


**Generate KiwiSaver Scheme
Financial Statements
For the year ended 31 March 2023**


Manager's Statement

In the opinion of the Manager, the accompanying Financial Statements are drawn up so as to present fairly the financial position of the Generate KiwiSaver Scheme as at 31 March 2023 and their financial performance and cash flows for each of its investment funds for the year ended on that date in accordance with the requirements of the Generate KiwiSaver Scheme Trust Deed dated 31 August 2016 and a Deed of Amendment and Restatement dated 17 December 2020.

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

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Director _____
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17th July 2023

DocuSigned by:

Director _____
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17th July 2023

Generate Investment Management Limited

Additional Member Information

Under clause 17 of the Trust Deed governing the Generate KiwiSaver Scheme and the Financial Markets Conduct Act 2013 (FMC Act), the Manager, Generate Investment Management Limited (GIML), is required to advise unitholders in summary form of any amendments to the Trust Deed.

The Trust Deed was amended and restated on 17 December 2020.

Statements of Changes in Net Assets

\$	For the year ended 31 March	Note	Defensive *		Conservative *		Moderate **		Balanced *		Growth		Focused Growth		Scheme Total	
			2023		2023		2023	2022	2023		2023	2022	2023	2022	2023	2022
Income																
Interest income on financial assets at amortised cost			149,267		80,941		649,055	74,354	174,166		1,697,377	131,554	1,939,721	152,223	4,690,527	358,131
Interest income on financial assets at fair value through profit or loss			-		-		-	7,026,549	1		-	2,778,763	-	354,812	1	10,160,124
Dividend and distribution income			-		-		2,310,314	-	-		-	21,638,355	-	35,352,055	-	59,300,724
Foreign exchange gains/(losses)			-		-		12	360,533	-		9	303,998	2	202,140	23	866,671
Net gain/(loss) on financial instruments at fair value through profit or loss			685,309		1,464,388		(17,432)	(6,575,472)	4,603,448		(24,655,576)	(5,836,258)	(33,921,876)	(28,487,176)	(51,841,739)	(40,898,906)
Other income			-		-		-	202,369	-		-	590,448	-	889,122	-	1,681,939
Total income/(loss)			834,576		1,545,329		631,635	3,398,647	4,777,615		(22,958,190)	19,606,860	(31,982,153)	8,463,176	(47,151,188)	31,468,683
Expenses																
Management fees	11		198,426		384,294		5,313,388	5,171,264	1,056,493		12,410,833	11,143,425	18,407,164	14,960,886	37,770,598	31,275,575
Supervisor fees	11		9,328		12,919		174,567	182,211	32,580		391,080	392,489	578,682	526,933	1,199,156	1,101,633
Transaction costs			-		-		-	44,243	-		-	467,952	-	781,004	-	1,293,199
Other expenses	11		608		863		140,055	851,891	5,040		302,989	1,879,205	402,241	2,400,392	851,796	5,131,488
Total operating expenses			208,362		398,076		5,628,010	6,249,609	1,094,113		13,104,902	13,883,071	19,388,087	18,669,215	39,821,550	38,801,895
Net profit/(loss) before membership activities			626,214		1,147,253		(4,996,375)	(2,850,962)	3,683,502		(36,063,092)	5,723,789	(51,370,240)	(10,206,039)	(86,972,738)	(7,333,212)
Contributions																
Member contributions			2,263,908		3,511,689		38,776,855	55,499,301	8,058,020		89,306,073	97,809,758	146,581,872	127,708,301	288,498,417	281,017,360
Employer contributions			932,819		1,276,601		17,729,468	17,675,885	3,488,034		41,947,073	38,338,401	70,330,179	55,324,338	135,704,174	111,338,624
Crown contributions			269,018		328,846		5,847,433	6,146,900	1,043,814		13,655,412	13,188,310	22,157,894	18,138,907	43,302,417	37,474,117
Transfers from other Funds in the Scheme			45,340,281		54,061,567		29,523,361	77,416,500	97,114,182		55,642,028	36,604,536	106,565,951	64,501,176	388,247,370	178,522,212
Transfers from other schemes			9,115,386		13,110,692		34,042,179	78,910,493	31,375,877		78,797,154	152,891,441	153,984,143	176,243,120	320,425,431	408,045,054
Total contributions			57,921,412		72,289,395		125,919,296	235,649,079	141,079,927		279,347,740	338,832,446	499,620,039	441,915,842	1,176,177,809	1,016,397,367
Withdrawals																
Transfers to other Funds in the Scheme			6,699,122		9,839,752		126,725,345	62,073,631	9,017,753		149,710,092	63,383,634	86,255,306	53,064,947	388,247,370	178,522,212
Transfers to other schemes			1,566,049		1,345,654		14,252,377	14,176,743	1,738,153		28,766,849	29,789,703	39,040,040	42,025,278	86,709,122	85,991,724
Withdrawals on death			70,911		135,040		878,199	894,393	90,067		1,135,917	592,264	1,253,238	916,827	3,563,372	2,403,846
Withdrawals or transfers on permanent emigration			85,509		13,138		329,841	201,417	86,859		368,776	245,585	570,827	414,844	1,454,950	861,846
Invalid enrolment withdrawals			-		-		8,013	75,629	763		12,445	46,750	56,354	70,553	77,575	192,932
Retirement			4,664,104		3,195,648		21,779,366	17,663,902	258,018		18,074,110	12,836,723	9,918,229	6,555,390	57,889,475	37,056,015
Serious illness withdrawals			16,000		-		722,482	540,883	67,402		725,604	1,336,491	1,009,774	951,829	2,541,262	2,829,203
First home purchase withdrawals			6,962,495		4,079,625		18,193,424	40,746,022	1,019,681		13,705,874	23,142,526	13,932,345	25,255,465	57,893,444	89,144,013
Significant financial hardship withdrawals			116,686		97,302		1,719,457	1,423,095	215,300		2,686,706	2,562,876	3,684,354	2,760,515	8,519,805	6,746,486
Amounts required to be paid under other enactments			7,978		-		-	22,465	5,692		10,854	210,290	319,184	838,316	343,708	1,071,071
Total benefits paid			20,188,854		18,706,159		184,608,504	137,818,180	12,499,688		215,197,227	134,146,842	156,039,651	132,853,964	607,240,083	404,818,986
Administration fees	11		26,377		36,821		560,672	587,674	102,727		1,292,826	1,309,245	2,248,360	1,904,503	4,267,783	3,801,422
PIE tax			147,522		163,180		(185,882)	(1,497,820)	325,256		(505,312)	3,319,112	(31,262)	8,650,141	(86,498)	10,471,433
Net membership activities			37,558,659		53,383,235		(59,063,998)	98,741,045	128,152,256		63,362,999	200,057,247	341,363,290	298,507,234	564,756,441	597,305,526
Members' accounts at the start of the year			-		-		564,881,061	468,990,978	-		1,162,488,336	956,707,300	1,555,889,382	1,267,588,187	3,283,258,779	2,693,286,465
Movement in members' accounts for the year			38,184,873		54,530,488		(64,060,373)	95,890,083	131,835,758		27,299,907	205,781,036	289,993,050	288,301,195	477,783,703	589,972,314
Members' accounts at the end of the year			38,184,873		54,530,488		500,820,688	564,881,061	131,835,758		1,189,788,243	1,162,488,336	1,845,882,432	1,555,889,382	3,761,042,482	3,283,258,779

* Current period is from establishment date, 16 May 2022, to 31 March 2023.

