

Forsyth Barr Investment Funds
Financial Statements
For the year ended 31 March 2021

Statements of Comprehensive Income

\$	Note	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund		NZ Fixed Interest Fund	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Income											
Interest income on financial assets at amortised cost		9,585	27,135	6,096	15,683	9,475	41,388	3,415	13,134	9,821	22,695
Interest income on financial assets at fair value through profit and loss		-	-	-	-	-	-	-	-	728,259	905,529
Dividend and distribution income		1,313,145	1,726,766	1,316,426	1,137,904	1,200,041	900,697	831,596	892,232	-	-
Net foreign currency gains/(losses)		-	-	(7,131)	20,070	(420,238)	27,682	11,014	(1,323)	-	-
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss		14,311,118	(3,888,474)	12,040,091	(6,883,569)	17,806,694	1,614,000	5,817,686	(2,333,438)	774,289	(356,427)
Fee rebates	5	-	-	-	-	6,910	-	-	-	-	-
Other income		-	-	5	222	-	-	-	-	1,677	3,369
Total income/(loss)		15,633,848	(2,134,573)	13,355,487	(5,709,690)	18,602,882	2,583,767	6,663,711	(1,429,395)	1,514,046	575,166
Expenses											
Management fees	5	819,157	648,729	550,746	354,221	1,224,205	827,580	337,273	311,422	179,321	188,505
Supervisor fees	5	15,261	25,364	9,740	13,848	18,229	26,981	6,356	12,182	7,512	12,272
Transaction costs		236,688	88,373	122,773	71,915	109,294	81,248	32,190	22,396	-	(228)
Other expenses		3	-	10	-	2	-	-	-	-	-
Total operating expenses		1,071,109	762,466	683,269	439,984	1,351,730	935,809	375,819	346,000	186,833	200,549
Operating profit/(loss)		14,562,739	(2,897,039)	12,672,218	(6,149,674)	17,251,152	1,647,958	6,287,892	(1,775,395)	1,327,213	374,617
Profit/(loss) for the year attributable to Unitholders		14,562,739	(2,897,039)	12,672,218	(6,149,674)	17,251,152	1,647,958	6,287,892	(1,775,395)	1,327,213	374,617
Total comprehensive income/(loss) for the year attributable to Unitholders		14,562,739	(2,897,039)	12,672,218	(6,149,674)	17,251,152	1,647,958	6,287,892	(1,775,395)	1,327,213	374,617

\$	Note	New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
		2021	2020	2021	(4 months)	2021	(4 months)	2021	(4 months)
Income									
Interest income on financial assets at amortised cost		83,113	155,434	69	-	220	-	141	-
Interest income on financial assets at fair value through profit and loss		6,250,225	5,324,398	-	-	-	-	-	-
Dividend and distribution income		-	2,946	281	-	720	-	281	-
Net foreign currency (losses)/gains		-	-	-	-	-	-	-	-
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss		(83,485)	(2,323,107)	(6,237)	-	31,153	-	60,629	-
Fee rebates	5	-	-	2,061	-	9,224	-	10,561	-
Other income		27,208	25,181	-	-	-	-	-	-
Total income/(loss)		6,277,061	3,184,852	(3,826)	-	41,317	-	71,612	-
Expenses									
Management fees	5	1,573,216	1,116,670	1,752	-	11,473	-	11,341	-
Supervisor fees	5	49,302	72,686	-	-	-	-	-	-
Transaction costs		20	3,112	296	-	425	-	164	-
Other expenses		-	-	-	-	-	-	-	-
Total operating expenses		1,622,538	1,192,468	2,048	-	11,898	-	11,505	-
Operating profit/(loss)		4,654,523	1,992,384	(5,874)	-	29,419	-	60,107	-
Profit/(loss) for the year attributable to Unitholders		4,654,523	1,992,384	(5,874)	-	29,419	-	60,107	-
Total comprehensive income/(loss) for the year attributable to Unitholders		4,654,523	1,992,384	(5,874)	-	29,419	-	60,107	-

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

Statements of Changes in Net Assets Attributable to Unitholders

\$	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund		NZ Fixed Interest Fund	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
For the year ended 31 March										
Net assets attributable to Unitholders at the beginning of the year	48,472,183	38,703,496	28,538,395	23,296,968	58,470,273	45,145,048	20,635,994	20,128,132	25,401,941	17,766,925
Proceeds from units issued	23,347,403	19,554,940	21,709,668	15,586,705	41,817,174	22,686,573	8,303,319	8,941,430	9,721,037	15,379,599
Redemption of units	(6,898,175)	(6,873,259)	(3,198,013)	(4,108,973)	(6,459,997)	(10,903,008)	(3,910,815)	(6,667,796)	(36,450,191)	(8,077,713)
Unitholder tax receivables/(liabilities)	33,304	(15,955)	(49,845)	(86,631)	(448,790)	(106,298)	10,835	9,623	-	(41,487)
Net increase/(decrease) from transaction in units	16,482,532	12,665,726	18,461,810	11,391,101	34,908,387	11,677,267	4,403,339	2,283,257	(26,729,154)	7,260,399
Total comprehensive income/(loss) for the year attributable to Unitholders	14,562,739	(2,897,039)	12,672,218	(6,149,674)	17,251,152	1,647,958	6,287,892	(1,775,395)	1,327,213	374,617
Net assets attributable to Unitholders at the end of the year	79,517,454	48,472,183	59,672,423	28,538,395	110,629,812	58,470,273	31,327,225	20,635,994	- *	25,401,941

Units	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund		NZ Fixed Interest Fund	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
For the year ended 31 March										
Units on issue at the beginning of the year	15,746,483	12,155,580	28,718,377	19,507,731	43,872,036	35,488,752	10,277,476	9,388,022	13,814,663	9,890,771
Units issued	6,111,211	5,732,504	17,356,176	12,688,790	26,168,107	16,469,952	3,337,415	3,711,348	5,044,195	8,340,577
Units redeemed	(1,856,915)	(2,141,601)	(2,557,820)	(3,478,144)	(4,429,351)	(8,086,668)	(1,586,354)	(2,821,894)	(18,858,858)	(4,416,685)
Units on issue at the end of the year	20,000,779	15,746,483	43,516,733	28,718,377	65,610,792	43,872,036	12,028,537	10,277,476	- *	13,814,663

\$	New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
	2021	2020	2021	(4 months)	2021	(4 months)	2021	(4 months)
For the year ended 31 March								
Net assets attributable to Unitholders at the beginning of the year	165,779,808	104,235,004	-	-	-	-	-	-
Proceeds from units issued	154,528,592	106,831,250	1,811,459	-	6,881,291	-	6,475,662	-
Redemption of units	(72,568,070)	(46,957,426)	(10,685)	-	(154,792)	-	(304,772)	-
Unitholder tax receivables/(liabilities)	(602,386)	(321,404)	487	-	3,597	-	2,027	-
Net increase/(decrease) from transaction in units	81,358,136	59,552,420	1,801,261	-	6,730,096	-	6,172,917	-
Total comprehensive income/(loss) for the year attributable to Unitholders	4,654,523	1,992,384	(5,874)	-	29,419	-	60,107	-
Net assets attributable to Unitholders at the end of the year	251,792,467	165,779,808	1,795,387	-	6,759,515	-	6,233,024	-

Units	New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
	2021	2020	2021	(4 months)	2021	(4 months)	2021	(4 months)
For the year ended 31 March								
Units on issue at the beginning of the year	88,078,828	56,595,475	-	-	-	-	-	-
Units issued	78,351,867	56,452,974	1,810,908	-	6,862,569	-	6,445,063	-
Units redeemed	(37,248,334)	(24,969,621)	(10,634)	-	(152,825)	-	(301,285)	-
Units on issue at the end of the year	129,182,361	88,078,828	1,800,274	-	6,709,744	-	6,143,778	-

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

*On 11 December 2020 the NZ Fixed Interest Fund was closed to new applications, and disestablished on 26 January 2021 when the NZ Fixed Interest Fund was merged with the New Zealand Fixed Interest Fund (formerly Premium Yield Fund).

