

JUNO 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 JUNO KiwiSaver Scheme as at 31 March 2022 and the results for the year ended on that date in accordance with the requirements of the JUNO KiwiSaver Scheme Governing Document dated 5 July 2018.

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

Director

Pie Funds Management Limited

Date



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26 July 2022

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# Statements of Changes in Net Assets

\$	Note	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
		2022	2021	2022	2021	2022	2021	2022	2021
<b>Income</b>									
Interest income on financial assets at amortised cost		263,830	167,847	463,940	199,325	317,488	103,277	1,045,258	470,449
Dividend and distribution income		4,437	-	-	-	3,451,538	1,438,028	3,455,975	1,438,028
Foreign exchange gains/(losses) on financial instruments at amortised cost		2,219	-	-	8,620	(1,372,738)	(1,833,897)	(1,370,519)	(1,825,277)
Net (losses)/gains on financial assets and liabilities at fair value through profit or loss		(1,682,519)	1,522,741	(7,418,652)	7,432,421	(73,102,924)	63,940,550	(75,186,550)	64,266,433
Other income		2,507	33,150	17,403	36,920	161	-	20,071	70,070
<b>Total (loss)/income</b>		<b>(1,409,526)</b>	<b>1,723,738</b>	<b>(6,937,309)</b>	<b>7,677,286</b>	<b>(70,706,475)</b>	<b>63,647,958</b>	<b>(72,035,765)</b>	<b>64,419,703</b>
<b>Expenses</b>									
Management and administration fees	8	137,040	73,058	357,484	145,792	2,781,673	885,758	3,276,197	1,104,608
Management fee rebates		(188)	-	-	(156)	-	-	(188)	(156)
Transaction costs		1,079	-	-	2,532	1,497,052	1,048,269	1,498,131	1,050,801
Other expenses		-	-	-	-	80	8,493	80	8,493
<b>Total expenses</b>		<b>137,931</b>	<b>73,058</b>	<b>357,484</b>	<b>148,168</b>	<b>4,278,805</b>	<b>1,942,520</b>	<b>4,774,220</b>	<b>2,163,746</b>
<b>Net (loss)/profit before membership activities</b>		<b>(1,547,457)</b>	<b>1,650,680</b>	<b>(7,294,793)</b>	<b>7,529,118</b>	<b>(74,985,280)</b>	<b>61,705,438</b>	<b>(76,809,985)</b>	<b>62,255,957</b>
<b>Contributions</b>									
Member contributions		1,481,351	1,114,332	3,449,834	2,053,411	29,402,786	12,004,871	34,333,971	15,172,614
Employer contributions		837,113	674,731	1,788,703	1,109,088	15,742,351	6,690,209	18,368,167	8,474,028
Crown contributions		246,753	221,541	569,654	330,547	4,460,402	1,445,583	5,276,809	1,997,671
Transfers from other Funds in the Scheme		27,760,829	12,685,518	18,091,328	11,067,829	18,980,459	17,114,664	-	-
Transfers from other KiwiSaver schemes		5,739,968	7,167,939	15,043,580	16,714,114	122,050,519	160,130,273	142,834,067	184,012,325
Transfers from other superannuation schemes		-	-	-	156,564	-	359,684	-	516,248
Transfers from Australian superannuation schemes		-	-	181,497	340,474	1,788,481	2,006,659	1,969,978	2,347,133
Lump sum contributions		717,276	763,786	8,121,451	3,039,268	30,610,799	18,089,147	18,804,526	15,359,505
Other income		550	447	2,099	636	6,061	4,282	8,710	5,365
		<b>36,783,840</b>	<b>22,628,294</b>	<b>47,248,146</b>	<b>34,811,931</b>	<b>223,041,858</b>	<b>217,845,372</b>	<b>221,596,228</b>	<b>227,884,889</b>
<b>Withdrawals</b>									
Transfers to other Funds in the Scheme		15,167,089	17,862,062	19,246,856	13,369,261	30,418,671	9,636,689	-	-
Transfers to other KiwiSaver schemes		3,723,660	799,947	6,103,337	921,797	33,104,843	7,114,638	42,931,840	8,836,382
Member attributed taxation		(86,311)	52,921	121,563	124,029	4,666,414	1,355,123	4,701,666	1,532,073
Withdrawals on death		-	-	6,385	-	-	-	6,385	-
Transfers of members accumulations out of scheme into Australian superannuation schemes		-	-	65,936	-	71,324	-	137,260	-
Withdrawals or transfers on permanent emigration		-	136,821	-	-	118,216	58,579	118,216	195,400
Invalid enrolment withdrawals		-	583	2,872	3,631	31,822	521	34,694	4,735
Member eligible withdrawals		1,791,264	228,902	1,894,871	112,700	2,915,319	204,168	6,601,454	545,770
Serious illness withdrawals		-	51,878	-	-	157,955	207,145	157,955	259,023
First home purchase withdrawals		4,378,184	2,526,553	1,290,790	699,405	6,384,392	2,654,045	12,053,366	5,880,003
Significant financial hardship withdrawals		84,434	69,402	70,005	105,056	265,072	212,365	419,511	386,823
Paid under other enactments		-	-	-	-	200,121	17,863	200,121	17,863
		<b>25,058,320</b>	<b>21,729,069</b>	<b>28,802,615</b>	<b>15,335,879</b>	<b>78,334,149</b>	<b>21,461,136</b>	<b>67,362,468</b>	<b>17,658,072</b>
<b>Net membership activities</b>		<b>11,725,520</b>	<b>899,225</b>	<b>18,445,531</b>	<b>19,476,052</b>	<b>144,707,709</b>	<b>196,384,236</b>	<b>154,233,760</b>	<b>210,226,817</b>
<b>Members' accounts at the start of the year</b>		<b>15,606,399</b>	<b>13,056,495</b>	<b>48,880,448</b>	<b>21,875,277</b>	<b>347,911,230</b>	<b>89,821,556</b>	<b>379,589,490</b>	<b>107,106,716</b>
<b>Movements in members' accounts for the year</b>		<b>10,178,063</b>	<b>2,549,904</b>	<b>11,150,738</b>	<b>27,005,171</b>	<b>69,722,429</b>	<b>258,089,674</b>	<b>77,423,775</b>	<b>272,482,774</b>
<b>Members' accounts at the end of the year</b>		<b>25,784,462</b>	<b>15,606,399</b>	<b>60,031,186</b>	<b>48,880,448</b>	<b>417,633,659</b>	<b>347,911,230</b>	<b>457,013,265</b>	<b>379,589,490</b>

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		Balanced Fund		Growth Fund		Scheme Total		
			2022	2021	2022	2021	2022	2021	2022	2021	
	<b>Members' Funds</b>	<b>4.2</b>	<b>25,784,462</b>	15,606,399	<b>60,031,186</b>	48,880,448	<b>417,633,659</b>	347,911,230	<b>457,013,265</b>	379,589,490	
	<b>Represented by:</b>										
	<b>Current assets</b>										
	Cash and cash equivalents		2,036,370	1,256,434	6,129,720	6,630,846	76,615,068	59,726,504	84,681,158	67,613,784	
	Trade and other receivables	9	80,546	198,907	98,691	521,907	15,216,274	6,357,257	15,395,411	7,078,071	
	Term deposits		3,500,000	2,500,000	2,000,000	4,000,000	2,500,000	-	8,000,000	6,500,000	
	Financial assets at fair value through profit or loss	6.1	20,486,266	12,137,357	52,065,799	37,851,762	329,220,909	289,508,641	355,336,922	306,689,173	
	Member attributed taxation		76,387	3,186	1,006	9,940	372	115,653	77,765	128,979	
	<b>Total assets</b>		<b>26,179,559</b>	16,095,884	<b>60,295,116</b>	49,014,455	<b>423,452,623</b>	355,708,255	<b>463,491,266</b>	388,010,007	
	<b>Current liabilities</b>										
	Trade and other payables	10	394,783	459,151	166,619	19,881	1,551,767	3,923,986	2,113,159	4,403,018	
	Financial liabilities at fair value through profit or loss	5.2	-	-	-	-	214,146	2,559,997	214,146	2,559,997	
	Member attributed taxation		314	30,334	97,311	114,126	4,053,061	1,313,042	4,160,686	1,457,502	
	<b>Total current liabilities</b>		<b>395,097</b>	489,485	<b>263,930</b>	134,007	<b>5,818,964</b>	7,797,025	<b>6,477,991</b>	8,420,517	
	<b>Net assets available for benefits</b>		<b>25,784,462</b>	15,606,399	<b>60,031,186</b>	48,880,448	<b>417,633,659</b>	347,911,230	<b>457,013,265</b>	379,589,490	

These financial statements were authorised for issue by the Manager, Pie Funds Management Limited.

Director



Date 26 July 2022

Director



Date 26 July 2022

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

# Statements of Cash Flows

\$	Note	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
		2022	2021	2022	2021	2022	2021	2022	2021
<b>Cash flows from operating activities</b>									
<i>Cash was provided from:</i>									
Sale of investments		904,730	2,512,665	400,000	5,059,521	298,707,109	177,607,060	300,011,839	185,179,246
Interest received		230,578	173,900	414,239	227,690	283,462	132,751	928,279	534,341
Dividend and distribution income		4,437	-	-	-	3,334,605	1,141,407	3,339,042	1,141,407
Other Income		2,505	33,150	17,401	37,151	162	(1)	20,068	70,300
<i>Cash was applied to:</i>									
Purchase of investments		(10,606,148)	(8,439,649)	(22,032,689)	(21,943,170)	(426,972,909)	(340,169,391)	(438,966,746)	(364,019,514)
Net decrease/(increase) in term deposits		(1,000,000)	5,650,000	2,000,000	3,700,000	(2,500,000)	2,800,000	(1,500,000)	12,150,000
Payment to suppliers		(138,119)	(73,058)	(357,484)	(148,324)	(4,278,805)	(1,942,520)	(4,774,408)	(2,163,902)
<b>Net cash outflow from operating activities</b>	11	<b>(10,602,017)</b>	<b>(142,992)</b>	<b>(19,558,533)</b>	<b>(13,067,132)</b>	<b>(131,426,376)</b>	<b>(160,430,694)</b>	<b>(140,941,926)</b>	<b>(167,108,122)</b>
<b>Cash flows from financing activities</b>									
Contributions received		36,935,643	22,566,636	47,721,165	34,318,825	224,595,399	216,403,118	223,774,591	225,887,871
Withdrawals paid		(25,555,909)	(21,659,120)	(28,663,758)	(15,395,912)	(75,423,164)	(20,606,303)	(64,810,215)	(16,793,323)
<b>Net cash inflow from financing activities</b>		<b>11,379,734</b>	<b>907,516</b>	<b>19,057,407</b>	<b>18,922,913</b>	<b>149,172,235</b>	<b>195,796,815</b>	<b>158,964,376</b>	<b>209,094,548</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>777,717</b>	<b>764,524</b>	<b>(501,126)</b>	<b>5,855,781</b>	<b>17,745,859</b>	<b>35,366,121</b>	<b>18,022,450</b>	<b>41,986,426</b>
Cash and cash equivalents at the beginning of the year		1,256,434	491,910	6,630,846	766,445	59,726,504	26,194,280	67,613,784	27,452,635
Effect of exchange rate fluctuations		2,219	-	-	8,620	(957,295)	(1,833,897)	(955,076)	(1,825,277)
<b>Cash and cash equivalents at the end of the year</b>		<b>2,036,370</b>	<b>1,256,434</b>	<b>6,129,720</b>	<b>6,630,846</b>	<b>76,515,068</b>	<b>59,726,504</b>	<b>84,681,158</b>	<b>67,613,784</b>

