



TE OPE KĀTUA O AOTEAROA  
**DEFENCE FORCE**

New Zealand Defence Force KiwiSaver Scheme

# FINANCIAL STATEMENTS 2022

For the year ended 31 March 2022



**NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME**  
**Financial Statements**  
**For the year ended 31 March 2022**

<b>Contents</b>	<b>Page</b>
Directory	1
Statements of Net Assets	2
Statements of Changes in Net Assets	4
Statements of Cash Flows	6
Notes to the Financial Statements	8
Independent Auditor's Report	27

## NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME

### Directory

For the year ended 31 March 2022

**Manager:** Mercer (N.Z.) Limited

**Registered Office**

Level 11, PwC Tower, 15 Customs Street West  
Auckland 1010

**Investor and Advisor Enquiries**

Attn: NZDF Savings Scheme  
PO Box 1849  
Wellington 6140  
Email: nzdf@mercero.com  
www.nzdfsavings.mil.nz

**Directors:**

David Clifford Bryant  
Paula Elizabeth Jackson  
Kristen Jane Kohere-Soutar (Chairperson)  
Martin Paul Lewington  
Emily Jane O'Brien (appointed 18 June 2021)

**Supervisor:** Trustees Executors Limited  
Suite 3, Spark Central, Boulcott Tower  
70 Boulcott Street  
Wellington 6011

**Custodians:** BNP Paribas Fund Services Australasia Pty Ltd  
Level 18, Aon Centre  
1 Willis Street  
Wellington 6011

Trustees Executors Limited  
Suite 3, Spark Central, Boulcott Tower  
70 Boulcott Street  
Wellington 6011

**Auditor:** PricewaterhouseCoopers  
Level 4, 10 Waterloo Quay  
PO Box 243  
Wellington 6140

**NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME**  
**Statements of Net Assets**  
**As at 31 March 2022**

	Note	TOTAL		Cash		Conservative		Moderate	
		2022	2021	2022	2021	2022	2021	2022	2021
		\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>									
Cash and cash equivalents		2,725,398	3,107,599	-	24,999	-	73,774	89,144	64,042
Financial assets at fair value through profit or loss	5	210,004,481	186,025,239	3,223,706	2,918,427	7,680,965	7,635,566	7,016,012	6,928,564
Investment management fee rebates receivable	6	2,034	5,364	66	221	49	149	53	163
Portfolio investment entity taxation receivable		-	-	-	142	32,223	-	11,288	-
<b>Total Assets</b>		<b>212,731,913</b>	<b>189,138,202</b>	<b>3,223,772</b>	<b>2,943,789</b>	<b>7,713,237</b>	<b>7,709,489</b>	<b>7,116,497</b>	<b>6,992,769</b>
<b>LIABILITIES</b>									
Bank overdraft		-	-	4,308	-	55,730	-	-	-
Unallocated contributions		59,297	157,154	642	805	527	1,037	746	262
Benefits payable		189,447	287,042	104,860	90,065	-	55,799	-	10,825
Portfolio investment entity taxation payable		595,139	2,458,358	905	-	-	53,963	-	55,875
Supervisor fees payable	6	31,050	14,700	477	231	1,136	603	1,037	548
Administration fees payable	6	-	11,216	-	204	-	399	-	512
Manager fees (expense recoveries) payable	6	13,660	42,033	186	795	516	1,952	474	1,679
Other expenses payable		26,787	141,330	364	2,673	1,011	6,563	929	5,645
<b>Total Liabilities (excluding net assets attributable to members)</b>		<b>915,380</b>	<b>3,111,833</b>	<b>111,742</b>	<b>94,773</b>	<b>58,920</b>	<b>120,316</b>	<b>3,186</b>	<b>75,346</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>	4	<b>211,816,533</b>	<b>186,026,369</b>	<b>3,112,030</b>	<b>2,849,016</b>	<b>7,654,317</b>	<b>7,589,173</b>	<b>7,113,311</b>	<b>6,917,423</b>
<i>Represented by:</i>									
<b>Net assets available for benefits</b>	4	<b>211,816,533</b>	<b>186,026,369</b>	<b>3,112,030</b>	<b>2,849,016</b>	<b>7,654,317</b>	<b>7,589,173</b>	<b>7,113,311</b>	<b>6,917,423</b>

The accompanying notes form part of and should be read in conjunction with these statements.

**NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME**  
**Statements of Net Assets**  
**As at 31 March 2022**

	Note	Balanced		Growth		High Growth		Shares	
		2022	2021	2022	2021	2022	2021	2022	2021
		\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>									
Cash and cash equivalents		804,892	1,037,927	820,417	814,345	648,974	761,270	422,009	331,242
Financial assets at fair value through profit or loss	5	85,427,504	77,400,746	40,198,001	34,941,140	43,280,599	37,346,299	23,177,694	18,854,497
Investment management fee rebates receivable	6	766	2,022	392	1,030	447	1,156	261	623
Portfolio investment entity taxation receivable		-	-	-	-	-	-	-	-
<b>Total Assets</b>		<b>86,233,162</b>	<b>78,440,695</b>	<b>41,018,810</b>	<b>35,756,515</b>	<b>43,930,020</b>	<b>38,108,725</b>	<b>23,599,964</b>	<b>19,186,362</b>
<b>LIABILITIES</b>									
Bank overdraft		-	-	-	-	-	-	-	-
Unallocated contributions		29,042	78,653	7,372	19,526	9,270	16,564	11,698	40,307
Benefits payable		49,419	72,060	10,603	36,217	14,139	22,076	10,426	-
Portfolio investment entity taxation payable		51,705	955,517	164,825	525,397	285,532	591,264	135,683	276,484
Supervisor fees payable	6	12,631	6,116	5,943	2,761	6,399	2,951	3,427	1,490
Administration fees payable	6	-	5,202	-	1,718	-	1,990	-	1,191
Manager fees (expense recoveries) payable	6	5,593	17,803	2,597	7,851	2,824	8,067	1,470	3,886
Other expenses payable		10,969	59,860	5,093	26,397	5,538	27,124	2,883	13,068
<b>Total Liabilities (excluding net assets attributable to members)</b>		<b>159,359</b>	<b>1,195,211</b>	<b>196,433</b>	<b>619,867</b>	<b>323,702</b>	<b>670,036</b>	<b>165,587</b>	<b>336,426</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>	4	<b>86,073,803</b>	<b>77,245,484</b>	<b>40,822,377</b>	<b>35,136,648</b>	<b>43,606,318</b>	<b>37,438,689</b>	<b>23,434,377</b>	<b>18,849,936</b>
<i>Represented by:</i>									
<b>Net assets available for benefits</b>	4	<b>86,073,803</b>	<b>77,245,484</b>	<b>40,822,377</b>	<b>35,136,648</b>	<b>43,606,318</b>	<b>37,438,689</b>	<b>23,434,377</b>	<b>18,849,936</b>

These Financial Statements were authorised for issue by Mercer (N.Z.) Limited, the Manager on 26 July 2022.

For and on behalf of the Directors

DocuSigned by:

*Martin Lewington*

ED6241F39C374A8...

Director

DocuSigned by:

*Paula Jackson*

998E8C4EE7804EE

Director

The accompanying notes form part of and should be read in conjunction with these statements.

**NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME**  
**Statements of Changes in Net Assets**  
**For the year ended 31 March 2022**

	Note	TOTAL		Cash		Conservative		Moderate	
		2022	2021	2022	2021	2022	2021	2022	2021
		\$	\$	\$	\$	\$	\$	\$	\$
<b>INCOME</b>									
Interest income		6,324	5,660	97	89	231	232	211	211
Net gains/(losses) on financial assets at fair value through profit or loss	6	4,515,293	33,431,179	10,168	8,754	(33,265)	556,982	52,294	742,253
Investment management fee rebates	6	24,179	9,565	684	138	605	291	656	305
<b>Total income</b>		<b>4,545,796</b>	<b>33,446,404</b>	<b>10,949</b>	<b>8,981</b>	<b>(32,429)</b>	<b>557,505</b>	<b>53,161</b>	<b>742,769</b>
<b>EXPENSES</b>									
Supervisor fees	6	68,380	48,553	930	918	2,582	2,255	2,372	1,939
Manager fees (expense recoveries)	6	10,878	33,029	148	625	411	1,534	377	1,319
Other expenses		242,077	176,153	3,293	3,331	9,140	8,176	8,398	7,038
<b>Total expenses</b>		<b>321,335</b>	<b>257,735</b>	<b>4,371</b>	<b>4,874</b>	<b>12,133</b>	<b>11,965</b>	<b>11,147</b>	<b>10,296</b>
<b>NET PROFIT/(LOSS) BEFORE MEMBERSHIP ACTIVITIES</b>		<b>4,224,461</b>	<b>33,188,669</b>	<b>6,578</b>	<b>4,107</b>	<b>(44,562)</b>	<b>545,540</b>	<b>42,014</b>	<b>732,473</b>
<b>MEMBERSHIP ACTIVITIES:</b>									
<b>Contributions/Transfers In</b>									
Member contributions		22,119,367	20,293,161	280,071	399,963	662,934	943,312	943,356	921,508
Employer contributions		10,568,044	11,221,437	157,361	225,210	337,553	381,887	435,572	504,606
Tax credits		2,474,635	2,276,769	39,358	49,473	75,990	79,963	112,493	108,265
Transfers in from other schemes	8	8,220,101	9,756,899	67,241	87,062	125,696	254,317	117,282	299,259
Transfers to/(from) funds		-	-	1,064,399	(393,422)	818,419	(266,411)	(441,755)	60,928
<b>Total Contributions/Transfers In</b>		<b>43,382,147</b>	<b>43,548,266</b>	<b>1,608,430</b>	<b>368,286</b>	<b>2,020,592</b>	<b>1,393,068</b>	<b>1,166,948</b>	<b>1,894,566</b>
<b>Benefits/Transfers Out/Fees/Tax</b>									
Benefits	7	(11,690,891)	(9,222,923)	(1,222,409)	(1,282,500)	(1,514,720)	(1,274,917)	(773,115)	(709,172)
Administration fees	6	(69,228)	(130,451)	(1,150)	(2,704)	(2,335)	(4,878)	(2,967)	(6,185)
Transfers out to other schemes		(9,437,923)	(7,085,740)	(127,173)	(175,806)	(425,203)	(196,328)	(247,502)	(422,223)
Portfolio investment entity taxation (expense)/rebate		(618,402)	(2,522,270)	(1,262)	(861)	31,372	(56,586)	10,510	(58,256)
<b>Total Benefits/Transfers Out/Fees/Tax</b>		<b>(21,816,444)</b>	<b>(18,961,384)</b>	<b>(1,351,994)</b>	<b>(1,461,871)</b>	<b>(1,910,886)</b>	<b>(1,532,709)</b>	<b>(1,013,074)</b>	<b>(1,195,836)</b>
<b>Total transactions with members in their capacity as members</b>		<b>21,565,703</b>	<b>24,586,882</b>	<b>256,436</b>	<b>(1,093,585)</b>	<b>109,706</b>	<b>(139,641)</b>	<b>153,874</b>	<b>698,730</b>
<b>NET INCREASE/(DECREASE) IN NET ASSETS DURING THE YEAR</b>		<b>25,790,164</b>	<b>57,775,551</b>	<b>263,014</b>	<b>(1,089,478)</b>	<b>65,144</b>	<b>405,899</b>	<b>195,888</b>	<b>1,431,203</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE YEAR</b>									
		<b>186,026,369</b>	<b>128,250,818</b>	<b>2,849,016</b>	<b>3,938,494</b>	<b>7,589,173</b>	<b>7,183,274</b>	<b>6,917,423</b>	<b>5,486,220</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL YEAR</b>									
		<b>211,816,533</b>	<b>186,026,369</b>	<b>3,112,030</b>	<b>2,849,016</b>	<b>7,654,317</b>	<b>7,589,173</b>	<b>7,113,311</b>	<b>6,917,423</b>

The accompanying notes form part of and should be read in conjunction with these statements.

**NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME**  
**Statements of Changes in Net Assets**  
**For the year ended 31 March 2022**

	Note	Balanced		Growth		High Growth		Shares	
		2022	2021	2022	2021	2022	2021	2022	2021
		\$	\$	\$	\$	\$	\$	\$	\$
<b>INCOME</b>									
Interest income		2,573	2,355	1,211	1,063	1,303	1,136	698	574
Net gains/(losses) on financial assets at fair value through profit or loss	6	1,573,554	11,983,319	1,157,625	7,014,688	1,515,586	8,489,926	239,331	4,635,257
Investment management fee rebates	6	8,941	3,742	4,711	1,890	5,459	2,088	3,123	1,111
<b>Total income</b>		<b>1,585,068</b>	<b>11,989,416</b>	<b>1,163,547</b>	<b>7,017,641</b>	<b>1,522,348</b>	<b>8,493,150</b>	<b>243,152</b>	<b>4,636,942</b>
<b>EXPENSES</b>									
Supervisor fees	6	28,000	20,565	13,000	9,069	14,136	9,318	7,360	4,489
Manager fees (expense recoveries)	6	4,454	13,989	2,068	6,169	2,249	6,339	1,171	3,054
Other expenses		99,126	74,610	46,019	32,904	50,045	33,807	26,056	16,287
<b>Total expenses</b>		<b>131,580</b>	<b>109,164</b>	<b>61,087</b>	<b>48,142</b>	<b>66,430</b>	<b>49,464</b>	<b>34,587</b>	<b>23,830</b>
<b>NET PROFIT/(LOSS) BEFORE MEMBERSHIP ACTIVITIES</b>		<b>1,453,488</b>	<b>11,880,252</b>	<b>1,102,460</b>	<b>6,969,499</b>	<b>1,455,918</b>	<b>8,443,686</b>	<b>208,565</b>	<b>4,613,112</b>
<b>MEMBERSHIP ACTIVITIES:</b>									
<b>Contributions/Transfers In</b>									
Member contributions		9,712,173	8,911,393	3,833,509	3,346,970	4,236,403	3,675,895	2,450,921	2,094,120
Employer contributions		4,857,687	5,282,523	1,594,571	1,751,921	1,934,764	1,972,450	1,250,536	1,102,840
Tax credits		1,144,189	1,048,211	370,299	357,363	446,777	411,437	285,529	222,057
Transfers in from other schemes	8	5,613,368	5,500,388	989,937	1,155,622	655,349	1,564,627	651,228	895,624
Transfers to/(from) funds		(7,037,409)	(4,315,288)	1,352,163	1,126,210	1,926,724	2,312,319	2,317,459	1,475,664
<b>Total Contributions/Transfers In</b>		<b>14,290,008</b>	<b>16,427,227</b>	<b>8,140,479</b>	<b>7,738,086</b>	<b>9,200,017</b>	<b>9,936,728</b>	<b>6,955,673</b>	<b>5,790,305</b>
<b>Benefits/Transfers Out/Fees/Tax</b>									
Benefits	7	(3,428,431)	(3,053,300)	(1,535,621)	(676,175)	(1,973,586)	(1,606,841)	(1,243,009)	(620,018)
Administration fees	6	(32,218)	(60,983)	(10,335)	(20,067)	(12,480)	(22,787)	(7,743)	(12,847)
Transfers out to other schemes		(3,393,360)	(2,602,219)	(1,841,977)	(1,339,835)	(2,211,914)	(1,375,937)	(1,190,794)	(973,392)
Portfolio investment entity taxation (expense)/rebate		(61,168)	(982,109)	(169,277)	(537,401)	(290,326)	(604,095)	(138,251)	(282,962)
<b>Total Benefits/Transfers Out/Fees/Tax</b>		<b>(6,915,177)</b>	<b>(6,698,611)</b>	<b>(3,557,210)</b>	<b>(2,573,478)</b>	<b>(4,488,306)</b>	<b>(3,609,660)</b>	<b>(2,579,797)</b>	<b>(1,889,219)</b>
<b>Total transactions with members in their capacity as members</b>		<b>7,374,831</b>	<b>9,728,616</b>	<b>4,583,269</b>	<b>5,164,608</b>	<b>4,711,711</b>	<b>6,327,068</b>	<b>4,375,876</b>	<b>3,901,086</b>
<b>NET INCREASE/(DECREASE) IN NET ASSETS DURING THE YEAR</b>		<b>8,828,319</b>	<b>21,608,868</b>	<b>5,685,729</b>	<b>12,134,107</b>	<b>6,167,629</b>	<b>14,770,754</b>	<b>4,584,441</b>	<b>8,514,198</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE YEAR</b>		<b>77,245,484</b>	<b>55,636,616</b>	<b>35,136,648</b>	<b>23,002,541</b>	<b>37,438,689</b>	<b>22,667,935</b>	<b>18,849,936</b>	<b>10,335,738</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL YEAR</b>		<b>86,073,803</b>	<b>77,245,484</b>	<b>40,822,377</b>	<b>35,136,648</b>	<b>43,606,318</b>	<b>37,438,689</b>	<b>23,434,377</b>	<b>18,849,936</b>

The accompanying notes form part of and should be read in conjunction with these statements.

**NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME**  
**Statements of Cash Flows**  
**For the year ended 31 March 2022**

	Note	TOTAL		Cash		Conservative		Moderate	
		2022	2021	2022	2021	2022	2021	2022	2021
		\$	\$	\$	\$	\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Proceeds from sale of financial assets		6,922,455	3,006,238	1,757,724	3,181,786	1,829,354	1,875,212	892,349	921,479
Interest income		6,324	5,660	97	89	231	232	211	211
Other expenses paid		(447,901)	(220,877)	(7,043)	(6,086)	(18,588)	(11,939)	(16,579)	(9,426)
Payments for purchase of financial assets		(26,386,404)	(29,407,683)	(2,052,835)	(2,236,331)	(1,908,018)	(1,816,072)	(927,503)	(1,610,988)
Investment management fees		27,509	4,163	839	(121)	705	142	766	142
<b>Net cash (used in)/from operating activities</b>	9	<b>(19,878,017)</b>	<b>(26,612,499)</b>	<b>(301,218)</b>	<b>939,337</b>	<b>(96,316)</b>	<b>47,575</b>	<b>(50,756)</b>	<b>(698,582)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
Member contributions		22,119,367	20,293,161	280,071	399,963	662,934	943,312	943,356	921,508
Employer contributions		10,568,044	11,221,437	157,361	225,210	337,553	381,887	435,572	504,606
Tax credits		2,474,635	2,276,769	39,358	49,473	75,990	79,963	112,493	108,265
Unallocated contributions		(97,857)	145,311	(163)	(61)	(510)	115	484	51
Transfers in from other schemes		8,220,101	9,756,899	67,241	87,062	125,696	254,317	117,282	299,259
Portfolio investment entity taxation (paid)/received		(2,481,621)	714,503	(215)	(3,424)	(54,814)	(13,529)	(56,653)	31
Administration fees paid		(80,444)	(139,674)	(1,354)	(2,875)	(2,734)	(5,146)	(3,479)	(6,620)
Benefits paid		(11,788,486)	(9,135,520)	(1,207,614)	(1,268,469)	(1,570,519)	(1,260,924)	(783,940)	(706,399)
Transfers out to other schemes		(9,437,923)	(7,085,740)	(127,173)	(175,806)	(425,203)	(196,328)	(247,502)	(422,223)
Transfers to/(from) funds		-	-	1,064,399	(393,422)	818,419	(266,411)	(441,755)	60,928
<b>Net cash from/(used in) financing activities</b>		<b>19,495,816</b>	<b>28,047,146</b>	<b>271,911</b>	<b>(1,082,349)</b>	<b>(33,188)</b>	<b>(82,744)</b>	<b>75,858</b>	<b>759,406</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(382,201)</b>	<b>1,434,647</b>	<b>(29,307)</b>	<b>(143,012)</b>	<b>(129,504)</b>	<b>(35,169)</b>	<b>25,102</b>	<b>60,824</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>3,107,599</b>	<b>1,672,952</b>	<b>24,999</b>	<b>168,011</b>	<b>73,774</b>	<b>108,943</b>	<b>64,042</b>	<b>3,218</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>2,725,398</b>	<b>3,107,599</b>	<b>(4,308)</b>	<b>24,999</b>	<b>(55,730)</b>	<b>73,774</b>	<b>89,144</b>	<b>64,042</b>

The accompanying notes form part of and should be read in conjunction with these statements.



**NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME**  
**Statements of Cash Flows**  
**For the year ended 31 March 2022**

	Note	Balanced		Growth		High Growth		Shares	
		2022	2021	2022	2021	2022	2021	2022	2021
		\$	\$	\$	\$	\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Proceeds from sale of financial assets		1,060,094	-	1,242,808	-	1,523,548	-	902,640	585,386
Interest income		2,573	2,355	1,211	1,063	1,303	1,136	698	574
Other expenses paid		(186,166)	(95,606)	(84,463)	(39,953)	(89,811)	(39,523)	(45,251)	(18,344)
Payments for purchase of financial assets		(7,513,298)	(10,654,320)	(5,342,044)	(5,299,425)	(5,942,262)	(6,715,954)	(4,986,506)	(4,632,218)
Investment management fees		10,197	1,720	5,349	860	6,168	932	3,485	488
<b>Net cash (used in)/from operating activities</b>	9	<b>(6,626,600)</b>	<b>(10,745,851)</b>	<b>(4,177,139)</b>	<b>(5,337,455)</b>	<b>(4,501,054)</b>	<b>(6,753,409)</b>	<b>(4,124,934)</b>	<b>(4,064,114)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
Member contributions		9,712,173	8,911,393	3,833,509	3,346,970	4,236,403	3,675,895	2,450,921	2,094,120
Employer contributions		4,857,687	5,282,523	1,594,571	1,751,921	1,934,764	1,972,450	1,250,536	1,102,840
Tax credits		1,144,189	1,048,211	370,299	357,363	446,777	411,437	285,529	222,057
Unallocated contributions		(49,611)	73,591	(12,154)	17,756	(7,294)	13,937	(28,609)	39,922
Transfers in from other schemes		5,613,368	5,500,388	989,937	1,155,622	655,349	1,564,627	651,228	895,624
Portfolio investment entity taxation (paid)/received		(964,980)	184,678	(529,849)	172,104	(596,058)	234,017	(279,052)	140,626
Administration fees paid		(37,420)	(65,410)	(12,053)	(21,581)	(14,470)	(24,449)	(8,934)	(13,593)
Benefits paid		(3,451,072)	(3,039,609)	(1,561,235)	(653,262)	(1,981,523)	(1,586,145)	(1,232,583)	(620,712)
Transfers out to other schemes		(3,393,360)	(2,602,219)	(1,841,977)	(1,339,835)	(2,211,914)	(1,375,937)	(1,190,794)	(973,392)
Transfers to/(from) funds		(7,037,409)	(4,315,288)	1,352,163	1,126,210	1,926,724	2,312,319	2,317,459	1,475,664
<b>Net cash from/(used in) financing activities</b>		<b>6,393,565</b>	<b>10,978,258</b>	<b>4,183,211</b>	<b>5,913,268</b>	<b>4,388,758</b>	<b>7,198,151</b>	<b>4,215,701</b>	<b>4,363,156</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(233,035)</b>	<b>232,407</b>	<b>6,072</b>	<b>575,813</b>	<b>(112,296)</b>	<b>444,742</b>	<b>90,767</b>	<b>299,042</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>1,037,927</b>	<b>805,520</b>	<b>814,345</b>	<b>238,532</b>	<b>761,270</b>	<b>316,528</b>	<b>331,242</b>	<b>32,200</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>804,892</b>	<b>1,037,927</b>	<b>820,417</b>	<b>814,345</b>	<b>648,974</b>	<b>761,270</b>	<b>422,009</b>	<b>331,242</b>

The accompanying notes form part of and should be read in conjunction with these statements.

**NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME****Notes to the Financial Statements****For the year ended 31 March 2022****1 SCHEME DESCRIPTION**

The New Zealand Defence Force KiwiSaver Scheme ("the Scheme") is a KiwiSaver Scheme registered under the KiwiSaver Act 2006. The Scheme was established by a Trust Deed on 16 September 2015. The Scheme is a defined contribution superannuation scheme and was established with the principal purpose of providing retirement benefits directly to natural persons within the New Zealand Defence Force community.

Trustees Executors Limited is the Supervisor of the Scheme and is licensed under the Financial Markets Supervisors Act 2011. Mercer (N.Z.) Limited ("Mercer" or "the Manager") is the Manager of the Scheme. Mercer is responsible for the management and administration of the Scheme, including responsibility for the preparation and issue of the Scheme's financial statements. The Manager's registered office is Level 11, PwC Tower, 15 Customs Street West, Auckland 1010. BNP Paribas Fund Services Australasia Pty Ltd ("BNP Paribas") is the Custodian of the Scheme's financial assets at fair value through profit or loss. Trustees Executors Limited is the Scheme's custodian of cash and cash equivalents.

These financial statements are for the Scheme which comprises the following funds: Cash, Conservative, Moderate, Balanced, Growth, High Growth and Shares (together "the Funds").

Details of membership during the year were:

	2022	2021
Opening Membership at 1 April	5,259	4,858
New Members	517	663
Exited Members	(317)	(262)
<b>Closing Membership at 31 March</b>	<b>5,459</b>	<b>5,259</b>

The Scheme and the Funds invested in the following investment portfolios within Mercer Investment Trusts New Zealand ("MITNZ"):

<b>Mercer Investment Trusts New Zealand</b>	<b>Investment Portfolio</b>
Mercer New Zealand Cash and Fixed Interest Trust ('MNZCFIT')	- Mercer Cash Portfolio
Mercer Diversified Trust ('MDT')	- Mercer Conservative Portfolio
	- NZDF Conservative Portfolio
	- Mercer Moderate Portfolio
	- NZDF Moderate Portfolio
	- Mercer Balanced Portfolio
	- NZDF Balanced Portfolio
	- Mercer Growth Portfolio
	- NZDF Growth Portfolio
	- Mercer High Growth Portfolio
	- NZDF High Growth Portfolio
	- Mercer Shares Portfolio

**2 BASIS OF PREPARATION**

The financial statements are being presented on a segregated fund basis in accordance with the requirements of the Financial Markets Conduct Act 2013 ("FMCA") Section 461A. Segregated fund reporting has also been applied to 31 March 2021 comparatives.

The assets of each Fund are the exclusive property of that Fund, and all liabilities incurred in relation to a Fund are the exclusive liabilities of that Fund. The Manager must ensure that the assets of a Fund are accounted for separately from other Funds and that the assets of one Fund are not available to meet the liabilities of any other Fund as stated in section 8.7 of the Trust Deed. The results and position reported for the Scheme is an aggregation of the result, position and cash flows of the Funds that make up the Scheme.

**Statement of Compliance**

The Scheme is the reporting entity. The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and the Financial Markets Conduct Act 2013, the provisions of the Trust Deed and other relevant legislative requirements as appropriate for For-profit entities.

The Scheme is a Tier 1 entity and, as such, the financial statements are required to comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS"), other New Zealand accounting standards and authoritative notices as appropriate for For-profit entities. These financial statements also comply with International Financial Reporting Standards ("IFRS").

The financial statements were authorised for issue by the Manager, Mercer, on 26 July 2022.

**NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME****Notes to the Financial Statements****For the year ended 31 March 2022****2 BASIS OF PREPARATION (Continued)****Measurement Base**

The measurement base adopted is that of historical cost modified by the revaluation of financial assets at fair value through profit or loss. The financial statements have been prepared on a going concern basis.

**Functional and Presentation Currency**

The financial statements are presented in New Zealand dollars ("the presentation currency") which is the currency of the primary economic environment in which the Scheme operates (the "functional currency"). The financial statements are rounded to the nearest New Zealand dollar.

**Assumptions, Estimates and Judgements**

The preparation of the financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Scheme's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumption and estimates are significant to the financial statements.

As at 31 March 2022, cash and cash equivalents included an amount of \$372,877 maintained at the total Scheme level for the settlement of transactions (2021: \$529,375). The Manager has estimated the allocation of this cash balance to the Funds. At 31 March 2022, the amounts allocated to Cash, Conservative, Moderate, Balanced, Growth, High Growth and Shares were \$101,123, \$(44,215), \$5,085, \$99,756, \$62,006, \$39,226 and \$109,896, respectively (2021: \$52,249, \$29,912, \$18,284, \$95,564, \$94,185, \$141,546 and \$97,635, respectively).

**Duration of the Scheme**

Clause 25 of the Trust Deed requires that the Scheme and each Member's Account will terminate at such time as:

- (i) the High Court, on the application of the Financial Markets Authority or the Supervisor, directs that the Scheme must be wound up; or
- (ii) the Manager, having obtained the Supervisor's and, where required by the Participation Agreement, the Participating Employer's written consent, determines; or
- (iii) where permitted by the Participation Agreement, the Participating Employer provides notice in writing to the Manager and to the Supervisor that the Scheme is to terminate.

**Funding Policy**

The Scheme is a defined contribution scheme as defined by the KiwiSaver Act 2006. Funding in the form of contributions is primarily received from three sources: members of the Scheme; employers of members of the Scheme; and the Government (in accordance with the provisions of the KiwiSaver Act 2006). A third party may contribute directly to the Scheme in respect of a Member such amounts as may be agreed from time to time between the Manager, the third party and the Member but only to the extent that the contribution: (a) is permitted under the KiwiSaver Act; and (b) is not covered by a preceding provision in Clause 6 of the Trust Deed. Members may contribute to the Scheme at varying designated additional contributions in excess of any salary or wage linked contributions. As of 31 March 2022, employer contribution rates are either 3% or greater of each relevant member's gross salary or wages (2021: Same).

**3 SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies which have been adopted in the preparation of the financial statements are set out below. The accounting policies have been applied consistently to all periods, unless otherwise stated.

**(i) Income***Interest income*

Interest income as recognised in the Statements of Changes in Net Assets is derived from cash at bank and is recognised using the effective interest method.

*Changes in fair value of investments*

Net gains or losses on financial assets at fair value through profit or loss are calculated as the difference between fair value at sale, or at period end, and the fair value at the previous valuation point and/or weighted average cost for purchases during the year. This includes both realised and unrealised gains and losses, but does not include interest income and is net of any fees charged within underlying unit trust investments where these are incurred through a reduction in the value of the investment.

**NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME****Notes to the Financial Statements****For the year ended 31 March 2022****3 SIGNIFICANT ACCOUNTING POLICIES (Continued)****(ii) Financial Instruments***Classification*

Financial assets at fair value through profit or loss comprise investment in unlisted unit trusts including ununitised investments.

Investments in unlisted unit trusts including ununitised investments are managed and their performance evaluated on a fair value basis in accordance with the Scheme's documented investment strategy. The Scheme's investment policy is for the Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information. The Scheme has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income.

Based on the Scheme's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets, the Manager has determined that all financial assets of the Scheme are classified as fair value through profit or loss with the exception of cash and cash equivalents and investment management fee rebates receivable, which are classified as financial assets at amortised cost.

Financial liabilities at amortised cost comprise investment management fees payable, supervisor fees payable, benefits payable, unallocated contributions, administration fees payable, manager fees (expense recoveries) payable, unsettled trades, other expenses payable and net assets attributable to members.

*Recognition and derecognition*

Purchases and sales of investments are recognised on the trade date - the date on which the Scheme commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investment have expired or the Scheme has transferred substantially all risks and rewards of ownership.

