

NZFUNDS

2015 FINANCIAL STATEMENTS

NZ Funds
Managed Portfolio Service

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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of the NZ Funds Managed Portfolio Service and New Zealand Unit Trusts

Report on the Financial Statements

We have audited the financial statements of the Portfolios, detailed in Note 1, on pages 4 to 44, which comprise the balance sheets each of the Portfolios as at 31 March 2015, and the statements of comprehensive income, the statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Unitholders, as a body, in accordance with Financial Reporting Act 2013 and the Trust Deeds governing the Portfolios. Our audit has been undertaken so that we might state to the Unitholder's 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 the Unitholders of the Portfolios, as a body, for our audit work, for this report, or for the opinions we have formed.

Manager's Responsibility for the Financial Statements

The Manager is responsible for the preparation of the financial statements, in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the Manager determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the internal control relevant to the entity's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.



We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Ernst & Young provide other assurance services to the Portfolios. We have no other relationship with, or interest in, the Portfolios. Partners and employees of our firm may deal with the Portfolios on normal terms within the ordinary course of trading activities of the business of the Portfolios.

Opinion

In our opinion, the financial statements on pages 4 to 44:

- > comply with generally accepted accounting practice in New Zealand;
- > comply with International Financial Reporting Standards; and
- > give a true and fair view of the financial position of each of the Portfolios as at 31 March 2015 and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 2013, we report that:

- > We have obtained all the information and explanations that we have required.
- > In our opinion proper accounting records have been kept by the Portfolios as far as appears from our examination of those records.

The logo for Ernst & Young, featuring the company name in a stylized, cursive script.

1 July 2015
Auckland

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2015

	NOTE	CORE CASH PORTFOLIO		CORE INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		CORE INFLATION PORTFOLIO		PROPERTY INFLATION PORTFOLIO	
		2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
REVENUE											
Interest Revenue	13	18	12	28	19	24	15	29	11	16	10
Dividend Revenue		-	-	-	-	-	-	6,706	3,351	-	-
Net Trading Gains/(Losses)	14	1,495	1,219	6,735	3,812	4,020	1,965	9,408	1,127	9,646	2,196
Other Revenue		1	2	1	2	1	2	-	7	-	1
TOTAL REVENUE		1,514	1,233	6,764	3,833	4,045	1,982	16,143	4,496	9,662	2,207
EXPENSES											
Audit and Professional Fees	15	11	10	24	19	23	16	27	20	15	13
Fees and Reimbursable Expenses	16,19,20	93	98	954	827	779	665	2,477	2,297	1,233	1,131
Sundry Expenses		-	1	1	1	1	1	3	3	1	1
TOTAL EXPENSES		104	109	979	847	803	682	2,507	2,320	1,249	1,145
NET PROFIT/(LOSS) BEFORE TAXATION		1,410	1,124	5,785	2,986	3,242	1,300	13,636	2,176	8,413	1,062
Taxation Expense	18	-	-	-	-	-	-	-	-	-	-
NET PROFIT/(LOSS) AFTER TAXATION		1,410	1,124	5,785	2,986	3,242	1,300	13,636	2,176	8,413	1,062
Other Comprehensive Income		-	-	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS)		1,410	1,124	5,785	2,986	3,242	1,300	13,636	2,176	8,413	1,062


EQUITY INFLATION PORTFOLIO		CORE GROWTH PORTFOLIO		GLOBAL MULTI-ASSET GROWTH PORTFOLIO		GLOBAL EQUITY GROWTH PORTFOLIO		DIVIDEND AND GROWTH PORTFOLIO		CAPITAL OPPORTUNITIES PORTFOLIO	
2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
16	13	43	22	15	16	21	13	5	3	4	3
4,352	2,059	18,817	14,212	722	19	7,356	9,390	-	-	-	-
5,024	1,715	5,446	5,835	(6,477)	(547)	8,846	(1,582)	9,497	2,856	955	1,664
-	1	40	-	43	4	28	6	-	1	-	1
9,392	3,788	24,346	20,069	(5,697)	(508)	16,251	7,827	9,502	2,860	959	1,668
16	12	30	19	12	9	16	13	15	10	2	2
1,202	1,027	4,087	3,586	815	740	2,375	1,523	1,628	858	174	291
1	1	1	2	-	1	1	1	1	1	-	-
1,219	1,040	4,118	3,607	827	750	2,392	1,537	1,644	869	176	293
8,173	2,748	20,228	16,462	(6,524)	(1,258)	13,859	6,290	7,858	1,991	783	1,375
-	-	-	-	-	-	-	-	-	-	-	-
8,173	2,748	20,228	16,462	(6,524)	(1,258)	13,859	6,290	7,858	1,991	783	1,375
-	-	-	-	-	-	-	-	-	-	-	-
8,173	2,748	20,228	16,462	(6,524)	(1,258)	13,859	6,290	7,858	1,991	783	1,375

Balance Sheet

AS AT 31 MARCH 2015

	NOTE	CORE CASH PORTFOLIO		CORE INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		CORE INFLATION PORTFOLIO		PROPERTY INFLATION PORTFOLIO	
		2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
UNITHOLDERS' FUNDS	12	39,672	40,801	105,126	93,276	90,627	78,042	138,537	123,252	66,501	57,168
Represented by:											
ASSETS											
Cash and Cash Equivalents		762	149	447	693	491	729	1,203	1,030	808	803
Receivables	7	53	41	212	97	148	75	48	129	110	90
Trading Portfolio Assets	8, 11	39,305	40,710	104,843	92,723	90,252	77,432	137,744	122,491	65,897	56,489
Derivative Instruments	9, 11	-	-	-	-	-	-	-	-	-	-
Margin Accounts		-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS		40,120	40,900	105,502	93,513	90,891	78,236	138,995	123,650	66,815	57,382
LIABILITIES											
Payables	17,19,20	448	99	376	237	264	194	458	398	314	214
Derivative Instruments	9, 11	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		448	99	376	237	264	194	458	398	314	214
NET ASSETS		39,672	40,801	105,126	93,276	90,627	78,042	138,537	123,252	66,501	57,168

For and on behalf of the manager, New Zealand Funds Management Limited, who authorised the issue of these financial statements on 01 July 2015.



Richard James
Director



Phil Doak
Director

EQUITY INFLATION PORTFOLIO		CORE GROWTH PORTFOLIO		GLOBAL MULTI-ASSET GROWTH PORTFOLIO		GLOBAL EQUITY GROWTH PORTFOLIO		DIVIDEND AND GROWTH PORTFOLIO		CAPITAL OPPORTUNITIES PORTFOLIO	
2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
66,582	56,329	122,088	112,775	34,484	40,266	61,492	54,223	53,647	48,012	6,749	8,449
658	664	1,142	2,228	484	248	511	682	206	623	66	409
126	100	737	5	227	131	299	2	21	57	13	1
65,974	55,903	118,582	113,518	33,769	40,179	60,839	54,729	53,836	47,709	6,708	8,404
197	14	3,052	245	337	24	822	65	-	-	-	-
-	-	517	-	-	-	-	-	-	-	-	-
66,955	56,681	124,030	115,996	34,817	40,582	62,471	55,478	54,063	48,389	6,787	8,814
319	223	1,913	1,810	302	213	967	841	416	377	38	365
54	129	29	1,411	31	103	12	414	-	-	-	-
373	352	1,942	3,221	333	316	979	1,255	416	377	38	365
66,582	56,329	122,088	112,775	34,484	40,266	61,492	54,223	53,647	48,012	6,749	8,449

Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2015

	NOTE	CORE CASH PORTFOLIO		CORE INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		CORE INFLATION PORTFOLIO		PROPERTY INFLATION PORTFOLIO	
		2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
RETAINED EARNINGS											
Opening Retained Earnings/(Deficit)		4,082	2,958	12,393	9,407	6,124	4,824	1,125	(1,051)	8,021	6,959
Total Comprehensive Income/(Loss)		1,410	1,124	5,785	2,986	3,242	1,300	13,636	2,176	8,413	1,062
Closing Retained Earnings/(Deficit)		5,492	4,082	18,178	12,393	9,366	6,124	14,761	1,125	16,434	8,021
UNITS ISSUED											
Opening Units Issued		36,719	44,788	80,883	79,375	71,918	60,922	122,127	125,136	49,147	47,410
Units Issued		34,253	34,495	21,044	22,029	19,674	21,970	19,442	24,129	9,087	11,792
Units Redeemed		(36,792)	(42,564)	(14,979)	(20,521)	(10,331)	(10,974)	(17,793)	(27,138)	(8,167)	(10,055)
Closing Units Issued		34,180	36,719	86,948	80,883	81,261	71,918	123,776	122,127	50,067	49,147
TOTAL UNITHOLDERS' FUNDS	12	39,672	40,801	105,126	93,276	90,627	78,042	138,537	123,252	66,501	57,168
COMPRISES											
Retained Earnings/(Deficit)		5,492	4,082	18,178	12,393	9,366	6,124	14,761	1,125	16,434	8,021
Units Issued		34,180	36,719	86,948	80,883	81,261	71,918	123,776	122,127	50,067	49,147
		39,672	40,801	105,126	93,276	90,627	78,042	138,537	123,252	66,501	57,168

EQUITY INFLATION PORTFOLIO		CORE GROWTH PORTFOLIO		GLOBAL MULTI-ASSET GROWTH PORTFOLIO		GLOBAL EQUITY GROWTH PORTFOLIO		DIVIDEND AND GROWTH PORTFOLIO		CAPITAL OPPORTUNITIES PORTFOLIO	
2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
(42,060)	(44,808)	19,814	3,352	(9,105)	(7,847)	11,278	4,988	9,220	7,229	4,794	3,419
8,173	2,748	20,228	16,462	(6,524)	(1,258)	13,859	6,290	7,858	1,991	783	1,375
(33,887)	(42,060)	40,042	19,814	(15,629)	(9,105)	25,137	11,278	17,078	9,220	5,577	4,794
98,389	90,871	92,961	103,935	49,371	49,944	42,945	50,802	38,792	40,623	3,655	7,899
10,119	15,796	11,373	15,057	6,763	9,405	4,962	7,428	5,489	7,136	289	694
(8,039)	(8,278)	(22,288)	(26,031)	(6,021)	(9,978)	(11,552)	(15,285)	(7,712)	(8,967)	(2,772)	(4,938)
100,469	98,389	82,046	92,961	50,113	49,371	36,355	42,945	36,569	38,792	1,172	3,655
66,582	56,329	122,088	112,775	34,484	40,266	61,492	54,223	53,647	48,012	6,749	8,449
(33,887)	(42,060)	40,042	19,814	(15,629)	(9,105)	25,137	11,278	17,078	9,220	5,577	4,794
100,469	98,389	82,046	92,961	50,113	49,371	36,355	42,945	36,569	38,792	1,172	3,655
66,582	56,329	122,088	112,775	34,484	40,266	61,492	54,223	53,647	48,012	6,749	8,449

Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2015

	CORE CASH PORTFOLIO		CORE INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		CORE INFLATION PORTFOLIO		PROPERTY INFLATION PORTFOLIO	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
CASH FLOWS FROM OPERATING ACTIVITIES										
Cash was provided from:										
Interest	18	12	28	19	24	15	29	11	16	10
Other Revenue	1	2	1	2	1	2	-	7	-	1
Maturity/Sale of Investments	6,750	10,299	715	1,454	1,050	-	39,076	29,698	1,098	2,591
Cash was applied to:										
Payments to Suppliers	(105)	(110)	(956)	(841)	(798)	(663)	(2,460)	(2,318)	(1,221)	(1,159)
Purchase of Investments	(3,850)	(2,220)	(6,100)	(3,000)	(9,850)	(10,425)	(38,215)	(24,515)	(860)	(3,400)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	2,814	7,983	(6,312)	(2,366)	(9,573)	(11,071)	(1,570)	2,883	(967)	(1,957)
CASH FLOWS FROM FINANCING ACTIVITIES										
Cash was provided from:										
Proceeds from Units Issued	34,504	34,490	21,062	22,017	19,683	21,980	19,560	24,153	9,148	11,788
Cash was applied to:										
Payments for Units Redeemed (including PIE tax paid to the IRD on behalf of the unitholders)	(36,705)	(42,623)	(14,996)	(20,499)	(10,348)	(10,954)	(17,817)	(27,113)	(8,176)	(10,046)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	(2,201)	(8,133)	6,066	1,518	9,335	11,026	1,743	(2,960)	972	1,742
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD	613	(150)	(246)	(848)	(238)	(45)	173	(77)	5	(215)
Opening Cash and Cash Equivalents Brought Forward	149	299	693	1,541	729	774	1,030	1,107	803	1,018
CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD	762	149	447	693	491	729	1,203	1,030	808	803
RECONCILIATION OF NET PROFIT/(LOSS) AFTER TAXATION TO CASH FLOWS FROM OPERATING ACTIVITIES										
Net Profit/(Loss) After Taxation	1,410	1,124	5,785	2,986	3,242	1,300	13,636	2,176	8,413	1,062
Add/(Less) Movements in Working Capital Items:										
Decrease/(Increase) in Receivables	(12)	2	(114)	42	(62)	4	82	31	(20)	(51)
Decrease/(Increase) in Trading Portfolio Assets	1,405	6,860	(12,120)	(5,412)	(12,820)	(12,390)	(15,253)	646	(9,408)	(3,005)
Decrease/(Increase) in Derivative Instruments - Assets	-	-	-	-	-	-	-	-	-	-
Decrease/(Increase) in Margin Accounts	-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Derivative Instruments - Liabilities	-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Payables	11	(3)	137	18	67	15	(35)	30	48	37
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	2,814	7,983	(6,312)	(2,366)	(9,573)	(11,071)	(1,570)	2,883	(967)	(1,957)

EQUITY INFLATION PORTFOLIO		CORE GROWTH PORTFOLIO		GLOBAL MULTI-ASSET GROWTH PORTFOLIO		GLOBAL EQUITY GROWTH PORTFOLIO		DIVIDEND AND GROWTH PORTFOLIO		CAPITAL OPPORTUNITIES PORTFOLIO	
2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
16	13	43	22	15	16	21	13	5	3	4	3
-	1	40	-	43	4	28	6	-	1	-	1
16,831	8,387	67,614	58,966	22,177	18,787	36,370	33,598	3,920	3,394	3,061	4,733
(1,192)	(1,030)	(4,694)	(2,524)	(828)	(756)	(2,540)	(1,232)	(1,556)	(817)	(514)	23
(17,784)	(14,984)	(53,121)	(44,809)	(21,907)	(17,919)	(27,437)	(24,669)	(550)	(300)	(410)	(150)
(2,129)	(7,613)	9,882	11,655	(500)	132	6,442	7,716	1,819	2,281	2,141	4,610
10,174	15,806	11,373	15,066	6,760	9,408	4,964	7,429	5,489	7,138	288	694
(8,051)	(8,267)	(22,341)	(26,012)	(6,024)	(9,975)	(11,577)	(15,272)	(7,725)	(8,953)	(2,772)	(4,937)
2,123	7,539	(10,968)	(10,946)	736	(567)	(6,613)	(7,843)	(2,236)	(1,815)	(2,484)	(4,243)
(6)	(74)	(1,086)	709	236	(435)	(171)	(127)	(417)	466	(343)	367
664	738	2,228	1,519	248	683	682	809	623	157	409	42
658	664	1,142	2,228	484	248	511	682	206	623	66	409
8,173	2,748	20,228	16,462	(6,524)	(1,258)	13,859	6,290	7,858	1,991	783	1,375
(26)	(12)	(728)	242	(90)	18	(296)	87	38	(34)	(12)	28
(10,071)	(10,496)	(5,064)	(7,211)	6,410	1,283	(6,110)	683	(6,127)	238	1,696	2,919
(183)	(4)	(2,807)	(206)	(313)	(10)	(757)	(49)	-	-	-	288
-	-	(517)	-	-	-	-	-	-	-	-	-
(75)	129	(1,382)	1,411	(72)	103	(402)	414	-	-	-	-
53	22	152	957	89	(4)	148	291	50	86	(326)	-
(2,129)	(7,613)	9,882	11,655	(500)	132	6,442	7,716	1,819	2,281	2,141	4,610

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2015

1. REPORTING ENTITIES

The reporting entities are the Core Cash Portfolio, the Core Income Portfolio, the Global Income Portfolio, the Core Inflation Portfolio, the Property Inflation Portfolio, the Equity Inflation Portfolio, the Core Growth Portfolio, the Global Multi-Asset Growth Portfolio, the Global Equity Growth Portfolio, the Dividend and Growth Portfolio and the Capital Opportunities Portfolio (the Portfolios).

The Portfolios are New Zealand unit trusts, incorporated and resident in New Zealand. Securities in the Portfolios are currently offered to the public via registered prospectuses. The securities being offered are units in the Portfolios.

Corporate Trust Limited (trading as Foundation Corporate Trust) is the Trustee of the Portfolios. The Portfolios are either governed by the NZ Funds Managed Portfolio Service Master Trust Deed dated 28 February 2008 (as amended and consolidated on 26 June 2014) or by the Strategic Investment Fund Master Trust Deed dated 8 August 1988 (as amended and consolidated on 26 June 2014). New Zealand Funds Management Limited (NZ Funds) is the Manager. The registered office of the Portfolios is the same as NZ Funds, refer to the *Directory* for details.

2. BASIS OF PREPARATION

a) Statement of compliance

The Portfolios' financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), the Trust Deeds of the Portfolios, the Unit Trusts Act 1960 and the Financial Reporting Act 1993. They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit oriented entities. These financial statements also comply with International Financial Reporting Standards (IFRS).

b) Going concern

The financial statements have been prepared on a going concern basis. NZ Funds is not aware of any material uncertainty that may cast significant doubt on the Portfolios' ability to continue as going concerns.

c) Basis of measurement

The financial statements have been prepared on a fair value basis, except for assets classified as loans and receivables, and liabilities classified as payables, which are carried at amortised cost.

d) Functional and presentation currency

Items included in the financial statements of each Portfolio are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Portfolios primarily operate in New Zealand, issuing securities predominantly to New Zealand clients and carrying out their day-to-day business activities in New Zealand. The financial statements are prepared in New Zealand Dollars (NZD), which is the Portfolios' functional and reporting currency. Where indicated, financial information presented in NZD has been rounded to the nearest thousand.

e) Use of estimates

In preparing the financial statements in conformity with NZ IFRS, NZ Funds is required to make certain estimates, judgements and assumptions that affect reported income, expenses, assets and liabilities. The key judgements required in preparing these financial statements relate to the determination of fair value for financial instruments. Please refer to Note 3(i) *Significant accounting policies* for details.

3. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been applied consistently to all years presented in these financial statements.

a) Classification

The Portfolios adopt the following categories of financial instruments in accordance with accounting standards governing the classification and valuation of financial instruments:

- (i) Financial assets or liabilities at fair value through the profit or loss account (held for trading). These include trading portfolio assets and derivative instruments;
- (ii) Loans and receivables. These include cash and cash equivalents, accrued interest, and receivables from other unit trusts and unitholders, and margin accounts; and
- (iii) Financial liabilities measured at amortised cost. These represent amounts payable to the Trustee, NZ Funds, unitholders, service providers and other accruals.

b) Recognition

The Portfolios use trade date accounting when recording trading portfolio assets and derivative instruments. The trade date is the date that an entity commits itself to purchase or sell an asset. On the trade date, the Portfolios recognise an asset to be received

and the liability to pay for it, derecognise an asset that is sold, and recognise any gain or loss on disposal and a receivable from the buyer for payment. Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date, when title passes.

c) Derecognition

The Portfolios may enter into transactions where they transfer financial assets recognised on their Balance Sheet, but retain either all of the risks and rewards of the transferred assets, or a portion of them. If all, or substantially all, the risks and rewards are retained, the transferred assets are not derecognised from the Balance Sheet.

For transactions where substantially all the risks and rewards of ownership of a financial asset are neither retained nor transferred, the Portfolios derecognise the financial asset to the extent that control over the financial asset is lost. If a Portfolio has retained control, it shall continue to recognise the financial asset to the extent of its continuing involvement in the financial asset.

d) Cash and cash equivalents

Cash and cash equivalents comprise deposits and call accounts with banks. Cash equivalents are short-term investments that are, in most circumstances, convertible to known amounts of cash.

e) Receivables

Receivables are initially recognised at fair value, and are subsequently measured at their amortised cost using the effective interest method, less provision for impairment losses.

f) Margin accounts

Margin accounts represent cash deposits held with financial intermediaries as collateral against open derivative contracts.

g) Translation of foreign currencies

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the Statement of Comprehensive Income.

h) Trading portfolio assets

Trading portfolio assets consist of investments in unit trusts and/or managed funds. Investments in trading portfolio assets are carried at fair value. Gains and losses realised on disposal or redemption, and unrealised gains and losses from changes in the fair value of trading portfolio assets, are reported as net trading gains/(losses) in the Statement of Comprehensive Income. Interest and dividend revenues on trading portfolio assets are included in interest revenue and dividend revenue, respectively, in the Statement of Comprehensive Income.

i) Determination of fair values

The determination of fair value for financial assets and financial liabilities is based on quoted market prices from active markets. If such quoted prices are not available, the fair value of the financial instrument is determined using valuation techniques. Valuation techniques include using arm's length market transactions, reference to the current market value of another similar financial instrument, discounted cash flow analysis and valuation models.

Inputs to valuation models are taken from observable markets where feasible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include consideration of various factors used in the inputs to the valuation models. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

j) Derivative instruments

The Portfolios may use derivative instruments for trading purposes. Derivative instruments are recognised initially at fair value and transaction costs are expensed immediately. After initial recognition, derivative instruments are carried at fair value. Gains/(losses) realised on disposal and unrealised gains/(losses) from changes in the fair value of derivatives are reported as net trading gains/(losses) in the Statement of Comprehensive Income.

k) Past due, impaired and restructured assets

Past due assets are assets that have not been paid for by the counterparty when contractually due. Impaired assets are assets where the present value of expected future cash flows discounted at the original effective interest rate is less than the carrying value. Restructured assets are assets where the terms of a contract have been changed due to a counterparty having difficulty in complying with the original terms of a contract.

