

Meat Industry 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 2021. Further information on the National Provident Fund's activities, and commentary on investment markets, is set out in the Review.

Your Scheme

CROWN GUARANTEE

The Meat Industry Scheme is a defined contribution 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	9.58%	1.39%
Alternatives	(1.19%)	0.31%
New Zealand shares	32.15%	28.93%
Overseas shares	49.79%	41.01%

The investment return (after tax and expenses) earned by the Scheme, for the year ended 31 March 2021, was 21.29%.

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 2021

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 2021.

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

Members are welcome to contact the Scheme administrator, Datacom (see details on back page), for a free copy of the Scheme's full financial statements.



Meat Industry Scheme

EARNINGS RATE

The earnings rate declared by the Board for the Scheme for the year ended 31 March 2021 was 14.41% on contributors' total credits as at 1 April 2020, and 7.205% on contributions paid during the year. In line with the Board's crediting and reserving policy, the difference between the investment return of 21.29% and the earnings rate of 14.41% has been credited to the reserves of the Scheme. The reserves are now 6.04% of contributors' total credits (2020: 0.0%).

The objective of the Board's crediting and reserving policy is to build the reserves back up to 10% of contributors' total credits. An equitable share of any positive reserves is added to a contributor's total credit on retirement, withdrawal through redundancy or permanent incapacity, or on death before the contributor has commenced receiving a benefit.

WHO INVESTS YOUR MONEY

Fixed interest

Brandywine Global Investment Management, LLC
Pacific Investment Management Company LLC

Alternatives

AQR Capital Management, LLC (Style Premia Fund)

New Zealand shares

Devon Funds Management Limited
Harbour Asset Management Limited

Overseas shares

Arrowstreet Capital, Limited Partnership
Lazard Asset Management, LLC
Marathon Asset Management, LLP (*contract ended 13 May 2020*)
T. Rowe Price Australia Limited

Foreign exchange hedging

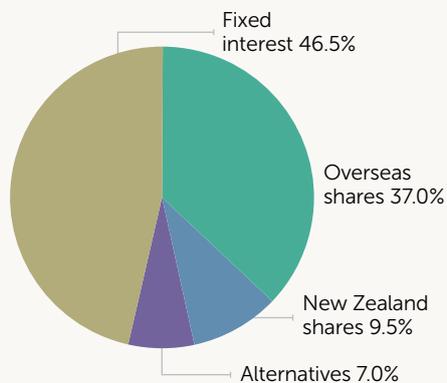
ANZ Bank New Zealand Limited (*contract ended 17 August 2020*)
Bank of New Zealand Limited

HOW YOUR MONEY IS INVESTED

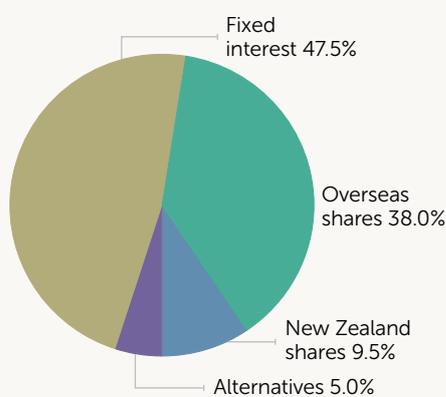
The Scheme's asset allocation strategy is set by the Board and reviewed regularly. The asset allocation strategy was last reviewed by the Board in February 2021. In addition, during the year, the Board has applied its Dynamic Asset Allocation (DAA) tilting programme as outlined in the Statement of Investment Policies, Standards and Procedures (SIPSP).

The pie charts show the Scheme's asset allocation strategy effective from 1 October 2018, the new asset allocation effective from 1 February 2021 and the DAA position in place as at 31 March 2021.

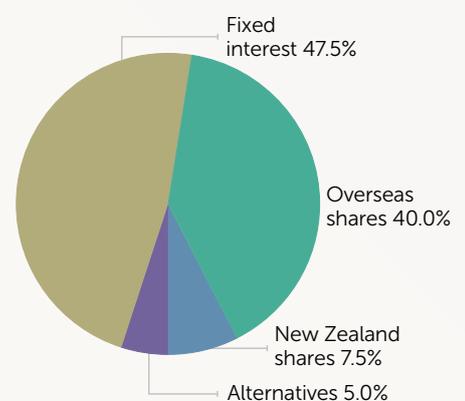
**Asset Allocation Strategy
from 1 October 2018**



**Asset Allocation Strategy
from 1 February 2021**



DAA tilt at 31 March 2021



The Board's SIPSP is reviewed regularly by the Board. There were no significant changes to the SIPSP during the year. See our website, www.npf.co.nz, for more information about your Scheme, including the Board's SIPSP, and the Scheme trust deed.

