

Forsyth Barr Investment Funds
Financial Statements
For the year ended 31 March 2019

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 Forsyth Barr Investment Funds as at 31 March 2019 and their results for the year ended on that date in accordance with the requirements of the Master Trust Deed (including subsequent amendments) and each of the establishment deeds for the Funds amended and consolidated by instruments dated 9 August 2016.

There are reasonable grounds to believe that the Forsyth Barr Investment Funds will be able to pay their debts as and when they fall due.

Director



Forsyth Barr Funds Management Limited

12 July 2019

Additional Unitholder Information

Additional Unitholder Information

Notice of Trust Deed Amendment

Under clause 28.1 of the Trust Deed governing the Forsyth Barr Investment Fund, the Manager, Forsyth Barr Investment Management Limited (formerly Forsyth Barr Funds Management Limited) is required to advise Unitholders in summary form of any amendments to the Trust Deed.

Amendments were made to the Master Unit Trust Deed dated 27 September 2007 in respect of the Forsyth Barr Investment Funds pursuant to a deed of retirement and appointment of trustee and deed of amendment to Master Trust Deed each dated 27 February 2015. On this date the Trustee became the Trustee of each of the Trusts; as well, pursuant to the power contained in clause 28.1b of the Trust Deed, the Manager and the Trustee agreed that, with effect from the Effective Date, clause 18.1 of the Deed was amended to allow the remuneration of the Supervisor to be agreed by the Supervisor and the Manager from time to time, subject to the aggregate Supervisor fees payable for all of the Trusts not exceeding 0.10% per annum of the aggregate trust fund value. The Master Unit Trust Deed (including subsequent amendments) was substituted, and each of the establishment deeds for the Funds amended and consolidated, by instruments dated 9 August 2016. The amendment was made to comply with and to reflect the requirements of the Financial Markets Conduct Act 2013 (FMCA), Financial Markets Conduct Regulations 2014 (FMCRR) and other enactments made pursuant to the FMCA, and to make a number of other amendments in connection with the Scheme becoming registered under the FMCA.

Statements of Comprehensive Income

\$	For the year ended 31 March	Note	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
			2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Income														
Interest income on financial assets at amortised cost			20,714	11,409	11,655	7,413	15,551	18,079	40,473	30,894	11,286	6,673	139,707	73,848
Interest income on financial assets at fair value through profit and loss			-	-	110	-	689,559	627,872	87	-	48	-	3,532,851	2,539,601
Dividend and distribution income			1,186,982	652,833	990,237	531,824	-	-	709,886	429,133	712,300	470,730	11,074	-
Net foreign currency (losses)/gains			(259)	-	(13,177)	(4,965)	-	-	(14,502)	48,302	(2,050)	(1,318)	-	-
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss			3,883,156	2,066,560	278,110	(213,991)	264,617	81,154	2,114,035	2,607,207	1,961,490	102,959	1,636,319	569,919
Other income			-	-	11	-	2,318	1,045	2,884	-	-	-	18,883	3,750
Total income/(loss)			5,090,593	2,730,802	1,266,946	320,281	972,045	728,150	2,852,863	3,115,536	2,683,074	579,044	5,338,834	3,187,118
Expenses														
Management fees		5	403,871	237,113	256,865	166,168	125,448	107,699	667,089	453,208	205,059	129,951	672,496	441,240
Supervisor fees		5	16,362	10,095	10,404	7,075	8,470	7,647	22,534	16,074	8,300	5,539	45,365	31,316
Transaction costs			47,834	23,730	80,204	31,938	(1,605)	600	93,467	165,269	27,415	10,330	(9,587)	2,180
Total operating expenses			468,057	270,938	347,473	205,181	132,313	115,946	783,090	634,551	240,774	145,820	708,274	474,736
Profit/(Loss) for the year attributable to Unitholders			4,622,536	2,459,864	919,473	115,100	839,732	612,204	2,069,773	2,480,985	2,442,300	433,224	4,630,560	2,712,382
Total comprehensive income/(loss) for the year attributable to Unitholders			4,622,536	2,459,864	919,473	115,100	839,732	612,204	2,069,773	2,480,985	2,442,300	433,224	4,630,560	2,712,382

These statements are to be read in conjunction with the accompanying notes.

Statements of Changes in Net Assets Attributable to Unitholders

\$	Note	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
For the year ended 31 March													
Net assets attributable to Unitholders at the beginning of the year		22,052,380	15,625,627	15,025,617	10,219,781	14,836,729	13,971,562	37,176,622	20,600,287	11,348,001	9,523,733	67,090,210	57,782,588
Proceeds from units issued		13,405,525	6,333,938	10,412,378	5,631,493	4,229,278	1,919,819	16,152,833	15,137,319	9,663,575	3,240,906	60,289,451	25,718,549
Redemption of units		(1,376,945)	(2,367,049)	(3,065,398)	(936,113)	(2,138,814)	(1,666,856)	(10,157,967)	(990,239)	(3,315,523)	(1,846,285)	(27,775,217)	(19,123,309)
Unitholder tax liabilities		-	-	(5,102)	(4,644)	-	-	(96,223)	(51,730)	(10,221)	(3,577)	-	-
Net increase/(decrease) from transaction in units		12,028,580	3,966,889	7,351,878	4,690,736	2,090,464	252,963	5,898,653	14,095,350	6,337,831	1,391,044	32,514,234	6,595,240
Total comprehensive income/(loss) for the year attributable to Unitholders		4,622,536	2,459,864	919,473	115,100	839,732	612,204	2,069,773	2,480,985	2,442,300	433,224	4,630,560	2,712,382
Net assets attributable to Unitholders at the end of the year		38,703,496	22,052,380	23,296,968	15,025,617	17,766,925	14,836,729	45,145,048	37,176,622	20,128,132	11,348,001	104,235,004	67,090,210

Units	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
For the year ended 31 March												
Units on issue at the beginning of the year	8,052,560	6,545,133	13,400,271	9,210,959	8,685,903	8,540,613	31,018,627	18,830,898	6,172,299	5,421,163	38,330,155	34,604,571
Units issued	4,562,111	2,454,732	8,773,892	5,015,774	2,428,037	1,142,178	12,724,732	13,028,292	4,859,195	1,778,208	33,788,651	14,921,517
Units redeemed	(459,091)	(947,305)	(2,666,432)	(826,462)	(1,223,169)	(996,888)	(8,254,607)	(840,563)	(1,643,472)	(1,027,072)	(15,523,331)	(11,195,933)
Units on issue at the end of the year	12,155,580	8,052,560	19,507,731	13,400,271	9,890,771	8,685,903	35,488,752	31,018,627	9,388,022	6,172,299	56,595,475	38,330,155

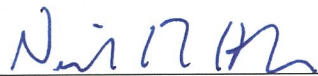
These statements are to be read in conjunction with the accompanying notes.

