

MFL Mutual Fund

For the year ended 30 June 2024



MFL Mutual Fund (MFL, the scheme or the fund) was established in 1969 to provide New Zealanders with an opportunity to plan and save for retirement.

MFL is a registered superannuation scheme. The scheme was closed to new members on 16 September 2016. The scheme continues to accept contributions from existing members. The trustee and manager of the scheme (**the trustee**) is MFL Mutual Fund Limited. The trustee is governed by a board of directors, which meets regularly throughout the year to oversee the administration and management of the scheme and ensure members' investments are managed in accordance with the trust deed. Further information about the directors of the trustee is available at **mflmutual.co.nz**.

ANZ New Zealand Investments Limited (**ANZ Investments**) is the investment and administration manager of the scheme.

Contents

Message from the Chairman	2
Investment manager's report	5
Performance summary	6
Details of scheme	8
Information on contributions and scheme participants	9
Changes relating to the scheme	11
Other information for particular types of managed funds	12
Changes to persons involved in the scheme	14
How to find further information	15
Contact details and complaints	16



Message from the Chairman

I'm pleased to present the MFL Mutual Fund annual report for the year ended 30 June 2024.

On page 6, ANZ Investments provides a detailed account of the fund's performance over this period.

For more recent information, look out for the quarterly Fund Watch, with the latest performance figures and commentary to help you manage your investment.

Challenging times for listed property

The listed property sector faced a difficult year due to persistent inflation, leading to prolonged high interest rates. This environment was particularly tough for listed property markets, which are sensitive to interest rates.

The fund's annual return was flat at 0.03% over the year (after fees, but before tax). A significant weighting to New Zealand retirement companies impacted performance as disappointing financial results, write-downs and slow sales of retirement units led by a depressed housing market all affected share prices.

Despite the challenging environment, the fund's focus remains on high-quality listed property companies with strong management and growth strategies. The outlook is also improving as more central banks – including the RBNZ – have started cutting interest rates, which should favour listed property markets.

Staying focused on your goals

Meantime, to ensure your financial plan is on track, I encourage you to contact your financial adviser to review your financial position.

It's especially important to discuss any changes in your financial situation. ANZ Investments will be happy to put you in touch with an adviser in your area if you need one.

Thank you for your continued support. We appreciate having you in the scheme and being able to help you achieve your retirement goals.



Dr Edward Schuck

Chairman,
MFL Mutual Fund Limited



“The listed property sector faced a difficult year due to persistent inflation, leading to prolonged high interest rates.”



Investment manager's report

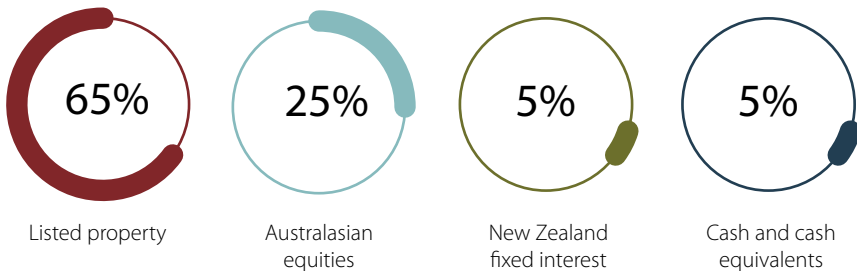
The MFL Mutual Fund is a managed portfolio that invests predominantly in Australasian listed property, Australasian equities and international listed property with a small allocation to cash and cash equivalents and fixed interest assets. It may also invest in funds or trusts that invest in property and are intending to list.

Some underlying investments are held directly and some are held via an underlying fund.

Listed property includes trusts or companies that own or invest directly in commercial, office and industrial property.

The fund's equity investments will predominantly be shares in listed trusts or companies with a substantial property component. These could include, for example, ports, airports, toll roads, utility networks and retirement villages.

The chart below shows the target investment mix, which represents the mix of assets that the fund generally intends to invest in.



Performance summary

It was a tough year for investors in the listed property sector, which faced headwinds mainly in the form of high interest rates.

Inflation, which had crept up to multi-year highs, was finally on its way down. However, strong global economic data early in 2024 highlighted the difficulties of getting inflation back down to central bank target levels. This meant interest rates would likely have to stay 'higher for longer', creating a challenging environment for listed property markets, which are particularly sensitive to high interest rates.

Fortunes turned late in the reporting period as inflation moderated further, and interest rates in two key regions, Europe and Canada, were lowered, signalling that other central banks were likely to follow suit. This allowed many listed property markets to recover their early losses.

It was a different story here in New Zealand. Business activity slowed and the high cost of living saw many households rein in their spending, tipping the local economy into recession. At the same time, inflation stayed high, meaning the Reserve Bank of New Zealand (RBNZ) was reluctant to bring interest rates down from their 16-year highs. This meant the local listed property market underperformed compared to those overseas.

The fund's return was flat over the year

Against this backdrop, the listed property sector had a challenging time, with members in the Fund seeing a flat return of 0.03% over the year (after fees, but before tax).

