



## **SUPERLIFE BALANCED (AUSTRALIAN DOLLAR)**

### **FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019**

Presented by Smartshares Limited, Manager of the SuperLife Balanced (Australian Dollar)

## **SUPERLIFE BALANCED (AUSTRALIAN DOLLAR)**

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## **SUPERLIFE BALANCED (AUSTRALIAN DOLLAR)**

### **DIRECTORY**

#### **MANAGER**

Smartshares Limited  
Level 1, NZX Centre  
11 Cable Street, Wellington  
6140 New Zealand

This is also the address of the registered office

Phone: 0800 80 87 80  
Email: [smartshares@smartshares.co.nz](mailto:smartshares@smartshares.co.nz)  
Website: [www.superlife.co.nz](http://www.superlife.co.nz)

#### **PRINCIPAL OFFICE OF THE MANAGER**

Level 7, Zurich House  
21 Queen Street  
Auckland 1010  
New Zealand

#### **DIRECTORS OF THE MANAGER**

Lindsay M. Wright (Chair)  
Guy R. Elliffe  
Mark J. Peterson  
A. John Williams

#### **SUPERVISOR**

Public Trust  
Level 9, 34 Shortland Street  
Auckland 1010  
New Zealand

#### **AUDITOR**

PwC  
Level 22/188 Quay Street  
Auckland 1010  
New Zealand

#### **INVESTMENT ADVISOR**

EriksensGlobal Limited  
Level 29, 188 Quay Street  
Auckland 1010  
New Zealand

#### **CUSTODIAN**

BNP Paribas Fund Services  
Australasia Pty LTD  
New Zealand branch

### **CORRESPONDENCE**

All correspondence and enquiries to the Manager about the Fund should be addressed to the Manager, Smartshares Limited, at the above address.



## SUPERLIFE BALANCED (AUSTRALIAN DOLLAR)

The Manager and the Supervisor are parties to the SuperLife Invest Trust Deed dated 14 September 2016 (Trust Deed), which established the SuperLife Invest (Scheme) and sets out the terms and conditions on which an interest in the Scheme is offered.

The Trust Deed provides that a fund made available under the Scheme may be established by the Manager and the Supervisor entering into a Fund Establishment Deed setting out the specific terms and conditions relating to that fund.

SuperLife Balanced (Australian Dollar) (the 'Fund') was created by an establishment deed dated 28 November 2018 between the Manager and the Supervisor.


### STATEMENT BY THE MANAGER

In our opinion, the accompanying financial statements and notes are drawn up in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'), and fairly present the net assets of the Fund as at 31 March 2019, its changes in net assets and its cash flows for the period then ended in accordance with the requirement of the Trust Deed.

It is believed that there are no circumstances that may materially and adversely affect any interest of the unitholders in the assets other than those already disclosed in this report.

The Directors of Smartshares Limited authorised these financial statements for issue on 18 July 2019.

For and on behalf of Smartshares Limited:

  
\_\_\_\_\_  
Director  
\_\_\_\_\_  
Director

# SuperLife Balanced (Australian Dollar)



Statement of net assets  
as at 31 March 2019

	Note	31 March 2019 \$
<b>Assets</b>		
<b>Current assets</b>		
Investments at fair value through profit or loss	7	771,012
Cash and cash equivalents	8 (f)	763,747
Dividend receivable		352
<b>Total current assets</b>		<b>1,535,111</b>
<b>Current liabilities</b>		
Fund expenses payable		(10,572)
<b>Total current liabilities</b>		<b>(10,572)</b>
<b>Total net assets available for benefits to members</b>		<b>1,524,539</b>
<b>Liability for benefits</b>		<b>1,524,539</b>

