

SUPERLIFE KIWISAVER SCHEME

FINANCIAL STATEMENTS

For the year ended 31 March 2019

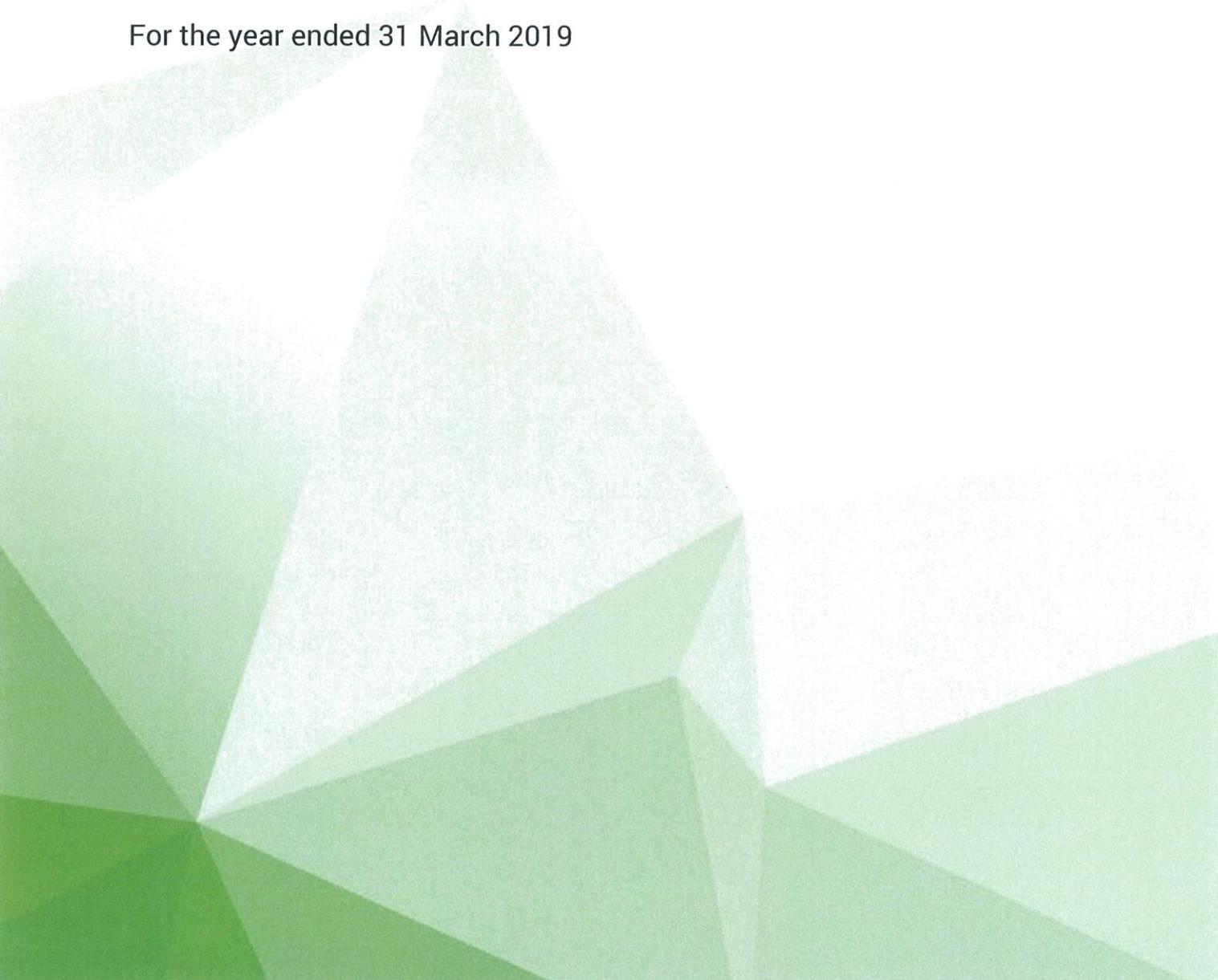


TABLE OF CONTENTS

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.....	26



SuperLife KiwiSaver scheme

Statement of net assets
as at 31 March 2019



	Note	31 March 2019 \$	31 March 2018 \$
Current assets			
Investments at fair value through profit or loss	7	870,182,158	742,514,692
PIE tax receivable	3(j)	550,968	475,059
Receivables		-	96
Total current assets		870,733,126	742,989,847
Current liabilities			
Payables		(237,734)	(188,245)
Total current liabilities		(237,734)	(188,245)
Total net assets available for benefits to members		870,495,392	742,801,602
Liability for benefits		870,495,392	742,801,602

