

InvestNow KiwiSaver Scheme

Financial Statements

For the year ended 31 March 2022

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Directory

The Manager	Implemented Investment Solutions Limited Level 2, Woodward House 1 Woodward Street PO Box 25003 Wellington, New Zealand 6140
Investment Manager	InvestNow Saving and Investment Service Limited Level 2, Woodward House 1 Woodward Street PO Box 25003 Wellington, New Zealand 6140
Directors of the Manager	Anthony Edmonds Elizabeth Maguire (ceased 31 October 2021) Ian Russon Jeremy Valentine Gareth Fleming (appointed 1 November 2021)
The Supervisor	Public Trust Level 8, 22 Willeston Street Private Bag 5902 Wellington, New Zealand 6140
Administration Manager	Adminis NZ Limited Level 1 125 Featherston Street PO Box 25555 Wellington, New Zealand 6140
Auditor	KPMG 10 Customhouse Quay PO Box 996 Wellington, New Zealand 6140
Correspondence	All correspondence and enquiries to the Supervisor about the Funds should be addressed to the Supervisor, Public Trust, at the above address.



Independent Auditor's Report

To the members of InvestNow Kiwisaver Scheme

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of InvestNow Kiwisaver Scheme (the 'scheme') on pages 6 to 20:

- i. present fairly in all material respects the scheme's financial position as at 31 March 2022 and its financial performance and cash flows for the year ended on that date in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying financial statements which comprise:

- the statement of net assets as at 31 March 2022;
- the statements of changes in net assets and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies.



Basis for opinion

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

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

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

Our firm has also provided the following services to Implemented Investment Solutions Limited (the 'Manager'): agreed upon procedures on net tangible assets calculation, controls assurance reporting, registry compliance assurance reporting and the audits of the financial statements of the Manager and of other funds managed by the Manager. The provision of these services has not impaired our independence as auditor of the scheme. Subject to certain restrictions, partner and employees of our firm may also deal with the scheme on normal terms within the ordinary course of trading activities of the business of the scheme. These matters have not impaired our independence as auditor of the scheme. The firm has no other relationship with, or interest in, the scheme.



Other matter

The financial statements of the scheme, for the year ended 31 March 2021, were audited by another auditor who expressed an unmodified opinion on those statements on 21 July 2021.



Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole. The materiality for the financial statements as a whole was set at 1% of total assets for the scheme. We chose the total asset benchmark because, in our view, this is a key measure of the scheme's performance.



Key audit matters

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

The key audit matter

How the matter was addressed in our audit

Valuation and existence of investments for InvestNow Kiwisaver Scheme

Refer to Note 2 Summary of significant accounting policies and Note 4 Financial assets and liabilities at fair value through profit and loss (for existence and valuation) of the financial statements.

The scheme's portfolio of investments is the most significant asset making up in excess of 99% of total assets. These comprise liquid investments including unlisted unit trusts

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

Our audit procedures included:

- documenting and understanding the processes in place to record investment transactions and to value the portfolio. This included evaluating the control environment in place at the administration manager by obtaining and reading a report issued by an independent auditor on the design and operation of those controls;
- agreeing the valuation of unlisted unit trusts to confirmations received from the respective investment managers and to externally quoted prices;
- agreeing investment holdings to confirmations received from the custodian; and
- checking the accuracy of fair value hierarchy disclosure as disclosed in the financial statements.



Use of this independent auditor's report

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



Responsibilities of the Manager for the financial statements

The Manager, on behalf of the scheme, are responsible for:

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



Auditor's responsibilities for the audit of the financial statements

Our objective is:

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Sonia Isaac

For and on behalf of



KPMG
Wellington

21 July 2022

Statement of changes in net assets

for the year ended 31 March 2022
in New Zealand Dollars

		InvestNow KiwiSaver Scheme	
	Note	2022 \$	2021 \$
INVESTMENT ACTIVITIES			
Investment income			
Fee rebate income		4,591	-
Distribution income		380,943	53,420
Net (losses)/gains on financial assets at fair value through profit or loss	3	(1,262,752)	547,673
Net investment (loss)/income		(877,218)	601,093
Net profit before membership activities		(877,218)	601,093
MEMBERSHIP ACTIVITIES			
Contributions received			
Member contributions		3,259,969	410,093
Employer contributions		1,914,908	256,694
Crown contributions		360,371	157
Transfers from other KiwiSaver and superannuation schemes		52,210,710	18,626,326
Lump sum and other voluntary contributions		705,294	113,269
Other income		43	18
Payments to members			
Transfers to other KiwiSaver and superannuation schemes		(1,606,812)	(390,740)
Member eligible withdrawals		(1,305,864)	-
First home purchase withdrawals		(437,900)	(89,811)
IRD Refund		(1,297)	-
Member fees			
Advisor fees		(8,715)	-
Taxation			
Unit holders tax		(57,383)	(13,902)
Net membership activities		55,033,324	18,912,104
Net increase in net assets during the period		54,156,106	19,513,197
Net assets available for benefits at the start of the period		19,513,197	-
Net assets available for benefits at the end of the period		73,669,303	19,513,197

This statement is to be read in conjunction with the notes to the financial statements.

