

SuperLife KiwiSaver scheme

Annual Report 2017

Year Ended 31 March 2017

Contents

Welcome from the Chairman.....	3
Investment options	4
Investment returns for the 12 months to 31 March 2017	5
Details of the Scheme	6
Information on contributions and Scheme participants	6
Changes relating to the Scheme.....	7
Other information for particular types of managed funds.....	8
Changes to persons involved in the Scheme.....	9
How to find further information.....	10
Contact details and complaints	10

Welcome from the Chairman

I am pleased to present the annual report for the SuperLife KiwiSaver scheme (the Scheme) for the year ended 31 March 2017.

This was a pivotal year as we moved to comply with the new financial markets legislation, the Financial Markets Conduct Act 2013. The move resulted in changes to our operational structure, with Smartshares Limited becoming the licensed manager of all SuperLife schemes. We also introduced SuperLife Invest, a new scheme that offers flexible savings options, alongside our existing KiwiSaver, workplace savings and UK pension transfer schemes.

We remain committed to providing passive and low cost investment solutions to meet the needs of our clients. Low fees means more of the investment returns end up in your account.

If you are approaching or in retirement, we encourage you to think about how you will spend and invest your money through your retirement. SuperLife's managed income solution can help you spend your savings when you need to, while continuing to invest the balance you don't spend. Please get in touch with us if you would like to learn more.

To see how your funds have performed this year, see page 5. You can also find information about each fund's investment mix, top investments and performance in the quarterly fund update reports, available on our website.

Thank you for choosing the SuperLife KiwiSaver scheme as your KiwiSaver provider.

Bevan Miller

Chairman

Smartshares Limited

Investment options

The Scheme offers 40 funds and one life-cycle investment option (SuperLife^{Age Steps}). These investment options are as follows:

- SuperLife^{Age Steps}: A life cycle investment option where the mix of income and growth assets is set based on your age. As you get older, the proportion of your investment in growth assets will be reduced, lowering the expected size of the ups and downs in the value of your investment;
- Managed funds: A series of funds that provide a range of risk-return profiles. The funds invest in a mix of the sector and ETF funds (except for Ethica, a socially responsible fund that invests directly in income and growth assets that meet the fund's investment standards); and
- Sector and ETF funds: A series of funds invested in New Zealand and international markets that you can use to set your own investment strategy across the main investment asset classes of cash, fixed interest, shares and property.

Full details of our investment options are in the product disclosure statement (PDS) and available on our website.

Investment returns for the 12 months to 31 March 2017

After total fund charges, and after tax at the prescribed investor rate of 28%

Below are the investment returns for the Scheme, calculated based on an investment made at the start of the year. Investment returns will vary for each member depending on the investment option(s) chosen, prescribed investor rate (PIR), and contributions or withdrawals.

Sector Funds	% return	Exchange Traded Funds (ETFs)	% return
	28% PIR		28% PIR
NZ Cash	2.0	NZ Cash ETF	1.9
NZ Bonds	2.1	NZ Bond ETF	2.2
Overseas Bonds	3.6	Global Bond ETF	3.5
Overseas Non-govt. bonds	2.8	NZ Dividend ETF	6.4
Property	1.4	NZ Top 50 ETF	6.8
NZ Shares	11.1	NZ Top 10 ETF	3.0
Australian Shares	20.5	NZ Mid Cap ETF	8.9
Ov. Shares Currency Hedged	16.8	NZ Property ETF	-1.3
Ov. Shares	10.1	Australian Top 20 ETF	20.4
Emerging Markets	12.4	Australian Dividend ETF	16.7
Gemino*	16.8	Australian Financials ETF	25.4
UK Cash	-11.7	Australian Property ETF	4.8
UK Income*	-8.2	Australian Resources ETF	42.2
UK Shares/Property*	3.8	Australian Mid Cap ETF	17.9
		Total World ETF	11.6
		US 500 ETF	11.5
		Europe ETF	5.0
		Asia Pacific ETF	12.0
		US Large Growth ETF	10.4
		US Large Value ETF	13.2
		US Mid Cap ETF	11.6
		US Small Cap ETF	15.3
		Emerging Markets ETF	14.4
Managed Funds			
SuperLife ^{Income}	2.7		
SuperLife ³⁰	5.9		
SuperLife ⁶⁰	9.1		
SuperLife ⁸⁰	10.9		
SuperLife ¹⁰⁰	12.4		
Ethica	4.9		

* The Gemino fund was closed to new members after May 2016, and the UK Income and UK Shares/Property funds were closed to new members after November 2016.

