

**NIKKO AM KIWISAVER SCHEME
FINANCIAL STATEMENTS
For the year ended 31 March 2023**

NZ Cash Fund

NZ Corporate Bond Fund

SRI Equity Fund

Global Shares Fund

Balanced Fund

Conservative Fund

Growth Fund

ARK Disruptive Innovation Fund

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NIKKO AM KIWISAVER SCHEME
For the year ended 31 March 2023

The Manager	Nikko Asset Management New Zealand Limited ("Nikko AM")
Registered Office	Level 17, Vero Centre, 48 Shortland Street, Auckland PO Box 3892, Shortland Street, Auckland, 1140
Licensed Supervisor	Public Trust
Administrator	BNP Paribas Fund Services Australasia Pty Ltd
Auditor	KPMG
Basis of Preparation	<p>These financial statements are for the Nikko AM KiwiSaver Scheme ("the Scheme") which comprises the following funds (together the "Funds" and individually the "Fund"):</p> <ul style="list-style-type: none">- NZ Cash Fund- NZ Corporate Bond Fund- SRI Equity Fund- Global Shares Fund- Balanced Fund- Conservative Fund- Growth Fund- ARK Disruptive Innovation Fund

The Scheme was established by a Trust Deed dated 20 December 2017 and was registered for trading on 3 April 2018.

The Scheme is a FMC Reporting Entity under the Financial Markets Conduct Act 2013, and is a defined contribution scheme registered under the KiwiSaver Act 2006. As a defined contribution scheme, members contribute to the Scheme over time and benefits payable depend on the amount of contributions made and any return on contributions received. Members of the Scheme can contribute to any of the Funds. The Funds invest in a variety of unitised funds in order to gain exposure to cash, equity, fixed interest and property markets.

These financial statements are prepared in accordance with provisions of the Trust Deed, the Financial Markets Conduct Act 2013, KiwiSaver Act 2006 and the Financial Reporting Act 2013. They comply with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"), the New Zealand equivalents to International Financial Reporting Standards and other New Zealand Financial Reporting Standards as applicable to for-profit entities and International Financial Reporting Standards. All amounts are in New Zealand dollars. The Scheme is domiciled and registered in New Zealand.

The accounting policies have been applied consistently over the year. There are no new accounting standards that are expected to have a material impact on these financial statements, and that have been issued but are not yet effective. The key estimates involved in preparing these financial statements relate to the valuation of investments which is discussed in note 2. The Profit/(Loss) for the year is the Total Comprehensive Income for each fund.

New Zealand Climate Standards 1, 2, & 3. The Scheme will be required to prepare climate-related disclosures from the year ending 31 December 2024.

The Manager is currently working towards the required disclosures to deliver these within the required timeframes.

The funds are Portfolio Investment Entities ("PIEs"), meaning income is taxed in the hands of the unitholders. Nikko AM attributes the taxable income of the funds to investors based on their holding of units and pays tax on their behalf at their Prescribed Investor Rate. Tax payments/credits are transacted by cancellation or issue of units.

The results, position and cash flows reported for the Scheme is a simple aggregation of the results, position and cash flows of the Funds that make up the Scheme. All investments made with the monies of a Fund shall be held by the Supervisor as the exclusive property of that Fund and will not be used to meet any liabilities of any other Fund.

The financial statements for all funds are prepared on a going concern basis.

NIKKO AM KIWISAVER SCHEME
As at 31 March 2023

NET ASSETS OF YOUR FUND

Statements of net assets
\$000

		NZ Cash Fund	NZ Corporate Bond Fund	SRI Equity Fund	Global Shares Fund	Balanced Fund	Conservative Fund	Growth Fund	ARK Disruptive Innovation Fund	Scheme Total
2023	Note									
Cash		4	2	4	5	4	5	5	6	35
Investments	2	1,667	144	2,330	6,415	3,606	548	8,454	21,355	44,519
Receivables		12	-	2	47	22	1	53	173	310
Payables		(12)	-	(4)	(53)	(23)	(1)	(59)	(195)	(347)
NET ASSETS OF YOUR FUND		1,671	146	2,332	6,414	3,609	553	8,453	21,339	44,517

