

Statement of Performance Expectations

Ngā Matapae mō Te Pūrongo Whakahaere Pūtea

FOR THE PERIOD

1 July 2018 — 30 June 2019

Guardians of New Zealand
Superannuation



NZSUPERFUND

*Te Kaitiaki Tahua Penihana
Kaumātua o Aotearoa*

CONTENTS

1. Introduction	IFC	6. Key risks to the Fund's performance in 2018/19	8
2. Our ultimate goal (outcome) and strategic objectives	2	7. Financial Projections for 2018/19	10
3. How we measure our performance	3	8. Prospective Financial Statements	11
4. What we intend to achieve in 2018/19	4		
5. Statement of Estimated Fund Performance	7		

1. Introduction

The Guardians of New Zealand Superannuation was established in 2001 to manage and administer the New Zealand Superannuation Fund.

The Fund is a global investment fund set up to partially pre-fund the future cost of New Zealand superannuation. By using the Fund to save now in order to pay for future retirement benefits, the Government aims to smooth the cost of New Zealand Superannuation between today's taxpayers and future generations.

Investing began in 2003. The Guardians invests the capital contributions to the Fund made by the Government, as well as the net returns generated from the investments made (less the tax paid by the Fund). To date, the Government has contributed \$15.17 billion to the Fund. Contributions from the Government were suspended between 2009 and 2017. In December 2017 contributions resumed, with \$500 million in contributions planned to be made in the financial year to 30 June 2018. Planned contributions over the next few years are \$1 billion in 2019, \$1.5 billion in 2020 and \$2.2 billion in 2021.

	SINCE INCEPTION (after costs, unaudited, as at 31 March 2018)
Government Contributions	\$15.17 billion
Investment Returns	\$29.13 billion
NZ tax paid	\$(6.42) billion
Other movements	\$(0.05) billion
Fund size, as at 31 March 2018	\$37.83 billion

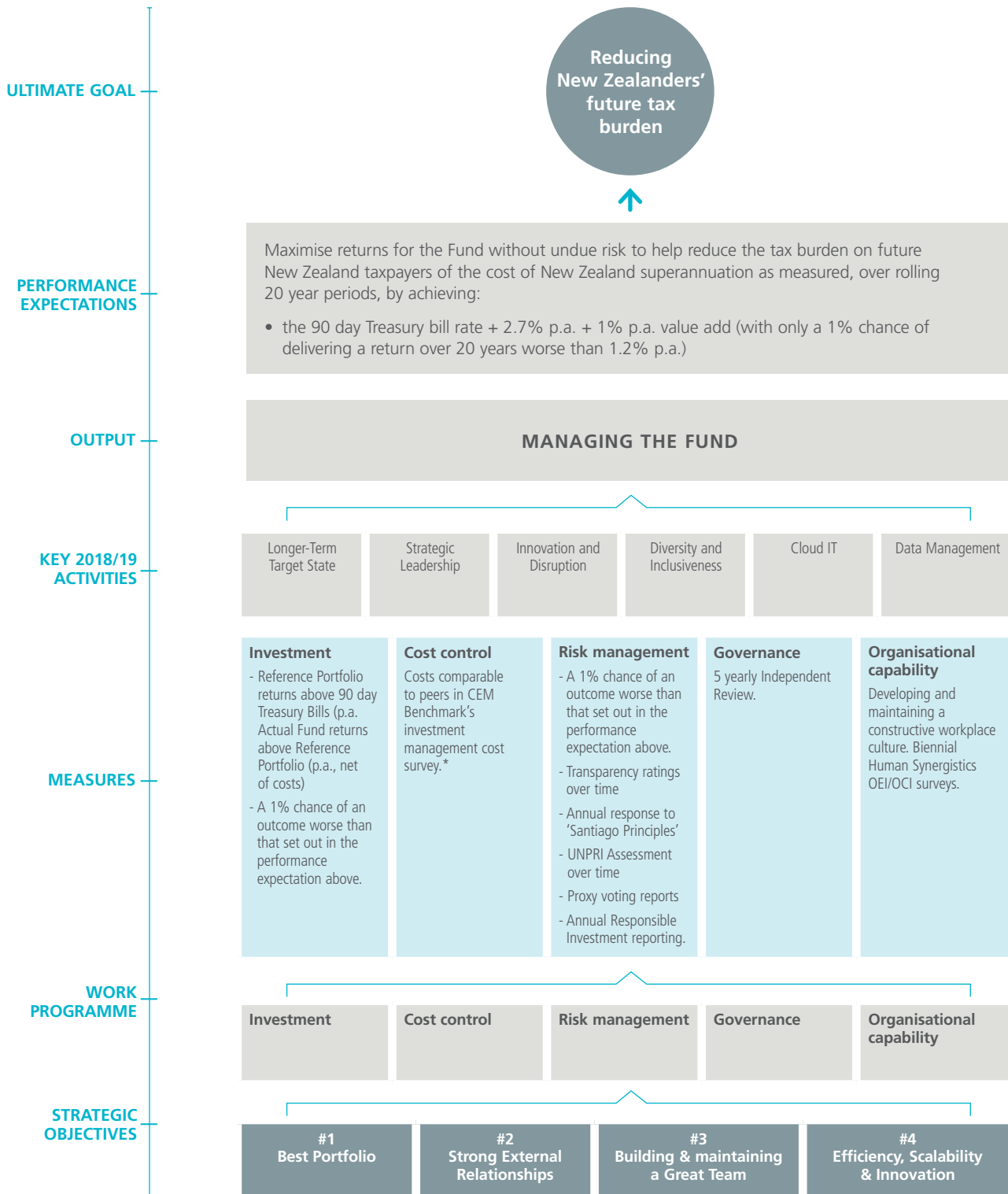
Our Statement of Performance Expectations outlines the activities we will undertake in the financial year to 30 June 2019 towards our long term objectives, and how we will measure our performance.

Our Statement also sets out:

- the Board's expectations for the Fund's performance over the 2018/19 financial year;
- the key risks to that performance and the actions being taken by the Board to manage those risks; and
- forecast financial statements for the 2018/19 financial year for both the Guardians and the Fund.

Each year we receive a Letter of Expectations from the Minister of Finance outlining the Minister's expectations of the Guardians' activities for the forthcoming year. A number of the activities referred to are multi-year activities that we undertake as part of our business as usual work streams (such as our ongoing engagement and collaboration with Treasury and other Crown Financial Institutions). A copy of the Letter, along with the Guardians' response, is available on our website (www.nzsuperfund.co.nz).

Our strategic framework is outlined in our Statement of Intent 2016-2021 (available on our website at www.nzsuperfund.co.nz) and is summarised below:



*Or equivalent ratings in equivalent surveys, bearing in mind that over 10 or 20 year periods our preferred survey methodology may change.

2. Our ultimate goal (outcome) and strategic objectives

The Fund's ultimate outcome is to help reduce the tax burden of future New Zealand taxpayers arising from the cost of New Zealand superannuation.

The Guardians' output is to invest the Fund on a prudent, commercial basis and, in doing so, manage and administer the Fund in a manner consistent with:

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

The Guardians' mission is to maximise the Fund's return over the long-term, without undue risk, so as to support this outcome.

Managing the Fund comprises five work streams covering:

- investment;
- risk management;
- cost control;
- governance; and
- organisational capability.

