

—
GUARDIANS OF
NEW ZEALAND
SUPERANNUATION
—



—
ANNUAL
REPORT
2025
—

FUTURE **proof**



**We're not just investing for today,
we're investing to work towards the
future we all want.**



MEET *William Dorset*
FROM KAHAKA

I am working to plan and deliver the development in Feilding, New Zealand. This includes everything from the layout of the sections for new homes, where residents will do their shopping and send their children to school through to oversight of the physical construction works. I love that this will provide Kiwis with a great community to call home and a chance to own their own property.

But that's just part of how I contribute to the future of New Zealand. Working for an NZ Super Fund investee company means that what I do ultimately helps to keep superannuation affordable for us all.





\$9.6b — **local investment** →

With a long-term mindset, we seek opportunities that shape New Zealand's tomorrow.



MEET

Stanley Archibald
**FROM KAINGAROA
TIMBERLANDS**

We're here to help New Zealand thrive tomorrow by investing wisely today. Our decisions are made with future Kiwis in mind.

My role as an Environmental Forester for Kaingaroa Timberlands takes me into New Zealand's largest and most prominent forestry operation. Our focus on sustainable forest management ensures long-term value while respecting the relationship between the whenua (land), ngahere (forest) and people. It motivates me to know that my work helps to provide resources that New Zealand needs, protect the environment for many years to come, and generate returns that will benefit me, my whānau, and all New Zealanders when we reach retirement age.

Kaingaroa Forest is more than a resource; it's a taonga we are privileged to safeguard for future generations.



Future-proofing means investing with vision and purpose to deliver benefits New Zealanders can enjoy for many years to come.



11%

of the Fund invested
in New Zealand



Our year in review

OUR PURPOSE:

Sustainable investment delivering
strong returns for all New Zealanders

Kia toitū te haumi hei hua mā ngā
tāngata katoa o Aotearoa

OUR VISION:

An inclusive team creating a better
future through investment excellence

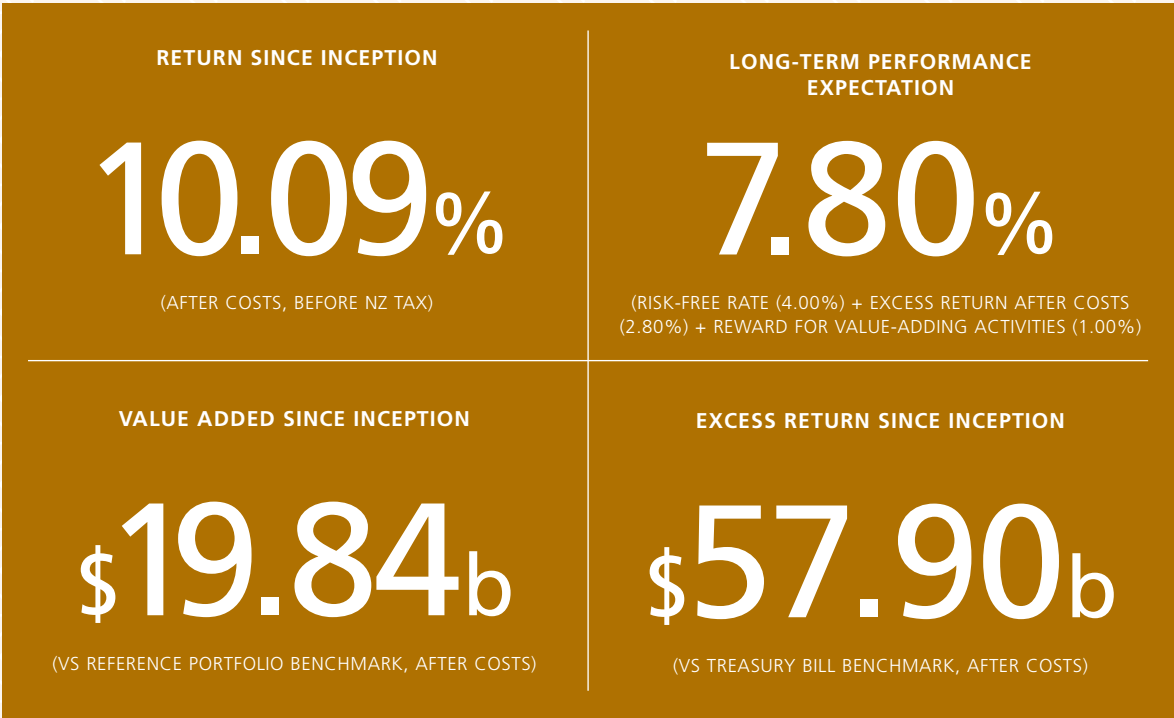
Mā te kotahi ā-kapa, mā te kounga
ā-haumi, ka tino eke ki tua

HIGHLIGHTS FROM 2024/25:

- Received a very positive independent statutory review and worked to implement its recommendations
- Named the world's top-performing sovereign wealth fund over the last 10 and 20 years
- Filled four new Leadership Team roles with internal hires
- Expanded our internal Investment Academy training forum
- Delivered Phase 2 of our human resources system

PRIORITIES FOR 2025/26:

- Migrate a range of existing models to our new data system, completing our multi-year Investment Data and Analytics Programme
- Complete our five-yearly Reference Portfolio review
- Evolve the maturity of our sustainable finance approach
- Further simplify organisational processes and structures
- Relocate our office to Auckland's Chief Post Office building

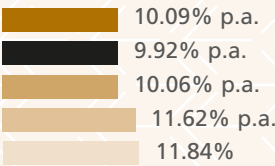


NZ SUPER FUND RETURNS

As at 30 June 2025

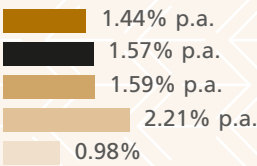
ACTUAL FUND RETURN

(after costs, before NZ tax)



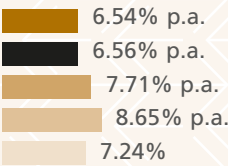
VALUE ADDED BY THE GUARDIANS

(compared to passive Reference Portfolio benchmark)



RETURN OVER TREASURY BILLS

(returns over and above the Treasury Bill return – the Government’s marginal cost of debt)



● Since inception (September 2003) ● 20 years ● 10 years ● 5 years ● 1 year



HOW TO READ THIS REPORT

This Annual Report has been prepared in accordance with the 2021 Global Reporting Initiative (GRI) Standards. It describes the performance of the New Zealand Superannuation Fund (NZ Super Fund), the Elevate NZ Venture Fund (Elevate) and the Guardians of New Zealand Superannuation (Guardians), the autonomous Crown entity that manages the funds, over the 2024/25 financial year.

The Overview of the Guardians section includes a performance summary, who we are and what we do, key achievements, our future priorities and the Statement of Performance. The remainder of the report details important aspects of the Guardians and its funds: investment performance and activities, sustainable investment, governance and the financial statements.

An overview of the report and supplementary information are available on our website. The supplementary information includes a Climate Change Report, Stewardship Report, GRI Index and a list of the NZ Super Fund's portfolio holdings as at 30 June 2025.

Previous Annual Reports are available on our website.

We welcome feedback to help us improve our reporting. Comments can be directed via email to enquiries@nzsuperfund.co.nz.

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OVERVIEW OF THE GUARDIANS

This section provides high-level information on the purpose and mandate of the Guardians and its funds. It also features our Statement of Performance and details of our workforce and operations.

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APPENDIX

Where possible, we have tried to avoid the use of industry-specific words and language. In some cases, however, in the interest of brevity and clarity, these words are unavoidable. Industry terms are explained in our Glossary. This section also provides the compliance statements, index and Good Employer Reporting.

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One

Overview of the Guardians

He Tiro Whānui ki ngā Kaitiaki me te Tahua

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OVERVIEW

Our mandates

The Guardians is responsible for managing two mandates: the NZ Super Fund and Elevate.

GUARDIANS

The Guardians was established by the New Zealand Superannuation and Retirement Income Act 2001 (NZ Super Act) and manages the NZ Super Fund and the Elevate Fund.

The Guardians has just over 200 employees. We are guided by our purpose: Sustainable investment delivering strong returns for all New Zealanders; and vision: An inclusive team creating a better future through investment excellence.

NZ SUPER FUND

The NZ Super Fund is the principal mandate and focus of the Guardians. This is a growth-oriented investment portfolio holding a mix of public and private assets around the world.

New Zealand Superannuation (NZ Super) is the government pension paid to New Zealanders aged 65 and over. Universal NZ Super is a key reason why New Zealand has low rates of poverty among over-65s compared with other age groups in our country.

At present, the Government funds NZ Super through current taxpayers. However, because New Zealand has an ageing population, each year the proportion of New Zealanders who are over 65 and receiving NZ Super increases, and the proportion of taxpayers decreases.

In 2024/25, the Government made payments to over-65s of around \$23 billion. Over the next 14 years, that's expected to roughly double. The Government created the NZ Super Fund in response to this demographic pressure as a way to save now and give future governments the means to maintain NZ Super payments.

The Fund will meet a large proportion of the incremental cost increase caused by this demographic pressure, reducing the need to raise taxes or reduce other spending to maintain NZ Super. The Fund, therefore, has a smoothing effect – improving the ability of future governments to pay for NZ Super.

Now, after 21 years of investing, the Fund typically pays more in domestic tax each year than it receives in government contributions. Between 30 June 2025 and the anticipated first drawdowns in 2028, based on the formula set out in the NZ Super Act, Treasury projects the NZ Super Fund will pay \$3.1 billion more in tax than it receives from the Government.

By the mid-2070s, when the NZ Super Fund is projected to be at its peak as a percentage of Gross Domestic Product (GDP), Fund withdrawals and tax payments combined will cover approximately 20% of the total annual net cost of NZ Super.

As set out in the NZ Super Act, the Guardians must invest the NZ Super Fund on a prudent, commercial basis and in a manner consistent with:

- best-practice portfolio management
- maximising return without undue risk to the Fund as a whole
- avoiding prejudice to New Zealand's reputation as a responsible member of the world community.

The NZ Super Fund's performance is set out on pages 41-45.

ELEVATE

The Elevate NZ Venture Fund is a government initiative to increase venture capital for young, innovative companies, to develop New Zealand's early-stage capital ecosystem and lift productivity.

Elevate supports investments into New Zealand companies that have moved beyond the start-up, or 'angel' investor stage, and need capital for further development. It encourages private investors into the domestic venture capital market by providing matching capital. Its aim is to develop the early-stage capital ecosystem in New Zealand, growing new venture capital managers and supporting innovation in the economy. The Government tasked the Guardians with overall responsibility for Elevate because of our experience as an institutional investor.

The Guardians has appointed New Zealand Growth Capital Partners Limited (NZGCP) to manage Elevate under a fund-of-funds model. NZGCP allocates funds to private-sector fund managers who are required to match these contributions with capital from the private sector. In turn, these fund managers deploy capital to small- to medium-sized New Zealand companies seeking growth opportunities.

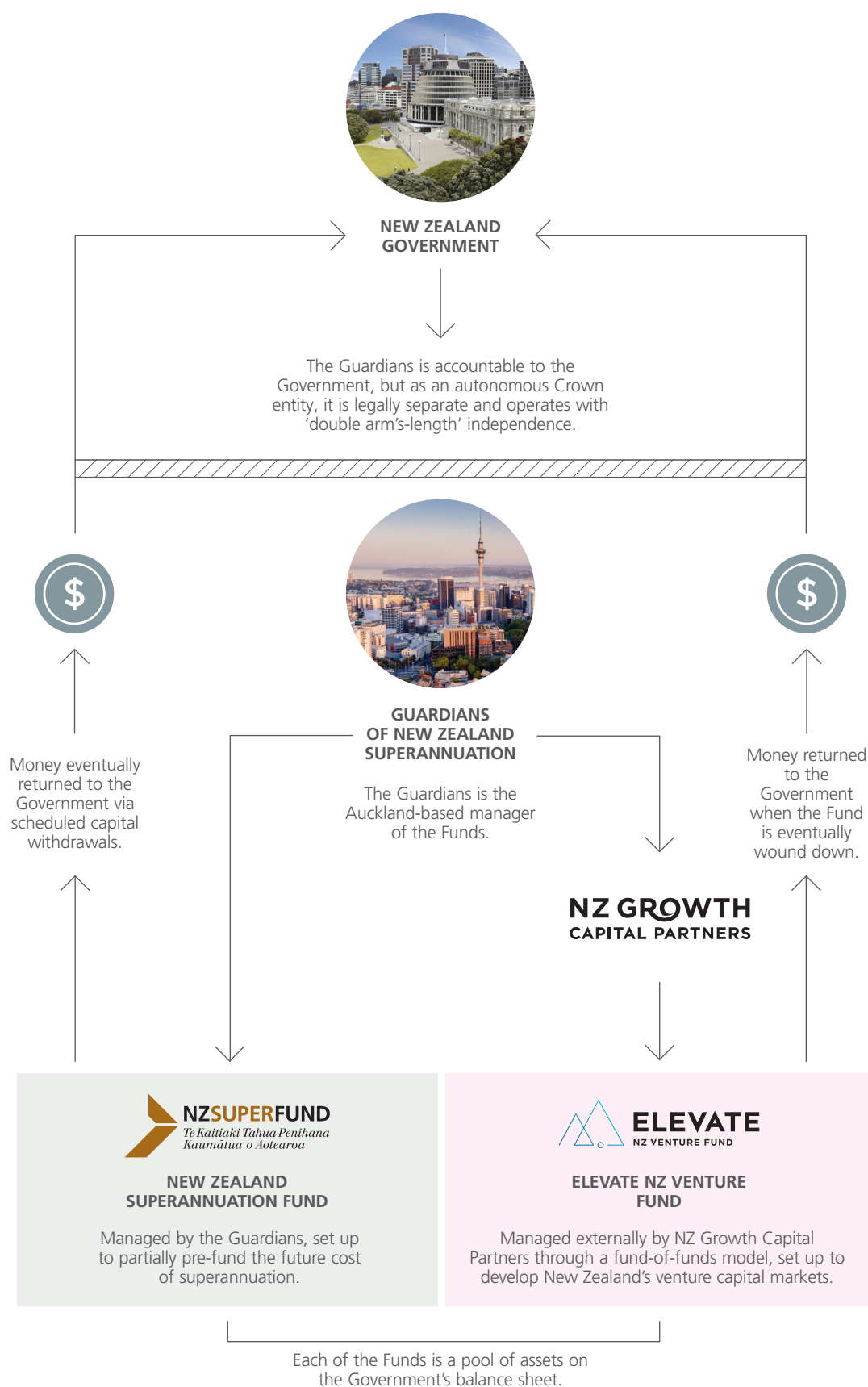
The Guardians' role is to oversee the management of the Elevate Fund to ensure that it is being invested in line with best practice for institutional investment in New Zealand venture capital markets. Under the Venture Capital Fund Act 2019 (VCF Act), we must manage and administer Elevate in a manner consistent with:

- a policy statement released by the Government on 19 December 2019
- avoiding prejudice to New Zealand's reputation as a responsible member of the world community.

Elevate consists of \$400 million of Crown capital commitments, including \$100 million of new funding allocated in 2025.

Elevate's performance is set out on pages 64-68.

2-1
2-2
2-6



The Crown may also receive amounts from the Funds by way of tax payments.

STATEMENT FROM THE CHAIR TE TAUĀKĪ A TE TOIHĀU



JOHN WILLIAMSON
CHAIR

I tēnei pūrongo ā-tau, e arotahitia ana ā mātou haumitanga i Aotearoa. He wāhanga whakahirahira tēnei nō te rautaki a ngā Kaitiaki, inā rā, ko tā mātou tino whāinga ko te whakaputa hua ki ngā tāngata katoa o Aotearoa.

Mai, mai, tā ngā Kaitiaki arotahi ki ngā haumitanga i Aotearoa. E whakapono ana mātou ki ngā huapai ka puta i tō mātou mōhio ki te rohe pātata, i tō mātou tūnga hei kaihaumi whakatupu tahua kāwanatanga i te ara o te haumi tuku iho e whāia nei e mātou, hei kaihaumi takitahi, hei hoa haumi hoki mō ētahi atu. Kua whakaūngia e ngā kāwanatanga i roto i ngā tau te whakahau kia rapu ngā Kaitiaki i ngā ara wātea e pai ana ā-arumoni, kei reira rā ngā rawa a Aotearoa hei haumitanga, ā, kei te pērā tonu mātou.

E piki haere tonu ana te wāriu o tā mātou huinga haumitanga i Aotearoa ina whakatauritea ki te tapeke wāriu hokonga i runga i ngā wāriu mākete o nāianei; heoi anō, nā te tupuranga o te Tahua Penihana Kaumātua o Aotearoa i ngā tau e 20 kua hori, kua iti iho te ōwehenga o ngā rawa nō Aotearoa ki te tapeke o ngā rawa. Ka kōrerohia te ara haumi i Aotearoa ka whāia e mātou, ka miramiratia hoki ētahi o ngā haumitanga whāiti i ngā whārangi 54-58.

Ko tētahi o ā mātou mahi hei kaitiaki i roto o Aotearoa, hei mema haepapa hoki mō te hāpori o te ao whānui, ko te whakaaroaro ki te toitū o ā mātou whakahaere me ā mātou haumitanga. I tēnei tau, kua whakaarotia e mātou te āhua o tā mātou whakawhanake i tō mātou ara ki te toitūtanga e ahu atu ana ki te anamata.

Kua whai wāhi ki tēnā te whakaritenga o ētahi whāinga hou e pā ana ki te whakahekenga o te tukuwaro. Ki tā mātou titiro, he tūraru nui te āhuarangi hurihuri ka pā kaha ki te taha pūtea. Mā te whakaheke i te waro i te kōhauhau, ka kaha ake tā tātou whakaputa hua e toitū ana ki ngā reanga e tū mai nei.

Kua āta piri mai te Poari ki te ārahi i ngā Kaitiaki i roto i ngā mahi whakaū i tana rautaki, i a *Guardians of the Future*. Kua whai wāhi ki tēnei te ārahitanga e pā ana ki ngā kaupapa matua e anga whakamua ana, pērā i te whakawhanake i tā mātou whakamahi i ngā raraunga, i te whakakou ake i ā mātou whakahaere, me te whakatupu i tētahi ahurea ā-whakahaere e pakari ana.

Ka noho te hangarau hei wāhanga nui mō te āhua o tā ngā Kaitiaki whakarite mō te anamata. I te tau 2024/25, i mutu tētahi hōtaka hangarau matua kua tautini e rere ana; i rere te tūārerere tuarua o tā mātou pūnaha hou mō te pūmanawa tangata; kua nui hoki te paneke ki te whakaotinga o tā mātou Hōtaka mō ngā Raraunga me ngā Tātāritanga ā-Haumitanga.

E kaha tautoko ana te Poari i tā te ohu whakahaere whai i tērā ara hei arotake, hei whakamāmā hoki i ngā anga, i ngā tukanga me ngā ritenga mahi hoki o te whakahaere. Ka whai wāhi ki tēnei te whakapai ake i te rautaki haumitanga a ngā Kaitiaki, te whakapai ake i te kaha o te hangarau me te whakawhāiti i ngā whakahaere

This year's Annual Report focuses on our investments in New Zealand. This is an important part of the Guardians' strategy, as our mission is ultimately about providing for all New Zealanders.

The Guardians has always had a particular focus on investing in New Zealand. We believe our local knowledge, our sovereign status and our intergenerational investment approach give us an advantage as an investor in our own right and as a partner for others. Successive governments have reiterated the expectation that the Guardians will seek out commercially attractive opportunities to invest in New Zealand assets, and we continue to do so.

The value of our domestic portfolio continues to increase relative to nominal GDP; however, the NZ Super Fund's growth over the past 20 years has meant the ratio of New Zealand assets to total assets has reduced. We discuss our approach to investing in New Zealand, and highlight some specific investments, on pages 54-58.

Part of our role as kaitiaki (guardians) within New Zealand, and a responsible member of the broader world community, is considering the sustainability of our operations and investments. This year, we have been considering how we can evolve our approach to sustainability into the future.

This has included setting new carbon targets. We view climate change as a material financial risk. Reducing our exposure to carbon supports our ability to deliver strong, sustainable returns for future generations.

The Board has been closely involved with steering the Guardians through embedding its 'Guardians of the Future' strategy. This has included providing guidance on major future-focused initiatives including evolving our use of data, optimising our operations and fostering a strong organisational culture.

Technology will be a major contributor to how the Guardians is preparing for the future. 2024/25 has seen the conclusion of a major multi-year technology programme; the roll-out of the second phase of our new human resources system; and significant progress towards the completion of our Investment Data and Analytics Programme.

The Board is highly supportive of management taking this opportunity to review and simplify the organisation's structures, processes and ways of working. This includes refining the Guardians' investment strategy, enhancing technology capability and streamlining operations both to optimise performance and to support a potential doubling in Fund size over the next 15 years.

e kounga ake ai ngā mahi, hei tautoko hoki i te huaruatanga o te Tahua tērā pea ka puta i ngā tau 15 e haere ake nei.

I te tau e haere ake nei, ka puta ngā whakatau whakamutunga a te Poari e pā ana ki ngā arotakenga e rua o te huinga haumitanga e rere ana i tēnei wā. Mā te arotakenga o te Paerewa Tūāpapa o ia rima tau e tatū ai tō mātou paeraro me te āhua o tā mātou whakahaere tūraru, ā, mā te arotakenga o te māngohe o ngā rawa mātou e āwhina ki te whakarite i ngā āhuatanga e tika ana e tutuki tonu ai ō mātou herenga i roto i ngā piki me ngā heke o te māketē. Nā te mea e nui ana, e tauroa ana hoki ngā pānga o aua arotakenga e rua, e āta whai ana mātou kia mārama ki ngā take i mua i te whakaputanga o ā mātou whakataunga i roto i te tau e tū mai nei.

E rua ngā panonitanga kua puta i te Poari o ngā Kaitiaki i tēnei tau. Tuatahi, kua rītāia a Doug Pearce i muri i te waru tau ōna i te Poari. I kawē mai a Doug, te Kaiwhakahaere o tētahi o ngā kaihaumi ā-whakahaere nui katoa o Kānata, i ana pūkenga nui whakaharahara e pā ana ki ngā haumitanga ā-ao e toitū ana ki tō mātou Poari. I noho hoki ia hei toihau mō ngā komiti e rua o te Poari i ōna wā, i te roanga o tana noho ki te Poari. E rere atu nei aku mihi ki a Doug i te nui o ana takoha ki ngā Kaitiaki. Tuarua, kua kopoua a Sue Brake hei mema hou mō te Poari. Ko Sue te kaimahi tuatoru a te Tahua Penihana Kaumātua o Aotearoa i tōna timatanga, ā, nāwai ka tū ia hei *Chief Investment Officer* i te *Future Fund*, i te tahua whakatupu rawa kāwanatanga o Ahitereiria. E kawē ana a Sue i ana pūkenga rongonui i te ao whānui mō te whakahaere haumitanga ki tō mātou Poari.

Kua tino eke ngā mahi a te Tahua Penihana Kaumātua o Aotearoa i tēnei tau, mō te taha ki ngā hua haumitanga ake me te āpitihanga o te wāriu, nā ā mātou rautaki haumi e whai ana kia nui ake ngā hua haumitanga i te paeraro. Nā te mea e hāngai ana te Tahua ki te pae tawhiti, i tino koa te ngākau i te whakamōhiotanga mai kua eke ā mātou mahi ki te tihi hei tahua whakatupu rawa kāwanatanga i te ao, i te tekau tau me te rua tekau tau kua pahemo. He ekenga whakamāharo tēnei ahakoa te poto noa o te tūnga o ngā Kaitiaki.

Hei māngai mō te Poari, e rere nei aku mihi ki a Jo Townsend me te ohu o ngā Kaitiaki i tō rātou ngākaunui tonu kia kairangi tā mātou whakatutuki i tā mātou whāinga. Nā ā rātou mahi te waka i urungi kia eke panuku ai tā mātou whakatutuki whāinga i runga i te kounga, ā, nā reira e pakari haere tonu nei te tū, e takatū nei hoki te whakahaere mō ngā tau kei te heke mai.

Over the next year, the Board will also make the final decisions on two investment portfolio reviews currently underway. The five-yearly Reference Portfolio review will set our benchmark and risk profile, while the liquidity review will help us put in place the right settings to continue to meet our requirements through future market ups and downs. As both reviews have major long-term implications, we are taking time to understand the issues before coming to our decisions over the coming year.

There have been two changes to the Guardians' Board composition this year. First, Doug Pearce has retired following eight years on the Board. Doug, a former Chief Executive of one of Canada's largest institutional investors, has brought immense global and sustainable investment expertise to our Board. He also chaired both Board committees at various times during his tenure. I'd like to personally thank Doug for all he has contributed to the Guardians. Second, Sue Brake has been appointed as our newest Board member. Originally the NZ Super Fund's third employee, Sue later became Chief Investment Officer at the Future Fund, which is Australia's sovereign wealth fund. Sue brings globally recognised expertise in investment management to our Board.

The NZ Super Fund has performed very well this year, both in terms of absolute returns and value added through our active investment strategies. As the Fund is focused on the long term, it was especially heartening to learn that we have been the top-performing sovereign wealth fund in the world over the past 10 and 20 years. This is an incredible achievement over the relatively short life of the Guardians.

On behalf of the Board, I would like to thank Jo Townsend and the Guardians' team for their ongoing dedication to excellence in achieving our purpose. Their work has steered us to exceptional performance and continues to build an increasingly mature and future-ready organisation.

STATEMENT FROM THE CHIEF EXECUTIVE TE TAUĀKĪ A TE TUMU WHAKARAE



Jo Townsend

JO TOWNSEND
CHIEF EXECUTIVE

Nā te mea i timata taku mahi ki ngā Kaitiaki i a Āperira 2024, koinei taku tau tuatahi hei Tumu Whakarae. Kua rawe te tau, ā, kua pai te tau haere o taku noho me te mōhio haere ki ngā Kaitiaki, ki ō mātou tāngata me te maha o ō mātou hunga whai pānga, o ngā kaiwhakahaere i ngā haumitanga me ngā rawa, o ngā hoa-haumi me ngā kamupene e whiwhi ana i ngā haumitanga. Tēnā koutou katoa, i te pai o tā koutou whakatau mai.

Ko te 11.84% te hua haumitanga i hoki mai ki te Tahua Penihana Kaumātua o Aotearoa i tēnei tau pūtea, e 0.98% nei tōna tuhene i te paeraro o te Paerewa Tūāpapa, ā, e 7.24% tōna tuhene i te hua haumitanga o te *Treasury bill*. He hua tino rawe tēnei. Nā tā mātou arotahi ki te pae tawhiti me ngā rautaki haumitanga, i whakaritea ai kia whai hua i ngā āhuatanga kanorau o te mākete, i rite pai mātou ki te whiwhi i ngā hua haumitanga nui i tētahi wā i rere ai te takahuirangi me te pāhekeheke.

Mai i tōna orokohanganga, kua nui noa ake ngā hua o te Tahua Penihana Kaumātua o Aotearoa i tā te ohu i matapae ai, i 10.09% ai ngā hua haumitanga i roto i ngā tau e 22 kua pahemo. Kāore mātou e matapae ana ka pērā rawa te nui o ngā hua haumitanga i ngā wā katoa, heoi, e matapaetia ana te whai hua tonu o te ara haumitanga e whāia ana e mātou i ngā tautini kei mua, ahakoa ngā piki me ngā heke o te mākete mō te wā poto.

I whakawanakehia anō te rautaki o *Guardians of the Future* i tēnei tau; ko tana horopaki ko te matapaetanga o te huaruatanga o te Tahua i ngā tau 15 e haere ake nei. E arotahi ana mātou ki te whakaū i te rite o ō mātou anga, o ā mātou tukanga, o ā mātou hangarau me ā mātou pae raraunga ki tā mātou e hiahia nei, me te tika o te whakahaerehia o ērā. Mā te whai kia tika ērā hei tūāpapa, ka rite pai mātou ki te whakahaere i tētahi Tahua nui noa ake i ngā tau kei te heke mai.

Hei wāhanga mō tēnei, kua panonitia tō mātou ohu Hangarau kia pai ake ai te whakarite i ngā putanga whai rautaki i runga i te taumata tika o te pūtea mō ngā mahi e matapaetia ana hei ngā tau e heke mai nei.

Ko tētahi kaupapa nui i tēnei tau ko te whakaputanga o tā WTW arotake ā-ture e motuhake ana i ngā Kaitiaki me te Tahua, i a Hepetema 2024. I puta te whakatau i te arotake mō te ekenga o te Tahua ki te tihi, i te taha o ētahi atu tahua, hei tahua whakatupu rawa kāwanatanga e whakaaro nuitia ana i te ao whānui, ā, e hāngai ana te whakahaeretia o te tahua ki ngā tikanga pai katoa o te ao. E whakatutuki haere ana mātou i ētahi tūtohunga me ētahi whakahau kua tāpaetia e WTW hei āwhina i a mātou; ka mutu, ko tētahi wāhanga nui o ērā e hāngai ana ki te ahunga o te rautaki whakahaere o te wā nei, ki a *Guardians of the Future*.

I runga anō i tā *Guardians of the Future* me tā te arotake ā-ture, e whakaaro ana hoki mātou i tēnei wā ki te ara me takahi e whanake ai tā mātou whai kia toitū ngā haumitanga – e rere ana ēnei mahi ki te tau 2025/26.

Having started with the Guardians in April 2024, this has been my first full year as CEO. It has been a great year and I have enjoyed settling in and getting to know the Guardians, our people and many of our stakeholders, investment and asset managers, co-investors and investee companies. Thank you to everyone for your warm welcome.

The NZ Super Fund returned 11.84% during the financial year, which is 0.98% above our Reference Portfolio benchmark and 7.24% above the Treasury Bill return. This is an excellent result. Our long-term focus and investment strategies, designed to take advantage of diverse market conditions, have set us up well for strong returns through what has been a relatively volatile and unpredictable period.

Since inception, the NZ Super Fund has performed well ahead of expectations, delivering a 10.09% return over the past 22 years. While we do not anticipate that returns will always be so high, we do expect that our investment approach will continue to deliver over the long term, regardless of short-term market gyrations.

The 'Guardians of the Future' strategy, which is set in the context of the Fund's projected doubling in size over the next 15 years, was further developed during the year. We are focused on ensuring we have fit-for-purpose structures, processes, technology and data platforms, and are operating efficiently. Getting these building blocks right will ensure we are well set up to manage a much larger Fund in the future.

As part of this, we have restructured our Technology team to better deliver to strategic outcomes while retaining the right level of resource for anticipated future work.

A significant milestone during the year was the publication of WTW's independent statutory review of the Guardians and Fund in September 2024. The review concluded that the Fund ranks among the most respected sovereign wealth funds globally and is operating in line with global best practice. We are currently addressing a series of constructive recommendations and suggestions put forward by WTW; notably, many of these were directionally consistent with our existing 'Guardians of the Future' organisational strategy.

Consistent with the 'Guardians of the Future' and the statutory review, we are also currently considering how to mature our sustainable investment approach – this work will flow into 2025/26.

The structure and composition of our Leadership Team has been a focus for me this year. With a number of long-standing personnel leaving the Guardians, we have had an opportunity to refresh the team.

Kua arotahi ahau ki te anga me ngā mema o tō mātou Ohu Whakahaere i tēnei tau. I te wehenga o ētahi o ngā kaimahi tūroa i ngā Kaitiaki, kua wātea mai he tūranga hou i te ohu.

E noho tonu ana a Cristina Billett rāua ko Paula Steed ki te Ohu Whakahaere, i te whitinga o Paula ki te tūranga hou o te *Chief Operating Officer*. Kua piri mai a Michael Mitchell ki te Ohu Whakahaere hei *Chief Risk Officer*, ā, kua piri mai a Brad Dunstan rāua ko Will Goodwin hei *Co-Chief Investment Officers*. E mihi ana au ki a Lara Utatao i tana noho tonu hei Kaiwhakahaere Whakakapi mō te wāhanga o *Shared Services* tae noa ki te mutunga o te tau 2025.

Anō te pai o te kopou i te hunga pūkenga nui nō roto i ngā Kaitiaki ki tēnā, ki tēnā o tō mātou tūranga i roto i te Ohu Whakahaere. Kua pūkekotia ia mema o te Ohu Whakahaere i ngā wheakoranga o roto i ngā tau maha i ngā Kaitiaki, i roto anō hoki i te rāngai pūtea whānui ake, i Aotearoa, i te ao whānui hoki. Nā tō rātou mōhiotanga me tō rātou kohara ki te whakatupu hua mō ngā tāngata o Aotearoa, e kōhure ana tā rātou tū hei kaiārahi mō ngā Kaitiaki.

E rere ana aku mihi ki te tīma katoa o ngā Kaitiaki i ā rātou mahi i te tau kua hipa me tō rātou manawanui tonu ki te whakatutuki i tā mātou kaupapa.

Ko te 'Anga Whakamua' tētahi o tō mātou uara ā-whakahaere e mauroa ana, ā, ka noho tonu tērā hei arotahi mā mātou i te tau e haere ake nei. Ka nui taku ngākau whakapuke i ngā hua kua puta i ngā Kaitiaki ā mohoa, ā, e whakapono ana ki te pakari o tā mātou tū i ngā whakaritenga e whakaurua ana e mātou i tēnei wā hei ārai i ngā ākinga, e pai ai hoki te kuhu ki ngā ara wātea ka puta hei ngā tau kei te heke mai.

Cristina Billett and Paula Steed both remain part of our Leadership Team, with Paula moving to the newly-created Chief Operating Officer role. Michael Mitchell has joined the Leadership Team as our Chief Risk Officer, and Brad Dunstan and Will Goodwin have joined as our Co-Chief Investment Officers. I thank Lara Utatao for continuing as the Acting General Manager, Shared Services through to the end of 2025.

It's been fantastic to appoint top talent from within the Guardians to each of our new Leadership Team roles. Each member of our Leadership Team has many years of experience at the Guardians and in the broader financial sector, both in New Zealand and internationally. Their knowledge and passion for delivering results for New Zealanders makes them outstanding leaders for the Guardians.

I would like to thank the entire Guardians team for their work over the past year and their ongoing commitment to achieving our purpose.

'Future Focused' is one of our enduring organisational values, and it is one which will continue to have particular emphasis in the coming year. I am incredibly proud of the performance the Guardians has shown to date and confident that the settings we are putting in place now will set us up well for the challenges and opportunities the coming years will bring.

BOARD MEMBERS

**JOHN WILLIAMSON (CHAIR OF THE BOARD)**

BA, LLB, LLM, CMInstD

Appointment: 30 May 2016, and appointed Chair of the Board on 1 March 2024*Term expiry:* 30 September 2026*Committees:* Audit & Risk, People & Culture

John is a private company investor. He has deep operational and financial expertise gained from leadership roles in listed and private equity-owned companies across multiple sectors, including as Group Chief Executive of ACG Education, Group Managing Director of investment holding group Hellaby Holdings and senior leadership positions with Fletcher Building and Bendon. His experience spans mergers and acquisitions, and investment, distribution, manufacturing, industrial services, retail and education businesses in New Zealand and Australia. John is Chair of Ritchies Transport Holdings and a former Chair of Hockey New Zealand.

**HENK BERKMAN**

PhD, MCom

Appointment: 1 October 2018*Term expiry:* 30 September 2027*Committees:* Audit & Risk, People & Culture

Henk has extensive expertise in the areas of investment, corporate finance and corporate governance. He is a Professor of Finance at the University of Auckland and has a fractional appointment as Research Professor at the University of Sydney. He completed his PhD at Erasmus University Rotterdam and has published extensively in leading finance journals. He was adjunct director at Arthur Andersen Global Corporate Finance and has consulted to a number of multinationals and market regulators around the world. His former directorships include SIRCA, a not-for-profit organisation with the mission to promote financial research, and Rozetta Technology, a big-data analytics organisation based in Sydney. Henk also serves as President of the Dutch language school in Auckland. Henk is a lay member of the High Court of New Zealand.

**SUE BRAKE**

MA, BA, BSc

Appointment: 9 December 2024*Term expiry:* 30 September 2029*Committee:* Audit & Risk

Sue has 25 years' experience in leadership roles and is a globally recognised expert and a published author on investment management and risk management. She is a former Chief Investment Officer of Australia's Future Fund, where she was responsible for achieving long-term investment objectives across six government-owned funds, totalling A\$250 billion. Prior to that, Sue was Head of Strategic Advisory for WTW, an External Expert on sovereign wealth management for the International Monetary Fund (IMF), a Senior Investment Strategist with the Guardians of New Zealand Superannuation, and Head of Capital Markets for NAB. She is an independent member of the Investment Committee of Aware Super, Australia's third-largest superannuation fund; moderator for ICPM, a global network of pension organisations; a member of the Investment and Risk Advisory Panel that advises the Monetary Authority of Singapore (MAS); and Chair of Dragonfly Thinking.

**DAVID MCCLATCHY**

BCom

Appointment: 1 October 2021*Term expiry:* 30 September 2026*Committee:* Audit & Risk

A respected business leader and financial markets professional, David returned to New Zealand following a successful career based in Sydney. He was Group Chief Investment Officer of Insurance Australia Group and Managing Director at IAG Asset Management until 2019, and before this he was CEO and Chairman at ING Investment Management Australia. Prior to this, David spent 16 years with banking and investment management companies in New Zealand. He has led multinational investment organisations across New Zealand, Australia and Asia, managing funds for insurance firms, corporates, sovereign wealth funds, superannuation funds, and charities. David is a director of NZX-listed investment companies Kingfish, Barramundi and Marlin Global, as well as Trust Investment Management, a professional services entity supporting charities with governance and investment, and Waipuna Hospice, a non-profit palliative care provider.

**FIONA OLIVER (CHAIR OF THE PEOPLE & CULTURE COMMITTEE)**

LLB, BA, CFIInstD

Appointment: 24 March 2023*Term expiry:* 30 September 2027*Committee:* People & Culture (Chair)

Fiona is a highly experienced director and holds governance roles that span a number of business sectors including infrastructure (transport, renewable energy, natural gas), technology, commercial property, professional and financial services and sport. She is a director of Summerset Group, Kingfish, Barramundi, Marlin Global, Clarus (First Gas) Group companies, Gentrack Group, Freightways and Wynyard Group (in liquidation). Fiona is a former director of BNZ Life Insurance, BNZ Insurance Services, Augusta Capital and Augusta Funds Management, and a director and audit committee chair for Tilt Renewables. She is a former member of Inland Revenue's Risk and Assurance Committee, and a former board member of New Zealand Water Polo. Fiona has held leadership roles in funds management for Westpac and AMP in New Zealand and commercial roles in asset management and private equity in Sydney and London. Before that, she practised as a senior corporate and commercial lawyer, in New Zealand and overseas, with a focus on mergers and acquisitions. In 2021, Fiona was awarded the New Zealand Shareholders Association Beacon Award, which recognises outstanding performance in leadership and corporate governance.

**HINERANGI RAUMATI TU'UA (CHAIR OF THE AUDIT & RISK COMMITTEE)**

MNZM, BMS, MMS

Appointment: 1 April 2024*Term expiry:* 30 September 2028*Committee:* Audit & Risk (Chair)

A Chartered Accountant, Hinerangi was formerly Executive Director of Operations at Te Wānanga o Aotearoa and prior to that was Chief Financial Officer of Tainui Group Holdings. Her governance career includes directorships with various iwi organisations, listed companies, and Crown and Council-Controlled entities including the Reserve Bank of New Zealand. She was the first woman elected to the Parininihi ki Waitōtara board, the first Waikato-Tainui iwi member to be appointed chair of Tainui Group Holdings, was made a Member of the New Zealand Order of Merit in 2012, and was added to the New Zealand Business Hall of Fame in 2025. Hinerangi is currently on the boards of Genesis Energy and Tainui Group Holdings, and chairs the Ngā Miro Trust. She is a Fellow of Chartered Accountants Australia and New Zealand.

LEADERSHIP TEAM

CHIEF EXECUTIVE OFFICER

Areas of responsibility: General management of the Guardians under delegation from the Board, including Human Resources function until new General Manager, People & Culture commences

**JO TOWNSEND**

BMathFin

Jo joined the Guardians in April 2024, after spending eight years as Chief Executive Officer at Funds SA in South Australia. She has more than 30 years' experience within investment management working in various technical and general management roles across a range of organisations in Australia including REST Industry Super, NGS Super, Retirement Benefits Fund, Value Capital Management, and Rothschild Australia Asset Management. Jo has a Bachelor of Mathematics and Finance from the University of Technology, Sydney, and is a certified Investment Management Analyst from the Investment Management Consultants Association.

CO-CHIEF INVESTMENT OFFICERS

Areas of responsibility: Asset allocation, strategic tilting, data analytics, sustainable investment, external investments and partnerships, direct investment

**BRAD DUNSTAN**

BCom, PGDipMgt

Brad joined the Guardians in September 2013 and was appointed Co-Chief Investment Officer in 2024. He was previously Head of Portfolio Completion. Prior to joining the Guardians, Brad worked for Cannacord Genuity in London as Co-Head of European Equity Derivatives, and for various investment banks including Bear Stearns and JP Morgan. Brad holds a Bachelor of Commerce from the University of Canterbury and a Postgraduate Diploma in Management. He is a member of the New Zealand Institute of Directors and Co-Chair of the NZ Super Fund Investment Committee.

**WILL GOODWIN**

BCA, MAF

Will joined the Guardians in 2016 and was appointed Co-Chief Investment Officer in 2024. He was previously Head of Direct Investments with responsibility for leading the Fund's global direct/private equity investments, internally managed listed equities and machine learning strategies. Prior to joining the Guardians, Will held executive roles in finance and private equity. He is currently Co-Chair of the NZ Super Fund Investment Committee, Director of Kaingaroa Timberlands, Chair of the Institute of Finance Professionals NZ (INFINZ) and has previously served on listed and unlisted boards in New Zealand, Australia and the UK. He holds a Bachelor of Commerce majoring in Economics and a Master of Applied Finance from Victoria University of Wellington and has completed INSEAD's Advanced Management Programme.

GENERAL MANAGER, CORPORATE AFFAIRS

Areas of responsibility: Board secretariat, communications, legal, government relations

**CRISTINA BILLETT**

LLB (Hons)

Cristina joined the Guardians in 2009 and was appointed General Manager, Corporate Affairs in 2022. She is also currently the Chair of the Guardians' Risk Committee. Cristina was previously the General Counsel and Head of Legal. Prior to joining the Guardians, she had roles both in law firms and as in-house counsel in the financial services industry. Prior to going in-house, Cristina spent several years as a senior legal associate at Herbert Smith Freehills in Australia and worked at law firm Bell Gully. She holds a Bachelor of Laws (Hons) from the University of Auckland, has a business diploma from Mt Eliza Business School and has completed the Oxford Corporate Affairs Academy. Cristina is a member of the New Zealand Institute of Directors.

CHIEF RISK OFFICER



Areas of responsibility: Enterprise risk, records management, portfolio risk, data services, operational compliance, model risk and operational due diligence

MICHAEL MITCHELL

Michael joined the Guardians in 2005 after 25 years in financial markets, including central banking, portfolio management, investment banking and funds management. His original role was to lay the foundations for the Responsible Investment function before being asked to create a Portfolio Risk unit responsible for Fund performance reporting, liquidity risk and counterparty monitoring. That became part of a larger Risk team which Michael developed over the years to also include enterprise risk, model risk, operational due diligence and operational compliance.

CHIEF OPERATING OFFICER



Areas of responsibility: Enterprise strategy, finance, investment operations, tax, information technology, data technology

PAULA STEED

BCA, FCA

Paula joined the Guardians in 2021 and was appointed Chief Operating Officer in 2025. She was previously General Manager, Strategy and Shared Services. Prior to joining the Guardians, Paula was Chief Internal Auditor at ASB Bank. Paula has 25 years' experience in financial services and banking, starting her career as an auditor with professional services firm Deloitte and holding various executive finance and general management roles with AMP, ANZ and ASB. Paula is a Fellow of Chartered Accountants Australia and New Zealand and has a Bachelor of Commerce and Administration majoring in Accounting and Commercial Law from Victoria University.

ACTING GENERAL MANAGER, SHARED SERVICES



Areas of responsibility: Investment operations, finance, tax

LARA UTATAO

BCom (Hons)

Lara joined the Guardians' Tax team in 2011 where she was involved in New Zealand and international tax compliance, due diligence and structuring for new and existing investments. After 10 years with the Tax team, Lara joined the Finance team and was the Head of Finance from late 2021 until October 2024, overseeing the financial accounting and reporting for the Guardians and the NZ Super Fund and the Office Management functions. Prior to joining the Guardians, she was a Tax Manager at professional services firm Deloitte in Auckland. Lara is a Chartered Accountant and has a Bachelor of Commerce (Hons) majoring in Accounting and Finance from the University of Auckland.

Strategic Framework

GUARDIANS

The Guardians’ function is to manage two mandates: the NZ Super Fund and Elevate.

Our ‘Guardians of the Future’ Strategic Framework was introduced in April 2024, with the goal of clearly articulating how we will pursue our purpose and vision in the years to come and design the organisation to deliver this. Our Board and management focused on embedding this strategy in 2024/25.

Our context

Understanding our context is key – this will change over time as the environment around us changes and the organisation evolves. This means an ongoing, regular assessment of our context is required so that we can respond and adapt as things change.

Focus areas

Focus areas are our response to our context and are designed to complement and interact with each other. They represent areas that we believe are strategically fundamental to the Guardians and where resource and effort should be allocated.

Principles

Each focus area is supported by principles that guide our preferred way of operating. They provide guardrails to ensure clarity and consistency in our decision-making.

The principles are not intended to be absolutes, and do not preclude us from making different choices. They do, however, raise the hurdle required to make a different choice.

The principles underpin our business planning activity, ensuring that the decisions we make around resource allocation are directly and consistently understood, applied and aligned across the Guardians.

Decision-making

Decision-making is designed to maximise our potential at any point rather than being decided up-front when planning, sometimes years in advance. It is informed by our context (what we must potentially respond to); our focus areas (what is most important to us and, within that, what choices we have); and our principles (our preferred way of operating). Further support for decision-making comes from our tools and frameworks such as the Risk Assessment Framework.

Achieving our purpose

Achieving our long-term purpose requires strong leadership; a shared understanding among employees of our vision and values; and talented, committed people with access to quality data, systems and tools.

To ensure the success of our organisational health and capability, in 2024/25 we continued to focus on embedding the Guardians’ purpose, vision, values and culture as a meaningful part of the business. This meant translating our strategy into clear actions, role requirements, accountabilities and competencies, and driving business performance through compensation, performance management, and leadership and coaching.

Focus area	Meaning
Strengthen our investment approach	Strengthening our investment approach involves continuing to review and enhance our investment framework, including how it is implemented, to ensure it is appropriate both for the present and for the future – in terms of managing a larger fund and considering potential future changes in our context.
Optimise our organisation	As the Guardians grows and our operating context evolves, we will continually review and improve processes, systems and ways of working that support our organisation, enabling it to remain resilient, adaptable and scalable.
Maximise our team and culture’s potential	The Guardians’ team and culture are strategic assets that enable our organisation to evolve and grow. Maximising our team and culture’s potential requires ongoing monitoring and investment to preserve and develop the elements that build value and are additive.
Enhance our external presence	Our reputation, networks and continued stakeholder support have been central to our success. Focusing on our networks and stakeholders provides access to investment opportunities, top talent, and market-leading peers and suppliers, and creates opportunities to respond to risks.

NZ SUPER FUND

The Guardians’ role is to invest the NZ Super Fund on behalf of the Government to help pay for the increasing cost of universal superannuation entitlements in the future. We need to make choices for how we best fulfil this role. Our founding legislation and Strategic Framework help guide these choices.

ELEVATE

The Guardians has a governance and oversight role in relation to Elevate, helping to ensure the Fund is being invested in line with best practice for institutional investment in New Zealand venture capital markets. As was anticipated in the Venture

Capital Fund Act 2019, we appointed NZGCP as the external manager for Elevate. Our Investment Report for Elevate is on pages 64-68.

As the NZ Super Fund and Elevate have different purposes, we have specific measures to understand our performance against each of them. These measures, and our performance against them, are outlined within this Statement of Performance on pages 22-25.

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3-3

GUARDIANS

The Guardians' function is to manage two mandates:
the NZ Super Fund and the Elevate Fund.

OUR PURPOSE IS

SUSTAINABLE INVESTMENT DELIVERING STRONG RETURNS FOR ALL NEW ZEALANDERS

OUR VISION IS

AN INCLUSIVE TEAM CREATING A BETTER FUTURE THROUGH INVESTMENT EXCELLENCE

Our Strategic Framework, summarised in the previous section, sets out how we will focus our organisational resources and energy to achieve these long-term outcomes. The *Measuring our performance* section (pages 22-25) sets out a series of performance measures for the Guardians as an organisation; and in respect of its management of the NZ Super Fund and the Elevate Fund mandates.

FOCUS AREAS

**STRENGTHEN
OUR INVESTMENT
APPROACH**

**OPTIMISE OUR
ORGANISATION**

**MAXIMISE OUR TEAM
AND CULTURE'S
POTENTIAL**

**ENHANCE
OUR EXTERNAL
PRESENCE**

NZ SUPER FUND

Strategic objective (outcome):

To help pre-fund the increasing cost of superannuation in the future. In doing this, the NZ Super Fund adds to Crown wealth, improves the ability of future governments to pay for superannuation, and ultimately increases inter-generational equity by reducing the tax burden on future New Zealanders.

Mandate (output):

The Guardians must invest the NZ Super Fund on a prudent, commercial basis, and in doing so, we must manage and administer the NZ Super Fund in a manner consistent with:

- best-practice portfolio management
- maximising returns without undue risk to the Fund as a whole
- avoiding prejudice to New Zealand's reputation as a responsible member of the world community.

How we assess performance:

- Governance
- Organisational capability
- Investment performance
- Best practice
- Sustainable finance

ELEVATE

Strategic objective (outcome):

To contribute to the sustainability and productivity of the New Zealand economy by increasing the venture capital available to early-stage New Zealand companies. In doing this, the Elevate Fund will help young, innovative companies to grow into successful and sustainable businesses, encourage the availability of more venture capital from other sources, and help grow the venture capital ecosystem in New Zealand.

Mandate (output):

The Guardians oversees the management of the Elevate Fund to help ensure it is being invested in line with best practice for institutional investment in New Zealand venture capital markets.

Activities:

- Appointing New Zealand Growth Capital Partners Limited (NZGCP) as the external fund manager for the Elevate Fund
- Ensuring the management agreement reflects best practice in the context of institutional investment in New Zealand venture capital markets
- Ensuring that information reporting requirements relating to the flow of capital are covered in the management agreement
- Continuing to monitor the performance of NZGCP
- Ensuring compliance with the Statement of Investment Policies, Standards and Procedures.

How we assess performance:

- Conviction review

2-12

2-14

2-22

3-3

STATEMENT OF PERFORMANCE

MEASURING OUR PERFORMANCE

Here we report on the Guardians’ progress against the short- and medium-term performance measures set out in the Guardians’ 2024–2029 Statement of Intent and 2024/25 Statement of Performance Expectations.

To help our stakeholders understand which measures are focused on the Guardians as an organisation and which are specific to the NZ Super Fund and Elevate mandates, we have separated our progress against our measures into three sections: Guardians, NZ Super Fund and Elevate.

	Guardians	NZ Super Fund	Elevate
Measures	• Governance • Organisational capability	• Investment performance • Best practice • Sustainable finance	• Conviction review

GUARDIANS

GOVERNANCE

Sound governance is at the heart of how we manage our mandates and is critical to maintaining stakeholder and public confidence in the Guardians. As an autonomous Crown entity, the Guardians is legally separate from the Crown. This means that, although we are still accountable to the Minister of Finance and Parliament, we have operational independence regarding investment decisions and are overseen by an independent board.

The New Zealand Superannuation and Retirement Income Act 2001 requires that an independent review of how effectively and efficiently the Guardians is performing its function is carried out every five years. The Minister of Finance sets the terms of reference for the review, which is conducted by an independent body appointed by the Minister. The report is presented to Parliament.

Measure	Alignment with Strategic Framework	Expected outcome	Actual outcome
Independent reviews	This measure supports all four of our focus areas.	Satisfactory review with no material concerns about the effective and efficient performance of the Guardians’ functions identified. The review’s recommendations and suggestions will be comprehensively reviewed by the Guardians. The report and our response to be published on our website.	The most recent independent review, completed by WTW in 2024, found the Guardians was operating at global best-practice levels. The report and our response are available on our website. See page 96 for further detail.

ORGANISATIONAL CAPABILITY

Workplace culture is an important consideration for the financial services industry globally. We strive for a positive workplace culture and behavioural norms that support our values. A great culture assists us to gain a competitive advantage over other investors by building and retaining a great team. Equally, high-quality leadership, strong engagement and a ‘whole-of-Fund’ culture are critical to ensuring we are making the best-possible investment decisions across the organisation.

Measure	Alignment with Strategic Framework	Expected outcome	Actual outcome
Developing and maintaining a constructive workplace culture	Maximise our team and culture’s potential	Achieve the constructive benchmark in the Human Synergistics OEI Survey. This translates to averaging above the 60th percentile for the Constructive Styles, and below the 50th percentile for both sets of Defensive Styles, or equivalent ratings in equivalent surveys, bearing in mind that over time our preferred survey methodology might change.	Our most recent Culture Survey, conducted in 2024, exceeded both benchmarks. See pages 30-31 for more information.

NZ SUPER FUND

INVESTMENT PERFORMANCE

We measure the investment performance of the NZ Super Fund against three quantitative measures.

Reference Portfolio returns relative to Treasury Bills (expected market risk premium per annum)

Due to the challenge of predicting short-term market returns, we use long-run equilibrium estimates of how the Reference Portfolio will perform relative to a ‘risk-free’ investment in Treasury Bills, a measure of the Government’s cost of debt. Over any 20-year moving average period, we estimate the risk-free rate will be 4.00% and that the Reference Portfolio, by earning a premium for taking market risk, will exceed this by 2.80% p.a. (assuming costs of 0.23% to run it). This is the expected outcome shown in

the table below. The NZ Super Fund has significantly outperformed this measure since inception and as such has delivered more benefits to taxpayers than could have been achieved by the Government simply paying down debt.

Horizon	Expected market risk premium p.a.	Actual market risk premium p.a. 2025	Actual market risk premium p.a. 2024	Alignment with Strategic Framework
1 year	2.80%	6.26%	9.53%	Strengthen our investment approach
5 years	2.80%	6.44%	5.75%	
10 years	2.80%	6.12%	6.16%	
20 years	2.80%	4.99%	5.04%	
Since inception	2.80%	5.10%	5.04%	

Actual Fund returns above Reference Portfolio (expected value-add per annum)

We expect that the NZ Super Fund will outperform its Reference Portfolio or passive benchmark by, on average over time, 1.00% p.a.

The Reference Portfolio is a simple portfolio of passive, low-cost, listed investments suited to the NZ Super Fund's long-term investment horizon and risk profile. This Reference Portfolio has an 80:20 split between growth and fixed-income investments and its foreign currency exposures are 100% hedged to the New Zealand dollar.

A proportion of the NZ Super Fund is invested in line with the Reference Portfolio, but we also make investments outside this – into active investments such as (to give just one example) private market assets. These investments are expected to bring a higher expected return and/or offer diversification benefits, albeit with more complexity and cost.

This measure is a way of evaluating how successful we have been in undertaking these active investments and attempting to add value to the NZ Super Fund, over and above what the Reference Portfolio would deliver. Detailed information about the Reference Portfolio approach is contained on page 41 and on our website, and more information on the NZ Super Fund's active investment strategies can be found on page 45.

Horizon	Expected value-add p.a.	Actual value-add p.a. 2025	Actual value-add p.a. 2024	Alignment with Strategic Framework
1 year	1.00%	0.98%	-0.24%	Strengthen our investment approach
5 years	1.00%	2.21%	1.54%	
10 years	1.00%	1.59%	1.93%	
20 years	1.00%	1.57%	1.54%	
Since inception	1.00%	1.44%	1.46%	

Portfolio volatility

Financial market returns are inherently volatile. Over short time frames, a wide range of returns is possible. However, over longer horizons, underlying economic drivers tend to determine returns. In considering how much risk to take, we evaluate the possible trade-offs around these time frames and the potential need to convert assets quickly into cash. To measure how much risk is being carried by the Reference Portfolio, we estimate the return level below which 1.00% of outcomes fall based on our Reference Portfolio return and risk assumptions. The lower this return level, the more risk the Reference Portfolio carries.

Over the following time horizons, there is a 1.00% probability that Reference Portfolio return is equal to or worse than:

- 1 year: -30.50%
- 5 years: -11.50%
- 10 years: -5.90%
- 20 years: -1.70%

Our actual Reference Portfolio returns are outlined in the table on the following page.

STATEMENT OF PERFORMANCE (CONTINUED)

Horizon	Actual Reference Portfolio return p.a. 2025	Actual Reference Portfolio return p.a. 2024	Alignment with Strategic Framework
1 year	10.87%	15.13%	Strengthen our investment approach
5 years	9.42%	7.98%	
10 years	8.47%	8.40%	
20 years	8.35%	8.49%	

BEST PRACTICE

We have four measures relating to best-practice operations for a sovereign wealth fund and/or institutional investor.

Crown funding comes from capital contributions to the NZ Super Fund made by the Government, as well as an appropriation to meet Board costs and audit fees. Expenditure during 2024/25 was \$667,392 compared with a budget of \$728,000, with this difference largely due to the Guardians operating with less than a full complement of Board members. All other costs are met by the NZ Super Fund. These costs are the subject of our cost control measure.

Measure	Alignment with Strategic Framework	Expected outcome	Actual outcome 2025	Actual outcome 2024
Cost control	Strengthen our investment approach, Optimise our organisation and Enhance our external presence	On a rolling five-year basis we expect to achieve a rating of median value-adding or better compared to our CEM peer group, with costs below the CEM-calculated cost benchmark.	Cost (5 year) – Achieved. Value-add (5 year) – Achieved.	Cost (5 year) – Achieved. Value-add (5 year) – Achieved.
Guardians’ response to the International Forum of Sovereign Wealth Funds’ (IFSWF) ‘Santiago Principles’	Enhance our external presence	A self-assessment of the NZ Super Fund’s adherence to the IFSWF Santiago Principles is completed, published on nzsuperfund.nz and assured by an independent third party. We expect to achieve top quartile or higher ratings in the GeoEconomica Santiago Compliance Index of sovereign wealth funds’ compliance with the Santiago Principles and top quartile or higher in other relevant ratings mechanisms.	Achieved.	Achieved.
United Nations-backed Principles for Responsible Investment (PRI) Assessment, Principles and Voting Reports	Strengthen our investment approach and Enhance our external presence	We expect to achieve a four- or five-star rating (out of five) for Policy, Governance and Strategy in the annual PRI assessment.	Achieved: Five-star rating (96%) for Policy, Governance and Strategy as of 25 November 2024.	Achieved: Five-star rating (93%) for Policy, Governance and Strategy as of 22 December 2023.
		Summary assessment report published on nzsuperfund.nz	Achieved.	Achieved.
		Report annually on NZ Super Fund activities and outcomes against the PRI Principles, specifically Principle 1 (incorporation/integration) and Principle 2 (active ownership/stewardship).	Principles report completed.	Principles report completed.
		Publish voting reports on an ongoing basis on nzsuperfund.nz	Voting data published online via our voting reporting platform.	Voting data published online via our voting reporting platform.

Measure	Alignment with Strategic Framework	Expected outcome	Actual outcome 2025	Actual outcome 2024
Transparency ratings	Enhance our external presence	We expect to achieve 10/10 in the quarterly rating of sovereign wealth fund transparency published by the Sovereign Wealth Fund Institute and top quartile or higher in other relevant rating mechanisms.	Achieved.	Achieved.

SUSTAINABLE FINANCE

The NZ Super Fund has two climate-related performance measures as part of our sustainable finance approach. These reflect our Climate Change Investment Strategy developed in 2016. In 2021, the Guardians also made the Net Zero Asset Owners Commitment for the NZ Super Fund to achieve net zero by 2050. The Guardians pledged to decarbonise the NZ Super Fund by increasing investment in climate solutions, setting interim targets, and undertaking advocacy and engagement in line with net zero goals. As part of our strategy and net zero commitments, the Guardians has set carbon reduction targets for the NZ Super Fund for 2020, 2025 and, most recently, for 2030. See page 76 and our 2025 Climate Change Report (available on our website) for more information.

The Guardians defines impact investments as: “Investments made with the intent to deliver measurable positive social and/or environmental impacts, and the Fund’s required financial return.” See page 71 for more information about our Impact Investment Framework.

Measure	Alignment with Strategic Framework	Expected outcome	Actual outcome 2025	Actual outcome 2024
Climate change	Strengthen our investment approach	Publish an annual Climate Change Report aligned with the New Zealand Climate-Related Disclosure Standards. This includes a third-party assured carbon footprint showing progress made against the NZ Super Fund’s carbon reduction targets set by the Board.	Achieved.	Achieved.
		Detail progress towards net zero in line with the requirements of the New Zealand Government’s 2021 Crown Financial Institutions’ Responsible Investment Framework, with specific reference to setting interim targets and reporting carbon reduction metrics.	Achieved.	Achieved.
		Report progress towards net zero annually as required by our Paris Aligned Asset Owner Commitment.	Achieved.	Achieved.
Impact investment	Strengthen our investment approach	Report annually on the dollar amount of assets under management in impact investments.	Achieved. Our total assets qualified as impact investments amounted to NZ\$2.7 billion (~3.2% of assets under management) as of 30 June 2025.	N/A

ELEVATE

We monitor NZGCP’s performance in line with the best-practice approach we have developed to manage relationships with other local and international investment managers, as applicable to the New Zealand venture capital market. We evaluate our managers through a conviction review. Our conviction means our confidence in a manager’s competence to execute on an investment opportunity, and the general quality and fit of the organisation. Key inputs include the manager’s performance, governance and overall conduct. For an update on progress of the Elevate mandate, see pages 64-68.

Measure	Alignment with Strategic Framework	Expected outcome	Actual outcome 2025	Actual outcome 2024
Manager monitoring – conviction review	Strengthen our investment approach	Successful completion of conviction review.	Achieved.	Achieved.

PROGRESS AGAINST OUR PLANNED ACTIONS

The following planned actions were outlined in our Strategic Plan for 2024/25. They consist of our business-as-usual work, including ongoing process improvements, as well as specific projects and initiatives to better equip the organisation to meet its purpose. These actions are aligned with our focus areas and prioritised, planned and executed in line with our principles.

GUARDIANS AND NZ SUPER FUND

Description	Alignment with Strategic Framework
Investment Data and Analytics Programme The Investment Data and Analytics Programme is designed to enhance our data capability, enabling better investment decisions, improving productivity and mitigating operational risk. Work during the 2024/25 financial year focused on advancing data integration and configuration of the new platform, Snowflake; implementing data quality measures; and initiating the migration of models to the new environment. Instrument mastering (establishing mappings and resolving differences in data received from different sources) remains in progress, while decommissioning the previous data platform, SuperMart, will be completed in a future phase of work. The 2025/26 financial year will primarily focus on completing platform components and migrating the remaining 24 critical models to Snowflake. Achieving this milestone is essential for closing the programme, which is expected by the end of the 2025/26 financial year.	Strengthen our investment approach
Five-year Reference Portfolio review Our Reference Portfolio, which is an alternative portfolio and benchmark for the NZ Super Fund, is designed to be a simple, low-cost portfolio that reflects a risk level which is appropriate for the Fund, given its purpose. We review the design and the composition of the Reference Portfolio every five years. Originally planned for completion during the 2024/25 financial year, the review has been deferred to accommodate changes to the Board composition and the Chief Investment Officer role, and to incorporate other considerations including a broader range of risk measures and relevant recommendations from the five-year independent review. Significant progress has been made during the year, with completion now due in 2025/26, aligning with other internal investment reviews in progress.	Strengthen our investment approach
Modern Workplace Our Modern Workplace Programme was focused on delivering improved collaboration and communication tools, providing our team with better access to information and better tools to enhance productivity, while continuing to meet our legal and regulatory requirements for information management. During 2024/25, following the completion of core programme milestones (implementation of a refreshed intranet, Microsoft Teams and a new document management system), support work was conducted to ensure the new ways of working had been fully adopted by the business and help ensure full value is realised. Alongside this, additional features in the new toolset were rolled out to further enhance the experience and leverage more of the technology capability. Additional and new features will continue to be rolled out during 2025/26 via business-as-usual activity.	Optimise our organisation
Human resources system Our new human resources system, Oracle HCM, is designed to improve existing processes around recruitment, staff management and reporting, enabling the organisation to scale and reduce spend on external agencies, while reducing operational risk. During 2024/25, Oracle Phase 2 was delivered on time and to budget, introducing modules for performance management and goals, career development, and learning. In 2025/26, we will transition to Oracle's modern Redwood user experience, which delivers a more intuitive, artificial intelligence (AI)-enhanced interface and streamline user interactions.	Optimise our organisation

Description	Alignment with Strategic Framework
Culture Survey We undertook our biennial survey to benchmark our culture during 2024/25. The results showed that we have retained and continued to build a constructive workplace culture. Following the survey, staff workshops were held to identify actions for continuing to develop our culture based on the insights gathered. <i>See pages 30-31 for further detail on survey methodology and results.</i>	Maximise our team and culture's potential
Investment Academy The Academy is an internal forum designed to develop investment knowledge and skills for more junior members of the Guardians' team. Following an initial launch phase, the Academy is now led by senior members of the Investment Team, with the programme expanded to include technical investing content and integrated legal training for investment staff.	Maximise our team and culture's potential
Stakeholder research Research into the health of stakeholder relationships and stakeholder perceptions of the Guardians' performance, leadership and communications was completed during the year. Overall, the survey results indicated a positive view of the Guardians and identified opportunities to further strengthen these relationships and perceptions. Actions based on the findings will be implemented throughout 2025/26. <i>See page 90 for further detail on survey methodology and results, and our website for full survey results.</i>	Enhance our external presence
Implementation of five-year independent review recommendations An independent review of how effectively and efficiently the Guardians is performing its function is carried out every five years, as required by the New Zealand Superannuation and Retirement Income Act 2001. The 2024 review was carried out by global advisory, broking and solutions company WTW. The final report was received in July 2024, and during 2024/25 significant progress was made considering and progressing the report's recommendations, including: • developing a set of complexity principles and strategies • evolving the total portfolio approach (TPA) model • maturing the sustainability proposition and model • elevating the ambition of the Guardians' learning and development platforms • strengthening the technology proposition • ensuring strong leadership succession practices. Progressing these recommendations is a multi-year initiative for the Guardians. <i>See page 96 for more information.</i>	Enhance our external presence
Reporting of climate-related disclosures The Guardians has published climate-related disclosures for the NZ Super Fund since 2017. Our 2025 Climate Change Report disclosures have been made in alignment with the Aotearoa New Zealand Climate Standards, with our greenhouse gas (GHG) emissions inventory measured in accordance with our revised management criteria based on the internationally-recognised GHG Protocol and Partnership for Carbon Accounting Fundamentals (PCAF). <i>See page 76 for more information.</i>	Enhance our external presence

MATERIALITY

Considering how our work impacts on the environment, economy and people is fundamental to delivering our purpose.

We assess materiality for sustainability reporting in accordance with the Global Reporting Initiative (GRI) 2021 Universal Standards. This process considers both:

- **Financial materiality:** How sustainability issues impact the organisation's financial performance and risk, and
- **Impact* materiality:** The organisation's effects on the economy, environment and society.

Our materiality assessment follows a structured process:

- **Identification:** We identify potential material topics for the Fund's investment activities through internal analysis, stakeholder feedback, and reviewing external trends.
- **Stakeholder engagement:** We engage with a range of stakeholders to understand expectations and priorities.
- **Impact analysis:** We evaluate the impact of material topics, both positive and negative.

We assessed our material topics this year through stakeholder engagement including:

- the 2025 Letter of Expectations from the Minister of Finance
- discussing with Treasury (the Central Government agency that monitors our performance on behalf of the Minister of Finance) our materiality approach
- engaging with WTW on best-practice sustainable investment
- reviewing feedback from a panel of reporting experts
- stakeholder research.

See page 90 for more information about the stakeholder research we carried out this year, which informed our materiality review and the focuses of this report.

PRIORITISING OUR IMPACTS FOR REPORTING

In this report, we focus on impacts that:

- directly result from our purpose and legislation
- are important for stakeholder and business relationship support, based on stakeholder feedback
- we can significantly influence, whether to maximise benefits or mitigate risks.

