

Octagon Investment Funds
Financial Statements
For the year ended 31 March 2023

Statements of Comprehensive Income

\$	Note	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund	
		2023	2022	2023	2022	2023	2022	2023	2022
For the year ended 31 March									
Income									
Interest income on financial assets at amortised cost		32,250	4,806	51,974	4,401	55,806	10,900	15,067	1,503
Dividend and distribution income		2,868,571	2,555,932	3,319,117	2,905,062	463,604	1,303,861	1,389,324	1,226,962
Net foreign currency gains/(losses)		1,469	1,126	(21,053)	57,510	739,740	(64,770)	(13,745)	(2,874)
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss		(3,224,175)	438,645	(1,612,187)	7,964,863	1,663,149	(3,593,887)	(6,758,075)	(237,748)
Fee rebates	5	-	-	-	-	443,747	3,461	-	-
Other income		-	-	-	254	-	-	-	-
Total (loss)/income		(321,885)	3,000,509	1,737,853	10,932,090	3,366,046	(2,340,435)	(5,367,429)	987,843
Expenses									
Management fees	5	974,882	1,104,818	903,513	905,937	1,503,169	1,446,466	367,822	432,266
Transaction costs		270,466	366,091	168,305	195,289	132,893	121,766	34,572	55,671
Other expenses		-	-	86	2,828	107	145	-	1,254
Total operating expenses		1,245,348	1,470,909	1,071,904	1,104,054	1,636,169	1,568,377	402,394	489,191
Operating profit/(loss)		(1,567,233)	1,529,600	665,949	9,828,036	1,729,877	(3,908,812)	(5,769,823)	498,652
Profit/(loss) for the year attributable to Unitholders		(1,567,233)	1,529,600	665,949	9,828,036	1,729,877	(3,908,812)	(5,769,823)	498,652
Total comprehensive income/(loss) for the year attributable to Unitholders		(1,567,233)	1,529,600	665,949	9,828,036	1,729,877	(3,908,812)	(5,769,823)	498,652

\$	Note	New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
		2023	2022	2023	2022	2023	2022	2023	2022
For the year ended 31 March									
Income									
Interest income on financial assets at amortised cost		161,743	63,364	11,984	1,629	63,677	6,964	23,776	2,565
Interest income on financial assets at fair value through profit and loss		5,323,527	7,341,300	3,218	-	32,195	2,896	12,333	1,952
Dividend and distribution income		95,608	24,847	152,195	49,363	37,501	67,458	15,537	62,178
Net foreign currency gains/(losses)		-	-	(554)	2,949	2,325	(6,904)	441	(13,534)
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss		(6,503,421)	(20,119,998)	(518,381)	144,756	(754,183)	(565,968)	(573,475)	(284,472)
Fee rebates	5	-	-	52,554	48,184	287,314	194,712	274,671	169,606
Other income		53,135	47,675	-	-	-	-	-	-
Total (loss)/income		(869,408)	(12,642,812)	(298,984)	246,881	(331,171)	(300,842)	(246,717)	(61,705)
Expenses									
Management fees	5	1,369,749	1,932,725	72,788	46,991	369,827	266,173	326,835	215,856
Transaction costs		23,470	-	8,632	7,636	4,736	8,048	2,604	7,226
Total operating expenses		1,393,219	1,932,725	81,420	54,627	374,563	274,221	329,439	223,082
Operating (loss)/profit		(2,262,627)	(14,575,537)	(380,404)	192,254	(705,734)	(575,063)	(576,156)	(284,787)
(Loss)/profit for the year attributable to Unitholders		(2,262,627)	(14,575,537)	(380,404)	192,254	(705,734)	(575,063)	(576,156)	(284,787)
Total comprehensive (loss)/income for the year attributable to Unitholders		(2,262,627)	(14,575,537)	(380,404)	192,254	(705,734)	(575,063)	(576,156)	(284,787)

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	
	2023	2022	2023	2022	2023	2022	2023	2022
For the year ended 31 March								
Net assets attributable to Unitholders at the beginning of the year	90,724,308	79,517,454	79,305,864	59,672,423	55,434,822	110,629,812	34,755,318	31,327,225
Proceeds from units issued	11,316,144	24,411,334	14,108,764	23,605,814	91,527,740	43,890,131	5,740,981	9,009,014
Redemption of units	(16,769,487)	(14,764,597)	(15,275,879)	(13,646,407)	(25,802,526)	(94,751,063)	(5,091,647)	(6,088,260)
Unitholder tax receivables/(liabilities)	13,333	30,517	(239,629)	(154,002)	(19,522)	(425,246)	10,137	8,687
Net increase/(decrease) from transaction in units	(5,440,010)	9,677,254	(1,406,744)	9,805,405	65,705,692	(51,286,178)	659,471	2,929,441
Total comprehensive (loss)/income for the year attributable to Unitholders	(1,567,233)	1,529,600	665,949	9,828,036	1,729,877	(3,908,812)	(5,769,823)	498,652
Net assets attributable to Unitholders at the end of the year	83,717,065	90,724,308	78,565,069	79,305,864	122,870,391	55,434,822	29,644,966	34,755,318

Units	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
For the year ended 31 March								
Units on issue at the beginning of the year	22,375,315	20,000,779	50,360,709	43,516,733	36,104,471	65,610,792	13,110,387	12,028,537
Units issued	2,943,676	5,974,338	9,253,988	16,133,263	68,366,768	25,863,771	2,456,762	3,334,766
Units redeemed	(4,356,458)	(3,599,802)	(10,009,937)	(9,289,287)	(18,921,434)	(55,370,092)	(2,231,112)	(2,252,916)
Units on issue at the end of the year	20,962,533	22,375,315	49,604,760	50,360,709	85,549,805	36,104,471	13,336,037	13,110,387

\$	New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
For the year ended 31 March								
Net assets attributable to Unitholders at the beginning of the year	232,250,832	251,792,467	8,880,784	1,795,387	31,090,682	6,759,515	24,344,110	6,233,024
Proceeds from units issued	30,950,700	103,772,415	4,077,174	7,870,523	10,355,942	28,442,297	7,666,916	21,599,246
Redemption of units	(110,830,993)	(110,634,390)	(1,967,633)	(799,261)	(6,829,764)	(3,571,376)	(3,795,606)	(3,175,374)
Distributions	-	-	(370,786)	(191,560)	-	-	-	-
Unitholder tax receivables/(liabilities)	(31,841)	1,895,877	(14,747)	13,441	1,870	35,309	(5,818)	(27,999)
Net increase/(decrease) from transaction in units	(79,912,134)	(4,966,098)	1,724,008	6,893,143	3,528,048	24,906,230	3,865,492	18,395,873
Total comprehensive income/(loss) for the year attributable to Unitholders	(2,262,627)	(14,575,537)	(380,404)	192,254	(705,734)	(575,063)	(576,156)	(284,787)
Net assets attributable to Unitholders at the end of the year	150,076,071	232,250,832	10,224,388	8,880,784	33,912,996	31,090,682	27,633,446	24,344,110