Our 2018-2023 Strategic Plan sets out our medium term strategic objectives and the activities that we will undertake to achieve these objectives. More information on these objectives and what success looks like for the Fund in the medium term can be found in our 2016-2021 Statement of Intent (pages 5 - 6).

3. How we measure our performance

Our ultimate outcome is long term and achieving it is not a simple success/fail equation. Our legislation requires the Fund to be invested in a manner consistent with “maximising returns without undue risk to the Fund as a whole”.

In line with this, over rolling 20 year periods, we expect to achieve:

- the 90 day Treasury bill return
 - + 2.7% p.a. in Reference Portfolio Returns
 - + 1% p.a. value add in Actual Fund Returns
- }
- with only a 1% chance of delivering a return over 20 years worse than 1.2% p.a.

We use a risk-adjusted performance metric, the Sharpe ratio, to assess how much return in excess of the Treasury Bill return has been generated per unit of risk taken. The higher the ratio, the greater the return for the risk, and vice-versa.

The Sharpe ratio is calculated as follows:

$$\frac{(\text{Reference Portfolio Return} + \text{Active Return}) - \text{Cash Return}}{\text{Risk}}$$

We expect to achieve a Sharpe ratio of **0.20** for the Reference Portfolio, and **0.26** for our Actual Portfolio.

Reference Portfolio Return is the return of financial assets such as equities and bonds.

Active Return is the additional return the Fund earns by investing outside of the Reference Portfolio and so is calculated as the difference between the Reference Portfolio and the Fund’s actual investment portfolio.

Cash Return is the return available on a ‘risk-free’ investment. It is netted off total return in calculating the Sharpe ratio.

Risk is defined as the level of risk collectively brought into the Fund by the sum of all investment activity in the actual portfolio. It is measured by the volatility (standard deviation) of returns.

As per the formula above, improving the Sharpe ratio requires an increase in returns without a commensurate increase in risk. So, each active investment we undertake must raise the sum of the top line, or reduce the bottom line, or both. We reported on the Fund’s Sharpe ratio since inception for the first time in our 2016/17 Annual Report and will do so again this year.

More information about the measures used to track our long term performance can be found in our Statement of Intent (pages 8-11) and on our website at <https://www.nzsuperfund.co.nz/performance/investment>. Our Statement of Intent (pages 11-14) also sets out how we measure success in delivering on each of our five work programmes through which we manage the Fund.

Those measures will be used to assess our performance in carrying out key activities we expect to achieve in 2018/19. Where possible we look to obtain assessment of our performance from independent third parties and global experts in benchmarking.

We report on the Fund’s progress towards its long-term and short-term objectives in our Annual Reports, including performance against specific measures in the Statement of Performance.

4. What we intend to achieve in 2018/19

In this Statement of Performance Expectations we describe key 2018/19 activities under each of the five work programmes that support the objectives set out in our Statement of Intent (SOI). The performance measures for each of these work programmes are set out in the SOI. Our expectations for the Fund's financial performance over the 2018/19 financial year are covered in section 5.

We will report on our performance in implementing these activities in our 2018/19 Annual Report.

KEY ACTIVITIES FOR 2018/19	RELEVANT STRATEGIC PLAN OBJECTIVES FOR 2018 – 23	RELEVANT SOI WORK PROGRAMME, REPORTING, PERFORMANCE MEASURES
Innovation and Disruption – Strengthen our internal capabilities to source, execute and manage opportunities and threats from innovation/disruption (see below for further detail).	<ul style="list-style-type: none"> • Best Portfolio • External Relationships • Great Team • Efficiency, Scalability and Innovation 	Investment (SOI pages 8 – 10) Organisational Capability (SOI page 14)
Strategic Leadership – Enhance strategy formulation and value-creation skill sets both internally and within our pool of external directors. Build within the external directors' pool a deep understanding of the Guardians' values and investment beliefs.	<ul style="list-style-type: none"> • Best Portfolio • Great Team 	Governance (SOI page 14) Organisational Capability (SOI page 14)
Diversity and Inclusiveness – Continue to embed the Diversity and Inclusiveness policy through people-related initiatives, and identify specific measures of success.	<ul style="list-style-type: none"> • Best Portfolio • Great Team • Efficiency, Scalability and Innovation 	Organisational Capability (SOI page 14)
Longer-Term Target State – Prepare for the growth of the Fund, given the restart in contributions and assumption that the Fund achieves expected long-term returns (see below for further detail).	<ul style="list-style-type: none"> • Best Portfolio • External Relationships • Great Team • Efficiency, Scalability and Innovation 	Investment (SOI pages 8 – 10) Risk Management (SOI page 12) Governance (SOI page 14) Organisational Capability (SOI page 14)
Cloud IT – Complete the “lift and shift” Cloud implementation commenced in 2017/18 and identify opportunities to leverage Cloud capabilities for business value-add (see below for further detail).	<ul style="list-style-type: none"> • Best Portfolio • Efficiency, Scalability and Innovation 	Investment (SOI pages 8 – 10) Cost Control (SOI page 11)
Data Management – Establish a clear investments-led data strategy and roadmap to guide development of our investment data capabilities.	<ul style="list-style-type: none"> • Best Portfolio • Great Team • Efficiency, Scalability and Innovation 	Investment (SOI pages 8 – 10) Cost Control (SOI page 11)

2018/19 METRICS	CONTRIBUTION TO TARGET STATES: MEDIUM-TERM	CONTRIBUTION TO TARGET STATES: LONG-TERM
<p>People, processes and technology implemented that enables:</p> <ul style="list-style-type: none"> • Ongoing identification of emerging innovations and disruptions • Assessment of potential Guardians impacts • Implementation of promising opportunities 	<p>Best practice governance and information management.</p> <p>Frameworks guide efficient operations by managing uncertainties.</p>	<p>Active investment (value-add) flexibility.</p> <p>Extending our reach through Peers and Managers.</p> <p>Clear on risk management.</p>
<p>Develop and implement a programme that ensures we stay at the cutting edge for strategic development and execution, for the Direct Teams and External Directors. This includes considering how this will be leveraged in the longer-term for a wider Guardians audience.</p>	<p>Strong leadership throughout the Fund.</p> <p>Best practice governance.</p> <p>Greater internal capability in identifying opportunities.</p>	<p>Leadership in best practice governance.</p> <p>Committed to continuing Board Education.</p> <p>Catalyst for investment with iwi and other domestic partners, identifying and creating opportunities.</p>
<p>Diversity and Inclusiveness measures for success agreed and appropriately responded to, evidencing the embedding across the Guardians. This will include linking people-related initiatives back to Diversity and Inclusiveness policy objectives.</p>	<p>Strong leadership throughout the Fund.</p> <p>Diversity of perspectives encouraged, understood and used.</p> <p>Culture and values strongly defined and identified with.</p>	<p>A strong, constructive culture.</p> <p>Motivated staff with Guardians organisational 'buy in'.</p>
<p>Assessment of the potential impacts of scale on:</p> <ul style="list-style-type: none"> • Active strategies and Portfolio Completion activities • Guardians' Great Team • Technology road maps • Processes 	<p>Strong leadership throughout the Fund.</p> <p>Disciplined progress to achievement of Fund purpose.</p> <p>Scalable and flexible processes.</p>	<p>Appropriate risk appetite for our purpose.</p> <p>Team size and balance of general and specific skills remain fit for purpose.</p>
<p>Complete the "lift and shift" and implementation of the new business continuity planning system.</p> <p>Initial roadmap to leverage Cloud capabilities for business end users.</p>	<p>Scalable and flexible processes.</p>	<p>Reduced support and hardware needs.</p> <p>Stronger collaboration, mobility, and continuity capabilities.</p>
<p>Opportunities to capture or enhance valuable data and information assets identified, prioritised and progressed through a data roadmap.</p> <p>Evidence of the embedded data governance framework across the various business units to improve the quality, completeness and accuracy of data.</p>	<p>Better interfaces to access data in self-service manner.</p> <p>Address current gaps in our information sets.</p>	<p>Best practice data and governance and data architecture.</p> <p>Strong support and use by the wider business.</p>

