

ASB KiwiSaver Scheme Financial Statements

For the year ended 31 March 2023

Contents

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Statements of Changes in Net Assets Available for Benefits

| \$ thousands | | NZ Cash Fund | | Conservative Fund | | Moderate Fund | | Balanced Fund | | |
|--|------|----------------|-----------|-------------------|-----------|------------------|-----------|------------------|-----------|--|
| For the year ended 31 March | | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | |
| | Note | | | | | | | | | |
| Income | | | | | | | | | | |
| Distribution income | | 18,055 | 4,125 | 30,768 | 28,472 | 22,572 | 15,632 | 27,861 | 16,042 | |
| Interest income | | 214 | 29 | 778 | 148 | 590 | 100 | 738 | 118 | |
| Net gains/(losses) on financial instruments at fair value through profit or loss | 2 | 10,095 | 1,035 | (70,738) | (104,314) | (58,196) | (42,015) | (69,231) | 4,582 | |
| Foreign currency gains/(losses) on cash and cash equivalents | | - | - | (10) | - | (11) | - | (18) | - | |
| Wholesale fee rebate | | 34 | 29 | 324 | 605 | 235 | 289 | 288 | 346 | |
| Total income/(loss) attributable to members | | 28,398 | 5,218 | (38,878) | (75,089) | (34,810) | (25,994) | (40,362) | 21,088 | |
| Net profit/(loss) before membership activities | | 28,398 | 5,218 | (38,878) | (75,089) | (34,810) | (25,994) | (40,362) | 21,088 | |
| Membership activities | | | | | | | | | | |
| Employer contributions | | 29,598 | 24,622 | 110,072 | 121,851 | 64,186 | 60,662 | 74,945 | 68,979 | |
| Member contributions | | 60,618 | 60,845 | 221,782 | 338,025 | 167,670 | 288,405 | 192,648 | 283,184 | |
| Crown contributions | | 10,511 | 9,482 | 37,855 | 46,243 | 22,488 | 22,800 | 24,899 | 24,073 | |
| Transfers from other scheme providers | | 20,351 | 19,569 | 33,033 | 31,425 | 40,441 | 43,246 | 57,743 | 55,888 | |
| Member withdrawals | 6 | (138,269) | (108,390) | (297,071) | (243,886) | (174,881) | (113,619) | (95,509) | (73,461) | |
| Management fee expenses deducted | 7 | (2,757) | (2,227) | (13,039) | (15,392) | (13,821) | (14,205) | (17,569) | (17,500) | |
| Administration fee expenses deducted | 7 | - | (624) | - | (3,432) | - | (1,239) | - | (1,197) | |
| Transfers to other scheme providers | | (20,435) | (32,524) | (78,502) | (594,260) | (52,481) | (87,293) | (70,318) | (122,508) | |
| Switches in from other ASB KiwiSaver funds within the Scheme | | 300,329 | 202,913 | 222,470 | 175,474 | 176,299 | 229,349 | 198,002 | 315,560 | |
| Switches out to other ASB KiwiSaver funds within the Scheme | | (111,158) | (146,444) | (293,438) | (525,123) | (212,504) | (268,355) | (216,689) | (241,389) | |
| PIE tax (paid/payable)/received/receivable | | (5,796) | (544) | 7,517 | 22,069 | 4,265 | 9,319 | 3,505 | 1,848 | |
| Allocated contributions/Member withdrawal payments | | - | - | - | - | - | - | - | - | |
| Unallocated contributions | | - | - | - | - | - | - | - | - | |
| Net membership activities | | 142,992 | 26,678 | (49,321) | (647,006) | 21,662 | 169,070 | 151,657 | 293,477 | |
| Net benefits/(losses) accrued to members | | 171,390 | 31,896 | (88,199) | (722,095) | (13,148) | 143,076 | 111,295 | 314,565 | |
| Total members' funds at the beginning of the year | | 694,535 | 662,639 | 3,386,511 | 4,108,606 | 2,384,435 | 2,241,359 | 2,772,005 | 2,457,440 | |
| Total members' funds at the end of the year | | 865,925 | 694,535 | 3,298,312 | 3,386,511 | 2,371,287 | 2,384,435 | 2,883,300 | 2,772,005 | |

These statements are to be read in conjunction with the notes on pages 8 to 24 and the Independent Auditor's Report on pages 25 to 29.

Statements of Changes in Net Assets Available for Benefits (continued)

| \$ thousands | | Growth Fund | | Positive Impact Fund | | Scheme Transactions Account | | Total ASB KiwiSaver Scheme | | |
|--|------|------------------|-----------|----------------------|----------|-----------------------------|---------|----------------------------|-------------|--|
| For the year ended 31 March | | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | |
| | Note | | | | | | | | | |
| Income | | | | | | | | | | |
| Distribution income | | 49,445 | 22,198 | - | - | - | - | 148,701 | 86,469 | |
| Interest income | | 1,252 | 200 | 28 | 6 | - | - | 3,600 | 601 | |
| Net gains/(losses) on financial instruments at fair value through profit or loss | 2 | (128,612) | 116,170 | (11,243) | (383) | - | - | (327,925) | (24,925) | |
| Foreign currency gains/(losses) on cash and cash equivalents | | (50) | - | (1) | - | - | - | (90) | - | |
| Wholesale fee rebate | | 493 | 586 | 3 | - | - | - | 1,377 | 1,855 | |
| Total income/(loss) attributable to members | | (77,472) | 139,154 | (11,213) | (377) | - | - | (174,337) | 64,000 | |
| Net profit/(loss) before membership activities | | (77,472) | 139,154 | (11,213) | (377) | - | - | (174,337) | 64,000 | |
| Membership activities | | | | | | | | | | |
| Employer contributions | | 172,766 | 155,460 | 4,852 | 3,679 | - | - | 456,419 | 435,253 | |
| Member contributions | | 356,589 | 376,808 | 10,525 | 10,492 | - | - | 1,009,832 | 1,357,759 | |
| Crown contributions | | 54,335 | 50,209 | 1,594 | 1,100 | - | - | 151,682 | 153,907 | |
| Transfers from other scheme providers | | 68,237 | 109,401 | 5,928 | 7,630 | - | - | 225,733 | 267,159 | |
| Member withdrawals | 6 | (72,096) | (75,747) | (2,440) | (2,290) | 174 | 51 | (780,092) | (617,342) | |
| Management fee expenses deducted | 7 | (32,163) | (31,258) | (1,101) | (923) | - | - | (80,450) | (81,505) | |
| Administration fee expenses deducted | 7 | - | (2,547) | - | (54) | - | - | - | (9,093) | |
| Transfers to other scheme providers | | (157,150) | (278,247) | (5,327) | (6,273) | - | - | (384,213) | (1,121,105) | |
| Switches in from other ASB KiwiSaver funds within the Scheme | | 218,728 | 454,124 | 22,634 | 45,749 | - | - | - | - | |
| Switches out to other ASB KiwiSaver funds within the Scheme | | (281,034) | (224,792) | (23,639) | (17,066) | - | - | - | - | |
| PIE tax (paid/payable)/received/receivable | | 5,682 | (13,660) | 1,256 | (79) | - | - | 16,429 | 18,953 | |
| Allocated contributions/Member withdrawal payments | | - | - | - | - | (1,556) | (6,069) | (1,556) | (6,069) | |
| Unallocated contributions | | - | - | - | - | 790 | 1,505 | 790 | 1,505 | |
| Net membership activities | | 333,894 | 519,751 | 14,282 | 41,965 | (592) | (4,513) | 614,574 | 399,422 | |
| Net benefits/(losses) accrued to members | | 256,422 | 658,905 | 3,069 | 41,588 | (592) | (4,513) | 440,237 | 463,422 | |
| Total members' funds at the beginning of the year | | 4,664,239 | 4,005,334 | 111,167 | 69,579 | 1,556 | 6,069 | 14,014,448 | 13,551,026 | |
| Total members' funds at the end of the year | | 4,920,661 | 4,664,239 | 114,236 | 111,167 | 964 | 1,556 | 14,454,685 | 14,014,448 | |

These statements are to be read in conjunction with the notes on pages 8 to 24 and the Independent Auditor's Report on pages 25 to 29.