The returns of the SuperLife^{Age Steps} investment option vary by age and are based on the returns of the individual funds that make up the investment strategy for the age. You can view the latest fund updates for a selection of ages by visiting www.superlife.co.nz/legal-doc.

Statutory information

The information set out in this section is required by Part 5, Schedule 4 of the Financial Markets Conduct Regulations 2014.

Details of the Scheme

This is the annual report for the SuperLife KiwiSaver scheme (SCH10768) for the year ended 31 March 2017. The Scheme is a registered KiwiSaver scheme.

The Scheme's manager is Smartshares Limited (Smartshares or Manager), which is a wholly owned subsidiary of NZX Limited (NZX) and the Scheme's supervisor is Public Trust (the Supervisor).

The latest PDS is dated 11 April 2017, and the Scheme is open for applications.

The latest fund update for each fund offered by the Scheme is dated 28 April 2017.

The Scheme's latest financial statements for the year ended 31 March 2017, including the auditor's report relating to those statements, have been lodged with the Registrar.

Copies of the PDS, financial statements, audit report and fund updates are available online at www.superlife.co.nz/legal-doc and at www.companiesoffice.govt.nz/disclose.

Information on contributions and Scheme participants

The table below shows the numerical changes in the Scheme participants for the year ended 31 March 2017.

Membership details

Total number of Scheme participants at 1 April 2016

Total number of contributing Scheme participants	17,032
Total number of non-contributing Scheme participants	10,207
	27,239

Total number of persons who became Scheme participants during the period

Transfers from other schemes	1,146
Other new members	1,402
	2,548

Total number of persons who ceased to be Scheme participants during the period

Due to retirement	306
Due to death	19
Due to transfers to other schemes	1,544
For other reasons	97
	1,966

Total number of Scheme participants at 31 March 2017

Total number of contributing Scheme participants	17,487
Total number of non-contributing Scheme participants	10,334
	27,821

Members' accumulations

	31 March 2017	1 April 2016
Total amount of Scheme participants' accumulations	\$639,802,503	\$517,903,713
Number of Scheme participants to which that relates	27,821	27,239

Contributions

	YE 31 March 17 (\$)	YE 31 March 17 (# members)
Member contributions	41,514,304	18,522
Employer or other sponsor contributions	25,300,301	18,099
Member voluntary additional contributions	5,081,154	2,944
Total amount of contributions received in the period	71,895,759	

Changes relating to the Scheme

The Scheme transitioned to the Financial Markets Conduct Act 2013 (FMCA) regime on 9 November 2016.

The Scheme's Trust Deed was amended principally to ensure compliance with the requirements of the FMCA. Some other amendments were also made to improve the readability of the Trust Deed, improve some processes and move the Trust Deed more into line with current market practices. In addition the Fund Establishment Deed was implemented to set out the specific terms and conditions for the funds within the Scheme.

On 1 April 2016, the manager of the Scheme was SuperLife Limited. On 9 November 2016 SuperLife Limited and Smartshares Limited amalgamated to become Smartshares Limited (FSP26531). Smartshares Limited is now the Manager of the Scheme.

The Statement of Investment Policy and Objectives (SIPO) was adopted on 2 November 2016, and subsequently updated to amend the market index for the Emerging Markets Fund on 8 December 2016. In November 2016, the Scheme reduced its administration fee from \$33 a year to \$30 a year, and the percentage of assets fee (including the fees charged indirectly in related schemes) was reduced by 0.05% of assets a year.

Related party transactions

Until 8 November 2016, MCA NZ Limited provided investment consultancy services to the Scheme. MCA NZ Limited was a related party of SuperLife Limited (the manager of the Scheme prior to the amalgamation of Smartshares and SuperLife Limited) and was approved to buy and sell financial products issued by related entities of MCA NZ Limited.

Following the amalgamation of Smartshares and SuperLife Limited, MCA NZ Limited ceased providing investment consultancy services to the Scheme and the investment management of the Scheme was internalised.

The following related party transactions were approved in the accounting period:

- Smartshares buying and selling financial products issued by related entities (including NZX and other managed investment schemes that are managed by Smartshares, in particular SuperLife Invest) as set out in the Scheme's SIPO.

All related party transactions are conducted on arm's length terms.

Other information for particular types of managed funds

The number of Scheme participants who made a permitted withdrawal under the KiwiSaver Act 2006 and the Scheme's Trust Deed during the year to 31 March 2017 were as follows.

