

**Generate KiwiSaver Scheme
Financial Statements
For the year ended 31 March 2022**

Manager's Statement

In the opinion of the Manager, the accompanying Financial Statements are drawn up so as to present fairly the financial position of the Generate KiwiSaver Scheme as at 31 March 2022 and their financial performance and cash flows for each of its investment funds for the year ended on that date in accordance with the requirements of the Generate KiwiSaver Scheme Trust Deed dated 31 August 2016 and a Deed of Amendment and Restatement dated 17 December 2020.

The directors of the Manager are of the opinion that the Generate KiwiSaver Scheme will be able to pay its debts as and when they fall due.

Director



Date

Friday, 15 July 2022

Director


Generate Investment Management Limited

Date

Friday, 15 July 2022

Additional Member Information

Under clause 17 of the Trust Deed governing the Generate KiwiSaver Scheme and the Financial Markets Conduct Act 2013 (FMC Act), the Manager, Generate Investment Management Limited (GIML), is required to advise unitholders in summary form of any amendments to the Trust Deed.

The Trust Deed was amended and restated on 17 December 2020.

Statements of Changes in Net Assets

\$		Conservative		Growth		Focused Growth		Scheme Total	
For the year ended 31 March		2022	2021	2022	2021	2022	2021	2022	2021
Income									
Interest income on financial assets at amortised cost		74,354	29,113	131,554	101,226	152,223	95,880	358,131	226,219
Interest income on financial assets at fair value through profit or loss		7,026,549	10,015,149	2,778,763	4,030,776	354,812	492,096	10,160,124	14,538,021
Dividend and distribution income		2,310,314	3,243,005	21,838,355	20,139,469	35,352,055	30,161,902	59,300,724	53,544,376
Foreign exchange gains/(losses)		960,533	(2,591,526)	303,998	(3,559,569)	202,140	(4,212,407)	866,671	(10,363,502)
Net gain/(loss) on financial instruments at fair value through profit or loss		(6,575,472)	44,125,608	(5,836,259)	165,844,292	(28,487,176)	236,402,976	(40,888,906)	446,172,876
Other income		202,389	16	590,448	593,600	889,122	1,162,648	1,881,939	1,756,264
Total income/(loss)		3,398,647	54,821,365	19,606,880	186,948,794	8,463,176	264,103,095	31,468,683	505,874,254
Expenses									
Management fees	12	5,171,264	4,370,131	11,143,425	7,941,750	14,980,886	10,366,565	31,275,575	22,678,446
Supervisor fees	12	182,211	174,811	392,489	315,724	526,933	411,789	1,101,633	902,324
Transaction costs		44,243	41,191	467,952	671,979	781,004	950,518	1,293,199	1,663,688
Other expenses	12	851,891	757,524	1,879,205	1,351,800	2,400,392	1,633,387	5,131,488	3,742,711
Total operating expenses		6,249,609	5,343,657	13,883,071	10,281,253	18,689,215	13,362,259	38,801,895	28,987,169
Net profit/(loss) before membership activities		(2,850,962)	49,477,708	5,723,789	176,668,541	(10,206,039)	250,740,836	(7,333,212)	476,887,085
Contributions									
Member contributions		55,499,301	50,906,709	97,809,758	76,337,912	127,708,301	93,872,227	281,017,360	221,116,848
Employer contributions		17,675,885	18,215,800	38,338,401	32,773,408	55,324,338	44,909,371	111,338,624	95,898,579
Crown contributions		6,146,900	6,037,907	13,188,310	10,789,509	18,138,907	14,168,277	37,474,117	30,995,693
Transfers from other Funds in the Scheme		77,418,500	47,989,652	36,804,536	48,989,555	64,501,176	89,876,855	178,522,212	186,856,062
Transfers from other schemes		78,910,493	74,051,511	152,891,441	130,294,536	176,243,120	144,810,382	408,045,054	348,956,429
Total contributions		235,649,079	197,201,579	338,832,446	298,184,920	441,915,842	387,437,112	1,016,397,367	883,823,611
Withdrawals									
Transfers to other Funds in the Scheme		62,073,631	109,897,264	83,383,634	45,719,817	53,084,947	31,239,181	178,522,212	186,856,062
Transfers to other schemes		14,176,743	15,109,401	29,789,703	18,220,531	42,025,278	31,970,047	85,891,724	65,299,979
Withdrawals on death		894,383	590,176	592,264	504,826	916,827	530,924	2,403,484	1,625,926
Withdrawals or transfers on permanent emigration		201,417	209,643	245,585	342,095	414,844	320,843	861,846	872,581
Invalid enrolment withdrawals		75,629	41,304	48,750	43,106	70,553	58,329	192,932	142,739
Retirement		17,663,902	9,531,563	12,838,723	5,593,749	6,555,390	3,676,554	37,056,015	18,801,866
Serious illness withdrawals		540,883	556,239	1,336,491	1,042,015	951,829	692,157	2,829,203	2,290,411
First home purchase withdrawals		40,746,022	39,886,780	23,142,526	15,407,549	25,265,465	17,977,281	89,144,813	73,071,610
Significant financial hardship withdrawals		1,423,095	1,319,814	2,562,878	1,992,805	2,760,515	2,203,656	6,746,488	5,516,075
Amounts required to be paid under other enactments		22,465	9,184	210,290	28,416	838,318	175,805	1,071,071	213,405
Total benefits paid		137,818,180	176,951,368	134,146,842	88,894,509	132,853,964	88,844,777	404,818,986	354,690,654
Administration fees	12	587,674	439,565	1,309,245	841,254	1,804,503	1,222,305	3,801,422	2,503,124
PIE tax		(1,497,820)	2,912,028	3,319,112	6,536,396	8,650,141	11,951,045	10,471,433	21,399,469
Net membership activities		98,741,045	16,898,618	200,067,247	202,912,761	298,507,234	285,418,985	597,305,526	505,230,364
Members' accounts at the start of the year		468,990,978	402,614,652	956,707,300	577,125,998	1,267,588,187	731,428,366	2,693,286,465	1,711,169,016
Movement in members' accounts for the year		95,890,083	66,376,326	205,781,036	379,581,302	288,301,195	536,159,821	589,972,314	982,117,449
Members' accounts at the end of the year		564,881,061	468,990,978	1,162,488,336	956,707,300	1,555,889,382	1,267,588,187	3,283,258,779	2,693,286,465

The Notes form an integral part of, and should be read in conjunction with, these Financial Statements.

Statements of Net Assets

\$ As at 31 March	Note	Conservative Fund		Growth		Focused Growth Fund		Scheme Total	
		2022	2021	2022	2021	2022	2021	2022	2021
Members' Funds		564,881,061	468,990,978	1,162,488,336	956,707,300	1,555,889,382	1,267,588,187	3,283,258,779	2,693,286,465
<i>Represented by:</i>									
Assets									
Cash and cash equivalents		11,985,699	32,881,522	26,305,499	57,521,627	36,402,122	59,087,853	74,693,320	149,491,002
Trade and other receivables	8	2,467,186	4,240,245	2,603,033	11,370,869	5,163,849	18,798,992	10,234,068	34,410,106
Financial assets at fair value through profit or loss	6	550,177,989	438,893,898	1,137,877,777	908,551,414	1,524,082,957	1,226,887,580	3,212,118,723	2,574,332,892
Unitholder tax rebates receivable		1,597,775	24,276	85,406	52,551	18,248	78,689	1,701,429	155,496
Total assets		566,228,649	476,039,941	1,166,871,715	977,496,461	1,565,647,176	1,304,853,094	3,298,747,540	2,758,389,496
Liabilities									
Benefits payable		782,365	349,471	309,117	157,270	305,836	77,567	1,397,318	584,308
Trade and other payables	9	73,305	2,882,031	159,214	8,234,010	206,021	14,492,732	438,540	25,608,773
Trade and other payables to related parties	10	489,992	440,078	999,739	887,679	1,334,075	1,176,378	2,823,806	2,504,135
Financial liabilities at fair value through profit or loss	6	-	1,010,315	-	5,884,684	-	10,484,002	-	17,179,001
Unitholder tax liabilities payable		1,926	2,367,068	2,915,309	5,825,518	7,911,882	11,034,228	10,829,097	19,226,814
Total liabilities		1,347,588	7,048,963	4,383,379	20,789,161	9,757,794	37,264,907	15,488,761	65,103,031
Net assets available for benefits		564,881,061	468,990,978	1,162,488,336	956,707,300	1,555,889,382	1,267,588,187	3,283,258,779	2,693,286,465

The Notes form an integral part of, and should be read in conjunction with, these Financial Statements.

These Financial Statements were authorised for issue by the Manager, Generata Investment Management Limited.

