020.

	31 March 2019			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through profit or loss:				
Unlisted managed investment trusts	-	<b>870,182,158</b>	-	<b>870,182,158</b>
	-	<b>870,182,158</b>	-	<b>870,182,158</b>

There were no transfers between levels during the year ended 31 March 2019.

The COVID-19 outbreak which was declared a global pandemic by the World Health Organisation in March 2020 caused widespread uncertainty across global economies and the market impact of this is reflected in the value of the investments disclosed in the financial statements as at 31 March 2020. The value of the investments has shown evidence of recovery following the year ended 31 March 2020.

There was no impact on the categorisation of investments held in accordance with the fair value hierarchy as at 31 March 2020 and this remains as disclosed above.

## SuperLife KiwiSaver scheme

### Notes to the financial statements

for the year ended 31 March 2020

#### 6 Investments at fair value through profit or loss (continued)

The movements in the fair value of investments for the year ended 31 March 2020 are as follows:

	Opening balance	Purchases	Sales	Net change in fair value	Closing balance
	\$	\$	\$	\$	\$
<i>Funds:</i>					
Ethica	29,643,480	8,490,581	(2,618,629)	(1,753,507)	33,761,925
SuperLife Income	114,623,333	19,463,117	(25,490,660)	1,841,774	110,437,564
SuperLife Conservative	11,499,696	13,041,524	(2,725,467)	(574,985)	21,240,768
SuperLife Balanced	36,606,767	7,882,089	(4,228,088)	(3,161,107)	37,099,661
SuperLife Growth	16,852,375	6,771,855	(3,466,449)	(2,330,614)	17,827,167
SuperLife High Growth	334,441,849	58,966,105	(25,112,671)	(47,895,819)	320,399,464
NZ Cash Fund	62,315,041	49,583,613	(26,655,341)	1,071,742	86,315,055
NZ Cash ETF	1,111,317	283,635	(1,414,323)	19,371	-
UK Cash Fund	496,670	665,447	(324,821)	41,290	878,586
NZ Bonds Fund	34,392,679	7,705,757	(7,757,319)	834,430	35,175,547
Overseas Bonds Fund	7,545,391	3,870,741	(2,749,850)	114,506	8,780,788
Overseas Non-government Bonds Fund	17,117,942	1,459,938	(2,574,625)	159,048	16,162,303
NZ Property Fund	1,857,929	7,870,479	(2,639,028)	(1,068,862)	6,020,518
Australian Property Fund	570,820	1,955,534	(1,194,552)	(440,118)	891,684
Global Property Fund	16,395,002	4,256,317	(3,767,456)	(3,094,966)	13,788,897
NZ Shares Fund	26,790,744	2,554,391	(4,560,472)	(2,934,635)	21,850,028
NZ Top 50 Fund	37,094,543	6,169,849	(4,859,035)	(3,191,946)	35,213,411
NZ Top 10 Fund	1,427,701	2,710,786	(1,316,271)	59,274	2,881,490
NZ Dividend Fund	2,014,641	2,899,756	(2,022,666)	(637,297)	2,254,434
NZ Mid Cap Fund	3,116,169	2,946,379	(1,595,071)	(644,032)	3,823,445
Australian Shares Fund	16,758,565	2,841,628	(2,228,438)	(3,331,081)	14,040,674
Australian Top 20 Fund	1,050,223	999,908	(223,242)	(272,556)	1,554,333
Australian Dividend Fund	265,236	851,643	(441,775)	(173,666)	501,438
Australian Financials Fund	541,903	640,705	(528,177)	(94,210)	560,221
Australian Resources Fund	3,580,031	1,854,180	(2,067,180)	(838,304)	2,528,727
Australian Mid Cap Fund	20,380,683	3,876,782	(1,994,967)	(4,260,247)	18,002,251
Overseas Shares (Currency Hedged) Fund	17,049,817	3,052,436	(2,571,492)	(3,070,480)	14,460,281
Overseas Shares Fund	19,966,916	2,319,581	(2,717,229)	(398,779)	19,170,489
Asia Pacific Fund	1,771,081	861,527	(834,773)	(51,874)	1,745,961
Emerging Markets Fund	12,503,984	2,482,260	(2,524,314)	(1,061,587)	11,400,343
Europe Fund	2,157,584	770,370	(857,699)	(134,199)	1,936,056
Total World Fund	3,058,688	1,643,237	(924,714)	(86,750)	3,690,461
US Large Growth Fund	3,348,163	5,721,891	(2,618,742)	416,327	6,867,639
US 500 Fund	7,586,817	4,785,114	(2,330,576)	326,794	10,368,149
US Large Value Fund	1,503,847	1,257,687	(1,005,446)	(85,657)	1,670,431
US Mid Cap Fund	1,150,502	556,226	(953,735)	24,004	776,997
US Small Cap Fund	1,594,029	674,346	(1,199,756)	(69,420)	999,199
	<b>870,182,158</b>	<b>244,737,414</b>	<b>(153,095,049)</b>	<b>(76,748,138)</b>	<b>885,076,385</b>

