

# Fisher Funds TWO KiwiSaver Scheme

## 2023 Financial Statements for the year ended 31 March 2023

Including the following Funds:

- Fisher Funds TWO KiwiSaver **Preservation Fund**
- Fisher Funds TWO KiwiSaver **Equity Fund**
- Fisher Funds TWO KiwiSaver **Cash Enhanced Fund**
- Fisher Funds TWO KiwiSaver **Balanced Fund**
- Fisher Funds TWO KiwiSaver **Conservative Fund**
- Fisher Funds TWO KiwiSaver **Growth Fund**

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

**Directory**

<b>Manager</b>	Fisher Funds Management Limited
<b>Registered Office</b>	Level 1, Crown Centre 67-73 Hurstmere Road, Takapuna, Auckland, 0622
<b>Investor and Advisor Enquiries</b>	Private Bag 93 502 Takapuna, Auckland, 0740 Email: enquiries@fisherfunds.co.nz
<b>Directors of the Manager</b>	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
<b>Licensed Supervisor</b>	Trustees Executors Limited
<b>Auditor</b>	KPMG
<b>Solicitors</b>	Chapman Tripp

Fisher Funds TWO KiwiSaver Scheme  
As at 31 March 2023

Statements of Net Assets

	Note	Preservation Fund		Equity Fund		Cash Enhanced Fund		Balanced Fund		Conservative Fund		Growth Fund		Scheme Total	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Members' funds</b>		<b>42,225</b>	<b>30,024</b>	<b>248,585</b>	<b>241,552</b>	<b>298,542</b>	<b>313,522</b>	<b>1,493,728</b>	<b>1,189,464</b>	<b>303,860</b>	<b>196,166</b>	<b>1,093,323</b>	<b>828,165</b>	<b>3,480,263</b>	<b>2,798,893</b>
<i>Represented by:</i>															
<b>Current assets</b>															
Cash and cash equivalents		383	174	2,357	2,825	2,664	2,648	12,712	8,552	3,957	1,708	11,919	8,798	33,992	24,705
Investments at fair value through profit or loss	3 (a)	42,193	29,931	245,867	238,990	294,164	304,424	1,435,649	1,137,881	291,547	188,338	1,057,009	798,348	3,366,429	2,697,912
Trade and other receivables		33	30	230	720	272	302	1,388	1,187	239	294	1,410	894	3,572	3,427
Related party receivables	4 (a)(iii)	-	-	-	-	120	21	191	161	33	21	102	73	446	276
PIE tax receivable on behalf of members		-	39	470	-	418	1,592	3,774	2,224	650	1,125	706	262	6,018	5,242
<b>Total current assets</b>		<b>42,609</b>	<b>30,174</b>	<b>248,924</b>	<b>242,535</b>	<b>297,638</b>	<b>308,987</b>	<b>1,453,714</b>	<b>1,150,005</b>	<b>296,426</b>	<b>191,486</b>	<b>1,071,146</b>	<b>808,375</b>	<b>3,410,457</b>	<b>2,731,562</b>
<b>Non-current assets</b>															
Investments at fair value through profit or loss	3 (a)	-	-	-	-	1,212	4,835	42,029	40,972	9,025	5,333	23,576	20,748	75,842	71,888
<b>Total non-current assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,212</b>	<b>4,835</b>	<b>42,029</b>	<b>40,972</b>	<b>9,025</b>	<b>5,333</b>	<b>23,576</b>	<b>20,748</b>	<b>75,842</b>	<b>71,888</b>
<b>Total assets</b>		<b>42,609</b>	<b>30,174</b>	<b>248,924</b>	<b>242,535</b>	<b>298,850</b>	<b>313,822</b>	<b>1,495,743</b>	<b>1,190,977</b>	<b>305,451</b>	<b>196,819</b>	<b>1,094,722</b>	<b>829,123</b>	<b>3,486,299</b>	<b>2,803,450</b>
<b>Current liabilities</b>															
Trade and other payables		139	132	111	74	177	162	916	631	1,378	508	498	272	3,219	1,779
Related party payables	4 (a)(iv)	24	18	229	223	131	138	1,099	882	213	145	901	686	2,597	2,092
PIE tax payable on behalf of members		221	-	-	686	-	-	-	-	-	-	-	-	221	686
<b>Total liabilities</b>		<b>384</b>	<b>150</b>	<b>340</b>	<b>983</b>	<b>308</b>	<b>300</b>	<b>2,015</b>	<b>1,513</b>	<b>1,591</b>	<b>653</b>	<b>1,399</b>	<b>958</b>	<b>6,037</b>	<b>4,557</b>
<b>Net assets available for benefits</b>		<b>42,225</b>	<b>30,024</b>	<b>248,584</b>	<b>241,552</b>	<b>298,542</b>	<b>313,522</b>	<b>1,493,728</b>	<b>1,189,464</b>	<b>303,860</b>	<b>196,166</b>	<b>1,093,323</b>	<b>828,165</b>	<b>3,480,262</b>	<b>2,798,893</b>

