

Whai Rawa NGĀI TAHU
Annual Report 2016



From the Kaiwhakahaere

Nāia te hau o mihi e rere arorangi atu ki a koutou ngā uri o Tahu Pōtiki. Ko te manako ia e noho ora ana koutou i runga i ngā tini ahuatanga o te wā.

A decade on from when we established Whai Rawa, it is playing an increasingly significant role both in the present, and in the future aspirations of whānau. Over 21,000 are now enrolled as members, and between them they have over \$52 million invested, made up of contributions from whānau and Te Rūnanga, along with earnings on the money invested. Over \$4 million has already been paid out in tertiary education, home ownership and retirement withdrawals making a significant contribution to growing wiser, healthier and wealthier whānau.

Along with the steady growth in membership and a positive return on funds this year, it has been particularly positive to see the increase in member and whānau contributions to the fund - up 17% to over \$4.25M. Te Rūnanga is proud to have been able to match this growth, increasing distributions and matched savings by 20% to over \$3.31M, along with meeting operational costs.

The comprehensive review of Whai Rawa commissioned by Te Rūnanga has almost been completed and while the fundamentals still look good, we look forward to sharing potential improvements that will enable Whai Rawa to better assist whānau in achieving their important life goals such as tertiary education, home ownership and retirement.

I would like to take the opportunity to thank the Whai Rawa Fund Limited Board for their work over the year in overseeing Whai Rawa, and in particular for their success in gaining a licence from the Financial Markets Authority to operate as a Managed Investment Scheme (MIS) Manager. We know from past experience that savings and investment schemes must be run with the utmost prudence and diligence to ensure members interests are paramount. Obtaining this licence is proof of the sound way in which Whai Rawa has been run.

Thank you once again to all whānau who have contributed by enrolling themselves and their tamariki and putting aside funds to save for the future. Your commitment is an inspiration for all Ngāi Tahu to save and invest for better education, home ownership, and retirement – mō tātou, ā, mō kā uri a muri ake nei.

Tā Mark Solomon



From the Whai Rawa Chair

E rere ana te whakamiha, te mihi uruhau ki a koutou ko Ngāi Tahu whānui. Ko te tūmanako kua whai hua koutou i te tau kua hipa atu.

This year has been one of consolidation and review. The Whai Rawa review commissioned by Te Rūnanga, which is now all but complete, has provided a good opportunity for the WRFL Board to be able to work with Te Rūnanga to reconsider the purpose of Whai Rawa - to consider what works well and to look at what additional steps we might take to make Whai Rawa even more effective in enabling whānau to grow their wealth and wellbeing. We look forward to being able to share the results of the review and its possible implications for the future with you.

A major focus for the year - and indeed the last two years - has been the application to obtain a licence from the Financial Markets Authority (FMA) to operate as a Managed Investment Scheme (MIS) Manager. The new licencing regime was introduced by the FMA to ensure consumers of financial products can have confidence that their funds are being managed with the appropriate personnel, systems and processes in place. The WRFL Board is very pleased to be able to confirm that Whai Rawa Fund Limited has obtained its licence to operate as a MIS Manager. The Board acknowledges the huge effort put in by

staff to provide the FMA with the required documentation and assurances.

I would also like to mihi outgoing founding director Tim McGuinness. Tim's specialist investment experience was crucial to the establishment and growth of Whai Rawa.

Meanwhile, we continue our efforts to reach out and connect with whānau around the rohe, the motu and in Australia. Providing whānau with opportunities to meet kanohi ki te kanohi is crucial to ensuring they understand and trust Whai Rawa and the people behind it.

The annual financial statements have once again had a clear audit and they are included in this annual report. We encourage members to contact the Whai Rawa team if they have any queries about these financial statements and/or any other matters relating to Whai Rawa. We are here to support you to achieve your savings aims. Nō reira, kia kaha koutou kia ekea te waka o penapena pūtea kia tatū ai ki te akitu o momoho – he ara whai rawa mō Ngāi Tahu whānui.

