

DBP Contributors Scheme

On behalf of the Board of Trustees of the National Provident Fund, set out below is a report on the performance and activities of your Scheme for the year ended 31 March 2024. Further information on the National Provident Fund's activities, and commentary on investment markets, is set out in the Chair's letter.

Your Scheme

CROWN GUARANTEE

The DBP Contributors Scheme is a defined benefit scheme. The benefits payable by your Scheme are guaranteed by the Crown.

The investment return (after tax and expenses) earned by the Scheme for the year ended 31 March 2024 was 3.89% (2023: (3.07%)). In dollar terms, this represents investment gain of \$910,000 (2023 investment loss: \$673,000).

INVESTMENT PERFORMANCE

The asset class returns (before tax and expenses), and the comparative performance of the benchmark indices are shown in the table below.

Asset Class	Return	Index
Fixed interest (global)	5.17%	3.80%
Fixed Interest (New Zealand)	1.94%	1.99%
Overseas shares	32.45%	26.53%
Cash	5.59%	5.69%

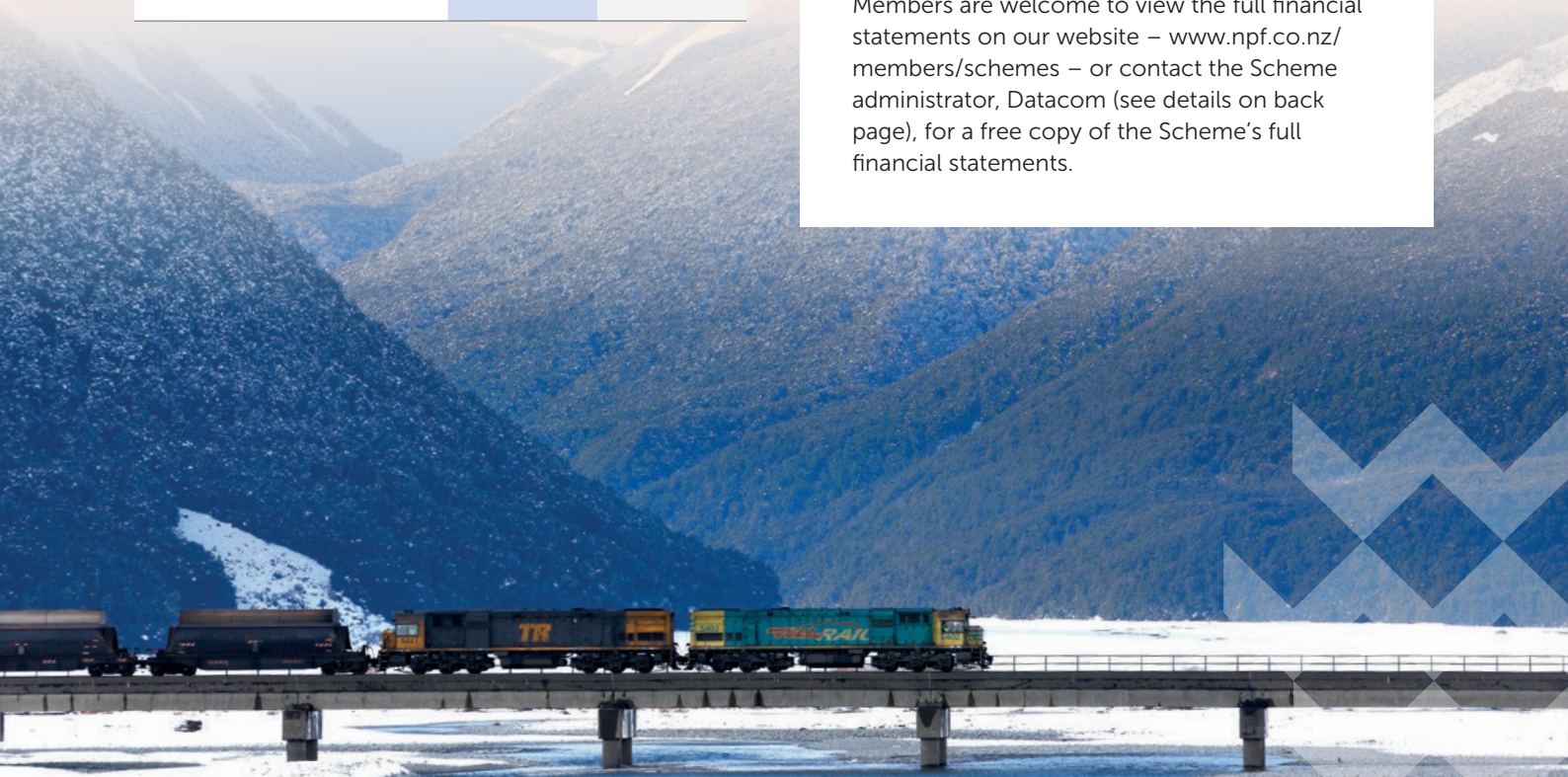
Annual Report for the year ended 31 March 2024