2022

Cash		1	1	3	2	9	6	2	-	24
Investments	2	1,508	62	2,355	6,344	3,571	1,054	8,589	24,606	48,089
Receivables		1	1	2	37	4	5	21	282	353
Payables		(2)	(1)	(4)	(43)	(6)	(6)	(27)	(306)	(395)
NET ASSETS OF YOUR FUND		1,508	63	2,356	6,340	3,578	1,059	8,585	24,582	48,071

Director

25/7/22

Date

Director

25/7/23

Date

NIKKO AM KIWISAVER SCHEME
For the year ended 31 March 2023

YOUR FUND'S PROFIT

Statements of Comprehensive Income
\$000

		NZ Cash Fund	NZ Corporate Bond Fund	SRI Equity Fund	Global Shares Fund	Balanced Fund	Conservative Fund	Growth Fund	ARK Disruptive Innovation Fund	Scheme Total
2023	Note									
Interest		-	-	-	-	-	-	-	2	2
Distributions		45	4	34	-	-	-	-	-	83
Investment fair value changes		14	(2)	(45)	(50)	(220)	(30)	(629)	(8,638)	(9,600)
Other Income		-	-	-	-	-	-	-	-	-
Investment Income		59	2	(11)	(50)	(220)	(30)	(629)	(8,636)	(9,515)
Management fees	3	(7)	(1)	(21)	(73)	(26)	(5)	(81)	(249)	(463)
Performance fees	3	-	-	-	-	-	-	-	-	-
Other expenses	4	-	-	-	-	-	-	-	-	-
Total expenses		(7)	(1)	(21)	(73)	(26)	(5)	(81)	(249)	(463)
Profit/(Loss)	5	52	1	(32)	(123)	(246)	(35)	(710)	(8,885)	(9,978)
2022	Note									
Interest		-	-	-	-	-	-	-	-	-
Distributions		16	1	34	-	-	-	-	-	51
Investment fair value changes		-	(3)	(34)	76	(66)	(23)	(106)	(15,232)	(15,388)
Other income		-	-	-	-	-	-	-	-	-
Investment Income		16	(2)	-	76	(66)	(23)	(106)	(15,232)	(15,337)
Management fees	3	(8)	(1)	(20)	(59)	(23)	(5)	(82)	(438)	(636)
Performance fees	3	-	-	-	-	-	-	-	-	-
Other expenses	4	-	-	-	-	-	-	-	-	-
Total expenses		(8)	(1)	(20)	(59)	(23)	(5)	(82)	(438)	(636)
Profit/(Loss)	5	8	(3)	(20)	17	(89)	(28)	(188)	(15,670)	(15,973)

