



Mercer

# KiwiSaver scheme

**Financial Statements 2023**

For the year ended 31 March 2023



**MERCER KIWISAVER SCHEME**  
**Financial Statements**  
**For the Year Ended 31 March 2023**

<b>Contents</b>	<b>Page</b>
Directory	1
Statements of Net Assets	2
Statements of Changes in Net Assets	4
Statements of Cash Flows	6
Notes to the Financial Statements	8
Independent Auditor's Report	36

## MERCER KIWISAVER SCHEME

### Directory

For the year ended 31 March 2023

**Manager:** Mercer (N.Z.) Limited

**Registered Office**

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

**Investor and Advisor Enquiries**

PO Box 1849  
Wellington 6140  
Website: [mercerfinancialservices.co.nz](http://mercerfinancialservices.co.nz)  
Helpline: 0508 637 237

**Directors:**

David Clifford Bryant  
Ross Gregory Butler (Appointed and Chair from 14 April 2023)  
Paula Elizabeth Jackson  
Kristen Jane Kohere-Soutar (Chair to 13 April 2023)  
Martin Paul Lewington  
Emily Jane O'Brien

**Supervisor:** Trustees Executors Limited  
Level 9, Spark Central, 42-52 Willis Street  
Wellington 6011

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

Trustees Executors Limited  
Level 9, Spark Central, 42-52 Willis Street  
Wellington 6011

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

**MERCER KIWISAVER SCHEME**  
**Statements of Net Assets**  
**As at 31 March 2023**

	Note	TOTAL		Sustainable Conservative		Sustainable Plus Balanced		Sustainable Plus High Growth	
		2023	2022	2023	2022	2023	2022	2023	2022
		\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>ASSETS</b>									
Cash and cash equivalents		18,555	18,607	3,019	3,457	3,937	5,762	4,629	5,034
Financial assets at fair value through profit or loss	5	2,082,456	2,075,756	723,087	720,324	552,964	555,551	301,075	295,869
Portfolio investment entity tax receivable		10,876	-	3,225	3,261	3,279	-	1,883	-
Investment management fees receivable	6	415	297	-	2	191	207	105	7
Other receivables		100	-	100	-	-	-	-	-
<b>Total Assets</b>		<b>2,112,402</b>	<b>2,094,660</b>	<b>729,431</b>	<b>727,044</b>	<b>560,371</b>	<b>561,520</b>	<b>307,692</b>	<b>300,910</b>
<b>LIABILITIES</b>									
Unsettled trades		-	122	-	-	-	-	-	-
Unallocated contributions		887	1,166	365	491	199	250	121	153
Benefits payable		1,665	877	743	333	470	147	79	76
Investment management fees payable	6	-	-	25	-	-	-	-	-
Supervisor fees payable	6	55	50	19	22	15	12	8	6
Portfolio investment entity tax payable		-	1,928	-	-	-	1,169	-	2,577
Administration fees payable	6	-	108	-	73	-	14	-	7
Manager fees (expense recoveries) payable		256	-	89	-	68	-	37	-
<b>Total Liabilities (excluding net assets attributable to members)</b>		<b>2,863</b>	<b>4,251</b>	<b>1,241</b>	<b>919</b>	<b>752</b>	<b>1,592</b>	<b>245</b>	<b>2,819</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>	4	<b>2,109,539</b>	<b>2,090,409</b>	<b>728,190</b>	<b>726,125</b>	<b>559,619</b>	<b>559,928</b>	<b>307,447</b>	<b>298,091</b>
<b>Represented by:</b>									
<b>Net assets available for benefits</b>	4	<b>2,109,539</b>	<b>2,090,409</b>	<b>728,190</b>	<b>726,125</b>	<b>559,619</b>	<b>559,928</b>	<b>307,447</b>	<b>298,091</b>

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



**MERCER KIWISAVER SCHEME**  
**Statements of Net Assets**  
**As at 31 March 2023**

	Note	Cash		Sustainable Plus Moderate		Sustainable Plus Growth		Sustainable Plus Shares	
		2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
<b>ASSETS</b>									
Cash and cash equivalents		224	151	2,463	760	3,821	3,013	462	430
Financial assets at fair value through profit or loss	5	35,323	28,862	212,575	220,119	209,507	208,255	47,925	46,776
Portfolio investment entity tax receivable		-	-	955	159	1,362	-	400	-
Investment management fees receivable	6	3	2	71	5	74	74	-	-
Other receivables		-	-	-	-	-	-	-	-
<b>Total Assets</b>		<b>35,550</b>	<b>29,015</b>	<b>216,064</b>	<b>221,043</b>	<b>214,764</b>	<b>211,342</b>	<b>48,787</b>	<b>47,206</b>
<b>LIABILITIES</b>									
Unsettled trades		-	64	-	-	-	-	-	58
Unallocated contributions		10	12	80	122	91	112	21	26
Benefits payable		29	45	150	201	191	74	3	1
Investment management fees payable	6	-	-	-	-	-	-	4	-
Supervisor fees payable	6	1	1	6	4	5	4	1	1
Portfolio investment entity tax payable		228	17	-	-	-	1,210	-	375
Administration fees payable	6	-	1	-	7	-	5	-	1
Manager fees (expense recoveries) payable		4	-	26	-	26	-	6	-
<b>Total Liabilities (excluding net assets attributable to members)</b>		<b>272</b>	<b>140</b>	<b>262</b>	<b>334</b>	<b>313</b>	<b>1,405</b>	<b>35</b>	<b>462</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>	4	<b>35,278</b>	<b>28,875</b>	<b>215,802</b>	<b>220,709</b>	<b>214,451</b>	<b>209,937</b>	<b>48,752</b>	<b>46,744</b>
<b>Represented by:</b>									
<b>Net assets available for benefits</b>	4	<b>35,278</b>	<b>28,875</b>	<b>215,802</b>	<b>220,709</b>	<b>214,451</b>	<b>209,937</b>	<b>48,752</b>	<b>46,744</b>

These Financial Statements were authorised for issue by Mercer (N.Z.) Limited, the Manager on 27 July 2023.

For and on behalf of the Directors

DocuSigned by:

*Martin Lewington*

ED8241F39C374A8...

Director

DocuSigned by:

*Ross Butler*

DAAB2378F1274D6...

Director

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

**MERCER KIWISAVER SCHEME**  
**Statements of Changes in Net Assets**  
**For the year ended 31 March 2023**

	Note	TOTAL		Sustainable Conservative		Sustainable Plus Balanced		Sustainable Plus High Growth	
		2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
<b>INCOME</b>									
Interest income		216	44	75	15	57	12	31	6
Net (losses)/gains on financial assets at fair value through profit or loss	6	(62,682)	40,978	(15,939)	4,614	(19,584)	12,169	(12,059)	15,020
Investment management fee rebates	6	1,774	967	-	-	1,117	869	235	-
Other income		-	13	-	-	-	12	-	-
<b>Total Income</b>		<b>(60,692)</b>	<b>42,002</b>	<b>(15,864)</b>	<b>4,629</b>	<b>(18,410)</b>	<b>13,062</b>	<b>(11,793)</b>	<b>15,026</b>
<b>EXPENSES</b>									
Investment management fees	6	-	-	141	164	-	-	-	10
Supervisor fees	6	214	244	75	108	57	56	31	30
Manager fees (expense recoveries)	6	544	-	189	-	144	-	80	-
Other expenses		2	7	1	2	1	2	-	1
<b>Total Expenses</b>		<b>760</b>	<b>251</b>	<b>406</b>	<b>274</b>	<b>202</b>	<b>58</b>	<b>111</b>	<b>41</b>
<b>NET (LOSS)/PROFIT BEFORE MEMBERSHIP ACTIVITIES</b>		<b>(61,452)</b>	<b>41,751</b>	<b>(16,270)</b>	<b>4,355</b>	<b>(18,612)</b>	<b>13,004</b>	<b>(11,904)</b>	<b>14,985</b>
<b>MEMBERSHIP ACTIVITIES:</b>									
<b>Contributions / Transfers In</b>									
Member contributions		130,501	174,335	50,768	84,368	30,352	35,775	18,352	17,551
Employer contributions		62,863	74,383	26,054	40,998	14,139	12,876	8,294	7,377
Tax credits		17,121	24,468	7,990	16,152	3,342	3,184	1,960	1,797
Transfers in from other schemes	8	7,408	9,240	2,239	5,741	3,395	802	986	1,351
Transfers (from)/to funds		-	-	(9,688)	(149,638)	(5,385)	41,179	4,217	25,140
<b>Total Contributions/Transfers In</b>		<b>217,893</b>	<b>282,426</b>	<b>77,363</b>	<b>(2,379)</b>	<b>45,843</b>	<b>93,816</b>	<b>33,809</b>	<b>53,216</b>
<b>Benefits/Transfers Out/Membership Expenses/Tax</b>									
Benefits	7	(91,215)	(79,477)	(45,239)	(42,296)	(16,363)	(13,977)	(4,636)	(5,380)
Transfers out to other schemes		(57,607)	(501,917)	(17,262)	(420,775)	(14,617)	(32,341)	(9,879)	(18,492)
Administration fees	6	-	(2,004)	-	(1,360)	-	(255)	-	(130)
Portfolio investment entity taxation (expense)/rebate		11,511	(2,188)	3,473	3,171	3,440	(1,239)	1,966	(2,614)
<b>Total Benefits/Transfers Out/Membership Expenses/Tax</b>		<b>(137,311)</b>	<b>(585,586)</b>	<b>(59,028)</b>	<b>(461,260)</b>	<b>(27,540)</b>	<b>(47,812)</b>	<b>(12,549)</b>	<b>(26,616)</b>
<b>Total transactions with members in their capacity as members</b>		<b>80,582</b>	<b>(303,160)</b>	<b>18,335</b>	<b>(463,639)</b>	<b>18,303</b>	<b>46,004</b>	<b>21,260</b>	<b>26,600</b>
<b>NET INCREASE/(DECREASE) IN NET ASSETS DURING THE YEAR</b>		<b>19,130</b>	<b>(261,409)</b>	<b>2,065</b>	<b>(459,284)</b>	<b>(309)</b>	<b>59,008</b>	<b>9,356</b>	<b>41,585</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<b>2,090,409</b>	<b>2,351,818</b>	<b>726,125</b>	<b>1,185,409</b>	<b>559,928</b>	<b>500,920</b>	<b>298,091</b>	<b>256,506</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL YEAR</b>		<b>2,109,539</b>	<b>2,090,409</b>	<b>728,190</b>	<b>726,125</b>	<b>559,619</b>	<b>559,928</b>	<b>307,447</b>	<b>298,091</b>

