



The Lifestages Portfolios are brought to you by  
Funds Administration New Zealand Limited (FANZ)



Lifestages Portfolios  
*Annual Report 2015*





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# Welcome

Welcome to the Lifestages Portfolio Annual Report 2015. You'll find here the statutory accounts for each of our investment funds, giving you a performance overview for the year ending 31 March, 2015.

Looking back at those 12 months, I see a parallel with the wine industry – several good vintages in a row. As with the previous couple of years, the Lifestages Portfolios have performed strongly overall, with pre-tax returns for the year ranging from 5.29% to 16.78%.

These are very pleasing results, but it would be wrong to think they have emerged from an even-tempered, straightforward investment environment. For in reality the year has been a varied, at times wild, ride.

On the plus side, we saw strong growth in the US and even Europe, which helped lift company share prices and dividends. On the other side of the coin, growth in China continued to slow and commodity prices dipped. Geo-political issues in the Middle East, Ukraine and Greece were also a concern, and contributed to falls across many markets during September and October 2014.

Then in November a resurgence in confidence made it seem as though those setbacks never happened. In that month the FTSE 100 reached a 15 year high.

At home the picture has been similarly mixed. Strong employment figures and steady growth have been offset by falling milk prices and a surging property market (especially in Auckland).

Amid such conflicting currents, our disciplined approach to investment, with its emphasis on diversification, has been proving itself.

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## LIFESTAGES PORTFOLIOS: PERFORMANCE TO 31 MARCH 2015

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PER ANNUM <i>(before tax and after fees):</i>	1 YEAR	2 YEARS	3 YEARS
CORPORATE BOND PORTFOLIO	6.87%	4.22%	4.97%
INCOME PORTFOLIO	8.13%	3.26%	4.00%
WORLD EQUITY PORTFOLIO	16.78%	14.76%	12.39%
AUSTRALASIAN EQUITY PORTFOLIO	5.29%	9.81%	13.03%
WORLD BOND PORTFOLIO	10.26%	6.55%	7.16%

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I thank you for your continued support over these past 12 months, and look forward to strengthening our relationship over the years ahead.

GRAHAM DUSTON

*Funds Administration New Zealand,  
Manager of the Lifestages Master Unit Trust Deed  
and the Lifestages KiwiSaver Scheme*

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Statement of Comprehensive Income *for the year ended 31 March 2015*

	Notes	Corporate Bond Portfolio		Income Portfolio	
		2015 <i>12 Months</i> \$	2014 <i>12 Months</i> \$	2015 <i>12 Months</i> \$	2014 <i>12 Months</i> \$
<b>INCOME</b>					
Interest Income		31,338	34,876	30,025	37,378
Dividend Income		803,303	904,869	532,800	420,751
Net Change in Fair Value of Financial Assets	12	714,050	(433,284)	951,585	(498,981)
Other		78,249	78,738	34,732	31,323
<b>NET INVESTMENT INCOME</b>		<b>1,626,940</b>	<b>585,199</b>	<b>1,549,142</b>	<b>(9,529)</b>
<b>EXPENSES</b>					
Trustee Fees		13,723	15,947	11,118	11,240
Management Fees		181,198	192,139	112,248	97,693
Management Performance Fees		13,319	–	–	–
Administration Costs		20,484	8,937	87,555	75,715
Audit Fees	15	6,769	6,769	6,769	6,769
<b>OPERATING EXPENSES</b>		<b>235,493</b>	<b>223,792</b>	<b>217,690</b>	<b>191,417</b>
<b>NET INCOME/(LOSS) BEFORE FINANCE COSTS</b>		<b>1,391,447</b>	<b>361,407</b>	<b>1,331,452</b>	<b>(200,946)</b>
Distribution on Units Classified as Liabilities		–	–	–	–
<b>TOTAL FINANCE COSTS</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>NET INCOME/(LOSS)</b>		<b>1,391,447</b>	<b>361,407</b>	<b>1,331,452</b>	<b>(200,946)</b>
<b>INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<b>1,391,447</b>	<b>361,407</b>	<b>1,331,452</b>	<b>(200,946)</b>

*The Statement of Accounting Policies and Notes to the Financial Statements form an integral part of these Financial Statements*

World Equity Portfolio		Australasian Equity Portfolio		Deposit Portfolio		World Bond Portfolio	
2015	2014	2015	2014	2015	2014	2015	2014
<i>12 Months</i>	<i>12 Months</i>	<i>12 Months</i>	<i>12 Months</i>	<i>12 Months</i>	<i>12 Months</i>	<i>12 Months</i>	<i>12 Months</i>
\$	\$	\$	\$	\$	\$	\$	\$
92,333	57,442	49,661	23,476	3,123,498	3,000,873	68,650	54,170
1,558,236	811,918	233,734	148,695	-	-	516,568	276,261
5,382,963	3,349,043	1,561,258	3,282,281	-	-	2,608,457	608,739
-	37,855	-	13,702	-	-	13,657	14,680
<b>7,033,532</b>	<b>4,256,258</b>	<b>1,844,653</b>	<b>3,468,154</b>	<b>3,123,498</b>	<b>3,000,873</b>	<b>3,207,332</b>	<b>953,850</b>
26,511	21,347	16,739	14,227	-	-	18,151	15,751
498,566	387,488	317,995	262,533	-	-	236,862	180,971
231,809	312,856	-	240,420	-	-	168,844	-
128,874	102,668	142,894	96,969	-	-	87,888	72,104
6,769	6,769	6,769	6,769	-	-	6,769	6,769
<b>892,529</b>	<b>831,128</b>	<b>484,397</b>	<b>620,918</b>	<b>-</b>	<b>-</b>	<b>518,514</b>	<b>275,595</b>
<b>6,141,003</b>	<b>3,425,130</b>	<b>1,360,256</b>	<b>2,847,236</b>	<b>3,123,498</b>	<b>3,000,873</b>	<b>2,688,818</b>	<b>678,255</b>
-	-	-	-	2,013,109	3,233,619	-	-
-	-	-	-	<b>2,013,109</b>	<b>3,233,619</b>	-	-
<b>6,141,003</b>	<b>3,425,130</b>	<b>1,360,256</b>	<b>2,847,236</b>	<b>1,110,389</b>	<b>(232,746)</b>	<b>2,688,818</b>	<b>678,255</b>
<b>6,141,003</b>	<b>3,425,130</b>	<b>1,360,256</b>	<b>2,847,236</b>	<b>1,110,389</b>	<b>(232,746)</b>	<b>2,688,818</b>	<b>678,255</b>