NIKKO AM KIWISAVER SCHEME
For the year ended 31 March 2023

CHANGES IN THE VALUE OF YOUR FUND

Statements of changes in net assets

\$000	NZ Cash Fund	NZ Corporate Bond Fund	SRI Equity Fund	Global Shares Fund	Balanced Fund	Conservative Fund	Growth Fund	ARK Disruptive Innovation Fund	Scheme Total
2023									
Opening value	1,508	63	2,356	6,340	3,578	1,059	8,585	24,582	48,071
Profit/(Loss)	52	1	(32)	(123)	(246)	(35)	(710)	(8,885)	(9,978)
Membership activities									
Contributions from investors	1,042	124	329	1,116	616	292	1,425	7,496	12,440
Withdrawals by investors	(930)	(42)	(321)	(916)	(336)	(762)	(842)	(1,824)	(5,973)
Membership fee	(1)	-	-	(3)	(3)	(1)	(5)	(30)	(43)
PIE tax attributable to members	-	-	-	-	-	-	-	-	-
Closing value	1,671	146	2,332	6,414	3,609	553	8,453	21,339	44,517
2022									
Opening value	2,130	184	1,961	3,372	2,297	508	7,347	34,430	52,229
Profit/(Loss)	8	(3)	(20)	17	(89)	(28)	(188)	(15,670)	(15,973)
Membership activities									
Contributions from investors	1,582	71	1,128	4,261	1,996	1,032	3,613	14,547	28,230
Withdrawals by investors	(2,211)	(190)	(713)	(1,308)	(623)	(452)	(2,183)	(8,694)	(16,374)
Membership fee	-	-	(1)	(2)	(3)	-	(5)	(31)	(42)
PIE tax attributable to members	(1)	1	1	-	-	(1)	1	-	1
Closing value	1,508	63	2,356	6,340	3,578	1,059	8,585	24,582	48,071
Units on Issue									
000 units									
2023									
Opening units	1,418	57	1,757	3,700	2,876	902	6,570	38,984	
Issued during the year	991	114	260	672	538	259	1,203	17,183	
Redeemed during the year	(887)	(39)	(249)	(547)	(297)	(676)	(720)	(4,163)	
Closing units	1,522	132	1,768	3,825	3,117	485	7,053	52,004	
Net assets per unit \$	1.10	1.10	1.32	1.68	1.16	1.14	1.20	0.41	
2022									
Opening units	2,012	159	1,459	2,048	1,821	423	5,562	32,636	
Issued during the year	1,491	63	820	2,397	1,540	852	2,621	15,367	
Redeemed during the year	(2,085)	(165)	(522)	(745)	(485)	(373)	(1,613)	(9,019)	
Closing units	1,418	57	1,757	3,700	2,876	902	6,570	38,984	
Net assets per unit \$	1.06	1.10	1.34	1.71	1.24	1.17	1.31	0.63	

NIKKO AM KIWISAVER SCHEME
For the year ended 31 March 2023

YOUR FUND'S CASH FLOWS

Statements of cash flows
\$000

		NZ Cash Fund	NZ Corporate Bond Fund	SRI Equity Fund	Global Shares Fund	Balanced Fund	Conservative Fund	Growth Fund	ARK Disruptive Innovation Fund	Scheme Total
2023	Note									
Opening cash		1	1	3	2	9	6	2	-	24
Net sales /(purchases) of investments		(146)	(85)	(20)	(121)	(256)	476	(494)	(5,387)	(6,033)
Interest		-	-	-	-	(1)	-	-	2	1
Distributions		45	4	34	-	-	-	-	-	83
Management fees		(7)	-	(21)	(73)	(25)	(6)	(81)	(251)	(464)
Other expenses		-	-	-	-	-	-	-	-	-
Net operating cashflows	5	(108)	(81)	(7)	(194)	(282)	470	(575)	(5,636)	(6,413)
Contributions from investors	6	1,042	124	329	1,116	616	292	1,425	7,496	12,440
Withdrawals by investors	6	(931)	(42)	(321)	(919)	(339)	(763)	(847)	(1,854)	(6,016)
Net financing cashflows		111	82	8	197	277	(471)	578	5,642	6,424
Closing cash		4	2	4	5	4	5	5	6	35
2022										
Opening cash		1	1	-	1	1	1	1	2	8
Net sales /(purchases) of investments		622	117	(427)	(2,895)	(1,339)	(570)	(1,343)	(5,371)	(11,206)
Interest		-	2	-	-	-	-	-	-	2
Distributions		16	1	34	-	-	-	-	-	51
Management fees		(8)	(1)	(18)	(55)	(22)	(5)	(79)	(446)	(634)
Other expenses		(1)	-	-	-	(1)	-	(2)	(7)	(11)
Net operating cashflows	5	629	119	(411)	(2,950)	(1,362)	(575)	(1,424)	(5,824)	(11,798)
Contributions from investors	6	1,582	71	1,128	4,261	1,996	1,032	3,613	14,547	28,230
Withdrawals by investors	6	(2,211)	(190)	(714)	(1,310)	(626)	(452)	(2,188)	(8,725)	(16,416)
Net financing cashflows		(629)	(119)	414	2,951	1,370	580	1,425	5,822	11,814
Closing cash		1	1	3	2	9	6	2	-	24

MORE DETAILS

1 Risk

The investment activities of the Funds come with financial risks. These risks are managed under the investment mandate for each fund and Nikko AM's risk management policies. Nikko AM's Board have delegated the day to day oversight of risk and compliance matters to the Compliance Risk and Disclosure Committee, chaired by the Managing Director.