Given the size of the NZ Super Fund relative to Elevate, our most material topics are focused on the NZ Super Fund.

STRONG RETURNS

The NZ Super Fund's investment returns are our most material impact. If we are successful, over the long term, in maximising the Fund's returns without undue risk, we will:

- help future governments afford universal superannuation
- reduce the tax burden for future taxpayers
- improve the financial well-being of all New Zealanders.

* The Guardians has its own definition of impact in the context of impact investment: investments made with the intent to deliver measurable positive social and/or environmental impacts, and the Fund's required financial return. This is different from the way the term 'impact' is used by the GRI.

Our returns are impacted by the investment strategies we choose to employ. It is important that we have the right governance in place at the Guardians to make these decisions in a robust manner. For more details on how we manage these impacts, refer to our Investment Report (pages 40-68) and Governance Report (pages 80-103).

ALLOCATION OF CAPITAL

Managing our sustainability impact

Consistent with the policy purpose and statutory investment mandate for the NZ Super Fund, and our organisational purpose of 'Sustainable investment delivering strong returns for all New Zealanders', we have a Sustainable Finance Strategy with the goal of incorporating sustainability considerations into investment decision-making and supporting the development of a sustainable financial system.

We continue to evolve our approach to sustainable finance, taking into consideration rapid developments in best practice and changing stakeholder expectations. We believe the most significant sustainability impact we can make is through:

- investing to support the net zero transition
- reducing exposure to companies with high transition risk
- integrating ESG considerations into our investment decisions and processes, including allocation, selection and post-investment management.

The Guardians' financed GHG emissions – representing the transition risk exposure of the underlying securities and investee companies in the Fund – are the most material aspect of climate-related risk from across our value chain. Information about these and how we manage them is in our 2025 Climate Change Report, available on our website.

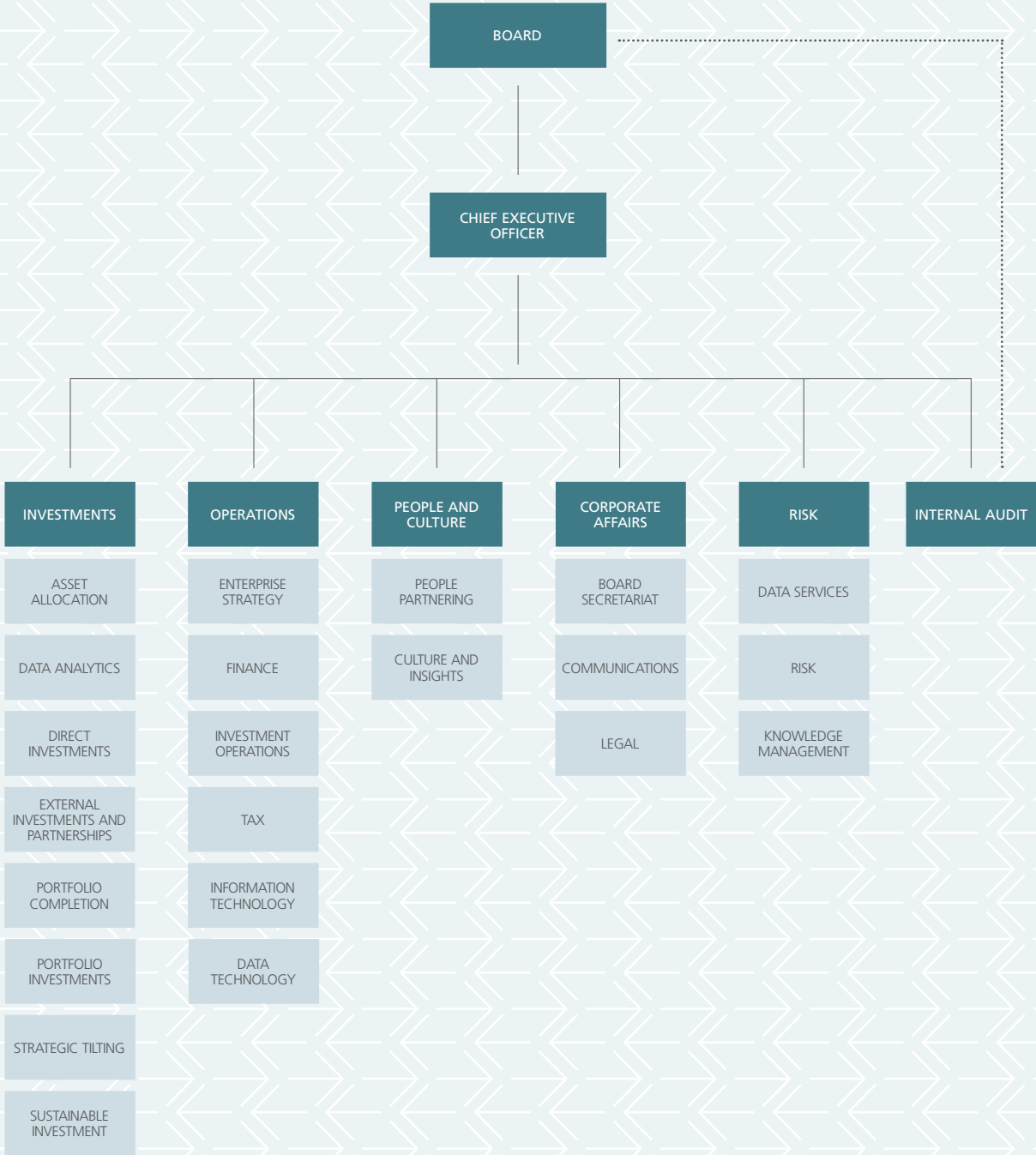
Investing in New Zealand

In our research this year, some stakeholders identified our investments in New Zealand as a key topic and a space in which we have an important impact as the country's sovereign wealth fund. See pages 54-58 for more information on this topic.

Expenditure

As a Crown entity, our operational expenditure and how we achieve value for money are of interest to our stakeholders. We explain our 2024/25 expenses and how we benchmark our costs in our Financial Report on pages 106-112. We also report on costs for the fit-out for our new office on page 35.

ORGANISATIONAL CHART



OUR PEOPLE

Our people are fundamental to our success.



Our values underpin everything we do. They are critical in guiding how we operate as a team and as an investor.

ORGANISATIONAL STRUCTURE

Leadership Team

During 2024/25, the Guardians made several changes to our Leadership Team structure:

- Implemented a Co-Chief Investment Officer model, effective December 2024. In doing so we disestablished our General Manager, Portfolio Completion role.
- Created a new Chief Operating Officer role, responsible for the Guardians' technology, enterprise strategy and shared services function, effective July 2025. Along with this change, we disestablished our General Manager, Technology role, and we will disestablish our General Manager, Strategy and Shared Services role at the end of the 2025 calendar year.
- Created a new Chief Risk Officer role, replacing the General Manager, Risk role.

Technology

We are evolving our organisational structures to ensure we are well-positioned for future opportunities and to support the continued growth of the Fund. As part of this forward-looking approach, a new Technology team structure was introduced in July 2025. This updated structure enhances integration between technology specialists and users, streamlines resourcing as multi-year programmes conclude, and removes duplication to improve efficiency.

Throughout 2025/26, we will continue to assess and refine our organisational structures to ensure they remain aligned with our long-term strategy and enable the Guardians to thrive in a dynamic environment.

HUMAN RESOURCES SYSTEM

In continuing our efforts to build people capability and optimise our processes, we have implemented five new Oracle HCM

* Including promotions and job transfers, excluding non-permanent job rotations.

modules: Performance, Goals, Career Development, Learning and Health & Safety. Through this process, we have streamlined our performance management process, more closely aligning the process with our strategic priorities and critical behaviours, including values, culture and risk.

RECRUITMENT AND RETENTION

Ensuring we attract and retain top talent at the Guardians is an ongoing priority. As an organisation, we continue to look to optimise our structure and capabilities to cater for the anticipated doubling in Fund value within the next 15 years. We made 42 appointments during the year, comprising:

- 24 new hires (13 female, 11 male)
- 18 internal placements (7 female, 11 male).*

Our internal placements this year included four new Leadership Team roles. We were pleased to be able to appoint top talent from within the Guardians to these positions.

Our 2024/25 employee turnover rate was 9.5%. This was lower than the Public Service Commission's 2024 turnover rate for public servants of 11.9%, or the Stats NZ 2024 turnover rate for New Zealand financial and insurance services of 10%. Our internal mobility has helped us achieve a turnover rate lower than the industry average. While our turnover figure has risen over the past year, no systematic issues were identified through the exit interview process.

OUR CULTURE

At the Guardians, fostering a positive and high-performing culture remains a central strategic focus. We are committed to building an inclusive and constructive environment, recognising that our people are key to our ongoing success.

In 2024, we conducted our biennial survey using the Human Synergistics Organisational Culture Inventory (OCI) and Organisational Effectiveness Inventory (OEI) tools. This survey,

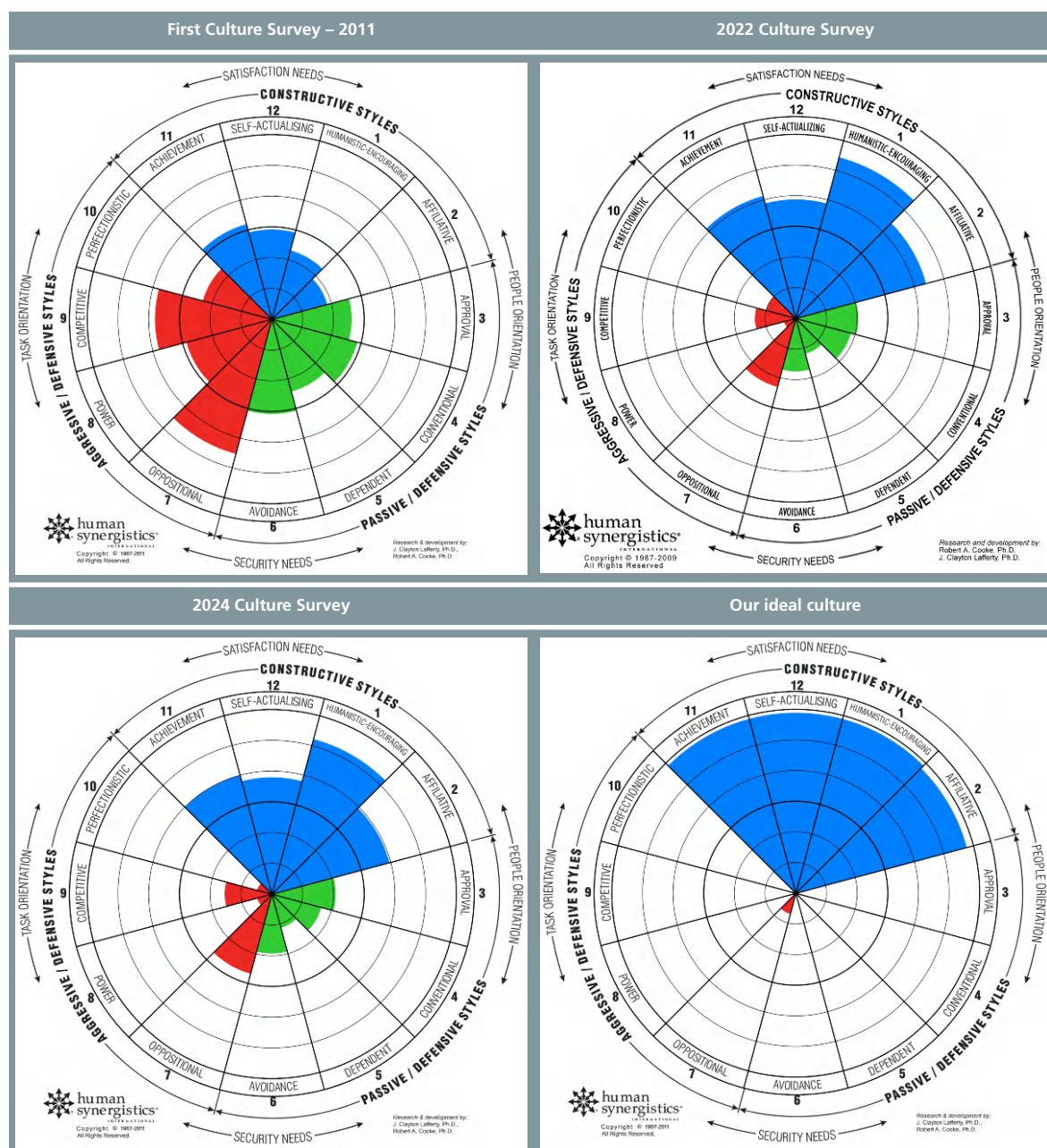
now in its seventh iteration, achieved a 98% participation rate among employees, providing valuable insights into our team environment and guiding our continuous improvement efforts.

We measured:

- to what extent our employees are expected to demonstrate various behavioural styles
- the impact of our current organisational culture
- what our people see as the strengths and weaknesses of working at the Guardians
- our ideal organisational culture.

The consistency of our culture survey results from 2022 to 2024 highlights the strength and resilience of our organisational culture. Despite both internal and external changes, our culture has remained predominantly constructive. Key areas of strength include Achievement (75th percentile) and Humanistic-Encouraging (92nd percentile), both sitting in the high range relative to the global norm. Importantly, all Passive/Defensive and Aggressive/Defensive styles remain below the 50th percentile, reinforcing that our culture continues to support positive, constructive ways of working.

OUR ORGANISATIONAL CULTURE OVER TIME



Research and development by: Robert A. Cooke, Ph.D., Janet L. Szumal, Ph.D., and Jessica D. Cooke Human Synergistics International Copyright © 2016. All Rights Reserved.

OUR PEOPLE (CONTINUED)

LEARNING AND DEVELOPMENT

We are committed to supporting the growth and development of our people and have established a comprehensive learning and development programme that integrates strategic priorities, business needs, and feedback from employees and people leaders. In addition, we encourage skill-building through job rotations and secondments, helping employees broaden their experience and advance their careers.

The newly implemented Oracle Learn Module has streamlined and centralised our learning offerings across the Guardians. This platform has enhanced our reporting capabilities and provides employees with an intuitive, centralised hub for all training and development resources.

Over the last year, we offered our team 21 unique centrally-funded courses with a total of 38 trainings held (some training topics run more than once). We also host an annual schedule of mandatory training (eight modules taking two hours on average per year) which covers core topics around ethics, health and safety and cyber security. These must be completed by all staff and contractors (100% completion rate in 2024/25), and all permanent staff must complete mandatory training to be eligible for the discretionary bonus scheme.

DIVERSITY, EQUITY AND INCLUSION (DE&I)

This year, we continued to make steady progress in implementing the DE&I strategy we introduced in 2022. We have focused on increasing the profile of our staff experiences and career development to the wider external market. This has included refreshing our external careers website to better reflect the diversity of our people and sharing their stories through social media. Our sponsorship portfolio contributes to our DE&I goals by supporting young career talent, with a focus on priority groups including women, Māori and Pacific Peoples.

We are pleased to see our strategy has begun to make a difference in making our workforce more diverse. At 30 June 2025, women make up a record-high proportion of the Guardians' workforce (50%, up from 45% in 2021), and investment professionals (40%, up from 31% in 2021).

See page 99 for our gender pay gap statistics.

HEALTH AND SAFETY

At the Guardians, we are committed to providing a safe, healthy and supportive working environment for all employees and visitors, whether in the office, travelling or at home. Our People & Culture Policy reflects this commitment and aligns with the Health and Safety at Work Act 2015.

The newly implemented Oracle Health and Safety module supports this commitment, making it easier and more accessible for our staff to raise incidents at the Guardians. In addition, the new technology streamlines how incidents are logged, tracked and managed to ensure that any incident is promptly and appropriately addressed.

We aim to:

- eliminate or reduce hazards wherever possible
- educate our people on health, safety and well-being matters
- prevent injury and promote safe work practices
- comply fully with all relevant legislation.

While our physical environment is generally low-risk, we remain vigilant about potential hazards such as overseas travel, gradual process injuries, and stress. These are actively managed through a comprehensive programme of support services and risk mitigation strategies.

The role of the HSSE Committee

Our Health, Safety, Security and Environment (HSSE) Committee, comprising staff from across the organisation, plays a key advisory role in identifying, preventing and addressing HSSE risks. Meeting every two months and reporting annually to the Board, the Committee fosters a culture of proactive risk management to protect our people, our environment and our reputation.

In 2024/25, the Committee focused on:

- strengthening governance through clearer task tracking and updated terms of reference
- enhancing visibility via improved communications
- supporting operational improvements in carbon emissions monitoring and procurement
- expanding health initiatives and streamlining first responder coverage
- embedding the new Health & Safety module in our Oracle HCM System.

Supporting our people

We offer a wide range of health, safety, and wellness initiatives, including:

- annual health and safety training
- fully funded life, health, trauma, and income continuance insurance
- workstation assessments and height-adjustable desks
- healthy heart checks and flu vaccinations
- corporate mindfulness app subscription
- emergency kits aligned with Civil Defence guidelines
- access to independent Employee Assistance Programme (EAP) counselling
- regular visits from an Occupational Health Nurse.

COMMUNITY CONTRIBUTION: SUPPORTING SHINE

Over the past year, the Guardians supported Shine, an organisation that helps adults and children who experience family violence, through two staff initiatives which raised over \$3,000.

In addition to fundraising, the Guardians has partnered with Shine since 2020 to strengthen internal family violence policies, training, and support channels – fostering a safe and supportive workplace environment.

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404-1

WORKFORCE PROFILE

	2025	2024	2023	2022	2021
Full-Time Equivalent (FTE) employees	225.7*	238.3	213.3	188.5	160.8
Full-time (FTE)	96%	96%	97%	98%	96%
Part-time (FTE)	4%	4%	3%	2%	4%
Employees reporting disabilities	0%	0%	0%	0%	0%
People (headcount)	228	241	216	190	163
Female representation					
Female staff members	113 (50%)	117 (49%)	96 (45%)	84 (44%)	74 (45%)
Female Board members	3 (50%)	2 (33%)	2 (33%)	2 (33%)	3 (43%)
Female Leadership Team members	4 (57%)	4 (50%)	3 (38%)	3 (38%)	2 (29%)
Female heads of teams	6 (32%)	8 (36%)	8 (39%)	7 (33%)	6 (33%)
Female investment professionals	34 (40%)	36 (43%)	29 (37%)	24 (36%)	18 (31%)
Turnover**					
Turnover – all staff	9.5%	5.7%	6.7%	9.5%	6.1%
Turnover – male (of male FTE)	10.0%	7.7%	6.4%	8.6%	10.2%
Turnover – female (of female FTE)	9.6%	3.6%	7.0%	10.8%	1.1%
Educational qualifications					
% of staff with a postgraduate tertiary qualification	45%	46%	49%	48%	50%
% of staff with an undergraduate tertiary qualification	89%	89%	89%	87%	90%
Investment in staff training as a % of total Guardians' operating expenditure	1.2%	1.6%	1.3%	0.8%	0.9%
Return to work and retention after parental leave (as primary carer)***					
Return to work – male	100%	100%	100%	67%	100%
Return to work – female	100%	100%	100%	100%	100%
Retention as at 30 June after returning during the year – male	100%	100%	100%	100%	100%
Retention as at 30 June after returning during the year – female	100%	100%	80%	100%	83%
Health and safety					
Lost-time work injuries	0	0	0	0	0
Sick leave days per FTE	5.6****	4.3	4.8	3.6	3.3

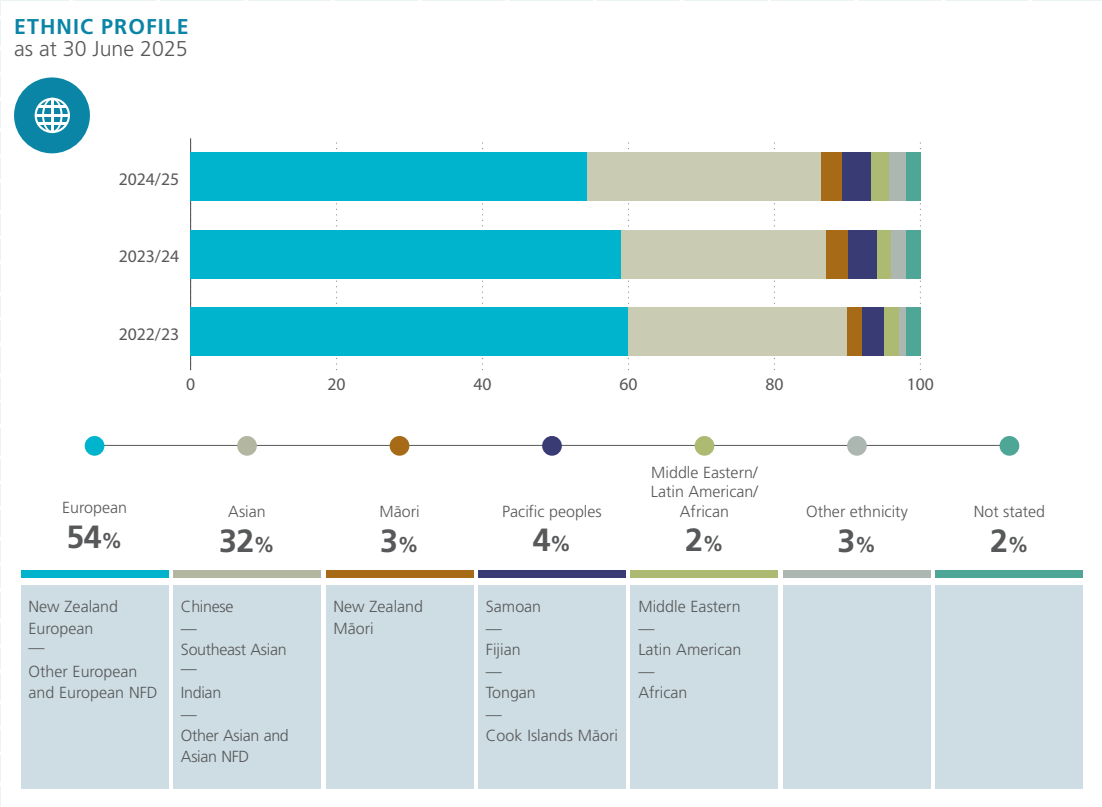
* Organisational changes that were underway at the end of the financial year contributed to the decrease in employee numbers. The Leadership Team continues to assess organisational needs and is strategically considering the optimal use and timing of the remaining budgeted headcount.

** We define turnover as voluntary turnover.

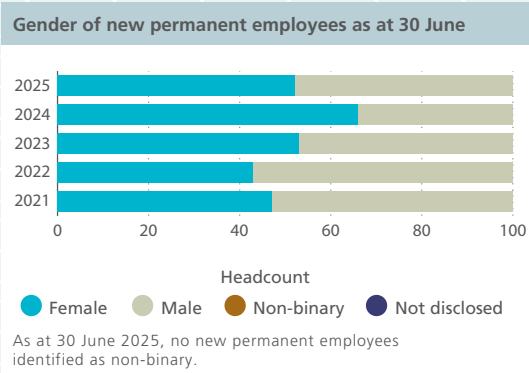
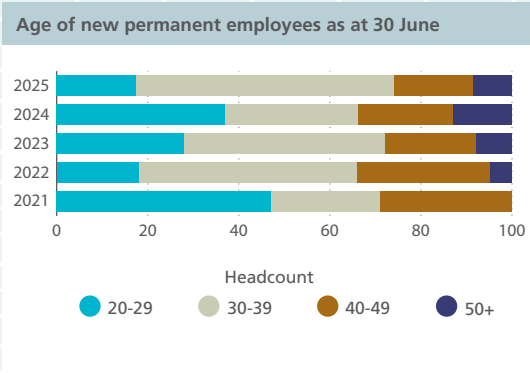
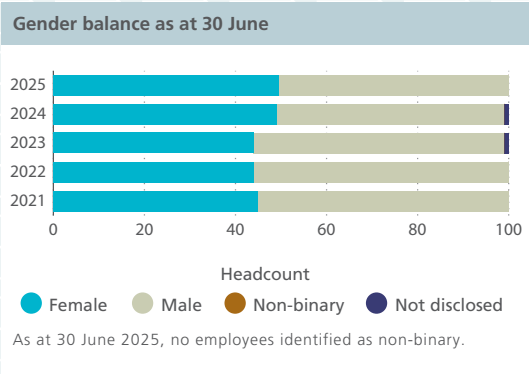
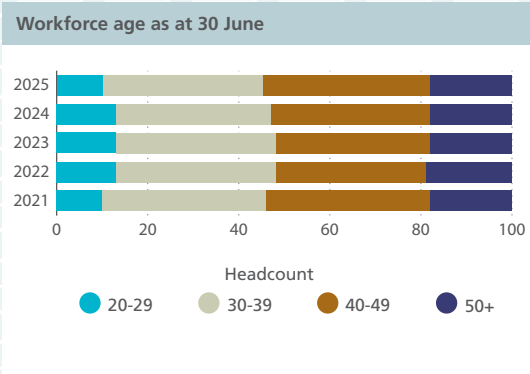
*** All employees are eligible to take leave from work to care for their new child, subject to meeting the requirements of the Parental Leave and Employment Protection Act 1987.

**** Average sick leave remains in line with market norms.

WORKFORCE PROFILE (CONTINUED)



Our ethnicity data prior to 2022/23 was recorded differently and is not directly comparable year-on-year. People can identify with multiple ethnic groups, and this chart records all of these. NFD stands for 'Not Further Defined'.



OUR OFFICE MOVE

In 2026, the Guardians will relocate from Jarden House to the Chief Post Office building, above Auckland's Britomart Transport Centre.

Our new office will better accommodate our current staff numbers, which have grown by nearly 200 since we first moved into Jarden House in 2010. It will also incorporate modern technology and new ways of working, including moving from a one-desk-per-person layout to a neighbourhood set-up where employees can choose where in the office to work. We see this as an opportunity to further enhance our organisational culture, as it will help us to make the best use of our space, has benefits for collaboration and flexibility, and enables the office to include a variety of workstation types and spaces to gather. Our decision to move to a neighbourhood set-up follows workplace design best practice guidance issued by the New Zealand Government.

As a Crown entity, it is important that we exercise restraint in our spending. We have followed government procurement processes, including in selecting products that are good value and, if available, made in New Zealand. We are reusing furniture from our current office where possible, including our desks. As we will not require the full space at our time of moving in, we plan to sublet part of the office and are currently seeking a subtenant. See page 36 for information about the sustainability considerations for our new office.

The total estimated cost of the project is between \$11-\$13 million, including contingency. The expected fit-out cost per square metre is \$2,584.00. As of 30 June 2025, we had incurred costs of \$1,046,373.20.

We have benchmarked our expected costs against other fit-out projects, including in the New Zealand public sector, and confirm they are below average. This reflects the asset and development manager Cooper and Company covering the costs of the restoration of the building, as is their responsibility for a Category 1 Historic Place, in addition to modernising building services. The Guardians is endeavouring to keep fit-out costs low where possible while ensuring value for money.

The fit-out is now underway in the Chief Post Office building, and we continue working to manage this sustainably and cost-effectively, in line with government and other best-practice guidance, and in a way that preserves the character of this historic place.



ARTIFICIAL INTELLIGENCE (AI) AT THE GUARDIANS

Generative AI is now widely used in financial services for productivity enhancement, process automation, and decision support.

In 2023, we established a Generative AI Working Group to assess applications and select tools to trial, choosing GitHub Copilot, Codeium, and Microsoft 365 Copilot for their security and suitability. We also developed an Acceptable Use Policy stressing caution with third-party platforms, safeguarding confidential information, verifying AI outputs, and following platform-specific guidelines.

Initial trials and adoption

GitHub Copilot and Codeium were trialled to assist our team with writing code. Participants in both trials found that these tools had a positive impact on efficiency, and they are now available for staff with coding responsibilities.

We also held a much larger organisational trial of Microsoft 365 Copilot, intended for widespread use across the organisation. Following a successful evaluation, Microsoft 365 Copilot has been widely adopted across the Guardians as a productivity tool.

Building capacity for future AI adoption

These trials are part of our ongoing strategy to develop AI capability and confidence within the Guardians. By continuing to evaluate emerging technologies, we aim to adapt quickly and responsibly to the advancements in AI. Looking ahead, one of our strategic priorities for 2026 is to develop a strategy for the Guardians to assess, integrate and benefit from AI technologies as they evolve. As part of this we have been in discussions with peer funds and experts to gather insights into the pace of adoption of AI and the evolution of products.

Machine learning

In addition to our use of Generative AI, we are now in our third year of managing a machine learning-guided New Zealand equities mandate. See page 55 for more information.

ENVIRONMENTAL PERFORMANCE

We are committed to understanding and reducing our impact on the environment.

The Sustainable Investment Report (pages 70-78) discusses the Guardians’ financed emissions (Scope 3; category 15) – considered the most material aspect of climate-related risk from across the Guardians’ value chain. See the stand-alone NZ Super Fund 2025 Climate Change Report for more information, including an externally assured greenhouse gas (GHG) emissions inventory of the Fund’s investment portfolio as at 30 June 2025.

Relative to the Guardians’ financed emissions, the Scope 1, 2 and 3 emissions arising from the Guardians’ corporate operations do not represent a material climate-related risk and are not subject to the same external assurance process. Nonetheless, we support the Government’s aspiration for New Zealand to be carbon neutral by 2050 and seek to reduce our organisational emissions accordingly. We achieve this by reducing emissions directly where possible and purchasing offsets for the remaining emissions. We measure, reduce, mitigate and report on our operational carbon footprint each year.

Our Health, Safety, Security and Environment (HSSE) Committee oversees organisational environmental performance. The Committee works to improve staff awareness about the environmental impact of our activities and sets targets for reducing our organisational emissions.

TOITŪ NET CARBON ZERO CERTIFICATION

The emissions data in this section has been verified by Toitū Envirocare. To achieve Toitū Net Carbon Zero certification, an organisation must measure its operational GHG emissions, develop a carbon reduction plan and offset its unavoidable emissions through high-quality carbon credits. These credits support projects meeting specified standards to store, avoid or reduce GHG emissions.

This year we have purchased credits to offset Toitū’s minimum reporting boundary (Scope 1, Scope 2, Scope 3 business travel, freight, waste to landfill, and transmission and distribution losses) plus 20% of the rolling average of the past five years, exceeding our offsetting requirements.

MEASURING EMISSIONS

The measures detailed in this section are the GHG emissions for the Guardians’ corporate operations. They have been calculated in accordance with the guidance provided in ISO 14064-1:2006 for periods up to 2020/21 and ISO 14064-1:2018 from 2021/22. A verification report is available on our website. When evaluating our environmental performance, Toitū Envirocare looks at our emissions relative to our staff numbers, net asset value and turnover.

International travel is the Guardians’ largest source of operational emissions. Our emissions dropped significantly during COVID-19 due to travel restrictions. As we resumed travel, which is important and necessary when managing a global investment fund, emissions increased again – although they still remain lower on an emissions intensity basis than pre-pandemic levels, a reflection of greater use of video conferencing and other travel alternatives.

Carbon emission figures for air travel are calculated based on travel class. The carbon emitted differs in accordance with the space occupied by the passenger. Business class seats are larger than economy, meaning fewer people can be seated on the plane. This results in more fuel being used per person for the aircraft to reach its destination.

Our waste-to-landfill, composting and commingled recycling figures are calculated based on monthly weight audits by our contracted cleaning company. Our commuting and working from home data is coordinated by an external supplier and calculated by combining statistical area 2 data with data about average commuter behaviours and transport emissions.

REDUCING EMISSIONS

We have set a goal to reduce operational carbon emissions by 10% for the 2025/26 financial year relative to our staff numbers, net asset value and turnover, compared to our base year of 2018/19. This base year was chosen as it marked our first Toitū Net Carbon Zero certification. We achieved our target this year with a 52.22% reduction compared with 2018/19 in relation to FTE, 59.98% in relation to funds under management, and 54.27% in relation to turnover.

We work to better inform staff of the environmental impact when they book travel for work with the goal of limiting avoidable emissions. In 2024/25 this included providing emissions data on the landing page of our travel booking system.

In 2026 we will move to a new office – see page 35 for more information. We have carefully considered environmental impact in the choice of our office building and design of the space. Once the base build refurbishment is complete, the asset and development manager, Cooper and Company, will apply for the following certifications for the building:

Certification body	Targeted rating
NZ Green Building Council	6 Green Stars
International WELL Building Institute	WELL Gold rating

OUR CARBON OFFSET

The carbon credits purchased through Toitū Envirocare to offset the past financial year’s emissions support the Amayo 40MW wind power project in Nicaragua and the Afforestation Project, Tongliao, Mongolia.

The Amayo 40MW wind power project works to provide clean, renewable and affordable energy to the Nicaraguan grid. Project activity involves every stage from development to construction and maintenance for a series of wind-turbine generators. The Afforestation Project employs local villagers to plant trees in Inner Mongolia of China to increase the area’s vegetation coverage and carbon sink, stabilise sand dunes, reserve water, and improve soil.

These credit projects have undergone Toitū’s rigorous due diligence process. They are accredited under the Gold Standard registry, a standard endorsed by the International

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Carbon Reduction and Offsetting Accreditation, and meet the principles outlined in the Ministry for the Environment's interim guidance for voluntary climate change mitigation. More

information on these credits and where Toitū has cancelled them on our behalf is available at registry.goldstandard.org.

GHG emissions data summary by Greenhouse Gas Protocol (GHPG) Scope (tCO₂e)

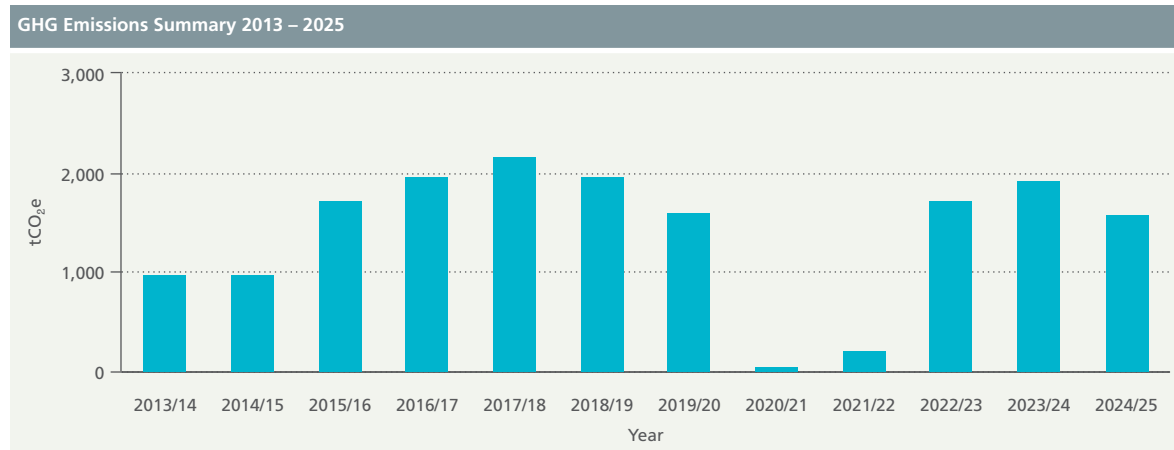
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Scope 1, category 1*	-	-	-	-	-	-	-
Scope 2, category 2**	14	13	13	15	20	13	21
Scope 3, category 3***	1,954	1,604	43	197	1,700	1,909	1,558
Scope 3, category 4****	-	-	-	1	18	20	17
Total gross emissions	1,968	1,617	56	213	1,738	1,942	1,596

* Direct emissions (GHGP Scope 1/ISO category 1) – Greenhouse gas emissions from sources that are owned or controlled by the Guardians. We produce no Scope 1 emissions.

** Indirect emissions (GHGP Scope 2/ISO category 2) – Greenhouse gas emissions arising from the generation of imported (purchased) electricity or heat consumed by the Guardians.

*** Indirect emissions (GHGP Scope 3, category 6/ISO category 3) – Greenhouse gas emissions that occur as a consequence of the travel-related operational activities of the Guardians, from sources not owned or controlled by us. This includes our largest source of operational emissions: employee business travel.

**** Indirect emissions (GHGP Scope 3, categories 1-5/ISO category 4) – Greenhouse gas emissions that occur as a consequence of products used by the Guardians as an organisation such as waste to landfill.



Key Performance Indicators (KPI)

KPI	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
FTE*	140	155	163	178	198	225	237
Funds under management (\$ billion after costs, before NZ tax)	43	45	60	56	65	75	87
Turnover/revenue (\$ million)	1,013	801	740	1,054	1,325	1,658	1,779

* Until 2020/21, FTE figures were based on the total employee headcount as at 30 June. From 2021/22 onwards, figures are based on the average FTE employees from 1 July to 30 June. This is different from how we report FTE in the Workforce Profile section of this report, which is as at 30 June.

Total gross GHG emissions per KPI (tCO₂e)

KPI	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
FTE	14	10	0	1	9	9	7
Funds under management (\$ billion after costs, before NZ tax)	46	36	1	4	27	26	18
Turnover/revenue (\$ million)	2	2	0	0	1	1	1

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ENVIRONMENTAL PERFORMANCE (CONTINUED)

GHG EMISSIONS BY SOURCE

Energy source	Measure	2024/25		2023/24		2022/23		2021/22		2020/21		2019/20		2018/19	
		Quantity	tCO ₂ e	Quantity	tCO ₂ e	Quantity	tCO ₂ e	Quantity	tCO ₂ e	Quantity	tCO ₂ e	Quantity	tCO ₂ e	Quantity	tCO ₂ e
Electricity	kWh	206,431	20	180,468	13	169,899	15	137,669	20	126,070	15	130,467	13	144,414	14
Electricity distributed transmission and distribution losses*	kWh	206,431	2	180,468	1	169,899	2	137,699	2	–	1	–	–	–	–
International air travel (long haul)	km	3,158,516	1,292	3,930,103	1,658	3,414,958	1,432	322,657	1,432	18,724	130	3,054,217	1,405	3,628,306	1,703
International travel (short haul)	km	879,685	143	833,669	136	756,872	131	136,295	131	18,772	23	795,356	152	887,581	162
Domestic air travel	km	151,613	29	238,262	46	204,477	63	60,352	63	139,776	18	160,437	34	264,621	79
Mileage (medium car) 1.6 – 2.0L	km	2,949	1	3,542	1	3,107	1	1,531	1	4,533	0	9,027	1	4,673	1
Taxi (regular)**	\$	58,716	3	110,111	5	92,071	6	15,056	6	30,918	1	69,883	2	100,836	8
Taxi (petrol hybrid)	\$	50,135	2	30,184	1	34,525	2	–	2	–	–	–	–	–	–
Waste to landfill***	kg	784	0	2,806	1	1,825	0	230	0	–	0	4,037	1	–	–
Composting****	kg	536	0	1,882	0	–	–	–	–	–	–	–	–	–	–
Recycling – Commingled****	kg	986	2	2,641	2	–	–	–	–	–	–	–	–	–	–
Freight (short and long haul)	km	60,240	0	276,360	0	117,627	0	127,669	0	–	0	–	–	–	–
Working from home	kg	29,625	14	23,359	8	22,496	10	23,907	10	–	24	–	–	–	–
Pre-calculated – Employee commuting*****	epd†	74,360	74	52,549	53	55,167	55	–	55	–	–	–	–	–	–
Pre-calculated – Fuel-and energy-related activities	kg	15,001	15	16,575	17	15,466	15	–	15	–	–	–	–	–	–

* In 2021/22 the Guardians began measuring: electricity-distributed transmission and distribution losses, freight (short and long haul) and the carbon impact of commuting and working from home.

** In 2022/23 the Guardians began reporting separately petrol-only and petrol-hybrid taxis.

*** Non-hazardous waste.

**** In 2023/24, the Guardians began measuring: composting; recycling commingled.

***** From 2022/23, emissions arising from working from home were measured separately from emissions arising from employee commutes, and from the production, processing and delivery of the fuel used in their commutes ('fuel-and energy-related activities'). Previously these were combined into a single category, 'commuting and working from home'.

† Employee days worked from home.

Two



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Q&A WITH OUR CO-CHIEF INVESTMENT OFFICERS



BRAD DUNSTAN
CO-CHIEF INVESTMENT OFFICER



WILL GOODWIN
CO-CHIEF INVESTMENT OFFICER

Why did the Guardians move to a Co-CIO structure?

Will: The Guardians has effectively been operating under a Co-CIO structure for the last 15 or so years. Historically we have had a CIO and General Manager, Portfolio Completion, who both sat on the Leadership Team. When Jo joined as CEO, both roles were vacant. On commencing the CIO recruitment process, she revisited the allocation of responsibilities and subsequently decided to move to a Co-CIO model.

Today we have over 200 employees and look after more than \$85 billion worth of assets. Given the Fund continues to grow and our investment environment is increasingly complex, it makes sense to continue to have two investment roles on the Leadership Team.

Brad: Will and I also have complementary skill sets, with Will coming to this role from Head of Direct Investments and me coming to it from Acting General Manager, Portfolio Completion at the Guardians. His background is more in private markets and mine is more in public markets. We each bring our own expertise and approaches, which together lead to well-rounded management of the Fund.

How do you divide work and collaborate?

Brad: It is critically important for both Will and me to run the team as one. Our total portfolio approach to how we invest has been, and will continue to be, central to how we generate active returns for New Zealand.

While operationally we have some separate delegations, we have a joint delegation approach to how we invest. This simply means that for the core investment decisions, we have to both agree. This ensures we are both across all investment areas as we work together to construct the best investment portfolio for the Guardians' mandate.

Will: On a day-to-day basis we lead different functional teams and there are transactional elements of the portfolio that don't require both of us to be across, but for the larger decisions – be they asset allocation through to large individual investments – these require both of us to agree. And if we don't, we won't go ahead.

What have been your priorities in your first six months on the job?

Will: While we wanted to build on the success the Guardians and Fund have had over the years, we also wanted to carefully consider whether there are better ways to do things. One example of this was reconsidering the structure of the Investment Committee so that it best serves its intended purpose.

Brad: Another priority has been building our relationships with key stakeholders. Will and I have both been spending time domestically and overseas over the past year discussing everything from how we can work with the New Zealand Government to boost infrastructure investment, to how our global peers are constructing their portfolios.

What do you see as most important to the future direction of the NZ Super Fund's investments?

Brad: We are always considering how we can increase our sophistication in managing the NZ Super Fund. For example, we're looking at how we can continue to evolve our total portfolio approach, including how we can best construct our ideal portfolio from a top-down and bottom-up perspective. There are new developments in the investment environment all the time, and our ability to remain open to changing, learning and doing things differently is what will set us apart in the long term.

Will: Another key aspect is ensuring our team have the skills we need for the future. Increasingly, those skills include things like using data and increasing specialisation across the team to make more informed investment decisions.

You've both been at the Guardians for a number of years. What is it about the work that excites you?

Will: Alongside our purpose, it is the people you get to work with every day – both in our Fund and across the globe. The Guardians are smart, supportive and purpose-driven – it's a team I'm very proud to be a part of.

It's also exciting to me that we play an active role in investments that will make a positive difference all around the world and particularly here in New Zealand. These include things like major infrastructure and the move to more sustainable energy production.

Brad: Our purpose is a huge part of what I love about working here. The returns we generate make a real difference for the future of New Zealanders.

And I enjoy the complexity of the work we do. The Fund has a wide range of investments all around the world, and looking at how to fit it all together and operate it in a way that will lead to the best returns is exciting and rewarding.

PERFORMANCE

Investing for the future

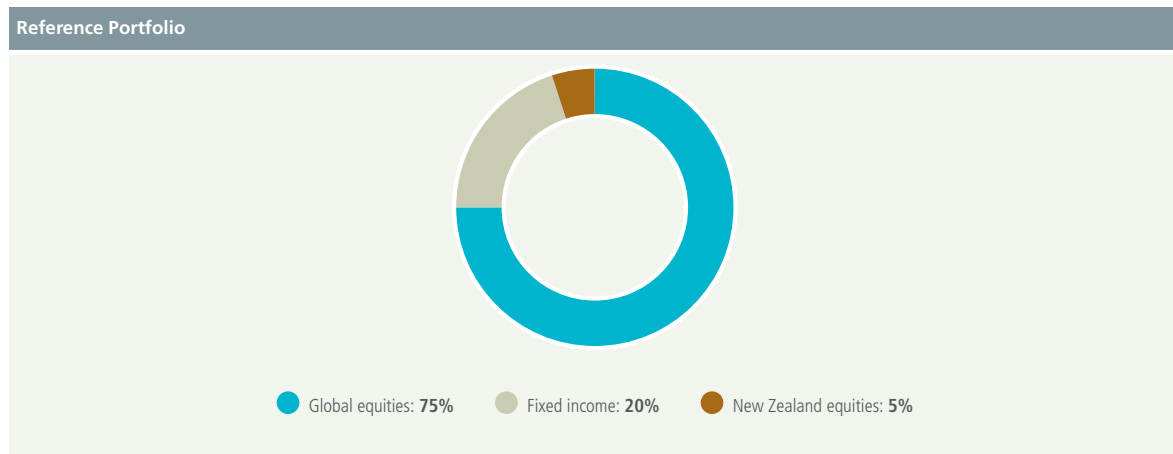
OUR BENCHMARKS

Actual returns, after costs and before tax, of 11.8% saw the total value of the NZ Super Fund rise by \$8.4 billion during the 2024/25 financial year to end the year at \$85.1 billion. This represents an excess return for the year of 7.2% over the cost to the Government of contributing to the Fund, as measured by the 90-day Treasury Bill return, which was 4.6%.

The Treasury Bill benchmark shows that during the last 20 years the Fund has generated \$56.9 billion more in investment returns than the Government would have saved in interest had it opted to pay down debt rather than invest in the Fund. Of this amount, \$5.5 billion was generated during the 2024/25 financial year.

Outperforming the Government's cost of funding is one of the two key benchmarks we use to measure our success. The other is the return generated by our Actual Portfolio compared to our Reference Portfolio, a shadow or notional portfolio of passive, low-cost, liquid investments suited to our long-term investment horizon.

We have chosen a Reference Portfolio made up of 80% equities (or shares) and 20% bonds, with foreign currency exposures 100% hedged to the New Zealand dollar (NZ\$). We believe that this 80:20 asset allocation represents an appropriate balance of growth and income equities to meet our mandate of maximising return without undue risk over our long-term horizon.



The composition of the Reference Portfolio is the single largest influence on Fund returns, because it dictates the overall level of market risk we take on. In practice, about half of our portfolio is still invested in Reference Portfolio assets (equities and fixed income securities), with the other half being active strategies. The total risk of the Actual and Reference Portfolios is similar because of our proxy approach, where we sell Reference Portfolio components to keep the equity risk the same when making an active investment.

The Board reviews the composition of the Reference Portfolio every five years, most recently in 2020. We will complete our next review over the coming year, as we decided to defer it until we finalised our Leadership Team and Board composition.

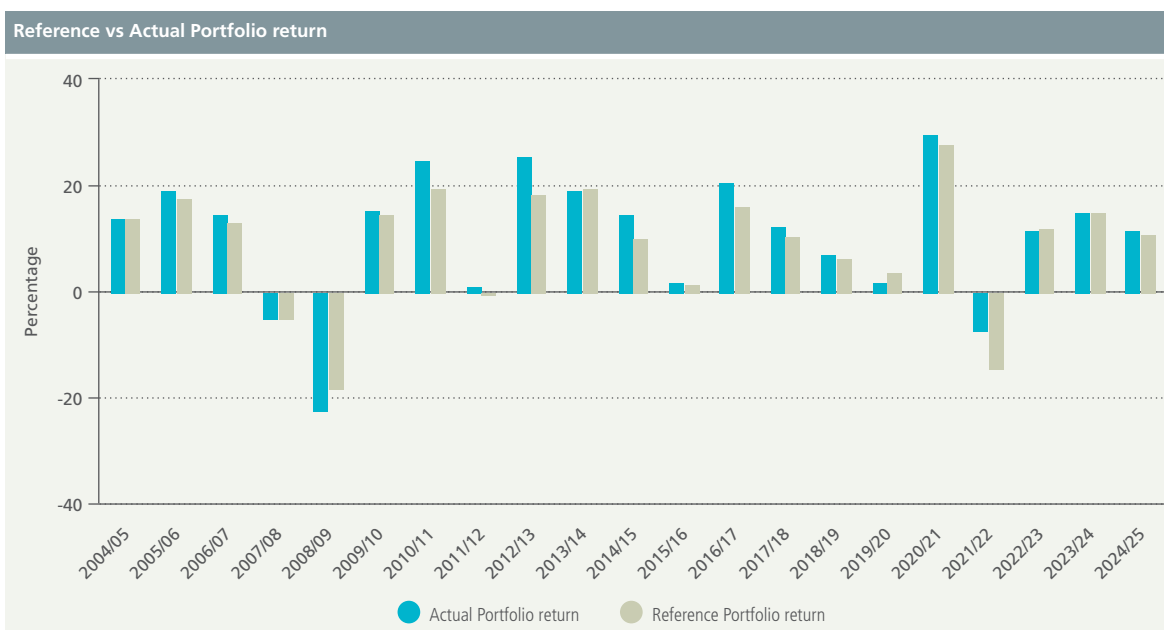
The table below shows how the components of the Reference Portfolio have performed over time. The returns are shown on a hedged to NZ\$ basis to the year ended 30 June 2025. Total return includes estimated costs to operate the Reference Portfolio.

Reference Portfolio benchmark*	Weight	2024/25 return	Return p.a. since 2010
Global equities	75%	12.80%	11.90%
New Zealand equities	5%	7.53%	10.11%
Global fixed income	20%	5.47%	3.95%
Property**	0%	N/A	4.68%
Total	100%	10.87%	10.02%

* The Reference Portfolio was introduced in 2010.

** Property had a 5% weighting between July 2010 and June 2015.

PERFORMANCE (CONTINUED)



NZ SUPER FUND PERFORMANCE

	Since inception p.a.	20 years p.a.	10 years p.a.	5 years p.a.	1 year
Actual Fund return (after costs, before tax)	10.09%	9.92%	10.06%	11.62%	11.84%
Reference Portfolio return (after costs, before tax)	8.65%	8.35%	8.47%	9.42%	10.87%
Value added (Actual return – Reference Portfolio return)	1.44%	1.57%	1.59%	2.21%	0.98%
Estimated \$ earned relative to Reference Portfolio*	\$19,845m	\$19,893m	\$10,619m	\$7,576m	\$745m
New Zealand Treasury Bill return	3.55%	3.36%	2.35%	2.97%	4.61%
Net return (Actual return – Treasury Bill return)	6.54%	6.56%	7.71%	8.65%	7.24%
Estimated \$ earned relative to Treasury Bills*	\$57,903m	\$56,870m	\$41,134m	\$27,197m	\$5,495m
Crown contributions*	\$27,433m	\$21,532m	\$12,551m	\$9,591m	\$879m
New Zealand income tax paid*	(\$11,146m)	(\$10,901m)	(\$6,479m)	(\$4,155m)	(\$1,534m)
\$ change in Fund size	\$85,052m	\$78,439m	\$55,510m	\$40,256m	\$8,404m

* Figures are cumulative and not per annum.

Much of the past year's gains were driven by strong performance in global equities. As a result, our Reference Portfolio, 75% of which is made up of overseas equities, posted a gain of 10.87%.

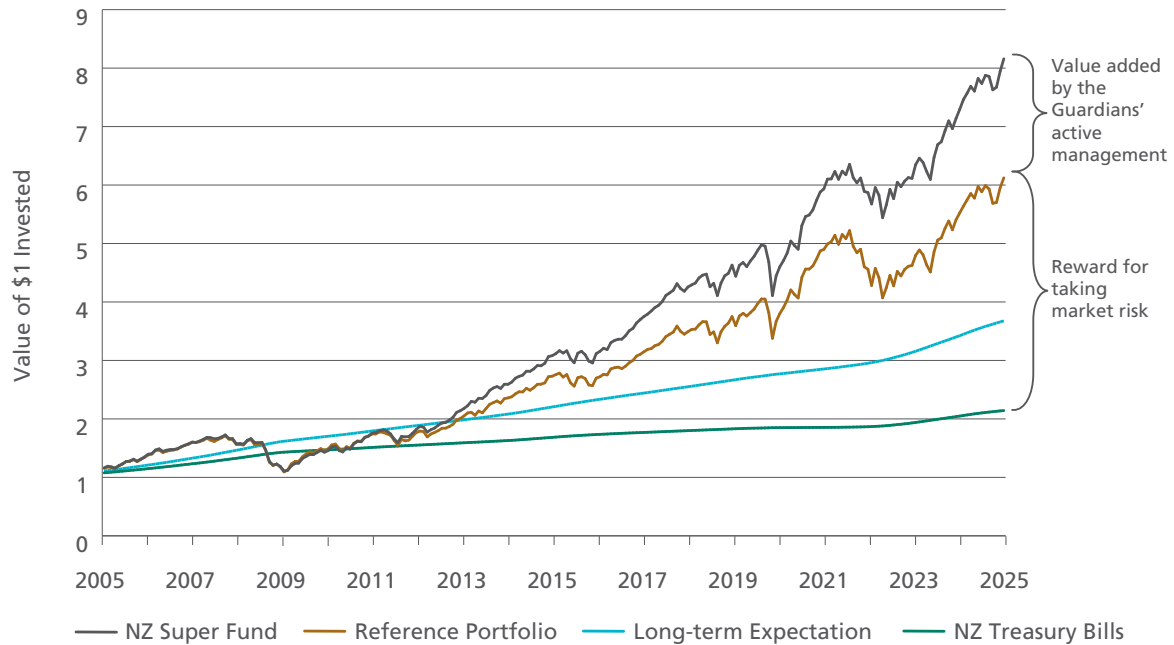
The year was also marked by significant market volatility, an environment in which our active strategies tend to perform well. In 2024/25, the Actual Portfolio outperformed our Reference Portfolio by 0.98%. Over the last 20 years, the Actual Portfolio has outperformed the Reference Portfolio by an average of 1.57% per year, or \$19.9 billion.

This remains ahead of our expectation that over rolling 20-year periods the Fund's active investment strategies will be able to add an extra 1.00% per year over and above the 6.80% return we expect the Reference Portfolio to deliver. In addition, these better-than-expected returns have been achieved while taking lower-than-budgeted active risk.

The graph on the following page compares the Fund's performance to our two benchmarks and our long-term Reference Portfolio expectation. The green line shows 90-day Treasury Bill returns (the cost of government debt), the blue line reflects the Reference

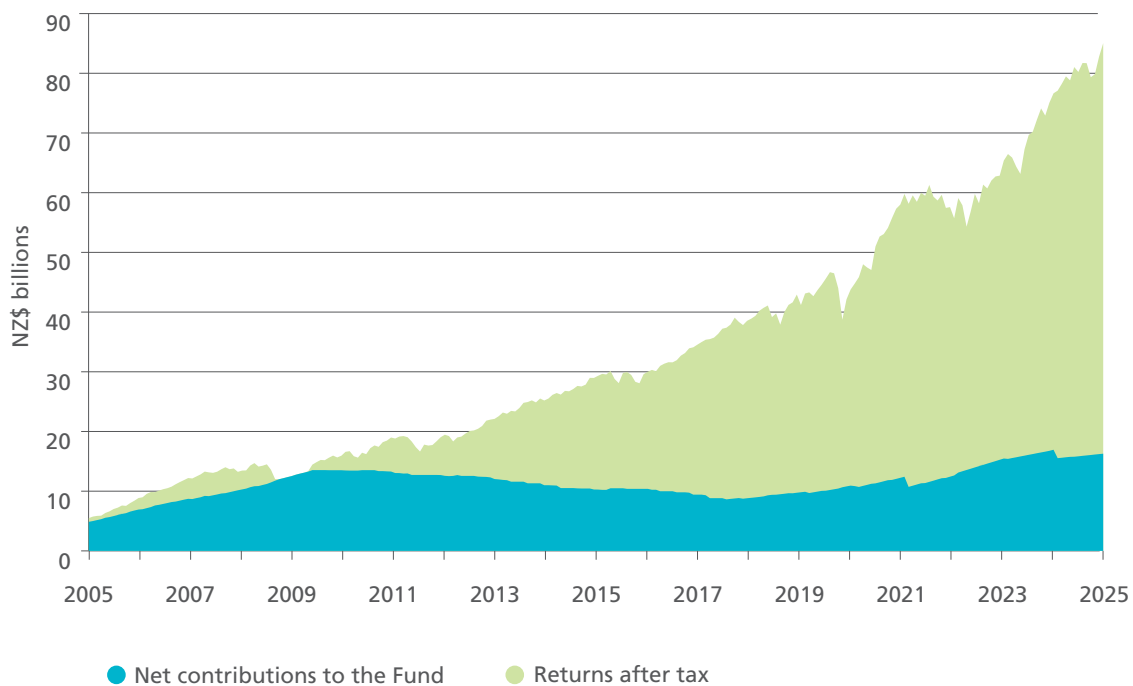
Portfolio's long-term expected return (Treasury Bills + 2.80%, to reflect the extra risk attached to the assets in the Reference Portfolio), the brown line shows the performance of the Reference Portfolio, and the black line shows actual Fund returns.

Performance of the NZ Super Fund, its benchmarks and long-term expectation



CUMULATIVE NET CONTRIBUTIONS AND SIZE OF THE NZ SUPER FUND

The graph below shows cumulative net government contributions to the Fund (contributions less tax paid back to the government), and the cumulative investment returns the Fund has earned on those contributions. Strong returns since inception have reduced the government's required future contributions under the legislated model.



PERFORMANCE (CONTINUED)

Over the next 50 years, the NZ Super Fund is expected to become an increasingly important asset for the New Zealand Government. Based on Treasury modelling, the Fund will increase in size from about 18.9% of GDP to 36.4% and tax paid to the Crown will represent about 0.6% of annual GDP.

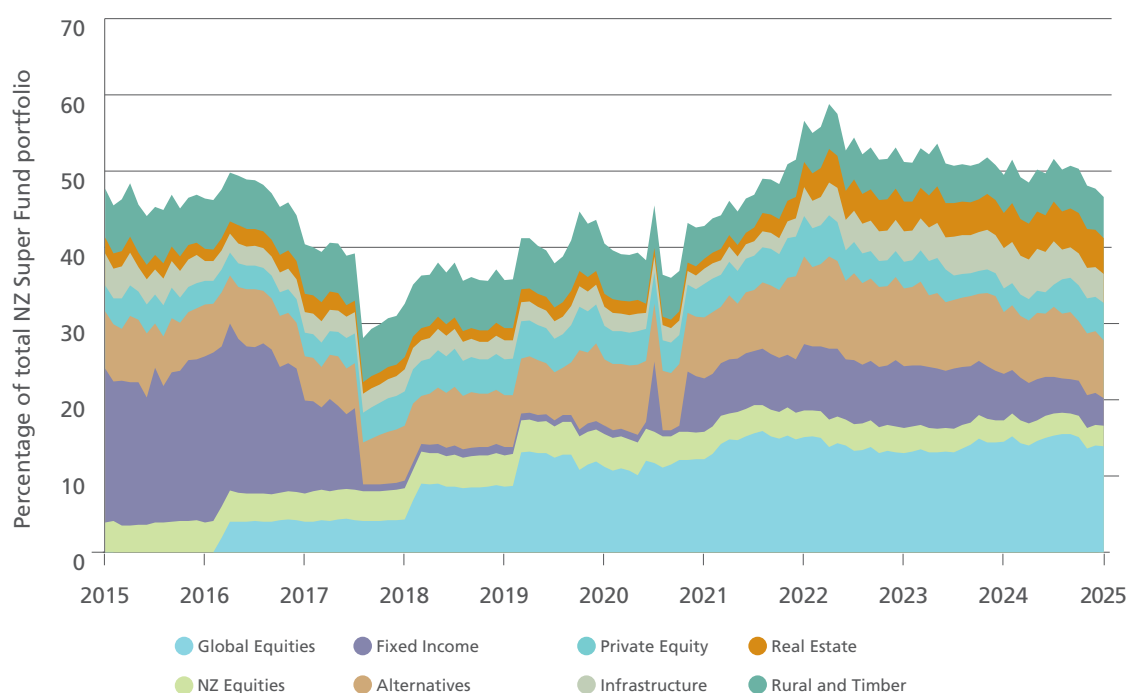
Over time, the substantial amount of tax that the Fund pays will increasingly offset government contributions. Over 2024/25, the domestic tax paid on earnings from the Fund's assets was higher than the required contributions to the Fund from the Government. On current projections the Government will start withdrawing money from the Fund to help pay for universal superannuation from 2028. Treasury estimates that by the time withdrawals begin the Government will have contributed \$13.16 billion net of tax to the Fund (i.e. less than the current net contribution of \$16.29 billion) and the Fund will be worth more than \$97 billion.

ASSET ALLOCATION OVER TIME

The graph below shows how the proportion of the Fund that is invested actively has grown over time as we have continued to identify attractive investment opportunities and funded them by selling down the Reference Portfolio. Approximately 46% of our total portfolio is managed internally. Of particular note are:

- The launch of our Developed Markets Equity Multi-factor opportunity in 2018. This effectively converted some passive equity exposure to active, now representing nearly 15% of the portfolio.
- Greater exposure to Real Estate over the past four years as we have invested in Core, Value-Add and Opportunistic segments of the overall Real Estate opportunity and increased our investment in Rural Land.

Actively invested asset exposure over time*



* Calculated before Strategic Tilting, Tactical Credit Opportunity and Direct Arbitrage, as these are implemented through the use of derivatives.

ACTIVE INVESTING

Our active investment strategies leverage our unique advantages as an investor, called endowments. Many of these strategies take advantage of the Fund's long time horizon. Over the years, one of the most successful of these active investment strategies has been Strategic Tilting, which is guided by a belief in mean reversion in asset prices and uses derivatives to take contrarian positions across various investment markets. Strategic Tilting added significant value to the Fund in 2024/25, while our Trend opportunity was the largest detractor from Fund performance. See pages 47-51 for more information about the performance of these and other opportunities over the year.

Our endowments



RISK-ADJUSTED RETURN PERFORMANCE: THE SHARPE RATIO

Focusing solely on returns ignores how smooth or rough the ride was in generating those returns and the risk taken to achieve them. A commonly used risk-adjusted performance metric, the Sharpe ratio, compares the portfolio returns above cash returns as a ratio of the volatility of returns. The higher the ratio, the greater the return for the risk taken, and vice versa. The Sharpe ratio enables us to compare the risk-adjusted performance of our benchmark, the Reference Portfolio, with that of our Actual Portfolio, and also against our expectations. This is shown below.

	Reference Portfolio	Actual Portfolio
Expected Sharpe ratios	0.21	0.29
Realised Sharpe ratios		
Since introduction of Reference Portfolio (July 2010) to 30 June 2025	0.81	1.02
Since inception (December 2003) to 30 June 2025	0.52	0.61

Our long-term expectation is that the Reference Portfolio will achieve a Sharpe ratio of 0.21. For the Actual Portfolio, we expect a slightly higher Sharpe ratio of 0.29, reflecting the value we believe we can add through active investing.

It is important to note that the volatility component of the Sharpe ratio calculation is significantly impacted by private market assets. These investments are typically revalued quarterly or annually, as opposed to daily for listed assets such as equities or bonds. This can result in the appearance of much lower volatility than these assets actually have, consequently increasing the Sharpe ratios. Funds with a higher proportion of unlisted assets will therefore appear to be less risky than ones with more listed assets. Our Sharpe ratio calculation above uses annual data points to take into account full valuation cycles of private assets.

Reference Portfolio

The Reference Portfolio has generated a higher Sharpe ratio than the 0.21 we expected. Since its introduction in 2010, the Reference Portfolio has a realised Sharpe ratio of 0.81. This is because the Reference Portfolio has experienced higher-than-expected returns and lower-than-expected volatility. Since inception, the realised Sharpe ratio of the Fund's benchmark is 0.52.

Actual Portfolio

The Actual Portfolio has also generated a better Sharpe ratio than we expected. Since 2010, the Actual Portfolio's realised Sharpe ratio has been 1.02, materially exceeding our expectation of 0.29. Again, this has been driven largely by returns exceeding expectations and, to a lesser extent, lower-than-expected volatility. Since inception, the Actual Portfolio has realised a Sharpe ratio of 0.61. Over both periods, the Sharpe ratio of the Actual Portfolio compares favourably with that generated by the Reference Portfolio.

INVESTMENT ENVIRONMENT

In this report, we discuss factors that influence our global economic and investment environment.

2024/25 INVESTMENT ENVIRONMENT

GLOBAL MARKETS

Global financial markets experienced notable volatility throughout 2024/25, shaped by an escalating trade war and shifting geopolitical dynamics. Despite these headwinds, global equities posted strong gains of about 13%, helping the NZ Super Fund reach a year-end value of \$85 billion. This was supported by strong performance across many elements of our portfolio.

Financial markets were highly sensitive to trade and political developments throughout the year. Following the re-election of US President Donald Trump, global equities rallied in 2024. However, this momentum was short-lived, as markets experienced a sharp correction in 2025 in response to sweeping new tariff proposals from the Trump Administration, particularly for Chinese imports. Sentiment and equity performance rebounded as some of these uncertainties began to ease.

At the same time, growing concerns over US debt levels have raised broader questions about the sustainability of US economic leadership and continued global demand for US assets. Some investors are seizing the opportunity to trim their US exposure, partly in response to the increasing concentration of US assets in recent years.

These developments have led to a broad-based depreciation of the US dollar, particularly against the Swiss franc and Japanese yen. US government bond yields rose modestly, led by rising term premium, whereas European rates rose on the back of fiscal stimulus in Germany improving growth expectations in the region. The increase in global yields marks a stark departure from the post-GFC low-rate environment.

Global equity markets developed strong overall performance, with 'Magnificent Seven' technology stocks continuing to be supported by enthusiasm around advances in AI. Nonetheless, concerns about equity valuations remain, particularly in the US, where valuations are near the upper end of historical ranges and the equity risk premium sits at historically low levels.

Japan continued to attract investor interest, supported by corporate governance reforms and a weaker yen, while Australia and New Zealand saw modest equity gains, underpinned by stabilising commodity prices and improving domestic sentiment. Emerging markets delivered mixed results.

Trade policy uncertainty remains a key overhang for global markets. Ongoing negotiations – particularly between the US and China – continue to shape investor outlooks. At the same time, geopolitical conflicts in Ukraine and the Middle East disrupted commodity supply chains, especially global oil and gas markets. The rise in geopolitical risks has benefitted the price of gold, which rose nearly 40% this year, building on multiple years of gains.

Despite a turbulent policy and market environment, the global economy demonstrated some resilience. Growth in North American and European economies is expected to slow towards 1–2%, with lower momentum amid elevated uncertainty about global trade policies. However, unemployment remains below historical averages and labour markets remain on solid footing.

Inflation trends were encouraging, with headline inflation declining towards central bank targets, albeit remaining above pre-pandemic levels. Easing inflationary pressure allowed central banks to shift towards more accommodative policies and settle policy rates towards the terminal target of this easing cycle.

Within emerging markets, Chinese policy-makers have adopted expansionary monetary and fiscal policy to support the country's slowing growth and subdued inflation.

DOMESTIC MARKETS

New Zealand's economic performance in 2024/25 has reflected a cautious recovery from a prolonged downturn in the aftermath of the COVID-19 pandemic. Inflation has eased to the target range, allowing the Reserve Bank to reduce the Official Cash Rate to 3.25% (as at 30 June 2025), which should support consumer spending and investment.

Alongside this domestic recovery, improving terms of trade and rising commodity prices have provided a lift to the external sector, though the benefits from stronger export revenue and lower interest rates have been slower to filter through to households and businesses. Housing prices remain largely flat year-on-year, and while broader economic indicators point to gradual recovery, structural changes persist, particularly around productivity.

LOOKING TO THE FUTURE

Persistent risks related to global trade, geopolitical tensions, and softening consumer demand continue to impact both economic growth and inflation. As a result, recession risks remain elevated, which could dampen financial market returns in the years ahead.

The impact of policy shifts on inflation is expected to vary across regions, with the US likely to face a more pronounced inflationary effect than other economies. In the year ahead, the consequences of US tariffs and protectionist measures are also expected to become more evident, as the country's effective trade-weighted tariff is projected to increase by 10 percentage points – reaching its highest level in over a century.

Here in New Zealand, we continue to see strong long-term potential in domestic sectors that leverage the country's innovation, natural resources, and favourable demographics.

