

Milford KiwiSaver Plan

Financial Statements

For the Year Ended 31 March 2023



MILFORD

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Milford KiwiSaver Plan - Financial Statements

Statements of Changes in Net Assets



\$ thousands	Note	Conservative Fund		Balanced Fund		Active Growth Fund		Aggressive Fund	
		2023	2022	2023	2022	2023	2022	2023	2022
For the year ended 31 March									
Income									
Interest income on financial assets at amortised cost		106	15	603	113	1,365	243	373	75
Interest expense on financial assets and liabilities at fair value through profit or loss		-	-	(320)	-	-	-	-	-
Dividend and distribution income		3,361	2,821	1,540	812	-	-	-	221
Net foreign exchange (losses)/gains on financial instruments at amortised cost		-	-	1,897	(1,164)	-	-	7	(109)
Net (losses)/gains on financial instruments at fair value through profit or loss		(1,646)	(6,188)	2,049	36,160	7,698	194,939	(11,984)	21,934
Other income		-	1	13	-	-	-	-	-
Total income/(loss)		1,821	(3,351)	5,782	35,921	9,063	195,182	(11,604)	22,121
Expenses									
Management fee (net of rebates)	8	34	21	4,586	3,045	32,579	28,829	135	315
Transaction costs		-	-	144	49	-	-	-	44
Interest expense		-	-	-	48	-	-	-	3
Total expenses		34	21	4,730	3,142	32,579	28,829	135	362
Net profit/(loss) before membership activities		1,787	(3,372)	1,052	32,779	(23,516)	166,353	(11,739)	21,759

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

Statements of Changes in Net Assets



\$ thousands	Note	Conservative Fund		Balanced Fund		Active Growth Fund		Aggressive Fund	
		2023	2022	2023	2022	2023	2022	2023	2022
For the year ended 31 March									
Membership activities									
Contributions									
Member contributions		8,935	7,289	36,988	27,633	142,779	113,498	56,501	41,307
Employer contributions		4,427	3,466	17,700	13,147	71,772	56,084	29,956	21,229
Crown contributions		1,160	889	4,310	3,115	16,903	13,347	7,164	4,537
Transfers from other Funds in the Plan		51,658	70,460	101,598	73,966	91,018	113,114	52,010	138,399
Transfers from other KiwiSaver and superannuation schemes		26,685	37,626	136,969	183,876	334,379	435,243	86,229	244,527
Lump sum and other voluntary contributions		4,586	13,859	29,022	68,429	160,184	183,251	9,637	27,163
Member attributed taxation		2	1,495	37	64	4,150	357	9	2
Other contributions		1	4	4	8	19	17	8	9
Total contributions		97,454	135,088	326,628	370,238	821,204	914,911	241,514	477,173
Withdrawals									
Transfers to other Funds in the Plan		52,017	86,058	70,259	92,931	125,776	181,031	72,981	79,590
Transfers to other KiwiSaver and superannuation schemes		2,478	4,206	3,152	5,822	15,493	20,092	10,659	6,666
Member attributed taxation		565	-	2,254	753	-	2,171	1,688	3,658
Member administration fees	8	3	9	19	27	(19)	70	(35)	(4)
Withdrawals on death		138	406	1,060	1,036	3,503	1,056	1,569	234
Withdrawals or transfers on permanent emigration		221	53	231	73	736	820	181	73
Member eligible withdrawals		20,944	13,864	51,577	32,088	72,088	59,292	6,820	9,404
Serious illness withdrawals		65	228	340	91	2,013	777	165	36
First home purchase withdrawals		4,752	7,025	3,046	4,047	13,337	18,156	4,736	6,156
Significant financial hardship withdrawals		48	29	337	118	875	471	525	111
Other permitted withdrawals		-	11	175	574	484	552	32	109
Total withdrawals		81,231	111,889	132,450	137,560	234,286	284,488	99,321	106,033
Net membership activities		16,223	23,199	194,178	232,678	586,918	630,423	142,193	371,140
Movements in members' funds for the year		18,010	19,827	195,230	265,457	563,402	796,776	130,454	392,899
Members' funds at the start of the year		190,583	170,756	854,226	588,769	3,008,311	2,211,535	780,023	387,124
Members' funds at the end of the year		208,593	190,583	1,049,456	854,226	3,571,713	3,008,311	910,477	780,023

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

Milford KiwiSaver Plan - Financial Statements

Statements of Changes in Net Assets



\$ thousands	Note	Cash Fund		Moderate Fund		Plan Total*	
		2023	2022	2023	2022	2023	2022
For the year ended 31 March							
Income							
Interest income on financial assets at amortised cost		35	2	111	17	2,593	465
Interest expense on financial assets and liabilities at fair value through profit or loss		-	-	-	-	(320)	-
Dividend and distribution income		-	-	838	499	5,739	4,353
Net foreign exchange (losses)/gains on financial instruments at amortised cost		-	-	-	-	1,904	(1,273)
Net gains/(losses) on financial instruments at fair value through profit or loss		3,169	189	(108)	(745)	(1,292)	238,451
Other income		-	-	-	-	13	1
Total income/(loss)		3,204	191	841	(229)	8,637	241,997
Expenses							
Management fee (net of rebates)	8	2	1	(17)	(8)	37,319	32,203
Transaction costs		-	-	-	-	144	93
Interest expense		-	-	-	-	-	51
Total expenses		2	1	(17)	(8)	37,463	32,347
Net profit/(loss) before membership activities		3,202	190	858	(221)	(28,826)	209,650

*Where the Milford KiwiSaver Balanced Fund and Milford KiwiSaver Moderate Fund have invested into the Milford KiwiSaver Funds, these amounts have been eliminated from the Plan Total.

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

Statements of Changes in Net Assets



\$ thousands	Note	Cash Fund		Moderate Fund		Plan Total*	
		2023	2022	2023	2022	2023	2022
For the year ended 31 March							
Membership activities							
Contributions							
Member contributions		3,987	1,170	5,057	3,005	254,247	193,902
Employer contributions		2,163	567	2,505	1,455	128,523	95,948
Crown contributions		503	79	647	308	30,687	22,275
Transfers from other Funds in the Plan		138,044	84,630	20,391	29,101	-	-
Transfers from other KiwiSaver and superannuation schemes		14,172	4,779	25,127	45,176	623,561	951,227
Lump sum and other voluntary contributions		10,875	879	1,888	10,476	86,879	252,857
Member attributed taxation		-	-	2	292	4,200	2,210
Other contributions		1	3	1	-	34	41
Total contributions		169,745	92,107	55,618	89,813	1,128,131	1,518,460
Withdrawals							
Transfers to other Funds in the Plan		68,880	46,431	19,074	23,629	-	-
Transfers to other KiwiSaver and superannuation schemes		1,303	782	1,045	484	34,130	38,052
Member attributed taxation		776	47	315	-	5,598	6,629
Member administration fees	8	-	1	5	4	(27)	107
Withdrawals on death		47	-	105	100	6,422	2,832
Withdrawals or transfers on permanent emigration		138	35	3	5	1,510	1,059
Member eligible withdrawals		21,937	5,561	6,705	2,630	180,071	122,839
Serious illness withdrawals		43	-	22	43	2,648	1,175
First home purchase withdrawals		7,352	4,965	664	756	33,887	41,105
Significant financial hardship withdrawals		58	9	71	12	1,914	750
Other permitted withdrawals		6,183	-	93	5,895	928	1,247
Total withdrawals		106,717	57,831	28,102	33,558	267,081	215,795
Net membership activities		63,028	34,276	27,516	56,255	861,050	1,302,665
Movements in members' funds for the year		66,230	34,466	28,374	56,034	832,224	1,512,315
Members' funds at the start of the year		52,786	18,320	91,871	35,837	4,821,980	3,309,665
Members' funds at the end of the year		119,016	52,786	120,245	91,871	5,654,204	4,821,980

*Where the Milford KiwiSaver Balanced Fund and Milford KiwiSaver Moderate Fund have invested into the Milford KiwiSaver Funds, these amounts have been eliminated from the Plan Total.

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



Statements of Net Assets

\$ thousands	Note	Conservative Fund		Balanced Fund		Active Growth Fund		Aggressive Fund	
		2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March									
Members' Funds		208,593	190,583	1,049,456	854,226	3,571,713	3,008,311	910,477	780,023
<i>Represented by:</i>									
Assets									
Cash and cash equivalents		2,286	2,695	22,757	36,503	49,909	26,058	8,285	10,755
Trade and other receivables	9	454	141	9,503	13,285	5,144	5,896	1,676	2,156
Member attributed taxation		2	1,372	37	64	4,141	356	9	2
Financial assets at fair value through profit or loss	4.1	207,009	186,894	1,023,698	811,545	3,516,761	2,984,730	902,944	770,827
Total assets		209,751	191,102	1,055,995	861,397	3,575,955	3,017,040	912,914	783,740
Liabilities									
Trade and other payables	10	540	516	779	626	1,260	3,876	726	260
Trade and other payables to related parties	10	1	2	420	330	2,872	2,652	9	13
Member attributed taxation		617	1	2,163	669	110	2,201	1,702	3,444
Financial liabilities at fair value through profit or loss	4.2	-	-	3,177	5,546	-	-	-	-
Total liabilities		1,158	519	6,539	7,171	4,242	8,729	2,437	3,717
Net assets available for benefits		208,593	190,583	1,049,456	854,226	3,571,713	3,008,311	910,477	780,023

The Directors of Milford Funds Limited authorised these Financial Statements for issue on 30 June 2023.

