

Pension National 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 2024. 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 Pension National Scheme is a defined contribution scheme. The benefits payable by your Scheme are guaranteed by the Crown.

LOCKED-IN SECTION

The Locked-in section of the Scheme was created on 1 July 2007 as an alternative to KiwiSaver schemes. The Locked-in section has many of the benefits of KiwiSaver schemes and also has the Crown guarantee and the 4% pa minimum earnings rate. These two features are hallmarks of the NPF defined contribution schemes and are not available with KiwiSaver schemes. Further details are available on our website – www.npf.co.nz.

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)	5.17%	3.80%
New Zealand shares	4.68%	2.75%
Overseas shares	32.45%	26.53%

The investment return (after tax and expenses) earned by the Scheme for the year ended 31 March 2024, was 13.28% (2023: (1.99%)). In dollar terms, this represents an investment gain of \$56.671 million (2023 investment loss: \$8.596 million).

Annual Report for the year ended 31 March 2024

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 2024.

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

This year was generally a good one for financial markets, in particular for the global equities asset class which performed very strongly. Inflation and high interest rates remained key influences on markets throughout the year. While the markets have performed well, getting inflation back to the levels seen before 2022 remains a challenge. The Board continues to monitor the impact of movements in the market, and the implication for investment strategy, on an ongoing basis.

See the 10 year comparison 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 summary financial statements on the following page.

EARNINGS RATE

The earnings rate declared by the Board for the Scheme for the year ended 31 March 2024 was 8.52% on contributors' total credits as at 1 April 2023 and 3.4% on contributions paid during the year. This is in line with the Board's crediting and reserving policy.

As at 31 March 2024 reserves were 4.9% of contributors' total credits (2023: Nil).

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 Managers

Brandywine Global Investment Management, LLC
Pacific Investment Management Company LLC
PGIM, Inc

New Zealand Equity Managers

Devon Funds Management Limited
Harbour Asset Management Limited

Overseas Equity Managers

Arrowstreet Capital, Limited Partnership
Lazard Asset Management, LLC
T. Rowe Price Australia Limited

Foreign Exchange Currency Hedging Manager

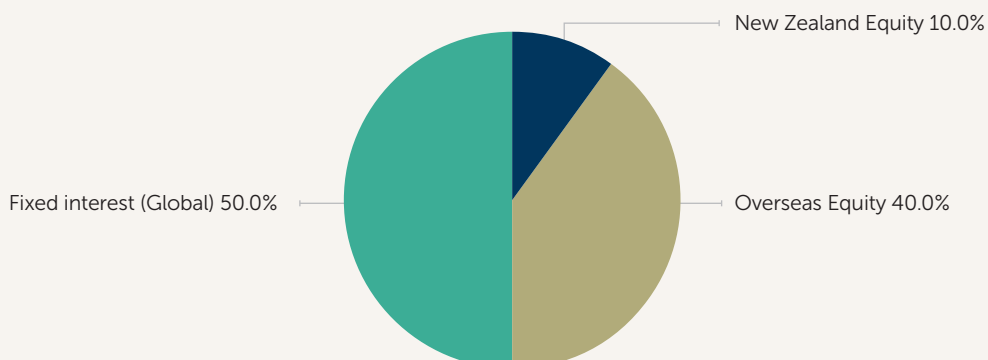
Bank of New Zealand Limited

HOW YOUR MONEY IS INVESTED

The Scheme's asset allocation strategy is set by the Board and reviewed regularly. There was no change to Scheme's asset allocation strategy during the year. The pie chart below shows the Scheme's asset allocation strategy as at 31 March 2023 and 31 March 2024.

The Board's 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.

**Asset Allocation Strategy as at 31 March 2023
(and current as at 31 March 2024)**



SUMMARY STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2024

		2024 (\$000)	2023 (\$000)
This is a summary of the Scheme's income and expenses, and membership contributions and payments.	Investment income/(loss)	56,671	(8,593)
	Less operating expenses	(978)	(949)
	Net income/(loss) before tax and membership activities	55,693	(9,542)
	Income tax credit	229	266
	Net income/(loss) after tax and before membership activities	55,922	(9,276)
	Scheme receipts		
	Scheme receipts – Non Locked-in section:		
	Member contributions	3,135	3,770
	Employer contributions	1,473	1,527
	Scheme receipts – Locked-in section:		
	Member contributions	296	315
	Employer contributions	99	105
	Member tax credits	13	14
	Total Scheme receipts	5,016	5,731
	Other Scheme receipts – Section 72 Claim	84	5,258
	Scheme payments		
	Benefit, withdrawal and transfer payments	(30,085)	(29,785)
	Transfers to the NPPS	(15,612)	(13,232)
	Total Scheme payments	(45,697)	(43,017)
	Net membership activities	(40,597)	(32,028)
	Increase/(Decrease) in liability for accrued benefits	15,325	(41,304)
NPPS refers to the National Provident Pension Scheme.			

