

Koura KiwiSaver Scheme
Financial Statements
For the period ended 31 March 2020

Table of Contents

	Page numbers
Directory Listing	2
Manager's Statement	3
Financial Statements	
- Statements of Changes in Net Assets	4
- Statements of Net Assets	5
- Statements of Cash Flows	6
- Notes to the Financial Statements	7 - 23
Independent Auditor's Report	24

Directory Listing

Manager:	Koura Wealth Limited
Registered Office:	Level 1, 1-3 Cowan Street, Ponsonby, Auckland NZ
Directors:	Rupert Carlyon, Warren Couillault, David Moore, Anna Scott
Supervisor:	Public Trust (NZ) Limited
Custodian:	MMC Limited
Administrator:	MMC Limited
Auditor	KPMG

Manager's Statement

In the opinion of the Manager, the accompanying Financial Statements are drawn up so as to present fairly the financial position of the Koura KiwiSaver Scheme as at 31 March 2020 and their results for the period ended on that date in accordance with the requirements of the Koura KiwiSaver Scheme Governing Document dated 16 August 2019.

The directors of the Manager are of the opinion that the Koura KiwiSaver Scheme will be able to pay its debts as and when they fall due.

Director

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end, positioned above a horizontal line.

Koura Wealth Limited

30 July 2020

Director

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end, positioned above a horizontal line.

Statements of Changes in Net Assets

\$		Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
For the period ended 31 March	Note	Period End 2020	Period End 2020	Period End 2020	Period End 2020	Period End 2020	Period End 2020	Period End 2020
Income								
Interest income	11	3	7,857	133	151	88	37	8,269
Dividend and distribution income		-	-	10,707	13,637	4,892	-	29,236
Management fee rebate		8	-	-	-	-	-	8
Foreign exchange gains on cash and cash equivalents		-	-	-	969	502	762	2,233
Net gain/(loss) on financial instruments at fair value through profit or loss		-	(12,779)	(143,685)	(266,787)	(158,197)	(46,758)	(628,206)
Total income		11	(4,922)	(132,845)	(252,030)	(152,715)	(45,959)	(588,460)
Expenses								
Manager's fee	8	3	1,518	2,119	3,017	1,201	542	8,400
Broker fees	8	-	752	1,114	2,907	1,480	620	6,873
Other expenses		7	13	13	13	13	13	72
Total expenses		10	2,283	3,246	5,937	2,694	1,175	15,345
Net profit/(loss) before membership activities		1	(7,205)	(136,091)	(257,967)	(155,409)	(47,134)	(603,805)
Membership activities								
Contributions								
Member contributions		164	23,797	37,051	61,897	31,947	13,153	168,009
Employer contributions		47	11,277	17,378	29,657	15,213	6,406	79,978
Transfers from other funds within the scheme		18	28,898	31,875	96,229	47,233	55,560	259,813
Transfers from other KiwiSaver schemes		11,450	834,444	1,059,627	1,823,438	928,735	380,098	5,037,792
Voluntary and lump sum contributions		-	1,539	1,879	3,439	1,290	536	8,683
Total Contributions		11,679	899,955	1,147,810	2,014,660	1,024,418	455,753	5,554,275
Withdrawals								
Transfers to other funds within the scheme		420	86,013	24,795	76,948	39,149	32,488	259,813
Transfers to other KiwiSaver schemes		-	9,986	10,510	17,796	8,989	3,434	50,715
First home purchase withdrawals		6,328	13,912	1,010	2,288	1,264	506	26,308
Crown contributions returned		422	925	69	150	85	32	1,683
Other permitted withdrawals		-	9	(6)	208	23	34	268
Total Withdrawals		7,170	110,845	36,378	97,390	49,510	36,494	337,787
Member PIE taxation		-	(1,687)	(92)	(21,828)	(7,155)	1,470	(29,292)
Administration and registry fees	8	2	174	239	403	200	90	1,108
Net membership activities		4,507	790,623	1,111,285	1,938,695	981,863	417,699	5,244,672
Members' accounts at the start of the year		-	-	-	-	-	-	-
Movements in members' accounts for the year		4,508	783,418	975,194	1,680,728	826,454	370,565	4,640,867
Members' accounts at the end of the year		4,508	783,418	975,194	1,680,728	826,454	370,565	4,640,867

These statements are to be read in conjunction with the accompanying notes on pages 7 - 23.

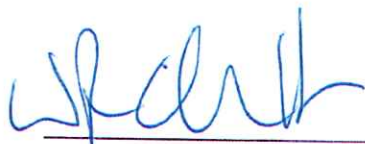
Statements of Net Assets

\$		Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
As at 31 March	Note	2020	2020	2020	2020	2020	2020	2020
Members' Funds		4,508	783,418	975,194	1,680,728	826,454	370,565	4,640,867
<i>Represented by:</i>								
Assets								
Cash and cash equivalents		4,503	22,673	31,876	126,349	62,862	25,467	273,730
Trade and other receivables	9	-	47,796	43,339	61,480	31,909	12,483	197,007
Management fee rebates receivable	8	8	-	-	-	-	-	8
Financial assets at fair value through profit or loss	6, 7	-	734,879	959,431	1,646,685	811,957	367,047	4,519,999
Member attributed taxation		-	1,701	246	23,990	7,903	-	33,840
Total assets		4,511	807,049	1,034,892	1,858,504	914,631	404,997	5,024,584
Liabilities								
Due to brokers		-	22,098	57,429	173,672	86,267	32,420	371,886
Management fees payable	8	3	1,518	2,119	3,017	1,201	542	8,400
Financial liabilities at fair value through profit or loss	6, 7	-	-	-	990	709	-	1,699
Member attributed taxation		-	15	150	97	-	1,470	1,732
Total liabilities		3	23,631	59,698	177,776	88,177	34,432	383,717
Net assets available for benefits		4,508	783,418	975,194	1,680,728	826,454	370,565	4,640,867

These statements are to be read in conjunction with the accompanying notes on pages 7 - 23.

These Financial Statements were authorised for issue by the Manager, Koura Wealth Limited

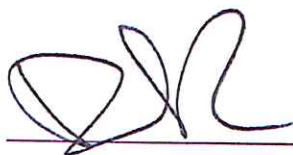
Director



Date

30/7/2020.

Director



Date

30/7/2020.

Statements of Cash Flows

\$		Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
For the period ended 31 March	Note	Period End 2020	Period End 2020	Period End 2020	Period End 2020	Period End 2020	Period End 2020	Period End 2020
Cash flows to operating activities								
<i>Cash was provided from:</i>								
Sale of investments		-	-	5,706	71,053	30,027	-	106,786
Interest received	3		1,748	133	151	88	37	2,160
Dividend and distribution income		-	-	3,157	13,637	4,892	-	21,686
Cash received upon settlement of forward exchange contracts		-	-	-	21,217	4,261	-	25,478
<i>Cash was applied to:</i>								
Purchase of investments		-	(725,560)	(1,050,828)	(1,757,653)	(893,820)	(381,385)	(4,809,246)
Payments made on settlement of forward exchange contracts		-	-	-	(73,427)	(24,142)	-	(97,569)
Transaction costs		-	(752)	(1,114)	(2,907)	(1,480)	(620)	(6,873)
Other expenses paid		(7)	(13)	(13)	(13)	(13)	(13)	(72)
Net cash outflow from operating activities	10	(4)	(724,577)	(1,042,959)	(1,727,942)	(880,187)	(381,981)	(4,757,650)
Cash flows from financing activities								
<i>Cash was provided from:</i>								
Contributions		11,679	858,268	1,111,456	1,953,180	993,005	443,270	5,370,858
<i>Cash was applied to:</i>								
Withdrawals		(7,172)	(111,019)	(36,617)	(97,793)	(49,710)	(36,584)	(338,895)
Members' PIE Tax paid		-	1	(4)	(2,065)	(748)	-	(2,816)
Net cash inflow from financing activities		4,507	747,250	1,074,835	1,853,322	942,547	406,686	5,029,147
Net increase in cash		4,503	22,673	31,876	125,380	62,360	24,705	271,497
Cash at the beginning of the period		-	-	-	-	-	-	-
Effect of exchange rate fluctuations		-	-	-	969	502	762	2,233
Cash at the end of the period		4,503	22,673	31,876	126,349	62,862	25,467	273,730

These statements are to be read in conjunction with the accompanying notes on pages 7 - 23.

