



fisher funds 

FISHER FUNDS KIWISAVER SCHEME

2021 **FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2021

Including the following Funds:
Fisher Funds KiwiSaver **Growth Fund**
Fisher Funds KiwiSaver **Conservative Fund**

CONTENTS

Directory	1
Statements of Net Assets	2
Statements of Changes in Net Assets	3
Statements of Cash Flows	4
Notes to the Financial Statements	5 - 11
Independent Auditor's Report	12 - 15

**Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2021**

Directory

Manager	Fisher Funds Management Limited
Registered Office	Level 1, Crown Centre 67-73 Hurstmere Road, Takapuna, Auckland, 0622
Investor and Advisor Enquiries	Private Bag 93 502 Takapuna, Auckland, 0740 Email: enquiries@fisherfunds.co.nz
Directors of the Manager	David Clarence Clarke (Chair) LLB Margaret Anne Blackburn BA, MA Jonathan Forbes McHardy BCA (resigned 24 June 2020) Edward Francis Sippel BA Guy Roper BBS, CA Jennifer Clare Moxon Bcom Michael Stuart Berk MBA Mark John Lazberger Bcom, CFA (appointed 28 October 2020)
Licensed Supervisor	Trustees Executors Limited
Auditor	KPMG
Solicitors	Chapman Tripp

Fisher Funds KiwiSaver Scheme
As at 31 March 2021

Statements of Net Assets

	Note	Growth Fund		Conservative Fund		Scheme Total	
		2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Members' funds		2,718,942	1,882,638	1,035,544	884,425	3,754,486	2,767,063
<i>Represented by:</i>							
Current assets							
Cash and cash equivalents		42,018	42,466	11,649	16,125	53,667	58,591
Trade and other receivables		3,139	3,910	1,701	3,075	4,840	6,985
Related party receivables	4	35,211	37,902	15,398	12,190	50,609	50,092
Investment assets at fair value through profit or loss	3	2,662,575	1,781,121	985,135	855,156	3,647,710	2,636,277
PIE tax receivable on behalf of members		-	2,958	-	-	-	2,958
Non-current assets							
Investment assets at fair value through profit or loss	3	70,393	44,516	39,700	15,745	110,093	60,261
Total assets		2,813,336	1,912,873	1,053,583	902,291	3,866,919	2,815,164
Current liabilities							
Trade and other payables		1,852	2,628	774	3,042	2,626	5,670
Related party payables	4	75,427	27,607	13,782	11,848	89,209	39,455
PIE tax payable on behalf of members		17,115	-	3,483	2,976	20,598	2,976
Total liabilities		94,394	30,235	18,039	17,866	112,433	48,101
Net assets available for benefits		2,718,942	1,882,638	1,035,544	884,425	3,754,486	2,767,063

These financial statements were authorised for issue by the Manager, Fisher Funds Management Limited:

Director 

Date 24.06.2021

Director 

Date 24.06.2021



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

Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2021

Statements of Changes in Net Assets

	Note	Growth Fund		Conservative Fund		Scheme Total	
		2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Income							
Interest income	6	781	1,496	503	837	1,284	2,333
Dividend and distribution income		1,558	1,661	705	706	2,263	2,367
Net changes in fair value of investment assets	3	655,100	(15,783)	93,548	16,592	748,648	809
Management fee rebates	4	813	776	382	334	1,195	1,110
Other (expenses)/income		(26)	11	(8)	(2)	(34)	9
Total income/(expenses)		658,226	(11,839)	95,130	18,467	753,356	6,628
Expenses							
Management fees	4	22,550	19,224	8,353	6,950	30,903	26,174
Performance fees	4	35,151	3,984	-	-	35,151	3,984
Brokerage fees		-	1	-	1	-	2
Custody, unit pricing and accounting fees		102	85	55	45	157	130
Supervisor fees		372	315	154	130	526	445
Member communications		163	177	108	118	271	295
Auditor's fees - financial statements audit		9	8	9	8	18	16
Regulatory related expenses		99	85	43	35	142	120
Other expenses		8	3	4	4	12	7
Total expenses		58,454	23,882	8,726	7,291	67,180	31,173
Net profit/(loss) before membership activities		599,772	(35,721)	86,404	11,176	686,176	(24,545)
Membership activities							
Contributions	5	449,372	355,052	256,296	272,942	705,668	627,994
Withdrawals	5	(192,290)	(226,962)	(185,851)	(131,604)	(378,141)	(358,566)
Administration fees	4	(2,384)	(3,103)	(1,261)	(1,683)	(3,645)	(4,786)
PIE tax attributable to members		(18,166)	2,931	(4,469)	(3,285)	(22,635)	(354)
Net membership activities		236,532	127,918	64,715	136,370	301,247	264,288
Movements in members' funds for the year		836,304	92,197	151,119	147,546	987,423	239,743
Members' funds at the start of the year		1,882,638	1,790,441	884,425	736,879	2,767,063	2,527,320
Members' funds at the end of the year		2,718,942	1,882,638	1,035,544	884,425	3,754,486	2,767,063
Units on issue							
		Number '000	Number '000	Number '000	Number '000		
Units on issue at the start of the year		851,578	799,685	518,637	439,859		
Applications for units for the year		170,704	148,990	140,824	157,695		
Withdrawals for the year		(80,394)	(97,097)	(105,051)	(78,917)		
Units on issue at the end of the year		941,888	851,578	554,410	518,637		

