



Lifestages KiwiSaver Scheme
Financial Statements
for the year ended 31 March 2020

Lifestages KiwiSaver Scheme



Table of Contents

	Page
Directory _____	2
Financial Statements	
Statement of Changes in Net Assets _____	3
Statement of Financial Position _____	4
Statement of Cash Flows _____	5
Notes to the financial statements _____	6 - 18
Auditor's Report _____	19

Lifestages KiwiSaver Scheme



Directory

For the year ended 31 March 2020

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Statement of Changes in Net Assets

for the year ended 31 March 2020

Lifestages KiwiSaver Scheme			
		2020	2019
	Notes	\$	\$
Income			
Interest Income		3,013,925	3,209,411
Dividend Income		5,431,933	3,397,465
Net Change in Fair Value of Investments	10	(15,832,044)	13,336,051
Other Income		157,438	82,388
Net Investment Income		(7,228,748)	20,025,315
Expenses			
Fees Paid to Auditor	15	23,606	28,077
General Expenses		324,337	583,386
Manager Fees		2,761,003	2,396,955
Supervisor Fees	6	200,789	172,417
Total Expenses		3,309,735	3,180,835
Change in Net Assets before Membership Activities		(10,538,483)	16,844,480
Membership Activities			
Member Contributions		33,201,397	26,723,864
Employer Contributions		13,901,222	13,197,649
Crown Contributions and Fee Subsidies		5,568,275	5,361,952
Transfers in from other schemes		14,004,537	13,860,757
Other Income		40,607	37,487
Withdrawals for retirement		(8,788,403)	(9,980,770)
Withdrawal for first home purchase		(4,609,728)	(4,315,330)
Withdrawal for mortgage diversion		(5,379)	(5,268)
Withdrawal for significant hardship		(318,603)	(366,352)
Withdrawal for serious illness		(132,528)	(271,772)
Withdrawal on death		(525,901)	(424,239)
Withdrawal for permanent emigration		(131,765)	(57,174)
Other Withdrawals		(171,759)	(69,253)
Transfer to other schemes		(18,297,623)	(15,872,527)
Administration fees	6	(415,122)	(407,502)
PIE tax attributable to members	9	(2,328,042)	(1,784,818)
Net Membership Activities		30,991,185	25,626,704
Net Change in Members' Benefits		20,452,702	42,471,184
Members' Funds at the Beginning of the Financial Year		346,056,810	303,585,626
Members' Funds at the End of the Financial Year		366,509,512	346,056,810

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

Lifestages KiwiSaver Scheme



Statement of Financial Position

as at 31 March 2020


Lifestages KiwiSaver Scheme			
		2020	2019
	Notes	\$	\$
Assets			
Cash		16,798,324	8,681,103
Trade and Other Receivables	7	1,298,340	1,473,276
Financial Assets	11	351,600,836	338,555,860
Total Assets		369,697,500	348,710,239
Liabilities			
Accounts Payable	8	972,491	1,004,037
PIE tax payable on behalf of members	9	2,215,497	1,649,392
Total Liabilities (excluding Net Assets attributable to Members)		3,187,988	2,653,429
Net Assets Attributable to Members		366,509,512	346,056,810

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

For and on behalf of the Manager,
Funds Administration New Zealand Limited


Director


Director


Date 17/7/20

Lifestages KiwiSaver Scheme



Statement of Cash Flows

for the year ended 31 March 2020

Lifestages KiwiSaver Scheme			
		2020	2019
		12 months	12 months
	Notes	\$	\$
Cash Flows from Operating Activities			
Interest Income		3,520,980	2,334,680
Dividends		5,431,933	3,397,465
Other Income		143,198	63,936
Proceeds from sale of Investment Assets		8,421,254	107,159,094
Purchase of Investment Assets		(37,298,274)	(136,524,419)
Operating expenses paid		(3,117,513)	(3,040,749)
Net Cash used in Operating Activities	12	(22,898,422)	(26,609,993)
Cash Flows from Financing Activities			
Net Membership Activities		31,015,643	26,280,011
Net Cash from Financing Activities		31,015,643	26,280,011
Net Increase/(Decrease) in Cash		8,117,221	(329,982)
Cash at the beginning of the Financial Year		8,681,103	9,011,085
Cash at the end of the Financial Year		16,798,324	8,681,103

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

Notes to the Financial Statements

for the year ended 31 March 2020

1. REPORTING ENTITIES

The Lifestages KiwiSaver Scheme (the "Scheme") is the reporting entity. The Scheme is regulated by the Financial Markets Authority ("FMA") and therefore is governed by the Financial Markets Conduct Act 2013 ("FMC Act 2013"). The Scheme transitioned into the FMC Act 2013 regime on 16 November 2016.