Notes to the Financial Statements for the period ended 31 March 2020

1. General information

Reporting entities

These Financial Statements are for the Koura KiwiSaver Scheme ('the Scheme') which comprises the following six funds (together the 'Funds' and individually the 'Fund'):

- Koura Cash Fund
- Koura Fixed Interest Fund
- Koura NZ Equities Fund
- Koura US Equities Fund
- Koura Rest of World Equities Fund
- Koura Emerging Markets Equities Fund

The Manager and issuer of the Scheme is Koura Wealth Limited ('the Manager') and the Supervisor of the Scheme is Public Trust ('the Supervisor'). Sargon (NZ) Limited was the Supervisor up until 8 March 2020. The Scheme is registered and domiciled in New Zealand. The registered office of the Scheme is Level 1, 1-3 Cowan Street, Ponsonby, Auckland, New Zealand.

The Scheme is a defined contribution scheme under the KiwiSaver Act 2006, which means that members contribute to the Scheme over time and benefits payable depend on the amount of contributions made and any returns on contributions received. The Scheme is a Managed Investment Scheme in accordance to the Financial Markets Conduct Act 2013.

The Scheme was established by a Governing Document dated 16 August 2019. Establishment Deeds for the Cash Fund, Fixed Interest Fund, NZ Equities Fund, US Equities Fund, Rest of World Equities Fund and Emerging Markets Equities Fund were issued on 16 August 2019. All Funds commenced operations on 23 October 2019.

The principal activity of the Funds is investment.

Descriptions of the Funds are as follows:

- The Cash Fund provides a high degree of liquidity to investors close to buying a house. The Fund invests in New Zealand dollar bank deposits, term deposits and short dated money market securities.
- The Fixed Interest Fund provides investors with an exposure to New Zealand Government and Corporate bonds.
- The NZ Equities Fund provides investors with an exposure to the New Zealand share market.
- The US Equities Fund provides investors an exposure to the US share market, screened for high environmental, social and governance factors. The fund invests in underlying funds to provide this exposure.
- The Rest of World Equities Fund provides exposure to the share markets of Europe, Australasia, Singapore, Hong Kong, Japan and Israel, screened for high environmental, social and governance factors. The Fund will invest in underlying funds to provide this desired exposure.
- The Emerging Markets Equities Fund provides investors an exposure to emerging markets including Eastern Europe, the Middle East, South America, Africa and Asia including China, screened for high environmental, social and governance performance. The fund will invest in underlying funds that provide the desired exposure.

Statutory base

These Financial Statements have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013 ('FMCA'), the KiwiSaver Act 2006 (the 'Act'), the Financial Reporting Act 2013 and the Governing Document.

The Financial Statements are for the period from 16 August 2019 (date of establishment) to 31 March 2020. There are no comparatives for the Funds given it's the first reporting period.

2. Summary of accounting policies

2.1 Basis of preparation

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied throughout the period presented, unless otherwise stated.

The Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). For the purposes of complying with NZ GAAP, the Scheme is a profit-oriented entity. These Financial Statements have been prepared in accordance with the New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') as issued by the External Reporting Board and other applicable reporting standards. The Financial Statements comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board. These Financial Statements have been prepared under the historical cost method, except for financial assets and liabilities at fair value through

The preparation of Financial Statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the Directors of the Manager to exercise their judgement in the process of applying the Scheme's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 3.

The Manager has assessed the Scheme's ability to continue as a going concern in light of the impact of COVID-19. There are no indicators that the Scheme will not continue to operate as a going concern.

(a) Presentation

These Financial Statements are presented in New Zealand dollars, which is the Scheme's functional currency and the figures have been rounded to the nearest dollar. The functional currency reflects the currency of the economy in which the Scheme competes for funds and is regulated.

Notes to the Financial Statements for the period ended 31 March 2020

2. Summary of accounting policies (continued)

2.2 Financial instruments

(a) Classification

Financial assets

Financial assets are recognised initially at fair value. After initial recognition, financial assets are measured at fair value or amortised cost, determined on the basis of both (a) the Fund's business model for managing the financial assets; and (b) the contractual cash flow characteristics of the financial asset.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss can be either designated as such upon initial recognition or mandatorily measured at fair value in accordance with NZ IFRS 9. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. All financial assets measured at fair value are those mandatorily measured at fair value. The contractual cash flows of the Funds' fixed interest securities are solely principal and interest, however they are not held for the purpose of collecting contractual cash flows. The collection of contractual cash flows is only incidental in achieving the Funds' business model. As a result these fixed interest securities are classified as financial assets at fair value through profit or loss. Financial assets at fair value through profit and loss comprise of equities, fixed interest securities, listed trusts and forward foreign exchange contracts.

(ii) Financial assets at amortised cost

(a) Cash and cash equivalents include cash in hand and deposits held at call with banks.

(b) Receivables are amounts representing assets owing to the Funds and may include amounts due for interest or dividends and amounts due for securities sold that have been contracted for but not yet delivered by the end of the accounting period.

Financial liabilities

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss can be either designated as such upon initial recognition or mandatorily measured at fair value in accordance with NZ IFRS 9. The portfolio of financial liabilities is managed and performance is evaluated on a fair value basis. All financial liabilities are mandatorily measured at fair value through profit or loss. Foreign exchange contracts that have a negative fair value are presented as financial liabilities at fair value through profit or loss.

(ii) Financial liabilities at amortised cost

(a) Payables are amounts representing liabilities and accrued expenses owing by the Fund at period end and may include related party fees.

The Fund's policy requires the Manager to evaluate the information about financial assets and liabilities on a fair value basis together with other related financial information.

(b) Recognition, measurement and derecognition

(i) Financial assets and liabilities at fair value through profit or loss

The Funds recognise financial assets and liabilities at fair value through profit or loss on the date they become parties to the contractual agreement. Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of Changes in Net Assets.

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are recognised in the Statement of Changes in Net Assets when they arise.

Financial assets at fair value through profit or loss are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all of the risks and rewards of ownership. Financial liabilities at fair value through profit or loss are derecognised when the obligation under the liability is discharged, cancelled or expires. Any gain or loss arising on derecognition of the financial asset or financial liability at fair value through profit or loss is included in the Statement of Changes in Net Assets in the year the item is derecognised.

(ii) Financial assets and liabilities at amortised cost

The Fund recognises financial assets and liabilities at amortised cost on the date they become parties to the contractual agreement. Financial assets and liabilities at amortised cost are initially recognised at fair value. Financial assets at amortised cost are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all of the risks and rewards of ownership. Financial liabilities at amortised cost are derecognised when the obligation under the liability is discharged, cancelled or expires. Subsequent to initial recognition, all financial assets and liabilities at amortised cost are measured at amortised cost less any impairment. Any impairment charge is recognised in the Statement of Changes in Net Assets. At each reporting date, the Fund shall measure the loss allowance of amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12 month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due or a counterparty credit rating which has fallen below BBB/Baa. Any contractual payment which is more than 90 days past due is considered credit impaired.