INNOVATION AND DISRUPTION

The Guardians has a strong track record of innovation, but the speed of technological change is increasing and there are potential new developments in the finance and investment sectors, for example in areas such as machine learning. The Guardians will strengthen its internal capability to take advantage of the opportunities arising from innovation and disruption, as well as managing any risks. This includes leveraging external relationships with managers, peers, counterparties and suppliers. It will involve people, processes and technology, with a focus on knowledge management, efficiency and cost.

LONGER TERM TARGET STATE

The Fund is expected to grow substantially in size over the next five to seven years. This is based on the assumption that the Fund achieves expected long-term returns and the recent restart of Government contributions. In May 2018 the Government published its forecast financial track for contributing to the Fund over the next five years, with a total capital injection of \$7.7 billion expected before 2022.

The resumption of contributions coupled with the Fund's expected returns has implications for our operating model, including investment management, technology and systems. We will initiate a set of work streams designed to update and provide a more detailed view of investment activity and longer-term state, including a refreshed understanding of how our Target Operating Model (see <https://www.nzsuperfund.co.nz/how-we-invest/operating-model> for more information) should develop in the future, as well as the necessary prerequisites to growth (including system capability and staffing requirements).

CLOUD IT

The Guardians' current IT infrastructure is run over two externally managed data centres. In late 2018 this hardware will run out of warranty, and the storage capacity will also start to meet limits. We have decided to take this as an opportunity to follow the Government's Cloud First¹ policy and make use of public cloud capabilities.

A design and planning project was completed in 2017. In 2018/19 the project will:

- Complete migration "lift and shift" of our current infrastructure to the Microsoft Azure Cloud to improve security and business continuity, with a focus on minimal end-user impact.
- Identify opportunities to leverage cloud capabilities for business value-add, and establish a sustainable implementation operating model.

1. <https://www.ict.govt.nz/guidance-and-resources/using-cloud-services/why-agencies-must-use-cloud-services/>

5. Statement of Estimated Fund Performance

We are required to outline our expectations for the performance of the Fund over the next financial year.

Predicting short-term financial market returns with any useful accuracy over such a near-term horizon is, however, impossible. We therefore show our long-term, or equilibrium, expectations for the Reference Portfolio return (see our 2016-2021 Statement of Intent for more information about the Reference Portfolio). To that we add our expectations of

returns from value-added activities to arrive at the mid-point for the actual Fund. This is shown in the table below. We note that given the volatility of returns there is a range of possible return outcomes around these estimates.

COMPONENT OF RETURN	RISK-FREE RATE	EXCESS RETURN AFTER COSTS	REWARD FOR VALUE-ADDING ACTIVITIES	
EXPLANATION	Our estimate of the equilibrium return on 90-day Treasury Bills.	<p>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 0.25%).</p> <p>Although the estimates of market risk vary over time, we provide the equilibrium, or long term, expectation of the rewards for market risk on the Reference Portfolio.</p> <p>Our estimate of the reward for market risk has a very wide range over a one-year horizon, although this range tightens over longer horizons.</p>	Our estimate of the return from the investment activities we undertake to add value. We summarise those activities as part of our explanation of the Reference Portfolio in our Statement of Intent.	The mid-point of our estimated range for the Fund return over 2018/19 is 8.7%.
	<p>5.0%</p>	<p>+ 2.7%</p> <p>(which is the reward for taking market risk above cash or the risk-free rate)</p>	<p>+ 1.0%</p>	<p>= 8.7%</p>

6. What are the key risks to the Fund's performance in 2018/19 and how are we managing them?

Understanding and managing risk is considered a fundamental activity that is central to the management of the Fund. While risk is a necessary part of the Fund's activities, it must be understood to ensure the risk profile adopted is commensurate with our return objective and long-term time horizon. Investment strategies are designed to improve the Sharpe ratio* of the Fund, that is to increase return without a commensurate increase in risk.

The Board has developed a risk-appetite statement outlining its expectations of the level of risk that is appropriate for the Fund to take on. This statement, along with our wider approach to managing risk, is set out in schedule 2 of the Guardians' Risk Management Policy and in our Statement of Investment Policies, Standards and Procedures, available on www.nzsuperfund.co.nz. Performance against this statement is measured and reported to the Board on a regular basis.

The Guardians has identified five major categories of risk:

- 1) Investment risk: The risks attached to investment goals and objectives, including market, credit, counterparty, manager and liquidity risk;
- 2) Strategic risk: The risk that we make inappropriate strategic choices or are unable to successfully implement selected strategies;
- 3) Legislative and regulatory risk: The risk of loss due to non-compliance with laws, rules and regulations and prescribed industry practice;
- 4) Operational risk: The risk of loss from inadequate or failed internal processes, people and systems or from external factors;
- 5) Reputation risk: The risk of loss of reputation or credibility sufficient to have a commercial or other practical impact due to internal or external factors.

The Board and management of the Guardians are responsible for managing these risks. The Guardians' risk-management framework is reviewed and approved by the Board. The Audit Committee reviews the reports of management, and of the Guardians' external and internal auditors, on the effectiveness of systems for internal controls and financial reporting. The Board delegates day-to-day management of risk to the Chief Executive Officer.

Inherent in this delegation is a desire to ensure that day-to-day responsibility for risk management is at the business unit level, where risk is seen as part of the overall business process, and a robust framework of identification, evaluation, monitoring and control exists.

* Refer to Section 3: How we measure our performance for further detail on the Sharpe ratio.

More information on the Guardians' risk management process can be found in the Risk management section of our Annual Report. While each of the five categories of risk identified above affect the performance of the Fund, further comment on key investment risks is set out below.

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 Fund is primarily exposed to are:

- Equity price risk, both globally and in New Zealand. We manage this through diversification between asset classes and by imposing investment constraints at a total Fund level and within individual investment mandates.
- Foreign currency risk, primarily due to changes in the New Zealand dollar versus the United States dollar. This 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.
- Interest rate risk, primarily due to changes in New Zealand and United States interest rates. This 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 Fund is also exposed to market 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. Additionally, the Fund is exposed to market risk in respect of its farming activities due to the global volatility of product prices and the price of key inputs. Prices relative to key inputs are continually monitored so that operations can adapt as required.

Credit Risk: Credit risk is the risk that a third party will default on its obligation to the Fund, causing the Fund to incur a loss. The Fund is exposed to credit risk arising from its cash and cash equivalents, receivables and investments.