These Financial Statements show the collective financial performance, financial position and cash flows of the Portfolios and Funds that make up the Lifestages KiwiSaver Scheme. The Portfolios and Funds whose information is reported and presented collectively within the Financial Statements are as follows:

- > Lifestages Growth Portfolio (the Manager passed a resolution to wind up the Growth Portfolio with effect from 19 February 2019. This was completed on the 20th March 2019).
- > Lifestages Capital Stable Portfolio
- > Lifestages Income Fund
- > Lifestages High Growth Fund

Collectively these portfolios and funds are referred to throughout these Financial Statements as the "Scheme", or individually the "Funds" or "Fund".

The Manager and Issuer of the Scheme is Funds Administration New Zealand Limited (the Manager), a subsidiary of Southland Building Society (SBS). The Supervisor is Trustees Executors Limited (the Supervisor).

The Scheme is a defined contribution superannuation scheme under the KiwiSaver Act 2006 and a profit oriented entity. The Scheme is domiciled and registered in New Zealand and it's registered office is 51 Don Street, Invercargill.

These Financial Statements were authorised for issue by the Directors on 17 July 2020.

2. STATUTORY BASE

These Financial Statements have been prepared in accordance with the consolidated Trust Deed, dated 13 April 2018, and the FMC Act 2013 and KiwiSaver Act 2006.

3. BASIS OF PREPARATION

The Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). 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 Financial Statements have been prepared on the historical cost basis, as modified by the revaluation of financial assets at fair value through profit or loss. The methods used to measure fair values are disclosed further below. The accrual basis of accounting has been applied, as has the going concern assumption.

There are no standards, amendments or interpretations that have been issued but are not yet effective that are expected to impact the Scheme's Financial Statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

a) Functional and Presentation Currency

The Financial Statements are presented in New Zealand Dollars, which is the Scheme's functional currency. All financial information presented in New Zealand Dollars has been rounded to the nearest dollar.

Notes to the Financial Statements

for the year ended 31 March 2020

b) Use of Estimates and Judgements

The preparation of these Financial Statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The Manager has concluded that judgements made in the application of New Zealand Accounting Standards did not have a significant effect on the Financial Statements.

On 11 March 2020, the World Health Organisation declared coronavirus ("COVID-19") a pandemic. If the pandemic continues for a prolonged period there may be a continued effect on the financial markets, which may, in turn, influence net investment income of the Scheme. The Manager is continually monitoring the impact of COVID-19 and has assessed that the Scheme will continue to operate as a going concern in the current market environment. The estimates impacted by these uncertainties are mainly related to fair value measurement. Current estimates have been assessed by the Manager as appropriate.

No other estimates with a significant risk of material adjustments in the next year are noted.

c) Foreign Currency

Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to New Zealand Dollars at the foreign currency closing exchange rate ruling at the balance sheet date. Foreign currency exchange differences relating to investments at fair value through profit or loss are included in gains or losses on investments.

d) Income

i) Dividends are recorded as income at the date the shares become ex dividend and income accrued is based upon the declared rate of return for the investments.

ii) Interest income is accounted for on an accruals basis using the effective interest method.

iii) Any unrealised gains or losses arising from the revaluation of investments or conversion to New Zealand dollars at balance date and realised gains and losses on the sale of investments during the year are recognised in profit or loss.

iv) Other income is recognised when the Scheme's right to receive payment is established.

e) Expenses

All expenses, including management fees and Supervisor fees, are recognised in profit or loss on an accruals basis.

f) Taxation

As at 1 October 2007 the Scheme converted to a Portfolio Investment Entity (PIE) under the Taxation (Savings Investment and Miscellaneous Provisions) Act 2006. The Scheme's taxable income under the PIE entity structure from 1 October 2007 is attributed to the members.

g) Goods and Services Tax (GST)

The Scheme is not registered for GST. All items in the Statement of Changes in Net Assets and the Statement of Financial Position are stated inclusive of GST.