** Formerly known as the Conservative Fund.

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

Statements of Net Assets

\$ As at 31 March	Note	Defensive *		Conservative *		Moderate **		Balanced *		Growth		Focused Growth		Scheme Total	
		2023		2023		2023	2022	2023		2023	2022	2023	2022	2023	2022
Members' Funds		38,184,873		54,530,488		500,820,688	564,881,061	131,835,758		1,189,788,243	1,162,488,336	1,845,882,432	1,555,889,382	3,761,042,482	3,283,258,779
Represented by:															
Assets															
Cash and cash equivalents		5,946,915		3,284,578		29,775,560	11,985,699	7,638,814		74,284,652	26,305,499	99,280,053	36,402,122	220,210,572	74,693,320
Trade and other receivables	7	75,564		223,069		1,436,946	2,467,186	565,115		5,037,975	2,603,033	10,561,068	5,163,849	17,899,737	10,234,068
Financial assets at fair value through profit or loss	5	32,325,411		51,342,197		471,200,607	550,177,989	124,365,678		1,114,785,638	1,137,877,777	1,744,243,180	1,524,062,957	3,538,262,711	3,212,118,723
Unitholder tax rebates receivable		1,221		1,855		151,793	1,597,775	5,403		1,343,419	85,406	3,236,869	18,248	4,740,560	1,701,429
Total assets		38,349,111		54,851,699		502,564,906	566,228,649	132,575,010		1,195,451,684	1,166,871,715	1,857,321,170	1,565,647,176	3,781,113,580	3,298,747,540
Liabilities															
Benefits payable		7,814		92,373		281,122	782,365	18,151		238,245	309,117	481,176	305,836	1,118,881	1,397,318
Trade and other payables	8	384		33,069		796,325	73,305	266,068		3,937,664	159,214	8,396,914	206,021	13,430,424	438,540
Trade and other payables to related parties	9	24,536		48,405		472,954	489,992	127,969		1,160,524	999,739	1,789,061	1,334,075	3,623,449	2,823,806
Unitholder tax liabilities payable		131,504		147,364		193,817	1,926	327,064		327,008	2,915,309	771,587	7,911,862	1,898,344	10,829,097
Total liabilities		164,238		321,211		1,744,218	1,347,588	739,252		5,663,441	4,383,379	11,438,738	9,757,794	20,071,098	15,488,761
Net assets available for benefits		38,184,873		54,530,488		500,820,688	564,881,061	131,835,758		1,189,788,243	1,162,488,336	1,845,882,432	1,555,889,382	3,761,042,482	3,283,258,779

* Current period is from establishment date, 16 May 2022, to 31 March 2023.
 ** Formerly known as the Conservative Fund.


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

These Financial Statements were authorised for issue by the Manager, Generate Investment Management Limited.

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 Director 1F11A8F8286F4C2...

17th July 2023

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 Director A6E498A641F4CD...

17th July 2023

Statements of Cash Flows

\$	For the year ended 31 March	Note	Defensive *		Conservative *		Moderate **		Balanced *		Growth		Focused Growth		Scheme Total	
			2023		2023		2023	2022	2023		2023	2022	2023	2022	2023	2022
Cash flows from operating activities																
			1,300,000		2,311,000		177,052,003	172,005,183	3,650,000		189,602,072	288,902,518	99,289,529	365,077,647	473,204,604	825,985,348
			(32,940,102)		(52,188,809)		(96,092,053)	(292,400,418)	(123,412,230)		(189,565,509)	(519,499,784)	(349,391,628)	(682,497,438)	(843,590,331)	(1,494,397,640)
			-		-		-	216,293	-		-	3,083,178	-	5,090,762	-	8,390,233
			-		-		-	2,339,567	-		-	9,464,639	-	11,166,859	-	22,971,065
			149,267		80,941		649,055	7,301,160	174,167		1,697,377	2,996,967	1,939,721	507,035	4,690,528	10,805,162
			-		-		-	202,369	-		-	169,372	-	67,129	-	438,870
			(183,442)		(349,124)		(5,713,245)	(6,198,579)	(964,820)		(13,091,330)	(13,757,410)	(19,120,621)	(18,487,116)	(39,422,582)	(38,443,105)
		10	(31,674,277)		(50,145,992)		75,895,760	(116,534,425)	(120,552,883)		(11,357,390)	(228,640,520)	(267,282,999)	(319,075,122)	(405,117,781)	(664,250,067)
Cash flows from financing activities																
			57,845,848		72,098,848		125,740,753	235,691,850	140,779,556		279,238,461	338,686,810	498,601,233	442,429,535	1,174,304,699	1,016,808,195
			(20,207,417)		(18,650,607)		(185,670,419)	(137,972,960)	(12,584,264)		(216,560,925)	(135,304,240)	(158,112,671)	(134,530,198)	(611,786,303)	(407,807,398)
			(17,239)		(17,671)		1,823,755	(2,440,821)	(3,595)		(3,341,002)	(6,262,176)	(10,327,634)	(11,712,086)	(11,883,386)	(20,415,083)
			37,621,192		53,430,570		(58,105,911)	95,278,069	128,191,697		59,336,534	197,120,394	330,160,928	296,187,251	550,635,010	588,585,714
			5,946,915		3,284,578		17,789,849	(21,256,356)	7,638,814		47,979,144	(31,520,126)	62,877,929	(22,887,871)	145,517,229	(75,664,353)
			-		-		11,985,699	32,881,522	-		26,305,499	57,521,627	36,402,122	59,087,853	74,693,320	149,491,002
			-		-		12	360,533	-		9	303,998	2	202,140	23	866,671
			5,946,915		3,284,578		29,775,560	11,985,699	7,638,814		74,284,652	26,305,499	99,280,053	36,402,122	220,210,572	74,693,320

* Current period is from establishment date, 16 May 2022, to 31 March 2023.

** Formerly known as the Conservative Fund.

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

Notes to the Financial Statements

1. General information

Reporting entity

These Financial Statements ('Financial Statements') are for the Generate KiwiSaver Scheme (the 'Scheme') which comprises the following investment funds (each a 'Fund', collectively the 'Funds').

- Generate Kiwisaver Defensive Fund (Defensive Fund)
- Generate Kiwisaver Conservative Fund (Conservative Fund)
- Generate Kiwisaver Moderate Fund (Moderate Fund) formerly known as Conservative Fund
- Generate Kiwisaver Balanced Fund (Balanced Fund)
- Generate Kiwisaver Growth Fund (Growth Fund)
- Generate Kiwisaver Focused Growth Fund (Focused Growth Fund)

The Manager and Issuer of the Scheme is Generate Investment Management Limited ('GIML'). The parent of the Manager is Generate Investment Holdings Limited ('GIHL') and the Supervisor of the Scheme is Public Trust ('the Supervisor'). The Scheme is registered and domiciled in New Zealand. The registered office of the Scheme is Jarden House, 9/21 Queen Street, Auckland 1010.

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 was established under a Trust Deed dated 14 December 2012. The Scheme received contributions from 28 March 2013 in its Moderate, Growth and Focused Growth Funds. On 25 August 2016, the Manager and the Supervisor updated the Trust Deed to ensure compliance with the requirements of Section 7 of the Financial Markets Conduct Act 2013 ('FMCA') and the Financial Markets Conduct Regulations 2014 ('FMC Regulations') and all other relevant enactments as amended by the FMCA and the Financial Markets (Repeals and Amendments) Act 2013. A Deed of Amendment and Restatement was dated 17 December 2020. On 16 May 2022, the Scheme launched the Defensive, Conservative and Balanced Funds. The old Conservative Fund has been renamed as the Moderate Fund.