Ununitised investments comprise of investments in unlisted unit trusts purchased before year end, however, units are received after year end.

*Measurement*

Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the Statements of Changes in Net Assets. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the Statements of Changes in Net Assets in the period in which they arise.

Financial assets and liabilities at amortised cost are initially recognised at fair value plus or minus transaction costs that are directly attributable to the acquisition of the financial asset or liability and subsequently measured at amortised cost.

*Fair value estimation*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of units held by the Scheme in managed unlisted unit trusts is determined by reference to published bid prices at the close of business on the reporting date being the redemption price established by the underlying fund manager.

The Manager may make adjustments to the reported redemption price of the Funds based on considerations such as the liquidity of the fund or its underlying investments, the value date of the net asset value provided, and any restrictions on redemptions.

**(iii) Expenses**

Expenses comprise investment management fees, Supervisor fees, custody fees, manager fees (expense recoveries) and other expenses. All expenses are accounted for on an accrual basis. Administration fees are charged monthly per member via unit deduction and are recognised in Membership Activities in the Statements of Changes in Net Assets.

**(iv) Taxation**

The Scheme qualifies as, and has elected to be treated as, a Portfolio Investment Entity ("PIE") for tax purposes.

Under the PIE regime, the Manager attributes the taxable income of the Scheme to members in accordance with their proportionate interest in the Scheme. The income attributed to each member is taxed at the member's prescribed investor rate ("PIR") which is currently capped at 28%. The Manager accounts for tax on behalf of natural persons and certain other members and adjusts the members' interests in the Scheme to reflect that tax is paid at varying rates on behalf of the members. There is a unit price for each Fund and for each tax rate.

As the legislation regarding the taxation of PIEs provides that the Scheme pays tax on behalf of its members, the PIE taxation expense/(rebate) disclosed in the Statements of Changes in Net Assets is the expense attributable to members and is measured based on tax rates applicable to those members.

The tax amounts in the Statements of Net Assets represent the remaining tax payable/(receivable) by the Scheme on behalf of the members under the PIE regime to 31 March each year.

**NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME****Notes to the Financial Statements****For the year ended 31 March 2022****3 SIGNIFICANT ACCOUNTING POLICIES (Continued)****(v) Net Assets Attributable to Members**

The net assets attributable to members represents the liability for promised retirement benefits and are measured at amortised cost.

The Scheme issue units in the Fund that are redeemable at the Members' option and do not have identical features and are therefore presented as financial liabilities. The units can be put back to the Scheme at any time for the purpose of permitted withdrawals (such as reaching the retirement age of 65 or enduring significant hardship), transferred to another Fund within the Scheme or a separate KiwiSaver Scheme and which are equal to a proportionate share of the respective Fund's net asset value which is the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable at the period end date if Members exercise their right to put the units back to the Scheme.

As stipulated in the Trust Deed, each unit represents a right to an individual share in the respective Fund and does not extend to a right in the underlying assets of the respective Fund. Separate classes of units are created within the Funds to reflect the different Prescribed Investment Rates (PIR) of the Members. Each Member's account is invested in classes of units within the relevant Funds based on the member's PIR that has been most recently notified to the Manager. Each unit of a specified class has the same rights attaching to it as all other units of the same class within the relevant Fund.

Units are issued and redeemed at the holder's option at prices based on the Funds' net asset value per class of unit at the time of issue or redemption. The Funds' net asset value per class of unit is calculated by dividing the net assets attributable to all holders of units in the same class for each Fund by the total number of units on issue of the same class in each Fund.

**(vi) Investment Entities**

Whilst the Scheme has investments in a number of related party wholesale 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 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 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 of the typical characteristics of an investment entity.

As a consequence, in the event the interest in the wholesale unlisted unit trusts gives rise to control, the Scheme is not required to consolidate these investments, and continues to account for these investments at fair value through profit or loss.

**(vii) Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand, cash at bank and deposits held at call with banks with an original maturity of three months or less.

**(viii) Statements of Cash Flows**

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represents the Scheme's main income generating activity.

The cash flows of the Scheme do not include those of the investment managers. The following are definitions of the terms used in the Statements of Cash Flows:

**Operating activities** - are those relating to the principal income-producing activities of the Scheme and other activities that are not financing activities. These include those cash flows relating to the acquisitions, holding and disposal of investments and 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 member's funds. This includes elements of members' funds not falling within the definition of cash.

**(ix) Contributions and Withdrawals**

Contributions and withdrawals are accounted for on an accruals basis. Contributions are initially recognised at fair value when the Manager has confirmed the validity of the application details and instructions. Claims for death, retirement or other benefits are recognised when the Member meets the condition required for withdrawal eligibility.

Unallocated contributions arise when monies have been received but not yet allocated to members' accounts in the administration system at balance date. Unallocated contributions are recorded at their value, being the amounts received, and units are purchased at the unit price applicable on the date of allocation to members' accounts.

**(x) Goods and Services Tax (GST)**

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

**NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2022**

**3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(xi) Application of New Accounting Standards**

**(a) New and amended standards adopted by the Scheme:**

Interest Rate Benchmark Reform - Phase 2' is effective for the Scheme and the Funds financial statements for the year ended 31 March 2022. These amendments address issues that could impact financial reporting when an interbank offered rate (IBOR) is replaced with an alternative benchmark interest rate. The amendments are relevant to entities with financial assets, financial liabilities, or lease liabilities that are subject to the interest rate benchmark reform and those that apply hedge accounting requirements in NZ IFRS 9 or NZ IAS 39. The adoption of these amendments did not have a direct impact on the financial results, financial position or disclosures as the Scheme and the Funds do not directly hold financial instruments exposed to IBOR.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 April 2021 that have a material effect of the financial statements of the Scheme.

**(b) New standards, amendments and interpretations not yet adopted:**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2021, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Scheme.

**(xii) Presentation of financial statements**

The assets and liabilities in the financial statements have been presented in order of their liquidity. All assets and liabilities either have a maturity of less than a year or have no fixed maturity and are therefore considered current assets/liabilities. (2021: same)

**NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2022**

**4 VESTED BENEFITS**

Vested benefits are the rights that, under the conditions of the Scheme's Trust Deed, are not conditional on continued membership.

	Total		Cash		Conservative		Moderate	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Member accounts	211,624,784	185,929,915	3,115,846	2,854,154	7,650,594	7,566,698	7,108,769	6,915,439
Adjustments arising from valuation differences	191,749	96,455	(3,816)	(5,138)	3,723	22,475	4,542	1,984
<b>Net Assets Attributable to Members</b>	<b>211,816,533</b>	<b>186,026,370</b>	<b>3,112,030</b>	<b>2,849,016</b>	<b>7,654,317</b>	<b>7,589,173</b>	<b>7,113,311</b>	<b>6,917,423</b>

	Balanced		Growth		High Growth		Shares	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Member accounts	86,002,863	77,231,467	40,779,052	35,119,634	43,559,267	37,413,564	23,408,393	18,828,959
Adjustments arising from valuation differences	70,940	14,017	43,325	17,015	47,051	25,125	25,984	20,977
<b>Net Assets Attributable to Members</b>	<b>86,073,803</b>	<b>77,245,484</b>	<b>40,822,377</b>	<b>35,136,649</b>	<b>43,606,318</b>	<b>37,438,689</b>	<b>23,434,377</b>	<b>18,849,936</b>

Valuation differences exist between the Net assets attributable to Members and vested benefits. Net assets attributable to Members are derived using accounting principles on an accruals basis resulting in timing differences in the settlement of certain accrued items and the impact thereof on unit pricing, whereas vested benefits are derived as the sum of individual member account balances, which are calculated using the 31 March unit prices.

No guarantees have been made in respect of any part of the Net Assets Attributable to Members.

## NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME

## Notes to the Financial Statements

For the year ended 31 March 2022

## 5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

During the year, the Scheme moved its investments in the Mercer Conservative Portfolio, Mercer Moderate Portfolio, Mercer Balanced Portfolio, Mercer Growth Portfolio and Mercer High Growth Portfolio to the NZDF Conservative Portfolio, NZDF Moderate Portfolio, NZDF Balanced Portfolio, NZDF Growth Portfolio and NZDF High Growth Portfolio respectively. Investing in the bespoke NZDF new portfolios eliminated the Scheme's indirect investments in unlisted shares.

The Scheme held financial assets in the following MITNZ portfolios and ununitised investments as disclosed below:

	TOTAL		Cash		Conservative		Moderate	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Mercer Cash Portfolio	3,223,706	2,918,427	3,223,706	2,918,427	-	-	-	-
Mercer Conservative Portfolio	-	7,635,566	-	-	-	7,635,566	-	-
NZDF Conservative Portfolio	7,680,965	-	-	-	7,680,965	-	-	-
Mercer Moderate Portfolio	-	6,928,564	-	-	-	-	-	6,928,564
NZDF Moderate Portfolio	7,016,012	-	-	-	-	-	7,016,012	-
Mercer Balanced Portfolio	-	77,400,746	-	-	-	-	-	-
NZDF Balanced Portfolio	85,427,504	-	-	-	-	-	-	-
Mercer Growth Portfolio	-	34,941,140	-	-	-	-	-	-
NZDF Growth Portfolio	40,198,001	-	-	-	-	-	-	-
Mercer High Growth Portfolio	-	37,346,299	-	-	-	-	-	-
NZDF High Growth Portfolio	43,280,599	-	-	-	-	-	-	-
Mercer Shares Portfolio	23,177,694	18,854,497	-	-	-	-	-	-
<b>Total financial assets at Fair Value through profit or loss</b>	<b>210,004,481</b>	<b>186,025,239</b>	<b>3,223,706</b>	<b>2,918,427</b>	<b>7,680,965</b>	<b>7,635,566</b>	<b>7,016,012</b>	<b>6,928,564</b>

Percentage of financial assets held in the relevant class of security for the Scheme:

2% 2% 4% 4% 3% 4%

Percentage of financial assets held in the relevant class of security for the respective Fund:

100% 100% 100% 100% 100% 100%

	Balanced		Growth		High Growth		Shares	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Mercer Cash Portfolio	-	-	-	-	-	-	-	-
Mercer Conservative Portfolio	-	-	-	-	-	-	-	-
NZDF Conservative Portfolio	-	-	-	-	-	-	-	-
Mercer Moderate Portfolio	-	-	-	-	-	-	-	-
NZDF Moderate Portfolio	-	-	-	-	-	-	-	-
Mercer Balanced Portfolio	-	77,400,746	-	-	-	-	-	-
NZDF Balanced Portfolio	85,427,504	-	-	-	-	-	-	-
Mercer Growth Portfolio	-	-	-	34,941,140	-	-	-	-
NZDF Growth Portfolio	-	-	40,198,001	-	-	-	-	-
Mercer High Growth Portfolio	-	-	-	-	-	37,346,299	-	-
NZDF High Growth Portfolio	-	-	-	-	43,280,599	-	-	-
Mercer Shares Portfolio	-	-	-	-	-	-	23,177,694	18,854,497
<b>Total financial assets at Fair Value through profit or loss</b>	<b>85,427,504</b>	<b>77,400,746</b>	<b>40,198,001</b>	<b>34,941,140</b>	<b>43,280,599</b>	<b>37,346,299</b>	<b>23,177,694</b>	<b>18,854,497</b>

Percentage of financial assets held in the relevant class of security for the Scheme:

41% 42% 19% 19% 21% 20% 11% 10%

Percentage of financial assets held in the relevant class of security for the respective Fund:

100% 100% 100% 100% 100% 100% 100% 100%



**NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME****Notes to the Financial Statements****For the year ended 31 March 2022****5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)****Fair Value Hierarchy**

The Scheme's financial instruments carried at fair value are grouped into Levels 1 to 3 based upon the degree to which the fair value is observable. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as published prices being the redemption price established by the underlying fund manager) or indirectly (i.e., derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets at fair value through profit or loss are classified as Level 2 under the fair value hierarchy as the fair value of these financial assets at balance date is determined using the last available redemption unit price of those funds. During the year there were no transfers of investments between levels of the fair value hierarchy (2021: Same).

