

Forsyth Barr Investment Funds  
Financial Statements  
For the year ended 31 March 2020

## Manager's Statement

In the opinion of the Manager, the accompanying Financial Statements are drawn up so as to present fairly the financial position of the Forsyth Barr Investment Funds as at 31 March 2020 and their results for the year ended on that date in accordance with the requirements of the Master Trust Deed (including subsequent amendments) and each of the establishment deeds for the Funds amended and consolidated by instruments dated 9 August 2016.

There are reasonable grounds to believe that the Forsyth Barr Investment Funds will be able to pay their debts as and when they fall due.



Director

Forsyth Barr Funds Management Limited

28 July 2020

## Additional Unitholder Information

### Additional Unitholder Information

#### Notice of Trust Deed Amendment

Under clause 28.1 of the Trust Deed governing the Forsyth Barr Investment Fund, the Manager, Forsyth Barr Investment Management Limited (formerly Forsyth Barr Funds Management Limited) is required to advise Unitholders in summary form of any amendments to the Trust Deed.

Amendments were made to the Master Unit Trust Deed dated 27 September 2007 in respect of the Forsyth Barr Investment Funds pursuant to a deed of retirement and appointment of trustee and deed of amendment to Master Trust Deed each dated 27 February 2015. On this date the Trustee became the Trustee of each of the Trusts; as well, pursuant to the power contained in clause 28.1b of the Trust Deed, the Manager and the Trustee agreed that, with effect from the Effective Date, clause 18.1 of the Deed was amended to allow the remuneration of the Supervisor to be agreed by the Supervisor and the Manager from time to time, subject to the aggregate Supervisor fees payable for all of the Trusts notes exceeding 0.10% per annum of the aggregate trust fund value. The Master Unit Trust Deed (including subsequent amendments) 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 Conduct Regulations 2014 (FMCR) and other enactments made pursuant to the FMCA, and to make a number of other amendments in connection with the Scheme becoming registered under the FMCA.

## Statements of Comprehensive Income

\$	Note	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>For the year ended 31 March</b>													
<b>Income</b>													
Interest income on financial assets at amortised cost		27,135	20,714	15,683	11,655	22,695	15,551	41,388	40,473	13,134	11,286	155,434	139,707
Interest income on financial assets at fair value through profit and loss		-	-	-	110	905,529	689,559	-	87	-	48	5,324,398	3,532,851
Dividend and distribution income		1,726,766	1,186,982	1,137,904	990,237	-	-	900,697	709,886	892,232	712,300	2,946	11,074
Net foreign currency gains/(losses)		-	(259)	20,070	(13,177)	-	-	27,682	(14,502)	(1,323)	(2,050)	-	-
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss		(3,888,474)	3,883,156	(6,883,569)	278,110	(356,427)	264,617	1,614,000	2,114,035	(2,333,438)	1,961,490	(2,323,107)	1,636,319
Other income		-	-	222	11	3,369	2,318	-	2,884	-	-	25,181	18,883
<b>Total income/(loss)</b>		<b>(2,134,573)</b>	<b>5,090,593</b>	<b>(5,709,690)</b>	<b>1,266,946</b>	<b>575,166</b>	<b>972,045</b>	<b>2,583,767</b>	<b>2,852,863</b>	<b>(1,429,395)</b>	<b>2,683,074</b>	<b>3,184,852</b>	<b>5,338,834</b>
<b>Expenses</b>													
Management fees	5	648,729	403,871	354,221	256,865	188,505	125,448	827,580	667,089	311,422	205,059	1,116,670	672,496
Supervisor fees	5	25,364	16,352	13,848	10,404	12,272	8,470	26,981	22,534	12,182	8,300	72,686	45,365
Transaction costs		88,373	47,834	71,915	80,204	(228)	(1,605)	81,248	93,467	22,396	27,415	3,112	(9,587)
<b>Total operating expenses</b>		<b>762,466</b>	<b>468,057</b>	<b>439,984</b>	<b>347,473</b>	<b>200,549</b>	<b>132,313</b>	<b>935,809</b>	<b>783,090</b>	<b>346,000</b>	<b>240,774</b>	<b>1,192,468</b>	<b>708,274</b>
<b>Operating profit/(loss)</b>		<b>(2,897,039)</b>	<b>4,622,536</b>	<b>(6,149,674)</b>	<b>919,473</b>	<b>374,617</b>	<b>839,732</b>	<b>1,647,958</b>	<b>2,069,773</b>	<b>(1,775,395)</b>	<b>2,442,300</b>	<b>1,992,384</b>	<b>4,630,560</b>
<b>Profit/(Loss) for the year attributable to Unitholders</b>		<b>(2,897,039)</b>	<b>4,622,536</b>	<b>(6,149,674)</b>	<b>919,473</b>	<b>374,617</b>	<b>839,732</b>	<b>1,647,958</b>	<b>2,069,773</b>	<b>(1,775,395)</b>	<b>2,442,300</b>	<b>1,992,384</b>	<b>4,630,560</b>
<b>Total comprehensive income/(loss) for the year attributable to Unitholders</b>		<b>(2,897,039)</b>	<b>4,622,536</b>	<b>(6,149,674)</b>	<b>919,473</b>	<b>374,617</b>	<b>839,732</b>	<b>1,647,958</b>	<b>2,069,773</b>	<b>(1,775,395)</b>	<b>2,442,300</b>	<b>1,992,384</b>	<b>4,630,560</b>