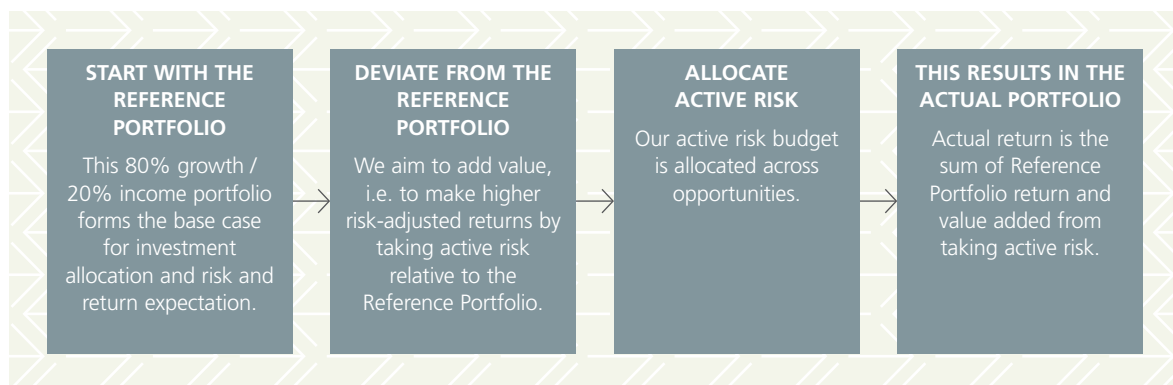
Ultimately, our investment horizon enables the NZ Super Fund to navigate short-term disruptions and focus on sustainable, long-term returns for future generations of New Zealanders.

We make active investments to generate returns above our passive Reference Portfolio benchmark over time.

We make two types of investments:

- passive, where we invest in a way that tracks market index or indices. Our Reference Portfolio is invested passively.
- active, where we or a manager working on our behalf choose to invest in a strategy or company that we believe will deliver a better risk-adjusted return over the long term than passively investing.

Our active investments are funded from our Reference Portfolio. To avoid active investments increasing the Fund's risk, they are funded by a combination of growth, income assets or cash that matches its Reference Portfolio risk profile. When we sell an active investment, the proceeds are invested back into the Reference Portfolio in the same proportion of growth and income assets as the initial funding.



We call this mix of growth and income assets the proxy. The proxy represents the opportunity cost of an active investment (or the return we would have made if we did not sell the proxy assets) and is part of our cost of capital which is also referred to as the hurdle rate. The hurdle is the minimum rate of return we require to make an active investment. The active return of an investment is the difference between the asset return and its proxy's return. Active investments create 'active risk', which is the chance that they will perform better or worse than their proxy.

Two key strategic decisions determine the risk and return profile of the Fund: (i) the structure of the Reference Portfolio, as discussed on page 41, and (ii) the size of the Fund's active risk budget. These are both Board decisions, informed by recommendations from Guardians' management.

Our active risk budget is 4%, meaning the standard deviation of active returns over the long term is expected to average 4% over time. Within this budget, management allocates risk to specific investment opportunities. The most risk is allocated to the investment opportunities we believe will add the most value to the Fund, after considering consistency with both our liquidity risk appetite and our sustainable investment approach.

WHAT OPPORTUNITIES ARE

Opportunities are the basic building blocks of the active portfolio – we invest in opportunities that are expected to produce positive risk-adjusted active returns. Effectively equivalent to sub-asset classes, opportunities can be broad (such as Rural Land) or narrow (such as Spectrum). The opportunity framework allows our investment team to construct a portfolio that is based on clearly defined drivers of risk and return.

Opportunities are subject to regular review and may be terminated, redefined or merged, based on changes to the return and/or risk drivers. Terminating an opportunity means we are no longer looking to add new exposures to it. Legacy assets may remain in a terminated opportunity until they are wound down.

INVESTMENT OPPORTUNITIES (CONTINUED)

ALLOCATING RISK TO INVESTMENT OPPORTUNITIES

We allocate active risk budget to each opportunity based on its expected risk-adjusted return, alignment with our endowments and investment beliefs, and support for our sustainability goals. Allocations are constrained to be consistent with our liquidity risk appetite.

Each investment opportunity sits within one of four groups – these groups are for reporting purposes only. We set a time-varying target risk allocation for some opportunities according to their point-in-time attractiveness, which is assessed every six months. This target risk allocation is designed to achieve the average allocation of active risk to each opportunity, the opportunity risk budget, over time. Target risk allocations are a guide only as we retain flexibility to use more or less risk than the target, depending on the attractiveness of specific investments. This flexibility is a key component in our total portfolio approach. It ensures that we are able to compare investments across the total portfolio and the investment universe for each investment decision.

Of the opportunity groups, Real Assets delivered the weakest value-add this year, primarily due to underperformance across its largest exposures: Longroad Energy, RetireAustralia and Kaingaroa Timberlands. See Infrastructure (Development), Real Estate (Value-Add) and Timber on page 50 for further details about these assets. Our Internal Investment Mandates delivered the most value this year.

TIME-VARYING ALLOCATION APPROACH				
Group	Equity, Credit & Arbitrage	Internal Investment Mandates	Real Assets	Static Targets
Opportunities	• Convertible Arbitrage • Natural Catastrophe Reinsurance • Life Settlements* • Distressed Credit*	• Direct Arbitrage • Tactical Credit • Strategic Tilting • Active Equities (NZ) • Event-Driven	• Timber • Rural Land • Real Estate (Opportunistic) • Real Estate (Value-Add) • Real Estate (Core) • Infrastructure (Core) • Infrastructure (Value-Add) • Infrastructure (Development) • Energy Growth (Shale)*	• Spectrum • Developed Markets Equity Multi-factor • Global Macro • Opportunistic • Venture Capital • Trend • Exploratory • Buyout • Sustainable Transition • Growth Equity • Insurance Run-off
Description	The Equity, Credit and Arbitrage Group is made up of opportunities that are either equity-like, offer credit exposure, or provide a potential arbitrage opportunity.	The Internal Investment Mandates Group includes all of the strategies that are run by Guardians staff.	The Real Assets Group comprises investments or holdings in physical assets.	The Static Targets Group contains opportunities where we do not attempt to time the market (i.e. we do not change our allocation in response to market conditions).

* Terminated opportunity.

OPPORTUNITY GROUP PERFORMANCE

Source of value-add*	1 year	5 year p.a.	10 year p.a.
Equity, Credit & Arbitrage	0.19%	0.18%	0.03%
Internal Investment Mandates	1.38%	1.22%	1.18%
Real Assets	-1.16%	0.38%	0.35%
Static Targets	0.22%	0.48%	0.05%
Terminated*	-0.04%	-0.39%	-0.30%
Total**	0.59%	1.87%	1.31%

* The returns of the terminated opportunities are not included in the returns of the opportunity groupings

** Totals may not equal the sum of underlying components due to rounding. The difference between the 0.59% total shown here and the Fund's total annual value-add performance of 0.98% for the year can be attributed to portfolio completion activities (see page 51), benchmark calculation methodology factors and Guardians' costs.

OPPORTUNITY PERFORMANCE OVER TIME

The graph below shows how each of our investment opportunities has performed over the past five years.

The vertical axis represents the annualised percentage point contribution to overall portfolio active return that each opportunity has delivered. An opportunity sitting at or below zero may still have generated a positive absolute return; however, its proxy generated a higher return. The horizontal axis represents the average amount of active risk used by each opportunity over the same period.

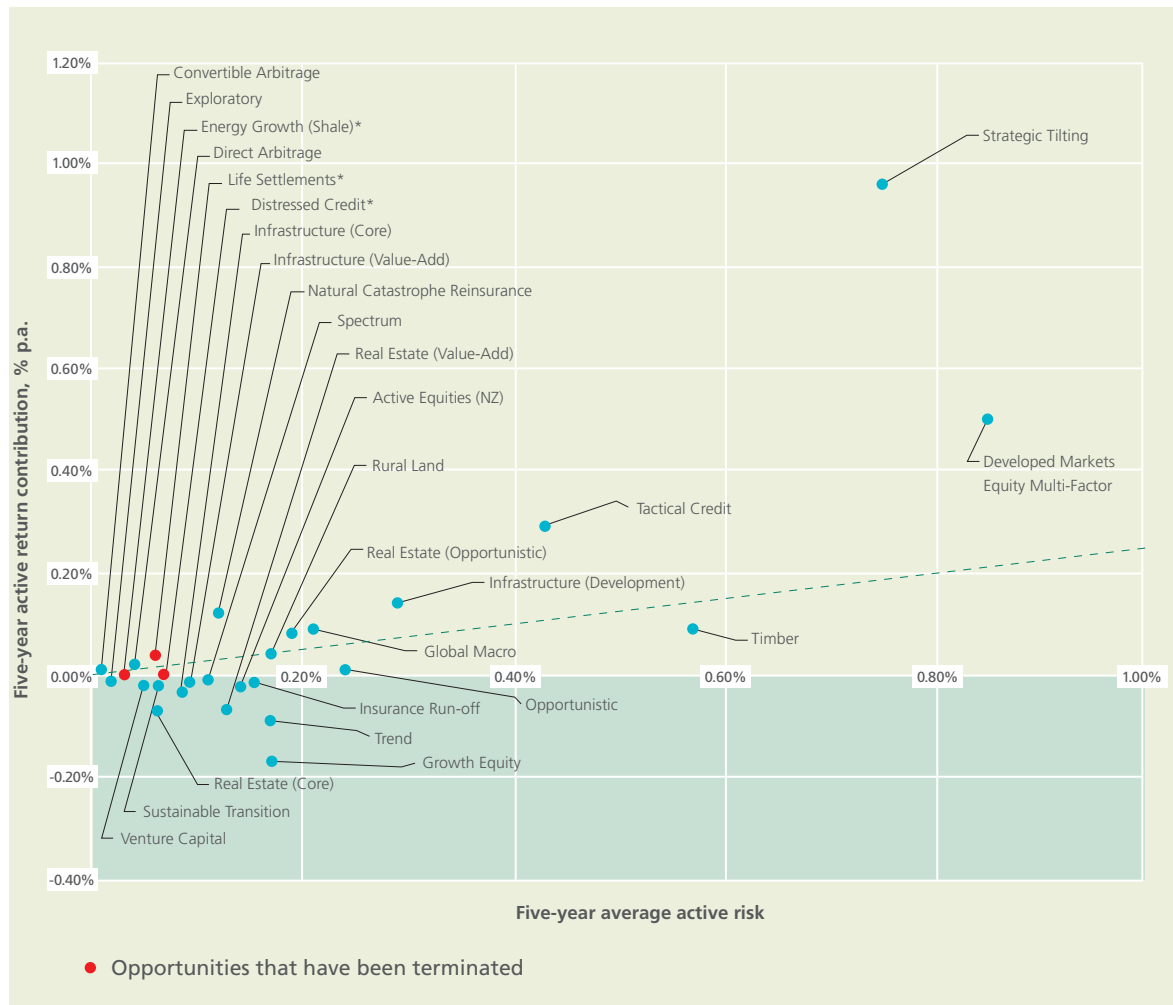
The dotted line shows the Fund level expected Information Ratio (portfolio active return relative to active risk). It is not necessary for all opportunities to lie on or above the line in order to achieve our expected Information Ratio at the Fund level.

The opportunities that sit above 0% on the vertical axis have added value above the Reference Portfolio, and those above the dotted line have performed above our long-term return expectations for the Active Portfolio during the measured period. Historically, total portfolio performance has benefitted from strong opportunity performance on average and from the Guardians allocating the most active risk to the best-performing opportunities, in part because these opportunities are most strongly aligned with our endowments.

The graph shows performance over five years. This may not be suitable for assessing new opportunities or opportunities based on a long-term investment case. While a five-year time frame better reflects our long-term investment horizon, the graph includes opportunities for which we have at least a year of data. The following opportunities have between one and five years of data: Venture Capital, Trend, Sustainable Transition, Spectrum, Buyout, Exploratory, Real Estate (Core) and Infrastructure (Development). The Event-Driven opportunity has been excluded due to less than one year of data.

When reading the graph, it is important to understand that a low active return contribution is not in itself a bad outcome. Opportunities that are allocated less risk over time have less potential to make large return contributions. We expect opportunities with low risk allocations to make small active contributions to the portfolio.

OPPORTUNITY PERFORMANCE OVER TIME*



* Because the active returns of the opportunities are not perfectly correlated, the active risk of all opportunities combined (i.e. the Active Portfolio) is less than the sum of the individual opportunities' active risks.

INVESTMENT OPPORTUNITIES (CONTINUED)

NOTABLE OPPORTUNITIES

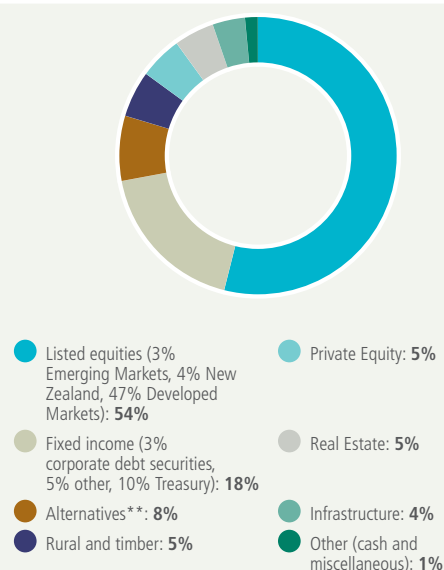
- Our **Developed Markets Equity Multi-factor Strategy** has been one of our most value-adding strategies over the past five years, including in 2024/25. This opportunity takes advantage of risk as well as behavioural and structural considerations in equity markets, using certain factors to generate premiums. While we maintain exposure to beta, or the broad market return, we are deliberately taking on a small amount of active risk to generate additional alpha, or active returns. By doing so, we aim to outperform the market, rather than merely track it, while still ensuring that the portfolio benefits from overall market movements. Most of our targeted factors performed well, with momentum the highest-performing factor and low volatility the only factor that detracted value.
- **Strategic Tilting** also continued to deliver strong performance in 2024/25. Strategic Tilting uses a structured approach to tilt positions based on views of long-term expected returns. We apply tilts to broad market assets across regions in equities, rates, currencies and credit. This year included a number of geopolitical and macro-economic events that were material to investment markets, providing volatility, challenges and opportunities for the team to manage through. Overall, equities climbed significantly over the year with bond yields increasing in many regions as well. Despite being underweight equities on average through the period, our equity tilting delivered strong positive returns, in particular through tilting Japanese and Emerging Markets equities. Currency tilting performed well, driven in particular by tilting the US, Australian and New Zealand dollars. Additional value was added through effective tilting in rates and credit markets.
- **Tactical Credit** aims to generate active returns by taking advantage of the Fund's endowments and seeking investment opportunities in credit and rates markets. Over the past year, we generated a significant active return contribution through strong performance across private and structured credit exposures. As the year progressed, we slowed the reinvestment into private credit as a result of less attractive pricing, preferring to re-deploy risk into more liquid rate and credit products.
- **Opportunistic** investments contributed positively to performance this year, driven by our investment in Euroclear, a European financial market infrastructure provider. Euroclear delivered strong returns, supported by rising long-term interest rate expectations and elevated trading volumes amid broader market uncertainty. Returns for these types of investments have been more mixed over longer time frames.
- **Trend** is a systematic strategy that exploits persistent price movements over time driven by investor behavioural biases across a variety of markets. We see value in the strategy's low correlation to equity markets and the ability to exhibit positive returns during periods of sustained market downturns. Trend performance is expected to vary in accordance with different economic environments. The first half of 2025 has been marked by economic surprises in the form of unexpected and changing tariff announcements, leading to a dramatic fall and equally abrupt market rebound. With the sharp speed of the market movements, this sort of environment is unsuited to trend strategies, negatively impacting all trend programmes.
- **Timber** detracted value this year, primarily due to a more subdued short-term outlook for log prices at Kaingaroa, our significant New Zealand forest asset. Over the long term, however, timber has delivered positive performance relative to our hurdle.
- **Infrastructure (Development)** involves investing in greenfield infrastructure projects. Our largest investment in this opportunity, US renewable energy developer Longroad, has performed strongly since inception. Over the past year, amidst an uncertain US regulatory and policy environment, Longroad has focused on executing the development of its near term pipeline and protecting future pipeline projects against regulatory changes to support medium term development objectives. Given this environment, Longroad's valuation was substantially flat year on year, resulting in negative value-add against a strong proxy.
- Our **Natural Catastrophe Reinsurance** opportunity invests in both catastrophe bonds and collateralised reinsurance. The opportunity's strong active performance this year was driven by ongoing demand for catastrophe reinsurance from primary insurers. This growth outweighed the more modest increase in capital inflows into the sector, ensuring pricing remained attractive. Consistent with this, we dialled up our target risk exposures, increasing the Fund's allocation to the opportunity. Coupled with relatively low reinsurance losses for the year, this resulted in strong value-add performance over 2024/25.
- We have been less active in **Real Estate (Value-Add)** in 2024/25, with only three assets linked to this opportunity: CIM Data Centres, DFI European Value-Add Fund II and RetireAustralia. CIM Data Centres has only one remaining asset. In August 2025, we announced the divestment of RetireAustralia, with its valuation having been adjusted downwards over the course of the year to reflect market feedback, resulting in underperformance against the proxy.

- Although investments within **Real Estate (Opportunistic)** faced challenges this year, the opportunity has demonstrated strong performance over longer time periods. In May we announced that our New Zealand hotel portfolio was being brought to market, representing a once-in-a-generation opportunity for investors to deploy capital into high-quality assets across diverse market segments.
- Also included in the chart on page 49 are three opportunities we terminated in prior years. **Life Settlements** involves the purchase of life insurance policies in the secondary and tertiary markets and was terminated in 2023/24. **Distressed Credit** seeks to capitalise on investments in stressed and distressed companies, with returns generated via various mechanisms including balance sheet restructuring, operational reorganisation and asset sales, and was terminated in 2022/23. **Energy (Shale)** involves investments in shale energy, and was terminated in 2019/20.
- In addition to our opportunities, we seek to add value to our portfolio through efficient implementation – what we call **Portfolio Completion**. This focuses on obtaining cost-effective access to liquid exposures and managing them efficiently, and has added considerable value to the Fund over time. For the past five years, we have estimated the value added against the passive Reference Portfolio as approximately \$792 million, of which \$376 million was added in 2024/25. Through this strategy, we aim to minimise and reduce the direct and indirect costs associated with investing the Fund. We do this through:
 - Exposure management:** Efficiently managing public market mandates by centralising exposure risk management, and focusing on automation and optimisation for precise and swift decision-making.
 - Cost saving:** From managing the Reference Portfolio, execution, raising liquidity, and internalising mandates.
 - Securities lending:** Lending out both our equities and bonds to other market participants to achieve a return.

PORTFOLIO COMPLETION CONTRIBUTION TO NZ SUPER FUND RETURN

	1 year	5 year p.a.	10 year p.a.
Portfolio completion	0.49%	0.24%	0.27%
- Passive replication	0.12%	0.05%	0.14%
- Transitions and other	0.01%	0.01%	0.01%
- Currency overlay (manager)	0.36%	0.18%	0.13%

NZ Super Fund asset allocation as at 30 June 2025*



* Excludes the impact of any strategic tilts.

** Includes hedge funds and other liquid alternatives exposures.

INVESTMENT ACTIVITY

Here, we provide an overview of our new and closed investments over the past financial year.

NEW INVESTMENTS

Spectrum - Columbia Capital

In April 2025 we committed US\$200 million to Columbia Capital Spectrum Partners VI. Consistent with the prior fund, the investment strategy is to acquire 3.45GHz US mid-band spectrum licences, however this time via a secondary market transaction rather than a Federal Communication Commission spectrum auction.

Infrastructure (Development) - Longroad Energy

In December 2024 we committed an additional US\$112 million to Longroad Energy. This capital is being used to support the ongoing execution of Longroad's ~30GW development pipeline of US renewable energy projects and their strategic plan of becoming a scaled Independent Power Producer. Longroad has a 4.1GW operating and under-construction portfolio of solar, wind and battery projects.

Real Estate (Opportunistic)

HILLWOOD

In May 2025 we committed US\$50 million to Hillwood US Industrial Club VII. We have invested with Hillwood since 2019. Consistent with prior funds, the Club's strategy is to acquire, develop and aggregate mid-market, modern industrial and logistics real estate in the US.

CBRE

In April 2025 we made a US\$50 million commitment to CBRE's Asia Value Fund (AVPF) VII. We have invested with CBRE since 2021. The strategy for AVPF VII is not expected to deviate from the prior vintage. The fund series targets development and value-add opportunities in developed, liquid, Asia Pacific markets. Investments are thematic-driven, focused on property types positioned to benefit from long-term structural trends which carry a low risk profile relative to investments in cyclical sectors. In recent vintages (Fund IV onwards), this has meant an overweighting to logistics. Therefore, AVPF VII will invest primarily in logistics (minimum 80% allocation) and opportunistically in data centres (up to 20%). Target markets for the fund are Japan, South Korea and Australia.

Timber - Te Waihou Forestry Estate

Kaingaroa Timberlands (KT), in which we have a 42% share, entered into an agreement to purchase the Te Waihou forestry estate, a 9,200 ha freehold pinus radiata plantation located in the central North Island, with the transaction completing on 1 July 2025. The transaction was completed via the KT Partnership, with the partnership's forestry management subsidiary, Timberlands Limited, taking over forest management. The acquisition represented a strategic opportunity to expand the approximately 215,000 ha KT estate, enhancing KT's ability to invest further in its operations and sustainable forestry management practices. Te Waihou was previously owned by Global Forest Partners through its GTI9 fund, in which NZ Super Fund is a limited partner.

New Zealand Growth Capital - Direct Capital

In December 2024 we committed NZ\$50 million into Direct Capital's latest Private Equity fund, Direct Capital VII. We have invested directly in five Direct Capital funds and participated in

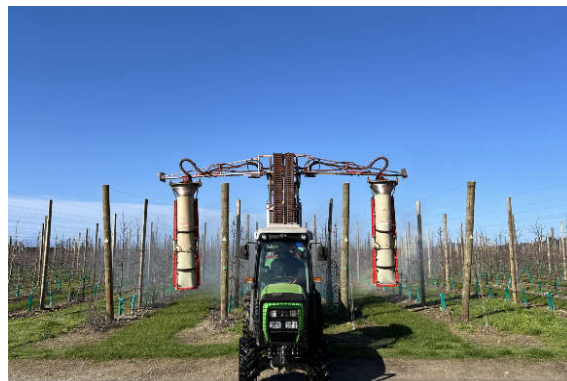
three co-investment vehicles since 2005. The new fund aims to make six to 10 diversified investments in well-established private businesses operating in the mid-market in New Zealand and, opportunistically, in Australia.

Sustainable Transition - Sedron Technologies

In September 2024 we committed US\$20 million to an investment in Sedron Technologies, alongside Ara Partners, one of our external investment managers. Sedron is a liquid waste treatment company that upcycles liquid waste streams using its proprietary, market-leading Varcor system. Under its ownership, Ara intends Sedron to become a vertically integrated builder, owner and operator of water treatment plants.

Rural Land - Reka Kiwifruit Orchard

In June 2025 via our investment manager FarmRight, we acquired a 60 ha kiwifruit orchard in Te Puke. This investment increases our kiwifruit land holdings to over 90 ha and forms part of our New Zealand rural land portfolio that includes dairy, apples, vineyards and hops.



Multi-row sprayers used on FarmRight orchards allow for three rows to be sprayed with one pass rather than the traditional single row. This reduces labour and fuel requirements as well as improving the efficiency of the spraying, resulting in less chemical use.

CLOSED MANAGERS AND MANDATES

Infrastructure - APG Infrastructure Asset Owner Fund I

In December 2024 the Asset Owner Partnership that had been established with APG to explore potential infrastructure co-investments was dissolved. The partnership had made no investments at the time of dissolution.

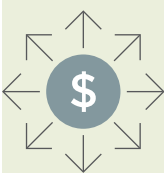
Active Equities (NZ) - Devon Funds Management

In October 2024 we closed an investment mandate with Devon Funds Management, which was actively managing a portfolio of New Zealand equities on our behalf. Our overall level of investment in New Zealand equities remains the same.

Closed-ended funds

Our fund investments with Ascribe Capital, HarbourVest Partners, Pencarrow Private Equity, and Willis Bond have reached the end of their life and been fully distributed.

Where We Invest



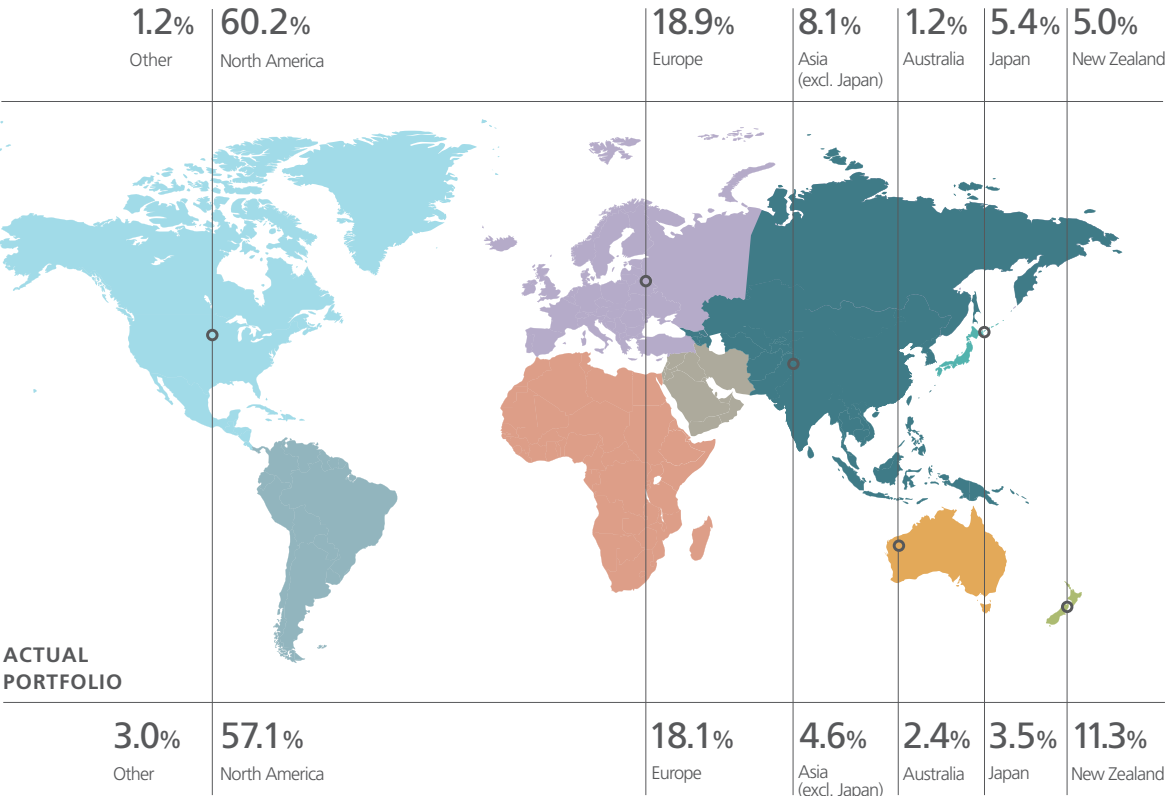
The NZ Super Fund is diversified across a range of markets and sectors all around the world.

Below we show where the Fund’s Actual Portfolio is invested, compared to where it would be invested if we took a passive approach and invested solely in line with the Reference Portfolio.

As you can see, the Fund is strongly weighted to New Zealand assets relative to the size of the market. This is because of our local advantage: New Zealand is a market we understand and value, and one in which we have some advantages that others do not. The Fund is local and Crown-owned, which is attractive to some investee businesses and co-investment partners.

In New Zealand terms, the Fund is relatively large and able to undertake investment at scale. We have a long investment horizon and the ability to invest in illiquid assets (assets that can be hard to sell quickly) to earn a premium over time.

REFERENCE
PORTFOLIO



INVESTED IN NEW ZEALAND

New Zealand is our home. It's a market we understand and in which we play an important role.

OUR NEW ZEALAND INVESTMENTS

Our mandate requires us to invest on a commercial basis. We seek to maximise returns without undue risk to the Fund as a whole, and must invest in line with best practice portfolio management.

In 2009, we received a Ministerial Direction to identify and consider opportunities to increase the allocation of New Zealand assets in the Fund, subject to our commercial mandate. Various governments have since encouraged the Fund to invest in New Zealand assets through annual letters of expectation.

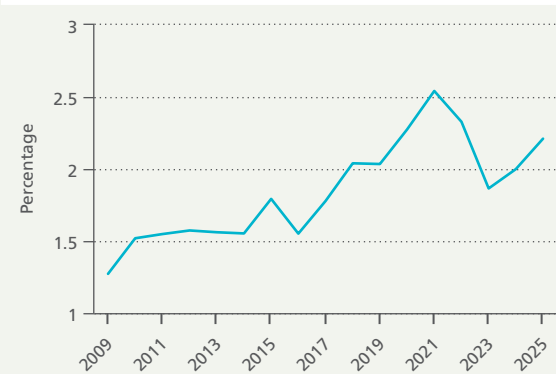
We therefore proactively seek, and devote resource to, identifying and managing attractive domestic investments that stack up commercially against global alternatives.

We believe we have a hometown advantage when investing in our local market – through our knowledge, networks, scale, long investment horizon and sovereign status. For this reason New Zealand investments feature prominently in our portfolio.

At the end of the 2025 financial year, just over 11 percent of the NZ Super Fund (\$9.6 billion) was invested in New Zealand – considerably more than a purely passive global investor would allocate. For example, NZX-listed equities currently account for around 4% of the NZ Super Fund's net asset value, while the NZX represents about 0.12% of global listed equity markets.

Since 2009, the dollar value of the NZ Super Fund's New Zealand assets relative to New Zealand's nominal GDP has steadily increased. At 30 June 2025, our New Zealand assets accounted for more than two percent of nominal GDP. We have calculated this by comparing our total value of New Zealand investments with Treasury's GDP figure for the year.

NZ Super Fund investment in New Zealand as a percentage of GDP



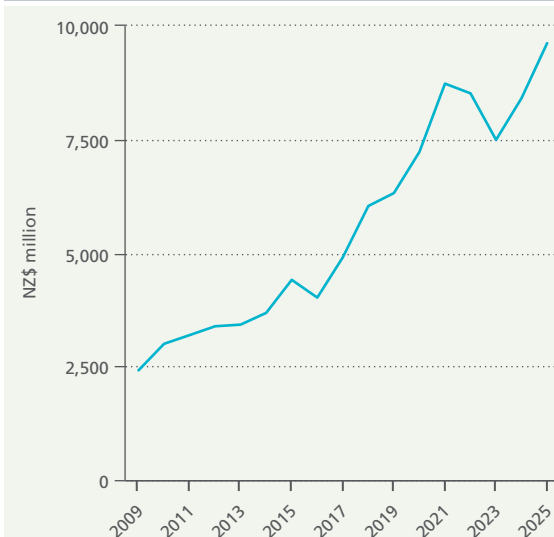
However, the value of the Fund's New Zealand assets as a proportion of the total Fund has dropped over the same period – due in part to the strong performance of various overseas asset classes (in particular, global equities).

It is likely that New Zealand assets will make up a smaller proportion of the Fund in the future. Key constraints on increased domestic investment by the Fund are the size of

the New Zealand economy and the pool of potential domestic investment opportunities of sufficient scale.

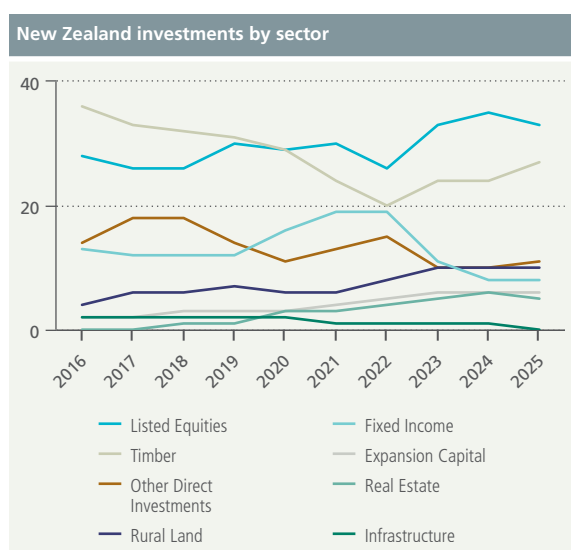
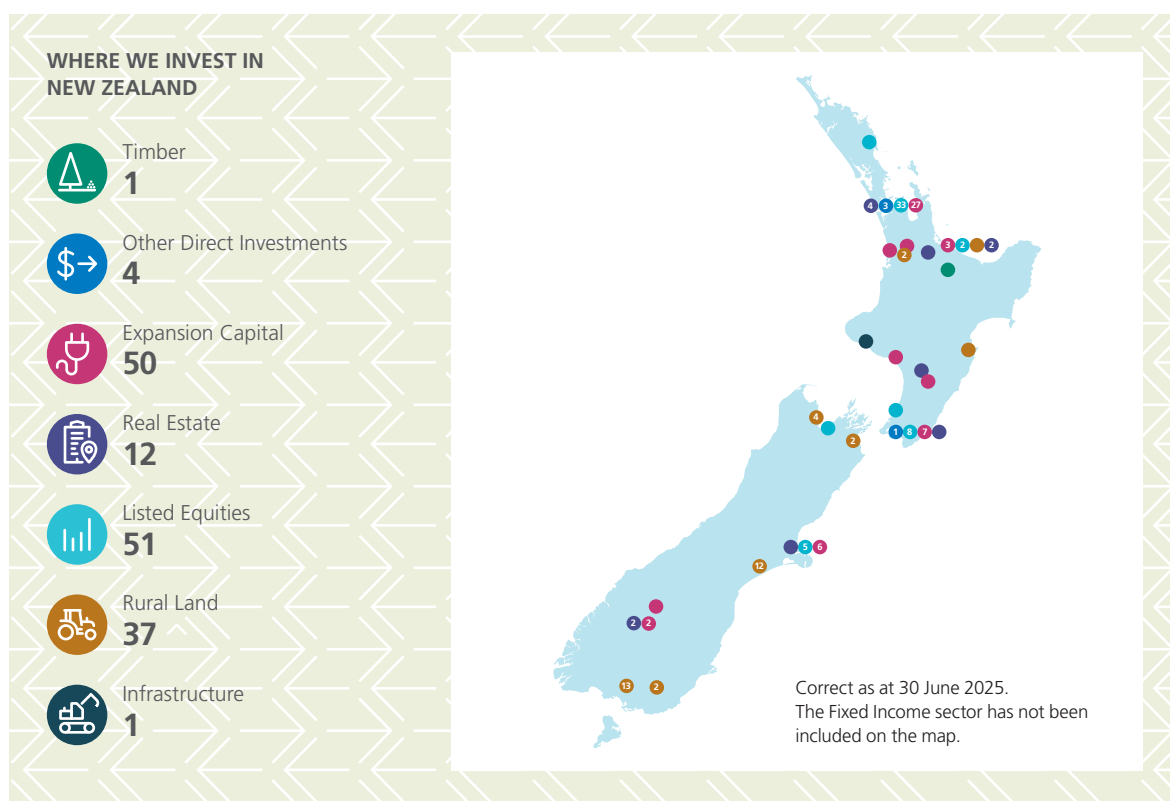
While overall trends (dollar value in New Zealand – up; proportion of total Fund in New Zealand – down) are clear, amounts can fluctuate from year to year. The reasons for this include the performance of the Fund's New Zealand investments relative to its overseas ones, and our decisions about whether to buy or sell large individual assets. Over time, in order to meet our 'maximising returns' mandate, we will look to sell mature assets and recycle the proceeds into other investment opportunities.

New Zealand investment since Ministerial Direction



Proportion invested in New Zealand since Ministerial Direction





Our New Zealand investments span a range of sectors. We invest in both private and listed companies, both directly via our in-house team and through external investment managers.

Our direct investments in New Zealand cover sectors ranging from agriculture to insurance and technology. We also allocate capital to a number of New Zealand-based managers who offer specialist expertise or can access an investment opportunity more efficiently than our in-house team. Mandates include: private equity investments managed by Direct Capital, Movac and Pioneer; and active NZX-listed equities with Mint Asset Management.

Around 4% (over \$3 billion) of the Fund is invested in New Zealand shares. In addition to our externally managed equity

mandates, our in-house team invests both passively in the NZX50 and actively where we believe that we can add value.

We are now in our third year of managing a machine learning New Zealand equities mandate. This invests based on equity characteristics that our custom-built programme assesses over time, with oversight from our investment team. The programme has outperformed passive benchmarks since inception. Moreover, it is negatively correlated with our in-house portfolio, further diversifying our investments.

In addition to the NZ Super Fund, the Guardians oversee the management of the Elevate NZ Venture Fund, which has an exclusively New Zealand-focused mandate. See pages 64-68 for more information about Elevate and its investments.

Progress on New Zealand investments this year

During the past 12 months, we have continued to develop our rural land portfolio, increased our investment in forests in the central North Island, committed further capital to locally managed funds that provide growth capital to New Zealand businesses, and continued to invest in various land development initiatives that will provide platforms for housing and social infrastructure.

Our largest and longest-standing investment is a 42% share of Kaingaroa Timberlands (KT), owner of the Kaingaroa Forest plantation – one of the oldest and largest softwood plantations in the world. KT this year expanded the plantation area with the purchase of a further 9,200 ha. The transaction preserves the land's established role in commercial forestry and supports the South Waikato region's economic and environmental objectives.

We also have long-standing investment in New Zealand's primary sector. What began with the purchase of three South Island dairy farms in 2010 has grown into a portfolio now worth

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INVESTED IN NEW ZEALAND (CONTINUED)

close to \$1 billion that includes investments in hops, pipfruit, viticulture, kiwifruit, beef and dairy in both islands.

We have been working with developers Russell Property Group, local iwi Ngāi Tai ki Tāmaki and property fund Hāpai on a plan change that will enable the development of residential housing and associated infrastructure and amenities south of Beachlands in Auckland. The plan change was granted in April 2024 and then appealed, before receiving final approval in December 2024.

We also continue to evaluate the possibility of building a 1GW offshore wind farm in the South Taranaki Bight, alongside our partners Copenhagen Infrastructure Partners. We are engaging with government and various government agencies, as well as iwi and other community stakeholders, while completing feasibility studies into wind and wave conditions, marine species behaviour, and seabed conditions.

The Offshore Renewable Energy Bill, which, if passed into law, would introduce a regulatory regime for offshore renewable energy, continues to make progress. The local community and national business and industry groups have generally welcomed the prospect of this development, and there is broad appreciation that large-scale renewable energy projects of this type are essential to successfully decarbonising New Zealand's economy.

We also invested into a new fund with private equity investment manager Direct Capital this year – our 20th year of investing with them. See page 52 for more information.

A full list of all our shareholdings, including the percentage of each NZX listed company we hold, is updated every six months and available on our website.

OUR FUTURE DIRECTION

Looking ahead, we believe that large-scale investments in infrastructure, real estate and large New Zealand companies (where we see a good fit with our competitive advantages) offer the best opportunities for us to increase the size of our New Zealand investment portfolio.

We are particularly interested in exploring opportunities, in partnership with high-quality domestic and international investors, to co-design and negotiate large commercial investments in infrastructure projects up-front and on an exclusive basis. We aim to work with like-minded partners who bring both capital and specific sector expertise to the table.

As a long-term investor, we have the ability to commit to the full project development process from conceptualisation through to design, financing, building and operation. This approach fits well with our commitment to sustainable investment as it enables the development of comprehensive end-to-end solutions that can generate long-term economic and social benefits.

Our partnership model has informed our partnerships with developers Russell Property Group and its associates, local iwi Ngāi Tai ki Tāmaki and property fund Hāpai at Beachlands; with Copenhagen Infrastructure Partners on a proposed offshore windfarm in the South Taranaki Bight; and with Canadian fund La Caisse (formerly CDPQ) on our unsuccessful bid to build a light-rail system in Auckland.

Like all institutional investors, we have a minimum investment threshold for participating in direct transactions. The costs associated with investing (including due diligence, legal

expenses, finance monitoring, governance, and management and board reporting) are to a certain extent fixed; in fact, small investments are often more costly to transact and to administer than larger ones, which typically come with more sophisticated processes. Currently, our threshold is approximately \$250 million for direct investments and \$50 million for externally managed investments.

Our commitment to investing in New Zealand remains strong, as evidenced both by the portfolio of our own assets and by the overseas investors we have introduced to this country.

OUR ROLE IN NEW ZEALAND

As one of New Zealand's largest institutional investors, and as a Crown Entity, we recognise that we play an important role in this country's financial ecosystem.

We are committed to helping strengthen New Zealand's capital markets; supporting like-minded entities including the Corporate Governance Forum, the Capital Markets Taskforce, and Centre for Sustainable Finance: Toitū Tahua; participating in government advisory groups, trade missions and other initiatives; and using our expertise and experience to create a better future through investment excellence.

Our position as a large local investor permits us to be influential and active owners. We actively engage with management and boards of New Zealand listed companies, and are members of the New Zealand Corporate Governance Forum. See page 76 for information about how we worked with other Crown Financial Institutions (CFIs) to engage with NZX50-listed companies on climate change this year. To learn more about our role as stewards of our investee companies, both in New Zealand and internationally, see pages 73-74, as well as our Stewardship Report, available on our website.

From time to time we also make submissions on government policy matters that are relevant to us – see page 97 for more information.

We seek opportunities to share knowledge with other investors. In February 2025, we hosted a Data Analytics in Investment Conference in Auckland, which covered the evolution of quantitative analysis and data analytics in investment, the current landscape and environment, and how to successfully adopt new ways of working with data. We hosted over 100 delegates from global and New Zealand investors, iwi, and Crown Financial Institutions for this day-long event.



Data Analytics in Investment Conference

CASE STUDY

TR Group: Co-investing for innovative and sustainable transport services

Established in 1992, TR Group is New Zealand's leading truck and trailer lease and rental company, with a growing presence in Australia. It has a fleet of nearly 10,000 heavy commercial vehicles across New Zealand and Australia.

The business is exclusively focused on providing a world class service in the rental and lease of trucks and trailers with significant vehicle expertise and supporting services, such as driver training and vehicle maintenance, all focused on clients getting optimised outcomes from their vehicles.

The NZ Super Fund has been invested in TR Group since 2020 as a co-investment through Direct Capital and alongside the Te Pūia Tāpapa Investment Fund. The NZ Super Fund has an 8.7% stake in the company.

Direct Capital is one of our longest standing managers, which we have invested in for 20 years – see page 52 for more information. Te Pūia Tāpapa is a large-scale direct investment fund backed by 34 iwi and Māori investors, and a preferred investment partner for the NZ Super Fund.

"Te Pūia Tāpapa has many of the same goals and investment strategies as the NZ Super Fund," says Paul Majurey, Chair of Te Pūia Tāpapa.

"Both our funds seek long-term investments of scale that have strong returns as well as strong ESG track records. TR Group is a prime example of this. Our partnership with the Guardians dates back to the inception of our fund in 2018, and we continue to keep a close working relationship and seek opportunities to invest alongside one another."

TR Group gives customers the ability to outsource areas of fleet management including vehicle design, specification and procurement, maintenance, residual value risk, driver training and safety, compliance, vehicle uptime and fleet flexibility. Its focus on efficiency and customer needs includes 24/7 service, which ensures that customers can maximise vehicle use time.

The business has been recognised for its commitment to sustainability and innovation in the transport industry. Its fleet includes more than 60 zero-emission vehicles, ranging from battery electric and hybrid cars and SUVs to electric, hybrid and Euro 6 emission trucks, as well as New Zealand's first hydrogen fuel cell electric vehicles. In addition, there are over 30 low-emission vehicles in the form of hybrid and dual-fuel trucks. The company's driver training and fleet maintenance programmes support keeping customers' transport operations energy efficient.

TR Group has formed partnerships with key industry stakeholders to encourage the uptake of alternative fuel vehicles, including Hiringa Energy, which is developing a network of hydrogen refuelling stations across New Zealand.

"TR Group looks to deliver extraordinary results and make a positive lasting impact, both at the same time" says Andrew Carpenter, TR Group's Managing Director.

"Whilst financial results are important, it goes well beyond that, to delivering an outstanding service that makes a positive difference. It really helps to have the support of like-minded investors like the NZ Super Fund in achieving these goals."

TR Group held a Hydrogen Truck Day at Hampton Downs in March 2025 providing customers a chance to learn about and test-drive a range of hydrogen trucks.



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CASE STUDY

Datacom: A direct investment at the forefront of technology

Datacom recently celebrated 60 years, and the Wellington-headquartered technology services firm remains at the cutting edge of its rapidly evolving industry.

This is one of the NZ Super Fund's longest-standing New Zealand investments. We first purchased a 35% stake in the company from NZ Post in 2012 and have since increased our share to 45%. The rest of Datacom is privately owned by the family of Datacom founder John Holdsworth.

Datacom is one of Australasia's largest IT services companies, providing a wide range of technology solutions – ranging from cloud, networks, cybersecurity, software engineering, AI and Software as a Service (SaaS). The company also owns and operates four New Zealand data centres.

Datacom has grown significantly over the last two decades. It now boasts a diverse client base of corporate and government customers throughout Australia and New Zealand.

With AI adoption continuing at pace, Datacom has established a team of more than 400 AI experts and engineers to support a wide range of AI initiatives. Datacom is also actively adopting AI into its own operations to boost productivity and drive internal efficiencies.

Already, Datacom is deploying AI agents to deliver major technology system upgrades in a matter of weeks, compared to months or years using the traditional models, and at significantly reduced cost.

"AI is the single biggest and most significant technology shift that we've seen in decades," says Greg Davidson, Datacom Group Chief Executive Officer.

"Our team is continuously finding use cases and building solutions that are driving meaningful and measurable results while also serving as trusted advisors to organisations seeking support, helping ensure they have the right foundations and technology in place to support future growth ambitions."

Datacom is committed to achieving net carbon zero by 2030. It undergoes annual carbon audits by independent assurance providers to monitor progress and keeps its emissions low through initiatives such as investing in energy efficient offices, using hybrid business vehicles, and powering its New Zealand data centres with 100% renewable energy sources.

Datacom also supplies the Guardians with services including payroll, security, licensing, service delivery, and application and database support.



Datacom's Tahi Building, Auckland

MANAGERS AND CUSTODIANS

In this section, we set out a complete list of our investment managers and custodians.

The table below includes all asset managers who oversee investments on behalf of the NZ Super Fund or the Elevate Fund. It identifies managers who have been appointed or closed over the last year and whether managers invest primarily in listed (or highly traded) or unlisted securities. We disclose the value of the assets each manager manages on behalf of the NZ Super Fund and the Elevate Fund, as at 30 June 2025, and the value of each investment as a percentage of the total fund. Our internal investment mandates are managed by the Guardians' in-house team of investment professionals.

NZ SUPER FUND

Managers/mandates appointed since 1 July 2024	Year appointed	Fund name and focus areas	Type	Value of investment NZ\$m	% of total Fund (pre-tax)
CBRE Investment Management	2025	CBRE Asia Value Partners 7 – Real Estate (Opportunistic)	Unlisted	3	0.0%
Columbia Capital	2025	Columbia Spectrum Partners VI – Spectrum	Unlisted	329	0.4%
Direct Capital	2025	Direct Capital VII – Buyout	Unlisted	0*	0.0%
Hillwood	2025	US Industrial Club VII – Real Estate (Opportunistic)	Unlisted	10	0.0%

Managers/mandates closed since 1 July 2024	Year appointed	Fund name and focus areas	Type
APG Asset Management	2022	APG Infrastructure Asset Owner Fund I – Infrastructure	Unlisted
Ascribe Capital	2010	Ascribe Opportunities Fund II – Distressed Credit	Unlisted
Devon Funds Management	2011	Segregated Mandate – Active Equities (NZ)	Listed
HarbourVest Partners	2006	HarbourVest International Private Equity Partners V Fund – Buyout	Unlisted
Pencarrow Private Equity	2011	Pencarrow IV Investment Fund – New Zealand Growth Capital	Unlisted
Willis Bond	2010	Willis Bond Institutional Partners – Real Estate (Opportunistic)	Unlisted

Incumbent managers/mandates as at 30 June 2025	Year appointed	Fund name and focus areas	Type	Value of investment NZ\$m	% of total Fund (pre-tax)
Adams Street Partners	2007	Adams Street Partnership Fund – Buyout	Unlisted	0*	0.0%
AJ Capital	2023	Field & Stream Hotel Fund I – Real Estate (Opportunistic)	Unlisted	20	0.0%
Apollo Global Management	2014	Financial Credit Investment II – US Life Settlements	Unlisted	178	0.2%
	2017	Financial Credit Investment III – US Life Settlements	Unlisted	155	0.2%
AQR Capital Management	2009	CNH Convertible Arbitrage Master Account – Convertible Arbitrage	Listed	53	0.1%
	2018	Segregated Mandate – Multi-factor Investing	Listed	5,293	6.2%

MANAGERS AND CUSTODIANS (CONTINUED)

Incumbent managers/ mandates as at 30 June 2025	Year appointed	Fund name and focus areas	Type	Value of investment NZ\$m	% of total Fund (pre-tax)
Ara Partners	2023	Ara Fund III AIV and Co-investment – Sustainable Transition	Unlisted	82	0.1%
Bain Capital	2013	Bain Capital Credit Managed Account (NZSF) – Distressed Credit	Unlisted	62	0.1%
BlackRock Investment Management UK	2020	Segregated Mandate – Fixed Interest Securities (ex Treasuries)	Listed	5,524	6.5%
Bridgewater Associates	2006	Bridgewater Pure Alpha Fund II – Global Macro	Listed	810	1.0%
Canyon Capital Advisors	2016	Canyon NZ-DOF Investing – Distressed Credit	Unlisted	281	0.3%
Carlyle	2020	Carlyle FRL – Insurance Run-off	Unlisted	969	1.1%
CBRE Investment Management	2021	CBRE Asia Value Partners VI – Real Estate (Opportunistic)	Unlisted	94	0.1%
CIM	2019	N-Data Center Portfolio Co-Investor – Real Estate (Value-add) and N-Novva Co Investor – Real Estate (Opportunistic)	Unlisted	1,334	1.6%
Citadel	2020	Citadel Kensington Global Strategies Fund II – Global Macro	Listed	490	0.6%
CITP	2011	China Infrastructure Partners – Infrastructure	Unlisted	83	0.1%
Columbia Capital	2021	Columbia Spectrum Partners V – Spectrum	Unlisted	153	0.2%
	2023	Columbia Capital Opportunities Fund I and Co-investments – International Growth Equity	Unlisted	103	0.1%
	2023	Columbia Capital Equity Partners VIII – International Growth Equity	Unlisted	48	0.1%
Copenhagen Infrastructure Partners	2021	Copenhagen Infrastructure Energy Transition Fund I – Infrastructure	Unlisted	44	0.1%
Deutsche Finance International	2021	DFI European Value-Add Fund II – Value-add Real Estate	Unlisted	185	0.2%
Direct Capital	2009	Direct Capital IV – New Zealand Growth Capital	Unlisted	0*	0.0%
	2016	Direct Capital V and Co-investments – New Zealand Growth Capital	Unlisted	71	0.1%
	2020	Direct Capital VI – New Zealand Growth Capital	Unlisted	66	0.1%
Domain Timber Advisors	2023	Sutherland Timber SMA – Timber	Unlisted	117	0.1%
Elementum Advisers	2010	Segregated Mandate – Natural Catastrophe Reinsurance	Unlisted	516	0.6%
Episteme Capital	2023	Episteme ESQTR SMF I – Global Macro	Listed	153	0.2%

Incumbent managers/ mandates as at 30 June 2025	Year appointed	Fund name and focus areas	Type	Value of investment NZ\$m	% of total Fund (pre-tax)
ESR	2022	ESR Data Centre Fund I – Real Estate (Opportunistic)	Unlisted	66	0.1%
FarmRight	2010	Rural land in New Zealand and Australia	Unlisted	1,222	1.4%
Fifth Wall	2021	Fifth Wall Early-Stage Climate Technology Fund and Co-investments – Sustainable Transition	Unlisted	108	0.1%
Florin Court	2023	Florin Court Capital Fund – Trend	Listed	316	0.4%
Generation Investment Management	2022	Generation IM Sustainable Solutions Fund IV – Sustainable Transition	Unlisted	77	0.1%
Global Forest Partners	2007	Global Timber Investors 8 – Timber	Unlisted	61	0.1%
	2009 & 2012	AIF Properties – Timber	Unlisted	292	0.4%
	2010	Global Timber Investors 9 – Timber	Unlisted	52	0.1%
Grain Management	2020	Grain Spectrum Holdings III – Spectrum	Unlisted	212	0.2%
Hillwood	2019	US Industrial Club V – Real Estate (Opportunistic)	Unlisted	149	0.2%
	2021	US Industrial Club VI – Real Estate (Opportunistic)	Unlisted	286	0.3%
Kohlberg Kravis Roberts (KKR)	2007	KKR Asian Fund – Buyout	Unlisted	0*	0.0%
	2014	KKR NZSF Energy Investor – Energy Growth (Shale)	Unlisted	81	0.1%
Leadenhall Capital Partners	2013	Natural Catastrophe Reinsurance	Unlisted	571	0.7%
Man AHL	2022	Man AHL Institutional Solutions Pure Momentum Plus and Evolution – Trend	Listed	493	0.6%
Mint Asset Management	2015	Segregated Mandate – Active Equities (NZ)	Listed	775	0.9%
Morrison	2006	Global Infrastructure Mandate, including investments in RetireAustralia, Altogether, Longroad Energy, Galileo Green Energy and Active Listed Infrastructure	Listed and Unlisted	2,889	3.4%
	2009	Public Infrastructure Partners – Infrastructure (Core)	Unlisted	35	0.0%
Movac	2016	Movac Fund 4 and Co-investment – New Zealand Growth Capital	Unlisted	6	0.0%
	2020	Movac Fund 5 – New Zealand Growth Capital	Unlisted	54	0.1%
	2022	Movac Growth Fund 6 – New Zealand Growth Capital	Unlisted	35	0.0%
Northern Trust	2013	Segregated Mandate – Passive Global Equities	Listed	7,003	8.2%
	2015	Segregated Mandate – Passive Emerging Markets Equities	Listed	887	1.0%
	2018	Segregated Mandate – Multi-factor Investing	Listed	5,256	6.2%
PIMCO	2022	California Carbon Access Offshore Fund – Exploratory	Unlisted	49	0.1%

MANAGERS AND CUSTODIANS (CONTINUED)

Incumbent managers/ mandates as at 30 June 2025*	Year appointed	Fund name and focus areas	Type	Value of investment NZ\$m	% of total Fund (pre-tax)
Pioneer Capital	2013	Pioneer Capital Partners II – New Zealand Growth Capital	Unlisted	8	0.0%
	2016	Pioneer Capital Partners III – New Zealand Growth Capital	Unlisted	125	0.1%
	2021	Pioneer Capital Partners IV and Co-investments – New Zealand Growth Capital	Unlisted	128	0.2%
Sands Capital	2023	Sands Capital Life Sciences Pulse Fund III – International Growth Equity	Unlisted	9	0.0%
Slate Asset Management	2021	Slate European Essential Real Estate Income Fund – Real Estate (Core)	Unlisted	635	0.7%
	2022	Slate North American Essential Real Estate Income Fund – Real Estate (Core)	Unlisted	310	0.4%
State Street Global Advisors	2009	Segregated Mandate – Passive Global Listed Equities (large cap)	Listed	9,665	11.4%
	2009	Segregated Mandate – Passive Emerging Markets Equities	Listed	1,282	1.5%
StepStone Group	2021	StepStone VC Secondaries Fund V – Venture Capital	Unlisted	284	0.3%
	2022	StepStone NZ Infrastructure Opportunities Fund SMA – Infrastructure	Unlisted	190	0.2%
	2023	StepStone Opportunities VC NZ SMA – Venture Capital	Unlisted	16	0.2%
	2023	StepStone VC Secondaries Fund VI – Venture Capital	Unlisted	54	0.1%
	2024	StepStone VC Early Stage Fund III – Venture Capital	Unlisted	48	0.1%
Stonepeak	2022	Stonepeak Infrastructure Fund IV – Infrastructure (Value-Add)	Unlisted	191	0.2%
	2022	Stonepeak Fern Investment Partners LP Co-investment – Infrastructure (Value-Add)	Unlisted	149	0.2%
Timberland Investment Group (TIG)	2022 & 2023	BTF II and Co-Investment – Timber	Unlisted	176	0.2%
	2022	The Reforestation Fund I – Timber	Unlisted	92	0.1%
UBS	2021	Segregated Mandate – Multi-factor Investing	Listed	1,067	1.3%
	2021	Segregated Mandate – Passive Global Equities	Listed	0*	0%
Waterman Capital	2010	Waterman Fund 2 – New Zealand Growth Capital	Unlisted	19	0.0%
Wellington Management	2022	Wellington Climate Innovation Feeder Fund I – Sustainable Transition	Unlisted	78	0.1%
Wellington Management	2022	Wellington Climate Innovation Feeder Fund I – Sustainable Transition	Unlisted	50	0.1%

* Several mandates appear as zero value – this is either because the mandates were awaiting funding as at 30 June 2025 or the managers have returned capital such that the residual balance of the mandate is less than \$1 million.

In addition to the above, certain subsidiary investees of the Guardians have engaged asset managers to oversee the day-to-day operations of specific investments held by those subsidiaries.

ELEVATE

Incumbent managers as at 30 June 2025	Year appointed	Fund name and focus areas	Type	Value of investment NZ\$m
New Zealand Growth Capital Partners	2020	New Zealand venture capital	Unlisted	183

Custodian	Role
MASTER CUSTODIAN – NZ SUPER FUND	
Northern Trust	Global Master Custodian
NON-MASTER CUSTODIANS APPOINTED FOR A SPECIFIC PURPOSE – NZ SUPER FUND	
Computershare	Holding collateral associated with our investment in catastrophe-linked securities (including catastrophe bonds)
Bank of New York Mellon	
Deutsche Bank	
Citibank	
HSBC (Hong Kong and Shanghai Banking Corporation)	
Euroclear Bank NA/SV	Holding collateral required under sale and repurchase transactions
The New Zealand Guardian Trust Company of New Zealand, the Public Trust and Foundation Corporate Trust	Trustees for holding money relevant to tax-pooling arrangements
Northern Trust Investments, Inc	Custodian for the NZ Super Fund's securities lending programme
State Street	Currently inactive custodian for the NZ Super Fund's securities lending programme

Investment mandates managed by the Guardians' in-house team of investment professionals include:

- Active Equities (NZ)
- Beta Implementation and Completion
- Beta Multi-factor
- Cash
- Currency Management
- Direct Arbitrage
- Event-driven
- Global Sovereign and Credit Fixed Income
- International Growth Equity
- New Zealand and Overseas Transition Assets
- Opportunistic
- Passive Equities (NZ)
- Securities Lending
- Strategic Tilting
- Tactical Credit
- US Transition Assets

ELEVATE NZ VENTURE FUND



The Elevate NZ Venture Fund exists to support the development of New Zealand's early-stage growth companies and venture capital ecosystem.

The Elevate Fund is administered by the Guardians under a mandate separate from the NZ Super Fund.

In 2019 the Government entrusted the Guardians with an additional mandate. The mandate, known as Elevate NZ Venture Fund (Elevate), was launched in 2020. Elevate was established to increase the amount of venture capital available to young, innovative companies to develop New Zealand's early-stage capital ecosystem and lift productivity.

The Government formed Elevate based on the reasoning that venture capital firms make an outsized contribution to employment, productivity and GDP growth, although nascent markets typically require a range of interventions, including government investment, to develop until the point that they are self-sustaining. Elevate is designed to support investment into New Zealand companies that have moved beyond the start-up, or 'angel' investor stage, and need capital for their next stage of development. It is aimed predominantly at Series A and B venture capital funding rounds, with funding round sizes generally ranging between \$2 million and \$40 million.

While under its governing legislation Elevate does not have a fixed lifetime, as per the Government's 2019 policy statement it has an expected minimum life of 15 years. Elevate can be wound down once New Zealand venture capital markets are developed and no longer require government support. When it ultimately winds down, the funds will be returned to the Crown.

Elevate has received \$400 million of Crown capital commitments. This includes \$100 million of new funding allocated in 2025, made up of \$61 million redirected from government contributions that would have been made to the NZ Super Fund and \$39 million from the New Zealand Budget 2025 Capital Allowance.

Elevate is managed on behalf of the Guardians by New Zealand Growth Capital Partners Limited (NZGCP) under a fund-of-funds model. NZGCP is a Crown entity company with the Minister of Finance and Minister for Economic Growth as its two shareholding Ministers. NZGCP allocates capital from Elevate to underlying fund managers and these underlying fund managers in turn invest in New Zealand growth companies.

The Guardians' role is to administer and provide governance oversight of Elevate and NZGCP as manager to ensure that it is managed in line with best-practice investment management appropriate for New Zealand's venture capital markets, and in a manner that is consistent with: (a) the Ministerial Policy Statement issued under the Venture Capital Fund Act 2019; and (b) avoiding prejudice to New Zealand's reputation as a responsible member of the world community.

Importantly, unlike the NZ Super Fund's mandate, the commercial aspects (for instance, investing on a prudent, commercial basis or managing and administering the Fund in a manner consistent with maximising returns without undue risk) are not included in the legislation.

In accordance with the legislative framework and the fund-of-funds model, there are different roles and responsibilities for the Guardians, NZGCP (as external manager), the Ministry of Business, Innovation and Employment (MBIE) and the Minister of Finance.

ROLES AND RESPONSIBILITIES

Guardians	• Enter into contract appointing the external manager (in this case, NZGCP) to operate the fund-of-funds with terms and conditions that meet the requirements of the legislation • Monitor the performance of Elevate and NZGCP as manager, including through a Limited Partner Advisory Committee (LPAC) that reviews significant matters • Manage and administer Elevate in a manner consistent with the Ministerial Policy Statement and avoiding prejudice to New Zealand's international reputation • Through the above functions, ensure that Elevate is invested using best-practice investment management appropriate for institutional investment in New Zealand's venture capital markets, subject to the requirements in the Ministerial Policy Statement • Annual financial reporting for Elevate, including preparation of Statements of Intent and Performance Expectations • Preparation of Statement of Investment Policies, Standards and Procedures for Elevate • Report on how the Guardians has given effect to directions in the policy statement associated with the legislation
External manager (NZGCP)	• Act as sole manager for the Elevate fund-of-funds. A wholly owned subsidiary of NZGCP is the General Partner of the Elevate NZ Venture Fund Limited Partnership (the 'fund-of-funds' vehicle) • Manage the Elevate NZ Venture Fund Limited Partnership and make and oversee investments based on best-practice fund selection and investment management practices • Establish an Investment Committee to make decisions on investment of capital in underlying funds • Monitor investments and report in line with the requirements set out in the management agreement for the fund-of-funds • Ensure that underlying funds continue to meet the eligibility and other requirements agreed with NZGCP at investment • In addition to its role as the manager of Elevate, NZGCP has its own separate mandate from the Government to support the development of New Zealand's broader early-stage capital markets. This is a critical role, as the effectiveness of early-stage markets influences the health of the venture capital markets.

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ELEVATE NZ VENTURE FUND (CONTINUED)

ROLES AND RESPONSIBILITIES (CONTINUED)

MBIE	- Ministry with primary responsibility for monitoring NZGCP (the Treasury acts as secondary monitor in respect of NZGCP) - Assist shareholding Ministers to carry out their role in relation to setting policy directions for NZGCP and review NZGCP's operations and performance
Minister of Finance	- May allocate funding to Elevate - Issue a policy statement outlining the high-level requirements for Elevate, including directions on what the Guardians must give effect to (how Elevate is invested) and have regard to - Revise the policy statement if required, following consultation with the Guardians, NZGCP and the wider venture capital ecosystem - Issue directions for the winding up of Elevate when broader market development objectives have been achieved

PROGRESS REPORT

The Guardians' obligation is to oversee Elevate and to assist NZGCP to follow best-practice investment management in the context of New Zealand's venture capital markets. We deliver on our responsibilities by:

- agreeing the terms of appointment with NZGCP as the external fund manager for Elevate
- ensuring the terms of appointment reflect best practice in the context of institutional investment in New Zealand venture capital markets
- monitoring the performance of NZGCP as it relates to Elevate using the Guardians' frameworks for external managers
- ensuring compliance with the Statement of Investment Policies, Standards and Procedures in respect of Elevate.

Elevate has been operating since March 2020. NZGCP has made significant progress in deploying capital in line with Elevate's original policy settings. As at the end of the 2024/25 financial year, Elevate had invested or committed into 11 underlying funds.

ELEVATE COMMITMENTS

	Vintage	NZ\$m committed
Blackbird NZ 2019	2020	23
Blackbird NZ 2022	2022	30
Finistere Aotearoa Fund	2021	16
GD1 Fund 3	2021	45
Hillfarrance	2020	17
Movac Fund 5	2020	30
Movac Emerge Fund 4	2023	23
Nuance 1	2021	17
Outset Ventures Fund II	2025	15
Pacific Channel Fund II	2020	20
Pacific Channel Fund III	2025	10

Update from NZGCP

"FY25 saw a further recovery in global venture capital activity, particularly driven by the continued rise of AI in the US," says NZGCP Chief Investment Officer James Pinner. "Closer to home, fund raising has also shown some strong signs of recovery (but still has a way to go to recover to 2021 levels) and we are beginning to see break-out companies raise larger rounds to continue their growth journeys. Of particular note is Halter (see the case study on page 68), which raised a US\$100 million Series D round and became New Zealand's newest unicorn.

"Overall, the portfolio continues to mature and we have been very pleased to see a number of realisations during the year including Tradify, Quantifi Photonics, Yabble and Easy Crypto across a range of our Underlying Funds including Pacific Channel Funds II and III, Nuance and Movac Fund 5. We also completed the investment into two more funds in Outset Ventures Fund II and Pacific Channel Fund III, taking the total number of fund commitments to 11.

"It was also fantastic to see continued government support of the Elevate Fund through the \$100 million additional cash injection announced in Budget 2025. With the ability to reinvest realisations throughout our 15-year investment period and the combination of undeployed capital and realisations, this gives Elevate approximately \$150 million to invest at the year-end."

Hillfarrance

Elevate committed \$17 million in Hillfarrance Venture Capital's Fund 1 in 2020. Following the departure from New Zealand of Hillfarrance founder Rob Vickery in 2024, NZGCP set up a subsidiary entity, The Village GP Ltd, to act as general partner of the fund and run its day to day operations, with a LPAC assuming oversight of the entity and all operational decisions. A contractor has been hired to administer the fund and manage engagement with investee companies.

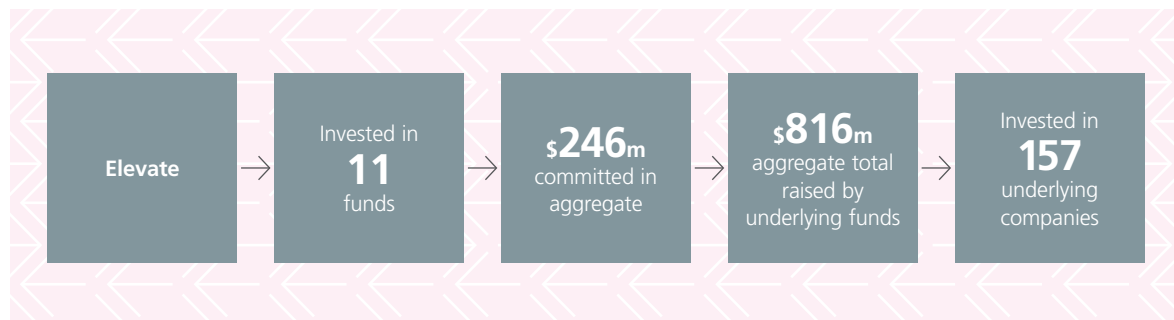
Conviction rating of NZGCP

Overall, we remain confident that NZGCP remains the best option for managing the Elevate mandate on our behalf. However, our latest conviction review highlighted some near-term action items that need to be addressed, such as the appointment of a new permanent CEO and the finalisation of an investment strategy for the additional funding now that the amount of available funding and approach to wider policy settings have been confirmed. We continue to work closely with NZGCP on these matters.

