

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 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 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 (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 (global)	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 5.30% (2024: 13.28%). In dollar terms, this represents an investment gain of \$23.493 million (2024 investment gain: \$56.671 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 global Interest rates were relatively unchanged over the year.

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.

EARNINGS RATE

The earnings rate declared by the Board for the Scheme for the year ended 31 March 2025 was 4.76% on contributors' total credits as at 1 April 2024 and 1.9% on contributions paid during the year. This is in line with the Board's crediting and reserving policy.

As at 31 March 2025 reserves were 5.8% of contributors' total credits (2024: 4.9%).

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

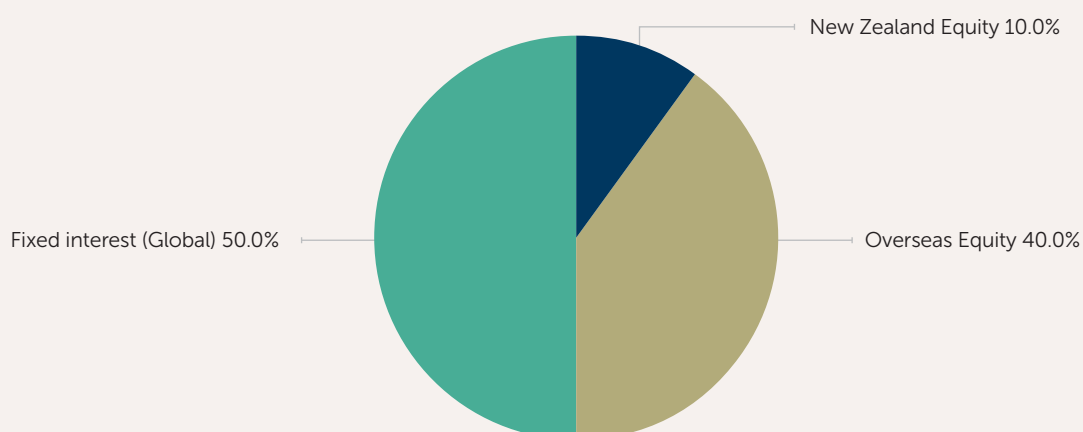
Overseas Equity Managers

Arrowstreet Capital, Limited Partnership
Lazard Asset Management, LLC (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 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 shows the Scheme's asset allocation strategy as at 31 March 2024 and 31 March 2025.

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



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.

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

This is a summary of the Scheme's income and expenses, and membership contributions and payments.		2025 (\$000)	2024 (\$000)
	Investment income	23,493	56,671
	Less operating expenses	(1,093)	(978)
	Net income before tax and membership activities	22,400	55,693
	Income tax credit	268	229
	Net income after tax and before membership activities	22,668	55,922
	Scheme receipts		
	Scheme receipts – Non Locked-in section:		
	Member contributions	2,774	3,135
	Employer contributions	1,219	1,473
	Scheme receipts – Locked-in section:		
	Member contributions	1,200	296
	Employer contributions	91	99
	Member tax credits	12	13
	Total Scheme receipts	5,296	5,016
	Other Scheme receipts – Section 72 Claim	-	84
	Scheme payments		
	Benefit, withdrawal and transfer payments	(47,569)	(30,085)
	Transfers to the NPPS	(14,983)	(15,612)
	Total Scheme payments	(62,552)	(45,697)
	Net membership activities	(57,256)	(40,597)
	(Decrease)/Increase in liability for accrued benefits	(34,588)	15,325
NPPS refers to the National Provident Pension Scheme.			

SUMMARY STATEMENT OF NET ASSETS AS AT 31 MARCH 2025

This is a summary of the Scheme's assets and liabilities, as at 31 March 2025.		2025 (\$000)	2024 (\$000)
	Investment assets:		
	Fixed Interest Unit Fund	236,038	214,574
	New Zealand Equity Unit Fund	41,845	43,195
	Overseas Equity Unit Fund	142,366	194,162
	Total investment assets	420,249	451,931
	Section 72 claim	-	84
	Other assets	1,964	4,689
	Total assets	422,213	456,704
	Less liabilities	(148)	(51)
	Net assets available to pay benefits	422,065	456,653
	Represented by:		
	Liability for accrued benefits		
	Allocated to contributors' total credits	398,851	435,323
	Unallocated reserves	23,214	21,330
		422,065	456,653
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 2025