Notes to the Financial Statements

for the year ended 31 March 2020

h) Members' Accrued Benefits

The KiwiSaver Scheme issues multiple classes of units that are redeemable at the Member's option and do not have identical features and are therefore classified as financial liabilities. Units issued by the Scheme provide the Members with the right to require redemption for cash at the value proportionate to Members' share in the Scheme's net asset value, provided they meet the requirements of the KiwiSaver Act 2006.

i) Financial Instruments Measurement

Classification

i) Recognition and initial measurement

The Scheme initially recognises financial assets at fair value through profit or loss (FVTPL) on the trade date, which is the date on which the Scheme becomes a party of the contractual provisions of the equity. Other financial assets are recognised on the date on which they are originated.

ii) Classification and subsequent measurement

On initial recognition, the Scheme classifies financial assets as measured at amortised cost or FVTPL.

Financial Assets are not reclassified subsequent to their initial recognition unless the Manager changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI).

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL.

Subsequent to initial recognition, "financial assets at amortised cost" are measured at amortised cost using the effective interest method. Interest income and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Subsequent to initial recognition, "financial assets at FVTPL" are measured at fair value. Net gains and losses, including any dividend income, are recognised in profit or loss.

j) Cash

Cash comprises call deposits with banks and building societies. Cash is held for the purpose of meeting short term cash commitments rather than investments or other purposes.

k) Accounts Payable and Interest Receivables

Accounts payable and interest receivables include accrued expenses and accrued income, are carried at their amortised cost using the effective interest rate method. Their carrying value closely approximates their fair value.

l) Related parties

A party is related to the Scheme if:

- directly or indirectly through one or more of its intermediaries, it controls, is controlled by, or is under common control with, the Scheme; or
- it is a parent, subsidiary or fellow subsidiary of a party; or
- it has an interest in or relationship with the Scheme that gives it significant influence over the Scheme; or
- the Scheme has an interest in or relationship with the party that gives it significant influence over the party; or
- they are a member of the Manager's key management personnel.

m) Changes in Accounting Policies

The accounting policies adopted have been applied to all years presented.

Notes to the Financial Statements

for the year ended 31 March 2020

5. FINANCIAL INSTRUMENTS

The Scheme's investing activities expose them to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Scheme is exposed are credit risk, market price risk, liquidity risk, foreign exchange risk and interest rate risk. These risks are managed under the Scheme's Statement of Investment Policy and Objectives ("SIPO"), and are monitored by the Manager.

Asset allocation is determined by the Scheme's Manager who manages the assets to achieve the investment objectives. Divergence from target asset allocations and the composition of the portfolio is monitored by the Scheme's Manager.

The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the Scheme are discussed below.

a) Credit Risk

The Scheme is exposed to credit-related losses in the event that a counterparty fails to perform contractual obligations, either in whole or in part, under a contract. The financial instruments which potentially subject the Scheme to credit risk consist principally of cash, short term deposits, receivables and payables in terms of investment transactions, and unit trusts. Concentrations of credit risk are minimised by the parameters set out in the SIPO adopted by the Manager and approved by the Supervisor.

The Scheme's investments have a material exposure to the Southland Building Society, ANZ National Bank Limited, and Nelson Building Society. These are considered to be without significant risk.

The maximum exposure for the Scheme to credit risk is represented by 'Total Assets' set out in the Statement of Financial Position.

b) Market Price Risk

Market price risk is the risk that the value of the Scheme's investment portfolio will fluctuate as a result of changes in market prices. Each Portfolio aims to manage its risk by ensuring that all activities are transacted in accordance with their individual mandates, overall investment strategy and within approved limits. Market price risk analysis is conducted regularly on a total portfolio basis.