If an asset is impaired, the asset is written down to its estimated recoverable amount. The estimated recoverable amount is calculated as the present value of expected future cash flows discounted at the original effective interest rate, and an impairment loss is recognised in the Statement of Comprehensive Income.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Offsetting

Financial assets and liabilities are offset and the net amount presented in the Balance Sheet when there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by accounting standards, or for gains and losses arising from a group of similar transactions.

m) Interest revenue

Interest revenue is recognised using the effective interest method.

n) Dividend revenue

Dividend revenue is recognised on the date the Portfolios' right to receive payment is established which, in the case of quoted securities, is the ex-dividend date. In some cases, the Portfolios may receive or choose to receive dividends in the form of additional shares rather than as cash. In such cases, the Portfolios recognise the dividend revenue for the amount of the cash dividend alternative, with a corresponding addition in investment.

o) Net trading gains/(losses)

Net trading gains/(losses) comprise gains less losses related to trading portfolio assets and derivative instruments. This includes all realised and unrealised fair value changes and foreign exchange differences.

p) Fees and expenses

The Portfolios incur fees and expenses for a range of services they receive from various service providers. Fees and expenses are accrued as services are rendered. Performance fees are accrued daily. Performance fees due at the completion of the rebate year are paid to NZ Funds and amounts due at the completion of the performance year are paid to and held in trust by the Trustee.

q) Taxation

All of the Portfolios are Portfolio Investment Entities (PIEs). Under the PIE regime detailed in the Income Tax Act 2007, income is effectively taxed in the hands of the unitholders and therefore income tax expense is not recognised by the Portfolios. The tax liability arising on income is allocated to unitholders and satisfied either by the cancellation of their units held in the Portfolios, or by the unitholders personally. As a consequence, deferred tax is also not recognised. The Portfolios settle any PIE tax receivables and payables on behalf of the unitholders.

Net taxation receivable or payable on behalf of the unitholders under the PIE regime is recognised in the Balance Sheet.

r) Goods and Services Tax (GST)

The Portfolios are not registered for GST. All components of the financial statements are stated as inclusive of GST where applicable.

s) Changes to accounting policies

There have been no changes to the accounting policies for the year ended 31 March 2015.

t) New accounting standards issued but not yet effective

NZ IFRS 9 (2014) is the final version of NZ IFRS 9, which brings together the classification and measurement, impairment and hedge accounting phases of the International Accounting Standards Board's project. The standard will replace NZ IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of NZ IFRS 9.

An entity may elect to apply earlier versions of NZ IFRS 9 if, and only if, the entity's relevant date of initial application is before 1 February 2015. Otherwise, early application is only permitted if the complete version of NZ IFRS 9 is adopted in its entirety for reporting periods beginning after 4 September 2014. The transition to NZ IFRS 9 differs by requirements and is partly retrospective and partly prospective. Despite the requirement to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements in the standard. An entity that elects to do so is required to disclose the fact and provide the related disclosures set out in paragraphs 10-11 of NZ IFRS 7 *Financial Instruments: Disclosures*.

The impact that this standard will have on the Portfolios' financial statements is still to be determined.

The Portfolios do not plan to early adopt the above standard.

u) New NZ IFRS adopted

The Portfolios have adopted amendments to NZ IAS 32 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*. The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the NZ IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. There are no material impacts on the financial statements following the adoption of this new accounting standard.

4. COMMENCEMENT OF BUSINESS

The Portfolios have either been established as original Portfolios under the Trust Deeds, or as additional Portfolios by way of executed Supplemental Trust Deeds. Each Portfolio was established on the date specified below:

	DATE ESTABLISHED	DATE BUSINESS COMMENCED
Core Cash Portfolio	28/02/2008	28/02/2008
Core Income Portfolio	4/06/2008	23/07/2008
Global Income Portfolio	9/10/2008	31/10/2008
Core Inflation Portfolio	13/05/1999	13/05/1999
Property Inflation Portfolio	9/10/2008	31/10/2008
Equity Inflation Portfolio	13/05/1999	13/05/1999
Core Growth Portfolio	9/10/2008	31/10/2008
Global Multi-Asset Growth Portfolio	9/10/2008	31/10/2008
Global Equity Growth Portfolio	9/10/2008	31/10/2008
Dividend and Growth Portfolio	9/10/2008	31/10/2008
Capital Opportunities Portfolio	4/06/2008	23/07/2008

5. AMENDMENT TO THE TRUST DEEDS

Other than specified below, there have been no amendments to the Trust Deeds for the year ended 31 March 2015.

The Assyst Portfolio Service Trust Deed originally dated 28 February 2008 (as amended) was amended and consolidated on 26 June 2014. The amendments to the Trust Deed comprise:

- (i) Renaming the deed the "Master Unit Trust Deed constituting the NZ Funds Managed Portfolio Service Trusts";
- (ii) Removing the requirement for the Manager to send annual financial statements and summary of Trust Deed amendments to Unit Holders, and replacing it with a requirement to make those documents available to Unit Holders in accordance with section 11 of the Unit Trusts Act 1960; and
- (iii) Amending the Trustee reporting requirements.

The Strategic Investment Fund Trust Deed originally dated 8 August 1988 (as amended) was amended and consolidated on 26 June 2014. The amendments to the Trust Deed comprise:

- (i) Removing the requirement for the Manager to send annual financial statements and summary of Trust Deed amendments to Unit Holders, and replacing it with a requirement to make those documents available to Unit Holders in accordance with section 11 of the Unit Trusts Act 1960; and
- (ii) Amending the Trustee reporting requirements.

6. PRINCIPAL BUSINESS ACTIVITY

The principal business activity of the Portfolios is to invest in financial instruments.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2015

7. RECEIVABLES

	CORE CASH PORTFOLIO		CORE INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		CORE INFLATION PORTFOLIO		PROPERTY INFLATION PORTFOLIO	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
PIE tax payable to the IRD to be recovered from unitholders	53	41	211	97	137	75	47	129	110	90
PIE tax rebates receivable from the IRD on behalf of unitholders	-	-	-	-	-	-	-	-	-	-
Receivable from other unit trusts - related parties	-	-	1	-	11	-	1	-	-	-
TOTAL RECEIVABLES	53	41	212	97	148	75	48	129	110	90

8. TRADING PORTFOLIO ASSETS

The Portfolios invest substantially all of their assets into the trusts established under the Global Investment Service Trust Deed, for which Global Investment Services Limited is the trustee (GISL trusts) and the Trust Deed Relating to the Issue of Units Other Than to the Public for which New Zealand Funds Superannuation Limited is the trustee (NZFS trusts), each in different proportions (refer to Note 19 *Related party*).

INVESTMENTS IN TRADING PORTFOLIO ASSETS	2015 \$000	2014 \$000
Core Cash Portfolio	39,305	40,710
Core Income Portfolio	104,843	92,723
Global Income Portfolio	90,252	77,432
Core Inflation Portfolio	137,744	122,491
Property Inflation Portfolio	65,897	56,489
Equity Inflation Portfolio	65,974	55,903
Core Growth Portfolio	118,582	113,518
Global Multi-Asset Growth Portfolio	33,769	40,179
Global Equity Growth Portfolio	60,839	54,729
Dividend and Growth Portfolio	53,836	47,709
Capital Opportunities Portfolio	6,708	8,404

9. DERIVATIVE INSTRUMENTS

a) Overview

A derivative is a financial instrument, the value of which is derived from the value of another financial instrument, index or other variables. Typically, the underlying instrument is a share, commodity, bond, currency or index.

The majority of derivative contracts are negotiated as an amount (notional), maturity and price between the Portfolios and a financial counterparty, namely over-the-counter (OTC) contracts. The remainder of the derivative contracts are standardised in terms of their amounts and settlement dates, and are bought and sold on active markets, namely exchange-traded contracts.

The notional amount of a derivative is generally the quantity of the underlying instrument on which the derivative contract is based, and is the basis upon which changes in the value of the contract are measured. The amount disclosed as notional is the larger of gross long or absolute gross short foreign currency exposures, converted to New Zealand dollars at year-end-exchange rates.

Derivative instruments are carried at fair value, based on quoted market prices for exchange traded contracts or valuation techniques, applying market observable inputs for OTC contracts.

EQUITY INFLATION PORTFOLIO		CORE GROWTH PORTFOLIO		GLOBAL MULTI-ASSET GROWTH PORTFOLIO		GLOBAL EQUITY GROWTH PORTFOLIO		DIVIDEND AND GROWTH PORTFOLIO		CAPITAL OPPORTUNITIES PORTFOLIO	
2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
-	-	733	5	221	131	298	2	19	-	13	1
126	100	-	-	-	-	-	-	-	57	-	-
-	-	4	-	6	-	1	-	2	-	-	-
126	100	737	5	227	131	299	2	21	57	13	1

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2015

9. DERIVATIVE INSTRUMENTS (CONTINUED)

b) Types of derivative instruments

Forward contracts are contractual obligations to buy or sell financial instruments on a future date at a specified price.

As at 31 March 2015, the Equity Inflation Portfolio, the Core Growth Portfolio, the Global Multi-Asset Growth Portfolio and the Global Equity Growth Portfolio hold currency forward contracts. The following table sets out the notional amounts of the derivative contracts and the associated fair value of derivative assets and liabilities as disclosed on the Balance Sheet.

DERIVATIVE INSTRUMENTS	CORE CASH PORTFOLIO			CORE INCOME PORTFOLIO			GLOBAL INCOME PORTFOLIO			CORE INFLATION PORTFOLIO			PROPERTY INFLATION PORTFOLIO		
	NOTIONAL \$000	ASSETS \$000	LIABILITIES \$000	NOTIONAL \$000	ASSETS \$000	LIABILITIES \$000	NOTIONAL \$000	ASSETS \$000	LIABILITIES \$000	NOTIONAL \$000	ASSETS \$000	LIABILITIES \$000	NOTIONAL \$000	ASSETS \$000	LIABILITIES \$000
2015															
<i>Directly held derivatives</i>															
Foreign exchange forwards	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2014															
<i>Directly held derivatives</i>															
Foreign exchange forwards	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

c) Offsetting and amounts subject to master netting arrangements

The Equity Inflation Portfolio, the Core Growth Portfolio, the Global Multi-Asset Growth Portfolio and the Global Equity Growth Portfolio are subject to multiple master netting arrangements with their derivatives counterparties.

The Portfolios' offset financial assets and financial liabilities when they have a current legally enforceable right to set off the recognised amounts and intend to settle on a net basis. Each master netting arrangement allows for a net settlement of certain open contracts where the Portfolios and respective counterparties both elect to settle on a net basis. In the absence of such an election, contracts will be settled on a gross basis. The Portfolios have elected to settle transactions of the same type on a net basis.