Director



Date

Friday, 15 July 2022

Director



Date

Friday, 15 July 2022

Statements of Cash Flows

₹	For the year ended 31 March	Note	Conservative Fund		Growth Fund		Focused Growth Fund		Scheme Total	
			2022	2021	2022	2021	2022	2021	2022	2021
Cash flows from operating activities										
			172,005,183	106,335,537	288,902,518	164,173,357	365,077,647	174,224,166	825,985,348	444,733,060
			(292,400,418)	(150,666,022)	(519,499,784)	(397,966,172)	(682,497,438)	(528,852,108)	(1,494,397,640)	(1,077,484,302)
			216,293	1,242,258	3,083,178	6,314,766	5,090,762	11,891,209	8,390,233	19,248,233
			2,339,567	2,546,669	9,464,639	9,058,744	11,166,859	10,891,788	22,971,065	22,497,201
			7,301,160	10,057,928	2,966,967	4,135,133	507,035	621,104	10,805,182	14,814,165
			202,369	16	169,372	112	67,129	19	438,870	147
			(6,198,579)	(5,215,391)	(13,757,410)	(9,897,792)	(18,487,118)	(12,807,653)	(38,443,105)	(27,920,836)
		11	(116,534,425)	(35,699,005)	(228,640,520)	(224,181,852)	(319,075,122)	(344,231,475)	(664,250,067)	(604,112,332)
Cash flows from financing activities										
			235,691,850	198,234,616	338,686,810	299,465,105	442,429,535	387,487,063	1,016,808,195	885,186,784
			(137,972,960)	(178,323,356)	(135,304,240)	(90,048,079)	(134,530,198)	(90,425,158)	(407,807,398)	(358,796,593)
			(2,440,821)	(301,473)	(6,282,178)	1,207,585	(11,712,086)	3,045,773	(20,415,083)	3,951,885
			95,278,069	19,609,787	197,120,394	210,624,611	296,187,251	300,107,678	588,585,714	530,342,076
			(21,256,356)	(16,089,218)	(31,520,128)	(13,557,241)	(22,887,871)	(44,123,797)	(75,664,353)	(73,770,256)
			32,881,522	51,562,266	57,521,827	74,638,437	59,087,853	107,424,057	149,491,002	233,624,760
			360,533	(2,591,526)	303,998	(3,559,569)	202,140	(4,212,407)	866,671	(10,363,502)
			11,985,699	32,881,522	26,305,499	57,521,627	36,402,122	59,087,853	74,693,320	149,491,002

The Notes form an integral part of, and should be read in conjunction with, these Financial Statements.

Notes to the Financial Statements

1. General information

Reporting entity

These Financial Statements ('Financial Statements') are for the Generate KiwiSaver Scheme (the 'Scheme') which comprises the following three investment funds (together the 'Funds' and individually 'Fund').

- Conservative Fund;
- Growth Fund; and
- Focused Growth Fund

The Manager and Issuer of the Scheme is Generate Investment Management Limited ('GIML'). The parent of the Manager is Generate Investment Holdings Limited ('GIHL') and the Supervisor of the Scheme is Public Trust ('the Supervisor'). The Scheme is registered and domiciled in New Zealand. The registered office of the Scheme is Jarden House, 9/21 Queen Street, Auckland 1010.

The Scheme is a defined contribution scheme under the KiwiSaver Act 2006, which means that members contribute to the Scheme over time and benefits payable depend on the amount of contributions made and any returns on contributions received.

The Scheme was established under a Trust Deed dated 14 December 2012. The Scheme received contributions from 28 March 2013. It is reporting as a Tier 1 for-profit entity as defined in the External Reporting Board's 'Accounting Standards framework'. On 25 August 2016, the Manager and the Supervisor updated the Trust Deed to ensure compliance with the requirements of Section 7 of the Financial Markets Conduct Act 2013 ('FMCA') and the Financial Markets Conduct Regulations 2014 ('FMC Regulations') and all other relevant enactments as amended by the FMCA and the Financial Markets (Repeals and Amendments) Act 2013. A Deed of Amendment and Restatement was dated 17 December 2020.

The Scheme's primary purpose is to ensure that its net assets are sufficient to meet all present and future obligations of the Scheme, as defined by the liability for promised benefits. The Scheme achieves this through obtaining contributions from members and employers and investing these into financial assets.

The principal objectives of the Funds are described below:

- The objective of the Conservative Fund is to provide a conservative investment return through investment in a portfolio of actively managed cash, fixed interest, property (including aged care), infrastructure assets (including telecoms, transport and logistics companies), Australasian equities and international equities. The Fund has a low to medium level of volatility.
- The objective of the Growth Fund is to provide growth over the long-term through investment in a portfolio of actively managed cash, fixed interest, property (including aged care), infrastructure assets (including telecoms, transport and logistics companies), Australasian equities and international equities. The Fund has a medium to high level of volatility.
- The objective of the Focused Growth Fund is to provide higher growth over the long-term through investment in a portfolio of actively managed cash, fixed interest, property (including aged care), infrastructure assets (including telecoms, transport and logistics companies), Australasian equities and international equities. The Fund has a high level of volatility.

Funding arrangements

Under the Trust Deed contributions are made by members of the Scheme, their employers and the Crown. Members can choose to contribute 3%, 4%, 6%, 8% or 10% of gross salary or wages. Members may from time to time make additional voluntary contributions to the Scheme. Employers are required to contribute 3% of members' gross salary or wage to the Scheme if the member contributes at least 3% of their gross salary or wages. Employer contributions to KiwiSaver are subject to Employer Superannuation Contribution Tax. The Crown will also contribute \$0.50 for every \$1.00 of member contributions annually up to a maximum of \$521.43 for qualifying members.

Retirement benefits

Member benefits will generally be locked into the Scheme until the latter of the date for reaching the qualifying age for New Zealand Superannuation or, for members enrolled prior to 1 July 2019, the date on which the Member has been a member of any KiwiSaver Scheme, or a member of a Complying Superannuation Scheme, for a period of five years. Members may also be able to withdraw their funds under significant financial hardship, serious illness, permanent emigration and first home withdrawals. Retirement benefits are determined by contributions to the Scheme together with investment earnings net of fees and tax on these contributions over the period of membership.

Termination terms

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

Statutory base

The Scheme is registered under the FMCA as a KiwiSaver Scheme. The Scheme is a trust vehicle governed by a Trust Deed dated 25 August 2016 and a Deed of Amendment and Restatement dated 12 December 2020.

2. Summary of accounting policies

2.1 Basis of preparation

The Financial Statements have been prepared in accordance with the Trust Deed governing the Scheme, the Kiwisaver Act 2006 and Section 7 of the FMCA.

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied throughout the years presented, unless otherwise stated.

The Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). For the purposes of complying with NZ GAAP, the Scheme is a profit-oriented entity. These Financial Statements have been prepared in accordance with the New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') as issued by the New Zealand Accounting Standards Board and other applicable reporting standards. The Financial Statements also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board. These Financial Statements have been prepared under the historical cost method, except for financial assets and liabilities at fair value through profit or loss, and have been prepared on the assumption that the Scheme operates on a going concern basis.

The preparation of Financial Statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the Directors of the Manager to exercise their judgement in the process of applying the Scheme's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 3.

The Financial Statements are prepared for the year ended 31 March 2022, with comparative information presented for the year ended 31 March 2021.

Notes to the Financial Statements

2. Summary of accounting policies (continued)

2.1 Basis of preparation (continued)

(a) Presentation

The Financial Statements are presented in New Zealand dollars, which is the Scheme's functional currency. The functional currency reflects the currency of the economy in which the Scheme competes for funds and is regulated. All amounts are rounded to the nearest dollar unless otherwise stated.

(b) Standards and amendments to existing standards effective 1 April 2021 impacting the Scheme

There are no standards, amendments to standards or interpretations that are effective for the year beginning on 1 April 2021 that have a material effect on the Financial Statements of the Scheme.

There are no other standards, amendments or interpretations that have been issued but are not yet effective that are expected to impact the Scheme's Financial Statements.

2.2 Financial instruments

(a) Classification

Assets

Financial assets are recognised initially at fair value plus transaction costs. After initial recognition, financial assets are measured at fair value or amortised cost, determined on the basis of both (a) the Fund's business model for managing the financial assets; and (b) the contractual cash flow characteristics of the financial asset.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss can be either designated as such upon initial recognition or mandatorily measured at fair value in accordance with NZ IFRS 9. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Funds are primarily focused on fair value information and use that information to assess the assets' performance and to make decisions. The contractual cash flows of the Funds' fixed interest securities are not held for the purpose of collecting contractual cash flows. The collection of contractual cash flows is only incidental in achieving the Funds' business model. As a result these fixed interest securities are classified as financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss comprise of equities, Portfolio Investment Entities ('PIEs'), listed and unlisted fixed interest securities, unlisted unit trusts, equity options and foreign exchange contracts.

