



Mercer

KiwiSaver scheme

Financial Statements 2022

For the year ended 31 March 2022



MERCER KIWISAVER SCHEME
Financial Statements
For the Year Ended 31 March 2022

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MERCER KIWISAVER SCHEME

Directory

For the year ended 31 March 2022

Manager: Mercer (N.Z.) Limited

Registered Office

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

Investor and Advisor Enquiries

PO Box 1849
Wellington 6140
Website: mercerfinancialservices.co.nz
Helpline: 0508 637 237

Directors:

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

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

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

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

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

MERCER KIWISAVER SCHEME
Statements of Net Assets
As at 31 March 2022

	Note	TOTAL		Sustainable Conservative*		Sustainable Plus Balanced*		Sustainable Plus High Growth*	
		2022	2021	2022	2021	2022	2021	2022	2021
		\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
ASSETS									
Cash and cash equivalents		18,607	14,538	3,457	5,135	5,762	3,886	5,034	1,782
Financial assets at fair value through profit or loss	5	2,075,756	2,363,011	720,324	1,188,581	555,551	504,424	295,869	259,366
Portfolio investment entity tax receivable		-	-	3,261	-	-	-	-	-
Investment management fees receivable	6	297	-	2	-	207	2	7	2
Total Assets		2,094,660	2,377,549	727,044	1,193,716	561,520	508,312	300,910	261,150
LIABILITIES									
Unsettled trades		122	-	-	-	-	-	-	-
Unallocated contributions		1,166	1,309	491	781	250	184	153	177
Benefits payable		877	2,045	333	1,111	147	453	76	141
Investment management fees payable	6	-	16	-	17	-	-	-	-
Supervisor fees payable	6	50	28	22	15	12	6	6	3
Portfolio investment entity tax payable		1,928	22,145	-	6,242	1,169	6,729	2,577	4,314
Administration fees payable	6	108	188	73	141	14	20	7	9
Total Liabilities (excluding net assets attributable to members)		4,251	25,731	919	8,307	1,592	7,392	2,819	4,644
NET ASSETS ATTRIBUTABLE TO MEMBERS	4	2,090,409	2,351,818	726,125	1,185,409	559,928	500,920	298,091	256,506
Represented by:									
Net assets available for benefits	4	2,090,409	2,351,818	726,125	1,185,409	559,928	500,920	298,091	256,506

* During the year, the names of the Fund were changed from Mercer Conservative, Mercer Balanced, Mercer High Growth, Mercer Cash, Mercer Moderate, Mercer Growth and Mercer shares to Sustainable Conservative, Sustainable Plus Balanced, Sustainable Plus High Growth, Cash, Sustainable Plus Moderate, Sustainable Plus Growth and Sustainable Plus Shares respectively

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

MERCER KIWISAVER SCHEME
Statements of Net Assets
As at 31 March 2022

	Note	Cash*		Sustainable Plus Moderate*		Sustainable Plus Growth*		Sustainable Plus Shares*	
		2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
ASSETS									
Cash and cash equivalents		151	139	760	1,356	3,013	1,823	430	417
Financial assets at fair value through profit or loss	5	28,862	27,665	220,119	179,333	208,255	161,977	46,776	41,665
Portfolio investment entity tax receivable		-	-	159	-	-	-	-	-
Investment management fees receivable	6	2	-	5	-	74	-	-	-
Total Assets		29,015	27,804	221,043	180,689	211,342	163,800	47,206	42,082
LIABILITIES									
Unsettled trades		64	-	-	-	-	-	58	-
Unallocated contributions		12	7	122	68	112	75	26	17
Benefits payable		45	123	201	172	74	45	1	-
Investment management fees payable	6	-	-	-	1	-	1	-	1
Supervisor fees payable	6	1	-	4	2	4	2	1	-
Portfolio investment entity tax payable		17	15	-	1,631	1,210	2,517	375	697
Administration fees payable	6	1	2	7	9	5	6	1	1
Total Liabilities (excluding net assets attributable to members)		140	147	334	1,883	1,405	2,646	462	716
NET ASSETS ATTRIBUTABLE TO MEMBERS	4	28,875	27,657	220,709	178,806	209,937	161,154	46,744	41,366
Represented by:									
Net assets available for benefits	4	28,875	27,657	220,709	178,806	209,937	161,154	46,744	41,366

* During the year, the names of the Fund were changed from Mercer Conservative, Mercer Balanced, Mercer High Growth, Mercer Cash, Mercer Moderate, Mercer Growth and Mercer shares to Sustainable Conservative, Sustainable Plus Balanced, Sustainable Plus High Growth, Cash, Sustainable Plus Moderate, Sustainable Plus Growth and Sustainable Plus Shares respectively

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

For and on behalf of the Directors

DocuSigned by:

Martin Lewington

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Director

DocuSigned by:

Paula Jackson

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Director

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

MERCER KIWISAVER SCHEME
Statements of Changes in Net Assets
For the year ended 31 March 2022

	Note	TOTAL		Sustainable Conservative		Sustainable Plus Balanced		Sustainable Plus High Growth	
		2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
INCOME									
Interest income		44	31	15	16	12	7	6	3
Net gains on financial assets at fair value through profit or loss	6	40,978	287,125	4,614	81,358	12,169	81,752	15,020	61,789
Investment management fee rebates		967	-	-	-	869	-	-	1
Other income		13	16	-	1	12	-	-	-
Total Income		42,002	287,172	4,629	81,375	13,062	81,759	15,026	61,793
EXPENSES									
Investment management fees	6	-	644	164	615	-	2	10	-
Supervisor fees	6	244	316	108	167	56	65	30	31
Other expenses		7	8	2	3	2	1	1	1
Total Expenses		251	968	274	785	58	68	41	32
NET PROFIT BEFORE MEMBERSHIP ACTIVITIES		41,751	286,204	4,355	80,590	13,004	81,691	14,985	61,761
MEMBERSHIP ACTIVITIES:									
Contributions / Transfers In									
Member contributions		174,335	178,693	84,368	103,503	35,775	31,495	17,551	15,607
Employer contributions		74,383	86,798	40,998	54,139	12,876	13,402	7,377	6,966
Tax credits		24,468	24,405	16,152	16,442	3,184	3,213	1,797	1,629
Transfers in from other schemes	8	9,240	8,666	5,741	6,114	802	686	1,351	1,114
Transfers (from)/to funds		-	-	(149,638)	(56,962)	41,179	10,517	25,140	15,871
Total Contributions/Transfers In		282,426	298,562	(2,379)	123,236	93,816	59,313	53,216	41,187
Benefits/Transfers Out/Membership Expenses/Tax									
Benefits	7	(79,477)	(72,147)	(42,296)	(43,188)	(13,977)	(9,796)	(5,380)	(4,168)
Transfers out to other schemes	1	(501,917)	(92,639)	(420,775)	(46,428)	(32,341)	(16,737)	(18,492)	(11,937)
Administration fees	6	(2,004)	(2,265)	(1,360)	(1,695)	(255)	(241)	(130)	(112)
Portfolio investment entity taxation (expense)/rebate		(2,188)	(23,132)	3,171	(6,738)	(1,239)	(6,940)	(2,614)	(4,422)
Total Benefits/Transfers Out/Membership Expenses/Tax		(585,586)	(190,183)	(461,260)	(98,049)	(47,812)	(33,714)	(26,616)	(20,639)
Total transactions with members in their capacity as members		(303,160)	108,379	(463,639)	25,187	46,004	25,599	26,600	20,548
NET (DECREASE)/INCREASE IN NET ASSETS DURING THE YEAR		(261,409)	394,583	(459,284)	105,777	59,008	107,290	41,585	82,309
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE FINANCIAL YEAR		2,351,818	1,957,235	1,185,409	1,079,632	500,920	393,630	256,506	174,197
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL YEAR		2,090,409	2,351,818	726,125	1,185,409	559,928	500,920	298,091	256,506

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

MERCER KIWISAVER SCHEME
Statements of Changes in Net Assets
For the year ended 31 March 2022