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

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 year ended 31 March 2019



	Note	31 March 2019 \$	31 March 2018 \$
Income			
Realised/unrealised change in fair value of investments	12	55,384,604	34,164,814
Bank interest	11	189	1,322
Total net income		55,384,793	34,166,136
Management fees - fixed dollar	4	(1,080,641)	(1,201,191)
Management fees - percentage of assets	4	(751,800)	(698,198)
Other expenses		(62,030)	(109,227)
Total fees and expenses		(1,894,471)	(2,008,616)
Net profit before membership activities		53,490,322	32,157,520
Membership activities			
Contributions received in respect of members:			
- Member contributions		59,883,352	54,208,621
- Employer contributions		30,633,469	27,463,530
- Government payments and subsidies			
- Member tax credits		8,983,128	8,435,203
- Kick-starts		-	3,000
- Transfers in		36,763,868	32,080,323
		136,263,817	122,190,677
Less withdrawal benefits:			
- Transfers out		(30,149,991)	(23,639,694)
- Mortgage diversion payments		(23,611)	(23,651)
- Death		(1,274,366)	(933,460)
- Serious illness		(501,829)	(589,215)
- Financial hardship		(934,111)	(1,079,229)
- First home		(9,835,376)	(8,024,952)
- Permanent emigration		(420,029)	(388,334)
- Payments under other enactments		(231,842)	(90,372)
- Retirement benefits		(18,635,810)	(12,725,487)
- Invalid enrolments and refunds		(469,065)	(297,975)
		(62,476,030)	(47,792,369)
Less: PIE tax paid/payable on behalf of members	3(j)	415,681	(3,556,729)
Net membership activities		74,203,468	70,841,579
Increase in net assets during the period		127,693,790	102,999,099
Net assets available for benefits			
Opening balance		742,801,602	639,802,503
Increase in net assets during the period		127,693,790	102,999,099
Closing balance		870,495,392	742,801,602

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



SuperLife KiwiSaver scheme

Statement of cash flows

for the year ended 31 March 2019



	Note	31 March 2019 \$	31 March 2018 \$
Cash flows from operating activities			
Cash was provided by:			
- Sale of investments		8,431,256	5,290,429
- Interest income received		189	1,322
- Tax refund received		539,917	235,175
		<u>8,971,362</u>	<u>5,526,926</u>
Cash was applied to:			
- Purchase of investments		(80,713,362)	(76,666,267)
- Tax paid on behalf of the members		(200,901)	(1,267,349)
- General management fees		(1,844,978)	(1,991,601)
		<u>(82,759,241)</u>	<u>(79,925,217)</u>
Net cash flows (used in) operating activities		<u>(73,787,879)</u>	<u>(74,398,291)</u>
Cash flows from financing activities			
Cash was provided from:			
- Contributions received from and in respect of members		99,030,976	89,812,362
- Transfers in		36,763,868	32,080,323
		<u>135,794,844</u>	<u>121,892,685</u>
Cash was applied to:			
- Transfers out		(30,149,991)	(23,639,694)
- Mortgage diversion payments		(23,611)	(23,651)
- Member withdrawals		(13,197,553)	(11,105,562)
- Retirement benefits		(18,635,810)	(12,725,487)
		<u>(62,006,965)</u>	<u>(47,494,394)</u>
Net cash flows from financing activities		<u>73,787,879</u>	<u>74,398,291</u>
Net cash flows (used in) operating and financing activities	13	<u>-</u>	<u>-</u>



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 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 Public Trust (acting through its nominee company, SuperLife Nominees Limited ("SNL")). SNL is a subsidiary of the Supervisor.