SUMMARY FINANCIAL STATEMENTS

The summary financial statements included in this Annual Report have been extracted from the full financial statements for the year ended 31 March 2024.

The summary financial statements cannot be expected to provide as complete an understanding as the full financial statements.

Members are welcome to view the full financial statements on our website – www.npf.co.nz/members/schemes – or contact the Scheme administrator, Datacom (see details on back page), for a free copy of the Scheme's full financial statements.



INVESTMENT PERFORMANCE CONTINUED

This year was generally a good one for financial markets, in particular for the global equities asset class which performed very strongly. Inflation and high interest rates remained key influences on markets throughout the year. While the markets have performed well, getting inflation back to the levels seen before 2022 remains a challenge. The Board continues to monitor the impact of movements in the market, and the implication for investment strategy on an ongoing basis.

See the 10 year comparison page for the key statistics of your Scheme over the last 10 years. For an overview of the financial performance of the Scheme, refer to the summary financial statements on the following page.

EMPLOYER CONTRIBUTION RATE

Each year the Board's Actuary carries out a review of the Scheme to determine an employer contribution rate sufficient to meet the accrued and future liabilities of the Scheme.

The employer contribution rate applicable to 31 March 2025 is four times contributors' contributions. The rate will be reviewed again at 31 March 2025 and any change would be implemented from 1 April 2025.

FUNDING POSITION

The Actuary has advised the funding level of the Scheme, as at 31 March, was:

	2024 Sovereign Basis (\$000)	2023 Sovereign Basis (\$000)	2024 Funding Basis (\$000)	2023 Funding Basis (\$000)
Net assets	16,129	21,340	16,129	21,340
Past service liabilities	(16,262)	(21,515)	(16,295)	(21,107)
Funding level*	99.2%	99.2%	99.0%	101.1%

* The funding level is the net assets of the Scheme divided by the past service liabilities. The funding level has been calculated on two bases: an expected return basis (Funding Basis) and on a Sovereign bond curve basis (Sovereign Basis). The Funding Basis used an expected discount rate, being the expected investment return on the assets of the Scheme. The rate ranged from 3.7% to 1.8% over the years 2025 to 2034, net of tax and investment related expenses (2023: 4.1%-3.4% pa). The Sovereign Basis, uses Sovereign bond yields (net of tax and investment expenses) which have increased between 31 March 2023 and 31 March 2024, reducing the value of the liabilities.