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 TWO KiwiSaver Scheme  
For the year ended 31 March 2023

Statements of Changes in Net Assets

	Note	Preservation Fund		Equity Fund		Cash Enhanced Fund		Balanced Fund		Conservative Fund		Growth Fund		Scheme Total	
		2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000
<b>Income</b>															
Interest income	6	15	2	95	13	106	198	503	302	103	54	402	223	1,224	792
Dividend income		-	-	-	-	71	98	988	833	166	113	505	606	1,730	1,650
Net changes in fair value of investments	3 (b)	1,228	15	(7,727)	4,944	(4,016)	5,924	(41,231)	7,136	(5,042)	(1,739)	(2,276)	26,402	(59,064)	42,682
Management fee rebates	4 (a)(i)	-	-	-	-	153	107	699	573	113	78	355	471	1,320	1,229
Other income		-	-	2	-	-	-	11	-	2	-	10	-	25	-
<b>Total income/(loss)</b>		<b>1,243</b>	<b>17</b>	<b>(7,630)</b>	<b>4,957</b>	<b>(3,686)</b>	<b>6,327</b>	<b>(39,030)</b>	<b>8,844</b>	<b>(4,658)</b>	<b>(1,494)</b>	<b>(1,004)</b>	<b>27,702</b>	<b>(54,765)</b>	<b>46,353</b>
<b>Expenses</b>															
Management fees	4 (a)(ii)	184	142	2,502	2,590	1,551	3,050	11,580	10,210	2,112	1,547	9,306	7,680	27,235	25,219
Custody, unit pricing and accounting fees	4 (a)(ii)	19	18	26	26	1	1	58	55	26	24	47	43	177	167
Supervisor fees	4 (a)(ii)	6	4	36	37	-	-	202	182	39	29	145	123	428	375
Auditor's fees - financial statements audit		9	8	7	9	-	-	10	9	10	9	10	10	46	45
Regulatory related expenses		4	2	16	14	-	-	87	58	20	11	63	40	190	125
Other expenses		2	2	13	14	1	-	69	58	11	10	47	43	143	127
<b>Total expenses</b>		<b>224</b>	<b>176</b>	<b>2,600</b>	<b>2,690</b>	<b>1,553</b>	<b>3,051</b>	<b>12,006</b>	<b>10,572</b>	<b>2,218</b>	<b>1,630</b>	<b>9,618</b>	<b>7,939</b>	<b>28,219</b>	<b>26,058</b>
<b>Net profit/(loss) before membership activities</b>		<b>1,019</b>	<b>(159)</b>	<b>(10,230)</b>	<b>2,267</b>	<b>(5,239)</b>	<b>3,276</b>	<b>(51,036)</b>	<b>(1,728)</b>	<b>(6,876)</b>	<b>(3,124)</b>	<b>(10,622)</b>	<b>19,763</b>	<b>(82,984)</b>	<b>20,295</b>

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

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

Statements of Changes in Net Assets (continued)

	Note	Preservation Fund		Equity Fund		Cash Enhanced Fund		Balanced Fund		Conservative Fund		Growth Fund		Scheme Total	
		2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000
<b>Membership activities</b>															
Contributions	5	22,921	6,674	37,885	46,299	31,822	92,166	472,063	209,394	160,872	49,683	352,150	174,530	1,077,713	578,746
Withdrawals	5	(11,504)	(8,235)	(21,196)	(22,918)	(42,178)	(501,766)	(121,191)	(107,540)	(47,154)	(28,738)	(77,380)	(62,491)	(320,603)	(731,688)
Administration fees	4 (a)(ii)	-	(22)	-	(122)	-	(738)	-	(525)	-	(85)	-	(384)	-	(1,876)
PIE tax attributable to members		(235)	41	574	(723)	615	1,619	4,428	2,109	852	1,112	1,010	189	7,244	4,347
<b>Net membership activities</b>		<b>11,182</b>	<b>(1,542)</b>	<b>17,263</b>	<b>22,536</b>	<b>(9,741)</b>	<b>(408,719)</b>	<b>355,300</b>	<b>103,438</b>	<b>114,570</b>	<b>21,972</b>	<b>275,780</b>	<b>111,844</b>	<b>764,354</b>	<b>(150,471)</b>
Movements in members' funds for the year		<b>12,201</b>	<b>(1,701)</b>	<b>7,033</b>	<b>24,803</b>	<b>(14,980)</b>	<b>(405,443)</b>	<b>304,264</b>	<b>101,710</b>	<b>107,694</b>	<b>18,848</b>	<b>265,158</b>	<b>131,607</b>	<b>881,370</b>	<b>(130,176)</b>
Members' funds at the start of the year		30,024	31,725	241,552	216,749	313,522	718,965	1,189,464	1,087,754	196,166	177,318	828,165	696,558	2,798,893	2,929,069
Members' funds at the end of the year		42,225	30,024	248,585	241,552	298,542	313,522	1,493,728	1,189,464	303,860	196,166	1,093,323	828,165	3,480,263	2,798,893

