

Russell Investment Funds  
Financial Statements  
For the year ended 31 March 2024

## Statements of Comprehensive Income

\$ For the year ended 31 March	Note	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
		2024	2023	2024	2023	2024	2023
<b>Income</b>							
Interest income	10	441,412	251,182	4,189,613	4,742,281	19,660	15,490
Distribution and dividend income		4,974,812	6,190,605	-	-	-	-
Net foreign currency (losses)/gains on cash and cash equivalents and margin accounts		(266)	(120)	2,039	5,301	-	-
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss		111,210	(18,606,381)	1,504,432	(6,704,418)	17,631,324	(28,966,531)
Sundry income		335,559	(1)	9,250	10,255	-	-
<b>Total income/(loss)</b>		<b>5,862,727</b>	<b>(12,164,715)</b>	<b>5,705,334</b>	<b>(1,946,581)</b>	<b>17,650,984</b>	<b>(28,951,041)</b>
<b>Expenses</b>							
Interest expense		-	-	2,365	598	-	-
Management fees	9	1,220,329	1,505,566	558,252	703,074	2,469,407	2,592,228
Administration expenses	9	103,217	149,253	92,744	144,930	262,972	275,881
Transaction costs		61,655	110,161	1,882	6,293	-	-
Other expenses		29,342	6	26,843	148	31,254	950
<b>Total operating expenses</b>		<b>1,414,543</b>	<b>1,764,986</b>	<b>682,086</b>	<b>855,043</b>	<b>2,763,633</b>	<b>2,869,059</b>
<b>Net income/(loss)</b>		<b>4,448,184</b>	<b>(13,929,701)</b>	<b>5,023,248</b>	<b>(2,801,624)</b>	<b>14,887,351</b>	<b>(31,820,100)</b>
<b>Profit/(loss) for the year attributable to Unitholders</b>		<b>4,448,184</b>	<b>(13,929,701)</b>	<b>5,023,248</b>	<b>(2,801,624)</b>	<b>14,887,351</b>	<b>(31,820,100)</b>
<b>Total comprehensive profit/(loss) for the year attributable to Unitholders</b>		<b>4,448,184</b>	<b>(13,929,701)</b>	<b>5,023,248</b>	<b>(2,801,624)</b>	<b>14,887,351</b>	<b>(31,820,100)</b>

These statements are to be read in conjunction with the accompanying notes.

## Statements of Changes in Net Assets Attributable to Unitholders

\$	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
	2024	2023	2024	2023	2024	2023
<b>For the year ended 31 March</b>						
<b>Net assets attributable to Unitholders at the beginning of the year</b>	<b>179,319,369</b>	281,629,072	<b>147,613,138</b>	208,780,797	<b>496,787,314</b>	663,663,465
Proceeds from units issued	<b>16,265,146</b>	30,154,646	<b>7,095,152</b>	20,609,769	<b>65,500,366</b>	113,571,601
Redemption of units	<b>(19,761,723)</b>	(113,136,707)	<b>(25,487,791)</b>	(76,353,544)	<b>(24,442,613)</b>	(234,449,170)
Distributions	<b>(5,192,267)</b>	(5,402,726)	<b>(2,268,492)</b>	(2,624,118)	<b>(20,903,651)</b>	(18,686,190)
Unitholder tax rebates/(liabilities)	<b>14,586</b>	4,785	<b>(39,487)</b>	1,858	<b>(2,337,478)</b>	4,507,708
<b>Net (decrease)/increase from transaction in units</b>	<b>(8,674,258)</b>	(88,380,002)	<b>(20,700,618)</b>	(58,366,035)	<b>17,816,624</b>	(135,056,051)
Total comprehensive income/(loss) for the year attributable to Unitholders	<b>4,448,184</b>	(13,929,701)	<b>5,023,248</b>	(2,801,624)	<b>14,887,351</b>	(31,820,100)
<b>Net assets attributable to Unitholders at the end of the year</b>	<b>175,093,295</b>	179,319,369	<b>131,935,768</b>	147,613,138	<b>529,491,289</b>	496,787,314
<b>Units on issue</b>						
<b>For the year ended 31 March</b>						
Units on issue at the beginning of the year	<b>91,338,381</b>	134,247,105	<b>131,247,334</b>	180,571,426	<b>496,773,281</b>	603,839,317
Units issued	<b>8,569,560</b>	15,459,839	<b>6,637,329</b>	17,941,205	<b>66,464,495</b>	109,567,560
Units redeemed	<b>(10,053,995)</b>	(58,368,563)	<b>(22,853,394)</b>	(67,265,297)	<b>(27,082,314)</b>	(216,633,596)
<b>Units on issue at the end of the year</b>	<b>89,853,946</b>	91,338,381	<b>115,031,269</b>	131,247,334	<b>536,155,462</b>	496,773,281

These statements are to be read in conjunction with the accompanying notes.

## Statements of Financial Position

\$ As at 31 March	Note	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
		2024	2023	2024	2023	2024	2023
<b>Assets</b>							
Cash and cash equivalents		5,337,456	9,739,115	7,157,723	7,930,798	381,799	271,147
Margin accounts		-	-	58,331	288,122	-	-
Financial assets at fair value through profit or loss	6	169,360,791	168,705,046	126,243,628	140,879,463	535,306,452	495,660,128
Outstanding settlements receivable		-	239,409	716,588	4,619,782	250,000	-
Contributions receivable		40	-	-	70,210	-	5,733
Dividends receivable		757,486	901,387	-	-	-	-
Accrued interest		2,410	-	1,273,422	1,319,696	173	-
Tax receivable on behalf of unitholders		19,645	4,922	-	309,286	-	4,507,708
<b>Total assets</b>		<b>175,477,828</b>	<b>179,589,879</b>	<b>135,449,692</b>	<b>155,417,357</b>	<b>535,938,424</b>	<b>500,444,716</b>
<b>Liabilities</b>							
Financial liabilities at fair value through profit or loss	7	-	-	634,058	2,233,104	-	-
Outstanding settlements payable		82,151	-	2,365,902	5,370,052	-	-
Management fees payable	9	104,412	108,942	45,968	51,624	217,982	203,857
Withdrawals payable		56,347	-	356,494	35,105	430,971	41,398
Distributions payable		118,822	132,934	50,487	50,546	3,429,536	3,366,265
Other payables		22,546	28,501	21,954	63,617	31,168	45,882
Tax payable on behalf of unitholders		255	133	39,061	171	2,337,478	-
<b>Total liabilities</b>		<b>384,533</b>	<b>270,510</b>	<b>3,513,924</b>	<b>7,804,219</b>	<b>6,447,135</b>	<b>3,657,402</b>
<b>Net assets attributable to Unitholders</b>		<b>175,093,295</b>	<b>179,319,369</b>	<b>131,935,768</b>	<b>147,613,138</b>	<b>529,491,289</b>	<b>496,787,314</b>

The Directors of FundRock NZ Limited authorised these Financial Statements for issue on 17 July 2024.

Director



Anthony Edmonds



Jeremy Valentine

These statements are to be read in conjunction with the accompanying notes.

## Statements of Cash Flows

\$		NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
For the year ended 31 March	Note	2024	2023	2024	2023	2024	2023
<b>Cash flows from operating activities</b>							
Proceeds from sale of financial instruments at fair value through profit or loss		56,821,921	148,324,469	87,316,365	138,168,536	23,950,000	219,694,999
Purchase of financial instruments at fair value through profit or loss		(57,044,896)	(63,499,865)	(71,862,922)	(87,112,424)	(46,215,000)	(82,245,000)
Net interest (paid)/received on swap contracts		-	-	479,849	(316,591)	-	-
Net settlement of forward currency contracts		-	-	(13,178)	(26,157)	-	-
Net settlement on future contracts		-	-	-	(179,313)	-	-
Net settlement of swap contracts		-	-	-	(723,139)	-	-
Net decrease in margin accounts		-	-	229,791	811,609	-	-
Dividends and distributions received		5,118,713	6,738,757	-	-	-	-
Sundry income received		335,559	(1)	9,250	10,255	-	-
Interest income received		439,002	251,182	3,756,038	5,300,552	19,487	15,490
Interest expense paid		-	-	(2,365)	(598)	-	-
Transaction costs		(61,655)	(110,161)	(1,882)	(6,293)	-	-
Management fees paid		(1,224,859)	(1,566,026)	(563,908)	(724,963)	(2,455,282)	(2,663,282)
Administration and other expenses paid		(138,514)	(166,006)	(161,250)	(117,993)	(308,940)	(319,202)
<b>Net cash inflow/(outflow) from operating activities</b>	12	<b>4,245,271</b>	<b>89,972,349</b>	<b>19,185,788</b>	<b>55,083,481</b>	<b>(25,009,735)</b>	<b>134,483,005</b>
<b>Cash flows from financing activities</b>							
Proceeds from units issued		11,324,464	25,097,788	4,997,867	18,069,972	51,355,231	99,899,481
Redemptions of units		(19,705,376)	(113,203,536)	(25,166,402)	(76,340,861)	(24,053,040)	(235,030,409)
Unitholders tax liabilities (paid)/refunded		(15)	(48,390)	308,689	(312,228)	4,507,708	3,937,639
Distributions paid		(265,737)	(267,971)	(101,056)	(107,940)	(6,689,512)	(5,568,331)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(8,646,664)</b>	<b>(88,422,109)</b>	<b>(19,960,902)</b>	<b>(58,691,057)</b>	<b>25,120,387</b>	<b>(136,761,620)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(4,401,393)</b>	<b>1,550,240</b>	<b>(775,114)</b>	<b>(3,607,576)</b>	<b>110,652</b>	<b>(2,278,615)</b>
Cash and cash equivalents at the beginning of the financial year		9,739,115	8,188,995	7,930,798	11,533,073	271,147	2,549,762
Foreign exchange (losses)/gains on cash and cash equivalents denominated in foreign currencies		(266)	(120)	2,039	5,301	-	-
<b>Cash and cash equivalents at the end of the financial year</b>		<b>5,337,456</b>	<b>9,739,115</b>	<b>7,157,723</b>	<b>7,930,798</b>	<b>381,799</b>	<b>271,147</b>
<i>The cash balances of the Funds comprise of:</i>							
Cash and cash equivalents		5,337,456	9,739,115	7,157,723	7,930,798	381,799	271,147
		5,337,456	9,739,115	7,157,723	7,930,798	381,799	271,147