Statement of net assets


as at 31 March 2022

in New Zealand Dollars

		InvestNow KiwiSaver Scheme	
		2022	2021
		\$	\$
		Note	
Assets			
Cash and cash equivalents		561,767	121,379
Financial assets at fair value through profit or loss	4	73,508,481	19,499,126
Other receivables	5	120,743	6,903
Total assets		74,190,991	19,627,408
Liabilities			
Other payables	6	385,118	101,116
PIIL tax payable		136,570	13,095
Total liabilities		521,688	114,211
Net assets available for benefits		73,669,303	19,513,197
Represented by:			
Members' funds		73,669,303	19,513,197

These financial statements were authorised for issue by the Manager, Implemented Investment Solutions Limited:


 Director
 21/7/22
 Date


 Director
 21/7/22
 Date

This statement is to be read in conjunction with the notes to the financial statements.

Statement of cash flows

for the year ended 31 March 2022
in New Zealand Dollars

		InvestNow KiwiSaver Scheme	
		2022	2021
		\$	\$
	Note		
Cash flows from operating activities			
Cash was provided from			
Sale of investments		12,596,070	1,129,649
Cash was provided to			
Purchase of investments		(67,596,483)	(20,034,585)
Net cash outflow from operating activities	8	(55,000,413)	(18,904,936)
Cash flows from financing activities			
Contributions from members		58,735,345	19,507,625
Withdrawals by members		(3,360,636)	(480,503)
PIE tax paid by members		66,092	(807)
Net cash inflow from financing activities		55,440,801	19,026,315
Net cash inflow		440,388	121,379
Net cash and cash equivalents at the beginning of the period		121,379	-
Net cash and cash equivalents at the end of the period		561,767	121,379

This statement is to be read in conjunction with the notes to the financial statements.

Notes to the financial statements

1. GENERAL INFORMATION

Reporting entity

These financial statements are for the InvestNow KiwiSaver Scheme (the "Scheme").

The Scheme was established by a Trust Deed dated 26 May 2020 between Implemented Investment Solutions Limited (the "Manager") and Public Trust (the "Supervisor"), with subsequent amendments.

The Scheme is domiciled in New Zealand and registered under the Financial Markets Conduct Act 2013 ("FMCA") as a KiwiSaver Scheme. The Scheme is a tier-1 for-profit entity. 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 provides members with a range of investment options ("Funds") which they can combine in any way they choose. Fund options include diversified funds and sector funds. The investment objective of the Scheme is to provide members with the flexibility to combine a range of Funds to suit their own risk profile, investment objectives and investment beliefs. Each Fund has its own specific investment objective which is contained in the schedules of the Statement of Investment Policy and Objectives ("SIPO").

The Investment Manager is InvestNow Saving and Investment Service Limited (the "Investment Manager"). The Investment Manager defines the funds' investment mandates and selects appropriate underlying investment managers for those mandates.

The Funds of the Scheme are listed below:

