

# **MFL MUTUAL FUND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2025**

## **CONTENTS**

### **Financial Statements**

Statement of Changes in Net Assets	2
Statement of Cash Flows	3
Statement of Net Assets	3
Notes to the Financial Statements	4
Independent Auditor's Report	13

## STATEMENT OF CHANGES IN NET ASSETS

For the year ended 30 June

	Note	2025 \$000	2024 \$000
<b>Investment Activities</b>			
<b>Income</b>			
Dividend and distribution income		8,589	9,545
Interest income		215	222
<i>Net fair value changes</i>			
Unitised funds managed by the Manager		7,793	8,201
Other investments		28,541	(15,812)
<b>Total income/(loss)</b>		<b>45,138</b>	<b>2,156</b>
<b>Expenses</b>			
Management fees	8	2,832	3,052
Trustee Directors' fees	8	177	170
Auditor's fee - statutory financial statements	8	11	9
Auditor's fee - registry audit, service organisation controls reporting and trustee custodial controls reporting	8	14	47
Manager's other costs	8	191	85
Interest expense	8	1	-
Other expenses		3	12
<b>Total expenses</b>		<b>3,229</b>	<b>3,375</b>
<b>Net profit/(loss)</b>		<b>41,909</b>	<b>(1,219)</b>
<b>Membership Activities</b>			
Contributions from members		3,294	3,230
Contributions from PIE tax received		207	177
Withdrawals for death		(7,586)	(8,922)
Withdrawals for hardship		(161)	(172)
Withdrawals for permanent emigration		(349)	(244)
Withdrawals for serious illness		(86)	(153)
Withdrawals for retirement		(40,100)	(35,449)
Withdrawals for partial retirement		(11,631)	(12,034)
Partial withdrawals by members		-	(5)
Full withdrawals by members		-	(30)
Withdrawals for PIE tax paid		(159)	(309)
<b>Net membership activities</b>		<b>(56,571)</b>	<b>(53,911)</b>
<b>Benefits accrued to members' accounts</b>		<b>(14,662)</b>	<b>(55,130)</b>
Members' funds at the beginning of the year		375,179	430,309
<b>Members' funds at the end of the year</b>		<b>360,517</b>	<b>375,179</b>

The notes to the financial statements form part of and should be read in conjunction with these financial statements.

## STATEMENT OF CASH FLOWS

For the year ended 30 June	2025 \$000	2024 \$000
<b>Cash flows from operating activities</b>		
Net profit/(loss)	41,909	(1,219)
<i>Movement in operating balances</i>		
Investment assets	13,263	54,784
Security settlements receivable	(364)	1,406
Dividends and distribution receivable	163	462
Investment liabilities	(549)	378
Security settlements payable	(233)	226
Manager's fees and expenses payable	3	(37)
<b>Net cash flows from operating activities</b>	<b>54,192</b>	<b>56,000</b>
<b>Cash flows used in financing activities</b>		
Proceeds from contributions by members	3,284	3,230
Payments for withdrawals by members	(59,555)	(57,009)
PIE tax received/(paid) on behalf of members	49	(121)
<b>Net cash flows used in financing activities</b>	<b>(56,222)</b>	<b>(53,900)</b>
Net change in cash and cash equivalents	(2,030)	2,100
Cash and cash equivalents at beginning of year	3,356	1,256
<b>Cash and cash equivalents at end of year</b>	<b>1,326</b>	<b>3,356</b>

## STATEMENT OF NET ASSETS

As at 30 June	Note	2025 \$000	2024 \$000
<b>Assets</b>			
Cash and cash equivalents		1,326	3,356
Investment assets	4	358,581	371,844
Security settlements receivable		365	1
Dividends and distributions receivable		1,046	1,209
Member contributions receivable		10	-
<b>Total assets</b>		<b>361,328</b>	<b>376,410</b>
<b>Liabilities</b>			
Investment liabilities	4	119	668
Security settlements payable		-	233
Manager's fees and expenses payable	8	325	322
Member withdrawals payable		358	-
PIE tax payable on behalf of members		9	8
<b>Total liabilities</b>		<b>811</b>	<b>1,231</b>
<b>Net assets attributable to members</b>		<b>360,517</b>	<b>375,179</b>
<b>Net assets available for benefits</b>		<b>360,517</b>	<b>375,179</b>

On behalf of MFL Mutual Fund Limited, the Trustee, who authorised the issue of these financial statements on 23 October 2025:



Dr Edward Schuck  
Director



Louise Edwards  
Director

# NOTES TO THE FINANCIAL STATEMENTS

## 1. REPORTING ENTITY

These financial statements are for the MFL Mutual Fund (Fund).

