

QuayStreet Funds

**Financial Statements
For the year ended 31 March 2020**

Manager's Statement

In the opinion of the Manager, the accompanying Financial Statements are prepared so as to present fairly the financial position of the QuayStreet Funds as at 31 March 2020, and their results for the year ended on that date in accordance with the requirements of the QuayStreet Funds Trust Deed dated 1 June 2016 (which consolidated and amended the original QuayStreet Funds Trust Deed dated 19 September 2007 and amended 31 August 2009 and 18 September 2014.)



Director

QuayStreet Asset Management Limited
Wednesday, 22 July 2020

Additional Unitholder Information
Notice of Trust Deed Amendment

Under clause 33.3 of the Trust Deed governing the QuayStreet Funds and the Financial Markets Conduct Act 2013 ("FMC Act"), the Manager, QuayStreet Asset Management Limited is required to advise Unitholders in summary form of any amendments to the Trust Deed or Establishment Deed specific to each Fund.

The Master Trust Deed was consolidated and amended dated 1 June 2016 and the funds transitioned to being registered as a managed investment scheme under the FMC Act on 20 June 2016.

Statements of Comprehensive Income

\$	Notes	Conservative Fund		Balanced Fund		Growth Fund		Socially Responsible Fund		Fixed Interest Fund	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Investment income											
Interest income on financial assets at amortised cost		209,631	232,033	407,597	684,341	201,779	390,603	309,456	355,549	1,321,678	880,365
Interest income on financial assets at fair value through profit and loss		-	-	-	-	-	-	247,162	(9,234)	8,436,892	7,464,481
Dividends and distributions		822,467	896,368	932,803	1,026,281	488,180	522,847	386,795	315,748	-	-
Net gain/(loss) on financial instruments at fair value through profit or loss		(52,805)	2,442,615	(406,966)	8,403,129	(325,683)	8,981,583	(115,191)	1,577,645	(1,928,459)	1,821,356
Other income		-	-	-	-	-	-	8,695	5	780	-
Total investment income		979,293	3,571,016	933,434	10,113,751	364,276	9,895,033	836,917	2,239,713	7,830,891	10,166,202
Expenses/(recoveries)											
Management fees	6.2	(14,707)	(5,247)	79,457	183,662	328,346	358,612	466,148	410,246	2,108,571	1,560,201
Brokerage	6.2	-	-	-	-	-	-	18,258	22,712	(12,500)	(15,938)
Other expenses		344	8,139	894	20,876	941	20,050	7,334	12,320	31,586	37,073
Total expenses/(recoveries)		(14,363)	2,892	80,351	204,538	329,287	378,662	491,740	445,278	2,127,657	1,581,336
Total comprehensive income/(loss) attributable to Unitholders		993,656	3,568,124	853,083	9,909,213	34,989	9,516,371	345,177	1,794,435	5,703,234	8,584,866

\$	Notes	International Equity Fund		NZ Equity Fund		Australian Equity Fund		Altum Fund		Income Fund	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Investment income											
Interest income on financial assets at amortised cost		2,209,566	2,015,613	207,283	154,078	101,788	126,592	341,359	344,969	885,004	565,991
Interest income/(expense) on financial assets at fair value through profit and loss		(1,417,060)	(9,632,520)	-	-	-	-	-	-	6,348,908	4,089,260
Dividends and distributions		3,516,627	2,843,675	2,059,770	1,769,008	1,705,192	1,543,233	628,147	610,490	707,540	774,213
Net gain/(loss) on financial instruments at fair value through profit or loss		9,827,532	22,695,229	(1,035,945)	8,353,918	(7,963,602)	638,364	(1,116,503)	(680,845)	(10,824,205)	3,415,929
Other income		8,123	-	40	-	11,219	5	-	-	50,556	38,188
Total investment income		14,144,788	17,921,997	1,231,148	10,277,004	(6,145,403)	2,308,194	(146,997)	274,614	(2,832,197)	8,883,581
Expenses											
Management fees	6.2	3,608,912	2,917,118	1,045,725	754,772	723,158	649,111	772,581	662,157	1,532,734	940,285
Brokerage	6.2	75,915	81,774	135,744	111,942	101,338	89,775	91,412	104,003	99,176	41,768
Other expenses		13,737	23,075	9,474	11,950	9,032	10,044	6,681	9,408	33,149	34,909
Total expenses		3,698,564	3,021,967	1,190,943	878,664	833,528	748,930	870,674	775,568	1,665,059	1,016,962
Total comprehensive income/(loss) attributable to Unitholders		10,446,224	14,900,030	40,205	9,398,340	(6,978,931)	1,559,264	(1,017,671)	(500,954)	(4,497,256)	7,866,619

The accompanying notes are an integral part of these Financial Statements.



Statements of Changes in Net Assets Attributable to Unitholders

\$	Notes	Conservative Fund		Balanced Fund		Growth Fund		Socially Responsible Fund		Fixed Interest Fund	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
For the year ended 31 March											
Net assets attributable to Unitholders at the beginning of the year											
		77,020,449	67,129,096	203,391,251	177,472,860	200,920,942	170,409,580	41,969,586	36,808,074	224,758,808	173,228,641
Applications		28,839,943	87,723,789	49,954,170	226,031,224	50,201,055	226,424,172	10,710,780	41,314,584	135,672,077	106,361,563
Withdrawals		(14,323,712)	(81,354,529)	(37,168,456)	(209,989,116)	(29,627,541)	(205,420,519)	(9,103,865)	(37,922,780)	(42,625,190)	(59,293,650)
Distributions		-	-	-	-	-	-	-	-	(3,491,251)	(3,482,830)
Resident and foreign withholding taxes	3.9	19	(69)	19	(94)	26	(95)	(23,152)	(18,144)	19,050	(39,596)
Unitholder tax (liabilities)/asset	3.9	(26,637)	(45,962)	(15,867)	(32,836)	(328)	(8,567)	2,488	(6,583)	(384,336)	(600,186)
Net increase in Unitholder funds		14,489,613	6,323,229	12,769,866	16,009,178	20,573,212	20,994,991	1,586,251	3,367,077	89,190,350	42,945,301
Total comprehensive income/(loss) for the year		993,656	3,568,124	853,083	9,909,213	34,989	9,516,371	345,177	1,794,435	5,703,234	8,584,866
Net assets attributable to Unitholders at the end of the year		92,503,718	77,020,449	217,014,200	203,391,251	221,529,143	200,920,942	43,901,014	41,969,586	319,652,392	224,758,808
Units											
For the year ended 31 March											
Units on issue											
Balance at the beginning of the year		43,261,108	39,663,976	108,072,184	99,460,225	103,298,501	92,424,881	22,892,373	21,037,162	163,787,560	129,219,889
Applications - units		15,701,871	50,361,213	25,178,533	122,146,456	24,197,796	117,961,453	5,468,744	22,916,165	97,763,923	79,019,588
Withdrawals - units		(7,831,838)	(46,764,081)	(18,934,888)	(113,534,497)	(14,400,188)	(107,087,833)	(4,683,861)	(21,060,954)	(31,002,104)	(44,451,917)
Balance at the end of the year		51,131,141	43,261,108	114,315,829	108,072,184	113,096,109	103,298,501	23,677,256	22,892,373	230,549,379	163,787,560

The accompanying notes are an integral part of these Financial Statements.



Statements of Changes in Net Assets Attributable to Unitholders

\$	Notes	International Equity Fund		NZ Equity Fund		Australian Equity Fund		Altum Fund		Income Fund	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
For the year ended 31 March											
Net assets attributable to Unitholders at the beginning of the year											
		245,454,213	209,988,793	68,369,175	53,646,860	54,182,577	48,065,150	56,125,183	48,124,442	142,777,081	108,806,507
Applications		47,293,263	63,158,419	21,808,153	26,710,356	10,174,737	13,438,520	9,949,110	27,401,096	142,228,641	58,161,183
Withdrawals		(11,493,338)	(42,099,750)	(6,213,075)	(21,384,793)	(10,763,400)	(8,830,731)	(6,801,036)	(18,869,620)	(36,295,126)	(28,784,767)
Distributions		-	-	-	-	-	-	-	-	(3,312,535)	(2,814,489)
Resident and foreign withholding taxes	3.9	(501,766)	(424,433)	(420)	(1,557)	(22,821)	(24,655)	(1,316)	(23,774)	(38,697)	(21,918)
Unitholder tax (liabilities)/asset	3.9	(73,527)	(68,846)	12,617	(31)	(15,895)	(24,971)	(513)	(6,007)	482,437	(436,054)
Net increase/(decrease) in Unitholder funds		35,224,632	20,565,390	15,607,275	5,323,975	(627,379)	4,558,163	3,146,245	8,501,695	103,064,720	26,103,955
Total comprehensive income/(loss) for the year		10,446,224	14,900,030	40,205	9,398,340	(6,978,931)	1,559,264	(1,017,671)	(500,954)	(4,497,256)	7,866,619
Net assets attributable to Unitholders at the end of the year		291,125,069	245,454,213	84,016,655	68,369,175	46,576,267	54,182,577	58,253,757	56,125,183	241,344,545	142,777,081
Units											
\$	Notes	International Equity Fund		NZ Equity Fund		Australian Equity Fund		Altum Fund		Income Fund	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
For the year ended 31 March											
Units on issue											
Balance at the beginning of the year		121,519,237	111,106,409	23,493,866	21,521,035	35,739,479	32,770,183	40,259,745	34,293,171	124,013,093	98,261,085
Applications - units		22,807,743	31,260,810	6,953,611	10,147,754	6,815,922	8,926,123	7,015,001	19,729,224	120,082,979	51,765,161
Withdrawals - units		(5,296,998)	(20,847,982)	(2,003,331)	(8,174,923)	(6,652,648)	(5,956,827)	(4,660,299)	(13,762,650)	(30,897,725)	(26,013,153)
Balance at the end of the year		139,029,982	121,519,237	28,444,146	23,493,866	35,902,753	35,739,479	42,614,447	40,259,745	213,198,347	124,013,093

The accompanying notes are an integral part of these Financial Statements.



