

**Kiwi Wealth Managed Funds
Financial Statements
For the year ended 31 March 2023**

Kiwi Wealth Managed Funds
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For the year ended 31 March 2023

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Kiwi Wealth Managed Funds Statements of Comprehensive Income For the year ended 31 March 2023

\$ For the year ended 31 March	Note	Conservative Fund		Balanced Fund		Growth Fund	
		2023	2022	2023	2022	2023	2022
Income							
Interest income and expense on financial assets at amortised cost	9	4,175	1,167	23,855	4,449	18,571	5,648
Net foreign currency gains/(losses) on cash and cash equivalents		-	-	(41,628)	31,402	(74,616)	42,030
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss		(236,249)	(1,570,362)	(5,147,254)	428,047	(7,223,410)	3,963,977
Other income		-	1,357	-	242	-	3
Total income		(232,074)	(1,567,838)	(5,165,027)	464,140	(7,279,455)	4,011,658
Expenses							
Management fees	8	252,176	270,547	1,158,961	1,138,220	1,199,902	1,098,333
Other expenses		-	2	-	2	-	2
Total operating expenses		252,176	270,549	1,158,961	1,138,222	1,199,902	1,098,335
Operating profit/(loss)		(484,250)	(1,838,387)	(6,323,988)	(674,082)	(8,479,357)	2,913,323
Profit/(loss) for the year attributable to Unitholders		(484,250)	(1,838,387)	(6,323,988)	(674,082)	(8,479,357)	2,913,323
Total comprehensive income/(loss) for the year attributable to Unitholders		(484,250)	(1,838,387)	(6,323,988)	(674,082)	(8,479,357)	2,913,323

These statements are to be read in conjunction with the accompanying notes.

Kiwi Wealth Managed Funds Statements of Changes in Net Assets Attributable to Unitholders For the year ended 31 March 2023

\$ For the year ended 31 March	Conservative Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022
Net assets attributable to Unitholders at the beginning of the year	42,969,230	24,042,866	163,555,739	64,450,942	146,230,945	50,394,154
Proceeds from units issued	12,999,173	54,427,182	18,302,052	151,029,706	22,847,249	131,225,966
Redemption of units	(23,900,745)	(34,090,660)	(41,265,124)	(51,517,447)	(31,137,698)	(37,769,846)
Unitholder tax rebates/(liabilities)	12,920	428,229	(49,339)	266,620	(196,501)	(532,652)
Net increase/(decrease) from transaction in units	(10,888,652)	20,764,751	(23,012,411)	99,778,879	(8,486,950)	92,923,468
Total comprehensive income/(loss) for the year attributable to Unitholders	(484,250)	(1,838,387)	(6,323,988)	(674,082)	(8,479,357)	2,913,323
Net assets attributable to Unitholders at the end of the year	31,596,328	42,969,230	134,219,340	163,555,739	129,264,638	146,230,945
Units on issue For the year ended 31 March	2023	2022	2023	2022	2023	2022
Units on issue at the beginning of the year	39,140,010	21,102,864	128,352,489	51,924,953	103,649,236	38,408,720
Units issued	12,342,164	48,091,039	15,704,287	116,274,463	17,727,015	92,254,309
Units redeemed	(22,477,876)	(30,053,893)	(35,110,138)	(39,846,927)	(24,693,017)	(27,013,793)
Units on issue at the end of the year	29,004,298	39,140,010	108,946,638	128,352,489	96,683,234	103,649,236

These statements are to be read in conjunction with the accompanying notes.

Kiwi Wealth Managed Funds Statements of Financial Position For the year ended 31 March 2023

\$ As at 31 March	Note	Conservative Fund		Balanced Fund		Growth Fund	
		2023	2022	2023	2022	2023	2022
Assets							
Cash and cash equivalents		167,668	214,456	719,716	324,576	713,279	8,749
Financial assets at fair value through profit or loss	7	31,812,146	42,422,457	134,894,321	163,038,997	129,120,048	146,564,227
Contributions receivable		12,993	104,339	65,273	73,186	287,322	-
Tax receivable on behalf of unitholders		-	253,531	-	239,188	-	-
Total assets		31,992,807	42,994,783	135,679,310	163,675,947	130,120,649	146,572,976
Liabilities							
Financial liabilities at fair value through profit or loss	7	-	-	45,069	7,755	70,692	11,418
Management fees payable	8	19,331	25,553	92,436	112,453	98,753	112,493
Withdrawals payable		236,407	-	935,519	-	482,703	-
PIE tax payable		140,741	-	386,946	-	203,863	218,120
Total liabilities		396,479	25,553	1,459,970	120,208	856,011	342,031
Net assets attributable to Unitholders		31,596,328	42,969,230	134,219,340	163,555,739	129,264,638	146,230,945

The Directors of Kiwi Wealth Limited authorised these Financial Statements for issue on 3 July 2023.

Director



Director



These statements are to be read in conjunction with the accompanying notes.

Kiwi Wealth Managed Funds

Statements of Cash Flows

For the year ended 31 March 2023

\$	Note	Conservative Fund		Balanced Fund		Growth Fund	
		2023	2022	2023	2022	2023	2022
For the year ended 31 March							
Cash flows from operating activities							
<i>Cash was provided from</i>							
Proceeds from sale of financial instruments at fair value through profit or loss		14,242,900	9,910,887	42,480,960	18,661,163	23,699,704	14,015,446
Interest income received		4,175	1,167	23,855	4,449	18,571	5,648
Other income received		-	1,357	-	242	-	3
<i>Cash was applied to</i>							
Purchase of financial instruments at fair value through profit or loss		(3,868,838)	(30,103,997)	(19,446,224)	(117,202,527)	(13,419,661)	(106,423,129)
Management fees paid		(258,398)	(259,380)	(1,178,978)	(1,067,839)	(1,213,642)	(1,023,406)
Other expenses paid		-	(2)	-	(2)	-	(2)
Net cash (outflow)/inflow from operating activities	10	10,119,839	(20,449,968)	21,879,613	(99,604,514)	9,084,972	(93,425,440)
Cash flows from financing activities							
<i>Cash was provided from</i>							
Proceeds from units issued		13,090,519	54,364,694	18,309,965	150,956,520	22,559,927	131,225,966
<i>Cash was applied to</i>							
Redemptions of units		(23,664,338)	(34,090,660)	(40,329,605)	(51,517,447)	(30,654,995)	(37,769,857)
Unitholders tax liabilities		407,192	271,967	576,795	134,048	(210,758)	(317,729)
Net cash inflow/(outflow) from financing activities		(10,166,627)	20,546,001	(21,442,845)	99,573,121	(8,305,826)	93,138,380
Net increase/(decrease) in cash and cash equivalents		(46,788)	96,033	436,768	(31,393)	779,146	(287,060)
Cash and cash equivalents at the beginning of the financial year		214,456	118,423	324,576	324,567	8,749	253,779
Foreign exchange gains/(losses) on cash and cash equivalents denominated in foreign currencies		-	-	(41,628)	31,402	(74,616)	42,030
Cash and cash equivalents at the end of the financial year		167,668	214,456	719,716	324,576	713,279	8,749
The cash balances of the Funds comprise of:							
Cash and cash equivalents		167,668	214,456	719,716	324,576	713,279	8,749
		167,668	214,456	719,716	324,576	713,279	8,749

These statements are to be read in conjunction with the accompanying notes.

