

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 2025. 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 (after investment manager fees, but before tax and other expenses) and the comparative performance of the benchmark indices are shown in the table below.

Asset Class	Return	Index
Fixed interest (New Zealand)	3.83%	4.08%
New Zealand equities	1.95%	1.96%
Overseas equities	9.68%	10.93%

The investment return (after tax and expenses) earned by the Scheme for the year ended 31 March 2025 was 4.17% (2024: 5.27%). In dollar terms, this represents an investment gain from unit funds of \$16.153 million (2024: investment gain: \$19.897 million).

Annual Report for the year ended 31 March 2025

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 2025.

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.



INVESTMENT PERFORMANCE CONTINUED

Investment returns were buoyed by continued strong returns from global equities, although returns tapered off somewhat in the March quarter as greater geo-political uncertainty made its mark on markets. Market performance was dominated by the very strong returns of a small number of very large technology related companies. The New Zealand equity market struggled somewhat in comparison, while New Zealand interest rates fell slightly over the year boosting returns to investors.

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:

	2025 (\$000)	2024 (\$000)
Net assets	374,732	375,659
Actuarial liabilities	(348,149)	(339,834)
Funding level*	107.6%	110.5%

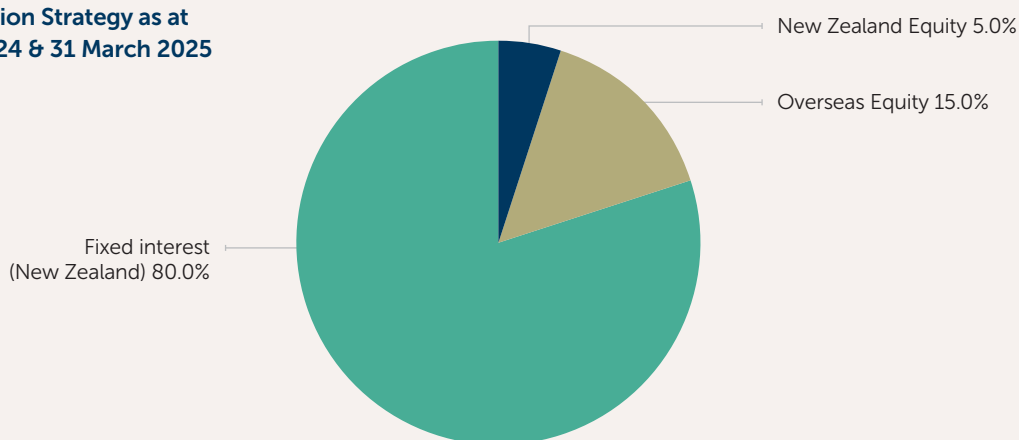
* The funding levels at 31 March 2025 and 31 March 2024, in the table above, have been calculated on the funding basis using discount rates, which are the Sovereign bond yields, adjusted for tax and investment expenses.

PENSIONS INCREASE

The Board has a financial management framework for the Scheme. In developing the framework, 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.

Having considered the funding level of the Scheme and its financial management policy, the Board resolved that no pension increase will be given for the year ended 31 March 2025.

Asset Allocation Strategy as at 31 March 2024 & 31 March 2025



The Board's Statement of Investment Policies, Standards and Procedures (SIPSP) is reviewed regularly by the Board. During the year the SIPSP was updated and there were no significant changes to the SIPSP relating to the Scheme. See our website, www.npf.co.nz, for more information about your Scheme, including the Board's SIPSP, and the Scheme Trust Deed.

WHO INVESTS YOUR MONEY

Fixed Interest Manager

Harbour Asset Management Limited

New Zealand Equity Manager

Devon Funds Management Limited

Harbour Asset Management Limited

Overseas Equity Managers

Arrowstreet Capital, Limited Partnership

Lazard Asset Management, LLC (terminated 10 September 2024)

Robeco Hong Kong Limited (appointed 26 September 2024)

Russell Investment Management Limited (appointed as transition manager 9 September 2024)

T. Rowe Price Australia Limited

Foreign Exchange Hedging Manager

Bank of New Zealand Limited

HOW YOUR MONEY IS INVESTED

The Scheme's strategic asset allocation is set by the Board and reviewed regularly. There was no change to Scheme's asset allocation strategy during the year. The pie chart shows the Scheme's asset allocation strategy as at 31 March 2024 and 31 March 2025.