These risk disclosures have been prepared on the basis of the Fund's direct investments and not on a full look through basis for investments held directly through other unitised funds.

1(a) Market price, interest rate and currency risks

Market price risk is the risk of gains or losses from changes in the market price of investments. Interest rate risk is the risk of gains or losses or changes in interest income from changes in market interest rates. The profile of when interest rates on investment assets reprice helps understand the risk of gain or loss from interest rate risk. Currency risk is the risk of gains or losses or changes in the New Zealand dollar value due to changes in foreign exchange rates. Currency risk may be managed by using derivatives to hedge the risk. An analysis of the financial risks arising from the direct investments of the funds and indirect exposures where the funds invest in other funds, is set out below.

	NZ Cash Fund	NZ Corporate Bond Fund	SRI Equity Fund	Global Shares Fund	Balanced Fund	Conservative Fund	Growth Fund	ARK Disruptive Innovation Fund	Scheme Total
2023									
<i>Market Risk (\$000)</i>									
- Impact of a 10% change in market prices +/-	167	14	233	642	361	55	845	2,136	4,453
- Indirect exposure to interest rate risk as at 31 March 2023	Yes	Yes	No	No	Yes	Yes	Yes	No	
2022									Scheme Total
<i>Market Risk (\$000)</i>									
- Impact of a 10% change in market prices +/-	151	6	236	634	357	105	859	2,461	4,809
- Indirect exposure to interest rate risk as at 31 March 2022	Yes	Yes	No	No	Yes	Yes	Yes	No	

1(b) Liquidity risk

Liquidity risk is the risk of the funds not being able to meet their obligations to make payments as these fall due. The key obligation of the funds is to make payments to investors who wish to withdraw. The funds manage this risk by holding cash and short term deposits directly; investing in underlying funds which hold cash and other liquid assets; selling investments in some circumstances; and, in the circumstances described below, deferring or suspending redemptions.

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

MORE DETAILS

1 Risk (continued)

1(c) Credit risk

Credit risk is the risk of loss through default of the counterparty to a debt security. As the Scheme's funds are invested in unitised funds there is no material direct exposure to credit risk.

1(d) Currency risk¹

	NZ Cash Fund	NZ Corporate Bond Fund	SRI Equity Fund	Global Shares Fund	Balanced Fund	Conservative Fund	Growth Fund	ARK Disruptive Innovation Fund	Scheme Total
<i>- Material net currency exposures in foreign currency:</i>									
2023 (\$000)									
AUD	-	-	126	147	-	-	-	1	274
EUR	-	-	-	230	-	-	-	1	231
GBP	-	-	-	296	-	-	-	1	297
JPY	-	-	-	13,112	-	-	-	296	13,408
USD	-	-	-	2,611	-	-	-	16,315	18,926
2022 (\$000)									
AUD	-	-	164	-	-	-	-	1	165
EUR	-	-	-	261	-	-	-	2	263
GBP	-	-	-	134	-	-	-	1	135
JPY	-	-	-	17,368	-	-	-	127	17,495
USD	-	-	-	3,416	-	-	-	17,072	20,488

The currency risk has been assessed by looking through to the relevant underlying fund within the Nikko AM Wholesale NZ Investment Scheme.

¹ For Nikko AM KiwiSaver Balanced, Conservative and Growth Funds foreign exchange exposure is indirect and is in direct proportion to their holdings in the underlying funds. See Statement of Investment Policy and Objectives for details of the asset allocation.

1(e) Capital management

The funds' objectives are to provide returns to investors through capital growth and income. The Product Disclosure Statements set out the mandates which guide the investments of each fund.

MORE DETAILS

2 Investments

The funds invest in unlisted wholesale funds. Investment sales and purchases are recognised in the financial statements on the trade date. All investments are valued at fair value, with gains or losses recognised in profit or loss. Investments are held on behalf of the funds by the custodian, BNP Paribas Fund Services Australasia Pty Limited.