These statements are to be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

## 1. General information

### Reporting Entities

These Financial Statements are for the year ended 31 March 2024 and have been prepared for the Funds which have been registered as part of the Russell Investment Funds Managed Investment Scheme, a Managed Investment Scheme in accordance with the Financial Markets Conduct Act 2013 on 4 August 2016. The Funds included within these financial statements are the Russell Investments NZ Shares Fund, Russell Investments NZ Fixed Interest Fund and the Russell Investments Global Fixed Interest Fund "(the 'Funds')". Financial statements for other Funds within this Scheme have been prepared separately.

The Funds are open-ended investment funds domiciled in New Zealand and established in Wellington under a Master Trust Deed and Unit Trust Establishment Deeds supplemental to the Trust Deed, dated 15 June 2011. To be in compliance with the Financial Markets Conduct Act 2013 a new Trust Deed has been issued dated 29 July 2016. Each Fund was established on the date of its Unit Trust Establishment Deed and will terminate in accordance with the provisions of the Trust Deed. The Unit Trust Establishment Deeds for the Russell Investment NZ Fixed Interest Fund and the Russell Investments Global Fixed Interest Fund were amended by Amendment Deeds dated 20 September 2011 and for the Russell Investments NZ Shares Fund by an Amendment Deed dated 8 April 2013. The Unit Trust Establishment Deeds for the Russell Investments NZ Fixed Interest Fund and the Russell Investments NZ Shares Fund were further amended by Amendment Deeds dated 3 September 2014. The Unit Trust Establishment Deed for the Russell Investment NZ Shares Fund was further amended by an Amendment Deed dated 10 September 2014. The Funds commenced operations on the following dates:

- \* Russell Investments NZ Shares Fund (NZ Shares Fund) commenced operations on 13 February 2013.
- \* Russell Investments NZ Fixed Interest Fund (NZ Fixed Interest Fund) commenced operations on 13 February 2013.
- \* Russell Investments Global Fixed Interest Fund (Global Fixed Interest Fund) commenced operations on 20 December 2011.

The principal activity of the Funds is investment, either via investments in other managed funds or holding investments directly.

The objectives of the Funds are as follows:

- \* NZ Shares Fund: Provides exposure to a diversified portfolio of predominantly equity securities listed on the NZX. The objective is to outperform the S&P/NZX 50 Index (gross and including imputation credits).
- \* NZ Fixed Interest Fund : Provides exposure to a diversified portfolio of predominantly investment grade New Zealand dollar denominated fixed interest securities. The objective is to outperform the Bloomberg NZBond Composite 0+ Yr Index.
- \* Global Fixed Interest Fund: Provides exposure to international fixed interest securities and is actively managed using a multi-manager approach. Targets being largely hedged back to New Zealand dollars. The objective is to outperform the Bloomberg Global Aggregate Index – New Zealand dollar Hedged.

The Funds' licensed manager is FundRock NZ Limited "(the 'Manager')". The registered office for FundRock NZ Limited is Level 2, Woodward House, 1 Woodward Street, Wellington 6011. Russell Investment Group Limited is the Investment Manager for the Funds whose role is to make recommendations and decisions about what the Funds invest in. Sub-investment managers may also be appointed to manage fund assets in accordance with the Investment Manager's philosophy and process.

These financial statements were authorised for issue by the Board of Directors of the Manager on 17 July 2024.

### Statutory Base

The Funds are a Managed Investment Scheme as defined by the Financial Markets Conduct Act 2013 and are subject to the provisions of that Act.

The Financial Statements have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013 and the Trust Deed.

## Notes to the Financial Statements

### 2. Summary of material 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 period presented, unless otherwise stated.

#### 2.1 Basis of preparation

The Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). For the purposes of complying with NZ GAAP, the Funds are for-profit entities. These Financial Statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Accounting Standards (IFRS Accounting Standards). These Financial Statements have been prepared under the historical cost method, except for financial assets and liabilities held at fair value through profit or loss.

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 their judgement in the process of applying the Fund's 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 3.

The Manager enters into a fund hosting arrangement with the Investment Manager. The arrangements involve the issuing and managing of funds, under the Manager's Managed Investment Scheme license, on behalf of an Investment Manager who wants to provide investors with access to their investment solutions. The Manager contracts with other service providers to provide the services required to be provided directly to the Funds. This includes investment management, trustee/supervisor, custodian, fund administration and audit services. In respect of these services the Manager is acting as an agent of the Fund.

The Financial Statements have been prepared for the year ended 31 March 2024. The comparative period is for the year ended 31 March 2023.

#### Standards and amendments to existing standards effective 1 April 2023 impacting the Funds

##### *Amendments to NZ IAS 1 'Presentation of Financial Statements' and amendments to IFRS Practice Statement 2 'Making Materiality Judgements'*

Effective 1 January 2023, the amendments replaced the requirement for entities to disclose significant accounting policies with a requirement to disclose material accounting policy information. There was no material impact on the Financial Statements of the Fund due to the amendments.

Other than above, there are no new standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 April 2023 that have a material effect on the financial statements of the Funds.

#### Standards issued and not yet effective

##### *NZ IFRS 18*

NZ IFRS 18 Presentation and Disclosure in Financial Statements (NZ IFRS 18) was issued in May 2024 as replacement for NZ IAS 1 Presentation of Financial Statements (NZ IAS 1) and applies to an annual reporting period beginning on or after 1 January 2027. Most of the presentation and disclosure requirements would largely remain unchanged together with other disclosures carried forward from NZ IAS 1. NZ IFRS 18 primarily introduces the following:

- a defined structure for the statements of comprehensive income by classifying items into one of the five categories: operating, investing, financing, income taxes and discontinued operations. Entities will also present expenses in the operating category by nature, function, or a mix of both, based on facts and circumstances;
- disclosure of management-defined performance measures in a single note together with reconciliation requirements, and
- additional guidance on aggregation and disaggregation principles (applied to all primary financial statements and notes).

The Manager is currently assessing the impact of adopting the standard.

Other than above, there are no new standards, amendments to standards or interpretations that are not yet effective and have been early adopted that are expected to have a material effect on the Financial Statement of the Funds.

#### *Climate Related Disclosures*

FundRock is a Climate Reporting Entity pursuant to the provisions of the Financial Markets Conduct Act 2013, as modified by the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021. Climate-related disclosures for the Funds will be prepared in accordance with Aotearoa New Zealand Climate Standards issued by External Reporting Board and will be available at the Climate-Related Disclosures Register.

The impacts of climate change have a high degree of uncertainty associated with them. FundRock and the investment manager have used and will continue to use scenario analysis and climate-related metrics (such as carbon emissions) to identify, assess, and monitor climate-related risks and opportunities for the Funds. FundRock has not attempted to quantify the impacts (or expected impacts) of said risks and opportunities because this poses substantial technical challenges; nonetheless, FundRock understands that the impacts may be significant.

For more details on climate-related risks and opportunities for the Funds and how FundRock manages them, please refer to the Climate-Related Statements.

## Notes to the Financial Statements

### 2.2 Financial instruments

#### (a) Classification

##### *Financial 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 the profit or loss*

**Financial assets at fair value through the 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 assets is managed and performance is evaluated on a fair value basis. The Funds are primarily focused on fair value information and uses 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 are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual 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.

Financial assets previously categorised as designated at fair value through profit or loss upon initial recognition comprised of the total investment portfolio held by the Funds, except for derivative financial assets. Financial assets categorised as held for trading comprised of all derivative financial assets held by the Funds. Financial assets measured mandatorily at fair value through profit or loss comprise of equities, funds/unit trusts, fixed interest securities (bonds), floating rate notes and mortgage backed securities except for term deposits, bond futures, interest rate swaps and forward foreign exchange contracts.

##### *(ii) Financial assets at amortised cost*

(a) **Cash and cash equivalents** include cash in hand and deposits held at call with banks in New Zealand dollars and foreign currencies. Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represents the Funds' main income generating activity.

(b) **Outstanding settlements receivable** represent receivables for securities sold that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The due from brokers balance is held for collection.

