

Pathfinder KiwiSaver Plan
Financial Statements
For the year ended 31 March 2022

Manager's Statement

In the opinion of the Manager, the accompanying Financial Statements are drawn up so as to present fairly the financial position of the Pathfinder KiwiSaver Plan as at 31 March 2022 and the results for the period ended on that date in accordance with the requirements of the Pathfinder KiwiSaver Master Trust Deed dated 29 May 2019.

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

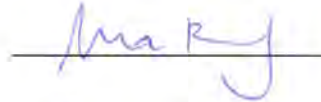
Director
Pathfinder Asset Management Limited



Date

29th July 2022

Director



Date

29/7/22

Additional Unitholder Information

Notice of Trust Deed Amendment

There has been no amendments to the Trust Deed during the period covered by the Financial Statements.

Statements of Changes in Net Assets

For the period ended 31 March	Rate	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
		2022	2021	2022	2021	2022	2021	2022	2021
Income									
Interest income	12	125,048	28,477	276,615	67,166	405,343	109,434	807,006	205,077
Dividend and distribution income		47,540	20,483	389,912	149,950	1,202,918	461,322	1,640,370	631,755
Foreign exchange losses on financial instruments at amortised cost		(852)	10,294	(24,836)	152,815	(96,216)	441,168	(121,904)	604,277
Net gains/(losses) on financial assets and liabilities at fair value through profit or loss		(35,715)	188,270	703,025	1,927,430	2,370,222	6,729,264	3,037,532	8,844,864
Other income		3,522	-	14,057	-	31,228	-	48,807	-
Investment manager fee rebates		2,340	827	8,618	2,689	20,924	6,566	31,882	10,072
Total income		141,863	248,351	1,367,391	2,300,050	3,934,419	7,747,744	5,443,693	10,296,145
Expenses									
Management fees	8.2	64,779	27,812	353,180	131,285	978,997	248,420	1,396,656	507,517
Transaction costs		3,127	1,116	14,622	6,378	57,550	21,721	75,289	29,215
Interest expense		492	2,108	4,944	18,302	15,827	45,041	21,263	65,451
Other expenses		1,097	803	2,400	2,220	6,910	3,396	10,407	6,419
Total expenses		69,495	31,839	375,146	158,185	1,059,284	418,578	1,503,925	608,602
Net profit before membership activities		72,368	216,512	992,245	2,141,865	2,875,135	7,329,166	3,939,768	9,687,543
Contributions									
Member contributions		552,150	298,555	1,699,429	674,079	5,929,449	2,322,376	8,181,028	3,295,010
Employer contributions		292,061	162,075	891,011	406,156	3,128,935	1,278,714	4,312,007	1,846,945
Crown contributions		77,431	40,773	266,169	103,311	785,404	280,274	1,129,004	424,358
Transfers from other Funds in the Scheme		1,628,147	1,629,912	866,316	290,359	1,728,468	1,564,465	-	-
Transfers from other KiwiSaver schemes		3,330,583	2,674,701	19,108,720	10,406,262	44,811,743	24,157,050	67,251,046	37,238,013
Transfers from other superannuation schemes		35,802	28,171	119,205	23,179	472,154	373,513	627,161	424,863
Lump sum contributions		1,995,718	2,194,290	4,808,973	1,215,193	2,698,330	1,290,085	9,503,021	4,689,548
Other voluntary contributions		8,581	7,780	25,449	4,086	71,281	87,967	105,311	99,833
Member attributed taxation		12,368	-	868	-	1,259	-	14,495	-
Other income		36	66	827	646	1,239	829	2,102	1,741
		7,832,877	6,936,323	27,786,967	13,123,471	59,628,262	31,335,263	91,125,175	48,020,311
Withdrawals									
Transfers to other Funds in the Scheme		1,567,178	1,132,828	1,211,596	778,285	1,344,157	1,465,623	-	-
Transfers to other KiwiSaver schemes		303,335	149,132	420,603	85,799	748,761	528,855	1,472,669	763,786
Member attributed taxation		1,503	386	83,455	1,702	367,249	101,022	452,207	103,110
Member administration fees		6,786	3,654	21,667	9,475	61,021	24,336	89,674	37,467
Life- shortening organigental conditions		-	-	-	-	12,749	-	12,749	-
Withdrawals or transfers on permanent emigration		-	-	-	-	1,174	-	1,174	-
Member eligible withdrawals		1,123,578	26,726	619,872	32,000	133,427	3,000	1,876,877	61,726
First home purchase withdrawals		830,963	870,519	411,616	73,166	733,097	383,900	1,975,696	1,307,585
Significant financial hardship withdrawals		-	2,586	-	-	-	15,109	-	17,695
Paid under other enactments		110	-	-	26,825	-	4,832	110	33,657
		3,833,473	2,185,831	2,769,009	1,007,252	3,401,635	2,506,678	5,681,186	2,325,026
Net membership activities		3,999,404	4,750,492	25,017,958	12,116,219	56,226,627	28,828,575	85,243,989	45,695,286
Members' accounts at the start of the period		6,277,173	1,310	19,499,231	5,241	47,866,183	11,708	73,642,587	18,259,758
Movements in members' accounts for the period		4,071,792	4,967,004	26,010,203	14,258,084	59,101,762	36,157,741	89,183,757	55,382,829
Members' accounts at the end of the period		10,348,965	6,277,173	45,509,434	19,499,231	106,967,945	47,866,183	162,826,344	73,642,587

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

Statements of Net Assets

\$	As at 31 March	Note	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
			2022	2021	2022	2021	2022	2021	2022	2021
Members' Funds			10,348,965	6,277,173	45,509,434	19,499,231	106,967,945	47,866,183	162,826,344	73,642,587
<i>Represented by:</i>										
Current assets										
Cash and cash equivalents			1,974,906	2,859,592	6,515,626	4,328,003	7,401,226	2,072,082	15,891,758	9,259,677
Receivables	9		29,062	79,251	767,153	280,551	1,267,270	322,373	2,057,066	640,101
Term deposits			1,223,314	1,206,647	3,295,161	1,908,418	5,063,085	3,514,122	9,582,560	6,629,185
Loans			187,885	150,716	685,227	429,356	1,105,205	1,056,029	1,979,317	1,635,101
Financial assets at fair value through profit or loss	3		6,929,791	2,024,256	34,385,570	12,784,829	92,691,034	41,535,873	134,006,395	56,344,958
Tax receivable on behalf of members			12,625	2,185	880	26,787	1,474	3,919	14,979	32,891
Total assets			10,357,583	6,322,647	45,650,617	19,757,942	107,529,294	48,504,398	163,531,075	74,542,913
Current liabilities										
Trade and other payables	10		763	18,916	35,806	86,206	164,115	96,483	194,265	159,531
Payables to related parties	11		7,015	4,427	40,700	18,576	108,461	51,715	156,176	74,718
Financial liabilities at fair value through profit or loss	3		772	17,887	12,112	130,807	34,240	411,262	47,124	559,956
Tax payable on behalf of members			68	4,244	52,565	23,122	254,533	78,755	307,166	106,121
Total current liabilities			8,618	45,474	141,183	258,711	561,349	638,215	704,731	900,326
Net assets available for benefits			10,348,965	6,277,173	45,509,434	19,499,231	106,967,945	47,866,183	162,826,344	73,642,587

These financial statements were authorised for issue by the Manager, Pathfinder Asset Management Limited.

Director

Will

Date 29th July 2022

Director

Mua-Roy

Date 29/7/22

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

Statements of Cash Flows

For the period ended 31 March	Note	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
		2022	2021	2022	2021	2022	2021	2022	2021
Cash flows from operating activities									
Sale of investments		470,433	113,648	2,475,050	819,583	6,100,011	2,911,828	9,045,494	3,945,059
Repayments on loans		222,328	53,847	644,844	137,979	1,576,261	352,728	2,443,433	544,654
Interest received		94,317	21,532	185,097	49,194	290,721	86,979	570,135	137,705
Dividend and distribution income		21,212	17,024	257,589	126,319	871,355	390,290	1,150,157	535,633
Other Income		3,522	827	14,057	2,055	31,228	5,013	48,807	7,895
Purchase of investments		(5,374,998)	(1,608,401)	(23,270,069)	(8,371,312)	(54,569,795)	(28,097,727)	(83,214,852)	(38,077,440)
Loan advances		(246,274)	(148,000)	(848,823)	(421,000)	(1,552,989)	(1,036,000)	(2,648,086)	(1,805,000)
Net increase in term deposits		(16,667)	(806,647)	(1,387,744)	(1,358,417)	(1,548,964)	(3,514,122)	(2,953,375)	(5,679,186)
Net cash (paid)/received on settlement of forward foreign exchange contracts		(13,509)	(23,750)	(103,682)	(242,623)	(354,485)	(258,023)	(471,576)	(524,396)
Interest expense		(492)	(2,108)	(4,944)	(18,302)	(15,827)	(45,041)	(21,263)	(65,451)
Payments made for management fees and other operating expenses		(66,415)	(26,183)	(348,078)	(126,104)	(986,625)	(334,138)	(1,401,118)	(486,425)
Net cash outflow from operating activities	14	(4,906,543)	(2,408,111)	(22,386,703)	(9,400,628)	(50,159,096)	(29,558,215)	(77,452,344)	(41,366,952)
Cash flows from financing activities									
Contributions received		7,876,590	6,883,634	27,362,559	12,921,828	58,832,130	31,281,755	89,913,683	47,754,555
Withdrawals paid		(3,850,123)	(2,166,529)	(2,735,954)	(919,641)	(3,060,891)	(2,325,833)	(5,488,382)	(2,079,141)
Member tax (liabilities)/receivables, inclusive of foreign withholding tax		(3,751)	(5,394)	(27,237)	(15,416)	(187,767)	(38,531)	(218,755)	(80,341)
Net cash inflow from financing activities		4,022,706	4,711,711	24,599,368	11,986,771	55,584,472	28,916,591	84,206,546	45,615,073
Net(decrease)/increase in cash and cash equivalents		(883,837)	2,303,600	2,212,665	2,586,143	5,425,374	(641,622)	6,754,202	4,248,121
Cash at the beginning of the period		2,859,592	546	4,328,003	1,595	2,072,082	2,273	9,259,677	4,414
Effect of exchange rate fluctuations		(849)	9,973	(25,042)	146,857	(96,230)	440,291	(122,121)	597,121
Cash and cash equivalents at the end of the period		1,974,906	2,859,592	6,515,626	4,328,003	7,401,228	2,072,082	15,891,758	9,259,677

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

Notes to the Financial Statements

1. General information

Reporting entity

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

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

The Manager of the Scheme is Pathfinder Asset Management Limited ("the Manager") and the Supervisor of the Scheme is Public Trust ("the Supervisor"). The Scheme is registered and domiciled in New Zealand. The registered office of the Manager of the Scheme is PWC Tower, Level 37, 15 Customs Street West, Auckland Central.

