MFL MUTUAL FUND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

MFL MUTUAL FUND
Financial Statements
For the year ended 30 June 2026

Contents **Page**

Statement of Changes in Net Assets	1
Statement of Net Assets	2
Statement of Cash Flows	3
Notes to the Financial Statements	4
Independent Auditor's Report	14

MFL MUTUAL FUND
Statement of Changes in Net Assets
For the year ended 30 June 2026

	Note	2026 $'000	2025 $'000
Income			
Dividend and distribution income		4,221	8,589
Interest income		65	215
Net changes in fair value of financial assets and financial liabilities		17,167	36,334
Total income		**21,453**	**45,138**
Expenses			
Management fees	8	2,665	2,832
Trustee Directors' fees	8	-	177
Auditor's fee - statutory financial statements	8	-	11
Auditor's fee - registry audit, service organisation controls reporting and trustee custodial controls reporting	8	-	14
Manager's other costs	8	403	191
Interest expense	8	-	1
Other expenses		3	3
Total expenses		**3,071**	**3,229**
Net profit before membership activities		**18,382**	**41,909**
Membership Activities			
Contributions from members		4,054	3,294
Contributions from PIE tax received		687	207
Withdrawals for death		(6,588)	(7,586)
Withdrawals for hardship		(257)	(161)
Withdrawals for permanent emigration		(72)	(349)
Withdrawals for serious illness		(111)	(86)
Withdrawals for retirement		(35,864)	(40,100)
Withdrawals for partial retirement		(9,199)	(11,631)
Full withdrawals by members		(18)	-
Withdrawals for PIE tax paid		(3)	(159)
Net membership activities		**(47,371)**	**(56,571)**
Benefits accrued to members' accounts		**(28,989)**	**(14,662)**
Members' funds at the beginning of the year		**360,517**	**375,179**
Members' funds at the end of the year		**331,528**	**360,517**

KPMG

MFL MUTUAL FUND
Statement of Net Assets
As at 30 June 2026

	Note	2026 $'000	2025 $'000
Assets			
Cash and cash equivalents		182	1,326
Financial assets at fair value through profit or loss	4	331,840	358,581
Manager fee rebates receivable	8	73	-
Security settlements receivable		1,250	365
Dividends and distributions receivable		-	1,046
Member contributions receivable		-	10
Total Assets		**333,345**	**361,328**
Liabilities			
Investment liabilities	4	-	119
Unallocated contributions		29	-
Manager's fees and expenses payable	8	-	325
Member withdrawals payable		1,788	358
PIE tax payable on behalf of members		-	9
Total liabilities		**1,817**	**811**
Net assets attributable to members		**331,528**	**360,517**
Net assets available for benefits		**331,528**	**360,517**

On behalf of MFL Mutual Fund Limited, the Trustee, who authorised the issue of these financial statements on 23 October 2026:

Director

Director

KPMG

MFL MUTUAL FUND
Statement of Cash Flows
For the year ended 30 June 2026

	Note	2026 $'000	2025 $'000
Cash flows from operating activities			
Net profit		18,382	41,909
Movement in operating balances			
Investment assets		26,741	13,263
Security settlements receivable		(885)	(364)
Manager fee rebates receivable		(73)	-
Dividends and distribution receivable		1,046	163
Investment liabilities		(119)	(549)
Security settlements payable		-	(233)
Manager's fees and expenses payable		(325)	3
Net cash flows from operating activities		**44,767**	**54,192**
Cash flows used in financing activities			
Proceeds from contributions by members		4,093	3,284
Payments for withdrawals by members		(50,679)	(59,555)
PIE tax received on behalf of members		675	49
Net cash flows used in financing activities		**(45,911)**	**(56,222)**
Net change in cash and cash equivalents		(1,144)	(2,030)
Cash and cash equivalents at beginning of year		1,326	3,356
Cash and cash equivalents at end of year		**182**	**1,326**

KPMG

MFL MUTUAL FUND
Notes to the Financial Statements
For the year ended 30 June 2026

1 REPORTING ENTITY

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

The Fund was established principally for the purposes of providing retirement benefits to participating schemes 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 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, 15 Rangitira Avenue, 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) was the administration and investment manager (Manager) of the Fund up to 28 February 2026. On 1 March 2026, Mercer (N.Z.) Limited (Mercer) was appointed administration and investment manager (Manager) of the Fund. The registered address of the Mercer (N.Z.) Limited is Level 11, PwC Tower, 15 Customs Street West, Auckland 1010.