SUMMARY STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2025

<p>This is a summary of the Scheme's income and expenses, and membership contributions and payments.</p>		2025 (\$000)	2024 (\$000)
	Investment income	16,153	19,897
	Less operating expenses	(1,071)	(975)
	Net income before tax and membership activities	15,082	18,922
	Income tax credit	254	230
	Net income after tax and before membership activities	15,336	19,152
	Transfers in from other Contributor schemes	17,023	18,813
	Less pension payments	(33,286)	(32,894)
	Net membership activities	(16,263)	(14,081)
	(Decrease)/Increase in net assets for the year	(927)	5,071
	Net assets available to pay benefits at beginning of year	375,659	370,588
	Net assets available to pay benefits at end of year	374,732	375,659

SUMMARY STATEMENT OF NET ASSETS AS AT 31 MARCH 2025

<p>This is a summary of the Scheme's assets and liabilities, as at 31 March 2025.</p> <p>Assets include the Scheme's investments in fixed interest (New Zealand), 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>		2025 (\$000)	2024 (\$000)
	Investment assets		
	Fixed Interest No 2 Unit Fund	300,341	294,068
	New Zealand Equity Unit Fund	17,422	18,740
	Overseas Equity Unit Fund	52,163	61,117
	Total investment assets	369,926	373,925
	Other assets	4,840	1,807
	Total assets	374,766	375,732
	Less liabilities	(34)	(73)
	Net assets available to pay benefits	374,732	375,659

SUMMARY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025

<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>		2025 (\$000)	2024 (\$000)
	Opening cash brought forward	1,227	1,768
	Net cash flows used in operating activities	(17,144)	(15,026)
	Net cash flows from investing activities	19,988	14,485
	Net increase/(decrease) in cash held	2,844	(541)
	Closing cash carried forward	4,071	1,227

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 26 June 2025; 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 2025

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 2024	4,294
Pensioner change of beneficiary	46
Deaths	(388)
Transfers in from other NPF schemes	57
Closing membership as at 31 March 2025	4,009

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 2025, 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 apportioned on fee per member and fee per transaction bases and are charged to the Scheme as a whole. As at 1 April 2024 and 2025 the scheme administration fees were increased for 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 has not been amended since 25 June 2024, 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 2025.

The Auditor-General is the auditor of National Provident Pension Scheme (the Scheme). The Auditor-General has appointed me, Pam Thompson, 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 2025, 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 2025 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 2025, 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 2025 in our auditor's report dated 26 June 2025. 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.

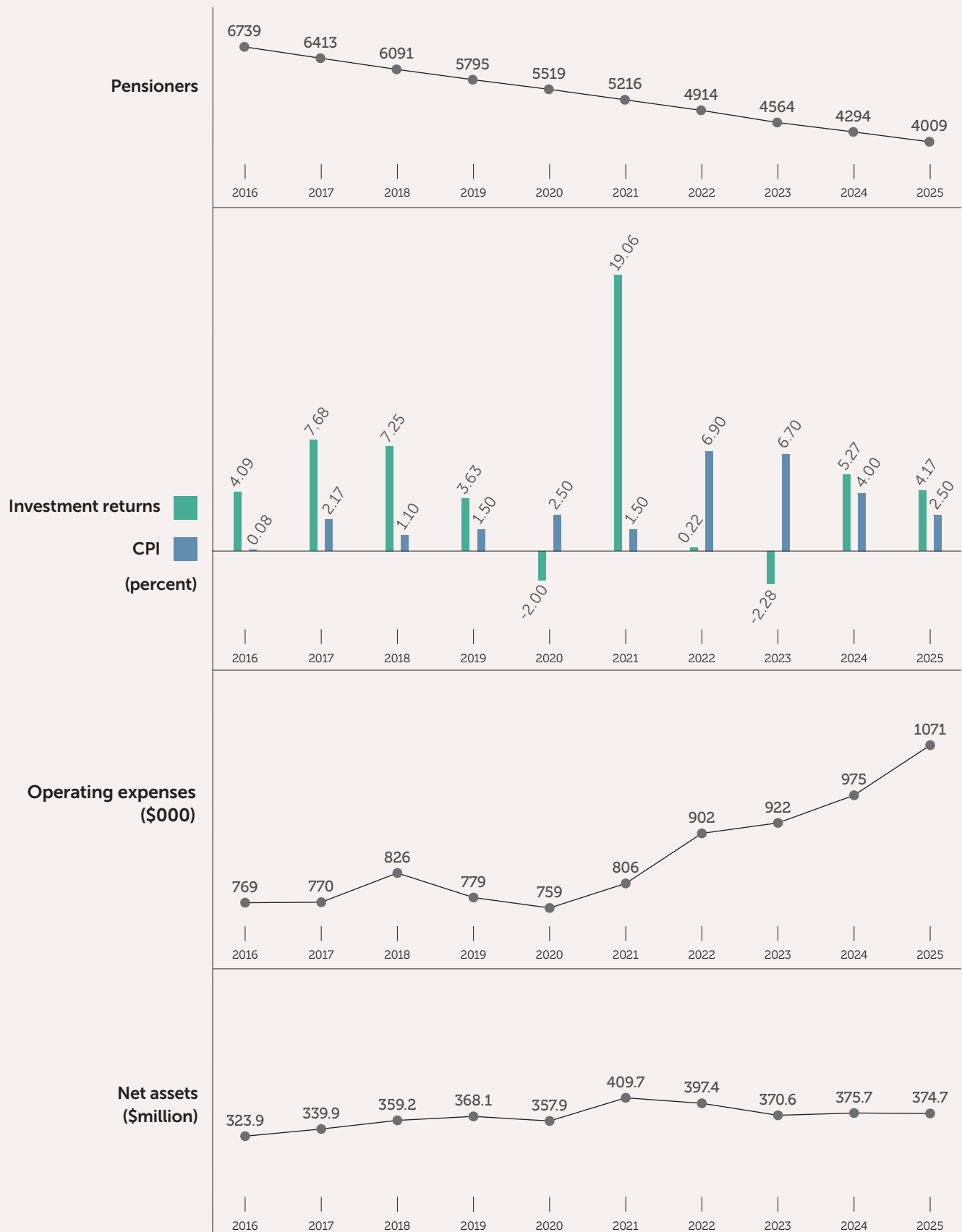
Other than the audit and an assurance engagement for the register of members, we have no relationship with, or interests in, the Scheme.