Notes to the Financial Statements for the period ended 31 March 2020

2. Summary of accounting policies (continued)

(c) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date in the principal or, in its absence, the most advantageous market to which the Funds had access at that date. The fair value of a liability reflects its non-performance risk.

Fair value in an active market

The fair value of financial assets and liabilities traded in active markets such as publicly traded securities and listed trusts are based on quoted market prices at the close of trading on the reporting date. The quoted market price used by the Funds are the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value. The quoted market price used for fixed interest securities is the current mid price. (refer to note 5.3 for further details on the methodologies applied for fixed income securities).

Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Funds use a variety of methods and make assumptions that are based on market conditions existing at each balance date. Valuation techniques used include the use of recent comparable arm's length market transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Funds would receive or pay to terminate the contract at balance date taking into account current market conditions (volatility and appropriate yield curve). It may be adjusted if the counterparty is not regarded as credit worthy. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

The Funds' investments in other funds are subject to the terms and conditions of the respective funds' offering documentation. The investments in other funds are primarily valued based on the latest available redemption price of such units for each other fund investment, as determined by the other funds' administrators. The Funds review the details of the reported information obtained from the other funds and consider: the liquidity of the other fund or its underlying investments; the value date of the net asset value provided; and restrictions on redemptions; and the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information is obtained from the other funds' advisors.

The rights of the Funds to request redemption of their investments in other funds may vary in frequency from daily to weekly redemptions. As a result, the carrying values of the other funds may not be indicative of the values ultimately realised on redemption. In addition, the Funds may be materially affected by the actions of other investors who have invested in other funds in which the Funds have invested.

If necessary, the Funds make adjustments to the net asset value of various other fund investments to obtain the best estimate of fair value. Other net changes in fair value of financial assets and financial liabilities at fair value through profit or loss in the Statements of Changes in Net Assets include the change in fair value of each other fund.

Fair value classifications of the Funds' financial assets and liabilities are detailed in Notes 5.3.

2.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statements of Net Assets when, and only when, there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis for gains and losses from Financial Instruments at Fair value through profit and loss, and for foreign exchange gains and losses.

2.4 Revenue recognition

(a) Dividend and distribution income is recognised in the Statement of Changes in Net Assets when the right to receive payment is established.

(b) Interest income on financial assets at amortised cost and net interest income on financial assets at fair value through profit or loss are included under Income in the Statements of Changes in Net Assets and are recognised as interest accrues on a time-proportionate basis using the effective interest rate method. Interest income on financial assets at amortised cost comprises of interest income earned on cash and cash equivalents

(c) Gains or losses of financial assets at fair value through profit or loss are recorded net of any foreign withholding tax and recognised in the Statement of Changes in Net Assets as disclosed in note 2.2.

(d) Foreign exchange gains and losses on cash and financial instruments at fair value through profit or loss are recognised in the Statement of Changes in Net Assets as disclosed in note 2.9.

(e) Dividend and interest income is disclosed net of any resident withholding taxes deducted at source, as these tax credits are allocated to members under the PIE regime.

Notes to the Financial Statements for the period ended 31 March 2020

2. Summary of accounting policies (continued)

2.5 Expenses

The Manager pays audit, accounting, supervisory, custody and administration expenses from the management fee. The management fee is calculated on a daily basis based on the net asset value of the Scheme and is paid monthly. Administration and registry fees are charged monthly per member via a cancellation of units.

2.6 Taxation

The Funds are Portfolio Investment Entities (PIEs). Under the PIE regime, income is effectively taxed in the hands of the members and therefore the Funds have no tax expense. Accordingly, no income tax expense is recognised in the statement of changes in net assets.

Under the PIE regime, the Manager attributes the taxable income of the Funds to members in accordance with the proportion of their overall interest in the Funds. The income attributed to each member is taxed at the member's "prescribed investor rate" which is capped at 28%. The Manager accounts for tax on behalf of members and undertakes any necessary adjustments to the members' interests in the Funds to reflect that the Scheme pays tax at varying rates on behalf of members.

Members' funds have been adjusted to reflect the impact of tax on the value of unit holdings.

The tax attributable to members is calculated on the basis of the tax laws enacted or substantively enacted at reporting date. Positions taken in attributing taxable income to members, with respect to situations in which applicable tax regulations are subject to interpretation, are evaluated by the Manager as required.

2.7 Goods and services tax (GST)

The Scheme is not registered for GST. All items in the statement of changes in net assets and the statement of net assets are stated inclusive of GST.

2.8 Statement of cash flows

Definitions of the terms used in the statement of cash flows are:

- (a) 'Operating activities' include all transactions and other events that are not financing activities; and
- (b) 'Financing activities' are those activities that result in changes in the size and composition of members' funds.

2.9 Foreign currencies

(a) Functional and presentation currency

These Financial Statements are presented in New Zealand dollars (\$), which is the Scheme's functional currency, on the basis that the Scheme's investors are mainly based in New Zealand, with the contributions and withdrawals denominated in New Zealand dollars.

(b) Transactions and balances

Transactions denominated in foreign currencies are recognised at the exchange rates on the date of the transactions. Monetary assets and liabilities as at balance date denominated in foreign currencies are translated at the foreign currency exchange rates on that date. Non-monetary assets and liabilities as at balance date denominated in foreign currencies and measured at historical cost are not retranslated; they remain at the exchange rate at the date of the transaction. Non-monetary assets and liabilities as at balance date denominated in foreign currencies and measured at fair value are translated at the exchange rate when the fair value was determined. Realised and unrealised exchange gains and losses during the financial year are recognised in profit and loss in the Statement of Changes in Net Assets.

2.10 Net assets available for benefits

The net assets available for benefits represent the liability for promised retirement benefits and is the Scheme's present obligation to pay benefits to Members. This has been calculated as the difference between carrying amounts of the assets and carrying amounts of the liabilities at the reporting date. The Funds issue units that are redeemable subject to the requirements of the Act at the Members' option and do not have identical features and are therefore classified as financial liabilities at the scheme level. The units can be put back to the Funds at any time for purposes of permitted withdrawals (such as reaching the retirement age of 65 or significant financial hardship), transfer to another Fund within the Koura KiwiSaver Scheme or to a separate KiwiSaver Scheme and which are equal to a proportionate share of the respective Fund's net asset value which is the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the year end date if Members exercise their right to put the units back to the Funds.

As stipulated in the Governing Document, each unit represents a right to an individual share in the respective Fund and does not extend to a right in the underlying assets of the respective Fund. There are no separate classes of units within each Fund and each unit has the same rights attaching to it as all other units in the respective Fund.

Contributions received for units in the Funds are recorded net of any entry fees payable prior to the issue of units in the Funds. Redemptions from the Funds are recorded gross of any exit fees payable after the cancellation of the units redeemed. Units are issued and redeemed subject to the requirements of the KiwiSaver Act 2006 at the holder's option at prices based on the Funds' net asset value per unit at the time of issue or redemption. The Funds' net asset value per unit is calculated by dividing the net assets attributable to the holders of each Fund with the total number of outstanding units of each Fund. There are currently no entry or exit fees payable.

As disclosed in note 1, the Scheme is a defined contribution scheme and the member funds presented as the Net assets available for benefits in the Statements of Net Assets represent the fully vested benefits to which the members are entitled to as at balance date. The movements of the liability for promised retirement benefits are presented by the movements as disclosed in the Statements of Changes in Net Assets during the year.

Notes to the Financial Statements for the period ended 31 March 2020

2. Summary of accounting policies (continued)

2.11 Related parties

A party is related to the Scheme if:

- (a) directly or indirectly through one or more of its intermediaries, it controls, is controlled by, or is under common control with, the Scheme;
- (b) it is a parent, subsidiary or fellow subsidiary of a party defined in note 1 above;
- (c) it has an interest in or relationship with the Scheme that gives it significant influence over the Scheme;
- (d) the Scheme has an interest in or relationship with the party that gives it significant influence over the party; or
- (e) they are both the Manager, a related party of the Manager and any members of the Manager's key management personnel.

