



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

# lifestages

Lifestages Portfolios  
**Annual Report 2013**





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# Welcome

Welcome to the Lifestages Portfolios 2012/2013 Annual Report, the audited, official record of our year's work in managing investors' funds across the Lifestages range of portfolios over the 12 months to 31 March 2013.

You'll find here full details of the various Lifestages portfolio performances over that time, together with explanatory notes where necessary. Those performances, I'm pleased to say, have been gratifying. Nominal returns for asset classes across the board have exceeded expectations.

From our point of view, the stars of the show have been the Lifestages Australasian Equity and Lifestages World Bond portfolios, with the Lifestages World Bond portfolio registering an after fees and pre-tax return of 8.40% pa, while the Lifestages Australasian Equity portfolio delivered a particularly impressive result of 19.74% pa.

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

Comparing financial markets to maritime conditions has become something of a cliché. The reason for that is that it works so well. Both worlds are subject to constantly shifting circumstances, so an effective picture is evoked when I talk of the choppy waters we negotiated successfully over the past year. To continue in the same vein, I see more white-capped waves ahead toward the horizon, together with the possibility of a squall or two.

Why this continued volatility? It comes down to that four-letter word – debt. It may not be grabbing headlines as often as it once did, but the crises around public and private debt in many parts of the world have not disappeared. They form a toxic backdrop, creating uncertainty and risk aversion as fears of contagion persist. You see the extent of the problem by looking beyond likes of Portugal, Greece, Spain, Italy and latterly Cyprus. At the end of last year, for example, combined public and private debt (excluding the banking system) in the UK reached a record of 298 percent of GDP, a good deal higher than the Eurozone average of 268 percent.

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## LIFESTAGES PORTFOLIOS: PERFORMANCE TO 31 MARCH 2013

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PER ANNUM <i>(before tax and after fees)</i> :	1 YEAR	2 YEARS	3 YEARS
CORPORATE BOND PORTFOLIO	6.49%	4.87%	4.62%
INCOME PORTFOLIO	5.48%	6.43%	5.72%
WORLD EQUITY PORTFOLIO	7.80%	2.43%	3.10%
AUSTRALASIAN EQUITY PORTFOLIO	19.74%	6.17%	4.56%
WORLD BOND PORTFOLIO	8.40%	7.44%	–

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It is difficult for investment to thrive in such conditions, which we see continuing for some time yet. Families, companies and nations have only just started down the long road towards fiscal responsibility.

In this challenging environment, we will continue with our 'forward to basics' approach. In an angry sea, you ease back on the throttle and proceed with care. The journey may take a little longer, but by reducing risk you can be that much surer you'll arrive at your destination.

I thank you for your continued support over this past year, and look forward to an ongoing, fruitful relationship.

GRAHAM DUSTON

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

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Statement of Comprehensive Income *for the year ended 31 March 2013*

