



# MAS Investment Funds

## Financial Statements



For the year ended  
31 March 2024

*Signatory of:*



**MAS INVESTMENT FUNDS**

**Financial Statements**

**For the period ended 31 March 2024**

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## Independent Auditor's Report

### To the Members of MAS Investment Funds

#### Opinion

We have audited the financial statements of MAS Investment Funds ("the Scheme") on pages 4 to 17, which comprise the statement of net assets of the Scheme as at 31 March 2024, the statement of changes in net assets and statement of cash flows for the period then ended of the Scheme, and the notes to the financial statements including material accounting policy information.

In our opinion, the financial statements on pages 4 to 17 present fairly, in all material respects, the financial position of the Scheme as at 31 March 2024 and its financial performance and cash flows for the period then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

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

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Scheme in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We provide assurance services in relation to the register of members for the Scheme. Partners and employees of our firm may deal with the Scheme on normal terms within the ordinary course of trading activities of the business of the Scheme. We have no other relationship with, or interest in, the Scheme.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of the audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

## Investments

### Why significant

- ▶ The Scheme's portfolio of investments represents almost 100% of its assets.
- ▶ These investments are recognised at fair value through profit or loss in accordance with NZ IFRS 9 *Financial Instruments*. The Scheme's accounting policy for investments is described in Note 2.
- ▶ Volatility and other market drivers can have a significant impact on the value of these investments and the financial statements as a whole, therefore the recognition and measurement of the investment portfolio is considered a key area of audit focus.
- ▶ Disclosures regarding the Scheme's investments are included in Note 5 to the financial statements.

### How our audit addressed the key audit matter

Our audit procedures included:

- ▶ Gaining an understanding of the processes used to record investment transactions and the revaluation of the investment portfolio.
- ▶ Obtaining and reviewing the Independent Assurance Reports on Controls relevant to the entities responsible for the custody and pricing of the Scheme's investments. We have considered the implications of any control deficiencies for our audit.
- ▶ Receiving confirmation directly, from the custody and pricing entities, of the number of securities held by the Scheme and their exit prices at balance date and agreeing the confirmed amounts to the Scheme's accounting records.
- ▶ Verifying a sample of exit prices at balance date to independent pricing sources.
- ▶ Assessing the disclosures in the financial statements, including whether they appropriately reflect the requirements of NZ IFRS 9 *Financial Instruments* and NZ IFRS 7 *Financial Instruments: Disclosures*.

## Information other than the financial statements and auditor's report

Those charged with governance of the Company are responsible for the annual report, which includes information other than the financial statements and auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## **Those charged with governance responsibilities for the financial statements**

Those charged with governance are responsible, on behalf of the Scheme, for the preparation and fair presentation of the financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as those charged with governance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, those charged with governance are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate the Scheme or cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board website: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/>. This description forms part of our auditor's report.

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

The logo for Ernst &amp; Young, featuring the company name in a stylized, cursive script.

Chartered Accountants  
Wellington  
27 June 2024

**MAS INVESTMENT FUNDS**  
**Statement of Net Assets**  
**As at 31 March 2024**

|  | Note | 2024<br>NZ\$          |
|--|------|-----------------------|
| <b>Assets</b>                                    |      |                       |
| Cash and Cash Equivalents                        | 6    | 34,625                |
| Wholesale Cash Fund                              | 5    | 20,821                |
| Investments at Fair Value Through Profit or Loss | 5    | <u>303,191</u>        |
| <b>Total Assets</b>                              |      | <b>358,637</b>        |
| <b>Less: Liabilities</b>                         |      |                       |
| Accounts Payable                                 |      | (148)                 |
| PIE Tax Payable                                  |      | <u>(285)</u>          |
| <b>Total Liabilities</b>                         |      | <b>(433)</b>          |
| <b>Net Assets available to pay Benefits</b>      |      | <b><u>358,205</u></b> |
|  |      |                       |
| Represented by:                                  |      |                       |
| Member Accounts                                  | 3    | 358,205               |
|  |      | <u>358,205</u>        |

Approved for issue by the Manager, Medical Funds Management Limited



Signed by: Lindsay Knowles  
Date & Time: 27 Jun, 2024 10:58:59 NZST

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Signed by: Brett Sutton  
Date & Time: 27 Jun, 2024 10:50:32 NZST

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This statement is to be read in conjunction with the notes on pages 7 to 17.