The Supervisor is independent of the Scheme, the Manager, and NZX Limited. The Manager is independent of the custodian.

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 value through profit or loss.

Statement of compliance

These financial statements are for the year ended 31 March 2019 and have been drawn up in accordance with the requirements of 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 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.

2 Basis of preparation (continued)

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 2 and level 3 financial instruments. Refer to Note 9: financial instruments for details.

3 Significant accounting policies

Prior to the adoption of IFRS 9, under the guidance of IAS 39, all of the Scheme's investments, comprising of equity securities and derivatives, were classified as fair value through profit or loss.

Pursuant to 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 Scheme primarily focused 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 adoption of NZ IFRS 9 has been applied using the full retrospective approach and did not result in a significant change to the classification and measurement of financial instruments in either the current or prior year.

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

(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.

Financial assets and liabilities at fair value through profit or loss: This includes investments at fair value through profit and loss. The Scheme 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 Scheme'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: This includes 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 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 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 Scheme 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 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.

To provide useful information to users of the financial statements in relation to the Scheme's total return on assets (taking account of both capital and income returns), we have presented foreign currency gains or losses associated with the sale and purchase of investments and realised / unrealised change in fair value of investments through profit and loss as one line item within the Statement of cash flows and Note 12 respectively.

(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.

3 Significant accounting policies (continued)

(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.

Foreign currency dividends are accrued using the exchange rate on the ex-dividend dates. When the dividends are received, they are converted by BNP Paribas Fund Services Australasia Pty Ltd (custodian) to New Zealand dollars. Any foreign exchange impact is included within dividend income.

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

(f) Interest income

Interest income includes interest from cash and cash equivalents. Interest income relating to investments on which interest is earned is recognised on a time proportionate basis by reference to the principal outstanding and at the effective interest rate applicable to the individual investment.

(g) Dividend income

Dividend income from investments is recognised when the Scheme's right to receive the payment is established which is the ex-dividend date.

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

This item includes changes in the fair value of financial assets and liabilities as "held at fair value through profit or loss" and 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 2018: 28%). Any PIE tax payable/refundable is paid/received by the Scheme on behalf of members.

3 Significant accounting policies (continued)

(j) Taxation (continued)

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

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

(k) Liability for benefits

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

(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) 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 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.

(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.

3 Significant accounting policies (continued)

(o) Impairment of financial assets

With the introduction of NZ IFRS 9, the Scheme is now applying expected credit loss provisioning since initial recognition of these securities. The Scheme 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 and 31 March 2018, all cash and cash equivalents and 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 Scheme. Prior to the adoption of NZ IFRS 9, the carrying amounts of the financial assets at amortised cost were reviewed at each balance date for objective evidence of impairment.

(p) New accounting standards adopted

The Scheme has applied the following standards and amendments for the first time for the annual reporting period commencing 1 April 2018.

(i) IFRS 9: Financial instruments

The adoption of IFRS 9 has been applied retrospectively and did not result in a change to the classification or measurement of financial instruments, in either the current or prior periods.

Investments in financial assets previously designated at fair value through profit or loss

The Scheme's investment portfolio had previously been designated at fair value through profit or loss. On application of IFRS 9 these investment portfolio are mandatorily classified as fair value through profit or loss.

(ii) NZ IFRS 15: Revenue from contracts with customers

NZ IFRS 15 makes significant changes to revenue recognition and adds some additional disclosures, replacing IAS 18 'Revenue' and NZ IAS 11 'Construction contracts' and related interpretations. The Scheme's main sources of revenue are dividends, interest, foreign exchange gains and gains on financial instruments measured at fair value through profit or loss. As these are outside the scope of the new standard, the application of NZ IFRS 15 did not have a material impact on the Scheme's financial statements.

(q) New accounting standards not yet adopted

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

(r) 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 periods.