	Notes	Corporate Bond Portfolio		Income Portfolio	
		2013 <i>12 Months</i> \$	2012 <i>12 Months</i> \$	2013 <i>12 Months</i> \$	2012 <i>12 Months</i> \$
<b>INCOME</b>					
Interest Income		38,714	1,339,132	26,986	21,909
Dividend Income		1,245,080	568,137	420,324	529,537
Net Change in Fair Value of Investments	11	529,031	177,085	549,266	739,868
Other		83,808	12,160	29,605	25,651
<b>NET INVESTMENT INCOME</b>		<b>1,896,633</b>	<b>2,096,514</b>	<b>1,026,181</b>	<b>1,316,965</b>
<b>EXPENSES</b>					
Trustee Fees		14,657	21,875	9,882	11,568
Management Fees		209,699	372,374	89,306	83,111
Management Performance Fees		106,208	15,579	35,821	97,716
Mortgage Impairment Loss		-	123,563	-	-
Administration Costs		19,549	177,874	73,605	66,848
Audit Fees	14	6,613	6,529	6,613	6,529
<b>OPERATING EXPENSES</b>		<b>356,726</b>	<b>717,794</b>	<b>215,227</b>	<b>265,772</b>
<b>NET INCOME/(LOSS) BEFORE FINANCE COSTS</b>		<b>1,539,907</b>	<b>1,378,720</b>	<b>810,954</b>	<b>1,051,193</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>1,539,907</b>	<b>1,378,720</b>	<b>810,954</b>	<b>1,051,193</b>
<b>INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<b>1,539,907</b>	<b>1,378,720</b>	<b>810,954</b>	<b>1,051,193</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	
2013	2012	2013	2012	2013	2012	2013	2012
<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>
\$	\$	\$	\$	\$	\$	\$	\$
39,604	33,389	30,643	25,776	2,852,917	3,024,725	30,126	11,840
198,528	702,056	242,821	152,321	-	-	-	-
2,157,040	(715,744)	3,408,967	(732,851)	-	-	1,423,383	608,261
33,768	-	10,364	5,226	-	-	20,087	5,477
<b>2,428,940</b>	<b>19,701</b>	<b>3,692,795</b>	<b>(549,528)</b>	<b>2,852,917</b>	<b>3,024,725</b>	<b>1,473,596</b>	<b>625,578</b>
14,146	11,642	10,466	8,873	-	-	9,746	4,465
280,872	220,834	209,351	170,286	-	-	129,964	54,588
110,805	-	297,465	-	-	-	97,183	40,077
-	-	-	-	-	-	-	-
77,820	61,625	57,360	48,363	-	-	48,344	20,332
6,613	6,529	6,613	6,529	-	-	6,613	6,483
<b>490,256</b>	<b>300,630</b>	<b>581,255</b>	<b>234,051</b>	<b>-</b>	<b>-</b>	<b>291,850</b>	<b>125,945</b>
<b>1,938,684</b>	<b>(280,929)</b>	<b>3,111,540</b>	<b>(783,579)</b>	<b>2,852,917</b>	<b>3,024,725</b>	<b>1,181,746</b>	<b>499,633</b>
-	-	-	-	3,516,426	2,118,722	-	-
-	-	-	-	<b>3,516,426</b>	<b>2,118,722</b>	-	-
<b>1,938,684</b>	<b>(280,929)</b>	<b>3,111,540</b>	<b>(783,579)</b>	<b>(663,509)</b>	<b>906,003</b>	<b>1,181,746</b>	<b>499,633</b>
<b>1,938,684</b>	<b>(280,929)</b>	<b>3,111,540</b>	<b>(783,579)</b>	<b>(663,509)</b>	<b>906,003</b>	<b>1,181,746</b>	<b>499,633</b>

# Statement of Changes in Net Assets Attributable to Unit Holders

for the year ended 31 March 2013

	Corporate Bond Portfolio		Income Portfolio	
	2013 <i>12 Months</i>	2012 <i>12 Months</i>	2013 <i>12 Months</i>	2012 <i>12 Months</i>
Notes	\$	\$	\$	\$
<b>BALANCE AT THE START OF THE YEAR</b>	<b>26,299,958</b>	<b>43,773,705</b>	<b>14,851,151</b>	<b>14,566,155</b>
Increase (Decrease) in Net Assets Attributable to Unit Holders	1,539,907	1,378,720	810,954	1,051,193
Contributions from Unit Holders	2,581,274	3,240,756	2,016,349	1,878,188
Withdrawals by Unit Holders	(7,388,334)	(21,012,989)	(2,057,801)	(2,644,385)
Distributions to Unit Holders	-	(1,080,234)	-	-
<b>BALANCE AT THE END OF THE YEAR</b>	<b>23,032,805</b>	<b>26,299,958</b>	<b>15,620,653</b>	<b>14,851,151</b>

  