The Fund was established on 26 September 1969 in Christchurch, New Zealand. The Fund is a defined contribution scheme which caters for individual members and superannuation schemes who wish to participate in the Fund (Participating Schemes). The Fund was established principally for the purposes of providing retirement benefits to members who are natural persons and paying benefits to any persons who are the trustee of any registered superannuation scheme.

The Trustee, manager, issuer and custodian of the Fund is MFL Mutual Fund Limited (Trustee). The registered office of the Trustee is Dunne Consulting Group Limited, Level 1, 41 Taharoto Road, Takapuna, Auckland 0622, New Zealand. The Trustee is responsible for performing the functions for which responsibility is attributed to it as 'manager' of a registered scheme under the Financial Markets Conduct Act 2013 (FMCA). The Trustee must also have a director who is a licensed independent trustee. MFL Mutual Fund Limited director Edward Schuck is a licensed independent trustee.

ANZ New Zealand Investments Limited (ANZ Investments) is the administration and investment manager (Manager) of the Fund. The registered address of the Manager is Ground Floor, ANZ Centre, 23-29 Albert Street, Auckland 1010, New Zealand.

The Fund is a restricted superannuation scheme under the FMCA (Scheme number SCH11068) and is governed by a Trust Deed dated 8 November 2016.

The financial statements were authorised for issue by the directors of the Trustee on 23 October 2025.

## 2. ACCOUNTING POLICIES

### (a) Basis of preparation

#### (i) Statement of compliance

These financial statements have been prepared in accordance with the requirements of the FMCA and the Trust Deed.

These financial statements comply with

- New Zealand Generally Accepted Accounting Practice, as defined in the Financial Reporting Act 2013
- New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for publicly accountable profit-oriented entities
- International Financial Reporting Standards (IFRS).

The principal accounting policies adopted in the preparation of these financial statements are set out below.

#### (ii) Use of estimates and assumptions

The preparation of these financial statements requires the use of management judgement, estimates and assumptions that affect reported amounts and the application of accounting policies. Discussion of the critical accounting estimates and judgements, which include complex or subjective decisions or assessments, are included in Note 6. Such estimates will require review in future periods.

#### (iii) Basis of measurement

The financial information has been prepared on a going concern basis in accordance with fair value concepts except for cash and cash equivalents, security settlements receivable/payable, dividends and distribution receivable, member contributions receivable/withdrawals payable, Manager's fees and expenses payable and PIE tax payable which are measured at amortised cost.

#### (iv) Changes in accounting policies and adoption of new standards and amendments

There have been no new accounting standards, amendments to existing standards or policies, or standards issued not yet effective that have a material impact on the preparation and presentation of the financial statements.

#### (v) Presentation currency and rounding

The amounts in the financial statements are presented in thousands of New Zealand dollars, unless otherwise stated.

#### (vi) Foreign currency transactions

Investments and other monetary assets and liabilities denominated in foreign currencies are translated to New Zealand dollars at the exchange rate prevailing at balance date. Transactions in foreign currencies are recorded at the exchange rate prevailing on the dates of the transactions.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss and foreign exchange gains and losses arising from translation are presented in the Statement of Changes in Net Assets within 'Net fair value changes'.

## NOTES TO THE FINANCIAL STATEMENTS

### (b) Revenue recognition

Interest income is recognised in the Statement of Changes in Net Assets as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date.

Dividend and distribution income are recognised in the Statement of Changes in Net Assets when the right to receive the distribution or dividend is established.

Net changes in the fair value of investment assets and liabilities are recognised immediately in the Statement of Changes in Net Assets.

Realised gains or losses on investments sold are calculated as the difference between sale proceeds and costs.

### (c) Income tax

The Fund is a Portfolio Investment Entity (PIE) for tax purposes.

Under the PIE regime, income is effectively taxed in the hands of the members. The Manager attributes the taxable income of the Fund to members in accordance with their proportionate interest in the Fund. Income attributed to each member is taxed at the member's Prescribed Investor Rate. The Manager accounts for tax by adjusting the members' interest in the Fund.

PIE tax transactions are typically processed at the end of each tax year and upon full exit from the Fund, by cancelling or issuing units equal to the value of the tax liability or refund.

The tax balances included in the Statement of Net Assets represent PIE tax payable on behalf of members.

