

**ANZ DEFAULT KIWISAVER SCHEME
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2021

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STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March	Note	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Investment Activities															
Income															
Interest income		1	105	-	-	-	1	-	1	-	1	-	-	1	108
Net changes in fair value of investments	5	97,891	41,015	9,871	304	35,307	(2,063)	46,751	(5,885)	50,896	(8,865)	244	200	240,960	24,706
Total income/(loss)		97,892	41,120	9,871	304	35,307	(2,062)	46,751	(5,884)	50,896	(8,864)	244	200	240,961	24,814
Expenses															
Management fees	11	4,546	4,468	622	487	1,720	1,454	1,897	1,656	1,798	1,560	42	22	10,625	9,647
Supervisor fees	11	118	124	7	6	19	18	19	19	17	17	2	1	182	185
Auditor's fees - statutory financial statements		7	6	7	6	6	6	6	6	6	6	6	6	38	36
Auditor's fees - annual report, supervisor reporting, registry audit and semi-annual controls reporting		3	3	3	3	4	3	4	3	4	3	3	3	21	18
Interest expense		11	1	-	-	-	-	-	-	-	-	-	-	11	1
Other expenses	11	266	293	6	6	32	33	34	37	29	32	(4)	(6)	363	395
Total expenses		4,951	4,895	645	508	1,781	1,514	1,960	1,721	1,854	1,618	49	26	11,240	10,282
Net profit/(loss)		92,941	36,225	9,226	(204)	33,526	(3,576)	44,791	(7,605)	49,042	(10,482)	195	174	229,721	14,532

STATEMENT OF CHANGES IN NET ASSETS (continued)

For the year ended 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme				
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020			
	Note	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000		
Membership Activities															
Net Profit/(loss)		92,941	36,225	9,226	(204)	33,526	(3,576)	44,791	(7,605)	49,042	(10,482)	195	174	229,721	14,532
Contributions from members		99,547	92,691	7,108	5,825	17,191	14,007	16,391	14,354	16,673	14,714	1,753	838	158,663	142,429
Contributions from employers		52,266	46,998	2,322	1,786	6,369	5,302	7,304	6,234	7,713	6,355	877	318	76,851	66,993
Crown contributions		16,328	17,386	730	605	1,797	1,676	1,924	1,908	2,183	2,101	266	99	23,228	23,775
Transfers in from other schemes		2	96	-	-	-	-	-	-	1	-	-	-	3	96
Transfers in from complying Australian superannuation schemes		979	1,512	191	-	112	319	303	587	340	209	14	-	1,939	2,627
Contributions for PIE tax received		17	32	10	4	63	10	381	25	731	59	-	-	1,202	130
End payment date withdrawals		(18,403)	(24,753)	(1,507)	(1,939)	(2,425)	(1,723)	(882)	(1,113)	(893)	(791)	(1,662)	(1,738)	(25,772)	(32,057)
Withdrawals for first home purchase		(17,210)	(18,324)	(561)	(451)	(1,026)	(1,197)	(1,804)	(1,905)	(2,704)	(3,068)	(3,050)	(998)	(26,355)	(25,943)
Withdrawals for significant financial hardship		(2,819)	(2,047)	(79)	(46)	(97)	(56)	(149)	(127)	(242)	(173)	(18)	-	(3,404)	(2,449)
Withdrawals for serious illness		(1,074)	(1,540)	(34)	-	(12)	(12)	(141)	(67)	(254)	(103)	(22)	-	(1,537)	(1,722)
Withdrawals for permanent emigration		(804)	(2,973)	(50)	(86)	-	(68)	(93)	(177)	(110)	(100)	(21)	-	(1,078)	(3,404)
Withdrawals for death		(1,574)	(1,817)	(15)	(10)	(307)	(267)	(36)	(174)	(33)	(168)	(128)	(71)	(2,093)	(2,507)
Other permitted withdrawals		(656)	(900)	(9)	-	-	(1)	(25)	(1)	(59)	(10)	(2)	(1)	(751)	(913)
Transfers out to complying Australian superannuation schemes		(662)	(205)	-	-	-	-	(162)	-	(199)	-	-	(26)	(1,023)	(231)
Transfers out to other schemes		(54,265)	(76,092)	(4,240)	(2,705)	(9,723)	(9,863)	(14,002)	(11,259)	(14,756)	(12,527)	(1,395)	(826)	(98,381)	(113,272)
Switches within ANZ Default KiwiSaver		(46,406)	(49,253)	13,020	8,911	12,417	10,076	9,690	6,945	14,338	5,836	(3,059)	17,485	-	-
Withdrawals for PIE tax paid		(10,436)	(10,429)	(311)	(342)	(352)	(937)	(352)	(899)	(343)	(646)	(50)	(41)	(11,844)	(13,294)
Membership fees paid	11	(1,167)	(1,250)	(32)	(29)	(76)	(73)	(82)	(81)	(103)	(99)	(11)	(6)	(1,471)	(1,538)
Net membership activities		13,663	(30,868)	16,543	11,523	23,931	17,193	18,265	14,250	22,283	11,589	(6,508)	15,033	88,177	38,720
Benefits accrued to members' accounts		106,604	5,357	25,769	11,319	57,457	13,617	63,056	6,645	71,325	1,107	(6,313)	15,207	317,898	53,252
Members' funds at the beginning of the year		1,106,871	1,101,514	61,230	49,911	158,018	144,401	163,475	156,830	139,379	138,272	24,801	9,594	1,653,774	1,600,522
Members' funds at the end of the year		1,213,475	1,106,871	86,999	61,230	215,475	158,018	226,531	163,475	210,704	139,379	18,488	24,801	1,971,672	1,653,774