Statements of Financial Position

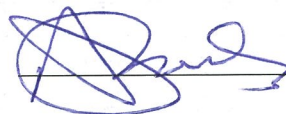
\$	As at 31 March	Note	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
			2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Assets														
Cash and cash equivalents			1,322,985	651,968	714,148	574,936	904,269	650,871	2,084,819	3,550,545	610,871	310,841	11,797,607	3,924,772
Financial assets at fair value through profit or loss	6		37,162,343	21,266,037	22,448,083	14,407,657	17,472,123	14,043,579	43,163,023	35,035,015	19,538,403	11,046,641	94,596,260	62,639,768
Contributions receivable			62	19	2	-	-	4	-	-	51	18	82	-
Other receivables			257,607	158,500	158,957	59,503	174,332	152,099	27,311	37,403	54	3,600	876,410	574,564
Total assets			38,742,997	22,076,524	23,321,190	15,042,096	18,550,724	14,846,553	45,275,153	38,622,963	20,149,379	11,361,100	107,270,359	67,139,104
Liabilities														
Financial liabilities at fair value through profit or loss	6		-	-	-	-	-	-	71,220	-	-	-	-	-
Outstanding settlements payable			-	-	-	-	771,658	-	-	1,398,201	-	-	2,966,121	-
Related party payables	5		39,501	23,321	23,883	16,065	11,178	9,598	58,221	46,587	21,247	11,848	66,099	42,678
Withdrawals payable			-	-	339	50	963	125	664	129	-	-	3,135	1,020
Other payables			-	823	-	364	-	101	-	1,424	-	1,251	-	5,196
Total liabilities			39,501	24,144	24,222	16,479	783,799	9,824	130,105	1,446,341	21,247	13,099	3,035,355	48,894
Net assets attributed to Unitholders			38,703,496	22,052,380	23,296,968	15,025,617	17,766,925	14,836,729	45,145,048	37,176,622	20,128,132	11,348,001	104,235,004	67,090,210

The Directors of Forsyth Barr Investment Management Limited authorised these Financial Statements for issue on 12 July 2019.

Director



Director



12 July 2019

These statements are to be read in conjunction with the accompanying notes.

Statements of Cash Flows

\$	Note	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Cash flows from operating activities													
Proceeds from sale of financial assets at fair value through profit or loss		7,829,425	4,504,914	17,488,777	5,340,566	2,666,343	4,756,124	20,282,596	6,483,928	3,805,270	1,900,267	13,329,766	15,699,135
Purchase of financial assets at fair value through profit or loss		(16,325,418)	(8,525,420)	(22,674,047)	(10,303,397)	(5,058,614)	(5,974,999)	(26,993,293)	(17,752,491)	(9,810,998)	(3,434,238)	(40,369,223)	(23,288,040)
Dividends received		1,087,942	644,106	890,787	524,678	-	-	719,931	410,185	715,869	467,204	11,074	-
Interest income received		20,644	11,343	11,761	7,367	682,878	621,198	40,605	30,739	11,311	6,642	3,370,713	2,559,543
Operating expenses paid		(404,043)	(240,804)	(259,441)	(167,992)	(130,020)	(115,566)	(675,105)	(449,870)	(203,959)	(134,035)	(675,557)	(470,761)
Other income		-	-	-	-	-	1,045	-	-	-	-	-	3,750
Transaction costs on sale/purchase of financial instruments held at fair value through profit or loss		(47,833)	(23,730)	(80,205)	(31,938)	1,606	(600)	(93,466)	(161,087)	(27,415)	(10,514)	9,587	(2,180)
Net cash inflow/(outflow) from operating activities	8	(7,839,283)	(3,629,591)	(4,622,368)	(4,630,716)	(1,837,807)	(712,798)	(6,718,732)	(11,438,596)	(5,509,922)	(1,204,674)	(24,323,640)	(5,498,553)
Cash flows from financing activities													
Proceeds from units issued		9,887,504	6,330,173	7,834,968	5,629,649	4,229,181	1,919,876	15,521,153	15,137,258	9,137,746	3,241,388	59,969,577	25,722,090
Redemptions of units		(1,376,945)	(2,367,049)	(3,055,109)	(936,063)	(2,137,976)	(1,667,984)	(10,157,422)	(990,157)	(3,315,523)	(1,846,285)	(27,773,102)	(19,129,971)
Unitholders tax liabilities		-	-	(5,102)	(4,644)	-	-	(96,223)	(51,730)	(10,221)	(3,577)	-	-
Net cash inflow/(outflow) from financing activities		8,510,559	3,963,124	4,774,757	4,688,942	2,091,205	251,892	5,267,508	14,095,371	5,812,002	1,391,526	32,196,475	6,592,119
Net increase/(decrease) in cash and cash equivalents		671,276	333,533	152,389	58,226	253,398	(460,906)	(1,451,224)	2,656,775	302,080	186,852	7,872,835	1,093,566
Cash and cash equivalents at the beginning of the year		651,968	318,435	574,936	521,675	650,871	1,111,777	3,550,545	844,016	310,841	125,307	3,924,772	2,831,206
Foreign exchange (losses)/gains on cash and cash equivalents denominated in foreign currencies		(259)	-	(13,177)	(4,965)	-	-	(14,502)	49,754	(2,050)	(1,318)	-	-
Cash and cash equivalents at the end of the year		1,322,985	651,968	714,148	574,936	904,269	650,871	2,084,819	3,550,545	610,871	310,841	11,797,607	3,924,772

These statements are to be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. General information

Reporting Entities

The reporting entity included in these Financial Statements is the Forsyth Barr Investment Fund which comprises the following individual and separate investment funds (the "Funds"):

- Forsyth Barr New Zealand Equities Fund ("New Zealand Equities Fund")
- Forsyth Barr Australian Equities Fund ("Australian Equities Fund")
- Forsyth Barr NZ Fixed Interest Fund ("NZ Fixed Interest Fund")
- Forsyth Barr Global Equities Fund ("Global Equities Fund")
- Forsyth Barr Listed Property Fund ("Listed Property Fund")
- Forsyth Barr Premium Yield Fund ("Premium Yield Fund")

The investment objectives of the Funds are as follows:

- Forsyth Barr New Zealand Equities Fund: to achieve positive long-term returns after fees, taxes and other expenses by investing in selected New Zealand equities, subject to the higher risk associated with investments in international equity markets.
- Forsyth Barr Australian Equities Fund: to achieve positive long-term returns after fees, taxes and other expenses by investing in selected Australian equities, subject to the higher risk associated with investments in international equity markets.
- Forsyth Barr NZ Fixed Interest Fund: to achieve positive long-term returns after fees, taxes and other expenses by investing in selected New Zealand dollar denominated debt and debt-like securities, subject to the risks associated with investments in debt markets.
- Forsyth Barr Global Equities Fund: to achieve positive long-term returns after fees, taxes and other expenses by investing in selected international equities, subject to the higher risk associated with investments in international equity markets.
- Forsyth Barr Listed Property Fund: to achieve positive long-term returns after fees, taxes and other expenses by investing in selected listed property vehicles, subject to the higher risk associated with the listed property investments.
- Forsyth Barr Premium Yield Fund: to achieve positive long-term returns after fees, taxes and other expenses by investing in selected New Zealand and international debt and debt-like securities, subject to the risks associated with investments in debt markets.

The Funds were created under a Master Trust Deed (the "Trust Deed") executed by Forsyth Barr Funds Management Limited (now Forsyth Barr Investment Management Limited effective 27 February 2015) (the "Manager") on 27 September 2007. The Forsyth Barr New Zealand Equities Fund, Forsyth Barr Australian Equities Fund, Forsyth Barr NZ Fixed Interest Fund, Forsyth Barr Global Equities Fund, Forsyth Barr Listed Property Fund and Forsyth Barr Premium Yield Fund were created under a Unit Trust Establishment Deed between the Manager and Perpetual Trust Limited dated 27 March 2008 and the Funds commenced operation on 26 June 2008. The Supervisor for the Funds is now Trustees Executors Limited effective 27 February 2015 (previously Corporate Trust Limited (trading as Foundation Corporate Trust) effective 30 November 2012). The existing Trust Deed was substituted, and each of the establishment deeds for the Funds amended and consolidated, by instruments dated 9 August 2016. The amendment was made to comply with and to reflect the requirements of the Financial Markets Conduct Act 2013 (FMCA), Financial Markets Regulations Act 2014 (FMCR) and other enactments made pursuant to the FMCA, and to make a number of other amendments in connection with the Funds becoming registered under the FMCA.

The registered office for the Manager is Level 9, Forsyth Barr House, The Octagon, Dunedin.