(c) **Receivables** include margin accounts, interest, dividends and contributions receivables. Cash collateral provided by the Funds is identified in the Statements of Financial Position as margin accounts and is not included as a component of cash and cash equivalents.

##### *Financial liabilities*

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

**Financial liabilities at fair value through the 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 measured at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

##### *(ii) Financial liabilities at amortised cost*

(a) **Outstanding settlements payable** represent payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

(b) **Payables** are amounts representing liabilities and accrued expenses owing by the Funds at year end and may include related party fees.

The Fund's policy requires the Manager to evaluate the information about financial assets and liabilities on a fair value basis together with other related financial information.



## Notes to the Financial Statements

### (b) Recognition, derecognition and measurement

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

The Funds recognise financial assets and liabilities at fair value through the profit or loss on the date they become parties to the contractual agreement. Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statements of Comprehensive Income. Financial assets at fair value through profit or loss 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. This occurs upon maturity or disposal of the asset. Financial liabilities at fair value through profit or loss are derecognised when the obligation under the liability is discharged, cancelled or expires. Subsequent to initial recognition, all financial assets and liabilities at fair value through the 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. Any gain or loss arising on derecognition of the financial asset or financial liability at fair value through profit or loss is included in the Statements of Comprehensive Income in the year the item is derecognised. Gains or losses are calculated as the difference between the disposal proceeds and the carrying amount of the item. Interest and dividend income are separately recognised in the Statements of Comprehensive Income. Purchases and sales of investments are recognised on the trade date, the date on which the Funds commit to purchase or sell the investment.

#### (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. 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. This occurs upon maturity or disposal of the asset. Financial liabilities at amortised cost are derecognised when the obligation under the liability is discharged, cancelled or expires. Subsequent to initial recognition, all financial assets and liabilities at amortised cost are measured at amortised cost. At each reporting date, the Funds shall measure the loss allowance of the financial assets at amortised cost 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 counterparty, probability that the counterparty 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 Standard and Poor's rating of BBB/Baa. Any contractual payment which is more than 90 days past due is considered credit impaired. There is risk of non-recovery.

### (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 measurement date in the principal or, in its absence, the most advantageous market to which the Funds had access at that date. The fair value of a liability reflects its non-performance risk.

#### *Fair value in an active market*

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the balance date without any deduction for estimated future selling costs. Financial assets and liabilities are priced at last traded price. Where the last sale price falls outside of the bid-ask spread for a particular stock, bid price will be used to value the investment.

#### *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 by using valuation techniques. The Funds use a variety of methods and make assumptions that are based on market conditions existing at each balance date. Valuation techniques used include the use of recent comparable 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 Funds' investments in other funds are subject to the terms and conditions of the respective funds' offering documentation. The investments in other funds are primarily valued based on the latest available redemption price of such units for each other fund investment, as determined by the other funds' administrators. The Funds review the details of the reported information obtained from the other funds and consider: the liquidity of the other fund or its underlying investments; the value date of the net asset value provided; and restrictions on redemptions; and the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information is obtained from the other funds' advisors.

The rights of the Funds to request redemption of their investments in other funds may vary in frequency from daily to weekly redemptions. As a result, the carrying values of the other funds may not be indicative of the values ultimately realised on redemption. In addition, the Funds may be materially affected by the actions of other investors who have invested in other funds in which the Funds have invested.

If necessary, the Funds make adjustments to the net asset value of various other fund investments to obtain the best estimate of fair value. Other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss in the Statements of Comprehensive Income include the change in fair value of each other fund.

## Notes to the Financial Statements

### *Fair value of forward foreign exchange contracts*

Forward foreign exchange contracts are primarily used by the Funds to economically hedge against foreign currency exchange rate risks on its non-New Zealand dollar denominated trading securities. The Funds agree to receive or deliver a fixed quantity of foreign currency for an agreed price on an agreed future date. The fair value of forward foreign exchange contracts is determined using valuation techniques based on spot exchange rates and forward points supplied by WM/Reuters. The Funds recognise a gain or loss equal to the change in fair value at the balance date.

### *Fair value of futures*

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange. Bond futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market. The fair value of futures contracts is based on quoted market prices at balance date.

### *Fair value of swaps*

An interest rate swap is an agreement between two parties to exchange their interest obligations (payments) or receipts at set intervals on a notional principal amount over an agreed time period. The fair value of interest rate swaps is the estimated amount that the entity would receive or pay to terminate the swap at the balance date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

### **2.3 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.

### **2.4 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. Net assets attributable to Unitholders meets the definition of an equity instrument as:

- (i) Unitholders are entitled to a pro rata share of the Funds' net assets in the event of the Funds' liquidation or maturity,
- (ii) apart from the contractual obligation of the issuer to redeem the instrument for cash or another financial asset, the instrument does not include contractual obligations to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under potentially unfavorable conditions to the entity, and
- (iii) the total expected cash flows attributable to the instrument over its life is based substantially on the profit or loss and changes in the recognised net assets or the change in fair value of the recognised and unrecognised net assets of the entity over the life of the instrument.

Redemption may take place at the redemption price on any business day after appropriate notice. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance date if Unitholders exercised their right to put the units back to 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 and any initial service fee (if any). 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 adjusted for a margin spread ranging from 10bps to 30bps for the respective Funds. The margin spreads on applications and redemptions are to cover costs associated with the transactions. The Funds' net asset value per unit is calculated by dividing the net assets attributable to the holders of the Fund with the total number of outstanding units of the Fund. In accordance with the provisions of the offering documents, investment positions are valued based at the appropriate market value for the purpose of determining the net asset value per unit for subscriptions and redemptions.

### **2.5 Investment income**

#### *Interest income*

Interest earned on financial assets held at amortised cost, including cash and cash equivalents and the margin accounts and interest earned on assets at fair value through the profit or loss, including fixed interest securities, money market securities and net interest earned on interest rates swap contracts are included as Interest income in the Statements of Comprehensive Income on an accruals basis.

#### *Dividend and distribution income*

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded in the Statements of Changes in Net Assets Attributable to Unitholders as a unitholder tax liability. Trust distributions are recognised on a present entitlement basis.

#### *Net gains and losses on financial assets at fair value through profit or loss*

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

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

## Notes to the Financial Statements

### 2.6 Interest expense

Interest expense are included in the Statements of Comprehensive Income on an accruals basis. Interest expense includes net interest paid or payable on interest rate swap contracts and interest paid or payable on cash and cash equivalents in overdraft during the year.

### 2.7 Expenses

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

### 2.8 Foreign currency translation

#### *(a) Functional and presentation currency*

Items included in the Funds' financial statements are measured using the currency of the primary economic environment in which they operate (the "functional currency"). The functional currency for the Funds is the New Zealand dollar, which reflects the currency in which the Funds compete for funds and are regulated. The Funds' investors are from New Zealand, with the subscriptions and redemptions of the units denominated in New Zealand dollars. The performance of the Funds is measured in New Zealand dollars. The Manager considers the New Zealand dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in New Zealand dollars, which is also the Funds' presentation currency. All amounts are rounded to the nearest dollar unless otherwise stated.

#### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at balance date.

Foreign exchange gains and losses resulting from translation are included in the Statements of Comprehensive Income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Statements of Comprehensive Income within 'net foreign currency gains or losses on cash and cash equivalents' and margin accounts.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the Statements of Comprehensive Income within 'net gains/(loss) on financial assets and liabilities at fair value through profit or loss'.

### 2.9 Income tax

The Funds qualify as and have each elected to be a Portfolio Investment Entity (PIE) for tax purposes. The Russell Investments NZ Fixed Interest Fund and the Russell Investments NZ Shares Fund have elected to be Foreign Investment PIEs (a PIE that applies a different tax treatment for notified foreign investors). 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 Unitholder tax liabilities 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 at 31 March each year.

Unitholder tax liabilities disclosed in the Statements of Changes in Net Assets Attributable to Unitholders consists of withdrawals to meet Unitholder tax liabilities under the PIE regime and any resident and foreign withholding taxes deducted at source.

## Notes to the Financial Statements

### 2.10 Distribution to unitholders

Distributions may be made from the Funds in accordance with the terms of the Trust Deed, the relevant Establishment Deed and the distribution policy for the fund. Amounts that are not distributed, remain invested as part of the assets of the relevant Fund. Proposed distributions to unitholders are recognised in the Statements of Changes in Net Assets Attributable to Unitholders when they are appropriately authorised and no longer at the discretion of the Funds' Manager.

Unitholders have the choice to automatically reinvest their distributions. The reinvestment is made on the first available ex distribution net asset value price for the relevant Fund.

### 2.11 Goods and services tax (GST)

The Funds are not registered for GST. The Statements of Comprehensive Income 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.

### 2.12 Statements of cash flows

Definitions of the terms used in the Statements of Cash Flows are:

- (a) For the purposes of the Statements of Cash Flows, proceeds from the sale and purchase of investments at fair value through profit or loss and proceeds from realisation of derivatives are considered operating activities. The sales and purchases of investment securities maintain the operating capability of the Funds even though the investments may not be acquired specifically for resale or trading.
- (b) 'Financing activities' are those activities that result in changes in the size and composition of Unitholders' funds.; and
- (c) The Funds undertook no investing activities during the reporting period.