	Available for investment from:
Diversified funds:	
InvestNow Antipodes Global Long Fund	25 November 2021
InvestNow Castle Point 5 Oceans Fund	14 September 2020
InvestNow Fisher Conservative Fund	25 January 2022
InvestNow Fisher Growth Fund	14 July 2021
InvestNow Foundation Series Balanced Fund (previously InvestNow Hunter Balanced Fund)	14 September 2020
InvestNow Foundation Series Growth Fund (previously InvestNow Hunter Growth Fund)	14 September 2020
InvestNow Harbour Active Growth Fund	27 April 2021
InvestNow Macquarie Capital Ethical Leaders Balanced Fund (previously InvestNow AMP Capital Ethical Leaders Balanced Fund)	14 September 2020
InvestNow Milford Active Growth Fund	14 July 2021
InvestNow Milford Balanced Fund	14 September 2020
InvestNow Milford Conservative Fund	14 September 2020
InvestNow Mint Diversified Growth Fund	14 September 2020
InvestNow Mint Diversified Income Fund	14 September 2020
InvestNow Pathfinder Ethical Growth Fund	27 April 2021
InvestNow Smartshares Growth Fund	14 July 2021
Sector funds:	
InvestNow Castle Point Trans-Tasman Fund	14 September 2020
InvestNow Clarity Global Shares Fund	14 September 2020
InvestNow Harbour NZ Core Fixed Interest Fund	14 September 2020
InvestNow Harbour Australasian Equity Focus Fund	14 September 2020
InvestNow Harbour T. Rowe Price Global Equity Fund (previously InvestNow T. Rowe Price Global Equity Growth Fund)	14 September 2020
InvestNow Hunter Global Fixed Interest Fund	14 September 2020
InvestNow Macquarie All Country Global Shares Index Fund (previously InvestNow All Country Global Shares Index Fund)	14 September 2020
InvestNow Macquarie Ethical Leaders Hedged Global Fixed Interest Index Fund (previously InvestNow Hedged Global Fixed Interest Index Fund)	14 September 2020
InvestNow Macquarie NZ Cash Fund (previously InvestNow AMP Capital NZ Cash Fund)	14 September 2020
InvestNow Macquarie NZ Fixed Interest Fund (previously InvestNow AMP Capital NZ Fixed Interest Fund)	14 September 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity - continued	Sector funds - continued:	
	InvestNow Macquarie NZ Shares Index Fund (previously InvestNow NZ Shares Index Fund)	14 September 2020
	InvestNow Macquarie Global Listed Real Estate Fund (previously InvestNow AMP Capital Global Property Securities Fund)	14 September 2020
	InvestNow Macquarie Australasian Property Index Fund (previously InvestNow Australasian Property Index Fund)	14 September 2020
	InvestNow Mint Australasian Equity Fund	14 September 2020
	InvestNow Russell Investments Global Fixed Interest Fund	14 September 2020
	InvestNow Russell Investments Global Shares Fund	14 September 2020
	InvestNow Russell Investments Hedged Global Shares Fund	14 September 2020
	InvestNow Russell Investments NZ Fixed Interest Fund	14 September 2020
	InvestNow Salt NZ Dividend Appreciation Fund	14 September 2020
	InvestNow Salt Enhanced Property Fund	14 September 2020
	InvestNow Te Ahumairangi Global Equity Fund	25 November 2021

Notwithstanding the division of the Scheme into Funds, the Scheme is a single trust with the value of each member's interest in the Scheme determined by amounts held in individual members' accounts. While all Scheme members invest in particular Funds, the liabilities of the Scheme are not limited to a separate Fund. Therefore, reporting in these financial statements are not segmented by Fund.

The financial statements are for year ended 31 March 2022, with comparatives for the 7 month period commenced 14 September 2020 to 31 March 2021.

The financial statements were authorised for issue by the directors of the Manager on 21 July 2022.

