

Pension Cash Accumulation Scheme

On behalf of the Board of Trustees of the National Provident Fund (the Board), 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 AND WIND UP OF SCHEME

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

The Board resolved, with the approval of the Minister of Finance, to wind up the Pension Cash Accumulation Scheme (the Scheme) on 31 March 2021. For further information on the wind up please refer to the section headed Scheme Wind Up.

INVESTMENT PERFORMANCE

As part of the wind up of the Scheme, the investment assets were realised on 31 March 2021. At 31 March 2021, all the assets were held in cash pending distribution to members by way of transfer to the Pension National Scheme.

The asset class returns (before tax and expenses) up to 31 March 2021 and the comparative performance of the benchmark indices are shown in the table below.

Asset Class	Return	Index
Fixed interest	9.58%	1.39%
Cash	0.57%	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 17.78%. 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.



Pension Cash Accumulation Scheme

EARNINGS RATE

For the year ended 31 March 2021, the earnings rate declared by the Board for the Scheme was 4.0%. In addition, the Board approved a distribution to members from reserves of the Scheme for this same period of 4.61%.

In line with the Board's crediting and reserving policy, the difference between the investment return of 17.78% and the earnings rate plus the distribution of 8.61% has been taken from the reserves of the Scheme. At 31 March 2021 the reserves were 3.3% of contributors' total credits (2020: -3.2%).

WHO INVESTED 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

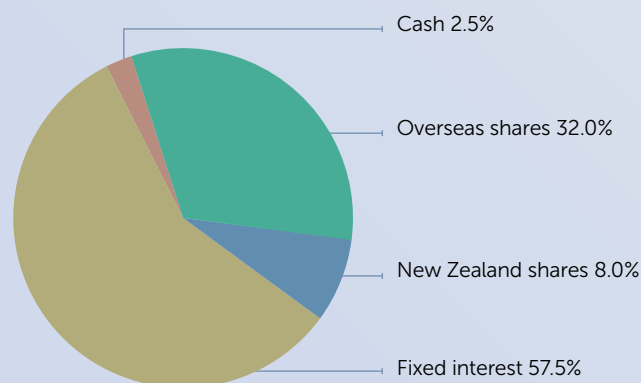
Foreign exchange hedging

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

HOW YOUR MONEY WAS INVESTED

The Scheme's asset allocation strategy is set by the Board. The Scheme's assets were invested in accordance with the Scheme's asset allocation strategy as set out below up until 31 March 2021.

On 31 March 2021 the investment assets of the Scheme were realised and are being held in cash pending distribution to the members by way of transfer to the Pension National Scheme. The pie chart below shows the Scheme's asset allocation strategy effective from 1 May 2018 to 31 March 2021.



The Board's Statement of Investment Policies, Standards and Procedures (**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.

Pension Cash Accumulation Scheme

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

This is a summary of the Scheme's income and expenses, and membership contributions and payments. NPPS refers to the National Provident Pension Scheme.		2021	2020
		(\$000)	(\$000)
	Investment income	2,817	41
	Less operating expenses	(124)	(131)
	Net income/(loss) before tax and membership activities	2,693	(90)
	Add income tax credit	34	33
	Net income/(loss) after tax and before membership activities	2,727	(57)
	Contributions	552	395
	Transfers received	1,296	928
	Less benefit and transfer payments	(515)	(7,379)
	Less transfers to the NPPS	(5,567)	(1,158)
	Net membership activities	(4,234)	(7,214)
	Decrease in liability for accrued benefits	(1,507)	(7,271)