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

## Statements of Changes in Net Assets Attributable to Unitholders

\$	Note	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>For the year ended 31 March</b>													
Net assets attributable to Unitholders at the beginning of the year		<b>38,703,496</b>	22,052,380	<b>23,296,968</b>	15,025,617	<b>17,766,925</b>	14,836,729	<b>45,145,048</b>	37,176,622	<b>20,128,132</b>	11,348,001	<b>104,235,004</b>	67,090,210
Proceeds from units issued		<b>19,554,940</b>	13,405,525	<b>15,586,705</b>	10,412,378	<b>15,379,599</b>	4,229,278	<b>22,686,573</b>	16,152,833	<b>8,941,430</b>	9,663,575	<b>106,831,250</b>	60,289,451
Redemption of units		<b>(6,873,259)</b>	(1,376,945)	<b>(4,108,973)</b>	(3,055,398)	<b>(8,077,713)</b>	(2,138,814)	<b>(10,903,008)</b>	(10,157,957)	<b>(6,667,796)</b>	(3,315,523)	<b>(46,957,426)</b>	(27,775,217)
Unitholder tax receivables/(liabilities)		<b>(15,955)</b>	-	<b>(86,631)</b>	(5,102)	<b>(41,487)</b>	-	<b>(106,298)</b>	(96,223)	<b>9,623</b>	(10,221)	<b>(321,404)</b>	-
<b>Net increase/(decrease) from transaction in units</b>		<b>12,665,726</b>	12,028,580	<b>11,391,101</b>	7,351,878	<b>7,260,399</b>	2,090,464	<b>11,677,267</b>	5,898,653	<b>2,283,257</b>	6,337,831	<b>59,552,420</b>	32,514,234
Total comprehensive income/(loss) for the year attributable to Unitholders		<b>(2,897,039)</b>	4,622,536	<b>(6,149,674)</b>	919,473	<b>374,617</b>	839,732	<b>1,647,958</b>	2,069,773	<b>(1,775,395)</b>	2,442,300	<b>1,992,384</b>	4,630,560
<b>Net assets attributable to Unitholders at the end of the year</b>		<b>48,472,183</b>	38,703,496	<b>28,538,395</b>	23,296,968	<b>25,401,941</b>	17,766,925	<b>58,470,273</b>	45,145,048	<b>20,635,994</b>	20,128,132	<b>165,779,808</b>	104,235,004

  

Units	Note	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>For the year ended 31 March</b>													
Units on issue at the beginning of the year		<b>12,155,580</b>	8,052,560	<b>19,507,731</b>	13,400,271	<b>9,890,771</b>	8,685,903	<b>35,488,752</b>	31,018,627	<b>9,388,022</b>	6,172,299	<b>56,595,475</b>	38,330,155
Units issued		<b>5,732,504</b>	4,562,111	<b>12,688,790</b>	8,773,892	<b>8,340,577</b>	2,428,037	<b>16,469,952</b>	12,724,732	<b>3,711,348</b>	4,859,195	<b>56,452,974</b>	33,788,651
Units redeemed		<b>(2,141,601)</b>	(459,091)	<b>(3,478,144)</b>	(2,666,432)	<b>(4,416,685)</b>	(1,223,169)	<b>(8,086,668)</b>	(8,254,607)	<b>(2,821,894)</b>	(1,643,472)	<b>(24,969,621)</b>	(15,523,331)
<b>Units on issue at the end of the year</b>		<b>15,746,483</b>	12,155,580	<b>28,718,377</b>	19,507,731	<b>13,814,663</b>	9,890,771	<b>43,872,036</b>	35,488,752	<b>10,277,476</b>	9,388,022	<b>88,078,828</b>	56,595,475

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

## Statements of Financial Position

\$	As at 31 March	Note	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
			2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Assets</b>														
Cash and cash equivalents			1,520,854	1,322,985	2,093,095	714,148	3,201,114	904,269	5,276,316	2,084,819	952,008	610,871	20,470,515	11,797,607
Financial assets at fair value through profit or loss	6		46,409,172	37,162,343	26,294,862	22,448,083	22,037,774	17,472,123	55,465,802	43,163,023	19,797,016	19,538,403	144,511,434	94,596,260
Outstanding settlements receivable			688,060	-	142,690	-	43,573	-	-	-	80,341	-	1	-
Contributions receivable			4,661	62	105,264	2	20,075	-	23,883	-	1,240	51	131,120	82
Other receivables			407,413	257,607	129,747	158,957	192,616	174,332	128,597	27,311	-	54	1,194,697	876,410
Tax receivable on behalf of unitholders			1,002	-	37	-	15,560	-	11,983	-	15,867	-	107,376	-
<b>Total assets</b>			<b>49,031,162</b>	<b>38,742,997</b>	<b>28,765,695</b>	<b>23,321,190</b>	<b>25,510,712</b>	<b>18,550,724</b>	<b>60,906,581</b>	<b>45,275,153</b>	<b>20,846,472</b>	<b>20,149,379</b>	<b>166,415,143</b>	<b>107,270,359</b>
<b>Liabilities</b>														
Financial liabilities at fair value through profit or loss	6		-	-	-	-	-	-	1,335,648	71,220	-	-	-	-
Outstanding settlements payable			330,810	-	114,176	-	-	771,658	5	-	84,168	-	-	2,966,121
Related party payables	5		59,859	39,501	33,323	23,883	20,205	11,178	81,161	58,221	26,308	21,247	123,654	66,099
Withdrawals payable			152,342	-	-	339	19,678	963	1,015,858	664	100,000	-	65,635	3,135
Tax payable on behalf of unitholders			15,968	-	79,801	-	68,888	-	3,636	-	2	-	446,046	-
<b>Total liabilities</b>			<b>558,979</b>	<b>39,501</b>	<b>227,300</b>	<b>24,222</b>	<b>108,771</b>	<b>783,799</b>	<b>2,436,308</b>	<b>130,105</b>	<b>210,478</b>	<b>21,247</b>	<b>635,335</b>	<b>3,035,355</b>
<b>Net assets attributed to Unitholders</b>			<b>48,472,183</b>	<b>38,703,496</b>	<b>28,538,395</b>	<b>23,296,968</b>	<b>25,401,941</b>	<b>17,766,925</b>	<b>58,470,273</b>	<b>45,145,048</b>	<b>20,635,994</b>	<b>20,128,132</b>	<b>165,779,808</b>	<b>104,235,004</b>

The Directors of Forsyth Barr Investment Management Limited authorised these Financial Statements for issue on 28 July 2020.