Kristen Kohere-Soutar





WHAI RAWA UNIT TRUST

Financial Statements For The Year Ended 31 March 2016

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WHAI RAWA UNIT TRUST

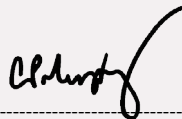
Balance Sheet

as at 31 March 2016

	Notes	2016 NZ\$	2015 NZ\$
ASSETS			
Cash and Cash equivalents:	This represents funds held on call		
- Cash at Bank (New Zealand Account)		24,271	12,156
- Cash at Bank (Australian Account)	This represents amounts committed by Te Rūnanga to match savings made by members in the first quarter of 2016 (to be distributed in 2017)	6,023	6,911
Related Party Receivable - Ngāi Tahu		761,414	724,275
Other Receivables		3,517	6,125
Financial Asset Fair Valued Through			
Profit (on call Mercer Conservative Fund)	9	51,532,415	43,824,311
Total Assets		52,327,640	44,573,778
Less: LIABILITIES			
PIE Tax Payable	These are the funds placed on investment with Mercer and are made up of member and Te Rūnanga contributions plus earnings minus withdrawals	180,261	361,136
Benefits Payable		135	135
Related Party Payables - Ngāi Tahu		65,725	257,546
Total Liabilities		246,121	618,817
TOTAL FUNDS		52,081,519	43,954,961
Represented by:			
Unit Holders' Funds		52,081,438	43,954,509
Reserve Funds		81	452
		52,081,519	43,954,961

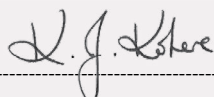
The accompanying notes form an integral part of these financial statements.

The Manager approved the issue of these financial statements on 25 May 2016



 Diana Crossan

Date...25 May 2016..



 Kristen Kohere-Soutar

Date...25 May 2016..

WHAI RAWA UNIT TRUST

Statement of Changes in Total Funds

for the year ended 31 March 2016

	Unit Holders' Funds	Reserve Funds	Total
Balance as at 1 April 2014	35,391,793	430	35,392,223
Comprehensive income for the year ended 31 March 2015	3,423,907	22	3,423,929
Plus:			
Contributions from Unit Holders	3,626,228	–	3,626,228
Ngāi Tahu annual distribution	1,006,050	–	1,006,050
Ngāi Tahu newborn distribution	4,483	–	4,483
Ngāi Tahu matched savings	1,740,927	–	1,740,927
Less:			
PIE tax payable on behalf of unit holders	(361,500)	–	(361,500)
Redemptions by Unit Holders	(877,379)	–	(877,379)
Balance as at 31 March 2016	43,954,509	452	43,954,961
Comprehensive income for the year ended 31 March 2016	2,014,943	(371)	2,014,572
Plus:			
Contributions from Unit Holders	4,253,571	–	4,253,571
Ngāi Tahu annual distribution	1,449,533	–	1,449,533
Ngāi Tahu newborn distribution	16,438	–	16,438
Ngāi Tahu matched savings	1,854,564	–	1,854,564
Less:			
PIE tax payable on behalf of unit holders	(180,676)	–	(180,676)
Redemptions by Unit Holders	(1,281,444)	–	(1,281,444)
Balance as at 31 March 2016	52,081,438	81	52,081,519

This is the amount contributed by members

These are the amounts contributed by Te Rūnanga to member accounts

This represents member withdrawal payments

This represents the money left over after the fourth quarterly allocation of earnings to members. This will be added to the earnings to be allocated to members in next quarter.

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income

for the year ended 31 March 2016

	Notes	2016 NZ\$	2015 NZ\$
Investment Income			
Change in fair value of financial asset fair valued through profit	3	2,230,159	3,598,577
OTHER INCOME			
Other interest		3,075	2,224
Investment management fee rebate		9,887	59,299
Bank charges reimbursed	10	2,745	1,815
Total Other Income		15,707	63,338
EXPENSES			
Investment management fee		(228,549)	(236,171)
Bank charges		(2,745)	(1,815)
		(231,294)	(237,986)
Net Profit before Taxation		2,014,572	3,423,929
Income tax expense		–	–
Net Profit after Taxation		2,014,572	3,423,929
Total Comprehensive Income		2,014,572	3,423,929

This represents the increase of the undistributed earnings on funds invested

This represents expenses met by Te Rūnanga. See note 10 for more information

The accompanying notes form an integral part of these financial statements.

WHAI RAWA UNIT TRUST

Statement of Cash Flows

for the year ended 31 March 2016

	Notes	2016 NZ\$	2015 NZ\$
Cash flows from operating activities			
Cash provided from:			
Interest received		3,075	2,224
Reimbursement of costs		–	230
Redemption of funds - Mercer		800,000	770,000
Less: cash applied to:			
Application of funds - Mercer		(6,494,000)	(5,686,000)
		(925)	–
Net cash (outflow) from operating activities	6	(5,691,850)	(4,913,546)
Cash flows from financing activities			
Contributions received		4,248,884	3,622,146
Ngāi Tahu annual and newborn distributions and matched savings		3,097,188	2,632,118
		7,346,072	6,254,264
Less: cash applied to:			
Taxation paid on behalf of unit holders		(361,561)	(484,606)
Withdrawals		(1,281,434)	(877,221)
		(1,642,995)	(1,361,827)
Net cash inflow from financing activities		5,703,077	4,892,437
Net (increase)/decrease in cash held		11,227	(21,109)
Add cash at start of period		19,067	40,176
Cash and cash equivalents at end of period		30,294	19,067
Cash and Cash Equivalents for the purpose of the Statement of Cash Flows comprise:			
Cash at bank - New Zealand Account		24,271	12,156
Cash at bank - Australian Account		6,023	6,911
		30,294	19,067