The Board and management mitigate the Fund's exposure to credit risk associated with our internally managed investments by applying specific prudential limits to any

unhedged exposure to any single investment manager or asset. Investment strategy specific constraints are also imposed to limit the Fund's net unhedged exposure to individual counterparties and clearing houses.

The credit risk associated with externally managed investments is managed by including specific prudential limits in our investment management agreements which restrict the credit risk the Fund is exposed to.

Manager Risk: External investment managers are also monitored individually on an on-going basis.

Counterparty Risk: The Board and management closely monitor the creditworthiness of the Fund's counterparties by reviewing credit ratings, credit default swap spreads, equity pricing, news flows and other indicators on a regular basis.

Liquidity Risk: Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities as they fall due.

The Fund's liquidity framework is designed to ensure that the Fund has the ability to generate sufficient cash in a timely manner to meet its financial commitments.

Liquidity risk is managed by:

- forecasting liquidity requirements;
- maintaining a buffer of cash and highly liquid securities to meet short-term liquidity requirements;
- regular reviews of the liquidity available by senior management;
- periodic 'stress tests' of the liquidity framework using theoretical scenarios.

7. Financial Projections for 2018/19

COST ALLOCATION MODEL

Our Cost Allocation Model encompasses both the Guardians and the Fund.

Fund expenses are met from the Fund and are those incurred in the establishment and implementation of investment policy and the financial and risk management of Fund assets including fees paid to external managers and the master custodian.

The Guardians' expenses – with the exception of those incurred by the Board – are met from the Fund and include remuneration, staff expenses such as office services, travel, and professional development.

Certain expenses of the Board are met from Parliamentary appropriation and are composed of Board fees, the cost of travel to and from Board meetings and the cost of external audit for the Guardians.

All of these operating costs, irrespective of whether they are sourced from appropriations or Fund assets, are consolidated in the financial statements of the Guardians and subject to the reporting and disclosure obligations of the Crown Entities Act (2004).

We have prepared prospective financial statements for both the Guardians and the Fund. The Fund estimates assume that earnings will be broadly in line with the long-term estimate (i.e. 8.7% p.a. after costs but before New Zealand tax). Some costs are fixed (e.g. audit costs) and can be easily estimated, but the majority are variable (e.g. base and performance fees paid to investment managers or transaction fees paid to the custodian).

We have prepared estimates of these variable costs based on our expectations of the Fund over the year.

EXPECTED TOTAL COST OF MANAGING THE FUND 2018/19

The forecast cost of managing the Fund in 2018/19 – excluding performance fees, is \$129.4 million or 0.32% of expected average funds under management, compared to the forecast for 2017/18 of \$118.7 million or 0.35%².

Of this amount the Guardians' expenses are \$60.6 million, amounting to 0.15% of expected average funds under management.

Performance fees are only paid when investment managers outperform their benchmarks and so they are better described as an offset against returns than a cost. If we include forecast performance fees, the total forecast cost of managing the Fund in 2018/19 is \$154.7 million or 0.38%, compared to the forecast for 2017/18 of \$137.6 million or 0.40%.

2. In previous Statements of Performance Expectation, costs associated with managing our rural investments have also been included. Due to the legal structure through which these investments are now held, these costs are no longer reported within 'expenses' but instead sit within 'net operating income' and hence are not included in the 2017/18 and 2018/19 forecast figures above.

It is important to emphasise that these are forecast figures and that actual fees will be dependent on investment performance and the availability of suitable investment opportunities and access points.

Actual performance fees paid each financial year are disclosed in our Annual Report.

REPORTABLE OUTPUTS

The Guardians receives an annual appropriation to meet fees and expenses of its Board members and fees paid to its external auditor. The appropriation for 2018/19 is \$0.73 million.

All of the Guardians' outputs are funded by payments from the Fund rather than from annual appropriations through Parliament.

8. Prospective Financial Statements

We have prepared prospective financial statements for the Guardians (in our role as manager and administrator of the Fund) and for the Fund consistent with this Statement of Performance Expectations. These prospective financial statements rely on assumptions with respect to unknown or uncertain future events. Assumptions represent a risk in that actual events may vary from the assumption and that all of the outcomes that may flow from actual events cannot be guaranteed.

These prospective financial statements should be read within the context of the 2016-21 Statement of Intent and this Statement of Performance Expectation. Information in these prospective financial statements may not be appropriate for purposes other than those described.

The Board authorised the issue of these prospective financial statements on 17 April 2018. The Board is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

The assumptions used in preparing the prospective financial statements have been disclosed following the accounting policies of the Guardians and the Fund. Actual financial results have not been incorporated into the prospective financial statements. The Board does not intend to update these prospective financial statements subsequent to presentation.

CONTENTS

GUARDIANS OF NEW ZEALAND SUPERANNUATION AND GROUP

Prospective Consolidated Statement of Comprehensive Revenue and Expense	12
Prospective Consolidated Statement of Financial Position	13
Prospective Consolidated Statement of Changes in Public Equity	14
Prospective Consolidated Statement of Cash Flows	15
Summary of significant accounting policies	16

NEW ZEALAND SUPERANNUATION FUND

Prospective Statement of Financial Position	20
Prospective Statement of Comprehensive Income	21
Prospective Statement of Changes in Public Equity	22
Prospective Statement of Cash Flows	23
Summary of significant accounting policies	24

Prospective Consolidated Statement of Comprehensive Revenue and Expense

FOR THE YEAR ENDING 30 JUNE 2019	\$000
Cost reimbursement from the New Zealand Superannuation Fund	59,747
Other revenue	160
Revenue from exchange transactions	59,907
Appropriations from the Crown	728
Revenue from non-exchange transactions	728
Total revenue	60,635
Board members' fees	(404)
Employee entitlements	(45,689)
Other expenses	(14,542)
Total expenses	(60,635)
Surplus/(Deficit) for the year	–
Total comprehensive revenue and expense for the year	–

Prospective Consolidated Statement of Financial Position

AS AT 30 JUNE 2019	\$000
ASSETS	
Current assets	
Cash and cash equivalents	676
Receivables from exchange transactions	10,937
Receivables from non-exchange transactions	–
Non-current assets	
Receivables from exchange transactions	–
Property, plant and equipment	–
Total assets	11,613
LIABILITIES	
Current liabilities	
Payables under exchange transactions	(716)
Employee entitlements	(9,290)
Deferred lease incentive	(86)
Non-current liabilities	
Employee entitlements	(510)
Deferred lease incentive	(511)
Total liabilities	(11,113)
Net assets	500
EQUITY	
Accumulated comprehensive revenue and expense	–
General equity reserve	500
Total public equity	500

Prospective Consolidated Statement of Changes in Public Equity

FOR THE YEAR ENDING 30 JUNE 2019	GENERAL EQUITY RESERVE \$000	ACCUMULATED COMPREHENSIVE REVENUE AND EXPENSE \$000	TOTAL \$000
Balance at 30 June 2018	500	–	500
Surplus/(Deficit) for the year	–	–	–
Total comprehensive revenue and expense for the year	–	–	–
Balance at 30 June 2019	500	–	500

Prospective Consolidated Statement of Cash Flows

FOR THE YEAR ENDING 30 JUNE 2019	\$000
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash was provided from:	
Receipts from the Crown	728
Receipts from the New Zealand Superannuation Fund	56,376
Interest received	60
Other receipts	133
Goods and Services Tax	78
Total cash inflow from operating activities	57,375
Cash was applied to:	
Payments to Board members	(404)
Payments to suppliers	(17,990)
Payments to employees	(40,862)
Total cash outflow from operating activities	(59,256)
Net cash provided by/(used in) operating activities	(1,881)
Net increase/(decrease) in cash and cash equivalents	(1,881)
Cash and cash equivalents at the beginning of the financial year	2,557
Cash and cash equivalents at the end of the financial year	676

Summary of significant accounting policies

GENERAL INFORMATION

These are the prospective 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 domiciled in New Zealand and the address of its principal place of business is 21 Queen Street, Auckland.

