

# Lump Sum Cash Accumulation Scheme

On behalf of the Board of Trustees of the National Provident Fund, set out below is a report on the performance and activities of your Scheme for the year ended 31 March 2022. Further information on the National Provident Fund's activities, and commentary on investment markets, is set out in the Chair's letter.

## Your Scheme

### CROWN GUARANTEE

The Lump Sum Cash Accumulation Scheme is a cash accumulation scheme. The benefits payable by your Scheme are guaranteed by the Crown.

### INVESTMENT PERFORMANCE

The asset class returns (before tax and expenses) and the comparative performance of the benchmark indices are shown in the table below.

Asset Class	Return	Index
Fixed interest (global)	(2.79%)	(3.70%)
Alternatives	2.50%	0.58%
New Zealand shares	(0.05%)	(3.04%)
Overseas shares	9.00%	8.21%

The investment return (after tax and expenses) earned by the Scheme, for the year ended 31 March 2022, was 2.21% (2021:21.56%). In dollar terms, this represents investment income of \$7.123 million (2021: \$52.92 million).

Around the world the ongoing impacts of the Covid-19 outbreak and the war in Ukraine have led to significant economic slowdown and volatility. These disruptions are likely to continue into the foreseeable future and provide

uncertainty for the value of the investment assets and the income earned from them. The Board continues to monitor the impact of the movements in the market on an ongoing basis.

See the comparison over the page for the key statistics of your Scheme over the last 10 years. For an overview of the financial performance of the Scheme, refer to the tables on the following pages.

## Annual Report for the year ended 31 March 2022

### SUMMARY FINANCIAL STATEMENTS

The summary financial statements included in this Annual Report have been extracted from the full financial statements for the year ended 31 March 2022.

The summary financial statements cannot be expected to provide as complete an understanding as the full financial statements.

Members are welcome to view the full financial statements on our website - [www.npf.co.nz/members/schemes](http://www.npf.co.nz/members/schemes) - or contact the Scheme administrator, Datacom (see details on back page), for a free copy of the Scheme's full financial statements.



# Lump Sum Cash Accumulation Scheme

## EARNINGS RATE

The earnings rate declared by the Board for the Scheme for the year ended 31 March 2022 was 4.0%. In line with the Board's crediting and reserving policy, the difference between the investment return of 2.21% and the earnings rate of 4.0% has been taken from the reserves of the Scheme. The reserves are at 3.9% of contributors' total credits (2021: 5.9%).

## WHO INVESTS YOUR MONEY

### Fixed interest (global)

Brandywine Global Investment Management, LLC  
Pacific Investment Management Company LLC  
PGIM, Inc (*appointed 25 January 2022*)

### Alternatives

AQR Capital Management, LLC (Style Premia Fund) (*terminated 9 March 2022*)

### New Zealand shares

Devon Funds Management Limited  
Harbour Asset Management Limited

### Overseas shares

Arrowstreet Capital, Limited Partnership  
Lazard Asset Management, LLC  
Russell Investment Management Limited (Transition manager)  
T. Rowe Price Australia Limited