Director

Director

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

Milford KiwiSaver Plan - Financial Statements

Statements of Net Assets



\$ thousands As at 31 March	Note	Cash Fund		Moderate Fund		Plan Total*		
		2023	2022	2023	2022	2023	2022	
Members' Funds		119,016	52,786	120,245	91,871	5,654,204	4,821,980	
<i>Represented by:</i>								
Assets								
Cash and cash equivalents		1,369	306	2,496	1,289	87,102	77,606	
Trade and other receivables	9	586	58	438	184	16,535	17,472	
Trade and other receivables from related parties		-	545	2	2	2	547	
Member attributed taxation		-	-	2	280	4,191	2,074	
Financial assets at fair value through profit or loss	4.1	118,298	52,826	117,743	90,486	5,561,157	4,741,488	
Total assets		120,253	53,735	120,681	92,241	5,668,987	4,839,187	
Liabilities								
Trade and other payables	10	623	915	122	370	2,784	2,315	
Trade and other payables to related parties	10	-	-	-	-	3,302	2,997	
Member attributed taxation		614	34	314	-	5,520	6,349	
Financial liabilities at fair value through profit or loss	4.2	-	-	-	-	3,177	5,546	
Total liabilities		1,237	949	436	370	14,783	17,207	
Net assets available for benefits		119,016	52,786	120,245	91,871	5,654,204	4,821,980	

The Directors of Milford Funds Limited authorised these Financial Statements for issue on 30 June 2023.

Director

Director

*Where the Milford KiwiSaver Balanced Fund and Milford KiwiSaver Moderate Fund have invested into the Milford KiwiSaver Funds, these amounts have been eliminated from the Plan Total.

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

Statements of Cash Flows



\$ thousands	Note	Conservative Fund		Balanced Fund		Active Growth Fund		Aggressive Fund	
		2023	2022	2023	2022	2023	2022	2023	2022
For the year ended 31 March									
Cash flows from operating activities									
Cash was provided from:									
Proceeds from sale of investments		4,300	15,961	66,039	214,416	100,000	-	-	9,132
Proceeds from forward foreign exchange contracts and foreign exchange options		-	-	1,428,361	389,964	-	-	101,532	525,915
Transfers from margin accounts		-	-	77,176	39,593	-	-	2,571	2,402
Interest received		106	15	299	168	1,365	252	373	83
Other Income		-	-	13	-	-	7	-	-
Dividend and distribution income		-	-	-	-	-	-	-	280
Cash was applied to:									
Purchase of investments		(22,700)	(33,821)	(282,393)	(429,217)	(624,333)	(582,215)	(144,100)	(383,621)
Purchase and settlement of foreign exchange contracts and foreign exchange options		-	-	(1,430,209)	(390,676)	-	-	(101,991)	(533,229)
Transfers to margin accounts		-	-	(67,861)	(42,944)	-	-	(2,571)	(900)
Payment to suppliers		(35)	(19)	(4,496)	(2,960)	(32,359)	(45,252)	(139)	(411)
Net cash outflow from operating activities	11	(18,329)	(17,864)	(213,071)	(221,656)	(555,327)	(627,208)	(144,325)	(380,349)
Cash flows from financing activities									
Cash was provided from:									
Contributions		98,511	134,079	328,736	368,508	818,171	914,049	241,985	477,735
Cash was applied to:									
Withdrawals		(80,591)	(113,708)	(130,803)	(140,392)	(238,993)	(292,732)	(100,597)	(105,773)
Net cash inflow from financing activities		17,920	20,371	197,933	228,116	579,178	621,317	141,388	371,962
Net (decrease)/increase in cash and cash equivalents		(409)	2,507	(15,138)	6,460	23,851	(5,891)	(2,937)	(8,387)
Cash at the beginning of the year		2,695	188	36,503	30,984	26,058	31,949	10,755	19,242
Effect of exchange rate fluctuations		-	-	1,392	(941)	-	-	467	(100)
Cash and cash equivalents at the end of the year		2,286	2,695	22,757	36,503	49,909	26,058	8,285	10,755

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

Statements of Cash Flows



\$ thousands	Note	Cash Fund		Moderate Fund		Plan Total*		
		2023	2022	2023	2022	2023	2022	
For the year ended 31 March								
Cash flows from operating activities								
Cash was provided from:								
Proceeds from sale of investments		44,834	28,682	45,731	-	254,865	262,297	
Proceeds from forward foreign exchange contracts and foreign exchange options		-	-	-	-	1,529,893	915,879	
Transfers from margin accounts		-	-	-	-	79,747	41,995	
Interest received		35	2	113	15	2,291	535	
Other Income		-	-	-	-	13	7	
Dividend and distribution income		-	-	-	1	-	281	
Cash was applied to:								
Purchase of investments		(106,592)	(63,442)	(72,259)	(56,400)	(1,123,064)	(1,497,516)	
Purchase and settlement of foreign exchange contracts and foreign exchange options		-	-	-	-	(1,532,200)	(923,905)	
Transfers to margin accounts		-	-	-	-	(70,432)	(43,844)	
Payment (to)/from suppliers		(2)	(1)	17	6	(37,014)	(48,637)	
Net cash outflow from operating activities	11	(61,725)	(34,759)	(26,398)	(56,378)	(895,901)	(1,292,908)	
Cash flows from financing activities								
Cash was provided from:								
Contributions		169,217	92,134	55,641	89,713	1,170,979	1,517,460	
Cash was applied to:								
Withdrawals		(106,429)	(57,272)	(28,036)	(33,326)	(267,441)	(229,751)	
Net cash inflow from financing activities		62,788	34,862	27,605	56,387	903,538	1,287,709	
Net increase/(decrease) in cash and cash equivalents		1,063	103	1,207	9	7,637	(5,199)	
Cash at the beginning of the year		306	203	1,289	1,280	77,606	83,846	
Effect of exchange rate fluctuations		-	-	-	-	1,859	(1,041)	
Cash and cash equivalents at the end of the year		1,369	306	2,496	1,289	87,102	77,606	

*Where the Milford KiwiSaver Balanced Fund and Milford KiwiSaver Moderate Fund have invested into the Milford KiwiSaver Funds, these amounts have been eliminated from the Plan Total.

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

1. General information

Reporting entities

These financial statements are for the Milford KiwiSaver Plan ("the Plan") which comprises the following six funds (each a "Fund", collectively the "Funds"):

- Milford KiwiSaver Conservative Fund ("Conservative Fund")
- Milford KiwiSaver Balanced Fund ("Balanced Fund")
- Milford KiwiSaver Active Growth Fund ("Active Growth Fund")
- Milford KiwiSaver Aggressive Fund ("Aggressive Fund")
- Milford KiwiSaver Cash Fund ("Cash Fund")
- Milford KiwiSaver Moderate Fund ("Moderate Fund")

The Manager of the Plan is Milford Funds Limited (the "Manager") and the Supervisor of the Plan is Trustees Executors Limited (the "Supervisor").

The Plan is registered and domiciled in New Zealand and the registered office of the Manager is Level 28, 48 Shortland Street, Auckland, 1010.

The Plan is a defined contribution scheme under the KiwiSaver Act 2006. This means that members contribute to the Plan over time and the benefits payable depend on the amount of contributions made and any returns generated. The Plan is registered under the Financial Markets Conduct Act 2013 ("FMCA") as a KiwiSaver Scheme, and is a trust vehicle governed by a Trust Deed dated 1 August 2016. The Plan is also registered as a Managed Investment Scheme in accordance with the FMCA.

The Plan commenced on 1 April 2010 under the Trust Deed dated 19 March 2010. The Trust Deed of the Plan and the Establishment Deeds for each of the Funds have been amended and restated effective 28 January 2021 in order to comply with the FMCA. In accordance with the Trust Deed, the liabilities of the Scheme are limited to a separate fund, such that the assets of one Fund cannot be used to meet the liabilities of another Fund.

The financial statements for the Plan cover the year ended 31 March 2023 and the comparatives cover the year ended 31 March 2022.

The principal activities of the Funds are described below:

- The Cash Fund invests in cash, short-dated debt securities and term deposits.
- The Conservative Fund is a diversified fund that primarily invests in fixed interest securities, with a moderate allocation to equities.
- The Moderate Fund is a diversified fund that primarily invests in fixed interest securities with a significant allocation to equities.
- The Balanced Fund is a diversified fund that primarily invests in equities, with a significant allocation to fixed interest securities.
- The Active Growth Fund is a diversified fund that primarily invests in equities, with a moderate allocation to fixed interest securities.
- The Aggressive Fund primarily invests in international equities, with a moderate allocation to Australasian equities.

2. Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for for-profit entities and comply with International Financial Reporting Standards ("IFRS").

These financial statements have been prepared on the historical cost basis, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss. The methods used to measure fair values are discussed in Note 5. The accrual basis of accounting has been applied, as has the going concern assumption.

The results, positions and cash flows reported for the Plan are prepared on a consolidated basis, with the elimination of interfund transactions and balances.

(a) Presentation and functional currency, and rounding

These financial statements are presented in New Zealand dollars which is the Plan's functional currency reflecting that the Plan's investors are based mainly in New Zealand with contributions and withdrawals denominated in New Zealand dollars. All financial information has been rounded to the nearest thousand, unless otherwise stated.

Notes to the Financial Statements



(b) New standards and amendments and changes to accounting policies

There are no standards, amendments to standards or interpretations that are effective for the annual period beginning on 1 April 2022 that have a material effect on the financial statements of the Plan. There are also no new standards, amendments or interpretations issued but not yet effective, that could have a material effect on the Plan.

Legislation has been enacted that will require certain reporting entities to prepare climate-related disclosures. These new requirements take effect for annual reporting periods beginning on or after 1 January 2023, and are based on climate standards issued by the External Reporting Board ("XRB"). The first climate statement the Plan will need to prepare will be for the year ended 31 March 2024.

The XRB has issued the following standards:

- Aotearoa New Zealand Climate Standard 1: Climate-related Disclosures (NZ CS 1)
- Aotearoa New Zealand Climate Standard 2: Adoption of Aotearoa New Zealand Climate Standards (NZ CS 2)
- Aotearoa New Zealand Climate Standard 3: General Requirement for Climate-related Disclosures (NZ CS 3)

NZ CS 1 is the main disclosure standard and is based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). NZ CS 2 is an adoption standard to enable entities to begin their climate-related disclosure journey. NZ CS 3 is an authoritative notice containing key concepts, like materiality.