3. Accounting estimates and judgements

The preparation of Financial Statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgement in the process of applying the Scheme's accounting policies. The Manager has applied its judgement in selecting the accounting policy to designate financial assets at fair value through profit or loss at initial recognition. This policy has a significant impact on the amounts disclosed in the financial statements. It is possible to determine the fair value of all financial assets as quoted market prices are readily available and in the case of derivatives observable market inputs are readily available. Therefore there are no material assumptions or major sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities at year end. However as with all investments, their value is subject to variation due to market fluctuations.

The Manager has used judgement in the categorisation of its financial assets and liabilities at fair value through profit or loss in accordance with the fair value hierarchy under NZ IFRS 13. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value in its entirety. The significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability (refer to note 5.3 for further details).

The Manager has assessed the impact of COVID-19 and there has been no impact on the measurement and of the fair value hierarchy of investments.

4. Derivatives

4.1 Forward foreign currency contracts

Forward foreign currency contracts are contractual obligations to buy or sell one currency on a future date in exchange for a second currency at a specified forward foreign exchange rate which is established in an organised market. The forward contracts are agreed between the parties to the contract and are not traded on an exchange. The Scheme's open positions in forward contracts at balance date are outlined below:

\$	Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
As at 31 March	2020	2020	2020	2020	2020	2020	2020
Forward exchange contracts (notional value in NZ\$)							
Sell AUD/Buy NZD	-	-	-	-	31,492	-	31,492
Sell EUR/Buy NZD	-	-	-	-	198,724	-	198,724
Sell USD/Buy NZD	-	-	-	1,081,086	29,863	-	1,110,949
Sell CHF/Buy NZD	-	-	-	-	55,925	-	55,925
Sell GBP/Buy NZD	-	-	-	-	79,272	-	79,272
Sell JPY/Buy NZD	-	-	-	-	146,056	-	146,056
Forward exchange contracts (fair value in NZ\$)							
Sell AUD/Buy NZD	-	-	-	-	(38)	-	(38)
Sell EUR/Buy NZD	-	-	-	-	(256)	-	(256)
Sell USD/Buy NZD	-	-	-	219	719	375	1,313
Sell NZD/Buy USD	-	-	-	-	-	-	-
Sell NZD/Buy CHF	-	-	-	-	-	-	-
Sell CHF/Buy NZD	-	-	-	-	(87)	-	(87)
Sell GBP/Buy NZD	-	-	-	-	(99)	-	(99)
Sell NZD/Buy JPY	-	-	-	-	-	-	-
Sell JPY/Buy NZD	-	-	-	-	(201)	-	(201)

Notes to the Financial Statements for the period ended 31 March 2020

5. Financial Risk Management

5.1 Financial risk factors

The Governing Document for the Scheme requires the Fund Manager to invest the assets of each Fund of the Scheme in accordance with the SIPO, in order to manage risk. The Scheme's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow with fair value interest rate risk and price risk), credit risk and liquidity risk. The Scheme's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Scheme is exposed and seeks to minimise potential adverse effects on the Scheme's financial performance.

All securities investments present a risk of loss of capital. The Funds of the Scheme hold various financial instruments such as listed equities, listed trusts and fixed interest securities where the maximum loss of capital is limited to the carrying value of those positions. The maximum loss of capital on forward foreign exchange contracts is limited to the notional amount of currency that is contracted to be delivered under each contract.

The Funds are also indirectly exposed to risk factors such as liquidity risk, credit risk and interest rate risk via its investments underlying listed trusts. However the risk management note outlined below are not prepared on a look through basis.

In addition to internal risk management carried out by the Manager, financial risk is also managed by the setting of an investment policy, agreed with and monitored by the Supervisor and set out in the SIPO.

5.1.1 Market risk

(a) Price risk

Price risk is the risk that the fair value or future cash flows of non-monetary financial instruments will fluctuate because of changes in market prices, whether those changes are caused by factors specific to an issuer or factors affecting all similar financial instruments traded in the market. All investments in listed trusts and listed equities present a risk of loss of capital often due to factors beyond the Manager's control such as competition, regulatory changes, commodity price changes and changes in general economic climate domestically and internationally. The Manager of the underlying listed trusts advised that this risk is moderated through careful stock selection and diversification of investments, daily monitoring of the listed trusts' market position and adherence to the listed trusts' investment policy. Price risks are managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits. Any price risk associated with money instruments such as the fixed interest securities is considered to be part of the risk captured under interest rate risk and credit risk.

The maximum market risk resulting from financial instruments is determined by their fair value.

Listed trusts and equities denominated in currencies other than NZD, the price initially expressed in foreign currency and then converted into NZD will also fluctuate because of changes in foreign exchange rates. In addition, where the Scheme holds listed trusts which in turn invest in securities denominated in foreign currencies, the value of the listed trust will be indirectly affected by fluctuations in foreign exchange rates. Paragraph (b) 'Foreign exchange risk' below sets out how this component of price risk is managed and measured.

Sensitivity Analysis

As at 31 March 2020, financial markets were affected by the on-going COVID-19 pandemic and so were unusually volatile, the Manager has deemed it reasonable to apply the following variables for price risk sensitivity. The variable of 5%, 10% and 20% has been applied. If investments in financial instruments subject to price risk at that date increased/decreased by this variable, with all other variables held constant, this would have had the following impact on the Statement of Changes in Net Assets:

	Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
\$							
As at 31 March	2020	2020	2020	2020	2020	2020	2020
5% increase in prices	-	-	47,972	82,274	40,561	18,334	189,141
5% decrease in prices	-	-	(47,972)	(82,274)	(40,561)	(18,334)	(189,141)

	Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
\$							
As at 31 March	2020	2020	2020	2020	2020	2020	2020
10% increase in prices	-	-	95,943	164,548	81,121	36,667	378,279
10% decrease in prices	-	-	(95,943)	(164,548)	(81,121)	(36,667)	(378,279)

	Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
\$							
As at 31 March	2020	2020	2020	2020	2020	2020	2020
20% increase in prices	-	-	191,886	329,095	162,242	73,334	756,557
20% decrease in prices	-	-	(191,886)	(329,095)	(162,242)	(73,334)	(756,557)

Notes to the Financial Statements for the period ended 31 March 2020

5. Financial Risk Management (continued)

(b) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Scheme is exposed to currency risk through holding Australian dollar, US dollar, Euro, British pound, Swiss franc and Japanese yen cash and cash equivalents, fixed interest securities, listed equities, listed trusts, trade and other receivables, trade and other payables and forward foreign exchange contracts. The Manager may hedge the exposure to currency fluctuations in line with the SIPO for each Fund.

At the balance date the Scheme had the following foreign currency exposures due to holdings of monetary assets and liabilities (expressed in NZD equivalents):

\$	Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
As at 31 March	2020	2020	2020	2020	2020	2020	2020
Monetary assets/(liabilities)							
Australian Dollar (AUD)	-	-	-	-	(31,513)	-	(31,513)
Euro (EUR)	-	-	-	-	(198,724)	-	(198,724)
United States Dollar (USD)	-	-	-	(1,181,684)	(91,670)	(31,204)	(1,304,558)
Japanese Yen (JPY)	-	-	-	-	(146,056)	-	(146,056)
United Kingdom (GBP)	-	-	-	-	(79,272)	-	(79,272)
Switzerland (CHF)	-	-	-	-	(55,925)	-	(55,925)

As at 31 March 2020, financial markets were affected by the on-going COVID-19 pandemic and so were unusually volatile, the Manager has deemed it reasonable to apply the following variables for foreign exchange risk sensitivity. The variable of 5%, 10% and 20% has been applied. The tables below summarises the impact on the Statement of Changes in Net Assets on monetary assets and liabilities at balance date, had the exchange rates between the New Zealand dollar and the foreign currencies increased or decreased by 5%, 10% and 20% with all other variables held constant.

