Docusign Envelope ID: 5BB62D5D-7B21-4E87-A9C0-21897D861656

TE OPE KĀTUA O AOTEAROA
DEFENCE FORCE

New Zealand Defence Force KiwiSaver Scheme

FINANCIAL STATEMENTS

For the year ended 31 March 2025

Docusign Envelope ID: 5BB62D5D-7B21-4E87-A9C0-21897D861656

NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME
Financial Statements
For the year ended 31 March 2025

Contents **Page**

Directory	1
Statements of Net Assets	2
Statements of Changes in Net Assets	4
Statements of Cash Flows	6
Notes to the Financial Statements	8
Independent Auditor's Report	26

Docusign Envelope ID: 5BB62D5D-7B21-4E87-A9C0-21897D861656

NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME
Directory
For the year ended 31 March 2025

Manager
Mercer (N.Z.) Limited
Level 11, PwC Tower, 15 Customs Street West
Auckland 1010

Investor and Advisor Enquiries
PO Box 1849
Wellington 6140
Email: nzdf@mercer.com
www.nzdfsavings.mil.nz

Directors of the Manager
Ross Gregory Butler (Chair)
David Clifford Bryant (Appointed 8 May 2025)
Kirsty Mary Campbell (Appointed 17 April 2025)
Toni Jean Ferrier (Appointed 12 August 2024)
Catherine Maree Hales (Ceased 3 March 2025)
Paula Elizabeth Jackson
Kristen Jane Kohere-Soutar
Martin Paul Lewington (Ceased 27 June 2025)

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

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

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

Auditor
PricewaterhouseCoopers
PwC Centre, 10 Waterloo Quay
PO Box 243
Wellington 6140

NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME
Statements of Net Assets
As at 31 March 2025

	Note	TOTAL		Cash		Conservative		Moderate	
		2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000
ASSETS									
Cash and cash equivalents		2,207	3,749	144	-	224	97	179	139
Financial assets at fair value through profit or loss	5	294,582	272,854	3,822	3,088	11,196	9,471	9,524	9,101
Manager fee rebates receivable	6	-	9	-	-	-	-	-	-
Other receivables	6	-	165	-	-	-	-	-	-
Manager fees (expense recoveries) receivable	6	6	-	-	-	-	-	-	-
Total Assets		**296,795**	**276,777**	**3,966**	**3,088**	**11,420**	**9,568**	**9,703**	**9,240**
LIABILITIES									
Bank overdraft		-	-	-	19	-	-	-	-
Unsettled Trades	6	15	-	-	-	-	-	-	-
Unallocated contributions		7	298	-	5	-	22	-	8
Benefits payable		217	221	-	-	20	-	-	20
Portfolio investment entity taxation payable		1,638	938	38	44	92	62	77	51
Supervisor fees payable	6	19	17	-	-	1	1	1	1
Manager fees payable	6	46	-	-	-	1	-	1	-
Manager fees (expense recoveries) payable	6	-	6	-	-	-	-	-	-
Other expenses payable		23	87	-	1	1	3	1	3
Total Liabilities (excluding net assets attributable to members)		**1,965**	**1,567**	**38**	**69**	**115**	**88**	**80**	**83**
NET ASSETS ATTRIBUTABLE TO MEMBERS	4	**294,830**	**275,210**	**3,928**	**3,019**	**11,305**	**9,480**	**9,623**	**9,157**
Represented by:									
Net assets available for benefits	4	**294,830**	**275,210**	**3,928**	**3,019**	**11,305**	**9,480**	**9,623**	**9,157**

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

pwc

Docusign Envelope ID: 5BB62D5D-7B21-4E87-A9C0-21897D861656

NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME
Statements of Net Assets
As at 31 March 2025

	Note	Balanced		Growth		High Growth		Shares	
		2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000
ASSETS									
Cash and cash equivalents		698	1,198	157	644	260	936	545	754
Financial assets at fair value through profit or loss	5	116,714	110,407	53,388	50,214	63,733	57,335	36,205	33,238
Manager fee rebates receivable	6	-	4	-	2	-	2	-	1
Other receivables	6	-	125	-	-	-	40	-	-
Manager fees (expense recoveries) receivable	6	3	-	1	-	1	-	1	-
Total Assets		**117,415**	**111,734**	**53,546**	**50,860**	**63,994**	**58,313**	**36,751**	**33,993**
LIABILITIES									
Bank overdraft		-	-	-	-	-	-	-	-
Unsettled Trades	6	-	-	15	-	-	-	-	-
Unallocated contributions		3	138	1	45	2	56	1	24
Benefits payable		64	129	63	22	61	43	9	7
Portfolio investment entity taxation payable		767	435	286	141	278	111	100	94
Supervisor fees payable	6	8	7	3	3	4	3	2	2
Manager fees payable	6	14	-	9	-	13	-	8	-
Manager fees (expense recoveries) payable	6	-	3	-	1	-	1	-	1
Other expenses payable		9	36	4	16	5	18	3	10
Total Liabilities (excluding net assets attributable to members)		**865**	**748**	**381**	**228**	**363**	**232**	**123**	**138**
NET ASSETS ATTRIBUTABLE TO MEMBERS	4	**116,550**	**110,986**	**53,165**	**50,632**	**63,631**	**58,081**	**36,628**	**33,855**
Represented by:									
Net assets available for benefits	4	**116,550**	**110,986**	**53,165**	**50,632**	**63,631**	**58,081**	**36,628**	**33,855**

These Financial Statements were authorised for issue by Mercer (N.Z.) Limited, the Manager on 24 July 2025.

For and on behalf of the Directors

Signed by: Ross Butler DAAB2378F1274D6...

Director

DocuSigned by: 998E8C4EE7804EE...

Director

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

pwc

Docusign Envelope ID: 5BB62D5D-7B21-4E87-A9C0-21897D861656

NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME
Statements of Changes in Net Assets
For the year ended 31 March 2025