The Manager is currently assessing the impact of adopting the standards. The Manager intends to prepare a single Climate Statement that covers all Funds and the KiwiSaver Plan and this will be a separate report from the financial statements. The adoption of these new standards is not expected to have an impact on the financial statements.

The Plan has consistently applied the accounting policies to all periods presented in these Financial Statements.

2.2 Financial instruments

(a) Classification, recognition and measurement

The Funds recognise financial assets on the date they become party to the contractual agreement, and recognise financial liabilities when an obligation arises.

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

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

The portfolios of financial assets and financial liabilities which are managed, and performance is evaluated on a fair value basis, are subsequently classified at fair value through profit or loss. The Plan is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Transaction costs are expensed as incurred in the Statements of Changes in Net Assets.

Financial assets at fair value through profit or loss includes listed equities, unlisted funds/unit trusts and derivatives.

The contractual cash flows of the Funds' debt securities are solely principal and interest, however the debt securities, other than term deposits, are neither held for the purpose of collecting contractual cash flows or for both collecting cash flows and for sale. The collection of contractual cash flows is only incidental in achieving the Funds' business model. As a result these debt securities are classified as financial assets at fair value through profit or loss.

Financial liabilities at fair value through profit or loss comprise derivative contracts that have a negative fair value.

Gains and losses arising from changes in fair value are recognised in the Statements of Changes in Net Assets when they arise.

(i) Financial assets at amortised cost consist of:

- (a) Cash and cash equivalents: this includes deposits held at call with banks in New Zealand dollars and foreign currencies.
- (b) Trade and other receivables: this balance can include unsettled investment sales relating to receivables for securities sold but not yet settled at balance date, margin accounts, accrued interest and contributions receivables. Cash collateral provided by the Plan is identified as margin accounts and is not included in cash and cash equivalents.

(ii) Financial liabilities at amortised cost consist of:

- (a) Unsettled investment trades: these are payables for securities purchased but not yet settled at balance date and are included in Trade and other payables.
- (b) Payables, other than unsettled investment trades, includes related party fees payable, overdrawn balances with brokers, distributions payable and withdrawals payable.

Notes to the Financial Statements

(b) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or when the rights to receive cash flows from financial assets have been transferred together with substantially all of their risks and rewards. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

Any gain or loss arising on derecognition of a financial asset or financial liability at fair value through profit or loss is included in the Statements of Changes in Net Assets in the period the item is derecognised.

(c) Impairment on financial assets amortised cost

At each reporting date, the Funds shall measure a loss allowance of the financial assets at amortised cost at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all criteria considered in determining the expected credit loss.

If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds shall measure the loss allowance at an amount equal to 12 month expected credit losses.

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due or a counterparty credit rating which has fallen below BBB/Baa. Any contractual payment which is more than 90 days past due is considered credit impaired.

(d) Fair value estimation

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

Fair value of unlisted funds or trusts

The Plan's investments in unlisted funds are subject to the terms and conditions of the respective funds' offer documentation. The investments in unlisted funds are primarily valued based on the latest available redemption price for each fund, as supplied by the fund's manager and/or administrator. The Plan reviews the reported information obtained from the unlisted funds and in instances where the basis of accounting is other than fair value considers: the liquidity of the unlisted fund or its underlying investments; the value date of the net asset value provided; restrictions on redemptions; the basis of accounting; and valuation information obtained from the unlisted funds' advisors.

The rights of the Plan to request redemption of its investments in unlisted funds are daily. The carrying values of the unlisted funds may not be indicative of the values ultimately realised on redemption. In addition, the Plan may be materially affected by the actions of other investors who are invested in the same funds.

If necessary, the Plan makes adjustments to the net asset value of unlisted fund investments to obtain the best estimate of fair value. Net changes in the fair value of financial instruments at fair value through profit or loss in the Statements of Changes in Net Assets include the change in fair value of each unlisted fund.

Derivatives

Forward foreign exchange contracts are primarily used by the Plan to economically hedge against foreign currency exchange rate risks on its non-New Zealand dollar denominated trading securities. The fair value of forward foreign exchange contracts is determined using valuation techniques based on spot exchange rates and forward points. The Plan recognises a gain or loss equal to the change in fair value at the balance date and is presented in the Statements of Changes in Net Assets.

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. The fair value of futures contracts is based on quoted market prices at balance date. When futures are closed, the amount paid or received, net of brokerage commissions, is recognised as a gain or loss and is presented in the Statements of Changes in Net Assets.

Options are contractual arrangements under which the seller (writer) grants the purchaser (holder) the right but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or financial instruments at a predetermined price. The fair value of option contracts is based on quoted market prices at balance date. When options are closed, the difference between the premium and the amount paid or received, net of brokerage commissions, or the full amount of the premium if the option expires worthless, is recognised as a gain or loss and is presented in the Statements of Changes in Net Assets.

An interest rate swap is an agreement between two parties to exchange their interest obligations (payments) or receipts at set intervals on a notional principal amount over an agreed time period. The fair value of interest rate swaps is the estimated amount that the entity would receive or pay to terminate the swap at the balance date, taking into account current interest rates and the current creditworthiness of the swap counterparties. When interest rate swaps terminates, the amount paid or received is recognised as a gain or loss and is presented in the Statements of Changes in Net Assets.

Refer to Note 5 for further details regarding the fair value estimation of financial instruments at fair value through profit or loss.

2.3 Investment entity

The Plan has direct investments in the Milford Wholesale Funds and in the Milford Investment Funds. The Plan meets the definition of an investment entity in accordance with the requirements of NZ IFRS 10 'Consolidated financial statements', and as such does not consolidate the entities it controls and instead accounts for these at fair value through profit or loss. The Plan meets the following conditions which are set out in NZ IFRS 10:

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

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

1. the Plan invests directly, or via look through to the underlying investments in the Milford Wholesale Funds, Milford Investment Funds and funds within the Plan, which were formed to provide investment management services to the Funds of the Plan.
2. the Plan has more than one investor;
3. the Plan has investors that are not related parties; and
4. ownership interests in the Plan are represented by units in the Funds.

2.4 Foreign currencies

Transactions denominated in foreign currencies are recognised at the exchange rates prevailing at the date of the transactions. Assets and liabilities as at balance date denominated in foreign currencies are translated at the foreign currency exchange rates on that date. Realised and unrealised exchange gains and losses during the financial period are recognised in the Statements of Changes in Net Assets. Foreign exchange gains and losses on cash and cash equivalents, unsettled investment sales and investment purchases payable are included in 'Net foreign currency gains/(losses) on financial instruments at amortised cost' in the Statements of Changes in Net Assets.

2.5 Offsetting financial instruments

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

2.6 Revenue recognition

- (a) Dividend and distribution income is recognised in the Statements of Changes in Net Assets when the Plan's right to receive payment is established.
- (b) Interest income on financial assets at amortised cost is recognised on a time proportionate basis using the effective interest method and comprises interest earned on bank accounts and margin accounts.
- (c) Net interest income on financial instruments at fair value through profit or loss is recognised on an accrual basis with reference to the respective financial instruments' interest rates and lifetime. It comprises of net interest from interest rate swaps.
- (d) Net gains or losses on financial instruments at fair value through profit or loss are recognised in the Statements of Changes in Net Assets as disclosed in Note 2.2.
- (e) Net foreign exchange gains or losses on financial instruments at amortised cost are recognised in the Statements of Changes in Net Assets as disclosed in Note 2.4.
- (f) Underwriting and brokerage income is recognised in the Statements of Changes in Net Assets on an accrual basis at the point in time that the contract arrangement is agreed at which point the performance obligations of the Plan are satisfied.
- (g) Dividend and interest income is disclosed net of any resident withholding taxes deducted at source, as these tax credits are allocated to members under the PIE regime.

2.7 Expenses

The Manager pays registry, investment management, audit, supervisory, custody and administration expenses from the management fee charged to the Funds of the Plan. The management fee is calculated on a daily basis based on the net asset value of the Fund and paid monthly. Performance fees are calculated and accrued daily if applicable and paid annually. Refer to Note 8(b) for further details. Up until 1 July 2021, member administration fees were charged monthly per member by redeeming units.



2.8 Taxation

The Plan is a Portfolio Investment Entity ("PIEs"). Under the PIE regime, income is effectively taxed in the hands of the members and therefore the Plan has no tax expense. Accordingly, no income tax expense is recognised in the Statements of Changes in Net Assets.

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

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

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

The amount of tax paid or refunded during the year is included in the Statements of Changes in Net Assets. Members' net tax (refunds)/liabilities are recognised in the Statements of Net Assets as "Member attributed taxation" receivable or payable.

2.9 Goods and Services Tax (GST)

The Plan is not registered for GST. All items in the Statements of Changes in Net Assets and the Statements of Net Assets are stated inclusive of GST.

2.10 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 Plan's main income generating activity.

Financing activities are those activities that result in changes in the size and composition of members' funds. Operating activities are those that are not included in financing activities.

2.11 Net assets available for benefits

The net assets attributable to members represents the liability for promised retirement benefits. The Funds of the Plan issue units that are redeemable at the members' discretion and do not have identical features and are therefore classified as financial liabilities and are measured at amortised cost. Units are redeemed for the purpose of permitted withdrawals (such as reaching the retirement age of 65 or enduring significant hardship), transferred to another Fund within the Plan or a separate KiwiSaver Scheme and which are equal to a proportionate share of the respective Fund's net asset value which is the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable at the period end date if members exercise their right to redeem units back to the Funds.

As stipulated in the Trust Deed, each unit represents a right to an individual share in the respective Fund and does not extend to a right in the underlying assets of the respective Fund nor other funds within the Plan. The Trust Deed also stipulates that assets held for a Fund of the Plan shall not be made available to meet the liabilities incurred in relation to any other Fund of the Plan. The Funds' net asset value per unit is calculated by dividing the net assets attributable to all holders of units in the Fund by the total number of units on issue of each Fund.