Statutory Base

The Funds are registered under Forsyth Barr Investment Funds, a Managed Investment Scheme as defined by the Financial Markets Conduct Act 2013 and are subject to the provisions of that Act.

These Financial Statements have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013, the Financial Reporting Act 2013, and the Trust Deed.

The Financial Statements were authorised for issue by the Directors of the Manager on 12 July 2019.

2. Summary of significant 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 year 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 Funds' are profit-oriented entities. These Financial Statements have been prepared in accordance with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). These Financial Statements also comply with the International Financial Reporting Standards (IFRS). These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

(a) Use of 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 Directors of the Manager to exercise their judgement in the process of applying the Funds' 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.

(b) Presentation

All amounts are presented in New Zealand dollars, which are the Funds' functional and presentation currency.

(c) Standards and amendments to existing standards effective 1 April 2018 impacting the Scheme

The Funds have adopted NZ IFRS 9 Financial instruments (NZ IFRS 9) and other related amendments to other NZ IFRS for the first time for the year commencing 1 April 2018. The adoption of NZ IFRS 9 has been applied retrospectively and did not result in a significant change to the classification or measurement of financial instruments in either the current or prior year. The Funds hold securities which had previously been designated as fair value through profit or loss or held for trading. On adoption of NZ IFRS 9, these securities are now mandatorily classified as fair value through profit or loss; there are no changes to the measurement of these securities. The Funds also hold assets which were classified as loans and receivables. On adoption of NZ IFRS 9, these assets are now classified as financial assets at amortised cost. With the adoption of IFRS 9, there were no changes to the measurement of these financial assets other than a change to the impairment calculation. With the introduction of NZ IFRS 9, the Funds are now applying expected credit loss provisioning since initial recognition of these securities. Prior to the adoption of IFRS 9, the carrying amounts of the financial assets at amortised cost were reviewed at each balance date for objective evidence of impairment. As explained in note 9 (a), there was also no impact from the application of new impairment rules as the instruments held have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. The disclosures in these Financial Statements have been prepared in accordance with NZ IFRS 7.

NZ IFRS 15 'Revenue from contracts with customers' is effective for annual periods beginning on 1 April 2018. All material income streams associated with the Funds are derived from financial instruments and other contractual rights and obligations within the scope of NZ IFRS 9 'Financial Instruments' and therefore the standard has no material impact on the Funds.

There are no other standards or amendments to existing standards that are effective for the year commencing on 1 April 2018 that have a material effect on the Financial Statements of the Funds.

Notes to the Financial Statements

2. Significant accounting policies (continued)

2.2 Financial instruments

(a) Classification

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 Funds are primarily focused on fair value information and use that information to assess the assets' performance and to make decisions. The Funds have not taken the option to irrevocably designate any equity securities at fair value through other comprehensive income. As there are no financial instruments designated at fair value upon initial recognition in the Funds, all financial assets measured at fair value are those mandatorily measured at fair value. Financial assets at fair value through profit or loss comprise of unlisted funds.

(ii) Financial assets at amortised cost

(a) **Cash and cash equivalents** include cash in hand and deposits held at call with banks, denominated in New Zealand dollars and in foreign currencies. Payments and receipts relating to the purchase and sale of investment securities are classified as cashflows from operating activities, as movements in the fair value of these securities represents the Funds main income generating activity.

(b) **Receivables** are amounts representing assets owing to the Funds and may include amounts due for contributions receivable and other receivables such as: interest or dividends.

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 which were previously classified as financial liabilities at fair value through profit or loss under the categories 'designated at fair value upon initial recognition' and 'held for trading', are now classified as financial liabilities mandatorily measured at fair value through profit or loss. As there are no financial liabilities designated at fair value upon initial recognition in the Funds, 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 Funds at period end and may include outstanding settlements payable, withdrawals payable, other payables and related party payables such as: management fee payable or supervisor fee payable.

(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 at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of Comprehensive Income. 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 Statements of Comprehensive Income when they arise. Financial assets are derecognised when the rights to receive cash flows from the investments have expired of the Funds have transferred substantially all of the risks and rewards of ownership. Any gain or loss arising on derecognition of the financial asset at fair value through profit or loss is included in the Statements of Comprehensive Income in the year the item is derecognised.

(ii) Financial assets and liabilities at amortised cost

The Funds recognise 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. Subsequent to initial recognition, all financial assets at amortised cost are measured at amortised cost less any impairment. Any impairment charge is recognised in the Statement of Comprehensive Income. Financial assets at amortised cost are derecognised when the rights to receive cash flows from the investments have expired of the Funds have 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.

(c) Fair value estimation

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 the measurement date.

Fair value in an active market

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. 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.

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 sheet date. Valuation techniques used include the use of recent 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 the balance sheet date taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. 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.

2.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

2.4 Net assets attributable to Unitholders

The Funds issue units that are redeemable at the Unitholders' option and have identical features and are therefore classified as equity. The units can be put back to the Funds at any time for cash based on 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 balance sheet date if Unitholders exercised their right to put the units back to the Funds. As stipulated in the Trust Deed, each unit represents an individual share in the Funds and does not extend to a right in the underlying assets of the Funds. There are no separate classes of units within the Funds and each unit has the same rights attaching to it as all other units in the respective Fund.

Applications 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 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 the Funds with the total number of outstanding units of the Funds. In accordance with the provisions of the offering documents, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for subscriptions and redemptions.

In accordance with the Trust Deed, the Manager has full discretion as to whether to distribute any income of the Funds. Income that is not distributed is invested as part of the assets of the Funds or may be used later to make distributions to Unitholders of that Fund.

Notes to the Financial Statements

2. Significant accounting policies (continued)

2.5 Investment income

Interest income earned on financial assets at amortised cost is recognised in the Statement of Comprehensive Income using the effective interest method.

Interest earned on financial assets and liabilities at fair value through the profit and loss recognised in the Statement of Comprehensive Income excludes dividend and distribution income earned on financial assets at fair value through profit or loss. It represents interest income earned on financial assets and liabilities held at fair value; changes in fair value are recorded in accordance with the policies described in note 2.2

Dividend and distribution income is recognised in the Statement of Comprehensive Income on the ex-dividend date with any related withholding tax recorded in the Statement of Net Assets Attributable to Unitholders as withholding taxes deducted. Dividend income is recognised on a present entitlement basis.

2.6 Investments gains and losses

Realised and unrealised gains and losses are reflected in the Statements of Comprehensive Income as net gain/(loss) on financial instruments held at fair value through profit or loss.

Unrealised gains or losses include the change in net market value of investments held as at balance sheet date and the reversal of prior periods unrealised gains or losses on investments that have been realised in the current period. Realised gains or losses are calculated based on the gross sale proceeds and the weighted average cost of the investments sold.

2.7 Expenses

All expenses, including the Funds' management, performance and supervisor fees, are recognised in the Statements of Comprehensive Income on an accruals basis. Management fee rebates are received from an external manager.

2.8 Foreign currency translation

(a) Functional and presentation currency

Items included in the Funds' Financial Statements are measured using the currency of the primary economic environment in which it operates (the 'functional currency'). This is the New Zealand dollar, which reflects the currency of the economy in which the Funds compete for funds and are regulated. The New Zealand dollar is also the Funds' presentation currency.

The Manager considers the New Zealand dollar the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The New Zealand dollar is the currency in which the Funds measure their performance and report their results, as well as the currency in which the Funds receive subscriptions from investors.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the balance sheet date. Foreign exchange gains or losses arising from translation are included in the Statements of Comprehensive Income within net gain/(loss) on financial instruments held at fair value through profit or loss.

The Funds do not isolate that portion of gains or losses on securities, foreign cash and derivative financial instruments that are measured at fair value through profit or loss and which are due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss in the Statements of Comprehensive Income.