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



**Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2021**

Statements of Cash Flows

	Growth Fund		Conservative Fund		Scheme Total	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Cash flows from operating activities						
Cash was provided from:						
Sale of investments	340,043	518,196	158,020	160,044	498,063	678,240
Interest received	776	2,385	499	1,217	1,275	3,602
Dividends received	1,558	1,661	706	706	2,264	2,367
Other income	805	768	364	324	1,169	1,092
Cash was applied to:						
Purchase of investments	(574,897)	(592,842)	(219,815)	(282,405)	(794,712)	(875,247)
Expenses	(25,321)	(23,609)	(8,580)	(7,139)	(33,901)	(30,748)
Net settlement of derivatives	1,277	(520)	566	(237)	1,843	(757)
Net cash (outflows) from operating activities	(255,759)	(93,961)	(68,240)	(127,490)	(323,999)	(221,451)
Cash flows from financing activities						
Cash was provided from:						
Member contributions	448,733	355,254	257,102	272,424	705,835	627,678
PIE tax reclaim	1,918	-	-	-	1,918	-
Cash was applied to:						
Member withdrawals	(192,967)	(225,709)	(188,123)	(129,404)	(381,090)	(355,113)
PIE tax paid	-	(5,945)	(3,957)	(5,433)	(3,957)	(11,378)
Administration fees	(2,384)	(3,103)	(1,260)	(1,683)	(3,644)	(4,786)
Net cash inflows from financing activities	255,300	120,497	63,762	135,904	319,062	256,401
Net (decrease)/increase in cash and cash equivalents	(459)	26,536	(4,478)	8,414	(4,937)	34,950
Opening cash brought forward	42,466	15,942	16,125	7,713	58,591	23,655
Effect of exchange rate fluctuations	11	(12)	2	(2)	13	(14)
Ending cash carried forward	42,018	42,466	11,649	16,125	53,667	58,591
Reconciliation of net profit/(loss) to cash flows from operating activities						
Net profit/(loss) before membership activities	599,772	(35,721)	86,404	11,176	686,176	(24,545)
Non cash items						
Net unrealised changes in the fair value of investment assets and liabilities	(614,142)	52,197	(77,748)	(9,721)	(691,890)	42,476
Unrealised foreign exchange (gains)/losses on cash at bank	(11)	12	(2)	2	(13)	14
	(614,153)	52,209	(77,750)	(9,719)	(691,903)	42,490
Movements in working capital						
Decrease/(increase) in trade and other receivables	771	(1,005)	1,373	(1,068)	2,144	(2,073)
Decrease/(increase) in related party receivables	2,691	(37,709)	(3,208)	(12,110)	(517)	(49,819)
(Decrease)/increase in trade and other payables	(776)	1,248	(2,268)	2,197	(3,044)	3,445
Increase in related party payables	47,820	26,274	1,934	11,354	49,754	37,628
(Increase) in cost of underlying investments carried at fair value	(293,189)	(97,735)	(76,186)	(127,631)	(369,375)	(225,366)
	(242,683)	(108,927)	(78,355)	(127,258)	(321,038)	(236,185)
Items classified as financing activities						
Movements in payables/receivables attributable to financing activities	1,305	(1,522)	1,461	(1,689)	2,766	(3,211)
	1,305	(1,522)	1,461	(1,689)	2,766	(3,211)
Net cash (outflows) from operating activities	(255,759)	(93,961)	(68,240)	(127,490)	(323,999)	(221,451)

