



The Lifestages KiwiSaver Scheme is brought to you by
Funds Administration New Zealand Limited (FANZ)

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Lifestages KiwiSaver Scheme
Annual Report 2014





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Welcome

Welcome to the 2014 Lifestages KiwiSaver Scheme Annual Report, the audited, official record of the Scheme's performance over the 12 months to 31 March 2014.

You'll find here details of the Lifestages KiwiSaver Scheme over that time, together with explanatory notes where necessary.

Those performances, I'm pleased to say, have been gratifying. Nominal returns for asset classes across the board have exceeded expectations. From our point of view, the stars of the show have been our two Lifestages KiwiSaver Scheme portfolios, with the Lifestages Capital Stable Portfolio registering an after fees and pre-tax return of 4.96% pa, while the Lifestages Growth Portfolio topped last year's result and delivered a pleasing result of 9.54%pa (after fees and before tax).

There's nothing wrong with taking a moment to bask in the glow of these figures, but we should also be mindful of the environment from which they emerged.

These numbers have masked the roller coaster ride that markets have delivered on over the last 12 months. Improving growth in the United States and even Europe has been tempered by geo-political concerns in the middle-east and the Ukraine. Rising interest rates in New Zealand have also caused a 'head wind' for portfolios that have a heavy concentration in bonds. The Lifestages Capital Stable Portfolio in contrast has a heavy concentration in cash assets so has avoided this issue and is well positioned to benefit as interest rates rise over the course of the next 12 months in New Zealand.

We have been delighted to note the continued strong performance of the Lifestages Growth Portfolio. We do note, however, that markets often run 'out of puff' after a few years

PERFORMANCE TO 31 MARCH 2014

PER ANNUM <i>(before tax and after fees):</i>	1 YEAR	2 YEARS	3 YEARS
LIFESTAGES CAPITAL STABLE PORTFOLIO	4.96%	5.11%	3.93%
LIFESTAGES GROWTH PORTFOLIO	9.54%	9.50%	4.80%

of strong performance as valuations become stretched. Diversification is always the best approach to managing these risks.

In this challenging environment, we will continue with our 'forward to basics' approach. I thank you for your continued support over this past year, and look forward to an ongoing, fruitful relationship.

GRAHAM DUSTON

*Funds Administration New Zealand,
Manager of the Lifestages KiwiSaver Scheme*

Phone: 0800 502 442

*Address: Level 1, SBS, 2-6 Main North Road,
Papanui, Christchurch 8542*

Postal: PO Box 5038, Papanui, Christchurch

Contact us at www.lifestages.co.nz

A copy of the full financial statements for the Lifestages KiwiSaver Scheme can be obtained from www.lifestages.co.nz, or by contacting the Manager, freephone 0800 502 442.

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Manager's Report *for the year ended 31 March 2014*

Pursuant to section 123 of the KiwiSaver Act 2006, we (Funds Administration New Zealand Limited), the manager of the Lifestages KiwiSaver Scheme, report as follows:

- a) The summary financial statements for the Scheme for the year ended 31 March 2014 (and the four previous years) are attached.
- b) The Auditor's report on the financial statements for the Scheme is attached.
- c) There have been no material changes to the trust deed and the terms of the offer of interests in the Scheme for the year ending 31 March 2014.
- d) Administration fees decreased from \$2.50 per member, per month, to \$2 from September 2013. All other fees remain the same.
- e) Effective 19 September 2013, the investment objectives and policy of the Growth Portfolio broadened to include infrastructure shares and Australasian listed property. There has been no other changes to the investment objectives and policy for each portfolio in the Scheme for the year ending 31 March 2014.
- f) *Trustee:* Trustees Executors Limited
Manager: Funds Administration New Zealand Limited
Administration Manager: Trustees Executors Limited
Auditors: KPMG
Custodian: T.E.A. Custodians Limited
Promoters: Southland Building Society (SBS Bank)
SBS Bank directors who are not also directors of Funds Administration New Zealand Limited are:
 - » BALL, K J (Kathryn), Invercargill, New Zealand
Appointed 2006
 - » GRANT, J J (Jeff), Balfour, New Zealand
Appointed 2007
 - » NEILL, A G (Alec), Christchurch, New Zealand
Appointed 2012
 - » SPENCER, F E (Frank), Hastings, New Zealand
Appointed 2010
 - » WARD, J F (John), Invercargill, New Zealand
*Appointed 2002**Solicitors:* Kensington Swan
Registrar: Trustees Executors Limited

There have been no changes to the above service providers since the last annual report.