(ii) Financial assets at amortised cost

(a) **Cash and cash equivalents** include cash in hand and deposits held at call with banks, denominated in New Zealand dollars and in foreign currencies.

(b) **Receivables** are amounts representing assets owing to the Funds and may include amounts due for interest or dividends and amounts due for securities sold that have been contracted for but not yet settled or delivered at year end.

Liabilities

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss can be either designated as such upon initial recognition or mandatorily measured at fair value in accordance with NZ IFRS 9. The portfolio of financial liabilities is managed and performance is evaluated on a fair value basis. As there are no financial liabilities designated at fair value upon initial recognition in the Funds, all financial liabilities are mandatorily measured at fair value through profit or loss. Foreign exchange contracts that have a negative fair value are presented as financial liabilities at fair value through profit or loss.

(ii) Financial liabilities at amortised cost

(a) **Payables** are amounts representing liabilities and accrued expenses owing by the Funds at year end and may include related party fees, withdrawals payable and amounts due to brokers for purchase of unsettled securities at year end.

(b) Recognition, measurement and derecognition

(i) Financial assets and liabilities at fair value through profit or loss

The Funds recognise financial assets and liabilities at fair value through profit or loss on the date they become parties to the contractual agreement. Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of Changes in Net Assets.

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are recognised in the Statement of Changes in Net Assets when they arise.

Financial assets at fair value through profit or loss are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all of the risks and rewards of ownership. Financial liabilities at fair value through profit or loss are derecognised when the obligation under the liability is discharged, cancelled or expires. Any gain or loss arising on derecognition of the financial asset or financial liability at fair value through profit or loss is included in the Statement of Changes in Net Assets in the year the item is derecognised.

Notes to the Financial Statements

2. Summary of accounting policies (continued)

2.2 Financial Instruments (continued)

(b) Recognition, measurement and derecognition (continued)

(i) Financial assets and liabilities at amortised cost

The Funds recognise financial assets and liabilities at amortised cost on the date they become parties to the contractual agreement. Financial assets and liabilities at amortised cost are initially recognised at fair value plus/minus transaction costs.

Subsequent to initial recognition, all financial assets at amortised cost are measured at amortised cost less any impairment if applicable. Any impairment is recognised in the Statement of Changes in Net Assets as an expense. At each reporting date, the Funds shall measure the loss allowance of all financial assets at amortised cost at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds shall measure the loss allowance at an amount equal to 12 month expected credit losses. See note 5.1.2 for further detail. If the credit risk increases to the point that it is considered to be credit impaired, interest will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due or a counterparty credit rating which has fallen below BBB/Baa. Any contractual payment which is more than 90 days past due is considered credit impaired.

Financial assets at amortised cost are derecognised when the rights to receive cash flows from the investments have expired or the Funds have transferred substantially all of the risks and rewards of ownership. Financial liabilities at amortised cost are derecognised when the obligation under the liability is discharged, cancelled or expires. Any gain or loss arising on derecognition of the financial asset or financial liability at amortised cost is included in the Statement of Changes in Net Assets in the year the item is derecognised.

(c) Fair value measurement

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 measurement date in the principal or, in its absence, the most advantageous market to which each Fund within the Scheme had access at that date. The fair value of a liability reflects its non-performance risk.

Fair value in an active market

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The quoted market price used by the Funds is the last traded market price for both financial assets and financial liabilities where the last traded prices fall within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value. The quoted market price used for fixed interest securities is the current mid price.

Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Manager uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Funds' investments in other funds are subject to the terms and conditions of the respective funds' offering documentation. The investments in other funds are primarily valued based on the latest available redemption price of such units for each other fund investment, as determined by the other funds' administrators. The Manager reviews the details of the reported information obtained from the other funds and considers: the liquidity of the other fund or its underlying investments; the value date of the net asset value provided; and restrictions on redemptions.

The rights of the Funds to request redemption of their investments in other funds may vary in frequency from daily to weekly redemptions. As a result, the carrying values of the other funds may not be indicative of the values ultimately realised on redemption. In addition, the Funds may be materially affected by the actions of other investors who have invested in other funds in which the Funds have invested.

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

Fair value classifications of the Funds' financial assets and liabilities are detailed in Note 6. Fair value hierarchy is detailed in Note 5.3.

2.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Net Assets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.4 Revenue recognition

- (a) Dividend and distribution income is recognised in the Statement of Changes in Net Assets when the Scheme's right to receive payment is established.
- (b) Interest income is recognised in the Statement of Changes in Net Assets as the interest accrues using the effective interest rate method. Interest income is earned on cash and cash equivalents.
- (c) Gains or losses of financial assets at fair value through profit or loss are recognised in the Statement of Changes in Net Assets as disclosed in Note 2.2.
- (d) Foreign exchange gains and losses on cash and financial instruments at fair value through profit or loss are recognised in the Statement of Changes in Net Assets as disclosed in Note 2.9.
- (e) Underwriting and brokerage income is recognised in the Statement of Changes in Net Assets when the Scheme's right to receive payment is established.
- (f) Dividend and interest income is disclosed net of any resident withholding taxes deducted at source, as these tax credits are allocated to members under the Portfolio Investment Entities (PIEs) regime.

Notes to the Financial Statements

2. Summary of accounting policies (continued)

2.5 Expenses

The management fee, supervisory and custody fees and expense allowance is calculated on a daily basis based on the Gross Fund Value of the Scheme and paid monthly. Other expenses including fund administration fees are expensed in the Statement of Changes in Net Assets on an accrual basis. Member administration and registry fees are charged monthly per member via a unit deduction payment when they arise.

2.6 Taxation

The Funds are PIEs. Under the PIE regime income is effectively taxed in the hands of the members and therefore the Funds have no tax expense. Accordingly, no income tax expense is recognised in the statement of changes in net assets.

Under the PIE regime, the Manager attributes the taxable income of the Funds to members in accordance with the proportion of their overall interest in the Funds. The income attributed to each member is taxed at the member's 'prescribed investor rate' which is capped at 28%. The Manager accounts for tax on behalf of members and undertakes any necessary adjustments to the members' interests in the Funds to reflect that the Scheme pays tax at varying rates on behalf of members.

Members' funds have been adjusted to reflect the impact of tax on the value of unit holdings.

The tax attributable to members is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Positions taken in attributing taxable income to members, with respect to situations in which applicable tax regulations are subject to interpretation, are evaluated by the Manager as required.

2.7 Goods and services tax (GST)

The Scheme is not registered for GST. All items in the Statement of Changes in Net Assets and the statement of net assets are stated inclusive of GST.

2.8 Statement of cash flows

Definitions of the terms used in the Statement of Cash Flows are:

- (a) 'Operating activities' include all transactions and other events that are not financing activities; and
- (b) 'Financing activities' are those activities that result in changes in the size and composition of members' funds.
- (c) The Scheme undertook no investing activities during both reporting periods.

2.9 Foreign currencies

Transactions and balances

Transactions denominated in foreign currencies are recognised at the exchange rates on the date of the transactions. Assets and liabilities at the reporting date denominated in foreign currencies are translated at the foreign currency exchange rates on that date. Realised and unrealised exchange gains and losses during each reporting period are recognised in the Statement of Changes in Net Assets.

2.10 Net assets attributable to members

The net assets available for benefits represent the liability for promised retirement benefits and is the Scheme's present obligation to pay benefits to Members. This has been calculated as the difference between carrying amounts of the assets and carrying amounts of the liabilities at the reporting date. The Scheme's Funds issue units that are redeemable at the Members' option subject to the requirements of the Act and do not have identical features and are therefore classified as financial liabilities. The units can be put back to the Funds in the Scheme at any time for purposes of permitted withdrawals (such as reaching the retirement age of 65 or significant financial hardship), transfer to another Fund within the Generate KiwiSaver Scheme or to a separate KiwiSaver Scheme at a value that is 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 (based on the redemption unit price) at the period end date if Members exercise their right to put the units back to the Funds.

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.

2.11 Related parties

A party is related to the Scheme if:

- (a) directly or indirectly through one or more of its intermediaries, it controls, is controlled by, or is under common control with, the Scheme;
- (b) it is a parent, subsidiary or fellow subsidiary of a party, defined in (a) above;
- (c) it has an interest in or relationship with the Scheme that gives it significant influence over the Scheme;
- (d) the Scheme has an interest in or relationship with the party that gives it significant influence over the party; or
- (e) they are a member of the Manager's key management personnel.