# Statement of Changes in Net Assets Attributable to Unit Holders

for the year ended 31 March 2015

	Notes	Corporate Bond Portfolio		Income Portfolio	
		2015 <i>12 Months</i> \$	2014 <i>12 Months</i> \$	2015 <i>12 Months</i> \$	2014 <i>12 Months</i> \$
<b>BALANCE AT THE START OF THE YEAR</b>		<b>21,382,187</b>	<b>23,032,805</b>	<b>16,731,672</b>	<b>15,620,653</b>
Increase/ (Decrease) in Net Assets Attributable to Unit Holders		1,391,447	361,407	1,331,452	(200,946)
Contributions from Unit Holders		3,190,072	2,743,546	2,442,862	4,292,965
Withdrawals by Unit Holders		(4,486,244)	(4,565,442)	(2,680,557)	(2,945,418)
PIE Tax attributed to Unit Holders	10	(141,301)	(190,129)	(89,622)	(35,582)
<b>BALANCE AT THE END OF THE YEAR</b>		<b>21,336,161</b>	<b>21,382,187</b>	<b>17,735,807</b>	<b>16,731,672</b>

	2015	2014	2015	2014
	<i>Number of Units</i>	<i>Number of Units</i>	<i>Number of Units</i>	<i>Number of Units</i>
<b>UNITS ON ISSUE AT THE START OF THE YEAR</b>	<b>19,478,937</b>	<b>21,325,679</b>	<b>10,694,738</b>	<b>9,846,550</b>
Issue of Units for the Year	2,796,364	2,527,832	1,504,567	2,761,903
Redemptions for the Year	(4,088,570)	(4,374,574)	(1,715,082)	(1,913,715)
Distributions	–	–	–	–
<b>UNITS ON ISSUE AT THE END OF THE YEAR</b>	<b>18,186,731</b>	<b>19,478,937</b>	<b>10,484,223</b>	<b>10,694,738</b>

*The Statement of Accounting Policies and Notes to the Financial Statements form an integral part of these Financial Statements*

World Equity Portfolio		Australasian Equity Portfolio		Deposit Portfolio		World Bond Portfolio	
2015 <i>12 Months</i>	2014 <i>12 Months</i>	2015 <i>12 Months</i>	2014 <i>12 Months</i>	2015 <i>12 Months</i>	2014 <i>12 Months</i>	2015 <i>12 Months</i>	2014 <i>12 Months</i>
\$	\$	\$	\$	\$	\$	\$	\$
<b>33,667,787</b>	<b>25,887,304</b>	<b>23,483,830</b>	<b>19,061,923</b>	<b>71,252,957</b>	<b>75,277,632</b>	<b>23,679,625</b>	<b>17,611,750</b>
6,141,003	3,425,130	1,360,256	2,847,236	1,110,389	(232,746)	2,688,818	678,255
7,801,086	6,931,336	4,598,096	4,035,790	70,393,137	73,441,256	7,140,412	6,618,697
(1,091,232)	(2,569,648)	(1,241,465)	(2,463,950)	(60,935,218)	(76,772,513)	(922,604)	(1,220,044)
(4,803)	(6,335)	1,011	2,831	(345,721)	(460,672)	(5,491)	(9,033)
<b>46,513,841</b>	<b>33,667,787</b>	<b>28,201,728</b>	<b>23,483,830</b>	<b>81,475,544</b>	<b>71,252,957</b>	<b>32,580,760</b>	<b>23,679,625</b>

2015	2014	2015	2014	2015	2014	2015	2014
<i>Number of Units</i>	<i>Number of Units</i>	<i>Number of Units</i>	<i>Number of Units</i>	<i>Number of Units</i>	<i>Number of Units</i>	<i>Number of Units</i>	<i>Number of Units</i>
<b>21,269,310</b>	<b>18,443,521</b>	<b>13,373,177</b>	<b>12,432,740</b>	<b>70,708,218</b>	<b>74,473,968</b>	<b>19,922,599</b>	<b>15,255,820</b>
4,547,883	4,511,823	2,587,711	2,496,231	69,991,747	72,311,515	5,684,687	5,727,382
(654,107)	(1,686,034)	(707,802)	(1,555,794)	(62,881,834)	(79,310,884)	(747,088)	(1,060,603)
-	-	-	-	2,013,109	3,233,619	-	-
<b>25,163,086</b>	<b>21,269,310</b>	<b>15,253,086</b>	<b>13,373,177</b>	<b>79,831,240</b>	<b>70,708,218</b>	<b>24,860,198</b>	<b>19,922,599</b>

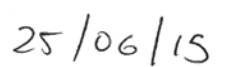
Statement of Financial Position *for the year ended 31 March 2015*