Pam Thompson

Pam Thompson
for Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand

9 July 2025

10 YEAR COMPARISON



National Provident Pension Scheme (the Scheme)
Statement of Changes in Net Assets
for the year ended 31 March 2025

	Note	2025 (\$'000)	2024 (\$'000)
Investment income			
Income from unit funds	4	15,989	19,743
Interest received		164	154
Total investment income		16,153	19,897
Operating expenses			
Actuarial fees		66	82
Audit fees	6	23	23
Bank fees		3	4
Board member expenses	5	39	37
Management expenses	5	940	829
Total operating expenses		1,071	975
Net income before tax and membership activities		15,082	18,922
Income tax credit	7	254	230
Net income after tax and before membership activities		15,336	19,152
Scheme receipts	1		
Transfers from Contributor Schemes		17,023	18,813
Total scheme receipts		17,023	18,813
Scheme payments			
Pensions paid		33,286	32,894
Total scheme payments		33,286	32,894
Net membership activities		(16,263)	(14,081)
(Decrease)/increase in net assets for the year	10	(927)	5,071
Net assets available to pay benefits at beginning of year		375,659	370,588
Net assets available to pay benefits at end of year		374,732	375,659

The notes to the financial statements on pages 4 to 12 form an integral part of these financial statements

National Provident Pension Scheme (the Scheme)
Statement of Net Assets
as at 31 March 2025

	Note	2025 (\$'000)	2024 (\$'000)
Investment assets at fair value through profit or loss	3		
Fixed Interest No 2 unit fund		300,341	294,068
New Zealand Equity unit fund		17,422	18,740
Overseas Equity unit fund		52,163	61,117
		369,926	373,925
Financial assets at amortised cost			
Cash		4,071	1,227
Other receivables	9	121	122
Receivable from the Global Asset Trust	8	648	64
		4,840	1,413
Other assets			
Deferred Tax Asset	7	-	394
		-	394
Total assets		374,766	375,732
Current liabilities at amortised cost			
Account payable		34	73
Total liabilities		34	73
Net assets available to pay benefits		374,732	375,659

Authorised for issue on 26 June 2025

On behalf of the Board of Trustees of the National Provident Fund.



Louise Edwards
Board Chair



Michelle Tsui
Chair
Audit and Risk Review Committee

National Provident Pension Scheme (the Scheme)
Statement of Cash Flows
for the year ended 31 March 2025

	Note	2025 (\$'000)	2024 (\$'000)
Cash flows from operating activities¹			
Cash was provided from:			
Interest received		164	154
Transfers from Contributors Schemes		17,023	18,813
		17,187	18,967
Cash was applied to:			
Operating expenses		1,041	1,084
Pensions paid		33,290	32,909
		34,331	33,993
Net cash flows used in operating activities	10	(17,144)	(15,026)
Cash flows from investing activities²			
Cash was provided from sale of units in:			
Fixed Interest No 2 unit fund		3,856	3,763
New Zealand Equity unit fund		2,736	928
Overseas Equity unit fund		14,562	10,850
		21,154	15,541
Cash was applied to purchase units in:			
Fixed Interest No 2 unit fund		51	-
New Zealand Equity unit fund		1,105	857
Overseas Equity unit fund		10	199
		1,166	1,056
Net cash flows from investing activities		19,988	14,485
Net increase/(decrease) in cash held		2,844	(541)
Add opening cash brought forward		1,227	1,768
Closing cash carried forward³		4,071	1,227

- 1 Operating Activities: Includes any activities that are the result of normal business activities not classified as investing activities.
- 2 Investing Activities: Comprises acquisition and disposal of units in the GAT.
- 3 Cash: Comprises cash balances held with banks in New Zealand and Australia.