(s) Comparatives

These financial statements are for the year ended 31 March 2019. The comparative figures are for the year ended 31 March 2018. Certain prior year comparatives have been reclassified to conform with current period 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 \$80,713,362 (31 March 2018: \$76,666,267), the withdrawals the Scheme made from SLI \$8,431,256 (31 March 2018: \$5,290,429).

Related party holdings

During the financial year ended 31 March 2018, two of the directors of Smartshares Limited were members of the Scheme. They become related parties of the scheme on 9 November 2016. One of them ceased to be a related party on 27 October 2017 and the remaining one continued to be a member for the year ended 31 March 2019.

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 2019	31 March 2018
	\$	\$
Opening balance	472,790	617,852
Member tax credits	-	521
Contributions	-	25,110
Management fees	(28)	(60)
Market movement	30,242	30,247
PIE tax paid/payable on behalf of members	(2,259)	(3,848)
Cessation of related party relationship	-	(197,032)
Closing balance	<u>500,745</u>	<u>472,790</u>

Management fees

Management fees are paid to the Manager. A management fee of \$30 p.a. (31 March 2018: \$30) 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 management fee is also paid to the Manager. The Scheme also deducts a management fee from the gross investment earnings. This management fee is calculated at a rate of 0.11% p.a. of the net assets (31 March 2018: 0.1% p.a)

	31 March 2019	31 March 2018
	\$	\$
Fees to the Manager:		
Management fees - fixed dollar	1,080,641	1,201,191
Management fees - percentage of assets	751,800	698,198
	<u>1,832,441</u>	<u>1,899,389</u>

The fees payable to the Manager as at 31 March 2019 were \$237,734 (31 March 2018: \$188,245).

The Scheme invests all its assets in SLI. Under SLI, the Manager charges a percentage of the Scheme's assets as management fees. The fee calculation uses the percentages as disclosed in the Product Disclosure Statements of SLI, then subtracts the underlying investment and management fees charged by external investment managers and other third parties.

4 Related party transactions (continued)

Management fees (continued)

Management fees as a percentage of assets deducted under SLI from realised/unrealised changes in fair value of investments are as follows:

	31 March 2019	31 March 2018
	\$	\$
SLI	2,195,910	1,729,601
	<u>2,195,910</u>	<u>1,729,601</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.

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

	31 March 2019	31 March 2018
	\$	\$
SLI	35,966	166,543
	<u>35,966</u>	<u>166,543</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 2019 were paid by the Scheme to the auditor, (31 March 2018: \$23,000). In addition, registry audit fees paid and payable by the Scheme to the auditor are \$1,236 (31 March 2018: \$1,236).

6 Contingent liabilities and capital commitments

There are no material contingent liabilities or capital commitments as at 31 March 2019 (31 March 2018: \$Nil).

7 Investments

During the year, the Scheme purchased and sold investments through SLI. As at 31 March 2019, 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 under SLI. The available investment funds are Sector Funds, Diversified Funds previously referred to as "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 Share Fund, the Emerging Markets Fund and the UK Cash Fund. The Diversified Funds are SuperLife Income, SuperLife Conservative, SuperLife Balanced, SuperLife Growth and SuperLife High Growth. The Diversified 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. Just before the year end, the diversified funds were separated out from the sector funds and started to hold direct investments. 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.

SuperLife KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2019



7 Investments (continued)

During the year, one sector fund and three ETF funds ceased to be available for the members of the Scheme. They were Gemino, New Zealand Bond ETF Fund, Global Bond ETF Fund and Emerging Market ETF Fund.