### 2.13 Classification as an investment entity

The Funds meet the definition of investment entities as defined by NZ IFRS 10 Consolidated Financial Statements because of the following characteristics:

- (i) The Funds obtain funds from one or more investors for the purpose of providing those investors with investment management services;
- (ii) The Funds' business purpose is to invest funds solely for returns from capital appreciation, investment income or a combination of both; and
- (iii) The Funds measure the performance of their investments on a fair value basis.

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

- (i) They hold more than one investment;
- (ii) They have more than one investor; and
- (iii) They have investors that are not related parties;
- (iv) Ownership interests in the Funds are represented by units in the Funds.

## 3. 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 are based on historical experience among other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Fair value of securities not quoted in an active market*

The valuation models employed use observable data, to the extent practicable. However, areas such as credit risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Unquoted investments have been fair valued in accordance with the policies set out above in note 2.2 (c).

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 short term nature of these financial instruments.

#### *Net assets attributable to Unitholders*

The Funds classify units as equity instruments in accordance with revised NZ IAS 32, 'Financial Instruments: Presentation'. The Funds continue to assess the classification of the redeemable units to ensure they have all the features or meet all the conditions set out in paragraphs 16A and 16B of NZ IAS 32.

## Notes to the Financial Statements

### 4. Derivative financial instruments

#### 4.1 Interest rate swaps

An interest rate swap is an agreement between two parties to exchange their interest obligations (payments) or receipts at set intervals on a notional principal amount over an agreed time period.

The NZ Fixed Interest Fund held the following interest rate swap contracts at balance date:

	31 March 2024		31 March 2023	
	Notional value \$	Net fair value \$	Notional value \$	Net fair value \$
<i>Included in financial assets measured at fair value through profit or loss</i>				
Pay floating	27,000,000		-	
Receive fix	(27,000,000)	326,218	-	-
Pay fix	25,980,125		177,710,125	
Receive floating	(25,980,125)	861,480	(177,710,125)	2,519,802
		<b>1,187,698</b>		<b>2,519,802</b>

	31 March 2024		31 March 2023	
	Notional value \$	Net fair value \$	Notional value \$	Net fair value \$
<i>Included in financial liabilities measured at fair value through profit or loss</i>				
Pay floating	(28,920,000)		(57,320,000)	
Receive fix	28,920,000	(436,020)	57,320,000	(2,099,355)
Pay fix	(5,000,000)		(7,500,000)	
Receive floating	5,000,000	(169,073)	7,500,000	(36,217)
		<b>(605,093)</b>		<b>(2,135,572)</b>

#### 4.2 Forward foreign currency contracts

Forward currency contracts are primarily used by the NZ Fixed interest Fund to economically hedge against foreign currency exchange rate risks on its non New Zealand denominated securities. Forward foreign currency 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:

\$	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
	2024	2023	2024	2023	2024	2023
<b>As at 31 March</b>						
<b>Forward exchange contracts (notional value in NZ\$)</b>						
Sell AUD/Buy NZD	-	-	1,670,693	1,347,917	-	-
Sell NZD/Buy AUD	-	-	-	353,261	-	-
<b>Forward exchange contracts (fair value in NZ\$)</b>						
Sell AUD/Buy NZD	-	-	(19,610)	19,566	-	-
Sell NZD/Buy AUD	-	-	-	(8,730)	-	-

## Notes to the Financial Statements

### 4.3 Futures

Futures are contractual obligations to buy or sell instruments on a future date at a specified price established in an organised market. The fair value of the future is based on the amount that will be paid or received to settle the obligation on a net basis on the exchange. As at 31 March 2024, the NZ Fixed Interest Fund had an obligation to sell 29 Australian 10 Year Bond futures with a maturity date of 17 June 2024 with a NZD equivalent notional value of \$3,677,958. The fair value for the futures at 31 March 2024 was (\$9,355). As at 31 March 2023, the NZ Fixed Interest Fund had an obligation to sell 22 Australian 10 Year Bond futures and 25 Australian 3 Year Bond futures with a maturity date of 15 June 2023 with a NZD equivalent notional value of \$5,730,597. The fair value for the futures at 31 March 2023 was (\$88,802).

### 4.4 Margin accounts

The NZ Fixed Interest Fund has AUD and NZD margin accounts which are held as security for interest rate swaps.

As at 31 March the NZD equivalent value of the margin account balances were as follows:

\$	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
	2024	2023	2024	2023	2024	2023
<b>As at 31 March</b>						
<b>Margin accounts</b>	-	-	<b>58,331</b>	288,122	-	-

## 5. Financial risk management

### 5.1 Financial risk factors

The Trust Deed for the Funds requires the Manager to invest the assets of each Fund in accordance with the Statement of Investment Policy and Objectives ("SIPO") in order to manage risk. The Funds' activities expose them to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Funds' overall risk management programme seeks to maximise the returns derived for the level of risk to which the Funds are exposed and seeks to minimise potential adverse effects on the Funds' financial performance.

All securities investments present a risk of loss of capital. The Funds hold various financial instruments such as long listed equities, unlisted unit trusts and fixed interest securities and money market securities where the maximum loss of capital is limited to the carrying value of those positions. The maximum loss of capital on forward foreign exchange contracts is limited to the notional amount of currency that is contracted to be delivered under each contract.

The Global Fixed Interest Fund is also indirectly exposed to risk factors such as credit risk and interest rate risk via its investments in the Russell Australian Unit Trusts (refer to the Related parties note 9). However, the risk management notes outlined below are not prepared on a look through basis.

In addition to internal risk management carried out by the Manager and the Investment Manager, financial risk is also managed by the setting of an investment policy, agreed with and monitored by the Supervisor and set out in the Funds' SIPO and Product Disclosure Statements ("PDS").

The Manager uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

#### 5.1.1 Market risk

FundRock considers that the market prices of the investments factor in climate change impacts and, as such, no adjustment has been made to balances or transactions in these financial statements as a result of climate changes.

##### (a) Price risk

The Funds are exposed to price risk due to their investments in listed equities, listed trusts, unlisted funds, mortgage-backed securities and derivatives for which prices in the future are uncertain. The Funds manage their price risk by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits. In the case of the NZ Fixed Interest Fund, price risk for fixed interest securities and floating rate notes are considered to be part of the risk captured under interest rate risk and credit risk.

The table below summarises the sensitivity of the Funds' net assets attributable to Unitholders to movements in prices including the effect of movements in foreign currency exchange rates, as at 31 March. If prices for the Funds' investments had increased or decreased by 5% with all other variables held constant, this would have had the following impact on the Statements of Comprehensive Income and Net Assets Attributable to Unitholders:

\$	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
	2024	2023	2024	2023	2024	2023
<b>As at 31 March</b>						
5% increase in prices	<b>8,468,040</b>	8,435,252	<b>88,897</b>	75,762	<b>26,765,323</b>	24,783,006
5% decrease in prices	<b>(8,468,040)</b>	(8,435,252)	<b>(88,897)</b>	(75,762)	<b>(26,765,323)</b>	(24,783,006)

## Notes to the Financial Statements

### (b) Foreign exchange risk

Foreign currency risk, as defined in NZ IFRS 7, 'Financial Instruments: Disclosures', 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 exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk.

The Funds may enter into foreign exchange derivatives to hedge the foreign currency risk implicit in the value of the portfolio securities denominated in foreign currency. As the nature of these contracts is to manage the international investment activities, they are accounted for by marking to market at balance date in a manner consistent with the valuation of the underlying securities.

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

\$	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
	2024	2023	2024	2023	2024	2023
<b>As at 31 March</b>						
<b>Monetary assets</b>						
Australian Dollar (AUD)	5,747	5,499	1,976,473	109,659	-	-
Euro (EUR)	-	-	6	6	-	-

The table below summarises the impact on the Statements of Comprehensive Income and Net Assets Attributable to Unitholders on 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.

\$	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
	2024	2023	2024	2023	2024	2023
<b>As at 31 March</b>						
<b>Monetary assets</b>						
Exchange rates increased by 5%	(274)	(262)	(94,118)	(5,222)	-	-
Exchange rates decreased by 5%	302	289	104,025	5,772	-	-

At the balance date the Funds had the below foreign currency exposures due to holdings of monetary liabilities.

\$	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
	2024	2023	2024	2023	2024	2023
<b>As at 31 March</b>						
<b>Monetary liabilities</b>						
Australian Dollar (AUD)	-	-	(2,000,531)	(31,346)	-	-

The table below summarises the impact on the Statements of Comprehensive Income and Net Assets Attributable to Unitholders on monetary 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.

\$	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
	2024	2023	2024	2023	2024	2023
<b>As at 31 March</b>						
<b>Monetary liabilities</b>						
Exchange rates increased by 5%	-	-	95,263	1,493	-	-
Exchange rates decreased by 5%	-	-	(105,291)	(1,650)	-	-

## Notes to the Financial Statements

### (c) 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 flow. The NZ Fixed Interest Fund holds fixed interest securities and interest rate swaps that expose that fund to fair value interest rate risk. The Funds hold cash and cash equivalents and floating rate notes that expose the Funds to cash flow interest rate risk. The NZ Fixed Interest Fund also hold margin accounts which are subject to cash flow interest rate risk.

