

# BUILT TO LAST

ANNUAL  
REPORT  
2026

GUARDIANS OF  
NEW ZEALAND  
SUPERANNUATION

 **NZSUPERFUND**  
*Te Kaitiaki Tahua Penihana  
Kaumātua o Aotearoa*



**ELEVATE**  
NZ VENTURE FUND

An aerial photograph of Huka Falls, showing a powerful river of turquoise water cascading over a rocky ledge. The water is turbulent, creating white foam and rapids. The surrounding landscape is lush with green forest, and some large, mossy rocks are visible on the left side of the falls.

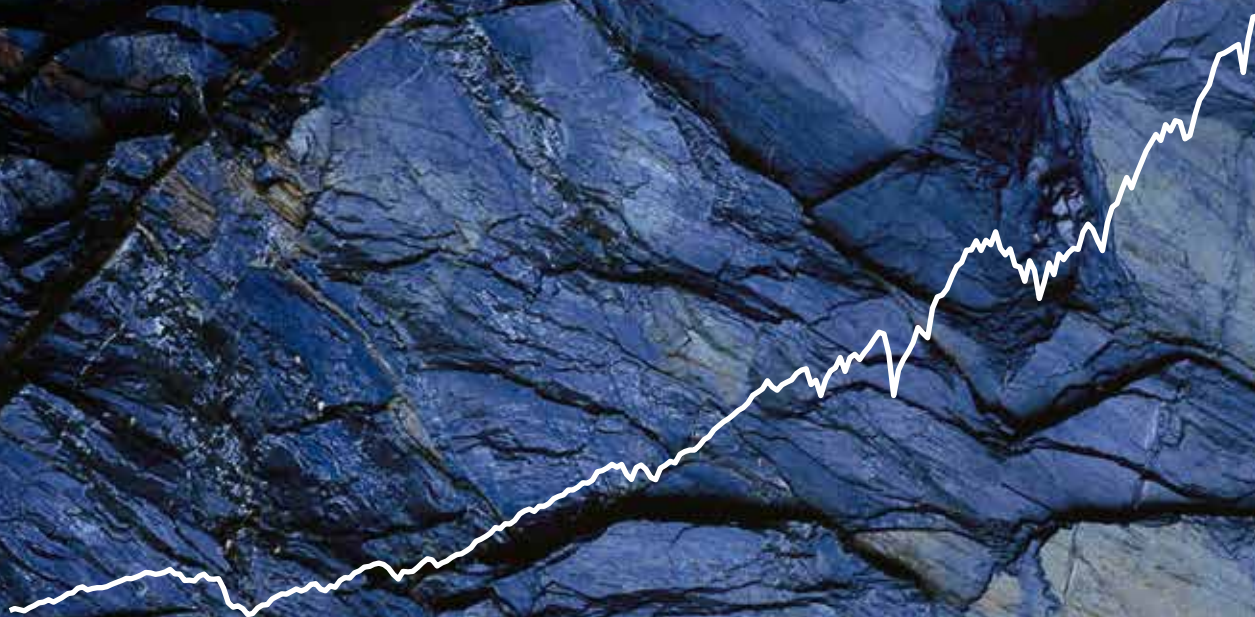
**Strength doesn't just happen.**

**Cover:**  
Giant kauri tree, Northland,  
North Island, New Zealand.

**Huka Falls,** Waikato River,  
Waikato, North Island,  
New Zealand.

It's **BUILT** every day. Like rivers carving their paths, mountains standing firm over time, or native plants thriving in diverse environments, enduring strength comes from the ability to adjust while remaining focused on the long-term goal.

Growth of the NZ Super Fund  
since inception - through  
numerous market cycles.



Our approach is built with this same understanding.  
We know conditions change, markets shift, uncertainty  
emerges. So we're flexible enough to respond,  
anchored enough **TO** stay true to our purpose.

We think long term, adapt with care and keep striving for excellence. Our work to go from strength to strength is designed to ensure we **LAST** the test of time and serve new generations to come.



Key Summit Track,  
Routeburn Track, South Island,  
New Zealand.

# Our year in review

## OUR PURPOSE:

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Sustainable investment delivering  
strong returns for all New Zealanders

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

## OUR VISION:

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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 2025/26:

- Completed our five-yearly Reference Portfolio review
- Completed our multi-year Investment Data and Analytics Programme
- Worked to simplify organisational processes and structures
- Put in place a new technology strategy, which includes the use of AI
- Relocated our office to Auckland's Chief Post Office building

### PRIORITIES FOR 2026/27:

- Scale our operating model to support growth and long-term success
- Strengthen our portfolio construction to enhance investment outcomes
- Make better use of our liquidity to increase flexibility and opportunity
- Step up our commitment to sustainable investment
- Optimise how we invest to improve performance and efficiency
- Enhance how we identify, manage and respond to risk
- Mature our processes and technology proposition, including data and AI
- Strengthen our approach to leadership development and grow the capability, capacity and culture of our people
- Maintain and strengthen our relationships with government and key stakeholders

## NZ SUPER FUND SIZE

# \$94.35<sub>b</sub>

(EXCLUDING NZ TAX)

## 2025/26 RETURN

# 14.17%

(AFTER COSTS, BEFORE NZ TAX)

## RETURN SINCE INCEPTION

# 10.26%

(AFTER COSTS, BEFORE NZ TAX)

LONG-TERM PERFORMANCE  
EXPECTATION

# 7.80%

(RISK-FREE RATE (4.00%) + EXCESS RETURN AFTER COSTS  
(2.80%) + REWARD FOR VALUE-ADDING ACTIVITIES (1.00%))

## VALUE ADDED SINCE INCEPTION

# \$22.59<sub>b</sub>

(VS REFERENCE PORTFOLIO BENCHMARK, AFTER COSTS)

## EXCESS RETURN SINCE INCEPTION

# \$69.00<sub>b</sub>

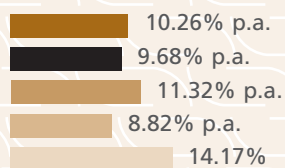
(VS TREASURY BILL BENCHMARK, AFTER COSTS)

## NZ SUPER FUND RETURNS

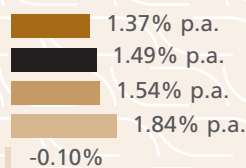
As at 30 June 2026

## ACTUAL FUND RETURN

(after costs, before NZ tax)

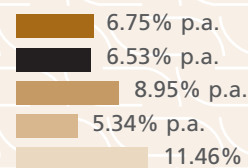


## VALUE ADDED BY THE GUARDIANS

(compared to passive Reference  
Portfolio benchmark)

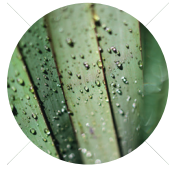
## RETURN OVER TREASURY BILLS

(returns over and above the Treasury Bill return)



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

201-1



## ABOUT THIS REPORT

Our Annual Report is the central piece of our reporting suite. We publish the following each October, all available on [nzsuperfund.nz](https://nzsuperfund.nz):

- **Annual Report:** written in accordance with the 2021 Global Reporting Initiative (GRI) Standards on how the New Zealand Superannuation Fund (NZ Super Fund), the Elevate NZ Venture Fund (Elevate) and the Guardians of New Zealand Superannuation (Guardians) performed over the past financial year
- **Climate Change Report:** written in alignment with the Aotearoa New Zealand Climate Standards on how we address climate change considerations and the carbon footprint of the NZ Super Fund
- **Stewardship Report:** outlines our stewardship activities for the financial year, setting out how we address the United Nations-supported Principles for Responsible Investment and the Principles of the Aotearoa New Zealand Stewardship Code
- **GRI Index:** lists where to find our disclosures in accordance with GRI standards
- **Supplementary material on website:** includes explanatory videos, a list of NZ Super Fund portfolio holdings and exclusions, performance reporting, and previous reports

We welcome feedback to help us improve our reporting. Comments can be directed via email to [enquiries@nzsuperfund.co.nz](mailto:enquiries@nzsuperfund.co.nz)

# 01

## 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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# 02

## INVESTMENT REPORTS

Following on from the information provided in the Overview, the Investment Reports provide details on the portfolio construction, key activities and investment performance of the NZ Super Fund and Elevate.

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## 04

### GOVERNANCE

This section provides detailed information on the Guardians' governance structure and principles. We discuss our risk management approach, actions following our independent review, and detail on our remuneration and discretionary incentive scheme.

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Financial statements are provided for each of the Guardians, the NZ Super Fund and Elevate. This section also provides an overview of key elements such as tax and a five-year financial summary.

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## 06

### 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 and index.

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## Strength from within

Harakeke draws its strength from the fibres within. Like enduring investment performance, lasting strength begins with what's built beneath the surface.



## 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 and manages the NZ Super Fund and the Elevate Fund.

The Guardians has around 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 2025/26, the Government made superannuation payments to over-65s of more than \$24 billion. Over the next 15 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 help future governments make NZ Super payments.

The Fund will meet a 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.

In addition, now, after 22 years of investing, the Fund typically pays more in domestic tax each year than it receives in government contributions. Over the next 10 years, the Fund is projected to pay \$16.0 billion in tax while receiving \$2.3 billion in contributions.

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 New Zealand Superannuation and Retirement Income Act 2001, 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 54-59.

## 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.

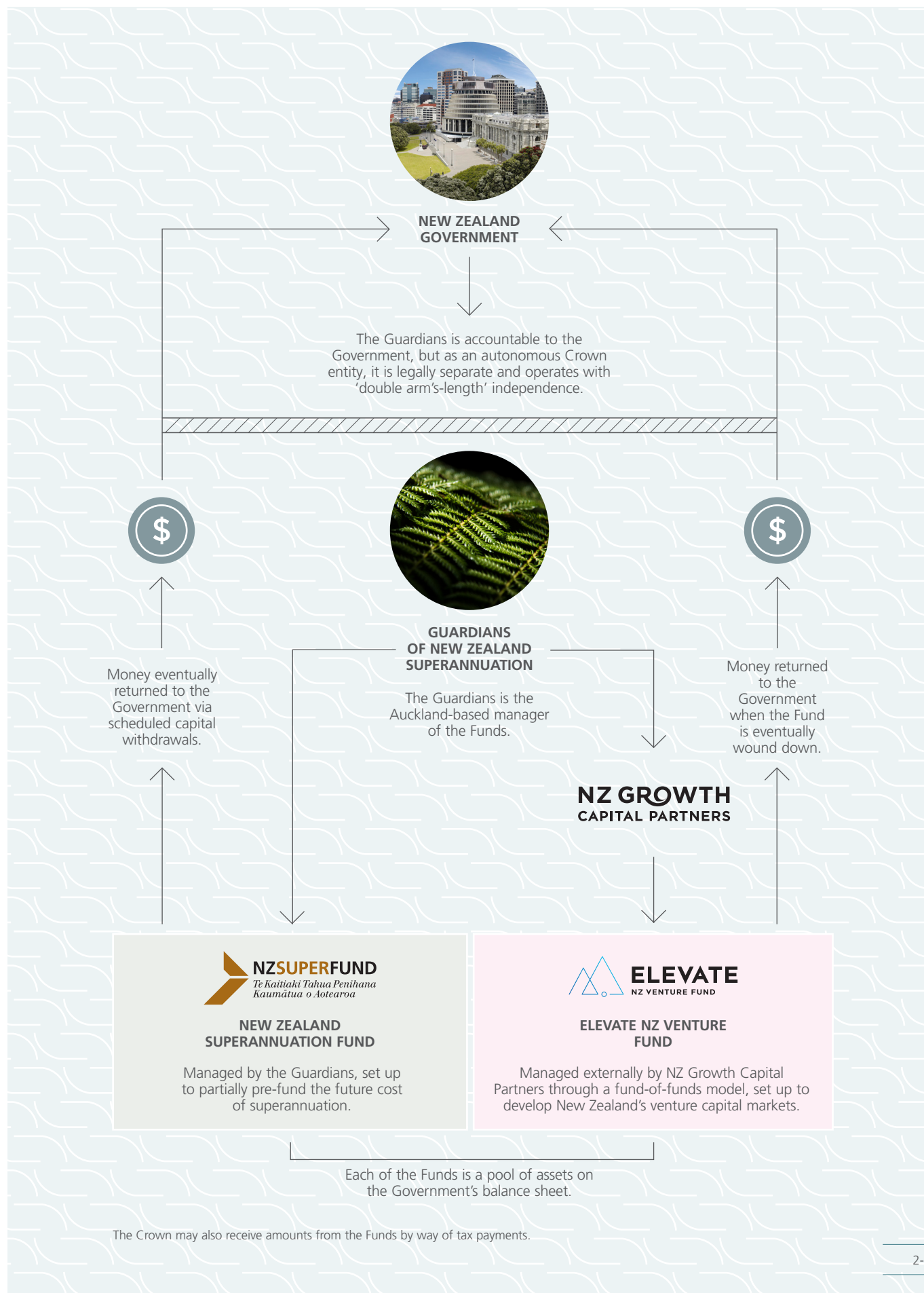
The Guardians has appointed New Zealand Growth Capital Partners Limited (NZGCP) to manage Elevate under a fund-of-funds model. NZGCP allocates funds to private-sector fund managers who are required to match these contributions with capital from the private sector. In turn, these fund managers deploy 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 oversees \$259 million of investments into 12 underlying funds and 177 companies.

Elevate's performance is set out on pages 70-74.



## STATEMENT FROM THE CHAIR TE TAUĀKĪ A TE TOIHĀU



**JOHN WILLIAMSON**  
CHAIR

I tēnei tau whakanuia ai e Ngā Kaitiaki, te ekenga ki te 25 tau mai i te whakaturetanga o te ture i hua mai ai te kaupapa. Mai i taua wā, kua hau te rongo mō te angitu o te kaupapa o Te Penihana Kaumātua o Aotearoa. Kua waihangatia e mātou tētahi whakahaere haumitanga e kauanuanutia ana i Aotearoa, i te ao whānui hoki. E whakaatu ana taua angitu i te pai o te mahi ngātahi a ō mātou tāngata me te pakari o tō mātou ahurea, ā, ka takoto i ēnei āhuatanga te ara hei whakawaewae atu ā haere ake nei.

Ki ō mātou whakaaro, e whai take ana te kaupapa o tā mātou Pūrongo ā-Tau, koia ko 'Built to last' - he whakaatanga tēnei nō tō mātou ekenga tangaroa tae noa mai ki tēnei wā me tō mātou ngākau tuwhera ki te whai kia pai ake ā mātou mahi e puta ai tētahi hua motuhake ki ngā reanga o Aotearoa e pihipihī tonu mai nei.

I tēnei tau, i puta i te Poari te whakatau whakamutunga e pā ana ki tā mātou arotake ā-Paerewa Tūāpapa ka tū i ia rima tau. Koinei tētahi o ngā mahi hirahira katoa a te Poari, ā, ka hua i tēnei te tirohanga whānui ā-tūraru o te Tahua. I whakaungia e te arotake, te whai tikanga o te whakaritenga kia 80 ōrau te nui o te Paerewa Tūāpapa ka tukua ki ngā tūtanga, ā, kia 20 ōrau te nui ka tukua ki te moniwhiwhi pūmau, i runga anō i te tirohanga ki te pae tawhiti o te Tahua. I runga anō i tā mātou e kite nei, koia ko te nui rawa o te uara o ngā tūtanga aowhānui i tēnei wā, kua whakatau mātou ki te whakaheke i ō mātou kawatau mō ngā hua ka hoki mai ki te Tahua i ngā tautini. Ko tētahi atu whakatau hirahira i whakatauria, koia ko te wāhi whakaheke i ngā kawatau e hāngai ana ki te taumata o te pikinga-uara ka waihangatia mai e te tīma i tua noa atu i tā te Paerewa Tūāpapa, nā runga anō i ētahi panonitanga ki ā mātou tahua tūraru.

E haere tonu ana ā mātou mahi ki te whakapakari i tā mātou ara haumi. Ko tā mātou e aro nui nei, ko te āhuarangi hurihuri (tae atu ki te whakatutukitanga o ā mātou whāinga ki te whakaiti i te tukuwaro i mua i te tau 2030) me te haumitanga whai pānga, kua hua ake ēnei aronga i tō mātou hiahia ki te 'whakapiki ake' i ngā mahi haumi tōnui. Kei te hiahia hoki mātou ki te waihangia i tā mātou 'huanga whakahaere' - mā te whakamahinga o ngā tātaringa me ngā mahi whakatinana e whāomo ana, kia pai ake, kia tere ake hoki te whakatauria o ngā whakatau haumitanga.

I te whārangi 84 o tēnei pūrongo matapakina ai e mātou ngā whakahaere arotake tahakōti i kawea mai ai ki Ngā Kaitiaki, me tā mātou urupare atu ki te whakatau a te Kōti Matua e whai hononga ana, mā te whakahāngaitanga o ā mātou kōnae kaupapahere tōnui ā-haumi. I oti mārīre ēnei tuhinga me ētahi anō whakahou ki ā mātou kaupapahere haumi, i a Ākuhata o 2026. Ko te arotakenga o ngā kamupene i whakaingoa i ngā whakahaere, i runga i te Kaupapahere kua whakahoungia ka noho hei aronga nui mō te tau 2026/2027.

This year the Guardians celebrates 25 years since our founding legislation was passed. Since then, the NZ Super Fund has become a genuine success story. We have built an investment organisation that is respected in New Zealand and internationally. That success reflects the collective effort of our people and the strength of our culture – and it provides a strong platform for what comes next.

It is fitting that our theme for this year's Annual Report is 'Built to last' – a reflection on our strong performance to date and willingness to continue improving the way we work so that we can make a meaningful difference for future generations of New Zealanders.

This year the Board made its final decision on our five-yearly Reference Portfolio review. This is one of the Board's most important tasks, setting the overall risk profile for the Fund. The review confirmed the Reference Portfolio's 80% allocation to equities and 20% to fixed income remained appropriate, given the Fund's long horizon. Reflecting our view that global equities are currently overvalued, we chose to lower our expectations of what the Fund will return over the long term. Another key decision was to slightly reduce the level of value-add we expect the team will be able to generate, over and above the Reference Portfolio, due to adjustments to our risk budget allocations.

We continue to work on ways to strengthen our investment approach. Climate change (including meeting our 2030 carbon reduction targets) and Impact Investment are key areas of focus as we look to 'step up' our sustainable investment activities. We also look to build our 'operational alpha' – using efficient analysis and implementation to make better, faster investment decisions.

On page 84 of this report we discuss the judicial review proceedings which were brought against the Guardians, and how we are responding to the related High Court judgment by reformulating our sustainable investment policy documents. Along with updates to our other investment policies, these documents were finalised in August 2026. Reviewing the companies named in the proceedings according to the updated Policy will be a focus for 2026/27.

Kua eke mātou ki te taumata i te kunenga o te Tahua nei e nui kē atu ai te pūtea ka whakapaua ki te tāke i tēnā ka tukuna mai e te Kāwanatanga. Puta noa i te 10 tau e haere ake nei, e whakapaetia ana te ekenga o ā mātou utu tāke ki tua atu i te nui o ngā moni ka tukuna mai e te Kāwanatanga, kei paku kō atu i te 13 piriona tāra te nui. Ahakoa tēnei, e ai ki ō mātou whakapae mō ngā hua ka puta mai i ngā mahi haumi, ka piki haere tonu te wāriu o te tahua i ngā tautini kei mua i te aroaro, i tōna karamatamata, ka eke hei wāhanga mō te ōrau o te tapeke wāriu hokonga, hei te puku o te tekau tau o 2070.

E harikoa ana ahau i te ekenga o te poari ki ōna mema poari e whitu. I hono mai a Andrew Wilson ki tō mātou poari i te tau 2025, me te kawē mai i ōna wheako puta noa i ngā haumitanga huriao, me ngā tūranga kaiārahi i te ao whānui, ki tō mātou tīma.

Moe mai rā e te rangatira - I pōuri katoa mātou i te taenga mai o te rongo mō te matenga o Pip Dunphy, o tētahi o ngā mema Poari o mua. I tua atu i ōna tūranga hautū puta noa i ētahi o ngā whakahaere nunui o Aotearoa, he mema a Pip nō te Poari o Ngā Kaitiaki i ngā tau 2012-2018, ā, i tū hoki ia hei Kaihautū mō te Komiti Tātari Kaute i ngā tau 2016-2018. I a au e mahi tahi ana ki a ia i taku rua tau tuatahi i runga i te Poari o Ngā Kaitiaki, i tino pai ki a au tōna ihumanea, tōna ngākau pono me ōna kanohi hōmiromiro kāore i paku ngāueue i te aroha, kāore hoki i whakatā kia mihia, kia tutuki rā anō rānei tāna i whai ai. I tū a Pip hei tauira ki ētahi atu i mahi tahi ki a ia, ā, i kauanuanutia nuitia tōna ngākau titikaha, tōna tautōhito, me āna whakatau e ngā mema Poari me te ohu Whakahaere.

I runga anō i te mana o te Poari, e mihi atu ana ahau ki a Jo Townsend me te tīma Kaitiaki, i ō rātou manawa ū ki te whai i te kairangitanga, i a rātou e whakatutuki ana i te pūtake i whakatūria ai mātou. Nā ā rātou mahi i pēnei rawa ai te pakari haere ake o te whakahaere nei.

We are now at a stage in the Fund's evolution where we are contributing more tax to the Government than we receive in contributions. Over the next 10 years, our tax payments are projected to exceed our government contributions by more than \$13 billion. Still, our projected investment returns mean the Fund will continue to grow in value for many years, peaking as a percentage of GDP in the mid-2070s.

I'm pleased to now have a full complement of seven Board members. Andrew Wilson joined our Board in 2025, bringing his global experience across investments and international leadership roles to our great team.

Moe mai rā e te Rangatira - We were saddened to learn of the recent passing of former Board member Pip Dunphy. Along with governance roles across some of New Zealand's largest organisations, Pip was a member of the Guardians Board from 2012-2018 and Chair of our Audit Committee from 2016-2018. Having worked alongside Pip during my first two years on the Guardians Board, I enjoyed Pip's sharp mind, integrity, incredible attention to detail and 'take-no-prisoners' pursuit of an issue until it was resolved or acknowledged. Pip set the bar high for those of us who had the privilege to work alongside her, and her commitment, expertise and sound judgement were greatly appreciated by fellow Board members and management.

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 built an organisation that continues to go from strength to strength.

## STATEMENT FROM THE CHIEF EXECUTIVE OFFICER TE TAUĀKĪ A TE TUMU WHAKARAE



*Jo Townsend*

**JO TOWNSEND**  
CHIEF EXECUTIVE OFFICER

Putā noa i te tau kua hori, kua whakapai ake, ā, kua tāmau hoki mātou i tā mātou rautaki ā-whare, i a Ngā Kaitiaki o te Anamata. Kei te koke whakamua tonu mātou i runga anō i ngā āhuatanga i angitu ai mātou tae noa mai ki tēnei wā, i te wā tonu e whakawhanakehia ana ngā utauta me ngā āheinga e tika ana e takatū ai mātou mō te anamata. I runga anō i te whakapae ka eke te Penihana Kaumātua o Aotearoa ki te \$200 piriona i mua i te tau 2040, me mātua whakaū mātou i te hurirahitanga o ā mātou mahi e taea ai e mātou te whakahaere tētahi puna rawa ka nui haere hei ākuanei.

I eke te nui o te hua i puta i te Penihana Kaumātua o Aotearoa ki te 14.17% i tēnei tau, kei tua noa atu tēnei i te hua i puta i te 90-rā Treasury Bill me tā mātou i whakapae ai ka eke i te pae tawhiti.

Kei paku kō mai (0.10% te nui) ngā hua i puta i te Tahua Whānui, i te paeraro o te Paerewa Tūāpapa. Nā runga i te horopaki o te kaha o ngā mākete huriao, kei te tino harikoa mātou i tēnei ekenga. E noho matua ana ko tētahi huinga haumi e kanorau ana, ki te whakatutukitanga o tā mātou whāinga, koia ko te whakanui ake i ngā hua ka hoki mai i ngā tautini, i te wā tonu e āta whakarite ana i te tūraru e hāngai ana ki te Tahua i tōna katoa.

Mai i tōna orokohanga, kua \$22.59 piriona te nui ake o te hua kua hoki mai ki te Tahua Penihana Kaumātua o Aotearoa i tēnā ka riro i tētahi kaihaumi noho whakamuri, e hanga rite ana te manawanui ā-tūraru.

Ko tētahi wāhanga o te takatū mō te anamata, ko te whakaritenga o ngā hangarau e tika ana hei āwhina i a mātou ki te whakatau tika i ngā kaupapa haumi i runga i te mōhio. I te tau nei whakawaewaehia ai e mātou tā mātou hōtaka tautini, ko te Investment Data and Analytics Programme, ā, i whakawhitia atu ā mātou tauira haumi me ngā tauira raraunga hoki ki tā mātou pūhara hou kei te kapua. Kua arotahi hoki mātou ki te āhua o tā mātou whakamahi i te atamai hangahanga hei whakapai ake i te anga o ā mātou mahi i konei, i Ngā Kaitiaki, ā, ahakoa te mahi nui kei mua tonu i te aroaro, kua nui tonu te kauneketanga i ēnei kaupapa, i te tau kua hori.

Kua whakapai ake, ā, kua whakangāwari hoki mātou i ā mātou tukanga me ō mātou anga ā-whakahaere i te tau nei. Ko te tīma People and Culture me te tīma Investment ērā i whakahouhia. I aua horopaki e rua, nā te arotake anō i te kunenga o ēnei tīma i roto i te wā, i taea ai e mātou te āta tautohu ngā arawātea e whakaū ai mātou i te whāomo o ā mātou mahi me tōna hurirahitanga mō te anamata.

Over the past year we have refined and embedded our Guardians of the Future organisational strategy. We are building on what has made us successful to date while also developing the tools and capabilities that will prepare us for the future. With the NZ Super Fund projected to reach \$200 billion by 2040, we need to ensure the way we work is scalable for managing a pool of assets that will soon be much larger.

The NZ Super Fund delivered a strong return of 14.17% this year, well above both the 90-day Treasury Bill return and our long-term performance expectation.

Total Fund returns for the year lagged the Reference Portfolio benchmark by 0.10%. In the context of the continued outperformance of global equity markets, we are very pleased with this result. A diversified portfolio is key to us meeting our goal of maximising returns over the long term, while prudently managing risk to the Fund as a whole.

Since inception, the NZ Super Fund has delivered \$22.59 billion above what a passive investor with an equivalent risk appetite would have earned.

Part of preparing for the future involves setting up the right technology to help us make informed investment decisions. This year we delivered our multi-year Investment Data and Analytics Programme and transitioned our data and investment models to our modern cloud-based data platform. We have also focused on how we can use AI to improve the way we work at the Guardians, and while there is still much to be done, we have made significant progress in these areas over the past year.

We have improved and simplified our processes and our organisational structures this year, restructuring our People and Culture and Investment teams. In both cases, by re-evaluating how these teams had evolved over time, we were able to identify opportunities to make the way we work more efficient and scalable for the future.

Kua hoahoatia tā mātou anga hou mō te tīma People and Culture kia whai hua te tautoko i te whakahaere whānui, e ariari ake nei te tautuhinga o ōna tūranga me ōna ara whakawhiti kōrero. Kua āta whakaritea hoki tā mātou tīma Investment i runga anō i ngā momo rawa e kitea ana i ngā haumitanga o te Tahua. Nā tēnei ka ngāwari ake te aromatawaitanga o ngā arawātea e whakataetae ana, ā, he mea matua tēnei ki te angitu o tā mātou whakatinana i te kokenga o te tirohanga whānui e whakamahi nei mātou ki te whakatau i ngā kaupapa haumi.

I runga anō i te kopounga o Leona Cheffins ki te tūranga o te Kaiwhakahaere Matua mō te tīma People and Culture, kua rere pai te ahunga o tō mātou waka whakahaere. E harikoa ana ahau i te whai wāhitanga mai o Leona ki tō mātou tīma.

Hei te tau e tū mai nei, ka arotahi tonu mātou ki te tāmautanga o ngā anga hou o ā mātou tīma, ki te whakapakarita nga tonutanga o ā mātou tukanga, o ngā hangarau me tō mātou ara haumi.

I ngā marama tōmua o te tau nei, i puta te whakatau a ngā tautōhito tahua whairawa tino rangatira, a Global SWF, ko te Penihana Kaumātua o Aotearoa te karamatamata o ngā tahua whairawa ā-kāwanatanga i te ao katoa, puta noa i te 20 tau kua hori.

Ko taku whāinga hei Tumu Whakarae, ko te whakatū i te anga me ngā pūnaha e tika ana, e eke tonu ai mātou ki tēnei karamatamatatanga. I a mātou e mahi tonu nei ki te whakatū tika i Ngā Kaitiaki kia angitu tonu ai, ko tētahi o ō mātou pou kaha, ko ō mātou tāngata. Kia mihi atu au ki te tīma katoa o Ngā Kaitiaki mō rātou i whakapeto ngoi i te tau kua hori, mō rātou anō e ngākau titikaha nei ki te whakatutuki i te mahi i whakatūria ai mātou.

Our new People and Culture team structure is designed to support the wider organisation effectively, with more clearly defined roles and lines of communication. Our Investment team is now organised around the various asset classes in which the Fund is invested. This makes it easier to assess competing opportunities, which is key to successfully implementing the total portfolio approach we use to make investment decisions.

With Leona Cheffins' appointment to the role of General Manager, People and Culture, we now have a full complement of Leadership Team members. I am thrilled to have Leona as part of our team.

Over the coming year, we will remain focused on embedding our new team structures and continuing to strengthen our processes, technology and investment approach.

Earlier this year, sovereign wealth fund experts Global SWF once again ranked the NZ Super Fund as the world's top-performing sovereign wealth fund over the past 20 years. My aim as CEO is to put in place the structure and systems that will enable us to maintain this world-class performance.

As we work to set up the Guardians for continued success, one of our greatest strengths is our people. I would like to thank the entire Guardians team for all their work over the past year and their ongoing commitment to achieving our purpose.

## 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 2028*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, 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*Committee:* Audit & Risk

Henk's extensive expertise spans investment, corporate finance and corporate governance. He is Professor of Finance at the University of Auckland, has a fractional Research Professor appointment at the University of Sydney, and completed his PhD at Erasmus University Rotterdam. He has published extensively in leading finance journals, was adjunct director at Arthur Andersen Global Corporate Finance, and has consulted to multinationals and market regulators globally. His former directorships include SIRCA and Rozetta Technology. Henk is President of Auckland's Dutch language school and 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 investment and risk management expert. Previously she was Chief Investment Officer of Australia's Future Fund, 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 a Board director and committee chair for Aware Super, member of the Investment and Risk Advisory Panel advising the Monetary Authority of Singapore, director of TCorp and Chair of the Advisory Board of Dragonfly Thinking.

**DAVID MCCLATCHY**

BCom

*Appointment:* 1 October 2021*Term expiry:* 30 September 2029*Committee:* Audit & Risk

A respected business leader and financial markets professional, David returned to New Zealand following a successful career in Sydney. He was Group Chief Investment Officer of Insurance Australia Group (IAG) and Managing Director of IAG Asset Management until 2019. Before this David was CEO and Chairman at ING Investment Management Australia and spent 16 years in banking and investment management in New Zealand. He has led multinational investment organisations across New Zealand, Australia and Asia. David is a director of Kingfish, Barramundi and Marlin Global.

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

LLB, BA, CFInstD

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

Fiona is a highly experienced director with governance roles spanning infrastructure, technology, commercial property, professional and financial services, and sport. She is a director of Summerset Group and Freightways, and Chair of Kingfish, Barramundi, and Marlin Global. Fiona has held leadership roles in funds management for Westpac and AMP in New Zealand, commercial roles in asset management and private equity in Sydney and London, and was a senior corporate and commercial lawyer focused on mergers and acquisitions. She received the New Zealand Shareholders Association Beacon Award in 2021.

**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)

Hinerangi was formerly Chief Financial Officer at Tainui Group Holdings and Executive Director Operations at Te Wananga o Aotearoa. She is Chair of Tainui Group Holdings, Te Pou Herenga Pakihi, Nga Miro Trust and Turangawaewae Trust Board, and is a director of Genesis Energy. Hinerangi has previously held governance roles with the Reserve Bank of New Zealand, Watercare, Aotearoa Fisheries, Sealord Group, Parininihi Ki Waitotara Incorporation, Port Nicholson Fisheries, Te Ohu Kai Moana Trustee, Auckland Council Investments, Public Trust, Waikato Community Trust and Taranaki Iwi Holdings. Hinerangi was made a Member of the New Zealand Order of Merit in 2012, and she was inducted into the New Zealand Business Hall of Fame in 2025. She is a Fellow of Chartered Accountants Australia and New Zealand.

**ANDREW WILSON**

MA

*Appointment:* 20 October 2025*Term expiry:* 30 September 2030*Committee:* People & Culture

Andrew has over 30 years' experience in global investment markets, having held senior leadership roles at major asset management firms. Andrew worked at Goldman Sachs Asset Management for 25 years, where he was CEO of Goldman Sachs Asset Management International (Europe, Middle East and Africa) and Head of Fixed Income, Currency and Money Markets. Earlier in his career, Andrew held positions at the Reserve Bank of New Zealand, Bank of England and Rothschild Asset Management. Andrew is on the Investment Committee for the Top of the South Foundation.

## LEADERSHIP TEAM

## CHIEF EXECUTIVE OFFICER

*Areas of responsibility:* Lead general management of the Guardians under delegation from the Board

**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.

## CO-CHIEF INVESTMENT OFFICERS

*Areas of responsibility:* Asset allocation, data analytics, portfolio completion, portfolio strategy and research, portfolio investment, private equity and alternative investments, real assets, strategic tilting, sustainable 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 Canaccord Genuity in London as Co-Head of European Equity Derivatives, and for various investment banks including Bear Stearns and JP Morgan. He holds a Bachelor of Commerce from the University of Canterbury and a Postgraduate Diploma in Management. Brad 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. 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, 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 creating 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 to also include enterprise risk, model risk, operational due diligence and operational compliance. Michael was appointed Chief Risk Officer in 2024.

**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. She 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.

**GENERAL MANAGER, PEOPLE AND CULTURE**

*Areas of responsibility:* Organisational development, people partnering and experience

**LEONA CHEFFINS**

BMS (Hons)

Leona joined the Guardians in November 2025. Her 20-year career in human resources and management consulting prior to joining the Guardians includes senior roles with Public Trust, One New Zealand and PwC. She has extensive international experience as a management consultant leading people and culture initiatives for a range of public- and private-sector clients. Leona holds a Bachelor of Management Studies (Hons) in Finance and Economics from the University of Waikato.

# Strategic Framework

**GUARDIANS**

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

Our Guardians of the Future strategy sets the direction for our organisation. This includes how we scale, build capability, use data, make trade-offs and work together over the long term – all with the aim of delivering enduring value through investment.

Our Guardians of the Future strategy is to:

- build on proven strengths
- enhance capabilities critical for the future
- step up our commitment to sustainable investment.

Sitting under our Guardians of the Future Strategy are a number of supporting strategies that outline how different parts of the organisation will contribute to our overall goals. For example, we discuss our technology strategy on page 36 and our investment strategy on page 47.

**Strategic Framework**

Our Strategic Framework provides the structure for how we deliver the Guardians of the Future strategy through our work.

The Framework sets out four key focus areas which we believe are fundamental to the Guardians and where resource and effort should be allocated. Our focus areas are designed to complement and interact with each other.

The Framework may shift and change over time as the environment around us changes and the organisation evolves. We assess these factors on a regular basis, so that we can respond and adapt as things change.

| 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 remaining effective as the Fund’s circumstances and environment evolve. |
| Optimise our organisation                 | As the Guardians grows and our operating context evolves, we 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 it 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 70–74.

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 the Statement of Performance on pages 22–26.

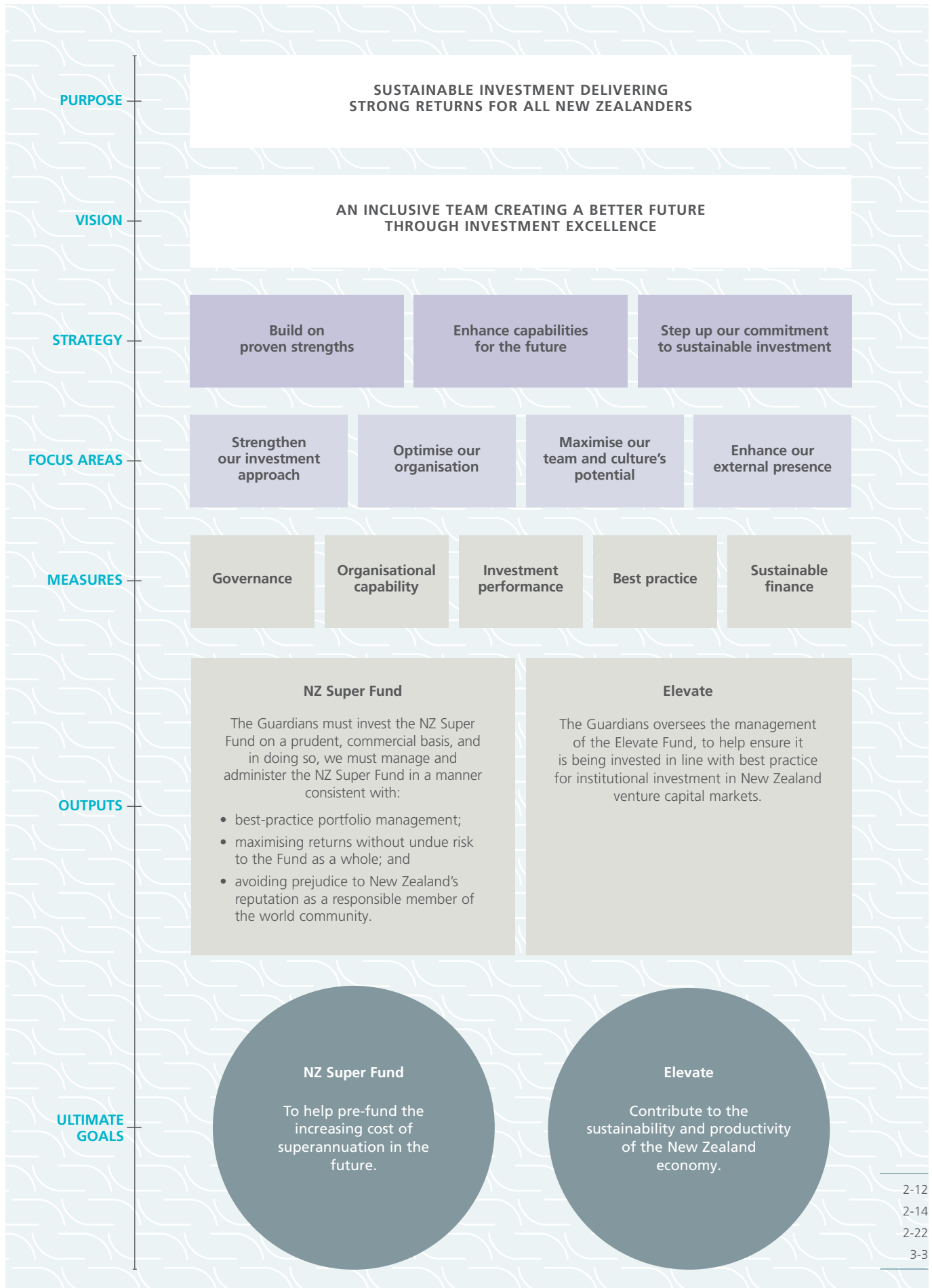
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3-3

## THE ULTIMATE GOALS



## 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 2025/26 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 | <ul style="list-style-type: none"> <li>• Governance</li> <li>• Organisational capability</li> </ul> | <ul style="list-style-type: none"> <li>• Investment performance</li> <li>• Best practice</li> <li>• Sustainable finance</li> </ul> | <ul style="list-style-type: none"> <li>• Conviction review</li> </ul> |

## 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                    | Horizon     | Expected outcome                                                                                                                                                                                                                                                                                | Actual outcome                                                                                                                                                                                                                  | Alignment with Strategic Framework                 |
|----------------------------|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| <b>Independent reviews</b> | Five-yearly | 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 pages 109-110 for further detail. | This measure supports all four of our focus areas. |

## 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                                                            | Horizon    | Expected outcome                                                                                                                                                                                                                                                                                                                                         | Actual outcome                                                                                                                               | Alignment with Strategic Framework        |
|--------------------------------------------------------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| <b>Developing and maintaining a constructive workplace culture</b> | Two-yearly | 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 of our 2025 Annual Report for more information. | Maximise our team and culture's potential |

## NZ SUPER FUND

### INVESTMENT PERFORMANCE

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

Our expectations for these measures will change from 1 July 2026 – see page 50 and our 2026–2031 Statement of Intent (available on our website) for more information.

#### Reference Portfolio returns relative to Treasury Bills

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 premium earned by Reference Portfolio p.a. | Actual premium earned by Reference Portfolio p.a. 2026 | Actual premium earned by Reference Portfolio p.a. 2025 | Alignment with Strategic Framework |
|------------------------|-----------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|------------------------------------|
| <b>1 year</b>          | 2.80%                                               | 11.56%                                                 | 6.26%                                                  | Strengthen our investment approach |
| <b>5 years</b>         | 2.80%                                               | 3.50%                                                  | 6.44%                                                  |                                    |
| <b>10 years</b>        | 2.80%                                               | 7.41%                                                  | 6.12%                                                  |                                    |
| <b>20 years</b>        | 2.80%                                               | 5.04%                                                  | 4.99%                                                  |                                    |
| <b>Since inception</b> | 2.80%                                               | 5.38%                                                  | 5.10%                                                  |                                    |

#### 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 48 and on our website, and more information on the NZ Super Fund's active investment strategies can be found on pages 49-51 and 56-59.

| Horizon                | Expected value-add p.a. | Actual value-add p.a. 2026 | Actual value-add p.a. 2025 | Alignment with Strategic Framework |
|------------------------|-------------------------|----------------------------|----------------------------|------------------------------------|
| <b>1 year</b>          | 1.00%                   | -0.10%                     | 0.98%                      | Strengthen our investment approach |
| <b>5 years</b>         | 1.00%                   | 1.84%                      | 2.21%                      |                                    |
| <b>10 years</b>        | 1.00%                   | 1.54%                      | 1.59%                      |                                    |
| <b>20 years</b>        | 1.00%                   | 1.49%                      | 1.57%                      |                                    |
| <b>Since inception</b> | 1.00%                   | 1.37%                      | 1.44%                      |                                    |

## STATEMENT OF PERFORMANCE (CONTINUED)

**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 below.

| Horizon         | Actual Reference Portfolio return p.a. 2026 | Actual Reference Portfolio return p.a. 2025 | Alignment with Strategic Framework |
|-----------------|---------------------------------------------|---------------------------------------------|------------------------------------|
| <b>1 year</b>   | 14.27%                                      | 10.87%                                      | Strengthen our investment approach |
| <b>5 years</b>  | 6.98%                                       | 9.42%                                       |                                    |
| <b>10 years</b> | 9.77%                                       | 8.47%                                       |                                    |
| <b>20 years</b> | 8.19%                                       | 8.35%                                       |                                    |

**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 met by appropriations during 2025/26 was \$788,000 compared with a budget of \$728,000, primarily reflecting higher Board fees following the annual fee increase at the start of the year. This was offset by a one-off increase in funding received from the Crown to cover the additional Board costs. All other costs are met by the NZ Super Fund. These costs are the subject of our cost control measure.

| Measure                                                                                                        | Horizon                   | Expected outcome                                                                                                                                                                                                                                                                                                                                                                                               | Actual outcome 2026                                                                                                                                          | Actual outcome 2025                                                                                       | Alignment with Strategic Framework                                                              |
|----------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| <b>Cost control</b>                                                                                            | Annually                  | 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. The report from CEM is available on our website.                                                    | Cost (5-year) – Achieved. Value-add (5-year) – Achieved. The report from CEM is available on our website. | Strengthen our investment approach, Optimise our organisation and Enhance our external presence |
| <b>Guardians' response to the International Forum of Sovereign Wealth Funds' (IFSFW) 'Santiago Principles'</b> | Three-yearly (2025, 2028) | 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. Our most recent Santiago Principles self-assessment was completed in 2025 and is available on our website along with the limited assurance report. |                                                                                                           | Enhance our external presence                                                                   |

| Measure                                                                                                            | Horizon                                       | Expected outcome                                                                                                                                                                                          | Actual outcome 2026                                                                                                                                                                          | Actual outcome 2025                                                                          | Alignment with Strategic Framework                                   |
|--------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| <b>United Nations-backed Principles for Responsible Investment (PRI) Assessment, Principles and Voting Reports</b> | Aligned to the PRI reporting cycle (annually) | 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 24 November 2025.                                                                                                 | Achieved: Five-star rating (96%) for Policy, Governance and Strategy as of 25 November 2024. | Strengthen our investment approach and Enhance our external presence |
|                                                                                                                    |                                               | 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.                              |                                                                      |
| <b>Transparency ratings</b>                                                                                        | Annually                                      | 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. See <a href="http://www.swfinstitute.org/research/linaburg-maduell-transparency-index">www.swfinstitute.org/research/linaburg-maduell-transparency-index</a> for more information. | Achieved.                                                                                    | Enhance our external presence                                        |

## STATEMENT OF PERFORMANCE (CONTINUED)

## 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 joined the Net Zero Asset Owners Commitment from the Paris Aligned Investor Initiative 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 set greenhouse gas emissions reduction targets for the NZ Super Fund for 2020, 2025 and 2030. See pages 81–82 and our 2026 Climate Change Report (available on our website) for more information.

The Guardians defines Impact Investments as: “Investments that provide measurable positive social or environmental outcomes in addition to the Fund’s expected risk-adjusted returns.” See page 77 for more information about our Impact Investment Framework.

| Measure                  | Horizon  | Expected outcome                                                                                                                                                                                                                                               | Actual outcome 2026                                                                                                                           | Actual outcome 2025                                                                                                                           | Alignment with Strategic Framework |
|--------------------------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| <b>Climate change</b>    | Annually | 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.                                                                                                                                     | Strengthen our investment approach |
|                          |          | 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.                                                                                                                                     |                                    |
| <b>Impact Investment</b> | Annually | Report annually on the dollar amount of assets under management in Impact Investments.                                                                                                                                                                         | Achieved. Our total assets qualified as Impact Investments amounted to NZ\$3.1 billion (~3.4% of assets under management) as of 30 June 2026. | 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. | Strengthen our investment approach |

## 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 70–74.

| Measure                                       | Horizon  | Expected outcome                            | Actual outcome 2026 | Actual outcome 2025 | Alignment with Strategic Framework |
|-----------------------------------------------|----------|---------------------------------------------|---------------------|---------------------|------------------------------------|
| <b>Manager monitoring – conviction review</b> | Annually | Successful completion of conviction review. | Achieved.           | Achieved.           | Strengthen our investment approach |

## PROGRESS AGAINST OUR PLANNED ACTIONS

The following planned actions were outlined in our Strategic Plan for 2025/26. 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 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| <p><b>EVOLVING OUR TOTAL PORTFOLIO APPROACH</b></p> <p>We take a total portfolio approach to investing the NZ Super Fund. This means we assess new investment opportunities against the full range of alternatives available to the Fund, including whether they are expected to deliver better returns for the level of risk taken than the Reference Portfolio.</p> <p>In 2025/26, we completed reviews of our Reference Portfolio, risk allocation framework and liquidity risk appetite. See pages 48–50 for more information.</p> <p>The review of the risk allocation framework resulted in the development of a new risk budgeting framework that provides greater transparency over how risk is allocated and used across the portfolio. This enhances our ability to make clearer and more deliberate investment decisions, considering return, risk, liquidity and sustainability together.</p> <p>We will continue to evolve our total portfolio approach in 2026/27 through the Total Portfolio Insights initiative. This work will examine the portfolio through a factor lens, incorporate horizon-scanning, and better align our top-down and bottom-up views of portfolio construction. Over time, this will improve visibility across the investment universe, reduce blind spots, and help minimise unintended factor concentrations.</p> | Strengthen our investment approach |
| <p><b>EVOLVING OUR APPROACH TO SUSTAINABLE FINANCE</b></p> <p>During 2025/26, we progressed work to strengthen how sustainability is integrated into our investment approach. We are developing a more ambitious sustainable investment approach aligned to our Sustainable Investment Goal, with a focus on managing long-term systemic sustainability risks and embedding sustainability more consistently in investment decision-making. This work will continue to progress into 2026/27.</p> <p>We have also confirmed our updated greenhouse gas emissions reduction targets through to 2030. See our 2026 Climate Change Report for more information.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Strengthen our investment approach |
| <p><b>MATURING OUR PROCESSES</b></p> <p>As the organisation has grown, we have continued to evolve the systems, frameworks and ways of working that support effective delivery.</p> <p>During 2025/26, we developed and began embedding a new technology strategy, while continuing to mature our use of AI through clearer structure, tools and support (see pages 36–38). We also continued to improve key processes by using technology and AI, where appropriate, and focusing on simplification to support more efficient and effective ways of working.</p> <p>Moving to our new office also provided an opportunity to improve efficiency and effectiveness by bringing the team together across fewer floors, designing the space to support connection and collaboration, and providing flexibility for potential growth in the future. See page 39 for more information.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Optimise our organisation          |
| <p><b>LEVERAGING OUR TECHNOLOGY PLATFORMS FULLY</b></p> <p>During 2025/26, we strengthened the foundations of our technology environment through improved governance, platform enhancements and increased cyber resilience. We also continued to improve our data capability and accelerate AI adoption, supported by clearer governance through the AI Council and practical use cases across the organisation.</p> <p>A key milestone was the completion of the Investment Data and Analytics Programme (IDAP), marking a major step towards a single data platform and strengthening the foundations for improved data management, analytics and decision-making.</p> <p>Together, these developments are helping us simplify processes, reduce risk and complexity, and get more value from our technology investments. See page 36 for more information.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Optimise our organisation          |

## PROGRESS AGAINST OUR PLANNED ACTIONS (CONTINUED)

| Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Alignment with Strategic Framework        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| <p><b>'RIGHT-SIZING' OUR OPERATIONAL RISK APPETITE</b></p> <p>Risk sits at the heart of how we make decisions and manage the Fund. During 2025/26, we continued to mature our approach to operational risk through training focused on psychological safety and constructive challenge. In 2026/27, we will progress staff guidance to support more consistent application of our operational risk appetite.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Optimise our organisation                 |
| <p><b>DEVELOPING AND ALIGNING OUR LEADERSHIP</b></p> <p>Our team and culture are strategic assets that enable the Guardians to deliver our mandates and strategy.</p> <p>Following changes in senior leadership, and in response to increasing organisational complexity and pace of change, we have continued to invest in building a capable, aligned and effective leadership group.</p> <p>During 2025/26, progress included targeted development for the Leadership Team, a stronger focus on enterprise leadership and alignment, and continued work to lift leadership capability across the organisation. This included clearer expectations and more consistent approaches to goal setting, performance and development conversations.</p> <p>Together, these actions have helped strengthen lines of sight between strategy, business unit priorities and individual contribution, while supporting more consistent leadership practices across the organisation.</p> <p>This work will continue in 2026/27, with further focus on leadership development, values-led behaviour, leader alignment and building the capability needed to deliver the Guardians' strategic priorities.</p> | Maximise our team and culture's potential |
| <p><b>DEVELOPING AND DEEPENING RELATIONSHIPS WITH KEY EXTERNAL STAKEHOLDERS</b></p> <p>Our reputation (globally and locally), peer network and continued stakeholder support have been core to our success.</p> <p>This year our Board, CEO and members of the Leadership Team met with the boards and management teams of selected major suppliers, counterparties and peer funds in the United States and Canada, building key relationships and gaining insights into industry best practice and trends. We also reassessed our key international forum relationships and undertook forward planning to ensure appropriate Guardians representation.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Enhance our external presence             |
| <p><b>TURNING RELATIONSHIPS WITH KEY VENDORS INTO STRATEGIC RELATIONSHIPS</b></p> <p>During 2025/26, we continued to strengthen relationships with key suppliers, with a greater focus on strategic partnership, long-term alignment, and shared outcomes. This included closer collaboration with technology partners to help inform our future technology direction, support capability development, and identify opportunities to increase the value we derive from emerging technologies, including AI.</p> <p>We also continued to mature our relationship with Bloomberg through clearer governance, stronger accountability, and more proactive service management.</p> <p>Together, these changes have improved alignment, strengthened mutual understanding of future priorities, and re-positioned key vendor relationships to better support ongoing innovation and change.</p>                                                                                                                                                                                                                                                                                                         | Enhance our external presence             |

# 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.

To assess materiality, we:

- **identify** potential material topics for our investment activities through internal analysis and reviewing external trends.
- **engage** with a range of stakeholders to understand expectations and priorities.
- **evaluate the impact** of material topics, both positive and negative.

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

- the 2026 Letter of Expectations from the Minister of Finance
- discussions with Treasury (the Government agency that monitors our performance on behalf of the Minister of Finance)
- engaging with WTW on sustainable investment best practice
- reviewing feedback from a panel of reporting experts
- internal discussions regarding key materiality items.

Stakeholder research, which we most recently completed in 2024/25, has also informed our materiality assessment. See page 90 of our 2025 Annual Report for details of this research.

## 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 that provide measurable positive social or environmental outcomes in addition to the Fund's expected risk-adjusted returns. 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, and 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 46–74) and Governance Report (pages 86–112).

## 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 Board-endorsed Sustainable Investment Goal focused on incorporating sustainability considerations into investment decision-making and supporting the development of a sustainable financial system.

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

- investing in line with our net zero commitment
- reducing exposure to companies with high climate risk
- integrating environmental, social and governance (ESG) considerations into our investment decisions and processes, including allocation, selection and post-investment management.

The Guardians' financed greenhouse gas 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 2026 Climate Change Report, available on our website.

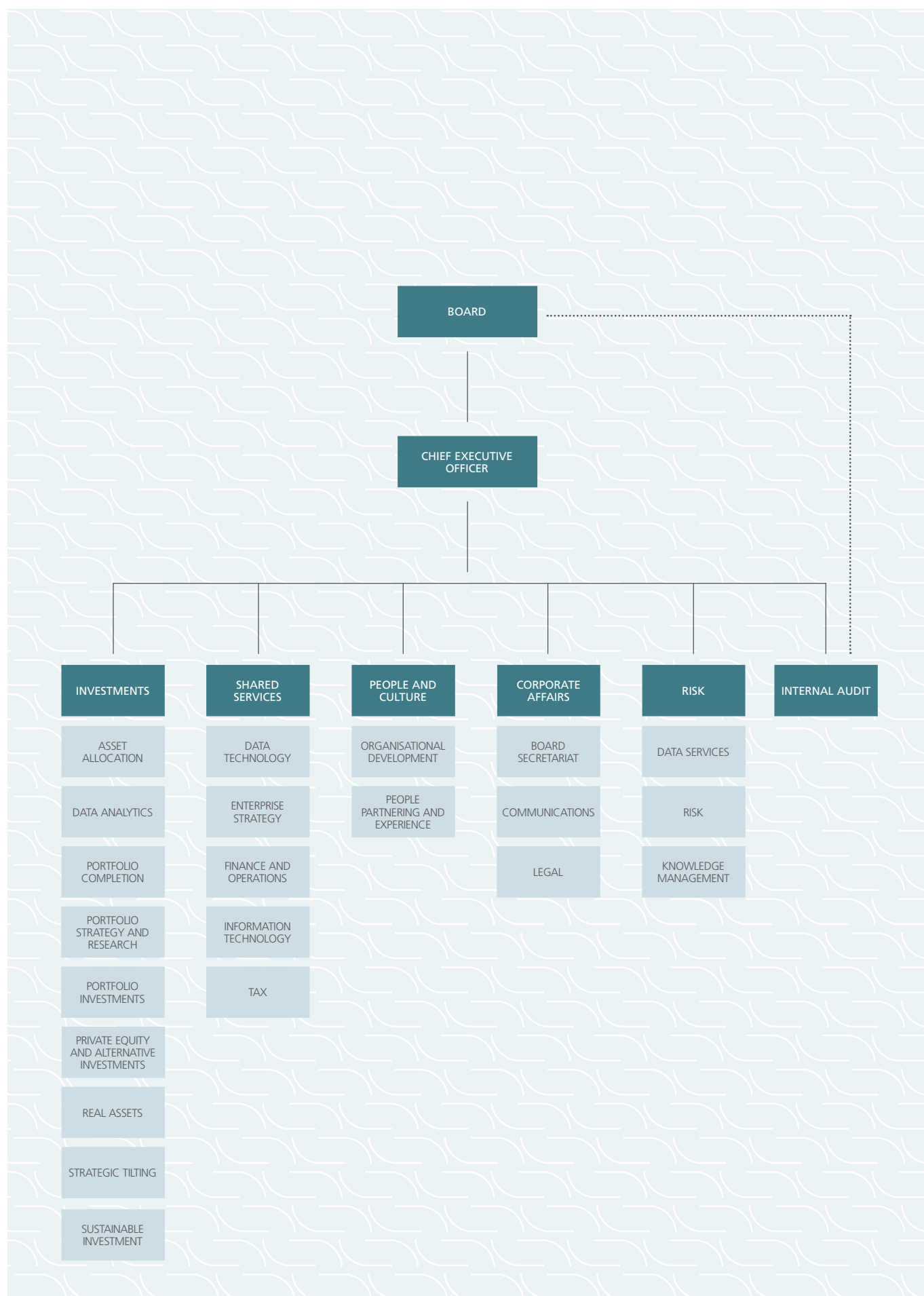
## Investing in New Zealand

As shown in our 2024/25 stakeholder research, successive Ministerial Letters of Expectations and a 2009 Ministerial Directive which remains in place, the extent and nature of the Fund's investments in New Zealand are a key topic of interest to our New Zealand stakeholders. See pages 62–64 for more information on this topic.