The Fund invested in the following portfolio within Mercer Investment Trusts New Zealand ("MITNZ"). MITNZ - a range of unregistered wholesale investment trusts.

Mercer Diversified Trust - Mercer MFL Portfolio

The Mercer MFL Portfolio is a portfolio established and managed by Mercer under the MITNZ Trust Deed.

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 2026.

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

In May 2024, the External Reporting Board ("XRB") introduced NZ IFRS 18 Presentation and Disclosure in Financial Statements (NZ IFRS 18) (effective for annual reporting periods beginning on or after 1 January 2027). This standard replaces NZ IAS 1 Presentation of Financial Statements (NZ IAS 1) and primarily introduces a defined structure for the statement of comprehensive income, disclosure of management-defined performance measures (a subset of non-GAAP measures) in a single note together with reconciliation requirements and additional guidance on aggregation and disaggregation principles in the financial statements. NZ IFRS 18 will be applicable to the Scheme's financial statements to the extent that it is not superseded by NZ IAS 26 Accounting and Reporting by Retirement Benefit Plans. The Scheme has not early adopted NZ IFRS 18 and is yet to assess its impacts.

A number of other new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2025, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Scheme.

(v) Functional and presentation currency

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

KPMG

2 ACCOUNTING POLICIES (Continued)

(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 changes in fair value of financial assets and financial liabilities'.

(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) Portfolio Investment Entity 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 three 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.

(v) Other receivables and other payables
Other receivables and other payables include manager fee rebates receivable, 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.

KPMG

2 ACCOUNTING POLICIES (Continued)

(vi) Unallocated contributions
Unallocated contributions arise when monies have been received but not yet allocated to members' accounts in the administration system at balance date. Unallocated contributions are recorded at their value, being the amounts received, and units are purchased at the unit price applicable on the date of allocation to members' accounts.

(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.

These separate financial statements are the only financial statements for the Fund and no consolidated financial statements are required as the Fund meets the definition of an Investment Entity and thus does not consolidate subsidiaries but account for them at fair value through profit and loss.

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.

			Total Investee fund net assets	Number of investors in the investee
	2026	**2025**	**2026**	**2026**
	$'000	**$'000**	**$'000**	
Investment assets				
Funds managed by Mercer				
Mercer MFL Portfolio	331,840	-	331,840	1
Total funds managed by Mercer	331,840	-	331,840	1
Funds managed by ANZ Investments				
ANZ Wholesale Cash Fund	-	8,611	-	-
ANZ Wholesale Sovereign Bond Fund	-	8,901	-	-
ANZ Wholesale High Grade Bond Fund	-	10,457	-	-
ANZ Wholesale International Property Securities Fund	-	76,635	-	-
Total funds managed by ANZ Investments	-	104,604		
Direct investments				
New Zealand listed property assets	-	91,297		
Australian listed property assets	-	79,651		
New Zealand equities	-	51,461		
Australian equities	-	29,126		
Property Income Fund Ltd	-	2,412		
Total direct investments	-	253,947		
Forward foreign exchange contracts - asset position	-	30		
Total investment assets	331,840	358,581		
Investment liabilities				
Forward foreign exchange contracts - liability position	-	119		
Total investment liabilities	-	119		

During the year, the Fund fully redeemed its investments with ANZ Investments and reinvested these funds with Mercer.

KPMG

4 INVESTMENT ASSETS AND LIABILITIES (Continued)

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 Investments and Mercer in the table on page 9 are unitised funds managed by ANZ and Mercer respectively. 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

During the year, the Fund's investment portfolio consisted of investments in listed property assets, equities, unitised funds, forward foreign exchange contracts and cash and cash equivalents that it intended to hold for an indefinite period for the purpose of generating a return on investments made by the members. The Fund was exposed directly to a variety of financial risks including credit, market and liquidity risks, through holding these investments. As at 30 June 2026, the Fund is exposed indirectly to these risks through its investments in a unitised trust. 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.

Maximum exposure to credit risk

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.

Credit quality

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.

Concentrations of credit risk

The main concentration to which the Fund was exposed to credit risk arised from the Fund's investments with ANZ Investments in cash, listed property assets, equities and forward foreign exchange contracts, either through direct holdings or unitised funds. When invested with Mercer, the Fund was indirectly exposed through it's unitised funds.

Collateral management

When invested with ANZ investments, foreign exchange contracts held were subject to International Swaps and Derivative Associate (ISDA) Master Agreements. In the event of counterparty default, all contracts with the counterparty were terminated and settled on a net basis.

