

**ANZ DEFAULT KIWISAVER SCHEME
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2023

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STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March	Note	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Investment Activities															
Income															
Interest Income		126	1	-	-	-	-	1	-	1	-	-	-	128	1
Other income		11	-	2	-	4	-	4	-	4	-	1	-	26	-
Net fair value changes	5	(17,176)	27,250	(3,062)	1,031	(7,736)	6,145	(8,451)	10,281	(8,438)	12,885	885	151	(43,978)	57,743
Total income/(loss)		(17,039)	27,251	(3,060)	1,031	(7,732)	6,145	(8,446)	10,281	(8,433)	12,885	886	151	(43,824)	57,744
Expenses															
Management fees	11	2,418	3,984	700	759	2,093	2,139	2,244	2,337	2,235	2,328	49	36	9,739	11,583
Manager's other costs	11	129	188	11	8	41	36	40	38	37	35	(6)	(7)	252	298
Supervisor fees	11	32	80	5	7	11	17	12	17	11	16	2	1	73	138
Auditor's fees - statutory financial statements		7	7	7	7	7	7	7	7	7	7	7	7	42	42
Auditor's fees - semi-annual controls audit, supervisor reporting and registry audit		4	4	4	4	4	4	4	4	4	4	4	4	24	24
Interest expense		8	32	-	-	-	-	-	-	-	-	-	-	8	32
Other operating expenses		2	6	1	1	1	2	1	2	1	2	-	-	6	13
Total expenses		2,600	4,301	728	786	2,157	2,205	2,308	2,405	2,295	2,392	56	41	10,144	12,130
Net profit/(loss)		(19,639)	22,950	(3,788)	245	(9,889)	3,940	(10,754)	7,876	(10,728)	10,493	830	110	(53,968)	45,614

The notes to the financial statements form part of and should be read in conjunction with these financial statements.

STATEMENT OF CHANGES IN NET ASSETS (continued)

For the year ended 31 March	Note	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Membership Activities															
Net profit/(loss)		(19,639)	22,950	(3,788)	245	(9,889)	3,940	(10,754)	7,876	(10,728)	10,493	830	110	(53,968)	45,614
Contributions from members		38,824	81,854	6,078	11,753	14,709	19,373	17,354	20,767	16,954	19,927	1,706	1,428	95,625	155,102
Contributions from employers		19,149	37,602	2,587	2,501	6,461	6,358	7,405	7,304	8,159	7,854	925	660	44,686	62,279
Crown contributions		6,218	15,569	861	844	1,961	1,985	2,046	2,103	2,450	2,466	244	217	13,780	23,184
Transfers in from other schemes		-	24	-	-	-	-	-	135	-	30	-	-	-	189
Transfers in from complying Australian superannuation schemes		231	1,636	6	120	227	477	115	429	168	93	288	1	1,035	2,756
Contributions for PIE tax received		2,501	69	224	24	241	25	214	28	170	16	-	-	3,350	162
End payment date withdrawals		(29,593)	(22,582)	(4,516)	(2,617)	(3,641)	(2,467)	(2,572)	(2,398)	(856)	(2,870)	(3,492)	(1,797)	(44,670)	(34,731)
Withdrawals for first home purchase		(5,516)	(15,278)	(664)	(784)	(785)	(1,601)	(1,607)	(2,312)	(2,390)	(2,738)	(1,603)	(1,990)	(12,565)	(24,703)
Withdrawals for significant financial hardship		(1,141)	(1,645)	(54)	(64)	(136)	(76)	(97)	(80)	(271)	(93)	(72)	(52)	(1,771)	(2,010)
Withdrawals for serious illness		(883)	(1,359)	(96)	(264)	(81)	(129)	(162)	(8)	(107)	(171)	(288)	(9)	(1,617)	(1,940)
Withdrawals for permanent emigration		(92)	(395)	(39)	(62)	(10)	(14)	(73)	(50)	(281)	(173)	(28)	-	(523)	(694)
Withdrawals for death		(2,098)	(2,485)	(62)	(59)	(159)	(346)	(109)	(128)	(279)	(185)	(13)	(7)	(2,720)	(3,210)
Other permitted withdrawals		(67)	(810)	-	(7)	-	(19)	(60)	(12)	(53)	(143)	-	(16)	(180)	(1,007)
Transfers out to other schemes		(19,487)	(594,814)	(3,290)	(5,547)	(7,887)	(17,303)	(10,791)	(21,003)	(9,647)	(18,668)	(1,273)	(792)	(52,375)	(658,127)
Transfers out to complying Australian superannuation schemes		(331)	(355)	-	-	-	(129)	(32)	(50)	(58)	(144)	-	-	(421)	(678)
Switches within ANZ Default KiwiSaver Scheme		(5,070)	(61,630)	1,370	11,472	(798)	18,788	(3,806)	13,096	(2,139)	12,730	10,443	5,544	-	-
Withdrawals for PIE tax paid		(17)	(9,025)	(4)	(714)	(243)	(2,692)	(935)	(3,458)	(1,414)	(3,670)	(34)	(33)	(2,647)	(19,592)
Membership fees paid	11	-	(559)	-	(18)	-	(40)	-	(43)	-	(56)	-	(5)	-	(721)
Net membership activities		2,628	(574,183)	2,401	16,578	9,859	22,190	6,890	14,320	10,406	14,205	6,803	3,149	38,987	(503,741)
Benefits accrued to members' accounts		(17,011)	(551,233)	(1,387)	16,823	(30)	26,130	(3,864)	22,196	(322)	24,698	7,633	3,259	(14,981)	(458,127)
Members' funds at the beginning of the year		662,242	1,213,475	103,822	86,999	241,605	215,475	248,727	226,531	235,402	210,704	21,747	18,488	1,513,545	1,971,672
Members' funds at the end of the year		645,231	662,242	102,435	103,822	241,575	241,605	244,863	248,727	235,080	235,402	29,380	21,747	1,498,564	1,513,545

The notes to the financial statements form part of and should be read in conjunction with these financial statements.