### (d) Assets and liabilities

#### (i) Financial assets and liabilities

##### *Recognition*

Investment assets and liabilities are recognised on the date that the Fund becomes party to the contractual agreement (trade date). Investment assets are derecognised when the contractual rights to the cash flows expire or the Fund has transferred substantially all risks and rewards of ownership. Investment liabilities are derecognised when the Fund has discharged all contractual obligations.

##### *Measurement*

The Fund's investment assets and liabilities are managed on a fair value basis, and carried at their fair value, with changes recognised in the Statement of Changes in Net Assets. The fair value of investments is based on their quoted market prices (where available) at balance date. Investment assets are priced at last traded prices, while investment liabilities are priced at current asking prices.

Investments in other unitised funds are recorded at the redemption value per unit as reported by the managers of such funds, adjusted for any material information received subsequent to balance date that provides evidence of conditions that existed at balance date.

#### (ii) Cash and cash equivalents

Cash and cash equivalents comprise current accounts. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than investments or other purposes.

#### (iii) Security settlements receivable and payable

Security settlements receivable and payable represent the outstanding settlements value for the sale or purchase of investment assets as at balance date. Their carrying value closely approximates their fair value and are typically settled within four days of the transaction occurring.

#### (iv) Member contributions receivable and withdrawals payable

Member contributions receivable represent amounts due from members for units issued but not settled. Member withdrawals payable represent redemption requests received and approved but not settled. Their carrying value closely approximates their fair value and are settled the following business day.

#### (v) Other receivables and other payables

Other receivables and other payables include dividends and distribution receivable, Manager's fees and expenses payable and PIE tax payable. These are carried at their amortised cost using the effective interest rate method. Their carrying value closely approximates their fair value due to their short-term nature.

## NOTES TO THE FINANCIAL STATEMENTS

### (e) Members' funds

Units issued by the Fund provide the members with the right to require redemption for cash at the value proportionate to the members' share in the Fund's net asset value. The units qualify as 'puttable instruments' and are classified as equity.

Any owner changes in equity are presented in the membership activities section of the Statement of Changes in Net Assets, whereas any non-owner changes in equity are presented in the investment activities section of the Statement of Changes in Net Assets. The Fund has no component of comprehensive income other than profit or loss for the year. Consequently, the profit or loss is the total comprehensive income of the Fund.

### (f) Other

#### (i) Offsetting

Investment assets and liabilities are offset and the net amount reported in the Statement of Net Assets when and only when there is a current legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

#### (ii) Investment entity and subsidiaries

The Fund has multiple unrelated investors who hold multiple investments.

Ownership interests in the Fund is in the form of units, which are classified as puttable instruments in accordance with NZ IAS 32 *Financial Instruments: Presentation*, and are exposed to variable returns from changes in the fair value of the Fund's net assets.

## 3. FUNDING POLICY

The Fund was closed to new members from 16 September 2016. The Fund continues to operate as normal for existing members.

### *Individual members*

Individual members of the Fund will pay annual contributions in the manner set out in their application form. An individual member may cease paying contributions at any time by notice in writing to the Trustee and subsequently recommence paying contributions at any time.

## 4. INVESTMENT ASSETS AND LIABILITIES

The Fund held the following investments at balance date.

	2025	2024	2025	Number of
	\$000	\$000	\$000	investors in
				the investee
				2025
<b>Investment assets</b>				
<i>Funds managed by ANZ Investments</i>				
ANZ Wholesale Cash Fund	8,611	9,213	5,038,298	35
ANZ Wholesale Sovereign Bond Fund	8,901	8,351	1,021,825	10
ANZ Wholesale High Grade Bond Fund	10,457	9,747	1,024,670	10
ANZ Wholesale International Property Securities Fund	76,635	81,392	898,093	10
Total funds managed by ANZ Investments	104,604	108,703		
<i>Direct investments</i>				
New Zealand listed property assets	91,297	91,116		
Australian listed property assets	79,651	82,476		
New Zealand equities	51,461	61,920		
Australian equities	29,126	26,358		
Property Income Fund Ltd	2,412	1,271		
Total direct investments	253,947	263,141		
Forward foreign exchange contracts - asset position	30	-		
<b>Total investment assets</b>	<b>358,581</b>	<b>371,844</b>		
<b>Investment liabilities</b>				
Forward foreign exchange contracts - liability position	119	668		
<b>Total investment liabilities</b>	<b>119</b>	<b>668</b>		