The following table present the Portfolios' financial assets and liabilities subject to offsetting and enforceable master netting arrangement as at 31 March 2015.

DERIVATIVE INSTRUMENTS	EQUITY INFLATION PORTFOLIO						CORE GROWTH PORTFOLIO					
	GROSS DERIVATIVE ASSETS \$000	GROSS DERIVATIVE LIABILITIES \$000	ADJUSTMENTS \$000	NET DERIVATIVE ASSETS \$000	NET DERIVATIVE LIABILITIES \$000	CASH COLLATERAL PLEDGED NOT SET-OFF \$000	GROSS DERIVATIVE ASSETS \$000	GROSS DERIVATIVE LIABILITIES \$000	ADJUSTMENTS \$000	NET DERIVATIVE ASSETS \$000	NET DERIVATIVE LIABILITIES \$000	CASH COLLATERAL PLEDGED NOT SET-OFF \$000
2015												
Foreign exchange forwards	235	92	(38)	197	54	-	3,891	868	(839)	3,052	29	(517)
	235	92	(38)	197	54	-	3,891	868	(839)	3,052	29	(517)

EQUITY INFLATION PORTFOLIO			CORE GROWTH PORTFOLIO			GLOBAL MULTI-ASSET GROWTH PORTFOLIO			GLOBAL EQUITY GROWTH PORTFOLIO			DIVIDEND AND GROWTH PORTFOLIO			CAPITAL OPPORTUNITIES PORTFOLIO		
NOTIONAL	ASSETS	LIABILITIES	NOTIONAL	ASSETS	LIABILITIES	NOTIONAL	ASSETS	LIABILITIES	NOTIONAL	ASSETS	LIABILITIES	NOTIONAL	ASSETS	LIABILITIES	NOTIONAL	ASSETS	LIABILITIES
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
4,413	197	54	68,526	3,052	29	4,661	337	31	22,842	822	12	-	-	-	-	-	-
4,413	197	54	68,526	3,052	29	4,661	337	31	22,842	822	12	-	-	-	-	-	-
2,717	14	129	45,785	245	1,411	2,139	24	103	9,328	65	414	-	-	-	-	-	-
2,717	14	129	45,785	245	1,411	2,139	24	103	9,328	65	414	-	-	-	-	-	-

GLOBAL MULTI-ASSET GROWTH PORTFOLIO						GLOBAL EQUITY GROWTH PORTFOLIO					
GROSS DERIVATIVE ASSETS	GROSS DERIVATIVE LIABILITIES	ADJUSTMENTS	NET DERIVATIVE ASSETS	NET DERIVATIVE LIABILITIES	CASH COLLATERAL PLEDGED NOT SET-OFF	GROSS DERIVATIVE ASSETS	GROSS DERIVATIVE LIABILITIES	ADJUSTMENTS	NET DERIVATIVE ASSETS	NET DERIVATIVE LIABILITIES	CASH COLLATERAL PLEDGED NOT SET-OFF
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
589	282	(252)	337	31	-	1,190	380	(368)	822	12	-
589	282	(252)	337	31	-	1,190	380	(368)	822	12	-

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2015

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Overview

The Portfolios' risks discussed below are:

- (i) Market risk - the risk of loss arising from exposure to interest rate risk, currency risk and/or equity price risk;
- (ii) Credit risk - the risk of loss arising from a counterparty failing to meet its contractual obligations; and
- (iii) Liquidity risk - the risk that the Portfolios are unable to meet payment obligations when due.

In the investment management of the Portfolios and the Portfolios' investments in the GISL trusts and the NZFS trusts, NZ Funds uses an active investment management approach. The active investment management approach seeks to maintain a balance between preserving capital and growing wealth in a manner that is consistent with each Portfolio's objective. This approach may expose the Portfolios to active investment management risk. Active investment management risk is the risk of loss arising from investment decisions made by NZ Funds.

In the investment management of the Portfolios and the Portfolios' investments in the GISL trusts and the NZFS trusts, NZ Funds may take a wide variety of actions. These actions may include, but are not limited to: altering the proportion invested in each security or asset class; altering the manner in which a Portfolio is exposed to each security or asset class; investing directly or indirectly; using derivatives and/or collective investment vehicles; applying hedging; taking short positions; or using leverage. This is referred to as active investment management.

An active investment management approach is subject to different risks (which may be considered higher risks) than a non-active investment approach. As a result, the active investment management approach may cause the returns and capital stability of a Portfolio to significantly differ from the returns and capital stability of the underlying securities or asset classes utilised, and/or any benchmark index.

The way in which the active investment management approach is implemented will change. This will result in the Portfolios ultimately being constructed with different combinations of assets, underlying investment managers and investment strategies. In order to allow these changes to occur, each Portfolio requires a wide investment mandate. The Trust Deeds provide that the Portfolios may ultimately invest in a very wide range of assets.

NZ Funds has developed internal investment guidelines as part of its investment management process which assist in the oversight of each Portfolio. These guidelines are designed to ensure that each Portfolio invests in accordance with its investment objective and risk profile.

Due to NZ Funds' active investment management approach, the guidelines may be exceeded from time to time. Where this occurs, the Portfolio is either realigned to come within the guidelines, or the guidelines are changed to reflect a change in the implementation of NZ Funds' active investment management of the Portfolio. It is therefore anticipated that the guidelines will change.

The Portfolios invest substantially all of their assets in the GISL trusts and/or the NZFS trusts. This may expose the Portfolios to concentration risk. Please refer to Note 19 *Related party*.

b) Risk mitigation structure

The responsibility for the Portfolios' risk management lies with NZ Funds which, at reporting date, has delegated certain aspects to committees, meetings and individuals as set out below:

- (i) Investment Committee - reports to the NZ Funds Board, responsible for reviewing and approving investment processes, formulating and approving the Portfolios' internal investment guidelines, identifying and monitoring investment risks, and monitoring investment performance.
- (ii) Investment Policies and Guidelines Meeting - reports to the Investment Committee, responsible for the oversight of investment policies and internal investment guidelines.
- (iii) Portfolio Management Meeting - reports to the Investment Committee, responsible for discussing and reviewing each Portfolio's attributed performance, current positioning and anticipated changes.
- (iv) Business Risk Committee - reports to the NZ Funds Board and is responsible for reviewing and monitoring operational risk and compliance in relation to the provision of advice, portfolio valuation and pricing, registry services, infrastructure and operations, and NZ Funds' workplace.
- (v) Offer Committee - reports to the NZ Funds Board, responsible for compliance in relation to the Portfolios' offer documentation and all regulated communications.
- (vi) Portfolio Managers - responsible for identifying and managing investment risks within each Portfolio's internal investment guidelines.

c) Risk measurement

The Portfolios' risks are measured by:

- (i) Using an assessment of the expected loss likely to arise for a given market movement; and/or
- (ii) Using actual historical volatility of the Portfolios; and/or
- (iii) Using statistical modelling which may or may not be adjusted for NZ Funds' active investment management approach; and/or
- (iv) Using practical industry or corporate knowledge.

d) Market risk

Market risk is the risk of loss arising from exposure to interest rate risk, currency risk and/or equity price risk. Market risk is incurred by the Portfolios through trading activities and holding financial instruments. A transaction may be exposed to a number of market risks.

The Portfolios' investments in the GISL trusts and the NZFS trusts are treated as equity instruments, therefore the Portfolios are exposed to equity price risk. However, the underlying financial instruments of the GISL trusts and the NZFS trusts frequently include financial instruments that are not equity instruments. Consequently, the Portfolios are likely to be indirectly exposed to a variety of risks other than equity price risk. It is determined that these indirect exposures are captured in the equity price risk disclosure. It is also determined that credit risk arising on equity instrument exposure is captured in the equity price risk disclosure.

In incurring market risk, the Portfolios and the Portfolios' investments in the GISL trusts and the NZFS trusts, may use an active investment management approach. This may expose the Portfolios to active investment management risk. Active investment management risk is the risk of loss arising from investment decisions made by NZ Funds. Additionally, the Portfolios' ability to directly or indirectly use leverage, and/or derivatives, and/or take short positions may increase these risks.

Concentration of market risk could exist if the Portfolios have significant positions in a single financial instrument, or aggregate positions in several financial instruments. The Portfolios' exposure to investments in the GISL trusts and the NZFS trusts is set out in Note 19 *Related party*.

Market risk is measured as per 10(c) and mitigated as per 10(b).

(i) Interest rate risk

Interest rate risk is the risk of loss arising from exposure to interest rates. Interest rate risk is incurred by the Portfolios through trading activities and holding financial instruments.

In incurring interest rate risk, the Portfolios and the Portfolios' investments in the GISL trusts and the NZFS trusts, may use an active investment management approach. This may expose the Portfolios to active investment management risk. Active investment management risk is the risk of loss arising from investment decisions made by NZ Funds. Additionally, the Portfolios' ability to directly or indirectly use leverage, and/or derivatives, and/or take short positions may increase these risks.

Sensitivity to interest rate risk is expressed as the impact on carrying values of a 0.1% change in interest rates (2014: 0.1%). This sensitivity has been calculated using the historical volatility of New Zealand short-term interest rates, and a one standard deviation move is assumed.

Concentration of interest rate risk could exist if the Portfolios have significant positions in a single financial instrument exposed to interest rate risk, or aggregate positions in several financial instruments exposed to interest rate risk.

Interest rate risk is measured as per 10(c) and mitigated as per 10(b).

DIRECT EXPOSURE OF FINANCIAL INSTRUMENTS TO INTEREST RATE RISK	2015	2014
	¥000	¥000
Core Cash Portfolio	762	149
Core Income Portfolio	447	693
Global Income Portfolio	491	729
Core Inflation Portfolio	1,203	1,030
Property Inflation Portfolio	808	803
Equity Inflation Portfolio	658	664
Core Growth Portfolio	1,142	2,228
Global Multi-Asset Growth Portfolio	484	248
Global Equity Growth Portfolio	511	682
Dividend and Growth Portfolio	206	623
Capital Opportunities Portfolio	66	409

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2015

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

INCREASE/(DECREASE) IN COMPREHENSIVE INCOME AND UNITHOLDERS' FUNDS BASED ON THE ESTIMATED INTEREST INCOME MOVEMENT	\$ IMPACT GIVEN 0.1% INCREASE IN RATES	\$ IMPACT GIVEN 0.1% DECREASE IN RATES	\$ IMPACT GIVEN 0.1% INCREASE IN RATES	\$ IMPACT GIVEN 0.1% DECREASE IN RATES
	2015 \$000	2015 \$000	2014 \$000	2014 \$000
Core Cash Portfolio	1	(1)	-	-
Core Income Portfolio	-	-	1	(1)
Global Income Portfolio	-	-	1	(1)
Core Inflation Portfolio	1	(1)	1	(1)
Property Inflation Portfolio	1	(1)	1	(1)
Equity Inflation Portfolio	1	(1)	1	(1)
Core Growth Portfolio	1	(1)	2	(2)
Global Multi-Asset Growth Portfolio	-	-	-	-
Global Equity Growth Portfolio	1	(1)	1	(1)
Dividend and Growth Portfolio	-	-	1	(1)
Capital Opportunities Portfolio	-	-	-	-

Actual trading results are likely to differ from the sensitivity analysis required by NZ IFRS 7 *Financial Instruments: Disclosures* and the differences could be significant.