STATEMENT OF NET ASSETS

As at 31 March	Note	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme	
		2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Assets															
Cash and cash equivalents		376	375	4	4	13	13	15	15	13	13	13	12	434	432
Margin accounts		7,493	9,356	-	-	-	-	-	-	-	-	-	-	7,493	9,356
Investment assets	4	638,055	653,252	102,492	103,888	241,751	241,801	245,043	248,944	235,270	235,621	29,377	21,740	1,491,988	1,505,246
Other receivables	6	3,118	2,043	493	112	1,256	195	1,146	931	938	1,413	188	23	6,949	2,562
Total assets		649,042	665,026	102,989	104,004	243,020	242,009	246,204	249,890	236,221	237,047	29,578	21,775	1,506,864	1,517,596
Liabilities															
Investment liabilities	4	464	468	-	-	-	-	-	-	-	-	-	-	464	468
Other payables	7	3,347	2,316	554	182	1,445	404	1,341	1,163	1,141	1,645	198	28	7,836	3,583
Total liabilities		3,811	2,784	554	182	1,445	404	1,341	1,163	1,141	1,645	198	28	8,300	4,051
Net assets attributable to members		645,231	662,242	102,435	103,822	241,575	241,605	244,863	248,727	235,080	235,402	29,380	21,747	1,498,564	1,513,545
Net assets available for benefits		645,231	662,242	102,435	103,822	241,575	241,605	244,863	248,727	235,080	235,402	29,380	21,747	1,498,564	1,513,545

On behalf of ANZ New Zealand Investments Limited as Manager who authorised the issue of these financial statements on 26 July 2023:



Ian Burns
Chair of the Board of Directors



Fiona Mackenzie
Executive Director

STATEMENT OF CASH FLOWS

For the year ended 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash flows from operating activities														
Net profit/(loss)	(19,639)	22,950	(3,788)	245	(9,889)	3,940	(10,754)	7,876	(10,728)	10,493	830	110	(53,968)	45,614
Investment assets and margin accounts	17,060	554,101	1,396	(16,807)	50	(26,111)	3,901	(22,165)	351	(24,681)	(7,637)	(3,259)	15,121	461,078
Accrued expenses	(27)	(253)	(3)	1	(7)	21	(9)	17	(6)	20	3	-	(49)	(194)
Investment liabilities	(4)	(2,470)	-	-	-	-	-	-	-	-	-	-	(4)	(2,470)
Net cash flows from/ (used in) operating activities	(2,610)	574,328	(2,395)	(16,561)	(9,846)	(22,150)	(6,862)	(14,272)	(10,383)	(14,168)	(6,804)	(3,149)	(38,900)	504,028
Cash flows from financing activities														
Proceeds from contributions by members	64,422	136,685	9,532	15,218	23,358	28,193	26,920	30,738	27,731	30,370	3,163	2,306	155,126	243,510
Payments for redemptions by members	(59,208)	(639,723)	(8,721)	(9,404)	(12,699)	(22,084)	(15,503)	(26,041)	(13,942)	(25,185)	(6,769)	(4,663)	(116,842)	(727,100)
PIE tax received/ (paid) on behalf of members	2,467	(9,101)	214	(707)	(15)	(2,707)	(749)	(3,478)	(1,267)	(3,691)	(32)	(34)	618	(19,718)
Switches within ANZ Default KiwiSaver Scheme	(5,070)	(61,630)	1,370	11,472	(798)	18,788	(3,806)	13,096	(2,139)	12,730	10,443	5,544	-	-
Membership fees paid	-	(559)	-	(18)	-	(40)	-	(43)	-	(56)	-	(5)	-	(721)
Net cash flows from/ (used in) financing activities	2,611	(574,328)	2,395	16,561	9,846	22,150	6,862	14,272	10,383	14,168	6,805	3,148	38,902	(504,029)
Net change in cash and cash equivalents	1	-	-	-	-	-	-	-	-	-	1	(1)	2	(1)
Cash and cash equivalents at beginning of year	375	375	4	4	13	13	15	15	13	13	12	13	432	433
Cash and cash equivalents at end of year	376	375	4	4	13	13	15	15	13	13	13	12	434	432

The notes to the financial statements form part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

These financial statements are for the ANZ Default KiwiSaver Scheme (Scheme), which comprises the following funds (each a Fund, collectively the Funds):

- Conservative Fund
- Conservative Balanced Fund
- Balanced Fund
- Balanced Growth Fund
- Growth Fund
- Cash Fund

The High Growth Fund was established by a supplemental deed on 25 October 2022. The Fund did not transact during the comparative or current accounting period and accordingly no financial statements have been prepared for the Fund.

The Scheme is a defined contribution KiwiSaver scheme domiciled in New Zealand. The main purpose of the Scheme is to provide benefits to Members in accordance with the KiwiSaver Act 2006 (KiwiSaver Act). Members of the Scheme can contribute to any of the above Funds. The Funds invest into a variety of unitised funds in order to gain exposure to cash, equity, fixed interest and property markets. The retirement benefits are determined by contributions to the Scheme together with investment earnings, and increases and decreases in value, on these contributions over the period of the membership with adjustment for fees and a member's tax.