## SuperLife KiwiSaver scheme

### Notes to the financial statements

#### for the year ended 31 March 2020

#### 6 Investments at fair value through profit or loss (continued)

SLI was previously a single unit trust which was legally segregated into multiple unit trusts on 1 April 2019. The movements in the fair value of investment in SLI for the year ended 31 March 2019 are as follows:

	31 March 2019				Total
	Opening Balance	Purchases	Sales	Net change in fair value	
	\$	\$	\$	\$	\$
SLI	742,515,448	80,713,362	(8,431,256)	55,384,604	870,182,158
	<u>742,515,448</u>	<u>80,713,362</u>	<u>(8,431,256)</u>	<u>55,384,604</u>	<u>870,182,158</u>

#### 7 Risk

The Scheme's activities expose it to a variety of financial risks: market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The financial risk management disclosures have been prepared on the basis of the Scheme's direct investments and not on a full look through basis for investments held indirectly through the Funds.

##### (a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: currency risk, interest rate risk and other price risk.

All of the Scheme's investments are in the Funds which are unitised products. Therefore, the Scheme's exposures to market risk are indirect.

##### *Currency risk*

The Scheme is indirectly exposed to currency risk in that future currency movements will affect the valuations of the Funds which invest in foreign currency denominated investments.

##### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Scheme is indirectly exposed to interest rate risk in that future interest rate movements will indirectly affect the valuation of the Funds which invest in cash and fixed interest investments.

##### *Other price risk*

Other price risk is the risk that the value of the Scheme's investments will increase/decrease due to a change in the unit price of the Funds.

A 10% annual increase or decrease in prices is considered to be a reasonably likely percentage change based on the historical performance of the underlying investments and represents the exposure to other price risk for the year ended 31 March 2020.

The table below shows the impact on the Statement of Net Assets and the Statement of Changes in Net Assets, due to a reasonable likely change in unit price, with all other variables held constant:

	31 March 2020	31 March 2019
	\$	\$
Impact of 10% change in unit prices +/-	88,507,639	87,018,216

## SuperLife KiwiSaver scheme

### Notes to the financial statements

#### for the year ended 31 March 2020

#### 7 Risk (continued)

##### (b) Credit risk

The Scheme is exposed to the potential risk of financial loss resulting from the failure of counterparties to fully honour the terms of conditions of a contract with the Scheme. Financial instruments that subject the Scheme to credit risk consist primarily of cash and investments in the Funds. The maximum exposure to credit risk of the Scheme's financial assets as at 31 March 2020 and 31 March 2019 is equal to their respective carrying amounts.

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

The Scheme continues to maintain appropriate levels of liquidity and meet its normal withdrawal obligations in the rapidly changing COVID-19 environment.

#### 8 Reconciliation of net (loss)/profit before membership activities to net cash flows from operating activities

	31 March 2020	31 March 2019
	\$	\$
Net (loss)/profit before membership activities	(77,749,660)	54,570,963
Add/(less) non cash items:		
Net changes in fair value of investments	76,748,138	(55,384,604)
Add/(less) movements in other working capital items:		
(Increase) in investments	(91,642,365)	(72,282,106)
(Decrease)/increase in other payables	(28,608)	46,615
<b>Net cash flows from operating activities</b>	<b><u>(92,672,495)</u></b>	<b><u>(73,049,132)</u></b>

#### 9 Related party transactions

##### (a) Manager's fees

The Manager is entitled to receive an administration fee of \$30 per annum for each member which is net of an income tax deduction applied in calculating the member's PIE tax payable. The gross administration fee which is calculated using the member's relevant Prescribed Investor Rate is paid to the Manager.

