

AON MASTER TRUST

Financial Statements

For the year ended 31 March 2022

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Independent Auditor's Report

To the members of Aon Master Trust

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Aon Master Trust (the "Scheme") which comprise:

- the statement of net assets as at 31 March 2022;
- the statements of changes in net assets and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Scheme on pages 4 to 17:

- present fairly in all material respects the Scheme's financial position as at 31 March 2022 and its financial performance and cash flows for the year ended on that date; and
- comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Scheme in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

Our firm has also provided other services to the Scheme in relation to the audit of the register. Subject to certain restrictions, partners and employees of our firm may also deal with the Scheme on normal terms within the ordinary course of trading activities of the business of the Scheme. These matters have not impaired our independence as auditor of the Scheme. The firm has no other relationship with, or interest in, the Scheme.



Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole. The materiality for the financial statements as a whole was set at 1% of the Scheme's total assets. We chose the benchmark because, in our view, this is a key measure of the Scheme's performance.



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 in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the members as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the financial statements as a whole and we do not express discrete opinions on separate elements of the financial statements

The key audit matter

How the matter was addressed in our audit

Existence and valuation of investments

The Scheme's portfolio of investments is the most significant asset making over 99% of total assets. These comprise fund-to-fund investments.

The investment portfolio is our most significant area of audit focus due to its materiality in the context of the financial statements as a whole.

Our audit procedures included

- evaluating the control environment in place at the custodian and fund managers by obtaining and reading the reports issued by independent auditors on the design and operation of those controls throughout the period;
- agreeing investment holdings to the confirmation received from the custodian;
- obtaining confirmation of investment funds' unit prices from investment managers; and
- checking the accuracy of fair value levels as disclosed in the financial statements.

We did not identify any material differences from our procedures.



Other information

The Trustee, on behalf of the Scheme, is responsible for the other information included in the entity's Annual Report. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, 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.



Use of this independent auditor's report

This independent auditor's report is made solely to the members as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of the Trustee for the financial statements

The Trustee, on behalf of the Scheme, is responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objective is:

- 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 independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/>

This description forms part of our independent auditor's report.


The engagement partner on the audit resulting in this independent auditor's report is Graeme Edwards.

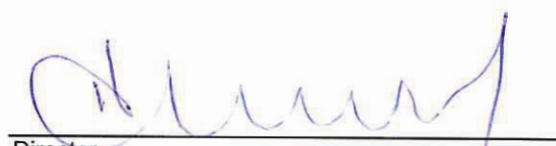
KPMG
Auckland
29 June 2022

AON MASTER TRUST
Statement of Net Assets
As at 31 March 2022

	Note	2022 NZ\$'000	2021 NZ\$'000
ASSETS			
Cash at Bank		451	800
Unsettled Trades		39	16
Investments at Fair Value through Profit or Loss	13	209,683	213,014
Total Assets		210,173	213,830
Less LIABILITIES			
Sundry Creditors	7	(255)	(290)
Benefits Payable	7	-	(1)
PIE Tax Payable		(195)	(2,636)
Total Liabilities		(450)	(2,927)
NET ASSETS AVAILABLE FOR BENEFITS		209,723	210,903
<i>Represented By:</i>			
Member Account	6	208,868	210,386
Reserve Account	6	855	517
Total Liability for Promised Benefits		209,723	210,903

For and on behalf of the Trustee, who authorised the issue of these financial statements on:


 Director


 Director

29 June 2022

29 June 2022

Date

Date

This statement is to be read in conjunction with the accompanying notes on pages 8 to 17.

AON MASTER TRUST
Statement of Changes in Net Assets
For the year ended 31 March 2022