This is a summary of the cash flows through the Scheme during the year.		2025 (\$000)	2024 (\$000)
	Opening cash brought forward	3,953	3,688
	Net cash flows from operating activities	(57,859)	(36,408)
	Net cash flows from investing activities	55,048	36,673
	Net increase in cash held	(2,811)	265
	Closing cash carried forward	1,142	3,953
Cash was received from:			
<ul style="list-style-type: none"> 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 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

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 2024	1,518	85	1,603
Retirements	(53)	(9)	(62)
Withdrawals	-	-	-
Transfers	(79)	-	(79)
Deaths and disablements	(33)	(1)	(34)
Joins/rejoins	-	-	-
Reinstated extinguished liabilities*	21	-	21
Closing membership as at 31 March 2025	1,374	75	1,449

* 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 2025, there were 1,449 members in the Scheme (2024: 1,603), with allocated contributors' total credits of \$422.1 million (2024: \$456.7 million). These numbers include the members of the Locked-in section.

For the Locked-in section – as at 31 March 2025 there were 75 members (2024: 85) with net assets amounting to \$11.5 million (2024: \$13.4 million). During the year, there were 9 retirements from the Locked-in-section.

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 2025 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 notes 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 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 Pension National Scheme's Summary Financial Statements for the year ended 31 March 2025.

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 2025, 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 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.

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.

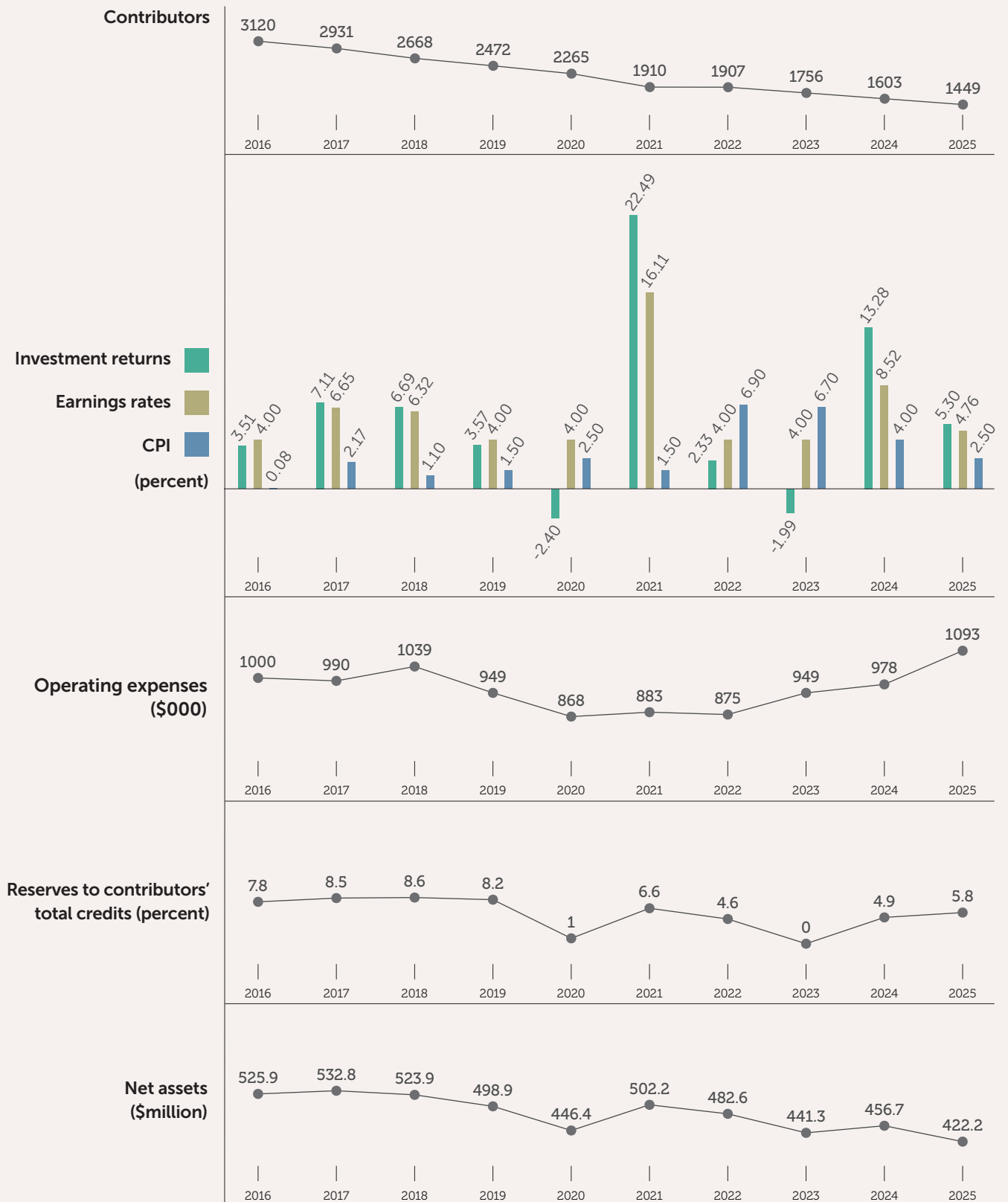
Other than the audit and an assurance engagement for the register of members, we have no relationship with, or interests in, the Scheme.