2.9 Income tax

The Funds qualify as Portfolio Investment Entities (PIE) for tax purposes. Under the PIE regime income is effectively taxed in the hands of the Unitholders and therefore the Funds have no income tax expense. Accordingly, no income tax expense is recognised in the Statements of Comprehensive Income. Income is disclosed gross of any resident and foreign withholding taxes deducted at source and the taxes are included in withholding taxes deducted in the Statements of Net Assets Attributable to Unitholders.

Under the PIE regime, the Manager attributes the taxable income of the Funds to Unitholders in accordance with the proportion of their interest in the Funds. The income attributed to each Unitholder is taxed at the Unitholder's "prescribed investor rate" (which is capped at 28%) on redemptions and paid quarterly each year.

Unitholder tax liabilities disclosed in the Statements of Changes in Net Assets Attributable to Unitholders consists of withdrawals to meet Unitholder tax liabilities (or contributions from Unitholder rebates) under the PIE regime.

2.10 Goods and services tax ("GST")

The Funds are not registered for GST. The Statements of Comprehensive Income and Statements of Cash Flows have been prepared so that all components are stated inclusive of GST. All items in the Statement of Financial Position are stated inclusive of GST.

2.11 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the Financial Statements. These changes did not have a material impact on the presentation of the Financial Statements.

3. Critical accounting estimates and judgements

The Manager of the Funds makes estimates and assumptions that affect the reported amounts of assets and liabilities. The resulting accounting estimates will, by definition, not always equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair value of securities not quoted in an active market

The fair value for such securities not quoted in an active market may be determined by the Manager using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes as obtained from pricing sources may be indicative and not executable or binding. The Manager would exercise judgement on the quantity and quality of pricing sources used. Where no market data is available, the Manager may price positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. The models for debt securities are based on net present value of estimated future cash flows, adjusted as appropriate for liquidity and credit and market risk factors.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair value of investments in other funds that are not quoted in active markets is determined by reference to the redemption price per unit of the underlying funds.

For certain other financial instruments, including amounts due from/to brokers, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the immediate or short term nature of these financial instruments.

Notes to the Financial Statements

4. Commitments and contingent liabilities

There are no contingencies or commitments as at 31 March 2019 (31 March 2018: nil).

5. Related Parties

5.1 General

The Directors of the Manager may also be Unitholders of the Funds. All transactions occur at arm's length and are on normal terms.

During the year, a Director of Forsyth Barr Limited (parent of the Manager) entered into a transaction of transfer a number of debt and equity securities into the NZ Equities Fund, Australian Equities Fund, Global Equities Fund, Listed Property Fund and Premium Yield Funds in exchange for units in each of those Funds equivalent to the market value of the transferred debt and equity securities, as established by the Administrator on the date of the transaction. The value of the non cash transaction was to transfer the following values into each of the relevant funds: NZ Equities Fund \$3,517,155; Australian Equities Fund \$2,577,044; Global Equities Fund \$630,256; Listed Property Fund \$524,545 and Premium Yield Fund \$314,169.

5.2 Related party fees

The Funds have incurred the following fees to the related parties.

\$		NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
For the year ended 31 March													
Forsyth Barr Investment Management Limited	Management fees	403,871	237,113	256,865	166,168	125,448	107,699	667,089	453,208	205,059	129,951	672,496	441,240
Trustees Executors Limited	Supervisor fees	16,352	10,095	10,404	7,075	8,470	7,647	22,534	16,074	8,300	5,539	45,365	31,316
		420,223	247,208	267,269	173,243	133,918	115,346	689,623	469,282	213,359	135,490	717,861	472,556

The Funds owed the following amounts to related parties at balance sheet date.

\$		NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
As at 31 March													
Forsyth Barr Investment Management Limited	Management fees	37,983	22,386	22,965	15,421	10,480	8,974	56,344	45,019	20,431	11,373	61,973	39,903
Trustees Executors Limited	Supervisor fees	1,518	935	918	644	698	624	1,877	1,568	816	475	4,126	2,775
		39,501	23,321	23,883	16,065	11,178	9,598	58,221	46,587	21,247	11,848	66,099	42,678

Under the Trust Deed the management fees payable to Forsyth Barr Investment Management Limited are payable quarterly in arrears and the Supervisor fees to Trustees Executors Limited are payable quarterly in arrears.

Audit fees \$54,050 (2018: \$52,900) were paid by the Manager in accordance with the Trust Deed.

Related Products

The Summer KiwiSaver Scheme holds units in the following Forsyth Barr Investment Funds:

\$		NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
		2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019
As at 31 March													
		Units	\$	Units	\$	Units	\$	Units	\$	Units	\$	Units	\$
Opening Balance		4,845,881	13,270,446	10,368,983	11,626,774	3,719,776	6,353,378	22,524,852	26,996,034	4,257,214	7,826,889	6,421,364	11,238,671
Contributions		1,742,528	5,145,000	4,835,652	5,670,000	-	-	7,704,820	9,685,000	2,881,240	5,750,000	8,028,665	14,335,001
Withdrawals		(179,023)	(545,000)	(2,033,897)	(2,305,000)	-	-	(6,148,067)	(7,520,000)	(1,402,577)	(2,840,000)	(417,213)	(747,761)
Change in fair value		-	2,537,041	-	736,758	-	327,713	-	1,473,175	-	1,560,834	-	1,015,520
Closing balance		6,409,386	20,407,487	13,170,738	15,728,532	3,719,776	6,681,091	24,081,605	30,634,209	5,735,878	12,297,723	14,032,817	25,841,431

\$		NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
		2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018
As at 31 March													
		Units	\$	Units	\$	Units	\$	Units	\$	Units	\$	Units	\$
Opening Balance		4,445,456	10,613,082	7,231,898	8,023,824	3,821,683	6,251,891	13,639,001	14,921,067	3,979,632	6,991,418	4,413,766	7,370,106
Contributions		991,950	2,560,000	3,583,119	4,005,500	45,645	75,000	8,992,579	10,395,100	987,613	1,753,000	2,725,033	4,661,000
Withdrawals		(591,525)	(1,465,000)	(446,034)	(510,000)	(147,552)	(250,000)	(106,728)	(125,000)	(690,031)	(1,239,000)	(717,435)	(1,213,000)
Change in fair value		-	1,562,364	-	107,450	-	276,487	-	1,804,867	-	321,471	-	420,565
Closing balance		4,845,881	13,270,446	10,368,983	11,626,774	3,719,776	6,353,378	22,524,852	26,996,034	4,257,214	7,826,889	6,421,364	11,238,671

Notes to the Financial Statements

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

\$ As at 31 March	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Financial assets at fair value through profit or loss												
Financial assets mandatorily measured at fair value through profit or loss												
Listed equities	37,162,343	21,266,037	22,448,083	14,407,657	-	-	43,163,023	35,035,015	19,538,403	11,046,641	-	-
Fixed interest securities	-	-	-	-	17,472,123	14,043,579	-	-	-	-	94,596,260	62,639,768
Total mandatorily measured at fair value through profit or loss	37,162,343	21,266,037	22,448,083	14,407,657	17,472,123	14,043,579	43,163,023	35,035,015	19,538,403	11,046,641	94,596,260	62,639,768
Total financial assets at fair value through profit or loss	37,162,343	21,266,037	22,448,083	14,407,657	17,472,123	14,043,579	43,163,023	35,035,015	19,538,403	11,046,641	94,596,260	62,639,768

\$ As at 31 March	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Financial liabilities at fair value through profit or loss												
Financial liabilities mandatorily measured at fair value through profit or loss												
Forward foreign exchange contracts	-	-	-	-	-	-	71,220	-	-	-	-	-
Total mandatorily measured at fair value through profit or loss	-	-	-	-	-	-	71,220	-	-	-	-	-
Total financial liabilities at fair value through profit or loss	-	-	-	-	-	-	71,220	-	-	-	-	-

The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the year end date. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker or pricing service, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Funds use a variety of methods and makes assumptions that are based on market conditions existing at each year end date. Valuation techniques used for non-standard financial instruments such as over the counter derivatives include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, options 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.