Statutory Base	The financial statements for the Scheme have been prepared in accordance with the Trust Deed and the FMCA.
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Basis of preparation	<p>The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand and other legislative requirements as appropriate for for-profit entities. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other New Zealand accounting standards and authoritative notices applicable to entities that apply NZ IFRS. The financial statements also comply with International Financial Reporting Standards ("IFRS").</p> <p>The financial statements have been prepared under the historical cost basis, as modified by the revaluation of financial instruments at fair value through profit or loss. The methods used to measure fair value are discussed further below. The accrual basis of accounting has been applied, as has the going concern assumption.</p> <p>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.</p>
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New standards and amendments to existing standards effective in the current year	There are no new or amended standards for the year ended 31 March 2022 that have had a material impact on the financial statements.
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New accounting standards and interpretations not adopted	No standards or amendments to existing standards and interpretations that are not yet in effect are expected to have a material impact on the financial statements of the Scheme.
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investment entity	<p>The Scheme has direct investments in other funds managed by the Manager. The Scheme meets the definition of an investment entity per NZ IFRS 10 - Consolidated Financial Statements, as the following conditions exist:</p> <p>(a) The Scheme has obtained funds for the purpose of providing investors with investment management services.</p> <p>(b) The Scheme's business purpose, which is communicated directly to investors, is investing solely for returns from capital appreciation and investment income.</p> <p>(c) The performance of investments made through other funds managed by the Manager, is measured and evaluated on a fair value basis.</p> <p>The Scheme also displays all four typical characteristics that are associated with an investment entity:</p> <p>(i) The Scheme has more than one investment;</p> <p>(ii) The Scheme has more than one investor;</p> <p>(iii) The Scheme has investors that are not related parties; and</p> <p>(iv) ownership interests in the Scheme are represented by units in the Funds.</p>
Functional and presentation currency	<p>The financial statements are presented in New Zealand dollars, which is the Scheme's functional currency. All amounts have been rounded to the nearest dollar.</p>
Significant accounting estimates and judgements	<p>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 judgment in the process of applying the Scheme's accounting policies.</p> <p>The investments of the Scheme have been valued at the relevant redemption price established by underlying investment managers, therefore the Manager has not made any material accounting estimates or judgements in relation to the carrying value of these assets.</p> <p>The Manager continues to closely monitor the impacts of the COVID-19 Pandemic on the Scheme. The Manager has evaluated the impact of COVID-19 on the valuation of financial instruments as at 31 March 2022 and has concluded that an adjustment was not required on the basis that the markets were functioning and the redemption price for the financial assets at fair value through profit or loss represented fair value.</p>
Financial instruments	<p>(a) Classification</p> <p><i>Financial assets at fair value through profit or loss</i></p> <p>The Scheme classifies its investments in unlisted unit trusts as financial assets at fair value through profit or loss. The Scheme classifies its investments based on both the Scheme's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Scheme's investment strategies, policies and guidelines are established by the Manager. The portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Scheme's investment strategies.</p> <p>The Manager and investment manager are primarily focused on fair value information and use that information to assess the assets' performance and to make decisions.</p> <p><i>Financial assets and liabilities at amortised cost</i></p> <p>The Scheme's cash and cash equivalents and other receivables are classified as financial assets at amortised cost based on the Scheme's business models for managing those financial assets and the contractual cash flow characteristics.</p> <p>Financial liabilities at amortised cost comprise cash and cash equivalents, related party payables and other payables.</p> <p>(b) Recognition</p> <p>Purchases and sales of investments are recognised on the trade date, the date on which the Scheme commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value and, subsequent to initial recognition, measured at fair value. Gains and losses arising from changes in fair value are recognised in the Statement of Changes in Net Assets when they arise. Interest, dividend and distribution income are separately recognised in the Statement of Changes in Net Assets. Transaction costs are expensed as incurred in the Statement of Changes in Net Assets.</p>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUEDFinancial instruments -
continued**(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 the measurement date in the principal or, in its absence, the most advantageous market to which the Scheme had access at that date. The fair value also includes non-performance risk.

Fair value of unlisted unit trusts

The fair value of investments in unlisted unit trusts is determined using the last available redemption unit prices for those funds at balance date. The Manager of the Scheme may make adjustments based on considerations such as the liquidity of the underlying investments and any restrictions on redemptions.

(d) Derecognition

Financial assets are derecognised upon maturity or disposal of the asset. Any gain or loss arising on derecognition of the asset is recognised in the Statement of Changes in Net Assets in the year the item is derecognised. Gains or losses are calculated as the difference between the disposal proceeds and the carrying amount of the item.

Fair value hierarchy

Fair value measurements are categorised into a three level hierarchy that reflects the significance of the inputs used in making the measurements. Transfers between levels of the fair value hierarchy (if any) are deemed to have occurred at the beginning of the period.

Level one - fair value in an active market

The fair value of financial assets traded in active markets for the same instruments based on their quoted market prices at balance date without any deduction for estimated future selling costs. Generally, a level one category asset will have the most independent, reliable basis for measurement.

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

The fair value of financial assets that are not traded in an active market is determined using valuation techniques for which all significant inputs are based on observable market data.

The Scheme's investments in unlisted unit trusts are valued at fair value which is based on the latest available redemption prices of the units in each respective underlying fund. The Manager reviews the details of the reported information obtained from each of the underlying investments and considers:

- the liquidity of the Scheme's holding in that investment, or it's underlying investments;
- the value date of the net asset value ("NAV") provided; and
- any restrictions on withdrawals

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

The fair value of financial assets 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.

Income recognition

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 short term deposits and bank balances.

Dividend and distribution income is recognised in the Statement of Changes in Net Assets when the Scheme's right to receive payment is established.

Dividend and interest income is disclosed net of any foreign tax credits and resident withholding taxes deducted at source, as these tax credits are allocated to members under the PIE regime.

Any unrealised gains or losses arising from the revaluation of investments and any realised gains or losses from the sale of investments during the year are included in the Statement of Changes in Net Assets.