WHO INVESTS YOUR MONEY

Cash Manager

Bank of New Zealand Limited (Appointed 25 September 2023)

Fixed Interest Managers

Macquarie Asset Management (NZ) Limited
(Terminated 20 April 2023)

New Zealand Equity Managers

Devon Funds Management Limited
Harbour Asset Management Limited

Overseas Equity Managers

Arrowstreet Capital, Limited Partnership
Lazard Asset Management, LLC
T. Rowe Price Australia Limited

Foreign Exchange Currency Hedging Manager

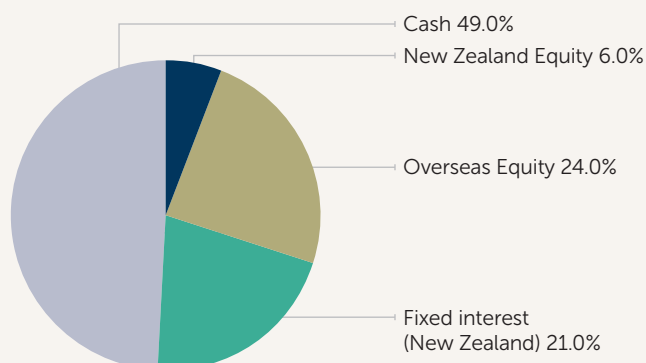
Bank of New Zealand Limited

HOW YOUR MONEY IS INVESTED

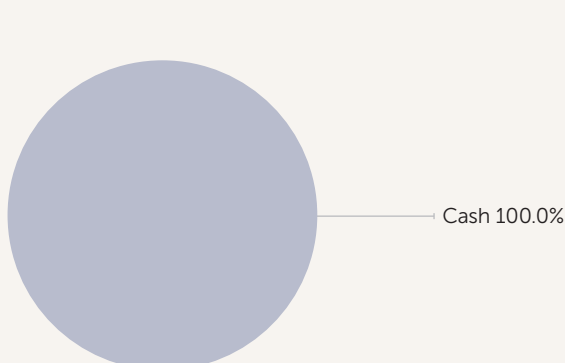
The Scheme's asset allocation strategy is set by the Board and reviewed regularly. The asset allocation strategy for the Scheme was reviewed during the year and the fund transitioned to a 100% holding in cash. This change reflected the Scheme membership and the uncertain remaining life of the Scheme. The pie charts below show the Scheme's asset allocation as at 31 March 2023 and 31 March 2024.

The Board's Statement of Investment Policies, Standards and Procedures (SIPSP) is reviewed regularly by the Board. During the year the SIPSP was updated and there were no significant changes to the SIPSP relating to the Scheme, other than to reflect new asset allocation strategy effective from 1 February 2023. See our website, www.npf.co.nz, for more information about your Scheme, including the Board's SIPSP and the Scheme Trust Deed.

Asset Allocation Strategy as at 31 March 2023



Asset Allocation Strategy as at 31 March 2024



SUMMARY STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2024

		2024 (\$000)	2023 (\$000)
<p>This is a summary of the Scheme's income and expenses, and membership contributions and payments during the year.</p>	Investment income/(loss)	910	(673)
	Less operating expenses	(221)	(238)
	Net income/(loss) before tax and membership activities	689	(911)
	Income tax credit	26	47
	Net income/(loss) after tax and before membership activities	715	(864)
	Contributions	612	736
	Less benefit and transfer payments	(6,538)	(12,697)
	Net membership activities	(5,926)	(11,961)
	(Decrease) in net assets for the year	(5,211)	(12,825)
	Net assets available to pay benefits at beginning of year	21,340	34,165
	Net assets available to pay benefits at end of year	16,129	21,340

SUMMARY STATEMENT OF NET ASSETS AS AT 31 MARCH 2024

		2024 (\$000)	2023 (\$000)
<p>This is a summary of the Scheme's assets and liabilities, as at 31 March 2024.</p> <p>Assets include the Scheme's investments in Cash, plus what the Scheme had in the bank and was owed by others.</p> <p>Liabilities are what the Scheme owed to others.</p> <p>Net assets is the money available to pay future entitlements.</p>	Investment assets		
	Cash Unit Fund	13,218	9,850
	New Zealand Equity Unit Fund		1,186
	Overseas Equity Unit Fund		4,938
	Fixed Interest No 2 Unit Fund		4,201
	Total investment assets	13,218	20,175
	Other assets	2,967	1,270
	Total assets	16,185	21,445
	Less liabilities	(56)	(105)
	Net assets available to pay benefits	16,129	21,340