	Note	Cash		Sustainable Plus Moderate		Sustainable Plus Growth		Sustainable Plus Shares	
		2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
INCOME									
Interest income		1	-	5	2	4	2	1	1
Net gains on financial assets at fair value through profit or loss	6	96	90	1,229	18,945	6,764	32,343	1,086	10,848
Investment management fee rebates		4	-	-	-	315	-	-	-
Other income		-	2	-	-	1	-	-	13
Total Income		101	92	1,234	18,947	7,084	32,345	1,087	10,862
EXPENSES									
Investment management fees	6	-	1	10	12	-	12	37	3
Supervisor fees	6	3	5	22	23	20	20	5	5
Other expenses		-	-	1	3	1	-	-	-
Total Expenses		3	6	33	38	21	32	42	8
NET PROFIT BEFORE MEMBERSHIP ACTIVITIES		98	86	1,201	18,909	7,063	32,313	1,045	10,854
MEMBERSHIP ACTIVITIES:									
Contributions / Transfers In									
Member contributions		1,638	1,926	19,056	12,954	12,796	10,663	3,151	2,545
Employer contributions		624	840	5,519	5,224	5,520	4,901	1,469	1,326
Tax credits		174	238	1,568	1,511	1,269	1,107	324	265
Transfers in from other schemes	8	268	3	137	198	813	379	128	172
Transfers (from)/to funds		9,111	(1,885)	32,071	11,819	37,667	15,542	4,470	5,098
Total Contributions/Transfers In		11,815	1,122	58,351	31,706	58,065	32,592	9,542	9,406
Benefits/Transfers Out/Membership Expenses/Tax									
Benefits	7	(7,171)	(7,991)	(6,679)	(4,660)	(2,700)	(1,756)	(1,274)	(588)
Transfers out to other schemes	1	(3,483)	(1,289)	(10,978)	(6,338)	(12,316)	(7,144)	(3,532)	(2,766)
Administration fees	6	(20)	(21)	(123)	(106)	(93)	(72)	(23)	(18)
Portfolio investment entity taxation (expense)/rebate		(21)	(27)	131	(1,706)	(1,236)	(2,584)	(380)	(715)
Total Benefits/Transfers Out/Membership Expenses/Tax		(10,695)	(9,328)	(17,649)	(12,810)	(16,345)	(11,556)	(5,209)	(4,087)
Total transactions with members in their capacity as members		1,120	(8,206)	40,702	18,896	41,720	21,036	4,333	5,319
NET (DECREASE)/INCREASE IN NET ASSETS DURING THE YEAR		1,218	(8,120)	41,903	37,805	48,783	53,349	5,378	16,173
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE FINANCIAL YEAR		27,657	35,777	178,806	141,001	161,154	107,805	41,366	25,193
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL YEAR		28,875	27,657	220,709	178,806	209,937	161,154	46,744	41,366

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

MERCER KIWISAVER SCHEME
Statements of Cash Flows
For the year ended 31 March 2022

	Note	TOTAL		Sustainable Conservative		Sustainable Plus Balanced		Sustainable Plus High Growth	
		2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
CASH FLOWS FROM OPERATING ACTIVITIES									
Proceeds from sale of financial assets		521,597	39,968	543,218	55,207	11,895	1,977	6,891	892
Interest income		44	31	15	16	12	7	6	3
Other income		13	16	-	1	12	-	-	-
Payments for purchase of financial assets		(193,242)	(168,782)	(70,347)	(84,928)	(50,853)	(32,711)	(28,374)	(27,135)
(Fees)/rebates and other expenses (paid)/received		425	(1,097)	(286)	(889)	612	(80)	(43)	(42)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	9	328,837	(129,864)	472,600	(30,593)	(38,322)	(30,807)	(21,520)	(26,282)
CASH FLOWS FROM FINANCING ACTIVITIES									
Member contributions		174,335	178,693	84,368	103,503	35,775	31,495	17,551	15,607
Employer contributions		74,383	86,798	40,998	54,139	12,876	13,402	7,377	6,966
Tax credits		24,468	24,405	16,152	16,442	3,184	3,213	1,797	1,629
Transfers in from other schemes		9,240	8,666	5,741	6,114	802	686	1,351	1,114
Transfers (from)/to funds		-	-	(149,638)	(56,962)	41,179	10,517	25,140	15,871
Portfolio investment entity taxation		(22,405)	442	(6,332)	(3,066)	(6,799)	962	(4,351)	1,683
Unallocated contributions		(143)	318	(290)	132	66	60	(24)	97
Benefits paid		(80,645)	(72,837)	(43,074)	(43,551)	(14,283)	(9,925)	(5,445)	(4,063)
Transfers out to other schemes		(501,917)	(92,639)	(420,775)	(46,428)	(32,341)	(16,737)	(18,492)	(11,937)
Administration fees		(2,084)	(2,452)	(1,428)	(1,842)	(261)	(260)	(132)	(120)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		(324,768)	131,394	(474,278)	28,481	40,198	33,413	24,772	26,847
Net increase/(decrease) in cash and cash equivalents		4,069	1,530	(1,678)	(2,112)	1,876	2,606	3,252	565
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		14,538	13,008	5,135	7,247	3,886	1,280	1,782	1,217
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		18,607	14,538	3,457	5,135	5,762	3,886	5,034	1,782

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

MERCER KIWISAVER SCHEME
Statements of Cash Flows
For the year ended 31 March 2022

	Note	Cash		Sustainable Plus Moderate		Sustainable Plus Growth		Sustainable Plus Shares	
		2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
CASH FLOWS FROM OPERATING ACTIVITIES									
Proceeds from sale of financial assets		10,938	14,853	3,923	1,089	5,128	-	6,518	1,924
Interest income		1	-	5	2	4	2	1	1
Other income		-	2	-	-	1	-	-	13
Payments for purchase of financial assets		(11,975)	(8,261)	(43,480)	(20,417)	(44,642)	(23,202)	(10,485)	(8,102)
(Fees)/rebates and other expenses (paid)/received		-	(4)	(37)	(39)	221	(34)	(42)	(9)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	9	(1,036)	6,590	(39,589)	(19,365)	(39,288)	(23,234)	(4,008)	(6,173)
CASH FLOWS FROM FINANCING ACTIVITIES									
Member contributions		1,638	1,926	19,056	12,954	12,796	10,663	3,151	2,545
Employer contributions		624	840	5,519	5,224	5,520	4,901	1,469	1,326
Tax credits		174	238	1,568	1,511	1,269	1,107	324	265
Transfers in from other schemes		268	3	137	198	813	379	128	172
Transfers (from)/to funds		9,111	(1,885)	32,071	11,819	37,667	15,542	4,470	5,098
Portfolio investment entity taxation		(19)	(72)	(1,659)	(118)	(2,543)	732	(702)	321
Unallocated contributions		5	(4)	54	10	37	16	9	7
Benefits paid		(7,249)	(8,225)	(6,650)	(4,736)	(2,671)	(1,748)	(1,273)	(589)
Transfers out to other schemes		(3,483)	(1,289)	(10,978)	(6,338)	(12,316)	(7,144)	(3,532)	(2,766)
Administration fees		(21)	(22)	(125)	(112)	(94)	(76)	(23)	(20)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		1,048	(8,490)	38,993	20,412	40,478	24,372	4,021	6,359
Net increase/(decrease) in cash and cash equivalents		12	(1,900)	(596)	1,047	1,190	1,138	13	186
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		139	2,039	1,356	309	1,823	685	417	231
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		151	139	760	1,356	3,013	1,823	430	417

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

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

1 SCHEME DESCRIPTION

The Mercer KiwiSaver scheme ("the Scheme") is a KiwiSaver scheme registered under the KiwiSaver Act 2006 and had been specified as a default KiwiSaver scheme under that Act up to 30 November 2021. The Scheme was established on 30 March 2007 and the Scheme commenced accepting members on 1 October 2007. The Scheme is a defined contribution superannuation scheme and was established with the principal purpose of providing retirement benefits to members. The legal document governing the Scheme is the Trust Deed dated 10 September 2015.

Details of membership during the year were:

	2022	2021
Opening Membership at 1 April	92,889	92,863
New Members	4,634	5,903
Exited Members	(45,952)	(5,877)
Closing Membership at 31 March	51,571	92,889

These financial statements are for the Scheme which comprises the following funds (together "the Funds"): Sustainable Conservative, Sustainable Plus Balanced, Sustainable Plus High Growth, Cash, Sustainable Plus Moderate, Sustainable Plus Growth and Sustainable Plus Shares. The names of the Funds were changed effective 21 July 2021 and were previously known as Mercer Conservative, Mercer Balanced, Mercer High Growth, Mercer Cash, Mercer Moderate, Mercer Growth and Mercer Shares respectively.

In May 2021, the New Zealand Government announced its decision to reduce the number of default KiwiSaver providers from nine to six. As a result of this, the Mercer KiwiSaver Scheme did not retain its default provider status. Sustainable Conservative Fund ceased to be a default fund on 1 December 2021 and affected members were transferred out of the Scheme by January 2022.

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

Mercer Investment Trusts New Zealand

Investment Portfolio

Mercer Unhedged Overseas Shares Trust	- Mercer Overseas Shares Portfolio - Mercer Socially Responsible Hedged Overseas Shares Index Portfolio - Mercer Socially Responsible Overseas Shares Index Portfolio - Mercer Socially Responsible Overseas Shares Portfolio
Mercer Hedged Overseas Shares Trust	- Mercer Socially Responsible Hedged Overseas Shares Portfolio
Mercer New Zealand Cash and Fixed Interest Trust	- Mercer Cash Portfolio - Mercer New Zealand Sovereign Bond Portfolio
Mercer Overseas Fixed Interest Trust	- Mercer Overseas Sovereign Bond Index Portfolio - Mercer Socially Responsible Global Credit Portfolio
Mercer Diversified Trust	- Balanced Transition Portfolio - Growth Transition Portfolio - Mercer Balanced Portfolio - Mercer Growth Portfolio - Mercer High Growth Portfolio - Mercer Moderate Portfolio - Mercer Shares Portfolio - Mercer Socially Responsible Balanced Portfolio - Mercer Socially Responsible Growth Portfolio - Mercer Socially Responsible High Growth Portfolio - Mercer Socially Responsible Moderate Portfolio
Mercer Trans-Tasman Shares Trust	- Mercer New Zealand Shares Index Portfolio - Mercer Socially Responsible Trans-Tasman Shares Portfolio

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

1 SCHEME DESCRIPTION (Continued)

Mercer (N.Z.) Limited ("Mercer") is the Manager and Issuer of the Scheme. It is responsible for the management and administration of the Scheme, including responsibility for the preparation and issue of the Scheme's financial statements.