**MAS INVESTMENT FUNDS**  
**Statement of Changes in Net Assets**  
**For the period ended 31 March 2024**

|   | Note | 2024<br>NZ\$   |
|---|------|----------------|
| <b>Investment Activities</b>  |      |                |
| <b>Investment Revenues</b>  |      |                |
| Dividend Income   |      | 663            |
| Interest Income   |      | 95             |
| Gain on Investments at Fair Value   | 7, 8 | 6,048          |
| <b>Total Investment Revenue</b>   |      | <b>6,806</b>   |
| <b>Other Revenues</b>   |      |                |
| Bank Interest Received  |      | 110            |
| Fee Rebate  |      | 2              |
| <b>Total Other Revenue</b>  |      | <b>111</b>     |
| <b>Expenses</b>   |      |                |
| Administration Expenses   |      | (8)            |
| MFM Management Fee  |      | (187)          |
| <b>Total Expenses</b>   |      | <b>(195)</b>   |
| <b>Change in Net Assets before Taxation<br/>and Membership Activities</b> |      | <b>6,721</b>   |
| <b>Membership Activities</b>  |      |                |
| <b>Contributions</b>  |      |                |
| Member Contributions  |      | 351,767        |
| <b>Total Contributions</b>  |      | <b>351,767</b> |
| PIE Tax Credit/(Paid)   |      | (285)          |
| <b>Net Membership Activities</b>  |      | <b>351,484</b> |
| <b>Net Increase in Net Assets During the Period</b>                       |      | <b>358,205</b> |
| Net Assets Available for Benefits at Beginning of Period                  |      | -              |
| <b>Net Assets Available for Benefits at End of Period</b>                 | 3    | <b>358,205</b> |

This statement is to be read in conjunction with the notes on pages 7 to 17.

**MAS INVESTMENT FUNDS**  
**Statement of Cash Flows**  
**For the period ended 31 March 2024**

|   | Note | 2024<br><u>NZ\$</u>  |
|---|------|----------------------|
| <b>Cash Flows from Operating Activities</b>       |      |                      |
| Cash provided from:                               |      |                      |
| Contributions                                     |      | 351,767              |
| Sundry Income                                     |      | <u>110</u>           |
|   |      | <b>351,877</b>       |
| <i>less:</i> Cash applied to:                     |      |                      |
| MFM Management Fee and Other Expenses             |      | <u>(8)</u>           |
|   |      | <b>(8)</b>           |
|   |      | <u>351,869</u>       |
| <b>Net Cash Inflow from Operating Activities</b>  |      | <b>351,869</b>       |
| <b>Cash Flows from Investing Activities</b>       |      |                      |
| Cash provided from:                               |      |                      |
| Proceeds from Sale of Cash Investment Assets      |      | 637,201              |
| <i>less:</i> Cash applied to:                     |      |                      |
| Purchase of Investment Assets                     |      | (340,118)            |
| Purchase of Cash Investment Assets                |      | <u>(614,326)</u>     |
| <b>Net Cash Outflow from Investing Activities</b> |      | <b>(317,244)</b>     |
| Net increase in Cash Held                         |      | <b>34,625</b>        |
| Add Cash at Start of Period                       |      | -                    |
| <b>Balance at End of Period</b>                   |      | <u><b>34,625</b></u> |

This statement is to be read in conjunction with the notes on pages 7 to 17.



## **MAS INVESTMENT FUNDS**

### **Notes to the Financial Statements**

**For the period ended 31 March 2024**

#### **1. Scheme Description**

These financial statements are for the MAS Investment Funds (the "Scheme") for the period ended 31 March 2024. The Scheme was registered in November 2023 and is a registered managed investment scheme under the Financial Markets Conduct Act 2013 ("FMCA"). Medical Funds Management Limited ("the Manager" or "MFM") is the Manager of the Scheme. MFM's address is 10 Waterloo Quay, Pipitea, Wellington, New Zealand. The Scheme accepted contributions from 9 February 2024.

