

Fisher Funds KiwiSaver Scheme

2023 Financial Statements for the year ended 31 March 2023

Including the following Funds:

Fisher Funds KiwiSaver **Growth Fund**

Fisher Funds KiwiSaver **Conservative Fund**

Contents

Directory	1
Statements of Net Assets	2
Statements of Changes in Net Assets	3 - 4
Statements of Cash Flows	5 - 6
Notes to the Financial Statements	7 - 19
Independent Auditor's Report	20 - 23

**Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2023**

Directory

Manager	Fisher Funds Management Limited
Registered Office	Level 1, Crown Centre 67-73 Hurstmere Road, Takapuna, Auckland, 0622
Investor and Advisor Enquiries	Private Bag 93 502 Takapuna, Auckland, 0740 Email: enquiries@fisherfunds.co.nz
Directors of the Manager	David Clarence Clarke (Chair) LLB Margaret Anne Blackburn BA, MA Edward Francis Sippel BA Guy Roper BBS, FCA Jennifer Clare Moxon BCom Michael Stuart Berk MBA Mark John Lazberger BCom, CFA
Licensed Supervisor	Trustees Executors Limited
Auditor	KPMG
Solicitors	Chapman Tripp

Fisher Funds KiwiSaver Scheme
As at 31 March 2023

Statements of Net Assets

	Note	Growth Fund		Conservative Fund		Scheme Total	
		2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Members' funds		3,126,723	3,074,003	1,103,737	1,086,295	4,230,460	4,160,298
<i>Represented by:</i>							
Current assets							
Cash and cash equivalents		32,888	34,087	9,224	11,604	42,112	45,691
Investments at fair value through profit or loss	3 (a)	3,009,819	2,989,946	1,054,142	1,054,240	4,063,961	4,044,186
Trade and other receivables		3,888	3,703	1,547	1,522	5,435	5,225
Related party receivables	4 (a)(iii)	290	276	121	128	411	404
PIE tax receivable on behalf of members		7,018	1,523	3,548	6,001	10,566	7,524
Total current assets		3,053,903	3,029,535	1,068,582	1,073,495	4,122,485	4,103,030
Non-current assets							
Investments at fair value through profit or loss	3 (a)	77,181	47,710	37,218	14,447	114,399	62,157
Total non-current assets		77,181	47,710	37,218	14,447	114,399	62,157
Total assets		3,131,084	3,077,245	1,105,800	1,087,942	4,236,884	4,165,187
Current liabilities							
Trade and other payables		1,831	755	1,255	851	3,086	1,606
Related party payables	4 (a)(iv)	2,530	2,487	808	796	3,338	3,283
Total liabilities		4,361	3,242	2,063	1,647	6,424	4,889
Net assets available for benefits		3,126,723	3,074,003	1,103,737	1,086,295	4,230,460	4,160,298

These financial statements were authorised for issue by the Manager, Fisher Funds Management Limited:

Director  _____

Date 03-07-2023

Director  _____

Date 03-07-2023

The accompanying notes form an integral part of these financial statements.

Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2023

Statements of Changes in Net Assets

	Note	Growth Fund		Conservative Fund		Scheme Total	
		2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Income							
Interest income	6	1,095	861	369	312	1,464	1,173
Dividend and distribution income		1,565	1,385	654	670	2,219	2,055
Net changes in fair value of investments	3 (b)	(102,566)	50,055	(23,501)	(7,905)	(126,067)	42,150
Management fee rebates	4 (a)(i)	1,127	927	481	463	1,608	1,390
Other income/(expenses)		17	(3)	2	-	19	(3)
Total income/(loss)		(98,762)	53,225	(21,995)	(6,460)	(120,757)	46,765
Expenses							
Management fees	4 (a)(ii)	28,300	28,800	9,101	9,353	37,401	38,153
Performance fees	4 (a)(ii)	-	12,893	-	-	-	12,893
Custody, unit pricing and accounting fees	4 (a)(ii)	118	120	51	52	169	172
Supervisor fees	4 (a)(ii)	452	469	162	170	614	639
Member communications		221	146	145	97	366	243
Auditor's fees - financial statements audit		12	11	12	11	24	22
Regulatory related expenses		179	148	66	55	245	203
Other expenses		-	3	-	1	-	4
Total expenses		29,282	42,590	9,537	9,739	38,819	52,329
Net profit/(loss) before membership activities		(128,044)	10,635	(31,532)	(16,199)	(159,576)	(5,564)

The accompanying notes form an integral part of these financial statements.

Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2023

Statements of Changes in Net Assets (continued)

		Growth Fund		Conservative Fund		Scheme Total	
		2023	2022	2023	2022	2023	2022
		\$000	\$000	\$000	\$000	\$000	\$000
Membership activities							
Contributions	5	403,465	592,046	212,675	280,586	616,140	872,632
Withdrawals	5	(231,139)	(247,101)	(168,020)	(218,637)	(399,159)	(465,738)
Administration fees	4 (a)(ii)	-	(1,943)	-	(933)	-	(2,876)
PIE tax attributable to members		8,438	1,424	4,319	5,934	12,757	7,358
Net membership activities		180,764	344,426	48,974	66,950	229,738	411,376
Movements in members' funds for the year		52,720	355,061	17,442	50,751	70,162	405,812
Members' funds at the start of the year		3,074,003	2,718,942	1,086,295	1,035,544	4,160,298	3,754,486
Members' funds at the end of the year		3,126,723	3,074,003	1,103,737	1,086,295	4,230,460	4,160,298

	Growth Fund		Conservative Fund	
	2023	2022	2023	2022
	Number	Number	Number	Number
	'000	'000	'000	'000
Units on issue				
Units on issue at the start of the year	1,055,860	941,888	589,637	554,410
Applications for units for the year	147,404	196,801	120,320	151,165
Withdrawals for the year	(81,931)	(82,829)	(92,498)	(115,938)
Units on issue at the end of the year	1,121,333	1,055,860	617,459	589,637

The accompanying notes form an integral part of these financial statements.

**Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2023**

Statements of Cash Flows

	Growth Fund		Conservative Fund		Scheme Total	
	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000
Cash flows from operating activities						
Cash was provided from:						
Sale of investments	258,524	879,341	162,810	300,931	421,334	1,180,272
Interest received	1,096	881	370	328	1,466	1,209
Dividends received	26	27	-	-	26	27
Other income	1,116	863	490	433	1,606	1,296
Cash was applied to:						
Purchase of investments	(408,890)	(1,138,337)	(208,330)	(349,724)	(617,220)	(1,488,061)
Expenses	(29,237)	(74,879)	(9,523)	(9,758)	(38,760)	(84,637)
Net cash inflows/(outflows) from operating activities	(177,365)	(332,104)	(54,183)	(57,790)	(231,548)	(389,894)
Cash flows from financing activities						
Cash was provided from:						
Member contributions	403,273	592,991	212,647	286,580	615,920	879,571
PIE tax reclaim	2,958	-	6,771	-	9,729	-
Cash was applied to:						
Member withdrawals	(230,065)	(248,147)	(167,617)	(218,538)	(397,682)	(466,685)
PIE tax paid	-	(18,729)	-	(9,364)	-	(28,093)
Administration fees	-	(1,943)	-	(933)	-	(2,876)
Net cash inflows/(outflows) from financing activities	176,166	324,172	51,801	57,745	227,967	381,917
Net increase/(decrease) in cash and cash equivalents	(1,199)	(7,932)	(2,382)	(45)	(3,581)	(7,977)
Opening cash brought forward	34,087	42,018	11,604	11,649	45,691	53,667
Effect of exchange rate fluctuations	-	1	2	-	2	1
Ending cash carried forward	32,888	34,087	9,224	11,604	42,112	45,691

The accompanying notes form an integral part of these financial statements.

Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2023

Statements of Cash Flows (continued)

Reconciliation of net profit/(loss) to cash flows from operating activities	Growth Fund		Conservative Fund		Scheme Total	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Net profit/(loss) before membership activities	(128,044)	10,635	(31,532)	(16,199)	(159,576)	(5,564)
Non-cash items						
Net unrealised changes in the fair value of investments	151,957	84,437	24,789	41,271	176,746	125,708
Unrealised foreign exchange (gains)/losses on cash at bank	-	(1)	(2)	-	(2)	(1)
Total non-cash items	151,957	84,436	24,787	41,271	176,744	125,707
Movements in working capital						
(Increase)/decrease in trade and other receivables	(185)	34,436	(25)	15,479	(210)	49,915
(Increase)/decrease in related party receivables	(14)	(65)	7	(30)	(7)	(95)
Increase/(decrease) in trade and other payables	1,076	(41,746)	404	(12,889)	1,480	(54,635)
Increase/(decrease) in related party payables	43	(32,291)	12	(20)	55	(32,311)
Increase/(decrease) in cost of underlying investments carried at fair value	(201,301)	(389,124)	(47,461)	(85,125)	(248,762)	(474,249)
Total movements in working capital	(200,381)	(428,790)	(47,063)	(82,585)	(247,444)	(511,375)
Items classified as financing activities						
Movements in payables/receivables attributable to financing activities	(897)	1,615	(375)	(277)	(1,272)	1,338
Total items classified as financing activities	(897)	1,615	(375)	(277)	(1,272)	1,338
Net cash inflows/(outflows) from operating activities	(177,365)	(332,104)	(54,183)	(57,790)	(231,548)	(389,894)

The accompanying notes form an integral part of these financial statements.

**Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2023**

Notes to the Financial Statements

1. About this report

(a) Reporting entity

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

- Fisher Funds Kiwisaver Growth Fund ("Growth Fund")
- Fisher Funds Kiwisaver Conservative Fund ("Conservative Fund")

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

The Scheme is a Portfolio Investment Entity ("PIE"), meaning income is taxed in the hands of the Members. The Manager attributes the taxable income of the Scheme to Members based on their holding of units and pays tax on their behalf at their Prescribed Investor Rate. Tax payments/credits are transacted by cancellation or issue of units.