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 31 March 2016

1. Trust Description

Whai Rawa Unit Trust (the "Trust") is a unit trust formed under the Unit Trust Act 1960 to operate for the benefit of members by way of encouraging savings for retirement and other benefits. The Trust is domiciled in New Zealand and the address of its registered office is 15 Show Place, Addington, Christchurch. The Trust was established in 2006 and under the Trust Deed the Trust is to be wound up 80 years from its establishment date.

Funding Arrangements

Under the Trust Deed, contributions are made by Trust unit holders and Te Rūnanga o Ngāi Tahu (TRONT) match the contributions to a certain value. For the year ended 31 March 2016, TRONT have matched unit holder contributions at the rate of \$4 for every \$1 contributed by child unit holders, and \$1 for every \$1 contributed by adult unit holders. Each member enrolled with Whai Rawa before their first birthday is entitled to a \$60 newborn distribution (subject to Māori authority tax credits and RSCT deductions). The maximum contribution from TRONT is presently \$200 per Unit Holder plus any annual distribution.

Termination Terms

The Trust Deed sets out the basis on which the Trust can be terminated.

Changes in the Trust Deed

There have been no amendments to the Trust Deed during the year.

Nature of Operations

The Trust obtains funding from its members and TRONT who provide an annual distribution and matched savings distribution on behalf of the members of the Trust. The Trust then invests these funds in highly liquid investments to derive investment income for the members of the Trust.

2. Summary of Significant Accounting Policies

Statement of Compliance

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand ("NZ GAAP") and the requirements of 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-orientated entities. The financial statements also comply with International Financial Reporting Standards ("IFRS") as issued by the International Standards Board.

Basis of Preparation

The measurement base adopted is that of historical cost modified by the revaluation of investments categorised as financial assets fair valued through profit or loss which are measured at fair value at balance date.

Presentational and Functional Currency

These financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Trust operates.

Classification of Assets and Liabilities

Assets and liabilities are disclosed in the Balance Sheet in an order that reflects their relative liquidity.

Accounting Policies

The following are the significant accounting policies which have been adopted in the preparation of the financial statements:

– Investments

Investments are recognised and derecognised on the trade date and are initially measured at fair value. Investment fund values are supplied by the Investment Manager Mercer Investment Trust New Zealand. Investments are classified at fair value through profit or loss. Financial assets classified at fair value through profit or loss, are measured at subsequent reporting dates at fair value, which is the exit price at which the investment is quoted. Purchases and sales of investments are accounted for at trade date.

Notes to the Financial Statements (cont'd)

for the year ended 31 March 2016

2. Summary of Significant Accounting Policies (Cont'd)

Measurement

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

When measuring the fair value of an asset or liability, the Trust uses market observable data as far as possible.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer a liability takes place either:

- In the principal market of the asset or liability.
- In the absence of a principal market, in the most advantageous market for the asset or liability.
- The principal or most advantageous market must be accessible by the Trust.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming market participants act in their economic best interests.

Taxation

On 1 October 2007, the Trust became a Portfolio Investment Entity (PIE) and is taxed at prescribed unit holder tax rates rather than a flat rate of 28%.

Unit Holders' Funds

The unit holders' funds represent entitlements to unit holders and have been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the sundry liabilities and income tax liabilities as at balance date.

Statement of Cashflows

The cash flows of the Trust do not include those of the Investment Manager.

The following are the definitions of the terms used in the Statement of Cashflows:

- (a) Cash and cash equivalents comprise cash on hand, demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.
- (b) Operating activities include all transactions and other events that are not financing or investing activities. This includes all interest and dividends.
- (c) Financing activities include activities that result in changes in the size and composition of the contributed Funds and borrowings of the Trust.

Loans and Receivables

Accounts receivable are measured at initial recognition at fair value, and are subsequently measured at amortised cost less any impairment losses. All known bad debts are written off in profit and loss during the year.

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cashflows from the asset have been impacted. The amount of the impairment is the difference between the carrying amount and the present value of estimated future cash flows discounted at the financial assets original effective interest rate.

Payables

Trade payables and other accounts payable are initially measured at fair value and are subsequently measured at amortised cost. Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

Notes to the Financial Statements (cont'd)

for the year ended 31 March 2016

2. Summary of Significant Accounting Policies (Cont'd)

Guaranteed Benefits

No guarantees have been made in respect of any part of the unit holders' funds.