**National Provident Pension Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2025**

1 DESCRIPTION OF THE SCHEME AND FUNDING ARRANGEMENTS

The Scheme was established in accordance with section 17 of the National Provident Fund Restructuring Amendment Act 1997, for the purpose of paying pensions which arise from the membership of the National Provident Fund defined contribution schemes and such other NPF schemes as the Board of Trustees of the National Provident Fund (the Board) may determine from time to time.

The Scheme is deemed to be registered on the register of managed investment schemes under the Financial Markets Conduct Act 2013 (FMCA).

2 RELATED PARTIES

Under the terms of the National Provident Fund Restructuring Act 1990 (the Act), the Board is Trustee of the Scheme. Members of the Board are appointed by the Minister of Finance.

The Board and the Government Superannuation Fund Authority (the Authority) have formed a joint venture company, Annuitas Management Limited (Annuitas). Each organisation has entered into a management services agreement with Annuitas. The costs of running Annuitas are shared between the Board and the Authority on an equitable basis, as agreed between the organisations.

Louise Edwards and Sarah Park are the two Board appointed directors of Annuitas.

The Board is also the Trustee of the Global Asset Trust (the GAT), which holds the assets of all National Provident Fund Schemes. The GAT is divided into separate unit funds, representing various asset classes, which have issued units to the Board, as Trustee of the Scheme, according to the Strategic Asset Allocation Strategy (refer note 3).

There were no transactions between members of the Board or management, as individuals, and the Scheme.

3 STRATEGIC ASSET ALLOCATION (SAA) – INVESTMENT

The Scheme is authorised to invest in the GAT or in bank deposits. The GAT is divided into separate unit funds representing various asset classes.

Investment assets have been designated at fair value through profit or loss upon initial recognition. These are managed and their performance evaluated, on a fair value basis. This is consistent with the Scheme's documented investment strategy. The assets are investments in units in the GAT which, in turn, invest in equities, fixed interest and debt instruments.

The fair value of the units held by the Scheme in the GAT is based on the valuation of the financial instruments held by the GAT. The fair value of these financial instruments is based on exit prices at balance date without any deduction for future selling costs. If an exit price for an instrument is not available on a recognised exchange the fair value is estimated taking into account comparable markets and specialist advice.

National Provident Pension Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2025

3 STRATEGIC ASSET ALLOCATION (SAA) – INVESTMENT (CONTINUED)

The benchmark asset allocations as at 31 March 2025 and at 31 March 2024 are shown below.

	2025 (%)	2024 (%)
Fixed Interest No 2 unit fund	80.0	80.0
New Zealand Equity unit fund	5.0	5.0
Overseas Equity unit fund	15.0	15.0

4 INCOME FROM UNIT FUNDS

Income from unit funds is derived from the changes in fair value of units held by the GAT and reflects both realised and unrealised gains and losses. The income stated is net of expenses (including investment management and custodial fees) directly related to investment activities. The income per unit fund is as follows:

	2025 (\$000)	2024 (\$000)
Fixed Interest No 2 unit fund	10,078	3,801
New Zealand Equity unit fund	313	681
Overseas Equity unit fund	5,598	15,261
Income from unit funds	<u>15,989</u>	<u>19,743</u>

5 MANAGEMENT AND BOARD MEMBER EXPENSES

Management expenses comprise administration fees charged by Datacom Connect Limited, and a share of the expenses of the Board. The Board member expenses are split evenly between the schemes.

6 FEES PAID TO AUDITOR

	2025 (\$000)	2024 (\$000)
Audit of financial statements	21	21
Other assurance engagement – members register	2	2
	<u>23</u>	<u>23</u>

National Provident Pension Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2025

7 INCOME TAX

Income specific to the Scheme is subject to tax at 28%, after allowing for deductible expenses. The income tax reconciliation is as follows:

	2025 (\$000)	2024 (\$000)
Scheme specific income	164	154
Deductible expenses	(1,071)	(975)
Expense election to the GAT under section DV2	907	-
Taxable income	-	(821)
Net income before tax and membership activities	15,082	18,922
Tax at 28%	4,223	5,298
(Non-assessable income)	(4,477)	(5,528)
Income tax credit	(254)	(230)
Represented by:		
Income tax credit on current year (loss)	(254)	(230)
Income tax credit	(254)	(230)
Movements in deferred taxation		
Opening balance	394	228
Prior period adjustment	-	(64)
Current year movement	254	230
Transfer of deductible expenses	(648)	-
Deferred tax asset	-	394

The prior year deferred tax asset was a result of tax losses available to carry forward. The tax losses consisted of surplus deductible expenses which the Scheme has transferred to the GAT under section DV 2 of the Income Tax Act 2007 in the 2025 income year. The GAT is subject to tax at the rate of 28%.

8 RECEIVABLE FROM THE GAT

The 2025 receivable represents the outstanding tax credits, (refer note 7), utilised by the GAT, resulting from the transfer of the Scheme's surplus deductible expenses to the GAT under the Tax Act. The Scheme will realise the receivable by investing in unit funds of the GAT or by settling the units in cash.