Fair value for investments in unlisted unit trusts are based on their quoted redemption price (a "Level 2" fair value) as at 31 March 2023. Level 2 valuation techniques are based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

	NZ Cash Fund	NZ Corporate Bond Fund	SRI Equity Fund	Global Shares Fund	Balanced Fund	Conservative Fund	Growth Fund	ARK Disruptive Innovation Fund
Invests into:								
2023	Nikko AM Wholesale NZ Cash Fund	Nikko AM Wholesale NZ Corporate Bond Fund	Nikko AM Wholesale SRI Equity Fund	Nikko AM Wholesale Global Shares Fund	Nikko AM Wholesale Balanced Fund	Nikko AM Wholesale Conservative Fund	Nikko AM Wholesale Growth Fund	Nikko AM Wholesale ARK Disruptive Innovation Fund
2022	Nikko AM Wholesale NZ Cash Fund	Nikko AM Wholesale NZ Corporate Bond Fund	Nikko AM Wholesale SRI Equity Fund	Nikko AM Wholesale Global Shares Fund	Nikko AM Wholesale Balanced Fund	Nikko AM Wholesale Conservative Fund	Nikko AM Wholesale Growth Fund	Nikko AM Wholesale ARK Disruptive Innovation Fund

MORE DETAILS

3 Related party transactions

a) Management fees

Management fees

Management fees are paid directly to Nikko AM from the funds and are used to pay for investment management activities, underlying investment costs, the supervisor's fee and fund administration costs, such as audit fees, registry services and unit pricing. They are calculated and accrued daily based on a percentage of the funds' net asset values.

	NZ Cash Fund	NZ Corporate Bond Fund	SRI Equity Fund	Global Shares Fund	Balanced Fund	Conservative Fund	Growth Fund	ARK Disruptive Innovation Fund
% NAV (GST exclusive)								
2023	0.45%	0.80%	0.95%	1.15%	0.74%	0.60%	0.99%	1.25%
2022	0.45%	0.80%	0.95%	1.15%	0.70%	0.60%	0.95%	1.25%

Membership fee

In addition, each individual member is charged a monthly member fee of \$2.50 (maximum \$30 p.a. inclusive of GST) irrespective of how many funds they invest in, which is paid via unit redemption. During the period under review, the member fees paid to the Manager totalled \$43,811 (2022: \$42,539). This member fee is paid to MMC Limited for general administration of member accounts and maintaining the member registry for the Scheme and are included in other expenses in the Statement of Comprehensive Income.

Fees payable to the Manager at balance sheet date are detailed below:

2023 (\$000)	(1)	-	(2)	(6)	(2)	-	(7)	(23)
2022 (\$000)	(1)	-	(2)	(6)	(2)	(1)	(7)	(24)

Performance fees

The Balanced, Conservative and Growth Funds invest in related Nikko AM funds and there are performance-based fees charged by some of the underlying funds. The Product Disclosure Statement sets out the detail in relation to these fees.

MORE DETAILS

4 Other expenses

Other expenses are paid on behalf of the Scheme by the Manager except where an underlying fund, into which the Conservative, Balanced and Growth Funds invest, has expenses embedded. As such, these fees are not included in the Funds' Statement of Comprehensive Income.

(\$000)	NZ Cash Fund	NZ Corporate Bond Fund	SRI Equity Fund	Global Shares Fund	Balanced Fund	Conservative Fund	Growth Fund	ARK Disruptive Innovation Fund	Scheme Total
2023									
Fees paid by the Manager to the auditor for the audit of the financial statements	6	6	6	6	6	6	6	6	48
2022									
Fees paid by the Manager to the auditor for the audit of the financial statements	6	6	6	6	6	6	6	6	48