The following table represents the maturity profile of financial instruments subject to interest rate risk at 31 March:

\$	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
	2024	2023	2024	2023	2024	2023
<b>As at 31 March</b>						
<i>Financial assets at fair value through profit or loss</i>						
<b>Interest rate swaps*</b>						
Less than one year	-	-	370,291	39,330	-	-
1- 2 years	-	-	242,176	1,061,271	-	-
2-5 years	-	-	85,078	721,346	-	-
Over 5 years	-	-	490,153	697,855	-	-
	-	-	1,187,698	2,519,802	-	-
<b>Fixed interest securities</b>						
Less than one year	-	-	7,944,386	10,280,822	-	-
1-2 years	-	-	12,200,148	16,945,471	-	-
2-5 years	-	-	35,620,422	43,242,180	-	-
Over 5 years	-	-	60,959,002	64,391,165	-	-
	-	-	116,723,958	134,859,638	-	-
<b>Floating rate notes</b>						
1-2 years	-	-	610,902	-	-	-
2-5 years	-	-	5,223,179	624,267	-	-
Over 5 years	-	-	1,273,582	1,647,221	-	-
	-	-	7,107,663	2,271,488	-	-
*Full details on the underlying notional amounts are disclosed in note 4.						
<i>Financial assets at amortised cost</i>						
<b>Margin accounts</b>						
Less than 1 year	-	-	58,331	288,122	-	-
<b>Cash and cash equivalents</b>						
Less than 1 year	5,337,456	9,739,115	7,157,723	7,930,798	381,799	271,147
	5,337,456	9,739,115	7,216,054	8,218,920	381,799	271,147



## Notes to the Financial Statements

\$	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
	2024	2023	2024	2023	2024	2023
<b>As at 31 March</b>						
<i>Financial liabilities at fair value through profit or loss</i>						
<b>Interest rate swaps*</b>						
Less than one year	-	-	-	561,966	-	-
1- 2 years	-	-	<b>68,766</b>	418,299	-	-
2-5 years	-	-	<b>367,254</b>	616,261	-	-
Over 5 years	-	-	<b>169,073</b>	539,046	-	-
			<b>605,093</b>	2,135,572	-	-
<b>Bond futures*</b>						
Less than one year	-	-	<b>9,355</b>	88,802	-	-
			<b>9,355</b>	88,802	-	-

\*Full details of the underlying notional amounts are disclosed in Note 4.

### Cashflow interest rate risk

The Funds hold cash and cash equivalents in New Zealand dollars that expose the Funds to cash flow interest rate risk. The NZ Fixed Interest Fund also hold margin accounts and floating rate securities which are subject to cash flow interest rate risk.

The table below summarises the impact on the Statements of Comprehensive Income and Net Assets Attributable to Unitholders had the relevant interest rates increased or decreased by 1% at balance date with all other variables held constant. The analysis is based on the Manager's best estimate of a reasonable possible shift in interest rates with regard to historical volatility.

\$	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
	2024	2023	2024	2023	2024	2023
<b>As at 31 March</b>						
Increase of 1%	<b>53,375</b>	97,391	<b>143,237</b>	104,904	<b>3,818</b>	2,711
Decrease of 1%	<b>(53,375)</b>	(97,391)	<b>(143,237)</b>	(104,904)	<b>(3,818)</b>	(2,711)

These movements arise substantially from the cash flow variability from cash and cash equivalents.

### Fair value interest rate risk

At the balance date, had the interest rate increased or decreased by 1% (which is the Manager's assessment of a reasonable movement with regard to historical volatility) with all other variables held constant, the impact would be as follows:

\$	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
	2024	2023	2024	2023	2024	2023
<b>As at 31 March</b>						
Increase of 1%	-	-	<b>(5,661,285)</b>	(6,311,651)	-	-
Decrease of 1%	-	-	<b>6,284,788</b>	6,984,097	-	-

In addition to the Funds' direct exposure to interest rate changes on the fair value of financial assets and liabilities and on the cash flows of cash and cash equivalents shown above, the Global Fixed Interest Fund is indirectly affected by the impact of interest rate changes on the earnings of their investments in the Russell Global Bond Fund Class D, which forms part of the Price Risk sensitivity (Note 5.1.1 (a)). Therefore, the above sensitivity analysis may not fully indicate the total effect on the Fund's net assets attributable to unitholders of future movements in interest rates.

## Notes to the Financial Statements

### 5.1.2 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 maximum credit risk of financial instruments is considered to be the carrying amount on the Statements of Financial Position. There is a risk of non-recovery. The Funds may require collateral or other security to support financial instruments with credit risk. Financial instruments that subject the Funds to credit risk consist primarily of cash equivalents, debt securities, trade and other receivables including amounts receivable for unsettled investment trades. All transactions in listed securities are settled/paid for upon delivery using approved brokers.

In accordance with the Funds policy, the Investment Manager monitors the Fund's credit positions on a daily basis.

The Funds measure credit risk and expected credit losses using the probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. 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 a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. There is no risk of default relating to contributions receivable by the Funds as this receivable has arisen only due to timing between the date of receipt of the funds and when the units are allocated and the receipts processed. The Funds invest cash and term deposits with banks registered in New Zealand and internationally. At 31 March 2024, cash is held with counterparties with credit ratings of A+ or higher. Management considers the probability of default for the cash and term deposits to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As such, no loss allowance is deemed necessary on 12-month expected credit losses.

The following table sets out the equivalent Standard and Poor's credit rating for cash and cash equivalents held by the Funds, fixed interest securities, floating rate notes and mortgage-backed securities.

\$		NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
As at 31 March		2024	2023	2024	2023	2024	2023
<b>Cash and cash equivalents</b>							
High Grade	AA-	5,331,709	9,733,616	6,729,436	8,034,544	381,799	271,147
Upper Medium Grade	A+/A /A-	5,747	5,499	428,287	(103,746)	-	-
		<b>5,337,456</b>	<b>9,739,115</b>	<b>7,157,723</b>	<b>7,930,798</b>	<b>381,799</b>	<b>271,147</b>
<b>Fixed interest securities</b>							
Prime	AAA	-	-	78,236,668	93,242,501	-	-
High Grade	AA+ /AA /AA-	-	-	20,850,973	23,905,977	-	-
Upper Medium Grade	A+/A /A-	-	-	7,785,114	7,005,738	-	-
Lower Medium Grade	BBB+ /BBB / BBB-	-	-	6,834,458	8,028,686	-	-
Unrated		-	-	3,016,745	2,676,736	-	-
		-	-	<b>116,723,958</b>	<b>134,859,638</b>	-	-
<b>Floating rate notes</b>							
Prime	AAA	-	-	1,884,484	1,376,367	-	-
High Grade	AA+ /AA /AA-	-	-	2,507,395	-	-	-
Upper Medium Grade	A+/A /A-	-	-	2,301,104	-	-	-
Unrated		-	-	414,680	895,121	-	-
		-	-	<b>7,107,663</b>	<b>2,271,488</b>	-	-
<b>Mortgage-backed securities</b>							
Prime	AAA	-	-	1,224,309	1,208,969	-	-
		-	-	<b>1,224,309</b>	<b>1,208,969</b>	-	-

## Notes to the Financial Statements

The Global Fixed Interest Fund is indirectly exposed to credit risk through its investment in the Russell Global Bond Fund Class D, which forms part of the price risk sensitivity. The NZ Fixed Interest Fund margin accounts as disclosed in note 4.4 are with Jarden Securities Limited (no credit rating is available for the entity), ANZ (AA-) and CBA (AA-). The forward foreign exchange contracts and interest rate swaps as disclosed in note 4.1 & 4.2 are with New Zealand Registered Banks with a AA- Standard and Poor's credit rating.

### 5.1.3 Liquidity risk

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

The Funds are exposed to daily redemptions of units. The liquidity policy applied by the Manager is dependent on the type of investments held by the Funds. For the Global Fixed Interest Fund, the policy is to be fully invested in unlisted unit trusts that provide adequate liquidity. For the NZ Shares Fund and NZ Fixed Interest Fund, that hold direct assets, the investment mandate allocates a proportion of investable assets to cash and cash equivalents that can be realised to fund withdrawals. Withdrawals from the Funds are generally paid within 30 days of the request. The Manager considers this as part of monitoring the liquidity of the Funds.

The following table analyses each of the Funds' financial liabilities and derivative financial instruments in a loss position based on a contractual maturity basis rather than on an expected maturity basis, as the expected maturities for such contracts are not considered to be essential to an understanding of the timing of cash flows. The amounts in the table are the contractual undiscounted cash flows.