These Financial Statements were authorised for issue by the Board of Directors of the Manager on 29 July 2022.

The Scheme is a defined contribution scheme under the KiwiSaver Act 2006, which means that members contribute to the Scheme over time and benefits payable depends on the amount of contributions made and any returns on contributions received. The Scheme is also registered as a Managed Investment Scheme in accordance with the Financial Markets Conduct Act 2013.

The Scheme has been launched with the issuance of the Scheme's Master Trust Deed on 29 May 2019 and commenced operations on 31 July 2019.

Effective 2 February 2021 the Trust Deed has been amended to address the repeal of the Trustee Act 1956 and changes brought about under the Trusts Act 2019.

Effective 22 March 2021 the Trust Deed has been amended to change the names of the Funds and the Scheme as outlined above.

The financial statements are for the year ended 31 March 2022. The comparatives are for the year ended 31 March 2021.

The principal activities of the Funds are described below:

- The Conservative Fund seeks to provide members with modest returns with a lower risk focus. Members would choose the Conservative Fund if they have a short to medium term time frame of 3 or more years. The Fund is an ethical portfolio with a higher exposure to income assets (like bonds and bank deposits) and lower exposure to growth assets (like shares). Investments are spread across geographies, companies and sectors to provide diversification. This Fund's value is unlikely to fluctuate as much as the Balanced Fund or Growth Fund.

- The Balanced Fund seeks to provide members with medium returns with a medium risk focus. Members would choose the Balanced Fund if they have a medium to long-term time frame of 5 or more years. The Fund is an ethical portfolio which invests in a balance between growth assets (like shares) and income assets (like bonds and bank deposits). Investments are spread across geographies, companies and sectors to provide diversification. The Fund's value is likely to fluctuate more than the Conservative Fund but less than the Growth Fund.

- The Growth Fund seeks to provide members with medium to high returns with a higher risk focus. Members would choose the Growth Fund if they have a long term investment horizon of 10 or more years. The Fund is an ethical portfolio with a higher exposure to growth assets (like shares) and lower exposure to income assets (like bonds and bank deposits). Investments are spread across geographies, companies and sectors to provide diversification. This Fund's value is likely to fluctuate more than the Balanced Fund or Conservative Fund.

Statutory base

The Pathfinder KiwiSaver Plan is registered under the Financial Markets Conduct Act 2013 (FMC Act) as a KiwiSaver Scheme. The Scheme is a trust vehicle governed by a Master Trust Deed dated 29 May 2019.

2. Summary of accounting policies

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

2.1 Basis of preparation

The Financial Statements have been prepared in accordance with the requirements of Generally Accepted Accounting Practice in New Zealand (NZ GAAP). For the purpose of complying with NZ GAAP, the Funds are for-profit entities. These Financial Statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for-profit entities. The Financial Statements also comply with International Financial Reporting Standards (IFRS). The financial statements have been prepared on the historical cost basis, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss. The methods used to measure fair values are discussed further below. The accrual basis of accounting has been applied for all the Funds and the Scheme. The going concern assumption has been applied for all the Funds and the Scheme's financial statements.

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

There have been no changes to comparative figures as a result of the implementation of new accounting standards.

Standards and amendments to existing standards effective 1 April 2021 Impacting the Scheme

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

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

Notes to the Financial Statements

2. Summary of accounting policies (continued)

2.2 Investment entity

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

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

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

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

2.3 Financial instruments

(a) Classification

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

Financial assets at fair value are classified as financial assets mandatorily measured at fair value through profit or loss and comprise of listed and unlisted equities, unlisted funds, listed and unlisted fixed interest securities and forward foreign exchange contracts. Such financial assets are mandatorily measured at fair value in accordance with NZ IFRS 9.

Financial liabilities at fair value through profit or loss comprise derivative contracts that have a negative fair value. Such financial liabilities are mandatorily measured at fair value in accordance with NZ IFRS 9.

(ii) Financial assets at amortised cost

Financial assets measured at amortised cost includes cash and cash equivalents, loans, and receivables. Such assets are measured at amortised cost when they are held within a business model whose objective is to hold and collect contractual cash flows and those cash flows are solely payments of principal and interest on the principal amount outstanding.

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

(b) **Loans** are financial assets with fixed and determinable payments that are not quoted in an active market. The "hold to collect" model is applied to these financial assets as the contractual terms only give rise to cash flows that are solely payments of principal and interest.

(c) **Receivables** present amounts that are owed to the Funds at balance date. The amounts as presented in the Statements of Net Assets comprises of interest receivable, dividends and distributions receivable and contributions receivable.

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

(iii) Financial liabilities at amortised cost

Financial liabilities at amortised cost include payables. These liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in the Statements of Changes in Net Assets when the liabilities are derecognised, as well as through the amortisation process.

(a) **Payables** are amounts representing liabilities owing by the Funds at balance date. These amounts as presented in the Statements of Net Assets include: trade and other payables, which comprise of redemptions payable and unsettled investment trades payable; and payables to related parties, which comprise of management fees payable.

(b) Recognition, derecognition and measurement

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

The Scheme recognises financial assets and liabilities at fair value through profit or loss on the date they become parties to the contractual agreement. Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statements of Changes in Net Assets. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Funds have transferred substantially all of the risks and rewards of ownership. This occurs upon maturity or disposal of the asset. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires. Subsequent to initial recognition, all financial assets and liabilities at fair value through the profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are recognised in the Statements of Changes in Net Assets when they arise. Any gain or loss arising on derecognition of the financial asset or financial liability at fair value through profit or loss is included in the Statements of Changes in Net Assets in the period the item is derecognised. Gains or losses are calculated as the difference between the disposal proceeds and the carrying amount of the item. Interest and dividend income are separately recognised in the Statements of Changes in Net Assets. Purchases and sales of investments are recognised on the trade date, the date on which the Scheme commits to purchase or sell the investment. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The Funds do not apply hedge accounting.

(ii) Financial assets and liabilities at amortised cost

The Scheme recognises financial assets and liabilities at amortised cost on the date it becomes a party to the contractual agreement. Financial assets and liabilities at amortised cost are initially recognised at fair value including any eligible transaction costs.

Subsequent to initial recognition, all financial assets at amortised cost are measured at amortised cost less any expected credit loss. Any expected credit loss is recognised in the Statements of Changes in Net Assets. Refer to note 2.11 for more details. Subsequent to initial recognition, all financial liabilities at amortised cost are measured at amortised cost.

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

Notes to the Financial Statements

2. Summary of accounting policies (continued)

2.3 Financial Instruments (continued)

(c) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date in the principal or, in its absence, the most advantageous market to which the Scheme had access at that date. The fair value of a liability reflects its non-performance risk.

Fair value in an active market

The fair value of financial assets and liabilities traded in active markets, such as publicly traded derivatives and trading securities including bonds and equities, is based on their quoted market prices at the balance date without any deduction for estimated future selling costs. Financial assets and liabilities are priced at last traded price. Where the last sale price falls outside of the bid-ask spread for a particular stock, a price within the bid-ask spread will be used to value the investment.

Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market, such as unlisted funds, unlisted equities, certain debt securities and forward foreign exchange contracts, is determined by using valuation techniques. The Manager of the Scheme uses a variety of methods and make assumptions that are based on market conditions existing at each balance date. Valuation techniques used include reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs. For further details, refer to note 5.

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

The rights of the Scheme to request redemption of their investments in the Alvarium Private Credit Fund are quarterly. The Scheme has no rights to request any redemption from its investment in Property Income Fund Limited. The carrying values of the other funds may not be indicative of the values ultimately realised on redemption. In addition, the Scheme may be materially affected by the actions of other investors who have invested in other funds in which the Scheme has invested.

If necessary, the Manager of the Scheme makes adjustments to the net asset value of various other fund investments to obtain the best estimate of fair value. Net gain/(loss) on financial instruments at fair value through profit or loss in the Statements of Changes in Net Assets include the change in fair value of each other fund.

Fair value of exchange-traded and not exchange-traded derivatives

- Fair value of forward foreign exchange contracts

Forward foreign exchange contracts are primarily used by the Funds to economically hedge against foreign currency exchange rate risks on its non-New Zealand dollar denominated trading securities. The Funds agree to receive or deliver a fixed quantity of foreign currency for an agreed price on an agreed future date. The fair value of forward foreign exchange contracts is determined using valuation techniques based on spot exchange rates and forward points supplied by WM/Reuters. The Scheme recognises a gain or loss equal to the change in fair value at the balance date. The Scheme recognises a gain or loss equal to the change in fair value at the balance date and is presented in the Statements of Changes in Net Assets within net gains/(losses) on financial instruments at fair value through profit or loss.

2.4 Offsetting financial Instruments

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

Multi-currency account balances, held with the same counterparty, are offset and presented as a net amount in the Statements of Net Assets.

2.5 Net assets available for benefits

The net assets available for benefits represents the liability for promised retirement benefits. Units are redeemed for the purpose of permitted withdrawals (such as reaching the retirement age of 65 or enduring significant hardship), transferred to another Fund within the Scheme or a separate KiwiSaver Scheme and which are equal to a proportionate share of the respective Fund's net asset value which is the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable at the period end date if Members exercise their right to redeem units back to the Funds.

As stipulated in the Trust Deed, each unit represents a right to an individual share in the respective Fund and does not extend to a right in the underlying assets of the respective Fund nor other funds within the Scheme. The Funds' net asset value is calculated by dividing the net assets attributable to all holders of units in the Fund by the total number of units on issue of each Fund.

2.6 Investment Income

Interest income

Interest income on financial assets at amortised cost are included under Income in the Statements of Changes in Net Assets and are recognised as interest accrues on a time-proportionate basis using the effective interest rate method. Interest income on financial assets at amortised cost comprises of interest earned on bank accounts, loans and term deposits. Interest expense on financial liabilities at amortised cost is included under Expenses in the Statements of Changes in Net Assets and are recognised as interest accrues on a time-proportionate basis using the effective interest rate method and comprises of interest owed on bank accounts or margin accounts in overdraft.

Dividend and distribution income

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax and resident withholding tax recorded in the Statements of Changes in Net Assets as a unitholder tax liability. Dividend and distribution income is recorded at gross of withholding tax in the Statements of Changes in Net Assets. Unlisted funds' distributions are recognised on a present entitlement basis.

Net gains and losses on financial assets and liabilities at fair value through profit or loss

Realised and unrealised gains and losses are reflected in the Statements of Changes in Net Assets as net gains/(losses) on financial assets and liabilities at fair value through profit or loss.

Unrealised gains or losses include the change in net market value of investments held as at balance date and the reversal of prior periods unrealised gains or losses on investments that have been realised in the current period. Realised gains or losses are calculated based on the gross sale proceeds and the weighted average cost of the investments sold.

2.7 Expenses

All expenses, including the Schemes' management fees and expenses, are recognised in the Statements of Changes in Net Assets on an accruals basis.