Kiwi Wealth Managed Funds

Notes to the Financial Statements

For the year ended 31 March 2023

I. General information

Reporting Entities

These financial statements are for the year ended 31 March 2023 and have been prepared for the Conservative Fund, Balanced Fund and Growth Fund (the Funds). Kiwi Wealth Managed Funds Scheme (the Scheme) was registered as a Managed Investment Scheme in accordance with the Financial Markets Conduct Act 2013 on 10 May 2018.

The Funds, which are separate legal entities, are open-ended investment funds domiciled in New Zealand and established in Wellington under a Master Trust Deed and Establishment Deeds supplemental to the Master Trust Deed, dated 4 May 2018. Each Fund was established on the date of its Establishment Deed and will terminate in accordance with the provisions of the Master Trust Deed. The Funds commenced operations on 31 July 2018. Two additional funds (Cash Fund and Global Themes Fund) within the Scheme were established by Establishment Deeds dated 10 September 2020. The Funds had not commenced operations as at 31 March 2023 and as there were nil balances, transactions or cashflows to report during or at the end of the current reporting period, these funds have not been presented separately within these Financial Statements.

The principal activity of the Funds is investment, either via investments in other managed funds or holding investments directly.

The objectives of the Funds are as follows:

- * Conservative Fund: To exceed over the relevant timeframe (one to five years) the returns you would receive from investing 85% of your funds in New Zealand fixed interest and cash assets and 15% in global shares, through active asset allocation and active selection of shares, fixed interest and cash assets - to exceed a "conservative" benchmark.
- * Balanced Fund: To exceed over the relevant timeframe (five to ten years) the returns you would receive from investing 45% of your funds in New Zealand fixed interest and cash assets and 55% in global shares through active asset allocation and active selection of shares, fixed interest and cash assets - to exceed a "balanced" benchmark.
- * Growth Fund: To exceed over the relevant timeframe (more than ten years) the returns you would receive from investing 85% of your funds in global shares and 15% of your funds in cash and New Zealand fixed interest assets through active asset allocation and active selection of shares, fixed interest and cash assets - to exceed a "growth" benchmark.

The Supervisor of the Funds is Public Trust (the Supervisor). The Funds are managed by Kiwi Wealth Limited (the Manager). The Manager has delegated the investment management to Kiwi Wealth Investments Limited Partnership. The registered office for the Manager is Level 13, 20 Ballance Street, Wellington, 6011, New Zealand. Kiwi Wealth Limited is a wholly owned subsidiary of Kiwi Wealth Investments Limited Partnership. The Kiwi Wealth Investments Limited Partnership, is owned by Kiwi Wealth Management Limited, which was until 30 November 2022 a wholly owned subsidiary of Kiwi Group Holdings Limited. Following the acquisition of Kiwi Wealth Management Limited by Fisher Funds Management Limited on 30 November 2022, Fisher Funds Management Limited became the ultimate holding company of Kiwi Wealth Limited and Kiwi Wealth Investments Limited Partnership.

These financial statements were authorised for issue by the Board of Directors of the Manager on 3 July 2023.

At balance date, the Funds primarily gain investment exposure by investing into the Kiwi Wealth Fixed Interest Fund and the Kiwi Wealth Growth Fund (Related Party Funds). The Related Party Funds are wholesale managed funds established under the Kiwi Wealth Master Trust. The manager of the Kiwi Wealth Master Trust is Kiwi Investment Management Limited, a related party of the Manager.

Statutory Base

The Funds are established under the Scheme which is a Managed Investment Scheme as defined by the Financial Markets Conduct Act 2013 and as at 31 March 2023, the Scheme and Funds are subject to the provisions of that Act.

The Financial Statements have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013 and the Trust Deed.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied throughout the year presented, unless otherwise stated.

2.1 Basis of preparation

The Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). For the purposes of complying with NZ GAAP, the Funds are for-profit entities. These 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 and International Financial Reporting Standards (IFRS). These Financial Statements have been prepared under the historical cost method, except for financial assets and liabilities held at fair value through profit or loss.

The preparation of Financial Statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the Directors of the Manager to exercise their judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 3.

Kiwi Wealth Managed Funds

Notes to the Financial Statements

For the year ended 31 March 2023

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

The Financial Statements have been prepared for the year from 1 April 2022 to 31 March 2023. The comparatives presented are for the year ended 31 March 2022.

New standards and amendments:

There are no standards, amendments to standards or interpretations that are not yet effective for annual periods beginning on or after 1 April 2022, which have not been adopted, that will have a material effect on the financial statements of the Funds.

Issued but not yet effective accounting standards

Several new accounting standards and amendments to existing standards are issued or revised that are not yet effective as at 31 March 2023, they have been identified as not applicable or relevant to the Funds. Therefore, they are not included in the financial statements.

2.2 Financial instruments

(a) Classification

Financial Assets

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

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

Financial assets at fair value through profit or loss can be either designated as such upon initial recognition or mandatorily measured at fair value in accordance with NZ IFRS 9. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Funds are primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. All financial assets at fair value through profit or loss are mandatorily measured at fair value through profit or loss. Financial assets at fair value through profit or loss comprise of foreign exchange forward contracts and investments in unlisted funds.

(ii) Financial assets at amortised cost

(a) Cash and cash equivalents include cash in hand, deposits held at call with banks, deposits and overdrawn balances with brokers in New Zealand dollars and foreign currencies. 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 Funds' main income generating activity. Financing activities are those activities that result in changes in the size and composition of unitholders' funds.

(b) Receivables are amounts representing assets owing to the Funds and may include contributions receivable.

Kiwi Wealth Managed Funds

Notes to the Financial Statements

For the year ended 31 March 2023

(a) Classification (continued)

Financial Liabilities

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

Financial liabilities at fair value through profit or loss can be either designated as such upon initial recognition or mandatorily measured at fair value in accordance with NZ IFRS 9. The portfolio of financial liabilities is managed and performance is evaluated on a fair value basis. All financial liabilities are mandatorily measured at fair value through profit or loss. Foreign exchange contracts that have a negative fair value are presented as financial liabilities at fair value through profit or loss.

(ii) Financial liabilities at amortised cost

Payables are amounts representing liabilities and accrued expenses owing by the Funds at balance date and may include related party fees.