The Scheme's primary purpose is to ensure that its net assets are sufficient to meet all present and future obligations of the Scheme, as defined by the liability for promised benefits. The Scheme achieves this through obtaining contributions from members, employers and the Crown and investing these into financial assets.

The principal objectives of the Funds are described below:

- Defensive Fund: To provide a stable return over the very short term. The Fund invests in an actively managed portfolio made up entirely of income assets, for those who need certainty of the amount able to be withdrawn.
- Conservative Fund: To provide a modest return over the short term. The Fund invests in an actively managed portfolio made up largely of income assets with a small allocation of growth assets.
- Moderate Fund: To provide a modest to medium return over the short to medium term. The Fund invests in an actively managed portfolio made up of slightly more income assets than growth assets.
- Balanced Fund: To provide medium return over the medium term. The Fund invests in an actively managed portfolio made up of slightly more growth assets than income assets.
- Growth Fund: To provide a high return over the medium to long term. The Fund invests in an actively managed portfolio made up largely of growth assets with a small allocation of income assets.
- Focused Growth Fund: To provide a higher return over the long term. The Fund invests in an actively managed portfolio made up predominately of growth assets with a minor allocation of income assets.

Funding arrangements

Under the Trust Deed contributions are made by members of the Scheme, their employers and the Crown. Members can choose to contribute 3%, 4%, 6%, 8% or 10% of gross salary or wages. Members may from time to time make additional voluntary contributions to the Scheme. Employers are required to contribute 3% of members' gross salary or wage to the Scheme if the member contributes at least 3% of their gross salary or wages. Employer contributions to KiwiSaver are subject to Employer Superannuation Contribution Tax. The Crown will also contribute \$0.50 for every \$1.00 of member contributions annually up to a maximum of \$521.43 for qualifying members.

Retirement benefits

Member benefits will generally be locked into the Scheme until the latter of the date for reaching the qualifying age for New Zealand Superannuation or, for members enrolled prior to 1 July 2019, the date on which the Member has been a member of any KiwiSaver Scheme, or a member of a Complying Superannuation Scheme, for a period of five years. Members may also be able to withdraw their funds under significant financial hardship, serious illness, permanent emigration and first home withdrawals. Retirement benefits are determined by contributions to the Scheme together with investment earnings net of fees and tax on these contributions over the period of membership.

Termination terms

The Trust Deed sets out the basis on which the Scheme can be terminated.

Statutory base

The Scheme is reporting as a Tier 1 for-profit entity as defined in the External Reporting Board's 'Accounting Standards framework'.

The Scheme is registered under the FMCA as a KiwiSaver Scheme. The Scheme is a trust vehicle governed by a Trust Deed dated 25 August 2016 and a Deed of Amendment and Restatement dated 12 December 2020.

2. Summary of significant accounting policies

2.1 Basis of preparation

The Financial Statements have been prepared in accordance with the Trust Deed governing the Scheme, the Kiwisaver Act 2006 and Section 7 of the FMCA.

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

The Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). For the purposes of complying with NZ GAAP, the Scheme is a profit-oriented entity. These Financial Statements have been prepared in accordance with the New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') as issued by the New Zealand Accounting Standards Board and other applicable reporting standards. The Financial Statements also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board. These Financial Statements have been prepared under the historical cost method, except for financial assets at fair value through profit or loss, and have been prepared on the assumption that the Funds operate on a going concern basis.

The preparation of Financial Statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the Directors of the Manager to exercise their judgement in the process of applying the Scheme's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 3.

The Financial Statements are prepared for the year ended 31 March 2023, with comparative information presented for the year ended 31 March 2022.

(a) Presentation

The Financial Statements are presented in New Zealand dollars, which is the Scheme's functional currency. The functional currency reflects the currency of the economy in which the Scheme competes for funds and is regulated. All amounts are rounded to the nearest dollar unless otherwise stated.

(b) Standards and amendments to existing standards effective 1 April 2022 impacting the Scheme

There are no standards, amendments to standards or interpretations that are effective for the year beginning on 1 April 2022 that have a material effect on the Financial Statements of the Scheme.

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

2.2 Financial instruments

(a) Classification

Assets

Financial assets are recognised initially at fair value plus transaction costs. After initial recognition, financial assets are measured at fair value or amortised cost, determined on the basis of both (a) the Fund's business model for managing the financial assets; and (b) the contractual cash flow characteristics of the financial asset.

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

Financial assets at fair value through profit or loss can be either designated as such upon initial recognition or mandatorily measured at fair value in accordance with NZ IFRS 9. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Funds are primarily focused on fair value information and use that information to assess the assets' performance and to make decisions. The contractual cash flows of the Funds' fixed interest securities are not held for the purpose of collecting contractual cash flows. The collection of contractual cash flows is only incidental in achieving the Funds' business model. As a result these fixed interest securities are classified as financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss comprise of unlisted unit trusts.

(ii) Financial assets at amortised cost

(a) **Cash and cash equivalents** include cash in hand and deposits held at call with banks, denominated in New Zealand dollars and in foreign currencies.

(b) **Receivables** are amounts representing assets owing to the Funds and may include amounts due for interest or dividends and amounts due for securities sold that have been contracted for but not yet settled or delivered at year end.

Liabilities

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

Financial liabilities at fair value through profit or loss can be either designated as such upon initial recognition or mandatorily measured at fair value in accordance with NZ IFRS 9. The portfolio of financial liabilities is managed and performance is evaluated on a fair value basis. As there are no financial liabilities designated at fair value upon initial recognition in the Funds, all financial liabilities are mandatorily measured at fair value through profit or loss. Foreign exchange contracts that have a negative fair value are presented as financial liabilities at fair value through profit or loss.

(ii) Financial liabilities at amortised cost

(a) **Payables** are amounts representing liabilities and accrued expenses owing by the Funds at year end and may include related party fees, withdrawals payable and amounts due to brokers for purchase of unsettled securities at year end.

Notes to the Financial Statements

2. Summary of accounting policies (continued)

2.2 Financial instruments (continued)

(b) Recognition, measurement and derecognition

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

The Funds recognise financial assets at fair value through profit or loss on the date they become parties to the contractual agreement. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of Changes in Net Assets.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are recognised in the Statement of Changes in Net Assets when they arise.

Financial assets at fair value through profit or loss are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all of the risks and rewards of ownership. Any gain or loss arising on derecognition of the financial asset at fair value through profit or loss is included in the Statement of Changes in Net Assets in the year the item is derecognised.

(ii) Financial assets and liabilities at amortised cost

The Funds recognise financial assets and liabilities at amortised cost on the date they become parties to the contractual agreement. Financial assets and liabilities at amortised cost are initially recognised at fair value plus/minus transaction costs.

Subsequent to initial recognition, all financial assets at amortised cost are measured at amortised cost less any impairment if applicable. Any impairment is recognised in the Statement of Changes in Net Assets as an expense. At each reporting date, the Funds shall measure the loss allowance of all financial assets at amortised cost at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds shall measure the loss allowance at an amount equal to 12 month expected credit losses. See note 4.1.2 for further detail. If the credit risk increases to the point that it is considered to be credit impaired, interest will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due or a counterparty credit rating which has fallen below BBB/Baa. Any contractual payment which is more than 90 days past due is considered credit impaired.