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Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2015

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(ii) Currency risk

Currency risk is the risk of loss arising from exposure to foreign currency. Currency risk is incurred by the Portfolios through trading activities and holding financial instruments.

In incurring currency risk, the Portfolios and the Portfolios' investments in the GISL trusts and the NZFS trusts, may use an active investment management approach. This may expose the Portfolios to active investment management risk. Active investment management risk is the risk of loss arising from investment decisions made by NZ Funds. Additionally, the Portfolios' ability to directly or indirectly use leverage, and/or derivatives, and/or take short positions may increase these risks.

Sensitivity to currency risk is expressed as the impact on carrying values of a 10.0% (2014: 11.7%) change in exchange rates. This sensitivity has been calculated using the historical volatility of NZD, and a one standard deviation move is assumed.

Concentration of currency risk could exist if the Portfolios have significant positions in a single financial instrument exposed to currency risk, or aggregate positions in several financial instruments exposed to currency risk.

Currency risk is measured as per 10(c) and mitigated as per 10(b).

	CORE CASH PORTFOLIO		CORE INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		CORE INFLATION PORTFOLIO		PROPERTY INFLATION PORTFOLIO	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
DIRECT CURRENCY EXPOSURE (IN NZD EQUIVALENT)										
Australian Dollars	-	-	-	-	-	-	-	-	-	-
British Pound	-	-	-	-	-	-	-	-	-	-
Chinese Yuan	-	-	-	-	-	-	-	-	-	-
Euro	-	-	-	-	-	-	-	-	-	-
Japanese Yen	-	-	-	-	-	-	-	-	-	-
U.S. Dollars	-	-	-	-	-	-	-	-	-	-
TOTAL CURRENCY EXPOSURE	-	-	-	-	-	-	-	-	-	-
Total currency hedging	-	-	-	-	-	-	-	-	-	-
NET CURRENCY EXPOSURE - NET TOTAL OF LONG AND (SHORT) CURRENCIES	-	-	-	-	-	-	-	-	-	-
\$ impact on Comprehensive Income and Unitholders' Funds given a 10.0% (2014: 11.7%) increase in exchange rates	-	-	-	-	-	-	-	-	-	-
\$ impact on Comprehensive Income and Unitholders' Funds given a 10.0% (2014: 11.7%) decrease in exchange rates	-	-	-	-	-	-	-	-	-	-
GROSS CURRENCY EXPOSURE - ABSOLUTE TOTAL OF LONG AND (SHORT) CURRENCIES	-	-	-	-	-	-	-	-	-	-
\$ impact on Comprehensive Income and Unitholders' Funds given a 10.0% (2014: 11.7%) increase in exchange rates	-	-	-	-	-	-	-	-	-	-
\$ impact on Comprehensive Income and Unitholders' Funds given a 10.0% (2014: 11.7%) decrease in exchange rates	-	-	-	-	-	-	-	-	-	-

Actual trading results are likely to differ from the sensitivity analysis required by NZ IFRS 7 *Financial Instruments: Disclosures* and the differences could be significant.

EQUITY INFLATION PORTFOLIO		CORE GROWTH PORTFOLIO		GLOBAL MULTI-ASSET GROWTH PORTFOLIO		GLOBAL EQUITY GROWTH PORTFOLIO		DIVIDEND AND GROWTH PORTFOLIO		CAPITAL OPPORTUNITIES PORTFOLIO	
2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
(1,630)	(1,359)	(19,357)	(24,928)	(2,547)	(1,965)	(7,233)	(7,206)	-	-	-	-
-	-	(1,577)	-	-	-	(602)	-	-	-	-	-
-	-	-	(5,529)	-	-	-	-	-	-	-	-
-	-	(8,446)	-	-	-	(1,324)	-	-	-	-	-
-	-	(2,830)	-	-	-	(1,127)	-	-	-	-	-
2,783	1,358	36,316	15,327	2,114	(174)	12,556	2,122	-	-	-	-
1,153	(1)	4,106	(15,130)	(433)	(2,139)	2,270	(5,084)	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
1,153	(1)	4,106	(15,130)	(433)	(2,139)	2,270	(5,084)	-	-	-	-
115	-	411	(1,770)	(43)	(250)	227	(595)	-	-	-	-
(115)	-	(411)	1,770	43	250	(227)	595	-	-	-	-
4,413	2,717	68,526	45,784	4,661	2,139	22,842	9,328	-	-	-	-
441	318	6,853	5,357	466	250	2,284	1,091	-	-	-	-
(441)	(318)	(6,853)	(5,357)	(466)	(250)	(2,284)	(1,091)	-	-	-	-

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2015

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Equity price risk

Equity price risk is the risk of loss arising from exposure to equity prices. Equity price risk is incurred by the Portfolios through trading activities and holding financial instruments.

The Portfolios' investments in the GISL trusts and the NZFS trusts are treated as equity instruments, therefore the Portfolios are exposed to equity price risk. However, the underlying financial instruments of the GISL trusts and the NZFS trusts frequently include financial instruments that are not equity instruments. Consequently, the Portfolios are likely to be indirectly exposed to a variety of risks other than equity price risk. It is determined that these indirect exposures are captured in the equity price risk disclosure. It is also determined that credit risk arising on equity instrument exposure is captured in the equity price risk disclosure.

In incurring equity price risk, the Portfolios and the Portfolios' investments in the GISL trusts and the NZFS trusts, may use an active investment management approach. This may expose the Portfolios to active investment management risk. Active investment management risk is the risk of loss arising from investment decisions made by NZ Funds. Additionally, the Portfolios' ability to directly or indirectly use leverage, and/or derivatives, and/or take short positions may increase these risks.

Sensitivity to equity price risk is expressed as the impact on carrying values of a range of changes in equity prices, as set out below in the table Increase/(Decrease) in Comprehensive Income and Unitholders' Funds Based on the Estimated Equity Price Movement. This sensitivity has been calculated using the historical volatility of the asset classes that the Portfolios have indirectly invested into, and a one standard deviation move is assumed.

Concentration of equity price risk could exist if the Portfolios have significant positions in a single financial instrument exposed to equity price risk, or aggregate positions in several financial instruments exposed to equity price risk. The Portfolios' exposure to investments in the GISL trusts and the NZFS trusts are set out in Note 19 *Related party*. The GISL trusts and NZFS trusts are domiciled in Australia and New Zealand respectively.

Equity price risk is measured as per 10(c) and mitigated as per 10(b).

EXPOSURE OF FINANCIAL INSTRUMENTS TO EQUITY PRICE RISK	2015 \$000	2014 \$000
Core Cash Portfolio	39,305	40,710
Core Income Portfolio	104,843	92,723
Global Income Portfolio	90,252	77,432
Core Inflation Portfolio	137,744	122,491
Property Inflation Portfolio	65,897	56,489
Equity Inflation Portfolio	65,974	55,903
Core Growth Portfolio	118,582	113,518
Global Multi-Asset Growth Portfolio	33,769	40,179
Global Equity Growth Portfolio	60,839	54,729
Dividend and Growth Portfolio	53,836	47,709
Capital Opportunities Portfolio	6,708	8,404

INCREASE/(DECREASE) IN COMPREHENSIVE INCOME AND UNITHOLDERS' FUNDS BASED ON THE ESTIMATED EQUITY PRICE MOVEMENT	CHANGE IN EQUITY PRICE RELATIVE TO EXPOSURE TO EQUITY PRICE RISK	\$ IMPACT GIVEN MARKET PRICES INCREASE	\$ IMPACT GIVEN MARKET PRICES DECREASE	CHANGE IN EQUITY PRICE RELATIVE TO EXPOSURE TO EQUITY PRICE RISK	\$ IMPACT GIVEN MARKET PRICES INCREASE	\$ IMPACT GIVEN MARKET PRICES DECREASE
	2015 %	2015 \$000	2015 \$000	2014 %	2014 \$000	2014 \$000
Core Cash Portfolio	0.1	39	(39)	0.1	41	(41)
Core Income Portfolio	4.3	4,508	(4,508)	4.6	4,265	(4,265)
Global Income Portfolio	2.6	2,347	(2,347)	3.6	2,788	(2,788)
Core Inflation Portfolio	8.0	11,020	(11,020)	6.4	7,839	(7,839)
Property Inflation Portfolio	7.3	4,810	(4,810)	6.8	3,841	(3,841)
Equity Inflation Portfolio	6.4	4,222	(4,222)	6.0	3,354	(3,354)
Core Growth Portfolio	12.1	14,348	(14,348)	13.0	14,757	(14,757)
Global Multi-Asset Growth Portfolio	12.9	4,356	(4,356)	7.5	3,013	(3,013)
Global Equity Growth Portfolio	9.9	6,023	(6,023)	10.6	5,801	(5,801)
Dividend and Growth Portfolio	8.3	4,468	(4,468)	8.7	4,151	(4,151)
Capital Opportunities Portfolio	17.7	1,187	(1,187)	18.8	1,580	(1,580)

Actual trading results are likely to differ from the sensitivity analysis required by NZ IFRS 7 *Financial Instruments: Disclosures* and the differences could be significant.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2015

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

e) Credit risk

Credit risk is the risk of loss arising from exposure to counterparties. Credit risk is incurred by the Portfolios through trading activities and holding financial instruments. The Portfolios' ability to directly or indirectly use leverage, and/or derivatives, and/or take short positions may increase these risks.

For risk management purposes, credit risk arising on equity instruments is captured in the equity price risk exposure.

For derivatives, credit exposure takes into account netting agreements with individual counterparties which are shown on the Balance Sheet as assets and liabilities respectively.

Concentration of credit risk could exist if the Portfolios have significant exposure to a single counterparty, or aggregate exposure to several counterparties. For risk management purposes, the Portfolios' credit exposure to investments in the GISL trusts and the NZFS trusts set out in Note 19 *Related party*, is considered equity price risk and is captured in the equity price risk exposure.

Credit risk is measured as per 10(c) and mitigated as per 10(b).

The Portfolios have cash and cash equivalents with Westpac New Zealand Limited which has a Standard and Poor's short-term credit rating of A-1+. The Portfolios' derivatives instruments are currency forward contracts with Westpac Banking Corporation which has a Standard and Poor's short-term credit rating of A-1+.