The Supervisor of the Scheme is Public Trust.

The Administration Manager of the Scheme is Link Market Services Limited ("Link").

#### **Termination Terms**

The Trust Deed sets out the basis on which the Scheme can be terminated and covers the situation where the Scheme can be wound-up.

#### **Changes to the Scheme**

There were no changes to the Scheme during the reporting period.

#### **2. Summary of Material Accounting Policy Information**

##### **Basis of Preparation and Statement of Compliance**

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand ("NZ GAAP"), the requirements of the FMCA and the Trust Deed governing the Scheme. They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit orientated entities. The financial statements comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The Manager prepared the Scheme's financial statements in accordance with the FMCA as it is a registered scheme.

The Scheme comprises seven Funds: Cash, Conservative, Moderate, Balanced, Growth, Aggressive and Global Equities. The financial statements have been prepared at the Scheme level as the liabilities of the individual Funds are not limited to the assets of each Fund. Therefore assets of one Fund could be used to meet the liabilities of another.

The Scheme is classified as an investment entity under NZ IFRS 10. It obtains funds from multiple investors and invests these for returns from fund appreciation and investment income. No investments are controlled, and there has been no consolidation of investments.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

## **MAS INVESTMENT FUNDS**

### **Notes to the Financial Statements**

**For the period ended 31 March 2024**

#### **2. Summary of Material Accounting Policy Information (Continued)**

##### **Measurement Base**

The measurement base adopted is that of historical cost except for financial instruments which are measured at fair value through profit or loss at the end of the reporting period.

##### **Presentation and Functional Currency**

These financial statements are rounded to the nearest dollar and presented in New Zealand dollars because that is the currency of the primary economic environment in which the Scheme operates.

##### **Classification of Assets and Liabilities**

Assets and liabilities are disclosed in the Statement of Net Assets in an order that reflects their relative liquidity.

##### **New and amended standards and interpretations**

All new standards or amendments were adopted by the Scheme during the reporting period. There was no material impact on the financial statements.

##### **Standards issued but not effective**

Following due enquiry, the Manager has concluded that standards and interpretations that are issued, but not yet effective, will not materially impact the financial statements of the Scheme.

##### **Investment Income**

Interest, dividends and distributions from unitised investments are taken to income on a due and receivable basis. Net realised and unrealised gains and losses are recognised in the Statement of Changes in Net Assets in the period in which they occur.

##### **Foreign Currencies**

Transactions in currencies other than NZ dollars are recorded at the rate of exchange prevailing on the dates of the transactions. At each balance date, assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on balance date. Gains and losses arising on retranslation are included in changes in net assets for the period.

## **MAS INVESTMENT FUNDS**

### **Notes to the Financial Statements**

**For the period ended 31 March 2024**

## **2. Summary of Material Accounting Policy Information (Continued)**

### **Income and Expenses**

All income and expenses are accounted for on an accrual basis.

### **Investments**

Investments are recognised and derecognised on the trade date and are initially measured at fair value. Investment values are supplied by the relevant fund manager. Investments are classified at fair value through profit or loss. As the Scheme's business is investing in financial assets with a view to profiting from their total return in the form of interest, distributions or increases in fair value, cash deposits are carried at fair value through profit or loss on initial recognition. Financial assets carried at fair value through profit or loss, are measured at subsequent reporting dates at fair value. The valuation techniques used are detailed in Note 10 Fair Value. Purchases and sales of investments are accounted for at trade date.

### **Financial Instruments**

#### **(i) Classification**

Investments are mandatorily required to be measured as financial assets at fair value through profit or loss under NZ IFRS 9 Financial Instruments. These financial assets are carried by the Scheme at fair value through profit or loss at inception.

Financial assets and financial liabilities carried at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Scheme's documented investment strategy. The Scheme's policy is for the Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information. The Manager has determined that all financial assets of the Scheme are carried at fair value through profit or loss with the exception of cash, cash equivalents, receivables and payables which are measured at amortised cost.