SUMMARY STATEMENT OF NET ASSETS AS AT 31 MARCH 2021

This is a summary of the Scheme's assets and liabilities, as at 31 March 2021. Assets include the Scheme's investments in cash, fixed interest, New Zealand shares and overseas shares plus what the Scheme had in the bank and was owed by others. Liabilities are what the Scheme owed to others. Net assets is the money available to pay future entitlements.		2021	2020
		(\$000)	(\$000)
	Investment assets		
	Cash Unit Fund	-	465
	Fixed Interest Unit Fund	-	10,264
	New Zealand Equity Unit Fund	-	1,228
	Overseas Equity Unit Fund	-	4,700
	Total investment assets	-	16,657
	Other assets	15,982	829
	Total assets	15,982	17,486
	Less liabilities	(28)	(25)
	Net assets available to pay benefits	15,954	17,461
	Represented by:		
	Liability for accrued benefits	15,442	18,030
	Allocated to contributors' total credits	512	(569)
	Unallocated reserves	15,954	17,461

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

This is a summary of the cash flows through the Scheme during the year. Cash was received from: • operating activities (being contributions less benefit, transfer and withdrawal payments and operating expenses); and • investing activities. The difference between the two cash flows is recorded as an increase or decrease in cash held.		2021	2020
		(\$000)	(\$000)
	Opening cash brought forward	774	898
	Net cash flows from operating activities	(4,333)	(7,290)
	Net cash flows from investing activities	19,471	7,166
	Net increase/(decrease) in cash held	15,138	(124)
	Closing cash carried forward	15,912	774

Pension 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 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. Due to the liquidation of the investment assets and winding up of the Scheme, the disruptions are unlikely to affect the 31 March 2021 values in the summary or full financial statements. For the year ended 31 March 2021 the Scheme has recorded a gain from unit funds of \$2.81 million. This compares to a loss of \$0.03 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.

SCHEME WIND UP

The Board resolved, with the approval of the Minister of Finance, to wind up the Scheme on 31 March 2021.

The Scheme trust deed provides that, on wind up, the assets of the Scheme will be realised and the proceeds (less wind up costs) allocated pro-rata to members taking account of their interests in the Scheme – that is, pro-rated by member Total Credit. The amounts so allocated will then be transferred to another registered superannuation scheme which provides for personal pensions payable on the earlier of death, incapacity or age 60. We confirm your interest in the Scheme will be transferred to NPF's Pension National Scheme (Pension National Scheme).

The investment assets held by the Scheme were realised on 31 March 2021 and converted to cash. The cash is being held in the Scheme bank account pending transfer to the Pension National Scheme.

The value of your interest in the Scheme for transfer to the Pension National Scheme will be calculated immediately prior to transfer of the assets to the Pension National Scheme and will include any interest earned from 1 April 2021 to the transfer date (which will be on 30 June 2021) and a share of any reserves held by the Scheme at that date.

TRUSTEE'S REPORT

For the year ended 31 March 2021

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 2020	179
Retirements	(7)
Withdrawals	-
Transfers	(24)
Deaths and disablements	(3)
Joins/rejoins	8
Extinguished liabilities*	(2)
Closing membership as at 31 March 2021	151

* 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 Scheme's provision for extinguished liabilities, together with assets to meet this provision in related to possible reinstatements, were transferred to the Pension National Scheme in March 2021 prior to the wind up 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 Scheme was wound up on 31 March 2021 and so each member was entitled to a pro rata share of the assets of the Scheme on that date. A pro rata share of the assets would be greater than the amount that would have been payable if all the contributors retired on that date.

FEES

Total 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 Pension Cash Accumulation Scheme's summary financial statements for the year ended 31 March 2021.

The Auditor-General is the auditor of Pension 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 2021, 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 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. That report also includes the communication of an emphasis of matter that draws attention to note 17.1 of the full financial statements which explains that subsequent to balance date, the Scheme's assets will be either distributed to members or transferred to Pension National Scheme.

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.