	Note	2022 NZ\$'000	2021 NZ\$'000
INVESTMENT ACTIVITIES			
Gain and (Losses) on Investments at Fair Value	13	5,796	38,560
Dividend Income		593	635
Management Fee Rebates		245	240
Net Investment Gains		6,634	39,435
Other Income	8	146	325
OTHER EXPENSES			
Investment Management Fees		(1,044)	(1,042)
Audit Fees	11	(89)	(76)
Consulting Fees		(148)	(191)
Trustee and Administration Management Fees	12	(971)	(899)
Insurance Premiums		(270)	(290)
General Expenses		(140)	(108)
Total Other Expenses		(2,662)	(2,606)
Change In Net Assets before Membership Activities		4,118	37,154
MEMBERSHIP ACTIVITIES			
Contributions			
Member Contributions		10,256	9,911
Employer Contributions		7,017	6,998
Unallocated Contributions		202	29
Orora / Opal Transfer	15	-	13,423
Switch In		4,515	4,615
Total Contributions		21,990	34,976
Deduct:			
Retirement		(8,113)	(5,257)
Resignation		(6,926)	(5,295)
Retrenchment		(1,528)	(1,850)
Financial Hardships		(53)	(35)
First Home Buyer		(544)	(786)
Death Benefit		-	(628)
Court Order		-	(103)
Withdrawal of Voluntary Contributions		(1,090)	(3,335)
Temporary Permanent Disablement		(92)	(481)
Other Withdrawals		(4,217)	(2,940)
Orora / Opal Transfer	15	-	(15,824)
Switch Out		(4,515)	(4,615)
Member Fees		(129)	(142)
PIE Tax Expense		(81)	(2,840)
Total Withdrawals and Expenses		(27,288)	(44,131)
Net Membership Activities		(5,298)	(9,155)
(Decrease)/Increase in Net Assets During the Year		(1,180)	27,999
Net Assets Available for Benefits at Beginning of Year		210,903	182,904
Net Assets Available for Benefits at End of Year		209,723	210,903

This statement is to be read in conjunction with the accompanying notes on pages 8 to 17.

AON MASTER TRUST
Statement of Cash Flows
For the year ended 31 March 2022

	Note	2022 NZ\$'000	2021 NZ\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash provided from</i>			
Sale of Investments		28,268	31,789
<i>Cash applied to</i>			
Purchase of Investments		(18,818)	(23,104)
Net Cash Flows from Operating Activities	9	9,450	8,685
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Cash provided from</i>			
Member Contributions		10,256	9,911
Employer Contributions		7,017	6,998
Unallocated contributions		203	29
Orora / Opal Transfer	15	-	13,423
Switch In		4,515	4,615
Other Income		147	325
Management Fee Rebates		60	48
		22,198	35,349
<i>Cash applied to</i>			
Retirement		(8,113)	(5,257)
Resignation		(6,926)	(5,391)
Retrenchment		(1,528)	(1,850)
Financial Hardships		(53)	(35)
First Home Buyer		(544)	(786)
Death Benefit		-	(628)
Court Order		-	(103)
Withdrawal of Voluntary Contributions		(1,090)	(3,335)
Temporary Permanent Disablement		(92)	(481)
Other Withdrawals		(4,217)	(2,940)
Orora / Opal Transfer	15	-	(15,824)
Switch Out		(4,515)	(4,615)
Member Fees		(129)	(142)
PIE Tax Expense		(2,522)	(318)
Investment Management Fees		(614)	(626)
Audit Fees		(75)	(74)
Consulting Fees		(184)	(172)
Trustee and Administration Management Fees		(981)	(894)
Group Life Premiums		(270)	(290)
General Expenses		(144)	(114)
		(31,997)	(43,875)
Net Cash Flows used in Financing Activities		(9,799)	(8,526)
Net Increase in Cash Held		(349)	159
Cash at Beginning of Year		800	641
Cash at End of Year		451	800

This statement is to be read in conjunction with the accompanying notes on pages 8 to 17.

AON MASTER TRUST
Notes to the Financial Statements
For the Year Ended 31 March 2022

1. Scheme Description

Aon Master Trust (the "Scheme") is a defined contribution workplace savings scheme established under a trust deed dated 27th September 2012 by Superannuation Management Nominees Limited (the "Trustee"). This trust deed replaced the previous trust deed dated 8th June 2007 and 10th February 2004 as amended, which was a consolidation of earlier trust deeds including the original trust deed dated 1st March 1979.

The trust deed was rescinded and replaced by a new trust deed on 30 November 2016 and then on 28 January 2021. The Scheme is a profit oriented entity.

The Scheme is a reporting entity under the Financial Markets Conduct Act 2013 (the "FMCA"). The Scheme is an issuer for the purposes of the FMCA.

The Trustee was incorporated in New Zealand on 19 December 1983 and is registered under the Companies Act 1993. As at 1 December 2021, Fisher Funds Management Limited ("Fisher Funds") acquired the Scheme by purchasing 100% of the shares of the Trustee. The parent company of the Trustee was previously Aon Holdings New Zealand.