	Notes	Corporate Bond Portfolio		Income Portfolio	
		2015 <i>12 Months</i> \$	2014 <i>12 Months</i> \$	2015 <i>12 Months</i> \$	2014 <i>12 Months</i> \$
<b>ASSETS</b>					
Cash		1,308,215	933,351	920,822	1,336,280
Financial Assets held to Maturity		–	–	–	–
Financial Assets held at Fair Value through profit or loss	13	20,206,059	20,520,234	16,939,755	15,420,639
Trade and Other Receivables	8	–	–	–	–
Unit Holder Attributed PIE Tax Receivable	10	–	–	–	7,265
<b>TOTAL ASSETS</b>		<b>21,514,274</b>	<b>21,453,585</b>	<b>17,860,577</b>	<b>16,764,184</b>
<b>LESS LIABILITIES</b>					
Accounts Payable	9	49,012	35,494	36,296	32,512
Unit Holder Attributed PIE Tax Payable	10	129,101	35,904	88,474	–
<b>TOTAL LIABILITIES</b> (excluding Net Assets attributable to Unit Holders)		<b>178,113</b>	<b>71,398</b>	<b>124,770</b>	<b>32,512</b>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<b>21,336,161</b>	<b>21,382,187</b>	<b>17,735,807</b>	<b>16,731,672</b>

*The Statement of Accounting Policies and Notes to the Financial Statements form an integral part of these Financial Statements*



World Equity Portfolio		Australasian Equity Portfolio		Deposit Portfolio		World Bond Portfolio	
2015 <i>12 Months</i>	2014 <i>12 Months</i>	2015 <i>12 Months</i>	2014 <i>12 Months</i>	2015 <i>12 Months</i>	2014 <i>12 Months</i>	2015 <i>12 Months</i>	2014 <i>12 Months</i>
\$	\$	\$	\$	\$	\$	\$	\$
2,635,377	1,705,328	1,470,638	1,380,474	12,169,975	13,064,708	2,202,211	1,613,336
-	-	-	-	67,858,806	57,799,777	-	-
44,140,927	32,034,151	26,805,298	22,281,362	-	-	30,498,571	22,109,889
-	-	-	-	1,620,521	524,011	-	-
-	-	1,020	943	-	-	-	-
<b>46,776,304</b>	<b>33,739,479</b>	<b>28,276,956</b>	<b>23,662,779</b>	<b>81,649,302</b>	<b>71,388,496</b>	<b>32,700,782</b>	<b>23,723,225</b>
257,771	68,823	75,228	178,949	10,353	10,439	114,582	42,467
4,692	2,869	-	-	163,405	125,100	5,440	1,133
<b>262,463</b>	<b>71,692</b>	<b>75,228</b>	<b>178,949</b>	<b>173,758</b>	<b>135,539</b>	<b>120,022</b>	<b>43,600</b>
<b>46,513,841</b>	<b>33,667,787</b>	<b>28,201,728</b>	<b>23,483,830</b>	<b>81,475,544</b>	<b>71,252,957</b>	<b>32,580,760</b>	<b>23,679,625</b>

 Director
  Director
  Date

Statement of Cash Flows *for the year ended 31 March 2015*

	Notes	Corporate Bond Portfolio		Income Portfolio	
		2015 <i>12 Months</i> \$	2014 <i>12 Months</i> \$	2015 <i>12 Months</i> \$	2014 <i>12 Months</i> \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Interest Income		31,338	35,153	30,025	37,570
Dividend Income		803,303	904,869	532,800	420,751
Other Income		78,249	78,738	34,732	31,323
Proceeds from Sale of Investment Assets		21,717,613	1,600,000	-	200,000
Purchase of Investment Assets		(20,689,388)	(983,607)	(567,532)	(1,452,075)
Operating Expenses Paid		(221,975)	(229,721)	(213,905)	(186,911)
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>	11	<b>1,719,140</b>	<b>1,405,432</b>	<b>(183,880)</b>	<b>(949,342)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from contributions by Unit Holders		3,190,072	2,743,546	2,442,862	4,292,965
Payments for withdrawals by Unit Holders		(4,534,348)	(4,722,354)	(2,674,440)	(2,988,555)
Distributions paid to Unit Holders		-	-	-	-
<b>NET CASH (USED IN)/FROM FINANCING ACTIVITIES</b>		<b>(1,344,276)</b>	<b>(1,978,808)</b>	<b>(231,578)</b>	<b>1,304,410</b>
<b>NET (DECREASE) / INCREASE IN CASH</b>		<b>374,864</b>	<b>(573,376)</b>	<b>(415,458)</b>	<b>355,068</b>
Cash at the Beginning of the Financial Year		933,351	1,506,727	1,336,280	981,212
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>		<b>1,308,215</b>	<b>933,351</b>	<b>920,822</b>	<b>1,336,280</b>

*The Statement of Accounting Policies and Notes to the Financial Statements form an integral part of these Financial Statements*

World Equity Portfolio		Australasian Equity Portfolio		Deposit Portfolio		World Bond Portfolio	
2015	2014	2015	2014	2015	2014	2015	2014
12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months
\$	\$	\$	\$	\$	\$	\$	\$
92,333	57,902	49,661	23,746	2,026,902	3,129,865	68,650	54,481
1,558,236	811,918	233,734	148,695	-	-	516,568	276,261
-	37,855	-	13,702	-	-	13,657	14,680
5,026	15,312,205	14,504,392	7,408,822	58,459,067	67,362,021	-	10,000,000
(6,728,840)	(20,336,909)	(17,467,070)	(8,558,891)	(68,518,096)	(69,122,353)	(5,780,224)	(15,440,942)
(703,580)	(924,013)	(588,118)	(611,100)	-	-	(446,399)	(269,672)
<b>(5,776,825)</b>	<b>(5,041,042)</b>	<b>(3,267,401)</b>	<b>(1,575,026)</b>	<b>(8,032,127)</b>	<b>1,369,533</b>	<b>(5,627,748)</b>	<b>(5,365,192)</b>
7,801,086	6,931,336	4,598,096	4,035,790	70,393,137	73,441,256	7,140,412	6,618,697
(1,094,212)	(2,573,217)	(1,240,531)	(2,461,981)	(61,242,634)	(77,108,085)	(923,789)	(1,227,944)
-	-	-	-	(2,013,109)	(3,233,619)	-	-
<b>6,706,874</b>	<b>4,358,119</b>	<b>3,357,565</b>	<b>1,573,809</b>	<b>7,137,394</b>	<b>(6,900,448)</b>	<b>6,216,623</b>	<b>5,390,753</b>
<b>930,049</b>	<b>(682,923)</b>	<b>90,164</b>	<b>(1,217)</b>	<b>(894,733)</b>	<b>(5,530,915)</b>	<b>588,875</b>	<b>25,561</b>
1,705,328	2,388,251	1,380,474	1,381,691	13,064,708	18,595,623	1,613,336	1,587,775
<b>2,635,377</b>	<b>1,705,328</b>	<b>1,470,638</b>	<b>1,380,474</b>	<b>12,169,975</b>	<b>13,064,708</b>	<b>2,202,211</b>	<b>1,613,336</b>