Statements of Financial Position

\$	As at 31 March	Note	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund		NZ Fixed Interest Fund	
			2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Assets												
	Cash and cash equivalents		1,530,740	1,520,854	3,466,478	2,093,095	6,419,192	5,276,316	616,207	952,008	-	3,201,114
	Financial assets at fair value through profit or loss	6	77,558,257	46,409,172	56,713,390	26,294,862	105,407,355	55,465,802	30,696,605	19,797,016	-	22,037,774
	Outstanding settlements receivable		259,868	688,060	4,723	142,690	-	-	69,503	80,341	-	43,573
	Related party receivables	5	-	-	-	-	975	-	-	-	-	-
	Contributions receivable		281,529	4,661	186,073	105,264	326,553	23,883	23,255	1,240	-	20,075
	Other receivables		273,260	407,413	243,677	129,747	254,085	128,597	21,528	-	-	192,616
	Tax receivable on behalf of unitholders		42,999	1,002	118	37	1,347	11,983	20,832	15,867	-	15,560
	Total assets		79,946,653	49,031,162	60,614,459	28,765,695	112,409,507	60,906,581	31,447,930	20,846,472	-	25,510,712
Liabilities												
	Financial liabilities at fair value through profit or loss	6	-	-	325,447	-	1,205,833	1,335,648	9,767	-	-	-
	Outstanding settlements payable		246,507	330,810	446,941	114,176	-	5	25,004	84,168	-	-
	Related party payables	5	87,872	59,859	66,416	33,323	147,380	81,161	35,382	-	-	20,205
	Withdrawals payable		85,833	152,342	69,890	-	145,242	1,015,858	48,319	100,000	-	19,678
	Tax payable on behalf of unitholders		8,987	15,968	33,342	79,801	281,240	3,636	2,233	2	-	68,888
	Total liabilities		429,199	558,979	942,036	227,300	1,779,695	2,436,308	120,705	210,478	-	108,771
	Net assets attributed to Unitholders		79,517,454	48,472,183	59,672,423	28,538,395	110,629,812	58,470,273	31,327,225	20,635,994	-	25,401,941

\$	As at 31 March	Note	New Zealand Fixed Interest Fund		Income Fund	Balanced Fund	Growth Fund
			2021	2020	2021	2021	2021
Assets							
	Cash and cash equivalents		10,873,457	20,470,515	89,222	461,998	207,628
	Financial assets at fair value through profit or loss	6	240,862,169	144,511,434	1,686,737	6,046,164	5,952,276
	Outstanding settlements receivable		-	1	-	-	-
	Related party receivables	5	-	-	2,061	9,224	10,561
	Contributions receivable		707,875	131,120	18,000	244,842	66,700
	Other receivables		1,818,130	1,194,697	-	-	-
	Tax receivable on behalf of unitholders		231,178	107,376	499	3,600	2,035
	Total assets		254,492,809	166,415,143	1,795,519	6,765,828	6,239,200
Liabilities							
	Financial liabilities at fair value through profit or loss	6	-	-	-	-	-
	Outstanding settlements payable		1,000,002	-	-	-	-
	Related party payables	5	174,824	123,654	1,121	6,313	6,169
	Withdrawals payable		685,385	65,635	-	-	-
	Tax payable on behalf of unitholders		840,131	446,046	11	-	7
	Total liabilities		2,700,342	635,335	1,132	6,313	6,176
	Net assets attributed to Unitholders		251,792,467	165,779,808	1,795,387	6,759,515	6,233,024

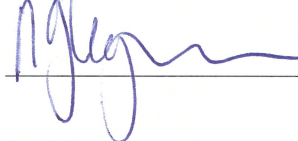
The Directors of Forsyth Barr Investment Management Limited authorised these Financial Statements for issue on 20 July 2021.

*On 11 December 2020 the NZ Fixed Interest Fund was closed to new applications, and disestablished on 26 January 2021 when the NZ Fixed Interest Fund was merged with the New Zealand Fixed Interest Fund (formerly Premium Yield Fund).

Director



Director



20 July 2021

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

Statements of Cash Flows

\$	Note	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund		NZ Fixed Interest Fund	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Cash flows from operating activities											
Proceeds from sale of financial assets at fair value through profit or loss		44,013,328	16,997,037	23,002,801	26,489,749	30,743,948	17,946,092	5,800,153	5,833,828	5,509,115	10,109,496
Purchase of financial assets at fair value through profit or loss		(60,262,319)	(30,478,246)	(40,497,796)	(37,228,430)	(62,991,934)	(27,387,133)	(10,695,435)	(8,389,683)	(8,705,972)	(15,846,804)
Dividends received		1,202,210	1,565,483	1,115,233	1,146,881	1,074,552	799,311	584,886	859,866	-	-
Interest income received		9,585	27,269	6,096	15,734	9,476	41,489	3,415	13,187	930,696	909,939
Fee rebates received		-	-	-	-	5,935	-	-	-	-	-
Other income received		-	-	5	-	-	-	-	-	1,677	3,369
Operating expenses paid		(806,408)	(653,735)	(527,403)	(358,406)	(1,176,217)	(831,621)	(334,555)	(318,544)	(207,038)	(191,750)
Transaction costs on sale/purchase of financial instruments held at fair value through profit or loss		(236,688)	(88,373)	(122,773)	(71,915)	(109,294)	(81,248)	(32,190)	(22,396)	-	228
Net cash inflow/(outflow) from operating activities	8	(16,080,292)	(12,630,565)	(17,023,837)	(10,006,387)	(32,443,534)	(9,513,110)	(4,673,726)	(2,023,742)	(2,471,522)	(5,015,522)
Cash flows from financing activities											
Proceeds from units issued		22,317,878	19,502,076	21,432,100	15,437,550	41,160,961	22,583,830	8,160,230	8,916,080	9,398,796	15,191,448
Redemptions of units		(6,212,027)	(6,672,652)	(2,931,364)	(4,065,419)	(6,977,071)	(9,808,954)	(3,841,422)	(6,543,635)	(10,075,060)	(7,890,922)
Unitholders tax liabilities		(15,673)	(990)	(96,385)	(6,867)	(177,243)	(97,951)	8,102	(6,243)	(53,328)	11,841
Net cash inflow/(outflow) from financing activities		16,090,178	12,828,434	18,404,351	11,365,264	34,006,647	12,676,925	4,326,910	2,366,202	(729,592)	7,312,367
Net increase/(decrease) in cash and cash equivalents		9,886	197,869	1,380,514	1,358,877	1,563,113	3,163,815	(346,816)	342,460	(3,201,114)	2,296,845
Cash and cash equivalents at the beginning of the year		1,520,854	1,322,985	2,093,095	714,148	5,276,316	2,084,819	952,008	610,871	3,201,114	904,269
Foreign exchange (losses)/gains on cash and cash equivalents denominated in foreign currencies		-	-	(7,131)	20,070	(420,238)	27,682	11,014	(1,323)	-	-
Cash and cash equivalents at the end of the year		1,530,740	1,520,854	3,466,478	2,093,095	6,419,191	5,276,316	616,206	952,008	-	3,201,114

\$	Note	New Zealand Fixed Interest Fund		Income Fund	Balanced Fund		Growth Fund	
		2021	2020	2021 (4 months)	2021 (4 months)	2021 (4 months)		
Cash flows from operating activities								
Proceeds from sale of financial assets at fair value through profit or loss		32,358,869	47,472,482	-	25,000	-	-	
Purchase of financial assets at fair value through profit or loss		(101,740,593)	(102,676,885)	(1,692,975)	(6,040,011)	(5,891,648)	-	
Dividends received		-	2,946	281	720	281	-	
Interest income received		5,709,905	5,161,544	69	220	141	-	
Fee rebates received		-	-	-	-	-	-	
Other income		27,208	-	-	-	-	-	
Operating expenses paid		(1,571,348)	(1,106,620)	(631)	(5,160)	(5,172)	-	
Transaction costs on sale/purchase of financial instruments held at fair value through profit or loss		(20)	(3,112)	(296)	(425)	(164)	-	
Net cash inflow/(outflow) from operating activities	8	(65,215,979)	(51,149,645)	(1,693,552)	(6,019,656)	(5,896,562)		
Cash flows from financing activities								
Proceeds from units issued		122,752,757	106,292,077	1,793,459	6,493,870	6,408,962	-	
Redemptions of units		(66,801,734)	(46,486,790)	(10,685)	(12,213)	(304,772)	-	
Unitholders tax liabilities		(332,103)	17,266	-	(3)	-	-	
Net cash inflow/(outflow) from financing activities		55,618,920	59,822,553	1,782,774	6,481,654	6,104,190		
Net increase/(decrease) in cash and cash equivalents		(9,597,059)	8,672,908	89,222	461,998	207,628		
Cash and cash equivalents at the beginning of the year		20,470,515	11,797,607	-	-	-	-	
Foreign exchange (losses)/gains on cash and cash equivalents denominated in foreign currencies		-	-	-	-	-	-	
Cash and cash equivalents at the end of the year		10,873,456	20,470,515	89,222	461,998	207,628		

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

Notes to the Financial Statements

1. General information

Reporting Entities

The reporting entity included in these Financial Statements is the Forsyth Barr Investment Fund which comprises the following individual and separate investment funds (the "Funds"):

- Forsyth Barr New Zealand Equities Fund ("New Zealand Equities Fund")
- Forsyth Barr Australian Equities Fund ("Australian Equities Fund")
- Forsyth Barr Global Equities Fund ("Global Equities Fund")
- Forsyth Barr Listed Property Fund ("Listed Property Fund")
- Forsyth Barr NZ Fixed Interest Fund ("NZ Fixed Interest Fund" Disestablished on 26 January 2021 and merged with Forsyth Barr New Zealand Fixed Interest Fund)
- Forsyth Barr New Zealand Fixed Interest Fund ("New Zealand Fixed Interest Fund"; formerly known as "Premium Yield Fund" until 11 December 2020)
- Forsyth Barr Income Fund ("Income Fund")
- Forsyth Barr Balanced Fund ("Balanced Fund")
- Forsyth Barr Growth Fund ("Growth Fund")

The investment objectives of the Funds are as follows:

- New Zealand Equities Fund: to achieve positive long-term returns by investing in selected New Zealand shares which will typically have high level of movement up and down in value.
- Australian Equities Fund: to achieve positive long-term returns by investing in selected Australian shares which will typically have very high levels of movement up and down in value.
- Global Equities Fund: to achieve positive long-term returns by investing in selected international shares which will typically have very high levels of movement up and down in value.
- Listed Property Fund: to achieve positive long-term returns by investing in selected listed property vehicles which will typically have high levels of movement up and down in value.
- NZ Fixed Interest Fund: to achieve positive long-term returns by investing in selected New Zealand dollar denominated fixed interest assets, subject to the risks associated with investments in fixed interest markets.
- New Zealand Fixed Interest Fund: to achieve positive long-term returns by investing in selected New Zealand fixed interest assets which will typically have low levels of movement up and down in value.
- Income Fund: to pay distributions, while maintaining the fund's capital value over the long-term by selecting exposure across asset classes.
- Balanced Fund: to achieve positive long-term returns by selecting exposure across asset classes.
- Growth Fund: to achieve positive long-term returns by selecting exposure across asset classes.