(b) Recognition, derecognition and measurement

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

The Funds recognise financial assets and liabilities at fair value through profit or loss on the date they become parties to the contractual agreement. Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of Comprehensive Income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Funds have transferred substantially all of the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires. Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value.

(ii) Financial assets and liabilities at amortised cost

The Funds recognise financial assets and liabilities at amortised cost on the trade date of regular purchases and sales of investments and derivatives - the date on which the Funds commit to purchase or sell the investment or derivatives. Financial assets and liabilities at amortised cost are initially recognised at fair value net of transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Funds have transferred substantially all of the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires. Subsequent to initial recognition, all financial assets and liabilities at amortised cost are measured at amortised cost. At each reporting date, the Funds measure the loss allowance of the financial assets at amortised cost at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds shall measure the loss allowance at an amount equal to 12 month expected credit losses. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due or a counterparty credit rating which has fallen below BBB/Baa. Any contractual payment which is more than 90 days past due is considered credit impaired. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a financial asset is credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income is calculated based on the gross carrying amount adjusted for the loss allowance.

(c) 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.

Fair value in an active market

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The quoted market price used by the Funds are the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management determine the point within the bid-ask spread that is most representative of fair value. The quoted market price used for fixed interest securities is the current mid price.

Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Funds use a variety of methods and make assumptions that are based on market conditions existing at each balance date. Valuation techniques used include the use of recent comparable market transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

The fair value of a forward contract is determined as the net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

Kiwi Wealth Managed Funds

Notes to the Financial Statements

For the year ended 31 March 2023

2.2 Financial instruments (continued)

(c) Fair value estimation (continued)

The Funds' investments in other funds are subject to the terms and conditions of the respective funds' offering documentation. The investments in other funds are primarily valued based on the latest available redemption price of such units for each other fund investment, as determined by the other funds' administrators. The Manager reviews the details of the reported information obtained from the other funds and considers: the liquidity of the other fund or its underlying investments; the value date of the net asset value provided; restrictions on redemptions; and the basis of accounting. In instances where the basis of accounting is other than fair value, fair valuation information is obtained from the other funds' administrators.

The rights of the Funds to request redemption of their investments in other funds may vary in frequency from daily to weekly redemptions. As a result, the carrying values of the other funds may not be indicative of the values ultimately realised on redemption.

If necessary, the Funds make adjustments to the net asset value of various other fund investments to obtain the best estimate of fair value. Other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss in the Statements of Comprehensive Income include the change in fair value of each other fund.

2.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.4 Net assets attributable to unitholders

The Funds issue units that are redeemable at the Unitholders' option. NZ IAS 32 Financial Instruments: Presentation permits the classification of units issued by the Funds as equity due to the following specified criteria being met:

- each unit represents an individual share in an individual Fund and does not extend to a right in the underlying assets of the Fund or Funds;
- the individual Funds have an obligation to deliver to the Unitholders a pro-rata share of the net assets of the individual Fund only on liquidation;
- all units issued by each individual Fund have identical features;
- all units issued can be put back to the individual Fund at any time for cash based on the redemption price and the Funds have no other contractual obligations to deliver cash or another financial asset;
- the Funds have no obligation to redeem the units for any other financial assets but cash;
- the expected cash flows attributable to the units are based substantially on the profit or loss of the individual Fund; and
- the fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance date if Unitholders exercised their right to put the units back to the individual Fund.

The Funds are valued weekly and the redemptions are paid weekly at the redemption price after appropriate notice has been received.

Applications received for units in the Funds are recorded net of any entry fees payable prior to the issue of units in the Funds and any initial service fee (if any). Redemptions from the Funds are recorded gross of any exit fees payable after the cancellation of the units redeemed. Units are issued and redeemed at the holder's option at prices based on the Funds' net asset value per unit at the time of issue or redemption adjusted for a buy/sell spread ranging from a maximum of 11bps to 14bps for the respective Funds. The buy/sell spreads on applications and redemptions are to cover estimated costs associated with the transactions. The buy/sell spreads are reviewed periodically and may change from time to time. The Funds' net asset value per unit is calculated by dividing the net assets attributable to the holders of the Fund with the total number of outstanding units of the Fund. In accordance with the provisions of the governing documents, investment positions are valued based at the appropriate market value for the purpose of determining the net asset value per unit for subscriptions and redemptions.

Kiwi Wealth Managed Funds

Notes to the Financial Statements

For the year ended 31 March 2023

2.5 Investment income

Interest income

Interest earned on financial assets at amortised cost, including cash and cash equivalents are included as Interest income in the Statements of Comprehensive Income on a time proportion basis using the effective interest method.

Dividend and distribution income

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded in the Statements of Net Assets Attributable to Unitholders as a unitholder tax liability. Trust distributions are recognised on a present entitlement basis.

Net gains and losses on financial assets at fair value through profit or loss

Realised and unrealised gains and losses are reflected in the Statements of Comprehensive Income as net gain/(loss) on financial instruments held at fair value through profit or loss.

Unrealised gains or losses include the change in net market value of investments held as at balance date and the reversal of prior periods unrealised gains or losses on investments that have been realised in the current year. Realised gains or losses are calculated based on the gross sale proceeds and the weighted average cost of the investments sold.

2.6 Interest expense

Interest expense is included in the Statements of Comprehensive Income on a time proportion basis using the effective interest method. Interest expense includes net interest paid or payable on cash and cash equivalents in overdraft during the year.

2.7 Expenses

All expenses, including the Funds' management fees, are recognised in the Statements of Comprehensive Income on an accruals basis.

2.8 Foreign currency translation

(a) Functional and presentation currency

Items included in the Funds' financial statements are measured using the currency of the primary economic environment in which they operate (the "functional currency"). The functional currency for the Funds is the New Zealand dollar, which reflects the currency in which the Funds operate and are regulated. The Funds' investors are generally domiciled in New Zealand, with the subscriptions and redemptions of the units denominated in New Zealand dollars. The performance of the Funds is measured in New Zealand dollars. The Manager considers the New Zealand dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in New Zealand dollars, which is also the Funds' presentation currency, and rounded to the nearest dollar.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at balance date.

Foreign exchange gains and losses resulting from translation are included in the Statements of Comprehensive Income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Statements of Comprehensive Income within 'Net foreign currency gains/(losses) on cash and cash equivalents'.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the Statements of Comprehensive Income within 'Net gain/(loss) on financial assets and liabilities at fair value through profit or loss'.