KPMG

5 FINANCIAL RISK MANAGEMENT (Continued)

Credit Quality

		S&P Global ratings Short term credit rating[1]	
Item	**Counterparty**	**2026**	**2025**
Cash and cash equivalents	ANZ Bank New Zealand Limited	A-1+	A-1+
	JPMorgan Chase N.A	n/a	A-1
Forward foreign exchange contracts	Bank of New Zealand, Commonwealth Bank of Australia	n/a	A-1+

1A 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:

	2026	2025
Number of direct investments with exposure over 5% of the net investment value of the Fund	-	3

Geographic concentration

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

	2026	2025
Country	**%**	**%**
New Zealand	100%	70%
Australia	0%	30%
Total	100%	100%

Sector Concentration

The significant sector concentration was primarily in the property sector while invested with ANZ Investments. These were listed property assets, equities and unitised funds investing in property securities in order to gain exposure to the New Zealand and International property sectors. While invested with Mercer, the Fund has maintained similar concentrations to the property sector.

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 held investments in other unitised funds, which in turn held foreign currency-denominated investments as part of their investment mandates. Consequently, these funds had varying degrees of indirect exposure to currency risk. These currency exposures could be partially or fully hedged back to the New Zealand dollar.

The Fund was directly exposed to foreign exchange risk as a result of holding Australian denominated securities and Australian denominated bank accounts. The Fund held 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.

Effective 1 March 2026, the Fund did not hold financial instruments denominated in currencies other than the New Zealand dollar, the functional currency. Therefore, at balance date it is not directly exposed to currency risk. Currency risk disclosure has been considered on the basis of the Fund's direct investments and not on a look through basis for financial instruments held indirectly through underlying MITNZ Investment Portfolios. Consequently the Fund may be exposed indirectly to currency risk where the Fund has significant financial assets in MITNZ Investment Portfolios which have exposure to foreign currencies. The Fund's approach to currency risk management during the year is detailed below:

KPMG

5 FINANCIAL RISK MANAGEMENT (Continued)

Approach to currency risk management
Australian Equities
Actively hedged with a benchmark of 0% and a range of 0% - 100% for its Australian dollar exposure. As at balance date, the Fund did not have an Australian dollar exposure.
Australian Listed Property
The Fund used forward foreign exchange contracts to hedge 100% of the foreign exchange exposure that arises through holding Australian listed property assets.
International Property
Exposure to international property through its investment in the underlying fund was 100% passively hedged within the underlying fund while invested with ANZ Investments.

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

During the year, the Fund had investment assets denominated in currencies other than the New Zealand dollar, being Australian dollars. At balance date, the Fund did not hold a foreign currency asset (2025: At balance date the Fund has a net foreign currency asset, net of hedging, of NZ$28m).

At balance date, a +/- 5% change in the New Zealand Dollar against the Australian dollar would not result in an increase/decrease in net asset value in the Fund (2025: 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).

In accordance with the Manager's policy on foreign exchange risk management, the Manager monitored 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 its 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.

As the majority of the Scheme's financial instruments are carried at fair value, all changes in market conditions will directly affect investment returns, recognised in the Statement of Changes in Net Assets. The Scheme's price risk is managed through diversification of the investments in unit trusts within the MITNZ portfolios. In addition, price risk may be hedged using derivative financial instruments such as options or futures within the underlying MITNZ investment portfolios.

During the year, the Fund traded in financial instruments such as listed property assets, equities and unitised funds. All securities held within the Fund presented a risk of loss of capital. The Manager moderated 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 monitored 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	2026 $'000	2025 $'000
New Zealand listed property assets and equities	S&P/NZX All Real Estate	-	2,903
Australian listed property assets and equities	S&P/ASX 200 Acc A-REIT	-	2,176

KPMG

5 FINANCIAL RISK MANAGEMENT (Continued)

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.

	2026 $'000	2025 $'000
Funds managed by ANZ Investments		
ANZ Wholesale Sovereign Bond Fund	-	178
ANZ Wholesale High Grade Bond Fund	-	209
ANZ Wholesale International Property Securities Fund	-	1,533
Funds managed by Mercer	6,637	-
Mercer MFL Portfolio	6,637	-

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 but not settled.

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 as a result of liquidity constraints.
• 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.

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.

While invested with ANZ investments, investments whose values were based on quoted market prices in the active markets were classified within Level 1, this included direct investments in Australian and New Zealand listed property assets and equities. The Fund did not adjust the quoted price for these instruments. As at 30 June 2026, MFL Mutual fund only holds investments in unlisted manged funds with Mercer. These are classified as Level 2 under the fair value hierarchy as the fair value of these financial assets at balance date is determined using the last available redemption price of those funds.