\$	Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
As at 31 March	2020	2020	2020	2020	2020	2020	2020
Monetary assets/(liabilities)							
Increase of 5%	-	-	-	56,271	28,722	1,486	86,479
Decrease of 5%	-	-	-	(62,194)	(31,745)	(1,642)	(95,581)

\$	Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
As at 31 March	2020	2020	2020	2020	2020	2020	2020
Monetary assets/(liabilities)							
Increase of 10%	-	-	-	107,426	54,833	2,837	165,096
Decrease of 10%	-	-	-	(131,298)	(67,018)	(3,467)	(201,783)

\$	Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
As at 31 March	2020	2020	2020	2020	2020	2020	2020
Monetary assets/(liabilities)							
Increase of 20%	-	-	-	196,947	100,527	5,201	302,675
Decrease of 20%	-	-	-	(295,421)	(150,790)	(7,801)	(454,012)

Notes to the Financial Statements for the period ended 31 March 2020

5. Financial Risk Management (continued)

(b) Foreign exchange risk (continued)

As at 31 March 2020, financial markets were affected by the on-going COVID-19 pandemic and so were unusually volatile, the manager has deemed it reasonable to apply the following variables for foreign exchange risk sensitivity. The variable of 5%, 10% and 20% has been applied. The tables below summarises the impact on the Statement of Changes in Net Assets on non-monetary assets and liabilities at balance date, had the exchange rates between the New Zealand dollar and the foreign currencies increased or decreased by 5%, 10% and 20% with all other variables held constant.

\$	Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
As at 31 March	2020	2020	2020	2020	2020	2020	2020
Listed trusts							
United States Dollar (USD)	-	-	-	1,645,476	811,210	366,672	2,823,358
\$	Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
As at 31 March	2020	2020	2020	2020	2020	2020	2020
Listed trusts							
Increase of 5%	-	-	-	(78,356)	(38,629)	(17,461)	(134,446)
Decrease of 5%	-	-	-	86,604	42,695	19,299	148,598
\$	Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
As at 31 March	2020	2020	2020	2020	2020	2020	2020
Listed trusts							
Increase of 10%	-	-	-	(149,589)	(73,746)	(33,334)	(256,669)
Decrease of 10%	-	-	-	182,831	90,134	40,741	313,706
\$	Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
As at 31 March	2020	2020	2020	2020	2020	2020	2020
Listed trusts							
Increase of 20%	-	-	-	(274,246)	(135,202)	(61,112)	(470,560)
Decrease of 20%	-	-	-	411,369	202,803	91,668	705,840

Notes to the Financial Statements for the period ended 31 March 2020

5. Financial Risk Management (continued)

(c) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow. The Funds hold fixed interest securities that expose that Funds of the Scheme to fair value interest rate risk. The Funds hold cash and cash equivalents that expose the Funds to cash flow interest rate risk.

The following table represents the maturity profile of financial instruments subject to interest rate risk at 31 March:

\$	Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
As at 31 March	2020	2020	2020	2020	2020	2020	2020
<i>Financial assets at fair value through profit or loss</i>							
Fixed interest securities:							
1-2 years	-	41,225	-	-	-	-	41,225
2-5 years	-	501,879	-	-	-	-	501,879
Over 5 years	-	191,775	-	-	-	-	191,775
	-	734,879	-	-	-	-	734,879
<i>Financial assets at amortised cost</i>							
Cash and cash equivalents	4,503	22,673	31,876	126,349	62,862	25,467	273,730
	4,503	22,673	31,876	126,349	62,862	25,467	273,730

(i) Cashflow interest rate risk

The Scheme holds cash and cash equivalents in New Zealand dollars that expose the Funds to cash flow interest rate risk.

A change in interest rates impacts the cash flow of the Scheme's cash and cash equivalents by increasing or decreasing the amount of interest received. A variable of 100 basis points (1%) was selected as this is a reasonably expected movement based on past overnight cash rate movements. The one year cash flow sensitivity to a 100 basis point movement in interest rates (based on assets held at reporting date), with all other variables held constant, is shown in the following table:

\$	Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
As at 31 March	2020	2020	2020	2020	2020	2020	2020
Increase of 1%	45	227	319	1,263	629	255	2,738
Decrease of 1%	(45)	(227)	(319)	(1,263)	(629)	(255)	(2,738)

(ii) Fair value interest rate risk

At the balance date, had the interest rate increased or decreased by 1% (which is the Manager's assessment of a reasonable movement with regard to historical volatility) with all other variables held constant, the impact on the fair value of the fixed interest portfolio in the respective Funds and the related change to the Statement of Changes in Net Assets would have been as follows:

\$	Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
As at 31 March	2020	2020	2020	2020	2020	2020	2020
Increase of 1%	-	(26,454)	-	-	-	-	(26,454)
Decrease of 1%	-	27,707	-	-	-	-	27,707

In addition to the Scheme's direct exposure to interest rate changes on the fair value of financial asset and liabilities and on the cash flows of cash and cash equivalents shown above, the Scheme is indirectly affected by the impact of interest rate changes on the earnings of their investments in listed trusts, which forms part of the Price Risk sensitivity (see above). Therefore, the above sensitivity analysis may not fully indicate the total effect on the Scheme's net assets attributable to members of future movements in interest rates.

Notes to the Financial Statements for the period ended 31 March 2020

5. Financial Risk Management (continued)

5.1.2 Credit Risk

Credit risk is the potential risk of financial loss resulting from the failure of counterparties to honour fully the terms and conditions of a contract with the Scheme. Financial instruments that subject the Scheme to credit risk consist primarily of fixed interest securities, cash and cash equivalents and trade and other receivables.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. There is no risk of default relating to contributions receivable by the Scheme as this receivable has arisen only due to timing between the date of receipt of the funds and when the units are allocated and the receipts processed.

The maximum credit risk of financial instruments is considered to be the carrying amount on the statement of net assets. The risk of non recovery of monetary assets is considered by the Manager to be minimal due to the quality of counterparties dealt with. The Scheme does not require collateral or other security to support financial instruments with credit risk. The Scheme invests cash with banks registered in New Zealand and Australia which carry a minimum short term credit rating of AA- (Standard & Poor's).

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any credit loss. Management consider the probability of default to be close to zero as the instruments have a low risk of default. As a result, no loss allowance has been recognised, as any such impairment would be wholly insignificant to the Fund.

As at 31 March 2020 there were no financial assets past due or impaired.

The following table sets out the equivalent Standard and Poor's credit rating for cash and cash equivalents and fixed interest securities held by the Scheme:

\$		Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
As at 31 March		2020	2020	2020	2020	2020	2020	2020
Cash and cash equivalents	AA-	4,503	22,673	31,876	126,349			185,401
		4,503	22,673	31,876	126,349			185,401
Fixed Interest Securities								
High Grade	AA+ / AA / AA-	-	351,221	-	-	-	-	351,221
Upper Medium Grade	A+ / A / A-	-	238,863	-	-	-	-	238,863
Lower Medium Grade	BBB+ / BBB / BBB-	-	144,795	-	-	-	-	144,795
		-	734,879	-	-	-	-	734,879

The forward foreign exchange contracts as disclosed in note 4 are with Bank of New Zealand. NZ registered Banks maintain a short term AA- Standard and Poor's credit rating.