2.8 Foreign currency translation

(a) Functional and presentation currency

Items included in the Scheme's Financial Statements are measured using the currency of the primary economic environment in which they operate (the "functional currency"). The functional currency for the Scheme is the New Zealand dollar, which reflects the currency in which the Funds of the Scheme compete for funds and are regulated. The Scheme's subscriptions and redemptions of units are denominated in New Zealand dollars. The performance of the Funds is measured in New Zealand dollars. The Manager considers the New Zealand dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Financial Statements are presented in New Zealand dollars, which is also the Funds' presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at balance date.

Differences arising on settlement or translation of monetary items are included in profit or loss in the Statements of Changes in Net Assets

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the Statements of Changes in Net Assets within 'Net gains/(losses) on financial assets and liabilities at fair value through profit or loss'.

Notes to the Financial Statements

2. Summary of accounting policies (continued)

2.9 Income tax

The Funds of the Scheme qualify as and have each elected to be a Portfolio Investment Entity (PIE) for tax purposes. Under the PIE regime income is effectively taxed in the hands of the members and therefore the Funds have no income tax expense. Accordingly, no income tax expense is recognised in the Statements of Changes in Net Assets. Income is disclosed gross of any resident and foreign withholding taxes deducted at source and the taxes are included in Unitholder tax liabilities in the Statements of Changes in Net Assets.

Under the PIE regime, the Manager attributes the taxable income of the Funds to members in accordance with the proportion of their interest in the Funds. The income attributed to each member is taxed at the members' prescribed investor rate" which is capped at 28% on redemptions and annually at 31 March each year.

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

Member tax liabilities disclosed in the Statements of Changes in Net Assets consists of withdrawals to meet member tax liabilities under the PIE regime and any resident and foreign withholding taxes deducted at source.

2.10 Goods and Services Tax (GST)

The Scheme is not registered for GST. The Statements of Changes in Net Assets and Statements of Cash Flows have been prepared so that all components are stated inclusive of GST. All items in the Statements of Net Assets are stated inclusive of GST.

2.11 Impairment of financial assets at amortised cost

In accordance with NZ IFRS 9, the Manager assesses on a forward looking basis the expected credit losses associated with all its financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. At each reporting date, the Manager shall measure the loss allowance for the financial assets at amortised cost that is an amount equal to the lifetime expected credit losses, irrespective of the timing of the default. If the credit risk for that financial instrument has increased significantly since initial recognition, if, at the reporting date, the credit risk has not increased significantly since initial recognition, the Manager shall measure the loss allowance for that financial instrument at an amount equal to expected credit losses resulting from default events that are possible within the next 12 months (a 12 month ECL). The Funds shall recognise in the Statements of Comprehensive Income, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at reporting date to the amount required in accordance with NZ IFRS 9.

The criteria that the Manager uses to determine that there is objective evidence of a default event include:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower;
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position; and
- Deterioration in the value of collateral.

If there is objective evidence that an expected credit loss charge on loans has incurred, the carrying amount of the asset is reduced through the use of a loss allowance provision and the amount of the credit loss recognised in the Statements of Changes in Net Assets. When a loan is uncollectible, it is written off against the related provision for expected credit loss. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

Notes to the Financial Statements

3. Financial instruments

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
As at 31 March								
Financial assets at fair value through profit and loss								
Forward foreign exchange contracts	4,268	226	52,628	1,471	178,551	3,891	235,447	5,588
Listed equities	1,580,918	875,771	23,226,200	10,029,451	74,511,484	35,398,229	99,318,602	46,303,451
Unlisted equities	234,873	45,796	1,159,793	219,519	3,208,240	618,429	4,603,906	883,744
Unlisted funds	521,238	298,388	2,116,493	947,654	5,200,450	2,290,674	7,838,181	3,536,716
Fixed interest securities	4,588,494	804,075	7,830,456	1,586,734	9,591,309	3,224,650	22,010,259	5,615,459
Total financial assets at fair value through profit or loss	6,929,791	2,024,256	34,385,570	12,784,829	92,691,034	41,535,873	134,006,395	56,344,958
Financial assets at amortised cost								
Cash and cash equivalents	1,974,906	2,859,592	6,515,626	4,328,003	7,401,226	2,072,082	15,891,758	9,259,677
Term deposits	1,223,314	1,206,647	3,296,161	1,908,416	5,063,085	3,514,122	9,582,560	6,629,185
Loans	187,885	150,716	685,227	429,356	1,105,205	1,056,029	1,978,317	1,636,101
Trade and other receivables	29,062	79,251	767,153	280,551	1,267,270	322,373	2,057,066	640,101
Total financial assets at amortised cost	3,415,167	4,296,206	11,264,167	6,946,326	14,836,786	6,964,606	29,509,701	18,165,064
Total financial assets	10,344,958	6,320,462	45,649,737	19,731,155	107,527,820	48,500,479	163,516,096	74,510,022
Financial liabilities at fair value through profit or loss								
Forward foreign exchange contracts	772	17,887	12,112	130,807	34,240	411,262	47,124	559,956
Total financial liabilities at fair value through profit or loss	772	17,887	12,112	130,807	34,240	411,262	47,124	559,956
Financial liabilities at amortised cost								
Trade and other payables	763	18,916	35,806	86,206	164,115	96,483	194,265	159,531
Trade and other payables to related parties	7,015	4,427	40,700	18,576	108,461	51,715	156,176	74,718
Total financial liabilities at amortised cost	7,778	23,343	76,506	104,782	272,576	148,198	350,441	234,249
Total financial liabilities	8,550	41,230	88,618	235,589	306,816	559,460	397,565	794,205

Notes to the Financial Statements

3. Financial instruments (continued)

3.1 Offsetting financial instruments

The Scheme is subject to International Swaps and Derivatives Association (ISDA) arrangements with their derivative counterparties with respect to forward foreign exchange contracts; BNZ (since 1 July 2021; Westpac Banking Corporation arrangement has expired as of 30 June 2021), (31 March 2021 : Westpac Banking Corporation). According to the terms of the ISDA arrangement of each Fund are settled net. The Plan has a contractual relationship with BNZ. These contracts have general terms and conditions that set out the relative parties right to offset.

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<i>Forward foreign exchange contracts subject to offsetting, enforceable master netting arrangements and similar agreements</i>								
Gross amounts of recognised financial assets	4,268	226	52,628	1,471	178,551	3,891	235,447	5,588
Gross amounts of recognised financial liabilities set-off in the Statements of Net Assets	-	-	-	-	-	-	-	-
Net amounts of financial assets presented in the Statements of Net Assets	4,268	226	52,628	1,471	178,551	3,891	235,447	5,588
<i>Related amounts not set-off in the Statements of Net Assets</i>								
Financial Instruments	(772)	(226)	(12,112)	(1,471)	(34,240)	(3,891)	(47,124)	(5,588)
Net amount	3,496	-	40,516	-	144,311	-	188,323	-
<i>Forward foreign exchange contracts subject to offsetting, enforceable master netting arrangements and similar agreements</i>								
Gross amounts of recognised financial liabilities	772	17,887	12,112	130,807	34,240	411,262	47,124	559,956
Gross amounts of recognised financial assets set-off in the Statements of Net Assets	-	-	-	-	-	-	-	-
Net amounts of financial liabilities presented in the Statements of Net Assets	772	17,887	12,112	130,807	34,240	411,262	47,124	559,956
<i>Related amounts not set-off in the Statements of Net Assets</i>								
Financial Instruments	(772)	(226)	(12,112)	(1,471)	(34,240)	(3,891)	(47,124)	(5,588)
Net amount	-	17,661	-	129,336	-	407,371	-	554,368

Each party has the option to settle all open contracts on a net basis in the event of default by the other party. Per the terms of the ISDA agreement, an event of default includes the following:

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

The related amounts not set-off in the Statements of Net Assets represent amounts that have not been offset in the Statements of Net Assets but could be expected to be offset in the event of default by either the Scheme or its counterparty to the derivative contract. For financial instruments this is the maximum value of assets and liabilities that could be offset.

Notes to the Financial Statements

4. Concentration of investments

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

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	% of NAV	2022	% of NAV	2022	% of NAV	2022	% of NAV

Investments exceeding 5% of net assets available for benefits

WSTP Term Deposit 2.52% 09/02/2022 09/02/2023	1,223,314	11.82%	2,989,856	6.57%				
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\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2021	% of NAV	2021	% of NAV	2021	% of NAV	2021	% of NAV

Investments exceeding 5% of net assets available for benefits

CORT 2.20% 21/03/2026	350,993	5.59%						
WSTP Term Deposit 1.19% 10/12/2020 08/06/2021	500,000	7.97%	1,000,000	5.13%				

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

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	% of Security class	2022	% of Security class	2022	% of Security class	2022	% of Security class

Securities exceeding 5% of security class

Financial assets at fair value through profit or loss

Fixed interest securities

AIANZ 3.97% 02/11/2023	317,677	6.92%						
ANZLNZ 2.999% 17/09/2031			636,198	8.12%	518,384	5.40%	1,366,648	6.21%
AUCKLN 2.411% 20/10/2027					755,121	7.87%	1,179,877	5.36%
CORT 2.20% 21/03/2026	321,020	7.00%	687,899	8.78%	1,696,817	17.69%	2,705,736	12.29%
CORT 2.54% 24/08/2025			473,535	6.05%	639,272	6.67%	1,302,221	5.92%
GENEPO 5.81% 08/03/2023			411,017	5.25%				
MCYNZ 2.16% 29/09/2026					683,309	7.12%	1,279,485	5.81%
NEDWBK 3.125% 01/03/2027					733,523	7.65%		
RENTEN 2.875% 11/02/2027	291,604	6.36%	583,209	7.45%				
SPKNZ 3.37% 07/03/2024	299,028	6.52%	548,218	7.00%				
TPNZ 5.448% 03/15/2023	260,580	5.68%						
VCTNZ 4.996% 14/03/2024	510,895	11.13%	510,895	6.52%	510,895	5.33%	1,532,685	6.96%
WSTP 2.22% 29/07/24	338,090	7.37%			531,284	5.54%	1,207,464	5.49%
WLB ASSET II B			420,578	5.37%	602,829	6.29%	1,219,676	5.54%
WLBASC 3.90% 23/12/2025			420,008	5.36%	980,019	10.22%	1,400,027	6.36%

Unlisted funds

Alvarium Private Credit Fund	475,273	91.18%	1,968,749	93.02%	4,803,183	92.36%	7,247,205	92.46%
Property Income Fund Ltd	45,965	8.82%	147,744	6.98%	397,267	7.64%	590,976	7.54%