- g) The following is a list of the names of, and any changes to, the directors of the Trustee:

Trustees Executors Limited – Directors

- » BOLGER ONZ, Rt Hon James Brendan
Waikanae, New Zealand
Appointed 15/8/05
 - » HOCKING, Paul Raymond Shelley
Martinborough, New Zealand
Appointed 01/03/06
 - » METZ, Peter Andrew
New York, United States of America
Appointed 15/07/10
 - » RUSSELL, Robert Paul
Lower Hutt, New Zealand
Appointed 17/05/13
- h) The following is a list of the names of, and any changes to, the directors of the Manager:

FANZ Directors

- » DUSTON, Graham David
Christchurch, New Zealand
Appointed 10/09/01
 - » MULVEY, Gregory John
Invercargill, New Zealand
Appointed 26/05/04
 - » SMITH, Ross Lindsay
Invercargill, New Zealand
Appointed 10/09/01
 - » WALKER, Jeffrey Bernard
Invercargill, New Zealand
Appointed 10/09/01
 - » YOUNG, Derek Richmond
Wellington, New Zealand
Appointed 26/05/04
- i) The most recent registered prospectus for the Scheme is dated 19 September 2013 and was registered on 19 September 2013.
- j) Members have the right to receive, on request, a copy of the most recent financial statements, auditor's report, an estimate of the member's benefits, and a copy of the most recent registered prospectus relating to the Scheme.

Copies of the most recent financial statements, prospectus and other documents of, or relating to, the Scheme are filed on a public register at the Companies Office of the Ministry of Business, Innovation and Employment and available for public inspection, including by viewing the Scheme's file using the 'search other registers' function on the Companies Office website at www.business.govt.nz/companies.

- k) All enquiries or complaints should initially be directed to:

- » **The Manager**
Executive Director
Funds Administration New Zealand Limited
51 Don Street
PO Box 835, Invercargill 9810
Phone: 0800 502 442

In the event of this proving unsatisfactory, the Trustee can be contacted directly at:

- » **Trustees Executors Limited**
Level 5, 10 Customhouse Quay
PO Box 3222, Wellington 6140
Phone: (04) 495 0995

If you are not satisfied with how your complaint has been dealt with you may be able to refer your complaint to the Banking Ombudsman which is an approved dispute resolution service. You can contact the Banking Ombudsman by writing to:

- » **The Office of the Banking Ombudsman**
PO Box 10-573
The Terrace
Wellington 6143
Email: help@bankomb.org.nz
Phone: 0800 805 950

If you have a complaint about the Trustee you may be able to refer your complaint to Financial Services Complaints Limited (FSCL). You can contact FSCL by writing to:

- » **Financial Services Complaints Ltd**
PO Box 5967
Lambton Quay
Wellington 6145
Email: info@fscl.org.nz
Phone: 0800 347 257

Statutory Information *for the year ended 31 March 2014*

Membership	Number of Members	Amount NZ\$
NUMERICAL CHANGES IN THE MEMBERSHIP OF THE SCHEME		
Number of Contributing Members at 1 April 2014	7,379	
Total Entries of Contributing Members for the year ended 31 March 2014	1,990	
Total Exits of Contributing Members for the year ended 31 March 2014	(2,202)	
Number of Contributing Members at 31 March 2014	7,167	
Number of Members on section 104 Contribution Holidays as at 31 March 2014	248	
Number of Other Members non-contributing (not on section 104 Contribution Holidays) as at 31 March 2014	3,312	
Total Members as at 31 March 2014	10,727	
WITHDRAWALS AND TRANSFERS		
Withdrawal for first home purchase	44	486,532
Withdrawal for mortgage diversion	9	6,160
Withdrawal for significant hardship	30	154,608
Withdrawal for serious illness	7	62,468
Withdrawal on death	10	97,850
Withdrawal for permanent emigration	17	120,954
Transfers to other KiwiSaver schemes	364	2,754,109
Transfers to Australian complying superannuation funds	-	-
CONTRIBUTIONS		
Member contributions at Section 64 Contribution Rate	5,802	8,445,652
Employer contributions	5,657	4,969,291
Crown contributions	7,352	3,521,147
Transfers from other KiwiSaver schemes	534	3,456,508
Transfers from registered superannuation schemes	19	837,498
Lump sum contributions	2,918	2,618,940
Transfers from Australian complying superannuation funds	10	147,008
IRD other payments		26,506
<i>(includes a large number of IRD interest payments, which are indeterminable to the number of members' accounts effected)</i>		
LIFESTAGES KIWISAVER SCHEME FEES FOR THE YEAR TO 31 MARCH 2014		
Audit Fees		6,194
Manager Fees		706,022
Trustee Fees		58,728
General Expenses		349,493
		1,120,437
Administration Fees		299,022
TOTAL AMOUNT OF FEES AND EXPENSES CHARGED		1,419,459