PROGRESS ACHIEVED TO DATE

Financial statements	Elevate's financial statements for the year ended June 2025 are included in the Financial Statements section of this Annual Report.
Statement of Intent (SOI)	The Guardians' SOI for the period 1 July 2024 to 30 June 2029 includes a section on Elevate. It was sent to the Minister of Finance in June 2024 and published on the Guardians' website.
Statement of Performance Expectations (SPE)	The Guardians' SPE for the year 1 July 2025 to 30 June 2026 includes a section on Elevate. It was sent to the Minister of Finance in June 2025 and published on the Guardians' website.
Statement of Investment Policies, Standards and Procedures (SIPSP)	Elevate's SIPSP is required to be reviewed at least annually. The most recent annual review of the SIPSP was approved by the Board in June 2025. The Chair and Chief Executive report on compliance with the SIPSP in the compliance section of this Annual Report.
Conviction review	The Guardians assesses Elevate's externally-appointed investment manager, NZGCP, in accordance with substantially the same conviction process that we apply to all our external manager relationships.
Number of funds in which Elevate has invested, comprising: funds with a New Zealand connection including foreign-originated funds establishing a fund with a New Zealand connection; and foreign fund investments	All 11 funds in which Elevate has invested (or committed to) have a New Zealand connection. Eight are domestic funds and three are funds with an overseas manager establishing a New Zealand-based fund.
Capital invested into funds with a New Zealand connection	NZ\$246 million has been committed to funds with a New Zealand connection.
Ratio of matching private capital raised by underlying funds	Elevate's commitments represent 30% of the capital committed into the underlying funds (NZ\$246 million against an aggregate total of NZ\$816 million) raised by underlying funds.
Capital invested by underlying funds	NZ\$173 million* has been invested (or called to fund investments and management fees). This represents approximately 70% of the NZ\$246 million total committed.

* Based on notices received as at 30 June 2025.



CASE STUDY

Halter

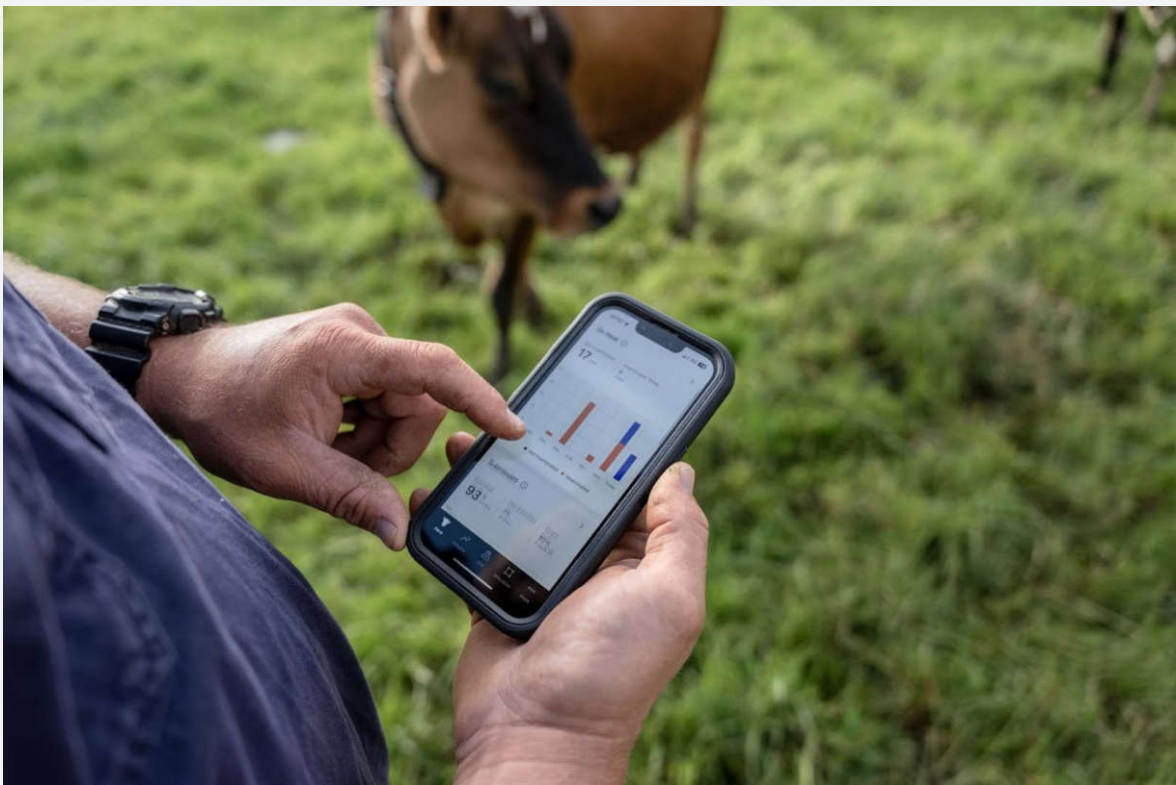
Through its fund investment in Blackbird NZ 2019, Elevate indirectly holds a NZ\$14.3 million investment in portfolio company Halter.

Founded in 2016, Halter is a New Zealand technology company revolutionising farming with its virtual fencing and animal management system. The Halter system includes a solar-powered smart collar for each cow, towers for connectivity, and an app that lets farmers manage their cattle and pasture from their phone. Cattle are guided by the collar's sound and vibration cues. Farmers can virtually fence, move and monitor their cattle 24/7. Thousands of farmers in New Zealand, Australia and the US use Halter to run their farm, with new customers going live daily.

Halter is headquartered in Auckland and employs over 200 people across New Zealand, Australia and the US.

Halter recently announced that it has raised NZ\$165 million in a Series D fundraising round, valuing Halter at NZ\$1.65 billion (US\$1 billion).

CEO and Founder Craig Piggott says, "Dairy and beef farming is a powerhouse of New Zealand's economy, generating over \$30 billion and nearly 30% of total exports each year. When our farmers thrive, so does our economy. This capital will help thousands more farmers increase productivity and deepen their enjoyment of farming, in turn driving economic growth. We're investing in exciting product innovations, plus expansion throughout New Zealand, Australia and the US."



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Sustainable Investment Report

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SUSTAINABLE INVESTMENT REPORT

Sustainable investment is core to our organisational purpose.

One of our core, long-held investment beliefs is that environmental, social and governance (ESG) factors – including climate change – are fundamental to long-term risk and return.

Sustainability is central to our purpose: *Sustainable investment delivering strong returns for all New Zealanders*. Our Board has endorsed a goal of sustainable finance, which is that the Guardians incorporate sustainability considerations into investment decision-making and supports the development of a sustainable financial system.

For us, this means considering the impact of investments on society and the environment, as well as ESG risks to financial performance. It also means supporting the development of a more sustainable financial system.

Sustainable investment is a fast-evolving area and we continue to adapt our approach. Our current priorities include improving the ESG profile of the Fund's portfolio and increasing the scale of our impact investments. We're also developing our sustainable finance roadmap for the next five years.

SUSTAINABLE FINANCE ROADMAP

In 2024, a five-yearly independent statutory review of the Guardians was completed by global advisory, broking and solutions company WTW. The review rated us A ('good practice') for sustainability ambition, commitment, and investment approach. It noted that global best practice in sustainable investment is evolving quickly and the Guardians must continue to adapt to remain leaders in the field.

Key recommendations included strengthening our sustainability proposition by providing more detail on our impact goals and targets, and how we balance impact with financial risk. It also suggested we should place greater emphasis on systemic stewardship, reflecting our role as a 'universal owner', a concept that refers to asset owners who effectively own a representative share of the whole global economy. In addition, we were encouraged to deepen our focus on the Fund's real-world impacts through both our investments and stewardship activities.

Throughout 2024/25, we have worked to better understand options to address these recommendations. This work has included a peer review, internal research and global research into best practice. It has surfaced recommendations to evolve our sustainable investment approach. The work is still in progress, with Board consideration expected later in 2025. These decisions will drive the further development of our sustainable finance roadmap.

IMPROVING THE ESG PERFORMANCE OF THE FUND

In January 2025, we transitioned the corporate portion of our passive bond mandate to a low-carbon benchmark. This comprises approximately 3% of the NZ Super Fund.

Low-carbon benchmarks for fixed income portfolios are still relatively new. At the time of our shift, there was no option to move our full fixed income portfolio to an appropriate benchmark. We will continue to assess options as they become available.

This shift follows changes we have made over the prior two years to move our global equities portfolio and then multi-factor mandates to the MSCI World Climate Paris Aligned Benchmark indices. These changes mean the largest portion of the portfolio is aligned with a pathway to net zero by 2050. This helps us to reduce the impact of our investments on the environment, increase our exposure to sustainability solutions and lower our exposure to climate change and other ESG risks.

STEWARDSHIP CODE

We are a founding signatory of the Aotearoa New Zealand Stewardship Code.

Stewardship is the responsible allocation and management of capital by investors – including asset owners and fund managers – to create and preserve long-term value for current and future generations.

The Code is a principles-based framework that encapsulates the values of accountability, transparency, fairness and responsibility. Its nine principles, developed by industry participants, were mapped against existing regulatory requirements and key international codes.

Signatories undertake to report against the Code on a 'comply or explain' basis. Our inaugural Stewardship Report was released in 2024, and our second report is now available on our website.

SUSTAINABLE FINANCE TAXONOMY

In 2024/25, the Guardians contributed to the development of a proposed Sustainable Finance Taxonomy for New Zealand, led by the Centre for Sustainable Finance: Toitū Tahua (CSF), under the direction of the Minister of Climate Change. The aim of the New Zealand taxonomy is to provide a classification system for different economic activities based on their environmental performance.

As with similar models overseas, its purpose is to reduce uncertainty and complexity when assessing the sustainability credentials of investments, helping to direct private capital towards businesses that are actively contributing to a low-emissions, climate-resilient and sustainable economy. Taxonomies do not set government policy or seek to restrict what can be financed. Members of our Sustainable Investment team are part of the CSF Technical Expert Group (TEG) and a sector-specific Technical Advisory Group (TAG) on agriculture and forestry – which is the initial focus of development for the taxonomy.

The Guardians also made a submission on the proposed taxonomy during the public consultation process in July 2025, which can be found on our website. The final draft of the proposed taxonomy is expected to be submitted to the Minister by the end of 2025.

IMPACT INVESTMENT

The Guardians defines impact investments as: "Investments made with the intent to deliver measurable positive social and/or environmental impacts, and the Fund's required financial return."

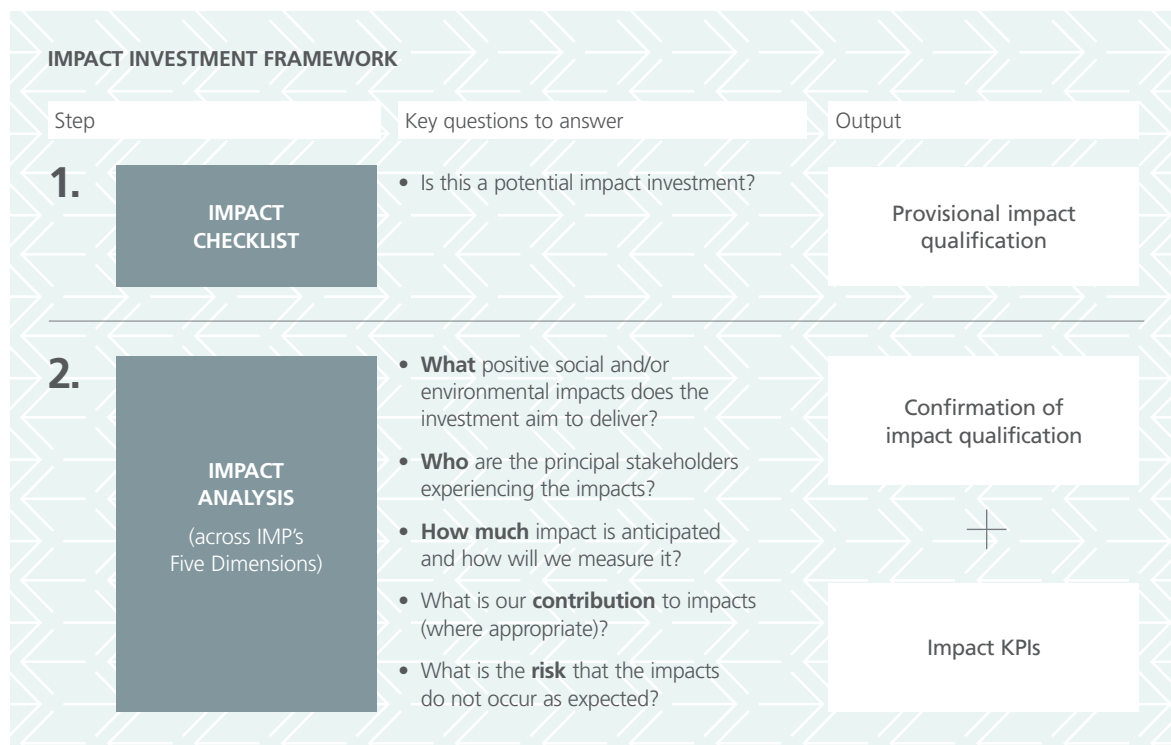
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We use an Impact Investment Framework to qualify, analyse, measure and manage our impact investments. This framework is based on global good practices for asset owners such as the Impact Management Project's (IMP) Five Dimensions of Impact, in line with guidelines developed by the Impact Investment Network Aotearoa.

We apply the framework to existing investments and continue to seek out credible sustainability solutions. Market trends point to a rapidly evolving impact investment landscape, with increasing use of sustainability taxonomies, impact standards and external verification.

Our intention is to scale impact investment by embedding it across our team and opportunity set. Significant work has gone into developing the processes and guidance needed to support this goal. As we integrate impact investment across the Fund's strategies, we expect a broader range of impact investments.

Our total assets qualified as impact investments amounted to NZ\$2.7 billion (approximately 3.2% of assets under management) as of 30 June 2025.



REPORT AGAINST THE UNITED NATIONS-BACKED PRINCIPLES FOR RESPONSIBLE INVESTMENT

The Guardians is a signatory to, and active participant in, the United Nations-backed Principles for Responsible Investment (PRI), the globally accepted benchmark for institutional investors. The intent of the PRI is to create an increasingly sustainable financial system with more prosperous and inclusive societies, for both current and future generations.

To achieve its goals, the PRI advocates six principles for responsible investment practice backed by a compulsory annual assessment and benchmarking process. Importantly, and consistent with a sustainable finance approach, the PRI has shifted from its initial focus on ESG risk and return to a broader approach reflecting investors' roles in driving real-world ESG and sustainability outcomes, and the importance of this in addressing long-term systemic risks to economies, such as those presented by climate change. See page 77 for our report against the PRI's six principles for responsible investment.

PRI Assessment Report

The PRI annual assessment framework is the main accountability mechanism of PRI.

Compulsory for signatories, it is based on a star rating and percentage scoring system – with five-star ratings representing leading Responsible Investment practice within the investment industry.

The 2024 assessment rated the Fund:

- Five stars (96%) for policy, governance and strategy
- Four stars (77%) for listed equity, passive
- Four stars (77%) for listed equity, active
- Three stars (64%) for confidence-building measures.

Achieving a five-star rating (or the equivalent) for policy, governance and strategy is our key sustainable investment performance benchmark in the Guardians' Statement of Intent.

Confidence-building measures relate to how the information provided in the PRI assessment is verified, such as internal or external assurance of sustainable investment processes and data. Our portfolio carbon footprint is subject to limited external assurance and elements of our processes have been subject to internal audit.

Our PRI assessment report is available on our website. The 2025 assessment has been completed and will be released later this year.

SUSTAINABLE INVESTMENT REPORT (CONTINUED)

GLOBAL SWF

In July 2025, the NZ Super Fund once again achieved 100% in Global SWF's Governance, Sustainability and Resilience (GSR) Scoreboard, one of just nine sovereign wealth funds globally to earn a perfect score. The GSR Scoreboard is a comprehensive assessment of how the world's major sovereign wealth and public pension funds perform across 25 criteria – including transparency and accountability, governance processes, ethical standards and policies, and alignment with the Sustainable Development Goals. It is the third successive year the NZ Super Fund has achieved a 100% score.

RESPONSIBLE INVESTMENT LEADER

In October 2024, NZ Super Fund was named a Responsible Investment Leader by the Responsible Investment Association Australasia (RIAA). Responsible Investment Leaders refer to investors that scored in approximately the top 20% of all investment funds assessed on RIAA's scorecard. The scorecard includes:

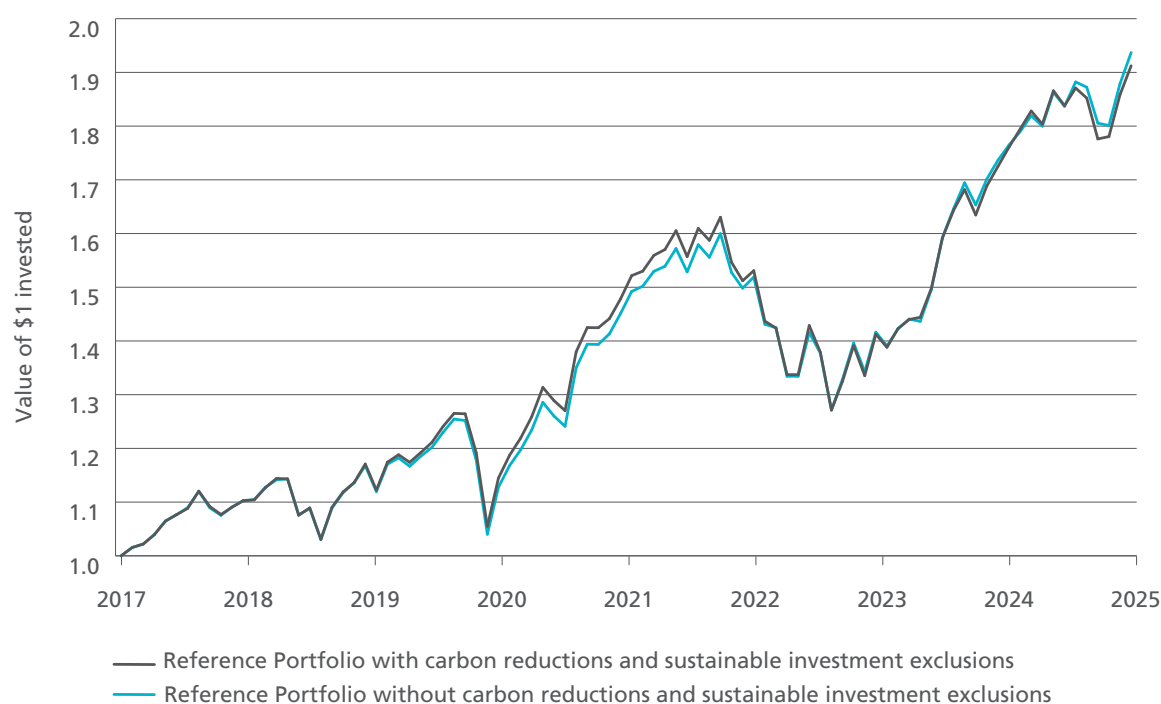
- commitment to responsible investment and transparency
- consideration of ESG factors and other screens, including reporting of these
- stewardship
- allocating capital to benefit stakeholders and contribute to solutions
- measurement and reporting of outcomes.

PERFORMANCE IMPACT OF SUSTAINABLE INVESTMENT EXCLUSIONS AND FOSSIL FUEL RESERVE REMOVALS

Our goal is to improve the ESG performance of our Reference Portfolio in a prudent and commercial way. We believe ESG considerations are fundamental to investment returns. In June 2022, the international equity portion of the Reference Portfolio shifted to the MSCI World Climate Paris Aligned Index and the MSCI Emerging Market Climate Paris Aligned Index as its global equity building blocks. Before this we implemented carbon reductions through a bespoke carbon methodology. The Reference Portfolio method also incorporates a limited number of sustainable investment exclusions.

The graph below compares the performance of the Reference Portfolio since 2017, when we first adopted carbon reduction targets, to returns without the ESG profile improvements. In the nine years we have had carbon targets, there has been little discernible impact on financial returns. Over the long term we believe our Reference Portfolio will be more resilient, including to climate change.

Performance impact of sustainable investment exclusions and fossil fuel reserve removals



Through engagement, we deepen our understanding of investee companies and their approach to managing ESG issues.

Engagement is the ongoing, two-way dialogue between investors and the companies they invest in, with a focus on ESG issues, practices, risks and opportunities.

We believe that improving a company's ESG performance can enhance its long-term financial performance and contribute to positive sustainability outcomes. This creates value not just for long-term investors, but also for the companies themselves and for society more broadly.

Our engagement approach is grounded in international standards, particularly the UN-backed Principles for Responsible Investment (PRI), as well as other best-practice guidance. These standards promote active ownership – the idea that investors should engage with companies where concerns arise. This is also known as stewardship in various governance codes.

As at 30 June 2025, there are more than 1,000 companies in our global equity portfolios. It is not possible for our internal team to effectively monitor this number of individual holdings, nor the broader investment universe. Direct engagement with companies is resource intensive, and achieving meaningful change can take time.

As a result, our engagement activities are primarily undertaken through an external service provider. They have the global reach, capacity and ESG expertise to engage with thousands of companies around the world, significantly increasing the scale and effectiveness of our engagement efforts.

The service engages on our behalf, as well as on behalf of its other clients. In addition to engaging with individual companies on specific ESG issues, it also conducts thematic and industry-wide engagements – allowing us to contribute to broader systemic change as well as company-level improvements.

In general terms, our engagement covers global equities and the domestic market (directly via our fund managers and through collaborations such as the Crown Financial Institution (CFI) climate change engagement). We are a member of the Australian Council of Superannuation Investors (ACSI) which has an extensive engagement programme with Australian companies. The areas we prioritise for engagement are human rights, bribery and corruption, climate change and severe environmental damage.

We publish quarterly engagement reports in the Sustainable Finance section of the Guardians' website. The reports cover the number of engagements carried out during the quarter by our engagement service provider, the number of companies involved, countries covered, engagements by theme, milestones achieved and public case studies.

In 2024/25, our engagement service provider carried out 293 engagement activities on behalf of the NZ Super Fund, covering 191 companies in 27 countries. These included engagements with 105 companies on climate change.

As a result of engagement initiatives by the Guardians and other investors around the world, an increasing number of companies are aware that investors expect them to address ESG issues responsibly and are responding accordingly.

More information on our approach to engagement and stewardship is available on our website including in our Stewardship Report, which includes statistics on our engagement and voting.

VOTING AND CORPORATE GOVERNANCE

As shareholders, we are entitled to vote at company meetings, and we consider voting to be a core part of our sustainable investment approach. It is an important lever through which we are able to support and promote good corporate governance. While most of our equities are held passively, we are active in exercising our voting rights as shareholders of the companies.

Our aim is to use our votes to reflect the essential elements of good governance: board alignment with shareholder interests, long-term strategy, appropriate remuneration, business ethics and shareholder rights. We manage voting internally. Our votes are executed via a proxy voting service, Institutional Shareholder Services (ISS). ISS also helps us implement recall-to-vote activities where shares are lent as part of our securities lending programme.

Given the breadth of companies held in the portfolio and the large number of shareholder meetings, our voting policy and those of ISS are based on international standards such as the G20/OECD Principles of Corporate Governance and, for New Zealand companies, the New Zealand Corporate Governance Forum Guidelines and the NZX Code. We have a global voting policy and New Zealand voting policy that draw on global good practice, based on the ISS public policies and the standards referred to in our sustainable investment policies. We have adopted the stricter ISS policies in relation to climate change, board governance, auditor oversight and ESG, including diversity.

We publicly disclose how we voted. The Guardians' Voting Performance Platform, available on our website, provides information on how the NZ Super Fund's shares have been voted by country, company and topic.

ENGAGEMENT REPORT (CONTINUED)

EXCLUSIONS

We may decide to exclude the securities of a company from the NZ Super Fund portfolio because of the products they make or where there has been a serious breach of good corporate practice. We make exclusion decisions based on the clear processes and principles set out in our Sustainable Investment Framework, available on our website. We publish our list of excluded companies every six months.

Product exclusions take account of restrictions or prohibitions by international conventions New Zealand has signed, and of New Zealand law or significant actions by the Crown.

Companies that are directly involved in the following products or activities are excluded from the portfolio, based on specific criteria set out in the decision documents published on our website:

- the manufacture of cluster munitions
- the manufacture or testing of nuclear explosive devices (NEDs)
- the manufacture of anti-personnel mines
- the manufacture of tobacco
- the processing of whale meat
- recreational cannabis
- the manufacture of civilian automatic and semi-automatic firearms, magazines or parts.

We may exclude a company where there is evidence from credible sources of a serious risk of breaches of standards of good corporate practice and we believe that exclusion is the right course of action. While exclusion is considered a last resort and we prefer to engage first, we may move straight to exclusion where engagement is unlikely to be effective or is a poor use of resource, for example because of the company’s operating context.

In making a decision to engage, we assess a number of factors including the significance of our holding in the company, ability to join collaborative initiatives, the potential effectiveness of engagement and the resources required.

We will exclude the government (sovereign) bonds of any nation state where there is widespread condemnation or sanctions by the international community and New Zealand has imposed meaningful diplomatic, economic or military sanctions aimed at that government.

SANCTIONS

We are legally required to comply with sanctions imposed by the New Zealand Government and sanctions imposed by the United Nations (UN) Security Council. This includes the sanctions against certain Russian entities and individuals implemented by the New Zealand Government following the invasion of Ukraine. External managers are required to comply with sanctions when investing on behalf of the Guardians.

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CASE STUDY

Hillwood: Driving sustainability progress in industrial real estate

Our engagement with Hillwood has seen them continue to integrate sustainable investment across their investment strategy.

Hillwood is a US-based real estate investment manager specialising in industrial and logistics assets. Its investment strategy utilises its capabilities across acquisitions and development to tactically seek relative value throughout the market cycle.

The NZ Super Fund has been invested with Hillwood since 2019, when we made a commitment of ~US\$175 million to Hillwood US Industrial Club V. We subsequently committed US\$200m to Hillwood US Industrial Club VI in 2021 and US\$50 million to Hillwood US Industrial Club VII in 2025.

When we first started investing with Hillwood, it had a track record of delivering strong financial returns, but its sustainable investment practices were less formalised and established relative to our expectations.

We have a Manager Sustainable Investment Rating Framework to assess the sustainable investment performance of our external managers, both in absolute terms and compared with similar investments. Hillwood previously scored below threshold, with sustainable investment policies, culture, maturity, and dedicated resourcing somewhat limited, relative to real estate sector peers and benchmarks.

Through engagement and collaboration over several years, we supported Hillwood in developing a roadmap to improve their sustainable investment performance. Hillwood's senior leadership embraced this process, ensuring that improvements were implemented in a meaningful and lasting way.

Since then, Hillwood has demonstrated significant improvement in sustainable investment-related culture, policies and protocols. Their current approach includes asset-level sustainable investment risk assessments for all new projects, as well as pursuing green building certifications across all new industrial developments.

Hillwood's more sophisticated approach to climate risk analysis applies appropriate physical, transition and social risk tools, alongside external sustainable investment advice, and leverages their own asset management expertise. Hillwood's 2024 Responsible Investment Policy formalises its commitment to assessing and managing sustainable investment risks and includes the disclosure of Scope 1 and 2 greenhouse gas data for Fund V, VI and VII portfolio holdings.

We are pleased that Hillwood now meets our threshold level for real estate managers based on the substantial improvement in its sustainable investment approach. Hillwood has also continued to deliver strong financial returns. We welcome the firm's enhanced commitment to sustainable investment and look forward to continuing the partnership.



High Plains Building 10 in Calgary, Canada, which received the CoStar 2024 Impact Development Award



Eastern Gateway in Ipswich, UK, which achieved zero waste certification

CLIMATE CHANGE

Climate change is a reality – the need for coordinated global action is more important than ever.

CLIMATE CHANGE

Climate change has been a key focus for the Guardians for many years. As a result, we are regarded as both an early mover and a leader, within New Zealand and globally.

We are committed to achieving net zero portfolio emissions by 2050. A detailed overview of our approach and activities in respect of the Fund can be found in our annual Climate Change Report, available on our website.

We approach climate change from a sustainable investment perspective. We actively seek to identify and address the risks and opportunities arising from a changing climate and the economic and societal shifts associated with it. In practical terms, that means we aim to:

- lower our exposure to investments more at risk from the transition to a low-carbon world
- mitigate climate risks in investments through our integration and engagement activities
- increase relative holdings of investments which contribute to the transition to a low-carbon global economy.

We have adopted Paris Aligned Benchmarks for passive global equities, the largest portion of our portfolio. We were one of the first asset owners to adopt these indices at scale, and our multi-factor equities portfolio has also moved to Paris Aligned Benchmarks. As well as improving the overall ESG profile of the Fund, these indices better align our global equity positions with net zero objectives. The Paris Aligned Benchmarks reduce the greenhouse gas (GHG) emissions intensity by 10% each year until 2050. They underweight companies facing high transition and physical climate risk, while increasing allocation to companies with credible emissions reduction targets and/or companies providing climate solutions and 'green' revenue streams.

CARBON REDUCTION TARGETS

The Guardians' financed (Scope 3; Category 15) GHG emissions - representing the transition risk exposure of the underlying securities and investees companies in the Fund – are the most material aspect of climate-related risk from across our value chain.

We set new reduction targets for our financed GHG emissions every five years. In 2020, we set carbon targets for 2025, relative to our benchmark (the market-weighted, unadjusted Reference Portfolio at the end of each reporting year), to:

- reduce emissions intensity of the Fund by at least 40%, and
- reduce the potential emissions from fossil fuel reserves of the Fund by at least 80%.

As of 30 June 2025, we had significantly exceeded these targets, with the Fund's emissions intensity estimated as 64.3% lower than our benchmark, and our exposure to potential emissions from reserves estimated as 99.4% lower.

In 2024/25, the Board approved setting new GHG emissions reduction targets to 2030, relative to our new benchmark (the market-weighted, unadjusted Reference Portfolio as of 30 June 2019), to:

- reduce the carbon emissions intensity of the Fund by at least 75%, and
- reduce potential emissions from fossil fuel reserves owned by the Fund by at least 80%.

In setting these new targets, we considered: what level of effort is consistent with the world aligning with net zero; what we can achieve as part of prudent portfolio management; and our ability to influence real-world change through strategic asset management (e.g. higher-emissions investments that demonstrate a strong climate transition strategy and potential for strong returns).

Our updated targets align with global good practice and international frameworks, while staying consistent with our mandate.

With 2025 being the baseline year for our revised methodology, next year's reporting will include year-on-year trends analysis as well as performance against our 2030 targets.

REPORTING OUR EMISSIONS

Since we began reporting our carbon footprint in 2017, global standards – especially around Scope 3 financed emissions – have evolved. The Partnership for Carbon Accounting Financials (PCAF) is now widely adopted by our investment and financial peers, and the Guardians has chosen to shift to a PCAF-based approach for measuring our emissions. We have opted to report under both the current and revised (PCAF-based) methods for 2025. Details are published in the 2025 Climate Change Report.

Key changes include using enterprise value including cash (EVIC) instead of market capitalisation, reporting Scope 3 emissions where possible, disclosing data quality ratings, and including absolute and sovereign emissions. Since PCAF is a disclosure framework, not a target-setting methodology, we align our target calculations with it where appropriate while also retaining some elements of our existing methodology.

CFI CLIMATE CHANGE ENGAGEMENT

In addition to the engagements on climate change with global equities carried out by our responsible engagement service provider (see page 73), we continue to work with fellow Crown Financial Institutions (CFIs) to engage with NZX50-listed companies on climate change.

It is not possible for investors to achieve net zero through divestment or reallocation alone. If we are to meet our commitment to a net zero investment portfolio by 2050, and deliver real economy emissions reductions, investee companies must also align with a net zero pathway. Our engagement objectives include increasing awareness about mandatory climate change disclosures and communicating our expectations, as institutional investors, about what companies should be doing to manage climate change risk.

We engaged with 10 companies listed on the NZX50 in 2024, including seven companies in the 2024/25 financial year. In the first half of 2025 we produced an internal report on the engagement, and we are working on the options for future engagements.

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In this section, we report against each of the PRI's six principles for responsible investment.

PRINCIPLE 1: INTEGRATION

The first PRI principle is to incorporate ESG issues into investment analysis and decision-making processes. We refer to this as integration.

We integrate ESG into our analysis of investment opportunities and asset allocation approach. ESG due diligence is a key part of pre-investment analysis for direct investments. We assess ESG risks and opportunities to understand how well prospective investment entities manage them. After investing, that focus continues and deepens through ongoing governance, engagement and reporting.

ESG capability plays an important role in the selection of our external managers, including due diligence and ongoing integration processes. We regularly review managers' performance in relation to sustainable investments, and the outcomes of these reviews can affect their ongoing relationship with the Fund.

Highlights for 2024/25

- Shifted the corporate portion of our passive bond mandate to a low-carbon benchmark
- Continued to develop and implement our Manager Sustainable Investment Rating Framework, so that sustainable investment ratings may be incorporated into manager selection and monitoring processes

PRINCIPLE 2: ACTIVE OWNERSHIP

As active owners, we incorporate ESG issues into our ownership policies and practices, including voting and engagement. We support high governance standards across markets and asset classes, particularly in the New Zealand market, where our influence as an investor is strongest.

Highlights for 2024/25

- Voted at 1,500 distinct company meetings, covering nearly 17,000 proposals
- Our engagement service provider engaged with 191 companies in 27 countries, on behalf of the NZ Super Fund, including 105 companies engaged on climate change
- Engaged with 10 companies on the NZX50 as part of our collaborative CFI initiative on climate change (see page 76)
- Produced our first Stewardship Report in line with the Aotearoa New Zealand Stewardship Code

PRINCIPLE 3: DISCLOSURE

We engage with investee companies and other relevant organisations to facilitate appropriate disclosure about ESG and performance. This information is used by our investment professionals and managers to make more informed investment decisions.

Highlights for 2024/25

- Continued to support the implementation of the Aotearoa New Zealand Climate Standards as a member of the External Reporting Advisory Panel of Te Kāwai Ārahi Pūrongo Mōwaho – External Reporting Board (XRB), including through our engagement with the NZX50
- Prepared our own 2025 Climate Change Report

PRINCIPLES 4 AND 5: BEST PRACTICE AND COLLABORATION

We promote acceptance and implementation of the principles of sustainable investment within the investment industry. We participate in relevant local and international investor groups where we believe working collaboratively will help deliver better sustainability outcomes.

Highlights for 2024/25

- Ongoing collaboration on engagement with global equities with other CFIs, including our collaborative initiative on climate change
- Active member/supporter of peak bodies and industry organisations in addition to the PRI (see our Stewardship Report for a full list of memberships and collaborations)
- Supported policy development, including the development of the New Zealand Sustainable Finance Taxonomy, led by the CSF
- Signed on to an investor statement on climate change in the lead up to the 29th United Nations Climate Change Conference in November 2024
- Signed two PRI-led investor statements in support of maintaining the integrity of the European Union sustainable finance framework

PRINCIPLE 6: REPORT

We report on our activities and progress towards implementing the PRI, in line with our commitment to transparency.

Highlights for 2024/25

- Winner – Overall Report of the Year, Best of Financial Services Award, and Gold Award at the 2025 Australasian Reporting Awards

See our 2025 Stewardship Report, available on our website, for more details about how we incorporate the PRI into our work at the Guardians.

SUSTAINABLE INVESTMENT ACROSS THE GUARDIANS



How does sustainable investment influence your work?

RISHAB SETHI DIRECTOR, EXTERNAL INVESTMENTS AND PARTNERSHIPS

"I have seen thinking around sustainable investment evolve considerably throughout my career. It is no longer an 'extra'; it's part of the definition of a sound investment, as fundamental as risk and return, and inseparable from them. That said, there's still work to do building the tools, data and frameworks that will make sustainability as directly and quantitatively comparable across investments. It continues to be an evolving area."



What inspired you to pursue a career in sustainable investment?

TERINA WILLIAMS SENIOR INVESTMENT STRATEGIST, SUSTAINABLE INVESTMENT

"Ko au te whenua, ko te whenua ko au – I am the land, and the land is me. Growing up surrounded by te taiao, I developed a deep sense of kaitiakitanga – a responsibility to care for the whenua, our whānau and our whakapapa. Pursuing a career in sustainable investment is my way of honouring that role, by ensuring capital investments are both purposeful and resilient. As kaitiaki, we can ensure the decisions we make today uphold the mana of those who came before us and safeguard the well-being of those yet to come."



How does sustainable investment factor into your decision-making?

MAAÏKE VAN TOL DIRECTOR, PORTFOLIO DESIGN – ASSET ALLOCATION

"We consider sustainability in the construction of the Reference Portfolio and in the selection of the opportunities that we invest in. We think that the way climate change is addressed over the coming years will impact key macroeconomic variables – which will flow through to investment returns. For this reason, we explore climate change scenarios as part of our scenario planning work."



How does the Fund's focus on sustainable investment shape how we attract talent?

AARON GUSTOFSON SENIOR TALENT ACQUISITION PARTNER

"The Fund's emphasis on sustainable investment has become a core part of our employee value proposition. Our actions and long-term commitment have positioned us as a leader in this field – and in an era where many professionals actively seek out employers with strong sustainability credentials, our leadership is a clear drawcard. Together, these factors strengthen our appeal and support our ability to attract top talent."



What role does sustainable investment play in building trust with stakeholders and the public?

CATHERINE ETHEREDGE HEAD OF COMMUNICATIONS

"Sustainable investment supports our focus on long-term returns – financial, environmental and social – helping to build trust that the Fund is acting in the best interests of current and future generations of New Zealanders. Transparency is a critical part of this. By openly disclosing climate-related risks, reporting on our engagement activity, publishing exclusion lists, and sharing how we vote at company AGMs, we aim to maintain public confidence in the Fund as a responsible steward of public money."

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Governance

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OVERVIEW

Good governance is essential to delivering long-term value, achieving our purpose and maintaining stakeholders' confidence.

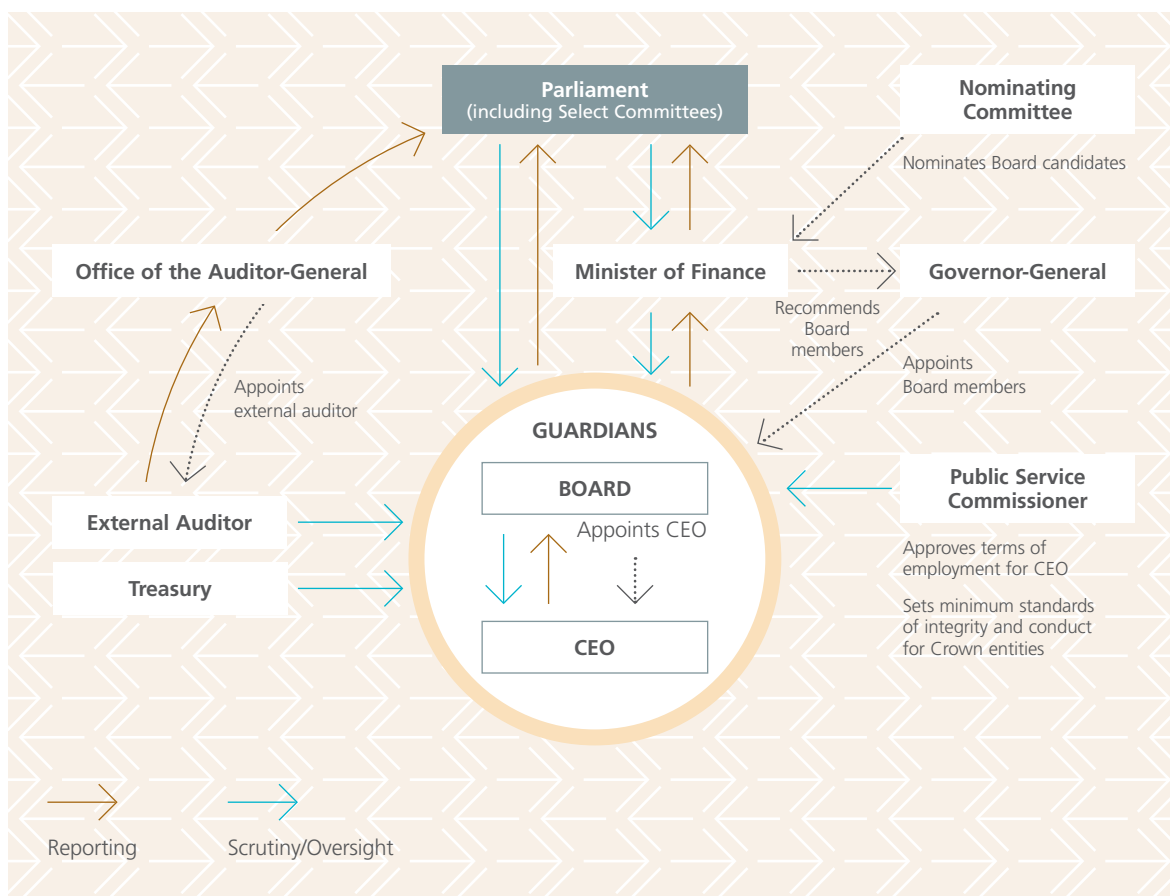
We have established a governance framework to align with our statutory context, purpose, stakeholder expectations, and good-practice standards. This Annual Report intends to help stakeholders assess how effectively the Guardians is governed and performing, and its readiness for future challenges.

STATUTORY CONTEXT

The statutory governance arrangements for the Guardians are set out in the NZ Super Act, the VCF Act and the Crown Entities Act 2004. These Acts establish the function and powers of the Guardians and Board members and our reporting and accountability requirements.

The Guardians is an autonomous Crown entity. While it is part of the public sector, it is legally separate from the Crown and designed to operate at 'double arm's-length' from the Government. Governed by an independent board, it operates independently regarding investment decisions while remaining accountable to the Government. This statutory governance design is one of the four 'endowments' that we believe gives us an innate advantage as an investor.

The Guardians is responsible for managing and administering the NZ Super Fund and Elevate Fund. Each fund is a pool of Crown assets but is not an entity in its own right. The statutory governance framework for the Guardians is illustrated below.



PRINCIPLES FOR CORPORATE GOVERNANCE

The Guardians' governance framework follows the eight corporate governance principles in the Financial Market Authority's Corporate Governance Handbook.



PRINCIPLES FOR CORPORATE GOVERNANCE (CONTINUED)

BOARD ROLE AND RESPONSIBILITIES

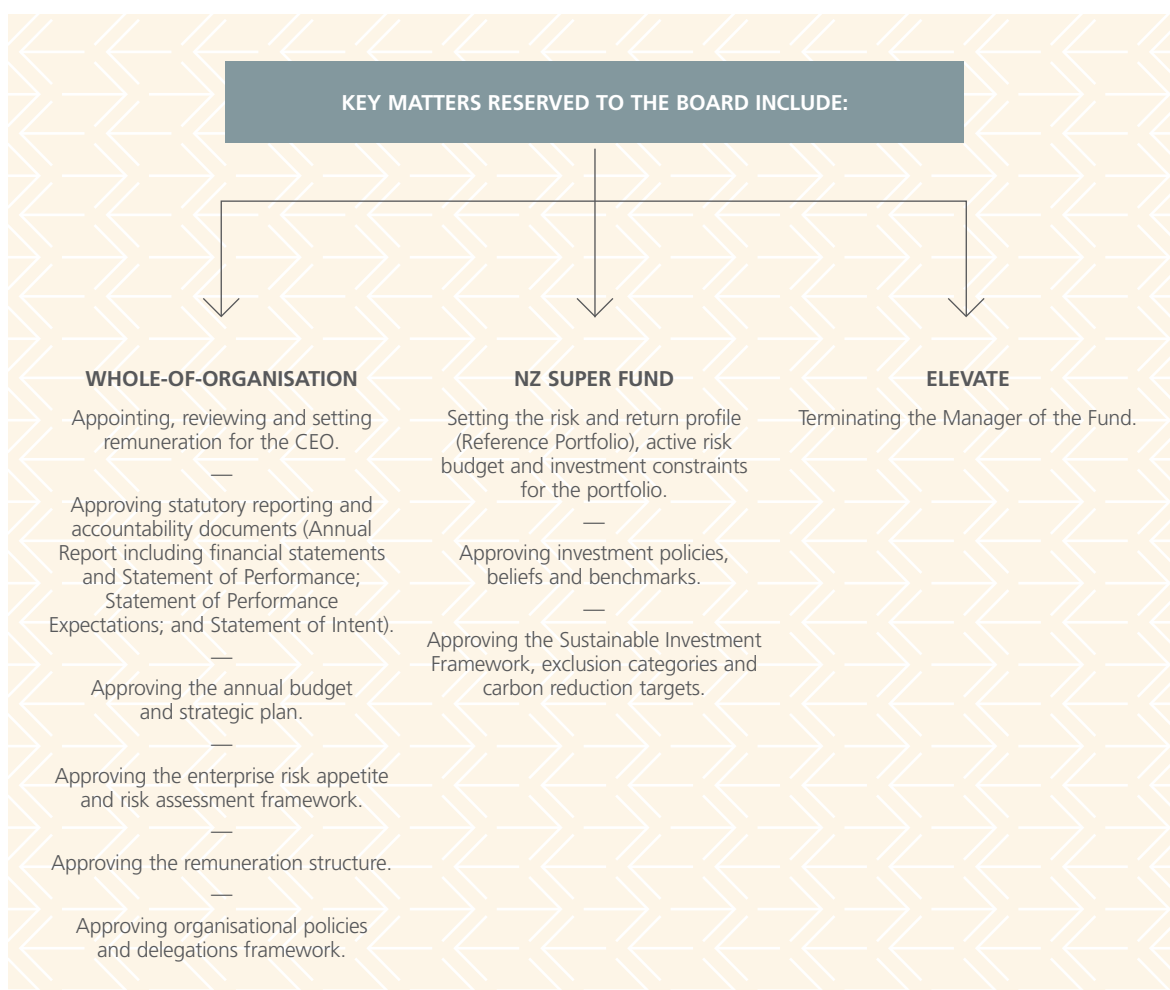
Our Board plays an important role in shaping and guiding the Guardians and Funds. This ranges from setting the tone for our culture and conduct to overseeing our strategic direction, setting our risk tolerance, and deciding our reference portfolio set-up.

The Board Charter defines the governance framework and the roles and responsibilities of the Board and management. It is reviewed biennially and is available on our website.

While the Board oversees the Guardians' activities, it delegates its authority in part to the CEO and other officers who

are responsible for the effective day-to-day leadership and management of the activities of the Guardians. The formal delegation framework, as outlined in the Guardians' Delegations Policy on our website, governs the approved parameters of responsibilities.

The Board's primary focus is on governance, strategic direction, organisational identity (purpose, vision and culture), resources, risk, key stakeholder relationships, accountability reporting, and oversight. Management is responsible for strategy implementation, both investment and enterprise-wide.



CULTURE AND CONDUCT

One of the Board's key roles is to shape the culture and ethics of the organisation. The Board sets the 'tone from the top' and articulates expectations for ethical conduct in the Codes of Conduct established for the Board and for employees and contractors.

Culture

Culture plays a significant role in staff engagement, with implications for financial performance, recruitment, risk management, retention and ethical behaviour. We recognise the importance of culture and the need to continually maintain it. For more information about our culture, see pages 30-31 in the Our People section of this report.

Ethical conduct

As a public entity, the Guardians expects high ethical and professional standards from its Board members, employees and contractors. These standards are detailed in the Codes of Conduct for both Board members and employees/contractors. The Board Code of Conduct is included in the Board Charter (available on our website) and incorporates the code of conduct for Crown entity board members issued by the Public Service Commissioner in March 2021.

The Code of Conduct for Employees and Contractors is contained in our People & Culture Policy, available on our website. It incorporates the Standards of Integrity and Conduct (the code of conduct for the Public Services) issued by the Public Services Commissioner in 2007.

The Codes require: acting with honesty, integrity, fairness and impartiality; identifying and disclosing conflicts of interest; proper use of corporate information and assets; managing gifts and hospitality; and reporting breaches of ethics. The induction programmes for new Board members, employees and contractors include the relevant Code of Conduct.

To promote a culture of ethical behaviour and transparency, there is mandatory training for employees on core topics including gifts and hospitality, fraud awareness, securities trading, and privacy. There is also a six-monthly attestation process covering compliance with policies and authorities, conflicts of interest, disclosure of gifts and hospitality, health and safety, and securities trading.

Whistleblowing

The Guardians is committed to safe, ethical, professional and legal business conduct. An accessible, transparent and robust whistleblowing process is essential for this objective. Information on reporting concerns and whistleblowing can be found in the Code of Conduct for Employees and Contractors, as well as on our intranet and website.

A confidential speak-up line is available for employees, contractors and external parties to report serious wrongdoing or potential issues without risk of retribution. Whistleblowing complaints are reported to the CEO, Board Chair and/or Audit & Risk Committee Chair. The Chief Risk Officer oversees the whistleblowing process, and the Head of Internal Audit is responsible for ensuring proper investigation, documentation, and response.

Securities trading procedure

Our Securities Trading Procedure helps mitigate the risk of breaches of financial market laws by Guardians' employees and contractors. It provides legal guidance, sets trading rules and requires that employees and contractors seek permission before trading single-named listed securities (or their derivatives) and disclose personal trades via six-monthly

attestations. The procedure is detailed in the People & Culture Policy on our website.

Sensitive expenditure

As a public entity, we ensure that travel and sensitive expenditure, including hospitality, gifts, koha and donations, are managed prudently and effectively in line with Office of the Auditor-General New Zealand guidance. Our Travel and Sensitive Expenditure Policy, available on our website, outlines these expectations.

Conflicts of interest

Our conflict of interest procedures are outlined in the Codes of Conduct and covered in induction programmes and periodic refresher training. All actual and potential conflicts must be disclosed and recorded in interest registers. Board members, employees and contractors confirm every six months that their interest registers are up to date.

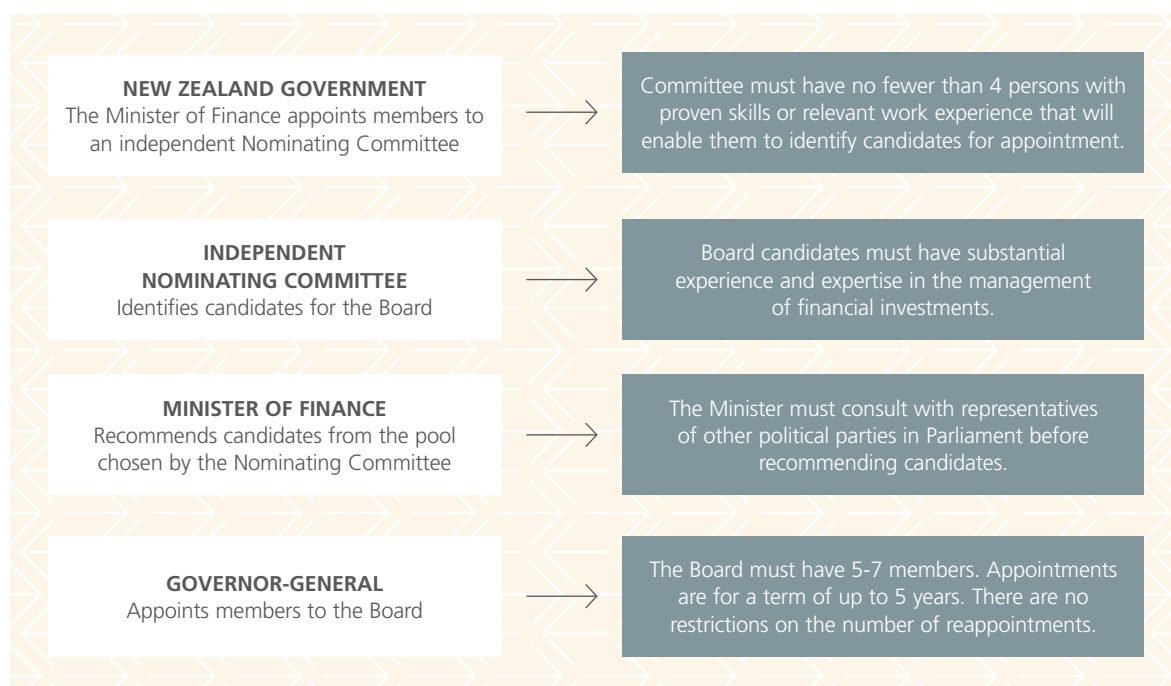
For Board members, conflicts of interest are managed according to statutory requirements. They cannot participate in discussions, votes or activities at the Guardians concerning those interests. Board members' interests are a standard agenda item at every Board meeting, and any disclosures are recorded in the meeting minutes.

BOARD COMPOSITION AND PERFORMANCE

Appointment process

The process for appointing Guardians Board members promotes their independence and the operational independence of the Guardians. Board members typically serve three- to five-year terms and can be reappointed.

The Nominating Committee works with the Guardians Board, primarily through the Chair, to assess the collective skills and experience of the Board. This assessment is used to inform the search criteria for new Board candidates. The Nominating Committee, with input from the Guardians Board and CEO, nominates Board candidates to the Minister.



PRINCIPLES FOR CORPORATE GOVERNANCE (CONTINUED)

BOARD SKILLS

The Board periodically reviews (including as part of performance evaluations) whether it has the right mix of personalities, knowledge, skills, expertise, and diversity of thinking to meet strategic and regulatory demands. The Skills Matrix supports planning for Board appointments, with the Chair providing feedback to the Nominating Committee.

The skills necessary for the Guardians Board are outlined in the table below. These skills align with the Guardians' purpose and mandate. Board members collectively, rather than individually, need to possess these skills. The Nominating Committee takes the Skills Matrix into account when selecting candidates for new Board member appointments. External consultants are used as necessary to provide the Board with expertise in specialist areas such as AI.

BOARD SKILLS AND EXPERIENCE (identified as being most relevant to the Guardians' functions)	IMPORTANCE	BOARD COMPOSITION IN RELATION TO EACH AREA: Strong Competent Limited
MANAGEMENT OF FINANCIAL INVESTMENTS Under the Guardians' legislation, having substantial experience, training, and expertise in the management of financial investments is a criteria for appointment to the Guardians' Board. This expertise is directly relevant to the sole function of the Guardians, which is to manage the NZ Super Fund and Elevate Fund.	Essential	
INVESTMENT ENVIRONMENT/PERSPECTIVE Knowledge of financial markets, economic drivers and global investment perspectives relevant to the Guardians and portfolio management. Understanding of sustainable finance principles and an intergenerational perspective on investing.	Core	
GOVERNANCE Experience as a director of a listed entity, large investment fund and/or large/complex organisation. Understanding of the principles of good corporate governance in the context of the purpose of the Guardians and the Funds that it manages.	Core	
STAKEHOLDER MANAGEMENT Experience in relation to significant stakeholder engagement/management.	Core	
STRATEGY Ability to define strategic objectives, constructively evaluate business plans, oversee the implementation of strategy using commercial judgement and bring a global perspective to bear. Enterprise building capacity.	Core	
FINANCIAL ACUMEN Good understanding of financial statements and reporting for organisations of significant size, including ability to probe the adequacies of financial and related risk control.	Core	
RISK MANAGEMENT Experience in anticipating, recognising and managing risks, including financial, non-financial and emerging risks. Understanding of the regulatory environment that the Guardians operates in.	Core	
LEADERSHIP Held a CEO or a similar senior leadership role in a large/complex organisation. Experience in people matters, leading organisational change and delivering desired business outcomes.	Desirable	
DIGITAL AND TECHNOLOGY A. Experience with strategies or projects for the transformation of analogue processes to digital. B. Understanding of technology (including AI) that can be used in investment decision-making.	Desirable	
		

Board composition

By statute, the Guardians Board is required to consist of at least five, but no more than seven, members. As of 30 June 2025, the Board has six members. The Board is led by the Chair, who is appointed by the Minister of Finance. See pages 16-17 for profiles of our Board members.

Two changes were made to the Board composition during the year. In December 2024, Doug Pearce stepped down from the Board, and Sue Brake was appointed to the Board.

Induction and development

Our induction programme for new Board members includes 'deep dive' sessions, one-on-one meetings with the Leadership Team, and comprehensive induction papers.

The programme ensures Board members have the necessary skills and expertise, recognising that training and development are ongoing. The ongoing development programme includes sessions with management and external speakers, meetings with global peer funds and investment managers, and participation in international forums. Engagement with international peer funds and managers, and with other strategic partners, helps ensure that the Board can govern in line with best practice.

Board evaluation

The Board, its committees, and individual members undergo regular performance evaluations, typically annually for the Board and at least once every two years for its committees.

Evaluations assess current performance and readiness for future challenges and help to guide the Nominating Committee in their recruitment process. The Chair and Nominating Committee keep Treasury informed on evaluations and progress on action items.

In 2023/24, the Board and its Committees conducted their evaluation through a self-evaluation questionnaire. The Chair provided a summary of the evaluation results to Treasury. Due to changes in the Board and its committees' membership during the 2024/25 financial year, the next evaluation is scheduled to take place at the end of the 2025 calendar year.

Board Secretariat

The Board Secretariat is accountable to the Board for governance matters. Board members liaise with the Board Secretariat on matters relating to the conduct of the Guardians' affairs and the corporate governance of the Guardians, and on any matter pertaining to the Board Charter. The Board Secretariat facilitates the induction and ongoing development programme for Board members. Advice and regular papers from the General Counsel, the Board Secretariat and other advisors keep the Board up to date on legal, regulatory, compliance and governance matters.

Board remuneration

Board member remuneration is set by the Minister of Finance based on the Fees Framework for Members of Statutory and Other Bodies Appointed by the Crown, and is not controlled by the Guardians. In the 2024/25 financial year, the remuneration was:

Chair	\$98,000 p.a.
Committee Chair	\$53,900 p.a.
Board Members	\$49,000 p.a.

BOARD MEETINGS AND ACTIVITY

Meetings

Six scheduled Board meetings were held this year. Agendas included forward-looking, priority, and regular standing items. After each meeting, all staff are briefed on the discussions and decisions, with Board papers shared on the Guardians' intranet (to the extent appropriate having regard to commercial and privacy sensitivities). The Board also meets annually with Treasury to discuss expectations and relevant topics, and holds an annual strategy day.

Whenever possible, a 'deep dive' or strategy discussion is held before a Board meeting. Topics are based on Board input, and this year they included a review of the Guardians' investment risk appetite (particularly liquidity risk appetite), Elevate Fund review, organisational culture, sustainable investment roadmap, Reference Portfolio review, and strategic focus areas.

Each Board meeting includes Board member-only and Board and CEO-only discussions at the beginning and end of the meeting.

This year, Board members also attended events including a workshop for Crown Entity Chairs, the annual Select Committee hearing, an annual seminar for our investee company directors and CEOs, a stakeholder information day, and meetings with key stakeholders including the Minister of Finance, Secretary to the Treasury, and Ngāti Whātua Ōrakei.

Meeting attendance

The following table shows Board members' attendance at scheduled Board and Committee meetings during the 2024/25 financial year.

	Board	Audit & Risk Committee	People & Culture Committee
	Meetings attended	Meetings attended	Meetings attended
John Williamson	6/6	4/4	4/4
Henk Berkman	6/6	4/4	4/4
Doug Pearce*	3/3	2/2	N/A
David McClatchy	6/6	4/4	N/A
Fiona Oliver	6/6	1/1	4/4
Hinerangi Raumati Tu'ua**	6/6	3/4	N/A
Sue Brake***	3/3	1/1	N/A

* Doug Pearce's term ended on 31 December 2024, and he ceased his position as Chair of the Audit & Risk Committee at this date.

** Hinerangi Raumati Tu'ua was appointed as Chair of the Audit & Risk Committee on 1 January 2025.

*** Sue Brake was appointed as a Board member and member of the Audit & Risk Committee with effect from 9 December 2024.

PRINCIPLES FOR CORPORATE GOVERNANCE (CONTINUED)

All Board members attend the September Audit & Risk Committee meeting.

KEY BOARD ACTIVITIES

Independent performance review

The most recent statutory five-yearly independent review of how effectively and efficiently the NZ Super Fund is being managed was completed in June 2024, and the Board is now focused on how recommendations made in the report should be implemented. The report recommendations have been mapped to the Guardians' strategic focus areas, and implementation will be a multi-year activity. More information about the review is on page 96.

Strategic focus

Following discussions between the Board and senior management on each of the four focus areas for the 'Guardians of the Future' strategy, eight strategic priorities and 24 key planned actions were approved by the Board in the 2025/26 Strategic Plan. A balanced scorecard has been developed to provide the Board with a high-level view of progress against the strategy. An initial version of the scorecard was presented to the Board at its November 2024 strategy day and was evolved over the course of the year with input from the Board.

Investment strategy and performance

A key focus for the Board during the year was on two major five-yearly investment reviews that are underway: a review of the construction of the Reference Portfolio, which is an expression of the Board's risk appetite for the portfolio, and a review of the liquidity management system. The Board had a series of 'deep dive' discussions to provide context for the two reviews which will be concluded in 2026.

Other focus areas included:

- implementing the independent review recommendation on maturing our sustainable investment approach
- the ongoing Investment Data and Analytics Programme
- tail risk analysis and horizon scanning.

Legislative change

Following the removal of the legislative restriction on the Fund controlling entities, the Board approved policy changes to reflect the agreed governance framework for controlled entities.

Climate change

The Board has reviewed and approved the Fund's new emissions reduction targets for 2030. It also approved the adoption of revised carbon accounting methodologies. For more information, see page 76.

Optimising the organisation

Optimising our organisation is one of our strategic focus areas. Key actions discussed by the Board included:

- an external review of the Guardians' technology capability and the development of a new technology strategy
- development of an AI strategy and governance programme
- moving to new premises that will enhance opportunities for connection and collaboration.

Regular reporting and reviews

Annual Board reviews to support effective governance and oversight included reviews of: the Strategic Plan; CEO performance and remuneration; the Annual Report (including financial statements and the Statement of Performance); the Statement of Performance Expectations; the Statement of Investment Policies, Standards and Procedures; how the Guardians' Risk Appetite Statement and Risk Assessment Framework are being operationalised; third-party relationships and cost efficiency; and health and safety.

A suite of regular reports on investment activity is provided to the Board, including: reports from the Co-Chief Investment Officers; investment dashboards; quarterly overviews of the macro environment and portfolio positioning; and annual reviews of investment opportunities, the total portfolio and sustainable finance.

BOARD COMMITTEES AND ACTIVITY

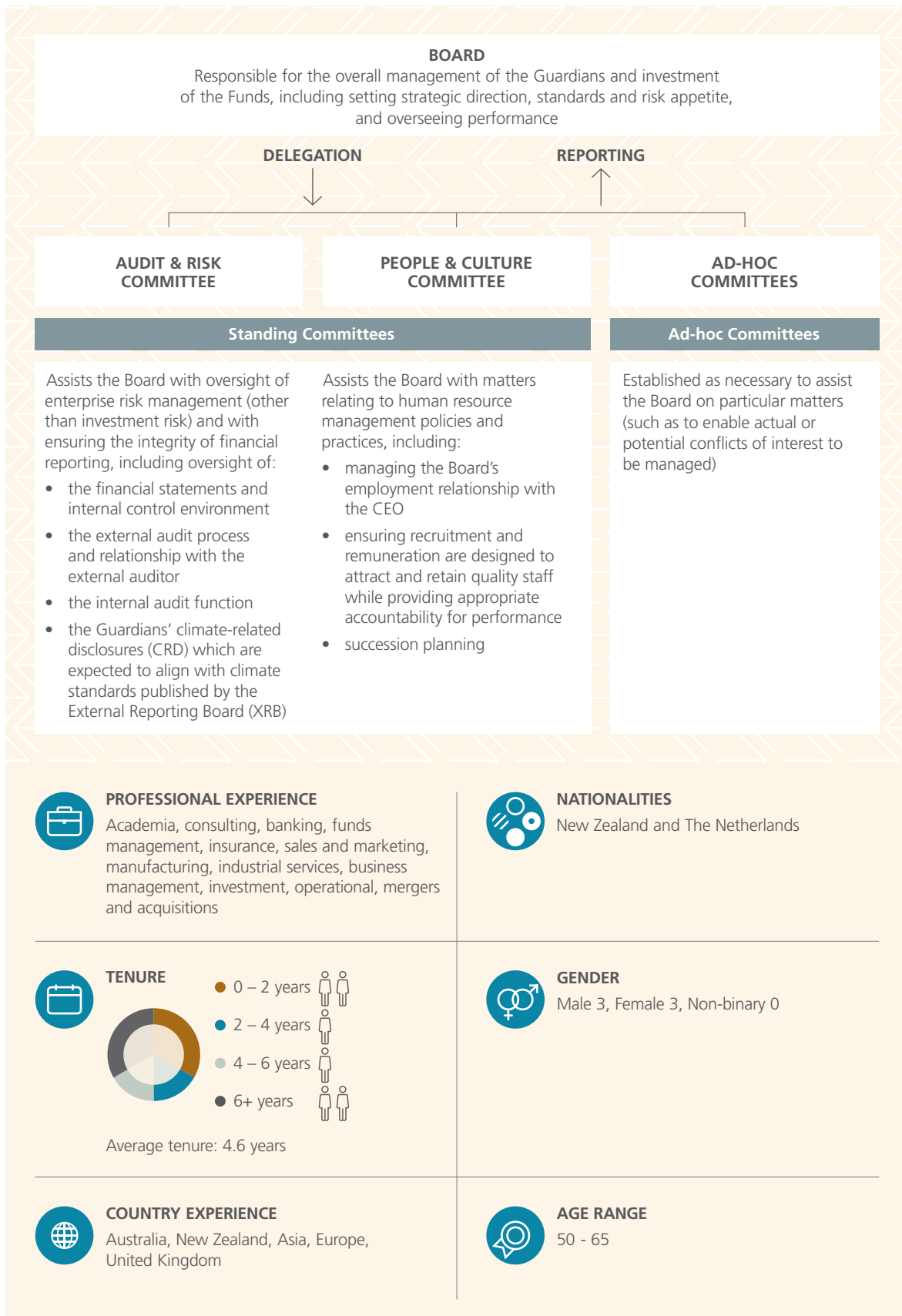
Each standing Board Committee's roles, responsibilities, reporting requirements, composition, structure and membership requirements are outlined in their terms of reference. The Board Charter includes the terms of reference for the Board's two standing committees (the Audit & Risk Committee and the People & Culture Committee).

Each standing committee's terms of reference and performance are periodically reviewed by the Board. Minutes of committee meetings are provided to the Board for information and the Committee Chairs provide verbal updates on committee meetings at the following Board meeting. All Board members can attend any committee meeting.

The Board appoints the Chair of each standing committee. The Board Chair cannot also chair a standing committee. The Guardians' Head of Internal Audit reports directly to the Chair of the Audit & Risk Committee.

From time to time, the Board may establish a subcommittee for a specific purpose, enabling the Board to function effectively and manage conflicts of interest.

The standing Board Committees meet quarterly with additional meetings as necessary. Each committee is entitled to the resources and information it requires to operate effectively. The management team is invited to attend committee meetings as necessary.



PRINCIPLES FOR CORPORATE GOVERNANCE (CONTINUED)

AUDIT & RISK COMMITTEE ACTIVITY**Members**

Five members as at 30 June 2025:

- Hinerangi Raumati-Tu'ua (Chair)
- Henk Berkman
- Sue Brake
- David McClatchy
- John Williamson

Meetings

Met four times in the 2024/25 financial year.

Attendance

See page 85 for details of meeting attendance by Committee members. The external auditors are invited to each meeting and meet with the Committee independently of management at least once a year. The Head of Internal Audit attends each meeting and meets with the Committee independently of management at every meeting. The Committee Chair regularly meets with the Head of Internal Audit.

Following the retirement of long-standing Board member and Chair of the Audit & Risk Committee Doug Pearce in December 2024, Hinerangi Raumati-Tu'ua was appointed Chair of the Committee. An induction programme for the role of Audit & Risk Committee Chair was provided for the new Chair.

Key matters considered by the Committee this year**STATUTORY REPORTING**

The Committee reviewed the annual financial statements for the Guardians, NZ Super Fund and Elevate and recommended them for approval by the Board. The review process included reports from the Finance and Tax teams, the Valuation Working Group and the external auditor.

It also reviewed the Guardians' annual Statement of Performance, a key component of the Annual Report. The Statement of Performance reports progress against the Guardians' strategic work programmes and performance measures set in the Guardians' Statement of Intent and Statement of Performance Expectations.

CLIMATE-RELATED DISCLOSURES

The project to align the Guardians' climate reporting with the Aotearoa New Zealand Climate Standards has continued to be a focus for the Committee. The 2024 Climate Change Report and Carbon Footprint was the Guardians' inaugural reporting aligned with the new standards and was reviewed by the Committee before going to the Board for approval.

Ahead of the 2025 Climate Change Report, the Committee considered updates to the Climate Standards and key changes proposed for the Report. The Committee endorsed a revised carbon accounting methodology being adopted and a proposal for the 2025 Report to include carbon disclosures using both the new methodology and the existing methodology (see page 76 for more commentary on the change in methodology).