Units	New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
For the year ended 31 March								
Units on issue at the beginning of the year	126,150,887	129,182,361	8,759,213	1,800,274	30,941,208	6,709,744	23,725,481	6,143,778
Units issued	17,017,487	54,858,841	4,238,786	7,747,927	10,744,885	27,706,933	7,903,829	20,663,294
Units redeemed	(61,264,526)	(57,890,315)	(2,061,464)	(788,988)	(7,129,383)	(3,475,469)	(3,929,851)	(3,081,591)
Units on issue at the end of the year	81,903,848	126,150,887	10,936,535	8,759,213	34,556,710	30,941,208	27,699,459	23,725,481

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

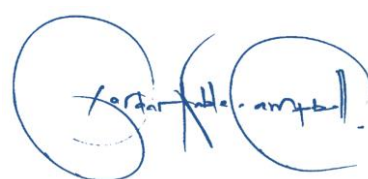
Statements of Financial Position

\$ As at 31 March	Note	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund	
		2023	2022	2023	2022	2023	2022	2023	2022
Assets									
Cash and cash equivalents		1,484,034	1,483,929	2,572,057	506,120	2,145,785	2,395,254	426,799	490,992
Financial assets at fair value through profit or loss	6	81,630,944	89,159,356	75,439,873	78,305,323	121,851,023	53,225,533	29,118,982	34,263,627
Outstanding settlements receivable		405,550	123,021	616,555	348,027	46,823	-	82,671	-
Related party receivables	5	-	-	-	-	-	-	-	-
Contributions receivable		1,181	1,802	706	100,340	2,381	975	568	134
Other receivables		435,933	529,308	389,884	365,548	16,660	87,037	24,270	25,540
Tax receivable on behalf of unitholders		36,042	47,960	2	164	74,508	2	22,880	23,455
Total assets		83,993,684	91,345,376	79,019,077	79,625,522	124,137,180	55,708,801	29,676,170	34,803,748
Liabilities									
Financial liabilities at fair value through profit or loss	6	-	-	-	102,612	792,647	7,781	450	3,353
Outstanding settlements payable		172,448	511,126	153,858	-	-	-	-	8,928
Related party payables	5	81,873	88,666	77,837	76,410	138,947	62,419	29,105	33,916
Withdrawals payable		152	4,203	69	211	326,871	8,826	52	100
Tax payable on behalf of unitholders		22,146	17,073	222,244	140,425	8,324	194,953	1,597	2,133
Total liabilities		276,619	621,068	454,008	319,658	1,266,789	273,979	31,204	48,430
Net assets attributed to Unitholders		83,717,065	90,724,308	78,565,069	79,305,864	122,870,391	55,434,822	29,644,966	34,755,318

\$ As at 31 March	Note	New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
		2023	2022	2023	2022	2023	2022	2023	2022
Assets									
Cash and cash equivalents		5,740,496	10,362,591	610,047	512,572	1,006,068	2,202,127	1,674,733	847,205
Financial assets at fair value through profit or loss	6	143,674,703	220,259,056	9,685,842	8,318,931	32,770,457	28,802,008	26,002,418	23,457,994
Outstanding settlements receivable		573,323	-	1,826	23,123	117,297	-	1,676	-
Related party receivables	5	-	-	3,954	17,475	24,522	74,626	24,452	62,852
Contributions receivable		48,935	76,280	60	100	39,385	1,552	4,126	22,233
Other receivables		1,166,405	1,576,757	25,284	16,244	8,516	209	793	-
Tax receivable on behalf of unitholders		19,635	2,068,751	688	13,721	15,980	43,120	12,974	3,724
Total assets		151,223,497	234,343,435	10,327,701	8,902,166	33,982,225	31,123,642	27,721,172	24,394,008
Liabilities									
Financial liabilities at fair value through profit or loss	6	-	-	-	-	-	-	-	62
Distribution payable		-	-	24,453	14,265	-	-	-	-
Outstanding settlements payable		940,000	1,600,000	27,152	-	-	-	-	-
Related party payables	5	99,296	152,509	6,560	5,620	33,009	30,133	29,322	25,491
Withdrawals payable		61,428	339,974	29,980	1,497	22,080	2,288	39,991	-
Tax payable on behalf of unitholders		46,702	120	15,168	-	14,140	539	18,413	24,345
Total liabilities		1,147,426	2,092,603	103,313	21,382	69,229	32,960	87,726	49,898
Net assets attributed to Unitholders		150,076,071	232,250,832	10,224,388	8,880,784	33,912,996	31,090,682	27,633,446	24,344,110

The Directors of Forsyth Barr Investment Management Limited authorised these Financial Statements for issue on 24 July 2023

Director



Director



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	
		2023	2022	2023	2022	2023	2022	2023	2022
For the year ended 31 March									
Cash flows from operating activities									
Proceeds from sale of financial assets at fair value through profit or loss		50,329,174	64,959,873	44,535,792	47,625,974	119,803,235	147,926,823	6,101,708	10,720,655
Purchase of financial assets at fair value through profit or loss		(46,274,323)	(75,377,954)	(43,380,023)	(62,130,235)	(117,868,587)	(100,536,939)	(7,726,834)	(14,201,562)
Dividends received		2,590,124	1,956,978	3,174,908	2,647,387	533,981	1,470,902	1,307,787	946,101
Interest income received		32,250	4,806	51,976	4,401	55,806	10,907	15,067	1,503
Fee rebates received		-	-	-	-	443,747	4,436	-	-
Other income received		-	-	85	169	-	-	-	-
Operating expenses paid		(981,675)	(1,104,024)	(902,172)	(898,771)	(1,426,748)	(1,531,572)	(372,633)	(434,986)
Transaction costs on sale/purchase of financial instruments held at fair value through profit or loss		(270,466)	(366,091)	(168,305)	(195,289)	(132,893)	(121,766)	(34,572)	(55,671)
Net cash inflow/(outflow) from operating activities	8	5,425,084	(9,926,412)	3,312,261	(12,946,364)	1,408,541	47,222,791	(709,477)	(3,023,960)
Cash flows from financing activities									
Proceeds from units issued		11,316,765	24,691,061	14,208,398	23,691,547	23,367,388	44,215,709	5,740,547	9,032,135
Redemptions of units		(16,773,538)	(14,846,227)	(15,276,021)	(13,716,086)	(25,484,481)	(94,887,479)	(5,091,695)	(6,136,479)
Unitholders tax liabilities		30,325	33,641	(157,648)	(46,965)	(280,657)	(510,189)	10,177	5,963
Net cash (outflow)/inflow from financing activities		(5,426,448)	9,878,475	(1,225,271)	9,928,496	(2,397,750)	(51,181,959)	659,029	2,901,619
Net increase/(decrease) in cash and cash equivalents		(1,364)	(47,937)	2,086,990	(3,017,868)	(989,209)	(3,959,168)	(50,448)	(122,341)
Cash and cash equivalents at the beginning of the year		1,483,929	1,530,740	506,120	3,466,478	2,395,254	6,419,192	490,992	616,207
Foreign exchange gains/(losses) on cash and cash equivalents denominated in foreign currencies		1,469	1,126	(21,053)	57,510	739,740	(64,770)	(13,745)	(2,874)
Cash and cash equivalents at the end of the year		1,484,034	1,483,929	2,572,057	506,120	2,145,785	2,395,254	426,799	490,992