#### **(ii) Recognition/derecognition**

The Scheme recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets from this date. Investments are derecognised when the right to receive cash flows from the investments has expired or the Scheme has transferred substantially all risks and rewards of ownership. All realised gains and losses on financial assets at fair value through profit or loss are recognised in the Statement of Changes in Net Assets.

#### **(iii) Measurement**

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Changes in Net Assets.

The fair value of investments is determined using the value supplied by the relevant fund manager at balance date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer a liability takes place either:

- In the principal market of the asset or liability;
- In the absence of a principal market, in the most advantageous market for the asset or liability; or
- The principal or most advantageous market accessible by the Scheme.

The fair value of an asset is measured using the assumptions that market participants would use when pricing the asset assuming market participants act in their economic best interest.

## MAS INVESTMENT FUNDS

### Notes to the Financial Statements

For the period ended 31 March 2024

## 2. Summary of Material Accounting Policy Information (Continued)

### Taxation

The Scheme is a Portfolio Investment Entity ("PIE") under the Income Tax Act 2007. Under the PIE regime, income earned by the Scheme is attributed to all Members in accordance with the proportion of their interest in the overall Scheme. The income attributed to each Member is taxed at the Member's prescribed investor rate ("PIR"). The Scheme deducts tax from each Member's allocation and pays the tax to Inland Revenue on behalf of the Member.

PIE tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to Inland Revenue on behalf of the Members based on the Members' current period's taxable income and their PIR.

### Receivables

Receivables are short-term in nature and are stated at amortised cost.

### Payables

Payables include liabilities and accrued expenses owing by the Scheme which are unpaid as at balance date. These amounts are unsecured and are usually paid within 30 days of recognition. These amounts are initially recognised at fair value, and subsequently measured at amortised cost.

### Derivative Financial Instruments

The Scheme does not directly invest in derivative financial instruments ("derivatives"). The Scheme invests in a range of unitised products and pooled investment vehicles, which may enter into derivatives such as forward foreign exchange contracts, financial futures, swaps and options during the normal course of business.

### Goods and Services Tax ("GST")

The Scheme is not registered for GST and consequently all components of the financial statements are stated inclusive of GST where appropriate.

### Statement of Cash Flows

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

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Operating activities - include all transactions and other events that are not investing activities.

Investing activities - comprise acquisition and disposal of investments. Investments include securities not falling within the definition of cash.

### Contributions and Benefits

Contributions and benefits are accounted for on an accrual basis. Contributions are recognised in the Statement of Changes in Net Assets when they become receivable.

Benefits are recognised in Statement of Changes in Net Assets when they become payable.

### Transfers In and Transfers Out

Transfers in and out are accounted for on an accruals basis.

## MAS INVESTMENT FUNDS

### Notes to the Financial Statements

For the period ended 31 March 2024

#### 2. Summary of Material Accounting Policy Information (Continued)

##### Member Funds

Units issued by the Scheme provide Members with the right to require redemption for cash at the value proportionate to the Member's share in the Scheme's net asset value.

Units held in the Scheme are redeemable at the Member's option, and are therefore classified as equity. The units are redeemable for cash based on their 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 reporting date if Members exercised their right to redeem units in the Scheme.

##### Critical Accounting Estimates and Judgements

For the purposes of the fair value hierarchy of financial assets at fair value through profit or loss, the Manager has to apply their judgement as to what constitutes "observable prices". For further details refer to Note 10 (Fair Value).

#### 3. Net assets available to pay Benefits

|   | <b>2024</b>           |
|---|-----------------------|
|   | <b>NZ\$</b>           |
| <b>Movements in Members' Accounts - Per Members' Registry System</b>    |                       |
| Balance at beginning of period  | -                     |
| Contributions received  | 340,118               |
| Investment earnings allocated to Members                                | 6,615                 |
| PIE tax paid  | (285)                 |
| Benefits paid   | -                     |
| Balance at end of period  | <u>346,448</u>        |
| <br><b>Movements in Members' Accounts - Timing Variances</b>            |                       |
| Balance at end of period - to be allocated to Members' accounts in 2025 | <u>11,757</u>         |
| Total balance at end of period  | <u><b>358,205</b></u> |

##### Guaranteed Benefits

No guarantees have been made in respect of any part of the net assets available to pay benefits.