## NOTES TO THE FINANCIAL STATEMENTS

### Involvement with unconsolidated structured entities

A Structured Entity (SE) is an entity that has been designed such that the voting or similar rights are not the dominant factor in deciding who controls the entity, such as when voting rights relate to administrative tasks only and the relevant activities (being those that significantly affect the entity's returns) are directed by means of contractual arrangement. A SE often has some or all of the following features or attributes:

- restricted activities;
- a narrow and well defined objective;
- insufficient equity to permit the SE to finance its activities without subordinated financial support; and
- financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Fund's involvement with unconsolidated SEs is through its investment in other unitised funds. Investments designated 'ANZ' in the table on page 6 are unitised funds managed by ANZ Investments. The maximum exposure to loss is the carrying amount of the financial assets held. Once the Fund has sold all units in an investee fund, the Fund ceases to be exposed to any risk from that investee fund.

During the year the Fund did not provide financial or other support to unconsolidated structured entities and has no intention of doing so in future periods.

## 5. FINANCIAL RISK MANAGEMENT

The Fund's investment portfolio consists of investments in listed property assets, equities, unitised funds, forward foreign exchange contracts and cash and cash equivalents that it intends to hold for an indefinite period for the purpose of generating a return on investments made by the members. The Fund is exposed directly and indirectly to a variety of financial risks including credit, market and liquidity risks, through holding these investments. In addition, the Fund has financial instruments in the form of cash and cash equivalents, other receivable and other payable which arise directly from its daily operations.

The risk management policies employed by the Fund are detailed in the notes below. The financial risk management disclosures have been prepared on the basis of the Fund's direct investments and not on a full look-through to investments held indirectly through other unitised funds.

The Trust Deed requires the Manager to invest the assets of the Fund in accordance with relevant investment mandates. Asset allocation is determined by the Manager who manages the distribution of assets to achieve investment objectives. Divergence from target allocations and the composition of the portfolio is monitored by the Manager each business day. The Manager reports on asset allocations to the Trustee quarterly.

### Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

Section	Description	Page numbers
<b>Maximum exposure to credit risk</b>	The Fund's exposure to credit risk arises from default of the counterparty, with the current maximum exposure considered to be the fair value of the assets with credit risk as set out in the Statement of Net Assets. This does not represent the maximum credit risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at balance date.	3
<b>Credit quality</b>	Where the Fund invests in unitised funds managed by the Manager (see Note 4), the investment strategies of these unitised funds ensure an appropriate diversification of investments to manage their credit risk.	8
<b>Concentrations of credit risk</b>	The main concentration to which the Fund is exposed to credit risk arises from the Fund's investments in cash, listed property assets, equities and forward foreign exchange contracts.	8
<b>Collateral management</b>	Foreign exchange contracts are subject to International Swaps and Derivative Associate (ISDA) Master Agreements. In the event of counterparty default, all contracts with the counterparty are terminated and settled on a net basis.	11

# NOTES TO THE FINANCIAL STATEMENTS

## Credit Quality

Item	Counterparty	S&P Global ratings Short term credit rating <sup>1</sup>	
		2025	2024
Cash and cash equivalents	ANZ Bank New Zealand Limited (see Note 8)	A-1+	A-1+
	JPMorgan Chase N.A	A-1	A-1
Forward foreign exchange contracts	ANZ Bank New Zealand Limited (see Note 8), Westpac Banking Corporation	n/a	A-1+
	Bank of New Zealand, Commonwealth Bank of Australia	A-1+	n/a

<sup>1</sup> A short-term obligation rate 'A-1' is rated in the highest category by S&P Global Ratings. The obligor's capacity to meet its financial commitments on the obligation is strong. Within this category, certain obligations are designated with plus sign (+). This indicates that the obligor's capacity to meet its financial commitments on these obligations is extremely strong.

## Concentration of credit risk to individual counterparties

Concentration of credit risk is managed by exposure to counterparties. The Fund has direct exposure of 5% and over of the net investment value to the following number of counterparties:

	2025	2024
Number of direct investments with exposure over 5% of the net investment value of the Fund	3	2

## Geographic concentration

The table below summarises the Fund's significant geographic concentration as a percentage of its net investment value excluding forward foreign exchange contracts.

Country	2025 %	2024 %
New Zealand	70	71
Australia	30	29
<b>Total</b>	<b>100</b>	<b>100</b>

## Sector Concentration

The significant sector concentration is primarily in the property sector. These are listed property assets, equities and unithised funds investing in property securities in order to gain exposure to the New Zealand and International property sectors.

## 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.

## Currency risk

Currency risk is the risk that the New Zealand dollar fair value of a foreign currency denominated financial instrument will fluctuate due to changes in foreign exchange rates.