**6 RELATED PARTIES**

Related parties comprise the Manager, the Supervisor and their related parties.

The Manager and Supervisor are entitled to remuneration from the Scheme. This is represented by the Investment management, Administration and Supervisor fees in the Statements of Changes in Net Assets. These are recovered through the cancellation of units for member fixed fees and a unit price adjustment for net asset based fees.

The Supervisor fee was up to 0.04% of net assets per annum (2021: Same). The minimum fee per annum is \$15,000.

The investment management fee for the Cash Fund was reduced from 0.31% to 0.27%, effective 31 August 2020. The remaining rates as at 31 March 2022 was consistent with 31 March 2021 as disclosed below:

<b>Fund</b>	<b>Investment management fee % p.a.</b>
Cash	0.27%
Conservative	0.49%
Moderate	0.58%
Balanced	0.67%
Growth	0.76%
High Growth	0.81%
Shares	0.89%

Up to 30 September 2021, an administration fee of \$2.25 was charged per member, per month, with members with balances of less than \$1,000 and members aged 17 years or less entitled to a waiver of this fee. From 1 October 2021, the fee was waived for all members.

Investment management fees incurred by the Scheme are deducted through two components:

- The first component comprises investment management fees charged at Mercer Investment Trusts New Zealand ("MITNZ") level, a series of wholesale investment trusts managed by Mercer as disclosed in Note 5. These investment management fees are incurred through a reduction in the MITNZ unit price. This is reflected within net gains/(losses) on financial assets at fair value through profit or loss in the Statements of Changes in Net Assets.
- The second component is fees deducted from/rebated to the Scheme and invoiced by Mercer. These represent the balancing amounts of net asset based investment management fees once the deduction of fees in MITNZ are taken into account.

## NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME

## Notes to the Financial Statements

For the year ended 31 March 2022

## 6 RELATED PARTIES (Continued)

Amounts paid to Mercer for services as investment manager and administrator including investment management fees paid to and investment management fee rebates received from Mercer, other related and third parties via the MITNZ unit price and Supervisor fees for the year are disclosed below. As outlined in the Scheme's Trust Deed, the Manager is also entitled to be reimbursed for various fees and expenses incurred in acting as Manager. In the disclosure below these expenses are titled Manager fees (expense recoveries) and may include legal and other professional services, audit and tax fees and filing fees.

	Total		Cash		Conservative		Moderate	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Investment management fees / (rebates)</b>								
Investment management fees expense to Mercer, other related and third party investment managers via MITNZ unit price	1,511,663	1,177,707	8,424	9,220	38,812	37,721	42,053	38,287
Investment management (fee rebate)/fees to Mercer	(24,179)	(9,565)	(684)	(138)	(605)	(291)	(656)	(305)
<b>Total investment management fees</b>	<b>1,487,484</b>	<b>1,168,142</b>	<b>7,740</b>	<b>9,082</b>	<b>38,207</b>	<b>37,430</b>	<b>41,397</b>	<b>37,982</b>
<b>Administration fees</b>								
Administration fees expense to Mercer	69,228	130,451	1,150	2,704	2,335	4,878	2,967	6,185
<b>Supervisor fees</b>								
Supervisor fees expense to Trustees Executors Limited	68,380	48,553	930	918	2,582	2,255	2,372	1,939
<b>Manager fees (expense recoveries)</b>								
Manager fees (expense recoveries) to Mercer	10,878	33,029	148	625	411	1,534	377	1,319
<b>Total fees</b>	<b>1,635,970</b>	<b>1,380,175</b>	<b>9,968</b>	<b>13,329</b>	<b>43,535</b>	<b>46,097</b>	<b>47,113</b>	<b>47,425</b>

	Balanced		Growth		High Growth		Shares	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Investment management fees / (rebates)</b>								
Investment management fees expense to Mercer, other related and third party investment managers via MITNZ unit price	572,589	467,934	301,351	233,660	348,967	255,685	199,467	135,200
Investment management (fee rebate)/fees to Mercer	(8,941)	(3,742)	(4,711)	(1,890)	(5,459)	(2,088)	(3,123)	(1,111)
<b>Total investment management fees</b>	<b>563,648</b>	<b>464,192</b>	<b>296,640</b>	<b>231,770</b>	<b>343,508</b>	<b>253,597</b>	<b>196,344</b>	<b>134,089</b>
<b>Administration fees</b>								
Administration fees expense to Mercer	32,218	60,983	10,335	20,067	12,480	22,787	7,743	12,847
<b>Supervisor fees</b>								
Supervisor fees expense to Trustees Executors Limited	28,000	20,565	13,000	9,069	14,136	9,318	7,360	4,489
<b>Manager fees (expense recoveries)</b>								
Manager fees (expense recoveries) to Mercer	4,454	13,989	2,068	6,169	2,249	6,339	1,171	3,054
<b>Total fees</b>	<b>628,320</b>	<b>559,729</b>	<b>322,043</b>	<b>267,075</b>	<b>372,373</b>	<b>292,041</b>	<b>212,618</b>	<b>154,479</b>

Outstanding balances due to related parties are due within seven days and are not interest bearing.

## NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME

## Notes to the Financial Statements

For the year ended 31 March 2022

## 6 RELATED PARTIES (Continued)

Amounts payable/(receivable) to/(from) the Manager and Supervisor as at 31 March are as follows:

Fund	Administration fees		Manager fees (expense recoveries)		Supervisor fees		Investment management fees	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Cash	-	204	186	795	477	231	(66)	(221)
Conservative	-	399	516	1,952	1,136	603	(49)	(149)
Moderate	-	512	474	1,679	1,037	548	(53)	(163)
Balanced	-	5,202	5,593	17,803	12,631	6,116	(766)	(2,022)
Growth	-	1,718	2,597	7,851	5,943	2,761	(392)	(1,030)
High Growth	-	1,990	2,824	8,067	6,399	2,951	(447)	(1,156)
Shares	-	1,191	1,470	3,886	3,427	1,490	(261)	(623)
<b>Total</b>	<b>-</b>	<b>11,216</b>	<b>13,660</b>	<b>42,033</b>	<b>31,050</b>	<b>14,700</b>	<b>(2,034)</b>	<b>(5,364)</b>

## Investment in related parties

The Scheme invests in MITNZ. MINZL, a wholly subsidiary of Mercer was the Trustee of MITNZ for the period to 30 June 2021. Trustees Executors Limited ("TEL") were appointed as Trustee with effect from 1 July 2021. Mercer continues to remain as the Manager of MITNZ. During the year, no related party was a member of the Scheme (2021: Same).

The Scheme holds the following financial assets in MITNZ:

MITNZ Portfolio	Fund	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Mercer Cash Portfolio	Cash	2,918,427	3,855,128	2,052,835	2,236,332	(1,757,724)	(3,181,787)	10,168	8,754	3,223,706	2,918,427
Mercer Conservative Portfolio	Conservative	7,635,566	7,137,724	1,712,894	1,816,073	(9,344,677)	(1,875,213)	(3,783)	556,982	-	7,635,566
NZDF Conservative Portfolio	Conservative	-	-	7,815,474	-	(105,027)	-	(29,482)	-	7,680,965	-
Mercer Moderate Portfolio	Moderate	6,928,564	5,496,802	772,629	1,610,987	(7,735,004)	(921,478)	33,811	742,253	-	6,928,564
NZDF Moderate Portfolio	Moderate	-	-	7,129,544	-	(132,015)	-	18,483	-	7,016,012	-
Mercer Balanced Portfolio	Balanced	77,400,746	54,631,169	5,817,957	10,786,258	(84,028,644)	-	809,941	11,983,319	-	77,400,746
NZDF Balanced Portfolio	Balanced	-	-	84,663,891	-	-	-	763,613	-	85,427,504	-
Mercer Growth Portfolio	Growth	34,941,140	22,627,027	4,975,267	5,299,425	(40,437,889)	-	521,482	7,014,688	-	34,941,140
NZDF Growth Portfolio	Growth	-	-	39,561,858	-	-	-	636,143	-	40,198,001	-
Mercer High Growth Portfolio	High Growth	37,346,299	22,140,419	5,844,511	6,715,954	(43,828,548)	-	637,738	8,489,926	-	37,346,299
NZDF High Growth Portfolio	High Growth	-	-	42,402,751	-	-	-	877,848	-	43,280,599	-
Mercer Shares Portfolio	Shares	18,854,497	10,172,408	4,986,506	4,632,219	(902,640)	(585,387)	239,331	4,635,257	23,177,694	18,854,497
<b>Total Scheme</b>		<b>186,025,239</b>	<b>126,060,677</b>	<b>207,736,117</b>	<b>33,097,248</b>	<b>(188,272,168)</b>	<b>(6,563,865)</b>	<b>4,515,293</b>	<b>33,431,179</b>	<b>210,004,481</b>	<b>186,025,239</b>

**NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2022**

**6 RELATED PARTIES (Continued)**

The non-cash transactions comprising purchases and sales between MITNZ portfolios were as follows:

	Purchases		Sales	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Conservative</b>				
Mercer Conservative Portfolio	-	-	7,620,350	-
NZDF Conservative Portfolio	7,620,350	-	-	-
<b>Total</b>	<b>7,620,350</b>	<b>-</b>	<b>7,620,350</b>	<b>-</b>
<b>Moderate</b>				
Mercer Moderate Portfolio	-	-	6,974,670	-
NZDF Moderate Portfolio	6,974,670	-	-	-
<b>Total</b>	<b>6,974,670</b>	<b>-</b>	<b>6,974,670</b>	<b>-</b>
<b>Balanced</b>				
Mercer Balanced Portfolio	-	-	82,968,550	-
NZDF Balanced Portfolio	82,968,550	-	-	-
<b>Total</b>	<b>82,968,550</b>	<b>-</b>	<b>82,968,550</b>	<b>-</b>
<b>Growth</b>				
Mercer Growth Portfolio	-	-	39,195,080	-
NZDF Growth Portfolio	39,195,080	-	-	-
<b>Total</b>	<b>39,195,080</b>	<b>-</b>	<b>39,195,080</b>	<b>-</b>
<b>High Growth</b>				
Mercer High Growth Portfolio	-	-	42,305,000	-
NZDF High Growth Portfolio	42,305,000	-	-	-
<b>Total</b>	<b>42,305,000</b>	<b>-</b>	<b>42,305,000</b>	<b>-</b>

The non-cash transactions comprising purchases and sales between MITNZ portfolios at the Scheme level were as follows:

	Purchases		Sales	
	2022	2021	2022	2021
	\$	\$	\$	\$
Mercer Cash Portfolio	285,597	597,440	(413,447)	(1,387,017)
Mercer Conservative Portfolio	202,028	382,405	(667,776)	(1,236,516)
NZDF Conservative Portfolio	-	-	(50,027)	-
Mercer Moderate Portfolio	27,213	115,020	(210,601)	(461,532)
NZDF Moderate Portfolio	-	-	-	-
Mercer Balanced Portfolio	184,667	74,020	(41,784)	-
NZDF Balanced Portfolio	620,000	-	-	-
Mercer Growth Portfolio	168,674	812,558	(327,268)	-
NZDF Growth Portfolio	50,027	-	-	-
Mercer High Growth Portfolio	461,313	601,717	(466,043)	-
NZDF High Growth Portfolio	-	-	-	-
Mercer Shares Portfolio	286,543	974,465	(109,116)	(472,560)
<b>Total</b>	<b>2,286,062</b>	<b>3,557,625</b>	<b>(2,286,062)</b>	<b>(3,557,625)</b>

## NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME

## Notes to the Financial Statements

For the year ended 31 March 2022

## 7 BENEFITS

	TOTAL		Cash		Conservative		Moderate	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Retirement	1,549,793	1,224,949	7,070	55,000	249,811	104,287	70,491	97,617
Death or disability	122,025	30,219	122,025	30,219	-	-	-	-
Significant financial hardship	34,213	68,521	-	20,433	-	7,161	6,041	3,316
First home assistance	9,675,364	7,849,710	1,093,314	1,176,848	1,245,161	1,163,469	673,444	607,642
Permanent emigration to Australia	20,229	12,880	-	-	-	-	(1)	597
Permanent emigration excluding Australia	66,138	6,644	-	-	-	-	-	-
Late opt-out	606	-	-	-	-	-	-	-
Other permitted withdrawals	222,523	30,000	-	-	19,748	-	23,140	-
<b>Total</b>	<b>11,690,891</b>	<b>9,222,923</b>	<b>1,222,409</b>	<b>1,282,500</b>	<b>1,514,720</b>	<b>1,274,917</b>	<b>773,115</b>	<b>709,172</b>

	Balanced		Growth		High Growth		Shares	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Retirement	773,616	455,416	139,245	30,342	159,560	482,287	150,000	-
Death or disability	-	-	-	-	-	-	-	-
Significant financial hardship	12,615	29,466	4,349	2,993	3,019	5,121	8,189	31
First home assistance	2,497,394	2,560,543	1,341,241	640,964	1,761,796	1,117,512	1,063,014	582,732
Permanent emigration to Australia	20,230	1,231	-	1,876	-	1,921	-	7,255
Permanent emigration excluding Australia	66,138	6,644	-	-	-	-	-	-
Late opt-out	606	-	-	-	-	-	-	-
Other permitted withdrawals	57,832	-	50,786	-	49,211	-	21,806	30,000
<b>Total</b>	<b>3,428,431</b>	<b>3,053,300</b>	<b>1,535,621</b>	<b>676,175</b>	<b>1,973,586</b>	<b>1,606,841</b>	<b>1,243,009</b>	<b>620,018</b>

## 8 TRANSFERS IN FROM OTHER SCHEMES

	TOTAL		Cash		Conservative		Moderate	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Transfers from other KiwiSaver Schemes	7,287,251	7,677,836	24,130	80,461	121,598	120,415	54,959	299,259
Transfers from superannuation schemes	726,510	1,865,557	43,111	-	4,098	117,222	53,530	-
Transfers from Trans-Tasman portability	206,340	213,506	-	6,601	-	16,680	8,793	-
<b>Total</b>	<b>8,220,101</b>	<b>9,756,899</b>	<b>67,241</b>	<b>87,062</b>	<b>125,696</b>	<b>254,317</b>	<b>117,282</b>	<b>299,259</b>

	Balanced		Growth		High Growth		Shares	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Transfers from other KiwiSaver Schemes	5,181,964	4,627,193	722,660	1,058,252	601,994	921,007	579,946	571,249
Transfers from superannuation schemes	378,560	766,325	132,185	66,166	44,153	610,370	70,873	305,474
Transfers from Trans-Tasman portability	52,844	106,870	135,092	31,204	9,202	33,250	409	18,901
<b>Total</b>	<b>5,613,368</b>	<b>5,500,388</b>	<b>989,937</b>	<b>1,155,622</b>	<b>655,349</b>	<b>1,564,627</b>	<b>651,228</b>	<b>895,624</b>

## NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME

## Notes to the Financial Statements

For the year ended 31 March 2022

## 9 RECONCILIATION OF NET PROFIT / (LOSS) BEFORE MEMBERSHIP ACTIVITIES TO NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES

	TOTAL		Cash		Conservative		Moderate	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Net profit/(loss) before membership activities	4,224,461	33,188,669	6,578	4,107	(44,562)	545,540	42,014	732,473
<i>Adjustments for:</i>								
Net (gains)/losses on financial assets at fair value through profit or loss	(4,515,293)	(33,431,179)	(10,168)	(8,754)	33,265	(556,982)	(52,294)	(742,253)
Proceeds from sale of financial assets	6,922,455	3,006,238	1,757,724	3,181,786	1,829,354	1,875,212	892,349	921,479
Payments for purchase of financial assets	(26,386,404)	(29,407,683)	(2,052,835)	(2,236,331)	(1,908,018)	(1,816,072)	(927,503)	(1,610,988)
<i>Changes in assets and liabilities:</i>								
(Increase)/decrease in assets (excluding cash and cash equivalents, financial assets at fair value through profit or loss and portfolio investment entity tax receivable)	3,330	(5,364)	155	(221)	100	(149)	110	(163)
Increase/(decrease) in liabilities (excluding bank overdraft, unsettled trades, unallocated contributions, benefits payable, portfolio investment entity tax payable and administration fees payable)	(126,566)	36,820	(2,672)	(1,250)	(6,455)	26	(5,432)	870
Net Cash (used in)/from operating activities	<b>(19,878,017)</b>	<b>(26,612,499)</b>	<b>(301,218)</b>	<b>939,337</b>	<b>(96,316)</b>	<b>47,575</b>	<b>(50,756)</b>	<b>(698,582)</b>

	Balanced		Growth		High Growth		Shares	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Net profit/(loss) before membership activities	1,453,488	11,880,252	1,102,460	6,969,499	1,455,918	8,443,686	208,565	4,613,112
<i>Adjustments for:</i>								
Net (gains)/losses on financial assets at fair value through profit or loss	(1,573,554)	(11,983,319)	(1,157,625)	(7,014,688)	(1,515,586)	(8,489,926)	(239,331)	(4,635,257)
Proceeds from sale of financial assets	1,060,094	-	1,242,808	-	1,523,548	-	902,640	585,386
Payments for purchase of financial assets	(7,513,298)	(10,654,320)	(5,342,044)	(5,299,425)	(5,942,262)	(6,715,954)	(4,986,506)	(4,632,218)
<i>Changes in assets and liabilities:</i>								
(Increase)/decrease in assets (excluding cash and cash equivalents, financial assets at fair value through profit or loss and portfolio investment entity tax receivable)	1,256	(2,022)	638	(1,030)	709	(1,156)	362	(623)
Increase/(decrease) in liabilities (excluding bank overdraft, unsettled trades, unallocated contributions, benefits payable, portfolio investment entity tax payable and administration fees payable)	(54,586)	13,558	(23,376)	8,189	(23,381)	9,941	(10,664)	5,486
Net Cash (used in)/from operating activities	<b>(6,626,600)</b>	<b>(10,745,851)</b>	<b>(4,177,139)</b>	<b>(5,337,455)</b>	<b>(4,501,054)</b>	<b>(6,753,409)</b>	<b>(4,124,934)</b>	<b>(4,064,114)</b>

**NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME****Notes to the Financial Statements****For the year ended 31 March 2022****10 AUDITORS' REMUNERATION**

During the reporting period, the following fees (inclusive of GST) were paid or payable by the Manager and Scheme to the auditor of the Scheme. The Manager may recover fees paid from the Scheme. The auditor of the Scheme is PricewaterhouseCoopers.

	TOTAL		Cash		Conservative		Moderate	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Audit fees for the audit of financial statements	61,606	61,090	905	936	2,226	2,492	2,069	2,272
Taxation fees for tax compliance services	6,440	6,268	95	96	233	256	216	233
<b>Total</b>	<b>68,046</b>	<b>67,358</b>	<b>1,000</b>	<b>1,032</b>	<b>2,459</b>	<b>2,748</b>	<b>2,285</b>	<b>2,505</b>

  

	Balanced		Growth		High Growth		Shares	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Audit fees for the audit of financial statements	25,034	25,367	11,873	11,539	12,683	12,295	6,816	6,190
Taxation fees for tax compliance services	2,617	2,603	1,241	1,184	1,326	1,261	712	635
<b>Total</b>	<b>27,651</b>	<b>27,969</b>	<b>13,114</b>	<b>12,722</b>	<b>14,008</b>	<b>13,556</b>	<b>7,528</b>	<b>6,825</b>

**11 FINANCIAL RISK MANAGEMENT**

The Scheme's financial assets are comprised of units in unlisted unit trusts which is exposed to equities, interest bearing securities, units in unlisted unit trusts and derivative financial instruments. The Manager has determined that these types of investments are appropriate for the Scheme and are in accordance with its investment objectives. The objectives of the Scheme are to achieve a return (over the medium to long term) which is competitive with comparable trusts that have similar risk characteristics; and to outperform the notional return of a benchmark portfolio of suitable market indices over periods of one year or greater.