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

**MERCER KIWISAVER SCHEME**  
**Statements of Changes in Net Assets**  
**For the year ended 31 March 2023**

	Note	Cash		Sustainable Plus Moderate		Sustainable Plus Growth		Sustainable Plus Shares	
		2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
<b>INCOME</b>									
Interest income		4	1	22	5	22	4	5	1
Net (losses)/gains on financial assets at fair value through profit or loss	6	1,009	96	(5,601)	1,229	(8,457)	6,764	(2,051)	1,086
Investment management fee rebates	6	6	4	158	-	423	315	-	-
Other income		-	-	-	-	-	1	-	-
<b>Total Income</b>		<b>1,019</b>	<b>101</b>	<b>(5,421)</b>	<b>1,234</b>	<b>(8,012)</b>	<b>7,084</b>	<b>(2,046)</b>	<b>1,087</b>
<b>EXPENSES</b>									
Investment management fees	6	-	-	-	10	-	-	24	37
Supervisor fees	6	3	3	22	22	21	20	5	5
Manager fees (expense recoveries)	6	9	-	55	-	55	-	12	-
Other expenses		-	-	-	1	-	1	-	-
<b>Total Expenses</b>		<b>12</b>	<b>3</b>	<b>77</b>	<b>33</b>	<b>76</b>	<b>21</b>	<b>41</b>	<b>42</b>
<b>NET (LOSS)/PROFIT BEFORE MEMBERSHIP ACTIVITIES</b>		<b>1,007</b>	<b>98</b>	<b>(5,498)</b>	<b>1,201</b>	<b>(8,088)</b>	<b>7,063</b>	<b>(2,087)</b>	<b>1,045</b>
<b>MEMBERSHIP ACTIVITIES:</b>									
<b>Contributions / Transfers In</b>									
Member contributions		1,632	1,638	12,602	19,056	13,429	12,796	3,366	3,151
Employer contributions		764	624	5,792	5,519	6,152	5,520	1,668	1,469
Tax credits		226	174	1,725	1,568	1,509	1,269	369	324
Transfers in from other schemes	8	51	268	187	137	485	813	65	128
Transfers (from)/to funds		12,298	9,111	(2,591)	32,071	729	37,667	420	4,470
<b>Total Contributions/Transfers In</b>		<b>14,971</b>	<b>11,815</b>	<b>17,715</b>	<b>58,351</b>	<b>22,304</b>	<b>58,065</b>	<b>5,888</b>	<b>9,542</b>
<b>Benefits/Transfers Out/Membership Expenses/Tax</b>									
Benefits	7	(8,575)	(7,171)	(11,927)	(6,679)	(3,779)	(2,700)	(696)	(1,274)
Transfers out to other schemes		(764)	(3,483)	(6,233)	(10,978)	(7,345)	(12,316)	(1,507)	(3,532)
Administration fees	6	-	(20)	-	(123)	-	(93)	-	(23)
Portfolio investment entity taxation (expense)/rebate		(236)	(21)	1,036	131	1,422	(1,236)	410	(380)
<b>Total Benefits/Transfers Out/Membership Expenses/Tax</b>		<b>(9,575)</b>	<b>(10,695)</b>	<b>(17,124)</b>	<b>(17,649)</b>	<b>(9,702)</b>	<b>(16,345)</b>	<b>(1,793)</b>	<b>(5,209)</b>
<b>Total transactions with members in their capacity as members</b>		<b>5,396</b>	<b>1,120</b>	<b>591</b>	<b>40,702</b>	<b>12,602</b>	<b>41,720</b>	<b>4,095</b>	<b>4,333</b>
<b>NET INCREASE/(DECREASE) IN NET ASSETS DURING THE YEAR</b>		<b>6,403</b>	<b>1,218</b>	<b>(4,907)</b>	<b>41,903</b>	<b>4,514</b>	<b>48,783</b>	<b>2,008</b>	<b>5,378</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<b>28,875</b>	<b>27,657</b>	<b>220,709</b>	<b>178,806</b>	<b>209,937</b>	<b>161,154</b>	<b>46,744</b>	<b>41,366</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL YEAR</b>		<b>35,278</b>	<b>28,875</b>	<b>215,802</b>	<b>220,709</b>	<b>214,451</b>	<b>209,937</b>	<b>48,752</b>	<b>46,744</b>

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

**MERCER KIWISAVER SCHEME**  
**Statements of Cash Flows**  
**For the year ended 31 March 2023**

	Note	TOTAL		Sustainable Conservative		Sustainable Plus Balanced		Sustainable Plus High Growth	
		2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Proceeds from sale of financial assets		22,252	521,597	21,308	543,218	2,455	11,895	4,773	6,891
Interest income		216	44	75	15	57	12	31	6
Other income		-	13	-	-	-	12	-	-
Payments for purchase of financial assets		(91,856)	(193,242)	(40,110)	(70,347)	(19,452)	(50,853)	(22,038)	(28,374)
Rebates/(Fees) and other expenses received/(paid)		1,157	425	(293)	(286)	1,002	612	65	(43)
<b>NET CASH (USED IN)/FROM OPERATING ACTIVITIES</b>	9	<b>(68,231)</b>	<b>328,837</b>	<b>(19,020)</b>	<b>472,600</b>	<b>(15,938)</b>	<b>(38,322)</b>	<b>(17,169)</b>	<b>(21,520)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
Member contributions		130,501	174,335	50,768	84,368	30,352	35,775	18,352	17,551
Employer contributions		62,863	74,383	26,054	40,998	14,139	12,876	8,294	7,377
Tax credits		17,121	24,468	7,990	16,152	3,342	3,184	1,960	1,797
Transfers in from other schemes		7,408	9,240	2,239	5,741	3,395	802	986	1,351
Transfers (from)/to funds		-	-	(9,688)	(149,638)	(5,385)	41,179	4,217	25,140
Portfolio investment entity taxation		(1,293)	(22,405)	3,509	(6,332)	(1,008)	(6,799)	(2,494)	(4,351)
Unallocated contributions		(279)	(143)	(126)	(290)	(51)	66	(32)	(24)
Benefits paid		(90,427)	(80,645)	(44,829)	(43,074)	(16,040)	(14,283)	(4,633)	(5,445)
Transfers out to other schemes		(57,607)	(501,917)	(17,262)	(420,775)	(14,617)	(32,341)	(9,879)	(18,492)
Administration fees		(108)	(2,084)	(73)	(1,428)	(14)	(261)	(7)	(132)
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>68,179</b>	<b>(324,768)</b>	<b>18,582</b>	<b>(474,278)</b>	<b>14,113</b>	<b>40,198</b>	<b>16,764</b>	<b>24,772</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(52)</b>	<b>4,069</b>	<b>(438)</b>	<b>(1,678)</b>	<b>(1,825)</b>	<b>1,876</b>	<b>(405)</b>	<b>3,252</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>18,607</b>	<b>14,538</b>	<b>3,457</b>	<b>5,135</b>	<b>5,762</b>	<b>3,886</b>	<b>5,034</b>	<b>1,782</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>18,555</b>	<b>18,607</b>	<b>3,019</b>	<b>3,457</b>	<b>3,937</b>	<b>5,762</b>	<b>4,629</b>	<b>5,034</b>