The Fund holds investments in other unithised funds which in turn may hold foreign currency-denominated investments as part of their investment mandates. Consequently, these funds will have varying degrees of indirect exposure to currency risk. These currency exposures can be partially or fully hedged back to the New Zealand dollar.

The Fund is directly exposed to foreign exchange risk as a result of holding Australian denominated securities and Australian denominated bank accounts. The Fund holds forward foreign exchange contracts designed to either hedge some or all of the foreign currency exposure derived from holding the underlying funds and non-New Zealand dollar denominated investments. The Fund's approach to currency risk management is detailed below:

Approach to currency risk management
<p><b>Australian Equities</b> Actively hedged with a benchmark of 0% and a range of 0% - 100% for its Australian dollar exposure. As at balance date, the Fund was hedging approximately 0% (2024: 0%) of its' Australian dollar exposure.</p>
<p><b>Australian Listed Property</b> The Fund uses forward foreign exchange contracts to hedge 100% of the foreign exchange exposure that arises through holding Australian listed property assets.</p>
<p><b>International Property</b> Exposure to international property through its investment in the underlying fund is 100% passively hedged within the underlying fund.</p>

The fair value of these contracts are set out in Note 4.

## NOTES TO THE FINANCIAL STATEMENTS

The Fund has investment assets that are denominated in currencies other than the New Zealand dollar, being Australian dollars. At balance date the Fund has a net foreign currency asset, net of hedging, of NZ\$28m (2024: NZ\$27m).

A +/- 5% change in the New Zealand Dollar against the Australian dollar would result in an increase/decrease in net asset value in the Fund of NZ\$1.4m (2024: NZ\$1.3m).

In accordance with the Manager's policy on foreign exchange risk management, the Manager monitors the Fund's currency position each business day through reviewing and comparing the Fund's indirect foreign currency exposure to the pre-determined foreign currency hedging policies (as above).

### Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value of financial instruments.

The Fund is not directly subject to significant amounts of interest rate risk. Cash and cash equivalents are invested at short-term market interest rates and are held in call accounts. The Fund has indirect exposure to interest rate risk through their investments in other unitised funds.

### Other price risk

Other price risk is the risk that the value of the Fund's investment portfolio will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk.

The Fund trades in financial instruments such as listed property assets, equities and unitised funds. All securities held within the Fund present a risk of loss of capital. The Manager moderates this risk through a careful selection of securities and other financial instruments and by ensuring that all activities are transacted in accordance with the relevant investment mandate, overall investment strategy and within approved limits. The Manager monitors the Fund's overall market position each business day.

The effect on the Statement of Changes in Net Assets and the increase/decrease in the net asset value of the Fund due to a 2% change in prices, as represented by the relevant indices, with all other variables held constant, are indicated in the tables below. If the index price was to increase by the percentage above, the net asset value of the Fund would increase by the amount shown, and if the index prices were to decrease by the same percentage, the net asset value of the Fund would decrease by the amount shown.

	Index	2025 \$000	2024 \$000
New Zealand listed property assets and equities	S&P/NZX All Real Estate	2,903	3,086
Australian listed property assets and equities	S&P/ASX 200 Acc A-REIT	2,176	2,177

When the Fund has investments in unitised funds, the increase/(decrease) in the net asset value of the Fund due to changes in the unit prices of the unitised funds (with all other variables held constant) is shown in the table below. If the unit price was to increase by 2%, the net asset value of the Fund would increase by the amount shown, and if the unit price was to decrease by the same percentage, the net asset value of the Fund would decrease by the amount shown.

The Fund as detailed in note 4 invests in the ANZ Wholesale Cash Fund. The Manager considers that a 0.02% change in the unit price of investment in ANZ Wholesale Cash Fund as a reasonable estimate of possible change in the average daily unit price in the ANZ Wholesale Cash Fund considering factors such as historical price movements and market conditions. The Manager does not consider the market risk to cash significant, relative to the total size of the Fund.

	2025 \$000	2024 \$000
<i>Funds managed by ANZ Investments</i>		
ANZ Wholesale Sovereign Bond Fund	178	167
ANZ Wholesale High Grade Bond Fund	209	195
ANZ Wholesale International Property Securities Fund	1,533	1,628

### Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Each business day the Fund is exposed to cash redemptions of units. Security settlements receivable/payable represent outstanding settlement of investment sales/purchases and are typically settled within four days. Member contributions receivable and withdrawals payable represent amounts due from/to members for units issued/redeemed but not settled and are settled the following business day.