Kiwi Wealth Managed Funds

Notes to the Financial Statements

For the year ended 31 March 2023

2.9 Income tax

The Funds qualify as and have each elected to be a Portfolio Investment Entity (PIE) for tax purposes. Under the PIE regime income is effectively taxed in the hands of the Unitholders and therefore the Funds have no income tax expense. Accordingly, no income tax expense is recognised in the Statements of Comprehensive Income. Income is disclosed gross of any resident and foreign withholding taxes deducted at source and the taxes are included in Unitholder tax liabilities in the Statements of Changes in Net Assets Attributable to Unitholders.

Under the PIE regime, the Manager attributes the taxable income of the Funds to Unitholders in accordance with the proportion of their interest in the Funds. The income attributed to each Unitholder quarterly, is taxed at the Unitholder's "prescribed investor rate" which is capped at 28% on redemptions.

Unitholder tax liabilities disclosed in the Statements of Changes in Net Assets Attributable to Unitholders consists of withdrawals to meet Unitholder tax liabilities under the PIE regime and any resident and foreign withholding taxes deducted at source.

2.10 Distribution to unitholders

Distributions may be made from the Funds in accordance with the terms of the Trust Deed, the relevant Establishment Deed and the distribution policy for the fund. Amounts that are not distributed, remain invested as part of the assets of the relevant Fund. Proposed distributions to unitholders are recognised in the Statements of Changes in Net Assets Attributable to Unitholders when they are appropriately authorised and no longer at the discretion of the Funds' Manager.

The Manager does not currently intend to make distributions from the Funds but reserves the right to amend its policy in the future.

2.11 Goods and services tax (GST)

The Funds are not registered for GST. The Statements of Comprehensive Income and Statements of Cash Flows have been prepared so that all components are stated inclusive of GST. All items in the Statements of Financial Position are stated inclusive of GST.

3. Critical accounting estimates and judgements

The Manager of the Funds makes estimates and assumptions that affect the reported amounts of assets and liabilities. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below. Estimates are continually evaluated and are based on historical experience among other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair value of securities not quoted in an active market

The valuation models employed use observable data, to the extent practicable. However, areas such as credit risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair value of investments in other funds have been fair valued in accordance with the policies set out above in note 2.2 (c).

For certain other financial instruments, including amounts due from/to brokers, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the short term nature of these financial instruments.

Net assets attributable to Unitholders

The Funds classify units as equity instruments in accordance with revised NZ IAS 32, 'Financial Instruments: Presentation'. The Funds continue to assess the classification of the redeemable units to ensure they have all the features or meet all the conditions set out in paragraphs 16A and 16B of NZ IAS 32.

Kiwi Wealth Managed Funds

Notes to the Financial Statements

For the year ended 31 March 2023

4. Derivative financial instruments

4.1 Forward foreign currency contracts

Forward currency contracts are primarily used by the Funds to economically hedge against foreign currency exchange rate risks on its non New Zealand denominated securities. Forward foreign currency contracts are contractual obligations to buy or sell one currency on a future date in exchange for a second currency at a specified forward foreign exchange rate which is established in an organised market. The forward contracts are agreed between the parties to the contract and are not traded on an exchange. The Funds' open positions in forward contracts at balance date are outlined below:

\$	Conservative Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022
As at 31 March						
Forward exchange contracts (notional value in NZ\$)	-	-	15,131,217	18,790,706	23,641,625	27,941,896
Forward exchange contracts (fair value in NZ\$)	-	-	83,543	585,351	131,026	861,897

Kiwi Wealth Managed Funds

Notes to the Financial Statements

For the year ended 31 March 2023

5. Financial risk management

5.1 Financial risk factors

The Trust Deed for the Funds requires the Manager to invest the assets of each Fund in accordance with the Statement of Investment Policy and Objectives. The Funds' activities expose them to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk.

All investments present a risk of loss of capital. The Funds hold financial instruments such as unlisted unit trusts where the maximum loss of capital is limited to the carrying value of those positions. The maximum loss of capital on forward foreign exchange contracts is limited to the notional amount of currency that is contracted to be delivered under each contract.

The Funds are also indirectly exposed to risk factors such as credit risk and interest rate risk via its investments in the Kiwi Wealth Fixed Interest Fund and the Kiwi Wealth Growth Fund (refer to note 8). However the risk management note outlined below is not prepared on a look through basis.

In addition to internal risk management carried out by the Manager and the Investment Manager, financial risk is also managed by the setting of an investment policy, agreed with and monitored by the Supervisor and set out in the Funds' Statement of Investment Policy and Objectives.

The Manager uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

5.1.1 Market risk

(a) Price risk

The Funds are exposed to price risk due to their investments in managed funds for which prices in the future are uncertain. The Funds manage their price risk by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits.

The table below summarises the sensitivity of the Funds' net assets attributable to Unitholders to movements in prices including the effect of movements in foreign currency exchange rates, as at 31 March. A variable of 20% (2022: 20%) was selected for market price risk sensitivity as this is a reasonably expected movement taking into account historical volatility. If prices for the Funds' investments had increased or decreased by 20% (2022: 20%) with all other variables held constant, this would have had the following impact on the Statement of Comprehensive Income and Net Assets Attributable to Unitholders:

\$	Conservative Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022
As at 31 March						
20% increase in prices	6,362,429	8,484,491	26,953,142	32,489,178	25,783,666	29,138,182
20% decrease in prices	(6,362,429)	(8,484,491)	(26,953,142)	(32,489,178)	(25,783,666)	(29,138,182)

Kiwi Wealth Managed Funds

Notes to the Financial Statements

For the year ended 31 March 2023

5.1.1 Market risk (continued)

(b) Foreign exchange risk

Foreign currency risk, as defined in NZ IFRS 7, 'Financial Instruments: Disclosures', arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. NZ IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk.

The Funds may enter into foreign exchange derivatives to hedge the foreign currency risk implicit in the value of the portfolio securities denominated in foreign currency. As the nature of these contracts is to manage the foreign exchange risk, they are accounted for by marking to market at balance date in a manner consistent with the valuation of the underlying securities.

At the balance date the Funds had the following foreign currency exposures due to holdings of monetary assets and liabilities (expressed in NZD equivalents):

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022
Monetary assets and liabilities						
Australian Dollar (AUD)	-	-	(913,840)	(1,129,984)	(1,427,790)	(1,680,822)
Canadian Dollar (CAD)	-	-	(525,850)	(682,212)	(821,592)	(1,014,773)
Swiss Franc (CHF)	-	-	(379,529)	(446,681)	(592,979)	(664,427)
Danish Krona (DKK)	-	-	(126,418)	(123,910)	(197,516)	(184,313)
Euro (EUR)	-	-	(1,319,928)	(1,345,202)	(2,062,265)	(2,001,863)
Great British Pound (GBP)	-	-	(518,461)	(581,182)	(810,047)	(864,968)
Hong Kong Dollars (HKD)	-	-	(775,415)	(953,127)	(1,211,514)	(1,417,752)
Japanese Yen (JPY)	-	-	(965,135)	(1,120,889)	(1,507,934)	(1,667,293)
Norwegian Krona (NOK)	-	-	(24,691)	(37,990)	(38,577)	(56,509)
Swedish Krona (SEK)	-	-	(140,988)	(180,634)	(220,281)	(268,689)
Singapore Dollars (SGD)	-	-	(61,285)	(70,383)	(95,753)	(104,693)
United States Dollars (USD)	-	-	(9,283,811)	(11,429,082)	(14,505,092)	(17,000,467)

The table below summarises the impact on the Statements of Comprehensive Income and Net Assets Attributable to Unitholders on monetary assets at balance date, had the exchange rates between the New Zealand dollar and the foreign currencies increased or decreased with all other variables held constant.