Statements of Net Assets Available for Benefits

| \$ thousands | | NZ Cash Fund | | Conservative Fund | | Moderate Fund | | Balanced Fund | |
|---|------|----------------|----------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| As at 31 March | Note | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Assets | | | | | | | | | |
| Cash and cash equivalents | | 5,232 | 6,253 | 16,880 | 32,131 | 13,477 | 24,258 | 15,712 | 28,127 |
| Financial assets at fair value through profit or loss | 3 | 865,359 | 689,234 | 3,276,182 | 3,333,143 | 2,355,790 | 2,349,505 | 2,864,953 | 2,741,797 |
| Receivables | 4 | 1,243 | 931 | 6,934 | 23,863 | 3,870 | 11,842 | 3,980 | 4,177 |
| Total assets | | 871,834 | 696,418 | 3,299,996 | 3,389,137 | 2,373,137 | 2,385,605 | 2,884,645 | 2,774,101 |
| Liabilities | | | | | | | | | |
| Payables | 5 | 5,909 | 1,883 | 1,684 | 2,626 | 1,850 | 1,170 | 1,345 | 2,096 |
| Total liabilities | | 5,909 | 1,883 | 1,684 | 2,626 | 1,850 | 1,170 | 1,345 | 2,096 |
| Net assets attributable to members | | 865,925 | 694,535 | 3,298,312 | 3,386,511 | 2,371,287 | 2,384,435 | 2,883,300 | 2,772,005 |
| Represented by: | | | | | | | | | |
| Liability for promised retirement benefits | | 865,925 | 694,535 | 3,298,312 | 3,386,511 | 2,371,287 | 2,384,435 | 2,883,300 | 2,772,005 |

These statements are to be read in conjunction with the notes on pages 8 to 24 and the Independent Auditor's Report on pages 25 to 29.


Statements of Net Assets Available for Benefits (continued)

| \$ thousands | | Growth Fund | | Positive Impact Fund | | Scheme Transactions Account | | Total ASB KiwiSaver Scheme | |
|---|------|------------------|-----------|----------------------|---------|-----------------------------|--------|----------------------------|------------|
| As at 31 March | Note | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Assets | | | | | | | | | |
| Cash and cash equivalents | | 26,275 | 58,705 | 733 | 1,220 | 8,204 | 10,755 | 86,513 | 161,449 |
| Financial assets at fair value through profit or loss | 3 | 4,889,896 | 4,615,381 | 112,616 | 109,733 | - | - | 14,364,796 | 13,838,793 |
| Receivables | 4 | 6,702 | 4,440 | 1,099 | 376 | - | - | 23,828 | 45,629 |
| Total assets | | 4,922,873 | 4,678,526 | 114,448 | 111,329 | 8,204 | 10,755 | 14,475,137 | 14,045,871 |
| Liabilities | | | | | | | | | |
| Payables | 5 | 2,212 | 14,287 | 212 | 162 | 7,240 | 9,199 | 20,452 | 31,423 |
| Total liabilities | | 2,212 | 14,287 | 212 | 162 | 7,240 | 9,199 | 20,452 | 31,423 |
| Net assets attributable to members | | 4,920,661 | 4,664,239 | 114,236 | 111,167 | 964 | 1,556 | 14,454,685 | 14,014,448 |
| Represented by: | | | | | | | | | |
| Liability for promised retirement benefits | | 4,920,661 | 4,664,239 | 114,236 | 111,167 | 964 | 1,556 | 14,454,685 | 14,014,448 |

The Board of Directors of the Manager authorised these financial statements for issue:

Director

 27 July 2023

Director

 27 July 2023

These statements are to be read in conjunction with the notes on pages 8 to 24 and the Independent Auditor's Report on pages 25 to 29.

Cash Flow Statements

| \$ thousands | NZ Cash Fund | | Conservative Fund | | Moderate Fund | | Balanced Fund | |
|---|------------------|-----------|-------------------|-------------|------------------|-------------|------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| For the year ended 31 March | | | | | | | | |
| Cash flows from operating activities | | | | | | | | |
| Net profit/(loss) before membership activities | 28,398 | 5,218 | (38,878) | (75,089) | (34,810) | (25,994) | (40,362) | 21,088 |
| Reconciliation of net profit/(loss) before membership activities to net cash flows from operating activities | | | | | | | | |
| Non cash items: | | | | | | | | |
| Unrealised losses/(gains) on financial instruments at fair value through profit or loss | (8,776) | 3,506 | 94,882 | 386,095 | 69,929 | 212,858 | 99,265 | 160,101 |
| Distribution income reinvested | (18,055) | (4,125) | (30,768) | (28,472) | (22,572) | (15,632) | (27,861) | (16,042) |
| Purchase of investments | (176,240) | (109,199) | (291,661) | (1,458,864) | (269,009) | (1,236,931) | (394,843) | (1,264,728) |
| Sale of investments | 26,946 | 79,945 | 284,508 | 1,838,736 | 215,367 | 908,164 | 200,283 | 811,400 |
| Net change in operating receivables | (28) | (5) | (94) | (22) | (79) | (20) | (121) | (22) |
| Net cash flows from operating activities | (147,755) | (24,660) | 17,989 | 662,384 | (41,174) | (157,555) | (163,639) | (288,203) |
| Cash flows from financing activities | | | | | | | | |
| Cash was provided from: | | | | | | | | |
| Employer contributions | 29,449 | 24,469 | 109,553 | 121,230 | 63,896 | 60,301 | 74,598 | 68,566 |
| Member contributions | 61,258 | 60,867 | 223,276 | 338,185 | 169,591 | 289,557 | 193,917 | 283,432 |
| Crown contributions | 10,511 | 9,479 | 37,850 | 46,242 | 22,488 | 22,792 | 24,899 | 24,073 |
| Transfers from other scheme providers | 20,295 | 19,454 | 32,752 | 31,315 | 40,319 | 43,050 | 57,444 | 55,782 |
| Switches in from other ASB KiwiSaver funds within the Scheme | 299,610 | 202,564 | 222,343 | 175,203 | 175,981 | 228,220 | 197,481 | 315,070 |
| Contributions to be allocated within the Scheme | - | - | - | - | - | - | - | - |
| Unallocated contributions | - | - | - | - | - | - | - | - |
| PIE tax received on behalf of members | - | - | 23,979 | - | 11,124 | - | 3,721 | - |
| Total cash inflows provided from financing activities | 421,123 | 316,833 | 649,753 | 712,175 | 483,399 | 643,920 | 552,060 | 746,923 |
| Cash was applied to: | | | | | | | | |
| Member withdrawals | (139,285) | (110,650) | (298,568) | (245,742) | (174,408) | (113,949) | (97,008) | (73,862) |
| Management fee expenses deducted | (2,757) | (2,227) | (13,039) | (15,392) | (13,821) | (14,205) | (17,569) | (17,500) |
| Administration fee expenses deducted | - | (624) | - | (3,432) | - | (1,239) | - | (1,197) |
| Transfers out to other scheme providers | (20,374) | (32,495) | (78,475) | (593,955) | (52,421) | (87,262) | (69,750) | (122,358) |
| Switches out to other ASB KiwiSaver funds within the Scheme | (110,941) | (145,646) | (292,911) | (524,229) | (212,356) | (268,176) | (216,509) | (240,043) |
| PIE tax paid on behalf of members | (1,032) | (260) | - | (4,672) | - | (3,586) | - | (15,054) |
| Total cash outflows applied to financing activities | (274,389) | (291,902) | (682,993) | (1,387,422) | (453,006) | (488,417) | (400,836) | (470,014) |
| Net cash flows from financing activities | 146,734 | 24,931 | (33,240) | (675,247) | 30,393 | 155,503 | 151,224 | 276,909 |
| Summary of movements in cash flows | | | | | | | | |
| Net increase/(decrease) in cash and cash equivalents | (1,021) | 271 | (15,251) | (12,863) | (10,781) | (2,052) | (12,415) | (11,294) |
| Add: cash and cash equivalents at beginning of the year | 6,253 | 5,982 | 32,131 | 44,994 | 24,258 | 26,310 | 28,127 | 39,421 |
| Cash and cash equivalents at end of the year | 5,232 | 6,253 | 16,880 | 32,131 | 13,477 | 24,258 | 15,712 | 28,127 |
| Additional operating cash flow information | | | | | | | | |
| Interest received as cash | 199 | 24 | 743 | 125 | 555 | 86 | 678 | 102 |

These statements are to be read in conjunction with the notes on pages 8 to 24 and the Independent Auditor's Report on pages 25 to 29.