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

	31 March 2019	31 March 2018
	\$	\$
(a) Investments by Fund		
SuperLife Income	114,623,333	97,103,714
SuperLife Conservative	11,499,696	7,759,947
SuperLife Balanced	36,606,767	31,571,996
SuperLife Growth	16,852,375	12,548,898
SuperLife High Growth	334,441,849	290,142,446
Ethica	29,643,480	25,755,631
NZ Cash	62,315,041	53,677,320
NZ Bonds	34,392,679	30,491,301
Overseas Bonds	7,545,391	6,518,111
Overseas Non-govt. Bonds	17,117,942	16,797,894
Property	16,395,002	14,132,276
NZ Shares	26,790,744	21,157,746
Australian shares	16,758,565	16,051,179
Overseas Shares (Currency Hedged)	17,049,817	16,411,689
Overseas Shares	19,966,916	18,251,692
Emerging markets	12,503,984	9,309,025
Gemino	-	3,641,775
UK Cash	496,670	463,923
NZ Cash ETF	1,111,317	663,973
NZ Bond ETF	-	395,237
Global Bond ETF	-	300,957
NZ Dividend ETF	2,014,641	1,095,611
NZ 50 Portfolio ETF	37,094,543	30,461,010
NZ Top 10 ETF	1,427,701	546,344
NZ Mid Cap ETF	3,116,169	1,460,589
NZ Property ETF	1,857,929	522,961
Australian Top 20 ETF	1,050,223	581,586
Australian Dividend ETF	265,236	147,617
Australian Financials ETF	541,903	317,203
Australian Property ETF	570,820	265,147
Australian Resources ETF	3,580,031	1,673,034
Australian Mid Cap ETF	20,380,683	18,966,116
Total World ETF	3,058,688	1,100,245
US 500 ETF	7,586,817	3,864,235
Europe ETF	2,157,584	1,821,610
Asia Pacific ETF	1,771,081	1,162,277
US Large Growth ETF	3,348,163	1,432,191
US Large Value ETF	1,503,847	568,914
US Mid Cap ETF	1,150,502	676,586
US Small Cap ETF	1,594,029	772,333
Emerging Markets ETF	-	1,932,353
Total investments	870,182,158	742,514,692

7 Investments (continued)

(b) Investment assets by geographical location

	31 March 2019	31 March 2018
	\$	\$
New Zealand	311,723,569	287,717,823
United States of America	227,001,200	185,491,148
Australia	122,417,078	93,311,405
Europe	52,851,222	50,190,923
United Kingdom	28,946,505	23,777,068
Japan	36,944,598	29,313,679
Canada	7,264,040	6,192,206
China	3,825,892	2,069,080
India	5,935,531	4,451,302
South Korea	576,492	15,437
Taiwan	6,279,943	5,441,504
South Africa	3,427,208	3,133,469
Brazil	3,428,305	2,992,545
Others	59,560,578	48,417,103
Total investments	870,182,158	742,514,692

(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.

8 Financial risk and management objectives and policies (continued)

(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 Scheme has investment guidelines that set out its overall strategies which are described in the SIPO (prior to 9 November 2016, the Prospectus and the investment guidelines were 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 2019	31 March 2018
	\$	\$
Indirect exposure to interest rate risk		
Fixed interest holdings	277,239,885	236,097,600
Floating interest holdings	496,670	463,923
	<u>277,736,555</u>	<u>236,561,523</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 2019	31 March 2018
	\$	\$
Indirect exposure to interest rate risk		
Fixed interest holdings	11,532,748	8,574,430
Floating interest holdings	4,967	4,639
	<u>11,537,715</u>	<u>8,579,069</u>

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 2019	31 March 2018
	\$	\$
Europe (EUR)	52,851,222	50,190,922
United States of America (USD)	227,001,200	185,491,148
United Kingdom (GBP)	28,946,504	23,777,067
Australia (AUD)	122,417,077	93,311,405
Japan (JPY)	36,944,598	29,313,679
China (YUAN)	3,825,892	2,069,080
India (INR)	5,935,531	4,451,302
Brazil (BRL)	3,428,305	2,992,545
Canada (CAD)	7,264,039	6,192,205
South Korea (WON)	576,492	15,437
Taiwan (TWD)	6,279,943	5,441,504
South Africa (RAND)	3,427,208	3,133,469
Others	59,560,578	48,417,103
Total foreign currency exposure	558,458,587	454,796,866
Total foreign currency hedging	(365,516,133)	(301,780,734)
Net foreign currency exposure	192,942,454	153,016,132

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 \$365,516,133 (31 March 2018: \$301,780,734).