The results, position and cash flows reported for the Scheme is a simple aggregation of the results, position and cash flows of the Funds that make up the Scheme. All investments made with the monies of a Fund shall be held by the Supervisor as the exclusive property of that Fund and will not be used to meet any liabilities of any other Fund. As part of this aggregation process, inter-fund transactions are eliminated and PIE tax is disclosed net at the Scheme level.

(b) Statutory base

The Scheme is a reporting entity under the Financial Markets Conduct Act 2013 ("FMC Act") and is governed by the Governing Document dated 13 October 2016.

(c) Basis of preparation

The Scheme's financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") as applicable to for-profit entities and International Financial Reporting Standards ("IFRS").

The financial statements have been prepared in accordance with the provisions of the Governing Document, the FMC Act and the KiwiSaver Act.

All amounts are in New Zealand Dollars and have been rounded to the nearest one thousand dollars. The Scheme is domiciled and registered in New Zealand.

(d) Changes in accounting standards

There are no new standards, amendments to standards or interpretations that are effective for the reporting period that have a material effect on the financial statements of the Scheme.

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

(e) Change of comparatives

Certain items have been reclassified from the Scheme's prior year financial report to conform to the current year's presentation basis. The reclassification relates to PIE tax attributable between the Contributions and PIE Tax attributable to members lines (refer to Statements of Changes in Net Assets and note 5) and reclassification of dividends reinvested between dividends received and purchase of investments on the Statements of Cash Flows.

(f) Member Funds

Units issued by the funds provide the members with the right to require redemption for cash at the value proportionate to the members' share in each Fund's net asset value.

The units qualify as 'puttable instruments' (i.e. the Unit holder has the right to sell the instrument back to the Scheme at a pre-determined price), and are classified as equity as they are identical. Any owner changes in equity are presented in the membership activities section of the Statement of Changes in Net Assets, whereas any non-owner changes in equity are presented in the income section of the Statement of Changes in Net Assets.

(g) Material judgements and estimates

The material judgements and estimates in preparing these financial statements are the valuation of the Scheme's investments and categorisation of its assets and liabilities fair value hierarchy, which is described in Note 3.

**Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2023**

Notes to the Financial Statements

1. About this report (continued)

(h) Key accounting policies

Revenue recognition:	Dividends	Dividend income is recognised in the Statement of Changes in Net Assets when the Funds' right to receive payment is established.
	Interest	Interest income on financial assets at amortised cost and investment assets at fair value through profit or loss are recognised using the effective interest rate method.
	Fair value changes	Net gains/(losses) on financial assets and liabilities at fair value through profit or loss are recognised in the Statement of Changes in Net Assets. When an investment is sold, any gain or loss arising on the sale is recognised in the Statement of Changes in Net Assets. Realised gains or losses are calculated as the difference between the sale proceeds and the carrying amount of the item.
	Foreign exchange gains and losses	Foreign exchange movements on cash and assets carried at amortised cost are recognised under foreign exchange gains/(losses). Foreign exchange movements on investments carried at fair value are recognised under net change in fair value of investments.
Asset recognition:	Investment assets and liabilities	Investment assets and liabilities are recognised at fair value through profit or loss and then subsequently measured at fair value with gains or losses recognised in the Statement of Changes in Net Assets. Purchases and sales of investments are recognised at trade date, which is the date the Fund commits to purchase or sell the investment. Transaction costs are expensed as incurred. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.
	Cash and cash equivalents	Cash and cash equivalents are comprised of cash held at banks, overdrafts and bank deposits with less than 3 months duration and are carried at amortised cost.
	Financial assets at amortised cost	Financial assets at amortised cost are comprised of investments that give rise to cash flows that are solely payments of principal and interest on principal amounts outstanding, less any provision for impairment.
	Trade and other payables/receivables	Trade and other payables are carried at amortised cost. Trade and other receivables are carried at amortised cost, less any provision for impairment.
	Tax	The Scheme is a Portfolio Investment Entity ("PIE"), meaning income is taxed in the hands of the members. The Manager attributes the taxable income of the Scheme to the members based on their holding of units and pays tax on their behalf at their Prescribed Investor Rate. Tax payments/credits are transacted by the cancellation or issue of units.

2. Risk

The investment activities of the Funds come with financial risks. These risks are managed under the Scheme's Statement of Investment Policy and Objectives ("SIPO"), and are monitored by the Manager.

An analysis including the impact on Members' funds of the market price risk and direct interest rate risk from the investments of the Funds is set out in the tables below. Members' funds are impacted by price movements by the same amount as profit after adjusting for the impact of PIE tax adjustments attributable to members. Currency risk is the risk of gains or losses or changes in the New Zealand dollar value of income from changes in foreign exchange rates. The scheme is not directly exposed to currency risk as all investments held by the scheme are denominated in New Zealand dollars.