Goods and Services Tax (GST)

The Trust is not registered for GST and consequently all components of the financial statements are stated inclusive of GST where appropriate.

Contributions and Withdrawals

Contributions and withdrawals are accounted for on an accrual basis.

Investment Income

Interest income, distribution income & other income from managed funds are recognised in the Statement of Comprehensive Income to the extent that it is probable that the economic benefits will flow to the Trust and the income can be readily measured.

Distributions

In accordance with the Trust Deed the Trust, at the Trust Manager's discretion, may distribute to unit holders by way of cash or reinvestment into the Trust its distributable income. Distributable income equals all income after deduction of fees, expenses, taxes and any amount that the Trust Manager considers prudent to withhold. Distributions to unit holders comprise the income of the Trust to which unit holders are presently entitled. The distributions are payable on a quarterly basis at the end of June, September, December and March.

Redemptions

Redemptions from the Fund are recorded gross of any exit fees payable, if any, to the Trust's Manager. The redemption value is determined as the current value of the Trust account less any transaction costs, if any, plus any additional net earnings entitlements.

Critical Judgement and Accounting Estimates

It is possible to determine the fair values of all financial assets through prices provided by the Investment Manager. Therefore there are no material assumptions or major sources of estimation uncertainty that have a significant risk of making material adjustments to the carrying amounts of assets and liabilities at period end. However as with all investments their value is subject to variation due to market fluctuations. For the purposes of the fair value hierarchy of financial assets at fair value through profit or loss, the Trustees have to apply their judgement as to what constitutes "quoted prices in an active market." For further details please refer to note 9 (Fair Value).

Standards and Interpretations In issue not yet adopted

The following are the new or revised Standards or Interpretations in issue, of relevance to the Trust, that are not yet required to be adopted by entities preparing financial statements for periods ending on 31 March 2016:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
NZ IFRS 9 'Financial Instruments'	1 January 2018	31 March 2019

The Trust Manager does not anticipate the adoption of NZ IFRS 9 to have a significant impact on the Trust.

WHAI RAWA UNIT TRUST

Notes to the Financial Statements (cont'd)

for the year ended 31 March 2016

3. Change in Fair Value	2016 NZ\$
Mercer Conservative Fund	2,230,159

The Trust invests through the Mercer Conservative Fund which is made up of assets including Cash, Government Bonds, Global Bonds, NZ and Overseas Shares, NZ and Overseas Property. The fair value of the Fund is determined using the exit price as calculated by the Investment Manager at balance date. The Mercer Conservative Fund achieved a before tax and investment management fees return of 5.24% for the year ended 31 March 2016 (12 Months to 31/03/2015: 10.33%).

4. Total Operating Income

Total operating income is calculated as the sum of total investment income and other income.

	2016 NZ\$
Total Investment Income	2,230,159
Total Other Income	15,707
Total Operating Income	2,245,866

5. Income Tax

Income tax is calculated as follows:	2016 NZ\$	2015 NZ\$
Net Profit before tax	2,014,572	3,423,929
Non assessable income and expenditure	(2,014,572)	(3,423,929)
Taxable profit	–	–

The Trustees elected for the Trust to become a Portfolio Investment Entity (PIE) with effect from 1 October 2007.

As a PIE, the Trust allocates income on a daily basis to each investor and deducts tax from that allocated income at the prescribed investor rate for each investor. The tax that is paid to the Inland Revenue is not shown as income tax in the profit or loss, rather it is part of the distribution to Unit Holders. PIE tax payable by the Trust, on behalf of the members, is recognised in the balance sheet at amortised cost.

The Investment Manager calculates the Trust's return on a gross basis (pre tax) rather than a net basis (tax paid). The Trust will calculate the total taxable income for the year and tax the unit holders on the basis of their share of the taxable income at their prescribed investor tax rates.

Notes to the Financial Statements (cont'd)

for the year ended 31 March 2016

6. Reconciliation of Net Profit After Tax to Net Cash Flows from Operating Activities

	2016 NZ\$	2015 NZ\$
Net Profit After tax	2,014,572	3,423,929
Add/(less) non-cash items:		
Unrealised (Gains)/Losses on Mercer Investment	(2,230,159)	(3,598,577)
Reimbursement of Costs	–	230
Costs to be reimbursed	–	–
Investment Manager's Fees - (Net of rebates)	218,662	–
Redemption of funds - Mercer	800,000	770,000
Application of funds - Mercer	(6,494,000)	(5,686,000)
Net cash (outflow) from operating activities	<u>(5,691,850)</u>	<u>(4,913,546)</u>