3. Accounting estimates and judgements

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

The Manager has used judgement in the categorisation of its financial assets and liabilities at fair value through profit or loss in accordance with the fair value hierarchy under NZ IFRS 13 - 'Fair value measurement'. Refer to Note 5 for further detail.



4. Financial instruments at fair value through profit or loss

4.1 Financial assets at fair value through profit or loss

\$ thousands	Conservative Fund		Balanced Fund		Active Growth Fund		Aggressive Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Derivative assets:								
Equity index futures	-	-	92	-	-	-	-	-
Fixed interest index futures	-	-	109	2,464	-	-	-	-
Equity index options	-	-	1,428	1,368	-	-	-	-
Forward foreign exchange contracts	-	-	347	3,388	-	-	-	-
	-	-	1,976	7,220	-	-	-	-
Listed equities	-	-	-	-	-	-	-	-
Related party unlisted funds/unit trusts	207,009	186,894	1,021,722	804,325	3,516,761	2,984,730	902,944	770,827
Total financial assets at fair value through profit or loss	207,009	186,894	1,023,698	811,545	3,516,761	2,984,730	902,944	770,827

\$ thousands	Cash Fund		Moderate Fund		Plan Total	
	2023	2022	2023	2022	2023	2022
As at 31 March						
Derivative assets:						
Equity index futures	-	-	-	-	92	-
Fixed interest index futures	-	-	-	-	109	2,464
Equity index options	-	-	-	-	1,428	1,368
Forward foreign exchange contracts	-	-	-	-	347	3,388
	-	-	-	-	1,976	7,220
Listed equities	-	-	-	-	-	-
Related party unlisted funds/unit trusts	118,298	52,826	117,743	90,486	5,559,181	4,734,268
Total financial assets at fair value through profit or loss	118,298	52,826	117,743	90,486	5,561,157	4,741,488



4.2. Financial liabilities at fair value through profit or loss

\$ thousands	Conservative Fund		Balanced Fund		Active Growth Fund		Aggressive Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Derivative liabilities: Equity index futures	-	-	(2,421)	(3,472)	-	-	-	-
Fixed interest index futures	-	-	-	(914)	-	-	-	-
Equity index options	-	-	(345)	(804)	-	-	-	-
Forward foreign exchange contracts	-	-	(411)	(307)	-	-	-	-
Interest rate swaps	-	-	-	(49)	-	-	-	-
Total financial liabilities at fair value through profit or loss	-	-	(3,177)	(5,546)	-	-	-	-

\$ thousands	Cash Fund		Moderate Fund		Plan Total	
	2023	2022	2023	2022	2023	2022
As at 31 March						
Derivative liabilities: Equity index futures	-	-	-	-	(2,421)	(3,472)
Fixed interest index futures	-	-	-	-	-	(914)
Equity index options	-	-	-	-	(345)	(804)
Forward foreign exchange contracts	-	-	-	-	(411)	(307)
Interest rate swaps	-	-	-	-	-	(49)
Total financial liabilities at fair value through profit or loss	-	-	-	-	(3,177)	(5,546)

5. Fair value measurement

Financial assets and financial liabilities at fair value through profit or loss are categorised into a three level hierarchy that reflects the significance of the inputs used in making the measurements. The Plan recognises transfers between levels of the fair value hierarchy as at the end of the financial reporting period during which the change has occurred.

Level 1 - fair value in an active market

Fair values of financial assets and liabilities trading in an active market are based on quoted market prices the Funds can access without any deduction for estimated future selling costs. Financial assets and liabilities are priced at last traded prices. Where the last traded price falls outside the bid-ask spread for a particular security, the price will be adjusted to be within the bid-ask spread.

The fair value of listed equities, listed equity and fixed interest index futures and equity index options, is determined using quoted market prices in an active market. This measurement basis falls within Level 1 of the fair value hierarchy.

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

Where quoted market prices are not available, fair values of financial assets and liabilities are determined using valuation techniques for which all significant inputs are based on observable market data.

The fair value of forward foreign exchange contracts, interest rate swaps and investments in other funds is measured in accordance to the accounting policies set out in note 2.2 (d) above. This measurement basis falls within Level 2 of the fair value hierarchy as all inputs used to calculate the fair value are based on observable market data.

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

Level 3 financial assets and liabilities are not traded in an active market, and their fair value is determined using valuation techniques for which any significant input is not based on observable market data.

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

The determination of what constitutes 'observable' requires significant judgement by the Manager. The Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable and provided by independent sources that are actively involved in the relevant market.

All financial assets and liabilities not measured at fair value through profit or loss are carried at amortised cost and their carrying values are a reasonable approximation of fair value.

Notes to the Financial Statements



The following table provides an analysis of financial instruments that are measured at fair value subsequent to initial recognition, grouped into levels 1 to 3 based on the degree to which the fair value is observable. There are no level 3 financial instruments. There have been no transfers between levels.

\$ thousands	Conservative Fund		Balanced Fund		Active Growth Fund		Aggressive Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Level 1 Assets								
<i>Financial assets at fair value through profit or loss</i>								
Equity index futures	-	-	92	-	-	-	-	-
Fixed interest index futures	-	-	109	2,464	-	-	-	-
Equity index options	-	-	1,428	1,368	-	-	-	-
Total Level 1 Assets	-	-	1,629	3,832	-	-	-	-
Level 2 Assets								
<i>Financial assets at fair value through profit or loss</i>								
Forward foreign exchange contracts	-	-	347	3,388	-	-	-	-
Related party unlisted funds/unit trusts	207,009	186,894	1,021,722	804,325	3,516,761	2,984,730	902,944	770,827
Total Level 2 Assets	207,009	186,894	1,022,069	807,713	3,516,761	2,984,730	902,944	770,827
Level 1 Liabilities								
<i>Financial liabilities at fair value through profit or loss</i>								
Equity index futures	-	-	(2,421)	(3,472)	-	-	-	-
Fixed Interest index futures	-	-	-	(914)	-	-	-	-
Equity index options	-	-	(345)	(804)	-	-	-	-
Total Level 1 Liabilities	-	-	(2,766)	(5,190)	-	-	-	-
Level 2 Liabilities								
<i>Financial liabilities at fair value through profit or loss</i>								
Forward foreign exchange contracts	-	-	(411)	(307)	-	-	-	-
Interest rate swaps	-	-	-	(49)	-	-	-	-
Total Level 2 Liabilities	-	-	(411)	(356)	-	-	-	-

Notes to the Financial Statements



\$ thousands	Cash Fund		Moderate Fund		Plan Total	
	2023	2022	2023	2022	2023	2022
As at 31 March						
Level 1 Assets						
<i>Financial assets at fair value through profit or loss</i>						
Equity index futures	-	-	-	-	92	-
Fixed interest index futures	-	-	-	-	109	2,464
Equity index options	-	-	-	-	1,428	1,368
Total Level 1 Assets	-	-	-	-	1,629	3,832
Level 2 Assets						
<i>Financial assets at fair value through profit or loss</i>						
Forward foreign exchange contracts	-	-	-	-	347	3,388
Related party unlisted funds/unit trusts	118,298	52,826	117,743	90,486	5,559,181	4,734,268
Total Level 2 Assets	118,298	52,826	117,743	90,486	5,559,528	4,737,656
Level 1 Liabilities						
<i>Financial liabilities at fair value through profit or loss</i>						
Equity index futures	-	-	-	-	(2,421)	(3,472)
Fixed interest index futures	-	-	-	-	-	(914)
Equity index options	-	-	-	-	(345)	(804)
Total Level 1 Liabilities	-	-	-	-	(2,766)	(5,190)
Level 2 Liabilities						
<i>Financial liabilities at fair value through profit or loss</i>						
Forward foreign exchange contracts	-	-	-	-	(411)	(307)
Interest rate swaps	-	-	-	-	-	(49)
Total Level 2 Liabilities	-	-	-	-	(411)	(356)



6. Financial Risk Management

6.1 Financial risk factors

The Trust Deed for the Plan requires the Manager to invest the assets of the Plan in accordance with the Statement of Investment Policy and Objectives (“SIPO”). The Manager monitors compliance with the investment policies on a daily basis as part of its operational risk and mandate monitoring processes. The Manager reviews the appropriateness of the Funds’ permitted investments as outlined in the SIPO on an annual basis, or more frequently if market conditions change, or changes to the nature or characteristics of the authorised investments, warrant it.

The Plan is subject to a number of financial risks which arise as a result of its activities, including: market risk, liquidity risk and credit risk. The Plan’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Plan’s financial performance.

6.1.1 Market risk

(a) Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices, whether those changes are caused by factors specific to an issuer, or factors affecting all similar financial instruments traded in the market.

Financial instruments which potentially subject the Plan to price risk are investments in unit trusts, listed equities and exchange traded futures and options. All investments in equities and unit trusts present a risk of loss of capital often due to factors beyond the Manager’s control such as competition, regulatory changes, commodity price changes and changes in general economic climate domestically and internationally. The risk associated with the underlying unit trusts is moderated through stock selection and diversification of unit trust investments, daily monitoring of the unit trusts’ market position and adherence to the unit trusts’ investment policy. The unitised investments have underlying securities comprising domestic and international equity instruments and fixed interest securities that are subject to price risk.

For direct investments in equities or listed derivatives, the Manager moderates this risk through careful stock selection and diversification, daily monitoring of the Plan’s market position and adherence to the Plan’s investment policies.

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

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

Sensitivity Analysis

The following tables set out the impact on the Statements of Changes in Net Assets if investments in financial instruments increased or decreased by 10% with all other variables held constant. A variable of 10% was selected for price risk as this is a reasonably expected movement based on historic trends in unit prices.