	2013	2012	2013	2012
	<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>25,931,404</b>	<b>43,606,567</b>	<b>9,874,123</b>	<b>10,400,097</b>
Issue of Units for the Period	2,465,725	2,363,916	1,392,952	1,228,438
Redemptions for the Period	(7,071,450)	(20,642,778)	(1,420,525)	(1,742,262)
Distributions	-	552,637	-	-
Switches for the Period	-	51,062	-	(12,150)
<b>UNITS ON ISSUE AT THE END OF THE YEAR</b>	<b>21,325,679</b>	<b>25,931,404</b>	<b>9,846,550</b>	<b>9,874,123</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	
2013	2012	2013	2012	2013	2012	2013	2012
12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months
\$	\$	\$	\$	\$	\$	\$	\$
<b>20,141,519</b>	<b>16,261,693</b>	<b>14,654,720</b>	<b>13,537,038</b>	<b>71,554,258</b>	<b>65,694,615</b>	<b>11,649,814</b>	<b>100,000</b>
1,938,684	(280,929)	3,111,540	(783,579)	(663,509)	906,003	1,181,746	499,633
4,725,588	5,372,633	2,206,840	2,988,319	102,197,168	60,577,849	5,019,370	11,337,009
(918,487)	(1,211,878)	(911,177)	(1,087,058)	(97,810,285)	(55,624,209)	(239,180)	(286,828)
-	-	-	-	-	-	-	-
<b>25,887,304</b>	<b>20,141,519</b>	<b>19,061,923</b>	<b>14,654,720</b>	<b>75,277,632</b>	<b>71,554,258</b>	<b>17,611,750</b>	<b>11,649,814</b>

  

2013	2012	2013	2012	2013	2012	2013	2012
Number of Units	Number of Units	Number of Units	Number of Units	Number of Units	Number of Units	Number of Units	Number of Units
<b>15,462,082</b>	<b>12,155,637</b>	<b>11,461,031</b>	<b>9,952,594</b>	<b>70,068,814</b>	<b>65,102,477</b>	<b>10,934,882</b>	<b>100,000</b>
3,709,396	4,242,470	1,654,183	2,356,030	102,066,012	52,764,081	4,534,997	11,085,365
(727,957)	(923,282)	(682,474)	(831,834)	(101,177,284)	(49,916,467)	(214,059)	(251,352)
-	-	-	-	3,516,426	2,118,723	-	-
-	(12,743)	-	(15,759)	-	-	-	869
<b>18,443,521</b>	<b>15,462,082</b>	<b>12,432,740</b>	<b>11,461,031</b>	<b>74,473,968</b>	<b>70,068,814</b>	<b>15,255,820</b>	<b>10,934,882</b>

Statement of Financial Position *for the year ended 31 March 2013*

	Notes	Corporate Bond Portfolio		Income Portfolio	
		2013 <i>12 Months</i> \$	2012 <i>12 Months</i> \$	2013 <i>12 Months</i> \$	2012 <i>12 Months</i> \$
<b>ASSETS</b>					
Cash		1,506,727	2,132,127	981,212	1,005,704
Financial Assets held to Maturity		–	–	–	–
Financial Assets held at Fair Value through profit or loss	12	21,569,910	24,211,993	14,667,545	13,868,349
Interest and other receivables	8	277	139	192	65
<b>TOTAL ASSETS</b>		<b>23,076,914</b>	<b>26,344,259</b>	<b>15,648,949</b>	<b>14,874,118</b>
<b>LESS LIABILITIES</b>					
Accounts Payable	9	44,109	44,301	28,296	22,967
<b>TOTAL LIABILITIES</b> (excluding Net Assets attributable to Unit Holders)		<b>44,109</b>	<b>44,301</b>	<b>28,296</b>	<b>22,967</b>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<b>23,032,805</b>	<b>26,299,958</b>	<b>15,620,653</b>	<b>14,851,151</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	
2013 <i>12 Months</i>	2012 <i>12 Months</i>	2013 <i>12 Months</i>	2012 <i>12 Months</i>	2013 <i>12 Months</i>	2012 <i>12 Months</i>	2013 <i>12 Months</i>	2012 <i>12 Months</i>
\$	\$	\$	\$	\$	\$	\$	\$
2,388,251	905,368	1,381,691	1,100,564	18,595,623	20,111,877	1,587,775	678,001
-	-	-	-	56,039,441	49,970,445	-	-
23,660,403	19,275,235	17,849,010	13,588,346	-	-	16,060,208	11,016,738
460	59	270	72	654,205	1,481,970	311	44
<b>26,049,114</b>	<b>20,180,662</b>	<b>19,230,971</b>	<b>14,688,982</b>	<b>75,289,269</b>	<b>71,564,292</b>	<b>17,648,294</b>	<b>11,694,783</b>
161,810	39,143	169,048	34,262	11,637	10,034	36,544	44,969
<b>161,810</b>	<b>39,143</b>	<b>169,048</b>	<b>34,262</b>	<b>11,637</b>	<b>10,034</b>	<b>36,544</b>	<b>44,969</b>
<b>25,887,304</b>	<b>20,141,519</b>	<b>19,061,923</b>	<b>14,654,720</b>	<b>75,277,632</b>	<b>71,554,258</b>	<b>17,611,750</b>	<b>11,649,814</b>