The Scheme is also exposed indirectly to interest rate risk and currency risk arising from its investment in PIE funds. These indirect risks are not considered in the analysis below.

**Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2023**

Notes to the Financial Statements

2. Risk (continued)

(a) Price risk

Price risk is the risk of gains or losses from changes in the market price of investments. A variable of 20% is considered appropriate for market price risk sensitivity analysis based on historical price movements.

		Growth Fund		Conservative Fund		Scheme Total	
		2023	2022	2023	2022	2023	2022
		\$000	\$000	\$000	\$000	\$000	\$000
PIE funds and unlisted equities	Carrying amount	3,087,000	3,037,656	1,091,360	1,068,687	4,178,360	4,106,343
	Impact of a +/- 20% change in market prices	617,400	607,531	218,272	213,737	835,672	821,268

(b) Interest rate risk

Interest rate risk is the risk of movements in interest rates. Surplus cash is held in interest bearing New Zealand bank accounts. The Funds are therefore exposed to the risk of gains or losses or changes in interest income from movements in New Zealand interest rates. A variable of 1% was selected for interest rate risk as this is a reasonably possible movement based on historic trends and current market expectations.

		Growth Fund		Conservative Fund		Scheme Total	
		2023	2022	2023	2022	2023	2022
		\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents							
Re-pricing profile:	Up to 1 year	32,888	34,087	9,224	11,604	42,112	45,691
	Impact of a +/- 1% change in interest rates	329	341	92	116	421	457

(c) Environmental & Social risk

Fisher Funds' investment activities are exposed to various environmental, social, and governance (ESG) risks and opportunities. Fisher Funds' internal investment team recognise this risk and ensure that all investment activity is managed in accordance with Fisher Funds Responsible Investment Policy.

The policy outlines three key ways in which Fisher Funds aims to invest responsibly, including maintaining a Prohibited Companies List that identifies companies that do not meet Fisher Funds ESG standards, incorporating ESG considerations into all fundamental research and engagement with companies, along with exercising proxy voting rights in a way which takes into account Fisher Funds' ESG standards.

Fisher Funds also maintain an ESG committee, whose key responsibility is to ensure the Prohibited Companies List is updated to exclude industries relating to the manufacture of weaponry or tobacco products, ownership of fossil fuel reserves, or any company with core business activities related to gambling. Outside of these activities, the ESG committee maintains sole discretion over companies placed on the Prohibited Companies List. The ESG committee consists of members appointed by the CEO, at their discretion, and are required to meet quarterly to update the Prohibited Companies List.

**Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2023**

Notes to the Financial Statements

2. Risk (continued)

(d) 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 investment liabilities and withdrawals by Members. Liquidity risk is managed by holding sufficient liquid investments to enable the Scheme to meet liabilities as they fall due and member withdrawals when requested. The Manager also monitors the Funds' portfolios and giving consideration to illiquid investments not readily and easily sold, to ensure there are sufficient liquid assets to cover outstanding liabilities of the Funds. Monies received from member contributions may be used to offset withdrawals and the Manager may in certain circumstances suspend withdrawals.

The Funds invest in various Fisher Institutional Funds. Investment assets in these Institutional Funds, excluding the Fisher Institutional Property Fund ("FIPF"), are either diversified, or invest in other wholesale funds, which are themselves diversified. Furthermore, there have been no restrictions or deferral of redemptions of units in the Fisher Institutional Funds during the period or subsequent to year end.

The Funds have an investment in the Fisher Institutional Property Fund ("FIPF"), as per Note 4(b)(ii). Units cannot be redeemed for a period of two years following issue, and if they are rolled over after this period, they are not redeemable for a further two year period. Two months' notice of redemption is required. The Manager may allow an earlier redemption in exceptional circumstances and units may be transferred with the Manager's approval. Investments in FIPF with a maturity greater than 12 months after the balance date have been presented as non-current assets in the Statements of Net Assets.

The Scheme manages its Members' funds as capital. All units in each Fund carry the same rights and preferences and restrictions. There are restrictions on withdrawals from any KiwiSaver Scheme as set out in the KiwiSaver Act 2006 and KiwiSaver Regulations 2006. The Supervisor may defer giving effect to a permitted withdrawal or any transfer out of the Scheme if the Supervisor determines that having regard to the realisation of assets required in order to make the withdrawal or transfer or the occurrence or existence of any other circumstance or event relating to the Scheme or generally, earlier withdrawal or transfer would be imprudent or is impracticable.

(e) Credit risk

Credit risk is the risk of loss that arises when a counterparty fails to meet their financial obligations to the Scheme in accordance with the agreed terms. The Scheme's credit risk primarily results from transactions relating to its cash and cash equivalent deposits. The Manager manages the Scheme's credit risk through limiting cash and cash equivalent deposits to banks with a minimum S&P AA- credit rating.