\$ thousands	Conservative Fund		Balanced Fund		Active Growth Fund		Aggressive Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Equities, unit trusts and unlisted securities								
Carrying amount	207,009	186,894	1,021,722	804,325	3,516,761	2,984,730	902,944	770,827
Impact of a -10% change in prices	(20,701)	(18,689)	(102,172)	(80,433)	(351,676)	(298,473)	(90,294)	(77,083)
Impact of a +10% change in prices	20,701	18,689	102,172	80,433	351,676	298,473	90,294	77,083
Equity index and fixed interest index futures and options								
Carrying amount	-	-	(1,137)	(1,358)	-	-	-	-
Impact of a -10% change in prices	-	-	28,146	3,768	-	-	-	-
Impact of a +10% change in prices	-	-	40,297	(2,044)	-	-	-	-

Notes to the Financial Statements



\$ thousands	Cash Fund		Moderate Fund		Plan Total	
	2023	2022	2023	2022	2023	2022
As at 31 March						
Equities, unit trusts and unlisted securities						
Carrying amount	118,298	52,826	117,743	90,486	5,559,181	4,734,268
Impact of a -10% change in prices	(11,830)	(5,283)	(11,774)	(9,049)	(555,918)	(473,427)
Impact of a +10% change in prices	11,830	5,283	11,774	9,049	555,918	473,427
Equity and fixed interest index futures and options						
Carrying amount	-	-	-	-	(1,137)	(1,358)
Impact of a -10% change in prices	-	-	-	-	28,146	3,768
Impact of a +10% change in prices	-	-	-	-	40,297	(2,044)

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

(b) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Plan is exposed to foreign exchange risk primarily through holding foreign currency denominated financial instruments.

The Plan is also exposed indirectly to foreign exchange risk through its holdings in the Milford Wholesale Funds and the Milford Investment Funds.

In accordance with the Plan's policies, the Manager monitors the Plan's foreign exchange exposures on a daily basis, and the Board of the Manager reviews these exposures periodically. The Manager may enter into foreign exchange derivatives to hedge the foreign exchange risk in accordance with the Plan's policies set out in the SIPO.

At the balance date the Plan had the following net foreign currency exposures (expressed in NZD equivalents):

\$ thousands	Conservative Fund		Balanced Fund		Active Growth Fund		Aggressive Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
Currency								
Australian Dollar (AUD)	-	-	31,378	5,120	-	-	-	-
Swiss Franc (CHF)	-	-	30	27	-	-	-	-
Euro (EUR)	-	-	5,887	(18,648)	-	-	-	-
United States Dollar (USD)	-	-	(19,899)	(27,305)	-	-	65	58
Japanese Yen (JPY)	-	-	33,157	4,174	-	-	7	7
Great British Pound (GBP)	-	-	3,414	(1,214)	-	-	-	-

Notes to the Financial Statements



\$ thousands	Cash Fund		Moderate Fund		Plan Total	
	2023	2022	2023	2022	2023	2022
As at 31 March						
Currency						
Australian Dollar (AUD)	-	-	-	-	31,378	5,120
Swiss Franc (CHF)	-	-	-	-	30	27
Euro (EUR)	-	-	-	-	5,887	(18,648)
United States Dollar (USD)	-	-	-	-	(19,834)	(27,247)
Japanese Yen (JPY)	-	-	-	-	33,164	4,181
Great British Pound (GBP)	-	-	-	-	3,414	(1,214)

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

\$ thousands	Conservative Fund		Balanced Fund		Active Growth Fund		Aggressive Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Currency								
Exchange rates increased by 10%								
Australian Dollar (AUD)	-	-	(2,853)	(465)	-	-	-	-
Swiss Franc (CHF)	-	-	(3)	(2)	-	-	-	-
Euro (EUR)	-	-	(535)	1,695	-	-	-	-
United States Dollar (USD)	-	-	1,809	2,482	-	-	(6)	(5)
Japanese Yen (JPY)	-	-	(3,014)	(379)	-	-	(1)	(1)
Great British Pound (GBP)	-	-	(310)	110	-	-	-	-
Exchange rates decreased by 10%								
Australian Dollar (AUD)	-	-	3,486	569	-	-	-	-
Swiss Franc (CHF)	-	-	3	3	-	-	-	-
Euro (EUR)	-	-	654	(2,072)	-	-	-	-
United States Dollar (USD)	-	-	(2,211)	(3,034)	-	-	7	6
Japanese Yen (JPY)	-	-	3,684	464	-	-	1	1
Great British Pound (GBP)	-	-	379	(135)	-	-	-	-

Notes to the Financial Statements



\$ thousands	Cash Fund		Moderate Fund		Plan Total	
	2023	2022	2023	2022	2023	2022
As at 31 March						
Currency						
Exchange rates increased by 10%						
Australian Dollar (AUD)	-	-	-	-	(2,853)	(465)
Swiss Franc (CHF)	-	-	-	-	(3)	(2)
Euro (EUR)	-	-	-	-	(535)	1,695
United States Dollar (USD)	-	-	-	-	1,803	2,477
Japanese Yen (JPY)	-	-	-	-	(3,015)	(380)
Great British Pound (GBP)	-	-	-	-	(310)	110
Exchange rates decreased by 10%						
Australian Dollar (AUD)	-	-	-	-	3,486	569
Swiss Franc (CHF)	-	-	-	-	3	3
Euro (EUR)	-	-	-	-	654	(2,072)
United States Dollar (USD)	-	-	-	-	(2,204)	(3,028)
Japanese Yen (JPY)	-	-	-	-	3,685	465
Great British Pound (GBP)	-	-	-	-	379	(135)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Plan holds cash and cash equivalents and interest rate swaps which expose it to cash flow interest rate risk. The Plan can hold cash in New Zealand dollars or internationally (short term investments only), and therefore interest income and investment valuations are subject to changes in New Zealand and international interest rates. The Plan has no direct exposure to fair value interest rate risk. The Manager monitors cash flow interest rate risk on a daily basis, and may enter into derivative contracts to hedge the exposure to interest rate fluctuations.

A change in interest rates impacts the cash flow of the Plan's cash and cash equivalents by increasing or decreasing the amount of interest received. The tables below provide an interest rate repricing profile for these financial instruments and shows the impact on interest received should a change in interest rate of 100 basis points (1%) occur. A variable of 100 basis points (1%) was selected as this is a reasonably expected movement based on past overnight cash rate movements.

\$ thousands	Conservative Fund		Balanced Fund		Active Growth Fund		Aggressive Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Increase of 1%	23	27	228	365	499	261	83	108
Decrease of 1%	(23)	(27)	(228)	(365)	(499)	(261)	(83)	(108)

\$ thousands	Cash Fund		Moderate Fund		Plan Total	
	2023	2022	2023	2022	2023	2022
As at 31 March						
Increase of 1%	14	3	25	13	871	775
Decrease of 1%	(14)	(3)	(25)	(13)	(871)	(775)

In addition to the Plan's direct exposure to interest rate changes shown above, the Plan is indirectly affected by the impact of interest rate changes on the value of their investments in the Milford Wholesale Funds and Milford Investment Funds. These indirect exposures form part of the Price risk sensitivity (refer to Note 6.1.1 (a)).



6.1.2 Credit risk

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

The Plan measures credit risk and expected credit losses using the probability of default, exposure at default and loss given default. At balance date, the credit risk has not increased significantly for any of the financial assets at amortised cost since initial recognition. As such, the Manager measured the loss allowance at an amount equal to 12 month expected credit losses. The Manager, depending on the nature and type of financial assets at amortised cost, considers both the historical and forward looking information, the duration of the instrument, and the credit ratings of the counterparty in determining any expected credit losses. The Manager considers the expected credit losses for all the financial assets held at amortised cost to be close to zero. As a result no loss allowance has been recognised based on the 12-month expected credit losses as any such impairment would be wholly insignificant to the Plan.

The maximum credit risk of financial instruments is considered to be the carrying amount on the Statements of Net Assets. In accordance with the Plan's policy, the Manager monitors the Plan's credit positions on a daily basis and the Investment Management Committee reviews it on a monthly basis.

The Plan typically invests with financial institutions that have a minimum credit rating of BBB-/Baa3 or higher, as designated by a well-known rating agency. The Plan may also invest in unrated assets to the extent that it is permissible by the Plan's mandate. At 31 March 2023 and 31 March 2022, cash and cash equivalents and the majority of investments are placed in custody with National Australia Bank which had a credit rating of AA- (31 March 2022: AA-). Balances due from brokers (i.e. for unsettled investment sales) have no credit risk given in the event of non-performance (i.e. the trade not settling), the Plan would retain the investment. Additionally, margin accounts are held with Macquarie Bank and UBS, each with a credit rating of A+ (31 March 2022: Macquarie Bank and UBS, each with a credit rating of A+). It is expected that all securities and other deposits with custodians or brokers will be clearly identified as assets of the Plan and therefore the Plan should not be exposed to credit risk with respect to such parties. Should this segregation not be possible, the Plan may experience an increase in exposure to credit risk associated with the applicable custodians or brokers.

The Plan also restricts its exposure to credit losses on the trading derivatives it holds by entering into International Swap and Derivatives Association (ISDA) arrangements with their counterparties with whom it undertakes derivative transactions. The arrangements do not result in an offset of the assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by the arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The overall exposure to credit risk on derivative instruments subject to such arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement. As at 31 March 2023 and 31 March 2022, the forward foreign exchange contracts and interest rate swaps are with banks with a AA- Standard and Poor's credit rating.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. Investments in unlisted funds are held in funds managed by the Manager (refer to Note 8(e)). The Manager considers that all the unlisted funds held at balance date have a strong capacity to meet their contractual obligations in accordance with the respective offering documents.

As at 31 March 2023 and 31 March 2022, all other receivable balances and amounts due from brokers are due to be settled within 1 month and are held with counterparties which the Manager considers have a strong capacity to meet their contractual obligations in the near term. In addition the clearing and depository operations for the Plan's security transactions are via multiple brokers with strong capacity to meet their obligations.