Director



Director

28/06/13  
Date

Statement of Cash Flows *for the year ended 31 March 2013*

	Notes	Corporate Bond Portfolio		Income Portfolio	
		2013 <i>12 Months</i> \$	2012 <i>12 Months</i> \$	2013 <i>12 Months</i> \$	2012 <i>12 Months</i> \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Interest Income		38,576	1,452,740	26,859	21,844
Dividend Income		1,245,080	568,137	420,324	529,537
Other Income		83,808	12,160	29,605	25,651
Proceeds from Sale of Investment Assets		4,500,000	41,647,513	200,000	1,255,165
Purchase of Investment Assets		(1,328,886)	(24,829,898)	(449,930)	(555,187)
Operating Expenses Paid		(356,918)	(616,172)	(209,898)	(276,034)
<b>NET CASH (USED IN)/FROM OPERATING ACTIVITIES</b>	<b>10</b>	<b>4,181,660</b>	<b>18,234,480</b>	<b>16,960</b>	<b>1,000,976</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from contributions by Unit Holders		2,581,274	3,240,756	2,016,349	1,878,188
Payments for withdrawals by Unit Holders		(7,388,334)	(21,012,989)	(2,057,801)	(2,644,385)
Distributions paid to Unit Holders		–	(1,080,234)	–	–
<b>NET CASH (USED IN)/FROM FINANCING ACTIVITIES</b>		<b>(4,807,060)</b>	<b>(18,852,467)</b>	<b>(41,452)</b>	<b>(766,197)</b>
<b>NET (DECREASE) / INCREASE IN CASH</b>		<b>(625,400)</b>	<b>(617,987)</b>	<b>(24,492)</b>	<b>234,779</b>
Cash at the beginning of the Financial Year		2,132,127	2,750,114	1,005,704	770,925
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>		<b>1,506,727</b>	<b>2,132,127</b>	<b>981,212</b>	<b>1,005,704</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	
2013	2012	2013	2012	2013	2012	2013	2012
<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>
\$	\$	\$	\$	\$	\$	\$	\$
39,203	33,330	30,445	25,704	3,682,285	2,135,998	29,859	11,796
198,528	702,056	242,821	152,321	-	-	-	-
33,768	-	10,364	5,226	-	-	20,087	5,477
22,618,065	3,414	1,488	3,973,804	-	-	-	-
(24,846,193)	(4,759,788)	(853,185)	(5,657,544)	(6,068,996)	(6,302,773)	(3,620,087)	(10,408,477)
(367,589)	(310,644)	(446,469)	(258,650)	-	-	(300,275)	(80,976)
<b>(2,324,218)</b>	<b>(4,331,632)</b>	<b>(1,014,536)</b>	<b>(1,759,139)</b>	<b>(2,386,711)</b>	<b>(4,166,775)</b>	<b>(3,870,416)</b>	<b>(10,472,180)</b>
4,725,588	5,372,633	2,206,840	2,988,319	102,197,168	60,577,849	5,019,370	11,337,009
(918,487)	(1,211,878)	(911,177)	(1,087,058)	(97,810,285)	(55,624,209)	(239,180)	(286,828)
-	-	-	-	(3,516,426)	(2,118,722)	-	-
<b>3,807,101</b>	<b>4,160,755</b>	<b>1,295,663</b>	<b>1,901,261</b>	<b>870,457</b>	<b>2,834,918</b>	<b>4,780,190</b>	<b>11,050,181</b>
<b>1,482,883</b>	<b>(170,877)</b>	<b>281,127</b>	<b>142,122</b>	<b>(1,516,254)</b>	<b>(1,331,857)</b>	<b>909,774</b>	<b>578,001</b>
905,368	1,076,245	1,100,564	958,442	20,111,877	21,443,734	678,001	100,000
<b>2,388,251</b>	<b>905,368</b>	<b>1,381,691</b>	<b>1,100,564</b>	<b>18,595,623</b>	<b>20,111,877</b>	<b>1,587,775</b>	<b>678,001</b>