Notes to the Financial Statements

4. Concentration of investments (continued)

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	% of Security class	2022	% of Security class	2022	% of Security class	2022	% of Security class
Unlisted equities								
Lodestone Energy	40,000	17.03%	200,000	17.24%	510,000	15.89%	750,000	16.29%
Mentemia Limited	60,005	25.55%	194,997	16.81%	459,995	14.33%	714,997	15.53%
Sharesies Limited	119,868	51.04%	574,796	49.58%	1,619,245	50.46%	2,313,909	50.26%
EasyCrypto	15,000	6.39%	150,000	12.93%	485,000	15.11%	650,000	14.12%
Financial assets at amortised cost								
Loans								
LJ Fund No.6 Ltd Loan 15% 19/07/2022	187,885	100.00%	685,227	100.00%	1,105,205	100.00%	1,978,317	100.00%
Term deposits								
WSTP Term Deposit 2.52% 09/02/2022 09/02/2023	1,223,314	100.00%	2,989,856	90.71%			4,213,170	43.97%
WSTP Term Deposit 1.83% 16/02/2022 16/07/2022			306,305	9.29%				

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2021	% of Security class	2021	% of Security class	2021	% of Security class	2021	% of Security class
Securities exceeding 5% of security class								
Financial assets at fair value through profit or loss								
Listed equities								
New Zealand Windfarms Ltd	47,604	5.44%						
Fixed interest securities								
CORT 2.20% 21/03/2026	351,331	43.69%	752,851	47.45%	1,857,034	57.59%	2,961,216	52.73%
MCYNZ 2.16% 29/09/2026	251,043	31.22%	401,668	25.31%	748,105	23.20%	1,400,817	24.95%
WLB ASSET II B	201,701	25.08%	432,216	27.24%	619,510	19.21%	1,253,427	22.32%
Unlisted funds								
Alvarium Private Credit Fund	267,308	89.58%	847,754	89.46%	2,022,054	88.27%	3,137,116	88.70%
Property Income Fund Ltd	31,080	10.42%	99,900	10.54%	268,620	11.73%	399,600	11.30%
Unlisted equities								
Sharesies Limited	45,796	100.00%	219,519	100.00%	618,429	100.00%	883,744	100.00%
Financial assets at amortised cost								
Loans								
BR Land Co (Bremner) 10% 28 Feb 22	99,182	65.81%	297,547	69.30%	719,073	68.09%	1,115,802	66.20%
LLP Forest SPV Loan 12.00% 10/09/2021	51,534	34.19%	131,809	30.70%	336,956	31.91%	520,299	31.80%
Term deposits								
ASBBNK Term Deposit 0.75% 23/11/2020 23/05/2021	202,748	16.80%	202,748	10.62%	304,123	6.65%	709,619	10.70%
WSTP Term Deposit 1.14% 12/01/2021 12/07/2021	303,431	25.15%	404,574	21.20%	505,797	14.39%	1,213,802	18.31%
WSTP Term Deposit 1.19% 10/12/2020 08/06/2021	501,826	41.59%	1,003,652	52.59%	2,007,303	57.12%	3,512,781	52.99%
WSTP Term Deposit 1.29% 15/02/2021 15/02/2022	202,072	16.75%	303,107	15.88%	505,179	14.38%	1,010,358	15.24%
WSTP Term Deposit 1.29% 11/02/2021 11/02/2022					202,224	5.75%		

Notes to the Financial Statements

5. Fair value estimation of financial instruments

The carrying value less impairment provision of other receivables and payables approximate their fair values.

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

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement.

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

\$	Conservative Fund		Balanced Fund		Growth Fund		Schema Total	
	2022	2021	2022	2021	2022	2021	2022	2021
As at 31 March								
Level 1 Assets								
<i>Financial assets at fair value through profit or loss</i>								
Listed equities	1,580,918	875,771	23,226,200	10,029,451	74,511,484	35,398,229	99,318,602	46,303,451
Total Level 1 Assets	1,580,918	875,771	23,226,200	10,029,451	74,511,484	35,398,229	99,318,602	46,303,451
Level 2 Assets								
<i>Financial assets at fair value through profit or loss</i>								
Forward foreign exchange contracts	4,268	226	52,628	1,471	178,551	3,891	235,447	5,588
Fixed interest securities	3,919,851	452,744	6,478,240	833,883	6,906,228	1,967,616	17,304,319	2,654,243
Total Level 2 Assets	3,924,119	452,970	6,530,868	835,354	7,084,779	1,971,507	17,539,766	2,659,831
Level 3 Assets								
<i>Financial assets at fair value through profit or loss</i>								
Unlisted equities	234,873	45,796	1,159,793	219,519	3,209,240	618,429	4,603,906	883,744
Unlisted funds	521,238	298,388	2,116,493	947,654	5,200,450	2,290,674	7,838,181	3,536,716
Fixed interest securities	666,643	351,331	1,352,216	752,851	2,685,081	1,857,034	4,705,940	2,961,216
Total Level 3 Assets	1,422,754	695,515	4,628,502	1,920,024	11,094,771	4,766,137	17,148,027	7,381,676
Total financial assets at fair value through profit or loss	6,929,791	2,024,256	34,385,570	12,784,829	92,691,034	41,535,873	134,006,395	56,344,358
Level 3 Investments as percentage of Net Asset Value	13.77%	11.06%	10.17%	9.85%	10.37%	9.86%	10.53%	10.02%
Level 2 Liabilities								
<i>Financial liabilities at fair value through profit or loss</i>								
Forward foreign exchange contracts	772	17,887	12,112	130,807	34,240	411,262	47,124	559,956
Total Level 2 Liabilities	772	17,887	12,112	130,807	34,240	411,262	47,124	559,956
Total financial liabilities at fair value through profit or loss	772	17,887	12,112	130,807	34,240	411,262	47,124	559,956

Notes to the Financial Statements

5. Fair value estimation of financial instruments (continued)

5.1 Determination of fair value of financial instruments

Level 1 financial instruments

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include listed equities. The Scheme's Manager does not adjust the quoted price for these instruments.

Level 2 financial instruments

Financial instruments that are not trading in an active market, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified as level 2.

- The Funds' forward foreign exchange contracts are valued indirectly from observable market data including spot exchange rates and forward points and are therefore also classified within level 2.

- The fair value of the unlisted funds derived from pricing sources where the inputs are, in all material respects, market observable and classified as Level 2 in the fair value hierarchy. Refer to note 2.3 (c) Fair value of unlisted funds for further details on the fair value estimation.

- The Funds of the Scheme hold investments in Level 2 fixed interest securities. The fair values of these fixed interest securities are calculated by using a discounted cash flow calculation based on risk margins and swap yields provided by third party suppliers of financial data. These measurement basis falls within Level 2 of the fair value hierarchy as all inputs used to calculate the fair value are based on observable market data.

Level 3 financial instruments

Level 3 financial instruments requires judgment in the determination of their values

Where the fair value of assets and liabilities cannot be measured based on quoted prices in active markets, fair value is determined using valuation techniques with market observable inputs from third parties such as brokers or pricing vendors. For assets that have no quoted price (which principally consist of investments in unlisted companies, unlisted funds, loans and fixed income securities) the determination of fair values requires significant judgement. Fair value for these assets is determined as follows:

Unlisted investments where fair value is determined by the Manager or underlying investments by third party investment managers or administrators

The fair value of unlisted investments, where most of the fair values of the underlying investments are not market observable, is provided by the Manager. For unlisted companies, the Manager may revalue the investment securities with reference to: (i) comparable quoted assets on active markets (without deduction for selling costs); (ii) reference to other instruments that are substantially the same; (iii) applying discounted cashflow analysis and (iv) other valuation techniques commonly used by market participants.

For unlisted funds, where most underlying investments comprises of private credit lending, for the values are not market observable. These private credit lending investments are subject to impairment assessments by the investment manager, applying assumptions and analysis based on information which is not market observable.

Fixed income securities where fair value is determined by a pricing vendor

The Manager applied the fair value derived by the issuer of the security for illiquid fixed interest securities not trading in an active market. In the determination of the fair value of the security, the issuer applies a credit spread margin to the risk free rate, which is not based on market observable information. The Level 3 fixed interest securities also don't have any credit rating.

5.2 Transfers between levels in the fair value hierarchy and movement in level 3 instruments

Transfers between levels of the fair value hierarchy, for the purpose of preparing the table below, are deemed to have occurred at the beginning of the reporting period. Other than outlined in the table below, there have been no other transfers between the classifications during the period for any of the Funds.

The following table presents the movement in level 3 instruments for the year by class of financial instruments.

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021

Level 3 unlisted equities and unlisted funds

New Zealand unlisted investments

Balance at the beginning of the period	344,184	123,063	1,167,173	420,724	2,909,103	1,123,070	4,420,460	1,575,857
Transfers from Level 3 to Level 1	-	(17,373)	-	(98,016)	-	(304,235)	-	(419,624)
Sales during the period	(110,950)	-	(452,200)	-	(1,047,150)	-	(1,610,300)	-
Purchases during the period	430,787	215,900	2,132,881	737,598	5,351,166	1,779,173	7,914,834	2,732,689
Net gains recognised in net changes in fair value of financial assets and financial liabilities	92,090	22,594	428,432	106,869	1,196,571	301,095	1,717,093	430,558
Balance at the end of the period	756,111	344,184	3,276,286	1,167,173	8,409,590	2,909,103	12,442,087	4,420,460

Change in unrealised gains or losses for Level 3 assets held at period end and included in net changes in fair value on financial assets and financial liabilities at fair value through profit or loss.

	82,705	22,594	383,666	106,869	1,070,376	301,095	1,717,093	430,558
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Notes to the Financial Statements

5. Fair value estimation of financial instruments (continued)

5.2 Transfers between levels in the fair value hierarchy and movement in Level 3 instruments (continued)

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Level 3 debt securities								
New Zealand fixed interest securities								
Balance at the beginning of the period	351,331	-	752,851	-	1,857,034	-	2,961,216	-
Purchases during the period	370,000	350,000	705,000	750,000	1,050,000	1,850,000	2,125,000	2,950,000
Accrued interest	376	338	754	723	1,102	1,784	2,232	2,845
Net gains recognised in net changes in fair value of financial assets and financial liabilities	(53,064)	993	(106,389)	2,128	(223,055)	5,250	(382,508)	8,371
Balance at the end of the period	668,643	351,331	1,352,216	752,851	2,685,081	1,857,034	4,705,940	2,961,216
Change in unrealised gains or losses for Level 3 assets held at period end and included in net changes in fair value on financial assets and financial liabilities at fair value through profit or loss.	(53,064)	993	(106,389)	2,128	(223,055)	5,250	(382,508)	8,371

5.3 Level 3 financial instruments - fair value techniques, significant unobservable inputs and fair value sensitivities

The following tables presents the valuation techniques, significant unobservable inputs use and fair value sensitivities for financial assets categorised within Level 3 of the fair value hierarchy.