ANZ New Zealand Investments Limited (Manager) is the Manager of the Scheme. The registered address of the Manager is Ground Floor, ANZ Centre, 23-29 Albert Street, Auckland 1010, New Zealand.

The New Zealand Guardian Trust Company Limited (Supervisor) is the Supervisor of the Scheme. The Supervisor is a trustee corporation licensed under the Financial Markets Supervisors Act 2011 to act as a Supervisor. The registered address of the Supervisor is Level 6, 191 Queen Street, Auckland. The Supervisor is also the custodian of the Scheme.

The Scheme is currently governed by the Governing Document for the ANZ Default KiwiSaver Scheme dated 9 September 2016.

The financial statements were authorised for issue by the directors of the Manager on 26 July 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

(i) Statement of compliance

These financial statements have been prepared in accordance with the Financial Markets Conduct Act 2013 (FMCA) and the Governing Document.

These financial statements comply with:

- New Zealand Generally Accepted Accounting Practice, as defined in the Financial Reporting Act 2013
- New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for publicly accountable profit-oriented entities
- International Financial Reporting Standards (IFRS).

The principal accounting policies adopted in the preparation of these financial statements are set out below.

(ii) Use of estimates and assumptions

The preparation of these financial statements requires the use of management judgement, estimates and assumptions that affect reported amounts and the application of accounting policies. Discussion of the critical accounting estimates and judgements, which include complex or subjective decisions or assessments, are included in Note 9. Such estimates will require review in future periods.

The global economy is facing challenges with high inflation, increasing interest rates, labour market constraints, and continuing geopolitical tensions which contributed to an elevated level of estimation uncertainty involved in the preparation of these financial statements.

The significant accounting estimates impacted by these uncertainties are predominantly related to fair value measurement.

(iii) Basis of measurement

The financial information has been prepared on a going concern basis in accordance with fair value concepts except for cash and cash equivalents, margin accounts, other receivables and other payables which are stated at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

Default provider status

From 1 December 2021, the Manager ceased to be a default provider and the Scheme was closed to new members. Default members who have not switched within the Scheme had their balance transferred to other default providers (refer to the Statement of Changes in Net Assets, Transfers out to other schemes for the 2022 year). The Scheme continues to operate as normal for existing members.

(iv) Changes in accounting policies and adoption of new standards and amendments

There have been no changes in accounting policies, standards issued not yet effective or early adoption of accounting standards in the preparation and presentation of the financial statements.

(v) Presentation currency and rounding

The amounts in the financial statements are presented in thousands of New Zealand dollars, unless otherwise stated.

(vi) Aggregation

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 and PIE tax which is shown in net in the Statement of Net Assets for the Scheme as disclosed in Note 2(c).

(vii) Foreign currency transactions

Investments and other monetary assets and liabilities denominated in foreign currencies are translated to New Zealand dollars at the exchange rate prevailing at balance date. Transactions in foreign currencies are recorded at the exchange rate prevailing on the dates of the transactions.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss and foreign exchange gains and losses arising from translation are presented in the Statement of Changes in Net Assets within 'Net changes fair value changes'.

(b) Revenue recognition

Interest income is recognised in the Statement of Changes in Net Assets as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date.

Net changes in the fair value of investment assets and liabilities are recognised immediately in the Statement of Changes in Net Assets.

Realised gains or losses on investments sold are calculated as the difference between sale proceeds and costs.

(c) Income tax

The Scheme is a Portfolio Investment Entity (PIE) for tax purposes.

Under the PIE regime, income is effectively taxed in the hands of the members. The Manager attributes the taxable income of the Funds to members in accordance with their proportionate interest in each Fund. Income attributed to each member is taxed at the member's Prescribed Investor Rate. The Manager accounts for tax by adjusting the members' interest in each Fund.

PIE tax transactions are typically processed at the end of each tax year and upon full exit from a fund, by cancelling or issuing units equal to the value of the tax liability or refund.

The tax balances included in the Statement of Net Assets (as disclosed in the notes to the financial statements) represent PIE tax receivable or payable on behalf of members.

(d) Assets and liabilities

(i) Financial assets and liabilities

Recognition

Investment assets and liabilities are recognised on the date that the Funds become party to the contractual agreement (trade date). Investment assets are derecognised when the contractual rights to the cash flows expire or the Funds have transferred substantially all risks and rewards of ownership. Investment liabilities are derecognised when the Funds have discharged all contractual obligations.

Measurement

The Funds' investment assets and liabilities are managed on a fair value basis, and carried at their fair value, with changes recognised in the Statement of Changes in Net Assets. The fair value of investments is based on their quoted market prices at balance date. Investment assets are priced at last traded prices, while investment liabilities are priced at current asking prices.

Investments in unitholdings are recorded at the redemption value per unit as reported by the managers of such funds, adjusted for any material information received subsequent to balance date that provides evidence of conditions that existed at balance date.

NOTES TO THE FINANCIAL STATEMENTS

(ii) Cash and cash equivalents

Cash and cash equivalents comprise current accounts and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than investments or other purposes.

(iii) Margin Accounts

Margin accounts represent margin deposits held in respect of open exchange traded futures contracts. They are separately disclosed in the Statement of Net Assets and do not form part of the cash and cash equivalents.

(iv) Other receivables and other payables

Other receivables and other payables include accrued income and expenses, and are carried at their amortised cost using the effective interest rate method. Their carrying value closely approximates their fair value due to their short term nature.

(e) Members' funds

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

Any owner changes in equity are presented in the membership activities section of the Statement of Changes in Net Assets, whereas any non-owner changes in equity are presented in the income section of the Statement of Changes in Net Assets. The Funds have no components of comprehensive income other than profit or loss for the year. Consequently, the profit or loss is the total comprehensive income of the Funds.