For instruments for which there is no active market, the Funds may use internally developed models which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which markets were or have been inactive during the period. Some of the inputs to these models may not be market observable and therefore estimated based on assumptions.

The Funds are required to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- (i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- (ii) Level 2 - Inputs other than quoted prices included in level 1 that are observable for the asset of liability, either directly (prices) or indirectly (derived from prices)
- (iii) Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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 input that is significant to the fair value measurement in its entirety. For this purpose, 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.

The determination of what constitutes 'observable' requires significant judgement by the Manager. The Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable and provided by independent sources that are actively involved in the relevant market. The following table analyses within the fair value hierarchy the Funds' financial assets and liabilities (by class) measured at fair value at 31 March 2019:

\$ As at 31 March	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Financial assets at fair value through profit or loss												
Level 1 Assets												
<i>Financial assets mandatorily measured at fair value through profit or loss</i>												
Listed equities	37,162,343	21,266,037	22,448,083	14,407,657	-	-	43,163,023	35,035,015	19,538,403	11,046,641	-	-
Total Level 1 Assets	37,162,343	21,266,037	22,448,083	14,407,657	-	-	43,163,023	35,035,015	19,538,403	11,046,641	-	-
Level 2 Assets												
<i>Financial assets mandatorily measured at fair value through profit or loss</i>												
Fixed interest securities	-	-	-	-	17,472,123	14,043,579	-	-	-	-	94,596,260	62,639,768
Total Level 2 Assets	-	-	-	-	17,472,123	14,043,579	-	-	-	-	94,596,260	62,639,768
Total financial assets at fair value through profit or loss	37,162,343	21,266,037	22,448,083	14,407,657	17,472,123	14,043,579	43,163,023	35,035,015	19,538,403	11,046,641	94,596,260	62,639,768

Notes to the Financial Statements

6. Financial assets and liabilities held at fair value through profit or loss (continued)

\$ As at 31 March	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Financial liabilities at fair value through profit or loss												
Level 2 Liabilities												
<i>Financial liabilities mandatorily measured at fair value through profit or loss</i>												
Forward foreign exchange contracts	-	-	-	-	-	-	71,220	-	-	-	-	-
Total Level 2 Liabilities	-	-	-	-	-	-	71,220	-	-	-	-	-
Total financial liabilities at fair value through profit or loss	-	-	-	-	-	-	71,220	-	-	-	-	-

7. Financial instruments by category

\$ As at 31 March	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Financial assets at fair value through profit or loss												
<i>Financial assets mandatorily measured at fair value through profit or loss</i>												
	37,162,343	21,266,037	22,448,083	14,407,657	17,472,123	14,043,579	43,163,023	35,035,015	19,538,403	11,046,641	94,596,260	62,639,768
Total financial assets at fair value through the profit or loss	37,162,343	21,266,037	22,448,083	14,407,657	17,472,123	14,043,579	43,163,023	35,035,015	19,538,403	11,046,641	94,596,260	62,639,768
Financial assets at amortised cost												
Cash and cash equivalents	1,322,985	651,968	714,148	574,936	904,269	650,871	2,084,819	3,550,545	610,871	310,841	11,797,607	3,924,772
Contributions receivable	62	19	2	-	-	4	-	-	51	18	82	-
Other receivables	257,607	158,500	158,957	59,503	174,332	152,099	27,311	37,403	54	3,600	876,410	574,564
Total financial assets at amortised cost	1,580,654	810,487	873,107	634,439	1,078,601	802,974	2,112,130	3,587,948	610,976	314,459	12,674,099	4,499,336
Total financial assets	38,742,997	22,076,524	23,321,190	15,042,096	18,550,724	14,846,553	45,275,153	38,622,963	20,149,379	11,361,100	107,270,359	67,139,104

\$ As at 31 March	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Financial liabilities at fair value through profit or loss												
<i>Financial liabilities mandatorily measured at fair value through profit or loss</i>												
	-	-	-	-	-	-	71,220	-	-	-	-	-
Total financial liabilities at fair value through the profit or loss	-	-	-	-	-	-	71,220	-	-	-	-	-
Financial liabilities at amortised cost												
Outstanding settlements payable	-	-	-	-	771,658	-	-	-	-	-	2,966,121	-
Related party payables	39,501	23,321	23,883	16,065	11,178	9,598	58,221	46,587	21,247	11,848	66,099	42,678
Withdrawals payable	-	-	339	-	963	-	664	-	-	-	3,135	-
Other payables	-	823	-	414	-	226	-	1,399,754	-	1,251	-	6,216
Total financial liabilities at amortised cost	39,501	24,144	24,222	16,479	783,799	9,824	58,885	1,446,341	21,247	13,099	3,035,355	48,894
Total financial liabilities	39,501	24,144	24,222	16,479	783,799	9,824	130,105	1,446,341	21,247	13,099	3,035,355	48,894

Notes to the Financial Statements

8. Reconciliation of operating (loss)/profit to net cash outflow from operating activities

\$	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
For the year ended 31 March												
Operating (loss)/profit	4,622,536	2,459,864	919,473	115,100	839,732	612,204	2,069,773	2,480,985	2,442,300	433,224	4,630,560	2,712,382
Adjustments for non-cash items												
Net (gain)/loss on financial instruments held at fair value through profit or loss	(2,818,215)	(2,066,560)	69,870	218,956	(298,411)	(81,154)	(1,255,752)	(2,655,509)	(1,782,205)	(101,641)	(1,870,289)	(569,919)
Net foreign currency gains or losses on cash and cash equivalents	259	-	13,177	-	-	-	14,502	-	2,050	-	-	-
Net Dividends reinvested as units	-	-	-	-	-	-	-	-	-	(2,594)	-	-
	(2,817,956)	(2,066,560)	83,047	218,956	(298,411)	(81,154)	(1,241,250)	(2,655,509)	(1,780,155)	(104,235)	(1,870,289)	(569,919)
Movements in working capital items												
(Increase)/decrease in trade and other receivables	(99,108)	(8,793)	(99,455)	(7,192)	(22,232)	(24,753)	10,091	(19,103)	3,547	(963)	(301,845)	(53,906)
Increase/(decrease) in trade and other payables	16,180	6,404	7,817	5,251	1,580	(220)	11,634	23,594	9,400	1,271	23,421	1,795
(Increase)/decrease in net cost of investments	(9,560,935)	(4,020,506)	(5,533,250)	(4,962,831)	(2,358,476)	(1,218,875)	(7,568,980)	(11,268,563)	(6,185,014)	(1,533,971)	(26,805,487)	(7,588,905)
	(9,643,863)	(4,022,895)	(5,624,888)	(4,964,772)	(2,379,128)	(1,243,848)	(7,547,255)	(11,264,072)	(6,172,067)	(1,533,663)	(27,083,911)	(7,641,016)
	(12,461,819)	(6,089,455)	(5,541,841)	(4,745,816)	(2,677,539)	(1,325,002)	(8,788,505)	(13,919,581)	(7,952,222)	(1,637,898)	(28,954,200)	(8,210,935)
Net cash inflow/(outflow) from operating activities	(7,839,283)	(3,629,591)	(4,622,368)	(4,630,716)	(1,837,807)	(712,798)	(6,718,732)	(11,438,596)	(5,509,922)	(1,204,674)	(24,323,640)	(5,498,553)

9. Financial risk management

The Trust Deed for the Funds requires the Manager to invest the assets of the Funds in accordance with the investment guidelines, as agreed with the Supervisor from time to time, in order to manage risk. The Funds activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk). The Funds overall risk management programme seeks to maximise the return derived for the level of risk to which the Funds are exposed and seeks to minimise potential adverse effects on the Funds financial performance. The Funds may use derivative financial instruments to moderate certain risk exposures.