The unitised funds are Level 2 investments, as they trade in markets that are not considered active but are valued based on quoted market prices, broker quotes or alternative pricing sources supported by observable inputs. These investments are unlisted and are priced daily. The main input for the redemption price of the underlying portfolio is based on observable inputs. As Level 2 investments include positions that are not traded in active markets and/or are subject to redemption restrictions, valuations may be adjusted to reflect illiquidity based on available market information. The Manager also considers the frequency and timing of NAV determination, and any restrictions on redemption. Where these factors indicate that the NAV may not represent an observable exit price at the reporting date, classification may differ. No pricing adjustments were made to the redemption price and net asset value. The Funds do not hold any Level 1 or 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.

KPMG

6 FAIR VALUE MEASUREMENT (Continued)

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 2026 (2025: none).

	2026			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Investment assets				
Unitised funds	-	331,840	-	**331,840**
Direct investments	-	-	-	**-**
Forward foreign exchange contracts				
- asset position	-	-	-	**-**
Total investment assets	-	331,840	-	**331,840**
Investment liabilities				
Forward foreign exchange contracts				
- liability position	-	-	-	**-**
Total investment liabilities	-	-	-	**-**

	2025			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Investment assets				
Unitised funds	-	104,604	-	**104,604**
Direct investments	248,970	4,977	-	**253,947**
Forward foreign exchange contracts				
- asset position	-	30	-	**30**
Total investment assets	248,970	109,611	-	**358,581**
Investment liabilities				
Forward foreign exchange contracts				
- liability position	-	119	-	**119**
Total investment liabilities	-	119	-	**119**

Key Judgements and Estimates

While invested with ANZ Investments, the majority of valuation models the Manager used employed only observable market data as inputs. However, for certain financial instruments, the Manager may have used data that was not readily observable in current markets. If the Manager used unobservable market data, then the Manager needed to exercise more judgement to determine fair value depending on the significance of the unobservable input to the overall valuation. Generally, the Manager derived unobservable inputs from other relevant market data, such as broker confirmation, and compared them to observed transaction prices where available.

While invested with Mercer, there are no areas involving a higher degree of judgement or complexity, or areas where assumption and estimates are significant 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:

	2026 $'000	2025 $'000
Derivative instruments		
Gross amounts of recognised financial assets	-	30
Net amounts of financial assets presented in the Statement of Net Assets	-	30
Related amounts not offset in the Statement of Net Assets:		
Financial instruments	-	30
Net amount	-	-

KPMG

7 OFFSETTING (Continued)

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

	2026 $'000	2025 $'000
Derivative instruments		
Gross amounts of recognised financial liabilities	-	119
Net amounts of financial liabilities presented in the Statement of Net Assets	-	119
Related amounts not offset in the Statement of Net Assets:		
Financial instruments	-	30
Net amount	-	89

8 RELATED PARTY TRANSACTIONS

(a) General

A party is considered related to the Fund if it meets any of the following criteria:
- Directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with the Fund
- The party is a parent, subsidiary, or fellow subsidiary within the same group
- The party has an interest in or relationship with the Fund that gives it significant influence over the Fund
- The Fund have an interest in or relationship with the party that gives the Fund significant influence over that party
- The party is a member of key management personnel of the Trustee.

The following parties are considered related parties of the Funds:
- The Trustee of the Fund and its related entities
- Directors of the Trustee and their immediate family members (key management personnel)
- The Manager of the Fund (Mercer and ANZ Investments)

Key management personnel

Key management personnel (KMP) are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Scheme. For the Funds, the Directors of the Trustee are considered KMP.

Trustee Director's fees up to February 2026 were paid by ANZ Investments and reimbursed from the Fund. Fees from March 2026 onward were paid by Mercer (out of the management fee). Trustee Director fees for the year ended 30 June 2026 were $169,000. For the year ended 30 June 2025, Trustee Directors' fees are shown in the Statement of Changes in Net Assets.

At balance date there were no KMP who held investments in the Fund (2025: $22,000). 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. Up to 28 February 2026, ANZ Investments was the Manager, and a wholly owned subsidiary of ANZ Bank New Zealand Limited, the ultimate parent of which is ANZ Group Holdings Limited. From 1 March 2026, Mercer was the Manager.

(b) Management and other fees

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 0.80% (2025: 0.74%) per annum.

How management fees are charged

Up to 28 February 2026, Management fees were deducted directly from the Fund invoiced by ANZ Investments.