Statements of Financial Position

\$		Conservative Fund		Balanced Fund		Growth Fund		Socially Responsible Fund		Fixed Interest Fund	
As at 31 March	Notes	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Assets											
Cash and cash equivalents		5,251,715	4,411,143	5,497,600	29,252,815	8,142,965	15,372,252	8,772,886	12,694,619	17,059,511	7,053,111
Term deposits		5,000,000	5,000,000	9,296,218	-	-	-	5,900,000	4,000,000	48,258,603	22,712,361
Financial assets at fair value through profit or loss	7.1	82,478,594	67,642,207	203,874,935	174,185,568	215,629,352	185,588,379	29,713,594	25,603,340	252,642,404	197,937,359
Due from brokers		-	-	-	-	-	-	481,520	1,669,723	770,432	-
Unitholder tax rebates receivable		2,017	-	3,153	-	2,676	37	5,695	-	39,945	49
Other receivables		137,077	14,334	228,085	3,606	432,931	1,895	251,150	187,707	3,242,611	1,975,765
Total assets		92,869,403	77,067,684	218,899,991	203,441,989	224,207,924	200,962,563	45,124,845	44,155,389	322,013,506	229,678,645
Liabilities											
Related party payables	6.2	(1,290)	1,273	2,332	17,902	27,181	33,017	39,628	33,420	214,837	134,969
Due to brokers		-	-	-	-	-	-	-	2,092,322	-	2,500,000
Withdrawals payable		109,260	-	72,852	-	186,187	-	-	-	209,293	71,035
Financial liabilities at fair value through profit or loss	7.2	229,061	-	1,791,587	-	2,462,409	-	1,180,997	53,478	1,512,703	1,613,598
Unitholder tax liabilities payable		28,654	45,962	19,020	32,836	3,004	8,604	3,206	6,583	424,281	600,235
Total liabilities		365,685	47,235	1,885,791	50,738	2,678,781	41,621	1,223,831	2,185,803	2,361,114	4,919,837
Net assets attributable to Unitholders		92,503,718	77,020,449	217,014,200	203,391,251	221,529,143	200,920,942	43,901,014	41,969,586	319,652,392	224,758,808

\$		International Equity Fund		NZ Equity Fund		Australian Equity Fund		Altum Fund		Income Fund	
As at 31 March	Notes	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Assets											
Cash and cash equivalents		84,878,951	50,464,326	15,691,662	6,875,680	10,049,468	6,490,877	20,560,383	14,103,629	15,384,821	7,925,198
Margin accounts		-	-	-	-	284,942	-	707,177	-	-	-
Term deposits		70,254,233	39,000,000	-	-	-	-	5,612,120	5,572,610	30,655,250	14,500,000
Financial assets at fair value through profit or loss	7.1	161,288,025	156,054,752	67,849,382	60,936,294	36,200,703	47,861,665	31,697,670	36,541,347	196,432,183	122,022,084
Due from brokers		60,758	-	-	-	-	-	-	-	674,128	1,446,707
Unitholder tax rebates receivable		6,267	1,397	12,653	-	-	-	25	6	482,437	6
Other receivables		632,791	551,273	560,341	623,459	191,320	208,336	166,463	90,605	1,858,451	1,186,116
Total assets		317,121,025	246,071,748	84,114,038	68,435,433	46,726,433	54,560,878	58,743,838	56,308,197	245,487,270	147,080,111
Liabilities											
Related party payables	6.2	310,249	236,153	93,597	66,227	52,649	52,977	64,144	54,700	165,024	83,817
Due to brokers		-	-	-	-	-	-	-	-	926,143	2,601,083
Withdrawals payable		62,354	-	3,750	-	3,000	-	-	-	32,952	30,000
Financial liabilities at fair value through profit or loss	7.2	25,543,559	311,139	-	-	78,622	300,353	425,400	122,302	3,018,606	1,152,069
Unitholder tax liabilities payable		79,794	70,243	36	31	15,895	24,971	537	6,012	-	436,061
Total liabilities		25,995,956	617,535	97,383	66,258	150,166	378,301	490,081	183,014	4,142,725	4,303,030
Net assets attributable to Unitholders		291,125,069	245,454,213	84,016,655	68,369,175	46,576,267	54,182,577	58,253,757	56,125,183	241,344,545	142,777,081

The accompanying notes are an integral part of these Financial Statements.

The Directors of Quay Street Asset Management Limited authorised these Financial Statements for issue on 22 July 2020.

Director


Director



Statements of Cash Flows

\$	Notes	Conservative Fund		Balanced Fund		Growth Fund		Socially Responsible Fund		Fixed Interest Fund	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Cash flows from operating activities											
Proceeds from sale of financial instruments at fair value through profit or loss		678,170	1,050,000	6,098,885	-	3,343,551	-	6,770,245	5,892,822	64,236,507	62,969,699
Interest received		181,155	296,170	409,044	684,437	203,674	391,174	519,027	322,451	8,848,570	7,959,879
Dividends and distributions		822,467	499,549	932,803	602,433	488,180	335,952	367,251	286,391	-	-
Other income		-	-	-	-	-	-	8,695	5	780	-
Net movement in term deposits		-	(1,500,000)	-	-	-	-	(1,900,000)	(900,000)	(25,546,242)	(3,712,361)
Purchase of financial instruments at fair value through profit or loss		(15,339,351)	(5,539,551)	(43,651,743)	(16,702,433)	(31,179,002)	(24,845,952)	(10,917,796)	(7,423,084)	(124,523,367)	(106,237,667)
Operating expenses		11,800	(521)	(95,921)	(200,548)	(335,123)	(374,186)	(485,532)	(449,269)	(2,047,789)	(1,551,067)
Net cash inflow/(outflow) from operating activities	9	(13,645,759)	(5,194,353)	(36,306,932)	(15,616,111)	(27,478,720)	(24,493,012)	(5,638,110)	(2,270,684)	(79,031,541)	(40,571,517)
Cash flows from financing activities											
Proceeds from applications		28,745,674	87,723,843	49,728,245	226,031,627	49,768,124	226,425,602	10,682,407	41,314,805	135,315,232	106,391,563
Redemption of units		(14,214,452)	(81,462,309)	(37,095,604)	(210,341,169)	(29,441,354)	(205,834,270)	(9,103,865)	(37,976,712)	(42,486,933)	(59,241,130)
Distributions		-	-	-	-	-	-	-	-	(3,491,251)	(3,482,830)
Unitholder tax liabilities		(45,962)	(447,537)	(32,836)	(856,834)	(8,567)	(728,010)	(6,584)	(164,236)	(600,186)	(641,432)
Withholding tax deducted		19	(69)	19	(94)	26	(95)	(23,152)	(18,144)	19,050	(39,596)
Net cash inflow/(outflow) from financing activities		14,485,279	5,813,928	12,599,824	14,833,530	20,318,229	19,863,227	1,548,806	3,155,713	88,755,912	42,926,578
Net increase/(decrease) in cash and cash equivalents		839,520	619,575	(23,707,108)	(782,581)	(7,160,491)	(4,629,785)	(4,089,304)	885,029	9,724,371	2,355,061
Cash and cash equivalents at the beginning of the year		4,411,143	3,791,568	29,252,815	30,035,396	15,372,252	20,002,037	12,694,619	11,706,466	7,053,111	4,707,676
Foreign exchange gain/(loss) on cash and cash equivalents denominated in foreign currencies		1,052	-	(48,107)	-	(68,796)	-	167,571	103,124	282,029	(9,626)
Cash and cash equivalents at the end of the year		5,251,715	4,411,143	5,497,600	29,252,815	8,142,965	15,372,252	8,772,886	12,694,619	17,059,511	7,053,111

The accompanying notes are an integral part of these Financial Statements.



Statements of Cash Flows

\$	Notes	International Equity Fund		NZ Equity Fund		Australian Equity Fund		Altum Fund		Income Fund	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Cash flows from operating activities											
Proceeds from sale of financial instruments at fair value through profit or loss		34,629,696	33,293,999	14,414,057	11,194,451	19,147,445	14,486,177	16,265,593	17,858,613	73,671,212	46,155,253
Interest received		827,894	(7,723,702)	208,130	154,256	102,456	126,133	326,795	308,980	6,461,659	4,398,388
Dividends and distributions		3,451,458	2,806,773	1,734,029	1,526,456	1,723,171	1,422,246	590,437	507,621	591,200	516,244
Other income		8,123	-	40	-	11,219	5	-	-	50,556	38,188
Net movement in term deposits		(8,163,627)	(2,500,000)	-	-	-	-	(39,510)	(572,610)	(16,155,250)	1,000,000
Purchase of financial instruments at fair value through profit or loss		(33,324,802)	(43,336,094)	(21,953,907)	(18,896,313)	(16,284,799)	(20,823,153)	(13,045,460)	(17,531,541)	(158,024,688)	(72,246,899)
Operating expenses		(3,624,468)	(3,000,516)	(1,163,573)	(867,130)	(833,856)	(745,676)	(861,230)	(1,161,537)	(1,583,852)	(998,475)
Net cash inflow/(outflow) from operating activities	9	(6,195,726)	(20,459,540)	(6,761,224)	(6,888,280)	3,865,636	(5,534,268)	3,236,625	(590,474)	(94,989,163)	(21,137,301)
Cash flows from financing activities											
Proceeds from applications		47,241,524	63,168,508	21,787,048	26,715,359	10,167,615	13,438,907	9,925,527	27,411,567	142,250,981	58,080,643
Redemption of units		(11,430,984)	(42,183,315)	(6,209,325)	(21,389,145)	(10,760,400)	(8,834,328)	(6,801,036)	(18,875,615)	(36,292,174)	(28,759,975)
Distributions		-	-	-	-	-	-	-	-	(3,312,535)	(2,814,489)
Unitholder tax liabilities		(68,846)	(335,477)	(31)	25,769	(24,971)	(23,759)	(6,008)	2,051	(436,054)	(511,097)
Withholding tax deducted		(501,766)	(424,433)	(420)	(1,557)	(22,821)	(24,655)	(1,316)	(23,774)	(38,697)	(21,918)
Net cash inflow/(outflow) from financing activities		35,239,928	20,225,283	15,577,272	5,350,426	(640,577)	4,556,165	3,117,167	8,514,229	102,171,521	25,973,164
Net increase/(decrease) in cash and cash equivalents		29,044,202	(234,257)	8,816,048	(1,537,854)	3,225,059	(978,103)	6,353,792	7,923,755	7,182,358	4,835,863
Cash and cash equivalents at the beginning of the year		50,464,326	49,680,513	6,875,680	8,411,537	6,490,877	7,439,958	14,103,629	6,299,623	7,925,198	3,200,391
Foreign exchange gain/(loss) on cash and cash equivalents denominated in foreign currencies		5,370,423	(1,018,070)	(66)	(1,997)	333,532	29,022	102,962	(119,749)	277,265	(111,056)
Cash and cash equivalents at the end of the year		84,878,951	50,464,326	15,691,662	6,875,680	10,049,468	6,490,877	20,560,383	14,103,629	15,384,821	7,925,198

The accompanying notes are an integral part of these Financial Statements.



Notes to the Financial Statements

1. General information

Reporting Entities

These Financial Statements show the financial position as at and performance for the year ended 31 March 2020 for the following entities:

- QuayStreet Conservative Fund ("Conservative Fund")
- QuayStreet Balanced Fund ("Balanced Fund")
- QuayStreet Growth Fund ("Growth Fund")
- QuayStreet Socially Responsible Investment Fund ("Socially Responsible Fund")
- QuayStreet Fixed Interest Fund ("Fixed Interest")
- QuayStreet International Equity Fund ("International Equity Fund")
- QuayStreet New Zealand Equity Fund ("NZ Equity Fund")
- QuayStreet Australian Equity Fund ("Australian Equity Fund")
- QuayStreet Altum Fund ("Altum Fund")
- QuayStreet Income Fund ("Income Fund")

Prior to 15 August 2018 the QuayStreet Socially Responsible Investment Fund ("Socially Responsible Fund") was known as QuayStreet Balanced SRI Fund ("Balanced SRI Fund").

The Master Trust Deed between QuayStreet Asset Management Limited as Manager (the "Manager") and New Zealand Guardian Trust Company Limited as Supervisor (the "Supervisor") and each of the existing Establishment Deeds were amended to comply with the Financial Markets Conduct Act 2013 ("FMC Act") on 1 June 2016.