\$	Note	New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
		2023	2022	2023	2022	2023	2022	2023	2022
For the year ended 31 March									
Cash flows from operating activities									
Proceeds from sale of financial assets at fair value through profit or loss		94,814,677	70,435,725	3,137,339	1,754,543	11,852,925	5,873,053	7,806,235	5,759,459
Purchase of financial assets at fair value through profit or loss		(25,967,068)	(69,352,612)	(4,964,571)	(8,264,626)	(16,692,854)	(29,194,866)	(10,925,871)	(23,549,587)
Dividends received		95,608	24,847	133,544	32,642	37,501	67,458	15,537	62,178
Interest income received		5,895,622	7,646,037	15,202	1,629	87,565	9,651	35,316	4,517
Fee rebates received		-	-	66,075	32,770	337,418	129,310	313,071	117,315
Other income		53,135	47,675	-	-	-	-	-	-
Operating expenses paid		(1,422,962)	(1,955,040)	(71,848)	(42,492)	(366,951)	(242,353)	(323,004)	(196,534)
Transaction costs on sale/purchase of financial instruments held at fair value through profit or loss		(23,470)	-	(8,632)	(7,636)	(4,736)	(8,048)	(2,604)	(7,226)
Net cash inflow/(outflow) from operating activities	8	73,445,542	6,846,632	(1,692,891)	(6,493,170)	(4,749,132)	(23,365,795)	(3,081,320)	(17,809,878)
Cash flows from financing activities									
Proceeds from units issued		30,978,045	104,404,010	3,785,516	7,743,625	10,318,109	28,685,587	7,685,023	21,643,713
Redemptions of units		(111,109,539)	(110,979,801)	(1,939,150)	(797,764)	(6,809,972)	(3,569,088)	(3,755,615)	(3,175,374)
Distributions paid		-	-	(68,900)	(32,497)	-	-	-	-
Unitholders tax liabilities		2,063,857	(781,707)	13,454	207	42,611	(3,671)	(21,001)	(5,350)
Net cash inflow/(outflow) from financing activities		(78,067,637)	(7,357,498)	1,790,920	6,913,571	3,550,748	25,112,828	3,908,407	18,462,989
Net increase/(decrease) in cash and cash equivalents		(4,622,095)	(510,866)	98,029	420,401	(1,198,384)	1,747,033	827,087	653,111
Cash and cash equivalents at the beginning of the year		10,362,591	10,873,457	512,572	89,222	2,202,127	461,998	847,205	207,628
Foreign exchange gains/(losses) on cash and cash equivalents denominated in foreign currencies		-	-	(554)	2,949	2,325	(6,904)	441	(13,534)
Cash and cash equivalents at the end of the year		5,740,496	10,362,591	610,047	512,572	1,006,068	2,202,127	1,674,733	847,205

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 Octagon Investment Funds (formerly known as the Forsyth Barr Investment Funds until 30 November 2021), which comprises the following individual and separate investment funds (the "Funds"):

- Octagon New Zealand Equities Fund ("New Zealand Equities Fund"; formerly known as Forsyth Barr New Zealand Equities Fund)
- Octagon Australian Equities Fund ("Australian Equities Fund"; formerly known as Forsyth Barr Australian Equities Fund)
- Octagon Global Equities Fund ("Global Equities Fund"; formerly known as Forsyth Barr Global Equities Fund)
- Octagon Listed Property Fund ("Listed Property Fund"; formerly known as Forsyth Barr Listed Property Fund)
- Octagon New Zealand Fixed Interest Fund ("New Zealand Fixed Interest Fund"; formerly known as Forsyth Barr New Zealand Fixed Interest Fund)
- Octagon Income Fund ("Income Fund"; formerly known as Forsyth Barr Income Fund)
- Octagon Balanced Fund ("Balanced Fund"; formerly known as Forsyth Barr Balanced Fund)
- Octagon Growth Fund ("Growth Fund"; formerly known as Forsyth Barr Growth Fund)

All Funds changed names effective 30 November 2021.

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.
- 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 from 27 February 2015) (the "Manager") on 27 September 2007. The New Zealand Equities Fund, Australian Equities Fund, Global Equities Fund, Listed Property Fund and New Zealand Fixed Interest Fund (formerly 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. 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".

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

Statutory Base

The Funds are registered under Octagon 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 2023 and the comparatives are for the year ended 31 March 2022.

The Financial Statements were authorised for issue by the Directors of the Manager on 20 July 2023.

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 financial statements for all 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.

Notes to the Financial Statements

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

(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 2022 impacting the Scheme

There are no new standards or amendments to existing standards that are effective for the year commencing on 1 April 2022 that have a material effect on the Financial Statements of the Funds.

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. Derivatives that have a negative fair value are presented as financial liabilities at fair value through profit or loss.

(i) Financial liabilities at amortised cost

(a) **Payables** are amounts representing liabilities and accrued expenses owing by the Funds at year 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 a 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.

Notes to the Financial Statements

2. Significant accounting policies (continued)

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.

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 Statements of Cash Flows

Definitions of the terms used in the Statement of Cash Flows are:

(a) Operating activities include all transactions and other events that are not financing activities.

(b) Financing activities are those activities that result in changes in the size and composition of Unitholders' funds. This includes elements of Unitholders' funds not falling within the definition of cash. Distributions paid in relation to Unitholders' funds are included in financing activities.

(c) There were no investing activities for the fund.

(d) Cash is considered to be cash on hand and current accounts in banks, net of bank overdrafts.