Director



Director



28 July 2020

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

## Statements of Cash Flows

\$	Note	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>For the year ended 31 March</b>													
<b>Cash flows from operating activities</b>													
Proceeds from sale of financial assets at fair value through profit or loss		16,997,037	7,829,425	26,489,749	17,488,777	10,109,496	2,666,343	17,946,092	20,282,596	5,833,828	3,805,270	47,472,482	13,329,766
Purchase of financial assets at fair value through profit or loss		(30,478,246)	(16,325,418)	(37,228,430)	(22,674,047)	(15,846,804)	(5,058,614)	(27,387,133)	(26,993,293)	(8,389,683)	(9,810,998)	(102,676,885)	(40,369,223)
Dividends received		1,565,483	1,087,942	1,146,881	890,787	-	-	799,311	719,931	859,866	715,869	2,946	11,074
Interest income received		27,269	20,644	15,734	11,761	909,939	682,878	41,489	40,605	13,187	11,311	5,161,544	3,370,713
Operating expenses paid		(653,735)	(404,043)	(358,406)	(259,441)	(191,750)	(130,020)	(831,621)	(675,105)	(318,544)	(203,959)	(1,106,620)	(675,557)
Other income		-	-	-	-	3,369	-	-	-	-	-	-	-
Transaction costs on sale/purchase of financial instruments held at fair value through profit or loss		(88,373)	(47,833)	(71,915)	(80,205)	228	1,606	(81,248)	(93,466)	(22,396)	(27,415)	(3,112)	9,587
<b>Net cash inflow/(outflow) from operating activities</b>	<b>8</b>	<b>(12,630,565)</b>	<b>(7,839,283)</b>	<b>(10,006,387)</b>	<b>(4,622,368)</b>	<b>(5,015,522)</b>	<b>(1,837,807)</b>	<b>(9,513,110)</b>	<b>(6,718,732)</b>	<b>(2,023,742)</b>	<b>(5,509,922)</b>	<b>(51,149,645)</b>	<b>(24,323,640)</b>
<b>Cash flows from financing activities</b>													
Proceeds from units issued		19,502,076	9,887,504	15,437,550	7,834,968	15,191,448	4,229,181	22,583,830	15,521,153	8,916,080	9,137,746	106,292,077	59,969,577
Redemptions of units		(6,672,652)	(1,376,945)	(4,065,419)	(3,055,109)	(7,890,922)	(2,137,976)	(9,808,954)	(10,157,422)	(6,543,635)	(3,315,523)	(46,486,790)	(27,773,102)
Unitholders tax liabilities		(990)	-	(6,867)	(5,102)	11,841	-	(97,951)	(96,223)	(6,243)	(10,221)	17,266	-
<b>Net cash inflow/(outflow) from financing activities</b>		<b>12,828,434</b>	<b>8,510,559</b>	<b>11,365,264</b>	<b>4,774,757</b>	<b>7,312,367</b>	<b>2,091,205</b>	<b>12,676,925</b>	<b>5,267,508</b>	<b>2,366,202</b>	<b>5,812,002</b>	<b>59,822,553</b>	<b>32,196,475</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>197,869</b>	<b>671,276</b>	<b>1,358,877</b>	<b>152,389</b>	<b>2,296,845</b>	<b>253,398</b>	<b>3,163,815</b>	<b>(1,451,224)</b>	<b>342,460</b>	<b>302,080</b>	<b>8,672,908</b>	<b>7,872,835</b>
Cash and cash equivalents at the beginning of the year		1,322,985	651,968	714,148	574,936	904,269	650,871	2,084,819	3,550,545	610,871	310,841	11,797,607	3,924,772
Foreign exchange (losses)/gains on cash and cash equivalents denominated in foreign currencies		-	(259)	20,070	(13,177)	-	-	27,682	(14,502)	(1,323)	(2,050)	-	-
<b>Cash and cash equivalents at the end of the year</b>		<b>1,520,854</b>	<b>1,322,985</b>	<b>2,093,095</b>	<b>714,148</b>	<b>3,201,114</b>	<b>904,269</b>	<b>5,276,316</b>	<b>2,084,819</b>	<b>952,008</b>	<b>610,871</b>	<b>20,470,515</b>	<b>11,797,607</b>

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 NZ Fixed Interest Fund ("NZ Fixed Interest Fund")
- Forsyth Barr Global Equities Fund ("Global Equities Fund")
- Forsyth Barr Listed Property Fund ("Listed Property Fund")
- Forsyth Barr Premium Yield Fund ("Premium Yield Fund")

The investment objectives of the Funds are as follows:

- Forsyth Barr New Zealand Equities Fund: to achieve positive long-term returns after fees, taxes and other expenses by investing in selected New Zealand equities, subject to the higher risk associated with investments in international equity markets.
- Forsyth Barr Australian Equities Fund: to achieve positive long-term returns after fees, taxes and other expenses by investing in selected Australian equities, subject to the higher risk associated with investments in international equity markets.
- Forsyth Barr NZ Fixed Interest Fund: to achieve positive long-term returns after fees, taxes and other expenses by investing in selected New Zealand dollar denominated debt and debt-like securities, subject to the risks associated with investments in debt markets.
- Forsyth Barr Global Equities Fund: to achieve positive long-term returns after fees, taxes and other expenses by investing in selected international equities, subject to the higher risk associated with investments in international equity markets.
- Forsyth Barr Listed Property Fund: to achieve positive long-term returns after fees, taxes and other expenses by investing in selected listed property vehicles, subject to the higher risk associated with the listed property investments.
- Forsyth Barr Premium Yield Fund: to achieve positive long-term returns after fees, taxes and other expenses by investing in selected New Zealand and international debt and debt-like securities, subject to the risks associated with investments in debt markets.

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 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 and Forsyth Barr 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 Supervisor for the Funds is now Trustees Executors Limited effective 27 February 2015 (previously Corporate Trust Limited (trading as Foundation Corporate Trust) effective 30 November 2012). 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 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 were authorised for issue by the Directors of the Manager on 28 July 2020.

## 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.

#### (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 2019 impacting the Scheme

There are no new standards or amendments to existing standards that are effective for the year commencing on 1 April 2019 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

###### 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 unlisted funds.

###### (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 contributions receivable and other receivables such as: interest or dividends.

###### Liabilities

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

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

###### (ii) Financial liabilities at amortised cost

(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 or 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 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 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 securities, 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 2020 (31 March 2019: 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.

During the prior year, a Director of Forsyth Barr Limited (parent of the Manager) entered into a transaction of transfer a number of debt and equity securities into the NZ Equities Fund, Australian Equities Fund, Global Equities Fund, Listed Property Fund and Premium Yield Funds in exchange for units in each of those Funds equivalent to the market value of the transferred debt and equity securities, as established by the Administrator on the date of the transaction. The value of the non cash transaction was to transfer the following values into each of the relevant funds: NZ Equities Fund \$3,517,155; Australian Equities Fund \$2,577,044; Global Equities Fund \$630,256; Listed Property Fund \$524,545 and Premium Yield Fund \$314,169.