SUMMARY STATEMENT OF NET ASSETS AS AT 31 MARCH 2024

		2024 (\$000)	2023 (\$000)
This is a summary of the Scheme's assets and liabilities, as at 31 March 2024.	Investment assets:		
	Fixed Interest Unit Fund	214,574	213,639
	New Zealand Equity Unit Fund	43,195	42,356
	Overseas Equity Unit Fund	194,162	176,102
	Total investment assets	451,931	432,097
	Section 72 claim	84	5,258
	Other assets	4,689	4,066
	Total assets	456,704	441,421
	Less liabilities	(51)	(93)
	Net assets available to pay benefits	456,653	441,328
	Represented by:		
	Liability for accrued benefits		
	Allocated to contributors' total credits	435,323	441,328
	Unallocated reserves	21,330	-
		456,653	441,328
Assets include the Scheme's investments in fixed interest (global), 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.			

SUMMARY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

		2024 (\$000)	2023 (\$000)
This is a summary of the cash flows through the Scheme during the year.	Opening cash brought forward	3,688	1,632
	Net cash flows from operating activities	(36,408)	(37,883)
	Net cash flows from investing activities	36,673	39,939
	Net increase in cash held	265	2,056
	Closing cash carried forward	3,953	3,688
Cash was received from:			
• operating activities (being contributions less benefit and transfer payments and operating expenses); and			
• investing activities.			
The difference between the two cash flows is recorded as an increase or decrease in cash held.			

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 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;
 - authorised for issue and signing by the Board on 25 June 2024; 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 2024

MEMBERSHIP

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

	Contributors		Total
	Non Locked-in Section	Locked-in Section	
Opening membership as at 1 April 2023	1,665	91	1,756
Retirements	(66)	(6)	(72)
Withdrawals			
Transfers	(77)		(77)
Deaths and disablements	(55)		(55)
Joins/rejoins			
Reinstated extinguished liabilities*	51		51
Closing membership as at 31 March 2024	1,518	85	1,603

* 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.

CONTRIBUTIONS AND BENEFIT PAYMENTS

As at 31 March 2024, there were 1,603 members in the Scheme (2023: 1,756), with allocated contributors' total credits of \$456.7 million (2023: \$441.3 million). These numbers include the members of the Locked-in section.

For the Locked-in section – as at 31 March 2024 there were 85 members (2023: 91) with net assets amounting to \$13.4 million (2023: \$12.8 million). During the year, there were 6 retirements from the Locked-in-section, totalling \$839,446.

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 2024 the market value of the net assets of the Scheme was greater than the total value of the vested benefits of the Scheme. The amounts are shown in note 13 to the financial statements.

The Board confirms that, to the best of its knowledge, not more than 10% of the net market value of the Scheme's assets were invested with employers (or associated entities), either directly or indirectly, who are parties to the Scheme.

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 2023 and 2024 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 6 July 2023, 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 Pension National Scheme's Summary Financial Statements for the year ended 31 March 2024.

The Auditor-General is the auditor of Pension National 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 changes in net assets as at 31 March 2024, 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 2024 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 2024, 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 2024 in our auditor's report dated 25 June 2024.

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.