The Scheme's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Scheme's financial performance.

The Manager has considered the above investment risks in constructing the asset portfolios of the Scheme and aims to manage those risks primarily through diversification, including using some or all of the following (as applicable):

- investing across different asset classes (to reduce market risk and liquidity risk);
- investing predominantly in unit trusts which, in turn, invest with a number of different portfolios managed by several investment managers;
- investing across different countries (to reduce market risk); and
- investing in a number of individual securities within each asset class.

Professional investment managers are appointed on a research-based process of selection to manage the assets of the MITNZ via a set of investment guidelines. Risk management activities are performed within the underlying investment portfolios, not at the Scheme level. The investment managers of underlying investment portfolios may use derivatives and other instruments, including share price and bond futures, interest rate swaps and forward currency contracts, to manage exposures resulting from changes in interest rates, foreign currencies, equity price risks and exposures from forecast transactions.

The New Zealand Defence Force KiwiSaver Scheme invests in MDT that in turn invests in other MITNZ investment portfolios and MNZCFIT. The investment in the MITNZ investment portfolios are directly exposed to market risk, credit risk and liquidity risk.

**NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2022**

**11 FINANCIAL RISK MANAGEMENT (Continued)**

**a) Market Risk**

Market risk is the risk 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 price risk.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Market risk is minimised by the Manager through research and analysis of the investment mix within investment portfolios and ensuring that all investment activities are undertaken in accordance with established investment strategies. The Scheme's overall market positions are monitored by the Scheme's manager who uses research and analysis to form a view on these matters and then rebalances the investment mix of the investment portfolios to reduce the impact of market risk.

*Currency risk*

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Scheme does not hold financial instruments denominated in currencies other than the New Zealand dollar, the functional currency. It is therefore not directly exposed to currency risk. Currency risk disclosure has been considered on the basis of the Scheme's direct investments and not on a look through basis for financial assets held indirectly through unit trusts. Consequently the Scheme may be exposed indirectly to currency risk where the Scheme has significant financial assets in unit trusts which have exposure to foreign currencies.

Exposure to currency risk is managed through hedging using derivative investments, which may include forward exchange contracts, within the underlying MITNZ investment portfolios.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Scheme's financial assets are non-interest bearing. As a result, the Scheme is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates. Any sensitivity is immaterial.

Interest rate risk disclosures have been considered on the basis of the Scheme's direct investments and not on a look through basis for investments held indirectly through unit trusts. Consequently the Scheme is exposed indirectly to interest rate risk where the Scheme has significant investments in unit trusts which have interest bearing securities.

Exposure to interest rate risk is managed through the use of derivatives, diversification in holdings and the duration of fixed interest investments within the underlying investment portfolios.



**NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME****Notes to the Financial Statements****For the year ended 31 March 2022****11 FINANCIAL RISK MANAGEMENT (Continued)****a) Market Risk (Continued)**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price (other than those arising from interest rate risk or currency risk). The Scheme's financial assets are susceptible to market price risk arising from uncertainties about future values of the financial assets which will directly affect net investment income.

As the majority of the Scheme's financial instruments are carried at fair value, all changes in market conditions will directly affect investment returns that are recognised in the Statements of Changes in Net Assets. The Scheme's price risk is managed through diversification of the financial assets within the Fund and within the underlying investments in the MITNZ. In addition, price risk may be hedged using derivative financial instruments such as options or futures within the underlying MITNZ investment portfolios.

As at 31 March, the Scheme's exposure to market price risk through unlisted unit trusts was as follows:

Fund	TOTAL		TOTAL	
	2022	2022	2021	2021
	\$	%	\$	%
Cash	3,223,706	2%	2,918,427	2%
Conservative	7,680,965	4%	7,635,566	4%
Moderate	7,016,012	3%	6,928,564	4%
Balanced	85,427,504	40%	77,400,746	41%
Growth	40,198,001	19%	34,941,140	19%
High Growth	43,280,599	21%	37,346,299	20%
Shares	23,177,694	11%	18,854,497	10%
<b>Total Unlisted Unit Trusts</b>	<b>210,004,481</b>	<b>100%</b>	<b>186,025,239</b>	<b>100%</b>

The table below shows the sensitivity to market price of the financial assets at fair value through profit and loss, if all other variables were held constant and investment markets fluctuated by the percentages disclosed below.

Fund	2022				2021			
	Net profit before membership activities		Net Assets Attributable to Members		Net profit before membership activities		Net Assets Attributable to Members	
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
	\$	\$	\$	\$	\$	\$	\$	\$
Cash	322,371	(322,371)	322,371	(322,371)	291,843	(291,843)	291,843	(291,843)
Conservative	768,097	(768,097)	768,097	(768,097)	763,557	(763,557)	763,557	(763,557)
Moderate	701,601	(701,601)	701,601	(701,601)	692,856	(692,856)	692,856	(692,856)
Balanced	8,542,750	(8,542,750)	8,542,750	(8,542,750)	7,740,074	(7,740,074)	7,740,074	(7,740,074)
Growth	4,019,800	(4,019,800)	4,019,800	(4,019,800)	3,494,114	(3,494,114)	3,494,114	(3,494,114)
High Growth	4,328,060	(4,328,060)	4,328,060	(4,328,060)	3,734,630	(3,734,630)	3,734,630	(3,734,630)
Shares	2,317,769	(2,317,769)	2,317,769	(2,317,769)	1,885,450	(1,885,450)	1,885,450	(1,885,450)
<b>Total</b>	<b>21,000,448</b>	<b>(21,000,448)</b>	<b>21,000,448</b>	<b>(21,000,448)</b>	<b>18,602,524</b>	<b>(18,602,524)</b>	<b>18,602,524</b>	<b>(18,602,524)</b>

## NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME

### Notes to the Financial Statements

#### For the year ended 31 March 2022

#### 11 FINANCIAL RISK MANAGEMENT (Continued)

##### b) Credit Risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Scheme to incur a financial loss. The Scheme is exposed to counterparty credit risk on cash and cash equivalents. None of these assets are impaired nor past due (but not impaired) (2021: Same).

With respect to credit risk arising from the cash and cash equivalents of the Scheme, the Scheme's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the carrying amount disclosed in the Statements of Net Assets. This represents the current maximum risk exposure at the reporting date.

The managers of the investment funds manage credit risk by establishing controls which are either specified in the guidelines set by the Manager or outlined in the product disclosure statement/information memorandum of underlying unit trust investments that it makes. Credit risk limitations include diversification of investments over a wide range of asset classes, companies, industries and maturities within the underlying investment portfolios. The Scheme's cash balances are held with Westpac New Zealand Limited (AA- rating, as measured by Standard & Poor's) (2021: Same).

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. Management consider the probability of default to be close to zero as 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.

##### c) Liquidity Risk

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due. The Scheme's approach to managing liquidity is to ensure, as far as possible, that there will always be sufficient liquidity to meet liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Scheme's reputation.

The Scheme is exposed to daily cash redemptions of redeemable units.

The Scheme's liquidity risk is managed by investing in unlisted investment trusts which, in turn, invest in different asset classes and predominantly liquid assets.

Members are able to transfer their balances to another KiwiSaver Scheme at any time. As such, the liability for promised retirement benefits is deemed to be repayable on demand. All other financial liabilities of the Scheme are due within one month.

##### d) Capital Risk Management

The Scheme manages its net assets attributable to Members as capital, notwithstanding net assets attributable to Members is classified as a liability. The amounts of Members' funds can change significantly on a daily basis as the Funds can be transferred, withdrawn as set out in the conditions of the KiwiSaver Act 2006. The Scheme's objective when managing capital is to safeguard the Scheme's ability to continue as a going concern in order to provide returns for Members and to maintain a strong capital base to support the development of the investment activities of the Scheme. In order to maintain or adjust the capital structure, the Scheme's policy is to perform the following:

- a) monitor the level of daily contributions, transfers in, transfers out and benefits relative to the assets it is able to liquidate within seven days; and
- b) redeem and issue new units in accordance with the constitutional documents of the Scheme, which includes the ability to restrict redemptions in accordance with the KiwiSaver Act 2006. The Scheme does not have any externally imposed capital requirements.

**NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME****Notes to the Financial Statements  
For the year ended 31 March 2022****12 CLIMATE RELATED RISK MANAGEMENT**

The Financial Stability Board's Task Force on Climate-related Financial Disclosures (the TCFD) released its recommended framework for climate-related financial disclosures. Generally speaking, this framework covers four key areas: governance, strategy, risk management, and metrics & targets.

The recommended framework is broadly consistent with Mercer's approach.

*Governance*

Mercer's governance oversight on climate-related risks and opportunities is integrated through all levels of operations. The annual environmental, social and corporate governance ("ESG") review (now including carbon foot printing) is part of Mercer (N.Z.) Board reporting. The Board is aware of the importance of ensuring climate change is addressed, including having explicit goals and targets related to risks and opportunities.

*Strategy*

The impacts of climate change are actively considered in the process of determining Mercer's business and strategy over time. Mercer has completed climate scenario modelling and stress testing of its multi-sector portfolios and is integrating its findings into asset allocations and portfolio construction decisions.

*Risk Management*

Mercer's climate scenario modelling process is the key framework used to assess the size and scope of climate-related risks from a return perspective and prioritise asset classes and industry sectors for risk management (and exposure to new opportunities).

*Metrics and targets*

For equities, Mercer has primarily relied on carbon foot printing analysis for all equity funds as a key portfolio metric for carbon emission intensity vs benchmark. This is a way of assessing historic carbon emissions volume or intensity, which is an indicator for the relative risk of carbon pricing increases as part of the transition to a low-carbon economy. During the year, Mercer New Zealand committed to a target of Net-Zero emissions for all Funds in aggregate by 2050.