Forward foreign exchange contracts have contractual maturity of 1 to 12 months. Other payables have no contractual maturity date and are typically settled within 30 days.

The Manager has reviewed the Fund's liquidity position and;

- The Manager has not identified significant withdrawals and has not implemented any restrictions or deferrals on withdrawals.
- The Manager has not identified any illiquid investments that would result in restrictions or deferrals on withdrawals.
- The Manager believes that the Fund remains liquid and is able to meet potential withdrawals in the ordinary course of business.

## NOTES TO THE FINANCIAL STATEMENTS

### 6. FAIR VALUE MEASUREMENT

The Fund's investments are carried at fair value on the Statement of Net Assets. Usually the fair value of the investments can be reliably determined within a reasonable range of estimates.

Investment assets and liabilities are required to be classified 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:

- Level 1 – valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuations using inputs other than quoted prices included within Level 1 that are observable for a similar asset or liability, either directly or indirectly; and
- Level 3 – valuations using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Generally, the fair value of investment assets and liabilities are determined by reference to published price quotations. Where prices are unavailable, valuation techniques are applied to determine the fair value of investment assets and liabilities.

The Manager considers observable data to be 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.

Investments whose values are based on quoted market prices in active markets and are therefore classified within Level 1, include direct investments in Australian and New Zealand listed property assets and equities. The Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, broker quotes or alternative pricing sources supported by observable inputs are classified within Level 2. These include investments in other unitised funds managed by the Manager and forward foreign exchange contracts. As Level 2 investments include positions that are not traded in active markets and/or subject to redemption restrictions, valuations may be adjusted to reflect illiquidity which are based on available market information.

The Fund does not hold any Level 3 investments.

All other assets and liabilities are not measured at fair value. They are carried at amortised cost and their carrying value approximates their fair value due to their immediate or short-term nature. For the purposes of fair value hierarchy, they are considered to be Level 2 assets and liabilities. For more information, refer to Note 2.

The table below summarises the attribution of investment assets and liabilities carried at fair value to the fair value hierarchy. There have been no transfers in fair value hierarchy during the year ended 30 June 2025 (2024: none).

	2025				2024			
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>Investment assets</b>								
Unitised funds	-	104,604	-	<b>104,604</b>	-	108,703	-	<b>108,703</b>
Direct investments	248,970	4,977	-	<b>253,947</b>	260,379	2,762	-	<b>263,141</b>
Forward foreign exchange contracts - asset position	-	30	-	<b>30</b>	-	-	-	<b>-</b>
<b>Total investment assets</b>	<b>248,970</b>	<b>109,611</b>	<b>-</b>	<b>358,581</b>	<b>260,379</b>	<b>111,465</b>	<b>-</b>	<b>371,844</b>
<b>Investment liabilities</b>								
Forward foreign exchange contracts - liability position	-	119	-	<b>119</b>	-	668	-	<b>668</b>
<b>Total investment liabilities</b>	<b>-</b>	<b>119</b>	<b>-</b>	<b>119</b>	<b>-</b>	<b>668</b>	<b>-</b>	<b>668</b>

#### KEY JUDGEMENTS AND ESTIMATES

The majority of valuation models the Manager uses employ only observable market data as inputs. However, for certain financial instruments, the Manager may use data that is not readily observable in current markets. If the Manager uses unobservable market data, then the Manager needs to exercise more judgement to determine fair value depending on the significance of the unobservable input to the overall valuation. Generally, the Manager derives unobservable inputs from other relevant market data, such as broker confirmation, and compares them to observed transaction prices where available.

## NOTES TO THE FINANCIAL STATEMENTS

### 7. OFFSETTING

Financial assets and liabilities are offset in the Statement of Net Assets (in accordance with NZ IAS 32 *Financial Instruments: Presentation*) when there is:

- A current legally enforceable right to set off the recognised amounts in all circumstances; and
- An intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously.

If the above conditions are not met, the financial assets and liabilities are presented on a gross basis. The Fund does not have any arrangements that satisfy the conditions necessary to offset financial assets and financial liabilities within the Statement of Net Assets. The following table identifies the financial assets and financial liabilities which have not been offset but which are subject to enforceable master netting agreements (or similar arrangements) and the related amounts not offset in the Statement of Net Assets. Any effect of overcollateralisation has not been taken into account.