	Note	TOTAL		Cash		Conservative		Moderate	
		2025	2024	2025	2024	2025	2024	2025	2024
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
INCOME									
Interest income		63	97	1	1	2	3	2	3
Net gains on financial assets at fair value through profit or loss	6	17,611	28,884	152	177	536	502	514	662
Manager fee rebates	6	-	29	1	1	-	1	-	1
Manager fees (expense recoveries)	6	5	-	-	-	-	-	-	-
Total income		**17,679**	**29,010**	**154**	**179**	**538**	**506**	**516**	**666**
EXPENSES									
Supervisor fees	6	75	72	1	1	3	3	2	3
Manager fees (expense recoveries)	6	-	17	-	-	-	1	-	1
Manager fees	6	476	-	-	-	9	-	10	-
Other expenses		353	321	4	4	11	11	11	12
Total expenses		**904**	**410**	**5**	**5**	**23**	**15**	**23**	**16**
NET PROFIT BEFORE MEMBERSHIP ACTIVITIES		**16,775**	**28,600**	**149**	**174**	**515**	**491**	**493**	**650**
MEMBERSHIP ACTIVITIES:									
Contributions/Transfers In									
Member contributions		23,514	23,210	218	234	1,667	1,308	737	783
Employer contributions		12,370	12,642	113	151	1,027	848	398	437
Government contributions		2,478	2,541	26	37	175	127	84	95
Transfers in from other schemes	8	5,128	6,679	1	-	17	81	9	79
Transfers (from)/to funds		-	-	1,899	368	1,154	(21)	(310)	(28)
Total Contributions/Transfers In		**43,490**	**45,072**	**2,257**	**790**	**4,040**	**2,343**	**918**	**1,366**
Benefits/Transfers Out/Fees/Tax									
Benefits	7	(18,285)	(9,607)	(1,017)	(886)	(1,997)	(1,055)	(420)	(382)
Transfers out to other schemes		(20,607)	(15,521)	(441)	(363)	(636)	(234)	(444)	(409)
Portfolio investment entity taxation expense		(1,753)	(970)	(39)	(45)	(97)	(63)	(81)	(52)
Total Benefits/Transfers Out/Fees/Tax		**(40,645)**	**(26,098)**	**(1,497)**	**(1,294)**	**(2,730)**	**(1,352)**	**(945)**	**(843)**
Total transactions with members in their capacity as members		**2,845**	**18,974**	**760**	**(504)**	**1,310**	**991**	**(27)**	**523**
NET INCREASE IN NET ASSETS DURING THE YEAR		**19,620**	**47,574**	**909**	**(330)**	**1,825**	**1,482**	**466**	**1,173**
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE YEAR		**275,210**	**227,636**	**3,019**	**3,349**	**9,480**	**7,998**	**9,157**	**7,984**
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL YEAR		**294,830**	**275,210**	**3,928**	**3,019**	**11,305**	**9,480**	**9,623**	**9,157**

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

pwc

Docusign Envelope ID: 5BB62D5D-7B21-4E87-A9C0-21897D861656

NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME
Statements of Changes in Net Assets
For the year ended 31 March 2025

	Note	Balanced		Growth		High Growth		Shares	
		2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000
INCOME									
Interest income		25	39	11	18	14	21	8	12
Net gains on financial assets at fair value through profit or loss	6	6,697	10,010	3,285	5,569	4,180	7,222	2,247	4,742
Manager fee rebates	6	-	11	-	5	-	6	-	4
Manager fees (expense recoveries)	6	2	-	1	-	1	-	1	-
Total income		**6,724**	**10,060**	**3,297**	**5,592**	**4,195**	**7,249**	**2,256**	**4,758**
EXPENSES									
Supervisor fees	6	30	29	14	13	16	15	9	8
Manager fees (expense recoveries)	6	-	7	-	3	-	3	-	2
Manager fees	6	151	-	91	-	134	-	82	-
Other expenses		142	132	63	58	77	66	45	38
Total expenses		**323**	**168**	**168**	**74**	**227**	**84**	**136**	**48**
NET PROFIT BEFORE MEMBERSHIP ACTIVITIES		**6,401**	**9,892**	**3,129**	**5,518**	**3,968**	**7,165**	**2,120**	**4,710**
MEMBERSHIP ACTIVITIES:									
Contributions/Transfers In									
Member contributions		9,642	9,992	3,554	3,580	4,737	4,443	2,959	2,870
Employer contributions		4,997	5,443	1,743	1,794	2,412	2,339	1,680	1,630
Government contributions		1,037	1,119	359	363	465	477	332	323
Transfers in from other schemes	8	4,042	5,001	517	774	262	489	280	255
Transfers (from)/to funds		(6,773)	(4,709)	58	1,063	2,391	1,838	1,581	1,489
Total Contributions/Transfers In		**12,945**	**16,846**	**6,231**	**7,574**	**10,267**	**9,586**	**6,832**	**6,567**
Benefits/Transfers Out/Fees/Tax									
Benefits	7	(7,257)	(3,908)	(2,528)	(1,087)	(2,771)	(1,439)	(2,295)	(850)
Transfers out to other schemes		(5,713)	(4,837)	(3,992)	(2,909)	(5,611)	(3,690)	(3,770)	(3,079)
Portfolio investment entity taxation expense		(812)	(448)	(307)	(146)	(303)	(118)	(114)	(98)
Total Benefits/Transfers Out/Fees/Tax		**(13,782)**	**(9,193)**	**(6,827)**	**(4,142)**	**(8,685)**	**(5,247)**	**(6,179)**	**(4,027)**
Total transactions with members in their capacity as members		**(837)**	**7,653**	**(596)**	**3,432**	**1,582**	**4,339**	**653**	**2,540**
NET INCREASE IN NET ASSETS DURING THE YEAR		**5,564**	**17,545**	**2,533**	**8,950**	**5,550**	**11,504**	**2,773**	**7,250**
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE BEGINNING OF THE YEAR		**110,986**	**93,441**	**50,632**	**41,682**	**58,081**	**46,577**	**33,855**	**26,605**
NET ASSETS ATTRIBUTABLE TO MEMBERS AT THE END OF THE FINANCIAL YEAR		**116,550**	**110,986**	**53,165**	**50,632**	**63,631**	**58,081**	**36,628**	**33,855**

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

pwc

NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME
Statements of Cash Flows
For the year ended 31 March 2025

	Note	TOTAL		Cash		Conservative		Moderate	
		2025	2024	2025	2024	2025	2024	2025	2024
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES									
Proceeds from sale of financial assets		9,224	5,265	1,802	1,462	1,893	772	661	588
Interest income		63	95	1	1	2	3	2	3
Fees and expenses paid		(497)	(455)	(6)	(7)	(16)	(16)	(15)	(16)
Payments for purchase of financial assets		(13,161)	(26,485)	(2,384)	(945)	(3,082)	(1,936)	(570)	(1,139)
Management fees (paid)/rebates		(421)	23	1	1	(8)	1	(9)	1
Net cash (used in)/from operating activities	9	**(4,792)**	**(21,557)**	**(586)**	**512**	**(1,211)**	**(1,176)**	**69**	**(563)**
CASH FLOWS FROM FINANCING ACTIVITIES									
Member contributions		23,514	23,210	218	234	1,667	1,308	737	783
Employer contributions		12,370	12,640	113	150	1,027	848	398	437
Government contributions		2,478	2,542	26	37	175	127	84	95
Unallocated contributions		(291)	171	(5)	3	(22)	18	(8)	4
Transfers in from other schemes		5,128	6,679	1	-	17	81	9	79
Portfolio investment entity taxation received/(paid)		(1,053)	1,601	(45)	(25)	(67)	31	(55)	38
Benefits paid		(18,289)	(9,694)	(1,017)	(907)	(1,977)	(1,055)	(440)	(362)
Transfers out to other schemes		(20,607)	(15,520)	(441)	(362)	(636)	(234)	(444)	(409)
Transfers (from)/to funds		-	-	1,899	368	1,154	(21)	(310)	(29)
Net cash from/(used in) financing activities		**3,250**	**21,629**	**749**	**(502)**	**1,338**	**1,103**	**(29)**	**636**
Net (decrease)/increase in cash and cash equivalents		**(1,542)**	**72**	**163**	**10**	**127**	**(73)**	**40**	**73**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**3,749**	**3,677**	**(19)**	**(29)**	**97**	**170**	**139**	**66**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**2,207**	**3,749**	**144**	**(19)**	**224**	**97**	**179**	**139**

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

pwc

NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME
Statements of Cash Flows
For the year ended 31 March 2025