	Number '000	Number '000	Number '000	Number '000	Number '000	Number '000	Number '000	Number '000	Number '000	Number '000	Number '000	Number '000
<b>Units on issue</b>												
Units on issue at the start of the year	10	11	34	31	157,056	354,946	182	167	93,830	83,595	337,728	292,698
Applications for units for the year	8	2	6	6	16,449	44,851	75	31	78,969	23,137	148,662	70,293
Withdrawals for the year	(4)	(3)	(3)	(3)	(21,493)	(242,741)	(19)	(16)	(23,044)	(12,902)	(32,594)	(25,263)
Units on issue at the end of the year	14	10	37	34	152,012	157,056	238	182	149,755	93,830	453,796	337,728

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

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

**Statements of Cash Flows**

	Preservation Fund		Equity Fund		Cash Enhanced Fund		Balanced Fund		Conservative Fund		Growth Fund		Scheme Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Cash flows from operating activities</b>														
Cash was provided from:														
Sale of investments	4,020	4,878	21,235	40,427	84,313	503,009	324,241	261,409	70,238	50,761	72,522	250,970	576,569	1,111,454
Interest received	15	2	95	13	106	209	503	312	103	57	402	229	1,224	822
Management fee rebates received	-	-	2	-	54	751	668	530	103	73	334	501	1,161	1,855
Other income received	-	-	-	-	-	-	11	-	-	-	-	-	11	-
Cash was applied to:														
Purchase of investments	(15,055)	(3,310)	(35,840)	(57,365)	(74,375)	(92,660)	(663,310)	(347,888)	(181,115)	(69,632)	(335,780)	(349,147)	(1,305,475)	(920,002)
Expenses	(216)	(176)	(2,597)	(2,661)	(1,559)	(3,254)	(11,788)	(10,556)	(2,148)	(1,626)	(9,402)	(7,874)	(27,710)	(26,167)
<b>Net cash inflows/(outflows) from operating activities</b>	<b>(11,236)</b>	<b>1,394</b>	<b>(17,105)</b>	<b>(19,606)</b>	<b>8,539</b>	<b>408,055</b>	<b>(349,675)</b>	<b>(96,193)</b>	<b>(112,819)</b>	<b>(20,367)</b>	<b>(271,924)</b>	<b>(105,321)</b>	<b>(754,220)</b>	<b>167,962</b>
<b>Cash flows from financing activities</b>														
Cash was provided from:														
Member contributions	22,916	6,765	38,376	45,851	31,851	92,470	471,864	208,971	160,925	49,570	351,631	174,820	1,077,563	578,447
Cash was applied to:														
Member withdrawals	(11,496)	(8,273)	(21,160)	(22,927)	(42,164)	(502,579)	(120,908)	(107,625)	(47,186)	(28,354)	(77,154)	(62,581)	(320,068)	(732,339)
PIE tax received/(paid)	25	(60)	(581)	(2,763)	1,790	(3,201)	2,878	(9,098)	1,328	(660)	566	(7,219)	6,006	(23,221)
Administration fees	-	(22)	2	(120)	-	(738)	1	(524)	1	(84)	2	(382)	6	(1,870)
<b>Net cash inflows/(outflows) from financing activities</b>	<b>11,445</b>	<b>(1,590)</b>	<b>16,637</b>	<b>20,021</b>	<b>(8,523)</b>	<b>(414,048)</b>	<b>353,835</b>	<b>91,724</b>	<b>115,068</b>	<b>20,272</b>	<b>275,045</b>	<b>104,638</b>	<b>763,507</b>	<b>(178,983)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>209</b>	<b>(196)</b>	<b>(468)</b>	<b>415</b>	<b>16</b>	<b>(5,993)</b>	<b>4,160</b>	<b>(4,469)</b>	<b>2,249</b>	<b>(95)</b>	<b>3,121</b>	<b>(683)</b>	<b>9,287</b>	<b>(11,021)</b>
Opening cash brought forward	174	370	2,825	2,410	2,648	8,641	8,552	13,021	1,708	1,803	8,798	9,481	24,705	35,726
<b>Ending cash carried forward</b>	<b>383</b>	<b>174</b>	<b>2,357</b>	<b>2,825</b>	<b>2,664</b>	<b>2,648</b>	<b>12,712</b>	<b>8,552</b>	<b>3,957</b>	<b>1,708</b>	<b>11,919</b>	<b>8,798</b>	<b>33,992</b>	<b>24,705</b>