The custodian of the Scheme is Public Trust.

The business address of the Trustee is Level 1 Crown Centre, 67-73 Hurstmere Road, Auckland, New Zealand.

The Scheme comprises of three sections as follows:

The Staff section is open to employees of companies that have elected to provide a retirement savings scheme through the Scheme. This section is not open to members of the public.

The Wholesale section was open to stand alone schemes who wish to invest in investment products offered by the Scheme and is now closed.

The Personal section consists of members who are not members of the Staff section and Wholesale section. The Personal section is closed to new members.

The Scheme provides various investment choices. The financial statements have been prepared at the Scheme level as the liabilities of the individual investment choices are not limited to the assets of each investment choice. Therefore assets of one investment choice could be used to meet the liabilities of another.

Funding Arrangements

Under the trust deed contributions are made by members of the Scheme and their employers. Employer contributions are reduced by employer superannuation contribution tax ("ESCT"). Members may from time to time make additional voluntary contributions to the Scheme.

Retirement Benefits

The retirement benefits are determined by contributions to the Scheme together with investment earnings on these contributions over the period of membership.

Termination Terms

The trust deed sets out the basis on which the Scheme can be terminated.

Changes in the Scheme

There were no trust deed amendments during the year.

2. Basis of Preparation

Statement of Compliance

The financial statements of the Scheme have been prepared in accordance with the trust deed governing the Scheme, the FMCA, and New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). For the purposes of complying with NZ GAAP the entity is a Tier 1 for profit entity. They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

AON MASTER TRUST
Notes to the Financial Statements
For the Year Ended 31 March 2022

2. Basis of Preparation (Continued)

Classification of assets and liabilities

The assets and liabilities are disclosed in the Statement of Net Assets in an order that reflects their relative liquidity.

Measurement Base

The measurement base adopted is that of historical cost modified by the revaluation of investments which are measured at fair value through profit or loss at balance date.

Functional and Presentation Currency

The financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Scheme operates. All financial information presented has been rounded to the nearest thousand dollars.

Reclassification of Comparatives

Certain comparative balances have been reclassified to align with the presentation used in the current financial year. These reclassifications have no impact on the overall financial performance or financial position for the comparative year.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods in the financial statements.

Interest Income

Interest income is recognised in the Statement of Changes in Net Assets using the effective interest method.

Dividend Income

Dividend income from managed funds is recognised in the Statement of Changes in Net Assets when the income has been applied to the Scheme.

Income and Expenses

All income and expenses are accounted for on an accruals basis.

Taxation

The Scheme is a portfolio investment entity ("PIE"). Under the PIE regime detailed in the Income Tax Act 2007, income is effectively taxed in the hands of the members and therefore income tax expense is not recognised by the Scheme. The tax liability arising on income is allocated to members and satisfied by the cancellation of units held in the Scheme. As a consequence, deferred tax is also not recognised.

The amount of tax members pay is based on their prescribed investor rates ("PIR") of 10.50%, 17.50% or 28%.

Financial Instruments

(i) Classification

The Scheme classifies its investments as financial assets at fair value through profit or loss. These financial assets are designated by the Scheme at fair value through profit or loss at inception.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Scheme's documented investment strategy. The Scheme's policy is for the Trustee to evaluate the information about these financial assets on a fair value basis together with other related financial information. The Trustee has determined that all financial assets and financial liabilities of the Scheme are designated at fair value through profit and loss with the exception of cash at bank, unsettled trades and sundry debtors which are recognised as assets at amortised cost and benefits payable and sundry creditors which are classified as liabilities at amortised cost.

(ii) Recognition and Derecognition

The Scheme recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date. Investments are derecognised when the right to receive cash flows from the investments have expired or the Scheme has transferred substantially all risks and rewards of ownership. All realised and unrealised gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised in the Statement of Changes in Net Assets.

(iii) Measurement

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Changes in Net Assets.

Financial assets or financial liabilities not at fair value through profit or loss are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue. Subsequently, these instruments are measured at amortised cost.

AON MASTER TRUST
Notes to the Financial Statements
For the Year Ended 31 March 2022

3. Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

(iii) Measurement (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer a liability take place either:

- In the principal market of the asset or liability.
- In the absence of a principal market of the asset, in the most advantageous market for the asset or liability.
- The principal or most advantageous market must be accessible by the Scheme.