The prospective financial statements of the Guardians of New Zealand Superannuation and Group for the year ending 30 June 2019 were authorised for issue in accordance with a resolution of the Board of the Guardians of New Zealand Superannuation on 17 April 2018.

STATEMENT OF COMPLIANCE

The prospective financial statements have been prepared in accordance with the Crown Entities Act 2004 and the Public Finance Act 1989 and comply with Public Benefit Entity Financial Reporting Standard 42: Prospective Financial Statements.

The Guardians is a public benefit entity, as the primary purpose is to manage and administer the New Zealand Superannuation Fund (Fund). The prospective financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) as it applies to prospective financial statements. They comply with Tier 1 Public Benefit Entity (PBE) Accounting Standards.

BASIS OF PREPARATION

The prospective financial statements have been prepared on a historical cost basis, are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (NZD'000).

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.

The following particular accounting policies which materially affect the preparation of the prospective financial statements have been applied:

a) Basis of consolidation

The prospective consolidated financial statements comprise the prospective financial statements of the Guardians and its subsidiaries as at 30 June 2019.

The prospective financial statements of subsidiaries are prepared for the same reporting period as the Guardians using consistent accounting policies. In preparing prospective consolidated financial statements, all inter-entity transactions, balances, unrealised gains and losses are eliminated.

b) Subsidiaries

Subsidiaries are those entities that are controlled by the Guardians. The Guardians controls an entity when it has the power to govern the financial and operating policies of that entity so as to obtain benefits from their activities.

c) Revenue

The Guardians primarily derives revenue through the provision of services to the Crown and to the 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.

Rendering of services

Cost reimbursement from the Fund is recognised by reference to the stage of completion of services provided at balance date when the transaction involving the rendering 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 asset 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.

d) 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.

Deferred leases incentives are recognised as a reduction of lease expense on a straight-line basis over the period of the lease.

e) Foreign currency translation

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 Prospective Consolidated Statement of Comprehensive Revenue and Expense.

f) Financial instruments

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 Prospective Consolidated Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Prospective Consolidated Statement of Comprehensive Revenue and Expense.

INITIAL RECOGNITION

Financial assets and financial liabilities are recognised in the Prospective 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.

SUBSEQUENT MEASUREMENT

Subsequent to initial recognition, the Group classifies its financial assets and financial liabilities into the following categories:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category includes cash and cash equivalents and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any allowance for impairment.

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, 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 investments have expired or when the Group has transferred substantially all of the risks and rewards of ownership. The Group derecognises a financial liability when the obligation under the liability is discharged, cancelled or has expired.

IMPAIRMENT

The Board and management assess, at each reporting date, whether there is any objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an 'incurred loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Financial difficulty of a debtor, default payments or receivables of more than 60 days overdue are considered objective evidence of impairment of receivables. The amount of the impairment loss is the difference between the carrying amount of the financial asset and the present value of the estimated cash flows, discounted at the original effective interest rate.

OFFSETTING FINANCIAL INSTRUMENTS

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.

g) Cash and cash equivalents

Cash and cash equivalents includes cash balances on hand, cash held in bank accounts, demand deposits and other highly liquid investments with an original maturity of three months or less.

h) Goods and Services Tax (GST)

Revenues, expenses, assets and liabilities are recognised in the prospective 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.

i) Employee entitlements

Liabilities for salaries, annual leave, long service leave and incentives are recognised in the Prospective 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.

INCENTIVES

The Guardians has an incentive scheme in place for all employees. For some employees, a component of their incentive payment is based on the performance of the Fund that vests progressively over a rolling four-year period. During the first three years of the four-year calculation period, the value of the accrual is dependent on the outcome of future periods. The liability reflected in the Prospective Consolidated Statement of Financial Position reflects the present value of the Guardians obligations in respect of that liability. The liability has been calculated based on a medium-term expectation of Fund performance.

j) Statement of Cash Flows

The following are the definitions of the terms used in the Prospective Consolidated Statement of Cash Flows:

Operating activities include all activities other than investing or financing activities. Cash inflows include all receipts from the sale of goods and 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 current and non-current securities and any 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 equity capital.

Cash flows are included in the Prospective Consolidated 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 taxation authority, is classified as operating cash flows.

k) Changes in accounting policies

There have been no changes in accounting policies. All accounting policies have been applied consistently throughout these prospective financial statements.

l) Significant judgements and estimates

The preparation of the Guardians' prospective financial statements requires the Board and management to make judgements and use estimates that affect the reported amounts of revenue, 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 by the Board and management are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial 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 carrying amount of assets and liabilities within the next financial year are as follows:

EMPLOYEE ENTITLEMENTS – 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 salary inflation factor has been determined after considering historical salary inflation patterns.

EMPLOYEE ENTITLEMENTS – LONG TERM PORTION OF INCENTIVES

Calculation of the long-term portion of the incentive liability utilises assumptions regarding the future performance of the Fund, the employee's average salary over the vesting period and the percentage of service rendered. The key variable is the performance of the Fund. Should the performance of the Fund differ from the assumption used in the calculation of the long-term portion of the incentive liability, this will impact the employee entitlements expense in the Prospective Consolidated Statement of Comprehensive Revenue and Expense and the carrying amount of the incentive liability in the Prospective Consolidated Statement of Financial Position. The Group manages this risk by using a medium-term expectation of Fund performance.

HEADCOUNT

The Guardians' forecast is based on the key assumption that the headcount for the Guardians will increase from the budgeted level of 148.8 as at the end of March 2018 to 157.8 full-time equivalent employees by 30 June 2019. The actual headcount as at end of March 2018 was 128.8.

The forecast increase in headcount numbers was determined from the annual business plan compiled by the Guardians' senior management team.

In the event that the Guardians is unable to recruit the additional headcount as forecast, actual results may vary materially from the forecast. Any variance in actual headcount is likely to result in a material reduction of expenses, resulting in a corresponding decrease in revenue received from the Fund.