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

## SuperLife Balanced (Australian Dollar)

### Statement of changes in net assets for the period ended 31 March 2019

	Note	Period ended 31 March 2019 \$
<b>Income</b>		
Interest	11	1,431
Dividend		2,655
Foreign currency loss		(6)
Realised/unrealised changes in fair value of investments	13	<u>45,885</u>
<b>Total net income</b>		<b>49,965</b>
Fund expenses	12	<u>(10,740)</u>
<b>Net profit before membership activities</b>		<b>39,225</b>
<b>Membership Activities</b>		
Contributions received in respect of members		
- Member contributions		1,493,914
Less: withdrawal benefits paid		
- Member withdrawals		<u>(8,600)</u>
<b>Net membership activities</b>		<b><u>1,485,314</u></b>
<b>Increase in net assets during the year</b>		<b><u>1,524,539</u></b>
<b>Net assets available for benefits</b>		
Opening balance		-
Increase in net assets during the year		<u>1,524,539</u>
<b>Closing balance</b>		<b><u>1,524,539</u></b>

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

# SuperLife Balanced (Australian Dollar)



## Statement of cash flows

for the period ended 31 March 2019

	Note	Period ended 31 March 2019 \$
<b>Cash flows from operating activities</b>		
Cash was provided from:		
- Interest received		1,431
- Dividends received		2,297
		3,728
Cash was applied to:		
- Purchase of investments		(725,127)
- Fund expenses paid		(168)
		(725,295)
<b>Net cash flows (used in) operating activities</b>		(721,567)
<b>Cash flows from financing activities</b>		
Cash was provided from:		
- Contributions received in respect of members		1,493,914
Cash was applied to:		
- Withdrawal benefits paid		(8,600)
<b>Net cash flows from financing activities</b>		1,485,314
<b>Net cash flows from operating and financing activities</b>		763,747
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the year		763,747
<b>Reconciliation of increase in net assets for the period to net cash flows from operating and financing activities</b>		
Increase in net assets during the year		1,524,539
Add/(less) non cash items:		
- Realised/unrealised change in fair value of investments		(45,885)
Add/(less) movements in other working capital items:		
(Increase) in investments		(725,127)
Increase in fund expenses payable		10,572
(Increase) in receivables		(352)
<b>Net cash flows from operating and financing activities</b>		763,747

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



## SuperLife Balanced (Australian Dollar)

### Notes to the financial statements

for the period ended 31 March 2019

#### 1 General information

SuperLife Balanced (Australian Dollar) (the 'Fund') is a for-profit fund registered in New Zealand and established under the Financial Markets Conduct Act 2013 ('FMC Act 2013'). It is offered under a registered managed investment scheme known as SuperLife Invest (the 'Scheme') (SCH 10765). Smartshares Limited, the Manager of the Fund is a FMC reporting entity for the purpose of the FMC Act 2013. The Manager in its role as an investment manager invests the assets of the Fund with guidance from the investment advisor. The investment advisor is EriksensGlobal Limited. To protect the interests of members, the Fund's investments are held by an independent custodian. The custodian of the Fund is BNP Paribas Fund Services Australasia Pty Ltd.

The Fund is governed by the Trust Deed dated 14 September 2016. The Fund was established on 28 November 2018 and commenced operations on 17 December 2018.

The Fund is supervised by Public Trust (the "Supervisor") which oversees the Fund and ensures the Trust Deed is being complied with by the Fund.

The Supervisor is independent of the Fund, the Manager, the Auditor and NZX Limited. The Manager is independent of the custodians and the Auditor.

The Fund is a passive investment fund that invests in the Vanguard Australian Shares ETF (the "Underlying Fund"), which tracks the S&P/ASX 300 Index (the 'Underlying Index'). The Underlying Fund invests in securities contained in the Underlying Index broadly in proportion to the weightings of the Underlying Index. Investments are valued at fair value according to last traded market prices on the Australian Stock Exchange on 29 March 2019.

#### 2 Basis of preparation

##### Reporting period

These are the Fund's first financial statements and are for the period 28 November 2018 to 31 March 2019. Accordingly there are no comparatives.

##### Basis of measurement

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

##### Statement of compliance

The financial statements are for the period ended 31 March 2019 and have been drawn up in accordance with the requirements of the Trust Deed. 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 equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for for-profit entities (Tier 1). These financial statements also comply with International Financial Reporting Standards ("IFRS").

##### Going concern

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



## SuperLife Balanced (Australian Dollar)

### Notes to the financial statements

for the period ended 31 March 2019

#### 2 Basis of preparation (continued)

##### Functional and presentation currency

These financial statements are presented in Australian Dollars ("AUD") as this is the currency of the primary economic environment in which the Fund operates. This is the functional and presentation currency for the Fund.