2.10 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.

2.11 Goods and services tax ("GST")

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



Notes to the Financial Statements

2. Significant accounting policies (continued)

2.12 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.

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.

4. Commitments and contingent liabilities

There are no contingencies or commitments as at 31 March 2023 (31 March 2022: 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 Ltd, 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 2023, Forsyth Barr Limited held funds of \$998 on behalf of the NZ Equities Fund, \$311 on behalf of the Australian Equities Fund, \$448 on behalf of the Global Equities Fund, \$282 on behalf of the Listed Property Fund and \$3,567 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 2023 (2022: \$810 on behalf of the NZ Equities Fund, \$206 on behalf of the Australian Equities Fund, \$808 on behalf of the Global Equities Fund, \$291 on behalf of the Listed Property Fund and \$156,527 on behalf of all Funds).

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		
		2023	2022	2023	2022	2023	2022	2023	2022	
For the year ended 31 March										
	Forsyth Barr Investment Management Limited	Management fees	974,882	1,104,818	903,513	905,937	1,503,169	1,446,466	367,822	432,266
	Forsyth Barr Investment Management Limited	Management fees rebate	-	-	-	-	(443,747)	(3,461)	-	-
			974,882	1,104,818	903,513	905,937	1,059,422	1,443,005	367,822	432,266

\$		New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund		
		2023	2022	2023	2022	2023	2022	2023	2022	
For the year ended 31 March										
	Forsyth Barr Investment Management Limited	Management fees	1,369,749	1,932,725	72,788	46,991	369,827	266,173	326,835	215,856
	Forsyth Barr Investment Management Limited	Management fees rebate	-	-	(52,554)	(48,184)	(287,314)	(194,712)	(274,671)	(169,606)
			1,369,749	1,932,725	20,234	(1,193)	82,513	71,461	52,164	46,250

Up till 30 November 2021, Forsyth Barr Limited provided investment management and administration services to the Funds under a service agreement between Forsyth Barr Investment Management Limited and Forsyth Barr Limited. From 30 November 2021, Octagon Asset Management Limited provided the investment management services to the Funds and Forsyth Barr Limited provided day-to-day administration services. Both entities are 100% owned subsidiaries of Forsyth Barr Group Limited.

Notes to the Financial Statements

5. Related Parties (continued)

From 11 December 2020 the management fee structure of the Funds changed so members pay an annual management fee calculated daily covering all management and administration charges, including the manager's fee, investment manager's fee and the supervisor fee. This management fee is paid to Forsyth Barr Investment Management Limited as the Manager. Prior to this a separate management fee and supervisor fee was charged. Both of these fees were paid to Forsyth Barr Investment Management Limited as the Manager.

Trustee Executors Limited is the Supervisor of the Fund. The Manager paid Supervisor fees to Trustee Executors on behalf of the Funds.

5.2 Related party fees (continued)

The Funds owed the following amounts to/(from) related parties at balance sheet date.

\$		NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund	
		2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March									
Forsyth Barr Investment Management Limited	Management fees	81,873	88,666	77,837	76,410	138,947	62,419	29,105	33,916
Forsyth Barr Investment Management Limited	Management fees rebate	-	-	-	-	-	-	-	-
		81,873	88,666	77,837	76,410	138,947	62,419	29,105	33,916

\$		New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
		2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March									
Forsyth Barr Investment Management Limited	Management fees	99,296	152,509	6,560	5,620	33,009	30,133	29,322	25,491
Forsyth Barr Investment Management Limited	Management fees rebate	-	-	(3,954)	(17,475)	(24,522)	(74,626)	(24,452)	(62,852)
		99,296	152,509	2,606	(11,855)	8,487	(44,493)	4,870	(37,361)

Audit fees of \$79,235 including GST (2022: \$72,105 including GST) were paid by the Manager in accordance with the Trust Deed.

5.3 Investments by the Funds in related parties

4,003,612.00 24,868,605.00 23,613,321.00

\$		NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund	
		2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March									
Income Fund		214,278	610,854	543,633	647,610	-	-	1,185,211	1,312,743
Balanced Fund		3,608,972	3,837,038	4,615,773	4,586,343	7,904,648	1,860,369	1,360,834	1,462,200
Growth Fund		4,399,126	4,696,131	5,557,171	5,332,555	9,477,970	2,271,665	1,363,319	1,141,070

\$		New Zealand Fixed Interest Fund	
		2023	2022
As at 31 March			
Income Fund		2,060,490	1,701,635
Balanced Fund		7,378,378	8,901,835
Growth Fund		2,815,735	2,356,220

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

\$		NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund	
		2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March									
Income Fund		(32,328)	24,702	6,623	107,370	-	-	(216,580)	(11,673)
Balanced Fund		(63,066)	6,851	59,430	424,485	260,208	(212,452)	(265,366)	(19,835)
Growth Fund		(77,005)	(33,681)	73,794	459,638	355,989	(258,729)	(232,751)	7,106

\$		New Zealand Fixed Interest Fund	
		2023	2022
As at 31 March			
Income Fund		(5,546)	(86,719)
Balanced Fund		(88,457)	(400,257)
Growth Fund		(10,486)	(117,066)

Notes to the Financial Statements

5. Related Parties (continued)

5.5 Related Products

The Summer KiwiSaver Scheme (also managed by the Manager) holds units in the following Funds:

\$ As at 31 March	NZ Equities Fund 2023		Australian Equities Fund 2023		Global Equities Fund 2023		Listed Property Fund 2023	
	Units	\$	Units	\$	Units	\$	Units	\$
	Opening Balance	11,355,007	46,041,146	30,278,394	47,682,414	13,269,284	20,373,658	6,631,839
Contributions	1,358,550	5,193,235	4,426,162	6,705,000	51,913,465	69,484,948	1,417,482	3,307,000
Withdrawals	(1,933,282)	(7,430,000)	(5,236,784)	(8,133,000)	(9,158,691)	(12,472,758)	(1,078,098)	(2,425,000)
Change in fair value	-	(751,197)	-	416,643	-	2,554,880	-	(2,966,674)
Closing balance	10,780,275	43,053,184	29,467,772	46,671,057	56,024,058	79,940,728	6,971,223	15,496,332

\$ As at 31 March	New Zealand Fixed Interest Fund 2023		Income Fund 2023		Balanced Fund 2023		Growth Fund 2023	
	Units	\$	Units	\$	Units	\$	Units	\$
	Opening Balance	27,867,509	51,306,871	-	-	-	-	-
Contributions	5,716,074	10,408,000	-	-	-	-	-	-
Withdrawals	(10,352,914)	(18,684,242)	-	-	-	-	-	-
Change in fair value	-	(465,074)	-	-	-	-	-	-
Closing balance	23,230,669	42,565,555	-	-	-	-	-	-