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



Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2021

Notes to the Financial Statements

1 Basis of Preparation

The Scheme is a FMC Reporting Entity under the Financial Markets Conduct Act 2013, and is a defined contribution superannuation scheme registered under the KiwiSaver Act 2006. As a defined contribution scheme, Members contribute to the Scheme over time and benefits payable depend on the amount of contributions made and any return on contributions received. These financial statements are prepared in accordance with the provisions of the Governing Document, the Financial Markets Conduct Act 2013 and the KiwiSaver Act 2006. They comply with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") as applicable to for-profit entities and International Financial Reporting Standards ("IFRS"). All amounts are in New Zealand Dollars and have been rounded to the nearest one thousand dollars. The Scheme is domiciled and registered in New Zealand.

Accounting policies have been applied consistently with prior periods. Based on the Manager's assessment there are no new accounting standards, amendments to standards and interpretations that have a material impact on these financial statements. The same applies for any new standards, amendments to standards and interpretations that have been issued but are not yet effective. Refer here and to the relevant notes for information on accounting policies adopted. The material judgements in preparing these financial statements are the valuation of the Scheme's investments and categorisation of its assets and liabilities fair value hierarchy, which is described in Note 3.

All investment assets are recognised in the Statements of Net Assets at fair value through profit or loss. All other financial instruments are recognised in the Statements of Net Assets at amortised cost.

The impact of COVID-19 on the Scheme's financial statements was considered and, other than the Scheme's performance during the year, there have been no other impacts on the Scheme's financial reporting.

The results, position and cash flows reported for the Scheme is a simple aggregation of the results, position and cash flows of the Funds that make up the Scheme. All investments made with the monies of a Fund shall be held by the Supervisor as the exclusive property of that Fund and will not be used to meet any liabilities of any other Fund. As part of this aggregation process, inter-fund transactions are eliminated and PIE tax is disclosed net at the Scheme level.

The Funds are Portfolio Investment Entities ("PIEs"), meaning income is taxed in the hands of the Members. The Manager attributes the taxable income of the Funds to Members based on their holding of units and pays tax on their behalf at their Prescribed Investor Rate. Tax payments/credits are transacted by cancellation or issue of units.

2 Risk

The investment activities of the Funds come with financial risks. These risks are managed under the Scheme's Statement of Investment Policy and Objectives ("SIPO"), and are monitored by the Manager.

(a) Market price, interest rate and currency risks

Market price risk is the risk of gains or losses from changes in the market price of investments. A variable of 20% is considered appropriate for market price risk sensitivity analysis based on historical price movements.

Interest rate risk is the risk of movements in interest rates. Surplus cash is held in interest bearing New Zealand and foreign bank accounts. The Funds are therefore exposed to the risk of gains or losses or changes in interest income from movements in both New Zealand and foreign interest rates. A variable of 1% was selected for interest rate risk as this is a reasonably possible movement based on historic trends.

Currency risk is the risk of gains or losses or changes in the New Zealand dollar value of income from changes in foreign exchange rates. An analysis including the impact on Members' funds of the financial risks arising from the investments of the Funds is set out below. The indirect interest rate and currency risks, arising from the risks in the other funds invested in, are not considered in the below analysis. Members' funds is impacted by price movements by the same amount as profit after adjusting for the impact of PIE tax adjustments attributable to Members.

An analysis including the impact on Members' funds of the market price risk and direct interest rate risk from the investments of the Funds is set out in the tables below. Members' funds is impacted by price movements by the same amount as profit after adjusting for the impact of PIE tax adjustments attributable to Members.

The Scheme is also exposed indirectly to interest rate risk and currency risk arising from its investment in PIE funds. These indirect risks are not considered in the analysis below.