The Scheme is subject to market price risk through its International Equity, Australasian Equity, Infrastructure, Property and New Zealand and International Bond Investments, which are detailed in Note 11. The Manager has reviewed the adequacy of the price sensitivity analysis in the COVID-19 environment. For International Equity, Australasian Equity, Infrastructure and Property investments, variables of 10% and 20% were selected for market price risk as these are reasonably expected movements based on historic trends and current market conditions. For New Zealand and International Bond investments variables changed from 1% and 3% to 3% and 5% for market price risk as these are reasonably expected movements based on current market conditions.

The impact of movements in these variables on changes in net assets is noted in the table below.

MARKET PRICE RISK		2020		2019	
	Movement:	10%	20%	10%	20%
		\$	\$	\$	\$
International and Australasian Equities, Infrastructure & Property Investments:		16,166,528	32,333,057	16,456,597	32,913,193
	Movement:	3%	5%	3%	5%
		\$	\$	\$	\$
New Zealand & International Bonds:		3,013,067	5,021,778	2,609,697	4,349,494

In the prior year a variable of 1% was considered appropriate for New Zealand and International Bonds. A 1% movement in investments subject to market price risk, resulted in a change in net assets of \$869,899.

Notes to the Financial Statements

for the year ended 31 March 2020

c) Liquidity and Cash Flow Risk

Liquidity Risk is the risk that the Scheme will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments. Cash Flow Risk is the risk that the future cash flows derived from holding financial instruments will fluctuate. The risk management guidelines adopted are designed to minimise liquidity and cash flow risk through:

- > ensuring that there is no significant exposure to illiquid or thinly traded financial instruments; and
- > applying limits to ensure there is no concentration of liquidity risk to a particular counterparty or market.

Investments in unit trusts have no maturity dates and can be redeemed at any time. However, these assets are regarded as long-term investments in line with the Scheme's objectives. COVID-19 has created volatility in the markets and as a result there has been an increase in switching and withdrawal activity within the Scheme by Members. The Manager believes the Scheme has the appropriate level of liquidity to meet member requests and will continue to monitor the Scheme's underlying investments to ensure there is no illiquidity.

Payables have no contractual maturities but are typically settled within 30 days. Receivables outstanding at balance date are due to be settled within one year.

d) Foreign Exchange Risk

The investment activities of the Scheme expose it to currency risk, which is the possibility of losing money owing to changes in foreign currency exchange rates. The currency risk is managed in accordance with the Scheme's SIPO.

The Scheme is also exposed to currency risk indirectly by the investment in International Managed Funds.

Foreign currency exposure is accounted for by marking to market in a manner consistent with the valuation of the underlying securities. The specific exposure and the effect of a reasonable possible movement in the foreign currency rate against the New Zealand dollar is outlined as follows:

FOREIGN EXCHANGE RISK		Lifestages KiwiSaver Scheme	
As at 31 March 2020		AUD	NZD
International Managed Funds		73,630,605	76,017,561
As at 31 March 2019		AUD	NZD
International Managed Funds		70,847,171	73,791,453

The table below summarises the impact on the net income of the Scheme, had the exchange rates between the New Zealand dollar and the foreign currency increased or decreased by 5%, with all other variables held constant. The analysis is based on the Manager's best estimate of a possible shift in exchange rates with regard to historical volatility.

NZD vs AUD Net Income Effect	2020	2019
	\$	\$
5% Appreciation	(3,619,880)	(3,513,879)
5% Depreciation	4,000,919	3,883,761

Notes to the Financial Statements

for the year ended 31 March 2020

e) Interest Rate Risk

Interest Rate Risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risks associated with fixed interest, short term deposits and cash are regularly monitored as part of the reporting process. The interest rate risk disclosures have been prepared on the basis of the Scheme's direct investment and not on a look-through basis for investments held indirectly through unitised investments investing into interest bearing securities. Consequently, the disclosure of interest rate risk in the following note may not represent the true interest rate risk profile of the Scheme where the Scheme has investments in unit trusts which also have exposure to the interest rate markets.