9 OTHER RECEIVABLES

Other receivables consist of:

	2025 (\$000)	2024 (\$000)
Management fee refund	77	84
Sundry receivables	44	38
Total other receivables	121	122

National Provident Pension Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2025

**10 RECONCILIATION OF (DECREASE)/INCREASE IN NET ASSETS FOR THE YEAR
TO NET CASH FLOWS USED IN OPERATING ACTIVITIES**

	2025 (\$000)	2024 (\$000)
(Decrease)/increase in net assets for the year	(927)	5,071
Movement in working capital		
Change in accounts payable	(39)	(45)
Change in other receivables	1	(79)
	(38)	(124)
(Less)/add non-cash items		
Movement in receivable from the GAT	(584)	(64)
Movement in deferred tax	394	(166)
	(190)	(230)
Items classified as investing activities		
(Income) from unit funds	(15,989)	(19,743)
	(15,989)	(19,743)
Net cash flows used in operating activities	(17,144)	(15,026)

11 GUARANTEED BENEFITS

Under section 60 of the Act, the benefits payable by the Scheme are guaranteed by the Crown.

**12 ACTUARIAL EXAMINATION AND REVIEW, FUNDING LEVEL AND VESTED
BENEFITS RATIO – 31 MARCH 2025**

12.1 ACTUARIAL EXAMINATION AND REVIEW

Every three years, a statutory actuarial examination of the Scheme is prepared in accordance with the National Provident Fund Restructuring Act 1990 and the Financial Markets Conduct Act 2013 (refer note 13). The most recent actuarial examination was carried out as at 31 March 2024. In addition, an actuarial review of the Scheme is undertaken annually.

The results of the most recent actuarial review of the Scheme, as at 31 March 2025, are set out below for the funding level and vested benefits ratio.

National Provident Pension Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2025

12 ACTUARIAL EXAMINATION AND REVIEW, FUNDING LEVEL AND VESTED BENEFITS RATIO – 31 MARCH 2025 (CONTINUED)

12.2 FUNDING LEVEL AND VESTED BENEFITS RATIO – 31 MARCH 2025

The funding level (funding ratio) of the Scheme is the ratio of the value of net assets available to pay benefits to the value of the total liabilities. For this Scheme, the value of the vested benefits is equal to the value of the liabilities. The funding level and vested benefits calculated by the Actuary, as at 31 March, are shown below.

Funding level and vested benefits	2025 (\$000)	2024 (\$000)
Present value of -		
Liabilities/vested benefits	(348,149)	(339,834)
Net assets	374,732	375,659
Surplus	26,583	35,825
Funding level	107.6%	110.5%

This table should be read in conjunction with note 11.

The most financially significant assumptions are:

- discount rates, which are Sovereign bond yields, adjusted for tax and investment expenses.
- allowance for future administration expenses through to 31 March 2053, equal to a continuation of administration expenses at the rate experienced in the previous year increasing at 2.4% pa, less tax at 28%.
- pensioner mortality assumptions, which are based on the results of recent pensioners' mortality investigations and include an allowance for improving mortality. Compared to 31 March 2024, the mortality assumptions have been reduced for males, as a result of an observed trend of actual deaths resulting in a smaller decrease in liabilities than expected.

13 STATUTORY ACTUARIAL EXAMINATION – 31 MARCH 2024

Under the National Provident Fund Restructuring Act 1990 (the Act) and the Financial Markets Conduct Act 2013, a statutory actuarial examination of the Scheme is required every three years.

The most recent statutory actuarial examination was prepared as at 31 March 2024 by Christine Ormrod FNZSA, the Actuary to the Scheme, and is dated 15 August 2024. It covers the three years 31 March 2021 to 31 March 2024.

The following table shows the summary results of the valuation on the funding basis.

Valuation date	2024	2021
Present value of -	(\$000)	(\$000)
Liabilities	(339,834)	(345,088)
Net assets	375,659	409,734
Surplus	35,825	64,646
Funding level (net assets/total liabilities)	110.5%	118.7%

The ratio of the net assets to the value of total liabilities is known as the funding level. A funding level of 100% indicates a balance between the net assets and liabilities of the Scheme at the date of the valuation. The funding level of the Scheme at 31 March 2024 was 110.5%. This shows that the Scheme had sufficient assets, as at that date, to meet its liabilities under the valuation assumptions. Under section 60 of the Act, the benefits payable by the Scheme are guaranteed by the Crown.

**National Provident Pension Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2025**

13 STATUTORY ACTUARIAL EXAMINATION – 31 MARCH 2024 (CONTINUED)

For this Scheme, the value of vested benefits is equal to the value of the total liabilities and hence the ratio of net assets to the value of vested benefits is the same as the funding level, i.e. 110.5% at 31 March 2024.