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

**MERCER KIWISAVER SCHEME**  
**Statements of Cash Flows**  
**For the year ended 31 March 2023**

	Note	Cash		Sustainable Plus Moderate		Sustainable Plus Growth		Sustainable Plus Shares	
		2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Proceeds from sale of financial assets		5,714	10,938	5,379	3,923	1,689	5,128	5,093	6,518
Interest income		4	1	22	5	22	4	5	1
Other income		-	-	-	-	-	1	-	-
Payments for purchase of financial assets		(11,230)	(11,975)	(3,436)	(43,480)	(11,398)	(44,642)	(8,351)	(10,485)
Rebates/(Fees) and other expenses received/(paid)		(3)	-	43	(37)	374	221	(31)	(42)
<b>NET CASH (USED IN)/FROM OPERATING ACTIVITIES</b>	9	<b>(5,515)</b>	<b>(1,036)</b>	<b>2,008</b>	<b>(39,589)</b>	<b>(9,313)</b>	<b>(39,288)</b>	<b>(3,284)</b>	<b>(4,008)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
Member contributions		1,632	1,638	12,602	19,056	13,429	12,796	3,366	3,151
Employer contributions		764	624	5,792	5,519	6,152	5,520	1,668	1,469
Tax credits		226	174	1,725	1,568	1,509	1,269	369	324
Transfers in from other schemes		51	268	187	137	485	813	65	128
Transfers (from)/to funds		12,298	9,111	(2,591)	32,071	729	37,667	420	4,470
Portfolio investment entity taxation		(25)	(19)	240	(1,659)	(1,150)	(2,543)	(365)	(702)
Unallocated contributions		(2)	5	(42)	54	(21)	37	(5)	9
Benefits paid		(8,591)	(7,249)	(11,978)	(6,650)	(3,662)	(2,671)	(694)	(1,273)
Transfers out to other schemes		(764)	(3,483)	(6,233)	(10,978)	(7,345)	(12,316)	(1,507)	(3,532)
Administration fees		(1)	(21)	(7)	(125)	(5)	(94)	(1)	(23)
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>5,588</b>	<b>1,048</b>	<b>(305)</b>	<b>38,993</b>	<b>10,121</b>	<b>40,478</b>	<b>3,316</b>	<b>4,021</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>73</b>	<b>12</b>	<b>1,703</b>	<b>(596)</b>	<b>808</b>	<b>1,190</b>	<b>32</b>	<b>13</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>151</b>	<b>139</b>	<b>760</b>	<b>1,356</b>	<b>3,013</b>	<b>1,823</b>	<b>430</b>	<b>417</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>224</b>	<b>151</b>	<b>2,463</b>	<b>760</b>	<b>3,821</b>	<b>3,013</b>	<b>462</b>	<b>430</b>

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



**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

**1 SCHEME DESCRIPTION**

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

Details of membership during the year were:

	<b>2023</b>	<b>2022</b>
Opening Membership at 1 April	51,571	92,889
New Members	705	4,634
Exited Members	(2,855)	(45,952)
<b>Closing Membership at 31 March</b>	<b>49,421</b>	<b>51,571</b>

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

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

**Mercer Investment Trusts New Zealand**

**Investment Portfolio**

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

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

**1 SCHEME DESCRIPTION (Continued)**

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

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

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

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

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

**2 BASIS OF PREPARATION**

The financial statements are being presented on a segregated fund basis in accordance with the requirements of the Financial Markets Conduct Act 2013. Segregated fund reporting has also been applied to 31 March 2022 comparatives.

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

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

**Statement of Compliance**

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

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

The Financial Statements were authorised for issue by Mercer (N.Z.) Limited, the Manager on 27 July 2023.

**Measurement Base**

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

**Functional and Presentation Currency**

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

**Assumptions, Estimates and Judgements**

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

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

**2 BASIS OF PREPARATION (Continued)**

**Assumptions, Estimates and Judgements (Continued)**

At 31 March 2023, cash and cash equivalents included an amount of \$1,063,000 maintained at the total Scheme level for the settlement of transactions (2022: \$1,208,000). The Manager has estimated the allocation of this cash balance to the Funds. At 31 March 2023, the amounts allocated to Sustainable Conservative, Sustainable Plus Balanced, Sustainable Plus High Growth, Cash, Sustainable Plus Moderate, Sustainable Plus Growth and Sustainable Plus Shares were \$739,000, \$28,000, \$100,000, \$69,000, \$14,000, \$107,000 and \$6,000, respectively. (2022: \$562,000, \$160,000, \$399,000, \$(35,000), \$86,000, \$(8,000) and \$44,000, respectively).

**Duration of the Scheme**

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

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

**Funding Policy**

The Scheme is a defined contribution scheme as defined by the KiwiSaver Act 2006. Funding in the form of contributions is received primarily from three sources: Members of the Scheme; employers of members of the Scheme; and the Government (in accordance with the provisions of the KiwiSaver Act 2006). Members may contribute to the Scheme at varying designated additional contributions in excess of any salary or wage linked contributions. As of 31 March 2023, employer contribution rates are either 3% or greater of each relevant Member's gross salary or wages (2022: Same).

**3 SIGNIFICANT ACCOUNTING POLICIES**

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

(i) **Income**

*Interest income*

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

*Changes in fair value of investments*

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

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

**3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(ii) Financial Instruments**

*Classification*

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

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

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

*Recognition and derecognition*

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

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

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

*Measurement*

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

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

*Fair value estimation*

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

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

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

**(iii) Expenses**

Expenses comprise investment management fees, Supervisor fees and other expenses. All expenses are accounted for on an accrual basis. From 31 March 2022, the administration fee was waived for all members.

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

**3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(iv) **Taxation**

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

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

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

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

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

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

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

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

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

(vi) **Investment Entities**

The Scheme has investments in a number of related party wholesale unlisted unit trusts. The Scheme has determined that it is an investment entity under the definition in NZ IFRS 10 Consolidated Financial Statements as it meets the following criteria:

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

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

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

(vii) **Cash and Cash Equivalents**

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



**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

**3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(viii) **Statements of Cash Flows**

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

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

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

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

(ix) **Contributions and Withdrawals**

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

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

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

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

(xi) **Application of Accounting Standards**

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

There are no new standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 April 2022 that have a material effect of the financial statements of the Scheme.

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2022, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Scheme.

(xii) **Presentation of financial statements**

The assets and liabilities in the financial statements have been presented in order of their liquidity. All assets and liabilities either have a maturity of less than a year or have no fixed maturity and are therefore considered current assets/liabilities (2022: Same).

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

**4 VESTED BENEFITS**

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

	TOTAL		Sustainable Conservative		Sustainable Plus Balanced		Sustainable Plus High Growth	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Member accounts - vested benefits	2,109,758	2,090,163	728,080	725,669	559,759	560,028	307,467	298,081
Adjustments arising from valuation differences	(219)	246	110	456	(140)	(100)	(20)	10
<b>Net Assets Attributable to Members</b>	<b>2,109,539</b>	<b>2,090,409</b>	<b>728,190</b>	<b>726,125</b>	<b>559,619</b>	<b>559,928</b>	<b>307,447</b>	<b>298,091</b>

	Cash		Sustainable Plus Moderate		Sustainable Plus Growth		Sustainable Plus Shares	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Member accounts - vested benefits	35,249	28,845	215,929	220,819	214,491	209,958	48,783	46,763
Adjustments arising from valuation differences	29	30	(127)	(110)	(40)	(21)	(31)	(19)
<b>Net Assets Attributable to Members</b>	<b>35,278</b>	<b>28,875</b>	<b>215,802</b>	<b>220,709</b>	<b>214,451</b>	<b>209,937</b>	<b>48,752</b>	<b>46,744</b>

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

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

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

**5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

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

	TOTAL		Sustainable Conservative		Sustainable Plus Balanced		Sustainable Plus High Growth	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
<b>Financial assets at fair value through profit or loss</b>								
Mercer Cash Portfolio	266,796	271,262	231,473	242,464	-	-	-	-
Mercer New Zealand Shares Index Portfolio	39,773	27,649	39,773	27,649	-	-	-	-
Mercer New Zealand Sovereign Bond Portfolio	108,531	91,934	108,531	91,934	-	-	-	-
Mercer Overseas Shares Portfolio	7,163	6,768	-	-	-	-	-	-
Mercer Overseas Sovereign Bond Index Portfolio	118,117	110,029	118,117	110,029	-	-	-	-
Mercer Socially Responsible Balanced Portfolio	552,964	555,551	-	-	552,964	555,551	-	-
Mercer Socially Responsible Growth Portfolio	209,507	208,255	-	-	-	-	-	-
Mercer Socially Responsible Global Credit Portfolio	116,453	127,320	116,453	127,320	-	-	-	-
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	33,599	37,116	27,299	30,097	-	-	-	-
Mercer Socially Responsible Hedged Overseas Shares Portfolio	37,409	40,928	26,750	30,322	-	-	-	-
Mercer Socially Responsible High Growth Portfolio	301,075	295,869	-	-	-	-	301,075	295,869
Mercer Socially Responsible Overseas Shares Index Portfolio	27,261	30,392	27,261	30,392	-	-	-	-
Mercer Socially Responsible Overseas Shares Portfolio	38,023	40,686	27,430	30,117	-	-	-	-
Mercer Socially Responsible Trans-Tasman Shares Portfolio	13,211	11,756	-	-	-	-	-	-
Mercer Socially Responsible Moderate Portfolio	212,575	220,119	-	-	-	-	-	-
Ununitised investments	-	122	-	-	-	-	-	-
<b>Total Financial Assets at Fair Value through Profit or Loss</b>	<b>2,082,456</b>	<b>2,075,756</b>	<b>723,087</b>	<b>720,324</b>	<b>552,964</b>	<b>555,551</b>	<b>301,075</b>	<b>295,869</b>