5.1.3 Liquidity risk

Liquidity risk is the risk that the Scheme will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments. Liquidity risk is managed by holding liquid investments to enable the Scheme to meet liabilities as they fall due and withdrawals when requested. Monies received from member contributions may be used to offset withdrawals and the Manager may in certain circumstances suspend withdrawals from the Scheme.

The Scheme's investment policies do not state a minimum required level of investment in liquid investments. The Scheme's financial liabilities consist of trade and other payables and derivatives (forward foreign exchange contracts) which are short term in nature and classified as a current liability at reporting date. Current liabilities of financial derivative instruments consist of the fair value of forward foreign exchange contracts at year end. The current fair value represents the estimated cash flow that may be required to dispose of the positions. Future cash flows of the Scheme and realised liabilities may differ from current liabilities based on future changes in market conditions.

The Manager has assessed the impact of COVID-19 on the liquidity of the Funds. There have been no significant withdrawals and no need to suspend withdrawals, nor has the Manager identified any illiquid investments. The Scheme remains liquid and able to meet potential withdrawals.

The table below shows the undiscounted contracted cash outflows, excluding gross settled derivatives, for the Funds' financial liabilities:

\$		Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
As at 31 March		2020	2020	2020	2020	2020	2020	2020
Financial liabilities held at fair value through profit or loss								
7 days to 2 months		-	-	-	990	709	-	1,699
Related party payables								
7 days to 2 months		3	1,518	2,119	3,017	1,201	542	8,400
Due to brokers								
Less than 7 days		-	22,098	57,429	173,672	86,267	32,420	371,886

Notes to the Financial Statements for the period ended 31 March 2020

5. Financial Risk Management (continued)

5.2 Capital risk management

Net assets available to pay benefits are considered to be the Scheme's capital for the purposes of capital management not withstanding net assets available to pay benefits is classified as a liability for accounting. The Scheme does not have to comply with externally imposed capital requirements. The Scheme's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to its members and maximise the Scheme's members' values as well as ensuring its net assets available to pay benefits are sufficient to meet all present and future obligations. In order to meet its objectives for capital management the Scheme's management monitors the Scheme's performance on a regular basis.

5.2.1 Units on Issue

Units For the period ended 31 March	Cash Fund Period End 2020	Fixed Interest Fund Period End 2020	NZ Equities Fund Period End 2020	US Equities Fund Period End 2020	Rest of World Equities Fund Period End 2020	Emerging Markets Equities Fund Period End 2020
Units on issue at the start of the year	-	-	-	-	-	-
Total contributions for the year	11,672	905,616	1,144,921	2,003,291	1,038,192	456,583
Total withdrawals for the year	(7,171)	(111,666)	(35,490)	(94,350)	(50,801)	(38,721)
Units on issue at the end of the year	4,501	793,950	1,109,431	1,908,941	987,391	417,862

5.3 Fair value estimation

The carrying amounts of the Scheme's assets and liabilities at the balance date are their fair values. Fair value measurements are categorised into a three level hierarchy that reflects the significance of the inputs used in making the measurements. The Scheme recognises transfers between levels of the fair value hierarchy as at the end of the financial reporting year during which the change has occurred.

Level one - fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at balance date without any deduction for estimated future selling costs. Financial assets and liabilities are priced at last sale prices.

Level two - fair value in an inactive or unquoted market using valuation techniques and observable market data

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques for which all significant inputs are based on observable market data.

Level three - fair value in an inactive or unquoted market using valuation techniques without observable market data

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques for which any significant input is not based on observable market data.

The following table provides an analysis of financial instruments that are measured at fair value subsequent to initial recognition, grouped into levels 1 to 3 based on the degree to which the fair value is observable. There are no level 3 financial instruments. There have been no transfers between levels.

\$	Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
As at 31 March	2020	2020	2020	2020	2020	2020	2020
Level 1							
<i>Financial assets at fair value through profit and loss</i>							
Listed equities	-	-	959,431	-	-	-	959,431
Listed trusts	-	-	-	1,645,476	811,210	366,672	2,823,358
Total Level 1 assets	-	-	959,431	1,645,476	811,210	366,672	3,782,789
Level 2							
<i>Financial assets at fair value through profit and loss</i>							
Fixed interest securities	-	734,879	-	-	-	-	734,879
Forward foreign exchange contracts	-	-	-	1,209	747	375	2,331
Total Level 2 assets	-	734,879	-	1,209	747	375	737,210
Level 2							
<i>Financial liabilities at fair value through profit and loss</i>							
Forward foreign exchange contracts	-	-	-	990	709	-	1,699
Total Level 2 liabilities	-	-	-	990	709	-	1,699

All listed equities at 31 March 2020: \$959,431 are held with entities registered and domiciled in New Zealand which is trading on the New Zealand Stock Exchange (NZX).

Notes to the Financial Statements for the period ended 31 March 2020

5. Financial Risk Management (continued)

5.3 Fair value estimation (continued)

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1 include listed equities and listed trusts. The Funds do not adjust the quoted price for these instruments.

The fair value of forward foreign exchange contracts is calculated from spot exchange rates and forward points supplied by WM/Reuters. This measurement basis falls within Level 2 of the fair value hierarchy as all inputs used to calculate the fair value are based on observable market data.

The Scheme also holds investments in listed and unlisted fixed income securities. The fair values of these instruments are determined by using a valuation model for which the inputs are directly observable and are therefore classified in Level 2. Fixed income securities are calculated using market accepted formulas. The yields are derived from either credit spreads sourced from the New Zealand Financial Markets Association, direct sourcing such as New Zealand government bonds, relative value against like securities where there are a small number of quotes available and matrix yield curves.

The Manager has assessed the impact of COVID-19 and there has been no impact on the measurement and of the fair value hierarchy of investments.

Refer to note 2.2(c) of the accounting policies for further details on the fair value hierarchy.

6. Financial assets and liabilities at fair value through profit or loss

6.1 Financial assets at fair value through profit or loss

\$	Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
As at 31 March	2020	2020	2020	2020	2020	2020	2020
Financial assets at fair value through profit or loss							
Listed equities	-	-	959,431	-	-	-	959,431
Listed trusts	-	-	-	1,645,476	811,210	366,672	2,823,358
Fixed interest securities	-	734,879	-	-	-	-	734,879
Forward foreign exchange contracts	-	-	-	1,209	747	375	2,331
Total financial assets at fair value through profit or loss	-	734,879	959,431	1,646,685	811,957	367,047	4,519,999

6.2 Financial liabilities at fair value through profit or loss

\$	Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
As at 31 March	2020	2020	2020	2020	2020	2020	2020
Financial liabilities at fair value through profit or loss							
Forward foreign exchange contracts	-	-	-	990	709	-	1,699
Total financial liabilities at fair value through profit or loss	-	-	-	990	709	-	1,699

Notes to the Financial Statements for the period ended 31 March 2020

7. Financial instruments

The following table shows the details of any single investment exceeding 5% of net assets or 5% of any category of investments for each of the Funds and the Scheme as at 31 March:

7.1 Trading securities exceeding 5% of Net assets available for benefits by Fund and by Scheme Total

\$	Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
As at 31 March	2020	2020	2020	2020	2020	2020	2020
<i>List of Securities</i>							
AUCKCN 3.338% 27/07/2026		\$ of net asset value	65,706				
		% of net asset value	8.39%				
ANZLNZ 3.03% 20/03/2024		\$ of net asset value	51,625				
		% of net asset value	6.59%				
BZLNZ 3.648% 16/11/2023		\$ of net asset value	42,245				
		% of net asset value	5.39%				
CCB 3.932% 09/11/2022		\$ of net asset value	62,203				
		% of net asset value	7.94%				
CHRINT 4.13% 24/05/2024		\$ of net asset value	62,508				
		% of net asset value	7.98%				
CNUNZ 4.35% 06/12/2028		\$ of net asset value	40,961				
		% of net asset value	5.23%				
FCGNZ 4.33% 20/10/2021		\$ of net asset value	41,225				
		% of net asset value	5.26%				
NZLGFA 2.75% 15/04/2025		\$ of net asset value	64,229				
		% of net asset value	8.20%				
SPKNZ 3.37% 07/03/2024		\$ of net asset value	42,033				
		% of net asset value	5.37%				
TPNZ 3.823% 06/03/2025		\$ of net asset value	43,553				
		% of net asset value	5.56%				
WSTP 3.72% 23/03/2023		\$ of net asset value	41,962				
		% of net asset value	5.36%				
A2 Milk Company Ltd		\$ of net asset value		93,995			
		% of net asset value		9.64%			
Contact Energy Ltd		\$ of net asset value		49,116			
		% of net asset value		5.04%			
Fisher & Paykel Healthcare Ltd		\$ of net asset value		114,411			
		% of net asset value		11.73%			
Meridian Energy Limited		\$ of net asset value		60,281			
		% of net asset value		6.18%			
Ryman Healthcare Ltd		\$ of net asset value		50,202			
		% of net asset value		5.15%			
Spark New Zealand Ltd		\$ of net asset value		77,480			
		% of net asset value		7.95%			
iShares ESG MSCI USA Leaders ETF		\$ of net asset value		1,645,476			1,645,476
		% of net asset value		97.90%			35.48%
Xtrackers MSCI EAFE ESG Leaders Equity ETF		\$ of net asset value			141,924		
		% of net asset value			17.17%		
iShares Trust iShares ESG MSCI EAFE ETF		\$ of net asset value			669,286		669,286
		% of net asset value			80.98%		14.42%
iShares MSCI EM IMI ESG SCRIN		\$ of net asset value				366,672	366,672
		% of net asset value				98.95%	7.90%

Notes to the Financial Statements for the period ended 31 March 2020

7. Financial instruments (continued)

7.2 Financial instruments

Financial instruments currently recognised in the Financial Statements comprise trade and other receivables, financial assets at fair value through profit or loss and trade and other payables. The following table details the Scheme's financial assets and liabilities by category:

\$	Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
As at 31 March	2020	2020	2020	2020	2020	2020	2020
Financial assets at fair value through profit and loss							
Financial assets measured at fair value through profit or loss	-	734,879	959,431	1,646,685	811,957	367,047	4,519,999
Financial assets at amortised cost							
Cash and cash equivalents	4,503	22,673	31,876	126,349	62,862	25,467	273,730
Trade and other receivables	-	47,796	43,339	61,480	31,909	12,483	197,007
Total financial assets at amortised cost	4,503	70,469	75,215	187,829	94,771	37,950	470,737
Total financial assets	4,503	805,348	1,034,646	1,834,514	906,728	404,997	4,990,736
Liabilities at fair value through profit and loss							
Financial liabilities at fair value through profit or loss	-	-	-	990	709	-	1,699
Financial liabilities at amortised cost							
Due to brokers	-	22,098	57,429	173,672	86,267	32,420	371,886
Management fees payable	3	1,518	2,119	3,017	1,201	542	8,400
Total financial liabilities at amortised cost	3	23,616	59,548	176,689	87,468	32,962	380,286
Total financial liabilities	3	23,616	59,548	177,679	88,177	32,962	381,985

7.3 Offsetting and amounts subject to master netting arrangements and similar agreements

As at 31 March 2020, the Scheme was subject to an International Swaps and Derivatives Association (ISDA) arrangement with Bank of New Zealand (BNZ), the derivative counterparty. According to the terms of the ISDA arrangement with the counterparty, all the derivatives are settled net.

\$	Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
As at 31 March	2020	2020	2020	2020	2020	2020	2020
<i>Derivative assets</i>							
Gross amounts of recognised financial assets	-	-	-	1,209	747	375	2,331
Net amounts of financial assets presented in the Statement of Net Assets	-	-	-	1,209	747	375	2,331
<i>Derivative liabilities</i>							
Gross amounts of recognised financial liabilities	-	-	-	990	709	-	1,699
Net amounts of financial liabilities presented in the Statement of Net Assets	-	-	-	990	709	-	1,699

Each party has the option to settle all open contracts on a net basis in the event of default by the other party. Per the terms of the ISDA agreement, an event of default includes the following:

- * failure by a party to make a payment when due;
- * failure by a party to perform an obligation required by the agreement (other than payment) if such failure is not remedied within 30 days after such notice of such failure is given to the party; or
- * bankruptcy

Notes to the Financial Statements for the period ended 31 March 2020

8. Related parties

8.1 Manager, Supervisor and Custodian

The Manager of the Scheme is Koura Wealth Limited. The Manager is entitled to the following capped management fees per annum for services as Manager:

- Koura Cash Fund	- 0.63% + GST of the net asset value per annum (Administration and registry fee totalling \$30 per annum for all members over the age of 18)
- Koura Fixed Interest Fund	- 0.63% + GST of the net asset value per annum (Administration and registry fee totalling \$30 per annum for all members over the age of 18)
- Koura NZ Equities Fund	- 0.63% + GST of the net asset value per annum (Administration and registry fee totalling \$30 per annum for all members over the age of 18)
- Koura US Equities Fund	- 0.63% + GST of the net asset value per annum (Administration and registry fee totalling \$30 per annum for all members over the age of 18)
- Koura Rest of World Equities Fund	- 0.63% + GST of the net asset value per annum (Administration and registry fee totalling \$30 per annum for all members over the age of 18)
- Koura Emerging Markets Equities Fund	- 0.63% + GST of the net asset value per annum (Administration and registry fee totalling \$30 per annum for all members over the age of 18)

The capped management fees are used to cover expenses for audit, accounting, supervisory, custody and administration expenses. The capped management fees are calculated daily and paid monthly directly from the Scheme. The audit expenses relate to the fees paid to the auditor for statutory audit amounting to \$18,000 (no other fees paid to the auditor by the Scheme). No brokerage fees were paid to the Manager.

\$		Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
For the period ended 31 March		Period End 2020	Period End 2020	Period End 2020	Period End 2020	Period End 2020	Period End 2020	Year end 2020
Koura Wealth Limited	Management fees	3	1,518	2,119	3,017	1,201	542	8,400
Koura Wealth Limited	Management fee rebates	8	-	-	-	-	-	8
Hobson Wealth Limited	Brokerage fees	-	752	1,114	2,907	1,480	620	6,873

The Supervisor of the Scheme was Sargon (NZ) Limited up until 8th March 2020. Public Trust is the Supervisor of the Scheme from 9th March 2020. The Supervisor is entitled to receive a fee from the Manager for supervisory services. The Custodian of the Scheme is MMC Limited. Audit expenses are also paid on behalf of the Scheme by the Manager. Brokerage costs are paid to Hobson Wealth Limited and are included in transaction costs in the Statement of Changes in Net Assets.

The Manager also paid administration and custody expenses on behalf of the Funds to non-related parties. A monthly \$2.50 administration fee is deducted from each member by way of unit redemption and is payable to the Manager. This is accounted for as a withdrawal and does not impact net profit before membership activities. During the year, administration and registry fees paid to the Manager totalled \$1,108. MMC Limited maintain the members' accounts and register of the Scheme and receives a fee for this service, paid by the Manager.