Meat Industry Scheme

SUMMARY STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2021

		2021 (\$000)	2020 (\$000)
<p>This is a summary of the Scheme's income and expenses, and membership contributions and payments during the year.</p> <p>NPPS refers to the National Provident Pension Scheme.</p>	Investment income	5,558	(585)
	Less operating expenses	(166)	(168)
	Net income/(loss) before tax and membership activities	5,392	(753)
	Add income tax credit	46	43
	Net income/(loss) after tax and before membership activities	5,438	(710)
	Contributions	302	326
	Less benefit and withdrawal payments	(1,560)	(3,048)
	Less transfers to other schemes	(5)	(157)
	Net membership activities	(1,263)	(2,879)
	Other receipts		
	Section 72 claim	-	5
	Increase/(decrease) in liability for accrued benefits	4,175	(3,584)

SUMMARY STATEMENT OF NET ASSETS AS AT 31 MARCH 2021

		2021 (\$000)	2020 (\$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 cash, fixed interest, 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>	Investment assets		
	Fixed Interest Unit Fund	13,118	11,854
	Alternatives Unit Fund	1,652	1,837
	New Zealand Equity Unit Fund	2,023	1,737
	Overseas Equity Unit Fund	12,341	8,665
	Cash Unit Fund	-	693
	Total investment assets	29,134	24,786
	Other assets	1,241	1,418
	Total assets	30,375	26,204
	Less liabilities	(29)	(33)
	Net assets available to pay benefits	30,346	26,171
	Represented by:		
	Liability for accrued benefits		
Allocated to contributors' total credits	28,618	26,160	
Unallocated reserves	1,728	11	
	30,346	26,171	

SUMMARY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

		2021 (\$000)	2020 (\$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"> operating activities (being contributions less benefit, transfer and withdrawal payments and operating expenses); and investing activities. <p>The difference between the two cash flows is recorded as an increase or decrease in cash held.</p>	Opening cash brought forward	1,324	1,536	
	Net cash flows from operating activities	(1,385)	(2,962)	
	Net cash flows from investing activities	1,202	2,750	
	Net (decrease) in cash held	(183)	(212)	
	Closing cash carried forward	1,141	1,324	

Meat Industry 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 24 June 2021 ; 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.

COVID-19 IMPACT

Around the world the Covid-19 outbreak has 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. For the year ended 31 March 2021 the Scheme has recorded a gain from unit funds of \$5.55 million. This compares to a loss of \$0.60 million in the previous year. The Board continues to monitor the impact of the movements in the market on an ongoing basis.

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 2021

MEMBERSHIP

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

	Contributors
Opening membership as at 1 April 2020	352
Retirements	(25)
Withdrawals	-
Transfers	-
Deaths and disablements	(19)
Extinguished liabilities*	(22)
Closing membership as at 31 March 2021	286

* 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.

On the basis of evidence available, the Board believes all contributions required to be made to the Scheme, in accordance with the terms of the Scheme trust deed, have been made.

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 2021 the market value of the net assets of the Scheme exceeded the total value of the vested benefits of the Scheme.

The Board confirms, to the best of its knowledge, not more than 10 percent of the market value of the assets of the Scheme at any time during the year was invested with employers (or associated entities), either directly or indirectly, who are parties to the Scheme.

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 2020, 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 AMENDMENT

The Scheme trust deed was last amended on 6 May 2021 (after year end). The amendments are 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. A copy of the trust deed is available on request.

INDEPENDENT AUDITOR'S REPORT

To the readers of Meat Industry Scheme's Summary Financial Statements for the year ended 31 March 2021.

The Auditor-General is the auditor of Meat Industry 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 changes in net assets as at 31 March 2021, the summary statement of 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 2021 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 2021, 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 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 2021 in our auditor's report dated 24 June 2021.

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.