		Growth Fund		Conservative Fund		Scheme Total	
		2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Market price risk							
PIE funds and unlisted equities	Carrying amount	2,695,030	1,796,806	997,396	850,763	3,692,426	2,647,569
	Impact of a +/- 20% change in market prices	539,006	359,361	199,479	170,153	738,485	529,514
Interest rate risk							
Cash & cash equivalents and debt securities	Re-pricing profile:						
	Up to 90 days	42,018	42,466	11,649	16,125	53,667	58,591
	1-5 years	20,705	-	14,996	-	35,701	-
	5+ years	17,233	28,831	12,443	20,138	29,676	48,969
Cash and cash equivalents	Carrying amount	42,018	42,466	11,649	16,125	53,667	58,591
	Impact of a +/- 1% change in interest rates	420	425	116	161	536	586
Debt securities	Carrying amount	37,938	28,831	27,439	20,138	65,377	48,969
	Impact of a +/- 1% change in interest rates	3,630	3,006	2,623	2,147	6,253	5,153



Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2021

Notes to the Financial Statements

2 Risk (continued)

(a) Market price, interest rate and currency risks (continued)

	Growth Fund		Conservative Fund		Scheme Total	
	2021	2020	2021	2020	2021	2020
Market price risk	\$000	\$000	\$000	\$000	\$000	\$000
Net currency exposures for cash and investments in NZD equivalents:						
NZD	2,774,973	1,868,089	1,036,480	887,025	3,811,453	2,755,114
EUR	12	14	4	1	16	15
Total	2,774,985	1,868,103	1,036,484	887,026	3,811,469	2,755,129

(b) Liquidity risk

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

The Funds have an investment in Fisher Institutional Property Fund ("FIPF"), as per Note 4(c). Units cannot be redeemed for a period of two years following issue, and if they are rolled over after this period, they are not redeemable for a further two year period. Two months' notice of redemption is required. The Manager may allow an earlier redemption in exceptional circumstances and units may be transferred with the Manager's approval. The investment in FIPF with a maturity greater than 12 months after the balance date has been presented as non-current assets in the Statements of Net Assets.

The Scheme manages its Members' funds as capital. All units in the Scheme carry the same rights and preferences and restrictions. There are restrictions on withdrawals from any KiwiSaver Scheme as set out in the KiwiSaver Act 2006 and KiwiSaver Regulations 2006. The Supervisor may defer giving effect to a permitted withdrawal or any transfer out of the Scheme if the Supervisor determines that having regard to the realisation of assets required in order to make the withdrawal or transfer or the occurrence or existence of any other circumstance or event relating to the Scheme or generally, earlier withdrawal or transfer would be imprudent or is impracticable.

(c) Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of counterparties to honour fully the terms and conditions of a contract with the Scheme. The Scheme is exposed to credit risk, which is the risk that counterparties with whom they trade will default. The Scheme minimises concentrations of credit risk by undertaking transactions with a number of counterparties on recognised and reputable exchanges. The Scheme could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivatives contract, is unable or unwilling to make timely principal and/or interest payments, or to otherwise honour its obligations. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings. The Manager has assessed the impact of non-performance risk on the financial instruments subject to credit risk and determined that no adjustment to the fair value is required. The Manager minimises credit risks to the Scheme by performing reviews of each counterparty. All transactions in listed securities are paid for on delivery according to standard settlement instructions.

PIE funds indirectly subject the Scheme to credit risk by investing in cash, fixed interest investments and forward foreign exchange contracts. The maximum exposure for the Scheme to credit risk is represented by the carrying value of these financial instruments. The Scheme's investment in PIE funds, due to the risk and reward profile of those investments, are considered to be similar to an equity holding and are therefore not included in the credit risk sensitivity analysis.