An impact of 15% (2022: 15%) change in exchange rates is summarised as this is a reasonably expected movement taking into account for historic volatility.

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022
Monetary assets						
Exchange rates increased by 15% (2022: 15%)	-	-	1,961,133	2,361,036	3,064,088	3,512,161
Exchange rates decreased by 15% (2022: 15%)	-	-	(2,653,297)	(3,194,343)	(4,145,531)	(4,751,747)

Kiwi Wealth Managed Funds

Notes to the Financial Statements

For the year ended 31 March 2023

5.1.1 Market risk (continued)

(c) Interest rate risk

The Funds hold cash and cash equivalents in New Zealand dollars that expose the Funds to cash flow interest rate risk.

The table below summarises the impact on the Statements of Comprehensive Income and Net Assets Attributable to Unitholders had the relevant interest rates increased or decreased by 2% (2022: 2%) at balance date with all other variables held constant. The analysis is based on the Manager's best estimate of a reasonable possible shift in interest rates with regard to historical volatility.

\$	Conservative Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022
As at 31 March						
Increase of 2% (31 March 2022: 2%)	3,353	4,289	14,394	6,492	14,266	175
Decrease of 2% (31 March 2022: 2%)	(3,353)	(4,289)	(14,394)	(6,492)	(14,266)	(175)

These movements arise substantially from the cash flow variability from cash and cash equivalents.

In addition to the Funds' direct exposure to interest rate changes on the fair value of financial asset and liabilities and on the cash flows of cash and cash equivalents shown above, the Funds are all indirectly affected by the impact of interest rate changes on the earnings of their investments in the Kiwi Wealth Fixed Interest Fund and the Kiwi Wealth Growth Fund, which forms part of the price risk sensitivity (see above). Therefore, the above sensitivity analysis may not fully indicate the total effect on the Fund's net assets attributable to unitholders of future movements in interest rates.

5.1.2 Environmental & Social Risk

Kiwi Wealth's Investment activities are exposed to various environmental, social, and governance (ESG) risks and opportunities. Kiwi Wealth's internal investment team recognise this risk and ensure that all investment activity is managed in accordance with Kiwi Wealth's Responsible Investment Policy.

The policy outlines key ways in which Kiwi Wealth aims to invest responsibly, including maintaining a Prohibited Companies/Exclusions List that identifies companies that do not meet Kiwi Wealth ESG standards, incorporating ESG considerations into all fundamental research and engagement with companies, along with exercising proxy voting rights in a way which takes into account Kiwi Wealth ESG standards.

The Kiwi Wealth Responsible Investment Committee is responsible for ensuring the Prohibited Companies/Exclusions List is updated to exclude industries relating to the manufacture of weaponry or tobacco products, ownership of fossil fuel reserves, or any company with core business activities related to gambling.

On 14th April 2023 the Fisher Funds ESG Committee held the first meeting which included the ESG matters of Kiwi Wealth and Fisher Funds within the one forum. This merging of meetings was formally reflected in an updated Responsible Investment Policy dated 31 May 2023 which acknowledged the inclusion of Kiwi Wealth within the Fisher Funds Investment Policy and that there was now a single ESG Committee covering Fisher Funds and its subsidiaries. The ESG committee consists of members appointed by the CEO, at their discretion, and are required to meet quarterly to update the Prohibited Companies/Exclusions List.

5.1.3 Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of counterparties to honour fully the terms and conditions of a contract with the Funds. The maximum credit risk of financial instruments is considered to be the carrying amount on the Statements of Financial Position for which there is a risk of non-recovery. The Funds may require collateral or other security to support financial instruments with credit risk. Financial instruments that subject the Funds to credit risk consist primarily of cash equivalents, debt securities, trade and other receivables including amounts receivable for unsettled investment trades. All transactions in listed securities are settled/paid for upon delivery using approved brokers.

The Funds measure credit risk and expected credit losses using the probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At 31 March 2023, all amounts due and cash held with counterparties with a credit rating of AA- or higher. Management consider the probability of default to be low as these instruments have a strong capacity to meet their contractual obligations in the near term. The Funds may invest cash and term deposits with banks registered in New Zealand and internationally. Management considers the probability of default for the cash and term deposits to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As such, no loss allowance is deemed necessary on 12-month expected credit losses.

There is no risk of default relating to contributions receivable by the Funds as this receivable has arisen only due to timing between the date of receipt of the funds and when the units are allocated and the receipts processed.

Kiwi Wealth Managed Funds

Notes to the Financial Statements

For the year ended 31 March 2023

5.1.3 Credit risk (continued)

The following table sets out the equivalent Standard and Poor's credit rating for cash and cash equivalents held by the Funds.

\$		Conservative Fund		Balanced Fund		Growth Fund	
		2023	2022	2023	2022	2023	2022
As at 31 March							
Cash and cash equivalents							
High Grade	AA-	167,668	214,456	719,716	324,576	713,279	8,749
		167,668	214,456	719,716	324,576	713,279	8,749

The Funds are indirectly exposed to credit risk through their investments in the Kiwi Wealth Fixed Interest Fund and the Kiwi Wealth Growth Fund, which forms part of the price risk sensitivity (see above). The forward foreign exchange contracts as disclosed in note 4.1 are with New Zealand Registered Banks with a AA- Standard and Poor's credit rating.

5.1.4 Liquidity risk

Liquidity risk is the risk that the Funds will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments and liabilities as they fall due, including unit redemptions and repurchases as they fall due.

The Funds' investment policy is designed to maintain sufficient liquidity to settle redemption requests. Liquidity requirements are reviewed weekly by the Manager.

The Funds' financial liabilities consist of trade payables, withdrawals payables, other payables and payables to related parties which are short term in nature and classified as current liabilities at balance date. Trade payables and other payables will generally be settled within 90 days.

The Funds currently invest in wholesale funds available under the Kiwi Wealth Master Trust (see note 8). The wholesale funds each maintain liquidity to cover reasonably foreseeable redemptions under normal market conditions. The Manager of the Kiwi Wealth Master Trust, may in certain circumstances suspend redemptions in one or more wholesale funds if the manager believes it is not practical or desirable or would be prejudicial to the general interests of the unit holders of the relevant wholesale fund(s), for the redemptions to be made.