The Funds were created under a Master Trust Deed (the "Trust Deed") executed by Forsyth Barr Funds Management Limited (now Forsyth Barr Investment Management Limited effective 27 February 2015) (the "Manager") on 27 September 2007. The New Zealand Equities Fund, Australian Equities Fund, NZ Fixed Interest Fund, Global Equities Fund, Listed Property Fund and Premium Yield Fund were created under a Unit Trust Establishment Deed between the Manager and Perpetual Trust Limited dated 27 March 2008 and the Funds commenced operation on 26 June 2008. The existing Trust Deed was substituted, and each of the establishment deeds for the Funds amended and consolidated, by instruments dated 9 August 2016. The amendment was made to comply with and to reflect the requirements of the Financial Markets Conduct Act 2013 (FMCA), Financial Markets Regulations Act 2014 (FMCR) and other enactments made pursuant to the FMCA, and to make a number of other amendments in connection with the Funds becoming registered under the FMCA. The Income Fund, Balanced Fund and Growth Fund were created under a Unit Trust Establishment Deed on 24 November 2020 and these Funds commenced operations on 21 December 2020. A change was also made on 24 November 2020 to the provisions of the Trust Deed concerning distributions to allow the inclusion of capital in any distribution amount and allow distributions to be paid either in cash, or in specie, or by way of bonus units. On 11 December 2020 the Forsyth Barr Premium Yield Fund was renamed the Forsyth Barr New Zealand Fixed Interest Fund. A change was also made to allow the funds to borrow for specific purposes. The Supervisor for the Funds is Trustees Executors Limited.

On 11 December 2020, the "Premium Yield Fund" name was changed to "New Zealand Fixed Interest Fund".

On 11 December 2020, the NZ Fixed Interest Fund was closed to new applications and disestablished on 26 January 2021, when the Forsyth Barr NZ Fixed Interest Fund was merged with the Forsyth Barr New Zealand Fixed Interest Fund.

The registered office for the Manager is Level 9, Forsyth Barr House, The Octagon, Dunedin.

Statutory Base

The Funds are registered under Forsyth Barr Investment Funds, a Managed Investment Scheme as defined by the Financial Markets Conduct Act 2013 and are subject to the provisions of that Act. These Financial Statements have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013, the Financial Reporting Act 2013 and the Trust Deed.

The Financial Statements for the Funds are for the year ended 31 March 2021, except for the Income Fund, Balanced Fund and Growth Fund, which are presented from 24 November 2020 (date of establishment) to the 31 March 2021. Given that the current period is the first year of operation for the Income Fund, Balanced Fund and Growth Fund, no comparatives are presented.

The Financial Statements were authorised for issue by the Directors of the Manager on 20 July 2021.

2. Summary of significant accounting policies

2.1 Basis of preparation

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.

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 profit-oriented entities. These Financial Statements have been prepared in accordance with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). These Financial Statements also comply with the International Financial Reporting Standards (IFRS). These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss. The accrual basis of accounting has been applied for all Funds.

Going Concern

The NZ Fixed Interest Fund was disestablished on 26 January 2021. The financial statements for this Fund have been prepared on an other than going concern basis. The financial statements for all other Funds are prepared on a going concern basis.

(a) Use of estimates and judgements

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 Funds' 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.

(b) Presentation

All amounts are presented in New Zealand dollars, which are the Funds' functional and presentation currency.

(c) Standards and amendments to existing standards effective 1 April 2020 impacting the Scheme

There are no new standards or amendments to existing standards that are effective for the year commencing on 1 April 2020 that have a material effect on the Financial Statements of the Funds.

Notes to the Financial Statements

2. Significant accounting policies (continued)

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 use that information to assess the assets' performance and to make decisions. All financial assets measured at fair value are those mandatorily measured at fair value. Financial assets at fair value through profit or loss comprise of listed equities, listed trusts, unlisted trusts, fixed interest securities and forward foreign exchange contracts that have a positive fair value.

(ii) Financial assets at amortised cost

(a) **Cash and cash equivalents** include cash in hand and deposits held at call with banks, denominated in New Zealand dollars and in foreign currencies. Payments and receipts relating to the purchase and sale of investment securities are classified as cashflows from operating activities, as movements in the fair value of these securities represents the Funds main income generating activity.

(b) **Receivables** are amounts representing assets owing to the Funds and may include amounts due for settlements receivable, contributions receivable and other receivables such as interest or dividends.

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. Forward 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

(a) **Payables** are amounts representing liabilities and accrued expenses owing by the Funds at period end and may include outstanding settlements payable, withdrawals payable, other payables and related party payables such as management fee payable and supervisor fee payable.

(b) Recognition, measurement and derecognition

(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 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. Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are recognised in the Statements of Comprehensive Income when they arise. Financial assets are derecognised when the rights to receive cash flows from the investments have expired of the Funds have transferred substantially all of the risks and rewards of ownership. Any gain or loss arising on derecognition of the financial asset at fair value through profit or loss is included in the Statements of Comprehensive Income in the year the item is derecognised.

(ii) Financial assets and liabilities at amortised cost

The Funds recognise financial assets and liabilities at amortised cost on the date they become parties to the contractual agreement. Financial assets and liabilities at amortised cost are initially recognised at fair value. Subsequent to initial recognition, all financial assets at amortised cost are measured at amortised cost less any impairment. Any impairment charge is recognised in the Statement of Comprehensive Income. Financial assets at amortised cost are derecognised when the rights to receive cash flows from the investments have expired of the Funds have transferred substantially all of the risks and rewards of ownership. Financial liabilities at amortised cost are derecognised when the obligation under the liability is discharged, cancelled or expires.

(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. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

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 sheet date. Valuation techniques used include the use of recent arm's length 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 Fund's investments in unlisted trusts 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 Fund reviews the details of the reported information obtained from the other funds and consider: the liquidity of the other fund or its underlying investments; the value date of the net asset value provided; and restrictions on redemptions.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Funds would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward foreign exchange contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

2.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement 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.

2.4 Net assets attributable to Unitholders

The Funds issue units that are redeemable at the Unitholders' option and have identical features and are therefore classified as equity. The units can be put back to the Funds at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance sheet date if Unitholders exercised their right to put the units back to the Funds. As stipulated in the Trust Deed, each unit represents an individual share in the Funds and does not extend to a right in the underlying assets of the Funds. There are no separate classes of units within the Funds and each unit has the same rights attaching to it as all other units in the respective Fund.

Applications received for units in the Funds are recorded net of any entry fees payable prior to the issue of units in the Funds. 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. The Funds' net asset value per unit is calculated by dividing the net assets attributable to the holders of the Funds with the total number of outstanding units of the Funds. In accordance with the provisions of the offering documents, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for subscriptions and redemptions.

In accordance with the Trust Deed, the Manager has full discretion as to whether to distribute any income of the Funds. Income that is not distributed is invested as part of the assets of the Funds or may be used later to make distributions to Unitholders of that Fund.

Notes to the Financial Statements

2. Significant accounting policies (continued)

2.5 Investment income

Interest income earned on financial assets at amortised cost is recognised in the Statement of Comprehensive Income using the effective interest method.

Interest earned on financial assets and liabilities at fair value through the profit and loss recognised in the Statement of Comprehensive Income excludes dividend and distribution income earned on financial assets at fair value through profit or loss. It represents interest income earned on financial assets and liabilities held at fair value; changes in fair value are recorded in accordance with the policies described in note 2.2.

Dividend and distribution income is recognised in the Statement of Comprehensive Income on the ex-dividend date with any related withholding tax recorded in the Statement of Net Assets Attributable to Unitholders as withholding taxes deducted. Dividend income is recognised on a present entitlement basis.

2.6 Investments gains and losses

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 sheet date and the reversal of prior periods unrealised gains or losses on investments that have been realised in the current period. Realised gains or losses are calculated based on the gross sale proceeds and the weighted average cost of the investments sold.

2.7 Expenses

All expenses, including the Funds' management, performance and supervisor fees, are recognised in the Statements of Comprehensive Income on an accruals basis. Management fee rebates are received from an external manager.

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 it operates (the "functional currency"). This is the New Zealand dollar, which reflects the currency of the economy in which the Funds compete for funds and are regulated. The New Zealand dollar is also the Funds' presentation currency.