The Plan is indirectly exposed to credit risk through its investments in unlisted unit trusts, which in turn, invest in direct assets such as debt instruments issued by domestic and international companies and governments. This exposure forms part of the price risk sensitivity in Note 6.1.1(a).

6.1.3 Liquidity risk

Liquidity risk is the risk that the Plan will experience difficulty in either realising assets or raising sufficient funds to settle its obligations in full as they fall due. The Plan's financial liabilities consist of trade and other payables, derivatives and net assets available for benefits.

Liquidity risk is managed by holding sufficient liquid investments to generate cash in a timely manner to enable the Plan to meet its financial commitments including normal levels of withdrawals. The Plan invests in various funds managed by Milford Funds Limited, which in turn, maintain sufficient liquidity in their portfolios to cover reasonably foreseeable withdrawals under normal market conditions. The Plan also directly holds securities that are listed on internationally recognised exchanges. Monies received from member contributions may be used to offset withdrawals and the Manager may in certain circumstances suspend withdrawals from the Plan and/or various funds represented by Milford Funds Limited in which the Plan invests.

Members are able to transfer their balances to other KiwiSaver schemes subject to consent (if required) of the Manager or Supervisor of that scheme, and any transfer provisions of that scheme. As such, the net assets available for benefits are deemed to be repayable on demand.

The Plan's trade and other payables balances are short-term in nature and fall due within 12 months as at 31 March 2023 and 31 March 2022.

The required cash outflow to settle the forward exchange contracts, futures and options which are in a loss position at balance date as disclosed in Note 4.2, is the fair value as at 31 March 2023 and 31 March 2022, if these contracts were settled on those respective dates. It is expected that the actual future undiscounted cash flows will be different, given that the instruments are marked to market.

As at 31 March 2023, the contractual maturities of derivative liabilities were between 1 to 12 months of balance date (31 March 2022: between 1 to 12 months).



6.2 Capital Risk Management

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

6.2.1 Units on Issue

Units thousands	Conservative Fund		Balanced Fund		Active Growth Fund		Aggressive Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
For the year ended 31 March								
Units on issue at the start of the year	98,828	87,114	286,054	208,147	586,873	463,244	556,606	296,176
Total unit contributions for the year	51,544	68,294	112,082	124,097	166,959	179,314	182,167	335,387
Total unit withdrawals for the year	(42,892)	(56,580)	(45,943)	(46,190)	(48,451)	(55,685)	(75,922)	(74,957)
Units on issue at the end of the year	107,480	98,828	352,193	286,054	705,381	586,873	662,851	556,606

Units thousands	Cash Fund		Moderate Fund	
	2023	2022	2023	2022
For the year ended 31 March				
Units on issue at the start of the year	52,257	18,251	77,850	30,896
Total unit contributions for the year/period	166,384	91,546	48,280	75,096
Total unit withdrawals for the year	(104,522)	(57,540)	(24,463)	(28,142)
Units on issue at the end of the year	114,119	52,257	101,667	77,850

Notes to the Financial Statements



6.3 Swing pricing

The impact of swing pricing is reflected in the Funds' year-to-date swing amounts and recorded within applications and withdrawals in the Statements of Changes in Net Assets. Swing adjustment amounts pertaining to any unsettled capital activity at balance date are included either in contributions receivable or withdrawals payable in the Statement of Changes in Net Assets. Swing pricing has been applied to all the Funds during the year. From April 2020, the Manager of the Plan introduced partial swing pricing as an anti-dilution mechanism as part of the unit valuation process. From August 2020, the Manager of the Plan changed the partial swing pricing mechanism to a full swing pricing mechanism. The introduction of swing pricing is aimed to protect investors by mitigating the effects of dilution in value of their unitholding as a result of transaction costs brought about by other investors buying or selling units in the Fund. Subject to a threshold being met, the Fund's net asset value per unit is adjusted up or down based on the direction of the net fund flows: if net flows are positive, the unit price will swing up and if net flows are negative, the unit price will swing down. The same unit price will apply to all transacting unitholders whether they are redeeming or subscribing.

The swing factor to be applied to the unit price is set individually for each Fund of the Plan and is accounted for in the Funds' registry system outside the Fund's Net Asset Value ("NAV") accounting system. The NAV per unit calculated for each fund is adjusted for capital processing, if certain pre-established thresholds are met. The factor adjustment is not presented separately in the Statements of Net Assets as it is not reflective of any actual asset or liability held by the fund at balance date.

The swing factor determines the magnitude of a swing to the net asset value price which is either a positive or a negative swing factor, depending on the net flow or direction of that day. These factors can differ from one Fund to the other as described below. The difference between the pending contributions and pending withdrawals of a given day is the resulting net flow. A net flow can be positive if the pending contributions exceeds the pending withdrawals and negative in the reverse scenario. A threshold is a predetermined net flow value that needs to be met or exceeded (greater than or equal to) for a swing factor to be enforced. If the threshold is not met, the resulting price would be equal to the net asset value price. A threshold is a percentage of the net asset value. The Manager can at its discretion change the swing factors and/or the thresholds. At 31 March 2023 and 31 March 2022, all the Funds of the Plan subject to swing pricing during the year have met their threshold and therefore swing factors have been applied to the net asset value based prices.

The table below outlines the Swing factors and the thresholds that have been applied to each Fund at balance date:

	Conservative Fund		Balanced Fund		Active Growth Fund		Aggressive Fund	
As at 31 March	2023	2022	2023	2022	2023	2022	2023	2022
Swing factor	0.11%	0.11%	0.12%	0.12%	0.13%	0.13%	0.10%	0.10%
Threshold as a percentage of the net asset value	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%

	Cash Fund		Moderate Fund	
As at 31 March	2023	2022	2023	2022
Swing factor	0.00%	0.00%	0.11%	0.11%
Threshold as a percentage of the net asset value	0.01%	0.01%	0.01%	0.01%



7. Concentration of investments

As at 31 March 2023, no funds held securities exceeding 5% of the security class other than those related party investments described below (31 March 2022: nil).

Certain Funds invest into the Milford Investment Funds, the Milford Wholesale Funds and other Funds in the KiwiSaver Plan. These investments individually exceed 5% of the security class and net assets available for benefits. For further information on these related party investments, refer to Note 8.

8. Related parties

(a) General

A party is related to the Funds if:

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

The following are considered to be related parties of the Funds:

- Milford Funds Limited (Manager of the Funds)
- Milford Asset Management Limited (parent of the Manager) and its subsidiaries
- Milford Wholesale Funds (managed by the Manager)
- Milford Investment Funds (managed by the Manager)
- Milford Australian Retail Funds (investment manager is Milford Australia Pty Limited, a fellow subsidiary of the Manager)
- Trustees Executors Limited (supervisor of the Funds)
- Directors of the Manager and their immediate family members (key management personnel).

On 29 April 2022, Apex Investment Administration (NZ) Limited became a related party of the Plan by virtue of a relationship between a director of the Manager and a director of Apex Investment Administration (NZ) Limited. Apex Investment Administration (NZ) Limited provides registry, unit pricing and fund accounting services to the Plan.

(b) Management and performance fees

The Manager is entitled to receive management fees for its services which are calculated daily, based on net asset values, and paid monthly. Management fees are used to cover the operational costs of the Plan including investment management, registry, fund accounting, supervisory, audit and legal costs, and other appropriate expenses incurred by the Plan. The management fees per annum are as follows for the years ended 31 March 2023 and 2022:

Milford KiwiSaver Cash Fund	0.20% per annum
Milford KiwiSaver Conservative Fund	0.95% per annum
Milford KiwiSaver Moderate Fund	0.95% per annum
Milford KiwiSaver Balanced Fund	1.05% per annum
Milford KiwiSaver Active Growth Fund	1.05% per annum
Milford KiwiSaver Aggressive Fund	1.15% per annum

Effective 1 July 2021, the Manager ceased charging the monthly member administration fee. The fee was \$1.50 per month, having reduced from \$3.00 per month in December 2020. In addition, the Manager had ceased charging members under 21 and over 65 years of age from 1 September 2019. This fee had been deducted from members' balances by redeeming units.

The Manager is also entitled to be paid a performance fee for the KiwiSaver Active Growth Fund in respect of the 12 month period ending 31 March in any period that the investment performance is above the benchmark and the high water mark. The performance fee is equal to 15% of the amount that the return of the Fund (after the deduction of the base fund fee, but before tax) exceeds the benchmark for the same period. The benchmark is 10% per annum. The payment of the performance fee is then made if the net asset value per unit exceeds the net asset value per unit used in the calculation of the last performance fee paid (the high watermark). The high water mark is the Fund's previous highest ever net asset value per unit on 31 March. Absolute performance losses are carried forward into the next performance period. A performance fee cap of 0.95% of average daily NAV is applied to the Fund. The cap is reset at the end of the respective 12 month period and any excess over the cap is not carried over into the next period.

The Milford KiwiSaver Balanced Fund and the Milford KiwiSaver Moderate Fund may invest into related Milford Funds which are subject to performance fees payable to the Manager.

Refer to the Statement of Changes in Net Assets for the management, performance fees, and member administration fees received by the Manager during the reporting period. Management and performance fees payable at the end of the reporting period are disclosed in Note 10 Trade and other payables including payables to related parties. The Management fees disclosed in the Statement of Changes in Net Assets are reported net of any rebates that arise due to the Funds investing in other Funds.

Notes to the Financial Statements

(c) Other transactions with related parties

From time to time, the Manager undertakes certain trades of investments between the Funds of the Plan and various funds managed by the Manager without incurring brokerage costs. In the opinion of the Manager, these transactions were made at fair value. There were no such transactions during the year (31 March 2022: \$5.1 million).

The Directors of the Manager and key management personnel of the Manager may be members of the Plan. They contribute on the same basis and have the same rights as other members.