The Conservative, Balanced and Growth Funds were established on 19 September 2007. The Socially Responsible Fund was established on 8 October 2007. These Funds commenced operation in October 2007.

The International Equity and Fixed Interest Funds were established on 30 September 2009. These Funds commenced operation in October 2009.

The NZ Equity Fund and Australian Equity Fund were established on 27 October 2010. These Funds commenced operation on 1 December 2010.

The Altum Fund and Income Fund were established on 9 September 2014. These Funds commenced operation on 24 September 2014.

The registered office of the Manager is 158 Cameron Road, Tauranga. The Funds are domiciled in New Zealand.

The Funds aim to provide investors with capital and income returns through actively managed investments, as per the objectives stated in the Product Disclosure Statement.

Statutory Base

The QuayStreet Funds are a managed investment scheme that is governed by a Trust Deed dated 1 June 2016. The scheme comprises ten funds which are registered on the register of managed investment schemes under the FMC Act and are governed by the provisions of that Act.

These Financial Statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013, the Financial Markets Conduct Act 2013 and the Trust Deed. These financial statements have been prepared in accordance with the New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") as appropriate for profit-oriented entities.

The Financial Statements were authorised for issue by the Directors of the Manager on 22 July 2020.

2. Basis of preparation

(a) Statement of compliance

The Financial Statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate for profit-oriented entities. They also comply with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

The impacts of COVID-19 were assessed during the preparation of the financial statements. These included assessing whether there were any indicators effecting the Funds' ability to operate as a going concern. No such indicators were identified that would negatively influence the Funds as a going concern.

(b) Use of estimates and judgements

The preparation of Financial Statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the Directors of the Manager to exercise judgement in the process of applying the Funds' accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 4.

The impacts of COVID-19 and the resulting estimates due to these uncertainties are mainly related to fair value measurement (refer note 11).



Notes to the Financial Statements

2. Basis of preparation (continued)

(c) Functional and presentation currency

Items included in the Funds' Financial Statements are measured using the currency of the primary economic environment in which the Funds operate (the "functional currency"). This is the New Zealand dollar, which reflects the currency of the economy in which the Funds are regulated. The New Zealand dollar is also the Funds' presentation currency, unless otherwise stated and rounded to the nearest dollar.

The Manager considers the New Zealand dollar the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The New Zealand dollar is the currency in which the Funds measure their performance and report their results, as well as the currency in which the Funds receive subscriptions from investors.

(d) Standards and amendments to existing standards effective 1 April 2019 impacting the Funds

There are no new standards or amendments to existing standards that are effective for the year commencing on 1 April 2019 that have a material effect on the Financial Statements of the Fund.

3. Significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied throughout the periods presented, unless otherwise stated.

3.1 Classification as an investment entity

An entity is not required to consolidate an investment in a subsidiary where such an entity meets the definition of an investment entity as defined in NZ IFRS 10, 'Consolidated Financial Statements'. Such investments held in subsidiaries are classified as financial assets at fair value through profit or loss and measured at fair value.

The Funds meet the definition of an investment entity as defined by NZ IFRS 10 because of the following characteristics:

- They obtain funds from one or more unitholders for the purpose of providing those unitholders with a managed investment product;
- They have committed to their investors via their documented investment strategy that their business purpose is to invest funds solely for returns from capital appreciation, investment income or a combination of both; and
- The Funds measure the performance of their investments on a fair value basis.

The Funds also display all four typical characteristics that are associated with an investment entity:

- They hold more than one investment;
- They have more than one investor;
- They have investors that are not related to the Funds; and
- Ownership interest in the Funds are represented by units of equity interests.

3.2 Financial instruments at fair value through profit or loss

(a) Classification

Assets

Financial assets are recognised initially at fair value. After initial recognition, financial assets are measured at fair value or amortised cost, determined on the basis of both (a) the Fund's business model for managing the financial assets; and (b) the contractual cash flow characteristics of the financial asset.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss can be either designated as such upon initial recognition or mandatorily measured at fair value in accordance with NZ IFRS 9 Financial Instruments. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Funds are primarily focused on fair value information and use that information to assess the assets' performance and to make decisions. The contractual cash flows of the Funds' debt securities are solely principal and interest, however, the debt securities other than term deposits are neither held for the purpose of collecting cash flows nor held both for collecting cash flows and for sale. The collection of cash flows is only incidental in achieving the Funds' business model. As a result, these debt securities are classified as financial assets at fair value through profit or loss. All financial assets are mandatorily measured at fair value through profit or loss. Financial assets at fair value through profit or loss comprise of listed and unlisted trusts, fixed interest securities, options, forward foreign exchange contracts, equity index options, interest rate swaps and total return swaps.



Notes to the Financial Statements

3. Significant accounting policies (continued)

3.2 Financial instruments at fair value through profit or loss (continued)

(a) Classification (continued)

(i) Financial assets at amortised cost

(a) **Cash and cash equivalents** include cash in hand and deposits held at call with banks, denominated in New Zealand dollars and in foreign currencies.

(b) **Receivables** are amounts representing assets owing to the Funds and may include amounts due for interest or dividends, contributions receivable, or amounts due from brokers for securities sold that have been contracted for but not yet settled or delivered at year end.

(c) **Term deposits** are debt instruments where the business model is held for collection only; the contractual terms only give rise to cash flows that are solely payments of principal and interest. The "hold to collect" model is applied to these financial assets as collection of contractual cash flows are not incidental, there is no intention to sell the term deposits and they are used to effectively manage cash reserves.

Liabilities

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

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

(ii) Financial liabilities at amortised cost

(a) **Payables** are amounts representing liabilities and accrued expenses owing by the Funds at period end and may include related party fees and withdrawals payable and amounts due to brokers for purchase of unsettled securities at year end.

(b) Recognition, measurement and derecognition

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

The Funds recognise financial assets at fair value through profit or loss on the date they become parties to the contractual agreement. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of Comprehensive Income. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are recognised in the Statements of Comprehensive Income when they arise. Financial assets are derecognised when the rights to receive cash flows from the investments have expired of the Funds have transferred substantially all of the risks and rewards of ownership. Any gain or loss arising on derecognition of the financial asset at fair value through profit or loss is included in the Statements of Comprehensive Income in the year the item is derecognised.

(ii) Financial assets and liabilities at amortised cost

The Funds recognise financial assets and liabilities at amortised cost on the date they become parties to the contractual agreement. Financial assets and liabilities at amortised cost are initially recognised at fair value.

Subsequent to initial recognition, all financial assets and liabilities at amortised cost are measured at amortised cost less any impairment. Any impairment charge is recognised in the Statement of Comprehensive Income. At each reporting date, the Funds measure the loss allowance of amounts due from brokers at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds shall measure the loss allowance at an amount equal to 12 month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due or a counterparty credit rating which has fallen below BBB/Baa. Any contractual payment which is more than 90 days past due is considered credit impaired.

Financial assets at amortised cost are derecognised when the rights to receive cash flows from the investments have expired or the Funds have transferred substantially all of the risks and rewards of ownership. Financial liabilities at amortised cost are derecognised when the obligation under the liability is discharged, cancelled or expires. Any gain or loss arising on derecognition of the financial asset or financial liability at amortised cost is included in the Statement of Comprehensive Income in the year the item is derecognised.

(c) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

· Fair value in an active market

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date.

· Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Funds use a variety of methods and make assumptions that are based on market conditions existing at the end of each reporting period. Valuation techniques used include the use of recent arm's length market transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Funds would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as the net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

The fair value of investments in unlisted trusts is recorded at the redemption value as reported by the manager of the trust.



Notes to the Financial Statements

3. Significant accounting policies (continued)

3.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3.4 Net assets attributable to Unitholders

The Funds issue units that are redeemable at the Unitholders' option and have identical features and are therefore classified as equity. The units can be redeemed at any time for cash, based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if Unitholders exercised their right to redeem. As stipulated in the Trust Deed, each unit represents an individual share in the Funds and does not extend to a right in the underlying assets of the Funds. There are no separate classes of units within the Funds and each unit has the same rights attaching to it as all other units in the Funds.

Applications received for units in the Funds are recorded net of any entry fees payable prior to the issue of units in the Funds. Redemptions from the Funds are recorded gross of any exit fees payable after the cancellation of the units redeemed. Units are issued and redeemed at the holder's option at prices based on the Funds net asset value per unit at the time of issue or redemption. The Funds' net asset value per unit is calculated by dividing the net assets attributable to the holders of the Funds with the total number of outstanding units of the Funds. In accordance with the provisions of the offering documents, investment positions are valued based at the appropriate market price for the purpose of determining the net asset value per unit for subscriptions and redemptions.

In accordance with the Trust Deed, the Manager has full discretion as to whether to distribute any income of the Funds. Income that is not distributed is invested as part of the assets of the Funds or may be used later to make distributions to Unitholders.

3.5 Investment income

Interest income on financial assets at amortised cost and financial assets at fair value are included as interest in the Statements of Comprehensive Income using the effective interest method. Changes in fair value for such instruments are recorded in accordance with the policies described in Note 3.2. Dividend income is recognised on the ex-dividend date with any related withholding tax recorded in the Statements of Net Assets Attributable to Unitholders. Funds distributions are recognised on a present entitlement basis.

3.6 Net changes in fair value of financial assets

Realised and unrealised gains and losses are reflected in the Statements of Comprehensive Income as net gain/(loss) on financial instruments at fair value through profit or loss.

Unrealised gains or losses include the change in net market value of investments held at the end of the reporting period and the reversal of prior periods' unrealised gains or losses on investments that have been realised in the current period. Realised gains or losses are calculated based on the gross sale proceeds and the weighted average cost of the investments sold.

3.7 Expenses

All expenses, including the Funds' management fees, are recognised in the Statements of Comprehensive Income on an accruals basis.

3.8 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses are translated into the functional currency using the exchange rates prevailing at the end of the reporting period. Foreign exchange gains or losses arising from translation are included in the Statements of Comprehensive Income within net gain/(loss) on financial instruments at fair value through profit or loss.

The Funds do not isolate that portion of gains or losses on securities and derivative financial instruments that are measured at fair value through profit or loss and which are due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

3.9 Income tax

The Funds qualify as and have elected to be Portfolio Investment Entities (PIE) for tax purposes. Under the PIE regime income is effectively taxed in the hands of the Unitholders and therefore the Funds have no income tax expense. Accordingly, no income tax expense is recognised in the Statements of Comprehensive Income. Income is disclosed gross of any resident and foreign withholding taxes deducted at source and the taxes are included in the Statements of Changes in Net Assets Attributable to Unitholders.

Under the PIE regime, the Manager attributes the taxable income of the Funds to Unitholders in accordance with the proportion of their interest in the Funds. The income attributed to each Unitholder is taxed at the Unitholder's "prescribed investor rate" (which is capped at 28%) on redemptions and annually as at 31 March.

Unitholder tax liabilities disclosed in the Statements of Changes in Net Assets Attributable to Unitholders consist of withdrawals to meet Unitholder tax liabilities (or contributions from Unitholder rebates) under the PIE regime.

The current tax balances in the Statements of Financial Position represent any tax payable/receivable on behalf of the Unitholders under the PIE regime.