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

The reporting entity is the JUNO KiwiSaver Scheme ("the Scheme"). The Scheme is made up of three funds ("the Funds"):

- JUNO KiwiSaver Conservative Fund ("Conservative Fund")
- JUNO KiwiSaver Balanced Fund ("Balanced Fund")
- JUNO KiwiSaver Growth Fund ("Growth Fund")

The Manager of the Scheme is Pie Funds Management Limited ("the Manager") and the Supervisor of the Scheme is Trustees Executors Limited ("the Supervisor"). The Scheme is registered and domiciled in New Zealand. The registered office of the Scheme is Level One, 1 Byron Avenue, Takapuna, Auckland, New Zealand.

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 is registered as a Managed Investment Scheme in accordance with the Financial Markets Conduct Act 2013.

The Scheme has been launched with the issuance of the Scheme's Governing Document on 5 July 2018 and commenced operations on 27 August 2018.

The Financial Statements for the Scheme and the Funds are for the year ended 31 March 2022. Comparative information has been provided for the year ended 31 March 2021.

The principal activities of the Funds are described below:

- The JUNO Conservative Fund seeks to preserve Members' capital, with modest capital growth over a three-to-five-year period. The Fund invests primarily in fixed interest and cash, with a modest allocation to equities, directly and/or through the JUNO Balanced Fund. (Refer Note 8.3) The Manager chooses individual assets (such as term deposits, equities and bonds) or uses ETFs or derivatives to get a broad selection of the desired and permitted assets, as efficiently as possible.
- The JUNO Balanced Fund seeks to provide investors with steady capital growth over a five-to-10 year period. The Fund invests in equities (directly and/or through the JUNO Growth Fund), with a reasonable allocation towards fixed interest. (Refer Note 8.3) The Manager chooses individual assets (e.g. term deposits, equities and bonds) or uses ETFs or derivatives to get a broad exposure to desired and permitted assets, as efficiently as possible.
- The JUNO Growth Fund seeks to maximise capital growth for members, over periods exceeding 10 years. The Fund invests primarily in international equities. The Manager's active management style specialises in equities. The Manager chooses companies it believes will perform well over the investment period. The Manager can also invest in ETFs, derivatives and fixed interest. The Fund also invests in cash to ensure the Growth Fund has enough liquidity to operate effectively.

### Statutory base

The JUNO KiwiSaver Scheme is registered under the Financial Markets Conduct Act 2013 (FMC Act) as a KiwiSaver Scheme. The Scheme is a trust vehicle governed by a Governing Document dated 5 July 2018.

## 2. Summary of accounting policies

### 2.1 Basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("GAAP"). The financial statements comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for for-profit entities. The financial statements also comply with International Financial Reporting Standards ("IFRS").

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss. The methods used to measure fair values are discussed in Note 2.3(c). The accrual basis of accounting has been applied, as has the going concern assumption.

The results, positions and cash flows reported for the Scheme are prepared on a consolidated basis, with the elimination of interfund transactions and balances between funds.

### New standards and amendments

The Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021 amends the Financial Markets Conduct Act 2013 (FMC Act), the Financial Reporting Act 2013, and the Public Audit Act 2001 which requires impacted entities to start making climate-related disclosures. Funds are expected to publish climate related statements for annual periods beginning on or after 1 January 2023 based upon climate standards issued by the External Reporting Board (XRB). The first climate statement will be required to be prepared for the year ending 31 March 2024.

The XRB intends to issue the following:

- Aotearoa New Zealand Climate Standard 1: Climate-related Disclosures (NZ CS 1)
- Aotearoa New Zealand Climate Standard 2: Adoption of Climate-related Disclosures (NZ CS 2)
- Aotearoa New Zealand Climate-related Disclosures Concepts (NZ CRDC).

NZ CS 1 is the main disclosure standard and will be based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). NZ CS 2 will be an adoption standard to enable entities to begin their climate-related disclosure journey. NZ CRDC will be an authoritative notice containing key concepts, like materiality.

The TCFD recommendations are structured around four thematic areas that represent core elements of how organisations operate: governance; strategy; risk management; and metrics and targets.

The Manager will continue to monitor developments associated with climate related disclosures.

### Issued but not yet effective accounting standards

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

### 2.2 Investment entity

The Scheme meets the definition of investment entities per NZ IFRS 10 'Consolidated financial statements' as the following conditions exist:

- (a) The Scheme has obtained funds for the purpose of providing investors with investment management services.
- (b) The Scheme's business purpose, which is communicated directly to investors, is investing solely for returns from capital appreciation and investment income.
- (c) The performance of investments made through other funds managed by the Manager, is measured and evaluated on a fair value basis.

The Scheme also displays all four typical characteristics that are associated with an investment entity:

1. it has more than one investment;
2. has more than one investor;
3. investors that are not related parties; and
4. ownership interest in the Scheme is represented by respective units held in the Funds.

# Notes to the Financial Statements

## 2. Summary of accounting policies (continued)

### 2.3 Financial instruments

#### (a) Classification

##### Financial assets

Financial assets are recognised initially at fair value. After initial recognition, financial assets are measured at fair value or amortised cost, determined on the basis of both (a) the Scheme'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 the profit or loss

Financial assets at fair value through the profit or loss can be either designated as such upon initial recognition or 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 Scheme is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The contractual cash flows of the Scheme's debt securities are solely principal and interest, however, the debt securities, other than term deposits, are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental in achieving the Scheme's business model. As a result these debt 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, ETFs, funds/unit trusts, fixed interest securities, futures and forward foreign exchange contracts.

##### (ii) Financial assets at amortised cost

(a) **Cash and cash equivalents** include cash in hand, deposits held at call with banks, deposits and overdrawn balances with brokers in New Zealand dollars and foreign currencies. Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represents the Scheme's main income generating activity.

(b) **Unsettled investment sales** included in trade and other receivables, are receivables for securities sold but not yet settled on the statement of net assets at balance date. The unsettled trade receivable balance is held for collection.

(c) **Receivables, other than unsettled investment sales**, includes margin accounts and interest receivable, dividend receivable, distribution receivable and contribution receivable.

(d) **Term deposits** are debt instruments where the business model is held for collection only; the contractual terms only give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further the "hold to collect" model will be applied for these financial assets due to the following: collection of contractual cash flows is not incidental, there's no intention to sell these assets and they are used to effectively manage cash reserves. On this basis, the fair value option will not be applied and are classified as financial assets at amortised cost.

##### Financial liabilities

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

**Financial liabilities at fair value through the profit or loss** can be either designated as such upon initial recognition or 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. All financial liabilities are mandatorily measured at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

##### (ii) Financial liabilities at amortised cost

(a) **Payables, other than unsettled investment purchases** are amounts representing liabilities and accrued expenses owing by the Funds at balance date. These amounts include related party fees payable, distributions payable, redemptions payable and withdrawals

(b) **Unsettled investment purchases** included in trade and other payables, are payables for securities purchased but not yet settled on the statement of net assets at balance date.

#### (b) Recognition, derecognition and measurement

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

The Scheme recognises financial assets and liabilities at fair value through the 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 Statements of Changes in Net Assets. Financial assets 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. This occurs upon maturity or disposal of the asset. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires. Subsequent to initial recognition, all financial assets and liabilities at fair value through the profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are recognised in the Statements of Changes in Net Assets when they arise. 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 Statements of Changes in Net Assets in the period the item is derecognised. Gains or losses are calculated as the difference between the disposal proceeds and the carrying amount of the item. Interest and dividend income are separately recognised in the Statements of Changes in Net Assets. Purchases and sales of investments are recognised on the trade date, the date on which the Scheme commits to purchase or sell the investment.

##### (ii) Financial assets and liabilities at amortised cost

The Scheme recognises financial assets and liabilities at amortised cost on the date it becomes party to the contractual agreement. Financial assets and liabilities at amortised cost are initially recognised at fair value. 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. This occurs upon maturity or disposal of the asset. Financial liabilities at amortised cost are derecognised when the obligation under the liability is discharged, cancelled or expires. Subsequent to initial recognition, all financial assets and liabilities at amortised cost are measured at amortised cost. At each reporting date, the Scheme shall measure the loss allowance of the 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. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all criteria considered in determining the expected credit loss. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Scheme shall measure the loss allowance at an amount equal to 12 month expected credit losses. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due or a counterparty credit rating which has fallen below BBB/Baa. Any contractual payment which is more than 90 days past due is considered credit impaired.

# Notes to the Financial Statements

## 2. Summary of accounting policies (continued)

### (c) Fair value estimation

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at 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 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 is based on their quoted market prices at the balance date without any deduction for estimated future selling costs. Financial assets and liabilities are priced at last traded price. Where the last sale price falls outside of the bid-ask spread for a particular stock, bid price will be used to value the investment.

#### *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 Scheme uses a variety of methods and make assumptions that are based on market conditions existing at each balance 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.

Fair value classifications of the Scheme's financial assets and liabilities are detailed in Note 4.3.