A variable 100 basis points was selected for interest rate risk as this is a reasonably possible movement based on historic trends. A change of interest rates of 100 basis points would result in the change to net income as noted below:

INTEREST RATE RISK	2020	2019
Movement:	100bp	100bp
	\$	\$
The Scheme	1,062,983	956,811

f) Fair value

The Scheme classifies financial assets measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- > Level 1 quoted prices (unadjusted in active markets) for identical assets
- > Level 2 inputs other than quoted prices included within Level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- > Level 3 inputs for the assets that are not based on observable market data (unobservable inputs).

The Financial Instruments of the Scheme designated at fair value through profit or loss are classified as being Level 2, as they are measured using directly observable prices at the balance date. There have been no changes to the fair value hierarchy classification of investments resulting from COVID-19 as observable prices are available for all financial instruments.

g) Capital Management

The Net Assets Attributable to Members represent what the Scheme manages as capital (as redeemable units with no par value), notwithstanding Net Assets Attributable to Members is classified as a liability.

The amount of Net Assets Attributable to Members can change significantly on a weekly basis as the Scheme is subject to weekly contributions and withdrawals which are at the discretion of Members. The expected cash outflow on redemption of units may differ significantly from previous periods. The Scheme's policy in managing their obligation to meet redemption requests is to hold sufficient liquidity to cover reasonably anticipated redemptions. The Scheme's objectives when managing capital is to invest Members' funds in accordance with the Scheme's SIPO.

Notes to the Financial Statements

for the year ended 31 March 2020

6. RELATED PARTIES

a) Manager and Supervisor

Management Fees and operating costs in accordance with the Trust Deed have been paid by the Scheme to the Manager. Funds Administration New Zealand Limited, as the Manager of the Scheme, is entitled to be paid out of the Scheme a fee equal to 0.75% p.a. of the Gross Asset Value of the Lifestages Capital Stable Portfolio, 0.90% p.a. of the Gross Asset Value of the Lifestages Growth Portfolio (up to 20th March 2019), 0.55% p.a. of the Gross Asset Value of the Lifestages Income Fund and 0.80% p.a. of the Gross Asset Value of the Lifestages High Growth Fund calculated daily and paid monthly.

Trustees Executors Limited, the Supervisor of the Scheme, also undertakes Custodial services for the Scheme. Trustees Executors Limited is entitled to fees from each of the Capital Stable Portfolio, the Lifestages Growth Portfolio (up to 20th March 2019), the Lifestages Income Fund and the Lifestages High Growth Fund ("the Fund") as follows:

- > Supervisor Fees
 - >> 0.06% per annum on the fund's Gross Asset Value less than \$100 million
 - >> 0.05% per annum on the fund's Gross Asset Value over \$100 million
- > Custody Fees
 - >> 0.03% per annum on the fund's Gross Asset Value

In addition, an administration fee of \$2 per member, per month, was charged directly to each member's account. This administration fee is paid to Trustees Executors Limited for the day-to-day administration of member accounts and maintaining the member registry for the Scheme.

Lifestages KiwiSaver Scheme		
	2020	2019
	\$	\$

Fees paid and payable to related parties for the year ended 31 March were as follows:

Funds Administration New Zealand Limited

Management fee expense	2,761,003	2,396,955
Management fee payable	234,538	179,364

Trustees Executors Limited:

Supervisor fee expense	200,789	172,417
Supervisor fee payable	17,037	13,796
Custody fee expense	115,135	97,401
Custody fee payable	9,293	7,525
Administration Fees	415,122	407,502

The Directors of the Manager, and their immediate family members held a 0.22% (2019 0.22%) interest in the Scheme.

Notes to the Financial Statements

for the year ended 31 March 2020

b) Investments by the Scheme in related parties

During the year various investments were bought or sold by the Scheme where the counterparty was another Fund also managed by the Manager. All such transactions were carried out in the ordinary course of the Scheme's activities and were transacted at the unit price applicable on the transaction date. No brokerage fees were charged.