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

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

Statements of Cash Flows (continued)

	Preservation Fund		Equity Fund		Cash Enhanced Fund		Balanced Fund		Conservative Fund		Growth Fund		Scheme Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Reconciliation of net profit/(loss) to cash flows</b>														
from operating activities														
<b>Net profit/(loss) before membership activities</b>	1,019	(159)	(10,230)	2,267	(5,239)	3,276	(51,036)	(1,728)	(6,876)	(3,124)	(10,622)	19,763	(82,984)	20,295
<b>Non-cash items</b>														
Net unrealised changes in the fair value of investments	(772)	726	13,379	8,439	10,937	72,548	48,184	32,043	7,977	9,985	9,294	1,606	88,999	125,347
Accrued interest	-	-	-	-	-	11	-	10	-	3	-	5	-	29
<b>Total non-cash items</b>	(772)	726	13,379	8,439	10,937	72,559	48,184	32,053	7,977	9,988	9,294	1,611	88,999	125,376
<b>Movements in working capital</b>														
(Increase)/decrease in trade and other receivables	(3)	86	490	534	30	6,004	(201)	15,745	55	2,255	(516)	7,150	(145)	31,774
(Increase)/decrease in related party receivables	-	-	-	-	(99)	643	(30)	(42)	(12)	(4)	(29)	31	(170)	628
Increase/(decrease) in trade and other payables	7	(34)	37	(830)	15	(5,693)	285	(15,606)	870	(2,035)	226	(8,085)	1,440	(32,283)
Increase/(decrease) in related party payables	6	-	6	8	(7)	(200)	217	16	68	3	215	67	505	(106)
(Increase)/decrease in cost of underlying investments carried at fair value	(11,491)	830	(20,259)	(30,482)	2,945	330,959	(347,011)	(127,141)	(114,876)	(27,177)	(270,783)	(125,653)	(761,475)	21,336
<b>Total movements in working capital</b>	(11,481)	882	(19,726)	(30,770)	2,884	331,713	(346,740)	(127,028)	(113,895)	(26,958)	(270,887)	(126,490)	(759,845)	21,349
<b>Items classified as financing activities</b>														
Movements in payables/receivables attributable to financing activities	(2)	(55)	(528)	458	(43)	507	(83)	510	(25)	(273)	291	(205)	(390)	942
<b>Total items classified as financing activities</b>	(2)	(55)	(528)	458	(43)	507	(83)	510	(25)	(273)	291	(205)	(390)	942
<b>Net cash inflows/(outflows) from operating activities</b>	(11,236)	1,394	(17,105)	(19,606)	8,539	408,055	(349,675)	(96,193)	(112,819)	(20,367)	(271,924)	(105,321)	(754,220)	167,962

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



**Fisher Funds TWO 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 TWO KiwiSaver Scheme ("the Scheme"). The Scheme is made up of six funds ("the Funds"):

- Fisher Funds TWO Kiwisaver Preservation Fund ("Preservation Fund")
- Fisher Funds TWO Kiwisaver Equity Fund ("Equity Fund")
- Fisher Funds TWO Kiwisaver Cash Enhanced Fund ("Cash Enhanced Fund")
- Fisher Funds TWO Kiwisaver Balanced Fund ("Balanced Fund")
- Fisher Funds TWO Kiwisaver Conservative Fund ("Conservative Fund")
- Fisher Funds TWO Kiwisaver Growth Fund ("Growth 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 reclassifications relates to the re-presentation of the Investments at fair value through profit or loss (refer to note 3 for further information) 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**

The material judgements 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.

**(h) Default KiwiSaver provider status**

On 14 May 2021, the New Zealand Government announced changes to the default KiwiSaver provider arrangements. These included reducing the number of default KiwiSaver providers. As of 1 December 2021, Fisher Funds is no longer a default KiwiSaver provider. The Cash Enhanced Fund (which was the default KiwiSaver fund) continues to operate as a non-default KiwiSaver fund and is managed as a going concern within the Scheme.