Trustees Executors Limited is the Supervisor of the Scheme and is licensed under the Financial Markets Supervisors Act 2011 to act as Supervisor of the Scheme.

The Manager's registered office is Level 11, PwC Tower, 15 Customs Street West, Auckland City, Auckland 1010.

BNP Paribas Fund Services Australasia Pty Ltd ("BNP Paribas") is the custodian of the Scheme's financial assets at fair value through profit or loss.

Trustees Executors Limited is the custodian of the Scheme's cash and cash equivalents.

2 BASIS OF PREPARATION

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

The assets of each Fund are the exclusive property of that Fund, and all liabilities incurred in relation to a Fund are the exclusive liabilities of that Fund.

The results and financial position reported for the Scheme is an aggregation of the result, financial position and cash flows of the Funds that make up the Scheme.

Statement of Compliance

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

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

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

Measurement Base

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

Functional and Presentation Currency

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

Assumptions, Estimates and Judgements

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

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

2 BASIS OF PREPARATION (Continued)

Assumptions, Estimates and Judgements (Continued)

At 31 March 2022, cash and cash equivalents included an amount of \$1,208,000 maintained at the total Scheme level for the settlement of transactions (2021: \$2,041,000). The Manager has estimated the allocation of this cash balance to the Funds. At 31 March 2022, the amounts allocated to Sustainable Conservative, Sustainable Plus Balanced, Sustainable Plus High Growth, Cash, Sustainable Plus Moderate, Sustainable Plus Growth and Sustainable Plus Shares were \$562,000, \$160,000, \$399,000, \$(35,000), \$86,000, \$(8,000) and \$44,000, respectively. (2021: \$1,140,000, \$126,000, \$299,000, \$66,000, \$353,000, \$70,000 and (\$13,000) respectively).

Duration of the Scheme

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

- (i) at such time as the KiwiSaver Scheme Rules provide or the Manager determines; and
- (ii) on termination of the Scheme, the Supervisor will on the Manager's direction (but subject to Rule 1C(2) of the KiwiSaver Scheme Rules) realise all Scheme Property, pay or discharge all Scheme Liabilities and expenses of termination and distribute the net proceeds to the Members in accordance with the relevant requirements provided that all Members whose Member's Accounts were invested in a particular Fund shall, on termination of their Member's Accounts, rank equally amongst themselves in respect of the resulting assets attributable to that Fund in proportion to the number of units each Member held in that Fund.

Funding Policy

The Scheme is a defined contribution scheme as defined by the KiwiSaver Act 2006. Funding in the form of contributions is received primarily from three sources: Members of the Scheme; employers of members of the Scheme; and the Government (in accordance with the provisions of the KiwiSaver Act 2006). Members may contribute to the Scheme at varying designated additional contributions in excess of any salary or wage linked contributions. As of 31 March 2022, employer contribution rates are either 3% or greater (2021: 3% or greater) of each relevant Member's gross salary or wages.

3 SIGNIFICANT ACCOUNTING POLICIES

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

(i) **Income**

Interest income

Interest income as recognised in the Statements of Changes in Net Assets is derived from cash and cash equivalents and is recognised on a time-proportionate basis using the effective interest method.

Changes in fair value of investments

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

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) Financial Instruments

Classification

Financial instruments comprise investments in unlisted unit trusts including ununitised investments.

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

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

Financial liabilities at amortised cost comprise unsettled trades, investment management fees payable, supervisor fees payable, benefits payable, unallocated contributions, administration fees payable and net assets attributable to members.

Recognition and derecognition

Purchases and sales of investments are recognised on the trade date - the date on which the Scheme commits to purchase or sell the investment.

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

Financial assets are derecognised when the rights to receive cash flows from the investment have expired or the Scheme has transferred substantially all risks and rewards of ownership.

Measurement

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

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

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Scheme is the current bid price. The Manager has determined that bid price is the most appropriate measure for fair value.

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

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

(iii) Expenses

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

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iv) **Taxation**

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

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

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

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

(v) **Net Assets Attributable to Members**

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

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

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

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

(vi) **Investment Entities**

Whilst the Scheme has investments in a number of related party wholesale unlisted unit trusts, it has not prepared consolidated financial statements. The Scheme has determined that it is an investment entity under the definition in NZ IFRS 10 Consolidated Financial Statements as it meets the following criteria:

- the Scheme has obtained funds from Members for the purpose of providing them with investment management services;
- the Scheme's business purpose, which it communicated directly to unit holders, is investing solely for returns from capital appreciation; and
- the performance of investments made by the Scheme are measured and evaluated on a fair value basis.

The Scheme also meets all of the typical characteristics of an investment entity.

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

(vii) **Cash and Cash Equivalents**

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

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(viii) **Statements of Cash Flows**

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

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

Operating activities - are those relating to the principal income-producing activities of the Scheme and other activities that are not financing activities. These include those cash flows relating to the acquisitions, holding and disposal of investments and investments in securities not falling within the definition of cash.

Financing activities - are those activities that result in changes in the size and composition of Member's funds. This includes elements of Members' funds not falling within the definition of cash.

(ix) **Contributions and Withdrawals**

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

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

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

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

(xi) **Application of Accounting Standards**

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

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

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

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

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

(xii) **Presentation of financial statements**

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

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

4 VESTED BENEFITS

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

	TOTAL		Sustainable Conservative		Sustainable Plus Balanced		Sustainable Plus High Growth	
	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
Member accounts - vested benefits	2,090,163	2,351,147	725,669	1,184,543	560,028	501,034	298,081	256,531
Adjustments arising from valuation differences	246	671	456	866	(100)	(114)	10	(25)
Net Assets Attributable to Members	2,090,409	2,351,818	726,125	1,185,409	559,928	500,920	298,091	256,506

	Cash		Sustainable Plus Moderate		Sustainable Plus Growth		Sustainable Plus Shares	
	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
Member accounts - vested benefits	28,845	27,624	220,819	178,829	209,958	161,185	46,763	41,401
Adjustments arising from valuation differences	30	33	(110)	(23)	(21)	(31)	(19)	(35)
Net Assets Attributable to Members	28,875	27,657	220,709	178,806	209,937	161,154	46,744	41,366

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

No guarantees have been made in respect of any part of the net assets attributable to members.

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

During the year, the Scheme moved certain investments to Socially Responsible portfolios to better align the Funds with Mercer's commitment to responsible investment. The Scheme held investments in the following MITNZ investment portfolios and ununitised investments:

	TOTAL		Sustainable Conservative		Sustainable Plus Balanced		Sustainable Plus High Growth	
	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
Financial assets at fair value through profit or loss								
Mercer Balanced Portfolio	-	504,424	-	-	-	504,424	-	-
Mercer Cash Portfolio	271,262	402,674	242,464	375,009	-	-	-	-
Mercer Growth Portfolio	-	161,977	-	-	-	-	-	-
Mercer High Growth Portfolio	-	259,366	-	-	-	-	-	259,366
Mercer Moderate Portfolio	-	179,333	-	-	-	-	-	-
Mercer New Zealand Shares Index Portfolio	27,649	52,976	27,649	52,976	-	-	-	-
Mercer New Zealand Sovereign Bond Portfolio	91,934	174,417	91,934	174,417	-	-	-	-
Mercer Overseas Shares Portfolio	6,768	-	-	-	-	-	-	-
Mercer Overseas Sovereign Bond Index Portfolio	110,029	182,572	110,029	182,572	-	-	-	-
Mercer Shares Portfolio	-	41,665	-	-	-	-	-	-
Mercer Socially Responsible Balanced Portfolio	555,551	-	-	-	555,551	-	-	-
Mercer Socially Responsible Growth Portfolio	208,255	-	-	-	-	-	-	-
Mercer Socially Responsible Global Credit Portfolio	127,320	208,981	127,320	208,981	-	-	-	-
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	37,116	47,938	30,097	47,938	-	-	-	-
Mercer Socially Responsible Hedged Overseas Shares Portfolio	40,928	48,283	30,322	48,283	-	-	-	-
Mercer Socially Responsible High Growth Portfolio	295,869	-	-	-	-	-	295,869	-
Mercer Socially Responsible Overseas Shares Index Portfolio	30,392	49,583	30,392	49,583	-	-	-	-
Mercer Socially Responsible Overseas Shares Portfolio	40,686	48,822	30,117	48,822	-	-	-	-
Mercer Socially Responsible Trans-Tasman Shares Portfolio	11,756	-	-	-	-	-	-	-
Mercer Socially Responsible Moderate Portfolio	220,119	-	-	-	-	-	-	-
Ununitised investments	122	-	-	-	-	-	-	-
Total Financial Assets at Fair Value through Profit or Loss	2,075,756	2,363,011	720,324	1,188,581	555,551	504,424	295,869	259,366