Scheme expenses disclosed in the Statement of Changes in Net Assets represents regular fund charges which is a percentage per annum of net asset value. This includes fund charges at the investment level and a further 0.10% per annum of net assets to cover audit fees, regulatory and compliance cost and other expenses of the Scheme. The fund charges at the investment level, which is the standard charge applicable to all unit holders, are not paid directly by the Scheme to the Manager but the returns credited to the Scheme are net of these fees. Of the total Scheme expenses, the Manager receives any remaining amounts due after all fees and costs of the Scheme are paid. In the event that fees and costs of the Scheme exceeds the regular fund charges, this shortfall will be covered by the Manager.

The total Manager's fees are as follows:

	31 March 2020	31 March 2019
	\$	\$
Manager's fee - administration fees	1,121,002	1,080,641
Manager's fee - based on percentage of net assets	912,347	751,800
	<b><u>2,033,349</u></b>	<b><u>1,832,441</u></b>



## SuperLife KiwiSaver scheme

### Notes to the financial statements for the year ended 31 March 2020

#### 9 Related party transactions (continued)

Of the total Manager's fees disclosed above, \$101,878 remains as payable as at 31 March 2020 (2019: \$167,581).

##### (b) Directors

During the financial year ended 31 March 2020 and 31 March 2019, one director of Smartshares Limited was a member of the Scheme. The director's membership balance and transactions during the year, in the normal course of business are set out in the following table:

	31 March 2020	31 March 2019
	\$	\$
Opening balance	500,745	472,790
Administration fees	(30)	(28)
Net changes in fair value	(20,750)	30,242
PIE tax paid on behalf of member	(1,998)	(2,259)
Closing balance	<u>477,967</u>	<u>500,745</u>

#### 10 Fees paid to the auditor

	31 March 2020	31 March 2019
	\$	\$
Financial statements audit	17,250	23,000
Investor registry compliance assurance	1,150	1,236
	<u>18,400</u>	<u>24,236</u>

#### 11 Commitments and contingencies

There are no material contingent liabilities, collateral or capital commitments as at 31 March 2020 (31 March 2019: \$Nil).

#### 12 Subsequent events

There have been no further material events after the reporting date that require adjustments to or disclosures in the financial statements.





# Independent Auditor's Report

To the members of the SuperLife KiwiSaver Scheme.

## Report on the audit of the financial statements

### Opinion

In our opinion, the accompanying financial statements of the SuperLife KiwiSaver Scheme (the "scheme") on pages 1 to 11:

- i. present fairly in all material respects the Scheme's financial position as at 31 March 2020 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying financial statements which comprise:

- the statement of net assets as at 31 March 2020;
- the statements of changes in net assets, and the statement of cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

Our firm has also provided other services to the scheme in relation to member registry compliance assurance. The provision of these other services has not impaired our independence as auditor of the scheme. Subject to certain restrictions, partners and employees of our firm may also deal with the scheme on normal terms within the ordinary course of trading activities of the business of the scheme. These matters have not impaired our independence as auditor of the scheme. The firm has no other relationship with, or interest in, the scheme.



### Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole. The materiality for the financial statements as a whole was set with reference to a benchmark of the scheme's total assets. We chose the benchmark because, in our view, this is a key measure of the scheme's performance.



## Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements in the current period. We summarise below the matter and our key audit procedures to address the matter in order that the members as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the financial statements as a whole and we do not express discrete opinions on separate elements of the financial statements

### COVID 19

The Covid-19 pandemic has created additional risks, particularly with the valuation of investments, liquidity and going concern. Some investments may have become more difficult to value, as they either experience significant events, or become less liquid and actively traded. Additional disclosures may be required to ensure there is adequate disclosure of changes to fair value levels for securities, liquidity risks, market risks and subsequent events where there are material withdrawals, other material impacts on liquidity and changes to the value of the scheme. The underlying audit risk has increased which impacted the extent and nature of audit evidence that we had to gather.