Cash Flow Statements (continued)

| \$ thousands | Growth Fund | | Positive Impact Fund | | Scheme Transactions Account | | Total ASB KiwiSaver Scheme | |
|---|------------------|-------------|----------------------|----------|-----------------------------|---------|----------------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| For the year ended 31 March | | | | | | | | |
| Cash flows from operating activities | | | | | | | | |
| Net profit/(loss) before membership activities | (77,472) | 139,154 | (11,213) | (377) | - | - | (174,337) | 64,000 |
| Reconciliation of net profit/(loss) before membership activities to net cash flows from operating activities | | | | | | | | |
| Non cash items: | | | | | | | | |
| Unrealised losses/(gains) on financial instruments at fair value through profit or loss | 188,734 | 96,485 | 11,143 | 375 | - | - | 455,177 | 859,420 |
| Distribution income reinvested | (49,445) | (22,198) | - | - | - | - | (148,701) | (86,469) |
| Purchase of investments | (745,802) | (1,815,334) | (24,069) | (41,617) | - | - | (1,901,624) | (5,926,673) |
| Sale of investments | 331,998 | 1,089,602 | 10,043 | 209 | - | - | 1,069,145 | 4,728,056 |
| Net change in operating receivables | (199) | (39) | (5) | (1) | - | - | (526) | (109) |
| Net cash flows from operating activities | (352,186) | (512,330) | (14,101) | (41,411) | - | - | (700,866) | (361,775) |
| Cash flows from financing activities | | | | | | | | |
| Cash was provided from: | | | | | | | | |
| Employer contributions | 172,020 | 154,547 | 4,833 | 3,651 | (2,212) | (2,799) | 452,137 | 429,965 |
| Member contributions | 359,511 | 377,652 | 10,860 | 10,534 | (6,956) | (7,884) | 1,011,457 | 1,352,343 |
| Crown contributions | 54,335 | 50,209 | 1,594 | 1,100 | - | - | 151,677 | 153,895 |
| Transfers from other scheme providers | 68,101 | 108,927 | 5,922 | 7,581 | (1,362) | (1,310) | 223,471 | 264,799 |
| Switches in from other ASB KiwiSaver funds within the Scheme | 218,316 | 453,056 | 22,625 | 45,506 | - | - | - | - |
| Contributions to be allocated within the Scheme | - | - | - | - | 6,969 | 9,025 | 6,969 | 9,025 |
| Unallocated contributions | - | - | - | - | 790 | 1,505 | 790 | 1,505 |
| PIE tax received on behalf of members | - | - | 165 | - | 97 | - | 39,086 | - |
| Total cash inflows/(outflows) provided from financing activities | 872,283 | 1,144,391 | 45,999 | 68,372 | (2,674) | (1,463) | 1,885,587 | 2,211,532 |
| Cash was applied to: | | | | | | | | |
| Member withdrawals | (72,278) | (76,794) | (2,522) | (2,233) | 123 | 38 | (783,946) | (623,192) |
| Management fee expenses deducted | (32,163) | (31,258) | (1,101) | (923) | - | - | (80,450) | (81,505) |
| Administration fee expenses deducted | - | (2,547) | - | (54) | - | - | - | (9,093) |
| Transfers out to other scheme providers | (157,090) | (278,217) | (5,319) | (6,273) | - | - | (383,429) | (1,120,560) |
| Switches out to other ASB KiwiSaver funds within the Scheme | (280,196) | (224,492) | (23,443) | (17,033) | - | - | - | - |
| PIE tax paid on behalf of members | (10,800) | (37,460) | - | (75) | - | (646) | (11,832) | (61,753) |
| Total cash outflows applied to financing activities | (552,527) | (650,768) | (32,385) | (26,591) | 123 | (608) | (1,259,657) | (1,896,103) |
| Net cash flows from financing activities | 319,756 | 493,623 | 13,614 | 41,781 | (2,551) | (2,071) | 625,930 | 315,429 |
| Summary of movements in cash flows | | | | | | | | |
| Net increase/(decrease) in cash and cash equivalents | (32,430) | (18,707) | (487) | 370 | (2,551) | (2,071) | (74,936) | (46,346) |
| Add: cash and cash equivalents at beginning of the year | 58,705 | 77,412 | 1,220 | 850 | 10,755 | 12,826 | 161,449 | 207,795 |
| Cash and cash equivalents at end of the year | 26,275 | 58,705 | 733 | 1,220 | 8,204 | 10,755 | 86,513 | 161,449 |
| Additional operating cash flow information | | | | | | | | |
| Interest received as cash | 1,162 | 171 | 26 | 5 | - | - | 3,363 | 513 |

These statements are to be read in conjunction with the notes on pages 8 to 24 and the Independent Auditor's Report on pages 25 to 29.

Notes to the Financial Statements

For the year ended 31 March 2023

1 Statement of Accounting Policies

General Accounting Policies

These financial statements have been prepared for each of the funds included in the ASB KiwiSaver Scheme (the "Scheme"), comprising NZ Cash Fund, Conservative Fund, Moderate Fund, Balanced Fund, Growth Fund and Positive Impact Fund, as well as the Scheme. The financial statements also include information for the "Scheme Transactions Account" that forms part of the Scheme and comprises client monies and unallocated contributions (refer to "Cash and cash equivalents" of the Particular Accounting Policies Section for additional details).

The Scheme is a registered KiwiSaver Scheme under the KiwiSaver Act 2006, registration number KSS10006 (Disclose Register Scheme number SCH10678). The Scheme is governed by the ASB KiwiSaver Scheme Trust Deed (the "Trust Deed"). The Scheme is a Defined Contribution Scheme and was available to the public from 1 July 2007. Members contribute to the Scheme over time and benefits payable depend on contributions made and any return on contributions invested. The principal purpose of the Scheme is to provide retirement benefits to members and the principal activity of the Scheme is investment. The Scheme is domiciled and registered in New Zealand.

In accordance with the Trust Deed, the liabilities of the Scheme are not limited to a particular group of assets in an individual fund of the Scheme. The results of the Scheme's funds have been disclosed in the financial statements to provide more useful and meaningful information to the user of the financial statements of the Scheme and should be read in conjunction with the totals for the Scheme as a whole.

The Supervisor of the Scheme is Public Trust. The Supervisor's registered office is SAP Tower, Level 16, 151 Queen Street, Auckland CBD, Auckland 1010. The Manager of the Scheme is ASB Group Investments Limited. The Manager's registered office is ASB North Wharf, 12 Jellicoe Street, Auckland Central, Auckland 1010. The Manager holds a Managed Investment Scheme Manager Licence under Part 6 of the Financial Markets Conduct Act 2013 (the "Act"). The Scheme is a registered scheme in accordance with the Act.

Members' funds are invested in a range of investments in accordance with the terms of the Trust Deed and the statement of investment policy and objectives. These investments are in a variety of managed funds investments to gain exposure to cash, equity, fixed interest, property markets, gold and derivatives.

These general purpose financial statements are for the year ended 31 March 2023 and have been prepared in accordance with the requirements of the Trust Deed and the Act.

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other New Zealand accounting standards and authoritative notices applicable to for-profit entities. These financial statements also comply with International Financial Reporting Standards.

New standards and amendments

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

In December 2022, the External Reporting Board (XRB) published the Aotearoa New Zealand Climate Standards. These include a framework for considering climate-related risks and opportunities as well as principles and general requirements to enable high-quality climate related disclosures. Effective 1 January 2023, part 7A of the Financial Markets Conduct Act 2013 made climate related disclosures mandatory for climate reporting entities.

These standards will be effective for the Scheme in the year ended 31 March 2024. The Manager is actively working towards producing the required disclosures and expects to be able to do so within the required time frame.

On 26 June 2023, the International Sustainability Standards Board ("ISSB") issued its first two International Financial Reporting Standards ("IFRS") Sustainability Disclosure Standards: IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate related Disclosures. These standards do not replace the Aotearoa New Zealand Climate Standards ("NZ CS"), which remain the standards required to be used by climate reporting entities in New Zealand. The XRB intends to issue a comparison document between IFRS S2 and NZ CS by September 2023.

Basis of Preparation

The measurement base adopted is that of fair value except where otherwise stated.

The results, positions and cashflows of the Scheme total have been prepared on a consolidated basis with the elimination of interfund transactions and balances.

These financial statements have been prepared on a going concern basis.

Presentation Currency and Rounding

The functional and presentation currency is New Zealand dollars. The amounts contained in these financial statements are presented in thousands, unless otherwise stated.

Notes to the Financial Statements

For the year ended 31 March 2023

1 Statement of Accounting Policies (continued)

Particular Accounting Policies

The following particular accounting policies have been applied on a consistent basis.