	Cash		Sustainable Plus Moderate		Sustainable Plus Growth		Sustainable Plus Shares	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
<b>Financial assets at fair value through profit or loss</b>								
Mercer Cash Portfolio	35,323	28,798	-	-	-	-	-	-
Mercer New Zealand Shares Index Portfolio	-	-	-	-	-	-	-	-
Mercer New Zealand Sovereign Bond Portfolio	-	-	-	-	-	-	-	-
Mercer Overseas Shares Portfolio	-	-	-	-	-	-	7,163	6,768
Mercer Overseas Sovereign Bond Index Portfolio	-	-	-	-	-	-	-	-
Mercer Socially Responsible Balanced Portfolio	-	-	-	-	-	-	-	-
Mercer Socially Responsible Growth Portfolio	-	-	-	-	209,507	208,255	-	-
Mercer Socially Responsible Global Credit Portfolio	-	-	-	-	-	-	-	-
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	-	-	-	-	-	-	6,300	7,019
Mercer Socially Responsible Hedged Overseas Shares Portfolio	-	-	-	-	-	-	10,659	10,606
Mercer Socially Responsible High Growth Portfolio	-	-	-	-	-	-	-	-
Mercer Socially Responsible Overseas Shares Index Portfolio	-	-	-	-	-	-	-	-
Mercer Socially Responsible Overseas Shares Portfolio	-	-	-	-	-	-	10,593	10,569
Mercer Socially Responsible Trans-Tasman Shares Portfolio	-	-	-	-	-	-	13,211	11,756
Mercer Socially Responsible Moderate Portfolio	-	-	212,575	220,119	-	-	-	-
Ununitised investments	-	64	-	-	-	-	-	58
<b>Total Financial Assets at Fair Value through Profit or Loss</b>	<b>35,323</b>	<b>28,862</b>	<b>212,575</b>	<b>220,119</b>	<b>209,507</b>	<b>208,255</b>	<b>47,925</b>	<b>46,776</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

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

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

	TOTAL		Sustainable Conservative		Sustainable Plus Balanced		Sustainable Plus High Growth	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
<b>Financial assets at fair value through profit or loss</b>								
Mercer Cash Portfolio	266,796	271,262	231,473	242,464	-	-	-	-
Mercer New Zealand Shares Index Portfolio	-	-	39,773	-	-	-	-	-
Mercer New Zealand Sovereign Bond Portfolio	108,531	-	108,531	91,934	-	-	-	-
Mercer Overseas Shares Portfolio	-	-	-	-	-	-	-	-
Mercer Overseas Sovereign Bond Index Portfolio	118,117	110,029	118,117	110,029	-	-	-	-
Mercer Socially Responsible Balanced Portfolio	552,964	555,551	-	-	552,964	555,551	-	-
Mercer Socially Responsible Growth Portfolio	209,507	208,255	-	-	-	-	-	-
Mercer Socially Responsible Global Credit Portfolio	116,453	127,320	116,453	127,320	-	-	-	-
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	-	220,119	-	-	-	-	-	-
Mercer Socially Responsible Hedged Overseas Shares Portfolio	-	-	-	-	-	-	-	-
Mercer Socially Responsible High Growth Portfolio	301,075	295,869	-	-	-	-	301,075	295,869
Mercer Socially Responsible Overseas Shares Index Portfolio	-	-	-	-	-	-	-	-
Mercer Socially Responsible Overseas Shares Portfolio	-	-	-	-	-	-	-	-
Mercer Socially Responsible Trans-Tasman Shares Portfolio	-	-	-	-	-	-	-	-
Mercer Socially Responsible Moderate Portfolio	212,575	220,119	-	-	-	-	-	-
<b>Total Financial Assets at Fair Value through Profit or Loss</b>	<b>1,886,018</b>	<b>2,008,524</b>	<b>614,347</b>	<b>571,747</b>	<b>552,964</b>	<b>555,551</b>	<b>301,075</b>	<b>295,869</b>

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

	Cash		Sustainable Plus Moderate		Sustainable Plus Growth		Sustainable Plus Shares	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
<b>Financial assets at fair value through profit or loss</b>								
Mercer Cash Portfolio	35,323	28,798	-	-	-	-	-	-
Mercer New Zealand Shares Index Portfolio	-	-	-	-	-	-	-	-
Mercer New Zealand Sovereign Bond Portfolio	-	-	-	-	-	-	-	-
Mercer Overseas Shares Portfolio	-	-	-	-	-	-	7,163	6,767
Mercer Overseas Sovereign Bond Index Portfolio	-	-	-	-	-	-	-	-
Mercer Socially Responsible Balanced Portfolio	-	-	-	-	-	-	-	-
Mercer Socially Responsible Growth Portfolio	-	-	-	-	209,507	208,255	-	-
Mercer Socially Responsible Global Credit Portfolio	-	-	-	-	-	-	-	-
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	-	-	-	-	-	-	6,300	7,019
Mercer Socially Responsible Hedged Overseas Shares Portfolio	-	-	-	-	-	-	10,659	10,606
Mercer Socially Responsible High Growth Portfolio	-	-	-	-	-	-	-	-
Mercer Socially Responsible Overseas Shares Index Portfolio	-	-	-	-	-	-	-	-
Mercer Socially Responsible Overseas Shares Portfolio	-	-	-	-	-	-	10,593	10,569
Mercer Socially Responsible Trans-Tasman Shares Portfolio	-	-	-	-	-	-	13,211	11,756
Mercer Socially Responsible Moderate Portfolio	-	-	212,575	220,119	-	-	-	-
<b>Total Financial Assets at Fair Value through Profit or Loss</b>	<b>35,323</b>	<b>28,798</b>	<b>212,575</b>	<b>220,119</b>	<b>209,507</b>	<b>208,255</b>	<b>47,925</b>	<b>46,717</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

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

**Fair Value Hierarchy**

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

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

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

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

Financial assets at fair value through profit or loss are classified as Level 2 under the fair value hierarchy as the fair value of these investments at balance date is determined using the last available redemption unit price of those funds (2022: Same). During the year there were no transfers between levels in the fair value hierarchy (2022: Same).

**6 RELATED PARTIES**

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

The Manager and Supervisor are entitled to remuneration from the Scheme. This is represented by the Investment management fees, Supervisor fees and Administration fees in the Statements of Changes in Net Assets. These are recovered through the cancellation of units for Member fixed fees and through the unit price for net asset based fees. Fund charges consisted of In Fund costs, expense reimbursement to the Manager for Scheme expenses paid by the Manager, investment management fees and supervisor fees. For the 2022 and 2023 years, the Supervisor fee had a maximum potential rate of 0.03% of net assets per annum. The custodian fee was 0.005%. The investment management fee rates for 2022 and 2023 are disclosed below:

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

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

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

Performance fees are charged within MITNZ by underlying external managers and are included in the quoted unit price for the relevant portfolios. The maximum performance fee rates for Sustainable Plus Moderate, Sustainable Plus Balanced, Sustainable Plus Growth and Sustainable Plus High Growth were updated from 0.05%, 0.08%, 0.09% and 0.08% respectively to 0.03%, 0.04%, 0.05% and 0.05% respectively effective 1 April 2022.

From 31 March 2022, the administration fee was waived for all members.



**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

**6 RELATED PARTIES (Continued)**

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

	TOTAL		Sustainable Conservative		Sustainable Plus Balanced		Sustainable Plus High Growth	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
<b>Investment management fees</b>								
Investment management fees to Mercer, other related and third party investment managers via MITNZ unit price	14,276	14,710	2,885	4,165	4,837	4,623	2,639	2,387
Investment management (rebates)/fees to Mercer	(1,774)	(967)	141	164	(1,117)	(869)	(235)	10
<b>Total investment management fees</b>	<b>12,502</b>	<b>13,743</b>	<b>3,026</b>	<b>4,329</b>	<b>3,720</b>	<b>3,754</b>	<b>2,404</b>	<b>2,397</b>
<b>Administration fees</b>								
Administration fees to Mercer	-	2,004	-	1,360	-	255	-	130
<b>Supervisor fees</b>								
Supervisor fees to Trustees Executors Limited	214	244	75	108	57	56	31	30
<b>Manager fees (expense recoveries)</b>								
Manager fees (expense recoveries) to Mercer	544	-	189	-	144	-	80	-
<b>Total</b>	<b>13,260</b>	<b>15,991</b>	<b>3,290</b>	<b>5,797</b>	<b>3,921</b>	<b>4,065</b>	<b>2,515</b>	<b>2,557</b>

	Cash		Sustainable Plus Moderate		Sustainable Plus Growth		Sustainable Plus Shares	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
<b>Investment management fees</b>								
Investment management fees to Mercer, other related and third party investment managers via MITNZ unit price	98	79	1,419	1,238	2,008	1,829	390	389
Investment management (rebates)/fees to Mercer	(6)	(4)	(158)	10	(423)	(315)	24	37
<b>Total investment management fees</b>	<b>92</b>	<b>75</b>	<b>1,261</b>	<b>1,248</b>	<b>1,585</b>	<b>1,514</b>	<b>414</b>	<b>426</b>
<b>Administration fees</b>								
Administration fee expenses to Mercer	-	20	-	123	-	93	-	23
<b>Supervisor fees</b>								
Supervisor fee expenses to Trustees Executors Limited	3	3	22	22	21	20	5	5
<b>Manager fees (expense recoveries)</b>								
Manager fees (expense recoveries) to Mercer	9	-	55	-	55	-	12	-
<b>Total</b>	<b>104</b>	<b>98</b>	<b>1,338</b>	<b>1,393</b>	<b>1,661</b>	<b>1,627</b>	<b>431</b>	<b>454</b>

Outstanding balances due to related parties are not interest bearing.

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

**6 RELATED PARTIES (Continued)**

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

Fund	Investment management					
	fees/(rebates)		Supervisor fees		Administration fees	
	2023	2022	2023	2022	2023	2022
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sustainable Conservative	25	(2)	19	22	-	73
Sustainable Plus Balanced	(191)	(207)	15	12	-	14
Sustainable Plus High Growth	(105)	(7)	8	6	-	7
Cash	(3)	(2)	1	1	-	1
Sustainable Plus Moderate	(71)	(5)	6	4	-	7
Sustainable Plus Growth	(74)	(74)	5	4	-	5
Sustainable Plus Shares	4	-	1	1	-	1
<b>Total</b>	<b>(415)</b>	<b>(297)</b>	<b>55</b>	<b>50</b>	<b>-</b>	<b>108</b>

**Investment in related parties**

The Scheme invests in MITNZ. Trustees Executors Limited ("TEL") were appointed as Trustee with effect from 1 July 2021. Mercer is the manager of MITNZ.

