

**Kiwi Wealth KiwiSaver Scheme
Financial Statements
For the year ended 31 March 2021**

Kiwi Wealth KiwiSaver Scheme
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Kiwi Wealth KiwiSaver Scheme
Statements of Changes in Net Assets
For the year ended 31 March 2021

Notes	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Investment activities																
Investment income																
Dividend and distribution income	-	-	-	-	11	166	-	-	2	23	12	221	-	-	25	410
Net gains / (losses) on financial instruments at fair value through profit or loss	4,793	4,992	2,263	4,388	380,389	(133)	25,095	4,895	109,068	11,629	480,481	(29,594)	-	-	1,002,089	(3,823)
Foreign exchange gains/(losses)	-	-	-	-	(121)	(102)	-	-	(34)	(27)	(205)	(111)	8	(9)	(352)	(249)
Interest income	17	29	10	21	169	483	18	29	52	105	205	529	59	266	530	1,462
Net income	4,810	5,021	2,273	4,409	380,448	414	25,113	4,924	109,088	11,730	480,493	(28,955)	67	257	1,002,292	(2,200)
Expenses																
Management and administration fees	1,603	1,157	917	997	18,098	16,406	2,078	1,696	7,874	6,662	17,720	15,467	-	-	48,290	42,385
Transaction fees and expenses	-	-	-	-	-	-	-	-	-	-	-	-	7	10	7	10
Total expenses	1,603	1,157	917	997	18,098	16,406	2,078	1,696	7,874	6,662	17,720	15,467	7	10	48,297	42,395
Net increase/(decrease) in net assets before membership activities	3,207	3,864	1,356	3,412	362,350	(15,992)	23,035	3,228	101,214	5,068	462,773	(44,422)	60	247	953,995	(44,595)
Net increase/(decrease) in net assets before membership activities	3,207	3,864	1,356	3,412	362,350	(15,992)	23,035	3,228	101,214	5,068	462,773	(44,422)	60	247	953,995	(44,595)
Membership activities																
Contributions / transfers in																
Employer contributions	-	-	-	-	-	-	-	-	-	-	-	-	185,894	160,016	185,894	160,016
Employee contributions	-	-	-	-	-	-	-	-	-	-	-	-	320,057	287,939	320,057	287,939
Transfers between funds	131,499	189,813	26,440	26,206	409,002	360,154	123,741	112,642	289,807	291,601	446,519	376,186	(1,427,008)	(1,356,602)	-	-
Transfers from other schemes	-	-	-	-	-	-	-	-	-	-	-	-	107,289	155,828	107,289	155,828
Member tax credits	-	-	-	-	-	-	-	-	-	-	-	-	62,831	61,164	62,831	61,164
Voluntary contributions	-	-	-	-	-	-	-	-	-	-	-	-	168,858	116,533	168,858	116,533
Crown contributions	-	-	-	-	-	-	-	-	-	-	-	-	2	7	2	7
Benefits paid / transfers out / PIE tax																
Transfers to other schemes	-	-	-	-	-	-	-	-	-	-	-	-	(239,688)	(279,670)	(239,688)	(279,670)
Transfers between funds	(148,092)	(71,036)	(29,909)	(48,855)	(302,567)	(360,395)	(71,311)	(57,435)	(246,802)	(207,762)	(286,192)	(350,553)	1,084,873	1,096,036	-	-
Member / IRD refunds	-	-	-	-	-	-	-	-	-	-	-	-	(1,694)	(1,104)	(1,694)	(1,104)
Significant financial hardship withdrawals	-	-	-	-	-	-	-	-	-	-	-	-	(21,596)	(16,144)	(21,596)	(16,144)
Withdrawals on death and disability	-	-	-	-	-	-	-	-	-	-	-	-	(8,327)	(6,154)	(8,327)	(6,154)
Withdrawals on serious ill health	-	-	-	-	-	-	-	-	-	-	-	-	(5,143)	(5,539)	(5,143)	(5,539)
Withdrawals or transfers on permanent emigration	-	-	-	-	-	-	-	-	-	-	-	-	(2,686)	(3,462)	(2,686)	(3,462)
First home purchase withdrawals	-	-	-	-	-	-	-	-	-	-	-	-	(87,394)	(74,110)	(87,394)	(74,110)
Age of eligibility withdrawal	-	-	-	-	-	-	-	-	-	-	-	-	(95,594)	(104,161)	(95,594)	(104,161)
Other withdrawals	-	-	-	-	-	-	-	-	-	-	-	-	(4,399)	(1,624)	(4,399)	(1,624)
PIE tax paid and payable	-	-	-	-	-	-	-	-	-	-	-	-	(28,126)	(28,811)	(28,126)	(28,811)
Net membership activities	(16,593)	118,777	(3,469)	(22,649)	106,435	(241)	52,430	55,207	43,005	83,839	160,327	25,633	8,149	142	350,284	260,708
Benefits accrued to members' accounts	(13,386)	122,641	(2,113)	(19,237)	468,785	(16,233)	75,465	58,435	144,219	88,907	623,100	(18,789)	8,209	389	1,304,279	216,113
Net assets attributable to members at beginning of the year	311,486	188,845	121,599	140,836	1,582,932	1,599,165	263,851	205,416	810,825	721,918	1,381,886	1,400,675	(894)	(1,283)	4,471,685	4,255,572
Net assets attributable to members at end of the year	298,100	311,486	119,486	121,599	2,051,717	1,582,932	339,316	263,851	955,044	810,825	2,004,986	1,381,886	7,315	(894)	5,775,964	4,471,685

The Statements of Changes in Net Assets should be read in conjunction with the accompanying notes.

Kiwi Wealth KiwiSaver Scheme
Statements of Net Assets
As at 31 March 2021

	Notes	Cash Fund		Cash Plus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme		
		\$ 000s	2021	2020	\$ 000s	2021	2020	\$ 000s	2021	2020	\$ 000s	2021	2020	\$ 000s	2021	2020	\$ 000s	2021
Assets																		
Cash and cash equivalents	12	1,789	20,387	1,017	395	16,744	7,666	2,008	2,234	4,667	10,303	21,294	10,518	20,961	21,618	68,480	73,121	
Receivables	7	-	1	-	638	-	5,036	-	-	-	(2)	-	2,650	-	-	-	8,323	
PIE Tax Receivable		-	-	-	-	-	-	-	-	-	-	-	-	4,580	-	4,580	-	
Financial assets at fair value through profit or loss	8																	
Investments	10	296,332	309,635	118,481	120,576	2,035,072	1,571,303	337,338	262,179	950,446	806,362	1,983,739	1,370,006	-	-	5,721,408	4,440,061	
Derivative assets	12	-	-	-	-	172	-	-	-	43	-	231	-	-	-	446	-	
Total assets		298,121	330,023	119,498	121,609	2,051,988	1,584,005	339,346	264,413	955,156	816,663	2,005,264	1,383,174	25,541	21,618	5,794,914	4,521,505	
Liabilities																		
Cash collateral	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Management and administration fees payable		(21)	(18)	(12)	(10)	(271)	(168)	(30)	(20)	(112)	(77)	(278)	(154)	-	-	(724)	(447)	
Payables		-	(18,519)	-	-	-	-	-	(542)	-	(5,524)	-	2	-	-	-	(24,583)	
Withdrawals payable		-	-	-	-	-	-	-	-	-	-	-	-	(18,226)	(16,510)	(18,226)	(16,510)	
PIE tax payable		-	-	-	-	-	-	-	-	-	-	-	-	(6,002)	(6,002)	-	(6,002)	
Financial liabilities at fair value through profit or loss	8																	
Derivative liabilities	12	-	-	-	-	(905)	-	-	-	(237)	-	(1,136)	-	-	-	-	(2,278)	
Total liabilities (excluding net assets attributable to members)		(21)	(18,537)	(12)	(10)	(271)	(1,073)	(30)	(562)	(112)	(5,838)	(278)	(1,288)	(18,226)	(22,512)	(18,950)	(49,820)	
Net assets attributable to members		298,100	311,486	119,486	121,599	2,051,717	1,582,932	339,316	263,851	955,044	810,825	2,004,986	1,381,886	7,315	(894)	5,775,964	4,471,685	
<i>Represented by:</i>																		
Member funds		298,100	311,486	119,486	121,599	2,051,717	1,582,932	339,316	263,851	955,044	810,825	2,004,986	1,381,886	7,315	(894)	5,775,964	4,471,685	

The Statements of Net Assets should be read in conjunction with the accompanying notes.

The directors of Kiwi Wealth Limited authorised these financial statements for issue on 15 July 2021:

Director 

Director 

Kiwi Wealth KiwiSaver Scheme
Statements of Cash Flows
For the year ended 31 March 2021

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Cash flows from operating activities																
<i>Cash was provided from:</i>																
Sale of investments	34,417	2,902	14,291	26,578	367,351	335,679	27,075	15,971	178,297	203,725	293,774	426,437	-	-	915,205	1,011,292
Interest received	18	28	10	24	169	528	16	35	50	141	205	533	59	266	527	1,555
Dividends and distributions received	-	-	-	-	11	194	-	-	2	26	12	261	-	-	25	481
Realisation of derivatives, net	-	-	-	-	(718)	(1,869)	-	-	(205)	(201)	(959)	(2,743)	-	-	(1,882)	(4,813)
<i>Cash was applied to:</i>																
Purchase of investments	(34,840)	(101,285)	(9,295)	(3,736)	(446,054)	(385,508)	(77,679)	(68,468)	(218,912)	(280,383)	(424,782)	(486,680)	-	-	(1,211,562)	(1,326,060)
Payment of management and administration fees	-	-	-	-	-	-	-	-	-	-	-	-	(48,013)	(42,981)	(48,013)	(42,981)
Transaction fees and expenses	-	-	-	-	-	-	-	-	-	-	-	-	(7)	(10)	(7)	(10)
Net cash flows from operating activities	(405)	(98,355)	5,006	22,866	(79,241)	(50,976)	(50,588)	(52,462)	(40,768)	(76,692)	(131,750)	(62,192)	(47,961)	(42,725)	(345,707)	(360,536)
Cash flows from financing activities																
<i>Cash was provided from:</i>																
Crown contributions	-	-	-	-	-	-	-	-	-	-	-	-	62,833	61,173	62,833	61,173
Employer contributions	-	-	-	-	-	-	-	-	-	-	-	-	185,894	160,016	185,894	160,016
Employee contributions	-	-	-	-	-	-	-	-	-	-	-	-	320,057	287,939	320,057	287,939
Transfers from other schemes	-	-	-	-	-	-	-	-	-	-	-	-	107,289	155,828	107,289	155,828
Net transfers between funds	(18,193)	117,610	(4,384)	(23,663)	88,440	(16,887)	50,362	53,495	35,166	77,066	142,731	9,965	(294,122)	(217,586)	-	-
Other contributions	-	-	-	-	-	-	-	-	-	-	-	-	168,858	116,533	168,858	116,533
PIE tax rebates received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Cash was applied to:</i>																
Transfers to other schemes	-	-	-	-	-	-	-	-	-	-	-	-	(234,603)	(279,670)	(234,603)	(279,670)
Withdrawals	-	-	-	-	-	-	-	-	-	-	-	-	(230,202)	(208,527)	(230,202)	(208,527)
PIE tax paid	-	-	-	-	-	-	-	-	-	-	-	-	(38,706)	(34,139)	(38,706)	(34,139)
Net cash flows from financing activities	(18,193)	117,610	(4,384)	(23,663)	88,440	(16,887)	50,362	53,495	35,166	77,066	142,731	9,965	47,298	41,567	341,420	259,153
Net increase / (decrease) in cash and cash equivalents	(18,598)	19,255	622	(797)	9,199	(67,863)	(226)	1,033	(5,602)	374	10,981	(52,227)	(663)	(1,158)	(4,287)	(101,383)
Add: opening cash and cash equivalents	20,387	1,132	395	1,192	7,666	75,631	2,234	1,201	10,303	9,956	10,518	62,856	21,618	22,785	73,121	174,753
Effect of exchange rate fluctuations	-	-	-	-	(121)	(102)	-	-	(34)	(27)	(205)	(111)	6	(9)	(354)	(249)
Closing cash and cash equivalents	1,789	20,387	1,017	395	16,744	7,666	2,008	2,234	4,667	10,303	21,294	10,518	20,961	21,618	68,480	73,121