SUMMARY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

		2024 (\$000)	2023 (\$000)
<p>This is a summary of the cash flows through the Scheme during the year.</p> <p>Cash was received from:</p> <ul style="list-style-type: none"> operating activities (being contributions less benefit and transfer payments and operating expenses); and investing activities. <p>The difference between the two cash flows is recorded as an increase or decrease in cash held.</p>	Opening cash brought forward	1,196	(2,505)
	Net cash flows from operating activities	(6,092)	(12,044)
	Net cash flows from investing activities	7,739	15,745
	Net increase in cash held	1,647	3,701
	Closing cash carried forward	2,843	1,196

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

The summary financial statements:

- have been extracted from the full financial statements which were:
 - prepared in accordance with, and comply with, the New Zealand Equivalents to IFRS (International Financial Reporting Standards), Accounting Standards (NZ IFRS) and IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board, and other applicable financial reporting standards as appropriate for profit-oriented entities;
 - authorised for issue and signing by the Board on 25 June 2024; and
 - audited and received an unmodified opinion;
- cannot be expected to provide as complete an understanding as provided by the full financial statements;
- are reported in New Zealand dollars, rounded to the nearest thousand;
- are for a profit-oriented entity; and
- comply with Financial Reporting Standard 43: Summary Financial Statements.

SUBSEQUENT EVENTS

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

TRUSTEE'S REPORT

For the year ended 31 March 2024

The Board of Trustees of the National Provident Fund, as trustee of the Scheme, provides members with the following information in respect of the Scheme.

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

	Contributors
Opening membership as at 1 April 2023	44
Withdrawals	
Deaths and disablements	
Transfers to DBP Annuitants Scheme	(8)
Transfers	(7)
Extinguished liabilities*	
Closing membership as at 31 March 2024	29

* Following a Trust Deed amendment on 1 July 2005, once reasonable efforts have been made to locate a member who has been missing for at least five years, the Board may extinguish the liabilities to that member. Where a person re-establishes contact with the Board within 15 years of the liabilities to that person being extinguished, the person is reinstated as a member of the Scheme.

On the basis of evidence available, the Board believes all contributions required to be made to the Scheme, in accordance with the terms of the Scheme Trust Deed, have been made.

The Board certifies that, to the best of its knowledge, all benefits required to be paid from the Scheme were paid in accordance with the terms of the Scheme Trust Deed.

The Board based on the advice of the Actuary, certifies that as at 31 March 2024, the net market value of the Scheme's assets was less than the total value of the vested benefits of the Scheme under the Funding Basis.

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

FEES

Scheme administration fees are apportioned on fee per member and fee per transaction bases and are charged to the Scheme as a whole. As at 1 April 2023 and 2024 the scheme administration fees were increased for inflation. The Board certifies it is satisfied the increase in the administration fees for the Scheme is not unreasonable. The Board is satisfied the total management fees charged to the Scheme are not unreasonable.

TRUST DEED AMENDMENT

The Scheme Trust Deed was last amended on 3 October 2023. The primary amendment allows contributors to elect to receive their pension at age 60 while still in employment. In addition, if a member is over age 65, no longer contributing to the Scheme and has not made a valid election, the Board may by 6 months' notice make an election on the member's behalf and transfer their entitlements to the DBP Annuitants Scheme.

INDEPENDENT AUDITOR'S REPORT

To the readers of DBP Contributors Scheme's summary financial statements for the year ended 31 March 2024.

The Auditor-General is the auditor of DBP Contributors Scheme (the Scheme). The Auditor-General has appointed me, Pam Thompson, using the staff and resources of Deloitte Limited, to carry out the audit of the summary financial statements of the Scheme on his behalf.