Two related parties of Mercer KiwiSaver Scheme are current members of the Scheme (2022: Same). Contributions and Partial Withdrawals made by directors and other related parties during the year were as follows:

Fund	Opening Balance		Contributions		Closing Balance	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Sustainable Plus Balanced	45,062	40,345	3,703	3,756	47,604	45,062
Sustainable Plus High Growth	52,935	46,970	3,703	3,755	54,898	52,935
Sustainable Plus Growth	1,014,257	916,891	59,612	59,888	1,042,144	1,014,257
<b>Total</b>	<b>1,112,254</b>	<b>1,004,206</b>	<b>67,018</b>	<b>67,399</b>	<b>1,144,646</b>	<b>1,112,254</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

**6 RELATED PARTIES (Continued)**

**Investment in related parties (Continued)**

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

Scheme Total	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Balanced Transition Portfolio	-	-	-	516,308	-	(524,027)	-	7,719	-	-
Growth Transition Portfolio	-	-	-	173,417	-	(176,947)	-	3,530	-	-
Mercer Balanced Portfolio	-	504,424	-	-	-	(515,248)	-	10,824	-	-
Mercer Cash Portfolio	271,261	402,674	26,804	46,274	(39,371)	(178,861)	8,101	1,174	266,795	271,261
Mercer Growth Portfolio	-	161,977	-	1,776	-	(167,956)	-	4,203	-	-
Mercer High Growth Portfolio	-	259,366	-	-	-	(266,964)	-	7,598	-	-
Mercer Moderate Portfolio	-	179,333	-	1,087	-	(183,294)	-	2,874	-	-
Mercer New Zealand Shares Index Portfolio	27,649	52,976	14,033	58,322	(1,330)	(83,538)	(579)	(111)	39,773	27,649
Mercer New Zealand Sovereign Bond Portfolio	91,934	174,417	19,341	22,146	(150)	(97,167)	(2,594)	(7,462)	108,531	91,934
Mercer Overseas Sovereign Bond Index Portfolio	110,029	182,572	14,725	5,700	(200)	(74,314)	(6,438)	(3,929)	118,116	110,029
Mercer Overseas Shares Portfolio	6,769	-	1,095	7,572	(955)	(830)	254	27	7,163	6,769
Mercer Shares Portfolio	-	41,665	-	3,115	-	(47,221)	-	2,441	-	-
Mercer Socially Responsible Balanced Portfolio	555,551	-	19,452	562,918	(2,456)	(992)	(19,583)	(6,375)	552,964	555,551
Mercer Socially Responsible Growth Portfolio	208,255	-	11,398	210,294	(1,690)	(1,070)	(8,456)	(969)	209,507	208,255
Mercer Socially Responsible High Growth Portfolio	295,869	-	22,038	294,356	(4,773)	(5,909)	(12,059)	7,422	301,075	295,869
Mercer Socially Responsible Trans-Tasman Shares Portfolio	11,756	-	2,993	13,806	(1,391)	(1,223)	(147)	(827)	13,211	11,756
Mercer Socially Responsible Global Credit Portfolio	127,320	208,981	4,461	4,174	(6,550)	(81,253)	(8,778)	(4,582)	116,453	127,320
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	37,116	47,938	11,307	31,646	(11,723)	(48,230)	(3,101)	5,764	33,599	37,116
Mercer Socially Responsible Hedged Overseas Shares Portfolio	40,928	48,283	9,253	19,950	(8,125)	(31,090)	(4,647)	3,785	37,409	40,928
Mercer Socially Responsible Moderate Portfolio	220,119	-	3,436	224,868	(5,379)	(3,104)	(5,601)	(1,645)	212,575	220,119
Mercer Socially Responsible Overseas Shares Index Portfolio	30,392	49,583	2,000	18,437	(5,788)	(43,610)	657	5,982	27,261	30,392
Mercer Socially Responsible Overseas Shares Portfolio	40,686	48,822	3,851	20,686	(6,802)	(32,357)	289	3,535	38,024	40,686
<b>Total</b>	<b>2,075,634</b>	<b>2,363,011</b>	<b>166,187</b>	<b>2,236,852</b>	<b>(96,683)</b>	<b>(2,565,205)</b>	<b>(62,682)</b>	<b>40,978</b>	<b>2,082,456</b>	<b>2,075,634</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

**6 RELATED PARTIES (Continued)**

**Investment in related parties (Continued)**

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

	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
<b>Sustainable Conservative</b>										
Mercer Cash Portfolio	242,464	375,009	17,324	43,564	(35,407)	(177,188)	7,092	1,079	231,473	242,464
Mercer New Zealand Shares Index Portfolio	27,649	52,976	14,035	46,470	(1,330)	(71,411)	(581)	(386)	39,773	27,649
Mercer New Zealand Sovereign Bond Portfolio	91,934	174,417	19,341	22,146	(150)	(97,167)	(2,594)	(7,462)	108,531	91,934
Mercer Overseas Sovereign Bond Index Portfolio	110,029	182,572	14,725	5,700	(200)	(74,314)	(6,438)	(3,929)	118,116	110,029
Mercer Socially Responsible Global Credit Portfolio	127,320	208,981	4,461	4,174	(6,550)	(81,253)	(8,778)	(4,582)	116,453	127,320
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	30,097	47,938	12,164	24,309	(12,668)	(47,796)	(2,294)	5,646	27,299	30,097
Mercer Socially Responsible Hedged Overseas Shares Portfolio	30,322	48,283	8,747	9,494	(9,088)	(31,649)	(3,230)	4,194	26,750	30,322
Mercer Socially Responsible Overseas Shares Index Portfolio	30,392	49,583	2,000	18,437	(5,790)	(43,610)	659	5,982	27,261	30,392
Mercer Socially Responsible Overseas Shares Portfolio	30,117	48,822	4,570	9,452	(7,482)	(32,229)	225	4,072	27,430	30,117
<b>Total</b>	<b>720,324</b>	<b>1,188,581</b>	<b>97,367</b>	<b>183,746</b>	<b>(78,665)</b>	<b>(656,617)</b>	<b>(15,939)</b>	<b>4,614</b>	<b>723,087</b>	<b>720,324</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

**6 RELATED PARTIES (Continued)**

**Investment in related parties (Continued)**

	Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
<b>Sustainable Plus Balanced</b>										
Balanced Transition Portfolio	-	-	-	516,308	-	(524,027)	-	7,719	-	-
Mercer Balanced Portfolio	-	504,424	-	-	-	(515,248)	-	10,824	-	-
Mercer Socially Responsible Balanced Portfolio	555,551	-	19,452	562,918	(2,455)	(992)	(19,584)	(6,375)	552,964	555,551
<b>Total</b>	<b>555,551</b>	<b>504,424</b>	<b>19,452</b>	<b>1,079,226</b>	<b>(2,455)</b>	<b>(1,040,267)</b>	<b>(19,584)</b>	<b>12,168</b>	<b>552,964</b>	<b>555,551</b>
<b>Sustainable Plus High Growth</b>										
Mercer High Growth Portfolio	-	259,366	-	-	-	(266,964)	-	7,598	-	-
Mercer Socially Responsible High Growth Portfolio	295,869	-	22,038	294,356	(4,773)	(5,909)	(12,059)	7,422	301,075	295,869
<b>Total</b>	<b>295,869</b>	<b>259,366</b>	<b>22,038</b>	<b>294,356</b>	<b>(4,773)</b>	<b>(272,873)</b>	<b>(12,059)</b>	<b>15,020</b>	<b>301,075</b>	<b>295,869</b>
<b>Cash</b>										
Mercer Cash Portfolio	28,798	27,665	11,230	11,975	(5,714)	(10,938)	1,009	96	35,323	28,798
<b>Total</b>	<b>28,798</b>	<b>27,665</b>	<b>11,230</b>	<b>11,975</b>	<b>(5,714)</b>	<b>(10,938)</b>	<b>1,009</b>	<b>96</b>	<b>35,323</b>	<b>28,798</b>
<b>Sustainable Plus Moderate</b>										
Mercer Moderate Portfolio	-	179,333	-	1,087	-	(183,294)	-	2,874	-	-
Mercer Socially Responsible Moderate Portfolio	220,119	-	3,436	224,868	(5,379)	(3,104)	(5,601)	(1,645)	212,575	220,119
<b>Total</b>	<b>220,119</b>	<b>179,333</b>	<b>3,436</b>	<b>225,955</b>	<b>(5,379)</b>	<b>(186,398)</b>	<b>(5,601)</b>	<b>1,229</b>	<b>212,575</b>	<b>220,119</b>
<b>Sustainable Plus Growth</b>										
Growth Transition Portfolio	-	-	-	173,417	-	(176,947)	-	3,530	-	-
Mercer Growth Portfolio	-	161,977	-	1,776	-	(167,956)	-	4,203	-	-
Mercer Socially Responsible Growth Portfolio	208,255	-	11,398	210,294	(1,689)	(1,070)	(8,457)	(969)	209,507	208,255
<b>Total</b>	<b>208,255</b>	<b>161,977</b>	<b>11,398</b>	<b>385,487</b>	<b>(1,689)</b>	<b>(345,973)</b>	<b>(8,457)</b>	<b>6,764</b>	<b>209,507</b>	<b>208,255</b>
<b>Sustainable Plus Shares</b>										
Mercer Overseas Shares Portfolio	6,769	-	1,095	7,572	(955)	(830)	254	27	7,163	6,769
Mercer New Zealand Shares Index Portfolio	-	-	-	11,865	-	(12,140)	-	275	-	-
Mercer Shares Portfolio	-	41,665	-	3,114	-	(47,221)	-	2,442	-	-
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	7,019	-	1,426	7,741	(1,338)	(838)	(807)	116	6,300	7,019
Mercer Socially Responsible Hedged Overseas Shares Portfolio	10,606	-	2,221	11,555	(752)	(540)	(1,416)	(409)	10,659	10,606
Mercer Socially Responsible Overseas Shares Portfolio	10,569	-	1,401	11,585	(1,440)	(479)	63	(537)	10,593	10,569
Mercer Socially Responsible Trans-Tasman Shares Portfolio	11,755	-	2,991	13,806	(1,391)	(1,223)	(144)	(828)	13,211	11,755
<b>Total</b>	<b>46,718</b>	<b>41,665</b>	<b>9,134</b>	<b>67,238</b>	<b>(5,876)</b>	<b>(63,271)</b>	<b>(2,051)</b>	<b>1,086</b>	<b>47,925</b>	<b>46,718</b>