If the actuarial assumptions are borne out in practice, then the funding level and vested benefits ratio are expected to increase gradually over the next three years.

The most significant actuarial assumptions used by the Actuary were:

- discount rates, which are Sovereign bond yields, adjusted for tax and investment expenses.
- allowance for future administration expenses through to 31 March 2053, equal to a continuation of administration expenses at the rate experienced in the previous year increasing at 2.4% p.a., less tax at 28%.
- pensioner mortality assumptions, which were based on the results of the 2023 pensioners' mortality investigation and included an allowance for improving mortality.

Recommendations

In the report on the examination the Actuary recommended:

- the Board implement a process to review the projected future expenses of the Scheme on an annual basis, prior to the 31 March valuations, and investigate ways to minimise costs.
- the next statutory actuarial examination be carried out as at 31 March 2027, unless the quarterly reviews of the funding levels indicate an earlier examination is appropriate.

The Actuary did not express an opinion on the financial condition of the Scheme.

The Board accepted the recommendations of the Actuary.

14 FINANCIAL RISK MANAGEMENT

The Scheme invests in units of the GAT based on the SAA determined for the Scheme (see note 3). The unit funds hold quoted equity, fixed interest and debt instruments. These instruments are all measured at fair value.

Under NZ IFRS 13: *Fair Value Measurement* (NZ IFRS 13), disclosures for fair value instruments are required using a three-level fair value hierarchy. These tiers reflect the availability of observable market inputs. The Scheme's investment in units of the GAT is classified as a level 2 investment as the unit prices are based on a net asset valuation derived from either quoted prices for similar assets or unquoted but observable inputs.

The Scheme's major risk in relation to its investment in the GAT is the price risk that the value of its units may fluctuate. Other risks, such as market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk, are managed in the GAT.

More information on the disclosures under NZ IFRS 13 and the risks mentioned above is provided in the financial statements of the GAT. A copy of the financial statements of the GAT can be viewed on the National Provident Fund's website (www.npf.co.nz).

The Board manages the other risks by determining a diversified SAA Strategy appropriate for the Scheme's liabilities. In addition, the Board selects the investment managers, sets their mandates and monitors performance against those mandates.

**National Provident Pension Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2025**

14 FINANCIAL RISK MANAGEMENT (CONTINUED)

The long run investment return for the Scheme after fees and tax is estimated to be 3.8% per annum. The volatility is expected to be 3.2%. This is based on the Scheme's SAA and the long term rate of return for each asset class (after investment management, custody fees and tax), and after deducting a provision for the Scheme's operating expenses (after tax).

15 SUBSEQUENT EVENTS

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

16 SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

16.1 BASIS OF PREPARATION

The financial statements have been prepared under the requirements of clause 29 of the Scheme Trust Deed and in accordance with the FMCA. For a description of the Scheme and its funding arrangements see note 1.

16.2 STATEMENT OF COMPLIANCE

These financial statements comply with the New Zealand Equivalents to IFRS (International Financial Reporting Standards) Accounting Standards (NZ IFRS) and IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board, and other applicable financial reporting standards as appropriate for profit-oriented entities.

16.3 MEASUREMENT BASE

The measurement base adopted is that of historical cost, except for investment assets which are stated at their fair value as set out below.

16.4 PRESENTATION AND FUNCTIONAL CURRENCY

The financial statements are presented in New Zealand dollars, the Scheme's functional currency, rounded to the nearest thousand dollars (\$000).

16.5 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In compliance with NZ IFRS, preparation of the financial statements requires judgements, estimates and assumptions to be made that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

Judgement has been applied in the classification and measurement of financial assets. This policy has a material impact on the amounts disclosed in the financial statements.

**National Provident Pension Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2025**

16 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

16.5 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

There are no material assumptions or major sources of estimation uncertainty that have a material risk of causing material adjustments to the carrying amounts of scheme assets at year end. Asset values are subject to variation due to market fluctuations and volatility (see Notes 14 and 15). Receivables have been valued in accordance with NZ IFRS 9. Under this standard the scheme has adopted the simplified expected credit loss model.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period; or in the period of the revision and future periods, if the revision affects both current and future periods.

16.6 FINANCIAL INSTRUMENTS

Financial instruments include both financial assets and financial liabilities.

Financial assets include receivables from related parties and other receivables (if applicable).

Financial liabilities, measured at amortised cost, include accounts payable and bank overdrafts (if applicable).

16.7 RECOGNITION

The Scheme recognises financial assets and financial liabilities on the date the Scheme becomes a contractual party to the financial instruments.

16.8 MEASUREMENT

Financial assets that are classified at fair value through profit or loss are measured at fair value where all resulting gains or losses are recorded in the Statement of Changes in the Net Assets.

Financial assets and financial liabilities are recorded at amortised cost using the effective interest rate method, less any impairment losses. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the net carrying amount of the financial asset or liability.