# Notes to the financial statements *for the year ended 31 March 2015*

## 1. REPORTING ENTITIES

The Lifestages Portfolio (the “Funds”) are the reporting entities comprising the following individual portfolios:

- > Lifestages Corporate Bond Portfolio [formerly Mortgage Distributing Portfolio] (established 24 June 2002)
- > Lifestages Income Portfolio (established 1 July 2003)
- > Lifestages World Equity Portfolio (established 1 July 2003)
- > Lifestages Australasian Equity Portfolio (established 1 October 2004)
- > Lifestages Deposit Portfolio (established 1 March 2009)
- > Lifestages World Bond Portfolio (established 1 March 2011)

The Funds are a range of Unit Trusts established under the Unit Trusts Act 1960. The Funds are regulated by the Financial Markets Authority (FMA) and therefore are governed by the Financial Markets Conduct Act 2013 from 1 April 2014.

On 1 October 2007, the Funds were registered as Portfolio Investment Entities under the Income Tax Act 2007 except for the Deposit Portfolio which was registered on 1 March 2009 and the World Bond Portfolio which was registered on 1 March 2011.

The purpose of the Funds is to provide access for retail and wholesale investors to specific investment markets and products. The Funds each have their own objectives as set out in the Investment

Statement. The Manager sets the investment policy and investment guidelines for each Fund and obtains the Trustee’s approval to any material change to the guidelines.

### Separate Funds

The Trust Deed provides that each Fund is a separate and distinct Fund with its separate property and liabilities governed by the terms and conditions of the Trust Deed. All investments made with the funds of a Fund shall be held exclusively for the benefit of the Unit Holders of that Fund and no Unit Holder in one Fund shall have any claim on any other Fund.

All Fund applications are subject to the discretion of the Manager as to acceptance or not.

Subject to compliance with the Financial Markets Conduct Act 2013, the Manager may at any time specify a minimum initial contribution amount and a minimum additional contribution amount.

The Manager may increase or reduce those amounts from time to time. Whenever a contribution is made, the investor directs the Manager into which investment portfolio the contribution is to be invested.

These Financial Statements were authorised for issue by the Directors on 25 June 2015.

## 2. MANAGER AND TRUSTEE

The Manager of the Funds is Funds Administration New Zealand Limited, a subsidiary of Southland Building Society.

The Manager is entitled to be paid out of the Funds a fee equal to 1.25% p.a. for the Lifestages Australasian Equity and World Equity Portfolios, 0.85% p.a. for the Lifestages Corporate Bond and World

Bond Portfolios and 0.65% p.a. for the Lifestages Income Portfolio, calculated weekly on the Gross Asset Value of the Funds.

The Trustee is Trustees Executors Limited (the Trustee).

The Trustee is entitled to be paid out of the Scheme a fee up to 0.06% p.a. calculated weekly on the Gross Asset Value of the Funds.

## 3. ACCOUNTING PERIOD.

The Financial Statements cover the result of operations for the 12 months to 31 March 2015.

## 4. BASIS OF PREPARATION

### a) Statement of Compliance

The Financial Statements have been prepared in compliance with the Trust Deed, the Financial Reporting Act 2013, other relevant legislative requirements 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).

From 1 April 2014, the new Financial Reporting Act 2013 (“FRA 2013”) has come into force replacing the Financial Reporting Act 1993, this is effective for all for-profit entities with reporting periods

beginning on or after 1 April 2014. The change in legislation will have no material impact on the Funds obligation to prepare general purpose financial statements.

### b) Functional and Presentation Currency

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

### c) Use of Estimates and Judgements

The preparation of these Financial Statements in conformity with NZ IFRS requires management to make judgements, estimates and

#### 4. BASIS OF PREPARATION (continued)

assumptions that effect 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.

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.

Management has concluded that judgements made in the application of New Zealand Accounting Standards did not have a significant effect on the financial report.

#### d) Changes in Accounting Policy

There has been no change in accounting policies during the 12 months to 31 March 2015.

#### 5. SIGNIFICANT ACCOUNTING POLICIES

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

##### a) 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.

##### b) Income

- i) Dividend income is recorded as income at the date the shares become ex-dividend.
- ii) Interest income is accounted for on an accrual 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.

##### c) Expense Recognition

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

##### d) Taxation

As at October 2007 the Funds (excluding the Deposit Portfolio and the World Bond Portfolio) converted to Portfolio Investment Entities (PIE) under the Income Tax Act 2007.

The Deposit Portfolio was created as a PIE on 1 March 2009.

The World Bond Portfolio was created as a PIE on 1 March 2011. All Funds' taxable income under the PIE structure from 1 October 2007 is distributed to the Unit Holders.

##### e) GST

The Financial Statements have been prepared on a Goods and Services Tax inclusive basis.