STATEMENT OF NET ASSETS

As at 31 March	Note	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme	
		2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Assets															
Cash and cash equivalents		375	1,219	4	4	13	13	15	15	13	13	13	13	433	1,277
Margin accounts		8,081	5,827	-	-	-	-	-	-	-	-	-	-	8,081	5,827
Investment assets	4	1,208,628	1,103,916	87,081	61,284	215,690	158,155	226,779	163,608	210,940	139,472	18,481	24,792	1,967,599	1,651,227
Other receivables	6	7,758	9,413	659	190	2,588	6	3,345	390	3,567	766	31	36	17,948	8,489
Total assets		1,224,842	1,120,375	87,744	61,478	218,291	158,174	230,139	164,013	214,520	140,251	18,525	24,841	1,994,061	1,666,820
Liabilities															
Investment liabilities	4	2,938	3,442	-	-	-	-	-	-	-	-	-	-	2,938	3,442
Other payables	7	8,429	10,062	745	248	2,816	156	3,608	538	3,816	872	37	40	19,451	10,760
Total liabilities		11,367	13,504	745	248	2,816	156	3,608	538	3,816	872	37	40	22,389	14,202
Net assets attributable to members		1,213,475	1,106,871	86,999	61,230	215,475	158,018	226,531	163,475	210,704	139,379	18,488	24,801	1,971,672	1,652,618
Net assets available for benefits		1,213,475	1,106,871	86,999	61,230	215,475	158,018	226,531	163,475	210,704	139,379	18,488	24,801	1,971,672	1,653,774

On behalf of ANZ New Zealand Investments Limited as Manager who authorised the issue of these financial statements on 28 July 2021.



Peter Houghton
Director



Benjamin Kelleher
Director

STATEMENT OF CASH FLOWS

For the year ended 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme		
	Note	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Cash flows from operating activities															
Interest received		1	105	-	-	-	1	-	1	-	1	-	-	1	108
Net sales and purchases of investments		(9,579)	36,532	(15,926)	(11,030)	(22,228)	(15,703)	(16,420)	(12,530)	(20,572)	(9,940)	6,555	(15,005)	(78,170)	(27,676)
Management fees paid		(4,513)	(4,529)	(606)	(477)	(1,681)	(1,437)	(1,853)	(1,643)	(1,747)	(1,550)	(42)	(22)	(10,442)	(9,658)
Supervisor fees paid		(120)	(127)	(7)	(5)	(19)	(17)	(19)	(18)	(16)	(17)	(2)	(1)	(183)	(185)
Other expenses paid		(278)	(296)	(14)	(14)	(39)	(38)	(40)	(43)	(35)	(38)	(4)	(3)	(410)	(432)
Net cash flows from/(used in) operating activities	12	(14,489)	31,685	(16,553)	(11,526)	(23,967)	(17,194)	(18,332)	(14,233)	(22,370)	(11,544)	6,507	(15,031)	(89,204)	(37,843)
Cash flows from financing activities															
Proceeds from contributions by members		169,122	158,683	10,351	8,216	25,469	21,304	25,921	23,083	26,910	23,379	2,910	1,255	260,683	235,920
Payments for redemptions by members		(97,467)	(128,651)	(6,495)	(5,237)	(13,590)	(13,187)	(17,294)	(14,823)	(19,250)	(16,940)	(6,298)	(3,660)	(160,394)	(182,498)
PIE tax paid on behalf of members		(10,437)	(10,370)	(291)	(335)	(253)	(926)	97	(891)	475	(632)	(49)	(43)	(10,458)	(13,197)
Switches within ANZ Default KiwiSaver		(46,406)	(49,253)	13,020	8,911	12,417	10,076	9,690	6,945	14,338	5,836	(3,059)	17,485	-	-
Membership fees paid		(1,167)	(1,250)	(32)	(29)	(76)	(73)	(82)	(81)	(103)	(99)	(11)	(6)	(1,471)	(1,538)
Net cash flows from/(used in) financing activities		13,645	(30,841)	16,553	11,526	23,967	17,194	18,332	14,233	22,370	11,544	(6,507)	15,031	88,360	38,687
Net change in cash and cash equivalents		(844)	844	-	-	-	-	-	-	-	-	-	-	(844)	844
Cash and cash equivalents at beginning of year		1,219	375	4	4	13	13	15	15	13	13	13	13	1,277	433
Cash and cash equivalents at end of year		375	1,219	4	4	13	13	15	15	13	13	13	13	433	1,277

The notes to the financial statements form part of and should be read in conjunction with these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

These financial statements are for the ANZ Default KiwiSaver Scheme (Scheme), which comprises the following funds (each a Fund, collectively the Funds):

- Conservative Fund
- Conservative Balanced Fund
- Balanced Fund
- Balanced Growth Fund
- Growth Fund
- Cash Fund

The Scheme is a defined contribution KiwiSaver scheme domiciled in New Zealand. The main purpose of the Scheme is to provide benefits to Members in accordance with the KiwiSaver Act 2006 (KiwiSaver Act). Members of the Scheme can contribute to any of the above Funds. The Funds invest into a variety of unitised funds in order to gain exposure to cash, equity, fixed interest and property markets. The retirement benefits are determined by contributions to the Scheme together with investment earnings, and increases and decreases in value, on these contributions over the period of the membership with adjustment for fees and a member's tax.

ANZ New Zealand Investments Limited (Manager) is the Manager of the Scheme. The registered address of the Manager is Ground Floor, ANZ Centre, 23-29 Albert Street, Auckland 1010, New Zealand.

The New Zealand Guardian Trust Company Limited (Supervisor) is the Supervisor of the Scheme. The Supervisor is a trustee corporation licensed under the Financial Markets Supervisors Act 2011 to act as a Supervisor. The registered address of the Supervisor is Level 14, 191 Queen Street, Auckland. The Supervisor is also the custodian of the Scheme.

The Scheme is currently governed by the Governing Document for the ANZ Default KiwiSaver Scheme dated 9 September 2016.

The financial statements were authorised for issue by the directors of the Manager on 28 July 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

(i) Statement of compliance

These financial statements have been prepared in accordance with the Financial Markets Conduct Act 2013 (FMCA) and the Governing Document.

These financial statements comply with:

- New Zealand Generally Accepted Accounting Practice, as defined in the Financial Reporting Act 2013
- New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for publicly accountable profit-oriented entities
- International Financial Reporting Standards (IFRS).

The principal accounting policies adopted in the preparation of these financial statements are set out below.