	Note	Balanced		Growth		High Growth		Shares	
		2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000
CASH FLOWS FROM OPERATING ACTIVITIES									
Proceeds from sale of financial assets		3,366	2,471	1,901	1,683	1,612	1,228	1,400	-
Interest income		25	39	11	18	14	20	8	11
Fees and expenses paid		(202)	(187)	(90)	(83)	(106)	(93)	(62)	(53)
Payments for purchase of financial assets		(2,851)	(11,392)	(1,775)	(5,549)	(3,790)	(6,045)	(2,120)	(2,418)
Management fees (paid)/rebates		(133)	8	(80)	4	(119)	5	(73)	3
Net cash (used in)/from operating activities	9	**205**	**(9,061)**	**(33)**	**(3,927)**	**(2,389)**	**(4,885)**	**(847)**	**(2,457)**
CASH FLOWS FROM FINANCING ACTIVITIES									
Member contributions		9,642	9,992	3,554	3,580	4,737	4,443	2,959	2,870
Employer contributions		4,997	5,443	1,743	1,794	2,412	2,338	1,680	1,630
Government contributions		1,037	1,120	359	363	465	477	332	323
Unallocated contributions		(135)	71	(44)	23	(54)	49	(23)	3
Transfers in from other schemes		4,042	5,002	517	774	262	488	280	255
Portfolio investment entity taxation received/(paid)		(480)	683	(162)	350	(136)	361	(108)	163
Benefits paid		(7,322)	(3,900)	(2,487)	(1,163)	(2,753)	(1,444)	(2,293)	(863)
Transfers out to other schemes		(5,713)	(4,837)	(3,992)	(2,909)	(5,611)	(3,690)	(3,770)	(3,079)
Transfers (from)/to funds		(6,773)	(4,710)	58	1,063	2,391	1,839	1,581	1,490
Net cash from/(used in) financing activities		**(705)**	**8,864**	**(454)**	**3,875**	**1,713**	**4,861**	**638**	**2,792**
Net (decrease)/increase in cash and cash equivalents		**(500)**	**(197)**	**(487)**	**(52)**	**(676)**	**(24)**	**(209)**	**335**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**1,198**	**1,395**	**644**	**696**	**936**	**960**	**754**	**419**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**698**	**1,198**	**157**	**644**	**260**	**936**	**545**	**754**

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

pwc

Docusign Envelope ID: 5BB62D5D-7B21-4E87-A9C0-21897D861656

NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME
Notes to the Financial Statements
For the year ended 31 March 2025

1 SCHEME DESCRIPTION

The New Zealand Defence Force KiwiSaver Scheme ("the Scheme") is a KiwiSaver Scheme registered under the KiwiSaver Act 2006. The Scheme was established by a Trust Deed on 16 September 2015. The Scheme is a defined contribution superannuation scheme and was established with the principal purpose of providing retirement benefits directly to natural persons within the New Zealand Defence Force community.

Trustees Executors Limited is the Supervisor of the Scheme and is licensed under the Financial Markets Supervisors Act 2011. Mercer (N.Z.) Limited (“Mercer” or "the Manager") is the Manager of the Scheme. Mercer is responsible for the management and administration of the Scheme, including responsibility for the preparation and issue of the Scheme’s financial statements. The Manager’s registered office is Level 11, PwC Tower, 15 Customs Street West, Auckland 1010. BNP Paribas Fund Services Australasia Pty Ltd ("BNP Paribas") is the Custodian of the Scheme’s financial assets at fair value through profit or loss. Trustees Executors Limited is the Scheme's custodian of cash and cash equivalents.

The Manager outsources certain investment administration activities to Mercer (Australia) Pty Ltd, the Administrator for the investment activities of the Funds and the Scheme.

These financial statements are for the Scheme which comprises the following funds: Cash, Conservative, Moderate, Balanced, Growth, High Growth and Shares (together "the Funds").

Details of membership during the year were:	2025	2024
Opening Membership at 1 April	5,630	5,609
New Members	381	426
Exited Members	(504)	(405)
Closing Membership at 31 March	**5,507**	**5,630**

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

Mercer Investment Trusts New Zealand	Investment Portfolio
Mercer New Zealand Cash and Fixed Interest Trust ('MNZCFIT')	- Mercer Cash Portfolio
Mercer Diversified Trust ('MDT')	- NZDF Conservative Portfolio
	- NZDF Moderate Portfolio
	- NZDF Balanced Portfolio
	- NZDF Growth Portfolio
	- NZDF High Growth Portfolio
	- Mercer Shares Portfolio

2 BASIS OF PREPARATION

The financial statements are being presented on a segregated fund basis in accordance with the requirements of the Financial Markets Conduct Act 2013 ("FMCA") Section 461A. Segregated fund reporting has also been applied to 31 March 2024 comparatives.

The assets of each Fund are the exclusive property of that Fund, and all liabilities incurred in relation to a Fund are the exclusive liabilities of that Fund. The Manager must ensure that the assets of a Fund are accounted for separately from other Funds and that the assets of one Fund are not available to meet the liabilities of any other Fund as stated in section 8.7 of the Trust Deed. The results and position reported for the Scheme is an aggregation of the result, position and cash flows of the Funds that make up the Scheme.

Statement of Compliance

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

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

The financial statements were authorised for issue by the Manager, Mercer, on 24 July 2025.

pwc

Docusign Envelope ID: 5BB62D5D-7B21-4E87-A9C0-21897D861656

2 BASIS OF PREPARATION (Continued)

Measurement Base

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

Functional and Presentation Currency

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

Assumptions, Estimates and Judgements

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

As at 31 March 2025, cash and cash equivalents included an amount of $199,524 maintained at the total Scheme level for the settlement of transactions (2024: $797,217). The Manager has estimated the allocation of this cash balance to the Funds. At 31 March 2025, the amounts allocated to Cash, Conservative, Moderate, Balanced, Growth, High Growth and Shares were $75,625, $14,975, $8,631, $11,521, $6,197, $24,103 and $58,472, respectively (2024: ($50,635), $23,337, $40,667, $374,161, $136,976, $163,392 and $109,319, respectively).

Duration of the Scheme

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

(i) the High Court, on the application of the Financial Markets Authority or the Supervisor, directs that the Scheme must be wound up; or
(ii) the Manager, having obtained the Supervisor's and, where required by the Participation Agreement, the Participating Employer's written consent, determines; or
(iii) where permitted by the Participation Agreement, the Participating Employer provides notice in writing to the Manager and to the Supervisor that the Scheme is to terminate.

Funding Policy

The Scheme is a defined contribution scheme as defined by the KiwiSaver Act 2006. Funding in the form of contributions is primarily received from three sources: members of the Scheme; employers of members of the Scheme; and the Government (in accordance with the provisions of the KiwiSaver Act 2006). A third party may contribute directly to the Scheme in respect of a Member such amounts as may be agreed from time to time between the Manager, the third party and the Member but only to the extent that the contribution: (a) is permitted under the KiwiSaver Act; and (b) is not covered by a preceding provision in Clause 6 of the Trust Deed. Members may contribute to the Scheme at varying designated additional contributions in excess of any salary or wage linked contributions. As of 31 March 2025, employer contribution rates are either 3% or greater of each relevant member's gross salary or wages (2024: Same).