The table below sets out the equivalent Standard and Poor's short term credit rating for cash and cash equivalents and long term credit ratings for bonds, swaps and forward foreign exchange contracts at fair value through profit or loss held by the Scheme:

	Growth Fund		Conservative Fund		Scheme Total	
	2021	2020	2021	2020	2021	2020
	\$000	\$000	\$000	\$000	\$000	\$000
Credit Rating						
AAA	37,938	-	27,439	-	65,377	-
AA- to AA+	42,006	71,283	11,645	36,262	53,651	107,545
A- to A+	12	14	4	1	16	15
	79,956	71,297	39,088	36,263	119,044	107,560



Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2021

Notes to the Financial Statements

2 Risk (continued)

(d) Credit exposure

The Manager moderates credit risk through careful security selection and diversification, daily monitoring of the Scheme's market position and adherence to the Scheme's investment policy. There is no exposure to any issuer which is greater than 5% of the Funds' net assets to any one counterparty (excluding PIE Funds which are detailed in Note 4(c)).

3 Investment assets and liabilities at fair value through profit or loss

All investments are measured at fair value, with gains or losses recognised in the Statements of Changes in Net Assets. The Scheme classifies its investments in equities, debt securities and PIE funds as investment assets at fair value through profit or loss upon initial recognition as the Scheme manages its investments and makes purchase and sale decisions based on their fair value and in accordance with the investment strategy. Purchases and sales of investments are recognised on the trade date, the date on which the Scheme commits to purchase or sell the investment. Investment assets and liabilities held for trading comprise derivative instruments which are primarily forward foreign exchange contracts, futures and options contracts, swaptions and interest rate swaps. The use of derivatives is governed by investment guidelines which are set by the Manager with the approval of the Supervisor. Where derivative instruments are used to economically hedge currency risk, hedge accounting is not applied and derivatives are accounted for on the same basis as those investments being hedged and are recognised at their fair value.

COVID-19 continued to impact investment markets during the financial year, including the valuation of investments held by the Funds. Fund returns were especially volatile at the start of the financial year.

The Funds have an investment in the FIPF. Accordingly, the valuation of investment assets for the Funds are dependent on FIPF's investment property valuations. These property valuations have a higher degree of uncertainty due to the impact of COVID-19. There have been no subsequent events to suggest that the investment property valuations are materially misstated as at 31 March 2021.

Investments recognised at fair value are categorised according to the fair value hierarchy that shows the extent of judgement used in determining their fair value. The valuation techniques used to value the Funds' investments at 31 March 2021 are consistent with the prior year and remains as follows:

Level 1: Fair value for direct investments in active listed debt or equity securities is based on their last traded price, except for when the last traded price falls outside the bid-ask spread for a particular stock, in which case the bid price is used.

Level 2: Fair value for direct investments that are either unlisted or listed but not active, and for swaps, is based on valuation techniques, such as benchmark models, net present value techniques, and comparison to similar instruments for which market observable prices exist and valuation models. Fair value for investments in PIE funds are determined using the last available redemption unit price for those funds at the balance date. Fair value for forward foreign exchange rate contracts is determined using valuation techniques based on spot exchange rates and forward points supplied by The World Markets Company PLC via Refinitiv.

Level 3: Fair value for unlisted investments, where no observable market data for significant inputs is available for the valuation techniques applied, or are based on valuation techniques that are determined by the Manager on a case by case basis and approved by the Supervisor. The specific valuation techniques are as follows:

(i) New Zealand bonds - monthly pricing information is received from Westpac NZ as no other brokers provide such pricing information.

(ii) Unlisted litigation securities - the Manager calculates a valuation based on the present value of the future distributions that are estimated to be received, after applying a 10% discount rate.

(iii) Partnerships - the valuation is based on financial reports provided by the manager, Direct Capital IV Management Limited.

	Growth Fund		Conservative Fund		Scheme Total	
	2021	2020	2021	2020	2021	2020
Investment assets and liabilities at fair value through profit or loss	\$000	\$000	\$000	\$000	\$000	\$000
Debt securities	37,938	28,831	27,439	20,138	65,377	48,969
PIE funds ¹	2,694,643	1,796,358	997,396	850,763	3,692,039	2,647,121
Unlisted equities	387	448	-	-	387	448
Total investment assets and liabilities at fair value through profit or loss	2,732,968	1,825,637	1,024,835	870,901	3,757,803	2,696,538

¹ All PIE funds invested in are other funds managed by the Manager. As such, these PIE funds are considered to be related parties. Refer to Note 4(c) for a detailed breakdown of PIE funds invested in by each Fund.