As at 31 March 2023, the Scheme held no unutilised investments (2022: Sustainable Conservative and Sustainable Plus Shares had unutilised investments of \$64,123 and \$57,879 respectively).



**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

**6 RELATED PARTIES (Continued)**

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

	Purchases		Sales	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Mercer Cash Portfolio	1,750	9,265	(1,750)	(9,265)
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	2,283	404	(2,283)	(404)
Mercer Socially Responsible Hedged Overseas Shares Portfolio	1,715	1,099	(1,715)	(1,099)
Mercer Socially Responsible Overseas Shares Portfolio	2,120	351	(2,120)	(351)
<b>Total</b>	<b>7,868</b>	<b>11,132</b>	<b>(7,868)</b>	<b>(11,132)</b>

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

	Purchases		Sales	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
<b>Sustainable Conservative</b>				
Mercer Cash Portfolio	3,378	33,203	(28,969)	(20,073)
Mercer New Zealand Shares Index Portfolio	11,342	1,875	(1,100)	(5,508)
Mercer New Zealand Sovereign Bond Portfolio	15,810	19,576	-	(36,327)
Mercer Overseas Sovereign Bond Index Portfolio	9,384	5,066	-	(4,364)
Mercer Socially Responsible Global Credit Portfolio	3,811	2,333	(5,597)	(4,600)
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	7,887	21,623	(5,692)	(4,471)
Mercer Socially Responsible Hedged Overseas Shares Portfolio	5,061	7,935	(4,264)	(15,395)
Mercer Socially Responsible Overseas Shares Index Portfolio	284	17,299	(5,186)	(3,612)
Mercer Socially Responsible Overseas Shares Portfolio	300	4,490	(6,449)	(19,050)
<b>Total</b>	<b>57,257</b>	<b>113,400</b>	<b>(57,257)</b>	<b>(113,400)</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

**6 RELATED PARTIES (Continued)**

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

	Purchases		Sales	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
<b>Sustainable Plus Balanced</b>				
Balanced Transition Portfolio	-	514,055	-	(514,318)
Mercer Socially Responsible Balanced Portfolio	-	514,318	-	-
Mercer Balanced Portfolio	-	-	-	(514,055)
<b>Total</b>	-	<b>1,028,373</b>	-	<b>(1,028,373)</b>
<b>Sustainable Plus High Growth</b>				
Mercer Socially Responsible High Growth Portfolio	-	265,982	-	-
Mercer High Growth Portfolio	-	-	-	(265,982)
<b>Total</b>	-	<b>265,982</b>	-	<b>(265,982)</b>
<b>Sustainable Plus Moderate</b>				
Mercer Socially Responsible Moderate Portfolio	-	182,475	-	-
Mercer Moderate Portfolio	-	-	-	(182,475)
<b>Total</b>	-	<b>182,475</b>	-	<b>(182,475)</b>
<b>Sustainable Plus Growth</b>				
Growth Transition Portfolio	-	167,148	-	(173,696)
Mercer Socially Responsible Growth Portfolio	-	173,696	-	-
Mercer Growth Portfolio	-	-	-	(167,148)
<b>Total</b>	-	<b>340,845</b>	-	<b>(340,845)</b>
<b>Sustainable Plus Shares</b>				
Mercer New Zealand Shares Index Portfolio	-	11,000	-	(11,675)
Mercer Overseas Shares Portfolio	111	6,800	(336)	(290)
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	-	6,810	(10)	(433)
Mercer Socially Responsible Hedged Overseas Shares Portfolio	361	10,075	(125)	(195)
Mercer Socially Responsible Overseas Shares Portfolio	-	10,072	(179)	(21)
Mercer Socially Responsible Trans-Tasman Shares Portfolio	311	12,196	(133)	(139)
Mercer Shares Portfolio	-	-	-	(44,000)
<b>Total</b>	<b>783</b>	<b>56,753</b>	<b>(783)</b>	<b>(56,753)</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

**6 RELATED PARTIES (Continued)**

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

	Purchases		Sales	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
<b>Scheme level</b>				
Growth Transition Portfolio	-	2,271	-	-
Mercer Cash Portfolio	1,851	325	(1,531)	(18,502)
Mercer Moderate Portfolio	-	-	-	(90)
Mercer New Zealand Shares Index Portfolio	186	345	-	(4,333)
Mercer New Zealand Sovereign Bond Portfolio	15	-	(52)	(6,045)
Mercer Overseas Sovereign Bond Index Portfolio	720	100	(200)	(2,949)
Mercer Overseas Shares Portfolio	292	546	(356)	(411)
Mercer Shares Portfolio	-	632	-	(182)
Mercer Socially Responsible Balanced Portfolio	6,291	6,417	(1,361)	(787)
Mercer Socially Responsible Growth Portfolio	2,654	15,434	(439)	(382)
Mercer Socially Responsible Moderate Portfolio	852	16,550	(1,762)	(1,301)
Mercer Socially Responsible Global Credit Portfolio	-	48	(250)	(4,148)
Mercer Socially Responsible Hedged Overseas Shares Index Portfolio	2,271	1,078	(4,950)	(3,394)
Mercer Socially Responsible Hedged Overseas Shares Portfolio	306	372	(1,886)	(4,039)
Mercer Socially Responsible High Growth Portfolio	504	9,708	(2,673)	(315)
Mercer Socially Responsible Overseas Shares Index Portfolio	80	452	(50)	(3,734)
Mercer Socially Responsible Overseas Shares Portfolio	-	898	(74)	(4,440)
Mercer Socially Responsible Trans-Tasman Shares Portfolio	269	607	(707)	(731)
<b>Total</b>	<b>16,291</b>	<b>55,783</b>	<b>(16,291)</b>	<b>(55,783)</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

**7 BENEFITS**

	TOTAL		Sustainable Conservative		Sustainable Plus Balanced		Sustainable Plus High Growth	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Retirement	69,496	46,031	34,382	25,112	12,669	10,229	2,201	1,982
Serious ill health	1,622	2,396	674	1,319	515	555	111	87
Death or disability	2,896	3,419	1,367	21	492	-	220	-
Significant financial hardship	1,546	1,916	823	1,342	248	234	148	121
First home assistance	12,706	22,717	6,584	12,674	1,871	2,551	1,452	2,955
Permanent emigration to Australia	1,038	1,080	537	420	70	243	88	71
Permanent emigration excluding Australia	1,200	866	446	525	418	53	245	157
Other	711	1,052	426	883	80	112	171	7
<b>Total</b>	<b>91,215</b>	<b>79,477</b>	<b>45,239</b>	<b>42,296</b>	<b>16,363</b>	<b>13,977</b>	<b>4,636</b>	<b>5,380</b>

	Cash		Sustainable Plus Moderate		Sustainable Plus Growth		Sustainable Plus Shares	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Retirement	7,104	1,684	10,512	4,872	2,368	1,300	260	852
Serious ill health	-	155	197	217	113	63	12	-
Death or disability	629	3,398	163	-	21	-	4	-
Significant financial hardship	80	48	159	73	61	91	27	7
First home assistance	566	1,803	726	1,312	1,140	1,128	367	294
Permanent emigration to Australia	125	17	141	134	66	100	11	95
Permanent emigration excluding Australia	38	63	29	59	9	8	15	1
Other	33	3	-	12	1	10	-	25
<b>Total</b>	<b>8,575</b>	<b>7,171</b>	<b>11,927</b>	<b>6,679</b>	<b>3,779</b>	<b>2,700</b>	<b>696</b>	<b>1,274</b>

**8 TRANSFERS IN FROM OTHER SCHEMES**

	TOTAL		Sustainable Conservative		Sustainable Plus Balanced		Sustainable Plus High Growth	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Transfers from other KiwiSaver Schemes	3,015	4,583	913	2,749	1,577	227	363	905
Transfers from other superannuation schemes	622	1,109	83	504	199	104	188	147
Transfers from Trans-Tasman portability	3,771	3,548	1,243	2,488	1,619	471	435	299
<b>Total</b>	<b>7,408</b>	<b>9,240</b>	<b>2,239</b>	<b>5,741</b>	<b>3,395</b>	<b>802</b>	<b>986</b>	<b>1,351</b>