7. Reserve Account

Pursuant to the Trust Deed, the Trustees shall establish a Reserve Account which shall be credited or debited with the following:

- (a) An initial contribution of \$10 as the minimum issue price for a Unit; and
- (b) Credited Earnings as calculated pursuant to clause 18; and
- (c) Unclaimed benefits; and
- (d) Allocations to Savings Accounts, Third Party Accounts, Transfer Accounts, Distribution Accounts, Matched Savings Accounts and Corporate Accounts; and
- (e) Any unclaimed monies that can properly be paid to external parties; and
- (f) Meeting any expenses of the Trust; and
- (g) Any amounts forfeited to the Trust; and
- (h) Any other amounts that can properly be credited or debited to the account; provided that if there are insufficient funds in the Reserve Account to meet the expenses of the Trust or if the Trust or any Portfolio has incurred a negative earning rate pursuant to clause 18 then the Trust Manager may determine that such expenses or negative earnings be debited to Members' Accounts in proportion to these account balances or in the case of a negative earning rate incurred in respect of a Portfolio then on such proportionate basis as the Trust Manager considers equitable having regard to any relevant Portfolio Elections.

8. Financial Instruments and Risk Management

The Trust utilises a number of financial instruments in the course of its normal investing activities. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in the accounting policies.

Financial Instruments by Category

As at 31 March 2016	Cash and cash equivalents NZ\$	Loans and Receivables NZ\$	Assets at fair value through profit or loss NZ\$
Assets as per the Balance Sheet			
Cash and cash equivalents	30,294	–	–
Trade and other receivables	–	764,931	–
Financial assets at fair value through profit or loss	–	–	51,532,415
Total	<u>30,294</u>	<u>764,931</u>	<u>51,532,415</u>
Liabilities as per the the Balance Sheet			
Other Payables	–	65,860	–
Total	–	<u>65,860</u>	<u>–</u>

Notes to the Financial Statements (cont'd)

for the year ended 31 March 2016

8. Financial Instruments and Risk Management (Cont'd)

As at 31 March 2016

Assets as per the Balance Sheet	Cash and cash equivalents NZ\$	Loans and Receivables NZ\$	Assets at fair value through profit or loss NZ\$
Cash and cash equivalents	19,067	–	–
Trade and other receivables		730,400	–
Financial assets at fair value through profit or loss		–	43,824,311
Total	19,067	730,400	43,824,311
Liabilities as per the the Balance Sheet			
Other Payables		257,681	–
Total		257,681	–

The Trust's risk management is carried out in accordance with policies set by the Trustees. These policies provide clear structure for managing key financial risks. While their review is ongoing, the Trustees formally review the major risks faced by the Trust on a quarterly basis.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially expose the Trust to credit risk consist of cash and cash equivalents, receivables and financial assets at fair value through profit or loss. The maximum exposure to credit risk is the carrying value of these financial instruments. The significant counterparty of the Trust is Mercer Investment Trust New Zealand (its "Investment Manager"), which the Trustees consider to be a financial institution of high quality. The investments are held in trust by the Investment Manager for the benefit of the Trust. The Trust does not require collateral or other security to support financial instruments with credit risk. The Trustees manage and monitor credit risk by agreeing on target asset allocations for the Trust and diversifying the Trust's investment portfolio over a range of investment products.

Concentration of Credit Risk

The majority of the Trust's assets are invested in the Mercer Conservative Fund which is a Portfolio Investment Entity. The Fund is managed by Mercer Investment Trusts New Zealand whose ultimate holding company is Marsh & McLennan Companies Inc, a company incorporated in the United States of America.

Market Risk

Market risk is the risk that market factors such as interest rates, equity prices, unit prices or foreign exchange rates will affect the Trust's income or the fair value of the investments. It is not the Trust's policy to hedge its exposures to market risk. The Trust has specific policies and procedures for identifying and evaluating investment opportunities. The Trustees in conjunction with the asset consultant receive monthly reports from the Investment Manager which are reviewed in detail and assessed against relevant asset allocation profiles and performance targets. The Trust is indirectly exposed to market risk in that future currency movements will affect the valuation of investments in unitholdings which invest in foreign denominated investments. Risk management activities are undertaken by the Trust's Investment Manager to operate within the guidelines provided by the Trustees.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Trust is exposed to currency risk in that future currency movements will affect the valuation of foreign currency denominated investments. The Trust is indirectly exposed to currency risk in that future currency movements will affect the valuation of investments in unitholdings which invest in foreign currency denominated investments. Risk management activities are undertaken by the Trust's Investment Manager to operate within the guidelines provided by the Trustees.