(ii) Use of estimates and assumptions

The preparation of these financial statements requires the use of management judgement, estimates and assumptions that affect reported amounts and the application of accounting policies. Actual results may differ from these estimates.

Discussion of the critical accounting estimates, which include complex or subjective decisions or assessments, are included in Note 4 and Note 9. Such estimates will require review in future periods.

Coronavirus (COVID-19) pandemic

The ongoing COVID-19 pandemic continues to affect the Scheme. There remain uncertainties associated with:

- the extent and duration of the disruption to business arising from the actions by governments, businesses and consumers to contain the spread of the virus;
- the impact, extent and duration of the expected economic downturn (and forecasts for key economic factors including GDP, employment and house prices). This includes disruption to capital markets, and the impacts on credit quality, liquidity, unemployment, consumer spending, as well as sector specific impacts and other restructuring activities; and
- the efficacy, extent and pace of roll-out of vaccines, as well as the effectiveness of government and central bank measures that have been and will be put in place to support businesses and consumers through this disruption.

The significant accounting estimates impacted by these uncertainties are predominantly related to fair value measurement. There has been volatility in the financial markets and such volatility may continue.

NOTES TO THE FINANCIAL STATEMENTS

(iii) Basis of measurement

The financial information has been prepared on a going concern basis in accordance with fair value concepts except for cash and cash equivalents, margin accounts, other receivables and other payables which are stated at amortised cost.

(iv) Changes in accounting policies and adoption of new standards and amendments

There have been no changes in accounting policies, standards issued not yet effective or early adoption of accounting standards in the preparation and presentation of the financial statements.

(v) Presentation currency and rounding

The amounts in the financial statements are presented in thousands of New Zealand dollars, unless otherwise stated.

(vi) Cash and cash equivalents

Cash and cash equivalents comprise current accounts and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than investments or other purposes.

(vii) Margin Accounts

Margin accounts represent margin deposits held in respect of open exchange traded futures contracts. They are separately disclosed in the Statement of Net Assets and do not form part of the cash and cash equivalents.

(viii) Aggregation

The results, position and cash flows reported for the Scheme is a simple aggregation of the results, position and cash flows of the Funds that make up the Scheme and PIE tax which is shown in net in the Statement of Net Assets for the Scheme as disclosed in Note 2(c).

(ix) Foreign currency transactions

Investments and other monetary assets and liabilities denominated in foreign currencies are translated to New Zealand dollars at the exchange rate prevailing at balance date. Transactions in foreign currencies are recorded at the exchange rate prevailing on the dates of the transactions.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss and foreign exchange gains and losses arising from translation are presented in the Statement of Changes in Net Assets within 'Net changes in fair value of investments'.

(b) Revenue recognition

Interest income is recognised in the Statement of Changes in Net Assets as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date.

Net changes in the fair value of investment assets and liabilities are recognised immediately in the Statement of Changes in Net Assets.

Realised gains or losses on investments sold are calculated as the difference between sale proceeds and costs.

(c) Income tax

The Scheme is a Portfolio Investment Entity (PIE) for tax purposes.

Under the PIE regime, income is effectively taxed in the hands of the members. The Manager attributes the taxable income of the Funds to members in accordance with their proportionate interest in each Fund. Income attributed to each member is taxed at the member's Prescribed Investor Rate. The Manager accounts for tax by adjusting the members' interest in each Fund.

PIE tax transactions are typically processed at the end of each tax year and upon full exit from a fund, by cancelling or issuing units equal to the value of the tax liability or refund.

The tax balances included in the Statement of Net Assets (as disclosed in the notes to the financial statements) represent PIE tax receivable or payable on behalf of members.

NOTES TO THE FINANCIAL STATEMENTS

(d) Assets and liabilities

(i) Financial assets and liabilities

Recognition

Investment assets and liabilities are recognised on the date that the Funds become party to the contractual agreement (trade date). Investment assets are derecognised when the contractual rights to the cash flows expire or the Funds have transferred substantially all risks and rewards of ownership. Investment liabilities are derecognised when the Funds have discharged all contractual obligations.

Measurement

The Funds' investment assets and liabilities are managed on a fair value basis, and carried at their fair value, with changes recognised in the Statement of Changes in Net Assets. The fair value of investments is based on their quoted market prices at balance date. Investment assets are priced at last traded prices, while investment liabilities are priced at current asking prices.

Investments in unitised funds are recorded at the redemption value per unit as reported by the managers of such funds, adjusted for any material information received subsequent to balance date that provides evidence of conditions that existed at balance date.

(ii) Other receivables and other payables

Other receivables and other payables include accrued income and expenses, and are carried at their amortised cost using the effective interest rate method. Their carrying value closely approximates their fair value due to their short term nature.

(e) Members' funds

Units issued by the Funds provide the members with the right to require redemption for cash at the value proportionate to the members' share in each Fund's net asset value. The units qualify as 'puttable instruments' and are classified as equity.

Any owner changes in equity are presented in the membership activities section of the Statement of Changes in Net Assets, whereas any non-owner changes in equity are presented in the income section of the Statement of Changes in Net Assets. The Funds have no components of comprehensive income other than profit or loss for the year. Consequently, the profit or loss is the total comprehensive income of the Funds.

(f) Other

(i) Offsetting

Investment assets and liabilities are offset and the net amount reported in the Statement of Net Assets when and only when there is a current 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.

Sales and purchases of investment assets and liabilities are high volume operational items and have been netted in the Statement of Cash Flows.

(ii) Investment entity and subsidiaries

The Scheme has multiple unrelated investors who hold multiple investments.

Ownership interests in the Funds are in the form of units, which are classified as puttable instruments in accordance with NZ IAS 32 Financial Instruments: Presentation, and are exposed to variable returns from changes in the fair value of the Funds' net assets.

These separate financial statements are the only financial statements for the Funds and no consolidated financial statements are required as the Funds meet the definition of an Investment Entity and thus do not consolidate subsidiaries, but account for them at fair value through profit or loss.

3. FUNDING POLICY

Below is a description of the Scheme's funding policy, which is subject to further applicable KiwiSaver regulations.