The Funds use different methods to measure and manage the various types of risk to which it is exposed. These methods are explained below.

(a) 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 Funds. The maximum credit risk of financial instruments is considered to be the carrying amount on the Statements of Financial Position. There is a risk of non-recovery. Financial instruments that subject the Funds to credit risk consist primarily of cash equivalents, debt securities, contributions receivables and other receivables including amounts receivable for unsettled investment trades. All transactions in listed securities are settled/paid for upon delivery using approved brokers.

The Supervisor regularly reviews and approves an investment strategy that is implemented by the Manager. In accordance with the Funds policy, the Manager monitors the Fund's credit positions on a daily basis. The Funds Oversight Committee reviews it on a monthly basis.

The investment strategy incorporates an appropriate diversification of investments so that the Funds have no significant concentration of credit risk. An analysis of debt securities by rating is set out in the table below.

At balance date, only the Forsyth Barr NZ Fixed Interest Fund held forward currency contracts with one counterparty (Westpac). No open forward currency contracts were held by any of the funds as at 31 March 2018.

With respect to forward currency contracts, the Funds credit risk is managed by limiting the counterparties to a group of international banks and the Funds do not expect to incur any losses as a result of non-performance by these counterparties.

\$	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
As at 31 March												
Cash and cash equivalents by rating category												
AA	1,322,985	651,968	714,146	574,936	904,269	650,871	2,084,820	3,550,545	610,871	310,841	11,797,607	3,924,772
Unrated	-	-	-	-	-	-	-	-	-	-	-	-
	1,322,985	651,968	714,146	574,936	904,269	650,871	2,084,820	3,550,545	610,871	310,841	11,797,607	3,924,772
Fixed interest portfolio by rating category												
AAA	-	-	-	-	-	-	-	-	-	-	-	-
AA+/AA/AA-	-	-	-	-	7,878,296	7,150,018	-	-	-	-	39,062,907	26,935,899
A+/A/A-	-	-	-	-	1,704,799	1,164,623	-	-	-	-	8,724,197	5,150,292
BBB+/BBB/BBB-	-	-	-	-	4,863,725	3,574,940	-	-	-	-	29,412,971	19,924,046
BB+/BB/BB-	-	-	-	-	768,071	925,112	-	-	-	-	3,813,425	3,553,515
B+/B/B-	-	-	-	-	-	-	-	-	-	-	-	-
Unrated	-	-	-	-	2,257,232	1,228,886	-	-	-	-	13,466,720	7,076,016
	-	-	-	-	17,472,123	14,043,579	-	-	-	-	94,480,220	62,639,768
Preference shares portfolio by rating category												
BBB-	-	-	-	-	-	-	-	-	-	-	16,490	-
Unrated	-	-	-	-	-	-	-	-	-	-	99,550	-
	-	-	-	-	-	-	-	-	-	-	116,040	-

Notes to the Financial Statements

9. Financial risk management (continued)

(a) Credit risk (continued)

The Funds measure credit risk and expected credit losses using the probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At 31 March 2019, all amounts cash and non-exchange traded debt securities are held with counterparties with credit ratings per the table above. 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 Funds 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 Funds invest cash with banks registered in New Zealand. Management considers the probability of default for the cash and non-exchange traded debt securities to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As such, no loss allowance has been recognised on 12-month expected credit losses as any such impairment would be insignificant to the Funds.

With respect to forward currency contracts, the Funds credit risk is managed by limiting the counterparties to a group of international banks and the Funds do not expect to incur any losses as a result of non-performance by these counterparties.

(b) Liquidity risk

Liquidity risk is the risk that the Funds may not be able to generate sufficient cash resources to settle their obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Liquidity management is designed to ensure that the Funds have the ability to generate sufficient cash in a timely manner to meet their financial commitments and normal level of redemptions. The Funds have a benchmark liquidity level which is monitored and maintained given normal investment conditions. Liquidity risk is managed by investing the majority of their assets in investments that are traded in an active market and can be readily disposed of to enable them to meet liabilities as they fall due and unit redemptions when requested. In the event of abnormal levels of redemptions, timing of payment may be dependent on the ability of the Funds to realise their underlying investments on a timely basis. The Funds may periodically invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Funds may not be able to liquidate their investments in these investments at an amount close to their fair value to meet their liquidity requirements, or be able to respond to specific events such as deterioration in the creditworthiness of any particular issue. At 31 March 2019 and 31 March 2018, the Funds held no investments that are considered illiquid.

The Funds also have the ability in extraordinary situations to impose discretionary redemption restrictions, which include the ability to suspend redemptions or withhold varying amounts of any redemption requested. It is the intention of the Funds to exercise this ability only in instances where the payment of redemptions would put the remaining Unitholders in a disadvantageous position, or if the Funds are unable to liquidate their investments that would allow the Funds to pay redemptions as they fall due. The Funds have not withheld redemptions during the period (31 March 2018: nil).

Supervisor fees payable, other payables and outstanding settlements are due for settlement within three months of balance sheet date.

The required cash outflow to settle the forward exchange contracts which are in a loss position at balance date as disclosed in Note 6 will be the fair value as at 31 March 2019 and 31 March 2018, if it was settled on that date. It is expected that the actual future undiscounted cash flows will be different, given that the instruments are carried at fair value. All the open currency contracts which are in a loss position at 31 March 2019, matured within 3 months (31 March 2018: 3 months) after balance date.

(c) Currency risk

The Funds hold both monetary and non-monetary assets denominated in currencies other than the New Zealand dollar. Foreign currency risk arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. The foreign currency exposure relating to non-monetary assets and liabilities is a component of market price risk not foreign currency risk. However, management monitors the exposure on all foreign currency denominated assets and liabilities.

Currency risk management is undertaken by the Funds Manager within the guidelines agreed by the Supervisor. The Funds enter into foreign exchange derivatives both to economically hedge the foreign currency risk implicit in the value of the portfolio securities denominated in foreign currency and to secure a particular exchange rate for a planned purchase or sale of securities. The terms and conditions of these contracts rarely exceeds one year. As the nature of these contracts is to manage the international investment activities of the Funds, they are accounted for at fair value at balance sheet date in a manner consistent with the valuation of the underlying securities. The face value and fair value of derivatives are shown in Note 9 and included within the investments amount on the Statements of Financial Position.

Foreign currency denominated assets and liabilities held by the Funds are detailed in the table below. All amounts are presented in New Zealand dollar equivalents.