2.12 Restatement of comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the Financial Statements.

Notes to the Financial Statements

3. Accounting estimates and judgements

The preparation of Financial Statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgement in the process of applying the Scheme's accounting policies. The Manager has applied its judgement in selecting the accounting policy to designate financial assets at fair value through profit or loss at initial recognition. This policy has a significant impact on the amounts disclosed in the Financial Statements.

The Manager has used its judgement in the categorisation of financial assets and liabilities at fair value through profit or loss in accordance with the fair value hierarchy under NZ IFRS 13 'Fair Value Measurement'.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value in its entirety. The significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability (refer to note 5.3 for further details).

4. Derivatives

4.1 Forward foreign currency contracts

Forward foreign currency contracts are contractual obligations to buy or sell one currency on a future date in exchange for a second currency at a specified forward foreign exchange rate which is established in an organised market. The forward contracts are agreed between the parties to the contract and are not traded on an exchange. The Scheme's open positions in forward contracts at each reporting date are outlined below:

\$ As at 31 March	Conservative Fund		Growth Fund		Focused Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Forward exchange contracts (notional value in NZ\$)								
Sell AUD/Buy NZD	-	9,120,210	-	64,531,588	-	94,128,103	-	167,779,901
Sell CNY/Buy NZD	-	13,948,943	-	32,113,685	-	61,088,741	-	107,151,369
Sell EUR/Buy NZD	-	4,007,940	-	24,117,132	-	45,588,295	-	73,713,367
Sell USD/Buy NZD	-	18,394,394	-	139,639,846	-	263,583,513	-	421,617,753
Forward exchange contracts (fair value in NZ\$)								
Sell AUD/Buy NZD	-	(99,205)	-	(555,422)	-	(784,801)	-	(1,439,428)
Sell CNY/Buy NZD	-	(345,199)	-	(784,727)	-	(1,511,782)	-	(2,651,708)
Sell EUR/Buy NZD	-	9,653	-	18,140	-	56,107	-	83,900
Sell USD/Buy NZD	-	(541,536)	-	(4,334,535)	-	(8,187,419)	-	(13,063,490)

4.2 Options

An option is a contractual agreement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price. Options held by the Funds are exchange traded or over the counter trades. The Funds are exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value.

The Funds have the below call options at the reporting date:

\$ As at 31 March	Conservative Fund		Growth Fund		Focused Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Notional value in NZD								
Equity options	-	-	-	3,256,044	-	7,101,320	-	10,357,364
Fair value in NZD								
Equity options	-	-	-	116,854	-	254,855	-	371,709

Notes to the Financial Statements

5. Financial risk management

5.1 Financial risk factors

The Trust Deed for the Scheme requires the Manager to invest the assets of each Fund of the Scheme in accordance with the Scheme's Statements of Investment Policy and Objectives ('SIPO'), in order to manage risk. The Scheme's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Scheme's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Scheme is exposed and seeks to minimise potential adverse effects on the Scheme's financial performance.

All securities investments present a risk of loss of capital. The Funds of the Scheme may hold various financial instruments such as long listed equities, unlisted unit trusts and fixed interest securities where the maximum loss of capital is limited to the carrying value of those positions. The maximum loss of capital on forward foreign exchange contracts is limited to the notional amount of currency that is contracted to be delivered under each contract.

The Scheme is exposed directly and indirectly to price risks through its holdings of unlisted unit trust investments. The unlisted investments have underlying securities comprising primarily domestic, international equity instruments and fixed interest securities.

In addition to internal risk management carried out by the Manager, financial risk is also managed by the setting of an investment policy, agreed with and monitored by the Supervisor and set out in the SIPO. The Manager regularly reviews investment assets of the funds against Asset Allocation profiles of the SIPO together with the liquidity and concentration restrictions of the SIPO.

5.1.1 Market risk

(a) Price risk

Price risk is the risk that the fair value or future cash flows of non-monetary financial instruments will fluctuate because of changes in market prices, whether those changes are caused by factors specific to an issuer or factors affecting all similar financial instruments traded in the market. All investments in unlisted unit trusts, listed equities and equity options present a risk of loss of capital often due to factors beyond the Manager's control such as competition, regulatory changes, commodity price changes and changes in general economic climate domestically and internationally. The managers of the underlying unit trusts moderate this risk through careful asset selection and diversification of investments, daily monitoring of the positions and adherence to their investment policies. Price risks are managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits. Any price risk associated with monetary instruments such as the fixed interest securities is considered to be part of the risk captured under interest rate risk and credit risk.

The maximum market risk resulting from financial instruments is determined by their fair value.

Where non-monetary financial instruments, for example, unlisted unit trusts denominated in currencies other than NZD, the price initially expressed in foreign currency and then converted into NZD will also fluctuate because of changes in foreign exchange rates. In addition, where the Scheme holds unlisted unit trusts which in turn invest in securities denominated in foreign currencies, the value of the unlisted unit trust will be indirectly affected by fluctuations in foreign exchange rates. Paragraph (b) 'Foreign exchange risk' below sets out how this component of price risk is managed and measured.

Sensitivity Analysis

A variable of 10% was selected for price risk as this is a reasonably expected movement based on historic trends in unit prices. If investments in financial instruments subject to unit price risk at that date increased/decreased by 10% with all other variables held constant, this would have had the following impact on the statement of changes in net assets:

\$ As at 31 March	Conservative Fund		Growth Fund		Focused Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
10% Increase in prices	55,017,799	16,490,428	113,787,778	79,759,752	152,406,296	121,959,956	321,211,873	218,210,136
10% decrease in prices	(55,017,799)	(16,490,428)	(113,787,778)	(79,759,752)	(152,406,296)	(121,959,956)	(321,211,873)	(218,210,136)

Members' Funds would be impacted by the same amount less the PIE tax adjustment that would be attributed to members.

Notes to the Financial Statements

5. Financial risk management (continued)

5.1.1 Market risk (continued)

(b) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Scheme is exposed to currency risk on monetary instruments through holdings of non-New Zealand dollar cash and cash equivalents, trade and other receivables, trade and other payables and by entering into forward foreign exchange contracts. The Manager may hedge the exposure to currency fluctuations.

The Scheme is also exposed to currency risk on non-monetary instruments through investments in unlisted unit trusts.

At the reporting date the Scheme had the following foreign currency exposures due to holdings of monetary assets and liabilities (expressed in NZD equivalents):

\$	Conservative Fund		Growth Fund		Focused Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
As at 31 March								
Monetary assets/(liabilities)								
Australian Dollar (AUD)	422	(9,150,063)	308	(64,758,773)	62	(94,562,379)	792	(168,471,215)
Euro (EUR)	-	(3,931,971)	-	(23,593,385)	-	(44,595,626)	-	(72,120,984)
Great British Pound (GBP)	-	-	-	300,348	-	442,292	-	742,640
Hong Kong Dollar (HKD)	-	30,175	-	19,009	-	27,702	-	76,886
Chinese Yuan (CNY)	-	(14,329,371)	-	(32,989,516)	-	(62,754,804)	-	(110,073,691)
United States Dollar (USD)	-	(18,742,420)	-	(143,741,981)	-	(271,655,390)	-	(434,139,791)

The table below summarises the impact on the statement of changes in net assets on monetary assets and liabilities at the reporting date, had the exchange rates between the New Zealand dollar and the foreign currencies increased or decreased by 10% with all other variables held constant. The analysis is based on the Manager's best estimate of a reasonable possible shift in exchange rates with regard to historical volatility.

\$	Conservative Fund		Growth Fund		Focused Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
As at 31 March								
Monetary assets/(liabilities)								
Increase of 10%	(38)	4,193,059	(26)	24,069,482	(6)	43,008,928	(72)	71,271,469
Decrease of 10%	47	(5,124,850)	34	(28,418,255)	7	(52,566,467)	88	(87,109,572)

At the reporting date the Scheme had the following foreign currency exposures due to holdings of non-monetary assets and liabilities (expressed in NZD equivalents):

\$	Conservative Fund		Growth Fund		Focused Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
As at 31 March								
Non-monetary assets/(liabilities)								
Australian Dollar (AUD)	-	14,170,707	-	208,707,248	-	345,560,280	-	566,438,215
Euro (EUR)	-	2,796,397	-	24,831,276	-	48,297,826	-	73,925,299
Great British Pound (GBP)	-	-	-	49,112,415	-	93,383,471	-	142,495,886
Hong Kong Dollar (HKD)	-	17,494,456	-	38,354,378	-	74,783,788	-	130,832,602
United States Dollars (USD)	-	53,727,688	-	181,871,929	-	343,683,732	-	579,283,349

The table below summarises the impact on the statement of changes in net assets on non-monetary assets and liabilities at the reporting date, had the exchange rates between the New Zealand dollar and the foreign currencies increased or decreased by 10% with all other variables held constant. The analysis is based on the Manager's best estimate of a reasonable possible shift in exchange rates with regard to historical volatility.