The Scheme invests primarily in PIE funds. PIE funds are similar to an equity holding – due to the risk and reward profile of those investments – and therefore do not give rise to a direct credit risk. However, the PIE funds indirectly subject the Scheme to credit risk by investing in cash, fixed interest investments and derivatives.

The Scheme's maximum credit risk exposure is represented by the carrying amount of the financial instrument.

(f) Credit exposure

The Scheme's maximum exposure to credit risk at balance date in relation to each class of recognised asset is the carrying amount of those assets as indicated in the Statements of Net Assets. The Funds do not hold greater than 5% of net assets with any one counterparty (excluding PIE funds, which are detailed in Note 4(b)(ii)).

**Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2023**

Notes to the Financial Statements

3. Investments at fair value through profit or loss

All investments are valued at fair value, with gains or losses recognised in the Statements of Changes in Net Assets. The Scheme classifies its investments at fair value through profit or loss upon initial recognition as the Scheme manages its investments based on their fair value and in accordance with the investment strategy. Purchases and sales of investments are recognised on the trade date, the date on which the Scheme commits to purchase or sell the investment.

(a) Composition of investments at fair value through profit or loss

	Growth Fund		Conservative Fund		Scheme Total	
	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000
Current assets						
PIE Funds ¹	3,009,794	2,989,493	1,054,142	1,054,240	4,063,936	4,043,733
Unlisted equities	25	453	-	-	25	453
Total Current assets	3,009,819	2,989,946	1,054,142	1,054,240	4,063,961	4,044,186
Non-current assets						
PIE Funds ¹	77,181	47,710	37,218	14,447	114,399	62,157
Total Non-current assets	77,181	47,710	37,218	14,447	114,399	62,157
Total investments at fair value through profit or loss	3,087,000	3,037,656	1,091,360	1,068,687	4,178,360	4,106,343

¹ All PIE funds invested in are other funds managed by the Manager. As such, these PIE funds are considered to be related entities. Refer to Note 4(b)(ii) for a detailed breakdown of PIE funds invested in by each Fund.

(b) Net changes in fair value of investments

	Growth Fund		Conservative Fund		Scheme Total	
	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000
Debt securities	-	321	-	(42)	-	279
PIE Funds	(102,538)	49,668	(23,501)	(7,863)	(126,039)	41,805
Unlisted equities	(28)	66	-	-	(28)	66
Total net changes in fair value of investments	(102,566)	50,055	(23,501)	(7,905)	(126,067)	42,150

**Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2023**

Notes to the Financial Statements

3. Investments at fair value through profit or loss (continued)

(c) Fair value hierarchy

The fair value of an investment is the price that would be received to sell an investment asset, or paid to transfer a financial liability, in an orderly transaction between market participants at measurement date. Investments recognised at fair value are categorised according to the level of judgment used in determining the fair value. There are three levels in the hierarchy of fair value measurements which are based on the observability of inputs to measure fair values:

	Input observability	Application
Level 1:	Fair value is calculated using quoted prices in active markets.	Listed equities and futures are calculated using the last traded price for identical securities in active markets that the Funds can access; except for when the last traded price falls outside the bid-ask spread for a particular stock, in which case the bid price is used. Fair value for debt securities are determined using prices supplied by third party pricing vendors.
Level 2:	Investment valuations are based on direct or indirect observable data other than quoted prices included in Level 1. Level 2 inputs include: (1) quoted prices for similar assets or liabilities; (2) quoted prices for assets or liabilities that are not traded in an active market; or (3) other observable market data that can be used for valuation purposes.	PIE investments are not traded in an active market and their fair value is based primarily on the latest available redemption price at balance date of the respective PIE funds. Fair value for debt securities, forward foreign exchange rate and swap contracts are determined using valuation techniques based on spot exchange rates, forward points and prices supplied by third party pricing vendors.
Level 3:	Fair values are estimated using significant inputs that are unobservable for the investments.	Fair value for debt securities, where no observable market data for significant inputs is available, the valuation is based off valuation techniques applied on a case by case basis as determined by the Manager.

The table below categorises investment by fair value hierarchy:

	Growth Fund		Conservative Fund		Scheme Total	
	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000
Level 2						
PIE Funds	3,086,975	3,037,203	1,091,360	1,068,687	4,178,335	4,105,890
Level 3						
Unlisted equities	25	453	-	-	25	453
Total fair value hierarchy	3,087,000	3,037,656	1,091,360	1,068,687	4,178,360	4,106,343

The Funds have no investments classified as Level 1 as at 31 March 2023 (31 March 2022: Nil).

Level 2 investments comprise investments in PIE funds.

Level 3 investments comprise investments in private equity funds (unlisted equities) where the valuation is based of financial reports provided by the Manager, Direct Capital IV Management Limited.

During the year there were no transfers of investments between levels in the fair value hierarchy.

Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2023

Notes to the Financial Statements

3. Investments at fair value through profit or loss (continued)

(d) Reconciliation of movements in Level 3 investments

The following table shows a reconciliation from the opening balance to the closing balance for the fair value measurements in level 3 of the fair value hierarchy:

	Growth Fund		Conservative Fund		Scheme Total	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Unlisted equities						
Opening balance	453	387	-	-	453	387
Return of capital	(441)	-	-	-	(441)	-
Capital drawdowns	26	27	-	-	26	27
Profits/(losses) recognised in profit or loss	(13)	39	-	-	(13)	39
Closing balance	25	453	-	-	25	453
Change in unrealised gains for the year included in profit or loss for level 3 investments held at balance date	(13)	39	-	-	(13)	39

**Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2023**

Notes to the Financial Statements

4. Related parties and entities

Fisher Funds Management Limited ("the Manager") undertakes the management of each Fund as per the Governing Document; which specifies the duties and powers of the Manager. The Manager has the ability to control or exercise significant influence over each Fund and is viewed as a related party as per NZ IAS 24 *Related Party Disclosures*.

The Manager is responsible for managing the assets of the Scheme and fund administration, and is entitled to a management fee of 0.95% per annum ("p.a.") of the gross asset value ("GAV") of the Growth Fund and 0.85% p.a. of the GAV of the Conservative Fund. There have been no changes from the prior year. Management fees are calculated daily and payable monthly.

The Manager was also entitled to be paid a performance fee on the Growth Fund where the returns to Members exceed the Fund's benchmark ("Benchmark Return") capped at 2% p.a. of the average net asset value of the Fund. The Benchmark Return was measured by the percentage change in the NZ Official Cash Rate ("OCR") plus 5%. A high water mark applied to ensure the Manager is only rewarded for investment performance once. Where the high water mark was higher than the performance period end unit price, no performance fee was payable. Where the high water mark was lower than the performance period end unit price the fee was the lesser of:

- 10% of the return in excess of the Benchmark Return; or
- 10% of the excess return achieved above the high water mark.

No performance fees were payable for the year ended 31 March 2023, and no performance-based fees will be incurred from 1 July 2023.

In relation to the underlying investments in the FIPF, the Funds receive a management fee rebate from the Manager of 0.75% p.a. (2022: 0.75%) on the value of the property assets under management. The rebate is calculated daily and paid quarterly by the Manager.

(a) Transactions and balances with related parties

(i) Related party income

	Growth Fund		Conservative Fund		Scheme Total	
	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000
Management fee rebates	1,127	927	481	463	1,608	1,390
Total Fisher Funds Management Limited	1,127	927	481	463	1,608	1,390
Total related party income	1,127	927	481	463	1,608	1,390

Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2023

Notes to the Financial Statements

4. Related parties and entities (continued)

(a) Transactions and balances with related parties (continued)

(ii) Related party fees incurred

	Growth Fund		Conservative Fund		Scheme Total	
	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000
Management fees	28,300	28,800	9,101	9,353	37,401	38,153
Performance fees	-	12,893	-	-	-	12,893
Administration fees deducted by unit redemption	-	1,160	-	557	-	1,717
Total Fisher Funds Management Limited	28,300	42,853	9,101	9,910	37,401	52,763
Supervisor fees	452	469	162	170	614	639
Custody, unit pricing and accounting fees	118	120	51	52	169	172
Administration fees deducted by unit redemption	-	783	-	376	-	1,159
Total Trustees Executors Limited	570	1,372	213	598	783	1,970
Total related party fees incurred	28,870	44,225	9,314	10,508	38,184	54,733

Trustees Executors Limited undertakes the role of Supervisor as per the Governing Document. The Supervisor's role is to actively supervise the Manager's performance of its functions and obligations. Trustees Executors Limited is entitled to a Supervisor fee in undertaking these duties which is paid by each Fund. The Supervisor has the ability to control or exercise significant influence over each Fund and therefore Trustees Executors Limited is viewed as a related party as per NZ IAS 24. Trustees Executors Limited also undertakes custody, registry, unit pricing and accounting services for each Fund for which it is entitled to a fee. These fees are paid directly by the Fund.²

(iii) Related party receivables

	Growth Fund		Conservative Fund		Scheme Total	
	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000
Management fee rebates	290	276	121	128	411	404
Total Fisher Funds Management Limited	290	276	121	128	411	404
Total related party receivables	290	276	121	128	411	404

**Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2023**

Notes to the Financial Statements

4. Related parties and entities (continued)

(a) Transactions and balances with related parties (continued)

(iv) Related party payables

	Growth Fund		Conservative Fund		Scheme Total	
	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000
Management fees payable	2,475	2,434	788	777	3,263	3,211
Total Fisher Funds Management Limited	2,475	2,434	788	777	3,263	3,211
Supervisor fees payable	40	40	14	14	54	54
Unit pricing and accounting fees payable	15	13	6	5	21	18
Total Trustees Executors Limited	55	53	20	19	75	72
Total related party payables	2,530	2,487	808	796	3,338	3,283

(b) Transactions and balances with related entities

(i) Investment transactions with related entities

In the normal course of business, each Fund may enter into a transaction where another fund managed by the Manager is the counterparty. Funds with a common manager are not viewed as a related party relationship as per NZ IAS 24 as they do not have the ability to control or exercise significant influence over one another. However, transactions and balances between each Fund and other funds with a common Manager are disclosed for the purposes of these financial statements as a related entity.