Permitted withdrawals	Number of members
Retirement	419
Death	19
Significant financial hardship	85
Serious illness	17
Mortgage diversion	15
First home withdrawal	298
Permanent emigration	16
Transfers to other KiwiSaver provider	1,468
Transfer to Australian superannuation scheme	0
Other permitted withdrawals	1
Total number of scheme participants in receipt of benefit	2,758

Crediting rate

Members of the Scheme are able to invest in managed, sector and ETF funds, as well as a life cycle investment option (SuperLife^{Age Steps}). The investment returns of the individual funds are set out on page 5 (after total fund charges, and after tax at 28%) and will vary for each member depending on the investment option(s) chosen, prescribed investor rate (PIR), and contributions or withdrawals.

Manager's statement

All the benefits required to be paid from the Scheme in accordance with the terms of the Trust Deed and the KiwiSaver scheme rules have been paid.

The market value of the assets of the Scheme property at 31 March 2017 equalled the total value of the benefits that would have been payable had all the members of the Scheme ceased to be members at that date and had provisions been made for the continued payment of all benefits being paid to members and other beneficiaries as at 31 March 2017.

Changes to persons involved in the Scheme

Manager

From 1 April to 8 November 2016, the manager of the Scheme was SuperLife Limited. Alister John Williams and Guy Roulston Elliffe joined the Board of SuperLife Limited on 9 May 2016.

At transition to the FMCA on 9 November 2016, SuperLife Limited was amalgamated with Smartshares under the Companies Act 1993. As a consequence, Smartshares became the Manager of the Scheme, and SuperLife Limited was removed from the Companies Register. Furthermore, MCA NZ Limited ceased providing investment consultancy services to the Scheme, and the investment management of the Scheme was internalised.

At the time of amalgamation, the Board of Smartshares consisted of Bevan Keith Miller (Chairman), Timothy Oliver Bennett, Guy Roulston Elliffe and Alister John Williams. Timothy Oliver Bennett resigned as a director on 30 December 2016. Paul James Baldwin was appointed as a director on 30 December 2016.

Supervisor

Public Trust was appointed as the Supervisor on 9 November 2016. The Supervisor was previously the Trustee of the Scheme prior to transition to the FMCA. Graham Arthur Naylor, Dianne Victoria McAteer and Bevan Edward Killick were appointed to the Supervisor's Board on 1 November 2016. Diana Puketapu and Dinu Harry's terms ended on 31 October 2016.

Custodian

Prior to the transition to the FMCA on 9 November 2016, the custodians of the Scheme were SuperLife Trustee Nominees Limited and SuperLife Nominees Limited. SuperLife Trustee Nominees Limited ceased to be the custodian of the Scheme on 9 November 2016.

How to find further information

For further information relating to the Scheme and your investment options, including the PDS, financial statements, annual reports, fund updates and the SIPO, visit the Disclose Register at www.companiesoffice.govt.nz/disclose. A copy of the information on the Disclose Register is available on request to the Registrar of Financial Service Providers.

The information set out above is also available at www.superlife.co.nz or by contacting the Manager (see page 11 for contact details). The information can be obtained from the Manager free of charge.

The current value of a member's investment is available online, via a phone app or by contacting the Manager. This information is also available free of charge.

Contact details and complaints

Manager

The Manager's contact details are:

Smartshares Limited
PO Box 105262
Auckland 1143
Telephone: 0800 27 87 37
Email: superlife@superlife.co.nz

Complaints about the Scheme can be made to the Manager using the contact details set out above. Please direct complaints to NZX Head of Funds Management at the address set out above.

Supervisor

The Supervisor's contact details are:

Manager Client Services
Public Trust
PO Box 1598, Shortland Street
Auckland 1140
Telephone: 0800 371 471
Email: Cts.enquiry@publictrust.co.nz

Complaints about the Scheme can be made to the Supervisor using the contact details set out above.

Independent dispute resolution scheme

The independent dispute resolution scheme's contact details are:

Financial Services Complaints Limited
PO Box 5967
Wellington 6140
Telephone: 0800 347 257
Email: complaints@fscl.org.nz

Smartshares is a member of the Financial Services Complaints Limited Scheme (the Supervisor is also a member), which is an independent dispute resolution scheme. Complaints about the Scheme can be made to the independent dispute resolution scheme using the contact details set out above. The independent dispute resolution scheme will not charge a complainant a fee to investigate or resolve a complaint.