##### f) Redeemable Units

The Funds, except for the Deposit Portfolio, comply with the amendments to *NZ IAS 32: Financial Instruments: Presentation* and *NZ IAS 1: Presentation of Financial Statements – Puttable Financial Instruments and Obligation Arising on Liquidation* (effective 1 January 2009), the impact of which is to classify Unit Holders' funds as equity rather than as a liability. Units issued by the Funds provide the Unit Holders with the right to request redemption for cash at the value proportionate to the Unit Holder's share in each Fund's net asset value. The units qualify as 'puttable instruments'.

The Deposit Portfolio issues multiple classes of units that are redeemable at the Unit Holder's option and do not have identical features and are therefore classified as financial liabilities.

The units can be put back to the Deposit Portfolio at any time for cash based on the redemption price for that class of units. The value of the redeemable units is measured, based on the return agreed with the Unit Holder at issue of the units and assumes the units will be held until their maturity date.

A break fee and administration charge may be levied by the Manager for a redemption of the units in the Deposit Portfolio prior to the maturity date.

##### g) Financial Assets

###### Classification

The Funds have investments categorised as "financial assets at fair value through profit or loss" and "held to maturity".

The financial assets at fair value through profit or loss are sub-categorised as "designated at fair value through profit or loss at inception". Financial assets "designated at fair value through profit or loss at inception" are those that are managed and their performance evaluated on a fair value basis in accordance with the Funds investment strategy. The Funds Manager evaluates these financial assets on a fair value basis together with other related financial information. These are investments in unlisted unit trusts.

## Notes to the financial statements (cont) for the year ended 31 March 2015

**5. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Financial assets “held to maturity” are those assets with fixed or determinable payments and a fixed maturity date for which the Funds have the positive intention and ability to hold to maturity. These comprise term investments with banks and building societies.

**Recognition, Derecognition and Measurement**

Investment assets and liabilities are recognised on the date that the Funds become party to the contractual agreement (trade date). Investment assets are derecognised when the contractual rights to the cash flows expire or the Funds have transferred substantially all risks and rewards of ownership. Investment liabilities are derecognised when the Funds have discharged contractual obligations.

Subsequent to initial recognition, all financial assets and financial liabilities 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 assets designated at fair value through profit or loss are presented in the Statement of Comprehensive Income within Net Change in Fair Value of Investments in the period in which they arise.

The measurement for specific financial assets is as follows:

- i) Unlisted Unit Trusts: These investments are quoted at their redemption price as at reporting date as determined by the Manager of the Trust
- ii) Financial Assets Held to Maturity: These are recorded at amortised cost. Their carrying value closely approximates their fair value.

**h) 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.

**i) Accounts Payable and Trade and Other Receivables**

Accounts payable and trade and other 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.

**j) Application of Accounting Standards**

The Funds have adopted the following new or revised standards in preparing the financial statements for the year ended 31 March 2015:

- > *External Reporting Board Standard A1 Accounting Standards Framework (for-profit Entities Update) (XRB A1)* establishes a for-profit tier structure and outlines which suite of accounting standards entities in different tiers must follow. The Funds are tier 1 entities. There was no impact on the current or prior year financial statements.

- > *IAS 32 (amendments) Offsetting Financial Assets and Financial Liabilities* are effective for annual periods beginning on or after 1 January 2014. The amendments clarify the offsetting criteria in IAS 32 by explaining when an entity currently has a legally enforceable right to set-off and when gross settlement is considered to be equivalent to net settlement. There was no impact on the current or prior year financial statements..

The following new or amended standards relevant to the Funds are not yet effective and have not yet been applied in preparing the financial statements:

- > *NZ IFRS 9: Financial Instruments* is applicable to annual reporting periods beginning on or after 1 January 2015. The Funds plan to adopt this standard for the financial year ending 31 March 2016. This standard will replace the existing standard NZ IAS 39: Financial Instruments Recognition and Measurement, the requirements regarding the classification and measurement of financial liabilities have been retained, as well as the requirements for determining when the financial liabilities are derecognised. Under the new standard, changes in fair value of financial liabilities at fair value through profit or loss due to changes in credit risk will be recognised directly in the Statement of Comprehensive Income. The standard also establishes two primary measurement categories for financial assets: amortised cost and fair value, with classification depending on an entity’s business model and the contractual cash flow characteristics of the financial asset. The adoption of this standard may result in additional or amended disclosures and is not expected to have an effect on the Funds’ reported result or financial position.
- > *NZ IFRS 15: Revenue from Contracts with Customers* is effective for the periods beginning on or after 1 January 2017. The Funds will adopt this amendment for the year ending 31 March 2017. This standard addresses recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The adoption of this amended standard may result in additional or amended disclosures and its impact on the Funds’ reported result or financial position has not yet been assessed.

There are no other standards, amendments or interpretations that have been issued but are not yet effective that are expected to impact the Funds’ financial statements.

## 6. FINANCIAL ASSETS AND ASSOCIATED RISKS

The Lifestages Portfolios investing activities expose them to various types of risk that are associated with the financial assets and markets in which they invest. The most important types of financial risk to which the Funds are exposed are credit risk, market price risk, liquidity risk, foreign exchange risk and interest rate risk.

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

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

### a) Credit Risk

The Funds are exposed to credit-related losses in the event that a counter-party fails to perform contractual obligations, either in whole or in part, under a contract. Concentration of credit risk is minimised by the parameters set out in each Funds' Investment Guidelines agreed between the Manager and the Trustee.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance date. The Manager of the Funds does not expect any counter-parties to fail to meet their obligations as any financial assets used are traded on recognised exchanges or with high credit rated counter-parties.

Other than as disclosed in Note 7, there was no significant concentration of credit risk to counter-parties (including related parties) at 31 March 2015 or 31 March 2014.

### b) Market Price Risk

Market price risk is the risk that the value of the Funds investment portfolio will fluctuate as a result of changes in market prices.

Each Fund 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 which includes the effect of derivatives.