Reconciliation of net increase in net assets before membership activities to net cash flows from operating activities

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net increase in net assets before membership activities	3,207	3,864	1,356	3,412	362,350	(15,992)	23,035	3,228	101,214	5,068	462,773	(44,422)	60	247	953,995	(44,595)
<i>Adjusted for:</i>																
Sale of investments	33,317	2,828	12,723	26,097	308,774	315,115	23,136	14,314	157,358	193,675	244,788	399,065	-	-	780,096	951,094
Purchase of investments	(16,321)	(119,803)	(9,295)	(3,735)	(446,071)	(385,597)	(77,137)	(69,009)	(213,396)	(285,924)	(424,801)	(486,795)	-	-	(1,187,022)	(1,350,863)
Net unrealised change in value of investments	(3,690)	(4,919)	(1,330)	(3,270)	(327,325)	24,059	(21,148)	(3,239)	(88,261)	(1,735)	(434,758)	57,100	(8)	9	(876,520)	68,005
Non cash transfers between Transaction Account and Funds	1,600	1,167	915	1,014	17,995	16,645	2,068	1,713	7,839	6,773	17,596	15,669	(48,013)	(42,981)	-	-
<i>Changes in assets and liabilities:</i>																
Net decrease/(increase) in receivables	1	(1)	638	(635)	5,036	(4,967)	-	6	2	38	2,650	(2,606)	-	-	8,327	(8,165)
Net increase/(decrease) in payables	(18,519)	18,509	-	(17)	-	(239)	(542)	525	(5,524)	5,413	2	(203)	-	-	(24,583)	23,988
Net cash flows from operating activities	(405)	(98,355)	5,006	22,866	(79,241)	(50,976)	(50,588)	(52,462)	(40,768)	(76,692)	(131,750)	(62,192)	(47,961)	(42,725)	(345,707)	(360,536)

The Statements of Cash Flows should be read in conjunction with the accompanying notes.

Kiwi Wealth KiwiSaver Scheme

Notes to the Financial Statements

For the year ended 31 March 2021

1. Reporting Entity

The Kiwi Wealth KiwiSaver Scheme (the "**Scheme**") is a defined contribution scheme and is a registered KiwiSaver scheme under the KiwiSaver Act 2006 (registration number KSS10025) and is registered as a KiwiSaver scheme under the Financial Markets Conduct Act 2013 ("**FMCA**") (registration number SCH10713). The Scheme was established (under its previous name, the Gareth Morgan KiwiSaver Scheme) and is governed by a Trust Deed dated 2 April 2007 as amended and consolidated on 7 September 2007, 18 February 2010, 21 April 2011, 2 April 2012, 13 September 2012, 1 April 2014, 1 July 2014 and 29 July 2016, (the "**Trust Deed**"). The Scheme commenced receiving contributions and started investing from 1 October 2007.

These financial statements are for the Scheme, which is domiciled in New Zealand. The financial statements represent the operating result for the year ended 31 March 2021 by Investment Fund, and the comparative period disclosed is the year ended 31 March 2020.

The Supervisor of the Scheme is Public Trust (the "**Supervisor**"). The Manager is Kiwi Wealth Limited (which is a wholly owned subsidiary of Kiwi Wealth Investments Limited Partnership ("**KWILP**"). The Investment Management of the Scheme's assets and administration has been delegated to KWILP. The Manager's registered office is Level 13, 20 Ballance Street, Wellington, 6011, New Zealand. KWILP is owned by Kiwi Wealth Management Limited, which is a wholly owned subsidiary of Kiwi Group Holdings Limited. The ultimate holding companies are New Zealand Post Limited ("**NZ Post**"), Accident Compensation Corporation ("**ACC**") and the Guardians of the NZ Superannuation Fund ("**NZSF**").

The Scheme comprises the Investment Fund's listed below. Each Investment Fund is treated as a separate and distinct Investment Fund with its separate assets and liabilities. The value of each member's interest in the Scheme is determined by amounts held in their Member Account. The Fund gains the majority of its investment exposure by investing in investment funds offered by a related party of the Manager ("**Related Party Funds**"). The assets of Related Party Funds are directly invested into a range of financial instruments including bonds, perpetual securities, equity securities, derivatives and cash assets which are diversified across sectors, issuers, geographic areas, and industries

The Name of each Investment Fund and its date of establishment is as below:

Default Investment Fund ("Default") (Established 1 July 2014)

Cash Investment Fund ("Cash") (Established 12 September 2012)

CashPlus Investment Fund ("CashPlus") (Established 1 June 2012)

Conservative Investment Fund ("Conservative") (Established 2 April 2007)

Balanced Investment Fund ("Balanced") (Established 2 April 2007)

Growth Investment Fund ("Growth") (Established 2 April 2007)

Kiwi Wealth KiwiSaver Scheme Notes to the Financial Statements (continued)

For the year ended 31 March 2021

1. Reporting Entity (continued)

Transaction Account

The Transaction Account recognises all contributions as they are received before they are invested in the Investment Funds. The Transaction Account is owned by each member in the Scheme. These contributions are invested in a bank account where they earn interest until they are transferred to the relevant Investment Fund. Withdrawals are recognised on an accrual basis in the Transaction Account once an application has been received and approved. The withdrawals due to be paid are only cashed up from the member's Investment Fund into the Transaction Account as part of the investment cycle and are paid out to members the next day.

The Transaction Account may result in a negative net assets position at year end as a result of the timing difference between the recognition of withdrawals payable and PIE tax payable and the application of the investment cycle to withdraw cash from individual portfolios into the Transaction Account to pay those withdrawals.

This position will reverse within the next investment cycle and the Transaction Account will have sufficient resources to meet its obligations as they fall due. Consequently, there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Transaction Account to continue as a going concern, therefore the adoption of the going concern basis of accounting remains appropriate.

The Trust Deed was amended on 1 April 2014 and 1 July 2014, to amongst other things, (i) require the Supervisor and the Manager to treat the assets and liabilities of each Investment Fund as being exclusively for that Investment Fund, a consequence of which is that each Investment Fund is considered a separate fund for financial reporting purposes, (ii) rename the Scheme to Kiwi Wealth KiwiSaver Scheme and reflect the renaming of the Manager to Kiwi Wealth Limited, and (iii) allow for the investment and fees cycles of the Scheme to operate on weekly intervals. The Trust Deed was amended on 29 July 2016 to amend and consolidate the provisions of the Existing Trust Deed to comply with the FMCA requirements and allow the Scheme to become registered as a KiwiSaver Scheme under the FMCA.

Member Account and Rebalancing

When a Member joins the Scheme, the Manager opens a Member Account for that Member. Each Member provides the Manager with an investment direction, selecting the proportion of their Member Account that will be invested in each Investment Fund. A Member Account at any given date lists all money held and all assets held in Investment Funds with regard to that Member.

Contributions received during the week are put into the Scheme's trust account and linked to the Member Account where they earn interest. Each week, the Scheme rebalances the Member Account's to ensure that they are administered in accordance with the prescribed Investment Direction. Some cash is kept in the Member Account to pay fees and taxes. Once the rebalancing computation is complete, money held in the Scheme's trust account is transferred to the Investment Fund(s) in accordance with the Investment Direction elected by each member.

Accordingly, in the Statements of Changes in Net Assets, membership activities such as contributions and withdrawals are recognised in the Transaction Account at the Scheme level. The membership activities for the Investment Funds comprise transactions between the Transaction Account and the Investment Funds and between Investment Funds themselves. These transactions are recognised as 'Transfers in' and 'Transfers out' in the Statements of Changes in Net Assets.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

2. Basis of Preparation

Statement of Compliance

These financial statements have been prepared in accordance with the Trust Deed, the KiwiSaver Act 2006, the Financial Markets Conduct Act 2013 and New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). The financial statements comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable financial reporting standards and authoritative notices, as appropriate for for-profit entities. The financial statements comply with International Financial Reporting Standards ("IFRS"). The Scheme transitioned to the FMCA on 29 July 2016 and became a registered managed fund investment scheme. The Scheme is a for-profit entity.

Measurement Base

The financial statements have been prepared on a going concern basis in accordance with historical cost concepts, except for financial instruments held at fair value through profit or loss (FVTPL) measured at fair value. The methods used to measure fair values are discussed further in note 3(h).

The impact of the ongoing coronavirus pandemic (COVID-19) has been considered as part of the preparation of the financial statements and it remains appropriate that these are prepared on a going concern basis.

Functional and Presentational Currency

The financial statements are presented in New Zealand dollars ("NZ\$"), which is the Scheme's functional and presentation currency. All amounts are expressed in thousands of dollars, unless otherwise stated.

Use of Assumptions, Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 10.

(a) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of 90 days or less.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)

For the year ended 31 March 2021

3. Significant Accounting Policies

(b) Statements of Cash Flows

The following are definitions of terms used in the Statements of Cash Flows:

- operating activities - are those relating to the principal revenue-producing activities of the Scheme and other activities that are not financing activities. These include those cash flows relating to the acquisition, holding and disposal of investments, which include investments in securities not falling within the definition of cash.
- financing activities - are those activities that result in changes in the size and composition of Members' Funds.