The Manager considers the New Zealand dollar the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The New Zealand dollar is the currency in which the Funds measure their performance and report their results, as well as the currency in which the Funds receive subscriptions from investors.

(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 the balance sheet date. Foreign exchange gains or losses arising from translation are included in the Statements of Comprehensive Income within net gain/(loss) on financial instruments held at fair value through profit or loss.

The Funds do not isolate that portion of gains or losses on Financial assets at fair value through profit & loss, foreign cash and derivative financial instruments that are measured at fair value through profit or loss and which are due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss in the Statements of Comprehensive Income.

2.9 Income tax

The Funds qualify as Portfolio Investment Entities (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 withholding taxes deducted in the Statements of 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 is taxed at the Unitholder's "prescribed investor rate" (which is capped at 28%) on redemptions and paid quarterly each year.

Unitholder tax liabilities disclosed in the Statements of Changes in Net Assets Attributable to Unitholders consists of withdrawals to meet Unitholder tax liabilities (or contributions from Unitholder rebates) under the PIE regime.

2.10 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 Statement of Financial Position are stated inclusive of GST.

2.11 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the Financial Statements. These changes did not have a material impact on the presentation of the Financial Statements.

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, not always 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 based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair value of securities quoted in an active market

The fair value of securities traded in active markets are based on quoted market prices at the close of trading on the reporting date. In circumstances where the last price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

The uncertainty caused by COVID-19 in New Zealand and global economies impacted on the foreign exchange rates at 31 March 2020 causing significant volatility in the investment valuations for the Australian Equities Fund and Global Equities Fund.

Fair value of securities not quoted in an active market

The fair value for such securities not quoted in an active market may be determined by the Manager using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes as obtained from pricing sources may be indicative and not executable or binding. The Manager would exercise judgement on the quantity and quality of pricing sources used. Where no market data is available, the Manager may price positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. The models for debt securities are based on net present value of estimated future cash flows, adjusted as appropriate for liquidity and credit and market risk factors.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), 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 that are not quoted in active markets is determined by reference to the redemption price per unit of the underlying funds.

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 immediate or short term nature of these financial instruments.

Notes to the Financial Statements

4. Commitments and contingent liabilities

There are no contingencies or commitments as at 31 March 2021 (31 March 2020: nil).

5. Related Parties

5.1 General

The Directors of the Manager may also be Unitholders of the Funds. All transactions occur at arm's length and are on normal terms.

Forsyth Barr Limited as appointed by Forsyth Barr Investment Management Limited (the Manager) to provide finance and administration services, manage a pass through application account for each of the Funds. As at 31 March 2021, Forsyth Barr Limited held funds of \$835 on behalf of the NZ Equities Fund, \$732 on behalf of the Australian Equities Fund, \$0 on behalf of the NZ Fixed Interest Fund, \$1202 on behalf of the Global Equities Fund, \$228 on behalf of the Listed Property Fund and \$180 on behalf of the New Zealand Fixed Interest Fund (formerly known as Premium Yield Fund) and \$2,215,620 on behalf of all Funds. The balances are recorded as contributions receivable for the purchase of units in each respective Fund as at 31 March 2021 (2020: \$552 on behalf of the NZ Equities Fund, \$100,230 on behalf of the Australian Equities Fund, \$75 on behalf of the NZ Fixed Interest Fund, \$23 on behalf of the Global Equities Fund, \$115 on behalf of the Listed Property Fund and \$132 on behalf of the Premium Yield Fund).

5.2 Related party fees

The Funds have incurred the following fees to the related parties.

		NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund		NZ Fixed Interest Fund	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
\$ For the year ended 31 March											
Forsyth Barr Investment Management Limited	Management fees	819,157	648,729	550,746	354,221	1,224,205	827,580	337,273	311,422	179,321	188,505
Forsyth Barr Investment Management Limited	Management fees rebate	-	-	-	-	6,910	-	-	-	-	-
Trustees Executors Limited	Supervisor fees	15,261	25,364	9,740	13,848	18,229	26,981	6,356	12,182	7,512	12,272
		834,418	674,093	560,486	368,069	1,249,344	854,561	343,629	323,604	186,833	200,777

		New Zealand Fixed Interest Fund		Income Fund	Balanced Fund		Growth Fund	
		2021	2020	2021 (4 months)	2021 (4 months)		2021 (4 months)	
\$ For the year ended 31 March								
Forsyth Barr Investment Management Limited	Management fees	1,573,216	1,116,670	1,752	11,473		11,341	
Forsyth Barr Investment Management Limited	Management fees rebate	-	-	2,061	9,224		10,561	
Trustees Executors Limited	Supervisor fees	49,302	72,686	-	-		-	
		1,622,518	1,189,356	3,813	20,697		21,902	

The Funds owed the following amounts to related parties at balance sheet date.

		NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund		NZ Fixed Interest Fund	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
\$ As at 31 March											
Forsyth Barr Investment Management Limited	Management fees	87,872	57,625	66,416	32,079	147,380	78,620	35,382	25,326	-	18,979
Forsyth Barr Investment Management Limited	Management fees rebate	-	-	-	-	975	-	-	-	-	-
Trustees Executors Limited	Supervisor fees	-	2,234	-	1,244	-	2,541	-	982	-	1,226
		87,872	59,859	66,416	33,323	148,355	81,161	35,382	26,308	-	20,205

		New Zealand Fixed Interest Fund		Income Fund	Balanced Fund		Growth Fund	
		2021	2020	2021	2021		2021	
\$ As at 31 March								
Forsyth Barr Investment Management Limited	Management fees	174,824	116,150	1,121	6,313		6,169	
Forsyth Barr Investment Management Limited	Management fees rebate	-	-	2,061	9,224		10,561	
Trustees Executors Limited	Supervisor fees	-	7,504	-	-		-	
		174,824	123,654	3,182	15,537		16,730	

Audit fees of \$65,550 (2020: \$55,200) were paid by the Manager in accordance with the Trust Deed.

5.3 Investments by the Funds in related parties

	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund		New Zealand Fixed Interest Fund	
	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021
Income Fund	355,652		356,240		-		266,416		355,354	
Balanced Fund	1,091,187		1,067,057		1,624,174		317,035		1,361,092	
Growth Fund	1,247,812		1,226,918		2,146,462		492,964		614,285	

Notes to the Financial Statements

5. Related Parties (continued)

5.4 Income/(losses) earned by the Funds from their investments in related parties

\$	NZ Equities Fund 2021	Australian Equities Fund 2021	Global Equities Fund 2021	Listed Property Fund 2021	New Zealand Fixed Interest Fund 2021
As at 31 March					
Income Fund	(4,648)	4,940	-	(1,734)	(2,946)
Balanced Fund	(10,413)	17,457	42,024	(3,264)	(10,428)
Growth Fund	(10,143)	18,463	61,378	(2,740)	(4,715)

5.5 Related Products

The Summer KiwiSaver Scheme holds units in the following Forsyth Barr Investment Funds:

\$	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund		NZ Fixed Interest Fund	
	Units	2021 \$	Units	2021 \$	Units	2021 \$	Units	2021 \$	Units	2021 \$
As at 31 March										
Opening Balance	8,682,172	26,726,329	20,485,378	20,356,320	32,053,785	42,718,079	5,805,540	11,656,943	3,719,776	6,839,925
Contributions	2,861,851	10,830,000	10,928,021	13,472,000	16,886,838	26,967,000	1,393,950	3,363,000	-	-
Withdrawals	(487,619)	(1,730,000)	(856,123)	(1,058,000)	(2,042,376)	(2,933,000)	(661,868)	(1,620,000)	(3,719,776)	(7,187,692)
Change in fair value	-	8,107,398	-	9,132,873	-	12,327,746	-	3,615,524	-	347,767
Closing balance	11,056,404	43,933,727	30,557,276	41,903,193	46,898,247	79,079,825	6,537,622	17,015,467	-	-

\$	New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
	Units	2021 \$	Units	2021 \$	Units	2021 \$	Units	2021 \$
As at 31 March								
Opening Balance	16,707,328	31,446,533	-	-	-	-	-	-
Contributions	12,030,595	23,674,692	-	-	-	-	-	-
Withdrawals	(4,403,892)	(8,644,000)	-	-	-	-	-	-
Change in fair value	-	952,235	-	-	-	-	-	-
Closing balance	24,334,031	47,429,460	-	-	-	-	-	-

\$	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund		NZ Fixed Interest Fund	
	Units	2020 \$	Units	2020 \$	Units	2020 \$	Units	2020 \$	Units	2020 \$
As at 31 March										
Opening Balance	6,409,387	20,407,487	13,170,768	15,728,532	24,081,605	30,634,209	5,735,878	12,297,723	3,719,776	6,681,091
Contributions	3,396,605	11,467,500	9,615,050	11,707,500	12,850,382	17,604,500	2,075,834	4,938,000	-	-
Withdrawals	(1,123,820)	(3,390,000)	(2,300,440)	(2,743,000)	(4,878,202)	(6,479,000)	(2,006,173)	(4,875,000)	-	-
Change in fair value	-	(1,758,658)	-	(4,336,711)	-	958,370	-	(703,780)	-	158,834
Closing balance	8,682,172	26,726,329	20,485,378	20,356,320	32,053,785	42,718,079	5,805,540	11,656,943	3,719,776	6,839,925