16.9 DERECOGNITION

The Scheme derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or the Scheme transfers the financial asset and the transfer qualifies for derecognition. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

16.10 PENSIONS

Pensions are recognised in the Statement of Changes in Net Assets when a request for payment is made.

National Provident Pension Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2025

16 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

16.11 INVESTMENT INCOME RECOGNITION

Interest income is recognised using the effective interest rate of the instrument. Changes in the fair value on GAT unit funds are recognised in the Statement of Changes in Net Assets. Interest income from financial assets classified at fair value through profit or loss, is accrued at balance date. Dividend income is recognised in the Statement of Changes in Net Assets on the ex-dividend date.

16.12 TAXATION

Any income or loss arising from the movement in the fair value of the unit funds of the GAT is received by the Scheme tax paid.

The Scheme takes a responsible and transparent approach to tax which follows the spirit of the law in addition to the pure interpretation of the law.

16.13 STANDARDS ISSUED BUT NOT EFFECTIVE

Certain new accounting standards and interpretations have been issued that are not mandatory for 31 March 2025 reporting periods and have not been adopted early by the Board. None of these standards are likely to have a material impact on the Scheme when they are adopted.

17 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

There have been no changes in accounting policies or disclosures. New standards and interpretations that are mandatory for 31 March 2025 reporting periods have been adopted with no material impact on the financial statements.

National Provident Pension Scheme (the Scheme)
Trustee's Report
for the year ended 31 March 2025

18 OTHER INFORMATION

The Board, as Trustee of the Scheme, provides members with the following information:

18.1 SCHEME MEMBERSHIP

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

	Pensioners
Opening membership as at 1 April 2024	4,294
Pensioner Change of Beneficiary	46
Deaths	(388)
Joins/Rejoins	-
Retirement	-
Transfers in from another NPF scheme	57
Transfer to another NPF scheme	-
Closing membership as at 31 March 2025	4,009

18.2 CONTRIBUTIONS RECEIVED AND BENEFITS PAID

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.

18.3 ADMINISTRATION FEES

Scheme administration fees are apportioned on fee per member and fee per transaction bases and are charged to the Scheme as a whole. As at 1 April 2024 and 2025 scheme administration fees were increased for 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.

18.4 VESTED BENEFITS

The Board, based on the advice of the Actuary, certifies that, as at 31 March 2025, the market value of the net assets of the Scheme exceeded the total value of the vested benefits, under the funding basis (see note 12).

18.5 TRUST DEED

The Scheme Trust Deed has not been amended since 25 June 2024, being the date of the Scheme's last annual report.

**National Provident Pension Scheme (the Scheme)
Trustee's Report
for the year ended 31 March 2025**

18 OTHER INFORMATION (CONTINUED)

18.6 DIRECTORY

Trustee	<p>Board of Trustees of the National Provident Fund Members of the Board are: Louise Edwards (Board Chair) Graham Ansell Tracey Berry Lloyd Kavanagh Michelle Tsui Sarah Park (Deputy Chair)</p>
Administration Manager	Datacom Connect Limited
Investment managers	<p>Fixed Interest Managers Harbour Asset Management Limited</p> <p>New Zealand Equity Managers Devon Funds Management Limited Harbour Asset Management Limited</p> <p>Overseas Equity Managers Arrowstreet Capital, Limited Partnership Lazard Asset Management, LLC (terminated 10 September 2024) Robeco Hong Kong Limited (appointed 26 September 2024) Russell Investment Management Limited (appointed as transition manager 9 September 2024) T. Rowe Price Australia Limited</p> <p>Foreign Exchange Hedging Manager Bank of New Zealand Limited</p>
Actuary	Christine Ormrod, PricewaterhouseCoopers Consulting (New Zealand) LP
Auditor	Pam Thompson, Deloitte Limited (on behalf of the Auditor-General)
Solicitor	DLA Piper New Zealand
Bank	Bank of New Zealand
Custodian	JP Morgan Chase Bank

**National Provident Pension Scheme (the Scheme)
Trustee's Report
for the year ended 31 March 2025**

18 OTHER INFORMATION (CONTINUED)

18.7 CORRESPONDENCE

All correspondence relating to the Scheme should be addressed to:

The Manager
National Provident Fund Administration
Datacom Connect Limited
PO Box 1036
WELLINGTON 6140

OR

The Chief Executive
Annuitas Management Limited
On behalf of the Board of Trustees of the National Provident Fund
PO Box 3390
WELLINGTON 6140

For and on behalf of the Board of Trustees of the National Provident Fund.



Louise Edwards
Board Chair

26 June 2025

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NATIONAL PROVIDENT PENSION SCHEME'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

The Auditor-General is the auditor of National Provident Pension Scheme (the Scheme). The Auditor-General has appointed me, Pam Thompson, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements of the Scheme, on his behalf.