- **Investments in subsidiaries**

The Scheme meets the definition of an investment entity and as such, does not consolidate the entities it controls. Instead, interests in subsidiaries are classified as fair value through profit or loss, and measured at fair value. The Scheme has applied the consolidation exemption available under NZ IFRS 10 *Consolidated Financial Statements* and is accounting for its investment in the following subsidiaries at fair value through profit or loss:

| Subsidiary | Place of business | Ownership Interest | |
|---|-----------------------|--------------------|------|
| | | 2023 | 2022 |
| Investors Wholesale Australasian Equity (Index) Trust | Auckland, New Zealand | 78% | 76% |
| Investors Wholesale Cash Trust | Auckland, New Zealand | 80% | 78% |
| Investors Wholesale NZ Corporate Bond Trust | Auckland, New Zealand | 77% | 75% |
| Investors Wholesale Global Property (Index) Trust | Auckland, New Zealand | 79% | 77% |
| Investors Wholesale Global Credit Positive Impact Trust | Auckland, New Zealand | 85% | 81% |
| Investors Wholesale Global Equities Positive Impact Trust | Auckland, New Zealand | 85% | 81% |
| Investors Wholesale Gold Trust | Auckland, New Zealand | 79% | 76% |

- **Income Recognition**

Income is recognised for each principal source as follows:

- Distribution income is recognised when the right to a distribution is established.
- Interest income for financial assets measured at amortised cost is recognised using the effective interest method. This includes interest income from cash and cash equivalents.
- Any unrealised gains or losses arising from the revaluation of financial assets and liabilities, along with realised gains or losses from the sale of investments during the year are included in the Statements of Changes in Net Assets Available for Benefits as net gains/(losses) on financial instruments at fair value through profit or loss.
- Foreign currency differences arising on translation of cash and cash equivalents are recognised in the Statements of Changes in Net Assets Available for Benefits as foreign currency gains/(losses) on cash and cash equivalents.
- Wholesale fee rebates are recognised on an accrual basis.

- **Expense Recognition**

Expenses are recognised on an accrual basis.

Notes to the Financial Statements

For the year ended 31 March 2023

1 Statement of Accounting Policies (continued)

Particular Accounting Policies (continued)

• Income Tax

The Scheme has elected to be a Portfolio Investment Entity ("PIE") under the Income Tax Act 2007. Under the PIE regime, income is effectively taxed in the hands of the members and accordingly no tax expense is recognised in the Statements of Changes in Net Assets Available for Benefits. The Manager attributes the taxable income of the Scheme to members in accordance with the proportion of their interests in the Scheme. The taxable income attributed to each member is taxed at the member's Prescribed Investor Rate ("PIR"), which is capped at 28%. The Manager accounts for tax on behalf of members with a PIR of greater than zero through redemptions of units, and undertakes any necessary adjustments to the member's interests in the Scheme to reflect that the Scheme pays tax on behalf of members.

• Financial Instruments

RECOGNITION AND DERECOGNITION

The Scheme recognises financial assets on the date they become party to the contractual agreement and recognises financial liabilities when an obligation arises. For regular purchases and sales of investments, this is on the trade date - the date on which the Scheme commits to purchase or sell the investment.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired. Derecognition also occurs 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 specified in the contract is discharged, cancelled or expires.

OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset where there is currently a legally enforceable right to set-off and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

CLASSIFICATION AND MEASUREMENT

Financial asset debt instruments are classified on the basis of two criteria:

- the business model within which financial assets are managed; and
- their contractual cashflow characteristics (whether the cashflows represent 'solely payments of principal and interest' ("SPPI")).

All financial instruments are measured initially at their fair value plus or minus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit and loss where transaction costs are expensed as incurred.

Financial instruments are classified under the following categories:

Financial Assets Measured at Amortised Cost

Financial assets with contractual cash flows that comprise SPPI, and which are held in a business model whose objective is to collect their contractual cash flows are measured at amortised cost. Financial assets measured at amortised cost are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Financial assets measured at amortised cost include:

- *Cash and cash equivalents*

Cash and cash equivalents include operational bank accounts and client monies accounts held with ASB Bank Limited. Client monies primarily include contributions received through the Scheme's bank account but are yet to be allocated to the members' accounts. Also included within client monies accounts are tax monies that relate to member withdrawals that are yet to be transferred to the Inland Revenue Department. Unallocated client monies and the corresponding unallocated withdrawals are separately presented in the "Scheme Transactions Account" column of the financial statements, as applicable.

- *Receivables*

Receivables may include amounts for interest income, fee and PIE tax rebates, contributions or distributions. The consideration to be received from the sales of investments that are unsettled as at balance date are also included in receivables.

Notes to the Financial Statements

For the year ended 31 March 2023

1 Statement of Accounting Policies (continued)

Particular Accounting Policies (continued)

Financial Instruments at Fair Value through Profit or Loss

Financial assets with contractual cash flows that do not represent SPPI, or which are held under a different business model (i.e. not held to collect contractual cash flows) are subsequently measured at fair value through profit or loss.

The portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the documented investment strategy. The Scheme is primarily focused on fair value information and uses that information to assess performance and to make decisions. The collection of contractual cash flows is only incidental to achieving the Scheme's business model objective. Consequently, all investments are measured at fair value through profit or loss.

Any change in the fair values of financial assets and financial liabilities at fair value through profit or loss are disclosed in the Statements of Changes in Net Assets Available for Benefits as net gains/(losses) on financial instruments at fair value through profit or loss. This includes:

- *Derivatives held for trading*
Derivative instruments held for trading whose values are derived from one or more underlying variables such as a specified interest rate or an index as defined in the contract. Derivative assets are those contracts which have a positive fair value. Derivative liabilities are those contracts which have a negative fair value. The Scheme enters into foreign currency forward contracts, futures and swap contracts.
- *Investments in managed funds*
Investments in managed funds are held in the Investors Wholesale Unit Trusts ("IUTs").

Financial Liabilities at Amortised Cost

Liabilities in this category are initially recognised at fair value less any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Financial liabilities measured at amortised cost include payables. This may include accrued expenses, withdrawals payable or the consideration to be paid for the purchase of investments that are unsettled as at balance date.

Impairment on Financial Assets

The Scheme applies the simplified approach for expected credit losses ("ECL") under NZ IFRS 9 *Financial Instruments* to its receivables and does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. Any impairment losses are recognised in the Statements of Changes in Net Assets Available for Benefits.

• **Foreign Currency Translation**

All foreign currency monetary assets and liabilities are converted at the rates of exchange ruling at balance date. Foreign currency transactions are converted using the exchange rates prevailing at the date of the transaction. Unrealised gains and losses arising from these revaluations are recognised immediately in the Statements of Changes in Net Assets Available for Benefits within net gains/(losses) on financial instruments at fair value through profit or loss or foreign currency gains/(losses) on cash and cash equivalents.

• **Cash Flow Statements**

The Cash Flow Statements have been prepared using the indirect method by which net profit/(loss) before membership activities is adjusted for non-cash transactions and movements in Statements of Net Assets Available for Benefits accounts relating to operating activities. For presentation purposes, payments and receipts relating to the purchase and sale of investments are classified as cash flows from operating activities, as trading in the fair value of these investments represents the Scheme's main income-generating activity.

Notes to the Financial Statements

For the year ended 31 March 2023

1 Statement of Accounting Policies (continued)

Particular Accounting Policies (continued)

• Net Assets Attributable to Members (represented by the liability for promised retirement benefits)

The Scheme issues units that are redeemable at each member's option. 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 that fund. The units do not have identical features.

The value attributable to the members is the residual value of the assets of the Scheme after all liabilities have been deducted. Members have unlimited access to their funds once they reach the required retirement age in accordance with the Trust Deed. Subject to conditions of the Trust Deed, members have restricted access to their funds prior to reaching this required age. Members can redeem their investments in the Scheme at any time for cash equal to a proportionate share of the Scheme's net asset value, once the specific conditions of the Trust Deed have been met. Members are able to transfer their balances to another KiwiSaver scheme or to a superannuation scheme which permits transfer from the Scheme, subject to the consent (if required) of the Manager or Supervisor of that scheme, and any transfer provisions of that scheme. Therefore, net assets attributable to members are classified as financial liabilities in accordance with NZ IAS 32 *Financial Instruments: Presentation* and are held at amortised cost.

• Contributions and Withdrawals

Withdrawals from the Scheme are recorded gross of any PIE tax payable.

Switches between funds within the Scheme are disclosed as such in the Statements of Changes in Net Assets Available for Benefits, rather than as contributions and withdrawals.