Expenses

There are currently no fees or expenses paid by members for the Scheme. Administration, audit and other fees of the Scheme are paid by the Manager. Management and other fees charged by the Funds are reflected in the unit prices of those Funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and cash equivalents	Cash and cash equivalents comprise cash balances and short term deposits with an original maturity of three months or less and are initially measured at fair value. Subsequent to initial recognition, all cash and cash equivalents are measured at amortised cost.
Other payables	Other payables include member contributions and withdrawals that are unapplied or unpaid at balance date. Payables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method.
Statement of cash flows	<p>Definitions of the terms used in the Statement of Cash Flows are:</p> <p>(a) Operating activities comprise all transactions and other events that are not financing activities and includes purchases and sales of investments.</p> <p>(b) Financing activities are those activities that result in changes in the size and composition of members' funds. This includes elements of members' funds not falling within the definition of cash. Distributions paid in relation to members' funds are included in financing activities.</p>
Taxation	<p>The Scheme is a Portfolio Investment Entity ("PIE"). Under the PIE regime income is effectively taxed in the hands of the unit holders and therefore the Scheme has no tax expense. Accordingly, no income tax expense is recognised in the Statement of Changes in Net Assets.</p> <p>Under the PIE regime, the Manager attributes the taxable income of the Scheme to members in accordance with the proportion of their interest in the Funds held by the Scheme. The income attributed to each member is taxed at the member's prescribed investor rate ("PIR") which is currently capped at 28%. Any PIE tax payable/refundable on withdrawals is paid/received by the members by way of deduction from or addition to the withdrawal proceeds paid. Units in the Funds are cancelled/issued to the value of the tax paid/refunded upon determination of the members' annual PIE tax liabilities/assets at 31 March each year.</p> <p>The PIE tax attributable to members at balance date is calculated on the basis of the tax laws enacted or substantively enacted at balance date.</p>
Goods and Services tax	The Scheme is not registered for GST and consequently all components of the financial statements are stated inclusive of GST where appropriate.
Contributions and withdrawals	Contributions received for units in the Funds of the Scheme are recorded net of any entry fees payable prior to the issue of units in the Funds. Withdrawals from the Scheme are recorded gross of any exit fees payable after the cancellation of the Fund units redeemed. Units in the Funds are issued and redeemed at the holder's option at the unit price for that day. The unit price for each Fund is determined as the net asset value ("NAV") divided by the number of units on issue.
Net assets attributable to members	The net assets attributable to members represents the liability for promised retirement benefits. The Funds of the Scheme issue units that are redeemable at the members' discretion and do not have identical features and are therefore classified as financial liabilities and are measured at amortised cost. Units are redeemed for the purpose of permitted withdrawals (such as reaching the age of 65 or enduring significant hardship) or transferring to another Fund within the Scheme or separate KiwiSaver Scheme. Units are equal to a proportionate share of the respective Funds 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 all members exercised their right to redeem units back to the Funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Related parties

A party is related to the Funds 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 Funds that gives it significant influence or control over the Scheme;
- (d) it is controlled by or may be significantly influenced by another party which also has control or significant influence over the Scheme;
- (e) the Scheme has an interest in or relationship with the party that gives significant influence over the party;
- (f) it is an entity or member of a group which provides key management personnel services to the Scheme.

3. NET (LOSSES)/GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	InvestNow KiwiSaver Scheme	
	2022 \$	2021 \$
Financial instruments at fair value through profit or loss		
Unlisted unit trusts	(1,262,752)	547,673
Total net (losses)/gains on financial assets at fair value through profit or loss	(1,262,752)	547,673

4(A). FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	InvestNow KiwiSaver Scheme	
	2022 \$	2021 \$
Financial assets at fair value through profit or loss		
Unlisted unit trusts	73,508,481	19,499,126
Total financial assets at fair value through profit or loss	73,508,481	19,499,126

4(A). FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CONTINUED

Fair value of investments of the Scheme The units held and fair value of the investments of the Scheme are as follows:

	Units held by the Scheme		Fair Value	
	2022 Number	2021 Number	2022 \$	2021 \$
Antipodes Global Long Fund	16,327	-	19,423	-
Castle Point 5 Oceans Fund	1,424,097	722,987	1,665,482	836,207
Castle Point Trans-Tasman Fund	115,168	50,378	331,822	154,236
Clarity Global Shares Fund	174,506	68,939	693,643	251,144
Fisher Conservative Fund	30,325	-	34,133	-
Fisher Growth Fund	3,224,246	-	4,244,075	-
Foundation Series Balanced Fund	3,252,368	1,297,322	3,485,617	1,354,688
Foundation Series Growth Fund	8,896,114	2,563,237	10,070,939	2,745,870
Harbour Active Growth Fund	2,148,045	-	2,246,640	-
Harbour Australasian Equity Focus Fund	548,693	436,919	1,412,335	1,069,883
Harbour NZ Core Fixed Interest Fund	197,890	167,667	212,514	194,477
Harbour T. Rowe Price Global Equity Fund	2,240,366	1,035,364	5,518,695	2,720,212
Hunter Global Fixed Interest Fund	332,327	31,585	311,789	32,330
Macquarie All Country Global Shares Index Fund	7,603,022	2,022,056	10,676,315	2,638,702
Macquarie Australasian Property Index Fund	249,596	113,911	731,378	321,824
Macquarie Ethical Leaders Balanced Fund	462,308	155,690	1,140,986	371,882
Macquarie Ethical Leaders Hedged Global Fixed Interest Index Fund	307,821	116,946	310,819	125,187
Macquarie Global Listed Real Estate Fund	165,424	52,053	322,574	88,300
Macquarie NZ Cash Fund	770,622	165,601	1,259,396	271,345
Macquarie NZ Fixed Interest Fund	120,462	54,262	191,944	94,074
Macquarie NZ Shares Index Fund	2,136,455	1,054,824	2,800,465	1,465,646
Milford Active Growth Fund	1,349,445	-	6,976,089	-
Milford Balanced Fund	1,440,223	501,429	4,186,441	1,384,196
Milford Conservative Fund	845,789	302,309	1,004,966	371,749
Mint Australasian Equity Fund	125,675	102,512	486,376	414,826
Mint Diversified Growth Fund	2,749,627	804,183	3,995,758	1,114,758
Mint Diversified Income Fund	1,270,503	185,935	1,349,910	206,071
Pathfinder Ethical Growth Fund	1,191,151	-	1,353,743	-
Russell Investments Global Fixed Interest Fund	44,938	11,806	49,464	14,063
Russell Investments Global Shares Fund	217,998	50,552	569,259	125,916
Russell Investments Hedged Global Shares Fund	251,603	56,922	701,042	150,099
Russell Investments NZ Fixed Interest Fund	83,679	14,797	96,750	18,533
Salt Enhanced Property Fund	328,125	196,767	599,648	360,851
Salt NZ Dividend Appreciation Fund	322,834	338,026	553,725	602,057
Smartshares Growth Fund	1,795,503	-	2,113,781	-
Te Ahumairangi Global Equity Fund	1,713,276	-	1,790,545	-
Total fair value of Funds			73,508,481	19,499,126

Those investments that hold more than 5% of net assets available for benefits, are the Fisher Growth Fund (5.76% (2021: nil), Foundation Series Balanced Fund (4.73%) (2021: 6.94%), Foundation Series Growth Fund (13.67%) (2021: 14.07%), Harbour Australasian Equity Focus Fund (1.92%) (2021: 5.48%), Harbour T.Rowe Price Global Equity Fund (7.49%) (2021: 13.94%), Macquarie All Country Global Shares Index Fund (14.49%) (2021: 13.52%), Macquarie NZ Shares Index Fund (3.80%) (2021: 7.51%), Milford Active Growth Fund (9.47%) (2021: nil), Milford Balanced Fund (5.68%) (2021: 7.09%) and Mint Diversified Growth Fund (5.42%) (2021: 5.71%).

4(B). FAIR VALUE HIERARCHY

Level 2 fair value determination	The fair value of units held by the Scheme in unlisted unit trusts is determined by reference to published unit prices calculated by those funds' administration managers and are included within level 2 of the fair value hierarchy. There have been no transfers between the levels of the fair value hierarchy.
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5. OTHER RECEIVABLES

	InvestNow KiwiSaver Scheme	
	2022 \$	2021 \$
Unsettled trades	120,743	6,903
Total other receivables	120,743	6,903

All other receivable balances are current assets. Other receivables are classified as financial assets at amortised cost under NZ IFRS 9.

6. OTHER PAYABLES

	InvestNow KiwiSaver Scheme	
	2022 \$	2021 \$
Unallocated applications	385,118	101,068
Withdrawals payable	-	48
Total other payables	385,118	101,116

All other payable balances are current liabilities. Other payables are classified as financial liabilities at amortised cost under NZ IFRS 9.

7. RELATED PARTIES

	Related parties comprise the Manager, the Supervisor and their related entities.
Manager fees	The Manager currently does not charge management fees to the Scheme. Management fees are charged to underlying investment funds by their fund managers and investment managers and are reflected in the value of the funds.
Supervisor fees	Public Trust is entitled to a fee, payable by the Manager, for the services it provides as Supervisor of the Scheme. Total Supervisor fees for the period were \$32,000 (2021: \$8,000).
Audit fees	KPMG (2021: PricewaterhouseCoopers) is entitled to a fee, payable by the Manager, for the audit of the financial statements. Total audit fees for the period were \$26,000 (2021: \$25,300). Fees paid by the Manager to the auditor for member register compliance assurance services were \$5,434 (2021: \$4,600).