RISK CULTURE

There has been ongoing focus on 'right-sizing' the organisation's enterprise risk appetite. Key risk culture activities considered by the Committee included:

- an assessment of the organisation's enterprise risk maturity using the All-of-Government enterprise risk maturity framework
- the results of the 2024 risk culture survey
- an assurance map prepared by Internal Audit that provides a holistic view of assurance activities over our top risks and will assist the Board in identifying potential oversight gaps.

See pages 92-95 for further commentary on risk activities.

INFORMATION MANAGEMENT

The Committee received Archive NZ's final report on the state of the Guardians' information management. The Committee considered the Guardians' level of capability for information management and reviewed the new Information and Records Management Policy before it went to the Board for approval.

At each meeting the Committee receives reports from Internal Audit and the Chief Risk Officer and a dashboard report covering open audit items, learning opportunities reports, custodial incidents, mandate breaches and tax position updates. The Chief Risk Officer now presents a stand-alone report to the Committee to provide more focus on risk.

Regular updates from the Internal Audit, Finance, Tax, Corporate Affairs and Risk teams, along with biennial governance reviews, support the Committee's commitment to transparency, accountability, and robust risk governance.

PEOPLE & CULTURE COMMITTEE ACTIVITY**Members**

Three members as at 30 June 2025:

- Fiona Oliver (Chair)
- Henk Berkman
- John Williamson

Meetings

Met four times in the 2024/25 financial year.

Attendance

See page 85 for details of meeting attendance by Board members.

Committee activities

The Committee maintains a structured and cyclical review process of strategic people priorities. Annual reviews and updates include: the CEO's performance and remuneration outcomes, and goal setting for the upcoming financial year; annual performance and remuneration outcomes for staff; interim and final bonus scheme outcomes; progress on people strategies and staff departure analysis. Six-monthly people dashboards provide insights on workforce trends.

Governance responsibilities include reviewing the Committee's annual calendar and its terms of reference (biennially), as well as the individual employment agreement template to ensure compliance and relevance.

A key activity for the Committee was considering the CEO and Leadership Team's 2025/26 performance goals, using the 2025/26 Strategic Plan as a framework. The Committee endorsed (for Board approval) an approach to setting performance goals for the CEO and Leadership Team that aligns with strategic outcomes for the organisation rather than specific activities. The goal of progressing the 'Guardians of the Future' strategy was endorsed as a shared goal for the CEO and Leadership Team.

ACCOUNTABILITY AND PERFORMANCE

Transparency and quality public reporting are critical to maintaining stakeholder confidence in the Guardians and its mandates. We aim to keep our stakeholders well informed about what we do and why we do it.

The quality of our reporting has been recognised with regular awards, including winning Report of the Year for excellence in reporting at the 2025 Australasian Reporting Awards.

The Guardians is required to prepare and present various reports to its responsible Minister and Parliament. The reporting framework for the Guardians' key documents is included in its Communications and Engagement Procedures, available on our website and summarised below.

Annual	- Statement of Performance Expectations including, for the NZ Super Fund, forecast Fund performance and priority activities for the year - Annual Report summarising the year's performance and Statement of Performance reporting against the Statement of Performance Expectations (the Statement for the 2024/25 financial year was published in June 2024) - Annual audited financial statements for the Guardians and the Funds - Annual review by Parliamentary Select Committee with participation from the Office of the Auditor-General - Annual Climate Change Report including Carbon Footprint for the NZ Super Fund
Three-yearly	Statement of Intent setting out key strategic objectives and performance measures. The current Statement of Intent sets out the strategic outcome and performance measures for the five years from 2024–2029.
Six-monthly	Portfolio holdings and exclusions
Quarterly	Report to Minister of Finance covering important developments relating to the Guardians and the Funds
Monthly	- Portfolio performance - Financial data provided to Treasury
As it happens	- Anything necessary to comply with the expectation that we will operate on a 'no surprises' basis with the Minister of Finance - Responses to questions from Parliament, Treasury, media and via the Official Information Act 1982

In addition, a key accountability mechanism is the statutory five-yearly independent review of the Guardians' performance. This review strengthens accountability by providing an objective assessment of how effectively the Guardians is fulfilling its legislative duties. It supports transparency and good governance, and provides constructive feedback aligned with best practice and ideas for improvement. See page 96 for more information.

The Annual Report, which is tabled in the House of Representatives, is available to the public in hard copy and on our website. It contains audited financial statements for each Fund, signed by the Chair of the Board and the CEO, and for the Guardians, signed by the Chair and one other Board member.

The Audit & Risk Committee and Board review the financial statements of the Guardians and each Fund and ensure the quality and integrity of the financial statements. The CEO and Chief Operating Officer confirm in writing to the Board that these statements present the financial position and performance accurately, in line with accounting standards. They also ensure the adequacy of internal control systems.

The Guardians received 17 requests under the Official Information Act in 2024/25. Responses of public interest are available on our website.

MINISTERIAL DIRECTIONS

The Minister of Finance may give directions regarding the Crown's expectations as to the NZ Super Fund's performance, including risk and return. However, the Minister may not issue any directions that are inconsistent with the duty to invest the

Fund on a prudent, commercial basis. In the 2024/25 financial year, no directions were received. We report on our progress in implementing the single direction received to date (May 2009, regarding our New Zealand investment activities) on pages 54-58 of this Annual Report.

In February 2025, the Guardians received an annual Letter of Expectations for 2024/25 from the Minister of Finance, which, along with the Guardians' response, is available on our website.

In addition to reporting under applicable legislation, the Guardians operates under a 'no surprises' protocol with the Minister, informing her office, and the Treasury, in advance of any significant or contentious events, transactions or issues.

AUDITORS

New Zealand's Auditor-General is the external auditor for the Guardians, NZ Super Fund and Elevate. Emma Winsloe of EY has been appointed to carry out the external audit of the Guardians and the NZ Super Fund on behalf of the Auditor-General. This is the fourth year of her rotation. Graeme Bennett of EY has been appointed to carry out the external audit of Elevate, and this is his sixth year. Typically the audit partner is rotated every six years.

The Audit & Risk Committee is responsible for overseeing the external audit of the Guardians and the Funds. Accordingly, it monitors developments in the areas of audit and threats to audit independence, to ensure the Guardians' policies and practices are consistent with emerging best practice in these areas.

The external auditors are not permitted to perform non-audit work assignments without the approval of the Audit & Risk

PRINCIPLES FOR CORPORATE GOVERNANCE (CONTINUED)

Committee. Any non-audit work conducted by the audit firm is disclosed in the financial statements. The Committee ensures that any approved non-audit services do not compromise auditor independence.

In addition to the engagement of EY as external auditor, the Guardians appointed EY to provide limited assurance of our Santiago Principles self-assessment questionnaire, and KPMG to provide limited assurance on the 2025 Climate Change Report.

STAKEHOLDER INTERESTS AND RELATIONSHIPS

Building and maintaining healthy stakeholder relationships is important to our success.

Stakeholder research

An independent research agency, Verian, undertook stakeholder perception research on our behalf this year. They conducted a survey with a broad group of stakeholders, followed by a series of one-on-one interviews with a small group of senior stakeholders, between September and October 2024. We compared the findings to prior research conducted in 2015 and 2018. The full report is available on our website.

The research showed that our key relationships remain healthy and we have strengthened stakeholder trust and confidence since 2018. A common theme was that stakeholder sentiment about the Fund is overwhelmingly positive, and most stakeholders do not desire any major changes. However, there are areas where some stakeholders signalled we could make adjustments. Going forward, this creates a challenge to find the right balance on certain issues.

The research assessed stakeholder perceptions in three areas:

PERFORMANCE – HOW WE ARE MEETING OUR MANDATE

Satisfaction with the NZ Super Fund's performance remains high, with stakeholders praising smart investment decisions and excellent returns. Stakeholders increasingly view the Guardians as a responsible representative for New Zealand on the world stage. They expressed support for the NZ Super Fund's long-term investment approach and overall risk profile.

The quantitative research identified a slight decrease in comfort among stakeholders regarding the mix of New Zealand and global investments. This issue was explored further in the qualitative interviews in which some senior stakeholders expressed a view that the Guardians had a responsibility to New Zealand business. We explain our approach to New Zealand investment on pages 54-58 of this report.

ENGAGEMENT – INTERACTIONS WITH GUARDIANS' STAFF AND COMMUNICATIONS

Stakeholders highly value our level of openness and transparency. Those we work closely with believe our collaborative style lends itself to a true partnership approach to relationships.

Our individual staff, including senior leadership, are viewed as key assets, with positive sentiment towards their competence and helpfulness strengthening since 2018. Our ability to attract and retain high-quality staff is seen as crucial to our overall reputation and the health of relationships with stakeholders. This reinforces our strategic focus on leadership development in key areas.

Stakeholders appreciate our willingness to share with the industry but seek even more broad engagement and best-practice sharing.

There was a slight increase in respondents seeing us as slow-moving and overly bureaucratic. This feedback reinforces our strategic focus on 'optimising our organisation'.

LEADERSHIP – CONFIDENCE AND TRUST IN OUR LEADERSHIP TEAM AND BOARD

This research was completed during a time of leadership change at the Guardians. Results showed trust in our new leadership, paired with a desire from some stakeholders for reassurance that their trust is well-placed, and for our new leaders to build stakeholder relationships. With this in mind, our Leadership Team members are working to proactively build relationships in New Zealand and abroad, in a coordinated fashion appropriate for their respective roles.

Perceptions of us as an industry leader and innovator are connected to our track record in aligning ESG values with strong financial returns. Some stakeholders caution that we must stay abreast of future trends to ensure we have the foresight and ability to adapt – a focus of our work under way with WTW, covered on page 96.

STAKEHOLDER ENGAGEMENT**Sponsorships**

We undertake a limited number of sponsorships in New Zealand to support activities or events that align with our role and responsibilities. These are listed on our website.

Total sponsorship spend in 2024/25 was \$105,000 (2023/24: \$114,000).

Engagement priorities for 2024/25 included:

- Supporting new Leadership Team members in establishing and developing stakeholder relationships
- Employee culture and engagement, including on risk management and our 'Guardians of the Future' strategy
- Integrating talent and DE&I objectives into social media, sponsorship and speaking programmes.

On the following page we list our main stakeholder groups, how we engage with them and our reasons for doing so.

Stakeholder	Why we engage	Engagement initiatives undertaken during 2024/25
Crown (Parliament, responsible Minister, Treasury and other governmental agencies)	To build a trusting, constructive relationship. The Funds are owned by the Crown and we are accountable to the Minister and Parliament for management of the Funds.	• With the Minister on her annual Letter of Expectations and our annual Statement of Performance Expectations • Appearing at the Finance and Expenditure Select Committee for our regular annual review and responding to written questions from the Committee • Regular discussions with and the provision of information to Treasury • In support of our exploration of domestic infrastructure investment opportunities • To provide our input and expertise on issues such as foreign investment, sustainable investment and climate change-related disclosures
Our people	Maintaining and continuing to develop a strong, diverse and inclusive team with a constructive culture is essential to fulfil our purpose and vision and embrace ongoing external and internal challenges effectively.	• Holding briefing meetings for all staff after each Board meeting • Holding Town Hall meetings for staff • Weekly CEO blogs to all staff • Regular all-of-team events • Gathering feedback via a periodic survey using an online tool, as well as two-yearly culture and engagement surveys
Peer funds, CFIs, industry networks and investment groups	To build strategic investment relationships and inform best-practice portfolio management.	• Participating in peer fund and industry networks and initiatives including annual meetings of the International Forum of Sovereign Wealth Funds; Association of Superannuation Investors; Standards Board for Alternative Investments; International Centre for Pension Management; International Corporate Governance Network; Institute of Finance Professionals; One Planet Sovereign Wealth Fund Initiative; Pacific Pension & Investment Institute; and various team-level meetings • Participating in the annual cost survey of peer funds by CEM Benchmarking • Collaborating with and providing support to the other New Zealand CFIs • Discussions supporting our exploration of domestic infrastructure investment opportunities • Hosting a one-day Data Analytics in Investment Conference
Investee companies	To add value; protect our interests; better understand the impacts of investee companies on our portfolio and on society and the environment; and use our leverage, as appropriate, to encourage responsible business conduct.	Our Stewardship Report summarises our key engagement activity in relation to investee companies, both global and domestic, for 2024/25. Domestically, there are two items of note: • Hosting an annual development and networking day for CEOs and Directors of our investee companies • Working with fellow CFIs to engage with NZX50-listed companies on climate change
Others (including iwi, media, non-governmental organisations, the New Zealand public, and business partners such as contractors, suppliers, asset and investment managers)	Stakeholder perspectives inform how we go about managing the Funds in a manner consistent with best-practice portfolio management and avoiding prejudice to New Zealand's reputation as a responsible member of the world community. Engagement also helps us understand the impact of our portfolio on society and the environment.	

RISK MANAGEMENT

We believe having great culture, governance, people and processes is critical to managing risk.

RISK GOVERNANCE

Role of the Board

The Board is responsible for setting both investment and enterprise risk appetite. It provides risk governance and oversight, and reviews and approves the Guardians' Risk Management Framework on a regular schedule. The Board has a process for delegating authority to the CEO and beyond for risk management. This ensures accountability and timely response to risks.

Risk sits at the heart of what we do. The Board is willing to take risk to achieve our mandate and to optimise and manage other complex enterprise risks. We know risk events will happen; our focus is on mitigating the threat from material risk events and on ensuring we have the right mechanisms in place to respond resiliently should they occur.

The Board expects management to operate on a 'no surprises' approach to risk and to seek Board input if the CEO does not have the delegated authority to respond.

Role of management

Management implements the Risk Management Framework and ensures the Guardians stays within the Board's risk appetite.

The CEO and management team integrate risk management into daily processes at the business unit level with a framework for risk identification, evaluation, monitoring and control. They attest semi-annually that they have complied with the Guardians' policies. These attestations support the sign-off of our full-year financial statements.

The Risk Committee, a management committee comprising staff from across the Guardians, is a risk leadership body supporting the increase of our risk maturity and provides

risk leadership on the effectiveness of frameworks and processes at the Guardians. Its role is to advise on how we govern non-investment risks. It reviews material risks; risk and control self-assessments for business units; and third-party risk reviews. It also reviews scans of the external environment by management to assess emerging risks to the Guardians' successful implementation of its mandates.

Three lines of accountability

Our risk management approach uses a 'three lines of accountability' model, setting out risk ownership responsibilities that are functionally independent from oversight and assurance.

1. The **risk owner** is the first line of accountability and carries the primary responsibility for risk management. We have policies, procedures and internal controls for staff, external investment managers and other expert service providers.
2. The second line, the **Risk function**, partners across the business to enhance decision-making through independent advice, insightful reporting, and constructive challenge.
3. **Internal Audit** forms the third line, providing independent and objective risk-based assurance on compliance with and effectiveness of the Guardians' investment and risk management frameworks.

RISK MANAGEMENT FRAMEWORK

Our Risk Management Framework is the totality of systems, policies, structures, processes and people within the Guardians that identify, measure, control, mitigate and report internal and external sources of material risk. The framework makes it clear that accountability for investment and enterprise risk identification and mitigation sits across all parts of our team. The Board's Risk Appetite Statement outlines how we approach risk to achieve our strategic goals.

RISK APPETITE STATEMENT

The Guardians of New Zealand Superannuation has developed into, and has a strong ambition to remain, a world-class organisation with a purpose that reflects its intergenerational focus.

In setting out its risk appetite, the Board recognises that risk, internal and external, to its business is likely to come from a range of causes. For these risks, how we respond falls into four broad categories: Culture, Governance, People and Processes.

The Board is willing to take risk to achieve its purpose; it expects the Guardians to continue to use all reasonable measures, without imposing excessive costs or constraints, for its management of the four categories.

Our risk appetite will be determined by the Guardians' Purpose and Vision, with Investment Risk managed by the adoption of the Reference Portfolio and approved Investment Constraints; and Enterprise Risk managed by the Risk Assessment Framework.

RISK ASSESSMENT FRAMEWORK

The Risk Assessment Framework guides the implementation of our risk appetite and how we will respond to risks we have identified in the four categories set out in the Risk Appetite Statement. Our Risk Assessment Framework:

- defines the risk categories
- sets out the questions we need to ask ourselves
- defines the Guardians' core expectations
- establishes appropriate monitoring and reporting of our risk appetite assessments.

POLICIES

Our policies ensure that the risks we take align with our risk appetite. The Statement of Investment Policies, Standards and Procedures (SIPSP) and Investment Risk Allocation Policy outline our investment risk management approach. The Risk Appetite Statement and our enterprise risk management approach are detailed in the Risk Management Policy and SIPSP, available on our website. The SIPSP was rewritten this year to simplify it and to make it more accessible. Both the Investment Risk Allocation and the Risk Management Policy are reviewed by the Board at least once every five years.

CULTURE AND RISK

A strong risk culture matters because, ultimately, people – our behaviours and decisions – are what makes effective risk-taking possible. Increasing our risk maturity remains an important goal for the Guardians. We take risk to achieve our purpose, and our risk maturity supports informed decision-making to better manage risks and opportunities.

We measured our employees' attitudes towards risk as part of our 2024 culture survey. This is the third risk culture survey the Guardians has run, following others in 2018 and 2022. Each survey has shown that our risk culture is at a high

standard. They have also led to initiatives to further lift our risk maturity, and our 2024 survey results showed improvement over prior years.

Based on these results, we decided to continue two existing initiatives. We are repeating psychological safety training a year after its 2024 launch, this time with more focus on inter-team relationships; and reinforcing the Risk Assessment Framework as a tool for guiding our decisions around risk. We also continue to promote a strong risk culture through internal communications and offering training to employees that builds an open and comfortable environment for constructive challenge.

MONITORING AND REPORTING

Over recent years the Board received an Enterprise Risk Report every six months, based on strategic and emerging risks identified by the Guardians' business units, Leadership Team, Enterprise Risk Team and Risk Committee. The decision was taken in 2025 to present an Enterprise Risk Report that combines a strategy and risk view for the Board to consider on a six-monthly basis.

The supporting elements remain the same with each business unit maintaining a risk register identifying the risks that could impact on its specific objectives and activities, with related controls and action plans presented to the Risk Committee. The Enterprise Risk Team and Risk Committee will continue to escalate top and emerging risks for review. The Leadership Team and Board will assess material risks in relation to our strategic objectives and the effectiveness of risk management plans, deciding whether further action is needed.

PRINCIPAL RISKS

The Guardians' nine principal risks are detailed over the next two pages. Four of our principal risks are elevated and five remain within our risk appetite.

Definitions of risk rating

● Within risk appetite	● Within risk appetite though the environment scan has identified heightened potential for risk to occur. The risk has been elevated to management, with actions underway to prevent or reduce its impact.	● Likely to exceed risk appetite. Event or issue is imminent or has occurred. The risk has been elevated to management and urgent actions are underway to bring the risk back within our risk appetite.
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RISK MANAGEMENT (CONTINUED)

ELEVATED PRINCIPAL RISKS

Risk	Controls
● Employee capability and capacity shortfall Successful execution of our purpose relies on our ability to attract and retain the appropriate workforce. The Guardians faces challenges in recruitment due to the limited talent pool in New Zealand with market-facing or direct transaction experience for our highly specialised roles. We seek to recruit candidates with these skills, including those returning from overseas. Leadership development and workforce planning are required to identify and build the skills we need now and for the future; support the Guardians in adapting to new technologies; and build the capacity needed to deliver on our strategy. Succession planning is also required to manage key person risk and enable transfer of knowledge. Market volatility has placed pressure on some of our teams' capacity. There is a need to critically assess how our processes enable scalability to prepare for expected Fund growth. Retaining a strong culture through the course of organisational change will also aid us in attracting and retaining talent.	• Strategic Plan design and communication processes • Enterprise portfolio management governance • Diversity, Equity and Inclusion Strategy • Succession and annual workforce planning • Talent Sourcing Strategy and plans • Culture shaping and measurement • Use of external advisors • Employee value proposition
● IT infrastructure or business systems connecting to our network cease to be fit for purpose Our IT infrastructure and business systems are critical in ensuring the Guardians operates effectively. Underinvestment in technology has the potential to result in lost opportunities and a need for more staff to manage processes and the volume of work. In addition, long-standing IT infrastructure and systems may reduce resilience and can result in business disruption. We are addressing this risk through developing our data strategy and tools, adopting new technologies such as Generative AI, and optimising our use of Microsoft 365 applications.	• Technology roadmap • Due diligence and monitoring of IT and business system providers • Business continuity framework • Regular maintenance and upgrade of IT infrastructure • Regular monitoring of network strength
● Process failures leading to poor execution The Guardians utilises a number of complex and bespoke processes which carry operational risk. We need to critically assess current processes' scalability and fit for purpose, and streamline them where possible through continuous improvement and significant simplification. We also take on risk as we transition to new technologies. Currently, transition risk is heightened as our data models are migrated to a new system and new ways of working are rolled out and embedded. We need to continue to support legacy technology systems while enabling digital transformation and adoption of Generative AI, and managing transition risks. In addition to transitioning to new technologies, we are currently transitioning to a new organisational structure in our Technology team. There is a risk of operational errors as we adjust to this change.	• Enterprise portfolio management governance • Embedded committees and systems for cross-team input, including subject-matter expertise, and approval on investment deals and non-investment projects • Policies and procedures • Access to external advisors • Organisation-wide focus on simplifying processes and right-sizing the operational risk appetite prioritised

Risk	Controls
● Guardians does not effectively manage climate-related risk Identifying good-quality emissions reduction targets and subsequently meeting these targets is becoming increasingly complex. We have already made changes to our portfolio that we believed would deliver the greatest benefit for the effort involved. While we continue to seek ways to reduce the environmental impact of our portfolio, it is now more challenging to find the best ways to do so. Reporting on our management of climate-related risk also exposes us to both risk and opportunity in terms of stakeholder perception.	• Five-yearly independent review • Effective application and adherence to the Statement of Investment Policies, Standards and Procedures (SIPSP) • Sustainable Investment Framework • Application of Climate Change Investment Strategy • Investment screen for new investments • Ensuring the Guardians complies with its legislative and regulatory obligations • Carbon emissions identification, measurement and offsetting at the Guardians • Investment Committee review of new and existing investments • Annual reviews of governance for investee companies

RISKS WITHIN OUR RISK APPETITE

Risk
● Insufficient liquidity to meet our obligations and maintain our strategies
● Investment approach does not meet our purpose
● Change in key stakeholder support resulting in the failure to successfully execute the Guardians’ mandates and achieve our overall purpose
● Incidents of fraudulent activity (including rogue traders, bribery and corruption)
● Cyber event occurs (such as malware, phishing attack, or denial-of-service attack)

ONGOING RISK MONITORING

Compliance with policies and procedures is monitored for both team members and external managers with investment mandates. In 2024/25, we recorded one compliance breach by an external manager and six internal operational errors which, while not having a material effect, were considered potentially high-risk.

These human errors related to checking processes not being followed, a lack of understanding of the process, and/or a work-around process introducing operational risk. As with all learning opportunities, near misses such as these enable us to introduce new controls or revisit processes to minimise the likelihood of these errors occurring.

Performance against key Fund risk measures					
Business risk measures	2024/25	2023/24	2022/23	2021/22	2020/21
Active breaches of compliance with investment mandates*	1	0	1	0	0
Operational incidents or errors rated as potentially material risk**	6	3	2	4	2

* Our custodian reports compliance breaches with the Fund's segregated listed investment mandates for external managers to us for investigation and discussion with the manager involved. All breaches, passive and active, are factored into our monitoring and reviews of our external and internal investment managers and are reported to the Audit & Risk Committee. In the case of serious incidents, a claims process may be available to the NZ Super Fund.

** The Guardians has a structured process for reporting, investigating and rectifying operational incidents and errors. Incidents or errors with potentially high or extreme impacts are reported to the Board's Audit & Risk Committee as soon as practicable. As our objective is to capture as much information as possible with a view to improving our processes and controls, we do not set a target for reducing the number of errors reported.

INDEPENDENT REVIEW UPDATE

Our 2024 independent review confirmed that the Guardians is operating at global best-practice levels and provided recommendations and suggestions to help us maintain our leading position.

During 2024/25, we considered how we can put the recommendations and suggestions from our five-yearly statutory review into practice.

For more information about the review, see our 2024 Annual Report, and our website.

The recommendations our reviewers, WTW, highlighted as most important, and the actions we are taking in response to them, are summarised below. Some of these actions will take years to fully implement.

Recommendation	Action
Develop complexity principles and strategies	Currently under consideration.
Evolve the Total Portfolio Approach model	We are investigating ways to evolve our Total Portfolio Approach through improving both our top-down and bottom-up portfolio management. We are also considering ways to incorporate this recommendation as part of our Reference Portfolio review.
Mature the insourcing of private market investment	Currently under consideration.
Mature the sustainability proposition and model	Work is underway with WTW to better understand how we can mature our sustainability model by providing peer insights and recommendations on approaches. See page 70 for more information.
Elevate the ambition of the Learning and Development models	This recommendation is consistent with our refreshed ‘Guardians of the Future’ strategy and is reflected in the development of the Investment Academy. It is included in our key priorities for 2025/26, including establishing both data and AI strategies.
Strengthen the technology proposition	This has been considered as part of our Technology review. We believe the team’s new structure reduces inefficiencies and better integrates our Technology team with our technology users.
Ensure strong leadership succession practices	This has been a focus for us over the past year, with our Chair working closely with the Nominations Committee regarding Board appointments and succession planning, and our CEO regularly discussing leadership roles and succession with the Board.

As a global investor, we are impacted by a wide range of legal and regulatory requirements.

MONITORING FRAMEWORK

We identify and monitor proposed changes to core legal obligations that affect our business and operations. We ensure the changes are appropriately considered when making investment decisions and/or incorporated into our processes to ensure compliance. A legal radar that includes relevant legislative updates is reported annually to the Audit & Risk Committee and discussed semi-annually at the Risk Committee.

LEGISLATIVE COMPLIANCE REVIEW

PwC New Zealand recently undertook a review of the Guardians' legislative compliance framework. The review found a number of areas of relative strength in the Guardians' practices for managing legal and regulatory risk. This included good practice in the identification of legislative compliance obligations, transaction risk assessments, and Guardians' policy framework and culture. It identified a few uplift opportunities for the Guardians to consider. These have been implemented, including additional monitoring processes and mapping legislative obligations to the associated controls, processes and activities to manage compliance.

LEGISLATIVE REFORM

The volume of enacted and proposed legislative change continues to increase, both in New Zealand and globally, with jurisdictions accelerating reforms to address economic, environmental and geopolitical shifts.

Examples of regulatory changes over 2024/25 relevant to our activities or the business of our investment managers, counterparties and service providers are listed below.

New Zealand investment and infrastructure

The Government has progressed various reforms consistent with its broad strategic priority of driving economic growth and private investment in New Zealand, including:

- developments in the Overseas Investment regime
- the enactment of the Fast-track Approvals Act 2024 and plan to replace the Resource Management Act 1991
- the release of new guidelines for market-led public private partnership proposals
- the announcement of a review of the Companies Act 1993.

US tax and trade

There has been a clear shift in the US's position on tax and trade. Central to this agenda is the "America First Trade Policy" and associated tariff announcements, and steps away from international tax coordination efforts. At this time the Fund's tax treatment in the US remains unchanged but we continue to monitor for any future changes. The near- and long-term consequences of US trade policy on the global economic and geopolitical environment remain uncertain. We continue to monitor developments to assess the implications for the Fund.

CLIMATE DISCLOSURES

The Guardians is not a climate-reporting entity under the Financial Markets Conduct Act 2013. Nonetheless, we have adopted the Aotearoa New Zealand Climate Standards issued by the External Reporting Board as the basis for NZ Super Fund climate-related disclosures, due to our commitment to transparency, best practice, and application of the Crown Responsible Investment Framework (December 2021).

Many of our investee companies are legally required to report in line with these or other climate disclosure standards. We have an interest in their disclosures being accurate so we can better understand the implications of climate-related risks and opportunities on, and from, our investment portfolio. We have engaged in consultations on aspects of the New Zealand Climate Standards, while also monitoring developments in global standards that are relevant to our broader investment portfolio.

SUBMISSIONS

From time to time we make submissions on government policy, with a focus on issues that affect the Guardians or our investment mandates. We made submissions in 2024/25 (available on our website) to the:

- Ministry of Business, Innovation and Employment (MBIE) on adjustments to the Climate-related Disclosures regime
- External Reporting Board on the proposed 2024 amendments to climate and assurance standards
- New Zealand Infrastructure Commission Te Waihanganga on developing an enduring National Infrastructure Plan
- Ministry of Foreign Affairs and Trade on the Russian sanctions statutory review.

JUDICIAL REVIEW

During the year, people associated with the Palestine Solidarity Network of Aotearoa applied for a judicial review relating to the Fund's investments in travel companies Airbnb, Booking.com and Expedia; and telecommunications company Motorola. These companies are part of major listed indices in which the Fund is invested. We are resisting the application; a judgement is expected during the 2025/26 financial year. We remain confident that we are compliant with our Sustainable Investment Framework and obligations under our Act.

REMUNERATION AND DISCRETIONARY INCENTIVE SCHEME

We are required to manage our Funds in line with best-practice portfolio management. To achieve this, we must provide competitive remuneration packages that will attract, motivate and retain a high-calibre team.

Fixed remuneration consists of base salary, KiwiSaver and insurance benefits. As is standard practice in the financial services sector, we offer an at-risk incentive programme to reward performance.

KEY FACTORS

In structuring remuneration at the Guardians, we are conscious of the need to:

- reinforce the long-term objectives of the NZ Super Fund
- reinforce our investment strategy, which is based on a whole-of-Fund approach rather than individual asset classes or investment portfolios
- encourage appropriate, but not excessive, risk-taking
- be realistic about the periods for which staff are likely to remain with the Guardians and can reasonably expect to be rewarded for performance.

BASE SALARIES

Employees receive a fixed base salary that reflects their role, contribution and level of experience. This is based on:

- independently determined job sizes
- competence in roles
- current, independent remuneration market data based on New Zealand's financial services sector upper-quartile rates.

Base salaries are evaluated periodically by remuneration specialists using market evaluation systems. Employees are eligible for an annual salary review subject to meeting minimum performance requirements.

KIWISAVER

We match employee contributions to KiwiSaver, New Zealand's voluntary, work-based retirement savings scheme, up to 8%.

DISCRETIONARY BENEFITS SCHEME

Permanent staff are offered discretionary benefits including income protection, life, trauma, and health insurance on a discretionary, non-contractual basis. The Guardians' total expenditure on these benefits was \$1,250,309.91 in 2024/25, compared to \$1,057,360 in 2023/24. The year-on-year change was mainly due to increases in income protection and trauma insurance levels.

DISCRETIONARY INCENTIVE SCHEME

Permanent employees at the Guardians have a portion of their remuneration tied to performance through a discretionary bonus scheme. This aligns individual outcomes with NZ Super Fund success and fosters a culture of good performance. There are two components to the bonus scheme: individual and NZ Super Fund performance, as outlined below. Payments are subject to Board approval.

	Total	Individual component	Fund performance component
Leadership, Investments and Portfolio Completion teams	60% of actual remuneration paid for the financial year*	20%	40%, composed of: • Excess return – 1/3 • Value added – 2/3
Corporate staff (Corporate Affairs, People and Culture, Internal Audit, Risk, and Operations teams)	30% of actual remuneration paid for the financial year*	20%	10%, composed of: • Excess return – 1/3 • Value added – 2/3

* Actual remuneration includes salary and holiday pay during the financial year but excludes KiwiSaver contributions and other benefits such as insurance.

Excess return and value-add measures explained

The **excess return** measure, one-third of the potential Fund performance bonus, reflects the value taxpayers receive for the money contributed to the NZ Super Fund. It is fully paid out if the Fund's average return over four years exceeds the 90-day Treasury Bill return (a proxy of the opportunity cost to the Government of investing in the Fund instead of paying down debt) by 4%.

2-19
2-20
3-3
201-1
401-2

The **value-add** measure, two-thirds of the potential Fund performance bonus, is calculated on the Fund's actual return less the Reference Portfolio return. It reflects the added value of active investment strategies over passive ones and is fully paid when the Fund's four-year average return surpasses the Reference Portfolio by 0.75%. See page 41 for more information on our Reference Portfolio benchmark.

Bonus achievement for the four years ending 30 June 2025

On average, Fund performance over the four years to 30 June 2025 has been very strong, exceeding the levels required for full bonus payment:

- The average excess return over the four years was 4.22% (maximum is achieved at 4%).
- The average value-add over the four years was 1.96% (maximum is achieved at 0.75%).

Fund returns are calculated for bonus purposes using the four-year cumulative average percentage after costs and before New Zealand tax. Fund performance bonus payments to individuals vary according to base remuneration and tenure.

Individual component

Individual performance is assessed based on behavioural criteria aligned with the Guardians' desired workplace culture. Managers evaluate performance using feedback received over the year, employee input, and calibration with the Leadership Team. Bonus payments are contingent on meeting individual goals and performance thresholds, captured in a performance assessment against a set of expectations agreed in writing between the employee and their manager.

PAY EQUITY AND GENDER PAY GAP

We are committed to providing equal pay for equal work for the same or similar roles, regardless of gender or ethnicity. We monitor this closely and are confident that we are achieving it.

We measure our gender pay gap annually, reflecting differences in median and mean pay between men and women. The current gap is primarily due to a higher proportion of men in senior, higher-paying roles. Since 2020/21, the mean base salary gap has narrowed from 25% to 16%, while the median base salary gap has reduced from 34% to 18%.

We also report the gender pay gap for total remuneration, including incentive payments, KiwiSaver and insurance benefits as well as base pay. Although the median total remuneration gender pay gap widened slightly from 18% in 2023/24 to 20% in 2024/25, the overall reduction from 42% in 2020/21 to 20% remains substantial. This progress largely reflects shifts in gender representation across different levels of the organisation, alongside changes in base salary over time.

Our Diversity, Equity and Inclusion (DE&I) Strategy 2022–2027 (available on our website) describes how we are taking a systems-thinking approach to addressing our gender pay gap. We understand that change is needed structurally, such as through processes, practices and policies, as well as in our behaviours and culture, and that these are interconnected. We see that progress on the gender pay gap will take time, requiring multi-layered initiatives with short-, medium- and long-term outcomes.

Gender pay gap*	2024/25	2023/24	2022/23	2021/22	2020/21
Base salary (mean)	16%	15%	14%	17%	25%
Base salary (median)	18%	17%	13%	27%	34%
Total remuneration (mean)	19%	17%	17%	21%	26%
Total remuneration (median)	20%	18%	16%	26%	42%

* We report contractual base hourly rate of pay for the entire permanent employee workforce excluding the CEO. The numbers reported are the difference of male pay less female pay, divided by male pay. If there was no gap, the result would be 0%. The mean gender pay gap is the difference between the mean hourly base pay of males and females. The median gender pay gap is the difference between the mid-points in the range of hourly base pay of males and females. The mid-point is calculated by taking all hourly base pays in the sample, lining them up in order from lowest to highest, and picking the middle hourly base pay.

EMPLOYEES' REMUNERATION OVER \$100,000 PER ANNUM

Base remuneration in the following table consists of gross base salary payable in relation to the current financial year, including KiwiSaver contributions made by the Guardians. Total remuneration comprises an employee's base remuneration and the proportion of their incentive entitlement that will be paid out after balance date, including KiwiSaver contributions on that incentive entitlement.

A total amount of \$1,681,475 was paid in respect of 21 individuals who ceased to be employed during the year ended 30 June 2025 (2023/24: a payment of \$15,000 in respect of one individual). The increase compared to the prior year is largely the result of the reorganisation of the Technology team.

REMUNERATION AND DISCRETIONARY INCENTIVE SCHEME (CONTINUED)

REMUNERATION RANGE	NUMBER OF EMPLOYEES (BASE REMUNERATION)		NUMBER OF EMPLOYEES (TOTAL REMUNERATION)		REMUNERATION RANGE	NUMBER OF EMPLOYEES (BASE REMUNERATION)		NUMBER OF EMPLOYEES (TOTAL REMUNERATION)	
NZD'000	2024/25	2023/24	2024/25	2023/24	NZD'000	2024/25	2023/24	2024/25	2023/24
100 - 110	11	9	8	4	480 - 490	-	-	2	2
110 - 120	16	14	6	5	490 - 500	2	1	2	3
120 - 130	13	10	5	5	500 - 510	1	1	-	-
130 - 140	12	13	11	8	510 - 520	-	-	2	1
140 - 150	8	14	11	9	520 - 530	-	1	1	2
150 - 160	7	5	10	3	530 - 540	-	-	2	1
160 - 170	13	11	5	4	540 - 550	-	1	4	4
170 - 180	11	10	11	9	570 - 580	-	1	1	-
180 - 190	15	10	6	7	580 - 590	1	-	-	-
190 - 200	12	10	2	9	590 - 600	1	1	-	-
200 - 210	4	11	8	8	600 - 610	-	1	-	-
210 - 220	11	8	8	9	610 - 620	1	1	-	1
220 - 230	8	7	7	14	620 - 630	-	-	-	1
230 - 240	10	7	15	8	630 - 640	-	-	1	-
240 - 250	7	2	9	5	640 - 650	-	-	1	-
250 - 260	6	7	6	8	650 - 660	-	-	-	1
260 - 270	7	5	7	8	700 - 710	1	-	-	-
270 - 280	3	5	10	3	710 - 720	-	-	-	1
280 - 290	5	9	4	5	720 - 730	-	-	1	-
290 - 300	3	2	4	-	730 - 740	-	-	-	1
300 - 310	3	3	5	3	750 - 760	-	-	1	1
310 - 320	7	4	1	3	760 - 770	-	-	2	-
320 - 330	5	3	3	5	780 - 790	-	1	-	-
330 - 340	3	2	2	2	790 - 800	-	-	-	1
340 - 350	4	3	3	7	820 - 830	-	-	-	1
350 - 360	1	-	2	1	850 - 860	1	-	-	-
360 - 370	2	1	5	8	860 - 870	-	-	-	1
370 - 380	1	-	7	4	870 - 880	-	-	-	1
380 - 390	-	-	7	2	880 - 890	-	-	1	-
390 - 400	-	3	2	2	920 - 930	-	-	1	-
400 - 410	1	1	6	3	930 - 940	-	-	-	1
410 - 420	2	1	4	2	960 - 970	-	-	1	1
420 - 430	-	-	3	1	1,030 - 1,040	-	-	-	1
430 - 440	-	-	1	3	1,120 - 1,130	-	-	1	-
440 - 450	-	-	2	4	1,290 - 1,300	-	-	-	1
450 - 460	-	1	3	1	1,340 - 1,350	-	-	1	-
460 - 470	1	1	1	-	Total	221	201	236	211
470 - 480	1	-	1	2					

KEY MANAGEMENT PERSONNEL

The Guardians' key management personnel are the Board and the Leadership Team. The Leadership Team currently comprises seven employees (2023/24: eight employees). The compensation of the Board and the Leadership Team is set out below.

LEADERSHIP TEAM AND BOARD REMUNERATION

Leadership Team	2024/25 (NZD'000)	2023/24 (NZD'000)
Employee benefits (including salaries, annual leave and long service leave)	5,164	4,356
Employee incentive scheme	2,151	2,361
Total	7,315	6,717
Board	2024/25 (NZD'000)	2023/24 (NZD'000)
H Berkman	49	49
S Brake (appointed 9 December 2024)	28	-
C Drayton (Chair) (retired 1 March 2024)	-	65
D McClatchy	49	49
F Oliver (appointed People & Culture Committee Chair 1 March 2024)	54	50
D Pearce (Audit & Risk Committee Chair) (retired 31 December 2024)	27	54
H Raumati-Tu'ua (appointed 1 April 2024, appointed Audit & Risk Committee Chair 1 January 2025)	51	12
J Williamson (appointed Chair 1 March 2024, People & Culture Committee Chair until 1 March 2024)	98	69
Total	356	348

Board remuneration is set by the Minister of Finance in accordance with the Fees Framework for Members of Statutory and Other Bodies Appointed by the Crown. Annual base fees are \$49,000 for Board members, plus additional amounts for the Chair (\$49,000), Deputy Chair (\$12,250), and Chairs of the Audit & Risk and People & Culture Committees (\$4,900).

Board members' and employees' indemnity and insurance

The Guardians has indemnified Board members and certain employees (and former employees) who have been appointed as Guardians'-nominated directors or other officers of entities in which the Guardians has invested. These indemnities are given, to the maximum extent permitted by the Crown Entities Act 2004, in respect of any liability connected with acts or omissions carried out as a consequence of the role. Each indemnified person is also indemnified in respect of costs incurred by that person in defending or settling any claim or proceeding.

The Guardians has effected Directors and Officers Liability insurance cover in respect of the liability or costs of Board members, employees and external director appointees.

Chief Executive Officer remuneration

Two of the Board's most important decisions are the appointment and remuneration of the CEO. The Board actively considers the public sector context in making remuneration decisions. Under the Crown Entities Act 2004, the Board's recommendation is then passed to the Public Service Commissioner to agree contractual terms including base remuneration and remuneration structure. The Commissioner also agrees to any future changes to base remuneration.

The CEO is eligible for bonus payments up to a maximum of 60% of actual base remuneration under the Guardians' discretionary incentive scheme. The discretionary at-risk incentive payment scheme forms part of the CEO's existing terms and conditions, and the payment is established by factors determined by the Board. The Public Service Commissioner does not approve the level of this payment.

Process

The People & Culture Committee (see page 88) reviews the CEO's remuneration annually and, based on independent advice from external remuneration specialists, makes recommendations to the Board. As is normal good practice, the Board aims to ensure alignment between the CEO's remuneration and the strategy and performance of the Guardians and its Funds.

Further information about remuneration can be found in our People & Culture Policy, available on our website.

REMUNERATION AND DISCRETIONARY INCENTIVE SCHEME (CONTINUED)

CHIEF EXECUTIVE OFFICER REMUNERATION

Financial year	2024/25		2023/24	
			Jo Townsend (Apr – Jun 2024)	
	\$	% achieved	\$	% achieved
Contractual base remuneration	\$853,000	–	\$853,000	–
Actual base remuneration payment (Several factors can mean there is a difference between the contractual and actual base.) ¹	\$795,587	–	\$180,442	–
At risk – individual component	\$134,765	17.0%	– ³	–
At risk – Fund financial performance ‘excess return’ on a four-year moving average	\$106,052	13.3% (100% achievement level 13.3%)	– ³	–
At risk – Fund financial performance ‘value add’ on a four-year moving average	\$212,183	26.67% (100% achievement level 26.7%)	– ³	–
KiwiSaver	\$99,887	–	\$14,435	–
Benefits (life, income protection, trauma, and health insurance)²	\$10,867	–	\$2,421	–
Total remuneration	\$1,359,341	–	\$197,298	–

1. Actual base salary payments can be lower or higher than contractual base salary depending on factors such as the amount and value of leave taken or ending employment mid-year. The CEO took a voluntary pay cut of 20% of base salary for six months from April 2020, impacting the 2020/21 financial year.

2. Benefits include FBT where applicable but exclude GST.

3. Bonus programme eligibility began on 1 July 2024.

2023/24		2022/23		2021/22		2020/21	
Matt Whineray (Jun 2023 – Jan 2024)							
\$	% achieved	\$	% achieved	\$	% achieved	\$	% achieved
\$870,000	–	\$797,000	–	\$724,000	–	\$611,000	–
\$554,766	–	\$811,040	–	\$730,982	–	\$598,886	–
\$94,310	17.0%	\$137,877	17.0%	\$116,957	16.0%	\$114,021	18.0%
\$73,950	13.3% (100% achievement level 13.3%)	\$108,112	13.3% (100% achievement level 13.3%)	\$73,101	10.0% (100% achievement level 13.3%)	\$111,718	17.5% (100% achievement level 13.3%)
\$147,956	26.7% (100% achievement level 26.7%)	\$216,304	26.67% (100% achievement level 26.7%)	\$369,202	10.0% (100% achievement level 13.3%)	\$92,179	14.2% (100% achievement level 26.7%)
\$68,601	–	\$102,757	–	\$103,219	–	\$73,050	–
\$7,498	–	\$10,647	–	\$8,201	–	\$6,691	–
\$947,081	–	\$1,386,737	–	\$1,401,663	–	\$996,545	–





Five

Financial Statements Ngā Pūrongo Tahua

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Group 193

Explaining our Financial Statements



LARA UTATAO
ACTING GENERAL MANAGER,
SHARED SERVICES

This Annual Report includes three sets of financial statements: the Guardians, the NZ Super Fund and Elevate.

The Guardians’ financial statements are on pages 113-134, the NZ Super Fund’s financial statements are on pages 135-192, and Elevate’s financial statements are on pages 193-218.

The Guardians is an autonomous Crown entity that manages two separate investment mandates: the NZ Super Fund and Elevate. Its costs, primarily employee-related and technology expenses, are recovered from the two mandates, except for a small appropriation for Board fees and other expenses that are funded by Parliament. As a result, the Guardians has a ‘zero’ net surplus for the year. A summary of the expenses recovered from the NZ Super Fund is included on pages 109-110. The Guardians’ financial statements are prepared in accordance with Public Benefit Entity (PBE) Accounting Standards.

The NZ Super Fund is a pool of assets set aside by the Crown for the purpose of assisting future governments to pay for superannuation. The financial statements have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). Key elements of these financial statements are discussed on the following pages.

Elevate was established to foster a venture capital industry and ensure that high-growth New Zealand businesses have access to the capital and connections they need to be successful. The day-to-day management of Elevate is outsourced to New Zealand Growth Capital Partners (NZGCP), a fellow Crown entity. The financial statements are prepared in accordance with PBE Accounting Standards.

In this section we have provided some commentary to give context to the numbers. In particular, we have focused on how we manage costs, as it is essential that we are prudent in our spending as a Crown entity.

2-2
3-3
201-1

NZ Super Fund Five-Year Financial Summary

	2025	2024	2023	2022	2021
	NZD'000	NZD'000	NZD'000	NZD'000	NZD'000
INCOME STATEMENT					
Investment income	1,779,024	1,657,776	1,324,600	1,054,552	740,262
Investment gains/(losses)	7,306,677	8,344,560	5,787,682	(5,133,394)	12,775,611
Net operating income/(loss)	9,085,701	10,002,336	7,112,282	(4,078,842)	13,515,873
Operating expenditure	(162,491)	(261,837)	(255,407)	(278,086)	(130,772)
Profit/(loss) before income tax expense	8,923,210	9,740,499	6,856,875	(4,356,928)	13,385,101
Income tax (expense)/income	(1,777,134)	(1,218,356)	(926,043)	758,046	(2,146,656)
Profit/(loss) after income tax expense	7,146,076	8,522,143	5,930,832	(3,598,882)	11,238,445
BALANCE SHEET					
Cash and cash equivalents	2,420,495	2,601,543	1,858,270	2,370,257	6,579,356
Net cash (collateral received)/pledged as collateral	(226,567)	(679,890)	(355,965)	173,396	(343,758)
Net investments	81,940,775	74,210,170	63,734,632	54,519,077	53,070,293
Other assets (including PPE and intangible assets)	640,641	745,217	514,854	3,202,306	657,925
Other liabilities	(433,111)	(801,480)	(890,475)	(5,077,256)	(669,076)
Net assets excluding income tax	84,342,233	76,075,560	64,861,316	55,187,780	59,294,740
Income tax (payable)/receivable	(1,494,800)	(1,281,410)	(138,459)	272,916	(1,887,279)
Deferred tax (liability)/asset	(54)	21,927	(49,566)	749,766	(42,866)
Net assets	82,847,379	74,816,077	64,673,291	56,210,462	57,364,595
Contributed capital	27,433,079	26,554,079	24,940,079	22,382,079	19,962,079
Reserves	55,414,300	48,261,998	39,733,212	33,828,383	37,402,516
Total equity	82,847,379	74,816,077	64,673,291	56,210,462	57,364,595

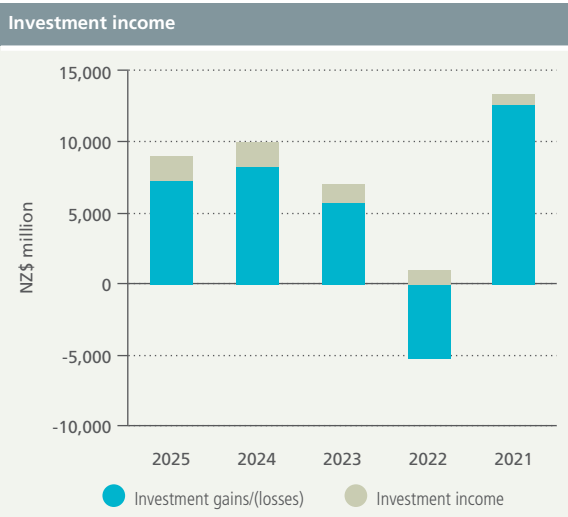
Understanding our Financial Statements

NZ SUPER FUND
Income statement
INCOME

Net operating income is the income generated by the NZ Super Fund before operating expenses are deducted. There are two key components to net operating income:

- 1. Investment income – primarily interest and dividends; and
- 2. Investment gains/(losses) – comprising changes in the fair value of investments, including the impact of changes in the New Zealand dollar on investments held in foreign currencies. Given the NZ Super Fund’s significant exposure to global equity markets, some volatility in investment gains and losses is expected.

Net operating income over the last five years is depicted in the following graph:



Favourable global equity market conditions continued throughout 2024/25, contributing to net operating income of \$9.1 billion. Gains in the Reference Portfolio positions in passive global equity were supplemented by strong performance in certain active strategies, primarily the Developed Markets Equity Multi-factor Strategy, Strategic Tilting and Tactical Credit Opportunities. Refer to the Performance Report on pages 41-45 for more information on performance against our benchmark.

EXPENSES

The Guardians is committed to managing costs responsibly and ensuring value for money across all areas of expenditure. Because investment decisions are made based on expected returns net of expenses, careful cost management is essential. We achieve this by:

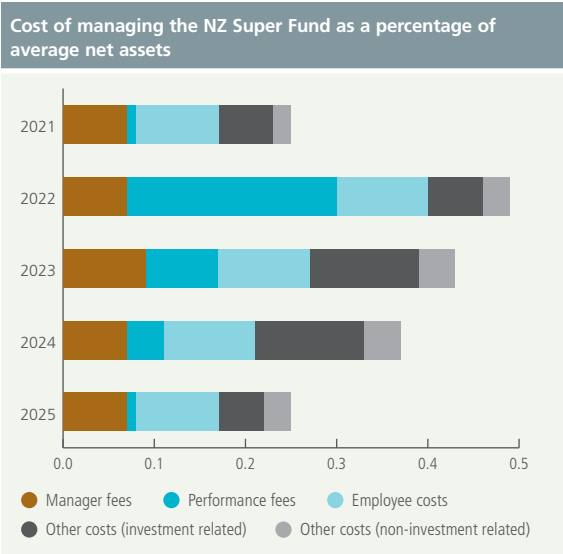
- ensuring fees paid to external managers are in line with market standards and reflect the complexity of the investment

- factoring in the cost of due diligence in our assessment of whether an investment opportunity is worth pursuing, relative to the potential risk-adjusted value
- selecting cost-effective access points for all investment opportunities
- benchmarking our costs against peers through the annual CEM Cost-Effectiveness survey (as noted on page 110)
- applying critical judgement and decision-making with regard to controllable costs.

During the year, we continued to refine our processes for budgeting and forecasting controllable costs and applied greater scrutiny to headcount decisions by reassessing vacant positions and introducing a more rigorous approval process for new positions. As part of a review of our operating model, we restructured the Technology function to create a more scalable and efficient structure aligned with future needs.

It is important to note, however, that achieving the lowest cost is not our objective. Higher costs are acceptable when they are expected to deliver greater long-term value. The overriding focus is on maximising risk-adjusted returns, after costs. The intention is to manage costs effectively, ensuring our expenditure delivers the intended benefits, and to invest judiciously where needed to support the increasing size of the NZ Super Fund.

Total costs, as a percentage of average net assets, decreased from 0.37% in the prior year to 0.26% in the current year (excluding a one-off reversal of impairment losses). This was primarily due to lower performance fees and impairment losses in the prior year.



CURRENT AND PRIOR YEAR COSTS

**MANAGER FEES**

—
\$58.0m

WHAT DO THEY PAY FOR?

Fees paid to external managers for managing committed and invested capital for the NZ Super Fund.

WHY DO WE INCUR THE COST?

We seek exposure to a wide range of asset classes, geographic markets and strategies which require a diversification of management skills. In some cases, it is not possible to provide specific expertise and economies of scale in-house; therefore, we appoint well-aligned external managers who demonstrate the required capabilities.

CURRENT AND PRIOR YEAR COSTS

Manager fees increased from \$51.3 million in 2024 primarily due to a combination of increased investment and higher fees associated with certain private equity investments.

**PERFORMANCE FEES**

—
\$7.4m

WHAT DO THEY PAY FOR?

Fees paid to external managers when investment returns exceed predetermined benchmarks. These fees may also include certain success-based payments that are contingent on achieving specific outcomes.

WHY DO WE INCUR THE COST?

Performance fees are a form of profit-sharing when returns exceed a predefined percentage hurdle. They are only earned by a small number of external managers if they outperform specified benchmarks and can vary considerably year-on-year. When negotiating fees and other terms, we aim to align managers' and our investment goals.

CURRENT AND PRIOR YEAR COSTS

Performance fees decreased by \$22.9 million to \$7.4 million in the current year. This decrease is largely due to success-based payments made in the prior year following the achievement of specific performance milestones, which did not apply in the current year.

**EMPLOYEE COSTS**

—
\$75.4m

WHAT DO THEY PAY FOR?

Employee remuneration and other employee-related costs, including incentive payments and KiwiSaver contributions. These costs are incurred by the Guardians then reimbursed by the NZ Super Fund.

WHY DO WE INCUR THE COST?

To ensure best-practice portfolio management and to successfully execute our purpose, we aim to employ and retain top-quality, diverse talent from within New Zealand and overseas.

CURRENT AND PRIOR YEAR COSTS

Costs increased by \$5.5 million to \$75.4 million in the current year. This increase reflects growth in average FTE employees, general wage inflation, and expenditure relating to the restructuring of our Technology function. Further information on our remuneration framework is reported on pages 98-103.

**INVESTMENT-RELATED COSTS**

—
\$38.8m

(excluding the reversal of impairment losses)

WHAT DO THEY PAY FOR?

Fees and other expenses associated with the management and operation of investments (including legal fees, financial and tax advisors, consultants, custodian fees and trading commissions). It also includes the impairment of investments held at amortised cost.

WHY DO WE INCUR THE COST?

Pursuing complex, large investment opportunities in public and private markets requires us to incur due diligence and compliance costs associated with international regulatory and tax regimes.

CURRENT AND PRIOR YEAR COSTS

Other investment-related costs remain broadly consistent with the prior year, excluding \$45.1 million of impairment losses recorded in the prior year.

CURRENT AND PRIOR YEAR COSTS (CONTINUED)



OTHER COSTS

\$26.0m

WHAT DO THEY PAY FOR?

Data and technology services, travel and accommodation, office lease, and other general operating expenses. These costs are incurred by the Guardians and then charged to the NZ Super Fund.

WHY DO WE INCUR THE COST?

Ongoing operating costs to support the general infrastructure and day-to-day business activities.

CURRENT AND PRIOR YEAR COSTS

Other costs decreased slightly from \$27.9 million in the prior year, due to lower expenditure on professional fees and international travel.

BENCHMARKING OUR COSTS

We participate in the most widely used and comprehensive investment benchmarking available globally - CEM's Investment Benchmarking Service - an annual survey-based service that assesses the cost structure and value-add of the Fund. For the year 2024/2025, CEM evaluated the Fund against 237 funds from around the world, focusing on 19 peer funds with active investment management strategies and similar size and risk profiles to NZ Super Fund.

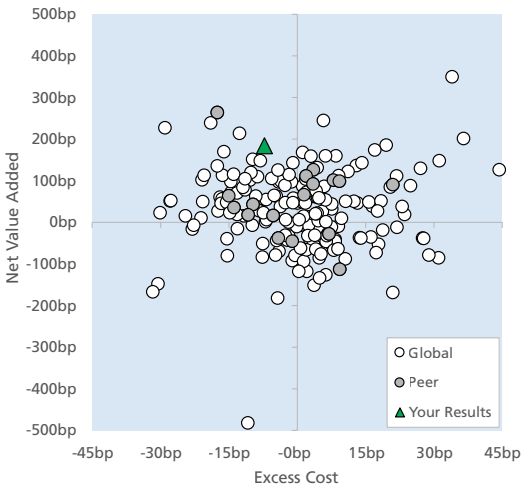
Achieving the status of 'median cost, median value-adding' or better in the CEM survey is one of the measures we report against in our Statement of Performance. This assessment provides an independent benchmark of whether we have struck a good balance between minimising costs and successfully implementing value-adding investment strategies.

We have participated in the CEM Investment Benchmarking Service since 2010. Over the past one-, five- and twenty-year periods, we have achieved a low cost and high value-add status relative to the peers and CEM's global universe of participating funds.

For our reporting in CEM's Investment Benchmarking Service, the NZ Super Fund received a 2024/2025 score of 98 out of 100 based on CEM's Global Reporting Principles. This scoring was issued for the first time in 2024 to assess the completeness and comparability of data reported to CEM. Details on the Principles and the methodology of this scoring can be found at www.cembenchmarking.com/GRP.

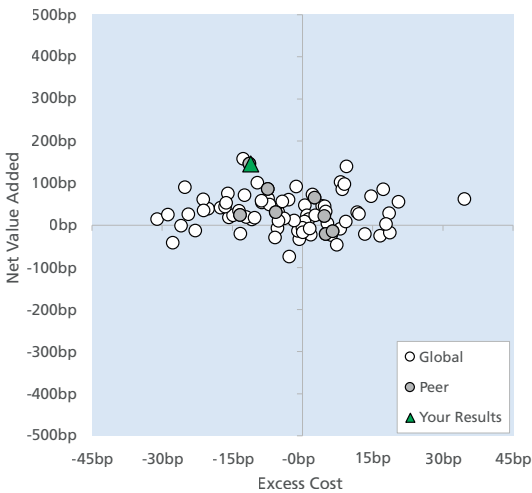
5-YEAR NET VALUE ADDED VERSUS EXCESS COST

(Net value added 184 bps, cost savings 7 bps)



20-YEAR NET VALUE ADDED VERSUS EXCESS COST

(Net value added 145 bps, cost savings 11 bps)



FINANCIAL REPORT

Indirect costs

Indirect costs, such as in-fund manager and performance fees incurred within investment vehicles in which the NZ Super Fund holds an interest, are netted off against investment gains and losses.

In-fund manager fees of \$90.0 million were broadly in line with the prior year. Performance fees decreased by \$28.2 million to \$23.0 million due to lower-than-benchmark performance by some managers.*

This supplementary disclosure is based on unaudited information and derived using a variety of methodologies – such as reporting from investment managers; additional enquiries made of managers; and our own calculations at the end of the financial year. In providing this additional information, we aim to provide a full and complete indication of total investment management and performance fees.

It is important to note that, for some external investment managers, the pay-out of the current year's performance fee is capped, with the remaining fee held for possible pay-out in future periods. For these managers, poor performance in subsequent years could lead to a reduction in the entitlement held at year end.

Income tax

Since its inception, the NZ Super Fund has paid \$11.1 billion in tax to the New Zealand Government, making it one of the largest taxpayers in the country. This tax paid is excluded from the NZ Super Fund's performance as it is considered a return to the Crown.

New Zealand tax is paid on dividends received from New Zealand and most listed Australian equity investments.

New Zealand tax on foreign equities (excluding most listed Australian equity investments) and their share of foreign currency hedging positions are calculated notionally under New Zealand's 'Fair Dividend Rate' (FDR) regime. A 'deemed dividend' of 5% per annum is taxable while actual dividends received and gains or losses are not subject to tax.

Income or losses arising from the NZ Super Fund's other investments (e.g. equity derivatives, bonds and cash deposits) are generally subject to 28% New Zealand tax.

New Zealand income tax of \$1.5 billion was paid during the 2024/25 income year relating to tax payable for the NZ Super Fund and its subsidiaries for 2023/24, and \$54 million was paid for 2024/25. An additional \$1.55 billion was paid in July 2025 in respect of the 2024/25 income year.

The NZ Super Fund is also subject to foreign tax depending on the source of its offshore income.

Foreign withholding taxes of \$23 million have been paid (excluding underlying taxes paid by the NZ Super Fund's investments).

Tax governance

The Guardians has a cooperative compliance agreement with the New Zealand Inland Revenue (IRD). Under this agreement, tax positions taken by the NZ Super Fund on its activities are disclosed to the IRD. This provides us with real-time engagement with the IRD and enhanced certainty around our tax position before the New Zealand tax return is filed.

BALANCE SHEET

The balance sheet reflects the value of the NZ Super Fund at the end of the financial year. While annual performance is important, central to our purpose is to grow the NZ Super Fund over the longer term. Since its inception, the NZ Super Fund has received contributions of \$27.4 billion from the Crown and added gross value of \$66.6 billion. As a result of this growth, the NZ Super Fund has paid a total of \$11.1 billion of tax back to the Crown, resulting in a net value added to the Crown of \$55.5 billion.

Cash and liquidity

Liquidity management remains a key focus for the NZ Super Fund, given its critical importance to operations. Strong investment performance during the year led to an increase in cash collateral received from counterparties. This occurs when the value of our positions under certain financial contracts rise, requiring counterparties to provide additional security (cash collateral), to reflect the increased exposure. Cash balances were also high at year-end due to the timing of a large provisional tax payment made in July 2025.

Investments and fair value

Most of the NZ Super Fund's assets and liabilities are measured at fair value. Fair value is the price that would be agreed between a willing buyer and a willing seller in a transaction between the two parties. Fair value is obtained from readily observable market data and priced daily for approximately 77% of the NZ Super Fund's investments.

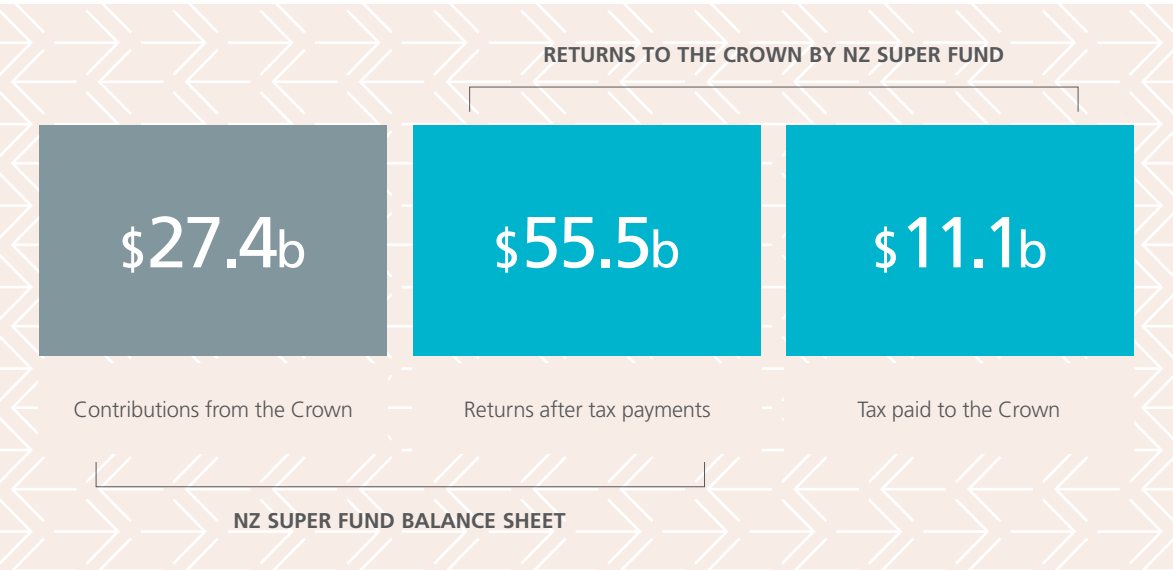
For the remaining assets, where no observable market data is available, a number of valuation methods are used to determine fair value. For these assets, the value that is recognised in the balance sheet represents management's best assessment of fair value based on the most up-to-date information available. Further information on the fair value hierarchy and valuation techniques is outlined on pages 149-154 (refer Note 2).

CONTRIBUTIONS

The NZ Super Fund received contributions of \$0.88 billion from the Crown in the current year, bringing total contributions since inception to \$27.4 billion. Contributions are received monthly and recorded on the balance sheet as contributed capital.

* The 2023/24 comparative has been increased to include additional fees for two opportunities that were previously excluded.

LIFE TO DATE RETURN ON CROWN CONTRIBUTIONS



ELEVATE

This section highlights the main financial features of Elevate’s financial statements for the 2024/25 financial year.

Income statement

INCOME

Net operating revenue is the revenue generated by Elevate before operating expenses are deducted. Like the NZ Super Fund, Elevate’s revenue comprises two key components:

- 1. Investment income – primarily interest earned; and
- 2. Investment gains/(losses) – changes in the fair value of investments after deducting external fund manager fees.

Elevate has reported net fair value gains of \$5.2 million for the current year, compared with net fair value losses of \$3.9 million in the prior year. The gains in the current year are due to a combination of net realised gains from realisations within the investment portfolio, partially offset by net unrealised losses arising from the revaluation of underlying investments.

EXPENSES

Total costs for managing Elevate were \$3.1 million for the year, consistent with 2023/24.

Income tax

Elevate is required to file a New Zealand income tax return and is therefore included in the cooperative compliance agreement with the IRD. However, given the investment profile of Elevate and the tax exemption from which Elevate benefits (on gains from New Zealand shares), taxable income is not anticipated.

BALANCE SHEET

Investments

At the end of the financial year, Elevate had committed \$246 million across 11 venture capital funds. This includes commitments to two additional funds during the year – one with an existing fund manager as a follow-up investment, and one with a new fund manager. At balance date, these funds have called \$173 million for investments and management fees, of which \$36.4 million was called in the current year. Since inception, Elevate has recorded net fair value gains of \$17.8 million on its underlying investments, resulting in total investments of \$169.0 million at balance date.

CONTRIBUTIONS

During the year, Elevate received \$18.0 million in capital contributions from the Crown, bringing total capital contributions since inception to \$179.5 million. Requests for funding under the Elevate mandate are reviewed and approved by the Guardians before being submitted to Treasury. Capital contributions from the Crown are recorded in public equity in Elevate’s balance sheet.

STATEMENT OF RESPONSIBILITY

For the year ended 30 June 2025

The Board and management of the Guardians of New Zealand Superannuation accept responsibility for the preparation of the annual financial statements and the Statement of Performance of the Guardians of New Zealand Superannuation and Group and the judgements used in them.

The Board and management of the Guardians of New Zealand Superannuation accept responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting of the Guardians of New Zealand Superannuation and Group.

In the opinion of the Board and management of the Guardians of New Zealand Superannuation, the annual financial statements and the Statement of Performance for the year ended 30 June 2025 fairly reflect the financial position, operations and cash flows of the Guardians of New Zealand Superannuation and Group.