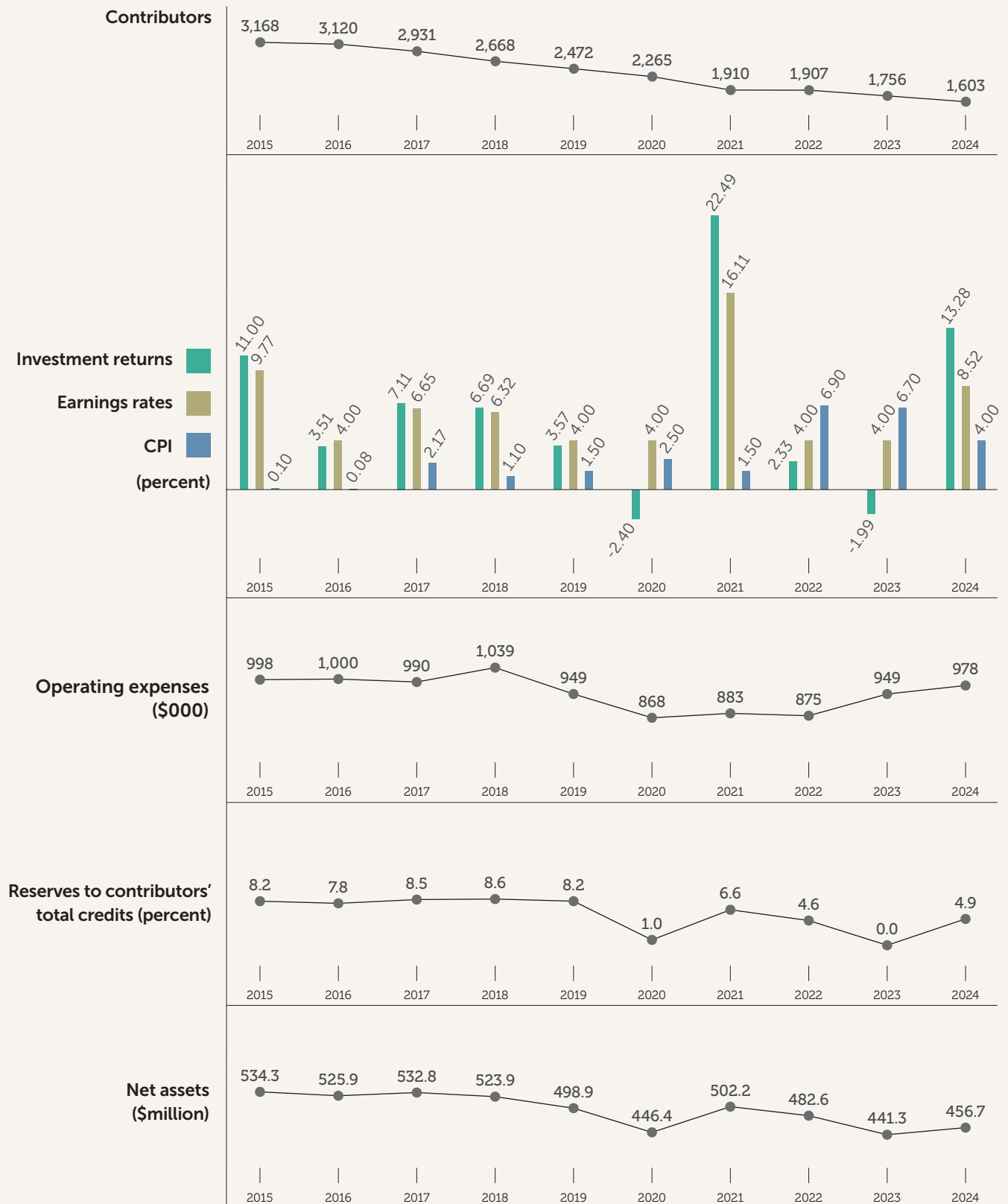
Other than in our capacity as auditor, we have no relationship with, or interests in the Scheme.

Pam Thompson

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

25 June 2024

10 YEAR COMPARISON



Directory as at 25 June 2024

TRUSTEE

Board of Trustees of the National Provident Fund

BOARD MEMBERS

Edward Schuck – Chair – appointed 2015 and Chair from 1 September 2017*

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

Louise Edwards – appointed 1 July 2019

Graham Ansell – appointed 12 July 2021

Tracey Berry – appointed 1 July 2022

Lloyd Kavanagh – appointed 1 July 2022

** Edward Schuck retires from the Board and as Chair on 30 June 2024.*

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

MANAGEMENT

Tim Mitchell
Chief Executive

Fiona Morgan
Chief Financial Officer

Anthony Halls
Chief Investment Officer

Hadyn Hunt
Chief Risk Officer

Ireen Muir
General Manager – Schemes

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: 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.