8 Financial risk and management objectives and policies (continued)

(e) Market risk (continued)

(ii) Currency risk (continued)

An increase/decrease in the value of the New Zealand dollar would have an adverse/favourable impact on the value of the Scheme's net assets.

The impact from indirect currency exposures is as follows:

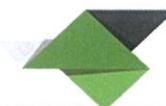
	31 March 2019	31 March 2019	31 March 2018	31 March 2018
	+ 10% change in exchange rate	- 10% change in exchange rate	+ 10% change in exchange rate	- 10% change in exchange rate
	\$	\$	\$	\$
United States of America (USD)	(6,152,405)	7,519,607	(5,209,175)	6,366,769
Australia (AUD)	(4,561,946)	5,575,711	(2,372,601)	2,899,846
Europe (EUR)	(878,344)	1,073,532	(902,598)	1,103,175
Japan (JPY)	(687,379)	840,130	(725,627)	886,878
United Kingdom (GBP)	(530,727)	648,667	(543,794)	664,637
Canada (CAD)	(13,949)	17,048	(13,873)	16,956
China (YUAN)	(221,418)	270,622	(187,779)	229,508
India (INR)	(528,682)	646,167	(401,234)	490,397
Brazil (BRL)	(308,162)	376,643	(258,720)	316,214
South Korea (WON)	(5,831)	7,127	(11)	13
Taiwan (TWD)	(565,524)	691,196	(490,181)	599,110
South Africa (RAND)	(296,874)	362,846	(281,901)	344,545
Others	(2,788,982)	3,408,756	(2,523,064)	3,083,745
	<u>(17,540,223)</u>	<u>21,438,051</u>	<u>(13,910,558)</u>	<u>17,001,793</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 2019	Impact given 10% increase in equity price	Impact given 10% decrease in equity price
	\$	\$	\$
Property	52,799,311	5,279,931	(5,279,931)
NZ Shares	142,753,683	14,275,368	(14,275,368)
Australian shares	70,777,330	7,077,733	(7,077,733)
Overseas Shares (Currency Hedged)	168,945,315	16,894,531	(16,894,531)
Overseas Shares	104,796,846	10,479,685	(10,479,685)
Emerging markets	52,373,119	5,237,312	(5,237,312)
	<u>592,445,603</u>	<u>59,244,560</u>	<u>(59,244,560)</u>



8 Financial risk and management objectives and policies (continued)

(iii) Equity price risk (continued)

	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>

(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 Manager considers the credit risk to be associated with the items described in the table below. While the investments managed by the respective investment managers represents a concentration of credit risk, they have significantly diversified portfolios and a number of counterparties with whom these investments are held with on behalf of the Scheme.

(i) Managed:

In accordance with the Scheme's policy, the Manager is to invest in debt securities that are investment grade as rated by a well-known rating agency. If not rated, these securities must be assessed by the Manager to be of at least investment grade quality. The Manager has also set limits for the management of counterparty risk and compliance with these limits is monitored.

(ii) Measurement

The Scheme measures credit risk and any expected credit losses using probability of default, exposure at default and loss given default taking into consideration both historical analysis and forward looking information. The Manager considers the Scheme's financial assets at amortised cost to have a probability of default close to zero as they are short term in nature and the counterparties have a strong capacity to meet their obligations in the near term. As a result, no impairment allowances for expected credit losses have been recognised as any such impairment would be wholly insignificant to the Scheme. All transactions in listed securities are settled upon recognised and reputable exchanges. The risk of default is considered minimal as trades are not completed if either party fails to meet its obligation.



8 Financial risk and management objectives and policies (continued)

(g) Credit risk (continued)

The analysis below summarises the credit quality of the Scheme's direct and indirect exposure rated externally by Standard & Poor's or Moody's.

The following table sets out the credit exposure of the Scheme, excluding equity instruments.

	31 March 2019	31 March 2018
	\$	\$
Investments	277,736,555	236,561,523
Receivables	-	96
	<u>277,736,555</u>	<u>236,561,619</u>

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

The following table sets out the direct and indirect exposure to credit risk by credit rating of the Scheme.