Sundry Debtors

Sundry Debtors do not carry any interest and are short-term in nature and are stated at amortised cost.

Sundry Creditors

Sundry Creditors include liabilities and accrued expenses owing by the Scheme which are unpaid as at balance date. These amounts are unsecured and are usually paid within 30 days at recognition. These financial liabilities are stated at amortised cost. Sundry Creditors are not interest bearing.

Goods and Services Tax ("GST")

The Scheme is not registered for GST and consequently all components of the financial statements are stated inclusive of GST where appropriate.

Transfers In and Transfers Out

Transfers in are recognised in the Statement of Changes in Net Assets when they are received. Transfers out are recognised in the Statement of Changes in Net Assets on accrual basis when they become payable or are paid.

Statement of Cash Flows

The following are definitions of the terms used in the Statement of Cash Flows.

Operating activities - include all transactions and other events that are not financing activities. It includes all acquisition and disposal of investments.

Financing activities - include all transactions related to the members' activities.

Cash at bank includes cash on hand.

Promised Retirement Benefits

The amount held for Promised Retirement Benefits is the Scheme's obligation to pay benefits to members and beneficiaries. It has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the recognised liabilities as at balance date.

Contributions and benefits

Contributions are recognised in the Statement of Changes in Net Assets when they are received. Benefits are recognised in the Statement of Changes in Net Assets when they are payable or are paid.

Capital Risk Management

The Scheme's objectives when managing capital risk are to safeguard its ability to continue as a going concern in order to provide returns to its members and maximise the Scheme members' value.

The Scheme's primary purpose is to ensure that its net assets are sufficient to meet all present and future obligations of the Scheme, as defined by the liability for promised benefits. The Scheme achieves this through obtaining contributions from members and employers and investing these into financial assets.

The capital consists of the Member Account balances and Reserve Account balances at balance date. The Scheme is not subject to any externally imposed capital requirements.

AON MASTER TRUST
Notes to the Financial Statements
For the Year Ended 31 March 2022

3. Summary of Significant Accounting Policies (Continued)

Critical Judgement and Accounting Estimates

The Trustee has applied judgement in selecting the accounting policy to designate financial assets and financial liabilities through profit or loss at inception. This policy has a significant impact on the amounts disclosed in the financial statements. It is possible to determine the fair values of all financial assets as unit prices from investment managers are readily available. Therefore there are no material assumptions or major sources of estimation uncertainty that have a significant risk of making material adjustments to the carrying amounts of assets and liabilities at year end. However as with all investments their value is subject to variation due to market fluctuations. For the purposes of the fair value hierarchy of financial assets at fair value through profit or loss, the Trustee applies judgement as to what constitutes observable prices in an active market. For further details please refer to Note 13 (Investments at fair value through profit or loss).

Standards, amendments and interpretations to existing standards that are effective and have been adopted by the Scheme
There are no new standards relevant to the Scheme that were issued and adopted during the year.

4. Vested Benefits

Vested Benefits are benefits payable to members or beneficiaries, under the conditions of the trust deed, on the basis of all members ceasing to be members of the Scheme at balance date.

2022	2021
NZ\$'000	NZ\$'000
205,113	206,690

5. Reserve Account

Pursuant to the Trust Deed, the Trustee shall establish a Reserve Account in respect of each employer and the members deriving membership through such employer which shall be credited with the following:

- any amount not paid to a member upon ceasing employment with the employer;
- any unclaimed benefit;
- any unallocated funds transferred in from another superannuation scheme;
- the Reserve Account's share of the Scheme's earnings or loss;
- any profit share or other interest allocated by the Scheme's investment manager and not otherwise allocated to members' accounts.

The Reserve Account in respect of each employer and the members deriving membership through such employer may be used at the direction of the employer in any one or more of the following ways for the benefit of those members:

- in payment of all or part of the contributions of all members of the Scheme on an equitable basis;
- in payment of all or part of the employers' contributions to the Scheme;
- in payment of the expenses of the Scheme;
- in increasing the employer accounts of all members on an equitable basis;
- in providing benefits other than retirement benefits for all members of the Scheme on an equitable basis;
- in providing personal benefits for members or their dependants in cases of hardship;
- in such other manner as is permitted from time to time.