Members who are employees, or self-employed who receive payments from their business that they need to deduct PAYE from, contribute either 3%, 4%, 6%, 8% or 10% of their before-tax salary or wages, unless on a savings suspension. For contributing members their employer is required to contribute an amount equal to at least 3% of the member's before-tax salary or wages, although certain exceptions apply. Employer contributions are taxed, so the actual money that goes into the member's KiwiSaver account as an employer contribution is less than 3% (or other rate provided by the employer) of the employee's before-tax salary or wages.

Anyone can make a voluntary regular or lump sum contribution to a member's account at any time.

The Government makes an annual contribution (Government Contribution) of up to \$521.43 a year to each eligible member's account.

NOTES TO THE FINANCIAL STATEMENTS

4. INVESTMENT ASSETS AND LIABILITIES

The Funds held the following investments at balance date.

As at 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme		Total investee fund net assets 2021 \$000	Number of investors in investee funds 2021
	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000		
Investment assets																
ANZ Wholesale Cash Fund	263,344	242,626	-	-	-	-	-	-	-	-	18,481	24,792	281,825	267,418	5,181,106	85
ANZ Wholesale Sovereign Bond Fund	92,418	96,161	-	-	-	-	-	-	-	-	-	-	92,418	96,161	1,092,296	49
ANZ Wholesale High Grade Bond Fund	113,254	102,204	-	-	-	-	-	-	-	-	-	-	113,254	102,204	1,252,573	50
ANZ Wholesale International Sovereign Fund	207,108	445,386	-	-	-	-	-	-	-	-	-	-	207,108	445,386	2,429,122	35
ANZ Wholesale International Credit Fund	213,582	-	-	-	-	-	-	-	-	-	-	-	213,582	-	2,685,449	20
ANZ Wholesale International Aggregate Bond Fund	49,522	-	-	-	-	-	-	-	-	-	-	-	49,522	-	1,265,511	22
ANZ Wholesale Australian Share Fund	21,700	15,828	-	-	-	-	-	-	-	-	-	-	21,700	15,828	1,196,955	24
ANZ Wholesale Australasian Share Fund	31,012	29,800	-	-	-	-	-	-	-	-	-	-	31,012	29,800	1,436,544	26
ANZ Wholesale International Property Securities Fund	20,024	14,206	-	-	-	-	-	-	-	-	-	-	20,024	14,206	1,320,775	35
ANZ Wholesale Trans-Tasman Property Securities Fund	18,084	12,651	-	-	-	-	-	-	-	-	-	-	18,084	12,651	982,761	20
ANZ Wholesale International Share - No. 5 Fund	165,772	132,284	-	-	-	-	-	-	-	-	-	-	165,772	132,284	245,004	5
ANZ Wholesale International Listed Infrastructure Fund	12,349	8,364	-	-	-	-	-	-	-	-	-	-	12,349	8,364	691,934	15
ANZ Wholesale Conservative Balanced Fund	-	-	87,081	61,284	-	-	-	-	-	-	-	-	87,081	61,284	2,155,782	6
ANZ Wholesale Balanced Fund	-	-	-	-	215,690	158,155	-	-	-	-	-	-	215,690	158,155	4,717,156	9
ANZ Wholesale Balanced Growth Fund	-	-	-	-	-	-	226,779	163,608	-	-	-	-	226,779	163,608	4,805,585	15
ANZ Wholesale Growth Fund	-	-	-	-	-	-	-	-	210,940	139,472	-	-	210,940	139,472	5,128,290	15
Forward foreign exchange contracts	139	3,019	-	-	-	-	-	-	-	-	-	-	139	3,019	-	-
Futures and other derivatives	320	1,387	-	-	-	-	-	-	-	-	-	-	320	1,387	-	-
Total investment assets	1,208,628	1,103,916	87,081	61,284	215,690	158,155	226,779	163,608	210,940	139,472	18,481	24,792	1,967,599	1,651,227		
Investment liabilities																
Forward foreign exchange contracts	2,863	3,442	-	-	-	-	-	-	-	-	-	-	2,863	3,442	-	-
Futures and other derivatives	75	-	-	-	-	-	-	-	-	-	-	-	75	-	-	-
Total investment liabilities	2,938	3,442	-	-	-	-	-	-	-	-	-	-	2,938	3,442		

NOTES TO THE FINANCIAL STATEMENTS

Involvement with unconsolidated structured entities

A Structured Entity (SE) is an entity that has been designed such that the voting or similar rights are not the dominant factor in deciding who controls the entity, such as when voting rights relate to administrative tasks only and the relevant activities (being those that significantly affect the entity's returns) are directed by means of contractual arrangement. A SE often has some or all of the following features or attributes:

- restricted activities;
- a narrow and well defined objective;
- insufficient equity to permit the SE to finance its activities without subordinated financial support; and
- financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Funds' involvement with unconsolidated SEs is through their investment in other unitised funds. Investments designated 'ANZ' in the table on page 9 are unitised funds managed by the Manager. The maximum exposure to loss is the carrying amount of the financial assets held. Once a fund has sold all units in an investee fund, the fund ceases to be exposed to any risk from that investee fund.

During the year the Funds did not provide financial or other support to unconsolidated structured entities and have no intention of providing financial or other support in future periods.

KEY JUDGEMENTS AND ESTIMATES

Significant judgement is required in assessing whether control exists over Structured Entities involved in investment funds. Judgement is required in relation to the existence of:

- power over the relevant activities (being those that significantly affect the entity's returns); and
- exposure to variable returns of that entity

NOTES TO THE FINANCIAL STATEMENTS

5. NET CHANGES IN FAIR VALUE OF INVESTMENTS

For the year ended 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Net changes in fair value of:														
Unitised funds managed by the Manager	74,403	53,371	9,871	304	35,307	(2,063)	46,751	(5,885)	50,896	(8,865)	244	200	217,472	37,062
Other investments	23,488	(12,356)	-	-	-	-	-	-	-	-	-	-	23,488	(12,356)
Net changes in fair value of investments	97,891	41,015	9,871	304	35,307	(2,063)	46,751	(5,885)	50,896	(8,865)	244	200	240,960	24,706