	CORE CASH PORTFOLIO		CORE INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		CORE INFLATION PORTFOLIO		PROPERTY INFLATION PORTFOLIO	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
DIRECT CREDIT RISK										
<i>Breakdown of credit exposure</i>										
Cash and cash equivalents	762	149	447	693	491	729	1,203	1,030	808	803
Receivables	53	41	212	97	148	75	48	129	110	90
Derivative instruments	-	-	-	-	-	-	-	-	-	-
Margin accounts	-	-	-	-	-	-	-	-	-	-
TOTAL CREDIT EXPOSURE NET OF PROVISION FOR IMPAIRMENT	815	190	659	790	639	804	1,251	1,159	918	893

EQUITY INFLATION PORTFOLIO		CORE GROWTH PORTFOLIO		GLOBAL MULTI-ASSET GROWTH PORTFOLIO		GLOBAL EQUITY GROWTH PORTFOLIO		DIVIDEND AND GROWTH PORTFOLIO		CAPITAL OPPORTUNITIES PORTFOLIO	
2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
658	664	1,142	2,228	484	248	511	682	206	623	66	409
126	100	737	5	227	131	299	2	21	57	13	1
197	14	3,052	245	337	24	822	65	-	-	-	-
-	-	517	-	-	-	-	-	-	-	-	-
981	778	5,448	2,478	1,048	403	1,632	749	227	680	79	410

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2015

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(f) Liquidity risk

Liquidity risk is the risk that the Portfolios are unable to meet payment obligations when due. Liquidity risk is incurred by the Portfolios through trading activities and holding financial instruments.

The Portfolios are exposed to liquidity risk because of the possibility that the Portfolios could be required to pay their liabilities or redeem their units earlier than expected, and/or because the Portfolios' financial instruments are not saleable within a given timeframe, and/or because the Portfolios' financial instruments are not saleable for fair value within a given timeframe. The Portfolios are exposed to unit redemptions on a regular basis. Additionally, the Portfolios' ability to directly or indirectly use leverage, and/or derivatives, and/or take short positions may increase these risks.

As set out in Note 12 *Units on issue*, clients in certain Portfolios are required to give prior notification of an intention to redeem.

Concentration of liquidity risk could exist if the Portfolios have significant positions in a single financial instrument or counterparty, or aggregate positions in several financial instruments or counterparties which become illiquid. The Portfolios' exposure to investments in the GISL trusts and the NZFS trusts are set out in Note 19 *Related party*.

Liquidity risk is measured as per 10(c) and mitigated as per 10(b).

(i) Financial assets

The maturity groupings are based on the earlier of either the remaining period from the end of the year to the contractual maturity date, or the expected date by which an asset will be realised.

(ii) Financial liabilities

The maturity groupings are based on the earlier of either the remaining period from the end of the year to the contractual maturity date, or, where counterparties have a choice of when an amount is to be paid, the earliest period by which a Portfolio can be required to pay.

	CORE CASH PORTFOLIO		CORE INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		CORE INFLATION PORTFOLIO		PROPERTY INFLATION PORTFOLIO	
CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
FINANCIAL ASSETS										
<i>On demand/within 30 days</i>										
Cash and cash equivalents	762	149	447	693	491	729	1,203	1,030	808	803
Receivables	53	41	212	97	148	75	48	129	110	90
Trading portfolio assets	39,305	40,710	104,843	92,723	90,252	77,432	137,744	122,491	65,897	56,489
<i>Due within 12 months</i>										
Derivative instruments	-	-	-	-	-	-	-	-	-	-
Margin accounts	-	-	-	-	-	-	-	-	-	-
TOTAL	40,120	40,900	105,502	93,513	90,891	78,236	138,995	123,650	66,815	57,382
FINANCIAL LIABILITIES										
<i>On demand/within 30 days</i>										
Payables	448	99	376	237	264	194	458	398	314	214
<i>Due within 12 months</i>										
Derivative instruments	-	-	-	-	-	-	-	-	-	-
TOTAL	448	99	376	237	264	194	458	398	314	214

EQUITY INFLATION PORTFOLIO		CORE GROWTH PORTFOLIO		GLOBAL MULTI-ASSET GROWTH PORTFOLIO		GLOBAL EQUITY GROWTH PORTFOLIO		DIVIDEND AND GROWTH PORTFOLIO		CAPITAL OPPORTUNITIES PORTFOLIO	
2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
658	664	1,142	2,228	484	248	511	682	206	623	66	409
126	100	737	5	227	131	299	2	21	57	13	1
65,974	55,903	118,582	113,518	33,769	40,179	60,839	54,729	53,836	47,709	6,708	8,404
197	14	3,052	245	337	24	822	65	-	-	-	-
-	-	517	-	-	-	-	-	-	-	-	-
66,955	56,681	124,030	115,996	34,817	40,582	62,471	55,478	54,063	48,389	6,787	8,814
319	223	1,913	1,810	302	213	967	841	416	377	38	365
54	129	29	1,411	31	103	12	414	-	-	-	-
373	352	1,942	3,221	333	316	979	1,255	416	377	38	365

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2015

11. USE OF ESTIMATES AND VALUATION OF FINANCIAL INSTRUMENTS

FAIR VALUE BASIS

Financial assets and liabilities recorded at fair value

Assets in the Portfolios' trading portfolios and derivative instruments are recorded at fair value on the Balance Sheet, with changes in fair value recorded as net trading gains/(losses) in the Statement of Comprehensive Income. While in some cases, a degree of judgement is required in establishing fair values, NZ Funds believes the fair values recorded in the Balance Sheet and the changes in fair values recorded in the Statement of Comprehensive Income are based on the policies and processes that NZ Funds employs.

According to NZ IFRS 13 *Fair Value Measurement*, a three level hierarchy of disclosures is required for financial instruments measured at fair value. The three levels are defined below:

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities; or
- (ii) Level 2: inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (e.g. as prices) or indirectly (e.g. derived from prices); or
- (iii) Level 3: inputs for the asset or liability that are not based on observable market data.

The Portfolios have direct investments in trading portfolio assets and derivative instruments of which fair values are classified as Level 2. The Portfolios do not have direct investments in financial instruments classified as either Level 1 or Level 3. There were no transfers between Level 1, Level 2 and Level 3 during the year.

LEVEL 2 INVESTMENTS

- (i) The Portfolios' trading portfolio assets include investments in unlisted unit trusts which are not quoted in an active market. Investments in these unit trusts are valued based on the Net Asset Value per unit calculated by the administrator or manager of these unit trusts on a regular basis.
- (ii) OTC foreign exchange forward contracts are valued using widely recognised valuation models. The inputs into those models are market observable and are therefore included within Level 2.

Due to the short-term nature of financial assets and liabilities recorded at amortised cost, it is assumed that the carrying amount of these instruments approximates their fair value.

The following tables show financial instruments recognised at fair value, analysed for those whose fair value is based on Level 2:

	CORE CASH PORTFOLIO		CORE INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		CORE INFLATION PORTFOLIO		PROPERTY INFLATION PORTFOLIO	
FAIR VALUE BASIS	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
LEVEL 2 INVESTMENT	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<i>Financial assets designated at fair value through profit or loss:</i>										
(i) Trading portfolio assets										
Unlisted unit trusts	39,305	40,710	104,843	92,723	90,252	77,432	137,744	112,491	65,897	56,489
(ii) Derivative instruments										
Foreign exchange forwards	-	-	-	-	-	-	-	-	-	-
<i>Financial liabilities designated at fair value through profit or loss:</i>										
(i) Derivative instruments										
Foreign exchange forwards	-	-	-	-	-	-	-	-	-	-

EQUITY INFLATION PORTFOLIO		CORE GROWTH PORTFOLIO		GLOBAL MULTI-ASSET GROWTH PORTFOLIO		GLOBAL EQUITY GROWTH PORTFOLIO		DIVIDEND AND GROWTH PORTFOLIO		CAPITAL OPPORTUNITIES PORTFOLIO	
2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
65,974	55,903	118,582	113,518	33,769	40,179	60,839	54,729	53,836	47,709	6,708	8,404
197	14	3,052	245	337	24	822	65	-	-	-	-
(54)	(129)	(29)	(1,411)	(31)	(103)	(12)	(414)	-	-	-	-

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2015

12. UNITS ON ISSUE

Unitholders' Funds as outlined below are defined as puttable instruments, which are classified as equity, in the context of NZ IAS 32 *Financial Instruments: Presentation*.

Redemptions by clients in the Core Cash Portfolio are usually paid within four business days of receipt of notice.

Clients in the Core Income Portfolio, the Global Income Portfolio, the Core Inflation Portfolio, the Property Inflation Portfolio, the Equity Inflation Portfolio, the Core Growth Portfolio, the Global Multi-Asset Growth Portfolio, the Global Equity Growth Portfolio and the Dividend and Growth Portfolio are required to give 63 days prior notice of an intention to redeem or switch their investment. The 63 day notice period will not apply to units in the Core Inflation Portfolio and the Equity Inflation Portfolio that were subscribed to before 31 October 2008.

Clients in the Capital Opportunities Portfolio must give 91 days prior notice of an intention to redeem or switch their investment. In addition, subject to NZ Funds' discretion, redemptions and switches from this Portfolio are only permitted to occur on certain dates set by NZ Funds from time to time.

Redemptions are usually paid within four business days after the expiry of the relevant notice periods.

The Trust Deeds provide for a redemption payment period of up to 20 business days. The Trust Deeds also permit NZ Funds to prescribe additional limitations, restrictions and prohibitions on withdrawals.

The total expected cash outflow on redemption equals the amount of the unitholders' funds for each Portfolio.

The table below shows the movements of units on issue:

	CORE CASH PORTFOLIO		CORE INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		CORE INFLATION PORTFOLIO		PROPERTY INFLATION PORTFOLIO	
	2015 000	2014 000	2015 000	2014 000	2015 000	2014 000	2015 000	2014 000	2015 000	2014 000
UNITS ON ISSUE										
Units on issue at the beginning of the year	33,438	40,146	73,591	72,345	61,149	52,410	102,558	105,169	45,200	43,815
Units issued	27,638	28,683	16,048	17,763	15,053	17,444	15,195	20,528	6,708	9,461
Units redeemed	(29,640)	(35,391)	(11,495)	(16,517)	(7,928)	(8,705)	(13,959)	(23,139)	(6,063)	(8,076)
UNITS ON ISSUE AT THE END OF THE YEAR	31,436	33,438	78,144	73,591	68,274	61,149	103,794	102,558	45,845	45,200
Represented by										
TOTAL UNITHOLDERS' FUNDS (≠000)	39,672	40,801	105,126	93,276	90,627	78,042	138,537	123,252	66,501	57,168
NET ASSET VALUE PER UNIT(≠)	1.26	1.22	1.35	1.27	1.33	1.28	1.33	1.20	1.45	1.26

None of the Portfolios made distributions during the year (2014: nil).