During the year various investments were bought or sold by the Scheme where the counterparty was another Fund also managed by the Manager. All such transactions were carried out in the ordinary course of the Scheme's activities and were transacted at the fair value of the underlying investment bought or sold (i.e. on an arm's-length basis). No brokerage fees were charged.

	Growth Fund		Conservative Fund		Scheme Total	
	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000
Purchases of investments ⁽¹⁾	-	16,881	-	-	-	16,881
Sales of investments ⁽¹⁾	-	-	-	13,444	-	13,444
Unsettled purchases of investments	-	-	-	-	-	-
Unsettled sales of investments	-	-	-	-	-	-

⁽¹⁾ These purchases and sales of investments exclude contributions and withdrawals in Fisher Institutional Funds.

Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2023

Notes to the Financial Statements

4. Related parties and entities (continued)

(ii) Investments in related entities

The Scheme indirectly holds multiple investments through other funds managed by the Manager. The scheme has been deemed to meet the definition of an investment entity under NZ IFRS 10 *Consolidated Financial Statements* and accordingly the Scheme's investments in other PIE funds managed by the Manager are not consolidated, instead measured at fair value through profit and loss, if any. The Scheme's investments in other funds managed by the Manager (PIE Funds per Note 3) are as follows:

	Growth Fund		Conservative Fund		Scheme Total	
	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000
Fisher Institutional New Zealand Cash Fund	-	-	120,786	118,853	120,786	118,853
Fisher Institutional New Zealand Fixed Interest Fund	236,083	234,778	229,347	268,117	465,430	502,895
Fisher Institutional Global Fixed Income Fund	127,031	89,935	277,303	325,978	404,334	415,913
Fisher Institutional International Equity Fund	367,539	381,899	33,966	36,123	401,505	418,022
Fisher Institutional International Equity (Hedged) Fund	366,969	396,879	34,826	38,544	401,795	435,423
Fisher Institutional Select Global Equities Fund	655,700	597,116	62,614	55,380	718,314	652,496
Fisher Institutional Trans Tasman Equity Fund	812,451	801,641	68,710	65,103	881,161	866,744
Fisher Institutional Property & Infrastructure Fund	145,056	168,271	54,293	55,590	199,349	223,861
Fisher Institutional Property Fund	44,744	76,906	13,548	43,373	58,292	120,279
Fisher Institutional Global Value Fund	157,643	149,467	15,056	13,924	172,699	163,391
Fisher Institutional Global Credit Fund	-	-	73,893	-	73,893	-
Fisher Institutional Australian Private Debt Fund	-	-	35,977	-	35,977	-
Fisher Institutional Inflation Linked Bond Fund	96,578	92,601	33,823	33,255	130,401	125,856
Total current assets	3,009,794	2,989,493	1,054,142	1,054,240	4,063,936	4,043,733
Fisher Institutional Property Fund	77,181	47,710	37,218	14,447	114,399	62,157
Total non-current assets	77,181	47,710	37,218	14,447	114,399	62,157
Total investments in related entities	3,086,975	3,037,203	1,091,360	1,068,687	4,178,335	4,105,890

Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2023

Notes to the Financial Statements

5. Contributions and withdrawals

	Growth Fund		Conservative Fund		Scheme Total	
	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000
Member contributions	154,661	134,661	59,669	55,541	214,330	190,202
Member lump sum and voluntary contributions over minimum contribution rate	33,739	94,361	11,668	52,223	45,407	146,584
Employer contributions	81,459	70,475	32,355	29,967	113,814	100,442
Crown contributions	26,324	23,634	11,282	11,289	37,606	34,923
Transfers from other KiwiSaver schemes	64,337	154,638	33,954	50,559	98,291	205,197
Transfers from other superannuation schemes	3,517	6,597	1,699	2,751	5,216	9,348
Inter-fund switches in	39,418	107,676	62,044	78,254	101,462	185,930
Other income	10	4	4	2	14	6
Total contributions	403,465	592,046	212,675	280,586	616,140	872,632

Contributions are received either from Members directly or via their employer or the Inland Revenue Department ("IRD"). Contributions in the form of Member Tax Credits are received from the Crown via the IRD. Members can also arrange to transfer funds in from other sources, such as from previous KiwiSaver providers or registered superannuation schemes and pension funds.