	Cash		Sustainable Plus Moderate		Sustainable Plus Growth		Sustainable Plus Shares	
	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
Financial assets at fair value through profit or loss								
Mercer Cash Portfolio	28,798	27,665	-	-	-	-	-	-
Mercer Growth Portfolio	-	-	-	-	-	161,977	-	-
Mercer Moderate Portfolio	-	-	-	179,333	-	-	-	-
Mercer Overseas Shares Portfolio	-	-	-	-	-	-	6,768	-
Mercer Shares Portfolio	-	-	-	-	-	-	-	41,665
Mercer Socially Responsible Growth Portfolio	-	-	-	-	208,255	-	-	-
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	-	-	-	-	-	-	7,019	-
Mercer Socially Responsible Hedged Overseas Shares Portfolio	-	-	-	-	-	-	10,606	-
Mercer Socially Responsible Moderate Portfolio	-	-	220,119	-	-	-	-	-
Mercer Socially Responsible Overseas Shares Portfolio	-	-	-	-	-	-	10,569	-
Mercer Socially Responsible Trans-Tasman Shares Portfolio	-	-	-	-	-	-	11,756	-
Ununitised investments	64	-	-	-	-	-	58	-
Total Financial Assets at Fair Value through Profit or Loss	28,862	27,665	220,119	179,333	208,255	161,977	46,776	41,665

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

The following investments are greater than 5% of the relevant class of security for the Scheme's Funds:

	TOTAL		Sustainable Conservative		Sustainable Plus Balanced		Sustainable Plus High Growth	
	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
Financial assets at fair value through profit or loss								
Mercer Balanced Portfolio	-	504,424	-	-	-	504,424	-	-
Mercer Cash Portfolio	271,262	402,674	242,464	375,009	-	-	-	-
Mercer Growth Portfolio	-	161,977	-	-	-	-	-	-
Mercer High Growth Portfolio	-	259,366	-	-	-	-	-	259,366
Mercer Moderate Portfolio	-	179,333	-	-	-	-	-	-
Mercer New Zealand Sovereign Bond Portfolio	-	174,417	91,934	174,417	-	-	-	-
Mercer Overseas Shares Portfolio	-	-	-	-	-	-	-	-
Mercer Overseas Sovereign Bond Index Portfolio	110,029	182,572	110,029	182,572	-	-	-	-
Mercer Shares Portfolio	-	-	-	-	-	-	-	-
Mercer Socially Responsible Balanced Portfolio	555,551	-	-	-	555,551	-	-	-
Mercer Socially Responsible Global Credit Portfolio	127,320	208,981	127,320	208,981	-	-	-	-
Mercer Socially Responsible Growth Portfolio	208,255	-	-	-	-	-	-	-
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	-	-	-	-	-	-	-	-
Mercer Socially Responsible Hedged Overseas Shares Portfolio	-	-	-	-	-	-	-	-
Mercer Socially Responsible High Growth Portfolio	295,869	-	-	-	-	-	295,869	-
Mercer Socially Responsible Moderate Portfolio	220,119	-	-	-	-	-	-	-
Mercer Socially Responsible Overseas Shares Index Portfolio	-	-	-	-	-	-	-	-
Mercer Socially Responsible Overseas Shares Portfolio	-	-	-	-	-	-	-	-
Mercer Socially Responsible Trans-Tasman Shares	-	-	-	-	-	-	-	-
Total Financial Assets at Fair Value through Profit or Loss	1,788,405	2,073,744	571,747	940,979	555,551	504,424	295,869	259,366

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

The following investments are greater than 5% of the relevant class of security for the Scheme's Funds:

	Cash		Sustainable Plus Moderate		Sustainable Plus Growth		Sustainable Plus Shares	
	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
Financial assets at fair value through profit or loss								
Mercer Cash Portfolio	28,798	27,665	-	-	-	-	-	-
Mercer Growth Portfolio	-	-	-	-	-	161,977	-	-
Mercer Moderate Portfolio	-	-	-	179,333	-	-	-	-
Mercer Overseas Shares Portfolio	-	-	-	-	-	-	6,767	-
Mercer Shares Portfolio	-	-	-	-	-	-	-	41,665
Mercer Socially Responsible Growth Portfolio	-	-	-	-	208,255	-	-	-
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	-	-	-	-	-	-	7,019	-
Mercer Socially Responsible Hedged Overseas Shares Portfolio	-	-	-	-	-	-	10,606	-
Mercer Socially Responsible Moderate Portfolio	-	-	220,119	-	-	-	-	-
Mercer Socially Responsible Overseas Shares Portfolio	-	-	-	-	-	-	10,569	-
Mercer Socially Responsible Trans-Tasman Shares	-	-	-	-	-	-	11,756	-
Total Financial Assets at Fair Value through Profit or Loss	28,798	27,665	220,119	179,333	208,255	161,977	46,717	41,665

Fair Value Hierarchy

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

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

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

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

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

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

6 RELATED PARTIES

The related parties of the Scheme comprise the Manager and the Supervisor and their related entities.

The Manager and Supervisor are entitled to remuneration from the Scheme. This is represented by the Investment management fees, Supervisor fees and Administration fees in the Statements of Changes in Net Assets. These are recovered through the cancellation of units for Member fixed fees and through the unit price for net asset based fees. Fund charges consisted of In Fund costs, expense reimbursement to the Manager for Scheme expenses paid by the Manager, investment management fees and supervisor fees. For the 2021 and 2022 years, the Supervisor fee had a maximum potential rate of 0.03% of net assets per annum. The custodian fee was 0.005%. The investment management fee for the Cash and Sustainable Conservative funds was reduced from 0.32% to 0.28% and 0.50% to 0.42% respectively, effective 31 August 2020. There were no other changes in the 2021 and 2022 periods. The rates as at 31 March 2022 are disclosed below:

Fund	Investment management fee % p.a.
Sustainable Conservative	0.42%
Sustainable Plus Balanced	0.68%
Sustainable Plus High Growth	0.82%
Cash	0.28%
Sustainable Plus Moderate	0.59%
Sustainable Plus Growth	0.77%
Sustainable Plus Shares	0.90%

An administration fee of \$2.25 was charged per member, per month, with members with balances of less than \$1,000 and members aged 17 years or less waived of this fee. Members who are employees of Mercer (or related entities of Mercer) and their families and friends are also entitled to a waiver of this fee. From 31 March 2022, the administration fee was waived for all members.

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

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

Performance fees are charged within MITNZ by underlying external managers and are included in the quoted unit price for the relevant portfolios. The maximum performance fee rates for Sustainable Plus Moderate, Sustainable Plus Balanced, Sustainable Plus Growth and Sustainable Plus High Growth are 0.05%, 0.08%, 0.09% and 0.08% respectively.

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

6 RELATED PARTIES (Continued)

Details of the Scheme's related party expenses including investment management fees charged through the unit price are disclosed below:

	TOTAL		Sustainable Conservative		Sustainable Plus Balanced		Sustainable Plus High Growth	
	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
Investment management fees								
Investment management fees to Mercer, other related and third party investment managers via MITNZ unit price	14,710	12,091	4,165	4,744	4,623	3,110	2,387	1,818
Investment management fees/(rebates) to Mercer	(967)	644	164	615	(869)	2	10	(1)
Total investment management fees	13,743	12,735	4,329	5,359	3,754	3,112	2,397	1,817
Administration fees								
Administration fees to Mercer	2,004	2,265	1,360	1,695	255	241	130	112
Supervisor fees								
Supervisor fees to Trustees Executors Limited	244	316	108	167	56	65	30	31
Total	15,991	15,316	5,797	7,221	4,065	3,418	2,557	1,960
	Cash		Sustainable Plus Moderate		Sustainable Plus Growth		Sustainable Plus Shares	
	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
Investment management fees								
Investment management fees to Mercer, other related and third party investment managers via MITNZ unit price	79	95	1,238	955	1,829	1,060	389	309
Investment management fees/(rebates) to Mercer	(4)	1	10	12	(315)	12	37	3
Total investment management fees	75	96	1,248	967	1,514	1,072	426	312
Administration fees								
Administration fee expenses to Mercer	20	21	123	106	93	72	23	18
Supervisor fees								
Supervisor fee expenses to Trustees Executors Limited	3	5	22	23	20	20	5	5
Total	98	122	1,393	1,096	1,627	1,164	454	335

Outstanding balances due to related parties are not interest bearing.

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

6 RELATED PARTIES (Continued)

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

Fund	Investment management					
	fees/(rebates)		Supervisor fees		Administration fees	
	2022	2021	2022	2021	2022	2021
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sustainable Conservative	(2)	17	22	15	73	141
Sustainable Plus Balanced	(207)	(2)	12	6	14	20
Sustainable Plus High Growth	(7)	(2)	6	3	7	9
Cash	(2)	-	1	-	1	2
Sustainable Plus Moderate	(5)	1	4	2	7	9
Sustainable Plus Growth	(74)	1	4	2	5	6
Sustainable Plus Shares	-	1	1	-	1	1
Total	(297)	16	50	28	108	188

Investment in related parties

The Scheme invests in MITNZ. Mercer Investments (New Zealand) Limited ("MINZL"), a wholly subsidiary of Mercer was the Trustee of MITNZ for the period to 30 June 2021. Trustees Executors Limited ("TEL") were appointed as Trustee with effect from 1 July 2021. Mercer continues to remain as the Manager of MITNZ.