# Notes to the financial statements *for the year ended 31 March 2013*

## 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. 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 Unit Trust Act 1960, 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 28 June 2013.

## 2. MANAGER AND TRUSTEE

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

## 3. ACCOUNTING PERIOD.

The Financial Statements cover the result of operations for the 12 months to 31 March 2013.

## 4. BASIS OF PREPARATION

### a) Statement of Compliance

The Financial Statements have been prepared in compliance with the Trust Deed, the Financial Reporting Act 1993, 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”).

### 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.

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

##### c) 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 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 2013.

#### 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.

## Notes to the financial statements (cont) for the year ended 31 March 2013

### 5. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and Liabilities – Investments

##### Classification

The Funds have investments categorised as “financial instruments at fair value through profit or loss” and “held to maturity”.

The financial instruments at fair value through profit or loss are sub-categorised as “designated at fair value through profit or loss at inception”. Financial instruments “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 instruments on a fair value basis together with other related financial information. These are investments in unlisted unit trusts.

Financial instruments “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 instruments 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 instruments 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 Instruments 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 Interest and Other 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.

#### j) Application of Accounting Standards

A number of new standards, amendments to standards and interpretations on issue are not yet effective for the year ended 31 March 2013, and have not been applied in preparing these financial statements.

The Funds are currently in the process of evaluating the potential effect of these standards, in particular NZ IFRS 9: Financial Instruments and NZ IFRS 13: Fair Value Measurement, effective for annual periods beginning on or after 1 January 2015 and 1 January 2013 respectively. These standards are not expected to have a material impact on the financial statements. The above standards will be applied in the financial statements of the years ending 31 March 2016 and 31 March 2014 respectively.

### 6. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

The Lifestages Portfolios investing activities expose it to various types of risk that are associated with the financial instruments 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.

## 6. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

The nature and extent of the financial instruments 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 instruments 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 2013 or 31 March 2012.

### 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%. The benchmark movement for Lifestages Income Portfolio, Lifestages Corporate Bond Portfolio and Lifestages World Bond Portfolio investments ranges from 1-3% (2012: 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 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 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 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	2013		2012		
	Movement	10% \$	20% \$	10% \$	20% \$
World Equity Portfolio		2,366,040	4,732,081	1,927,523	3,855,047
Australasian Equity Portfolio		1,784,901	3,569,802	1,358,835	2,717,669
	Movement	1% \$	3% \$	1% \$	3% \$
Income Portfolio		146,675	440,026	138,683	416,050
World Bond Portfolio		160,602	481,806	110,167	330,502
Corporate Bond Portfolio		215,699	647,097	242,120	726,360

## Notes to the financial statements (cont) for the year ended 31 March 2013

**6. FINANCIAL INSTRUMENTS 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:

**LIFESTAGES WORLD EQUITY PORTFOLIO****AS AT 31 MARCH 2013**

	<b>AUD</b>	<b>NZD</b>
BlackRock Wholesale Indexed International Equity Fund	7,822,649	9,761,224

**AS AT 31 MARCH 2012**

BlackRock Wholesale Indexed International Equity Fund	6,521,369	8,621,448
Frank Russell International Unit Trust	8,665,376	11,013,786

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.