The Lifestages World Equity Portfolio, Lifestages Australasian Equity Portfolio, Lifestages World Bond Portfolio, Lifestages Corporate Bond Portfolio and the Lifestages Income Portfolio Investments are subject to price risk. The benchmark movement for Lifestages World Equity Portfolio and Lifestages Australasian Equity Portfolio investments ranges from 10-20% (2014 10-20%).

The benchmark movement for Lifestages Income Portfolio, Lifestages Corporate Bond Portfolio and Lifestages World Bond Portfolio investments ranges from 1-3% (2014: 1-3%).

The impact on Net Income for the five Funds is shown in the table below.

### c) Liquidity and Cash Flow Risk

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

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

Investments in other 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 Funds objectives.

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.

MARKET PRICE RISK	2015		2014		
	Movement	10% \$	20% \$	10% \$	20% \$
World Equity Portfolio		4,414,093	8,828,185	3,203,415	6,406,830
Australasian Equity Portfolio		2,680,530	5,361,060	2,228,136	4,456,272
	Movement	1% \$	3% \$	1% \$	3% \$
Income Portfolio		169,398	508,193	154,206	462,619
World Bond Portfolio		304,986	914,957	221,099	663,297
Corporate Bond Portfolio		202,061	606,182	205,202	615,607

## Notes to the financial statements (cont) for the year ended 31 March 2015

**6. FINANCIAL ASSETS AND ASSOCIATED RISKS (continued)****d) Foreign Exchange Risk**

The investment activities of the Funds expose them 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 investment guidelines set out for each of the Funds.

Foreign currency exposure is accounted for by marking to market in a manner consistent with the valuation of the underlying securities. Certain Funds are exposed to direct foreign exchange risk resulting from investments in Australian Dollar denominated unlisted unit trusts, and the effect of a reasonable possible movement in the foreign currency rate against the New Zealand dollar is outlined as follows:

<b>LIFESTAGES WORLD EQUITY PORTFOLIO</b>			
<b>As at 31 March 2015</b>	<b>AUD</b>	<b>NZD</b>	
BlackRock Wholesale Indexed International Equity Fund	15,858,438	16,206,883	
Magellan Global Fund	7,493,207	7,657,849	
<b>As at 31 March 2014</b>			
BlackRock Wholesale Indexed International Equity Fund	12,013,330	12,829,263	
Magellan Global Fund	5,815,833	6,210,842	
The benchmark movement for the cross rate is 5%. The impact on Net Income of a 5% movement on the World Equity Portfolio would be as follows.			
<b>NZD vs AUD Net Income Effect</b>	<b>2015</b>	<b>2014</b>	
5% Appreciation	(1,136,410)	(906,672)	
5% Depreciation	1,256,045	1,002,113	

<b>LIFESTAGES AUSTRALASIAN EQUITY PORTFOLIO</b>			
<b>As at 31 March 2015</b>	<b>AUD</b>	<b>NZD</b>	
BlackRock Wholesale Indexed Australian Equity Fund	8,080,480	8,258,029	
<b>As at 31 March 2014</b>			
BlackRock Wholesale Indexed Australian Equity Fund	3,565,210	3,807,359	
The benchmark movement for the cross rate is 5%. The impact on Net Income of a 5% movement on the Australasian Equity Portfolio would be as follows.			
<b>NZD vs AUD Net Income Effect</b>	<b>2015</b>	<b>2014</b>	
5% Appreciation	(393,240)	(181,304)	
5% Depreciation	434,633	200,386	

**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 Funds' direct investment in cash and deposits and not on a look-through basis for investments held indirectly through the Lifestages Corporate Bond, Lifestages World Bond and Lifestages Income Portfolios. Consequently, the disclosure of interest rate risk in the following note may not represent the true interest rate risk profile of the Fund where the Fund has investments in unit trusts which also have exposure to interest-bearing investments.

The benchmark movement for interest rates is 1%. A change of interest rates of 1% would result in the change to net income as noted below:

<b>NET INCOME EFFECT CHANGE</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Corporate Bond Portfolio	13,082	9,334
Income Portfolio	9,208	13,363
World Equity Portfolio	26,354	17,053
Australasian Equity Portfolio	14,706	13,805
Deposit Portfolio	800,288	708,645
World Bond Portfolio	22,022	16,133

**f) Fair value**

The Funds classify fair value measurements 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 or liabilities
- > Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie, as prices) or indirectly (ie, derived from prices)
- > Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Financial Assets of the Funds 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.

**g) Capital Management**

The Net Assets Attributable to Unit Holders in each Fund represent what the Funds manage as capital (as redeemable units with no par value), notwithstanding Net Assets Attributable to Unit Holders classified as a liability (excluding the Lifestages Deposit Portfolio).

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



## 7. RELATED PARTIES

Funds Administration New Zealand Limited is a subsidiary of Southland Building Society.

The Funds invest in various Southland Building Society Call and Short Term Deposits and Investment Accounts as part of their overall investment strategy and in the ordinary course of business. All transactions are on a commercial arm's-length basis.

These investments equated to the percentages of total investments shown in the table on the right.

Management Fees, Management Performance Fees and operating costs in accordance with the Trust Deed have been paid by the Funds to the Manager. These expenses are shown in the Statement of

PERCENTAGE OF TOTAL INVESTMENTS	2015	2014
Corporate Bond Portfolio	0.44%	0.43%
Income Portfolio	3.56%	3.55%
World Equity Portfolio	0.08%	0.11%
Deposit Portfolio	100.00%	100.00%

Comprehensive Income. The outstanding balances payable on such fees are presented in Note 9 Accounts Payable.