All fees were charged indirectly to members via the Scheme, except for administration fees, which were charged directly to members' accounts.

MEMBER ACCUMULATIONS

There were 10,727 members with members' accumulations (members' funds) at 31 March 2014 totalling \$101,844,160.

<i>Fund Performance per annum, pre-tax and after fees</i>	<i>1 year %</i>	<i>2 years %</i>	<i>3 years %</i>
Lifestages Capital Stable Portfolio	4.96	5.11	3.93
Lifestages Growth Portfolio	9.54	9.50	4.80

<i>Change in Unit Price</i>	<i>Lifestages Capital Stable Portfolio</i>	<i>Lifestages Growth Portfolio</i>
Price as at 31 March 2013	2.360867	1.093144
Price as at 31 March 2014	2.477897	1.197481
Year Low	2.358443	1.084005
Year High	2.481740	1.207639

Summary Statement of Changes in Net Assets *for the year ended 31 March 2014*

	Notes	2014 \$	2013 \$	2012 \$	2011 \$	2010 \$
Revenues						
Interest Income		377,802	288,871	220,436	446,869	285,832
Dividend Income		1,600,556	1,426,053	1,288,689	683,270	270,389
Net Gains on Investments		3,882,795	3,346,583	68,751	632,820	852,030
Other Revenues		222,440	-	-	-	-
TOTAL INVESTMENT REVENUES		6,083,593	5,061,507	1,577,876	1,762,959	1,408,251
Expenses						
Investment Expenses		-	-	-	-	-
Management Expenses	1	1,114,243	807,817	590,895	392,754	214,204
Interest Expenses		-	-	-	-	-
Audit Fees		6,194	7,187	6,529	6,749	6,429
Other Expenses		-	-	-	-	-
TOTAL EXPENSES		1,120,437	815,004	597,424	399,503	220,633
CHANGE IN NET ASSETS BEFORE MEMBERSHIP ACTIVITIES AND TAX		4,963,156	4,246,503	980,452	1,363,456	1,187,618
Taxation Expense		-	-	-	-	-
CHANGE IN NET ASSETS BEFORE MEMBERSHIP ACTIVITIES AFTER TAX		4,963,156	4,246,503	980,452	1,363,456	1,187,618
Membership Activities						
Contributions						
Members' Contributions		11,091,098	9,035,193	7,698,798	6,598,235	5,346,810
Employer Contributions		4,969,291	3,427,257	3,422,315	2,825,009	2,070,216
Crown Contributions and Fee Subsidies		3,521,147	3,762,175	5,494,010	4,957,498	4,491,530
Transfers in from other schemes		4,441,016	4,677,683	3,368,208	2,191,470	2,134,929
TOTAL CONTRIBUTIONS		24,022,552	20,902,308	19,983,331	16,572,212	14,043,485
Benefits Paid						
Withdrawals		5,091,976	4,596,570	961,774	576,521	388,176
Transfer to other schemes		2,754,109	1,649,379	919,256	518,376	201,251
TOTAL BENEFITS PAID		7,846,085	6,245,949	1,881,030	1,094,897	589,427
NET MEMBERSHIP ACTIVITIES		16,176,467	14,656,359	18,102,301	15,477,315	13,454,058
Distributions						
Distribution to Members		-	-	-	-	-
Other Distributions		-	-	-	-	-
Transfers to Reserves		-	-	-	-	-
TOTAL DISTRIBUTIONS		-	-	-	-	-
Net Change in Members' Benefits		21,139,623	18,902,862	19,082,753	16,840,771	14,641,676
Members Accumulations at the Beginning of the Financial Year		80,704,537	61,801,675	42,718,922	25,878,151	11,236,475
MEMBERS ACCUMULATIONS AT THE END OF THE FINANCIAL YEAR		101,844,160	80,704,537	61,801,675	42,718,922	25,878,151