\$	Conservative Fund		Growth Fund		Focused Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
As at 31 March								
Non-monetary assets/(liabilities)								
Increase of 10%	-	(8,017,204)	-	(45,534,295)	-	(82,155,351)	-	(135,706,850)
Decrease of 10%	-	9,798,805	-	55,853,027	-	100,412,095	-	165,863,927

Notes to the Financial Statements

5. Financial risk management (continued)

5.1.1 Market risk (continued)

(c) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities, and future cash flows. The Funds may hold fixed interest securities that expose them to fair value interest rate risk. The Funds hold cash and cash equivalents that expose the Funds to cash flow interest rate risk.

The following table represents the maturity profile of financial instruments subject to interest rate risk at 31 March:

\$ As at 31 March	Conservative Fund		Growth Fund		Focused Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Cash and cash equivalents								
On Call	11,985,699	32,881,522	26,305,499	57,521,627	36,402,122	59,087,853	74,693,320	149,491,002
Fixed interest securities								
Less than one year	-	57,067,808	-	25,010,558	-	3,543,267	-	85,621,633
1-2 years	-	65,506,764	-	32,274,899	-	2,176,342	-	99,958,005
2-5 years	-	112,629,620	-	42,086,924	-	1,003,699	-	155,720,243
Over 5 years	-	38,751,397	-	14,702,562	-	7,355,067	-	60,809,026
	-	273,955,589	-	114,074,943	-	14,078,375	-	402,108,907

(i) Cash flow sensitivity analysis

The Scheme holds cash and cash equivalents in New Zealand dollars that expose the Funds to cash flow interest rate risk.

A change in interest rates impacts the cash flow of the Scheme's cash and cash equivalents by increasing or decreasing the amount of interest received. A movement of 100 basis points (1%) was selected as this is a reasonably expected movement based on past overnight cash rate movements. The one year cash flow sensitivity to a 100 basis point movement in interest rates (based on assets held at the reporting date), with all other variables held constant, is shown in the following table:

\$ As at 31 March	Conservative Fund		Growth Fund		Focused Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Increase of 1%	119,857	328,815	263,055	575,216	364,021	590,879	746,933	1,494,910
Decrease of 1%	(119,857)	(328,815)	(263,055)	(575,216)	(364,021)	(590,879)	(746,933)	(1,494,910)

(ii) Fair value interest rate risk

At the reporting date, had the interest rate increased or decreased by 1% (which is the Manager's assessment of a reasonable movement with regard to historical volatility) with all other variables held constant, the impact on the fair value of the fixed interest portfolio in the respective Funds and the related change in total comprehensive income/(loss) would have been as follows:

\$ As at 31 March	Conservative Fund		Growth Fund		Focused Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Increase of 1%	-	(6,078,341)	-	(2,228,799)	-	(399,005)	-	(8,706,145)
Decrease of 1%	-	6,320,613	-	2,327,285	-	421,156	-	9,069,034

In addition to the Scheme's direct exposure to interest rate changes on the fair value of financial asset and liabilities and on the cash flows of cash and cash equivalents shown above, each Fund in the Scheme is indirectly affected by the impact of interest rate changes on the earnings of their investments in unlisted unit trusts, which forms part of the Price Risk sensitivity (see above). Therefore, the above sensitivity analysis may not fully indicate the total effect on the Scheme's net assets attributable to members of future movements in interest rates.

Notes to the Financial Statements

5. Financial risk management (continued)

5.1.2 Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of counterparties to honour fully the terms and conditions of a contract with the Scheme. Financial instruments that subject the Scheme to credit risk consist primarily of fixed interest securities, cash and cash equivalents and trade and other receivables.

The Funds measure credit risk and expected credit losses using the probability of default, exposure at default and loss given default. The Manager considers both historical analysis and forward looking information in determining any expected credit loss and monitors credit risk within the terms of the Schemes' Statement of Investment Policies and Objectives (SIPO). This predominantly requires a minimum credit rating of 'investment grade' for issuers of fixed interest securities, or where unrated, for the Investment committee to believe the issuer is of a credit quality equivalent to investment grade. For bank deposits, the bank is required to be investment grade. Cash and cash equivalent holdings with banks cannot exceed 15% of the assets of a fund, except for deposits with large overseas banks operating in New Zealand that each have a minimum credit rating of AA-, which cannot exceed 30% of the assets of a fund.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. There is a limited risk of default relating to contributions receivable by the Scheme as this receivable has arisen only due to timing between the date of receipt of the funds and when the units are allocated and the receipts processed. Derivative contracts can only be held with banks with a minimum credit rating of AA-. Forward foreign exchange contracts and interest rate swaps are held with ASB Bank Limited and ANZ Bank New Zealand Limited, who both have a S&P credit rating of AA-.

The maximum credit risk of financial instruments is considered to be the carrying amount on the statement of net assets. The risk of non-recovery of monetary assets is considered by the Manager to be minimal due to the quality of counterparties dealt with. The Scheme does not require collateral or other security to support financial instruments with credit risk. Cash and cash equivalents are held with ASB Bank Limited and BNP Paribas.

As at 31 March 2022 there were no financial assets past due or impaired (31 March 2021: Nil). As such, no loss allowance is deemed necessary on 12-month expected credit losses.

The following table sets out the Standard and Poor's credit rating for cash and cash equivalents and fixed interest securities held by the Scheme:

\$ As at 31 March		Conservative Fund		Growth Fund		Focused Growth Fund		Scheme Total	
		2022	2021	2022	2021	2022	2021	2022	2021
Cash and cash equivalents									
ASB Bank Limited	AA-	11,985,277	32,589,807	20,305,191	58,327,238	36,402,060	57,431,251	74,692,528	146,328,096
BNP Paribas SA	A+	422	311,915	308	1,194,389	62	1,658,602	792	3,162,906
		11,985,699	32,881,522	20,305,499	57,521,627	36,402,122	59,087,853	74,693,320	149,491,002
Debt Securities									
High Grade	AA+ /AA /AA-	-	75,184,992	-	33,433,312	-	1,003,699	-	109,622,003
Upper Medium Grade	A+/A /A-	-	13,931,719	-	14,837,101	-	3,076,451	-	31,845,271
Lower Medium Grade	BBB+ /BBB / BBB- / BB+	-	92,918,140	-	35,387,526	-	-	-	128,305,666
Unrated	NR	-	91,920,738	-	30,417,004	-	9,998,225	-	132,335,967
Total		-	273,955,589	-	114,074,943	-	14,078,375	-	402,108,907

5.1.3 Liquidity risk

Liquidity risk represents the risk that the Scheme may not have the financial ability to meet its contractual obligations. The Scheme evaluates its liquidity requirements on an on-going basis and maintains an investment in cash and cash equivalents to cover the possibility of any member withdrawals.

The Scheme's investment policies do not state a minimum required level of investment in liquid investments. The Scheme's financial liabilities consist of trade and other payables and derivatives which are short term in nature and classified as a current liability at the reporting date. Current liabilities of financial derivative instruments consist of the fair value of forward foreign exchange contracts at year end. The current fair value represents the estimated cash flow that may be required to dispose of the positions. Future cash flows of the Scheme and realised liabilities may differ from current liabilities based on future changes in market conditions.

The following table shows the expected maturity of investments in debt securities at the reporting date:

\$ As at 31 March	Conservative Fund		Growth Fund		Focused Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Debt securities								
0-3 months	-	16,870,723	-	10,680,913	-	3,543,267	-	31,094,903
3-6 months	-	12,339,262	-	9,822,443	-	-	-	22,161,705
6-12 months	-	27,857,823	-	4,507,202	-	-	-	32,365,025
Over 12 months	-	216,887,781	-	69,064,385	-	10,535,108	-	316,487,274
Total	-	273,955,589	-	114,074,943	-	14,078,375	-	402,108,907

Notes to the Financial Statements

5. Financial risk management (continued)

5.1.3 Liquidity risk (continued)

The following table shows the expected maturity of derivative financial liabilities at the reporting date:

\$ As at 31 March	Conservative Fund		Growth Fund		Focused Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Forward foreign exchange contracts								
0-3 months	-	1,010,315	-	5,684,684	-	10,484,002	-	17,179,001

The required cash outflow to settle the forward currency contracts which are in a liability position at each reporting date will be the fair value as at 31 March 2022 and 31 March 2021, if it was settled on that date. It is expected that the actual undiscounted cash flows will be different, given that the instrument is marked to market. There were no open currency contracts which were in a loss position at 31 March 2022.