Lifestages KiwiSaver Scheme		
	2020	2019
	\$	\$
Sales of Lifestages Investment Funds products to the Scheme	5,400,000	2,000,000

The Scheme holds units in the following Funds Administration New Zealand Limited investment products:

Lifestages KiwiSaver Scheme		
	2020	2019
Lifestages World Equity Portfolio		
Units	7,313,539	8,600,649
Market Value	\$ 16,836,578	\$ 20,849,694
Lifestages Australasian Equity Portfolio		
Units	4,915,487	5,629,639
Market Value	\$ 11,071,834	\$ 14,361,982
Lifestages World Bond Portfolio		
Units	14,211,138	14,211,138
Market Value	\$ 20,778,347	\$ 20,613,639
The Scheme holds deposits in Southland Building Society	\$ 75,000,000	\$ 71,500,000

Southland Building Society is the parent of the Manager, Funds Administration New Zealand Limited. Investments held at balance date managed by Funds Administration New Zealand Limited are disclosed above. All transactions were carried out in the ordinary course of the Scheme's activities.

Notes to the Financial Statements

for the year ended 31 March 2020

7. TRADE AND OTHER RECEIVABLES

Lifestages KiwiSaver Scheme		
	2020	2019
	\$	\$
Accrued money market interest	947,769	1,454,824
Management fee rebates receivable	32,692	18,452
Members' contributions Receivable	317,879	-
Total Trade and other Receivables	1,298,340	1,473,276

8. ACCOUNTS PAYABLE

Lifestages KiwiSaver Scheme		
	2020	2019
	\$	\$
Management fees	234,538	179,364
Audit fees	23,605	28,074
Other	714,348	572,831
Members' withdrawals Payable	-	223,768
Total Accounts Payable	972,491	1,004,037

9. PIE TAX ATTRIBUTABLE TO MEMBERS

Members' PIE tax payments and refunds are settled with Inland Revenue via the cancellation or issue of units in the Scheme.

Lifestages KiwiSaver Scheme		
	2020	2019
	\$	\$
PIE tax payable on behalf of members at balance date	(2,215,497)	(1,649,392)
PIE tax paid on behalf of members during the year	(112,545)	(135,426)
PIE Tax Attributable to Members for the Year	(2,328,042)	(1,784,818)

Notes to the Financial Statements

for the year ended 31 March 2020

10. NET CHANGE IN FAIR VALUE OF INVESTMENTS

Lifestages KiwiSaver Scheme		
	2020	2019
	\$	\$
<i>Designated at fair value through profit or loss</i>		
Net change in fair value of financial assets		
New Zealand Fixed Interest PIE funds	358,501	563,585
New Zealand Property PIE funds	(922,332)	384,778
New Zealand Equity PIE funds	(2,143,528)	1,806,983
International Fixed Interest PIE funds	164,707	519,460
International Equity PIE funds	(1,903,265)	5,155,601
International Managed Funds	(11,386,127)	4,905,644
Total Net Change in Fair Value of Investments	(15,832,044)	13,336,051

11. FINANCIAL ASSETS

Lifestages KiwiSaver Scheme		
	2020	2019
	\$	\$
Financial Assets at Amortised Cost		
Term Deposits	89,500,000	87,000,000
Financial Assets Designated at Fair Value Through Profit or Loss		
New Zealand Fixed Interest PIE funds	23,426,198	19,773,091
New Zealand Property PIE funds	3,802,033	3,990,787
New Zealand Equity PIE funds	19,283,585	18,981,915
International Fixed Interest PIE funds	20,778,347	20,613,639
International Equity PIE funds	27,908,412	35,211,677
International Managed Funds	166,902,261	152,984,751
Total Financial Assets	351,600,836	338,555,860

The Scheme holds a 50.7% (2019: 49.4%) interest in the Lifestages World Equity Portfolio and 41.9% (2019: 38.5%) in the Lifestages World Bond Portfolio and 50.6% (2019: 48.8%) interest in the Lifestages Australasian Equity Portfolio.

Determining whether the Scheme controls or has a significant influence over these investments primarily focuses on the Scheme's power over the investment decisions that affect relevant returns. In accordance with the Trust Deed, it is the Manager's responsibility to direct the ongoing day to day investment decisions. More than 75% of the interest in value of the investment is required in order to affect and change the investment decisions and investment policy used by the Manager and approved by the Supervisor. The Scheme holdings are below the prescribed threshold, hence the Scheme has concluded that it does not have the power over the relevant activities nor to participate in the financial and operating policy decisions. Therefore the Scheme has not consolidated or equity accounted for these investments.