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

(c) Fair value measurement

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

Fair value in an active market

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The quoted market price used by the Funds is the last traded market price for both financial assets and financial liabilities where the last traded prices fall within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value. The quoted market price used for fixed interest securities is the current mid price.

Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Manager uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Funds primarily investment in unlisted unit trusts. The investments in unlisted unit trusts are primarily valued based on the latest available redemption price of such units, as determined by the funds' administrator.

The rights of the Funds to request redemption of their investments in other funds may vary in frequency from daily to weekly redemptions. As a result, the carrying values of the other funds may not be indicative of the values ultimately realised on redemption. In addition, the Funds may be materially affected by the actions of other investors who have invested in other funds in which the Funds have

If necessary, the Funds within the Scheme make adjustments to the net asset value of various other fund investments to obtain the best estimate of fair value. Other net changes in fair value on financial assets at fair value through profit or loss in the statement of changes in net assets include the change in fair value of each other fund.

Fair value classifications of the Funds' financial assets and liabilities are detailed in Note 5. Fair value hierarchy is detailed in Note 4.3.

2.3 Offsetting financial instruments

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

2.4 Revenue recognition

- Dividend and distribution income is recognised in the Statement of Changes in Net Assets when the Funds' right to receive payment is established.
- Interest income is recognised in the Statement of Changes in Net Assets as the interest accrues using the effective interest rate method. Interest income is earned on cash and cash equivalents.
- Gains or losses of financial assets at fair value through profit or loss are recognised in the Statement of Changes in Net Assets as disclosed in Note 2.2.
- Foreign exchange gains and losses on cash and financial instruments at fair value through profit or loss are recognised in the Statement of Changes in Net Assets as disclosed in Note 2.9.
- Underwriting and brokerage income is recognised in the Statement of Changes in Net Assets when the Funds' right to receive payment is established.
- Dividend and interest income is disclosed net of any resident withholding taxes deducted at source, as these tax credits are allocated to members under the Portfolio Investment Entities (PIEs) regime.

2.5 Expenses

The base fund management fee is calculated based on the Net Asset Value of the funds on a daily basis. The supervisory and custody fees are calculated based on the Gross Asset Value of the funds on a daily basis. The fees are paid monthly. Other expenses including fund administration fees are expensed in the Statement of Changes in Net Assets on an accrual basis. The KiwiSaver administration fee is charged monthly per member via a unit deduction payment when they arise.

2.6 Taxation

The Funds are PIEs. Under the PIE regime income is effectively taxed in the hands of the members and therefore the Funds have no tax expense. Accordingly, no income tax expense is recognised in the statement of changes in net assets.

Under the PIE regime, the Manager attributes the taxable income of the Funds to members in accordance with the proportion of their overall interest in the Funds. The income attributed to each member is taxed at the member's 'prescribed investor rate' which is capped at 28%. The Manager accounts for tax on behalf of members and undertakes any necessary adjustments to the members' interests in the Funds to reflect that the Scheme pays tax at varying rates on behalf of members.

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

The tax attributable to members is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Positions taken in attributing taxable income to members, with respect to situations in which applicable tax regulations are subject to interpretation, are evaluated by the Manager as required.

2.7 Goods and services tax (GST)

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

2.8 Statement of cash flows

Definitions of the terms used in the Statement of Cash Flows are:

- 'Operating activities' include all transactions and other events that are not financing activities; and
- 'Financing activities' are those activities that result in changes in the size and composition of members' funds.
- The Funds undertook no investing activities during both reporting periods.

2.9 Foreign currencies

Transactions and balances

Transactions denominated in foreign currencies are recognised at the exchange rates on the date of the transactions. Assets and liabilities at the reporting date denominated in foreign currencies are translated at the foreign currency exchange rates on that date. Realised and unrealised exchange gains and losses during each reporting period are recognised in the Statement of Changes in Net Assets.

2.10 Net assets attributable to members

The net assets available for benefits represent the liability for promised retirement benefits and is the Scheme's present obligation to pay benefits to Members. This has been calculated as the difference between carrying amounts of the assets and carrying amounts of the liabilities at the reporting date. The Scheme's Funds issue units that are redeemable at the Members' option subject to the requirements of the Act and do not have identical features and are therefore classified as financial liabilities. The units can be put back to the Funds in the Scheme at any time for purposes of permitted withdrawals (such as reaching the retirement age of 65 or significant financial hardship), transfer to another Fund within the Generate KiwiSaver Scheme or to a separate KiwiSaver Scheme at a value that is equal to a proportionate share of the respective Fund's net asset value which is the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the period end date if Members exercise their right to put the units back to the Funds.

As stipulated in the Trust Deed, each unit represents a right to an individual share in the respective Fund and does not extend to a right in the underlying assets of the respective Fund. Separate classes of units are created within the Funds to reflect the different Prescribed Investment Rates (PIR) of the Members. Each Member's account is invested in classes of units within the relevant Funds based on the member's PIR that has been most recently notified to the Manager. Each unit of a specified class has the same rights attaching to it as all other units of the same class within the relevant Fund. Units are issued and redeemed at the holder's option at prices based on the Funds' net asset value per class of unit at the time of issue or redemption. The Funds' net asset value per class of unit is calculated by dividing the net assets attributable to all holders of units in the same class for each Fund by the total number of units on issue of the same class in each Fund.

2.11 Related parties

A party is related to the Scheme if:

- directly or indirectly through one or more of its intermediaries, it controls, is controlled by, or is under common control with, the Scheme;
- it is a parent, subsidiary or fellow subsidiary of a party, defined in (a) above;
- it has an interest in or relationship with the Scheme that gives it significant influence over the Scheme;
- the Scheme has an interest in or relationship with the party that gives it significant influence over the party; or
- they are a member of the Manager's key management personnel.

2.12 Restatement of comparatives

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

Notes to the Financial Statements

3. Accounting estimates and judgements

The preparation of Financial Statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgement in the process of applying the Scheme's accounting policies. The Manager has applied its judgement in selecting the accounting policy to designate financial assets at fair value through profit or loss at initial recognition. This policy has a significant impact on the amounts disclosed in the Financial Statements.

The Manager has used its judgement in the categorisation of financial assets at fair value through profit or loss in accordance with the fair value hierarchy under NZ IFRS 13 'Fair Value Measurement'.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value in its entirety. The significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability (refer to note 4.3 for further details).

4. Financial risk management

4.1 Financial risk factors

The Trust Deed for the Scheme requires the Manager to invest the assets of each Fund of the Scheme in accordance with the Scheme's Statement of Investment Policy and Objectives (SIPO), in order to manage risk. The Scheme's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Scheme's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Scheme is exposed and seeks to minimise potential adverse effects on the Scheme's financial performance.

All securities investments present a risk of loss of capital. The Funds of the Scheme hold unlisted unit trusts where the maximum loss of capital is limited to the carrying value of those positions.

The Scheme is exposed directly and indirectly to price risks through its holdings of unlisted unit trust investments. The unlisted investments have underlying securities comprising primarily domestic, international equity instruments and fixed interest securities.

In addition to internal risk management carried out by the Manager, financial risk is also managed by the setting of an investment policy, agreed with and monitored by the Supervisor and set out in the SIPO. The Manager regularly reviews investment assets of the funds against Asset Allocation profiles of the SIPO together with the liquidity and concentration restrictions of the SIPO.

