



The Lifestages KiwiSaver Scheme is brought to you by
Funds Administration New Zealand Limited (FANZ)

lifestages

Lifestages KiwiSaver Scheme
Annual Report 2016





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Welcome

Welcome to the Lifestages KiwiSaver Scheme 2015/2016 Annual Report.

This document is the audited, official record of our management of your funds, and those of other investors, across the four Lifestages KiwiSaver Scheme portfolios for the 12 months to 31 March 2016.

As is often the way with investment markets, after a period of relative stability and growth, we were thrown some curve balls over the past year.

The most significant challenges came as a result of the turmoil that struck the Chinese stock market midway through 2015. By mid-August, the Shanghai Composite Index had shed 38% of its value, and other markets were starting to follow suit. In the US, 2015 ended as the worst year for stocks since 2008.

Adding to market uncertainty were a series of surprise announcements from several central banks during the year, along with plummeting oil prices.

But if it wasn't all beer and skittles, it wasn't all rain and tears either. The New Zealand share market bucked the trend and put in a solid performance. And over the first three months of this year bonds registered their best annual start in 20 years.

So I'd call it a year of contrasts. I'm comfortable with our overall results. They are not on par with those of the previous couple of years, but nor are they cause for disappointment.

It is years like 2015-16 that give us renewed confidence in 'how we do what we do'. The approach we take to investing your savings is a carefully considered one. Our methods are based

around the three 'd's' – discipline, diligence and diversification. These are the basics that negate the short-term market ups and downs, while generating strong returns over time.

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

GRAHAM DUSTON

*Funds Administration New Zealand,
Manager of the Lifestages KiwiSaver Scheme*

Phone: 0800 727 2265

*Address: Level 1, SBS, 2-6 Main North Road,
Papanui, Christchurch 8542*

Postal: PO Box 5038, Papanui, Christchurch

Contact us at www.lifestages.co.nz

A copy of the full financial statements for the Lifestages KiwiSaver Scheme can be obtained from www.lifestages.co.nz, or by contacting the Manager, freephone 0800 727 2265.

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Manager's Report *for the year ended 31 March 2016*

Pursuant to section 123 of the KiwiSaver Act 2006, as it applies to the Lifestages KiwiSaver Scheme under Schedule 1 of the Financial Markets Conduct Regulations 2014, we (Funds Administration New Zealand Limited), the manager of the Lifestages KiwiSaver Scheme, report as follows:

- a) The summary financial statements for the Scheme for the year ended 31 March 2016 (and the four previous years) are attached.
- b) The Auditor's report on the financial statements for the Scheme is attached.
- c) There have been no material changes to the Trust Deed for the year ending 31 March 2016. The terms of offer of interests in the Scheme have changed as follows:
- » The Lifestages Growth Portfolio and Capital Stable Portfolio ceased to be available to new investors from 21 September 2015 and 1 October 2015 respectively.
 - » From 1 October 2015 two new additional portfolios have been offered: the Lifestages Income Fund; and the Lifestages High Growth Fund.
 - » From 21 September 2015, the Manager introduced the "Lifestages Auto" option, which allocates members' contributions and accumulated balance(s) to the Lifestages Income Fund and Lifestages High Growth Fund in accordance with members' ages.
 - » In addition, over the course of the year, the terms of offer have changed due to various legislative changes, including:
 - » From 1 April 2015, various changes to the first home purchase withdrawal, including allowing members to withdraw member tax credits, extending property types to add interest in a dwelling house on Maori land and confirming property purchased must be in New Zealand.
 - » From 6 April 2015, KiwiSaver schemes no longer met conditions for QROPs status, which means the Scheme does not accept United Kingdom pension transfers.
 - » From 2pm on May 2015, the \$1,000 KiwiSaver government kick-start contribution was removed.
- d) The investment objectives and policy for the Lifestages Capital Stable Portfolio were amended with effect from 30 September 2015 to adjust the asset allocation ranges and benchmarks, and align it with the requirements under the Financial Markets Conduct Act 2013.
- e) *Trustee:* Trustees Executors Limited
Manager: Funds Administration New Zealand Limited
Administration Manager: Trustees Executors Limited
Auditors: KPMG
Custodian: T.E.A. Custodians Limited
Promoters: Southland Building Society (SBS Bank)
 SBS Bank directors who are not also directors of Funds Administration New Zealand Limited are:
 - » BALL, K J (Kathryn), Invercargill, New Zealand
Appointed 2006
 - » GRANT, J J (Jeff), Balfour, New Zealand
Appointed 2007
 - » McLEOD, A L (Anne), Dunedin, New Zealand
Appointed 2015
 - » SPENCER, F E (Frank), Hastings, New Zealand
Appointed 2010
 - » WARD, J F (John), Invercargill, New Zealand
Appointed 2002
 - » NEILL, A G (Alec), Christchurch, New Zealand
*Ceased 2015**Solicitors:* Kensington Swan
Registrar: Trustees Executors Limited
- There have been no changes to the above service providers since the last annual report.
- f) The following is a list of the names of, and any changes to, the directors of the Trustee:

Trustees Executors Limited – Directors

- » HOCKING, Paul Raymond Shelley
Martinborough, New Zealand
Appointed 01/03/06
- » NEIDHART, David Roman
Chene-bougeries, Switzerland
Appointed 29/09/15
- » RUSSELL, Robert Paul
Lower Hutt, New Zealand
Appointed 17/05/13
- » BOLGER ONZ, Rt Hon James Brendan
Waikanae, New Zealand
Ceased 08/07/15
- » METZ, Peter Andrew
New York, United States of America
Appointed 15/07/10
Ceased 06/05/16

- g) The following is a list of the names of, and any changes to, the directors of the Manager:

FANZ Directors

- » DUSTON, Graham David
Christchurch, New Zealand
Appointed 10/09/01
 - » MULVEY, Gregory John
Invercargill, New Zealand
Appointed 26/05/04
 - » SKILLING, M J (Mike)
Auckland, New Zealand
Appointed 24/05/16
 - » WALKER, Jeffrey Bernard
Invercargill, New Zealand
Appointed 10/09/01
 - » YOUNG, Derek Richmond
Wellington, New Zealand
Appointed 26/05/04
 - » EVANS, Wayne Lindsay
Invercargill, New Zealand
Ceased 06/01/16
- h) The most recent registered prospectus for the Scheme is dated 22 September 2015 and was registered on 22 September 2015.
- i) Members have the right to receive, on request, a copy of the most recent financial statements, auditor's report, an estimate of the member's benefits, and a copy of the most recent registered prospectus relating to the Scheme. Copies of the most recent financial statements, prospectus and other documents of, or relating to, the Scheme are filed on a public register at the Companies Office of the Ministry of Business, Innovation and Employment and available for public inspection, including by viewing the Scheme's file using the 'search other registers' function on the Companies Office website at www.business.govt.nz/companies.

- j) All enquiries or complaints should initially be directed to:

» **The Manager**

Executive Director
Funds Administration New Zealand Limited
51 Don Street
PO Box 835, Invercargill 9810
Phone: 0800 727 2265

In the event of this proving unsatisfactory, the Trustee can be contacted directly at:

» **Trustees Executors Limited**

Level 5, 10 Customhouse Quay
PO Box 3222, Wellington 6140
Phone: (04) 495 0995

If you are not satisfied with how your complaint has been dealt with you may be able to refer your complaint to the Banking Ombudsman which is an approved dispute resolution service. You can contact the Banking Ombudsman by writing to:

» **The Office of the Banking Ombudsman**

Freepost 218002
PO Box 25327
Featherston Street
Wellington 6146
Email: help@bankomb.org.nz
Phone: 0800 805 950

If you have a complaint about the Trustee you may be able to refer your complaint to Financial Services Complaints Limited (FSCL). You can contact FSCL by writing to:

» **Financial Services Complaints Ltd**

PO Box 5967
Lambton Quay
Wellington 6145
Email: info@fscl.org.nz
Phone: 0800 347 257