#### *Fair value of forward foreign exchange contracts*

Forward foreign exchange contracts are primarily used by the Scheme to economically hedge against foreign currency exchange rate risks on its non-New Zealand dollar denominated trading securities. The Scheme agrees to receive or deliver a fixed quantity of foreign currency for an agreed price on an agreed future date. The fair value of forward foreign exchange contracts is determined using valuation techniques based on spot exchange rates and forward points supplied by WM/Reuters. The Scheme recognises a gain or loss equal to the change in fair value at the balance date.

### 2.4 Offsetting financial instruments

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

### 2.5 Revenue recognition

- (a) Dividend and distribution income are recognised in the Statements of Changes in Net Assets when the Scheme's right to receive payment is established.
- (b) Interest income on financial assets at amortised cost are included under Income in the Statements of Changes in Net Assets and are recognised as interest accrues on a time-proportionate basis using the effective interest rate method. Interest income on financial assets at amortised cost comprises of interest earned on bank accounts, margin accounts and term deposits held at the bank.
- (c) Gains or losses on financial assets at fair value through profit or loss are recognised in the Statements of Changes in Net Assets as disclosed in Note 2.3.
- (d) Foreign exchange gains and losses on cash and financial instruments at fair value through profit or loss are recognised in the Statements of Changes in Net Assets as disclosed in note 2.10.
- (e) Dividend and interest income are disclosed net of any resident withholding taxes deducted at source, as these tax credits are allocated to members under the PIE ("Portfolio Investment Entity") regime.

### 2.6 Expenses

Management and administration fees are charged monthly per member via a unit deduction payment when they arise. These fees cover the fees of the Manager, the supervisor, the custodian and expenses associated with running of the Scheme. Refer to Note 8.1 for further details. Any ad hoc expenses directly attributable to the Funds such as bank fees and transaction costs are recognised on the accrual basis.

### 2.7 Taxation

The Funds are Portfolio Investment Entities ("PIEs"). Under the PIE regime income is effectively taxed in the hands of the members and therefore the Funds, and Scheme as a whole, 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 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.



# Notes to the Financial Statements

## 2. Summary of accounting policies (continued)

### 2.8 Goods and Services Tax (GST)

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

### 2.9 Statements of Cash Flows

Definitions of the terms used in the Statements 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) Cash is considered to be cash on hand and current accounts in banks, net of bank overdraft.

### 2.10 Foreign currencies

#### (a) Functional and presentation currency

These financial statements are presented in New Zealand dollars (\$), which is the Scheme's functional currency, on the basis that the Scheme's investors are mainly based in New Zealand, with the contributions and withdrawals denominated in New Zealand dollars.

#### (b) Transactions and balances

Transactions denominated in foreign currencies are recognised at the exchange rates on the date of the transactions. Assets and liabilities as at balance date denominated in foreign currencies are translated at the foreign currency exchange rates on that date. Realised and unrealised exchange gains and losses during the financial year are recognised in the Statements of Changes in Net Assets.

### 2.11 Net assets available for benefits

The net assets available for benefits represents the liability for promised retirement benefits and are measured at amortised cost. The Funds' issue units that are redeemable at the Members' option and do not have identical features and are therefore classified as financial liabilities. Units are redeemed for the purpose of permitted withdrawals (such as reaching the retirement age of 65 or enduring significant hardship), transferred to another Fund within the Scheme or a separate KiwiSaver Scheme and which are equal to a proportionate share of the respective Fund's net asset value which is the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable at the year end date if Members exercise their right to redeem 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 nor other Funds within the Scheme. The Trust Deed also stipulates that assets held for a Fund of the Scheme shall not be made available to meet the liabilities incurred in relation to any other Fund of the Scheme. The Funds' net asset value is calculated by dividing the net assets attributable to all holders of units in the Fund by the total number of units on issue.

### 2.12 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; or
- (b) it is a parent, subsidiary or fellow subsidiary of a party; or
- (c) it has an interest in or relationship with the Scheme that gives it significant influence over the Scheme; or
- (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.

# Notes to the Financial Statements

## 2.13 Comparatives

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

For the year ended 31 March 2021, management and administration fees were presented as part of Withdrawals.

In the Financial Statements for the year ended 31 March 2022, comparatives have been reclassified from Withdrawals to Expenses to reflect that the management and administration fees are an expense of the Scheme and Funds rather than a member deduction. There is no impact on the total members' accounts in the Statements of Changes in Net Assets.

	Conservative Fund			Balanced Fund			Growth Fund		
	2021	Reclassification	2021 (Restated)	2021	Reclassification	2021 (Restated)	2021	Reclassification	2021 (Restated)
<b>Statements of Changes of Net Assets (extract)</b>									
<b>Expenses</b>									
Management and administration fees	-	(73,058)	(73,058)	-	(145,792)	(145,792)	-	(885,758)	(885,758)
Net profit/(loss) before membership activities	1,723,738	(73,058)	1,650,680	7,674,910	(145,792)	7,529,118	62,591,196	(885,758)	61,705,438
<b>Withdrawals</b>									
Manager management and administration fees	(73,058)	73,058	-	(145,792)	145,792	-	(885,758)	885,758	-
Net membership activities	826,166	73,058	899,225	19,330,261	145,792	19,476,052	195,498,478	885,758	196,384,236
<b>Statement of Cash Flows (extract)</b>									
<b>Cash from operating activities</b>									
Payment to suppliers	-	(73,058)	(73,058)	(2,532)	(145,792)	(148,324)	(1,056,762)	(885,758)	(1,942,520)
<b>Cash flows from financing activities</b>									
Withdrawals paid	(21,732,178)	73,058	(21,659,120)	(15,541,704)	145,792	(15,395,912)	(21,492,061)	885,758	(20,606,303)
Net increase (decrease) in cash and cash equivalents	-	-	-	-	-	-	-	-	-
<b>Scheme Total</b>									
	<b>2021</b>	<b>Reclassification</b>	<b>2021 (Restated)</b>						
<b>Statements of Changes of Net Assets (extract)</b>									
<b>Expenses</b>									
Management and administration fees	-	(1,104,608)	(1,104,608)						
Net profit/(loss) before membership activities	63,360,565	(1,104,608)	62,255,957						
<b>Withdrawals</b>									
Manager management and administration fees	(1,104,608)	1,104,608	-						
Net membership activities	209,122,209	1,104,608	210,226,817						
<b>Statement of Cash Flows (extract)</b>									
<b>Cash from operating activities</b>									
Payment to suppliers	(1,059,294)	(1,104,608)	(2,163,902)						
<b>Cash flows from financing activities</b>									
Withdrawals paid	(17,897,931)	1,104,608	(16,793,323)						
Net increase (decrease) in cash and cash equivalents	-	-	-						

## 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. It is possible to determine the fair value of all financial assets as quoted market prices are readily available and in the case of derivatives observable market inputs are readily available. Therefore there are no material assumptions or major sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities at balance date. However as with all investments, their value is subject to variation due to market fluctuations.

The Manager has used judgement in the categorisation of its financial assets and liabilities at fair value through profit or loss in accordance with the fair value hierarchy under NZ IFRS 13. 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 impact 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 4.3 for further details).

# Notes to the Financial Statements

## 4. Financial Risk Management

### 4.1 Financial risk factors

The Governing Document for the Scheme requires the Manager to invest the assets of the Scheme in accordance with the Statement of Investment Policy and Objectives. The Scheme is subject to a number of financial risks which arise as a result of its activities, including: market risk, liquidity risk and credit risk. The Scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Scheme's financial performance.

#### 4.1.1 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. Non-monetary financial instruments which potentially subject the Scheme to price risk are investments in listed equities and funds and unlisted unit trusts. All investments in unit trusts 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 Manager of the underlying unit trusts advised that this risk is moderated through stock selection and diversification of unit trust investments, daily monitoring of the unit trusts' market position and adherence to the unit trusts' investment policy. The unlisted investments have underlying securities comprising domestic, international equity instruments and fixed interest securities that are

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

Where non-monetary financial instruments are 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 unit trusts which in turn invest in securities denominated in foreign currencies, the value of the unit trust will be affected by fluctuations in foreign exchange rates. Paragraph (b) 'Foreign exchange risk' 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 price risk at that date increased or decreased by 10% with all other variables held constant, this would have had the following impact on the Statements of Changes in Net Assets:

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Equities, unit trusts and unlisted securities</b>								
Carrying amount	11,672,088	6,063,692	36,723,789	26,744,895	323,944,063	289,502,896	325,903,898	289,502,896
Impact of a -10% change in prices	(1,167,209)	(606,369)	(3,672,379)	(2,674,490)	(32,394,406)	(28,950,290)	(32,590,390)	(28,950,290)
Impact of a +10% change in prices	1,167,209	606,369	3,672,379	2,674,490	32,394,406	28,950,290	32,590,390	28,950,290

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

##### (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 primarily through holding foreign currency denominated cash and cash equivalents, trade and other receivables, trade and other payables and forward foreign exchange contracts. The Manager may hedge the exposure to currency fluctuations.