13. INTEREST REVENUE

	CORE CASH PORTFOLIO		CORE INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		CORE INFLATION PORTFOLIO		PROPERTY INFLATION PORTFOLIO	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<i>Breakdown by asset classes</i>										
Cash and cash equivalents	18	12	28	19	24	15	29	11	16	10
TOTAL INTEREST REVENUE	18	12	28	19	24	15	29	11	16	10

EQUITY INFLATION PORTFOLIO		CORE GROWTH PORTFOLIO		GLOBAL MULTI-ASSET GROWTH PORTFOLIO		GLOBAL EQUITY GROWTH PORTFOLIO		DIVIDEND AND GROWTH PORTFOLIO		CAPITAL OPPORTUNITIES PORTFOLIO	
2015 000	2014 000	2015 000	2014 000	2015 000	2014 000	2015 000	2014 000	2015 000	2014 000	2015 000	2014 000
74,762	64,348	91,836	101,665	49,553	50,249	47,464	54,653	39,988	41,619	4,514	6,981
12,555	21,834	8,644	13,043	8,959	11,619	3,997	6,870	4,347	6,176	144	379
(9,976)	(11,420)	(16,977)	(22,872)	(7,894)	(12,315)	(9,306)	(14,059)	(6,088)	(7,807)	(1,400)	(2,846)
77,341	74,762	83,503	91,836	50,618	49,553	42,155	47,464	38,247	39,988	3,258	4,514
						-	-				
66,582	56,329	122,088	112,775	34,484	40,266	61,492	54,223	53,647	48,012	6,749	8,449
0.86	0.75	1.46	1.23	0.68	0.81	1.46	1.14	1.40	1.20	2.07	1.87

EQUITY INFLATION PORTFOLIO		CORE GROWTH PORTFOLIO		GLOBAL MULTI-ASSET GROWTH PORTFOLIO		GLOBAL EQUITY GROWTH PORTFOLIO		DIVIDEND AND GROWTH PORTFOLIO		CAPITAL OPPORTUNITIES PORTFOLIO	
2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
16	13	43	22	15	16	21	13	5	3	4	3
16	13	43	22	15	16	21	13	5	3	4	3

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FOR THE YEAR ENDED 31 MARCH 2015

14. NET TRADING GAINS/(LOSSES)

	CORE CASH PORTFOLIO		CORE INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		CORE INFLATION PORTFOLIO		PROPERTY INFLATION PORTFOLIO	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Trading portfolio assets	1,495	1,219	6,735	3,812	4,020	1,965	9,408	1,127	9,646	2,196
Derivative instruments	-	-	-	-	-	-	-	-	-	-
TOTAL NET TRADING GAINS/(LOSSES)	1,495	1,219	6,735	3,812	4,020	1,965	9,408	1,127	9,646	2,196

15. AUDIT AND PROFESSIONAL FEES

	CORE CASH PORTFOLIO		CORE INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		CORE INFLATION PORTFOLIO		PROPERTY INFLATION PORTFOLIO	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<i>Fees to auditors:</i>										
Audit fees	8	9	17	16	16	14	17	16	11	11
Other professional fees	3	1	7	3	7	2	10	4	4	2
TOTAL AUDIT AND PROFESSIONAL FEES	11	10	24	19	23	16	27	20	15	13

16. FEES AND REIMBURSABLE EXPENSES

	CORE CASH PORTFOLIO		CORE INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		CORE INFLATION PORTFOLIO		PROPERTY INFLATION PORTFOLIO	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Trustee fees	14	15	32	32	27	25	43	42	20	19
Management fees, performance fees and reimbursable expenses	79	83	922	795	752	640	2,434	2,255	1,213	1,112
TOTAL FEES AND REIMBURSABLE EXPENSES	93	98	954	827	779	665	2,477	2,297	1,233	1,131

EQUITY INFLATION PORTFOLIO		CORE GROWTH PORTFOLIO		GLOBAL MULTI-ASSET GROWTH PORTFOLIO		GLOBAL EQUITY GROWTH PORTFOLIO		DIVIDEND AND GROWTH PORTFOLIO		CAPITAL OPPORTUNITIES PORTFOLIO	
2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
4,480	1,667	1,295	4,271	(7,104)	(965)	7,094	(1,666)	9,497	2,856	955	1,664
544	48	4,151	1,564	627	418	1,752	84	-	-	-	-
5,024	1,715	5,446	5,835	(6,477)	(547)	8,846	(1,582)	9,497	2,856	955	1,664

EQUITY INFLATION PORTFOLIO		CORE GROWTH PORTFOLIO		GLOBAL MULTI-ASSET GROWTH PORTFOLIO		GLOBAL EQUITY GROWTH PORTFOLIO		DIVIDEND AND GROWTH PORTFOLIO		CAPITAL OPPORTUNITIES PORTFOLIO	
2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
11	10	17	16	7	8	10	11	9	9	1	2
5	2	13	3	5	1	6	2	6	1	1	-
16	12	30	19	12	9	16	13	15	10	2	2

EQUITY INFLATION PORTFOLIO		CORE GROWTH PORTFOLIO		GLOBAL MULTI-ASSET GROWTH PORTFOLIO		GLOBAL EQUITY GROWTH PORTFOLIO		DIVIDEND AND GROWTH PORTFOLIO		CAPITAL OPPORTUNITIES PORTFOLIO	
2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
20	18	38	38	12	14	18	19	16	16	3	3
1,182	1,009	4,049	3,548	803	726	2,357	1,504	1,612	842	171	288
1,202	1,027	4,087	3,586	815	740	2,375	1,523	1,628	858	174	291

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17. PAYABLES

	CORE CASH PORTFOLIO		CORE INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		CORE INFLATION PORTFOLIO		PROPERTY INFLATION PORTFOLIO	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Accruals	7	9	16	16	14	15	15	17	10	11
Management fees, performance fees and reimbursable expenses payables	10	7	92	72	66	62	240	192	119	90
PIE tax payable to the IRD on behalf of unitholders	53	41	211	97	137	75	47	129	110	90
PIE tax rebates payable to unitholders	-	-	-	-	-	-	-	-	-	-
Redemptions, unapplied money and other payables	377	41	54	49	44	40	152	57	73	21
Trustee fees payable	1	1	3	3	3	2	4	3	2	2
TOTAL PAYABLES	448	99	376	237	264	194	458	398	314	214

18. TAXATION

a) Portfolio investment entity regime

Throughout the year, the Portfolios maintained their status as PIEs.

b) Income tax expense and deferred tax

Under the PIE regime detailed in the Income Tax Act 2007, income is effectively taxed in the hands of the unitholders and therefore income tax expense is not recognised in the Portfolios. The tax liability arising on income is allocated to unitholders and satisfied either by the cancellation of their units held in the Portfolios, or by the unitholders personally. As a consequence, deferred tax is not recognised.

Net taxation receivable or payable on behalf of the unitholders under the PIE regime is recognised on the Balance Sheet. Refer to Note 7 *Receivables* and Note 17 *Payables* for details.

c) Formation losses

The Equity Inflation Portfolio has formation losses available during the year. Formation losses are firstly used to offset any taxable income derived daily from the Equity Inflation Portfolio. Any remaining income is then attributed to unitholders. Unused formation losses are rolled forward to subsequent days.

The opening and closing balances of formation losses, and losses used during the year, are detailed below.

FORMATION LOSSES	OPENING BALANCE	LOSSES USED	CLOSING BALANCE	OPENING BALANCE	LOSSES USED	CLOSING BALANCE
	01/04/14 \$000	\$000	31/03/15 \$000	01/04/13 \$000	\$000	31/03/14 \$000
Equity Inflation Portfolio	19,273	(3,864)	15,409	22,212	(2,939)	19,273

EQUITY INFLATION PORTFOLIO		CORE GROWTH PORTFOLIO		GLOBAL MULTI-ASSET GROWTH PORTFOLIO		GLOBAL EQUITY GROWTH PORTFOLIO		DIVIDEND AND GROWTH PORTFOLIO		CAPITAL OPPORTUNITIES PORTFOLIO	
2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
10	10	15	17	6	8	9	11	8	9	2	2
115	88	1,138	1,712	64	63	651	796	379	291	23	361
-	-	733	5	221	131	298	2	19	-	13	1
126	100	-	-	-	-	-	-	-	57	-	-
66	23	23	73	10	10	7	30	8	19	-	1
2	2	4	3	1	1	2	2	2	1	-	-
319	223	1,913	1,810	302	213	967	841	416	377	38	365

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2015

19. RELATED PARTY

a) Overview

NZ Funds is the manager, administration manager, issuer and promoter of the Portfolios. NZ Funds' senior management are significant indirect shareholders in NZ Funds.

b) Underlying investment portfolios and their trustees

The Portfolios may invest into the GISL trusts and the NZFS trusts. The GISL trusts are Australian unit trusts for which NZ Funds is the investment manager and Global Investment Services Limited is the trustee. NZ Funds' senior management are significant indirect shareholders in Global Investment Services Limited. The NZFS trusts are New Zealand unit trusts for which NZ Funds is the manager and New Zealand Funds Superannuation Limited is the trustee. New Zealand Funds Superannuation Limited is a wholly owned subsidiary of NZ Funds.

The Portfolios, the GISL Trusts and the NZFS Trusts are all governed by different Trust Deeds and are supervised by different Trustees. This means the Portfolios do not control any of the GISL Trusts or NZFS Trusts, and cannot make investment and/or administrative decisions for them, even if a Portfolio owns more than 50% of the units of a GISL Trust and/or NZFS Trust.

The gross value of investment transactions (including reinvested distributions) in the GISL trusts for the year and the balance of these investments are detailed in Table 1 as follows:

TABLE 1	PURCHASES		(REDEMPTIONS)		BALANCE OF INVESTMENTS	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Core Cash Portfolio	-	-	-	-	-	-
Core Income Portfolio	-	-	-	-	-	-
Global Income Portfolio	-	-	-	-	-	-
Core Inflation Portfolio	10,903	10,577	(10,950)	(9,935)	30,047	33,211
Property Inflation Portfolio	-	-	-	-	-	-
Equity Inflation Portfolio	7,062	9,097	(6,595)	(4,353)	19,906	21,458
Core Growth Portfolio	40,718	31,221	(17,339)	(25,101)	56,858	42,996
Global Multi-Asset Growth Portfolio	11,247	1,813	(245)	(1,268)	2,580	2,084
Global Equity Growth Portfolio	25,025	24,224	(14,674)	(13,790)	36,828	26,263
Dividend and Growth Portfolio	-	-	-	-	-	-
Capital Opportunities Portfolio	-	-	-	-	-	-

The gross value of investment transactions in the NZFS trusts for the year and the balance of these investments are detailed in Table 2 as follows:

TABLE 2	PURCHASES		(REDEMPTIONS)		BALANCE OF INVESTMENTS	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Core Cash Portfolio	3,850	2,220	(6,750)	(10,000)	39,305	40,710
Core Income Portfolio	6,100	3,000	(716)	(1,400)	104,843	92,723
Global Income Portfolio	9,850	10,425	(1,050)	-	90,252	77,432
Core Inflation Portfolio	34,018	17,289	(28,125)	(19,704)	107,697	89,280
Property Inflation Portfolio	860	3,400	(1,100)	(2,590)	65,897	56,489
Equity Inflation Portfolio	15,074	7,946	(9,950)	(3,859)	46,068	34,445
Core Growth Portfolio	30,703	27,800	(50,314)	(30,970)	61,724	70,522
Global Multi-Asset Growth Portfolio	11,382	16,125	(21,690)	(16,988)	31,189	38,095
Global Equity Growth Portfolio	9,768	9,835	(21,104)	(19,287)	24,011	28,466
Dividend and Growth Portfolio	550	300	(3,920)	(3,395)	53,836	47,709
Capital Opportunities Portfolio	410	150	(3,060)	(4,735)	6,708	8,404

c) Investment transactions in the Private Loan Trust

Certain Portfolios contained in Table 2 invest in the Private Loan Trust, which is an NZFS trust that invests by way of loans in Fidelity Limited and its wholly owned subsidiary Workstation Property Limited. Two of the directors of NZ Funds' parent entity, Investment Group Holdings Limited, have an indirect shareholding in Fidelity Limited.