(c) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Assets and liabilities denominated in foreign currencies at the end of the reporting period are translated at the foreign exchange rate prevailing at that date. Foreign exchange differences arising on translation are recognised in profit or loss, except foreign exchange differences arising on financial instruments held at FVTPL which are recognised together with net gains / (losses) on financial instruments at FVTPL in the Statements of Changes in Net Assets.

(d) Income recognition

Income is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Scheme and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

(i) Interest

Interest income is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(ii) Dividends and distributions

Dividend and distribution income are recognised on the date that the Scheme's right to receive payment is established.

(iii) Changes in fair value of investments

Net gains or losses on investments at FVTPL are calculated as the difference between the fair value at sale, or at period end, and the fair value at the previous valuation point or cost. This includes both realised and unrealised gains and losses, but does not include interest, dividend and distribution income.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

3. Significant Accounting Policies (continued)

(e) Taxation

The Scheme qualifies as, and has elected to be, a multi-rate portfolio investment entity ("PIE") for tax purposes. Under the PIE regime, income is effectively taxed in the hands of the members and therefore the Scheme has no tax expense or deferred tax assets or liabilities.

PIE tax in the Statements of Net Assets represents tax payable/receivable on behalf of the Members under the PIE regime. Under the PIE regime, the Manager attributes the income of the Scheme to Members in accordance with their proportionate interest in the Scheme during the period. Taxable income attributed to each Member is taxed at the Member's prescribed investor rate. The Manager adjusts the Members' interests in the Scheme to reflect that the Scheme pays tax at varying rates on behalf of members.

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

(f) Payables

All payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(g) Member funds

Members' interests in the Scheme provide members with the right to request withdrawals for cash of their interest at the value at which their investments can be realised provided that they meet certain requirements of the KiwiSaver Act 2006. All Members' interests are "puttable instruments". On acceptance of a request from Members eligible to realise their interest, the Investment Manager sells the relevant investments to market or to Members joining the Scheme at market prices for payment to such Members. The expected cash outflow on realisation will depend on when each Member is eligible to request and does request the realisation of such interest. The net assets attributable to each Member depend on that Member's interest in the Scheme and each relevant Investment Fund, and the relevant investment direction. Members do not have identical rights to the net assets of the Scheme and, as a result, Member funds are classified as financial liabilities and measured at amortised cost. Member funds are carried at the withdrawal amount that is payable as at 31 March 2021 if all members exercised their rights to redeem their interests.

(h) Financial instruments

(i) Classification

(a) Assets

The Scheme classifies its instruments based on both the Scheme's business model for managing those financial assets and contractual cash flow characteristics of the financial assets. The Scheme's financial assets are managed and their performance evaluated on a fair value basis. The Scheme is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Scheme's investments in equity instruments are held for trading, and the Scheme has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Scheme's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Scheme's business model's objective. Consequently, all investments are measured at FVTPL. Derivative contracts that have a positive fair value are presented as assets at FVTPL.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

3. Significant Accounting Policies (continued)

(h) Financial instruments (continued)

(b) Liabilities

The Scheme does not make short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, nor does it make use of short sales for various arbitrage transactions. The Scheme holds derivative financial instruments. Derivative contracts that have a negative fair value are presented as liabilities at FVTPL.

As such the Scheme classifies all of its investment securities as financial assets or liabilities at FVTPL.

The Scheme's policy requires the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

(ii) Recognition, Derecognition and Measurement

Regular purchases and sales of investments and derivatives are recognised on the trade date - the date on which the Scheme commits to purchase or sell the investment or derivatives. Financial instruments designated at FVTPL are initially recognised at fair value. Transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments and derivatives have expired or the Scheme has transferred substantially all risks and rewards of ownership. Subsequent to initial recognition, all financial assets and financial liabilities at FVTPL are measured at fair value.

Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at FVTPL' category are presented in profit or loss in the Statements of Net Changes in Assets within net gains/(losses) in fair value of financial instruments at FVTPL in the period in which they arise.

(iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the closing trading on the reporting date.

The Scheme's investments in other funds are subject to the terms and conditions of the respective funds' governing documentation. The investments in other funds are primarily valued based on the latest available redemption price of such units for each other fund investment, as determined by the other funds' administrators.

The Manager reviews the details of the reported information obtained from the other funds and considers: the liquidity of the other fund or its underlying investments; the value date of the net asset value provided; restrictions on redemptions; the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information is obtained from the other funds' administrators.

The rights of the Scheme to request redemption of its investments in other funds may vary in frequency from daily to weekly redemptions. As a result, the carrying values of the other funds may not be indicative of the values ultimately realised on redemption.

If necessary, the Scheme makes adjustments to the net asset value of various other fund investments to obtain the best estimate of fair value. Other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss in the Statements of Changes in Net Assets include the change in fair value of each other fund.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

3. Significant Accounting Policies (continued)

(h) Financial instruments (continued)

(iii) Fair value estimation (continued)

For investments with no active markets, fair values are determined using valuation techniques. Such techniques include: using recent arm's length transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgmental inputs to a minimum.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statements of Net Assets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Scheme or the counterparty.

(i) Financial Assets and Financial Liabilities at Amortised Cost

Financial assets at amortised cost comprise cash and cash equivalents and receivables. These include cash balances and call deposits, accrued interest and dividends, and proceeds expected from sale transactions where the trade date and settlement date spanned the reporting date. The carrying value closely approximates their fair value.

Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method less any impairment losses (refer to note 3(j) for more information). The effective interest method calculates the amortised cost of a financial asset or financial liability and allocates the interest income or interest expense, including any fees and directly related transaction costs that are an integral part of the effective interest rate, over the expected life of the financial asset or liability so as to achieve a constant yield on the financial asset or liability.

(i) Receivables

Receivables include amounts where settlement has not yet occurred, and include outstanding settlements on the sale of investments. Amounts are generally received within 30 days of being recorded as receivables. With the short time period and the high credit quality of the financial assets, investment income receivables and due from debtors measured at amortised cost, the Scheme does not anticipate any expected credit losses to be applicable for these assets.

(ii) Payables

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Scheme, and include outstanding settlements on the purchase of investments. Payables are measured initially at fair value and subsequently at amortised cost. Amounts are generally paid within 30 days of being recorded as payables. Given the short-term nature of most payables, the carrying amount approximates their fair value.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

3. Significant Accounting Policies (continued)

(j) Impairment of Assets Carried at Amortised Cost

At the reporting date, the Scheme measures the loss allowance on financial assets, other than those at FVTPL, at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If at the reporting date, the credit risk has not increased significantly since initial recognition, the Scheme measures the loss allowance at an amount equal to 12-month expected credit losses. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due or a counterparty's credit rating has fallen below BBB/Baa. Any contractual payment which is more than 90 days past due is considered credit impaired. Significant financial difficulties of the debtor, probability that a debtor will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that a financial asset is credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

(k) Accounting for Investment Entities

Whilst the Scheme has investments in a number of related party funds and unlisted unit trusts, it has not prepared consolidated financial statements. The Scheme has determined that it is an investment entity under the definition in NZ IFRS 10 Consolidated Financial Statements as it meets the following criteria:

- The Scheme has obtained funds from Members for the purpose of providing them with investment management services
- The Scheme's business purpose, which it communicated directly to its members, is investing solely for returns from capital appreciation; and
- The performance of investments made by the Scheme are measured and evaluated on a fair value basis.

The Scheme also meets all the typical characteristics of an investment entity.

Therefore, in the event the interest in the related party funds and other unlisted unit trusts gives rise to control, the Scheme is not required to consolidate these investments, and continues to account for these investments at FVTPL.

(l) New standards and amendments

There are no standards, amendments to standards or interpretations that are not yet effective for annual periods beginning on or after 1 April 2020, which have not been adopted, that will have a material effect on the financial statements of the Funds.

(m) Issued but not yet effective accounting standards

A number of new accounting standards and amendments to existing standards are issued or revised that are not yet effective as at 31 March 2021, they have been identified as not applicable or relevant to the Funds. Therefore, they are not included in the financial statements.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

3. Significant Accounting Policies (continued)

(o) Restatement of Comparatives

In the prior year, Realised gains/(losses) on investments had been incorrectly presented as part of Net unrealised change in value of investments in the Statement of Cashflows. Realised gains/(losses) on investments are considered cash items. The Statements of Cashflows has been restated to reflect this for the year ended 31 March 2020. Below is a table showing Financial Statements line items that have been restated.

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s	
	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020
Reconciliation of net increase in net assets before membership activities to net cash flows from operating activities		As restated		As restated		As restated		As restated		As restated		As restated		As restated		As restated
Sale of investments	2,902	2,828	27,215	26,097	340,791	315,115	15,971	14,314	203,734	193,675	429,205	399,065	-	-	1,019,818	951,094
Net unrealised change in value of investments	(4,993)	(4,919)	(4,388)	(3,270)	(1,617)	24,059	(4,896)	(3,239)	(11,794)	(1,735)	26,960	57,100	9	9	(719)	68,005

The above restatements had no impact on Net Cash flows from Operating activities for year ended 31 March 2020 or on opening balances for year ended 31 March 2021.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

4. Net gains/(losses) on Financial Instruments at Fair Value through Profit or Loss

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net gain/(loss) from derivatives	-	-	-	-	359	(2,325)	-	-	75	(379)	408	(3,227)	-	-	842	(5,931)
Net gain/(loss) from investments	4,793	4,992	2,263	4,388	380,030	2,192	25,095	4,895	108,993	12,008	480,073	(26,367)	-	-	1,001,247	2,108
Total net gains/(losses) on financial instruments at FVTPL	4,793	4,992	2,263	4,388	380,389	(133)	25,095	4,895	109,068	11,629	480,481	(29,594)	-	-	1,002,089	(3,823)

5. Interest Income

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Interest income on cash and cash equivalents	17	29	10	21	169	483	18	29	52	105	205	529	59	266	530	1,462
Total interest income	17	29	10	21	169	483	18	29	52	105	205	529	59	266	530	1,462

6. Management and Administration Fees

The fee charged to each Member for the management and administration of the Scheme depends on the Investment Funds elected by the relevant Member and as of 31 March 2021 is up to 1% per annum of the Member's account balance, subject to a minimum fee of \$40 per annum (excluding members that transferred from the Kiwibank KiwiSaver ("KBKS")), calculated and deducted weekly by the Manager. The minimum fee for a member that transferred from the KBKS is \$12 per annum.

Audit Fees

Fees charged by the Auditor, and paid by the Manager, for the audit of the financial statements totalled \$118,020 excluding GST (2020: \$111,415 excluding GST). The Auditor also performs Supervisor reporting and Registry compliance services totalling \$5,623 excluding GST (2020: \$5,513 excluding GST).