6. Liability for Promised Retirement Benefits

Changes in Promised Retirement Benefits:

	2022			2021		
	Member Account NZ\$'000	Reserve Account NZ\$'000	Total NZ\$'000	Member Account NZ\$'000	Reserve Account NZ\$'000	Total NZ\$'000
Balance 1 April	210,386	517	210,903	182,547	357	182,904
Contributions received	21,712	278	21,990	34,648	328	34,976
Withdrawals and transfers out	(26,973)	(105)	(27,078)	(40,986)	(163)	(41,149)
Expenses allocated	(2,752)	(39)	(2,791)	(2,682)	(66)	(2,748)
Net income received	6,495	205	6,699	36,859	61	36,920
Balance 31 March	208,868	856	209,723	210,386	517	210,903

Liability for Promised Retirement Benefits is maintained through Member Accounts and Reserve Accounts (details in note 5).

Member Account means an account maintained in respect of each member which shall be credited with the amounts of contributions and transfer of funds, transfers from the Reserve Account if any, credited interest and shall be debited with benefits payable, any payment made to the member and transfers to the Reserve Account if any.

AON MASTER TRUST
Notes to the Financial Statements
For the Year Ended 31 March 2022

7. Sundry Creditors and Benefits Payable

Trustee and administration management fees payable
Audit fees payable
Investment consulting fees payable
General expenses payable
Investment management fees payable
Benefits payable

2022	2021
NZ\$'000	NZ\$'000
74	83
85	71
18	54
16	18
62	64
-	1
255	291

8. Other Income

Rebates received
Group life claims

2022	2021
NZ\$'000	NZ\$'000
41	9
105	316
146	325

9. Reconciliation of Decrease/(Increase) in Net Assets to Net Cash Flows from Operating Activities

Decrease/(increase) in Net Assets During the Year

Cash flows from financing activities

Cash provided from financing activities
Cash applied to financing activities

Movements in other working capital items

(Increase)/decrease in unsettled trades
Decrease/(increase) in investments
Decrease in payables
(Decrease)/increase in PIE tax payable

Net Cash flows provided from operating activities

2022	2021
NZ\$'000	NZ\$'000
(1,180)	27,999
(22,196)	(35,349)
31,995	43,875
(23)	142
3,331	(30,432)
(36)	(73)
(2,441)	2,523
9,450	8,685

AON MASTER TRUST
Notes to the Financial Statements
For the Year Ended 31 March 2022

10. Financial risk management

The Scheme utilises a number of financial instruments in the course of its normal investing activities. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 3.

The Trustee has approved a statement of investment policy and objectives ("SIPO") which establishes investment portfolio objectives and target asset allocations. Performance against these targets is reviewed at least quarterly by the Trustee and asset reallocations undertaken as required.

Financial Instruments by Category

Financial assets at fair value through profit or loss

Investments at fair value through profit or loss

Financial assets at amortised cost

Cash at bank

Unsettled Trades

Total financial assets

Financial liabilities at amortised cost

Payables

Total financial liabilities

	2022 NZ\$'000	2021 NZ\$'000
Investments at fair value through profit or loss	209,683	213,014
Cash at bank	451	800
Unsettled Trades	39	16
Total financial assets	210,173	213,830
Payables	255	291
Total financial liabilities	255	291

The Scheme's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Scheme's financial performance.

Liquidity risk

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due. The Scheme's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Scheme's reputation.

The Scheme's trust deed provides for the payment of benefits and it is therefore exposed to the liquidity risk of meeting members' withdrawals at any time.

The Scheme's investments are considered to be readily realisable. Financial liabilities of the Scheme consist of payables. Payables are typically settled within 30 days. Net assets available for benefits are payable on demand, providing certain Scheme withdrawal conditions are satisfied.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially expose the Scheme to credit risk consist of cash and short term deposits, receivables and investments in unitised products. The maximum exposure to credit risk is the carrying value of these financial instruments.

The Trustee, in conjunction with the investment consultant, manages and monitors credit risk by agreeing on target asset allocations for each investment fund and by diversifying the Scheme's investment portfolio over a range of investment products. The Trustee performs due diligence over all fund managers before appointment and uses the services of an investment consultant to alert them to any potential or actual risks associated with the fund managers.