3.10 Goods and services tax ("GST")

The Funds are not registered for GST. The Statements of Comprehensive Income, Statements of Changes in Net Assets Attributable to Unitholders and Statements of Cash Flows have been prepared so that all components are stated inclusive of GST. All items in the Statements of Financial Position are stated inclusive of GST.

3.11 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the Financial Statements.



Notes to the Financial Statements

4. Critical accounting estimates and judgements

The Manager of the Funds makes estimates and assumptions that affect the reported amounts of assets and liabilities. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Funds' accounting policy of estimates and judgements is disclosed in Note 3.2(c).

Fair value of derivative financial instruments

The Funds may, from time to time, hold financial instruments that are not quoted in active markets, such as over the counter derivatives. Fair values for such instruments are determined by using valuation techniques. Valuation techniques use observable data to the extent possible. However, areas such as credit risk, volatilities and correlations require management to make estimates. Changes or assumptions about these factors could affect the reported fair value of financial instruments.

Fair value of securities not quoted in an active market

The fair value of such securities not quoted in an active market may be determined by the Funds using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes obtained from pricing sources may be indicative and not executable or binding. The Manager exercises judgement and makes estimates on the quantity and quality of pricing sources used. Where no market data is available, the Funds may price positions using their own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. The models for debt securities are based on net present values of estimated future cash flows, adjusted as appropriate for liquidity and credit and market risk factors.

Models use observable data to the extent possible. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair value of investments in other funds that are not quoted in active markets is determined by reference to the redemption price per unit of the underlying funds. Where restrictions on redemptions from other funds exist, any underlying liquidity risk is appropriately reflected in investment carrying values. As a result, the carrying values of investments in other funds may not be indicative of the values ultimately realised on redemption.

For certain other financial instruments, including amounts due from/to brokers, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the immediate or short term nature of these financial instruments.

5. Commitments and contingent liabilities

There are no contingencies or commitments as at 31 March 2020 (31 March 2019: nil).

6. Related Parties

6.1 General

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Under the Trust Deed the management fees payable to the Manager are payable monthly in arrears and the supervisor fees to the Supervisor are payable quarterly in arrears. Performance fees payable to the Manager in respect of the Altum Fund are payable annually in arrears.

The Manager of the Funds has agreed to pay both the supervisor fees and audit fees for the current and prior reporting periods, and will review this decision on an annual basis. The supervisor fee paid for the current year was \$535,794 (31 March 2019: \$420,475) and the audit fees paid for the current year were \$75,080 (31 March 2019: \$71,505). These amounts are not reflected in the Statements of Comprehensive Income.

The Funds hold investments in other Funds managed by the Manager as disclosed in 6.3 below. Where the Funds invest into other funds managed by the Manager, the management fees charged in those funds are rebated to the Funds as set out in 6.2 below.

Craigs Investment Partners Limited is the parent company of the Manager. Sale and purchase transactions are settled via Craigs Investment Partners Limited and other brokers. Deutsche Bank AG, Sydney owns 49.9% of Craigs Investment Partners Limited as at 31 March 2020. Deutsche Bank Group provides transactions execution services to, and enters into derivative transactions with, the Funds. At 31 March 2020, the notional value of derivatives held with Deutsche Bank Group was \$47,291,422 (31 March 2019: \$186,689,500) and was a liability of \$3,411,868 (31 March 2019: an asset of \$2,516,608). On 30 June 2020 Deutsche Bank AG, Sydney sold their entire 49.9% stake in Craigs Investment Partners Limited to CIP Holdings Limited. CIP Holdings Limited is the ultimate owner of Craigs Investment Partners Limited.



Notes to the Financial Statements

6. Related Parties (continued)

6.2 Related party fees

The Funds have incurred the following fees/(rebates) with related parties:

\$		Conservative Fund		Balanced Fund		Growth Fund		Socially Responsible Fund		Fixed Interest Fund	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
For the year ended 31 March											
QuayStreet Asset Management Limited	Management fees	657,851	541,201	2,269,893	1,951,977	2,863,009	2,380,335	466,148	410,246	2,108,571	1,560,201
QuayStreet Asset Management Limited	Management fee rebates	(672,558)	(546,448)	(2,190,436)	(1,768,315)	(2,534,663)	(2,021,723)	-	-	-	-
Total		(14,707)	(5,247)	79,457	183,662	328,346	358,612	466,148	410,246	2,108,571	1,560,201
Craigs Investment Partners Limited	Brokerage	-	-	-	-	-	-	1,463	4,898	-	-

\$		International Equity Fund		NZ Equity Fund		Australian Equity Fund		Altum Fund		Income Fund	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
For the year ended 31 March											
QuayStreet Asset Management Limited	Management fees	3,608,912	2,917,118	1,045,725	754,772	723,158	649,111	772,581	662,157	1,532,734	940,285
Total		3,608,912	2,917,118	1,045,725	754,772	723,158	649,111	772,581	662,157	1,532,734	940,285
Craigs Investment Partners Limited	Brokerage	-	-	35,197	46,304	6,855	-	9,759	45,548	7,646	9,696

The Funds have the following outstanding balances with related parties at year end date:

\$		Conservative Fund		Balanced Fund		Growth Fund		Socially Responsible Fund		Fixed Interest Fund	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
As at 31 March											
QuayStreet Asset Management Limited	Management fees	61,375	45,997	196,485	162,407	248,254	199,715	39,628	33,420	214,837	134,969
QuayStreet Asset Management Limited	Management fee rebates	(62,665)	(44,724)	(194,153)	(144,505)	(221,073)	(166,698)	-	-	-	-
Total		(1,290)	1,273	2,332	17,902	27,181	33,017	39,628	33,420	214,837	134,969

\$		International Equity Fund		NZ Equity Fund		Australian Equity Fund		Altum Fund		Income Fund	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
As at 31 March											
QuayStreet Asset Management Limited	Management fees	310,249	236,153	93,597	66,227	52,649	52,977	64,144	54,700	165,024	83,817
Total		310,249	236,153	93,597	66,227	52,649	52,977	64,144	54,700	165,024	83,817



Notes to the Financial Statements

6. Related Parties (continued)

6.3 Related party investments

The Funds held the following investments issued by related parties at the end of the year:

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund	
	2020	2019	2020	2019	2020	2019
QuayStreet Fixed Interest Fund	55,183,359	45,366,080	56,931,306	50,541,908	22,924,349	20,141,683
QuayStreet International Equity Fund	9,875,126	7,462,469	90,955,115	71,738,924	125,226,958	103,911,229
QuayStreet NZ Equity Fund	4,154,236	3,710,164	16,173,897	15,415,397	16,336,818	15,650,980
QuayStreet Australian Equity Fund	4,456,558	3,632,972	14,919,743	14,589,368	15,047,052	14,536,532
QuayStreet Altum Fund	-	-	13,925,370	11,853,853	25,050,534	21,490,507
QuayStreet Income Fund	8,809,315	7,470,522	10,969,504	10,046,118	11,043,641	9,857,448
Total	82,478,594	67,642,207	203,874,935	174,185,568	215,629,352	185,588,379

The Socially Responsible, Fixed Interest, International Equity, NZ Equity, Australian Equity, Altum and Income Funds do not hold investments in related parties.

6.4 Related party income

The Funds received the following income from investments issued by related parties during the year:

\$ For the year ended 31 March	Conservative Fund		Balanced Fund		Growth Fund	
	2020	2019	2020	2019	2020	2019
QuayStreet Fixed Interest Fund	1,167,280	1,748,691	1,279,398	1,974,675	512,666	776,838
QuayStreet International Equity Fund	412,657	479,270	3,066,192	4,331,559	4,315,729	5,913,640
QuayStreet NZ Equity Fund	19,072	558,866	178,500	2,211,053	190,838	2,159,230
QuayStreet Australian Equity Fund	(616,414)	125,878	(2,399,624)	419,781	(2,489,480)	324,710
QuayStreet Altum Fund	-	-	(248,483)	(91,751)	(559,973)	(236,611)
QuayStreet Income Fund	(61,207)	426,278	(66,614)	584,092	(73,808)	566,624
Total	921,388	3,338,983	1,809,369	9,429,409	1,895,972	9,504,431

6.5 Directors and key management personnel interests

Directors and key management personnel for the Manager, along with their families and other prescribed interests have investment holdings of \$1,863,487 (2019: \$1,836,255), contributions of \$172,056 and withdrawals of \$135,553 via the QuayStreet KiwiSaver Scheme and the Craigs Investment Partners KiwiSaver Scheme which invest directly in the QuayStreet Funds in accordance with their investment policy.



Notes to the Financial Statements

7. Financial instruments at fair value through profit or loss

7.1 Financial assets at fair value through profit or loss

\$ As at 31 March	Notes	Conservative Fund		Balanced Fund		Growth Fund		Socially Responsible Fund		Fixed Interest Fund	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Financial assets at fair value through profit or loss											
Listed equities		-	-	-	-	-	-	7,827,995	8,733,405	-	-
Listed funds/trusts		-	-	-	-	-	-	10,141,343	7,042,111	-	-
Fixed interest securities	11(a)	-	-	-	-	-	-	11,700,846	9,798,261	248,628,939	197,457,069
Unlisted trusts		82,478,594	67,642,207	203,874,935	174,185,568	215,629,352	185,588,379	-	-	-	-
Forward foreign exchange contracts	10.1	-	-	-	-	-	-	43,410	-	630,137	510
Interest rate swaps	10.3	-	-	-	-	-	-	-	-	3,383,328	479,780
Total return swaps	10.4	-	-	-	-	-	-	-	29,563	-	-
Total financial assets at fair value through profit or loss		82,478,594	67,642,207	203,874,935	174,185,568	215,629,352	185,588,379	29,713,594	25,603,340	252,642,404	197,937,359
Financial assets at fair value through profit or loss											
\$ As at 31 March		International Equity Fund		NZ Equity Fund		Australian Equity Fund		Altum Fund		Income Fund	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Financial assets at fair value through profit or loss											
Listed equities		23,951,091	24,589,194	67,849,382	60,936,294	35,976,678	47,840,203	31,600,862	36,541,347	5,672,049	18,964,035
Listed funds/trusts		131,848,528	127,861,055	-	-	-	-	-	-	2,069,622	-
Fixed interest securities	11(a)	-	-	-	-	-	-	-	-	185,950,623	103,029,875
Forward foreign exchange contracts	10.1	5,448,329	-	-	-	224,025	21,462	96,808	-	360,056	-
Equity index options	10.2	40,077	-	-	-	-	-	-	-	-	-
Interest rate swaps	10.3	-	-	-	-	-	-	-	-	2,379,833	28,174
Total return swaps	10.4	-	3,604,503	-	-	-	-	-	-	-	-
Total financial assets at fair value through profit or loss		161,288,025	156,054,752	67,849,382	60,936,294	36,200,703	47,861,665	31,697,670	36,541,347	196,432,183	122,022,084