### Foreign exchange hedging

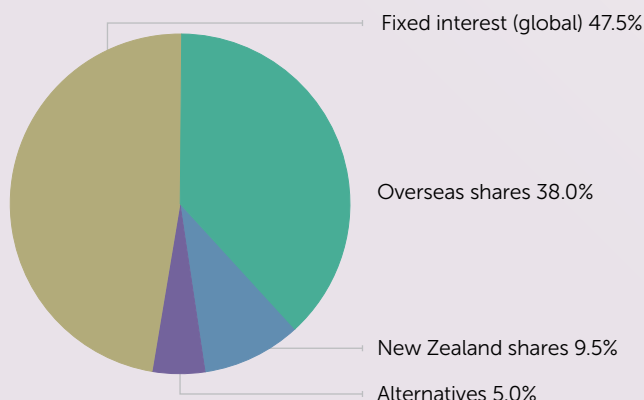
Bank of New Zealand Limited

## HOW YOUR MONEY IS INVESTED

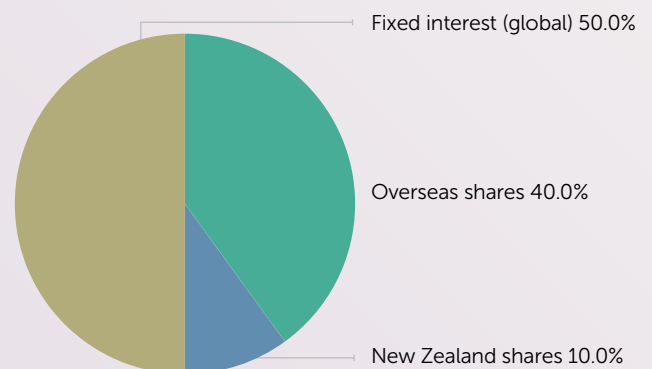
The Scheme's strategic asset allocation is set by the Board and reviewed regularly. The asset allocation strategy for the Scheme was reviewed by the Board in December 2021 and the 5% allocation to Alternatives was reallocated to shares and fixed interest. The asset allocation was further reviewed in May 2022 and no changes were made. In addition, during the year, the Board has applied its Dynamic Asset Allocation (DAA) tilting programme as outlined in the Statement of Investment Policies, Standards and Procedures (SIPSP).

The pie charts show the Scheme's asset allocation strategy effective from 1 February 2021 and from 1 December 2021. There was no DAA tilt in place as at 31 March 2022.

**Asset Allocation Strategy  
from 1 February 2021**



**Asset Allocation Strategy  
from 1 December 2021**



The Board's Statement of Investment Policies, Standards and Procedures (SIPSP) is reviewed regularly by the Board. During the year the responsible investment section of the SIPSP was updated. There were no other significant changes to the SIPSP during the year. See our website, [www.npf.co.nz](http://www.npf.co.nz), for more information about your Scheme, including the Board's SIPSP and the Scheme trust deed.

# Lump Sum Cash Accumulation Scheme

## SUMMARY STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2022

		2022	2021
		(\$000)	(\$000)
<p>This is a summary of the Scheme's income and expenses, and membership contributions and payments. NPPS refers to the National Provident Pension Scheme.</p>	Investment income	7,135	52,938
	Less operating expenses	(635)	(602)
	Net income before tax and membership activities	6,500	52,336
	Income tax credit	175	164
	<b>Net income after tax and before membership activities</b>	<b>6,675</b>	<b>52,500</b>
	Contributions	10,161	20,201
	Transfers received	56,727	77,113
	Less benefit, transfer and withdrawal payments	(68,892)	(82,420)
	Less transfers to the NPPS	1,133	(801)
	<b>Net membership activities</b>	<b>(3,180)</b>	<b>14,093</b>
	<b>Increase in liability for accrued benefits</b>	<b>3,495</b>	<b>66,593</b>

## SUMMARY STATEMENT OF NET ASSETS AS AT 31 MARCH 2022

		2022	2021
		(\$000)	(\$000)
<p>This is a summary of the Scheme's assets and liabilities, as at 31 March 2021.</p> <p>Assets include the Scheme's investments in fixed interest (global), alternatives, New Zealand shares and overseas shares plus what the Scheme had in the bank and was owed by others.</p> <p>Liabilities are what the Scheme owed to others.</p> <p>Net assets is the money available to pay future entitlements.</p>	<b>Investment assets</b>		
	Fixed Interest Unit Fund	153,879	134,386
	Alternatives Unit Fund	1,170	18,771
	New Zealand Equity Unit Fund	30,308	20,880
	Overseas Equity Unit Fund	120,433	126,413
	<b>Total investment assets</b>	<b>305,790</b>	<b>300,450</b>
	<b>Other assets</b>	<b>1,398</b>	<b>2,594</b>
	<b>Total assets</b>	<b>307,188</b>	<b>303,044</b>
	<b>Less liabilities</b>	<b>(698)</b>	<b>(49)</b>
	<b>Net assets available to pay benefits</b>	<b>306,490</b>	<b>302,995</b>
	<b>Represented by:</b>		
	<b>Liability for accrued benefits</b>		
	Allocated to contributors' total credits	294,974	286,075
Interest fluctuation reserve	11,516	16,920	
	<b>306,490</b>	<b>302,995</b>	