## Expenditure

As a Crown entity, our expenditure and how we achieve value for money are of interest to our stakeholders. This includes both operational expenditure by the Guardians and expenditure incurred through investing the NZ Super Fund. We explain our expenses and how we benchmark our costs in our Financial Report on pages 114–121. We also report on costs for the fit-out of our new office on page 39.

## ORGANISATIONAL CHART



## Our people are fundamental to our success.

### OUR VALUES

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

Given their importance, we have spent some time during 2026 discussing the values with our team and understanding what is important. As a result of this work, we will be making some updates in 2026/27, building on the strength of our existing values and culture to support us into the future.

### OUR CULTURE

We last held a biennial organisational culture survey in 2024. This showed that our culture remains consistent and constructive (see pages 30–31 of our 2025 Annual Report for more details). Staff engagement surveys are planned for September 2026 and March 2027, and will be reported on in the 2026/27 Annual Report.

We also measure our culture on an ongoing basis using a monthly anonymous survey on topics including employee engagement, how we are delivering on our values, employee health and wellbeing, diversity, equity and inclusion (DE&I), risk matters, and transformation and change. This enables us to understand and take on employee feedback in real time, and for people leaders and Leadership Team members to respond to comments and ask further clarifying questions.

Other leadership engagement with our people includes briefing meetings for all employees after each Board meeting, Town Hall meetings, intranet communications including weekly CEO blogs, and regular all-of-team events.

### ORGANISATIONAL STRUCTURE

During 2025/26, we continued to review and update our organisational structures to ensure the way we work is efficient and scalable, given projected increases in the NZ Super Fund's value over the coming years.

#### Investment team

We introduced a new Investment team structure in October 2025. This changed the team from being based around access points to asset classes.

With this change, we aimed to better align top-down strategy and bottom-up portfolio construction, enable greater consistency and rigour in the way we evaluate opportunities, and enable the Guardians to make better-informed and more comparable decisions across both new and existing investments. The new structure also addressed overlapping responsibilities, reduced gaps between strategy and execution, and clarified how to engage most effectively across teams.

#### People and Culture team

Following a review of the function, we introduced a new People and Culture team structure in March 2026. The new structure clarifies the roles and accountabilities within the People and Culture team, makes it easier for Guardians to access services the team provides, and strengthens alignment between People and Culture activities and the Guardians' overall strategy.

#### Contractors

In addition to the employees listed in our Workforce Profile on pages 33–34, we employed 26 contractors as of 30 June 2026.

\* Including promotions and job transfers, excluding non-permanent job rotations. Excludes internal placements for restructures.

We typically use contractors for short-term projects, specialised skills, to provide scalability in responding to rises and falls in investment activities, or to cater for other resource shortfalls (such as due to parental leave or vacancies). This year, most of our contractors were employed to support our Technology work, particularly our work to uplift our data capabilities.

### RECRUITMENT AND RETENTION

Attracting and retaining top talent at the Guardians is an ongoing priority. We made 18 appointments during the year, comprising:

- 10 new hires (5 female, 5 male)
- 8 internal placements (2 female, 6 male).\*

Our current budgeted headcount is 235, a decrease of 33 from the prior year following organisational restructures. This figure includes 35 vacant roles, and we expect to see our actual headcount increase again from its current 200 as these vacancies are filled. We have recruited at senior levels first before junior levels, so senior team members could then participate in recruitment for the junior levels. This creates some time lag in our full list of vacant positions becoming filled.

Our 2025/26 voluntary turnover rate of 13.3% was higher than the Public Service Commission's 2025 turnover rate for public servants of 11%, and the Stats NZ March 2025 turnover rate for New Zealand financial and insurance services of 7.8%. It is also higher than our turnover has been historically (averaging 7.8% over the prior four years). With our staff numbers, just a few additional departures can appear statistically significant. The difference between our turnover and the public sector average represents around five employees.

Still, with a higher turnover rate than usual or than industry averages, we have carefully reviewed our exit interviews to understand employees' reasons for leaving. While feedback showed that employees continue to have a positive experience working at the Guardians, recent organisational change and career progression considerations factored into some employees' decisions to leave.

Feedback did not suggest that our turnover rate being higher for women (18.8%) than for men (8.3%) was due to systemic issues. We continue to work in line with our DE&I strategy to ensure everyone feels welcome at the Guardians.

### DIVERSITY, EQUITY AND INCLUSION (DE&I)

Diversity, equity and inclusion matter to the Guardians because diverse perspectives help us solve complex problems, make better decisions, and aid our understanding of the communities we work and invest in. Through Rautaki Kanorau, our DE&I Strategy 2022–2027, we aim to increase diversity, improve equity, strengthen inclusion, and reduce our gender pay gap (discussed on page 99).

Our employee-led networks play an important role in shaping our inclusive culture. The SuperWomen Network and Rainbow Network continue to grow from strength to strength. The establishment of further networks by employees continues to be supported and encouraged. Our Kanorau Rōpū (Diversity Group) helps us harness the unique capabilities and perspectives of our people.

OUR PEOPLE (CONTINUED)

LEARNING AND DEVELOPMENT

In line with our organisational strategy, in 2025/26, our learning and development approach had a clear focus on AI, leadership, and investment capability.

We are strengthening AI capability across the Guardians by offering Copilot and AI Agent training to the entire workforce, with 96% of employees having now completed this training. We also continued to lift leadership capability by building the skills leaders need to have effective conversations, provide constructive feedback, and support the development and growth of their people.

Through our Investment Academy, we are deepening investment capability using interactive, case-based learning to build commercial acumen, strengthen decision-making, and encourage the sharing of internal specialist knowledge.

Alongside these enterprise priorities, we continue to support personal development through development planning, access to training budgets, and targeted formal learning. While our training spend has decreased this year as a proportion of our total expenditure, we expect it to rise again as our employee numbers increase towards budgeted levels.

We also host annual and biennial mandatory training sessions (six to seven modules taking two hours on average per year) which cover core topics including personal securities trading, health and safety and cyber security. These must be completed by all staff and contractors (100% completion rate in 2025/26), and all permanent employees must complete mandatory training to be eligible for the discretionary bonus scheme.

POLITICAL NEUTRALITY

As 2026 is an election year, it is especially important that all Guardians employees understand their rights and responsibilities related to political neutrality. Political neutrality is essential for us as a Crown entity because it enables New Zealanders to trust that decisions made by the public sector are made fairly. Guidance and reminders were shared with Guardians employees via our intranet and Town Halls.

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. We aim to:

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

We offer a wide range of health, safety and wellness initiatives to support our people, 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.

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 2025/26, the Committee focused on:

- supporting HSSE considerations for our new office, including office security systems, emergency supplies and procedures, ergonomic setup, and environmental considerations
- supporting operational improvements in carbon emissions monitoring and procurement
- investigating options to support sustainable commuting to work
- threat assessment identification and monitoring.



## WORKFORCE PROFILE

|                                                                                  | 2026     | 2025      | 2024      | 2023     | 2022     |
|----------------------------------------------------------------------------------|----------|-----------|-----------|----------|----------|
| Full-Time Equivalent (FTE) employees*                                            | 197.4**  | 225.7     | 238.3     | 213.3    | 188.5    |
| Full-time (FTE)                                                                  | 95%      | 96%       | 96%       | 97%      | 98%      |
| Part-time (FTE)                                                                  | 5%       | 4%        | 4%        | 3%       | 2%       |
| Employees reporting disabilities                                                 | 0%       | 0%        | 0%        | 0%       | 0%       |
| People (headcount)***                                                            | 200      | 228       | 241       | 216      | 190      |
| <b>Female representation</b>                                                     |          |           |           |          |          |
| Female staff members                                                             | 94 (47%) | 113 (50%) | 117 (49%) | 96 (45%) | 84 (44%) |
| Female Board members                                                             | 3 (43%)  | 3 (50%)   | 2 (33%)   | 2 (33%)  | 2 (33%)  |
| Female Leadership Team members                                                   | 4 (57%)  | 4 (57%)   | 4 (50%)   | 3 (38%)  | 3 (38%)  |
| Female heads of teams                                                            | 6 (35%)  | 6 (32%)   | 8 (36%)   | 8 (39%)  | 7 (33%)  |
| Female investment professionals                                                  | 22 (33%) | 34 (40%)  | 36 (43%)  | 29 (37%) | 24 (36%) |
| <b>Turnover****</b>                                                              |          |           |           |          |          |
| Turnover – all staff                                                             | 13.3%    | 9.5%      | 5.7%      | 6.7%     | 9.5%     |
| Turnover – male (of male FTE)                                                    | 8.3%     | 8.6%      | 7.7%      | 6.4%     | 8.6%     |
| Turnover – female (of female FTE)                                                | 18.8%    | 10.8%     | 3.6%      | 7.0%     | 10.8%    |
| <b>Educational qualifications</b>                                                |          |           |           |          |          |
| % of staff with a postgraduate tertiary qualification                            | 44%      | 45%       | 46%       | 49%      | 48%      |
| % of staff with an undergraduate tertiary qualification                          | 88%      | 89%       | 89%       | 89%      | 87%      |
| Investment in staff training as a % of total Guardians' operating expenditure    | 0.7%     | 1.2%      | 1.6%      | 1.3%     | 0.8%     |
| <b>Return to work and retention after parental leave (as primary carer)*****</b> |          |           |           |          |          |
| Return to work – male                                                            | 100%     | 100%      | 100%      | 100%     | 67%      |
| 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%      | 100%      | 80%      | 100%     |
| <b>Health and safety</b>                                                         |          |           |           |          |          |
| Lost-time work injuries                                                          | 0        | 0         | 0         | 0        | 0        |
| Sick leave days per FTE                                                          | 4.1      | 5.6       | 4.3       | 4.8      | 3.6      |

\* For 2026, the workforce profile includes both fixed-term and permanent employees across all reported measures. This differs from previous reporting, where fixed-term employees were not included for all metrics.

\*\* Organisational changes during 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.

\*\*\* Each of our employees is employed on an individual contract.

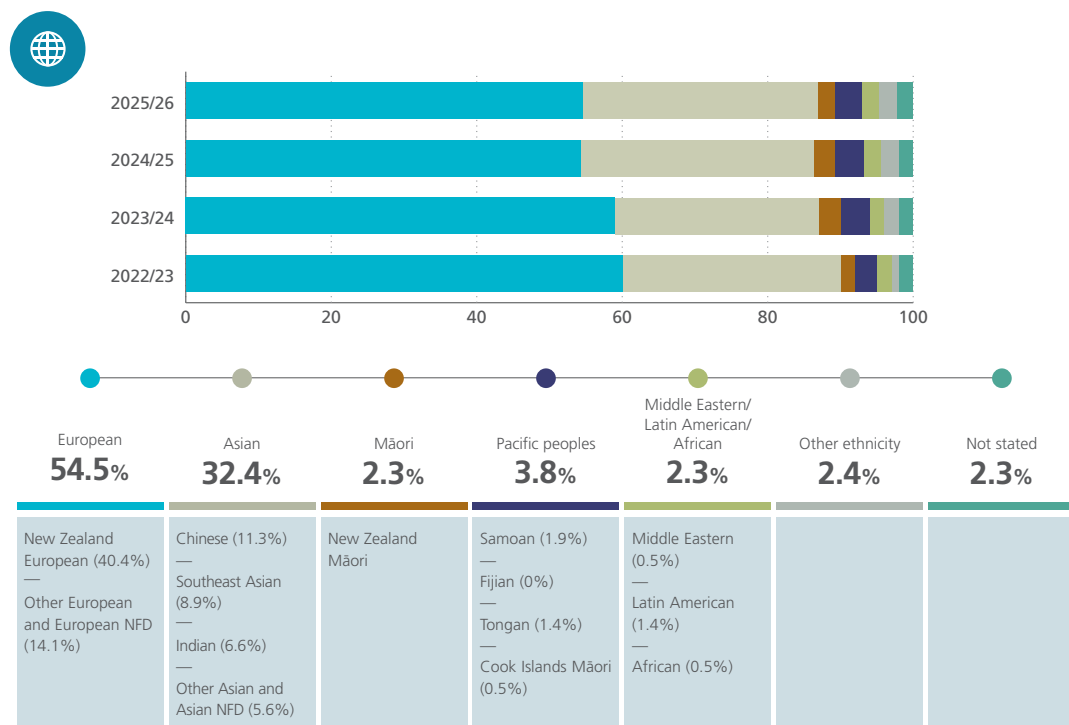
\*\*\*\* We define turnover as voluntary turnover.

\*\*\*\*\* 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.

## WORKFORCE PROFILE (CONTINUED)

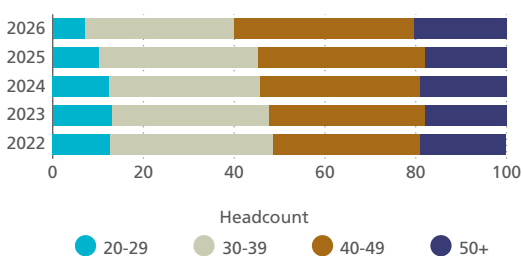
### ETHNIC PROFILE

as at 30 June 2026

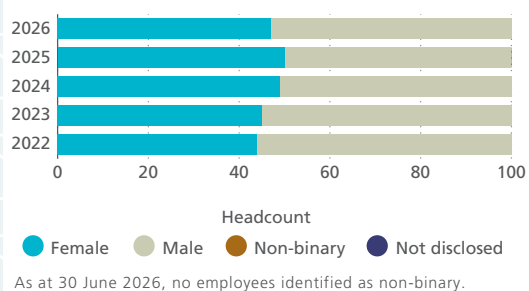


Our ethnicity data prior to 2022/23 was recorded differently and is not directly comparable year-on-year. People can identify with multiple ethnic groups, and this chart records all of these. NFD stands for 'Not Further Defined'.

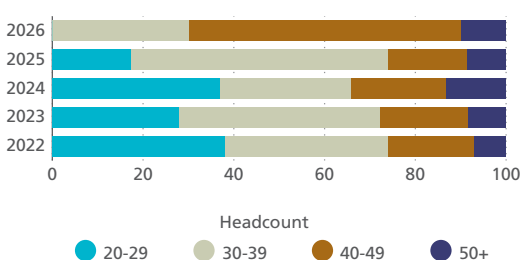
### Workforce age as at 30 June



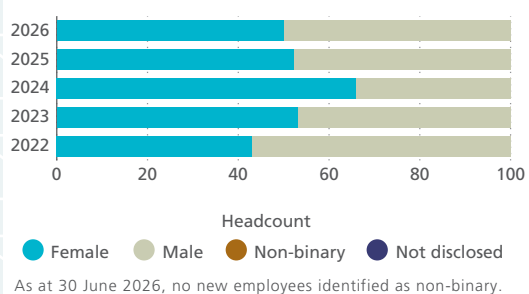
### Gender balance as at 30 June



### Age of new employees as at 30 June



### Gender of new employees as at 30 June



## The Guardians is committed to being a good employer.

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 high-performing 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   | <ul style="list-style-type: none"> <li>Guardians of the Future strategy provides alignment between Strategic Plan priorities, individual goals and performance measures</li> <li>Strengthened ownership of continuous improvement activity across all levels of the organisation</li> <li>Project underway to review our organisational values with input from Guardians staff</li> <li>Monthly engagement pulse checks, with feedback loops in place</li> </ul> |
| Employee development, promotion and exit | <ul style="list-style-type: none"> <li>Programme in place to identify and develop talent</li> <li>Vacancies advertised</li> <li>Internal secondment opportunities</li> <li>Exit interview process</li> </ul>                                                                                                                                                                                                                                                     |
| Recruitment, selection and induction     | <ul style="list-style-type: none"> <li>Robust recruitment and selection processes</li> <li>On-boarding and induction for all employees</li> </ul>                                                                                                                                                                                                                                                                                                                |
| Remuneration, recognition and conditions | <ul style="list-style-type: none"> <li>Transparent, equitable and gender-neutral job evaluation practices</li> <li>Remuneration benchmarked against third-party New Zealand data</li> <li>Incentive programme is designed to align individual and team performance with the organisation's mandate and strategic goals</li> </ul>                                                                                                                                |
| Flexibility and work design              | <ul style="list-style-type: none"> <li>Technology systems facilitate remote working from anywhere</li> <li>Flexible working arrangements supported</li> <li>4/4 primary carers returned from parental leave</li> </ul>                                                                                                                                                                                                                                           |
| Harassment and bullying prevention       | <ul style="list-style-type: none"> <li>Employee Code of Conduct and relevant policies available on our intranet and website</li> <li>Performance management process rewards positive and constructive behaviour</li> </ul>                                                                                                                                                                                                                                       |
| Safe and healthy environment             | <ul style="list-style-type: none"> <li>Strong focus on employee health, safety and well-being through the provision of support services (see page 32)</li> </ul>                                                                                                                                                                                                                                                                                                 |



## TECHNOLOGY UPDATE

## Technology plays an increasingly important role in supporting the Guardians' ability to operate effectively and respond to change.

### OUR 'SAFE, STABLE, SUSTAINABLE' TECHNOLOGY STRATEGY

Technology enables better collaboration, supports informed decision-making, and strengthens organisational resilience.

During the year, we introduced a technology strategy centred on three priorities:

- **Safety:** protecting people, data and systems
- **Stability:** ensuring performance and that technology works reliably for critical systems that the Guardians relies on
- **Sustainability:** building technology that has longevity and value, with flexibility and adaptability over time.

We aim to enable outcomes that support the Guardians of the Future strategy and our purpose of delivering strong, sustainable returns over the long term. Our focus has been on building strong foundations while enabling better governance, decision-making and more effective ways of working across the organisation.

We are making strong progress against a well-defined backlog of work that we constantly review and track progress against to ensure we are working on the right things, in the right order, aligned to our vision. Our work includes improving the reliability and resilience of key systems, modernising our platforms, and enhancing how technology is managed and supported. Together, these improvements reduce operational risk and create a stronger foundation for future growth.

We are also increasing our use of data and emerging technologies, including AI, to support how we work. These tools are helping our people to access information more easily, work more efficiently, and focus on higher-value activities. Adoption is growing, and we are taking a measured and responsible approach to ensure these technologies deliver practical, sustainable benefits.

Looking ahead, we will continue to build on these foundations by strengthening our core platforms, expanding the use of data and AI in a controlled way, and maintaining a clear focus on delivering value in support of the Guardians' long-term objectives.

### Cyber security

In line with our technology strategy, we are continuing to raise our cyber security maturity, including ensuring we have strong foundations in place to respond to emerging threats such as frontier AI. We did not have any cyber security breaches during 2025/26.

### MODERNISING OUR DATA CAPABILITY

This year the Guardians successfully delivered the Investment Data and Analytics Programme, a multi-year programme establishing a modern cloud-based data platform and transitioning our data and investment models. This has strengthened the quality, accessibility and governance of our investment data, while improving delivery capabilities and operational practices.

We have now shifted to an ongoing data, analytics and AI programme focused on embedding an integrated data ecosystem and delivering ongoing value that enables our investment activity. As part of this, we are building coding and analytics capability within our Investment team to aid them in utilising our systems to deliver towards our investment strategy.



## We see significant opportunity in working more efficiently and effectively using Generative AI.

With our Guardians of the Future strategy, we are seeking to build on our existing strengths while building a more disciplined, data-driven and scalable investment organisation. AI, along with our technology platforms and roadmap, is key to achieving this goal.

We are working to build AI literacy and change capability throughout the organisation; structured ideation and prioritisation of value-add AI use cases; and a prioritised enterprise AI initiative backlog and roadmap aligned to strategic priorities.

### AI GOVERNANCE

Our AI Council shapes how AI is used at the Guardians. It brings together leaders from across the Guardians to drive a coordinated, value-focused approach. The AI Council sets the organisation's policies for using AI, prioritises AI technologies to bring into use, and is working to shift the organisation from early experimentation to a more structured and scalable AI operating model. Its AI principles and aligned risk appetite framework provide clear expectations for ethical use, transparency, data protection and when escalation is required.

The Council is focused on translating governance into practice. This includes clarifying roles and responsibilities across the AI life cycle, strengthening ownership of use cases, and developing a defined approach to identifying and managing higher-risk applications. Its approach is intended to balance innovation with control. Risk is being managed through bounded experimentation, proof-of-value testing, and organisation-wide capability uplift to support more consistent and responsible use of AI tools.

The AI Council is progressing four workstreams:

- governance
- AI experimentation for investments
- capability and enablement
- use case ideation and pipeline.

In June 2026 the Guardians adopted an AI Policy which establishes a governance framework for the design, adoption and use of AI systems. It supports responsible innovation using AI, a risk-informed approach, and alignment with our purpose, values and stakeholder expectations.

### BRINGING ON NEW TOOLS

Following a successful trial of Microsoft Copilot among a smaller group of employees, the tool was made available to all Guardians in November 2025.

By June 2026, 90% of the Guardians had used Copilot over the prior 30-day period, submitting a total of 37,530 prompts. At the end of June, 65 Copilot agents were in production.

Our adoption score of 70% (the number of Guardians who use Copilot at least three days a week and more than once on each of those days) is well above Microsoft's peer benchmark of 26%. Usage continues to increase over time as our employees upskill and Copilot becomes an increasingly important part of the way we work.

Following an initial trial, in 2025 we also rolled out GitHub Copilot to all Guardians who code as part of their job.

As our capability grows, we look to identify and progress a focused set of AI use cases that can deliver practical value. The emphasis is now on moving from broad interest to a pipeline of opportunities with clearer business ownership and a more structured path from idea to proof of value.

Three categories are emerging within the current pipeline:

- productivity and operational efficiency
- decision support and insight generation
- investment-aligned use cases.

Our work so far is demonstrating opportunities across all three areas, with a more structured process now in place to prioritise, test and scale use cases over time.

The AI Council has applied a disciplined pathway for AI use cases, moving from idea to proof of value and then to potential production deployment where there is a clear business case, owner and assurance controls. The value and use case pipeline is tracked through AI Council reporting, with a focus on productivity, operational efficiency, decision support, insight generation and investment-aligned experimentation. This creates a clearer pathway from exploration to scaled adoption, while avoiding premature investment in tools or use cases that do not demonstrate sufficient value.

The use cases we are exploring include finding ways to use AI to better analyse data and establishing an experimentation 'sandbox' focused on investments where ideas can be tested quickly, value can be proven or ruled out early on, and unsuccessful concepts can fail fast without adding complexity to the core enterprise environment. Several 'proofs of value' for additional tools are also now in active use.

We will work to enable Guardians' teams to explore and onboard additional AI enablement tools to meet their specific needs, and enable scalability through creating connectivity and better system integration. Over the coming year our AI programme will prioritise higher-value workflows, targeted investment-related initiatives, clearer ownership, appropriate controls and reporting on value, risk and maturity. This will ensure AI remains connected to enterprise priorities.

In addition to our use of Generative AI, we are now in our fourth year of managing a machine learning-guided New Zealand equities mandate.

**GENERATIVE AI AT THE GUARDIANS (CONTINUED)****BUILDING OUR SKILLS**

We are delivering a learning programme to support employees to build their AI capability. We have begun with building foundational AI skills and, over time, plan to increasingly focus on applying our skills to Guardians' investment and enterprise challenges.

A total of 96% of Guardians have attended AI enablement training, and usage has increased following this training. Participants report an increase in confidence in using Copilot from 5.9 to 8.1 out of 10, and an increase in confidence in creating human-led agents from 2.5 to 6.8 out of 10. More focused training will also be held with specific teams to explore specialised use cases.

Supporting governance and enablement material is being compiled so staff have practical guidance, clear ownership and appropriate controls for AI use, including protocols for reviewing AI-generated outputs in each business unit. The work is now coordinated across our Technology, People and Culture, Change, and Communications teams, reflecting the view that capability uplift is not just about training on tools, but also about building confidence, shared expectations and common ways of working throughout the organisation.

Ongoing support is available for Guardians using AI. We hold online drop-in sessions for our employees to ask questions about Microsoft Copilot and share their learnings with others. We also encourage staff to use our enterprise-wide subscription to LinkedIn Learning for independent learning. We communicate regularly internally, such as through our intranet and Town Halls, about developments in AI use at the Guardians.



## Our new location provides a modern working environment for the Guardians team.

The Guardians relocated to Auckland's Chief Post Office (CPO) building in May 2026, after 15 years in GHD House (formerly Jarden House). Our new office is located at 12 Queen Street, Auckland, above the Waitematā (formerly Britomart) Transport Centre. It is a Category 1 Historic Place and the first heritage-listed building in New Zealand to receive a 6 Star Green Star rating from the New Zealand Green Building Council (see page 40 for more information).

The building first opened in 1912 and has a rich history as an Auckland landmark. As a post office, it once handled half a million letters daily. Its uses since have ranged from tax collection to one of Auckland's first radio stations to politicians' offices. We are proud to be a part of the future of this important landmark.

Our office's newest refurbishment by Cooper and Company focuses on sustainability and making the office a great place for us to work today.

Our office move has been a long-term project for us. We chose to move as the lease on our former premises was due to expire in June 2026 and those offices were no longer fit for purpose. There was insufficient capacity for us to hold staff briefings, team events, or meetings with guests on site, and the technology fell short of our needs, particularly for the virtual meetings that are an increasingly common feature of today's business environment. The spread-out nature of our tenancy did not encourage cross-team collaboration and provided limited flexibility to accommodate future growth or structural change. Had we stayed, the premises would have required considerable refurbishment and technology upgrades.

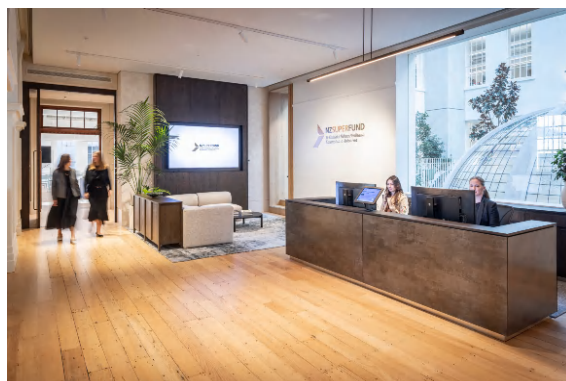
The move to the CPO building prepares us for the future. It has enabled us to better accommodate our current staff numbers, incorporate modern technology, and move from a one-desk-per-person layout to a neighbourhood set-up where employees can choose where in the office to work, providing greater flexibility for collaboration within and between teams. It has a focus on employee wellbeing, with secure bike access, showers and lockers for active commuters, wellness rooms on every floor, and areas that bring in the outdoors. An attractive office space, strong sustainability attributes and a central location are important aspects of our Employee Value Proposition.

We have been able to have considerable input into how the space is set up. This has allowed us to anticipate the Guardians' likely future requirements; equally importantly, it has given us greater control over ensuring employees' physical security and providing a healthy, high-performing workplace.

### MANAGING COSTS

As a Crown entity, it is important that we exercise restraint in our spending. We have emphasised value for money in our selection of products and services and, where possible, have opted for New Zealand-made solutions. Furniture and technology equipment from our former office (including all sit-to-stand desks and most computer monitor screens) have been reused where possible. As we do not currently require the full site, we are exploring options for sub-leasing a portion of the premises.

Fit-out costs are within Government Property Office guidelines and in line with similar Auckland CBD projects. Our office fit-out and transition were delivered within budget and our expected time frame. We had budgeted \$11 to \$13 million, and the total cost of the project was \$11.1 million, equating to approximately \$2,473 per square metre. Our project costs comprised main tenancy and sub-tenancy hard and soft fit-outs, furniture, fittings and equipment, relocations, as well as consultant and consent fees.



## ENVIRONMENTAL PERFORMANCE

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

Our Sustainable Investment Report (pages 76–84) discusses the Guardians' financed emissions (Scope 3; category 15) – the most material aspect of climate-related risk from across the Guardians' value chain. See our 2026 Climate Change Report for more information, including an externally assured GHG emissions inventory of the Fund's investment portfolio as at 30 June 2026.

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.

### 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/revenue.

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.

Our carbon emissions have substantially reduced year-on-year in 2025/26, as we had less business travel due to reductions in headcount and decreased investment activity volumes. Our business travel is likely to return to more average levels for the Guardians over the next one to two years as our new team structure is embedded and investment activity increases.

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.

We were required to continue paying electricity charges at GHD House until the tenancy legally ended on 25 June 2026. Electricity consumption reduced noticeably after staff moved out on 24 April 2026, as the office was no longer occupied and only minimal power was needed to support move-out and close-down activities. At the same time, the Guardians began to connect and pay for electricity at the new CPO premises from 1 March 2026 while the fitout and preparation for staff occupation were underway. This created a temporary overlap where the Guardians paid electricity costs for both premises until the GHD House tenancy expired.

### REDUCING EMISSIONS

We 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 exceeded our target with a 64% reduction compared with 2018/19 in relation to FTE, 76% in relation to funds under management, and 70% in relation to turnover.

Our work on reducing our emissions this year has largely related to the set-up of our new office. We carefully considered environmental impact in the choice of our office building and design of the space. Our asset and development manager, Cooper and Company, has received or is targeting the following certifications for the building:

### 6 Star Green Star rating, certified by NZ Green Building Council

The Green Star system awards new or substantially refurbished buildings points for sustainable outcomes across nine categories, including energy and water efficiency, materials, indoor environment quality, emissions, transport and innovation.

The CPO building has become the first heritage building in New Zealand to achieve a 6 Star Green Star rating.

"This is a landmark moment for Aotearoa," says NZ Green Building Council Chief Executive Andrew Eagles. "Achieving a 6 Star Green Star rating in a Category 1 heritage building sets a new benchmark for what's possible when efficiency, sustainability and heritage are treated as complementary, not competing, priorities."

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### WELL Gold rating, certified by International WELL Building Institute

Cooper and Company is targeting the WELL Building Standard, which aims to advance human health through design interventions and operational protocols and policies, and to foster a culture of health and well-being.

With one full month in our new office as at 30 June 2026, the long-term impact of our move on our organisational carbon emissions is still taking shape.

We are also in the process of introducing the Extraordinary benefit for our employees, which enables saving money on public transport costs through paying with pre-tax salary. We see this as a way of promoting sustainable transport choices for commuting to and from our office.

### OUR CARBON OFFSET

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.

The carbon credits purchased through Toitū Envirocare to offset the past financial year's emissions support the Afforestation Project, Tongliao, Mongolia and the Zambian Central Province Safe Water Project. 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. The Zambian Central Province Safe Water Project supports local communities with reliable access to clean, safe drinking water by rehabilitating boreholes.

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 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](https://registry.goldstandard.org)

### GHG emissions data summary by Greenhouse Gas Protocol Scope (tonnes of carbon dioxide equivalent - tCO<sub>2</sub>e)

| GHG Protocol Scope    | ISO Category | 2025/26 | 2024/25 | 2018/19 (base year) |
|-----------------------|--------------|---------|---------|---------------------|
| Scope 1*              | Category 1   | -       | -       | -                   |
| Scope 2**             | Category 2   | 26      | 21      | 14                  |
| Scope 3***            | Category 3   | 994     | 1,558   | 1,954               |
| Scope 3****           | Category 4   | 29      | 17      | -                   |
| Total gross emissions |              | 1,049   | 1,596   | 1,968               |

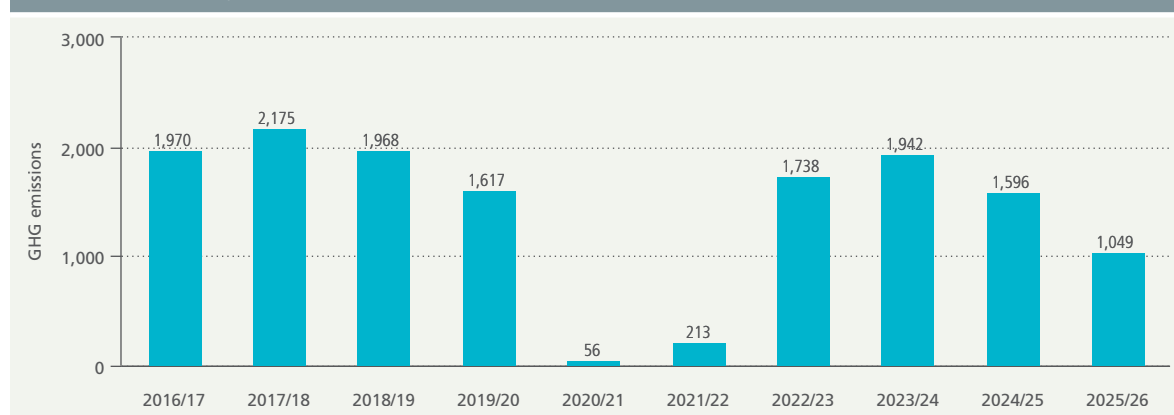
\* Direct emissions – Greenhouse gas emissions from sources that are owned or controlled by the Guardians. We have no Scope 1 emissions.

\*\* Indirect emissions – Greenhouse gas emissions arising from the generation of imported (purchased) electricity or heat consumed by the Guardians.

\*\*\* Indirect emissions – 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 – Greenhouse gas emissions that occur as a consequence of products used by the Guardians as an organisation such as waste to landfill.

### GHG Emissions Summary 2016 – 2026



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## ENVIRONMENTAL PERFORMANCE (CONTINUED)

## Key Performance Indicators (KPI)

|                                              | 2025/26 | 2024/25 | 2018/19 (base year) |
|----------------------------------------------|---------|---------|---------------------|
| FTE*                                         | 205     | 237     | 140                 |
| Net assets of the NZ Super Fund (\$ billion) | 93      | 83      | 43                  |
| Turnover/revenue (\$ million)                | 1,792   | 1,779   | 1,013               |

\* FTE 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 (tCO<sub>2</sub>e)

|                                                   | 2025/26 | 2024/25 | 2018/19 (base year) |
|---------------------------------------------------|---------|---------|---------------------|
| GHG emissions per FTE                             | 5       | 7       | 14                  |
| GHG emissions per net assets of the NZ Super Fund | 11      | 18      | 46                  |
| GHG emissions per turnover/revenue                | 1       | 1       | 2                   |

## GHG EMISSIONS BY SOURCE

| Energy source                                                 | Measure  | 2025/26   |                    | 2024/25   |                    | 2018/19 (base year) |                    |
|---------------------------------------------------------------|----------|-----------|--------------------|-----------|--------------------|---------------------|--------------------|
|                                                               |          | Quantity  | tCO <sub>2</sub> e | Quantity  | tCO <sub>2</sub> e | Quantity            | tCO <sub>2</sub> e |
| Electricity                                                   | kWh      | 510,141   | 40                 | 206,431   | 20                 | 144,414             | 14                 |
| Electricity distributed transmission and distribution losses* | kWh      | 510,141   | 3                  | 206,431   | 2                  | -                   | -                  |
| International air travel (long haul)                          | pkm      | 2,430,404 | 790                | 3,158,516 | 1,292              | 3,628,306           | 1,703              |
| International travel (short haul)                             | pkm      | 733,393   | 106                | 879,685   | 143                | 887,581             | 162                |
| Domestic air travel                                           | pkm**    | 94,618    | 19                 | 151,613   | 29                 | 264,621             | 79                 |
| Mileage (medium car) 1.6 – 2.0L                               | km       | 2,062     | 0                  | 2,949     | 1                  | 4,673               | 1                  |
| Taxi (Regular)***                                             | \$       | 15,677    | 1                  | 58,716    | 3                  | 110,836             | 8                  |
| Taxi (Petrol Hybrid)                                          | \$       | 53,406    | 2                  | 50,135    | 2                  | -                   | -                  |
| Waste to landfill****                                         | kg       | 1,403     | 0                  | 784       | 0                  | -                   | -                  |
| Composting*****                                               | kg       | 923       | 0                  | 536       | 0                  | -                   | -                  |
| Recycling – Commingled                                        | kg       | 1,489     | 1                  | 986       | 1                  | -                   | -                  |
| Freight (short and long haul)                                 | tkm***** | 51        | 0                  | 60        | 0                  | -                   | -                  |
| Working from home                                             | epd***** | 9,079     | 3                  | 29,625    | 14                 | -                   | -                  |
| Pre-calculated – Employee commuting*****                      | kg       | 71,653    | 72                 | 74,360    | 74                 | -                   | -                  |
| Pre-calculated – Fuel- and energy-related activities          | kg       | 10,095    | 10                 | 15,001    | 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.

\*\* Person kilometres.

\*\*\* 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.

\*\*\*\*\* Tonne kilometres.

\*\*\*\*\* Employee days worked from home.

\*\*\*\*\* 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'.

## OUR CONTEXT AMONG SOVEREIGN WEALTH FUNDS

The NZ Super Fund is a sovereign wealth fund, a state-owned investment vehicle managing Crown financial resources to achieve long-term objectives. Countries and sub-national jurisdictions establish sovereign wealth funds to serve a range of purposes. These can include:

- establishing reserves to cushion a country's economy against sudden drops in export revenue or cyclical shocks
- transforming windfalls from non-renewable resources (e.g. oil and gas) into a diversified portfolio of financial assets to benefit future generations
- strategically stimulating economic development, including by attracting foreign investment and funding high-tech and green energy transitions
- consolidating the ownership and management of state-owned enterprises

- achieving intergenerational goals, such as meeting unfunded pension costs, like the NZ Super Fund.

The number of sovereign wealth funds globally has grown from about 60 funds in the early 2000s to more than 100 now, together managing assets of over US\$10 trillion. A small number of very large sovereign wealth funds, however, control the vast majority of these assets. Over the past decade, sovereign wealth funds have expanded assets under management faster than any other type of institutional investor globally.

We work closely with other sovereign wealth funds around the world to share ideas and as co-investors. We are a member of the International Forum of Sovereign Wealth Funds (IFSFW) and collaborate with our global peers through a variety of other groups and forums (see page 97 for more information).



Guardians attend the IFSWF Annual Meeting in Abu Dhabi, October 2025

We engage regularly with other sovereign wealth funds and asset owners in our region, particularly in Australia, and in the Pacific where we support good governance, knowledge-sharing and capability-building among fellow member funds of the Pacific Islands Investment Forum. In 2026 we were pleased to support, alongside the Fiji National Provident Fund and Vanuatu National Provident Fund, a Women in Super Network event for Forum members.



Pacific Islands Investment Forum's Women in Super Network event in Port Vila, Vanuatu, March 2026

## OUR CONTEXT AMONG SOVEREIGN WEALTH FUNDS (CONTINUED)



Guardians' Co-Chief Investment Officer Will Goodwin shares insights at the Pacific Islands Investment Forum Conference in Fiji, August 2026

On a global scale, the NZ Super Fund is not particularly large; the world's largest sovereign wealth funds have assets under management many times the size of ours. However, we are

proud to make an outsized mark as a high-performing and sustainable investor.

In 2026 the NZ Super Fund was named the world's best-performing sovereign wealth fund over the past 20 years, according to rankings compiled by international sovereign wealth fund experts Global SWF.

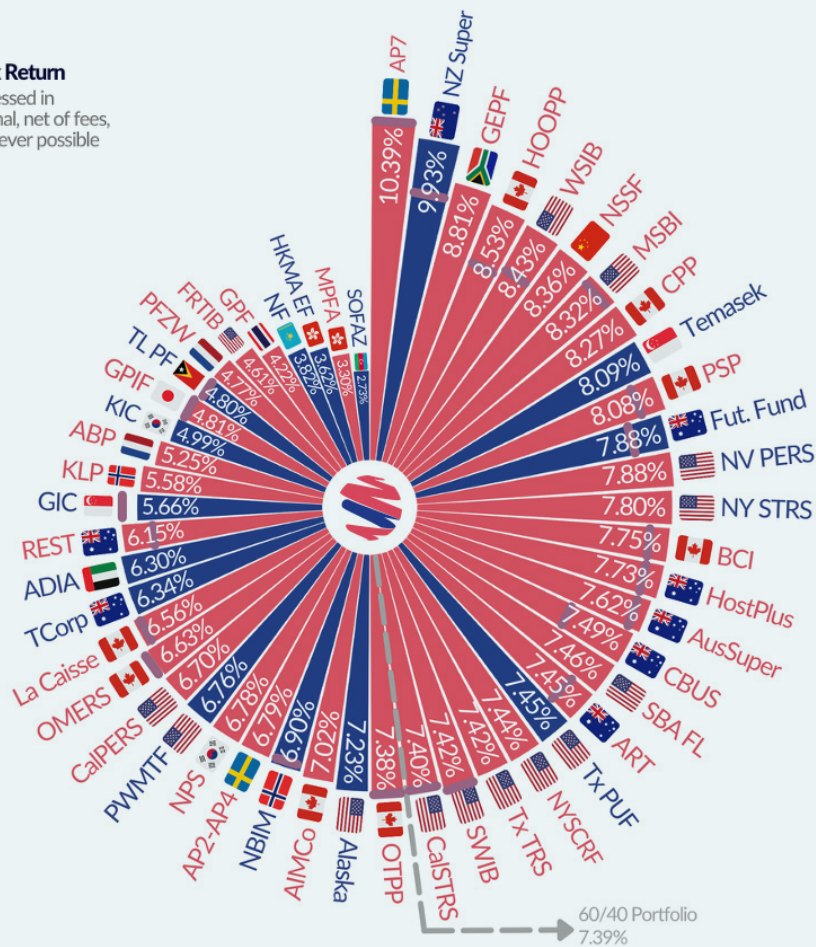
Global SWF also awarded the NZ Super Fund a perfect score on their Governance, Sustainability and Resilience (GSR) Scoreboard. We are one of just nine institutions globally to achieve 100% in their 2026 assessment, and this is now the fourth successive year we have earned full marks. The annual assessment ranks funds against 25 criteria, including transparency and accountability, governance structure and processes, and sustainability and resilience.

The 2026 GSR Scoreboard assessed the world's 200 largest sovereign wealth and public pension funds, which manage US\$34 trillion on behalf of 76 countries.

## 20-YEAR RETURNS OF SOVEREIGN INVESTORS

■ SWF  
■ PPF  
■ Benchmark Return

Returns are expressed in annualized, nominal, net of fees, USD terms whenever possible



Source:  
Global SWF Data Platform

# 02.

## Investment Reports Ngā Pūrongo Haumi Pūtea

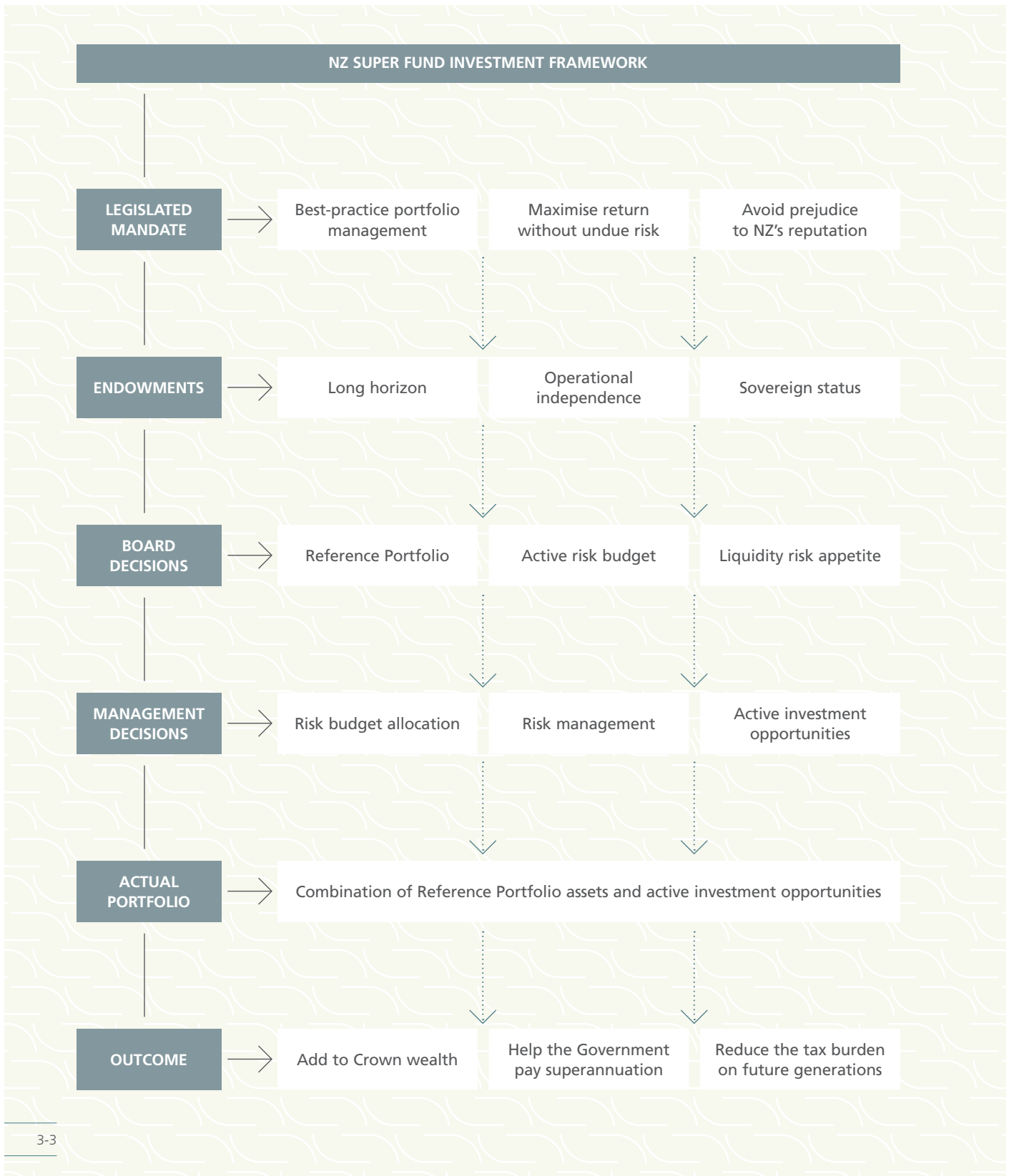
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### Enduring through time

Hardened against the elements, these boulders’ lasting resilience comes from patiently enduring whatever time and changing conditions bring.

## HOW WE INVEST

Our investment framework delivers on our mandate and sits at the heart of our performance over the past 20 years.



Over the past year, we have reviewed or refreshed almost all of the elements of our investment framework under our control: our endowments, beliefs, policies, Reference Portfolio, active risk allocation and liquidity risk framework.

### LEGISLATION

Underlying our investment framework is the statutory mandate set out in the legislation that formalises our role and objectives. As stipulated in the legislation, the Guardians must invest the NZ Super Fund in a manner consistent with:

- best-practice portfolio management
- maximising return without undue risk to the Fund as a whole

### Endowments



This year we refreshed our endowments, focusing on clarity and whether each one represents a genuine structural advantage. Previously, we listed Governance as a fourth endowment. We have now removed it, because, as it does not directly create investment opportunity, we have come to the view that it is an enabler of our structural advantages, rather than an advantage in and of itself. The importance of clear governance and delegation is instead reflected in our investment beliefs.

### Beliefs

We also refreshed our investment beliefs this year. We changed the wording of our beliefs to more clearly explain how we think about investing, including adding sustainable investment and our total portfolio approach as stand-alone beliefs. More information about our investment beliefs is available on our website.

### INVESTMENT POLICIES

We have refreshed our investment policies to make them easier to use and maintain. In 2025/26 we developed a new Portfolio Design Policy, Liquidity Policy and Investment Policy, which combine and incorporate sections of the policies we retired at the same time: our Derivatives Policy, Direct and Externally Managed Investment Policy, Investment Risk Allocation Policy, and Portfolio Completion and Internally Managed Securities Policy. We also refreshed our Statement of Investment Policies, Standards and Procedures (SIPSP) and introduced a stand-alone Sustainable Investment Policy and Sustainable Investment Procedures, factoring in the High Court judgment received earlier in the year (see page 84). The refreshed investment policy suite was approved by our Board in August 2026. The

- avoiding prejudice to New Zealand's reputation as a responsible member of the world community.

We have set up a portfolio that we believe will best meet these requirements over the long term.

### ENDOWMENTS AND BELIEFS

Our framework and investment strategies leverage our endowments – the characteristics of the NZ Super Fund resulting from our purpose and mandate that offer us comparative advantages as an investor – and beliefs, which capture how we think markets work and where returns come from.

SIPSP and, where appropriate, our investment policies are available on our website.

### INVESTMENT STRATEGY

Over the next three years, our investment strategy will focus on five priorities designed to strengthen investment decision-making, improve portfolio outcomes, and enhance the Fund's long-term competitive advantages:

1. **Portfolio construction as a strategic edge** – Enhance our understanding of the portfolio, the risks we take, and the sources of return. We will develop better insights, tools and frameworks to support portfolio construction and ensure risk is allocated more effectively across the Fund.
2. **Scaling our operating model** – Embed our asset-class-based investment model, strengthen specialist expertise, and simplify policies, frameworks and delegations to support more consistent, efficient and scalable investing.
3. **Step up our commitment to sustainable investment** – Identify areas where we can further strengthen our sustainable investment ambition, ensuring sustainability considerations continue to support long-term risk-adjusted returns and investment excellence.
4. **Operational alpha** – Leverage data, technology and AI to improve investment decision-making, increase productivity, and provide deeper insights across the investment process.
5. **Maximising our use of liquidity** – Improve how we measure, manage and price liquidity across the portfolio, while expanding our ability to access liquidity efficiently and generate additional value from liquidity management.

## PORTFOLIO CONSTRUCTION

## We aim to construct a portfolio that meets our overall objectives.

### TOTAL PORTFOLIO APPROACH

To achieve our objectives, we take a total portfolio approach, optimising overall risk and return based on current opportunities.

This enables us to maintain a holistic view of our investments, ensuring that decisions are made in the best interest of the entire portfolio rather than individual asset classes. It creates competitive advantages and tensions between all investments in the portfolio, ensuring that we have consistent comparisons and better decision-making.

We dynamically adjust investments in response to market conditions and opportunities, investing opportunistically where we believe it is the best decision for the overall portfolio.

This is a different approach to funds where separate asset class teams make the best decisions for their asset class in isolation. There is some evidence that these separate efforts may not aggregate to the best outcome for the whole portfolio.

We believe that over the long term our approach will deliver a performance advantage, helping us to maximise returns while managing risk appropriately.

### THE REFERENCE PORTFOLIO

Constructing the NZ Super Fund portfolio starts with the Reference Portfolio. The Reference Portfolio is a notional portfolio of passive, low-cost, listed investments suited to meet the Fund's objectives and take advantage of the Fund's endowments.

The Reference Portfolio is approved by our Board. It:

- reflects and sets the Board's risk appetite
- serves as a benchmark to the performance of the Actual Portfolio and investments within the Actual Portfolio
- supports clarity of delegations to management and accountability for decisions made
- is a key element in our total portfolio approach.

'Notional' means that the Reference Portfolio is not implemented as a whole, but rather serves as a benchmark against the performance of the Actual Portfolio, which is a combination of passive Reference Portfolio assets and active investment opportunities.

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 Actual Portfolio is invested in Reference Portfolio assets.

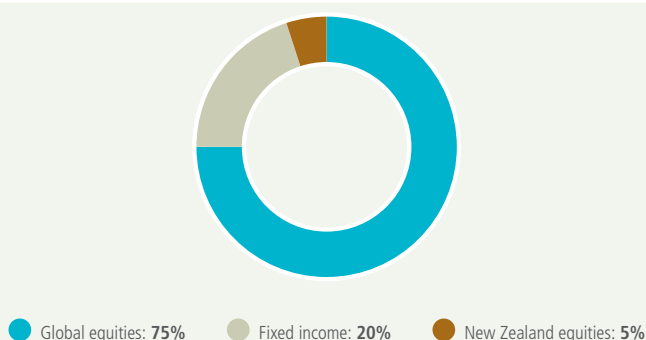
### Reference Portfolio review

The Reference Portfolio is reviewed every five years, with the most recent review completed in 2026. The purpose of this is to ensure the Reference Portfolio accurately reflects the Board's current risk appetite and is sufficient to meet our legislated mandate.

The review utilises the expected risk and return assumptions of public market financial assets to enable the Board to set an appropriate asset mix and hedge ratio for the Reference Portfolio. In doing so, the Board sets the expected risk and expected return of the Reference Portfolio.

The Reference Portfolio's asset mix, which has remained unchanged following the review, is:

#### Reference Portfolio assets



Most of the risk of the Reference Portfolio comes from the large holding of equities. This strategy is appropriate given our long horizon. Over the long term, we expect the return on equities to be higher than the return on bonds even though the volatility of the returns is likely to be greater.

Following the recent review, expected returns for the Reference Portfolio have been revised down from 2.80% to 2.05% on average per year. Since 2010 when our Reference Portfolio approach was adopted, global equity returns have

outperformed historical averages – through the 2010s due to low interest rates and the rise of China, and post the COVID-19 shock as a result of the significant capital investment in AI. The near-term impact of the AI thematic on the economic environment and global markets has been significant. The long-term impact is less clear. However, in line with our belief that long-run market returns tend to revert to fair value over time, our Reference Portfolio return assumptions now include a slightly lower equity risk premium and therefore slightly lower

average equity returns than we have assumed in the past. As equities make up 80% of the Reference Portfolio, projected equity returns make up a major part of projected returns for the portfolio as a whole.

### CONSTRUCTING THE ACTUAL PORTFOLIO

We can make higher risk-adjusted returns by deviating from the Reference Portfolio. This includes active investment opportunities that enable us to access alternative sources of risk and return and that bring diversification into the portfolio.

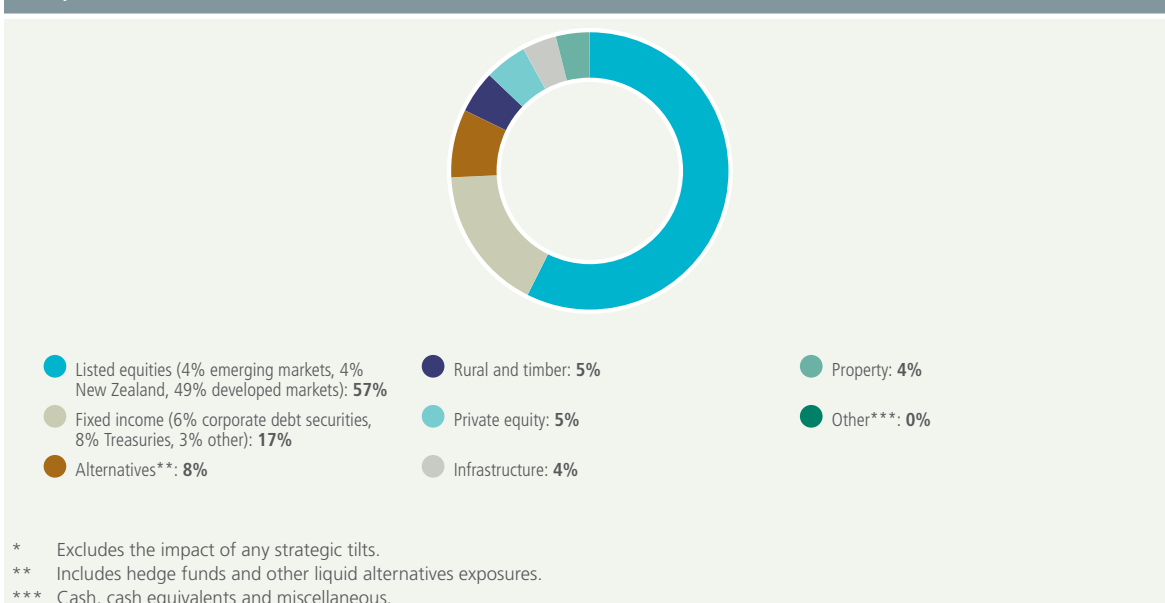
The Actual Portfolio is comprised of passive bonds and equities from the notional Reference Portfolio plus the additional active investment opportunities that we invest in.

### Investment opportunities

The Fund invests in what we term investment opportunities. Investment opportunities are defined by their underlying drivers of risk and return – assumed to be clear and persistent. Some investment opportunities could be considered sub-asset classes, particularly across assets such as real estate, infrastructure and private equity.

The Fund's selected investment opportunities are subject to regular review and may be terminated, redefined or merged, based on changes to the return and risk drivers that underpin each opportunity's investment thesis. 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.

NZ Super Fund asset allocation as at 30 June 2026\*



### How we manage investment risk

The chance that investments will perform better or worse than their passive benchmark is called active risk.

As part of the Reference Portfolio review, the Board sets a through-the-cycle active risk budget and delegates the allocation of that active risk across investment opportunities to management. The Board also sets limits around the maximum amount of active risk that management can take at any one time and maximum limits to any one opportunity or asset.

Following the most recent Reference Portfolio review, the Board allocated a through-the-cycle active risk budget of 3.00% (down from 4.00%) with a maximum limit of 6.00% (down from 8.00%). Having consistently used less active risk than the previous budget allowed, this reset better reflects how the Fund is actually managed, while staying comfortably within the Board's risk tolerance. These settings will be in place from 1 July 2026.

The active risk allocated by the Fund is expected to add an additional 0.90% per year on average over and above the return on the Reference Portfolio. We refer to the additional 0.90% as active return. This is a slight reduction on our 1.00% active return estimate prior to the Reference Portfolio review,

and is a consequence of the reduction in the active risk budget from 4.00% to 3.00%.

Following the changes to the expected risk-free rate, excess return and active return, the expected return for the Actual Portfolio is 7.20%. This means that over rolling 20-year periods going forward, we expect the NZ Super Fund to generate returns of approximately 7.20% per annum.

We also reviewed the allocation of the active risk budget across the NZ Super Fund's investment opportunities this year. The objective of the active risk budget review is to allocate the risk budget delegated to management across the existing investment opportunities that make up the Actual Portfolio.