Statutory Information *for the year ended 31 March 2016*

Membership	<i>Number of Members</i>	<i>Amount NZ\$</i>
NUMERICAL CHANGES IN THE MEMBERSHIP OF THE SCHEME		
Number of members at the start of the year	11,796	
New members	852	
Members transferring from other Schemes	4,329	
Less:		
Members transferring to other schemes	(513)	
Permanent exits	(241)	
Number of members at the end of the year	16,223	
Comprising:		
Contributing members at start of the year	8,024	
Member entries	5,604	
Member temporary or permanent exits	(2,533)	
Contributing members at the end of the year	11,095	
Members on contribution holidays	404	
Other non contributing members	4,724	
Membership at the end of the year	16,223	
WITHDRAWALS AND TRANSFERS		
Withdrawal for first home purchase	109	1,709,926
Withdrawal for mortgage diversion	9	4,895
Withdrawal for significant hardship	33	141,173
Withdrawal for serious illness	14	208,247
Withdrawal on death	11	164,162
Withdrawal for permanent emigration	2	37,093
Transfer to other KiwiSaver Schemes	513	5,476,524
CONTRIBUTIONS		
Member contributions at Section 64 Contribution Rate	9,227	12,048,634
Employer contributions	9,049	7,189,706
Crown contributions	7,787	3,682,509
Transfers from other KiwiSaver Schemes	4,347	70,073,417
Transfers from registered superannuation schemes	11	138,720
Lump sum contributions	2,842	3,743,464
Transfers from Australian complying superannuation funds	20	551,922
IRD other payments		48,388
<i>(includes a large number of IRD interest payments, which are indeterminable to the number of members' accounts effected)</i>		
SCHEME FEES FOR THE YEAR TO 31 MARCH 2016		
Audit fees		16,373
Manager Fees		1,157,696
Trustee fees		83,728
General Expenses		485,205
TOTAL SCHEME FEES FOR THE YEAR TO 31 MARCH 2016		1,743,002
Administration fees		299,078
TOTAL AMOUNT OF FEES AND EXPENSES CHARGED		2,042,080

All fees were charged indirectly to members via the Scheme, except for administration fees, which were charged directly to members' accounts.

MEMBER ACCUMULATIONS

There were 16,223 members with Members' Accumulation (Members' Funds) at 31 March 2016 totalling \$217,385,330.

Statutory Information *for the year ended 31 March 2016*

Fund Performance <i>per annum, pre-tax and after fees</i>	1 year %	2 years %	3 years %
Lifestages Capital Stable Portfolio	2.46%	4.19%	4.44%
Lifestages Growth Portfolio	2.39%	7.10%	7.91%
Lifestages Income Fund*	N/A	N/A	N/A
Lifestages High Growth Fund*	N/A	N/A	N/A

*As the Income and High Growth Funds began operations in October 2016, there are no performance data for one year or greater.

Change in Unit Price	Lifestages Capital Stable Portfolio	Lifestages Growth Portfolio	Lifestages Income Fund	Lifestages High Growth Fund
Price as at 31 March 2015	2.625308	1.341521	N/A	N/A
Price as at 31 March 2016	2.689859	1.373591	1.023796	0.998634
Year Low	2.625308	1.278650	0.993616	0.923199
Year High	2.695117	1.421387	1.023796	1.010245

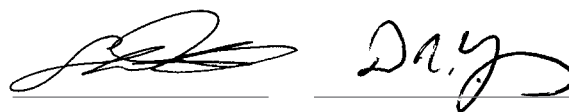
Summary Statement of Changes in Net Assets *for the year ended 31 March 2016*

	Notes	2016 \$	2015 \$	2014 \$	2013 \$	2012 \$
Revenues						
Interest Income		505,396	498,424	377,802	288,871	220,436
Dividend Income		2,470,424	2,118,188	1,600,556	1,426,053	1,288,689
Net Gains on Investments		2,076,087	6,470,930	3,882,795	3,346,583	68,751
Other Revenues		75,498	182,730	222,440	-	-
TOTAL INVESTMENT REVENUES		5,127,405	9,270,272	6,083,593	5,061,507	1,577,876
Expenses						
Investment Expenses		-	-	-	-	-
Management Expenses	1	1,726,629	1,335,640	1,114,243	807,817	590,895
Interest Expenses		-	-	-	-	-
Audit Fees		16,373	6,676	6,194	7,187	6,529
Other Expenses		-	-	-	-	-
TOTAL EXPENSES		1,743,002	1,342,316	1,120,437	815,004	597,424
CHANGE IN NET ASSETS BEFORE MEMBERSHIP ACTIVITIES AND TAX		3,384,403	7,927,956	4,963,156	4,246,503	980,452
Taxation Expense		-	-	-	-	-
CHANGE IN NET ASSETS BEFORE MEMBERSHIP ACTIVITIES AFTER TAX		3,384,403	7,927,956	4,963,156	4,246,503	980,452
Membership Activities						
Contributions						
Members' Contributions		15,840,487	12,837,151	11,091,098	9,035,193	7,698,798
Employer Contributions		7,190,886	5,833,544	4,969,291	3,427,257	3,422,315
Crown Contributions and Fee Subsidies		3,682,509	4,041,061	3,521,147	3,762,175	5,494,010
Transfers in from other schemes		70,762,880	7,362,166	4,441,016	4,677,683	3,368,208
TOTAL CONTRIBUTIONS		97,476,762	30,073,922	24,022,552	20,902,308	19,983,331
Benefits Paid						
Withdrawals		8,067,296	5,642,872	5,091,976	4,596,570	961,774
Transfer to other schemes		5,476,524	4,135,181	2,754,109	1,649,379	919,256
TOTAL BENEFITS PAID		13,543,820	9,778,053	7,846,085	6,245,949	1,881,030
NET MEMBERSHIP ACTIVITIES		83,932,942	20,295,869	16,176,467	14,656,359	18,102,301
Distributions						
Distribution to Members		-	-	-	-	-
Other Distributions		-	-	-	-	-
Transfers to Reserves		-	-	-	-	-
TOTAL DISTRIBUTIONS		-	-	-	-	-
Net Change in Members' Benefits		87,317,345	28,223,825	21,139,623	18,902,862	19,082,753
Members Accumulations at the Beginning of the Financial Year		130,067,985	101,844,160	80,704,537	61,801,675	42,718,922
MEMBERS ACCUMULATIONS AT THE END OF THE FINANCIAL YEAR		217,385,330	130,067,985	101,844,160	80,704,537	61,801,675