\$ As at 31 March	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
	2024	2023	2024	2023	2024	2023
<b>Financial liabilities at fair value through profit or loss</b>						
1 - 3 Months	-	-	134,502	(23,571)	-	-
3 - 6 Months	-	-	8,010	(360,256)	-	-
6 - 12 Months	-	-	(51,353)	5,440	-	-
1 - 2 Years	-	-	165,346	265,133	-	-
2- 5 Years	-	-	95,901	94,908	-	-
5+ Years	-	-	414,138	136,815	-	-
<b>Outstanding settlements payable</b>						
1- 7 days	82,151	-	2,365,902	5,370,052	-	-
<b>Management fees payable</b>						
7 days to 1 month	104,412	108,942	45,968	51,624	217,982	203,857
<b>Withdrawals payable</b>						
1 -7 days	56,347	-	356,494	35,105	430,971	41,398
<b>Distributions payable</b>						
1 - 7 days	118,822	132,934	50,487	50,546	3,429,536	3,366,265
<b>Other payables</b>						
7 days to 1 month	22,546	28,501	21,954	63,617	31,168	45,882
	<b>384,278</b>	<b>270,377</b>	<b>3,607,349</b>	<b>5,689,413</b>	<b>4,109,657</b>	<b>3,657,402</b>

The required cash outflow to settle a bond future which was in a loss position at 31 March 2024, would have been the fair value as at 31 March 2024, if it was settled on that date, refer to Note 4.3. The actual future undiscounted cash flows will be different, given that the instrument was marked to market. The required cash outflow to settle the forward currency contract which is in a loss position at balance date, will be the fair value as at 31 March 2024, if it was settled on that date, refer to Note 4.2. It is expected that the actual undiscounted cash flows will be different, given that the instrument is marked to market. The open currency contract which is in a loss position at 31 March 2024, matured within one month after balance date.

## Notes to the Financial Statements

### 5.2 Capital risk management

The Funds' capital is represented by the net assets attributable to Unitholders. The Funds' objective when managing capital is to provide returns for Unitholders through investing and to employ an established Investment Manager who manages a diversified portfolios of funds.

If a redemption request or a series of redemption requests in respect of a Fund are received within a period of 60 business days that in total comprise more than 10% of the number of units on issue in that Fund, and the Manager determines it is in the interest of the Fund's unitholders to defer immediate redemption of the total Units requested, the Manager will determine a basis for redemption that it considers to be in the general interests of all the Fund's unitholders.

The Manager may suspend redemptions where the Manager in good faith forms the opinion that it is not practicable, or would be materially prejudicial to the interests of Unitholders of any of the Funds for the Supervisor to realise assets or borrow in order to permit redemption of units.

The Funds do not have any externally imposed capital requirements. Units may be redeemed at any month end subject to the receipt of the redemption request.

Neither the Supervisor, the Manager, or any other party guarantee the units offered by the Funds, the performance or returns of the Funds or the repayment of capital.

### 5.3 Fair value estimation

All financial assets and financial liabilities included in the Statements of Financial Position, are carried at amounts that represent or approximate fair value. The fair value of financial assets traded in active markets are based on quoted market prices at the close of trading on the year end date. The quoted market price used for financial assets held by the Funds is the last traded price. The price used for unlisted unit trusts is the published withdrawal price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

NZ IFRS 13 requires the Funds to classify fair value measurements 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:

- \* Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- \* 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 2).
- \* Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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 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.

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.

## Notes to the Financial Statements

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

\$ As at 31 March	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
	2024	2023	2024	2023	2024	2023
<b>Level 1 Assets</b>						
<i>Financial assets at fair value through profit or loss</i>						
Listed equities	169,192,943	168,387,380	-	-	-	-
Listed funds/trusts	167,233	314,222	-	-	-	-
Equity options	615	3,444	-	-	-	-
<b>Total Level 1 Assets</b>	<b>169,360,791</b>	<b>168,705,046</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Level 2 Assets</b>						
<i>Financial assets at fair value through profit or loss</i>						
Interest rate swaps	-	-	1,187,698	2,519,802	-	-
Forward foreign exchange contracts	-	-	-	19,566	-	-
Fixed interest securities	-	-	116,723,958	134,859,638	-	-
Floating rate notes	-	-	7,107,663	2,271,488	-	-
Mortgage-backed securities	-	-	1,224,309	1,208,969	-	-
Unlisted funds	-	-	-	-	535,306,452	495,660,128
<b>Total Level 2 Assets</b>	<b>-</b>	<b>-</b>	<b>126,243,628</b>	<b>140,879,463</b>	<b>535,306,452</b>	<b>495,660,128</b>
<b>Total financial assets at fair value through profit or loss</b>	<b>169,360,791</b>	<b>168,705,046</b>	<b>126,243,628</b>	<b>140,879,463</b>	<b>535,306,452</b>	<b>495,660,128</b>
<b>Level 1 Liabilities</b>						
<i>Financial liabilities at fair value through profit or loss</i>						
Bond futures	-	-	9,355	88,802	-	-
<b>Total Level 1 Liabilities</b>	<b>-</b>	<b>-</b>	<b>9,355</b>	<b>88,802</b>	<b>-</b>	<b>-</b>
<b>Level 2 Liabilities</b>						
<i>Financial liabilities at fair value through profit or loss</i>						
Interest rate swaps	-	-	605,093	2,135,572	-	-
Forward foreign exchange contracts	-	-	19,610	8,730	-	-
<b>Total Level 2 Liabilities</b>	<b>-</b>	<b>-</b>	<b>624,703</b>	<b>2,144,302</b>	<b>-</b>	<b>-</b>
<b>Total financial liabilities at fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>634,058</b>	<b>2,233,104</b>	<b>-</b>	<b>-</b>

The NZ Shares Fund holds investments in listed equities and listed funds/trusts for which quoted prices are available. These investments are classified in Level 1.

The NZ Fixed Interest Fund holds investments in fixed interest securities, mortgage-backed securities, floating rate notes, interest rate swaps and forward currency contracts. The fair values of these instruments are determined by using valuation models for which the inputs are market observable and are therefore classified in Level 2. Fixed income securities are calculated using market accepted formulas. The yields are derived from either credit spreads sourced from the New Zealand Financial Markets Association, direct sourcing such as New Zealand government bonds, relative value against like securities where there are a small number of quotes available and matrix yield curves. New Zealand capital notes are set with reference to trading activity on the New Zealand Debt market exchange and evaluations are calculated using a margin to the New Zealand swap curve. Par bonds such as term deposits and non tradable debentures are evaluated at par where the yield to maturity is set to equal the coupon rate and capital price set at par value. Discount securities are evaluated with reference to the appropriate yield curve and are calculated using the standard New Zealand Government Treasury Bill formula. Floating rate notes are calculated using a rate bond formula applying the appropriate observable traded margins in the model.

## Notes to the Financial Statements

The Global Fixed Interest Fund's investment in Russell Global Bond Fund Class D (the investee fund) is not quoted in an active market (see note 9.2 for more details). The investee fund classified in Level 2 were fair valued using the net asset value of the underlying fund, as reported by the investee fund's administrator. For the investee fund, management believes the Fund could have redeemed their investments at the net asset value per unit at balance date.

There have been no transfers between the different classifications during the financial year for any of the Funds. Transfers between levels of the fair value hierarchy, if any, for the purpose of preparing the table below, are deemed to occur at the beginning of the reporting period.

### 5.4 Offsetting and amounts subject to master netting arrangements and similar agreements

As at 31 March 2024, the NZ Fixed Interest Fund was subject to an International Swaps and Derivatives Association (ISDA) arrangement with the following derivative counterparties: ANZ, BNZ, Commonwealth Bank of Australia and Westpac Banking Corporation. According to the terms of the ISDA arrangement with the respective counterparties all the derivatives are settled net.

The NZ Fixed Interest Fund has margin accounts with Jarden, CBA, ANZ & WPAC. The Jarden accounts are used to settle bond futures and the ANZ and CBA margin accounts are used to settle swap obligations by the Fund. The total cash held in the margin accounts with Jarden at 31 March 2024 was \$498,331 (31 March 2023: \$488,122) of which \$9,355 would have been required to settle the bond future obligation at 31 March 2024 (31 March 2023: \$88,802). The total cash held in the margin account with ANZ at 31 March 2024 was (\$280,000) (31 March 2023: \$630,000) of which all would have been required to settle the swap obligation at 31 March 2024. The total cash held in the margin account with CBA at 31 March 2024 was \$20,000 (31 March 2023: (\$260,000)) of which \$nil would have been required to settle the swap obligation at 31 March 2024 (31 March 2023: \$nil).

The following tables present the Fund's financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements.

\$	NZ Fixed Interest Fund	
As at 31 March	2024	2023
<i>Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements</i>		
Gross amounts of recognised financial assets	1,187,698	2,539,368
Gross amounts of recognised financial liabilities set-off in the statement of financial position	-	-
<b>Net amounts of financial assets presented in the statement of financial position</b>	<b>1,187,698</b>	<b>2,539,368</b>
<i>Related amounts not set-off in the statement of financial position</i>		
Financial instruments	(596,005)	(2,118,694)
<b>Net amount</b>	<b>591,693</b>	<b>420,674</b>
<i>Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements</i>		
Gross amounts of recognised financial liabilities	634,058	2,233,104
<b>Net amounts of financial liabilities presented in the statement of financial position</b>	<b>634,058</b>	<b>2,233,104</b>
<i>Related amounts not set-off in the statement of financial position</i>		
Financial instruments	(596,005)	(2,118,694)
Cash collateral	(58,331)	(288,122)
<b>Net amount</b>	<b>(20,278)</b>	<b>(173,712)</b>

Each party has the option to settle all open contracts on a net basis in the event of default by the other party. Per the terms of the ISDA agreement, an event of default includes the following:

- \* failure by a party to make a payment when due
- \* failure by a party to perform an obligation required by the agreement (other than payment) if such failure is not remedied within 30 days after such notice of such failure is given to the party
- \* bankruptcy

The related amounts not set-off in the statement of financial position represent amounts that have not been offset in the statement of financial position but could be expected to be offset in the event of default by either the Fund or its counterparty to the derivative contract. For financial instruments this is the maximum value of assets and liabilities that could be offset. For cash collateral this is the value of cash that could be withheld by the counterparty to settle derivative liabilities.