All financial liabilities at amortised cost are expected to be settled within 1 month of the reporting date (31 March 2021: 1 month).

5.2 Capital risk management

Net assets available to pay benefits are considered to be the Scheme's capital for the purposes of capital management notwithstanding net assets available to pay benefits is classified as a liability for accounting. The Scheme does not have to comply with externally imposed capital requirements. The Scheme's objectives when managing capital are to ensure it meets all present and future obligations, and to maximise value for members. In order to meet its objectives for capital management the Scheme's management monitors the Scheme's performance on a regular basis. Compliance with investment management is also monitored by the Manager and the Supervisor. There have been no material breaches of these mandate limits during the year (2021: nil).

5.3 Fair value estimation

The carrying amounts of the Scheme's assets and liabilities at the reporting date are their fair values. Fair value measurements are categorised into a three level hierarchy that reflects the significance of the inputs used in making the measurements. The Scheme recognises transfers between levels of the fair value hierarchy as at the end of the financial year during which the change has occurred.

Level 1 - fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets and liabilities are priced at last sale prices.

Level 2 - fair value in an inactive or unquoted market using valuation techniques and observable market data

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques for which all significant inputs are based on observable market data, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - fair value in an inactive or unquoted market using valuation techniques without observable market data

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques for which any significant input is not based on observable market data. The determination of what constitutes 'observable' requires significant judgement by the Manager. The Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Notes to the Financial Statements

5. Financial risk management (continued)

5.3 Fair value estimation (continued)

The following table provides an analysis of financial instruments that are measured at fair value subsequent to initial recognition, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

\$ As at 31 March	Conservative Fund		Growth Fund		Focused Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Level 1								
<i>Financial assets at fair value through profit or loss</i>								
Australasian listed equities	-	90,219,740	-	349,072,693	-	373,967,069	-	813,259,502
International equities	-	74,018,541	-	294,169,998	-	558,148,594	-	926,337,133
Equity options	-	-	-	116,854	-	254,855	-	371,709
Fixed interest securities	-	133,670,617	-	40,954,757	-	9,998,225	-	184,623,599
Total level 1 assets	-	297,908,898	-	684,314,302	-	942,368,743	-	1,924,591,943
Level 2								
<i>Financial assets at fair value through profit or loss</i>								
Forward foreign exchange contracts	-	34,028	-	18,140	-	56,107	-	108,275
Unlisted unit trusts	550,177,989	-	1,137,877,777	148,856,788	1,524,062,957	277,940,580	3,212,118,723	426,597,366
Fixed interest securities	-	140,284,972	-	73,120,188	-	4,080,150	-	217,485,308
Total level 2 assets	550,177,989	140,319,000	1,137,877,777	221,795,112	1,524,062,957	282,076,837	3,212,118,723	644,190,949
Level 3								
<i>Financial assets at fair value through profit or loss</i>								
Unlisted unit trusts	-	666,000	-	2,442,000	-	2,442,000	-	5,550,000
Total level 3 assets	-	666,000	-	2,442,000	-	2,442,000	-	5,550,000
Level 2								
<i>Financial liabilities at fair value through profit or loss</i>								
Forward foreign exchange contracts	-	1,010,315	-	5,684,684	-	10,484,002	-	17,179,001
Total level 2 liabilities	-	1,010,315	-	5,684,684	-	10,484,002	-	17,179,001

The fair value of listed equities and equity options are determined using quoted market prices in an active market. This measurement basis falls within Level 1 of the fair value hierarchy.

The fair value of fixed interest securities is determined in one of three ways. The first method uses quoted market prices in an active market which is a measurement basis which falls within Level 1 of the fair value hierarchy. The second method calculates the fair value by using a discounted cash flow calculation based on risk margins and swap yields provided by third party suppliers of financial data. The third method adjusts the face value for accrued interest. This measurement basis falls within Level 2 of the fair value hierarchy as all inputs used to calculate the fair value are based on observable market data.

The fair value of forward foreign exchange contracts is calculated from spot exchange rates and forward points supplied by WM/Reuters. This measurement basis falls within Level 2 of the fair value hierarchy as all inputs used to calculate the fair value are based on observable market data.

The Scheme uses valuation models to derive fair value of forward exchange contracts which may have various settlement dates. These valuations may incorporate inputs for counterparty risk, foreign exchange spot and forward rates and interest rate curves. For these financial instruments, significant inputs used are market observable and have been classified as Level 2.

The fair value of unlisted unit trusts is determined using the redemption price, based on the valuation of its underlying investments, as supplied by the third party administrators on a daily basis. This measurement basis falls within Level 2 of the fair value hierarchy as all significant inputs used to calculate the fair value are based on observable market data.

The level 3 investment as at 31 March 2021 is an investment in the Property Income Fund Limited. This investment is classified as level 3 as it is not traded in an active market and the price is not based on observable market data. The Manager prices this investment using unobservable inputs and judgement.

There were no transfers between levels during the year ended 31 March 2022 (31 March 2021: nil).

All loan and receivable balances are carried at amortised cost and their carrying values approximate fair value.

All trade and other payable balances are carried at amortised cost and their carrying values approximate fair value.

Refer to note 2.2(c) of the accounting policies for further details on the fair value hierarchy.

Notes to the Financial Statements

6. Financial assets and liabilities at fair value through profit or loss

6.1 Financial assets and liabilities classification

\$	Conservative Fund		Growth Fund		Focused Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
As at 31 March								
Financial assets measured at fair value through profit or loss								
Forward foreign exchange contracts	-	34,028	-	18,140	-	56,107	-	108,275
Equity options	-	-	-	116,854	-	254,855	-	371,709
Fixed Interest securities	-	273,955,589	-	114,074,943	-	14,078,375	-	402,108,907
Australasian listed equities	-	90,219,740	-	349,072,693	-	373,967,069	-	813,259,502
International listed equities	-	74,018,541	-	294,169,998	-	558,148,594	-	926,337,133
Unlisted unit trusts	550,177,989	666,000	1,137,877,777	151,098,786	1,524,062,957	280,382,580	3,212,118,723	432,147,366
Total financial assets at fair value through profit or loss	550,177,989	438,893,898	1,137,877,777	908,551,414	1,524,062,957	1,226,887,580	3,212,118,723	2,574,332,892
Financial liabilities measured at fair value through profit or loss								
Forward foreign exchange contracts	-	1,010,315	-	5,684,684	-	10,484,002	-	17,179,001
Total financial liabilities at fair value through profit or loss	-	1,010,315	-	5,684,684	-	10,484,002	-	17,179,001

6.2 Trading securities exceeding 5% of net assets available for benefits

As at 31 March 2022	Conservative Fund		Growth Fund		Focused Growth Fund	
	\$	%	\$	%	\$	%
Generale Wholesale Fixed Interest Fund	360,368,505	63.80%	161,017,881	13.85%	-	-
Generale Wholesale Australasian Fund	113,200,972	20.04%	489,476,222	40.39%	470,641,626	30.25%
Generale Wholesale Global Fund	76,610,512	13.56%	341,590,780	29.38%	722,646,994	46.45%
Generale Wholesale Managers Fund	-	-	165,792,894	14.26%	315,057,769	20.25%

As at 31 March 2021	Conservative Fund		Growth Fund		Focused Growth Fund	
	\$	%	\$	%	\$	%
Berkshire Hathaway Inc	-	-	69,439,982	7.26%	132,934,135	10.49%
Infratil Limited	-	-	63,716,103	6.66%	68,526,804	5.41%
Magellan Global Fund	-	-	-	-	65,855,845	5.20%
Platinum International Fund	-	-	48,297,803	5.05%	91,825,410	7.24%
T Rowe Price Global Equity Fund	-	-	64,783,083	6.77%	120,259,525	9.49%
Worldwide Healthcare Trust	-	-	-	-	65,150,025	5.14%