\$	New Zealand Fixed Interest Fund	
	Units	2020 \$
As at 31 March		
Opening Balance	14,032,817	25,841,432
Contributions	8,710,470	16,506,515
Withdrawals	(6,035,958)	(11,522,000)
Change in fair value	-	620,586
Closing balance	16,707,328	31,446,533

Notes to the Financial Statements

6. Financial assets and liabilities held at fair value through profit or loss

\$	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund		NZ Fixed Interest Fund	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
As at 31 March										
Financial assets measured at fair value through profit or loss										
Listed equities	77,558,257	46,409,172	56,713,390	26,247,400	104,312,617	55,465,802	29,607,809	19,797,016	-	-
Listed trusts	-	-	-	-	1,094,738	-	1,088,796	-	-	-
Fixed interest securities	-	-	-	-	-	-	-	-	-	22,037,774
Forward foreign exchange contracts	-	-	-	47,462	-	-	-	-	-	-
Unlisted trusts	-	-	-	-	-	-	-	-	-	-
Total financial assets at fair value through profit or loss	77,558,257	46,409,172	56,713,390	26,294,862	105,407,355	55,465,802	30,696,605	19,797,016	-	22,037,774

\$	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund		NZ Fixed Interest Fund	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
As at 31 March										
Financial liabilities measured at fair value through profit or loss										
Forward foreign exchange contracts	-	-	325,447	-	1,205,833	1,335,648	9,767	-	-	-
Total financial liabilities at fair value through profit or loss	-	-	325,447	-	1,205,833	1,335,648	9,767	-	-	-

\$	New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
	2021	2020	2021	2020	2021	2020	2021	2020
As at 31 March								
Financial assets measured at fair value through profit or loss								
Listed equities	-	-	-	-	-	-	-	-
Listed trusts	-	-	353,075	-	585,619	-	223,835	-
Fixed interest securities	240,862,169	144,511,434	-	-	-	-	-	-
Forward foreign exchange contracts	-	-	-	-	-	-	-	-
Unlisted trusts	-	-	1,333,662	-	5,460,545	-	5,728,441	-
Total financial assets at fair value through profit or loss	240,862,169	144,511,434	1,686,737	-	6,046,164	-	5,952,276	-

\$	New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
	2021	2020	2021	2020	2021	2020	2021	2020
As at 31 March								
Financial liabilities measured at fair value through profit or loss								
Forward foreign exchange contracts	-	-	-	-	-	-	-	-
Total financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-

The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the year end date. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker or pricing service, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Funds use a variety of methods and makes assumptions that are based on market conditions existing at each year end date. Valuation techniques used for non-standard financial instruments such as over the counter derivatives include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, options 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.

For instruments for which there is no active market, the Funds may use internally developed models which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which markets were or have been inactive during the period. Some of the inputs to these models may not be market observable and therefore estimated based on assumptions.

Notes to the Financial Statements

6. Financial assets and liabilities held at fair value through profit or loss (continued)

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

- (i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- (ii) Level 2 - Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices)
- (iii) Level 3 - Inputs for the asset or liability that are not based on observable market data (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 decline in equity markets as a result of COVID-19 adversely impacted the closing value of investments and associated net gain/loss on financial assets through profit or loss at 31 March 2020 in all the Funds. Further the uncertainty caused by COVID-19 in New Zealand and global economies resulted in higher than usual withdrawals from the Funds in March 2020. The closing balance of investments and associated net gain/loss on financial assets through profit or loss at 31 March 2021 shows the recovery of the market from the prior year.

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. The following table analyses within the fair value hierarchy the Funds' financial assets and liabilities (by class) measured at fair value at 31 March 2021:

\$	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund		NZ Fixed Interest Fund	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
As at 31 March										
Financial assets at fair value through profit or loss										
Level 1 Assets										
<i>Financial assets measured at fair value through profit or loss</i>										
Listed equities	77,558,257	46,409,172	56,713,390	26,247,400	104,312,617	55,465,802	29,607,809	19,797,016	-	-
Listed trusts	-	-	-	-	1,094,738	-	1,088,796	-	-	-
Total Level 1 Assets	77,558,257	46,409,172	56,713,390	26,247,400	105,407,355	55,465,802	30,696,605	19,797,016	-	-
Level 2 Assets										
<i>Financial assets measured at fair value through profit or loss</i>										
Fixed interest securities	-	-	-	-	-	-	-	-	-	22,037,774
Forward foreign exchange contracts	-	-	-	47,462	-	-	-	-	-	-
Unlisted trusts	-	-	-	-	-	-	-	-	-	-
Total Level 2 Assets	-	-	-	47,462	-	-	-	-	-	22,037,774
Total financial assets at fair value through profit or loss	77,558,257	46,409,172	56,713,390	26,294,862	105,407,355	55,465,802	30,696,605	19,797,016	-	22,037,774
Financial liabilities at fair value through profit or loss										
Level 2 Liabilities										
<i>Financial liabilities measured at fair value through profit or loss</i>										
Forward foreign exchange contracts	-	-	325,447	-	1,205,833	1,335,648	9,767	-	-	-
Total Level 2 Liabilities	-	-	325,447	-	1,205,833	1,335,648	9,767	-	-	-
Total financial liabilities at fair value through profit or loss	-	-	325,447	-	1,205,833	1,335,648	9,767	-	-	-

Notes to the Financial Statements

6. Financial assets and liabilities held at fair value through profit or loss (continued)

\$ As at 31 March	New Zealand Fixed Interest Fund		Income Fund	Balanced Fund	Growth Fund
	2021	2020	2021	2021	2021
Financial assets at fair value through profit or loss					
Level 1 Assets					
<i>Financial assets measured at fair value through profit or loss</i>					
Listed equities	-	-	-	-	-
Listed trusts	-	-	353,075	585,619	223,835
Total Level 1 Assets	-	-	353,075	585,619	223,835
Level 2 Assets					
<i>Financial assets measured at fair value through profit or loss</i>					
Fixed interest securities	240,862,169	144,511,434	-	-	-
Forward foreign exchange contracts	-	-	-	-	-
Unlisted trusts	-	-	1,333,662	5,460,545	5,728,441
Total Level 2 Assets	240,862,169	144,511,434	1,333,662	5,460,545	5,728,441
Total financial assets at fair value through profit or loss	240,862,169	144,511,434	1,686,737	6,046,164	5,952,276
Financial liabilities at fair value through profit or loss					
Level 2 Liabilities					
<i>Financial liabilities measured at fair value through profit or loss</i>					
Forward foreign exchange contracts	-	-	-	-	-
Total Level 2 Liabilities	-	-	-	-	-
Total financial liabilities at fair value through profit or loss	-	-	-	-	-

There are no level 3 financial instruments. There have been no transfers between levels in the year ended 31 March 2021 (31 March 2020: nil).

Notes to the Financial Statements

7. Financial instruments by category

\$	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund		NZ Fixed Interest Fund	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
As at 31 March										
Financial assets at fair value through profit or loss										
Financial assets measured at fair value through profit or loss	77,558,257	46,409,172	56,713,390	26,294,862	105,407,355	55,465,802	30,696,605	19,797,016	-	22,037,774
Total financial assets at fair value through the profit or loss	77,558,257	46,409,172	56,713,390	26,294,862	105,407,355	55,465,802	30,696,605	19,797,016	-	22,037,774
Financial assets at amortised cost										
Cash and cash equivalents	1,530,740	1,520,854	3,466,478	2,093,095	6,419,192	5,276,316	616,207	952,008	-	3,201,114
Outstanding settlements receivable	259,868	688,060	4,723	142,690	-	-	69,503	80,341	-	43,573
Related party receivables	-	-	-	-	975	-	-	-	-	-
Contributions receivable	281,529	4,661	186,073	105,264	326,553	23,883	23,255	1,240	-	20,075
Other receivables	273,260	407,413	243,677	129,747	254,085	128,597	21,528	-	-	192,616
Total financial assets at amortised cost	2,345,397	2,620,988	3,900,951	2,470,796	7,000,805	5,428,796	730,493	1,033,589	-	3,457,378
Total financial assets	79,903,654	49,030,160	60,614,341	28,765,658	112,408,160	60,894,598	31,427,098	20,830,605	-	25,495,152
Financial liabilities at fair value through profit or loss										
Financial liabilities measured at fair value through profit or loss	-	-	325,447	-	1,205,833	1,335,648	9,767	-	-	-
Total financial liabilities at fair value through the profit or loss	-	-	325,447	-	1,205,833	1,335,648	9,767	-	-	-
Financial liabilities at amortised cost										
Outstanding settlements payable	246,507	330,810	446,941	114,176	-	5	25,004	84,168	-	-
Related party payables	87,872	59,859	66,416	33,323	147,380	81,161	35,382	26,308	-	20,205
Withdrawals payable	85,833	152,342	69,890	-	145,242	1,015,858	48,319	100,000	-	19,678
Total financial liabilities at amortised cost	420,212	543,011	583,247	147,499	292,622	1,097,024	108,705	210,476	-	39,883
Total financial liabilities	420,212	543,011	908,694	147,499	1,498,455	2,432,672	118,472	210,476	-	39,883