Notes to the Financial Statements

for the year ended 31 March 2020

The following table represents the securities exceeding 5% of the net assets available for benefit at balance date:

Lifestages KiwiSaver Scheme		
\$ As at 31 March	2020	% of net asset value
List of Securities		
Harbour NZ Equity Advanced Beta Fund	19,283,584	5.26%
Lifestages World Bond Fund	20,778,347	5.67%
Harbour NZ Core Fixed Interest Fund	23,426,199	6.39%
Vanguard International Share Select Exclusions Fund (Hedge) NZD	34,653,692	9.46%
iShares Wholesale Screened International Equity Index Fund	35,631,540	9.72%
iShares Global Aggregate Bond UCITS ETF NZD Hedged	39,540,945	10.79%

The following table presents the securities exceeding 5% of security type:

Lifestages KiwiSaver Scheme		
\$ As at 31 March	2020	% of security type
Trading securities exceeding 5% of security type		
Term Deposits		
Southland Building Society Term Deposit 22/06/2020	5,000,000	5.59%
Southland Building Society Term Deposit 13/07/2020	5,000,000	5.59%
Southland Building Society Term Deposit 23/11/2020	5,000,000	5.59%
Southland Building Society Term Deposit 21/12/2020	5,000,000	5.59%
Southland Building Society Term Deposit 22/2/2021	5,000,000	5.59%
Southland Building Society Term Deposit 20/04/2020	6,000,000	6.70%
Southland Building Society Term Deposit 18/05/2020	6,000,000	6.70%
Southland Building Society Term Deposit 03/11/2020	6,000,000	6.70%
Southland Building Society Term Deposit 19/10/2020	7,000,000	7.82%
International Equity PIE funds		
Lifestages Australasian Equity Fund	11,071,834	39.67%
Lifestages World Equity Fund	16,836,578	60.33%
International Fixed Interest PIE funds		
Lifestages World Bond Fund	20,778,347	100.00%
International Managed Funds		
iShares Wholesale Australian Equity Index Fund	8,711,064	5.22%
iShares Emerging Markets IMI Equity Index Fund	11,227,788	6.73%
Dimensional Year Diversified Fixed Interest Trust NZD	16,690,063	10.00%
Vanguard International Share Select Exclusions Fund (Hedge) NZD	34,653,692	20.76%
iShares Wholesale Screened International Equities Index Fund	35,631,540	21.35%
iShares Global Aggregate Bond UCITS ETF NZD Hedged	39,540,945	23.69%
New Zealand Equity PIE funds		
Harbour NZ Equity Advanced Beta Fund	19,283,584	100.00%
New Zealand Property PIE funds		
AMP Capital Australasian Property Fund	3,802,033	100.00%
New Zealand Fixed Interest PIE funds		
Harbour NZ Core Fixed Interest Fund	23,426,199	100.00%

Notes to the Financial Statements

for the year ended 31 March 2020

12. RECONCILIATION OF BENEFITS ACCRUED AS A RESULT OF OPERATIONS TO NET OPERATING CASHFLOW

Lifestages KiwiSaver Scheme		
	2020	2019
	\$	\$
Net Change in Benefits Accrued	20,452,702	42,471,184
Increase in Accounts Receivable	492,815	(893,183)
Increase in Accounts Payable	192,222	140,086
Increase in cost of Investment Assets	(28,877,020)	(29,365,325)
Net Movement In Members Contributions & Withdrawals	(31,015,643)	(26,280,011)
Adjustment for Non Cash Items:		
Change in Fair Value of Financial Instruments	15,832,044	(13,336,051)
Less items classified as Financing Activities		
Movements in Payables Attributable to Financing Activities	24,458	653,307
Net Cash Outflows used in Operating Activities	(22,898,422)	(26,609,993)

13. MEMBERS' FUNDS

Members are entitled to one vote per unit at a meeting of the Scheme, and rank equally with regard to each Fund's assets.