Notes to the Financial Statements

7. Financial instruments at fair value through profit or loss (continued)

7.2 Financial liabilities at fair value through profit or loss

As at 31 March		Conservative Fund		Balanced Fund		Growth Fund		Socially Responsible Fund		Fixed Interest Fund	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Financial liabilities at fair value through profit or loss											
Forward foreign exchange contracts	10.1	(229,061)	-	(1,791,587)	-	(2,462,409)	-	(84,940)	(53,478)	(27,320)	(212,606)
Interest rate swaps	10.3	-	-	-	-	-	-	-	-	(1,485,383)	(1,400,992)
Total return swaps	10.4	-	-	-	-	-	-	(1,096,057)	-	-	-
Total financial liabilities at fair value through profit or loss		(229,061)	-	(1,791,587)	-	(2,462,409)	-	(1,180,997)	(53,478)	(1,512,703)	(1,613,598)

As at 31 March		International Equity Fund		NZ Equity Fund		Australian Equity Fund		Altum Fund		Income Fund	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Financial liabilities at fair value through profit or loss											
Forward foreign exchange contracts	10.1	-	(311,139)	-	-	(78,622)	(300,353)	(425,400)	(122,302)	-	(190,483)
Interest rate swaps	10.3	-	-	-	-	-	-	-	-	(3,018,606)	(961,586)
Total return swaps	10.4	(25,543,559)	-	-	-	-	-	-	-	-	-
Total financial liabilities at fair value through profit or loss		(25,543,559)	(311,139)	-	-	(78,622)	(300,353)	(425,400)	(122,302)	(3,018,606)	(1,152,069)



Notes to the Financial Statements

8. Financial instruments by category

\$	Conservative Fund		Balanced Fund		Growth Fund		Socially Responsible Fund		Fixed Interest Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
As at 31 March										
Financial assets at fair value through profit or loss										
Financial assets mandatorily measured at fair value through profit or loss	82,478,594	67,642,207	203,874,935	174,185,568	215,629,352	185,588,379	29,713,594	25,603,340	252,642,404	197,937,359
Financial assets at amortised cost										
Other receivables	137,077	14,334	228,085	3,606	432,931	1,895	251,150	187,707	3,242,611	1,975,765
Due from broker	-	-	-	-	-	-	481,520	1,669,723	770,432	-
Cash and cash equivalents	5,251,715	4,411,143	5,497,600	29,252,815	8,142,965	15,372,252	8,772,886	12,694,619	17,059,511	7,053,111
Term deposits	5,000,000	5,000,000	9,296,218	-	-	-	5,900,000	4,000,000	48,258,603	22,712,361
Total financial assets at amortised cost	10,388,792	9,425,477	15,021,903	29,256,421	8,575,896	15,374,147	15,405,556	18,552,049	69,331,157	31,741,237
Total financial assets	92,867,386	77,067,684	218,896,838	203,441,989	224,205,248	200,962,526	45,119,150	44,155,389	321,973,561	229,678,596
Financial liabilities at fair value through profit and loss										
Financial liabilities mandatorily measured at fair value through profit or loss	229,061	-	1,791,587	-	2,462,409	-	1,180,997	53,478	1,512,703	1,613,598
Financial liabilities at amortised cost										
Related party payables	(1,290)	1,273	2,332	17,902	27,181	33,017	39,628	33,420	214,837	134,969
Due to brokers	-	-	-	-	-	-	-	2,092,322	-	2,500,000
Withdrawals payable	109,260	-	72,852	-	186,187	-	-	-	209,293	71,035
Total financial liabilities at amortised cost	107,970	1,273	75,184	17,902	213,368	33,017	39,628	2,125,742	424,130	2,706,004
Total financial liabilities	337,031	1,273	1,866,771	17,902	2,675,777	33,017	1,220,625	2,179,220	1,936,833	4,319,602



Notes to the Financial Statements

8. Financial instruments by category (continued)

\$ As at 31 March	International Equity Fund		NZ Equity Fund		Australian Equity Fund		Altum Fund		Income Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Financial assets at fair value through profit or loss										
Financial assets mandatorily measured at fair value through profit and loss	161,288,025	156,054,752	67,849,382	60,936,294	36,200,703	47,861,665	31,697,670	36,541,347	196,432,183	122,022,084
Financial assets at amortised cost										
Other receivables	632,791	551,273	560,341	623,459	191,320	208,336	166,463	90,605	1,858,451	1,186,116
Due from brokers	60,758	-	-	-	-	-	-	-	674,128	1,446,707
Cash and cash equivalents	84,878,951	50,464,326	15,691,662	6,875,680	10,049,468	6,490,877	20,560,383	14,103,629	15,384,821	7,925,198
Margin accounts	-	-	-	-	284,942	-	707,177	-	-	-
Term deposits	70,254,233	39,000,000	-	-	-	-	5,612,120	5,572,610	30,655,250	14,500,000
Total financial assets at amortised cost	155,826,733	90,015,599	16,252,003	7,499,139	10,525,730	6,699,213	27,046,143	19,766,844	48,572,650	25,058,021
Total financial assets	317,114,758	246,070,351	84,101,385	68,435,433	46,726,433	54,560,878	58,743,813	56,308,191	245,004,833	147,080,105
Financial liabilities at fair value through profit and loss										
Financial liabilities mandatorily measured at fair value through profit or loss	25,543,559	311,139	-	-	78,622	300,353	425,400	122,302	3,018,606	1,152,069
Financial liabilities at amortised cost										
Related party payables	310,249	236,153	93,597	66,227	52,649	52,977	64,144	54,700	165,024	83,817
Due to brokers	-	-	-	-	-	-	-	-	926,143	2,601,083
Withdrawals payable	62,354	-	3,750	-	3,000	-	-	-	32,952	30,000
Total financial liabilities at amortised cost	372,603	236,153	97,347	66,227	55,649	52,977	64,144	54,700	1,124,119	2,714,900
Total financial liabilities	25,916,162	547,292	97,347	66,227	134,271	353,330	489,544	177,002	4,142,725	3,866,969



Notes to the Financial Statements

9. Reconciliation of total comprehensive income/(deficit) to net cash flow from operating activities

\$ For the year ended 31 March	Conservative Fund		Balanced Fund		Growth Fund		Socially Responsible Fund		Fixed Interest Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Total comprehensive income attributable to Unitholders	993,656	3,568,124	853,083	9,909,213	34,989	9,516,371	345,177	1,794,435	5,703,234	8,584,866
Non cash items:										
Unrealised (gain)/loss on financial instruments at fair value through profit or loss	203,031	(2,068,172)	1,807,274	(8,403,129)	1,353,310	(8,981,583)	1,506,835	(27,892)	1,620,295	(257,763)
Foreign exchange gain/(loss) on cash and cash equivalents denominated in foreign currencies	(1,052)	-	48,107	-	68,796	-	(167,571)	(103,124)	(282,029)	9,626
Distributions reinvested	-	(396,819)	-	(423,848)	-	(186,895)	(22,067)	(18,930)	-	-
	201,979	(2,464,991)	1,855,381	(8,826,977)	1,422,106	(9,168,478)	1,317,197	(149,946)	1,338,266	(248,137)
Movements in working capital items:										
Net change in accrued income and receivables	(28,476)	64,137	1,447	96	1,895	571	(35,068)	(34,291)	(910,000)	(384,967)
Net change in payables	(2,563)	2,373	(15,570)	3,991	(5,836)	4,475	6,208	(3,991)	79,868	30,269
Net movement in term deposits	-	(1,500,000)	-	-	-	-	(1,900,000)	(900,000)	(25,546,242)	(3,712,361)
Net change in cost of investments	(14,810,355)	(4,863,996)	(39,001,273)	(16,702,434)	(28,931,874)	(24,845,951)	(5,371,624)	(2,976,891)	(59,696,667)	(44,841,187)
	(14,841,394)	(6,297,486)	(39,015,396)	(16,698,347)	(28,935,815)	(24,840,905)	(7,300,484)	(3,915,173)	(86,073,041)	(46,908,246)
Net cash inflow/(outflow) from operating activities	(13,645,759)	(5,194,353)	(36,306,932)	(15,616,111)	(27,478,720)	(24,493,012)	(5,638,110)	(2,270,684)	(79,031,541)	(40,571,517)

\$ For the year ended 31 March	International Equity Fund		NZ Equity Fund		Australian Equity Fund		Altum Fund		Income Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Total comprehensive income attributable to Unitholders	10,446,224	14,900,030	40,205	9,398,340	(6,978,931)	1,559,264	(1,017,671)	(500,954)	(4,497,256)	7,866,619
Plus non cash items:										
Unrealised (gain)/loss on financial instruments at fair value through profit or loss	18,761,805	(22,823,025)	2,669,234	(6,383,419)	8,845,053	2,331,403	(1,625,097)	1,450,704	12,826,121	(2,406,238)
Foreign exchange (loss)/gain on cash and cash equivalents denominated in foreign currencies	(5,370,423)	(1,018,070)	66	(1,997)	(333,532)	(29,022)	(102,962)	119,749	(277,265)	111,056
Distributions reinvested	-	-	(409,119)	(88,042)	(5,491)	(61,483)	-	(82,869)	(193,927)	(151,921)
	13,391,382	(23,841,095)	2,260,181	(6,473,458)	8,506,030	2,240,898	(1,728,059)	1,487,584	12,354,929	(2,447,103)
Movements in working capital items:										
Net change in accrued income and receivables	(29,781)	(143,697)	84,225	(154,332)	24,138	(59,963)	(52,273)	(55,990)	(694,667)	(362,909)
Net change in payables	74,096	21,451	27,370	11,534	(328)	3,254	9,444	(385,968)	81,207	18,487
Net movement in term deposits	(8,163,627)	(2,500,000)	-	-	-	-	(39,510)	(572,610)	(16,155,250)	1,000,000
Net change in cost of investments	(21,914,020)	(8,896,229)	(9,173,205)	(9,670,364)	2,314,727	(9,277,721)	6,064,694	(562,536)	(86,078,126)	(27,212,395)
	(30,033,332)	(11,518,475)	(9,061,610)	(9,813,162)	2,338,537	(9,334,430)	5,982,355	(1,577,104)	(102,846,836)	(26,556,817)
Net cash inflow/(outflow) from operating activities	(6,195,726)	(20,459,540)	(6,761,224)	(6,888,280)	3,865,636	(5,534,268)	3,236,625	(590,474)	(94,989,163)	(21,137,301)



Notes to the Financial Statements

10. Derivative financial instruments

The use of financial derivatives is governed by the Manager's policies, which provide written principles on the use of financial derivatives.