The following table analyses each of the Funds' financial liabilities and derivative financial instruments in a loss position based on a contractual maturity basis rather than on an expected maturity basis, as the expected maturities for such contracts are not considered to be essential to an understanding of the timing of cash flows. The amounts in the table are the contractual undiscounted cash flows.

\$		Conservative Fund		Balanced Fund		Growth Fund	
		2023	2022	2023	2022	2023	2022
As at 31 March							
Financial liabilities at fair value through profit or loss							
7 days to 1 month		-	-	45,069	7,754	70,692	11,417
1 - 3 months		-	-	-	1	-	1
Management fees payable							
7 days to 1 month		19,331	25,553	92,436	112,453	98,753	112,493
Withdrawals payable							
1 - 7 days		236,407	-	935,519	-	482,703	-

5.2 Capital risk management

The Funds' capital is represented by the net assets attributable to Unitholders. The Manager's objective when managing capital is to provide returns for Unitholders through investing the Funds in accordance with the Statement of Investment Policy and Objectives.

The Manager may suspend redemptions where the Manager in good faith forms the opinion that it is not practicable, or would be materially prejudicial to the general interests of Unitholders in the relevant Fund or Funds, or is not desirable for the protection of the relevant Fund or Funds, for the Supervisor to realise assets or borrow in order to permit redemption of units.

The Funds do not have any externally imposed capital requirements. Units may be redeemed weekly subject to the receipt of a valid redemption request.

Neither the Supervisor, the Manager, or any other party guarantee the units offered by the Funds, the performance or returns of the Funds or the repayment of capital.

Kiwi Wealth Managed Funds

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For the year ended 31 March 2023

5.3 Offsetting and amounts subject to master netting arrangements and similar agreements

As at 31 March 2023, the following Funds were subject to an International Swaps and Derivatives Association (ISDA) arrangement with Bank of New Zealand. According to the terms of the ISDA arrangement all the derivatives are settled net.

The following tables present the Funds' financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements. The tables are presented by type of financial instrument.

\$

As at 31 March

	Conservative Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022
<i>Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements</i>						
Gross amounts of recognised financial assets	-	-	128,612	593,106	201,718	873,315
Gross amounts of recognised financial liabilities set-off in the Statement of Financial Position	-	-	-	-	-	-
Net amounts of financial assets presented in the Statement of Financial Position	-	-	128,612	593,106	201,718	873,315
<i>Related amounts not set-off in the Statement of Financial Position</i>						
Financial instruments	-	-	(128,612)	(593,106)	(201,718)	(873,315)
Net amount	-	-	-	-	-	-
<i>Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements</i>						
Gross amounts of recognised financial liabilities	-	-	(45,069)	(7,755)	(70,692)	(11,418)
Gross amounts of recognised financial assets set-off in the Statement of Financial Position	-	-	-	-	-	-
Net amounts of financial liabilities presented in the Statement of Financial Position	-	-	(45,069)	(7,755)	(70,692)	(11,418)
<i>Related amounts not set-off in the Statement of Financial Position</i>						
Financial instruments	-	-	128,612	593,106	201,718	873,315
Net amount	-	-	83,543	585,351	131,026	861,897

Each party has the option to settle all open contracts on a net basis in the event of default by the other party. Per the terms of the ISDA agreement, an event of default includes the following:

- * failure by a party to make a payment when due
- * failure by a party to perform an obligation required by the agreement (other than payment) if such failure is not remedied within 30 days after such notice of such failure is given to the party
- * bankruptcy

The related amounts not set-off in the Statement of Financial Position represent amounts that have not been offset in the Statement of Financial Position but could be expected to be offset in the event of default by either the Fund or its counterparty to the derivative contract. For financial instruments this is the maximum value of assets and liabilities that could be offset. For cash collateral this is the value of cash that could be withheld by the counterparty to settle derivative liabilities.

Kiwi Wealth Managed Funds

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6. Fair value estimation

All financial assets and financial liabilities included in the Statements of Financial Position, are carried at amounts that represent or approximate fair value. The fair value of financial assets traded in active markets are based on quoted market prices at the close of trading on the year end date. The quoted market price used for financial assets held by the Funds is the last traded price. The price used for unlisted unit trusts is the published withdrawal price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

NZ IFRS 13 requires the Funds to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- * Level 1: 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 (that is, as prices) or indirectly (that is, derived from prices).
- * Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

The determination of what constitutes 'observable' requires significant judgement by the Manager. The Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable and provided by independent sources that are actively involved in the relevant market. There have been no transfers between fair value levels during the year.

The following table analyses within the fair value hierarchy the Funds' financial assets and financial liabilities (by class) measured at fair value at year end:

\$	Conservative Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022
As at 31 March						
Level 2 Assets						
<i>Financial assets at fair value through profit or loss</i>						
Forward foreign exchange contracts	-	-	128,612	593,106	201,718	873,315
Unlisted funds	31,812,146	42,422,457	134,765,709	162,445,891	128,918,330	145,690,912
Total Level 2 Assets	31,812,146	42,422,457	134,894,321	163,038,997	129,120,048	146,564,227
Total financial assets at fair value through profit or loss	31,812,146	42,422,457	134,894,321	163,038,997	129,120,048	146,564,227
\$						
As at 31 March						
Level 2 Liabilities						
<i>Financial liabilities at fair value through profit or loss</i>						
Forward foreign exchange contracts	-	-	45,069	7,755	70,692	11,418
Total Level 2 Liabilities	-	-	45,069	7,755	70,692	11,418
Total financial liabilities at fair value through profit or loss	-	-	45,069	7,755	70,692	11,418

The Balanced Fund and the Growth Fund hold investments in forward currency contracts. The fair value of forward foreign exchange contracts is calculated from spot exchange rates and forward points supplied by WM/Reuters or Bloomberg. This measurement basis falls within Level 2 of the fair value hierarchy as all inputs used to calculate the fair value are based on observable market data.

The investments in the Related Party Funds are not quoted in an active market (see note 8.2 for more details). The Related Party Funds classified in Level 2 were fair valued using the net asset value of the underlying fund, as reported by the Related Party Fund's administrator. For the Related Party Funds, management believes the Funds could have redeemed their investments at the net asset value per unit at balance date.