• Classification as an investment entity

The Manager believes the Scheme meets the definition of an investment entity as defined by NZ IFRS 10 *Consolidated Financial Statements* because of the following characteristics:

- It obtains funds from one or more investors for the purpose of providing those investors with a managed investment product;
- It has committed to its investors via a documented investment strategy that its business purpose is to invest funds solely for returns from capital appreciation, investment outcome or a combination of both; and
- The Scheme measures the performance of its investments on a fair value basis.

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

- It holds more than one investment;
- It has more than one investor;
- It has investors that are not related to the Scheme; and
- Ownership interest in the Scheme is represented by units of members' interests.

This conclusion is reassessed on a regular basis. Refer to "Investments in subsidiaries" section above for the subsidiaries that are not consolidated.

Critical Accounting Estimates and Judgements

The preparation of financial statements requires estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Estimates are continually evaluated and are based on historical experience among other factors, including expectation of future events that are believed to be reasonable under the circumstances. There are no material assumptions or major sources of estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets at balance date. However, as with all investments, their value is subject to variation due to market fluctuations. See note 8 *Fair Value of Financial Instruments* for further details.

Changes to Comparatives

There were no changes to comparatives for the year ended 31 March 2023.

Notes to the Financial Statements

For the year ended 31 March 2023

2 Net Gains/(Losses) on Financial Instruments at Fair Value Through Profit or Loss

| \$ thousands For the year ended 31 March | NZ Cash Fund | | Conservative Fund | | Moderate Fund | | Balanced Fund | |
|---|---------------|--------------|-------------------|------------------|-----------------|-----------------|-----------------|--------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Net gains/(losses) on trading derivatives | - | - | 327 | - | 328 | - | 514 | - |
| Net gains/(losses) on other financial instruments at fair value through profit or loss | 10,095 | 1,035 | (71,065) | (104,314) | (58,524) | (42,015) | (69,745) | 4,582 |
| Total net gains/(losses) on financial instruments at fair value through profit or loss | 10,095 | 1,035 | (70,738) | (104,314) | (58,196) | (42,015) | (69,231) | 4,582 |

| \$ thousands For the year ended 31 March | Growth Fund | | Positive impact Fund | | Scheme Transactions Account | | Total ASB KiwiSaver Scheme | |
|---|------------------|----------------|----------------------|--------------|-----------------------------|----------|----------------------------|-----------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Net gains/(losses) on trading derivatives | 1,096 | - | 21 | - | - | - | 2,286 | - |
| Net gains/(losses) on other financial instruments at fair value through profit or loss | (129,708) | 116,170 | (11,264) | (383) | - | - | (330,211) | (24,925) |
| Total net gains/(losses) on financial instruments at fair value through profit or loss | (128,612) | 116,170 | (11,243) | (383) | - | - | (327,925) | (24,925) |

Notes to the Financial Statements

For the year ended 31 March 2023

3 Financial Assets at Fair Value through Profit or Loss

| \$ thousands As at 31 March | NZ Cash Fund | | Conservative Fund | | Moderate Fund | | Balanced Fund | |
|--|----------------|----------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Investments at fair value through profit or loss | | | | | | | | |
| Investors Wholesale Australasian Equity (Index) Trust | - | - | 225,220 | 235,319 | 327,923 | 332,620 | 511,427 | 500,412 |
| Investors Wholesale Cash Trust | 865,359 | 689,234 | 380,759 | 337,501 | 192,972 | 141,604 | 119,929 | 38,510 |
| Investors Wholesale NZ Fixed Interest Trust | - | - | 493,597 | 509,564 | 285,086 | 288,073 | 290,166 | 280,888 |
| Investors Wholesale Global Credit (Index) Trust | - | - | 99,628 | 102,341 | 46,734 | 48,218 | - | - |
| Investors Wholesale Global Government Bond (Index) Trust | - | - | 755,394 | 778,896 | 426,957 | 430,773 | 376,628 | 364,034 |
| Investors Wholesale Global Equity (Index) Trust | - | - | 337,411 | 367,702 | 469,956 | 496,111 | 933,768 | 939,915 |
| Investors Wholesale NZ Corporate Bond Trust | - | - | 460,599 | 474,612 | 233,470 | 239,569 | 170,867 | 168,190 |
| Investors Wholesale Global Property (Index) Trust | - | - | - | - | 35,975 | 36,029 | 55,858 | 56,214 |
| Investors Wholesale Emerging Markets Equities Trust | - | - | 67,597 | 67,873 | 83,997 | 83,939 | 172,451 | 168,371 |
| Investors Wholesale Inflation Linked Bond (New Zealand) Trust | - | - | 120,208 | 118,317 | 61,175 | 59,721 | 57,894 | 55,906 |
| Investors Wholesale Inflation Linked Bond Trust | - | - | 231,201 | 238,298 | 116,190 | 120,273 | 85,252 | 84,421 |
| Investors Wholesale Gold Trust | - | - | 104,568 | 102,720 | 75,355 | 72,575 | 90,713 | 84,936 |
| Total financial assets at fair value through profit or loss | 865,359 | 689,234 | 3,276,182 | 3,333,143 | 2,355,790 | 2,349,505 | 2,864,953 | 2,741,797 |

| \$ thousands As at 31 March | Growth Fund | | Positive Impact Fund | | Scheme Transactions Account | | Total ASB KiwiSaver Scheme | |
|--|------------------|------------------|----------------------|----------------|-----------------------------|----------|----------------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Investments at fair value through profit or loss | | | | | | | | |
| Investors Wholesale Australasian Equity (Index) Trust | 1,247,494 | 1,219,589 | - | - | - | - | 2,312,064 | 2,287,940 |
| Investors Wholesale Cash Trust | 181,265 | 15,679 | - | - | - | - | 1,740,284 | 1,222,528 |
| Investors Wholesale NZ Fixed Interest Trust | 248,634 | 236,943 | - | - | - | - | 1,317,483 | 1,315,468 |
| Investors Wholesale Global Credit (Index) Trust | - | - | - | - | - | - | 146,362 | 150,559 |
| Investors Wholesale Global Government Bond (Index) Trust | 247,966 | 236,222 | - | - | - | - | 1,806,945 | 1,809,925 |
| Investors Wholesale Global Equity (Index) Trust | 2,027,020 | 2,005,823 | - | - | - | - | 3,768,155 | 3,809,551 |
| Investors Wholesale NZ Corporate Bond Trust | - | - | - | - | - | - | 864,936 | 882,371 |
| Investors Wholesale Global Property (Index) Trust | 142,735 | 142,270 | - | - | - | - | 234,568 | 234,513 |
| Investors Wholesale Emerging Markets Equities Trust | 395,998 | 378,757 | - | - | - | - | 720,043 | 698,940 |
| Investors Wholesale Global Credit Positive Impact Trust | - | - | 47,809 | 43,447 | - | - | 47,809 | 43,447 |
| Investors Wholesale Global Equities Positive Impact Trust | - | - | 64,807 | 66,286 | - | - | 64,807 | 66,286 |
| Investors Wholesale Inflation Linked Bond (New Zealand) Trust | 99,080 | 94,324 | - | - | - | - | 338,357 | 328,268 |
| Investors Wholesale Inflation Linked Bond Trust | 146,164 | 142,469 | - | - | - | - | 578,807 | 585,461 |
| Investors Wholesale Gold Trust | 153,540 | 143,305 | - | - | - | - | 424,176 | 403,536 |
| Total financial assets at fair value through profit or loss | 4,889,896 | 4,615,381 | 112,616 | 109,733 | - | - | 14,364,796 | 13,838,793 |

As ASB Group Investments Limited is the Manager of the Investors Wholesale Unit Trusts (the "Trusts" or the "managed funds investments"), these Trusts are deemed to be related parties (refer to note 7).