\$ As at 31 March	NZ Equities Fund 2022		Australian Equities Fund 2022		Global Equities Fund 2022		Listed Property Fund 2022	
	Units	\$	Units	\$	Units	\$	Units	\$
	Opening Balance	11,056,404	43,933,727	30,557,276	41,903,193	46,898,248	79,079,825	6,537,622
Contributions	1,598,539	6,528,000	4,627,781	6,752,000	8,983,717	15,179,964	803,269	2,176,000
Withdrawals	(1,299,936)	(5,342,000)	(4,906,664)	(7,285,800)	(42,612,681)	(73,214,976)	(709,051)	(1,920,000)
Change in fair value	-	921,419	-	6,313,021	-	(671,155)	-	309,539
Closing balance	11,355,007	46,041,146	30,278,393	47,682,414	13,269,284	20,373,658	6,631,840	17,581,006

\$ As at 31 March	New Zealand Fixed Interest Fund 2022		Income Fund 2022		Balanced Fund 2022		Growth Fund 2022	
	Units	\$	Units	\$	Units	\$	Units	\$
	Opening Balance	24,334,032	47,429,461	-	-	-	-	-
Contributions	7,332,102	14,020,024	-	-	-	-	-	-
Withdrawals	(3,798,625)	(7,199,054)	-	-	-	-	-	-
Change in fair value	-	(2,943,560)	-	-	-	-	-	-
Closing balance	27,867,509	51,306,871	-	-	-	-	-	-

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	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Financial assets measured at fair value through profit or loss								
Listed equities	80,243,903	88,444,814	75,120,576	78,264,589	31,866,458	52,486,857	28,707,375	33,443,489
Listed trusts	1,385,168	714,542	-	-	-	-	398,782	817,490
Equity options	1,873	-	-	-	-	-	3,529	-
Forward foreign exchange contracts	-	-	319,297	40,734	154,911	738,676	9,296	2,648
Unlisted trusts	-	-	-	-	89,829,654	-	-	-
Total financial assets at fair value through profit or loss	81,630,944	89,159,356	75,439,873	78,305,323	121,851,023	53,225,533	29,118,982	34,263,627

\$	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Financial liabilities measured at fair value through profit or loss								
Forward foreign exchange contracts	-	-	-	102,612	792,647	7,781	450	3,353
Total financial liabilities at fair value through profit or loss	-	-	-	102,612	792,647	7,781	450	3,353

\$	New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Financial assets measured at fair value through profit or loss								
Listed equities	-	-	3,313,411	2,266,513	-	-	-	-
Listed trusts	-	-	2,363,429	1,778,453	4,886,159	7,932,017	2,038,956	7,540,178
Equity options	-	-	338	-	-	-	-	-
Fixed interest securities	143,674,703	220,259,056	-	-	3,015,693	120,359	350,141	-
Forward foreign exchange contracts	-	-	5,052	1,123	-	101,847	-	120,175
Unlisted trusts	-	-	4,003,612	4,272,842	24,868,605	20,647,785	23,613,321	15,797,641
Total financial assets at fair value through profit or loss	143,674,703	220,259,056	9,685,842	8,318,931	32,770,457	28,802,008	26,002,418	23,457,994

\$	New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Financial liabilities measured at fair value through profit or loss								
Forward foreign exchange contracts	-	-	-	-	-	-	-	62
Total financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	62

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 year. 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 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 2023:

\$	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
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	80,243,903	88,444,814	75,120,576	78,264,589	31,866,458	52,486,857	28,707,375	33,443,489
Listed trusts	1,385,168	714,542	-	-	-	-	398,782	817,490
Total Level 1 Assets	81,629,071	89,159,356	75,120,576	78,264,589	31,866,458	52,486,857	29,106,157	34,260,979
Level 2 Assets								
<i>Financial assets measured at fair value through profit or loss</i>								
Equity options	1,873	-	-	-	-	-	3,529	-
Forward foreign exchange contracts	-	-	319,297	40,734	154,911	738,676	9,296	2,648
Unlisted trusts	-	-	-	-	89,829,654	-	-	-
Total Level 2 Assets	1,873	-	319,297	40,734	89,984,565	738,676	12,825	2,648
Total financial assets at fair value through profit or loss	81,630,944	89,159,356	75,439,873	78,305,323	121,851,023	53,225,533	29,118,982	34,263,627

\$	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
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	-	-	-	102,612	792,647	7,781	450	3,353
Total Level 2 Liabilities	-	-	-	102,612	792,647	7,781	450	3,353
Total financial liabilities at fair value through profit or loss	-	-	-	102,612	792,647	7,781	450	3,353

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	
	2023	2022	2023	2022	2023	2022	2023	2022
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	-	-	3,313,411	2,266,513	-	-	-	-
Listed trusts	-	-	2,363,429	1,778,453	4,886,159	7,932,017	2,038,956	7,540,178
Total Level 1 Assets	-	-	5,676,840	4,044,966	4,886,159	7,932,017	2,038,956	7,540,178
Level 2 Assets								
<i>Financial assets measured at fair value through profit or loss</i>								
Equity options	-	-	338	-	-	-	-	-
Fixed interest securities	143,674,703	220,259,056	-	-	3,015,693	120,359	350,141	-
Forward foreign exchange contracts	-	-	5,052	1,123	-	101,847	-	120,175
Unlisted trusts	-	-	4,003,612	4,272,842	24,868,605	20,647,785	23,613,321	15,797,641
Total Level 2 Assets	143,674,703	220,259,056	4,009,002	4,273,965	27,884,298	20,869,991	23,963,462	15,917,816
Total financial assets at fair value through profit or loss	143,674,703	220,259,056	9,685,842	8,318,931	32,770,457	28,802,008	26,002,418	23,457,994

\$ As at 31 March	New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
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	-	-	-	-	-	-	-	62
Total Level 2 Liabilities	-	-	-	-	-	-	-	62
Total financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	62

There are no level 3 financial instruments. There have been no transfers between levels in the year ended 31 March 2023 (31 March 2022: nil).