Notes to the Financial Statements

7. Financial instruments by category (continued)

\$ As at 31 March	New Zealand Fixed Interest Fund		Income Fund	Balanced Fund	Growth Fund
	2021	2020	2021	2021	2021
Financial assets at fair value through profit or loss					
Financial assets measured at fair value through profit or loss	240,862,169	144,511,434	1,686,737	6,046,164	5,952,276
Total financial assets at fair value through the profit or loss	240,862,169	144,511,434	1,686,737	6,046,164	5,952,276
Financial assets at amortised cost					
Cash and cash equivalents	10,873,457	20,470,515	89,222	461,998	207,628
Outstanding settlements receivable	-	1	-	-	-
Related party receivables	-	-	2,061	9,224	10,561
Contributions receivable	707,875	131,120	18,000	244,842	66,700
Other receivables	1,818,130	1,194,697	-	-	-
Total financial assets at amortised cost	13,399,462	21,796,333	109,283	716,064	284,889
Total financial assets	254,261,631	166,307,767	1,796,020	6,762,228	6,237,165
\$ As at 31 March					
Financial liabilities at fair value through profit or loss					
Financial liabilities measured at fair value through profit or loss	-	-	-	-	-
Total financial liabilities at fair value through the profit or loss	-	-	-	-	-
Financial liabilities at amortised cost					
Outstanding settlements payable	1,000,002	-	-	-	-
Related party payables	174,824	123,654	1,121	6,313	6,169
Withdrawals payable	685,385	65,635	-	-	-
Total financial liabilities at amortised cost	1,860,211	189,289	1,121	6,313	6,169
Total financial liabilities	1,860,211	189,289	1,121	6,313	6,169

Notes to the Financial Statements

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

\$	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund		NZ Fixed Interest Fund	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
For the year ended 31 March										
Operating profit/(loss)	14,562,739	(2,897,039)	12,672,218	(6,149,674)	17,251,152	1,647,958	6,287,892	(1,775,395)	1,327,213	374,617
Adjustments for non-cash items										
Net (gain)/loss on financial instruments held at fair value through profit or loss	(8,733,560)	5,274,027	(11,165,735)	7,514,843	(8,161,431)	(4,846,286)	(5,130,659)	3,337,321	219,478	297,535
Net foreign currency gains or losses on cash and cash equivalents	-	-	7,131	(20,070)	420,238	(27,682)	(11,014)	1,323	-	-
Net dividends reinvested as units	(245,088)	(11,344)	(87,263)	(20,184)	-	-	(225,182)	(32,366)	-	-
	(8,978,648)	5,262,683	(11,245,867)	7,474,589	(7,741,193)	(4,873,968)	(5,366,855)	3,306,278	219,478	297,535
Movements in working capital items										
(Increase)/decrease in trade and other receivables	134,153	(149,805)	(113,930)	29,211	(126,463)	(101,285)	(21,528)	53	192,616	(18,285)
Increase/(decrease) in trade and other payables	28,013	20,358	33,093	9,441	66,219	22,940	9,074	5,060	(20,205)	9,027
(Increase)/decrease in net cost of investments	(21,826,549)	(14,866,762)	(18,369,351)	(11,369,954)	(41,893,249)	(6,208,755)	(5,582,309)	(3,559,738)	(4,190,624)	(5,678,416)
	(21,664,383)	(14,996,209)	(18,450,188)	(11,331,302)	(41,953,493)	(6,287,100)	(5,594,763)	(3,554,625)	(4,018,213)	(5,687,674)
	(30,643,031)	(9,733,526)	(29,696,055)	(3,856,713)	(49,694,686)	(11,161,068)	(10,961,618)	(248,347)	(3,798,735)	(5,390,139)
Net cash inflow/(outflow) from operating activities	(16,080,292)	(12,630,565)	(17,023,837)	(10,006,387)	(32,443,534)	(9,513,110)	(4,673,726)	(2,023,742)	(2,471,522)	(5,015,522)

\$	New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
	2021	2020	2021	(4 months)	2021	(4 months)	2021	(4 months)
For the year ended 31 March								
Operating profit/(loss)	4,654,523	1,992,384	(5,874)		29,419		60,107	
Adjustments for non-cash items								
Net (gain)/loss on financial instruments held at fair value through profit or loss	362,820	1,509,958	6,237		(31,683)		(60,629)	
Net foreign currency gains or losses on cash and cash equivalents	-	-	-		-		-	
Net dividends reinvested as units	-	-	-		-		-	
	362,820	1,509,958	6,237		(31,683)		(60,629)	
Movements in working capital items								
(Increase)/decrease in trade and other receivables	(623,433)	(318,288)	(2,061)		(9,224)		(10,561)	
Increase/(decrease) in trade and other payables	51,170	57,555	1,121		6,313		6,169	
(Increase)/decrease in net cost of investments	(69,661,059)	(54,391,254)	(1,692,975)		(6,014,481)		(5,891,648)	
	(70,233,322)	(54,651,987)	(1,693,915)		(6,017,392)		(5,896,040)	
	(69,870,502)	(53,142,029)	(1,687,678)		(6,049,075)		(5,956,669)	
Net cash inflow/(outflow) from operating activities	(65,215,979)	(51,149,645)	(1,681,441)		(6,019,656)		(5,896,562)	

Notes to the Financial Statements

9. Financial risk management

The Trust Deed for the Funds requires the Manager to invest the assets of the Funds in accordance with the investment guidelines, as agreed with the Supervisor from time to time, in order to manage risk. The Funds activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk). The Funds overall risk management programmed seeks to maximise the return derived for the level of risk to which the Funds are exposed and seeks to minimise potential adverse effects on the Funds financial performance. The Funds may use derivative financial instruments to moderate certain risk exposures.

All securities investments present a risk of loss of capital. The Funds of the Scheme hold various financial instruments such as listed equities, listed trusts, unlisted trusts and fixed interest securities where the maximum loss of capital is limited to the fair 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 exposed directly and indirectly to price risks through their holdings of equity and trusts. The underlying trusts investments have underlying securities comprising primarily domestic, international equity instruments and fixed interest securities.

The Funds use different methods to measure and manage the various types of risk to which it is exposed. These methods are explained below.

(a) 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. There is a risk of non-recovery. Financial instruments that subject the Funds to credit risk consist primarily of cash equivalents, debt securities, settlements receivables, contributions receivables 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 Supervisor regularly reviews and approves an investment strategy that is implemented by the Manager. In accordance with the Funds policy, the Manager monitors the Fund's credit positions on a daily basis. The Funds Oversight Committee reviews it on a monthly basis.

The investment strategy incorporates an appropriate diversification of investments so that the Funds have no significant concentration of credit risk. An analysis of debt securities by rating is set out in the table below.

At balance date, the Australian Equities Fund, Global Equities Fund and Listed Property Fund held forward currency contracts with one counterparty (Westpac). No open forward currency contracts were held by any other funds as at 31 March 2021.

With respect to forward currency contracts, the Funds credit risk is managed by limiting the counterparties to a group of international banks and the Funds do not expect to incur any losses as a result of non-performance by these counterparties.

\$ As at 31 March	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund		NZ Fixed Interest Fund	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Cash and cash equivalents by rating category										
AA	1,530,740	1,520,854	3,466,478	2,093,095	6,419,192	5,276,316	616,207	952,008	-	3,201,114
	1,530,740	1,520,854	3,466,478	2,093,095	6,419,192	5,276,316	616,207	952,008	-	3,201,114
Fixed interest portfolio by rating category										
AAA	-	-	-	-	-	-	-	-	-	-
AA+/AA/AA-	-	-	-	-	-	-	-	-	-	10,123,426
A+/A/ A-	-	-	-	-	-	-	-	-	-	982,492
BBB+/BBB/BBB-	-	-	-	-	-	-	-	-	-	7,362,794
BB+	-	-	-	-	-	-	-	-	-	314,611
Unrated	-	-	-	-	-	-	-	-	-	3,254,451
	-	-	-	-	-	-	-	-	-	22,037,774

\$ As at 31 March	New Zealand Fixed Interest Fund		Income Fund	Balanced Fund	Growth Fund
	2021	2020	2021	2021	2021
Cash and cash equivalents by rating category					
AA	10,873,457	20,470,515	89,222	461,998	207,628
	10,873,457	20,470,515	89,222	461,998	207,628
Fixed interest portfolio by rating category					
AAA	96,516,241	-	-	-	-
AA+/AA/AA-	38,621,138	66,452,827	-	-	-
A+/A/ A-	12,072,237	8,259,868	-	-	-
BBB+/BBB/BBB-	64,076,899	46,082,448	-	-	-
BB+	2,996,885	3,845,037	-	-	-
Unrated	26,578,769	19,871,254	-	-	-
	240,862,169	144,511,434	-	-	-

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 2021, all amounts of cash and non-exchange traded debt securities are held with counterparties with credit ratings per the table above. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. 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. The Funds invest cash with banks registered in New Zealand. Management considers the probability of default for the cash and non-exchange traded debt securities 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 has been recognised on 12-month expected credit losses as any such impairment would be insignificant to the Funds.