Summary Statement of Financial Position *as at 31 March 2014*

	2014 \$	2013 \$	2012 \$	2011 \$	2010 \$
Assets					
Cash	8,323,925	4,369,628	3,826,958	1,218,844	291,281
Trade and Other Receivables	457,503	503,990	883,772	492,586	263,928
Investments	93,530,173	75,932,557	57,179,700	41,068,158	25,365,427
TOTAL TANGIBLE ASSETS	102,311,601	80,806,175	61,890,430	42,779,588	25,920,636
TOTAL ASSETS	102,311,601	80,806,175	61,890,430	42,779,588	25,920,636
Total Liabilities (excluding Net Assets attributable to Members)	467,441	101,638	88,755	60,666	42,485
NET ASSETS AVAILABLE TO PAY BENEFITS	101,844,160	80,704,537	61,801,675	42,718,922	25,878,151

On behalf of Funds Administration New Zealand Limited as Manager,
who authorised the issue of these summary financial statements on 3 July 2014:

Summary Statement of Cash Flows *for the year ended 31 March 2014*

	2014 \$	2013 \$	2012 \$	2011 \$	2010 \$
Net Cash used in Operating Activities	(12,499,840)	(14,113,689)	(15,494,187)	(14,549,752)	(13,530,966)
Net Cash from Financing Activities	16,454,137	14,656,359	18,102,301	15,477,315	13,454,058
NET INCREASE/(DECREASE) IN CASH	3,954,297	542,670	2,608,114	927,563	(76,908)
Cash at the beginning of the Financial Year	4,369,628	3,826,958	1,218,844	291,281	368,189
CASH AT THE END OF THE FINANCIAL YEAR	8,323,925	4,369,628	3,826,958	1,218,844	291,281

Notes to the Summary Financial Statements *for the year ended 31 March 2014*

The reporting entity is the Lifestages KiwiSaver Scheme (the “Scheme”).

The Summary Financial Statements are for the accounting periods ending 31 March 2014, 31 March 2013, 31 March 2012, 31 March 2011 and 31 March 2010.

These Summary Financial Statements have been prepared in compliance with FRS-43: Summary Financial Statements and comply with NZ GAAP as it relates to summary financial statements. The specific disclosures included in the Summary Financial Statements have been extracted from the full Lifestages KiwiSaver Scheme’s financial statements.

There have been no changes in accounting policies during the 12 months to 31 March 2014.

The Summary Financial Statements do not include all disclosures provided in the Full Financial Statements and cannot be expected to provide as complete an understanding as provided by the Full Financial Statements.

The Summary Financial Statements are presented in New Zealand dollars, which is the Fund’s functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

The Full Financial Statements have been prepared in compliance with the Trust Deed, the Financial Reporting Act 1993, the KiwiSaver Act 2006 and New Zealand Generally Accepted Accounting Practice. They comply with New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”) as

appropriate for profit-oriented entities. The Financial Statements also comply with International Financial Reporting Standards (“IFRS”).

The Full Financial Statements for the year ending 31 March 2014 were registered under the Financial Reporting Act 1993 on 1 July 2014.

The Full Financial Statements for the year ended 31 March 2014 were authorised for issue by the directors of FANZ on 25 June 2014 and an unmodified audit report by KPMG was issued on 25 June 2014.

The Full Financial Statements for the years ended 2012, 2011 and 2010 were authorised for issue by the directors of Trustees Executors Limited as Trustee, and by the directors of FANZ as the manager of the Scheme for the year ended 31 March 2013. An unmodified/unqualified audit report was issued by KPMG on each date as follows:

<i>Full Financial Statements as at:</i>	<i>Authorised for issue on:</i>
31 March 2013	28 June 2013
31 March 2012	31 July 2012
31 March 2011	30 June 2011
31 March 2010	30 June 2010

No audit report in respect of these financial statements referred to a fundamental uncertainty.