The fund has a sizeable weighting to New Zealand retirement companies, and this weighed on performance.

The retirement sector was particularly hampered by the 'higher for longer' interest rate message from the RBNZ, which led to the weakening of the residential housing market (people are less likely to sell their homes to move into a retirement village when house prices are subdued). The share prices of many retirement sector companies were also impacted by their disappointing financial results, which highlighted sizeable write-downs on valuations and slowing sales of retirement units.

Focus remains on high-quality companies and an improving outlook

While it continues to be a challenging environment for the sector, we maintain our focus on high-quality listed property companies with strong management and a clear strategy for growing shareholder value. This philosophy has benefited investors in the fund, as evidenced by its long-term track record.

The outlook for listed property is also improving. Since the end of the period covered by this report, many more of the world's central banks have started cutting interest rates, including here in New Zealand. The RBNZ brought some relief to investors and homeowners with a quarter per cent cut to the Official Cash Rate in August. Going forward, lower interest rates will be supportive of listed property markets and, while global economic growth is slowing, data to date suggests the world's major economies should be able to avoid a severe downturn. The post-period takeover bid on the retirement stock Arvida also highlighted the attraction of prevailing valuation levels.

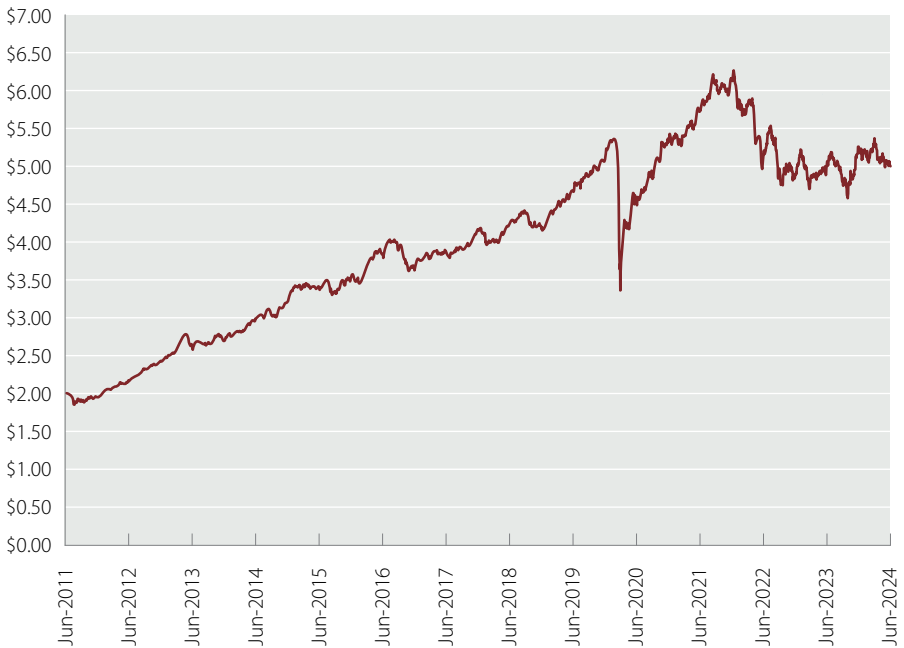
Fund performance

As at 30 June 2024

	1 year (%)	5 years (% p.a)	10 years (% p.a)
MFL Mutual Fund	0.03	1.84	5.78

Performance is after deduction for fund charges and before tax. This is represented by changes in unit prices plus any applicable tax credits. Past performance is not indicative of future performance. Performance can be negative as well as positive.

MFL unit price to 30 June 2024



Details of scheme

Name of the scheme

MFL Mutual Fund.

Type of scheme

Restricted superannuation scheme.
The scheme is closed to new investors.

Trustee and manager

MFL Mutual Fund Limited (**trustee**).

Investment and administration manager

ANZ New Zealand Investments Limited.

Product disclosure statement

As the scheme is closed to new investors, there is no product disclosure statement.

Fund update

The scheme's latest fund update for the year ended 30 June 2024 was made publicly available on 27 September 2024. It is available on the offer register at disclose-register.companiesoffice.govt.nz.

Financial statements and auditor's report

The scheme's latest financial statements for the 12 months ended 30 June 2024, and the auditor's report on those financial statements, were dated 25 October 2024 and lodged with the Registrar on 29 October 2024.

See page 15 for more details.

Information on contributions and scheme participants

The information in this document relates to the 12 months from 1 July 2023 to 30 June 2024 (the year).

Membership

The table below provides a summary of the numerical changes in the membership of the scheme during the year.

Membership movements	Number of members	Total amount (\$000)
Scheme members at 1 July 2023		
Contributing members	1,832	
Non-contributing members*	13,042	
Total members at 1 July 2023	14,874	
Total members' accumulation at 1 July 2023		430,309
Plus new members		
Transfers from other schemes	–	
Other new members	–	
Total new members during the year	–	
Less exited members		
Retirement	863	
Death	149	
Transfers to other schemes	–	
Other reasons	22	
Total members exited during the year	1,034	
Scheme members at 30 June 2024		
Contributing members	1,617	
Non-contributing members*	12,223	
Total scheme members at 30 June 2024	13,840	
Total members' accumulation at 30 June 2024		375,179

* Non-contributing member means a member for whom no contributions have been received in the last two months of the reporting period.