7. RELATED PARTIES - CONTINUED

Related party holdings in the Funds Holdings and transactions in the Scheme by directors and key management personnel of the Manager, Investment Manager and their immediate family members are:

	InvestNow KiwiSaver Scheme	
	2022 \$	2021 \$
Opening value	404,143	-
Contributions	59,763	382,910
Change in fair value	16,364	21,759
Distributions received	379	119
PIE tax refund/(paid)	4,949	(645)
Closing value	485,598	404,143

Related party investments At 31 March 2022 the Scheme held units or had subscribed for units in other funds managed by the Manager. The balances and movements for the year were as follows:

	InvestNow KiwiSaver Scheme	
	2022 \$	2021 \$
Hunter Global Fixed Interest Fund (ceased being managed by the Manager on 30 September 2021)		
Opening value	32,330	-
Applications	577,944	37,173
Redemptions	(271,421)	(4,049)
Change in fair value	(27,064)	(794)
Closing value	311,789	32,330
Foundation Series Balanced Fund		
Opening value	1,354,688	-
Applications	2,378,161	1,317,328
Redemptions	(247,089)	(7,773)
Change in fair value	(143)	45,133
Closing value	3,485,617	1,354,688
Foundation Series Growth Fund		
Opening value	2,745,870	-
Applications	7,902,344	2,800,185
Redemptions	(668,756)	(171,060)
Change in fair value	91,481	116,745
Closing value	10,070,939	2,745,870
Russell Investments NZ Fixed Interest Fund		
Opening value	18,533	-
Applications	100,628	24,039
Redemptions	(15,828)	(4,614)
Change in fair value	(6,583)	(892)
Closing value	96,750	18,533
Russell Investments Global Fixed Interest Fund		
Opening value	14,063	-
Applications	51,721	15,138
Redemptions	(12,989)	(514)
Change in fair value	(3,331)	(561)
Closing value	49,464	14,063

7. RELATED PARTIES - CONTINUED

	InvestNow KiwiSaver Scheme	
	2022 \$	2021 \$
Russell Investments Global Shares Fund		
Opening value	125,916	-
Applications	532,682	118,062
Redemptions	(91,032)	-
Change in fair value	1,693	7,854
Closing value	569,259	125,916
Russell Investments Hedged Global Shares Fund		
Opening value	150,099	-
Applications	725,938	143,296
Redemptions	(176,217)	(6,167)
Change in fair value	1,222	12,970
Closing value	701,042	150,099

8. RECONCILIATION OF NET PROFIT BEFORE MEMBERSHIP ACTIVITIES TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	InvestNow KiwiSaver Scheme	
	2022 \$	2021 \$
Net (loss)/profit attributable before membership	(877,218)	601,093
Adjustments for:		
Purchase of investments	(67,596,483)	(20,034,585)
Non-cash purchase of investments (distribution reinvestment and fee rebates)	(385,534)	(53,420)
Sale of investments	12,596,070	1,129,649
Net losses/(gains) on financial assets at fair value through profit or loss	1,262,752	(547,673)
Net cash outflow from operating activities	(55,000,413)	(18,904,936)

9. FINANCIAL RISKS

Financial risk factors

The Scheme's activities exposes it to a variety of financial risks: market risk (including market price risk, currency risk and interest rate risk), credit risk and liquidity risk.

The Funds of the Scheme each have their own investment objectives, strategies and guidelines as outlined in the SIPO. The underlying manager of each Fund sets the investment policy and investment guidelines for each Fund and each Fund may have a policy that allows them to use derivative instruments to moderate certain risk exposures. The Manager, in conjunction with InvestNow Saving and Investment Service Limited (the "Investment Manager"), oversees the development, implementation and monitoring of each Fund's investment mandate. The Manager does not oversee the development, implementation and monitoring of the underlying Fund's investment mandates. The Manager, with advice from the Investment Manager, appoints and removes the underlying fund managers responsible for managing the underlying funds.

All securities investments present a risk of loss of capital. The maximum loss of capital on unlisted unit trusts is limited to the fair value of those positions.

9(A). MARKET RISK

Price risk Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Scheme invests in other funds and are susceptible to market price risk arising from uncertainties about future values of those underlying funds.