	Fair value at 31 March 2022	Valuation technique	Unobservable input	Range (weighted average)	Reasonable shift	Change in valuation	Shareholding
	\$				+(absolute value)	\$	%
Level 3 Unlisted investments							
Conservative Fund							
Unlisted equities	234,873						
<i>Comprise of:</i>	119,868	Multiples based calibrated with price of recent investment	Price to Sales multiple	9 times - 10 times	1 times	12,617/(12,617)	0.03%
	115,005	Par Asset Value calibrated with recent transactions and new company information	Liquidity discount Par Asset Value	15% - 25% 1 x Asset Value	15% - 25% 5%	5,993/(5,993) 5,750/(5,750)	0.03% - 0.24%
Unlisted funds	521,238						
<i>Comprise of:</i>	45,965	Par Asset Value calibrated with the underlying manager valuation	Par Asset Value	1 x Asset Value	5%	2,288/(2,288)	0.08%
	475,273	Underlying manager assessment of credit risk	Underlying manager assessment of credit risk	0 - 10%	5%	23,763/(23,763)	0.36%
Fixed interest securities	668,643	Yield curve valuation	Credit spread	0.5% - 1.5%	1%	28,745/(28,745)	n/a

Notes to the Financial Statements

5. Fair value estimation of financial instruments (continued)

5.3 Level 3 financial instruments - fair value techniques, significant unobservable inputs and fair value sensitivities (continued)

	Fair value at 31 March 2022	Valuation technique	Unobservable input	Range (weighted average)	Reasonable shift	Change In valuation	Shareholding
	\$				±(absolute value)	\$	%
Balanced Fund							
Unlisted equities	1,159,793						
<i>Comprise of:</i>	574,796	Multiplies based calibrated with price of recent investment	Price to Sales multiple	9 times - 10 times	1 times	60,504/(60,504)	0.13%
	584,997	Par Asset Value calibrated with recent transactions and new company information	Liquidity discount Par Asset Value	15% - 25% 1 x Asset Value	5% 5%	28,740/(28,740) 29,250/(29,250)	0.13% - 0.78%
Unlisted funds	2,116,493						
<i>Comprise of:</i>	147,744	Par Asset Value calibrated with the underlying manager valuation	Par Asset Value	1 x Asset Value	5%	7,387/(7,387)	0.27%
	1,968,749		Underlying manager assessment of credit risk	0 - 10%	5%	98,437/(98,437)	1.53%
Fixed interest securities	1,352,216	Yield curve valuation	Credit spread	0.5% - 1.5%	1%	54,088/(54,088)	n/a
Growth Fund							
Unlisted equities	3,209,240						
	1,619,245	Multiplies based calibrated with price of recent investment	Price to Sales multiple	9 times - 10 times	1 times	170,446/(170,446)	0.36%
	1,589,995	Par Asset Value calibrated with recent transactions and new company information	Liquidity discount Par Asset Value	15% - 25% 1 x Asset Value	5% 5%	80,962/(80,962) 79,499/(79,499)	0.35% - 2.70%
Unlisted funds	5,200,450						
	397,267	Par Asset Value calibrated with the underlying manager valuation	Par Asset Value	1 x Asset Value	5%	19,863/(19,863)	0.37%
	4,803,183		Underlying manager assessment of credit risk	0 - 10%	5%	240,159/(240,159)	3.69%
Fixed interest securities	2,685,081	Yield curve valuation	Credit spread	0.5% - 1.5%	1%	107,403/(107,403)	n/a
Total Scheme							
Unlisted equities	4,603,906						
<i>Comprise of:</i>	2,313,909	Multiplies based calibrated with price of recent investment	Price to Sales multiple	9 times - 10 times	1 times	243,569/(243,569)	0.52%
	2,289,997	Par Asset Value calibrated with recent transactions and new company information	Liquidity discount Par Asset Value	15% - 25% 1 x Asset Value	5% 5%	115,695/(115,695) 114,499/(114,499)	0.51% - 3.72%
Unlisted funds	7,838,181						
<i>Comprise of:</i>	590,976	Par Asset Value calibrated with the underlying manager valuation	Par Asset Value	1 x Asset Value	5%	29,548/(29,548)	0.72%
	7,247,205		Underlying manager assessment of credit risk	0 - 10%	5%	362,360/(362,360)	5.56%
Fixed interest securities	4,705,940	Yield curve valuation	Credit spread	0.5% - 1.5%	1%	118,448/(118,448)	n/a

Notes to the Financial Statements

5. Fair value estimation of financial instruments (continued)

5.3 Level 3 financial instruments - fair value techniques, significant unobservable inputs and fair value sensitivities (continued)

	Fair value at 31 March 2021	Valuation technique	Unobservable input	Range (weighted average)	Reasonable shift	Change in valuation	Shareholding
	\$				±(absolute value)	\$	%
Level 3 Unlisted investments							
Conservative Fund							
Unlisted equities							
	45,796	Multiples based calibrated with price of recent investment	Price to Sales multiple	9 times - 10 times	0.5 times	2,410/(2,410)	0.63%
			Liquidity discount	15% - 25%	5%	2290/(2290)	
Unlisted funds	288,388						
<i>Comprise of:</i>	<u>31,080</u>	Par Asset Value calibrated with the underlying manager valuation	Par Asset Value	1 x Asset Value	5%	1,554/(1,554)	0.67%
			Underlying manager assessment of credit risk	0 - 10%	5%	13,365/(13,365)	0.38%
Fixed interest securities	351,331	Yield curve valuation	Credit spread	0.5% - 1.5%	1%	14,053/(14,053)	n/a
Balanced Fund							
Unlisted equities							
	219,519	Multiples based calibrated with price of recent investment	Price to Sales multiple	9 times - 10 times	0.5 times	11,553/(11,553)	0.75%
			Liquidity discount	15% - 25%	5%	10,975/(10,975)	
Unlisted funds	947,654						
<i>Comprise of:</i>	<u>99,900</u>	Par Asset Value calibrated with the underlying manager valuation	Par Asset Value	1 x Asset Value	5%	4,995/(4,995)	0.65%
			Underlying manager assessment of credit risk	0 - 10%	5%	42,388/(42,388)	1.20%
Fixed interest securities	752,851	Yield curve valuation	Credit spread	0.5% - 1.5%	1%	30,114/(30,114)	n/a
Growth Fund							
Unlisted equities							
	618,429	Multiples based calibrated with price of recent investment	Price to Sales multiple	9 times - 10 times	0.5 times	32,549/(32,549)	0.89%
			Liquidity discount	15% - 25%	5%	30,921/(30,921)	
Unlisted funds	2,290,674						
<i>Comprise of:</i>	<u>268,620</u>	Par Asset Value calibrated with the underlying manager valuation	Par Asset Value	1 x Asset Value	5%	13,431/(13,431)	0.74%
			Underlying manager assessment of credit risk	0 - 10%	5%	101,103/(101,103)	2.87%
Fixed interest securities	1,857,034	Yield curve valuation	Credit spread	0.5% - 1.5%	1%	74,281/(74,281)	n/a
Total Scheme							
Unlisted equities							
	883,744	Multiples based calibrated with price of recent investment	Price to Sales multiple	9 times - 10 times	0.5 times	46,512/(46,512)	2.27%
			Liquidity discount	15% - 25%	5%	44,187/(44,187)	
Unlisted funds	3,536,716						
<i>Comprise of:</i>	<u>399,600</u>	Par Asset Value calibrated with the underlying manager valuation	Par Asset Value	1 x Asset Value	5%	19,980/(19,980)	2.06%
			Underlying manager assessment of credit risk	0 - 10%	5%	156,856/(156,856)	4.45%
Fixed interest securities	2,961,216	Yield curve valuation	Credit spread	0.5% - 1.5%	1%	118,448/(118,448)	n/a

The change in the valuation disclosed in the above table shows the direction an increase or decrease in the respective input variables would have on the valuation result for the level 3 equity securities. Increases in the multiples would each lead to an increase in estimated value. However, an increase in the discount for lack of liquidity would lead to a decrease in value.

Notes to the Financial Statements

6. Derivatives

6.1 Forward foreign currency contracts

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

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Forward exchange contracts (notional value in NZ\$)								
Sell AUD/Buy NZD	200,653	54,054	2,287,390	454,054	6,466,577	1,729,730	8,954,620	2,237,838
Sell EUR/Buy NZD	42,365	19,963	794,405	232,906	3,225,585	688,719	4,062,355	951,588
Sell NZD/Buy AUD	-	47,912	-	-	-	-	-	47,912
Sell NZD/Buy CAD	-	1,472	-	-	-	-	-	1,472
Sell NZD/Buy CHF	-	5,675	-	-	-	-	-	5,675
Sell CAD/Buy NZD	-	-	-	-	-	216,544	-	216,544
Sell CHF/Buy NZD	-	-	-	-	-	106,919	-	106,919
Sell NZD/Buy JPY	-	29	-	-	-	-	-	29
Sell NOK/Buy NZD	-	-	-	17,705	-	90,132	-	107,837
Sell SEK/Buy NZD	-	-	-	14,863	-	55,037	-	80,920
Sell GBP/Buy NZD	4,081	31	108,192	-	2,006,298	144,148	2,118,571	144,179
Sell NZD/Buy AUD	-	-	-	-	152,191	-	152,191	-
Sell NZD/Buy EUR	-	896	-	-	-	338,001	-	338,897
Sell JPY/Buy NZD	54,638	6,510	481,433	195,313	1,614,330	410,156	2,150,401	611,979
Sell USD/Buy NZD	408,371	598,653	5,408,363	2,731,121	16,139,612	8,193,363	21,956,366	11,524,137

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Forward exchange contracts (fair value in NZ\$)								
Sell AUD/Buy NZD	(772)	(342)	(12,112)	(2,875)	(34,240)	(10,949)	(47,124)	(14,166)
Sell EUR/Buy NZD	-	(200)	174	(2,335)	708	(7,008)	862	(9,541)
Sell NZD/Buy AUD	-	(147)	-	-	503	-	503	(147)
Sell NZD/Buy CAD	-	1	-	-	-	-	-	1
Sell NZD/Buy CHF	-	(21)	-	-	-	-	-	(21)
Sell CAD/Buy NZD	-	-	-	-	-	(10,705)	-	(10,705)
Sell CHF/Buy NZD	-	-	-	-	-	543	-	543
Sell NOK/Buy NZD	-	-	-	(697)	-	(3,548)	-	(4,243)
Sell SEK/Buy NZD	-	-	-	110	-	488	-	599
Sell GBP/Buy NZD	40	-	1,052	-	19,504	(3,645)	20,596	(3,645)
Sell USD/Buy NOK	-	-	-	-	-	-	-	-
Sell NZD/Buy EUR	-	(2)	-	-	-	(709)	-	(711)
Sell NZD/Buy USD	-	-	-	-	-	-	-	-
Sell JPY/Buy NZD	1,282	45	12,046	1,361	40,392	2,858	53,720	4,264
Sell USD/Buy NZD	2,946	(16,995)	39,356	(124,900)	117,444	(374,701)	(159,746)	(516,596)

Notes to the Financial Statements

7. Financial Risk Management

7.1 Financial risk

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

All securities investments present a risk of loss of capital. The Scheme holds various financial instruments such as listed equities where the maximum loss of capital is limited to the carrying value of those positions. The maximum loss of capital on forward foreign exchange contracts is limited to the notional amount of currency that is contracted to be delivered under each contract.