(f) Other

(i) Offsetting

Investment assets and liabilities are offset and the net amount reported in the Statement of Net Assets when and only when there is a current 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.

(ii) Investment entity and subsidiaries

The Scheme has multiple unrelated investors who hold multiple investments.

Ownership interests in the Funds are in the form of units, which are classified as puttable instruments in accordance with NZ IAS 32 *Financial Instruments: Presentation*, and are exposed to variable returns from changes in the fair value of the Funds' net assets.

These separate financial statements are the only financial statements for the Funds and no consolidated financial statements are required as the Funds meet the definition of an Investment Entity and thus do not consolidate subsidiaries, but account for them at fair value through profit or loss.

(g) Other

Certain prior year comparatives have been restated to conform with current year presentation.

3. FUNDING POLICY

Below is a description of the Scheme's funding policy, which is subject to further applicable KiwiSaver regulations.

Members who are employees, or self-employed who receive payments from their business that they need to deduct PAYE from, contribute either 3%, 4%, 6%, 8% or 10% of their before-tax salary or wages, unless on a savings suspension. For contributing members their employer is required to contribute an amount equal to at least 3% of the member's before-tax salary or wages, although certain exceptions apply. Employer contributions are taxed, so the actual money that goes into the member's KiwiSaver account as an employer contribution is less than 3% (or other rate provided by the employer) of the employee's before-tax salary or wages.

Anyone can make a voluntary regular or lump sum contribution to a member's account at any time.

The Government makes an annual contribution (Government Contribution) of up to \$521.43 a year to each eligible member's account.

NOTES TO THE FINANCIAL STATEMENTS

4. INVESTMENT ASSETS AND LIABILITIES

The Funds held the following investments at balance date.

As at 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme		Total investee fund net assets 2023 \$000	Number of investors in investee funds 2023	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022			
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000			
Investment assets																	
ANZ Wholesale Cash Fund	143,650	148,923	-	-	-	-	-	-	-	-	-	29,377	21,740	173,027	170,663	5,526,108	83
ANZ Wholesale Sovereign Bond Fund	52,752	49,262	-	-	-	-	-	-	-	-	-	-	-	52,752	49,262	1,410,932	43
ANZ Wholesale High Grade Bond Fund	48,943	49,640	-	-	-	-	-	-	-	-	-	-	-	48,943	49,640	1,076,859	43
ANZ Wholesale Australian Sovereign Fund	16,616	8,143	-	-	-	-	-	-	-	-	-	-	-	16,616	8,143	296,616	6
ANZ Wholesale Australian Credit Fund	9,610	-	-	-	-	-	-	-	-	-	-	-	-	9,610	-	175,998	6
ANZ Wholesale International Sovereign Fund	82,257	87,323	-	-	-	-	-	-	-	-	-	-	-	82,257	87,323	2,393,554	29
ANZ Wholesale International Credit Fund	90,909	97,893	-	-	-	-	-	-	-	-	-	-	-	90,909	97,893	2,068,292	19
ANZ Wholesale International Aggregate Bond Fund	70,441	60,449	-	-	-	-	-	-	-	-	-	-	-	70,441	60,449	1,946,627	20
ANZ Wholesale International Property Securities Fund	7,545	12,391	-	-	-	-	-	-	-	-	-	-	-	7,545	12,391	1,142,113	41
ANZ Wholesale International Listed Infrastructure Fund	5,059	6,934	-	-	-	-	-	-	-	-	-	-	-	5,059	6,934	710,592	23
ANZ Wholesale Australian Share Fund	5,740	7,859	-	-	-	-	-	-	-	-	-	-	-	5,740	7,859	792,671	19
ANZ Wholesale Australasian Share Fund	16,670	16,666	-	-	-	-	-	-	-	-	-	-	-	16,670	16,666	1,627,957	26
ANZ Wholesale Trans-Tasman Property Securities Fund	6,844	7,202	-	-	-	-	-	-	-	-	-	-	-	6,844	7,202	851,285	18
ANZ Wholesale International Share - No. 5 Fund	80,141	98,009	-	-	-	-	-	-	-	-	-	-	-	80,141	98,009	420,173	9
ANZ Wholesale Conservative Balanced Fund	-	-	102,492	103,888	-	-	-	-	-	-	-	-	-	102,492	103,888	2,284,233	6
ANZ Wholesale Balanced Fund	-	-	-	-	241,751	241,801	-	-	-	-	-	-	-	241,751	241,801	5,039,380	12
ANZ Wholesale Balanced Growth Fund	-	-	-	-	-	-	245,043	248,944	-	-	-	-	-	245,043	248,944	5,279,881	20
ANZ Wholesale Growth Fund	-	-	-	-	-	-	-	-	235,270	235,621	-	-	-	235,270	235,621	5,678,215	16
Forward foreign exchange contracts - asset position	182	2,558	-	-	-	-	-	-	-	-	-	-	-	182	2,558	-	-
Futures - asset position	696	-	-	-	-	-	-	-	-	-	-	-	-	696	-	-	-
Total investment assets	638,055	653,252	102,492	103,888	241,751	241,801	245,043	248,944	235,270	235,621	29,377	21,740	1,491,988	1,505,246			

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme		Total investee fund net assets	Number of investors in investee funds
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2023
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Investment liabilities																
Forward foreign exchange contracts - liability position	464	468	-	-	-	-	-	-	-	-	-	-	-	464	468	
Total investment liabilities	464	468	-	-	-	-	-	-	-	-	-	-	-	464	468	

Involvement with unconsolidated structured entities

A Structured Entity (SE) is an entity that has been designed such that the voting or similar rights are not the dominant factor in deciding who controls the entity, such as when voting rights relate to administrative tasks only and the relevant activities (being those that significantly affect the entity's returns) are directed by means of contractual arrangement. A SE often has some or all of the following features or attributes:

- restricted activities;
- a narrow and well defined objective;
- insufficient equity to permit the SE to finance its activities without subordinated financial support; and
- financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Funds' involvement with unconsolidated SEs is through their investment in other unitised funds. Investments designated 'ANZ' in the table on page 9 are unitised funds managed by the Manager. The maximum exposure to loss is the carrying amount of the financial assets held. Once a fund has sold all units in an investee fund, the fund ceases to be exposed to any risk from that investee fund.