With respect to forward currency contracts, the Funds credit risk is managed by limiting the counterparties to a group of international banks and the Funds do not expect to incur any losses as a result of non-performance by these counterparties.

Notes to the Financial Statements

9. Financial risk management (continued)

(b) Liquidity risk

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

Liquidity management is designed to ensure that the Funds have the ability to generate sufficient cash in a timely manner to meet their financial commitments and normal level of redemptions. The Funds have a benchmark liquidity level which is monitored and maintained given normal investment conditions. Liquidity risk is managed by investing the majority of their assets in investments that are traded in an active market and can be readily disposed to enable them to meet liabilities as they fall due and unit redemptions when requested. In the event of abnormal levels of redemptions, timing of payment may be dependent on the ability of the Funds to realise their underlying investments on a timely basis. The Funds may periodically invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Funds may not be able to liquidate their investments in these investments at an amount close to their fair value to meet their liquidity requirements, or be able to respond to specific events such as deterioration in the creditworthiness of any particular issue. At 31 March 2021 and 31 March 2020, the Funds held no investments that are considered illiquid.

The Funds also have the ability in extraordinary situations to impose discretionary redemption restrictions, which include the ability to suspend redemptions or withhold varying amounts of any redemption requested. It is the intention of the Funds to exercise this ability only in instances where the payment of redemptions would put the remaining Unitholders in a disadvantageous position, or if the Funds are unable to liquidate their investments that would allow the Funds to pay redemptions as they fall due. The Funds have not withheld redemptions during the period (31 March 2020: nil).

Supervisor fees payable, other payables and outstanding settlements are due for settlement within three months of balance date.

The required cash outflow to settle the forward exchange contracts which are in a loss position at balance date as disclosed in Note 6 will be the fair value as at 31 March 2021 and 31 March 2020, if it was settled on that date. It is expected that the actual future undiscounted cash flows will be different, given that the instruments are carried at fair value. All the open currency contracts which are in a loss position at 31 March 2021, matured within 3 months (31 March 2020: 3 months) after balance date.

(c) Currency risk

The Funds hold both monetary and non-monetary assets denominated in currencies other than the New Zealand dollar. Foreign currency risk 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. The foreign currency exposure relating to non-monetary assets and liabilities is a component of market price risk not foreign currency risk. However, management monitors the exposure on all foreign currency denominated assets and liabilities.

Currency risk management is undertaken by the Funds Manager within the guidelines agreed by the Supervisor. The Funds enter into forward foreign exchange contracts both to economically hedge the foreign currency risk implicit in the value of the portfolio securities denominated in foreign currency and to secure a particular exchange rate for a planned purchase or sale of securities. The terms and conditions of these contracts rarely exceeds one year. As the nature of these contracts is to manage the international investment activities of the Funds, they are accounted for at fair value at balance date in a manner consistent with the valuation of the underlying securities. The fair value of derivatives are shown in Note 6 and included within the investments amount on the Statements of Financial Position.

The New Zealand Fixed Interest Fund is not exposed to currency risk as it invests in New Zealand dollar denominated fixed interest securities. The NZ Equities Fund, NZ Fixed Interest Fund, Income Fund, Balanced Fund and Growth Fund are not exposed to direct currency risk as they invest in New Zealand dollar denominated unlisted trusts; they are however exposed to indirect currency risk due to their holdings in unlisted trusts which invest in securities denominated in foreign currencies. These indirect exposures form part of the price risk in note 9(e) below.

Foreign currency denominated assets and liabilities held by the Funds are detailed in the table below. The Funds holds foreign exchange contracts in NZD/AUD and NZD/USD at the reporting date. Fair values are disclosed in note 9(g). All amounts presented are in New Zealand dollar equivalents.

\$ As at 31 March	Australian Equities Fund		Global Equities Fund		Listed Property Fund	
	2021	2020	2021	2020	2021	2020
Australian Dollar (AUD)	36,356,735	19,965,849	-	-	3,633,904	895,205
Euro (EUR)	-	-	11,545,306	7,299,209	-	-
United States Dollar (USD)	41,885	29,040	52,102,733	19,468,768	-	-
Great British Pound (GBP)	-	-	1,137,433	1,824,735	-	-
Hong Kong Dollar (HKD)	-	-	5,639,504	5,305,112	-	-
Japanese Yen (JPY)	-	-	6,517,972	1,594,165	-	-
	36,398,620	19,994,889	76,942,948	35,491,989	3,633,904	895,205

The following table summarises the sensitivity of the Funds investments to changes in foreign exchange movements at 31 March. The analysis is based on the assumptions than the relevant foreign exchange rate increased/decreased by 10% to the New Zealand dollar. The impact of COVID-19 caused the Funds to review the adequacy of the exchange rate sensitivity. A variable of 10% is considered appropriate for exchange rate sensitivity based on the impact of COVID-19. This represents management's best estimate of a reasonable shift in the foreign exchange rates, having regard to historical volatility of those rates. This increase or decrease in net profit and Net Assets Attributable to Unitholders of the Funds arises mainly from a change in the fair value of the international dollar investments that are classified as financial assets at fair value through profit or loss.

\$ As at 31 March	Australian Equities Fund		Global Equities Fund		Listed Property Fund	
	2021	2020	2021	2020	2021	2020
Exchange rates increased by 10%						
Australia (AUD)	(3,305,158)	(1,815,077)	-	-	(330,355)	(81,382)
Euro (EUR)	-	-	(1,049,573)	(663,564)	-	-
United States of America (USD)	(3,808)	(2,640)	(4,736,612)	(1,769,888)	-	-
United Kingdom (GBP)	-	-	(103,403)	(165,885)	-	-
Hong Kong (HKD)	-	-	(512,682)	(482,283)	-	-
Japanese Yen (JPY)	-	-	(592,543)	(144,924)	-	-
Total impact of 10% increase in exchange rates	(3,308,966)	(1,817,717)	(6,994,813)	(3,226,544)	(330,355)	(81,382)
Exchange rates decreased by 10%						
Australia (AUD)	4,039,637	2,218,428	-	-	403,767	99,467
Euro (EUR)	-	-	1,282,812	811,023	-	-
United States of America (USD)	4,654	3,227	5,789,193	2,163,196	-	-
United Kingdom (GBP)	-	-	126,381	202,748	-	-
Hong Kong (HKD)	-	-	626,612	589,457	-	-
Japanese Yen (JPY)	-	-	724,219	177,129	-	-
Total impact of 10% decrease in exchange rates	4,044,291	2,221,655	8,549,217	3,943,553	403,767	99,467

Notes to the Financial Statements

9. Financial risk management (continued)

(d) Cashflow and fair value interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows. The Funds may hold investments in interest earning financial instruments that expose the Funds to fair value interest rate risk. The Funds may also hold cash and cash equivalents that expose the Funds to cash flow interest rate risk. The interest rate risk arising from these investments is managed by the Manager.

The table below summarises the sensitivity of the Funds' investments to changes in interest rate movements at 31 March. The analysis is based on the assumptions that the relevant interest rate increased/decreased by 1% (31 March 2020: 1%), with all other variables held constant. This represents management's best estimate of a reasonable shift in the interest rates, having regard to historical volatility of those rates. At 31 March 2021, had the interest rate increased or decreased by 1% with all other variables held constant, the increase or decrease in operating profit and Net Assets Attributable to Unitholders would amount to approximately:

\$ As at 31 March	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund		NZ Fixed Interest Fund	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Increased by 1%	15,307	15,209	34,665	20,931	64,192	52,763	6,162	9,520	-	(974,114)
Decreased by 1%	(15,307)	(15,209)	(34,665)	(20,931)	(64,192)	(52,763)	(6,162)	(9,520)	-	974,114

\$ As at 31 March	New Zealand Fixed Interest Fund		Income Fund	Balanced Fund	Growth Fund
	2021	2020	2021	2021	2021
Increased by 1%	(9,048,533)	(6,302,846)	892	4,620	2,076
Decreased by 1%	9,048,533	6,302,846	(892)	(4,620)	(2,076)

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 may be indirectly affected by the impact of interest rate changes on the earnings of their investments in listed and unlisted trusts, which forms part of the price risk sensitivity in note 9(e) below. Therefore, the above sensitivity analysis may not fully indicate the total effect on the Scheme's net assets attributable to members of future movements in interest rates.

(e) Price risk

The Funds are exposed to price risk from investments in listed equities, listed trusts and unlisted trusts. This arises from investments held by the Funds for which prices in the future are uncertain. Where non-monetary financial instruments, i.e. equities - are denominated in currencies other than the New Zealand dollar (NZD), the price initially expressed in foreign currency and then converted into NZD will also fluctuate because of change in foreign exchange rates.

Price risk is managed through diversification and selection of securities and other financial instruments within specified limits and in accordance with mandates and overall investment strategy.

The majority of the Funds' equity investments are publicly traded. The overall market position is monitored on a daily basis by the Funds' Manager. Compliance with the Funds' investment policies are reported to the Board of the Manager on a quarterly basis.

The Funds also manage their exposure to price risk by analysing the investment portfolio by industrial sector. The Funds' policy is to concentrate the investment portfolio in sectors where management believe the Funds can maximise the returns derived for the level of risk to which the Funds are exposed.