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

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Monetary assets/(liabilities)</b>								
Australian Dollar (AUD)	-	-	-	-	(11,715,928)	(17,808,609)	(11,715,928)	(17,808,609)
Canadian Dollar (CAD)	-	-	-	-	(366,027)	570,522	(366,027)	570,522
Norway Krone(NOK)	-	-	-	-	(3,043,118)	(3,056,327)	(3,043,118)	(3,056,327)
Euro (EUR)	-	-	-	-	(40,839,703)	(27,671,413)	(40,839,703)	(27,671,413)
United States Dollar (USD)	(847,299)	-	-	-	(45,804,894)	(84,089,453)	(46,652,193)	(84,089,453)
Hong Kong Dollar (HKD)	-	-	-	-	(12,889,429)	(5,548,261)	(12,889,429)	(5,548,261)
Japanese Yen (JPY)	-	-	-	-	(14,662,955)	(9,966,749)	(14,662,955)	(9,966,749)
Great British Pound (GBP)	-	-	-	-	12,041,354	711,978	12,041,354	711,978
South Korean Won (KRW)	-	-	-	-	570,452	4,265,084	570,452	4,265,084
Sweden (SEK)	-	-	-	-	29,955	(2,444,257)	29,955	(2,444,257)
New Taiwan Dollar (TWD)	-	-	-	-	1,921,939	-	1,921,939	-
Danish Krone (DKK)	-	-	-	-	47,311	-	47,311	-
South African Rand (ZAR)	-	-	-	-	117,982	-	117,982	-

# Notes to the Financial Statements

## 4. Financial Risk Management (continued)

### 4.1.1 Market risk (continued)

#### (b) Foreign exchange risk (continued)

The table below summarises the impact on the Statements of Changes in Net Assets on monetary assets and liabilities at balance 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		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>As at 31 March</b>								
<b>Monetary assets/(liabilities)</b>								
<i>Exchange rates increased by 10%</i>								
Australian Dollar (AUD)	-	-	-	-	1,065,084	1,618,964	1,065,084	1,618,964
Canadian Dollar (CAD)	-	-	-	-	33,275	(51,866)	33,275	(51,866)
Norway Krona (NOK)	-	-	-	-	276,647	277,848	276,647	277,848
Euro (EUR)	-	-	-	-	3,712,700	2,515,583	3,712,700	2,515,583
United States Dollar (USD)	77,027	-	-	-	4,164,081	7,644,496	4,241,108	7,644,496
Hong Kong Dollar (HKD)	-	-	-	-	1,171,766	504,387	1,171,766	504,387
Japanese Yen (JPY)	-	-	-	-	1,332,996	906,068	1,332,996	906,068
Great British Pound (GBP)	-	-	-	-	(1,094,669)	(64,725)	(1,094,669)	(64,725)
South Korean Won (KRW)	-	-	-	-	(51,859)	(387,735)	(51,859)	(387,735)
Sweden (SEK)	-	-	-	-	(2,723)	222,205	(2,723)	222,205
New Taiwan Dollar (TWD)	-	-	-	-	(174,722)	-	(174,722)	-
Danish Krone (DKK)	-	-	-	-	(4,301)	-	(4,301)	-
South African Rand (ZAR)	-	-	-	-	(10,726)	-	(10,726)	-
<i>Exchange rates decreased by 10%</i>								
Australian Dollar (AUD)	-	-	-	-	(1,301,770)	(1,978,734)	(1,301,770)	(1,978,734)
Canadian Dollar (CAD)	-	-	-	-	(40,670)	63,391	(40,670)	63,391
Norway Krona (NOK)	-	-	-	-	(338,124)	(339,592)	(338,124)	(339,592)
Euro (EUR)	-	-	-	-	(4,537,745)	(3,074,601)	(4,537,745)	(3,074,601)
United States Dollar (USD)	(94,144)	-	-	-	(5,089,433)	(9,343,273)	(5,183,577)	(9,343,273)
Hong Kong Dollar (HKD)	-	-	-	-	(1,432,159)	(616,473)	(1,432,159)	(616,473)
Japanese Yen (JPY)	-	-	-	-	(1,629,217)	(1,107,417)	(1,629,217)	(1,107,417)
Great British Pound (GBP)	-	-	-	-	1,337,928	79,109	1,337,928	79,109
South Korean Won (KRW)	-	-	-	-	63,384	473,898	63,384	473,898
Sweden (SEK)	-	-	-	-	3,328	(271,584)	3,328	(271,584)
New Taiwan Dollar (TWD)	-	-	-	-	213,549	-	213,549	-
Danish Krone (DKK)	-	-	-	-	5,257	-	5,257	-
South African Rand (ZAR)	-	-	-	-	13,109	-	13,109	-

## Notes to the Financial Statements

### 4.1.1 Market risk (continued)

#### (b) Foreign exchange risk (continued)

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

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>As at 31 March</b>								
<b>Non-monetary assets/(liabilities)</b>								
Australian Dollar (AUD)	-	-	-	-	22,529,655	23,380,753	22,529,655	23,380,753
Philippine Peso (PHP)	-	-	-	-	-	2,322,945	-	2,322,945
Canadian Dollar (CAD)	-	-	-	-	716,041	-	716,041	-
Hong Kong Dollar (HKD)	-	-	-	-	14,787,450	11,616,508	14,787,450	11,616,508
Euro (EUR)	-	-	-	-	59,462,139	43,581,524	59,462,139	43,581,524
Japanese Yen (JPY)	-	-	-	-	21,770,830	12,702,662	21,770,830	12,702,662
United States Dollar (USD)	1,454,835	-	-	-	99,686,800	99,937,907	101,141,635	99,937,907
New Taiwan Dollar (TWD)	-	-	-	-	21,512,676	5,164,365	21,512,676	5,164,365
Norwegian Krone (NOK)	-	-	-	-	6,143,189	8,426,130	6,143,189	8,426,130
British Pound (GBP)	-	-	-	-	31,394,542	35,010,587	31,394,542	35,010,587
Sweden Krona (SEK)	-	-	-	-	-	6,669,864	-	6,669,864
South Korean Won (KRW)	-	-	-	-	25,477,895	29,051,795	25,477,895	29,051,795
Danish Krone (DKK)	-	-	-	-	6,361,629	-	6,361,629	-
South African Rand (ZAR)	-	-	-	-	9,627,400	-	9,627,400	-

# Notes to the Financial Statements

## 4. Financial Risk Management (continued)

### 4.1.1 Market risk (continued)

#### (b) Foreign exchange risk (continued)

The table below summarises the impact on the Statements of Changes in Net Assets on non-monetary assets and liabilities at balance 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		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>As at 31 March</b>								
<b>Non-monetary assets/(liabilities)</b>								
<i>Exchange rates increased by 10%</i>								
Australian Dollar (AUD)	-	-	-	-	(2,048,150)	(2,125,523)	(2,048,150)	(2,125,523)
Philippine Peso (PHP)	-	-	-	-	-	(211,177)	-	(211,177)
Canadian Dollar (CAD)	-	-	-	-	(65,095)	-	(65,095)	-
Hong Kong Dollar (HKD)	-	-	-	-	(1,344,314)	(1,056,046)	(1,344,314)	(1,056,046)
Euro (EUR)	-	-	-	-	(5,405,649)	(3,961,957)	(5,405,649)	(3,961,957)
Japanese Yen (JPY)	-	-	-	-	(1,979,166)	(1,154,787)	(1,979,166)	(1,154,787)
United States Dollar (USD)	(132,258)	-	-	-	(9,062,436)	(9,085,264)	(9,194,694)	(9,085,264)
New Taiwan Dollar (TWD)	-	-	-	-	(1,955,698)	(469,488)	(1,955,698)	(469,488)
Norwegian Krone (NOK)	-	-	-	-	(558,472)	(766,012)	(558,472)	(766,012)
British Pound (GBP)	-	-	-	-	(2,854,049)	(3,182,781)	(2,854,049)	(3,182,781)
Sweden Krona (SEK)	-	-	-	-	-	(606,351)	-	(606,351)
South Korean Won (KRW)	-	-	-	-	(2,316,172)	(2,641,072)	(2,316,172)	(2,641,072)
Danish Krone (DKK)	-	-	-	-	(578,330)	-	(578,330)	-
South African Rand (ZAR)	-	-	-	-	(875,218)	-	(875,218)	-
<i>Exchange rates decreased by 10%</i>								
Australian Dollar (AUD)	-	-	-	-	2,503,295	2,597,861	2,503,295	2,597,861
Philippine Peso (PHP)	-	-	-	-	-	258,105	-	258,105
Canadian Dollar (CAD)	-	-	-	-	79,560	-	79,560	-
Hong Kong Dollar (HKD)	-	-	-	-	1,643,050	1,290,723	1,643,050	1,290,723
Euro (EUR)	-	-	-	-	6,606,904	4,842,392	6,606,904	4,842,392
Japanese Yen (JPY)	-	-	-	-	2,418,981	1,411,407	2,418,981	1,411,407
United States Dollar (USD)	161,648	-	-	-	11,076,311	11,104,212	11,237,959	11,104,212
New Taiwan Dollar (TWD)	-	-	-	-	2,390,297	573,818	2,390,297	573,818
Norwegian Krone (NOK)	-	-	-	-	682,577	936,237	682,577	936,237
British Pound (GBP)	-	-	-	-	3,488,282	3,890,065	3,488,282	3,890,065
Sweden Krona (SEK)	-	-	-	-	-	741,096	-	741,096
South Korean Won (KRW)	-	-	-	-	2,830,877	3,227,977	2,830,877	3,227,977
Danish Krone (DKK)	-	-	-	-	706,848	-	706,848	-
South African Rand (ZAR)	-	-	-	-	1,069,711	-	1,069,711	-

# Notes to the Financial Statements

## 4. Financial Risk Management (continued)

### 4.1.1 Market risk (continued)

#### (c) 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. Financial instruments which potentially subject the Scheme to interest rate risk are short term cash deposits, fixed interest securities and term deposits. The Funds can invest in cash in New Zealand and internationally (short term investments only) and interest income and investment valuations are therefore subject to changes in New Zealand and international interest rates. The Manager may hedge the exposure to interest fluctuations.

#### a) Cash flow sensitivity analysis

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 variable of 10 basis points (0.1%) (2021: 10 basis points (0.1%)) was selected as this is a reasonably expected movement based on past overnight cash rate movements. The table below shows the impact on the Statements of Changes in Net Assets and the Net membership activities to a 10 basis points (2021: 10 basis points) movement in interest rates (based on assets held at reporting date), with all other variables held constant.

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>As at 31 March</b>								
<b>Cash and cash equivalents</b>								
Increase of 0.1% (2021: 0.1%)	2,036	1,256	6,130	6,631	76,515	59,727	84,681	67,614
Decrease of 0.1% (2021: 0.1%)	(2,036)	(1,256)	(6,130)	(6,631)	(76,515)	(59,727)	(84,681)	(67,614)
<b>Term deposits</b>								
Increase of 0.1% (2021: 0.1%)	2,281	973	663	1,441	2,486	-	5,430	2,414
Decrease of 0.1% (2021: 0.1%)	(2,281)	(973)	(663)	(1,441)	(2,486)	-	(5,430)	(2,414)

#### b) Fair value interest rate risk

A change in interest rates impacts the fair value of the Funds' corporate bonds. Fair value changes impact on net profit, or unit holders' funds, only where the instruments are carried at fair value. A variable of 10 basis points (0.1%) was selected as this is a reasonably expected movement based on recent rate trends. The following table shows the impact on the Statements of Changes in Net Assets and the Net membership activities to reasonably possible changes in yields on corporate bonds at 31 March with all other variables held

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>As at 31 March</b>								
<b>Financial instruments at fair value through profit or loss</b>								
Increase of 0.1%	(63,604)	(30,276)	(99,306)	(63,265)	(4,389)	-	(167,299)	(93,541)
Decrease of 0.1%	71,285	32,543	110,309	69,170	4,588	-	186,182	101,713

# Notes to the Financial Statements

## 4. Financial Risk Management (continued)

### 4.1.2 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 Funds of the Scheme. The Funds may require collateral or other security to support financial instruments with credit risk. Financial instruments that subject the Funds to credit risk consist primarily of cash and cash equivalents, margin accounts, term deposits and trade and other receivables including amounts receivable for unsettled investment trades, dividends receivable and contributions

The Scheme's policy is to invest in term deposits with counterparties of credit rating of BBB/Baa or higher designated by a well-known rating agency. The Funds may also invest in unrated assets where a rating is assigned by the Manager using an approach that is consistent with the approach used by that rating agency.