Prospective Statement of Financial Position

AS AT 30 JUNE 2019	\$000
ASSETS	
Cash and cash equivalents	2,102,328
Cash pledged as collateral	365,984
Trade and other receivables	1,300,870
Investments	
Investments in derivative financial instruments and other financial assets	39,090,755
Investments in unconsolidated subsidiaries	2,085,368
Total investments	41,176,123
Property, plant and equipment	1,823
Intangible assets	16,808
Total assets	44,963,936
LIABILITIES	
Cash collateral received	(1,362,276)
Trade and other payables	(528,220)
Income tax payable	(161,311)
Provision for performance-based fees	(20,310)
Deferred tax liability	(432,455)
Total liabilities	(2,504,572)
Net assets	42,459,364
PUBLIC EQUITY	
Retained surplus	26,068,856
Available-for-sale reserve	–
Asset revaluation reserve	8,429
Contributed capital	16,382,079
Total public equity	42,459,364

Prospective Statement of Comprehensive Income

FOR THE YEAR ENDING 30 JUNE 2019	\$000
INCOME	
Interest income	290,876
Dividend income	585,908
Net fair value gains on financial instruments held at fair value through profit or loss	2,686,048
Net foreign exchange gains / (losses)	–
Net operating income	3,562,832
EXPENSES	
Reimbursement of Guardians' expenses	(59,747)
Managers' fees – base	(32,387)
Managers' fees – performance	(25,386)
Custody fees	(6,834)
Depreciation	(375)
Amortisation	(499)
Other expenses	(28,633)
Profit for the year before income tax expense	3,408,971
Income tax expense	(819,031)
Profit for the year after income tax expense	2,589,940
Other comprehensive income – reclassifiable to profit or loss in subsequent period	
Net fair value gains on available-for-sale financial assets	–
Other comprehensive income – not reclassifiable to profit or loss in subsequent period	
Gains / (losses) on revaluation of assets	–
Income tax expense on items of other comprehensive income	–
Other comprehensive income for the year, net of tax	–
Total comprehensive income for the year	2,589,940

Prospective Statement of Changes in Public Equity

FOR THE YEAR ENDING 30 JUNE 2019	ASSET REVALUATION RESERVE \$000	AVAILABLE- FOR-SALE RESERVE \$000	CONTRIBUTED CAPITAL \$000	RETAINED SURPLUS \$000	TOTAL \$000
Balance at 30 June 2018	8,429	–	15,382,079	23,478,916	38,869,424
Profit for the year				2,589,940	2,589,940
Other comprehensive income					
Total comprehensive income for the year	–	–		2,589,940	2,589,940
Fund capital contributions from the Crown			1,000,000		1,000,000
Capital contributions from the Crown in respect of funding the net cost of New Zealand Superannuation entitlements			14,539,000		14,539,000
Capital withdrawals by the Crown in respect of funding the net cost of New Zealand Superannuation entitlements			(14,539,000)		(14,539,000)
Balance at 30 June 2019	8,429	–	16,382,079	26,068,856	42,459,364

Prospective Statement of Cash Flows

FOR THE YEAR ENDING 30 JUNE 2019	\$000
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash was provided from:	
Proceeds from sale of investments	29,353,852
Dividends received	560,594
Interest received	279,896
Cash was applied to:	
Purchases of investments	(28,996,757)
Managers' fees	(39,347)
Payments to suppliers	(110,501)
Income tax paid	(908,282)
Net cash provided by/(used in) operating activities	139,455
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash was applied to:	
Purchases of property, plant and equipment	(518)
Purchases of intangible assets	(1,611)
Net cash provided by/(used in) investing activities	(2,129)
CASH FLOW FROM FINANCING ACTIVITIES	
Cash was provided from:	
Capital contributions from the Crown	1,000,000
Net cash provided by/(used in) financing activities	1,000,000
Net increase/decrease in cash and cash equivalents	1,137,326
Cash and cash equivalents at the beginning of the financial year	965,002
Effects of exchange rate changes on the balance of cash held in foreign currencies	–
Cash and cash equivalents at the end of the financial year	2,102,328

Summary of significant accounting policies

GENERAL INFORMATION

These are the prospective financial statements of the New Zealand Superannuation Fund (Fund), a fund established under Section 37 of the New Zealand Superannuation and Retirement Income Act 2001 (Act) on 11 October 2001.

The Fund is a long-term, growth-oriented, sovereign wealth fund that was established to help reduce the tax burden on future taxpayers of the rising cost of New Zealand superannuation. The 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 is expected to invest the Fund in a commercial, prudent manner consistent with:

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

The Fund's master custodian is the Northern Trust Corporation.

The Fund is domiciled in New Zealand and the address of its principal place of business is 21 Queen Street, Auckland.

The prospective financial statements of the Fund for the year ending 30 June 2019 were authorised for issue in accordance with a resolution of the Board of the Guardians of New Zealand Superannuation on 17 April 2018.

BASIS OF PREPARATION

The Fund is a profit-oriented entity. The prospective financial statements of the Fund have been prepared in accordance with Financial Reporting Standard No. 42: Prospective Financial Statements and Generally Accepted Accounting Practice in New Zealand (NZ GAAP) as it relates to prospective financial statements.

The prospective financial statements have been prepared on a fair value basis, except for certain items as detailed in the policies below.

The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (NZD'000).

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.

The Fund meets the definition of an investment entity and has applied the exemption from preparing prospective 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 and loss in the Prospective Statement of Financial Position. These separate prospective financial statements are the only prospective financial statements presented by the Fund.

The following particular accounting policies which materially affect the preparation of the prospective financial statements have been applied:

a) Investment entity

The Fund meets the definition of an investment entity as the following conditions exist:

- The Fund obtains and manages funds for the purpose of providing its investor with investment management services;
- The Fund has committed to its investor that its business purpose is to invest funds solely for returns from capital appreciation and investment income;
- The Fund measures and evaluates the performance of substantially all of its investments on a fair value basis;
- The Fund has more than one investment; and
- The Fund has documented exit strategies for its investments.

Although the Fund does not meet all of the typical characteristics of an investment entity (namely, the 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 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 the majority of its investments where feasible for the purposes of its prospective financial statements.

b) Subsidiaries

Subsidiaries are those entities (including structured entities and other holding vehicles) that are controlled by the Fund under the provisions of NZ IFRS 10 Consolidated Financial Statements. The 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 Fund reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of control.

Under Section 59 of the Act, the Guardians must use their best endeavours to ensure the Fund does not control any other entity, with the exception of Fund Investment Vehicles (FIV's). A FIV is defined as an entity that is formed or controlled by the Guardians for the purpose of holding, facilitating or managing the investments of the Fund. A FIV that is controlled by the Guardians is a subsidiary of the Fund for accounting purposes. All investment opportunities are diligently evaluated to ensure compliance with all relevant laws.

As noted above, the Board and management have applied the exemption available under NZ IFRS 10 from preparing consolidated financial statements for the Fund. As a result, its investments in subsidiaries are not consolidated, but are measured at fair value through

profit and loss and are classified as 'unconsolidated subsidiaries' in the Prospective Statement of Financial Position.

c) Associates

Associates are those entities over which the 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. Investments in associates are measured at fair value through profit and loss and classified as private equity in the Prospective Statement of Financial Position.

d) 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. Investments in joint ventures are measured at fair value through profit and loss and classified as private equity in the Prospective Statement of Financial Position.

e) 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 Fund is principally involved with structured entities through investments in private equity investment funds, unconsolidated subsidiaries, collective investment funds, unlisted unit trusts, insurance-linked investments, shareholder loans, agency mortgage-backed securities and asset-backed securities that are issued by structured entities. The Fund invests in structured entities to assist with the implementation of its overall investment strategy. The Fund does not sponsor any structured entities.

f) Fair value measurement

The majority of the assets and liabilities of the 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 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 prospective 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 lowest level input that is significant to the fair value measurement as a whole.