## Notes to the Financial Statements

### 6. Financial assets at fair value through profit or loss

\$	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
	2024	2023	2024	2023	2024	2023
<b>As at 31 March</b>						
<b>Measured at fair value through profit or loss</b>						
Interest rate swaps	-	-	1,187,698	2,519,802	-	-
Forward foreign exchange contracts	-	-	-	19,566	-	-
Equity options	615	3,444	-	-	-	-
Listed equities	169,192,943	168,387,380	-	-	-	-
Listed trusts	167,233	314,222	-	-	-	-
Unlisted funds	-	-	-	-	535,306,452	495,660,128
Mortgage-backed securities	-	-	1,224,309	1,208,969	-	-
Fixed interest securities	-	-	116,723,958	134,859,638	-	-
Floating rate notes	-	-	7,107,663	2,271,488	-	-
<b>Total measured at fair value through profit or loss</b>	<b>169,360,791</b>	<b>168,705,046</b>	<b>126,243,628</b>	<b>140,879,463</b>	<b>535,306,452</b>	<b>495,660,128</b>
<b>Total financial assets at fair value through profit or loss</b>	<b>169,360,791</b>	<b>168,705,046</b>	<b>126,243,628</b>	<b>140,879,463</b>	<b>535,306,452</b>	<b>495,660,128</b>

### 7. Financial liabilities at fair value through profit or loss

\$	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
	2024	2023	2024	2023	2024	2023
<b>As at 31 March</b>						
<b>Measured at fair value through profit or loss</b>						
Bond futures	-	-	9,355	88,802	-	-
Interest rate swaps	-	-	605,093	2,135,572	-	-
Forward foreign exchange contracts	-	-	19,610	8,730	-	-
<b>Total measured at fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>634,058</b>	<b>2,233,104</b>	<b>-</b>	<b>-</b>
<b>Total financial liabilities at fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>634,058</b>	<b>2,233,104</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements

### 8. Financial instruments by category

\$	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
	2024	2023	2024	2023	2024	2023
<b>As at 31 March</b>						
<b>Financial assets at fair value through profit or loss</b>						
Financial assets measured at fair value through profit or loss	<b>169,360,791</b>	168,705,046	<b>126,243,628</b>	140,879,463	<b>535,306,452</b>	495,660,128
<b>Total financial assets at fair value through the profit or loss</b>	<b>169,360,791</b>	168,705,046	<b>126,243,628</b>	140,879,463	<b>535,306,452</b>	495,660,128
<b>Financial assets at amortised cost</b>						
Cash and cash equivalents	<b>5,337,456</b>	9,739,115	<b>7,157,723</b>	7,930,798	<b>381,799</b>	271,147
Margin accounts	-	-	<b>58,331</b>	288,122	-	-
Accrued Interest	<b>2,410</b>	-	<b>1,273,422</b>	1,319,696	<b>173</b>	-
Outstanding settlements receivable	-	239,409	<b>716,588</b>	4,619,782	<b>250,000</b>	-
Contributions receivable	<b>40</b>	-	-	70,210	-	5,733
Dividends receivable	<b>757,486</b>	901,387	-	-	-	-
<b>Total financial assets at amortised cost</b>	<b>6,097,392</b>	10,879,911	<b>9,206,064</b>	14,228,608	<b>631,972</b>	276,880
<b>Total financial assets</b>	<b>175,458,183</b>	179,584,957	<b>135,449,692</b>	155,108,071	<b>535,938,424</b>	495,937,008

\$	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
	2024	2023	2024	2023	2024	2023
<b>As at 31 March</b>						
<b>Financial liabilities at fair value through profit or loss</b>						
Financial liabilities measured at fair value through profit or loss	-	-	<b>634,058</b>	2,233,104	-	-
<b>Total financial liabilities at fair value through the profit or loss</b>	-	-	<b>634,058</b>	2,233,104	-	-
<b>Financial liabilities at amortised cost</b>						
Outstanding settlements payable	<b>82,151</b>	-	<b>2,365,902</b>	5,370,052	-	-
Management fees payable	<b>104,412</b>	108,942	<b>45,968</b>	51,624	<b>217,982</b>	203,857
Withdrawals payable	<b>56,347</b>	-	<b>356,494</b>	35,105	<b>430,971</b>	41,398
Distributions payable	<b>118,822</b>	132,934	<b>50,487</b>	50,546	<b>3,429,536</b>	3,366,265
Other payables	<b>22,546</b>	28,501	<b>21,954</b>	63,617	<b>31,168</b>	45,882
<b>Total financial liabilities at amortised cost</b>	<b>384,278</b>	270,377	<b>2,840,805</b>	5,570,944	<b>4,109,657</b>	3,657,402
<b>Total financial liabilities</b>	<b>384,278</b>	270,377	<b>3,474,863</b>	7,804,048	<b>4,109,657</b>	3,657,402



## Notes to the Financial Statements

### 9. Related parties

#### 9.1 Key management and key management personnel

As outlined in the Funds' PDS, the Funds incur following management fees including GST, as a percentage of the net asset value per annum:

NZ Shares Fund	0.79%
NZ Fixed Interest Fund	0.49%
Global Fixed Interest Fund	0.59%

GST is currently charged at various rates driven by the nature of the service provided including exempt services such as custody and up to 15% for other services. The management fees include fees paid to the Investment Manager, the Manager for hosting the Fund, fees and expenses charged within any underlying funds, the Supervisor, the Custodian and Administration Manager, bank charges and other various costs and expenses incurred.

Management fees payable are payable to the Manager.

The Supervisor and the Custodian of the Funds is Public Trust. For the year ended 31 March 2024, the Supervisor fee payable with respect to the Funds amounted to \$115,352 (31 March 2023: \$131,097) and was paid by the Manager.

The fund administration and registry provider for the Funds is Apex Investment Administration (NZ) Ltd. For the year ended 31 March 2024, total fee charged to the Fund amounted to \$232,208 excluding GST (31 March 2023: \$309,280). Apex Investment Administration (NZ) Ltd and the Manager are common control entities, hence, is a related party.

As at 31 March 2024 and 31 March 2023, no directors of the Manager, Investment Manager or the Supervisor or close family members or entities that are controlled, jointly controlled or significantly influenced by the directors or close family members of the Manager, Investment Manager or Supervisor held any investment interest in the Funds.

The Russell Investment related party component of the management fees (excluding GST):

NZ Shares Fund	0.70%
NZ Fixed Interest Fund	0.40%
Global Fixed Interest Fund	0.47%

As at 31 March 2024 and 31 March 2023, the Manager held no units in the Funds.

Investments held by related party investors in the Funds at year end:

\$	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
	2024	2023	2024	2023	2024	2023
InvestNow KiwiSaver Scheme	-	-	412,330	226,081	239,563	251,192
UniSaver New Zealand	160,429,140	148,573,447	117,379,749	111,675,908	-	-

FundRock NZ Limited is the manager of the InvestNow KiwiSaver Scheme, hence, is a related party.

UniSaver New Zealand's unitholdings in the NZ Shares Fund and the NZ Fixed Interest Fund crossed the 75% threshold of the special resolution in section 6 (1) of the FMCA, resulting in UniSaver New Zealand having the ability to control the funds. Below sets out the details of the unitholdings.

Units / %	NZ Shares Fund		NZ Fixed Interest Fund	
	Units	%	Units	%
As at 31 March 2024				
UniSaver New Zealand	82,328,631	92%	102,340,265	89%
Units / %	NZ Shares Fund		NZ Fixed Interest Fund	
	Units	%	Units	%
As at 31 March 2023				
UniSaver New Zealand	75,677,592	83%	99,499,183	76%

## Notes to the Financial Statements

### 9.2 Related party investments

The Global Fixed Interest Fund invest into the Class D units of the Russell Global Bond Fund.

Russell Investment Group is also the Investment Manager of the above mentioned fund, hence, is a related party.