Fair value hierarchy	Growth Fund		Conservative Fund		Scheme Total	
	2021	2020	2021	2020	2021	2020
	\$000	\$000	\$000	\$000	\$000	\$000
Level 1	37,938	28,831	27,439	20,138	65,377	48,969
Level 2	2,694,643	1,796,358	997,396	850,763	3,692,039	2,647,121
Level 3	387	448	-	-	387	448
	2,732,968	1,825,637	1,024,835	870,901	3,757,803	2,696,538

**Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2021**

Notes to the Financial Statements

3 Investment assets and liabilities at fair value through profit or loss (continued)

The following table shows a reconciliation from the opening balance to the closing balance for the fair value measurements in level 3 of the fair value hierarchy:

	Growth Fund		Conservative Fund		Scheme Total	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Unlisted equities						
Opening balance	448	1,014	-	-	448	1,014
Return of capital	(164)	(410)	-	-	(164)	(410)
Capital drawdowns	36	20	-	-	36	20
Profits/(losses) recognised in profit or loss	67	(176)	-	-	67	(176)
Closing balance	<u>387</u>	<u>448</u>	<u>-</u>	<u>-</u>	<u>387</u>	<u>448</u>
Change in unrealised gains for the year included in profit or loss for level 3 investment assets held at balance date	67	(176)	-	-	67	(176)

During the year there were no transfers of investments between levels in the fair value hierarchy.

	Growth Fund		Conservative Fund		Scheme Total	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Net changes in fair value of investment assets and liabilities						
Debt securities	306	760	221	547	527	1,307
PIE funds	654,685	(17,102)	93,324	15,725	748,009	(1,377)
Unlisted equities	102	(175)	-	-	102	(175)
Forward foreign exchange contracts	7	-	3	-	10	-
Futures and options contracts	-	734	-	320	-	1,054
Total net changes in fair value of investment assets and liabilities	<u>655,100</u>	<u>(15,783)</u>	<u>93,548</u>	<u>16,592</u>	<u>748,648</u>	<u>809</u>

**Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2021**

Notes to the Financial Statements

4 Related parties

(a) Fees with related parties

The Manager of the Scheme is Fisher Funds Management Limited. The Manager is a related party by virtue of the Governing Document. The Manager of the Scheme is responsible for managing the assets of the Scheme and fund administration, and is entitled to a management fee of 0.95% per annum ("p.a.") of the gross asset value ("GAV") of the Growth Fund and 0.85% p.a. of the GAV of the Conservative Fund. Management fees are calculated daily and payable monthly. In addition, each individual member is charged a monthly administration fee of \$1.95 which is paid via unit redemption. Prior to 18 August 2020, each individual member was charged a monthly administration fee of up to \$3. This administration fee is shared between the Manager and Trustees Executors Limited for the day to day administration of member accounts and maintaining the member registry for the Scheme.

The Manager is also entitled to be paid a performance fee on the Growth Fund where the returns to Members exceed the Fund's benchmark ("Benchmark Return") capped at 2% p.a. of the average net asset value of the Fund. The Benchmark Return is measured by the percentage change in the NZ Official Cash Rate ("OCR") plus 5%. A high water mark applies to ensure the Manager is only rewarded for investment performance once. Where the high water mark is higher than the performance period end unit price, no performance fee is payable. Where the high water mark is lower than the performance period end unit price the fee is the lesser of:

- * 10% of the return in excess of the Benchmark Return; or
- * 10% of the excess return achieved above the high water mark.

The performance fee is calculated daily and payable annually within three days of 30 June. Therefore, the actual amount payable at the end of the current performance period may be greater or less than the performance fees accrued at 31 March.

In relation to the underlying investments in the Property Fund, the Funds receive a management fee rebate from the Manager of 0.75% p.a. on the value of the property assets under management. The rebate is calculated daily and paid quarterly by the Manager.