#### The key audit matter

#### How the matter was addressed in our audit

##### Valuation and existence of investments

Refer to Note 6 of the scheme's financial statements. The scheme's portfolio of investments makes up majority of total assets. These investments comprise of investments in other funds/schemes.

We do not consider these investments to be at high risk of significant misstatement, or be subject to a significant level of judgement. However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.

Our audit procedures included:

- documenting and understanding the processes in place to record investment transactions and to value the portfolio. This included evaluating the control environment in place at the manager by obtaining and reading a report issued by an independent auditor on the design and operation of those controls throughout the period;
- agreeing the valuation of the investments to the redemption value per unit as reported by the manager;
- agreeing investment holdings to confirmations received from the registrar/manager;
- consideration of the fair value hierarchy level assigned to each investment; and
- consideration of the adequacy of the impact of the COVID-19 additional disclosures

We did not identify any material differences in relation to the valuation and existence of investments.

##### Calculation of manager's fees

Refer to Note 9 in the financial statements.

Under the terms of the Trust Deed, and in line with the Product

Our audit procedures included:

- documenting and understanding the process in place to calculate and capture manager's fees as well as the processes to generate underlying information such as daily net asset valuations. This



## The key audit matter

## How the matter was addressed in our audit

Disclosure Statement, Smartshares Limited (the "manager") is entitled to receive a manager fee, made up of an administration fee of \$30 per annum for each member and reimbursement for scheme expenses, calculated as a percentage of the net asset value of the scheme.

As the manager calculates and pays the fee on behalf of the scheme to itself, there is an inherent risk that the manager could manipulate the calculation to boost its own earnings from its administrative duties.

Due to the inherent risk of fraud as the manager could override controls we identified the calculation of manager's fees as an area which had a significant effect on our overall audit strategy and allocation of resources in planning and completing our audit.

included evaluating the control environment in place at the manager by obtaining and reading the service organisation report issued on the design and operation of those controls throughout the period;

- determining the operating effectiveness of the control at the service organisation around the calculation of the administration fees;
- assessing the calculation of the administration fees using the average number of members and fee charged as agreed to the Product Disclosure Statement; and
- assessing the calculation of the manager's fee based on percentage of net assets using a sample of daily net asset valuations and agreeing the percentage of the net asset value to the Product Disclosure Statement.

We did not identify any material differences in relation to the calculation of manager's fees.

## Other information

The manager, on behalf of the scheme, is responsible for the other information included in the entity's Annual Report. Other information includes the details and changes to the scheme and other information. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## Use of this independent auditor's report

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





## Responsibilities of the manager for the financial statements

The manager, on behalf of the scheme, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



## Auditor's responsibilities for the audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/>

This description forms part of our independent auditor's report.

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

For and on behalf of



KPMG  
Auckland

28 September 2020


## Certificate Of Completion

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Subject: Please DocuSign: SuperLife - Financial Statements and Directors' Representation Letter	
Source Envelope:	
Document Pages: 178	Signatures: 20
Certificate Pages: 5	Initials: 0
AutoNav: Enabled	Envelope Originator:
Envelopeld Stamping: Enabled	Tim Bennett
Time Zone: (UTC+12:00) Auckland, Wellington	NZX Limited
	Level 1, 11 Cable Street
	Wellington, Wellington Central 6011
	tw.bennett@nzx.com
	IP Address: 103.103.41.59

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September 28, 2020   16:15	tw.bennett@nzx.com	

## Signer Events

Guy Elliffe  
  
 Director  
 Security Level: Email, Account Authentication (None)


## Signature

DocuSigned by:  
  
 0CAAA84D1015483...  
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Mark Peterson  
  
 CEO - NZX  
 Security Level: Email, Account Authentication (None)

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 F54F84E25DC247C...  
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<b>Envelope Summary Events</b>	<b>Status</b>	<b>Timestamps</b>
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Certified Delivered	Security Checked	September 29, 2020   09:30
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Completed	Security Checked	September 29, 2020   10:15

<b>Payment Events</b>	<b>Status</b>	<b>Timestamps</b>
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