Summary Statement of Financial Position *as at 31 March 2016*

	2016 \$	2015 \$	2014 \$	2013 \$	2012 \$
Assets					
Cash	5,973,028	9,103,472	8,323,925	4,369,628	3,826,958
Trade and Other Receivables	1,159,293	1,444,435	457,503	503,990	883,772
Investments	210,993,323	120,372,338	93,530,173	75,932,557	57,179,700
TOTAL TANGIBLE ASSETS	218,125,644	130,920,245	102,311,601	80,806,175	61,890,430
TOTAL ASSETS	218,125,644	130,920,245	102,311,601	80,806,175	61,890,430
Total Liabilities (excluding Net Assets attributable to Members)	740,314	852,260	467,441	101,638	88,755
NET ASSETS AVAILABLE TO PAY BENEFITS	217,385,330	130,067,985	101,844,160	80,704,537	61,801,675

*On behalf of Funds Administration New Zealand Limited as Manager,
who authorised the issue of these summary financial statements on 11 August 2016:*


Summary Statement of Cash Flows *for the year ended 31 March 2016*

	2016 \$	2015 \$	2014 \$	2013 \$	2012 \$
Net Cash used in Operating Activities	(86,939,335)	(19,846,671)	(12,499,840)	(14,113,689)	(15,494,187)
Net Cash from Financing Activities	83,808,891	20,626,218	16,454,137	14,656,359	18,102,301
NET (DECREASE)/INCREASE IN CASH	(3,130,444)	779,547	3,954,297	542,670	2,608,114
Cash at the beginning of the Financial Year	9,103,472	8,323,925	4,369,628	3,826,958	1,218,844
CASH AT THE END OF THE FINANCIAL YEAR	5,973,028	9,103,472	8,323,925	4,369,628	3,826,958

Notes to the Summary Financial Statements *for the year ended 31 March 2016*

The reporting entity is the Lifestages KiwiSaver Scheme (the “Scheme”).

The Summary Financial Statements are for the accounting periods ending 31 March 2016, 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012.

These Summary Financial Statements have been prepared in compliance with FRS-43: Summary Financial Statements and comply with NZ GAAP as it relates to summary financial statements. The specific disclosures included in the Summary Financial Statements have been extracted from the full Lifestages KiwiSaver Scheme’s audited financial statements.

There have been no changes in accounting policies during the 12 months to 31 March 2016.

The Summary Financial Statements do not include all disclosures provided in the Full Financial Statements and cannot be expected to provide as complete an understanding as provided by the Full Financial Statements.

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

The Full Financial Statements have been prepared in compliance with the Trust Deed, the Financial Reporting Act 2013, the KiwiSaver Act 2006 and New Zealand Generally Accepted Accounting Practice. They comply with New Zealand equivalents

to International Financial Reporting Standards (“NZ IFRS”) as appropriate for profit-oriented entities. The Financial Statements also comply with International Financial Reporting Standards (“IFRS”).

The Full Financial Statements for the year ended 31 March 2016 were registered under the Financial Reporting Act 1993 on 4 July 2016.