During the year the Funds did not provide financial or other support to unconsolidated structured entities and have no intention of providing financial or other support in future periods.

NOTES TO THE FINANCIAL STATEMENTS

5. NET FAIR VALUE CHANGES

For the year ended 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Net changes in fair value of:														
Unitised funds managed by the Manager	(11,924)	23,567	(3,062)	1,031	(7,736)	6,145	(8,451)	10,281	(8,438)	12,885	885	151	(38,726)	54,060
Other investments	(5,252)	3,683	-	-	-	-	-	-	-	-	-	-	(5,252)	3,683
Net fair value changes	(17,176)	27,250	(3,062)	1,031	(7,736)	6,145	(8,451)	10,281	(8,438)	12,885	885	151	(43,978)	57,743

6. OTHER RECEIVABLES

As at 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
PIE tax receivable on behalf of members	3,118	2,043	493	112	1,256	-	1,146	-	938	-	-	-	6,761	-
Receivable from members	-	-	-	-	-	195	-	931	-	1,413	188	23	188	2,562
Other receivables	3,118	2,043	493	112	1,256	195	1,146	931	938	1,413	188	23	6,949	2,562

7. OTHER PAYABLES

As at 31 March	Note	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
PIE tax payable on behalf of members		-	-	-	-	-	195	-	938	-	1,424	190	23	-	425
Payable to members		3,086	2,028	485	110	1,243	-	1,125	-	926	-	-	-	6,865	2,138
Manager's fees and expenses payable	11	253	280	68	71	199	206	213	222	213	219	8	5	954	1,003
Supervisor fees payable	11	8	8	1	1	3	3	3	3	2	2	-	-	17	17
Other payables		3,347	2,316	554	182	1,445	404	1,341	1,163	1,141	1,645	198	28	7,836	3,583

NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT

Overview

The Funds' investment portfolios consist of investments in unitised funds, forward foreign exchange contracts, futures, margin accounts and cash and cash equivalents that they intend to hold for an indefinite period of time for the purpose of generating a return on investments made by the members. The Funds are exposed directly and indirectly to a variety of financial risks including credit, market and liquidity risks, through holding these investments. In addition, the Funds have financial instruments in the form of cash and cash equivalents, other receivables, and other payables that arise directly from their daily operations.

The risk management policies employed by the Funds are detailed in the notes below. The financial risk management disclosures have been prepared based on the Funds' direct investments and not on a full look-through to investments held indirectly through other unitised funds.

The Governing Document requires the Manager to invest the assets of each fund in accordance with relevant investment mandates. Asset allocation is determined by the Manager who manages the distribution of assets to achieve investment objectives. Divergence from target allocations and the composition of the portfolio is monitored by the Manager each business day. The Manager reports on asset allocations to the Supervisor monthly.

Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

Section	Description	Page numbers
Maximum exposure to credit risk	The Funds' exposure to credit risk arises from default of the counterparty, with the current maximum exposure considered to be the fair value of the assets with credit risk as set out in the Statement of Net Assets. This does not represent the maximum credit risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at balance date.	4
Credit quality	Where the Funds invest in unitised funds managed by the Manager (see Note 4), the investment strategies of these unitised funds include credit quality criteria that limits securities to certain minimum credit ratings.	13
Concentrations of credit risk	The main concentration to which the Funds are exposed to credit risk arises from the Funds' investments in cash and forward foreign exchange contracts. The concentration risk is not considered significant given the size of the balances relative to the total assets of the Funds.	13
Collateral management	Foreign exchange contracts are subject to International Swaps and Derivatives Associate (ISDA) Master Agreements. In the event of counterparty default, all contracts with the counterparty are terminated and settled on a net basis. Margin accounts are maintained for posting margin on futures contracts.	16

NOTES TO THE FINANCIAL STATEMENTS

Credit quality

Item	Counterparty	S&P Global Ratings short term credit rating ¹	
		2023	2022
Cash and cash equivalents	ANZ Bank New Zealand (see Note 11)	A-1+	A-1+
Forward foreign exchange contracts	ANZ Bank New Zealand (see Note 11), Bank of New Zealand , Westpac Banking Corporation, Commonwealth Bank of Australia	A-1+	A-1+

¹ A short-term obligation rate 'A-1' is rated in the highest category by S&P Global Ratings. The obligor's capacity to meet its financial commitments on the obligation is strong. Within this category, certain obligations are designated with plus sign (+). This indicates that the obligor's capacity to meet its financial commitments on these obligations is extremely strong.

Market risk

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

Currency risk

Currency risk is the risk that the New Zealand dollar fair value of a foreign currency denominated financial instrument will fluctuate due to changes in foreign exchange rates.

The Funds hold investments in other unitised funds which in turn may hold foreign currency-denominated investments as part of their investment mandates. Consequently, these Funds will have varying degrees of indirect exposure to currency risk. These currency exposures can be partially or fully hedged back to the New Zealand dollar.