Notes to the Financial Statements

7. Financial instruments by category

\$	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Financial assets at fair value through profit or loss								
Financial assets measured at fair value through profit or loss	81,630,944	89,159,356	75,439,873	78,305,323	121,851,023	53,225,533	29,118,982	34,263,627
Total financial assets at fair value through the profit or loss	81,630,944	89,159,356	75,439,873	78,305,323	121,851,023	53,225,533	29,118,982	34,263,627
Financial assets at amortised cost								
Cash and cash equivalents	1,484,034	1,483,929	2,572,057	506,120	2,145,785	2,395,254	426,799	490,992
Outstanding settlements receivable	405,550	123,021	616,555	348,027	46,823	-	82,671	-
Related party receivables	-	-	-	-	-	-	-	-
Contributions receivable	1,181	1,802	706	100,340	2,381	975	568	134
Other receivables	435,933	529,308	389,884	365,548	16,660	87,037	24,270	25,540
Total financial assets at amortised cost	2,326,698	2,138,060	3,579,202	1,320,035	2,211,649	2,483,266	534,308	516,666
Total financial assets	83,957,642	91,297,416	79,019,075	79,625,358	124,062,672	55,708,799	29,653,290	34,780,293
Financial liabilities at fair value through profit or loss								
Financial liabilities measured at fair value through profit or loss	-	-	-	102,612	792,647	7,781	450	3,353
Total financial liabilities at fair value through the profit or loss	-	-	-	102,612	792,647	7,781	450	3,353
Financial liabilities at amortised cost								
Outstanding settlements payable	172,448	511,126	153,858	-	-	-	-	8,928
Related party payables	81,873	88,666	77,837	76,410	138,947	62,419	29,105	33,916
Withdrawals payable	152	4,203	69	211	326,871	8,826	52	100
Total financial liabilities at amortised cost	254,473	603,995	231,764	76,621	465,818	71,245	29,157	42,944
Total financial liabilities	254,473	603,995	231,764	179,233	1,258,465	79,026	29,607	46,297

Notes to the Financial Statements

7. Financial instruments by category (continued)

\$	New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Financial assets at fair value through profit or loss								
Financial assets measured at fair value through profit or loss	143,674,703	220,259,056	9,685,842	8,318,931	32,770,457	28,802,008	26,002,418	23,457,994
Total financial assets at fair value through the profit or loss	143,674,703	220,259,056	9,685,842	8,318,931	32,770,457	28,802,008	26,002,418	23,457,994
Financial assets at amortised cost								
Cash and cash equivalents	5,740,496	10,362,591	610,047	512,572	1,006,068	2,202,127	1,674,733	847,205
Outstanding settlements receivable	573,323	-	1,826	23,123	117,297	-	1,676	-
Related party receivables	-	-	3,954	17,475	24,522	74,626	24,452	62,852
Contributions receivable	48,935	76,280	60	100	39,385	1,552	4,126	22,233
Other receivables	1,166,405	1,576,757	25,284	16,244	8,516	209	793	-
Total financial assets at amortised cost	7,529,159	12,015,628	641,171	569,514	1,195,788	2,278,514	1,705,780	932,290
Total financial assets	151,203,862	232,274,684	10,327,013	8,888,445	33,966,245	31,080,522	27,708,198	24,390,284

\$	New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Financial liabilities at fair value through profit or loss								
Financial liabilities measured at fair value through profit or loss	-	-	-	-	-	-	-	62
Total financial liabilities at fair value through the profit or loss	-	-	-	-	-	-	-	62
Financial liabilities at amortised cost								
Distributions payable	-	-	24,453	14,265	-	-	-	-
Outstanding settlements payable	940,000	1,600,000	27,152	-	-	-	-	-
Related party payables	99,296	152,509	6,560	5,620	33,009	30,133	29,322	25,491
Withdrawals payable	61,428	339,974	29,980	1,497	22,080	2,288	39,991	-
Total financial liabilities at amortised cost	1,100,724	2,092,483	88,145	21,382	55,089	32,421	69,313	25,491
Total financial liabilities	1,100,724	2,092,483	88,145	21,382	55,089	32,421	69,313	25,553

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	
	2023	2022	2023	2022	2023	2022	2023	2022
For the year ended 31 March								
Operating profit/(loss)	(1,567,233)	1,529,600	665,949	9,828,036	1,729,877	(3,908,812)	(5,769,823)	498,652
Adjustments for non-cash items								
Net (gain)/loss on financial instruments held at fair value through profit or loss	3,705,722	5,130,566	3,096,605	(4,034,536)	(8,482,503)	17,722,838	6,461,254	1,725,911
Net foreign currency gains or losses on cash and cash equivalents	(1,469)	(1,126)	21,053	(57,510)	(739,740)	64,770	13,745	2,874
Net dividends reinvested as units	(371,822)	(342,906)	(119,788)	(135,889)	-	-	(82,807)	(276,849)
	3,332,431	4,786,534	2,997,870	(4,227,935)	(9,222,243)	17,787,608	6,392,192	1,451,936
Movements in working capital items								
(Increase)/decrease in trade and other receivables	93,375	(256,048)	(24,336)	(121,871)	70,377	168,023	1,270	(4,012)
Increase/(decrease) in trade and other payables	(6,793)	794	1,427	9,994	76,528	(84,961)	(4,811)	(1,466)
(Increase)/decrease in net cost of investments	3,573,304	(15,987,292)	(328,649)	(18,434,588)	8,754,002	33,260,933	(1,328,305)	(4,969,070)
	3,659,886	(16,242,546)	(351,558)	(18,546,465)	8,900,907	33,343,995	(1,331,846)	(4,974,548)
	6,992,317	(11,456,012)	2,646,312	(22,774,400)	(321,336)	51,131,603	5,060,346	(3,522,612)
Net cash inflow/(outflow) from operating activities	5,425,084	(9,926,412)	3,312,261	(12,946,364)	1,408,541	47,222,791	(709,477)	(3,023,960)

\$	New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
For the year ended 31 March								
Operating profit/(loss)	(2,262,627)	(14,575,537)	(380,404)	192,254	(705,734)	(575,063)	(576,156)	(284,787)
Adjustments for non-cash items								
Net (gain)/loss on financial instruments held at fair value through profit or loss	493,883	18,603,992	521,091	(15,306)	(1,076,213)	536,644	(1,269,149)	244,563
Net foreign currency gains or losses on cash and cash equivalents	-	-	554	(2,949)	(2,325)	6,904	(441)	13,534
Net dividends reinvested as units	-	-	(9,613)	(475)	-	-	-	-
	493,883	18,603,992	512,032	(18,730)	(1,078,538)	543,548	(1,269,590)	258,097
Movements in working capital items								
(Increase)/decrease in trade and other receivables	410,352	241,373	4,483	(31,660)	41,797	(65,611)	37,607	(52,291)
Increase/(decrease) in trade and other payables	(53,213)	(22,315)	940	4,499	2,876	23,820	3,831	19,322
(Increase)/decrease in net cost of investments	74,857,147	2,599,119	(1,829,942)	(6,639,533)	(3,009,533)	(23,292,489)	(1,277,012)	(17,750,219)
	75,214,286	2,818,177	(1,824,519)	(6,666,694)	(2,964,860)	(23,334,280)	(1,235,574)	(17,783,188)
	75,708,169	21,422,169	(1,312,487)	(6,685,424)	(4,043,398)	(22,790,732)	(2,505,164)	(17,525,091)
Net cash inflow/(outflow) from operating activities	73,445,542	6,846,632	(1,692,891)	(6,493,170)	(4,749,132)	(23,365,795)	(3,081,320)	(17,809,878)

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, derivatives 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, transferable certificate of deposits, 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

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, Listed Property Fund, Income Fund, Balanced Fund and Growth Fund held forward currency contracts with one counterparty (Westpac). No open forward currency contracts were held by any other funds as at 31 March 2023.