The table below summarises the sensitivity of the Funds' net assets attributable to Unitholders to equity securities price movements, including the effect of movements in foreign currency exchange rates on equity and debt securities prices, as at 31 March. A variable of 10% for NZ Equities Fund, Australian Equities Fund, Global Equities Fund, Listed Property Fund, Income Fund, Balanced Fund and Growth Fund and 5% for NZ Fixed Interest Fund and New Zealand Fixed Interest Fund represents managements best estimate of a reasonable shifts in prices having regard to historical volatility and impacts of Covid 19. The analysis for 2020 is based on a price move of 15% for NZ Equities Fund, 17% for Australian Equities Fund, 15% for Global Equities Fund, 15% for Listed Property Fund, 5% for NZ Fixed Interest Fund and 5% for New Zealand Fixed Interest Fund and reflects the greater level of volatility that was present in the market at 31 March 2020.

\$ As at 31 March	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund		NZ Fixed Interest Fund	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<i>Volatility Estimate</i>	10%	15%	10%	17%	10%	15%	10%	15%	5%	5%
Increase in %	7,755,826	6,961,376	5,671,339	4,462,058	10,540,736	8,319,870	3,069,661	2,969,552	-	40,314
Decrease in %	(7,755,826)	(6,961,376)	(5,671,339)	(4,462,058)	(10,540,736)	(8,319,870)	(3,069,661)	(2,969,552)	-	(40,314)

\$ As at 31 March	New Zealand Fixed Interest Fund		Income Fund	Balanced Fund	Growth Fund
	2021	2020	2021	2021	2021
<i>Volatility Estimate</i>	5%	5%	10%	10%	10%
Increase in %	322,482	271,560	168,674	604,616	595,228
Decrease in %	(322,482)	(271,560)	(168,674)	(604,616)	(595,228)

(f) Capital management risk

The Funds capital is represented by net assets attributable to Unitholders. The amount of net assets attributable to Unitholders can change significantly on a daily basis as the Funds are subject to daily subscriptions at the discretion of Unitholders. The Funds objectives when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for Unitholders and benefit other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Funds. The Funds do this by investing in a diversified portfolio of equity and debt securities both in NZ and globally. The Funds may also use derivatives and short sales to increase exposure in certain investments. Investment decisions are guided by the mandate included in the Statement of Investment Policies and Objectives (SIPO) and Product Disclosure Statement.

The Funds strive to invest the subscriptions of Unitholder funds in investments that meet the Funds objectives while maintaining sufficient liquidity to meet Unitholder redemptions.

The Funds do not have any externally imposed capital requirements. Units may be redeemed on any business day by giving written notice in accordance with the Trust Deed, SIPO and Product Disclosure Statement. The Manager may, in the interests of all Unitholders in the Funds, restrict, suspend or alter withdrawals in certain circumstances.

Notes to the Financial Statements

9. Financial risk management (continued)

(g) Offsetting and amounts subject to master netting arrangements and similar agreements

As at 31 March 2021, the Funds were subject to an International Swaps and Derivatives Association (ISDA) arrangement with Westpac. 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	Australian Equities Fund		Global Equities Fund		Listed Property Fund	
	2021	2020	2021	2020	2021	2020
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements						
Gross amounts of recognised financial assets	-	47,462	-	-	-	-
Net amounts of financial assets presented in the statement of financial position	-	47,462	-	-	-	-
<i>Related amounts not set-off in the statement of financial position</i>						
Financial instruments	-	-	-	(1,335,648)	-	-
Net amount	-	47,462	-	(1,335,648)	-	-
<i>Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements</i>						
Gross amounts of recognised financial liabilities	325,447	-	1,205,833	(1,335,648)	9,767	-
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	325,447	-	1,205,833	(1,335,648)	9,767	-
<i>Related amounts not set-off in the statement of financial position</i>						
Financial instruments	-	-	-	(1,335,648)	-	-
Net amount	325,447	-	1,205,833	-	9,767	-

(h) Fair values of financial assets and financial liabilities

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.

10. Events occurring after the balance sheet date

No significant events that have occurred since the reporting date which would have impacted the financial position of the Funds disclosed in the Statements of Financial Position as at 31 March 2021 or on the results and cash flows of the Funds for the reporting period ended on that date.

Independent Auditor's Report

To the Unitholders of Forsyth Barr Investment Funds

Opinion

We have audited the financial statements of Forsyth Barr Investment Funds, which refers to the following separate and independent funds: Forsyth Barr New Zealand Equities Fund; Forsyth Barr Australian Equities Fund; Forsyth Barr NZ Fixed Interest Fund; Forsyth Barr Global Equities Fund; Forsyth Barr Listed Property Fund; Forsyth Barr Income Fund; Forsyth Barr Balanced Fund; Forsyth Barr Growth Fund and Forsyth Barr New Zealand Fixed Interest Fund (formerly known as Premium Yield Fund) which comprise the statements of financial position as at 31 March 2021, and the statements of comprehensive income, the statements of changes in net assets attributable to unitholders, and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements, on pages 2 to 20, present fairly, in all material respects, the financial position of the Forsyth Barr Investment Funds as at 31 March 2021, and its financial performance and 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').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). 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.

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

Our firm carries out other assignments for the Manager and Forsyth Barr Investment Funds in the area of taxation advice. These services have not impaired our independence as auditor of Forsyth Barr Investment Funds. In addition to this, subject to certain restrictions, partners and employees of our firm deal with Forsyth Barr Investment Funds on normal terms within the ordinary course of trading activities of the business of the Forsyth Barr Investment Funds. The firm has no other relationship with, or interest in, Forsyth Barr Investment Funds.

Emphasis of Matter – Basis other than going concern

Without qualifying our opinion, we draw your attention to Note 2.1 which confirms that the Forsyth Barr NZ Fixed Interest Fund was disestablished during the year. Accordingly as disclosed in Note 2.1, the financial statements of the NZ Fixed Interest Fund have been prepared on an other than going concern basis and in accordance with the accounting policies outlined in Note 2.

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 period. 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.

Key audit matter**How our audit addressed the key audit matter****Existence and valuation of financial assets at fair value through profit or loss**

As disclosed in Note 6, the Forsyth Barr Investment Funds' financial assets at fair value through profit or loss ("the investments") at 31 March 2021 are valued at:

	\$000	% of total assets
Forsyth Barr New Zealand Equities Fund	\$77,558	97%
Forsyth Barr Australian Equities Fund	\$56,713	94%
Forsyth Barr Global Equities Fund	\$105,407	94%
Forsyth Barr Listed Property Fund	\$30,697	98%
Forsyth Barr NZ Fixed Interest Fund	\$Nil	N/A
Forsyth Barr New Zealand Fixed Interest Fund (previously Premium Yield Fund)	\$240,862	95%
Forsyth Barr Income Fund	\$1,687	94%
Forsyth Barr Balanced Fund	\$6,046	89%
Forsyth Barr Growth Fund	\$5,952	95%

and represent a significant portion of total assets of each Fund (as shown above).

At 31 March 2021, equity investments are in securities that are listed on recognised international exchanges and fixed interest investments are in securities that are either listed on recognised international exchanges or for which there is an available secondary market.

All investments are held by the Custodian on behalf of the Forsyth Barr Investment Funds and administered by the Administrator.

The investments at fair value through profit or loss are a key audit matter due to the quantum of the balance relative to total assets. This was an area of significant focus in our audit and an area where significant audit effort was directed.

Our procedures included, amongst others:

- Updating our understanding of the business processes employed by Forsyth Barr Investment Funds for accounting for and valuing their investment portfolio;
- Obtaining a schedule of investments at market price as at 31 March 2021 and reconciling the schedule to general ledger;
- Obtaining confirmation from the custodian Trustees Executors Limited ("TEL") that Forsyth Barr Investment Funds was the recorded owner of all investment assets and of the total balance held in each security;
- Obtaining the Independent Assurance Reports for both the administrator and custodian and assessing the appropriateness of their controls, the impact (if any) of any exceptions in control procedures reported and the relevant complementary client controls; and
- For a sample of investments agreeing the price of investments held at 31 March 2021 to independent third party pricing sources.

Other information

The Board of Directors of the Manager is responsible on behalf of Forsyth Barr Investment Funds for the other information. The other information comprises the information in the Annual Report that accompanies the financial statements and the audit report.

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

Our responsibility is to read the other information and consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Manager's responsibilities for the financial statements

The Board of Directors of the Manager is responsible on behalf of Forsyth Barr Investment Funds for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors of the Manager determine 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 Board of Directors of the Manager is responsible on behalf of Forsyth Barr Investment Funds for assessing Forsyth Barr Investment Funds' 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 directors either intend to liquidate the Forsyth Barr Investment Funds to cease operations, or have 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 and ISAs (NZ) 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 on the External Reporting Board's website at:

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

This description forms part of our auditor's report.

Restriction on use

This report is made solely to Forsyth Barr Investment Funds' Unitholders, as a body. Our audit has been undertaken so that we might state to Forsyth Barr Investment Funds' Unitholders those matters 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 Forsyth Barr Investment Funds' Unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

**Heidi Rautjoki, Partner
for Deloitte Limited**
Dunedin, New Zealand
20 July 2021