#### Financial assets subject to enforceable master netting arrangements and similar agreements:

	2025	2024
	\$000	\$000
<b>Derivative instruments</b>		
Gross amounts of recognised financial assets	30	-
Net amounts of financial assets presented in the Statement of Net Assets	30	-
<b>Related amounts not offset in the Statement of Net Assets:</b>		
Financial instruments	30	-
<b>Net amount</b>	-	-

#### Financial liabilities subject to enforceable master netting arrangements and similar agreements:

	2025	2024
	\$000	\$000
<b>Derivative instruments</b>		
Gross amounts of recognised financial liabilities	119	668
Net amounts of financial liabilities presented in the Statement of Net Assets	119	668
<b>Related amounts not offset in the Statement of Net Assets:</b>		
Financial instruments	30	-
<b>Net amount</b>	89	668

### 8. RELATED PARTY TRANSACTIONS

All related party transactions are conducted on an arm's length basis in the ordinary course of business and on standard commercial terms and conditions.

#### Key management personnel

Key management personnel (KMP) are defined as the Directors of the Trustee, and those individuals having authority and responsibility for planning, directing and controlling the activities of the Fund.

Trustee Directors' fees are shown in the Statement of Changes in Net Assets.

At balance date KMP held investments in the Fund of \$22 thousand (2024: \$20 thousand). This amount is for KMP, close family members of KMP and entities that are controlled or jointly controlled by KMP or their close family members. Movements reflect transactions with those parties during the year.

#### Other Related Parties

The Manager and Trustee provide KMP services to the Fund. The Manager is a wholly owned subsidiary of ANZ Bank New Zealand Limited, the ultimate parent of which is ANZ Group Holdings Limited.

#### Manager's fees and expenses

Under the terms of the Trust Deed, the Manager is entitled to receive management fees, calculated by reference to the daily net asset value of the Fund. At balance date this was set at 0.74% (2024: 0.75%). Management fees paid for the year are disclosed in the Statement of Changes in Net Assets.

## NOTES TO THE FINANCIAL STATEMENTS

The Manager and Trustee are also entitled to be reimbursed for expenses such as Trustee Directors' fees, audit costs, postage and legal fees incurred on behalf of the Fund. Allowance for these expenses is charged to the Fund daily and is reflected in the unit price of the Fund. To ensure fair allocation of one-off type expenses and fees incurred annually, the Fund is charged a set capped rate as a percentage of the Fund's net asset value each day. The total of this daily accrual is typically the maximum that the Fund will pay the Manager for reimbursement of expenses but can be exceeded on an exceptions basis as agreed between the Manager and Trustee where appropriate. During the year ended 30 June 2025, this capped rate was exceeded to allow for one-off expenses as a result of an upcoming change in administration and investment manager as disclosed in Note 10 (2024: not applicable). Where the actual expenses paid by the Manager are higher, the Manager may carry amounts forward to be recovered in future periods. Manager's other costs are disclosed in the Statement of Changes in Net Assets and are after the auditor's fee and Trustee Director's fee reallocation.

The 2024 auditor's fee includes the 2022, 2023 and 2024 trustee custodial controls assurance reporting.

Amounts payable to the Manager at the end of the year are disclosed in the Statement of Net Assets and are payable within 15 days of balance date.

### *Investments in products issued by related parties*

The Fund holds cash and cash equivalents with ANZ Bank New Zealand Limited and entered into forward foreign exchange contracts during the year. Balances and income earned are presented in the table below.

	<b>2025</b>	<b>2024</b>
	<b>\$000</b>	<b>\$000</b>
<b>Assets:</b>		
Cash and cash equivalents	13	13
<b>Total assets</b>	<b>13</b>	<b>13</b>
<b>Income from related party transactions</b>		
Interest Income	1	-
Net fair value changes	1,481	1,550
<b>Total income from related party transactions</b>	<b>1,482</b>	<b>1,550</b>

## 9. MEMBERS' FUNDS

Members are entitled to one vote per unit at a meeting of the members of the Fund, and rank equally with regard to the Fund's assets.

	<b>2025</b>	<b>2024</b>
	<b>000's</b>	<b>000's</b>
<b>Number of units on issue</b>		
Units on issue at the beginning of the year	74,513	85,144
Units issued during the year	632	668
Units redeemed during the year	(10,855)	(11,299)
<b>Number of units on issue at the end of the year</b>	<b>64,290</b>	<b>74,513</b>

## 10. SUBSEQUENT EVENTS

The Trustee is in the process of appointing a new administration and investment manager to replace ANZ Investments, effective post balance date. As a result, it is expected that the Fund's investment in unitholdings will be managed by a party other than ANZ Investments during the next financial year. The Fund remains a going concern and this had no impact to these financial statements.