	Cash		Sustainable Plus Moderate		Sustainable Plus Growth		Sustainable Plus Shares	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Transfers from other KiwiSaver Schemes	45	-	7	10	74	565	36	127
Transfers from other superannuation schemes	-	187	-	93	148	73	4	1
Transfers from Trans-Tasman portability	6	81	180	34	263	175	25	-
<b>Total</b>	<b>51</b>	<b>268</b>	<b>187</b>	<b>137</b>	<b>485</b>	<b>813</b>	<b>65</b>	<b>128</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

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

	TOTAL		Sustainable Conservative		Sustainable Plus Balanced		Sustainable Plus High Growth	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Net profit before membership activities	(61,452)	41,751	(16,270)	4,355	(18,612)	13,004	(11,904)	14,985
<i>Adjustments for:</i>								
Net losses/(gains) on financial assets at fair value through profit or loss	62,682	(40,978)	15,939	(4,614)	19,584	(12,169)	12,059	(15,020)
Proceeds from sale of financial assets	22,252	521,597	21,308	543,217	2,455	11,894	4,773	6,891
Payments for purchase of financial assets	(91,856)	(193,242)	(40,110)	(70,347)	(19,452)	(50,853)	(22,038)	(28,374)
<i>Changes in assets and liabilities:</i>								
(Increase)/decrease in assets (excluding cash and cash equivalents, financial assets at fair value through profit or loss, portfolio investment entity tax receivable and other receivables)	(82)	(210)	-	-	16	(205)	(98)	(5)
(Decrease)/increase in liabilities (excluding portfolio investment entity tax payable, benefits payable, unallocated contributions and administration fees payable)	225	(81)	113	(11)	71	7	39	3
<b>Net cash flows (used in)/from Operating Activities</b>	<b>(68,231)</b>	<b>328,837</b>	<b>(19,020)</b>	<b>472,600</b>	<b>(15,938)</b>	<b>(38,322)</b>	<b>(17,169)</b>	<b>(21,520)</b>

	Cash		Sustainable Plus Moderate		Sustainable Plus Growth		Sustainable Plus Shares	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Net profit before membership activities	1,007	98	(5,498)	1,201	(8,088)	7,063	(2,087)	1,045
<i>Adjustments for:</i>								
Net losses/(gains) on financial assets at fair value through profit or loss	(1,009)	(96)	5,601	(1,229)	8,457	(6,764)	2,051	(1,086)
Proceeds from sale of financial assets	5,714	10,938	5,379	3,923	1,689	5,128	5,093	6,518
Payments for purchase of financial assets	(11,230)	(11,975)	(3,436)	(43,480)	(11,398)	(44,642)	(8,351)	(10,485)
<i>Changes in assets and liabilities:</i>								
(Increase)/decrease in assets (excluding cash and cash equivalents, financial assets at fair value through profit or loss, portfolio investment entity tax receivable and other receivables)	-	-	-	-	-	-	-	-
(Decrease)/increase in liabilities (excluding portfolio investment entity tax payable, benefits payable, unallocated contributions and administration fees payable)	3	(1)	(38)	(4)	27	(73)	10	-
<b>Net cash flows (used in)/from Operating Activities</b>	<b>(5,515)</b>	<b>(1,036)</b>	<b>2,008</b>	<b>(39,589)</b>	<b>(9,313)</b>	<b>(39,288)</b>	<b>(3,284)</b>	<b>(4,008)</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

**10 AUDITOR'S REMUNERATION**

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

	TOTAL		Sustainable Conservative		Sustainable Plus Balanced		Sustainable Plus High Growth	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Audit fees for the audit of financial statements	107	105	37	37	28	28	16	15
Taxation fees for tax compliance services	3	3	1	1	1	1	1	-
<b>Total</b>	<b>110</b>	<b>108</b>	<b>38</b>	<b>38</b>	<b>29</b>	<b>29</b>	<b>17</b>	<b>15</b>

  

	Cash		Sustainable Plus Moderate		Sustainable Plus Growth		Sustainable Plus Shares	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
Audit fees for the audit of financial statements	2	1	11	11	11	11	2	2
Taxation fees for tax compliance services	-	-	-	-	-	1	-	-
<b>Total</b>	<b>2</b>	<b>1</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>12</b>	<b>2</b>	<b>2</b>

**11 FINANCIAL RISK MANAGEMENT**

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

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

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

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

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

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

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

**11 FINANCIAL RISK MANAGEMENT (Continued)**

**a) Market Risk**

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

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

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

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

*Currency risk*

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

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

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

*Interest rate risk*

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

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

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

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

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

**11 FINANCIAL RISK MANAGEMENT (Continued)**

**a) Market Risk (Continued)**

*Price risk*

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

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

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

Fund	2023		2022	
	\$000s	%	\$000s	%
Sustainable Conservative	723,087	35%	720,324	35%
Sustainable Plus Balanced	552,964	27%	555,551	27%
Sustainable Plus High Growth	301,075	14%	295,869	14%
Cash	35,323	2%	28,798	1%
Sustainable Plus Moderate	212,575	10%	220,119	11%
Sustainable Plus Growth	209,507	10%	208,255	10%
Sustainable Plus Shares	47,925	2%	46,718	2%
<b>Total Unlisted Unit Trusts</b>	<b>2,082,456</b>	<b>100%</b>	<b>2,075,634</b>	<b>100%</b>

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

Fund	2023				2022			
	Net profit before membership activities		Net Assets Attributable to Members		Net profit before membership activities		Net Assets Attributable to Members	
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sustainable Conservative	72,309	(72,309)	72,309	(72,309)	72,031	(72,031)	72,031	(72,031)
Sustainable Plus Balanced	55,296	(55,296)	55,296	(55,296)	55,555	(55,555)	55,555	(55,555)
Sustainable Plus High Growth	30,108	(30,108)	30,108	(30,108)	29,587	(29,587)	29,587	(29,587)
Cash	3,532	(3,532)	3,532	(3,532)	2,880	(2,880)	2,880	(2,880)
Sustainable Plus Moderate	21,258	(21,258)	21,258	(21,258)	22,012	(22,012)	22,012	(22,012)
Sustainable Plus Growth	20,951	(20,951)	20,951	(20,951)	20,826	(20,826)	20,826	(20,826)
Sustainable Plus Shares	4,793	(4,793)	4,793	(4,793)	4,672	(4,672)	4,672	(4,672)
<b>Total Unlisted Unit Trusts</b>	<b>208,247</b>	<b>(208,247)</b>	<b>208,247</b>	<b>(208,247)</b>	<b>207,563</b>	<b>(207,563)</b>	<b>207,563</b>	<b>(207,563)</b>



**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

**11 FINANCIAL RISK MANAGEMENT (Continued)**

**b) Credit Risk**

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Scheme to incur a financial loss. The Scheme is exposed to counterparty credit risk on cash and cash equivalents. None of these assets are impaired or past due (2022: Same).

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

The managers of the investment funds manage credit risk by establishing controls which are either specified in the guidelines set by the Manager or outlined in the product disclosure statement/information memorandum of underlying unit trust investments that it makes. Credit risk limitations include diversification of investments over a wide range of asset classes, companies, industries and maturities within the underlying investment portfolios. The Scheme's cash balances are held with Westpac New Zealand Limited (AA- rating, as measured by Standard & Poor's) (2022: Same).

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

**c) Liquidity Risk**

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

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

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

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

**d) Capital Risk Management**

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

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

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

**12 CLIMATE RELATED RISK MANAGEMENT**

Effective 14 December 2022 External Reporting Board ("XRB") issued the climate-related disclosure framework which comprises three Aotearoa New Zealand Climate Standards that have been designed as follows; NZ CS 1 "Climate-related Disclosures", contains the climate-related disclosure requirements for each of the four thematic areas (Governance, Strategy, Risk Management and Metrics and Targets) and the assurance requirements for greenhouse gas emissions disclosures; NZ CS 2 "Adoption of Aotearoa New Zealand Climate Standards" provides optional adoption provisions, and NZ CS 3 "General Requirements for Climate-related Disclosures" contains the principles, the underlying concepts such as materiality. An entity must apply these Standards for annual reporting periods beginning on or after 1 January 2023.

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

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

*Governance*

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

*Strategy*

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

*Risk Management*

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

*Metrics and targets*

For equities and all interest bearing securities, Mercer has primarily relied on carbon foot printing analysis for all equity funds as a key portfolio metric for carbon emission intensity vs benchmark. This is a way of assessing historic carbon emissions volume or intensity, which is an indicator for the relative risk of carbon pricing increases as part of the transition to a low-carbon economy. Mercer New Zealand has committed to a target of net-zero absolute carbon emissions by 2050 for its investment funds.