Pam Thompson

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

9 July 2025

10 YEAR COMPARISON



Pension National 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	23,366	56,507
Interest received		126	161
Other income		1	3
Total investment income		23,493	56,671
Operating expenses			
Actuarial fees		13	9
Audit fees	6	23	23
Bank fees		2	2
Board member expenses	5	40	37
Legal Fees		11	5
Management expenses	5	988	902
Overdraft charges		16	-
Total operating expenses		1,093	978
Net income before tax and membership activities		22,400	55,693
Income tax credit	7	268	229
Net income after tax and before membership activities		22,668	55,922
Scheme receipts	1		
Contributor contributions non locked-in section		2,774	3,135
Employer contributions non locked-in section		1,219	1,473
Contributor contributions locked-in section		1,200	296
Employer contributions locked-in section		91	99
Member tax credits		12	13
Total scheme receipts		5,296	5,016
Other Receipts			
Section 72 Claim	10	-	84
Scheme payments			
Benefits paid		10,752	6,208
Transfers paid to other schemes		36,817	23,877
Transfers to National Provident Pension Scheme		14,983	15,612
Total scheme payments		62,552	45,697
Net membership activities		(57,256)	(40,597)
(Decrease)/increase in liability for accrued benefits	11	(34,588)	15,325

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

Pension National 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		
Units held in:			
Fixed Interest unit fund		236,038	214,574
New Zealand Equity unit fund		41,845	43,195
Overseas Equity unit fund		142,366	194,162
		<u>420,249</u>	<u>451,931</u>
Financial assets at amortised cost			
Cash		1,142	3,953
Contributions receivable - employers		55	143
Other receivables	9	79	97
Receivable from the Global Asset Trust	8	688	91
Section 72 Claim	10	-	84
		<u>1,964</u>	<u>4,368</u>
Other assets			
Deferred Tax Asset	7	-	405
		<u>-</u>	<u>405</u>
Total assets		<u>422,213</u>	<u>456,704</u>
Current liabilities at amortised cost			
Accounts payable		148	51
Total liabilities		<u>148</u>	<u>51</u>
Net assets available to pay benefits		<u>422,065</u>	<u>456,653</u>
Represented by:			
Liability for accrued benefits			
Allocated to contributors' total credits			
Contributor contributions		235,733	258,110
Employer contributions		151,597	163,843
Allocated to contributors' total credits			
Locked-in Section			
Contributor contributions		7,906	9,370
Employer contributions		3,615	4,000
Unallocated reserves	13	23,214	21,330
		<u>422,065</u>	<u>456,653</u>