OPINION

The summary financial statements of the Scheme that comprise the summary statement of net assets as at 31 March 2024, the summary statement of changes in net assets and the summary statement of cash flows for the year ended on that date, and related notes, are derived from the full financial statements for the year ended 31 March 2024 that we have audited.

In our opinion, the summary financial statements are consistent, in all material respects, with the full financial statements for the year ended 31 March 2024, in accordance with FRS-43: Summary Financial Statements issued by the New Zealand Accounting Standards Board.

SUMMARY FINANCIAL STATEMENTS

The summary financial statements do not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the full financial statements and the auditor's report thereon.

The summary financial statements do not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full financial statements.

THE FULL FINANCIAL STATEMENTS AND OUR AUDIT REPORT THEREON

We expressed an unmodified audit opinion on the full financial statements for the year ended 31 March 2024 in our auditor's report dated 25 June 2024. That report also includes the communication of key audit matters.

BOARD OF TRUSTEES' RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

The Board of Trustees is responsible on behalf of the Scheme for the preparation of the summary financial statements in accordance with FRS-43: Summary Financial Statements.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the full audited financial statements of the Scheme, based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

We did not evaluate the security and controls over the electronic publication of the summary financial statements.

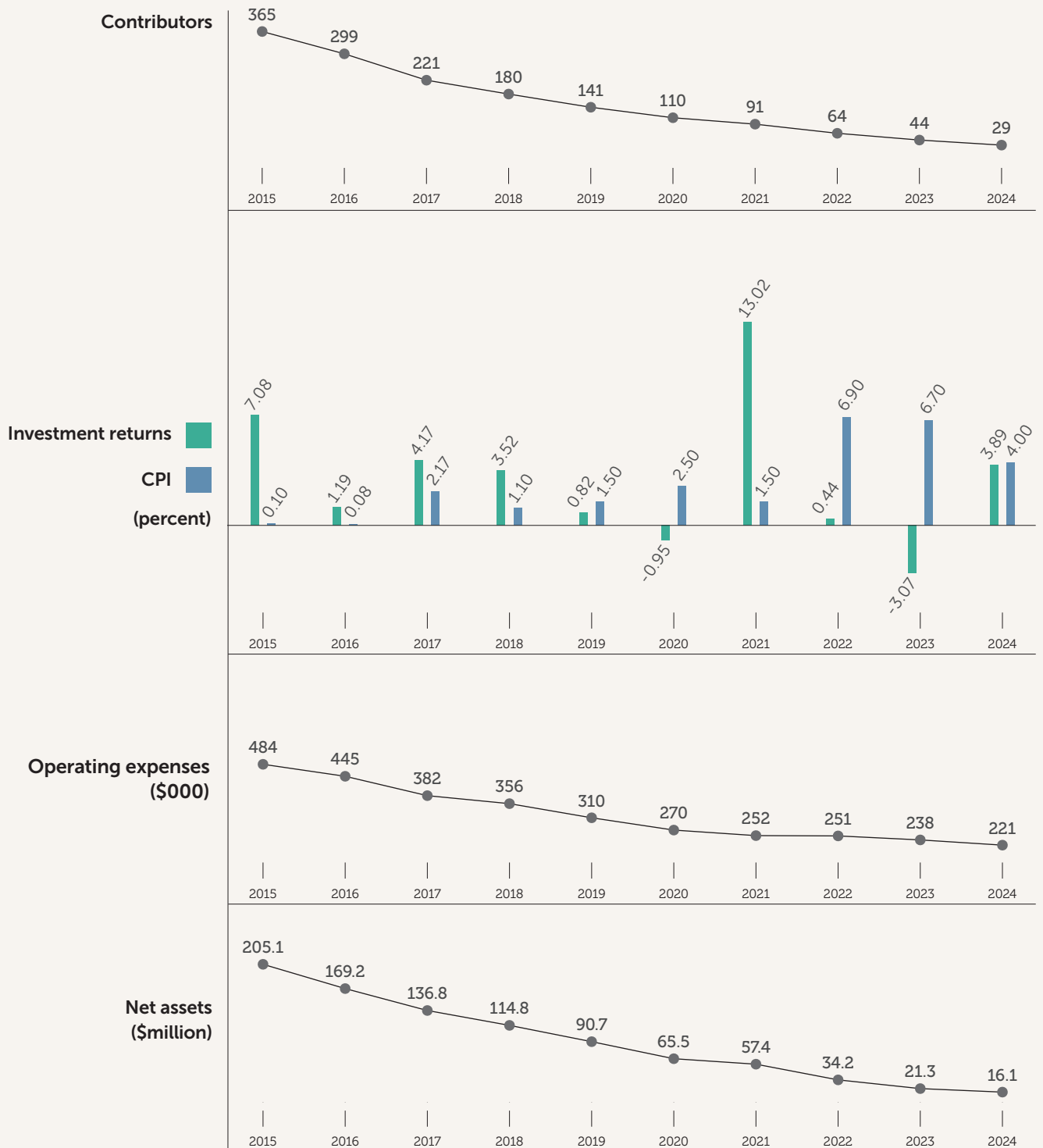
Other than in our capacity as auditor, we have no relationship with, or interests in the Scheme.