	31 March 2019	31 March 2018
	%	%
Indirect exposure to credit risk		
AAA	15	14
AA	33	39
A	30	21
BBB	21	23
Unrated	1	3
	<u>100</u>	<u>100</u>

The quality of the "Unrated" underlying debt securities is monitored by the investment manager. No significant increase in credit risk has been identified during the year ended 31 March 2019.

None of these assets are impaired or past due.

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 2019			
	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Total carrying amount
	\$	\$	\$	\$
Assets				
Investments at fair value through profit or loss	870,182,158	-	-	870,182,158
Total assets	870,182,158	-	-	870,182,158
Liabilities				
Payables	-	-	(237,734)	(237,734)
Liability for benefits	-	-	(870,495,392)	(870,495,392)
Total liabilities	-	-	(870,733,126)	(870,733,126)
	31 March 2018			
	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Total carrying amount
	\$	\$	\$	\$
Assets				
Investments at fair value through profit or loss	742,514,692	-	-	742,514,692
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)

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 2019.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through profit or loss				
Investments				
Cash	-	68,396,938	-	68,396,938
NZ Bonds	-	93,367,417	-	93,367,417
Overseas Bonds	-	53,185,476	-	53,185,476
Overseas Non-govt. Bonds	-	62,786,724	-	62,786,724
Property	-	52,799,311	-	52,799,311
NZ Shares	-	142,753,683	-	142,753,683
Australian shares	-	70,777,330	-	70,777,330
Overseas Shares (Currency Hedged)	-	168,945,315	-	168,945,315
Overseas Shares	-	104,796,846	-	104,796,846
Emerging markets	-	52,373,118	-	52,373,118
Total investments	-	870,182,158	-	870,182,158

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.

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 2018.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
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	-	42,154,045	-	42,154,045
Total investments	-	742,514,692	-	742,514,692

(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 2019 and 31 March 2018.

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 2019	31 March 2018
	\$	\$
Cash and cash equivalents	189	1,322
Total interest revenue	189	1,322

SuperLife KiwiSaver scheme

Notes to the financial statements

for the year ended 31 March 2019



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 2019	31 March 2018
	\$	\$
SuperLife Income	4,282,712	3,256,654
SuperLife Conservative	584,418	256,597
SuperLife Balanced	2,243,765	1,304,657
SuperLife Growth	955,837	461,705
SuperLife High Growth	23,883,562	14,845,093
Ethica	1,999,505	749,369
NZ Cash	1,167,530	1,251,634
NZ Bonds	1,336,372	1,463,216
Overseas Bonds	208,289	206,123
Overseas Non-govt. Bonds	760,473	349,557
Property	2,944,957	411,519
NZ Shares	3,662,375	779,323
Australian shares	1,408,525	(54,237)
Overseas Shares (Currency Hedged)	594,466	1,135,669
Overseas Shares	1,480,632	1,516,964
Emerging markets	(150,870)	1,163,115
Gemino	(466,775)	(1,251,005)
UK Cash	(14,965)	35,241
UK Income	-	(1,367)
UK Shares/Property	-	4,493
NZ Cash ETF	12,644	11,317
NZ Bond ETF	32,439	11,834
Global Bond ETF	17,233	4,324
NZ Dividend ETF	282,114	28,200
NZ 50 Portfolio ETF	5,685,790	4,064,134
NZ Top 10 ETF	165,878	44,078
NZ Mid Cap ETF	360,664	96,837
NZ Property ETF	229,322	22,156
Australian Top 20 ETF	55,945	(34,845)
Australian Dividend ETF	12,385	(12,475)
Australian Financials ETF	(20,462)	(34,678)
Australian Property ETF	74,872	(17,832)
Australian Resources ETF	411,278	102,311
Australian Mid Cap ETF	187,130	1,502,999
Total World ETF	68,793	18,102
US 500 ETF	622,230	161,010
Europe ETF	(758)	36,442
Asia Pacific ETF	(46,603)	49,865
US Large Growth ETF	209,407	28,256
US Large Value ETF	97,481	5,264
US Mid Cap ETF	73,451	27,440
US Small Cap ETF	57,617	46,745
Emerging Markets ETF	(85,054)	119,010
Total realised/unrealised change in fair value of investments	55,384,604	34,164,814