#### (a) Credit quality

The following table sets out the equivalent Standard & Poor's credit rating for cash and cash equivalents and term deposits, where there is no Standard & Poor rating, Fitch rating is used.

\$ As at 31 March		Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
		2022	2021	2022	2021	2022	2021	2022	2021
<b>Credit rating</b>									
<b>Cash and cash equivalents</b>									
Rating Category	AA-	2,036,370	1,256,434	6,129,720	6,630,846	73,492,532	56,719,617	81,658,622	64,606,897
Rating Category	BBB- BBB BBB+	-	-	-	-	3,022,536	3,006,887	3,022,536	3,006,887
<b>Fixed interest securities</b>									
Rating Category	AA- AA AA+ AAA	3,211,939	-	4,016,550	2,428,634	-	-	7,228,489	2,428,634
Rating Category	A- A A+	-	696,131	-	-	-	-	-	696,131
Rating Category	BBB- BBB BBB+ BB+	3,416,172	3,701,977	5,839,046	4,145,449	-	-	9,255,218	7,847,426
Rating Category	NR	2,162,127	1,675,557	5,486,414	4,532,784	1,265,085	-	8,913,626	6,208,341
<b>Term Deposits</b>									
Rating Category	A- A A+	500,000	-	1,000,000	2,000,000	-	-	1,500,000	2,000,000
Rating Category	AA- AA AA+	2,000,000	2,500,000	1,000,000	2,000,000	2,500,000	-	5,500,000	4,500,000
Rating Category	BBB- BBB BBB+	1,000,000	-	-	-	-	-	1,000,000	-

As at 31 March 2022 there were no financial assets past due or impaired.

All other receivables including amounts due from brokers are held by parties which Management considers having a strong capacity to meet their contractual obligations in the near term.

The Scheme also restricts its exposure to credit losses on the trading derivatives it holds by entering into International Swap and Derivatives (Association) ISDA arrangements with their counterparties (Refer to Note 4.1.4 for further details) with whom it undertakes a derivative transactions. The arrangements do not result in an offset of assets and liabilities in the Statements of Net Assets as transactions usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by the arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The overall exposure to credit risk on derivative instruments subject to such arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

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 purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. Investments in unlisted funds are into funds of this Scheme managed by the Manager.

The maximum credit risk of financial instruments is considered to be the carrying amount on the Statements of Net Assets. The risk of non-recovery of financial assets is considered to be minimal due to the quality of counterparties dealt with. In accordance with the Scheme's policy, the investment manager monitors the Funds of the Scheme's credit positions on a daily basis. The Risk & Compliance Committee reviews on a two-monthly basis.

The Scheme's Manager measures credit risk and expected credit losses using the probability of default, exposure at default and loss given default.

At balance date, the credit risk has not increased significantly for any of the financial assets at amortised cost since initial recognition. As a result, the Manager measured the loss allowance at an amount equal to 12 month expected credit losses. Management, depending on the nature and type of financial assets at amortised cost, considers both the historical and forward looking information, the liquidity and duration of the instrument, the credit ratings of the counterparty in determining any expected credit losses.

As at 31 March 2022 and 31 March 2021:

All other receivable balances and amounts due from brokers are held by with counterparties are due to be settled within 1 month with counterparties which Management considers having a strong capacity to meet their contractual obligations in the near term. Cash, margin accounts and term deposits and any interest accruals on any of these instruments are highly liquid and held with counterparties with good credit ratings. The duration of the short term deposits are all less than 12 months and the Manager has no historical information or forward looking information which suggests that there is any losses to be recognised.

The Manager therefore considers the expected credit losses for all the financial assets held at amortised cost held by the Scheme to be close to zero. As a result no loss allowance has been recognised based on the 12-month expected credit losses as any such impairment would be wholly insignificant to the Funds of the Scheme.



## Notes to the Financial Statements

### 4. Financial Risk Management (continued)

#### 4.1.3 Liquidity risk

Liquidity risk is the risk that the Scheme will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments. Liquidity risk is managed by holding liquid investments to enable the Scheme to meet liabilities as they fall due and withdrawals when requested. Where the Funds of the Scheme invests in funds represented by the Manager, they in turn, maintain sufficient liquidity in their portfolios to cover reasonably foreseeable redemptions under normal market conditions. The Scheme also holds securities that are listed on the NZX, ASX or other internationally recognised exchanges and are saleable. Monies received from member contributions may be used to offset withdrawals and the Manager may in certain circumstances suspend withdrawals from the Scheme and or various funds represented by the Manager in which the Scheme invests.

The Scheme's investment policies do not state a minimum required level of investment in liquid investments however do state minimum level of income assets required per the strategic target asset allocations. The Scheme's financial liabilities consist of trade and other payables and derivatives (forward foreign exchange contracts) which are short term in nature and classified as a current liability at reporting date. Current liabilities of financial derivative instruments consist of the fair value of forward foreign exchange contracts at balance date. 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 table below shows the remaining undiscounted contractual cash flows over their respective maturities for the Scheme's financial liabilities:

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Financial liabilities at fair value through profit or loss</b>								
7 days to 1 month	-	-	-	-	(214,146)	(2,559,997)	(214,146)	(2,559,997)
<b>Financial liabilities at amortised cost</b>								
<i>Trade and other payables</i>								
Less than 7 days	(394,783)	(459,151)	(166,619)	(19,881)	(1,551,757)	(3,923,986)	(2,113,159)	(4,403,018)
<b>Net assets available for benefits</b>								
Unknown	(25,784,462)	(15,606,399)	(60,031,186)	(48,880,448)	(417,633,659)	(347,911,230)	(457,013,265)	(379,589,490)

#### 4.1.4 Offsetting and amounts subject to master netting arrangements and similar agreements

The Scheme is subject to International Swaps and Derivatives Association (ISDA) arrangements with their derivative counterparty, BNZ ("Bank of New Zealand"). According to the terms of the ISDA arrangements with the respective counterparties all the derivatives are settled on a net basis.

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements:</b>								
Gross amounts of recognised financial assets	23,930	-	-	-	4,011,760	5,745	4,035,690	5,745
<b>Net amounts of financial assets presented in the Statement of Net Assets</b>	-	-	-	-	-	-	-	-
<i>Related amounts not set-off in the Statements of Net Assets</i>								
Financial instruments	(23,930)	-	-	-	(4,011,760)	(5,745)	(4,035,690)	(5,745)
<b>Net amount</b>	-	-	-	-	-	-	-	-

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:</b>								
Gross amounts of recognised financial liabilities	-	-	-	-	(214,146)	(2,559,997)	(214,146)	(2,559,997)
<b>Net amounts of financial liabilities presented in the Statement of Net Assets</b>	-	-	-	-	-	-	-	-
<i>Related amounts not set-off in the Statement of Net Assets</i>								
Financial instruments	23,930	-	-	-	4,011,760	5,745	4,035,690	5,745
Cash collateral	-	-	-	-	10,930,737	80	10,930,737	80
<b>Net amount</b>	23,930	-	-	-	14,728,351	(2,554,172)	14,752,281	(2,554,172)

# Notes to the Financial Statements

## 4. Financial Risk Management (continued)

### 4.1.4 Offsetting and amounts subject to master netting arrangements and similar agreements (continued)

Per the terms of the ISDA agreement each party has the option to settle all open contracts on a net basis in the event of default by the other party. The ISDA agreement defines an event of default as including the following:

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

The related amounts not set-off in the Statements of Net Assets represent amounts that have not been offset in the Statements of Net Assets but could be expected to be offset in the event of default by either the Fund or its counterparty to the derivative contract. For financial instruments this is the maximum value of assets and liabilities that could be offset. For cash collateral (2022: nil, 2021: nil), this is the value of cash that could be withheld by the counterparty to settle derivatives.

### 4.2 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 safeguard its ability to continue as a going concern in order to provide returns to its members and maximise the Scheme's members' values as well as ensuring its net assets available to pay benefits are sufficient to meet all present and future obligations. In order to meet its objectives for capital management the Scheme's management monitors the Scheme's performance on a regular basis.

#### 4.2.1 Units on Issue

Units For the year ended	Conservative Fund		Balanced Fund		Growth Fund	
	2022	2021	2022	2021	2022	2021
Units on issue at the start of the year	13,322,066	12,481,151	35,920,724	20,514,426	212,001,444	80,098,888
Units issued	31,875,612	20,243,179	35,202,154	29,715,660	135,195,308	147,941,392
Units redeemed*	(21,889,378)	(19,402,264)	(22,038,983)	(14,309,362)	(52,100,616)	(16,038,836)
Units on issue at the end of the year	23,308,300	13,322,066	49,083,895	35,920,724	295,096,136	212,001,444

\* Units redeemed during the year includes the number of units redeemed to pay the management and administration fees to the Manager, 117,894 units for Conservative Fund, 265,140 units for Balanced Fund and 1,708,803 units for Growth Fund (2021: 83,928 units for Conservative Fund, 183,439 units for Balanced Fund and 1,064,652 units for Growth Fund).

### 4.3 Fair value estimation

All financial assets and financial liabilities included in the statements of net assets, are carried at amounts that represent or approximate fair value. The fair value of financial assets traded in active markets are based on quoted market prices at the close of trading on the year end date. The quoted market price used for financial assets held by the Funds is the last traded price. The price used for unlisted unit trusts is the published withdrawal price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

NZ IFRS 13 requires the Funds to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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 input that is significant to the fair value measurement in its entirety. For this purpose, 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.