The tables below set out the audit and supervisor fees incurred by the Plan and paid by the Manager on behalf of the Plan.

\$ thousands	Conservative Fund		Balanced Fund		Active Growth Fund		Aggressive Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
For the year ended 31 March								
Trustees Executors Limited - Supervisor fees	13	13	62	56	207	204	52	49
PricewaterhouseCoopers New Zealand - Audit fees	18	17	18	17	18	17	14	13

\$ thousands	Cash Fund		Moderate Fund		Plan Total	
	2023	2022	2023	2022	2023	2022
For the year ended 31 March						
Trustees Executors Limited - Supervisor fees	6	2	7	5	348	329
PricewaterhouseCoopers New Zealand - Audit fees	12	11	12	11	93	86

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

\$ thousands	Conservative Fund		Balanced Fund		Active Growth Fund		Aggressive Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Holdings	-	-	-	-	2,371	2,707	263	1,874

\$ thousands	Cash Fund		Moderate Fund		Plan Total	
	2023	2022	2023	2022	2023	2022
As at 31 March						
Holdings	-	-	-	-	2,634	4,581

(d) Unconsolidated subsidiaries

From time to time, the Plan invests in other funds managed by the Manager. An investment holding of 75% and greater is considered a controlling interest. As the Plan is an investment entity, it need not consolidate the entities it controls, rather these investments are accounted for at fair value through profit or loss.

As at 31 March 2023, Milford KiwiSaver Aggressive Fund held a controlling interest of 86% in the Milford Aggressive Fund (part of the Milford Investment Funds) which is domiciled in New Zealand (31 March 2022: 87%).

Notes to the Financial Statements



(e) Investments by the Plan in related parties

The following table shows the value of the Plan's investments in related parties at balance date:

\$ thousands	Conservative Fund		Balanced Fund		Active Growth Fund		Aggressive Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Milford Wholesale Funds								
Milford Active Growth Wholesale Fund	-	-	-	-	3,268,425	2,984,730	-	-
Milford Dynamic Wholesale Fund	-	-	35,349	32,042	-	-	-	-
Milford Income Wholesale Fund	-	-	408,577	336,731	-	-	-	-
Milford NZ Equities Wholesale Fund	-	-	29,764	28,718	-	-	-	-
Milford Australian Equities Wholesale Fund	-	-	13,566	13,439	-	-	-	-
Milford Global Select Wholesale Fund	-	-	48,330	92,051	110,976	-	-	-
Milford Global Real Asset Wholesale Fund	-	-	-	-	33,652	-	-	-
Milford Global Opportunities Wholesale Fund	-	-	96,712	52,999	103,708	-	-	-
Milford Investment Funds								
Milford Trans-Tasman Bond Fund	-	-	50,967	37,611	-	-	-	-
Milford Global Corporate Bond Fund	-	-	33,072	18,937	-	-	-	-
Milford Conservative Fund	207,009	186,894	-	-	-	-	-	-
Milford Australian Absolute Growth Fund	-	-	32,623	35,977	-	-	-	-
Milford Cash Fund	-	-	6,072	-	-	-	-	-
Milford Aggressive Fund	-	-	-	-	-	-	902,944	770,827
Milford KiwiSaver Funds								
Milford KiwiSaver Active Growth Fund	-	-	258,704	146,662	-	-	-	-
Milford KiwiSaver Aggressive Fund	-	-	7,986	8,148	-	-	-	-
Milford KiwiSaver Cash Fund	-	-	-	1,010	-	-	-	-
Total	207,009	186,894	1,021,722	804,325	3,516,761	2,984,730	902,944	770,827

Notes to the Financial Statements



\$ thousands	Cash Fund		Moderate Fund		Plan Total	
	2023	2022	2023	2022	2023	2022
As at 31 March						
Milford Wholesale Funds						
Milford Active Growth Wholesale Fund	-	-	-	-	3,268,425	2,984,730
Milford Dynamic Wholesale Fund	-	-	-	-	35,349	32,042
Milford Income Wholesale Fund	-	-	-	-	408,577	336,731
Milford NZ Equities Wholesale Fund	-	-	-	-	29,764	28,718
Milford Australian Equities Wholesale Fund	-	-	-	-	13,566	13,439
Milford Global Select Wholesale Fund	-	-	-	-	159,306	92,051
Milford Global Real Asset Wholesale Fund	-	-	-	-	33,652	-
Milford Global Opportunities Wholesale Fund	-	-	-	-	200,420	52,999
Milford Investment Funds						
Milford Balanced Fund	-	-	-	45,862	-	45,862
Milford Trans-Tasman Bond Fund	-	-	-	-	50,967	37,611
Milford Global Corporate Bond Fund	-	-	-	-	33,072	18,937
Milford Conservative Fund	-	-	59,137	44,624	266,146	231,518
Milford Australian Absolute Growth Fund	-	-	-	-	32,623	35,977
Milford Cash Fund	118,298	52,826	-	-	124,370	52,826
Milford Aggressive Fund	-	-	-	-	902,944	770,827
Milford KiwiSaver Funds						
Milford KiwiSaver Balanced Fund	-	-	58,606	-	-	-
Total	118,298	52,826	117,743	90,486	5,559,181	4,734,268

Notes to the Financial Statements



The following table shows the income earned or (loss) incurred by the Plan from their investments in related parties in the year ended.

\$ thousands	Conservative Fund		Balanced Fund		Active Growth Fund		Aggressive Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
For the year ended 31 March								
Milford Wholesale Funds								
Milford Active Growth Wholesale Fund	-	-	-	-	(3,085)	194,939	-	-
Milford Dynamic Wholesale Fund	-	-	(535)	900	-	-	-	-
Milford Income Wholesale Fund	-	-	131	11,245	-	-	-	-
Milford NZ Equities Wholesale Fund	-	-	(335)	(441)	-	-	-	-
Milford Australian Equities Wholesale Fund	-	-	127	33	-	-	-	2,320
Milford Global Select Wholesale Fund	-	-	(2,325)	1,318	4,823	-	-	17,198
Milford Global Real Asset Wholesale Fund	-	-	-	-	2,252	-	-	345
Milford Global Opportunities Wholesale Fund	-	-	3,490	(501)	3,708	-	-	-
Milford Investment Funds								
Milford Trans-Tasman Equity Fund	-	-	-	831	-	-	-	3,161
Milford Trans-Tasman Bond Fund	-	-	853	(1,339)	-	-	-	-
Milford Dynamic Fund	-	-	-	1,875	-	-	-	2,882
Milford Global Corporate Bond Fund	-	-	(365)	(796)	-	-	-	-
Milford Global Equity Fund	-	-	-	6,797	-	-	-	-
Milford Conservative Fund	1,715	(3,367)	-	-	-	-	-	-
Milford Australian Absolute Growth Fund	-	-	(156)	3,133	-	-	-	-
Milford Cash Fund	-	-	35	-	-	-	-	-
Milford Aggressive Fund	-	-	-	-	-	-	(11,984)	(6,796)
Milford KiwiSaver Funds								
Milford KiwiSaver Active Growth Fund	-	-	255	7,189	-	-	-	-
Milford KiwiSaver Aggressive Fund	-	-	(162)	548	-	-	-	-
Milford KiwiSaver Cash Fund	-	-	29	6	-	-	-	-
Milford KiwiSaver Moderate Fund	-	-	-	94	-	-	-	-
Total	1,715	(3,367)	1,042	30,892	7,698	194,939	(11,984)	19,110

Notes to the Financial Statements



\$ thousands	Cash Fund		Moderate Fund		Plan Total	
	2023	2022	2023	2022	2023	2022
For the year ended 31 March						
Milford Wholesale Funds						
Milford Active Growth Wholesale Fund	-	-	-	-	(3,085)	194,939
Milford Dynamic Wholesale Fund	-	-	-	-	(535)	900
Milford Income Wholesale Fund	-	-	-	-	131	11,245
Milford NZ Equities Wholesale Fund	-	-	-	-	(335)	(441)
Milford Australian Equities Wholesale Fund	-	-	-	-	127	2,353
Milford Global Select Wholesale Fund	-	-	-	-	2,498	18,516
Milford Global Real Asset Wholesale Fund	-	-	-	-	2,252	345
Milford Global Opportunities Wholesale Fund	-	-	-	-	7,198	(501)
Milford Investment Funds						
Milford Balanced Fund	-	-	(131)	908	(131)	908
Milford Trans-Tasman Equity Fund	-	-	-	-	-	3,992
Milford Trans-Tasman Bond Fund	-	-	-	-	853	(1,339)
Milford Dynamic Fund	-	-	-	-	-	4,757
Milford Global Corporate Bond Fund	-	-	-	-	(365)	(796)
Milford Global Equity Fund	-	-	-	-	-	6,797
Milford Conservative Fund	-	-	513	(1,154)	2,228	(4,521)
Milford Australian Absolute Growth Fund	-	-	-	-	(156)	3,133
Milford Cash Fund	3,169	189	-	-	3,204	189
Milford Aggressive Fund	-	-	-	-	(11,984)	(6,796)
Milford KiwiSaver Funds						
Milford KiwiSaver Balanced Fund	-	-	348	-	-	-
Total	3,169	189	730	(246)	1,900	233,680

(f) In-specie sales and purchases of related party investments

On 18 June 2021, the Milford KiwiSaver Aggressive Fund purchased 519.2 million units totalling \$519.2 million which was settled via an in specie transfer of related party unlisted funds totalling \$388.7 million, global listed equities totalling \$104.8 million and a cash consideration of \$25.7 million.