#### 4. Scheme Benefits

The net assets available to pay benefits is the Scheme's present obligation to pay benefits to Members. It has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities as at balance date. Net assets available to pay benefits include amounts allocated to Members' accounts.

**MAS INVESTMENT FUNDS****Notes to the Financial Statements****For the period ended 31 March 2024****5. Investments**

|   | <b>2024</b>    |
|---|----------------|
|   | <b>NZ\$</b>    |
| The funds were invested in the following asset classes: |                |
| Domestic Fixed Interest                                 | 25,068         |
| International Fixed Interest                            | 40,736         |
| Australasian Equities                                   | 76,323         |
| International Equities                                  | 161,064        |
| <b>Total Investments</b>                                | <b>303,191</b> |

The majority of funds invested are invested into unitised products or pooled investment vehicles. The Scheme primarily invests in the MAS Wholesale Investment Funds, which are also managed by MFM.

**(a) Trading Securities exceeding 5% of net assets available for benefits**

|   | %  | <b>2024</b> |
|---|----|-------------|
|   |    | <b>NZ\$</b> |
| <b>Australasian Equities</b>                  |    |             |
| MAS Wholesale Australasian Equities Fund      | 21 | 76,323      |
| <b>International Equities</b>                 |    |             |
| MAS Wholesale International Equities Fund     | 45 | 161,064     |
| <b>International Fixed Interest</b>           |    |             |
| Hunter Global Fixed Interest Fund             | 11 | 40,736      |
| <b>New Zealand Fixed Interest</b>             |    |             |
| MAS Wholesale New Zealand Fixed Interest Fund | 7  | 25,858      |
| <b>Cash</b>                                   |    |             |
| MAS Wholesale Cash Fund (NZD)                 | 6  | 20,821      |

**(b) Trading Securities exceeding 5% of security class**

|  | %   | <b>2024</b> |
|--|-----|-------------|
|  |     | <b>NZ\$</b> |
| <b>Australasian Equities</b>                     |     |             |
| MAS Wholesale Australasian Equities Fund         | 100 | 76,323      |
| <b>International Equities</b>                    |     |             |
| MAS Wholesale International Equities Fund        | 100 | 161,064     |
| <b>Domestic Fixed Interest</b>                   |     |             |
| MAS Wholesale New Zealand Fixed Interest Fund    | 100 | 25,858      |
| <b>International Fixed Interest (Unit Trust)</b> |     |             |
| Hunter Global Fixed Interest Fund                | 100 | 40,736      |
| <b>Cash Investments</b>                          |     |             |
| MAS Wholesale Cash Fund (NZD)                    | 48  | 20,821      |

**MAS INVESTMENT FUNDS**  
**Notes to the Financial Statements**  
**For the period ended 31 March 2024**

**6. Cash and Cash Equivalents**

|                          | <b>2024</b>   |
|--------------------------|---------------|
|                          | <b>NZ\$</b>   |
| ANZ Bank Current Account | 11,751        |
| JBWere Cash Account      | 22,874        |
|                          | <u>34,625</u> |

**7. Gain/ (Loss) on investments at Fair Value**

|                              | <b>2024</b>  |
|------------------------------|--------------|
|                              | <b>NZ\$</b>  |
| Cash                         | 106          |
| Domestic Fixed Interest      | 348          |
| International Fixed Interest | (243)        |
| Australasian Equities        | 1,558        |
| International Equities       | 4,279        |
|                              | <u>6,048</u> |

**8. Reconciliation of Change in Net Assets to Net Cash Flow from Operating Activities**

|  | <b>2024</b>    |
|--|----------------|
|  | <b>NZ\$</b>    |
| Increase in Net Assets                                     | 358,205        |
| <b>Add/(less) non-cash items:</b>                          |                |
| Dividends received   | (663)          |
| Interest received  | (95)           |
| (Gain) on investments at fair value                        | (6,048)        |
| Fee rebate   | (2)            |
| Management fees  | 39             |
| <b>Add/(less) movement in other working capital items:</b> |                |
| Increase in accounts payable                               | 148            |
| Increase in PIE tax payable                                | 284            |
| Net cash Inflows from operating activities                 | <u>351,869</u> |

**9. Financial Instruments and Risk Management**

The Manager has established a Statement of Investment Policy and Objectives (“SIPO”) for the Scheme. Compliance with the SIPO is monitored daily and the SIPO itself is reviewed at least annually.