The specific valuation techniques and the observability of the inputs used in valuation models for significant product categories are outlined below:

DERIVATIVE FINANCIAL INSTRUMENTS

The fair values of derivative financial instruments are principally determined using valuation techniques with market observable inputs. 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 instruments are classified within Level 3 of the fair value hierarchy and include longevity contingent swaps, warrants and other over-the-counter swaps. The fair value of longevity contingent swaps is provided by the counterparty at balance date. The price is a non-binding bid price based on the fair value of the underlying basket of contracts. The fair value of other over-the-counter swaps is determined using an internally-generated discounted cash flow model, with the key input being interest rates.

LISTED EQUITIES

The fair value of listed equities including those on loan under securities lending or similar agreements, is determined based on the last quoted bid price on the relevant exchange at balance date and have been 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 have been classified within Level 3 of the fair value hierarchy.

FIXED INCOME SECURITIES

The fair value of highly liquid fixed income securities including those on loan under securities lending or similar agreements, is determined based on the last quoted bid price provided by a reputable pricing vendor (being a financial data provider such as Bloomberg or Thomson Reuters) or broker at balance date and have been classified within Level 1 of the fair value hierarchy. Where the market for fixed income securities is illiquid, fair value is determined by a reputable pricing vendor who uses models to value the securities. The models incorporate various inputs including loan level data, repayment and default assumptions and benchmark prices for similar securities. These securities have been classified within Level 2 of the fair value hierarchy. For illiquid securities, because of the inherent uncertainty of valuation, it is possible that the fair values estimated may differ from those that would have been determined had a ready market for those securities existed and those differences may be significant. These securities have been classified within Level 3 of the fair value hierarchy.

The fair value of unlisted debt instruments, including fixed and floating rate instruments, that form part of an investment into a private equity investment, are valued 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 have been 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 lowest level classification of the underlying 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 have been 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 and have been 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 or the price of recent investments and have been classified within Level 3 of the fair value hierarchy.

UNLISTED UNIT TRUSTS

The fair value of unlisted unit trusts is determined based on the last bid price of the unit or security provided by the administrators at balance date. The bid price is based on the fair value of the underlying net assets or securities of the unlisted unit trust. Unlisted unit trusts have been 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 net assets of the specific 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, independent valuations, valuation models based on the price of recent transactions, earnings multiples or discounted cash flows. Unconsolidated subsidiaries have been classified within Level 2 and 3 of the fair value hierarchy.

INTANGIBLE ASSETS

Allocations of New Zealand Units (NZUs) and/or other carbon credits that the Fund owns are recognised at net realisable value where they have been received, or where the Board and management is reasonably certain they will be received, and a price can be reliably ascertained either through the existence of an observable active market or through pricing obtained from reputable brokers.

g) Financial instruments

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 Fund is party to financial instruments as part of its normal operations. These financial instruments include cash and cash equivalents, derivative financial instruments, investments (excluding agricultural assets), receivables and payables. All financial instruments are recognised in the Prospective Statement of Financial Position and all income and expenditure in relation to financial instruments are recognised in the Prospective Statement of Comprehensive Income.

INITIAL RECOGNITION

Financial assets and financial liabilities are recognised in the Prospective Statement of Financial Position when the 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.

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 Fund commits to purchase or sell the financial instrument.

SUBSEQUENT MEASUREMENT

Subsequent to initial recognition, the Fund's financial assets and financial liabilities are classified into the following categories:

*Financial assets and financial liabilities at fair value through profit or loss**Financial assets and financial liabilities at fair value through profit or loss – held for trading*

Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. All derivative financial instruments held by the Fund are classified as held for trading. The 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 – designated upon initial recognition

Financial assets and financial liabilities designated at fair value through profit or loss upon initial recognition include equity and debt instruments. They are designated at fair value upon initial recognition on the basis that they are part of a group of financial instruments that are managed and have their performance evaluated on a fair value basis, in accordance with the financial risk management and investment objectives of the Fund.

Subsequent to initial recognition, financial assets and financial liabilities at fair value through profit or loss are recognised in the Prospective Statement of Financial Position at fair value with changes in fair value being recognised in the Prospective Statement of Comprehensive Income in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category includes cash and cash equivalents, cash pledged as collateral, trade and other receivables and some unlisted debt instruments. Unlisted debt instruments that are classified as loans and receivables include fixed and floating rate notes and redeemable preference shares.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any allowance for impairment.

Available-for-sale financial assets

Available-for-sale financial assets include private equity investments that do not have a quoted market price in an active market or whose fair value cannot be reliably measured. The Board and management have determined that the fair value for certain private equity investments cannot be reliably measured where the entity's financial statements have not been prepared under either IFRS or a recognised and reliable accounting basis such as US GAAP.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value, where fair value can be reliably measured, with unrealised gains or losses recognised in other comprehensive income and the available-for-sale reserve. Available-for-sale financial assets whose fair value cannot be reliably measured are measured at cost less impairment. Transaction costs are included in the cost of the investment.

Financial liabilities at amortised cost

Financial liabilities at amortised cost include all non-derivative financial liabilities. This category includes cash collateral received and trade and other payables.

DERECOGNITION

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or when the Fund has transferred substantially all of the risks and rewards of ownership. A financial liability is derecognised when the Fund's obligation under the liability is discharged, cancelled or has expired.

IMPAIRMENT

The Board and management assess, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an 'incurred loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

h) Securities Lending

Securities lending transactions are usually collateralised by securities or cash. The transfer of the securities to counterparties is only reflected on the Prospective 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 Prospective Statement of Financial Position. Collateral advanced by the borrower in the form of cash is recognised as an asset in the Prospective Statement of Financial Position, along with a corresponding obligation to repay the cash collateral to the borrower, once the securities have been returned.

i) Cash and cash equivalents

Cash and cash equivalents includes cash balances on hand, cash held in bank accounts, demand deposits and other highly liquid investments with an original maturity of three months or less, which have an insignificant risk of change in fair value.

j) Goods and Services Tax (GST)

Income, expenditure, assets and liabilities are recognised in the prospective 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.

k) Trade and other Payables

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. The average credit period on trade payables is 30 days. No interest is charged on overdue balances. The 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.

Short-term 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.

l) Property, plant and equipment**RECOGNITION AND MEASUREMENT**

All items of property, plant and equipment are initially recognised at cost. Cost includes the value of consideration exchanged and those expenses directly attributable to bringing the item to working condition for its intended use.

Subsequent to initial recognition, all items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

DERECOGNITION

An item of property, plant and equipment is derecognised when it is sold or otherwise disposed of or when no future economic benefits are expected to arise from its continued use. Any gain or loss arising on disposal (being the difference between the net disposal proceeds and the carrying amount of the item) is included in the Prospective Statement of Comprehensive Income in the year in which the item is disposed of.

IMPAIRMENT

All items of property, plant and equipment are assessed for indicators of impairment at each balance date. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated, being the greater of fair value less costs to sell and value in use. Where the carrying amount of an asset is greater than its recoverable amount, the asset is written down to its recoverable amount. The write-down is recognised in profit or loss in the Prospective Statement of Comprehensive Income. Where an impairment loss subsequently reverses, the carrying amount of the item is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount which would have been determined had no impairment loss been recognised for the item in prior years. A reversal of an impairment loss is recognised in the Prospective Statement of Comprehensive Income immediately.