**NZD VS AUD NET INCOME EFFECT**

	<b>2013</b>	<b>2012</b>
5% Appreciation	(464,821)	(917,452)
5% Depreciation	513,749	1,014,028

**LIFESTAGES AUSTRALASIAN EQUITY PORTFOLIO****AS AT 31 MARCH 2013**

	<b>AUD</b>	<b>NZD</b>
BlackRock Wholesale Indexed Australian Equity Fund	2,309,432	2,881,747

**AS AT 31 MARCH 2012**

BlackRock Wholesale Indexed Australian Equity Fund	1,941,114	2,462,261
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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.

**NZD VS AUD NET INCOME EFFECT**

	<b>2013</b>	<b>2012</b>
5% Appreciation	(137,226)	(117,251)
5% Depreciation	151,671	129,592

**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 100bp.

A change of interest rates of 100bp would result in the change to net income as noted below:

<b>NET INCOME EFFECT CHANGE</b>	<b>2013</b>	<b>2012</b>
	\$	\$
Corporate Bond Portfolio	15,067	21,323
Income Portfolio	9,812	10,058
World Equity Portfolio	23,883	9,054
Australasian Equity Portfolio	13,817	11,006
Deposit Portfolio	746,351	700,823
World Bond Portfolio	15,878	6,780



## 6. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

### 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 Instruments 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 following percentages of total investments:

	2013	2012
Corporate Bond Portfolio	0.39%	0.33%
Income Portfolio	5.01%	6.26%
World Equity Portfolio	0.14%	0.17%
Australasian Equity Portfolio	0.00%	0.00%
Deposit Portfolio	100.00%	100.00%
World Bond Portfolio	0.00%	0.00%

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

The Administration expenses for the Corporate Bond Portfolio for the year ended 31 March 2012 include payments made to Southland Building Society of \$154,336 for the management of the mortgages associated with this Fund.

The Lifestages Income Portfolio holds Units in the following Funds Administration New Zealand investment products:

	2013	2012
Lifestages Corporate Bond Portfolio	\$ 784,179	\$ 930,571

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	
	2013 12 Months	2012 12 Months	2013 12 Months	2012 12 Months	2013 12 Months	2012 12 Months	2013 12 Months	2012 12 Months	2013 12 Months	2012 12 Months
<b>Trustee Remuneration</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Trustee Fees	14,657	21,875	9,882	11,568	14,146	11,642	10,466	8,873	9,746	4,465
Custody Fees	4,272	3,893	7,241	6,674	10,483	7,722	7,891	6,059	7,013	2,574
<b>TOTAL</b>	<b>18,929</b>	<b>25,768</b>	<b>17,123</b>	<b>18,242</b>	<b>24,629</b>	<b>19,364</b>	<b>18,357</b>	<b>14,932</b>	<b>16,759</b>	<b>7,039</b>