Other Price Risk

Other price risk is the risk that the value of the Trust's investments will increase or decrease due to a change in the unit prices of the Trust's managed funds. The Trust is exposed to other price risk through its investments in unitholdings. The Trust is indirectly exposed to underlying equities. The Investment Managers track these underlying equities on a daily basis through appropriate monitoring of the market conditions and analysis against benchmark returns. The Trustees in conjunction with the asset consultant receive monthly reports from the Investment Manager which are reviewed in detail and assessed against relevant asset allocation profiles and performance targets.

Notes to the Financial Statements (cont'd)

for the year ended 31 March 2016

8. Financial Instruments and Risk Management (Cont'd)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust is indirectly exposed to interest rate risk in that future interest rate movements will indirectly affect the valuation of investments in managed funds which invest in cash and fixed interest investments. There is no maturity period for unithised investments.

The Trust's interest rate risk is monitored on a daily basis by the Investment Manager in accordance with the policies and procedures in place including monitoring of exposure to interest rates and assessment of actual interest rates against the relevant benchmarks. The Trustees monitor interest rate risk on a monthly basis by monitoring of asset allocation and performance against relevant asset allocation profiles and performance targets.

Sensitivity Analysis

A 1% increase/decrease in the unit price of the Mercer Conservative Fund would have a positive/adverse impact on the value of the Trust's assets by \$515,000. (31/03/2015: \$438,000). Any such change in the Trust's assets would be recognised in the Statement of Comprehensive Income.

Liquidity Risk

Liquidity risk represents the risk that the Trust may not have the financial ability to meet its contractual obligations. The Trust evaluates its liquidity requirements on an ongoing basis. All financial assets at fair value through profit and loss are on call. There are no significant financial liabilities.

The Trust's holdings in the Mercer Conservative Fund are considered to be readily realisable. There are no restrictions on the redemption of units as they may be redeemed for cash at any time, subject to the approval of the Trustees. Other financial liabilities of the Trust comprising of accounts payable and accrued expenses and other current liabilities have no contractual maturity date but are typically settled within 30 days or within the timeframe as set out in the Trust Deed.

Capital Risk

The Trust's Capital includes Unit Holders Funds. The Trust's policy is to maintain a strong capital base so as to maintain members and creditors confidence and sustain future growth of the Trust. There have been no material changes to the Trust's management of capital during the period. The Trust's objectives when managing capital risk are to safeguard its ability to continue as a going concern in order to provide returns to its members and to maximise the Trust's members value.

9. Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values, determined in accordance with the Trust's accounting policies.

The Trust classifies fair value measurements of financial instruments at fair value through profit or loss using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes "observable" requires significant judgement by the Trustees. The Trust considers "observable" to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Notes to the Financial Statements (cont'd)

for the year ended 31 March 2016

9. Fair Value (Cont'd)

The following table analyses within the fair value hierarchy the Trust's financial assets and liabilities (by class) measured at fair value:

31 March 2016:

Assets - Fair Value Measurement	Level 1	Level 2	Level 3	Total Balance
Unitised Investment Fund:				
<i>Mercer Investment Trust New Zealand</i>				
- Mercer Conservative Portfolio*	-	51,532,415	-	51,532,415
Total Assets	-	51,532,415	-	51,532,415

31 March 2015:

Assets - Fair Value Measurement	Level 1	Level 2	Level 3	Total Balance
Unitised Investment Fund				
<i>Mercer Investment Trust New Zealand</i>				
- Mercer Conservative Portfolio*	-	43,824,311	-	43,824,311
Total Assets	-	43,824,311	-	43,824,311

* During the year the Mercer Conservative Portfolio changed its name from the Mercer Defensive Portfolio.

Investments have been classified as Level 2 as they are unlisted based on prices provided by the Investment Manager.

The Trust invests in managed funds, which are not directly quoted in active markets. The fair value is based upon the unit prices calculated by the Investment Manager.

The unit price is based upon a Net Asset Valuation ("NAV") using observable inputs such as quoted security prices in active share markets and/or interest rates or yield curves which are observable at specific time intervals. The NAV of the Fund may also include securities or derivatives which have inputs such as foreign exchange, spot and forward rates and interest rate curves derived from quoted bond prices. The NAV may also have adjustments to reflect fees associated with the Fund.

For unit prices, significant inputs into the calculation are market observable and are included within Level 2.