Two related parties of Mercer KiwiSaver Scheme are current members of the Scheme (2021: Same). Contributions and Partial Withdrawals made by directors and other related parties during the year were as follows:

Fund	Opening Balance		Contributions		Closing Balance	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
Sustainable Conservative	-	-	-	-	-	-
Sustainable Plus Balanced	40,345	31,331	3,756	3,048	45,062	40,345
Sustainable Plus High Growth	46,970	33,284	3,755	3,048	52,935	46,970
Sustainable Plus Growth	916,891	669,341	59,888	71,028	1,014,257	916,891
Sustainable Plus Shares	-	-	-	-	-	-
Total	1,004,206	733,956	67,399	77,124	1,112,254	1,004,206

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

6 RELATED PARTIES (Continued)

Investment in related parties (Continued)

The Scheme holds units in the following investment portfolios in the MITNZ:

Scheme Total	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Balanced Transition Portfolio	-	-	516,308	-	(524,027)	-	7,719	-	-	-
Growth Transition Portfolio	-	-	173,417	-	(176,947)	-	3,530	-	-	-
Mercer Balanced Portfolio	504,424	391,938	-	32,711	(515,248)	(1,977)	10,824	81,752	-	504,424
Mercer Cash Portfolio	402,674	375,153	46,274	44,020	(178,861)	(17,561)	1,174	1,062	271,261	402,674
Mercer Global Absolute Return Bond Portfolio	-	53,935	-	4,704	-	(61,403)	-	2,764	-	-
Mercer Global Credit Portfolio	-	146,636	-	9,000	-	(171,579)	-	15,943	-	-
Mercer Growth Portfolio	161,977	106,432	1,776	23,202	(167,956)	-	4,203	32,343	-	161,977
Mercer Hedged Overseas Shares Plus Portfolio	-	41,926	-	3,520	-	(59,631)	-	14,185	-	-
Mercer Hedged Overseas Shares Portfolio	-	13,781	-	1,000	-	(19,045)	-	4,264	-	-
Mercer Listed Infrastructure Portfolio	-	7,705	-	1,800	-	(10,313)	-	808	-	-
Mercer Listed Property Portfolio	-	7,668	-	2,000	-	(11,510)	-	1,842	-	-
Mercer High Growth Portfolio	259,366	171,334	-	27,135	(266,964)	(892)	7,598	61,789	-	259,366
Mercer Moderate Portfolio	179,333	140,719	1,087	20,417	(183,294)	(748)	2,874	18,945	-	179,333
Mercer Natural Resources Portfolio	-	4,419	-	1,000	-	(5,991)	-	572	-	-
Mercer New Zealand Shares Index Portfolio	52,976	-	58,322	56,476	(83,538)	(5,202)	(111)	1,702	27,649	52,976
Mercer New Zealand Sovereign Bond Portfolio	174,417	163,994	22,146	17,350	(97,167)	(7,264)	(7,462)	337	91,934	174,417
Mercer Overseas Low Volatility Shares Portfolio	-	23,456	-	1,100	-	(25,460)	-	904	-	-
Mercer Overseas Sovereign Bond Index Portfolio	182,572	-	5,700	189,357	(74,314)	(1,186)	(3,929)	(5,599)	110,029	182,572
Mercer Overseas Sovereign Bond Portfolio	-	170,425	-	9,611	-	(185,872)	-	5,836	-	-
Mercer Overseas Shares Plus Portfolio	-	28,021	-	1,000	-	(34,021)	-	5,000	-	-
Mercer Overseas Shares Portfolio	-	10,218	7,572	-	(830)	(11,663)	27	1,445	6,769	-
Mercer Shares Portfolio	41,665	24,255	3,115	8,486	(47,221)	(1,924)	2,441	10,848	-	41,665
Mercer Socially Responsible Balanced Portfolio	-	-	562,918	-	(992)	-	(6,375)	-	555,551	-
Mercer Socially Responsible Growth Portfolio	-	-	210,294	-	(1,070)	-	(969)	-	208,255	-
Mercer Socially Responsible High Growth Portfolio	-	-	294,356	-	(5,909)	-	7,422	-	295,869	-
Mercer Socially Responsible Trans-Tasman Shares Portfolio	-	-	13,806	-	(1,223)	-	(827)	-	11,756	-
Mercer Socially Responsible Global Credit Portfolio	208,981	-	4,174	218,313	(81,253)	(2,453)	(4,582)	(6,879)	127,320	208,981
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	47,938	-	31,646	49,350	(48,230)	(8,383)	5,762	6,971	37,116	47,938
Mercer Socially Responsible Hedged Overseas Shares Portfolio	48,283	-	19,950	49,918	(31,090)	(8,995)	3,785	7,360	40,928	48,283
Mercer Socially Responsible Moderate Portfolio	-	-	224,868	-	(3,104)	-	(1,645)	-	220,119	-
Mercer Socially Responsible Overseas Shares Index Portfolio	49,583	-	18,437	48,586	(43,610)	(3,846)	5,982	4,843	30,392	49,583
Mercer Socially Responsible Overseas Shares Portfolio	48,822	-	20,686	48,124	(32,357)	(4,662)	3,535	5,360	40,686	48,822
Mercer Trans-Tasman Shares Portfolio	-	39,702	-	4,100	-	(54,604)	-	10,802	-	-
Mercer Unlisted Infrastructure Portfolio	-	13,011	-	-	-	(14,592)	-	1,581	-	-
Mercer Unlisted Property Portfolio	-	11,619	-	2,209	-	(14,173)	-	345	-	-
Total	2,363,011	1,946,347	2,236,852	874,489	(2,565,205)	(744,950)	40,976	287,125	2,075,634	2,363,011

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

6 RELATED PARTIES (Continued)

Investment in related parties (Continued)

The Scheme holds units in the following investment portfolios in the MITNZ:

	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
Sustainable Conservative										
Mercer Cash Portfolio	375,009	340,986	43,564	56,594	(177,188)	(23,543)	1,079	972	242,464	375,009
Mercer Global Absolute Return Bond Portfolio	-	53,935	-	4,704	-	(61,403)	-	2,764	-	-
Mercer Global Credit Portfolio	-	146,636	-	9,000	-	(171,579)	-	15,943	-	-
Mercer Hedged Overseas Shares Plus Portfolio	-	41,926	-	3,520	-	(59,631)	-	14,185	-	-
Mercer Hedged Overseas Shares Portfolio	-	13,781	-	1,000	-	(19,045)	-	4,264	-	-
Mercer Listed Infrastructure Portfolio	-	7,705	-	1,800	-	(10,313)	-	808	-	-
Mercer Listed Property Portfolio	-	7,668	-	2,000	-	(11,510)	-	1,842	-	-
Mercer Natural Resources Portfolio	-	4,419	-	1,000	-	(5,991)	-	572	-	-
Mercer New Zealand Shares Index Portfolio	52,976	-	46,470	56,476	(71,411)	(5,202)	(386)	1,702	27,649	52,976
Mercer New Zealand Sovereign Bond Portfolio	174,417	163,994	22,146	17,350	(97,167)	(7,264)	(7,462)	337	91,934	174,417
Mercer Overseas Low Volatility Shares Portfolio	-	23,456	-	1,100	-	(25,460)	-	904	-	-
Mercer Overseas Shares Portfolio	-	10,218	-	-	-	(11,663)	-	1,445	-	-
Mercer Overseas Shares Plus Portfolio	-	28,021	-	1,000	-	(34,021)	-	5,000	-	-
Mercer Overseas Sovereign Bond Index Portfolio	182,572	-	5,700	189,357	(74,314)	(1,186)	(3,929)	(5,599)	110,029	182,572
Mercer Overseas Sovereign Bond Portfolio	-	170,425	-	9,611	-	(185,872)	-	5,836	-	-
Mercer Socially Responsible Global Credit Portfolio	208,981	-	4,174	218,313	(81,253)	(2,453)	(4,582)	(6,879)	127,320	208,981
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	47,938	-	24,309	49,350	(47,796)	(8,383)	5,646	6,971	30,097	47,938
Mercer Socially Responsible Hedged Overseas Shares Portfolio	48,283	-	9,494	49,918	(31,649)	(8,995)	4,194	7,360	30,322	48,283
Mercer Socially Responsible Overseas Shares Index Portfolio	49,583	-	18,437	48,586	(43,610)	(3,846)	5,982	4,843	30,392	49,583
Mercer Socially Responsible Overseas Shares Portfolio	48,822	-	9,452	48,124	(32,229)	(4,662)	4,072	5,360	30,117	48,822
Mercer Trans-Tasman Shares Portfolio	-	39,702	-	4,100	-	(54,604)	-	10,802	-	-
Mercer Unlisted Infrastructure Portfolio	-	13,011	-	-	-	(14,592)	-	1,581	-	-
Mercer Unlisted Property Portfolio	-	11,619	-	2,209	-	(14,173)	-	345	-	-
Total	1,188,581	1,077,502	183,746	775,112	(656,617)	(745,391)	4,614	81,358	720,324	1,188,581