Investments held by the Funds and income earned on funds managed by Russell Investment Group as at balance date are outlined below:

\$	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
	2024	2023	2024	2023	2024	2023
<b>As at 31 March</b>						
Russell Global Bond Fund Class D	-	-	-	-	<b>535,306,452</b>	495,660,128
	-	-	-	-	<b>535,306,452</b>	495,660,128

The total income and gains earned and losses suffered on the investments with related parties were:

\$	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
	2024	2023	2024	2023	2024	2023
<b>As at 31 March</b>						
Russell Global Bond Fund Class D	-	-	-	-	<b>17,631,324</b>	(28,966,531)
	-	-	-	-	<b>17,631,324</b>	(28,966,531)

### 10. Interest income

\$	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
	2024	2023	2024	2023	2024	2023
<b>For the year ended 31 March</b>						
<b>Interest income at amortised cost:</b>						
Margin accounts and cash and cash equivalents	<b>441,412</b>	251,182	<b>386,273</b>	214,471	<b>19,660</b>	15,490
<b>Interest income at fair value through profit and loss:</b>						
Debt securities	-	-	<b>4,283,189</b>	4,844,401	-	-
Interest rate swaps (net)	-	-	<b>(479,849)</b>	(316,591)	-	-
<b>Total net interest income</b>	<b>441,412</b>	251,182	<b>4,189,613</b>	4,742,281	<b>19,660</b>	15,490

### 11. Audit fees

The table below sets out the audit fees (inclusive of GST) incurred by the Funds:

\$	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
	2024	2023	2024	2023	2024	2023
<b>As at 31 March</b>						
PricewaterhouseCoopers New Zealand audit fees	<b>19,850</b>	18,026	<b>19,850</b>	18,026	<b>19,850</b>	18,026

## Notes to the Financial Statements

### 12. Reconciliation of operating (loss)/income to net cash flows from operating activities

\$ For the year ended 31 March	NZ Shares Fund		NZ Fixed Interest Fund		Global Fixed Interest Fund	
	2024	2023	2024	2023	2024	2023
Operating income/(loss)	4,448,184	(13,929,701)	5,023,248	(2,801,624)	14,887,351	(31,820,100)
<b>Adjustments for non-cash items</b>						
Net unrealised changes in the fair value of financial assets and liabilities	(7,091,618)	4,324,602	(6,834,360)	(5,682,614)	(21,323,435)	(3,548,977)
Net foreign currency losses/(gains) on cash and cash equivalents	266	120	(2,039)	(5,301)	-	-
	<b>(7,091,352)</b>	4,324,722	<b>(6,836,399)</b>	(5,687,915)	<b>(21,323,435)</b>	(3,548,977)
<b>Movements in working capital items</b>						
Decrease/(increase) in trade and other receivables	141,491	548,152	46,274	241,680	(173)	-
(Decrease)/increase in trade and other payables	(10,485)	(77,207)	(47,319)	5,196	(589)	(113,425)
Decrease in margin accounts	-	-	229,791	811,609	-	-
Decrease/(increase) in net cost of investments	6,757,433	99,106,383	20,770,193	62,514,535	(18,572,889)	169,965,507
	<b>6,888,439</b>	99,577,328	<b>20,998,939</b>	63,573,020	<b>(18,573,651)</b>	169,852,082
	<b>(202,913)</b>	103,902,050	<b>14,162,540</b>	57,885,105	<b>(39,897,086)</b>	166,303,105
<b>Net cash inflow/(outflow) from operating activities</b>	<b>4,245,271</b>	89,972,349	<b>19,185,788</b>	55,083,481	<b>(25,009,735)</b>	134,483,005

### 13. Assets and liabilities not carried at fair value but for which fair value is disclosed

All financial assets and liabilities not measured at fair value through profit or loss are carried at amortised cost and their carrying values are a reasonable approximation of fair value.

Cash and cash equivalents (including the margin account) referred to in Note 8 include cash on hand, deposits held with banks and brokers and other short-term investments in an active market.

Outstanding settlements represent the contractual amount due by the Funds for settlement of trades.

### 14. Non-cash transactions

During the year, in addition to the distributions paid in cash, the NZ Shares Fund, NZ Fixed Interest Fund and Global Fixed Interest Fund reinvested distributions of \$4,940,642, \$2,167,495 and \$14,150,868, respectively (31 March 2023: \$5,056,858, \$2,469,587 and \$12,453,465, respectively).

### 15. Commitments and contingent liabilities

There are no material commitments or contingencies as at 31 March 2024 (31 March 2023: nil).

### 16. Events occurring after balance date

There are no significant subsequent events that require adjustment to or disclosure in these financial statements as at 31 March 2024 or on the results and cash flows of the Funds for the reporting period ended on that date.



## Independent auditor's report

To the unitholders of:

- Russell Investments NZ Shares Fund
- Russell Investments NZ Fixed Interest Fund
- Russell Investments Global Fixed Interest Fund

(Collectively referred to as the Funds)

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### Our opinion

In our opinion, the accompanying financial statements of the Funds present fairly, in all material respects, the financial position of the Funds as at 31 March 2024, their financial performance and their cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

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### What we have audited

The Funds' financial statements comprise:

- the statements of financial position as at 31 March 2024;
- the statements of comprehensive income for the year then ended;
- the statements of changes in net assets attributable to unitholders for the year then ended;
- the statements of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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### Basis for opinion

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

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### Independence

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

We have audited the financial statements of certain other funds managed by FundRock NZ Limited, the Manager. In addition, we have reported to the Trustee in respect of certain Wholesale funds managed by the Manager. Subject to certain restrictions, employees of our firm may invest in the Funds on normal terms within the ordinary course of trading activities of the Funds. These services and relationships have not impaired our independence as auditor of 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 of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter	How our audit addressed the key audit matter
<p><b>Valuation and existence of financial assets and financial liabilities at fair value through profit or loss</b></p> <p>Refer to note 5 to the financial statements for the reported values of financial assets and financial liabilities (financial instruments) at fair value through profit or loss.</p> <p>This was an area of focus for our audit as it represents the majority of the net assets attributable to unitholders of the Funds.</p> <p><b>Valuation</b></p> <p>The fair value of the financial instruments traded in active markets are based on unadjusted quoted market prices at the reporting date and are categorised as Level 1 in the fair value hierarchy.</p> <p>The fair value of the financial instruments that are not traded in an active market is determined using valuation techniques. The valuation technique depends on the underlying financial instrument and includes assumptions that are based on market conditions existing at the reporting date.</p> <p>Such financial instruments with inputs to the valuation that are observable either directly or indirectly are categorised as Level 2 in the fair value hierarchy.</p> <p>For financial instruments quoted in foreign currencies, these are translated to New Zealand dollars using the exchange rates at the reporting date.</p> <p><b>Existence</b></p> <p>Holdings of financial instruments at fair value through profit or loss are held by the custodian on behalf of the Fund (the Custodian).</p>	<p>We assessed the processes employed by the Manager, for recording and valuing the financial instruments at fair value through profit or loss including the relevant controls operated by a third-party service organisation, the Administrator. Our assessment of the processes included obtaining the internal controls report over investment accounting provided by the Administrator.</p> <p>We evaluated the evidence provided by the internal controls report over the design and operating effectiveness of the relevant controls operated by the Administrator.</p> <p>For financial instruments where quoted market prices in an active market were available, we compared the market price at the reporting date to independent third-party pricing sources.</p> <p>For financial instruments that are not traded in an active market and with inputs that are observable either directly or indirectly, we:</p> <ul style="list-style-type: none"> <li>agreed the observable inputs to third party pricing sources and used our PwC valuation experts to evaluate the fair value, using independent valuation models; or</li> <li>agreed the redemption price at the reporting date, to the confirmation provided by the unlisted fund's administrator. We evaluated the redemption price represents fair value by comparing the redemption price at the reporting date to recent transactions to support the fair value of the unlisted funds and comparing the Net Asset Value per unit calculated based on the latest audited financial statements of the underlying unlisted funds to the published unit price on that date to provide evidence on reliability of unit pricing.</li> </ul> <p>We have assessed the reasonableness of the exchange rates used to translate financial instruments quoted in foreign currencies.</p> <p>We obtained confirmation from the Custodian of the holdings and positions of the financial instruments at fair value through profit or loss as recognised by the Funds as at the reporting date.</p>



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## Our audit approach

### Overview

<b>Materiality</b>	<p>We determined materiality for each Fund separately. Our materiality for each Fund is calculated based on approximately 1% of net assets attributable to unitholders for each Fund.</p> <p>We chose net assets attributable to unitholders as the benchmark because, in our view, the objective of the Funds is to provide unitholders with a total return on the Funds' net assets, taking into account both capital and income returns.</p>
<b>Key audit matters</b>	<p>As reported above, we have one key audit matter, being valuation and existence of financial instruments at fair value through profit or loss.</p>

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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements of each Fund as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements of each Fund as a whole.

### How we tailored our audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements of each Fund as a whole, taking into account the structure of each Fund, the Funds' investments and the accounting and registry processes and controls.

The Manager is responsible for the governance and control activities of the Funds. The Funds' investments are held by the Custodian. The Manager has outsourced investment accounting (Administrator) and registry services (Registrar) to a third party service provider.



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### **Other information**

The Manager is responsible for the other information. The other information comprises the information included in the annual report and climate-related statements, but does not include the financial statements and our auditor's report thereon which the annual report refers to.

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

In 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 in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

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### **Responsibilities of the Manager for the financial statements**

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS Accounting Standards, and for such internal control as the Manager determines 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, the Manager is responsible for assessing each Fund'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 the Manager either intends to liquidate a Fund or to cease operations, or has no realistic alternative but to do so.

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### **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 ISAs (NZ) and ISAs 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's website at:

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

This description forms part of our auditor's report.



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**Who we report to**

This report is made solely to each Fund's unitholders, as a body. Our audit work has been undertaken so that we might state those matters which 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 each Fund's unitholders, as a body, for our audit work, for this report or for the opinions we have formed.

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

For and on behalf of:

*PricewaterhouseCoopers*

Chartered Accountants  
17 July 2024

Wellington