5 Reconciliation of operating cash flows to profit/(loss)

(\$000)	NZ Cash Fund	NZ Corporate Bond Fund	SRI Equity Fund	Global Shares Fund	Balanced Fund	Conservative Fund	Growth Fund	ARK Disruptive Innovation Fund	Scheme Total
2023									
Profit/(Loss)	52	1	(32)	(123)	(246)	(35)	(710)	(8,885)	(9,978)
Investments - cost and fair value movements	(160)	(82)	25	(71)	(36)	507	135	3,251	3,569
Change in receivables/payables	-	-	-	-	-	(2)	-	(2)	(4)
Net operating cashflows	(108)	(81)	(7)	(194)	(282)	470	(575)	(5,636)	(6,413)
2022									
Profit/(Loss)	8	(3)	(19)	17	(89)	(28)	(188)	(15,670)	(15,973)
Investment fair value changes	621	120	(392)	(2,970)	(1,273)	(547)	(1,236)	9,861	4,184
Change in receivables/payables	-	2	-	3	-	-	-	(15)	(10)
Net operating cashflows	629	119	(411)	(2,950)	(1,362)	(575)	(1,424)	(5,824)	(11,799)

MORE DETAILS

	NZ Cash Fund	NZ Corporate Bond Fund	SRI Equity Fund	Global Shares Fund	Balanced Fund	Conservative Fund	Growth Fund	ARK Disruptive Innovation Fund	Scheme Total
	(\$'000)								
6 Contributions and withdrawals									
2023									
Contributions									
Member contributions	89	7	131	372	216	52	638	2,882	4,387
Employer contributions	82	3	80	221	118	36	340	1,697	2,577
Crown contributions	5	1	14	39	32	8	62	471	632
Transfers from other funds in the scheme	690	101	88	278	188	167	272	604	2,388
Transfers from other KiwiSaver schemes	141	11	10	183	29	23	82	1,460	1,939
Transfers from Australian superannuation schemes	-	-	-	-	-	-	-	116	116
Voluntary and lump sum contributions	34	-	4	23	28	1	30	266	386
Other income	-	1	2	-	5	5	1	1	15
Total contributions	1,042	124	329	1,116	616	292	1,425	7,496	12,440
Withdrawals									
Transfer to other funds within the scheme	(522)	(37)	(31)	(174)	(140)	(403)	(327)	(753)	(2,387)
Transfers to other KiwiSaver schemes	(269)	(5)	(288)	(669)	(137)	(325)	(368)	(684)	(2,745)
First Home Purchase	(120)	-	(2)	(33)	(25)	(35)	(3)	(95)	(313)
Withdrawals on retirement	(7)	-	-	-	(36)	-	(128)	-	(171)
Significant financial hardship withdrawals	-	-	-	-	-	-	-	(4)	(4)
Other permitted withdrawals	(13)	-	(1)	(43)	(1)	-	(21)	(318)	(396)
Total withdrawals	(931)	(42)	(321)	(919)	(339)	(763)	(847)	(1,854)	(6,016)
	(\$'000)								
2022									
Contributions									
Member contributions	78	4	117	267	202	47	543	3,084	4,341
Employer contributions	83	3	72	164	101	27	292	1,801	2,543
Crown contributions	4	1	11	19	25	4	52	517	632
Transfers from other funds in the scheme	979	58	530	2,605	850	850	1,355	2,102	9,329
Transfers from other KiwiSaver schemes	436	5	382	1,179	726	97	1,201	6,501	10,527
Transfers from Australian superannuation schemes	-	-	-	-	-	-	-	41	41
Voluntary and lump sum contributions	2	-	16	28	92	6	171	499	814
Other income	-	-	-	-	-	-	-	3	3
Total contributions	1,582	71	1,128	4,261	1,996	1,032	3,613	14,547	28,230
Withdrawals									
Transfer to other funds within the scheme	(1,645)	(177)	(456)	(817)	(411)	(252)	(1,094)	(4,477)	(9,329)
Transfers to other KiwiSaver schemes	(427)	(11)	(256)	(422)	(167)	(180)	(969)	(3,610)	(6,042)
First Home Purchase	(132)	-	-	(11)	(29)	(14)	(46)	(469)	(701)
Withdrawals on retirement	-	-	-	-	-	(3)	(10)	(11)	(23)
Significant financial hardship withdrawals	-	-	-	-	-	-	-	(4)	(4)
Other permitted withdrawals	(7)	(2)	(2)	(61)	(19)	(4)	(69)	(153)	(317)
Total withdrawals	(2,211)	(190)	(714)	(1,310)	(626)	(452)	(2,188)	(8,725)	(16,416)