**JOHN WILLIAMSON**

CHAIR

24 September 2025

**HINERANGI RAUMATI TU'UA**

BOARD MEMBER

24 September 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 June 2025	NOTE	ACTUAL 2025 NZD'000	ACTUAL 2024 NZD'000	BUDGET (UNAUDITED) 2025 NZD'000
Revenue	2.a	102,946	99,365	107,398
Expenses	2.b	102,946	99,365	107,398
Surplus/(deficit) for the year		-	-	-
Other comprehensive revenue and expense		-	-	-
Total comprehensive revenue and expense for the year		-	-	-

The attached notes form part of, and should be read in conjunction with, these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025	NOTE	ACTUAL 2025 NZD'000	ACTUAL 2024 NZD'000	BUDGET (UNAUDITED) 2025 NZD'000
ASSETS				
Current assets				
Cash and cash equivalents	4.b	2,942	4,627	5,114
Receivables from exchange transactions	4.c	22,283	20,478	24,449
Receivables from non-exchange transactions	4.c	198	138	-
Prepayments		2,089	2,105	-
Total current assets		27,512	27,348	29,563
Non-current assets				
Receivables from exchange transactions	4.c	1,659	1,522	-
Total non-current assets		1,659	1,522	-
Total assets		29,171	28,870	29,563
LIABILITIES				
Current liabilities				
Payables under exchange transactions	4.d	1,559	2,207	1,472
Employee entitlements	4.e	25,153	24,257	25,603
Deferred lease incentive	4.f	85	85	85
Total current liabilities		26,797	26,549	27,160
Non-current liabilities				
Employee entitlements	4.e	1,659	1,522	1,903
Deferred lease incentive	4.f	-	84	-
Lease make-good provision	4.g	215	215	-
Total non-current liabilities		1,874	1,821	1,903
Total liabilities		28,671	28,370	29,063
Net assets		500	500	500
PUBLIC EQUITY				
Accumulated comprehensive revenue and expense		-	-	-
General equity reserve		500	500	500
Total public equity	4.h	500	500	500

The attached notes form part of, and should be read in conjunction with, these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN PUBLIC EQUITY

For the year ended 30 June 2025

	ACTUAL		
	GENERAL EQUITY RESERVE	ACCUMULATED COMPREHENSIVE REVENUE AND EXPENSE	TOTAL
	NZD'000	NZD'000	NZD'000
Balance at 1 July 2023	500	-	500
Total comprehensive revenue and expense for the year	-	-	-
Balance at 30 June 2024	500	-	500
Total comprehensive revenue and expense for the year	-	-	-
Balance at 30 June 2025	500	-	500

The attached notes form part of, and should be read in conjunction with, these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2025	NOTE	ACTUAL 2025 NZD'000	ACTUAL 2024 NZD'000	BUDGET (UNAUDITED) 2025 NZD'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Receipts from the Crown		607	584	728
Receipts from the NZ Super Fund		99,341	97,275	105,855
Receipts from the Elevate Fund		500	500	460
Interest received		282	338	308
Goods and services tax		124	93	25
Other receipts		90	80	165
Total cash inflow from operating activities		100,944	98,870	107,541
Cash was applied to:				
Payments to Board members		(356)	(348)	(400)
Payments to suppliers		(29,963)	(31,472)	(36,897)
Payments to employees		(72,310)	(65,278)	(69,799)
Total cash outflow from operating activities		(102,629)	(97,098)	(107,096)
Net cash flows provided by/(used in) operating activities		(1,685)	1,772	445
Net increase/(decrease) in cash and cash equivalents		(1,685)	1,772	445
Cash and cash equivalents at the beginning of the year		4,627	2,855	4,669
Cash and cash equivalents at the end of the year	4.b	2,942	4,627	5,114

The attached notes form part of, and should be read in conjunction with, these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 30 June 2025	ACTUAL	ACTUAL
	2025	2024
	NZD'000	NZD'000
RECONCILIATION OF SURPLUS/(DEFICIT) FOR THE YEAR TO NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES		
Surplus/(deficit) for the year	-	-
Add/(deduct) movements in assets and liabilities:		
(Increase)/decrease in assets:		
Receivables and prepayments	(1,986)	(775)
Increase/(decrease) in liabilities:		
Payables and employee entitlements	385	2,527
Deferred lease incentive	(84)	(86)
Lease make-good provision	-	106
Net cash flows provided by/(used in) operating activities	(1,685)	1,772

The attached notes form part of, and should be read in conjunction with, these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

SECTION 1: GENERAL INFORMATION, STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

(a) General information

These are the consolidated financial statements of the Guardians of New Zealand Superannuation (Guardians) and its subsidiaries (Group). The Guardians is a Crown entity as defined by the Crown Entities Act 2004. The Guardians is also a public authority in terms of the Income Tax Act 2007 and therefore is exempt from income tax.

The Guardians is a public benefit entity for financial reporting purposes, as the primary purpose is to manage and administer the New Zealand Superannuation Fund (NZ Super Fund) and the Elevate NZ Venture Fund (Elevate Fund).

The Guardians is domiciled in New Zealand and the address of its principal place of business is set out in the Corporate Directory on page 227.

The consolidated financial statements of the Group for the year ended 30 June 2025 were authorised for issue in accordance with a resolution of the Board of the Guardians of New Zealand Superannuation on 24 September 2025.

(b) Statement of compliance

The consolidated financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004 and the Public Finance Act 1989, which includes the requirement to comply with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They also comply with Public Benefit Entity Standards (PBE Standards) as appropriate for Tier 1 public benefit entities.

(c) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis.

The consolidated financial statements are presented in New Zealand dollars. All values are rounded to the nearest thousand dollars (NZD'000) unless stated otherwise.

Accounting policies are selected and applied in a manner that ensures the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring the substance of the underlying transactions or other events is reported. Accounting policies relating to specific financial statement items are set out in the relevant notes to the financial statements. Accounting policies that materially affect the financial statements as a whole are set out below.

(d) Significant judgements and estimates

The preparation of the Guardians consolidated financial statements requires the Board and management to make judgements and use estimates that affect the reported amounts of revenue, expenses, assets, liabilities and the accompanying disclosures. Uncertainty about these judgements and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets and liabilities in future periods. The judgements and estimates used in respect of the Guardians are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial reporting impact on the Guardians and that are believed to be reasonable under the circumstances. The judgements and estimates that the Board and management have assessed to have the most significant risk of causing a material adjustment to the reported amounts of revenue, expenses, assets, liabilities and the accompanying disclosures within the next financial year are as follows:

- Employee entitlements - long service leave (Note 4(e)).

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Guardians and its subsidiaries as at 30 June 2025.

The financial statements of subsidiaries are prepared for the same reporting period as the Guardians using consistent accounting policies. In preparing consolidated financial statements, all inter-entity transactions, balances, unrealised gains and losses are eliminated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 1: GENERAL INFORMATION, STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(f) Subsidiaries**

Subsidiaries are those entities that are controlled by the Guardians under the provisions of PBE IPSAS 35 Consolidated Financial Statements. The Guardians controls an entity when it is exposed to, or has rights to, variable benefits from its involvement with the entity and has the ability to affect the nature or amount of those benefits through its power over the entity. The Guardians' control of an entity is reassessed if facts and circumstances indicate that there are changes to one or more of the elements of control.

The Guardians has interests in the following subsidiaries:

NAME	NOTE	BALANCE DATE	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
				2025 %	2024 %
New Zealand Superannuation Fund Nominees Limited	(i)	30 June	New Zealand	100.0	100.0
NZSF Private Equity Investments (No 1) Limited	(i)	30 June	New Zealand	100.0	100.0

- (i) The principal activity of each subsidiary is to act as a nominee company, holding assets and liabilities on behalf of the NZ Super Fund. These assets and liabilities are recognised in the financial statements of the NZ Super Fund and accordingly, are not presented in these financial statements. Nominee companies may only act on the direction of the Guardians.

(g) Foreign currency**Functional and presentation currency**

Items included in the consolidated financial statements of the Guardians are measured using the currency of the primary economic environment in which the Guardians operates (the functional currency). The functional currency of the Guardians is New Zealand dollars. It is also the presentation currency.

Transactions and balances

Transactions denominated in foreign currencies are converted to New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing at balance date. Where there is a movement in the exchange rate between the date of a foreign currency transaction and balance date, the resulting exchange differences are recognised in the Consolidated Statement of Comprehensive Revenue and Expense.

(h) Goods and services tax (GST)

Revenue, expenses, assets and liabilities are recognised in the consolidated financial statements exclusive of GST, with the exception of receivables and payables which are stated inclusive of GST. Where GST is irrecoverable as an input tax, it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Consolidated Statement of Financial Position.

(i) Statement of Cash Flows

The following are the definitions of the terms used in the Consolidated Statement of Cash Flows:

Operating activities include all activities other than investing or financing activities. Cash inflows include all receipts from the provision of services, interest and other sources of revenue that support the Group's operating activities. Cash outflows include payments made to employees, suppliers and for taxes and levies, other than income tax.

Investing activities are those activities relating to the acquisition, holding and disposal of investments and other non-current assets.

Financing activities are those activities relating to changes in public equity and debt capital structure of the Group and those activities relating to the cost of servicing the Group's public equity.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST component of cash flows which is recoverable from, or payable to, the IRD, is classified as cash flows from operating activities.

(j) Changes in accounting policies

There have been no changes in accounting policies during the year. All accounting policies are consistent with those applied in the previous financial year.

Certain prior year comparatives have been restated to conform with current year presentation. These classifications have no impact on the overall financial performance, financial position or cash flows of the Guardians for the comparable year.

(k) New and amended standards adopted

There are no new or amended standards adopted during the year that have a material impact on the consolidated financial statements.

(l) Budget figures

The budget was approved by the Board of the Guardians of New Zealand Superannuation for the year ended 30 June 2025. The budget figures are unaudited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 2: FINANCIAL PERFORMANCE**(a) Revenue**

	NOTE	ACTUAL 2025 NZD'000	ACTUAL 2024 NZD'000
Revenue from exchange transactions			
Cost reimbursement from the NZ Super Fund	3.a	101,407	97,822
Cost reimbursement from the Elevate Fund	3.a	500	500
Other revenue		90	90
Interest income - financial assets at amortised cost		282	338
		102,279	98,750
Revenue from non-exchange transactions			
Appropriations from the Crown	3.a	667	615
		667	615
Total revenue		102,946	99,365

Accounting Policy

The Guardians primarily derives revenue through the provision of services to the Crown, the NZ Super Fund and the Elevate Fund. Revenue is recognised when it is probable that economic benefits will flow to the Guardians and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

REVENUE FROM EXCHANGE TRANSACTIONS

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Provision of services

Cost reimbursement from the NZ Super Fund and the Elevate Fund is recognised by reference to the stage of completion of services provided at balance date when the transaction involving the provision of services can be reliably estimated. The stage of completion is measured by the proportion of costs incurred to date compared with estimated total costs of the transaction.

Interest income

Interest income is recognised as the interest accrues, using the effective interest method. The effective interest method allocates interest at a constant rate of return over the expected life of the financial instrument based on the estimated future cash flows.

REVENUE FROM NON-EXCHANGE TRANSACTIONS

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Appropriations from the Crown

Revenue is recognised from the Crown when it is probable that appropriations will be received, the value of those appropriations can be reliably measured and the transfer is free from conditions that require the assets to be refunded or returned to the Crown if the conditions are not fulfilled. To the extent there is a related condition attached to the appropriations that would give rise to a liability to repay the appropriate amount, deferred revenue is recognised instead of revenue. In such situations, revenue is then recognised as the conditions are satisfied.

(b) Expenses

	NOTE	ACTUAL 2025 NZD'000	ACTUAL 2024 NZD'000
Employee entitlements and other employment-related expenses			
Employee benefits (including salaries, annual leave and long service leave) and other employment-related expenses		53,283	47,009
Employee incentive scheme		17,305	18,402
Employer contributions to KiwiSaver		4,824	4,512
		75,412	69,923
Other expenses			
Travel and accommodation		2,257	2,762
Technology expenses		16,522	16,653
Operating lease expenses		2,049	1,828
Professional fees		1,734	2,349
Board members' fees		356	348
Fees for audit firms' services	2.c	73	72
Other expenses		4,543	5,430
		27,534	29,442
Total expenses		102,946	99,365

Further disclosures on employee entitlements are contained in Note 4(e).

Accounting Policy**OPERATING LEASES**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Leases in which the lessor retains substantially all the risks and benefits of ownership of an asset are classified as operating leases. Operating lease expenses are recognised on a straight-line basis over the period of the lease.

Operating lease expenses relate to office premises in one location with a remaining term of one year. The Group does not have an option to purchase the leased asset at the expiry of the lease period. Non-cancellable lease commitments payable in relation to leased assets have been disclosed in Note 6(a).

(c) Fees for audit firms' services

	ACTUAL 2025 NZD'000	ACTUAL 2024 NZD'000
Audit of the Guardians financial statements	73	72
	73	72

The auditor of the Group is Emma Winsloe of Ernst & Young, on behalf of the Auditor-General.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 3: RELATED PARTY TRANSACTIONS**(a) Related party transactions**

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. All related party transactions with other government-related entities have been entered into on an arm's length basis.

Outstanding amounts with related parties at balance date are unsecured and subordinate to other liabilities. Interest is not charged on outstanding balances. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2025, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2024: \$nil).

PARENT ENTITY

The parent entity in the Group is the Guardians which is a wholly owned entity of the Crown. Crown appropriations for the year ended 30 June 2025 were \$667,000 (2024: \$615,000). The related party receivable from the Crown as at 30 June 2025 is \$198,000 (2024: \$138,000).

SUBSIDIARIES

Details of the Guardians interests in subsidiaries are disclosed in Note 1(f). There were no related party transactions with these entities during the year (2024: \$nil).

OTHER RELATED PARTIES

The Guardians pays expenses relating to the NZ Super Fund, as it is required to do under the New Zealand Superannuation and Retirement Income Act 2001 (Act). A portion of these expenses is reimbursed by the NZ Super Fund as is entitled under the Act. The amount of reimbursement from the NZ Super Fund for the year ended 30 June 2025 was \$101,407,000 (2024: \$97,822,000). The related party receivable from the NZ Super Fund as at 30 June 2025 is \$23,444,000 (2024: \$21,378,000).

The Guardians also pays expenses relating to the Elevate Fund, as it is entitled to do under the Venture Capital Fund Act 2019. These expenses are reimbursed by the Elevate Fund. The amount of reimbursement from the Elevate Fund for the year ended 30 June 2025 was \$500,000 (2024: \$500,000). The related party receivable from the Elevate Fund as at 30 June 2025 is \$nil (2024: \$nil).

In addition to the above, the Guardians purchases services from Datacom Employer Services Limited and Datacom Systems Limited, which are subsidiaries of a joint venture held by the NZ Super Fund. These purchases totalled \$3,474,000 for the year ended 30 June 2025 (2024: \$3,093,000). The related party payable to these entities as at 30 June 2025 is \$215,000 (2024: \$204,000).

OTHER GOVERNMENT-RELATED ENTITIES

In conducting its activities, the Group is required to pay various taxes and levies (such as GST, Fringe Benefit Tax (FBT), Pay As You Earn (PAYE), and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers. The Group is exempt from paying income tax.

SECTION 4: FINANCIAL POSITION

(a) Financial instruments

2025	NOTE	ACTUAL		TOTAL
		FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL LIABILITIES AT AMORTISED COST	
		NZD'000	NZD'000	NZD'000
Financial assets				
Cash and cash equivalents	4.b	2,942		2,942
Receivables from exchange transactions (excluding GST receivable)	4.c	21,798		21,798
Receivables from non-exchange transactions	4.c	198		198
		24,938	-	24,938
Financial liabilities				
Payables under exchange transactions	4.d		1,559	1,559
		-	1,559	1,559
2024				
Financial assets				
Cash and cash equivalents	4.b	4,627		4,627
Receivables from exchange transactions (excluding GST receivable)	4.c	19,869		19,869
Receivables from non-exchange transactions	4.c	138		138
		24,634	-	24,634
Financial liabilities				
Payables under exchange transactions	4.d		2,207	2,207
		-	2,207	2,207

Accounting Policy

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group is party to financial instruments as part of its normal operations. These financial instruments include cash and cash equivalents, receivables and payables. All financial instruments are recognised in the Consolidated Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Consolidated Statement of Comprehensive Revenue and Expense.

INITIAL RECOGNITION

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the financial instrument. They are initially recognised at fair value plus transaction costs that are attributable to the acquisition of the financial asset or financial liability.

The classification of financial instruments at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. In making an assessment of the business model for managing a financial asset, the Board and management consider all relevant information.

SUBSEQUENT MEASUREMENT

The Group's financial assets and financial liabilities are subsequently classified into the following categories:

Financial assets at amortised cost

The Group's financial assets are classified at amortised cost if both of the following criteria are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 4: FINANCIAL POSITION (CONTINUED)

- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

This category includes cash and cash equivalents and receivables. Subsequent to initial recognition, financial assets at amortised cost are measured at amortised cost using the effective interest method and are subject to impairment. When a financial asset is impaired, impairment losses are recognised in the Consolidated Statement of Comprehensive Revenue and Expense in the period in which they arise.

The Group's financial assets are reclassified when, and only when, the business model for managing those financial assets changes.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are non-derivative financial liabilities. This category includes trade payables and accrued expenses. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

DERECOGNITION

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or when the Group has transferred substantially all of the risks and rewards of ownership. A financial liability is derecognised when the Group's obligation under the liability is discharged, cancelled or has expired.

IMPAIRMENT

The Board and management assess, at each reporting date, whether a financial asset is impaired. The amount of the impairment loss is the difference between the contractual cash flows due in relation to the financial asset and the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

Financial assets that are measured at amortised cost and therefore subject to the impairment provisions (the 'expected credit loss model') of PBE IPSAS 41 Financial Instruments comprise cash and cash equivalents and receivables.

The risk of impairment loss for cash and cash equivalents is considered immaterial. Disclosures relating to the impairment of receivables are provided in Note 4(c).

OFFSETTING

The Group offsets financial assets and financial liabilities when it has a current legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis.

(b) Cash and cash equivalents**Accounting Policy**

Cash and cash equivalents includes cash on hand, cash held in bank accounts, demand deposits and other highly liquid investments with an original maturity of three months or less.

(c) Receivables

	NOTE	ACTUAL 2025 NZD'000	ACTUAL 2024 NZD'000
Current assets			
Receivables from exchange transactions			
Receivable for reimbursement of the Guardians expenses from the NZ Super Fund	3.a	21,785	19,856
GST receivable		485	609
Sundry receivables		13	13
		22,283	20,478
Receivables from non-exchange transactions			
Receivable for Crown appropriations	3.a	198	138
		198	138
Non-current assets			
Receivables from exchange transactions			
Receivable for reimbursement of the Guardians expenses from the NZ Super Fund	3.a	1,659	1,522
		1,659	1,522

Accounting Policy

Receivables are initially recognised at fair value which is equal to the amount of consideration that is unconditional. The Group holds receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost less impairment losses using the effective interest method.

The Board and management have applied a simplified approach for calculating expected credit losses (ECLs) on receivables under PBE IPSAS 41 Financial Instruments. As a result, the Board and management do not track changes in credit risk, but instead, recognise impairment losses based on lifetime ECLs at each reporting date. The Group's approach to ECLs reflects a probability-weighted outcome using reasonable and supportable information that is available without undue cost or effort at reporting date about past events, current conditions and forecasts of future economic conditions.

Receivables are non-interest bearing and have standard 30-day credit terms. The Group does not have a history of default on receivables and the Board and management consider the probability of default in the future to be very low as the counterparties have a strong capacity to meet their contractual obligations in the short term. Accordingly, no allowance has been made for impairment.

(d) Payables

	ACTUAL 2025 NZD'000	ACTUAL 2024 NZD'000
Payables under exchange transactions		
Trade payables	967	1,517
Accrued expenses	592	690
	1,559	2,207

Accounting Policy

Short-term trade and other payables are initially recognised at fair value, then subsequently at amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 4: FINANCIAL POSITION (CONTINUED)

Trade and other payables represent amounts due to third parties in the normal course of business. They are non-interest bearing and are normally settled within 30-day credit terms. The Group has risk management policies in place to ensure that all payables are paid within the credit time frame.

(e) Employee entitlements

	ACTUAL	ACTUAL
	2025	2024
	NZD'000	NZD'000
Current liabilities		
Accrued salaries (including annual leave and long service leave) - key management personnel	538	499
Accrued salaries (including annual leave and long service leave) - other employees	5,221	4,039
Incentives - key management personnel	2,310	2,550
Incentives - other employees	17,084	17,169
	25,153	24,257
Non-current liabilities		
Long service leave - key management personnel	243	96
Long service leave - other employees	1,416	1,426
	1,659	1,522

Accounting Policy

Liabilities for salaries, annual leave, long service leave and incentives are recognised in the Consolidated Statement of Comprehensive Revenue and Expense during the period in which the employee rendered the related service, when it is probable that settlement will be required and such employee entitlements are capable of being measured reliably.

Employee entitlements that are due to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Employee entitlements that are not due to be settled within 12 months are measured at the present value of the estimated future cash outflows. The estimated future cash flows are based on likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information.

LONG SERVICE LEAVE

Employees become eligible for long service leave after five years of service.

Key judgement - long service leave

The key assumptions used in calculating the long service leave liability include the discount rate, the likelihood that the employee will reach the required level of service and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability. Expected future payments are discounted using forward rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The likelihood of employees reaching the required level of service has been determined after considering historical staff retention rates. The salary inflation factor has been determined after considering historical salary inflation patterns.

INCENTIVES

The Guardians has an incentive scheme in place for all employees. The scheme has two components: achievement of individual performance criteria over the past financial year; and financial performance of the NZ Super Fund relative to investment benchmarks over the preceding four years. Incentives are calculated and paid annually in arrears.

(f) Deferred lease incentive

The deferred lease incentive relates to the lease of office premises. The lease incentive is recognised as a reduction of rental expense on a straight-line basis over the period of the lease. The remaining term is one year.

(g) Lease make-good provision

	ACTUAL	ACTUAL
	2025	2024
	NZD'000	NZD'000
Opening balance	215	109
New provision during the year	-	106
Closing balance	215	215

Accounting Policy

A provision is recognised in the Consolidated Statement of Financial Position when the Group has a present obligation arising as a result of a past event, it is probable that cash will be paid to settle the obligation and the amount can be estimated reliably. The amount recognised as a provision is the best estimate of the consideration to settle the obligation at balance date, taking into consideration the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Where some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

A lease make-good provision has been recognised by the Group in respect of the lease of office premises at 21 Queen Street, Auckland for reinstatement and make-good obligations as required under the lease agreement upon termination or expiry of the lease. The amount of the provision represents the Board and management's best estimate of the cost to reinstate the premises to the condition required under the lease agreement.

(h) Public equity

Equity is the Crown's interest in the Group and is measured as the difference between total assets and total liabilities.

As a public benefit entity that is fully funded by Crown appropriations (for budgeted Board and audit costs) and by NZ Super Fund and Elevate Fund reimbursements (for all other operating costs), the Group has no specific liquidity policies, procedures or targets. Operating budgets are set on an annual basis, with an emphasis upon cost control. The Group is not permitted to borrow and ensures a positive cash position at all times through collection of appropriations and reimbursements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 5: RISK MANAGEMENT**(a) Risk management**

Through its activities, the Group is exposed to various types of risk including market risk, credit risk and liquidity risk. These risks are not considered significant because the Group does not hold significant financial assets or financial liabilities and it is fully funded by Crown appropriations and NZ Super Fund and Elevate Fund reimbursements.

The Board and management of the Guardians are responsible for the management of risk. A separate Risk Committee has been established to provide risk leadership on the effectiveness of frameworks and processes at the Guardians and to support effective governance of non-investment risk at the Guardians.

The Guardians has established risk management policies, procedures and other internal controls to manage the Group's exposure to risk. The framework for managing this risk is set out in its Statement of Investment Policies, Standards and Procedures, including the Risk Management Policy.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. The market risk that the Group is primarily exposed to is interest rate risk.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. The Group's exposure to interest rate risk is limited to movements in New Zealand short-term interest rates in relation to its cash and cash equivalents which are held in short-term floating interest rate accounts. The Board and management ensure the Group receives a fair market return on its cash position but it does not actively monitor exposure to interest rates or interest rate returns.

(c) Credit risk

Credit risk is the risk that a third party will default on its obligation to the Group, causing the Group to incur a loss. The Group is exposed to credit risk arising from its cash and cash equivalents and receivables. The maximum amount of credit risk for each class of financial asset is the carrying amount included in the Consolidated Statement of Financial Position.

The Board and management mitigate the Group's exposure to credit risk by investing cash and cash equivalents with reputable financial institutions with a high credit rating. There is no collateral held as security against its financial instruments.

CONCENTRATIONS OF CREDIT RISK

Cash and cash equivalents is primarily held with Westpac New Zealand Limited which has a credit rating of AA-, obtained from Standard & Poor's as at 30 June 2025 (2024: AA-).

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities as they fall due. The Group's liquidity framework is designed to ensure that the Group has the ability to generate sufficient cash in a timely manner to meet its financial commitments.

The Board and management mitigate the Group's exposure to liquidity risk by monitoring forecast and actual cash flow requirements and by maintaining a positive cash position from the recovery of all of its expenses from the Crown or the NZ Super Fund or the Elevate Fund.

SECTION 6: UNRECOGNISED ITEMS

(a) Commitments and contingencies

OPERATING LEASE COMMITMENTS

The base future minimum amounts payable under non-cancellable operating leases are as follows:

	ACTUAL 2025 NZD'000	ACTUAL 2024 NZD'000
Less than 1 year	3,915	2,053
1 to 2 years	3,763	3,951
2 to 5 years	11,748	11,517
Later than 5 years	23,448	27,441
	42,874	44,962

Operating lease commitments relate to two leases for office premises in two locations. One lease is for office premises at 21 Queen Street, Auckland with a remaining term of one year. The other lease is for new office premises for which the Guardians has entered into an agreement to lease for an initial term of 10 years with a commencement date of 2 January 2026. The Guardians has a right of renewal under this lease agreement but does not have an option to purchase the leased asset at the expiry of the lease period.

CONTINGENCIES

The Guardians has no contingent liabilities as at 30 June 2025 (2024: \$nil).

(b) Events after the reporting date

There were no material events after balance date that have a material impact on the financial statements.

(c) Comparison to budget (unaudited)

	ACTUAL 2025 NZD'000	BUDGET (UNAUDITED) 2025 NZD'000	FAVOURABLE/ (UNFAVOURABLE) VARIANCE 2025 NZD'000
Consolidated Statement of Comprehensive Revenue and Expense: total expenses incurred*	102,946	107,398	4,452
Consolidated Statement of Changes in Public Equity	500	500	-
Consolidated Statement of Financial Position	500	500	-

* Total expenses were below budget primarily due to lower employee-related costs, reduced international travel, decreased technology expenditure and reduced professional services fees.



Independent Auditor's Report

TO THE READERS OF GUARDIANS OF NEW ZEALAND SUPERANNUATION'S GROUP ANNUAL FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION

FOR THE YEAR ENDED 30 JUNE 2025

The Auditor-General is the auditor of Guardians of New Zealand Superannuation and its subsidiaries (the Group). The Auditor-General has appointed me, Emma Winsloe, using the staff and resources of Ernst & Young, to carry out, on his behalf, the audit of:

- the annual financial statements of the Group that comprise the consolidated statement of financial position as at 30 June 2025, the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in public equity and consolidated statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information on pages 113 to 131;
- the performance information of the Group that consists of:
 - the statement of performance for the year ended 30 June 2025 on pages 20 to 27; and
 - the end-of-year performance information for appropriations for the year ended 30 June 2025 on page 24.

OPINION

In our opinion:

- The annual financial statements of the Group:
 - fairly present, in all material respects:
 - its financial position as at 30 June 2025; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- The statement of performance of the Group fairly presents, in all material respects, the Group's service performance for the year ended 30 June 2025. In particular, the Group's statement of performance:
 - provides an appropriate and meaningful basis to enable readers to assess the actual performance of the Group for each class of reportable outputs; determined in accordance with generally accepted accounting practice in New Zealand; and
 - fairly presents, in all material respects, for each class of reportable outputs:
 - the actual performance of the Group;
 - the actual revenue earned; and
 - the output expenses incurred
 compared with the forecast standards of performance, the expected revenues, and proposed output expenses included in the Group's statement of performance expectations for the financial year; and
 - complies with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards.
- The end-of-year performance information for appropriations of the Group:
 - provides an appropriate and meaningful basis to enable readers to assess what has been achieved by the Group with the appropriation; determined in accordance with generally accepted accounting practice in New Zealand; and
 - fairly presents, in all material respects:
 - what has been achieved by the Group with the appropriation; and
 - the actual expenses or capital expenditure incurred by the Group in relation to the appropriation as compared with the expenses or capital expenditure that were appropriated or forecast to be incurred; and
 - complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

Our audit was completed on 24 September 2025. This is the date at which our opinion is expressed.

BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): *The Audit of Service Performance Information* issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Responsibilities of the auditor* section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF THE BOARD FOR THE GROUP'S ANNUAL FINANCIAL STATEMENTS AND THE GROUP'S PERFORMANCE INFORMATION

The Board is responsible on behalf of the Group for preparing:

- Annual financial statements that fairly present the Group's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- A statement of performance that:
 - provides an appropriate and meaningful basis to enable readers to assess the actual performance of the Group for each class of reportable outputs; determined in accordance with generally accepted accounting practice in New Zealand;
 - fairly presents, for each class of reportable outputs:
 - the actual performance of the Group
 - the actual revenue earned; and
 - the output expenses incurred
 as compared with the forecast standards of performance, the expected revenues, and the proposed output expenses included in the Group's statement of performance expectations for the financial year; and
 - complies with generally accepted accounting practice in New Zealand.
- End-of-year performance information for appropriations that:
 - provides an appropriate and meaningful basis to enable readers to assess what has been achieved with the appropriation by the Group; determined in accordance with generally accepted accounting practice in New Zealand;
 - fairly presents what has been achieved with the appropriation by the Group;
 - fairly presents the actual expenses or capital expenditure incurred by the Group in relation to the appropriation as compared with the expenses or capital expenditure that were appropriated or forecast to be incurred; and
 - complies with generally accepted accounting practice in New Zealand.

The Board is responsible for such internal control as it determines is necessary to enable it to prepare Group annual financial statements, a Group statement of performance, and the end-of-year performance information for appropriations for the Group that are free from material misstatement, whether due to fraud or error.

In preparing the Group's annual financial statements, the Group statement of performance, and the end-of-year performance information for appropriations for the Group, the Board is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE GROUP'S ANNUAL FINANCIAL STATEMENTS AND THE GROUP'S PERFORMANCE INFORMATION

Our objectives are to obtain reasonable assurance about whether the Group's annual financial statements, the Group's statement of performance, and the end-of-year performance information for appropriations of the Group, 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 carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the Group's annual financial statements, the Group's statement of performance, and the end-of-year performance information for appropriations of the Group.

For the budget information reported in the Group's annual financial statements, the Group's statement of performance, and the end-of-year performance information for appropriations of the Group, our procedures were limited to checking that the information agreed to the Group's statement of performance expectations or to the Estimates of Appropriations for the Government of New Zealand for the year ended 30 June 2025.

We did not evaluate the security and controls over the electronic publication of the Group's annual financial statements, the Group's statement of performance, and the end-of-year performance information for appropriations of the Group.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the Group's annual financial statements, the Group's statement of performance, and the end-of-year performance information for appropriations of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

- We evaluate whether the Group's statement of performance and the end-of-year performance information for appropriations of the Group:
 - provide an appropriate and meaningful basis to enable readers to assess the actual performance of the Group in relation to the actual performance of the Group (for the statement of performance) and what has been achieved with the appropriation by the Group (for the end-of-year performance information for appropriations). We make our evaluation by reference to generally accepted accounting practice in New Zealand; and
 - fairly present the actual performance of the Group and what has been achieved with the appropriation by the Group for the financial year.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board.
- We evaluate the overall presentation, structure and content of the Group's annual financial statements, the Group's statement of performance, and the end-of-year performance information for appropriations of the Group, including the disclosures, and whether the Group's annual financial statements, the Group's statement of performance, and the end-of-year performance information for appropriations of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- We plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information, the service performance information, and the end-of-year performance information for appropriations of the entities or business units within the group as a basis for forming an opinion on the group annual financial statements, the group statement of performance and the end-of-year performance information for appropriations of the group. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

OTHER INFORMATION

The Board is responsible for the other information. The other information comprises all of the information included in the annual report, but does not include the Group's annual financial statements, the Group's statement of performance, and the end-of-year performance information for appropriations of the Group, and our auditor's report thereon.

Our opinion on the Group's annual financial statements, the Group's statement of performance, and the Group's end-of-year performance information for appropriations of the Group does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon other than in relation to New Zealand Superannuation Fund's financial statements and Elevate NZ Venture Fund's financial statements.

In connection with our audit of the Group's annual financial statements, the Group's statement of performance, and the end-of-year performance information for appropriations of the Group, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the Group's annual financial statements, the Group's statement of performance, and the end-of-year performance information for appropriations of the Group or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of 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.

We provide audit and other services to entities which the Group manages and to investees in which those managed entities invest. The provision of these services does not impact our independence from the Group. Other than the audit and these engagements, we have no relationship with or interests in the Group.



Emma Winsloe
Ernst & Young
On behalf of the Auditor-General
Auckland, New Zealand

STATEMENT OF RESPONSIBILITY

For the year ended 30 June 2025

The Board and management of the Guardians of New Zealand Superannuation accept responsibility for the preparation of the annual financial statements of the New Zealand Superannuation Fund and the judgements used in them.

The Board and management of the Guardians of New Zealand Superannuation accept responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting of the New Zealand Superannuation Fund.

In the opinion of the Board and management of the Guardians of New Zealand Superannuation, the annual financial statements for the year ended 30 June 2025 fairly reflect the financial position, operations and cash flows of the New Zealand Superannuation Fund.

**JOHN WILLIAMSON**

CHAIR

24 September 2025

**JO TOWNSEND**

CHIEF EXECUTIVE OFFICER

24 September 2025

STATEMENT OF FINANCIAL POSITION

As at 30 June 2025	NOTE	ACTUAL 2025 NZD'000	ACTUAL 2024 NZD'000	BUDGET (UNAUDITED) 2025 NZD'000
ASSETS				
Cash and cash equivalents	4.a, 4.b	2,420,495	2,601,543	1,661,010
Cash pledged as collateral	4.a, 4.c	995,966	906,012	906,115
Trade and other receivables	4.a, 4.d	528,742	704,785	1,341,378
Other current assets		65,026	-	-
Investments				
Investments - derivative financial instrument assets	2.a, 4.a, 4.e	2,374,916	1,668,878	-
Investments - other financial assets	2.a, 4.a	72,788,521	65,858,679	67,537,211
Investments in unconsolidated subsidiaries	2.a, 4.a	8,093,349	7,173,628	9,315,392
		83,256,786	74,701,185	76,852,603
Deferred tax asset	7.e	-	21,927	-
Property, plant and equipment		2,307	2,092	3,355
Intangible assets	2.a	44,566	38,340	52,500
Total assets		87,313,888	78,975,884	80,816,961
LIABILITIES				
Cash collateral received	4.a, 4.c	1,222,533	1,585,902	1,951,611
Trade and other payables	4.a, 4.h	433,111	795,395	194,650
Investments - derivative financial instrument liabilities	2.a, 4.a, 4.e	1,316,011	491,015	-
Income tax payable		1,494,800	1,281,410	267,426
Provision for performance-based fees	5.a	-	6,085	92,762
Deferred tax liability	7.e	54	-	23,616
Total liabilities		4,466,509	4,159,807	2,530,065
Net assets		82,847,379	74,816,077	78,286,896
PUBLIC EQUITY				
Retained surplus		55,374,984	48,228,908	50,431,567
Asset revaluation reserve	6.b	39,316	33,090	47,249
Contributed capital	6.a	27,433,079	26,554,079	27,808,080
Total public equity		82,847,379	74,816,077	78,286,896

The attached notes form part of, and should be read in conjunction with, these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2025	NOTE	ACTUAL 2025 NZD'000	ACTUAL 2024 NZD'000	BUDGET (UNAUDITED) 2025 NZD'000
Net operating income	7.a	9,085,701	10,002,336	5,911,293
Operating expenditure	7.c	162,491	261,837	245,792
Profit for the year before income tax expense		8,923,210	9,740,499	5,665,501
Income tax expense	7.e	1,777,134	1,218,356	1,359,969
Profit for the year after income tax expense		7,146,076	8,522,143	4,305,532
Other comprehensive income - not reclassifiable to profit or loss in subsequent periods				
Gains on revaluation of assets		6,226	6,643	-
Tax expense on items of other comprehensive income	7.e	-	-	-
Other comprehensive income for the year, net of tax		6,226	6,643	-
Total comprehensive income for the year		7,152,302	8,528,786	4,305,532

The attached notes form part of, and should be read in conjunction with, these financial statements.

STATEMENT OF CHANGES IN PUBLIC EQUITY

For the year ended 30 June 2025

ACTUAL

	NOTE	ASSET REVALUATION RESERVE NZD'000	CONTRIBUTED CAPITAL NZD'000	RETAINED SURPLUS NZD'000	TOTAL NZD'000
Balance at 30 June 2023		26,447	24,940,079	39,706,765	64,673,291
Profit for the year				8,522,143	8,522,143
Other comprehensive income	6.b	6,643			6,643
Tax expense on items of other comprehensive income		-			-
Total comprehensive income for the year		6,643	-	8,522,143	8,528,786
Fund capital contributions from the Crown	6.a		1,614,000		1,614,000
Capital contributions from the Crown in respect of funding the net cost of New Zealand superannuation entitlements	6.a		21,574,000		21,574,000
Capital withdrawals by the Crown in respect of funding the net cost of New Zealand superannuation entitlements	6.a		(21,574,000)		(21,574,000)
Balance at 30 June 2024		33,090	26,554,079	48,228,908	74,816,077
Profit for the year				7,146,076	7,146,076
Other comprehensive income	6.b	6,226			6,226
Tax expense on items of other comprehensive income		-			-
Total comprehensive income for the year		6,226	-	7,146,076	7,152,302
Fund capital contributions from the Crown	6.a		879,000		879,000
Capital contributions from the Crown in respect of funding the net cost of New Zealand superannuation entitlements	6.a		23,191,000		23,191,000
Capital withdrawals by the Crown in respect of funding the net cost of New Zealand superannuation entitlements	6.a		(23,191,000)		(23,191,000)
Balance at 30 June 2025		39,316	27,433,079	55,374,984	82,847,379

The attached notes form part of, and should be read in conjunction with, these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2025	NOTE	ACTUAL 2025 NZD'000	ACTUAL 2024 NZD'000	BUDGET (UNAUDITED) 2025 NZD'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Proceeds from sale of investments		48,158,935	41,814,565	63,558,050
Cash collateral received		20,966,942	18,168,586	-
Dividends received		925,605	810,392	889,709
Interest received		844,331	811,502	731,841
Other income		9,368	10,804	-
Total cash inflow from operating activities		70,905,181	61,615,849	65,179,600
Cash was applied to:				
Purchases of investments		(48,695,196)	(44,225,003)	(65,081,328)
Cash collateral paid		(21,420,265)	(17,844,661)	-
Managers' fees		(127,722)	(141,430)	(69,391)
Payments to suppliers		(166,374)	(149,290)	(211,229)
Income tax paid		(1,534,035)	(140,146)	(2,535,068)
Goods and services tax		(235)	(504)	-
Total cash outflow from operating activities		(71,943,827)	(62,501,034)	(67,897,016)
Net cash flows used in operating activities	7.f	(1,038,646)	(885,185)	(2,717,416)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Proceeds from sale of property, plant and equipment		5	4	-
Total cash inflow from investing activities		5	4	-
Cash was applied to:				
Purchases of property, plant and equipment		(769)	(1,087)	(2,235)
Total cash outflow from investing activities		(769)	(1,087)	(2,235)
Net cash flows used in investing activities		(764)	(1,083)	(2,235)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash was provided from:				
Fund capital contributions from the Crown		879,000	1,614,000	1,254,000
Net cash flows provided by financing activities		879,000	1,614,000	1,254,000
Net increase/(decrease) in cash and cash equivalents		(160,410)	727,732	(1,465,651)
Cash and cash equivalents at the beginning of the year		2,601,543	1,858,270	3,126,661
Effects of exchange rate changes on the balance of cash held in foreign currencies		(20,638)	15,541	-
Cash and cash equivalents at the end of the year	4.a, 4.b	2,420,495	2,601,543	1,661,010

The attached notes form part of, and should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

SECTION 1: GENERAL AND MATERIAL ACCOUNTING POLICY INFORMATION**(a) General information**

These are the financial statements of the New Zealand Superannuation Fund (NZ Super Fund), a fund established under Section 37 of the New Zealand Superannuation and Retirement Income Act 2001 (Act) on 11 October 2001.

The NZ Super Fund is a long-term, growth-oriented, sovereign wealth fund that was established to partially pre-fund the future cost of New Zealand superannuation to reduce the tax burden on future generations. The NZ Super Fund is managed and administered by the Guardians of New Zealand Superannuation (Guardians). The Guardians was established as a Crown entity by Section 48 of the Act and became operative from 30 August 2002. The Guardians must invest the NZ Super Fund on a prudent, commercial basis, and in a manner consistent with:

- Best-practice portfolio management;
- Maximising return without undue risk to the NZ Super Fund as a whole; and
- Avoiding prejudice to New Zealand's reputation as a responsible member of the world community.

The NZ Super Fund's global master custodian is the Northern Trust Corporation.

The NZ Super Fund is domiciled in New Zealand and the address of its principal place of business is set out in the Corporate Directory on page 227.

The financial statements of the NZ Super Fund for the year ended 30 June 2025 were authorised for issue in accordance with a resolution of the Board of the Guardians of New Zealand Superannuation on 24 September 2025.

(b) Basis of preparation

The NZ Super Fund is a profit-oriented entity. The financial statements of the NZ Super Fund have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and the requirements of the Act. They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other authoritative pronouncements of the External Reporting Board, as appropriate for profit-oriented entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

The financial statements have been prepared on a fair value basis, except for certain items as detailed in the notes to the financial statements.

The financial statements are presented in New Zealand dollars. All values are rounded to the nearest thousand dollars (NZD'000) unless stated otherwise.

Accounting policies are selected and applied in a manner that ensures the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring the substance of the underlying transactions or other events is reported. Accounting policies relating to specific financial statement items are set out in the relevant notes to the financial statements. Accounting policies that materially affect the financial statements as a whole are set out below.

The NZ Super Fund meets the definition of an investment entity and therefore the Board and management have applied the exemption from preparing consolidated financial statements available under NZ IFRS 10 Consolidated Financial Statements. As a result, its investments in subsidiaries are not consolidated, but are measured at fair value through profit or loss in accordance with NZ IFRS 9 Financial Instruments and are classified as 'unconsolidated subsidiaries' in the Statement of Financial Position. These separate financial statements are the only financial statements presented by the NZ Super Fund.

The budget was approved by the Board of the Guardians of New Zealand Superannuation for the year ended 30 June 2025. The budget figures are unaudited.

(c) Significant judgements and estimates

The preparation of the NZ Super Fund's financial statements requires the Board and management to make judgements and use estimates that affect the reported amounts of income, expenditure, assets, liabilities and the accompanying disclosures. Uncertainty about these judgements and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets and liabilities in future periods. The judgements and estimates used in respect of the NZ Super Fund are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial reporting impact on the NZ Super Fund and that are believed to be reasonable under the circumstances. The judgements and estimates that the Board and management have assessed to have the most significant risk of causing a material adjustment to the reported amounts of income, expenditure, assets, liabilities and accompanying disclosures within the next financial year are as follows:

- Assessment as an investment entity (Note 1(d));
- Assessment of control, joint control or significant influence (Notes 1(e) - (g));

- Assessment of investments in structured entities (Note 1(h)); and
- Determination of fair value (Note 2(b)).

(d) Investment entity

The NZ Super Fund meets the definition of an investment entity as the following conditions exist:

- The NZ Super Fund obtains and manages funds for the purpose of providing its investor with investment management services;
- The NZ Super Fund has committed to its investor that its business purpose is to invest funds solely for returns from capital appreciation and investment income;
- The NZ Super Fund measures and evaluates the performance of substantially all of its investments on a fair value basis;
- The NZ Super Fund has more than one investment; and
- The NZ Super Fund has documented exit strategies for its investments.

Key judgement - assessment as an investment entity

Although the NZ Super Fund does not meet all of the typical characteristics of an investment entity (namely, the NZ Super Fund does not have multiple investors, its investor is a related party and it does not have ownership interests in the form of equity), the Board and management believe the NZ Super Fund is an investment entity because it has been specifically established as an investment vehicle, it has a diversified investment portfolio with best practice investment policies and procedures in place, it invests funds for the purpose of maximising returns and it has elected to fair value its investments where feasible for the purposes of its financial statements.

The Board and management reassess the NZ Super Fund's investment entity status on an annual basis, if any of the criteria or characteristics change.

(e) Subsidiaries

Subsidiaries are those entities (including structured entities and other holding vehicles) that are controlled by the NZ Super Fund under the provisions of NZ IFRS 10 Consolidated Financial Statements. The NZ Super Fund controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The NZ Super Fund's investments are reassessed for the existence of control if facts and circumstances indicate that there are changes to one or more of the elements of control. As an investment entity, the NZ Super Fund does not consolidate any of its subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 1: GENERAL AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

The NZ Super Fund has interests in the following subsidiaries that are measured at fair value through profit or loss in accordance with NZ IFRS 9 Financial Instruments and classified as 'unconsolidated subsidiaries' in the Statement of Financial Position:

NAME	BALANCE DATE	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
			2025 %	2024 %
APG Infrastructure Asset Owner Fund 1, C.V.	31 December	The Netherlands	0.0	99.6
Ara Fund Co-Investment G, SCSp	31 December	Luxembourg	99.8	99.8
Bain Capital Credit Managed Account (NZSF), Limited Partnership	31 March	Cayman Islands	99.9	99.9
BCC Managed Account (NZSF) Holdings, Limited Partnership	31 March	Cayman Islands	99.9	99.9
BTF II-C Co-Invest, Limited Partnership	31 December	Ontario, Canada	100.0	100.0
Canyon NZ-DOF Investing Limited Partnership	30 June	Delaware, US	85.7	91.2
CNH CA Master Account, Limited Partnership	31 December	Cayman Islands	97.5	97.4
Episteme ESQTR SMF I, Ltd	31 December	Cayman Islands	100.0	100.0
Fifth Wall Ventures III SPV XXVIII, Limited Partnership	31 December	Cayman Islands	99.0	99.0
KKR NZSF Energy Investor Limited Partnership	31 December	Cayman Islands	100.0	100.0
N-Data Center Portfolio Co-Investor, LLC	31 December	Delaware, US	99.9	99.9
N-Novva Co-Investor, LLC	31 December	Delaware, US	99.9	99.9
NZSF Australian Rural Holdings Limited	30 June	New Zealand	100.0	100.0
NZSF Australian Rural Holdings Trust*	30 June	Australia	100.0	100.0
Palgrove Holdings Pty Limited	30 June	Australia	100.0	100.0
Palgrove Land Holdings Trust*	30 June	Australia	100.0	100.0
Palgrove Pastoral Co. Pty Limited	30 June	Australia	100.0	100.0
NZSF Beachlands Limited	30 June	New Zealand	100.0	100.0
Beachlands South GP Limited	30 June	New Zealand	73.6	73.6
Beachlands South Limited Partnership	30 June	New Zealand	73.6	73.6
NZSF Euro Limited	30 June	New Zealand	100.0	100.0
NZSF Healthcare Investments Limited	30 June	New Zealand	100.0	100.0
NZSF Horticulture Investments Limited	30 June	New Zealand	100.0	100.0
NZSF Hotel Holdings Limited	30 June	New Zealand	100.0	100.0
NZ Hotel Holdings Asset GP Limited	30 June	New Zealand	80.0	80.0
NZ Hotel 396 Queen Asset GP Limited	30 June	New Zealand	80.0	80.0
NZ Hotel Cashel Street Asset GP Limited	30 June	New Zealand	80.0	80.0
NZ Hotel Central Lakes Asset GP Limited	30 June	New Zealand	80.0	80.0
NZ Hotel CNI Asset GP Limited	30 June	New Zealand	80.0	80.0
NZ Hotel Quba Asset GP Limited	30 June	New Zealand	80.0	80.0
NZ Hotel Viaduct Asset GP Limited	30 June	New Zealand	80.0	80.0
NZ Hotel Wellington Asset GP Limited	30 June	New Zealand	80.0	80.0
NZ Hotel Holdings Asset Limited Partnership	30 June	New Zealand	80.0	80.0
NZ Hotel 396 Queen Asset Limited Partnership	30 June	New Zealand	80.0	80.0

* NZSF Australian Rural Holdings Trust is an Australian Managed Investment Trust established for the purpose of acquiring and holding units in the Palgrove Land Holdings Trust, a unit trust established to acquire and hold land assets in Australia.

NAME	BALANCE DATE	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
			2025 %	2024 %
NZ Hotel Cashel Street Asset Limited Partnership	30 June	New Zealand	80.0	80.0
NZ Hotel Central Lakes Asset Limited Partnership	30 June	New Zealand	80.0	80.0
NZ Hotel CNI Asset Limited Partnership	30 June	New Zealand	80.0	80.0
NZ Hotel Quba Asset Limited Partnership	30 June	New Zealand	80.0	80.0
NZ Hotel Viaduct Asset Limited Partnership	30 June	New Zealand	80.0	80.0
NZ Hotel Wellington Asset Limited Partnership	30 June	New Zealand	80.0	80.0
NZSF Infrastructure Limited	30 June	New Zealand	100.0	100.0
NZSF Land Holdings Limited	30 June	New Zealand	100.0	100.0
NZSF Hobsonville Investments Limited	30 June	New Zealand	100.0	100.0
NZSF Land Development Limited	30 June	New Zealand	100.0	100.0
Kaha Ake Head GP Limited	30 June	New Zealand	80.0	80.0
KA Feilding Sub GP Limited	30 June	New Zealand	80.0	80.0
KA Matamata Sub GP Limited	30 June	New Zealand	80.0	80.0
KA Rangiora Sub GP Limited	30 June	New Zealand	80.0	0.0
KA Waimanawa Sub GP Limited	30 June	New Zealand	80.0	80.0
KA Woolshed Sub GP Limited	30 June	New Zealand	80.0	80.0
Kaha Ake Limited Partnership	30 June	New Zealand	80.0	80.0
KA Feilding Limited Partnership	30 June	New Zealand	80.0	80.0
KA Matamata Limited Partnership	30 June	New Zealand	80.0	80.0
KA Rangiora Limited Partnership	30 June	New Zealand	80.0	0.0
KA Waimanawa Limited Partnership	30 June	New Zealand	80.0	80.0
KA Woolshed Limited Partnership	30 June	New Zealand	80.0	80.0
NZSF Renewables NZ Limited	30 June	New Zealand	100.0	100.0
NZSF Rural Holdings Limited	30 June	New Zealand	100.0	100.0
NZSF Canterbury Farms Limited	30 June	New Zealand	100.0	100.0
NZSF Rural Land Limited	30 June	New Zealand	100.0	100.0
Frontier Assets Limited	31 May	New Zealand	100.0	0.0
NZSF Southland Farms Limited	30 June	New Zealand	100.0	100.0
NZSF Waikato Farms Limited	30 June	New Zealand	100.0	100.0
NZSF Side Car (Movac) Limited Partnership	31 March	New Zealand	100.0	100.0
NZSF Side Car (Pioneer) Limited Partnership	31 March	New Zealand	100.0	100.0
NZSF Timber Investments Limited	30 June	New Zealand	100.0	100.0
NZSF Tui Investments Limited	30 June	New Zealand	100.0	100.0
NZSF US Renewables, Inc.	31 December	Delaware, US	100.0	100.0
NZSF Variable Co-Investment (Direct Capital) Limited Partnership	31 December	New Zealand	100.0	100.0
StepStone NZ Infrastructure Opportunities Fund, Limited Partnership	31 December	Cayman Islands	99.9	99.9
StepStone Opportunities VC NZ, Limited Partnership	31 December	Cayman Islands	100.0	100.0
StepStone Opportunities VC NZ, Limited	31 December	Cayman Islands	100.0	100.0
Stonepeak Fern Investment Partners, Limited Partnership	31 December	Delaware, US	99.1	99.1
Sutherland Timber Parent, Limited Partnership	30 June	Delaware, US	98.9	98.9
Sutherland Timber NE, LLC	30 June	Delaware, US	98.9	98.9
Sutherland Timber RT, LLC	30 June	Delaware, US	98.9	98.9
Sutherland Timber SA, LLC	30 June	Delaware, US	98.9	98.9
Sutherland Timber SCE, LLC	30 June	Delaware, US	98.9	98.9
Sutherland Timber SCW, LLC	30 June	Delaware, US	98.9	98.9
Sutherland Timber TRS, LLC	30 June	Delaware, US	98.9	0.0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 1: GENERAL AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

In addition, the NZ Super Fund has 100% ownership in 46 Segregated Accounts (2024: 37 Segregated Accounts) of Horseshoe Re II Limited, a Bermudan-domiciled segregated accounts company, all with balance dates of 31 December. Horseshoe Re II Limited, acting for, and for the benefit of, the Segregated Accounts, enters into agreements relating to the NZ Super Fund's investments in insurance-linked products. These companies are domiciled in Bermuda as Bermuda is a large, well regulated centre for reinsurance business. As a matter of Bermudan law, a Segregated Account is not a 'legal person' and has no existence separate from the Segregated Account company.

As at 30 June 2025, there are no significant restrictions on the ability of unconsolidated subsidiaries to transfer funds, including dividends, to the NZ Super Fund.

Further disclosures on transactions with unconsolidated subsidiaries are contained in Note 9(a).

Key judgement – assessment of control

The NZ Super Fund's investments in subsidiaries have been assessed in light of the control model established under NZ IFRS 10 Consolidated Financial Statements to ensure the correct classification and disclosure of investments in subsidiaries. The NZ Super Fund holds investments in a number of entities that are not considered subsidiaries even though its ownership interest exceeds 50%. The Board and management have concluded that the NZ Super Fund has no unilateral power to direct the relevant activities of these entities and therefore it does not have control of these entities.

(f) Associates

Associates are those entities over which the NZ Super Fund has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity, but is not control or joint control over those policies.

The NZ Super Fund has interests in the following associates that are measured at fair value through profit or loss in accordance with NZ IFRS 9 Financial Instruments:

NAME	BALANCE DATE	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
			2025 %	2024 %
Fidelity Life Assurance Company Limited	30 June	New Zealand	49.6	49.6
Galileo Green Energy GMBH	31 March	Switzerland	19.0	20.0
Kaingaroa Timberlands Limited	30 June	New Zealand	42.0	42.0
Kaingaroa Timberlands Partnership	30 June	New Zealand	42.0	42.0
Sustainable Communities Infrastructure Pty Limited	30 June	Australia	30.0	30.0
Sustainable Communities Infrastructure Trust	30 June	Australia	30.0	30.0

As at 30 June 2025, there are no significant restrictions on the ability of associates to transfer funds, including dividends, to the NZ Super Fund.

Further disclosures on transactions with associates are contained in Note 9(a).

Key judgement - assessment of significant influence

The NZ Super Fund's investments in associates have been assessed in light of the definition of significant influence included in NZ IAS 28 Investments in Associates and Joint Ventures to ensure the correct classification and disclosure of investments in associates. The NZ Super Fund holds investments in a number of entities that are not considered associates even though its ownership interest exceeds 20%. The Board and management have concluded that the NZ Super Fund has no power to participate in the financial and operating policy decisions of these entities and therefore it does not have significant influence over these entities.

(g) Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The NZ Super Fund has interests in the following joint ventures that are measured at fair value through profit or loss in accordance with NZ IFRS 9 Financial Instruments:

NAME	BALANCE DATE	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
			2025 %	2024 %
Datacom Group Limited	31 March	New Zealand	45.1	45.1
Gourmet International Holdings Limited	30 June	New Zealand	27.1	27.1
Hobsonville Development GP Limited	31 March	New Zealand	49.0	49.0
Hobsonville Development Limited Partnership	31 March	New Zealand	49.0	49.0
Longroad Energy Holdings, LLC	31 December	Delaware, US	37.7	37.3
New Ground Living (Hobsonville Point) Limited	31 March	New Zealand	45.0	45.0
NZ Healthcare Investments Limited	31 December	New Zealand	48.0	48.0
APHG NZ Investments Limited	31 December	New Zealand	48.0	48.0
NZ Hotel Holdings Management GP Limited	30 June	New Zealand	50.0	50.0
NZ Hotel 396 Queen Management GP Limited	30 June	New Zealand	50.0	50.0
NZ Hotel Cashel Street Management GP Limited	30 June	New Zealand	50.0	50.0
NZ Hotel Central Lakes Management GP Limited	30 June	New Zealand	50.0	50.0
NZ Hotel CNI Management GP Limited	30 June	New Zealand	50.0	50.0
NZ Hotel Quba Management GP Limited	30 June	New Zealand	50.0	50.0
NZ Hotel Viaduct Management GP Limited	30 June	New Zealand	50.0	50.0
NZ Hotel Wellington Management GP Limited	30 June	New Zealand	50.0	50.0
NZ Hotel Holdings Management Limited Partnership	30 June	New Zealand	50.0	50.0
NZ Hotel 396 Queen Management Limited Partnership	30 June	New Zealand	50.0	50.0
NZ Hotel Cashel Street Management Limited Partnership	30 June	New Zealand	50.0	50.0
NZ Hotel Central Lakes Management Limited Partnership	30 June	New Zealand	50.0	50.0
NZ Hotel CNI Management Limited Partnership	30 June	New Zealand	50.0	50.0
NZ Hotel Quba Management Limited Partnership	30 June	New Zealand	50.0	50.0
NZ Hotel Viaduct Management Limited Partnership	30 June	New Zealand	50.0	50.0
NZ Hotel Wellington Management Limited Partnership	30 June	New Zealand	50.0	50.0
NZ Offshore Wind Development Limited	30 June	New Zealand	50.0	50.0
RA (Holdings) 2014 Pty Limited	31 March	Australia	50.0	50.0

As at 30 June 2025, there are no significant restrictions on the ability of joint ventures to transfer funds, including dividends, to the NZ Super Fund.

Further disclosures on transactions with joint ventures are contained in Note 9(a).

Key judgement - assessment of joint control

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries. The NZ Super Fund's joint arrangements are classified as joint ventures because certain key operating and financial activities require the approval of the NZ Super Fund as well as at least one other investor and the contractual arrangements provide the parties with rights to the net assets of the joint arrangements.

(h) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 1: GENERAL AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

- Restricted activities;
- A narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;
- Insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- Financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks.

The NZ Super Fund is principally involved with structured entities through its investments in private equity investment funds, unconsolidated subsidiaries, collective investment funds, insurance-linked investments, shareholder loans, agency mortgage-backed securities and asset-backed securities that are issued by structured entities. The NZ Super Fund invests in structured entities to assist with the implementation of its overall investment strategy. The NZ Super Fund does not sponsor any structured entities.

The NZ Super Fund's investments in structured entities have the following business activities:

PRIVATE EQUITY INVESTMENT FUNDS AND UNCONSOLIDATED SUBSIDIARIES

Private equity investment funds and unconsolidated subsidiaries provide a mechanism to share exposure with other investors and may take various legal forms (e.g. limited liability companies, limited partnerships, trusts). The NZ Super Fund makes commitments to, and investments in, these legal structures and in return is issued with rights to a proportional stake in their net assets. They have a broad range of investment objectives and are managed by unrelated asset managers who apply various investment strategies to achieve their respective investment objectives.

COLLECTIVE INVESTMENT FUNDS

Collective investment funds finance their operations by way of subscription, in which case, the NZ Super Fund subscribes and is issued with redeemable shares that entitle it to a proportional stake in the net assets of the investment.

INSURANCE-LINKED INVESTMENTS

The NZ Super Fund invests in catastrophe bonds which are issued by structured entities. Each bond is linked to an insurance event such as a natural disaster. The bonds transfer particular risks from the insurer to the bond holder.

SHAREHOLDER LOANS

The NZ Super Fund may invest in private equity investment funds or other private equity investments via shareholder loans and the borrower in the arrangement may be a structured entity. Shareholder loans are included in fixed income securities in the Statement of Financial Position.

AGENCY MORTGAGE-BACKED SECURITIES

Agency mortgage-backed securities are pass-through securities issued by the Federal Home Loan Mortgage Corporation (Freddie Mac), the Federal National Mortgage Association (Fannie Mae), both US-government sponsored enterprises, and the Government National Mortgage Association (Ginnie Mae), a US-government corporation. These securities are traded in the TBA (To Be Announced) market and are mortgage-backed forward, or 'delayed delivery' securities. The securities have standardised 15-year or 30-year maturity dates, however, whilst the terms of the security are agreed up front, the specific mortgages to be delivered to fulfil the security obligation are only allocated just prior to settlement. Agency mortgage-backed securities are included in fixed income securities in the Statement of Financial Position.

ASSET-BACKED SECURITIES

The NZ Super Fund invests in a variety of asset-backed securities, the majority of which have been senior tranches of debt issued by a structured entity. The debt is usually collateralised by an underlying pool of assets. The asset-backed securities take the form of mortgage-backed securities (collateralised by both commercial and residential mortgages), asset-backed securities (collateralised by consumer loans, small business loans and auto loans), collateralised debt obligations (CDO) and collateralised loan obligations (CLO). Asset-backed securities are included in fixed income securities in the Statement of Financial Position.

EXCHANGE TRADED FUNDS

The NZ Super Fund subscribes to shares in exchange traded funds. The shares entitle the holder to a proportional stake in the net assets of the exchange traded funds' investments. Exchange traded funds are included in listed global equities or fixed income securities in the Statement of Financial Position as appropriate.

Key judgement - assessment of investments in structured entities

The Board and management have assessed which of the NZ Super Fund's investments are investments in structured entities. In doing so, the Board and management have considered voting rights and other similar rights afforded to investors as well as any contractual arrangements in place with these investments.

The Board and management have concluded that certain of the NZ Super Fund's investments meet the definition of a structured entity because:

- The voting rights in the investments are not the dominant factor in deciding who controls the investment; and
- The investments have narrow and well-defined objectives to provide investment opportunities to investors.

Further disclosures on structured entities are contained in Notes 3(e) and 7(b).

(i) Foreign currency

FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of the NZ Super Fund are measured using the currency of the primary economic environment in which the NZ Super Fund operates (the functional currency). The functional currency of the NZ Super Fund is New Zealand dollars. It is also the presentation currency.

TRANSACTIONS AND BALANCES

Transactions denominated in foreign currencies are converted to New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing at balance date. Where there is a movement in the exchange rate between the date of a foreign currency transaction and balance date, the resulting exchange differences are recognised in the Statement of Comprehensive Income.

(j) Goods and services tax (GST)

Income, expenditure, assets and liabilities are recognised in the financial statements exclusive of GST, with the exception of receivables and payables which are stated inclusive of GST. Where GST is irrecoverable as an input tax, it is recognised as part of the related asset or expenditure. The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

(k) Statement of Cash Flows

The following are the definitions of the terms used in the Statement of Cash Flows:

Operating activities include all activities other than investing or financing activities.

Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment and intangible assets.

Financing activities are those activities relating to capital contributions and to payments of superannuation entitlements. As the current funding by the Crown of superannuation entitlements flows directly from the Treasury to the Ministry of Social Development, it is not considered cash flow of the NZ Super Fund and accordingly, is not recorded in the Statement of Cash Flows.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the IRD, is classified as cash flows from operating activities.

(l) Changes in material accounting policies

There have been no changes in material accounting policies during the year. Material accounting policies are consistent with those applied in the previous financial year.

Certain prior year comparatives have been restated to conform with current year presentation. These classifications have no impact on the overall financial performance, financial position or cash flows of the NZ Super Fund for the comparable year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 1: GENERAL AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(m) New and amended standards adopted**

There are no new or amended standards adopted during the year that have a material impact on the financial statements.

(n) Standard issued but not yet effective

The following standard has been issued but is not yet effective for the year ended 30 June 2025.

NZ IFRS 18 PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS

NZ IFRS 18 Presentation and Disclosure in Financial Statements (NZ IFRS 18) replaces NZ IAS 1 Presentation of Financial Statements and introduces new requirements for the presentation and disclosure of information in financial statements. Key changes include the introduction of new categories and mandatory subtotals in the Statement of Financial Performance and enhanced requirements for the grouping of information. The standard is effective for annual reporting periods beginning on or after 1 January 2027 and will apply to comparative information. The Board and management are currently assessing the impact of NZ IFRS 18 on the NZ Super Fund's financial statements but it is likely there will be changes to the presentation of information in the Statement of Financial Performance and additional disclosures will be required. The recognition and measurement of income and expenditure will not be impacted.

SECTION 2: FAIR VALUE

(a) Fair value measurement

The NZ Super Fund's assets and liabilities that are measured at fair value through profit or loss are categorised within the fair value hierarchy as follows:

ACTUAL							
2025	NOTE	LEVEL 1 NZD'000	LEVEL 2 NZD'000	LEVEL 3 NZD'000	TOTAL AT FAIR VALUE NZD'000	TOTAL NOT AT FAIR VALUE* NZD'000	TOTAL NZD'000
ASSETS							
Investments							
Derivative financial instrument assets:							
Forward foreign exchange contracts	4.e		1,496,903		1,496,903		1,496,903
Cross currency swaps	4.e		573		573		573
Asset swaps	4.e		45,506		45,506		45,506
Futures contracts	4.e				-		-
Total return swaps	4.e		708,734		708,734		708,734
Credit default swaps	4.e		10,912	17,399	28,311		28,311
Interest rate swaps	4.e		90,672		90,672		90,672
Options	4.e		4,217		4,217		4,217
		-	2,357,517	17,399	2,374,916	-	2,374,916
Other financial assets:							
Listed New Zealand equities	4.a	3,200,069			3,200,069		3,200,069
Listed global equities	4.a	38,299,720		1,761	38,301,481		38,301,481
Fixed income securities	4.a		10,923,573		10,923,573	3,414,296	14,337,869
Collective investment funds	4.a		2,354,562		2,354,562		2,354,562
Reverse repurchase agreements	4.a, 4.f				-	350,712	350,712
Securities lending agreements	4.a, 4.f	3,715,933	2,832,528	41	6,548,502		6,548,502
Insurance-linked investments	4.a		504,578		504,578		504,578
Private equity	4.a			7,190,748	7,190,748		7,190,748
		45,215,722	16,615,241	7,192,550	69,023,513	3,765,008	72,788,521
Investments in unconsolidated subsidiaries	4.a		206,773	7,886,576	8,093,349		8,093,349
Intangible assets		44,566			44,566		44,566
		45,260,288	19,179,531	15,096,525	79,536,344	3,765,008	83,301,352
LIABILITIES							
Derivative financial instrument liabilities:							
Forward foreign exchange contracts	4.e		1,266,243		1,266,243		1,266,243
Asset swaps	4.e		28		28		28
Futures contracts	4.e				-		-
Total return swaps	4.e		4,687		4,687		4,687
Credit default swaps	4.e		36,263		36,263		36,263
Interest rate swaps	4.e		8,790		8,790		8,790
		-	1,316,011	-	1,316,011	-	1,316,011

* Assets and liabilities not measured at fair value are carried at amortised cost but their carrying values are a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 2: FAIR VALUE (CONTINUED)

				ACTUAL			
2024	NOTE	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL AT FAIR VALUE	TOTAL NOT AT FAIR VALUE*	TOTAL
		NZD'000	NZD'000	NZD'000	NZD'000	NZD'000	NZD'000
ASSETS							
Investments							
Derivative financial instrument assets:							
Forward foreign exchange contracts	4.e		1,114,595		1,114,595		1,114,595
Cross currency swaps	4.e		3,814		3,814		3,814
Asset swaps	4.e		41,870		41,870		41,870
Futures contracts	4.e				-		-
Total return swaps	4.e		390,794		390,794		390,794
Credit default swaps	4.e		21,251		21,251		21,251
Interest rate swaps	4.e		94,803		94,803		94,803
Options	4.e		1,751		1,751		1,751
		-	1,668,878	-	1,668,878	-	1,668,878
Other financial assets:							
Listed New Zealand equities	4.a	2,953,858			2,953,858		2,953,858
Listed global equities	4.a	32,933,410	6	2,059	32,935,475		32,935,475
Fixed income securities	4.a		10,391,235		10,391,235	4,214,474	14,605,709
Collective investment funds	4.a		2,441,596		2,441,596		2,441,596
Reverse repurchase agreements	4.a, 4.f				-	1,094,343	1,094,343
Securities lending agreements	4.a, 4.f	2,103,372	2,581,645		4,685,017		4,685,017
Insurance-linked investments	4.a		775,452		775,452		775,452
Private equity	4.a			6,367,229	6,367,229		6,367,229
		37,990,640	16,189,934	6,369,288	60,549,862	5,308,817	65,858,679
Investments in unconsolidated subsidiaries	4.a		209,831	6,963,797	7,173,628		7,173,628
Intangible assets		38,340			38,340		38,340
		38,028,980	18,068,643	13,333,085	69,430,708	5,308,817	74,739,525
LIABILITIES							
Derivative financial instrument liabilities:							
Forward foreign exchange contracts	4.e		373,401		373,401		373,401
Asset swaps	4.e				-		-
Futures contracts	4.e				-		-
Total return swaps	4.e		56,564		56,564		56,564
Credit default swaps	4.e		61,004		61,004		61,004
Interest rate swaps	4.e		46		46		46
		-	491,015	-	491,015	-	491,015

* Assets and liabilities not measured at fair value are carried at amortised cost but their carrying values are a reasonable approximation of fair value.

Accounting Policy

The majority of the net assets of the NZ Super Fund are measured at fair value. 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.

Management uses valuation techniques for the NZ Super Fund that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy as follows:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets and liabilities. An active market is one where prices are readily available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value of Level 1 assets and liabilities requires little or no judgement.