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 2020, Forsyth Barr Limited held funds of \$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. The balances are recorded as Contributions Receivable for the purchase of units in each respective Fund as at 31 March (2019: Nil).

#### 5.2 Related party fees

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

\$		NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund		
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
	<b>For the year ended 31 March</b>													
	Forsyth Barr Investment Management Limited	Management fees	648,729	403,871	354,221	256,865	188,505	125,448	827,580	667,089	311,422	205,059	1,116,670	672,496
	Trustees Executors Limited	Supervisor fees	25,364	16,352	13,848	10,404	12,272	8,470	26,981	22,534	12,182	8,300	72,686	45,365
			<b>674,093</b>	<b>420,223</b>	<b>368,069</b>	<b>267,269</b>	<b>200,777</b>	<b>133,918</b>	<b>854,561</b>	<b>689,623</b>	<b>323,604</b>	<b>213,359</b>	<b>1,189,356</b>	<b>717,861</b>

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

\$		NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund		
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
	<b>As at 31 March</b>													
	Forsyth Barr Investment Management Limited	Management fees	57,625	37,983	32,079	22,965	18,979	10,480	78,620	56,344	25,326	20,431	116,150	61,973
	Trustees Executors Limited	Supervisor fees	2,234	1,518	1,244	918	1,226	698	2,541	1,877	982	816	7,504	4,126
			<b>59,859</b>	<b>39,501</b>	<b>33,323</b>	<b>23,883</b>	<b>20,205</b>	<b>11,178</b>	<b>81,161</b>	<b>58,221</b>	<b>26,308</b>	<b>21,247</b>	<b>123,654</b>	<b>66,099</b>

Under the Trust Deed the management fees payable to Forsyth Barr Investment Management Limited are payable quarterly in arrears and the Supervisor fees to Trustees Executors Limited are payable quarterly in arrears.

Audit fees of \$55,200 (2019: \$54,050) were paid by the Manager in accordance with the Trust Deed.

#### Related Products

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

\$		NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
		2020		2020		2020		2020		2020		2020	
As at 31 March		Units	\$	Units	\$	Units	\$	Units	\$	Units	\$	Units	\$
			Opening Balance	6,409,387	20,407,487	13,170,768	15,728,532	3,719,776	6,681,091	24,081,605	30,634,209	5,735,878	12,297,723
	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	8,710,470	16,506,515
	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)	(6,035,958)	(11,522,000)
	Change in fair value	-	(1,758,658)	-	(4,336,711)	-	158,834	-	958,370	-	(703,780)	-	620,586
	<b>Closing balance</b>	<b>8,682,172</b>	<b>26,726,329</b>	<b>20,485,378</b>	<b>20,356,320</b>	<b>3,719,776</b>	<b>6,839,925</b>	<b>32,053,785</b>	<b>42,718,079</b>	<b>5,805,540</b>	<b>11,656,943</b>	<b>16,707,328</b>	<b>31,446,533</b>

\$		NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
		2019		2019		2019		2019		2019		2019	
As at 31 March		Units	\$	Units	\$	Units	\$	Units	\$	Units	\$	Units	\$
			Opening Balance	4,845,881	13,270,446	10,368,983	11,626,774	3,719,776	6,353,378	22,524,852	26,996,034	4,257,214	7,826,889
	Contributions	1,742,528	5,145,000	4,835,652	5,670,000	-	-	7,704,820	9,685,000	2,881,240	5,750,000	8,028,665	14,335,001
	Withdrawals	(179,023)	(545,000)	(2,033,897)	(2,305,000)	-	-	(6,148,067)	(7,520,000)	(1,402,577)	(2,840,000)	(417,213)	(747,761)
	Change in fair value	-	2,537,041	-	736,758	-	327,713	-	1,473,175	-	1,560,834	-	1,015,520
	<b>Closing balance</b>	<b>6,409,386</b>	<b>20,407,487</b>	<b>13,170,738</b>	<b>15,728,532</b>	<b>3,719,776</b>	<b>6,681,091</b>	<b>24,081,605</b>	<b>30,634,209</b>	<b>5,735,878</b>	<b>12,297,723</b>	<b>14,032,817</b>	<b>25,841,431</b>

## Notes to the Financial Statements

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

\$	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>As at 31 March</b>												
<b>Financial assets at fair value through profit or loss</b>												
<b>Financial assets mandatorily measured at fair value through profit or loss</b>												
Listed equities	46,409,172	37,162,343	26,247,400	22,448,083	-	-	55,465,802	43,163,023	19,797,016	19,538,403	-	-
Fixed interest securities	-	-	-	-	22,037,774	17,472,123	-	-	-	-	144,511,434	94,596,260
Forward foreign exchange contracts	-	-	47,462	-	-	-	-	-	-	-	-	-
<b>Total mandatorily measured at fair value through profit or loss</b>	<b>46,409,172</b>	<b>37,162,343</b>	<b>26,294,862</b>	<b>22,448,083</b>	<b>22,037,774</b>	<b>17,472,123</b>	<b>55,465,802</b>	<b>43,163,023</b>	<b>19,797,016</b>	<b>19,538,403</b>	<b>144,511,434</b>	<b>94,596,260</b>
<b>Total financial assets at fair value through profit or loss</b>	<b>46,409,172</b>	<b>37,162,343</b>	<b>26,294,862</b>	<b>22,448,083</b>	<b>22,037,774</b>	<b>17,472,123</b>	<b>55,465,802</b>	<b>43,163,023</b>	<b>19,797,016</b>	<b>19,538,403</b>	<b>144,511,434</b>	<b>94,596,260</b>

\$	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>As at 31 March</b>												
<b>Financial liabilities at fair value through profit or loss</b>												
<b>Financial liabilities mandatorily measured at fair value through profit or loss</b>												
Forward foreign exchange contracts	-	-	-	-	-	-	1,335,648	71,220	-	-	-	-
<b>Total mandatorily measured at fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,335,648</b>	<b>71,220</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total financial liabilities at fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,335,648</b>	<b>71,220</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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.