3 MATERIAL ACCOUNTING POLICIES

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

(i) Income

Interest income

Interest income as recognised in the Statements of Changes in Net Assets is derived from cash at bank and is recognised using the effective interest method.

Changes in fair value of investments

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

pwc

Docusign Envelope ID: 5BB62D5D-7B21-4E87-A9C0-21897D861656

3 MATERIAL ACCOUNTING POLICIES (Continued)

(ii) Financial Instruments

Classification

Financial assets at fair value through profit or loss comprise investment in unlisted unit trusts including ununitised investments.

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

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

Financial liabilities at amortised cost comprise supervisor fees payable, manager fees payable, bank overdraft, benefits payable, unallocated contributions, manager fees (expense recoveries) payable, unsettled trades, other expenses payable and net assets attributable to members.

Recognition and derecognition

Purchases and sales of investments are recognised on the trade date - the date on which the Scheme commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investment have expired or the Scheme has transferred substantially all risks and rewards of ownership.

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

Measurement

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

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

Fair value estimation

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

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

(iii) Expenses

Expenses comprise manager fees, supervisor fees, custody fees, manager fees (expense recoveries) and other expenses. All expenses are accounted for on an accrual basis.

(iv) Taxation

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

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

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

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

pwc

Docusign Envelope ID: 5BB62D5D-7B21-4E87-A9C0-21897D861656

3 MATERIAL ACCOUNTING POLICIES (Continued)

(v) Net Assets Attributable to Members

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

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

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

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

(vi) Investment Entities

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

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

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

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

(vii) Cash and Cash Equivalents

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

(viii) Statements of Cash Flows

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

Cash flows resulting from transfers to/from Funds and portfolio investment entity taxation are reported on a net basis in the Statements of Cash Flows.

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

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

Financing activities - are those activities that result in changes in the size and composition of member's funds.

(ix) Contributions and Withdrawals

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

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

(x) Goods and Services Tax (GST)

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

pwc

Docusign Envelope ID: 5BB62D5D-7B21-4E87-A9C0-21897D861656

3 MATERIAL ACCOUNTING POLICIES (Continued)

(xi) Application of New Accounting Standards

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

Amendments to Financial Reporting Standard 44 New Zealand Additional Disclosures (FRS-44). These amendments shall be applied for annual periods beginning on and after 1 January 2024, and have been adopted per Note 10 of these financial statements for 31 March 2025. FRS-44 primarily introduces the following:

An entity shall disclose the fees incurred for services received from each audit or review firm, separately for:

- the audit or review of the financial statements;
- a Tier 2 entity under NZ IFRS RDR shall disclose the total fees incurred for services other than the audit or review of the financial statements provided by the entity's audit or review firm, and a general description of these services.

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

NZ IFRS 18 - Presentation and Disclosure in Financial Statements.

In May 2024, the XRB introduced NZ IFRS 18 Presentation and Disclosure in Financial Statements (NZ IFRS 18) (effective for annual reporting periods beginning on or after 1 January 2027). This standard replaces NZ IAS 1 Presentation of Financial Statements (NZ IAS 1) and primarily introduces a defined structure for the statement of comprehensive income, disclosure of management-defined performance measures (a subset of non-GAAP measures) in a single note together with reconciliation requirements and additional guidance on aggregation and disaggregation principles in the financial statements. NZ IFRS 18 will be applicable to the Scheme's financial statements to the extent that it is not superseded by NZ IAS 26 Accounting and Reporting by Retirement Benefit Plans. The Scheme has not early adopted NZ IFRS 18 and is yet to assess its impacts.

A number of other new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2024, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Scheme.

(xii) Presentation of financial statements

The assets and liabilities in the financial statements have been presented in order of their liquidity. All assets and liabilities either have a maturity of less than a year or have no fixed maturity and are therefore considered current assets/liabilities. (2024: same)

pwc

Docusign Envelope ID: 5BB62D5D-7B21-4E87-A9C0-21897D861656

4 VESTED BENEFITS

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

	Total		Cash		Conservative		Moderate	
	2025	2024	2025	2024	2025	2024	2025	2024
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Member accounts	294,734	273,878	3,928	3,021	11,310	9,463	9,616	9,125
Adjustments arising from valuation differences	96	1,332	-	(2)	(5)	17	7	32
Net Assets Attributable to Members	**294,830**	**275,210**	**3,928**	**3,019**	**11,305**	**9,480**	**9,623**	**9,157**

	Balanced		Growth		High Growth		Shares	
	2025	2024	2025	2024	2025	2024	2025	2024
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Member accounts	116,510	110,492	53,127	50,338	63,616	57,733	36,627	33,706
Adjustments arising from valuation differences	40	494	38	294	15	348	1	149
Net Assets Attributable to Members	**116,550**	**110,986**	**53,165**	**50,632**	**63,631**	**58,081**	**36,628**	**33,855**

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

No guarantees have been made in respect of any part of the Net Assets Attributable to Members.

pwc

Docusign Envelope ID: 5BB62D5D-7B21-4E87-A9C0-21897D861656

NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME
Notes to the Financial Statements
For the year ended 31 March 2025

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Scheme held financial assets in the following MITNZ portfolios and ununitised investments as disclosed below:

	TOTAL		Cash		Conservative		Moderate	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Mercer Cash Portfolio	3,822	3,088	3,822	3,088	-	-	-	-
NZDF Conservative Portfolio	11,196	9,471	-	-	11,196	9,471	-	-
NZDF Moderate Portfolio	9,524	9,101	-	-	-	-	9,524	9,101
NZDF Balanced Portfolio	116,714	110,407	-	-	-	-	-	-
NZDF Growth Portfolio	53,373	50,214	-	-	-	-	-	-
NZDF High Growth Portfolio	63,733	57,335	-	-	-	-	-	-
Mercer Shares Portfolio	36,205	33,238	-	-	-	-	-	-
Ununitised Investments	15	-	-	-	-	-	-	-
Total financial assets at fair value through profit or loss	**294,582**	**272,854**	**3,822**	**3,088**	**11,196**	**9,471**	**9,524**	**9,101**
Percentage of financial assets held in the relevant class of security for the Scheme:			1%	1%	4%	3%	3%	3%
Percentage of financial assets held in the relevant class of security for the respective Fund:			100%	100%	100%	100%	100%	100%

	Balanced		Growth		High Growth		Shares	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Mercer Cash Portfolio	-	-	-	-	-	-	-	-
NZDF Conservative Portfolio	-	-	-	-	-	-	-	-
NZDF Moderate Portfolio	-	-	-	-	-	-	-	-
NZDF Balanced Portfolio	116,714	110,407	-	-	-	-	-	-
NZDF Growth Portfolio	-	-	53,373	50,214	-	-	-	-
NZDF High Growth Portfolio	-	-	-	-	63,733	57,335	-	-
Mercer Shares Portfolio	-	-	-	-	-	-	36,205	33,238
Ununitised Investments	-	-	15	-	-	-	-	-
Total financial assets at fair value through profit or loss	**116,714**	**110,407**	**53,388**	**50,214**	**63,733**	**57,335**	**36,205**	**33,238**
Percentage of financial assets held in the relevant class of security for the Scheme:	40%	40%	18%	18%	22%	21%	12%	12%
Percentage of financial assets held in the relevant class of security for the respective Fund:	100%	100%	100%	100%	100%	100%	100%	100%

pwc

Docusign Envelope ID: 5BB62D5D-7B21-4E87-A9C0-21897D861656

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

Fair Value Hierarchy

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

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

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

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

Financial assets at fair value through profit or loss are classified as Level 2 under the fair value hierarchy as the fair value of these financial assets at balance date is determined using the last available redemption unit price of those funds. During the year there were no transfers of investments between levels of the fair value hierarchy (2024: Same).