The Funds may enter into transactions in derivative instruments to manage risk and to gain exposures in foreign markets. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, stock market and indices, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

10.1 Forward foreign exchange contracts

Forward foreign exchange contracts are contractual obligations to buy or sell one currency on a future date in exchange for a second currency at a specified forward foreign exchange rate which is established in an organised market. The forward contracts are agreed between the parties to the contract and are not traded on an exchange. The Funds' open positions in forward contracts at balance date are outlined below:

\$	Conservative Fund		Balanced Fund		Growth Fund		Socially Responsible Fund		Fixed Interest Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
As at 31 March										
Forward foreign exchange contracts (notional value in NZ\$)										
Sell AUD/Buy NZD	-	-	-	-	-	-	6,429,042	6,625,863	46,240,964	34,281,587
Sell NZD/Buy USD	-	-	-	-	-	-	6,578,393	3,958,944	-	-
Sell USD/Buy NZD	-	-	-	-	-	-	-	-	11,968,175	146,929
\$										
As at 31 March										
Forward foreign exchange contracts (fair value in NZ\$)										
Sell AUD/Buy NZD	-	-	-	-	-	-	43,410	(39,688)	280,973	(212,606)
Sell NZD/Buy USD	(229,061)	-	(1,791,587)	-	(2,462,409)	-	(84,940)	(13,790)	-	-
Sell USD/Buy NZD	-	-	-	-	-	-	-	-	321,844	510



Notes to the Financial Statements

10. Derivative financial instruments (continued)

10.1 Forward foreign exchange contracts (continued)

\$	International Equity Fund		NZ Equity Fund		Australian Equity Fund		Altum Fund		Income Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
As at 31 March										
Forward foreign exchange contracts (notional value in NZ\$)										
Sell AUD/Buy NZD	-	-	-	-	40,738,645	47,045,809	14,798,060	19,884,751	60,715,974	29,679,463
Sell NZD/Buy AUD	-	-	-	-	-	-	1,238,863	-	-	-
Sell NZD/Buy USD	100,249,662	71,480,938	-	-	-	-	-	-	-	-
Sell USD/Buy NZD	-	-	-	-	1,355,965	900,043	-	-	903,473	-

\$	International Equity Fund		NZ Equity Fund		Australian Equity Fund		Altum Fund		Income Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
As at 31 March										
Forward foreign exchange contracts (fair value in NZ\$)										
Sell AUD/Buy NZD	-	-	-	-	224,025	(300,353)	73,932	(122,302)	300,553	(190,483)
Sell NZD/Buy AUD	-	-	-	-	-	-	22,876	-	-	-
Sell NZD/Buy USD	5,448,329	(311,139)	-	-	-	-	(425,400)	-	-	-
Sell USD/Buy NZD	-	-	-	-	(78,622)	21,462	-	-	59,503	-

10.2 Exchange traded options

Exchange traded options are contracts that give the purchaser the right (but not the obligation) to buy (a call option) or sell (a put option) an underlying asset or instrument at a specified strike price on or before a specified date, depending on the details of the option. Exchange traded options have standardised contract terms that facilitate trading on an options exchange.

\$	Socially Responsible Fund		International Equity Fund		Altum Fund	
	2020	2019	2020	2019	2020	2019
As at 31 March						
Exchange traded options (notional value in NZ\$)						
USD and EUR Equity indices	-	-	35,034,157	-	-	-
Exchange traded options (fair value in NZ\$)						
USD and EUR Equity indices	-	-	40,077	-	-	-



Notes to the Financial Statements

10. Derivative financial instruments (continued)

10.3 Interest rate swaps

An interest rate swap is an agreement between two parties to exchange interest rate cash flows, based on a specified notional amount, until an agreed maturity date. The parties may agree to exchange a fixed rate for a floating rate (or vice versa) or from one floating rate to another or even a fixed or floating rate in one currency for a fixed or floating rate in a second currency.

\$	Conservative Fund		Balanced Fund		Growth Fund		Socially Responsible Fund		Fixed Interest Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
As at 31 March										
Interest rate swaps (notional value in NZ\$)										
Receive Fixed/Pay Floating	-	-	-	-	-	-	-	-	-	20,500,000
Receive Floating/Pay Fixed	-	-	-	-	-	-	-	-	41,024,289	46,240,215
Receive Floating/Pay Floating	-	-	-	-	-	-	-	-	44,000,000	20,000,000
Interest rate swaps (fair value in NZ\$)										
Receive Fixed/Pay Floating	-	-	-	-	-	-	-	-	-	460,997
Receive Floating/Pay Fixed	-	-	-	-	-	-	-	-	(762,258)	(1,093,537)
Receive Floating/Pay Floating	-	-	-	-	-	-	-	-	2,660,203	(288,672)

\$	International Equity Fund		NZ Equity Fund		Australian Equity Fund		Altum Fund		Income Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
As at 31 March										
Interest rate swaps (notional value in NZ\$)										
Receive Floating/Pay Fixed	-	-	-	-	-	-	-	-	37,927,975	36,008,249
Receive Floating/Pay Floating	-	-	-	-	-	-	-	-	49,035,465	14,500,000
Interest rate swaps (fair value in NZ\$)										
Receive Floating/Pay Fixed	-	-	-	-	-	-	-	-	(2,649,149)	(738,333)
Receive Floating/Pay Floating	-	-	-	-	-	-	-	-	2,010,376	(195,079)

10.4 Total return swaps

A total return swap is an agreement between two parties in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, which includes both the income it generates and any capital gains. In total return swaps, the underlying asset, referred to as the reference asset, is usually an equity index, loans, or bonds. This is owned by the party receiving the set rate payment.

\$	Socially Responsible Fund		International Equity Fund	
	2020	2019	2020	2019
As at 31 March				
Total return swaps (notional value in NZ\$)	7,578,118	5,995,291	106,659,034	75,021,114
Total return swaps (fair value in NZ\$)	(1,096,057) *	29,563	(25,543,559) *	3,604,503

* As at 2 July 2020, when these financial statements were approved, the fair value of total return swaps had fully recovered.



Notes to the Financial Statements

11. Financial risk management

The Trust Deed for the Funds requires the Manager to invest the assets of the Funds in accordance with the investment guidelines, as agreed with the Trustee from time to time, in order to manage risk. The Funds' activities expose them to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk). The Funds' overall risk management programme seeks to maximise the return derived for the level of risk to which the Funds are exposed and seeks to minimise potential adverse effects on the Funds financial performance. The Funds may use derivative financial instruments to moderate certain risk exposures.

The Funds use different methods to measure and manage the various types of risk to which it is exposed. These methods are explained below.

(a) Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of counterparties to honour fully the terms and conditions of a contract with the Funds. The Funds are primarily exposed to credit risk through its investment activities. The maximum credit risk of financial instruments is considered to be the fair value. The Supervisor regularly reviews and approves an investment strategy that is implemented by the Manager.

The investment strategy incorporates an appropriate diversification of investments so that the Funds have no significant concentration of credit risk. An analysis of fixed interest securities by rating is set out in the table below.

With respect to forward currency contracts, the Funds' credit risk is managed by limiting the counterparties to a group of international banks and the Funds do not expect to incur any losses as a result of non-performance by these counterparties.

The table below shows the equivalent Standard & Pooers credit rating for fixed interest securities designated at fair value through profit or loss:

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Socially Responsible Fund		Fixed Interest Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
AAA+ to A-	-	-	-	-	-	-	5,908,801	4,373,975	113,166,170	95,725,479
BBB+ to BBB-	-	-	-	-	-	-	4,415,452	3,896,877	111,371,449	79,002,832
Unrated	-	-	-	-	-	-	1,376,593	1,527,409	24,091,320	22,728,758
Total	-	-	-	-	-	-	11,700,846	9,798,261	248,628,939	197,457,069

\$ As at 31 March	International Equity Fund		NZ Equity Fund		Australian Equity Fund		Altum Fund		Income Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
AAA+ to A-	-	-	-	-	-	-	-	-	18,204,190	16,136,025
BBB+ to BBB-	-	-	-	-	-	-	-	-	116,943,962	54,220,454
Unrated	-	-	-	-	-	-	-	-	50,802,471	32,673,396
Total	-	-	-	-	-	-	-	-	185,950,623	103,029,875

All cash balances in the Funds are held with banks with a credit rating in the range AAA+ to A- according to Standard & Poor's.

Term deposits are held with banks with a credit rating in the range AAA+ to A- according to Standard & Poor's.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. Management consider the probability of default to be close to zero as the instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on expected credit losses as any such impairment would be wholly insignificant to the Fund.



Notes to the Financial Statements

11. Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Funds may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Liquidity management is designed to ensure that the Funds have the ability to generate sufficient cash in a timely manner to meet their financial commitments and normal level of redemptions. The Funds have a benchmark liquidity level which is monitored and maintained given normal investment conditions. Liquidity risk is managed by investing the majority of their assets in investments that are traded in an active market and can be readily disposed to enable them to meet liabilities as they fall due and unit redemptions when requested. In the event of abnormal levels of redemptions, timing of payment may be dependent on the ability of the Funds to realise their underlying investments on a timely basis. The Funds may periodically invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Funds may not be able to liquidate their investments in these investments at an amount close to their fair value to meet their liquidity requirements, or be able to respond to specific events such as deterioration in the creditworthiness of any particular issue. At 31 March 2020 and 31 March 2019, the Funds held no investments that are considered illiquid.

The Funds also have the ability in extraordinary situations to impose discretionary redemption restrictions, which include the ability to suspend redemptions or withhold varying amounts of any redemption requested. It is the intention of the Funds to exercise this ability only in instances where the payment of redemptions would put the remaining Unitholders in a disadvantageous position, or if the Funds are unable to liquidate their investments that would allow the Funds to pay redemptions as they fall due. The Funds have not withheld redemptions during the year (31 March 2019: nil).

The Funds have not experienced a higher number of client withdrawals as a result of COVID-19 nor have further withdrawal restrictions been imposed on members. The Funds remains appropriately liquid, having considered the liquidity of the underlying investments and level of potential withdrawals.

Other payables and outstanding settlements are due for settlement within one month of the end of the reporting period with the exception of performance fees which are paid annually in arrears. The table below shows the net undiscounted contracted cash outflows for the Funds' financial liabilities held at fair value through profit or loss:

\$	Conservative Fund		Balanced Fund		Growth Fund		Socially Responsible Fund		Fixed Interest Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
As at 31 March										
Financial liabilities at fair value through profit or loss										
Carrying amount	(229,061)	-	(1,791,587)	-	(2,462,409)	-	(1,180,997)	(53,478)	(1,512,703)	(1,613,598)
<i>Undiscounted cash flows:</i>										
Less than 1 year	(229,061)	-	(1,791,587)	-	(2,462,409)	-	(1,180,997)	(53,478)	1,127,175	(279,670)
1-5 years	-	-	-	-	-	-	-	-	(984,377)	(959,596)
Over 5 years	-	-	-	-	-	-	-	-	78,982	-

\$	International Equity Fund		NZ Equity Fund		Australian Equity Fund		Altum Fund		Income Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
As at 31 March										
Financial liabilities at fair value through profit or loss										
Carrying amount	(25,543,559)	(311,139)	-	-	(78,622)	(300,353)	(425,400)	(122,302)	(3,018,606)	(1,152,069)
<i>Undiscounted cash flows:</i>										
Less than 1 year	(25,543,559)	(311,139)	-	-	(78,622)	(300,353)	(425,400)	(122,302)	(501,323)	(1,220,330)
1-5 years	-	-	-	-	-	-	-	-	(2,529,997)	(764,154)
Over 5 years	-	-	-	-	-	-	-	-	(389,452)	(77,755)



Notes to the Financial Statements

11. Financial risk management (continued)

(c) Currency risk

The Funds may hold both monetary and non-monetary assets denominated in currencies other than the New Zealand dollar. Foreign currency risk, as defined in NZ IFRS 7, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. NZ IFRS 7 considers the foreign currency exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. However, management monitors the exposure on all foreign currency denominated assets and liabilities.