Price risk - sensitivity analysis At 31 March, the net fair value of financial instruments is exposed to price risk. The Manager considers the volatility of the fair value of investments in portfolios to be in the 10% range, based on historical experience. Actual movements may be significantly different to this and will vary by Fund depending on the investments held. If the price of the Scheme's investments increased or decreased by 10%, the Scheme's net assets attributable to unit holders and net profit/(loss) would increase or decrease as follows:

	InvestNow KiwiSaver Scheme	
	2022 \$	2021 \$
Financial assets at fair value through profit or loss		
Unlisted unit trusts	73,508,481	19,499,126
Total	73,508,481	19,499,126
Sensitivity analysis		
10% increase in prices	7,350,848	1,949,913
10% decrease in prices	(7,350,848)	(1,949,913)

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

The Scheme does not hold cash and cash equivalents or financial assets at fair value through profit or loss denominated in currencies other than New Zealand dollar, the functional currency. The Scheme is therefore not exposed to currency risk. The Scheme is, however, exposed indirectly to currency risk through their holdings in unlisted unit trusts.

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 Scheme does not hold cash in interest bearing accounts in accordance with the Investment Mandate for the Scheme. The Scheme is therefore not exposed to material risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flow.

9(B). LIQUIDITY RISK

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due.

The Manager assesses liquidity risk of the underlying funds with reference to liquidity of the underlying assets and securities. The Funds within the Scheme invest predominantly in liquid investments and hence have daily applications and redemptions. Market conditions can, however, change resulting in some assets being difficult to sell. Hence if any Fund within the Scheme were to experience liquidity problems, the Manager may defer or suspend redemptions for a period of time.

The Funds of the Scheme are exposed to daily redemptions of redeemable units, subject to the restrictions imposed by the KiwiSaver Act 2006. The Investment Manager selects underlying funds that are readily convertible to cash in normal market conditions. The redemption amount is set at the daily published unit price of each underlying investment.

Members are able to transfer their balances to other KiwiSaver schemes subject to the consent (if required) of the manager or supervisor of that scheme, and any transfer provisions of that scheme. As such, the liability for promised retirement benefits is deemed to be repayable on demand.

The Scheme's financial liabilities consist of other payables which are short term in nature and classified as current liabilities at balance date.

9(C). CREDIT RISK

Credit risk represents the risk that counterparty to the financial instrument will fail to perform contractual obligations under a contract and cause the Scheme to incur a financial loss.

With respect to credit risk arising from the financial assets of the Scheme, the Scheme's exposure to credit risk arises from the default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed in the statement of net assets. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

The Investment Manager has selected underlying funds with investment strategies that ensure an appropriate diversification of investments so that the Scheme indirectly has no significant concentrations of counterparty or credit risk.

There is no material risk of default relating to contributions receivable by the Scheme (if any) 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.

The Scheme does not use credit derivatives to mitigate credit risk.

The Scheme's cash and cash equivalents are held with ANZ Bank (S&P Global credit rating: AA-) (2021: AA-).

At 31 March 2022, all cash and cash equivalents are held with counterparties with high credit ratings and all financial instruments measured at amortised cost are short-term in nature (i.e. no longer than 12 months) and of high credit quality (2021: same). The Manager considers the probability of default to be close to zero as the counterparties have 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.

As at 31 March 2022, there were no financial assets past due or impaired (2021: same).

9(D). CAPITAL RISK MANAGEMENT

The Scheme's net assets attributable to members (as represented by the liability for promised benefits) are primarily determined by contributions to the Scheme together with the change in fair value on these contributions over the period of membership. The timing of the payment of retirement benefits is determined requirements of the KiwiSaver Act 2006.

Under the terms of the Trust Deed, contributions can be made by the Scheme members, by their employers and by the Government. During the period, contributions by Scheme members, employers and the Government have been at the following rates:

- Member contributions: 3%, 4%, 6%, 8% or 10% of employee's pre-tax salary or wages. Voluntary contributions may also have been received from members.
- Employer contributions: required to contribute 3% of an employee's pre-tax salary or wages to the extent these contributions are matched by the employee.
- Government contributions: if a member is eligible, the Government will pay \$0.50 for every dollar of member contribution annually up to a maximum of \$521.43 (referred to as the Member Tax Credit).

Net assets attributable to Members are considered to be the Scheme's capital for the purposes of capital management. The Scheme's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for members through capital growth. The Scheme does this by offering investment in diversified asset classes.

The Scheme does not have any externally imposed capital requirements. Units may be redeemed on a daily basis, or such other date as the Manager shall from time to time determine.

10. CONTINGENT LIABILITIES & COMMITMENTS

The Scheme has no material commitments or material contingencies at 31 March 2022 (2021: none).

11. EVENTS SUBSEQUENT TO BALANCE DATE

There are no significant subsequent events that require adjustment to or disclosure in these financial statements.