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 and provided by independent sources that are actively involved in the relevant market.

# Notes to the Financial Statements

## 4. Financial Risk Management (continued)

### 4.3 Fair value estimation (continue)

The following table analyses within the fair value hierarchy the Scheme's financial assets and financial liabilities (by class) measured at fair value at the year end:

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Level 1 Assets</b>								
<i>Financial assets at fair value through profit or loss</i>								
Listed equities	-	-	-	-	323,944,063	281,366,839	323,944,063	281,366,839
Listed funds/trusts	1,454,835	-	-	-	-	8,136,057	1,454,835	8,136,057
Equity futures	-	-	-	-	707,084	-	707,084	-
<b>Total Level 1 Assets</b>	<b>1,454,835</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>324,651,147</b>	<b>289,502,896</b>	<b>326,105,982</b>	<b>289,502,896</b>
<b>Level 2 Assets</b>								
<i>Financial assets at fair value through profit or loss</i>								
Forward foreign exchange contracts	23,930	-	-	-	3,304,677	5,745	3,328,607	5,745
Fixed interest securities	8,790,238	6,073,665	15,342,010	11,106,867	1,265,085	-	25,397,333	17,180,532
Preference shares	505,000	-	-	-	-	-	505,000	-
Unlisted funds/trusts	9,712,253	6,063,692	36,723,789	26,744,895	-	-	-	-
<b>Total Level 2 Assets</b>	<b>19,031,421</b>	<b>12,137,357</b>	<b>52,065,799</b>	<b>37,851,762</b>	<b>4,569,762</b>	<b>5,745</b>	<b>29,230,940</b>	<b>17,186,277</b>
<b>Level 2 Liabilities</b>								
<i>Financial liabilities at fair value through profit or loss</i>								
Forward foreign exchange contracts	-	-	-	-	(214,146)	(2,559,997)	(214,146)	(2,559,997)
<b>Total Level 2 Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(214,146)</b>	<b>(2,559,997)</b>	<b>(214,146)</b>	<b>(2,559,997)</b>

At 31 March, the JUNO KiwiSaver Growth Fund held the level 3 investment in Cian PLC which has been suspended from quotation on the NYSE. A conservative approach was taken to fully impair the financial asset down from \$1,390,387 on 7 March to a \$nil value on 8 March as it is unknown how long trading will be suspended due to the Russian and Ukraine conflict. There is no material impact on the financial statements.

The fair value of listed equities, listed funds and equity futures 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 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 Funds' investments in each of the JUNO KiwiSaver Balanced Fund and the JUNO KiwiSaver Growth Fund are valued at fair value which are based on the latest available redemption prices of the units in the respective Funds. The Manager reviews the details of the reported information obtained from the JUNO KiwiSaver Funds and considers:

- (a) the value date of the Net Asset Values ("NAVs") provided; and
- (b) any restrictions on redemptions

The fair value of financial assets (fixed interest securities) and liabilities that are not actively traded on an exchange are determined using valuation techniques. Valuation techniques include benchmark models, net present value techniques, comparison to similar instruments for which market observable prices exist and valuation models. This measurement 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 only asset that transferred between levels during the year is Cian PLC, from level 1 to level 3. The value has been written down to nil as per above. Due to the balance being written down to nil at balance date, it has not been presented in the table above, however the following shows a reconciliation from the opening balance to the closing balance for the fair value measurements in level 3 of the fair value hierarchy:

\$ As at 31 March	Growth Fund	
	2022	2021
	<b>Equities</b>	
Opening balance	-	-
Transfer from level 1	1,390,387	-
(Loss)/gain recognised in the Statements of Comprehensive Income	(1,390,387)	-
Closing balance	-	-

These gains and losses are recognised in profit or loss as net gains/(losses) on financial instruments at fair value through profit or loss.

Refer to note 2.3(c) of the accounting policies for further details on the fair value hierarchy.

## Notes to the Financial Statements

### 5. Financial instruments at fair value through profit or loss

#### 5.1. Financial assets at fair value through profit or loss

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Financial assets at fair value through profit or loss</b>								
Forward foreign exchange contracts	23,930	-	-	-	3,304,677	5,745	3,328,607	5,745
Fixed interest securities	8,790,238	6,073,665	15,342,010	11,106,867	1,265,085	-	25,397,333	17,180,532
Listed equities	-	-	-	-	323,944,063	281,366,839	323,944,063	281,366,839
Listed funds/trusts	1,454,835	-	-	-	-	8,136,057	1,454,835	8,136,057
Preference shares	505,000	-	-	-	-	-	505,000	-
Equity futures	-	-	-	-	707,084	-	707,084	-
Unlisted funds/trusts	9,712,253	6,063,692	36,723,789	26,744,895	-	-	-	-
<b>Total financial assets at fair value through profit or loss</b>	<b>20,486,256</b>	<b>12,137,357</b>	<b>52,065,799</b>	<b>37,851,762</b>	<b>329,220,909</b>	<b>289,508,641</b>	<b>355,336,922</b>	<b>306,689,173</b>

#### 5.2. Financial liabilities at fair value through profit or loss

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Financial liabilities at fair value through profit or loss</b>								
Forward foreign exchange contracts	-	-	-	-	(214,146)	(2,559,997)	(214,146)	(2,559,997)
<b>Total financial liabilities at fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(214,146)</b>	<b>(2,559,997)</b>	<b>(214,146)</b>	<b>(2,559,997)</b>

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 foreign exchange contracts are agreed between the parties to the contract and are not traded on an exchange.

## Notes to the Financial Statements

### 6. Concentration of investments

The following table presents the securities, excluding derivatives, exceeding 5% of net assets available for benefits at balance date:

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	% of NAV	2022	% of NAV	2022	% of NAV	2022	% of NAV
<b>Investments exceeding 5% of net assets available for benefits</b>								
JUNO Balanced Fund	9,712,253	37.67%	-	-	-	-	-	-
ANZLNZ Term Deposit 3.08% 29/03/2022 29/03/2023	2,000,000	7.76%	-	-	-	-	-	-
CNU 2.51% 02/12/2030	1,305,000	5.06%	-	-	-	-	-	-
JUNO Growth Fund	-	-	36,723,789	61.17%	-	-	-	-

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2021	% of NAV	2021	% of NAV	2021	% of NAV	2021	% of NAV
<b>Investments exceeding 5% of net assets available for benefits</b>								
JUNO Balanced Fund	6,063,692	38.85%	-	-	-	-	-	-
ARGNZ 2.2% 27/10/2027	870,322	5.58%	-	-	-	-	-	-
CNU 2.51% 02/12/2030	1,481,610	9.49%	-	-	-	-	-	-
OCANZ 2.30% 19/10/2027	805,235	5.16%	-	-	-	-	-	-
WIANZ 2.50% 14/08/2026	802,992	5.15%	-	-	-	-	-	-
ASBBNK Term Deposit 0.85% 10/02/2021 02/08/2021	1,000,000	6.41%	-	-	-	-	-	-
ASBBNK Term Deposit 0.95% 12/03/2021 01/09/2021	1,500,000	9.61%	-	-	-	-	-	-
IAGAU 5.15% 15/06/2043	1,028,761	6.59%	-	-	-	-	-	-
JUNO Growth Fund	-	-	26,744,895	54.71%	-	-	-	-

# Notes to the Financial Statements

## 6. Concentration of investments (continued)

The following table presents the securities, excluding derivatives, exceeding 5% of security class:

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	% of Security type 2022		% of Security type 2022		% of Security type 2022		% of Security type 2022	
<b>As at 31 March</b>								
<b>Trading securities exceeding 5% of security class</b>								
<b>Listed funds/trusts</b>								
IShares Global Green Bond ETF	480,043	33.0%	-	-	-	-	480,043	33.00%
ISHARES ESG AWARE US AGGREGATE BOND	482,582	33.2%	-	-	-	-	482,582	33.17%
ISHARES ESG AWARE	492,210	33.8%	-	-	-	-	492,210	33.83%
<b>Preference shares</b>								
Kiwibank Limited-Preference	505,000	100.00%	-	-	-	-	505,000	100.00%
<b>Unlisted funds</b>								
JUNO Balanced Fund	9,712,253	100.00%	-	-	-	-	-	-
JUNO Growth Fund	-	-	36,723,789	100.00%	-	-	-	-
<b>Fixed Interest Securities</b>								
ARGNZ 2.2% 27/10/2027	790,126	8.99%	-	-	-	-	-	-
OCANZ 2.30% 19/10/2027	722,403	8.22%	-	-	-	-	-	-
IAGAU 5.15% 15/06/2043	1,000,161	11.38%	1,000,161	6.52%	-	-	2,000,322	7.88%
KIWI 2.36% 11/12/2030	649,598	7.39%	-	-	-	-	-	-
CHURC 3.01% 05/11/2026	483,088	5.50%	-	-	-	-	-	-
TPNZ 2.047% 08/09/2026	602,353	6.85%	-	-	-	-	-	-
CNU 2.51% 02/12/2030	1,305,000	14.85%	1,305,000	8.51%	-	-	2,610,000	10.28%
WIANZ 2.50% 14/08/2026	735,600	8.37%	-	-	-	-	-	-
BNZ 1.884% 08/06/2026	913,400	10.39%	-	-	-	-	-	-
HOUSNZ 2.183% 24/04/2030	883,098	10.05%	-	-	-	-	-	-
IPLNZ 2.4% 31/08/2027	-	-	892,893	5.82%	-	-	-	-
SUMNZ 2.30% 21/09/2027	-	-	884,780	5.77%	-	-	-	-
RYMNZ 2.55% 18/12/2026	-	-	1,430,090	9.32%	-	-	1,430,090	5.63%
CENNZ 4.33% 19/11/2051	-	-	789,358	5.15%	-	-	-	-
TPNZ 1.735% 04/09/2025	-	-	937,231	6.11%	-	-	-	-
IFT 3.35% 15/03/2026	-	-	954,140	6.22%	-	-	-	-
WSTP 1.439% 02/24/26	-	-	902,950	5.89%	-	-	-	-
KFW 1.75% 19/05/2028	-	-	1,784,280	11.63%	-	-	1,784,280	7.03%
XERIN 0% 02/12/2025	-	-	-	-	1,265,085	100.00%	-	-
<b>Term deposits</b>								
ANZLNZ Term Deposit 3.08% 29/03/2022 29/03/2023	2,000,000	57.14%	-	-	2,500,000	100.00%	4,500,000	56.25%
BCHINA Term Deposit 1.5% 28/09/2021 28/06/2022	500,000	14.29%	-	-	-	-	500,000	6.25%
HBLNZ Term Deposit 1.5% 01/09/2021 01/06/2022	1,000,000	28.57%	-	-	-	-	1,000,000	12.50%
BCHINA Term Deposit 1.5% 01/09/2021 01/09/2022	-	-	1,000,000	50.00%	-	-	1,000,000	12.50%
KIWI Term Deposit 1.3% 28/09/2021 27/06/2022	-	-	1,000,000	50.00%	-	-	1,000,000	12.50%