6. OTHER RECEIVABLES

As at 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
PIE tax receivable on behalf of members	-	-	-	-	-	-	-	390	-	766	-	-	-	-
Receivables from members	7,758	9,413	659	190	2,588	6	3,345	-	3,567	-	31	36	17,948	8,489
Other receivables	7,758	9,413	659	190	2,588	6	3,345	390	3,567	766	31	36	17,948	8,489

7. OTHER PAYABLES

As at 31 March	Note	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
PIE tax payable on behalf of members		7,888	9,561	674	195	2,628	10	3,400	-	3,615	-	32	36	18,237	8,646
Payable to members		-	-	-	-	-	-	-	378	-	727	-	-	-	1,105
Manager's fees and expenses payable	11	512	471	68	50	184	141	203	155	196	141	5	4	1,168	962
Supervisor fees payable	11	29	30	3	3	4	5	5	5	5	4	-	-	46	47
Other payables		8,429	10,062	745	248	2,816	156	3,608	538	3,816	872	37	40	19,451	10,760

NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT

Overview

The Funds' investment portfolios consist of investments in unitised funds, futures, forward foreign exchange contracts, margin accounts and cash and cash equivalents that they intend to hold for an indefinite period of time for the purpose of generating a return on investments made by the members. The Funds are exposed directly and indirectly to a variety of financial risks including credit, market and liquidity risks, through holding these investments. In addition, the Funds have financial instruments in the form of cash and cash equivalents, other receivables, investment liabilities and other payables that arise directly from their daily operations.

The risk management policies employed by the Funds are detailed in the notes below. The financial risk management disclosures have been prepared based on the Funds' direct investments and not on a full look-through to investments held indirectly through other unitised funds.

The Governing Document requires the Manager to invest the assets of each fund in accordance with relevant investment mandates. Asset allocation is determined by the Manager who manages the distribution of assets to achieve investment objectives. Divergence from target allocations and the composition of the portfolio is monitored by the Manager each business day. The Manager reports on asset allocations to the Supervisor monthly.

Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

Section	Description	Page numbers
Maximum exposure to credit risk	The Funds' exposure to credit risk arises from default of the counterparty, with the current maximum exposure considered to be the fair value of the assets with credit risk as set out in the Statement of Net Assets. This does not represent the maximum credit risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at balance date.	4
Credit quality	Where the Funds invest in unitised funds managed by the Manager (see Note 4), the investment strategies of these unitised funds include credit quality criteria that limits securities to certain minimum credit ratings.	13
Concentrations of credit risk	The main concentration to which the Funds are exposed to credit risk arises from the Funds' investments in cash and forward foreign exchange contracts. The concentration risk is not considered significant given the size of the balances relative to the total assets of the Funds.	13
Collateral management	Foreign exchange contracts and swaps are subject to International Swaps and Derivatives Associate (ISDA) Master Agreements. In the event of counterparty default, all contracts with the counterparty are terminated and settled on a net basis. Margin accounts are maintained for posting margin on futures contracts.	17-18

NOTES TO THE FINANCIAL STATEMENTS

Credit quality

Item	Counterparty	S&P Global Ratings short term credit rating	
		2021	2020
Cash and cash equivalents	ANZ Bank New Zealand (see Note 11)	A-1+	A-1+
Forward foreign exchange contracts	ANZ Bank New Zealand (see Note 11), Bank of New Zealand , Westpac Banking Corporation, Commonwealth Bank of Australia	A-1+	A-1+

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the New Zealand dollar fair value of a foreign currency denominated financial instrument will fluctuate due to changes in foreign exchange rates.

The Funds hold investments in other unitised funds which in turn may hold foreign currency-denominated investments as part of their investment mandates. Consequently, these Funds will have varying degrees of indirect exposure to currency risk. These currency exposures can be partially or fully hedged back to the New Zealand dollar.

Fund	Approach to currency risk management
Conservative Fund	<i>International Fixed Interest</i> Exposure to international fixed interest through its investment in the underlying fund is 100% passively hedged within the underlying fund.
Conservative Fund	<i>Australasian Equities</i> Actively hedged with a benchmark of 50% and a range of 0% - 100% for its Australian dollar exposure through its investments in the ANZ Wholesale Australian Share Fund and ANZ Wholesale Australasian Share Fund. As at balance date, the fund was hedging approximately 48% (2020: 24%) of its Australian dollar exposure through its investments in the ANZ Wholesale Australian Share Fund and the ANZ Wholesale Australasian Share Fund.
Conservative Fund	<i>Australasian Listed Property</i> Exposure to Australasian listed property through its investment in the underlying fund is 100% passively hedged within the underlying fund.
Conservative Fund	<i>International Equities</i> Actively hedged with a benchmark of 65% and a range of 0% to 100% for their foreign currency exposure through its investment in the ANZ Wholesale International Share – No. 5 Fund. As at balance date the fund was hedging approximately 69% (2020:54%) of its foreign currency exposure in the ANZ Wholesale International Share –No. 5 Fund.
Conservative Fund	<i>International Listed Property</i> Exposure to International listed property through its investment in the underlying fund is 100% passively hedged within the underlying fund.
Conservative Fund	<i>International Listed Infrastructure</i> Exposure to International listed infrastructure through its investment in the underlying fund is 100% passively hedged within the underlying fund.

The fair value of these contracts is set out in Note 4.

In accordance with the Manager's policy on foreign exchange risk management, the Manager monitors each fund's currency position on each business day through reviewing and comparing each fund's indirect foreign currency exposure to the pre-determined foreign currency hedging policies (as above).

NOTES TO THE FINANCIAL STATEMENTS

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value of future cash flows or the fair value of financial instruments.

The Funds are not directly subject to significant amounts of interest rate risk. Cash and cash equivalents of the Funds are invested at short-term market interest rates and are held in call accounts.

The Funds have indirect exposure to interest rate risk through their investments in other unitised funds which hold cash, fixed interest and debt securities as part of their investment mandate.

Other price risk

Other price risk is the risk that the value of the Funds' investment portfolios will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk.