The Full Financial Statements of the Lifestages KiwiSaver Scheme can be obtained from www.lifestages.co.nz, or by contacting the Manager, freephone 0800 502 442.

1. MANAGEMENT EXPENSES

	2014	2013	2012	2011	2010
	\$	\$	\$	\$	\$
Manager Fees	706,022	545,351	395,713	259,969	141,870
Trustee Fees	58,728	42,112	31,839	21,393	9,328
General Expenses	349,493	220,354	163,343	111,392	63,006
TOTAL	1,114,243	807,817	590,895	392,754	214,204

Manager's Certificate *for the year ended 31 March 2014*

The Manager of the Lifestages KiwiSaver Scheme (the "Scheme") states that for the year ended 31 March 2014:

- » All the benefits required to be paid from the Scheme in accordance with the terms of the Scheme's trust deed and the KiwiSaver scheme rules have been paid.
- » The market value of the assets of the Scheme at the close of the financial year equalled or exceeded the total value of benefits that would have been payable had all members of the Scheme ceased to be members at that date and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at the close of the 31 March 2014.
- » There is a scheme provider agreement between the Commissioner of Inland Revenue and the Manager that remained in force throughout the year ending 31 March 2014.
- » All contributions received in respect of each member, including contributions paid by way of the Commissioner of Inland Revenue in respect of that member, have been applied in accordance with the Scheme's trust deed and the KiwiSaver Act.

Signed:



Manager

3 July 2014

Date

Trustee's Annual Statement *for the year ended 31 March 2014*



Trustees Executors

Level 5, 10 Customhouse Quay, PO Box 3222, DX SP20011,
Wellington, New Zealand. Phone (04) 495-0999, Fax (04) 496-2952

3 July 2014

**TRUSTEE'S ANNUAL STATEMENT
TO THE MEMBER'S OF THE
LIFESTAGES KIWISAVER SCHEME**

For the Year Ended 31 March 2014

In accordance with sub-clause 5(3) of Schedule 1A to the KiwiSaver Regulations 2006, we, the Trustee of the Lifestages KiwiSaver Scheme state that:

In respect of the financial year ended 31 March 2014, the Trustee is satisfied that the Manager has not breached an issuer obligation (as defined in section 4(1) of the Securities Trustees and Statutory Supervisors Act 2011) in a material respect.

Signed for and on behalf of the Trustee
Trustees Executors Limited

Sean Roberts
Business Manager
Corporate Trust

Independent Auditor's Report *for the year ended 31 March 2014*



Independent auditor's report on the summary financial statements

To the members of the Lifestages KiwiSaver Scheme

The accompanying summary financial statements on pages 6 to 8, which comprise the summary statement of financial position as at 31 March 2014 and the summary statements of changes in net assets and cash flows for the year then ended and notes that are derived from the audited financial statements of the Lifestages KiwiSaver Scheme ("the scheme") for the year ended 31 March 2014. We expressed an unmodified audit opinion on those financial statements in our report dated 25 June 2014.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Lifestages KiwiSaver Scheme.

Manager's responsibility for the financial statements

The manager is responsible for the preparation of a summary of the audited financial statements, in accordance with FRS-43 *Summary Financial Statements* and that comply with the requirements of clause 7 of Schedule 5A of the Securities Regulations 2009.

Auditor's responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810 *Engagements to Report on Summary Financial Statements*.

Our firm has also provided other services to the scheme in relation to the registered prospectus, trustee reporting and taxation. These matters have not impaired our independence as auditor of the scheme. The firm has no other relationship with, or interest in, the scheme.

Opinions

In our opinion, the summary financial statements have been correctly extracted from the audited financial statements of the Lifestages KiwiSaver Scheme for the year ended 31 March 2014, and the information reported in the summary financial statements is consistent, in all material respects, with the audited financial statements, in accordance with FRS-43 *Summary Financial Statements*.

KPMG

3 July 2014
Wellington



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Lifestages KiwiSaver Scheme is brought to you by
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