7. Receivables

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Accrued interest	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1
Accrued dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables for securities sold	-	-	-	638	-	5,039	-	-	-	-	-	2,650	-	-	-	8,327
Other	-	-	-	-	-	(3)	-	-	-	(2)	-	-	-	-	-	(5)
Total receivables	-	1	-	638	-	5,036	-	-	-	(2)	-	2,650	-	-	-	8,323

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

8. Financial Assets and Liabilities

Except for related party investments detailed in note 15, as at 31 March 2021 the funds of the Scheme were invested in a range of financial instruments not related to the Manager, Supervisor or Investment Manager. Forward foreign exchange contracts were the only derivatives used by the Scheme during the year.

Accounting classifications and fair values

A summary of the main instruments held by the Scheme as at 31 March 2021 are below.

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s	
Assets	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Financial assets																
Investments	296,332	309,635	118,481	120,576	2,035,072	1,571,303	337,338	262,179	950,446	806,362	1,983,739	1,370,006	-	-	5,721,408	4,440,061
Investments	296,332	309,635	118,481	120,576	2,035,072	1,571,303	337,338	262,179	950,446	806,362	1,983,739	1,370,006	-	-	5,721,408	4,440,061
Derivative assets	-	-	-	-	172	-	-	-	43	-	231	-	-	-	446	-
Total financial assets measured at fair value	296,332	309,635	118,481	120,576	2,035,244	1,571,303	337,338	262,179	950,489	806,362	1,983,970	1,370,006	-	-	5,721,854	4,440,061
Amortised cost																
Cash and cash equivalents	1,789	20,387	1,017	395	16,744	7,666	2,008	2,234	4,667	10,303	21,294	10,518	20,961	21,618	68,480	73,121
Receivables	-	1	-	638	-	5,036	-	-	-	(2)	-	2,650	-	-	-	8,323
Total financial assets at amortised cost	1,789	20,388	1,017	1,033	16,744	12,702	2,008	2,234	4,667	10,301	21,294	13,168	20,961	21,618	68,480	81,444
Total financial assets	298,121	330,023	119,498	121,609	2,051,988	1,584,005	339,346	264,413	955,156	816,663	2,005,264	1,383,174	20,961	21,618	5,790,334	4,521,505
Financial liabilities																
Derivative liabilities	-	-	-	-	-	(905)	-	-	-	(237)	-	(1,136)	-	-	-	(2,278)
Total financial liabilities measured at fair value	-	-	-	-	-	(905)	-	-	-	(237)	-	(1,136)	-	-	-	(2,278)
Amortised cost																
Cash collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Management and administration fees payable	(21)	(18)	(12)	(10)	(271)	(168)	(30)	(20)	(112)	(77)	(278)	(154)	-	-	(724)	(447)
Payables	-	(18,519)	-	-	-	-	-	(542)	-	(5,524)	-	2	-	-	-	(24,583)
Withdrawals payable	-	-	-	-	-	-	-	-	-	-	-	-	(18,226)	(16,510)	(18,226)	(16,510)
Member funds	(298,100)	(311,486)	(119,486)	(121,599)	(2,051,717)	(1,582,932)	(339,316)	(263,851)	(955,044)	(810,825)	(2,004,986)	(1,381,886)	(7,315)	894	(5,775,964)	(4,471,685)
Total financial liabilities measured at amortised cost	(298,121)	(330,023)	(119,498)	(121,609)	(2,051,988)	(1,583,100)	(339,346)	(264,413)	(955,156)	(816,426)	(2,005,264)	(1,382,038)	(25,541)	(15,616)	(5,794,914)	(4,513,225)
Total financial liabilities	(298,121)	(330,023)	(119,498)	(121,609)	(2,051,988)	(1,584,005)	(339,346)	(264,413)	(955,156)	(816,663)	(2,005,264)	(1,383,174)	(25,541)	(15,616)	(5,794,914)	(4,515,503)

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

8. Financial Assets and Liabilities (continued)

The underlying investments that exceeded 5% of investments held by each Investment Fund or 5% of each financial instrument type within that Investment Fund is set out below:

		Cash Fund					
		2021			2020		
Investment securities that exceed 5% of net assets of each fund or instrument type	Instrument Type	Fair Value	% of Investment	% of Instrument	Fair Value	% of Investment	% of Instrument
		\$ 000s	Fund	Type	\$ 000s	Fund	Type
	Unlisted Unit Trust	296,332	99%	100%	309,635	99%	100%
		CashPlus Fund					
		2021			2020		
		Fair Value	% of Investment	% of Instrument	Fair Value	% of Investment	% of Instrument
Investment securities that exceed 5% of net assets of each fund or instrument type	Instrument Type	\$ 000s	Fund	Type	\$ 000s	Fund	Type
	Unlisted Unit Trust	71,222	60%	60%	72,269	59%	60%
	Unlisted Unit Trust	47,259	40%	40%	48,307	40%	40%
		Balanced Fund					
		2021			2020		
		Fair Value	% of Investment	% of Instrument	Fair Value	% of Investment	% of Instrument
Investment securities that exceed 5% of net assets of each fund or instrument type	Instrument Type	\$ 000s	Fund	Type	\$ 000s	Fund	Type
	Unlisted Unit Trust	732,801	36%	36%	645,427	41%	41%
	Unlisted Unit Trust	302,655	15%	15%	239,810	15%	15%
	Unlisted Unit Trust	246,065	12%	12%	181,835	11%	12%
	Unlisted Unit Trust	191,800	9%	9%	139,259	9%	9%
	Unlisted Unit Trust	171,839	8%	8%	128,972	8%	8%
	Unlisted Unit Trust	137,969	7%	7%	105,566	7%	7%
	Unlisted Unit Trust	96,362	5%	5%	74,882	5%	5%

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

8. Financial Assets and Liabilities (continued)

Investment securities that exceed 5% of net assets of each fund or instrument type

Kiwi Investment Management Core Fixed Income Fund
Kiwi Investment Management Cash Fund
Kiwi Investment Management Core Global Fund- Unhedged
Kiwi Investment Management Core Global Fund- Hedged

Default Fund						
Instrument Type	2021			2020		
	Fair Value \$ 000s	% of Investment Fund	% of Instrument Type	Fair Value \$ 000s	% of Investment Fund	% of Instrument Type
Unlisted Unit Trust	161,146	47%	48%	126,298	48%	48%
Unlisted Unit Trust	107,926	32%	32%	83,965	32%	32%
Unlisted Unit Trust	34,185	10%	10%	26,365	10%	10%
Unlisted Unit Trust	34,081	10%	10%	25,551	10%	10%

Investment securities that exceed 5% of net assets of each fund or instrument type

Kiwi Investment Management Core Fixed Income Fund
Kiwi Investment Management Wholesale Global Thematic Fund - Hedged
Kiwi Investment Management Wholesale Global Quantitative Fund - Hedged
Kiwi Investment Management Wholesale Global Thematic Fund - Unhedged
Kiwi Investment Management Core Global Fund- Hedged

Conservative Fund						
Instrument Type	2021			2020		
	Fair Value \$ 000s	% of Investment Fund	% of Instrument Type	Fair Value \$ 000s	% of Investment Fund	% of Instrument Type
Unlisted Unit Trust	603,218	63%	63%	549,865	68%	68%
Unlisted Unit Trust	76,712	8%	8%	70,130	9%	9%
Unlisted Unit Trust	62,282	7%	7%	53,335	7%	7%
Unlisted Unit Trust	44,840	5%	5%	35,569	4%	5%
Unlisted Unit Trust	43,477	5%	5%	37,393	5%	5%

Investment securities that exceed 5% of net assets of each fund or instrument type

Kiwi Investment Management Wholesale Global Thematic Fund - Hedged
Kiwi Investment Management Wholesale Global Quantitative Fund - Hedged
Kiwi Investment Management Core Fixed Income Fund
Kiwi Investment Management Wholesale Global Thematic Fund - Unhedged
Kiwi Investment Management Core Global Fund- Hedged
Kiwi Investment Management Wholesale Global Quantitative Fund - Unhedged
Kiwi Investment Management Core Global Fund- Unhedged

Growth Fund						
Instrument Type	2021			2020		
	Fair Value \$ 000s	% of Investment Fund	% of Instrument Type	Fair Value \$ 000s	% of Investment Fund	% of Instrument Type
Unlisted Unit Trust	395,374	20%	20%	299,864	22%	22%
Unlisted Unit Trust	323,426	16%	16%	227,185	16%	17%
Unlisted Unit Trust	251,241	13%	13%	191,153	14%	14%
Unlisted Unit Trust	280,128	14%	14%	183,004	13%	13%
Unlisted Unit Trust	225,927	11%	11%	160,928	12%	12%
Unlisted Unit Trust	201,607	10%	10%	138,615	10%	10%
Unlisted Unit Trust	140,848	7%	7%	98,201	7%	7%

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

8. Financial Assets and Liabilities (continued)

		Total Scheme					
		2021			2020		
Investment securities that exceed 5% of net assets of each fund or instrument type	Instrument Type	Fair Value \$ 000s	% of Investment Fund	% of Instrument Type	Fair Value \$ 000s	% of Investment Fund	% of Instrument Type
Kiwi Investment Management Core Fixed Income Fund	Unlisted Unit Trust	1,795,664	31%	31%	1,561,049	35%	35%
Kiwi Investment Management Wholesale Global Thematic Fund - Hedged	Unlisted Unit Trust	774,740	13%	14%	609,805	14%	14%
Kiwi Investment Management Wholesale Global Quantitative Fund - Hedged	Unlisted Unit Trust	631,773	11%	11%	462,355	10%	10%
Kiwi Investment Management Cash Fund	Unlisted Unit Trust	475,480	8%	8%	465,869	10%	10%
Kiwi Investment Management Wholesale Global Thematic Fund - Unhedged	Unlisted Unit Trust	516,768	9%	9%	357,832	8%	8%
Kiwi Investment Management Core Global Fund- Hedged	Unlisted Unit Trust	475,324	8%	8%	352,843	8%	8%
Kiwi Investment Management Wholesale Global Quantitative Fund - Unhedged	Unlisted Unit Trust	371,873	6%	7%	271,225	6%	6%
Kiwi Investment Management Core Global Fund- Unhedged	Unlisted Unit Trust	293,944	5%	5%	218,415	5%	5%

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

9. Members' Benefits

(a) Net assets available to pay benefits

All available funds are allocated to Member accounts. The Scheme does not have separate employer accounts and does not have any reserve funds.

(b) Vested benefits

Vested benefits are benefits which, under the conditions of the Scheme, are not conditional on continued membership. Under the Trust Deed all benefits are fully vested. The value of vested Member benefits as at 31 March 2021 is \$5,776m (2020: \$4,472m).

(c) Guaranteed benefits

No guarantees have been made in respect of any part of the liability for accrued benefits.

10. Fair value of Financial Instruments

These disclosures supplement the commentary on financial risk management in note 12.