AON MASTER TRUST
Notes to the Financial Statements
For the Year Ended 31 March 2022

10. Financial risk management (Continued)

Climate risk

Climate change, an urgent and critical global challenge, poses systemic risks to financial markets due to the physical impact of climate change alongside risks associated with the transition to a more sustainable global economy. The Trustee, and its investment consultant, believes climate risk along with other environmental, social and governance ("ESG") factors impact risk management and long-term value creation. Therefore, the Trustee and its investment consultant integrate material ESG risk factors into their investment research and decision-making.

The Trustee, with the assistance of the investment consultant, is assessing evidence that fund managers demonstrate awareness of potentially financially material ESG risks in their investment strategies and are incorporating appropriate processes to identify, evaluate and potentially mitigate these risks across portfolios. Fund managers' ESG reporting, including carbon metrics and the development of climate-related disclosure frameworks, is being monitored and the underlying fund managers are being engaged with to encourage constructive developments in ESG practices.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Due to the unitised nature of the investments it is not practical to determine the look through sensitivity of the unit price to changes in foreign exchange rates or interest rates. The investments are managed by ANZ New Zealand Investments Limited, Milford Funds Limited, Russell Investment Group Limited and Nikko Asset Management New Zealand Limited. Risk management activities are undertaken by the Scheme's fund managers to operate within the guidelines provided by the Trustee.

The Trustee uses the services of an investment consultant to alert it to any actual or potential risks associated with the fund manager or their products.

a) Currency risk: Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Scheme is indirectly exposed to currency risk in that future currency movements will affect the valuation of investments in unitised products which invest in foreign currency denominated investments. Risk management activities are undertaken by the Scheme's fund managers to operate within the guidelines provided by the Trustee.

The Trustee in conjunction with the investment consultant monitors currency risk by receiving reports from all fund managers which are reviewed and assessed against relevant asset allocation profiles and performance targets.

b) Interest rate risk: Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Scheme is indirectly exposed to interest rate risk in that future interest rate movements will indirectly affect the valuation of investments in unitised products which invest in cash and fixed interest investments. The Scheme has direct exposure to interest rate risk on its cash holdings, but this is not material due to the levels of cash held at balance date.

The Scheme's interest rate risk is monitored on a daily basis by the fund managers in accordance with the policies and procedures in place including monitoring of exposure to interest rates and assessment of actual interest rates against the relevant benchmarks. The Trustee monitors interest rate risk on a regular basis by monitoring the asset allocation and performance against relevant asset allocation profiles and performance targets.

c) Other price risk: Other price risk is the risk that the value of the Scheme's investments will increase or decrease due to a change in the unit prices of its investments. The Scheme is exposed to other price risk through its investment in unitised products. The Scheme is indirectly exposed to underlying equities. The investment managers track these underlying equities on a daily basis through appropriate monitoring of the market conditions and analysis against benchmark returns.

The Trustee, in consultation with its investment consultant, monitors the performance of the funds against performance objectives set out in the SIPO. A rigorous quarterly performance analysis is carried out in accordance with the SIPO. In monitoring the performance of the funds, the Trustee notes that the value of the Scheme's assets dropped during the first quarter of 2022. This was mostly driven by a significant sell-off in many investment markets around the globe, inflation concerns and the Ukraine war outbreak.

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10. Financial risk management (Continued)

Market risk (Continued)

Sensitivity analysis - other price risk

The following table shows the impact on the Scheme's Net Assets under two scenarios - a 15% decrease in the unit prices of the Scheme's investment funds and a 15% increase in the unit prices of the Scheme's investment funds.

Fund	A 15% decrease in the unit price of the Scheme's investment funds		A 15% increase in the unit price of the Scheme's investment funds	
	2022 NZ\$'000	2021 NZ\$'000	2022 NZ\$'000	2021 NZ\$'000
Milford Active Growth Wholesale	(3,057)	(2,796)	3,057	2,796
Nikko Cash	(375)	(423)	375	423
Nikko Conservative	(171)	(179)	171	179
Nikko Balanced	(997)	(1,012)	997	1,012
Nikko Growth	(609)	(565)	609	565
ANZ Cash	(2,319)	(2,348)	2,319	2,348
ANZ Capital Stable	(295)	(305)	295	305
ANZ Conservative	(3,026)	(3,031)	3,026	3,031
ANZ Balanced	(13,381)	(13,894)	13,381	13,894
ANZ Growth	(3,033)	(2,901)	3,033	2,901
ANZ NZ Bond	(52)	(62)	52	62
ANZ Overseas Bond	(121)	(164)	121	164
ANZ Australasian Shares	(49)	(56)	49	56
ANZ International Shares	(241)	(252)	241	252
ANZ Australasian Property	(9)	(9)	9	9
Russell LifePoints® Conservative	(367)	(426)	367	426
Russell LifePoints® Moderate	(445)	(543)	445	543
Russell LifePoints® Balanced	(1,033)	(1,097)	1,033	1,097
Russell LifePoints® Growth	(845)	(828)	845	828
Russell LifePoints® 2015	(94)	(103)	94	103
Russell LifePoints® 2025	(338)	(420)	338	420
Russell LifePoints® 2035	(298)	(289)	298	289
Russell LifePoints® 2045	(297)	(249)	297	249
Aon Master Trust	(31,452)	(31,952)	31,452	31,952