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

Notes to the Financial Statements

1. About this report (continued)

(i) Key accounting policies

<b>Revenue recognition:</b>	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.
<b>Asset recognition:</b>	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. The Funds also hold bank deposits which have an investment duration of no more than 3 months.
	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 its investments 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.

(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.

		Preservation Fund		Equity Fund		Cash Enhanced Fund		Balanced Fund		Conservative Fund		Growth Fund		Scheme Total	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
PIE funds	Carrying amount	42,193	29,931	245,867	238,990	295,376	309,259	1,477,678	1,178,853	300,572	193,671	1,080,585	819,096	3,442,271	2,769,800
	Impact of a +/- 20% change in market prices	8,439	5,986	49,173	47,798	59,075	61,852	295,536	235,771	60,114	38,734	216,117	163,819	688,454	553,960

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

**Notes to the Financial Statements**

**2. Risk (continued)**

**(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.

	Preservation Fund		Equity Fund		Cash Enhanced Fund		Balanced Fund		Conservative Fund		Growth Fund		Scheme Total			
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022		
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000		
Cash and cash equivalents																
Re-pricing profile:	Up to 1 year		383	174	2,357	2,825	2,664	2,648	12,712	8,552	3,957	1,708	11,919	8,798	33,992	24,705
Impact of a +/- 1% change in interest rates	4	2	24	28	27	26	127	86	40	17	119	88	341	247		

**(c) 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.

Several of 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.

**(d) 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.

**(e) 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 TWO KiwiSaver Scheme  
For the year ended 31 March 2023

Notes to the Financial Statements

2. Risk (continued)

(f) 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.

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

	Preservation Fund		Equity Fund		Cash Enhanced Fund		Balanced Fund		Conservative Fund		Growth Fund		Scheme Total	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000
<b>Current assets</b>														
PIE funds <sup>1</sup>	42,193	29,931	245,867	238,990	294,164	304,424	1,435,649	1,137,881	291,547	188,338	1,057,009	798,348	3,366,429	2,697,912
<b>Non-current assets</b>														
PIE funds <sup>1</sup>	-	-	-	-	1,212	4,835	42,029	40,972	9,025	5,333	23,576	20,748	75,842	71,888
<b>Total investments at fair value through profit or loss</b>	<b>42,193</b>	<b>29,931</b>	<b>245,867</b>	<b>238,990</b>	<b>295,376</b>	<b>309,259</b>	<b>1,477,678</b>	<b>1,178,853</b>	<b>300,572</b>	<b>193,671</b>	<b>1,080,585</b>	<b>819,096</b>	<b>3,442,271</b>	<b>2,769,800</b>

<sup>1</sup> 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)(iii) for a detailed breakdown of PIE funds invested in by each Fund.

(b) Net changes in fair value of investments

	Preservation Fund		Equity Fund		Cash Enhanced Fund		Balanced Fund		Conservative Fund		Growth Fund		Scheme Total	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Debt securities	-	-	-	-	-	(45)	-	123	-	(7)	-	82	-	153
PIE funds	1,228	15	(7,727)	4,944	(4,016)	5,969	(41,231)	7,013	(5,042)	(1,732)	(2,276)	26,320	(59,064)	42,529
<b>Total net changes in fair value of investments</b>	<b>1,228</b>	<b>15</b>	<b>(7,727)</b>	<b>4,944</b>	<b>(4,016)</b>	<b>5,924</b>	<b>(41,231)</b>	<b>7,136</b>	<b>(5,042)</b>	<b>(1,739)</b>	<b>(2,276)</b>	<b>26,402</b>	<b>(59,064)</b>	<b>42,682</b>

Fisher Funds TWO 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:

	Preservation Fund		Equity Fund		Cash Enhanced Fund		Balanced Fund		Conservative Fund		Growth Fund		Scheme Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Level 2														
PIE funds	42,193	29,931	245,867	238,990	295,376	309,259	1,477,678	1,178,853	300,572	193,671	1,080,585	819,096	3,442,271	2,769,800
<b>Total fair value hierarchy</b>	<b>42,193</b>	<b>29,931</b>	<b>245,867</b>	<b>238,990</b>	<b>295,376</b>	<b>309,259</b>	<b>1,477,678</b>	<b>1,178,853</b>	<b>300,572</b>	<b>193,671</b>	<b>1,080,585</b>	<b>819,096</b>	<b>3,442,271</b>	<b>2,769,800</b>

The Funds have no investments classified as Level 1 or Level 3 as at 31 March 2023 ( 31 March 2022: Nil).

Level 2 investments comprise investments in PIE funds.