The allocation process is in accord with the Fund's mandate of maximising return while avoiding undue risk, as well as maximising the sustainability characteristics of the Actual Portfolio, and incorporating liquidity risk objectives and how the portfolio could be impacted by an extreme market downturn.

As a result of the review, we made incremental adjustments to most opportunity risk budgets. Opportunities with the largest risk budget increases were Infrastructure, Rural Land, and Opportunistic investments. Opportunities with the largest risk budget decreases were Strategic Tilting and Tactical Credit,

PORTFOLIO CONSTRUCTION (CONTINUED)

which were mainly decreased to right-size their budgets with actual risk usage. The new allocation uses the full active risk budget.

When funding investment opportunities, we seek to keep the equity risk of the Actual Portfolio equivalent to the equity risk of the Reference Portfolio. To fund investment opportunities, we sell a combination of equities and bonds from the Reference Portfolio so that the equity risk of what we sell equals the inherent equity risk in the opportunity that we invest in.

We use a proxy system to estimate the equity risk in the investment opportunity and, consequently, the funding mix for the investment. In the same way that the Reference Portfolio provides the benchmark for the Actual Portfolio, the funding mix of any investment as determined by the proxy provides the benchmark for that particular investment.

Long-term performance expectation from 1 July 2026

| COMPONENT OF RETURN | RISK-FREE RATE                                                 | EXCESS RETURN AFTER COSTS                                                                                                                                                                                                                                                                                                                    | REWARD FOR VALUE-ADDING ACTIVITIES                                                                                          |                                                                      |
|---------------------|----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
|                     | 4.25% +                                                        | 2.05% +<br>(which is the reward for taking market risk above cash or the risk-free rate)                                                                                                                                                                                                                                                     | 0.90% =                                                                                                                     | 7.20%                                                                |
| EXPLANATION         | Our estimate of the long-term return on 90-day Treasury Bills. | We define the reward for market risk as the margin between the risk-free rate and the return that would be generated on the Reference Portfolio (after assumed costs of 0.20%).<br><br>Although the estimates of market risk vary over time, we provide the long-term expectation of the rewards for market risk on the Reference Portfolio. | Our estimate of the return from the investment activities we undertake to add value over and above the Reference Portfolio. | The NZ Super Fund's expected return over the long term is 7.20% p.a. |

Liquidity risk framework

Liquidity risk is a critical input to portfolio construction and investment management decisions. Liquidity risk within the Fund manifests from the construction and implementation of the Actual Portfolio due to:

- executing the portfolio and currency hedge strategy using derivatives that require collateral to be paid in certain situations
- holding illiquid assets that cannot immediately be converted to meet collateral obligations on derivatives held.

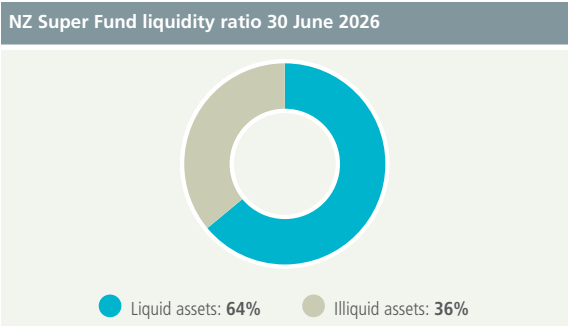
The liquidity risk framework is made up of two components:

- the measurement of the Fund's liquidity against extreme market movements that drain Fund liquidity
- the amount of liquidity the Fund wishes to hold on average through the cycle.

The Fund's liquidity risk framework was reviewed this year. As a result of the review:

- we refreshed the definition of liquidity in the Fund and the market movements that feed into measurement of Fund liquidity
- the Board approved the decision to hold more liquidity on average through the cycle than previously and adopted ownership of the measure.

The chart below shows our liquidity ratio, or how much of the Fund could be converted to cash within 10 days, as of 30 June 2026. This is the same as the liquidity ratio at 30 June 2025.



## Here, we cover our new and closed investments over the year.

### NEW INVESTMENTS

#### BUYOUT – MONTERRO AND LGT CAPITAL PARTNERS

Buyout involves the acquisition of controlling interests in private companies and is accessed through external investment managers. The Guardians had terminated our Buyout opportunity in 2021, and following thorough investigation reintroduced it in 2023.

After a lengthy search for appropriate managers, in September 2025 we made a commitment of EUR50 million to Monterro, a Sweden-based control buyout manager focused on business-to-business software companies within the Nordic region. Then, in October 2025 we committed EUR250 million to a separately managed account with LGT Capital Partners targeting 80% global small buyout funds and 20% co-investments.

#### REAL ESTATE – DATA CENTRES

Leaning into the global AI thematic, in April 2026 we made a US\$200 million commitment into Fleet Data Centres, a US hyperscale data centre developer and operator, alongside incumbent external investment managers Columbia Capital and StepStone. Our Real Estate opportunity now has NZ\$1.7 billion exposure to data centres.



The ESR OS1 Data Centre in Osaka, Japan, which we invest in through the ESR Data Centre Fund

#### TACTICAL CREDIT – JAIN GLOBAL

In November 2025 we committed US\$150 million to Jain Global's Strategic Transactions Fund. This fund extends the reach of our Tactical Credit opportunity, investing in transactions that help banks manage regulatory capital and balance sheet risk, with a focus on hedging downside exposure.

### INFRASTRUCTURE – STEPSTONE

Infrastructure investment provides long-standing returns and aligns well with our long-horizon endowment. Our Infrastructure opportunity now includes \$3.7 billion of investments.

In May 2026 we made a US\$125 million investment into StepStone Infrastructure Co-investment Partners II (SICP II). SICP II is a value-add infrastructure fund that seeks to provide access to a diversified portfolio of high-quality infrastructure co-investments alongside leading industry partners.

### CLOSED INVESTMENTS

We continually look to optimise the mix of investments in the Fund to achieve the best risk-adjusted returns. Other investments reach maturity, are fully paid out and wound down. Over the past year, we sold or wound down the following investments:

#### CONVERTIBLE ARBITRAGE – AQR ARBITRAGE

In June 2026 we terminated the Convertible Arbitrage opportunity, subsequently redeeming our US\$35 million exposure managed by AQR Arbitrage. The opportunity was terminated following a reassessment of its strategic fit and expected long-term value-add. Although the strategy can be particularly attractive following periods of market stress, we have lower conviction that it would be sufficiently attractive relative to other opportunities to be prioritised for capital deployment when such periods arise. Given the infrequency of relatively attractive investment periods, our confidence in its ability to add value over the long term has also decreased.

#### REAL ESTATE (VALUE-ADD) – RETIREAUSTRALIA

In August 2025 we agreed to sell our stake in retirement village owner, operator and developer RetireAustralia to Invesco Real Estate, the global real estate investment business of Invesco Ltd. The NZ Super Fund and NZX-listed infrastructure investor Infratil had each purchased 50% of RetireAustralia in 2014. Invesco also agreed to purchase Infratil's interest in RetireAustralia.

#### ENERGY GROWTH (SHALE) – KKR

KKR's sale of a 40 percent stake in Pembina Gas Infrastructure Inc. (PGI) to funds managed by Apollo closed in July 2026. The NZ Super Fund was a co-investor in PGI alongside funds managed by KKR. Final distributions are expected to be completed in 2027. This will close out our now-terminated Energy Growth (Shale) opportunity.

#### BUYOUT – ADAMS STREET PARTNERS

Our fund investment with Adams Street Partners, which we opened in 2007, has reached the end of its life and been fully distributed.

*For information about our new and closed investments in New Zealand, see pages 63–64.*

## INVESTMENT ENVIRONMENT

## Global financial markets delivered strong returns over 2025/26, despite a more uncertain economic and geopolitical backdrop.

This environment supported the NZ Super Fund in earning a strong return of 14.17% for the year, with its Reference Portfolio benchmark returning 14.27%.

Equity markets were the main driver of returns. Bond and currency markets were more volatile as outlooks for interest rates, inflation and government debt sustainability varied throughout the year.

### GLOBAL MARKETS

#### Equity markets

Investment in AI infrastructure and services has been a major driver of global equity returns since the COVID-19 pandemic and continued to be during 2025/26.

Global equity markets were supported by resilient earnings growth and continued enthusiasm around AI-related

investment. US equities continued to drive returns, particularly across the AI 'hyperscalers' – the large cloud providers building the data centre capacity on which AI models are trained and run – as well as the semiconductor companies supplying them. Several non-US markets also performed strongly, including parts of Asia that play an important role in the AI supply chain.

The large technology firms creating AI platforms, as well as providers of semiconductors, memory chips and data warehousing, have led equity market performance. The US technology sector returned 37% last year, while US equities excluding technology returned around 16%. Outperformance has expanded to equity markets outside of the US to countries such as Japan, Korea and Taiwan, whose equity markets are dominated by companies servicing the AI thematic.

Global equity performance over 2025/26



#### Private markets

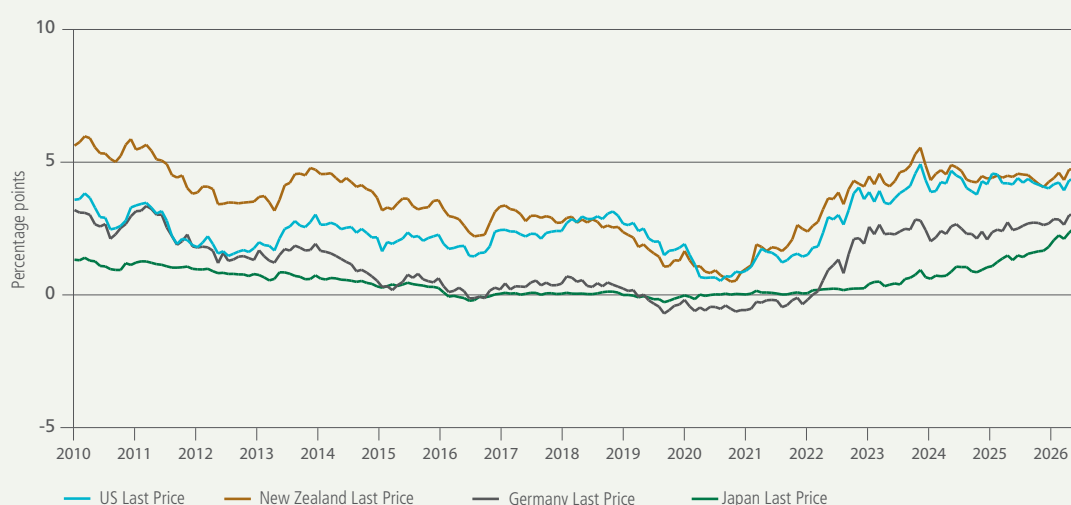
AI investment also dominated private market activity. Capital deployment into AI-related infrastructure – particularly compute, power and digital infrastructure – accelerated meaningfully. Private credit played a growing role in AI investment financing structures.

#### Bond markets

Government bond markets faced competing forces during the year.

Inflation proved more persistent than many investors had expected, with higher energy prices and geopolitical developments – including conflicts in the Middle East – impacting the outlook for interest rates. By year-end, expectations for further policy easing had moderated, while concerns about government debt levels pushed longer-dated yields higher. This contributed to volatility across bond and currency markets and reinforced the view that the exceptionally low interest-rate environment of the pre-pandemic decade is unlikely to return soon.

Global 10-year government yields



### DOMESTIC MARKETS

The New Zealand economy began to emerge from a prolonged downturn in 2025/26, supported by lower inflation, falling interest rates and stronger export prices.

However, recovery remained fragile. High petrol prices and renewed concerns about inflation led markets to reassess the path of future Official Cash Rates (OCR). Ongoing cost-of-living pressures weighed on households, and uncertainty around the interest rate outlook restrained spending and investment.

Although broader indicators pointed to improving economic conditions, growth remained subdued, and structural challenges – particularly weak productivity – continued to weigh on the economy. This led the New Zealand dollar to end the year near a 20-year low.

### LOOKING TO THE FUTURE

Persistent risks related to trade fragmentation, fiscal sustainability and geopolitical tensions continue to shape both the economic and market outlook.

These dynamics are likely to keep long-term borrowing costs elevated and contribute to ongoing volatility across bond and currency markets. Elevated government debt levels and structurally higher interest rates in many major economies raise the cost of servicing that debt and constrain the policy response available to governments through future downturns.

Near-term equity performance will depend largely on whether current optimism about AI proves justified – specifically, the pace at which AI is adopted and the scale of the productivity gains it delivers.

We continue to see strong long-term potential in domestic sectors that draw on New Zealand's natural resources, innovation and favourable demographics.

Our overall investment approach remains anchored to our long-term horizon, and we are confident that the settings we have put in place have built a robust portfolio. Our investment horizon allows us to look through short-term volatility and stay focused on sustainable, long-term returns for future generations of New Zealanders.

## INVESTMENT PERFORMANCE

Actual returns, after costs and before tax, of 14.17% saw the total value of the NZ Super Fund rise by \$9.30 billion during the 2025/26 financial year to end the year at \$94.35 billion. This represents an excess return for the year of 11.46% over the 90-day Treasury Bill return, which was 2.71%.

Over the last 20 years the Fund has generated \$69.00 billion more in investment returns than the return on Treasury Bills. Of this amount, \$9.53 billion was generated during 2025/26.

Outperforming the return on Treasury Bills 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.

In 2025/26 the Actual Portfolio performed 0.10% below our Reference Portfolio benchmark. Over the last 20 years, the Actual Portfolio has added an average value above the Reference Portfolio of 1.49% per year, or \$22.05 billion total. This remains ahead of our long-term performance expectation. In addition, these better-than-expected returns have been achieved while taking lower-than-budgeted active risk.

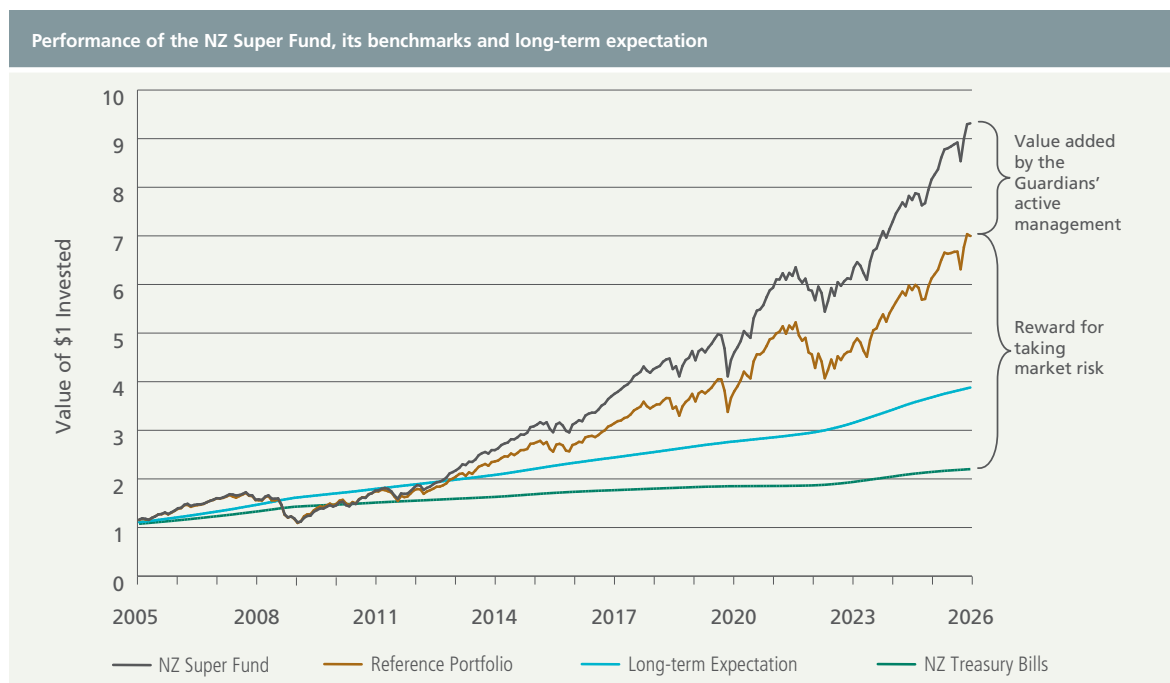
|                                                                 | Since inception p.a. | 20 years p.a. | 10 years p.a. | 5 years p.a. | 1 year   |
|-----------------------------------------------------------------|----------------------|---------------|---------------|--------------|----------|
| <b>Actual Fund return (after costs, before tax)</b>             | 10.26%               | 9.68%         | 11.32%        | 8.82%        | 14.17%   |
| <b>Reference Portfolio return (after costs, before tax)</b>     | 8.89%                | 8.19%         | 9.78%         | 6.98%        | 14.27%   |
| <b>Value added (Actual return – Reference Portfolio return)</b> | 1.37%                | 1.49%         | 1.54%         | 1.84%        | -0.10%   |
| <b>Estimated \$ earned relative to Reference Portfolio*</b>     | \$22,594m            | \$22,046m     | \$11,650m     | \$7,456m     | (\$84m)  |
| <b>New Zealand Treasury Bill return</b>                         | 3.51%                | 3.15%         | 2.37%         | 3.48%        | 2.71%    |
| <b>Net return (Actual return – Treasury Bill return)</b>        | 6.75%                | 6.53%         | 8.95%         | 5.34%        | 11.46%   |
| <b>Estimated \$ earned relative to Treasury Bills*</b>          | \$68,998m            | \$66,239m     | \$52,026m     | \$21,630m    | \$9,525m |
| <b>\$ change in Fund size*</b>                                  | \$94,352m            | \$84,243m     | \$64,247m     | \$34,562m    | \$9,300m |
| <b>Crown contributions*</b>                                     | \$27,433m            | \$19,195m     | \$12,551m     | \$7,471m     | \$0      |
| <b>New Zealand income tax paid*</b>                             | \$13,661m            | \$13,139m     | \$9,022m      | \$6,118m     | \$2,515m |
| <b>Net Crown contributions*</b>                                 | \$13,772m            | \$6,056m      | \$3,529m      | \$1,353m     | (2,515m) |

\* Figures are cumulative and not per annum.

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

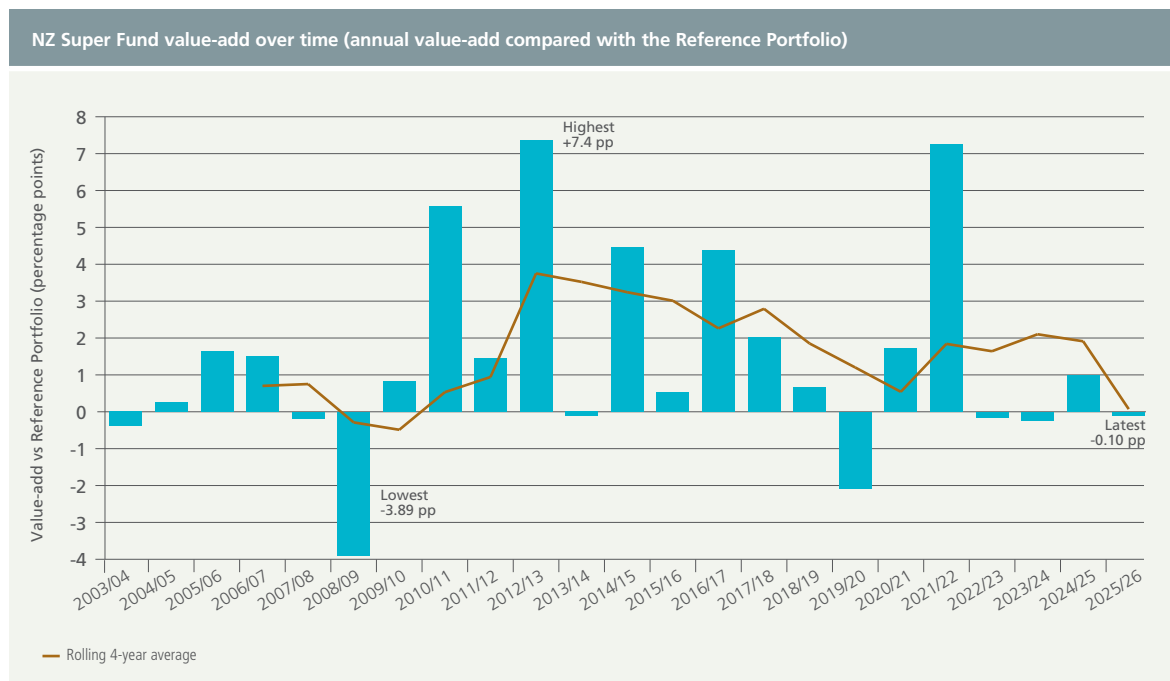
the assets in the Reference Portfolio – this is its performance expectation for the 2025/26 financial year, prior to adjustments made following our Reference Portfolio review). The brown line shows the performance of the Reference Portfolio, and the black line shows actual Fund returns.

## PERFORMANCE OF THE NZ SUPER FUND, ITS BENCHMARKS AND LONG-TERM EXPECTATION



The strong performance of global equities over 2025/26 largely explains the 14.27% return to our notional Reference Portfolio, which is dominated by global equities. This means that most active investments' proxy benchmarks outperformed the investments they were sold off to fund.

The graph below shows that in three of the last four years, Fund returns have been below the Reference Portfolio benchmark. While US equities and the technology sector have overperformed, our Actual Portfolio has still outperformed the Reference Portfolio overall over this period. We remain confident in our portfolio settings and mix of passive and active investments.



INVESTMENT PERFORMANCE (CONTINUED)

RISK-ADJUSTED RETURN PERFORMANCE:  
THE SHARPE RATIO

Focusing solely on investment 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 against our expectations. This is shown below.

Our long-term expectation is that the Reference Portfolio will achieve a Sharpe ratio of 0.17. For the Actual Portfolio, we expect a slightly higher Sharpe ratio of 0.24, 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 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 our current expectation of 0.17. 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 0.51.

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 1.01, materially exceeding our current expectation of 0.24. 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 0.59. Over both periods, the Sharpe ratio of the Actual Portfolio compares favourably with that generated by the Reference Portfolio.

|                                                                       | Reference Portfolio | Actual Portfolio |
|-----------------------------------------------------------------------|---------------------|------------------|
| Expected Sharpe Ratios                                                | 0.17                | 0.24             |
| Realised Sharpe Ratios                                                |                     |                  |
| Since introduction of Reference Portfolio (July 2010) to 30 June 2026 | 0.81                | 1.01             |
| Since inception (September 2003) to 30 June 2026                      | 0.51                | 0.59             |

ASSET CLASS CONTRIBUTION TO VALUE-ADD

The table on the following page shows how each of our asset classes has performed over the past one-, five- and ten-year horizons. The value-add figures show how they performed in relation to their Reference Portfolio proxy. In some cases, the returns of an asset class can be very strong but its proxy even stronger, resulting in negative value-add. The negative value-add of some of our assets is therefore largely a reflection of recent strong equity performance. Asset classes that are allocated less risk over time have less potential to make large return contributions, so we expect those with low risk allocations to make small active contributions to the portfolio.

Portfolio Completion

Our top-performing asset class this year was Portfolio Completion, which focuses on obtaining cost-effective access to liquid exposures and managing them efficiently, and has added considerable value to the Fund over time. 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 Reference Portfolio exposures, centralised execution, raising liquidity, and internalising mandates
- **Securities lending** – Lending out our equities and bonds to other market participants to achieve a return.

Real Assets

Our lowest-performing asset class this year was Real Assets. Four of our five lowest contributors to value-add in 2025/26 were Real Asset opportunities; see more information about these opportunities under 'Opportunity performance' on pages 58-59.

## ASSET CLASS CONTRIBUTION TO VALUE-ADD

| Source of value-add                                                                                                                                                                                                                                                                   | 1 year | 5 years p.a. | 10 years p.a. |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------------|---------------|
| <b>Alternatives</b>                                                                                                                                                                                                                                                                   | 0.25%  | 0.78%        | 0.91%         |
| <ul style="list-style-type: none"> <li>• Direct Arbitrage</li> <li>• Event-Driven</li> <li>• Exploratory</li> <li>• Global Macro</li> <li>• Insurance Run-off</li> <li>• Natural Catastrophe Reinsurance</li> <li>• Spectrum</li> <li>• Strategic Tilting</li> <li>• Trend</li> </ul> |        |              |               |
| <b>Debt Securities</b>                                                                                                                                                                                                                                                                | 0.20%  | 0.23%        | 0.32%         |
| <ul style="list-style-type: none"> <li>• Tactical Credit</li> </ul>                                                                                                                                                                                                                   |        |              |               |
| <b>Equities</b>                                                                                                                                                                                                                                                                       | 0.62%  | 0.58%        | 0.22%         |
| <ul style="list-style-type: none"> <li>• Active Equities (NZ)</li> <li>• DM Equity Multi-factor</li> </ul>                                                                                                                                                                            |        |              |               |
| <b>Real Assets</b>                                                                                                                                                                                                                                                                    | -1.51% | 0.16%        | 0.07%         |
| <ul style="list-style-type: none"> <li>• Infrastructure (Core, Value-add and Development)</li> <li>• Real Estate (Core, Value-add and Opportunistic)</li> <li>• Rural Land</li> <li>• Timber</li> </ul>                                                                               |        |              |               |
| <b>Private Equity</b>                                                                                                                                                                                                                                                                 | -0.34% | -0.13%       | -0.09%        |
| <ul style="list-style-type: none"> <li>• Buyout</li> <li>• Growth Equity</li> <li>• Opportunistic (NZ and International)</li> <li>• Sustainable Transition</li> <li>• Venture Capital</li> </ul>                                                                                      |        |              |               |
| <b>Portfolio Completion</b>                                                                                                                                                                                                                                                           | 0.95%  | 0.41%        | 0.39%         |
| <ul style="list-style-type: none"> <li>• Currency Overlay (Manager)</li> <li>• Passive Replication</li> <li>• Transitions and Other</li> </ul>                                                                                                                                        |        |              |               |
| <b>Terminated*</b>                                                                                                                                                                                                                                                                    | -0.03% | -0.23%       | -0.28%        |
| <b>Other**</b>                                                                                                                                                                                                                                                                        | -0.24% | 0.04%        | 0.01%         |

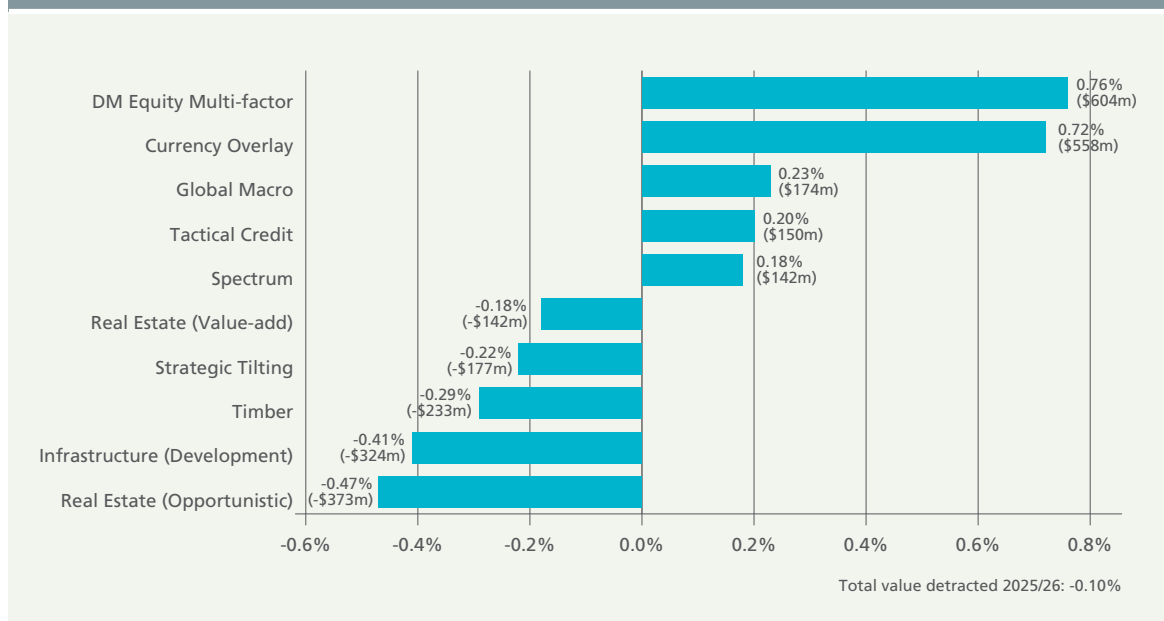
\* Includes Convertible Arbitrage, which was terminated in 2025/26, as well as opportunities terminated in prior years.

\*\* Includes benchmark calculation methodology factors, Guardians' costs and the effect of securities excluded from our equity indices as part of our sustainable investment adjustments.

## INVESTMENT PERFORMANCE (CONTINUED)

## OPPORTUNITY PERFORMANCE

Top and bottom five contributors to value-add in 2025/26

**DM Equity Multi-factor**

The Developed Markets (DM) Equity Multi-factor opportunity comprises close to 20% of the Fund's net asset value. It invests systematically across developed market companies to capture four long-established, research-backed sources of return: value, momentum, quality and low volatility. These factors are expected to deliver returns above broad equity market indices over the long term.

The opportunity added value during 2025/26. The result reflects the benefit of diversifying across four factors; global equity markets were strong over the year, but beneath the surface, factor leadership rotated. Value led through late 2025 and early 2026 as investors favoured more attractively priced companies, before momentum took over as the strongest factor, helped by technology and semiconductor stocks extending their gains. Quality also contributed positively later in the period, while low volatility was the main laggard as more defensive companies lagged the rising market. Because the portfolio holds all four factors in balance, it was able to benefit from this rotation rather than being caught on the wrong side of it.

**Currency Overlay**

Currency Overlay is an internal mandate that manages the Fund's overall currency risk. The mandate is governed by set and persistent risk limits. The Fund's target hedge ratio for 2025/26 was 100%, set off a one-month forward contract rebalanced monthly and based on the London 4pm WM Reuters spot and forward reference rates.

**Global Macro**

The Global Macro opportunity outperformed over the year, led by strong returns from Bridgewater Pure Alpha, which benefitted from macro dislocations driven by geopolitical developments, policy shifts and divergent economic outcomes across markets.

**Tactical Credit**

Tactical Credit aims to generate active returns by taking advantage of the Fund's endowments and seeking investment opportunities in credit and rates markets. The mandate delivered another strong result over the financial year and remained one of the Fund's top contributors over one-, five- and ten-year periods. Performance during the year was driven primarily by structured credit transactions and liquid funding trades, which benefitted from disciplined execution, selective deployment of risk and low hedging costs.

**Spectrum**

The Spectrum opportunity seeks to benefit from pricing inefficiencies in the US market for non-Federal electromagnetic frequency licenses. The US spectrum market became more active during 2025/26 following the restoration of the Federal Communications Commission (FCC)'s auction authority, with increased auction and secondary market activity reinforcing the strategic value of spectrum assets. A valuation uplift across the spectrum market followed a major transaction that provided a relevant reference point. We did not make any new investments in this opportunity during 2025/26.

**Real Estate (Value-Add)**

This opportunity's return depends heavily on our ability to select and access skilled managers who can add value by renovating, repositioning, or repurposing assets. Returns from this activity are inherently lumpy and asset-specific and can be volatile in any single year. This financial year the opportunity detracted from returns, driven predominantly by lower than expected exit values of several assets amid softer market conditions. Reflecting reduced conviction in parts of the portfolio, we progressed several divestment decisions during the year.

**Strategic Tilting**

Strategic Tilting performance remains above expectations over the long horizon; however, it has detracted from returns this

financial year. 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 markets. This year included a number of market-moving geopolitical events that created some volatility. Markets were mostly driven by continued demand for AI and technology-related companies, while rates markets repriced government debt concerns and inflation expectations. Overall, equities continued to climb with bond yields continuing to rise in many regions. This financial year, our equity positions reduced total Fund risk while adding value; however, our currency positions detracted from returns.

#### Timber

Our Timber opportunity underperformed its benchmark this year. Global timber prices have remained under pressure in part due to soft demand from China. This has been reflected in lower valuations for some timber investments, particularly our interests in Australian timber assets. We remain confident in timber's attractiveness in the longer term.

#### Infrastructure (Development)

Our exposures in the Infrastructure (Development) opportunity are dominated by Longroad, a US renewable energy developer. This investment has performed strongly since inception. However, while the investment delivered positive returns this year, it did not keep pace with the very strong performance of its benchmark proxy, resulting in negative value-add for 2025/26.

#### Real Estate (Opportunistic)

This opportunity has been our route into structurally growing sectors such as data centres and logistics, where returns are typically back-ended and realised over the life of a development rather than evenly year-to-year. The detraction this year was mostly driven by the strong performance of its benchmark proxy. Over longer horizons the opportunity has outperformed the benchmark, reflecting the value created as earlier developments have matured.

#### OUR INVESTMENTS IN AI

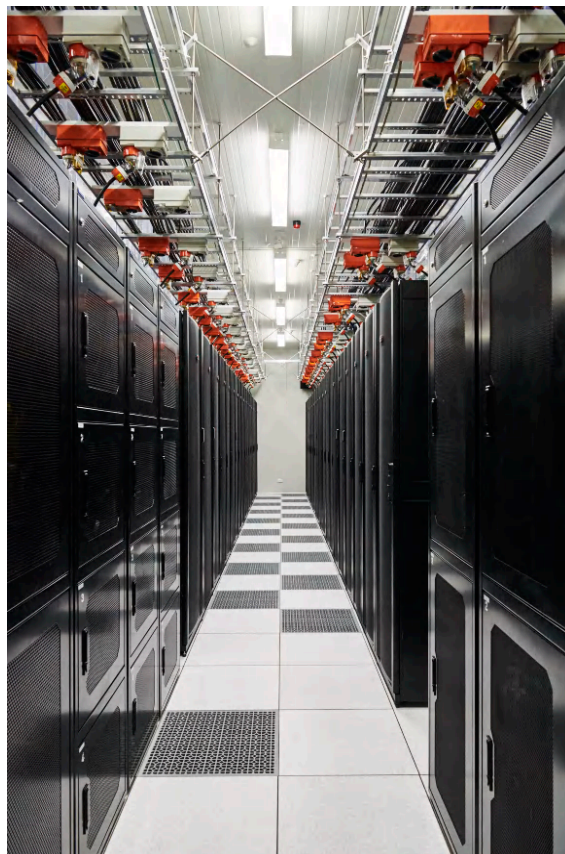
We estimate that approximately 25% of the Fund's Actual Portfolio is exposed to AI. Like other growth-oriented global funds, the NZ Super Fund is materially exposed to AI through its equity investments. The US technology sector is the main source of earnings growth in the S&P 500, and it is important that we have exposure to emerging sources of economic growth.

Overall, however, the NZ Super Fund is underweight exposure to AI by 4% compared with listed markets as a whole. This is because much of our exposure to AI is via our passive Reference Portfolio investments, which we sell down to fund active investment opportunities.

Our main sources of active exposure to AI are through our DM Equity Multi-factor opportunity and Strategic Tilting, the latter of which was, as at 30 June 2026, underweight US equities. This exposure varies through time as the factor loadings on AI stocks is time varying. We also have exposure to AI (via data centres) through our Real Estate opportunities.

AI-related power demand provides a clear tailwind for our direct investment in Longroad Energy. Longroad's pipeline of renewable projects is well placed to meet new energy load, and, together with a more settled regulatory backdrop, it has continued to progress projects while increasing its future

development ambitions. Here in New Zealand, our direct investment in Datacom positions us well to benefit from the growth of AI, as the company continues to expand its consulting and AI services alongside ongoing investment in sovereign data centres.



The interior of a data bank at a Datacom data centre

The Fund's performance relative to the Reference Portfolio has been challenged by the AI thematic and the outperformance of US technology sector equities. That we sell down global equities to fund other investment opportunities means we are reducing our exposure to the AI thematic in some cases and as a result, active returns have suffered in the short term.

However, diversification is a critical investment discipline. We introduce active investment opportunities into the portfolio to increase diversification and the risk-adjusted return over the long horizon.

The valuation of US equities and technology firms is elevated. Many of our discussions with investors globally revolve around the risks apparent in concentrated exposure of portfolios to US equities and the AI thematic. While there is a wide range of views about whether AI-exposed stocks are over- or under-valued, this is not a relevant consideration as far as our passive exposure is concerned – we simply hold these stocks at their market weights. We routinely review our entire portfolio to identify whether there are pockets of concentration that we are not comfortable with, including our exposure to AI, and we remain comfortable with the overall level of exposure to AI in our portfolio.

WHERE WE INVEST



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

This map shows countries where the NZ Super Fund invests over \$100 million.

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.

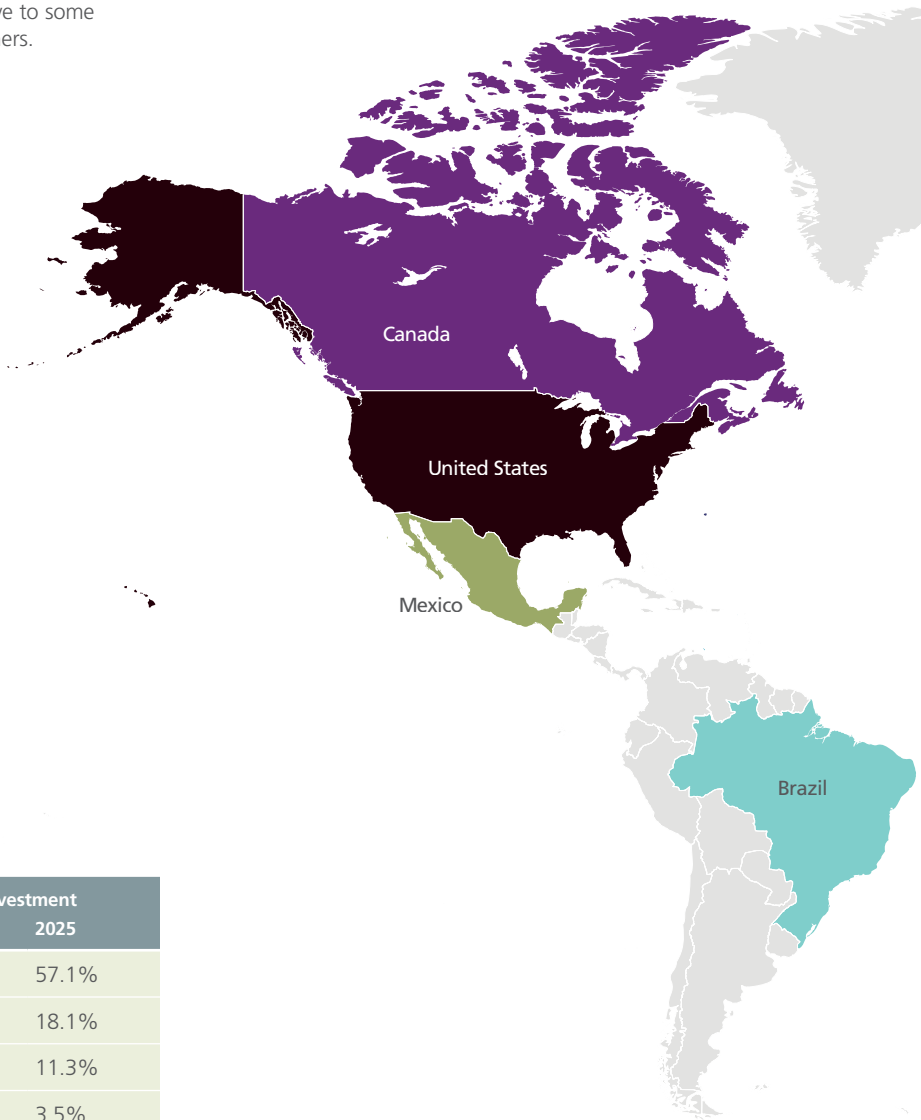
In New Zealand terms, the Fund is relatively large and able to undertake investment at scale. We have a long investment horizon and the ability to invest in illiquid assets (assets that can be hard to sell quickly) to earn a premium over time.

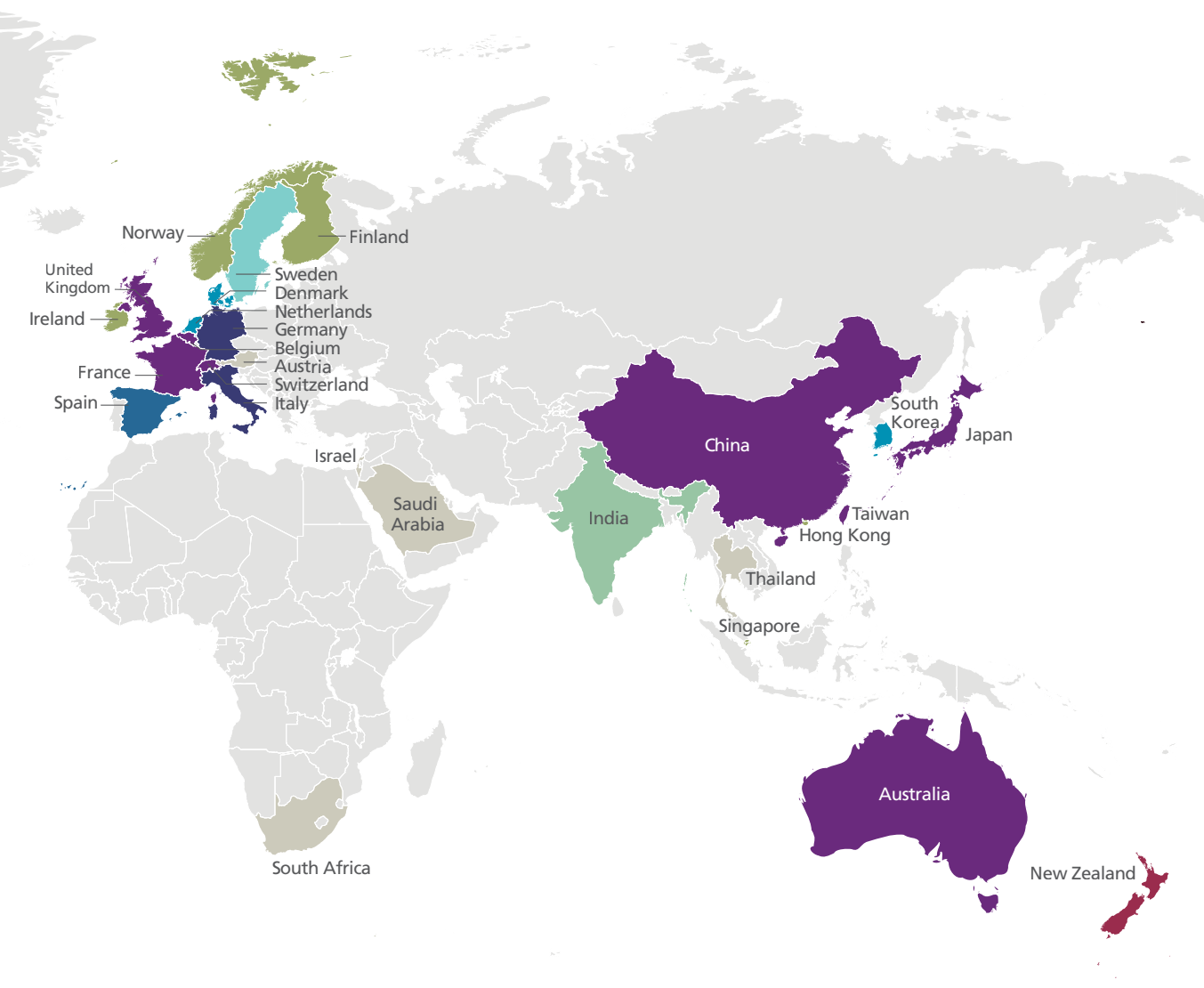
VALUE OF INVESTMENT (NZD)

- Over \$10b
- \$5b-\$10b
- \$1b-\$5b
- \$800m-\$1b
- \$700m-\$800m
- \$500m-\$700m
- \$400m-\$500m
- \$300m-\$400m
- \$200m-\$300m
- \$100m-\$200m
- Less than \$100m

| Region             | Value of investment |       |
|--------------------|---------------------|-------|
|                    | 2026                | 2025  |
| North America      | 59.1%               | 57.1% |
| Europe             | 16.6%               | 18.1% |
| New Zealand        | 10.2%               | 11.3% |
| Japan              | 3.1%                | 3.5%  |
| Asia (excl. Japan) | 5.3%                | 4.6%  |
| Australia          | 2.3%                | 2.4%  |
| Other              | 3.4%                | 3.0%  |

These figures have been calculated by country of risk.





## INVESTED IN NEW ZEALAND

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

### 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 2026 financial year, 10.2% of the NZ Super Fund (\$9.9 billion) was invested in New Zealand – considerably more than a purely passive global investor would allocate. As a comparison, New Zealand equities make up 0.04% of global listed equity markets.

Since 2009, the dollar value of the NZ Super Fund's New Zealand assets has steadily increased, both in absolute terms and relative to New Zealand's nominal GDP. At 30 June 2026, our New Zealand assets accounted for 2.2% 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



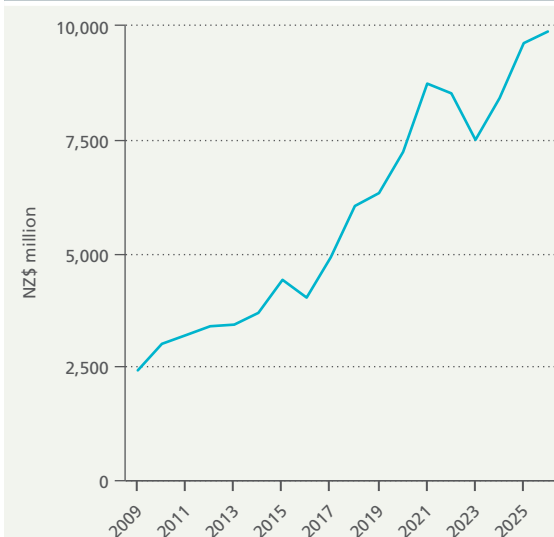
However, the value of the Fund's New Zealand assets as a proportion of the total Fund has dropped over the same period – due in part to the strong performance of various overseas asset classes (in particular, global equities).

While the dollar value invested in New Zealand may continue to rise, 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.

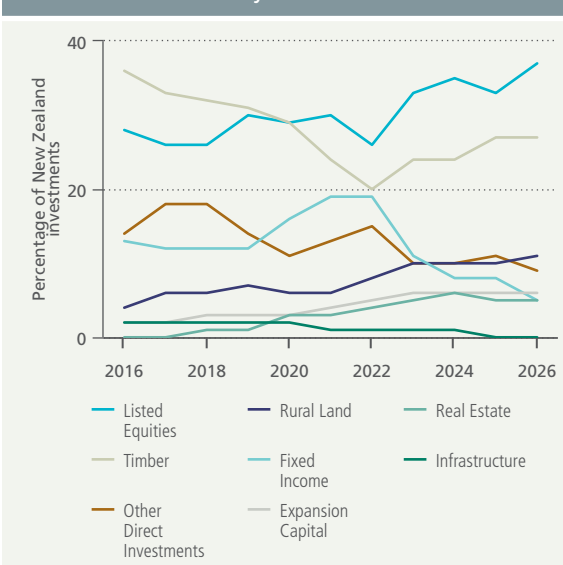
New Zealand investment since Ministerial Direction



Proportion invested in New Zealand since Ministerial Direction



New Zealand investments by sector



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% (\$3.7 billion) of the NZ Super Fund is invested in New Zealand shares. In addition to our externally managed equity mandates, our in-house team invests both passively in the NZX 50 and actively where we believe that we can add value. This includes a machine learning-based active New Zealand equities mandate.

In addition to the NZ Super Fund, we oversee the management of the Elevate NZ Venture Fund, which has an exclusively New Zealand-focused mandate. See pages 70–74 for more information about Elevate and its investments.

### Progress on New Zealand investments

During the past 12 months, we have expanded our investments in rural land, progressed work on energy and social infrastructure, and committed additional capital towards New Zealand's technology sector.

We have long-standing investments 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 \$1.3 billion that includes investments in hops, pipfruit, viticulture, kiwifruit, beef and dairy in both islands. In March 2026 we expanded our rural land portfolio, acquiring 155.1ha of land adjoining an existing dairy operation in Southland for \$3.4 million. The land will be used as a dairy support block, enabling the expansion of our existing milking platform.

We have been working with developers Russell Property Group, local iwi Ngāi Tai ki Tāmaki and property fund Hāpai on the development of residential housing and associated infrastructure and amenities south of Beachlands in

Auckland. The new community will complement and extend the existing Beachlands township and include schools and commercial opportunities, as well as a new village centre and a broad range of housing choices. In November 2025 initial site works commenced; these are expected to be completed in 2027. In June 2026, the partnership lodged an application for fast-track approvals from the Environmental Protection Authority under the Fast-track Approvals Act 2024 for consenting of the live zone.

Resource consent and engineering approval has been obtained for Kaha Ake, the NZ Super Fund's partnership with Classic Group, to embark on a new development in Cromwell. The plan entails horizontal and vertical development of 97 lots over five years. The 5.26ha site was purchased from Central Otago District Council.

We also continue to assess the possibility of building a 1GW offshore wind farm in the South Taranaki Bight, alongside our partners Copenhagen Infrastructure Partners. Over the past five years, the Taranaki Offshore Partnership has invested \$15 million in assessing the feasibility of developing an offshore wind farm. This includes studies on wind speeds, marine mammal behaviour, industry capability, and requirements from the local port and harbour, and engagement with iwi, local government, the local community and other stakeholders. This work has established that the South Taranaki Bight offers favourable water depth and world-class wind conditions.



Floating microphones for marine animal monitoring in the South Taranaki Bight

In addition, the generation profile of the proposed wind farm is expected to align well with New Zealand's energy demand profile as its highest output would be during winter and spring, when demand is typically highest. This alignment, and the scale of the proposed development, would greatly enhance New Zealand's energy security. The Offshore Renewable Energy Bill, passed in June 2026, provides a regulatory framework to continue progressing this proposal.

In May 2025 we announced that our New Zealand hotel portfolio was being brought to market. We completed the sale of three of the seven properties over the course of this financial year, with the sale process continuing for the remaining four properties in Christchurch, Rotorua and Auckland.

In June 2026 the decade-long partnership between the NZ Super Fund and leading New Zealand technology investor Movac continued with the Super Fund committing \$35 million

## INVESTED IN NEW ZEALAND (CONTINUED)

to Movac's Growth Fund 7 (MGF7). Movac is behind some of New Zealand's most significant venture capital success stories, including Tradify, Vend, Timely, Trade Me and Aroa Biosurgery.

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 potential 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.

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 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.

From time to time we also make submissions on government policy matters that are relevant to us. Our submissions on New Zealand policy in 2025/26 focused on modern slavery, a Code of Conduct for Crown entity employees, and the NZ Taxonomy. See page 112 for more information.

Our position as a large local investor enables 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. To learn more about our role as stewards of our investee companies, both in New Zealand and internationally, see pages 79–80, as well as our Stewardship Report, available on our website.

Our annual Investee Director and CEO Forum took place in September 2025, with 54 investee directors, CEOs, and Guardians management and Board members attending for a day of development and discussion.