6 RELATED PARTIES

Related parties comprise the Manager, the Supervisor and their related parties.

The Manager and Supervisor are entitled to remuneration from the Scheme. This is represented by the Manager fees and Supervisor fees in the Statements of Changes in Net Assets. These are recovered through a unit price adjustment for net asset based fees.

The Supervisor fee was up to 0.04% of net assets per annum (2024: Same). The minimum fee per annum is $15,000.

The Manager fee rates for the years ended 31 March 2025 and 31 March 2024 are disclosed below:

2025		2024	
Fund	**Investment management fee up to % p.a.**	**Fund**	**Investment management fee up to % p.a.**
Cash	0.28%	Cash	0.27%
Conservative	0.49%	Conservative	0.49%
Moderate	0.56%	Moderate	0.58%
Balanced	0.62%	Balanced	0.67%
Growth	0.70%	Growth	0.75%
High Growth	0.77%	High Growth	0.80%
Shares	0.86%	Shares	0.88%

Effective 1 July 2024, the fee structure was amended to reallocate manager fees between MITNZ and the Scheme (2024: Manager fees were solely charged at MITNZ).

Manager fees incurred by the Scheme are deducted through two components:

- The first component comprises of management fees charged and rebates received at the MITNZ level, a series of wholesale unlisted unit trusts managed by Mercer as disclosed in Note 1. The management fees are incurred through a reduction in the unit price and the rebates are received through additional units of MITNZ holdings of the Scheme. This is reflected within net gains/(losses) on financial assets at fair value through profit or loss in the Statements of Changes in Net Assets. (2024: The first component comprises investment management fees charged at MITNZ level, a series of wholesale unlisted unit trusts managed by Mercer as disclosed in Note 1. These investment management fees are incurred through a reduction in the unit price of MITNZ holdings of the Scheme. This is reflected within net gains/(losses) on financial assets at fair value through profit or loss in the Statements of Changes in Net Assets).
- The second component is fees deducted from/rebated to the Scheme and invoiced by Mercer. These represent the balancing amounts of net asset based management fees once the deduction of fees in MITNZ are taken into account (2024: Same)

pwc

Docusign Envelope ID: 5BB62D5D-7B21-4E87-A9C0-21897D861656

6 RELATED PARTIES (Continued)

Amounts paid to Mercer for services as manager and administrator including management fees paid to and management fee rebates received from Mercer, other related and third parties via the MITNZ unit price and Supervisor fees for the year are disclosed below. As outlined in the Scheme's Trust Deed, the Manager is also entitled to be reimbursed for various fees and expenses incurred in acting as Manager. In the disclosure below these expenses are titled Manager fees (expense recoveries) and may include legal and other professional services, audit and tax fees and filing fees.

	Total		Cash		Conservative		Moderate	
	2025	2024	2025	2024	2025	2024	2025	2024
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Manager fees / (rebates)								
Manager fees expense to Mercer, other related and third party investment managers via MITNZ unit prices	1,537	1,811	9	10	38	43	39	51
Manager fee rebates from MITNZ	(126)	-	(1)	-	-	-	-	-
Manager fees/(rebates) to/(from) Mercer	476	(29)	(1)	(1)	9	(1)	10	(1)
Total management fees	**1,887**	**1,782**	**7**	**9**	**47**	**42**	**49**	**50**
Supervisor fees								
Supervisor fees expense to Trustees Executors Limited	75	72	1	1	3	3	2	3
Manager fees (expense recoveries)								
Manager fees (expense recoveries) (from)/ to Mercer	(5)	17	-	-	-	1	-	1
Total fees	**1,957**	**1,871**	**8**	**10**	**50**	**46**	**51**	**54**

	Balanced		Growth		High Growth		Shares	
	2025	2024	2025	2024	2025	2024	2025	2024
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Manager fees / (rebates)								
Manager fees expense to Mercer, other related and third party investment managers via MITNZ unit prices	536	686	266	344	324	415	325	262
Manager fee rebates from MITNZ	-	-	-	-	-	-	(125)	-
Manager fees/(rebates) to/(from) Mercer	151	(11)	91	(5)	134	(6)	82	(4)
Total management fees	**687**	**675**	**357**	**339**	**458**	**409**	**282**	**258**
Supervisor fees								
Supervisor fees expense to Trustees Executors Limited	30	29	14	13	16	15	9	8
Manager fees (expense recoveries)								
Manager fees (expense recoveries) (from)/ to Mercer	(2)	7	(1)	3	(1)	3	(1)	2
Total fees	**715**	**711**	**370**	**355**	**473**	**427**	**290**	**268**

Outstanding balances due to related parties are not interest bearing.

pwc

Docusign Envelope ID: 5BB62D5D-7B21-4E87-A9C0-21897D861656

6 RELATED PARTIES (Continued)

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

	Manager fees (expense recoveries)		Supervisor fees		Manager fees		Other receivables		Unsettled Trades	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Fund	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash	-	-	-	-	-	-	-	-	-	-
Conservative	-	-	1	1	1	-	-	-	-	-
Moderate	-	-	1	1	1	-	-	-	-	-
Balanced	(3)	3	8	7	14	(4)	-	125	-	-
Growth	(1)	1	3	3	9	(2)	-	-	15	-
High Growth	(1)	1	4	3	13	(2)	-	40	-	-
Shares	(1)	1	2	2	8	(1)	-	-	-	-
Total	**(6)**	**6**	**19**	**17**	**46**	**(9)**	**-**	**165**	**15**	**-**

At 31 March 2025, other receivables and unsettled trades comprises the receivables/payables from sale/purchase of financial assets at fair value through profit or loss (2024: same).

Investment in related parties

The Scheme invests in MITNZ. Trustees Executors Limited ("TEL") is the Trustee. Mercer is the manager of MITNZ. During the year, no related party was a member of the Scheme (2024: Same).