13 Reconciliation of increase in net assets for the year to net cash flows from operating and financing activities	31 March 2019	31 March 2018
	\$	\$
Increase in net assets during the year	127,693,790	102,999,099
Add/(less) non cash items:		
- Realised/unrealised change in fair value of investments	(55,384,604)	(34,164,814)
- Tax credits passed down from investment manager	(756)	4,107,505
Add/(less) movements in other working capital items:		
- (Increase) in investments	(72,282,106)	(71,375,838)
- Decrease/(increase) in receivables	96	(13)
- (Increase) in PIE tax receivable/increase in PIE tax payable	(75,909)	(1,561,097)
- Increase/(decrease) in payables	49,489	(4,842)
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 2018: None).



Independent auditor's report

To the members of SuperLife KiwiSaver scheme (“the Scheme”)

We have audited the Scheme’s financial statements which comprise:

- the statement of net assets as at 31 March 2019;
- 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 net assets of the Scheme as at 31 March 2019, its changes in net assets 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. We have provided the following services to the Scheme’s Manager: conduct risk assessment and non-assurance review of an asset valuation assessment. Subject to certain restrictions, employees of our firm may invest in the Scheme on normal market terms. These services and relationships have not impaired our independence as auditor of the Scheme.

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 Scheme is \$8,704,953, which is calculated based on 1% of net assets for the Scheme.

We chose net assets as the benchmark because, in our view, the objective of the Scheme 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 Scheme'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 Scheme'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 Scheme's financial statements as a whole, taking into account the structure of the Scheme, the type of investments held by the Scheme, the accounting processes and controls, the use of third party service providers and the industry in which the Scheme operates.

The Manager is responsible for the governance and control activities of the Scheme. The Manager has appointed Public Trust Limited (the Custodian) to act as the Custodian for the Scheme's investments. The Manager also acts as the administrator in providing investment accounting and registry services to the Scheme.

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 Scheme'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 Scheme'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="277 577 782 645">Refer to Note 7 in the Scheme’s financial statements.</p> <p data-bbox="277 667 782 801">As at 31 March 2019, the Scheme has investments at fair value through profit or loss of \$870,182,158 (31 March 2018: \$742,514,692).</p> <p data-bbox="277 824 782 925">This was an area of focus for our audit as it represents the majority of the net assets of the Scheme.</p> <p data-bbox="277 947 782 1339">The Scheme invests in SuperLife Invest, a managed investment scheme managed by the Manager, and the investment is categorised as level 2 in the fair value hierarchy. The fair value of the managed investment scheme is determined based on the redemption price established by the Manager. In assessing the fair value, the Manager uses information provided by the underlying investments of SuperLife Invest and includes assumptions based on market conditions existing at balance date.</p> <p data-bbox="277 1361 782 1440">A record of all investments is held by the Manager on behalf of the Scheme.</p>	<p data-bbox="837 577 1471 734">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. Our assessment of the business processes included:</p> <ul data-bbox="885 757 1471 1070" style="list-style-type: none">- Understanding and evaluating key controls for the purchase and sales of investments.- 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. <p data-bbox="837 1115 986 1149">Valuation</p> <p data-bbox="837 1171 1471 1328">We agreed the redemption price as at 31 March 2019 to the confirmation provided by the Manager. We evaluated the redemption price represents fair value by evaluating against fair value information of the underlying investments of SuperLife Invest.</p> <p data-bbox="837 1339 986 1373">Existence</p> <p data-bbox="837 1395 1471 1518">We obtained confirmations from the Manager in relation to the holdings of investments in the managed investment scheme held by the Scheme as at balance date.</p> <p data-bbox="837 1529 1471 1597">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. 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 this 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 has 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/assurance-standards/auditors-responsibilities/audit-report-2/>

This description forms part of our auditor's report.

Who we report to

This report is made solely to 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:

PricewaterhouseCoopers

Chartered Accountants
18 July 2019

Auckland