Notes to the Financial Statements

6. Financial assets and liabilities at fair value through profit or loss (continued)

6.3 Trading securities exceeding 5% of asset class

As at 31 March 2022	Conservative Fund		Growth Fund		Focused Growth Fund	
	\$	%	\$	%	\$	%
Unlisted unit trusts						
Generale Wholesale Fixed Interest Fund	360,366,505	65.50%	161,017,881	14.15%		
Generale Wholesale Australasian Fund	113,200,972	20.58%	469,476,222	41.26%	470,641,626	30.88%
Generale Wholesale Global Fund	76,810,512	13.92%	341,590,780	30.02%	722,646,994	47.42%
Generale Wholesale Managers Fund	-	-	165,792,894	14.57%	315,057,769	20.67%
As at 31 March 2021	Conservative Fund		Growth Fund		Focused Growth Fund	
	\$	%	\$	%	\$	%
Australasian listed equities						
Arvida Group Limited	5,498,387	6.09%	20,400,527	5.84%	20,134,011	5.38%
Contact Energy Limited	6,126,172	6.79%	23,262,096	6.66%	24,479,726	6.55%
Infratil Limited	17,202,871	19.07%	63,716,103	18.25%	68,526,604	18.32%
Mercury NZ Limited	4,818,751	5.12%	17,609,943	5.04%	-	-
Spark New Zealand Limited	9,936,833	11.01%	37,308,069	10.89%	39,429,779	10.54%
Summerset Group Holdings Limited	5,184,084	5.75%	19,688,433	5.64%	20,764,790	5.55%
Domestic fixed interest						
Infratil Limited 3.35% 15 Dec 26	-	-	-	-	6,275,546	44.58%
Infratil Limited 6.85% 15 Jun 22	-	-	-	-	1,208,832	8.59%
Infratil Limited 5.65% 15 Dec 22	-	-	-	-	967,510	6.87%
Kiwibank 2.36% 11 Dec 30	-	-	8,463,919	7.42%	-	-
Mercury NZ Limited 5.793% 06 Mar 23	-	-	6,398,616	5.61%	-	-
Mettlcare Limited 3.0% 30 Sep 26	-	-	-	-	1,079,521	7.67%
Salvation Army 2.30% 30 Sep 25	-	-	8,508,570	7.48%	-	-
International equities, international unit trusts and listed investment companies						
Alibaba Group Holding	7,316,482	9.80%	-	-	-	-
Alphabet Inc	11,653,304	15.60%	23,913,275	5.37%	45,741,502	5.45%
Berkshire Hathaway Inc	14,841,226	19.87%	69,439,982	15.60%	132,934,135	15.85%
Facebook	4,962,453	6.64%	-	-	-	-
Magellan Global Fund	-	-	35,575,900	7.99%	65,855,645	7.85%
Microsoft Corporation	4,797,205	6.42%	-	-	-	-
Novartis AG	7,506,275	10.05%	22,421,184	5.04%	42,474,534	5.07%
Ping An Insurance Group	10,021,874	13.42%	-	-	-	-
Platinum International Fund	-	-	48,297,803	10.85%	91,825,410	10.95%
T Rowe Price Global Equity Fund	-	-	64,763,083	14.55%	120,259,525	14.34%
Tencent Holdings Limited	7,472,582	10.01%	-	-	-	-
Worldwide Healthcare Trust PLC	-	-	34,497,197	7.75%	65,150,025	7.77%

Notes to the Financial Statements

7. Financial instruments by category

Financial Instruments currently recognised in the Financial Statements comprise trade and other receivables, financial assets at fair value through profit or loss and trade and other payables. The following table details the Scheme's financial assets and liabilities by category:

\$ As at 31 March	Conservative Fund		Growth Fund		Focused Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Financial assets at fair value through profit and loss								
Financial assets at fair value through profit or loss	550,177,989	438,893,898	1,137,877,777	908,561,414	1,524,062,957	1,226,887,580	3,212,118,723	2,574,332,892
Financial assets at amortised cost								
Cash and cash equivalents	11,985,699	32,881,522	26,305,499	57,521,827	36,402,122	59,087,853	74,693,320	149,491,002
Trade and other receivables	2,467,186	4,240,245	2,603,033	11,370,869	5,163,849	18,798,992	10,234,088	34,410,106
Total financial assets at amortised cost	14,452,885	37,121,767	28,908,532	68,892,496	41,565,971	77,886,845	84,927,388	183,901,108
Total financial assets	564,630,874	476,015,665	1,166,786,309	977,443,910	1,565,628,928	1,304,774,425	3,297,046,111	2,758,234,000

\$ As at 31 March	Conservative Fund		Growth Fund		Focused Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Financial liabilities at fair value through profit and loss								
Financial liabilities at fair value through profit or loss	-	1,010,315	-	5,684,684	-	10,484,002	-	17,179,001
Financial liabilities at amortised cost								
Benefits payable	782,365	349,471	309,117	157,270	305,838	77,567	1,397,318	584,308
Trade and other payables	73,305	2,882,031	159,214	8,234,010	206,021	14,492,732	438,540	25,608,773
Trade and other payables to related parties	489,892	440,078	999,739	887,679	1,334,075	1,176,378	2,823,806	2,504,135
Total financial liabilities at amortised cost	1,345,662	3,671,580	1,468,070	9,278,959	1,845,932	15,746,677	4,659,664	28,697,216
Total financial liabilities	1,345,662	4,681,895	1,468,070	14,963,643	1,845,932	26,230,679	4,659,664	45,876,217

8. Trade and other receivables

\$ As at 31 March	Conservative Fund		Growth Fund		Focused Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Due from brokers	2,000,000	3,082,667	1,600,000	8,693,672	4,000,000	15,239,258	7,600,000	27,015,597
Dividends receivable	-	447,364	-	1,672,192	-	1,767,379	-	3,866,935
Interest receivable	-	200,257	-	86,650	-	-	-	286,907
Management fee rebates receivable	-	-	-	60,958	-	114,813	-	175,771
Contributions receivable	467,186	509,957	1,003,033	857,397	1,163,849	1,677,542	2,634,088	3,044,896
Total trade and other receivables	2,467,186	4,240,245	2,603,033	11,370,869	5,163,849	18,798,992	10,234,088	34,410,106

All trade and other receivable balances are carried at amortised cost and their carrying values approximate fair value.

9. Trade and other payables

\$ As at 31 March	Conservative Fund		Growth Fund		Focused Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Due to brokers	-	2,809,842	-	8,088,397	-	14,311,113	-	25,209,352
General expenses payable	73,305	72,189	159,214	145,613	206,021	181,619	438,540	399,421
Total trade and other payables	73,305	2,882,031	159,214	8,234,010	206,021	14,492,732	438,540	25,608,773

All trade and other payable balances are carried at amortised cost and their carrying values approximate fair value.

Notes to the Financial Statements

10. Trade and other payables to related parties

\$ As at 31 March	Conservative Fund		Growth Fund		Focused Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Management fees payable	472,932	424,642	964,934	856,544	1,287,632	1,135,117	2,725,498	2,416,303
Supervisor fees payable	17,060	15,436	34,805	31,135	46,443	41,261	98,308	87,832
Total trade and other payables to related parties	489,992	440,078	999,739	887,679	1,334,075	1,176,378	2,823,806	2,504,135

All trade and other payable balances are carried at amortised cost and their carrying values approximate fair value.

11. Reconciliation of net profit before membership activities to net cash outflows from operating activities

\$ For the year ended 31 March	Conservative Fund		Growth Fund		Focused Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Net profit before membership activities	(2,850,962)	49,477,708	5,723,789	176,668,541	(10,206,039)	250,740,836	(7,333,212)	476,887,085
Adjustments for non cash items:								
Unrealised changes in the fair value of financial instruments	43,225,956	(37,290,392)	198,457,424	(147,344,842)	334,316,116	(208,318,411)	575,999,496	(392,953,645)
Unrealised foreign exchange (losses)/gains on cash at bank	(360,533)	2,591,526	(303,998)	3,559,569	(202,140)	4,212,407	(866,671)	10,363,502
Management fee rebates re-invested	-	-	(482,034)	(578,969)	(936,808)	(1,137,867)	(1,418,840)	(1,716,836)
Dividends re-invested	(418,111)	(625,225)	(13,845,909)	(10,717,413)	(25,952,575)	(18,762,855)	(40,216,585)	(30,105,493)
Total adjustments for non cash items	42,447,312	(35,324,091)	183,825,483	(155,081,655)	307,224,595	(224,006,726)	533,497,390	(414,412,472)
Movements in working capital items:								
(Increase)/decrease in cost of investments	(156,829,426)	(49,923,443)	(420,135,253)	(245,777,499)	(618,157,969)	(371,021,298)	(1,195,122,648)	(666,722,240)
(Increase)/decrease in trade and other receivables	647,621	(57,445)	1,819,800	(374,700)	1,882,192	(498,893)	4,349,613	(931,038)
(Decrease)/increase in trade and other payables	51,030	128,266	125,681	383,461	182,099	554,606	358,790	1,066,333
Net cash flow from working capital items	(156,130,775)	(49,852,622)	(418,189,792)	(245,768,738)	(616,093,678)	(370,965,585)	(1,190,414,245)	(666,586,945)
Net cash outflow from operating activities	(116,534,425)	(35,699,005)	(228,840,520)	(224,181,852)	(319,075,122)	(344,231,475)	(664,250,067)	(604,112,332)

12. Related parties

12.1 Manager and Supervisor

The Manager of the Scheme is GIML. The Manager is entitled to a management fee from the Scheme of 1% of funds under management. The management fee accrued to the Manager for the year ended 31 March 2022 totalled \$31,275,575 (2021: \$22,678,446). The amount accrued but unpaid as at 31 March 2022 was \$2,725,498 (2021: \$2,416,303).