The Scheme holds the following financial assets in MITNZ:

		Opening Balance		Purchases		Sales		Net Change in Fair Value		Closing Balance	
		2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
MITNZ Portfolio	**Fund**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Mercer Cash Portfolio	Cash	3,088	3,428	2,384	945	(1,802)	(1,462)	152	177	3,822	3,088
NZDF Conservative Portfolio	Conservative	9,471	7,805	3,082	1,936	(1,893)	(772)	536	502	11,196	9,471
NZDF Moderate Portfolio	Moderate	9,101	7,889	570	1,138	(661)	(588)	514	662	9,524	9,101
NZDF Balanced Portfolio	Balanced	110,407	91,601	2,851	11,392	(3,241)	(2,596)	6,697	10,010	116,714	110,407
NZDF Growth Portfolio	Growth	50,214	40,779	1,775	5,549	(1,901)	(1,683)	3,285	5,569	53,373	50,214
NZDF High Growth Portfolio	High Growth	57,335	45,335	3,790	6,045	(1,572)	(1,268)	4,180	7,222	63,733	57,335
Mercer Shares Portfolio	Shares	33,238	26,079	2,120	2,418	(1,400)	-	2,247	4,742	36,205	33,238
Total Scheme		**272,854**	**222,916**	**16,572**	**29,423**	**(12,470)**	**(8,369)**	**17,611**	**28,884**	**294,567**	**272,854**

As at 31 March 2025, the Growth Fund had ununitised investments of $15,000 (2024: nil)

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

	Purchases		Sales	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Mercer Cash Portfolio	400	97	(637)	(594)
NZDF Conservative Portfolio	819	638	(470)	(194)
NZDF Moderate Portfolio	97	488	(153)	(405)
NZDF Balanced Portfolio	630	312	(827)	(806)
NZDF Growth Portfolio	356	672	(559)	(592)
NZDF High Growth Portfolio	839	537	(695)	(348)
Mercer Shares Portfolio	270	195	(70)	-
Total	**3,411**	**2,939**	**(3,411)**	**(2,939)**

The Scheme and and Funds do not control any of the MITNZ Portfolios.

pwc

Docusign Envelope ID: 5BB62D5D-7B21-4E87-A9C0-21897D861656

NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME
Notes to the Financial Statements
For the year ended 31 March 2025

7 BENEFITS

	TOTAL		Cash		Conservative		Moderate	
	2025	2024	2025	2024	2025	2024	2025	2024
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Retirement	4,510	2,340	112	-	595	376	77	61
Death or disability	45	87	-	-	9	-	26	2
Significant financial hardship	192	209	-	5	4	2	22	-
First home assistance	11,970	6,402	904	812	1,324	612	280	319
Permanent emigration to Australia	968	367	-	69	55	65	-	-
Permanent emigration excluding Australia	284	141	1	-	10	-	-	-
Other permitted withdrawals	316	61	-	-	-	-	15	-
Total	**18,285**	**9,607**	**1,017**	**886**	**1,997**	**1,055**	**420**	**382**

	Balanced		Growth		High Growth		Shares	
	2025	2024	2025	2024	2025	2024	2025	2024
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Retirement	2,586	1,287	695	307	357	309	88	-
Death or disability	-	4	-	6	4	60	6	15
Significant financial hardship	91	72	26	40	39	65	10	25
First home assistance	4,140	2,285	1,457	705	2,013	987	1,852	682
Permanent emigration to Australia	176	163	269	29	170	18	298	23
Permanent emigration excluding Australia	79	36	31	-	149	-	14	105
Other permitted withdrawals	185	61	50	-	39	-	27	-
Total	**7,257**	**3,908**	**2,528**	**1,087**	**2,771**	**1,439**	**2,295**	**850**

8 TRANSFERS IN FROM OTHER SCHEMES

	TOTAL		Cash		Conservative		Moderate	
	2025	2024	2025	2024	2025	2024	2025	2024
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Transfers from other KiwiSaver Schemes	4,732	5,894	1	-	17	47	9	45
Transfers from superannuation schemes	369	627	-	-	-	34	-	34
Transfers from Trans-Tasman portability	27	158	-	-	-	-	-	-
Total	**5,128**	**6,679**	**1**	**-**	**17**	**81**	**9**	**79**

	Balanced		Growth		High Growth		Shares	
	2025	2024	2025	2024	2025	2024	2025	2024
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Transfers from other KiwiSaver Schemes	4,042	4,590	157	543	240	439	266	230
Transfers from superannuation schemes	-	354	359	181	-	22	10	2
Transfers from Trans-Tasman portability	-	57	1	50	22	28	4	23
Total	**4,042**	**5,001**	**517**	**774**	**262**	**489**	**280**	**255**

pwc

Docusign Envelope ID: 5BB62D5D-7B21-4E87-A9C0-21897D861656

NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME
Notes to the Financial Statements
For the year ended 31 March 2025

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

	TOTAL		Cash		Conservative		Moderate	
	2025	2024	2025	2024	2025	2024	2025	2024
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Net profit before membership activities	16,775	28,600	149	174	515	491	493	650
Adjustments for:								
Net gains on financial assets at fair value through profit or loss	(17,611)	(28,884)	(152)	(177)	(536)	(502)	(514)	(662)
Proceeds from sale of financial assets	9,224	5,265	1,802	1,462	1,893	772	661	588
Payments for purchase of financial assets	(13,161)	(26,485)	(2,384)	(945)	(3,082)	(1,936)	(570)	(1,139)
Decrease/(increase) in other receivables	9	(5)	-	-	-	1	-	1
(Increase)/decrease in manager fees (expense recoveries) receivable	(6)	-	-	-	-	-	-	-
Increase in manager fees payable	46	-	-	-	1	-	1	-
Increase in supervisor fees payable	2	3	-	-	-	-	-	-
Decrease in manager fees (expense recoveries) payable	(6)	(26)	-	-	-	(1)	-	(1)
Decrease in other fees payable	(64)	(25)	(1)	(2)	(2)	(1)	(2)	-
Net Cash (used in)/from operating activities	**(4,792)**	**(21,557)**	**(586)**	**512**	**(1,211)**	**(1,176)**	**69**	**(563)**

	Balanced		Growth		High Growth		Shares	
	2025	2024	2025	2024	2025	2024	2025	2024
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Net profit before membership activities	6,401	9,892	3,129	5,518	3,968	7,165	2,120	4,710
Adjustments for:								
Net gains on financial assets at fair value through profit or loss	(6,697)	(10,010)	(3,285)	(5,569)	(4,180)	(7,222)	(2,247)	(4,742)
Proceeds from sale of financial assets	3,366	2,471	1,901	1,683	1,612	1,228	1,400	-
Payments for purchase of financial assets	(2,851)	(11,392)	(1,775)	(5,549)	(3,790)	(6,045)	(2,120)	(2,418)
Decrease/(increase) in other receivables	4	(3)	2	(1)	2	(1)	1	(2)
(Increase)/decrease in manager fees (expense recoveries) receivable	(3)	-	(1)	-	(1)	-	(1)	-
Increase in manager fees payable	14	-	9	-	13	-	8	-
Increase in supervisor fees payable	1	1	-	1	1	1	-	-
Decrease in manager fees (expense recoveries) payable	(3)	(10)	(1)	(5)	(1)	(6)	(1)	(3)
Decrease in other fees payable	(27)	(10)	(12)	(5)	(13)	(5)	(7)	(2)
Net Cash (used in)/from operating activities	**205**	**(9,061)**	**(33)**	**(3,927)**	**(2,389)**	**(4,885)**	**(847)**	**(2,457)**

pwc

NEW ZEALAND DEFENCE FORCE KIWISAVER SCHEME
Notes to the Financial Statements
For the year ended 31 March 2025

10 AUDITORS' REMUNERATION

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

	TOTAL		Cash		Conservative		Moderate	
	2025	2024	2025	2024	2025	2024	2025	2024
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Audit fees for the audit of financial statements	75	72	1	1	3	3	2	2
Total	**75**	**72**	**1**	**1**	**3**	**3**	**2**	**2**