Key source of estimation uncertainty

Determining fair values

The determination of fair values of financial assets and liabilities for which there is no observable market price requires the use of valuation techniques, described below. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. See also "Valuation of financial instruments" below.

Valuation of financial instruments

The Scheme's accounting policy on fair value measurements is explained in note 3(h).

The Scheme measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation, as well as instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

10. Fair value of Financial Instruments (continued)

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer prices and yield quotations. For all other financial instruments, the Scheme determines fair values using valuation techniques. For investments with no active market, fair values are determined using valuation techniques that may make use of recent arm's length transactions of comparable instruments, reference to current market data of comparable instruments, discounted cash flow analysis and option pricing models, and use as much available and supportable market data as possible with judgemental inputs kept to a minimum.

Investment Assets	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Total Scheme	
	\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Level 2														
Unlisted unit trusts	296,332	309,635	118,481	120,576	2,033,299	1,571,303	337,338	262,179	950,007	806,362	1,980,814	1,370,006	5,716,271	4,440,061
Derivative Assets/(liabilities)	-	-	-	-	172	(905)	-	-	43	(237)	231	(1,136)	446	(2,278)
	296,332	309,635	118,481	120,576	2,033,471	1,570,398	337,338	262,179	950,050	806,125	1,981,045	1,368,870	5,716,717	4,437,783
Level 3														
Private Equity Investments	-	-	-	-	1,773	-	-	-	439	-	2,925	-	5,137	-
	-	-	-	-	1,773	-	-	-	439	-	2,925	-	5,137	-
Total Investments	296,332	309,635	118,481	120,576	2,035,072	1,571,303	337,338	262,179	950,446	806,362	1,983,739	1,370,006	5,721,408	4,440,061
Total Derivative Assets/(liabilities)	-	-	-	-	172	(905)	-	-	43	(237)	231	(1,136)	446	(2,278)

Private Equity Investments

Currently the Scheme invests in Private Equity Investments through Limited Partnership structures.

The Manager has appointed a third-party administrator who provides unit pricing for the Scheme for its interest in Private Equity Investments based on valuation reports provided by their respective Investment Managers.

The fair value of Private Equity Investments is provided by their respective Investment Managers at balance date. The price is based on the fair value of the underlying net assets of the Private Equity Investments which is determined using a variety of methods, including independent valuations, valuation models based on the price of recent transactions, earnings multiples or discounted cash flows.

These investments have been classified within Level 3 of the fair value hierarchy.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

10. Fair value of Financial Instruments (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:

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Total Scheme	
	\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital draw downs	-	-	-	-	1,910	-	-	-	473	-	3,151	-	5,534	-
(Losses)/gains recognised in profit or loss	-	-	-	-	(137)	-	-	-	(34)	-	(226)	-	(397)	-
Closing balance	-	-	-	-	1,773	-	-	-	439	-	2,925	-	5,137	-

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

11. Funding Policy

The Scheme is a defined contribution scheme as defined by the KiwiSaver Act 2006. Funding in the form of contributions is received primarily from three sources: Members of the Scheme; employers of Members of the Scheme; and the Crown (in accordance with the provisions of the KiwiSaver Act 2006). Members may contribute to the Scheme at varying designated rates linked to their salaries or in lump sum payments. Members may pay additional contributions to the Scheme in excess of any salary linked contributions. As of 31 March 2021, employer contribution rates are 3% or greater (31 March 2020: 3% or greater) of each relevant Member's gross salary or wages.

12. Financial Risk Management

The Scheme may be exposed to credit risk, settlement risk, liquidity risk, market price risk, interest rate risk and foreign currency risk through their financial instruments. This note presents information about the Scheme and Investment Fund's exposure to each of these risks, the Scheme's policies and processes for managing such risks and the management of Net Assets. The risk disclosures have been prepared on the Scheme direct holdings and not on a full look-through to account for investments held indirectly through other managed funds (such as certain listed and unlisted unit-trusts). Compliance reports are provided to the Supervisor and to the Investment Governance Committee ("IGC") on a regular basis. The IGC's role is to provide governance oversight on investment related risk taking activities.

Risk management framework

The Scheme's investment is determined by the Members' investment directions, asset allocation limits, and investment guidelines. The asset allocation limits determine the extent to which each Investment Fund can invest in certain asset groups. The investment guidelines establish target bands for each asset group within each Investment Fund and guide the extent to which an Investment Fund can be invested in single issuers, issuer types and third party investment managers. Compliance with the asset allocation limits and the composition of the Scheme is monitored by the Manager on a regular basis. Should the Scheme exceed an asset allocation limit, the Investment Manager is obliged to take actions to rebalance to ensure compliance with the limit.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

12. Financial Risk Management (continued)

(a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument in which the Scheme and Investment Fund has an interest will fail to discharge an obligation or commitment that it has entered, resulting in a financial loss to the Scheme and the Investment Fund. It arises from fixed interest securities, derivative financial instruments, cash and cash equivalents, and receivables held by or on behalf of the Scheme and the Investment Fund. For risk management reporting purposes, the Scheme considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

Management of credit risk

The Scheme measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 31 March 2021 all amounts due and cash held is with counterparties with a credit rating of AA/Aaa or higher and are due to be settled within 1 week. Management consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Scheme. The investment policies applying to the Scheme only allow fixed interest investments in liquid securities at purchase, meaning that there is a secondary market available where these assets are readily traded. In addition, the Investment Manager has established an approval process for establishing new counterparts or derivatives.

The following investment guidelines apply to the Scheme. Given the range of assets and issuers and in some cases the complex relationships that exist in financial markets, it is important to see the below as guidelines rather than rigid rules.

- Direct exposure to a single commonly recognised investment manager (including any related parties of that investment manager) is limited to 50% of the Scheme's assets.
- Direct exposure to any one underlying security is limited to 7.5% of the Scheme's assets.
- Cash and derivatives are excluded, but remain subject to the diversification principle.
- Direct exposure to fixed interest securities of any one underlying issuer (e.g. bank or corporate) is limited to 15% of the Scheme's assets, unless the issuer is either of:
 - The New Zealand Government; or
 - The New Zealand Local Government Funding Agency Limited (or its successor, or an entity issuing securities on its behalf), in which event direct exposure to fixed interest securities is limited to 50% of the Scheme's assets.
- Broader exposure (e.g. cash and derivatives) to any one underlying issuer is limited to 50% of the Scheme's assets.
- Limit total exposure to non-investment grade credit to no more than 25% of the Scheme's assets.

Exposure to credit risk

The carrying amount of the Scheme and each Investment Fund's cash and cash equivalents, receivables, investments in fixed interest securities and derivative financial instruments represent the Scheme and each Investment Fund's maximum credit exposure at balance date.

Credit Support Annex (CSA) agreements are in place as a means of managing credit risk for derivative instruments. This regulates the credit support (collateral) between the two parties for derivative transactions.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)

For the year ended 31 March 2021

12. Financial Risk Management (continued)

a) Credit risk (continued)

An exposure of greater than 5% of the value of the Scheme's assets to a counterparty is defined as significant. The Scheme and each Investment Funds maximum exposure to credit risk for cash and cash equivalents by significant counterparty is as follows:

ASB Bank Limited - cash and cash equivalents	2021		2020	
	\$ 000s	% of Investment Fund	\$ 000s	% of Investment Fund
Investment Fund				
Transaction Account	20,961	100%	21,618	100%
Total ASB Bank Limited related credit risk exposure	20,961	100%	21,618	100%

Westpac Limited (held on behalf of the Scheme by JBWere (NZ) Nominees Limited) - cash and cash equivalents	2021		2020	
	\$ 000s	% of Investment Fund	\$ 000s	% of Investment Fund
Investment Fund				
Cash	1,789	1%	20,387	6%
CashPlus	1,017	1%	395	0%
Balanced	16,744	1%	7,666	0%
Default	2,008	1%	2,234	1%
Conservative	4,667	0%	10,303	1%
Growth	21,294	1%	10,518	1%
Total Westpac Limited related credit risk exposure	47,519	1%	51,503	1%

The Investment Manager monitors the financial position of each bank on an on-going basis. At balance date, the Scheme had cash and cash equivalents related credit exposure to ASB Bank Limited and Westpac Limited, both of which have a credit rating of AA- (2020: AA-) from Standard & Poor's, totalling \$68.5m (2020: \$73.1m).

Credit risk arising on fixed interest securities is mitigated by diversification by issuer and industry and by maintaining an investment grade rating on average. The size of investments positions are determined by ratings according to Standard & Poor's. The Investment Manager reviews investment ratings regularly and rebalances the Investment Funds where necessary.

The Scheme may also invest in unrated fixed interest securities. As at 31 March 2021 and 31 March 2020, the funds' assets were invested in Managed Funds, which are not rated.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

12. Financial Risk Management (continued)

a) Credit risk (continued)

Derivative financial instruments

The Scheme uses over the counter ("OTC") derivatives. OTC derivatives expose the Scheme to the risk that the counterparties to the derivative financial instruments might default on their obligations to the Scheme. Derivative profit or loss positions are monitored daily and the counterparty risk is managed within the Scheme's investment guidelines. Such guidelines permit entry by the Scheme into certain OTC derivatives where the Manager (or its delegate) considers it in the best interests of the Scheme and its Members, provided that the Manager (or its delegate) neither enters any OTC derivatives that give rise to obligations beyond the value of the Scheme's assets, nor exceeds any limit agreed from time to time by the Supervisor and Manager on the size of an OTC derivatives contract.

Derivative financial instruments are principally transacted with counterparties that have a credit rating of at least AA-, as determined by Standard & Poor's, and with whom the Manager has netting arrangements. The netting arrangements provide for the net settlement of certain contracts with the same counterparty in the event of default. As a result of such netting arrangements, at 31 March 2021, the Scheme would be entitled to offset derivative assets against derivative liabilities or portions of them in the event of counterparty defaults.

For the purposes of reporting in the Statements of Net Assets, where applicable, outstanding derivative financial assets and liabilities have been netted. The net exposure to credit risk may change significantly within a short period of time due to the highly volatile nature of the fair value of the derivatives underlying the arrangements.

Offsetting and amounts subject to netting arrangements and similar agreements

As at 31 March 2021, the following funds were subject to an International Swaps and Derivatives Association (ISDA) arrangement with Bank of New Zealand. According to the terms of the ISDA arrangement all the derivatives are settled net. The following tables present the Funds' financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements. The tables are presented by type of financial instrument.