Level 2 - Valuation techniques that use observable market data. Such techniques include the use of market standard discounting methodologies, option pricing models and other valuation techniques widely used and accepted by market participants.

Level 3 - Valuation techniques that use inputs not based on observable market data. Unobservable inputs are those not readily available in an active market due to illiquidity or complexity of the product. These inputs are generally derived and extrapolated from other relevant market data and calibrated against current market trends and historic transactions. These valuations are calculated using a high degree of management judgement.

The level within which an asset or liability is categorised in the fair value hierarchy is determined based on the highest numerical level in the fair value hierarchy that is significant to the fair value measurement as a whole.

(b) Determination of fair value

The specific valuation techniques and the observability of inputs used in valuation models for significant financial instrument categories are outlined below:

DERIVATIVE FINANCIAL INSTRUMENTS

The fair values of derivative financial instruments are principally determined using valuation techniques with market observable inputs and are classified within Level 2 of the fair value hierarchy. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates, interest rates, futures prices, default rates, credit spreads, volatility curves and discount rates.

In some instances, the fair values of derivative financial instruments are determined using valuation techniques with non-market observable inputs. These financial instruments include synthetic risk transfers and are classified within Level 3 of the fair value hierarchy. The fair value of synthetic risk transfers is determined by the counterparty at balance date.

LISTED EQUITIES

The fair value of listed equities, including equity exchange traded funds and those on loan under securities lending agreements, is determined based on the last quoted price on the relevant exchange at balance date and classified within Level 1 of the fair value hierarchy. In some instances, where the market on which the security is traded is not highly liquid (e.g. the security may be listed on an emerging market stock exchange or trading of the security may be temporarily suspended), the price can also be determined using non-binding broker quotes. These securities are classified within Level 3 of the fair value hierarchy.

FIXED INCOME SECURITIES

The fair value of fixed income securities, including fixed income exchange traded funds and those on loan under securities lending agreements, is determined based on either the last quoted bid price or the mid price (depending on the market and region of the securities) provided by a reputable pricing vendor (being a financial data provider such as ICE or Bloomberg) or broker at balance date and classified within Level 2 of the fair value hierarchy.

The fair value of fixed income securities, including fixed and floating rate debt instruments, that form part of an investment into a private equity investment, is determined by a suitably qualified independent valuer who ascribes an enterprise value to the entire private equity investment then apportions that value across the instruments held, including the debt instruments. These securities are classified within Level 3 of the fair value hierarchy.

COLLECTIVE INVESTMENT FUNDS

The fair value of collective investment funds is provided by the investment managers or administrators at balance date. The price is based on the fair value of the underlying net assets or securities of the collective investment fund. Their classification within the fair value hierarchy is determined by the highest numerical level in the fair value hierarchy of the underlying financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 2: FAIR VALUE (CONTINUED)**INSURANCE-LINKED INVESTMENTS**

Insurance-linked investments which are catastrophe bonds are valued using prices provided by reputable pricing vendors or brokers at balance date and are classified within Level 2 of the fair value hierarchy.

PRIVATE EQUITY

The fair value of private equity investment funds is provided by the investment managers or administrators at balance date. The price is based on the fair value of the underlying net assets of the private equity investment fund which is determined using a variety of methods, including independent valuations, valuation models based on the price of recent transactions, earnings multiples or discounted cash flows. These investments are classified within Level 3 of the fair value hierarchy. Private equity investments (not invested via a managed fund structure) are valued by reference to either an independent valuation, the price of recent transactions or such alternative valuation as deemed appropriate by the Board and are also classified within Level 3 of the fair value hierarchy.

UNCONSOLIDATED SUBSIDIARIES

The fair value of unconsolidated subsidiaries is based on the fair value of the underlying investment which can be determined using a variety of methods, including being based on the last quoted bid price provided by a reputable pricing vendor or broker, independent valuations, valuation models based on the price of recent transactions, earnings multiples or discounted cash flows. Unconsolidated subsidiaries are classified accordingly within Levels 2 and 3 of the fair value hierarchy.

INTANGIBLE ASSETS

Allocations of New Zealand Units (NZU's) and/or other carbon credits that the NZ Super Fund owns are recognised at fair value where they have been received, or where the Board and management are reasonably certain they will be received. Where the fair value can be reliably ascertained through the existence of an observable active market, these intangible assets are classified within Level 1 of the fair value hierarchy. Where pricing is obtained from reputable brokers, these intangible assets are classified within Level 2 of the fair value hierarchy.

Key judgement - determination of fair value

Where possible, the fair value of the NZ Super Fund's assets and liabilities are measured using quoted prices in active markets. Where the fair value of assets and liabilities cannot be measured using quoted prices in active markets, fair value is determined, using valuation techniques with market observable inputs from third parties such as brokers or pricing vendors, where available. For assets that have no quoted price (which principally consist of investments in unconsolidated subsidiaries, private equity investments held directly, private equity investment funds, collective investment funds, fixed income securities and certain derivative financial instruments) the determination of fair value requires significant judgement. Fair value for these assets is determined as follows:

UNCONSOLIDATED SUBSIDIARIES AND PRIVATE EQUITY INVESTMENTS HELD DIRECTLY

The fair value of certain unconsolidated subsidiaries and private equity investments held directly is provided by independent valuers who use models to determine the fair value of investments. The determination of fair value for these investments is subject to careful consideration and consultation with a range of reliable and independent sources. Under the Board approved Investment Valuation Policy, the Guardians has an internal Valuation Working Group (VWG) that is responsible for reviewing the valuations of these investments at balance date. The VWG reviews the valuation methodologies, practices and policies used in determining fair value and/or reviews the valuations themselves with a view to ensuring that the fair values of these investments at balance date are as accurate as possible. The VWG reports the outcomes of their reviews to the Audit & Risk Committee.

PRIVATE EQUITY INVESTMENT FUNDS AND COLLECTIVE INVESTMENT FUNDS WHERE FAIR VALUE IS PROVIDED BY INVESTMENT MANAGERS OR ADMINISTRATORS

The fair value of certain private equity investment funds and collective investment funds is provided by the investment managers or administrators at balance date who may use their own models, or they may engage independent valuers who use models to determine the fair value of investments. The Board and management may also directly appoint independent valuers to determine the fair value of certain investments where this information is unable to be provided by an investment manager or administrator.

FIXED INCOME SECURITIES WHERE FAIR VALUE IS DETERMINED BY A PRICING VENDOR

Where the market for fixed income securities is illiquid, fair value is determined by a pricing vendor who uses models to value the securities. The Board and management mitigate the risk of pricing errors by only selecting reputable pricing vendors and by periodically calibrating prices against observable market data.

DERIVATIVE FINANCIAL INSTRUMENTS WHERE FAIR VALUE IS DETERMINED BY A PRICING VENDOR, BROKER OR COUNTERPARTY

Pricing vendors, brokers or counterparties may use valuation models to price certain derivative financial instruments for which the inputs may include current and forward exchange rates, estimates of cash flows, interest rates, futures prices, default rates, credit spreads, volatility curves, indicative prices for similar assets and discount rates. The Board and management mitigate the risk of pricing errors by only selecting reputable pricing vendors, brokers or counterparties and by periodically calibrating prices against observable market data.

VALUATION UNCERTAINTY DUE TO EXTERNAL MACRO FACTORS

Since the fair value of assets categorised within Level 1 or Level 2 of the fair value hierarchy reflect market observable prices or inputs, their valuation is inherently less uncertain than for assets categorised within Level 3 of the fair value hierarchy. Whilst the determination of fair value for Level 3 assets is subject to careful consideration and consultation with a range of reliable and independent sources, the impact of external factors such as climate change, interest rates and inflationary pressures, increased geopolitical tensions and global supply issues, on the valuation of these assets remains uncertain. The Board and management continue to monitor and evaluate the appropriateness of specific valuation techniques and the judgements and estimates used when determining the fair value of these assets to assess whether material adjustments may be required to their carrying value.

(c) Transfers between levels in the fair value hierarchy

For assets and liabilities that are recognised in the Statement of Financial Position at fair value on a recurring basis, the Board and management determine whether transfers have occurred between levels in the fair value hierarchy by reassessing categorisation at the end of each reporting period.

During the year ended 30 June 2025, one global listed equity was transferred from Level 1 to Level 3 in the fair value hierarchy (2024: no transfers between levels).

(d) Reconciliation of fair value measurement under Level 3 hierarchy

The following table provides a reconciliation of movements in the fair value of financial assets categorised within Level 3 of the fair value hierarchy:

	ACTUAL 2025 NZD'000	ACTUAL 2024 NZD'000
Opening balance	13,333,085	11,964,020
Unrealised gains/(losses) recognised in profit for the year	907,569	1,357,278
Realised gains/(losses) recognised in profit for the year	51,867	9,805
Purchases	1,575,179	1,899,720
Sales	(282)	(353,200)
Settlements	(779,858)	(1,544,538)
Transfers from other categories in the fair value hierarchy	8,965	-
Closing balance	15,096,525	13,333,085

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 2: FAIR VALUE (CONTINUED)

(e) Fair value sensitivity

Although the Board and management believe the estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. The following table shows the NZ Super Fund's sensitivity of fair value measurement to possible changes in non-market observable inputs (where appropriate, equivalent to one standard deviation) for financial assets categorised within Level 3 of the fair value hierarchy:

2025	NON-MARKET OBSERVABLE INPUT	ACTUAL MOVEMENT	IMPACT ON FAIR VALUE MEASUREMENT	
			INCREASE	DECREASE
		%	NZD'000	NZD'000
Listed global equities	Share price	22	390	(390)
Private equity	(i)	(i)	1,174,155	(1,174,155)
Unconsolidated subsidiaries	(i)	(i)	1,175,791	(1,175,791)
2024				
Listed global equities	Share price	23	473	(473)
Private equity	(i)	(i)	1,004,078	(1,004,078)
Unconsolidated subsidiaries	(i)	(i)	1,099,616	(1,099,616)

(i) Private equity and unconsolidated subsidiaries provide the NZ Super Fund with exposure to a wide variety of assets across numerous industries and are held either directly or via internally or externally managed investment vehicles. Valuations for these investments are provided by independent valuers, or by investment managers or administrators if held via a managed structure and the NZ Super Fund does not always have access to the underlying valuation models to fully disclose sensitivities to specific assumptions.

The Board and management have assessed that a reasonably possible movement in fair value for private equity and unconsolidated subsidiaries classified within Level 3 of the fair value hierarchy in a one-year period is: 19% (2024: 20%) for private equity investment funds and other private equity investments; 25% (2024: 25%) for Telecom-Spectrum investments; 16% (2024: 16%) for timber investments; 15% (2024: 12%) for private infrastructure investments; 10% (2024: 10%) for life settlements; 17% (2024: 14%) for property; and 20% (2024: 13%) for rural property.

SECTION 3: RISK MANAGEMENT

(a) Risk management

Understanding and managing risk is central to the management of the NZ Super Fund. While risk is a necessary part of the NZ Super Fund's activities, it must be understood to ensure the risk profile adopted is commensurate with the return objective and time horizon of the NZ Super Fund. Effective risk management is critical to maintaining public and stakeholder confidence in the Guardians as manager of the NZ Super Fund.

The NZ Super Fund's investment activities expose it to various types of risk including investment, strategic, legal, operational and reputational risk. The Board and management of the Guardians are responsible for the management of these risks. Separate Risk and Investment Committees have been established by management to provide support for the management of these risks.

The Guardians has developed risk management policies, procedures and other internal controls for application by staff, external investment managers and other service providers to manage the NZ Super Fund's exposure to risk. The framework for managing this risk is set out in its Statement of Investment Policies, Standards and Procedures including the Risk Management Policy. The Board and management monitor compliance with relevant policies and procedures.

The Board has developed a Risk Appetite Statement outlining its expectations of the level of risk that is appropriate for the NZ Super Fund to take on. This statement can be found at Schedule 1 of the Risk Management Policy which is available on nzsuperfund.nz. Performance against this statement is measured and reported to the Board on a regular basis, with any major breaches being notified on an exception basis.

CONCENTRATION OF RISK BY GEOGRAPHY AND INDUSTRY

Concentration of risk exists if a single counterparty, or group of counterparties, is engaged in similar activities, operate within similar geographies, industries, or have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic conditions.

As at 30 June 2025, the NZ Super Fund's investments were concentrated in the following geographical locations and industries. Exposures are based on the NZ Super Fund's net financial assets at balance date, at the aggregate level of each individual investment, and covers both internally and externally managed investments.

	ACTUAL 2025 %	ACTUAL 2024 %
By geography		
New Zealand	11	11
Australia	2	4
North America	56	54
Europe	19	20
Asia	8	8
Other	4	3
	100	100
By industry		
Consumer - cyclical	5	5
Consumer - non-cyclical	4	4
Financial	20	19
Government	8	7
Healthcare	7	8
Industrial	7	8
Real estate	8	7
Technology	17	15
Other	24	27
	100	100

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 3: RISK MANAGEMENT (CONTINUED)

(b) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as equity prices, interest rates, foreign exchange rates and credit default swap spreads.

The market risks that the NZ Super Fund is primarily exposed to are:

- Equity price risk, both globally and in New Zealand;
- Foreign currency risk, primarily due to changes in the New Zealand dollar versus the United States dollar; and
- Interest rate risk, primarily due to changes in New Zealand and United States interest rates.

The NZ Super Fund is also exposed to commodity price risk in relation to its forestry and farming investments and certain derivative financial instruments which reference certain agricultural, energy and metals prices.

EQUITY PRICE RISK

Equity price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in equity prices. The NZ Super Fund is exposed to changes in the price of equities listed on both New Zealand and international stock exchanges, as well as derivative financial instruments or unlisted equities where fair value is determined with reference to an equity market index or to comparable transactions in a listed equity market.

Equity price risk is managed through diversification between asset classes and by imposing investment constraints at a total fund level and within individual investment mandates. Limits imposed on external investment managers are detailed within individual investment management agreements. Compliance with investment constraints is reported to the Board and management on a regular basis.

The following table shows the NZ Super Fund's sensitivity to a change in equity prices with all other variables held constant. The percentages used represent the Board and management's assessment of a reasonably possible change in equity prices, equivalent to one standard deviation, based on internal risk modelling. The increase/(decrease) in profit is calculated after taking into account income tax.

2025	ONE STANDARD DEVIATION	ACTUAL	
		IMPACT ON PROFIT/(LOSS) AND EQUITY	
		INCREASE	DECREASE
	%	NZD'000	NZD'000
New Zealand equities	15	484,669	(484,669)
Global equities*	16	8,862,753	(8,862,753)
Emerging markets equities	24	1,376,216	(1,376,216)
Unlisted private equities	19	1,610,227	(1,610,227)
2024			
New Zealand equities	18	535,183	(535,183)
Global equities*	16	8,084,447	(8,084,447)
Emerging markets equities	26	1,056,204	(1,056,204)
Unlisted private equities	20	1,611,275	(1,611,275)

* Although the fair value of global equities is obtained from quoted market prices, the likelihood of a change in those prices and the size of the change can vary, depending on the type of equity. Therefore, these figures represent a weighted average of a reasonably possible change in equity prices. The Board and management have assessed that a reasonably possible movement in fair value for different categories of global equities in a one-year period is: 16% (2024: 16%) for global large cap equities; 20% (2024: 20%) for global small cap equities; 15% (2024: 15%) for developed markets multi factor equities; and 15% (2024: 12%) for global infrastructure equities, based on internal risk modelling.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. The NZ Super Fund is exposed to foreign currency risk through its investments in offshore assets.

Foreign currency risk is managed by establishing a target hedge ratio for all foreign currency exposures at a total fund level and by specifying bounds within which external investment managers may take on foreign currency exposures within individual investment management agreements. The financial instruments that external investment managers may use, and the creditworthiness of the counterparties, are detailed within those investment management agreements.

Foreign currency exposures are hedged with forward foreign exchange contracts and cross currency swaps with counterparties that have an appropriate minimum credit rating as determined by an international credit rating agency. Appropriate contractual arrangements must be in place between the NZ Super Fund and the counterparty.

For investment strategies where the NZ Super Fund takes an active position on foreign currency exposure, maximum exposure limits are set and monitored by the Board.

The following table shows effective foreign currency exposure after forward foreign exchange contracts and cross currency swaps have been taken into account.

	ACTUAL	ACTUAL
	2025	2024
	NZD'000	NZD'000
Australian dollars	1,641,416	(1,087,984)
British pounds	(396,515)	712,972
Canadian dollars	1,530,717	(1,571,088)
Chinese yuan	36,608	(699,785)
European Union euros	(570,834)	(227,969)
Japanese yen	2,582,022	3,356,597
Swiss francs	(3,682,927)	(3,040,241)
United States of America dollars	2,665,463	5,221,556
Other	(753,600)	(1,735,286)
	3,052,350	928,772

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 3: RISK MANAGEMENT (CONTINUED)

The following table shows the NZ Super Fund's sensitivity to a change in the New Zealand dollar against the major foreign currencies with all other variables remaining constant. The analysis has been performed only on the effective foreign currency exposure after allowing for the impact of forward foreign exchange contracts and cross currency swaps. The percentages used represent the Board's and management's assessment of a reasonably possible change in the value of the New Zealand dollar, relative to other currencies. The increase/(decrease) in profit is calculated after taking into account income tax.

2025	REASONABLY POSSIBLE CHANGE IN RATE	ACTUAL	
		IMPACT ON PROFIT/(LOSS) AND EQUITY	
		INCREASE	DECREASE
	%	NZD'000	NZD'000
Australian dollars	10	(118,182)	118,182
United States of America dollars	10	(191,913)	191,913
European Union euros	10	41,100	(41,100)
British pounds	10	28,549	(28,549)
Japanese yen	10	(185,906)	185,906
Canadian dollars	10	(110,212)	110,212
Swiss francs	10	265,171	(265,171)
Chinese yuan	10	70,094	(70,094)
Others	10	(18,470)	18,470
2024			
Australian dollars	10	78,335	(78,335)
United States of America dollars	10	(375,952)	375,952
European Union euros	10	16,414	(16,414)
British pounds	10	(51,334)	51,334
Japanese yen	10	(241,675)	241,675
Canadian dollars	10	113,118	(113,118)
Swiss francs	10	218,897	(218,897)
Chinese yuan	10	86,508	(86,508)
Others	10	88,817	(88,817)

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. The NZ Super Fund is primarily exposed to changes in New Zealand and United States short-term interest rates in relation to its investments in fixed income securities, certain derivative financial instruments and cash and cash equivalents.

Interest rate risk is managed by diversification between asset classes and by imposing investment constraints on external investment managers. Interest rate swaps are used to manage exposure to movements in interest rates.

The following table shows the NZ Super Fund's sensitivity to a change in interest rates with all other variables remaining constant. The basis point movement used represents the Board's and management's assessment of a reasonably possible change in interest rates, equivalent to one standard deviation. The increase/(decrease) in profit is calculated after taking into account income tax.

2025	ONE STANDARD DEVIATION	ACTUAL	
		IMPACT ON PROFIT/(LOSS) AND EQUITY	
		INCREASE	DECREASE
	BASIS POINTS	NZD'000	NZD'000
Fixed income securities	50	(421,195)	421,195
2024			
Fixed income securities	50	(271,711)	271,711

COMMODITY PRICE RISK

The NZ Super Fund is exposed to financial risk in respect of its forestry activities due to the global volatility of log prices, exchange rates and transportation costs. These exposures are managed through adjustments to harvest levels and marketing efforts in order to minimise the risk of financial loss.

The NZ Super Fund is also exposed to financial risk in respect of its farming activities due to the global volatility of milk prices, cattle prices and the price of key inputs (e.g. feed and fertiliser). Dairy and cattle prices relative to key inputs are continually monitored so that operations can adapt as required. There are procedures, systems and infrastructure in place to minimise and manage the risks to which the land and livestock assets are exposed that could lead to financial loss.

The NZ Super Fund is exposed to financial risk in respect of certain derivative financial instruments which reference certain agricultural, energy and metals prices. The risk of financial loss is managed by strategically adjusting the NZ Super Fund's exposure in exchange traded futures and by managing margins.

(c) Credit risk

Credit risk is the risk that a third party will default on its obligation to the NZ Super Fund, causing the NZ Super Fund to incur a loss. The NZ Super Fund is exposed to credit risk arising from its cash and cash equivalents, receivables and investments. The maximum amount of credit risk for each class of financial asset is the carrying amount included in the Statement of Financial Position.

Cash and cash equivalents and internally managed investments are governed by the Investment Risk Allocation Policy, the Portfolio Completion and Internally Managed Securities Policy and relevant Internal Investment Mandates. The Board and management mitigate the NZ Super Fund's exposure to credit risk associated with cash and cash equivalents and internally managed investments by applying specific prudential limits on any unhedged exposure to any single investment manager or asset. Investment strategy-specific constraints are also imposed to limit the NZ Super Fund's net unhedged exposure to individual counterparties and clearing houses; and collective unhedged exposure to counterparties with credit ratings of 'BBB' or less.

The use of, and capital allocated to, external investment managers is governed by the Investment Risk Allocation Policy and Direct and Externally Managed Investments Policy. Each external investment manager relationship is governed by an investment management agreement which outlines the key terms and conditions of the appointment. The Board and management mitigate the NZ Super Fund's exposure to credit risk associated with externally managed investments by including specific prudential limits in these investment management agreements which restrict the credit risk the NZ Super Fund is exposed to. External investment managers are monitored individually on an on-going basis as well as being considered in the NZ Super Fund's overall financial risk management activities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 3: RISK MANAGEMENT (CONTINUED)

COUNTERPARTY CREDIT RISK

The Board and management mitigate the NZ Super Fund's exposure to counterparty credit risk by entering into financial instruments with reputable counterparties and by continuously monitoring the creditworthiness of these counterparties by reviewing credit ratings, credit default swap spreads, equity pricing, news flows and other indicators on a regular basis.

At balance date, the NZ Super Fund has counterparty exposure in respect of its forward foreign exchange contracts, cross currency swaps, total return swaps, credit default swaps, interest rate swaps and other over-the-counter swaps. The table below sets out the net exposures, excluding collateral, by individual counterparty where instruments have a net positive fair value:

	ACTUAL 2025 NZD'000	ACTUAL 2024 NZD'000
ANZ Bank New Zealand Limited	207,768	186,142
Bank of America	26,705	288,060
Bank of New Zealand	1,086	11,319
Barclays Bank PLC	159,747	31,790
BNP Paribas	165,267	57,627
Chicago Mercantile Exchange	4,217	1,751
Citibank N.A.	301,658	150,120
Commonwealth Bank of Australia	101,003	25,576
Deutsche Bank AG	91,292	27,187
Goldman Sachs International	304	21,278
Goldman Sachs Financial Markets Pty Limited	203,893	24,539
HSBC Bank PLC	25,003	-
JP Morgan Chase Bank N.A.	238,431	143,095
MIR SPE Limited	5,962	634
Morgan Stanley & Co. International PLC	249,009	265,747
Morgan Stanley Capital Services LLC	72,595	61,218
Societe Generale	604	-
The Northern Trust Company	1,914	52
Toronto-Dominion Bank	56,784	-
UBS AG	173,656	137,214
Westpac Banking Corporation	288,018	235,529
	2,374,916	1,668,878

The Board and management mitigate the NZ Super Fund's exposure to loss from derivative financial instruments through requiring collateral and by entering into master-netting arrangements with major counterparties with whom a significant volume of transactions are undertaken. These arrangements provide for a single net settlement of all financial instruments covered by the agreement in the event of default on any one contract. Master-netting arrangements do not result in the offset of assets and liabilities in the Statement of Financial Position unless certain conditions for offsetting under NZ IAS 32 Financial Instruments: Presentation apply. Refer to Note 4(g) for further disclosures on the offsetting of financial assets and liabilities.

CREDIT QUALITY OF CASH AND CASH EQUIVALENTS AND FIXED INCOME SECURITIES

Cash and cash equivalents are held with bank and financial institution counterparties, which have credit ratings of A to AA as at 30 June 2025 (2024: A to AA).

A percentage breakdown of the NZ Super Fund's fixed income securities, both internally and externally managed, by credit rating is set out below. Ratings are obtained from Standard & Poor's, Moody's and Fitch depending on the availability of data.

	ACTUAL 2025 %	ACTUAL 2024 %
AAA/Aaa	11	18
AA/Aa	35	29
A/A	24	16
BBB/Baa	10	10
Not rated	20	27
	100	100

(d) Liquidity risk

Liquidity risk is the risk that the NZ Super Fund will encounter difficulty in meeting the obligations associated with its financial liabilities as they fall due. The NZ Super Fund's liquidity framework is designed to ensure that the NZ Super Fund has the ability to generate sufficient cash in a timely manner to meet its financial commitments.

The Board and management mitigate the NZ Super Fund's exposure to liquidity risk by:

- Forecasting liquidity requirements;
- Maintaining a buffer of cash and highly liquid securities to meet short-term liquidity requirements;
- Regularly reviewing the liquidity available; and
- Periodically 'stress-testing' the liquidity framework using theoretical scenarios.

MATURITY PROFILE OF FINANCIAL LIABILITIES

The following table shows the undiscounted cash flows of the NZ Super Fund's financial liabilities on the basis of their earliest contract maturity.

	ACTUAL					
2025	LESS THAN 1 YEAR NZD'000	1 - 2 YEARS NZD'000	2 - 5 YEARS NZD'000	5 - 10 YEARS NZD'000	10+ YEARS NZD'000	TOTAL NZD'000
Cash collateral received	1,222,533					1,222,533
Trade and other payables	431,452	1,659				433,111
Derivative financial instrument liabilities:						
Net-settled	7,318	26,463	11,927	2,660	1,371	49,739
Gross-settled - cash inflows	(45,658,317)		(131)			(45,658,448)
Gross-settled - cash outflows	46,924,560		160			46,924,720
	2,927,546	28,122	11,956	2,660	1,371	2,971,655
2024						
Cash collateral received	1,585,902					1,585,902
Trade and other payables	793,873	1,522				795,395
Derivative financial instrument liabilities:						
Net-settled	59,162	2,826	55,579	46		117,613
Gross-settled - cash inflows	(33,069,216)	(1,852,803)				(34,922,019)
Gross-settled - cash outflows	33,430,220	1,865,201				35,295,421
	2,799,941	16,746	55,579	46	-	2,872,312

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 3: RISK MANAGEMENT (CONTINUED)

(e) Risks associated with structured entities

The following table summarises the carrying values of the NZ Super Fund's investments in structured entities, as well as the maximum exposure to loss. The maximum exposure to loss is contingent in nature, and equal to the carrying value of its investments plus any undrawn capital commitments. The maximum exposure to loss in the following table does not take into account the effects of any hedging, subordination or collateralisation designed to reduce that exposure to loss. The assets of the structured entities have been provided as an indicator of their size, relative to the size of the NZ Super Fund's investment. These values are based on the most currently available information and include the value of the NZ Super Fund's investment.

	ACTUAL			
	MAXIMUM EXPOSURE TO LOSS			ASSETS OF THE STRUCTURED ENTITIES
	CARRYING VALUE OF INVESTMENTS	UNDRAWN COMMITMENTS	TOTAL INVESTMENTS AND UNDRAWN COMMITMENTS	
2025	NZD'000	NZD'000	NZD'000	NZD'000
Fixed income securities:				
Asset-backed securities	730,704	109,363	840,067	253,648,759
Agency mortgage-backed securities	1,225,066	-	1,225,066	N/A*
Shareholder loans	2,397,056	-	2,397,056	3,134,510
Fixed income exchange traded funds	-	-	-	-
Collective investment funds	2,354,562	-	2,354,562	367,953,621
Insurance-linked investments - catastrophe bonds	504,578	-	504,578	35,703,252
Private equity investment funds	5,757,681	2,669,933	8,427,614	51,615,305
Reverse repurchase agreements	-	-	-	-
Unconsolidated subsidiaries	8,093,349	1,555,934	9,649,283	10,257,414
	21,062,996	4,335,230	25,398,226	722,312,861
2024				
Fixed income securities:				
Asset-backed securities	1,493,376	106,773	1,600,149	25,388,792
Agency mortgage-backed securities	1,244,307	-	1,244,307	N/A*
Shareholder loans	2,589,880	37,660	2,627,540	4,372,921
Fixed income exchange traded funds	496,741	-	496,741	4,490,111
Collective investment funds	2,441,596	-	2,441,596	276,118,110
Insurance-linked investments - catastrophe bonds	775,452	-	775,452	37,823,753
Private equity investment funds	4,928,381	2,990,016	7,918,397	42,146,707
Reverse repurchase agreements	485,895	-	485,895	730,669
Unconsolidated subsidiaries	7,173,628	2,301,399	9,475,027	9,892,903
	21,629,256	5,435,848	27,065,104	400,963,966

* Information is not available as the securities have not yet been issued.

SECTION 4: FINANCIAL ASSETS AND LIABILITIES

(a) Financial instruments

2025	NOTE	ACTUAL			TOTAL
		FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL LIABILITIES AT AMORTISED COST	
		NZD'000	NZD'000	NZD'000	NZD'000
Financial assets					
Cash and cash equivalents	4.b		2,420,495		2,420,495
Cash pledged as collateral	4.c		995,966		995,966
Trade and other receivables	4.d		528,742		528,742
Investments					
Derivative financial instrument assets	4.e	2,374,916			2,374,916
Other financial assets:					
Listed New Zealand equities		3,200,069			3,200,069
Listed global equities		38,301,481			38,301,481
Fixed income securities		10,923,573	3,414,296		14,337,869
Collective investment funds		2,354,562			2,354,562
Reverse repurchase agreements			350,712		350,712
Securities lending agreements		6,548,502			6,548,502
Insurance-linked investments		504,578			504,578
Private equity		7,190,748			7,190,748
		69,023,513	3,765,008	-	72,788,521
Investments in unconsolidated subsidiaries		8,093,349			8,093,349
		79,491,778	7,710,211	-	87,201,989
Financial liabilities					
Cash collateral received	4.c			1,222,533	1,222,533
Trade and other payables	4.h			433,111	433,111
Derivative financial instrument liabilities	4.e	1,316,011			1,316,011
		1,316,011	-	1,655,644	2,971,655

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 4: FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

		ACTUAL			
2024	NOTE	FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS NZD'000	FINANCIAL ASSETS AT AMORTISED COST NZD'000	FINANCIAL LIABILITIES AT AMORTISED COST NZD'000	TOTAL NZD'000
Financial assets					
Cash and cash equivalents	4.b		2,601,543		2,601,543
Cash pledged as collateral	4.c		906,012		906,012
Trade and other receivables	4.d		704,785		704,785
Investments					
Derivative financial instrument assets	4.e	1,668,878			1,668,878
Other financial assets:					
Listed New Zealand equities		2,953,858			2,953,858
Listed global equities		32,935,475			32,935,475
Fixed income securities		10,391,235	4,214,474		14,605,709
Collective investment funds		2,441,596			2,441,596
Reverse repurchase agreements			1,094,343		1,094,343
Securities lending agreements		4,685,017			4,685,017
Insurance-linked investments		775,452			775,452
Private equity		6,367,229			6,367,229
		60,549,862	5,308,817	-	65,858,679
Investments in unconsolidated subsidiaries		7,173,628			7,173,628
		69,392,368	9,521,157	-	78,913,525
Financial liabilities					
Cash collateral received	4.c			1,585,902	1,585,902
Trade and other payables	4.h			795,395	795,395
Derivative financial instrument liabilities	4.e	491,015			491,015
		491,015	-	2,381,297	2,872,312

Accounting Policy

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The NZ Super Fund is party to financial instruments as part of its normal operations. These financial instruments make up the vast majority of the NZ Super Fund's net assets and include cash and cash equivalents, receivables, investments and payables. All financial instruments are recognised in the Statement of Financial Position and all income and expenditure in relation to financial instruments are recognised in the Statement of Comprehensive Income.

INITIAL RECOGNITION

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the NZ Super Fund becomes a party to the contractual provisions of the financial instrument. They are initially recognised at fair value plus, in the case of financial assets and financial liabilities not recorded at fair value through profit or loss, transaction costs (e.g. trading commission) that are attributable to the acquisition of the financial asset or financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Comprehensive Income.

Purchases or sales of financial instruments that require delivery within a time frame established by regulation or convention in the market place are recognised on the trade date, i.e. the date on which the NZ Super Fund commits to purchase or sell the financial instrument.

The classification of financial instruments at initial recognition depends on the NZ Super Fund's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. In making an assessment of the business model

for managing a financial asset, the Board and management consider all relevant information such as the investment objectives of the NZ Super Fund and how performance is evaluated and reported to the Board and management.

SUBSEQUENT MEASUREMENT

The NZ Super Fund's financial assets and financial liabilities are subsequently classified into the following categories:

- Those to be measured at fair value through profit or loss; and
- Those to be measured at amortised cost.

The NZ Super Fund does not have any financial assets classified as financial assets at fair value through other comprehensive income. The NZ Super Fund classifies all financial assets that are either held for trading and/or managed or evaluated on a fair value basis, as financial assets at fair value through profit or loss.

The NZ Super Fund's financial assets are reclassified when, and only when, the business model for managing those financial assets changes.

Financial assets and financial liabilities at fair value through profit or loss

The following financial assets and financial liabilities are classified at fair value through profit or loss:

- Financial assets, including debt instruments, that do not qualify for measurement at amortised cost; and
- Financial assets and financial liabilities that are held for trading.

This category includes investments in derivative financial instruments, listed equities, collective investment funds, insurance-linked investments, private equity and unconsolidated subsidiaries among others. These financial assets are either held for trading or are managed and have their performance evaluated on a fair value basis.

The NZ Super Fund does not designate any derivative financial instruments as hedges in a hedging relationship.

Financial assets and financial liabilities at fair value through profit or loss are recognised in the Statement of Financial Position at fair value with changes in fair value being recognised in the Statement of Comprehensive Income in the period in which they arise.

Financial assets at amortised cost

The NZ Super Fund's financial assets are classified at amortised cost if both of the following criteria are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows; and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

This category includes cash and cash equivalents, cash pledged as collateral, trade and other receivables, reverse repurchase agreements and some unlisted fixed income securities. Unlisted fixed income securities that are classified as financial assets at amortised cost include fixed and floating rate notes.

Subsequent to initial recognition, financial assets at amortised cost are measured at amortised cost using the effective interest method and are subject to impairment. When a financial asset is impaired, impairment losses are recognised in the Statement of Comprehensive Income in the period in which they arise.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are non-derivative financial liabilities. This category includes cash collateral received and trade and other payables. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

DERECOGNITION

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or when the NZ Super Fund has transferred substantially all of the risks and rewards of ownership. A financial liability is derecognised when the NZ Super Fund's obligation under the liability is discharged, cancelled or has expired.

IMPAIRMENT

The Board and management assess, at each reporting date, whether a financial asset or a group of financial assets is impaired. The amount of the impairment loss is the difference between the contractual cash flows due in relation to the financial asset or the group of financial assets and the cash flows that the NZ Super Fund expects to receive, discounted at an approximation of the original effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 4: FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The following financial assets that are measured at amortised cost are subject to the impairment provisions (the 'expected credit loss model') of NZ IFRS 9 Financial Instruments:

- Cash and cash equivalents;
- Cash pledged as collateral;
- Trade and other receivables;
- Reverse repurchase agreements; and
- Unlisted fixed income securities carried at amortised cost.

The impairment loss for cash and cash equivalents and cash pledged as collateral is considered immaterial.

Disclosures relating to the impairment of receivables are provided in Note 4(d).

The NZ Super Fund's investments in reverse repurchase agreements and unlisted fixed income securities that meet the criteria for being classified as financial assets at amortised cost, and which are therefore subject to the expected credit loss (ECL) model, are considered to have low credit risk and/or the credit risk has not increased significantly since initial recognition. As a result, the impairment loss recognised is limited to 12-month ECLs. The Board and management consider these financial assets to have low credit risk because there is a low risk of default and the issuers have a strong capacity to meet their contractual cash flow obligations in the near term. Twelve-month ECLs are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date or a shorter period if the expected life of the financial asset is less than 12 months. Refer to Note 3(c) for further disclosures on credit risk.

Impairment losses are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written-off when the Board and management have no reasonable expectations of recovering a financial asset.

(b) Cash and cash equivalents**Accounting Policy**

Cash and cash equivalents includes cash on hand, cash held in bank accounts, demand deposits and short-term investments held for the purpose of meeting short-term cash commitments with original maturities of three months or less, which have an insignificant risk of change in fair value.

At 30 June 2025, cash of \$438,542,000 (2024: \$388,800,000) had been allocated and was held in Northern Trust's (the NZ Super Fund's global master custodian) custody awaiting investment by investment managers.

(c) Collateral

Accounting Policy

Cash provided by the NZ Super Fund as security for financial arrangements remains a financial asset of the NZ Super Fund and is recognised as cash pledged as collateral in the Statement of Financial Position, separate from cash and cash equivalents. Cash received by the NZ Super Fund as security for financial arrangements is also recognised as an asset in the Statement of Financial Position, along with a corresponding liability (cash collateral received) to repay the cash collateral when the underlying transaction is terminated.

For non-cash collateral received by the NZ Super Fund, if the NZ Super Fund has the right to sell or re-pledge the collateral, the collateral is recognised accordingly in the Statement of Financial Position. However, if the NZ Super Fund does not have the right to sell or re-pledge the collateral, the collateral is not recognised in the Statement of Financial Position but disclosed in the notes to the financial statements instead.

The NZ Super Fund enters into various derivative financial instruments, securities lending and repurchase agreements which may require the NZ Super Fund to post or receive collateral as security with counterparties to mitigate counterparty credit risk. Where an agreement between counterparties results in one counterparty owing another, collateral may be exchanged, offsetting some or all of the amount outstanding. In the event of default, the collateral may be applied in order to settle the outstanding liability.

In line with standard industry practice, collateral is provided for derivative transactions in accordance with Credit Support Annexes (CSAs) which may vary from counterparty to counterparty. Collateral may be required by one, both or neither of the counterparties to a derivative transaction. The provision of collateral inherently lags behind real-time mark-to-market movements in the underlying derivative transactions and may only be exchanged once certain thresholds, as governed by the CSAs, are reached.

CASH PLEDGED AS COLLATERAL

Cash pledged as collateral to meet obligations under CSAs for derivative positions is \$23,820,000 (2024: \$146,139,000). The counterparties are permitted to sell or re-pledge the collateral. The pledged assets will be returned to the NZ Super Fund when the underlying transaction is terminated, but in the event of default the counterparty is entitled to apply the collateral in order to settle the outstanding liability.

Cash balances totalling \$972,146,000 (2024: \$759,873,000) are held in separate bank accounts lodged with the relevant futures exchange. These cash balances have been pledged as collateral for potential margin calls on futures that have a fair value of \$nil (2024: \$nil).

CASH COLLATERAL RECEIVED

Cash received as collateral to meet obligations under CSAs for derivative positions is \$867,376,000 (2024: \$1,312,045,000). The NZ Super Fund is permitted to sell or re-pledge the collateral. The pledged assets will be returned to the counterparties when the underlying transaction is terminated, but in the event of default the NZ Super Fund is entitled to apply the collateral in order to settle the liability.

Cash received as collateral to meet obligations under securities lending is \$355,157,000 (2024: \$273,857,000). The NZ Super Fund is permitted to sell or re-pledge the collateral. At 30 June 2025, cash of \$350,712,000 (2024: \$271,273,000) had been used to purchase securities under a reverse repurchase agreement. These pledged assets will be returned to the counterparties of the securities lending agreements once the underlying transactions are terminated, but in the event of default the NZ Super Fund is entitled to apply the collateral in order to settle the liability.

NON-CASH COLLATERAL RECEIVED

The fair value of fixed income securities received as collateral to meet obligations under securities lending agreements is \$2,080,021,000 (2024: \$1,085,113,000). The fair value of equity securities received as collateral to meet obligations under securities lending agreements is \$4,105,556,000 (2024: \$3,511,732,000). The NZ Super Fund is not permitted to sell or re-pledge the collateral. The pledged assets will be returned to the counterparties when the underlying transaction is terminated, but in the event of default the NZ Super Fund is entitled to apply the collateral in order to settle the liability.

The fair value of fixed income securities received as collateral to meet obligations under a reverse repurchase agreement is \$252,912,000 (2024: \$1,288,254,000). The fair value of equity securities received as collateral to meet obligations under a reverse repurchase agreement is \$63,257,000 (2024: \$43,915,000). The NZ Super Fund is not permitted to sell or re-pledge the collateral. The pledged assets will be returned to the counterparties when the underlying transaction is terminated, but in the event of default the NZ Super Fund is entitled to apply the collateral in order to settle the liability.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 4: FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(d) Trade and other receivables

	ACTUAL	ACTUAL
	2025	2024
	NZD'000	NZD'000
Trade receivables	41,610	30,596
Accrued interest	126,412	132,182
Dividends receivable	44,704	39,215
Unsettled sales	315,057	502,055
GST receivable	959	737
	528,742	704,785

Accounting Policy

Trade receivables are initially recognised at their transaction price unless they contain significant financing components, in which case they are recognised at fair value. The NZ Super Fund holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost less impairment losses using the effective interest method.

The NZ Super Fund only holds trade receivables that have maturities of less than 12 months and which have no financing components. As such, the Board and management have applied a simplified approach for calculating expected credit losses (ECLs) on trade receivables under NZ IFRS 9 Financial Instruments. As a result, the Board and management do not track changes in credit risk, but instead, recognise impairment losses based on lifetime ECLs at each reporting date. The NZ Super Fund's approach to ECLs reflects a probability-weighted outcome using reasonable and supportable information that is available without undue cost or effort at reporting date about past events, current conditions and forecasts of future economic conditions.

Trade receivables are non-interest bearing and have standard 30-day credit terms. The NZ Super Fund does not have a history of default on trade receivables and the Board and management consider the probability of default to be very low as the counterparties have a strong capacity to meet their contractual obligations in the short term. Accordingly, no allowance has been made for impairment.

The timing and amount of expected cash flows for accrued interest, dividends receivable and unsettled sales are certain as they are based on contractual terms and corporate actions. Unsettled sales comprise proceeds from sales transactions awaiting settlement.

As a result of their short-term nature, the carrying value of trade and other receivables held at amortised cost approximates fair value.

(e) Derivative financial instruments

	ACTUAL 2025 NZD'000	ACTUAL 2024 NZD'000
Derivative financial instrument assets		
Forward foreign exchange contracts	1,496,903	1,114,595
Cross currency swaps	573	3,814
Asset swaps	45,506	41,870
Futures contracts	-	-
Total return swaps	708,734	390,794
Credit default swaps	28,311	21,251
Interest rate swaps	90,672	94,803
Options	4,217	1,751
	2,374,916	1,668,878
Derivative financial instrument liabilities		
Forward foreign exchange contracts	1,266,243	373,401
Cross currency swaps	28	-
Futures contracts	-	-
Total return swaps	4,687	56,564
Credit default swaps	36,263	61,004
Interest rate swaps	8,790	46
	1,316,011	491,015
Net derivative financial instruments	1,058,905	1,177,863

The NZ Super Fund enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk, credit risk and interest rate risk and to achieve exposure to assets and asset classes. The use of derivative financial instruments is governed by the Statement of Investment Policies, Standards and Procedures, including the Derivatives Policy. Compliance with policies and exposure limits is monitored on a continuous basis.

The NZ Super Fund has positions in the following types of derivative financial instruments:

FORWARDS AND FUTURES CONTRACTS

Forward and futures contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forward contracts are customised contracts transacted in the over-the-counter market. Futures contracts are transacted in standardised amounts on regulated futures exchanges and are subject to daily cash margin requirements.

The main differences in risk associated with forward and futures contracts are credit risk and liquidity risk. The NZ Super Fund has credit exposure to the counterparties of non-collateralised forward contracts. The credit risk associated with futures contracts is considered minimal because the futures exchange reduces credit risk by daily margining. Where possible, the NZ Super Fund seeks to settle all forward contracts on a net basis, but in some instances they are settled gross. Forward contracts that are settled gross are considered to have a higher liquidity risk than futures contracts which are settled on a net basis. Both types of contracts result in exposure to market risk.

SWAPS

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts. Where swap contracts are settled net, the payment flows are usually netted against each other, with the difference being paid by one party to the other. Where possible, swaps are settled net but some cross currency swaps are settled gross. In a cross currency swap, the NZ Super Fund pays a specified amount in one currency and receives a specified amount in another currency. Swap contracts expose the NZ Super Fund to counterparty credit risk, market risk and liquidity risk.

The contract maturities, notional and fair values for all derivative financial instruments are set out below. Total fair values presented correspond to the net assets and liabilities for each class of derivative financial instrument.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 4: FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

FORWARD FOREIGN EXCHANGE CONTRACTS

	ACTUAL			
	NOTIONAL VALUE - BUY/ (SELL) FOREIGN CURRENCY	FAIR VALUE	NOTIONAL VALUE - BUY/ (SELL) FOREIGN CURRENCY	FAIR VALUE
	2025 NZD'000	2025 NZD'000	2024 NZD'000	2024 NZD'000
Less than 3 months	(42,043,851)	5,954	(32,068,421)	380,116
3 to 6 months	(22,168,057)	7,765	(19,868,260)	246,100
6 to 9 months	(15,299,902)	156,147	(12,468,652)	44,115
9 to 12 months	(13,539,728)	58,410	(12,466,417)	54,498
1 to 2 years	(200,000)	2,384	(3,020,469)	16,365
	(93,251,538)	230,660	(79,892,219)	741,194

Where possible, the NZ Super Fund seeks to settle all forward foreign exchange contracts on a net basis, otherwise, they are settled gross. Refer to Note 4(g) for further disclosures on the offsetting of financial assets and liabilities.

CROSS CURRENCY SWAPS

	FOREIGN CURRENCY BUY/ SELL	ACTUAL			
		NOTIONAL VALUE	FAIR VALUE	NOTIONAL VALUE	FAIR VALUE
		2025 NZD'000	2025 NZD'000	2024 NZD'000	2024 NZD'000
2 to 5 years	NZD/USD	397,529	(4)	144,515	854
	NZD/JPY	-	-	179,249	1,439
	USD/JPY	-	-	179,249	1,045
5 to 10 years	AUD/USD	96,855	549	96,490	476
		494,384	545	599,503	3,814

Where possible, the NZ Super Fund seeks to settle all cross currency swaps on a net basis, otherwise, they are settled gross. Refer to Note 4(g) for further disclosures on the offsetting of financial assets and liabilities. Notional value is derived from the 'buy' leg of these contracts.

ASSET SWAPS

	ACTUAL			
	NOTIONAL VALUE	FAIR VALUE	NOTIONAL VALUE	FAIR VALUE
	2025 NZD'000	2025 NZD'000	2024 NZD'000	2024 NZD'000
Later than 10 years	494,193	45,506	492,328	41,870
	494,193	45,506	492,328	41,870

All asset swaps are settled net.

FUTURES CONTRACTS

	ACTUAL			
	NOTIONAL VALUE	FAIR VALUE	NOTIONAL VALUE	FAIR VALUE
	2025 NZD'000	2025 NZD'000	2024 NZD'000	2024 NZD'000
Equity futures	14,050,084	-	11,071,142	-
Fixed interest futures	2,200,837	-	1,731,791	-
	16,250,921	-	12,802,933	-

The margin on futures contracts is settled daily.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 4: FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

TOTAL RETURN SWAPS

	ACTUAL			
	NOTIONAL VALUE	FAIR VALUE	NOTIONAL VALUE	FAIR VALUE
	2025 NZD'000	2025 NZD'000	2024 NZD'000	2024 NZD'000
Equity				
Less than 1 year	17,805,182	670,951	19,240,317	331,770
1 to 2 years	1,493,097	-	-	-
	19,298,279	670,951	19,240,317	331,770
Bonds				
Less than 1 year	2,304,883	33,096	1,506,086	2,460
1 to 2 years	716,567	-	655,482	-
	3,021,450	33,096	2,161,568	2,460

All total return swaps are settled net.

CREDIT DEFAULT SWAPS

	ACTUAL			
	NOTIONAL VALUE	FAIR VALUE	NOTIONAL VALUE	FAIR VALUE
	2025 NZD'000	2025 NZD'000	2024 NZD'000	2024 NZD'000
Buy protection				
Less than 1 year	198,387	(1,459)	4,878,970	(48,525)
1 to 2 years	510,666	(25,921)	187,585	(2,827)
2 to 5 years	707,243	(11,830)	1,631,343	(57,290)
	1,416,296	(39,210)	6,697,898	(108,642)
Sell protection				
Less than 1 year	-	-	4,878,969	45,927
1 to 2 years	2,668,500	10,311	-	-
2 to 5 years	5,130,639	20,343	3,273,576	14,844
5 to 10 years	3,294,622	604	4,711,105	8,118
	11,093,761	31,258	12,863,650	68,889

All credit default swaps are settled net.

INTEREST RATE SWAPS

	ACTUAL			
	NOTIONAL VALUE	FAIR VALUE	NOTIONAL VALUE	FAIR VALUE
	2025	2025	2024	2024
	NZD'000	NZD'000	NZD'000	NZD'000
Less than 1 year	865,424	(562)	21,000	988
1 to 2 years	42,000	324	767,937	5,361
2 to 5 years	361,856	(1,679)	202,000	16,889
5 to 10 years	104,800	4,109	139,800	15,394
Later than 10 years	578,378	79,690	543,034	56,125
	1,952,458	81,882	1,673,771	94,757

All interest rate swaps are settled net.

OPTIONS

	ACTUAL			
	NOTIONAL VALUE	FAIR VALUE	NOTIONAL VALUE	FAIR VALUE
	2025	2025	2024	2024
	NZD'000	NZD'000	NZD'000	NZD'000
Equity				
Less than 1 year	482,923	1,885	211,735	1,751
1 to 2 years	141,751	2,332	-	-
	624,674	4,217	211,735	1,751

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 4: FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**(f) Securities lending and similar agreements****Accounting Policy**

Securities lending transactions are usually collateralised by securities or cash. The transfer of securities to counterparties is only reflected on the Statement of Financial Position if the risks and rewards of ownership are also transferred. Collateral advanced by the borrower in the form of readily marketable securities (non-cash) is held in escrow by a third party agent. Recourse of those securities is only available in the event of default of the borrower and, because of this, the non-cash collateral is not recognised in the Statement of Financial Position. Collateral advanced by the borrower in the form of cash is recognised as an asset in the Statement of Financial Position, along with a corresponding obligation to repay the cash collateral to the borrower, once the securities have been returned.

Securities purchased under reverse repurchase agreements to resell at a specified future date are not recognised in the Statement of Financial Position. The consideration paid, including accrued interest, is recorded separately in the Statement of Financial Position as an investment, reflecting the transaction's economic substance as a loan. The difference between the purchase and resale prices is recorded in interest income and is accrued over the life of the agreement using the effective interest rate.

The NZ Super Fund enters into agreements to lend global equities and fixed income securities to other market participants in return for a fee, with an obligation that the securities are returned at the termination of the agreement. The other market participants may use the loaned securities to enter into other contractual agreements, however the NZ Super Fund retains all risks and rewards of ownership throughout the period of the agreement. Cash collateral is received from the borrowers of these securities.

The NZ Super Fund enters into reverse repurchase agreements whereby the counterparty sells highly liquid fixed income securities to the NZ Super Fund in return for cash, with an obligation to repurchase the securities at a higher price at a specified future date. The counterparty retains all the risks and rewards of ownership throughout the period of the agreement.

(g) Offsetting financial assets and liabilities

At balance date the NZ Super Fund was subject to multiple master netting arrangements or similar agreements with its derivative financial instrument, securities lending and reverse repurchase counterparties. The following table shows the NZ Super Fund's financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

	ACTUAL					
	AMOUNTS OFFSET			RELATED AMOUNTS NOT OFFSET		
	GROSS AMOUNTS SET- OFF IN THE STATEMENT OF FINANCIAL POSITION		NET AMOUNTS PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	FINANCIAL INSTRUMENTS (INCLUDING NON-CASH COLLATERAL)*	CASH COLLATERAL	NET AMOUNT
	GROSS AMOUNTS NZD'000	NZD'000	NZD'000	NZD'000	NZD'000	NZD'000
2025						
Financial assets						
Derivative financial instrument assets	2,423,388	48,472	2,374,916	-	867,376	1,507,540
Reverse repurchase agreements	350,712	-	350,712	316,169	-	34,543
Securities lending agreements	6,548,502	-	6,548,502	6,185,577	355,157	7,768
	9,322,602	48,472	9,274,130	6,501,746	1,222,533	1,549,851
Financial liabilities						
Derivative financial instrument liabilities	(1,364,483)	(48,472)	(1,316,011)	-	(23,820)	(1,292,191)
	(1,364,483)	(48,472)	(1,316,011)	-	(23,820)	(1,292,191)
2024						
Financial assets						
Derivative financial instrument assets	1,775,970	107,092	1,668,878	-	1,312,045	356,833
Reverse repurchase agreements	1,094,343	-	1,094,343	1,332,169	-	(237,826)
Securities lending agreements	4,685,017	-	4,685,017	4,596,845	273,857	(185,685)
	7,555,330	107,092	7,448,238	5,929,014	1,585,902	(66,678)
Financial liabilities						
Derivative financial instrument liabilities	(598,107)	(107,092)	(491,015)	-	(146,139)	(344,876)
	(598,107)	(107,092)	(491,015)	-	(146,139)	(344,876)

* Financial instruments held as collateral against reverse repurchase and securities lending agreements are held in escrow by a third party agent. Recourse of those securities is only available in the event of default of the borrower and, because of this, the non-cash collateral is not recognised in the Statement of Financial Position.

Accounting Policy

The NZ Super Fund offsets financial assets and financial liabilities when it has a current legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis. Each master netting arrangement or similar agreement allows for net settlement of certain open contracts where the NZ Super Fund and the respective counterparty both elect to settle on a net basis. In the absence of such an election, contracts will be settled on a gross basis. However, each party to the master netting arrangement or similar agreement will have the option to settle all open contracts on a net basis in the event of default of the other party. Under the terms of the master netting arrangement or similar agreement, collateral can only be seized by a party in the event of default of the other party.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 4: FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(h) Trade and other payables

	ACTUAL	ACTUAL
	2025	2024
	NZD'000	NZD'000
Accrued expenses	37,896	87,190
Unsettled purchases	371,771	686,827
Amounts owed for reimbursement of the Guardians' expenses	23,444	21,378
	433,111	795,395
Represented by:		
Current	431,452	793,873
Non-current	1,659	1,522
	433,111	795,395

Accounting Policy

Short-term trade and other payables are initially recognised at fair value, then subsequently at amortised cost. As a result of their short-term nature, the carrying amount of trade and other payables held at amortised cost approximates fair value.

Trade and other payables represent amounts due to third parties in the normal course of business and to the Guardians for the reimbursement of expenses. Trade payables are non-interest bearing and are normally settled within 30-day terms. The NZ Super Fund has risk management policies in place to ensure that all payables are paid within the credit time frame.

The timing and amount of expected cash flows for unsettled purchases are certain as they are based on contractual terms and corporate actions.

Other than the non-current portion of trade and other payables, all payables are expected to settle within one year. The non-current payable will settle progressively over a four-year period.

(i) Financial assets and liabilities expected to be recovered or settled more than 12 months after balance date

The following table sets out the financial assets and liabilities that are expected to be recovered or settled more than 12 months after balance date:

	ACTUAL	ACTUAL
	2025	2024
	NZD'000	NZD'000
Financial assets		
Investments - derivative financial instrument assets	166,835	189,514
Investments - other financial assets (including unconsolidated subsidiaries)	18,667,975	20,079,204
	18,834,810	20,268,718
Financial liabilities		
Trade and other payables	1,659	1,522
Investments - derivative financial instrument liabilities	42,450	70,849
	44,109	72,371
Net financial assets	18,790,701	20,196,347

SECTION 5: NON-FINANCIAL ASSETS AND LIABILITIES

(a) Provision for performance-based fees

	ACTUAL	ACTUAL
	2025	2024
	NZD'000	NZD'000
Opening balance	6,085	61,050
New provision during the year	-	575
Unused provision released during the year	(6,085)	-
Current portion transferred to accrued expenses	-	(55,540)
Closing balance	-	6,085

Accounting Policy

A provision is recognised in the Statement of Financial Position when the NZ Super Fund has a present obligation arising as a result of a past event, it is probable that cash will be paid to settle the obligation and the amount can be estimated reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at balance date, taking into consideration the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Where some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Performance-based fees are payable to certain external investment managers based on the performance of assets under their management over and above an agreed benchmark. For some of these external investment managers, the pay-out of the current year's fee is capped, with the remainder of the fee being held by the NZ Super Fund for possible pay-out in future periods. For those managers, poor performance in the following years may lead to a reduction in the entitlement that is being held.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 6: FUND CAPITAL AND RESERVES**(a) Fund capital****PURPOSE**

Fund capital, which comprises investments and all other assets of the NZ Super Fund less any liabilities, is the property of the Crown. The NZ Super Fund was established to build a portfolio of assets to partially pre-fund the future cost of New Zealand superannuation, which is expected to rise due to an ageing population, in order to reduce the tax burden on future generations.

CAPITAL CONTRIBUTIONS

The Crown is required to make capital contributions to the NZ Super Fund in accordance with Sections 42 to 44 of the Act. These capital contributions are made by the Crown for investment purposes based on a percentage of Gross Domestic Product. Under Section 44 of the Act, the Crown is entitled to contribute lesser amounts than calculated using the formula under Section 43 of the Act. Fund capital contributions are recorded in the Statement of Changes in Public Equity.

CAPITAL WITHDRAWALS

Under Section 47 of the Act, if the required annual capital contribution is less than zero, the Minister of Finance may require a capital withdrawal to be made from the NZ Super Fund up to that amount and paid into a Crown bank account. Capital withdrawals are projected to commence from 2027/28 under current Treasury modelling.

SUPERANNUATION ENTITLEMENTS

Under Section 45 of the Act, the Minister of Finance must ensure that sufficient money is transferred into the NZ Super Fund in each financial year to meet the net cost of the superannuation entitlements that are payable out of the NZ Super Fund during that year. This requirement is additional to and separate from the obligation to make annual capital contributions. The Treasury, through its New Zealand Debt Management office, has facilitated funding for these superannuation entitlements from the Minister of Finance to the Ministry of Social Development on behalf of the NZ Super Fund. The Guardians has no control over these transfers, with The Treasury acting as agent for the NZ Super Fund. Transfers for superannuation entitlements are recorded in the Statement of Changes in Public Equity.

MANAGEMENT OF FUND CAPITAL

The Guardians' mandate is to invest the NZ Super Fund on a prudent, commercial basis, in a manner consistent with best-practice portfolio management, maximising return without undue risk to the NZ Super Fund as a whole, and avoiding prejudice to New Zealand's reputation as a responsible member of the world community. The contributions from the Crown to the NZ Super Fund are invested in accordance with its Statement of Investment Policies, Standards and Procedures, which is available on nzsuperfund.nz.

(b) Reserves**ASSET REVALUATION RESERVE**

The asset revaluation reserve is used to record increases and decreases in the fair value of intangible assets.

SECTION 7: FINANCIAL PERFORMANCE

(a) Income

	ACTUAL 2025 NZD'000	ACTUAL 2024 NZD'000
Net operating income		
Interest income	838,561	831,876
Dividend income	931,094	815,099
Net changes in fair value on financial instruments at fair value through profit or loss	7,271,932	7,880,119
Net foreign exchange gains	34,745	464,441
Other income	9,369	10,801
	9,085,701	10,002,336
Interest income		
Interest income - financial instruments at fair value through profit or loss	305,140	472,158
Interest income - financial assets at amortised cost	533,421	359,718
	838,561	831,876

Accounting policy

Income is recognised when it is probable that economic benefits will flow to the NZ Super Fund and the income can be reliably measured, regardless of when payment is being made. The following specific recognition criteria must also be met before income is recognised:

INTEREST INCOME

Interest income comprises interest on financial instruments measured at fair value through profit or loss and interest on financial assets measured at amortised cost.

For financial instruments measured at fair value, interest income is recognised on an accruals basis, either daily or on a yield-to-maturity basis. For financial assets measured at amortised cost, interest income is recognised as the interest accrues using the effective interest method, which allocates interest at a constant rate of return over the expected life of the financial instrument based on the estimated future cash flows.

DIVIDEND INCOME

Dividend income is recognised when the shareholder's rights to receive payment has been established, normally the ex-dividend date. Where the NZ Super Fund has elected to receive dividends in the form of additional shares rather than cash, the amount of the cash dividend foregone is recognised as income. Any excess in the value of shares received over the amount of cash dividend foregone is recognised as a gain in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 7: FINANCIAL PERFORMANCE (CONTINUED)

(b) Income received and fair value gains and losses recognised from interests in unconsolidated structured entities

The following table summarises income received and fair value gains and losses from the NZ Super Fund's investments in unconsolidated structured entities:

2025	ACTUAL				TOTAL
	INTEREST INCOME	DIVIDEND INCOME	FAIR VALUE GAINS	FAIR VALUE LOSSES	
	NZD'000	NZD'000	NZD'000	NZD'000	NZD'000
Fixed income securities:					
Asset-backed securities	78,831		6,711	(6,151)	79,391
Agency mortgage-backed securities	38,999		48,330	(15,900)	71,429
Shareholder loans	116,031				116,031
Fixed income exchange traded funds	5,884		9,385		15,269
Collective investment funds	7,583		163,696	(222,966)	(51,687)
Insurance-linked investments - catastrophe bonds	101,119		37,258	(3,724)	134,653
Private equity investment funds		138,051	343,799	(175,352)	306,498
Reverse repurchase agreements	36,108		25,573		61,681
Unconsolidated subsidiaries		6,684	807,549	(273,480)	540,753
2024					
Fixed income securities:					
Asset-backed securities	152,939		12,266	(3,289)	161,916
Agency mortgage-backed securities	34,168		20,562	(42,868)	11,862
Shareholder loans	11,503		-		11,503
Fixed income exchange traded funds	11,312		13,916		25,228
Collective investment funds	13,058		312,105	(90,282)	234,881
Insurance-linked investments - catastrophe bonds	97,489		36,612	(31,685)	102,416
Private equity investment funds		119,032	227,242	(238,120)	108,154
Reverse repurchase agreements	38,805			(222)	38,583
Unconsolidated subsidiaries		6,850	1,647,126	(669,046)	984,930

(c) Operating expenditure

	ACTUAL	ACTUAL
	2025	2024
	NZD'000	NZD'000
Reimbursement of Guardians' expenses	101,407	97,822
Managers' fees - base	58,000	51,321
Managers' fees - performance	7,436	30,373
Custody fees	7,205	6,559
Depreciation	577	582
(Gain)/loss on disposal of property, plant and equipment	(2)	-
(Reversal of impairment)/impairment loss on assets carried at amortised cost	(43,109)	45,107
Fees for audit firms' services	743	719
Professional advisors	4,629	6,515
Trade expenses	12,118	10,413
Other expenses	13,487	12,426
	162,491	261,837

(d) Fees for audit firms' services

	ACTUAL	ACTUAL
	2025	2024
	NZD'000	NZD'000
Audit of the NZ Super Fund's financial statements	720	696
Other assurance services - Ernst & Young:		
Compliance services in relation to NZ Super Fund performance	6	6
Review of the Guardians' adherence to Generally Accepted Principles and Practices for Sovereign Wealth Funds (Santiago Principles)	17	17
	23	23
	743	719

The auditor of the NZ Super Fund is Emma Winsloe of Ernst & Young, on behalf of the Auditor-General.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 7: FINANCIAL PERFORMANCE (CONTINUED)

(e) Income tax

The income tax expense included in the Statement of Comprehensive Income is analysed as follows:

	ACTUAL 2025 NZD'000	ACTUAL 2024 NZD'000
Components of income tax expense		
Current tax expense:		
Current period	1,626,089	1,297,726
Prior period adjustments	129,064	(7,877)
	1,755,153	1,289,849
Deferred tax expense/(income):		
Current period	21,793	(70,027)
Prior period adjustments	188	(1,466)
	21,981	(71,493)
	1,777,134	1,218,356
Reconciliation of income tax expense and accounting profit for the year		
Profit for the year before income tax expense	8,923,210	9,740,499
Income tax expense calculated at 28%	2,498,499	2,727,340
Fair Dividend Rate*	(939,476)	(1,247,784)
Dividend imputation credits	(26,395)	(17,078)
Portfolio Investment Entities Regime	318,091	(99,014)
Controlled Foreign Companies Regime	(184,203)	(149,676)
Prior period adjustments	129,252	(9,343)
Other items	(18,634)	13,911
	1,777,134	1,218,356

* The NZ Super Fund applies the 'Fair Dividend Rate' (FDR) to all equity investments excluding New Zealand equities and certain Australian equities listed on the Australian Stock Exchange (ASX). The investments subject to FDR are taxed on 5% of their market value. Gains, losses and dividends on these investments are not subject to any further tax.

The Guardians has a Co-operative Compliance Agreement with the Inland Revenue Department (IRD). Under this agreement, tax positions undertaken on NZ Super Fund activities, including the tax treatment of new investments, are disclosed to the IRD before the tax return is filed.

The table below sets out the deferred tax asset/(liability) recognised in the Statement of Financial Position, together with movements during the year:

	ACTUAL	ACTUAL
	2025	2024
	NZD'000	NZD'000
Opening balance	21,927	(49,566)
Controlled Foreign Companies Regime	-	59,583
Tax credits receivable	36	(1,465)
(Reversal of impairment)/impairment loss on assets carried at amortised cost	(21,721)	12,630
Other items	(296)	745
Deferred tax credited/(charged) to income tax expense	(21,981)	71,493
Closing balance	(54)	21,927

Accounting policy

In accordance with Section 4B of the Income Tax Act 2007, income derived by the NZ Super Fund is subject to New Zealand tax determined using the rules applying to companies. The income tax expense recognised in the Statement of Comprehensive Income comprises current and deferred tax and is based on accounting profit, adjusted for permanent differences between accounting and tax rules. Income tax relating to items of other comprehensive income is recognised in other comprehensive income.

Current tax is the expected tax payable to or receivable from the taxation authorities based on the taxable income or loss for the year and any adjustment in respect of prior years. It is calculated using tax rates and tax laws that have been enacted or substantively enacted at balance date.

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the tax bases of assets and liabilities at balance date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- The initial recognition of goodwill;
- The initial recognition of assets or liabilities that affects neither accounting nor taxable profit or loss other than in a business combination; and
- Temporary differences relating to investments in subsidiaries, associates and interests in joint ventures where it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses only to the extent that it is probable that sufficient taxable profit will be available to utilise the deductible temporary differences, the carry forward of unused tax credits and unused tax losses. The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at balance date.

Deferred tax assets and liabilities are offset when a legally enforceable right to set-off exists, the deferred tax balances relate to income taxes levied by the same taxation authority and the NZ Super Fund intends to settle on a net basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 7: FINANCIAL PERFORMANCE (CONTINUED)

(f) Reconciliation of profit for the year to net cash flows from operating activities

The following is a reconciliation of profit for the year to cash provided by operating activities as per the Statement of Cash Flows.

	ACTUAL	ACTUAL
	2025	2024
	NZD'000	NZD'000
Profit for the year after income tax expense	7,146,076	8,522,143
Add/(deduct) non-cash items:		
Depreciation	577	582
(Reversal of impairment)/impairment loss on assets carried at amortised cost	(43,109)	45,107
Net changes in fair value on financial instruments at fair value through profit or loss	(7,271,932)	(7,880,119)
Net foreign exchange gains	(34,745)	(464,441)
Increase/(decrease) in deferred tax liability/asset	21,981	(71,493)
Other non-cash items	48,230	47,988
Add items classified as investing activities:		
(Gain)/loss on disposal of property, plant and equipment	(2)	-
Add/(deduct) movements in working capital:		
(Increase)/decrease in assets:		
Trade and other receivables	176,043	(223,139)
Other assets	(65,026)	-
Increase/(decrease) in liabilities:		
Trade and other payables	(362,284)	(34,030)
Provisions	(6,085)	(54,965)
Income tax payable	213,390	1,142,951
Add/(deduct) movements in net assets and liabilities related to operating cash flows not included in net profit:		
Unsettled sales	(186,998)	185,478
Unsettled purchases	315,056	(14,229)
Deduct net operating cash flows not included in net profit*	(989,818)	(2,087,018)
Net cash used in operating activities	(1,038,646)	(885,185)

* Net operating cash flows not included in net profit is primarily comprised of the cash flows arising from the sale and purchase of investments and the net movement in cash collateral.

SECTION 8: UNRECOGNISED ITEMS

(a) Commitments and contingencies

LEASE COMMITMENTS

The NZ Super Fund has no commitments for lease contracts that have not yet commenced at 30 June 2025 (2024: \$nil).