Contributions

The table below provides a summary of the contributions received during the year by way of:

Contribution type	Number of members	Total amount (\$000)
Member contributions*	2,046	3,230
Employer contributions	–	–
Total contributions	2,046	3,230

* All member contributions are voluntary.

Changes relating to the scheme

This section describes any material changes to the scheme's nature, investment objectives and strategy, and management during the year.

Changes to the statement of investment policy and objectives (SIPO)

The SIPO was updated on 16 August 2023 to refer to ANZ Investments' responsible investment framework.

Changes to the nature or scale of related party transactions

There were no material changes to the nature or scale of related party transactions entered into for the scheme during the year. All related party transactions were conducted on arm's-length terms.

Other information for particular types of managed funds

Withdrawals

The table below sets out the withdrawals made from the scheme during the year.

Withdrawal reason	Number of members	Total amount (\$000)
Partial withdrawals*	10	66
Full withdrawals*	22	538
Death	149	8,922
Retirement**	1,309	47,483
Transfers to other registered schemes	–	–
Total withdrawals	1,490	57,009

* Includes hardship, permanent emigration, permanent incapacity and other voluntary member withdrawals.

** Includes full and partial withdrawals.

Unit prices

The table below sets out the unit prices for the scheme at the start and end of the year.

Fund	At 30 June 2023	At 30 June 2024
MFL Mutual Fund	5.0539	5.0351

Trustee's statement

MFL Mutual Fund Limited, as trustee of the scheme, confirms that:

- all the contributions required to be made to the scheme in accordance with the terms of the trust deed have been made
- all the benefits required to be paid from the scheme in accordance with the terms of the trust deed have been paid, and
- the market value of the scheme property at 30 June 2024 equalled or exceeded the total value of benefits that would have been payable had all members of the scheme ceased to be members at that date and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at 30 June 2024.



Changes to persons involved in the scheme

Trustee and manager

MFL Mutual Fund Limited was the trustee and manager of the scheme throughout the year.

There were no changes to the directors of the trustee and manager during the year.

Auditor

KPMG was the auditor of the scheme throughout the year.

How to find further information

On disclose

Disclose is a website that contains two registers – an offer register and a scheme register.

To find the fund updates, go to:



disclose-register.companiesoffice.govt.nz

Click 'Search for an offer' and search for 'MFL Mutual Fund'

To find the SIPO, trust deed and financial statements, go to:



disclose-register.companiesoffice.govt.nz

Click 'Search for a scheme' and search for 'MFL Mutual Fund'.

On our website

Other valuable information and resources to help you manage your investment, including transaction forms, fund performance, unit prices, and annual fund updates are available on the MFL website:



mflmutual.co.nz


You can also obtain a copy of any of the above information on request and free of charge by contacting ANZ Investments (contact details are on the next page).

Contact details and complaints

Trustee and manager:

MFL Mutual Fund Limited


Registered office:
c/- Dunne Consulting Group Limited
Level 1, 41 Taharoto Road
Takapuna
Auckland 0622
Attn: Secretary –
MFL Mutual Fund Limited


 09 415 7530

Investment manager, administration manager and scheme registrar:

ANZ New Zealand Investments Limited

ANZ Centre, 23-29 Albert Street
Auckland
Freepost 324
PO Box 7149, Victoria Street West
Auckland 1142
Attn: Investments team

 0800 736 034 or +64 9 356 4000

 service@anzinvestments.co.nz

If you have a complaint

For any problems with or complaints about the scheme, contact your financial adviser first. If you don't have a financial adviser, or your financial adviser has been unable to help you, please let ANZ Investments know using the contact details on this page. As the administration manager of the scheme, they will try to resolve your concerns within five business days. The complaints process is set out in full at anz.co.nz.


If ANZ Investments is unable to resolve your complaint, you may choose to contact the trustee at the contact details on this page.


If you're still not happy, you can get free independent assistance from the following dispute resolution scheme.

Dispute resolution scheme:

The Banking Ombudsman Scheme

Freepost 218002
PO Box 25327, Wellington 6140

 0800 805 950

 help@bankomb.org.nz

You won't be charged a fee by ANZ Investments, the trustee or the dispute resolution scheme for investigating or resolving a complaint.

ANZ Investments is not an authorised deposit-taking institution (ADI) under Australian law and investments in the scheme are not deposits in or liabilities of ANZ Bank New Zealand Limited, Australia and New Zealand Banking Group Limited or their subsidiaries (together **ANZ Group**).

ANZ Group does not stand behind or guarantee the obligations of ANZ New Zealand Investments Limited or MFL Mutual Fund Limited. Investments are subject to investment risk, including possible delays in repayment, and loss of income and principal invested. ANZ Group will not be liable to you for the capital value or performance of your investment. Your investment in the scheme is not guaranteed by ANZ Group, MFL Mutual Fund Limited, any of their directors or any other person.