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 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 2020:

\$	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>As at 31 March</b>												
<b>Financial assets at fair value through profit or loss</b>												
<b>Level 1 Assets</b>												
<i>Financial assets mandatorily measured at fair value through profit or loss</i>												
Listed equities	46,409,172	37,162,343	26,247,400	22,448,083	-	-	55,465,802	43,163,023	19,797,016	19,538,403	-	-
<b>Total Level 1 Assets</b>	<b>46,409,172</b>	<b>37,162,343</b>	<b>26,247,400</b>	<b>22,448,083</b>	<b>-</b>	<b>-</b>	<b>55,465,802</b>	<b>43,163,023</b>	<b>19,797,016</b>	<b>19,538,403</b>	<b>-</b>	<b>-</b>
<b>Level 2 Assets</b>												
<i>Financial assets mandatorily measured at fair value through profit or loss</i>												
Fixed interest securities	-	-	-	-	22,037,774	17,472,123	-	-	-	-	144,511,434	94,596,260
Forward foreign exchange contracts	-	-	47,462	-	-	-	-	-	-	-	-	-
<b>Total Level 2 Assets</b>	<b>-</b>	<b>-</b>	<b>47,462</b>	<b>-</b>	<b>22,037,774</b>	<b>17,472,123</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>144,511,434</b>	<b>94,596,260</b>
<b>Total financial assets at fair value through profit or loss</b>	<b>46,409,172</b>	<b>37,162,343</b>	<b>26,294,862</b>	<b>22,448,083</b>	<b>22,037,774</b>	<b>17,472,123</b>	<b>55,465,802</b>	<b>43,163,023</b>	<b>19,797,016</b>	<b>19,538,403</b>	<b>144,511,434</b>	<b>94,596,260</b>

## Notes to the Financial Statements

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

\$ As at 31 March	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Financial liabilities at fair value through profit or loss</b>												
<b>Level 2 Liabilities</b>												
<i>Financial liabilities mandatorily measured at fair value through profit or loss</i>												
Forward foreign exchange contracts												
	-	-	-	-	-	-	1,335,648	71,220	-	-	-	-
<b>Total Level 2 Liabilities</b>	-	-	-	-	-	-	<b>1,335,648</b>	<b>71,220</b>	-	-	-	-
<b>Total financial liabilities at fair value through profit or loss</b>	-	-	-	-	-	-	<b>1,335,648</b>	<b>71,220</b>	-	-	-	-

### 7. Financial instruments by category

\$ As at 31 March	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Financial assets at fair value through profit or loss</b>												
<i>Financial assets mandatorily measured at fair value through profit or loss</i>												
	46,409,172	37,162,343	26,294,862	22,448,083	22,037,774	17,472,123	55,465,802	43,163,023	19,797,016	19,538,403	144,511,434	94,596,260
<b>Total financial assets at fair value through the profit or loss</b>	<b>46,409,172</b>	<b>37,162,343</b>	<b>26,294,862</b>	<b>22,448,083</b>	<b>22,037,774</b>	<b>17,472,123</b>	<b>55,465,802</b>	<b>43,163,023</b>	<b>19,797,016</b>	<b>19,538,403</b>	<b>144,511,434</b>	<b>94,596,260</b>
<b>Financial assets at amortised cost</b>												
<i>Cash and cash equivalents</i>												
	1,520,854	1,322,985	2,093,095	714,148	3,201,114	904,269	5,276,316	2,084,819	952,008	610,871	20,470,515	11,797,607
<i>Outstanding settlements receivable</i>												
	688,060	-	142,690	-	43,573	-	-	-	80,341	-	1	-
<i>Contributions receivable</i>												
	4,661	62	105,264	2	20,075	-	23,883	-	1,240	51	131,120	82
<i>Other receivables</i>												
	407,413	257,607	129,747	158,957	192,616	174,332	128,597	27,311	-	54	1,194,697	876,410
<b>Total financial assets at amortised cost</b>	<b>2,620,988</b>	<b>1,580,654</b>	<b>2,470,796</b>	<b>873,107</b>	<b>3,457,378</b>	<b>1,078,601</b>	<b>5,428,796</b>	<b>2,112,130</b>	<b>1,033,589</b>	<b>610,976</b>	<b>21,796,333</b>	<b>12,674,099</b>
<b>Total financial assets</b>	<b>49,030,160</b>	<b>38,742,997</b>	<b>28,765,658</b>	<b>23,321,190</b>	<b>25,495,152</b>	<b>18,550,724</b>	<b>60,894,598</b>	<b>45,275,153</b>	<b>20,830,605</b>	<b>20,149,379</b>	<b>166,307,767</b>	<b>107,270,359</b>

\$ As at 31 March	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Financial liabilities at fair value through profit or loss</b>												
<i>Financial liabilities mandatorily measured at fair value through profit or loss</i>												
	-	-	-	-	-	-	1,335,648	71,220	-	-	-	-
<b>Total financial liabilities at fair value through the profit or loss</b>	-	-	-	-	-	-	<b>1,335,648</b>	<b>71,220</b>	-	-	-	-
<b>Financial liabilities at amortised cost</b>												
<i>Outstanding settlements payable</i>												
	330,810	-	114,176	-	-	771,658	5	-	84,168	-	-	2,966,121
<i>Related party payables</i>												
	59,859	39,501	33,323	23,883	20,205	11,178	81,161	58,221	26,308	21,247	123,654	66,099
<i>Withdrawals payable</i>												
	152,342	-	-	339	19,678	963	1,015,858	664	100,000	-	65,635	3,135
<b>Total financial liabilities at amortised cost</b>	<b>543,011</b>	<b>39,501</b>	<b>147,499</b>	<b>24,222</b>	<b>39,883</b>	<b>783,799</b>	<b>1,097,024</b>	<b>58,885</b>	<b>210,476</b>	<b>21,247</b>	<b>189,289</b>	<b>3,035,355</b>
<b>Total financial liabilities</b>	<b>543,011</b>	<b>39,501</b>	<b>147,499</b>	<b>24,222</b>	<b>39,883</b>	<b>783,799</b>	<b>2,432,672</b>	<b>130,105</b>	<b>210,476</b>	<b>21,247</b>	<b>189,289</b>	<b>3,035,355</b>