	Balanced		Growth		High Growth		Shares	
	2025	2024	2025	2024	2025	2024	2025	2024
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Audit fees for the audit of financial statements	30	29	14	13	16	15	9	9
Total	**30**	**29**	**14**	**13**	**16**	**15**	**9**	**9**

11 FINANCIAL RISK MANAGEMENT

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

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

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

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

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

The New Zealand Defence Force KiwiSaver Scheme invests in MDT that in turn invests in other MITNZ investment portfolios and MNZCFIT. The financial instruments held by the MITNZ Investment Portfolios are directly and indirectly exposed to market risk, credit risk and liquidity risk. The financial risk management disclosures has been presented on the basis of the Schemes direct investments and on a look through basis for investments for the financial instruments held by the MITNZ portfolios.

pwc

Docusign Envelope ID: 5BB62D5D-7B21-4E87-A9C0-21897D861656

11 FINANCIAL RISK MANAGEMENT (Continued)

a) Market Risk

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

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

Market risk is minimised by the Manager through research and analysis of the investment mix within investment portfolios and ensuring that all investment activities are undertaken in accordance with established investment strategies. The Scheme's overall market positions are monitored by the Scheme's manager who uses research and analysis to form a view on these matters and then rebalances the investment mix of the investment portfolios to reduce the impact of market risk.

The Scheme's and each Fund's maximum exposure to loss from its interests in the MITNZ Investment Portfolios is equal to the total fair value of its investments. Once the Scheme and the Funds have disposed of its interest in an MITNZ Investment Portfolio, the Scheme and the Funds cease to be exposed to any risk from that MITNZ Investment Portfolio.

No adjustments have been made to the carrying amount of financial instruments as a result of climate change.

Currency risk

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

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

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

Interest rate risk

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

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

Interest rate risk disclosures have been considered on the basis of the Scheme's direct investments and not on a look through basis for investments held by the MITNZ Investment Portfolios. Consequently the Scheme is exposed indirectly to interest rate risk where the Scheme has significant investments in the MITNZ Investment Portfolios which have interest bearing securities.

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

pwc

Docusign Envelope ID: 5BB62D5D-7B21-4E87-A9C0-21897D861656

11 FINANCIAL RISK MANAGEMENT (Continued)

a) Market Risk (Continued)

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

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

As at 31 March, the Scheme's exposure to market price risk through unlisted unit trusts was as follows:

Fund	2025 $'000	2025 %	2024 $'000	2024 %
Cash	3,822	1%	3,088	1%
Conservative	11,196	4%	9,471	4%
Moderate	9,524	3%	9,101	3%
Balanced	116,714	40%	110,407	41%
Growth	53,388	18%	50,214	18%
High Growth	63,733	22%	57,335	21%
Shares	36,205	12%	33,238	12%
Total Unlisted Unit Trusts	**294,582**	**100%**	**272,854**	**100%**

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

	2025				2024			
	Net profit/(loss) before membership activities		Net Assets Attributable to Members		Net profit/(loss) before membership activities		Net Assets Attributable to Members	
Fund	10% increase $'000	10% decrease $'000	10% increase $'000	10% decrease $'000	10% increase $'000	10% decrease $'000	10% increase $'000	10% decrease $'000
Cash	382	(382)	382	(382)	309	(309)	309	(309)
Conservative	1,120	(1,120)	1,120	(1,120)	947	(947)	947	(947)
Moderate	952	(952)	952	(952)	910	(910)	910	(910)
Balanced	11,671	(11,671)	11,671	(11,671)	11,041	(11,041)	11,041	(11,041)
Growth	5,339	(5,339)	5,339	(5,339)	5,021	(5,021)	5,021	(5,021)
High Growth	6,373	(6,373)	6,373	(6,373)	5,734	(5,734)	5,734	(5,734)
Shares	3,621	(3,621)	3,621	(3,621)	3,324	(3,324)	3,324	(3,324)
Total	**29,458**	**(29,458)**	**29,458**	**(29,458)**	**27,286**	**(27,286)**	**27,286**	**(27,286)**

pwc

Docusign Envelope ID: 5BB62D5D-7B21-4E87-A9C0-21897D861656

11 FINANCIAL RISK MANAGEMENT (Continued)

b) Credit Risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Scheme to incur a financial loss. The Scheme is primarily exposed to counterparty credit risk on cash and cash equivalents. None of these assets are impaired or past due (2024: Same).

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

The Scheme is indirectly exposed to credit risk in the underlying MITNZ investment portfolios. The investment managers of the MITNZ investment portfolios manage credit risk by establishing controls which are either specified in the guidelines set by the Manager or outlined in the product disclosure statement/information memorandum of underlying unit trust investments that it makes. Credit risk limitations include diversification of investments over a wide range of asset classes, companies, industries and maturities within the underlying investment portfolios. The Scheme's cash balances are held with Westpac New Zealand Limited (AA- rating, as measured by Standard & Poor's) (2024: Same).

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

c) Liquidity Risk

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

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

The Scheme's liquidity risk is managed by investing in unlisted investment trusts which, in turn, invest in different asset classes and predominantly liquid assets. The Scheme has a right to request redemption of its investments in the MITNZ Investment Portfolios on a daily basis.

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

d) Capital Risk Management

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

a) monitor the level of daily contributions, transfers in, transfers out and benefits relative to the assets it is able to liquidate within seven days; and

b) redeem and issue new units in accordance with the constitutional documents of the Scheme, which includes the ability to restrict redemptions in accordance with the KiwiSaver Act 2006. The Scheme does not have any externally imposed capital requirements.

pwc

Docusign Envelope ID: 5BB62D5D-7B21-4E87-A9C0-21897D861656

12 CLIMATE RELATED RISK MANAGEMENT

Mercer acknowledges the wider social and economic risks posed by climate change and that for Mercer the greatest expected impact to the Scheme and Funds is the potential impact on achieving investment objectives. Members' outcomes rely on investment returns, which are directly related to the value of the underlying assets. The value of these underlying assets is increasingly expected to be impacted by climate-related risks and opportunities, and the aim is therefore to position portfolios to mitigate risks and maximise opportunities where possible.

No adjustments have been made to the carrying amount of financial instruments as a result of climate change.

Mercer's climate statements will be available on the Climate-related Disclosures Register. For more details on climate-related risks and opportunities for the Scheme and Funds and how Mercer manages them, please refer to the climate statements.