In addition to internal risk management carried out by the Manager, financial risk is also managed by setting out the investment policy in the Statement of Investment Policies and Objectives (SIPO). The Manager must report to the Supervisor on SIPO compliance.

The Manager uses different methods to measure and manage the various types of risk to which it is exposed. These methods are explained below.

7.1.1 Market risk

(a) Price risk

Price risk is the risk that the fair value or future cash flows of non-monetary financial instruments will fluctuate because of changes in market prices, whether those changes are caused by factors specific to an issuer or factors affecting all similar financial instruments traded in the market. Non-monetary financial instruments which potentially subject the Scheme to price risk are investments in listed equities and funds. All investments in funds present a risk of loss of capital often due to factors beyond the Manager's control such as competition, regulatory changes, commodity price changes and changes in general economic climate domestically and internationally.

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

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

Sensitivity Analysis

The table below summarises the sensitivity of the Scheme's net assets attributable to Members to movements in prices including the effect of movements in foreign currency exchange rates, as at 31 March. If prices for the Scheme's investments had increased or decreased by 5% with all other variables held constant, this would have had the following impact on the Statements of Changes in Net Assets. A variable of 5% was selected for price risk as this is a reasonably expected movement based on historic trends in prices.

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Listed equities, unlisted equities and unlisted funds								
Carrying amount	2,337,029	1,219,955	26,502,486	11,196,624	82,921,174	38,307,332	111,760,689	50,723,911
Impact of a -5% change in prices	(116,851)	(60,998)	(1,325,124)	(559,831)	(4,146,059)	(1,915,367)	(5,588,034)	(2,536,196)
Impact of a +5% change in prices	116,851	60,998	1,325,124	559,831	4,146,059	1,915,367	5,588,034	2,536,196

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

(b) Foreign exchange risk

The Scheme operates internationally and holds both monetary and non-monetary assets denominated in currencies other than New Zealand dollars, the functional currency. Foreign currency risk, as defined in NZ IFRS 7, 'Financial Instruments: Disclosures', arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. NZ IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. However, the Manager monitors the exposure on all foreign currency denominated assets and liabilities and therefore the information presented below has been prepared on that basis.

The Scheme may enter into foreign exchange derivatives to hedge the foreign currency risk implicit in the value of the portfolio securities denominated in foreign currency. As the nature of these contracts is to manage the international investment activities, they are accounted for by marking to market at balance date in a manner consistent with the valuation of the underlying securities.

At the balance date the Scheme had the following foreign currency exposures due to holdings of financial instruments:

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Australian Dollar (AUD)	212,179	91,873	2,586,723	978,584	7,473,878	2,678,573	10,272,779	3,749,030
Canadian Dollar (CAD)	7,343	5,121	181,168	157,363	682,869	470,383	871,380	633,868
Danish Krona (DKK)	124	40	1,329	808	4,941	2,067	6,394	2,715
Swiss Franc (CHF)	11,607	5,111	281,616	89,352	856,648	178,635	1,149,871	274,098
Euro (EUR)	47,533	33,580	553,174	576,492	2,120,565	1,614,022	2,721,271	2,224,094
Great British Pound (GBP)	4,056	2,820	103,339	69,101	1,949,407	75,354	2,056,801	147,275
Swedish Krona (SEK)	2,308	480	112,861	31,551	412,238	132,370	527,407	164,401
Norwegian Krona (NOK)	5,654	5,097	122,478	13,833	307,946	59,225	436,078	78,145
Japanese Yen (JPY)	53,670	28,488	667,086	336,524	2,057,514	1,232,554	2,776,270	1,587,576
Hong Kong Dollar (HKD)	3,396	136	53,946	48,947	116,565	132,454	173,907	181,537
Singapore Dollar (SGD)	-	-	14,492	11,366	48,175	37,303	62,667	48,689
United States Dollar (USD)	426,494	157,673	5,616,781	1,645,892	16,668,401	8,325,009	22,711,676	10,128,574

Notes to the Financial Statements

7. Financial Risk Management (continued)

7.1.1 Market risk (continued)

(b) Foreign exchange risk (continued)

The table below summarises the impact on the Statements of Changes in Net Assets on financial instruments at balance date, had the exchange rates between the New Zealand dollar and the foreign currencies increased or decreased by 5% with all other variables held constant. The analysis is based on the Manager's best estimate of a reasonable possible shift in exchange rates with regard to historical volatility.

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Exchange rates increased by 5%								
Australian Dollar (AUD)	(10,104)	(4,375)	(123,177)	(46,599)	(355,899)	(127,551)	(489,180)	(179,525)
Canadian Dollar (CAD)	(350)	(291)	(8,627)	(7,499)	(32,518)	(22,399)	(41,494)	(30,183)
Danish Krona (DKK)	(6)	(2)	(63)	(29)	(235)	(98)	(304)	(129)
Swiss Franc (CHF)	(553)	(291)	(13,410)	(4,255)	(40,793)	(8,506)	(54,756)	(13,052)
Euro (EUR)	(2,263)	(1,599)	(26,342)	(27,452)	(100,979)	(76,858)	(129,584)	(105,909)
Great British Pound (GBP)	(193)	(134)	(4,921)	(3,291)	(92,829)	(3,588)	(97,943)	(7,013)
Swedish Krona (SEK)	(110)	(23)	(5,374)	(1,502)	(19,630)	(6,303)	(25,115)	(7,828)
Norwegian Krona (NOK)	(269)	(242)	(5,832)	(659)	(14,664)	(2,820)	(20,765)	(3,721)
Japanese Yen (JPY)	(2,556)	(1,357)	(31,766)	(16,025)	(97,977)	(58,693)	(132,299)	(76,075)
Hong Kong Dollar (HKD)	(162)	(6)	(2,569)	(2,331)	(5,551)	(5,307)	(8,281)	(8,644)
Singapore Dollar (SGD)	-	-	(690)	(542)	(2,294)	(1,776)	(2,984)	(2,318)
United States Dollar (USD)	(20,309)	(7,508)	(267,466)	(76,376)	(793,733)	(396,429)	(1,081,508)	(482,313)
Exchange rates decreased by 5%								
Australian Dollar (AUD)	11,167	4,835	136,143	51,504	393,362	140,978	540,673	197,317
Canadian Dollar (CAD)	366	322	9,535	8,282	35,940	24,767	45,662	33,361
Danish Krona (DKK)	7	2	70	32	260	109	337	143
Swiss Franc (CHF)	611	322	14,822	4,703	45,087	9,402	60,520	14,427
Euro (EUR)	2,502	1,767	29,114	30,342	111,609	84,949	143,225	117,058
Great British Pound (GBP)	213	148	5,429	3,637	102,600	3,966	108,253	7,751
Swedish Krona (SEK)	121	25	5,940	1,661	21,697	6,967	27,758	8,653
Norwegian Krona (NOK)	298	268	6,446	728	16,208	3,117	22,951	4,118
Japanese Yen (JPY)	2,825	1,500	35,110	17,712	108,290	84,871	146,225	84,083
Hong Kong Dollar (HKD)	179	7	2,839	2,576	6,135	6,871	9,152	9,554
Singapore Dollar (SGD)	-	-	763	599	2,536	1,863	3,297	2,562
United States Dollar (USD)	22,447	9,299	295,620	86,626	877,284	438,158	1,195,351	533,083

Notes to the Financial Statements

7. Financial Risk Management (continued)

7.1.1 Market risk (continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial instruments which potentially subject the Scheme to interest rate risk are cash and cash equivalents, overdraft cash balances with broker, fixed interest securities, term deposits and loans.

Instrument maturities, based on contractual maturity dates, are presented in the table below:

As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<i>Financial assets at amortised cost</i>								
Cash and cash equivalents	1,974,906	2,859,592	6,515,626	4,328,003	7,401,226	2,072,082	15,891,758	9,259,677
Current								
Term deposits	1,223,314	1,206,647	3,296,161	1,906,416	5,079,973	3,524,626	9,599,448	6,639,689
0 - 1 year								
Loans	187,885	150,716	685,227	429,356	1,105,205	1,056,029	1,978,317	1,636,101
0 - 1 year								
<i>Financial assets at fair value through profit or loss</i>								
Fixed interest securities	1,885,979	553,032	3,781,975	1,185,067	6,776,317	2,476,544	12,444,271	4,214,643
2 - 5 years								
Over 5 years	114,025	251,043	286,464	401,667	328,392	748,106	738,881	1,400,816

a) Cash flow sensitivity analysis

A change in interest rates impacts the cash flow of the Funds' cash and cash equivalents, net of overdrawn cash balances with brokers, loans and term deposits by increasing or decreasing the amount of interest received. A variable of 10 basis points (0.1%) was selected as this is a reasonably expected movement based on past overnight cash rate movements. The one year cash flow sensitivity to a 10 basis points movement in interest rates (based on assets held at reporting date), with all other variables held constant, is shown in the following table:

As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<i>Cash and cash equivalents</i>								
Carrying value	1,974,906	2,859,592	6,515,626	4,328,003	7,401,226	2,072,082	15,891,758	9,259,677
Increase of 0.1%	1,975	2,860	6,516	4,328	7,401	2,072	15,892	9,260
Decrease of 0.1%	(1,975)	(2,860)	(6,516)	(4,328)	(7,401)	(2,072)	(15,892)	(9,260)
<i>Loans</i>								
Carrying value	187,885	150,716	685,227	429,356	1,105,205	1,056,029	1,978,317	1,636,101
Increase of 0.1%	188	151	685	429	1,105	1,056	1,978	1,636
Decrease of 0.1%	(188)	(151)	(685)	(429)	(1,105)	(1,056)	(1,978)	(1,636)
<i>Term deposits</i>								
Carrying value	1,223,314	1,206,647	3,296,161	1,906,416	5,063,085	3,514,122	9,582,560	6,629,185
Increase of 0.1%	168	820	626	1,310	1,101	2,331	1,895	4,461
Decrease of 0.1%	(168)	(820)	(626)	(1,310)	(1,101)	(2,331)	(1,895)	(4,461)

The above analysis is based on the short term deposit balances maturing within 1 year from balance date. The cash flow interest risk impact on term deposits where the maturity dates are more than 1 year after the balance date, are not considered to be significant.

b) Fair value interest rate risk

A change in interest rates impacts the fair value of the Funds' fixed interest securities. Fair value changes impact on net (loss)/profit, or unitholders' funds, only where the instruments are carried at fair value. A variable of 10 basis points (0.1%) was selected as this is a reasonably expected movement based on historical movements. The following table shows the impact on fair values to reasonably possible changes in interest rates at 31 March with all other variables held constant.