##### 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 financial instruments. Refer to Note 9: financial instruments for details.

#### 3 Significant accounting policies

Pursuant to NZ IFRS 9, a portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The Fund primarily focuses on fair value information and uses that information to assess the assets' performance and to make decisions. In addition, a portfolio of financial assets that meets the definition of held for trading is not held to collect contractual cash flows or held both to collect contractual cash flows and to sell financial assets. For such portfolios, the collection of contractual cash flows is only incidental to achieving the business model's objective. Consequently, such portfolios of financial assets are measured at fair value through profit or loss.

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

##### (a) Financial instruments

###### (i) Classification

The Fund classifies its financial assets based on both the Fund'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.

*Financial assets and liabilities at fair value through profit or loss:* This includes investments at fair value through profit and loss. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

*Financial assets at amortised cost:* These include cash and cash equivalents and receivables.

*Financial liabilities at amortised cost:* This represents amounts payable to service providers. It is measured at amortised cost and included in the Statement of net assets as Funds expenses payables.

## SuperLife Balanced (Australian Dollar)

### Notes to the financial statements

for the period ended 31 March 2019

#### 3 Significant accounting policies (continued)

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

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

The Fund 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 Fund has transferred substantially all of the risks and rewards of ownership.

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

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

Fair values have been determined as follows:

Holdings in Vanguard Australian Shares ETF: the last traded market quotations 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 are 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 Fund or the counterparty.

##### (b) Cash and cash equivalents

Cash and cash equivalents ("Cash") may include, in addition to cash at bank, demand deposits and other highly liquid investments in which the Fund 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.

To provide useful information to users of the financial statements in relation to the Fund's total return on assets (taking account of both capital and income returns), we have presented realised / unrealised change in fair value of investments through profit and loss as one line item within the reconciliation of increase in net assets for the period to net cash flows from operating and financing activities.

##### (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.

## SuperLife Balanced (Australian Dollar)

### Notes to the financial statements

for the period ended 31 March 2019

#### 3 Significant accounting policies (continued)

##### (d) Payables

Payables include liabilities and accrued expenses owing by the Fund 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.

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

##### (f) Interest income

Interest income includes interest from cash and cash equivalents. Interest income is recognised based on the effective interest rate.

##### (g) Dividend income

Dividend income from investments is recognised when the Fund'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 Fund 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 Fund is a Portfolio Investment Entity ("PIE") under the New Zealand tax rules. Under the PIE regime, income is effectively taxed in the hands of the members and therefore the Fund has no income tax liability on its own account.

With its investment returns sourced from investment overseas and its investors being notified foreign investors, the Fund is eligible to be and has elected to be a foreign investment zero-rated PIE. Zero prescribed investor rates ("PIR") have been applied to notified foreign investors.



## SuperLife Balanced (Australian Dollar)

### Notes to the financial statements

for the period ended 31 March 2019

#### 3 Significant accounting policies (continued)

##### (k) Liability for benefits

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

##### (l) Goods and Services Tax (GST)

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

##### (m) Contributions

Individual members invest in the Fund by way of lump sum payments and regular savings with the Manager's approval.

##### (n) Withdrawals

Withdrawals are recognised when the Manager has confirmed the validity of the member's application and has verified the conditions required for withdrawal eligibility. Where withdrawals are payable to or in respect of a member, they may be paid as a lump sum or as a series of withdrawals, as determined by the member.

##### (o) Impairment of financial assets

In accordance with NZ IFRS 9, the Fund is applying expected credit loss provisioning since initial recognition of these securities. The Fund measures expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At 31 March 2019 all cash and cash equivalents, and dividend receivables are held with counterparties with high credit ratings. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

##### (p) Changes in accounting policies

There have been no significant changes in accounting policies during the period.

##### (q) Accounting standards adopted

The Fund has applied all relevant standards and amendments in force for the period, including NZ IFRS 9: Financial Instruments and NZ IFRS 15: Revenue from contracts with customers.