Kiwi Wealth Managed Funds

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7. Financial instruments

Financial assets at fair value through profit or loss

\$	Conservative Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022
As at 31 March						
<i>Mandatorily measured at fair value through profit or loss</i>						
Forward foreign exchange contracts	-	-	128,612	593,106	201,718	873,315
Unlisted funds	31,812,146	42,422,457	134,765,709	162,445,891	128,918,330	145,690,912
<i>Total mandatorily measured at fair value through profit or loss</i>	31,812,146	42,422,457	134,894,321	163,038,997	129,120,048	146,564,227
Total financial assets at fair value through profit or loss	31,812,146	42,422,457	134,894,321	163,038,997	129,120,048	146,564,227

Financial liabilities at fair value through profit or loss

\$	Conservative Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022
As at 31 March						
<i>Mandatorily measured at fair value through profit or loss</i>						
Forward foreign exchange contracts	-	-	45,069	7,755	70,692	11,418
<i>Total mandatorily measured at fair value through profit or loss</i>	-	-	45,069	7,755	70,692	11,418
Total financial liabilities at fair value through profit or loss	-	-	45,069	7,755	70,692	11,418

Kiwi Wealth Managed Funds

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7. Financial instruments (continued)

Financial instruments by category

\$	Conservative Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022
As at 31 March						
Financial assets at fair value through profit or loss						
Financial assets mandatorily measured at fair value through profit or loss	31,812,146	42,422,457	134,894,321	163,038,997	129,120,048	146,564,227
Total assets at fair value through the profit or loss	31,812,146	42,422,457	134,894,321	163,038,997	129,120,048	146,564,227
Financial assets at amortised cost						
Cash and cash equivalents	167,668	214,456	719,716	324,576	713,279	8,749
Outstanding settlements receivable	-	-	-	-	-	-
Contributions receivable	12,993	104,339	65,273	73,186	287,322	-
Accrued interest	-	-	-	-	-	-
Total financial assets at amortised cost	180,661	318,795	784,989	397,762	1,000,601	8,749
Total financial assets	31,992,807	42,741,252	135,679,310	163,436,759	130,120,649	146,572,976
\$						
As at 31 March						
Financial liabilities at fair value through profit or loss						
Financial liabilities mandatorily measured at fair value through profit or loss	-	-	45,069	7,755	70,692	11,418
Total financial liabilities at fair value through the profit or loss	-	-	45,069	7,755	70,692	11,418
Financial liabilities at amortised cost						
Management fees payable	19,331	25,553	92,436	112,453	98,753	112,493
Withdrawals payable	236,407	-	935,519	-	482,703	-
Total financial liabilities at amortised cost	255,738	25,553	1,027,955	112,453	581,456	112,493
Total financial liabilities	255,738	25,553	1,073,024	120,208	652,148	123,911

Kiwi Wealth Managed Funds

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8. Related parties

Related parties comprise the Supervisor, the Manager (and shareholders of the Manager) and other entities directly or indirectly controlled by the ultimate parent entity as detailed in Note 1, as well as key management personnel. In accordance with the Trust Deed, related party transactions below are reflected on commercial arms' length terms.

8.1 Key management and key management personnel

Kiwi Wealth Limited is the Manager of Kiwi Wealth Managed Funds. In accordance with the Trust Deed, management fees are calculated based on the net asset values of the Funds which are calculated weekly and paid monthly. Management fees are a related party expense paid to Kiwi Wealth Limited and are shown in the Statements of Comprehensive Income under "Management fees". Management fees payable are shown in the Statements of Financial Position.

The management fee rates as a percentage of the net asset value excluding GST are as follow:

Kiwi Wealth Managed Funds - Conservative Fund	0.70%
Kiwi Wealth Managed Funds - Balanced Fund	0.80%
Kiwi Wealth Managed Funds - Growth Fund	0.90%

The total of the Supervisor's fee, the Administration fees and costs of obtaining professional services such as audit fees have been paid by the Manager from the Management fees it receives from the Funds.

Public Trust is the Supervisor of the Funds.

The total audit fee for the year ended 31 March 2023 for all the Funds was \$77,265 (2022: \$61,337) and \$2,974 (2022: \$2,249) (excluding GST) for the statutory audit of the financial statements and registry audit respectively.

Transactions with key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. This includes the Board and members of the senior leadership team.

The table below shows the contributions and withdrawals made by key management personnel:

\$	Conservative Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022
For the year ended 31 March						
Contributions	-	22,332	-	-	220,885	92,466
Withdrawals	-	(21,082)	-	-	(163,046)	(110,597)

Other than transactions noted above for the directors and other key management personnel there may have been transfers between portfolios relating to rebalancing.

The table below shows key management personnel fund balances:

\$	Conservative Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022
For the year ended 31 March						
Key management personnel fund balances	20,475	20,637	-	-	198,190	186,603

Kiwi Wealth Managed Funds

Notes to the Financial Statements

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8.2 Related party investments

The Conservative Fund, Balanced Fund and Growth Fund invest into the Kiwi Wealth Fixed Interest Fund and the Kiwi Wealth Growth Fund.

The Kiwi Wealth Fixed Interest Fund and Kiwi Wealth Growth Fund are wholesale managed funds established under the Kiwi Wealth Master Trust. The Manager of the Kiwi Wealth Master Trust is Kiwi Investment Management Limited, a related party of the Manager.

Investments held by the Kiwi Wealth Managed Funds in the Related Party Funds as at 31 March are outlined below:

\$	Conservative Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022
As at 31 March						
Kiwi Wealth Fixed Interest Fund	26,683,214	35,740,597	56,034,694	68,904,627	13,561,238	15,809,401
Kiwi Wealth Growth Fund	5,128,932	6,681,860	78,731,015	93,541,264	115,357,092	129,881,511
	31,812,146	42,422,457	134,765,709	162,445,891	128,918,330	145,690,912

In accordance with the Financial Markets Conduct Act 2013, the Related Party Fund transactions are effected on commercial arm's length terms.

Below are the purchases and sales transactions which are considered related party transaction:

\$	Conservative Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022
As at 31 March						
Purchase of financial instruments at fair value through profit or loss	3,868,838	30,103,997	19,462,196	117,194,322	13,440,736	106,409,096
Sale of financial assets at fair value through profit or loss	(14,242,900)	(9,910,887)	(43,683,161)	(19,436,235)	(25,462,800)	(15,105,423)

Kiwi Wealth Managed Funds

Notes to the Financial Statements

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9. Interest income/(expense)

\$	Conservative Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022
For the year ended 31 March						
<i>Interest income on financial assets at amortised cost was earned from the following:</i>						
Cash and cash equivalents	4,175	1,167	23,855	4,449	18,571	5,648
	4,175	1,167	23,855	4,449	18,571	5,648