Lifestages Capital Stable Portfolio		
	2020	2019
	Number of Units	Number of Units
Units on Issue at the Start of the Year	44,981,023	45,934,238
Issue of Units for the Year	3,329,837	3,635,407
Redemption of Units for the Year	(4,381,080)	(4,588,622)
Units on Issue at the End of the Year	43,929,780	44,981,023

Lifestages Growth Portfolio		
	2020	2019
	Number of Units	Number of Units
Units on Issue at the Start of the Year	-	26,752,383
Issue of Units for the Year	-	(24,651,459)
Redemption of Units for the Year	-	(2,100,924)
Units on Issue at the End of the Year	-	-

Notes to the Financial Statements

for the year ended 31 March 2020

Lifestages Income Fund		
	2020	2019
	Number of Units	Number of Units
Units on Issue at the Start of the Year	72,001,839	61,768,344
Issue of Units for the Year	21,971,623	18,390,847
Redemption of Units for the Year	(8,973,831)	(8,157,352)
Units on Issue at the End of the Year	84,999,631	72,001,839

Lifestages High Growth Fund		
	2020	2019
	Number of Units	Number of Units
Units on Issue at the Start of the Year	101,294,058	52,346,176
Issue of Units for the Year	22,603,927	55,137,886
Redemption of Units for the Year	(8,918,872)	(6,190,004)
Units on Issue at the End of the Year	114,979,113	101,294,058

14. COMMITMENTS AND CONTINGENT LIABILITIES

Other than as disclosed in the Financial Statements or Notes, the Funds have no contingent liabilities or future commitments as at 31 March 2020 (31 March 2019: Nil).

15. AUDITORS' REMUNERATION

The audit fees stated in the Statement of Changes in Net Assets were paid, or are payable, to the auditor of the Funds.

16. SUBSEQUENT EVENTS

If COVID-19 continues for a prolonged period there may be a continued effect on the financial markets which may, in turn, influence net investment income.

Unit prices for the Funds are as follows:

Fund	Unit price	
	31 March 2020	9 July 2020
	\$	\$
Lifestages Capital Stable Portfolio	2.991170	3.115123
Lifestages Income Fund	1.134957	1.155852
Lifestages High Growth Fund	1.205758	1.376764

No other material events occurred subsequent to reporting date, that require recognition of, or additional disclosure in these Financial Statements.



Independent Auditor's Report

To the members of Lifestages KiwiSaver Scheme

Report on the audit of the financial statements

Opinion

In our opinion, the accompanying financial statements of Lifestages KiwiSaver Scheme (the 'scheme') on pages 3 to 18:

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

We have audited the accompanying financial statements which comprise:

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



Basis for opinion

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

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

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

Other than in our capacity as auditor we have no relationship with, or interests in, the scheme.



Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole. The materiality for the financial statements as a whole was set at 1.1% of net assets of the scheme. We chose the benchmark because, in our view, this is a key measure of the scheme's performance and the main objective of the scheme is to obtain capital growth taking into account both capital and income returns.



Key audit matters

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

Covid-19

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

The key audit matter

How the matter was addressed in our audit

Existence and valuation of investments

Investments are the scheme's main assets, and existence and valuation at fair value of those investments is the most important aspect of preparing the financial statements.

We do not consider the scheme's investments to be at high risk of significant misstatement, or be subject to a significant level of judgement, because they comprise cash deposits and fund-to-fund investments held by one custodian.

However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.

Our audit procedures included:

- documenting and understanding the processes in place to record investment transactions and to value the investments. This included evaluating the control environment in place at the third-party service providers by obtaining and reading the service organisation reports issued by an independent auditor;
- agreeing investment holdings to the confirmation received from the custodian;
- agreeing the valuation of fund-to-fund investments to independent third-party pricing sources; and
- checking the accuracy of fair value hierarchy disclosure in the financial statements.

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



Use of this independent auditor's report

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



Responsibilities of the Manager for the financial statements

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

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



Auditor's responsibilities for the audit of the financial statements

Our objective is:

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is David Gates

For and on behalf of



KPMG
Wellington

17 July 2020