Forward foreign exchange contracts as at 31 March 2021 (\$'000)	Gross amounts of recognised financial assets set-off in the Statement of Net Assets	Gross amounts of recognised financial liabilities set-off in the Statement of Net Assets	Gross amounts of recognised financial assets not set-off in the Statement of Net Assets	Gross amounts of recognised financial liabilities not set-off in the Statement of Net Assets	Net amounts of financial assets presented in the Statement of Net Assets	Cash collateral received	Net amount	
Balanced Fund	-	-	172	-	-	172	-	172
Conservative Fund	-	-	43	-	-	43	-	43
Growth Fund	-	-	231	-	-	231	-	231
Total Scheme	-	-	446	-	-	446	-	446
Forward foreign exchange contracts as at 31 March 2020 (\$'000)	Gross amounts of recognised financial assets set-off in the Statement of Net Assets	Gross amounts of recognised financial liabilities set-off in the Statement of Net Assets	Gross amounts of recognised financial assets not set-off in the Statement of Net Assets	Gross amounts of recognised financial liabilities not set-off in the Statement of Net Assets	Net amounts of financial assets presented in the Statement of Net Assets	Cash collateral received	Net amount	
Balanced Fund	82	(987)	-	-	(905)	-	(905)	
Conservative Fund	1	(238)	-	-	(237)	-	(237)	
Growth Fund	134	(1,270)	-	-	(1,136)	-	(1,136)	
Total Scheme	217	(2,495)	-	-	(2,278)	-	(2,278)	

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

12. Financial Risk Management (continued)

a) Credit risk (continued)

Each party has the option to settle all open contracts on a net basis in the event of default by the other party. Per the terms of the ISDA agreement, an event of default includes the following:

- failure by a party to make a payment when due
- failure by a party to perform an obligation required by the agreement (other than payment) if such failure is not remedied within 30 days after such notice of such failure is given to the party
- bankruptcy.

Concentration of risk

The Investment Manager reviews the concentration of Net Assets held based on counterparties and industries. As at 31 March 2021 and 31 March 2020, the Scheme and Investment Fund's Net Asset exposures were concentrated in the Banking and Finance (including listed and unlisted unit trusts) sector.

(b) Settlement risk

The Scheme's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

The majority of transactions are conducted through a broker, which mitigates settlement risk by ensuring the transaction is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval and limit monitoring processes described earlier.

(c) Liquidity risk

Liquidity risk is the risk that the Scheme will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or a financial instrument, or that such obligations will have to be settled in a manner disadvantageous to the Scheme.

Management of liquidity risk

The Scheme is not unitheld. Withdrawals are managed by each Member having their share of the Scheme assets sold at the prevailing market price. Order of liquidity is determined by the average time it takes to liquidate the Scheme's assets. Cash deposits can be held with any bank and in normal circumstances may be withdrawn within 24 hours. Equities are more liquid than fixed interest securities as they are exchange traded. Furthermore, unlisted unit trusts may take longer to liquidate if subjected to specific redemption clauses. The Investment Manager reviews the Scheme's investments on a daily basis to ensure their liquidity and provides oversight for risk management and derivative activities.

Maturity analysis for financial liabilities

Financial liabilities of the Scheme comprise payables for securities purchased, management and administration fees payable, and Member funds, all of which are due within one month.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

12. Financial Risk Management (continued)

(c) Liquidity risk (continued)

The maturity of derivative assets/(liabilities) held for risk management is outlined below:

	Balanced Fund		Conservative Fund		Growth Fund		Total Scheme	
	2021	2020	2021	2020	2021	2020	2021	2020
Maturity profile	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
under 1 month	172	(905)	43	(237)	231	(1,136)	446	(2,278)
Total	172	(905)	43	(237)	231	(1,136)	446	(2,278)

Member funds can be redeemed or transferred on demand at the relevant Member's option provided the Member meets certain requirements of the KiwiSaver Act 2006. However, the Manager does not envisage that the contractual maturity will be representative of the actual cash outflows, as Members holding these instruments typically retain them for the medium to long term. As at 31 March 2021, no individual member held more than 10% of the Member funds (2020: nil).

(d) Market price risk

Market price risk is the risk that the Scheme's income or the value of its holdings of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual financial instrument or by factors affecting all instruments of a specific type trading in a market. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The table below summarises the sensitivity of the Scheme's net assets attributable to members to movements in prices including the effect of movements in foreign currency exchange rates, as at 31 March. A variable of 20% (2020: 20% and 10%) was selected for market price risk sensitivity as this is a reasonably expected movement taking into account historical volatility. If prices for the Scheme's investments had increased or decreased by 20% (2020: 20% and 10%) with all other variables held constant, this would have had the following impact on the Statement of Comprehensive Income and Net Assets Attributable to members.

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Total Scheme	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Increase / decrease in net assets	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s
Unlisted Unit Trusts (sensitivity of 20%)	59,266	61,927	23,696	24,115	406,660	314,261	67,468	52,436	190,001	161,272	396,163	274,001	1,143,254	888,012
Private Equity Investments (sensitivity of 20%)	-	-	-	-	355	-	-	-	88	-	585	-	1,028	-

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Total Scheme	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Increase / decrease in net assets	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s
Unlisted Unit Trusts (sensitivity of 10%)	-	30,964	-	12,058	-	157,130	-	26,218	-	80,636	-	137,001	-	444,006

Management of market price risk

The Scheme's strategy for the management of market price risk is driven by the Scheme's and Investment Funds' investment objectives. The investment objective applying to each Investment Fund is to deliver investment returns, over the relevant investment timeframe and after taking account of all fees, costs and taxes, which exceed the relevant benchmark. The Investment Manager aims to deliver those returns with lower volatility (i.e. less risk) than the benchmark. It looks to achieve this by investing in a range of different diversified investments with an allocation of assets spread across local and international cash, fixed interest securities and equities (which includes listed and unlisted unit trusts).

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

12. Financial Risk Management (continued)

(d) Market price risk (continued)

The Scheme and Investment Funds market risk is managed on a daily basis by the Investment Manager in accordance with the investment guidelines and other policies and procedures in place. Investment guidelines apply that guide the extent to which each Investment Fund invests in financial instruments to help ensure diversity and the use of forward foreign exchange contracts to mitigate fluctuations in foreign currency exchange rates. The Scheme's market positions are monitored on a daily basis by the Investment Manager. The Investment Manager also ensures each Investment Fund is well diversified across a number of financial instruments and investment themes. Investment Funds are regularly reviewed to ensure they are in line with the investment strategy. The Scheme may use derivatives to manage its exposure to foreign currency, interest rate and equity market risks.

(e) Interest rate risk

Interest rate risk affects the Scheme and Investment Funds in two ways - the value of a financial instrument may fluctuate due to a change in market interest rates, and a change in market interest rates may cause the cash flows received to fluctuate. The Investment Manager manages interest rate risk by actively managing the average maturity date of the Scheme and Investment Fund's fixed interest instruments in response to changes in the Investment Manager's interest rate view. Additionally, the Investment Manager manages the interest rate risk associated with cash holdings of the Scheme and Investment Funds by actively managing its exposure to cash and the currencies it holds.

Interest rate sensitivities:

The Scheme's and Investment Funds' interest bearing financial assets and liabilities expose them to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their fair values and cash flow.

Cash Flow Sensitivity Analysis

A change in interest rates impacts the cash flow of the Scheme's and Investment Funds' cash and cash equivalents and floating rate notes by increasing or decreasing the amount of interest received.

The following table shows the impact on the Statements of Changes in Net Assets and Net Assets attributable to members had the relevant interest rates increased or decreased by 1% (2020: 1%) at balance date with all other variables held constant. The analysis is based on the Manager's best estimate of a reasonable possible shift in interest rates with regard to historical volatility.

		Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
		2021 \$ 000s	2020 \$ 000s	2021 \$ 000s	2020 \$ 000s	2021 \$ 000s	2020 \$ 000s	2021 \$ 000s	2020 \$ 000s	2021 \$ 000s	2020 \$ 000s						
Cash and cash equivalents	Carrying amount	1,789	20,387	1,017	395	16,744	7,666	2,008	2,234	4,667	10,303	21,294	10,518	20,961	21,618	68,480	73,121
	Impact of a +1% change in interest rates	18	204	10	4	167	77	20	22	47	103	213	105	210	216	685	731
	Impact of a -1% change in interest rates	(18)	(204)	(10)	(4)	(167)	(77)	(20)	(22)	(47)	(103)	(213)	(105)	(210)	(216)	(685)	(731)

These movements arise substantially from the cash flow variability from cash and cash equivalents. In addition to the Scheme's direct exposure to interest rate changes on the fair value of financial asset and liabilities and on the cash flows of cash and cash equivalents shown above, the Scheme is indirectly affected by the impact of interest rate changes on the earnings of its investments in other funds, which forms part of the market price risk. Therefore, the above sensitivity analysis may not fully indicate the total effect on the Scheme's net assets attributable to members of future movements in interest rates.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

12. Financial Risk Management (continued)

(e) Interest rate risk (continued)

Fair Value Sensitivity Analysis

A change in interest rates impacts the fair value of the Scheme's fixed interest securities. Fair value changes impact on net assets only where the instruments are carried at fair value. As at 31 March 2021 and 31 March 2020, the Scheme held no fixed interest securities.

(f) Foreign Currency risk

Foreign currency risk is the risk that the value of a financial instrument or foreign cash will fluctuate due to changes in foreign exchange rates.

The Scheme is exposed to foreign currency risk through cash and cash equivalents, trade and other receivables, investment in fixed interest securities, trade and other payables and forward foreign exchange contracts.

The Investment Manager continuously monitors the Scheme's exposure to currency risk. An impact of 15% (2020: 15%) change in exchange rates is summarised as this is a reasonably expected movement taking into account the historical volatility.

