

National Provident Pension 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 National Provident Pension Scheme is a defined benefit 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%)
Fixed interest (New Zealand)*	*	*
Alternatives	2.50%	0.58%
New Zealand shares	(0.05%)	(3.04%)
Overseas shares	9.00%	8.21%

*This is an investment in the Fixed Interest No. 2 Unit Fund, which has been part of the Scheme's asset allocation since 1 December 2021.

The investment return (after tax and expenses) earned by the Scheme for the year ended 31 March 2022 was 0.22% (2021: 19.06%). In dollar terms, this represents an investment gain from unit funds of \$1.54 million (2021: \$67.38 million).

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



National Provident Pension Scheme

INVESTMENT PERFORMANCE CONTINUED

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.

FUNDING POSITION

A summary of the funding level of the Scheme, as at 31 March, was:

	2022 (\$000)	2021 (\$000)
Net assets	397,412	409,734
Actuarial liabilities	(362,266)	(345,088)
Funding level*	109.7%	118.7%

* The funding level at 31 March 2022, in the table above, has been calculated on the funding basis using discount rates, which are the zero Sovereign bond discount rates, adjusted for tax and investment expenses. As at 31 March 2021, a notional 2.5% pa net of tax and all expense discount rate was used.

PENSIONS INCREASE

During the year the Board updated the financial management framework for the Scheme. As part of that process, the Board considered the investment strategies that should be pursued depending on the funding level of the Scheme along with the Minimum Funding Level above which consideration will be given by the Board to granting pension increases. In setting the Minimum Funding Level at 108%, the Board acknowledged there will be years when the funding level of the Scheme is below the target and there is insufficient surplus to provide for a pension increase.

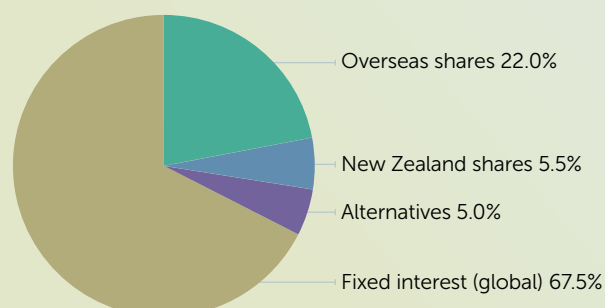
On 28 June 2022, as part of its consideration of the annual financial statements for the Scheme, the Board resolved pensions in payment as at 31 March 2022, and still in payment at 4 August 2022, will be increased by 2% from the 4 August 2022 pension payment date.

HOW YOUR MONEY IS INVESTED

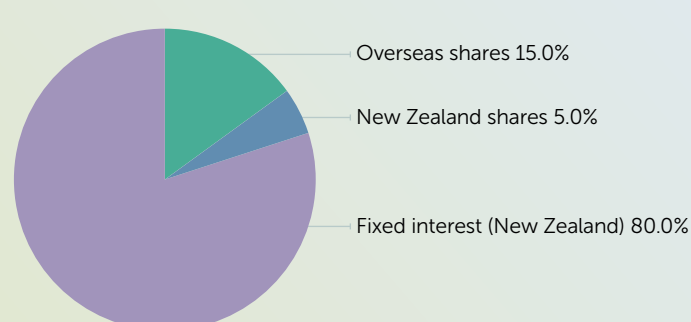
The Scheme's asset allocation strategy is set by the Board and reviewed regularly. The Board reviewed the asset allocation strategy for the Scheme in November 2021 and resolved to change the asset allocation effective from 1 December 2021 to overseas shares 15%, New Zealand shares 5% and fixed interest 80%. The allocation of 80% to fixed interest was transitioned to duration matched New Zealand fixed interest by way of investment in the Fixed Interest No. 2 Unit Fund. The transition was completed on 1 May 2022. 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 from 1 May 2021, together with the current asset allocation strategy effective from 1 December 2021. There was no DAA tilt in place as at 31 March 2022.

**Asset Allocation Strategy
from 1 May 2021**



**Asset Allocation Strategy
from 1 December 2021**



WHO INVESTS YOUR MONEY

Fixed interest (global and New Zealand)

Brandywine Global Investment Management, LLC
Macquarie Asset Management (NZ) Limited
(previously known as AMP Capital Investors
(New Zealand) Limited)
Pacific Investment Management Company LLC
PGIM, Inc (appointed 25 January 2022)

Alternatives

AQR Capital Management, LLC
(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

National Provident Pension Scheme

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

<p>This is a summary of the Scheme's income and expenses, and membership contributions and payments.</p>		2022 (\$000)	2021 (\$000)
	Investment income	1,554	67,382
	Less operating expenses	(902)	(806)
	Net income before tax and membership activities	652	66,576
	Income tax credit	249	224
	Net income after tax and before membership activities	901	66,800
	Transfers in from other NPF schemes	20,147	18,079
	Less pension payments	(33,370)	(33,052)
	Net membership activities	(13,223)	(14,973)
	(Decrease)/increase in net assets for the year	(12,322)	51,827
	Net assets available to pay benefits at beginning of year	409,734	357,907
	Net assets available to pay benefits at end of year	397,412	409,734