The Full Financial Statements for the year ended 2012 were authorised for issue by the directors of Trustees Executors Limited as Trustee, and, following a legislative change, by the directors of FANZ as the manager of the Scheme for the years ended 2013, 2014, 2015 and 2016. An unmodified/unqualified audit report was issued by KPMG on each date as follows:

<i>Full Financial Statements as at:</i>	<i>Authorised for issue on:</i>
31 March 2016	16 June 2016
31 March 2015	25 June 2015
31 March 2014	25 June 2014
31 March 2013	28 June 2013
31 March 2012	31 July 2012

No audit report in respect of these financial statements referred to a fundamental uncertainty.

The Full Financial Statements of the Lifestages KiwiSaver Scheme can be obtained from www.lifestages.co.nz, or by contacting the Manager, freephone 0800 727 2265.

1. MANAGEMENT EXPENSES

	2016	2015	2014	2013	2012
	\$	\$	\$	\$	\$
Manager Fees	1,157,696	888,709	706,022	545,351	395,713
Trustee Fees	83,728	65,817	58,728	42,112	31,839
General Expenses	485,205	381,114	349,493	220,354	163,343
TOTAL	1,726,629	1,335,640	1,114,243	807,817	590,895

Manager's Certificate *for the year ended 31 March 2016*

The Manager of the Lifestages KiwiSaver Scheme (the "Scheme") states that for the year ended 31 March 2016:

- » All the benefits required to be paid from the Scheme in accordance with the terms of the Scheme's trust deed and the KiwiSaver scheme rules have been paid.
- » The market value of the assets of the Scheme at the close of the financial year equalled or exceeded the total value of benefits that would have been payable had all members of the Scheme ceased to be members at that date and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at the close of the 31 March 2016.
- » There is a scheme provider agreement between the Commissioner of Inland Revenue and the Manager that remained in force throughout the year ending 31 March 2016.
- » All contributions received in respect of each member, including contributions paid by way of the Commissioner of Inland Revenue in respect of that member, have been applied in accordance with the Scheme's trust deed and the KiwiSaver Act.

Signed:



Manager

11 August 2016
Date

Trustee's Annual Statement *for the year ended 31 March 2016*



Trustees Executors

Level 5, 10 Customhouse Quay, PO Box 3222, DX SP20011,
Wellington, New Zealand. Phone (04) 471-7698

11 August 2016

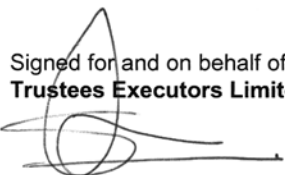
**TRUSTEE'S ANNUAL STATEMENT
TO THE MEMBER'S OF THE
LIFESTAGES KIWISAVER SCHEME**

For the Year Ended 31 March 2016

In accordance with sub-clause 5(3) of Schedule 1A to the KiwiSaver Regulations 2006, we, the Trustee of the Lifestages KiwiSaver Scheme state that:

In respect of the financial year ended 31 March 2016, the Trustee is satisfied that the Manager has not breached an issuer obligation (as defined in section 4(1) of the Financial Markets Supervisors Act 2011) in a material respect.

Signed for and on behalf of the Trustee
Trustees Executors Limited



Sean Roberts
Client Services Manager
Governance and Investor Oversight

Independent Auditor's Report *for the year ended 31 March 2016*



Independent auditor's report on the summary financial statements

To the members of Lifestages Kiwisaver Scheme

The accompanying summary financial statements on pages 6 to 8, which comprise the summary statement of financial position as at 31 March 2016 and the summary statement of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are extracted from the audited financial statements of Lifestages KiwiSaver Scheme ("the Kiwisaver scheme") for the year ended 31 March 2016. We expressed an unmodified audit opinion on those financial statements in our audit report dated 16 June 2016. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our audit report on those financial statements.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Lifestages Kiwisaver Scheme.

This report is made solely to the members as a body. Our audit work has been undertaken so that we might state to the Kiwisaver scheme's members those matters we are required to state to them in the 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 Kiwisaver scheme's members as a body, for our audit work, this report or any of the opinions we have formed.

Manager's responsibility for the financial statements

The manager is responsible for the preparation of a summary of the audited financial statements, in accordance with FRS-43 *Summary Financial Statements*.

Auditor's responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810 *Engagements to Report on Summary Financial Statements*.

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

Opinion

In our opinion, the summary financial statements have been correctly extracted from the audited financial statements of Lifestages Kiwisaver Scheme for the year ended 31 March 2016, and the information reported in the summary financial statements is consistent, in all material respects, with the audited financial statements, in accordance with FRS-43 *Summary Financial Statements*.

KPMG

11 August 2016
Wellington



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Lifestages KiwiSaver Scheme is brought to you by
Funds Administration New Zealand Limited (FANZ)