The following Funds Administration New Zealand investment products are invested in the Lifestages Funds:

	Corporate Bond Portfolio		World Equity Portfolio		Deposit Portfolio		Australasian Equity Portfolio		World Bond Portfolio	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<b>Lifestages KiwiSaver Scheme</b>										
Units	-	-	15,514,983	13,397,063	52,044,958	39,735,100	9,156,153	7,325,059	12,066,292	10,644,105
Market Value	-	-	\$28,679,370	\$21,206,588	\$50,802,208	\$39,735,100	\$16,928,996	\$12,863,097	\$15,813,589	\$12,651,382
<b>Lifestages Income Portfolio</b>										
Units	542,419	542,419	-	-	-	-	-	-	-	-
Carrying Value	\$636,350	\$595,417	-	-	-	-	-	-	-	-

Trustee and custody fees have been paid or are payable to the Trustee in accordance with the Trust Deed. The trustee fees are shown in the Statement of Comprehensive Income. The custody fees are included in Administration expenses in the Statement of Comprehensive Income. The total paid or payable to the Trustee is as follows:

	Corporate Bond Portfolio		Income Portfolio		World Equity Portfolio		Australasian Equity Portfolio		World Bond Portfolio	
	2015 12 Months	2014 12 Months	2015 12 Months	2014 12 Months	2015 12 Months	2014 12 Months	2015 12 Months	2014 12 Months	2015 12 Months	2014 12 Months
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Trustee Remuneration</b>										
Trustee Fees	13,378	15,947	10,803	11,240	26,872	21,347	17,069	14,227	18,499	15,751
Custody Fees	8,230	6,723	6,545	5,310	13,874	10,014	8,678	6,416	9,641	6,812
<b>TOTAL</b>	<b>21,608</b>	<b>22,670</b>	<b>17,348</b>	<b>16,550</b>	<b>40,746</b>	<b>31,361</b>	<b>25,747</b>	<b>20,643</b>	<b>28,140</b>	<b>22,563</b>

## 8. TRADE AND OTHER RECEIVABLES

	Corporate Bond Portfolio		Income Portfolio		World Equity Portfolio		Australasian Equity Portfolio		Deposit Portfolio		World Bond Portfolio	
	2015 12 Months	2014 12 Months	2015 12 Months	2014 12 Months	2015 12 Months	2014 12 Months	2015 12 Months	2014 12 Months	2015 12 Months	2014 12 Months	2015 12 Months	2014 12 Months
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Trade and Other Receivables</b>												
Interest Receivable	-	-	-	-	-	-	-	-	1,620,521	524,011	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,620,521</b>	<b>524,011</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements (cont) for the year ended 31 March 2015

	Corporate Bond Portfolio		Income Portfolio	
	2015	2014	2015	2014
	\$	\$	\$	\$
<b>9. ACCOUNTS PAYABLE</b>				
Management fees	15,661	15,733	9,928	9,445
Performance fees	9,542	–	–	–
Audit fees	6,769	6,769	6,769	6,769
Other	17,040	12,992	19,599	16,298
<b>TOTAL ACCOUNTS PAYABLE</b>	<b>49,012</b>	<b>35,494</b>	<b>36,296</b>	<b>32,512</b>
<b>10. PIE TAX ATTRIBUTABLE TO UNIT HOLDERS</b>				
Unit Holders' PIE Tax Payments and Refunds are settled with Inland Revenue via the cancellation or issue of Units in the Funds.				
PIE Tax (Payable)/Receivable on Behalf of Unit Holders at Balance Date	(129,101)	(35,904)	(88,474)	7,265
PIE Tax (Paid)/Refunded on Behalf of Unit Holders during the Year	(12,200)	(154,225)	(1,148)	(42,847)
<b>PIE TAX ATTRIBUTABLE TO UNIT HOLDERS FOR THE YEAR</b>	<b>(141,301)</b>	<b>(190,129)</b>	<b>(89,622)</b>	<b>(35,582)</b>
<b>11. RECONCILIATION OF NET CASH FROM OPERATING ACTIVITIES TO NET INCOME/(LOSS)</b>				
Net Income/(Loss)	1,391,447	361,407	1,331,452	(200,946)
<b>Movement in Working Capital Balances:</b>				
Decrease/(Increase) in Accounts Receivable	–	277	–	192
Increase/(Decrease) in Accounts Payable	13,518	(5,928)	3,785	4,506
(Increase)/Decrease in Investment Assets	1,028,225	616,392	(567,532)	(1,252,075)
<b>Adjustment for Non Cash Items:</b>				
Change in Fair Value of Financial Assets	(714,050)	433,284	(951,585)	498,981
Adjustment for Finance Costs	–	–	–	–
<b>NET CASHFLOW FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>1,719,140</b>	<b>1,405,432</b>	<b>(183,880)</b>	<b>(949,342)</b>
<b>12. CHANGES IN NET FAIR VALUE OF FINANCIAL ASSETS</b>				
Unit Trusts – Australasian Equities	–	–	–	–
Unit Trusts – International Equities	–	–	–	–
Unit Trusts – International Bonds	–	–	–	–
Unit Trusts – Corporate Bonds	714,050	(433,284)	40,933	11,238
Unit Trusts – Income	–	–	910,652	(510,219)
<b>TOTAL NET CHANGE IN FAIR VALUE OF FINANCIAL ASSETS</b>	<b>714,050</b>	<b>(433,284)</b>	<b>951,585</b>	<b>(498,981)</b>
<b>13. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
<b>Financial Assets Designated at Fair Value through Profit or Loss:</b>				
Unit Trusts – Australasian Equities	–	–	–	–
Unit Trusts – International Equities	–	–	–	–
Unit Trusts – International Bonds	–	–	–	–
Unit Trusts – Corporate Bonds	20,206,059	20,520,234	636,350	595,417
Unit Trusts – Income	–	–	16,303,405	14,825,222
<b>TOTAL</b>	<b>20,206,059</b>	<b>20,520,234</b>	<b>16,939,755</b>	<b>15,420,639</b>