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

Pension National 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:			
Contributor contributions		4,363	3,520
Employer contributions		1,009	1,408
Interest received		126	161
Member tax credits		13	14
Section 72 claim		84	5,258
		<u>5,595</u>	<u>10,361</u>
Cash was applied to:			
Benefits paid		10,640	6,238
Operating expenses		1,014	1,042
Transfers paid to other schemes		36,817	23,877
Transfers to National Provident Pension Scheme		14,983	15,612
		<u>63,454</u>	<u>46,769</u>
Net cash flows used in operating activities	11	<u>(57,859)</u>	<u>(36,408)</u>
Cash flows from investing activities²			
Cash was provided from sale of units in:			
Fixed Interest unit fund		25,214	6,260
New Zealand Equity unit fund		7,775	710
Overseas Equity unit fund		75,472	29,800
		<u>108,461</u>	<u>36,770</u>
Cash was applied to purchase units in:			
Fixed Interest unit fund		40,081	-
New Zealand Equity unit fund		5,441	93
Overseas Equity unit fund		7,891	4
		<u>53,413</u>	<u>97</u>
Net cash flows from investing activities		<u>55,048</u>	<u>36,673</u>
Net (decrease)/increase in cash held		(2,811)	265
Add opening cash brought forward		<u>3,953</u>	<u>3,688</u>
Closing cash carried forward³		<u><u>1,142</u></u>	<u><u>3,953</u></u>

-
- 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.

**Pension National 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 is a defined contribution scheme, governed by a Trust Deed. The Scheme is registered on the Disclose Register as required by the Financial Markets Conduct Act 2013 (FMCA). With respect to funding arrangements, the Scheme comprises two sections:

- Non locked-in section (existing scheme)
- Locked-in section (complying superannuation fund)

1.1 NON LOCKED-IN SECTION

Under the terms of the Scheme Trust Deed, a contributor makes contributions to the non locked-in section of the Scheme at a rate agreed between the contributor and the employer, provided the rate is not less than 1% of the contributor's basic remuneration, or \$10 per week, whichever is the lesser. An employer's contributions are made to the Scheme, in respect of a contributor, at a rate agreed by the employer with that contributor.

1.2 LOCKED-IN SECTION

For the locked-in section of the Scheme, a contributor had to contribute at least 4% of base salary (before tax and excluding bonuses and allowances), and at least 2% of base salary from 1 April 2009. From 1 April 2013, the minimum employee contribution rate increased to 3%.

Until 1 April 2009, an employer had to also contribute at least 1% net of base salary, increasing to 2% from 1 April 2009. Employer Superannuation Contribution Tax (ESCT) did not apply. From 1 April 2012, ESCT applied to employer contributions and from 1 April 2013 employers were required to contribute 3% of base salaries (including ESCT).

1.3 GENERAL

Each year contributors are credited with an earnings rate, which is not less than 4%.

If a contributor elects to receive a pension, their membership, the liability to pay their pension (including any pension or other benefit contingently payable and any minimum payment) and assets to meet that liability are transferred to the National Provident Pension Scheme.

2 RELATED PARTIES

Under the terms of the National Provident Fund Restructuring Act 1990 (the Act), the Board of Trustees of the National Provident Fund (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.

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

2 RELATED PARTIES (CONTINUED)

The Board is also the Trustee of the Global Asset Trust (the GAT), which holds the assets of all the 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 the members of the Board 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 the exit price for an instrument is not available on a recognised exchange the fair value is estimated taking into account comparable markets and advice from specialised advisories.

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

	2025 (%)	2024 (%)
Fixed Interest unit fund	50.0	50.0
New Zealand Equity unit fund	10.0	10.0
Overseas Equity unit fund	40.0	40.0

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 unit fund	6,597	7,195
New Zealand Equity unit fund	984	1,456
Overseas Equity unit fund	15,785	47,856
Income from unit funds	<u>23,366</u>	<u>56,507</u>

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

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
	23	23

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	126	161
Deductible expenses	(1,082)	(978)
Expense election to the GAT under section DV2	956	-
Taxable income	-	(817)
Net income before tax and membership activities	22,400	55,693
Tax at 28%	6,272	15,594
Less (Non-taxable income)	(6,543)	(15,823)
Add back Non-deductible expenses	3	-
Income tax credit	(268)	(229)
Represented by:		
Income tax credit on current year (loss)	(286)	(229)
Income tax credit	(268)	(229)
Movement in deferred taxation		
Opening balance	405	251
Prior period adjustment	-	(75)
Current year movement	268	229
Transfer of deductible expenses	(673)	-
Deferred tax asset	-	405

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.