The Scheme’s risk management is carried out in accordance with policies set by the Manager. These policies provide clear structure for managing key financial risks.

The Scheme's activities expose it primarily to the financial risks of; market, liquidity and credit.

**MAS INVESTMENT FUNDS**

**Notes to the Financial Statements**

**For the period ended 31 March 2024**

**9. Financial Instruments and Risk Management (Continued)**

**Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

The Scheme is primarily exposed to interest rate and other price risks through its investments in cash and cash equivalents, unitised products and pooled investment vehicles. Market risk management is carried out in accordance with the SIPO.

**Liquidity Risk**

Liquidity risk represents the risk that the Scheme may not have sufficient liquid funds to meet its contractual obligations. The Scheme evaluates its liquidity requirements on an ongoing basis and maintains a substantial investment in cash and cash equivalents to cover the possibility of Member benefits payable. All financial assets at fair value through profit or loss can be realised within 12 months. All financial liabilities are payable within 12 months.

Liquidity Profile of Financial Liabilities

|                              | <b>0-6 Months</b> | <b>6-12 Months</b> | <b>Total</b> |
|------------------------------|-------------------|--------------------|--------------|
| <b>31 March 2024</b>         | <b>NZ\$</b>       | <b>NZ\$</b>        | <b>NZ\$</b>  |
| <b>Financial Liabilities</b> |                   |                    |              |
| Accounts Payable             | 148               | -                  | 148          |
|                              | <b>148</b>        | <b>-</b>           | <b>148</b>   |

**Credit Risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into, resulting in a financial loss to the Scheme. The financial instruments that potentially expose the Scheme to credit risk consist of cash and short term deposits and receivables and, indirectly, investments in unitised products and pooled investment vehicles which invest in cash and fixed interest investments. The maximum exposure to credit risk is the carrying value of these financial instruments. Credit risk is managed through policy that outlines minimum permitted credit ratings and diversification requirements.

There are no financial assets past due or impaired at balance date.



**MAS INVESTMENT FUNDS**  
**Notes to the Financial Statements**  
**For the period ended 31 March 2024**

**9. Financial Instruments and Risk Management (Continued)**

**Statement of Net Asset Credit Exposures**

|                           | <b>2024</b>   |
|---------------------------|---------------|
|                           | <b>NZ\$</b>   |
| Cash and Cash Equivalents | 34,625        |
|                           | <u>34,625</u> |

The following table provides information on the credit risk exposure for financial assets with external credit ratings of the Scheme. Investment grade financial assets are classified within the range of AAA to BBB, with AAA being the highest possible rating. For financial assets measured at amortised cost, the Scheme typically invests in high quality financial institutions that have minimum credit ratings of BBB by Standard & Poor's (or equivalent). The probability of default is considered minimal due to the high quality of investments, and no expected credit losses have been allowed for. Other investments are held at fair value through profit or loss, as such no expected credit losses are recognised.

|                      | AAA | AA   | A | BBB | Below BBB and<br>Not rated | Carrying Value |
|----------------------|-----|------|---|-----|----------------------------|----------------|
| <b>31 March 2024</b> |     |      |   |     |                            |                |
| Cash                 | -   | 100% | - | -   | -                          | 34,625         |

**Currency Risk**

The Scheme is not directly exposed to currency risk in that future currency movements will affect the valuation of holdings in foreign currency denominated investments.