CAPITAL COMMITMENTS

At 30 June 2025, the NZ Super Fund had outstanding commitments to private equity investment funds and collective investment funds (excluding those classified as unconsolidated subsidiaries) totalling \$1,824,330,000 (2024: \$2,385,262,000), of which \$21,129,000 has been called but not yet paid (2024: \$49,085,000). Additionally, private equity investment funds that have reached the end of their contracted investment periods can call for 'follow on capital' under restricted conditions to support existing investments. The NZ Super Fund has an additional commitment of \$884,078,000 for follow on capital (2024: \$643,230,000). These commitments are denominated in the foreign currency of the respective private equity investment funds and collective investment funds and have been translated at the exchange rate prevailing at balance date.

At 30 June 2025, the NZ Super Fund had outstanding commitments under loan agreements (excluding those to unconsolidated subsidiaries) totalling \$312,850,000 (2024: \$391,065,000). Under the loan agreements, the borrower can call for cash by giving the NZ Super Fund up to two business days notice.

CONTINGENCIES

The NZ Super Fund has no contingent liabilities at balance date (2024: \$nil).

(b) Events after the reporting date

There were no material events after balance date that have a material impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 9: OTHER INFORMATION**(a) Related party transactions**

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. The definition includes subsidiaries, associates and joint ventures. All related party transactions with other government-related entities have been entered into on an arm's length basis.

PARENT ENTITY

The NZ Super Fund is managed and administered by the Guardians which is a wholly owned entity of the Crown. Both the Guardians and the Crown prepare financial statements that are available to the public.

The Guardians pays expenses relating to the NZ Super Fund, as it is required to do under the Act. A portion of these expenses is reimbursed by the NZ Super Fund as is entitled under the Act. These expenses are included in the financial statements of the Guardians. The amount of reimbursement to the Guardians for the year ended 30 June 2025 was \$101,407,000 (2024: \$97,822,000). The related party payable to the Guardians as at 30 June 2025 is \$23,444,000 (2024: \$21,378,000).

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**Subsidiaries**

The NZ Super Fund's interests in unconsolidated subsidiaries are set out in Note 1(e). Transactions entered into with these unconsolidated subsidiaries during the year are as follows:

	ACTUAL	ACTUAL
	2025	2024
	NZD'000	NZD'000
Interest income	116,031	11,503
Dividend income	6,684	6,850
Other income	146	187
Drawdown of loans	-	1,268,981
Repayment of loans	197,437	84,592

The NZ Super Fund has made the following loans to unconsolidated subsidiaries which are classified as fixed income securities in the Statement of Financial Position:

		ACTUAL 2025 NZD'000	ACTUAL 2024 NZD'000
	MATURITY		
Interest bearing loans			
NZSF Australian Rural Holdings Trust	(i)	84,658	81,546
Palgrove Holdings Pty Limited	(ii)	28,858	27,724
NZSF Euro Limited	(iii)	797,001	875,231
NZSF Horticulture Investments Limited	30 Jun 2025	5,000	5,000
KA Feilding Limited Partnership	14 Nov 2026	-	19,350
KA Matamata Limited Partnership	24 Sep 2026	-	8,474
KA Waimanawa Limited Partnership	29 Oct 2024	-	7,688
KA Woolshed Limited Partnership	7 Nov 2026	-	7,382
Interest free loans, repayable on demand			
NZSF Canterbury Farms Limited		105,201	119,221
NZSF Rural Land Limited		101,791	102,311
NZSF Southland Farms Limited		40,495	53,015
NZSF Waikato Farms Limited		8,531	12,052
NZSF Timber Investments Limited		933,777	979,142
NZSF Euro Limited	(iii)	291,744	291,744
		2,397,056	2,589,880

(i) \$83,944,000 is repayable by 14 August 2027 and \$714,000 is repayable by 31 March 2028.

(ii) \$14,755,000 is repayable by 14 August 2027 and \$14,103,000 is repayable by 31 March 2028.

(iii) \$329,439,000 is repayable by 16 August 2033, \$323,024,000 is repayable by 1 September 2033 and \$436,282,000 is repayable by 10 June 2034.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 9: OTHER INFORMATION (CONTINUED)

The NZ Super Fund has made the following financial commitments to unconsolidated subsidiaries:

	NOTE	COMMITMENT EXPIRY DATE	ACTUAL			
			TOTAL	OUTSTANDING	TOTAL	OUTSTANDING
			COMMITMENT	COMMITMENT	COMMITMENT	COMMITMENT
			2025	2025	2024	2024
			NZD'000	NZD'000	NZD'000	NZD'000
APG Infrastructure Asset Owner Fund 1, C.V.		22 Jul 2037	-	-	439,711	439,484
Ara Fund Co-Investment G, SCSp		No expiry date	98,839	65,905	98,465	69,769
Bain Capital Credit Managed Account (NZSF), Limited Partnership	(i)	30 Jun 2020	299,722	203,191	272,621	176,024
BTF II-C Co-Invest, Limited Partnership		18 May 2027	164,731	75,126	164,109	92,809
Canyon NZ-DOF Investing Limited Partnership	(i)	1 Nov 2023	411,828	37,064	410,273	146,878
Fifth Wall Ventures III SPV XXVIII, Limited Partnership		No expiry date	64,774	71	64,530	71
KKR NZSF Energy Investor Limited Partnership	(ii)	12 Feb 2019	411,828	235,972	410,273	235,294
N-Data Center Portfolio Co-Investor, LLC		No expiry date	137,406	-	136,887	82
N-Novva Co-Investor, LLC		No expiry date	572,311	-	570,151	-
NZSF Beachlands Limited		No expiry date	3,810	498	-	-
NZSF Horticulture Investments Limited		30 Jun 2025	5,000	-	5,000	-
NZSF Hotel Holdings Limited		No expiry date	6,800	5,200	-	-
NZSF Land Holdings Limited		No expiry date	11,745	129	11,745	129
NZSF Hobsonville Investments Limited		No expiry date	49,169	8,839	49,169	9,491
NZSF Land Development Limited	(i)	5 Oct 2023	240,000	196,444	240,000	203,644
KA Waimanawa Limited Partnership		29 Oct 2024	-	-	22,895	17,358
KA Matamata Limited Partnership		24 Sep 2026	-	-	9,800	2,283
KA Woolshed Limited Partnership		7 Nov 2026	-	-	23,463	16,793
KA Feilding Limited Partnership		14 Nov 2026	-	-	18,774	1,224
NZSF Renewables NZ Limited		31 Dec 2025	7,058	80	7,058	3,370
NZSF Side Car (Movac) Limited Partnership	(i)	25 Nov 2021	25,000	2,090	25,000	2,256
NZSF Side Car (Pioneer) Limited Partnership	(i)	7 Mar 2022	60,000	2,432	60,000	2,603
NZSF US Renewables, Inc.		No expiry date	707,186	90,802	520,779	110,292
NZSF Variable Co-Investment (Direct Capital) Limited Partnership	(i)	14 Dec 2022	50,000	4,593	50,000	4,891
StepStone NZ Infrastructure Opportunities Fund, Limited Partnership		31 Aug 2026	411,828	249,359	410,273	256,688
StepStone Opportunities VC NZ, Limited Partnership		No expiry date	164,731	96,724	164,109	122,749
StepStone Opportunities VC NZ, Limited		27 Sep 2028	82,366	32,730	82,055	82,055
Stonepeak Fern Investment Partners, Limited Partnership		6 Jan 2034	247,097	123,317	246,164	123,291
Sutherland Timber Parent, Limited Partnership		No expiry date	247,097	125,368	246,164	219,531
			4,480,326	1,555,934	4,759,468	2,339,059

(i) Although the contracted investment period has expired, the unconsolidated subsidiary can call for 'follow on capital' under restricted conditions to support the administration of the unconsolidated subsidiary and for existing investments.

(ii) Although the contracted investment period has expired, the unconsolidated subsidiary can call for 'follow on capital' under restricted conditions to support the administration of the unconsolidated subsidiary and for existing investments. These restrictions limit the contractually available outstanding commitment stated above to \$59,916,000 (2024: \$59,902,000).

In addition, NZSF US Renewables, Inc. has made a commitment to provide financial support to its joint venture, Longroad Energy Holdings, LLC in respect of a letter of credit taken on by that company. In the event that Longroad Energy Holdings, LLC is unable to pay any outstanding amount arising from the letter of credit as it falls due, NZSF US Renewables, Inc. may require additional funding from the NZ Super Fund to enable it to provide the required support. At balance date, the letter of credit totalled \$162,851,000 (equivalent to USD 98,859,000) (2024: \$146,313,000) of which NZSF US Renewables, Inc.'s share is \$70,669,000 (equivalent to USD 42,900,000) (2024: \$73,157,000).

Associates

The NZ Super Fund's interests in associates are set out in Note 1(f). Transactions entered into with these associates during the year are as follows:

	ACTUAL	ACTUAL
	2025	2024
	NZD'000	NZD'000
Dividend income	4,962	17,862
Interest income	1,355	443
Other income	922	441
Drawdown of loans	25,163	8,311

At 30 June 2025, the NZ Super Fund had one loan to an associate, Galileo Green Energy GmbH, totalling \$59,356,000 (2024: \$28,645,000). The loan is interest bearing, repayable by 4 February 2040.

At 30 June 2025, the NZ Super Fund had two outstanding commitments to associates, Sustainable Communities Infrastructure Trust, totalling \$904,000 (2024: \$917,000), and Galileo Green Energy GmbH, totalling \$23,543,000 (2024: \$49,248,000). The two commitments have no expiry date.

Joint ventures

The NZ Super Fund's interests in joint ventures are set out in Note 1(g). Transactions entered into with joint ventures during the year are as follows:

	ACTUAL	ACTUAL
	2025	2024
	NZD'000	NZD'000
Dividend income	11,060	4,864
Other income	438	396

At 30 June 2025, the NZ Super Fund had no loans or commitments to joint ventures (2024: nil).

OTHER GOVERNMENT-RELATED ENTITIES

At balance date, the NZ Super Fund held fixed income securities issued by the New Zealand Government valued at \$82,920,000 (2024: \$71,414,000). Interest income earned from these investments during the year was \$2,142,000 (2024: \$2,214,000).

At balance date, the NZ Super Fund held inflation-indexed securities issued by the New Zealand Government valued at \$289,625,000 (2024: \$176,230,000). Income earned from these investments during the year was \$5,810,000 (2024: \$4,116,000).

At balance date, the NZ Super Fund held no fixed income securities issued by Housing New Zealand Limited (2024: securities valued at \$18,043,000). Interest income earned from these investments during the year was \$586,000 (2024: \$618,000).

At balance date, the NZ Super Fund held fixed income securities issued by Kiwibank Limited valued at \$26,823,000 (2024: \$nil). Interest income earned from these investments during the year was \$69,000 (2024: \$nil).

At balance date, the NZ Super Fund held 35,387,000 (2024: 30,234,000) shares in Meridian Energy Limited, valued at \$208,781,000 (2024: \$190,173,000). Dividend income earned during the year from holdings in this entity amounted to \$6,579,000 (2024: \$4,941,000).

At balance date, the NZ Super Fund held 797,000 shares (2024: nil) shares in Air New Zealand Limited, valued at \$466,000 (2024: \$nil). Dividend income earned during the year from holdings in this entity amounted to \$nil (2024: \$5,000).

At balance date, the NZ Super Fund held 8,850,000 (2024: 9,530,000) shares in Mercury NZ Limited, valued at \$53,189,000 (2024: \$62,563,000). Dividend income earned during the year from holdings in this entity amounted to \$2,170,000 (2024: \$2,174,000).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 9: OTHER INFORMATION (CONTINUED)**(b) Comparison to budget (unaudited)**

During the year ended 30 June 2025 the specific asset mix of the NZ Super Fund varied from the budgeted figures and market returns were higher than the long-term return expectations on which the budget is based. Given the weight of growth assets in the NZ Super Fund, the Board and management expect significant year to year variations in the NZ Super Fund's returns. It is not possible to accurately predict these variations and incorporate them into the budget.



Independent Auditor's Report

TO THE READERS OF NEW ZEALAND SUPERANNUATION FUND'S ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

The Auditor-General is the auditor of New Zealand Superannuation Fund (the Fund). The Auditor-General has appointed me, Emma Winsloe, using the staff and resources of Ernst & Young, to carry out, on his behalf, the audit of the annual financial statements that comprise the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in public equity and statement of cash flows for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information on pages 136 to 190.

OPINION

In our opinion the annual financial statements of the Fund:

- fairly present, in all material respects:
 - its financial position as at 30 June 2025; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Our audit was completed on 24 September 2025. This is the date at which our audit opinion is expressed.

BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Responsibilities of the auditor* section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE BOARD FOR THE ANNUAL FINANCIAL STATEMENTS

The Board is responsible on behalf of the Fund for preparing annual financial statements that fairly present the Fund's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.

The Board is responsible for such internal control as it determines is necessary to enable it to prepare annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Board is responsible on behalf of the Fund for assessing the Fund's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Fund, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the New Zealand Superannuation and Retirement Income Act 2001.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the annual 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 carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of the annual financial statements.

For the budget information reported in the annual financial statements, our procedures were limited to checking that the information agreed to the relevant statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the annual financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

OTHER INFORMATION

The Board is responsible for the other information. The other information comprises all of the information included in the annual report, but does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon other than in relation to Guardians of New Zealand Superannuation's Group annual financial statements, Group statement of performance and the end-of-year performance information for appropriations of the Group, and Elevate NZ Venture Fund's financial statements.

In connection with our audit of the annual financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

We are independent of the Fund in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of 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.

In addition to the audit we have carried out other assurance engagements, which are compatible with those independence requirements. We also provide audit and other services to entities in which the Fund invests. The provision of these services does not impact our independence from the Fund. Other than the audit and these engagements, we have no relationship with or interests in the Fund.



Emma Winsloe
Ernst & Young
On behalf of the Auditor-General
Auckland, New Zealand

STATEMENT OF RESPONSIBILITY

For the year ended 30 June 2025

The Board and management of the Guardians of New Zealand Superannuation accept responsibility for the preparation of the annual financial statements of the Elevate NZ Venture Fund and Group and the judgements used in them.

The Board and management of the Guardians of New Zealand Superannuation accept responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting of the Elevate NZ Venture Fund and Group.

In the opinion of the Board and management of the Guardians of New Zealand Superannuation, the annual financial statements for the year ended 30 June 2025 fairly reflect the financial position, operations and cash flows of the Elevate NZ Venture Fund and Group.

**JOHN WILLIAMSON**

CHAIR

24 September 2025

**JO TOWNSEND**

CHIEF EXECUTIVE OFFICER

24 September 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025	NOTE	ACTUAL 2025 NZD'000	ACTUAL 2024 NZD'000
ASSETS			
Current assets			
Cash and cash equivalents	4.a, 4.b	15,002	15,449
Receivables	4.a, 4.c	-	23
Total current assets		15,002	15,472
Non-current assets			
Investments	2.a, 4.a, 4.d	169,037	147,859
Total non-current assets		169,037	147,859
Total assets		184,039	163,331
LIABILITIES			
Current liabilities			
Trade and other payables	4.a, 4.e	1,319	1,351
Total current liabilities		1,319	1,351
Total liabilities		1,319	1,351
Net assets		182,720	161,980
PUBLIC EQUITY			
Accumulated comprehensive revenue and expense		3,223	528
Contributed capital	5.a	179,497	161,452
Total public equity		182,720	161,980

The attached notes form part of, and should be read in conjunction with, these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 June 2025	NOTE	ACTUAL 2025 NZD'000	ACTUAL 2024 NZD'000
Net operating revenue/(loss)	6.a	5,834	(3,356)
Expenses	6.c	3,139	3,190
Surplus/(deficit) for the year before income tax expense		2,695	(6,546)
Income tax expense	6.e	-	-
Surplus/(deficit) for the year after income tax expense		2,695	(6,546)
Other comprehensive revenue and expense		-	-
Total comprehensive revenue and expense for the year		2,695	(6,546)

The attached notes form part of, and should be read in conjunction with, these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN PUBLIC EQUITY

For the year ended 30 June 2025

	NOTE	ACTUAL		
		CONTRIBUTED CAPITAL NZD'000	ACCUMULATED COMPREHENSIVE REVENUE AND EXPENSE NZD'000	TOTAL NZD'000
Balance at 30 June 2023		121,752	7,074	128,826
Total comprehensive revenue and expense for the year			(6,546)	(6,546)
Capital contributions from the Crown	5.a	39,700		39,700
Balance at 30 June 2024		161,452	528	161,980
Total comprehensive revenue and expense for the year			2,695	2,695
Capital contributions from the Crown	5.a	18,045		18,045
Balance at 30 June 2025		179,497	3,223	182,720

The attached notes form part of, and should be read in conjunction with, these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2025	NOTE	ACTUAL 2025 NZD'000	ACTUAL 2024 NZD'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Proceeds from sale of investments		20,437	-
Interest received		663	537
Other income		-	61
Total cash inflow from operating activities		21,100	598
Cash was applied to:			
Purchases of investments		(36,403)	(25,265)
Managers' fees		(2,629)	(2,500)
Reimbursement of Guardians' expenses		(500)	(500)
Payments to suppliers		(60)	-
Total cash outflow from operating activities		(39,592)	(28,265)
Net cash flows used in operating activities		(18,492)	(27,667)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Capital contributions from the Crown		18,045	39,700
Net cash flows provided by financing activities		18,045	39,700
Net increase/(decrease) in cash and cash equivalents		(447)	12,033
Cash and cash equivalents at the beginning of the year		15,449	3,416
Cash and cash equivalents at the end of the year	4.a, 4.b	15,002	15,449

The attached notes form part of, and should be read in conjunction with, these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 30 June 2025	NOTE	ACTUAL 2025 NZD'000	ACTUAL 2024 NZD'000
RECONCILIATION OF SURPLUS/(DEFICIT) FOR THE YEAR TO NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES			
Surplus/(deficit) for the year		2,695	(6,546)
Add/(deduct) non-cash items:			
Net changes in fair value on financial instruments at fair value through surplus or deficit	2.c	(5,169)	3,927
Add/(deduct) movements in working capital:			
(Increase)/decrease in assets:			
Receivables		23	92
Increase/(decrease) in liabilities:			
Trade and other payables excluding unpaid investment called		(75)	125
Add/(deduct) net operating cash flows not included in net surplus/(deficit)*		(15,966)	(25,265)
Net cash used in operating activities		(18,492)	(27,667)

* Net operating cash flows not included in net surplus/(deficit) comprises the cash flows arising from the sale and purchase of investments.

The attached notes form part of, and should be read in conjunction with, these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

SECTION 1: GENERAL INFORMATION, STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

(a) General information

These are the consolidated financial statements of the Elevate NZ Venture Fund (Elevate Fund) and its subsidiary (Group). The Elevate Fund is a venture capital fund established under Section 8 of the Venture Capital Fund Act 2019 (Act) on 13 December 2019. The Elevate Fund is also a public benefit entity for financial reporting purposes.

The purpose of the Elevate Fund is to contribute to a sustainable and productive economy by increasing the venture capital available to New Zealand entities and by developing New Zealand's venture capital markets to function more effectively.

The Elevate Fund is managed and administered by the Guardians of New Zealand Superannuation (Guardians). The Guardians was established as a Crown entity by Section 48 of the New Zealand Superannuation and Retirement Income Act 2001 and became operative from 30 August 2002. The Guardians must invest the Elevate Fund in New Zealand's venture capital markets using best-practice investment management that is appropriate for institutional investment in those markets and in doing so, the Guardians must manage and administer the Elevate Fund in a manner consistent with avoiding prejudice to New Zealand's reputation as a responsible member of the world community.

The Elevate Fund invests via its wholly owned subsidiary, the Elevate NZ Venture Fund Limited Partnership. The General Partner of the limited partnership is Elevate NZ Venture Fund GP Limited (General Partner), a wholly owned subsidiary of New Zealand Growth Capital Partners Limited (NZGCP). The General Partner is responsible for the management, operation and administration of the limited partnership.

The Elevate Fund is domiciled in New Zealand and the address of its principal place of business is set out in the Corporate Directory on page 227.

The consolidated financial statements of the Group for the year ended 30 June 2025 were authorised for issue in accordance with a resolution of the Board of the Guardians of New Zealand Superannuation on 24 September 2025.

(b) Statement of compliance

The consolidated financial statements have been prepared in accordance with the requirements of the Venture Capital Fund Act 2019 and Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They also comply with Public Benefit Standards (PBE Standards) as appropriate for Tier 1 public benefit entities.

(c) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except where modified by the measurement of financial assets at fair value.

The consolidated financial statements are presented in New Zealand dollars. All values are rounded to the nearest thousand dollars (NZD'000) unless stated otherwise.

Accounting policies are selected and applied in a manner that ensures the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring the substance of the underlying transactions or other events is reported. Accounting policies relating to specific financial statement items are set out in the relevant notes to the financial statements. Accounting policies that materially affect the financial statements as a whole are set out below.

(d) Significant judgements and estimates

The preparation of the Group's financial statements requires the Board and management to make judgements and use estimates that affect the reported amounts of revenue, expenses, assets, liabilities and the accompanying disclosures. Uncertainty about these judgements and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets and liabilities in future periods. The judgements and estimates used in respect of the Group are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial reporting impact on the Group and that are believed to be reasonable under the circumstances. The judgements and estimates that the Board and management have assessed to have the most significant risk of causing a material adjustment to the reported amounts of revenue, expenses, assets, liabilities and the accompanying disclosures within the next financial year are as follows:

- Assessment of control (Note 1(f));
- Assessment of investments in structured entities (Note 1(g)); and
- Determination of fair value (Note 2(b)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 1: GENERAL INFORMATION, STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(e) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Elevate Fund and its subsidiary as at 30 June 2025.

The financial statements of the subsidiary are prepared for the same reporting period as the Group using consistent accounting policies. In preparing consolidated financial statements, all inter-entity transactions, balances, unrealised gains and losses are eliminated.

(f) Subsidiaries

Subsidiaries are those entities that are controlled by the Elevate Fund under the provisions of PBE IPSAS 35 Consolidated Financial Statements. The Elevate Fund controls an entity when it is exposed to, or has rights to, variable benefits from its involvement with the entity and has the ability to affect the nature or amount of those benefits through its power over the entity. The Elevate Fund's investments are assessed for the existence of control if facts and circumstances indicate that there are changes to one or more of the elements of control.

Under Section 25 of the Act, all or any of the investments of the Elevate Fund may be held in a Venture Capital Fund Investment Vehicle (VIV) that is formed or controlled by the Guardians for the purposes of holding, facilitating, or managing investments of the Elevate Fund. A VIV that is controlled by the Guardians is a subsidiary of the Elevate Fund for accounting purposes.

The Elevate Fund has an interest in the following subsidiary:

NAME	NOTE	BALANCE DATE	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
				2025	2024
				%	%
Elevate NZ Venture Fund Limited Partnership	(i)	30 June	New Zealand	100.0	100.0

- (i) Elevate NZ Venture Fund Limited Partnership is a Venture Capital Fund Investment Vehicle (VIV) established for the purpose of holding, facilitating and managing investments of the Elevate Fund.

Key judgement - assessment of control

The Elevate Fund's investment in its subsidiary has been assessed in light of the control model established under PBE IPSAS 35 Consolidated Financial Statements to ensure the correct classification and disclosure of its investment in the subsidiary.

(g) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes:

- Restricted activities;
- A narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;
- Insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- Financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks.

The Group is principally involved with structured entities through its investments in venture capital investment funds. The Group invests in structured entities to assist with the implementation of its overall investment strategy. The Group does not sponsor any structured entities.

VENTURE CAPITAL INVESTMENT FUNDS

Venture capital investment funds provide a mechanism to share exposure with other investors and may take various legal forms (e.g. limited liability companies, limited partnerships). The Group makes commitments to, and investments in, these legal structures and in return is issued with rights to a proportional stake in their net assets. They have a broad range of investment objectives and are managed by unrelated asset managers who apply various investment strategies to achieve their respective investment objectives.

Key judgement - assessment of investments in structured entities

The Board and management have assessed which of the Group's investments are investments in structured entities. In doing so, the Board and management have considered voting rights and other similar rights afforded to investors as well as any contractual arrangements in place with these investments.

The Board and management have concluded that certain of the Group's investments meet the definition of a structured entity because:

- The voting rights in the investments are not the dominant factor in deciding who controls the investment; and
- The investments have narrow and well-defined objectives to provide investment opportunities to investors.

Further disclosures on structured entities are contained in Notes 3(e) and 6(b).

(h) Foreign currency**Functional and presentation currency**

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The functional currency of the Group is New Zealand dollars. It is also the presentation currency.

Transactions and balances

Transactions denominated in foreign currencies are converted to New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing at balance date. Where there is a movement in the exchange rate between the date of a foreign currency transaction and balance date, the resulting exchange differences are recognised in the Consolidated Statement of Comprehensive Revenue and Expense.

(i) Goods and services tax (GST)

The Elevate NZ Venture Fund Limited Partnership is registered for GST. Revenue, expenses, assets and liabilities of the Group are recognised in the consolidated financial statements inclusive of GST. The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Consolidated Statement of Financial Position.

(j) Statement of Cash Flows

The following are the definitions of the terms used in the Consolidated Statement of Cash Flows:

Operating activities include all activities other than financing activities.

Financing activities are those activities relating to changes in public equity and debt capital structure of the Group and those activities relating to the cost of servicing the Group's equity capital.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis.

(k) Changes in accounting policies

There have been no changes in accounting policies during the year. All accounting policies are consistent with those applied in the previous financial year.

Certain prior year comparatives have been restated to conform with current year presentation. These classifications have no impact on the overall performance, financial position or cash flows of the Group for the comparable year.

(l) New and amended standards adopted

There are no new or amended standards adopted during the year that have a material impact on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 2: FAIR VALUE

(a) Fair value measurement

The Group's assets and liabilities that are measured at fair value through profit or loss are categorised within the fair value hierarchy as follows:

		ACTUAL					
	NOTE	(LEVEL 1)	(LEVEL 2)	(LEVEL 3)	TOTAL AT FAIR VALUE	TOTAL NOT AT FAIR VALUE	TOTAL
2025		NZD'000	NZD'000	NZD'000	NZD'000	NZD'000	NZD'000
ASSETS							
Investments							
Venture capital investment funds	4.a, 4.d			169,037	169,037		169,037
		-	-	169,037	169,037	-	169,037
2024							
ASSETS							
Investments							
Venture capital investment funds	4.a, 4.d			147,859	147,859		147,859
		-	-	147,859	147,859	-	147,859

Accounting Policy

All of the Group's investments are measured at fair value. 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.

Management uses valuation techniques for the Group that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy as follows:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets and liabilities. An active market is one where prices are readily available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value of Level 1 assets and liabilities requires little or no judgement.

Level 2 - Valuation techniques that use observable market data. Such techniques include the use of market standard discounting methodologies, option pricing models and other valuation techniques widely used and accepted by market participants.

Level 3 - Valuation techniques that use inputs not based on observable market data. Unobservable inputs are those not readily available in an active market due to illiquidity or complexity of the product. These inputs are generally derived and extrapolated from other relevant market data and calibrated against current market trends and historic transactions. These valuations are calculated using a high degree of management judgement.

The level within which an asset or liability is categorised in the fair value hierarchy is determined based on the highest numerical level in the fair value hierarchy that is significant to the fair value measurement as a whole.

(b) Determination of fair value

The specific valuation techniques and the observability of inputs used in valuation models are outlined below:

VENTURE CAPITAL INVESTMENT FUNDS

The valuation of investments in venture capital investment funds is undertaken using the International Private Equity and Venture Capital Valuation (IPEV) Guidelines, which have been accepted as the industry standard valuation guidelines for these types of investments. The IPEV Guidelines are based on the principle of fair value and are reviewed following any relevant changes in accounting standards or market practices. They provide a framework for venture capital investors to determine fair value for their investments.

In accordance with the IPEV Guidelines, the fair value of venture capital investment funds is generally provided by the investment managers or administrators at balance date. The price is based on the fair value of the underlying net assets of the venture capital investment fund which is determined using a variety of methods, including independent valuations, valuation models based on the price of recent transactions, earnings multiples or discounted cash flows. These investments are classified within Level 3 of the fair value hierarchy.

The General Partner has access to the valuation processes and methodologies adopted by the investment managers through positions on Limited Partnership Advisory Panels (LPACs) with each venture capital investment fund and through regular reporting from, and ongoing conviction reviews of those managers. Valuations provided are also considered alongside any other available evidence before being adopted. In some cases, the General Partner may adjust the valuations provided by the investment managers where additional or more relevant evidence is obtained.

Key judgement - determination of fair value

Where the fair value of assets and liabilities cannot be measured using quoted prices in active markets, fair value is determined using valuation techniques with market observable inputs from third parties such as brokers or pricing vendors, where available. For assets that have no quoted price (which consist of investments in venture capital investment funds) the determination of fair value requires significant judgement. Fair value for these assets is determined as follows:

VENTURE CAPITAL INVESTMENT FUNDS

The fair value of venture capital investment funds is generally provided by the investment managers or administrators at balance date. Depending on the nature of the underlying instruments, investment managers and administrators may use observable market prices, their own models or they may engage independent valuers who use models to obtain the fair value of investments. The Board and management may also directly appoint independent valuers to obtain the fair value of certain investments where this information is unable to be provided by an investment manager or administrator.

In some cases, the fair value of venture capital investment funds is determined by the General Partner. The valuation technique most frequently applied in these instances takes into consideration the original transaction price of an underlying investment and adjusts for relevant developments subsequent to acquisition, such as rights associated with the investment terms of potential realisation, the price of recent transactions for similar assets, and credible indicative offers from potential buyers. Other valuation techniques include the use of earnings multiples or discounted cash flows. The General Partner may also adjust for factors such as non-sustainable earnings, the growth phase of the investment and cash-related constraints, as necessary.

Whilst the General Partner reviews the valuation processes and methodologies for determining fair value, and considers all available evidence, the valuation techniques used to determine fair value for venture capital investment funds have inherent limitations and require significant judgement. As a result, the fair value may not reflect the price that would ultimately be received in an exchange transaction between market participants.

VALUATION UNCERTAINTY DUE TO EXTERNAL FACTORS

All of the Group's investments are categorised within Level 3 of the fair value hierarchy and these investments, by their nature, are inherently more subjective and therefore more exposed to valuation uncertainty. Whilst the determination of fair value for these investments is subject to careful consideration and consultation with a range of reliable and independent sources, the impact of external factors such as climate change, interest rates and inflationary pressures, increased geopolitical tensions and global supply issues, on the valuation of these investments remain uncertain. The Board and management continue to monitor and evaluate the appropriateness of specific valuation techniques and the judgements and estimates used when determining the fair value of these assets to assess whether material adjustments may be required to their carrying value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 2: FAIR VALUE (CONTINUED)

(c) Reconciliation of fair value measurement under Level 3 hierarchy

The following table provides a reconciliation of movements in the fair value of financial assets categorised within Level 3 of the fair value hierarchy:

	ACTUAL	ACTUAL
	2025	2024
	NZD'000	NZD'000
Opening balance	147,859	118,881
Unrealised gains/(losses) recognised in surplus/(deficit) for the year	(1,414)	(3,927)
Realised gains/(losses) recognised in surplus/(deficit) for the year	6,583	-
Purchases	35,866	24,118
Sales	(20,437)	-
Transfer from investment prepayments	-	8,250
Unpaid investment called	580	537
Closing balance	169,037	147,859

(d) Fair value sensitivity

Although the Board and management believe the estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. The following table shows the Group's sensitivity of fair value measurement to possible changes in non-market observable inputs (where appropriate, to one standard deviation) for financial assets categorised within Level 3 of the fair value hierarchy:

		ACTUAL		
	NON-MARKET OBSERVABLE INPUT	MOVEMENT	IMPACT ON FAIR VALUE MEASUREMENT	
2025			INCREASE	DECREASE
		%	NZD'000	NZD'000
Venture capital investment funds	(i)	30	50,711	(50,711)
2024				
Venture capital investment funds	(i)	30	44,358	(44,358)

(i) Venture capital investment funds provide the Group with exposure to a variety of assets across numerous industries and are held via externally managed investment vehicles. Valuations for these investments are generally provided directly by investment managers or administrators and the Group does not always have access to the underlying valuation models to fully disclose sensitivities to specific assumptions. All investments are into unlisted early-stage growth companies which inherently imposes significant risks and returns and are most likely illiquid assets.

The Board and management have assessed that a reasonably possible movement in fair value for venture capital investment funds in a one-year period is 25%-35% (2024: 25%-35%) based on internal risk modelling.

SECTION 3: RISK MANAGEMENT

(a) Risk management

Understanding and managing risk is central to the management of the Group. While risk is a necessary part of the Group's activities, it must be understood to ensure the risk profile adopted is commensurate with the objective of the Elevate Fund. Effective risk management is critical to maintaining public and stakeholder confidence in the Guardians as manager of the Elevate Fund.

The Group's investment activities expose it to various types of risk including market risk, credit risk and liquidity risk. The Board and management of the Guardians are responsible for the management of these risks. A separate Risk Committee has been established to provide support for the management of these risks.

The Guardians has developed risk management policies, procedures and other internal controls for application by staff, external investment managers and other service providers to manage the Group's exposure to risk. The framework for managing this risk is set out in its Statement of Investment Policies, Standards and Procedures.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as equity prices, interest rates and foreign exchange rates. The market risks that the Elevate Fund is primarily exposed to are equity price risk, foreign currency risk and interest rate risk.

EQUITY PRICE RISK

Equity price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in equity prices. The Group invests through venture capital investment funds into unlisted early-stage growth companies that are generally not publicly traded. As there may be no open market to establish an independent value for certain unlisted investments, there can be no assurance that the fair value for an unlisted investment will be obtainable in the market, or that there will be a market for the unlisted investment. Refer to Note 2(b) for further disclosures on the determination of fair value.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is exposed to foreign currency risk through its investment in offshore assets made via venture capital investment funds, which are managed by investment managers. These investments are denominated in United States dollars.

Foreign currency risk is not currently actively managed by the Group given the limited foreign currency exposure at balance date.

As at 30 June 2025, if there were a 10% movement in the New Zealand dollar against the United States dollar, with all other variables remaining constant, the Group's surplus/(deficit) for the year would have been \$430,000 (2024: \$452,000 based on a sensitivity of 10%) higher/lower. A 10% movement represents the Board's and management's assessment of a reasonably possible change in the value of the New Zealand dollar relative to the United States dollar at balance date.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. The Group's exposure to interest rate risk is limited to movements in short-term interest rates in relation to cash and cash equivalents which are held in short-term floating interest rate accounts. Requests for capital contributions from the Crown are made as and when required to minimise cash holdings in the Group. The Board and management ensure the Group receives a fair market return on its cash position but do not actively monitor exposure to interest rates or interest rate returns and considers the risk immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 3: RISK MANAGEMENT (CONTINUED)

(c) Credit risk

Credit risk is the risk that a third party will default on its obligation to the Group, causing the Group to incur a loss. The Group is exposed to credit risk arising from its cash and cash equivalents, receivables and investments. The maximum amount of credit risk for each class of financial asset is the carrying amount included in the Consolidated Statement of Financial Position.

The Board and management mitigate the Group's exposure to credit risk by investing cash and cash equivalents with reputable financial institutions with a high credit rating.

The Board and management mitigate the Group's exposure to credit risk associated with its investments by applying specific prudential limits on any exposure to any single investment manager. The use of, and capital allocated to, external investment managers is governed by the Group's investment policies. Each external investment manager relationship is governed by an investment management agreement which outlines the key terms and conditions of the appointment. External investment managers are monitored individually on an on-going basis.

CONCENTRATIONS OF CREDIT RISK

Concentration of credit risk exists if a single counterparty, or group of counterparties, is engaged in similar activities, operate within similar geographies, industries, or have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic conditions.

Cash and cash equivalents is primarily held with ASB Bank Limited which has a credit rating of AA-, obtained from Standard & Poor's as at 30 June 2025 (2024: AA-).

The following tables analyse the Group's concentration of credit risk by geographical and industrial distribution.

	ACTUAL	ACTUAL
	2025	2024
	%	%
By geography		
New Zealand	100	100
	100	100
By industry		
Venture capital investment funds	100	100
	100	100

In accordance with the requirements of the Act and the associated Policy Statement, the Elevate Fund must be invested wholly or substantially in funds with a New Zealand connection, and those funds must invest wholly or substantially in New Zealand entities. As at 30 June 2025, the Elevate Fund was in compliance with this requirement, based on existing investments and anticipated future investments by the underlying venture capital investments funds at balance date.

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities as they fall due. The Group's liquidity framework is designed to ensure that the Group has the ability to access sufficient cash in a timely manner to meet its financial commitments.

In addition, the Guardians has entered into an Uncalled Capital Contribution Agreement with the Crown under which the Crown makes available capital in accordance with Section 13 of the Act. The Guardians may request a capital contribution under the terms of this agreement and apply this capital to make payments for any purpose as permitted under Section 12 of the Act, which includes payment for any obligation directly related to the operation of the Elevate Fund.

(e) Risks associated with structured entities

The following table summarises the carrying values of the Group's investments in structured entities, as well as the maximum exposure to loss. The maximum exposure to loss is contingent in nature, and equal to the carrying value of its investments plus any undrawn capital commitments. The assets of the structured entities have been provided as an indicator of size, relative to the Group's investment. This value is based on the most currently available information and includes the Group's investment.

	ACTUAL			
	MAXIMUM EXPOSURE TO LOSS		TOTAL	ASSETS OF THE
	CARRYING VALUE OF INVESTMENTS	UNDRAWN COMMITMENTS	INVESTMENTS AND UNDRAWN COMMITMENTS	STRUCTURED ENTITIES
2025	NZD'000	NZD'000	NZD'000	NZD'000
Venture capital investment funds	169,037	73,747	242,784	635,379
	169,037	73,747	242,784	635,379
2024				
Venture capital investment funds	147,859	84,824	232,683	583,287
	147,859	84,824	232,683	583,287

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 4: FINANCIAL ASSETS AND LIABILITIES

(a) Financial instruments

		ACTUAL			
		FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH SURPLUS OR DEFICIT	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL LIABILITIES AT AMORTISED COST	
2025	NOTE	NZD'000	NZD'000	NZD'000	TOTAL NZD'000
Financial assets					
Cash and cash equivalents	4.b		15,002		15,002
Receivables	4.c		-		-
Investments					
Venture capital investment funds	4.d	169,037			169,037
Total financial assets		169,037	15,002	-	184,039
Financial liabilities					
Trade and other payables	4.e			1,319	1,319
Total financial liabilities		-	-	1,319	1,319
2024					
Financial assets					
Cash and cash equivalents	4.b		15,449		15,449
Receivables	4.c		23		23
Investments					
Venture capital investment funds	4.d	147,859			147,859
Total financial assets		147,859	15,472	-	163,331
Financial liabilities					
Trade and other payables	4.e			1,351	1,351
Total financial liabilities		-	-	1,351	1,351

Accounting Policy

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group is party to financial instruments as part of its normal operations. These financial instruments include cash and cash equivalents, receivables, investments and payables. All financial instruments are recognised in the Consolidated Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Consolidated Statement of Comprehensive Revenue and Expense.

INITIAL RECOGNITION

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the financial instrument. They are initially recognised at fair value plus, in the case of financial assets and financial liabilities not recorded at fair value through surplus or deficit, transaction costs that are attributable to the acquisition of the financial asset or financial liability. Transaction costs of financial assets carried at fair value through surplus or deficit are expensed in the Consolidated Statement of Comprehensive Revenue and Expense.

Purchases or sales of financial instruments are recognised on the trade date i.e. the date on which the Group commits to purchase or sell the financial instrument.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. In making an assessment of the business model for managing a financial asset, the Board and management consider all relevant information such as the investment objectives of the Group and how performance is evaluated and reported to the Board and management.

SUBSEQUENT MEASUREMENT

The Group's financial assets and financial liabilities are subsequently classified into the following categories:

- Those to be measured at fair value through surplus or deficit; and
- Those to be measured at amortised cost.

The Group's financial assets are reclassified when, and only when, the business model for managing those financial assets changes.

Financial assets at fair value through surplus or deficit

The following financial assets are classified at fair value through surplus or deficit:

- Financial assets that do not qualify for measurement at amortised cost.

This category includes investments. These financial assets are managed and have their performance evaluated on a fair value basis.

Financial assets at fair value through surplus or deficit are recognised in the Consolidated Statement of Financial Position at fair value with changes in fair value being recognised in the Consolidated Statement of Comprehensive Revenue and Expense in the period in which they arise.

Financial assets at amortised cost

The Group's financial assets are classified at amortised cost if both of the following criteria are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows; and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

This category includes cash and cash equivalents and receivables. Subsequent to initial recognition, financial assets at amortised cost are measured at amortised cost using the effective interest method and are subject to impairment. When a financial asset is impaired, impairment losses are recognised in the Consolidated Statement of Comprehensive Revenue and Expense in the period in which they arise.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are non-derivative financial liabilities. This category includes trade and other payables. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

DERECOGNITION

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or when the Group has transferred substantially all of the risks and rewards of ownership. A financial liability is derecognised when the Group's obligation under the liability is discharged, cancelled or has expired.

IMPAIRMENT

The Board and management assess, at each reporting date, whether a financial asset or a group of financial assets is impaired. The amount of the impairment loss is the difference between the contractual cash flows due in relation to the financial asset or group of financial assets and the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

Financial assets that are measured at amortised cost and therefore subject to the impairment provisions (the 'expected credit loss model') of PBE IPSAS 41 Financial Instruments comprise cash and cash equivalents and receivables.

The risk of impairment loss for cash and cash equivalents is considered immaterial. Disclosures relating to the impairment of receivables are provided in Note 4(c).

OFFSETTING

The Group offsets financial assets and financial liabilities when it has a current legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 4: FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(b) Cash and cash equivalents

Accounting Policy

Cash and cash equivalents includes cash on hand, cash held in bank accounts, demand deposits and other highly liquid investments with original maturities of three months or less, which have an insignificant risk of change in fair value.

(c) Receivables

	ACTUAL	ACTUAL
	2025	2024
	NZD'000	NZD'000
Receivables from exchange transactions		
Other	-	23
	-	23

Accounting Policy

Receivables are initially recognised at fair value which is equal to the amount of consideration that is unconditional. The Group holds receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost less impairment losses using the effective interest method.

The Board and management have applied a simplified approach for calculating expected credit losses (ECLs) on receivables under PBE IPSAS 41 Financial Instruments. As a result, the Board and management do not track changes in credit risk, but instead, recognise impairment losses based on lifetime ECLs at each reporting date. The Group's approach to ECLs reflects a probability-weighted outcome using reasonable and supportable information that is available without undue cost or effort at reporting date about past events, current conditions and forecast of future economic conditions.

(d) Investments

	ACTUAL	ACTUAL
	2025	2024
	NZD'000	NZD'000
Blackbird New Zealand 2019 Limited Partnership	23,554	25,508
Blackbird New Zealand 2022 Limited Partnership	33,729	17,103
Finistere Aotearoa Fund Limited Partnership	4,304	4,521
GD1 Fund 3 Limited Partnership	46,806	36,646
Hillfarrance Limited Partnership	8,164	9,104
Movac Emerge Fund 4 Limited Partnership	5,592	2,384
Movac Fund 5 Limited Partnership	23,855	30,204
Nuance Connected Capital 1 Limited Partnership	4,853	6,581
Outset Ventures Fund II	3,355	-
Pacific Channel Fund II Limited Partnership	12,278	15,808
Pacific Channel Fund III Limited Partnership	2,547	-
	169,037	147,859

The Group invests in unlisted early-stage growth companies via holdings in externally managed venture capital investment funds. The fair value of these funds is provided by the investment managers or administrators at balance date. The price is based on the fair value of the underlying net assets of the venture capital investment fund.

Further disclosures on the valuation of venture capital investment funds are contained in Note 2(b).

(e) Payables

	ACTUAL	ACTUAL
	2025	2024
	NZD'000	NZD'000
Payables under exchange transactions		
Unpaid investment called	580	537
Trade payables	683	761
Accrued expenses	56	53
	1,319	1,351

Accounting Policy

Short-term trade and other payables are initially recognised at fair value, then subsequently at amortised cost. As a result of their short-term nature, the carrying amount of trade and other payables held at amortised cost approximates fair value.

The unpaid investment called relates to two capital call notices (2024: two capital call notices) received before 30 June but not paid until after balance date.

Trade and other payables represent amounts due to third parties in the normal course of business and to the Guardians for the reimbursement of expenses. Trade payables are non-interest bearing and are normally settled within 30-day credit terms. The Group has risk management policies in place to ensure that all payables are paid within the credit time frame.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 5: FUND CAPITAL AND RESERVES

(a) Fund capital**PURPOSE**

Fund capital, which comprises investments and all other assets of the Elevate Fund less any liabilities, is the property of the Crown. The Elevate Fund's purpose is to contribute to a sustainable and productive economy by increasing the venture capital available to New Zealand entities and by developing New Zealand's venture capital markets to function more effectively so that over time:

- More venture capital becomes available to New Zealand entities from sources other than the Elevate Fund;
- New Zealand entities that receive venture capital become more likely to grow into successful and sustainable businesses; and
- Those markets become self-sustaining (including through more investment from New Zealand investors).

CAPITAL CONTRIBUTIONS

The Crown may pay any money into the Elevate Fund in accordance with Section 13 of the Venture Capital Fund Act 2019 (Act). These contributions are made by the Crown for investment purposes and for other payments specifically permitted under Section 12 of the Act. The Guardians is responsible for investing capital contributions in New Zealand's venture capital markets.

The Guardians has entered into an Uncalled Capital Contribution Agreement with the Crown under which these capital contributions are made available. Under this agreement, the Guardians may request a capital contribution, with at least 10 business days notice, to apply towards the capital commitments of the Elevate NZ Venture Fund Limited Partnership or to payments permitted under Section 12 of the Act. These payments include amounts due for managers' fees and other obligations directly related to the operation of the Elevate Fund. As at 30 June 2025, the Crown's commitment under this agreement amounted to \$400,000,000 (2024: \$300,000,000).

The amount of capital contributions requested and received into the Elevate Fund for the year ending 30 June 2025 was \$18,045,000 (2024: \$39,700,000). Capital contributions are recorded in the Consolidated Statement of Changes in Public Equity.

MANAGEMENT OF FUND CAPITAL

The Guardians must invest the Elevate Fund in New Zealand's venture capital markets using best-practice investment management that is appropriate for institutional investment in those markets. The Guardians must manage and administer the Elevate Fund in a manner consistent with a policy statement released by the Government on 19 December 2019 (set out on [beehive.govt.nz](https://www.beehive.govt.nz)) and avoiding prejudice to New Zealand's reputation as a responsible member of the world community. The contributions from the Crown to the Elevate Fund are invested in accordance with its Statement of Investment Policies, Standards and Procedures, which is available on nzsuperfund.nz.

SECTION 6: FINANCIAL PERFORMANCE

(a) Revenue

	NOTE	ACTUAL 2025 NZD'000	ACTUAL 2024 NZD'000
Net operating revenue/(loss) from exchange transactions			
Interest income		663	537
Net changes in fair value on financial instruments at fair value through surplus or deficit	6.b	5,169	(3,927)
Other income		2	34
		5,834	(3,356)
Interest income			
Interest income - financial assets at amortised cost		663	537
		663	537

Accounting Policy

Revenue is recognised when it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

REVENUE FROM EXCHANGE TRANSACTIONS

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Interest income

Interest income comprises interest on financial instruments measured at amortised cost.

For financial assets at amortised cost, interest income is recognised as the interest accrues, using the effective interest method, which allocates interest at a constant rate of return over the expected life of the financial instrument based on the estimated future cash flows.

(b) Income received and fair value gains and losses recognised from interests in structured entities

The following table summarises fair value gains and losses from the Group's investments in structured entities:

	ACTUAL		
	FAIR VALUE GAINS	FAIR VALUE LOSSES	TOTAL
2025	NZD'000	NZD'000	NZD'000
Venture capital investment funds	26,800	(21,631)	5,169
2024			
Venture capital investment funds	12,745	(16,672)	(3,927)

(c) Expenses

	ACTUAL 2025 NZD'000	ACTUAL 2024 NZD'000
Managers' fees	2,551	2,620
Reimbursement of Guardians' expenses	500	500
Fees for audit firms' services	88	70
	3,139	3,190

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 6: FINANCIAL PERFORMANCE (CONTINUED)

(d) Fees for audit firms' services

	ACTUAL	ACTUAL
	2025	2024
	NZD'000	NZD'000
Audit of the Group's financial statements	88	70
	88	70

The auditor of the Group is Graeme Bennett of Ernst & Young, on behalf of the Auditor-General.

(e) Income tax

The income tax expense included in the Consolidated Statement of Comprehensive Revenue and Expense is analysed as follows:

	ACTUAL	ACTUAL
	2025	2024
	NZD'000	NZD'000
Reconciliation of income tax expense and accounting surplus/(deficit) for the year		
Surplus/(deficit) for the year before income tax expense	2,695	(6,546)
Income tax expense/(income) calculated at 28%	755	(1,833)
Non assessable income/(expenses) for tax purposes	(615)	1,973
Tax losses not recognised in deferred tax	(140)	(140)
	-	-

Accounting Policy

In accordance with Section HR 4B of the Income Tax Act 2007, income derived and expenditure incurred by the Crown in activities relating to the Group are determined as if the amounts were being derived or incurred by a company and are therefore subject to New Zealand tax. The income tax expense recognised in the Consolidated Statement of Comprehensive Revenue and Expense comprises current and deferred tax and is based on accounting surplus/(deficit), adjusted for permanent differences between accounting and tax rules.

Current tax is the expected tax payable to or receivable from the taxation authorities based on the taxable income or loss for the year and any adjustment in respect of prior years. It is calculated using tax rates and tax laws that have been enacted or substantively enacted at balance date.

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the tax bases of assets and liabilities at balance date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses only to the extent that it is probable that sufficient taxable surplus will be available to utilise the deductible temporary differences, the carry forward of unused tax credits and unused tax losses.

As at 30 June 2025, the Group has \$23,902,000 (2024: \$17,095,000) of tax losses carried forward. The Elevate Fund benefits from a tax exemption on gains from New Zealand shares and therefore, taxable income is not anticipated. As a result, the Group has not recognised a deferred tax asset in relation to the tax losses carried forward.

SECTION 7: UNRECOGNISED ITEMS

(a) Commitments and contingencies

CAPITAL COMMITMENTS

At 30 June 2025, the Group had outstanding commitments to venture capital investment funds totalling \$74,327,000 (2024: \$85,361,000), of which \$580,000 has been called but not yet paid (2024: \$537,000).

CONTINGENCIES

The Group has no contingent liabilities at 30 June 2025 (2024: \$nil).

(b) Events after the reporting date

There were no material events after balance date that have a material impact on the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2025

SECTION 8: OTHER INFORMATION

(a) Related party transactions

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. The definition includes subsidiaries.

Outstanding amounts with related parties at balance date are unsecured and subordinate to other liabilities. Interest is not charged on outstanding balances. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2025, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2024: \$nil).

PARENT ENTITY

The Elevate Fund is managed and administered by the Guardians which is a wholly owned entity of the Crown. Both the Guardians and the Crown prepare financial statements that are available to the public.

The Guardians pays expenses relating to the Elevate Fund, as it is entitled to do under the Act. These expenses are reimbursed by the Elevate Fund. The amount of reimbursement to the Guardians for the year ended 30 June 2025 was \$500,000 (2024: \$500,000). The related party payable to the Guardians as at 30 June 2025 is \$nil (2024: \$nil).

SUBSIDIARY

Details of the Elevate Fund's interest in its subsidiary are disclosed in Note 1(f). There were no transactions entered into with its subsidiary during the year.

OTHER GOVERNMENT-RELATED ENTITIES

The General Partner of the Elevate NZ Venture Fund Limited Partnership is Elevate NZ Venture Fund GP Limited, which is a wholly owned subsidiary of NZGCP, a Crown entity. Transactions entered into with Elevate NZ Venture Fund GP Limited during the period are as follows:

	ACTUAL	ACTUAL
	2025	2024
	NZD'000	NZD'000
Managers' fees	2,551	2,620
Payables	683	761

In conducting its activities, the Group is required to pay various taxes and levies (such as GST) to the Crown and entities related to the Crown. With the exception of income tax, the payment of these taxes and levies is based on the standard terms and conditions that apply to all tax and levy payers.



Independent Auditor's Report

TO THE READERS OF ELEVATE NZ VENTURE FUND'S GROUP ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

The Auditor-General is the auditor of Elevate NZ Venture Fund and its subsidiary (the Group). The Auditor-General has appointed me, Graeme Bennett, using the staff and resources of Ernst & Young, to carry out, on his behalf, the audit of the annual financial statements of the Group that comprise the consolidated statement of financial position as at 30 June 2025, the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in public equity and consolidated statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information on pages 194 to 216.

OPINION

In our opinion the annual financial statements of the Group:

- fairly present, in all material respects:
 - its financial position as at 30 June 2025; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

Our audit was completed on 24 September 2025. This is the date at which our opinion is expressed.

BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE BOARD FOR THE ANNUAL FINANCIAL STATEMENTS

The Board is responsible on behalf of the Group for preparing annual financial statements that fairly present the Group's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.

The Board is responsible for such internal control as it determines is necessary to enable it to prepare annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Board is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Group, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Venture Capital Fund Act 2019.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the annual 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 carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of the annual financial statements.

For the budget information reported in the annual financial statements, our procedures were limited to checking that the information agreed to the Group's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the annual financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

OTHER INFORMATION

The Board is responsible for the other information. The other information comprises all of the information included in the annual report, but does not include the annual financial statements, and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon other than in relation to Guardians of New Zealand Superannuation's Group annual financial statements, Group statement of performance and the end-of-year performance information for appropriations of the Group, and New Zealand Superannuation Fund's financial statements.

In connection with our audit of the annual financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of 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.

We also provide audit services to entities in which the Group invests. The provision of these services does not impact our independence from the Group. Other than the audit and these engagements, we have no relationship with, or interests in, the Group.



Graeme Bennett
Ernst & Young
On behalf of the Auditor-General
Auckland, New Zealand



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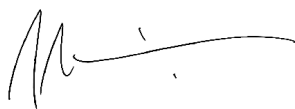
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COMPLIANCE STATEMENTS**SIPSP COMPLIANCE**

The Guardians' Statement of Investment Policies, Standards and Procedures (SIPSP) for both the NZ Super Fund and the Elevate NZ Venture Fund are published on nzsuperfund.nz. On behalf of the Board and management of the Guardians of New Zealand Superannuation, we hereby certify that, to the best of our knowledge, the SIPSPs have been complied with during the 2024/25 financial year.



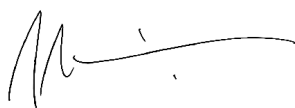
JOHN WILLIAMSON, CHAIR



JO TOWNSEND, CHIEF EXECUTIVE OFFICER

PRESENTATION OF THE ANNUAL REPORT

We are pleased to provide this Annual Report of the Guardians of New Zealand Superannuation for the year ended 30 June 2025.



JOHN WILLIAMSON, CHAIR



HINERANGI RAUMATI TU'UA, CHAIR – AUDIT & RISK COMMITTEE

GLOSSARY

Access point	The actual investment the Guardians makes to gain exposure to a desired risk (e.g. buying a listed equity). Access points are our way of exploiting opportunities.
Active return	Any return differential between the Actual Portfolio and the Reference Portfolio. In the context of an investment, the positive return we hope to earn for taking on active risk. Same as 'Value-add' below.
Active risk	Any deviation in risk in the Actual Portfolio relative to the Reference Portfolio. The active risk in the Fund's portfolio is generated by our value-adding strategies. Note that the Actual Portfolio can have the same total or absolute risk as the Reference Portfolio but still have active risk. Technically, active risk is expressed as the expected standard deviation of the active returns.
Active strategies	Strategies expected to add value by generating better risk-adjusted returns than a passively-managed investment in Reference Portfolio assets.
Actual Portfolio	The Fund's portfolio at any point in time. Consists of a passive portfolio (passively-managed Reference Portfolio assets) and an active portfolio (our value-adding strategies).
Arbitrage	The simultaneous purchase and sale of an asset to profit from a difference in the price.
Asset class	A group of securities or assets that share common risk and return characteristics.
Basis point	One-hundredth of a percentage point.
Belief	Our stated view on some aspect of financial markets and investing, based on judgement and evidence.
Benchmark	A standard against which the performance of a security, index or investor can be measured.
Beta	The sensitivity of a security or asset class to the market or Reference Portfolio.
Capability	A manager's ability to execute a value-add strategy.
Capital	Funds that can be invested to generate economic returns.
Cash	Used for cash equivalents: short-term, low-risk investments that can easily be converted to cash. Examples include bank deposits and bonds nearing maturity.
CEM	CEM Global Benchmarking – a provider of benchmarking services and peer comparisons.
Collateralisation	The primary means of managing credit exposure among our counterparties. It represents monies or securities that are posted between us and counterparties to mirror unrealised profit and loss on our open derivatives positions.
Commodities	Tangible products, such as metals, crude oil or grain.
Compensation	Return for taking on risk. Often the risk premium, or excess return over cash, that the investment offers.
Control effectiveness assessment	An evaluation of whether our key controls are operating effectively, and that they adequately manage the causes and impacts identified for each of our top risks.
Conviction	A measure of the degree of confidence we have in an active manager's investment skill. A manager's conviction rating is a quantitative overall score based on the assessment of a number of factors.
Counterparty	A legal entity that presents an exposure to financial risk. The Guardians' counterparties are typically banks.
Crown entity	An organisation that forms part of New Zealand's public sector, as defined in the Crown Entities Act 2004. The Guardians is an Autonomous Crown Entity, established by the New Zealand Superannuation and Retirement Income Act 2001.
Currency exposure	Foreign exchange hedging. Currency hedging is where we adjust our currency hedges to match the Reference Portfolio currency exposure, which is 100% hedged to the NZ dollar.
Cyber security	Technologies, processes and practices that are designed to protect networks, computers, programs and data from attack, damage or unauthorised access.
Derivative	A financial instrument that derives its value from the value of underlying entities such as an asset, index or interest rate - it has no intrinsic value. Derivatives are designed to gain exposure to an asset without having to physically hold the asset.
Direct	A financial market transaction undertaken by the Guardians' in-house team.

GLOSSARY (CONTINUED)

Diversification	A strategy that aims to improve a portfolio's risk-adjusted returns by investing in a wide range of asset classes.
DM	Developed Markets.
Double arm's-length	The establishment of a Crown Entity reflects a decision that its functions should be carried out at arm's length from the Government. The Guardians operates at 'double arm's-length'. The first arm of independence is that Board members are chosen from a pool of candidates identified by an independent Nominating Committee; the second is that investment decisions are made on a purely commercial basis.
EM	Emerging Markets.
Employee Value Proposition	The combination of tangible and intangible benefits the Guardians offers its employees.
Endowment	A characteristic of the Fund that provides the Guardians with a comparative advantage or edge over other investors. The Fund's four main endowments are a Long Investment Horizon, Operational Independence, Sovereign Status, and our Governance structure.
Equilibrium	The long-term or steady state. Generally expressed in the context of long-term average expected risks and returns.
Equities	More commonly known as shares or stocks. Securities that signify ownership in a corporation and represent a claim on part of the corporation's assets and earnings.
ESG	Environmental, social and governance.
Exposure	The value of the investments to which we are exposed to gains or losses.
Externally-managed	An investment managed by a third party appointed by the Guardians.
Factors	Specific, quantifiable characteristics associated with superior risk-adjusted returns compared to a purely passive portfolio.
Fair value	The amount paid in a transaction where the buyer and seller freely agree a price.
Fixed income securities	Assets providing income to investors via fixed periodic payments. Include sovereign bonds, investment-grade credit, agency debt, high-yield bonds, emerging market debt and inflation-linked bonds.
Foreign exchange	The process of exchanging one currency for another. (See also 'Currency management' above.)
Fund-of-funds model	A pooled investment fund that invests in other funds rather than in individual securities or other assets.
Future	A financial contract obligating the buyer to purchase an asset (or the seller to sell an asset), such as a physical commodity or a financial instrument, at a predetermined future date and price.
Global Macro	A market-neutral strategy that produces return by exploiting inefficiencies within and across a broad range of liquid markets.
Global Reporting Initiative (GRI)	An international independent organisation that helps businesses, governments and other organisations to understand and communicate the impact of business on critical sustainability issues.
Greenhouse gas	The greenhouse gases listed in the Kyoto Protocol: carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂ O), hydrofluorocarbons (HFCs), nitrogen trifluoride (NF ₃), perfluorocarbons (PFCs), and sulphur hexafluoride (SF ₆).
Growth assets	Assets with potential for capital gain. The Reference Portfolio's 80/20 split between equities (growth assets) and bonds (income assets) reflects the Fund's bias towards growth. Real assets such as property and infrastructure are also considered growth assets.
Hurdle	The minimum expected return required from a proposed investment to compensate the Fund for the inherent risks, fees and other costs (such as taxes) of that investment.
Illiquid	An asset that may be difficult to sell for full value at short notice.
Information ratio	A measurement of return per unit of risk.

Institutional investor	An organisation that invests money on behalf of other people. Institutional investors include banks, credit unions, insurance companies, sovereign wealth funds, hedge funds, Real Estate Investment Trusts, investment advisors, endowments, and mutual funds.
Internalisation	To bring management of an investment strategy in-house.
Investment	An allocation of risk capital to a specific manager or activity.
Iwi	(Māori) Typically a large group of people descended from a common ancestor and associated with a distinct territory. Can be translated as people, tribe or ethnic group.
Liquidity	The degree to which an asset or security can be quickly bought or sold in the market without affecting the asset's price.
Mandate	Rules or conditions that govern how a portfolio of assets is managed. The Guardians' mandate for investing the NZ Super Fund is set out in Section 58 of the New Zealand Superannuation and Retirement Income Act 2001.
Mark-to-market	Valuing an asset or liability based on its current market price rather than its book value.
Market index	An aggregate value produced by combining several stocks or other investment vehicles together and expressing their total values against a base value from a specific date. Market indices are intended to represent an entire stock market and track the market's changes over time.
Market neutral strategy	A strategy that aims to exploit pricing discrepancies and minimise exposure to market risk, meaning returns are independent of general market movements.
Market risk	Risk inherent to an entire market, rather than an individual investment or asset class. Also called non-diversifiable risk or systematic risk.
Merger arbitrage	A strategy that aims to take advantage of the difference in price of a company's shares before and after a merger or acquisition is completed.
Net return	Returns over and above the Treasury Bill return – the Government's cost of debt.
Net zero economy	Net zero emissions occur when the volume of greenhouse gas emissions produced is matched by the volume of greenhouse gas emissions taken out of the atmosphere. The New Zealand Government has set a target of becoming a net zero emissions economy by 2050.
Opportunity	Used by the Guardians to denote sub-asset classes: the basic building blocks of our Active Portfolio. This could be aligned with sectors, asset classes or more nuanced, custom investment concepts or strategies.
Passive management	Passive management, or 'index-tracking', involves constructing a portfolio that mirrors a selected market index. Assets (such as shares) are held in proportion to their weighting in the chosen index rather than through active investment decisions.
Physical	An investment that is funded with cash to the full notional amount of the investment.
Portfolio	A combination of asset classes and/or types of investments chosen to achieve a particular risk-adjusted return.
Portfolio completion	The process of identifying cost-effective ways to access investments and managing them efficiently so as to minimise transaction costs and tracking error. The Portfolio Completion team is also responsible for rebalancing the passive portfolio and for currency and liquidity management.
Portfolio construction	The allocation of risk in a portfolio to its component parts. For our Reference Portfolio the component parts are asset classes, while for our active portfolio the component parts are opportunities.
Private equity	An ownership share of a company that is not publicly traded.
Private markets	Investments not traded on a public exchange or market.
Public markets	Investments comprising: 1. Exchange listed securities; or 2. Over-the-counter financial contracts linked to listed securities and/or widely-followed indices or benchmarks. Public market investments are generally (but not always) liquid and generally (but not always) have regular and transparent pricing.
Rebalancing	The process of realigning the weightings of assets in the passive portfolio to reflect market movements.
Recession	A period of economic decline during which trade and industrial activity are reduced, generally defined as a fall in GDP in two successive quarters.

GLOSSARY (CONTINUED)

Reference Portfolio	A notional portfolio of passive, low-cost, listed investments suited to the Fund's long-term investment horizon and risk profile. Capable of meeting the Fund's objectives over time, it has an 80:20 split between growth and fixed-income investments and its foreign currency exposures are 100% hedged to the New Zealand dollar. A key benchmark for the performance of the Actual Portfolio.
Risk	The standard deviation of expected returns. The Fund's risk model uses equilibrium risk (and return) assumptions.
Risk appetite	The amount of loss an organisation is willing or able to tolerate should a downside risk materialise.
Risk budget	The average amount of active risk that is expected to be allocated to an opportunity. Risk budgets aggregate to the total active risk budget.
Risk premium	The return in excess of the risk-free rate of return earned by investors as compensation for the risk associated with a particular investment. Risk premium and excess return can be used interchangeably.
Risk profile	An evaluation of an investor's willingness and ability to take risks. A risk profile guides the construction of a portfolio.
Santiago Principles	A set of principles and practices generally accepted by the member institutions of the International Forum of Sovereign Wealth Funds (IFSFW) as a code of good practice for sovereign wealth funds.
Securities lending	Loaning a stock, derivative or other security to an investor or a firm.
Sharpe ratio	A measure of how well the return of an investment compensates the investor for the risk taken.
SIPSP	Statement of Investment Policies, Statements and Procedures.
Skill	Active investment expertise. The ability to generate active returns.
Sovereign bond (debt)	A debt security issued by a national government. This asset class includes sovereign bonds of all maturities issued in domestic or foreign currencies.
Sovereign wealth fund	Pools of money derived from a country's reserves, which are set aside for investment purposes that will benefit the country's economy and citizens.
Strategic Tilting	A value-adding strategy that seeks to exploit differences between an asset's market price and its fundamental long-term value. Our Strategic Tilting programme is intended to be net neutral over the long-term and fluctuates significantly over any given period.
Synthetic	Obtaining exposures using derivatives. Generally does not require funding.
Tail risk	The risk of outsize losses due to rare events.
Total risk	Generally refers to the Fund's absolute risk.
Treasury Bill	Debt instruments issued by the Government that mature in less than one year. The yield on these measures the cost of running a budget deficit.
Value-add	See 'Active returns' above. In performance reporting, the difference between the Fund's actual pre-tax return after costs and the Reference Portfolio's pre-tax return after costs.
Value-adding strategies	Board-approved strategies that define the objectives and parameters for taking on active risk. Also referred to as active strategies or just strategies.
Venture capital	Money provided to fund early-stage businesses with perceived long-term growth potential.
Volatility	The variability in returns generated over time by an investment, index or portfolio.

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GOOD EMPLOYER REPORTING

The Guardians is committed to being a good employer.

Every staff member is employed on an individual contract, and our People & Culture Policy details our commitment to respect, fairness and equity across the organisation.

We believe being a good employer is essential to achieving our strategic goals. To us, this means our team and culture are strategic assets; we foster a constructive culture where people feel connected, trusted and supported; we build and maintain a highly skilled and diverse team; people trust the processes and procedures around their development, recognition, promotion and exit; and they are enthused by and professionally satisfied in their roles.

Element	Guardians' activity
Leadership, accountability and culture	• 'Guardians of the Future' strategy launched with alignment between Strategic Plan priorities, individual goals and performance measures • Strengthened ownership of continuous improvement activity across all levels of the organisation • Conducted the biennial comprehensive culture assessment which informed targeted culture action planning • Monthly engagement pulse checks, with feedback loops in place
Employee development, promotion and exit	• Programme in place to identify and develop talent • Vacancies advertised • Internal secondment opportunities • Exit interview process
Recruitment, selection and induction	• Robust recruitment and selection processes • On-boarding and induction for all staff
Remuneration, recognition and conditions	• Transparent, equitable and gender-neutral job evaluation practices • Remuneration benchmarked against third-party New Zealand data • Incentive programme is designed to align individual and team performance with the organisation's mandate and strategic goals
Flexibility and work design	• IT systems facilitate remote working from anywhere • Flexible working arrangements supported • 6/6 primary carers returned from parental leave
Harassment and bullying prevention	• Employee Code of Conduct and relevant policies available on our intranet and website • Performance management process rewards positive and constructive behaviour
Safe and healthy environment	• Strong focus on employee health, safety and well-being through the provision of support services (see page 32)

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