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		Global Equities Fund		Listed Property Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Cash and cash equivalents by rating category								
AA	1,484,034	1,483,929	2,572,057	506,120	2,145,785	2,395,254	426,799	490,992
	1,484,034	1,483,929	2,572,057	506,120	2,145,785	2,395,254	426,799	490,992
\$	New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Cash and cash equivalents by rating category								
AA	5,740,496	10,362,591	610,047	512,572	1,006,068	2,202,127	1,674,733	847,205
	5,740,496	10,362,591	610,047	512,572	1,006,068	2,202,127	1,674,733	847,205
Fixed interest portfolio by rating category								
AAA	59,220,551	91,657,538	-	-	-	-	-	-
AA+/AA/AA-	35,269,955	52,101,438	-	-	294,132	-	89,131	-
A+/A/A-	5,773,183	7,149,543	-	-	-	-	112,588	-
BBB+/BBB/BBB-	22,420,672	39,916,726	-	-	643,165	-	148,422	-
BB+	4,565,048	5,967,222	-	-	-	-	-	-
Unrated	16,425,294	23,466,589	-	-	98,497	120,359	-	-
	143,674,703	220,259,056	-	-	1,035,794	120,359	350,141	-
Transferable Certificate of Deposits								
A+/A/A-	-	-	-	-	493,538	-	-	-
BBB+/BBB/BBB-	-	-	-	-	494,006	-	-	-
	-	-	-	-	987,544	-	-	-

The Funds measure credit risk and expected credit losses using the probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At 31 March 2023 and 31 March 2022, 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 or in unrated fixed interest securities, 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 2023 and 31 March 2022, 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 2022: 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 2023 and 31 March 2022, 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 2023, matured within 3 months (31 March 2022: 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

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 securities. Indirect foreign exchange exposure 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 at the reporting date. Fair values are disclosed in note 9(g). All amounts presented are in New Zealand dollar equivalents.

\$	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Australian Dollar (AUD)	4	41,047	54,795,125	52,087,685	5,800	5,771	1,440,050	2,673,786
Euro (EUR)	-	-	-	-	(5,600,060)	4,692,862	-	-
United States Dollar (USD)	-	-	156,012	64,714	23,799,881	20,416,554	-	-
Great British Pound (GBP)	-	-	-	-	12,806	12,235	-	-
Hong Kong Dollar (HKD)	-	-	-	-	736	1,944,075	-	-
Japanese Yen (JPY)	-	-	-	-	(2,916,268)	2,027,976	-	-
Swiss Frank (CHF)	-	-	-	-	906,361	1,940,340	-	-
	4	41,047	54,951,137	52,152,399	16,209,256	31,039,813	1,440,050	2,673,786

\$	New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Australian Dollar (AUD)	-	-	1,091,478	823,460	-	-	-	-
Euro (EUR)	-	-	-	-	-	(197,683)	-	(232,291)
United States Dollar (USD)	-	-	-	-	-	3,827,078	-	4,452,320
Japanese Yen (JPY)	-	-	-	-	-	(88,473)	-	(104,758)
	-	-	1,091,478	823,460	-	3,540,922	-	4,115,271

Notes to the Financial Statements

9. Financial risk management (continued)

(c) 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. 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		Global Equities Fund		Listed Property Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Exchange rates increased by 10%								
Australia (AUD)	-	(3,732)	(4,981,375)	(4,735,244)	(527)	(525)	(130,914)	(243,071)
Euro (EUR)	-	-	-	-	509,096	(426,624)	-	-
United States of America (USD)	-	-	(14,183)	(5,883)	(2,163,626)	(1,856,050)	-	-
United Kingdom (GBP)	-	-	-	-	(1,164)	(1,112)	-	-
Hong Kong (HKD)	-	-	-	-	(67)	(176,734)	-	-
Japanese Yen (JPY)	-	-	-	-	265,115	(184,361)	-	-
Switzerland (CHF)	-	-	-	-	(82,396)	(176,395)	-	-
Total impact of 10% increase in exchange rates	-	(3,732)	(4,995,558)	(4,741,127)	(1,473,569)	(2,821,801)	(130,914)	(243,071)

\$	New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Exchange rates increased by 10%								
Australia (AUD)	-	-	(99,225)	(74,860)	-	-	-	-
Euro (EUR)	-	-	-	-	-	17,971	-	21,117
United States of America (USD)	-	-	-	-	-	(347,916)	-	(404,756)
Japanese Yen (JPY)	-	-	-	-	-	8,043	-	9,523
Total impact of 10% increase in exchange rates	-	-	(99,225)	(74,860)	-	(321,902)	-	(374,116)

\$	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Exchange rates decreased by 10%								
Australia (AUD)	-	4,561	6,088,347	5,787,521	644	641	160,006	297,087
Euro (EUR)	-	-	-	-	(622,229)	521,429	-	-
United States of America (USD)	-	-	17,335	7,190	2,644,431	2,268,506	-	-
United Kingdom (GBP)	-	-	-	-	1,423	1,359	-	-
Hong Kong (HKD)	-	-	-	-	82	216,008	-	-
Japanese Yen (JPY)	-	-	-	-	(324,030)	225,331	-	-
Switzerland (CHF)	-	-	-	-	100,707	215,593	-	-
Total impact of 10% decrease in exchange rates	-	4,561	6,105,682	5,794,711	1,801,028	3,448,867	160,006	297,087

\$	New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Exchange rates decreased by 10%								
Australia (AUD)	-	-	121,275	91,496	-	-	-	-
Euro (EUR)	-	-	-	-	-	(21,965)	-	(25,810)
United States of America (USD)	-	-	-	-	-	425,231	-	494,702
Japanese Yen (JPY)	-	-	-	-	-	(9,830)	-	(11,640)
Total impact of 10% decrease in exchange rates	-	-	121,275	91,496	-	393,436	-	457,252

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 2022: 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 2023, 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:

\$	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Increased by 1%	14,840	14,839	25,721	5,061	21,458	23,953	4,268	4,910
Decreased by 1%	(14,840)	(14,839)	(25,721)	(5,061)	(21,458)	(23,953)	(4,268)	(4,910)

\$	New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Increased by 1%	(113,343,299)	(8,561,989)	6,100	5,126	(2,984,609)	21,190	(325,136)	8,472
Decreased by 1%	113,343,299	8,561,989	(6,100)	(5,126)	2,984,609	(21,190)	325,136	(8,472)

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, options 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 New Zealand Fixed Interest Fund represents managements best estimate of a reasonable shifts in prices (2022:10% for NZ Equities Fund, Australian Equities Fund, Global Equities Fund, Listed Property Fund, Income Fund, Balanced Fund and Growth Fund and 5% for New Zealand Fixed Interest Fund).