4.1.1 Market risk

(a) Price risk

Price risk is the risk that the fair value or future cash flows of non-monetary financial instruments will fluctuate because of changes in market prices, whether those changes are caused by factors specific to an issuer or factors affecting all similar financial instruments traded in the market. All investments in unlisted unit trusts present a risk of loss of capital often due to factors beyond the Manager's control such as competition, regulatory changes, commodity price changes and changes in general economic climate domestically and internationally. The managers of the underlying unit trusts moderate this risk through careful asset selection and diversification of investments, daily monitoring of the positions and adherence to their investment policies. Price risks are managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits. Any price risk associated with monetary instruments is considered to be part of the risk captured under interest rate risk and credit risk.

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

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

Sensitivity Analysis

A variable of 10% was selected for price risk as this is a reasonably expected movement based on historic trends in unit prices. If investments in financial instruments subject to unit price risk at that date increased/decreased by 10% with all other variables held constant, this would have had the following impact on the statement of changes in net assets:

\$	Defensive		Conservative		Moderate		Balanced		Growth		Focused Growth		Scheme Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March														
10% increase in prices	3,232,541		5,134,220		47,120,061	55,017,799	12,436,568		111,478,564	113,787,778	174,424,318	152,406,296	353,826,272	321,211,873
10% decrease in prices	(3,232,541)		(5,134,220)		(47,120,061)	(55,017,799)	(12,436,568)		(111,478,564)	(113,787,778)	(174,424,318)	(152,406,296)	(353,826,272)	(321,211,873)

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

(b) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Scheme is exposed to currency risk on monetary instruments through holdings of non-New Zealand dollar cash and cash equivalents, trade and other receivables, trade and other payables and by entering into forward foreign exchange contracts. The Manager may hedge the exposure to currency fluctuations.

The Scheme is also exposed to currency risk on non-monetary instruments through investments in unlisted unit trusts.

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

\$	Defensive		Conservative		Moderate		Balanced		Growth		Focused Growth		Scheme Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March														
Monetary assets/(liabilities)														
Australian Dollar (AUD)	-		-		-	422	-		-	308	-	62	-	792

The table below summarises the impact on the statement of changes in net assets on monetary assets and liabilities at the reporting date, had the exchange rates between the New Zealand dollar and the foreign currencies increased or decreased by 10% with all other variables held constant. The analysis is based on the Manager's best estimate of a reasonable possible shift in exchange rates with regard to historical volatility.

\$	Defensive		Conservative		Moderate		Balanced		Growth		Focused Growth		Scheme Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March														
Monetary assets/(liabilities)														
Increase of 10%	-		-		-	(38)	-		-	(28)	-	(6)	-	(72)
Decrease of 10%	-		-		-	47	-		-	34	-	7	-	88

(c) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities, and future cash flows. The Funds hold cash and cash equivalents that expose the Funds to cash flow interest rate risk.

The following table represents the maturity profile of financial instruments subject to interest rate risk at 31 March:

\$	Defensive		Conservative		Moderate		Balanced		Growth		Focused Growth		Scheme Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March														
Cash and cash equivalents														
On Call	5,946,915		3,284,578		29,775,560	11,985,699	7,638,814		74,284,652	26,305,499	99,280,053	36,402,122	220,210,572	74,693,320

(i) Cash flow sensitivity analysis

The Scheme holds cash and cash equivalents in New Zealand dollars that expose the Funds to cash flow interest rate risk.

A change in interest rates impacts the cash flow of the Scheme's cash and cash equivalents by increasing or decreasing the amount of interest received. A movement of 100 basis points (1%) was selected as this is a reasonably expected movement based on past overnight cash rate movements. The one year cash flow sensitivity to a 100 basis point movement in interest rates (based on assets held at the reporting date), with all other variables held constant, is shown in the following table:

\$	Defensive		Conservative		Moderate		Balanced		Growth		Focused Growth		Scheme Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March														
Increase of 1%	59,469		32,846		297,756	119,857	76,388		742,847	263,055	992,801	364,021	2,202,106	746,933
Decrease of 1%	(59,469)		(32,846)		(297,756)	(119,857)	(76,388)		(742,847)	(263,055)	(992,801)	(364,021)	(2,202,106)	(746,933)

In addition to the Scheme's direct exposure to interest rate changes on the cash flows of cash and cash equivalents shown above, each Fund in the Scheme is indirectly affected by the impact of interest rate changes on the earnings of their investments in unlisted unit trusts, which forms part of the Price Risk sensitivity (see above). Therefore, the above sensitivity analysis may not fully indicate the total effect on the Scheme's net assets attributable to members of future movements in interest rates.

Notes to the Financial Statements

4. Financial risk management (continued)

4.1.2 Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of counterparties to honour fully the terms and conditions of a contract with the Scheme. Financial instruments that subject the Scheme to credit risk consist primarily of cash and cash equivalents and trade and other receivables.

The Funds measure credit risk and expected credit losses using the probability of default, exposure at default and loss given default. The Manager considers both historical analysis and forward looking information in determining any expected credit loss and monitors credit risk within the terms of the Schemes' Statement of Investment Policies and Objectives (SIPO). For bank deposits, the bank is required to be investment grade. Cash and cash equivalent holdings with banks cannot exceed 15% of the assets of a fund, except for deposits with large overseas banks operating in New Zealand that each have a minimum credit rating of AA-, which cannot exceed 30% of the assets of a fund.

The maximum credit risk of financial instruments is considered to be the carrying amount on the statement of net assets. The risk of non-recovery of monetary assets is considered by the Manager to be minimal due to the quality of counterparties dealt with. The Scheme does not require collateral or other security to support financial instruments with credit risk. Cash and cash equivalents are held with ASB Bank Limited and BNP Paribas.

As at 31 March 2023 there were no financial assets past due or impaired (31 March 2022: nil). As such, no loss allowance is deemed necessary on 12-month expected credit losses.

The following table sets out the Standard and Poor's credit rating for cash and cash equivalents held by the Scheme:

\$ As at 31 March		Defensive		Conservative		Moderate		Balanced		Growth		Focused Growth		Scheme Total	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Cash and cash equivalents															
ASB Bank Limited	AA-	5,946,915		3,284,578		29,775,560	11,985,277	7,638,814		74,284,652	26,305,191	99,280,053	36,402,060	220,210,572	146,328,096
BNP Paribas SA	A+	-		-	422	-		-		-	308	-	62	-	3,162,906
		5,946,915		3,284,578		29,775,560	11,985,699	7,638,814		74,284,652	26,305,499	99,280,053	36,402,122	220,210,572	149,491,002

4.1.3 Liquidity risk

Liquidity risk represents the risk that the Scheme may not have the financial ability to meet its contractual obligations. The Scheme evaluates its liquidity requirements on an on-going basis and maintains an investment in cash and cash equivalents to cover the possibility of any member withdrawals.

The Scheme's investment policies do not state a minimum required level of investment in liquid investments. The Scheme's financial liabilities consist of trade and other payables which are short term in nature and classified as a current liability at the reporting date. Future cash flows of the Scheme and realised liabilities may differ from current liabilities based on future changes in market conditions. All financial liabilities at amortised cost are expected to be settled within 1 month of the reporting date (31 March 2022: 1 month).