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

**Fisher Funds TWO 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 entitled to a management fee calculated as a percentage per annum of the gross asset value of the Funds, with the exception of the Cash Enhanced Fund which is calculated on the NAV of the Fund. Management fees are calculated daily and payable monthly at the following percentage for each Fund (No change from prior year):<sup>1</sup>

Preservation Fund	Equity Fund	Cash Enhanced Fund	Balanced Fund	Conservative Fund	Growth Fund
0.48%	Up to 1.10%	0.52%	Up to 0.95%	Up to 0.85%	Up to 1.05%

<sup>1</sup> Funds with fees of "Up to" have a graduated management fee, which reduces by 0.05% for GAV between \$100 million and \$200 million, and reduces by a further 0.05% for GAV above \$200 million.

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.

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.

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

**(i) Related party income**

	Preservation Fund		Equity Fund		Cash Enhanced Fund		Balanced Fund		Conservative Fund		Growth Fund		Scheme Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Management fee rebates	-	-	-	-	153	107	699	573	113	78	355	471	1,320	1,229
<b>Total Fisher Funds Management Limited</b>	-	-	-	-	153	107	699	573	113	78	355	471	1,320	1,229
<b>Total related party income earned</b>	-	-	-	-	153	107	699	573	113	78	355	471	1,320	1,229

**(ii) Related party fees incurred**

	Preservation Fund		Equity Fund		Cash Enhanced Fund		Balanced Fund		Conservative Fund		Growth Fund		Scheme Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Management fees	184	142	2,502	2,590	1,551	3,050	11,580	10,210	2,112	1,547	9,306	7,680	27,235	25,219
Administration fees deducted by unit redemption	-	13	-	73	-	440	-	313	-	50	-	229	-	1,118
<b>Total Fisher Funds Management Limited</b>	184	155	2,502	2,663	1,551	3,490	11,580	10,523	2,112	1,597	9,306	7,909	27,235	26,337
Supervisor fees	6	4	36	37	-	-	202	182	39	29	145	123	428	375
Custody, unit pricing and accounting fees	19	18	26	26	1	1	58	55	26	24	47	43	177	167
Administration fees deducted by unit redemption	-	9	-	49	-	298	-	212	-	34	-	155	-	757
<b>Total Trustees Executors Limited</b>	25	31	62	112	1	299	260	449	65	87	192	321	605	1,299
<b>Total related party fees incurred</b>	209	186	2,564	2,775	1,552	3,789	11,840	10,972	2,177	1,684	9,498	8,230	27,840	27,636

Fisher Funds TWO 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)

(iii) Related party receivables

	Preservation Fund		Equity Fund		Cash Enhanced Fund		Balanced Fund		Conservative Fund		Growth Fund		Scheme Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Management fee rebate	-	-	-	-	120	21	191	161	33	21	102	73	446	276
<b>Total Fisher Funds Management Limited</b>	-	-	-	-	120	21	191	161	33	21	102	73	446	276
<b>Total related party receivables</b>	-	-	-	-	120	21	191	161	33	21	102	73	446	276

(iv) Related party payables

	Preservation Fund		Equity Fund		Cash Enhanced Fund		Balanced Fund		Conservative Fund		Growth Fund		Scheme Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Management fees payable	17	12	220	214	131	138	1,074	860	203	136	881	669	2,526	2,029
<b>Total Fisher Funds Management Limited</b>	17	12	220	214	131	138	1,074	860	203	136	881	669	2,526	2,029
Supervisor fees payable	1	-	3	3	-	-	19	16	4	3	14	11	41	33
Unit pricing and accounting fees payable	6	6	6	6	-	-	6	6	6	6	6	6	30	30
<b>Total Trustees Executors Limited</b>	7	6	9	9	-	-	25	22	10	9	20	17	71	63
<b>Total related party fees payable</b>	24	18	229	223	131	138	1,099	882	213	145	901	686	2,597	2,092

(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.

	Preservation Fund		Equity Fund		Cash Enhanced Fund		Balanced Fund		Conservative Fund		Growth Fund		Scheme Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Purchases of investments <sup>(1)</sup>	-	-	-	-	-	-	-	1,368	-	-	-	5,245	-	6,613
Sales of investments <sup>(1)</sup>	-	-	-	-	-	10,717	-	-	-	2,311	-	-	-	13,028
Unsettled purchases of investments	-	-	-	-	-	-	-	-	900	-	-	-	900	-
Unsettled sales of investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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



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

Notes to the Financial Statements

4. Related parties and entities (continued)

(b) Transactions and balances with related 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 funds managed by the Manager are not consolidated, instead measured at fair value through profit or loss. The Scheme's investments in the other funds managed by the Manager (PIE funds per Note 3) are as follows:

	Preservation Fund		Equity Fund		Cash Enhanced Fund		Balanced Fund		Conservative Fund		Growth Fund		Scheme Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Fisher Institutional New Zealand Cash Fund	42,193	29,931	2,394	2,538	76,958	81,654	-	-	33,187	21,369	-	-	154,732	135,492
Fisher Institutional International Equity Fund	-	-	35,354	36,644	9,099	12,804	126,571	107,855	9,593	6,886	264,952	204,318	445,569	368,507
Fisher Institutional International Equity (Hedged) Fund	-	-	35,332	35,509	9,241	13,314	127,827	112,457	9,599	7,096	265,828	208,939	447,627	377,315
Fisher Institutional International Select Global Equity Fund	-	-	62,138	54,706	16,961	15,691	228,888	165,433	17,119	10,908	-	-	325,106	246,738
Fisher Institutional Trans Tasman Equity Fund	-	-	95,619	95,085	20,965	22,373	224,413	173,259	18,834	11,749	288,690	214,410	648,521	516,876
Fisher Institutional New Zealand Fixed Interest Fund	-	-	-	-	57,391	71,222	159,663	195,502	62,716	48,207	87,762	64,662	367,532	379,593
Fisher Institutional International Bond Fund	-	-	-	-	-	18,632	-	56,734	-	15,492	-	10,911	-	101,769
Fisher Institutional Property & Infrastructure Fund	-	-	-	-	6,071	6,842	91,459	78,821	15,353	10,554	52,746	44,153	165,629	140,370
Fisher Institutional Property Fund	-	-	-	-	4,268	1,519	38,424	31,664	5,002	4,308	19,457	12,406	67,151	49,897
Fisher Institutional Global Fixed Income Fund	-	-	-	-	62,902	55,913	194,825	138,857	76,722	43,511	44,039	14,126	378,488	252,407
Fisher Institutional Global Value Fund	-	-	15,030	14,508	4,078	-	55,077	41,646	4,115	2,528	-	-	78,300	58,682
Fisher Institutional Global Credit Fund	-	-	-	-	17,070	-	96,145	-	20,211	-	-	-	133,426	-
Fisher Institutional Australian Private Debt Fund	-	-	-	-	9,160	-	46,210	-	9,862	-	-	-	65,232	-
Fisher Institutional Inflation Linked Bond Fund	-	-	-	-	-	4,460	46,147	35,653	9,234	5,730	33,735	24,423	89,116	70,266
<b>Total current assets</b>	<b>42,193</b>	<b>29,931</b>	<b>245,867</b>	<b>238,990</b>	<b>294,164</b>	<b>304,424</b>	<b>1,435,649</b>	<b>1,137,881</b>	<b>291,547</b>	<b>188,338</b>	<b>1,057,009</b>	<b>798,348</b>	<b>3,366,429</b>	<b>2,697,912</b>
Fisher Institutional Property Fund	-	-	-	-	1,212	4,835	42,029	40,972	9,025	5,333	23,576	20,748	75,842	71,888
<b>Total non-current assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,212</b>	<b>4,835</b>	<b>42,029</b>	<b>40,972</b>	<b>9,025</b>	<b>5,333</b>	<b>23,576</b>	<b>20,748</b>	<b>75,842</b>	<b>71,888</b>
<b>Total investments in related entities</b>	<b>42,193</b>	<b>29,931</b>	<b>245,867</b>	<b>238,990</b>	<b>295,376</b>	<b>309,259</b>	<b>1,477,678</b>	<b>1,178,853</b>	<b>300,572</b>	<b>193,671</b>	<b>1,080,585</b>	<b>819,096</b>	<b>3,442,271</b>	<b>2,769,800</b>



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

Notes to the Financial Statements

5. Contributions and withdrawals

	Preservation Fund		Equity Fund		Cash Enhanced Fund		Balanced Fund		Conservative Fund		Growth Fund		Scheme Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Member contributions	1,740	1,400	13,533	12,574	17,261	40,101	72,152	53,764	10,411	7,560	55,487	46,297	170,584	161,696
Member lump sum and voluntary contributions over minimum contribution rate	298	321	2,193	4,047	1,851	11,504	9,511	34,878	2,392	7,655	6,274	10,767	22,519	69,172
Employer contributions	942	769	7,241	6,640	9,121	22,490	36,741	27,163	5,031	3,737	28,482	23,812	87,558	84,611
Crown contributions	259	263	1,991	1,915	2,818	9,574	8,325	8,202	1,243	1,177	7,355	6,743	21,991	27,874
Transfers from other KiwiSaver schemes	7,587	129	6,101	5,151	13	103	317,381	3,865	107,277	1,018	217,862	4,273	656,221	14,539
Transfers from other superannuation schemes	33	57	459	149	643	538	1,765	2,896	159	59	1,504	1,748	4,563	5,447
Inter-fund switches in	12,062	3,735	6,366	15,821	114	7,854	26,183	78,620	34,358	28,475	35,182	80,886	114,265	215,391
Other income	-	-	1	2	1	2	5	6	1	2	4	4	12	16
<b>Total contributions</b>	<b>22,921</b>	<b>6,674</b>	<b>37,885</b>	<b>46,299</b>	<b>31,822</b>	<b>92,166</b>	<b>472,063</b>	<b>209,394</b>	<b>160,872</b>	<b>49,683</b>	<b>352,150</b>	<b>174,530</b>	<b>1,077,713</b>	<b>578,746</b>