From 1 March 2026, Management fees paid to Mercer are recognised through two components. For the first component, the Fund invests in underlying wholesale investment vehicles managed by the same manager (the underlying funds). Fees relating to these investments are reflected in the unit prices of the underlying funds.

For the second component, the Manager invoices the Fund directly for the balancing portion of asset-based management fees after allowing for the amounts already reflected through the underlying funds. Where fees in the underlying funds are greater than the Manager is entitled to, a rebate is paid by the Manager directly to the Fund. Manager fee rebates receivable are disclosed in the Statement of Net Assets

Management fees paid for the year, both in the underlying funds and directly by the Fund, are disclosed in the Statement of Changes in Net Assets.

ANZ Investments, as Manager up to 28 February 2026, and the Trustee are 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 was charged to the Fund daily, up to 28 February 2026, and was reflected in the unit price of the Fund. To ensure fair allocation of one-off type expenses and fees incurred annually, the Fund was charged a set capped rate as a percentage of the Fund's net asset value each day. During the years ended 30 June 2026 and 30 June 2025, this capped rate was exceeded to allow for one-off expenses as a result of the change in administration and investment manager. The total of this daily accrual was typically the maximum that the Fund would pay the Manager for reimbursement of expenses but could be exceeded on an exceptions basis as agreed between the Manager and Trustee where appropriate. Where the actual expenses paid by the Manager were higher, ANZ Investments could have carried amounts forward to be recovered in future periods, up to 28 February 2026. For the year ended 30 June 2025, Manager's other costs are disclosed in the Statement of Changes in Net Assets and are after the Trustee Directors and auditor's fee reallocation. For FY26, fees paid by ANZ Investments up to 28 February 2026 are included in Manager's other cost and the total fees paid are disclosed by way of note.

Mercer as Manager from 1 March 2026 is responsible for the payment of all fund expenses, out of the management fee it receives.

KPMG

8 RELATED PARTY TRANSACTIONS (Continued)

During the reporting period, the following fees (inclusive of GST) were paid or payable by the Manager to the auditor of the Fund. The auditor of the Fund is KPMG.

	2026 $'000
Auditor's fee - statutory financial statements	36
Auditor's fee - service organisation controls reporting	3
Total Audit Fees	**39**

Amounts payable to the Manager at the end of the year are disclosed in the Statement of Net Assets and are payable within 30 days of balance date.

Investments in products issued by related parties
The Scheme holds the following financial assets in MITNZ:

	Opening balance $'000	Purchases $'000	Sales $'000	Net change in fair value $'000	Closing balance $'000
Mercer MFL Portfolio	-	343,040	(11,150)	(50)	331,840

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.

	2026 $'000	2025 $'000
Assets:		
Cash and cash equivalents	-	13
Total assets	-	13
Income from related party transactions		
Interest Income	-	1
Net fair value changes	(2,738)	1,481
Total (expense)/income from related party transactions	(2,738)	1,482

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.

	2026 000	2025 000
Number of units on issue		
Units on issue at the beginning of the year	64,290	74,513
Units issued during the year	688	632
Units redeemed during the year	(8,489)	(10,855)
Number of units on issue at the end of the year	56,489	64,290

10 SUBSEQUENT EVENTS

The financial statements have been prepared based upon conditions existing at 30 June 2026 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

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 2026;
- the statements 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 1 to 13 present fairly in all material respects:

- the Fund's financial position as at 30 June 2026 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**), as applicable to audits of financial statements of public interest entities. 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. 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.

The key audit matter	How the matter was addressed in our audit
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 and unlisted managed fund investments. 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; - agreeing the valuation of investments in unlisted managed funds to the redemption value per unit as reported by the manager and assessing whether this value is representative of the fair value of the units in the fund; - 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.
Management Fees	
Refer to Note 8 to the financial statements. ANZ New Zealand Investments Limited was the "Manager" up to 28 February 2026, with Mercer (NZ) Limited appointed into the role from 1 March 2026. Under the terms of the Trust Deed, the Manager is entitled to receive a management fee, calculated as a percentage of the daily net asset value of the Fund.	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

The key audit matter	How the matter was addressed in our audit
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.	- assessing the appropriateness of manual journal entries which met certain criteria to identify 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. The other information comprises information included in the Fund's Annual Report but does not include the financial statements and our auditor's report thereon. 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.

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 NZ IFRS issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International 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;
- 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.

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 is 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 NZand NZ AS 1 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 and collectively, 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

KPMG

Auckland

23 October 2026