10. Reconciliation of Unit Holding in Mercer Conservative Portfolio

	2016 Units	2015 Units
Opening Balance 1 April	32,841,959.30	29,070,609.63
Plus: Applications	4,720,870.43	4,349,230.09
Rebates	9,272.03	51,885.66
	37,572,101.76	33,471,725.38
Less: Redemptions	596,845.56	629,766.08
Closing Balance 31 March	36,975,256.20	32,841,959.30

11. Related Parties

Te Rūnanga o Ngāi Tahu (TRONT) make contributions under a matched savings program in accordance with a prospectus dated 22 September 2009, for the current period these matched savings were \$1,854,564 (31/03/2015: \$1,740,927). \$759,853 (31/03/2015: \$723,640) has been accrued at balance date. TRONT also made an annual distribution of \$1,449,533 (31/03/2015: \$1,006,050) for the period on behalf of the members. TRONT also made an annual newborn distribution of \$16,438 (31/03/2015: \$4,483). The beneficiaries of TRONT are eligible to participate in Whai Rawa Trust. As at 31 March 2016, TRONT reimbursed the Trust for bank fees of \$2,745 (31/03/2015: \$1,815). This cost is included in TRONT's annual accounts.

As at 31 March 2016, unallocated distributions received from TRONT amounted to \$7,859 (31/03/2015: \$257,546). Whai Rawa Fund Limited paid audit fees amounting to \$13,000 (31/03/2015: \$9,000) and other assurance fees to the auditors amounting to \$11,606 (31/03/2015: \$11,500) on behalf of Whai Rawa Unit Trust.

12. Contingent Liabilities and Commitments

There are no significant contingent liabilities and commitments. (31/03/2015: Nil)

13. Events After Balance Date

There have been no material events after balance date that require adjustment to or disclosure in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE UNIT HOLDERS OF WHAI RAWA UNIT TRUST

Report on the Financial Statements

We have audited the accompanying financial statements of Whai Rawa Unit Trust (the "Trust") on pages 8 to 19, which comprise the balance sheet as at 31 March 2016, and the statement of comprehensive income, statement of changes in total funds and statement 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 Trust's unit holders, as a body. Our audit has been undertaken so that we might state to the Trust's unit holders 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 Trust's unit holders 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 Board of Directors of the Manager is responsible for the preparation of financial statements, in accordance with New Zealand Equivalents to International Financial Reporting Standards, International Financial Reporting Standards and 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 Board of Directors of the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities


Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand). Those standards require that we comply with 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 the auditor's 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, the auditor considers internal control relevant to the entity's preparation of 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 the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the financial statements.

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

In addition to our audit, our firm carries out other assurance engagements for the

This audit report relates to the financial statements of Whai Rawa Unit Trust for the year ended 31 March 2016 included on Whai Rawa Unit Trust's website. The Manager is responsible for the maintenance and integrity of Whai Rawa Unit Trust's website. We have not been engaged to report on the integrity of the Whai Rawa Unit Trust's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 25 May 2016 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Trust including the audit of the unit holders register and the prospectus. Other than the audit and these assignments the firm has no other relationship with or interests in the Trust. These services have not impaired our independence as auditor of the Trust. The firm has no other relationship with, or interest in, Whai Rawa Unit Trust.

Opinion

In our opinion, the financial statements on pages 8 to 19:

- comply with New Zealand Equivalents to International Financial Reporting Standards and 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 Whai Rawa Unit Trust as at 31 March 2016, and its financial performance and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

We also report in accordance with section 16 of the Financial Reporting Act 1993.

In relation to our audit of the financial statements for the year ended 31 March 2016:

- we have obtained all the information and explanations we have required; and
- in our opinion proper accounting records have been kept by Whai Rawa Unit Trust as far as appears from our examination of those records.

Chartered Accountants
25 May 2016
Christchurch, New Zealand



DIRECTORS

WHAI RAWA FUND LIMITED BOARD

Kristen Kohere-Soutar (Ngāi Tūāhuriri, Ngāti Waewae, Ngāti Huirapa, and Ngāti Rakiamō)

Kristen is the Chair of Whai Rawa and has been a member of the WRFL board since 2012. Kristen's previous governance experience includes an eight year tenure as trustee and director of ASB Community Trust, its ancillary companies, investment committee and distribution panels. She was also a director of Aotearoa Credit Union the second largest and only Maori led credit union operating in NZ. Kristen is currently also a director of Te Rūnanga o Ngāti Porou Holding Company.

Kristen's management roles include the Head of Specialist Markets and Development at Kiwibank and is currently working for New Zealand Trade and Enterprise helping coalitions of NZ export companies to grow their international revenue better, bigger and faster.

Kristen's education was at Queen Victoria Maori Girls School and Auckland University (BA/LLB) and commenced work with KPMG and Minter Ellison in the earlier stages of her career.