## Notes to the financial statements (cont) for the year ended 31 March 2013

	Corporate Bond Portfolio		Income Portfolio	
	2013	2012	2013	2012
	\$	\$	\$	\$
<b>8. INTEREST AND OTHER RECEIVABLES</b>				
Interest receivable	277	139	192	65
Other	-	-	-	-
<b>TOTAL INTEREST AND OTHER RECEIVABLES</b>	<b>277</b>	<b>139</b>	<b>192</b>	<b>65</b>
<b>9. ACCOUNTS PAYABLE</b>				
Management fees	16,724	19,176	7,714	7,201
Performance fees	-	-	767	-
Audit fees	6,613	6,483	6,613	6,483
Other	18,085	11,991	12,912	8,822
PIE Tax Received	2,687	6,651	290	461
<b>TOTAL ACCOUNTS PAYABLE</b>	<b>44,109</b>	<b>44,301</b>	<b>28,296</b>	<b>22,967</b>
<b>10. RECONCILIATION OF NET CASH FROM OPERATING ACTIVITIES TO NET INCOME/(LOSS)</b>				
Net Income/(Loss)	1,539,907	1,378,720	810,954	1,051,193
<b>Movement in Working Capital Balances</b>				
(Increase)/Decrease in Accounts Receivable	(138)	113,608	(127)	(65)
Increase/(Decrease) in Accounts Payable	(192)	(21,941)	5,329	(10,262)
(Increase)/Decrease in Investment Assets	3,171,114	16,941,178	(249,930)	699,978
<b>Adjustment for Non Cash Items:</b>				
Change in Fair Value of Financial Instruments	(529,031)	(177,085)	(549,266)	(739,868)
Adjustment for Finance Costs	-	-	-	-
<b>NET CASHFLOW FROM OPERATING ACTIVITIES</b>	<b>4,181,660</b>	<b>18,234,480</b>	<b>16,960</b>	<b>1,000,976</b>
<b>11. CHANGES IN NET FAIR VALUE OF FINANCIAL INSTRUMENTS</b>				
	12 Months	12 Months	12 Months	12 Months
Net Gain/(Loss) on Financial Assets designated at Fair Value	529,031	(117,905)	549,266	739,868
Net Gain/(Loss) on Financial Liabilities held for trading	-	294,990	-	-
<b>TOTAL</b>	<b>529,031</b>	<b>177,085</b>	<b>549,266</b>	<b>739,868</b>
<b>12. FINANCIAL INSTRUMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
	2013	2012	2013	2012
<b>Financial Assets Designated at Fair Value through Profit or Loss</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Unit Trusts - Australasian Equities	-	-	-	-
Unit Trusts - International Equities	-	-	-	-
Unit Trusts - International Bonds	-	-	-	-
Unit Trusts - Corporate Bonds	21,569,910	24,211,992	784,179	930,571
Unit Trusts - Income	-	-	13,883,366	12,937,778
<b>TOTAL</b>	<b>21,569,910</b>	<b>24,211,992</b>	<b>14,667,545</b>	<b>13,868,349</b>

World Equity Portfolio		Australasian Equity Portfolio		Deposit Portfolio		World Bond Portfolio	
2013	2012	2013	2012	2013	2012	2013	2012
\$	\$	\$	\$	\$	\$	\$	\$
460	59	270	72	654,205	1,481,970	311	44
-	-	-	-	-	-	-	-
<b>460</b>	<b>59</b>	<b>270</b>	<b>72</b>	<b>654,205</b>	<b>1,481,970</b>	<b>311</b>	<b>44</b>
27,810	21,702	20,588	15,680	-	-	12,769	8,495
110,805	-	124,920	-	-	-	11,025	25,988
6,613	6,483	6,613	6,483	-	-	6,613	6,483
16,479	10,872	17,008	12,124	11,637	10,034	6,137	4,003
103	86	(81)	(25)	-	-	-	-
<b>161,810</b>	<b>39,143</b>	<b>169,048</b>	<b>34,262</b>	<b>11,637</b>	<b>10,034</b>	<b>36,544</b>	<b>44,969</b>
1,938,684	(280,929)	3,111,540	(783,579)	(663,509)	906,003	1,181,746	499,633
(401)	(59)	(198)	(72)	827,765	(889,832)	(267)	(44)
122,667	(10,014)	134,786	(24,599)	1,603	1,105	(8,425)	44,969
(2,228,129)	(4,756,374)	(851,697)	(1,683,740)	(6,068,996)	(6,302,773)	(3,620,087)	(10,408,477)
(2,157,039)	715,744	(3,408,967)	732,851	-	-	(1,423,383)	(608,261)
-	-	-	-	3,516,426	2,118,722	-	-
<b>(2,324,218)</b>	<b>(4,331,632)</b>	<b>(1,014,536)</b>	<b>(1,759,139)</b>	<b>(2,386,711)</b>	<b>(4,166,775)</b>	<b>(3,870,416)</b>	<b>(10,472,180)</b>
<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>
2,157,039	(715,744)	3,408,967	(732,851)	-	-	1,423,383	608,261
-	-	-	-	-	-	-	-
<b>2,157,039</b>	<b>(715,744)</b>	<b>3,408,967</b>	<b>(732,851)</b>	<b>-</b>	<b>-</b>	<b>1,423,383</b>	<b>608,261</b>
<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
\$	\$	\$	\$	\$	\$	\$	\$
-	-	17,849,010	13,588,347	-	-	-	-
23,660,403	19,275,234	-	-	-	-	-	-
-	-	-	-	-	-	16,060,208	11,016,738
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<b>23,660,403</b>	<b>19,275,234</b>	<b>17,849,010</b>	<b>13,588,347</b>	<b>-</b>	<b>-</b>	<b>16,060,208</b>	<b>11,016,738</b>