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

A number of accounting standards have been issued or revised that are not yet effective as at 31 March 2019, and were identified as not applicable to the Fund. Therefore they are not included in the financial statements.

#### 4 Related party transactions

##### Related party holdings

Key management personnel are the Directors of the Manager. There were no transactions with key management personnel during the period.

The Fund is managed by Smartshares Limited, which is a wholly owned subsidiary of NZX Limited, a company listed on the NZX Main Board.

## SuperLife Balanced (Australian Dollar)

### Notes to the financial statements

for the period ended 31 March 2019

#### 4 Related party transactions (continued)

##### Payments to the Manager

Management fees are included within fund expenses. The Manager receives management fees for managing the Fund. The Fund itself pays all fund related expenses and the Manager receives a net management fee.

Total net management fees for period ended 31 March 2019 amounted to \$795 with \$795 of outstanding management fees due to the Manager at the end of the year.

#### 5 Audit fees

For the period ended 31 March 2019, the audit fees were \$5,518 and member registry compliance assurance fees were \$1,104.

#### 6 Contingent liabilities and capital commitments

There are no material contingent liabilities or capital commitments as at 31 March 2019.

#### 7 Investments

	31 March 2019
(a) <b>Investments by the Fund</b>	\$
Vanguard Australian Shares ETF	771,012
<b>Total investments</b>	<u>771,012</u>
(b) <b>Investments by geographical location (in relation to the Underlying Fund)</b>	%
Australia	97.5%
Rest of the world	2.5%
<b>Total investments</b>	<u>100%</u>
(c) <b>Investment holdings of 5% or more</b>	
As at 31 March 2019, the Fund did not hold 5% or more shareholding in any entities.	

#### 8 Financial risk and management objectives and policies

##### (a) Introduction

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

The Fund 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 Fund to transfer investment assets might be temporarily impaired.

## SuperLife Balanced (Australian Dollar)

### Notes to the financial statements

for the period ended 31 March 2019

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

##### (b) Risk management structure

The Fund's investment manager is responsible for identifying and controlling risks relevant to its mandates. The Supervisor oversees the investment manager and the management of the risk in the portfolios invested in by the Fund.

##### (c) Risk measurement and reporting system

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

##### (d) Risk management

The Fund has investment guidelines that set out its overall strategies which are described in the Statement of Investment Policy and Objectives ("SIPO") for the Fund. 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.

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

##### (i) Equity price risk

The Fund's investments are exposed to market price risk arising from uncertainties about future prices of the financial instruments.

The Fund's market price risk is affected by actual changes in market prices. As the Fund invests in an Underlying Fund which tracks an Underlying Index, any change in the Underlying Index will result in a corresponding change in the assets at fair value through profit or loss.

A 10% increase/decrease in equity prices as at 31 March 2019 would have increased/decreased net profit and unitholder funds by \$77,101.

##### (ii) Currency risk

Currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates.

The Fund holds liabilities denominated in a currency other than the Australian dollar, the functional currency. It is therefore exposed to currency risk, as the value of the securities denominated in Australian dollars will fluctuate due to changes in the exchange rate. The Fund's policy is not to enter into any currency hedging transactions.

A 10% strengthening of the Australian dollar against the New Zealand dollar as at 31 March 2019 would have increased profit and unitholders funds by \$953. A 10% weakening of the Australian dollar against the New Zealand dollar as at 31 March 2019 would have decreased profit and unitholders funds by \$1,222.



## SuperLife Balanced (Australian Dollar)

### Notes to the financial statements

for the period ended 31 March 2019

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

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

##### (ii) Currency risk (continued)

The table below summarises the Fund's exposure to currency risks.

	2019 \$
Fund expenses payable	(10,572)

##### (iii) Interest rate risk

The Fund does not invest in fixed interest securities.

The Fund is exposed to interest rate risk on its floating interest assets that exposes the Fund to cash flow and interest rate risk.

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

	31 March 2019 \$
<b>Direct exposure to interest rate risk</b>	
Floating interest holdings	763,747

A 1% increase/decrease in the interest rate would have a total favourable/adverse impact on the value of the Fund's net assets of \$7,637.

##### (f) Credit risk

The Fund is exposed to the potential risk of financial loss resulting from the failure of counterparties to fully honour the terms and conditions of a contract with the Fund.