4.2 Capital risk management

Net assets available to pay benefits are considered to be the Scheme's capital for the purposes of capital management not withstanding net assets available to pay benefits is classified as a liability for accounting. The Scheme does not have to comply with externally imposed capital requirements. The Scheme's objectives when managing capital are to ensure it meets all present and future obligations, and to maximise value for members. In order to meet its objectives for capital management the Scheme's management monitors the Scheme's performance on a regular basis. Compliance with investment management is also monitored by the Manager and the Supervisor. There have been no material breaches of these mandate limits during the year (2022: nil).

4.3 Fair value estimation

The carrying amounts of the Scheme's assets and liabilities at the reporting date are their fair values. Fair value measurements are categorised into a three level hierarchy that reflects the significance of the inputs used in making the measurements. The Scheme recognises transfers between levels of the fair value hierarchy as at the end of the financial year during which the change has occurred.

Level 1 - fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets and liabilities are priced at last sale prices.

Level 2 - fair value in an inactive or unquoted market using valuation techniques and observable market data

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques for which all significant inputs are based on observable market data, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - fair value in an inactive or unquoted market using valuation techniques without observable market data

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques for which any significant input is not based on observable market data. The determination of what constitutes 'observable' requires significant judgement by the Manager. The Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table provides an analysis of financial instruments that are measured at fair value subsequent to initial recognition, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

\$ As at 31 March	Defensive		Conservative		Moderate		Balanced		Growth		Focused Growth		Scheme Total		
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
Level 2															
<i>Financial assets at fair value through profit or loss</i>															
Unlisted unit trusts	32,325,411		51,342,197		471,200,607	550,177,989	124,365,678		1,114,785,638	1,137,877,777	1,744,243,180	1,524,062,957	3,538,262,711	3,212,118,723	
Total level 2 assets	32,325,411		51,342,197		471,200,607	550,177,989	124,365,678		1,114,785,638	1,137,877,777	1,744,243,180	1,524,062,957	3,538,262,711	3,212,118,723	

The fair value of unlisted unit trusts is determined using the redemption price, based on the valuation of its underlying investments, as supplied by the third party administrators on a daily basis. This measurement basis falls within Level 2 of the fair value hierarchy as all significant inputs used to calculate the fair value are based on observable market data.

There are no level 1 and 3 financial instruments as at the end of the year (31 March 2022: nil). There have been no transfers between levels during the year (2022: nil).

All loan and receivable balances are carried at amortised cost and their carrying values approximate fair value.

All trade and other payable balances are carried at amortised cost and their carrying values approximate fair value.

Refer to note 2.2(c) of the accounting policies for further details on the fair value hierarchy.

5. Financial assets at fair value through profit or loss

5.1 Financial assets classification

\$ As at 31 March	Defensive		Conservative		Moderate		Balanced		Growth		Focused Growth		Scheme Total		
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
Financial assets measured at fair value through profit or loss															
Unlisted unit trusts	32,325,411		51,342,197		471,200,607	550,177,989	124,365,678		1,114,785,638	1,137,877,777	1,744,243,180	1,524,062,957	3,538,262,711	3,212,118,723	
Total financial assets at fair value through profit or loss	32,325,411		51,342,197		471,200,607	550,177,989	124,365,678		1,114,785,638	1,137,877,777	1,744,243,180	1,524,062,957	3,538,262,711	3,212,118,723	

5.2 Trading securities exceeding 5% of net assets available for benefits

\$ As at 31 March 2023	Defensive		Conservative		Moderate		Balanced		Growth		Focused Growth	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Generate Wholesale Fixed Interest Fund	32,325,411	84.66%	41,070,233	75.32%	275,042,319	54.92%	46,459,955	35.24%	177,414,656	14.91%	-	-
Generate Wholesale Australasian Fund	-	-	6,984,946	12.81%	116,188,495	23.20%	38,797,844	29.43%	370,396,054	31.13%	513,988,327	27.85%
Generate Wholesale Global Fund	-	-	-	-	40,408,948	8.07%	13,520,979	10.26%	200,491,046	16.85%	427,901,478	23.18%
Generate Wholesale Managers Fund	-	-	-	-	-	-	12,349,700	9.37%	170,200,746	14.31%	356,293,788	19.30%
Generate Wholesale Thematic Fund	-	-	-	-	39,560,845	7.90%	13,237,200	10.04%	196,283,136	16.50%	418,920,673	22.69%

\$ As at 31 March 2022	Defensive		Conservative		Moderate		Balanced		Growth		Focused Growth	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Generate Wholesale Fixed Interest Fund	-	-	-	-	360,366,505	63.80%	-	-	161,017,881	13.85%	-	-
Generate Wholesale Australasian Fund	-	-	-	-	113,200,972	20.04%	-	-	469,476,222	40.39%	470,641,626	30.25%
Generate Wholesale Global Fund	-	-	-	-	76,610,512	13.56%	-	-	341,590,780	29.38%	722,646,994	46.45%
Generate Wholesale Managers Fund	-	-	-	-	-	-	-	-	165,792,894	14.26%	315,057,769	20.25%
Generate Wholesale Thematic Fund	-	-	-	-	-	-	-	-	-	-	-	-

Notes to the Financial Statements

5. Financial assets at fair value through profit or loss (continued)

5.3 Trading securities exceeding 5% of asset class

As at 31 March 2023	Defensive		Conservative		Moderate		Balanced		Growth		Focused Growth	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Unlisted unit trusts												
Generate Wholesale Fixed Interest Fund	32,325,411	100.00%	41,070,233	79.99%	275,042,319	58.37%	46,459,955	37.36%	177,414,656	15.91%	-	-
Generate Wholesale Australasian Fund	-	-	6,984,946	13.60%	116,188,495	24.66%	38,797,844	31.20%	370,396,054	33.23%	513,988,327	29.47%
Generate Wholesale Global Fund	-	-	-	-	40,408,948	8.58%	13,520,979	10.87%	200,491,046	17.98%	427,901,478	24.53%
Generate Wholesale Managers Fund	-	-	-	-	-	-	12,349,700	9.93%	170,200,746	15.27%	356,293,788	20.43%
Generate Wholesale Thematic Fund	-	-	-	-	39,560,845	8.40%	13,237,200	10.64%	196,283,136	17.61%	418,920,673	24.02%

As at 31 March 2022	Defensive		Conservative		Moderate		Balanced		Growth		Focused Growth	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Unlisted unit trusts												
Generate Wholesale Fixed Interest Fund	-	-	-	-	360,366,505	65.50%	-	-	161,017,881	14.15%	-	-
Generate Wholesale Australasian Fund	-	-	-	-	113,200,972	20.58%	-	-	469,476,222	41.26%	470,641,636	30.88%
Generate Wholesale Global Fund	-	-	-	-	76,610,512	13.92%	-	-	341,590,780	30.02%	722,646,994	47.42%
Generate Wholesale Managers Fund	-	-	-	-	-	-	-	-	165,792,894	14.57%	315,057,769	20.67%
Generate Wholesale Thematic Fund	-	-	-	-	-	-	-	-	-	-	-	-

6. Financial instruments by category

Financial instruments currently recognised in the Financial Statements comprise trade and other receivables, financial assets at fair value through profit or loss and trade and other payables. The following table details the Scheme's financial assets and liabilities by category:

\$	Defensive		Conservative		Moderate		Balanced		Growth		Focused Growth		Scheme Total	
As at 31 March	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Financial assets at fair value through profit and loss														
Financial assets at fair value through profit or loss	32,325,411		51,342,197		471,200,607	550,177,989	124,365,678		1,114,785,638	1,137,877,777	1,744,243,180	1,524,062,957	3,538,262,711	3,212,118,723
Financial assets at amortised cost														
Cash and cash equivalents	5,946,915		3,284,578		29,775,560	11,985,699	7,638,814		74,284,652	26,305,499	99,280,053	36,402,122	220,210,572	74,693,320
Trade and other receivables	75,564		223,069		1,436,946	2,467,186	565,115		5,037,975	2,603,033	10,561,068	5,163,849	17,899,737	10,234,068
Total financial assets at amortised cost	6,022,479		3,507,647		31,212,506	14,452,885	8,203,929		79,322,627	28,908,532	109,841,121	41,565,971	238,110,309	84,927,388
Total financial assets	38,347,890		54,849,844		502,413,113	564,630,874	132,569,607		1,194,108,265	1,166,786,309	1,854,084,301	1,565,628,928	3,776,373,020	3,297,046,111

\$	Defensive		Conservative		Moderate		Balanced		Growth		Focused Growth		Scheme Total	
As at 31 March	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Financial liabilities at amortised cost														
Benefits payable	7,814		92,373		281,122	782,365	18,151		238,245	309,117	481,176	305,836	1,118,881	1,397,318
Trade and other payables	384		33,069		796,325	73,305	266,068		3,937,664	159,214	8,396,914	206,021	13,430,424	438,540
Trade and other payables to related parties	24,536		48,405		472,954	489,992	127,969		1,160,524	999,739	1,789,061	1,334,075	3,623,449	2,823,806
Total financial liabilities at amortised cost	32,734		173,847		1,550,401	1,345,662	412,188		5,336,433	1,468,070	10,667,151	1,845,932	18,172,754	4,659,664
Total financial liabilities	32,734		173,847		1,550,401	1,345,662	412,188		5,336,433	1,468,070	10,667,151	1,845,932	18,172,754	4,659,664

7. Trade and other receivables

\$	Defensive		Conservative		Moderate		Balanced		Growth		Focused Growth		Scheme Total	
As at 31 March	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Due from brokers	-		32,522		791,217	2,000,000	264,744		3,925,663	1,600,000	8,378,413	4,000,000	13,392,559	7,600,000
Contributions receivable	75,564		190,547		645,729	467,186	300,371		1,112,312	1,003,033	2,182,655	1,163,849	4,507,178	2,634,068
Total trade and other receivables	75,564		223,069		1,436,946	2,467,186	565,115		5,037,975	2,603,033	10,561,068	5,163,849	17,899,737	10,234,068

All trade and other receivable balances are carried at amortised cost and their carrying values approximate fair value.

8. Trade and other payables

\$	Defensive		Conservative		Moderate		Balanced		Growth		Focused Growth		Scheme Total	
As at 31 March	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Due to brokers	-		32,522		791,217	-	264,744		3,925,663	-	8,378,413	-	13,392,559	-
General expenses payable	384		547		5,108	73,305	1,324		12,001	159,214	18,501	206,021	37,865	438,540
Total trade and other payables	384		33,069		796,325	73,305	266,068		3,937,664	159,214	8,396,914	206,021	13,430,424	438,540

All trade and other payable balances are carried at amortised cost and their carrying values approximate fair value.

9. Trade and other payables to related parties

\$	Defensive		Conservative		Moderate		Balanced		Growth		Focused Growth		Scheme Total	
As at 31 March	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Management fees payable	23,824		47,392		463,492	472,932	125,518		1,138,293	964,934	1,754,790	1,287,632	3,553,309	2,725,498
Supervisor fees payable	712		1,013		9,462	17,060	2,451		22,231	34,805	34,271	46,443	70,140	98,308
Total trade and other payables to related parties	24,536		48,405		472,954	489,992	127,969		1,160,524	999,739	1,789,061	1,334,075	3,623,449	2,823,806

All trade and other payable balances are carried at amortised cost and their carrying values approximate fair value.

Notes to the Financial Statements

10. Reconciliation of net profit before membership activities to net cash outflows from operating activities

\$	Defensive		Conservative		Moderate		Balanced		Growth		Focused Growth		Scheme Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
For the year ended 31 March														
Net profit before membership activities	626,214		1,147,253		(4,996,375)	(2,850,962)	3,683,502		(36,063,092)	5,723,789	(51,370,240)	(10,206,039)	(86,972,738)	(7,333,212)
Adjustments for non cash items:														
Unrealised changes in the fair value of financial instruments	(673,227)		(1,256,151)		(8,234,319)	43,225,956	(3,503,296)		(3,563,502)	198,457,424	(5,250,583)	334,316,116	(22,481,078)	575,999,496
Unrealised foreign exchange (losses)/gains on cash at bank	-		-		(12)	(360,533)	-		(9)	(303,998)	(2)	(202,140)	(23)	(866,671)
Management fee rebates re-invested	-		-		-	-	-		-	(482,034)	-	(936,806)	-	(1,418,840)
Dividends re-invested	-		-		-	(418,111)	-		-	(13,845,909)	-	(25,952,575)	-	(40,216,595)
Total adjustments for non cash items	(673,227)		(1,256,151)		(8,234,319)	42,447,312	(3,503,296)		(3,563,511)	183,825,483	(5,250,585)	307,224,595	(22,481,101)	533,497,390
Movements in working capital items:														
(Increase)/decrease in cost of investments	(31,652,184)		(50,086,046)		89,211,701	(156,829,426)	(120,862,382)		28,255,641	(420,135,253)	(210,929,640)	(618,157,969)	(296,062,910)	(1,195,122,648)
(Increase)/decrease in trade and other receivables	-		-		-	647,621	-		-	1,819,800	-	1,882,192	-	4,349,613
(Decrease)/increase in trade and other payables	24,920		48,952		(85,235)	51,030	129,293		13,572	125,661	267,466	182,099	398,968	358,790
Net cash (outflow)/inflow from working capital items	(31,627,264)		(50,037,094)		89,126,466	(156,130,775)	(120,733,089)		28,269,213	(418,189,792)	(210,662,174)	(616,093,678)	(295,663,942)	(1,190,414,245)
Net cash (outflow)/inflow from operating activities	(31,674,277)		(50,145,992)		75,895,760	(116,534,425)	(120,552,883)		(11,357,390)	(228,640,520)	(267,282,999)	(319,075,122)	(405,117,781)	(664,250,067)

11. Related parties

11.1 Manager and Supervisor

The Manager of the Scheme is GIML. Effective 1 June 2022, the Manager is entitled to the following base fund management fees from the Funds:

- Defensive Fund: 0.789%
- Conservative Fund: 1.089%
- Moderate Fund: 1.139%
- Balanced Fund: 1.189%
- Growth Fund: 1.189%
- Focused Growth Fund: 1.189%

The base fund management fee rates above include base fund management fee, supervision fee and custody fee. Prior to 1 June 2022, the Manager was entitled to a management fee from the Scheme of 1% of funds under management. The Scheme paid to the Manager the Supervisor Fee and Expenses separately.

The management fee accrued to the Manager for the year ended 31 March 2023 totalled \$37,770,598 (2022: \$31,275,575). The amount accrued but unpaid as at 31 March 2023 was \$3,553,309 (2022: \$2,725,498).

The amount paid and accrued for the year ended 31 March 2023 for the Supervisor Fees totalled \$1,199,156 (31 March 2022: \$1,101,633) and for general expenses \$851,796 (2022: \$5,131,488). The amount accrued but unpaid as at 31 March 2023 for Supervisor Fees was \$70,140 (2022: \$98,308) and for general expenses \$37,865 (2021: \$438,540).