	Growth Fund		Conservative Fund		Scheme Total	
	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000
Member eligible withdrawals	66,060	53,724	68,238	46,190	134,298	99,914
Withdrawals on death	4,932	3,313	2,838	1,549	7,770	4,862
Serious illness withdrawals	4,171	4,223	3,661	4,001	7,832	8,224
Withdrawals or transfers on permanent emigration	1,480	1,993	783	704	2,263	2,697
Significant financial hardship withdrawals	7,309	6,006	5,689	3,696	12,998	9,702
First home purchase withdrawals	12,635	22,293	19,071	26,160	31,706	48,453
Transfers to other KiwiSaver schemes	71,965	76,532	28,214	28,363	100,179	104,895
Mortgage diversion withdrawals	6	6	-	-	6	6
Court ordered withdrawals	521	550	87	187	608	737
Inter-fund switches out	62,044	78,254	39,418	107,676	101,462	185,930
Other withdrawals	16	207	21	111	37	318
Total withdrawals	231,139	247,101	168,020	218,637	399,159	465,738

**Fisher Funds KiwiSaver Scheme
For the year ended 31 March 2023**

Notes to the Financial Statements

6. Interest income

	Growth Fund		Conservative Fund		Scheme Total	
	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000
Interest on investment assets at amortised cost	1,095	186	369	68	1,464	254
Interest on investment assets at fair value through profit or loss	-	675	-	244	-	919
Total interest income	1,095	861	369	312	1,464	1,173

Interest income on financial assets at amortised cost and investment assets at fair value through profit or loss is recognised using the effective interest method.

7. Capital commitments and contingent liabilities

There were no significant capital commitments or contingent liabilities as at 31 March 2023 (31 March 2022: Nil).

8. Subsequent events

As at the date of signing, the underlying funds covered in these financial statements may have experienced movement in unit prices. For recent unit price and fund performance, please visit www.fisherfunds.co.nz/unit-prices-and-performance/unit-prices (note, this information is unaudited).

No performance based fees will be incurred in any Fisher Funds Kiwisaver Scheme funds from 1 July 2023.

There were no other significant events subsequent to the reporting date which require adjustment to or disclosure in these financial statements.

Independent auditor's report

To the members of:

- Fisher Funds KiwiSaver Growth Fund
- Fisher Funds KiwiSaver Conservative Fund

Collectively "Fisher Funds KiwiSaver Scheme" (the "funds and scheme").

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Fisher Funds KiwiSaver Scheme (the 'funds and scheme') on pages 2 to 19:

- present fairly in all material respects the funds' and scheme's financial position as at 31 March 2023 and its financial performance and cash flows for the year ended on that date; and
- are in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards issued by the New Zealand Accounting Standards Board.

We have audited the accompanying financial statements which comprise:

- the statements of net assets as at 31 March 2023;
- the statements of changes in net assets and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

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

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

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

Our firm has also undertaken supervisor reporting in line with our obligations under Section 198 and 199 of the Financial Markets Conduct Act 2013 ("FMC Act 2013"). Subject to certain restrictions, partners and employees of our firm may also deal with the funds and scheme on normal terms within the ordinary course of trading activities of the business of the funds and scheme. These matters have not impaired our independence as auditor of the funds and scheme. The firm has no other relationship with, or interest in, the funds and scheme.



Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole. The materiality for the financial statements as a whole was set at 1.00% of the total assets of each fund and the scheme. We chose the benchmark because, in our view, this is a key measure of the funds' and scheme's performance.



Key audit matters

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

The key audit matter	How the matter was addressed in our audit
Existence and valuation of investments	
<p>Refer to Note 3 to the Financial Report.</p> <p>Investments are the funds' and scheme's main assets, and existence and valuation of those investments is the most important aspect of preparing the financial statements. As described in the financial statements, the funds' and scheme's investments include call accounts and fund-to-fund investments which are held by one custodian.</p> <p>The global economy continues to have a heightened level of uncertainty due to macroeconomic conditions and continuing geopolitical tensions. This creates an elevated level of uncertainty in the valuation of investments and the fair value hierarchy. As a result, additional judgement is required.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> documenting and understanding the processes in place to record investment transactions and to value the portfolio. This included evaluating the control environment in place at the custodian, investment accounting and registry service provider by obtaining and reading the service organisation reports issued by an independent auditor on the design and operation of those controls throughout the period; agreeing investment holdings to the confirmations received from banks and the custodian; agreeing the valuation of fund-to-fund investments to independent third party pricing sources; and checking the accuracy of fair value levels as disclosed in the financial statements. <p>We did not identify any material differences from our procedures.</p>



Other information

The Manager, on behalf of the funds and scheme, is responsible for the other information included in the funds' and scheme's Annual Report. Our opinion on the financial statements does not cover any 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 in the audit or otherwise appears materially misstated. If, based on 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.



Use of this independent auditor's report

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



Responsibilities of the Manager for the financial statements

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

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



Auditor's responsibilities for the audit of the financial statements

Our objective is:

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

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

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

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

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

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

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

For and on behalf of



KPMG
Auckland

4 July 2023