Opinion

We have audited the financial statements of the Scheme on pages 1 to 12, that comprise the Statement of Net Assets as at 31 March 2025, the Statement of Changes in Net Assets and Statement of Cash Flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the Scheme:

- present fairly, in all material respects:
 - its net assets as at 31 March 2025; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to IFRS Accounting Standards ('NZ IFRS') and IFRS Accounting Standards ('IFRS').

Our audit was completed on 26 June 2025. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit 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. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in informing our audit opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the key audit matter

Triennial valuation of the promised retirement liabilities (Note 12 and 13)

In accordance with Section 68(1) of the National Provident Fund Restructuring Act 1990 (the Act), the Board of Trustees of the National Provident Fund is required to obtain an actuarial valuation of the estimated promised retirement liabilities as at dates that are no more than three years apart.

On 15 August 2024, the Scheme obtained a triennial valuation as at 31 March 2024 which estimated liabilities of \$339.8 million, net assets of \$375.6 million and determined a surplus of \$35.8 million.

On 3 June 2025, the Scheme obtained an interim update letter as at 31 March 2025 from its actuary which showed vested benefits of \$348.1 million. This compared to the net assets of \$374.7 million resulting in a Scheme actuarial surplus of \$26.6 million.

The interim update letter uses the triennial valuation as at 31 March 2024 as a base and certain assumptions were updated with available latest information.

The triennial valuation and interim update letter is inherently subjective and is affected by use of assumptions such as:

- The discount rate;
- Allowance for costs and increases in these costs; and
- Pensioner mortality.

As noted in Note 11 under section 60 of the Act, the benefits payable by the Scheme are guaranteed by the Crown.

We have included the triennial valuation of the promised retirement liabilities as a key audit matter due to the significance of the disclosures to the financial statements and the subjectivity of the assumptions inherent in estimating the amount.

Our audit procedures included the following:

- Testing the underlying data provided to the actuary and confirming that these agree to underlying records.
- Evaluating the competence and objectivity and relevant experience of the Scheme's actuary.
- Engaging our internal actuarial specialist to independently understand, challenge and evaluate:
 - The work and findings of the Scheme's actuary.
 - The actuarial methods and assumptions employed, specifically, the discount rate, allowance for costs and increases in these costs, and pensioner mortality.
- Evaluating the related disclosures about the Scheme's vested benefits and promised retirement liabilities, and the risks attached to them which is included in Note 12 and 13 to the Scheme's financial statements.
- Assessing the related disclosures concerning the Scheme's vested benefits guarantee by the Crown to fund benefit payments as they fall due.

Responsibilities of the Board of Trustees for the financial statements

The Board of Trustees are responsible on behalf of the Scheme for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Trustees are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible on behalf of the Scheme for assessing the Scheme's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting, unless the Trustees intend to wind-up the Scheme or to cease operations, or have no realistic alternative but to do so.

The Board of Trustees' responsibilities arise from the Financial Markets Conduct Act 2013 and clause 29 of the Scheme's Trust Deed.

Responsibilities of the auditor 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 carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

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

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Trustees are responsible for the other information. The other information obtained at the date of our report is included on page 13 to 15, but does not include the financial statements, and our auditor's report thereon.

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. In doing so, we 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 our work, 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.

Independence

We are independent of the Scheme in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of 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.

Other than the audit and an assurance engagement for the register of members, we have no relationship with, or interests in, the Scheme.



Pam Thompson, Partner
for Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand

Directory as at 9 July 2025

TRUSTEE

Board of Trustees of the National Provident Fund

BOARD MEMBERS

Louise Edwards – Chair – appointed 1 July 2019 and Chair from 1 July 2024

Sarah Park – Deputy Chair – appointed 1 February 2020 and Deputy Chair from 1 July 2022

Graham Ansell – appointed 12 July 2021

Tracey Berry – appointed 1 July 2022

Lloyd Kavanagh – appointed 1 July 2022

Michelle Tsui – appointed 1 July 2024

Further information on the Board members is provided on our website – www.npf.co.nz.

MANAGEMENT

Tim Mitchell

Chief Executive and Acting Chief Investment Officer

Fiona Morgan

Chief Financial Officer

Hadyn Hunt

Chief Risk Officer

Ireen Muir

General Manager – Schemes

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 report or to enquire about your Scheme membership in general. If you would like to receive a free printed copy of this report or the full financial statements in the mail please contact Datacom.

The Trust Deed and actuarial valuation is available on NPF's website (www.npf.co.nz/members/schemes/). You can also purchase a printed copy of the Trust Deed (\$10) or actuarial valuation (\$10) by contacting Datacom.

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: npf@fundadmin.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 Secretary
Board of Trustees of the National Provident Fund
PO Box 3390, Wellington 6140, or
Level 12, The Todd Building
95 Customhouse Quay
WELLINGTON 6011

Auditor: Pam Thompson, 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.