## Notes to the Financial Statements

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

\$	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>For the year ended 31 March</b>												
Operating (loss)/profit	(2,897,039)	4,622,536	(6,149,674)	919,473	374,617	839,732	1,647,958	2,069,773	(1,775,395)	2,442,300	1,992,384	4,630,560
<b>Adjustments for non-cash items</b>												
Net (gain)/loss on financial instruments held at fair value through profit or loss	5,274,027	(2,818,215)	7,514,843	69,870	297,535	(298,411)	(4,846,286)	(1,255,752)	3,337,321	(1,782,205)	1,509,958	(1,870,289)
Net foreign currency gains or losses on cash and cash equivalents	-	259	(20,070)	13,177	-	-	(27,682)	14,502	1,323	2,050	-	-
Net Dividends reinvested as units	(11,344)	-	(20,184)	-	-	-	-	-	(32,366)	-	-	-
	<b>5,262,683</b>	<b>(2,817,956)</b>	<b>7,474,589</b>	<b>83,047</b>	<b>297,535</b>	<b>(298,411)</b>	<b>(4,873,968)</b>	<b>(1,241,250)</b>	<b>3,306,278</b>	<b>(1,780,155)</b>	<b>1,509,958</b>	<b>(1,870,289)</b>
<b>Movements in working capital items</b>												
(Increase)/decrease in trade and other receivables	(149,805)	(99,108)	29,211	(99,455)	(18,285)	(22,232)	(101,285)	10,091	53	3,547	(318,288)	(301,845)
Increase/(decrease) in trade and other payables	20,358	16,180	9,441	7,817	9,027	1,580	22,940	11,634	5,060	9,400	57,555	23,421
(Increase)/decrease in net cost of investments	(14,866,762)	(9,560,935)	(11,369,954)	(5,533,250)	(5,678,416)	(2,358,476)	(6,208,755)	(7,568,980)	(3,559,738)	(6,185,014)	(54,391,254)	(26,805,487)
	<b>(14,996,209)</b>	<b>(9,643,863)</b>	<b>(11,331,302)</b>	<b>(5,624,888)</b>	<b>(5,687,674)</b>	<b>(2,379,128)</b>	<b>(6,287,100)</b>	<b>(7,547,255)</b>	<b>(3,554,625)</b>	<b>(6,172,067)</b>	<b>(54,651,987)</b>	<b>(27,083,911)</b>
	<b>(9,733,526)</b>	<b>(12,461,819)</b>	<b>(3,856,713)</b>	<b>(5,541,841)</b>	<b>(5,390,139)</b>	<b>(2,677,539)</b>	<b>(11,161,068)</b>	<b>(8,788,505)</b>	<b>(248,347)</b>	<b>(7,952,222)</b>	<b>(53,142,029)</b>	<b>(28,954,200)</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(12,630,565)</b>	<b>(7,839,283)</b>	<b>(10,006,387)</b>	<b>(4,622,368)</b>	<b>(5,015,522)</b>	<b>(1,837,807)</b>	<b>(9,513,110)</b>	<b>(6,718,732)</b>	<b>(2,023,742)</b>	<b>(5,509,922)</b>	<b>(51,149,645)</b>	<b>(24,323,640)</b>

### 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 programme 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.

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, 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 Forsyth Barr Australian Equities Fund and Global Equities Fund held forward currency contracts with one counterparty (Westpac). No open forward currency contracts were held by any other funds as at 31 March 2020.

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.

\$	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>As at 31 March</b>												
<b>Cash and cash equivalents by rating category</b>												
AA	1,520,854	1,322,985	2,093,095	714,146	3,201,114	904,269	5,276,316	2,084,820	952,008	610,871	20,470,515	11,797,607
	<b>1,520,854</b>	<b>1,322,985</b>	<b>2,093,095</b>	<b>714,146</b>	<b>3,201,114</b>	<b>904,269</b>	<b>5,276,316</b>	<b>2,084,820</b>	<b>952,008</b>	<b>610,871</b>	<b>20,470,515</b>	<b>11,797,607</b>
<b>Fixed interest portfolio by rating category</b>												
AA+/AA/AA-	-	-	-	-	10,123,426	7,878,296	-	-	-	-	66,452,827	39,062,907
A+/A/A-	-	-	-	-	982,492	1,704,799	-	-	-	-	8,259,868	8,724,197
BBB+/BBB/BBB-	-	-	-	-	7,362,794	4,863,725	-	-	-	-	46,082,448	29,412,971
BB+/BB/BB-	-	-	-	-	314,611	768,071	-	-	-	-	3,845,037	3,813,425
	-	-	-	-	<b>22,037,774</b>	<b>17,472,123</b>	-	-	-	-	<b>144,511,434</b>	<b>94,480,220</b>
<b>Preference shares portfolio by rating category</b>												
BBB-	-	-	-	-	-	-	-	-	-	-	-	16,490
Unrated	-	-	-	-	-	-	-	-	-	-	-	99,550
	-	-	-	-	-	-	-	-	-	-	-	116,040

## Notes to the Financial Statements

### 9. Financial risk management (continued)

#### (a) Credit risk (continued)

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 2020, all amounts 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.

#### (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 2020 and 31 March 2019, 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 2019: 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 2020 and 31 March 2019, 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 2020, matured within 3 months (31 March 2019: 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 foreign exchange derivatives 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 face value and fair value of derivatives are shown in Note 9 and included within the investments amount on the Statements of Financial Position.

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, the value disclosed below is the nominal value of the contracts in New Zealand dollars. Fair value is disclosed in note 9(g). All amounts presented are in New Zealand dollar equivalents.