The Funds trade in other unitised funds. All securities held within these Funds present a risk of loss of capital. The Manager moderates this risk through a careful selection of securities and other financial instruments and by ensuring that all activities are transacted in accordance with the relevant investment mandates, overall investment strategy and within approved limits. The Manager monitors the Funds' overall market position each business day.

When a fund has investments in other unitised funds, the increase/(decrease) in the net asset value of the fund is due to a reasonably possible change in the unit prices of other unitised funds (with all other variables held constant) and is indicated in the table below.

The Manager has reviewed price sensitivity calculations, considering current market conditions. The price movement remains unchanged from 2020 at 1%.

If the unit price was to increase by the percentage above, the net asset value of the fund would increase by the amount shown, and if the unit price was to decrease by the same percentage, the net asset value of the fund would decrease by the amount shown.

As at 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Other unitised funds	12,082	11,009	871	613	2,157	1,582	2,268	1,636	2,109	1,395	185	248	19,671	16,483

NOTES TO THE FINANCIAL STATEMENTS

Liquidity risk

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

Each business day the Funds are exposed to cash redemptions of units.

The Conservative fund invests in derivatives. Investments in derivative contracts include forward foreign exchange contracts and futures contracts. Forward foreign exchange contracts have contractual maturities of 1 to 12 months. Futures contracts are typically settled quarterly.

Other payables have no contractual maturity date, but are typically settled within 30 days.

In accordance with each Fund's investment policy, the Manager monitors the Funds' liquidity positions each business day through the review of cash flow information which highlights current and known future levels of redemptions. In particular:

- The Manager has not identified significant withdrawals and has not implemented any restrictions or deferrals on withdrawals.
- The Manager has not identified any illiquid investments that would result in restrictions or deferrals on withdrawals.
- The Manager believes that the Funds remain liquid and is able to meet potential withdrawals in the ordinary course of business.

NOTES TO THE FINANCIAL STATEMENTS

9. FAIR VALUE MEASUREMENT

The Fund's investments are carried at fair value on the Statement of Net Assets. Usually the fair value of the investments can be reliably determined within a reasonable range of estimates.

Investment assets and liabilities are required to be classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuations using inputs other than quoted prices included within Level 1 that are observable for a similar asset or liability, either directly or indirectly; and
- Level 3 – valuations using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investments whose values are based on quoted market prices in active markets and are therefore classified within Level 1, include exchange traded derivatives. The Funds do not adjust the quoted price for these instruments.

The unitised funds are Level 2 investments. These investments are priced daily and the inputs are based on quoted market prices, broker prices and other pricing valuations used by the Manager. As these are unlisted, they are Level 2 investments.

Forward foreign exchange contracts are considered Level 2 as they are priced using models with observable market inputs. Forward foreign exchange contracts are interpolated using forward rates from WM Company. Margins and swaps used as inputs are generally provided by market participants and brokers.

Cash and cash equivalents, margin accounts, other receivables and other payables are not measured at fair value. They are carried at amortised cost and their carrying value approximates their fair value due to their immediate or short-term nature. For purposes of fair value hierarchy, they are considered to be Level 2 assets and liabilities. For more information refer to Note 2.

There have been no changes to the fair value hierarchy classifications during the year ended 31 March 2021 (2020: none).

KEY JUDGEMENTS AND ESTIMATES

The Manager evaluates the material accuracy of the valuations incorporated in the financial statements as they can involve a high degree of judgement and estimation in determining the carrying values of financial assets and liabilities at balance date.

The majority of valuation models the Manager uses employ only observable market data as inputs. This has not changed as a result of COVID-19. However, for certain financial instruments, the Manager may use data that is not readily observable in current markets. If the Manager uses unobservable market data, then the Manager needs to exercise more judgement to determine fair value depending on the significance of the unobservable input to the overall valuation and reconsider the fair value hierarchy level disclosed. Generally, the Manager derives unobservable inputs from other relevant market data, such as broker confirmation, and compares them to observed transaction prices where available.

When establishing the fair value of a financial instrument using a valuation technique, the Manager considers valuation adjustments in determining the fair value. The Manager may apply adjustments (such as bid/offer spreads, credit valuation adjustments and funding valuation adjustments) to the techniques used to reflect the Managers assessment of factors that market participants would consider in setting fair value.

NOTES TO THE FINANCIAL STATEMENTS

10. OFFSETTING

Financial assets and liabilities are offset in the Statement of Net Assets (in accordance with NZ IFRS 32 *Financial Instruments: Presentation*) when there is:

- A current legally enforceable right to set off the recognised amounts in all circumstances; and
- An intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously.

If the above conditions are not met the financial assets and liabilities are presented on a gross basis. The Funds do not have any arrangements that satisfy the conditions necessary to offset financial assets and financial liabilities within the Statement of Net Assets. The following tables identify financial assets and financial liabilities which have not been offset but which are subject to enforceable master netting agreements (or similar arrangements) and the related amounts not offset in the Statement of Net Assets. Any effect of overcollateralization has been taken into account.

Financial assets subject to enforceable master netting arrangements and similar agreements

As at 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Derivative instruments														
Gross amounts of recognised financial assets	459	4,406	-	-	-	-	-	-	-	-	-	-	459	4,406
Gross amounts of recognised financial liabilities offset in the Statement of Net Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net amounts of financial assets presented in the Statement of Net Assets	459	4,406	-	-	-	-	-	-	-	-	-	-	459	4,406
Related amounts not offset in the Statement of Net Assets:														
Financial instruments (including non-cash collateral)	139	2,808	-	-	-	-	-	-	-	-	-	-	139	2,808
Cash collateral transferred	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net amount	320	1,598	-	-	-	-	-	-	-	-	-	-	320	1,598

NOTES TO THE FINANCIAL STATEMENTS

Financial liabilities subject to enforceable master netting arrangements and similar agreements

As at 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme		
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Derivative instruments															
Gross amounts of recognised financial liabilities	2,938	3,442	-	-	-	-	-	-	-	-	-	-	-	2,938	3,442
Gross amounts of recognised financial assets offset in the Statement of Net Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net amounts of financial liabilities presented in the Statement of Net Assets	2,938	3,442	-	-	-	-	-	-	-	-	-	-	-	2,938	3,442
Related amounts not offset in the Statement of Net Assets:															
Financial instruments (including non-cash collateral)	139	2,808	-	-	-	-	-	-	-	-	-	-	-	139	2,808
Eligible cash collateral held in margin accounts	75	-	-	-	-	-	-	-	-	-	-	-	-	75	-
Net amount	2,724	634	-	-	-	-	-	-	-	-	-	-	-	2,724	634

NOTES TO THE FINANCIAL STATEMENTS

11. RELATED PARTY TRANSACTIONS

All related party transactions are conducted on an arm's length basis in the ordinary course of business and on standard commercial terms and conditions.