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

25 June 2024

10 YEAR COMPARISON



Directory as at 25 June 2024

TRUSTEE

Board of Trustees of the National Provident Fund

BOARD MEMBERS

Edward Schuck – Chair – appointed 2015 and Chair from 1 September 2017*

Sarah Park – Deputy Chair – appointed 1 February 2020 and Deputy Chair from 1 July 2022

Louise Edwards – appointed 1 July 2019

Graham Ansell – appointed 12 July 2021

Tracey Berry – appointed 1 July 2022

Lloyd Kavanagh – appointed 1 July 2022

** Edward Schuck retires from the Board and as Chair on 30 June 2024.*

Further information on the Board members is provided on our website – www.npf.co.nz.

MANAGEMENT

Tim Mitchell
Chief Executive

Fiona Morgan
Chief Financial Officer

Anthony Halls
Chief Investment Officer

Hadyn Hunt
Chief Risk Officer

Ireen Muir
General Manager – Schemes

DATAKOM

ADMINISTRATION

Datacom Connect Limited is the administrator of the NPF Schemes.

CONTACT DETAILS

You are welcome to contact Datacom if you have any specific questions about the information in this package, if you would like to receive a free copy of the full financial statements in the mail, to purchase a copy of the Trust Deed (\$10) or the actuarial valuation (\$10), or to enquire about your Scheme membership in general.

Please quote your identity number when contacting Datacom.

Free phone: 0800 628 776 between 8.30 am and 5.00 pm, Monday to Friday.

Phone: (04) 381 0600

Post to:

The Manager
National Provident Fund Administration
Datacom Connect Limited

P O Box 1036
WELLINGTON 6140

Email: npfenquiries@datacom.co.nz

If you would like to know more about NPF in general, or if you would like to view or download a copy of the Scheme's full financial statements rather than receive a copy in the mail, please visit our website – www.npf.co.nz.

You may contact the Board by writing to:

The Chief Executive
Board of Trustees of the National Provident Fund
Level 12, The Todd Building
95 Customhouse Quay
WELLINGTON 6011

Auditor: Pam Thompson, Deloitte Limited,
on behalf of the Auditor-General

Actuary: Christine D Ormrod,
PricewaterhouseCoopers Consulting
(New Zealand) LP

Bank: Bank of New Zealand Limited

Custodian: JPMorgan Chase Bank, N.A.

Solicitor: DLA Piper New Zealand

There were no changes to the Actuary, Bank, Custodian or Solicitor during the year.