\$	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>As at 31 March</b>												
<b>Australia (AUD)</b>												
Cash and cash equivalents	-	-	638,584	210,339	-	-	-	-	97,080	84,768	-	-
Forward foreign exchange contracts	-	-	(7,049,357)	-	-	-	-	-	-	-	-	-
Other receivables	-	-	243,398	115,679	-	-	-	-	-	-	-	-
Other payables	-	-	(114,176)	-	-	-	-	-	-	-	-	-
Listed equities	-	-	26,247,400	22,448,083	-	-	-	-	798,125	903,296	-	-
<b>Total exposure (AUD)</b>	-	-	<b>19,965,849</b>	<b>22,774,101</b>	-	-	-	-	<b>895,205</b>	<b>988,064</b>	-	-
<b>Euro (EUR)</b>												
Cash and cash equivalents	-	-	-	-	-	-	7,831	72,949	-	-	-	-
Listed equities	-	-	-	-	-	-	7,291,378	4,718,237	-	-	-	-
<b>Total exposure (EUR)</b>	-	-	-	-	-	-	<b>7,299,209</b>	<b>4,791,186</b>	-	-	-	-
<b>United States of America (USD)</b>												
Cash and cash equivalents	-	-	-	-	-	-	4,071,981	889,389	-	-	-	-
Forward foreign exchange contracts	-	-	-	-	-	-	(24,245,581)	(6,950,982)	-	-	-	-
Other receivables	-	-	29,040	43,229	-	-	86,402	27,203	-	-	-	-
Listed equities	-	-	-	-	-	-	39,555,966	32,999,698	-	-	-	-
<b>Total exposure (USD)</b>	-	-	<b>29,040</b>	<b>43,229</b>	-	-	<b>19,468,768</b>	<b>26,965,308</b>	-	-	-	-
<b>United Kingdom (GBP)</b>												
Cash and cash equivalents	-	-	-	-	-	-	43,841	34,614	-	-	-	-
Listed equities	-	-	-	-	-	-	1,780,894	-	-	-	-	-
<b>Total exposure (GBP)</b>	-	-	-	-	-	-	<b>1,824,735</b>	<b>34,614</b>	-	-	-	-
<b>Hong Kong (HKD)</b>												
Cash and cash equivalents	-	-	-	-	-	-	18,146	9,277	-	-	-	-
Listed equities	-	-	-	-	-	-	5,286,966	5,445,088	-	-	-	-
<b>Total exposure (HKD)</b>	-	-	-	-	-	-	<b>5,305,112</b>	<b>5,454,365</b>	-	-	-	-
<b>JPY</b>												
<b>Japanese Yen (JPY)</b>												
Cash and cash equivalents	-	-	-	-	-	-	1,380	-	-	-	-	-
Other receivables	-	-	-	-	-	-	42,187	-	-	-	-	-
Listed equities	-	-	-	-	-	-	1,550,598	-	-	-	-	-
<b>Total exposure (JPY)</b>	-	-	-	-	-	-	<b>1,594,165</b>	-	-	-	-	-

## Notes to the Financial Statements

### 9. Financial risk management (continued)

#### (e) Currency risk (continued)

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 that the relevant foreign exchange rate increased/decreased by 10% to the New Zealand dollar (31 March 2019: 5%). The impact of COVID-19 caused the Funds to review the adequacy of the exchange rate sensitivity. A variable of 10% (2019: 5%) 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.

\$	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>As at 31 March</b>												
<b>Exchange rates increased by 10% (March 2019: 5%)</b>												
<b>Australia (AUD)</b>												
Cash and cash equivalents	-	-	(58,053)	(10,016)	-	-	-	-	(8,825)	(4,037)	-	-
Forward foreign exchange contracts	-	-	640,851	-	-	-	-	-	-	-	-	-
Other receivables	-	-	(22,127)	(5,509)	-	-	-	-	-	-	-	-
Other payables	-	-	10,380	-	-	-	-	-	-	-	-	-
Listed equities	-	-	(2,386,127)	(1,068,956)	-	-	-	-	(72,557)	(43,014)	-	-
<b>Euro (EUR)</b>												
Cash and cash equivalents	-	-	-	-	-	-	(712)	(3,474)	-	-	-	-
Listed equities	-	-	-	-	-	-	(662,853)	(224,678)	-	-	-	-
<b>United States of America (USD)</b>												
Cash and cash equivalents	-	-	-	-	-	-	(370,180)	(42,352)	-	-	-	-
Other receivables	-	-	(2,640)	(2,059)	-	-	(7,855)	(1,295)	-	-	-	-
Forward foreign exchange contracts	-	-	-	-	-	-	2,204,144	330,999	-	-	-	-
Listed equities	-	-	-	-	-	-	(3,595,997)	(1,571,414)	-	-	-	-
<b>United Kingdom (GBP)</b>												
Cash and cash equivalents	-	-	-	-	-	-	(3,986)	(1,648)	-	-	-	-
Listed equities	-	-	-	-	-	-	(161,899)	-	-	-	-	-
<b>Hong Kong (HKD)</b>												
Cash and cash equivalents	-	-	-	-	-	-	(1,650)	(442)	-	-	-	-
Listed equities	-	-	-	-	-	-	(480,633)	(259,290)	-	-	-	-
<b>Japanese Yen (JPY)</b>												
Cash and cash equivalents	-	-	-	-	-	-	(125)	-	-	-	-	-
Other receivables	-	-	-	-	-	-	(3,835)	-	-	-	-	-
Listed equities	-	-	-	-	-	-	(140,963)	-	-	-	-	-
<b>Total impact of 10% (March 2019: 5%) increase in exchange rates</b>	-	-	<b>(1,817,716)</b>	<b>(1,086,540)</b>	-	-	<b>(3,226,544)</b>	<b>(1,773,594)</b>	<b>(81,382)</b>	<b>(47,051)</b>	-	-