The maximum credit risk of financial instruments is considered to be the carrying value of the financial assets. The Fund does not require collateral or other security to support financial instruments with credit risk.

At 31 March 2019 all cash and cash equivalents are held with counterparties with a credit rating of A or higher. The Manager considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on lifetime expected credit losses as any such impairment would be wholly insignificant to the Fund.

## SuperLife Balanced (Australian Dollar)

### Notes to the financial statements

for the period ended 31 March 2019

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

##### (f) Credit risk (continued)

###### Cash and cash equivalents

The Fund's cash and cash equivalents are held with ASB Bank New Zealand Limited ('ASB'), and BNP Paribas Securities Services ('BNP').

The following table sets out the credit risk by credit rating of the Fund at the reporting date:

	Balance \$	2019 Credit rating
ASB	151	AA-
BNP Paribas	763,596	A
	<u>763,747</u>	

No loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Fund.

##### (g) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with the financial liabilities that are settled by delivering cash or another financial asset.

The Fund's investment in the Vanguard Australian Shares ETF is considered readily realisable, as it is quoted on the Australian Stock Exchange. In addition, 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.

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

#### 9 Financial instruments

##### (a) Financial instruments by category

The table below provides reconciliation of the line items in the Fund's Statement of net assets to the categories of financial instruments for 31 March 2019.

	31 March 2019			
	Financial assets at fair value through profit or loss \$	Financial assets at amortised cost \$	Financial liabilities at amortised cost \$	Total carrying amount \$
<b>Assets</b>				
Investments	771,012	-	-	771,012
Cash and cash equivalents	-	763,747	-	763,747
Dividend receivable	-	352	-	352
<b>Total assets</b>	<u>771,012</u>	<u>764,099</u>	<u>-</u>	<u>1,535,111</u>
<b>Liabilities</b>				
Fund expenses payable	-	-	(10,572)	(10,572)
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>(10,572)</u>	<u>(10,572)</u>

## SuperLife Balanced (Australian Dollar)

### Notes to the financial statements

for the period ended 31 March 2019

#### 9 Financial instruments (continued)

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

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 Fund's financial instruments are quoted market prices and are categorised as level 1 in the hierarchy.

There were no transfers between levels in the period ended 31 March 2019.

The following table presents the Fund's investments that are measured at fair value as at 31 March 2019.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets at fair value through profit or loss</b>				
Vanguard Australian Shares ETF	771,012	-	-	771,012
<b>Total investments</b>	<b>771,012</b>	<b>-</b>	<b>-</b>	<b>771,012</b>

#### 10 Capital management

The Fund's capital is represented by the net assets available for benefits held by the Fund 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: Financial risk and management objectives and policies, the Fund 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 Fund is not subject to any externally imposed capital requirements.

#### 11 Interest income

	31 March 2019
	\$
Cash and cash equivalents	1,431
<b>Total interest income</b>	<b>1,431</b>

#### 12 Fund expenses

	31 March 2019
	\$
Management fees	795
Fund administration fees	3,169
Registry audit fees	1,104
Audit fees	5,518
Bank fees	154
<b>Total fund expenses</b>	<b>10,740</b>

## SuperLife Balanced (Australian Dollar)

### Notes to the financial statements

for the period ended 31 March 2019

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#### 13 Realised/unrealised change in fair value of investments

	31 March 2019
	\$
Vanguard Australian Shares ETF	45,885
<b>Total realised/unrealised change in fair value of investments</b>	<b>45,885</b>

#### 14 Subsequent events

Since 31 March 2019 there have been no matters or circumstances not otherwise dealt with that significantly affected or may significantly affect the Fund. There have been no material events after balance date that require adjustments to or disclosure in the financial statements.



## *Independent auditor's report*

To the members of SuperLife Balanced (Australian Dollar) ("the Fund")

We have audited the Fund's financial statements which comprise:

- the statement of net assets as at 31 March 2019;
- the statement of changes in net assets for the period then ended;
- the statement of cash flows for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### *Our opinion*

In our opinion, the Fund's financial statements present fairly, in all material respects, the net assets of the Fund as at 31 March 2019, its changes in net assets and its cash flows for the period then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

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### *Basis for opinion*

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

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

We are independent of the Fund 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 Fund in the area of member registry compliance assurance. We have provided the following services to the Fund's Manager: conduct risk assessment and non-assurance review of an asset valuation assessment. These services and relationships have not impaired our independence as auditor of the Fund.