Currency risk management is undertaken by the Funds' Manager within the guidelines provided by the Supervisor. The Funds may enter into foreign exchange derivatives both to economically hedge the foreign currency risk implicit in the value of the portfolio securities denominated in foreign currency and to secure a particular exchange rate for a planned purchase or sale of securities. The terms and conditions of these contracts rarely exceeds one year. As the nature of these contracts is to manage the international investment activities of the Funds, they are accounted for by marking to market at year end date in a manner consistent with the valuation of the underlying securities. If applicable, the face value and fair value of derivatives are shown in Note 10 and included within the investments amount on the Statements of Financial Position.

At the balance date the Fund had the following foreign currency exposures due to holdings of monetary assets and liabilities (expressed in NZD equivalents):

\$	Conservative Fund		Balanced Fund		Growth Fund		Socially Responsible Fund		Fixed Interest Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
As at 31 March										
Monetary assets/(liabilities)										
Australia (AUD)	-	-	-	-	-	-	(2,686,641)	(3,391,124)	(669,264)	80,751
United States (USD)	422,414	-	1,922,737	-	3,228,393	-	10,152,184	5,530,422	42,724,115	20,667,495
United Kingdom (GBP)	-	-	-	-	-	-	40,476	26,464	-	-
Europe (EUR)	-	-	-	-	-	-	17,968	14,873	-	-
Japan (JPY)	-	-	-	-	-	-	115,962	77,415	-	-
Hong Kong (HKD)	-	-	-	-	-	-	2,149	1,844	-	-

\$	International Equity Fund		NZ Equity Fund		Australian Equity Fund		Altum Fund		Income Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
As at 31 March										
Monetary assets/(liabilities)										
Australia (AUD)	7,992	8,036	7,396	7,442	(34,955,167)	(47,044,058)	(10,919,221)	(18,166,556)	(5,991,857)	(3,326,145)
United States (USD)	157,292,105	79,894,216	-	-	135,882	91,188	6,259,743	243,787	42,171,350	15,862,581
United Kingdom (GBP)	137,805	32,825	-	-	-	-	-	-	-	-
Europe (EUR)	11,560	856,263	-	-	-	-	-	-	-	-
Switzerland (CHF)	53,545	294	-	-	-	-	-	-	-	-
Japan (JPY)	1,679,060	25,766	-	-	-	-	-	-	-	-
Hong Kong (HKD)	18,040	15,484	-	-	-	-	-	-	-	-

Sensitivity Analysis

The table below summarises the impact on the Statement of Comprehensive Income and Net Assets Attributable to Unit Holders on monetary assets and liabilities at balance date, had the exchange rates between the New Zealand dollar and the foreign currencies increased or decreased by 5% with all other variables held constant. The analysis is based on the Manager's best estimate of a reasonable possible shift in exchange rates with regard to historical volatility.

\$	Conservative Fund		Balanced Fund		Growth Fund		Socially Responsible Fund		Fixed Interest Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
As at 31 March										
All amounts in NZD equivalents										
Monetary assets/(liabilities)										
Exchange rates increased by 5%	(20,115)	-	(91,559)	-	(153,733)	-	(363,909)	(107,614)	(2,002,612)	(988,012)
Exchange rates decreased by 5%	22,232	-	101,197	-	169,915	-	402,216	118,942	2,213,413	1,092,013



Notes to the Financial Statements

11. Financial risk management (continued)

(c) Currency risk (continued)

\$	International Equity Fund		NZ Equity Fund		Australian Equity Fund		Altum Fund		Income Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
As at 31 March										
Monetary assets/(liabilities)										
Exchange rates increased by 5%	(7,580,957)	(3,849,185)	(352)	(354)	1,658,061	2,235,851	221,880	853,465	(1,722,833)	(596,973)
Exchange rates decreased by 5%	8,378,953	4,254,362	389	392	(1,832,594)	(2,471,204)	(245,236)	(943,304)	1,904,184	659,812

At the balance date the Fund had the following foreign currency exposures due to holdings of non-monetary assets and liabilities (expressed in NZD equivalents):

\$	Conservative Fund		Balanced Fund		Growth Fund		Socially Responsible Fund		Fixed Interest Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
As at 31 March										
Non monetary assets/(liabilities)										
Australia (AUD)	-	-	-	-	-	-	2,793,989	3,500,712	-	(392,564)
United States (USD)	-	-	-	-	-	-	7,004,271	5,693,604	(43,222,239)	(20,727,527)
United Kingdom (GBP)	-	-	-	-	-	-	487,784	480,548	-	-
Europe (EUR)	-	-	-	-	-	-	2,426,514	1,905,387	-	-
Japan (JPY)	-	-	-	-	-	-	327,256	354,639	-	-
Hong Kong (HKD)	-	-	-	-	-	-	173,075	91,022	-	-

\$	International Equity Fund		NZ Equity Fund		Australian Equity Fund		Altum Fund		Income Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
As at 31 March										
Non monetary assets/(liabilities)										
Australia (AUD)	-	-	-	-	35,976,678	47,840,203	10,927,870	18,172,541	1,954,367	3,196,174
United States (USD)	123,233,743	151,465,071	-	-	-	-	2,508,722	2,976,123	(40,733,311)	(15,163,874)
United Kingdom (GBP)	1,748,302	726,155	-	-	-	-	-	-	-	-
Europe (EUR)	2,143,285	846,703	-	-	-	-	-	-	-	-
Switzerland (CHF)	1,754,740	771,315	-	-	-	-	-	-	-	-
Japan (JPY)	-	1,500,785	-	-	-	-	-	-	-	-
Hong Kong (HKD)	1,416,067	744,723	-	-	-	-	-	-	-	-

The table below summarises the impact on the Statement of Comprehensive Income and Net Assets Attributable to Unit Holders on non monetary assets at balance date, had the exchange rates between the New Zealand dollar and the foreign currencies increased or decreased by 5% with all other variables held constant. The analysis is based on the Manager's best estimate of a reasonable possible shift in exchange rates with regard to historical volatility.

\$	Conservative Fund		Balanced Fund		Growth Fund		Socially Responsible Fund		Fixed Interest Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
As at 31 March										
Non monetary assets/(liabilities)										
Exchange rates increased by 5%	-	-	-	-	-	-	(637,427)	(576,997)	2,058,202	1,005,719
Exchange rates decreased by 5%	-	-	-	-	-	-	704,524	637,733	(2,274,855)	(1,111,584)

All amounts in NZD equivalents



Notes to the Financial Statements

11. Financial risk management (continued)

(c) Currency risk (continued)

\$ As at 31 March	International Equity Fund		NZ Equity Fund		Australian Equity Fund		Altum Fund		Income Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Non monetary assets/(liabilities)										
Exchange rates increased by 5%	(6,204,578)	(7,431,179)	-	-	(1,713,175)	(2,278,105)	(639,838)	(1,007,079)	1,846,616	569,890
Exchange rates decreased by 5%	6,857,691	8,213,408	-	-	1,893,509	2,517,905	707,189	1,113,088	(2,040,997)	(629,879)

(d) Cash flow and fair value interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows. The Funds may hold investments in interest earning financial instruments that expose the Funds to fair value interest rate risk. The Funds may also hold cash and cash equivalents that expose the Funds to cash flow interest rate risk. The interest rate risk arising from these investments is managed by the underlying Fund's Manager.

The table below summarises the sensitivity of the Funds net assets attributable to Unitholders to interest rate movements. The analysis is based on an interest rate movement of 1% which represents managements best estimate of a reasonable shift in interest rates having regard to historical volatility. If the interest rates at 31 March 2020 had increased or decreased by 1% (31 March 2019: +/-1%) with all other variables held constant, this would have increased/decreased comprehensive income and net assets attributable to Unitholders by approximately:

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Socially Responsible Fund		Fixed Interest Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Impact on Profit and Loss if interest rates increased by 1%	52,517	44,111	49,885	292,528	81,430	153,723	(282,930)	(134,476)	(7,018,646)	(5,776,435)
Impact on Profit and Loss if interest rates decreased by 1%	(52,517)	(44,111)	(49,879)	(292,528)	(81,430)	(153,723)	240,021	144,195	7,281,873	6,011,976

\$ As at 31 March	International Equity Fund		NZ Equity Fund		Australian Equity Fund		Altum Fund		Income Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Impact on Profit and Loss if interest rates increased by 1%	836,143	504,643	156,917	68,757	100,495	64,909	205,604	141,036	(4,615,209)	(2,671,108)
Impact on Profit and Loss if interest rates decreased by 1%	(836,129)	(504,643)	(156,917)	(68,757)	(100,495)	(64,909)	(205,604)	(141,036)	4,893,313	2,857,660



Notes to the Financial Statements

11. Financial risk management (continued)

(e) Price risk

The Funds are exposed to the risk of price movements, mainly from exchange traded securities and unit trusts. This arises from investments held by the Funds for which prices in the future are uncertain. Where non-monetary financial instruments, i.e. equities and options - are denominated in currencies other than the New Zealand dollar (NZD), the price initially expressed in foreign currency and then converted into NZD will also fluctuate because of changes in foreign exchange rates. Paragraph (c) 'Currency risk' sets out how this component of price risk is managed and measured.

Price risk is managed through diversification and selection of securities and other financial instruments within specified limits and in accordance with mandates and overall investment strategy.

The majority of the Funds' equity investments and listed debt assets are publically traded and are included within the New Zealand and Australian Stock Exchanges. The overall market position is monitored by the Funds' Manager. Compliance with the Funds' investment policies are reported to the Board of the Manager.

Following the impact of COVID-19 and the resulting volatility in financial markets the Manager has reviewed this price risk sensitivity analysis and at the date of this report believe the price range sensitivity remains appropriate.

The table below summarises the sensitivity of the Funds net assets attributable to Unitholders to equity security, listed debt and unit trust price movements, including the effect of movements in foreign currency exchange rates on equity securities prices, as at 31 March. The analysis is based on a price move of 5% which represents managements best estimate of a reasonable shift in prices having regard to historical volatility.

If the prices of equity securities (including options), listed debt and unit trusts in which the Funds invest in at 31 March 2020 had increased or decreased by 5% (31 March 2019: +/-5%) with all other variables held constant, this would have increased/decreased comprehensive income and net assets attributable to Unitholders by approximately:

\$	Conservative Fund		Balanced Fund		Growth Fund		Socially Responsible Fund		Fixed Interest Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
As at 31 March										
Effect on Funds equity of a 5% increase in security prices	4,123,930	3,382,110	10,193,747	8,709,278	10,781,468	9,279,419	1,549,407	1,316,963	3,717,960	3,723,279
Effect on Funds equity of a 5% decrease in security prices	(4,123,930)	(3,382,110)	(10,193,747)	(8,709,278)	(10,781,468)	(9,279,419)	(1,549,407)	(1,316,963)	(3,717,960)	(3,723,279)

\$	International Equity Fund		NZ Equity Fund		Australian Equity Fund		Altum Fund		Income Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
As at 31 March										
Effect on Funds equity of a 5% increase in security prices	13,122,933	11,373,568	3,392,469	3,046,815	1,798,834	2,392,010	1,580,043	1,827,067	4,403,671	3,371,745
Effect on Funds equity of a 5% decrease in security prices	(13,122,933)	(11,373,568)	(3,392,469)	(3,046,815)	(1,798,834)	(2,392,010)	(1,580,043)	(1,827,067)	(4,403,671)	(3,371,745)



Notes to the Financial Statements

11. Financial risk management (continued)

(f) Fair value estimation

The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the end of the reporting period. A financial instrument is regarded as quoted in an active market if quoted prices are readily available from an exchange, dealer, broker or pricing service, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Funds use a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used for non-standard financial instruments such as over the counter derivatives include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, options pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity specific inputs.