## Notes to the financial statements (cont) for the year ended 31 March 2013

**13. 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 2013 (31 March 2012: Nil).

**14. 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 fees and Trustee Reporting Fees were included in the

administration expenses of the Funds. All Fund expenses, including audit fees for the Lifestages Deposit Portfolio (2013: \$6,613), are paid directly by the Southland Building Society.

	Corporate Bond Portfolio		Income Portfolio		World Equity Portfolio		Australasian Equity Portfolio		World Bond Portfolio	
	2013 <i>12 Months</i> \$	2012 <i>12 Months</i> \$	2013 <i>12 Months</i> \$	2012 <i>12 Months</i> \$	2013 <i>12 Months</i> \$	2012 <i>12 Months</i> \$	2013 <i>12 Months</i> \$	2012 <i>12 Months</i> \$	2013 <i>12 Months</i> \$	2012 <i>12 Months</i> \$
Audit Fees	6,613	6,529	6,613	6,529	6,613	6,529	6,613	6,529	6,613	6,483
Prospectus related Fees	566	1,413	382	787	620	939	464	699	427	532
Trustee Reporting Fees	490	–	331	–	538	–	402	–	370	–
<b>TOTAL AUDITORS REMUNERATION</b>	<b>7,669</b>	<b>7,942</b>	<b>7,326</b>	<b>7,316</b>	<b>7,771</b>	<b>7,468</b>	<b>7,479</b>	<b>7,228</b>	<b>7,410</b>	<b>7,015</b>

**15. 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 the Funds Administration New Zealand Lifestages Portfolios

#### Report on the financial statements

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

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

The financial statements on pages 2 to 18 comprise the statement of financial position as at 31 March 2013, 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 of financial statements in accordance with generally accepted accounting practice in New Zealand and International Financial Reporting Standards that give a true and fair view of the matters to which they relate, 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 of the financial statements that give a true and fair view of the matters to which they relate 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 Trusts in relation to the registered prospectuses and trustee reporting. Subject to certain restrictions, partners and employees of our firm may also deal with the Unit Trusts on normal terms within the ordinary course of trading activities of the business of the Unit Trusts. These matters have not impaired our independence as auditor of the Unit Trusts. The firm has no other relationship with, or interest in, the Unit Trusts.

### **Opinion**

In our opinion the financial statements on pages 2 to 18:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards;
- give a true and fair view of the financial position of the Unit Trusts as at 31 March 2013 and of their financial performance and cash flows for the year then ended.

### **Report on other legal and regulatory requirements**

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Unit Trusts as far as appears from our examination of those records.

A handwritten signature of the KPMG firm, appearing as 'KPMG' in a stylized, cursive font.

2 July 2013  
Wellington

stages



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