The Manager also retains part of the monthly administration fee charged to members. The remainder is paid out to the Administrator of the Scheme. The total administration fee accrued for the year ended 31 March 2023 totalled \$4,267,783 (31 March 2022: \$3,801,422). No administration fees were accrued but unpaid as at 31 March 2023 (31 March 2022: nil).

Generate Funds Limited (GFL) is the ultimate parent of the Manager. No transactions were made between the Scheme and GFL.

GIML has paid Scheme expenses for the year ended 31 March 2023. These include:

- Audit fees of \$49,000 (2022: \$36,500)
- Supervisor fees and other expenses of \$3,105,074 (2022: \$2,746,268)

No amounts have been paid by the Scheme to the Directors in their capacity as Directors of the Manager.

11.2 Significant related party transactions

The Generate Unit Trust and the Generate Wholesale Unit Trust Scheme are related to the Funds by virtue having the same Manager.

On 17 November 2021, the following significant related party transactions occurred:

- The Conservative Fund in-specie transferred \$499,486,088 of investments to the Generate Wholesale Unit Trust Scheme, in return for a corresponding amount of investment in the Generate Wholesale Unit Trust Scheme. On the same date, the Conservative Fund also made a cash investment totalling \$12,500,000 in the Generate Wholesale Unit Trust Scheme.
- The Growth Fund in-specie transferred \$1,113,254,427 of investments to the Generate Wholesale Unit Trust Scheme, in return for a corresponding amount of investment in the Generate Wholesale Unit Trust Scheme. On the same date, the Growth Fund also made a cash investment totalling \$24,904,000 in the Generate Wholesale Unit Trust Scheme.
- The Focused Growth Fund in-specie transferred \$1,522,292,500 of investments to the Generate Wholesale Unit Trust Scheme, in return for a corresponding amount of investment in the Generate Wholesale Unit Trust Scheme. On the same date, the Focused Growth Fund also made a cash investment totalling \$23,303,000 in the Generate Wholesale Unit Trust Scheme.

On 31 March 2023, the following significant related party transactions occurred:

- Funds in the scheme in-specie transferred \$669,627,933 from the Generate Wholesale Global Fund to the Generate Wholesale Thematic Fund.

11.3 Related party investments

The following table shows the related party investments as at 31 March:

\$	Defensive		Conservative		Moderate		Balanced		Growth		Focused Growth		Scheme Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Generate Wholesale Fixed Interest Fund	32,325,411		41,070,233		275,042,319	360,366,505	46,459,955		177,414,656	161,017,881	27,138,913	15,716,568	599,451,487	537,100,954
Generate Wholesale Australasian Fund	-		6,984,946		116,188,495	113,200,972	38,797,844		370,396,054	469,476,222	513,988,327	470,641,626	1,046,355,666	1,053,318,820
Generate Wholesale Global Fund	-		1,660,939		40,408,948	76,610,512	13,520,979		200,491,046	341,590,780	427,901,478	722,646,994	683,983,390	1,140,848,286
Generate Wholesale Managers Fund	-		-		-	-	12,349,700		170,200,746	165,792,894	356,293,788	315,057,769	538,844,234	480,850,663
Generate Wholesale Thematic Fund	-		1,626,079		39,560,845	-	13,237,200		196,283,136	-	418,920,673	-	669,627,933	-

The total income/(losses) on the related party investments for the year ended 31 March were:

\$	Defensive		Conservative		Moderate		Balanced		Growth		Focused Growth		Scheme Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Generate Wholesale Fixed Interest Fund	685,309		862,326		3,486,586	(3,596,464)	772,859		2,573,911	(1,625,855)	495,099	(161,869)	8,876,090	(5,384,188)
Generate Wholesale Australasian Fund	-		265,498		(2,658,734)	881,680	1,336,907		(13,915,640)	2,529,214	(8,845,325)	2,172,054	(23,817,294)	5,582,948
Generate Wholesale Global Fund	-		336,564		(845,284)	(7,221,957)	2,147,574		(2,849,855)	(31,994,531)	(4,407,197)	(62,275,738)	(5,618,198)	(101,492,226)
Generate Wholesale Managers Fund	-		-		-	-	346,109		(10,463,992)	(27,265,054)	(21,164,453)	(51,730,819)	(31,282,336)	(78,995,873)
Generate Wholesale Thematic Fund	-		-		-	-	-		-	-	-	-	-	-

Independent Auditor's Report

Grant Thornton New Zealand Audit Limited
L4, Grant Thornton House
152 Fanshawe Street
P O Box 1961
Auckland 1140
T +64 9 308 2570
F +64 9 309 4892
www.grantthornton.co.nz

To the Members of the Generate KiwiSaver Scheme

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Generate Kiwisaver Scheme (comprising each of the funds, defensive fund, conservative fund, moderate fund, balanced fund, growth fund, focused growth fund and collectively the "Scheme") on pages 2 to 11 which comprise the statement of net assets as at 31 March 2023, the statement of changes in net assets, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Generate Kiwisaver Scheme as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)") issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor and the provision of other assurance services we have no relationship with, or interest in, the Scheme.

Key Audit Matters

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

Why the audit matter is significant	How our audit addressed the key audit matter
<p>Valuation and Existence of Financial Assets at Fair Value through Profit or Loss</p> <p>As at 31 March 2023, the Funds hold significant financial assets. As detailed in Note 6 and accounting policies Note 2.2, the majority of financial asset investments are recognised at fair value through profit or loss in accordance with <i>NZ IFRS 9: Financial Instruments</i>.</p> <p>While these financial asset investments were not assessed to be subject to a significant risk of misstatement or significant levels of judgement, due to their materiality in the context of the Funds as a whole, these were considered to be an area which had the greatest impact on our overall audit strategy and the allocation of resources in planning and completing our audit.</p> <p>Market volatility can have an impact on the value of these financial assets and the financial statements; therefore, the recognition and valuation of these investments is considered a key audit matter.</p> <p>At 31 March 2023 financial markets continue to be impacted by global macro-economic factors and during this period they have experienced greater volatility than usual. Disclosures are included in Note 4 to the financial statements regarding the sensitivity of the impact of market volatility on investments and financial risk management.</p>	<p>To address the risk associated with financial asset valuation and existence, the following audit procedures were carried out:</p> <ul style="list-style-type: none"> • Reconciled the investment of unlisted unit trusts held with related party Generate Wholesale Unit Trust Scheme through to that Scheme's holding of financial assets. • Documented and understood the controls in place for recording investment transactions and valuing the portfolio. This included evaluating the control environment in place by obtaining and reading the reports issued by an independent auditor on the design and operation of those controls. • Agreed the 31 March 2023 investment holdings in units by the Scheme and in financial assets by Generate Wholesale Unit Trust Scheme to confirmations received from the external fund manager of those investments. • Obtained and read the reports issued by an independent auditor on the design and operation of the controls at the external fund manager of those investments. • Assessing whether the disclosures in the financial statements appropriately reflected the Fund's exposure to financial instrument risk with reference to NZ IFRS 7 Financial Instruments: Disclosures.

Manager's responsibilities for the Financial Statements

The Manager is responsible on behalf of the Scheme for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards issued by the New Zealand Accounting Standards Board, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the Audit of the Financial Statements

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

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

Restriction on use of our report

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

Grant Thornton New Zealand Audit Limited**Kerry Price**

Partner

Auckland

17 July 2023