	Balanced Fund													
	2021						2020							
	Monetary financial assets and liabilities	Non-monetary assets	Forward foreign exchange contracts	Net exposure	% of +15% change Investment in exchange Fund rate	+15% change in exchange rate	Monetary financial assets and liabilities	Non-monetary assets	Forward foreign exchange contracts	Net exposure	% of +15% change Investment in exchange Fund rate	+15% change in exchange rate		
\$ 000s	\$ 000s	\$ 000s	\$ 000s		\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s		\$ 000s	\$ 000s		
Australian dollar	23,083	-	(23,217)	(134)	-	17	(24)	40,587	-	(40,118)	469	-	61	(83)
US dollar	22,965	-	(22,998)	(33)	-	4	(6)	14,966	-	(15,181)	(215)	-	(28)	38
Total foreign currency risk	46,048	-	(46,215)	(167)	-	21	(30)	55,553	-	(55,299)	254	-	33	(45)

	Conservative Fund													
	2021						2020							
	Monetary financial assets and liabilities	Non-monetary assets	Forward foreign exchange contracts	Net exposure	% of +15% change Investment in exchange Fund rate	+15% change in exchange rate	Monetary financial assets and liabilities	Non-monetary assets	Forward foreign exchange contracts	Net exposure	% of +15% change Investment in exchange Fund rate	+15% change in exchange rate		
\$ 000s	\$ 000s	\$ 000s	\$ 000s		\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s		\$ 000s	\$ 000s		
Australian dollar	5,824	-	(5,858)	(34)	-	4	(6)	10,438	-	(10,312)	126	-	16	(22)
US dollar	5,717	-	(5,725)	(8)	-	1	(1)	3,622	-	(3,676)	(54)	-	(7)	10
Total foreign currency risk	11,541	-	(11,583)	(42)	-	5	(7)	14,060	-	(13,988)	72	-	9	(12)

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

12. Financial Risk Management (continued)

(f) Foreign Currency risk (continued)

	Growth Fund													
	2021						2020							
	Monetary financial assets and liabilities	Non-monetary assets	Forward foreign exchange contracts	Net exposure	% of Investment in Fund	+15% change in exchange rate	Monetary financial assets and liabilities	Non-monetary assets	Forward foreign exchange contracts	Net exposure	% of Investment in Fund	+15% change in exchange rate		
\$ 000s	\$ 000s	\$ 000s	\$ 000s		\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s		\$ 000s	\$ 000s		
Australian dollar	30,884	-	(31,063)	(179)	-	23	(32)	51,950	-	(51,323)	627	-	82	(111)
US dollar	31,046	-	(31,091)	(45)	-	6	(8)	19,106	-	(19,374)	(268)	-	(35)	47
Total foreign currency risk	61,930	-	(62,154)	(224)	-	29	(40)	71,056	-	(70,697)	359	-	47	(64)

	Transaction account													
	2021						2020							
	Monetary financial assets and liabilities	Non-monetary assets	Forward foreign exchange contracts	Net exposure	% of Investment in Fund	+15% change in exchange rate	Monetary financial assets and liabilities	Non-monetary assets	Forward foreign exchange contracts	Net exposure	% of Investment in Fund	+15% change in exchange rate		
\$ 000s	\$ 000s	\$ 000s	\$ 000s		\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s		\$ 000s	\$ 000s		
Australian dollar	416	-	-	416	6%	(54)	73	531	-	-	531	(59%)	69	(94)
Pound sterling	20	-	-	20	-	(3)	3	21	-	-	21	(2%)	3	(4)
Total foreign currency risk	436	-	-	436	6%	(57)	76	552	-	-	552	(61%)	72	(98)

	Total Scheme													
	2021						2020							
	Monetary financial assets and liabilities	Non-monetary assets	Forward foreign exchange contracts	Net exposure	% of Investment in Fund	+15% change in exchange rate	Monetary financial assets and liabilities	Non-monetary assets	Forward foreign exchange contracts	Net exposure	% of Investment in Fund	+15% change in exchange rate		
\$ 000s	\$ 000s	\$ 000s	\$ 000s		\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s		\$ 000s	\$ 000s		
Australian dollar	60,207	-	(60,138)	69	-	(10)	11	103,506	-	(101,753)	1,753	-	228	(310)
Pound sterling	20	-	-	20	-	(3)	3	21	-	-	21	-	3	(4)
US dollar	59,728	-	(59,814)	(86)	-	11	(15)	37,694	-	(38,231)	(537)	-	(70)	95
Total foreign currency risk	119,955	-	(119,952)	3	-	(2)	(1)	141,221	-	(139,984)	1,237	-	161	(219)

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)

For the year ended 31 March 2021

13. Derivative Asset and Liabilities

Forward currency contracts are primarily used by the Scheme to economically hedge against foreign currency exchange rate risks on its non New Zealand denominated securities. Investment Funds with open forward positions as at balance date are outlined below:

	Balanced Fund				Conservative Fund			
	2021 \$ 000s		2020 \$ 000s		2021 \$ 000s		2020 \$ 000s	
	Notional	Net Asset/(Liability)	Notional	Net Asset/(Liability)	Notional	Net Asset/(Liability)	Notional	Net Asset/(Liability)
Open Forward Exchange Contracts	46,386	172	65,449	(905)	11,627	43	14,086	(237)
	Growth Fund				Total Scheme			
	2021 \$ 000s		2020 \$ 000s		2021 \$ 000s		2020 \$ 000s	
	Notional	Net Asset/(Liability)	Notional	Net Asset/(Liability)	Notional	Net Asset/(Liability)	Notional	Net Asset/(Liability)
Open Forward Exchange Contracts	62,385	231	87,384	(1,136)	120,398	446	166,919	(2,278)

14. Capital Management

The Scheme's capital is represented by the market value of the underlying net assets held by the Scheme on behalf of its Members and is reflected in the Statements of Net Assets. The Scheme is not subject to any externally imposed capital requirements. The Scheme's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to its Members and to maximise the Scheme's value as well as ensuring its net assets are sufficient to meet all present and future obligations. In order to meet its objectives for capital management, the Manager reviews the Scheme's performance on a regular basis.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

15. Related Party Transactions and balances

Related parties comprise the Supervisor, the Manager (and shareholders of the Manager) and other entities directly or indirectly controlled by the ultimate parent entity of the Manager as detailed in note 1, as well as key management personnel. In accordance with the Trust Deed, related party transactions above are effected on commercial arm's length terms.

Holdings of Related Party Funds

As at 31 March 2021, the Scheme and Investment Funds held interests in financial instruments issued by related parties. The following tables specify the relevant related party financial instruments and their fair values:

Related party issuer	Security type	Cash Fund				CashPlus Fund				Balanced Fund				Default Fund			
		2021		2020		2021		2020		2021		2020		2021		2020	
		Units 000s	Fair value \$ 000s														
Kiwi Investment Management Cash Fund	Unlisted Unit Trust	281,123	296,332	298,299	309,635	67,567	71,222	69,623	72,269	-	-	-	-	102,386	107,926	80,891	83,965
Kiwi Investment Management Core Fixed Income Fund	Unlisted Unit Trust	-	-	-	-	42,787	47,259	44,733	48,307	663,468	732,801	597,673	645,427	145,899	161,146	116,954	126,298
Kiwi Investment Management NZ Fixed Income Fund	Unlisted Unit Trust	-	-	-	-	-	-	-	-	46,056	46,204	-	-	-	-	-	-
Kiwi Investment Management Core Global - Hedged	Unlisted Unit Trust	-	-	-	-	-	-	-	-	112,071	171,839	128,241	128,972	22,227	34,081	25,406	25,551
Kiwi Investment Management Core Global - Unhedged	Unlisted Unit Trust	-	-	-	-	-	-	-	-	59,056	96,362	60,682	74,882	20,951	34,185	21,366	26,365
Kiwi Investment Management NZ Equities Fund	Unlisted Unit Trust	-	-	-	-	-	-	-	-	40,186	39,101	-	-	-	-	-	-
Kiwi Investment Management Wholesale Global Quantitative Fund - Hedged	Unlisted Unit Trust	-	-	-	-	-	-	-	-	178,308	246,065	201,278	181,835	-	-	-	-
Kiwi Investment Management Wholesale Global Quantitative Fund - Unhedged	Unlisted Unit Trust	-	-	-	-	-	-	-	-	104,372	137,969	105,756	105,566	-	-	-	-
Kiwi Investment Management Wholesale Global Thematic Fund - Hedged	Unlisted Unit Trust	-	-	-	-	-	-	-	-	194,896	302,655	228,021	239,810	-	-	-	-
Kiwi Investment Management Wholesale Global Thematic Fund - Unhedged	Unlisted Unit Trust	-	-	-	-	-	-	-	-	129,814	191,800	120,237	139,259	-	-	-	-

Related party issuer	Security type	Conservative Fund				Growth Fund				Total Scheme			
		2021		2020		2021		2020		2021		2020	
		Units 000s	Fair value \$ 000s	Units 000s	Fair value \$ 000s	Units 000s	Fair value \$ 000s	Units 000s	Fair value \$ 000s	Units 000s	Fair value \$ 000s	Units 000s	Fair value \$ 000s
Kiwi Investment Management Cash Fund	Unlisted Unit Trust	-	-	-	-	-	-	-	-	451,076	475,480	448,813	465,869
Kiwi Investment Management Core Fixed Income Fund	Unlisted Unit Trust	546,146	603,218	509,181	549,865	227,470	251,241	177,010	191,153	1,625,771	1,795,664	1,445,551	1,561,050
Kiwi Investment Management NZ Fixed Income Fund	Unlisted Unit Trust	37,793	37,914	-	-	15,936	15,987	-	-	99,785	100,105	-	-
Kiwi Investment Management Core Global - Hedged	Unlisted Unit Trust	28,355	43,477	37,181	37,393	147,347	225,927	160,016	160,928	310,001	475,324	350,844	352,844
Kiwi Investment Management Core Global - Unhedged	Unlisted Unit Trust	13,819	22,548	15,370	18,966	86,320	140,848	79,580	98,201	180,146	293,944	176,998	218,414
Kiwi Investment Management NZ Equities Fund	Unlisted Unit Trust	9,946	9,677	-	-	55,085	53,598	-	-	105,217	102,376	-	-
Kiwi Investment Management Wholesale Global Quantitative Fund - Hedged	Unlisted Unit Trust	45,132	62,282	59,038	53,335	234,367	323,426	251,478	227,185	457,806	631,773	511,794	462,355
Kiwi Investment Management Wholesale Global Quantitative Fund - Unhedged	Unlisted Unit Trust	24,432	32,297	27,093	27,044	152,513	201,607	138,865	138,615	281,317	371,873	271,714	271,225
Kiwi Investment Management Wholesale Global Thematic Fund - Hedged	Unlisted Unit Trust	49,399	76,712	66,683	70,130	254,604	395,374	285,123	299,864	498,899	774,740	579,827	609,804
Kiwi Investment Management Wholesale Global Thematic Fund - Unhedged	Unlisted Unit Trust	30,348	44,840	30,711	35,569	189,586	280,128	158,007	183,004	349,759	516,768	308,955	357,832

Purchase and Sale of Units in Related Party Funds

The following tables shows purchase and sales of units in Related party funds.

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Purchase of financial instruments at fair value through profit or loss	16,321	119,803	9,296	3,735	408,756	351,485	77,137	69,009	204,263	274,112	371,739	447,688	-	-	1,087,512	1,265,832
Sale of financial assets at fair value through profit or loss	(34,417)	(2,902)	(13,653)	(27,215)	(337,078)	(302,527)	(27,075)	(15,971)	(171,938)	(198,210)	(259,100)	(373,947)	-	-	(843,261)	(920,772)

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

15. Related Party Transactions and balances (continued)

Transfers between Related Party Funds

From time to time, the Investment Manager undertakes certain re-balancing trades of investments between the Scheme and various other Funds managed by the Investment Manager. On occasion, to facilitate Scheme requirements, in specie transfers between them may occur. In the opinion of the Manager and the Investment Manager, these transactions were made at fair value and there was no detrimental impact on Members of the Scheme. The amounts of such transactions were as below. There were no such transactions in year ended 31 March 2021 (31 March 2020: nil)

Purchase and Sale of Investments between Related Party Funds

The Investment Manager may buy and sell investments between the funds within the Scheme and various other Related Party Funds managed by the Investment Manager. The amounts of such transactions are as below.