Counterparty risk and risks relating to the performance of parties involved in the Scheme

Counterparty risk is the risk that a party to a contract with the Scheme defaults, fails to complete a transaction, or otherwise becomes unable to meet its financial obligations.

In addition, various parties are involved in the operation of the Scheme which are the Trustee and fund managers. Decisions made by either one of the parties are based upon a range of variables which by their nature are prospective. Therefore, there is a risk that such decisions will not always have good results for members.

The risk is managed by requiring the supervision of various parties. The Trustee monitors the investment performance regularly. The Trustee receives the various reports in detail on a quarterly basis.

11. Auditors' Remuneration - Audit Fees

KPMG - audit of financial statements
KPMG - audit of members' registry
KPMG - additional services
Grant Thornton - anti-money laundering/combating the financing of terrorism audit

	2022 NZ\$'000	2021 NZ\$'000
KPMG - audit of financial statements	65	60
KPMG - audit of members' registry	12	11
KPMG - additional services	8	-
Grant Thornton - anti-money laundering/combating the financing of terrorism audit	4	5
	89	76

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12. Related Parties

As at 31 March 2022 the related parties are the Trustee (Superannuation Management Nominees Limited) and the directors of the Trustee, Fisher Funds (as Investment Manager, Administration Manager and Consultant), and Aon New Zealand (as Investment Manager, Administration Manager and Consultant prior to the acquisition of the Scheme by Fisher Funds and as provider of certain administration, investment and consulting services to the Scheme since the acquisition). In addition, Russell Investment Group Limited ("Russell"), one of the underlying investment managers, has been a related party since the acquisition as Russell and the Trustee have a common shareholding. All participating employers are also related parties.

The Scheme pays administration, consulting and trustee and administration management fees to Fisher Funds (previously Aon New Zealand). The administration, consulting and trustee and administration management fees charged to the Statement of Changes in Net Assets for the current year was \$1,229,135 (2021: \$1,156,000). Payables at year end were investment consulting fees of \$12,436 (2021: \$23,000), actuarial consulting fee \$Nil (2021: \$26,000) and trustee and administration management fees of \$74,177 (2021: \$76,000).

The following Russell investments at fair value through profit or loss at 31 March 2022 and related party transactions during the year were:

	2022
	\$
Investments at Fair Value through Profit or Loss	24,779,503
Contributions	3,395,074
Withdrawals	(4,915,321)
Losses on Investments at Fair Value	(510,275)
Dividend Income	548,630
Investment Management Fees	(219,767)
Management Fee Rebates	119,214

Outstanding balances at balance date are unsecured, interest free and settlement will occur in cash. No related party debts have been written off or forgiven during either the current or prior year.

The Scheme does not have any employees. Key management personnel include the directors of the Trustee (including a licensed independent trustee). The licensed independent trustee was paid \$30,475 during the year (2021: \$30,475). Payable at year end was \$7,619 (2021: \$7,619). The other director fees charged to the Scheme during the year were \$23,000 (2021: \$23,000). Payable at year end was \$Nil (2021: \$Nil).

As at 31 March 2022 there were no directors of the Trustee who were members of the Scheme (2021: Nil).

The Scheme does not hold direct investments in any of the employer companies or any of its related parties. The Scheme received contributions from the participating employers during the year of \$7,017,000 (2021: \$6,998,000).