\$	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Volatility Estimate	10%	10%	10%	10%	10%	10%	10%	10%
Increase in %	8,163,094	8,915,936	7,512,058	7,826,459	12,169,611	5,248,686	2,910,969	3,426,098
Decrease in %	(8,163,094)	(8,915,936)	(7,512,058)	(7,826,459)	(12,169,611)	(5,248,686)	(2,910,969)	(3,426,098)

\$	New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Volatility Estimate	5%	5%	10%	10%	10%	10%	10%	10%
Increase in %	65,288	162,315	968,045	831,781	2,975,476	2,857,980	2,565,228	2,333,782
Decrease in %	(65,288)	(162,315)	(968,045)	(831,781)	(2,975,476)	(2,857,980)	(2,565,228)	(2,333,782)

Notes to the Financial Statements

9. Financial risk management (continued)

(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.

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

As at 31 March 2023, 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.

\$	NZ Equities Fund		Australian Equities Fund		Global Equities Fund		Listed Property Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March								
Financial assets subject to offsetting, enforceable master netting arrangements								
Gross amounts of recognised financial assets	-	-	319,297	40,734	154,911	738,676	9,296	2,648
Gross amounts of recognised financial liabilities set-off in the statement of financial position	-	-	-	-	-	-	-	-
Net amounts of financial assets presented in the statement of financial position	-	-	319,297	40,734	154,911	738,676	9,296	2,648
<i>Related amounts not set-off in the statement of financial position</i>								
Financial instruments	-	-	(319,297)	(40,734)	(792,647)	(7,781)	(9,296)	(2,648)
Net amount	-	-	-	-	(637,736)	730,895	-	-
<i>Financial liabilities subject to offsetting, enforceable master netting arrangements</i>								
Gross amounts of recognised financial liabilities	-	-	-	102,612	792,647	7,781	450	3,353
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	-	-	-	102,612	792,647	7,781	450	3,353
<i>Related amounts not set-off in the statement of financial position</i>								
Financial instruments	-	-	(319,297)	(40,734)	(792,647)	(7,781)	(9,296)	(2,648)
Net amount	-	-	(319,297)	61,878	-	-	(8,846)	705

Notes to the Financial Statements

9. Financial risk management (continued)

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

\$ As at 31 March	New Zealand Fixed Interest Fund		Income Fund		Balanced Fund		Growth Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
Financial assets subject to offsetting, enforceable master netting arrangements								
Gross amounts of recognised financial assets	-	-	5,052	1,123	-	101,847	-	120,175
Gross amounts of recognised financial liabilities set-off in the statement of financial position	-	-	-	-	-	-	-	-
Net amounts of financial assets presented in the statement of financial position	-	-	5,052	1,123	-	101,847	-	120,175
<i>Related amounts not set-off in the statement of financial position</i>								
Financial instruments	-	-	-	-	-	-	-	(62)
Net amount	-	-	5,052	1,123	-	101,847	-	120,113
<i>Financial liabilities subject to offsetting, enforceable master netting arrangements</i>								
Gross amounts of recognised financial liabilities	-	-	-	-	-	-	-	62
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	-	-	-	-	-	-	-	62
<i>Related amounts not set-off in the statement of financial position</i>								
Financial instruments	-	-	-	-	-	-	-	(62)
Net amount	-	-	-	-	-	-	-	-

(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 2023 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 Octagon Investment Funds

Opinion

We have audited the financial statements of Octagon Investment Funds, which refers to the following separate and independent funds: Octagon New Zealand Equities Fund; Octagon Australian Equities Fund; Octagon New Zealand Fixed Interest Fund; Octagon Global Equities Fund; Octagon Listed Property Fund; Octagon Income Fund; Octagon Balanced Fund; Octagon Growth Fund which comprise the statements of financial position as at 31 March 2023, and the statements of comprehensive income, 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 24, present fairly, in all material respects, the financial position of Octagon Investment Funds as at 31 March 2023, 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 Octagon 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 Octagon Investment Funds in the area of taxation advice in relation to PIE tax compliance. These services have not impaired our independence as auditor of Octagon Investment Funds. In addition to this, subject to certain restrictions, partners and employees of our firm may deal with Octagon Investment Funds on normal terms within the ordinary course of trading activities of the business of the Octagon Investment Funds. The firm has no other relationship with, or interest in, Octagon 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 Octagon Investment Funds' financial assets at fair value through profit or loss ("the investments") at 31 March 2023 are valued at:

	\$000	% of total assets
Octagon New Zealand Equities Fund	\$81,630	97%
Octagon Australian Equities Fund	\$75,439	95%
Octagon Global Equities Fund	\$121,851	98%
Octagon Listed Property Fund	\$29,118	98%
Octagon New Zealand Fixed Interest Fund	\$143,674	95%
Octagon Income Fund	\$9,685	94%
Octagon Balanced Fund	\$32,770	96%
Octagon Growth Fund	\$26,002	94%

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

At 31 March 2023, 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 Trustees Executors Limited ("TEL" or the "Custodian") on behalf of the Octagon 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 Octagon Investment Funds for accounting for and valuing their investment portfolio;
- Obtaining a schedule of investments at market price as at 31 March 2023 and reconciling the schedule to general ledger;
- Obtaining confirmation from the Custodian that Octagon 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 2023 to independent third party pricing sources.

Other information

The Board of Directors of the Manager is responsible on behalf of Octagon 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 identified above when it becomes available 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.

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 are responsible on behalf of Octagon 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 are responsible on behalf of the Octagon Investment Funds for assessing Octagon 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 Octagon 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 Octagon Investment Funds’ Unitholders, as a body. Our audit has been undertaken so that we might state to Octagon 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 Octagon 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

24 July 2023