Notes to the Financial Statements

For the year ended 31 March 2023

4 Receivables

| \$ thousands | NZ Cash Fund | | Conservative Fund | | Moderate Fund | | Balanced Fund | |
|--|--------------|------------|-------------------|---------------|---------------|---------------|---------------|--------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| As at 31 March | | | | | | | | |
| Interest receivable from ASB Bank Limited | 21 | 6 | 63 | 28 | 52 | 17 | 79 | 19 |
| Fee rebate receivable from ASB Group Investments Limited | 16 | 3 | 97 | 38 | 71 | 27 | 92 | 31 |
| PIE tax rebate receivable from Inland Revenue | - | - | 4,872 | 21,334 | 2,438 | 9,297 | 1,952 | 2,168 |
| Contributions receivable | 1,206 | 922 | 1,902 | 2,463 | 1,309 | 2,501 | 1,857 | 1,959 |
| Total receivables | 1,243 | 931 | 6,934 | 23,863 | 3,870 | 11,842 | 3,980 | 4,177 |

| \$ thousands | Growth Fund | | Positive Impact Fund | | Scheme Transactions Account | | Total ASB KiwiSaver Scheme | |
|--|--------------|--------------|----------------------|------------|-----------------------------|----------|----------------------------|---------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| As at 31 March | | | | | | | | |
| Interest receivable from ASB Bank Limited | 124 | 34 | 3 | 1 | - | - | 342 | 105 |
| Fee rebate receivable from ASB Group Investments Limited | 160 | 51 | 3 | - | - | - | 439 | 150 |
| PIE tax rebate receivable from Inland Revenue | 3,691 | - | 1,018 | - | - | - | 13,971 | 32,799 |
| Contributions receivable | 2,727 | 4,355 | 75 | 375 | - | - | 9,076 | 12,575 |
| Total receivables | 6,702 | 4,440 | 1,099 | 376 | - | - | 23,828 | 45,629 |

These receivables are not past due or impaired.

Notes to the Financial Statements

For the year ended 31 March 2023

5 Payables

| \$ thousands As at 31 March | NZ Cash Fund | | Conservative Fund | | Moderate Fund | | Balanced Fund | |
|---|--------------|--------------|-------------------|--------------|---------------|--------------|---------------|--------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| PIE tax payable to Inland Revenue | 5,272 | 508 | - | - | - | - | - | - |
| Withdrawals payable | 637 | 1,375 | 1,684 | 2,626 | 1,850 | 1,170 | 1,345 | 2,096 |
| Contributions to be allocated within the Scheme | - | - | - | - | - | - | - | - |
| Total payables | 5,909 | 1,883 | 1,684 | 2,626 | 1,850 | 1,170 | 1,345 | 2,096 |

| \$ thousands As at 31 March | Growth Fund | | Positive Impact Fund | | Scheme Transactions Account | | Total ASB KiwiSaver Scheme | |
|---|--------------|---------------|----------------------|------------|-----------------------------|--------------|----------------------------|---------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| PIE tax payable to Inland Revenue | - | 12,791 | - | 73 | 271 | 174 | 5,543 | 13,546 |
| Withdrawals payable | 2,212 | 1,496 | 212 | 89 | - | - | 7,940 | 8,852 |
| Contributions to be allocated within the Scheme | - | - | - | - | 6,969 | 9,025 | 6,969 | 9,025 |
| Total payables | 2,212 | 14,287 | 212 | 162 | 7,240 | 9,199 | 20,452 | 31,423 |

Notes to the Financial Statements

For the year ended 31 March 2023

6 Member Withdrawals

During the year withdrawals made by members were categorised as follows:

| \$ thousands For the year ended 31 March | NZ Cash Fund | | Conservative Fund | | Moderate Fund | | Balanced Fund | |
|--|----------------|---------|-------------------|---------|----------------|---------|---------------|--------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Retirement | 77,288 | 35,552 | 231,784 | 145,395 | 146,715 | 77,188 | 72,326 | 44,907 |
| Withdrawals for death | 1,051 | 919 | 7,296 | 6,759 | 3,663 | 2,428 | 4,969 | 2,694 |
| Withdrawals for serious illness | 915 | 368 | 2,669 | 3,479 | 2,536 | 1,876 | 1,515 | 1,333 |
| Withdrawals for significant financial hardship | 1,386 | 677 | 3,527 | 2,374 | 2,177 | 1,196 | 1,741 | 1,169 |
| Withdrawals for first home purchase | 55,997 | 69,790 | 46,715 | 80,483 | 17,037 | 29,156 | 11,358 | 21,765 |
| Withdrawals for permanent emigration | 1,632 | 1,053 | 4,491 | 4,551 | 2,545 | 1,538 | 2,885 | 1,454 |
| Other permitted withdrawals | - | 31 | 589 | 845 | 208 | 237 | 715 | 139 |
| Total withdrawals | 138,269 | 108,390 | 297,071 | 243,886 | 174,881 | 113,619 | 95,509 | 73,461 |

| \$ thousands For the year ended 31 March | Growth Fund | | Positive Impact Fund | | Scheme Transactions Account | | Total ASB KiwiSaver Scheme | |
|--|---------------|--------|----------------------|-------|-----------------------------|------|----------------------------|---------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Retirement | 32,846 | 21,089 | 1,279 | 1,144 | - | - | 562,238 | 325,275 |
| Withdrawals for death | 3,085 | 2,115 | 15 | 40 | - | - | 20,079 | 14,955 |
| Withdrawals for serious illness | 2,378 | 1,638 | 5 | 1 | - | - | 10,018 | 8,695 |
| Withdrawals for significant financial hardship | 3,881 | 1,940 | 41 | 14 | - | - | 12,753 | 7,370 |
| Withdrawals for first home purchase | 23,988 | 42,903 | 812 | 1,089 | - | - | 155,907 | 245,186 |
| Withdrawals for permanent emigration | 4,658 | 5,246 | 232 | 2 | - | - | 16,443 | 13,844 |
| Other permitted withdrawals | 1,260 | 816 | 56 | - | (174) | (51) | 2,654 | 2,017 |
| Total withdrawals | 72,096 | 75,747 | 2,440 | 2,290 | (174) | (51) | 780,092 | 617,342 |

Notes to the Financial Statements

For the year ended 31 March 2023

7 Related Party Transactions and Balances

All transactions entered into with related parties during the year ended 31 March 2023 and 31 March 2022 were conducted on normal commercial terms.

The following are considered to be related parties:

- ASB Group Investments Limited (the "Manager"). The Manager is a wholly owned subsidiary of ASB Bank Limited, the ultimate parent of which is the Commonwealth Bank of Australia. The Manager is a member of the Commonwealth Bank of Australia Group. All other members of the Commonwealth Bank of Australia Group are considered to be related parties;
- Public Trust (the "Supervisor");
- Investors Wholesale Unit Trusts (the "Trusts") as listed in note 3; and
- Key management personnel ("KMP") are defined as the directors of the Manager as they have the authority and responsibility for planning, directing and controlling the activities of the Scheme.

Transactions with related parties:

- All income recognised by the Scheme is from related parties;
- The Administration and Management fees deducted by the Manager are disclosed in the Statements of Changes in Net Assets Available for Benefits. The Manager accounts for fees on behalf of members through the redemption of units. The fees are recorded by the Scheme once they are deducted. The Management fees that have not yet been deducted from member funds for March 2023 are \$7,032,838 (March 2022: \$6,851,000). Effective October 2021, the Manager ceased the Administration fee charge. The Administration fee charge was waived for employees of the Commonwealth Bank of Australia Group prior to its cessation;
- The Scheme has invested into the Trusts. The Scheme and the Trusts have the same Manager. Any management fees and operation and administration costs incurred in these Trusts, are rebated and shown under "Wholesale fee rebate" in the Statements of Changes in Net Assets Available for Benefits;
- The Manager incurs audit and supervisor fees on behalf of the Scheme. During the year:
 - PricewaterhouseCoopers charged the Manager: \$56,000 for the audit of the Scheme's financial statements (2022: \$47,000) and \$13,000 for registry compliance assurance and supervisor reporting services for the Scheme (2022: \$12,000); and
 - Public Trust charged the Manager \$2,700,000 for supervisor fees (2022: \$2,780,000).
- Purchases and sales of investments in the Trusts are separately disclosed in the Cash Flow Statements;
- Related parties such as ASB Bank Limited and the Commonwealth Bank of Australia offer financial products (for example, derivatives, term deposits or as an arranger of corporate bonds) that the Trusts may invest in. The Trusts may also invest in the Commonwealth Bank of Australia which is a listed entity. ASB Group Investments Limited ensures all related party financial products are transacted on normal commercial terms and are authorised investments of the Scheme; and
- KMP and other related parties may be members of the Scheme. They contribute on the same basis and have the same rights as the other members. Refer to the Key management personnel for KMP's holdings in the Scheme.

Balances with related parties:

- Cash and cash equivalents as well as client monies accounts (for contributions receivable and withdrawals payable) are held with ASB Bank Limited and are presented in the Statements of Net Assets Available for Benefits;
- Investments held in the Trusts as detailed in note 3; and
- Amounts due from related parties as detailed in note 4.