13. Investments at Fair Value through Profit or Loss

The Scheme classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Valuation techniques using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Valuation techniques using inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement. Assessing the significance of a particular input to the fair value measurement requires judgement, considering factors specific to the asset or liability. The determination of what constitutes "observable in an active market" requires significant judgement by the Trustee. The Trustee considers "observable in an active market" to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market, based on which the Trustee believes the Scheme's investments should be classified as level 2 investments.

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13. Investments at Fair Value through Profit or Loss (Continued)

The following table analyses the Scheme's financial assets within the fair value hierarchy at Level 2.

	2022	2021
	NZ\$'000	NZ\$'000
Fair Value Measurements	Level 2	Level 2
<u>Unitised Investment Funds</u>		
Milford Active Growth Wholesale	20,384	18,641
Nikko Cash	2,499	2,823
Nikko Conservative	1,140	1,195
Nikko Balanced	6,644	6,747
Nikko Growth	4,062	3,767
ANZ Cash	15,459	15,656
ANZ Capital Stable	1,964	2,036
ANZ Conservative	20,170	20,208
ANZ Balanced	89,215	92,626
ANZ Growth	20,219	19,338
ANZ NZ Bond	349	409
ANZ Overseas Bond	807	1,093
ANZ Australasian Shares	326	376
ANZ International Shares	1,607	1,678
ANZ Australasian Property	58	60
Russell LifePoints® Conservative	2,448	2,842
Russell LifePoints® Moderate	2,967	3,619
Russell LifePoints® Balanced	6,885	7,312
Russell LifePoints® Growth	5,632	5,518
Russell LifePoints® 2015	627	687
Russell LifePoints® 2025	2,251	2,797
Russell LifePoints® 2035	1,989	1,929
Russell LifePoints® 2045	1,981	1,657
Total	209,683	213,014

There were no transfers between levels during the year (2021: Nil).

The Scheme invests in managed funds, which are not directly quoted in active markets. The fair value is based upon unit prices calculated by the manager of the fund.

The unit price is based upon a net asset valuation using observable inputs of quoted security prices in active share markets and/or interest rates or yield curves which are observable at specific time intervals. The net asset valuation of the fund may also include securities or derivatives which have inputs such as foreign exchange spot and forward rates and interest rate curves derived from quoted bond prices. The net asset valuation may also have adjustments to reflect fees associated with the fund.

For unit prices, significant inputs into the calculation are market observable and are included within Level 2.

Due to the nature of unitised investments it is not possible to determine if a single underlying investment exceeds 5% of the Scheme's net assets of any class or type of security. Please refer to the table on page 16 for details of investments held by the Scheme as at year-end.

Gains and (Losses) on Investments at Fair Value

	2022	2021
	NZ\$'000	NZ\$'000
Milford Active Growth Wholesale	1,424	4,859
Nikko Cash	(3)	26
Nikko Conservative	(33)	52
Nikko Balanced	(44)	1,615
Nikko Growth	(19)	907
ANZ Cash	124	215
ANZ Capital Stable	(58)	48
ANZ Conservative	(12)	1,661
ANZ Balanced	3,737	19,513
ANZ Growth	1,169	4,702
ANZ NZ Bond	(25)	9
ANZ Overseas Bond	(38)	56
ANZ Australasian Shares	(13)	87
ANZ International Shares	97	554
ANZ Australasian Property	-	16
Russell LifePoints® Conservative	(146)	243
Russell LifePoints® Moderate	(96)	484
Russell LifePoints® Balanced	(73)	1,328
Russell LifePoints® Growth	4	1,161
Russell LifePoints® 2015	(34)	57
Russell LifePoints® 2025	(89)	290
Russell LifePoints® 2035	(49)	323
Russell LifePoints® 2045	(27)	354
Total Gains and (Losses) on Investments	5,796	38,560

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14. Commitments and Contingent Liabilities

There were no commitments or contingent liabilities outstanding as at 31 March 2022 (2021: Nil).

15. Orora / Opal Transfer

On 1 May 2020 Opal Packaging New Zealand Limited joined the Scheme as an employer of the Staff section. With the introduction of the new employer, 139 members transferred their membership and account balances from the Orora Plan to the Opal Packaging Plan.

16. Events after Balance Date

As at 30 June 2022, Lifetime Asset Management Limited intends to acquire the Scheme by purchasing 100% of the shares of the Trustee. There were no other subsequent events which require additional adjustment or disclosure in the financial statements (2021: Nil).