Fund	Approach to currency risk management
Conservative Fund	<i>Australian Fixed Interest</i> Exposure to Australian fixed interest through its investment in the underlying fund is 100% passively hedged within the underlying fund.
Conservative Fund	<i>International Fixed Interest</i> Exposure to international fixed interest through its investment in the underlying fund is 100% passively hedged within the underlying fund.
Conservative Fund	<i>Australasian Equities</i> Actively hedged with a benchmark of 50% and a range of 0% - 100% for its Australian dollar exposure through its investments in the ANZ Wholesale Australian Share Fund and ANZ Wholesale Australasian Share Fund. As at balance date, the fund was hedging approximately 42% (2022: 42%) of its Australian dollar exposure through its investments in the ANZ Wholesale Australian Share Fund and the ANZ Wholesale Australasian Share Fund.
Conservative Fund	<i>International Equities</i> Actively hedged with a benchmark of 65% and a range of 0% to 100% for their foreign currency exposure through its investment in the ANZ Wholesale International Share – No. 5 Fund. As at balance date the fund was hedging approximately 65% (2022:71%) of its foreign currency exposure in the ANZ Wholesale International Share –No. 5 Fund.
Conservative Fund	<i>Australasian Listed Property</i> Exposure to Australasian listed property through its investment in the underlying fund is 100% passively hedged within the underlying fund.
Conservative Fund	<i>International Listed Property</i> Exposure to International listed property through its investment in the underlying fund is 100% passively hedged within the underlying fund.

NOTES TO THE FINANCIAL STATEMENTS

Conservative Fund	<i>International Listed Infrastructure</i> Exposure to International listed infrastructure through its investment in the underlying fund is 100% passively hedged within the underlying fund.
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The fair value of these contracts is set out in Note 4.

In accordance with the Manager's policy on foreign exchange risk management, the Manager monitors each fund's currency position on each business day through reviewing and comparing each fund's indirect foreign currency exposure to the pre-determined foreign currency hedging policies (as above).

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value of future cash flows or the fair value of financial instruments.

The Funds are not directly subject to significant amounts of interest rate risk. Cash and cash equivalents of the Funds are invested at short-term market interest rates and are held in call accounts.

The Funds have indirect exposure to interest rate risk through their investments in other unitised funds which hold cash, fixed interest and debt securities as part of their investment mandate.

Other price risk

Other price risk is the risk that the value of the Funds' investment portfolios will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk.

The Funds trade in other unitised funds. All securities held within these Funds present a risk of loss of capital. The Manager moderates this risk through a careful selection of securities and other financial instruments and by ensuring that all activities are transacted in accordance with the relevant investment mandates, overall investment strategy and within approved limits. The Manager monitors the Funds' overall market position each business day.

When a Fund has investments in other unitised funds, the increase/(decrease) in the net asset value of the Fund due to changes in the unit prices of those investments (with all other variables held constant) is shown in the table below. If the unit price was to increase by 2%, the net asset value of the fund would increase by the amount shown, and if the unit price was to decrease by the same percentage, the net asset value of the fund would decrease by the amount shown.

The Cash fund as detailed in Note 4 invests in the ANZ Wholesale Cash Fund. The Manager considers that a 0.02% change in the unit price of investments in ANZ Wholesale Cash Fund as a reasonable estimate of possible change in the average daily unit price in the ANZ Wholesale Cash Fund considering factors such as historical price movements and market conditions. The Manager does not consider the market risk to cash significant, relative to the size of the Cash Fund.

As at 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Other unitised funds	9,871	10,035	2,050	2,078	4,835	4,836	4,901	4,979	4,705	4,712	-	-	26,362	26,641

NOTES TO THE FINANCIAL STATEMENTS

Liquidity risk

Liquidity risk is the risk that the Funds may not be able to generate sufficient cash resources to settle their obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Each business day the Funds are exposed to cash redemptions of units.

Forward foreign exchange contracts have contractual maturities of 1 to 12 months. Other payables, which have no contractual maturity date are typically settled within 30 days.

In accordance with each Fund's investment policy, the Manager monitors the Funds' liquidity positions each business day through the review of cash flow information which highlights current and known future levels of redemptions. In particular:

- The Manager has not identified significant withdrawals and has not implemented any restrictions or deferrals on withdrawals.
- The Manager has not identified any illiquid investments that would result in restrictions or deferrals on withdrawals.
- The Manager believes that the Funds remain liquid and is able to meet potential withdrawals in the ordinary course of business.

9. FAIR VALUE MEASUREMENT

The Funds' investments are carried at fair value on the Statement of Net Assets. Usually the fair value of the investments can be reliably determined within a reasonable range of estimates.

Investment assets and liabilities are required to be classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuations using inputs other than quoted prices included within Level 1 that are observable for a similar asset or liability, either directly or indirectly; and
- Level 3 – valuations using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investments whose values are based on quoted market prices in active markets and are therefore classified within Level 1, include exchange traded derivatives. The Funds do not adjust the quoted price for these instruments.

The unlisted funds are Level 2 investments. These investments are priced daily and the inputs are based on quoted market prices, broker prices and other pricing valuations used by the Manager. As these are unlisted, they are Level 2 investments.

Forward foreign exchange contracts are considered Level 2 as they are priced using models with observable market inputs. Forward foreign exchange contracts are interpolated using forward rates from WM Company.

Cash and cash equivalents, margin accounts, other receivables and other payables are not measured at fair value. They are carried at amortised cost and their carrying value approximates their fair value due to their immediate or short-term nature. For purposes of fair value hierarchy, they are considered to be Level 2 assets and liabilities. For more information refer to Note 2.