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

**13 FINANCIAL INSTRUMENTS BY CATEGORY**

	TOTAL		Sustainable Conservative		Sustainable Plus Balanced		Sustainable Plus High Growth	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
<b>ASSETS</b>								
<b>Financial assets at fair value through profit or loss</b>								
Financial assets at fair value through profit or loss	2,082,456	2,075,756	723,087	720,324	552,964	555,551	301,075	295,869
<b>Total financial assets at fair value through profit or loss</b>	<b>2,082,456</b>	<b>2,075,756</b>	<b>723,087</b>	<b>720,324</b>	<b>552,964</b>	<b>555,551</b>	<b>301,075</b>	<b>295,869</b>
<b>Financial assets at amortised cost</b>								
Cash and cash equivalents	18,555	18,607	3,019	3,457	3,937	5,762	4,629	5,034
Investment management fees receivable	415	297	-	2	191	207	105	7
Other receivables	100	-	100	-	-	-	-	-
<b>Total financial assets at amortised cost</b>	<b>19,070</b>	<b>18,904</b>	<b>3,119</b>	<b>3,459</b>	<b>4,128</b>	<b>5,969</b>	<b>4,734</b>	<b>5,041</b>
<b>Total financial assets</b>	<b>2,101,526</b>	<b>2,094,660</b>	<b>726,206</b>	<b>723,783</b>	<b>557,092</b>	<b>561,520</b>	<b>305,809</b>	<b>300,910</b>
<b>LIABILITIES</b>								
<b>Financial liabilities at amortised cost</b>								
Unsettled trades	-	122	-	-	-	-	-	-
Unallocated contributions	887	1,166	365	491	199	250	121	153
Benefits payable	1,665	877	743	333	470	147	79	76
Investment management fees payable	-	-	25	-	-	-	-	-
Supervisor fees payable	55	50	19	22	15	12	8	6
Administration fees payable	-	108	-	73	-	14	-	7
Manager fees (expense recoveries) payable	256	-	89	-	68	-	37	-
Net assets attributable to members	2,109,539	2,090,409	728,190	726,125	559,619	559,928	307,447	298,091
<b>Total financial liabilities at amortised cost</b>	<b>2,112,402</b>	<b>2,092,732</b>	<b>729,431</b>	<b>727,044</b>	<b>560,371</b>	<b>560,351</b>	<b>307,692</b>	<b>298,333</b>

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

**13 FINANCIAL INSTRUMENTS BY CATEGORY (Continued)**

	Cash		Sustainable Plus Moderate		Sustainable Plus Growth		Sustainable Plus Shares	
	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s	2023 \$000s	2022 \$000s
<b>ASSETS</b>								
<b>Financial assets at fair value through profit or loss</b>								
Financial assets at fair value through profit or loss	35,323	28,862	212,575	220,119	209,507	208,255	47,925	46,776
<b>Total financial assets at fair value through profit or loss</b>	<b>35,323</b>	<b>28,862</b>	<b>212,575</b>	<b>220,119</b>	<b>209,507</b>	<b>208,255</b>	<b>47,925</b>	<b>46,776</b>
<b>Financial assets at amortised cost</b>								
Cash and cash equivalents	224	151	2,463	760	3,821	3,013	462	430
Investment management fees receivable	3	2	71	5	74	74	-	-
Other receivables	-	-	-	-	-	-	-	-
<b>Total financial assets at amortised cost</b>	<b>227</b>	<b>153</b>	<b>2,534</b>	<b>765</b>	<b>3,895</b>	<b>3,087</b>	<b>462</b>	<b>430</b>
<b>Total financial assets</b>	<b>35,550</b>	<b>29,015</b>	<b>215,109</b>	<b>220,884</b>	<b>213,402</b>	<b>211,342</b>	<b>48,387</b>	<b>47,206</b>
<b>LIABILITIES</b>								
<b>Financial liabilities at amortised cost</b>								
Unsettled trades	-	64	-	-	-	-	-	58
Unallocated contributions	10	12	80	122	91	112	21	26
Benefits payable	29	45	150	201	191	74	3	1
Investment management fees payable	-	-	-	-	-	-	4	-
Supervisor fees payable	1	1	6	4	5	4	1	1
Administration fees payable	-	1	-	7	-	5	-	1
Manager fees (expense recoveries) payable	4	-	26	-	26	-	6	-
Net assets attributable to members	35,278	28,875	215,802	220,709	214,451	209,937	48,752	46,744
<b>Total financial liabilities at amortised cost</b>	<b>35,322</b>	<b>28,998</b>	<b>216,064</b>	<b>221,043</b>	<b>214,764</b>	<b>210,132</b>	<b>48,787</b>	<b>46,831</b>

At 31 March 2023 the carrying amount of financial assets and financial liabilities at amortised cost approximates their fair value (2022: Same).

**MERCER KIWISAVER SCHEME**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2023**

**14 UNITS ON ISSUE**

	TOTAL		Sustainable Conservative		Sustainable Plus Balanced		Sustainable Plus High Growth	
	2023 000s	2022 000s	2023 000s	2022 000s	2023 000s	2022 000s	2023 000s	2022 000s
Units on issue at the beginning of the year	1,211,262	1,377,087	422,496	686,286	301,553	276,881	144,450	130,469
Units issued during the year	288,838	441,989	108,365	168,196	60,412	87,460	33,063	41,564
Units redeemed during the year	(247,693)	(607,814)	(99,419)	(431,986)	(51,726)	(62,788)	(22,806)	(27,583)
<b>Units on Issue at the end of the year</b>	<b>1,252,407</b>	<b>1,211,262</b>	<b>431,442</b>	<b>422,496</b>	<b>310,239</b>	<b>301,553</b>	<b>154,707</b>	<b>144,450</b>

  

	Cash		Sustainable Plus Moderate		Sustainable Plus Growth		Sustainable Plus Shares	
	2023 000s	2022 000s	2023 000s	2022 000s	2023 000s	2022 000s	2023 000s	2022 000s
Units on issue at the beginning of the year	21,231	20,381	164,820	135,121	130,803	104,530	25,909	23,419
Units issued during the year	16,035	16,121	34,103	67,115	29,524	50,745	7,336	10,788
Units redeemed during the year	(11,957)	(15,271)	(34,451)	(37,416)	(22,203)	(24,472)	(5,131)	(8,298)
<b>Units on Issue at the end of the year</b>	<b>25,309</b>	<b>21,231</b>	<b>164,472</b>	<b>164,820</b>	<b>138,124</b>	<b>130,803</b>	<b>28,114</b>	<b>25,909</b>

**15 CONTINGENT LIABILITY, ASSET AND COMMITMENTS**

There were no material contingent liabilities or commitments as at 31 March 2023 (2022: Same).

The Manager is investigating a historical PIE tax matter with Inland Revenue. This is with respect to the Sustainable Conservative Fund. Based on management's current assessment, the matter is not considered material to the financial statements.

**16 EVENTS AFTER BALANCE DATE**

The financial statements have been prepared based upon conditions existing at 31 March 2023 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.



## Independent auditor's report

To the members of Mercer KiwiSaver Scheme (the "Scheme") which comprises:

- Sustainable Conservative
- Sustainable Plus Balanced
- Sustainable Plus High Growth
- Cash
- Sustainable Plus Moderate
- Sustainable Plus Growth
- Sustainable Plus Shares

(Collectively referred to as the "Funds")

---

### Our opinion

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

### What we have audited

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

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

---

### Basis for opinion

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

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



**Independence**

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

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

**Key audit matters**

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

Description of the key audit matter	How our audit addressed the key audit matter
<p><b>Valuation and existence of financial assets at fair value through profit or loss</b></p> <p>Refer to note 5 of the financial statements for disclosures of financial assets at fair value through profit or loss. This was an area of focus for our audit as it represents the majority of the net assets of the Funds and the Scheme.</p> <p><b>Valuation</b></p> <p>The Funds and the Scheme invest solely into funds of Mercer Investment Trusts New Zealand (MITNZ). MITNZ funds are unlisted unit trusts which are also managed by the Manager.</p>	<p>We have obtained an understanding of the processes employed by the Manager for recording and valuing the financial assets at fair value through profit or loss, including the relevant controls operated by a service organisation, the Investment Administrator.</p> <p>Our assessment of the business processes included obtaining the internal controls report over investment administration provided by the Investment Administrator.</p> <p>We evaluated the evidence provided by the internal controls report over the design and operating effectiveness of the relevant controls operated by the Investment Administrator.</p> <p>For valuation of the investments in unlisted unit trusts we agreed the redemption price used by the Manager at balance date to the confirmation provided by the MITNZ investment fund administrator.</p>



Description of the key audit matter	How our audit addressed the key audit matter
<p>The fair value of the investments in the MITNZ are categorised as level 2 in the fair value hierarchy. The fair value is based on the redemption price established by the MITNZ investment fund administrator. In assessing the fair value the Manager uses information provided by the MITNZ investment fund administrator.</p> <p><b>Existence</b> Holdings of financial assets at fair value through profit or loss are held by the Custodian on behalf of the Funds and the Scheme.</p>	<p>We evaluated whether the redemption price represents fair value by:</p> <ul style="list-style-type: none"> <li>• comparing the valuation of the investment to the net asset value per unit based on the 31 March 2023 audited financial statements of the unlisted unit trusts;</li> <li>• assessing whether the fair value of the underlying assets and liabilities of the underlying unlisted unit trust are primarily determined through observable market data; and</li> <li>• comparing against recent transaction prices.</li> </ul> <p>For the existence of financial assets at fair value through profit or loss, we agreed the holdings to a confirmation from the Custodian of financial assets at fair value through profit or loss held by the Funds and the Scheme as at 31 March 2023.</p>

## Our audit approach

### Overview

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

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





### **Materiality**

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

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

### **How we tailored our audit scope**

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

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

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

---

### **Other information**

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

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

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

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

---



### **Responsibilities of the Manager for the financial statements**

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

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

---

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

This description forms part of our auditor's report.

---

### **Who we report to**

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

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

For and on behalf of:

A handwritten signature in black ink that reads 'Price Waterhouse Coopers' in a cursive script.

Chartered Accountants  
27 July 2023

Wellington