Notes to the Financial Statements

For the year ended 31 March 2023

7 Related Party Transactions and Balances (continued)

Key management personnel

The amounts below are for KMP and their close family members. Movements reflect transactions with those parties, changes in value of the funds and changes in the composition of KMP, during the year.

| \$ thousands | NZ Cash Fund | | Conservative Fund | | Moderate Fund | | Balanced Fund | |
|-----------------------|--------------|------------|-------------------|-------|---------------|------|---------------|------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| As at 31 March | | | | | | | | |
| Holdings | 1,057 | 958 | 1,421 | 1,367 | - | - | 24 | 23 |

| \$ thousands | Growth Fund | | Positive Impact Fund | | Scheme Transactions Account | | Total ASB KiwiSaver Scheme | |
|-----------------------|-------------|------------|----------------------|------|-----------------------------|------|----------------------------|-------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| As at 31 March | | | | | | | | |
| Holdings | 468 | 431 | - | - | - | - | 2,970 | 2,779 |

8 Fair Value of Financial Instruments

The fair value of a financial instrument is the price that would be received to sell a financial asset, or paid to transfer a financial liability, in an orderly transaction between market participants at the measurement date.

There are three levels in the hierarchy of fair value measurements which are based on the observability of inputs used to measure fair values:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical financial assets or financial liabilities that the Scheme can access.
- Level 2: where quoted market prices are not available, fair values have been estimated using present value or other valuation techniques using inputs that are observable for the financial asset or financial liability, either directly or indirectly.
- Level 3: fair values are estimated using significant inputs that are unobservable for the financial asset or financial liability.

The Scheme considers transfers between levels, if any, to have occurred at the end of the reporting period for which the financial statements are prepared. There were no transfers between levels for the year ended 31 March 2023 and 31 March 2022.

As at 31 March 2023 and 31 March 2022, the Scheme's financial assets at fair value through profit or loss have been classified as Level 2 in the fair value hierarchy. These assets comprise managed funds investments (refer to note 3 for further detail).

The managed funds investments are not traded in an active market and their fair value is determined using valuation techniques. The value is based primarily on the latest available withdrawal price of the respective managed funds. In some instances, the Scheme may make adjustments to take into account the liquidity of the fund or its underlying investments, the value date of the net asset value provided, or any restrictions on withdrawals. As at 31 March 2023 and 31 March 2022 there were no significant adjustments made to the latest available withdrawal price of the respective managed funds.

The carrying amounts of financial assets and financial liabilities not measured at fair value are considered to be reasonable approximations of their fair values as at 31 March 2023 and 31 March 2022.

Notes to the Financial Statements

For the year ended 31 March 2023

9 Financial Risk Management

The following financial risk disclosures have been prepared predominantly on the basis of the Scheme's direct investments (refer to note 3) and not on a look-through basis for investments held directly through the IUTs.

The Scheme's overall investment objective is to achieve returns for its members by investing in a selection of cash, fixed income, debt and equity instruments in New Zealand and offshore via the IUTs. This results in exposure to market risk, liquidity risk and credit risk.

Market Risk

Market risk is the risk that movements in the level or volatility of market rates and prices will affect the Scheme's income or the value of its holdings of financial instruments.

The Scheme's risk management programme includes risk mitigation measures which allow for the use of derivatives directly within the Scheme. However, whether derivatives are used will depend on market conditions, therefore the use of derivatives may be infrequent. During the year the Scheme directly held derivatives, but as at 31 March 2023 there were no derivatives held by the Scheme (2022: no derivatives held).

Market risk includes foreign exchange risk, price risk and interest rate risk which are explained as follows:

Foreign Exchange Risk

The Scheme is directly exposed to foreign exchange risk through the cash and cash equivalents held that are denominated in a foreign currency. Given the Scheme does not hold significant amounts denominated in a foreign currency, it is not exposed to significant amounts of foreign exchange risk.

All Funds, except the NZ Cash Fund, are indirectly exposed to foreign exchange risk through their investment across different asset classes. Foreign currency exposure within the underlying investments can impact on the Funds overall level of risk and return. These currency exposures can be partially or fully hedged back to the New Zealand dollar. This indirect foreign exchange risk is captured as part of the price risk sensitivity below.

Notes to the Financial Statements

For the year ended 31 March 2023

9 Financial Risk Management (continued)

Price Risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all instruments of a specific type traded in the market. Price risk is managed by ensuring a diverse range of investments, limits on counterparty exposure and restrictions on types of instruments. For investments denominated in New Zealand dollars but with an indirect foreign exchange exposure, the price risk sensitivity disclosures below include this indirect foreign exchange exposure.

Had the daily market price of the managed funds investments increased or decreased by the percentages outlined in the table below (price movement) with all other variables held constant, the increase or decrease respectively in net profit/(loss) before membership activities and net assets attributable to members (excluding tax) would amount to the following:

| \$ thousands For the year ended 31 March | NZ Cash Fund | | Conservative Fund | | Moderate Fund | | Balanced Fund | |
|---|--------------|------|-------------------|--------|---------------|--------|---------------|---------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Increase/decrease in: net profit/(loss) before membership activities/net assets attributable to members | 865 | 689 | 32,762 | 49,997 | 35,337 | 58,738 | 57,299 | 123,381 |
| Price movement | 0.1% | 0.1% | 1.0% | 1.5% | 1.5% | 2.5% | 2.0% | 4.5% |

| \$ thousands For the year ended 31 March | Growth Fund | | Positive Impact Fund | | Scheme Transactions Account | | ASB KiwiSaver Scheme | |
|---|----------------|---------|----------------------|-------|-----------------------------|------|----------------------|---------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Increase/decrease in: net profit/(loss) before membership activities/net assets attributable to members | 122,247 | 300,000 | 2,815 | 5,487 | - | - | 251,325 | 538,291 |
| Price movement | 2.5% | 6.5% | 3.0% | 5.0% | N/A | N/A | 1.7% | 3.9% |

The price movement percentages were selected as the reasonably possible change based on the maximum daily change observed over a three year period. Actual movements may be significantly different from this and will vary by Fund depending on the investments held.

Notes to the Financial Statements

For the year ended 31 March 2023

9 Financial Risk Management (continued)

Interest Rate Risk

Holdings of interest earning financial assets, being cash and cash equivalents, create exposures to risks associated with the effects of fluctuations in the prevailing levels of market interest rates (cash flow interest rate risk). There may also be indirect exposure to interest rate risk through the managed funds investments, which is not reflected in the interest rate sensitivity analysis below but is included within the price risk sensitivity above.

Had the interest rate increased or decreased by 1% (2022: 1%) with all other variables held constant, the increase or decrease respectively in net profit/(loss) before membership activities and net assets attributable to members (excluding tax) would amount to approximately:

| \$ thousands | NZ Cash Fund | | Conservative Fund | | Moderate Fund | | Balanced Fund | |
|---|--------------|------|-------------------|------|---------------|------|---------------|------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| For the year ended 31 March | | | | | | | | |
| Increase/decrease in: net profit/(loss) before membership activities/net assets attributable to members | 52 | 63 | 169 | 321 | 135 | 243 | 157 | 281 |

| \$ thousands | Growth Fund | | Positive Impact Fund | | Scheme Transactions Account | | Total ASB KiwiSaver Scheme | |
|---|-------------|------|----------------------|------|-----------------------------|------|----------------------------|-------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| For the year ended 31 March | | | | | | | | |
| Increase/decrease in: net profit/(loss) before membership activities/net assets attributable to members | 263 | 587 | 7 | 12 | 82 | 108 | 865 | 1,614 |

A variable of 1% was selected for interest rate sensitivity as this is a reasonably possible movement based on historic rate trends. However, the actual movements may be significantly different from this.

Liquidity Risk

In accordance with the Scheme's investment policy, the Manager monitors the Scheme's liquidity position on a daily basis. Liquidity management is designed to ensure that the Scheme has the ability to generate sufficient cash in a timely manner to meet its financial commitments and normal levels of withdrawals. The Manager regularly monitors market volatility and withdrawal levels to establish the Scheme's appropriate liquidity levels within allowable benchmark ranges. In the event of abnormal levels of withdrawals, timing of payments may depend on the ability of the Scheme to realise its underlying investments on a timely basis.

Members are able to transfer their balances to other KiwiSaver schemes subject to the consent (if required) of the Manager or Supervisor of that scheme, and any transfer provisions of that scheme. As such, the liability for promised retirement benefits is deemed to be repayable on demand. All other financial liabilities of the Scheme are due within 12 months.

The Scheme remains appropriately liquid, having considered the liquidity of underlying investments and the level of potential redemptions.