At 31 March 2024, there is no foreign currency hedging as the Scheme invests in foreign currency denominated assets via unitised products and pooled investment vehicles which are denominated in New Zealand dollars.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Scheme is exposed to interest rate risk in that interest rate movements will affect cash flows of cash and cash equivalents. The Manager reviews the Scheme's interest rate exposure on a quarterly basis.

*Sensitivity Analysis*

The following table shows the sensitivity of profit and Members' funds to reasonably possible changes in interest rates at 31 March:

|  | <b>Change in Net Assets after Taxation Higher/(Lower)</b> |
|--|---|
|  | <b>2024</b>   |
|  | <b>NZ\$</b>   |
| <b>50bp Increase in Interest Rates</b> |   |
| Cash and Cash Equivalents              | 214   |
| <b>50bp Decrease in Interest Rates</b> |   |
| Cash and Cash Equivalents              | (214)   |

**Other Price Risk**

The Scheme manages risk through investing in diversified unitised products and pooled investment vehicles.

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**9. Financial Instruments and Risk Management (Continued)**

*Sensitivity Analysis*

The following table shows the sensitivity of profit and Members' funds to reasonably possible changes in unit prices of investments at fair value through profit or loss at 31 March:

|  | <b>Change in Net Assets after Taxation Higher/(Lower)</b> |
|--|---|
|  | <b>2024</b>   |
|  | <b>NZ\$</b>   |
| <b>Prices Increase by 10%</b>                    |   |
| Investments at fair value through profit or loss | 32,401  |
| <b>Prices Decrease by 10%</b>                    |   |
| Investments at fair value through profit or loss | (32,401)  |

**Classification of Financial Instruments**

|   | <b>2024</b> |
|---|-------------|
|   | <b>NZ\$</b> |
| Financial Assets carried at fair value through profit or loss                     | 324,012     |
| Financial Assets measured at amortised cost (including cash and cash equivalents) | 34,625      |
| Financial Liabilities held at amortised cost                                      | (148)       |

**Capital Management**

Net assets available to pay benefits are considered to be the Scheme's capital for the purposes of capital management. The Scheme does not have to comply with externally imposed capital requirements.

The Scheme's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to its Members, ensuring there is sufficient liquidity to meet any redemption requests from Members and to maximise the Scheme Members' value.

**10. Fair Value**

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values, determined in accordance with the Scheme's accounting policies.

The Scheme classifies fair value measurements of financial instruments at fair value through profit or loss using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. 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, not proprietary, and provided by independent sources that are actively involved in the relevant market.

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**10. Fair Value (Continued)**

The following table analyses within the fair value hierarchy the Scheme's financial assets and liabilities (by class) measured at fair value:

**31 March 2024:**

|                           | NZ\$    | NZ\$           | NZ\$    | NZ\$             |
|---------------------------|---------|----------------|---------|------------------|
|                           | Level 1 | Level 2        | Level 3 | Total<br>Balance |
| <b>Assets</b>             |         |                |         |                  |
| MAS Wholesale Investments | -       | 324,012        | -       | 324,012          |
| <b>Total Assets</b>       | -       | <b>324,012</b> | -       | <b>324,012</b>   |

There were no transfers between levels during the period.

The financial assets carried at fair value through profit or loss level 2 were not quoted in an active market. The fair value is measured using market observable prices as used by market participants. For these investments the Manager believes the Scheme could have redeemed its investments at unit prices provided by the relevant fund manager.

The fair value for fixed interest investments is determined by reference to quoted prices in active markets for similar assets or liabilities. Where not available or the market is considered to be lacking sufficient depth to be active, fair value is determined by reference to other significant inputs that are based on observable market data, for example interest rate yield curves and the maturity profile.

**11. Related Parties**

MFM provides management services to the Scheme. MFM charged a management fee to the Scheme of \$187. The fee charged ranges from 0.24% - 0.89% per annum of the funds under management as at 31 March 2024 and \$148 has been accrued at balance date. The management fee is calculated daily and paid monthly. No related party debts have been written off or forgiven during the period.

There were no audit fees incurred by the Scheme during the period.

**12. Events after Balance Date**

There were no subsequent events which require additional adjustment or disclosure in the financial statements.