Paul Mersi

Paul is currently a Director of the Wellington Regional Economic Development Agency, and previously was Chair of Grow Wellington Limited and an Independent Non-Executive Director of Brook Asset Management. He runs his own consultancy practice specialising in strategic, regulatory and governance matters. He was a senior Financial Services & Tax Partner at PricewaterhouseCoopers, advising large local businesses and multinationals, predominantly in the finance sector (fund managers, banks, life insurers) as well as being closely involved with major regulatory reform in the tax and performance disclosure fields. Paul has a BCA in Economics from Victoria University of Wellington.

Chris Murphy (Ngāi Tūāhuriri, Ngāti Waewae)

Chris graduated from the University of Canterbury in 1995 and began his professional career as a Business Analyst for Dun & Bradstreet, before joining QBE Trade Credit as Business Development Manager in 2003. While at QBE, Chris completed a Post Graduate Diploma in Business at the University of Auckland.

From 2010 to 2015, Chris established the New Zealand agency of COFACE as well as being a Director and Shareholder of surety bond intermediary Bonded NZ. In 2016, Chris became Country Manager for Euler Hermes, an Allianz company. Through the Manawa Nui programme Chris has developed his governance experience as an Associate Director for Ngai Tahu Tourism and Ngai Tahu Holdings.

Tim McGuinness

Tim has held Board and Trustee positions with substantial New Zealand based superannuation and other investment funds for the last 15 years. Prior to that he built up extensive relevant specialist knowledge and experience through involvement with managing investment funds for over 20 years.

Tim is currently Chairman of Trustees of the Dairy Industry Superannuation Scheme and Fonterra Superannuation Scheme and a Trustee of the New Zealand Fire Service Superannuation Scheme, the Police Superannuation Scheme, the Westpac New Zealand Staff Superannuation Scheme and the RioTinto New Zealand Retirement Plan.

Tim is also a Director of Union Medical Benefits Society Limited ('Unimed'). He was on the Board of the Government Superannuation Fund Authority for 10 years (including three as Chair) and Board of the Earthquake Commission for eight years. These positions followed senior fund

management positions with Royal & Sun Alliance and Norwich Union / State Insurance. He holds a license from the Financial Markets Authority as a Licensed Independent Trustee.

Fiona Pimm (Kati Huirapa)

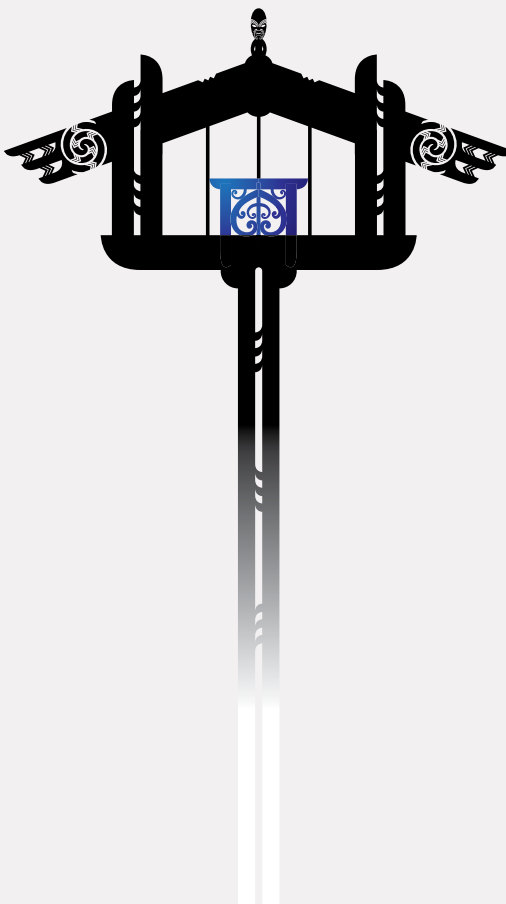
Fiona has worked in the health sector for over 30 years originally as a Nuclear Medicine Technologist and then moving into health service management. She has extensive health sector networks across Aotearoa.

Fiona also has many years' experience in governance roles and is currently on the Board of several education and workforce training organisations and the NZ Parole Board.

Fiona holds a Postgraduate Diploma in Public Health from the University of Otago, an MBA from Massey University and a Diploma in Applied Science, Nuclear Medicine from Royal Melbourne Institute of Technology (RMIT).

Martin Hawes

Martin Hawes is an Authorised Financial Adviser. He has written over 20 books on personal finance, writes a column in the Sunday Star Times each week and frequently comments in the media on financial matters. Martin regularly presents at seminars and is on the Board of New Zealand Income Guarantee Ltd and the Code Committee for Financial Advisers.









Te Rūnanga o NGĀI TAHU

WhaiRawa NGĀI TAHU

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Cover image: Te Pātaka: The storehouse raised upon posts, pantry, larder. The Whai Rawa account is symbolic of and can represent your financial storehouse.