# Notes to the Financial Statements

## 6. Concentration of investments (continued)

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2021	% of Security type	2021	% of Security type	2021	% of Security type	2021	% of Security type
<b>Trading securities exceeding 5% of security class</b>								
<b>Listed funds/trusts</b>								
iShares MSCI Frontier 100 ETF	-	-	-	-	8,136,057	100.00%	8,136,057	100.00%
<b>Unlisted funds</b>								
JUNO Balanced Fund	6,063,692	100.00%	-	-	-	-	-	-
JUNO Growth Fund	-	-	26,744,895	100.00%	-	-	-	-
<b>Fixed Interest Securities</b>								
ARGNZ 2.2% 27/10/2027	870,322	14.33%	-	-	-	-	870,322	5.07%
OCANZ 2.30% 19/10/2027	805,235	13.26%	-	-	-	-	-	-
IAGAU 5.15% 15/06/2043	1,028,761	16.94%	1,028,761	9.26%	-	-	2,057,522	11.98%
KIWI 2.36% 11/12/2030	696,131	11.46%	-	-	-	-	-	-
VCTNZ 5.70% 15/06/2022	388,614	6.40%	-	-	-	-	-	-
CNU 2.51% 02/12/2030	1,481,610	24.39%	1,481,610	13.34%	-	-	2,963,220	17.25%
WIANZ 2.50% 14/08/2026	802,992	13.22%	-	-	-	-	-	-
IPLNZ 2.4% 31/08/2027	-	-	982,383	8.84%	-	-	982,383	5.72%
SUMNZ 2.30% 21/09/2027	-	-	976,335	8.79%	-	-	976,335	5.68%
RYMNZ 2.55% 18/12/2026	-	-	1,569,506	14.13%	-	-	1,569,506	9.14%
GMTNZ 2.559% 04/09/2030	-	-	559,631	5.04%	-	-	-	-
MCYNZ 1.56% 14/09/2027	-	-	573,720	5.17%	-	-	-	-
TPNZ 1.735% 04/09/2025	-	-	1,015,492	9.14%	-	-	1,015,492	5.91%
IFT 3.35% 15/03/2026	-	-	1,004,560	9.04%	-	-	1,004,560	5.85%
WSTP 1.439% 02/24/26	-	-	991,440	8.93%	-	-	991,440	5.77%
<b>Term deposits</b>								
ASBBNK Term Deposit 0.85% 10/02/2021 02/08/2021	1,000,000	40.00%	2,000,000	50.00%	-	-	3,000,000	46.15%
ASBBNK Term Deposit 0.95% 12/03/2021 01/09/2021	1,500,000	60.00%	-	-	-	-	1,500,000	23.08%
BCHINA Term Deposit 1% 17/02/2021 17/08/2021	-	-	2,000,000	50.00%	-	-	2,000,000	30.77%

## Notes to the Financial Statements

### 7. Financial instruments by category

Financial instruments currently recognised in the financial statements comprise cash and cash equivalents, term deposits, trade and other receivables, financial assets and liabilities 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:

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>As at 31 March</b>								
<b>Financial assets at fair value through profit and loss</b>								
Financial assets at fair value through profit or loss	20,486,256	12,137,357	52,065,799	37,851,762	329,220,909	289,508,641	355,336,922	306,689,173
<b>Financial assets at amortised cost</b>								
Cash and cash equivalents	2,036,370	1,256,434	6,129,720	6,630,846	76,515,068	59,726,504	84,681,158	67,613,784
Term deposits	3,500,000	2,500,000	2,000,000	4,000,000	2,500,000	-	8,000,000	6,500,000
Trade and other receivables	80,546	198,907	98,591	521,907	15,216,274	6,357,257	15,395,411	7,078,071
<b>Total financial assets at amortised cost</b>	<b>5,616,916</b>	<b>3,955,341</b>	<b>8,228,311</b>	<b>11,152,753</b>	<b>94,231,342</b>	<b>66,083,761</b>	<b>108,076,569</b>	<b>81,191,855</b>
<b>Total financial assets</b>	<b>26,103,172</b>	<b>16,092,698</b>	<b>60,294,110</b>	<b>49,004,515</b>	<b>423,452,251</b>	<b>355,592,402</b>	<b>463,413,491</b>	<b>387,881,028</b>
<b>Financial liabilities at fair value through profit and loss</b>								
Financial liabilities at fair value through profit or loss	-	-	-	-	214,146	2,559,997	214,146	2,559,997
<b>Financial liabilities at amortised cost</b>								
Trade and other payables	394,783	459,151	166,619	19,881	1,551,757	3,923,986	2,113,159	4,403,018
Net assets available for benefits	25,784,462	15,606,399	60,031,186	48,880,448	417,633,659	347,911,230	457,013,265	379,589,490
<b>Total financial liabilities at amortised cost</b>	<b>26,179,245</b>	<b>16,065,550</b>	<b>60,197,805</b>	<b>48,900,329</b>	<b>419,185,416</b>	<b>351,835,216</b>	<b>459,126,424</b>	<b>383,992,508</b>
<b>Total financial liabilities</b>	<b>26,179,245</b>	<b>16,065,550</b>	<b>60,197,805</b>	<b>48,900,329</b>	<b>419,399,562</b>	<b>354,395,213</b>	<b>459,340,570</b>	<b>386,552,505</b>

### 8. Related parties

#### 8.1 Manager and Supervisor

The Manager of the Scheme is Pie Funds Management Limited. Management and administration fees are deducted from each member by way of unit redemption and are payable to the Manager in amounts as outlined below:

- For members under age of 13 years	- Free
- For members between ages of 13 and 18 years or balances and less than \$5,000	- \$2.50 per month (2021: \$2.50 per month)
- For member balances in the Scheme from \$5,000 to \$14,999	- \$5 per month (2021: \$5 per month)
- For member balances in the Scheme from \$15,000 to \$24,999	- \$8 per month (2021: \$8 per month)
- For member balances in the Scheme from \$25,000 to \$49,999	- \$20 per month (2021: \$20 per month)
- For member balances in the Scheme from \$50,000 to \$74,999	- \$40 per month (2021: \$40 per month)
- For member balances in the Scheme from \$75,000 to \$99,999	- \$60 per month (2021: \$60 per month)
- For member balances in the Scheme from \$100,000 to \$200,000	- \$90 per month* (2021: \$90 per month)

\* After which the member will be charged an extra \$30 per month for every additional \$100,000 invested.

During the year, management and administration fees paid to the Manager totalled \$3,276,197 (31 March 2021: \$1,104,608).

The Supervisor of the Scheme is Trustees Executors Limited. The Supervisor is entitled to receive a fee from the Manager for supervisory services.

Audit fees and supervisor fees of the Funds are paid for by the Manager on behalf of the Scheme. The Manager paid and or accrued for the following amounts on behalf of the Scheme for the year ended 31 March 2022:

Audit fees:	\$32,442 (31 March 2021: \$26,450)
Supervisory fees:	\$89,534 (31 March 2021: \$53,335)

Management fee rebates paid by the Manager to the Scheme are disclosed in the Statement of Changes in Net Assets.

Holdings in the Funds by Directors and key management personnel of the Manager that are directly held:

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>As at 31 March</b>								
Holdings	-	-	7,646	8,568	499,645	315,087	507,291	323,655



## Notes to the Financial Statements

### 8. Related parties (continued)

#### 8.2 Investments in the Scheme by related parties

The following table shows the value of investments by related parties in the Scheme at balance date:

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>As at 31 March</b>								
<b>JUNO KiwiSaver Funds</b>								
JUNO KiwiSaver Balanced Fund	-	-	-	-	36,723,789	26,744,895	-	-
JUNO KiwiSaver Conservative Fund	-	-	9,712,253	6,063,692	-	-	-	-
<b>Total</b>	-	-	9,712,253	6,063,692	36,723,789	26,744,895	-	-

The following table shows the (loss) incurred/income earned by related parties from their investments in the Funds in the year ended:

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>For the year ended 31 March</b>								
<b>JUNO KiwiSaver Funds</b>								
JUNO KiwiSaver Balanced Fund	-	-	-	-	(6,071,106)	7,417,831	-	-
JUNO KiwiSaver Conservative Fund	-	-	(951,169)	1,211,448	4,730	-	-	-
<b>Total (loss) incurred/income earned by related parties from investments in the Funds</b>	-	-	(951,169)	1,211,448	(6,066,376)	7,417,831	-	-

The Conservative Fund purchased \$500,00 in the Growth Fund on the 21st June 2021. This investment was sold on 29th June 2021 for a profit of \$4,730.