## SUMMARY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

		2022	2021
		(\$000)	(\$000)
<p>This is a summary of the cash flows through the Scheme during the year.</p> <p>Cash was received from:</p> <ul style="list-style-type: none"> <li>operating activities (being contributions less benefit, transfer and withdrawal payments and operating expenses); and</li> <li>investing activities.</li> </ul> <p>The difference between the two cash flows is recorded as an increase or decrease in cash held.</p>	<b>Opening cash brought forward</b>	2,276	(67)
	Net cash flows from operating activities	(3,493)	15,969
	Net cash flows from investing activities	1,783	(13,626)
	Net (decrease)/increase in cash held	(1,710)	2,343
	<b>Closing cash carried forward</b>	<b>566</b>	<b>2,276</b>

# Lump Sum Cash Accumulation Scheme

## NOTES TO THE SUMMARY FINANCIAL STATEMENTS

The summary financial statements:

- have been extracted from the full financial statements which were:
  - prepared in accordance with, and comply with, the New Zealand Equivalents to International Financial Reporting Standards;
  - authorised for issue by the Board on 28 June 2022; and
  - audited and received an unmodified opinion;
- cannot be expected to provide as complete an understanding as provided by the full financial statements;
- are reported in New Zealand dollars, rounded to the nearest thousand;
- are for a profit oriented entity; and
- comply with Financial Reporting Standard 43: Summary Financial Statements.

## SUBSEQUENT EVENTS

There were no material events subsequent to balance date requiring amendments to these financial statements.

## TRUSTEE'S REPORT

For the year ended 31 March 2022

The Board of Trustees of the National Provident Fund, as trustee of the Scheme, provides members with the following information in respect of the Scheme.

Changes in the Scheme membership numbers during the year were as follows:

	Contributors
Opening membership as at 1 April 2021	1,393
Retirements	(92)
Withdrawals	(7)
Transfers	(2)
Deaths and disablements	(69)
Joins/rejoins	91
Extinguished liabilities*	1
Closing membership as at 31 March 2022	1,315

\* Following a trust deed amendment on 5 April 2001, once reasonable efforts have been made to locate a member who has been missing for at least five years, the Board may extinguish the liabilities to that member. Where a person re-establishes contact with the Board within 15 years of the liabilities to that person being extinguished, the person is reinstated as a member of the Scheme.

The terms of the Scheme trust deed do not specify contribution levels.

The Board certifies that, to the best of its knowledge, all benefits required to be paid from the Scheme were paid in accordance with the terms of the Scheme trust deed.

The Board, based on the advice of the Actuary, certifies that as at 31 March 2022, the market value of the net assets of the Scheme exceeded the total value of the vested benefits.

## FEES

Scheme administration fees are calculated on fee per member and fee per transaction bases and are charged to the Scheme as a whole. Effective 1 October 2021, the administration fees increased in line with inflation. The Board certifies it is satisfied the increase in the administration fees for the Scheme is not unreasonable. The Board is satisfied the total management fees charged to the Scheme are not unreasonable.

## TRUST DEED AMENDMENTS

The Scheme trust deed was last amended on 6 May 2021. The amendments were effective from 30 January 2021 and were made following the repeal of the Trustee Act 1956 to address changes brought about under the Trusts Act 2019. There have been no further amendments to the Scheme trust deed since the date of the Scheme's last annual report. A copy of the trust deed is available on request.

## INDEPENDENT AUDITOR'S REPORT

### To the readers of Lump Sum Cash Accumulation Scheme's summary financial statements for the year ended 31 March 2022.

The Auditor-General is the auditor of Lump Sum Cash Accumulation Scheme (the Scheme). The Auditor-General has appointed me, Silvio Bruinsma, using the staff and resources of Deloitte Limited, to carry out the audit of the summary financial statements of the Scheme on his behalf.