SUMMARY STATEMENT OF NET ASSETS AS AT 31 MARCH 2022

<p>This is a summary of the Scheme's assets and liabilities, as at 31 March 2022.</p> <p>Assets include the Scheme's investments in fixed interest (global and New Zealand), 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>		2022 (\$000)	2021 (\$000)
	Investment assets		
	Fixed Interest No 2 Unit Fund	107,797	-
	Fixed Interest Unit Fund	206,031	223,695
	Alternatives Unit Fund	1,442	23,098
	New Zealand Equity Unit Fund	17,937	20,903
	Overseas Equity Unit Fund	60,643	139,103
	Total investment assets	393,850	406,799
	Other assets	3,668	3,015
	Total assets	397,518	409,814
	Less liabilities	(106)	(80)
	Net assets available to pay benefits	397,412	409,734

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

<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 and transfer 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>		2022 (\$000)	2021 (\$000)
	Opening cash brought forward	2,556	3,672
	Net cash flows from operating activities	(13,653)	(15,711)
	Net cash flows from investing activities	14,491	14,595
	Net increase/(decrease) in cash held	838	(1,116)
	Closing cash carried forward	3,394	2,556

National Provident Pension 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 summary 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:

	Pensioners
Opening membership as at 1 April 2021	5,216
Pensioner change of beneficiary	57
Deaths	(404)
Transfers in from other NPF schemes	45
Closing membership as at 31 March 2022	4,914

Under the terms of the Scheme trust deed, contributions are not required to be made to the Scheme.

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 of the Scheme under the funding basis.

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 AMENDMENT

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. The Scheme Trust Deed has not been amended since 24 June 2021, being 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 National Provident Pension Scheme's summary financial statements for the year ended 31 March 2022.

The Auditor-General is the auditor of National Provident Pension 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. That report also includes the communication of key audit matters.

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.

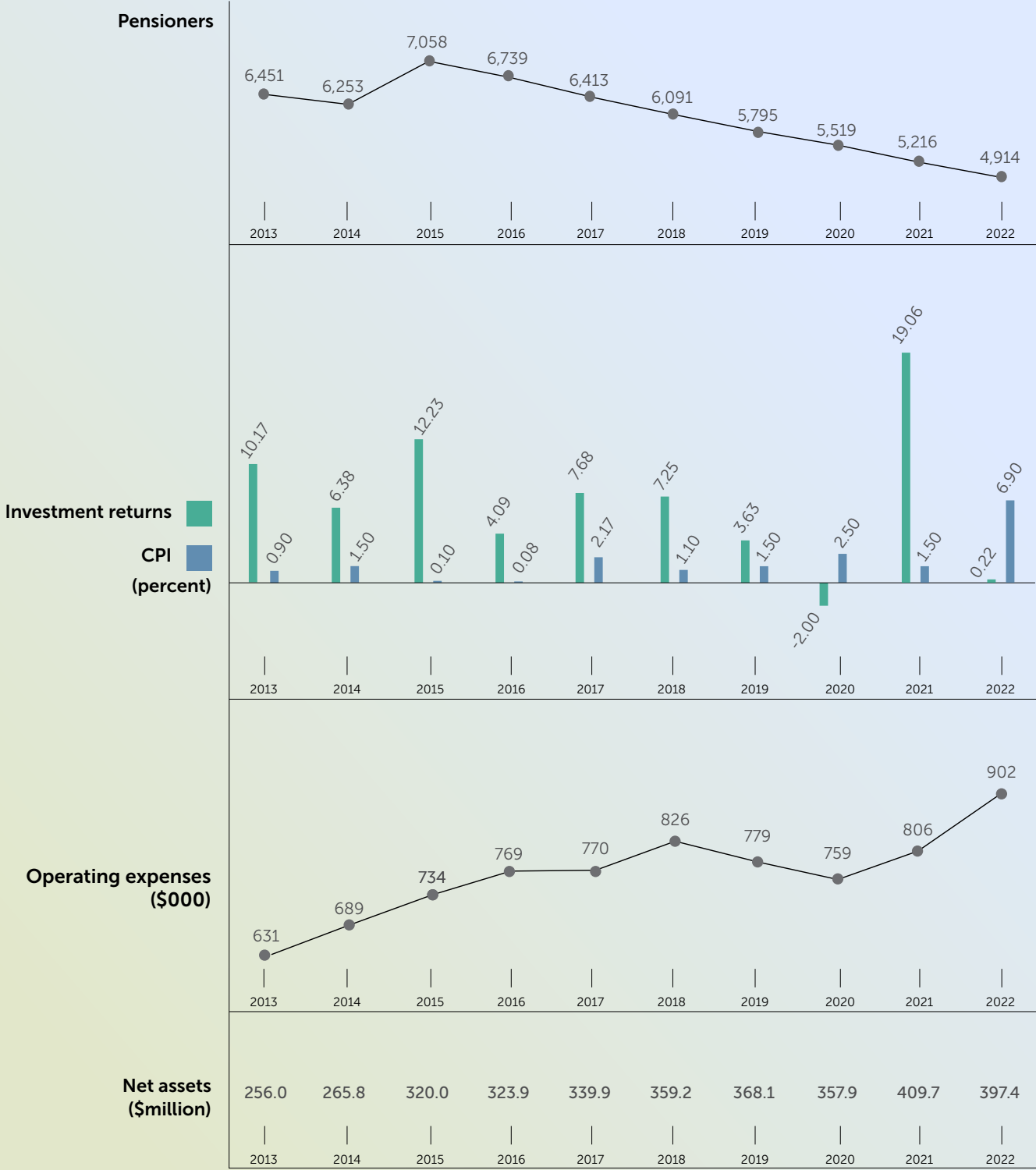


Silvio Bruinsma
for Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand

28 June 2022

National Provident Pension Scheme

10 YEAR COMPARISON



National Provident Pension 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.

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

DATACOM

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.