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Purchase of investments	-	-	-	-	1,559	2,235	-	-	479	1,780	2,010	-	-	-	4,048	4,015
Sale of investments	-	-	-	-	-	-	-	-	-	-	(3,590)	-	-	-	-	(3,590)

For the years ended 31 March 2021 and 31 March 2020, purchase and sale of investments outside the Scheme were with Kiwi Wealth Growth Fund.

Interests in Related Party Funds

As at 31 March 2021, the Scheme held following interests in Related Party funds. The place of business for these Related Party funds is Level 13, 20 Ballance Street, Wellington 6011, New Zealand. The Scheme is not required to consolidate these investments and continues to account for these investments at FVTPL. The Scheme is entitled to one vote for every whole unit held.

Subsidiary	Type of Entity	Total Scheme					
		\$ 000s			\$ 000s		
		2021	2020	2021	2020	2021	2020
		Units	Market Value	% of Fund	Units	Market Value	% of Fund
Kiwi Investment Management Cash Fund	Unlisted Unit Trust	451,076	475,480	94%	448,814	465,869	99%
Kiwi Investment Management Core Global Fund	Unlisted Unit Trust	490,146	769,268	76%	527,841	571,258	76%
Kiwi Investment Management NZ Fixed Income Fund	Unlisted Unit Trust	99,785	100,105	100%	-	-	-
Kiwi Investment Management NZ Equities Fund	Unlisted Unit Trust	105,217	102,376	100%	-	-	-

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

15. Related Party Transactions and balances (continued)

Transactions with the Investment Manager

The fee deducted monthly by the Manager covers supervisor, audit and investment management charges (among others) as described in note 6. Such charges are invoiced to and paid by the Manager out of the fee it receives. There are no other related party charges.

Management and administration fees charged to and payable by the Scheme and Investment Funds to the Manager were:

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Balance due at the beginning of the year	18	28	10	27	168	407	20	37	77	188	154	356	-	-	447	1,043
Current year management fees	1,603	1,157	917	997	18,098	16,406	2,078	1,696	7,874	6,662	17,720	15,467	-	-	48,290	42,385
Payment made during the year	(1,600)	(1,167)	(915)	(1,014)	(17,995)	(16,645)	(2,068)	(1,713)	(7,839)	(6,773)	(17,596)	(15,669)	-	-	(48,013)	(42,981)
Balance due at the end of the year	21	18	12	10	271	168	30	20	112	77	278	154	-	-	724	447

Outstanding balances due to related parties are due within a month of balance date and are not interest bearing.

Key Management Personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. This includes the Board and members of the senior leadership team.

The table below shows the contributions and withdrawals made by key management personnel:

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Contributions	16	-	-	-	50	65	-	32	334	201	242	119	-	-	642	416
Withdrawals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Other than transactions noted above for the directors and other key management personnel there have been transfers between portfolios relating to rebalancing.

The table below shows key management personnel fund balances:

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Key management personnel fund balances	-	-	-	-	406	298	-	-	1,515	1,022	1,610	1,373	-	-	3,531	2,263

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

16. Contingent Liabilities and Commitments

As at 31 March 2021, the Scheme had below material commitments or contingencies (31 March 2020: nil).

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Total Scheme	
	\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Investment in MOVAC Fund 5 LP														
Total Called capital	-	-	-	-	1,910	-	-	-	473	-	3,151	-	5,534	-
Uncalled Capital	-	-	-	-	16,732	-	-	-	4,142	-	27,592	-	48,466	-
Total Commitment	-	-	-	-	18,642	-	-	-	4,615	-	30,743	-	54,000	-
	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Total Scheme	
	\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Investment in Pioneer Capital Partners IV LP														
Total Called capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Uncalled Capital	-	-	-	-	19,147	-	-	-	4,711	-	26,142	-	50,000	-
Total Commitment	-	-	-	-	19,147	-	-	-	4,711	-	26,142	-	50,000	-

17. Events Subsequent to Balance Date

On 14 May 2021, the Government announced that Kiwi Wealth will be one of the six KiwiSaver Default providers. The Kiwi Wealth KiwiSaver Scheme will open a new default fund, to comply with the new rules, on 1 December 2021 when the appointment comes into effect. This decision does not impact the financial statements for the year ended 31 March 2021.

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



Independent auditor's report

To the members of Kiwi Wealth KiwiSaver Scheme (the "Scheme") which comprises:

- Cash Fund
- CashPlus Fund
- Balanced Fund
- Default Fund
- Conservative Fund
- Growth Fund
- Transaction Account

(Collectively referred to as the Investment Funds)

Our opinion

In our opinion, the accompanying financial statements of the Investment Funds and the Scheme present fairly, in all material respects, the financial position of the Investment Funds and the Scheme as at 31 March 2021, their financial performance and their cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Investment Funds' and the Scheme's financial statements comprise:

- the statements of net assets as at 31 March 2021;
- the statements of changes in net assets for the year then ended;
- the statements of cash flows for the year then ended; and
- the notes to the financial statements, which include 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)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

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

We have provided the following services to Kiwi Wealth Limited (the Manager): statutory audit on behalf of the Auditor General, supervisor reporting, registry compliance assurance services, and net tangible asset agreed upon procedures. Subject to certain restrictions, employees of the firm may invest in the Investment Funds and the Scheme on normal market terms. These services and relationships have not impaired our independence as auditor of the Investment Funds and the Scheme.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter	How our audit addressed the key audit matter
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Valuation and existence of financial assets held at fair value through profit or loss (FVTPL)

As at 31 March 2021, financial assets held at FVTPL amounted to:

Fund	31/03/2021 (\$'000)	31/03/2020 (\$'000)
Cash	296,332	309,635
CashPlus	118,481	120,576
Balanced	2,035,244	1,571,303
Default	337,338	262,179
Conservative	950,489	806,362
Growth	1,983,970	1,370,006
Scheme	5,721,854	4,440,061

Financial assets held at FVTPL are included in note 8 of the financial statements.

This was an area of focus as it represents the substantial majority of net assets of the Scheme and Investment Funds.

As at 31 March 2021, the majority of the financial assets held by the Scheme and Investment Funds comprise investments in unlisted unit trusts.

We assessed the processes employed by the Manager for recording and valuing the financial assets at FVTPL including the relevant controls operated by JBWere (the "Custodian").

Our assessment of the business processes included:

- Updating our understanding of the business processes over classification, recognition and measurement of financial assets held at FVTPL.
- Obtaining the Custodian's internal controls reports over custody services for the year ended 30 September 2020 and an accompanying bridging letter until 31 March 2021. We evaluated the sufficiency and appropriateness of the evidence provided by the controls reports over the design and operating effectiveness of the key controls operated by the Custodian and considered additional controls in place at the Manager to cover the period of the bridging letter.

The fair values of the unlisted unit trusts are based on the redemption prices established by the respective investment fund administrators and categorised as level 2 in the fair value hierarchy. The fair value of the private equity investments is based on the Net Asset Value provided by the investment manager and categorised as level 3 in the fair value hierarchy. In assessing the fair value, the Manager uses information provided by the investment fund administrators and investment managers including the financial statements of the underlying funds and recent transaction prices.

Valuation

For valuation of the investments in unlisted unit trusts we agreed the redemption price at year end to the confirmation obtained from the investment fund administrator of the unit trusts. We evaluated whether the redemption price represents fair value by comparing the:

- comparing the net asset value per unit calculated based on the latest financial statements of the underlying unlisted unit trust to the published unit price on that date to provide evidence of the reliability of the unit pricing process;
- assessing whether the fair value of the underlying assets and liabilities of the underlying unlisted unit trust are primarily determined through observable market data; and
- comparing the redemption price at 31 March 2021 to recent transactions to further support the fair value of the unlisted unit trusts.

For valuation of private equity investments, we agreed the value of the investment at year end to a confirmation obtained from the investment manager of the fund's shareholding and the net asset value of the private equity fund. We evaluated the reasonableness of the value provided by agreeing the net asset



value of the Private Equity Trust to the 31 March 2021 audited financial statements.

Existence

For existence, we agreed the number of units of external unit trusts held by the Scheme and Investment Funds at 31 March 2021 to a confirmation obtained directly from the Custodian. For private equity investments, an external confirmation has been obtained directly from the Fund Manager to confirm the amount of funds invested by KWKS.

Our audit approach

Overview

Materiality

We determined materiality for each fund and the Scheme separately. Overall materiality:

- Cash Fund: \$2,980,000 which represents approximately 1% of net assets.
- CashPlus Fund: \$1,194,000 which represents approximately 1% of net assets.
- Balanced Fund: \$20,517,000 which represents approximately 1% of net assets.
- Default Fund: \$3,393,000 which represents approximately 1% of net assets.
- Conservative Fund: \$9,550,000 which represents approximately 1% of net assets.
- Growth Fund: \$20,049,000 which represents approximately 1% of net assets.
- Transaction Account: \$8,449,000 which represents approximately 1% of total contributions.
- Total Scheme: \$57,759,000 which represents approximately 1% of net assets.

We chose net assets as the benchmark because, in our view, the objective of the Investment Funds and the Scheme is to provide members with a total return on the Investment Funds' and the Scheme's net assets, taking into account both capital and income returns.

For the Transaction Account, we chose contributions as the benchmark as it more accurately reflects the structure of the account.

Key audit matters

As reported above, because of the significance of the investments to the financial statements, we have determined that there is one key audit matter: the valuation and existence of investments at fair value through profit or loss.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements of each Fund and the Scheme as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements of each Fund and the Scheme as a whole.

How we tailored our audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements of each Fund and the Scheme as a whole, taking into account the structure of each Fund, the Fund's investments and the accounting and registry processes and controls.

The Manager is responsible for the governance and control activities of the Investment Funds and the Scheme. The Manager has appointed JBWere ("the Custodian") to act as Custodian of the Scheme and Investment Funds' investments. The Investment Management of the Scheme and Investment Funds' assets and administration has been delegated to Kiwi Wealth Investment Limited Partnership ("the Administrator").

As part of our risk assessment, we considered the control environment in place at the Manager, the Administrator and the Custodian.

Other information

The Manager is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of audit opinion or 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 to be materially misstated.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing each Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate a Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to



influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/>

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Scheme's members, as a body. Our audit work has been undertaken so that we might state those matters which 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 Scheme's members, as a body, for our audit work, for this report or for the opinions we have formed.

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

For and on behalf of:

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

Chartered Accountants
16 July 2021

Wellington