## Our audit approach

### Overview



An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Overall materiality for the Fund is \$15,245, which is calculated based on 1% of net assets for the Fund.

We chose net assets as the benchmark because, in our view, the objective of the Fund is to provide members with a total return on assets taking account of both capital and income returns.

Because of the significance of the investments to the financial statements, we have determined there is one key audit matter: valuation and existence of investments at fair value through profit or loss.

### Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the Fund's financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the Fund's financial statements as a whole.

### Audit scope

We designed our audit by assessing the risks of material misstatement in the financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the Fund's financial statements as a whole, taking into account the structure of the Fund, the type of investments held by the Fund, the accounting processes and controls, the use of third party service providers and the industry in which the Fund operates.

The Manager is responsible for the governance and control activities of the Fund. The Manager has appointed BNP Paribas Fund Services Australasia Pty Ltd (the Custodian) to act as the Custodian for the Fund's investments. The Manager also acts as the administrator in providing investment accounting and registry services to the Fund.

In establishing our overall audit approach, we assessed the risk of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the control environment in place at the Manager and the Custodian.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Fund's financial statements of the current year. We have one key audit matter, which is valuation and existence of investments at fair value through profit or loss. This matter was addressed in the context of our audit of the Fund's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





Key audit matter	How our audit addressed the key audit matter
<p data-bbox="277 488 782 555"><i>Valuation and existence of investments at fair value through profit or loss</i></p> <p data-bbox="277 577 730 645">Refer to Note 7 in the Fund’s financial statements.</p> <p data-bbox="277 667 778 768">As at 31 March 2019, the Fund has investments at fair value through profit or loss of \$771,012.</p> <p data-bbox="277 790 813 891">This was an area of focus for our audit as it represents a significant component of the net assets of the Fund.</p> <p data-bbox="277 913 813 1081">The Fund invests in listed funds traded in active markets that are categorised as level 1 in the fair value hierarchy. The fair values of listed funds are based on quoted market prices at 29 March 2019, the last trading day.</p> <p data-bbox="277 1104 762 1182">A record of all investments is held by the Custodian on behalf of the Fund.</p>	<p data-bbox="837 577 1468 768">We assessed the processes employed by the Manager, for recording and valuing the investments at fair value through profit or loss including the relevant controls operated by the Manager and the Custodian. Our assessment of the business processes included:</p> <ul data-bbox="885 790 1468 1093" style="list-style-type: none"><li>- Understanding and evaluating key controls for the purchase and sales of investments.</li><li>- Obtaining the internal control report over investment accounting provided by the Manager for the period from 1 April 2018 to 31 March 2019. We evaluated the evidence provided by the internal controls report over the design and operating effectiveness of the key controls operated by the Manager.</li></ul> <p data-bbox="837 1137 986 1171"><b>Valuation</b></p> <p data-bbox="837 1193 1452 1261">We agreed the market price as at 29 March 2019 to independent third party pricing sources.</p> <p data-bbox="837 1272 986 1305"><b>Existence</b></p> <p data-bbox="837 1328 1436 1417">We obtained confirmations from the Custodian in relation to the holdings of all investments held by the Fund as at balance date.</p> <p data-bbox="837 1440 1372 1496">From the procedures performed, we have no matters to report.</p>

*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 the other information.

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 this auditor’s report, 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.



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### *Responsibilities of the Manager for the financial statements*

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

In preparing the financial statements, the Manager is responsible for assessing the Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

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### *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/assurance-standards/auditors-responsibilities/audit-report-2/>

This description forms part of our auditor's report.

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### *Who we report to*

This report is made solely to the Fund'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 Fund's members, as a body, for our audit work, for this report or for the opinions we have formed.

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

For and on behalf of:

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive, stylized font.

Chartered Accountants  
18 July 2019

Auckland