# Independent Auditor's Report

To the members of MFL Mutual Fund (the **Fund**)

## Report on the audit of the financial statements

### Opinion

We have audited the accompanying financial statements which comprise:

- the statement of net assets as at 30 June 2025;
- the statement of changes in net assets, and the statement of cash flows for the year then ended; and
- notes, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements of the Fund on pages 2 to 12 present fairly in all material respects, the Fund's financial position as at 30 June 2025 and its financial performance and cash flows for the year ended on that date, in accordance with New Zealand Equivalents to International Financial Reporting Standards (**NZ IFRS**) issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board.

### 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 Fund 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 also fulfilled our other ethical responsibilities in accordance with Professional and Ethical Standards 1 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 undertaken supervisor reporting in line with our obligations under Section 198 and 199 of the Financial Markets Conduct Act 2013 (**FMC Act 2013**) and provided other services to the Fund in relation to service organisation controls assurance reporting, trustee custodial controls assurance reporting and registry assurance reporting. Subject to certain restrictions, partners and employees of our firm may also deal with the Fund on normal terms within the ordinary course of trading activities of the business of the Fund. These matters have not impaired our independence as auditor of the Fund. The firm has no other relationship with, or interest in, the Fund.



## 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 audit opinion on the financial statements as a whole and we do not express discrete opinions on separate elements of the financial statements.

<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
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### **Existence and valuation of investments**

Refer to Note 2 (a) (ii) Use of estimates and assumptions and Note 4 Investment assets and liabilities (for existence and valuation) to the financial statements.

The Fund's portfolio of investments is the most significant asset. These comprise liquid investments including bank accounts, fund-to-fund investments, direct investments, and simple derivatives.

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

Our audit procedures included:

- documenting and understanding the processes in place to record investment transactions and to value the portfolio, this included evaluating the control environment in place by obtaining and reading the service organisation reports issued by an independent auditor on the design and operation of those controls throughout the period;
  - agreeing investment holdings to confirmations received from the registrar and third party custodians;
  - engaging our valuation specialists to agree all listed investments to externally quoted prices;
  - agreeing the valuation of fund-to-fund investments to the redemption value per unit as reported by the manager;
  - for derivatives, engaging our valuation specialists to check the reasonableness of the inputs to information available from independent third-party pricing sources;
  - for bank accounts, agreeing the closing book value to bank confirmations; and
  - consideration of the fair value hierarchy level assigned to each investment and the appropriateness of the valuation information available.
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## Management fees

Refer to Note 8 to the financial statements.

Under the terms of the Trust Deed, ANZ New Zealand Investments Limited (the "Manager") is entitled to receive a management fee, calculated as a percentage of the daily net asset value of the Fund.

As the Manager calculates and pays the fee on behalf of the Fund to itself, there is an inherent risk that the Manager could manipulate the calculation to boost its own earnings from its administrative duties

Due to the inherent risk of fraud as management could override controls we identified the calculation of management fees as an area of key audit focus.

Our audit procedures included:

- documenting and understanding the process in place to calculate and capture management fees as well as the processes to generate underlying information such as daily unit pricing. This included evaluating the control environment in place at the Manager by obtaining and reading the service organisation reports issued by an independent auditor on the design and operation of those controls throughout the period;
- recalculating management fees on a daily basis by multiplying the daily net asset value with the management fee rates from the Fund's Management Agreement for the period; and
- reviewing manual journal entries to test whether any unauthorised or not supported adjustment has been made to the management fees to address the risk of management overriding controls.

## Other information

The Trustee, on behalf of the Fund, is responsible for the other information included in the Fund's Annual Report. The Annual Report, prepared at the same time as the financial statements, includes a link to where the audited financial statements can be found in the Disclose Register. 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 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. 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, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees, accept or assume any responsibility and deny all liability to anyone other than the members for our audit work, this independent auditor's report, or any of the opinions we have formed.




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## Responsibilities of the Trustee for the financial statements

The Trustee, on behalf of the Fund, 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 Reporting Standards) and the International Financial Reporting Standards issued by the New Zealand Accounting Standards Board;
- implementing the necessary internal control to enable the preparation of a set of financial statements that is free from material misstatement, whether due to fraud or error; and
- assessing the ability of the Fund 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.

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## 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 it 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 the financial statements.

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

<https://www.xrb.govt.nz/standards/assurance-standards/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 Nick Moss.

For and on behalf of:

KPMG  
Auckland  
23 October 2025