Fees incurred by the Scheme, and rebates received by the Scheme during the year, and amounts payable to/receivable from the Manager at balance date are detailed below:

	Growth Fund		Conservative Fund		Scheme Total	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Management fees incurred	22,550	19,224	8,353	6,950	30,903	26,174
Performance fees incurred	35,151	3,984	-	-	35,151	3,984
Administration fees incurred	1,270	2,042	672	1,107	1,942	3,149
Rebates received	813	776	382	334	1,195	1,110
Management fees payable	2,324	1,607	792	648	3,116	2,255
Performance fees payable	32,403	-	-	-	32,403	-
Rebates receivable	211	202	98	90	309	292

(b) Investment transactions with related entities

During the year various investments were bought or sold by the Scheme where the counterparty was another Fund also managed by the Manager. All such transactions were carried out in the ordinary course of the Scheme's activities and were transacted at the fair value of the underlying investment bought or sold (i.e. on an arm's-length basis). No brokerage fees were charged.

	Growth Fund		Conservative Fund		Scheme Total	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Purchases of investments from related entities	680	-	-	-	680	-
Sales of investments to related entities	-	21,837	-	11,874	-	33,711
Unsettled purchases of investments	40,700	26,000	12,990	11,200	53,690	37,200
Unsettled sales of investments	35,000	37,700	15,300	12,100	50,300	49,800

These purchases and sales of investments exclude contributions and withdrawals in Fisher Institutional Funds.

Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2021

Notes to the Financial Statements

4 Related parties (continued)

(c) Investments in related entities

The Scheme indirectly holds multiple investments through other funds managed by the Manager. The Scheme has been deemed to meet the definition of an investment entity and accordingly the Scheme's investments in other PIE funds managed by the Manager are not consolidated, instead measured at fair value through profit and loss, if any. The Scheme's investments in other funds managed by the Manager (PIE Funds per Note 3) are as follows:

	Growth Fund		Conservative Fund		Scheme Total	
	2021	2020	2021	2020	2021	2020
	\$000	\$000	\$000	\$000	\$000	\$000
Fisher Institutional New Zealand Cash Fund	75,368	147,948	170,771	238,275	246,139	386,223
Fisher Institutional New Zealand Fixed Interest Fund	263,300	116,905	266,321	158,120	529,621	275,025
Fisher Institutional Global Fixed Interest Fund	133,642	94,138	268,124	232,352	401,766	326,490
Fisher Institutional International Equity Fund	426,506	252,925	49,669	35,934	476,175	288,859
Fisher Institutional International Hedged Equity Fund	317,441	206,611	23,885	19,813	341,326	226,424
Fisher Institutional Select Global Equities Fund	422,330	236,955	53,269	32,837	475,599	269,792
Fisher Institutional Trans Tasman Equities Fund	802,315	549,519	57,278	47,145	859,593	596,664
Fisher Institutional Property & Infrastructure Fund	159,974	85,103	66,938	38,185	226,912	123,288
Fisher Institutional Property Fund	93,767	106,254	41,141	48,102	134,908	154,356
Total investments in related entities	2,694,643	1,796,358	997,396	850,763	3,692,039	2,647,121

5 Contributions and withdrawals

Contributions

	Growth Fund		Conservative Fund		Scheme Total	
	2021	2020	2021	2020	2021	2020
	\$000	\$000	\$000	\$000	\$000	\$000
Contributions for the year ended 31 March were received as follows:						
Member contributions	116,070	99,800	57,409	50,474	173,479	150,274
Member lump sum and voluntary contributions over minimum contribution rate	65,567	51,649	39,732	31,044	105,299	82,693
Employer contributions	65,641	54,257	33,327	28,120	98,968	82,377
Crown contributions	20,821	20,443	11,919	11,317	32,740	31,760
Transfers from other KiwiSaver schemes	89,481	84,000	38,817	46,322	128,298	130,322
Transfers from other superannuation schemes	5,249	7,650	2,088	3,079	7,337	10,729
Inter-fund switches	86,402	37,087	72,738	102,501	159,140	139,588
Other income	141	166	154	85	295	251
Other contributions	-	-	112	-	112	-
Total contributions	449,372	355,052	256,296	272,942	705,668	627,994

Contributions are received either from Members directly or via their employer or the Inland Revenue Department ("IRD"). Contributions in the form of Member Tax Credits are received from the Crown via the IRD. Members can also arrange to transfer funds in from other sources, such as from previous KiwiSaver providers or registered superannuation schemes and pension funds.



**Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2021**

Notes to the Financial Statements

5 Contributions and withdrawals (continued)

Withdrawals

	Growth Fund		Conservative Fund		Scheme Total	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Withdrawals for the year ended 31 March were paid as follows:						
Member eligible withdrawals	30,857	29,742	29,828	29,863	60,685	59,605
Withdrawals on death	3,157	2,309	1,400	1,939	4,557	4,248
Serious illness withdrawals	2,118	2,660	2,138	2,475	4,256	5,135
Withdrawals or transfers on permanent emigration	2,141	1,326	1,012	704	3,153	2,030
Significant financial hardship withdrawals	5,398	4,074	3,873	3,139	9,271	7,213
First home purchase withdrawals	16,968	18,587	31,561	24,549	48,529	43,136
Transfers to other KiwiSaver schemes	58,153	65,005	29,430	31,024	87,583	96,029
Mortgage diversion withdrawals	7	6	-	-	7	6
Court ordered withdrawals	509	668	130	778	639	1,446
Switch out	72,738	102,501	86,402	37,087	159,140	139,588
Other withdrawals	244	84	77	46	321	130
Total withdrawals	192,290	226,962	185,851	131,604	378,141	358,566

6 Interest income

Interest on investment assets at amortised cost	147	368	50	148	197	516
Interest on investment assets at fair value through profit or loss	634	1,128	453	689	1,087	1,817
	781	1,496	503	837	1,284	2,333

Interest income on investments at amortised cost is recognised in the Statement of Changes in Net Assets as interest accrues using the effective interest rate method. All other interest income is recognised at fair value through profit or loss.

7 Capital commitments and contingent liabilities

There were no significant capital commitments or contingent liabilities as at 31 March 2021 (31 March 2020: Nil).

8 Subsequent events

There were no significant subsequent events which require adjustment to or disclosure in these financial statements.



Independent Auditor's Report

To the members of:

- Fisher Funds KiwiSaver Growth Fund
- Fisher Funds KiwiSaver Conservative Fund

Collectively "Fisher Funds KiwiSaver Scheme" (the "funds and scheme").

Report on the financial statements

Opinion

In our opinion, the accompanying financial statements of Fisher Funds KiwiSaver Scheme (the funds and scheme) on pages 2 to 11:

- present fairly in all material respects the funds' and scheme's financial position as at 31 March 2021 and its financial performance and cash flows for the year ended on that date; and
- comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying financial statements which comprise:

- the statements of net assets as at 31 March 2021;
- the statements of changes in net assets and cash flows statement for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

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

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

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

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

Materiality

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

Key audit matters

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

The key audit matter

How the matter was addressed in our audit

Existence and valuation of investments

Refer to Note 3 of the Financial Statements.

Investments are the funds' and scheme's main assets, and existence and valuation of those investments is the most important aspect of preparing the financial statements. As described in the financial statements, the funds' and scheme's investments primarily include call accounts, term deposits, listed equities and bonds, fund-to-fund investments and simple derivatives held by one custodian. These factors reduce the risk and complexity of verifying investment existence and valuation.

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

Our audit procedures included:

- documenting and understanding the processes in place to record investment transactions and to value the portfolio. This included evaluating the control environment in place at the custodian, investment accounting and registry service provider by obtaining and reading the service organisation reports issued by an independent auditor on the design and operation of those controls throughout the period;
- agreeing investment holdings to the confirmations received from banks and the custodian;
- agreeing the valuation of listed equities, bonds, fund-to-fund and level 3 investments to independent third party pricing sources;
- for derivatives, engaging our valuation specialists to check the reasonableness of the inputs to information available from independent third party pricing sources; and
- checking the accuracy of fair value levels as disclosed in the financial statements.

We did not identify any material differences from our procedures.

Other information

The Manager, on behalf of the funds and scheme, is responsible for the other information included in the funds' and scheme's Annual Report. The Annual Report includes a link to where the audited financial statements can be found on the Companies Office. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Use of this independent auditor's report

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

Responsibilities of the Manager for the financial statements

The Manager, on behalf of the funds and scheme, is responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objective is:

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

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

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



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

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

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

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

For and on behalf of

A handwritten signature of the KPMG firm, written in dark ink. The letters 'KPMG' are written in a cursive, slightly slanted style.

KPMG
Auckland

24 June 2021