Investee Director and CEO Forum, September 2025

## 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 2026, 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 2025 | Year appointed | Fund name and focus areas                                                              | Type     | Value of investment NZ\$m* | % of total Fund (pre-tax) |
|-----------------------------------------------|----------------|----------------------------------------------------------------------------------------|----------|----------------------------|---------------------------|
| Columbia Capital                              | 2026           | Columbia Capital Opportunities Fund I and Co-investments – Real Estate (Opportunistic) | Unlisted | 89                         | 0.0%                      |
| LGT Capital Partners                          | 2025           | NZ Super SMA SCSp SICAV RAIF – Buyout                                                  | Unlisted | 4                          | 0.0%                      |
| Monterro Fund Management                      | 2025           | M5 Software Investment D2 AB – Buyout                                                  | Unlisted | 0                          | 0.0%                      |
| Monterro Fund Management                      | 2025           | G2 Software Investment D1 AB – Buyout                                                  | Unlisted | 0                          | 0.0%                      |
| Movac                                         | 2026           | Movac Growth Fund 7 – New Zealand Growth Capital                                       | Unlisted | 0                          | 0.0%                      |
| Jain Global                                   | 2026           | Jain Global Strategic Transactions Offshore Fund – Structured Credit                   | Listed   | 291                        | 0.3%                      |

| Manager/mandate closed since 1 July 2025 | Year appointed | Fund name and focus area               | Type     |
|------------------------------------------|----------------|----------------------------------------|----------|
| Adams Street Partners                    | 2007           | Adams Street Partnership Fund – Buyout | Unlisted |

| Incumbent managers/mandates as at 30 June 2026 | Year appointed | Fund name and focus areas                                        | Type     | Value of investment NZ\$m* | % of total Fund (pre-tax) |
|------------------------------------------------|----------------|------------------------------------------------------------------|----------|----------------------------|---------------------------|
| AJ Capital                                     | 2023           | Field & Stream Hotel Fund I – Real Estate (Opportunistic)        | Unlisted | 19                         | 0.0%                      |
| Apollo Global Management                       | 2014           | Financial Credit Investment II – US Life Settlements             | Unlisted | 163                        | 0.2%                      |
|                                                | 2017           | Financial Credit Investment III – US Life Settlements            | Unlisted | 121                        | 0.1%                      |
| AQR Capital Management                         | 2009           | CNH Convertible Arbitrage Master Account – Convertible Arbitrage | Listed   | 62                         | 0.1%                      |
|                                                | 2018           | Segregated Mandate – Multi-factor Investing                      | Listed   | 6,906                      | 7.3%                      |
| Ara Partners                                   | 2023           | Ara Fund III AIV and Co-investment – Sustainable Transition      | Unlisted | 105                        | 0.1%                      |
| Bain Capital                                   | 2013           | Bain Capital Credit Managed Account (NZSF) – Distressed Credit   | Unlisted | 50                         | 0.1%                      |
| BlackRock Investment Management UK             | 2020           | Segregated Mandate – Fixed Interest Securities (ex Treasuries)   | Listed   | 5,572                      | 5.9%                      |

## MANAGERS AND CUSTODIANS (CONTINUED)

| Incumbent managers/<br>mandates as at<br>30 June 2026 | Year<br>appointed | Fund name and focus areas                                                                                           | Type     | Value of<br>investment<br>NZ\$m* | % of total<br>Fund<br>(pre-tax) |
|-------------------------------------------------------|-------------------|---------------------------------------------------------------------------------------------------------------------|----------|----------------------------------|---------------------------------|
| Bridgewater Associates                                | 2006              | Bridgewater Pure Alpha Fund II – Global Macro                                                                       | Listed   | 1,097                            | 1.2%                            |
| Canyon Capital Advisors                               | 2016              | Canyon NZ-DOF Investing – Distressed Credit                                                                         | Unlisted | 218                              | 0.2%                            |
| Carlyle                                               | 2020              | Carlyle FRL – Insurance Run-off                                                                                     | Unlisted | 1,023                            | 1.1%                            |
| CBRE Investment Management                            | 2021              | CBRE Asia Value Partners VI – Real Estate (Opportunistic)                                                           | Unlisted | 106                              | 0.1%                            |
|                                                       | 2025              | CBRE Asia Value Partners 7 – Real Estate (Opportunistic)                                                            | Unlisted | 10                               | 0.0%                            |
| CIM                                                   | 2019              | N-Data Center Portfolio Co-Investor – Real Estate (Value-add) and N-Novva Co Investor – Real Estate (Opportunistic) | Unlisted | 1,530                            | 1.6%                            |
| Citadel                                               | 2020              | Citadel Kensington Global Strategies Fund II – Global Macro                                                         | Listed   | 540                              | 0.6%                            |
| CITP                                                  | 2011              | China Infrastructure Partners – Infrastructure                                                                      | Unlisted | 87                               | 0.1%                            |
| Columbia Capital                                      | 2021              | Columbia Spectrum Partners V – Spectrum                                                                             | Unlisted | 239                              | 0.3%                            |
|                                                       | 2023              | Columbia Capital Opportunities Fund I and Co-investments – International Growth Equity                              | Unlisted | 184                              | 0.2%                            |
|                                                       | 2023              | Columbia Capital Equity Partners VIII – International Growth Equity                                                 | Unlisted | 78                               | 0.1%                            |
|                                                       | 2025              | Columbia Spectrum Partners VI – Spectrum                                                                            | Unlisted | 489                              | 0.5%                            |
| Copenhagen Infrastructure Partners (CIP)              | 2021              | Copenhagen Infrastructure Energy Transition Fund I – Infrastructure                                                 | Unlisted | 52                               | 0.1%                            |
| Deutsche Finance International                        | 2021              | DFI European Value-Add Fund II – Value-add Real Estate                                                              | Unlisted | 105                              | 0.1%                            |
| Direct Capital                                        | 2009              | Direct Capital IV – New Zealand Growth Capital                                                                      | Unlisted | 0                                | 0.0%                            |
|                                                       | 2016              | Direct Capital Fund V and Co-investments – New Zealand Growth Capital                                               | Unlisted | 47                               | 0.0%                            |
|                                                       | 2020              | Direct Capital VI – New Zealand Growth Capital                                                                      | Unlisted | 64                               | 0.1%                            |
|                                                       | 2025              | Direct Capital VII – Buyout                                                                                         | Unlisted | 10                               | 0.0%                            |
| Domain Timber Advisors                                | 2023              | Sutherland Timber SMA – Timber                                                                                      | Unlisted | 277                              | 0.3%                            |
| Elementum Advisors                                    | 2010              | Segregated Mandate – Natural Catastrophe Reinsurance                                                                | Unlisted | 864                              | 0.9%                            |
| Episteme Capital                                      | 2023              | Episteme ESQTR SMF I – Global Macro                                                                                 | Listed   | 171                              | 0.2%                            |
| ESR                                                   | 2022              | ESR Data Centre Fund I – Real Estate (Opportunistic)                                                                | Unlisted | 113                              | 0.1%                            |
| FarmRight                                             | 2010              | Rural land in New Zealand and Australia                                                                             | Unlisted | 1,378                            | 1.5%                            |
| Fifth Wall                                            | 2021              | Fifth Wall Early-Stage Climate Technology Fund and Co-investments – Sustainable Transition                          | Unlisted | 92                               | 0.1%                            |
| Florin Court                                          | 2023              | Florin Court Capital Fund – Trend                                                                                   | Listed   | 361                              | 0.4%                            |
| Generation Investment Management                      | 2022              | Generation IM Sustainable Solutions Fund IV – Sustainable Transition                                                | Unlisted | 111                              | 0.1%                            |

| Incumbent managers/<br>mandates as at<br>30 June 2026 | Year<br>appointed | Fund name and focus areas                                                                                                                                | Type                | Value of<br>investment<br>NZ\$m* | % of total<br>Fund<br>(pre-tax) |
|-------------------------------------------------------|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------------------|---------------------------------|
| Global Forest Partners                                | 2007              | Global Timber Investors 8 – Timber                                                                                                                       | Unlisted            | 53                               | 0.1%                            |
|                                                       | 2009 & 2012       | AIF Properties – Timber                                                                                                                                  | Unlisted            | 251                              | 0.3%                            |
|                                                       | 2010              | Global Timber Investors 9 – Timber                                                                                                                       | Unlisted            | 47                               | 0.1%                            |
| Grain Management                                      | 2020              | Grain Spectrum Holdings III – Spectrum                                                                                                                   | Unlisted            | 243                              | 0.3%                            |
| Hillwood                                              | 2019              | US Industrial Club V – Real Estate (Opportunistic)                                                                                                       | Unlisted            | 100                              | 0.1%                            |
|                                                       | 2021              | US Industrial Club VI – Real Estate (Opportunistic)                                                                                                      | Unlisted            | 269                              | 0.3%                            |
|                                                       | 2025              | US Industrial Club VII – Real Estate (Opportunistic)                                                                                                     | Unlisted            | 12                               | 0.0%                            |
| Kohlberg Kravis Roberts (KKR)                         | 2007              | KKR Asian Fund – Buyout                                                                                                                                  | Unlisted            | 0                                | 0.0%                            |
|                                                       | 2014              | KKR NZSF Energy Investor – Energy Growth (Shale)                                                                                                         | Unlisted            | 90                               | 0.1%                            |
| Leadenhall Capital Partners                           | 2013              | Natural Catastrophe Reinsurance                                                                                                                          | Unlisted            | 894                              | 0.9%                            |
| Man AHL                                               | 2022              | Man AHL Institutional Solutions Pure Momentum Plus and Evolution – Trend                                                                                 | Listed              | 621                              | 0.7%                            |
| Mint Asset Management                                 | 2015              | Segregated Mandate – New Zealand Active Equities                                                                                                         | Listed              | 799                              | 0.8%                            |
| Morrison                                              | 2006              | Global Infrastructure Mandate, including investments in Altogether, Longroad Energy, Galileo Green Energy and Active Listed Infrastructure – Real Assets | Listed and Unlisted | 2,934                            | 3.1%                            |
|                                                       | 2009              | Public Infrastructure Partners – Infrastructure (Core)                                                                                                   | Unlisted            | 2                                | 0.0%                            |
| Movac                                                 | 2016              | Movac Fund 4 and Co-investment – New Zealand Growth Capital                                                                                              | Unlisted            | 8                                | 0.0%                            |
|                                                       | 2020              | Movac Fund 5 – New Zealand Growth Capital                                                                                                                | Unlisted            | 66                               | 0.1%                            |
|                                                       | 2022              | Movac Growth Fund 6 – New Zealand Growth Capital                                                                                                         | Unlisted            | 69                               | 0.1%                            |
| Northern Trust                                        | 2013              | Segregated Mandate – Passive Global Equities                                                                                                             | Listed              | 7,518                            | 8.0%                            |
|                                                       | 2015              | Segregated Mandate – Passive Emerging Markets Equities                                                                                                   | Listed              | 1,358                            | 1.4%                            |
|                                                       | 2018              | Segregated Mandate – Multi-factor Investing                                                                                                              | Listed              | 6,406                            | 6.8%                            |
| PIMCO                                                 | 2022              | California Carbon Access Offshore Fund – Exploratory                                                                                                     | Unlisted            | 60                               | 0.1%                            |
| Pioneer Capital                                       | 2013              | Pioneer Capital Partners II – New Zealand Growth Capital                                                                                                 | Unlisted            | 9                                | 0.0%                            |
|                                                       | 2016              | Pioneer Capital Partners III – New Zealand Growth Capital                                                                                                | Unlisted            | 132                              | 0.1%                            |
|                                                       | 2021              | Pioneer Capital Partners IV and Co-investments – New Zealand Growth Capital                                                                              | Unlisted            | 133                              | 0.1%                            |
| Sands Capital                                         | 2023              | Sands Capital Life Sciences Pulse Fund III – International Growth Equity                                                                                 | Unlisted            | 24                               | 0.0%                            |

## MANAGERS AND CUSTODIANS (CONTINUED)

| Incumbent managers/<br>mandates as at<br>30 June 2026 | Year<br>appointed | Fund name and focus areas                                                        | Type     | Value of<br>investment<br>NZ\$m* | % of total<br>Fund<br>(pre-tax) |
|-------------------------------------------------------|-------------------|----------------------------------------------------------------------------------|----------|----------------------------------|---------------------------------|
| Slate<br>Asset Management                             | 2021              | Slate European Essential Real Estate Income Fund – Real Estate (Core)            | Unlisted | 671                              | 0.7%                            |
|                                                       | 2022              | Slate North American Essential Real Estate Income Fund – Real Estate (Core)      | Unlisted | 333                              | 0.4%                            |
| State Street<br>Global Advisors                       | 2009              | Segregated Mandate – Passive Global Listed Equities (large cap)                  | Listed   | 9,350                            | 9.9%                            |
|                                                       | 2009              | Segregated Mandate – Passive Emerging Markets Equities                           | Listed   | 1,946                            | 2.1%                            |
| StepStone Group                                       | 2021              | StepStone VC Secondaries Fund V – Venture Capital                                | Unlisted | 345                              | 0.4%                            |
|                                                       | 2022              | StepStone NZ Infrastructure Opportunities Fund SMA – Infrastructure              | Unlisted | 334                              | 0.4%                            |
|                                                       | 2023              | StepStone Opportunities VC NZ SMA – Venture Capital                              | Unlisted | 21                               | 0.0%                            |
|                                                       | 2023              | StepStone VC Secondaries Fund VI – Venture Capital                               | Unlisted | 119                              | 0.1%                            |
|                                                       | 2024              | StepStone VC Early Stage Fund III – Venture Capital                              | Unlisted | 85                               | 0.1%                            |
| Stonepeak                                             | 2022              | Stonepeak Infrastructure Fund IV – Infrastructure (Value-add)                    | Unlisted | 228                              | 0.2%                            |
|                                                       | 2022              | Stonepeak Fern Investment Partners LP Co-investment – Infrastructure (Value-add) | Unlisted | 164                              | 0.2%                            |
| Timberland<br>Investment<br>Group (TIG)               | 2022 &<br>2023    | BTF II and Co-Investment – Timber                                                | Unlisted | 212                              | 0.2%                            |
|                                                       | 2022              | The Reforestation Fund I – Timber                                                | Unlisted | 95                               | 0.1%                            |
| UBS                                                   | 2021              | Segregated Mandate – Multi-factor Investing                                      | Listed   | 832                              | 0.9%                            |
| Waterman Capital                                      | 2010              | Waterman Fund 2 – New Zealand Growth Capital                                     | Unlisted | 22                               | 0.0%                            |
| Wellington<br>Management                              | 2022              | Wellington Climate Innovation Feeder Fund I – Sustainable Transition             | Unlisted | 121                              | 0.1%                            |

\* Several mandates appear as zero value – this is either because the mandates were awaiting funding as at 30 June 2026 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 manager<br>as at 30 June 2026     | Year appointed | Fund name and focus area    | Type     | Value of investment<br>NZ\$m |
|---------------------------------------------|----------------|-----------------------------|----------|------------------------------|
| New Zealand Growth Capital Partners (NZGCP) | 2020           | New Zealand venture capital | Unlisted | 259                          |

| Custodian                                                                                              | Role                                                                                                             |
|--------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| <b>MASTER CUSTODIAN – NZ SUPER FUND</b>                                                                |                                                                                                                  |
| Northern Trust                                                                                         | Global Master Custodian                                                                                          |
| <b>NON-MASTER CUSTODIANS APPOINTED FOR A SPECIFIC PURPOSE – NZ SUPER FUND</b>                          |                                                                                                                  |
| 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)                                                      | Holding collateral required under sale and repurchase transactions                                               |
| Euroclear Bank NA/SV                                                                                   |                                                                                                                  |
| 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
- Collateral Optimisation
- 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

## ELEVATE NZ VENTURE FUND



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**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.

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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 reasoning was that venture capital firms make an outsized contribution to employment, productivity and GDP growth, but 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.

Elevate does not have a fixed lifetime, but the 4 July 2023 Ministerial Policy Statement (Policy Statement) sets an expected minimum life of 15 years. Elevate can be wound down once New Zealand's 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. Several of Elevate's underlying funds have realised some of their earlier investments and returned proceeds of around \$20 million to Elevate which Elevate will recycle into new investments.

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 shareholding Ministers. NZGCP allocates capital from Elevate

to underlying fund managers, and these underlying fund managers in turn invest in New Zealand growth companies.

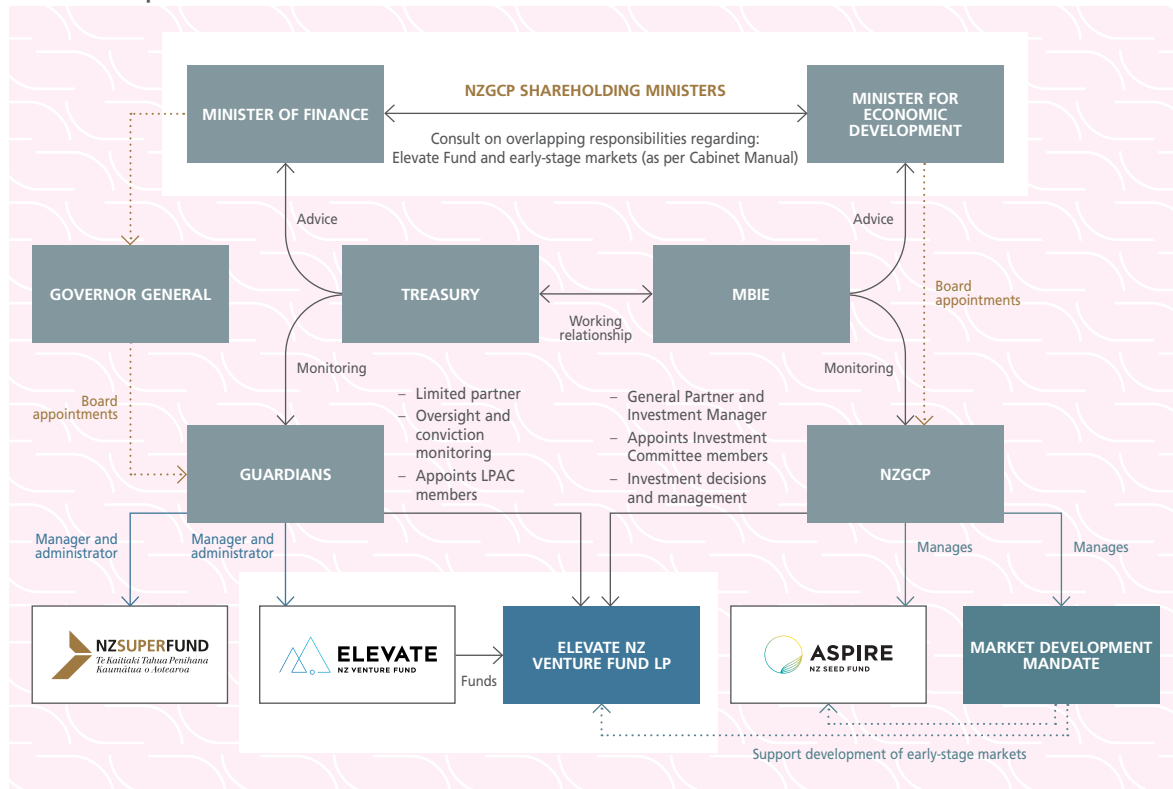
The Guardians' statutory role is to invest Elevate in line with best-practice investment management appropriate for institutional investment in New Zealand's venture capital markets, and manage and administer Elevate in a manner consistent with the Policy Statement and avoiding prejudice to New Zealand's reputation as a responsible member of the world community. In the context of Elevate's fund-of-funds structure, this primarily involves setting the terms of appointment with NZGCP as external manager, providing governance oversight of Elevate and NZGCP and undertaking our periodic conviction assessments of NZGCP.

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 legislation.

Elevate's financial statements for 2025/26 are available from page 202 in this Annual Report. Our Chair and CEO report on compliance with Elevate's Statement of Investment Policies, Standards and Procedures (which was most recently reviewed by our Board in August 2026) is on page 229. Our Statements of Intent and Performance Expectations, available on our website, also include sections on Elevate.

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



## ELEVATE NZ VENTURE FUND (CONTINUED)

## ROLES AND RESPONSIBILITIES

|                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Guardians</b>                       | <ul style="list-style-type: none"> <li>• Manage and administer Elevate in a manner consistent with the Policy Statement and avoiding prejudice to New Zealand's reputation as a responsible member of the world community</li> <li>• 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. We ensure the terms of appointment reflect best practice in the context of institutional investment in New Zealand venture capital markets.</li> <li>• Monitor the performance of Elevate and NZGCP as manager, including through a Limited Partner Advisory Committee (LPAC) that reviews significant matters</li> <li>• 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 Policy Statement</li> <li>• Annual financial reporting for Elevate, including preparation of Statements of Intent and Performance Expectations</li> <li>• Prepare a Statement of Investment Policies, Standards and Procedures for Elevate, review it at least annually and comply with it</li> <li>• Report on how the Guardians has given effect to directions in the Policy Statement associated with the legislation</li> </ul> |
| <b>External manager (NZGCP)</b>        | <ul style="list-style-type: none"> <li>• 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).</li> <li>• Manage the Elevate NZ Venture Fund Limited Partnership and make and oversee investments based on best-practice fund selection and investment management practices</li> <li>• Establish an Investment Committee to make decisions on investment of capital in underlying funds</li> <li>• Monitor investments and report in line with the requirements set out in the management agreement for the fund-of-funds</li> <li>• Ensure that underlying funds continue to meet the eligibility and other requirements agreed with NZGCP at investment</li> <li>• Apply its responsible investment framework and integrate ESG considerations into its due diligence investment selection and ongoing management of investments</li> <li>• In addition to its role as the manager of Elevate, NZGCP has its own separate mandates 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.</li> </ul>                                                                                        |
| <b>MBIE</b>                            | <ul style="list-style-type: none"> <li>• Ministry with primary responsibility for monitoring NZGCP (the Treasury acts as secondary monitor in respect of NZGCP)</li> <li>• Assist shareholding Ministers to carry out their role in relation to setting policy directions for NZGCP and review NZGCP's operations and performance</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Minister of Finance</b>             | <ul style="list-style-type: none"> <li>• May allocate funding to Elevate</li> <li>• 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</li> <li>• Revise the policy statement if required</li> <li>• Issue directions for the winding up of Elevate when broader market development objectives have been achieved</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Shareholding Ministers of NZGCP</b> | <ul style="list-style-type: none"> <li>• Appoint NZGCP directors</li> <li>• Oversee the general performance of NZGCP</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

## PROGRESS REPORT

Since Elevate began operating in 2020, NZGCP has made significant progress in deploying capital in line with Elevate's policy settings. As at the end of the 2025/26 financial year, Elevate had invested or committed into 12 underlying funds.

\$196 million<sup>\*</sup> of Elevate's funding has been invested, or called to fund investments and management fees. This represents approximately 72% of the \$272 million total committed.

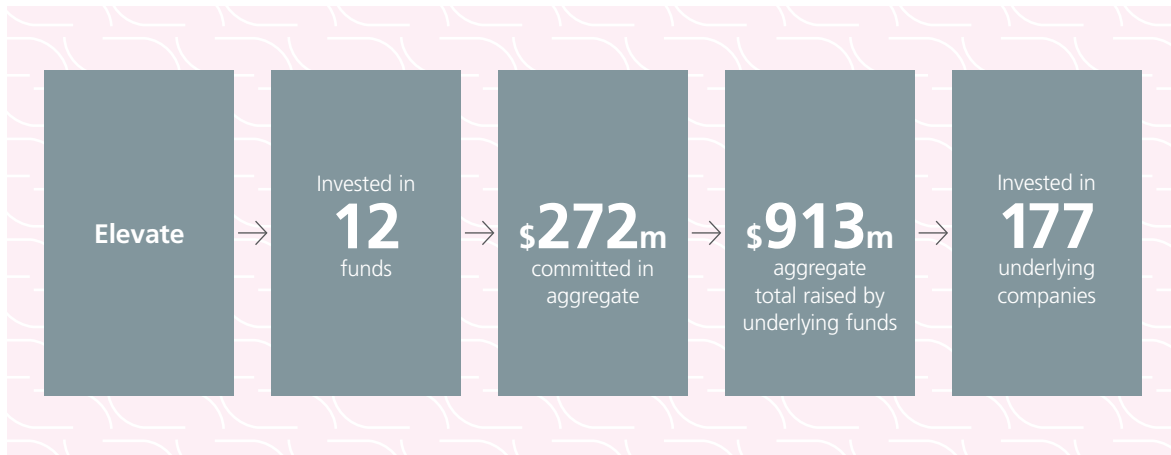
Elevate's commitments represent 30% of the capital committed into the underlying funds (\$272 million against an aggregate total of \$913 million).

All 12 funds in which Elevate has invested (or committed to) have a New Zealand connection, comprising a total \$272 million. Nine are domestic funds and three are funds with an overseas manager establishing a New Zealand-based fund.

2-6  
3-3  
201-1

\* Based on notices received as at 30 June 2026.

## PROGRESS REPORT



### ELEVATE COMMITMENTS

|                          | Vintage | NZ\$m committed |
|--------------------------|---------|-----------------|
| Altered Capital Fund II  | 2025    | 25              |
| Blackbird NZ 2019        | 2020    | 23              |
| Blackbird NZ 2022        | 2022    | 30              |
| Finistere Aotearoa Fund  | 2021    | 17              |
| 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              |

### Developing New Zealand's start-up ecosystem

NZGCP's analysis of New Zealand's start-up ecosystem in 2025 showed that it has strengthened significantly in line with Elevate's goals. Total investment in New Zealand start-ups reached \$754 million in 2025, up 61% year-on-year. Increased investment enabled New Zealand firms to build sufficient traction and attract enough investor confidence to raise meaningful follow-on capital.

In 2024/25, Elevate's total portfolio revenue had increased by about \$300 million since point of first investment, an increase of approximately 430%; and total FTEs across Elevate's underlying companies increased by about 1,500 since point of first investment, double the starting FTE count. These metrics are in the process of being updated for the 2025/26 financial year and will be reported by NZGCP once available.

### Update from NZGCP

"2025/26 was a year of transition and consolidation for NZGCP and for Elevate," says NZGCP Chief Executive James Pinner,

who was appointed to the role on a permanent basis from 1 January 2026, having led the establishment of the Elevate Fund in 2019 and served as Chief Investment Officer from 2022 to 2025.

"Global venture activity continued its recovery, led by AI, and while local fundraising conditions remain below the 2021 peak, we are seeing New Zealand's stronger companies attract larger, later-stage rounds and continue their growth journeys.

The portfolio continued to mature over the year following several early realisations across underlying funds in 2024/25. Large funding rounds among portfolio companies during 2025/26 included Partly, Dawn Aerospace, Halter and Ivo. Elevate made one commitment during 2025/26, investing \$25 million in Altered Capital Fund 2 and taking the total value of fund commitments to \$272 million.

For Elevate, the additional \$100 million committed in Budget 2025, together with our undeployed capital and the ability to reinvest realisations across our 15-year investment period, leaves the fund with approximately \$114 million available to invest as at year-end. Subsequent to year-end, a further \$24 million was committed to underlying funds.

The task now is to convert recovery into permanence: a self-sustaining early-stage capital market with meaningful capital to deploy and strong syndication partners globally."

### 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 an 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.

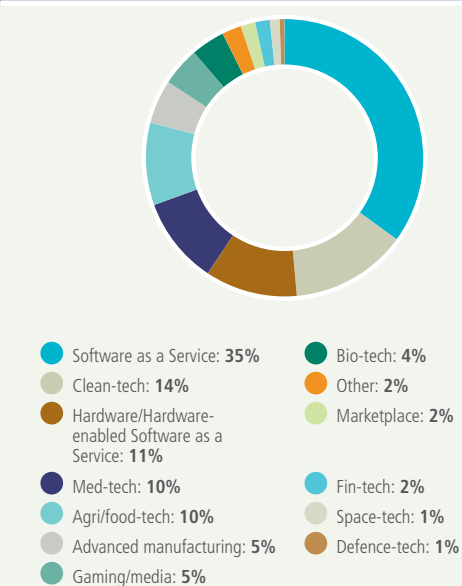
### Conviction rating of NZGCP

The Guardians monitors the performance of NZGCP as it relates to Elevate using substantially the same conviction framework we apply to other local and international investment managers. This assesses managers based on hygiene factors (such as organisational viability, investment strategy, people capability, alignment, transparency and sustainability); process and track record; and culture.

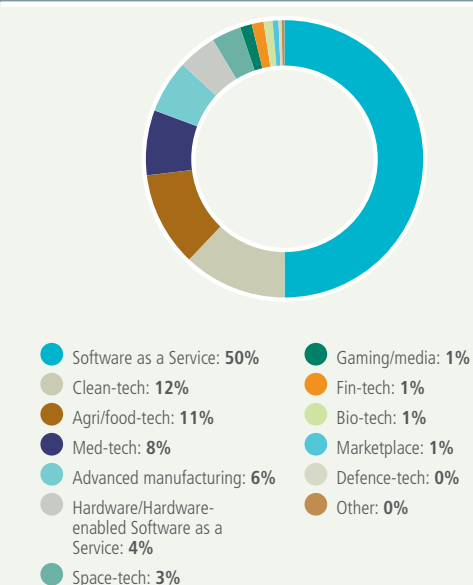
## ELEVATE NZ VENTURE FUND (CONTINUED)

Our 2026 conviction review upgraded NZGCP's overall conviction rating to *Acceptable*, reflecting meaningful progress in addressing areas identified for improvement in prior years. Improvements in key foundational elements such as firm viability, organisational stability, governance and strategic direction for the Elevate mandate have provided us with greater confidence in NZGCP. While we continue to see opportunities for further improvement in areas such as portfolio oversight, stakeholder management and sustainable investment capability, we remain confident that NZGCP is the best organisation to manage the Elevate mandate and continue to support the development of New Zealand's venture capital ecosystem. We will continue to work closely with NZGCP as it focuses on delivering sustained improvements across these areas.

Percentage of underlying companies by sector



Percentage of funds' value by sector



## Case study: MARS Bioimaging

Elevate has invested in MARS Bioimaging through its fund investment in Pacific Channel Fund II & III. In total they invested NZ\$3.8 million in the portfolio company.

MARS Bioimaging is a Christchurch technology company transforming medical diagnostics with spectral photon-counting CT scanners that produce high-resolution 3D colour X-ray images. The company aims to make premium diagnostic imaging more accessible by deploying its technology in community-based clinics. Built on Medipix detector technology developed at CERN, the scanners visualise soft tissue, bone, blood vessels and metallic implants in extraordinary detail – and, unlike conventional CT, without the need to inject contrast agents. Its Extremity and Microlab systems are the world's first commercially available portable spectral photon-counting CT medical scanners and have been FDA cleared. They are already in use by hospitals and research institutions across the US, the United Arab Emirates, Canada, China, Hong Kong and New Zealand.

MARS Bioimaging is headquartered in Ōtautahi Christchurch, a growing globally connected health-tech hub.

MARS Bioimaging recently closed an oversubscribed NZ\$15 million Series A round, led by New Zealand deep-tech venture capital firm Pacific Channel, raised in two tranches – an initial close of NZ\$7.6 million followed by NZ\$7.4 million of new capital in 2026. New international investors included a Singapore-based med-tech company and a Swiss investor secured through the New Zealand Government's Active Investor Plus programme, with support from New Zealand Trade and Enterprise (NZTE) and Invest New Zealand.

Group CEO Dr Ojas Mahapatra says: "We're on a mission to transform point-of-care diagnostic solutions for patients and healthcare providers, and advance premium imaging in the community. This investment allows us to build our market capability, including expanding our sales and business development teams in New Zealand and the US. Our new investors will also help open access to emerging markets, while NZTE will continue to be an important partner supporting our international expansion."



# 03.

## Sustainable Investment Report

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### Adapting to the conditions

The strongest trees don't resist the prevailing wind. They adapt their growth, remain firmly rooted, and continue reaching towards their goal.

## SUSTAINABLE INVESTMENT REPORT

# Sustainability is central to our purpose: Sustainable investment delivering strong returns for all New Zealanders.

During 2025/26 the Board reaffirmed its commitment to our Sustainable Investment Goal: **to incorporate sustainability considerations into investment decision-making and support the development of a sustainable financial system.**

This means:

- incorporation of ESG into investment decisions, with the intention of advancing sustainability whilst fulfilling our financial purpose
- considering the impact of ESG in our investments and the impact of our investments on society and the environment
- working with others to overcome barriers to a sustainable financial system.

This section provides general background information on our sustainable investment approach and our progress in 2025/26. For more information refer to the information and documents available on our website, particularly Part 9 of our Statement of Investment Policies, Standards and Procedures, our Sustainable Investment Policy and our Sustainable Investment Procedures.

## SUSTAINABLE INVESTMENT PERFORMANCE

Our key sustainable investment performance benchmark is the annual United Nations-backed Principles for Responsible Investment (PRI) assessment. Other external assessments, including the Responsible Investment Association Australasia (RIAA)'s benchmark survey and Global SWF's GSR Scoreboard, provide additional perspectives on our practice.

During 2025/26, these assessments showed the strength of our sustainable investment practice. The Fund achieved strong ratings in the 2025 PRI Assessment Report, was recognised as a Leader by RIAA, and achieved a 100% score in Global SWF's annual Governance, Sustainability and Resilience Scoreboard, one of just nine institutions globally to do so.

These results provide useful benchmarking. However, we recognise that sustainable investment is a fast-evolving area and we continue to look for ways to strengthen our approach.

## STRENGTHENING OUR SUSTAINABLE INVESTMENT APPROACH

During 2025/26, the Board endorsed the development of the next stage of our sustainable investment work, including our Sustainable Investment Roadmap for 2026–2030. We also welcomed Chris Parks into our new senior role, Director Sustainable Investment.

### Sustainable Investment Roadmap

Our Sustainable Investment Roadmap is being developed with input from across the organisation, recognising that sustainable investment requires contributions and alignment across many teams. This work is focused on strengthening how we incorporate sustainable investment into our investment activities and decisions, increasing our focus on long-horizon and sustainability risks, and making sure we have the right support across the organisation to deliver on that.

### WTW review

The work to strengthen our sustainable investment approach follows the Guardians' most recent five-yearly independent statutory review, completed in 2024 by WTW. The review rated us A ('good practice') for sustainability ambition, commitment and investment approach. It noted that global best practice in sustainable investment was evolving quickly and that we must continue to adapt to remain operating at global best-practice levels.

Key recommendations included strengthening our sustainability proposition by providing more detail on our sustainable investment 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.

For more information about how we are responding to the recommendations from the review, see pages 109–110.

### Improving the NZ Super Fund's ESG profile

As part of our 2026 Reference Portfolio review, we sought proposals from a range of alternative benchmark index providers. During that time, our existing provider, MSCI, also reviewed the methodology underpinning the Paris Aligned indices to address concentration risk and complexity of the ESG-related performance criteria. We actively participated in consultation around the proposed methodological changes, ultimately opting to retain our current MSCI indices under the amended methodology.

We also decided to remove our long-standing custom screen which had been designed to remove additional exposure to fossil fuel reserves. This decision simplifies our portfolio management approach, given that we are satisfied that the MSCI Paris Aligned Benchmark settings retain only incidental exposure to fossil fuel reserves.

As part of the risk budget review (see pages 49–50), we developed sustainable investment opportunity scores which take into account both ESG performance and impact potential. This sustainable investment score was integrated into the risk budget review models that helped to shape final risk budget allocations.

This year our Sustainable Transition opportunity was merged into the Growth Equity opportunity, reflecting our view that sustainability considerations are embedded within existing opportunities rather than requiring a stand-alone allocation. Existing investments will continue to be managed within the relevant Private Equity opportunity.

We continue to evolve our internal sustainable investment manager rating framework. The framework is used to assess the sustainable investment performance of external managers, using available ESG data and in-house scoring

to understand a manager's sustainable investment capability across its organisation, investment process and portfolio, and to improve, monitor and report on manager progress over time. Sustainable investment ratings can also be provided for direct investments under relevant scoring elements of this framework.

### IMPACT INVESTMENT

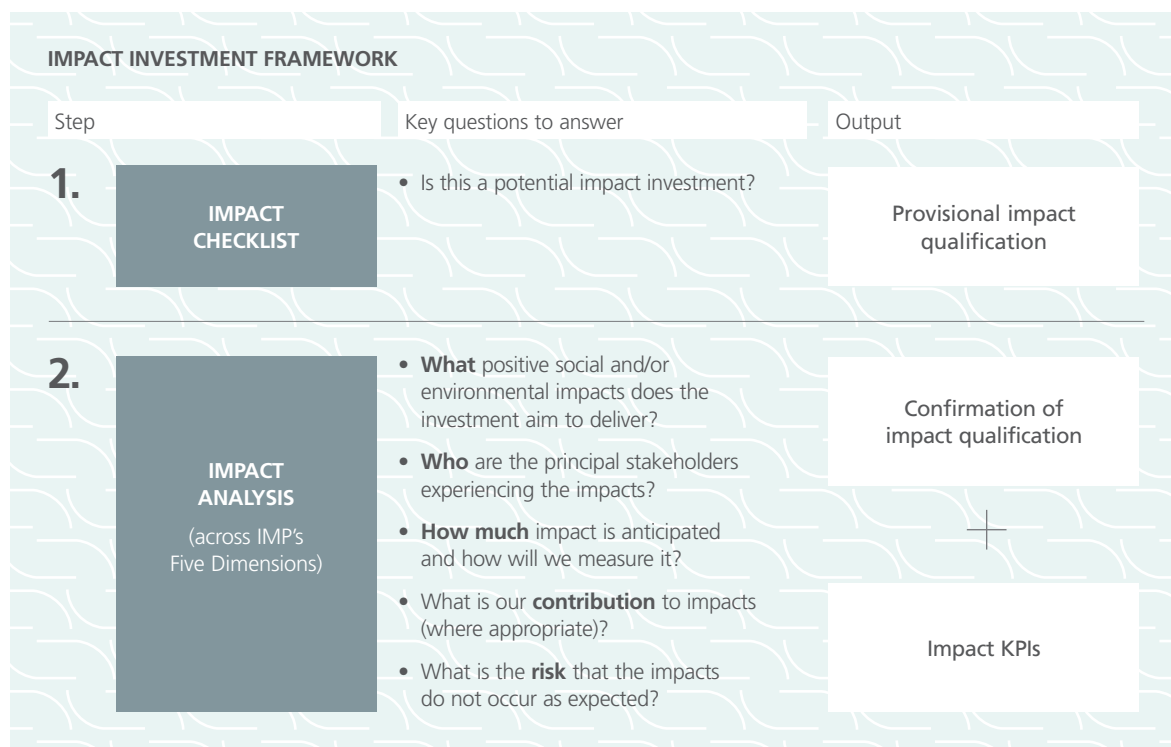
We seek to make Impact Investments that provide measurable positive social or environmental outcomes in addition to the Fund's expected risk-adjusted returns.

We use an Impact Investment Framework to qualify, analyse, measure and manage our Impact Investments. This framework is based on global good practices such as the Impact Management Project's (IMP) Five Dimensions of Impact.

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 which qualified as Impact Investments amounted to NZ\$3.1 billion (~3.4% of assets under management) as of 30 June 2026 (as at 30 June 2025, our Impact Investments amounted to NZ\$2.7 billion or ~3.2% of assets under management). We did not add any new Impact Investments in 2025/26, but the value of our existing Impact Investments increased over the year.



### 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 third report is now available on our website.

### MODERN SLAVERY BILL

Addressing modern slavery in investee supply chains is a common stewardship priority across sovereign wealth funds and institutional investors globally. We have welcomed the development of proposed modern slavery legislation for New Zealand.

The Modern Slavery Bill passed its first reading in May 2026. The Bill has direct implications for us as well as potential to shape reporting, governance and stewardship expectations throughout our portfolio.

We made a submission on this Bill, which can be found on our website. Our submission focused on supporting the Bill while

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## SUSTAINABLE INVESTMENT REPORT (CONTINUED)

constructively advocating for key refinements. See page 112 for more information.

### NZ TAXONOMY

During 2025/26, the Guardians continued to support the development of the NZ Taxonomy, a classification system to help businesses, lenders and investors identify sustainable economic activities in New Zealand. It is a voluntary tool aimed at making it easier to assess the sustainability credentials of investments – it does not set government policy or seek to restrict what can be financed.

The work to develop the NZ Taxonomy is being led by the Centre for Sustainable Finance: Toitū Tahua, of which we are a founding member, with input from industry experts. The Guardians has been directly involved in this work, with representation on the Technical Expert Group overseeing its development, and on a sector-specific Technical Advisory Group for the agriculture and forestry sector, which was the initial focus of the taxonomy. We also made a submission on proposed energy criteria, which can be found on our website.

In June 2026, the NZ Taxonomy project was awarded the 2026 Climate Bonds Initiative Award for Most Innovative Taxonomy, recognising exceptional global contribution and achievement in sustainable finance.

The NZ Taxonomy is expected to be submitted for endorsement by the New Zealand Government at the end of 2026.

### 20-YEAR ANNIVERSARY OF THE GUARDIANS BECOMING A FOUNDING SIGNATORY OF THE PRI

This year marked 20 years since the Guardians became a founding signatory to the UN-backed Principles for Responsible Investment (PRI). The PRI provides a global framework for sustainable investment practice, including ESG integration, active ownership, disclosure, collaboration and reporting.

PRI signatories must report annually and are assessed against the PRI's framework, providing an external benchmark of sustainable investment practice. 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 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.

The PRI's 20-year milestone prompted a forward-looking discussion about the future of sustainable investment, with the Guardians consulting on the PRI's Future of Responsible Investment (FoRI) report. See page 83 for our report against the PRI's six principles.

### 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 sustainable investment practice within the investment industry.

The 2025 assessment rated the Fund:

- Five stars (96%) for policy, governance and strategy
- Five stars (91%) for listed equity, passive
- Five stars (91%) for listed equity, active
- Four stars (70%) for confidence-building measures.

Achieving a four- or 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, where we have the most room for improvement, 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. We remain comfortable with our confidence-building measures rating and practices.

Our PRI assessment report is available on our website. The 2026 assessment has been completed and will be released later this year.

### GLOBAL SWF

In July 2026, the NZ Super Fund once again achieved 100% in Global SWF's GSR Scoreboard, one of just nine sovereign wealth funds globally to earn a perfect score. The GSR (Governance, Sustainability and Resilience) 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 fourth successive year the NZ Super Fund has achieved a 100% score.

### RESPONSIBLE INVESTMENT LEADER

In June 2026, NZ Super Fund was named a 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.

For more information, see [www.responsibleinvestment.org](http://www.responsibleinvestment.org)

## 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 engage with companies to use our influence as a shareholder or investor to encourage improvements in how they manage and report on ESG risks and practices. This creates value not just for long-term investors, but also for the companies themselves and for society more broadly.

When deciding whether to engage directly, we consider existing collaborative activity, whether other investors are already engaging, the likelihood the company will respond, its relevant ESG policies and practices, and whether engagement is an efficient use of resources relative to the expected impact.

Our engagement approach is grounded in international standards, particularly the PRI, as well as other best-practice guidance. These standards support active ownership. Our Sustainable Investment Procedures set out how we identify and prioritise ESG concerns and determine whether engagement, monitoring or another action is appropriate.

As at 30 June 2026, there are over 1,000 companies in our global equity portfolio. 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 through direct and collaborative engagement, including our Crown Financial Institutions (CFI) climate initiative. 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:

- severe environmental damage
- climate change
- human rights, including health and safety
- bribery and corruption.

We publish quarterly engagement reports in the Sustainable Investment section of our 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 the 2025/26 financial year our engagement service provider carried out 599 engagement activities on behalf of the NZ Super Fund, covering 299 companies in 29 countries. These included engagements with 100 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 good corporate governance.

We exercise our voting rights globally and domestically across the Fund's listed equities. Our Global Voting Policy & Guidelines reflect those of the International Corporate Governance Network and New Zealand Corporate Governance Forum, as well as the voting guidelines of our selected proxy voting agency, Institutional Shareholder Services (ISS). Such principles represent the essential elements of good governance, and include transparency, board alignment with shareholder interests, remuneration, business ethics, and protecting voting rights. We have adopted the stronger ISS policies in relation to climate change, board governance, and ESG, including diversity, equity and inclusion.

While we will generally vote as set out in voting guidelines, in special circumstances we may respond to specific issues on a case-by-case basis.

Where we participate in securities lending, we retain the right to recall our shares to vote and the right to withhold shares from lending, in order to exercise our voting rights in those securities. Our voting rights for direct investments vary depending on the nature of the investment and typically comprise appointment of directors and approval of certain decisions reserved to shareholders.

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.

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## ENGAGEMENT REPORT (CONTINUED)

## EXCLUSIONS

We may exclude companies or securities because of certain products or activities, based on a company's poor ESG practices, or under our sovereign bond issuer exclusion. Our Sustainable Investment Procedures set out the detailed processes and tests we apply when considering exclusions. We publish our list of excluded companies every six months.

Product exclusions apply where there is a clear New Zealand public-policy anchor and international censure against the industry/activity.

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:

- cluster munitions
- nuclear explosive devices (NEDs)
- anti-personnel mines
- tobacco
- whaling
- cannabis (recreational use / unlicensed medicinal use)
- civilian automatic and semiautomatic firearms.

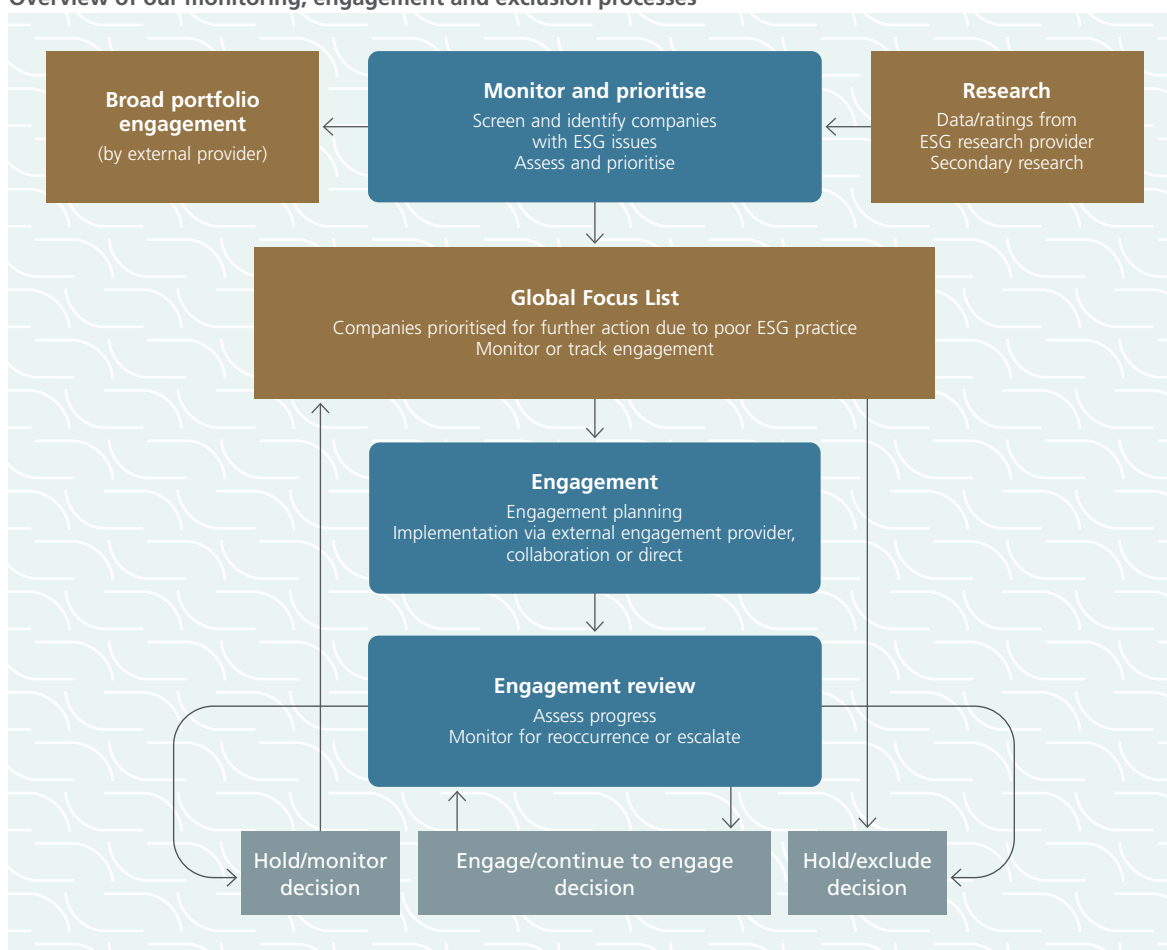
We may, in certain circumstances, exclude a company based on its ESG practices. The Sustainable Investment Procedures sets out the decision-making process that applies. Poor ESG-practice exclusions are a discretionary escalation tool and are generally rare within our broader sustainable investment approach. Exclusion does not necessarily follow from unsuccessful engagement and may not be the right outcome in any given circumstance, for example because continuing to hold may preserve investor voice.

We exclude the government bonds of a 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 required to comply with sanctions imposed under New Zealand law, including sanctions imposed by the United Nations Security Council. In practice, our listed portfolio also reflects sanctions imposed by a number of major states. This is because our custodian, investment managers and other financial market intermediaries must comply with them. The same applies to collective investment vehicles (e.g. funds) we invest in, which must comply with the sanctions laws relevant to their investment activities.

## Overview of our monitoring, engagement and exclusion processes



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# Climate change remains one of the most significant long-term risks and opportunities for investors.

## 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 use 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 multifactor equities portfolio and corporate fixed income portfolios are also benchmarked against Paris Aligned Benchmarks.

These indices better align our global equity positions with net zero objectives. The Paris Aligned Benchmarks reduce the greenhouse gas (GHG) emissions intensity by 7% 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 TARGETS

The Fund's financed GHG emissions (Scope 3; Category 15) are the most material aspect of climate-related risk from across the Guardians' value chain, comprising the underlying securities and investee companies in the Fund.

We set new reduction targets for our financed GHG emissions every five years.

In 2025, 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%
- reduce potential emissions from fossil fuel reserves owned by the Fund by at least 80%.

In setting these 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.

As of 30 June 2026, we had exceeded these targets, with the Fund's emissions intensity estimated as 75.6% lower than the target benchmark and our exposure to potential emissions from fossil fuel reserves estimated as 99.8% lower than our benchmark.

## 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 in 2024/25 the Guardians chose to shift to a PCAF-based approach for measuring our emissions.

Key changes include using enterprise value including cash (EVIC) instead of market capitalisation, reporting Scope 3 emissions where possible, disclosing data quality ratings, including absolute and sovereign emissions, and reporting only physical long positions. Because 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 former methodology.

## FOSSIL FUEL OVERLAY

In 2020, we applied a 'fossil fuel overlay' to our listed equities portfolio which meant excluding 100% of fossil fuel reserves from that portfolio. Subsequently, in 2022, we changed the indices used for the Reference Portfolio benchmark and our corresponding passive investments in global equities to the MSCI World Climate Paris Aligned Index and the MSCI Emerging Markets Climate Paris Aligned Index. These indices have very low exposure to coal and oil reserves, due to tight revenue constraints.

Following a 2026 review of our methodology for achieving the Fund's climate targets, we determined that, with the indices in place, we no longer needed to totally eliminate our exposure to fossil fuel reserves in our equities portfolio to achieve our carbon targets. The fossil fuel overlay was removed in April 2026. There was no change to the Fund's climate targets as a result of this, and the impact on the Fund's carbon footprint was immaterial. Removing the overlay also allows us to invest in climate change transition assets that might previously have been unavailable to us, which is a key part of the Fund's Climate Change Investment Strategy.

## CLIMATE CHANGE (CONTINUED)

## CFI CLIMATE CHANGE ENGAGEMENT

In addition to the engagements with global equities undertaken by our responsible engagement service provider (see page 79), we continue to work alongside CFIs to engage with NZX50-listed companies on climate change.

Active ownership is an important part of achieving our net-zero investment portfolio by 2050. While capital allocation decisions play a role, real-world emissions reductions depend on companies transitioning their business models and operations in line with a net-zero pathway. Our engagements focus on strengthening companies' understanding of climate-related disclosure obligations and communicating our expectations, as institutional investors, about what companies should be doing to manage climate change risk.

During 2025/26, we engaged with three NZX 50-listed companies, building on the first phase of the collaborative initiative, to reinforce investor expectations on climate-related disclosure, emissions reduction targets and transition planning. The programme has helped strengthen dialogue between investors and companies. We are now considering the next phase of the programme to determine future priorities, objectives and opportunities for engagement.

IMPACT OF SUSTAINABLE INVESTMENT OPTIMISATION  
ADJUSTMENTS ON PERFORMANCE OF THE NZ SUPER  
FUND ACTUAL PORTFOLIO AND REFERENCE PORTFOLIO

The following graph compares the financial performance of our Actual Portfolio (in brown) with the Reference Portfolio. The Reference Portfolio is shown with (in grey) and without (in blue) the impact of steps we have taken since 2017 to optimise it in line with our commitment to sustainable investment.

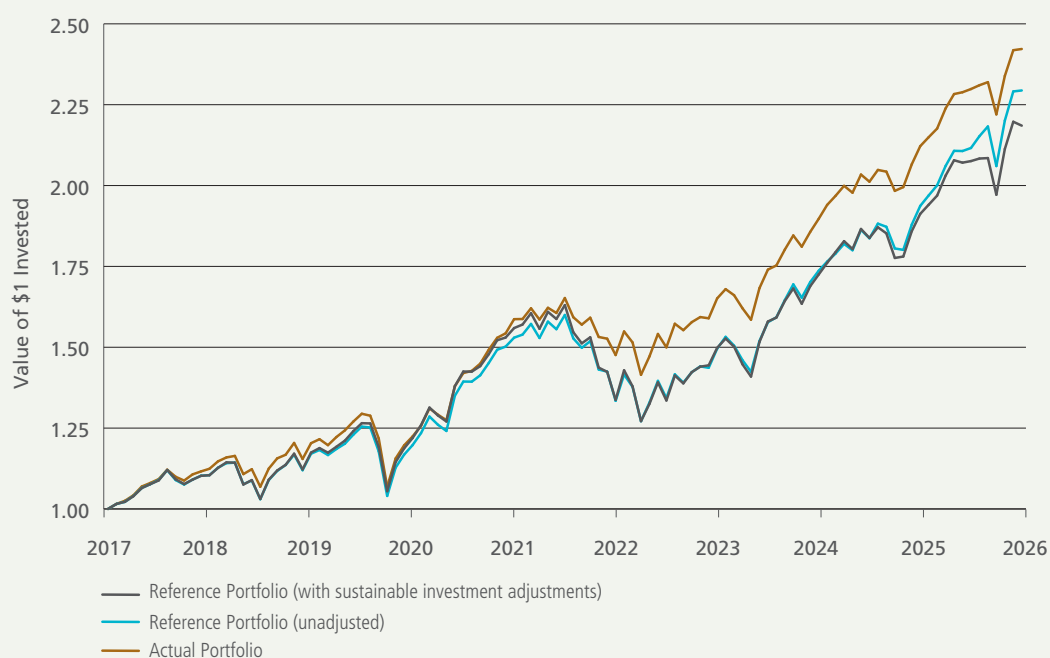
How we have optimised the Reference Portfolio has changed over time. The key sustainable investment adjustments we have made are:

- implementation of our ethical exclusions (see page 80)
- reducing exposure to climate risk (see page 81)
- increasing exposure to companies providing climate solutions (see page 81).

Between 2017 and 2024 our Reference Portfolio benchmark performed broadly comparably to an 'unadjusted' version, i.e. if we hadn't made the changes noted above. Since mid-2024 the Reference Portfolio has underperformed the 'unadjusted' version, largely due to a lower allocation to oil and gas stocks and subsequent reallocations across IT, Industrials and Financials. While we expect various market forces to impact short-term financial performance, we believe our low-carbon approach is better positioning the Fund for the long-term risks and opportunities associated with climate change.

Our Actual Portfolio saw neutral or slight outperformance relative to the Reference Portfolio between 2017 and 2021, before a more marked boost from mid-2021 onwards. See pages 54-55 for more information about how our Actual Portfolio has performed in comparison with our Reference Portfolio.

Impact of sustainable investment adjustments on performance



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

### PRINCIPLE 1: WE WILL INCORPORATE ESG ISSUES INTO INVESTMENT ANALYSIS AND DECISION-MAKING PROCESSES

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

We integrate sustainability considerations into our investment decisions and decision-making processes. This includes how we allocate capital and choose investments as well as how we manage them over time. Our integration activities include:

- integrating sustainability considerations into our choice of Reference Portfolio indices
- assessing ESG risks and opportunities before making new active investments
- seeking to include ESG or sustainability requirements in external manager agreements
- annually assessing external managers' ESG approach and capability
- seeking Impact Investments that deliver measurable social or environmental benefits, alongside the Fund's expected risk-adjusted returns.

Our Sustainable Investment team works with our Investment teams to support due diligence, investment assessments, external manager reviews and ongoing company monitoring.

#### Highlights for 2025/26:

- Supported the review of the Reference Portfolio
- Supported the review of the risk budget by developing sustainable investment opportunity scores which were integrated into the risk budget review models
- Evolved our sustainable investment manager rating framework, extending it to direct investments

### PRINCIPLE 2: WE WILL BE ACTIVE OWNERS AND INCORPORATE ESG ISSUES INTO OUR OWNERSHIP POLICIES AND PRACTICES

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 2025/26:

- Voted at 1,398 distinct company meetings, covering nearly 16,000 proposals
- Our engagement service provider engaged with 299 companies in 29 countries on behalf of the NZ Super Fund, including 100 companies engaged on climate change
- Engaged with three companies on the NZX 50 as part of our collaborative CFI initiative on climate change (see page 82)

### PRINCIPLE 3: WE WILL SEEK APPROPRIATE DISCLOSURE ON ESG ISSUES BY THE ENTITIES IN WHICH WE INVEST

The Guardians is committed to transparency, and our disclosure regarding ESG matters includes our Climate Change and Stewardship reports, PRI transparency reports, exclusions

list, and voting performance platform, all available on our website.

We also 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 2025/26:

- Continued to support the implementation of the Aotearoa New Zealand Climate Standards, with a Guardians employee as a member of the External Reporting Advisory Panel of Te Kāwai Ārahi Pūrongo Mōwaho – External Reporting Board (XRB)
- Further supported the implementation of the Aotearoa New Zealand Climate Standards through our engagement with the NZX 50

### PRINCIPLES 4 AND 5: WE WILL PROMOTE ACCEPTANCE AND IMPLEMENTATION OF THE PRINCIPLES WITHIN THE INVESTMENT INDUSTRY, AND WE WILL WORK TOGETHER TO ENHANCE OUR EFFECTIVENESS IN IMPLEMENTING THE PRINCIPLES

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 2025/26:

- 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 the development of the NZ Taxonomy, which was led by the Centre for Sustainable Finance: Toitū Tahua and was awarded the 2026 Climate Bonds Award for Most Innovative Taxonomy
- Submitted on the proposed NZ Taxonomy and Modern Slavery Bill

### PRINCIPLE 6: WE WILL EACH REPORT ON OUR ACTIVITIES AND PROGRESS TOWARDS IMPLEMENTING THE PRINCIPLES

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

#### Highlights for 2025/26:

- Winner – Best of Financial Services Award and Gold Award at the 2026 Australasian Reporting Awards

See our 2026 Stewardship Report, available on our website, for more details about how we incorporate the PRI into our work at the Guardians.

## STRENGTHENING OUR SUSTAINABLE INVESTMENT POLICIES FOLLOWING JUDICIAL REVIEW

This year the High Court issued a judgment, *Nazzari v Guardians of New Zealand Superannuation*, declaring relevant policy documents of ours to be unlawful.

## BACKGROUND

In February 2025, three individuals associated with the Palestine Solidarity Network Aotearoa applied for a judicial review of decisions made by the Guardians. The application was made on two grounds: the lawfulness of the Guardians' investment policies, standards and procedures; and the lawfulness of the Fund's holdings in four entities – travel companies Airbnb Inc, Booking Holdings Inc and Expedia Group Inc, and telecommunications company Motorola Solutions Inc.

The applicants submitted the Guardians' relevant policy documents did not comply with section 61(d) of our Act, which requires the Guardians' statement of investment policies, standards and procedures to cover policies, standards or procedures for ethical investment, including avoiding prejudice to New Zealand's reputation as a responsible member of the world community.

The applicants further submitted that the Guardians' failure to divest the challenged investments directly breached a duty to manage and administer the Fund in a manner consistent with avoiding prejudice to New Zealand's international reputation under section 58(2) of the Act.

## DECISION

In April 2026, the High Court of New Zealand found the relevant Guardians' policy documents failed to meet the basic requirements of the Act and ruled they were unreasonable and unlawful. In essence, the Court's finding was that the policy documents did not sufficiently identify the standards and procedures applied when making decisions.

The Court did not grant the applicants' request for orders that the challenged investments were unlawful and that they should be divested. The judgment stated that the Guardians would need to assess the companies again once legally compliant policy documents were in place.

## OUR RESPONSE

We elected not to appeal this decision, opting instead to reformulate our sustainable investment policy documents.

The work updating our sustainable investment policy documents was completed in August 2026, and the new documents are available on our website:

- a stand-alone Sustainable Investment Policy which sets out our approach to sustainable investment
- Sustainable Investment Procedures which provide operational detail on how the Sustainable Investment Policy is implemented
- part 9 of our Statement of Investment Policies, Standards and Procedures (SIPSP) has an updated summary of how we manage and administer the Fund in a manner consistent with avoiding prejudice to New Zealand's reputation as a responsible member of the world community.

The changes to the policy documents respond to the Court's findings by explaining sustainable investment activities and decision-making processes in detail, including identifying the relevant standards, explaining tests to be applied, and recording who is responsible for key decisions.

Human rights considerations remain integral to our approach, and our policy documents explicitly record our long-standing position that human rights is an ESG priority issue for us.

The Court was clear that the policy documents need not be prescriptive and that implementing investment policies inevitably requires judgement. The new procedures reflect that sustainable investment decisions involve the assessment of complex issues and evidence, and expert judgement is necessary to balance different considerations. The procedures also allow for actions to be taken in exceptional circumstances not otherwise provided for under our procedures.

These changes support consistent decision-making and provide greater transparency about how decisions are made while preserving the flexibility required to apply our statutory mandate in complex and evolving circumstances.

# 04.

## Governance

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**Acting  
with  
purpose**

Water never loses sight of where it's going. It simply finds the best path forward, whatever obstacles lie ahead.

## OVERVIEW

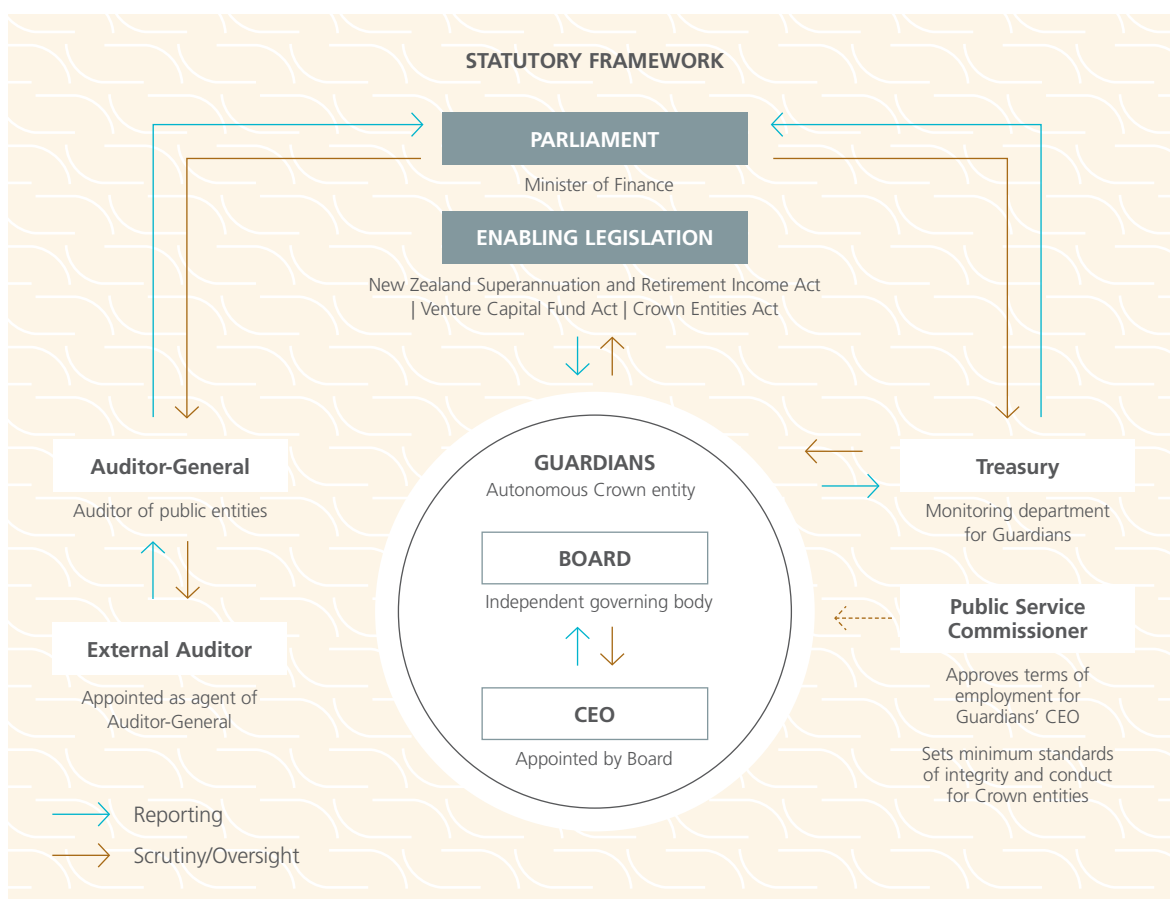
## Good governance is essential to delivering long-term value, achieving our purpose and maintaining stakeholders' confidence.