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

6 RELATED PARTIES (Continued)

Investment in related parties (Continued)

	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
Sustainable Plus Balanced										
Balanced Transition Portfolio	-	-	516,308	-	(524,027)	-	7,719	-	-	-
Mercer Balanced Portfolio	504,424	391,938	-	32,711	(515,248)	(1,977)	10,824	81,752	-	504,424
Mercer Socially Responsible Balanced Portfolio	-	-	562,918	-	(992)	-	(6,375)	-	555,551	-
Total	504,424	391,938	1,079,226	32,711	(1,040,267)	(1,977)	12,168	81,752	555,551	504,424
Sustainable Plus High Growth										
Mercer High Growth Portfolio	259,366	171,334	-	27,135	(266,964)	(892)	7,598	61,789	-	259,366
Mercer Socially Responsible High Growth Portfolio	-	-	294,356	-	(5,909)	-	7,422	-	295,869	-
Total	259,366	171,334	294,356	27,135	(272,873)	(892)	15,020	61,789	295,869	259,366
Cash										
Mercer Cash Portfolio	27,665	34,167	11,975	8,261	(10,938)	(14,853)	96	90	28,798	27,665
Total	27,665	34,167	11,975	8,261	(10,938)	(14,853)	96	90	28,798	27,665
Sustainable Plus Moderate										
Mercer Moderate Portfolio	179,333	140,719	1,087	20,417	(183,294)	(748)	2,874	18,945	-	179,333
Mercer Socially Responsible Moderate Portfolio	-	-	224,868	-	(3,104)	-	(1,645)	-	220,119	-
Total	179,333	140,719	225,955	20,417	(186,398)	(748)	1,229	18,945	220,119	179,333
Sustainable Plus Growth										
Growth Transition Portfolio	-	-	173,417	-	(176,947)	-	3,530	-	-	-
Mercer Growth Portfolio	161,977	106,432	1,776	23,202	(167,956)	-	4,203	32,343	-	161,977
Mercer Socially Responsible Growth Portfolio	-	-	210,294	-	(1,070)	-	(969)	-	208,255	-
Total	161,977	106,432	385,487	23,202	(345,973)	-	6,764	32,343	208,255	161,977
Sustainable Plus Shares										
Mercer Overseas Shares Portfolio	-	-	7,572	-	(830)	-	27	-	6,769	-
Mercer New Zealand Shares Index Portfolio	-	-	11,865	-	(12,140)	-	275	-	-	-
Mercer Shares Portfolio	41,665	24,255	3,114	8,486	(47,221)	(1,924)	2,442	10,848	-	41,665
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	-	-	7,741	-	(838)	-	116	-	7,019	-
Mercer Socially Responsible Hedged Overseas Shares Portfolio	-	-	11,555	-	(540)	-	(409)	-	10,606	-
Mercer Socially Responsible Overseas Shares Portfolio	-	-	11,585	-	(479)	-	(537)	-	10,569	-
Mercer Socially Responsible Trans-Tasman Shares Portfolio	-	-	13,806	-	(1,223)	-	(828)	-	11,755	-
Total	41,665	24,255	67,238	8,486	(63,271)	(1,924)	1,086	10,848	46,718	41,665

As at 31 March 2022, Sustainable Conservative and Sustainable Plus Shares had ununitised investments of \$64,123 and \$57,879 respectively (2021: The Scheme had no ununitised investments).

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

6 RELATED PARTIES (Continued)

The purchases and sales between the Funds in the MITNZ portfolios are disclosed below. These transactions have been eliminated at the total Scheme level.

	Purchases		Sales	
	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
Mercer Cash Portfolio	9,265	20,835	(9,265)	(20,835)
Mercer New Zealand Shares Index Portfolio	13	-	(13)	-
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	404	-	(404)	-
Mercer Socially Responsible Hedged Overseas Shares Portfolio	1,099	-	(1,099)	-
Mercer Socially Responsible Overseas Shares Portfolio	351	-	(351)	-
Total	11,132	20,835	(11,132)	(20,835)

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

	Purchases		Sales	
	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
Sustainable Conservative				
Mercer Cash Portfolio	33,203	29,791	(20,073)	(10,417)
Mercer Global Absolute Return Bond Portfolio	-	-	-	(61,000)
Mercer Global Credit Portfolio	-	3,000	-	(169,655)
Mercer Hedged Overseas Shares Plus Portfolio	-	-	-	(53,518)
Mercer Hedged Overseas Shares Portfolio	-	-	-	(18,195)
Mercer Listed Infrastructure Portfolio	-	-	-	(9,813)
Mercer Listed Property Portfolio	-	1,000	-	(10,510)
Mercer Natural Resources Portfolio	-	-	-	(5,991)
Mercer New Zealand Shares Index Portfolio	1,875	53,743	(5,508)	(1,643)
Mercer New Zealand Sovereign Bond Portfolio	19,576	10,181	(36,327)	(2,764)
Mercer Overseas Low Volatility Shares Portfolio	-	-	-	(25,000)
Mercer Overseas Shares Plus Portfolio	-	977	-	(30,977)
Mercer Overseas Shares Portfolio	-	-	-	(11,430)
Mercer Overseas Sovereign Bond Index Portfolio	5,066	185,313	(4,364)	(886)
Mercer Overseas Sovereign Bond Portfolio	-	2,568	-	(184,662)
Mercer Socially Responsible Global Credit Portfolio	2,333	215,568	(4,600)	(890)
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	21,623	47,100	(4,471)	(3,018)
Mercer Socially Responsible Hedged Overseas Shares Portfolio	7,935	45,578	(15,395)	(6,198)
Mercer Socially Responsible Overseas Shares Index Portfolio	17,299	47,000	(3,612)	(248)
Mercer Socially Responsible Overseas Shares Portfolio	4,490	45,766	(19,050)	(1,905)
Mercer Trans-Tasman Shares Portfolio	-	2,600	-	(52,700)
Mercer Unlisted Infrastructure Portfolio	-	-	-	(14,592)
Mercer Unlisted Property Portfolio	-	-	-	(14,173)
Total	113,400	690,185	(113,400)	(690,185)

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

6 RELATED PARTIES (Continued)

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

	Purchases		Sales	
	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
Sustainable Plus Balanced				
Balanced Transition Portfolio	514,055	-	(514,318)	-
Mercer Socially Responsible Balanced Portfolio	514,318	-	-	-
Mercer Balanced Portfolio	-	-	(514,055)	-
Total	1,028,373	-	(1,028,373)	-
Sustainable Plus High Growth				
Mercer Socially Responsible High Growth Portfolio	265,982	-	-	-
Mercer High Growth Portfolio	-	-	(265,982)	-
Total	265,982	-	(265,982)	-
Sustainable Plus Moderate				
Mercer Socially Responsible Moderate Portfolio	182,475	-	-	-
Mercer Moderate Portfolio	-	-	(182,475)	-
Total	182,475	-	(182,475)	-
Sustainable Plus Growth				
Growth Transition Portfolio	167,148	-	(173,696)	-
Mercer Socially Responsible Growth Portfolio	173,696	-	-	-
Mercer Growth Portfolio	-	-	(167,148)	-
Total	340,845	-	(340,845)	-
Sustainable Plus Shares				
Mercer New Zealand Shares Index Portfolio	11,000	-	(11,675)	-
Mercer Overseas Shares Portfolio	6,600	-	(290)	-
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	6,810	-	(433)	-
Mercer Socially Responsible Hedged Overseas Shares Portfolio	10,075	-	(195)	-
Mercer Socially Responsible Overseas Shares Portfolio	10,072	-	(21)	-
Mercer Socially Responsible Trans-Tasman Shares Portfolio	12,196	-	(139)	-
Mercer Shares Portfolio	-	-	(44,000)	-
Total	56,753	-	(56,753)	-