For instruments for which there is no active market, the Funds may use internally developed models which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which markets were or have been inactive during the year. Some of the inputs to these models may not be market observable and therefore estimated based on assumptions.

The fair value hierarchy has the following levels:

- (i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- (ii) Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices)
- (iii) Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The level in the fair value hierarchy within the fair value measurement is categorised in its entirety is determined on the basis of the lowest input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

There have been no changes to the fair value hierarchy classification of investments as a result of the impact of COVID-19 and the level remains as disclosed below.

The determination of what constitutes 'observable' requires significant judgement by the Manager. The Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable and provided by independent sources that are actively involved in the relevant market. The following table analyses within the fair value hierarchy the Funds financial assets and liabilities (by class) measured at fair value at 31 March 2020. There are no Level 3 financial instruments.

\$ As at 31 March	Conservative Fund		Balanced Fund		Growth Fund		Socially Responsible Fund		Fixed Interest Fund		
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
Level 1 Assets											
<i>Financial assets mandatorily measured at fair value through profit or loss</i>											
Listed equities	-	-	-	-	-	-	7,827,995	8,733,405	-	-	
Listed funds/trusts	-	-	-	-	-	-	10,141,343	7,042,111	-	-	
Total Level 1 Assets	-	-	-	-	-	-	17,969,338	15,775,516	-	-	
Level 2 Assets											
<i>Financial assets mandatorily measured at fair value through profit or loss</i>											
Unlisted trusts	82,478,594	67,642,207	203,874,935	174,185,568	215,629,352	185,588,379	-	-	-	-	
Fixed interest securities	-	-	-	-	-	-	11,700,846	9,798,261	248,628,939	197,457,069	
Forward foreign exchange contracts	-	-	-	-	-	-	43,410	-	630,137	510	
Interest rate swaps	-	-	-	-	-	-	-	-	3,383,328	479,780	
Total return swaps	-	-	-	-	-	-	-	29,563	-	-	
Total Level 2 Assets	82,478,594	67,642,207	203,874,935	174,185,568	215,629,352	185,588,379	11,744,256	9,827,824	252,642,404	197,937,359	
Level 2 Liabilities											
<i>Financial liabilities mandatorily measured at fair value through profit or loss</i>											
Forward foreign exchange contracts	(229,061)	-	(1,791,587)	-	(2,462,409)	-	(84,940)	(53,478)	(27,320)	(212,606)	
Interest rate swaps	-	-	-	-	-	-	-	-	(1,485,383)	(1,400,992)	
Total return swaps	-	-	-	-	-	-	(1,096,057)	-	-	-	
Total Level 2 Liabilities	(229,061)	-	(1,791,587)	-	(2,462,409)	-	(1,180,997)	(53,478)	(1,512,703)	(1,613,598)	



Notes to the Financial Statements

11. Financial risk management (continued)

(f) Fair value estimation (continued)

\$ As at 31 March	International Equity Fund		NZ Equity Fund		Australian Equity Fund		Altum Fund		Income Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Level 1 Assets										
<i>Financial assets mandatorily measured at fair value through profit or loss</i>										
Listed equities	23,951,091	24,589,194	67,849,382	60,936,294	35,976,678	47,840,203	31,600,862	36,541,347	5,672,049	18,964,035
Listed funds/trusts	131,848,528	127,861,055	-	-	-	-	-	-	2,069,622	-
Equity index options	40,077	-	-	-	-	-	-	-	-	-
Total Level 1 Assets	155,839,696	152,450,249	67,849,382	60,936,294	35,976,678	47,840,203	31,600,862	36,541,347	7,741,671	18,964,035
Level 2 Assets										
<i>Financial assets mandatorily measured at fair value through profit or loss</i>										
Fixed interest securities	-	-	-	-	-	-	-	-	185,950,623	103,029,875
Forward foreign exchange contracts	5,448,329	-	-	-	224,025	21,462	96,808	-	360,056	-
Interest rate swaps	-	-	-	-	-	-	-	-	2,379,833	28,174
Total return swaps	-	3,604,503	-	-	-	-	-	-	-	-
Total Level 2 Assets	5,448,329	3,604,503	-	-	224,025	21,462	96,808	-	188,690,512	103,058,049
Level 2 Liabilities										
<i>Financial liabilities mandatorily measured at fair value through profit or loss</i>										
Forward foreign exchange contracts	-	(311,139)	-	-	(78,622)	(300,353)	(425,400)	(122,302)	-	(190,483)
Interest rate swaps	-	-	-	-	-	-	-	-	(3,018,606)	(961,586)
Total return swaps	(25,543,559)	-	-	-	-	-	-	-	-	-
Total Level 2 Liabilities	(25,543,559)	(311,139)	-	-	(78,622)	(300,353)	(425,400)	(122,302)	(3,018,606)	(1,152,069)

There were no transfers between levels during the year.



Notes to the Financial Statements

12. Subsequent Events

The World Health Organisation declared the coronavirus (COVID-19) to be a pandemic on 11 March 2020 and the outbreak has spread across many countries, causing significant disruption to business and economic activity.

As a result, the financial markets were and continue to be affected by the on-going COVID-19 pandemic and so were unusually volatile. Actual economic events and conditions in the future may be materially different from those recorded at the reporting date. In the event the impacts from the COVID-19 pandemic are more severe or prolonged than anticipated, this will impact the fair value of the investments in the Funds, as seen in the table below.

The financial statements have been prepared based upon conditions existing as at 31 March 2020.

The unit price reflected in these financial statements as at 31 March 2020 was:

\$	Conservative Fund 31/03/2020	Balanced Fund 31/03/2020	Growth Fund 31/03/2020	Socially Responsible Fund 31/03/2020	Fixed Interest Fund 31/03/2020
Unit Price	1.8091	1.8984	1.9588	1.8541	1.3865

On the 22 July 2020, when these financial statements were approved, the unit price had increased to:

\$	Conservative Fund 22/07/2020	Balanced Fund 22/07/2020	Growth Fund 22/07/2020	Socially Responsible Fund 22/07/2020	Fixed Interest Fund 22/07/2020
Unit Price	1.8964	2.0479	2.1386	2.0051	1.4224

The unit price reflected in these financial statements as at 31 March 2020 was:

\$	International Equity Fund 31/03/2020	NZ Equity Fund 31/03/2020	Australian Equity Fund 31/03/2020	Australian Equity Fund 31/03/2020	Altum Fund 31/03/2020	Income Fund 31/03/2020
Unit Price	2.0940	2.9537	1.2973	1.3670	1.1320	

On the 22 July 2020, when these financial statements were approved, the unit price had increased to:

\$	International Equity Fund 22/07/2020	NZ Equity Fund 22/07/2020	Australian Equity Fund 22/07/2020	Altum Fund 22/07/2020	Income Fund 22/07/2020
Unit Price	2.2811	3.4429	1.5058	1.5589	1.1739





Independent Auditor's Report

To the Unitholders of the QuayStreet Funds, which comprise:

- QuayStreet Conservative Fund;
- QuayStreet Balanced Fund;
- QuayStreet Growth Fund;
- QuayStreet Socially Responsible Investment Fund;
- QuayStreet Fixed Interest Fund;
- QuayStreet International Equity Fund;
- QuayStreet New Zealand Equity Fund;
- QuayStreet Australian Equity Fund;
- QuayStreet Altum Fund; and
- QuayStreet Income Fund.

Report on the audit of the financial statements

Opinion

In our opinion, the accompanying financial statements of the QuayStreet Funds (the 'Funds') on pages 3 to 32:

- i. Present fairly in all material respects the Funds' financial positions as at 31 March 2020 and their financial performance and cash flows for the year ended on that date; and
- ii. Comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying financial statements which comprise:

- The statements of financial position as at 31 March 2020;
- The statements of comprehensive income, changes in net assets attributable to unitholders and cash flows for the year then ended; and
- Notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Funds in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

The audit fees are currently paid by the Funds' manager, QuayStreet Asset Management Limited, for whom statutory audit services are performed. Our firm has also provided other services to the Funds in relation to other assurance services. Subject to certain restrictions, partners and employees of our firm may also deal with the Funds on normal terms within the ordinary course of trading activities of the business of the Funds. These matters have not impaired our independence as auditor of the Funds. The firm has no other relationship with, or interest in, the Funds.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the Unitholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the financial statements as a whole and we do not express discrete opinions on separate elements of the financial statements.

The Covid-19 pandemic has created additional risks, particularly with the valuation of investments, liquidity and going concern. Some investments may have become more difficult to value, as they either experience significant events, or become less liquid and actively traded. Additional disclosures may be required to ensure there is adequate disclosure of changes to fair value levels for securities, liquidity risks, market risks and subsequent events where there are material withdrawals, other material impacts on liquidity and changes to the value of the Funds. While the key audit matter "Existence and valuation of investments", detailed below, is unchanged from last year, the underlying audit risk has increased which impacted the extent and nature of audit evidence that we had to gather.

The key audit matter

How the matter was addressed in our audit

Existence and valuation of investments

Refer to Note 7.1 to the Financial Statements.

Investments are the Funds' main assets, and existence and valuation of these investments is the most important aspect of preparing the financial statements.

As described in Note 7.1, the Funds' investments comprise liquid investments including:

- Listed equities;
- Listed funds/trusts;
- Fixed interest securities;
- Unlisted trusts;
- Forward foreign exchange contracts;
- Equity index options;
- Interest rate swaps; and
- Total return swaps.

The investment portfolio in total, due to its materiality in the context of the financial statements as a whole, is our most significant area of audit focus.

Covid-19 has meant that greater uncertainty exists around the valuation of investments and the fair value hierarchy level attributed to each. This required some additional judgement in these areas.

Our audit procedures included:

- Documenting and understanding the processes in place to record investment transactions and to value the portfolio. This included evaluating the control environment in place at the custodian, investment accounting and registry service provider by obtaining and reading the service organisation reports issued by an independent auditor on the design and operation of those controls throughout the period;
- Agreeing the valuation of listed equities, listed unit trusts and fixed interest securities to independent third-party confirmations;
- Agreeing the valuation of unlisted unit trusts to the redemption value per unit as reported by the individual external Fund Managers;
- Agreeing the valuation of cash accounts and term deposits to bank confirmations or third-party evidence;
- With support of our valuation specialists, agreeing the reasonableness of valuation of forward foreign exchange contracts, equity index options, interest rate swaps and total return swaps to independent third party sources; and
- Consideration of the fair value hierarchy level assigned to each investment and the appropriateness of the valuation information available.

We did not identify any material differences from our procedures.



Use of this independent auditor's report

This independent auditor's report is made solely to the Unitholders as a body. Our audit work has been undertaken so that we might state to the Unitholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Unitholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of the Manager for the financial statements

The Manager, on behalf of the Funds, are responsible for:

- The preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- Implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- Assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objective is:

- To obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- To issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/>

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Glenn Keaney.

For and on behalf of



KPMG
Tauranga

22 July 2020