We have established a governance framework to align with our statutory context, purpose, stakeholder expectations and good-practice standards.

The Guardians' governance framework reflects its statutory role as an autonomous Crown entity, established with the sole function of managing and administering the NZ Super Fund and Elevate in accordance with statutory investment mandates. The key elements of that governance framework are set out in the New Zealand Superannuation and Retirement Income Act 2001, the Venture Capital Fund Act 2019 and the Crown

Entities Act 2004, including the functions, powers and status of the Guardians, duties and responsibilities of its Board, and reporting and accountability requirements.

Under this statutory framework, the Guardians is legally separate from the Crown and designed to operate independently from government, while maintaining clear public accountability through the responsible Minister, Treasury monitoring, the Auditor-General, Parliament and public reporting. The diagram below summarises the main statutory, governance and accountability relationships.



# The Guardians’ governance practices reflect recognised corporate governance principles.

This includes the Financial Market Authority’s corporate governance principles, where applicable to the Guardians’ governance and statutory context.

Because the Guardians is not a listed company and does not have shareholders some principles apply differently.

In particular, shareholder-related principles are addressed through the Guardians’ accountability to the Crown, Parliament and the New Zealand public, and through its engagement with stakeholders.

Eight corporate governance principles



1. ETHICAL STANDARDS

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 an important role in employee engagement, with implications for financial performance, recruitment, risk management, retention and ethical behaviour. Our Board is responsible for promoting an organisational culture consistent with the Guardians’ purpose, vision, values and strategy. For more information about our culture, see pages 31 and 34.

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 our Codes of Conduct.

The Board Code of Conduct is included in our 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 March 2026 and includes principles of political neutrality and stewardship. For more information about political neutrality, see page 32.

The Codes require: acting with honesty, integrity, fairness and impartiality; identifying and disclosing conflicts of interest; proper use of corporate information and assets; 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, we hold mandatory training for employees on core topics including gifts and hospitality, fraud awareness, securities trading, and privacy. We also run a six-monthly attestation process where employees attest their compliance with policies and authorities, conflicts of interest, disclosure of gifts and hospitality, health and safety, and securities trading.

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## PRINCIPLES FOR CORPORATE GOVERNANCE (CONTINUED)

**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 is available in our Speaking Up and Whistleblowing Policy, as well as on our intranet and website. The Policy explains how an individual can report concerns of wrongdoing and notes the protections that are available under the Protected Disclosures (Protection of Whistleblowers) Act 2022. A confidential speak-up line is available for employees, contractors and external parties to report concerns of wrongdoing at or by the Guardians.

**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 sensitive expenditure, including travel, hospitality, gifts, koha and donations, is managed prudently and effectively in line with the Audit

Office's New Zealand guidance. Our Sensitive Expenditure Policy, available on our website, outlines these expectations.

**Conflicts of interest**

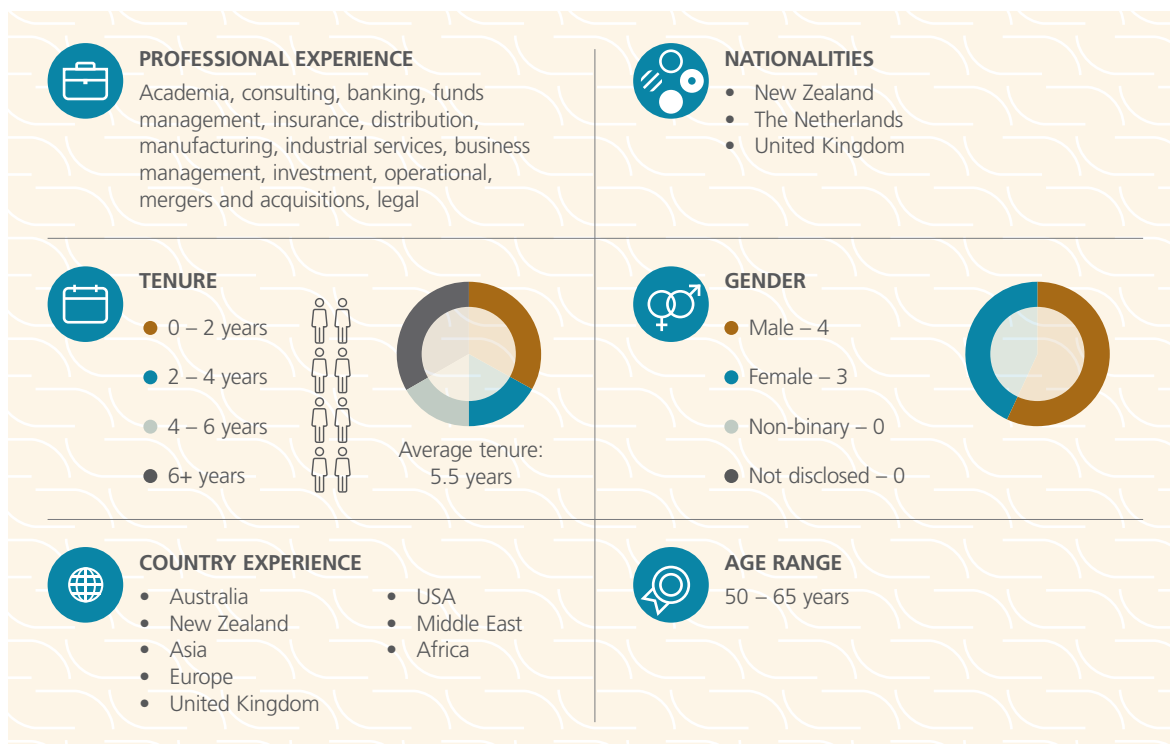
Our conflict of interest procedures are outlined in the Codes of Conduct and covered in induction programmes and periodic refresher training. All actual and potential conflicts must be disclosed and recorded in interest registers. Board members, employees and contractors confirm every six months that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

**2. BOARD COMPOSITION AND PERFORMANCE****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 2026, the Board has seven 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.

Andrew Wilson was appointed to the Board for a five-year term beginning on 20 October 2025, filling a vacant Board member position.

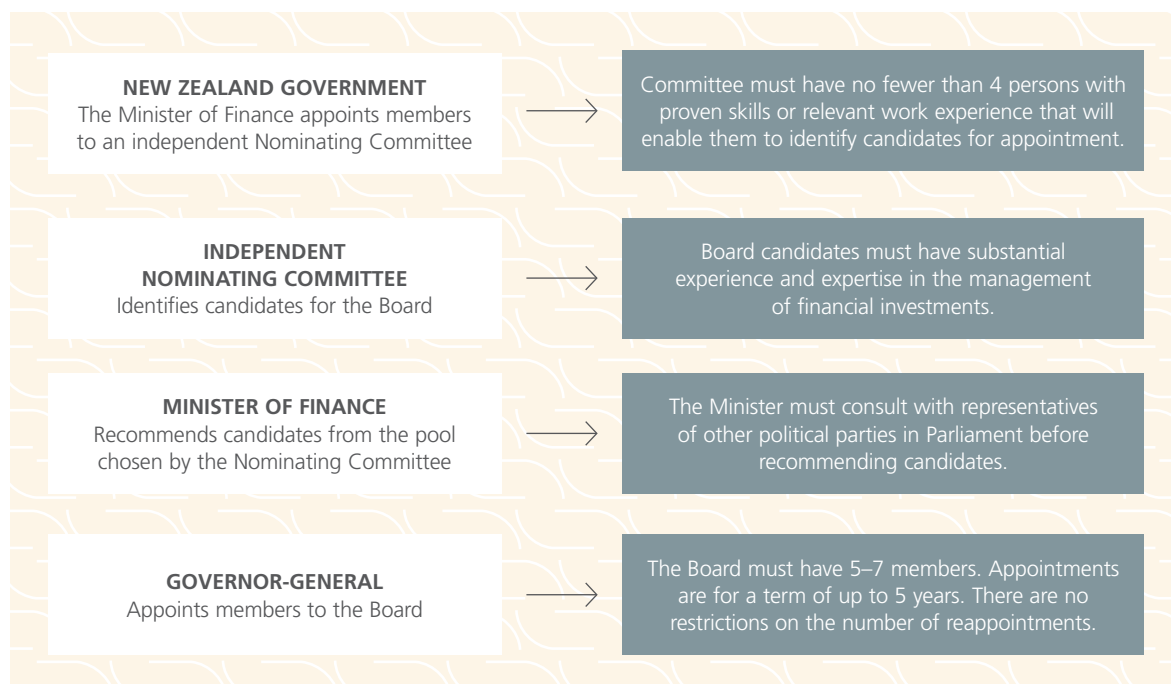
**About our Board**

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### Appointment process

The process for appointing Guardians Board members has unique features that ensures their independence and the Guardians' double arm's-length independence from the government of the day.

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.



### Board role and responsibilities

Our Board is responsible for the overall management of the Guardians and investment of the Funds.

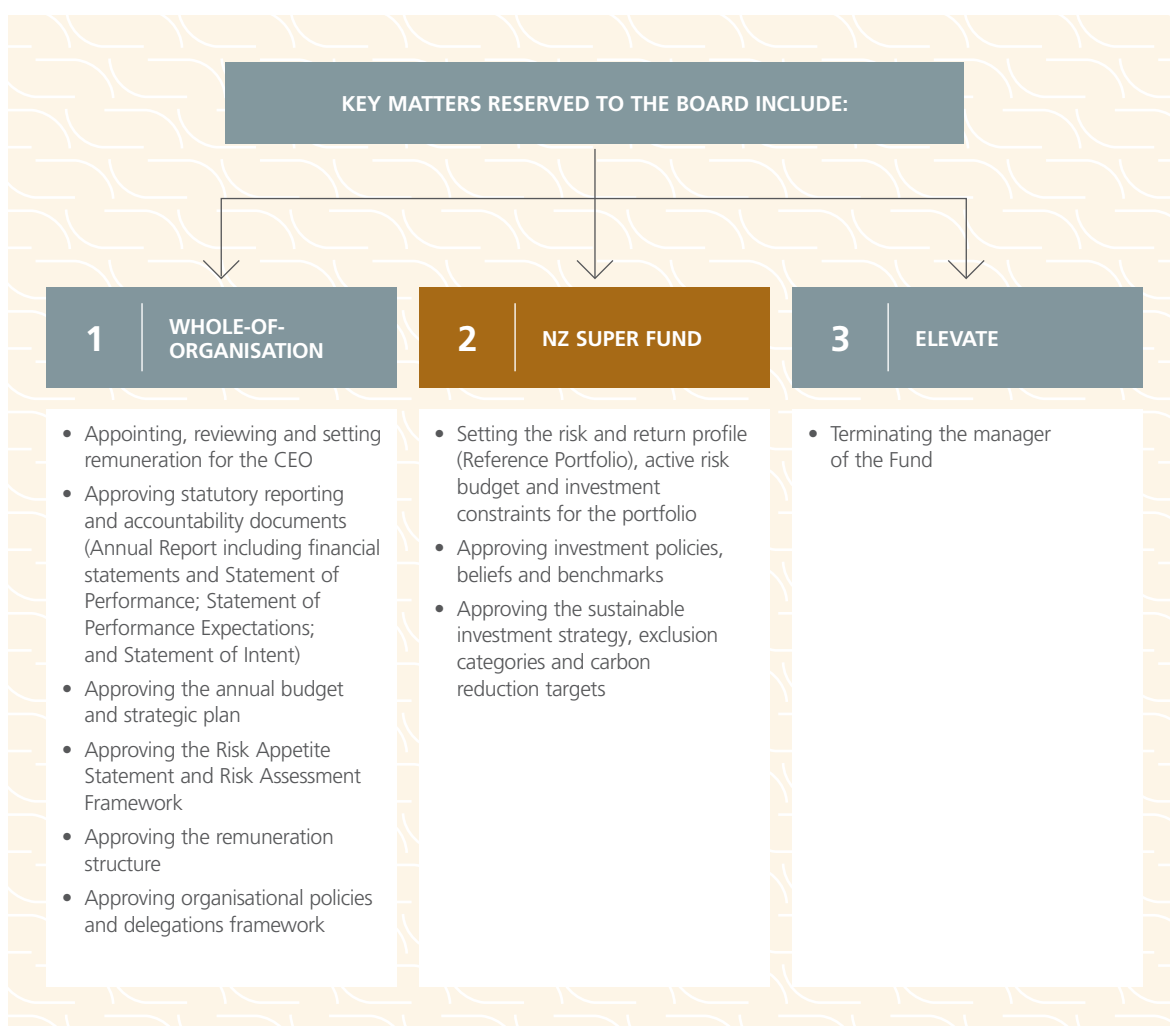
The New Zealand Superannuation and Retirement Income Act 2001 sets out our overall governance framework including duties and responsibilities of our Board. Our Board's specific roles and responsibilities are set out in the Board Charter, which was last reviewed in June 2026 and is available on our website.

The Board's primary focus is on governance, setting strategic direction, performance and organisational identity

– including purpose, vision and culture, enterprise and investment risk, key stakeholder relationships, accountability reporting, and oversight.

The Board delegates, in part, the day-to-day leadership and management of the activities of the Guardians to the CEO and other officers. Management is responsible for strategy implementation, both investment and enterprise-wide. The specific responsibilities delegated to the CEO and other officers are recorded in the Guardians' formal delegation framework, as outlined in the Delegations Policy, available on our website.

## PRINCIPLES FOR CORPORATE GOVERNANCE (CONTINUED)

**Board meetings and activity****MEETINGS**

Each year, there are six scheduled meetings and an annual strategy day for the Board and four scheduled meetings for each of its standing Committees. Additional meetings are scheduled as required.

Board meeting agendas include forward-looking, priority, and regular standing items. The Board receives regular reporting from management on strategy delivery, investment performance, investment and enterprise risk management and other stakeholder matters. Committee Chairs provide updates on Committee activities, including key issues considered and recommendations for Board approval.

Board members meet without management present and hold closed sessions with the CEO at the beginning and end of each Board meeting. The Board agenda retains flexibility to respond to matters that arise during the course of the year.

'Deep dives' or education sessions are usually held before Board meetings. Presented by either internal specialists or external parties, deep dives support the development of the Board's capability by providing an opportunity to explore complex and significant matters in greater depth ahead of key decisions and to deepen their understanding of key investment, investment risk and governance matters.

In 2025/26, topics included the NZ Super Fund's total active risk budget and the Board's Risk Appetite Statement and Risk Assessment Framework.

After each Board meeting, all Guardians employees are briefed on key discussions and decisions. Board papers are shared on the Guardians' intranet to the extent appropriate, having regard to commercial and privacy sensitivities.

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. The report recommendations have been mapped to the Guardians' strategic focus areas, and implementation is a multi-year activity which the Board continued to consider this year. More information about the review is on pages 109-110.

The key decisions the Board made during the year, reviews undertaken and how they support the delivery of the Guardians of the Future strategy are set out on the following page. While some Board activities contribute to multiple strategic focus areas, each has been reported under the focus area to which it most strongly aligns.

## KEY BOARD ACTIVITIES


**Strategic pillar**  
**Strengthen our investment approach**

The Board maintains a strong focus on ensuring the NZ Super Fund's investment settings remain aligned to our long-term purpose, statutory mandate and risk appetite. In 2025/26, the Board:

- completed its review of the Reference Portfolio, which is an expression of the Board's risk appetite for the portfolio, and approved the asset classes and benchmarks for the next five years (see page 48)
- completed its five-yearly review of the Fund's active risk budget and approved the active risk budget to align with long-term risk usage and return expectations (see page 49)
- completed its review of the liquidity framework, reaffirming key liquidity constraints and clarifying reporting and replenishment requirements, and approved the liquidity risk appetite for the next five years (see page 50)
- reviewed the Guardians' approach to sustainable investment as part of the development of the 2026–2030 Sustainable Investment Roadmap, to succeed the 2020–2025 Roadmap. Preparatory work included commissioning a report from WTW on sustainable investment and determining the Board's appetite for a 'step-up' in approach
- approved targeted updates to the Fund's investment constraints to maintain alignment with the investment strategy and risk settings
- approved revised endowments and investment beliefs to ensure continued alignment with the Guardians' investment strategy (see page 47)
- reviewed and elected not to appeal the judicial review proceedings. Further information is set out on page 84.


**Strategic pillar**  
**Maximise our team and culture's potential**

In 2025/26, the Board:

- reviewed CEO performance and remuneration (see pages 101-103)
- discussed our new office and its potential to enhance opportunities for connection and collaboration (see page 39)
- reviewed the annual Health and Safety Report
- approved the People & Culture Committee Terms of Reference
- reviewed and approved changes to the Guardians' remuneration framework
- reviewed and approved CEO goals for 2026/27 and considered an aligned approach to Leadership Team goal setting
- considered organisational culture and our culture survey methodology
- considered leadership capability and development
- received updates on organisational restructuring and change
- received updates on recruitment and retention, workforce planning and staff capability, and learning and development.


**Strategic pillar**  
**Enhance our external presence**

During the year, Board members attended a workshop for Crown entity Chairs, the annual Select Committee hearing and the Guardians' annual Investee Director and CEO Forum. The Board also met with the Minister of Finance and Secretary to the Treasury, and meets with Treasury annually to discuss expectations. Treasury attended our June 2026 Board meeting.

In July 2025, Board members joined our CEO and members of the Leadership Team on an education trip to New York, Montreal and Toronto to meet with peer funds, investment managers and other key suppliers. Discussion topics related to strategic priorities including investment strategy and challenges, operating models, governance practices, investment risk, sustainable investment trends, AI and technology adoption, and domestic investment. The trip provided valuable insights and benchmarks to inform the Guardians' ongoing strategic and organisational priorities.

The Board also has an ongoing training development programme including sessions with external speakers, an annual strategy day, participation in international forums, and meetings with global peer funds and investment managers – which helps ensure the Board governs in line with best practice.

In February 2026, the Board, together with the CEO and members of the Leadership and Investment teams, visited the Kaingaroa Timberlands (KT), which is part-owned by the NZ Super Fund. Key matters for this visit included structure and governance of KT, ownership history and investment performance. This formed part of the Board's development programme.


**Strategic pillar**  
**Optimise our organisation**

The Board ensures that the Guardians has the appropriate organisational settings to deliver its strategy effectively. In 2025/26, the Board:

- approved the Guardians Strategic Plan 2026–2029, setting the strategic direction and intent for the next three years
- approved a stand-alone Speaking Up and Whistleblowing Policy
- completed the five-yearly review and approved the updated Sensitive Expenditure and Procurement Policy
- supported the development of an AI strategy and approved an updated AI Policy to support appropriate governance arrangements for the use of AI across the organisation (see pages 37-38).

## PRINCIPLES FOR CORPORATE GOVERNANCE (CONTINUED)

**Meeting attendance**

Attendance at all Board and Board Committee meetings for the period 1 July 2025 to 30 June 2026 is shown in the table below.

While an annual calendar of Board and Committee meeting dates is decided by the Board before each financial year,

‘unscheduled’ meetings can also be planned at shorter notice if they are needed for a particular purpose. In the event that Board members are unable to attend any meeting, they receive Board papers in the normal manner and have the opportunity to provide comments and questions in advance of the meeting.

| Board member                  | Board <sup>*</sup> |             | Audit & Risk Committee <sup>**</sup> | People & Culture Committee |
|-------------------------------|--------------------|-------------|--------------------------------------|----------------------------|
|                               | Scheduled          | Unscheduled | All                                  | All                        |
| John Williamson               | 6/6                | 1/1         | 4/4                                  | 4/4                        |
| Henk Berkman <sup>***</sup>   | 6/6                | 1/1         | 4/4                                  | 2/2                        |
| David McClatchy               | 6/6                | 1/1         | 4/4                                  | N/A                        |
| Fiona Oliver                  | 6/6                | 1/1         | 1/1                                  | 4/4                        |
| Sue Brake                     | 6/6                | 1/1         | 4/4                                  | N/A                        |
| Hinerangi Raumati Tu’ua       | 5/6                | 1/1         | 4/4                                  | N/A                        |
| Andrew Wilson <sup>****</sup> | 4/4                | N/A         | N/A                                  | 2/2                        |

\* In addition to the Board meetings, a Board Strategy Day is held annually in November.

\*\* Full Board attendance is required at the Audit & Risk Committee meeting in September.

\*\*\* Henk Berkman ceased to be a member of the People & Culture Committee on 18 February 2026.

\*\*\*\* Andrew Wilson was appointed to the Board on 20 October 2025 and became a member of the People & Culture Committee with effect from 18 February 2026.

**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, the corporate governance of the Guardians and 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, Board Secretariat and other advisors keep the Board up to date on legal, regulatory, compliance and governance matters.

**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 materials. The programme helps to ensure Board members have the necessary skills and expertise for their role at the Guardians. See page 91 for more information about the Board’s ongoing training programme.

**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 its recruitment process. The Chair and Nominating Committee keep Treasury informed on evaluations and progress on action items.

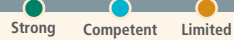
The Board aims to undertake an external evaluation of its performance every two years. An independent externally facilitated Board evaluation was completed in November 2025. The review highlighted strengths in the Chair’s and the CEO’s leadership, Board member capability and experience, Board–management engagement, clear respect for the Crown, and the Board’s commitment to the Guardians’ purpose, values and strategic objectives.

Consistent with the Board’s commitment to continuous improvement, the review also identified opportunities to strengthen the Board’s performance including through continued focus on Chair succession planning and further enhancing Board meeting effectiveness. The Board has commenced work on these areas and progress against these actions will be monitored as part of the Board’s ongoing governance. A summary of the evaluation outcomes was provided to Treasury.

### Board skills

The Board periodically reviews 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. Where specialist expertise is required, the Board may engage external consultants to provide additional expertise.

| BOARD SKILLS AND EXPERIENCE<br>(identified as being most relevant to the Guardians' functions)                                                                                                                                                                                                                                                                                                   | IMPORTANCE | BOARD COMPOSITION:                                                                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                  |            |    |
| <b>FINANCIAL INVESTMENT MANAGEMENT EXPERTISE</b><br>Substantial experience, training and expertise in the management of financial investments, consistent with the statutory appointment criteria for Guardians' Board members. This expertise is directly relevant to the sole function of the Guardians, which is to manage the NZ Super Fund and Elevate Fund.                                | Essential  |    |
| <b>INVESTMENT ENVIRONMENT AND PERSPECTIVE</b><br>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       |    |
| <b>GOVERNANCE</b><br>Experience governing a listed entity, large investment fund and/or large/complex organisation including as a director or equivalent. Understanding of the principles of good corporate governance in the context of the purpose of the Guardians and the Funds that it manages. Deep understanding of the legal and regulatory environment in which the Guardians operates. | Core       |    |
| <b>STAKEHOLDER MANAGEMENT</b><br>Experience in significant stakeholder engagement and relationship management with key stakeholder partners. Ability to maintain stakeholder confidence.                                                                                                                                                                                                         | Core       |  |
| <b>STRATEGY</b><br>Ability to define strategic objectives, assess strategic opportunities and risks, constructively evaluate business plans, and oversee the implementation of the strategy using sound commercial judgement and the ability to apply a global and future-focused perspective.                                                                                                   | Core       |  |
| <b>FINANCIAL ACUMEN</b><br>Good understanding of financial statements, financial reporting and financial controls for organisations of a significant size or complexity. Ability to probe the adequacy of financial reporting, controls and assurance.                                                                                                                                           | Core       |  |
| <b>RISK AND ASSURANCE</b><br>Experience overseeing risk management frameworks, controls and assurance. Includes the ability to anticipate, assess and oversee the management of financial, non-financial and emerging risks.                                                                                                                                                                     | Core       |  |
| <b>LEADERSHIP</b><br>Held a CEO or scale senior leadership role in a large or complex organisation with experience in leading people and talent management, succession planning and remuneration initiatives. Experience in delivering business performance and implementing organisational change and transformation.                                                                           | Desirable  |  |
| <b>TECHNOLOGY AND DIGITAL</b><br>A. Experience with digital transformation including legacy platform transformations<br>B. Deep understanding of technology innovation and integrations into investment decision-making (including AI and machine learning).                                                                                                                                     | Desirable  |  |

## PRINCIPLES FOR CORPORATE GOVERNANCE (CONTINUED)

## 3. BOARD COMMITTEES



The Board delegates responsibilities to its Committees, and the Committees in turn report to the Board.

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 roles, responsibilities, reporting requirements, composition, structure and membership requirements are outlined in their Terms of Reference, which are periodically reviewed by the Board. The Committees are entitled to the resources and information required to operate effectively.

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.

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.

The Board appoints the Chair and the members of each standing Committee. The Board Chair cannot also chair a standing Committee.

The standing Board Committees meet quarterly with additional meetings as necessary. All Board members can attend any Committee meeting, and the management team is invited to attend Committee meetings as necessary.

See pages 16–17 for Committee membership and page 92 for Committee meeting numbers and attendance.

#### Audit & Risk Committee

##### PURPOSE

The Audit & Risk Committee assists the Board with oversight of enterprise risk management, other than investment risk. This includes reviewing and recommending to the Board for approval enterprise policies that are within their remit. They oversee the integrity of financial reporting, including:

- the financial statements and internal control environment
- the external audit process and relationship with the external auditor
- the Internal Audit function
- the Guardians' climate-related disclosures.

##### STRUCTURE

At each meeting the Committee receives reports from Internal Audit and the Chief Risk Officer as well as a dashboard report covering open audit items, learning opportunities reports, custodial incidents, mandate breaches and tax position updates.

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.

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 and satisfies themselves that the independence of the internal audit function is safeguarded.

##### KEY MATTERS

The following key matters were considered by the Committee in 2025/26:

- considered the integrity of the Guardians, NZ Super Fund and Elevate's financial statements and recommended these for approval by the Board
- reviewed and recommended to the Board for approval the Statement of Performance, which forms an integral part of the Annual Report
- reviewed and recommended for approval by the Board the Guardians' climate-related disclosures and reviewed changes to our disclosures and processes to prepare them, which are discussed in our 2026 Climate Change Report.
- approved the 2026/27 internal audit plan, assessed the adequacy of internal controls and ensured that key internal audit recommendations were addressed effectively
- reviewed and recommended the new stand-alone Speaking Up and Whistleblowing Policy and updated Sensitive Expenditure and Procurement Policies to the Board for approval.
- reviewed the Terms of Reference of the Committee and recommended it to the Board for approval
- received a report from the Management Risk Committee.

Management presented 'deep dives' to the Committee during the year on:

- operational due diligence
- portfolio completion
- counterparty creditworthiness.

### People & Culture Committee

#### PURPOSE

The People & Culture Committee assists the Board in overseeing matters relating to remuneration, performance, workplace culture, talent management, succession planning, people capability and key people and culture policies.

#### STRUCTURE

The Committee maintains a structured annual work programme to oversee strategic people priorities. Regular reviews throughout the year include:

- the CEO's performance and remuneration outcomes, and goal setting for the upcoming financial year
- employee remuneration strategies
- interim and final bonus scheme outcomes
- progress against people and culture strategic initiatives
- future workforce trends and key people metrics (and insights from these metrics).

The Committee also undertakes periodic reviews of its annual work programme and individual employment agreement frameworks to ensure they remain compliant, fit for purpose and aligned with organisational requirements.

#### KEY MATTERS

Key focuses for the People & Culture Committee in 2025/26 were executive performance, remuneration, succession planning, organisational capability and workplace culture. Its activities included:

- reviewing the CEO's performance, remuneration and future goals
- advising on people and culture priorities and strategic planning
- receiving a review of the remuneration framework and confirming the benchmarking methodologies and approaches
- receiving updates on performance and salary review processes and outcomes
- overseeing CEO succession planning and leadership development
- monitoring organisational restructures and associated changes
- providing oversight of organisational culture including a refresh of the Guardians' values and a review of our culture measurement approach
- monitoring of significant people initiatives in areas including leadership development, learning, talent management and HR process change.

### 4. REPORTING AND DISCLOSURE

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 a Gold Award and the Best of Financial Services Award at the 2026 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.

|               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Three-yearly  | <ul style="list-style-type: none"> <li>• Statement of Intent setting out key strategic objectives and performance measures</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Annual        | <ul style="list-style-type: none"> <li>• Statement of Performance Expectations including, for the NZ Super Fund, forecast Fund performance and priority activities for the year</li> <li>• Annual Report and Statement of Performance reporting against the year's Statement of Performance Expectations (the Statement of Performance Expectations for the 2025/26 financial year was published in June 2025)</li> <li>• Annual audited financial statements for the Guardians and Funds</li> <li>• Annual review by Parliamentary Select Committee with participation from the Office of the Auditor-General</li> <li>• Annual Climate Change Report including Carbon Footprint for the NZ Super Fund</li> </ul> |
| Six-monthly   | <ul style="list-style-type: none"> <li>• Portfolio holdings and exclusions</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Quarterly     | <ul style="list-style-type: none"> <li>• Report to Minister of Finance covering important developments relating to the Guardians and the Funds</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Monthly       | <ul style="list-style-type: none"> <li>• Portfolio performance</li> <li>• Financial data provided to Treasury</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| As it happens | <ul style="list-style-type: none"> <li>• Anything necessary to comply with the expectation that we will operate on a 'no surprises' basis with the Minister of Finance</li> <li>• Responses to questions from Parliament, Treasury, media and via the Official Information Act 1982*</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                    |

\* The Guardians received 36 requests under the Official Information Act in 2025/26. Responses of public interest are available on our website. While these covered a broad range of topics, the most frequent topic was requests for information related to our investments in Israeli companies and our communications about these investments.

## PRINCIPLES FOR CORPORATE GOVERNANCE (CONTINUED)

In addition, a key accountability mechanism is a 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 pages 109–110 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.

## 5. REMUNERATION

See pages 98–103 for our remuneration structure and figures.

## 6. RISK MANAGEMENT

The Board provides governance and oversight for both enterprise and investment risk. See pages 104–108.

## 7. 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, as the fifth year in her rotation, and the external audit of Elevate, as the first year in her rotation. Typically the audit partner is rotated every six years. The Guardians has also appointed Pip Best of EY to provide limited assurance on the 2026 Climate Change Report.

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 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.

### Internal audit

Our Internal Audit team helps the Guardians achieve its objectives through assurance and advice for improving the effectiveness of governance, risk management and internal control processes across all areas of the organisation. This year, our Internal Audit team completed audits on:

- conflicts management
- Standard Settlement Instructions
- Proper Instruction Process
- IT Safe & Stable Workstream healthcheck (three phases in February, April and June 2026)
- payroll

- the suite of applications that enhance the base functionality of our SharePoint and Teams systems
- counterparty credit risk.

While these audits have shown that our systems and processes are broadly operating as intended, they have also provided recommendations to further improve the way we work. Following the completion of each audit, our Internal Audit team may work with the relevant teams in providing advice to assist with putting any recommendations into place without assuming management responsibilities, and checks their progress over time.

## 8. STAKEHOLDER RELATIONS AND STAKEHOLDER INTERESTS

### Minister of Finance

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. No ministerial directions were received in 2025/26. We report on our progress in implementing the single direction received to date (in 2009, regarding our New Zealand investment activities) on pages 62–64 of this Annual Report.

In March 2026 the Guardians received an annual Letter of Expectations for 2025/26 from the Minister of Finance, which, along with the Guardians' response, is available on our website. This letter plays an important role in informing our focuses as well as our reporting each year. This year's letter focused on:

- investments in New Zealand infrastructure
- organisational resilience and culture
- our five-yearly Reference Portfolio review
- maturing and deepening New Zealand's venture capital markets via the Elevate Fund.

The letter asked us to update the Minister on our progress in actively identifying and pursuing commercially attractive New Zealand infrastructure opportunities that additionally support future economic growth and GDP. This update was provided in June 2026 and is also available on our website.

### Sponsorships

We undertake a limited number of sponsorships to support activities or events that align with our role and responsibilities. These are listed on our website. Total sponsorship spend in 2025/26 was \$135,215 (2024/25: \$105,000). The increase in sponsorship spend reflects the addition of several strategic event sponsorships, particularly a Women in Super Network event and industry engagement initiatives, with core recurring sponsorship commitments remaining largely unchanged.

### Media coverage

We received significant media coverage this year around our judicial review (see page 84). We were also mentioned frequently in the context of election year discussions regarding superannuation policies. It is not our role to comment on superannuation policies. We discuss our government contributions on pages 120–121.

### Stakeholder engagement

Building and maintaining healthy stakeholder relationships is important to our success. Our engagement priorities for 2025/26 included:

- the five-yearly Reference Portfolio review and associated lowering of the Fund's estimated long-term return
- domestic infrastructure investment opportunities and the settings needed to attract foreign investment to New Zealand
- supporting the development of the NZ Taxonomy, including through representation on sector-specific and expert working groups, and by making a submission on proposed energy criteria.

#### HOW WE ENGAGE WITH OUR MAIN STAKEHOLDER GROUPS

| Stakeholder                                                                                                                                             | Why we engage                                                                                                                                                                                                                                                                                                                        | Engagement initiatives undertaken during 2025/26                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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.                                                                                                                                                                  | <ul style="list-style-type: none"> <li>• Engagement with the Minister on her annual Letter of Expectations, our Statement of Performance Expectations and Statement of Intent</li> <li>• Finance and Expenditure Select Committee annual reviews and responding to written questions from the Committee</li> <li>• Regular discussions with and the provision of information to Treasury, including in respect of the review of the Reference Portfolio and the associated lowering of the NZ Super Fund's long-term return</li> <li>• Meetings with Ministers and officials in support of domestic infrastructure investment opportunities and settings needed to attract foreign investment to New Zealand</li> <li>• Providing input and expertise on issues such as tax policy and ESG topics</li> </ul>                                                                                                                                                                                |
| Peer funds, CFIs, industry networks and investment groups                                                                                               | To build strategic investment relationships and inform best-practice portfolio management.                                                                                                                                                                                                                                           | <ul style="list-style-type: none"> <li>• 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 &amp; Investment Institute; and various team-level meetings</li> <li>• Collaborating with and providing support to the other New Zealand Crown Financial Institutions</li> <li>• Discussions supporting our exploration of domestic infrastructure investment opportunities</li> </ul>                                                                                                                                                                                                                            |
| 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.                                                                                                       | <ul style="list-style-type: none"> <li>• Our Stewardship Report summarises our key engagement activity in relation to investee companies, both global and domestic, for 2025/26.</li> <li>• Domestically, our engagement includes hosting an annual development and networking forum for CEOs and Directors of our investee companies.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 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. | <ul style="list-style-type: none"> <li>• Extensive discussions with iwi, business and community groups regarding the Taranaki Offshore Partnership's proposed development of a 1GW offshore wind farm in the South Taranaki Bight with a view to incorporating their perspectives and concerns into our feasibility work</li> <li>• An Annual Stakeholder Information Day which provides media, government, and industry representatives with a summary of our current activities and proposed initiatives and builds understanding of our role and responsibilities</li> <li>• Proactive engagement with selected NGOs and other interested parties regarding updates to our sustainable investment policy documents, supporting a well-informed public debate regarding our mandate</li> <li>• Ongoing engagement with iwi, including Ngāti Whātua Ōrākei as the mana whenua of the land where we are based, and Ngāi Tahu as a co-investor in various New Zealand investments</li> </ul> |

## REMUNERATION AND DISCRETIONARY INCENTIVE SCHEME

To manage our Funds in line with best-practice portfolio management, we provide competitive remuneration packages designed to attract, motivate and retain a high-calibre team.

### 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 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 benchmarking.

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 \$1,447,060 in 2025/26, compared to \$1,250,310 in 2024/25. The year-on-year change was mainly due to higher health insurance premiums driven by inflation and increased utilisation.

### 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                                                                                             |
|-----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|----------------------|------------------------------------------------------------------------------------------------------------------------|
| <b>Leadership, Investments and Portfolio Completion teams</b>                                                   | 60% of actual remuneration paid for the financial year* | 20%                  | 40%, composed of: <ul style="list-style-type: none"> <li>• Excess return – 1/3</li> <li>• Value added – 2/3</li> </ul> |
| <b>Corporate staff (Corporate Affairs, People and Culture, Internal Audit, Risk, and Shared Services teams)</b> | 30% of actual remuneration paid for the financial year* | 20%                  | 10%, composed of: <ul style="list-style-type: none"> <li>• Excess return – 1/3</li> <li>• Value added – 2/3</li> </ul> |

\* 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%.

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 48 for more information on our Reference Portfolio benchmark.

### Bonus achievement for the four years ending 30 June 2026

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.

- The average excess return over the four years was 9.02% (maximum is achieved at 4%).
- The average value-add over the four years was 0.12% (maximum is achieved at 0.75%).

### 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.

### New starters

New starters receive no less than 75% of the Fund performance component for their first year of participation in the bonus programme, and no less than 50% for the subsequent two financial years, should Fund performance be lower than those levels. After participating in the bonus programme for three years, the standard calculation applies.

### Total payments

The Guardians made \$11,002,000 in bonus payments for the 2025/26 financial year, compared with \$17,966,000 for the 2024/25 financial year. The year-on-year decrease was largely due to lower value-add, as well as fewer employees.

### 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, rather than differences in pay for comparable work. We also report the gender pay gap for total remuneration, including incentive payments, KiwiSaver and insurance benefits as well as base pay.

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*             | 2025/26 | 2024/25 | 2023/24 | 2022/23 | 2021/22 |
|-----------------------------|---------|---------|---------|---------|---------|
| Base salary (mean)          | 16%     | 16%     | 15%     | 14%     | 17%     |
| Base salary (median)        | 19%     | 18%     | 17%     | 13%     | 27%     |
| Total remuneration (mean)   | 18%     | 19%     | 17%     | 17%     | 21%     |
| Total remuneration (median) | 20%     | 20%     | 18%     | 16%     | 26%     |

\* 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 men and women. The median gender pay gap is the difference between the mid-points in the range of hourly base pay of men and women. 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.

### CESSATION PAYMENTS

A total amount of \$1,282,967 was paid in respect of 17 individuals who ceased to be employed during the year (in 2024/25, \$1,681,475 was paid in respect of 21 individuals).

### EMPLOYEES' REMUNERATION OVER \$100,000 PER ANNUM

Base remuneration in the table on the following page 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.

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## REMUNERATION AND DISCRETIONARY INCENTIVE SCHEME (CONTINUED)

| Remuneration range | Number of employees<br>(base remuneration) |         | Number of employees<br>(total remuneration) |         | Remuneration range | Number of employees<br>(base remuneration) |            | Number of employees<br>(total remuneration) |            |
|--------------------|--------------------------------------------|---------|---------------------------------------------|---------|--------------------|--------------------------------------------|------------|---------------------------------------------|------------|
| NZD'000            | 2025/26                                    | 2024/25 | 2025/26                                     | 2024/25 | NZD'000            | 2025/26                                    | 2024/25    | 2025/26                                     | 2024/25    |
| 100 - 110          | 9                                          | 11      | 7                                           | 8       | 460 - 470          | -                                          | 1          | 1                                           | 1          |
| 110 - 120          | 5                                          | 16      | 3                                           | 6       | 470 - 480          | -                                          | 1          | 0                                           | 1          |
| 120 - 130          | 10                                         | 13      | 7                                           | 5       | 480 - 490          | 3                                          | -          | 1                                           | 2          |
| 130 - 140          | 8                                          | 12      | 5                                           | 11      | 490 - 500          | -                                          | 2          | 1                                           | 2          |
| 140 - 150          | 10                                         | 8       | 8                                           | 11      | 500 - 510          | 1                                          | 1          | 0                                           | -          |
| 150 - 160          | 10                                         | 7       | 6                                           | 10      | 510 - 520          | -                                          | -          | 2                                           | 2          |
| 160 - 170          | 14                                         | 13      | 6                                           | 5       | 520 - 530          | -                                          | -          | -                                           | 1          |
| 170 - 180          | 8                                          | 11      | 11                                          | 11      | 530 - 540          | -                                          | -          | -                                           | 2          |
| 180 - 190          | 15                                         | 15      | 8                                           | 6       | 540 - 550          | -                                          | -          | -                                           | 4          |
| 190 - 200          | 11                                         | 12      | 6                                           | 2       | 560 - 570          | -                                          | -          | 1                                           | -          |
| 200 - 210          | 9                                          | 4       | 5                                           | 8       | 570 - 580          | -                                          | -          | -                                           | 1          |
| 210 - 220          | 7                                          | 11      | 13                                          | 8       | 580 - 590          | -                                          | 1          | -                                           | -          |
| 220 - 230          | 10                                         | 8       | 16                                          | 7       | 590 - 600          | -                                          | 1          | -                                           | -          |
| 230 - 240          | 5                                          | 10      | 7                                           | 15      | 610 - 620          | -                                          | 1          | -                                           | -          |
| 240 - 250          | 5                                          | 7       | 6                                           | 9       | 630 - 640          | -                                          | -          | -                                           | 1          |
| 250 - 260          | 11                                         | 6       | 7                                           | 6       | 640 - 650          | 1                                          | -          | 3                                           | 1          |
| 260 - 270          | 4                                          | 7       | 5                                           | 7       | 670 - 680          | 1                                          | -          | 1                                           | -          |
| 270 - 280          | 4                                          | 3       | 6                                           | 10      | 690 - 700          | 1                                          | -          | -                                           | -          |
| 280 - 290          | 5                                          | 5       | 6                                           | 4       | 700 - 710          | -                                          | 1          | -                                           | -          |
| 290 - 300          | 4                                          | 3       | 3                                           | 4       | 720 - 730          | -                                          | -          | -                                           | 1          |
| 300 - 310          | 4                                          | 3       | 4                                           | 5       | 740 - 750          | 1                                          | -          | -                                           | -          |
| 310 - 320          | 3                                          | 7       | 1                                           | 1       | 750 - 760          | -                                          | -          | -                                           | 1          |
| 320 - 330          | 6                                          | 5       | 5                                           | 3       | 760 - 770          | -                                          | -          | -                                           | 2          |
| 330 - 340          | 3                                          | 3       | 2                                           | 2       | 850 - 860          | -                                          | 1          | 1                                           | -          |
| 340 - 350          | 1                                          | 4       | 7                                           | 3       | 880 - 890          | -                                          | -          | -                                           | 1          |
| 350 - 360          | 1                                          | 1       | 3                                           | 2       | 910 - 920          | -                                          | -          | 1                                           | -          |
| 360 - 370          | 2                                          | 2       | 5                                           | 5       | 920 - 930          | -                                          | -          | -                                           | 1          |
| 370 - 380          | -                                          | 1       | 5                                           | 7       | 930 - 940          | -                                          | -          | 1                                           | -          |
| 380 - 390          | 1                                          | -       | 3                                           | 7       | 960 - 970          | -                                          | -          | -                                           | 1          |
| 390 - 400          | -                                          | -       | 2                                           | 2       | 990 - 1,000        | 1                                          | -          | -                                           | -          |
| 400 - 410          | 2                                          | 1       | 3                                           | 6       | 1,000 - 1,010      | -                                          | -          | 1                                           | -          |
| 410 - 420          | 1                                          | 2       | 1                                           | 4       | 1,120 - 1,130      | -                                          | -          | -                                           | 1          |
| 420 - 430          | -                                          | -       | 3                                           | 3       | 1,340 - 1,350      | -                                          | -          | -                                           | 1          |
| 430 - 440          | -                                          | -       | 2                                           | 1       | 1,360 - 1,370      | -                                          | -          | 1                                           | -          |
| 440 - 450          | -                                          | -       | 3                                           | 2       | <b>Total</b>       | <b>197</b>                                 | <b>221</b> | <b>206</b>                                  | <b>236</b> |
| 450 - 460          | -                                          | -       | 1                                           | 3       |                    |                                            |            |                                             |            |

## KEY MANAGEMENT PERSONNEL

The Guardians' key management personnel are the Board and the Leadership Team. The Leadership Team currently comprises seven employees (2024/25: seven employees). The compensation of the Board and the Leadership Team is set out below.

### LEADERSHIP TEAM AND BOARD REMUNERATION

| Leadership Team                                                             | 2025/26 (NZD'000) | 2024/25 (NZD'000) |
|-----------------------------------------------------------------------------|-------------------|-------------------|
| Employee benefits (including salaries, annual leave and long-service leave) | 4,178             | 5,164             |
| Employee incentive scheme                                                   | 1,493             | 2,151             |
| <b>Total</b>                                                                | <b>5,671</b>      | <b>7,315</b>      |
| Board                                                                       | 2025/26 (NZD'000) | 2024/25 (NZD'000) |
| H Berkman                                                                   | 71                | 49                |
| S Brake (appointed 9 December 2024)                                         | 71                | 28                |
| D McClatchy                                                                 | 71                | 49                |
| F Oliver (People & Culture Committee Chair)                                 | 78                | 54                |
| D Pearce (Audit & Risk Committee Chair – retired 31 December 2024)          | 0                 | 27                |
| H Raumati-Tu'ua (appointed Audit & Risk Committee Chair 1 January 2025)     | 78                | 51                |
| J Williamson (Chair)                                                        | 142               | 98                |
| A Wilson (appointed 20 October 2025)                                        | 50                | -                 |
| <b>Total</b>                                                                | <b>561</b>        | <b>356</b>        |

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 \$70,995 for Board members, plus additional amounts for the Chair (\$70,995), Deputy Chair (\$17,750), and Chairs of the Audit & Risk and People & Culture committees (\$7,100).

#### 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 communicated 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 bonus payment.

#### Process

The People & Culture Committee (see page 95) reviews the CEO's remuneration annually and makes recommendations to the Board based on independent advice from external remuneration specialists. 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                                                                                                                                    | 2025/26            |                                         | 2024/25            |                                         |
|---------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------------------------------------|--------------------|-----------------------------------------|
|                                                                                                                                                   | \$                 | % achieved                              | \$                 | % achieved                              |
| <b>Contractual base remuneration</b>                                                                                                              | \$896,000          | –                                       | \$853,000          | –                                       |
| <b>Actual base remuneration payment</b><br>(Several factors can mean there is a difference between the contractual and actual base.) <sup>1</sup> | \$917,528          | –                                       | \$795,587          | –                                       |
| <b>At risk – individual component</b>                                                                                                             | \$165,495          | 18.0%                                   | \$134,765          | 17.0%                                   |
| <b>At risk – Fund financial performance ‘excess return’ on a four-year moving average<sup>2</sup></b>                                             | \$122,306          | 13.3%<br>(100% achievement level 13.3%) | \$106,052          | 13.3%<br>(100% achievement level 13.3%) |
| <b>At risk – Fund financial performance ‘value add’ on a four-year moving average<sup>2</sup></b>                                                 | \$61,199           | 6.7%<br>(100% achievement level 26.7%)  | \$212,183          | 26.7%<br>(100% achievement level 26.7%) |
| <b>KiwiSaver</b>                                                                                                                                  | \$101,322          | –                                       | \$99,887           | –                                       |
| <b>Benefits (life, income protection, trauma, and health insurance)<sup>3</sup></b>                                                               | \$12,960           | –                                       | \$10,867           | –                                       |
| <b>Total remuneration</b>                                                                                                                         | <b>\$1,380,830</b> | <b>–</b>                                | <b>\$1,359,341</b> | <b>–</b>                                |

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.
2. As Jo Townsend is in her second year of participation in the Guardians’ bonus program, she received 50% of the Fund discretionary incentive performance component for 2025/26 (see the information about new starters on page 99).
3. Benefits include FBT where applicable but exclude GST.
4. Bonus programme eligibility began on 1 July 2024.

| 2023/24                         |            | 2023/24                                |                                               | 2022/23            |                                               | 2021/22            |                                               |
|---------------------------------|------------|----------------------------------------|-----------------------------------------------|--------------------|-----------------------------------------------|--------------------|-----------------------------------------------|
| Jo Townsend<br>(Apr – Jun 2024) |            | Matt Whineray<br>(Jun 2023 – Jan 2024) |                                               |                    |                                               |                    |                                               |
| \$                              | % achieved | \$                                     | % achieved                                    | \$                 | % achieved                                    | \$                 | % achieved                                    |
| \$853,000                       | –          | \$870,000                              | –                                             | \$797,000          | –                                             | \$724,000          | –                                             |
| \$180,442                       | –          | \$554,766                              | –                                             | \$811,040          | –                                             | \$730,982          | –                                             |
| – <sup>4</sup>                  | –          | \$94,310                               | 17.0%                                         | \$137,877          | 17.0%                                         | \$116,957          | 16.0%                                         |
| – <sup>4</sup>                  | –          | \$73,950                               | 13.3%<br>(100%<br>achievement<br>level 13.3%) | \$108,112          | 13.3%<br>(100%<br>achievement<br>level 13.3%) | \$73,101           | 10.0%<br>(100%<br>achievement<br>level 13.3%) |
| – <sup>4</sup>                  | –          | \$147,956                              | 26.7%<br>(100%<br>achievement<br>level 26.7%) | \$216,304          | 26.7%<br>(100%<br>achievement<br>level 26.7%) | \$369,202          | 10.0%<br>(100%<br>achievement<br>level 13.3%) |
| \$14,435                        | –          | \$68,601                               | –                                             | \$102,757          | –                                             | \$103,219          | –                                             |
| \$2,421                         | –          | \$7,498                                | –                                             | \$10,647           | –                                             | \$8,201            | –                                             |
| <b>\$197,298</b>                | <b>–</b>   | <b>\$947,081</b>                       | <b>–</b>                                      | <b>\$1,386,737</b> | <b>–</b>                                      | <b>\$1,401,663</b> | <b>–</b>                                      |

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## MATERIAL INVESTMENT AND ENTERPRISE RISKS



**MICHAEL MITCHELL**  
CHIEF RISK OFFICER

### WHAT ARE OUR MATERIAL INVESTMENT AND ENTERPRISE RISKS? CHIEF RISK OFFICER MICHAEL MITCHELL EXPLAINS.

Risk management is central to the Guardians' ability to deliver strong long-term investment outcomes while maintaining a resilient and effective organisation. During 2025/26, we continued to monitor and manage a broad range of investment and enterprise risks in an increasingly complex global environment, while also preparing the organisation to support the continued growth of the Fund.

Investment risk goes hand in hand with investment return. Meeting our objectives requires us to build a portfolio that maximises returns relative to the risk that we take. In our Investment Report we explain how we build the Fund portfolio – setting a risk appetite and allocating an active risk budget across the investment opportunities that make up the portfolio. Here, we provide a summary of how those investment risks sit alongside the enterprise risks we are managing.

Our principal investment risks include market risk, liquidity risk, concentration risk, inflation risk, geopolitical risk, sustainability-related risks, and private asset valuation risk. Global financial markets continue to be influenced by heightened geopolitical uncertainty, changing inflation dynamics and evolving monetary policy settings. The AI thematic has delivered robust returns, but comes with increased concentration risk across markets given the size of the main players. While these factors can affect short-term asset values and returns, our focus remains on the long investment horizon where our diversified portfolio allows us to look through temporary market movements and reduce concentration risk as appropriate.

A key area of focus during the year was liquidity risk. As part of our broader investment reviews, we reassessed the Fund's liquidity framework and stress-tested the portfolio under a range of severe market scenarios to confirm we would have sufficient access to cash to meet obligations and capital commitments during periods of market disruption. We also continued to monitor concentration risk across investments, sectors, regions, and counterparties to ensure that no single exposure could unduly affect portfolio outcomes.

Consistent with our belief that sustainability considerations are fundamental to long-term risk and return, we continued to integrate environmental, social and governance (ESG) factors into investment decision-making. Climate change remains a significant long-term risk and opportunity for investors, and we continue to assess and manage climate-related exposures across the portfolio.

As our allocation to private market assets has grown, maintaining robust valuation practices remains a priority. We continue to strengthen our governance, oversight and independent review processes to manage the risk that private asset values may not fully reflect changing market conditions.

From an enterprise perspective, the most significant risks arise from the need to scale the organisation effectively as the NZ Super Fund grows. This includes ensuring our operating model, technology, governance, workforce capability and risk management frameworks evolve to support a larger and more complex portfolio. The organisation's elevated principal risks are closely linked to this challenge.

Technology and cyber security risk remains a critical focus area, reflecting the increasing sophistication of cyber threats and the growing use of digital technologies, including AI. We continue to invest in cyber resilience, technology controls and organisational capability to protect our systems, data and operations.

Other important enterprise risks include workforce capacity and capability, legal and regulatory compliance, and reputational risk. These risks are actively monitored through our enterprise risk management framework, with regular reporting to management and the Board.

Overall, while the external environment remains uncertain, our assessment is that the nature of our principal risks has not fundamentally changed during the year. However, the scale and interconnectedness of several risks, particularly those associated with organisational growth, technology resilience, geopolitical uncertainty and private markets, have increased in importance and remain areas of ongoing focus. Our investment approach, governance framework and long-term horizon continue to provide a strong foundation for managing risk and pursuing the Fund's objectives.

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

### RISK GOVERNANCE

#### Role of the Board

Our 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. Our 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, work in line with our Guardians of the Future strategy, and 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 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.

Our CEO and management 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

that supports the increase of our risk maturity and provides guidance on the effectiveness of frameworks and processes at the Guardians. 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 each business unit to assess emerging risks to the Guardians.

#### 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 MANAGEMENT (CONTINUED)

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 Board-approved policies ensure that the risks we take align with our risk appetite. Our Statement of Investment Policies, Standards and Procedures (SIPSP) outlines how our risk appetite is operationalised, and references our policies, standards and procedures for managing investment and enterprise risk. Our investment and enterprise policies are reviewed by the Board at least once every five years.

We seek to take investment risks where we believe we will be rewarded over time, while ensuring our portfolio remains resilient through changing market conditions. We explain our approach to taking on investment risk on pages 48–50 of this report.

CULTURE AND RISK

A strong risk culture matters because, ultimately, people – our behaviours and decisions – are what makes effective risk-taking possible. We believe a strong risk culture supports constructive challenge and encourages diverse perspectives, which enable

better decisions to achieve our purpose. Increasing our risk maturity remains an important goal for the Guardians.

We measured our employees' attitudes towards risk as part of our 2024 culture survey. The survey indicated that our risk culture was at a high standard and showed improvement over prior years. We continue to monitor our risk culture through our staff engagement tool, which shows the outcomes have remained steady.

To continue to improve our risk culture, in 2025/26 we conducted psychological safety training for the second time for all employees, to foster an environment where everyone feels empowered to speak up, challenge, share diverse perspectives, and support innovation and accountability. We also continue to promote a strong risk culture through internal communications and by offering additional training to employees that builds an open and comfortable environment for constructive challenge.

MONITORING AND REPORTING

Our Board reviews 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 Leadership Team and Board 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 enterprise risks are detailed over the next two pages. Four of our principal risks are elevated and five remain within our risk appetite.

RISK RATING DEFINITIONS

 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.