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

6 RELATED PARTIES (Continued)

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

Scheme level	Purchases		Sales	
	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
Balanced Transition Portfolio	-	-	-	-
Growth Transition Portfolio	2,271	-	-	-
Mercer Cash Portfolio	325	-	(18,502)	(617)
Mercer Balanced Portfolio	-	4,534	-	-
Mercer Global Absolute Return Bond Portfolio	-	-	-	-
Mercer Global Credit Portfolio	-	-	-	-
Mercer Growth Portfolio	-	2,177	-	-
Mercer Hedged Overseas Shares Plus Portfolio	-	-	-	(1,350)
Mercer Hedged Overseas Shares Portfolio	-	-	-	-
Mercer High Growth Portfolio	-	2,910	-	-
Mercer Listed Infrastructure Portfolio	-	-	-	-
Mercer Listed Property Portfolio	-	-	-	-
Mercer Moderate Portfolio	-	4,110	(90)	-
Mercer Natural Resources Portfolio	-	-	-	-
Mercer New Zealand Shares Index Portfolio	345	-	(4,333)	(1,509)
Mercer New Zealand Sovereign Bond Portfolio	-	26	(6,045)	(1,000)
Mercer Overseas Low Volatility Shares Portfolio	-	-	-	-
Mercer Overseas Sovereign Bond Index Portfolio	100	-	(2,949)	-
Mercer Overseas Sovereign Bond Portfolio	-	-	-	-
Mercer Overseas Shares Portfolio	546	-	(411)	-
Mercer Overseas Shares Plus Portfolio	-	23	-	(665)
Mercer Shares Portfolio	632	1,359	(182)	(785)
Mercer Socially Responsible Balanced Portfolio	6,417	-	(787)	-
Mercer Socially Responsible Growth Portfolio	15,434	-	(382)	-
Mercer Socially Responsible Moderate Portfolio	16,550	-	(1,301)	-
Mercer Socially Responsible Global Credit Portfolio	48	-	(4,148)	(425)
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	1,078	-	(3,394)	(2,149)
Mercer Socially Responsible Hedged Overseas Shares Portfolio	372	-	(4,039)	(2,370)
Mercer Socially Responsible High Growth Portfolio	9,708	-	(315)	-
Mercer Socially Responsible Overseas Shares Index Portfolio	452	-	(3,734)	(2,139)
Mercer Socially Responsible Overseas Shares Portfolio	898	-	(4,440)	(2,001)
Mercer Socially Responsible Trans-Tasman Shares Portfolio	607	-	(731)	-
Mercer Trans-Tasman Shares Portfolio	-	-	-	(129)
Mercer Unlisted Infrastructure Portfolio	-	-	-	-
Mercer Unlisted Property Portfolio	-	-	-	-
Total	55,783	15,139	(55,783)	(15,139)

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

7 BENEFITS

	TOTAL		Sustainable Conservative		Sustainable Plus Balanced		Sustainable Plus High Growth	
	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
Retirement	46,031	34,076	25,112	20,128	10,229	5,611	1,982	1,918
Serious ill health	2,396	2,037	1,319	1,309	555	240	87	75
Death or disability	3,419	2,625	21	51	-	39	-	86
Significant financial hardship	1,916	3,135	1,342	2,292	234	525	121	110
First home assistance	22,717	26,157	12,674	16,595	2,551	2,995	2,955	1,795
Permanent emigration to Australia	1,080	1,486	420	1,046	243	169	71	80
Permanent emigration excluding Australia	866	1,426	525	727	53	176	157	91
Other	1,052	1,205	883	1,040	112	41	7	13
Total	79,477	72,147	42,296	43,188	13,977	9,796	5,380	4,168

	Cash		Sustainable Plus Moderate		Sustainable Plus Growth		Sustainable Plus Shares	
	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
Retirement	1,684	2,733	4,872	2,765	1,300	580	852	341
Serious ill health	155	47	217	262	63	104	-	-
Death or disability	3,398	2,421	-	21	-	-	-	7
Significant financial hardship	48	40	73	70	91	94	7	4
First home assistance	1,803	2,468	1,312	1,289	1,128	829	294	186
Permanent emigration to Australia	17	23	134	122	100	23	95	23
Permanent emigration excluding Australia	63	202	59	119	8	111	1	-
Other	3	57	12	12	10	15	25	27
Total	7,171	7,991	6,679	4,660	2,700	1,756	1,274	588

8 TRANSFERS IN FROM OTHER SCHEMES

	TOTAL		Sustainable Conservative		Sustainable Plus Balanced		Sustainable Plus High Growth	
	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
Transfers from other KiwiSaver Schemes	4,583	2,828	2,749	2,435	227	40	905	247
Transfers from other superannuation schemes	1,109	2,934	504	2,058	104	270	147	239
Transfers from Trans-Tasman portability	3,548	2,904	2,488	1,621	471	376	299	628
Total	9,240	8,666	5,741	6,114	802	686	1,351	1,114

	Cash		Sustainable Plus Moderate		Sustainable Plus Growth		Sustainable Plus Shares	
	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
Transfers from other KiwiSaver Schemes	-	-	10	9	565	25	127	72
Transfers from other superannuation schemes	187	-	93	74	73	193	1	100
Transfers from Trans-Tasman portability	81	3	34	115	175	161	-	-
Total	268	3	137	198	813	379	128	172

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

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

	TOTAL		Sustainable Conservative		Sustainable Plus Balanced		Sustainable Plus High Growth	
	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
Net profit before membership activities	41,751	286,204	4,355	80,590	13,004	81,691	14,985	61,761
<i>Adjustments for:</i>								
Net gains on financial assets at fair value through profit or loss	(40,978)	(287,125)	(4,614)	(81,358)	(12,169)	(81,752)	(15,020)	(61,789)
Proceeds from sale of financial assets	521,597	39,968	543,217	55,207	11,894	1,977	6,891	892
Payments for purchase of financial assets	(193,242)	(168,782)	(70,347)	(84,928)	(50,853)	(32,711)	(28,374)	(27,135)
<i>Changes in assets and liabilities:</i>								
(Increase)/decrease in assets (excluding cash and cash equivalents, financial assets at fair value through profit or loss, portfolio investment entity tax receivable and other receivables)	(210)	(4)	-	-	(205)	(2)	(5)	(2)
(Decrease)/increase in liabilities (excluding portfolio investment entity tax payable, benefits payable, unallocated contributions and administration fees payable)	(81)	(125)	(12)	(104)	6	(10)	3	(9)
Net cash flows from/(used in) Operating Activities	328,837	(129,864)	472,599	(30,593)	(38,323)	(30,807)	(21,520)	(26,282)

	Cash		Sustainable Plus Moderate		Sustainable Plus Growth		Sustainable Plus Shares	
	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
Net profit before membership activities	98	86	1,201	18,909	7,063	32,313	1,045	10,854
<i>Adjustments for:</i>								
Net gains on financial assets at fair value through profit or loss	(96)	(90)	(1,229)	(18,945)	(6,764)	(32,343)	(1,086)	(10,848)
Proceeds from sale of financial assets	10,938	14,853	3,923	1,089	5,128	-	6,518	1,924
Payments for purchase of financial assets	(11,975)	(8,261)	(43,480)	(20,417)	(44,642)	(23,202)	(10,485)	(8,102)
<i>Changes in assets and liabilities:</i>								
(Increase)/decrease in assets (excluding cash and cash equivalents, financial assets at fair value through profit or loss, portfolio investment entity tax receivable and other receivables)	-	-	-	-	-	-	-	-
(Decrease)/increase in liabilities (excluding portfolio investment entity tax payable, benefits payable, unallocated contributions and administration fees payable)	(1)	2	(4)	(1)	(73)	(2)	-	(1)
Net cash flows from/(used in) Operating Activities	(1,036)	6,590	(39,589)	(19,365)	(39,288)	(23,234)	(4,008)	(6,173)

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

10 AUDITOR'S REMUNERATION

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

	TOTAL		Sustainable Conservative		Sustainable Plus Balanced		Sustainable Plus High Growth	
	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
Audit fees for the audit of financial statements	105	97	37	48	28	21	15	11
Taxation fees for tax compliance services	3	3	1	2	1	1	-	-
Total	108	100	38	50	29	22	15	11

	Cash		Sustainable Plus Moderate		Sustainable Plus Growth		Sustainable Plus Shares	
	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
Audit fees for the audit of financial statements	1	1	11	7	11	7	2	2
Taxation fees for tax compliance services	-	-	-	-	1	-	-	-
Total	1	1	11	7	12	7	2	2

11 FINANCIAL RISK MANAGEMENT

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

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

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

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

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

The Mercer KiwiSaver Scheme invests in the MITNZ investment portfolios. The investment in the underlying MITNZ investment portfolios are directly exposed to market risk, credit risk and liquidity risk.

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

11 FINANCIAL RISK MANAGEMENT (Continued)

a) Market Risk

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

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

Market risk is minimised by the Manager through research and analysis of the investment mix within investment portfolios and ensuring that all investment activities are undertaken in accordance with established investment strategies.

The Scheme's overall market positions are monitored by the Scheme's manager who uses research and analysis to form a view on these matters and then rebalances the investment mix of the investment portfolios to reduce the impact of market risk.

Currency risk

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

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

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

Interest rate risk

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

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

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

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

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

11 FINANCIAL RISK MANAGEMENT (Continued)

a) Market Risk (Continued)

Price risk

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

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

As at 31 March, the Scheme's exposure to market price risk through investments in MITNZ investment portfolios was as follows:

Fund	TOTAL		TOTAL	
	2022 \$000s	2022 %	2021 \$000s	2021 %
Sustainable Conservative	720,324	35%	1,188,581	50%
Sustainable Plus Balanced	555,551	27%	504,424	21%
Sustainable Plus High Growth	295,869	14%	259,366	11%
Cash	28,798	1%	27,665	1%
Sustainable Plus Moderate	220,119	11%	179,333	8%
Sustainable Plus Growth	208,255	10%	161,977	7%
Sustainable Plus Shares	46,718	2%	41,665	2%
Total Unlisted Unit Trusts	2,075,634	100%	2,363,011	100%

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

Fund	2022				2021			
	Net profit before membership activities		Net Assets Attributable to Members		Net profit before membership activities		Net Assets Attributable to Members	
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sustainable Conservative	72,031	(72,031)	72,031	(72,031)	118,858	(118,858)	118,858	(118,858)
Sustainable Plus Balanced	55,555	(55,555)	55,555	(55,555)	50,442	(50,442)	50,442	(50,442)
Sustainable Plus High Growth	29,587	(29,587)	29,587	(29,587)	25,937	(25,937)	25,937	(25,937)
Cash	2,880	(2,880)	2,880	(2,880)	2,767	(2,767)	2,767	(2,767)
Sustainable Plus Moderate	22,012	(22,012)	22,012	(22,012)	17,933	(17,933)	17,933	(17,933)
Sustainable Plus Growth	20,826	(20,826)	20,826	(20,826)	16,198	(16,198)	16,198	(16,198)
Sustainable Plus Shares	4,672	(4,672)	4,672	(4,672)	4,167	(4,167)	4,167	(4,167)
Total Unlisted Unit Trusts	207,563	(207,563)	207,563	(207,563)	236,302	(236,302)	236,302	(236,302)

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

11 FINANCIAL RISK MANAGEMENT (Continued)

b) Credit Risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Scheme to incur a financial loss. The Scheme is exposed to counterparty credit risk on cash and cash equivalents. None of these assets are impaired or past due (2021: Same).