DEPRECIATION

Depreciation is provided on a straight-line basis to write off the cost of property, plant and equipment to estimated residual value over their estimated useful lives. The estimated useful lives of the major categories of property, plant and equipment are as follows:

Computer and office equipment	3 years
Office fit-out	12 years

The cost of office fit-out is capitalised and depreciated over the unexpired period of the lease (held by the Guardians) or the estimated remaining useful lives of the improvements, whichever is shorter.

m) Provision for performance-based fees

A provision is recognised in the Prospective Statement of Financial Position when the 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.

n) Fund capital**PURPOSE**

Fund capital, which comprises investments and all other assets of the Fund less any liabilities, is the property of the Crown. The Fund's purpose is to build a portfolio of assets to help reduce the impact of providing retirement income, in the form of New Zealand superannuation, to an ageing population.

CAPITAL CONTRIBUTIONS

The Crown is required to make capital contributions to the Fund in accordance with Sections 42 to 44 of the New Zealand Superannuation and Retirement Income Act 2001 (Act). These capital contributions are made by the Crown for investment purposes based on a percentage of Gross Domestic Product (GDP). 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. In December 2017 the Government announced capital contributions to the Fund would resume. As a consequence, \$1.0 billion of capital contributions are planned for the year to 30 June 2019. Contributions will increase over the next three years, with \$1.5 billion planned for the Fund in 2019/2020, \$2.2 billion in 2020/2021 and \$2.5 billion in 2021/2022. Full capital contributions are projected to resume from 2022/23 under current Treasury modelling, but this may change based on future Fiscal and Economic Updates. Fund capital contributions are recorded in the Prospective Statement of Changes in Public Equity.

CAPITAL WITHDRAWALS

Under Section 47 of the Act, no withdrawal of capital is permitted from the Fund prior to 1 July 2020.

SUPERANNUATION ENTITLEMENTS

Under Section 45 of the Act, the Minister of Finance must ensure that sufficient money is transferred into the Fund in each financial year to meet the net cost of the superannuation entitlements that are payable out of the Fund during that year. This requirement is additional to and separate from the obligation to make annual capital contributions. As no capital withdrawals are permitted from the Fund prior to 1 July 2020, the Minister of Finance is obliged to provide funding to meet superannuation entitlements in the interim. The Treasury, through the 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 Fund. The Guardians has no control over these transfers, with The Treasury acting as agent for the Fund. Transfers for superannuation entitlements are recorded in the Prospective Statement of Changes in Public Equity.

MANAGEMENT OF FUND CAPITAL

The Fund is a profit-oriented entity, managed by the Guardians. The Guardians' mandate is to invest the Fund on a prudent, commercial basis and, in doing so, ensure that the Fund is managed and administered in a manner consistent with best-practice portfolio management, maximising return without undue risk to the 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 Fund are invested in accordance with its Statement of Investment Policies, Standards and Procedures, which is available at www.nzsuperfund.co.nz.

o) Income

Income is recognised when it is probable that economic benefits will flow to the 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

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 instruments not at fair value through profit or loss, 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 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 Prospective Statement of Comprehensive Income.

p) 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.

q) Foreign currency translation

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 Prospective Statement of Comprehensive Income.

r) Income tax

In accordance with Section HR 4B of the Income Tax Act 2007, income derived by the Fund is subject to New Zealand tax determined using the rules applying to companies. The income tax expense recognised in profit or loss in the Prospective 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 sheet 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 Fund intends to settle on a net basis.

s) Statement of Cash Flows

The following are the definitions of the terms used in the Prospective 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 Fund and accordingly, is not recorded in the Prospective Statement of Cash Flows.

Cash flows are included in the Prospective 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 taxation authority, is classified as operating cash flows.

t) Changes in accounting policies

There have been no changes in accounting policies. All accounting policies have been applied consistently throughout these prospective financial statements.

u) Significant judgements and estimates

The preparation of the Fund's prospective 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 Fund are continually evaluated. They are based on historical experience and other factors, including expectations of future events that

may have a financial impact on the 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 carrying amounts of assets and liabilities within the next financial year are as follows:

ASSESSMENT AS AN INVESTMENT ENTITY

The Board and management reassess the Fund's investment entity status on an annual basis, if any of the criteria or characteristics change.

ASSESSMENT OF CONTROL, JOINT CONTROL OR SIGNIFICANT INFLUENCE

The Board and management have assessed the Fund's investments in subsidiaries 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 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 Fund has no unilateral power to direct the relevant activities of these entities and therefore it does not have control of these entities.

The Board and management have assessed the Fund's investments in associates in light of the definition of significant influence included in NZ IAS 28 Investments in Associates and Joint Ventures. The 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 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.

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries. The Fund's joint arrangements are classified as joint ventures because certain key operating and financial activities require the approval of the 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.

ASSESSMENT OF INVESTMENTS IN STRUCTURED ENTITIES

The Board and management have assessed which of the 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 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.

DETERMINATION OF FAIR VALUE

Where the fair value of assets and liabilities cannot be measured based on 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. For assets that have no quoted price (which principally consist of investments in private equity investment funds, collective investment funds, unlisted unit trusts, 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:

Private equity investment funds, collective investment funds and unlisted unit trusts where fair value is provided by investment managers or administrators

The fair value of private equity investment funds, collective investment funds and unlisted unit trusts is 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 or where an investment is directly managed by the Fund.

Fixed income securities where fair value is determined by a pricing vendor

Where the market for fixed income securities is illiquid, fair value is determined by a pricing vendor who uses models to value the securities. The Board and management mitigate the risk of pricing errors by only selecting reputable pricing vendors and by periodically calibrating prices against observable market data.

Derivative financial instruments where fair value is determined by a pricing vendor, broker or counterparty

Pricing vendors, brokers or counterparties may use valuation models to price certain derivative financial instruments for which the inputs may include current and forward exchange rates, estimates of cash flows, interest rates, futures prices, default rates, credit spreads, volatility curves, indicative prices for similar assets and discount rates. The Board and management mitigate the risk of pricing errors by only selecting reputable pricing vendors, brokers or counterparties and by periodically calibrating prices against observable market data.

Transfers between levels of the fair value hierarchy

The classification of investments within the fair value hierarchy is reviewed annually. Transfers between the different levels of the hierarchy generally occur where there is a change in the trading status of a financial instrument (such as listing on a recognised exchange, suspension of trading or de-listing).

OTHER SIGNIFICANT ESTIMATES AND JUDGEMENTS

Investment returns for the forecast period are based on internal modelling of 20-year returns.

Management fees included in the forecast are based on investment management agreements that were in place on the date the forecast was approved by the Board. The Guardians' expenses are allocated according to the current allocation model.

The forecast has largely been based on actual experience to date with exception of the impact of foreign currency. No foreign currency impact has been forecast.

Material differences between the forecast and actual returns may also occur due to three other major factors:

- (i) investment markets generate returns at a level that is greater or lesser than the rate assumed in this forecast;
- (ii) the asset mix of the Fund changes in response to opportunities not anticipated in this forecast; and
- (iii) foreign currency movements.

SIGNED ON BEHALF OF THE BOARD:



Catherine Savage, Chair



Lindsay Wright, Chair Audit Committee

WWW.NZSUPERFUND.CO.NZ