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.

	Preservation Fund		Equity Fund		Cash Enhanced Fund		Balanced Fund		Conservative Fund		Growth Fund		Scheme Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Member eligible withdrawals	3,275	1,746	1,513	1,708	20,747	16,325	38,513	24,198	21,358	9,128	9,076	4,486	94,482	57,591
Withdrawals on death	264	54	179	85	699	1,359	2,392	1,701	840	361	2,035	601	6,409	4,161
Serious illness withdrawals	104	131	163	27	512	869	1,677	982	317	217	691	460	3,464	2,686
Withdrawals or transfers on permanent emigration	73	47	296	222	394	589	853	886	258	18	810	619	2,684	2,381
Significant financial hardship withdrawals	69	23	243	90	363	916	1,110	669	192	98	573	473	2,550	2,269
First home purchase withdrawals	2,320	839	931	2,051	3,756	12,123	5,266	7,914	3,659	2,013	3,050	4,870	18,982	29,810
Transfers to other KiwiSaver schemes	746	659	4,499	5,739	5,809	27,379	26,777	25,680	8,053	4,032	31,360	21,518	77,244	85,007
Loss of default KiwiSaver status	-	-	-	-	-	330,821	-	-	-	-	-	-	-	330,821
Court ordered withdrawals	-	-	103	61	-	75	139	244	-	92	135	212	377	684
Inter-fund switches out	4,653	4,735	13,255	12,926	9,871	110,745	44,381	45,056	12,474	12,773	29,631	29,157	114,265	215,392
Other withdrawals	-	1	14	9	27	565	83	210	3	6	19	95	146	886
<b>Total withdrawals</b>	<b>11,504</b>	<b>8,235</b>	<b>21,196</b>	<b>22,918</b>	<b>42,178</b>	<b>501,766</b>	<b>121,191</b>	<b>107,540</b>	<b>47,154</b>	<b>28,738</b>	<b>77,380</b>	<b>62,491</b>	<b>320,603</b>	<b>731,688</b>

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

Notes to the Financial Statements

6. Interest income

	Preservation Fund		Equity Fund		Cash Enhanced Fund		Balanced Fund		Conservative Fund		Growth Fund		Scheme Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Interest on investments at amortised cost	15	2	95	13	106	24	503	61	103	12	402	51	1,224	163
Interest from investment assets at fair value through profit or loss	-	-	-	-	-	174	-	241	-	42	-	172	-	629
<b>Total interest income</b>	<b>15</b>	<b>2</b>	<b>95</b>	<b>13</b>	<b>106</b>	<b>198</b>	<b>503</b>	<b>302</b>	<b>103</b>	<b>54</b>	<b>402</b>	<b>223</b>	<b>1,224</b>	<b>792</b>

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](http://www.fisherfunds.co.nz/unit-prices-and-performance/unit-prices) (note, this information is unaudited).

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 TWO KiwiSaver Preservation Fund
- Fisher Funds TWO KiwiSaver Equity Fund
- Fisher Funds TWO KiwiSaver Cash Enhanced Fund
- Fisher Funds TWO KiwiSaver Balanced Fund
- Fisher Funds TWO KiwiSaver Conservative Fund
- Fisher Funds TWO KiwiSaver Growth Fund

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

## Report on the audit of the financial statements

### Opinion

In our opinion, the financial statements of Fisher Funds Two KiwiSaver Scheme (the 'funds and scheme') on pages 2 to 16:

- i. 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
- ii. 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
<p><b>Existence and valuation of investments</b></p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>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;</li> <li>agreeing investment holdings to the confirmations received from banks and the custodian;</li> <li>agreeing the valuation of fund to-fund investments to independent third party pricing sources; and</li> <li>checking the accuracy of fair value levels as disclosed in the financial statements.</li> </ul> <p>We did not identify any material differences from our procedures.</p>

Refer to Note 3 to the Financial Report.

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.

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.



## 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