## ELEVATED PRINCIPAL RISKS

| Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | How we are responding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Employee capability and capacity shortfall</b></p> <p>Successful execution of our purpose relies on our ability to attract and retain the appropriate workforce.</p> <p>While the tight labour market has eased, it is anticipated that challenges with recruiting in specialist areas will continue due to a limited talent pool with market-facing or direct transaction experience. This risk has therefore improved over the past year but remains elevated.</p> <p>In order for our strategy to be executed successfully, we need strong and aligned leadership. We have an opportunity to build critical capabilities and skills, with a particular focus on simplification, people leadership and systems thinking. Capability in productivity and analytical skills such as Python, AI, and Microsoft Copilot can also help us achieve efficiency savings and scalability.</p> <p>Along with this, it is important that our people have appropriate opportunities for connection, collaboration and productivity gains to support systems thinking. We aim to foster an environment where everyone feels comfortable speaking up and sharing diverse perspectives both within and among teams.</p> | <ul style="list-style-type: none"> <li>• New office, which better supports collaboration and connection</li> <li>• Upskilling team in productivity and data analytics tools</li> <li>• Leadership development (management, change, leadership skills)</li> <li>• Investment team restructure</li> <li>• Psychological safety training</li> <li>• Strategic Plan design and communication processes</li> <li>• Enterprise portfolio management governance</li> <li>• Diversity, Equity and Inclusion Strategy</li> <li>• Succession and annual workforce planning</li> <li>• Talent-sourcing strategy and plans</li> <li>• Culture shaping and measurement</li> <li>• Use of external advisors</li> <li>• Employee value proposition</li> </ul> |
| <p><b>IT infrastructure or business systems connecting to our network cease to be fit for purpose</b></p> <p>Technology is a key enabler to creating efficiencies within our organisation.</p> <p>We need to support legacy technology systems while enabling digital transformation, adoption of Generative AI, and managing technology transition risks. This includes fully leveraging existing technology platforms, uplifting our project maturity, and having appropriate governance for our use of data and AI.</p> <p>We have had a heightened risk of operational errors this year as we transitioned to our new investment data platform and introduced a new Technology team structure. Our technology plan is making steady progress to mitigate this, and this risk continues to improve.</p>                                                                                                                                                                                                                                                                                                                                                                                                       | <ul style="list-style-type: none"> <li>• Technology roadmap</li> <li>• Due diligence and monitoring of IT and business system providers</li> <li>• Business continuity framework</li> <li>• Regular maintenance and upgrade of IT infrastructure</li> <li>• Regular monitoring of network strength</li> <li>• Review of processes for working with technology vendors</li> <li>• Review of Technology function</li> <li>• Safe, stable and sustainable framework strengthening risk management and reliability</li> </ul>                                                                                                                                                                                                                      |
| <p><b>Process failures leading to poor execution</b></p> <p>This risk has improved over the past year as we have worked to streamline Guardians' processes and ensure they are fit for purpose. However, more work is needed, particularly as we embed our recent organisational restructures.</p> <p>Our People and Culture team's restructure provides an opportunity to align the team's role with the Guardians' priorities. As part of this, we will align the team's strategies with overall business planning, develop their ways of working, and leverage technology to improve the team's processes.</p> <p>Our Investment team's restructure similarly provides an opportunity to improve processes through the development of specialist skill-sets and market alignment. However, it also carries transition risk as processes are migrated among teams. It is important that we appoint the right people for key roles to manage the transition successfully.</p> <p>Also, as the volume and complexity of Guardians' information grows, identifying high-risk and high-value assets and assigning clear ownership is foundational for robust information governance.</p>                           | <ul style="list-style-type: none"> <li>• Enterprise portfolio management governance</li> <li>• Embedded committees and systems for cross-team input</li> <li>• Policy and procedure reviews</li> <li>• Access to external advisors</li> <li>• Organisation-wide focus on simplifying processes and right-sizing the operational risk appetite prioritised</li> <li>• Review of People and Culture function</li> </ul>                                                                                                                                                                                                                                                                                                                          |

## RISK MANAGEMENT (CONTINUED)

## ELEVATED PRINCIPAL RISKS (CONTINUED)

| Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | How we are responding                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Cyber event occurs (such as malware, phishing attack, or denial-of-service attack)</b></p> <p>Frontier AI (also referred to as Mythos) is accelerating the threat landscape by making vulnerability, discovery and exploitation faster, cheaper and more scalable, reducing the time between vulnerability disclosure and active exploitation. This increases the likelihood and potential impact of existing cyber risks, along with providing enabling defensive capabilities. Continued investment is required to ensure Guardians' controls and resilience capabilities keep pace with the evolving threat environment. We have therefore elevated this risk from its 2025 green rating.</p> | <ul style="list-style-type: none"> <li>• Safe, stable and sustainable initiatives strengthening foundational technology and cyber controls</li> <li>• Cyber maturity uplift</li> </ul> |

## RISKS WITHIN OUR RISK APPETITE

| Risk                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Insufficient liquidity to meet our obligations and maintain our strategies</b>                                                                                                                                                                                                                                |
| <b>Investment approach does not meet our purpose</b>                                                                                                                                                                                                                                                             |
| <b>Change in key stakeholder support resulting in the failure to successfully execute the Guardians' mandates and achieve our overall purpose</b>                                                                                                                                                                |
| <b>Incidents of fraudulent activity (including rogue traders, bribery and corruption)</b>                                                                                                                                                                                                                        |
| <p><b>Guardians does not effectively manage climate-related risk</b></p> <p>This risk has improved from its amber rating in 2025 following our development and publication of 2030 emissions reduction targets. We continue to consider the effects of climate change to be one of our key investment risks.</p> |

In addition to these principal risks, we investigate emerging risks, such as those related to the use of AI.

## ONGOING RISK MONITORING

Compliance with policies and procedures is monitored for both team members and external managers with investment mandates. In 2025/26, we recorded one compliance breach for an internal investment mandate where our service provider breached a mandate limit.

We also recorded three internal operational errors which, while not having a material effect, were considered high-risk. These human errors comprised two incorrect data requests and an Assets Under Management fee underpayment. We worked with the external providers, and these learning opportunities then enabled us to introduce new controls and improved processes to minimise the likelihood of these errors occurring.

## PERFORMANCE AGAINST KEY RISK MEASURES

| Business risk measure                                            | 2025/26 | 2024/25 | 2023/24 | 2022/23 | 2021/22 |
|------------------------------------------------------------------|---------|---------|---------|---------|---------|
| Active breaches of compliance with investment mandates*          | 1       | 1       | 0       | 1       | 0       |
| Operational incidents or errors rated as potentially high risk** | 3       | 6       | 3       | 2       | 4       |

\* 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. Internal investment mandates are monitored by the Guardians' Risk team. 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 Guardians.

\*\* 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. We have been working to address the recommendations and suggestions it provided to help us maintain our leading position.

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                                     | Actions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Develop complexity principles and strategies       | <p>We have been focused on simplifying the organisation, setting us up to scale, taking advantage of future technological changes and withstanding periods of volatility. 'Business-beyond-usual' work across these workstreams has included:</p> <ul style="list-style-type: none"> <li>• streamlining and simplification of frameworks and processes</li> <li>• reviewing and restructuring our Technology, Investments and People and Culture teams (see page 31 for more information)</li> <li>• relocating the Change function to the Enterprise Strategy team with a broader, enterprise-wide focus (resulting in a step up in how change management is handled)</li> <li>• developing and deploying a technology strategy (see page 36 for more information)</li> </ul> <p>Establishing an explicit set of complexity principles remains under consideration.</p>                                                  |
| Evolve the total portfolio approach model          | <ul style="list-style-type: none"> <li>• We have developed a horizon-scanning framework, identified relevant scenarios and applied this framework to our 2026 Reference Portfolio review. This will be extended to the Actual Portfolio over the next year.</li> <li>• We have developed a new simulation model that allows us to more confidently measure tail risk at the total portfolio and individual opportunity level. This has been applied extensively in the Reference Portfolio and risk budget reviews to give a clearer picture of the sources of risk in the portfolio.</li> <li>• By conducting the Reference Portfolio and risk budget reviews simultaneously, our Board and management have a clearer picture of how the different sources of risk in the total portfolio fit together. The design choices in the Reference Portfolio review factored in their impact on the total portfolio.</li> </ul> |
| Mature the insourcing of private market investment | <p>Steps to mature the insourcing of our private market investment activities have started with the creation of dedicated Real Asset and Private Equity and Alternative Investments teams. We believe having asset-class-focused teams is the best way forward given the projected growth in the size of the NZ Super Fund. This will develop deeper asset class expertise and make it easier to work with our partners and counterparties.</p> <p>While we have no short-term plans to establish an overseas presence, we will keep this under consideration in the future. We do not believe that the absence of an overseas office hinders our ability to source private market opportunities.</p>                                                                                                                                                                                                                     |

## INDEPENDENT REVIEW UPDATE (CONTINUED)

| Recommendation                                              | Actions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mature the sustainability proposition and model             | We have carried out further work in conjunction with WTW focused on enhancing our sustainable investing strategy. This included obtaining peer insights. Management and the Board are working towards implementing a new Sustainable Investment Roadmap to 2030.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Elevate the ambition of the Learning and Development models | <p>This recommendation is consistent with our refreshed Guardians of the Future strategy. It is reflected in the range of learning and development offered, including the development of an Investment Academy (in-house training). Our key priorities for 2025/26 included establishing both data and AI strategies.</p> <p>Microsoft Copilot has been widely adopted across the organisation as a productivity tool, supported by curated training resources. See pages 32 and 37–38 for more information.</p> <p>Python for Guardians and Python for Leaders in-house courses have helped increase Guardians' knowledge of Python and data analytics approaches as well as training people leaders to ask relevant questions and motivate teams through the technological transition.</p>                                                                                                                                                                                                                                                                                                                                                                                   |
| Strengthen the technology proposition                       | In 2025 we made significant changes to the structure of our Technology team, with the objective of designing the structure to suit the efficient delivery of strategic business outcomes, and having the right level of resources to carry out our anticipated future activities effectively. Technology specialists partner closely with investment and corporate staff, resulting in the team being better integrated with technology users. Work to further embed the integration of technology users and specialists is ongoing.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Ensure strong leadership succession practices               | <p>Succession planning at Board and management level is a top priority for the Board and CEO. Steps being taken at management level include:</p> <ul style="list-style-type: none"> <li>• Our General Manager People and Culture was appointed in November 2025 and is reviewing the succession planning and professional development framework for leadership roles.</li> <li>• Leadership roles and succession planning are regularly discussed by the CEO and the Board.</li> </ul> <p>While Board candidates are nominated by an independent Nominating Committee, and the Board Chair is appointed by the Minister of Finance, it is valuable for the Board to have input into the appointment processes to support continued high performance of the Board. Accordingly, the Board, through the Chair, has increased the level of engagement with the Nominating Committee to support the Committee in understanding skill needs and cultural fit.</p> <p>Our Chair engaged with the Nominating Committee and Treasury on the level of Board remuneration, which had not been increased in 10 years. The Government approved an increase to Board fees in late 2025.</p> |

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

## As a global investor, we are impacted by a wide range of 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 incorporated into our processes to ensure compliance. A legal radar that includes relevant legislative updates is reported twice a year to the Risk Committee and annually to the Audit & Risk Committee.

### SUSTAINABILITY

Requirements for sustainability reporting have evolved quickly in recent years and continue to develop. Global research, discourse and regulatory activities currently diverge on the role of ESG factors in investment management and reporting, adding complexity and uncertainty to requirements for sustainability-related disclosures. Nature-related risk is also emerging in reporting and ESG frameworks.

### TAX

#### Provisional tax rules

This year the New Zealand Government changed provisional tax rules so that the NZ Super Fund only needs to pay provisional tax once a year, instead of the current three payments. This will reduce compliance costs, allow us to make a more accurate assessment of our provisional tax payments, and reduce the need for us to liquidate investments to meet our New Zealand tax liabilities. We will also be paying tax directly to the New Zealand Government, rather than using tax pooling companies as is our current practice.

The change applies to the NZ Super Fund and its wholly owned subsidiaries and will align us with the approach taken by KiwiSaver funds. The first full-year payment will be made on 28 July 2027, in respect of the 2026/27 financial year.

#### Thin capitalisation rules

The New Zealand Government has also changed thin capitalisation rules to remove a barrier to foreign investment in infrastructure. Thin capitalisation occurs when a company is financed through a high level of debt compared to equity, often used to minimise taxes by deducting interest payments. Governments use thin capitalisation rules to restrict this practice, treating excessive interest expenses as non-deductible.

The changes provide an exemption for third-party debt used to finance qualifying infrastructure investments. This means that foreign investors receive the same tax treatment as domestic investors, i.e. full tax deductions for interest on their third-party debt. This change is relevant to the Guardians as it could make co-investments in New Zealand infrastructure more appealing to overseas investors.

#### SUBMISSIONS

From time to time we make submissions on government policy, focusing on issues that affect the Guardians or our investment mandates. In 2025/26 we made the submissions listed on the following page, which are available on our website.

## REGULATORY UPDATE (CONTINUED)

## 2025/26 SUBMISSIONS

| Topic                                                                        | Recipient                                    | Submission                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------------------------------------|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Modern Slavery Bill                                                          | Parliament Education and Workforce Committee | Supported the Bill's policy intent. Suggested amendments to ensure it impacted in a proportionate way for institutional investors and corporate structures.                                                                                                                                                                                                                                                       |
| Additional tax measures against dividend stripping                           | Netherlands Ministry of Finance              | Supported the recommendations' intent. Made recommendations to avoid unnecessary administrative and evidentiary burdens, and to avoid creating unintended barriers to bona fide institutional long-term investors.                                                                                                                                                                                                |
| Proposed changes to the Australian Capital Gains Tax rules for non-residents | Australian Treasury                          | In this joint submission with Canada's Public Sector Pension Investment Board (PSP), we raised concerns relating to the impact of the proposed changes on institutional investors with majority and minority positions in Australian assets. Highlighted the effect this would have on Australia's reputation and competitiveness as an investment destination.                                                   |
| Internal Revenue Code, section 892 Proposed Regulation                       | US Treasury and IRS                          | Supported the issuing of further guidance and clarification in relation to s892 of the Internal Revenue Code, but expressed concern on the impact regarding the acquisition of debt and highlighted the need for a clearer definition of the "effective control" concept.                                                                                                                                         |
| Draft Te Tauākī Whanonga mō te Rāngai Tūmatanui – Code of Conduct            | New Zealand Public Service Commission        | Supported upholding high standards of integrity and professional behaviour for Board members and employees, as set out in our internal Codes of Conduct. Recommended, though, that a separate Code of Conduct be established for Independent and Autonomous Crown entities to ensure an appropriate distinction with organisations involved in direct core public service delivery and policy advisory functions. |
| Proposed NZ Taxonomy – Agriculture and Forestry Sector                       | Centre for Sustainable Finance: Toitū Tahua  | Supported the Taxonomy and its potential to enhance clarity, consistency and integrity across New Zealand's financial ecosystem. Encouraged the New Zealand Government and market participants to support and adopt the framework.                                                                                                                                                                                |

# 05.

## Financial Statements

### Ngā Pūrongo Tahua

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## Build on deep foundations

The greatest forces  
often begin unseen.  
Rising from deep  
within, enduring  
strength is powered  
by foundations built  
far below the surface.

# Explaining our Financial Statements



**PAULA STEED**  
CHIEF OPERATING OFFICER

This Annual Report includes three sets of financial statements: the Guardians, NZ Super Fund and Elevate. The Guardians’ financial statements are presented on pages 122–143, the NZ Super Fund’s on pages 144–201, and Elevate’s on pages 202–227.

The Guardians is an autonomous Crown entity responsible for managing two distinct investment mandates: the NZ Super Fund and Elevate. Most of the Guardians’ operating costs, including employee and technology expenses, are recovered from these mandates. A small appropriation from Parliament funds Board fees and certain governance-related expenses. As a result, the Guardians reports a nil net surplus. A summary of the expenses recovered from the NZ Super Fund is provided on pages 118–119. The Guardians’ financial statements are prepared in accordance with Public Benefit Entity (PBE) Accounting Standards.

The NZ Super Fund’s financial statements are prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), while Elevate’s financial statements are prepared in accordance with PBE Accounting Standards.

Throughout this section, we provide commentary to help explain the financial results and key movements during the year. We also highlight our approach to managing costs, recognising our responsibility as a Crown entity to be prudent stewards of public funds. Careful management of costs helps preserve the Fund’s resources and supports its ability to deliver on its long-term mandate for future generations of New Zealanders.

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# NZ Super Fund Five-Year Financial Summary

|                                                      | 2026              | 2025              | 2024              | 2023              | 2022               |
|------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
|                                                      | NZD'000           | NZD'000           | NZD'000           | NZD'000           | NZD'000            |
| <b>INCOME STATEMENT</b>                              |                   |                   |                   |                   |                    |
| Investment income                                    | 1,791,544         | 1,779,024         | 1,657,776         | 1,324,600         | 1,054,552          |
| Investment gains/(losses)                            | 10,268,328        | 7,306,677         | 8,344,560         | 5,787,682         | (5,133,394)        |
| <b>Net operating income/(loss)</b>                   | <b>12,059,872</b> | <b>9,085,701</b>  | <b>10,002,336</b> | <b>7,112,282</b>  | <b>(4,078,842)</b> |
| Operating expenditure                                | (217,288)         | (162,491)         | (261,837)         | (255,407)         | (278,086)          |
| <b>Profit/(loss) before income tax expense</b>       | <b>11,842,584</b> | <b>8,923,210</b>  | <b>9,740,499</b>  | <b>6,856,875</b>  | <b>(4,356,928)</b> |
| Income tax (expense)/income                          | (1,189,895)       | (1,777,134)       | (1,218,356)       | (926,043)         | 758,046            |
| <b>Profit/(loss) after income tax expense</b>        | <b>10,652,689</b> | <b>7,146,076</b>  | <b>8,522,143</b>  | <b>5,930,832</b>  | <b>(3,598,882)</b> |
| <b>BALANCE SHEET</b>                                 |                   |                   |                   |                   |                    |
| Cash and cash equivalents                            | 2,010,800         | 2,420,495         | 2,601,543         | 1,858,270         | 2,370,257          |
| Net cash pledged as collateral/(collateral received) | 841,195           | (226,567)         | (679,890)         | (355,965)         | 173,396            |
| Net investments                                      | 89,980,496        | 81,940,775        | 74,210,170        | 63,734,632        | 54,519,077         |
| Other assets (including PPE and intangible assets)   | 1,298,612         | 640,641           | 745,217           | 514,854           | 3,202,306          |
| Other liabilities                                    | (475,963)         | (433,111)         | (801,480)         | (890,475)         | (5,077,256)        |
| <b>Net assets excluding income tax</b>               | <b>93,655,139</b> | <b>84,342,233</b> | <b>76,075,560</b> | <b>64,861,316</b> | <b>55,187,780</b>  |
| Income tax (payable)/receivable                      | (164,669)         | (1,494,800)       | (1,281,410)       | (138,459)         | 272,916            |
| Deferred tax asset/(liability)                       | 6,567             | (54)              | 21,927            | (49,566)          | 749,766            |
| <b>Net assets</b>                                    | <b>93,497,038</b> | <b>82,847,379</b> | <b>74,816,077</b> | <b>64,673,291</b> | <b>56,210,462</b>  |
| Contributed capital                                  | 27,433,079        | 27,433,079        | 26,554,079        | 24,940,079        | 22,382,079         |
| Reserves                                             | 66,063,959        | 55,414,300        | 48,261,998        | 39,733,212        | 33,828,383         |
| <b>Total equity</b>                                  | <b>93,497,038</b> | <b>82,847,379</b> | <b>74,816,077</b> | <b>64,673,291</b> | <b>56,210,462</b>  |

# Understanding our Financial Statements

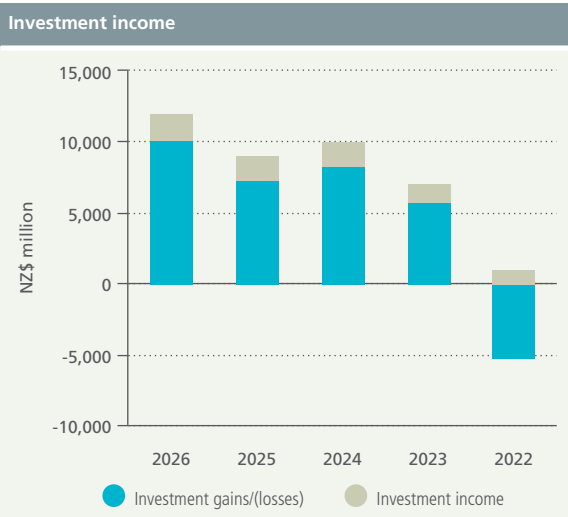
**NZ SUPER FUND**  
**Income statement**

**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
- 2. **Investment gains/(losses)** – 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.

The following graph shows our net operating income over the last five years:



Favourable global equity market conditions continued throughout 2025/26, contributing to net operating income of \$12.1 billion. Further information on performance relative to our benchmark is provided in the Performance Report on pages 54–59.

**EXPENSES**

The Guardians is committed to managing costs responsibly and ensuring value for money across all areas of expenditure. As investment decisions are assessed based on expected returns after costs, disciplined cost management is an important contributor to long-term outcomes. We achieve this by:

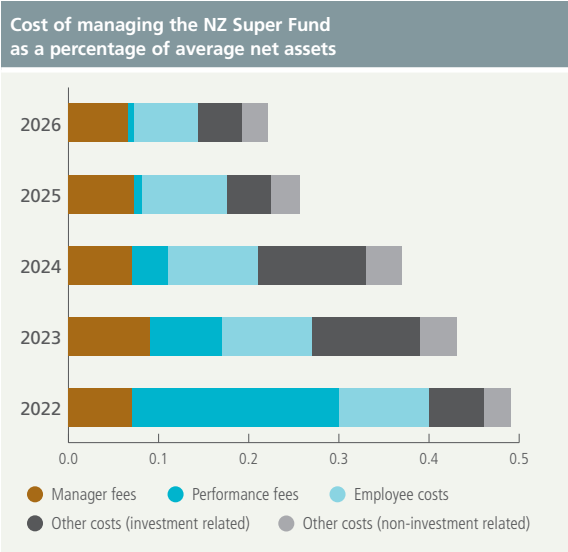
- ensuring fees paid to external managers are aligned with market rates and reflect the complexity of the investment
- considering the costs of due diligence when assessing whether investment opportunities are worth pursuing relative to their potential risk-adjusted benefits

- selecting cost-effective access points for all investment opportunities
- benchmarking our costs against peers through the annual CEM Investment Benchmarking Service (see page 118)
- applying critical judgement and decision-making to controllable costs.

During 2025/26 we continued to apply critical judgement and disciplined decision-making to controllable costs, with a focus on ensuring the organisation has the capabilities needed to scale effectively as the Fund grows. This included strengthening our budgeting and forecasting processes, while maintaining disciplined workforce planning. As part of a broader review of our operating model, we restructured our Investment and People and Culture teams to remain efficient, scalable and 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, ensure our expenditure delivers the intended benefits, and invest judiciously where needed to support the increasing size of the NZ Super Fund and building it to last.

Total costs as a percentage of average net assets decreased from 0.26% in the prior year to 0.24% in the current year, continuing the downward trend over the past five years. This reflects the increasing scale of the Fund, with costs spread across a larger asset base, together with continued discipline in managing expenditure. While individual cost categories vary from year to year depending on investment activity, performance-related fees and operating requirements, overall cost growth has remained below the growth in average net assets.



## CURRENT AND PRIOR YEAR COSTS

**MANAGER FEES**

2025/26

**\$59.2m**

2024/25 \$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?**

The NZ Super Fund invests across a diverse range of asset classes, geographic markets and investment strategies. In certain areas, external managers provide specialised expertise, market access and scale that would not be efficient or practical to replicate

internally. We therefore engage external managers whose capabilities and interests are aligned with our investment objectives.

**REASON FOR INCREASE**

Manager fees increased slightly compared to the prior year, primarily due to growth in the value of existing investment.

Further information on our investment activity is provided on pages 46–69.

**PERFORMANCE FEES**

2025/26

**\$5.9m**

2024/25 \$7.4m

**WHAT DO THEY PAY FOR?**

Performance fees paid to external managers when investment returns exceed agreed performance benchmarks or hurdle rates. These arrangements may also include success-based fees linked to the achievement of specified investment outcomes.

**WHY DO WE INCUR THE COST?**

Performance fees are generally payable only when managers deliver returns

above agreed benchmarks or hurdle rates and therefore vary depending on investment performance. When establishing fee arrangements, we seek to ensure an appropriate balance between rewarding outperformance and achieving value for money.

**REASON FOR DECREASE**

Performance fees decreased compared with the prior year, reflecting lower levels of benchmark outperformance by external managers.

**EMPLOYEE COSTS**

2025/26

**\$62.4m**

2024/25 \$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?**

Our people are critical to the successful management of the NZ Super Fund. To deliver strong long-term investment outcomes and fulfil our mandate, we seek to attract, develop and retain

a diverse, high-performing workforce with the skills and expertise required to manage a complex global investment portfolio.

**REASON FOR DECREASE**

Employee costs decreased compared with the prior year, primarily reflecting a reduction of 29 FTEs following organisational restructuring, together with lower incentive payments. Further information on our remuneration framework is provided on pages 98–103.

**INVESTMENT-RELATED COSTS**

2025/26

**\$64.3m**

2024/25 \$38.8m  
(excluding impairment  
reversals/income)

**WHAT DO THEY PAY FOR?**

Fees and other expenses associated with managing and operating the investment portfolio, including legal, financial and tax advisory services, consultants, custodian fees and trading commissions. These costs also include impairment expenses on investments measured at amortised cost.

**WHY DO WE INCUR THE COST?**

Managing a globally diversified investment portfolio and pursuing complex investment opportunities across public and private markets

requires specialist expertise and support. These costs arise from activities such as investment due diligence, transaction execution, custody, regulatory compliance and tax obligations across the jurisdictions in which we invest.

**REASON FOR INCREASE**

Investment-related costs increased from the prior year, primarily reflecting an impairment expense of \$20.1 million and higher advisory fees associated with investment activity across new and existing investments.

CURRENT AND PRIOR YEAR COSTS (CONTINUED)



OTHER COSTS

2025/26

\$25.6m

2024/25 \$26.0m

WHAT DO THEY PAY FOR?

Data and technology services, travel and accommodation, office lease costs, and other operating expenses required to support the management of the NZ Super Fund. These costs are incurred by the Guardians and recovered from the NZ Super Fund.

WHY DO WE INCUR THE COST?

These costs support the infrastructure, systems and day-to-day operations necessary to manage the Fund

effectively. They enable our people to operate efficiently, maintain a strong control environment, and support investment and business activities.

REASON FOR DECREASE

Other operating costs remained broadly consistent with the prior year, reflecting continued discipline in the management of controllable expenditure while supporting the ongoing operation of the Fund.

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 2025/26, CEM evaluated the Fund against 208 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 on a rolling five-year basis 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.

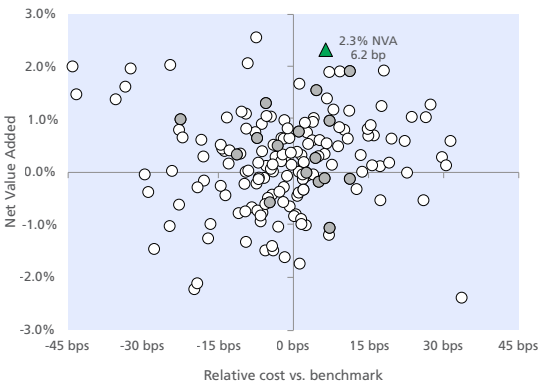
We have participated in the CEM Investment Benchmarking Service since 2010. Over the past one-, five- and twenty-year periods, we have achieved a low cost and high value-add status relative to the peers and CEM's global universe of participating funds.

For our reporting in CEM's Investment Benchmarking Service, the NZ Super Fund received a 2025/26 score of 100 out of 100 based on CEM's Global Reporting Principles. This scoring was issued for the first time in 2024 to assess the completeness, comparability and timeliness of data reported to CEM.

Details on the Principles and the methodology of this scoring can be found at <https://explorece.com/what-are-cems-global-reporting-principles/>

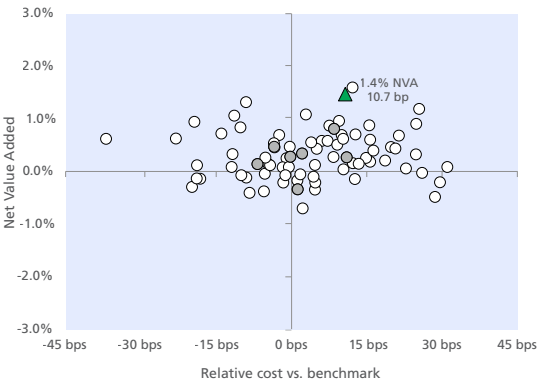
5-YEAR NET VALUE ADDED VERSUS EXCESS COST

Our net value added is 2.3% and cost advantage is 6.2 basis points above the benchmark over the last 5 years.



20-YEAR NET VALUE ADDED VERSUS EXCESS COST

Our net value added is 1.4% and cost advantage is 10.7 basis points above the benchmark over the last 20 years.



## FINANCIAL REPORT

**Indirect costs**

Indirect costs, including management and performance fees incurred within investment vehicles in which the NZ Super Fund holds an interest, are reflected within investment gains and losses rather than reported as operating expenses.

In-fund manager fees increased to \$97.5 million (prior year: \$90.0 million), reflecting an increase in private equity due to a combination of additional investment and growth in existing investment.

Indirect performance fees increased by \$99.3 million to \$122.3 million, largely due to stronger relative performance by certain external managers against their agreed benchmarks and hurdles during the year.

As these costs are embedded within the underlying investment vehicles, this information is supplementary and unaudited. It is derived using a range of methodologies, including reporting provided by investment managers, additional information obtained directly from managers, and estimates and calculations prepared by the Guardians. The disclosure is intended to provide a more complete view of the total investment management and performance fees incurred by the NZ Super Fund.

For some external managers, performance fee arrangements include deferral mechanisms under which a portion of earned fees is retained and may be reduced or forfeited if future performance targets are not maintained. As a result, the performance fee entitlement recognised at year-end may be adjusted in subsequent periods depending on future investment outcomes.

**Income tax**

Since its inception, the NZ Super Fund has paid \$13.7 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 reporting as it is considered a return to the Crown.

During 2025/26, the NZ Super Fund and its subsidiaries paid \$1.5 billion to settle the New Zealand income tax liability for the 2024/25 income year. A further \$952 million of provisional tax was paid during the year in respect of the 2025/26 income year.

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 is 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 taxed.

Income or losses arising from the NZ Super Fund's other investments (e.g. equity derivatives, bonds and cash deposits) is generally subject to 28% New Zealand tax.

The NZ Super Fund is also subject to foreign tax depending on the source of its offshore income.

Foreign withholding taxes of \$23 million were paid during 2025/26, excluding taxes paid within underlying investment vehicles.

**BALANCE SHEET**

The balance sheet reflects the financial position of the NZ Super Fund at 30 June 2026.

Since inception, the NZ Super Fund has received \$27.4 billion in Crown contributions and generated \$79.8 billion in gross value added through investment returns. Over the same period, the Fund has paid \$13.7 billion in tax, resulting in net value added to the Crown of \$66.1 billion.

**Cash and liquidity**

Maintaining adequate liquidity remains a key priority for the NZ Super Fund, ensuring it can meet its operational, investment and risk management obligations under a range of market conditions. Market volatility during the year contributed to an increase in cash collateral posted to counterparties. Under certain financial contracts, additional collateral is required when the value of positions declines, increasing counterparty exposure. Cash balances remained elevated, reflecting prevailing market conditions and the timing of a provisional tax payment made in July 2026.

**Investments and fair value**

Most of the NZ Super Fund's assets and liabilities are measured at fair value. Fair value represents 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.

Approximately 77% of the NZ Super Fund's net investment assets are valued using observable market data and are priced regularly using quoted market prices or other market-based inputs. A further 19% comprise investments valued using non-market-observable inputs, for which a range of recognised valuation methodologies is applied to estimate fair value. The remaining 4% of net investment assets are not held at fair value and are carried at amortised cost, primarily reflecting loans to subsidiaries and private market loans that are assessed for impairment at each reporting date.

Valuation of unlisted investments requires the use of judgement and assumptions, and actual outcomes may differ from those estimates. The values reported in the balance sheet represent management's best estimate based on the most recent information available at reporting date. Further information on the fair value hierarchy, valuation methodologies and significant judgements is provided in Note 2 on pages 158–163.

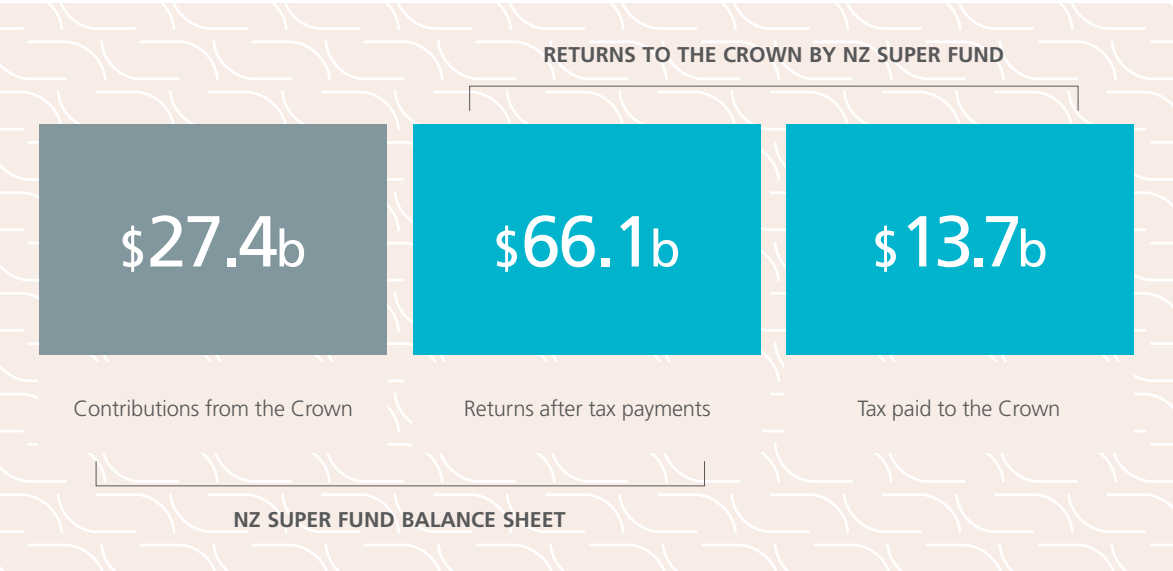
FINANCIAL REPORT (CONTINUED)

CONTRIBUTIONS

The NZ Super Fund did not receive any Crown contributions during 2025/26. \$61.0 million of contributions required under Treasury’s contributions model were diverted to Elevate by the Government, providing additional capital for Elevate to draw down upon as needed. Since inception, total Crown contributions to the Fund have amounted to \$27.4 billion.

Crown contributions have resumed in 2026/27 and are received monthly. The Government will contribute \$562 million to the Fund during the year. These contributions are recognised in the balance sheet as contributed capital and form part of the Fund’s long-term capital base.

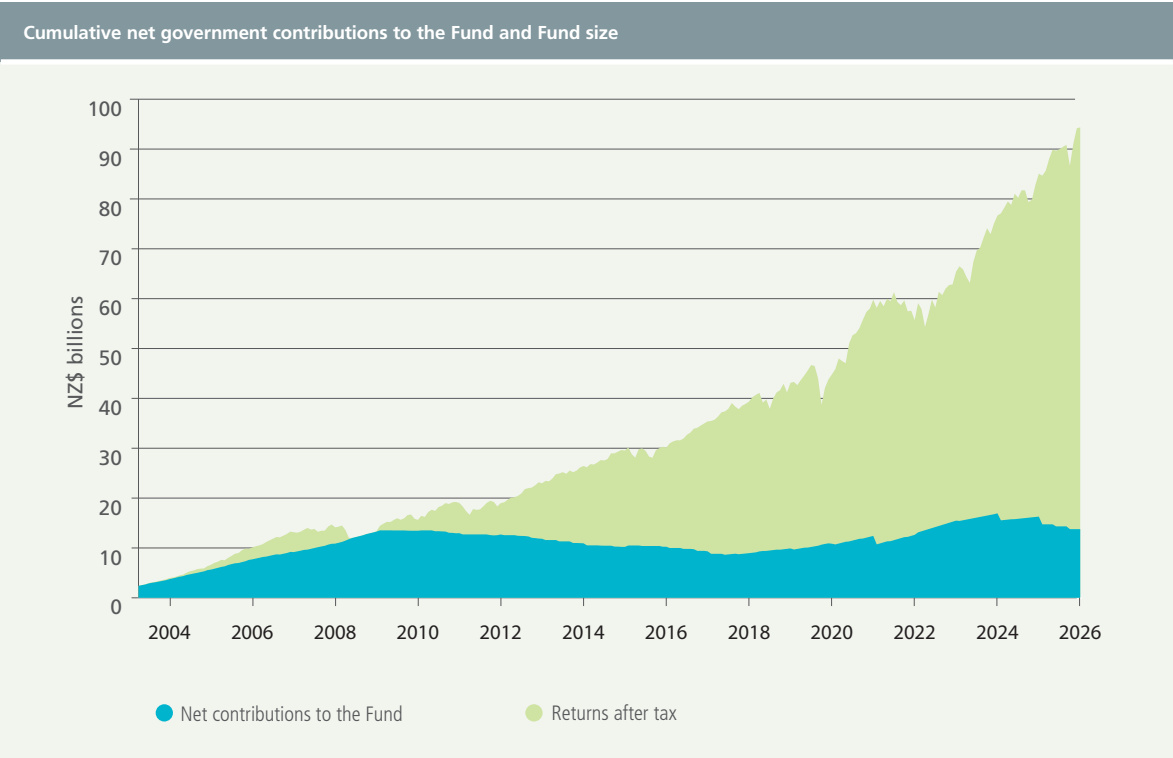
Life to date return on Crown contributions



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.



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 20.7% of GDP to 40.1% and tax paid to the Crown will represent about 0.5% of annual GDP.

The substantial amount of tax that the Fund pays each year is now greater than the amount of money the Government is contributing to the Fund. During 2025/26, the domestic tax paid on earnings from the Fund's assets was \$2.5 billion (total since inception \$13.7 billion), and as noted above, no contributions were received. Over the next decade, the Fund is projected to pay \$16.0 billion in tax, and the Government will contribute \$2.3 billion to the Fund.

## ELEVATE

This section highlights the main features of Elevate's financial statements for the 2025/26 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
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 \$56.9 million for the current year, compared with net fair value gains of \$5.2 million in the prior year. The gains in the current year are due to the revaluation of investments during follow-on funding rounds.

## EXPENSES

Total costs for managing Elevate were \$3.2 million for the year, consistent with 2024/25.

### Income tax

Elevate is required to file a New Zealand income tax return and is therefore included in the cooperative compliance agreement with the Inland Revenue Department (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 \$272 million across 12 venture capital funds. There was one additional venture capital fund committed to during the 2025/26 year. At balance date, these funds have called \$196 million for investments and management fees, of which \$23 million was called in the current year. Since inception, Elevate has recorded net fair value gains of \$74.7 million on its underlying investments, resulting in total investments of \$247.9 million at balance date.

## CONTRIBUTIONS

During the year, Elevate received \$21.9 million in capital contributions from the Crown, bringing total capital contributions since inception to \$201.4 million. Refer to Section 5 of the Elevate Financial Statements for further information about capital contributions. 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.

Further information is provided in the accompanying financial statements on pages 202–227.

**STATEMENT OF RESPONSIBILITY**

For the year ended 30 June 2026

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 2026 fairly reflect the financial position, operations and cash flows of the Guardians of New Zealand Superannuation and Group.

**JOHN WILLIAMSON**

CHAIR

30 September 2026

**HINERANGI RAUMATI TU'UA**

BOARD MEMBER

30 September 2026

## CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

| For the year ended 30 June 2026                             | NOTE | ACTUAL<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 | BUDGET<br>(UNAUDITED)<br>2026<br>NZD'000 |
|-------------------------------------------------------------|------|---------------------------|---------------------------|------------------------------------------|
| Revenue                                                     | 2.a  | 89,358                    | 102,946                   | 106,540                                  |
| Expenses                                                    | 2.b  | 89,358                    | 102,946                   | 106,540                                  |
| <b>Surplus/(deficit) for the year</b>                       |      | -                         | -                         | -                                        |
| Other comprehensive revenue and expense                     |      | -                         | -                         | -                                        |
| <b>Total comprehensive revenue and expense for the year</b> |      | -                         | -                         | -                                        |

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 2026                            | NOTE | ACTUAL<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 | BUDGET<br>(UNAUDITED)<br>2026<br>NZD'000 |
|-----------------------------------------------|------|---------------------------|---------------------------|------------------------------------------|
| <b>ASSETS</b>                                 |      |                           |                           |                                          |
| <b>Current assets</b>                         |      |                           |                           |                                          |
| Cash and cash equivalents                     | 4.b  | 5,925                     | 2,942                     | 3,831                                    |
| Receivables from exchange transactions        | 4.c  | 11,721                    | 22,283                    | 24,297                                   |
| Receivables from non-exchange transactions    | 4.c  | 274                       | 198                       | 120                                      |
| Prepayments                                   |      | 2,011                     | 2,089                     | 2,000                                    |
| <b>Total current assets</b>                   |      | <b>19,931</b>             | <b>27,512</b>             | <b>30,248</b>                            |
| <b>Non-current assets</b>                     |      |                           |                           |                                          |
| Receivables from exchange transactions        | 4.c  | 1,253                     | 1,659                     | 1,966                                    |
| <b>Total non-current assets</b>               |      | <b>1,253</b>              | <b>1,659</b>              | <b>1,966</b>                             |
| <b>Total assets</b>                           |      | <b>21,184</b>             | <b>29,171</b>             | <b>32,214</b>                            |
| <b>LIABILITIES</b>                            |      |                           |                           |                                          |
| <b>Current liabilities</b>                    |      |                           |                           |                                          |
| Payables under exchange transactions          | 4.d  | 2,296                     | 1,559                     | 2,321                                    |
| Employee entitlements                         | 4.e  | 17,135                    | 25,153                    | 27,427                                   |
| Deferred lease incentive                      | 4.f  | -                         | 85                        | -                                        |
| <b>Total current liabilities</b>              |      | <b>19,431</b>             | <b>26,797</b>             | <b>29,748</b>                            |
| <b>Non-current liabilities</b>                |      |                           |                           |                                          |
| Employee entitlements                         | 4.e  | 1,253                     | 1,659                     | 1,966                                    |
| Deferred lease incentive                      | 4.f  | -                         | -                         | -                                        |
| Lease make-good provision                     | 4.g  | -                         | 215                       | -                                        |
| <b>Total non-current liabilities</b>          |      | <b>1,253</b>              | <b>1,874</b>              | <b>1,966</b>                             |
| <b>Total liabilities</b>                      |      | <b>20,684</b>             | <b>28,671</b>             | <b>31,714</b>                            |
| <b>Net assets</b>                             |      | <b>500</b>                | <b>500</b>                | <b>500</b>                               |
| <b>PUBLIC EQUITY</b>                          |      |                           |                           |                                          |
| Accumulated comprehensive revenue and expense |      | -                         | -                         | -                                        |
| General equity reserve                        |      | 500                       | 500                       | 500                                      |
| <b>Total public equity</b>                    | 4.h  | <b>500</b>                | <b>500</b>                | <b>500</b>                               |

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 2026

|                                                      | ACTUAL                    |                                                        |            |
|------------------------------------------------------|---------------------------|--------------------------------------------------------|------------|
|                                                      | GENERAL EQUITY<br>RESERVE | ACCUMULATED<br>COMPREHENSIVE<br>REVENUE AND<br>EXPENSE | TOTAL      |
|                                                      | NZD'000                   | NZD'000                                                | NZD'000    |
| <b>Balance at 1 July 2024</b>                        | <b>500</b>                | <b>-</b>                                               | <b>500</b> |
| Total comprehensive revenue and expense for the year | -                         | -                                                      | -          |
| <b>Balance at 30 June 2025</b>                       | <b>500</b>                | <b>-</b>                                               | <b>500</b> |
| Total comprehensive revenue and expense for the year | -                         | -                                                      | -          |
| <b>Balance at 30 June 2026</b>                       | <b>500</b>                | <b>-</b>                                               | <b>500</b> |

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 2026                                  | NOTE | ACTUAL<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 | BUDGET<br>(UNAUDITED)<br>2026<br>NZD'000 |
|------------------------------------------------------------------|------|---------------------------|---------------------------|------------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                      |      |                           |                           |                                          |
| <b>Cash was provided from:</b>                                   |      |                           |                           |                                          |
| Receipts from the Crown                                          |      | 712                       | 607                       | 728                                      |
| Receipts from the NZ Super Fund                                  |      | 98,877                    | 99,341                    | 102,720                                  |
| Receipts from the Elevate Fund                                   |      | 563                       | 500                       | 500                                      |
| Interest received                                                |      | 171                       | 282                       | 271                                      |
| Goods and services tax                                           |      | -                         | 124                       | 50                                       |
| Other receipts                                                   |      | 77                        | 90                        | 90                                       |
| <b>Total cash inflow from operating activities</b>               |      | <b>100,400</b>            | <b>100,944</b>            | <b>104,359</b>                           |
| <b>Cash was applied to:</b>                                      |      |                           |                           |                                          |
| Payments to Board members                                        |      | (561)                     | (356)                     | (402)                                    |
| Payments to suppliers                                            |      | (28,411)                  | (29,963)                  | (34,176)                                 |
| Payments to employees                                            |      | (68,295)                  | (72,310)                  | (70,577)                                 |
| Goods and services tax                                           |      | (150)                     | -                         | -                                        |
| <b>Total cash outflow from operating activities</b>              |      | <b>(97,417)</b>           | <b>(102,629)</b>          | <b>(105,155)</b>                         |
| <b>Net cash flows provided by/(used in) operating activities</b> |      | <b>2,983</b>              | <b>(1,685)</b>            | <b>(796)</b>                             |
| <b>Net increase/(decrease) in cash and cash equivalents</b>      |      | <b>2,983</b>              | <b>(1,685)</b>            | <b>(796)</b>                             |
| Cash and cash equivalents at the beginning of the year           |      | 2,942                     | 4,627                     | 4,627                                    |
| <b>Cash and cash equivalents at the end of the year</b>          | 4.b  | <b>5,925</b>              | <b>2,942</b>              | <b>3,831</b>                             |

The attached notes form part of, and should be read in conjunction with, these consolidated financial statements.

| For the year ended 30 June 2026                                                                                      | ACTUAL       | ACTUAL         |
|----------------------------------------------------------------------------------------------------------------------|--------------|----------------|
|                                                                                                                      | 2026         | 2025           |
|                                                                                                                      | NZD'000      | NZD'000        |
| <b>RECONCILIATION OF SURPLUS/(DEFICIT) FOR THE YEAR TO NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b> |              |                |
| <b>Surplus/(deficit) for the year</b>                                                                                | -            | -              |
| <b>Add/(deduct) movements in assets and liabilities:</b>                                                             |              |                |
| (Increase)/decrease in assets:                                                                                       |              |                |
| Receivables and prepayments                                                                                          | 10,970       | (1,986)        |
| Increase/(decrease) in liabilities:                                                                                  |              |                |
| Payables and employee entitlements                                                                                   | (7,687)      | 385            |
| Deferred lease incentive                                                                                             | (85)         | (84)           |
| Lease make-good provision                                                                                            | (215)        | -              |
| <b>Net cash flows provided by/(used in) operating activities</b>                                                     | <b>2,983</b> | <b>(1,685)</b> |

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 2026

**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 235.

The consolidated financial statements of the Group for the year ended 30 June 2026 were authorised for issue in accordance with a resolution of the Board of the Guardians of New Zealand Superannuation on 30 September 2026.

**(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 2026.

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.

## (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 |        |
|--------------------------------------------------|------|--------------|--------------------------|--------------------|--------|
|                                                  |      |              |                          | 2026 %             | 2025 % |
| 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (CONTINUED)

For the year ended 30 June 2026

**SECTION 1: GENERAL INFORMATION, STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)**(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.

**(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 2026. The budget figures are unaudited.

## SECTION 2: FINANCIAL PERFORMANCE

### (a) Revenue

|                                                      | NOTE | ACTUAL<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 |
|------------------------------------------------------|------|---------------------------|---------------------------|
| <b>Revenue from exchange transactions</b>            |      |                           |                           |
| Cost reimbursement from the NZ Super Fund            | 3.a  | 87,746                    | 101,407                   |
| Cost reimbursement from the Elevate Fund             | 3.a  | 563                       | 500                       |
| Other revenue                                        |      | 90                        | 90                        |
| Interest income - financial assets at amortised cost |      | 171                       | 282                       |
|                                                      |      | <b>88,570</b>             | <b>102,279</b>            |
| <b>Revenue from non-exchange transactions</b>        |      |                           |                           |
| Appropriations from the Crown                        | 3.a  | 788                       | 667                       |
|                                                      |      | <b>788</b>                | <b>667</b>                |
| <b>Total revenue</b>                                 |      | <b>89,358</b>             | <b>102,946</b>            |

#### 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 June 2026

**SECTION 2: FINANCIAL PERFORMANCE (CONTINUED)****(b) Expenses**

|                                                                                                                   | NOTE | ACTUAL<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 |
|-------------------------------------------------------------------------------------------------------------------|------|---------------------------|---------------------------|
| <b>Employee entitlements and other employment-related expenses</b>                                                |      |                           |                           |
| Employee benefits (including salaries, annual leave and long service leave) and other employment-related expenses |      | 47,561                    | 53,283                    |
| Employee incentive scheme                                                                                         |      | 10,833                    | 17,305                    |
| Employer contributions to KiwiSaver                                                                               |      | 3,989                     | 4,824                     |
|                                                                                                                   |      | <b>62,383</b>             | <b>75,412</b>             |
| <b>Other expenses</b>                                                                                             |      |                           |                           |
| Travel and accommodation                                                                                          |      | 1,753                     | 2,257                     |
| Technology expenses                                                                                               |      | 15,734                    | 16,522                    |
| Operating lease expenses                                                                                          |      | 3,403                     | 2,049                     |
| Professional fees                                                                                                 |      | 1,123                     | 1,734                     |
| Board members' fees                                                                                               |      | 561                       | 356                       |
| Fees for audit firms' services                                                                                    | 2.c  | 75                        | 73                        |
| Other expenses                                                                                                    |      | 4,326                     | 4,543                     |
|                                                                                                                   |      | <b>26,975</b>             | <b>27,534</b>             |
| <b>Total expenses</b>                                                                                             |      | <b>89,358</b>             | <b>102,946</b>            |

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 the term ending 25 June 2026, and another location with a remaining term of 10 years. 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<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 |
|---------------------------------------------|---------------------------|---------------------------|
| Audit of the Guardians financial statements | 75                        | 73                        |
|                                             | <b>75</b>                 | <b>73</b>                 |

The auditor of the Group is Emma Winsloe of Ernst & Young, on behalf of the Auditor-General.

## 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 2026, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2025: \$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 2026 were \$788,000 (2025: \$667,000). The related party receivable from the Crown as at 30 June 2026 is \$274,000 (2025: \$198,000).

#### 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 (2025: \$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 2026 was \$87,746,000 (2025: \$101,407,000). The related party receivable from the NZ Super Fund as at 30 June 2026 is \$12,313,000 (2025: \$23,444,000).

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 2026 was \$563,000 (2025: \$500,000). The related party receivable from the Elevate Fund as at 30 June 2026 is \$nil (2025: \$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 \$3,969,000 for the year ended 30 June 2026 (2025: \$3,474,000). The related party payable to these entities as at 30 June 2026 is \$437,000 (2025: \$215,000).

#### 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 June 2026

**SECTION 4: FINANCIAL POSITION****(a) Financial instruments**

| 2026                                                              | NOTE | ACTUAL                                      |                                                  | TOTAL         |
|-------------------------------------------------------------------|------|---------------------------------------------|--------------------------------------------------|---------------|
|                                                                   |      | FINANCIAL<br>ASSETS AT<br>AMORTISED<br>COST | FINANCIAL<br>LIABILITIES AT<br>AMORTISED<br>COST |               |
|                                                                   |      | NZD'000                                     | NZD'000                                          | NZD'000       |
| <b>Financial assets</b>                                           |      |                                             |                                                  |               |
| Cash and cash equivalents                                         | 4.b  | 5,925                                       |                                                  | 5,925         |
| Receivables from exchange transactions (excluding GST receivable) | 4.c  | 11,086                                      |                                                  | 11,086        |
| Receivables from non-exchange transactions                        | 4.c  | 274                                         |                                                  | 274           |
|                                                                   |      | <b>17,285</b>                               | <b>-</b>                                         | <b>17,285</b> |
| <b>Financial liabilities</b>                                      |      |                                             |                                                  |               |
| Payables under exchange transactions                              | 4.d  |                                             | 2,296                                            | 2,296         |
|                                                                   |      | <b>-</b>                                    | <b>2,296</b>                                     | <b>2,296</b>  |
| <b>2025</b>                                                       |      |                                             |                                                  |               |
| <b>Financial assets</b>                                           |      |                                             |                                                  |               |
| 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           |
|                                                                   |      | <b>24,938</b>                               | <b>-</b>                                         | <b>24,938</b> |
| <b>Financial liabilities</b>                                      |      |                                             |                                                  |               |
| Payables under exchange transactions                              | 4.d  |                                             | 1,559                                            | 1,559         |
|                                                                   |      | <b>-</b>                                    | <b>1,559</b>                                     | <b>1,559</b>  |

**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

- 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 June 2026

**SECTION 4: FINANCIAL POSITION (CONTINUED)****(c) Receivables**

|                                                                               | NOTE | ACTUAL<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 |
|-------------------------------------------------------------------------------|------|---------------------------|---------------------------|
| <b>Current assets</b>                                                         |      |                           |                           |
| <b>Receivables from exchange transactions</b>                                 |      |                           |                           |
| Receivable for reimbursement of the Guardians expenses from the NZ Super Fund | 3.a  | 11,060                    | 21,785                    |
| GST receivable                                                                |      | 635                       | 485                       |
| Sundry receivables                                                            |      | 26                        | 13                        |
|                                                                               |      | <b>11,721</b>             | <b>22,283</b>             |
| <b>Receivables from non-exchange transactions</b>                             |      |                           |                           |
| Receivable for Crown appropriations                                           | 3.a  | 274                       | 198                       |
|                                                                               |      | <b>274</b>                | <b>198</b>                |
| <b>Non-current assets</b>                                                     |      |                           |                           |
| <b>Receivables from exchange transactions</b>                                 |      |                           |                           |
| Receivable for reimbursement of the Guardians expenses from the NZ Super Fund | 3.a  | 1,253                     | 1,659                     |
|                                                                               |      | <b>1,253</b>              | <b>1,659</b>              |

**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<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 |
|---------------------------------------------|---------------------------|---------------------------|
| <b>Payables under exchange transactions</b> |                           |                           |
| Trade payables                              | 1,574                     | 967                       |
| Accrued expenses                            | 722                       | 592                       |
|                                             | <b>2,296</b>              | <b>1,559</b>              |

**Accounting Policy**

Short-term trade and other payables are initially recognised at fair value, then subsequently at amortised cost.

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<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 |
|---------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Current liabilities</b>                                                                  |                           |                           |
| Accrued salaries (including annual leave and long service leave) - key management personnel | 615                       | 538                       |
| Accrued salaries (including annual leave and long service leave) - other employees          | 4,719                     | 5,221                     |
| Incentives - key management personnel                                                       | 1,571                     | 2,310                     |
| Incentives - other employees                                                                | 10,230                    | 17,084                    |
|                                                                                             | <b>17,135</b>             | <b>25,153</b>             |
| <b>Non-current liabilities</b>                                                              |                           |                           |
| Long service leave - key management personnel                                               | 273                       | 243                       |
| Long service leave - other employees                                                        | 980                       | 1,416                     |
|                                                                                             | <b>1,253</b>              | <b>1,659</b>              |

#### 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 at 21 Queen Street, Auckland which terminated on 25 June 2026. The lease incentive was recognised as a reduction of rental expense on a straight-line basis over the period of the lease.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 June 2026

**SECTION 4: FINANCIAL POSITION (CONTINUED)****(g) Lease make-good provision**

|                          | ACTUAL  | ACTUAL  |
|--------------------------|---------|---------|
|                          | 2026    | 2025    |
|                          | NZD'000 | NZD'000 |
| <b>Opening balance</b>   | 215     | 215     |
| Expensed during the year | (73)    | -       |
| Provision not utilised   | (142)   | -       |
| <b>Closing balance</b>   | -       | 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.

The lease make-good provision was recognised in respect of the Group's former office premises at 21 Queen Street, Auckland. The provision represented the Board and management's best estimate of costs to reinstate the premises to the condition required under the lease agreement upon termination or expiry of the lease. During the year ended 30 June 2026, the Group incurred final make-good costs of \$73,000 (2025: \$nil). All reinstatement obligations have now been fulfilled in accordance with the lease agreement, and the remaining provision has been released.

**(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.

## 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 2026 (2025: 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 June 2026

**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        | ACTUAL        |
|--------------------|---------------|---------------|
|                    | 2026          | 2025          |
|                    | NZD'000       | NZD'000       |
| Less than 1 year   | 3,624         | 3,915         |
| 1 to 2 years       | 3,703         | 3,763         |
| 2 to 5 years       | 11,539        | 11,748        |
| Later than 5 years | 19,351        | 23,448        |
|                    | <b>38,217</b> | <b>42,874</b> |

Operating lease commitments relate to two leases for office premises in two locations. One lease is for office premises at 21 Queen Street, Auckland which ended on 25 June 2026. 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 28 February 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 2026 (2025: \$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  | BUDGET (UNAUDITED) | FAVOURABLE/<br>(UNFAVOURABLE)<br>VARIANCE |
|---------------------------------------------------------------------------------------|---------|--------------------|-------------------------------------------|
|                                                                                       | 2026    | 2026               | 2026                                      |
|                                                                                       | NZD'000 | NZD'000            | NZD'000                                   |
| Consolidated Statement of Comprehensive Revenue and Expense: total expenses incurred* | 89,358  | 106,540            | 17,182                                    |
| 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 FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2026

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 the audit of the financial statements and performance information on his behalf.

#### OPINION

We have audited:

- the financial statements of the Group that comprise the statement of financial position as at 30 June 2026, the statement of comprehensive revenue and expense, statement of changes in public equity, and 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 123 to 140; and
- the performance information that consists of the statement of performance of the Group for the year ended 30 June 2026 on pages 20 to 28 and the end-of-year performance information for the appropriation for the year ended 30 June 2026 on page 24.

In our opinion:

- The financial statements of the Group present fairly, in all material respects, its financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended, in accordance with Public Benefit Entity Standards.
- The performance information of the Group is appropriate and meaningful and prepared in accordance with the Group's measurement bases or evaluation methods and Public Benefit Entity Standards, and presents fairly, in all material respects:
  - the Group's service performance and actual revenue and expenses for each reportable class of outputs for the year ended 30 June 2026 compared to the forecast standards and budgets included in the statement of performance expectations for the year, and
  - what has been achieved with the appropriation, and the actual expenses or capital expenditure incurred in relation to the appropriation for the year ended 30 June 2026.