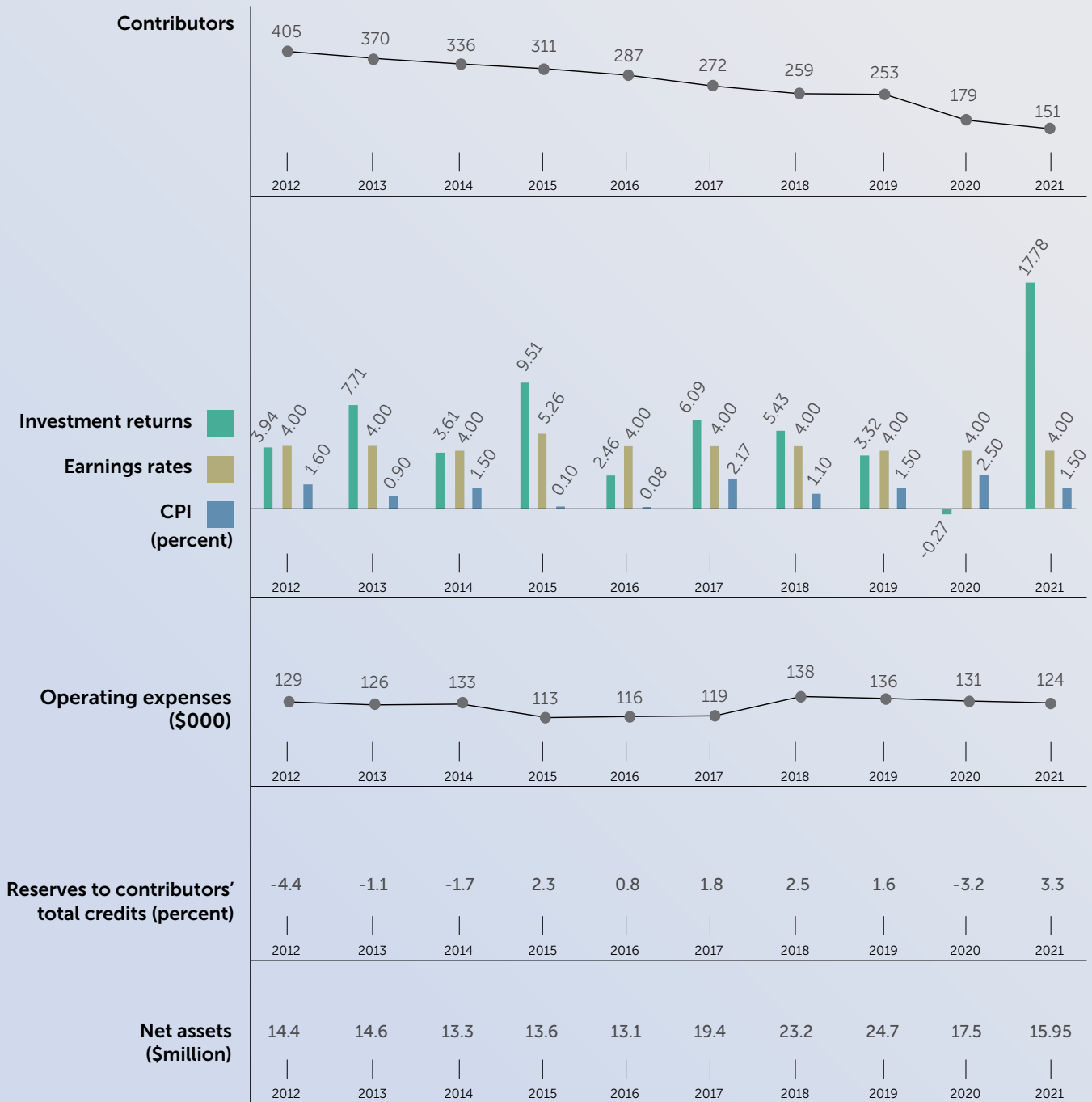


Silvio Bruinsma
for Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand

24 June 2021

Pension Cash Accumulation Scheme

10 YEAR COMPARISON



Pension Cash Accumulation 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.