Fidelity Limited was in the business of providing finance and has experienced adverse outcomes and is being wound down. As part of the wind down of Fidelity Limited, during the year NZ Funds and Fidelity Limited negotiated a restructure of the existing loans to separate the loan to Workstation Property Limited. As at 31 March 2014, Fidelity Limited had a loan asset from Workstation Property Limited which was ultimately financed by a loan provided by the Private Loan Trust and other lenders to Fidelity Limited. During the year, this loan was repaid by Workstation Property Limited to Fidelity Limited and by Fidelity Limited to the lenders and subsequently borrowed directly by Workstation Property Limited from the lenders. This transaction achieved a higher priority over the properties against which the loan balance is secured. The total exposure of the Portfolios to the Fidelity group (Fidelity Limited and Workstation Property Limited combined) did not change as a result of the restructure. Any loan repayments from Fidelity Limited are paid to lenders on a pro-rata basis, including the Private Loan Trust. The loan agreement with Workstation Property Limited requires repayment on the termination date, 20 March 2017.

The Portfolios' holdings in the Private Loan Trust are recorded at fair value. The Private Loan Trust, in valuing its loan to Fidelity Limited, has made an impairment adjustment in accordance with NZ IFRS. There have been no impairment adjustments in relation to the loan with Workstation Property Limited. The Portfolios contained in Table 2A, which invested in the Private Loan Trust, receive repayments by redeeming units on a pro-rata basis from the Private Loan Trust.

The gross value of investment transactions into the Private Loan Trust and the balance of investments are shown in Table 2A below:

TABLE 2A	PURCHASES		(REDEMPTIONS)		BALANCE OF INVESTMENTS	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Core Income Portfolio	-	-	(16)	-	331	347
Core Inflation Portfolio	-	-	(18)	-	354	372
Core Growth Portfolio	-	-	(35)	-	707	743
Global Multi-Asset Growth Portfolio	-	-	(6)	-	122	128
Global Equity Growth Portfolio	-	-	(22)	-	443	465

The figures in Table 2A are included within Table 2.

d) Portfolio fees

During the year, the Portfolios incurred management fees (including performance fees if any) and expense reimbursements in accordance with the Trust Deeds, which were payable to NZ Funds. Where a Portfolio invests in the Private Loan Trust, an NZFS trust, it has been the practice of NZ Funds since inception of this investment to rebate the management fees on the Portfolio's investment in the Private Loan Trust.

e) Performance fee

The Core Growth Portfolio, the Global Multi-Asset Growth Portfolio, the Global Equity Growth Portfolio, the Dividend and Growth Portfolio and the Capital Opportunities Portfolio may be charged a performance fee by NZ Funds. The performance fee is equivalent to 10% of the returns of a Portfolio in a financial year (Performance Year) that exceed the performance target. The performance target is 8%. The performance fee (if any) is calculated daily and reflected in the daily unit price of the Portfolio. It is based on the returns calculated on the total gross assets of the Portfolio.

NZ Funds may alter the performance fee payable by a Portfolio, including changing the performance target, at any time by providing one month's notice to all clients in the relevant Portfolio.

If in the financial year following a Performance Year (Rebate Year), a Portfolio's returns are less than 8% (Rebate Target), NZ Funds will rebate back to that Portfolio some or all of any performance fee charged to the Portfolio in the Performance Year. The amount of the rebate (if any) is equivalent to 10% of the returns of the Portfolio in the Rebate Year that are less than the Rebate Target, but will not be more than the performance fee paid (if any) by the Portfolio in the Performance Year. Any rebate is calculated daily and reflected in the daily unit price of the Portfolio. It is based on the returns calculated on the total gross assets of the Portfolio.

The amount of any performance fee due by a Portfolio is paid quarterly. All performance fee amounts are paid to the Trustee who holds these amounts on trust until the end of the Rebate year. Where the amount paid by a Portfolio for previous quarters exceeds the amount due at the end of a quarter, the excess amount is refunded to the Portfolio by the Trustee. At the end of the Rebate Year, once all performance criteria have been met, the Trustee pays any performance fee amount to NZ Funds.

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19. RELATED PARTY (CONTINUED)

NZ Funds may alter the Rebate Target at any time by providing one month's notice to all clients in the relevant Portfolio. In certain circumstances NZ Funds or its associated entities may, in their absolute discretion and from their own funds, reduce, pay, contribute to or rebate some of the Portfolios' fees and expenses.

The management fees, performance fees, expense reimbursements and manager rebates incurred during the year are detailed in Table 3:

	CORE CASH PORTFOLIO		CORE INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		CORE INFLATION PORTFOLIO		PROPERTY INFLATION PORTFOLIO	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Management fees incurred	64	67	792	746	679	591	2,333	2,158	1,092	993
Performance fees incurred/(rebated)	-	-	-	-	-	-	-	-	-	-
Expense reimbursements incurred	15	16	133	52	73	49	107	103	121	119
Manager rebates incurred	-	-	(3)	(3)	-	-	(6)	(6)	-	-

The outstanding management fees, performance fees, expense reimbursements and manager rebates as at 31 March 2015 and 31 March 2014 are payable on normal trading terms as detailed in Table 3A below.

	CORE CASH PORTFOLIO		CORE INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		CORE INFLATION PORTFOLIO		PROPERTY INFLATION PORTFOLIO	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Management fees payable	5	5	72	64	62	54	208	185	100	87
Performance fees payable:										
To the Trustee	-	-	-	-	-	-	-	-	-	-
To the Manager	-	-	-	-	-	-	-	-	-	-
Expense reimbursements payable	5	2	20	8	4	8	32	7	19	3

No related party debts were forgiven or written off during the year (2014: nil).

The Portfolios do not employ key management personnel. Management services are provided by NZ Funds. The following table is a summary of significant investment transactions in the Portfolios during the year, and the investment balances in the Portfolios as at 31 March 2015 and 31 March 2014, by key management personnel employed by NZ Funds and Investment Group Holdings Limited, the parent company of NZ Funds, and their close family members.

	BALANCE OF HOLDINGS		NET PURCHASES/(REDEMPTIONS)	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Core Cash Portfolio	1,008	1,618	(662)	(9)
Core Income Portfolio	77	11	63	(33)
Global Income Portfolio	73	82	(11)	-
Core Inflation Portfolio	201	160	17	-
Property Inflation Portfolio	90	84	(8)	-
Equity Inflation Portfolio	348	306	(4)	4
Core Growth Portfolio	192	120	35	(8)
Global Multi-Asset Growth Portfolio	35	19	16	-
Global Equity Growth Portfolio	49	28	6	-
Dividend and Growth Portfolio	278	224	9	(2)
Capital Opportunities Portfolio	-	79	(80)	-

EQUITY INFLATION PORTFOLIO		CORE GROWTH PORTFOLIO		GLOBAL MULTI-ASSET GROWTH PORTFOLIO		GLOBAL EQUITY GROWTH PORTFOLIO		DIVIDEND AND GROWTH PORTFOLIO		CAPITAL OPPORTUNITIES PORTFOLIO	
2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
1,096	915	2,061	1,965	673	717	998	994	892	838	137	173
-	-	1,480	1,061	-	-	1,237	249	506	(191)	24	85
86	94	520	534	132	11	130	269	214	195	10	30
-	-	(12)	(12)	(2)	(2)	(8)	(8)	-	-	-	-

EQUITY INFLATION PORTFOLIO		CORE GROWTH PORTFOLIO		GLOBAL MULTI-ASSET GROWTH PORTFOLIO		GLOBAL EQUITY GROWTH PORTFOLIO		DIVIDEND AND GROWTH PORTFOLIO		CAPITAL OPPORTUNITIES PORTFOLIO	
2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
101	84	188	176	52	61	92	82	82	71	10	13
-	-	896	1,061	-	-	557	249	274	-	12	86
-	-	-	429	-	-	-	447	-	203	-	260
14	4	54	46	12	2	2	18	23	16	1	2

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2015

20. TRUSTEES

Corporate Trust Limited (trading as Foundation Corporate Trust) is the Trustee of the Portfolios. Trustee fees incurred and outstanding are as follows:

	TRUSTEE FEES			
	INCURRED		PAYABLE	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Core Cash Portfolio	14	15	1	1
Core Income Portfolio	32	32	3	3
Global Income Portfolio	27	25	3	2
Core Inflation Portfolio	43	42	4	3
Property Inflation Portfolio	20	19	2	2
Equity Inflation Portfolio	20	18	2	2
Core Growth Portfolio	38	38	4	3
Global Multi-Asset Growth Portfolio	12	14	1	1
Global Equity Growth Portfolio	18	19	2	2
Dividend and Growth Portfolio	16	16	2	1
Capital Opportunities Portfolio	3	3	-	-

21. GUARANTEES

Guarantees were entered into by Corporate Trust Limited (trading as Foundation Corporate Trust) in its capacity as the Trustee of the Core Growth Portfolio, the Global Multi-Asset Growth Portfolio, and the Global Equity Growth Portfolio and NZ Funds in its capacity as the manager of the respective Portfolios, in favour of Citibank N.A. and Citigroup Global Markets Limited, guaranteeing the liabilities and obligations of these Portfolios' respective investments in certain GISL trusts. Note 8 *Trading portfolio assets* and Note 10 *Financial instrument and risk management* quantify the maximum financial exposure of the Portfolios.

22. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

No significant capital commitments or contingent liabilities exist as at 31 March 2015 (2014: nil) for any of the Portfolios.

23. CONCENTRATION OF FUNDING

The Portfolios are funded by the issue of units to unitholders, predominantly in New Zealand. The following types of entities have the following interests in Unitholders' Funds:

	INDIVIDUALS		OTHER CLIENTS	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Core Cash Portfolio	24,578	22,962	15,094	17,839
Core Income Portfolio	56,870	48,147	48,256	45,129
Global Income Portfolio	48,937	41,349	41,690	36,693
Core Inflation Portfolio	76,011	67,566	62,526	55,686
Property Inflation Portfolio	35,822	30,433	30,679	26,735
Equity Inflation Portfolio	35,602	29,503	30,980	26,827
Core Growth Portfolio	67,530	62,001	54,558	50,774
Global Multi-Asset Growth Portfolio	18,053	21,436	16,431	18,830
Global Equity Growth Portfolio	32,421	28,563	29,071	25,660
Dividend and Growth Portfolio	28,351	25,128	25,296	22,884
Capital Opportunities Portfolio	3,050	4,085	3,699	4,364

Other clients comprise companies, trusts and estates.

All units issued in each Portfolio rank equally with respect to any voting rights and rights to surpluses and distributions.

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