The Manager and Supervisor provide Key Management Personnel services to the Funds. The Manager is a wholly owned subsidiary of ANZ Bank New Zealand Limited, the ultimate parent of which is Australia and New Zealand Banking Group Limited.

Manager's fees and expenses

Membership fees of \$1,471,000 (2020: \$1,538,000) were deducted from the Scheme during the year and paid to the Manager by cancelling units in members' accounts. Membership fees for each Fund are shown in the Statement of Changes in Net Assets.

Under the terms of the Governing Document, the Manager is entitled to receive management fees, calculated by reference to the daily net asset value of the Funds. Management fees paid for the year are disclosed in the Statement of Changes in Net Assets. The Manager and Supervisor are also entitled to be reimbursed for expenses such as audit costs, postage and legal fees incurred on behalf of the Funds. Allowance for these expenses is charged to the Funds daily and is reflected in the unit price of each Fund. To ensure fair allocation of one-off type expenses and fees incurred annually, the Funds are charged a set capped rate as a percentage of each fund's net asset value each day. The total of this daily accrual is the maximum that the Funds will pay the Manager for reimbursement of expenses. Where the actual expenses paid by the Manager are higher, the Manager may carry amounts forward to be recovered in future periods. Amounts payable to the Manager at the end of the year are payable within 15 days of balance date (refer to Note 7).

As at 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
The Manager receives the following percentage per annum of the net asset value of the Funds, determined upon each valuation day:	0.38%	0.38%	0.85%	0.85%	0.90%	0.90%	0.95%	0.95%	1.00%	1.00%	0.19%	0.19%

For the year ended 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Manager's other costs recognised in the Statement of Changes in Net Assets during the year ¹	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	260	290	6	6	32	33	34	37	29	32	(5)	(6)	356	392

1 The amounts presented are after auditor's fee reallocation and cost refunds from the Manager. This may result in negative Manager's other costs. Other operating expenses within the Statement of Changes in Net Assets include the Manager's other costs noted above and bank fees.

Supervisor Fees

The Supervisor fee is set at 0.01% per annum of the net asset value of the Funds, determined upon each valuation day, plus \$2.40 per member per year. The Supervisor fee expense for the year is shown in the Statement of Changes in Net Assets. Fees payable to the Supervisor at the end of the year are payable within 15 days of balance date (refer to Note 7).

NOTES TO THE FINANCIAL STATEMENTS

Investments in products issued by related parties

The Funds invest in securities and products issued by ANZ Bank New Zealand Limited.

As at 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Assets:														
Cash and cash equivalents	375	1,219	4	4	13	13	15	15	13	13	13	13	433	1,277
Forward foreign exchange contracts	80	715	-	-	-	-	-	-	-	-	-	-	80	715
Total assets	455	1,934	4	4	13	13	15	15	13	13	13	13	513	1,992
Liabilities:														
Forward foreign exchange contracts	(1,579)	(729)	-	-	-	-	-	-	-	-	-	-	(1,579)	(729)
Total liabilities	(1,579)	(729)	-	-	-	-	-	-	-	-	-	-	(1,579)	(729)

Total income/(loss) from these investments was as follows:

For the year ended 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Interest income (cash and cash equivalents)	-	11	-	-	-	1	-	1	-	1	-	-	-	14
Net change in fair value of investment assets and liabilities held for trading	2,531	(9,165)	-	-	-	-	-	-	-	-	-	-	2,531	(9,165)
Total income/(loss) from related party transactions	2,531	(9,154)	-	-	-	1	-	1	-	1	-	-	2,531	(9,151)

Investments in unconsolidated subsidiaries

As outlined in Note 4, the Funds invest in other unitised funds managed by the Manager. The Funds invest in these other funds by purchasing units. Units can be redeemed daily. Units can be redeemed at any time; however, under extraordinary circumstances, the investee funds have the ability to suspend redemptions. The amounts of these investments are shown in Note 4, and the net changes in fair values of these investments are shown in Note 5. All of these funds are domiciled and established in New Zealand. Movements in the fair value of the funds' investments can be positive or negative.

As at balance date, the Conservative Fund held 68% (2020: 71%) of the units of the ANZ Wholesale International – No. 5 Fund. Net purchases / (sales) for the year were as follows:

For the year ended 31 March	Conservative Fund	
	2021	2020
	\$000	\$000
ANZ Wholesale International - No. 5 Fund	(7,016)	(14,152)

NOTES TO THE FINANCIAL STATEMENTS

12. RECONCILIATION OF NET PROFIT TO NET CASH FLOWS FROM OPERATING ACTIVITIES

For the year ended 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Net profit/(loss)	92,941	36,225	9,226	(204)	33,526	(3,576)	44,791	(7,605)	49,042	(10,482)	195	174	229,721	14,532
Movement in operating balances														
Investment assets and margin accounts	(106,967)	(7,219)	(25,797)	(11,334)	(57,535)	(13,640)	(63,171)	(6,645)	(71,468)	(1,075)	6,311	(15,205)	(318,627)	(55,118)
Accrued expenses	41	(57)	18	12	42	22	48	17	56	13	1	-	206	7
Investment liabilities	(504)	2,736	-	-	-	-	-	-	-	-	-	-	(504)	2,736
Net cash flows from/(used in) operating activities	(14,489)	31,685	(16,553)	(11,526)	(23,967)	(17,194)	(18,332)	(14,233)	(22,370)	(11,544)	6,507	(15,031)	(89,204)	(37,843)

13. MEMBERS' FUNDS

Members are entitled to one vote per unit at a meeting of the members of the Funds, and rank equally with regard to each fund's assets.