As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<i>Fixed interest securities</i>								
Carrying amount	3,180,187	804,075	5,102,942	1,586,734	7,718,358	3,224,650	16,001,467	5,615,459
Increase of 0.1%	(9,136)	(3,460)	(16,705)	(6,780)	(27,091)	(14,095)	(52,933)	(24,314)
Decrease of 0.1%	9,537	3,639	17,513	7,107	28,368	14,829	55,419	25,575

Notes to the Financial Statements

7. Financial Risk Management (continued)

7.1.2 Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of counterparties to honour fully the terms and conditions of a contract with the Funds of the Scheme. The Scheme may require collateral or other security to support financial instruments with credit risk. Financial instruments that subject the Scheme to credit risk consist primarily of cash equivalents, term deposits and trade and other receivables including amounts receivable for unsettled investment trades, dividends receivable and contributions receivable.

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

(a) Credit quality

The following table sets out the equivalent Standard & Poor's credit rating for cash and cash equivalents, fixed interest securities, term deposits and loans. Note the Manager's internal rating for CDRT and WLB II are BBB.

		Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
		2022	2021	2022	2021	2022	2021	2022	2021
Cash and cash equivalents									
Rating Category	A+	61,933	-	63,262	-	140,609	-	265,804	-
Rating Category	AA-	1,654,773	2,762,580	6,116,010	4,292,973	6,574,031	1,872,865	14,344,814	9,048,398
Rating Category	BBB+	258,200	77,032	336,354	35,030	686,586	99,217	1,281,140	211,279
Term deposits									
Rating Category	AA-	1,223,314	1,206,847	3,296,161	1,908,416	5,063,085	3,514,122	9,582,560	6,629,185
Fixed interest securities									
Rating Category	AAA	453,679	-	894,205	-	1,293,795	-	2,631,679	-
Rating Category	AA	634,003	-	722,762	-	1,175,082	-	2,531,847	-
Rating Category	AA-	338,090	-	339,089	-	531,284	-	1,207,463	-
Rating Category	A-	981,914	-	1,787,170	-	667,898	-	3,446,982	-
Rating Category	BBB+	636,030	251,043	987,167	401,667	786,063	748,106	2,409,260	1,400,816
Rating Category	BBB	679,866	-	906,261	-	869,258	-	2,457,385	-
Rating Category	Not rated	864,912	553,032	2,192,802	1,185,067	4,267,929	2,476,544	7,325,643	4,214,643
Loans									
Rating Category	Not rated	187,885	150,716	685,227	429,356	1,105,205	1,056,029	1,978,317	1,836,101

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

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

The maximum credit risk of financial instruments is considered to be the carrying amount on the Statements of Net Assets. There is a risk of non-recovery. In accordance with the Scheme's policy, the investment manager monitors the Funds of the Scheme's credit positions on a continuous basis. The Investment Committee reviews it on a monthly basis.

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

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

As at 31 March 2022:

Cash and term deposits and any interest accruals on any of these instruments included in receivables, are highly liquid and held with counterparties with strong credit ratings. The duration of the term deposits are all less than 12 months and the Manager has no historical information or forward looking information which suggests there are any losses to be recognised. All the loans are due within 12 months from balance date (31 March 2021: due within 12 months from balance date). The Manager assessed the loan balances applying the forward looking basis as described in note 2.13 at balance and is satisfied that there was no evidence of any expected credit losses.

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

7.1.3 Liquidity risk

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

The Scheme's Statement of Investment Policies and Objectives ("the SIPO") state the target allocations and permitted ranges of asset classes. The Scheme's financial liabilities consist of trade and other payables and derivatives (forward foreign exchange contracts) which are short term in nature and classified as a current liability at reporting date. Current liabilities of financial derivative instruments consist of the fair value of forward foreign exchange contracts at balance date. The current fair value represents the estimated cash flow that may be required to dispose of the positions. Future cash flows of the Scheme and realised liabilities may differ from current liabilities based on future changes in market conditions.

Notes to the Financial Statements

7. Financial Risk Management (continued)

7.1.3 Liquidity risk (continued)

The table below shows the remaining undiscounted contractual cash flows over their respective maturities for the Funds' financial liabilities:

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
As at 31 March	2022	2021	2022	2021	2022	2021	2022	2021
Financial liabilities at fair value through profit or loss								
7 days to 1 month	-	(171)	-	-	-	(710)	-	(881)
1 month to 6 months	(772)	(17,718)	(12,112)	(130,807)	(34,240)	(410,552)	(47,124)	(559,075)
Trade and other payables								
Less than 7 days	(763)	(18,916)	(35,806)	(66,206)	(164,115)	(96,483)	(200,685)	(201,605)
Related party payables								
Less than 2 months	(7,015)	(4,427)	(40,700)	(18,576)	(108,461)	(51,715)	(156,176)	(74,718)

The required cash outflow to settle the forward exchange contracts and futures which are in a loss position at balance date as disclosed in Note 3, will be the fair value as at balance date, if it was settled on that date. It is expected that the actual future undiscounted cash flows will be different, given that the instrument is marked to market. All the open currency contracts which are in a loss position at balance date, matured within 1 month after balance date.

7.2 Capital risk management

Net assets available to pay benefits are considered to be the Scheme's capital for the purposes of capital management not withstanding net assets available to pay benefits is classified as a liability for accounting. The Scheme does not have to comply with externally imposed capital requirements. The Scheme's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to its members and maximise the Scheme's members' values as well as ensuring its net assets available to pay benefits are sufficient to meet all present and future obligations. In order to meet its objectives for capital management the Scheme's management monitors the Scheme's performance on a regular basis.

8. Related parties

8.1 General

Pathfinder Asset Management Limited is the Manager of the Scheme. The Supervisor of the Scheme is Public Trust. Alvarium (NZ) Wealth Management Holdings Limited owns 100 percent (31 March 2021: 51 percent) of the shares of the Manager. Alvarium (NZ) Wealth Management Holdings Limited is majority-owned by Alvarium Investments (NZ) Limited a joint venture between Alvarium RE Limited and Gough Investments Limited, the Christchurch based investment arm of the Ban Gough Family office and Bhive Gold Limited. Alvarium RE Limited, formerly known as LJ Partnership is a London-headquartered investment firm. Alvarium (NZ) Wealth Management Holdings Limited also wholly owns Alvarium Wealth (NZ) Limited.

Details of the Scheme's transactions with these related parties are described below.

8.2 Related party fees

Membership fees of \$2.25 per month is deducted from each member by way of unit redemption and is payable to the Manager. This is accounted for as a withdrawal and does not impact net profit before membership activities. During the period, administration fees paid to the Manager totalled \$37,467 (31 March 2021: \$37,467). MMC Limited maintain the members' accounts and register of the Scheme and receives a fee for this service, paid by the Manager. The Manager waived the membership fees for all balances under \$1,000.

The Manager also charged an annual management fee based on the Gross Asset Value of each of the respective Funds

Conservative Fund: 0.80%

Balanced Fund: 1.10%

Growth Fund: 1.25%

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
31 March	2022	2021	2022	2021	2022	2021	2022	2021
Management fees	64,779	27,812	353,180	131,265	978,997	348,420	1,396,956	507,517
Management fees payable	7,015	4,427	40,700	18,576	108,461	51,715	156,176	74,718

The management fees are used to cover expenses including audit fees, supervisor fees and administration fees of the Funds which are paid for by the Manager on behalf of the Scheme.

Management fees charged to Alvarium Private Credit Fund by Alvarium Wealth (NZ) Limited are included in the net gains or losses received on the investments in the Private Credit Fund that is held by the Funds. The table below provides the management fees component included in the gains and losses on these investments.

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
31 March	2022	2021	2022	2021	2022	2021	2022	2021
Alvarium Wealth (NZ) Limited indirect via investments in Alvarium Private Credit Fund	6,839	2,709	25,858	8,782	62,916	21,254	95,613	32,745

The Funds also received rebates as a result of the investment holdings Alvarium Private Credit Fund which is disclosed below.

Notes to the Financial Statements

8. Related parties (continued)

8.2 Related party fees (continued)

The Scheme received the following management fee rebates from related parties:

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
For the period ended 31 March	2022	2021	2022	2021	2022	2021	2022	2021
Alvarium Wealth (NZ) Limited	2,340	827	8,618	2,689	20,924	6,556	31,882	10,072

The Supervisor of the Scheme is Public Trust. The Supervisor is entitled to receive a fee from the Manager for supervisory services. The Manager paid the following supervisory fees on behalf of the Scheme for the year ended 31 March:

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
For the period ended 31 March	2022	2021	2022	2021	2022	2021	2022	2021
Supervisory fees: Public Trust	4,460	2,107	17,683	7,232	43,110	16,883	65,253	26,222

The Manager paid and/or accrued for the following audit fees (presented GST exclusive) on behalf of the Scheme for the year ended 31 March:

\$	2022	2021
Audit fees: Ernst and Young	27,000	23,000

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

8.3 Investments in the Scheme by related parties

Holdings in the Funds by Directors and key management personnel of the Manager and their immediate family members that are directly or indirectly held:

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
As at 31 March	2022	2021	2022	2021	2022	2021	2022	2021
Holdings	1%	-	1%	-	3%	3%	2%	2%

8.4 Investments by the Scheme in related parties

Each Fund invests in the following related parties transactions. Pathfinder considers section 174(a) of the Financial Markets Conduct Act 2013 applies to the following transactions on the basis that a prudently sized exposure to high quality private assets are in the best interests of the investors and the transactions are made on at least the same terms as other third party investors. The nature of the related party relationships are summarised below:

Alvarium Private Credit Fund is a wholesale fund managed by Alvarium Wealth (NZ) Limited which predominantly invests in senior loans organised or arranged by Alvarium affiliates. The loans themselves may also be related party transactions. Alvarium Wealth (NZ) Limited and its affiliates are related to Pathfinder through common directors and common shareholding. Alvarium Wealth (NZ) Limited rebates a portion of its management fees to each Fund.

LJ Fund 6 Loan is a private loan issued by LJ Fund No.6 Limited, an associated person of Pathfinder through common directors and common shareholding.

BR Land Co (Bremner) is a private loan issued by BR Land Co Limited, an associated person with Pathfinder through common directors.

The loans are secured against the assets of the relevant borrowers.