## Notes to the Financial Statements

### 9. Financial risk management (continued)

#### (c) Currency risk (continued)

\$	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>As at 31 March</b>												
<b>Exchange rates decreased by 10% (2019: 5%)</b>												
<b>Australia (AUD)</b>												
Cash and cash equivalents	-	-	70,954	11,070	-	-	-	-	10,787	4,461	-	-
Forward foreign exchange contracts	-	-	(783,262)	-	-	-	-	-	-	-	-	-
Other receivables	-	-	27,044	6,088	-	-	-	-	-	-	-	-
Other payables	-	-	(12,686)	-	-	-	-	-	-	-	-	-
Listed equities	-	-	2,916,378	1,181,478	-	-	-	-	88,681	47,542	-	-
<b>Euro (EUR)</b>												
Cash and cash equivalents	-	-	-	-	-	-	870	3,839	-	-	-	-
Listed equities	-	-	-	-	-	-	810,153	248,328	-	-	-	-
<b>United States of America (USD)</b>												
Cash and cash equivalents	-	-	-	-	-	-	452,442	46,810	-	-	-	-
Other receivables	-	-	3,227	2,275	-	-	9,600	1,432	-	-	-	-
Forward foreign exchange contracts	-	-	-	-	-	-	(2,693,953)	(365,841)	-	-	-	-
Listed equities	-	-	-	-	-	-	4,395,107	1,736,826	-	-	-	-
<b>United Kingdom (GBP)</b>												
Cash and cash equivalents	-	-	-	-	-	-	4,871	1,822	-	-	-	-
Listed equities	-	-	-	-	-	-	197,877	-	-	-	-	-
<b>Hong Kong (HKD)</b>												
Cash and cash equivalents	-	-	-	-	-	-	2,016	488	-	-	-	-
Listed equities	-	-	-	-	-	-	587,441	286,584	-	-	-	-
<b>Japanese Yen (JPY)</b>												
Cash and cash equivalents	-	-	-	-	-	-	153	-	-	-	-	-
Other receivables	-	-	-	-	-	-	4,687	-	-	-	-	-
Listed equities	-	-	-	-	-	-	172,289	-	-	-	-	-
<b>Total impact of 10% (March 2019: 5%) decrease in exchange rates</b>	-	-	2,221,655	1,200,911	-	-	3,943,553	1,960,288	99,468	52,003	-	-



## 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 2019: 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 2020, 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		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Increased by 1%	15,209	13,230	20,931	7,141	(974,114)	(633,170)	52,763	20,848	9,520	6,109	(6,302,846)	(3,611,285)
Decreased by 1%	(15,209)	(13,230)	(20,931)	(7,141)	974,114	680,425	(52,763)	(20,848)	(9,520)	(6,109)	6,302,846	3,896,484

#### (e) Price risk

The Funds are exposed to equity securities price risk and derivative price risk. 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. The impact of COVID-19 caused the Funds to review then adequacy of the price risk sensitivity. The analysis is based on a price move of 15% for NZ Equities Fund, 17% for Australasian Equities Fund, 5% for NZ Fixed Interest Fund, 15% for Global Equities Fund, 15% for Listed Property Fund and 5% for Premium Yield Fund, which represents managements best estimate of a reasonable shift in prices having regard to historical volatility and the impacts of COVID-19. If the prices of equity securities in which the funds invested in at 31 March 2020 had increased or decreased by their respective percentages (31 March 2019: +/-5%) with all other variables held constant, this would have had increased/decreased operating profit and net assets attributable to Unitholders by approximately:

\$ As at 31 March	NZ Equities Fund		Australian Equities Fund		NZ Fixed Interest Fund		Global Equities Fund		Listed Property Fund		Premium Yield Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Volatility Estimate	15%	5%	17%	5%	5%	5%	15%	5%	15%	5%	5%	5%
Increase in %	6,961,376	1,858,117	4,462,058	1,122,404	40,314	42,912	8,319,870	2,158,151	2,969,552	976,920	271,560	143,672
Decrease in %	(6,961,376)	(1,858,117)	(4,462,058)	(1,122,404)	(40,314)	(42,912)	(8,319,870)	(2,158,151)	(2,969,552)	(976,920)	(271,560)	(143,672)

#### (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 2020, the following 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.

\$	NZ Equities Fund	Australian Equities Fund	NZ Fixed Interest Fund	Global Equities Fund	Listed Property Fund	Premium Yield Fund
As at 31 March	2020	2020	2020	2020	2020	2020
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements						
Gross amounts of recognised financial assets	-	47,462	-	-	-	-
<b>Net amounts of financial assets presented in the statement of financial position</b>	<b>-</b>	<b>47,462</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Related amounts not set-off in the statement of financial position</i>						
Financial instruments	-	-	-	(1,335,648)	-	-
<b>Net amount</b>	<b>-</b>	<b>47,462</b>	<b>-</b>	<b>(1,335,648)</b>	<b>-</b>	<b>-</b>
<i>Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements</i>						
Gross amounts of recognised financial liabilities	-	-	-	(1,335,648)	-	-
<b>Net amounts of financial liabilities presented in the statement of financial position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,335,648)</b>	<b>-</b>	<b>-</b>
<i>Related amounts not set-off in the statement of financial position</i>						
Financial instruments	-	-	-	1,335,648	-	-
<b>Net amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### (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

The outbreak of COVID-19 and the subsequent quarantine measures imposed along with the trade and travel restrictions by New Zealand and other Governments in early 2020 have caused disruption to businesses and economic activity. As a result, there has been significant volatility in the local and global equity markets at the year end as well as post year end. This has adversely impacted the market value of the Funds as at 31 March 2020.

The Directors have assessed and will continue to assess the impact of COVID-19 on the entity's operations now and in the future. No material uncertainty has arisen from these assessments about the entity's ability to continue into the foreseeable future. The Directors' consider the going concern assumption still appropriate as a basis for the preparation of the financial statements.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Funds, the results of those operations or the state of affairs of the entity in subsequent financial years.



## 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; and Forsyth Barr Premium Yield Fund, which comprise the statements of financial position as at 31 March 2020, 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 3 to 18, present fairly, in all material respects, the financial position of the Forsyth Barr Investment Funds as at 31 March 2020, and their 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 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, 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 Forsyth Barr Investment Funds. The firm has no other relationship with, or interest in, Forsyth Barr Investment Funds.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current 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 2020 are valued at:

	\$000	% of total assets
Forsyth Barr New Zealand Equities Fund	\$46,609	95%
Forsyth Barr Australian Equities Fund	\$26,295	91%
Forsyth Barr NZ Fixed Interest Fund	\$22,038	86%
Forsyth Barr Global Equities Fund	\$55,466	91%
Forsyth Barr Listed Property Fund	\$19,797	95%
Forsyth Barr Premium Yield Fund	\$144,511	87%

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

At 31 March 2020, 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.

Management assessed the impact of COVID-19 on the Funds' financial statements including the investments and included additional disclosures in relation to the fair value of investments and market price risk and foreign exchange risk sensitivities at Note 9.

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

The financial assets 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 2020 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 2020 to independent third party pricing sources.
- Considered the impact of COVID-19 on the valuation of the investments including the disclosures in Note 6 and Note 9.

### 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. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we 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.

When we read the other information in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors of the Manager and consider further appropriate actions.

**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 Board of Directors for 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 Board of Directors of the Manager either intend to liquidate Forsyth Barr Investment Funds or 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  
28 July 2020