\$	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
As at 31 March												
Australia (AUD)												
Cash and cash equivalents	-	-	210,339	120,809	-	-	-	-	84,768	7,708	-	-
Other receivables	-	-	115,679	59,457	-	-	-	-	-	3,569	-	-
Listed equities	-	609,431	22,448,083	14,407,657	-	-	-	-	903,296	1,565,553	-	-
Total exposure (AUD)	-	609,431	22,774,101	14,587,923	-	-	-	-	988,064	1,576,830	-	-
Euro (EUR)												
Cash and cash equivalents	-	-	-	-	-	-	72,949	35,341	-	-	-	-
Listed equities	-	-	-	-	-	-	4,718,237	3,278,245	-	-	-	-
Total exposure (EUR)	-	-	-	-	-	-	4,791,186	3,313,586	-	-	-	-
United States of America (USD)												
Cash and cash equivalents	-	-	-	-	-	-	889,389	1,443,434	-	-	-	-
Forward foreign exchange contracts	-	-	-	-	-	-	(6,950,982)	-	-	-	-	-
Other receivables	-	-	43,229	-	-	-	27,203	(1,370,194)	-	-	-	-
Listed equities	-	-	-	-	-	-	32,999,698	23,950,116	-	-	-	-
Total exposure (USD)	-	-	43,229	-	-	-	26,965,308	24,023,356	-	-	-	-
United Kingdom (GBP)												
Cash and cash equivalents	-	-	-	-	-	-	34,614	32,640	-	-	-	-
Other receivables	-	-	-	-	-	-	-	9,241	-	-	-	-
Listed equities	-	-	-	-	-	-	-	3,338,338	-	-	-	-
Total exposure (GBP)	-	-	-	-	-	-	34,614	3,380,219	-	-	-	-
Hong Kong (HKD)												
Cash and cash equivalents	-	-	-	-	-	-	9,277	533,881	-	-	-	-
Listed equities	-	-	-	-	-	-	5,445,088	4,468,317	-	-	-	-
Total exposure (HKD)	-	-	-	-	-	-	5,454,365	5,002,198	-	-	-	-

Notes to the Financial Statements

9. Financial risk management (continued)

(c) Currency risk (continued)

The following table summarises the sensitivity of the Funds investments to changes in foreign exchange movements at 31 March. The analysis is based on the assumptions that the relevant foreign exchange rate increased/decreased by 5% to the New Zealand dollar (31 March 2018: 5%). This represents management's best estimate of a reasonable shift in the foreign exchange rates, having regard to historical volatility of those rates. This increase or decrease in net profit and Net Assets Attributable to Unitholders of the Funds arises mainly from a change in the fair value of the international dollar investments that are classified as financial assets at fair value through profit or loss.

\$ As at 31 March	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Exchange rates increased by 5%												
Australia (AUD)												
Cash and cash equivalents	-	-	(10,016)	(5,753)	-	-	-	-	(4,037)	(367)	-	-
Other receivables	-	-	(5,509)	(2,831)	-	-	-	-	-	-	-	-
Listed equities	-	(29,021)	(1,068,956)	(686,079)	-	-	-	-	(43,014)	(74,550)	-	-
Euro (EUR)												
Cash and cash equivalents	-	-	-	-	-	-	(3,474)	(1,683)	-	-	-	-
Listed equities	-	-	-	-	-	-	(224,678)	(156,107)	-	-	-	-
United States of America (USD)												
Cash and cash equivalents	-	-	-	-	-	-	(42,352)	(68,735)	-	-	-	-
Other receivables	-	-	(2,059)	-	-	-	(1,295)	65,247	-	-	-	-
Forward foreign exchange contracts	-	-	-	-	-	-	330,999	-	-	-	-	-
Listed equities	-	-	-	-	-	-	(1,571,414)	(1,140,482)	-	-	-	-
United Kingdom (GBP)												
Cash and cash equivalents	-	-	-	-	-	-	(1,648)	(1,554)	-	-	-	-
Other receivables	-	-	-	-	-	-	-	(440)	-	-	-	-
Listed equities	-	-	-	-	-	-	-	(158,968)	-	-	-	-
Hong Kong (HKD)												
Cash and cash equivalents	-	-	-	-	-	-	(442)	(25,423)	-	-	-	-
Listed equities	-	-	-	-	-	-	(259,290)	(212,777)	-	-	-	-
Total impact of 5% increase in exchange rates	-	(29,021)	(1,086,540)	(694,663)	-	-	(1,773,594)	(1,700,922)	(47,051)	(74,917)	-	-

Notes to the Financial Statements

9. Financial risk management (continued)

(c) Currency risk (continued)

S	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
As at 31 March												
Exchange rates decreased by 5%												
Australia (AUD)												
Cash and cash equivalents	-	-	11,070	6,358	-	-	-	-	4,461	406	-	-
Other receivables	-	-	6,088	3,129	-	-	-	-	-	-	-	-
Listed equities	-	32,075	1,181,478	758,298	-	-	-	-	47,542	82,398	-	-
Euro (EUR)												
Cash and cash equivalents	-	-	-	-	-	-	3,839	1,860	-	-	-	-
Listed equities	-	-	-	-	-	-	248,328	172,539	-	-	-	-
United States of America (USD)												
Cash and cash equivalents	-	-	-	-	-	-	46,810	75,970	-	-	-	-
Other receivables	-	-	2,275	-	-	-	1,432	(72,115)	-	-	-	-
Forward foreign exchange contracts	-	-	-	-	-	-	(365,841)	-	-	-	-	-
Listed equities	-	-	-	-	-	-	1,736,826	1,260,532	-	-	-	-
United Kingdom (GBP)												
Cash and cash equivalents	-	-	-	-	-	-	1,822	1,718	-	-	-	-
Other receivables	-	-	-	-	-	-	-	486	-	-	-	-
Listed equities	-	-	-	-	-	-	-	175,702	-	-	-	-
Hong Kong (HKD)												
Cash and cash equivalents	-	-	-	-	-	-	488	28,099	-	-	-	-
Listed equities	-	-	-	-	-	-	286,584	235,175	-	-	-	-
Total impact of 5% decrease in exchange rates	-	32,075	1,200,911	767,785	-	-	1,960,288	1,879,966	52,003	82,804	-	-

Notes to the Financial Statements

9. Financial risk management (continued)

(d) Cashflow and fair value 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 flows. The Funds may hold investments in interest earning financial instruments that expose the Funds to fair value interest rate risk. The Funds may also hold cash and cash equivalents that expose the Funds to cash flow interest rate risk. The interest rate risk arising from these investments is managed by the Manager.

The table below summarises the sensitivity of the Funds' investments to changes in interest rate movements at 31 March. The analysis is based on the assumptions that the relevant interest rate increased/decreased by 1% (31 March 2018: 1%), with all other variables held constant. This represents management's best estimate of a reasonable shift in the interest rates, having regard to historical volatility of those rates. At 31 March 2019, had the interest rate increased or decreased by 1% with all other variables held constant, the increase or decrease in operating profit and Net Assets Attributable to Unitholders would amount to approximately:

\$ As at 31 March	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Increased by 1%	13,230	6,520	7,141	5,749	(633,170)	(382,217)	20,848	35,505	6,109	3,108	(3,611,285)	(1,661,774)
Decreased by 1%	(13,230)	(6,520)	(7,141)	(5,749)	680,425	400,416	(20,848)	(35,505)	(6,109)	(3,108)	3,896,484	1,606,512

(e) Price risk

The Funds are exposed to equity securities price risk and derivative price risk. This arises from investments held by the Funds for which prices in the future are uncertain. Where non-monetary financial instruments, i.e. equities - are denominated in currencies other than the New Zealand dollar (NZD), the price initially expressed in foreign currency and then converted into NZD will also fluctuate because of change in foreign exchange rates.

Price risk is managed through diversification and selection of securities and other financial instruments within specified limits and in accordance with mandates and overall investment strategy.

The majority of the Funds' equity investments are publicly traded. The overall market position is monitored on a daily basis by the Funds' Manager. Compliance with the Funds' investment policies are reported to the Board of the Manager on a quarterly basis.

The Funds also manage their exposure to price risk by analysing the investment portfolio by industrial sector. The Funds' policy is to concentrate the investment portfolio in sectors where management believe the Funds can maximise the returns derived for the level of risk to which the Funds are exposed.