Directors of the Manager held units in the Koura KiwiSaver Scheme in the following proportions:

\$		Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
As at 31 March		2020	2020	2020	2020	2020	2020	2020
Holdings		-	8,521	10,701	58,814	28,667	21,257	127,960

9. Trade and other receivables

\$		Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
As at 31 March		2020	2020	2020	2020	2020	2020	2020
Accrued interest		-	6,109	-	-	-	-	6,109
Due from broker		-	-	-	-	496	-	496
Dividends and distributions receivable		-	-	6,985	-	-	-	6,985
Contributions receivable		-	41,687	36,354	61,480	31,413	12,483	183,417
Total trade and other receivables		-	47,796	43,339	61,480	31,909	12,483	197,007

All trade and other receivable balances are carried at amortised cost and their carrying values approximate fair value.

Notes to the Financial Statements for the period ended 31 March 2020

10. Reconciliation of net profit/(loss) before tax and membership activities to net cash flows from operating activities

\$	Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
For the period ended 31 March	Period End 2020	Period End 2020	Period End 2020	Period End 2020	Period End 2020	Period End 2020	Year end 2020
Net profit/(loss) after tax and before membership activities	1	(7,205)	(136,091)	(257,967)	(155,409)	(47,134)	(603,805)
Adjustments for non cash items:							
Unrealised changes in the fair value of financial instruments	-	(712,781)	(902,899)	(1,526,464)	(747,703)	(334,627)	(4,224,474)
Unrealised foreign exchange (gains) on cash at bank	-	-	-	(969)	(502)	(762)	(2,233)
Distributions and dividends re-invested	-	-	(565)	-	-	-	(565)
	-	(712,781)	(903,464)	(1,527,433)	(748,205)	(335,389)	(4,227,272)
Movements in working capital items:							
(Increase)/decrease in trade and other receivables	(8)	(6,109)	(6,985)	-	-	-	(13,102)
(Decrease)/increase in trade and other payables	3	1,518	2,119	3,017	1,201	542	8,400
Decrease/(increase) in cost of investments	-	-	1,462	54,441	22,226	-	78,129
	(5)	(4,591)	(3,404)	57,458	23,427	542	73,427
Net cash outflow from operating activities	(4)	(724,577)	(1,042,959)	(1,727,942)	(880,187)	(381,981)	(4,757,650)

11. Interest income

\$	Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
For the period ended 31 March	Period End 2020	Period End 2020	Period End 2020	Period End 2020	Period End 2020	Period End 2020	Year end 2020
Interest on financial assets at amortised cost	3	140	133	151	88	37	552
Interest on financial assets and liabilities at fair value through profit or loss	-	7,717	-	-	-	-	7,717
Total Interest income	3	7,857	133	151	88	37	8,269

12. Contingent liabilities

There were no contingent liabilities as at 31 March 2020.

13. Capital commitments

There were no capital commitments as at 31 March 2020.

14. Events after balance date

There have been no events subsequent to balance date that require adjustment to, or disclosure of, in these Financial Statements.

Notes to the Financial Statements for the period ended 31 March 2020

15. Impact of COVID-19

As at 31 March 2020, financial markets were affected by the on-going COVID-19 pandemic and so were unusually volatile. Actual economic events and conditions in the future may be materially different from those recorded at reporting date. In the event the impacts from the COVID-19 pandemic are more severe or prolonged than anticipated, this may have further adverse impacts to the fair values of the Scheme's investments. The financial statements have been prepared based upon conditions existing as at 31 March 2020. Movements in the fair value of investments at fair value through profit or loss after the reporting date are a non-adjusting event.

As at 30 June 2020 compared to 31 March 2020, all Funds' net asset values and units on issue had increased:

\$	Cash Fund	Fixed Interest Fund	NZ Equities Fund	US Equities Fund	Rest of World Equities Fund	Emerging Markets Equities Fund	Scheme Total
As at	2020	2020	2020	2020	2020	2020	2020
<i>Net asset value</i>							
30-Jun-20	37,590	1,104,631	1,493,734	2,446,233	1,215,660	510,547	6,808,395
31-Mar-20	4,508	783,418	975,194	1,680,728	826,454	370,565	4,640,867
<i>Units on issue</i>							
30-Jun-20	37,514	1,081,171	1,472,021	2,420,835	1,320,437	529,523	6,861,501
31-Mar-20	4,501	793,950	1,109,431	1,908,941	987,391	417,862	5,222,076



Independent Auditor's Report

To the members of:

- Cash Fund;
- Fixed Interest Fund;
- NZ Equities Fund;
- US Equities Fund;
- Rest of the World Equities Fund; and
- Emerging Markets Fund.

Collectively "Koura KiwiSaver Scheme" (the "Funds and Scheme").

Report on the audit of the financial statements

Opinion

In our opinion, the accompanying financial statements of the Funds and Scheme on pages 4 to 23:

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

We have audited the accompanying financial statements which comprise:

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



Basis for opinion

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

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

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

Our firm has also undertaken supervisor reporting in line with our obligations under Section 198 and 199 of the Financial Markets Conduct Act 2013 ("FMC Act 2013"). Subject to certain restrictions, partners and employees of our firm may also deal with the Funds and Scheme on normal terms within the ordinary course of trading activities of the business of the Funds and Scheme. These matters have not impaired our independence as auditor of the Funds and Scheme. The firm has no other relationship with, or interest in, the Funds or Scheme.



Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole. The materiality for the financial statements as a whole was set at 0.75% for each fund determined with reference to a benchmark of each fund's total assets. We chose the benchmark because, in our view, this is a key metric for the users of the financial statements given the primary objective to achieve capital growth, taking into account both capital and income returns.



Key audit matters

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

Covid-19

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

The key audit matter

How the matter was addressed in our audit

Existence and valuation of investments

Refer to Note 15 (impact of Covid-19) and Note 6 (financial assets and liabilities at fair value through profit and loss) of the financial statements.

Investments are the Funds' main assets, and existence and valuation of these investments is the most important aspect of preparing the financial statements. As described in Note 6, the Funds' investments comprise liquid investments including listed equities, listed trusts, fixed interest securities and forward foreign exchange contracts all held by a single custodian. These aspects reduce the risk and complexity of verifying investment existence and valuation.

The investment portfolio in total, due to its materiality in the context of the financial statements as a whole, is our most significant area of audit focus.

Our audit procedures included:

- obtaining an understanding of the processes in place to record investment transactions and to value the portfolio. This included evaluating the control environment in place at the custodian, investment administration and accounting services by obtaining and reading the service organisation reports issued by an independent auditor on the design and operation of those controls throughout the period;
- agreeing investment holdings to confirmations received from the custodian;
- with support of our valuation specialists, agreeing the valuation of investments in listed equities, listed trusts, fixed interest securities and forward foreign exchange contracts, to independent third party sources;
- Consideration of the fair value hierarchy level assigned to each investment and the appropriateness of the valuation information available; and

The key audit matter

How the matter was addressed in our audit

Covid-19 has meant that greater uncertainty exists around the valuation of investments and the fair value hierarchy level attributed to each investment. This required some additional judgement in these areas.

- Consideration of the adequacy of the impact of Covid-19 additional disclosures.

Other information

The Manager, on behalf of the Funds and Scheme, is responsible for the other information included in the Funds' and Scheme's Annual Report. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

The Annual Report is expected to be made available to us after the date of this Independent Auditor's Report. Our responsibility is to read the Annual Report when it becomes available and consider whether the other information it contains is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appear misstated. If so, we are required to report such matters to the Manager.



Use of this independent auditor's report

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



Responsibilities of the Manager for the financial statements

The Manager, on behalf of the Funds and Scheme, 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 International Financial Reporting Standards;
- implementing necessary internal controls to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objective is:

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



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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Kay Baldock.

For and on behalf of

A handwritten signature of the KPMG firm, written in blue ink, appearing as 'KpmG'.

KPMG
Auckland

31 July 2020