## OPINION

The summary financial statements of the Scheme that comprise the summary statement of net assets as at 31 March 2022, the summary statement of changes in net assets, and the summary statement of cash flows for the year ended on that date, and related notes, are derived from the full financial statements for the year ended 31 March 2022 that we have audited.

In our opinion, the summary financial statements are consistent, in all material respects, with the full financial statements for the year ended 31 March 2022, in accordance with FRS-43: Summary Financial Statements issued by the New Zealand Accounting Standards Board.

## SUMMARY FINANCIAL STATEMENTS

The summary financial statements do not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the full financial statements and the auditor's report thereon.

The summary financial statements do not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full financial statements.

## THE FULL FINANCIAL STATEMENTS AND OUR AUDIT REPORT THEREON

We expressed an unmodified audit opinion on the full financial statements for the year ended 31 March 2022 in our auditor's report dated 28 June 2022.

## BOARD OF TRUSTEES' RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

The Board of Trustees is responsible on behalf of the Scheme for the preparation of the summary financial statements in accordance with FRS-43: Summary Financial Statements.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the full audited financial statements of the Scheme, based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

We did not evaluate the security and controls over the electronic publication of the summary financial statements.

Other than in our capacity as auditor, we have no relationship with, or interests in the Scheme.

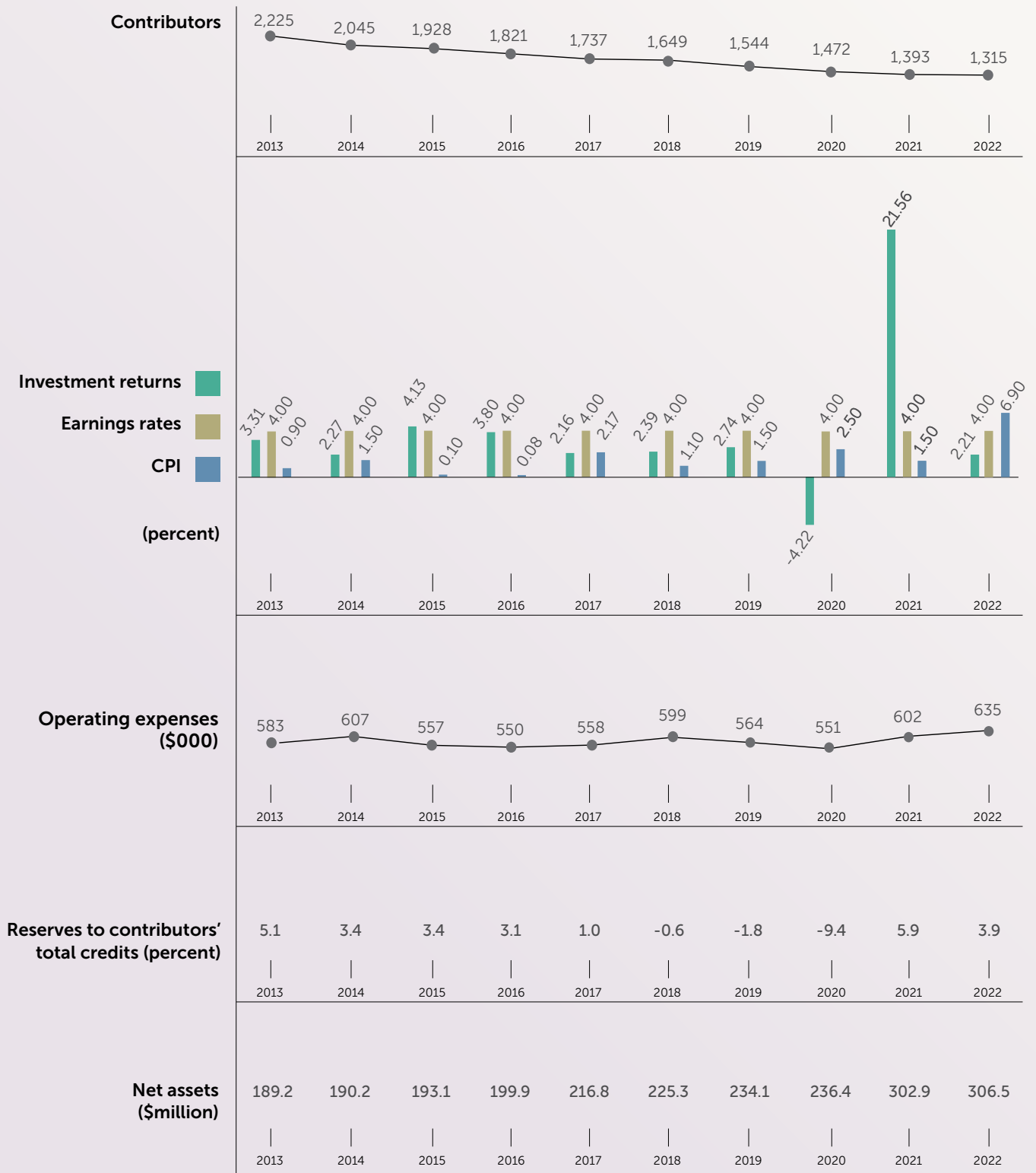


Silvio Bruinsma  
for Deloitte Limited  
On behalf of the Auditor-General  
Wellington, New Zealand

28 June 2022