The table below summarises the sensitivity of the Funds' net assets attributable to Unitholders to equity securities price movements, including the effect of movements in foreign currency exchange rates on equity and debt securities prices, as at 31 March. The analysis is based on a price move of 5% which represents management's best estimate of a reasonable shift in prices having regard to historical volatility. If the prices of equity securities in which the funds invested in at 31 March 2019 had increased or decreased by 5% (31 March 2018: +/-5%) with all other variables held constant, this would have had increased/decreased operating profit and net assets attributable to Unitholders by approximately:

\$ As at 31 March	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Increased by 5%	1,858,117	1,063,302	1,122,404	720,383	42,912	70,952	2,158,151	1,751,751	976,920	552,332	143,672	245,794
Decreased by 5%	(1,858,117)	(1,063,302)	(1,122,404)	(720,383)	(42,912)	(70,952)	(2,158,151)	(1,751,751)	(976,920)	(552,332)	(143,672)	(245,794)

(f) Capital management risk

The Funds capital is represented by net assets attributable to Unitholders. The amount of net assets attributable to Unitholders can change significantly on a daily basis as the Funds are subject to daily subscriptions at the discretion of Unitholders. The Funds objectives when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for Unitholders and benefit other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Funds. The Funds do this by investing in a diversified portfolio of equity and debt securities both in NZ and globally. The Funds may also use derivatives and short sales to increase exposure in certain investments. Investment decisions are guided by the mandate included in the Statement of Investment Policies and Objectives (SIPO) and Product Disclosure Statement.

The Funds strive to invest the subscriptions of Unitholder funds in investments that meet the Funds objectives while maintaining sufficient liquidity to meet Unitholder redemptions.

The Funds do not have any externally imposed capital requirements. Units may be redeemed on any business day by giving written notice in accordance with the Trust Deed, SIPO and Product Disclosure Statement. The Manager may, in the interests of all Unitholders in the Funds, restrict, suspend or alter withdrawals in certain circumstances.

Notes to the Financial Statements

9. Financial risk management (continued)

(g) Offsetting and amounts subject to master netting arrangements and similar agreements

As at 31 March 2019, the following Funds were subject to an International Swaps and Derivatives Association (ISDA) arrangement with Westpac. According to the terms of the ISDA arrangement all the derivatives are settled net. The following tables present the Funds' financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements. The tables are presented by type of financial instrument.

\$	NZ Equities Fund	Australian Equities Fund	NZ Fixed Interest Fund	Global Equities Fund	Listed Property Fund	Premium Yield Fund
As at 31 March	2019	2019	2019	2019	2019	2019
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements						
Gross amounts of recognised financial assets	-	-	-	-	-	-
Gross amounts of recognised financial liabilities set-off in the statement of financial position	-	-	-	-	-	-
Net amounts of financial assets presented in the statement of financial position	-	-	-	-	-	-
<i>Related amounts not set-off in the statement of financial position</i>						
Financial instruments	-	-	-	(71,220)	-	-
Net amount	-	-	-	(71,220)	-	-
<i>Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements</i>						
Gross amounts of recognised financial liabilities	-	-	-	(71,220)	-	-
Gross amounts of recognised financial assets set-off in the statement of financial position	-	-	-	-	-	-
Net amounts of financial liabilities presented in the statement of financial position	-	-	-	(71,220)	-	-
<i>Related amounts not set-off in the statement of financial position</i>						
Financial instruments	-	-	-	71,220	-	-
Net amount	-	-	-	-	-	-

(h) Fair values of financial assets and financial liabilities

All financial assets and liabilities not measured at fair value through profit or loss are carried at amortised cost and their carrying values are a reasonable approximation of fair value.

10. Events occurring after the balance sheet date

No significant events have occurred since balance date which would impact on the financial position of the Funds disclosed in the Statement of Financial Position as at 31 March 2019 or on the results and cash flows of the Fund for the year ended on that date.

Independent Auditor's Report

To the Unitholders of Forsyth Barr Investment Funds

Opinion

We have audited the financial statements of Forsyth Barr Investment Funds, which refers to the following separate and independent funds: Forsyth Barr New Zealand Equities Fund; Forsyth Barr Australian Equities Fund; Forsyth Barr NZ Fixed Interest Fund; Forsyth Barr Global Equities Fund; Forsyth Barr Listed Property Fund; and Forsyth Barr Premium Yield Fund, which comprise the statements of financial position as at 31 March 2019, and the statements of comprehensive income, the statements of changes in net assets attributable to unitholders and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements, on pages 3 to 18, present fairly, in all material respects, the financial position of the Forsyth Barr Investment Funds as at 31 March 2019, and their financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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 Forsyth Barr Investment Funds 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*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other assignments for the Manager and Forsyth Barr Investment Funds in the area of taxation advice. These services have not impaired our independence as auditor of the Forsyth Barr Investment Funds. In addition to this, subject to certain restrictions, partners and employees of our firm deal with the Forsyth Barr Investment Funds on normal terms within the ordinary course of trading activities of the business of the Forsyth Barr Investment Funds. The firm has no other relationship with, or interest in, the Forsyth Barr Investment Funds.

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 of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the key audit matter

Existence and valuation of financial assets at fair value through profit or loss

As disclosed in Note 6, the Forsyth Barr Investment Funds' financial assets at fair value through profit or loss ("the investments") at 31 March 2019 are valued at:

	\$000	% of total assets
Forsyth Barr New Zealand Equities Fund	\$37,162	96%
Forsyth Barr Australian Equities Fund	\$22,448	96%
Forsyth Barr NZ Fixed Interest Fund	\$17,472	94%
Forsyth Barr Global Equities Fund	\$43,163	95%
Forsyth Barr Listed Property Fund	\$19,538	97%
Forsyth Barr Premium Yield Fund	\$94,596	88%

And represent a significant portion of total assets of each Fund (as shown above).

At 31 March 2019, all investments are in equity or debt securities or bonds that are listed on recognised international exchanges and were actively traded with readily available, quoted market prices.

All investments are held by the Custodian on behalf of the Forsyth Barr Investment Funds and administered by the Administrator.

The investments at fair value through profit or loss are a key audit matter due to the quantum of the balance relative to total assets.

This was an area of significant focus in our audit and an area where significant audit effort was directed.

Our procedures included, amongst others:

- Updating our understanding of the business processes employed by Forsyth Barr Investment Funds for accounting for and valuing their investment portfolio;
- Obtaining a schedule of investments at market price as at 31 March 2019 and reconciling the schedule to general ledger;
- Obtaining confirmation from the custodian Trustees Executors Limited ("TEL") that Forsyth Barr Investment Funds was the recorded owner of all investment assets and of the total balance held in each security;
- Obtaining the Independent Assurance Reports for both the administrator and custodian and assessing the appropriateness of their controls, the impact (if any) of any exceptions in control procedures reported and the relevant complementary client controls; and
- For a sample of investments agreeing the price of investments held at 31 March 2019 to independent third party pricing sources.

Other information

The Board of Directors of the Manager is responsible on behalf of Forsyth Barr Investment Funds for the other information. The other information comprises the information in the Annual Report that accompanies the financial statements and the audit report. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

When we read the other information in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors of the Manager and consider further appropriate actions.

Manager’s responsibilities for the financial statements

The Board of Directors of the Manager is responsible on behalf of Forsyth Barr Investment Funds for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Board of Directors of the Manager determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Manager is responsible on behalf of Forsyth Barr Investment Funds for assessing Forsyth Barr Investment Funds’ ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate Forsyth Barr Investment Funds or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are 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 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 and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 the financial statements is located on the External Reporting Board’s website at:

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

This description forms part of our auditor’s report.

Restriction on use

This report is made solely to Forsyth Barr Investment Funds’ Unitholders, as a body. Our audit has been undertaken so that we might state to Forsyth Barr Investment Funds’ Unitholders those matters we are required to state to them in an 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 Forsyth Barr Investment Funds’ Unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

**Heidi Rautjoki, Partner
for Deloitte Limited**

Dunedin, New Zealand
12 July 2019