There have been no changes to the fair value hierarchy classifications during the year ended 31 March 2023 (2022: none).

KEY JUDGEMENTS AND ESTIMATES

The majority of valuation models the Manager uses employ only observable market data as inputs. However, for certain financial instruments, the Manager may use data that is not readily observable in current markets. If the Manager uses unobservable market data, then the Manager needs to exercise more judgement to determine fair value depending on the significance of the unobservable input to the overall valuation and reconsider the fair value hierarchy level disclosed. Generally, the Manager derives unobservable inputs from other relevant market data, such as broker confirmation, and compares them to observed transaction prices where available.

NOTES TO THE FINANCIAL STATEMENTS

10. OFFSETTING

Financial assets and liabilities are offset in the Statement of Net Assets (in accordance with NZ IAS 32 *Financial Instruments: Presentation*) when there is:

- A current legally enforceable right to set off the recognised amounts in all circumstances; and
- An intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously.

If the above conditions are not met the financial assets and liabilities are presented on a gross basis.

The Funds do not have any arrangements that satisfy the conditions necessary to offset financial assets and financial liabilities within the Statement of Net Assets. The following tables identify financial assets and financial liabilities which have not been offset but which are subject to enforceable master netting agreements (or similar arrangements) and the related amounts not offset in the Statement of Net Assets. Any effect of overcollateralization has been taken into account.

Financial assets subject to enforceable master netting arrangements and similar agreements

As at 31 March	Conservative Fund		ANZ Default KiwiSaver Scheme	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Derivative instruments				
Gross amounts of recognised financial assets	878	2,558	878	2,558
Net amounts of financial assets presented in the Statement of Net Assets	878	2,558	878	2,558
Related amounts not offset in the Statement of Net Assets:				
Financial instruments	99	399	99	399
Net amount	779	2,159	779	2,159

Financial liabilities subject to enforceable master netting arrangements and similar agreements

As at 31 March	Conservative Fund		ANZ Default KiwiSaver Scheme	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Derivative instruments				
Gross amounts of recognised financial liabilities	464	468	464	468
Net amounts of financial liabilities presented in the Statement of Net Assets	464	468	464	468
Related amounts not offset in the Statement of Net Assets:				
Financial instruments	99	399	99	399
Net amount	365	69	365	69

NOTES TO THE FINANCIAL STATEMENTS

11. RELATED PARTY TRANSACTIONS

All related party transactions are conducted on an arm's length basis in the ordinary course of business and on standard commercial terms and conditions.

The Manager and Supervisor provide Key Management Personnel services to the Funds. The Manager is a wholly owned subsidiary of ANZ Bank New Zealand Limited, the ultimate parent of which is ANZ Group Holdings Limited.

Manager's fees and expenses

The membership fee was removed effective 30 September 2021. Prior year membership fees of \$721,000 were deducted from the Scheme and paid to the Manager by cancelling units in members' accounts. Membership fees for each Fund are shown in the Statement of Changes in Net Assets.

Under the terms of the Governing Document, the Manager is entitled to receive management fees, calculated by reference to the daily net asset value of the Funds. Management fees paid for the year are shown in the Statement of Changes in Net Assets.

The Manager and Supervisor are also entitled to be reimbursed for expenses such as audit costs, postage and legal fees incurred on behalf of the Funds. Allowance for these expenses is charged to the Funds daily and is reflected in the unit price of each Fund. To ensure fair allocation of one-off type expenses and fees incurred annually, the Funds are charged a set capped rate as a percentage of each fund's net asset value each day. The total of this daily accrual is the maximum that the Funds will pay the Manager for reimbursement of expenses. Where the actual expenses paid by the Manager are higher, the Manager may carry amounts forward to be recovered in future periods. Manager's other costs are shown in the Statement of Changes in Net Assets. The amounts presented are after auditor's fee reallocation and cost refunds from the Manager, therefore, may result in negative Manager's other costs.

Amounts payable to the Manager at the end of the year are payable within 15 days of balance date (refer to Note 7).

As at 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
The Manager receives the following percentage per annum of the net asset value of the Funds, determined upon each valuation day:	0.38%	0.38%	0.70%	0.70%	0.90%	0.90%	0.95%	0.95%	1.00%	1.00%	0.19%	0.19%

Supervisor Fees

The Supervisor's annual fee is calculated based on a formula where it is the total of 0.01% of the Fund's NAV (calculated on a daily basis) plus each Fund's proportional share of \$0.60 per quarter for the average number of scheme members during the quarter. Where a Fund invests in an underlying fund that is overseen by the same supervisor, a separate supervisor fee is not charged for that underlying fund. The Supervisor fee expense for the year is shown in the Statement of Changes in Net Assets. Fees payable to the Supervisor at the end of the year are payable within 15 days of balance date (refer to Note 7).

NOTES TO THE FINANCIAL STATEMENTS

Investments in products issued by related parties

The Funds invest in securities and products issued by ANZ Bank New Zealand Limited.

As at 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund		ANZ Default KiwiSaver Scheme	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Assets:														
Cash and cash equivalents	376	375	4	4	13	13	15	15	13	13	13	12	434	432
Forward foreign exchange contracts - asset position	95	752	-	-	-	-	-	-	-	-	-	-	95	752
Total assets	471	1,127	4	4	13	13	15	15	13	13	13	12	529	1,184
Liabilities:														
Forward foreign exchange contracts - liability position	(22)	(139)	-	-	-	-	-	-	-	-	-	-	(22)	(139)
Total liabilities	(22)	(139)	-	-	-	-	-	-	-	-	-	-	(22)	(139)
Income/(Loss) during the period														
Interest income (cash and cash equivalents)	11	1	-	-	-	-	-	-	-	-	-	-	11	1
Net fair value changes	(2,604)	1,199	-	-	-	-	-	-	-	-	-	-	(2,604)	1,199
Total income/(loss) from related party transactions	(2,593)	1,200	-	-	-	-	-	-	-	-	-	-	(2,593)	1,200

12. MEMBERS' FUNDS

Members are entitled to one vote per unit at a meeting of the members of the Funds, and rank equally with regard to each fund's assets.