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

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
As at 31 March	2022	2021	2022	2021	2022	2021	2022	2021
Alvarium Private Credit Fund	475,273	267,308	1,968,749	847,754	4,803,183	2,022,054	7,247,206	3,137,116
BR Land Co (Bremner) 10% 28 Feb 2022	-	96,000	-	288,000	-	696,000	-	1,080,000
LJ Fund 6 Loan 15% 19 Jul 2022	170,000	-	620,000	-	1,000,000	-	1,790,000	-
Total	645,273	363,308	2,588,749	1,135,754	5,803,183	2,718,054	9,037,206	4,217,116

The following table shows the income earned by the Funds from their investments in related parties in the period ended at balance date:

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
For the period ended 31 March	2022	2021	2022	2021	2022	2021	2022	2021
Alvarium Private Credit Fund	33,467	10,952	122,918	35,353	288,792	85,962	455,177	132,267
BR Land Co (Bremner) 10% 28 Feb 2022 extended to 18 March 2022	8,566	3,182	34,449	9,547	53,352	23,073	95,367	35,803
LJ Fund 6 Loan 15% 19 Jul 2022	17,885	-	65,227	-	105,205	-	188,317	-
Total income earned by the Funds from investments in related parties	59,918	14,135	222,594	44,900	457,349	109,035	739,862	168,070

8.5 Interfund receivables and payables

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
As at 31 March	2022	2021	2022	2021	2022	2021	2022	2021
Contributions receivable	15	41,824	21	23	6,383	227	-	-
Redemptions payable	(16)	(158)	(6,381)	(83)	(22)	(41,833)	-	-

The table above represents related party contributions receivable and redemptions payable pertaining to unsettled interfund switches at balance date. The amounts are included in the Contributions receivable and Redemptions payable balances in notes 9 and 10 respectively.

Notes to the Financial Statements

9. Receivables

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
As at 31 March	2022	2021	2022	2021	2022	2021	2022	2021
Accrued Interest	5,802	4,612	18,481	7,681	25,916	11,974	50,199	24,267
Dividends and distributions receivable	10,203	5,511	84,794	32,532	237,326	100,244	332,323	138,287
Contributions receivable	13,057	69,128	663,878	240,338	1,004,028	210,155	1,674,544	519,621
Total trade and other receivables	29,062	79,251	767,153	280,551	1,267,270	322,373	2,057,066	682,175

10. Trade and other payables

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
As at 31 March	2022	2021	2022	2021	2022	2021	2022	2021
Redemptions payable	763	18,916	35,806	86,206	71,237	96,483	101,388	201,805
Unsettled investment trades	-	-	-	-	92,878	-	92,878	-
Total trade and other payables	763	18,916	35,806	86,206	164,115	96,483	194,266	201,605

11. Payables to related parties

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
As at 31 March	2022	2021	2022	2021	2022	2021	2022	2021
Management fees payable	7,015	4,427	40,700	18,576	108,461	51,715	156,176	74,718
Total trade and other payables to related parties	7,015	4,427	40,700	18,576	108,461	51,715	156,176	74,718

12. Interest income/expense

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
For the period ended 31 March	2022	2021	2022	2021	2022	2021	2022	2021
Interest income on financial assets at amortised cost	48,053	25,531	149,676	60,944	238,752	99,596	436,483	186,071
Interest income on financial assets as fair value through profit or loss	76,995	2,946	126,937	6,222	166,591	9,838	370,523	19,006
Interest expense on financial liabilities at amortised cost	(492)	(2,108)	(4,944)	(18,302)	(15,827)	(45,041)	(21,263)	-
	124,556	26,369	271,671	48,864	389,516	64,393	785,743	205,077

13. Units on Issue

Units	Conservative Fund		Balanced Fund		Growth Fund	
For the period ended	2022	2021	2022	2021	2022	2021
Units on issue at the start of the period	5,725,053	1,272,173	16,318,654	5,296,077	36,144,888	11,877,790
Total contributions for the period	6,994,421	6,527,638	22,063,257	11,942,054	41,989,774	26,376,546
Total withdrawals for the period	(3,439,094)	(2,074,758)	(2,172,927)	(919,477)	(2,340,549)	(2,109,448)
Units on issue at the end of the period	9,280,381	5,725,053	36,208,984	16,318,654	75,794,114	36,144,888

Notes to the Financial Statements

14. Reconciliation of operating (loss)/profit to net cash outflow from operating activities

\$	Conservative Fund		Balanced Fund		Growth Fund		Scheme Total	
For the period ended 31 March	2022	2021	2022	2021	2022	2021	2022	2021
Net profit/(loss) after tax and before membership activities	72,388	216,512	992,245	2,141,865	2,675,135	7,329,156	3,839,768	9,687,543
Adjustments for non cash items:								
Unrealised changes in the fair value of financial instruments	40,451	(188,823)	(610,355)	(1,999,684)	(2,121,240)	(6,495,808)	(2,691,144)	(8,683,915)
Unrealised foreign exchange losses on financial instruments at amortised cost	852	(10,294)	24,836	(152,815)	96,216	(441,188)	121,904	(604,277)
Dividends and distributions re-invested	(21,642)	-	(80,267)	-	(195,047)	-	(296,956)	-
Other non cash income and expenses	(2,340)	-	(8,618)	(634)	(20,924)	(1,543)	(31,882)	(2,177)
	17,321	(198,917)	(674,404)	(2,153,133)	(2,240,995)	(6,938,319)	(2,898,078)	(9,290,369)
Movements in working capital items:								
Increase in receivables	(35,417)	(10,404)	(143,574)	(39,603)	(251,137)	(113,487)	(430,128)	(163,494)
Increase/(decrease) in payables	2,588	3,548	22,124	(292,769)	149,710	(313,900)	174,422	(603,141)
Increase in net cost of investments	(4,946,756)	(1,612,203)	(21,195,360)	(7,698,551)	(49,142,847)	(26,007,551)	(75,284,953)	(35,318,305)
Increase in term deposits	(16,667)	(806,647)	(1,387,744)	(1,358,417)	(1,548,964)	(3,514,122)	(2,953,375)	(5,679,185)
	(4,986,252)	(2,425,706)	(22,704,544)	(9,389,360)	(50,793,238)	(29,949,060)	(78,484,034)	(41,764,126)
Net cash outflow from operating activities	(4,906,543)	(2,408,111)	(22,386,703)	(9,400,628)	(50,159,098)	(29,558,213)	(77,452,344)	(41,366,952)

13. Commitments and contingent liabilities

During the year ended 31 March 2021, Pathfinder, through the Pathfinder Investment Funds and Pathfinder KiwiSaver Plan, made a total commitment of 2 million units at \$1 in the Property Income Fund Limited (Willis Bond) and total capital call to date was 444,000 units at \$1. The Manager valuation for the private equity was \$1 per unit, the par value per share for the year ended 31 March 2021 and \$0.86 per unit, for the year ended 31 March 2022, based on NZX NPF (New Zealand Property ETF) price over time. During the year ended 31 March 2022, the Pathfinder Investment Funds sold its full holding in the Property Income Fund Limited and have no capital commitments in this investment at 31 March 2022. At balance date, the Pathfinder KiwiSaver Plan unitholding in the Property Income Fund Limited totalled 615,600 units, with total capital called to date of \$615,600. At 31 March 2022, the undrawn capital commitment totalled \$1,184,400, which will be paid by the Pathfinder KiwiSaver Plan. There are no other material commitments or contingencies as at 31 March 2022 (31 March 2021: none).

14. Events occurring after balance date

There has been no significant events that have occurred since balance date which would impact on the financial position of the Scheme disclosed in the Statements of Net Assets as at 31 March 2022 or on the results and cash flows of the Scheme for the year ended on that date.



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Independent auditor's report to the Members of the Pathfinder KiwiSaver Plan

Opinion

We have audited the financial statements of the Pathfinder KiwiSaver Plan ("the Plan") and the Conservative Fund, Balanced Fund and Growth Fund (each a "Fund" and collectively the "Funds", being the Funds comprising the Plan) on pages 3 to 27, which comprise the statement of net assets of each Fund and the Plan as at 31 March 2022, and the statement of changes in net assets and statement of cash flows for the year then ended of each Fund and the Plan, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements on pages 3 to 27 present fairly, in all material respects, the financial position of each Fund and the Plan as at 31 March 2022 and their financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the Plan's members, as a body. Our audit has been undertaken so that we might state to the Plan's members those matters 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 Plan and the Plan's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audits in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

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

Partners and employees of our firm may deal with the Plan on normal terms within the ordinary course of trading activities of the business of the Plan. We have no other relationship with, or interest in, the Plan.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audits of the financial statements of the current year. These matters were addressed in the context of our audits of the financial statements as a whole, and in forming our opinions thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audits addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of the audit report, including in relation to these matters. Accordingly, our audits included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the



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procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Financial assets at fair value through profit or loss

Why significant

- ▶ Each Fund's and the Plan's financial assets at FVTPL (being investments) comprise a significant portion of the respective Fund's and the Plan's total assets.
- ▶ Market volatility can have a significant impact on the value of these financial assets. Therefore, the recognition and measurement of these investments is considered a key area of audit focus. Financial assets at FVTPL are recognised in accordance with NZ IFRS 9 *Financial Instruments* and NZ IFRS 13 *Fair Value Measurement*.
- ▶ Disclosures regarding each Fund's and the Plan's financial assets at FVTPL are included in Notes 3 to 7 to the financial statements.

How our audit addressed the key audit matter

Our audit procedures included:

- ▶ Gaining an understanding of the processes used to record investment transactions and to value the portfolio. As the Administrator and Custodian (which are both external parties) are involved in the management of the investments, this included evaluating the service organisation reports issued by an independent auditor on the design and operation of the controls within the Administrator and Custodian. Our procedures focussed on the nature and significance of services provided by these service organisations, the relevant internal controls and the implications of any identified control deficiencies relevant to our audit of the financial statements.
- ▶ Obtained confirmation directly from the Custodian, Sub-Custodian or counterparty of the investment held for all investments held directly by each Fund.
- ▶ For a sample of investments as at 31 March 2022, undertook the following to assess whether the fair value measurement was in accordance with NZ IFRS 9 *Financial Instruments* and NZ IFRS 13 *Fair Value Measurement*:
 - ▶ Where the price is quoted or otherwise observable, agreed the valuation to independent sources;
 - ▶ Where we audit the investee fund, performed audit procedures over a sample of its investments to provide evidence of the net asset value per unit of the respective unlisted fund. We also considered the results of our audit work for those funds and assessed any impact on the fund's valuation;

- ▶ In relation to unlisted debt instruments, assessed the significant unobservable inputs used by management in its valuation;
- ▶ In relation to unlisted equity investments, engaged our internal valuation specialists to assess the methodology and assumptions used by management to estimate its value.
- ▶ Assessing whether the disclosures in the financial statements appropriately reflected each Fund's and the Plan's exposure to financial instrument risk with reference to NZ IFRS 7 *Financial Instruments: Disclosures*.

Information other than the financial statements and auditor's report

The Manager of the Plan is responsible for the Annual Report, which includes information other than the financial statements and auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of 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 during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Manager's responsibilities for the financial statements

The Manager of the Plan is responsible for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, 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 on behalf of the Funds and the Plan, the Funds and Plan'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 the Funds or Plan or 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



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an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/>. This description forms part of our auditor's report.

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

Chartered Accountants
Auckland
29 July 2022