World Equity Portfolio		Australasian Equity Portfolio		Deposit Portfolio		World Bond Portfolio	
2015	2014	2015	2014	2015	2014	2015	2014
\$	\$	\$	\$	\$	\$	\$	\$
49,934	35,867	30,402	24,693	–	–	23,471	17,051
163,602	–	–	114,755	–	–	58,533	–
6,769	6,769	6,769	6,769	–	–	6,769	6,769
37,466	26,187	38,057	32,732	10,353	10,439	25,809	18,647
<b>257,771</b>	<b>68,823</b>	<b>75,228</b>	<b>178,949</b>	<b>10,353</b>	<b>10,439</b>	<b>114,582</b>	<b>42,467</b>
(4,692)	(2,869)	1,020	943	(163,405)	(125,100)	(5,440)	(1,133)
(111)	(3,466)	(9)	1,888	(182,316)	(335,572)	(51)	(7,900)
<b>(4,803)</b>	<b>(6,335)</b>	<b>1,011</b>	<b>2,831</b>	<b>(345,721)</b>	<b>(460,672)</b>	<b>(5,491)</b>	<b>(9,033)</b>
6,141,003	3,425,130	1,360,256	2,847,236	1,110,389	(232,746)	2,688,818	678,255
–	460	–	270	(1,096,510)	130,194	–	311
188,949	(92,884)	(103,721)	9,820	(86)	(1,198)	72,115	5,923
(6,723,814)	(5,024,705)	(2,962,678)	(1,150,071)	(10,059,029)	(1,760,336)	(5,780,224)	(5,440,942)
(5,382,963)	(3,349,043)	(1,561,258)	(3,282,281)	–	–	(2,608,457)	(608,739)
–	–	–	–	2,013,109	3,233,619	–	–
<b>(5,776,825)</b>	<b>(5,041,042)</b>	<b>(3,267,401)</b>	<b>(1,575,026)</b>	<b>(8,032,127)</b>	<b>1,369,533</b>	<b>(5,627,748)</b>	<b>(5,365,192)</b>
–	–	1,561,258	3,282,281	–	–	–	–
5,382,963	3,349,043	–	–	–	–	–	–
–	–	–	–	–	–	2,608,457	608,739
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
<b>5,382,963</b>	<b>3,349,043</b>	<b>1,561,258</b>	<b>3,282,281</b>	<b>–</b>	<b>–</b>	<b>2,608,457</b>	<b>608,739</b>
–	–	26,805,298	22,281,362	–	–	–	–
44,140,927	32,034,151	–	–	–	–	–	–
–	–	–	–	–	–	30,498,571	22,109,889
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
<b>44,140,927</b>	<b>32,034,151</b>	<b>26,805,298</b>	<b>22,281,362</b>	<b>–</b>	<b>–</b>	<b>30,498,571</b>	<b>22,109,889</b>

## Notes to the financial statements (cont) for the year ended 31 March 2015

**14. COMMITMENTS AND CONTINGENT LIABILITIES**

Other than as disclosed in the Financial Statements or the Notes, the Funds have no contingent liabilities or future commitments as at 31 March 2015 (31 March 2014: Nil).

**15. AUDITORS' REMUNERATION**

The audit fees stated in the Statement of Comprehensive Income were paid, or are payable, for services provided by the auditor of the Funds. In addition, prospectus-related and Trustee reporting fees were included in the administration expenses of the Funds.

All Fund expenses, including audit fees for the Lifestages Deposit Portfolio, are paid directly by the Southland Building Society.

	Corporate Bond Portfolio		Income Portfolio		World Equity Portfolio		Australasian Equity Portfolio		World Bond Portfolio	
	2015 <i>12 Months</i> \$	2014 <i>12 Months</i> \$	2015 <i>12 Months</i> \$	2014 <i>12 Months</i> \$	2015 <i>12 Months</i> \$	2014 <i>12 Months</i> \$	2015 <i>12 Months</i> \$	2014 <i>12 Months</i> \$	2015 <i>12 Months</i> \$	2014 <i>12 Months</i> \$
Audit Fees	6,769	6,769	6,769	6,769	6,769	6,769	6,769	6,769	6,769	6,769
Prospectus related Fees	258	302	217	237	523	459	324	310	369	320
Trustee Reporting Fees	-	394	-	310	-	599	-	405	-	418
<b>TOTAL AUDITORS' REMUNERATION</b>	<b>7,027</b>	<b>7,465</b>	<b>6,986</b>	<b>7,316</b>	<b>7,292</b>	<b>7,827</b>	<b>7,093</b>	<b>7,484</b>	<b>7,138</b>	<b>7,507</b>

**16. SUBSEQUENT EVENTS**

No material events occurred subsequent to reporting date, that require recognition of, or additional disclosure in these financial statements.

# Independent Auditor's Report



## Independent auditor's report

### To the Unit Holders of Funds Administration New Zealand Lifestages Portfolios

We have audited the accompanying financial statements of Funds Administration New Zealand Lifestages Portfolios ("the Unit Trust") comprising:

- Lifestages Corporate Bond Portfolio;
- Lifestages Income Portfolio;
- Lifestages World Equity Portfolio
- Lifestages Australasian Equity Portfolio;
- Lifestages Deposit Portfolio
- Lifestages World Bond Portfolio

The financial statements on pages 2 to 18 comprise the statement of financial position as at 31 March 2015, the statements of comprehensive income, changes in net assets attributable to unit holders and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Manager's responsibility for the financial statements*

The manager is 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 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.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Unit Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Unit Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

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

## Independent Auditor's Report (cont)



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

***Opinion***

In our opinion, the financial statements on pages 2 to 18 comply with generally accepted accounting practice in New Zealand and present fairly, in all material respects, the financial position of Funds Administration New Zealand Lifestages Portfolios as at 31 March 2015 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards.

A handwritten signature in black ink, appearing to read 'KPMG'.

25 June 2015  
Wellington





The Lifestages Portfolios are brought to you by  
Funds Administration New Zealand Limited (FANZ)