10. Reconciliation of operating profit/(loss) to net cash (outflow)/inflow from operating activities

\$	Conservative Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022
For the year ended 31 March						
Operating profit/(loss)	(484,250)	(1,838,387)	(6,323,988)	(674,082)	(8,479,357)	2,913,323
Adjustments for non-cash items						
Net unrealised changes in the fair value of financial assets and liabilities	(377,607)	1,744,962	2,861,800	(244,831)	4,951,451	(4,115,388)
Net foreign currency gains/(losses) on cash and cash equivalents	-	-	41,628	(31,402)	74,616	(42,030)
	(377,607)	1,744,962	2,903,428	(276,233)	5,026,067	(4,157,418)
Movements in working capital items						
Increase/(decrease) in trade and other payables	(6,222)	11,167	(20,017)	70,381	(13,740)	74,927
(Increase)/decrease in net cost of investments	10,987,918	(20,367,710)	25,320,190	(98,724,580)	12,552,002	(92,256,272)
	10,981,696	(20,356,543)	25,300,173	(98,654,199)	12,538,262	(92,181,345)
	10,604,089	(18,611,581)	28,203,601	(98,930,432)	17,564,329	(96,338,763)
Net cash (outflow)/inflow from operating activities	10,119,839	(20,449,968)	21,879,613	(99,604,514)	9,084,972	(93,425,440)

Kiwi Wealth Managed Funds

Notes to the Financial Statements

For the year ended 31 March 2023

11. Assets and liabilities not carried at fair value but for which fair value is disclosed

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

Cash and cash equivalents referred to in Note 9 include cash on hand, deposits held with banks and brokers and other short-term investments in an active market.

Outstanding settlements represent the contractual amount due by the Funds for settlement of trades.

12. Commitments and contingent liabilities

There are no material commitments or contingencies as at 31 March 2023 (31 March 2022: nil).

13. Events occurring after balance date

No significant events that have occurred since reporting date which would impact on the financial position of the Funds disclosed in the Statement of Financial Position as at 31 March 2023 or on the results and cash flows of the Funds for the period ended on that date.



Independent auditor's report

To the unitholders of:

- Conservative Fund
- Balanced Fund
- Growth Fund

(Collectively referred to as Kiwi Wealth Managed Funds (the Funds))

Our opinion

In our opinion, the accompanying financial statements of the Funds present fairly, in all material respects, the financial position of the Funds 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' financial statements comprise:

- the statements of financial position as at 31 March 2023;
- the statements of comprehensive income for the year then ended;
- the statements of changes in net assets attributable to unitholders for the year then ended;
- the statements of cash flows 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 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 have provided the following services to the Fisher Funds Management Limited and its controlled entities, which includes Kiwi Wealth Limited (the "Manager"): tax compliance, tax consulting, supervisor reporting, registry compliance assurance reporting, controls assurance, agreed upon procedures on controls, and the audit of financial statements of other Funds and Schemes. Subject to certain restrictions, employees of our firm may invest in the Funds on normal terms within the ordinary course of trading activities of the Funds. These services and relationships have not impaired our independence as auditor of the Funds. Other than in our capacity as auditor, we have no other relationships with, or interests in, the Funds.



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 held at fair value through profit or loss (FVTPL)</p> <p>As at 31 March 2023, financial assets held at FVTPL amounted to:</p> <table border="1"> <thead> <tr> <th style="text-align: left;">Fund</th> <th style="text-align: right;">31/03/2023 (\$)</th> <th style="text-align: right;">31/03/2022 (\$)</th> </tr> </thead> <tbody> <tr> <td>Balanced</td> <td style="text-align: right;">134,894,321</td> <td style="text-align: right;">163,038,997</td> </tr> <tr> <td>Conservative</td> <td style="text-align: right;">31,812,146</td> <td style="text-align: right;">42,422,457</td> </tr> <tr> <td>Growth</td> <td style="text-align: right;">129,120,048</td> <td style="text-align: right;">146,564,227</td> </tr> </tbody> </table> <p>Financial assets held at FVTPL are included in note 7 of the financial statements.</p> <p>This was an area of focus as it represents the substantial majority of the net assets of the Funds.</p> <p>As at 31 March 2023, the majority of the financial assets held by the Funds comprise investments in unlisted unit trusts.</p> <p>The fair values of the unlisted unit trusts are based on the redemption prices established by the respective investment fund administrators and categorised as level 2 in the fair value hierarchy. In assessing the fair value, the Manager uses information provided by the investment fund administrators including the financial statements of the underlying funds and recent transaction prices</p>	Fund	31/03/2023 (\$)	31/03/2022 (\$)	Balanced	134,894,321	163,038,997	Conservative	31,812,146	42,422,457	Growth	129,120,048	146,564,227	<p>We assessed the processes employed by the Manager for recording and valuing the financial assets held at FVTPL, including the relevant controls operated by the third-party service organisations. The third party service organisations are Apex Limited (formerly “MMC Limited”) (the Administrator) and Public Trust (the Custodian).</p> <p>Our assessment of the business processes included:</p> <ul style="list-style-type: none"> • Updating our understanding of the business processes over classification, recognition and measurement of financial assets held at FVTPL. • Obtaining the Administrator’s internal controls reports over administration and registry services, and the Custodian’s internal controls reports over custody services, for the year ended 31 March 2023. We evaluated the sufficiency and appropriateness of the evidence provided by the controls reports over the design and operating effectiveness of the internal control environments operated by the Administrator and the Custodian. <p>Valuation</p> <p>For valuation of the investments in unlisted unit trusts, we evaluated whether the redemption prices represent fair value by comparing the valuation of the investments in unlisted unit trusts to the net asset value per unit calculated based on the 31 March 2023 audited financial statements of the unlisted unit trusts.</p> <p>For valuation of derivatives, we used our valuation experts to test the fair value using independent valuation methods and third-party pricing sources.</p> <p>Existence</p> <p>For the existence of investments in unlisted unit trusts, we agreed the investment holdings to a confirmation obtained directly from the Custodian.</p>
Fund	31/03/2023 (\$)	31/03/2022 (\$)											
Balanced	134,894,321	163,038,997											
Conservative	31,812,146	42,422,457											
Growth	129,120,048	146,564,227											



Description of the key audit matter	How our audit addressed the key audit matter
	For forward foreign exchange contracts, we agreed all of the derivative positions to counterparty confirmations.

Our audit approach
Overview

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

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 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 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 as a whole, taking into account the structure of each Fund, the Funds' investments and the accounting and registry processes and controls.

The Manager is responsible for the governance and control activities of the Funds. The Funds' investments are held by the Custodian and a financial institution. The Manager has outsourced investment accounting (Administrator) and registry services (Registrar) to third party service providers.

In completing our audit, we performed relevant audit procedures over the control environment of the Custodian, the Administrator, the Registrar and the Manager to support our audit conclusions.



Other information

The Manager is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon which the annual report will refer to. The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Manager and use our professional judgement to determine the appropriate action to take.

Responsibilities of the Manager for the financial statements

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

In preparing the financial statements, the Manager is responsible for assessing each Fund's 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 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-2/>

This description forms part of our auditor's report.

Who we report to

This report is made solely to each Fund's unitholders, 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 each Fund's unitholders, 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 Ussher.



For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
4 July 2023

Wellington