For the year ended 31 March	Conservative Fund		Conservative Balanced Fund		Balanced Fund		Balanced Growth Fund		Growth Fund		Cash Fund	
	2023 000's	2022 000's	2023 000's	2022 000's	2023 000's	2022 000's	2023 000's	2022 000's	2023 000's	2022 000's	2023 000's	2022 000's
Number of units on issue												
Units on issue at the beginning of the year	328,642	603,578	49,409	41,723	108,322	98,614	104,711	98,889	94,206	88,689	14,427	12,337
Units issued during the year	39,901	71,474	10,045	19,001	16,396	28,352	16,265	24,035	15,366	21,619	10,712	8,257
Units redeemed during the year	(38,621)	(346,410)	(8,832)	(11,315)	(11,708)	(18,644)	(13,118)	(18,213)	(10,853)	(16,102)	(6,247)	(6,167)
Number of units on issue at the end of the year	329,922	328,642	50,622	49,409	113,010	108,322	107,858	104,711	98,719	94,206	18,892	14,427
Units issued/ (redeemed) in April for PIE tax receivable/ (payable) at 31 March on behalf of members:	1,578	1,006	240	52	582	(87)	496	(392)	389	(565)	(121)	(15)



Independent Auditor's Report

To the members of the:

- Conservative Fund;
- Conservative Balanced Fund;
- Balanced Fund;
- Balanced Growth Fund;
- Growth Fund; and
- Cash Fund.

Collectively "ANZ Default KiwiSaver Scheme" (the "Funds and Scheme").

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of the Funds and Scheme on pages 2 to 18 present fairly, in all material respects:

- i. the Funds and Scheme's financial position as at 31 March 2023 and its financial performance and cash flows for the year ended on that date;
- ii. in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying financial statements which comprise:

- the Statement of Net Assets as at 31 March 2023;
- the Statement of Changes in Net Assets and Statement of Cash Flows for the year then ended; and
- notes, including a summary of significant accounting policies.

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 Fund 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") and provided other services to the Funds and Scheme in relation to semi-annual controls assurance reporting and registry assurance reporting in line with Section 218 of the 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.

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 (a) (ii) Use of estimates and assumptions and Note 4 Investment assets and liabilities (for existence and valuation) of the financial statements.

The Funds' portfolio of investments is the most significant asset. These comprise liquid investments including bank accounts, fund-to-fund investments, and simple derivatives.

The global economy is facing challenges associated with high inflation, increasing interest rates, labour market constraints, and continuing geopolitical tensions which contributes to an elevated level of estimation uncertainty involved in the preparation of these financial statements around the valuation of investments and the fair value hierarchy attributed to each valuation. This requires additional judgement.

Our audit procedures included:

- documenting and understanding the processes in place to record investment transactions and to value the portfolio, this included evaluating the control environment in place at the administration manager by obtaining and reading the service organisation reports issued by an independent auditor on the design and operation of those controls throughout the period;
- agreeing investment holdings to confirmations received from the registrar;
- agreeing the valuation of fund-to-fund investments to the redemption value per unit as reported by the manager;
- for derivatives, engaging our valuation specialists to check the reasonableness of the inputs to information available from independent third-party pricing sources;
- for bank accounts, agreeing the closing book value to bank confirmations;
- consideration of the fair value hierarchy level assigned to each investment and the appropriateness of the valuation information available; and
- consideration of the adequacy of disclosures regarding the impact of emerging external risks.

Calculation of management fees

Refer to note 11 related party transactions in the financial statements.

Under the terms of the Governing Document, ANZ New Zealand Investments Limited (the "Manager") is entitled to receive a management fee, calculated as a percentage of

Our audit procedures included:

- documenting and understanding the process in place to calculate and record management fees as well as the processes to generate underlying information such as daily unit pricing. This included evaluating the control environment in place at the administration manager by obtaining and reading the service organisation reports issued by an independent

The key audit matter

How the matter was addressed in our audit

the daily net asset value of the Funds.

As the Manager calculates and pays the fee on behalf of the Funds to itself, there is an inherent risk that the Manager could manipulate the calculation to boost its own earnings from its administrative duties.

Due to the inherent risk of fraud as management could override controls, we identified the calculation of management fees as an area of key audit focus.

auditor on the design and operation of those controls throughout the period;

- assessing the calculation of the management fees by comparing the net asset values to daily unit pricing for selected days and management fee rates to the Other Material Information which forms part of the offer documents as applicable for the period; and
- reviewing manual journal entries to test whether any unauthorised or not supported adjustment has been made to the management fees to address the risk of management overriding controls.

Other information

The Manager, on behalf of the Funds and Scheme, are responsible for the other information included in the Funds and Scheme's Annual Report. The Annual Report, prepared at the same time as the financial statements, include a link to where the audited financial statements can be found on the Disclose website. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

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

Use of this independent auditor's report

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

Responsibilities of the Manager for the financial statements

The Manager, on behalf of the Funds and Scheme, is 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;

- 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 Nicholas Moss.

For and on behalf of



KPMG
Auckland

26 July 2023