For the year ended 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's
Number of units on issue												
Units on issue at the beginning of the year	596,541	613,272	33,539	27,518	86,886	78,215	90,141	83,333	78,035	72,736	16,690	6,574
Units issued during the year	91,464	94,406	15,621	13,150	25,136	24,511	23,021	23,147	23,584	21,946	7,158	14,249
Units redeemed during the year	(84,427)	(111,137)	(7,437)	(7,129)	(13,408)	(15,840)	(14,273)	(16,339)	(12,930)	(16,647)	(11,511)	(4,133)
Number of units on issue at the end of the year	603,578	596,541	41,723	33,539	98,614	86,886	98,889	90,141	88,689	78,035	12,337	16,690
Units issued/(redeemed) in April for PIE tax receivable/(payable) at 31 March on behalf of members:	(3,859)	(5,071)	(316)	(104)	(1,185)	(3)	(1,460)	208	(1,501)	407	(20)	(24)

NOTES TO THE FINANCIAL STATEMENTS

14. SUBSEQUENT EVENTS

On 14 May 2021, the New Zealand Government announced that the Manager would not be a default KiwiSaver provider from 1 December 2021. From this date, the Scheme will not be allocated any new default members, and existing default members will have their balance transferred to other default providers. The Manager is currently working through plans to transition out of being a default provider from 1 December 2021. The net asset value of the Scheme, by Fund and split between default members and those who have made an active Fund choice, was as follows:

	30-Jun-21	Active	Default
	\$000	\$000	\$000
Conservative Fund	1,202,779	631,973	570,807
Conservative Balanced Fund	95,104	95,104	-
Balanced Fund	229,591	229,591	-
Balanced Growth Fund	238,402	238,402	-
Growth Fund	225,655	225,655	-
Cash Fund	17,583	17,583	-
	2,009,114	1,438,308	570,807



Independent Auditor's Report

To the members of the:

- Conservative Fund;
- Conservative Balanced Fund;
- Balanced Fund;
- Balanced Growth Fund;
- Growth Fund; and the
- Cash Fund.

Collectively "ANZ Default KiwiSaver Scheme" (the "Funds and Scheme").

Report on the audit of the financial statements

Opinion

In our opinion, the accompanying financial statements of the Funds and Scheme on pages 2 to 22:

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

We have audited the accompanying financial statements which comprise:

- the Statement of Net Assets as at 31 March 2021;
- the Statement of Changes in Net Assets and Statement of Cash Flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

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

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

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

Our firm has undertaken supervisor reporting in line with our obligations under Section 198 and 199 of the Financial Markets Conduct Act 2013 ("FMC Act 2013") and provided other services to the Funds and Scheme in relation to semi-annual controls assurance reporting and registry assurance reporting in line with Section 218 of the FMC Act 2013.



Subject to certain restrictions, partners and employees of our firm may also deal with the Funds and Scheme on normal terms within the ordinary course of trading activities of the business of the Funds and Scheme. These matters have not impaired our independence as auditor of the Funds and Scheme. The firm has no other relationship with, or interest in, the Funds and Scheme.



Key audit matters

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

The key audit matter

How the matter was addressed in our audit

Existence and valuation of investments

Refer to Note 2 (a) (ii) Use of estimates and assumptions (for COVID-19) and Note 4 Investment assets and liabilities (for existence and valuation), of the financial statements.

The Funds' portfolio of investments is the most significant asset making up in excess of 95% of total assets. These comprise liquid investments including bank accounts and fund-to-fund investments and simple derivatives.

The investment portfolio in total, due to its materiality in the context of the financial statements as a whole, is our most significant area of audit focus.

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

Our audit procedures included:

- documenting and understanding the processes in place to record investment transactions and to value the portfolio; this included evaluating the control environment in place at the administration manager by obtaining and reading the service organisation reports issued by an independent auditor on the design and operation of those controls throughout the period;
- agreeing investment holdings to confirmations received from the registrar and external fund manager;
- agreeing the valuation of fund-to-fund investments to the redemption value per unit as reported by the manager;
- for derivatives, engaging our valuation specialists to check the reasonableness of the inputs to information available from independent third-party pricing sources;
- for bank accounts, agreeing the closing book value to bank confirmations;
- consideration of the fair value hierarchy level assigned to each investment and the appropriateness of the valuation information available; and
- consideration of the adequacy of the impact of the COVID-19 additional disclosures.

Calculation of management fees

Refer to Note 11 Related party transactions to the financial statements.

Under the terms of the Governing Document, ANZ New Zealand Investments Limited (the

Our audit procedures included:

- documenting and understanding the process in place to calculate and capture management fees as well as the processes to generate underlying information such as daily unit pricing. This included evaluating the control environment in place at the

The key audit matter

How the matter was addressed in our audit

“Manager”) is entitled to receive a management fee, calculated as a percentage of the daily net asset value of the Funds.

As the Manager calculates and pays the fee on behalf of the Funds to itself, there is an inherent risk that the Manager could manipulate the calculation to boost its own earnings from its administrative duties.

Due to the inherent risk of fraud as the management could override controls we identified the calculation of management fees as an area of key audit focus.

administration manager by obtaining and reading the service organisation reports issued by an independent auditor on the design and operation of those controls throughout the period;

- assessing the calculation of the management fees by comparing the net asset values to daily unit pricing for selected days and management fee rates to the “Other Material Information” which forms part of the offer documents as applicable for the period; and
- reviewing manual journal entries to test whether any unauthorised or not supported adjustment has been made to the management fees to address the risk of management overriding controls.



Other information

The Manager, on behalf of the Funds and Scheme, is responsible for the other information included in the Funds’ and Scheme’s Annual Report. The Annual Report, prepared at the same time as the financial statements, includes a link to where the audited financial statements can be found on the Disclose website. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

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



Use of this independent auditor’s report

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



Responsibilities of the Manager for the financial statements

The Manager, on behalf of the Funds and Scheme, is responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;



- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objective is:

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

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

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

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

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

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

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

For and on behalf of

KPMG
Auckland

28 July 2021