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

9 OTHER RECEIVABLES

Other receivables consist of:

	2025 (\$000)	2024 (\$000)
Member tax credits accrued at 31 March	8	10
Management fee refund	71	87
Total other receivables	79	97

The member tax credits, accrued at 31 March 2025, will be claimed from the Inland Revenue as part of a total member tax credit claim for the year ending 30 June 2025.

10 SECTION 72 CLAIM

Section 72 of the Act provides that where any deficiency in the accounts of the Scheme arises from the application of the 4.0% minimum earnings rate, then the Minister shall, at the request of the Board, pay to the Board, as Trustee of the Scheme, such an amount as may be required to meet the deficiency.

No Section 72 claim was made for the year ended 31 March 2025 (2024: \$0.084 million).

11 RECONCILIATION OF INCREASE IN LIABILITY FOR ACCRUED BENEFITS TO NET CASH FLOWS USED IN OPERATING ACTIVITIES

	2025 (\$000)	2024 (\$000)
(Decrease)/increase in liability for accrued benefits	(34,588)	15,325
Movement in working capital		
Change in accounts payable	97	(42)
Change in other receivables	102	5,120
Change in contributions receivable	88	(74)
	287	5,004
Change in non-cash items		
Movement in receivable from the GAT	(597)	(76)
Movement in deferred tax	405	(154)
	(192)	(230)
Items classified as investing activities		
(Income) from unit funds	(23,366)	(56,507)
	(23,366)	(56,507)
Net cash flows used in operating activities	(57,859)	(36,408)

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

12 GUARANTEED BENEFITS

Under section 60 of the Act, the benefits payable by the Scheme are guaranteed by the Crown. The earnings rate each year is determined with reference to the investment return and is not less than 4% per annum as per the Scheme Trust Deed.

13 UNALLOCATED RESERVES

The unallocated reserves are derived from the net income after tax and before membership activities; earnings not allocated to contributors' total credits; and balances of any total credits not transferred or otherwise disbursed, in accordance with the provisions of the Scheme Trust Deed.

Movements in reserves during the year were as follows:

	2025 (\$000)	2024 (\$000)
Reserves at beginning of year	21,330	-
Applied to transfers	32,747	(240)
Extinguished liabilities	(34,135)	124
Net income after tax for the year	22,668	55,922
Applied to exits	(1,363)	(858)
Applied to contributors' total credits	(18,033)	(33,702)
Section 72	-	84
Reserves at end of year	23,214	21,330

Unallocated reserves may be distributed at the discretion of the Board, in accordance with the Scheme Trust Deed, principally for:

- Meeting all or part of contributors' or employers' contributions on an equitable basis.
- Increasing total credits of all contributors on an equitable basis.
- Providing benefits, other than retirement benefits, to all contributors on an equitable basis.
- Providing hardship benefits to contributors or their dependents.
- Paying Scheme expenses.

14 VESTED BENEFITS

The value of vested benefits is the value of the benefits contributors would have been entitled to if they left the Scheme.

As at 31 March 2025, the market value of the net assets of the Scheme was greater than the amount that would have been payable if all members transferred out of the Scheme on that date and was greater than the amount that would have been payable if all contributors left on that date.

	2025 (\$000)	2024 (\$000)
Value of vested benefits	412,409	442,148
Value of net assets	422,065	456,653

This table should be read in conjunction with note 12.

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

15 ACTUARIAL VALUATION – 31 MARCH 2024

The Scheme is a defined contribution scheme. As the Scheme has no pensioners, an actuarial valuation is not required under the FMCA.

The Act does however require an actuarial examination to be undertaken every three years. The last examination was undertaken, as at 31 March 2024, and covered the three years 31 March 2021 to 31 March 2024. The results of the next statutory actuarial examination of the Scheme as at 31 March 2027 will be incorporated in the notes to the Annual Audited Financial Statements for the year ending 31 March 2028.