#### 8.3 Investments by the Scheme in related parties

The following table shows the value of investments by the Scheme in related parties at balance date:

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>As at 31 March</b>								
<b>JUNO KiwiSaver Funds</b>								
JUNO KiwiSaver Balanced Fund	9,712,253	6,063,692	-	-	-	-	-	-
JUNO KiwiSaver Growth Fund	-	-	36,723,789	26,744,895	-	-	-	-
<b>Total</b>	9,712,253	6,063,692	36,723,789	26,744,895	-	-	-	-

The following table shows the (loss) incurred/income earned by the Funds from their investments in related parties in the year ended:

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>For the year ended 31 March</b>								
<b>JUNO KiwiSaver Funds</b>								
JUNO KiwiSaver Balanced Fund	(951,169)	1,211,448	-	-	-	-	-	-
JUNO KiwiSaver Growth Fund	4,730	-	(6,071,106)	7,417,831	-	-	-	-
<b>Total (loss) incurred/income earned by the Funds from investments in related parties</b>	(946,439)	1,211,448	(6,071,106)	7,417,831	-	-	-	-

## Notes to the Financial Statements

### 9. Trade and other receivables

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>As at 31 March</b>								
Accrued interest	57,162	23,910	69,812	20,111	35,906	1,880	162,880	45,901
Management fee rebates receivable	199	9	11	9	11	12	221	30
Dividends and distributions receivable	-	-	-	-	377,801	302,544	377,801	302,544
Margin accounts	-	-	-	-	10,930,737	80	10,930,737	80
Unsettled investment trades	-	-	-	-	3,496,662	4,124,043	3,496,662	4,124,043
Contributions receivable	23,185	174,988	28,768	501,787	375,157	1,928,698	427,110	2,605,473
<b>Total trade and other receivables</b>	<b>80,546</b>	<b>198,907</b>	<b>98,591</b>	<b>521,907</b>	<b>15,216,274</b>	<b>6,357,257</b>	<b>15,395,411</b>	<b>7,078,071</b>

All trade and other receivable balances are carried at amortised cost and their carrying values approximate fair value due to their short term nature.

### 10. Trade and other payables

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>As at 31 March</b>								
Redemptions payable	64,783	459,151	166,619	19,881	272,557	217,072	503,959	696,104
Unsettled investment trades	330,000	-	-	-	1,279,200	3,706,914	1,609,200	3,706,914
<b>Total trade and other payables</b>	<b>394,783</b>	<b>459,151</b>	<b>166,619</b>	<b>19,881</b>	<b>1,551,757</b>	<b>3,923,986</b>	<b>2,113,159</b>	<b>4,403,018</b>

All trade payable and other payables balances are carried at amortised cost and their carrying values approximate fair value due to their short term nature.

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

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>For the year ended 31 March</b>								
<b>Net (loss)/profit before membership activities</b>	<b>(1,547,457)</b>	<b>1,650,680</b>	<b>(7,294,793)</b>	<b>7,529,118</b>	<b>(74,985,280)</b>	<b>61,705,438</b>	<b>(76,809,985)</b>	<b>62,255,957</b>
<b>Adjustments for non cash items:</b>								
Unrealised changes in the fair value of financial instruments	1,682,519	(1,522,741)	7,418,652	(7,432,421)	73,102,924	(63,940,550)	75,186,550	(64,266,433)
Unrealised foreign exchange gains/(losses) on cash and cash equivalents	(2,219)	-	-	(8,620)	1,372,738	1,833,897	1,370,519	1,825,277
Dividends and distributions re-invested	-	-	-	-	(41,676)	(59,820)	(41,676)	(59,820)
	<b>1,680,300</b>	<b>(1,522,741)</b>	<b>7,418,652</b>	<b>(7,441,041)</b>	<b>74,433,986</b>	<b>(62,166,473)</b>	<b>76,515,393</b>	<b>(62,500,976)</b>
<b>Movements in working capital items:</b>								
Increase in trade and other receivables	(33,442)	6,053	(49,703)	28,440	(109,282)	(207,328)	(192,427)	(172,835)
Increase in net cost of investments	(9,701,418)	(5,926,984)	(21,632,689)	(16,883,649)	(128,265,800)	(162,562,331)	(138,954,907)	(178,840,268)
Increase in term deposits	(1,000,000)	5,650,000	2,000,000	3,700,000	(2,500,000)	2,800,000	(1,500,000)	12,150,000
	<b>(10,734,860)</b>	<b>(270,931)</b>	<b>(19,682,392)</b>	<b>(13,155,209)</b>	<b>(130,875,082)</b>	<b>(159,969,659)</b>	<b>(140,647,334)</b>	<b>(166,863,103)</b>
<b>Net cash outflow from operating activities</b>	<b>(10,602,017)</b>	<b>(142,992)</b>	<b>(19,558,533)</b>	<b>(13,067,132)</b>	<b>(131,426,376)</b>	<b>(160,430,694)</b>	<b>(140,941,926)</b>	<b>(167,108,122)</b>

# Notes to the Financial Statements

## 12. Contingent liabilities

There were no contingent liabilities as at 31 March 2022 (31 March 2021: nil).

## 13. Capital commitments

There were no material capital commitments as at 31 March 2022 (31 March 2021: nil).

## 14. Events after balance date

### *Changes in unit prices*

Unit prices are based on the underlying prices of the financial assets and financial liabilities held by the Scheme and the respective funds, and accordingly the unit price changes regularly due to market volatility, including during the period between balance date and the date these financial statements were authorised for issue. Performance updates are available at <https://www.junofunds.co.nz/active-returns/performance>.

Apart from above, there have been no significant events that have occurred since balance date which would impact on the financial position of the Funds disclosed in the Statements of Financial Position as at 31 March 2022 or on the results and cash flows of the Funds for the year ended on that date.

## Independent auditor's report

To the members of JUNO KiwiSaver Scheme which comprises:

- JUNO KiwiSaver Conservative Fund
- JUNO KiwiSaver Balanced Fund
- JUNO KiwiSaver Growth Fund

(Collectively referred to as the Funds and the Scheme)

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### Our opinion

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

### What we have audited

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

- the statements of net assets as at 31 March 2022;
- the statements of changes in net assets for the year then ended;
- the statements of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

### Independence

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

We are the auditor of the Pie Funds Management Limited, the Manager. We have provided the following services to the Manager: agreed upon procedures on the net tangible assets calculation, tax compliance and tax pooling services and the audit of financial statements of other funds managed by the Manager. Subject to certain restrictions, employees of our firm may invest in the Funds and the Scheme on normal terms within the ordinary course of trading activities of the Funds and the Scheme. These services and relationships have not impaired our independence as auditor of the Funds and the Scheme. Other than in our capacity as auditor, we have no other relationships with, or interests in, the Funds and the Scheme.

### Key audit matters

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

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### Description of the key audit matter

#### **Valuation and existence of financial assets and financial liabilities at fair value through profit or loss**

Refer to note 5 to the financial statements for the reported values of financial assets and financial liabilities (“financial instruments”) at fair value through profit or loss.

This was an area of focus for our audit as it represents the majority of the net assets of the Funds and the Scheme.

#### **Valuation**

The fair value of the financial instruments traded in active markets are based on quoted market prices at 31 March 2022 and are categorised as level 1 in the fair value hierarchy.

The fair value of the financial instruments that are not traded in an active market are determined using valuation techniques. The valuation technique depends on the underlying asset or liability and includes assumptions that are based on market conditions existing at 31 March 2022. Financial instruments with inputs to the valuation that are observable either directly or indirectly are categorised as level 2 in the fair value hierarchy. Where a significant input is not observable the financial instrument is categorised at level 3 in the fair value hierarchy.

The Funds’ and the Scheme’s level 2 financial instruments include (where applicable) forward foreign exchange contracts, fixed interest securities, preference shares and investments in unlisted funds.

For forward foreign exchange contracts, fixed interest securities and preference shares the Manager obtains the prices from independent pricing providers.

For the investments in unlisted funds, the fair value of these funds is based on the redemption price established by the unlisted funds’ administrator. In assessing the fair value, the Manager uses information provided by the unlisted funds’ administrator.

The fair value of level 3 investments are based on valuation methods and techniques recognised as standard within the industry using assumptions relevant to the underlying securities.

### Description of the key audit matter

For financial instruments quoted in foreign currencies, these are translated to New Zealand dollars using the applicable exchange rate at the reporting date.

#### **Existence**

Holdings of financial instruments are held by the Custodian and financial institutions on behalf of the Funds.

### How our audit addressed the key audit matter

We assessed the processes employed by the Manager, for recording and valuing the financial instruments at fair value through profit or loss including the relevant controls operated by the Manager and the third party service organisations. The third party service organisations include the Administrator, the Custodian and the Sub-Custodian. Our assessment of the business processes included obtaining the internal control reports over custody and investment accounting provided by the third party service organisations.

We evaluated the evidence provided by the internal controls reports over the design and operating effectiveness of the key controls operated by the third party service providers for the period to 1 April 2021 to 31 March 2022.

Where the report did not cover the full period from 1 April 2021 to 31 March 2022, we obtained a bridging letter confirming there were no material changes in the third party service provider’s control environment and no significant deficiencies in the design or operation of relevant internal controls in the intervening period.

For financial instruments where quoted market prices in an active market were available, we compared the market price at the reporting date and the exchange rates at which they have been converted from their underlying local currency to New Zealand dollars to independent third party pricing sources.

For forward foreign exchange contracts, we agreed the observable inputs to third party pricing sources and used our own valuation experts to test the fair value using independent valuation models.

## How our audit addressed the key audit matter

For investments in unlisted funds managed by the Manager, we agreed the redemption price as at 31 March 2022 to the confirmation provided by the Administrator. We evaluated whether the redemption price represents fair value by comparing the valuation of the investment to the latest financial statements of the unlisted funds.

We used our own valuation experts to test the fair value of fixed interest securities and preference shares using independent valuation models and reconciled inputs used to independent sources and available market data at 31 March 2022.

For the level 3 investments we assessed the valuation performed by the Manager.

We obtained confirmation from the Custodian and financial institutions of the holdings of all the financial instruments held by the Funds and the Scheme as at 31 March 2022.

## Our audit approach

### Overview

#### Materiality

We determined materiality for each Fund and the Scheme separately. Our materiality for each Fund and the Scheme is calculated based on approximately 1% of members' funds for each Fund and the Scheme.

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

#### Key audit matters

As reported above, we have one key audit matter, being valuation and existence of financial assets and financial liabilities at fair value through profit or loss.

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

#### Materiality

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

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

#### How we tailored our audit scope

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

The Manager is responsible for the governance and control activities of the Funds and the Scheme. The Funds' and the Scheme's investments are held by the Custodian. The Custodian uses a Sub-Custodian. The Manager has outsourced investment accounting (Administrator) and registry services (Registrar) to third party service providers.

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

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### Other information

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

Our opinion on the financial statements does not cover the other information and we will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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### Responsibilities of the Manager for the financial statements

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

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

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### Auditor's responsibilities for the audit of the financial statements

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

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

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

This description forms part of our auditor's report.

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### Who we report to

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

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

For and on behalf of:



Chartered Accountants  
26 July 2022

Auckland