#### 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 FINANCIAL STATEMENTS AND THE PERFORMANCE INFORMATION

The Board is responsible on behalf of the Group for preparing financial statements and performance information that are fairly presented and comply with Public Benefit Entity Standards. This includes:

- the selection of elements/aspects of service performance, performance measures and/or descriptions, and measurement bases or evaluation methods to enable the presentation of service performance information that is appropriate and meaningful; and
- the preparation of a statement of performance, in accordance with the Group's measurement bases or evaluation methods, that provides an appropriate and meaningful basis to enable readers to assess what has been achieved for the year.

The Board is also responsible for the preparation of end-of-year performance information for an appropriation that is prepared in accordance with the entity's measurement bases or evaluation methods and complies with Public Benefit Entity Standards and legislative requirements.

The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and performance information, 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 the Board either intends to liquidate the Group or cease operations, or there is no realistic alternative but to do so.

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 FINANCIAL STATEMENTS AND THE PERFORMANCE INFORMATION

Our objectives are to obtain reasonable assurance about whether the financial statements and performance information, 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 financial statements and performance information.

For the budget information reported in the financial statements and the performance information, 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 ending 30 June 2026.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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 financial statements and performance information, 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 obtain an understanding of the process applied by the Group to select its elements/aspects of service performance, performance measures and/or descriptions and the measurement bases or evaluation methods.
- We evaluate whether:
  - the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods present an appropriate and meaningful assessment of the entity's service performance; and
  - the performance information is prepared in accordance with the Group's measurement bases or evaluation methods, and presents fairly, in all material respects in accordance with Public Benefit Entity Standards, what has been achieved with the appropriation, and for each class of reportable outputs;
    - the actual performance of the Group as compared with the forecast standards of performance included in the Group's statement of performance expectations for the financial year; and
    - the actual revenue earned and output expenses incurred as compared to the expected revenues and the proposed output expenses included in the Group's statement of performance expectations for the financial year.
- 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 information we audited 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 financial statements and the performance information, including the disclosures, and whether the financial statements and performance information 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 and performance information of the entities or business units within the group as a basis for forming an opinion on the group financial statements and the group performance information. We are responsible for the direction, supervision and review 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 financial statements, the performance information consisting of the statement of performance and the end-of-year performance information for appropriations, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon in this auditor's report. We have also issued audit reports in relation to the financial reporting of New Zealand Superannuation Fund and Elevate NZ Venture Fund.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information 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 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)* as applicable for audits of public interest entities 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 those services does not impair our independence from the Group. Other than in our capacity as auditor, we have no relationship with, or interests in, the Group.



Emma Winsloe  
Ernst & Young  
On behalf of the Auditor-General  
Auckland, New Zealand  
30 September 2026

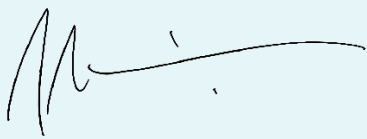
**STATEMENT OF RESPONSIBILITY**

For the year ended 30 June 2026

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 2026 fairly reflect the financial position, operations and cash flows of the New Zealand Superannuation Fund.

**JOHN WILLIAMSON**

CHAIR

30 September 2026

**JO TOWNSEND**

CHIEF EXECUTIVE OFFICER

30 September 2026

## STATEMENT OF FINANCIAL POSITION

| As at 30 June 2026                                        | NOTE          | ACTUAL<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 | BUDGET<br>(UNAUDITED)<br>2026<br>NZD'000 |
|-----------------------------------------------------------|---------------|---------------------------|---------------------------|------------------------------------------|
| <b>ASSETS</b>                                             |               |                           |                           |                                          |
| Cash and cash equivalents                                 | 4.a, 4.b      | 2,010,800                 | 2,420,495                 | 2,717,084                                |
| Cash pledged as collateral                                | 4.a, 4.c      | 1,671,829                 | 995,966                   | 910,230                                  |
| Trade and other receivables                               | 4.a, 4.d      | 1,252,001                 | 528,742                   | 2,864,458                                |
| Other current assets                                      |               | -                         | 65,026                    | -                                        |
| <b>Investments</b>                                        |               |                           |                           |                                          |
| Investments - derivative financial instrument assets      | 2.a, 4.a, 4.e | 961,722                   | 2,374,916                 | -                                        |
| Investments - other financial assets                      | 2.a, 4.a      | 81,621,170                | 72,788,521                | 73,772,366                               |
| Investments in unconsolidated subsidiaries                | 2.a, 4.a      | 10,503,318                | 8,093,349                 | 9,308,833                                |
|                                                           |               | 93,086,210                | 83,256,786                | 83,081,199                               |
| Deferred tax asset                                        | 7.e           | 6,567                     | -                         | -                                        |
| Property, plant and equipment                             |               | 12,709                    | 2,307                     | 12,766                                   |
| Intangible assets                                         | 2.a           | 33,902                    | 44,566                    | 48,400                                   |
| <b>Total assets</b>                                       |               | <b>98,074,018</b>         | <b>87,313,888</b>         | <b>89,634,137</b>                        |
| <b>LIABILITIES</b>                                        |               |                           |                           |                                          |
| Cash collateral received                                  | 4.a, 4.c      | 830,634                   | 1,222,533                 | 1,040,172                                |
| Trade and other payables                                  | 4.a, 4.h      | 475,963                   | 433,111                   | 754,769                                  |
| Investments - derivative financial instrument liabilities | 2.a, 4.a, 4.e | 3,105,714                 | 1,316,011                 | -                                        |
| Income tax payable                                        |               | 164,669                   | 1,494,800                 | 303,659                                  |
| Provision for performance-based fees                      | 5.a           | -                         | -                         | 67,278                                   |
| Deferred tax liability                                    | 7.e           | -                         | 54                        | 7,838                                    |
| <b>Total liabilities</b>                                  |               | <b>4,576,980</b>          | <b>4,466,509</b>          | <b>2,173,716</b>                         |
| <b>Net assets</b>                                         |               | <b>93,497,038</b>         | <b>82,847,379</b>         | <b>87,460,421</b>                        |
| <b>PUBLIC EQUITY</b>                                      |               |                           |                           |                                          |
| Retained surplus                                          |               | 66,035,307                | 55,374,984                | 59,795,191                               |
| Asset revaluation reserve                                 | 6.b           | 28,652                    | 39,316                    | 43,150                                   |
| Contributed capital                                       | 6.a           | 27,433,079                | 27,433,079                | 27,622,080                               |
| <b>Total public equity</b>                                |               | <b>93,497,038</b>         | <b>82,847,379</b>         | <b>87,460,421</b>                        |

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 2026                                                                | NOTE | ACTUAL<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 | BUDGET<br>(UNAUDITED)<br>2026<br>NZD'000 |
|------------------------------------------------------------------------------------------------|------|---------------------------|---------------------------|------------------------------------------|
| Net operating income                                                                           | 7.a  | 12,059,872                | 9,085,701                 | 6,676,355                                |
| Operating expenditure                                                                          | 7.c  | 217,288                   | 162,491                   | 261,775                                  |
| <b>Profit for the year before income tax expense</b>                                           |      | <b>11,842,584</b>         | <b>8,923,210</b>          | <b>6,414,580</b>                         |
| Income tax expense                                                                             | 7.e  | 1,189,895                 | 1,777,134                 | 1,539,836                                |
| <b>Profit for the year after income tax expense</b>                                            |      | <b>10,652,689</b>         | <b>7,146,076</b>          | <b>4,874,744</b>                         |
| <b>Other comprehensive income - not reclassifiable to profit or loss in subsequent periods</b> |      |                           |                           |                                          |
| (Losses)/gains on revaluation of assets                                                        | 6.b  | (3,030)                   | 6,226                     | -                                        |
| Tax expense on items of other comprehensive income                                             | 7.e  | -                         | -                         | -                                        |
| <b>Other comprehensive income for the year, net of tax</b>                                     |      | <b>(3,030)</b>            | <b>6,226</b>              | <b>-</b>                                 |
| <b>Total comprehensive income for the year</b>                                                 |      | <b>10,649,659</b>         | <b>7,152,302</b>          | <b>4,874,744</b>                         |

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 2026

ACTUAL

|                                                                                                                    | NOTE | ASSET<br>REVALUATION<br>RESERVE<br>NZD'000 | CONTRIBUTED<br>CAPITAL<br>NZD'000 | RETAINED<br>SURPLUS<br>NZD'000 | TOTAL<br>NZD'000  |
|--------------------------------------------------------------------------------------------------------------------|------|--------------------------------------------|-----------------------------------|--------------------------------|-------------------|
| <b>Balance at 30 June 2024</b>                                                                                     |      | <b>33,090</b>                              | <b>26,554,079</b>                 | <b>48,228,908</b>              | <b>74,816,077</b> |
| 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)      |
| <b>Balance at 30 June 2025</b>                                                                                     |      | <b>39,316</b>                              | <b>27,433,079</b>                 | <b>55,374,984</b>              | <b>82,847,379</b> |
| Profit for the year                                                                                                |      |                                            |                                   | 10,652,689                     | 10,652,689        |
| Other comprehensive income                                                                                         | 6.b  | (3,030)                                    |                                   | -                              | (3,030)           |
| Tax expense on items of other comprehensive income                                                                 |      | -                                          |                                   | -                              | -                 |
| Transfer between reserves                                                                                          | 6.b  | (7,634)                                    |                                   | 7,634                          | -                 |
| Total comprehensive income for the year                                                                            |      | (10,664)                                   | -                                 | 10,660,323                     | 10,649,659        |
| Fund capital contributions from the Crown                                                                          | 6.a  |                                            | -                                 |                                | -                 |
| Capital contributions from the Crown in respect of funding the net cost of New Zealand superannuation entitlements | 6.a  |                                            | 24,721,000                        |                                | 24,721,000        |
| Capital withdrawals by the Crown in respect of funding the net cost of New Zealand superannuation entitlements     | 6.a  |                                            | (24,721,000)                      |                                | (24,721,000)      |
| <b>Balance at 30 June 2026</b>                                                                                     |      | <b>28,652</b>                              | <b>27,433,079</b>                 | <b>66,035,307</b>              | <b>93,497,038</b> |

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 2026                                                    | NOTE     | ACTUAL<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 | BUDGET<br>(UNAUDITED)<br>2026<br>NZD'000 |
|------------------------------------------------------------------------------------|----------|---------------------------|---------------------------|------------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                        |          |                           |                           |                                          |
| <b>Cash was provided from:</b>                                                     |          |                           |                           |                                          |
| Proceeds from sale of investments                                                  |          | 54,424,979                | 48,158,935                | 65,916,899                               |
| Cash collateral received                                                           |          | 20,369,141                | 20,966,942                | -                                        |
| Dividends received                                                                 |          | 1,017,624                 | 925,605                   | 871,759                                  |
| Interest received                                                                  |          | 713,083                   | 844,331                   | 902,328                                  |
| Other income                                                                       |          | 12,629                    | 9,368                     | 10,000                                   |
| <b>Total cash inflow from operating activities</b>                                 |          | <b>76,537,456</b>         | <b>70,905,181</b>         | <b>67,700,986</b>                        |
| <b>Cash was applied to:</b>                                                        |          |                           |                           |                                          |
| Purchases of investments                                                           |          | (52,868,657)              | (48,695,196)              | (64,906,724)                             |
| Cash collateral paid                                                               |          | (21,436,902)              | (21,420,265)              | -                                        |
| Managers' fees                                                                     |          | (65,860)                  | (127,722)                 | (105,693)                                |
| Payments to suppliers                                                              |          | (132,426)                 | (166,374)                 | (169,488)                                |
| Income tax paid                                                                    |          | (2,539,772)               | (1,534,035)               | (2,306,881)                              |
| Goods and services tax                                                             |          | (1,834)                   | (235)                     | -                                        |
| <b>Total cash outflow from operating activities</b>                                |          | <b>(77,045,451)</b>       | <b>(71,943,827)</b>       | <b>(67,488,786)</b>                      |
| <b>Net cash flows used in operating activities</b>                                 | 7.f      | <b>(507,995)</b>          | <b>(1,038,646)</b>        | <b>212,200</b>                           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                        |          |                           |                           |                                          |
| <b>Cash was provided from:</b>                                                     |          |                           |                           |                                          |
| Proceeds from sale of property, plant and equipment                                |          | 32                        | 5                         | -                                        |
| <b>Total cash inflow from investing activities</b>                                 |          | <b>32</b>                 | <b>5</b>                  | <b>-</b>                                 |
| <b>Cash was applied to:</b>                                                        |          |                           |                           |                                          |
| Purchases of property, plant and equipment                                         |          | (11,052)                  | (769)                     | (11,519)                                 |
| <b>Total cash outflow from investing activities</b>                                |          | <b>(11,052)</b>           | <b>(769)</b>              | <b>(11,519)</b>                          |
| <b>Net cash flows used in investing activities</b>                                 |          | <b>(11,020)</b>           | <b>(764)</b>              | <b>(11,519)</b>                          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                        |          |                           |                           |                                          |
| <b>Cash was provided from:</b>                                                     |          |                           |                           |                                          |
| Fund capital contributions from the Crown                                          |          | -                         | 879,000                   | 189,000                                  |
| <b>Net cash flows provided by financing activities</b>                             |          | <b>-</b>                  | <b>879,000</b>            | <b>189,000</b>                           |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                        |          | <b>(519,015)</b>          | <b>(160,410)</b>          | <b>389,681</b>                           |
| Cash and cash equivalents at the beginning of the year                             |          | 2,420,495                 | 2,601,543                 | 2,327,403                                |
| Effects of exchange rate changes on the balance of cash held in foreign currencies |          | 109,320                   | (20,638)                  | -                                        |
| <b>Cash and cash equivalents at the end of the year</b>                            | 4.a, 4.b | <b>2,010,800</b>          | <b>2,420,495</b>          | <b>2,717,084</b>                         |

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 2026

### 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 235.

The financial statements of the NZ Super Fund for the year ended 30 June 2026 were authorised for issue in accordance with a resolution of the Board of the Guardians of New Zealand Superannuation on 30 September 2026.

#### (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 2026. 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));

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 June 2026

**SECTION 1: GENERAL AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

- 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, or 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.

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 |        |
|-----------------------------------------------------------------|--------------|--------------------------|--------------------|--------|
|                                                                 |              |                          | 2026 %             | 2025 % |
| 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             | 80.1               | 85.7   |
| CNH CA Master Account, Limited Partnership                      | 31 December  | Cayman Islands           | 97.5               | 97.5   |
| 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   |
| NZ Super SMA SCSp SICAV RAIF                                    | 31 December  | Luxembourg               | 100.0              | 0.0    |
| 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  |
| Palgrove QLD Land Pty Ltd                                       | 30 June      | Australia                | 100.0              | 0.0    |
| 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   |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2026

## SECTION 1: GENERAL AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

| NAME                                                                | BALANCE DATE | COUNTRY OF INCORPORATION | OWNERSHIP INTEREST |        |
|---------------------------------------------------------------------|--------------|--------------------------|--------------------|--------|
|                                                                     |              |                          | 2026 %             | 2025 % |
| 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               | 80.0   |
| KA Tauriko 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               | 80.0   |
| KA Tauriko 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              | 100.0  |
| 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 STF Limited                                                    | 30 June      | New Zealand              | 100.0              | 0.0    |
| 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   |

| NAME                       | BALANCE DATE | COUNTRY OF INCORPORATION | OWNERSHIP INTEREST |        |
|----------------------------|--------------|--------------------------|--------------------|--------|
|                            |              |                          | 2026 %             | 2025 % |
| 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               | 98.9   |

In addition, the NZ Super Fund has 100% ownership in 26 Segregated Accounts (2025: 46 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 2026, 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 |        |
|----------------------------------------------------|--------------|--------------------------|--------------------|--------|
|                                                    |              |                          | 2026 %             | 2025 % |
| Fidelity Life Assurance Company Limited            | 30 June      | New Zealand              | 49.6               | 49.6   |
| Galileo Green Energy GMBH                          | 31 March     | Switzerland              | 19.0               | 19.0   |
| Kaingaroa Tipu (KTP) Limited                       | 30 June      | New Zealand              | 42.0               | 42.0   |
| Kaingaroa Tipu 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 2026, 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).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2026

## SECTION 1: GENERAL AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**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 |        |
|-------------------------------------------------------|--------------|--------------------------|--------------------|--------|
|                                                       |              |                          | 2026 %             | 2025 % |
| 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               | 37.7   |
| 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   |

As at 30 June 2026, 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:

- 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 represent beneficial interests in pools of residential mortgages and generate principal and interest cashflows from the underlying mortgage loans. 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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 June 2026

**SECTION 1: GENERAL AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

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.

**(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 2026.

**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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2026

## 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                                       |          |                    |                    |                    |                                   |                                           |                   |
|----------------------------------------------|----------|--------------------|--------------------|--------------------|-----------------------------------|-------------------------------------------|-------------------|
| 2026                                         | NOTE     | LEVEL 1<br>NZD'000 | LEVEL 2<br>NZD'000 | LEVEL 3<br>NZD'000 | TOTAL AT<br>FAIR VALUE<br>NZD'000 | TOTAL NOT<br>AT FAIR<br>VALUE*<br>NZD'000 | TOTAL<br>NZD'000  |
| <b>ASSETS</b>                                |          |                    |                    |                    |                                   |                                           |                   |
| <b>Investments</b>                           |          |                    |                    |                    |                                   |                                           |                   |
| Derivative financial instrument assets:      |          |                    |                    |                    |                                   |                                           |                   |
| Forward foreign exchange contracts           | 4.e      |                    | 636,218            |                    | 636,218                           |                                           | 636,218           |
| Cross currency swaps                         | 4.e      |                    | 801                |                    | 801                               |                                           | 801               |
| Asset swaps                                  | 4.e      |                    |                    |                    | -                                 |                                           | -                 |
| Futures contracts                            | 4.e      |                    |                    |                    | -                                 |                                           | -                 |
| TBA forward contracts                        | 4.e      |                    | 367                |                    | 367                               |                                           | 367               |
| Total return swaps                           | 4.e      |                    | 226,590            |                    | 226,590                           |                                           | 226,590           |
| Credit default swaps                         | 4.e      |                    | 20,056             | 3,171              | 23,227                            |                                           | 23,227            |
| Interest rate swaps                          | 4.e      |                    | 72,730             |                    | 72,730                            |                                           | 72,730            |
| Options                                      | 4.e      |                    | 1,789              |                    | 1,789                             |                                           | 1,789             |
|                                              |          | -                  | 958,551            | 3,171              | 961,722                           | -                                         | 961,722           |
| Other financial assets:                      |          |                    |                    |                    |                                   |                                           |                   |
| Listed New Zealand equities                  | 4.a      | 3,694,438          |                    |                    | 3,694,438                         |                                           | 3,694,438         |
| Listed global equities                       | 4.a      | 46,111,313         |                    | 447                | 46,111,760                        |                                           | 46,111,760        |
| Fixed income securities                      | 4.a      |                    | 11,227,167         |                    | 11,227,167                        | 3,123,061                                 | 14,350,228        |
| Collective investment funds                  | 4.a      |                    | 2,809,858          |                    | 2,809,858                         |                                           | 2,809,858         |
| Reverse repurchase agreements                | 4.a, 4.f |                    |                    |                    | -                                 | 569,570                                   | 569,570           |
| Securities lending agreements                | 4.a, 4.f | 3,257,999          | 2,836,252          |                    | 6,094,251                         |                                           | 6,094,251         |
| Insurance-linked investments                 | 4.a      |                    | 834,222            |                    | 834,222                           |                                           | 834,222           |
| Private equity                               | 4.a      |                    |                    | 7,156,843          | 7,156,843                         |                                           | 7,156,843         |
|                                              |          | 53,063,750         | 17,707,499         | 7,157,290          | 77,928,539                        | 3,692,631                                 | 81,621,170        |
| Investments in unconsolidated subsidiaries   | 4.a      |                    | 233,537            | 10,269,781         | 10,503,318                        |                                           | 10,503,318        |
| Intangible assets                            |          | 33,902             |                    |                    | 33,902                            |                                           | 33,902            |
|                                              |          | <b>53,097,652</b>  | <b>18,899,587</b>  | <b>17,430,242</b>  | <b>89,427,481</b>                 | <b>3,692,631</b>                          | <b>93,120,112</b> |
| <b>LIABILITIES</b>                           |          |                    |                    |                    |                                   |                                           |                   |
| Derivative financial instrument liabilities: |          |                    |                    |                    |                                   |                                           |                   |
| Forward foreign exchange contracts           | 4.e      |                    | 2,768,463          |                    | 2,768,463                         |                                           | 2,768,463         |
| Cross currency swaps                         | 4.e      |                    | 27,801             |                    | 27,801                            |                                           | 27,801            |
| Futures contracts                            | 4.e      |                    |                    |                    | -                                 |                                           | -                 |
| TBA forward contracts                        | 4.e      |                    | 27                 |                    | 27                                |                                           | 27                |
| Total return swaps                           | 4.e      |                    | 237,496            |                    | 237,496                           |                                           | 237,496           |
| Credit default swaps                         | 4.e      |                    | 66,358             |                    | 66,358                            |                                           | 66,358            |
| Interest rate swaps                          | 4.e      |                    | 5,569              |                    | 5,569                             |                                           | 5,569             |
|                                              |          | -                  | <b>3,105,714</b>   | -                  | <b>3,105,714</b>                  | -                                         | <b>3,105,714</b>  |

\* Assets and liabilities not measured at fair value are carried at amortised cost but their carrying values are a reasonable approximation of fair value.

| ACTUAL                                       |          |                   |                   |                   |                        |                                |                   |
|----------------------------------------------|----------|-------------------|-------------------|-------------------|------------------------|--------------------------------|-------------------|
| 2025                                         | NOTE     | LEVEL 1           | LEVEL 2           | LEVEL 3           | TOTAL AT<br>FAIR VALUE | TOTAL NOT<br>AT FAIR<br>VALUE* | TOTAL             |
|                                              |          | NZD'000           | NZD'000           | NZD'000           | NZD'000                | NZD'000                        | NZD'000           |
| <b>ASSETS</b>                                |          |                   |                   |                   |                        |                                |                   |
| <b>Investments</b>                           |          |                   |                   |                   |                        |                                |                   |
| 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      |                   |                   |                   | -                      |                                | -                 |
| TBA forward 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            |
|                                              |          | <b>45,260,288</b> | <b>19,179,531</b> | <b>15,096,525</b> | <b>79,536,344</b>      | <b>3,765,008</b>               | <b>83,301,352</b> |
| <b>LIABILITIES</b>                           |          |                   |                   |                   |                        |                                |                   |
| Derivative financial instrument liabilities: |          |                   |                   |                   |                        |                                |                   |
| Forward foreign exchange contracts           | 4.e      |                   | 1,266,243         |                   | 1,266,243              |                                | 1,266,243         |
| Cross currency swaps                         | 4.e      |                   | 28                |                   | 28                     |                                | 28                |
| Futures contracts                            | 4.e      |                   |                   |                   | -                      |                                | -                 |
| TBA forward 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             |
|                                              |          | -                 | <b>1,316,011</b>  | -                 | <b>1,316,011</b>       | -                              | <b>1,316,011</b>  |

\* 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 2026

**SECTION 2: FAIR VALUE (CONTINUED)****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 either determined by the counterparty at balance date, or determined using an internally-generated model, with key inputs being credit spreads.

**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.

## 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2026

## SECTION 2: FAIR VALUE (CONTINUED)

**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 2026, three global listed equities were transferred from Level 3 to Level 1 in the fair value hierarchy (2025: one global listed equity transferred from Level 1 to Level 3).

**(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<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 |
|-------------------------------------------------------------|---------------------------|---------------------------|
| <b>Opening balance</b>                                      | <b>15,096,525</b>         | <b>13,333,085</b>         |
| Unrealised gains recognised in profit for the year          | 1,717,067                 | 907,569                   |
| Realised gains recognised in profit for the year            | 140,440                   | 51,867                    |
| Purchases                                                   | 1,562,487                 | 1,575,179                 |
| Sales                                                       | (531,165)                 | (282)                     |
| Settlements                                                 | (555,030)                 | (779,858)                 |
| Transfers from other categories in the fair value hierarchy | (82)                      | 8,965                     |
| <b>Closing balance</b>                                      | <b>17,430,242</b>         | <b>15,096,525</b>         |

### (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:

| 2026                        | NON-MARKET<br>OBSERVABLE INPUT | MOVEMENT | ACTUAL                              |                     |
|-----------------------------|--------------------------------|----------|-------------------------------------|---------------------|
|                             |                                |          | IMPACT ON FAIR<br>VALUE MEASUREMENT |                     |
|                             |                                |          | INCREASE<br>NZD'000                 | DECREASE<br>NZD'000 |
|                             |                                | %        |                                     |                     |
| Listed global equities      | Share price                    | 17       | 76                                  | (76)                |
| Private equity              | (i)                            | (i)      | 1,187,913                           | (1,187,913)         |
| Unconsolidated subsidiaries | (i)                            | (i)      | 1,395,700                           | (1,395,700)         |
| 2025                        |                                |          |                                     |                     |
| 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)         |

(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% (2025: 19%) for private equity investment funds and other private equity investments; 25% (2025: 25%) for Telecom-Spectrum investments; 16% (2025: 16%) for timber investments; 15% (2025: 15%) for private infrastructure investments; 10% (2025: 10%) for life settlements; 17% (2025: 17%) for property; and 20% (2025: 20%) for rural property.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2026

## 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](https://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 2026, 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<br>2026<br>% | ACTUAL<br>2025<br>% |
|-------------------------|---------------------|---------------------|
| <b>By geography</b>     |                     |                     |
| New Zealand             | 8                   | 11                  |
| Australia               | 2                   | 2                   |
| North America           | 60                  | 56                  |
| Europe                  | 18                  | 19                  |
| Asia                    | 8                   | 8                   |
| Other                   | 4                   | 4                   |
|                         | <b>100</b>          | <b>100</b>          |
| <b>By industry</b>      |                     |                     |
| Consumer - cyclical     | 4                   | 5                   |
| Consumer - non-cyclical | 3                   | 4                   |
| Financial               | 18                  | 20                  |
| Government              | 10                  | 8                   |
| Healthcare              | 7                   | 7                   |
| Industrial              | 6                   | 7                   |
| Real estate             | 7                   | 8                   |
| Technology              | 21                  | 17                  |
| Other                   | 24                  | 24                  |
|                         | <b>100</b>          | <b>100</b>          |

## (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.

| 2026                      | ONE<br>STANDARD DEVIATION | ACTUAL                                |             |
|---------------------------|---------------------------|---------------------------------------|-------------|
|                           |                           | IMPACT ON PROFIT/(LOSS)<br>AND EQUITY |             |
|                           |                           | INCREASE                              | DECREASE    |
|                           | %                         | NZD'000                               | NZD'000     |
| New Zealand equities      | 15                        | 528,226                               | (528,226)   |
| Global equities*          | 16                        | 8,889,412                             | (8,889,412) |
| Emerging markets equities | 24                        | 1,429,851                             | (1,429,851) |
| Unlisted private equities | 19                        | 1,853,035                             | (1,853,035) |
| 2025                      |                           |                                       |             |
| 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) |

\* 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% (2025: 16%) for global large cap equities; 20% (2025: 20%) for global small cap equities; 15% (2025: 15%) for developed markets multi factor equities; and 15% (2025: 15%) for global infrastructure equities, based on internal risk modelling.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2026

## SECTION 3: RISK MANAGEMENT (CONTINUED)

## 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           |
|----------------------------------|------------------|------------------|
|                                  | 2026             | 2025             |
|                                  | NZD'000          | NZD'000          |
| Australian dollars               | (1,378,021)      | 1,641,416        |
| British pounds                   | (773,577)        | (396,515)        |
| Canadian dollars                 | 2,077,464        | 1,530,717        |
| Chinese yuan                     | 90,532           | 36,608           |
| European Union euros             | (531,411)        | (570,834)        |
| Japanese yen                     | 3,770,376        | 2,582,022        |
| Swiss francs                     | (2,251,625)      | (3,682,927)      |
| United States of America dollars | (1,609,133)      | 2,665,463        |
| Other                            | (17,962)         | (753,600)        |
|                                  | <b>(623,357)</b> | <b>3,052,350</b> |

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.

| 2026                             | REASONABLY POSSIBLE<br>CHANGE IN RATE | ACTUAL                                |           |
|----------------------------------|---------------------------------------|---------------------------------------|-----------|
|                                  |                                       | IMPACT ON PROFIT/(LOSS)<br>AND EQUITY |           |
|                                  |                                       | INCREASE                              | DECREASE  |
|                                  | %                                     | NZD'000                               | NZD'000   |
| Australian dollars               | 10                                    | 90,198                                | (110,242) |
| United States of America dollars | 10                                    | 105,325                               | (128,731) |
| European Union euros             | 10                                    | 34,783                                | (42,513)  |
| British pounds                   | 10                                    | 50,634                                | (61,886)  |
| Japanese yen                     | 10                                    | (246,788)                             | 301,630   |
| Canadian dollars                 | 10                                    | (135,979)                             | 166,197   |
| Swiss francs                     | 10                                    | 147,379                               | (180,130) |
| Chinese yuan                     | 10                                    | (5,926)                               | 7,243     |
| Others                           | 10                                    | 1,176                                 | (1,437)   |
| 2025                             |                                       |                                       |           |
| 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    |

### 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.

| 2026                    | ONE<br>STANDARD DEVIATION | ACTUAL                                |          |
|-------------------------|---------------------------|---------------------------------------|----------|
|                         |                           | IMPACT ON PROFIT/(LOSS)<br>AND EQUITY |          |
|                         |                           | INCREASE                              | DECREASE |
|                         | BASIS POINTS              | NZD'000                               | NZD'000  |
| Fixed income securities | 50                        | (478,241)                             | 478,241  |
| 2025                    |                           |                                       |          |
| Fixed income securities | 50                        | (421,195)                             | 421,195  |

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 June 2026

**SECTION 3: RISK MANAGEMENT (CONTINUED)****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.

### 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<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 |
|---------------------------------------------|---------------------------|---------------------------|
| ANZ Bank New Zealand Limited                | 18,074                    | 207,768                   |
| Bank of America                             | 152,974                   | 26,705                    |
| Bank of New Zealand                         | 390                       | 1,086                     |
| Barclays Bank PLC                           | 26,139                    | 159,747                   |
| BNP Paribas                                 | 35,492                    | 165,267                   |
| Chicago Mercantile Exchange                 | 2,156                     | 4,217                     |
| Citibank N.A.                               | 130,719                   | 301,658                   |
| Commonwealth Bank of Australia              | 3,418                     | 101,003                   |
| Deutsche Bank AG                            | 54,267                    | 91,292                    |
| Goldman Sachs International                 | 13,386                    | 304                       |
| Goldman Sachs Financial Markets Pty Limited | 27,866                    | 203,893                   |
| HSBC Bank PLC                               | 24,391                    | 25,003                    |
| JP Morgan Chase Bank N.A.                   | 120,544                   | 238,431                   |
| MIR SPE Limited                             | 494                       | 5,962                     |
| Morgan Stanley & Co. International PLC      | 55,009                    | 249,009                   |
| Morgan Stanley Capital Services LLC         | 87,968                    | 72,595                    |
| Natwest Markets Plc                         | 1,615                     | -                         |
| Societe Generale                            | 134                       | 604                       |
| The Northern Trust Company                  | 545                       | 1,914                     |
| Toronto-Dominion Bank                       | -                         | 56,784                    |
| UBS AG                                      | 136,055                   | 173,656                   |
| Westpac Banking Corporation                 | 70,086                    | 288,018                   |
|                                             | <b>961,722</b>            | <b>2,374,916</b>          |

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 2026 (2025: A to AA).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2026

## SECTION 3: RISK MANAGEMENT (CONTINUED)

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, Fitch and Morningstar DBRS depending on the availability of data.

|           | ACTUAL<br>2026<br>% | ACTUAL<br>2025<br>% |
|-----------|---------------------|---------------------|
| AAA/Aaa   | 10                  | 11                  |
| AA/Aa     | 36                  | 35                  |
| A/A       | 26                  | 24                  |
| BBB/Baa   | 10                  | 10                  |
| Not rated | 18                  | 20                  |
|           | <b>100</b>          | <b>100</b>          |

**(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                         |                        |                        |                         |                      |                  |
|----------------------------------------------|--------------------------------|------------------------|------------------------|-------------------------|----------------------|------------------|
| 2026                                         | LESS THAN<br>1 YEAR<br>NZD'000 | 1 - 2 YEARS<br>NZD'000 | 2 - 5 YEARS<br>NZD'000 | 5 - 10 YEARS<br>NZD'000 | 10+ YEARS<br>NZD'000 | TOTAL<br>NZD'000 |
| Cash collateral received                     | 830,634                        |                        |                        |                         |                      | 830,634          |
| Trade and other payables                     | 474,710                        | 1,253                  |                        |                         |                      | 475,963          |
| Derivative financial instrument liabilities: |                                |                        |                        |                         |                      |                  |
| Net-settled                                  | 232,085                        | 14,815                 | 59,606                 | 2,351                   | 593                  | 309,450          |
| Gross-settled - cash inflows                 | (88,429,891)                   | (1,104,432)            |                        |                         |                      | (89,534,323)     |
| Gross-settled - cash outflows                | 91,187,840                     | 1,142,747              |                        |                         |                      | 92,330,587       |
|                                              | <b>4,295,378</b>               | <b>54,383</b>          | <b>59,606</b>          | <b>2,351</b>            | <b>593</b>           | <b>4,412,311</b> |
| 2025                                         |                                |                        |                        |                         |                      |                  |
| 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       |
|                                              | <b>2,927,546</b>               | <b>28,122</b>          | <b>11,956</b>          | <b>2,660</b>            | <b>1,371</b>         | <b>2,971,655</b> |

**(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            |                        | TOTAL                                     | ASSETS OF THE          |
|                                                  | CARRYING<br>VALUE OF<br>INVESTMENTS | UNDRAWN<br>COMMITMENTS | INVESTMENTS<br>AND UNDRAWN<br>COMMITMENTS | STRUCTURED<br>ENTITIES |
| 2026                                             | NZD'000                             | NZD'000                | NZD'000                                   | NZD'000                |
| Fixed income securities:                         |                                     |                        |                                           |                        |
| Asset-backed securities                          | 635,632                             | 185,479                | 821,111                                   | 446,905,102            |
| Agency mortgage-backed securities                | 1,107,674                           | -                      | 1,107,674                                 | 1,954,327,256          |
| Shareholder loans                                | 2,365,968                           | -                      | 2,365,968                                 | 4,560,120              |
| Collective investment funds                      | 2,809,858                           | -                      | 2,809,858                                 | 396,260,148            |
| Insurance-linked investments - catastrophe bonds | 834,222                             | -                      | 834,222                                   | 49,247,833             |
| Private equity investment funds                  | 6,280,006                           | 2,656,363              | 8,936,369                                 | 56,258,010             |
| Unconsolidated subsidiaries                      | 10,503,318                          | 2,487,119              | 12,990,437                                | 17,038,345             |
|                                                  | <b>24,536,678</b>                   | <b>5,328,961</b>       | <b>29,865,639</b>                         | <b>2,924,596,814</b>   |
| 2025                                             |                                     |                        |                                           |                        |
| 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                                 | 992,158,730            |
| Shareholder loans                                | 2,397,056                           | -                      | 2,397,056                                 | 3,134,510              |
| 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             |
| Unconsolidated subsidiaries                      | 8,093,349                           | 1,555,934              | 9,649,283                                 | 10,257,414             |
|                                                  | <b>21,062,996</b>                   | <b>4,335,230</b>       | <b>25,398,226</b>                         | <b>1,714,471,591</b>   |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2026

## SECTION 4: FINANCIAL ASSETS AND LIABILITIES

## (a) Financial instruments

| 2026                                        | NOTE | ACTUAL                                                                 |                                             |                                                  | TOTAL             |
|---------------------------------------------|------|------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------------|-------------------|
|                                             |      | FINANCIAL<br>INSTRUMENTS<br>AT FAIR VALUE<br>THROUGH<br>PROFIT OR LOSS | FINANCIAL<br>ASSETS AT<br>AMORTISED<br>COST | FINANCIAL<br>LIABILITIES AT<br>AMORTISED<br>COST |                   |
|                                             |      | NZD'000                                                                | NZD'000                                     | NZD'000                                          | NZD'000           |
| <b>Financial assets</b>                     |      |                                                                        |                                             |                                                  |                   |
| Cash and cash equivalents                   | 4.b  |                                                                        | 2,010,800                                   |                                                  | 2,010,800         |
| Cash pledged as collateral                  | 4.c  |                                                                        | 1,671,829                                   |                                                  | 1,671,829         |
| Trade and other receivables                 | 4.d  |                                                                        | 1,252,001                                   |                                                  | 1,252,001         |
| <b>Investments</b>                          |      |                                                                        |                                             |                                                  |                   |
| Derivative financial instrument assets      | 4.e  | 961,722                                                                |                                             |                                                  | 961,722           |
| Other financial assets:                     |      |                                                                        |                                             |                                                  |                   |
| Listed New Zealand equities                 |      | 3,694,438                                                              |                                             |                                                  | 3,694,438         |
| Listed global equities                      |      | 46,111,760                                                             |                                             |                                                  | 46,111,760        |
| Fixed income securities                     |      | 11,227,167                                                             | 3,123,061                                   |                                                  | 14,350,228        |
| Collective investment funds                 |      | 2,809,858                                                              |                                             |                                                  | 2,809,858         |
| Reverse repurchase agreements               |      |                                                                        | 569,570                                     |                                                  | 569,570           |
| Securities lending agreements               |      | 6,094,251                                                              |                                             |                                                  | 6,094,251         |
| Insurance-linked investments                |      | 834,222                                                                |                                             |                                                  | 834,222           |
| Private equity                              |      | 7,156,843                                                              |                                             |                                                  | 7,156,843         |
|                                             |      | 77,928,539                                                             | 3,692,631                                   | -                                                | 81,621,170        |
| Investments in unconsolidated subsidiaries  |      | 10,503,318                                                             |                                             |                                                  | 10,503,318        |
|                                             |      | <b>89,393,579</b>                                                      | <b>8,627,261</b>                            | <b>-</b>                                         | <b>98,020,840</b> |
| <b>Financial liabilities</b>                |      |                                                                        |                                             |                                                  |                   |
| Cash collateral received                    | 4.c  |                                                                        |                                             | 830,634                                          | 830,634           |
| Trade and other payables                    | 4.h  |                                                                        |                                             | 475,963                                          | 475,963           |
| Derivative financial instrument liabilities | 4.e  | 3,105,714                                                              |                                             |                                                  | 3,105,714         |
|                                             |      | <b>3,105,714</b>                                                       | <b>-</b>                                    | <b>1,306,597</b>                                 | <b>4,412,311</b>  |

| ACTUAL                                      |      |                                                                                   |                                                        |                                                             |                   |
|---------------------------------------------|------|-----------------------------------------------------------------------------------|--------------------------------------------------------|-------------------------------------------------------------|-------------------|
| 2025                                        | NOTE | FINANCIAL<br>INSTRUMENTS<br>AT FAIR VALUE<br>THROUGH<br>PROFIT OR LOSS<br>NZD'000 | FINANCIAL<br>ASSETS AT<br>AMORTISED<br>COST<br>NZD'000 | FINANCIAL<br>LIABILITIES AT<br>AMORTISED<br>COST<br>NZD'000 | TOTAL<br>NZD'000  |
| <b>Financial assets</b>                     |      |                                                                                   |                                                        |                                                             |                   |
| 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           |
| <b>Investments</b>                          |      |                                                                                   |                                                        |                                                             |                   |
| 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         |
|                                             |      | <b>79,491,778</b>                                                                 | <b>7,710,211</b>                                       | <b>-</b>                                                    | <b>87,201,989</b> |
| <b>Financial liabilities</b>                |      |                                                                                   |                                                        |                                                             |                   |
| 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         |
|                                             |      | <b>1,316,011</b>                                                                  | <b>-</b>                                               | <b>1,655,644</b>                                            | <b>2,971,655</b>  |

### 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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 June 2026

**SECTION 4: FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

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.

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 2026, cash of \$456,742,000 (2025: \$438,542,000) had been allocated and was held in Northern Trust's (the NZ Super Fund's global master custodian) custody awaiting investment by investment managers.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2026

## SECTION 4: FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

## (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 \$346,041,000 (2025: \$23,820,000). 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 \$1,325,788,000 (2025: \$972,146,000) 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 (2025: \$nil).

**CASH COLLATERAL RECEIVED**

Cash received as collateral to meet obligations under CSAs for derivative positions is \$256,020,000 (2025: \$867,376,000). 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 \$574,614,000 (2025: \$355,157,000). The NZ Super Fund is permitted to sell or re-pledge the collateral. At 30 June 2026, cash of \$569,570,000 (2025: \$350,712,000) 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 \$1,700,113,000 (2025: \$2,080,021,000). The fair value of equity securities received as collateral to meet obligations under securities lending agreements is \$3,782,319,000 (2025: \$4,105,556,000). 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 \$524,958,000 (2025: \$252,912,000). The fair value of equity securities received as collateral to meet obligations under a reverse repurchase agreement is \$66,991,000 (2025: \$63,257,000). 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.

**(d) Trade and other receivables**

|                      | ACTUAL           | ACTUAL         |
|----------------------|------------------|----------------|
|                      | 2026             | 2025           |
|                      | NZD'000          | NZD'000        |
| Trade receivables    | 32,332           | 41,610         |
| Accrued interest     | 138,783          | 126,412        |
| Dividends receivable | 53,022           | 44,704         |
| Unsettled sales      | 1,026,828        | 315,057        |
| GST receivable       | 1,036            | 959            |
|                      | <b>1,252,001</b> | <b>528,742</b> |

**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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2026

## SECTION 4: FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

## (e) Derivative financial instruments

|                                                    | ACTUAL             | ACTUAL           |
|----------------------------------------------------|--------------------|------------------|
|                                                    | 2026               | 2025             |
|                                                    | NZD'000            | NZD'000          |
| <b>Derivative financial instrument assets</b>      |                    |                  |
| Forward foreign exchange contracts                 | 636,218            | 1,496,903        |
| Cross currency swaps                               | 801                | 573              |
| Asset swaps                                        | -                  | 45,506           |
| Futures contracts                                  | -                  | -                |
| TBA forward contracts                              | 367                | -                |
| Total return swaps                                 | 226,590            | 708,734          |
| Credit default swaps                               | 23,227             | 28,311           |
| Interest rate swaps                                | 72,730             | 90,672           |
| Options                                            | 1,789              | 4,217            |
|                                                    | 961,722            | 2,374,916        |
| <b>Derivative financial instrument liabilities</b> |                    |                  |
| Forward foreign exchange contracts                 | 2,768,463          | 1,266,243        |
| Cross currency swaps                               | 27,801             | 28               |
| Futures contracts                                  | -                  | -                |
| TBA forward contracts                              | 27                 | -                |
| Total return swaps                                 | 237,496            | 4,687            |
| Credit default swaps                               | 66,358             | 36,263           |
| Interest rate swaps                                | 5,569              | 8,790            |
|                                                    | 3,105,714          | 1,316,011        |
| <b>Net derivative financial instruments</b>        | <b>(2,143,992)</b> | <b>1,058,905</b> |

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.

## FORWARD FOREIGN EXCHANGE CONTRACTS

|                    | ACTUAL                                                 |                    |                                                        |                 |
|--------------------|--------------------------------------------------------|--------------------|--------------------------------------------------------|-----------------|
|                    | NOTIONAL<br>VALUE - BUY/<br>(SELL) FOREIGN<br>CURRENCY | FAIR VALUE         | NOTIONAL<br>VALUE - BUY/<br>(SELL) FOREIGN<br>CURRENCY | FAIR VALUE      |
|                    | 2026<br>NZD'000                                        | 2026<br>NZD'000    | 2025<br>NZD'000                                        | 2025<br>NZD'000 |
| Less than 3 months | (50,996,204)                                           | (998,793)          | (42,043,851)                                           | 5,954           |
| 3 to 6 months      | (35,770,996)                                           | (585,777)          | (22,168,057)                                           | 7,765           |
| 6 to 9 months      | (12,229,165)                                           | (223,836)          | (15,299,902)                                           | 156,147         |
| 9 to 12 months     | (12,865,632)                                           | (313,325)          | (13,539,728)                                           | 58,410          |
| 1 to 2 years       | (200,000)                                              | (10,514)           | (200,000)                                              | 2,384           |
|                    | <b>(112,061,997)</b>                                   | <b>(2,132,245)</b> | <b>(93,251,538)</b>                                    | <b>230,660</b>  |

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<br>CURRENCY BUY/<br>SELL | ACTUAL            |                 |                   |                 |
|---------------|----------------------------------|-------------------|-----------------|-------------------|-----------------|
|               |                                  | NOTIONAL<br>VALUE | FAIR VALUE      | NOTIONAL<br>VALUE | FAIR VALUE      |
|               |                                  | 2026<br>NZD'000   | 2026<br>NZD'000 | 2025<br>NZD'000   | 2025<br>NZD'000 |
| 1 to 2 years  | NZD/USD                          | 925,973           | (27,801)        | -                 | -               |
| 2 to 5 years  | NZD/USD                          | -                 | -               | 397,529           | (4)             |
| 5 to 10 years | AUD/USD                          | 103,359           | 801             | 96,855            | 549             |
|               |                                  | <b>1,029,332</b>  | <b>(27,000)</b> | <b>494,384</b>    | <b>545</b>      |

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<br>VALUE | FAIR VALUE      | NOTIONAL<br>VALUE | FAIR VALUE      |
|                     | 2026<br>NZD'000   | 2026<br>NZD'000 | 2025<br>NZD'000   | 2025<br>NZD'000 |
| Later than 10 years | -                 | -               | 494,193           | 45,506          |
|                     | <b>-</b>          | <b>-</b>        | <b>494,193</b>    | <b>45,506</b>   |

All asset swaps are settled net.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2026

## SECTION 4: FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

## FUTURES CONTRACTS

|                        | ACTUAL            |            |                   |            |
|------------------------|-------------------|------------|-------------------|------------|
|                        | NOTIONAL<br>VALUE | FAIR VALUE | NOTIONAL<br>VALUE | FAIR VALUE |
|                        | 2026              | 2026       | 2025              | 2025       |
|                        | NZD'000           | NZD'000    | NZD'000           | NZD'000    |
| Equity futures         | 15,629,136        | -          | 14,050,084        | -          |
| Fixed interest futures | 3,104,856         | -          | 2,200,837         | -          |
|                        | <b>18,733,992</b> | <b>-</b>   | <b>16,250,921</b> | <b>-</b>   |

The margin on futures contracts is settled daily.

## TBA FORWARD CONTRACTS

|                        | ACTUAL            |            |                   |            |
|------------------------|-------------------|------------|-------------------|------------|
|                        | NOTIONAL<br>VALUE | FAIR VALUE | NOTIONAL<br>VALUE | FAIR VALUE |
|                        | 2026              | 2026       | 2025              | 2025       |
|                        | NZD'000           | NZD'000    | NZD'000           | NZD'000    |
| <b>Buy protection</b>  |                   |            |                   |            |
| Less than 1 year       | 109,316           | 341        | -                 | -          |
|                        | <b>109,316</b>    | <b>341</b> | <b>-</b>          | <b>-</b>   |
| <b>Sell protection</b> |                   |            |                   |            |
| Less than 1 year       | (5,802)           | (1)        | -                 | -          |
|                        | <b>(5,802)</b>    | <b>(1)</b> | <b>-</b>          | <b>-</b>   |

All TBA forward contracts are settled net.

## TOTAL RETURN SWAPS

|                  | ACTUAL            |                 |                   |                 |
|------------------|-------------------|-----------------|-------------------|-----------------|
|                  | NOTIONAL<br>VALUE | FAIR VALUE      | NOTIONAL<br>VALUE | FAIR VALUE      |
|                  | 2026<br>NZD'000   | 2026<br>NZD'000 | 2025<br>NZD'000   | 2025<br>NZD'000 |
| <b>Equity</b>    |                   |                 |                   |                 |
| Less than 1 year | 22,729,201        | 49,506          | 17,805,182        | 670,951         |
| 1 to 2 years     | 341,602           | (14,815)        | 1,493,097         | -               |
|                  | <b>23,070,803</b> | <b>34,691</b>   | <b>19,298,279</b> | <b>670,951</b>  |
| <b>Bonds</b>     |                   |                 |                   |                 |
| Less than 1 year | 4,552,943         | (45,597)        | 2,304,883         | 33,096          |
| 1 to 2 years     | -                 | -               | 716,567           | -               |
|                  | <b>4,552,943</b>  | <b>(45,597)</b> | <b>3,021,450</b>  | <b>33,096</b>   |

All total return swaps are settled net.

## CREDIT DEFAULT SWAPS

|                        | ACTUAL            |                 |                   |                 |
|------------------------|-------------------|-----------------|-------------------|-----------------|
|                        | NOTIONAL<br>VALUE | FAIR VALUE      | NOTIONAL<br>VALUE | FAIR VALUE      |
|                        | 2026<br>NZD'000   | 2026<br>NZD'000 | 2025<br>NZD'000   | 2025<br>NZD'000 |
| <b>Buy protection</b>  |                   |                 |                   |                 |
| Less than 1 year       | 439,483           | (9,378)         | 198,387           | (1,459)         |
| 1 to 2 years           | -                 | -               | 510,666           | (25,921)        |
| 2 to 5 years           | 1,164,260         | (64,880)        | 707,243           | (11,830)        |
|                        | <b>1,603,743</b>  | <b>(74,258)</b> | <b>1,416,296</b>  | <b>(39,210)</b> |
| <b>Sell protection</b> |                   |                 |                   |                 |
| 1 to 2 years           | -                 | -               | 2,668,500         | 10,311          |
| 2 to 5 years           | 501,709           | 27,956          | 5,130,639         | 20,343          |
| 5 to 10 years          | 9,015,802         | 3,171           | 3,294,622         | 604             |
|                        | <b>9,517,511</b>  | <b>31,127</b>   | <b>11,093,761</b> | <b>31,258</b>   |

All credit default swaps are settled net.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2026

## SECTION 4: FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

## INTEREST RATE SWAPS

|                     | ACTUAL            |               |                   |               |
|---------------------|-------------------|---------------|-------------------|---------------|
|                     | NOTIONAL<br>VALUE | FAIR VALUE    | NOTIONAL<br>VALUE | FAIR VALUE    |
|                     | 2026              | 2026          | 2025              | 2025          |
|                     | NZD'000           | NZD'000       | NZD'000           | NZD'000       |
| Less than 1 year    | 20,000            | 239           | 865,424           | (562)         |
| 1 to 2 years        | 678,500           | 2,420         | 42,000            | 324           |
| 2 to 5 years        | 386,315           | 5,187         | 361,856           | (1,679)       |
| 5 to 10 years       | 234,841           | 1,691         | 104,800           | 4,109         |
| Later than 10 years | 1,447,341         | 57,624        | 578,378           | 79,690        |
|                     | <b>2,766,997</b>  | <b>67,161</b> | <b>1,952,458</b>  | <b>81,882</b> |

All interest rate swaps are settled net.

## OPTIONS

|                  | ACTUAL            |              |                   |              |
|------------------|-------------------|--------------|-------------------|--------------|
|                  | NOTIONAL<br>VALUE | FAIR VALUE   | NOTIONAL<br>VALUE | FAIR VALUE   |
|                  | 2026              | 2026         | 2025              | 2025         |
|                  | NZD'000           | NZD'000      | NZD'000           | NZD'000      |
| <b>Equity</b>    |                   |              |                   |              |
| Less than 1 year | 168,318           | 646          | 482,923           | 1,885        |
| 1 to 2 years     | 173,799           | 1,143        | 141,751           | 2,332        |
|                  | <b>342,117</b>    | <b>1,789</b> | <b>624,674</b>    | <b>4,217</b> |

## (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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2026

## SECTION 4: FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

## (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<br>OFFSET  |                                                                              |                                                                             | RELATED AMOUNTS NOT<br>OFFSET                                      |                    |                    |
|                                             | GROSS<br>AMOUNTS   | GROSS<br>AMOUNTS SET-<br>OFF IN THE<br>STATEMENT OF<br>FINANCIAL<br>POSITION | NET AMOUNTS<br>PRESENTED IN<br>THE<br>STATEMENT OF<br>FINANCIAL<br>POSITION | FINANCIAL<br>INSTRUMENTS<br>(INCLUDING<br>NON-CASH<br>COLLATERAL)* | CASH<br>COLLATERAL | NET AMOUNT         |
| 2026                                        | NZD'000            | NZD'000                                                                      | NZD'000                                                                     | NZD'000                                                            | NZD'000            | NZD'000            |
| <b>Financial assets</b>                     |                    |                                                                              |                                                                             |                                                                    |                    |                    |
| Derivative financial instrument assets      | 1,143,371          | 181,649                                                                      | 961,722                                                                     | -                                                                  | 256,020            | 705,702            |
| Reverse repurchase agreements               | 569,570            | -                                                                            | 569,570                                                                     | 591,949                                                            | -                  | (22,379)           |
| Securities lending agreements               | 6,094,251          | -                                                                            | 6,094,251                                                                   | 5,482,432                                                          | 574,614            | 37,205             |
|                                             | <b>7,807,192</b>   | <b>181,649</b>                                                               | <b>7,625,543</b>                                                            | <b>6,074,381</b>                                                   | <b>830,634</b>     | <b>720,528</b>     |
| <b>Financial liabilities</b>                |                    |                                                                              |                                                                             |                                                                    |                    |                    |
| Derivative financial instrument liabilities | (3,287,363)        | (181,649)                                                                    | (3,105,714)                                                                 | -                                                                  | (346,041)          | (2,759,673)        |
|                                             | <b>(3,287,363)</b> | <b>(181,649)</b>                                                             | <b>(3,105,714)</b>                                                          | <b>-</b>                                                           | <b>(346,041)</b>   | <b>(2,759,673)</b> |
| 2025                                        |                    |                                                                              |                                                                             |                                                                    |                    |                    |
| <b>Financial assets</b>                     |                    |                                                                              |                                                                             |                                                                    |                    |                    |
| 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              |
|                                             | <b>9,322,602</b>   | <b>48,472</b>                                                                | <b>9,274,130</b>                                                            | <b>6,501,746</b>                                                   | <b>1,222,533</b>   | <b>1,549,851</b>   |
| <b>Financial liabilities</b>                |                    |                                                                              |                                                                             |                                                                    |                    |                    |
| Derivative financial instrument liabilities | (1,364,483)        | (48,472)                                                                     | (1,316,011)                                                                 | -                                                                  | (23,820)           | (1,292,191)        |
|                                             | <b>(1,364,483)</b> | <b>(48,472)</b>                                                              | <b>(1,316,011)</b>                                                          | <b>-</b>                                                           | <b>(23,820)</b>    | <b>(1,292,191)</b> |

\* 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.