**13 FINANCIAL INSTRUMENTS BY CATEGORY**

	TOTAL		Cash		Conservative		Moderate	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>								
<b>Financial assets at fair value through profit or loss</b>								
Financial assets at fair value through profit or loss	210,004,481	186,025,239	3,223,706	2,918,427	7,680,965	7,635,566	7,016,012	6,928,564
<b>Total financial assets at fair value through profit or loss</b>	<b>210,004,481</b>	<b>186,025,239</b>	<b>3,223,706</b>	<b>2,918,427</b>	<b>7,680,965</b>	<b>7,635,566</b>	<b>7,016,012</b>	<b>6,928,564</b>
<b>Financial assets at amortised cost</b>								
Cash and cash equivalents	2,725,398	3,107,599	-	24,999	-	73,774	89,144	64,042
Investment management fee rebates receivable	2,034	5,364	66	221	49	149	53	163
<b>Total financial assets at amortised cost</b>	<b>2,727,432</b>	<b>3,112,963</b>	<b>66</b>	<b>25,220</b>	<b>49</b>	<b>73,923</b>	<b>89,197</b>	<b>64,205</b>
<b>Total financial assets</b>	<b>212,731,913</b>	<b>189,138,202</b>	<b>3,223,772</b>	<b>2,943,647</b>	<b>7,681,014</b>	<b>7,709,489</b>	<b>7,105,209</b>	<b>6,992,769</b>
<b>LIABILITIES</b>								
<b>Financial liabilities at amortised cost</b>								
Bank Overdraft	-	-	4,308	-	55,730	-	-	-
Unallocated contributions	59,297	157,154	642	805	527	1,037	746	262
Benefits payable	189,447	287,042	104,860	90,065	-	55,799	-	10,825
Supervisor fees payable	31,050	14,700	477	231	1,136	603	1,037	548
Administration fees payable	-	11,216	-	204	-	399	-	512
Manager fees (expense recoveries) payable	13,660	42,033	186	795	516	1,952	474	1,679
Other expenses payable	26,787	141,330	364	2,673	1,011	6,563	929	5,645
Net assets attributable to members	211,816,533	186,026,369	3,112,030	2,849,016	7,654,317	7,589,173	7,113,311	6,917,423
<b>Total financial liabilities at amortised cost</b>	<b>212,136,774</b>	<b>186,679,844</b>	<b>3,222,867</b>	<b>2,943,789</b>	<b>7,713,237</b>	<b>7,655,526</b>	<b>7,116,497</b>	<b>6,936,894</b>

**NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2022**

**13 FINANCIAL INSTRUMENTS BY CATEGORY (Continued)**

	Balanced		Growth		High Growth		Shares	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>								
<b>Financial assets at fair value through profit or loss</b>								
Financial assets at fair value through profit or loss	85,427,504	77,400,746	40,198,001	34,941,140	43,280,599	37,346,299	23,177,694	18,854,497
<b>Total financial assets at fair value through profit or loss</b>	<b>85,427,504</b>	<b>77,400,746</b>	<b>40,198,001</b>	<b>34,941,140</b>	<b>43,280,599</b>	<b>37,346,299</b>	<b>23,177,694</b>	<b>18,854,497</b>
<b>Financial assets at amortised cost</b>								
Cash and cash equivalents	804,892	1,037,927	820,417	814,345	648,974	761,270	422,009	331,242
Investment management fee rebates receivable	766	2,022	392	1,030	447	1,156	261	623
<b>Total financial assets at amortised cost</b>	<b>805,658</b>	<b>1,039,949</b>	<b>820,809</b>	<b>815,375</b>	<b>649,421</b>	<b>762,426</b>	<b>422,270</b>	<b>331,865</b>
<b>Total financial assets</b>	<b>86,233,162</b>	<b>78,440,695</b>	<b>41,018,810</b>	<b>35,756,515</b>	<b>43,930,020</b>	<b>38,108,725</b>	<b>23,599,964</b>	<b>19,186,362</b>
<b>LIABILITIES</b>								
<b>Financial liabilities at amortised cost</b>								
Bank Overdraft	-	-	-	-	-	-	-	-
Unallocated contributions	29,042	78,653	7,372	19,526	9,270	16,564	11,698	40,307
Benefits payable	49,419	72,060	10,603	36,217	14,139	22,076	10,426	-
Supervisor fees payable	12,631	6,116	5,943	2,761	6,399	2,951	3,427	1,490
Administration fees payable	-	5,202	-	1,718	-	1,990	-	1,191
Manager fees (expense recoveries) payable	5,593	17,803	2,597	7,851	2,824	8,067	1,470	3,886
Other expenses payable	10,969	59,860	5,093	26,397	5,538	27,124	2,883	13,068
Net assets attributable to Members	86,073,803	77,245,484	40,822,377	35,136,648	43,606,318	37,438,689	23,434,377	18,849,936
<b>Total financial liabilities at amortised cost</b>	<b>86,181,457</b>	<b>77,485,178</b>	<b>40,853,985</b>	<b>35,231,118</b>	<b>43,644,488</b>	<b>37,517,461</b>	<b>23,464,281</b>	<b>18,909,878</b>

At 31 March 2022 the carrying amount of the financial assets and liabilities at amortised cost approximates their fair value (2021: Same).

**14 UNITS ON ISSUE**

	TOTAL		Cash		Conservative		Moderate	
	2022	2021	2022	2021	2022	2021	2022	2021
Units on issue at the beginning of the year	129,433,013	109,362,470	2,699,253	3,728,324	6,272,562	6,325,312	5,433,423	4,798,462
Units issued during the year	64,360,522	72,129,713	3,013,678	4,412,052	4,350,859	5,043,240	2,916,653	4,101,253
Units redeemed during the year	(49,884,992)	(52,059,170)	(2,769,436)	(5,441,123)	(4,281,670)	(5,095,990)	(2,807,467)	(3,466,292)
<b>Units on issue at the end of the year</b>	<b>143,908,543</b>	<b>129,433,013</b>	<b>2,943,495</b>	<b>2,699,253</b>	<b>6,341,751</b>	<b>6,272,562</b>	<b>5,542,609</b>	<b>5,433,423</b>

  

	Balanced		Growth		High Growth		Shares	
	2022	2021	2022	2021	2022	2021	2022	2021
Units on issue at the beginning of the year	55,927,959	47,593,398	23,965,335	19,616,622	23,753,731	18,789,175	11,380,750	8,511,177
Units issued during the year	25,599,862	27,037,060	10,228,710	11,385,925	10,905,606	12,558,921	7,345,154	7,591,262
Units redeemed during the year	(20,330,275)	(18,702,499)	(7,074,623)	(7,037,212)	(7,895,556)	(7,594,365)	(4,725,965)	(4,721,689)
<b>Units on issue at the end of the year</b>	<b>61,197,546</b>	<b>55,927,959</b>	<b>27,119,422</b>	<b>23,965,335</b>	<b>26,763,781</b>	<b>23,753,731</b>	<b>13,999,939</b>	<b>11,380,750</b>

**15 CONTINGENT LIABILITY, ASSET AND COMMITMENTS**

There were no material contingent liabilities or commitments as at 31 March 2022 (2021: Same).

**16 EVENTS AFTER BALANCE DATE**

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



## Independent auditor's report

To the members of the New Zealand Defence Force KiwiSaver Scheme (the "Scheme") comprising the following Funds:

- Cash
- Conservative
- Moderate
- Balanced
- Growth
- High Growth
- Shares

(Collectively referred to as the "Funds")

---

### Our opinion

In our opinion, the accompanying financial statements of the Funds and the Scheme present fairly, in all material respects, the financial position of the Funds and the Scheme as at 31 March 2022, 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 Funds' and the Scheme's financial statements comprise:

- the statements of net assets as at 31 March 2022;
- 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 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 Mercer (N.Z.) Limited (the Manager): controls assurance reporting, collective registry compliance assurance reporting, tax compliance and tax advisory services, the audit of financial statements of other funds and schemes managed by the Manager, and reporting to the Supervisor and Trustee. Subject to certain restrictions, employees of our firm may invest in the Funds and the Scheme on normal terms within the ordinary course of trading activities of the Funds and the Scheme. These services and relationships have not impaired our independence as auditor of the Funds and the Scheme. Other than in our capacity as auditor, we have no other relationships with, or interests in, the 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
<p><b>Valuation and existence of financial assets at fair value through profit or loss</b></p> <p>Refer to note 5 of the financial statements for disclosures of financial assets at fair value through profit or loss.</p> <p>This was an area of focus for our audit as it represents the majority of the net assets of the Funds and the Scheme.</p> <p><b>Valuation</b></p> <p>The Funds and the Scheme invest solely into funds of Mercer Investment Trusts New Zealand (MITNZ). MITNZ funds are unlisted unit trusts which are also managed by the Manager. The</p>	<p>We assessed the processes employed by the Manager for recording and valuing the financial assets at fair value through profit or loss, including the relevant controls operated by the service organisations. The service organisations for the Funds and Scheme include the Investment Administrator and the Custodian. Our assessment of the business processes included obtaining the internal control reports over investment administration and custody provided by the service organisations.</p> <p>We evaluated the evidence provided by the internal control reports over the design and operating effectiveness of the relevant controls operated by the service organisations.</p>



Description of the key audit matter	How our audit addressed the key audit matter
<p>fair value of the investments in the MITNZ are categorised as level 2 in the fair value hierarchy.</p> <p>The fair value is based on the redemption price established by the MITNZ investment fund administrator. In assessing the fair value, the Manager uses information provided by the MITNZ investment fund administrator.</p> <p><b>Existence</b></p> <p>Holdings of financial assets at fair value through profit or loss are held by the Custodian on behalf of the Funds and the Scheme.</p>	<p>For investments in unlisted unit trusts we agreed the redemption price used by the Manager at balance date to the confirmation provided by the MITNZ investment fund administrator.</p> <p>We evaluated whether the redemption price represents fair value by comparing the valuation of the investment to the net asset value per unit based on the 31 March 2022 audited financial statements of the unlisted unit trusts and against recent transaction prices.</p> <p>We obtained confirmation from the Custodian of the holdings of financial assets at fair value through profit or loss held by the Funds and the Scheme as at 31 March 2022.</p>

## Our audit approach

### Overview

#### Materiality

We determined materiality for each Fund and the Scheme separately. Our materiality for each Fund and the Scheme is calculated based on approximately 1% of net assets attributable to members for each Fund and the Scheme.

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

#### Key audit matters

As reported above, we have one key audit matter, being valuation and existence of financial assets 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 and the Scheme, the Funds' and the Scheme's investments and the accounting and registry processes and controls.

The Manager is responsible for the governance and control activities of the Funds and the Scheme. The Funds' and the Scheme's investments are held by the Custodian. The Manager performs the investment accounting and registry services.

In completing our audit, we performed relevant audit procedures over the control environment of the Custodian and the Manager to support our audit conclusions.

---

### **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, which the annual report will refer to. 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 Manager 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 and the Scheme'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 the Scheme 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 Barber.

For and on behalf of:

A handwritten signature in black ink that reads "Price Waterhouse Coopers".

Chartered Accountants  
26 July 2022

Wellington