MORE DETAILS

7 Contingent liabilities

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

8 Capital commitments

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

9 Unitholders' funds

Units issued by the Funds provide the unitholders with the right to require redemption for cash at the value proportionate to the unitholders' share in each Funds's net asset value. The units qualify as 'puttable instruments' and are classified as equity.

Any owner changes in equity would be presented in the Statement of Changes in Equity, whereas any non-owner changes in equity are presented in the Income Statement. The Funds have no component of comprehensive income other than the profit or loss for the year. Consequently, the profit or loss is the total comprehensive income of the Funds.

10 Subsequent events

There have been no events subsequent to 31 March 2023 which require adjustment to, or disclosure of, in the financial statements.



Independent Auditor's Report

To the unit holders of:

- NZ Cash Fund
- NZ Corporate Bond Fund
- Core Equity Fund
- Global Shares Fund
- Balanced Fund
- Conservative Fund
- Growth Fund
- ARK Disruptive Innovation Fund

which comprise the Nikko AM KiwiSaver Scheme (the 'Funds and Scheme')

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Nikko AM KiwiSaver Scheme (the 'Funds and Scheme') on pages 1 to 12 present fairly, in all material respects:

- the scheme's financial position as at 31 March 2023 and its financial performance and cash flows for the year ended on that date;

in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards issued by the New Zealand Accounting Standards Board.

We have audited the accompanying financial statements which comprise:

- Net assets of your fund (the statements of net assets) as at 31 March 2023;
- Your fund's profit (the statements of comprehensive income), Changes in the value of your fund (the statements of changes in net assets), and Your fund's cash flows (the statements of cash flows) for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

Basis for opinion

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

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



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

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

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole. The materiality for the financial statements as a whole was set at 1% of the total assets of each Fund. We chose the benchmark because, in our view, this is a key measure of the scheme's performance.

Key audit matters

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

The key audit matter How the matter was addressed in our audit

Existence and valuation of investments

Refer to Note 2 to the financial statements.

Investment are the Funds' main assets, and existence and valuation of those investments is the most important aspect of preparing the financial statements. As described in Note 2, the Funds invest in units in other funds, which are redeemable at their quoted unit price and are held by a single custodian. These aspects reduce the risk and complexity of verifying investment existence and valuation

The global economy continues to have a heightened level of uncertainty due to macroeconomic conditions and continuing geopolitical tensions. This creates an elevated level of uncertainty in the

Our audit procedures included:

- understanding the processes in place to record investment transactions and to value the portfolio. This included evaluating the control environment in place at the custodian, investment accounting and registry service providers by obtaining and reading the service organisation control reports issued by an independent auditor on the design and operation of those controls throughout the period.
- agreeing investment holdings to the confirmation received from the custodian.
- with support from our valuation specialists, re-calculating the fair value of all listed equities and debt securities using independent third-party pricing sources;
- agreeing the valuation of investments to the manager's quoted unit price; and



The key audit matter

How the matter was addressed in our audit

valuation of investments and the fair value hierarchy. As a result, additional judgement is required.

— checking the accuracy of fair value levels as disclosed in the financial statements.

We did not identify any material differences from our procedures.

Other information

The Manager, on behalf of the Funds and Scheme, are responsible for the other information included in the Fund and Scheme's Annual Report. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Use of this independent auditor's report

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

Responsibilities of the Manager for the financial statements

The Manager, on behalf of the Funds and Scheme, are responsible for:

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

Auditor's responsibilities for the audit of the financial statements

Our objective is:

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

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

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

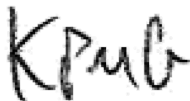
A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

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

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

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

For and on behalf of



KPMG
Auckland

26 July 2023