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

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

The Scheme measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Scheme.

c) Liquidity Risk

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

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

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

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

d) Capital Risk Management

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

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

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
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12 CLIMATE RELATED RISK MANAGEMENT

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

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

Governance

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

Strategy

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

Risk Management

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

Metrics and targets

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

MERCER KIWISAVER SCHEME
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13 FINANCIAL INSTRUMENTS BY CATEGORY

	TOTAL		Sustainable Conservative		Sustainable Plus Balanced		Sustainable Plus High Growth	
	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
ASSETS								
Financial assets at fair value through profit or loss								
Financial assets at fair value through profit or loss	2,075,756	2,363,011	720,324	1,188,581	555,551	504,424	295,869	259,366
Total financial assets at fair value through profit or loss	2,075,756	2,363,011	720,324	1,188,581	555,551	504,424	295,869	259,366
Financial assets at amortised cost								
Cash and cash equivalents	18,607	14,538	3,457	5,135	5,762	3,886	5,034	1,782
Investment management fees receivable	297	-	2	-	207	2	7	2
Total financial assets at amortised cost	18,904	14,538	3,459	5,135	5,969	3,888	5,041	1,784
Total financial assets	2,094,660	2,377,549	723,783	1,193,716	561,520	508,312	300,910	261,150
LIABILITIES								
Financial liabilities at amortised cost								
Unsettled trades	122	-	-	-	-	-	-	-
Unallocated contributions	1,166	1,309	491	781	250	184	153	177
Benefits payable	877	2,045	333	1,111	147	453	76	141
Investment management fees payable	-	16	-	17	-	-	-	-
Supervisor fees payable	50	28	22	15	12	6	6	3
Administration fees payable	108	188	73	141	14	20	7	9
Net assets attributable to members	2,090,409	2,351,818	726,125	1,185,409	559,928	500,920	298,091	256,506
Total financial liabilities at amortised cost	2,092,732	2,355,404	727,044	1,187,474	560,351	501,583	298,333	256,836
ASSETS								
Financial assets at fair value through profit or loss								
Financial assets at fair value through profit or loss	28,862	27,665	220,119	179,333	208,255	161,977	46,776	41,665
Total financial assets at fair value through profit or loss	28,862	27,665	220,119	179,333	208,255	161,977	46,776	41,665
Financial assets at amortised cost								
Cash and cash equivalents	151	139	760	1,356	3,013	1,823	430	417
Investment management fees receivable	2	-	5	-	74	-	-	-
Total financial assets at amortised cost	153	139	765	1,356	3,087	1,823	430	417
Total financial assets	29,015	27,804	220,884	180,689	211,342	163,800	47,206	42,082
LIABILITIES								
Financial liabilities at amortised cost								
Unsettled trades	64	-	-	-	-	-	58	-
Unallocated contributions	12	7	122	68	112	75	26	17
Benefits payable	45	123	201	172	74	45	1	-
Investment management fees payable	-	-	-	1	-	1	-	1
Supervisor fees payable	1	-	4	2	4	2	1	-
Administration fees payable	1	2	7	9	5	6	1	1
Net assets attributable to members	28,875	27,657	220,709	178,806	209,937	161,154	46,744	41,366
Total financial liabilities at amortised cost	28,998	27,789	221,043	179,058	210,132	161,283	46,831	41,385

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

MERCER KIWISAVER SCHEME
Notes to the Financial Statements
For the Year Ended 31 March 2022

14 UNITS ON ISSUE

	TOTAL		Sustainable Conservative		Sustainable Plus Balanced		Sustainable Plus High Growth	
	2022 000s	2021 000s	2022 000s	2021 000s	2022 000s	2021 000s	2022 000s	2021 000s
Units on issue at the beginning of the year	1,377,087	1,301,357	686,286	671,927	276,881	259,656	130,469	116,841
Units issued during the year	441,989	583,043	168,196	322,212	87,460	88,731	41,564	45,056
Units redeemed during the year	(607,814)	(507,313)	(431,986)	(307,853)	(62,788)	(71,506)	(27,583)	(31,428)
Units on Issue at the end of the year	1,211,262	1,377,087	422,496	686,286	301,553	276,881	144,450	130,469

	Cash		Sustainable Plus Moderate		Sustainable Plus Growth		Sustainable Plus Shares	
	2022 000s	2021 000s	2022 000s	2021 000s	2022 000s	2021 000s	2022 000s	2021 000s
Units on issue at the beginning of the year	20,381	26,361	135,121	119,171	104,530	87,815	23,419	19,586
Units issued during the year	16,121	17,313	67,115	56,191	50,745	41,636	10,788	11,904
Units redeemed during the year	(15,271)	(23,293)	(37,416)	(40,241)	(24,472)	(24,921)	(8,298)	(8,071)
Units on Issue at the end of the year	21,231	20,381	164,820	135,121	130,803	104,530	25,909	23,419

15 CONTINGENT LIABILITY, ASSET AND COMMITMENTS

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

16 EVENTS AFTER BALANCE DATE

The financial statements have been prepared based upon conditions existing at 31 March 2022 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.



Independent auditor's report

To the members of the Mercer KiwiSaver Scheme (the "Scheme") comprising the following Funds:

- Sustainable Conservative (previously known as Mercer Conservative)
- Sustainable Plus Balanced (previously known as Mercer Balanced)
- Sustainable Plus High Growth (previously known as Mercer High Growth)
- Cash (previously known as Mercer Cash)
- Sustainable Plus Moderate (previously known as Mercer Moderate)
- Sustainable Plus Growth (previously known as Mercer Growth)
- Sustainable Plus Shares (previously known as Mercer Shares)

(Collectively referred to as the "Funds")

Our opinion

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

What we have audited

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

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

Basis for opinion

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



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

Independence

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

We have provided the following services to Mercer (N.Z.) Limited (the Manager): controls assurance reporting, collective registry compliance assurance reporting, tax compliance and tax advisory services, the audit of financial statements of other funds and schemes managed by the Manager, and reporting to the Supervisor and Trustee. Subject to certain restrictions, employees of our firm may invest in the Funds and the Scheme on normal terms within the ordinary course of trading activities of the Funds and the Scheme. These services and relationships have not impaired our independence as auditor of the Funds and the Scheme. Other than in our capacity as auditor, we have no other relationships with, or interests in, the Funds and the Scheme.

Key audit matters

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

Description of the key audit matter	How our audit addressed the key audit matter
<p>Valuation and existence of financial assets at fair value through profit or loss</p> <p>Refer to note 5 of the financial statements for disclosures of financial assets at fair value through profit or loss.</p> <p>This was an area of focus for our audit as it represents the majority of the net assets of the Funds and the Scheme.</p> <p>Valuation</p> <p>The Funds and the Scheme invest solely into funds of Mercer Investment Trusts New Zealand (MITNZ). MITNZ funds are</p>	<p>We assessed the processes employed by the Manager for recording and valuing the financial assets at fair value through profit or loss, including the relevant controls operated by the service organisations. The service organisations for the Funds and Scheme include the Investment Administrator and the Custodian. Our assessment of the business processes included obtaining the internal control reports over investment administration and custody provided by the service organisations.</p> <p>We evaluated the evidence provided by the internal control reports over the design and operating effectiveness of the relevant controls operated by the service organisations.</p>



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

Our audit approach

Overview

<p>Materiality</p>	<p>We determined materiality for each Fund and the Scheme separately. Our materiality for each Fund and the Scheme is calculated based on approximately 1% of net assets attributable to members for each Fund and the Scheme.</p> <p>We chose net assets attributable to members as the benchmark because, in our view, the objective of the Funds and the Scheme is to provide members with a total return on the Funds' and the Scheme's net assets, taking into account both capital and income returns.</p>
<p>Key audit matters</p>	<p>As reported above, we have one key audit matter, being valuation and existence of financial assets at fair value through profit or loss.</p>

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



Materiality

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

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

How we tailored our audit scope

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

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

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

Other information

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

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

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

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



Responsibilities of the Manager for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

This description forms part of our auditor's report.

Who we report to

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

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

For and on behalf of:

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

Chartered Accountants
26 July 2022

Wellington