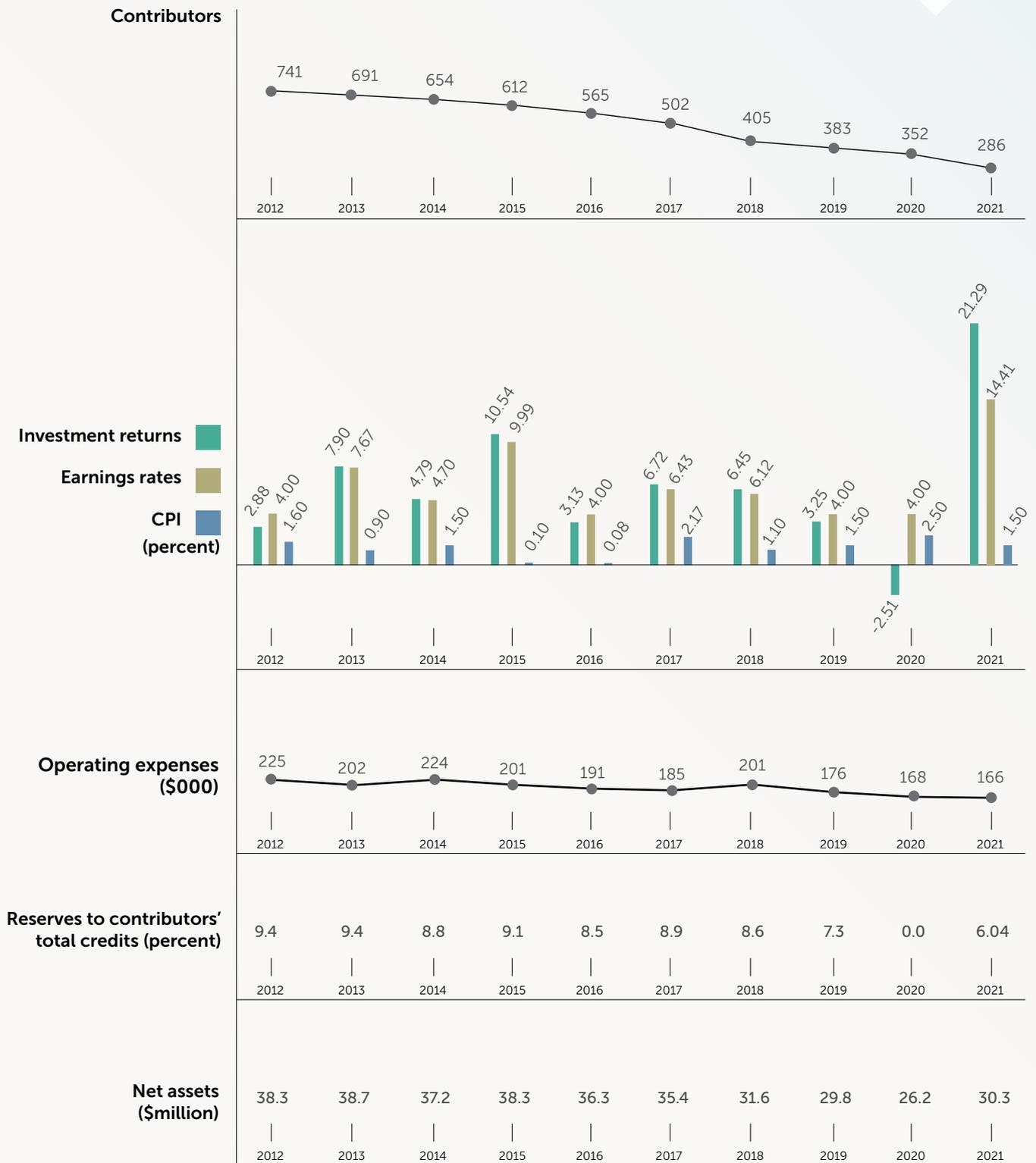


Silvio Bruinsma
for Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand

24 June 2021

Meat Industry Scheme

10 year comparison



Meat Industry Scheme

Directory as at 24 June 2021

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)

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.

MANAGEMENT

Simon Tyler

Chief Executive

Fiona Morgan

Chief Financial Officer

Philippa Drury

General Manager – Schemes

Janet Shirley

Manager – Schemes (retired March 2021)

Paul Bevin

General Manager – Investments

Nicky Rumsey

Manager – Investments

Peter McCaffrey

Manager – Equities and Alternatives

Keith Poore

Manager – Asset Allocation

There was one change to Management during the year as noted above.

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

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.

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.