13 FINANCIAL INSTRUMENTS BY CATEGORY

	TOTAL		Cash		Conservative		Moderate	
	2025	2024	2025	2024	2025	2024	2025	2024
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
ASSETS								
Financial assets at fair value through profit or loss								
Financial assets at fair value through profit or loss	294,582	272,854	3,822	3,088	11,196	9,471	9,524	9,101
Total financial assets at fair value through profit or loss	**294,582**	**272,854**	**3,822**	**3,088**	**11,196**	**9,471**	**9,524**	**9,101**
Financial assets at amortised cost								
Cash and cash equivalents	2,207	3,749	144	-	224	97	179	139
Manager fee rebates receivable	-	9	-	-	-	-	-	-
Other receivables	-	165	-	-	-	-	-	-
Manager fees (expense recoveries) receivable	6	-	-	-	-	-	-	-
Total financial assets at amortised cost	**2,213**	**3,923**	**144**	**-**	**224**	**97**	**179**	**139**
Total financial assets	**296,795**	**276,777**	**3,966**	**3,088**	**11,420**	**9,568**	**9,703**	**9,240**
LIABILITIES								
Financial liabilities at amortised cost								
Bank Overdraft	-	-	-	19	-	-	-	-
Unsettled Trades	15	-	-	-	-	-	-	-
Unallocated contributions	7	298	-	5	-	22	-	8
Benefits payable	217	221	-	-	20	-	-	20
Supervisor fees payable	19	17	-	-	1	1	1	1
Manager fees (expense recoveries) payable	-	6	-	-	-	-	-	-
Manager fees payable	46	-	-	-	1	-	1	-
Other expenses payable	23	87	-	1	1	3	1	3
Net assets attributable to members	294,830	275,210	3,928	3,019	11,305	9,480	9,623	9,157
Total financial liabilities at amortised cost	**295,157**	**275,839**	**3,928**	**3,044**	**11,328**	**9,506**	**9,626**	**9,189**

pwc

Docusign Envelope ID: 5BB62D5D-7B21-4E87-A9C0-21897D861656

13 FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

	Balanced		Growth		High Growth		Shares	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000
ASSETS								
Financial assets at fair value through profit or loss								
Financial assets at fair value through profit or loss	116,714	110,407	53,388	50,214	63,733	57,335	36,205	33,238
Total financial assets at fair value through profit or loss	**116,714**	**110,407**	**53,388**	**50,214**	**63,733**	**57,335**	**36,205**	**33,238**
Financial assets at amortised cost								
Cash and cash equivalents	698	1,198	157	644	260	936	545	754
Manager fee rebates receivable	-	4	-	2	-	2	-	1
Other receivables	-	125	-	-	-	40	-	-
Manager fees (expense recoveries) receivable	3	-	1	-	1	-	1	-
Total financial assets at amortised cost	**701**	**1,327**	**158**	**646**	**261**	**978**	**546**	**755**
Total financial assets	**117,415**	**111,734**	**53,546**	**50,860**	**63,994**	**58,313**	**36,751**	**33,993**
LIABILITIES								
Financial liabilities at amortised cost								
Bank Overdraft	-	-	-	-	-	-	-	-
Unsettled Trades	-	-	15	-	-	-	-	-
Unallocated contributions	3	138	1	45	2	56	1	24
Benefits payable	64	129	63	22	61	43	9	7
Supervisor fees payable	8	7	3	3	4	3	2	2
Manager fees (expense recoveries) payable	-	3	-	1	-	1	-	1
Manager fees payable	14	-	9	-	13	-	8	-
Other expenses payable	9	36	4	16	5	18	3	10
Net assets attributable to Members	116,550	110,986	53,165	50,632	63,631	58,081	36,628	33,855
Total financial liabilities at amortised cost	**116,648**	**111,299**	**53,260**	**50,719**	**63,716**	**58,202**	**36,651**	**33,899**

At 31 March 2025 the carrying amount of the financial assets and liabilities at amortised cost approximates their fair value (2024: Same).

14 UNITS ON ISSUE

	TOTAL		Cash		Conservative		Moderate	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Units on issue at the beginning of the year	174,288	160,682	2,689	3,099	7,613	6,746	6,877	6,408
Units issued during the year	51,989	56,322	2,831	1,641	5,418	3,613	1,885	2,531
Units redeemed during the year	(48,832)	(42,716)	(2,145)	(2,051)	(4,300)	(2,746)	(1,846)	(2,062)
Units on issue at the end of the year	**177,445**	**174,288**	**3,375**	**2,689**	**8,731**	**7,613**	**6,916**	**6,877**

	Balanced		Growth		High Growth		Shares	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Units on issue at the beginning of the year	75,146	69,191	31,385	28,962	32,694	29,938	17,884	16,338
Units issued during the year	18,986	24,065	7,279	8,353	9,623	9,740	5,967	6,379
Units redeemed during the year	(18,943)	(18,110)	(7,442)	(5,930)	(8,609)	(6,984)	(5,547)	(4,833)
Units on issue at the end of the year	**75,189**	**75,146**	**31,222**	**31,385**	**33,708**	**32,694**	**18,304**	**17,884**

15 CONTINGENT LIABILITY, ASSET AND COMMITMENTS

There were no material contingent liabilities or commitments as at 31 March 2025 (2024: Same).

16 EVENTS AFTER BALANCE DATE

In May 2025, the New Zealand Government announced several KiwiSaver changes which will come into effect on 1 July 2025, 1 April 2026 and 1 April 2028. They do not have an impact on the current year financial statements.

There have been no other material events after balance date that require adjustment to or disclosure in the financial statements.

pwc

Independent auditor's report

To the members of New Zealand Defence Force KiwiSaver Scheme which comprises:

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

(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 positions of the Funds and the Scheme as at 31 March 2025, 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 Accounting Standards (IFRS Accounting Standards).

What we have audited

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

- the statements of net assets as at 31 March 2025;
- the statements of changes in net assets for the year then ended;
- the statements of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information 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.

Subject to certain restrictions, partners and 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. The firm has no other relationship with, or interests in, Mercer (N.Z.) Limited (the Manager) in respect of 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
Valuation and existence of financial assets at fair value through profit or loss Refer to note 5 of the financial statements for the reported values of financial assets at fair value through profit or loss. This was an area of focus for our audit as it represents the majority of the net assets attributable to members of the Funds and the Scheme. **Valuation** The Funds and the Scheme invest solely into the investment portfolios within Mercer Investment Trusts New Zealand (MITNZ). MITNZ are unlisted unit trusts which are also managed by the Manager. The fair value of the investments in MITNZ investment portfolios are categorised as level 2 in the fair value hierarchy. The fair value is based on the redemption price established by the investment administrator of MITNZ. **Existence** Holdings of the financial assets at fair value through profit or loss are held by the Custodian on behalf of the Funds and the Scheme.	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 controls operated by a service organisation, the Administrator. Our assessment of the processes included obtaining the internal controls report over investment administration provided by the Administrator. We evaluated the evidence provided by the internal controls report over the design and operating effectiveness of the relevant controls operated by the Administrator. For valuation of financial assets at fair value through profit or loss we agreed the redemption price used by the Manager at the reporting date to the confirmation provided by the investment administrator of MITNZ. We evaluated whether the redemption price represents fair value by comparing the redemption price at the reporting date to the net asset value per unit calculated based on the 31 March 2025 audited financial statements of MITNZ and recent transaction prices. We confirmed the financial assets at fair value through profit or loss as at 31 March 2025 recognised in the financial statements of the Funds and the Scheme with the Custodian.

Our audit approach

Overview

Materiality	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. 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.
Key audit matters	As reported above, we have one key audit matter, being: Valuation and existence of financial assets at fair value through profit or loss.

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

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in the 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.

Other information

The Manager is responsible for the other information. The other information comprises the information included in the Annual Report and the Climate Statement, but does not include the financial statements and our auditor's report thereon, which the Annual Report and the Climate Statement refers 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 Accounting Standards and for such internal control as the Manager determines is necessary to enable the preparation of the 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/standards/assurance-standards/auditors-responsibilities/audit-report-1-1/

This description forms part of our auditor's report.

Who we report to

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

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

For and on behalf of:

PricewaterhouseCoopers

PricewaterhouseCoopers
29 July 2025

Wellington