Notes to the Financial Statements

For the year ended 31 March 2023

9 Financial Risk Management (continued)

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Scheme by failing to discharge an obligation. The Scheme is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. The maximum exposure to credit risk of financial instruments is considered to be their carrying value.

Direct exposure

The Scheme's direct exposure to counterparty credit risk is on receivables and cash and cash equivalents (subject to NZ IFRS 9's impairment requirements). At 31 March 2023 and 31 March 2022, interest receivables and cash and cash equivalents are predominantly held with ASB Bank Limited. ASB Bank Limited has a long term S&P credit rating of AA- (March 2022: AA-).

The Scheme measures credit risk on direct financial assets using probability of default, exposure at default and loss given default. None of the financial assets are past due or impaired. A past due asset is any credit exposure where a counterparty has failed to make a payment when contractually due but is not an impaired asset. An impaired asset is any credit exposure for which an impairment loss is required.

At 31 March 2023 and 31 March 2022, all receivables are due to be settled within one month. Management considers the probability of default on financial assets at amortised cost to be very low as they are short term in nature and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on lifetime ECL as any such impairment would not be material to the Scheme.

Indirect exposure

The majority of the Scheme's assets are Investments (Financial assets at fair value through profit or loss), which are not in scope of NZ IFRS 9's impairment requirements. The Scheme is indirectly exposed to credit risk through its investments in managed fund investments (as detailed in Note 3). The investment mandate provides for an appropriate diversification of investments such that there is no significant concentration of credit. Where the Trusts hold cash or securities, a credit quality criteria has been put in place that the securities are investment grade as rated by a well known rating agency in accordance with the investment mandate or policy.

Capital Management

The net assets attributable to members (as represented by the Liability for promised retirement benefits) are primarily determined by contributions to the Scheme together with the change in fair value of the invested contributions over the period of membership. The timing of the payment of retirement benefits is determined by the requirements of the KiwiSaver Act 2006.

Under the terms of the Trust Deed contributions can be made by the Scheme members, by their employers and the Government. During the year, contributions by Scheme members, employers and the Government have been at the following rates:

- Employer contribution: minimum contribution required is 3% of an employee's pre-tax salary or wages to the extent these contributions are matched by the employee (31 March 2022: 3%).
- Member contribution: 3%, 4%, 6%, 8% or 10% of employee's pre-tax salary or wages (31 March 2022: 3%, 4%, 6%, 8% or 10%).

In addition, voluntary contributions may have also been received from members.

If a member is eligible, the Government will pay 50 cents for every dollar of member contribution annually up to a maximum payment of \$521.43 (referred to as the Government contribution) (31 March 2022: 50 cents, \$521.43).

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

Notes to the Financial Statements

For the year ended 31 March 2023

10 Units on Issue

| Units in thousands | NZ Cash Fund | | Conservative Fund | | Moderate Fund | | Balanced Fund | |
|------------------------------------|----------------|-----------|-------------------|-----------|------------------|-----------|------------------|-----------|
| For the year ended 31 March | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Number of units on issue | | | | | | | | |
| Units at the beginning of the year | 451,199 | 433,841 | 1,701,293 | 2,031,088 | 1,101,444 | 1,031,483 | 1,161,788 | 1,048,918 |
| Units issued during the year | 271,059 | 206,919 | 339,198 | 349,963 | 232,376 | 290,934 | 241,962 | 306,781 |
| Units redeemed during the year | (175,848) | (189,561) | (356,065) | (679,758) | (218,894) | (220,973) | (175,860) | (193,911) |
| Units on issue at year end | 546,410 | 451,199 | 1,684,426 | 1,701,293 | 1,114,926 | 1,101,444 | 1,227,890 | 1,161,788 |

| Units in thousands | Growth Fund | | Positive Impact Fund | | Scheme Transactions Account | | Total ASB KiwiSaver Scheme | |
|------------------------------------|------------------|-----------|----------------------|----------|-----------------------------|------|----------------------------|-------------|
| For the year ended 31 March | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Number of units on issue | | | | | | | | |
| Units at the beginning of the year | 1,851,212 | 1,658,982 | 94,249 | 59,931 | - | - | 6,361,185 | 6,264,243 |
| Units issued during the year | 364,842 | 447,322 | 42,151 | 56,440 | - | - | 1,491,588 | 1,658,359 |
| Units redeemed during the year | (233,071) | (255,092) | (30,113) | (22,122) | - | - | (1,189,851) | (1,561,417) |
| Units on issue at year end | 1,982,983 | 1,851,212 | 106,287 | 94,249 | - | - | 6,662,922 | 6,361,185 |

11 Capital Commitments and Contingent Liabilities

The Scheme had no capital commitments or contingent liabilities as at 31 March 2023 (31 March 2022: nil).

12 Events after the Reporting Period

Except for the changes to directors of the Manager listed below, there were no other events subsequent to the reporting period which would materially affect the financial statements.

Changes to directors of the Manager

- Mr Graeme Edwards was appointed as a non-executive independent director and Chairman of the Board on 12 June 2023.
- Ms Justine Sefton was appointed as a non-executive independent director of the Board on 12 June 2023.
- Ms Hilary Eichstaedt was appointed as an executive director of the Board on 12 June 2023.
- Mr Adam Boyd ceased to be the Chairman of the Board but remains as an executive director of the Board on 12 June 2023.
- Mr Jon Raby retired as an executive director of the Board on 6 June 2023.
- Mr Carl Ferguson retired as an executive director of the Board on 12 June 2023.



Independent Auditor's Report

To the members of ASB KiwiSaver Scheme which comprises:

- NZ Cash Fund
- Conservative Fund
- Moderate Fund
- Balanced Fund
- Growth Fund
- Positive Impact Fund

(Collectively referred to as the Funds and the Scheme)

Our opinion

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

What we have audited

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

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

Basis for opinion

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

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

Independence

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



We are the auditor of ASB Group Investments Limited, the Manager. We have provided the following services to the Manager: registry compliance assurance services, supervisor reporting services and the audit of financial statements of other funds and trusts managed by the Manager. Subject to certain restrictions, employees of our firm may invest in the Funds and the Scheme on normal terms within the ordinary course of trading activities of the Funds and the Scheme. These services and relationships have not impaired our independence as auditor of the Funds and the Scheme. We have no other relationships with, or interests in, the Funds and the Scheme.

Key audit matters

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

| Description of the key audit matter | How our audit addressed the key audit matter |
|---|--|
| <p>Valuation and existence of financial assets at fair value through profit or loss</p> <p>Refer to note 3 to the financial statements for disclosures of financial assets at fair value through profit or loss for the Funds and the Scheme.</p> <p>This was an area of focus for our audit as it represents the majority of the net assets attributable to members of the Funds and the Scheme.</p> <p>Valuation</p> <p>The Funds and the Scheme invest solely into unlisted unit trusts managed by the Manager. The fair value is based on the redemption price established by the administrator of the unlisted unit trusts, which is also the administrator of the Funds and the Scheme (the Administrator). In assessing the fair value, the Manager uses information provided by the Administrator.</p> <p>Existence</p> <p>Holdings of financial assets are held by the custodian of the Funds and the Scheme (the Custodian) on behalf of the Funds and the Scheme.</p> | <p>We assessed the processes employed by the Manager for recording and valuing the financial assets at fair value through profit or loss, including the relevant processes and controls operated by the Administrator. Our assessment of the business processes included obtaining the service organisation internal controls report over fund administration services provided by the Administrator.</p> <p>We evaluated the evidence provided by the internal controls report over the design and operating effectiveness of the key controls operated by the Administrator for the year ended 31 March 2023.</p> <p>For the investments in unlisted unit trusts, we agreed the redemption price at 31 March 2023 to the confirmation provided by the 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 unit trusts for the year ended 31 March 2023.</p> <p>We obtained confirmations from the Custodian and the Administrator of the holdings of all unlisted unit trusts held by the Funds and the Scheme as at 31 March 2023.</p> |



Our audit approach

Overview

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

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

Materiality

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

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

How we tailored our audit scope

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

The Manager is responsible for the governance and control activities of the Funds and the Scheme. The Funds' and the Scheme's investments are held by the Custodian. The Manager has outsourced investment accounting to a third party service provider (the Administrator). The Administrator became the administrator of the Funds and the Scheme during the year (the previous administrator and the Administrator are collectively referred to as the Administrators).

In completing our audit, we performed relevant audit procedures over the control environment of the Administrators 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.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

Responsibilities of the Manager for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

This description forms part of our auditor's report.



Who we report to

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

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

For and on behalf of:

PricewaterhouseCoopers.

Chartered Accountants
27 July 2023

Auckland