9. Trade and other receivables including receivables from related parties

\$ thousands	Conservative Fund		Balanced Fund		Active Growth Fund		Aggressive Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Accrued interest	-	-	15	-	-	-	-	-
Futures margin accounts	-	-	7,885	9,637	-	-	-	-
Other receivables	-	-	36	-	-	-	-	-
Contributions receivable	454	141	1,567	3,648	5,144	5,896	1,676	2,156
Total trade and other receivables	454	141	9,503	13,285	5,144	5,896	1,676	2,156

\$ thousands	Cash Fund		Moderate Fund		Plan Total	
	2023	2022	2023	2022	2023	2022
As at 31 March						
Accrued interest	-	-	-	2	15	2
Futures margin accounts	-	-	-	-	7,885	9,637
Other receivables	-	-	-	-	36	-
Contributions receivable	586	58	438	182	8,599	7,833
Total trade and other receivables	586	58	438	184	16,535	17,472

Trade receivables from related parties							
Management fee rebates receivable	-	-	2	2			2
Receivable on the redemption of units in related party investment	-	545	-	-			545
Total trade receivables from related parties	-	545	2	2			547

All trade and other receivables balances are carried at amortised cost and their carrying values approximate fair value. Unsettled investment sales include receivables on the redemption of units in related party unlisted fund investments.

10. Trade and other payables including payables to related parties

\$ thousands	Conservative Fund		Balanced Fund		Active Growth Fund		Aggressive Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Trade and other payables								
Redemptions payable	540	516	779	626	1,260	3,876	726	260
Total trade and other payables	540	516	779	626	1,260	3,876	726	260
Trade and other payables to related parties								
Management fees payable	1	2	420	330	2,872	2,652	9	13
Total trade and other payables to related parties	1	2	420	330	2,872	2,652	9	13

Notes to the Financial Statements



\$ thousands	Cash Fund		Moderate Fund		Plan Total	
	2023	2022	2023	2022	2023	2022
As at 31 March						
Trade and other payables						
Redemptions payable	623	915	122	370	2,784	2,315
Total trade and other payables	623	915	122	370	2,784	2,315
Trade and other payables to related parties						
Management fees payable	-	-	-	-	3,302	2,997
Total trade and other payables to related parties	-	-	-	-	3,302	2,997

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

11. Reconciliation of net (loss)/profit before tax and membership activities to net cash flows from operating activities

\$ thousands	Conservative Fund		Balanced Fund		Active Growth Fund		Aggressive Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
For the year ended 31 March								
Net profit/(loss) before membership activities	1,787	(3,372)	1,052	32,779	(23,516)	166,353	(11,739)	21,759
Adjustments for non-cash items:								
Unrealised changes in the fair value of financial instruments at fair value through profit or loss	1,750	7,258	4,732	29,507	18,476	(194,939)	11,984	40,973
Realised gains from in-specie purchases and sales	-	-	-	-	-	-	-	(68,956)
Unrealised foreign exchange (gains)/losses on cash at bank	-	-	(1,392)	941	-	-	(467)	100
Distributions re-invested	(3,361)	(2,821)	(1,540)	(812)	-	-	-	-
Other non cash income and expenses	-	-	175	97	-	-	-	9
	(1,611)	4,437	1,975	29,733	18,476	(194,939)	11,517	(27,874)
Movements in working capital items:								
Decrease/(increase) in trade and other receivables	-	-	1,331	(8,817)	-	16	-	885
(Decrease)/increase in trade and other payables	(1)	2	90	133	220	(16,423)	(4)	(51)
Increase in cost of investments	(18,504)	(18,931)	(217,519)	(275,484)	(550,507)	(582,215)	(144,099)	(375,068)
	(18,505)	(18,929)	(216,098)	(284,168)	(550,287)	(598,622)	(144,103)	(374,234)
Net cash outflow from operating activities	(18,329)	(17,864)	(213,071)	(221,656)	(555,327)	(627,208)	(144,325)	(380,349)

Notes to the Financial Statements



\$ thousands For the year ended 31 March	Cash Fund		Moderate Fund		Plan Total	
	2023	2022	2023	2022	2023	2022
Net profit/(loss) before membership activities	3,202	190	858	(221)	(28,826)	209,650
Adjustments for non-cash items:						
Unrealised changes in the fair value of financial instruments at fair value through profit or loss	(2,641)	(125)	2,586	745	37,318	(109,637)
Realised gains from in-specie purchases and sales	-	-	-	-	-	(68,956)
Unrealised foreign exchange (gains)/losses on cash at bank	-	-	-	-	(1,859)	1,041
Distributions re-invested	-	-	(838)	(498)	(5,739)	(4,131)
Other non cash income and expenses	-	-	-	-	175	106
	(2,641)	(125)	1,748	247	29,895	(181,577)
Movements in working capital items:						
Decrease/(increase) in trade and other receivables	545	(545)	2	(2)	1,878	(8,463)
(Decrease)/increase in trade and other payables	-	-	-	(2)	305	(16,341)
Increase in cost of investments	(62,831)	(34,279)	(29,006)	(56,400)	(899,153)	(1,296,177)
	(62,286)	(34,824)	(29,004)	(56,404)	(896,970)	(1,320,981)
Net cash outflow from operating activities	(61,725)	(34,759)	(26,398)	(56,378)	(895,901)	(1,292,908)

12. Capital commitments and contingent liabilities

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

13. Events after balance date

There have been no events or conditions that have occurred since balance date which would impact the financial position of the Plan as at 31 March 2023, or the results and cash flows of the Plan for the year ended on that date.



Independent auditor's report

To the members of Milford KiwiSaver Plan which comprises:

- Milford KiwiSaver Conservative Fund
- Milford KiwiSaver Balanced Fund
- Milford KiwiSaver Active Growth Fund
- Milford KiwiSaver Aggressive Fund
- Milford KiwiSaver Cash Fund
- Milford KiwiSaver Moderate Fund

(Collectively referred to as the Funds and the Plan)

Our opinion

In our opinion, the accompanying financial statements of the Funds and the Plan present fairly, in all material respects, the financial position of the Funds and the Plan 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 Plan'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 a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) 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 Plan 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 are the auditor of Milford Funds Limited, the Manager. We have provided the following services to the Manager: the audit of other funds managed by the Manager, Managed Investment Scheme licence compliance assurance, agreed upon procedures over the Manager's net tangible assets calculation and tax compliance services. Subject to certain restrictions, partners and employees of our firm may invest in the Funds and the Plan on normal terms within the ordinary course of trading activities of the Funds and the Plan. The provision of these other services and relationships have not impaired our independence as auditor of the Funds or the Plan. Other than in our capacity as auditor, we have no other relationships with, or interests in, the Funds or the Plan.

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>Valuation and existence of financial assets and financial liabilities at fair value through profit or loss</p> <p>Refer to note 4 to the financial statements for disclosures of financial assets and financial liabilities at fair value through profit or loss.</p> <p>This was an area of focus for our audit as it represents the majority of the net assets available for benefits of the Funds and the Plan.</p> <p>The fair value of the assets and liabilities traded in active markets is based on unadjusted quoted market prices at 31 March 2023.</p> <p>The fair value of the assets and liabilities that are not traded in an active market is determined using valuation techniques. The valuation technique depends on the underlying asset and includes assumptions that are based on market conditions existing at 31 March 2023. Such financial assets and financial liabilities with inputs to the valuation that are observable either directly or indirectly are categorised as level 2 in the fair value hierarchy.</p> <p>The Funds' level 2 financial assets and financial liabilities include derivatives and investments in unlisted funds.</p> <p>For derivatives, the Manager obtains the prices from independent pricing providers.</p> <p>The Funds invest into unlisted investment funds. The fair value is based on the redemption price established by the respective investment fund administrator. In assessing the fair value, the Manager uses information provided by the investment fund's administrator.</p> <p>Holdings of financial assets and financial liabilities at fair value through profit or loss are held by the custodian of the Funds and the Plan (the Custodian) on behalf of the Funds and the Plan.</p>	<p>We assessed the processes employed by the Manager for recording and valuing the financial assets and financial liabilities at fair value through profit or loss including the relevant processes and controls operated by the third-party service organisations. The third-party service organisations include the Administrator and the Custodian. Our assessment of the business processes included obtaining the internal control reports over investment accounting and custody provided by the third-party service organisations.</p> <p>We evaluated the evidence provided by the internal control reports over the design and operating effectiveness of the key controls operated by the third-party service organisations.</p> <p>For all investments where quoted market prices in an active market were available, we compared the market price at the reporting date to independent third-party pricing sources.</p> <p>For investments in forward foreign exchange contracts and interest rate swaps, we agreed the observable inputs to third party pricing sources and used our own valuation experts to test the fair value using independent valuation models.</p> <p>For investments in unlisted investment funds, we agreed the redemption price at 31 March 2023 to the confirmation provided by the investment fund's administrator. We evaluated whether the redemption price represents fair value by comparing the valuation of the investment to the latest audited financial statements of the unlisted investment funds.</p> <p>We obtained confirmation from the Custodian, financial institutions and counterparties of the holdings of all financial assets and financial liabilities at fair value through profit or loss held by the Funds and the Plan as at 31 March 2023.</p>

Our audit approach

Overview

Materiality

We determined materiality for each Fund and the Plan separately. Our materiality for each Fund and the Plan is calculated based on approximately 1% of net assets available for benefits for each Fund and the Plan.

We chose net assets available for benefits as the benchmark because, in our view, the objective of the Funds and the Plan is to provide members with a total return on the Funds' and the Plan's net assets, taking into account both capital and income returns.

Key audit matters

As reported above, we have one key audit matter, being the valuation and existence of financial assets and financial liabilities 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 Plan 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 Plan 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 Plan as a whole, taking into account the structure of each Fund and the Plan, the Funds' and the Plan'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 Plan. The Funds' and the Plan's investments are held by the Custodian. The Manager has outsourced investment accounting (Administrator) and registry services (Registrar) to third party service providers.

In completing our audit, we performed relevant audit procedures over the control environment of the Custodian, the Administrator, the Registrar 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 will 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 Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate a Fund or the Plan 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 Plan'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 Plan'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 Philip Taylor.

For and on behalf of:

Chartered Accountants
30 June 2023

Auckland