The Actuary reported that the funding level of the Scheme decreased from 106.6% to 104.9% over the three years to 31 March 2024. The valuation results were:

Valuation date	2024 (\$000)	2021 (\$000)
Present value of -		
Total credits	435,323	471,286
Reserves	21,330	30,930
Net assets	456,653	502,216
Funding level	104.9%	106.6%

16 FINANCIAL RISK MANAGEMENT

The Scheme invests in units of the GAT based on the SAA determined for the Scheme (see note 3). The unit fund holds 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 unit funds 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 appropriate for the Scheme's liabilities. In addition, the Board selects the investment managers, sets their mandates and monitors performance against those mandates.

The long run investment return for the Scheme after fees and tax is estimated to be 3.9% per annum. The volatility is expected to be 6.2%. 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).

The earnings rate each year is determined with reference to the investment return and is not less than 4.0% per annum as per the Scheme Trust Deed.

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

17 SUBSEQUENT EVENTS

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

18 SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

18.1 BASIS OF PREPARATION

The financial statements have been prepared under the requirements of clause 50 of the Scheme Trust Deed and in accordance with the FMCA. For a description of the Scheme and its funding arrangements see note 1.

18.2 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.

18.3 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.

18.4 PRESENTATIONAL AND FUNCTIONAL CURRENCY

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

18.5 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.

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. Investment asset values are subject to variation due to market fluctuations. 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.

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

18 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

18.6 FINANCIAL INSTRUMENTS

Financial instruments include both financial assets and financial liabilities.

Financial assets include balances due from contributors, and receivables from related parties (if applicable).

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

18.7 RECOGNITION

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

18.8 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 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.

18.9 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.

18.10 INVESTMENT INCOME RECOGNITION

Interest income is recognised using the effective interest rate of the instrument. Changes in the fair value of GAT unit funds are recognised in the Statement of Changes in Net Assets. Interest income on 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.

18.11 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's deductible operating expenses are offset against the Scheme's interest received to result in nil assessable income.

Any surplus deductible operating expenses are transferred to the GAT under the Tax Act (refer notes 7 and 8).

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.

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

18 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

18.12 CONTRIBUTIONS

Contributions are recognised in the Statement of Changes in Net Assets when they become receivable.

18.13 BENEFITS

Benefits are recognised in the Statement of Changes in Net Assets when a request for payment is made and all relevant credits for payment has been met.

18.14 ACCRUED BENEFITS

The liability for accrued benefits is the Scheme's present obligation to pay benefits to contributors and beneficiaries. This has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the Scheme's liabilities, as at balance date.

18.15 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.

19 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.

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

20 OTHER INFORMATION

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

20.1 SCHEME MEMBERSHIP

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

	Non Locked-in section	Locked-in section	Total
Opening membership as at 1 April 2024	1,518	85	1,603
Retirements	(53)	(9)	(62)
Transfers	(79)	-	(79)
Deaths and disablements	(33)	(1)	(34)
Reinstated extinguished liabilities*	21	-	21
Closing as at 31 March 2025	1,374	75	1,449

* *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.

As at 31 March 2025 there were 75 members in the locked-in section, with assets amounting to \$11,521,000 (2024: \$13,370,000). During the year to 31 March 2025 there were 9 retirements and 1 death from the locked-in section totalling \$3,765,640.

20.2 CONTRIBUTIONS RECEIVED AND BENEFITS PAID

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.

20.3 VESTED BENEFITS

The Board, based on the advice of the Actuary, certifies as at 31 March 2025, the market value of the net assets of the Scheme exceeded the total value of the vested benefits. The amounts are shown in note 14 to the financial statements.

20.4 INVESTMENT WITH PARTIES TO THE SCHEME

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

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

20 OTHER INFORMATION (CONTINUED)

20.5 EARNINGS RATES

The Scheme's earnings rate declared by the Board for the year ended 31 March 2025 was 4.76%.

20.6 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.

20.7 TRUST DEED

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

20.8 DIRECTORY

Trustee

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)

Administration manager Datacom Connect Limited

Investment managers

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 (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

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

20 OTHER INFORMATION (CONTINUED)

20.8 DIRECTORY (CONTINUED)

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

20.9 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 PENSION NATIONAL SCHEME'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

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 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 material 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

We have determined that there are no key audit matters to communicate in our report.

Responsibilities of the Board of Trustees for the financial statements

The Board of Trustees is 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 50 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.