# Lump Sum Cash Accumulation Scheme

## 10 year comparison



# Lump Sum Cash Accumulation Scheme

## Directory as at 28 June 2022

### TRUSTEE

#### Board of Trustees of the National Provident Fund

### BOARD MEMBERS

**Edward Schuck** PhD, MBA – Board Chair (appointed 2015 and Chair from 1 September 2017)

**Louise Edwards** (appointed 1 July 2019)

**Daniel Mussett** (appointed 2016)

**Sarah Park** (appointed 1 February 2020)

**Wayne Stechman** (appointed 2012; retired 30 June 2021)

**Graham Ansell** (appointed 12 July 2021)

**Stephen Ward** – Deputy Chair (appointed 2016 and Deputy Chair from 1 February 2020)

Further information on the Board members is provided on our website – [www.npf.co.nz](http://www.npf.co.nz).

### MANAGEMENT

#### **Simon Tyler**

Chief Executive

#### **Philippa Drury**

General Manager – Schemes

#### **Fiona Morgan**

Chief Financial Officer

#### **Paul Bevin**

General Manager – Investments

#### **Hadyn Hunt**

Chief Risk Officer

## DATAKOM

### ADMINISTRATION

Datacom Connect Limited is the administrator of the NPF Schemes.

### CONTACT DETAILS

You are welcome to contact Datacom if you have any specific questions about the information in this package, if you would like to receive a free copy of the full financial statements in the mail, to purchase a copy of the trust deed (\$10) or the actuarial valuation (\$10), or to enquire about your Scheme membership in general.

Please quote your identity number when contacting Datacom.

Free phone: 0800 628 776 between 8.30 am and 5.00 pm, Monday to Friday.

Phone: (04) 381 0600

Post to:

The Manager  
National Provident Fund Administration  
Datacom Connect Limited

P O Box 1036  
WELLINGTON 6140

Email: [npfenquiries@datacom.co.nz](mailto:npfenquiries@datacom.co.nz)

If you would like to know more about NPF in general, or if you would like to view or download a copy of the Scheme's full financial statements rather than receive a copy in the mail, please visit our website – [www.npf.co.nz](http://www.npf.co.nz).

You may contact the Board by writing to:

The Chief Executive  
Board of Trustees of the National Provident Fund  
Level 12, The Todd Building  
95 Customhouse Quay  
WELLINGTON 6011

**Auditor:** Silvio Bruinsma, Deloitte Limited, on behalf of the Auditor-General

**Actuary:** Christine D Ormrod, PricewaterhouseCoopers Consulting (New Zealand) LP

**Bank:** Bank of New Zealand Limited

**Custodian:** JPMorgan Chase Bank, N.A.

**Solicitor:** DLA Piper New Zealand

There were no changes to the Actuary, Bank, Custodian or Solicitor during the year.