**(h) Trade and other payables**

|                                                           | ACTUAL         | ACTUAL         |
|-----------------------------------------------------------|----------------|----------------|
|                                                           | 2026           | 2025           |
|                                                           | NZD'000        | NZD'000        |
| Accrued expenses                                          | 27,244         | 37,896         |
| Unsettled purchases                                       | 436,406        | 371,771        |
| Amounts owed for reimbursement of the Guardians' expenses | 12,313         | 23,444         |
|                                                           | <b>475,963</b> | <b>433,111</b> |
| Represented by:                                           |                |                |
| Current                                                   | 474,710        | 431,452        |
| Non-current                                               | 1,253          | 1,659          |
|                                                           | <b>475,963</b> | <b>433,111</b> |

**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            |
|------------------------------------------------------------------------------|-------------------|-------------------|
|                                                                              | 2026              | 2025              |
|                                                                              | NZD'000           | NZD'000           |
| <b>Financial assets</b>                                                      |                   |                   |
| Investments - derivative financial instrument assets                         | 97,663            | 166,835           |
| Investments - other financial assets (including unconsolidated subsidiaries) | 21,708,134        | 18,667,975        |
|                                                                              | <b>21,805,797</b> | <b>18,834,810</b> |
| <b>Financial liabilities</b>                                                 |                   |                   |
| Trade and other payables                                                     | 1,253             | 1,659             |
| Investments - derivative financial instrument liabilities                    | 115,680           | 42,450            |
|                                                                              | <b>116,933</b>    | <b>44,109</b>     |
| <b>Net financial assets</b>                                                  | <b>21,688,864</b> | <b>18,790,701</b> |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2026

## SECTION 5: NON-FINANCIAL ASSETS AND LIABILITIES

## (a) Provision for performance-based fees

|                                                 | ACTUAL  | ACTUAL  |
|-------------------------------------------------|---------|---------|
|                                                 | 2026    | 2025    |
|                                                 | NZD'000 | NZD'000 |
| <b>Opening balance</b>                          | -       | 6,085   |
| New provision during the year                   | -       | -       |
| Unused provision released during the year       | -       | (6,085) |
| Current portion transferred to accrued expenses | -       | -       |
| <b>Closing balance</b>                          | -       | -       |

**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.

## 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 2054 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](https://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. During the year, \$7,634,000 (2025: \$nil) relating to assets disposed of was transferred from the asset revaluation reserve to retained surplus. The transfer had no impact on profit for the year.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2026

## SECTION 7: FINANCIAL PERFORMANCE

## (a) Income

|                                                                                         | ACTUAL<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 |
|-----------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Net operating income</b>                                                             |                           |                           |
| Interest income                                                                         | 752,974                   | 838,561                   |
| Dividend income                                                                         | 1,025,941                 | 931,094                   |
| Net changes in fair value on financial instruments at fair value through profit or loss | 11,504,823                | 7,271,932                 |
| Net foreign exchange gains                                                              | (1,236,495)               | 34,745                    |
| Other income                                                                            | 12,629                    | 9,369                     |
|                                                                                         | <b>12,059,872</b>         | <b>9,085,701</b>          |
| <b>Interest income</b>                                                                  |                           |                           |
| Interest income - financial instruments at fair value through profit or loss            | 508,512                   | 305,140                   |
| Interest income - financial assets at amortised cost                                    | 244,462                   | 533,421                   |
|                                                                                         | <b>752,974</b>            | <b>838,561</b>            |

**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.

**(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:

| 2026                                             | ACTUAL             |                    |                     |                      | TOTAL     |
|--------------------------------------------------|--------------------|--------------------|---------------------|----------------------|-----------|
|                                                  | INTEREST<br>INCOME | DIVIDEND<br>INCOME | FAIR VALUE<br>GAINS | FAIR VALUE<br>LOSSES |           |
|                                                  | NZD'000            | NZD'000            | NZD'000             | NZD'000              | NZD'000   |
| Fixed income securities:                         |                    |                    |                     |                      |           |
| Asset-backed securities                          | 41,334             |                    | 76,924              | (81,238)             | 37,020    |
| Agency mortgage-backed securities                | 43,008             |                    | 17,583              | (5,765)              | 54,826    |
| Shareholder loans                                | 93,794             |                    |                     |                      | 93,794    |
| Fixed income exchange traded funds               |                    |                    |                     |                      | -         |
| Collective investment funds                      | 5,942              |                    | 451,554             |                      | 457,496   |
| Insurance-linked investments - catastrophe bonds | 75,451             |                    | 9,109               | (9,281)              | 75,279    |
| Private equity investment funds                  |                    | 162,444            | 590,093             | (274,066)            | 478,471   |
| Reverse repurchase agreements                    |                    |                    |                     |                      | -         |
| Unconsolidated subsidiaries                      |                    | 18,740             | 1,214,437           | (83,467)             | 1,149,710 |
| 2025                                             |                    |                    |                     |                      |           |
| 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   |

**(c) Operating expenditure**

|                                                                              | ACTUAL         | ACTUAL         |
|------------------------------------------------------------------------------|----------------|----------------|
|                                                                              | 2026           | 2025           |
|                                                                              | NZD'000        | NZD'000        |
| Reimbursement of Guardians' expenses                                         | 87,746         | 101,407        |
| Managers' fees - base                                                        | 59,161         | 58,000         |
| Managers' fees - performance                                                 | 5,900          | 7,436          |
| Custody fees                                                                 | 7,597          | 7,205          |
| Depreciation                                                                 | 693            | 577            |
| (Gain)/loss on disposal of property, plant and equipment                     | 490            | (2)            |
| (Reversal of impairment)/impairment loss on assets carried at amortised cost | 20,098         | (43,109)       |
| Fees for audit firms' services                                               | 849            | 743            |
| Professional advisors                                                        | 8,840          | 4,629          |
| Trade expenses                                                               | 11,303         | 12,118         |
| Other expenses                                                               | 14,611         | 13,487         |
|                                                                              | <b>217,288</b> | <b>162,491</b> |

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 June 2026

**SECTION 7: FINANCIAL PERFORMANCE (CONTINUED)****(d) Fees for audit firms' services**

|                                                                                                                                    | ACTUAL     | ACTUAL     |
|------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
|                                                                                                                                    | 2026       | 2025       |
|                                                                                                                                    | NZD'000    | NZD'000    |
| Audit of the NZ Super Fund's financial statements                                                                                  | 748        | 720        |
| 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         |
| GHG Emissions                                                                                                                      | 95         | -          |
|                                                                                                                                    | 101        | 23         |
|                                                                                                                                    | <b>849</b> | <b>743</b> |

The auditor of the NZ Super Fund is Emma Winsloe of Ernst & Young, on behalf of the Auditor-General.

**(e) Income tax**

The income tax expense included in the Statement of Comprehensive Income is analysed as follows:

|                                                                                | ACTUAL<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 |
|--------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Components of income tax expense</b>                                        |                           |                           |
| Current tax expense:                                                           |                           |                           |
| Current period                                                                 | 1,142,361                 | 1,626,089                 |
| Prior period adjustments                                                       | 54,155                    | 129,064                   |
|                                                                                | <b>1,196,516</b>          | <b>1,755,153</b>          |
| Deferred tax expense/(income):                                                 |                           |                           |
| Current period                                                                 | (6,621)                   | 21,793                    |
| Prior period adjustments                                                       | -                         | 188                       |
|                                                                                | <b>(6,621)</b>            | <b>21,981</b>             |
|                                                                                | <b>1,189,895</b>          | <b>1,777,134</b>          |
| <b>Reconciliation of income tax expense and accounting profit for the year</b> |                           |                           |
| Profit for the year before income tax expense                                  | 11,842,584                | 8,923,210                 |
| Income tax expense calculated at 28%                                           | 3,315,924                 | 2,498,499                 |
| Fair Dividend Rate*                                                            | (1,780,862)               | (939,476)                 |
| Dividend imputation credits                                                    | (25,526)                  | (26,395)                  |
| Portfolio Investment Entities Regime                                           | (14,071)                  | 318,091                   |
| Controlled Foreign Companies Regime                                            | (370,953)                 | (184,203)                 |
| Prior period adjustments                                                       | 54,155                    | 129,252                   |
| Other items                                                                    | 11,228                    | (18,634)                  |
|                                                                                | <b>1,189,895</b>          | <b>1,777,134</b>          |

\* 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2026

## SECTION 7: FINANCIAL PERFORMANCE (CONTINUED)

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      |
|------------------------------------------------------------------------------|--------------|-------------|
|                                                                              | 2026         | 2025        |
|                                                                              | NZD'000      | NZD'000     |
| <b>Opening balance</b>                                                       | (54)         | 21,927      |
| Tax credits receivable                                                       | 449          | 36          |
| Impairment loss/(reversal of impairment) on assets carried at amortised cost | 5,628        | (21,721)    |
| Other items                                                                  | 544          | (296)       |
| Deferred tax credited/(charged) to income tax expense                        | 6,621        | (21,981)    |
| <b>Closing balance</b>                                                       | <b>6,567</b> | <b>(54)</b> |

**Accounting policy**

In accordance with Section HR 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.

**(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             |
|-------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------|
|                                                                                                                         | 2026              | 2025               |
|                                                                                                                         | NZD'000           | NZD'000            |
| <b>Profit for the year after income tax expense</b>                                                                     | <b>10,652,689</b> | <b>7,146,076</b>   |
| <b>Add/(deduct) non-cash items:</b>                                                                                     |                   |                    |
| Depreciation                                                                                                            | 693               | 577                |
| (Reversal of impairment)/impairment loss on assets carried at amortised cost                                            | 20,098            | (43,109)           |
| Net changes in fair value on financial instruments at fair value through profit or loss                                 | (11,504,823)      | (7,271,932)        |
| Net foreign exchange gains                                                                                              | 1,236,495         | (34,745)           |
| Increase/(decrease) in deferred tax liability/asset                                                                     | (6,621)           | 21,981             |
| Other non-cash items                                                                                                    | (97,310)          | 48,230             |
| <b>Add items classified as investing activities:</b>                                                                    |                   |                    |
| Loss/(gain) on disposal of property, plant and equipment                                                                | 490               | (2)                |
| <b>Add/(deduct) movements in working capital:</b>                                                                       |                   |                    |
| (Increase)/decrease in assets:                                                                                          |                   |                    |
| Trade and other receivables                                                                                             | (723,259)         | 176,043            |
| Other assets                                                                                                            | 65,026            | (65,026)           |
| Increase/(decrease) in liabilities:                                                                                     |                   |                    |
| Trade and other payables                                                                                                | 42,852            | (362,284)          |
| Provisions                                                                                                              | -                 | (6,085)            |
| Income tax payable                                                                                                      | (1,330,131)       | 213,390            |
| <b>Add/(deduct) movements in net assets and liabilities related to operating cash flows not included in net profit:</b> |                   |                    |
| Unsettled sales                                                                                                         | 711,770           | (186,998)          |
| Unsettled purchases                                                                                                     | (64,820)          | 315,056            |
| <b>Deduct net operating cash flows not included in net profit*</b>                                                      | <b>488,856</b>    | <b>(989,818)</b>   |
| <b>Net cash used in operating activities</b>                                                                            | <b>(507,995)</b>  | <b>(1,038,646)</b> |

\* 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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 June 2026

**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 2026 (2025: \$nil).

**CAPITAL COMMITMENTS**

At 30 June 2026, the NZ Super Fund had outstanding commitments to private equity investment funds and collective investment funds (excluding those classified as unconsolidated subsidiaries) totalling \$1,715,632,000 (2025: \$1,824,330,000), of which \$30,616,000 has been called but not yet paid (2025: \$21,129,000). 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 \$979,208,000 for follow on capital (2025: \$884,078,000). 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 2026, the NZ Super Fund had outstanding commitments under loan agreements (excluding those to unconsolidated subsidiaries) totalling \$415,478,000 (2025: \$312,850,000). 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 (2025: \$nil).

**(b) Events after the reporting date**

There were no material events after balance date that have a material impact on the financial statements.

## 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 2026 was \$87,746,000 (2025: \$101,407,000). The related party payable to the Guardians as at 30 June 2026 is \$12,313,000 (2025: \$23,444,000).

#### 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  |
|--------------------|---------|---------|
|                    | 2026    | 2025    |
|                    | NZD'000 | NZD'000 |
| Interest income    | 112,785 | 116,031 |
| Dividend income    | 18,740  | 6,684   |
| Other income       | 376     | 146     |
| Drawdown of loans  | 30,000  | -       |
| Repayment of loans | 124,449 | 197,437 |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2026

## SECTION 9: OTHER INFORMATION (CONTINUED)

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<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 |
|-------------------------------------------------|-------------|---------------------------|---------------------------|
|                                                 | MATURITY    |                           |                           |
| <b>Interest bearing loans</b>                   |             |                           |                           |
| NZSF Australian Rural Holdings Trust            | (i)         | 100,534                   | 84,658                    |
| Palgrove Holdings Pty Limited                   | (ii)        | 34,361                    | 28,858                    |
| NZSF Euro Limited                               | (iii)       | 729,563                   | 797,001                   |
| NZSF Horticulture Investments Limited           | 30 Jun 2026 | 5,000                     | 5,000                     |
| <b>Interest free loans, repayable on demand</b> |             |                           |                           |
| NZSF Canterbury Farms Limited                   |             | 116,803                   | 105,201                   |
| NZSF Rural Land Limited                         |             | 126,595                   | 101,791                   |
| NZSF Southland Farms Limited                    |             | 39,922                    | 40,495                    |
| NZSF Waikato Farms Limited                      |             | 10,930                    | 8,531                     |
| NZSF Timber Investments Limited                 |             | 899,473                   | 933,777                   |
| NZSF Euro Limited                               | (iii)       | 291,744                   | 291,744                   |
|                                                 |             | <b>2,354,925</b>          | <b>2,397,056</b>          |

(i) \$99,681,000 is repayable by 14 August 2027 and \$853,000 is repayable by 31 March 2028.

(ii) \$17,522,000 is repayable by 14 August 2027 and \$16,839,000 is repayable by 31 March 2028.

(iii) \$310,464,000 is repayable by 16 August 2033, \$304,244,000 is repayable by 1 September 2033 and \$406,599,000 is repayable by 10 June 2034.

The NZ Super Fund has made the following financial commitments to unconsolidated subsidiaries:

|                                                                     | NOTE | COMMITMENT<br>EXPIRY DATE | ACTUAL           |                  |                  |                  |
|---------------------------------------------------------------------|------|---------------------------|------------------|------------------|------------------|------------------|
|                                                                     |      |                           | TOTAL            | OUTSTANDING      | TOTAL            | OUTSTANDING      |
|                                                                     |      |                           | COMMITMENT       | COMMITMENT       | COMMITMENT       | COMMITMENT       |
|                                                                     |      |                           | 2026             | 2026             | 2025             | 2025             |
|                                                                     |      |                           | NZD'000          | NZD'000          | NZD'000          | NZD'000          |
| Ara Fund Co-Investment G, SCSp                                      |      | No expiry date            | 105,476          | 41,019           | 98,839           | 65,905           |
| Bain Capital Credit Managed Account (NZSF), Limited Partnership     | (i)  | 30 Jun 2020               | 311,526          | 229,489          | 299,722          | 203,191          |
| BTF II-C Co-Invest, Limited Partnership                             |      | 18 May 2027               | 175,793          | 62,482           | 164,731          | 75,126           |
| Canyon NZ-DOF Investing Limited Partnership                         | (i)  | 1 Nov 2023                | 439,483          | 39,553           | 411,828          | 37,064           |
| Fifth Wall Ventures III SPV XXVIII, Limited Partnership             |      | No expiry date            | 69,124           | 76               | 64,774           | 71               |
| KKR NZSF Energy Investor Limited Partnership                        | (ii) | 12 Feb 2019               | 439,483          | 251,596          | 411,828          | 235,972          |
| N-Data Center Portfolio Co-Investor, LLC                            |      | No expiry date            | 146,633          | -                | 137,406          | -                |
| N-Novva Co-Investor, LLC                                            |      | No expiry date            | 610,743          | -                | 572,311          | -                |
| NZ Super SMA SCSp SICAV RAIF                                        |      | 28 Oct 2040               | 502,461          | 498,391          | -                | -                |
| NZSF Beachlands Limited                                             |      | No expiry date            | -                | -                | 3,810            | 498              |
| NZSF Horticulture Investments Limited                               |      | 30 Jun 2026               | 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           | 8,839            |
| NZSF Land Development Limited                                       | (i)  | 5 Oct 2023                | 240,000          | 183,644          | 240,000          | 196,444          |
| NZSF Renewables NZ Limited                                          |      | 31 Dec 2026               | 7,595            | 152              | 7,058            | 80               |
| NZSF Side Car (Movac) Limited Partnership                           | (i)  | 25 Nov 2021               | 25,000           | 2,062            | 25,000           | 2,090            |
| NZSF Side Car (Pioneer) Limited Partnership                         | (i)  | 7 Mar 2022                | 60,000           | 2,301            | 60,000           | 2,432            |
| NZSF US Renewables, Inc.                                            |      | No expiry date            | 754,675          | -                | 707,186          | 90,802           |
| NZSF Variable Co-Investment (Direct Capital) Limited Partnership    | (i)  | 14 Dec 2022               | 50,000           | 4,248            | 50,000           | 4,593            |
| StepStone NZ Infrastructure Opportunities Fund, Limited Partnership |      | 31 Aug 2026               | 659,224          | 341,241          | 411,828          | 249,359          |
| StepStone Opportunities VC NZ, Limited Partnership                  |      | No expiry date            | 791,069          | 606,957          | 164,731          | 96,724           |
| StepStone Opportunities VC NZ, Limited                              |      | 27 Sep 2028               | 87,897           | 2,130            | 82,366           | 32,730           |
| Stonepeak Fern Investment Partners, Limited Partnership             |      | 6 Jan 2034                | 263,690          | 131,598          | 247,097          | 123,317          |
| Sutherland Timber Parent, Limited Partnership                       |      | No expiry date            | 351,586          | 81,212           | 247,097          | 125,368          |
|                                                                     |      |                           | <b>6,157,372</b> | <b>2,487,119</b> | <b>4,480,326</b> | <b>1,555,934</b> |

(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 may continue to call capital under restricted conditions. Of the total outstanding commitment stated above, \$63,718,000 (2025: \$59,916,000) is available for permitted follow-on investments, with the remainder available only for partnership expenses.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2026

## SECTION 9: OTHER INFORMATION (CONTINUED)

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 \$327,658,000 (equivalent to USD 186,389,000) (2025: \$162,851,000) of which NZSF US Renewables, Inc.'s share is \$129,469,000 (equivalent to USD 80,884,000) (2025: \$70,669,000).

**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<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 |
|-------------------|---------------------------|---------------------------|
| Dividend income   | -                         | 4,962                     |
| Interest income   | 1,882                     | 1,355                     |
| Other income      | 697                       | 922                       |
| Drawdown of loans | 2,788                     | 25,163                    |

At 30 June 2026, the NZ Super Fund had two loans to an associate, Galileo Green Energy GmbH, totalling \$66,379,000 (2025: \$59,356,000). Both loans are interest bearing, \$63,565,000 being repayable by 4 February 2040 and \$2,814,000 being repayable by 9 April 2029.

At 30 June 2026, the NZ Super Fund had two outstanding commitments to associates, Sustainable Communities Infrastructure Trust, totalling \$1,019,000 (2025: \$904,000) with no expiry date, and Galileo Green Energy GMBH, totalling \$17,285,000 (2025: \$23,543,000) with a 9 April 2029 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<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 |
|-----------------|---------------------------|---------------------------|
| Dividend income | 7,784                     | 11,060                    |
| Other income    | 379                       | 438                       |

At 30 June 2026, the NZ Super Fund had no loans or commitments to joint ventures (2025: nil).

**OTHER GOVERNMENT-RELATED ENTITIES**

At balance date, the NZ Super Fund held fixed income securities issued by the New Zealand Government valued at \$84,379,000 (2025: \$82,920,000). Interest income earned from these investments during the year was \$3,143,000 (2025: \$2,142,000).

At balance date, the NZ Super Fund held inflation-indexed securities issued by the New Zealand Government valued at \$133,731,000 (2025: \$289,625,000). Income earned from these investments during the year was \$3,295,000 (2025: \$5,810,000).

At balance date, the NZ Super Fund held no fixed income securities issued by Housing New Zealand Limited (2025: nil). Interest income earned from these investments during the year was \$nil (2025: \$586,000).

At balance date, the NZ Super Fund held no fixed income securities issued by Kiwibank Limited (2025: \$26,823,000). Interest income earned from these investments during the year was \$529,000 (2025: \$69,000).

At balance date, the NZ Super Fund held 37,271,000 (2025: 35,387,000) shares in Meridian Energy Limited, valued at \$216,916,000 (2025: \$208,781,000). Dividend income earned during the year from holdings in this entity amounted to \$7,419,000 (2025: \$6,579,000).

At balance date, the NZ Super Fund held no shares (2025: 797,000) shares in Air New Zealand Limited, valued at \$nil (2025: \$466,000). Dividend income earned during the year from holdings in this entity amounted to \$13,000 (2025: \$nil).

At balance date, the NZ Super Fund held 15,421,000 (2025: 8,850,000) shares in Mercury NZ Limited, valued at \$106,405,000 (2025: \$53,189,000). Dividend income earned during the year from holdings in this entity amounted to \$2,060,000 (2025: \$2,170,000).

At balance date, the NZ Super Fund held 14,331,000 (2025: nil) shares in Genesis Energy Limited, valued at \$37,117,000 (2025: \$nil). Dividend income earned during the year from holdings in this entity amounted to \$nil (2025: \$nil).

**(b) Comparison to budget (unaudited)**

During the year ended 30 June 2026 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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

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 the audit of the financial statements on his behalf.

### OPINION

We have audited the financial statements of the Fund that comprise the statement of financial position as at 30 June 2026, the statement of comprehensive income, statement of changes in public equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include material accounting policy information and other explanatory information on pages 145 to 199.

In our opinion the financial statements of the Fund present fairly, in all material respects, its financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended, in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

### 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 audit opinion.

### RESPONSIBILITIES OF THE BOARD FOR THE FINANCIAL STATEMENTS

The Board is responsible on behalf of the Fund for preparing financial statements that fairly present the Fund's financial position, financial performance, and its cash flows, and comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 the Board either intends to liquidate the Fund or cease operations, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004.

### RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit 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 financial statements.

We did not evaluate the security and controls over the electronic publication of the 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 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 information we audited 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 financial statements, including the disclosures, and whether the 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 financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon in this auditor's report. We have also issued audit reports in relation to the financial reporting of Guardians of New Zealand Superannuation and Elevate NZ Venture Fund as described in those reports.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 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)* as applicable for audits of public interest entities 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 the Fund invests in. 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  
30 September 2026

**STATEMENT OF RESPONSIBILITY**

For the year ended 30 June 2026

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 2026 fairly reflect the financial position, operations and cash flows of the Elevate NZ Venture Fund and Group.

**JOHN WILLIAMSON**CHAIR  
30 September 2026**JO TOWNSEND**CHIEF EXECUTIVE OFFICER  
30 September 2026

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| As at 30 June 2026                            | NOTE          | ACTUAL<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 |
|-----------------------------------------------|---------------|---------------------------|---------------------------|
| <b>ASSETS</b>                                 |               |                           |                           |
| <b>Current assets</b>                         |               |                           |                           |
| Cash and cash equivalents                     | 4.a, 4.b      | 5,957                     | 15,002                    |
| Receivables                                   | 4.a, 4.c      | 5,509                     | -                         |
| <b>Total current assets</b>                   |               | <b>11,466</b>             | <b>15,002</b>             |
| <b>Non-current assets</b>                     |               |                           |                           |
| Investments                                   | 2.a, 4.a, 4.d | 247,875                   | 169,037                   |
| <b>Total non-current assets</b>               |               | <b>247,875</b>            | <b>169,037</b>            |
| <b>Total assets</b>                           |               | <b>259,341</b>            | <b>184,039</b>            |
| <b>LIABILITIES</b>                            |               |                           |                           |
| <b>Current liabilities</b>                    |               |                           |                           |
| Trade and other payables                      | 4.a, 4.e      | 763                       | 1,319                     |
| <b>Total current liabilities</b>              |               | <b>763</b>                | <b>1,319</b>              |
| <b>Total liabilities</b>                      |               | <b>763</b>                | <b>1,319</b>              |
| <b>Net assets</b>                             |               | <b>258,578</b>            | <b>182,720</b>            |
| <b>PUBLIC EQUITY</b>                          |               |                           |                           |
| Accumulated comprehensive revenue and expense |               | 57,178                    | 3,223                     |
| Contributed capital                           | 5.a           | 201,400                   | 179,497                   |
| <b>Total public equity</b>                    |               | <b>258,578</b>            | <b>182,720</b>            |

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 2026                                 | NOTE | ACTUAL<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 |
|-----------------------------------------------------------------|------|---------------------------|---------------------------|
| Net operating revenue                                           | 6.a  | 57,196                    | 5,834                     |
| Expenses                                                        | 6.c  | 3,241                     | 3,139                     |
| <b>Surplus/(deficit) for the year before income tax expense</b> |      | <b>53,955</b>             | <b>2,695</b>              |
| Income tax expense                                              | 6.e  | -                         | -                         |
| <b>Surplus/(deficit) for the year after income tax expense</b>  |      | <b>53,955</b>             | <b>2,695</b>              |
| Other comprehensive revenue and expense                         |      | -                         | -                         |
| <b>Total comprehensive revenue and expense for the year</b>     |      | <b>53,955</b>             | <b>2,695</b>              |

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 2026

|                                                      | NOTE | ACTUAL                            |                                                                   |                  |
|------------------------------------------------------|------|-----------------------------------|-------------------------------------------------------------------|------------------|
|                                                      |      | CONTRIBUTED<br>CAPITAL<br>NZD'000 | ACCUMULATED<br>COMPREHENSIVE<br>REVENUE AND<br>EXPENSE<br>NZD'000 | TOTAL<br>NZD'000 |
| <b>Balance at 30 June 2024</b>                       |      | <b>161,452</b>                    | <b>528</b>                                                        | <b>161,980</b>   |
| Total comprehensive revenue and expense for the year |      |                                   | 2,695                                                             | 2,695            |
| Capital contributions from the Crown                 | 5.a  | 18,045                            |                                                                   | 18,045           |
| <b>Balance at 30 June 2025</b>                       |      | <b>179,497</b>                    | <b>3,223</b>                                                      | <b>182,720</b>   |
| Total comprehensive revenue and expense for the year |      |                                   | 53,955                                                            | 53,955           |
| Capital contributions from the Crown                 | 5.a  | 21,903                            |                                                                   | 21,903           |
| <b>Balance at 30 June 2026</b>                       |      | <b>201,400</b>                    | <b>57,178</b>                                                     | <b>258,578</b>   |

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 2026                             | NOTE     | ACTUAL<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 |
|-------------------------------------------------------------|----------|---------------------------|---------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |          |                           |                           |
| <b>Cash was provided from:</b>                              |          |                           |                           |
| Proceeds from sale of investments                           |          | 1,450                     | 20,437                    |
| Interest received                                           |          | 268                       | 663                       |
| Other income                                                |          | 49                        | -                         |
| <b>Total cash inflow from operating activities</b>          |          | <b>1,767</b>              | <b>21,100</b>             |
| <b>Cash was applied to:</b>                                 |          |                           |                           |
| Purchases of investments                                    |          | (23,989)                  | (36,403)                  |
| Managers' fees                                              |          | (2,589)                   | (2,629)                   |
| Reimbursement of Guardians' expenses                        |          | (563)                     | (500)                     |
| Payments to suppliers                                       |          | (65)                      | (60)                      |
| <b>Total cash outflow from operating activities</b>         |          | <b>(27,206)</b>           | <b>(39,592)</b>           |
| <b>Net cash flows used in operating activities</b>          |          | <b>(25,439)</b>           | <b>(18,492)</b>           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |          |                           |                           |
| <b>Cash was provided from:</b>                              |          |                           |                           |
| Capital contributions from the Crown                        |          | 16,394                    | 18,045                    |
| <b>Net cash flows provided by financing activities</b>      |          | <b>16,394</b>             | <b>18,045</b>             |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |          | <b>(9,045)</b>            | <b>(447)</b>              |
| Cash and cash equivalents at the beginning of the year      |          | 15,002                    | 15,449                    |
| <b>Cash and cash equivalents at the end of the year</b>     | 4.a, 4.b | <b>5,957</b>              | <b>15,002</b>             |

The attached notes form part of, and should be read in conjunction with, these consolidated financial statements.

| For the year ended 30 June 2026                                                                                      | NOTE | ACTUAL<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 |
|----------------------------------------------------------------------------------------------------------------------|------|---------------------------|---------------------------|
| <b>RECONCILIATION OF SURPLUS/(DEFICIT) FOR THE YEAR TO NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b> |      |                           |                           |
| <b>Surplus/(deficit) for the year</b>                                                                                |      | 53,955                    | 2,695                     |
| <b>Add/(deduct) non-cash items:</b>                                                                                  |      |                           |                           |
| Net changes in fair value on financial instruments at fair value through surplus or deficit                          | 2.c  | (56,879)                  | (5,169)                   |
| <b>Add/(deduct) movements in working capital:</b>                                                                    |      |                           |                           |
| (Increase)/decrease in assets:                                                                                       |      |                           |                           |
| Receivables excluding capital contributions from the Crown                                                           |      | -                         | 23                        |
| Increase/(decrease) in liabilities:                                                                                  |      |                           |                           |
| Trade and other payables excluding unpaid investment called                                                          |      | 24                        | (75)                      |
| <b>Add/(deduct) net operating cash flows not included in net surplus/(deficit)*</b>                                  |      | (22,539)                  | (15,966)                  |
| <b>Net cash used in operating activities</b>                                                                         |      | <b>(25,439)</b>           | <b>(18,492)</b>           |

\* 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 2026

**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 235.

The consolidated financial statements of the Group for the year ended 30 June 2026 were authorised for issue in accordance with a resolution of the Board of the Guardians of New Zealand Superannuation on 30 September 2026.

**(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)).

### (e) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Elevate Fund and its subsidiary as at 30 June 2026.

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 |       |
|---------------------------------------------|------|--------------|--------------------------|--------------------|-------|
|                                             |      |              |                          | 2026               | 2025  |
|                                             |      |              |                          | %                  | %     |
| 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 June 2026

**SECTION 1: GENERAL INFORMATION, STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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.

**(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.

## 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                           |          |                      |                      |                      |                                   |                                          |                  |
|----------------------------------|----------|----------------------|----------------------|----------------------|-----------------------------------|------------------------------------------|------------------|
| 2026                             | NOTE     | (LEVEL 1)<br>NZD'000 | (LEVEL 2)<br>NZD'000 | (LEVEL 3)<br>NZD'000 | TOTAL AT<br>FAIR VALUE<br>NZD'000 | TOTAL NOT<br>AT FAIR<br>VALUE<br>NZD'000 | TOTAL<br>NZD'000 |
| <b>ASSETS</b>                    |          |                      |                      |                      |                                   |                                          |                  |
| <b>Investments</b>               |          |                      |                      |                      |                                   |                                          |                  |
| Venture capital investment funds | 4.a, 4.d |                      |                      | 247,875              | 247,875                           |                                          | 247,875          |
|                                  |          | -                    | -                    | 247,875              | 247,875                           | -                                        | 247,875          |
| 2025                             |          |                      |                      |                      |                                   |                                          |                  |
| <b>ASSETS</b>                    |          |                      |                      |                      |                                   |                                          |                  |
| <b>Investments</b>               |          |                      |                      |                      |                                   |                                          |                  |
| Venture capital investment funds | 4.a, 4.d |                      |                      | 169,037              | 169,037                           |                                          | 169,037          |
|                                  |          | -                    | -                    | 169,037              | 169,037                           | -                                        | 169,037          |

#### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2026

## SECTION 2: FAIR VALUE (CONTINUED)

**(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 are 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.

### (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<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 |
|------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Opening balance</b>                                                 | <b>169,037</b>            | <b>147,859</b>            |
| Unrealised gains/(losses) recognised in surplus/(deficit) for the year | 56,221                    | (1,414)                   |
| Realised gains recognised in surplus/(deficit) for the year            | 658                       | 6,583                     |
| Purchases                                                              | 23,409                    | 35,866                    |
| Sales                                                                  | (1,450)                   | (20,437)                  |
| Unpaid investment called                                               | -                         | 580                       |
| <b>Closing balance</b>                                                 | <b>247,875</b>            | <b>169,037</b>            |

### (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<br>OBSERVABLE INPUT | MOVEMENT | IMPACT ON FAIR<br>VALUE MEASUREMENT |                     |
| 2026                             |                                |          | INCREASE<br>NZD'000                 | DECREASE<br>NZD'000 |
|                                  |                                | %        |                                     |                     |
| Venture capital investment funds | (i)                            | 30       | 74,363                              | (74,363)            |
| 2025                             |                                |          |                                     |                     |
| Venture capital investment funds | (i)                            | 30       | 50,711                              | (50,711)            |

(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% (2025: 25%-35%) based on internal risk modelling.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2026

## 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 2026, 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 \$328,000 (2025: \$430,000 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.

### (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 2026 (2025: AA-).

The following tables analyse the Group's concentration of credit risk by geographical and industrial distribution.

|                                  | ACTUAL<br>2026<br>% | ACTUAL<br>2025<br>% |
|----------------------------------|---------------------|---------------------|
| <b>By geography</b>              |                     |                     |
| New Zealand                      | 100                 | 100                 |
|                                  | <b>100</b>          | <b>100</b>          |
| <b>By industry</b>               |                     |                     |
| Venture capital investment funds | 100                 | 100                 |
|                                  | <b>100</b>          | <b>100</b>          |

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 2026, 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2026

## SECTION 3: RISK MANAGEMENT (CONTINUED)

## (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            |                        |                                                    | ASSETS OF THE<br>STRUCTURED<br>ENTITIES |
|                                  | CARRYING<br>VALUE OF<br>INVESTMENTS | UNDRAWN<br>COMMITMENTS | TOTAL<br>INVESTMENTS<br>AND UNDRAWN<br>COMMITMENTS |                                         |
| 2026                             | NZD'000                             | NZD'000                | NZD'000                                            | NZD'000                                 |
| Venture capital investment funds | 247,875                             | 75,379                 | 323,254                                            | 903,832                                 |
|                                  | <b>247,875</b>                      | <b>75,379</b>          | <b>323,254</b>                                     | <b>903,832</b>                          |
| 2025                             |                                     |                        |                                                    |                                         |
| Venture capital investment funds | 169,037                             | 73,747                 | 242,784                                            | 635,379                                 |
|                                  | <b>169,037</b>                      | <b>73,747</b>          | <b>242,784</b>                                     | <b>635,379</b>                          |

## SECTION 4: FINANCIAL ASSETS AND LIABILITIES

## (a) Financial instruments

|                                    |      | ACTUAL                                                         |                                    |                                         |                |
|------------------------------------|------|----------------------------------------------------------------|------------------------------------|-----------------------------------------|----------------|
|                                    | NOTE | FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH SURPLUS OR DEFICIT | FINANCIAL ASSETS AT AMORTISED COST | FINANCIAL LIABILITIES AT AMORTISED COST | TOTAL          |
| 2026                               |      | NZD'000                                                        | NZD'000                            | NZD'000                                 | NZD'000        |
| <b>Financial assets</b>            |      |                                                                |                                    |                                         |                |
| Cash and cash equivalents          | 4.b  |                                                                | 5,957                              |                                         | 5,957          |
| Receivables                        | 4.c  |                                                                | 5,509                              |                                         | 5,509          |
| <b>Investments</b>                 |      |                                                                |                                    |                                         |                |
| Venture capital investment funds   | 4.d  | 247,875                                                        |                                    |                                         | 247,875        |
| <b>Total financial assets</b>      |      | <b>247,875</b>                                                 | <b>11,466</b>                      | <b>-</b>                                | <b>259,341</b> |
| <b>Financial liabilities</b>       |      |                                                                |                                    |                                         |                |
| Trade and other payables           | 4.e  |                                                                |                                    | 763                                     | 763            |
| <b>Total financial liabilities</b> |      | <b>-</b>                                                       | <b>-</b>                           | <b>763</b>                              | <b>763</b>     |
| <b>2025</b>                        |      |                                                                |                                    |                                         |                |
| <b>Financial assets</b>            |      |                                                                |                                    |                                         |                |
| Cash and cash equivalents          | 4.b  |                                                                | 15,002                             |                                         | 15,002         |
| Receivables                        | 4.c  |                                                                |                                    |                                         | -              |
| <b>Investments</b>                 |      |                                                                |                                    |                                         |                |
| Venture capital investment funds   | 4.d  | 169,037                                                        |                                    |                                         | 169,037        |
| <b>Total financial assets</b>      |      | <b>169,037</b>                                                 | <b>15,002</b>                      | <b>-</b>                                | <b>184,039</b> |
| <b>Financial liabilities</b>       |      |                                                                |                                    |                                         |                |
| Trade and other payables           | 4.e  |                                                                |                                    | 1,319                                   | 1,319          |
| <b>Total financial liabilities</b> |      | <b>-</b>                                                       | <b>-</b>                           | <b>1,319</b>                            | <b>1,319</b>   |

**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 June 2026

**SECTION 4: FINANCIAL ASSETS AND LIABILITIES (CONTINUED)****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.

**(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   |
|-----------------------------------------------|--------------|----------|
|                                               | 2026         | 2025     |
|                                               | NZD'000      | NZD'000  |
| <b>Receivables from exchange transactions</b> |              |          |
| Amounts due from the Crown                    | 5,509        | -        |
|                                               | <b>5,509</b> | <b>-</b> |

Receivables include \$5,509,000 due from the Crown for a capital contribution requested before 30 June 2026 under the Uncalled Capital Contribution Agreement (2025: \$nil). The amount was received after balance date.

**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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2026

## SECTION 4: FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

## (d) Investments

|                                                | ACTUAL         | ACTUAL         |
|------------------------------------------------|----------------|----------------|
|                                                | 2026           | 2025           |
|                                                | NZD'000        | NZD'000        |
| Altered Capital Fund II                        | 3,738          | -              |
| Blackbird New Zealand 2019 Limited Partnership | 62,343         | 23,554         |
| Blackbird New Zealand 2022 Limited Partnership | 33,625         | 33,729         |
| Finistere Aotearoa Fund Limited Partnership    | 3,334          | 4,304          |
| GD1 Fund 3 Limited Partnership                 | 61,494         | 46,806         |
| Hillfarrance Limited Partnership               | 14,302         | 8,164          |
| Movac Emerge Fund 4 Limited Partnership        | 7,339          | 5,592          |
| Movac Fund 5 Limited Partnership               | 28,752         | 23,855         |
| Nuance Connected Capital 1 Limited Partnership | 5,549          | 4,853          |
| Outset Ventures Fund II                        | 9,421          | 3,355          |
| Pacific Channel Fund II Limited Partnership    | 14,300         | 12,278         |
| Pacific Channel Fund III Limited Partnership   | 3,678          | 2,547          |
|                                                | <b>247,875</b> | <b>169,037</b> |

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       |
|---------------------------------------------|------------|--------------|
|                                             | 2026       | 2025         |
|                                             | NZD'000    | NZD'000      |
| <b>Payables under exchange transactions</b> |            |              |
| Unpaid investment called                    | -          | 580          |
| Trade payables                              | 679        | 683          |
| Accrued expenses                            | 84         | 56           |
|                                             | <b>763</b> | <b>1,319</b> |

**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.

There are no unpaid capital call notices (2025: 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.

## 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 2026, the Crown's commitment under this agreement amounted to \$400,000,000 (2025: \$400,000,000).

During the year ended 30 June 2026, capital contributions of \$21,903,000 (2025: \$18,045,000) were requested from the Crown under the Uncalled Capital Contribution Agreement, of which \$16,394,000 (2025: \$18,045,000) was received before balance date and \$5,509,000 (2025: \$nil) was received after balance date. The unpaid amount at 30 June 2026 has been recognised as a receivable from the Crown and as contributed capital. 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](https://nzsuperfund.nz).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2026

## SECTION 6: FINANCIAL PERFORMANCE

## (a) Revenue

|                                                                                             | NOTE | ACTUAL<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 |
|---------------------------------------------------------------------------------------------|------|---------------------------|---------------------------|
| <b>Net operating revenue/(loss) from exchange transactions</b>                              |      |                           |                           |
| Interest income                                                                             |      | 268                       | 663                       |
| Net changes in fair value on financial instruments at fair value through surplus or deficit | 6.b  | 56,879                    | 5,169                     |
| Other income                                                                                |      | 49                        | 2                         |
|                                                                                             |      | <b>57,196</b>             | <b>5,834</b>              |
| <b>Interest income</b>                                                                      |      |                           |                           |
| Interest income - financial assets at amortised cost                                        |      | 268                       | 663                       |
|                                                                                             |      | <b>268</b>                | <b>663</b>                |

**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<br>GAINS | FAIR VALUE<br>LOSSES | TOTAL   |
| 2026                             | NZD'000             | NZD'000              | NZD'000 |
| Venture capital investment funds | 81,285              | (24,406)             | 56,879  |
| 2025                             |                     |                      |         |
| Venture capital investment funds | 26,800              | (21,631)             | 5,169   |

**(c) Expenses**

|                                      | ACTUAL<br>2026<br>NZD'000 | ACTUAL<br>2025<br>NZD'000 |
|--------------------------------------|---------------------------|---------------------------|
| Managers' fees                       | 2,585                     | 2,551                     |
| Reimbursement of Guardians' expenses | 563                       | 500                       |
| Fees for audit firms' services       | 93                        | 88                        |
|                                      | <b>3,241</b>              | <b>3,139</b>              |

**(d) Fees for audit firms' services**

|                                           | ACTUAL    | ACTUAL    |
|-------------------------------------------|-----------|-----------|
|                                           | 2026      | 2025      |
|                                           | NZD'000   | NZD'000   |
| Audit of the Group's financial statements | 93        | 88        |
|                                           | <b>93</b> | <b>88</b> |

The auditor of the Group is Emma Winsloe 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  |
|-------------------------------------------------------------------------------------------|----------|---------|
|                                                                                           | 2026     | 2025    |
|                                                                                           | NZD'000  | NZD'000 |
| <b>Reconciliation of income tax expense and accounting surplus/(deficit) for the year</b> |          |         |
| Surplus/(deficit) for the year before income tax expense                                  | 53,955   | 2,695   |
| Income tax expense/(income) calculated at 28%                                             | 15,107   | 755     |
| Non assessable income/(expenses) for tax purposes                                         | (14,949) | (615)   |
| Tax losses not recognised in deferred tax                                                 | (158)    | (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 2026, the Group has \$30,568,000 (2025: \$23,902,000) 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 June 2026

**SECTION 7: UNRECOGNISED ITEMS****(a) Commitments and contingencies****CAPITAL COMMITMENTS**

At 30 June 2026, the Group had outstanding commitments to venture capital investment funds totalling \$75,379,000 (2025: \$74,327,000), of which \$nil has been called but not yet paid (2025: \$580,000).

**CONTINGENCIES**

The Group has no contingent liabilities at 30 June 2026 (2025: \$nil).

**(b) Events after the reporting date**

Subsequent to balance date, Elevate made two new fund commitments to existing managers, with a combined value of \$24,159,000.

Work is underway to reduce the size of one of Elevate's existing underlying fund commitments from USD 10,000,000 (NZD 16,693,000) to USD 6,000,000 (NZD 9,629,000) which will make additional capital available for Elevate to recommit. As the reduction had not yet been completed at the date these financial statements were authorised for issue, the final effect remains subject to completion of that process.

There were no other material events after balance date that have a material impact on the financial statements.

## 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 2026, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2025: \$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 2026 was \$563,000 (2025: \$500,000). The related party payable to the Guardians as at 30 June 2026 is \$nil (2025: \$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  |
|----------------|---------|---------|
|                | 2026    | 2025    |
|                | NZD'000 | NZD'000 |
| Managers' fees | 2,585   | 2,551   |
| Payables       | 679     | 683     |

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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

The Auditor-General is the auditor of Elevate NZ Venture Fund and its subsidiary (the Group). The Auditor-General has appointed me, Emma Winsloe, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements on his behalf.

### OPINION

We have audited the financial statements of the Group that comprise the consolidated statement of financial position as at 30 June 2026, 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 203 to 225.

In our opinion the financial statements of the Group present fairly, in all material respects, its financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended, in accordance with Public Benefit Entity Standards.

### 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 FINANCIAL STATEMENTS

The Board is responsible on behalf of the Group for preparing financial statements that fairly present the Group's financial position, financial performance, and its cash flows, and comply with Public Benefit Entity Standards.

The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 the Board either intends to liquidate the Group or cease operations, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004.

### RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit 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 financial statements.

We did not evaluate the security and controls over the electronic publication of the 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 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 information we audited 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 plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information and performance information of the entities or business units within the group as a basis for forming an opinion on the group financial statements and the group performance information. We are responsible for the direction, supervision and review the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon in this auditor's report. We have also issued audit reports in relation to Guardians of New Zealand Superannuation's group 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 financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 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 services to entities which the Group invests. The provision of those services does not impair our independence from the Group. Other than in our capacity as auditor, we have no relationship with, or interests in, the Group.



Emma Winsloe  
Ernst & Young  
On behalf of the Auditor-General  
Auckland, New Zealand  
30 September 2026



## Lasting for generations

Strong roots create the stability to withstand changing conditions, adapt with confidence, and flourish for generations.

# 06.

## Appendix He Āpitihanga

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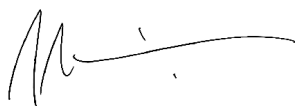
## COMPLIANCE STATEMENTS

### 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](https://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 2025/26 financial year.

### EXPLANATORY NOTE

As required by section 68(f) of the Act, this certification relates to operational compliance with the SIPSPs in effect during the financial year ended 30 June 2026 and is based on the Guardians' compliance assurance processes. For completeness, we note that in April 2026 a High Court judgment found deficiencies in the Guardians' policies, standards and procedures relating to sustainable investment. In response to the judgment, the Guardians' policies, standards and procedures for sustainable investment were reformulated in August 2026. See page 84 for more information concerning the judgment.



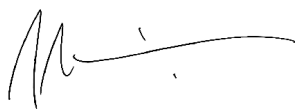
JOHN WILLIAMSON, CHAIR



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 2026.



JOHN WILLIAMSON, CHAIR



HINERANGI RAUMATI TU'UA, CHAIR – AUDIT & RISK COMMITTEE

## GLOSSARY

|                                         |                                                                                                                                                                                                                                                                                                                                                                               |
|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Access point</b>                     | 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.                                                                                                                                                                                                            |
| <b>Active return</b>                    | The returns generated from the Actual Portfolio relative to the Reference Portfolio, or from investments relative to their benchmark or proxy. The primary means by which the Fund captures these returns is via the implementation of opportunities. Same as 'Value-add' on page 233.                                                                                        |
| <b>Active risk</b>                      | Any deviation in risk in the Actual Portfolio relative to the Reference Portfolio. The active risk in the Actual Portfolio is due to the Fund's implementation of opportunities. Active risk is expressed as the annualised standard deviation of the expected return of the Actual Portfolio relative to the Reference Portfolio. Active risk is the same as tracking error. |
| <b>Active strategies</b>                | Strategies expected to add value by generating better risk-adjusted returns than a passively-managed investment in Reference Portfolio assets.                                                                                                                                                                                                                                |
| <b>Actual Portfolio</b>                 | The Fund's portfolio at any point in time reflecting all the positions arising from the Fund's implementation of opportunities. Conceptually, the Actual Portfolio equals the Reference Portfolio plus the active portfolio.                                                                                                                                                  |
| <b>Arbitrage</b>                        | The simultaneous purchase and sale of an asset to profit from a difference in the price.                                                                                                                                                                                                                                                                                      |
| <b>Asset class</b>                      | A group of securities or assets that share common risk and return characteristics.                                                                                                                                                                                                                                                                                            |
| <b>Basis point</b>                      | One-hundredth of a percentage point.                                                                                                                                                                                                                                                                                                                                          |
| <b>Belief</b>                           | Our stated view on some aspect of financial markets and investing, based on judgement and evidence.                                                                                                                                                                                                                                                                           |
| <b>Benchmark</b>                        | A standard against which the performance of a security, index or investor can be measured.                                                                                                                                                                                                                                                                                    |
| <b>Beta</b>                             | The sensitivity of a security or asset class to the market or Reference Portfolio.                                                                                                                                                                                                                                                                                            |
| <b>Capability</b>                       | A manager's ability to execute a value-add strategy.                                                                                                                                                                                                                                                                                                                          |
| <b>Capital</b>                          | Funds that can be invested to generate economic returns.                                                                                                                                                                                                                                                                                                                      |
| <b>Cash</b>                             | Used for cash equivalents: short-term, low-risk investments that can easily be converted to cash. Examples include bank deposits and bonds nearing maturity.                                                                                                                                                                                                                  |
| <b>CEM</b>                              | A provider of benchmarking services and peer comparisons.                                                                                                                                                                                                                                                                                                                     |
| <b>Collateralisation</b>                | 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.                                                                                                                                              |
| <b>Commodities</b>                      | Tangible products, such as metals, crude oil or grain.                                                                                                                                                                                                                                                                                                                        |
| <b>Compensation</b>                     | Return for taking on risk. Often the risk premium, or excess return over cash, that the investment offers.                                                                                                                                                                                                                                                                    |
| <b>Control effectiveness assessment</b> | 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.                                                                                                                                                                                                             |
| <b>Conviction</b>                       | A measure of the degree of confidence we have in an active manager's investment skill. Also the Guardians' approach to rating an active manager. Applicable to both public and private market managers. The conviction rating is a quantitative overall score based on the scores of a number of individual, largely qualitative, factors.                                    |
| <b>Counterparty</b>                     | A legal entity that presents an exposure to financial risk. The Guardians' counterparties are typically banks.                                                                                                                                                                                                                                                                |
| <b>Crown entity</b>                     | 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.                                                                                                                                         |
| <b>Currency exposure</b>                | 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 New Zealand dollar.                                                                                                                                                                                         |
| <b>Cyber security</b>                   | Technologies, processes and practices that are designed to protect networks, computers, programs and data from attack, damage or unauthorised access.                                                                                                                                                                                                                         |

|                                          |                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Derivative</b>                        | 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.                                                                                                                                                      |
| <b>Direct</b>                            | A financial market transaction undertaken by the Guardians' in-house team.                                                                                                                                                                                                                                                                                                                                        |
| <b>Diversification</b>                   | A strategy that aims to improve a portfolio's risk-adjusted returns by investing in a wide range of asset classes.                                                                                                                                                                                                                                                                                                |
| <b>DM</b>                                | Developed Markets.                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Double arm's-length</b>               | 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. |
| <b>EM</b>                                | Emerging Markets.                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Employee Value Proposition</b>        | The combination of tangible and intangible benefits the Guardians offers its employees.                                                                                                                                                                                                                                                                                                                           |
| <b>Endowment</b>                         | A characteristic of the Fund that provides the Guardians with a comparative advantage or edge over other investors. The Fund's three main endowments are a long horizon, operational independence and sovereign status.                                                                                                                                                                                           |
| <b>Equilibrium</b>                       | The long-term or steady state. Generally expressed in the context of long-term average expected risks and returns.                                                                                                                                                                                                                                                                                                |
| <b>Equities</b>                          | 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.                                                                                                                                                                                                                                               |
| <b>ESG</b>                               | Means environmental, social and governance considerations. ESG is an expansive concept, and covers matters including climate change, environmental damage, human rights, health and safety, labour standards, bribery and corruption, business ethics and corporate governance. Some matters, including climate change and human rights, may be relevant across more than one ESG category.                       |
| <b>Exposure</b>                          | The value of the investments to which we are exposed to gains or losses.                                                                                                                                                                                                                                                                                                                                          |
| <b>Externally-managed</b>                | An investment managed by a third party appointed by the Guardians.                                                                                                                                                                                                                                                                                                                                                |
| <b>Factors</b>                           | Specific, quantifiable characteristics associated with superior risk-adjusted returns compared to a purely passive portfolio.                                                                                                                                                                                                                                                                                     |
| <b>Fair value</b>                        | The amount paid in a transaction where the buyer and seller freely agree a price.                                                                                                                                                                                                                                                                                                                                 |
| <b>Fixed income securities</b>           | 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.                                                                                                                                                                                                               |
| <b>Foreign exchange</b>                  | The process of exchanging one currency for another. (See also 'Currency exposure' above.)                                                                                                                                                                                                                                                                                                                         |
| <b>Fund-of-funds model</b>               | A pooled investment fund that invests in other funds rather than in individual securities or other assets.                                                                                                                                                                                                                                                                                                        |
| <b>Future</b>                            | 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.                                                                                                                                                                                                                |
| <b>Global Macro</b>                      | A market-neutral strategy that produces return by exploiting inefficiencies within and across a broad range of liquid markets.                                                                                                                                                                                                                                                                                    |
| <b>Global Reporting Initiative (GRI)</b> | An international independent organisation that helps businesses, governments and other organisations to understand and communicate the impact of business on critical sustainability issues.                                                                                                                                                                                                                      |
| <b>Greenhouse gas</b>                    | The greenhouse gases listed in the Kyoto Protocol: carbon dioxide (CO <sub>2</sub> ), methane (CH <sub>4</sub> ), nitrous oxide (N <sub>2</sub> O), hydrofluorocarbons (HFCs), nitrogen trifluoride (NF <sub>3</sub> ), perfluorocarbons (PFCs), and sulphur hexafluoride (SF <sub>6</sub> ).                                                                                                                     |
| <b>Growth assets</b>                     | 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.                                                                                                                                              |

## GLOSSARY (CONTINUED)

|                                |                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Hurdle</b>                  | The return that we require from an investment in order to compensate us for the various types of risk we bear as a result of adding the investment to our portfolio. This includes the opportunity cost of the foregone returns from funding the asset (see 'Proxy') in addition to the returns we require for bearing illiquidity, concentration and development risk. |
| <b>Illiquid</b>                | An asset that may be difficult to sell for full value at short notice.                                                                                                                                                                                                                                                                                                  |
| <b>Information ratio</b>       | A measurement of return per unit of risk.                                                                                                                                                                                                                                                                                                                               |
| <b>Institutional investor</b>  | 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.                                                                                                         |
| <b>Internalisation</b>         | To bring management of an investment strategy in-house.                                                                                                                                                                                                                                                                                                                 |
| <b>Investment</b>              | An allocation of capital or active risk to a specific manager or activity. Could include an individual investment undertaken by the Fund's internal management under an Internal Investment Mandate.                                                                                                                                                                    |
| <b>Iwi</b>                     | (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.                                                                                                                                                                                                |
| <b>Liquidity</b>               | The degree to which an asset or security can be quickly bought or sold in the market without affecting the asset's price.                                                                                                                                                                                                                                               |
| <b>Mandate</b>                 | 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.                                                                                                                                                 |
| <b>Mark-to-market</b>          | Valuing an asset or liability based on its current market price rather than its book value.                                                                                                                                                                                                                                                                             |
| <b>Market index</b>            | An aggregate value produced by combining several stocks or other investment vehicles 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.                                                                                             |
| <b>Market neutral strategy</b> | A strategy that aims to exploit pricing discrepancies and minimise exposure to market risk, meaning returns are independent of general market movements.                                                                                                                                                                                                                |
| <b>Market risk</b>             | Risk inherent to an entire market, rather than an individual investment or asset class. Also called non-diversifiable risk or systematic risk.                                                                                                                                                                                                                          |
| <b>Merger arbitrage</b>        | 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.                                                                                                                                                                                                                          |
| <b>Net return</b>              | Returns over and above the Treasury Bill return – the Government's cost of debt.                                                                                                                                                                                                                                                                                        |
| <b>Net zero economy</b>        | 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.                                                                                                           |
| <b>Opportunity</b>             | An opportunity is an investment activity that is expected to improve the risk adjusted expected return of the Actual Portfolio. It can be temporal (cyclical or short term) or structural (of a more enduring nature).                                                                                                                                                  |
| <b>Passive investment</b>      | Passive investment, 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.                                                                                                                 |
| <b>Physical</b>                | An investment that is funded with cash to the full notional amount of the investment.                                                                                                                                                                                                                                                                                   |
| <b>Portfolio</b>               | A combination of asset classes and/or types of investments chosen to achieve a particular risk-adjusted return.                                                                                                                                                                                                                                                         |
| <b>Portfolio completion</b>    | The process of gaining access to the desired risk exposures, rebalancing the Fund, and managing liquidity risk in the most cost effective manner possible.                                                                                                                                                                                                              |
| <b>Portfolio construction</b>  | 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.                                                                                                                                                                  |
| <b>Private equity</b>          | An ownership share of a company that is not publicly traded.                                                                                                                                                                                                                                                                                                            |
| <b>Private markets</b>         | Investments not traded on a public exchange or market.                                                                                                                                                                                                                                                                                                                  |

|                                |                                                                                                                                                                                                                                                                                                    |
|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Public markets</b>          | Public market investments comprise: 1) exchange listed securities; and 2) over-the-counter financial contracts linked to listed securities and/or widely-followed indices or benchmarks. Generally, but not always, public market investments are liquid and have regular and transparent pricing. |
| <b>Rebalancing</b>             | The process of realigning the weightings of assets in the passive portfolio to reflect market movements.                                                                                                                                                                                           |
| <b>Recession</b>               | A period of economic decline during which trade and industrial activity are reduced, generally defined as a fall in GDP in two successive quarters.                                                                                                                                                |
| <b>Reference Portfolio</b>     | A low cost, passively managed and well diversified portfolio of listed asset classes that is consistent with the Fund achieving its return objectives without undue risk, i.e. fit for purpose.                                                                                                    |
| <b>Risk</b>                    | The standard deviation of expected returns. The Fund's risk model uses equilibrium risk (and return) assumptions.                                                                                                                                                                                  |
| <b>Risk appetite</b>           | The amount of loss an organisation is willing or able to tolerate should a downside risk materialise.                                                                                                                                                                                              |
| <b>Risk budget</b>             | Articulates the amount of active risk that is expected to be allocated to an opportunity. The total active risk budget is allocated across the individual opportunities in the active portfolio.                                                                                                   |
| <b>Risk premium</b>            | The return in excess of cash earned by investors as compensation for taking passive exposure to the market or an asset class.                                                                                                                                                                      |
| <b>Risk profile</b>            | An evaluation of an investor's willingness and ability to take risks. A risk profile guides the construction of a portfolio.                                                                                                                                                                       |
| <b>Santiago Principles</b>     | A set of principles and practices generally accepted by the member institutions of the International Forum of Sovereign Wealth Funds (IFSOF) as a code of good practice for sovereign wealth funds.                                                                                                |
| <b>Securities lending</b>      | Loaning a stock, derivative or other security to an investor or a firm.                                                                                                                                                                                                                            |
| <b>Sharpe ratio</b>            | A measure of how well the return of an investment compensates the investor for the risk taken.                                                                                                                                                                                                     |
| <b>SIPSP</b>                   | Statement of Investment Policies, Standards and Procedures.                                                                                                                                                                                                                                        |
| <b>Skill</b>                   | Active investment expertise. The ability to provide active returns.                                                                                                                                                                                                                                |
| <b>Sovereign bond (debt)</b>   | A debt security issued by a national government. This asset class includes sovereign bonds of all maturities issued in domestic or foreign currencies.                                                                                                                                             |
| <b>Sovereign wealth fund</b>   | 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.                                                                                                                                                |
| <b>Strategic Tilting</b>       | 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.                                |
| <b>Synthetic</b>               | Obtaining exposures using derivatives. Generally does not require funding.                                                                                                                                                                                                                         |
| <b>Tail risk</b>               | The risk of outsize losses due to rare events.                                                                                                                                                                                                                                                     |
| <b>Total risk</b>              | Generally refers to the Fund's absolute risk.                                                                                                                                                                                                                                                      |
| <b>Treasury Bill</b>           | 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.                                                                                                                                                     |
| <b>Value-add</b>               | 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.                                                                                                                |
| <b>Value-adding strategies</b> | Board-approved strategies that define the objectives and parameters for taking on active risk. Also referred to as active strategies or just strategies.                                                                                                                                           |
| <b>Venture capital</b>         | Money provided to fund early-stage businesses with perceived long-term growth potential.                                                                                                                                                                                                           |
| <b>Volatility</b>              | The variability in returns generated over time by an investment, index or portfolio.                                                                                                                                                                                                               |

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