The Manager also retains part of the monthly administration fee charged to members. The remainder is paid out to the Administrator of the Scheme. The total administration fee accrued for the year ended 31 March 2022 totalled \$3,801,422 (2021: \$2,503,124). No administration fees were accrued but unpaid as at 31 March 2022 (31 March 2021: nil).

Generate Funds Limited ('GFL') is the ultimate parent of the Manager. No transactions were made between the Scheme and GFL.

The Scheme has paid to the Manager the Supervisor Fee and Expenses. The amount paid and accrued for the year ended 31 March 2022 for the Supervisor Fees totalled \$1,101,633 (2021: \$902,324) and for general expenses \$5,131,488 (2021: \$3,742,711). The amount accrued but unpaid as at 31 March 2022 for Supervisor Fees was \$98,308 (2021: \$87,832) and for general expenses \$438,540 (2021: \$399,421).

GIML has paid Scheme expenses for the year ended 31 March 2022 and 31 March 2021. These comprise:

- Audit fees of \$36,500 (2021: \$34,500) and nil for other assurance services (2021: nil)
- Supervisor fees and other expenses of \$2,746,268 (2021: \$2,186,287)

No amounts have been paid by the Scheme to the Directors in their capacity as Directors of the Manager.

Notes to the Financial Statements

12. Related parties (continued)

12.2 Significant related party transactions

The Generate Unit Trust and the Generate Wholesale Unit Trust Scheme are related to the Funds by virtue having the same Manager. During the current reporting period the following significant related party transactions occurred:

- On 17 November 2021, the Conservative Fund in-specie transferred \$499,486,088 of investments to the Generate Wholesale Unit Trust Scheme, in return for a corresponding amount of investment in the Generate Wholesale Unit Trust Scheme. On the same date, the Conservative Fund also made a cash investment totalling \$12,500,000 in the Generate Wholesale Unit Trust Scheme.
- On 17 November 2021, the Growth Fund in-specie transferred \$1,113,254,427 of investments to the Generate Wholesale Unit Trust Scheme, in return for a corresponding amount of investment in the Generate Wholesale Unit Trust Scheme. On the same date, the Growth Fund also made a cash investment totalling \$24,904,000 in the Generate Wholesale Unit Trust Scheme.
- On 17 November 2021, the Focused Growth Fund in-specie transferred \$1,522,292,500 of investments to the Generate Wholesale Unit Trust Scheme, in return for a corresponding amount of investment in the Generate Wholesale Unit Trust Scheme. On the same date, the Focused Growth Fund also made a cash investment totalling \$23,303,000 in the Generate Wholesale Unit Trust Scheme.

12.3 Related party Investments

The following table shows the related party investments as at 31 March:

\$ As at 31 March	Conservative Fund		Growth Fund		Focused Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Generate Wholesale Fixed Interest Fund	360,366,505	-	161,017,881	-	15,716,568	-	537,100,954	-
Generate Wholesale Australasian Fund	113,200,972	-	469,476,222	-	470,641,626	-	1,053,318,820	-
Generate Wholesale Global Fund	76,610,512	-	341,590,780	-	722,646,894	-	1,140,848,286	-
Generate Wholesale Managers Fund	-	-	165,792,894	-	315,057,769	-	480,850,663	-

The total income/(losses) on the related party investments for the year ended 31 March were:

\$ For the year ended 31 March	Conservative Fund		Growth Fund		Focused Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Generate Wholesale Fixed Interest Fund	(3,596,464)	-	(1,625,855)	-	(161,869)	-	(5,384,188)	-
Generate Wholesale Australasian Fund	881,680	-	2,529,214	-	2,172,054	-	5,582,948	-
Generate Wholesale Global Fund	(7,221,957)	-	(31,994,531)	-	(62,275,738)	-	(101,492,226)	-
Generate Wholesale Managers Fund	-	-	(27,265,054)	-	(51,730,819)	-	(78,995,873)	-

12.4 Directors' interest

The following table shows the holdings of the Directors of the Manager (GIML) at the reporting date:

\$ As at 31 March	Conservative Fund		Growth Fund		Focused Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Balance of Holdings	-	-	-	-	623,605	560,990	623,605	560,990

Contributions made by Directors included member, government and employer contributions.

13. Contingent liabilities

There were no contingent liabilities as at 31 March 2022 (31 March 2021: none).

14. Capital commitments

There were no capital commitments as at 31 March 2022. As at 31 March 2021, the Scheme had committed to future purchases in Property Income Fund Limited. As at 31 March 2021, \$5,550,000 had been called and was held in the Funds at 31 March 2021 as a level 3 investment. This was made up of 0.22 cents per share, the remaining 0.78c per share which were callable in future. This amounted to a future capital commitment of \$19,450,000 as at 31 March 2021. This investment was transferred to the Generate Wholesale Australasian Fund as part of the in-specie transfer of investments on 17th November as detailed in Note 12.2.

15. Events after reporting date

There have been no events subsequent to the reporting date that require adjustment or disclosure in these Financial Statements.

Independent Auditor's Report

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To the Members of the Funds in the Generate KiwiSaver Scheme

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Generate KiwiSaver Scheme (comprising each of the funds, conservative fund, growth fund, focused growth fund and collectively the "Scheme") on pages 2 to 20 which comprise the statement of net assets as at 31 March 2022, and the statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of each Fund and the Scheme as at 31 March 2022 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)") issued by the New Zealand Auditing and Assurance Standards Board. 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 are independent of the Scheme in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor and the provision of other assurance services we have no relationship with, or interests in, 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 period. 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.

Why the audit matter is significant	How our audit addressed the key audit matter
<p>Valuation and Existence of Financial Assets at Fair Value through Profit or Loss</p> <p>As at 31 March 2022, the Funds hold significant financial assets. As detailed in Note 6 and accounting policies Note 2.2, the majority of financial asset investments are recognised at fair value through profit or loss in accordance with NZ IFRS 9: <i>Financial Instruments</i>.</p> <p>While these financial asset investments were not assessed to be at a significant risk of misstatement or subject to significant levels of judgement, due to their materiality in the context of the Funds as a whole, these were considered to be an area which had the greatest impact on our overall audit strategy and the allocation of resources in planning and completing our audit.</p> <p>Market volatility can have a significant impact on the value of these financial assets and the financial statements; therefore, the recognition and valuation of these investments is considered a key audit matter.</p> <p>At and subsequent to 31 March 2022 financial markets continue to be impacted by the COVID-19 pandemic and other global macro economic factors where during this period they have experienced greater volatility than is usual. Disclosures are included in Note 5 to the financial statements regarding the sensitivity of impact of market volatility on investments and financial risk management.</p>	<p>To address the risk associated with financial asset valuation and existence, the following audit procedures were carried out:</p> <ul style="list-style-type: none"> • Reconciled the investment of unlisted unit trusts held with related party Generate Wholesale Unit Trust Scheme through to that Scheme's holding of financial assets. • Documented and understood the controls in place for recording investment transactions and valuing the portfolio. This included evaluating the control environment in place at The Manager by obtaining and reading the reports issued by an independent auditor on the design and operation of those controls. • Agreed the 31 March 2022 investment holdings in units by the Scheme and in financial assets by Generate Wholesale Unit Trust Scheme to confirmations received from the external fund manager of those investments. • Obtained and read the reports issued by an independent auditor on the design and operation of the controls at the external fund managers of those investments. • Assessing whether the disclosures in the financial statements appropriately reflected the Fund's exposure to financial instrument risk with reference to NZ IFRS 7 Financial Instruments: Disclosures.

Other Information

The Managers are responsible for the other information. The other information comprises the Manager's Statement but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not and 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 identified above when it becomes available 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 annual report, if we conclude that there is a material misstatement therein, we are required to report that fact. We have nothing to report in this regard.

Manager's responsibilities for the Financial Statements

The Manager is responsible on behalf of the Scheme for the preparation and fair presentation of the financial statements in accordance with NZ IFRS, and for such internal control as those charged with governance determine 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 on behalf of the Scheme for assessing 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 intend to liquidate the Scheme or to cease operations, or have 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) 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 the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2/>

Restriction on use of our report

This report is made solely to the Scheme's members. Our audit work has been undertaken so that we might state to the Scheme's shareholders, 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 and its members for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Limited



K Price

Partner

Auckland

15 July 2022